

The Regional Municipality of York

Committee of the Whole
Finance and Administration
October 14, 2021

Report of the Commissioner of Finance

Ontario Infrastructure and Lands Corporation Debenture for the Town of Georgina

1. Recommendations

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

1. Council approve the request from the Town of Georgina for the long-term financing in an amount not to exceed \$49,960,000 to finance the construction of the Multi-Use Recreation Complex (MURC) for a term not to exceed 25 years.
2. Council approve the submission of an application to the Ontario Infrastructure and Lands Corporation (OILC) for all or part of the above noted financing, by York Region on behalf of the Town of Georgina.
3. Regional Chair and Acting Regional Treasurer be authorized to execute the necessary documents, subject to review by Legal Services.

2. Summary

This report seeks approval of up to \$49,960,000 borrowing from the OILC to finance the recreational infrastructure project for the Town of Georgina.

Key Points:

- The Region acts as an intermediary in the OILC loan process and takes on a direct, joint and several obligations for the debt along with the lower-tier municipality
- A 25-year amortizing debenture of \$49,960,000 at an interest rate of 2.64% will require annual combined principal and interest payments of \$2,742,589 from the Town of Georgina and does not impact the Region's annual repayment limit
- MURC facility will provide services needed by the Town's residents. It aligns with the Town's Strategic Plan to help achieve its key economic and community goals

3. Background

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

On June 23, 2021 Council of the Town of Georgina approved the full bid and all related funding for the MURC project with the budget of \$50,200,000. On September 15, 2021, the Town's Council was presented with a request to authorize debt financing with the amount of up to \$49,960,000 and a term not to exceed 25 years. Remaining \$240,000 will be funded from the Corporate Capital Reserve of the Town of Georgina.

The Town has requested that the Region approve long-term debenture borrowing from the OILC up to this amount to finance the community recreational infrastructure project as per Table 1.

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

Project Name	Financing Amount Requested	Financing Term (years)
Multi-Use Recreation Complex (MURC)	\$49,960,000	25

The Town of Georgina would obtain the interim financing through a floating rate capital line which will be converted to a long-term debenture at or prior to substantial completion of the facility.

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 the OILC 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 also be to guarantee the repayment of debt and ensure that debt payments are received by OILC on a timely basis.

4. Analysis

The requested debenture of \$49,960,000 is within the Annual Repayment Limit for the Town of Georgina

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

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.

The project helps the Town of Georgina achieve its key Strategic Plan goals

The Region supports its local municipalities by assisting them in acquiring long-term financing for their capital projects. MURC facility will provide services that are in demand with the Town's residents. The project helps the Town achieve its key Strategic Plan goals of growing the economy through increased employment and investments, promoting a high quality of life, engaging the community and building partnerships.

5. Financial

The Region acts as an intermediary in the OILC loan process and takes on a direct, joint and several obligations for the debt along with the lower-tier municipality. The Corporation's borrowing rates are available to municipalities.

6. Local Impact

MURC will provide sports facilities and a discovery library branch to the residents of Georgina.

Based on the OILC's currently posted borrowing rate of 2.64% for a 25-year term amortizing debenture (as of August 23, 2021), the Town of Georgina would make annual principal and interest payments of \$2,742,589 per year to service a \$49,960,000 loan.

7. Conclusion

Council approval to obtain up to \$49,960,000 financing from OILC will allow the Town of Georgina to proceed with the construction of the MURC to respond to the residents' needs and increase community engagement. The project supports long-term development plan for the Town and will facilitate economic growth in the municipality.

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:

Jason Li, CPA, CA

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor

Chief Administrative Officer

October 1, 2021

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