

# **The Regional Municipality of York**

Committee of the Whole  
Finance and Administration  
May 13, 2021

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 financing in an amount not to exceed \$8,200,000 and long-term financing in an amount not to exceed \$13,175,000 to fund community recreational 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 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 \$8,200,000 interim financing and up to \$13,175,000 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 15-year amortizing loan for up to \$1,600,000 at a borrowing rate of 2.56% will cost the Town of Aurora \$129,127 per year and does not impact the Region's annual repayment limit
- A 20-year amortizing loan for up to \$11,575,000 at a borrowing rate of 2.84% will cost the Town of Aurora \$762,584 per year and does not impact the Region's annual repayment limit

- The SARC Gymnasium, Hallmark Lands – Baseball Diamond and Aurora Sports Dome Acquisition and Retrofit projects are a key part of the Town's Parks & Recreation Master Plan

### 3. Background

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

On April 27, 2021, Council for the Town of Aurora was presented with a request for authorization of interim debt financing for an amount up to \$8,200,000 and long-term debt financing for up to \$1,600,000 and a term not to exceed 15 years, and an amount up to \$11,575,000 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 Projects Requiring Long-Term Financing**

Project Name	Financing Amount Requested (\$)	Financing Term (years)
Aurora Sports Dome Acquisition (13029)	1,000,000	15
Aurora Sports Dome Retrofit (72460)	600,000	15
<b>Subtotal 15-year financing</b>	<b>1,600,000</b>	<b>15</b>
Stronach Aurora Recreation Complex (SARC) - Gymnasium (72410)	8,200,000	20
Hallmark Lands – Baseball Diamonds (73287)	3,375,000	20
<b>Subtotal 20-year financing</b>	<b>11,575,000</b>	<b>20</b>
<b>Total</b>	<b>13,175,000</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 \$13,175,000 is within the Annual Repayment Limit for the Town of Aurora**

The Town of Aurora Treasurer has indicated that Aurora 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 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 Town of Aurora's Parks and Recreation Master Plan goals**

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects. The SARC Gymnasium, Hallmark Lands – Baseball Diamonds and Aurora Sports Dome Acquisition and Retrofit projects are a key part of the Town of Aurora's Parks and Recreation Master 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 15-year amortizing loan for up to \$1,600,000 at a borrowing rate of 2.56% will cost the Town of Aurora \$129,127 per year**

Based upon Ontario Infrastructure and Lands Corporation's currently posted borrowing rate of 2.56% for a 20-year term amortizing loan (as at March 30, 2021), the Town of Aurora would incur costs of \$129,127 per year to service an \$1,600,000 loan.

## **A 20-year amortizing loan for up to \$11,575,000 at a borrowing rate of 2.84% will cost the Town of Aurora \$762,584 per year**

Based upon Ontario Infrastructure and Lands Corporation's currently posted borrowing rate of 2.84% for a 20-year term amortizing loan (as at March 30, 2021), the Town of Aurora would incur costs of \$762,584 per year to service an \$11,575,000 loan.

### **7. Conclusion**

The Town of Aurora has requested up to \$13,175,000 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.

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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*

**Laura Mirabella, FCPA, FCA**

Commissioner of Finance and Regional Treasurer

Approved for Submission:



**Bruce Macgregor**

Chief Administrative Officer

May 3, 2021  
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