



**Feb. 6, 2012**

## **City Council Committee Report**

**To: Mayor and Council**

**Fr: Charlotte Edie, Treasurer**

**Re: Harbourfront Tent Project Debenture**

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**Recommendation:** THAT Council approve a By-law for the issuance of long term debt financing in the amount of \$746,441.09 effective December 31, 2011 to finance the net municipal costs related to the Harbourfront Tent Project, budgeted to be financed through a \$800,000 subsidy from the Northern Ontario Heritage Fund, \$50,000 from the Harbourtown Biz, a \$5,000 donation 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 \$62,526.82. This payment exceeds the budget amount by \$9,953.85 however the amount is not significant and an amendment to the budget is not required. The payments will be due on December 31 of each year commencing in 2012. Payments on the other debentures issued to date commenced on December 31, 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' budgets.

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