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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 August 27, 2012, 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 $22,446,975 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 for this loan.

2. PURPOSE

This report seeks Council approval for long-term financing from Infrastructure Ontario for capital projects totalling $22,446,975 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 $22,446,975 related to outstanding work for the new civic centre and reconstruction, resurfacing and pavement management for completed road projects, and other small projects, as shown in *Attachment 1*. City of Vaughan staff have forwarded a preliminary financing application to IO. The application also will be considered at the City’s September Council meeting.

The *Municipal Act* requires that all long-term financing for local municipalities 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;
- 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;
- A statement indicating that the term of the serial loan will not exceed the life of the assets.

Additionally, the City Treasurer will be required to certify that the City's provincially-mandated debt limit is not exceeded as a result of this loan transaction. The City is planning to have the loan financed by December 1, 2012.

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. Under s. 403(7) of the *Municipal Act*, the Region and its local municipalities are jointly and severally responsible for this obligation.

4. ANALYSIS AND OPTIONS

Based upon an estimated borrowing cost of 2.80% and a 10 year term the City would incur interest and repayment costs of approximately $2,580,000 per year for this loan.

As a condition of the loan, Infrastructure Ontario will require the City to be within its annual debt and financial obligation limit defined by regulation by the Ministry of Municipal Affairs and Housing.

Link to Key Council-approved Plans

As this report pertains to the issuance of long-term financing for the City of Vaughan, the recommendations in this report are consistent with the practice of sound fiscal management, one of the objectives of the Region's 2011 to 2015 Strategic Plan.

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 $22,446,975 from Infrastructure Ontario for a term not to exceed 10 years. The loan is primarily for the new civic centre and completed road projects.

For more information on this report, please contact Ed Hankins, Director, Treasury Office, at Ext. 1644.

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
37-2-04	New Civic Centre	12,500,000
CO-0064-11	MacMillan Farm Property	1,683,500
EN-1650-07	COMRIF - Baldwin Ave. Culvert	277,471
EN-1654-07	2007 Pavement Management	3,486,800
EN-1712-08	2008 Pavement Management	5,600
RE-9510-10	Block 11 Community Centre Land	1,210,973
EN-1789-10	Road Rehabilitation - 2010	702,531
BF-8264-09	ISF Doctors McLeans PK Washroom	461,800
BF-8267-09	RINK - Maple Nature Rrve-Day Camp	50,000
BF-8268-09	ISF Nort Johnson Pk Walkway Light	63,600
EN-1795-09	ISF Watermain Rep Martin Grove	395,000
EN-1810-09	ISF T09-271 Road Resurface Rehabilitation	600,700
EN-1817-09	ISF T09-286 Road Resurface Rehabilitation	106,700
EN-1826-09	ISF Road Reconstruction Thornbank Area	797,700
PK-6256-09	RINK - Woodbridge Exp. Pk Bocce Shelter	104,600
Total Long Term Loan Request		**22,446,975**