THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 2
OF THE REGIONAL COMMISSIONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on June 22, 2006

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DEBENTURE APPROVAL - CITY OF VAUGHAN

1. RECOMMENDATIONS

It is recommended that:

1. The issuance of debentures on behalf of the City of Vaughan be approved in an amount not to exceed $21,325,000 for a term not to exceed 10 years for the projects described on Schedule 1.

2. PURPOSE

This report requests approval for the issuance of debentures on behalf of the City of Vaughan in the amount of $21,325,000 for various capital projects.

3. BACKGROUND

An application was recently received from the City of Vaughan requesting approval for the issuance of debentures for certain capital projects that it has undertaken. It is separate from another debenture request from Vaughan (in the amount of $10 million) that is already being recommended for approval at today's meeting.

This request is being presented directly to Council to ensure that the amount can be approved in time for inclusion in the Region's next debenture issue which must occur in September due to Fall municipal elections.

A description of the capital projects, the related debenture amounts and term of the financing is outlined on the attached schedule.

4. FINANCIAL IMPLICATIONS

There are no financial implications for the Region associated with this report.

5. LOCAL MUNICIPAL IMPACT

Based upon estimated current borrowing costs of approximately 4.80% as at June 6, 2006, the City of Vaughan would incur annual debt servicing interest and repayment costs for its projects estimated at $2,720,000.

The City of Vaughan's most recent annual debt and financial obligation limit as received from the Ministry of Municipal Affairs and Housing ("the Ministry") has been updated to incorporate the estimated annual amount payable in respect of the debentures associated with the above-referenced projects. The additional costs were found not to cause the City to exceed the limits set out by the Ministry and therefore approval of these projects and associated additional debenture authority by the Ontario Municipal Board are not required.

6. CONCLUSION

The City of Vaughan is requesting Regional Council approval for the issuance of debentures up to $21,325,000 for various capital projects, primarily related to road reconstruction.

Respectfully submitted,

June 6, 2006
Newmarket, Ontario

L. Russell
Commissioner of Finance

(Report No. 2 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting held on June 22, 2006.)