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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 dated January 18, 2011, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Long-term financing be approved for the Township of King either through the issuance of debentures or by means of a long-term loan from Infrastructure Ontario (or a similar institution lending to municipalities) for an amount not to exceed \$22,500,000 for a term not exceeding 15 years for the construction of sanitary sewers and concurrent works in the community of Nobleton within the Township of King.
2. An application to Infrastructure Ontario (or a similar institution lending to municipalities) be authorized for all or part of the above-noted financing.
3. The Regional Chair, Treasurer and Clerk be authorized to execute all documents required from the Region to effect the foregoing.
4. The Regional Solicitor be authorized to prepare the necessary by-law(s) to give effect to these recommendations.

2. PURPOSE

This report seeks Council approval for the issuance of debentures and/or long-term financing from Infrastructure Ontario (or a similar institution lending to municipalities) for a capital project of \$22,500,000 on behalf of the Township of King.

The Municipal Act (section 404.1 (5)) requires that the Council of an upper tier municipality, such as York Region, authorize an application from a lower tier municipality, such as the Township of King, to issue debt on its behalf.

3. BACKGROUND

The Township of King has requested the Region to approve the issuance of debentures and/or long-term financing from Infrastructure Ontario (or a similar institution lending to municipalities) up to \$22,500,000 for the construction of sanitary sewers and concurrent works in the community of Nobleton within the Township of King. The Township has

received specific approval for this project and associated debt from the Ontario Municipal Board.

4. ANALYSIS AND OPTIONS

The Council of the Township of King has approved the construction of sanitary sewers and concurrent works in the community of Nobleton, as well as the debenture financing of those works in an amount not to exceed \$22,500,000.

The construction of the works is in progress, and approval by Regional Council of the related debenture financing (as required by the Municipal Act) is now being requested by the Township of King.

5 FINANCIAL IMPLICATIONS

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

6. LOCAL MUNICIPAL IMPACT

Based upon an estimated borrowing cost of 4.15% (using rates as at January 18, 2011), the Township of King would incur interest and repayment costs of approximately \$2,030,000 per year for this project. Financing costs associated with this project have been approved by the Ontario Municipal Board as prescribed under subsection 401(4) of the Municipal Act.

7. CONCLUSION

The Township of King is requesting approval for the issuance of debentures and/or a long-term loan from Infrastructure Ontario (or a similar institution lending to municipalities) up to \$22,500,000 for a term not to exceed 15 years for the construction of sanitary sewers and concurrent works in the community of Nobleton within the Township of King, and that the Region submit a loan application to Infrastructure Ontario (or a similar institution lending to municipalities) with respect to the above noted financing requirement.

Report No. 3 of the Finance and Administration Committee
Regional Council Meeting of March 24, 2011

For more information on this report, please contact David Williams, Manager Treasury and Reserves at ext. 1620.

The Senior Management Group has reviewed this report.