

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 5, 2022

Report of the Commissioner of Finance

Ontario Infrastructure and Lands Corporation Debenture for the Township of King

1. Recommendations

Subject to the receipt of the necessary supporting documents from the Township of King:

1. Council approve the request by the Township of King for the long-term financing in an amount not to exceed \$4,500,000 to finance municipal infrastructure for a term not to exceed 15 years.
2. Council approve the submission of an application to Ontario Infrastructure and Lands Corporation (OILC) for all or part of the above noted financing, on behalf of the Township of King.
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 \$4,500,000 long-term borrowing from the Ontario Infrastructure and Lands Corporation to finance the Nobleton Sanitary Sewer Contract 3 construction project of the Township of King.

Key Points:

- The Region acts as an intermediary in the OILC debenture process and takes on a direct, joint and several obligations for the debt along with the lower-tier municipality
- A 15-year serial debenture of \$4,500,000 at the borrowing rate of 3.52% will require annual combined principal and interest payments of up to \$450,480 from the Township of King and does not impact the Region's annual repayment limit
- The project is a key part of the Township's multi-year capital plan

3. Background

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

On March 21, 2022, Council of the Township of King approved the borrowing of up to \$4,500,000 from OILC for Nobleton Sanitary Sewer Contract 3 construction project with a term not to exceed 15 years. This debt will be repaid from local improvement charges to be collected by the Township. Total project cost is \$11,000,000 and \$6,500,000 will be funded from the Township's Municipal Capital Facility Agreement with Developers and the water and wastewater reserve fund of King Township.

The Township has requested that the Region approve long-term debenture borrowing from OILC for up to \$4,500,000 to finance this project as per Table 1.

Table 1
Township of King Capital Project Requiring Long-Term Financing

Project Name	Financing Amount Requested	Financing Term (years)
Nobleton Sanitary Sewer Contract 3 construction project	\$4,500,000	15

Under section 401 of *the Municipal Act, 2001* (the Act), Regional Council approval is needed for all long-term financing required by local municipalities, including financing from the OILC. 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 debenture 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 \$4,500,000 is within the Annual Repayment Limit for the Township of King

The Township of King's Treasurer has indicated that King remains within the annual repayment limit set by the Ministry of Municipal Affairs and Housing after incorporating the additional financing costs associated with the requested debenture.

The Township of King's borrowing will not affect the Region's Annual Repayment Limit

The Act excludes the Region's repayment of the long-term debt borrowed on behalf of its local municipalities from the Region's own annual repayment limit calculation. Therefore, the Township of King's borrowing will not affect the Region's annual repayment limit.

The initiative supports King's multi-year capital plan goals

The Region supports its local municipalities by assisting them in acquiring long-term financing for their capital projects. The installation of the new sewer system in Nobleton is a key part of King's multi-year capital plan.

5. Financial

The Region acts as an intermediary in the OILC loan process and takes on a direct, joint and several obligation for the debt along with the lower-tier municipality.

6. Local Impact

The Nobleton Sanitary Sewer Contract 3 construction project is providing access to the new sewer system for the residents of Nobleton. It replaces old septic systems resulting in a positive impact on the environment.

Based on the OILC's current borrowing rate of 3.52% for a 15-year term serial debenture (as of March 28, 2022), the Township of King would make annual principal and interest payments of approximately \$450,480 per year to service a \$4,500,000 debenture. The final interest rate will be offered by the OILC preceding the enactment of the debenture bylaw.

7. Conclusion

Council approval to obtain up to \$4,500,000 debenture financing from OILC will allow the Township of King to finance the installation of the new sewer system in Nobleton that responds to the needs of the residents. The project supports the long-term development plan of the Township.

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:

Kelly Strueby

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor

Chief Administrative Officer

April 13, 2022

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