



Dec. 6, 2011

City Council Committee Report

To: Mayor and Council

Fr: Charlotte Edie, Treasurer

Re: Marine Water Line Debenture

Recommendation: THAT Council approve a By-law for the issuance of long term debt financing in the amount of \$800,476.48 effective December 31, 2011 to finance the net municipal costs related to the Marine Water Line, budgeted to be financed through a \$2,000,000 subsidy from the Building Canada Fund and the issuance of long term debt.

Background: The net capital costs for this project we budgeted to be financed by a long term debt issuance through the Kenora Citizens' Prosperity Trust Fund. The debt repayment will be made from tax dollars over the next 10 years.

The project has not been completed entirely with the Coney Island link still outstanding. The remaining budget is approximately \$420,000. The current balance of the long term debt is \$800,476.48.

Based on a 10 year amortization at 3.0% the annual payment would be \$91,107.05. The 10 year rate offered by the Infrastructure Ontario Loan Program is 2.83% and we would normally use this rate however the minimum return required by the Citizens' Trust Fund is 3.0%. The payment will be due on December 31 of each year commencing in 2011.

Budget: Principal and interest will be reflected in the corresponding years' water budget.

Communication Plan/Notice By-law Requirements: This matter is housekeeping in nature. No further communication is recommended.