

## For Information Only

### Interest Revenue from Greater Sudbury Utilities Inc

Presented To:	Finance Committee
Presented:	Monday, Mar 28, 2011
Report Date	Thursday, Mar 24, 2011
Type:	Follow Up Reports to Parking Lot Items

### Recommendation

FOR INFORMATION ONLY

At the Finance Committee meeting of February 28, 2011, Councillor Kilgour requested a report detailing the interest payment that the City receives from the Greater Sudbury Utilities.

## Background

The Greater Sudbury Utilities (GSU) was incorporated in October of 2000 with the sole shareholder being the City of Greater Sudbury.

The GSU issued a promissory note to the City of Greater Sudbury for \$52,340,819 with an interest rate of 7.25%, with the interest to be paid quarterly for a total of \$3.79 million annually.

From 2001 to 2003 the City had received \$2.4 million from the GSU with the remaining \$1.39 million being reinvested into the GSU in the form of preferred shares. This reinvestment would assist the GSU with operating and capital costs as the GSU had a cashflow shortfall during this period. By 2004, the GSU cashflow position had improved and the City's reinvestment had ceased, thus providing an additional \$1.39 million for general revenues in the 2004 operating budget.

The City continues to receive \$3.79 million from the GSU on an annual basis from the interest on the promissory note.

During 2010, Council approved the redemption of the preferred shares and the proceeds were used to partially fund the second ice pad at Countryside Arena.

From 2001 to the end of 2010, the City has received approximately \$38 million from the GSU in the form of interest payments and the redemption of preferred shares.

### Signed By

#### Report Prepared By

Ed Stankiewicz  
Manager of Financial Planning & Policy  
*Digitally Signed Mar 24, 11*

#### Recommended by the Department

Lorella Hayes  
Chief Financial Officer/City Treasurer  
*Digitally Signed Mar 24, 11*

#### Recommended by the C.A.O.

Doug Nadorozny  
Chief Administrative Officer  
*Digitally Signed Mar 24, 11*