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DEBENTURE APPROVAL - TOWN OF NEWMARKET

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, August 26, 2004, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:

1. Council approve the issuance of debentures on behalf of the Town of Newmarket in an amount not to exceed \$16,421,000 for a term not exceeding 20 years, for the projects described below.

2. PURPOSE

The purpose of this report is to request that Council approve the issuance of debentures totalling \$16,421,000 for five capital projects on behalf of the Town of Newmarket.

3. BACKGROUND

An application has been received from the Town of Newmarket requesting Regional approval for the issuance of debentures regarding five capital projects as follows:

Table 1
Application for Debentures from the Town of Newmarket

Purpose	Term	Amount
The extension of Harry Walker Parkway to Mulock Drive in Newmarket	Not exceeding 20 years	\$ 1,470,000
The purchase of the Toth Woodlot in Newmarket (east side of Bathurst Street, north of Davis Drive)	Not exceeding 20 years	697,000
The performance of Streetscaping on Main Street in Newmarket	Not exceeding 20 years	400,000
The purchase of the woodlot in the North-West Quadrant of Newmarket	Not exceeding 20 years	1,854,000
Construction of a Recreation Facility – Phase 1 in Newmarket	Not exceeding 20 years	<u>12,000,000</u>
Total Debenture Financing		\$16,421,000

4. FINANCIAL IMPLICATIONS

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

5. LOCAL MUNICIPAL IMPACT

Based upon estimated current borrowing costs of approximately 5.50% as at August 26, 2004, the Town of Newmarket would incur annual debt servicing interest and repayment costs for its projects estimated at the following amounts:

Table 2
Annual Debt Servicing Interest and Repayment Costs

Project	Annual Costs (approx.)	Borrowing Terms (years)
Extension of Harry Walker Parkway	\$ 123,000	20
Purchase of Toth Woodlot	58,000	20
Streetscaping on Main Street	34,000	20
Purchase of woodlot in the North-West Quadrant	155,000	20
Recreation Facility – Phase 1	<u>1,004,000</u>	20
Total Annual Financing	\$ 1,374,000	

The Town of Newmarket's most recent annual debt and financial obligation limit as received from the Ministry of Municipal Affairs and Housing ("the Ministry") has been updated to incorporate the estimated annual amount payable in respect of the debentures associated with the above-referenced projects. The additional costs were found not to cause the Town to exceed the limits set out by the Ministry and therefore approval of these projects and associated additional debenture authority by the Ontario Municipal Board are not required.

6. CONCLUSION

The Town of Newmarket is requesting Regional Council approval for the issuance of debentures up to \$1,470,000 for a roadway extension project, up to \$400,000 for streetscaping works, up to \$2,551,000 for the purchase of certain woodlot properties in Newmarket, and up to \$12,000,000 for the construction of a Recreation Facility.