

The Regional Municipality of York

Committee of the Whole
Finance and Administration
September 10, 2020

Report of the Commissioner of Finance

Ontario Infrastructure and Lands Corporation Loan for the Town of Aurora

1. Recommendations

Subject to the receipt of the necessary supporting documents from the Town of Aurora:

1. Council approve a request by the Town of Aurora for interim/long-term financing in an amount not to exceed \$38,000,000 to fund community recreational infrastructure for a term not to exceed 20 years
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 Town of Aurora
3. The Regional Chair and Regional Treasurer be authorized to execute the necessary documents, subject to review by Legal Services

2. Summary

This report seeks approval of up to \$38,000,000 long-term financing from the Ontario Infrastructure and Lands Corporation to fund the Town of Aurora's community recreational infrastructure.

Key Points:

- The Region acts as an intermediary in the Ontario Infrastructure and Lands Corporation loan process and a guarantor for the repayment of debt
- A 20-year amortizing loan for up to \$38,000,000 at a borrowing rate of 1.85% will cost the Town of Aurora \$2,281,802 per year and does not impact the Region's annual repayment limit
- The Library Square project is a key part of the town's downtown revitalization plan and aligns with the town's Strategic and Cultural Master Plans

3. Background

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

On August 25, 2020, Council for the Town of Aurora will be presented with a request for authorization of debt financing for an amount up to \$38,000,000 and a term not to exceed 20 years.

The Town has now requested that the Region approve a long-term loan from the Ontario Infrastructure and Lands Corporation for up to this amount to finance the community recreational infrastructure listed in Table 1.

Table 1
Town of Aurora Capital Project Requiring Long-Term Financing

Project Name	Financing Amount Requested	Financing Term (years)
Library Square (81019)	\$38,000,000	20

Under section 401 of the *Municipal Act, 2001* (the Act), Regional Council approval is required for all long-term financing required by local municipalities, including applications to Ontario Infrastructure and Lands Corporation for financing. Additionally, the Act states that all debentures issued by the Region for either its own purposes or the purposes of its lower-tier municipalities will be direct, joint and several obligations of the Region and its lower-tier municipalities. The Region's role for the duration of the loan will be to guarantee the repayment of debt and ensure that payments are received by Ontario Infrastructure and Lands Corporation on a timely basis from the local municipality.

4. Analysis

The requested loan of \$38,000,000 is within the Annual Repayment Limit for the Town of Aurora

The Town of Aurora Treasurer has indicated that Aurora'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 Aurora's borrowing remains within the limit set by the Ministry.

The Town of Aurora's borrowing will not affect the Region's Annual Repayment Limit

The 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 Town of Aurora's borrowing will not affect the Region's annual repayment limit

Initiative supports Aurora's Strategic and Cultural Master Plan goals

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects. The Library Square project is a key part of Aurora's downtown revitalization plan and aligns with both Aurora's Strategic and Cultural Master Plans.

5. Financial

The Region acts as an intermediary in the Ontario Infrastructure and Lands Corporation loan process and a guarantor for the repayment of debt. The Corporation's borrowing rates are available to municipalities.

6. Local Impact

A 20-year amortizing loan for up to \$38,000,000 at a borrowing rate of 1.85% will cost the Town of Aurora \$2,281,802 per year

Based upon Ontario Infrastructure and Lands Corporation's currently posted borrowing rate of 1.85% for a 20-year term amortizing loan (as at July 31, 2020), the Town of Aurora would incur costs of \$2,281,802 per year to service an \$38,000,000 loan.

7. Conclusion

The Town of Aurora has requested up to \$38,000,000 interim and/or long-term financing from Ontario Infrastructure and Lands Corporation. The financing is for community recreational infrastructure and is consistent with Aurora's priorities.

The Region's role is to act as an intermediary in the Ontario Infrastructure and Lands Corporation's loan process and a guarantor for the repayment of debt.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer, at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Recommended by: **Laura Mirabella, FCPA, FCA**
Commissioner of Finance and Regional Treasurer

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

August 13, 2020
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