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DEBENTURE APPROVAL – TOWNSHIP OF KING

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, August 6, 2008, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:

1. Council approve the issuance of debentures on behalf of the Township of King in an amount not to exceed $17,724,000 for a term not exceeding 20 years for the projects described on the schedule shown as Attachment 1 of this report.

2. PURPOSE

This report requests approval to issue debentures for various road projects on behalf of the Township of King.

3. BACKGROUND

The Township of King has requested the Region to approve the issuance of debentures regarding certain road projects to be undertaken between 2006 and 2010.

A description of these capital projects, along with the requested debenture amount and term of the financing for each project is shown on Attachment 1.

4. FINANCIAL IMPLICATIONS

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

5. LOCAL MUNICIPAL IMPACT

Based upon an estimated borrowing cost of 5.10% (using rates as at August 6, 2008) the Township of King would incur interest and repayment costs totalling approximately $1,424,000 per year for the projects listed on Attachment 1.

When the Township's most recent annual debt and financial obligation limit from the Ministry of Municipal Affairs and Housing ("the Ministry") was updated to incorporate the additional financing costs associated with the above projects, it was found to be within the limits set out by the Ministry. As a result, approval of these projects and the associated additional debenture authority by the Ontario Municipal Board is not required.

6. CONCLUSION

The Township of King is requesting approval for the issuance of debentures up to $17,724,000 for various road projects planned to be constructed between 2006 and 2010.

For more information on this report, please contact Ed Hankins, Director, Policy Risk and Treasury at ext. 1644 or Dave Williams, Manager Treasury and Reserves at ext. 1620.

The Senior Management Group has reviewed this report.