

Appointment of an Additional Member to the Debenture Committee, Delegation of Borrowing Authorities and the Consolidation of Borrowing Provisions in the Municipal Code

Date:	April 25, 2012
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2012\Internal Services\Cf\Ec12010cf (AFS #15683)

SUMMARY

This report recommends adding the Deputy Mayor as a member of the Debenture Committee and providing the Deputy Mayor and the Chair of the Budget Committee with delegated authority to enter into agreements to issue debentures and other borrowing instruments as an alternate to the Mayor, as required.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council amend the composition of the Debenture Committee by adding the Deputy Mayor as a member of the Debenture Committee.
2. City Council amend By-law 330-2011, as amended, to delegate authority to enter into agreements, during the remainder of the current term of Council, for the issuance and sale of debentures and, in 2012, for the issuance of revenue bonds to Infrastructure Ontario to:
 - a. one of the Deputy Mayor, the Chair, Budget Committee and the Mayor;
and

- b. the Deputy City Manager & Chief Financial Officer
3. Council amend By-law 331-2011 and By-law 332-2011, as amended, to delegate temporary borrowing authority during the remainder of the current term of Council, for both current expenditures and for capital works which are to be financed by debentures or bank loans to:
 - a. one of the Deputy Mayor, the Chair, Budget Committee and the Mayor;
and
 - b. the Deputy City Manager & Chief Financial Officer.
4. Municipal Code Chapter 30, Debenture Committee, be renamed as Municipal Code Chapter 30, Borrowing, and that By-laws 330-2011, 331-2011, and 332-2011, all as amended, be consolidated, together with the current provisions regarding the Debenture Committee, into the Municipal Code Chapter 30, Borrowing.
5. City Council grant authority for the introduction of the necessary bills in Council to give effect to these recommendations.

FINANCIAL IMPACT

There are no financial impacts contained in the recommendations of this report.

DECISION HISTORY

Council, at its meeting held on August 5, 2009, adopted the report "Delegation of Council's Debenture By-law Enacting Authority", which established the Debenture Committee and approved its Terms of Reference.

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21504.pdf>

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-22586.pdf>

The report "Financing of Capital Works Policy and Goals and Multi-Year Debenture and Temporary Borrowing Authorities" was adopted by Council at its meeting held on February 23rd and 24th, 2011.

<http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-35761.pdf>

ISSUE BACKGROUND

The delegation of final approval and by-law enacting authority in respect of long-term capital debt issuance to the Debenture Committee has provided better market timing and

flexibility so that the City is able to issue debt without requiring the issuance to coincide with a Council meeting as was the previous practice. Investor demand and market liquidity continues to be satisfied in a more timely fashion which enhances the opportunity for the City to have a successful transaction.

The Debenture Committee has the authority to approve long-term borrowing in accordance with the terms set out in a purchase agreement for the issuance of debentures or revenue bonds that has been entered into by the Mayor and the Deputy City Manager & Chief Financial Officer pursuant to the authority delegated to them by By-law No. 330-2011. The Debenture Committee also has authority to enact the requisite by-laws.

Currently, the Debenture Committee is comprised of the Mayor, the Budget Chair, the City Manager, and the Deputy City Manager & Chief Financial Officer. Although the Committee has performed its duties over the past 3 years, due to the nature of capital markets, it is very difficult to predict when a debenture will be issued. Therefore, meetings of the Debenture Committee cannot be scheduled in advance at the beginning of the year like other Council Committees.

Due to the busy schedules of the Committee members, it has become a challenge to accommodate their availability when scheduling meetings and also being available to sign required documents such as the purchase agreement and the debenture or other borrowing certificate.

In order to provide greater flexibility when scheduling meetings and to assist with quorum, this report recommends that the Debenture Committee composition be increased by one member. As this report also recommends that the Deputy Mayor be delegated authority to enter into agreements on behalf of the Mayor, it is appropriate that the Deputy Mayor be the additional member of the Debenture Committee.

It is also being recommended that signing authority for the debenture (or other borrowing) purchase agreement be delegated to one of the Deputy Mayor, the Chair, Budget Committee, and the Mayor, together with the Deputy City Manager & Chief Financial Officer. This will further allow the Deputy Mayor or the Budget Chair to sign the debenture certificates (or other borrowing certificates) in the place of the Mayor.

The Mayor and the Deputy City Manager & Chief Financial Officer have also been delegated authority to authorize temporary borrowing for the City during the current term of Council, both for current expenditures (pending the receipt of taxes) and for capital works which are to be long-term financed with the issuance of debentures or bank loans. For the sake of consistency and expediency, it is also recommended that these delegated authorities be amended to allow the Deputy Mayor and the Budget Chair to enter into such agreements on behalf of the Mayor.

The requirement for the signature of the Deputy City Manager & Chief Financial Officer for purchase agreements, borrowing certificates, and temporary borrowing would continue without an alternate.

It is also recommended that the various borrowing authority by-laws be consolidated into a Municipal Code chapter for easier reference.

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SIGNATURE

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