



Media Release: Friday, October 31, 2014, 4:30 p.m.

## **Regional Municipality of Waterloo**

### **Special Council Agenda**

Tuesday, November 4, 2014

Immediately following Planning and Works Committee

Regional Council Chamber

150 Frederick Street, Kitchener, ON

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The purpose of the meeting is to approve the Regional Debenture Issue.

1. **Declaration of Pecuniary Interest Under the “Municipal Conflict of Interest Act”**
2. **Motion to Go Into Committee Of The Whole**
3. **Finance Reports**
  - a) [F-14-122](#), Regional Debenture Issue Dated November 6, 2014 1
4. **Motion for Committee Of The Whole To Rise And Council Resume**
5. **Motion to Adopt Proceedings Of Committee Of The Whole**
6. **Other Business**
7. **Enactment of By-Laws – First, Second & Third Readings**
  - a) A By-law to authorize the borrowing upon ten year instalment debentures in the principal amount of \$506,000 for a capital work of The Corporation of the City of Cambridge
  - b) A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$1,672,000 for capital works of The Corporation of the City of Kitchener

- c) A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$9,442,000 for capital works of The Corporation of the City of Waterloo
- d) A By-law to authorize the borrowing upon instalment debentures in the aggregate principal amount of \$53,380,000 (ten year instalment debentures in the principal amount of \$24,154,000 and twenty year instalment debentures in the principal amount of \$29,226,000) for capital works of The Regional Municipality of Waterloo
- e) A By-law to provide for the borrowing of the aggregate of the principal amounts authorized by By-laws numbered 14-061, 14-062, 14-063 and 14-064 and for the issuing of one series of instalment debentures therefor in the aggregate principal amount of \$65,000,000 (ten year instalment debentures in the principal amount of \$35,774,000 and twenty year instalment debentures in the principal amount of \$29,226,000)
- f) A By-law to Confirm the Actions of Council – November 4, 2014

## 8. **Adjourn**



**Report: F-14-122**

**Region of Waterloo**  
**Finance Department**  
**Treasury Services Division**

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**To:** Regional Chair Ken Seiling and Members of Regional Council  
**Date:** November 4, 2014 **File Code:** F08-20  
**Subject:** **Regional Debenture Issue Dated November 6, 2014**

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**Recommendation:**

For Information

**Summary:** Nil

**Report:**

On October 21, 2014, the Regional Municipality of Waterloo launched a 20 year serial debenture issue for \$65.0 million. The debentures were issued under the authority of By-law 95-020 and By-law 14-048. By-law 95-020 gives the Chief Financial Officer the authority to proceed with a debenture issue that best meets the requirements of the Region and then report the results of the issue to Council at its next scheduled meeting. By-law 14-048, passed by Regional Council on August 20, 2014, delegates authority to the outgoing Council to approve the required debenture by-laws following the launch of the 2014 fall debenture issue per report F-14-098 dated August 12, 2014.

Debentures were issued on behalf of the Region and the Cities of Cambridge, Kitchener and Waterloo as follows:

Participant	10 Years	20 Years	Total
Region of Waterloo	\$24,154,000	\$29,226,000	\$53,380,000
City of Cambridge	506,000	--	506,000
City of Kitchener	1,672,000	--	1,672,000
City of Waterloo	9,442,000	--	9,442,000
<b>Total</b>	<b>\$35,774,000</b>	<b>\$29,226,000</b>	<b>\$65,000,000</b>

Funds were borrowed for various Regional capital works as noted in report F-14-098 dated August 12, 2014 and shown in the following table:

Region Capital Works	10 Years	20 Years	Total
Waste Management	\$7,050,000	--	\$7,050,000
Courthouse Renovation	4,400,000	--	4,400,000
EMS Station – Phillipsburg	1,332,000	--	1,332,000
Other Regional Buildings: 99 Regina, 150 Frederick, 150 Main, Operations Centre, Sunnyside Home	7,094,000	--	7,094,000
Energy and Security Upgrades for Regional Buildings	1,479,000	--	1,479,000
Waterloo Regional Police Service Capital Projects	2,799,000	--	2,799,000
Grand River Transit – Future Garage Expansion		\$6,000,000	6,000,000
Solar Photovoltaic Projects	--	226,000	226,000
Wastewater Treatment Plants (Kitchener / Waterloo)		23,000,000	23,000,000
<b>Total</b>	<b>\$24,154,000</b>	<b>\$29,226,000</b>	<b>\$53,380,000</b>

## Process and Pricing

The issue was marketed by the Region's fiscal agent syndicate with CIBC World Markets acting as the lead manager. The Region commenced discussions with the fiscal agents in early October on the timing and the structure of the issue. On October 17th, the external lawyer confirmed that the Region's authorizing documents were in order which put the Region in position to launch the issue. Discussions with the fiscal agent syndicate continued during this time relative to market conditions, demand for longer term serial issues, pricing and supply including recent and potential provincial and municipal debt issues.

The issue was priced and sold on October 21<sup>st</sup>, 2014. The Region was able to take advantage of a quiet afternoon in the market relative to pending municipal and provincial issues and capitalize on a month-long decline in long term borrowing rates. **The pricing of the issue resulted in the lowest costs for a capital market deal in the history of the Region with "all-in" costs of 2.604% for the 10 year debenture and 3.300% for the 20 year debenture.** The following table shows the "all-in" costs for recent Regional debenture issues.

Comparison of "All-In" Average Costs

Term	Oct. 2014	April 2014	Oct. 2013	May 2013	Nov. 2012	Nov. 2011	Nov. 2010	Dec. 2009
10 Year	2.60%	2.99%	3.34%	--	2.70%	2.85%	3.39%	3.74%
15 Year	--	--	3.65%	--	3.15%	3.36%	3.94%	4.39%
20 Year	3.30%	--	--	--	3.65%	--	--	--
20 Year Sinking Fund	--	--	--	3.81%	--	--	--	--
30 Year Sinking Fund	--	4.25%	--	3.88%	--	--	--	--

This is the sixteenth issue launched under the Region's Aaa rating and the rates offered on the debentures reflect the Region's excellent credit rating.

The debenture issue closes November 6, 2014 and net proceeds will be received that day.

**Corporate Strategic Plan:**

One of the objectives of the Corporate Strategic Plan is to ensure Regional programs and services are efficient and effective and demonstrate accountability to the public. The Region's capital financing program, excellent credit rating and prudent use of debenture financing assist in meeting this objective.

**Financial Implications:**

Debt servicing costs arising from the debentures issued for property tax supported programs are included in the 2015 base operating budget. Debt servicing costs related to the debt issued for Wastewater will be funded from the Wastewater Development Charges Reserve Fund.

**Other Department Consultations/Concurrence:**

The Regional Clerk and the Regional Chair along with the Chief Financial Officer will be required to execute the necessary documents.

**Attachments:** Nil

**Prepared By:** Angela Hinchberger, Director of Treasury Services

**Approved By:** Craig Dyer, Chief Financial Officer