



**STAFF REPORT
ACTION REQUIRED**

Supplementary Report – Authority to Issue a Debenture to the Federation of Canadian Municipalities to Secure Funding for the Humber Arboretum Project

Date:	January 15, 2010
To:	Debenture Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	Ward 1- Etobicoke North
Reference Number:	P:\2010\Internal Services\Cf\Dc10002Cf (AFS #11288)

SUMMARY

This supplementary report discloses the interest rate to be applied to the debenture for \$187,500 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 approve the debenture interest rate of 1.75% for the Debenture of \$187,500 to be issued to the Federation of Canadian Municipalities to Secure Funding for Humber Arboretum project.
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 1.75% has been set by the FCM. The debt charges will be funded by the City’s non-program 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 provided the interest rate of 1.75% as compared to the example of 1.50% as stated in the report.

This interest rate of 1.75% is still favourable as compared to the City's capital market borrowing rate by approximately 2.65% for a 3 year term.

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SIGNATURE

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