
TO: Mayor J. Lehman and Members of Council

FROM: C. Millar, MBA, CPA, CGA, Director of Finance and Treasurer

NOTED: P. Elliott-Spencer, MBA, CPA, CMA, General Manager of Community and Corporate Services
C. Ladd, Chief Administrative Officer

RE: Fall 2016 Debenture Issuance

DATE: November 28, 2016

This memo is to provide Council with an update on the Financing Agreement (The Agreement) between The Corporation of the City of Barrie and the Ontario Infrastructure and Lands Corporation (OILC), pertaining to debentures in the amount of \$7,805,871 scheduled to close December 15, 2016.

Interest Rate Offer

The Agreement states that "A rate confirmation letter will be sent to the Municipality by OILC confirming the interest rate to be offered for the Debenture".

On November 23, 2016 staff received a rate confirmation letter from OILC confirming an interest rate offer of 2.54 % on 10 year debentures in the amount of \$7,805,871 (Appendix A – attached). The 2016 Business Plan anticipated the issuance of 10 year debenture (\$3,870,968) at an interest rate of 2.39% and 20 year debenture (\$3,934,903) at an interest rate of 3.27% for a total of \$7,805,871. The revision of the term from 20 to 10 year represents undiscounted annualized interest savings of approximately \$88K.

The final terms of the debentures are as follows:

Principal amount of the debenture	\$7,805,871
Term	10 years
Type	Amortizing
Interest Rate	2.54%
Closing Date	December 15, 2016
Maturing	December 15, 2026

The Mayor and Treasurer have confirmed that these are the Terms for the Debentures to be issued by The Corporation of the City of Barrie to OILC.

Annual Repayment Limit (ARL)

Provincial legislation prohibits municipalities from utilizing more than 25% of their ARL without approval of the Minister. The ARL limit is based on the City's own source revenues including property taxes, water and wastewater rate revenues, and user fees. The City of Barrie has adopted a more restrictive limit of 20%.

After issuing this debenture the City will have utilized approximately 10% of its ARL by 2017, which is well below the City's limit of 20%.

APPENDIX A

INTEREST RATE OFFER – 10 YEAR

VIA EMAIL

The Corporation of The City of Barrie

Dear Mr. Craig Millar,

Re: OILC Debenture Terms

Further to our offer to purchase a debenture on December 15, 2016, please find attached a Debenture Term Sheet outlining the term, interest rate and amount of the aforementioned debenture as well as a Repayment Schedule. As indicated in the attached documents, the debenture will carry an interest rate of 2.54 % p.a. (compounded semi-annually), principal amount of \$7,805,871.00, term of 10 years and with a closing date of December 15, 2016.

Please sign and seal the attached OILC Debenture Term Sheet, fax to the attention of Upma Das, Senior Loan Officer at (416) 263-5900 or upma.das@infrastructureontario.ca and mail originals.

OILC will email your debenture documents within 1-2 days and the debenture by-law (to be provided) should be passed by council on December 5, 2016. If the terms are refused, all advances received to date must be repaid in immediately available funds pursuant to section 12 of the Financing Agreement by December 15, 2016.

All original signed and sealed debenture documents (including an external legal opinion) must be received by OILC on or before December 15, 2016 and will be held in escrow until the closing day.

OILC will review the original debenture documents and, provided that all documentation is in order, OILC will purchase the debenture on December 15, 2016. Your external legal counsel must contact Navin Katyal, Vice President, Legal Services, at navin.katyal@infrastructureontario.ca by 10 a.m. on the closing day to release the debenture documents from escrow. OILC must also receive any final documentation outstanding prior to 10 a.m. on the closing day. Should any required documentation fail

APPENDIX A (Continued)

INTEREST RATE OFFER – 10 YEAR

to be delivered, OILC will rely on the remedies for default and termination in the Financing Agreement.

It is our pleasure to work with you on this municipal infrastructure loan program. If you have any questions or concerns, please do not hesitate to contact Upma Das at (416) 212-3352.

Yours truly,



Jennifer Hutcheon
Vice President, Loan Operations and Customer Relations
Ontario Infrastructure and Lands Corporation (OILC)

APPENDIX A (Continued)

INTEREST RATE OFFER – 10 YEAR

Infrastructure Ontario

1 Dundas St. West, 20th floor
Toronto, Ontario M5G 2L5
Tel.: 416 -212-3451
Fax: 416-263-5900



OILC DEBENTURE TERM SHEET

The Corporation of The City of Barrie

Principal amount of the debenture	<u>\$7,805,871.00</u>
Term	<u>10 year</u>
Type	<u>Amortizing</u>
Interest Rate	<u>2.54%</u>
Closing Date	<u>December 15, 2016</u>

We confirm that these are the Terms for the Debenture to be issued by The Corporation of The City of Barrie to OILC.

Mayor

Treasurer

Date

November 23, 2016

**PLEASE EMAIL TO UPMA.DAS@INFRASTRUCTUREONTARIO.CA BY 3PM,
NOVEMBER 23, 2016 IN ORDER TO CONFIRM YOUR ACCEPTANCE OF THIS
OFFER.**

APPENDIX A (Continued)

INTEREST RATE OFFER – 10 YEAR

LOAN AMORTIZATION SCHEDULE

Loan.....: 1630
Name.....: The Corporation of The City of Barrie
Principal: 7,805,871.00
Rate.....: 02.54%
Term.....: 10 Years
Paid.....: Semi-annual
Matures...: 12/15/2026

Pay #	Date	Amount Due	Principal Due	Interest Due	Rem. Principal
1	06/15/2017	444,416.91	345,282.35	99,134.56	7,460,588.65
2	12/15/2017	444,416.91	349,667.43	94,749.48	7,110,921.22
3	06/15/2018	444,416.91	354,108.21	90,308.70	6,756,813.01
4	12/15/2018	444,416.91	358,605.38	85,811.53	6,398,207.63
5	06/15/2019	444,416.91	363,159.67	81,257.24	6,035,047.96
6	12/15/2019	444,416.91	367,771.80	76,645.11	5,667,276.16
7	06/15/2020	444,416.91	372,442.50	71,974.41	5,294,833.66
8	12/15/2020	444,416.91	377,172.52	67,244.39	4,917,661.14
9	06/15/2021	444,416.91	381,962.61	62,454.30	4,535,698.53
10	12/15/2021	444,416.91	386,813.54	57,603.37	4,148,884.99
11	06/15/2022	444,416.91	391,726.07	52,690.84	3,757,158.92
12	12/15/2022	444,416.91	396,700.99	47,715.92	3,360,457.93
13	06/15/2023	444,416.91	401,739.09	42,677.82	2,958,718.84
14	12/15/2023	444,416.91	406,841.18	37,575.73	2,551,877.66
15	06/15/2024	444,416.91	412,008.06	32,408.85	2,139,869.60
16	12/15/2024	444,416.91	417,240.57	27,176.34	1,722,629.03
17	06/15/2025	444,416.91	422,539.52	21,877.39	1,300,089.51
18	12/15/2025	444,416.91	427,905.77	16,511.14	872,183.74
19	06/15/2026	444,416.91	433,340.18	11,076.73	438,843.56
20	12/15/2026	444,416.87	438,843.56	5,573.31	0.00

		8,888,338.16	7,805,871.00	1,082,467.16	