5
DEBENTURE APPROVAL - TOWN OF NEWMARKET

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 18, 2005, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve long-term financing for the Town of Newmarket, either through the issue of debentures or by means of a long-term loan from the Ontario Strategic Infrastructure Financing Authority (OSIFA), in an amount not to exceed $16,350,000 for a term not to exceed 20 years;
2. Council authorize an application to OSIFA for all or part of the above-noted financing requirement for the Town of Newmarket;
3. The Regional Chair, Treasurer and Clerk be authorized to execute all documents required from the Region to effect the foregoing, and;
4. The Regional Solicitor be authorized to prepare the necessary by-law to give effect to these recommendations.

2. PURPOSE

The purpose of this report is to seek Council approval for the issuance of debentures and/or long-term financing from OSIFA totalling $16,350,000 for the Town of Newmarket.

3. BACKGROUND

The Town of Newmarket has requested that the Region approve long-term financing in the amount of $16,350,000 for the construction of a Recreation Facility-Phase II in Newmarket. The financing would be either in the form of debentures issued by the Region and/or by means of a loan from OSIFA as determined by the Town at a later date.

4. FINANCIAL IMPLICATIONS

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

5. LOCAL MUNICIPAL IMPACT

Based upon estimated current twenty year borrowing costs of approximately 4.65% as at November 17, 2005, the Town of Newmarket would incur debt servicing costs (interest and principal repayment) for this project in the amount of $1,265,000 per year

The Town of Newmarket'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 project. The additional costs were found not to cause the Town to exceed the limits set out by the Ministry and therefore approval of this project and associated additional debenture authority by the Ontario Municipal Board is not required.

6. CONCLUSION

The Town of Newmarket is requesting Regional Council approval for the issuance of up to $16,350,000 of debentures for the construction of a recreation facility, and that the Region submit a loan application to OSIFA with respect to the above-noted financing requirement.

The Senior Management Group has reviewed this report.