

# **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 Town of Georgina**

### **1. Recommendations**

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

1. Council approve the request by the Town of Georgina for long-term financing in an amount not to exceed \$2,080,000 to finance the Julia Munro Park, for a term not to exceed 10 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 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 \$2,080,000 of long-term borrowing from the Ontario Infrastructure and Lands Corporation to finance the Julia Munro Park located in the Town of Georgina.

Key Points:

- The Region acts as an intermediary in the OILC debenture process and takes on a direct, joint and several obligation for the debt along with the lower-tier municipality
- A 10-year amortizing debenture of \$2,080,000 at the borrowing rate of 3.20% would require annual combined principal and interest payments of \$244,698 from the Town of Georgina; and does not impact the Region's annual repayment limit
- The project 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 on behalf of local municipalities**

On April 27, 2022, Council of the Town of Georgina approved borrowing of up to \$2,080,000 to finance the Julia Munro Park, for a term not to exceed 10 years.

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

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

<b>Project Name</b>	<b>Financing Amount Requested</b>	<b>Financing Term (years)</b>
Julia Munro Park	\$2,080,000	10

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 \$2,080,000 is within the Annual Repayment Limit for the Town of Georgina**

The Treasurer for Town of Georgina has confirmed that the Town will remain 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 Town of Georgina's borrowing will not affect the Region's Annual Repayment Limit**

The Act excludes the repayment of long-term debt borrowed by an upper tier municipality on behalf of a local municipality from its own annual repayment limit calculation. Therefore, the Town of Georgina's borrowing does not affect the Region's annual repayment limit.

## **This initiative supports Georgina's key Strategic Plan goals**

The Region supports its local municipalities by assisting them in acquiring long-term financing for their capital projects. The Julia Munro Park project aligns with the Town's Strategic Plan to help achieve its key economic and community goals.

### **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**

As Georgina's population continues to grow, Julia Munro Park will serve as a new neighbourhood park to meet the needs of current and future residents.

Based on the OILC's currently posted borrowing rate of 3.20% for a 10-year term amortizing debenture (as of March 28, 2022), the Town of Georgina would make annual principal and interest payments of \$244,698 per year to service a total of \$2,080,000 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 \$2,080,000 debenture financing from OILC will allow the Town of Georgina to finance the Julia Munro Park. The project aligns with the Town's Strategic Plan to help achieve its key economic and community goals.

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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:

**Kelly Strueby**

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

**Bruce Macgregor**

Chief Administrative Officer

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