



**STAFF REPORT
ACTION REQUIRED**

Supplementary Report – Authority to Issue a Debenture to the Federation of Canadian Municipalities to Secure Funding for the Allstream Centre

Date:	January 14, 2010
To:	Debenture Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	Ward 19, Trinity-Spadina
Reference Number:	P:\2010\Internal Services\Dc10003cf (AFS #11287)

SUMMARY

This supplementary report discloses the interest rate to be applied to the debenture for \$2,000,000 to be issued to the Federation of Canadian Municipalities (FCM), subject to the Debenture By-Law being adopted by the Debenture Committee.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. The Debenture Committee be requested to amend the debenture interest rate contained in the report “Authority to Issue a Debenture to the Federation of Canadian Municipalities to Secure Funding for the Allstream Centre” from 2.11% to 2.32%.
2. Authority be granted for the introduction of the necessary bills to the Debenture Committee and authorize the appropriate City officials to take the necessary actions to give effect thereto.

Financial Impact

The interest rate of 2.32% has been set by the FCM. The cost to the City for the payment of the interest and principal will be funded through Exhibition Place’s operating budget.

BACKGROUND

The Debenture Committee has before it a report recommending approval to issue a debenture to the FCM. The interest rate on that debenture was set subsequent to signing of that report. This report provides the interest rate for the debenture.

COMMENTS

Due to the rescheduling of the Debenture Committee meeting and changing capital market conditions, the Federation of Canadian Municipalities has adjusted the interest rate to 2.32% from 2.11% in accordance with their formula which sets the debenture interest rate at the greater of (a) 1.50% below the average yield for a Government of Canada 20 year benchmark bond in effect five (5) days before the debenture by-law is passed, and (b) 2.00%.

This interest rate of 2.32% is still favourable as compared to the City's capital market borrowing rate for 20 year debt of approximately 5.0%.

CONTACT

Len Brittain, Director
Corporate Finance Division
Tel: 416-392-5380
Email: lbrittai@toronto.ca

Martin Willschick, Manager
Capital Markets, Corporate Finance
Tel: 416-392-8072
Email: mwillsch@toronto.ca

SIGNATURE

Cam Weldon
Deputy City Manager & Chief Financial Officer