

Clause 16 in Report No. 11 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 23, 2016.

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Ontario Infrastructure and Lands Corporation Loan for the City of Vaughan

Committee of the Whole recommends adoption of the following recommendations contained in the report dated May 3, 2016 from the Commissioner of Finance:

1. Council approve a request by the City of Vaughan for long-term financing up to \$13,028,000 for a term not to exceed 10 years to fund road and watermain works.
2. Council approve the submission of an application to Ontario Infrastructure and Lands Corporation for all or part of the above financing, on behalf of the City of Vaughan.
3. The Regional Chair and Regional Treasurer be authorized to execute the necessary documents, subject to review by Legal Services.

Report dated May 3, 2016 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. Council approve a request by the City of Vaughan for long-term financing up to \$13,028,000 for a term not to exceed 10 years to fund road and watermain works.
2. Council approve the submission of an application to Ontario Infrastructure and Lands Corporation for all or part of the above financing, on behalf of the City of Vaughan.
3. The Regional Chair and Regional Treasurer be authorized to execute the necessary documents, subject to review by Legal Services.

2. Purpose

This report seeks approval of long-term financing from the Ontario Infrastructure and Lands Corporation to fund the City of Vaughan's road and watermain works.

3. Background

Regional Council authority is required to issue long-term debt for local municipalities

On June 7, 2016, the City of Vaughan's Council authorized debt financing up to \$13,028,000 for a term not to exceed 10 years to fund the road and watermain works projects listed in Table 1.

The City of Vaughan has requested that the Region approve a long-term serial loan from the Ontario Infrastructure and Lands Corporation for up to \$13,028,000 to finance road and watermain works.

Under section 401 of the *Municipal Act*, Regional Council must approve all financing required by local municipalities, including applications to Ontario Infrastructure and Lands Corporation for financing. Additionally, the *Municipal Act* indicates that all debentures issued by the Region for either its own purposes or the purposes of its lower-tier municipalities are direct, joint and several obligations of the Region and its lower-tier municipalities. The Region's role for the duration of the loan is to guarantee the repayments of debt and ensure that payments are received by Ontario Infrastructure and Lands Corporation on a timely basis from the local municipality.

**Table 1
City of Vaughan Capital Projects Requiring
Long-Term Financing**

Project Name	Financing Amount Requested (in \$000s)	Financing Term (years)
EN-1871-13 2013 Pavement Management Program – Phase 1	952	10
EN-1872-13 2013 Pavement Management Program – Phase 2	3,175	10
EN-1873-13 2013 Pavement Management Program – Phase 3	3,298	10
EN-1940-13 2014 Pavement Management Program – Phase 1	23	10
EN-1941-13 2014 Pavement Management Program – Phase 2	2,726	10
EN-1942-13 2014 Road Rehabilitation and Watermain Replacement – Phase 1	2,854	10
Total	13,028	10

4. Analysis and Options

The requested loan of \$13,028,000 is within the Annual Repayment Limit for the City of Vaughan

The City Treasurer has indicated that Vaughan’s most recent annual debt and financial obligation limit from the Ministry of Municipal Affairs and Housing has been updated to incorporate the additional financing costs associated with the requested loan and that Vaughan’s borrowing remains within the limit set by the Ministry.

City of Vaughan’s borrowing will not affect the Region’s Annual Repayment Limit

The Municipal Act excludes the Region’s repayment of the long-term debt borrowed for its local municipalities from the Region’s own annual repayment limit calculation. Therefore, the City of Vaughan’s borrowing will not affect the Region’s annual repayment limit.

Link to key Council-approved plans

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects. These projects align with the City of Vaughan's strategic priorities.

5. Financial Implications

There is no financial impact to the Region, as it only acts as an intermediary in the Ontario Infrastructure and Lands Corporation loan process. These borrowing rates are available to municipalities in relatively small amounts.

6. Local Municipal Impact

A ten-year serial loan at a borrowing rate of 2.39% will initially cost the City of Vaughan \$1,605,553 per year

Based upon Ontario Infrastructure and Lands Corporation's posted borrowing rate of 2.39% for a 10-year term serial loan (as at April 29, 2016), the City would incur costs of \$1,605,553 in the first year to service a \$13,028,000 loan. By the last year, the City would incur costs of \$1,321,131. Payments will be made semi-annually.

7. Conclusion

The Region must approve long-term financing required by local municipalities. The City of Vaughan has determined that the request for long-term financing from Ontario Infrastructure and Lands Corporation is within its current annual repayment limit. The financing for road and watermain works is consistent with the City's strategic priorities.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at ext. 71644.

The Senior Management Group has reviewed this report.

May 3, 2016

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