

# **The Regional Municipality of York**

Committee of the Whole  
Finance and Administration  
April 8, 2021

Report of the Commissioner of Finance

## **Ontario Infrastructure and Lands Corporation Loan for the Town of Georgina**

### **1. Recommendations**

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

1. Council approve a request by the Town of Georgina for interim/long-term financing in an amount not to exceed \$10,572,000 to fund municipal infrastructure for a term not to exceed those identified in Table 1 of this report.
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 Georgina.
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 \$10,572,000 long-term financing from the Ontario Infrastructure and Lands Corporation to fund the Town of Georgina's municipal 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 \$2,322,000 at a borrowing rate of 2.70% will cost the Town of Georgina \$151,018 per year and does not impact the Region's annual repayment limit
- A 30-year amortizing loan for up to \$8,250,000 at a borrowing rate of 2.94% will cost the Town of Georgina \$415,767 per year and does not impact the Region's annual repayment limit
- These projects are a key part of the Town's multi-year capital plan

### 3. Background

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

On February 24, 2021, Council for the Town of Georgina approved a request for authorization of debt financing for an amount up to \$2,322,000 and a term not to exceed 20 years, and an amount up to \$8,250,000 and a term not to exceed 30 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 municipal infrastructure listed in Table 1.

**Table 1**  
**Town of Georgina Capital Projects Requiring Long-Term Financing**

Project Name	Financing Amount Requested (\$)	Financing Term (years)
Wexford Pump Upgrade (18-WAT-4)	2,322,000	20
<b>Subtotal 20-year financing</b>	<b>2,322,000</b>	<b>20</b>
Pefferlaw Fire Hall 1-8 (17-FIR-8 / 18-FIR-10 / 19-FIR-2)	5,800,000	30
The Link Phase 2 and 3 (17-LNK-2 / 18-LNK-1)	2,450,000	30
<b>Subtotal 30-year financing</b>	<b>8,250,000</b>	<b>30</b>
<b>Total</b>	<b>10,572,000</b>	

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. Also, the Act requires the Region to issue debentures on behalf of its lower-tier municipalities and guarantee repayment of debt.

The Region's role for the duration of the loan will be to ensure that Regional payments are received by Ontario Infrastructure and Lands Corporation on a timely basis and ensure reimbursement from the local municipality.

## 4. Analysis

### **The requested loan of \$10,572,000 is within the Annual Repayment Limit for the Town of Georgina**

The Town of Georgina Treasurer has indicated that Georgina remains within the annual repayment limit set by the Ministry of Municipal Affairs and Housing after incorporation of the additional financing costs associated with the requested loan.

### **The Town of Georgina'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 Georgina's borrowing will not affect the Region's annual repayment limit.

### **Initiative supports Georgina's multi-year capital plan goals**

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects. These projects are a key part of Georgina's multi-year capital plan.

## 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 \$2,322,000 at a borrowing rate of 2.70% will cost the Town of Georgina \$151,018 per year**

Based upon Ontario Infrastructure and Lands Corporation's currently posted borrowing rate of 2.70% for a 20-year term amortizing loan (as at March 5, 2021), the Town of Georgina would incur costs of \$151,018 per year to service a \$2,322,000 loan.

### **A 30-year amortizing loan for up to \$8,250,000 at a borrowing rate of 2.94% will cost the Town of Georgina \$415,767 per year**

Based upon Ontario Infrastructure and Lands Corporation's currently posted borrowing rate of 2.94% for a 30-year term amortizing loan (as at March 5, 2021), the Town of Georgina would incur costs of \$415,767 per year to service an \$8,250,000 loan.

## 7. Conclusion

The Town of Georgina has requested up to \$10,572,000 interim/long-term financing from Ontario Infrastructure and Lands Corporation. The financing is for municipal infrastructure and is consistent with Georgina'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.

*Laura Mirabella*

Recommended by:

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



Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

March 24, 2021  
11472786