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## ADMINISTRATIVE REPORT

Report Date: October 14, 2009  
Contact: Grace Cheng  
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Meeting Date: October 20, 2009

TO: Vancouver City Council  
FROM: Director of Finance / General Manager of Financial Services Group  
SUBJECT: Application for Moody's Canadian Local Government Rating

### ***RECOMMENDATION***

THAT the Director of Finance be authorized to execute and deliver on behalf of the City the Application for Moody's Canadian Local Government Rating ("Rating Application") on terms and conditions satisfactory to the Director of Finance and the Director of Legal Services; and

FURTHER THAT no legal rights or obligations will be created or arise unless and until the Rating Application is executed and delivered by the Director of Finance.

### ***CITY MANAGER'S COMMENTS***

The City Manager RECOMMENDS approval of the foregoing.

### ***COUNCIL POLICY***

Council approval is required for agreements that provide for indemnities by the City in favor of third parties unless Council has specifically delegated the authority to the Director of Legal Services.

### ***PURPOSE***

The purpose of this report is to seek Council approval for the Application for Moody's Canadian Local Government Rating ("Rating Application") which contains an indemnification clause by the City in favor of Moody's.

**DISCUSSION**

Moody's Canada Inc. ("Moody's") has been providing credit rating services to the City since 1994. Moody's requires receipt of a signed Rating Application from all rated debt issuers prior to commencement of the rating process. The City has not signed one to-date.

Moody's has requested that its standard Rating Application be signed by the City for documentation purposes. The Rating Application includes an indemnification clause which reads:

*"The undersigned will indemnify and hold harmless Moody's and all of its directors, officers, employees, agents and affiliates from any claims of whatever nature (whether foreseeable or not) arising from or in connection with this Application and Fee Schedule or the delivery to the undersigned or the Issuer of, or reliance by the undersigned or the Issuer on, the rating or any breach of this Application and Fee Schedule by the undersigned or the Issuer, save that the terms of this paragraph shall not apply to the extent that any such claim arises by reason of any fraud or wilful misconduct on the part of Moody's other than to the extent such claim derives from the misuse of the rating or from any reliance otherwise acknowledged as inappropriate."*

This type of indemnity is not uncommon in such rating applications. The Director of Finance recommends that it be accepted.

**CONCLUSION**

The Director of Finance recommends that Council approve the Rating Application which contains an indemnification clause.

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