



**STAFF REPORT
ACTION REQUIRED**

**Authority to Amend By-Law No. 80-2010 Authorizing a
Debenture issued to the Federation of Canadian
Municipalities**

Date:	April 27, 2010
To:	Debenture Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2010\Internal Services\Cf\Dc10021cf (AFS #12037)

SUMMARY

This report requests that the necessary Bill be introduced and adopted by the Debenture Committee at its meeting on April 28th, 2010 to give effect to the amendment of the instalment debenture By-law No. 80-2010 authorizing a debenture be issued to the Federation of Canadian Municipalities for a loan to Exhibition Place for the Allstream Centre.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. The Debenture Committee approve amending By-law No. 80-2010 to change the interest rate from 2.32% to 2.375% and amending the amortization schedule to that contained in Appendix A to this report.
2. Authority be granted for the introduction of the necessary Bill to the Debenture Committee to authorize the amendment of the Debenture By-law No. 80-2010.
3. The Debenture Committee authorize the appropriate City of Toronto officials to make the necessary actions to give effect thereto.

Financial Impact

The interest rate of 2.32% on the Green Energy loan provided by the Federation of Canadian Municipalities (FCM) for the Allstream Centre for which the City issued the debenture authorized by By-law No. 80-2010 has been amended by FCM to 2.375%.

The cost to the City for the payment of the interest and principal will be funded through Exhibition Place's operating budget.

ISSUES BACKGROUND

By-law No. 80-2010 was enacted by the Debenture Committee on January 18, 2010 to authorize the issuance of a \$2,000,000 debenture to FCM for a term of 20 years.

Authority has been delegated by City Council to the Debenture Committee, pursuant to City of Toronto Municipal Code Chapter 30, Debenture Committee, to adopt, amend or repeal by-laws that authorize the borrowing of money or provide long-term financing of capital works by issuing debentures in accordance with the annual borrowing limit established by Council, the City's Financing of Capital Works Policy and Goals and all applicable legislative requirements.

COMMENTS

Due to timing issues related to the Debenture Committee meeting held on January 19, 2010 and changing capital market conditions, the Federation of Canadian Municipalities has adjusted the debenture's interest rate to 2.375% from 2.32% in accordance with FCM's 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 report is requesting authority to amend the interest rate to 2.375% from 2.32% and amending the amortization schedule contained in the borrowing By-law No. 80-2010 to reflect the amended interest rate.

The rate of 2.32% is still favourable as compared to the City's current capital market borrowing rate for a 20 year debenture of approximately 5.00%.

CONTACT

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SIGNATURE

Cam Weldon

Deputy City Manager and Chief Financial Officer

ATTACHMENT:

Attachment 1 – Amortization Schedule

Staff report for action - Authority to Amend By-Law No. 80-2010 Authorizing a Debenture issued to the Federation of Canadian Municipalities