

COUNCIL REPORT

M&C No.	2019-116
Report Date	May 10, 2019
Meeting Date	May 21, 2019
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Terms of the Spring 2019 Debenture Issue

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Deputy Commissioner/ Dept. Head	City Manager
<i>Craig Lavigne</i>	<i>Cathy Graham/Kevin Fudge</i>	<i>John Collin</i>

RECOMMENDATION

It is recommended that this report be received and filed.

EXECUTIVE SUMMARY

On April 25, 2019 the New Brunswick Municipal Finance Corporation negotiated the sale of a serial bond issue in the amount of \$32,300,000 of which \$5,920,000 related to the City of Saint John.

PREVIOUS RESOLUTION

M&C 2019 -41 - **RESOLVED** that occasion having arisen in the public interest for the following Public Civic Works and needed Civic Improvements that the City of Saint John proposes issue of the following debentures to be dated on or after February 27th, 2019:

REFINANCE DEBENTURES

Debenture No. BA 9- 2009 (General Fund – 5 years)	\$	4,670,000
Debenture No. BA 10 -2009 (Water & Sewerage – 10 years)	\$	750,000
Debenture No. BA 11 -2009 (Transit – 5 years)	\$	<u>500,000</u>

TOTAL

\$ 5,920,000

1. Therefore resolved that debentures be issued under provisions of the Acts of Assembly 52, Victoria, Chapter 27, Section 29 and amendments thereto to the amount of five million, nine hundred and twenty thousand dollars (\$5,920,000).
2. Commissioner of Finance be authorized to issue and to sell to the New Brunswick Municipal Finance Corporation (the "Corporation") a City of Saint John bond or debentures in the principal amount of five million, nine hundred and twenty thousand dollars, (\$5,920,000) at such terms and conditions as are recommended by the Corporation.
3. And further that the City of Saint John agrees to issue post-dated cheques to the Corporation, or other such arrangements as the Corporation may from time to time accept, in payment of principal and interest charges on the above bond or debenture as and when they are required by the Corporation.
4. And further that the Commissioner of Finance be hereby authorized to receive an offer in connection with the foregoing debentures at a price not less than \$98 per \$100 of debenture, at interest rates not to exceed an average of 4.50% and a term not to exceed 5 years for the General Fund and Transit and term not to exceed 10 years for the Water and Sewerage Utility.
5. And further that the Commissioner of Finance report to Common Council the exact values for price per \$100 of debenture, interest rate and term in years, together with the date of the issue.

REPORT

The terms of the issue as they relate to Saint John are as follows:

Term:	5 year serial form (General)	\$ 4,670,000
	5 year serial form (Transit)	\$ 500,000
	10 year serial form (Water)	\$ 750,000

Coupon Rate:	Year 1 - 2.05%	Year 6 - 2.40%
	Year 2 - 2.00%	Year 7 - 2.55%
	Year 3 - 2.05%	Year 8 - 2.70%
	Year 4 - 2.20%	Year 9 - 2.75%
	Year 5 - 2.30%	Year 10 - 2.85%

Price: \$ 99.45 (Principal: \$5,170,000)

Average Interest Rate: 2.12% - 5 Years

Price: \$ 99.21 (Principal: \$750,000)
Average Interest Rate: 2.385% - 10 Years

Settlement Date: May 14, 2019

The interest rates and the discount factor were within the limits approved by Common Council at its meeting held on March 11th, 2019. As such, the Mayor and Common Clerk have signed the debentures between the City and the New Brunswick Municipal Finance Corporation for \$5,920,000 at the terms listed above on April 30th, 2019.

SERVICE AND FINANCIAL OUTCOMES

N/A

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

N/A

ATTACHMENTS

N/A