

DECISION/DIRECTION NOTE

Title: City of St. John's Underwriting Syndicate

Date: February 24th, 2020

Report To: Mayor and Council

Councilor and Role: ALL

Ward: N/A

Decision/Direction Required: Approval of an Underwriting Syndicate for future Debenture Issues

Discussion – Background and Current Status:

A lending syndicate exists to facilitate the City issuing bonds to fund its share of capital works projects. The lending syndicate is essentially a team of financial institutions who work with the city to issue the bonds at the lowest rate possible. This includes facilitation of legal services, potential meetings with investors, as well as secondary market support in trading of the City's bonds.

Historically the City has used two financial institutions in its lending syndicate. In reviewing best practice and engaging with industry, a review of potential changes to the syndicate were undertaken. As a result the following syndicate is being recommended:

Role	Institution	Share
Lead	RBC Capital Markets	50%
Co-Manager 1	National Bank Financial	25%
Co-Manager 2	CIBC	25%

After the first bond issue planned for 2020, the City reserves the right to alternate the lead or alternatively change the structure on a go forward basis.

Key Considerations/Implications:

1. Budget/Financial Implications

Fees are determined based on a predetermined percentage of the bond issue size and composition.

2. Partners or Other Stakeholders

N/A

3. Alignment with Strategic Directions/Adopted Plans

ST. JOHN'S

4. Legal or Policy Implications

N/A

5. Engagement and Communications Considerations

The amounts spent will be reported in conjunction with the quarterly travel report.

6. Other Implications

N/A

Recommendation:

It is recommended the underwriting syndicate of Royal Bank (50%), National Bank Financial (25%) and CIBC (25%) be approved.

Prepared by: Derek Coffey, Deputy City Manager, Department of Finance and Administration

Approved by: Kevin Breen, City Manager