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DEBENTURE APPROVAL - TOWNSHIP OF KING

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 Township of King, 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 \$26,000,000 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 Township of King;
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 \$26,000,000 for the Township of King.

3. BACKGROUND

The Township of King has requested that the Region approve long-term financing for five capital projects totalling \$26,000,000. 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 Township at a later date. The details of the projects being financed are as follows:

Table 1
Application for Debentures from the Township of King

Purpose	Term	Amount
Phase 1 – Construction of Sanitary Sewer Collection System in areas 3A and 3B within the Township of King	Not exceeding 20 years	\$3,165,084
Phase 2 – Construction of Sanitary Sewer Collection System in areas 4A, 4B and 8 within the Township of King	Not exceeding 20 years	\$4,506,489
Phase 3 – Construction of Sanitary Sewer Collection System in area 5 within the Township of King	Not exceeding 20 years	\$5,158,219
Phase 4 – Construction of Sanitary Sewer Collection System in areas 6A and 7 within the Township of King	Not exceeding 20 years	\$5,600,884
Phase 5 – Construction of Sanitary Sewer Collection System in areas 4C and 6B within the Township of King	Not exceeding 20 years	\$7,569,324
Total Debenture Financing		\$26,000,000

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 Township of King would incur debt servicing costs (interest and principal repayment) for those projects in the amount of approximately \$2,011,000 per year.

The Township of King'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 would not cause the Township to exceed the limits set out by the Ministry and therefore approval of these

projects and associated additional debenture authority of the Ontario Municipal Board is not required.

6. CONCLUSION

The Township of King is requesting Regional Council approval for the issuance of up to \$26,000,000 of debentures for various sanitary sewer collection system projects within the Township, and that the Region submit a loan application to OSIFA with respect to the above-noted financing requirement.