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INFRASTRUCTURE ONTARIO LOAN - VAUGHAN

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated September 28, 2011, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Council approve long term financing for the City of Vaughan for an amount not to exceed $14,017,000 for a term not to exceed 10 years for the funding of various growth- related projects as described in *Attachment 1*.

2. Council approve an application to Infrastructure Ontario for all or part of the above-noted financing requirement for the City of Vaughan.

3. The Regional Solicitor prepare the necessary by-law(s) to give effect to these recommendations.

4. The Regional Chair, the Regional Treasurer and the Regional Clerk be authorized to execute all documents required from the Region to effect the financing of this loan.

2. PURPOSE

This report seeks Council approval for long-term financing from Infrastructure Ontario for capital projects totalling $14,017,000 on behalf of the City of Vaughan. Under s. 401(3.1) of the *Municipal Act*, the Region is required to pass a by-law for all long-term financing by its local municipalities.

3. BACKGROUND

The City of Vaughan has requested approval for the issuance of debentures and/or long term financing from Infrastructure Ontario (“IO”) for up to $14,017,000 related to completed reconstruction, resurfacing and pavement management roads projects as shown in *Attachment 1*. City of Vaughan staff has forwarded a preliminary financing application to IO, which will be considered for approval at the City’s September Council meeting. City staff advise they have given consideration to pursuing an IO loan over conventional market financing through the Region, given the comparability of rates and the ability to control the timing of funds receipts.

The *Municipal Act* requires that all long-term financing for local municipalities must be processed and approved by the Region. IO requires both the City and the Region to execute the following documents as part of the financing process:

- the financing application;
- a draft financing agreement;
- a statement indicating there is no litigation outstanding that could reasonably be expected to affect the legality of the financing transaction and associated documentation;
- borrowing by-laws; and,
- a financing agreement upon the receipt of the interest rate offer, which is typically made about 10 days before the loan is finalized and the debenture is issued by the Region.

Additionally, the City Treasurer will be required to certify that the City's provincially mandated debt limits are not exceeded as a result of this loan transaction. The City is planning to have the loan financed by November 1, 2011.

The Region's role for the duration of the financing arrangement is to ensure debenture payments owing to IO are made on a timely basis and ensure offsetting payments are received by the Region on a timely basis from the City.

4. ANALYSIS AND OPTIONS

Based upon an estimated borrowing cost of 3.00% and a 10 year term the City would incur interest and repayment costs of approximately $1,620,000 per year for this project.

As a condition of this loan, Infrastructure Ontario will require the City to be within its annual debt and financial obligation limit as per the guidelines from the Ministry of Municipal Affairs and Housing.

5. FINANCIAL IMPLICATIONS

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

6. LOCAL MUNICIPAL IMPACT

Obtaining this Infrastructure Ontario long-term financing will allow the City of Vaughan to finance several of its projects, maintaining assets and infrastructure that the City deems necessary for its capital program and continuing operations.

7. CONCLUSION

The City of Vaughan is requesting approval for the issuance of a long-term loan of up to $14,017,000 from Infrastructure Ontario for a term not to exceed 10 years. The loan is primarily for completed road projects.

For more information on this report, please contact Clayton Pereira, Tax Policy Specialist at Ext. 1679 or Len Bulmer, Head, Finance Debt and Reserve at Ext. 1676.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

City of Vaughan **Council Attachment 1**
Long Term Financing Request

Project#	Description	Estimated Requirement
1445-0-03	Rural Road Upgrading Pre/Eng	10,300
1269-4-04	Uplands Storm Sewer	7,100
1451-0-04	Road Resurfacing 2005 Pre/Eng	12,700
1483-2-04	Road Reconstruction	19,200
1484-0-04	Road Reconstruction 2005 Pre/Eng	19,800
1498-0-03	Old Yonge/Mill Street	95,000
8020-0-04	North Thornhill CC - Land	8,100
1554-0-05	Asphalt Overlay 2005 - Various Roads	13,400
1578-0-05	Rural Road Upgrading	30,500
1626-0-06	Road Reconstruction 2007 Pre/Eng	220,300
1577-2-06	Road Resurfacing 2006	15,100
1607-0-06	Simmons Street	26,200
EN-1643-07	Hawman Avenue Rd Reconst/Watermain	10,700
EN-1655-07	Pre/Eng Pavement Management Program	380,600
EN-1698-07	Kirby Road Slope Stabilization	338,500
EN-1653-07	Geotechnical Testing	51,100
EN-1705-08	Top Lift Asphalt 2008 Various	124,000
RE-9510-10	Block 11 Community Centre Land	1,211,000
EN-1702-08	Road Rehabilitation Fran Drive	1,110,500
EN-1704-08	2008 Pavement Management Program	6,283,100
EN-1712-08	2008 Pavement Management Program	344,900
EN-1713-08	Clarence S. Park Drive - Road Rehabilitation	982,000
EN-1775-09	Pavement Management Program	2,702,900
Total Long Term Loan Request		**14,017,000**