

# Debenture Committee

Inaugural Meeting  
September 29, 2009

# Debenture Committee



- The Committee was approved by Council at its meeting on August 6, 2009.
- Council has delegated the authority to complete the debenture issuance or loan transaction by adopting the required by-law(s).
- This delegated authority is required to provide City staff with the flexibility to issue debt based solely upon capital market conditions that have become more challenging instead of being dependent upon Council's meeting schedule.

# Debenture Committee



## Terms of Reference:

### Membership of the Committee:

The Mayor, as Chair,  
The Budget Chair, as Vice-Chair,  
The City Manager, and  
The Deputy City Manager and Chief Financial Officer

- The Committee has the exclusive authority to pass the required by-laws to authorize the borrowing of funds in the form of debentures (public and private placements such as FCM loans) and bank loans.
  - Meets at the call of the Chair in a public forum in a manner consistent with Chapter 27, Council Procedures, of the City of Toronto Municipal Code.
  - The DCM/CFO will report annually to Council, through the Executive Committee, on the actions taken by the Debenture Committee under its delegated authority.

# Debenture Committee



- Debt Issuance Process:
  - In January of each year, Council adopts a by-law to allow the Mayor and the Deputy City Manager & Chief Financial Officer to issue debt to a \$ limit (\$700 million in 2009), determined by the financing requirements of the current and previous Capital Budgets.
  - As part of the Capital Budget process, Council approves the debt financing required to fund capital projects that complies with Capital Financing Policies adopted in 2007, wherein debt charges cannot exceed 15% of the property tax levy.

# Debenture Committee



- Debt Issuance Process (continued):
  - The Mayor and the DCM/CFO approve the launch of a debenture issue or other financing such as a loan.
  - Confirmation of the by-law(s) by the Debenture Committee.
  - The transaction must be concluded within a reasonable timeframe which was not always possible when the by-law had to be approved by Council.
  - The transaction is concluded and the City receives its funds and the investor(s) receive their bonds or loan contract.

# Debenture Committee



- The City is currently the only Ontario municipality that has established a flexible, market-driven process for borrowing funds in the capital markets by establishing the Debenture Committee who has the authority to approve the by-law required to complete the transaction in a timely manner after the debt has been issued.

# Debenture Committee



- Summary of Bond Issue being considered at today's meeting:
  - \$400 million issued for a 10 year term with an interest rate of 4.50%, representing the lowest cost of funding that was available to the City in either the domestic or international credit markets.
  - All projects financed by this issue have service lives of 10 years or more.
  - The debenture was syndicated on September 21, 2009 and the transaction will settle on October 2, 2009 when the City will receive the proceeds of the deal and the investors will receive their bonds.



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