



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 12-136

TO: Mayor and Members of Council
FROM: Desiree Kennedy, Treasurer
RESOURCE STAFF: Lana Foulds, Manager of Financial Planning
DATE OF MEETING: April 17, 2012
SUBJECT: Issuance of Debentures under OILC Loan Agreements
8020 and 11013

EXECUTIVE SUMMARY:

On June 17, 2008 and August 16, 2011, the City entered into financing agreements with the Ontario Infrastructure and Lands Corporation (OILC) in respect of temporary and long term borrowing. This report formally authorizes the issuance of the required long-term debentures in accordance with the approved funding related to the specific capital projects that are associated with each debenture.

RECOMMENDATION:

THAT a by-law be presented to Council and given three readings to authorize the borrowing upon a serial debenture in the principal amount of \$13,759,269 towards the cost of certain capital works of the Corporation of the City of Kingston; and

THAT a by-law be presented to Council and given three readings to authorize the borrowing upon an amortizer debenture in the principal amount of \$9,100,000 towards the cost of certain capital works of the Corporation of the City of Kingston; and

THAT a by-law be presented to Council and given three readings to authorize the borrowing upon an amortizer debenture in the principal amount of \$7,844,250 towards the cost of certain capital works of the Corporation of the City of Kingston; and

THAT a by-law be presented to Council and given three readings to authorize the borrowing upon an amortizer debenture in the principal amount of \$998,100 towards the cost of certain capital works of the Corporation of the City of Kingston.

April 17, 2012

- Page 2 -

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES Desirée Kennedy, City Treasurer
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Lanie Hurdle, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties & Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:

The City issues debentures in accordance with Council approved budget authorizations, in order to finance certain capital expenditures. Debenture authority is provided as part of capital budget by-laws, Council resolutions and specific loan agreements. This report is before Council to complete the issue of the long term debt now that certain projects are at substantial completion.

We are requesting all three readings for each of the four by-laws at this meeting in order to secure the funds by May 1, 2012 (the date established by OILC for disbursing funds). The following summarizes the capital projects as outlined in the financing agreements of June 17, 2008 and August 16, 2011 and approved by By-law 2008-113 and 2011-104.

2008-113 Project Description	Debenture Amount
Roads Reconstruction	\$ 8,735,000
Calvin Park Library	3,000,000
Material Recovery Facility	735,408
Bridges and Culverts	665,000
City Park Splash Pad	295,703
City Hall Stone Restoration	244,961
Midland Park	83,197
	\$ 13,759,269

2011-104 Project Description	Debenture Amount
Engineering Roads/Bridge Works	\$ 7,844,250
Construction of Leo Lafleur Pool	7,100,000
Building Renovations	2,000,000
Fleet and Equipment Purchases	998,100
	\$ 17,942,350

EXISTING POLICY/BY LAW:

Capital budget approvals, amendments and OILC loan authorizing agreements. Approved by By-laws 2008-113 and 2011-104.

NOTICE PROVISIONS:

There are no notice requirements under the *Municipal Act*, 2001 for this report.

ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations for this report.

April 17, 2012

- Page 4 -

FINANCIAL CONSIDERATIONS:

The projects being financed are in accordance with the budget approvals of Council. The passing of these By-laws will finalize the City's obligations in securing the permanent financing for these projects. Debenture repayments have been estimated and are included as annual cash flow requirements within the City's reserve fund models. The amounts being borrowed have also been included in the Treasurer's Municipal Debt Limit Report (Council Report No. 12-110) and total long-term debt remains within recommended debt level parameters.

The debentures are being issued to OILC with the following terms:

- Serial debenture in the principal amount of 13,759,269
 - 25 years with interest at 3.79%
- Amortizer debenture in the principal amount of \$9,100,000
 - 25 years with interest at 3.89%
- Amortizer debenture in the principal amount of \$7,844,250
 - 20 years with interest at 3.71%
- Amortizer debenture in the principal amount of \$998,100
 - 10 years with interest at 3.04%

CONTACTS:

Stephen Dickey, Deputy Treasurer
Lana Foulds, Manager of Financial Planning

Ext. 2370
Ext. 2209

OTHER CITY OF KINGSTON STAFF CONSULTED:

No other City of Kingston staff have been consulted.

EXHIBITS ATTACHED:

Exhibits to be distributed separately at Council on April 17, 2012.

- Exhibit A:** Draft By-law to authorize the borrowing upon serial debentures in the principal amount of \$13,759,269 towards the cost of certain capital works of the Corporation of the City of Kingston.
- Exhibit B:** Draft By-law to authorize the borrowing upon amortizer debentures in the principal amount of \$9,100,000 towards the cost of certain capital works of the Corporation of the City of Kingston.
- Exhibit C:** Draft By-law to authorize the borrowing upon amortizer debentures in the principal amount of \$7,844,250 towards the cost of certain capital works of the Corporation of the City of Kingston.
- Exhibit D:** Draft By-law to authorize the borrowing upon amortizer debentures in the principal amount of \$998,100 towards the cost of certain capital works of the Corporation of the City of Kingston.