

Clause No. 6 in Report No. 12 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 26, 2014.

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ONTARIO INFRASTRUCTURE AND LANDS CORPORATION LOAN FOR THE CITY OF VAUGHAN

Committee of the Whole recommends adoption of the recommendations contained in the following report dated June 5, 2014 from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve a request by the City of Vaughan for long-term financing in an amount not to exceed \$9,056,000 for a term not to exceed 10 years to fund various municipal road infrastructure projects, identified in Table 1 of this report.
2. Council approve the submission of an application to Ontario Infrastructure and Lands Corporation (OILC) for all or part of the above financing, on behalf of the City of Vaughan.
3. The Regional Chair and Regional Treasurer be authorized to execute the necessary documents subject to review by Legal Services.

2. PURPOSE

This report seeks approval of long-term financing from the Ontario Infrastructure and Lands Corporation to fund various capital projects in the City of Vaughan.

3. BACKGROUND

The City of Vaughan has requested a long-term loan from the Ontario Infrastructure and Lands Corporation for an amount up to \$9,056,000 to finance various projects, as shown in Table 1 of this report.

Under section S.401 of the *Municipal Act*, Regional Council must approve all long-term financing required by local municipalities, including applications to OILC for financing. Additionally, the *Municipal Act* indicates all Regional debentures for either its own purpose or the purpose of its lower-tier municipalities are direct, joint and several obligations of the Region and its lower-tier municipalities. The Region's role for the duration of the loan is to guarantee the repayments of debt and ensure that payments are received by OILC on a timely basis from the local municipality.

Table 1
City of Vaughan Capital Projects Requiring Long-Term Financing

Project Name	Financing Amount Requested	Financing Term
2012 Pavement Mgmt Program – PH1	\$2,084,000	10 years
2012 Pavement Mgmt Program – PH3	\$2,277,100	10 years
Bridge Rehab-Dick Bridge	\$591,000	10 years
2010 Pavement Mgmt Program	\$3,964,650	10 years
2008 Pavement Mgmt Program	\$3,000	10 years
Road Upgrade – Lester B. Pearson	\$128,000	10 years
2007 Pavement Mgmt Program	\$7,500	10 years
COMRIF – Baldwin Ave Culvert	\$750	10 years

4. ANALYSIS AND OPTIONS

Based upon OILC's posted borrowing rate of 2.85% for a 10-year term (as at May 7, 2014), the City would incur costs of approximately \$136,000 per year to service a \$9.056M loan.

The City has confirmed that its Council has authorized debt financing for these projects. The Treasurer has also indicated that its most recent annual debt and financial obligation limit (ARL) from the Ministry of Municipal Affairs and Housing has been updated to incorporate the additional financing costs associated with the requested loan and that it remains within the limits set out by the Ministry. As a result, the approval of the projects listed above and their associated financing is not required by the Ontario Municipal Board.

The Municipal Act excludes the Region's repayment of the long-term debt borrowed for its local municipalities in the Region's ARL calculation. Therefore, the financial obligation relates to the City of Vaughan and will not result in any impact to the Region's ARL.

Link to Key Council–approved Plans

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects.

5. FINANCIAL IMPLICATIONS

There is no financial impact to the Region, as it only acts as an intermediary in the OILC loan process.

6. LOCAL MUNICIPAL IMPACT

Obtaining this OILC financing will allow the City of Vaughan to finance the projects shown in Table 1, which are deemed necessary for the City’s continued growth and have a high degree of alignment with its Strategic Plan.

7. CONCLUSION

The City of Vaughan has determined that its request for long-term financing from OILC is within its current ARL. The financing is for municipal roads infrastructure projects that are consistent with the City’s Strategic Plan.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at Ext. 71644.

The Senior Management Group has reviewed this report.