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SINKING FUND REQUIREMENTS - 2010

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated November 4, 2009, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:

1. The 2010 Budget include an amount of \$31,040,992 for the purpose of meeting the Region's sinking fund obligations under existing debenture by-laws.

2. PURPOSE

This report is to advise of the amount that must be raised in 2010 in order for the Region to meet its sinking fund obligations.

3. BACKGROUND

The Region increasingly uses sinking fund debentures as its main source of debt financing. For each new debenture issue, a sinking fund is established whereby a fixed amount is invested each year such that, with interest earned from the invested amounts, the accumulated balance in the sinking fund will be sufficient to repay the debentures at maturity.

Section 424(4) of the *Municipal Act* requires that the Treasurer advise Council each year of the amount, if any, that must be raised for sinking fund purposes.

4. ANALYSIS AND OPTIONS

Annual sinking fund contributions will be required in 2010 for debentures issued for the Region as well as those issued on behalf of the City of Vaughan, the Town of East Gwillimbury, the Township of King and the Town of Newmarket.

5. FINANCIAL IMPLICATIONS

In 2010, the total sinking fund contributions required for debt issued by the Regional Municipality of York will be \$34,431,889. Of this amount, the Region must raise

\$31,040,992 for debt issued on behalf of its own capital projects. The balance of the requirements will be used for debt issued on behalf of local municipalities.

6. LOCAL MUNICIPAL IMPACT

The following table summarizes the total sinking fund payments that will be administered by the Region in 2010 as well as the amounts due from Local municipalities.

Table 1
2010 Sinking Fund Payment Requirements

Municipality	Amount
City of Vaughan	\$2,609,089
Town of East Gwillimbury	40,000
Township of King	340,199
Town of Newmarket	<u>401,609</u>
Subtotal – due to York Region	\$3,390,897
Regional Municipality of York	<u>31,040,992</u>
Total	<u>\$34,431,889</u>

7. CONCLUSION

The total sinking fund requirement in 2010 for debentures issued by the Region of York is \$34,431,889. Of this amount, \$31,040,992 must be included in the 2010 Budget to meet the Region's obligation.

For more information on this report, please contact David Williams at Ext. 1620.

The Senior Management Group has reviewed this report.