Agenda – Council – February 18, 2009

Report – Executive Policy Committee – February 11, 2009

Item No. 4 Refinancing of Debt Issued Pursuant to By-law No. 7368/99
eFile FC-2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 11, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That a borrowing by-law enabling the City to borrow money in the amount of $30,980,600.00 to provide for the refinancing of debt issued pursuant to By-law No. 7368/99 be enacted.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – February 11, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 11, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

RE: REFINANCING OF DEBT ISSUED PURSUANT TO BY-LAW NO. 7368/99 - $50,000,000 - MATURING FEBRUARY 2, 2009

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: February 2, 2009

RECOMMENDATION:

That Council pass a borrowing by-law enabling the City to borrow money in the amount of $30,980,600.00 to provide for the refinancing of debt issued pursuant to By-law No. 7368/99.

Report Summary

Key Issues:

- Involves requesting authority to refinance By-law 7368/99 as required by the City of Winnipeg Charter.
- After first reading, and before second reading of the by-law, the City is required to make application to the Minister of Finance for approval of the borrowing.

Implications of the Recommendation(s):

General Implications

(X) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

Report

REASON FOR THE REPORT:

Sections 294 and 302 of The City of Winnipeg Charter require the City to pass a by-law enabling the city to borrow money for the refinancing of city securities.

HISTORY:

On January 27, 1999, Council passed By-law No. 7368/99 which authorized borrowing in the amount of $50,000,000.00.

DISCUSSION:

The City of Winnipeg on February 2nd, 1999 issued $50,000,000.00 ten year Sinking Fund Debentures pursuant to By-law 7368/99 which matured on February 2nd, 2009. At the time these Sinking Fund Debentures were issued, in order to take advantage of lower interest rates for a ten year term, it was decided that a ten year debenture would be issued instead of the normal twenty year debenture. However, in keeping with the City's normal practice of issuing twenty year debt, the Sinking Fund Debentures issued on February 2nd, 1999 were amortized over a twenty year period. Therefore, it was determined at that time that a residual amount would be outstanding when the debentures matured which would need to be refinanced. The amount that will be outstanding and require refinancing is $30,980,600.00.

FINANCIAL IMPACT STATEMENT

The debt servicing costs associated with this refinancing have been reflected in the City's 2009 Operating Budget.

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services

External Consultation With:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski , Manager of Financial Services
File No.