



Jan. 30, 2012

City Council Committee Report

To: Mayor and Council

Fr: Charlotte Edie, Treasurer

Re: Discovery Centre Debenture

Recommendation: THAT Council approve a By-law for the issuance of long term debt financing in the amount of \$1,054,232.47 effective December 31, 2011 to finance the net municipal costs related to the Discovery Centre, budgeted to be financed through a \$2,077,006 subsidy from Intake Two of the Building Canada Fund – Communities Component and the issuance of long term debt.

Background: The net capital costs for this project were 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 15 years.

Based on a 15 year amortization at 3.0% the annual payment would be \$85,737.33. The payments will be due on December 31 of each year commencing in 2011. The 3.0% rate is the minimum rate required by the Citizens' Prosperity Trust Fund. The rate offered by the Infrastructure Ontario Loan Program for 15 years is 3.24%.

Financing internally through the Citizens' Prosperity Trust Fund allows flexibility in terms of early repayment. Council may decide to liquidate the debenture early with no penalties. A debenture through Infrastructure Ontario would require payment of all the interest for the entire term of the debenture even if it was paid off early.

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

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