

Council Chamber
City Hall, Saskatoon, Sask
Monday, October 16, 1995,
at 12:00 Noon

MINUTES OF SPECIAL MEETING OF CITY COUNCIL

PRESENT: His Worship Mayor Dayday in the Chair;
Councillors Langlois, Birkmaier, Atchison, Langford and
Sternberg;
General Manager of Finance Richards;
Solicitor McLeod;
City Clerk Mann;

REPORTS

A/City Commissioner Richards submitted Report No. 23-1995 of the City Commissioner.

Moved by Councillor Atchison, Seconded by Councillor Langford,

THAT Council go into Committee of the Whole to consider Report No. 23-1995 of the City Commissioner.

CARRIED.

Council went into Committee of the Whole with His Worship Mayor Dayday in the Chair.

Committee arose.

His Worship Mayor Dayday, Chair of the Committee of the Whole, made the following report:

THAT while in Committee of the Whole, the following matters were considered and dealt with as stated:

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"REPORT NO. 23-1995 OF THE CITY COMMISSIONER

**A1) Proposed Debenture Bylaw
Financing Portion of Secondary Sewage Treatment Plant
(File Nos. 7800-4 and 1703)**

RECOMMENDATION:

- 1) that the offer of RBC Dominion Securities Inc. and Wood Gundy Inc. to purchase \$18,000,000 of City of Saskatoon debentures be accepted, and that His Worship the Mayor and the City Clerk be authorized to execute same;
- 2) that the City Solicitor be instructed to:
 - a) prepare and bring forward the required Bylaw so as to conform with the terms and conditions of the sale, and specifically authorizing an \$18,000,000, ten-year serial debenture issue to be dated November 22, 1995, with interest rates as follows:

| | |
|-------------------|--------|
| November 22, 1996 | 6.625% |
| November 22, 1997 | 6.875% |
| November 22, 1998 | 7.125% |
| November 22, 1999 | 7.375% |
| November 22, 2000 | 7.50% |
| November 22, 2001 | 7.625% |
| November 22, 2002 | 7.75% |
| November 22, 2003 | 7.875% |
| November 22, 2004 | 7.875% |
| November 22, 2005 | 7.875% |
 - b) make application to the Saskatchewan Municipal Board for authorization to proceed with the long-term borrowing described herein;
 - c) obtain all further such approvals as may be required in connection with the proposed Bylaw and debenture issue; and,
- 3) that the General Manager, Finance Department, the City Solicitor, and the City Treasurer be instructed to take all such steps as may be necessary so as to give effect to the above debenture issue and sale.

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Report of the General Manager, Finance Department, October 13, 1995:

"BACKGROUND

At its meeting held on October 10, 1995, City Council received a report from the General Manager, Finance Department and resolved:

'that the General Manager, Finance Department, in consultation with the Investment Committee and the City's fiscal agent, be authorized to accept the terms and conditions of a proposed, \$18,000,000 debenture sale at an all-in-cost of borrowing not exceeding 8.00%, the terms which will be confirmed by bylaw at the following City Council meeting.'

Over the past several weeks, domestic fixed income markets have rallied significantly with yields declining in all maturity terms. Favourable referendum polls indicating a unified Canada, lower U.S. bond yields, and reports of moderating U.S. economic activity, have contributed to the decline in fixed income yields. Given the positive borrowing environment, the City of Saskatoon has elected to use this 'window of opportunity' to issue debentures externally.

For the information of City Council, the City of Saskatoon has accepted an offer from RBC Dominion Securities Inc. and Wood Gundy Inc. to purchase \$18,000,000 par value City of Saskatoon debentures on October 13, 1995. The City of Saskatoon was able to secure an all-in-cost of borrowing of 7.86%. The debenture issue, to be dated November 22, 1995, was structured as a one- to ten-year serial issue with principal amounts maturing each year, November 22, 1996 to November 22, 2005, inclusive. The interest rates for the debenture issue range from a minimum of 6.625% to a maximum of 7.875%.

JUSTIFICATION

Initially, the construction of the sewage treatment plant facility was financed on an interim basis utilizing internal reserves. Funds were advanced to the utility at a borrowing cost based on short-term investment rates. The first phase of long-term borrowing occurred on May 5, 1995, with the sale of \$20,000,000, serial-type debentures to the fiscal agency. The City was able to realize an all-in-cost of borrowing of 8.477% with interest rates ranging from 7.50% to 8.50%.

Since the last debenture issue, the construction of the sewage treatment plant facility has progressed to such a level that additional financing is required. The City Comptroller has determined that an additional \$18,000,000 is required to complete the financing of the sewage treatment facility.

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FINANCIAL IMPACT

Repayment of both debentures will be made through the sewage utility rates and not by general taxation."

- IT WAS RESOLVED: 1) that the offer of RBC Dominion Securities Inc. and Wood Gundy Inc. to purchase \$18,000,000 of City of Saskatoon debentures be accepted, and that His Worship the Mayor and the City Clerk be authorized to execute same;*
- 2) that the City Solicitor be instructed to:*
- a) prepare and bring forward the required Bylaw so as to conform with the terms and conditions of the sale, and specifically authorizing an \$18,000,000, ten-year serial debenture issue to be dated November 22, 1995, with interest payable semi-annually at the following rates:*
- | | |
|--------------------------|---------------|
| <i>November 22, 1996</i> | <i>6.625%</i> |
| <i>November 22, 1997</i> | <i>6.875%</i> |
| <i>November 22, 1998</i> | <i>7.125%</i> |
| <i>November 22, 1999</i> | <i>7.375%</i> |
| <i>November 22, 2000</i> | <i>7.50%</i> |
| <i>November 22, 2001</i> | <i>7.625%</i> |
| <i>November 22, 2002</i> | <i>7.75%</i> |
| <i>November 22, 2003</i> | <i>7.875%</i> |
| <i>November 22, 2004</i> | <i>7.875%</i> |
| <i>November 22, 2005</i> | <i>7.875%</i> |
- b) make application to the Saskatchewan Municipal Board for authorization to proceed with the long-term borrowing described herein;*
 - c) obtain all further such approvals as may be required in connection with the proposed Bylaw and debenture issue; and,*
- 3) that the General Manager, Finance Department, the City Solicitor, and the City Treasurer be instructed to take all such steps as may be necessary so as to give effect to the above debenture issue and sale."*

Moved by Councillor Atchison, Seconded by Councillor Steernberg,

THAT the report of the Committee of the Whole be adopted.

CARRIED.

Moved by Councillor Birkmaier

THAT the meeting stand adjourned.

CARRIED.

The meeting adjourned at 12:05 p.m.

Mayor

City Clerk