

Clause 7 in Report No. 21 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on December 17, 2015.

7

Ontario Infrastructure and Lands Corporation Loan for the
Town of Aurora

Committee of the Whole recommends adoption of the recommendation contained in the report dated November 18, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council approve a request by the Town of Aurora for long-term financing in an amount not to exceed \$3,267,700 for a term not to exceed 10 years to fund streetlight conversion to light emitting diodes (LED).
2. Council approve the submission of an application to Ontario Infrastructure and Lands Corporation for all or part of the above financing, on behalf of the Town of Aurora.
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 the Town of Aurora's conversion to LED street lighting.

3. Background

Regional Council authority is required to issue long-term debt for local municipalities

The Town of Aurora sought Council authorization to obtain debt financing for \$3,267,700 on October 27, 2015.

The Town of Aurora has requested that the Region approve a long-term loan from the Ontario Infrastructure and Lands Corporation for an amount up to \$3,267,700 to finance the streetlight conversion to LED.

Under section 401 of the *Municipal Act*, Regional Council must approve all financing required by local municipalities, including applications to Ontario Infrastructure and Lands Corporation for financing. Additionally, the *Municipal Act* indicates that all debentures issued by the Region for either its own purposes or the purposes 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 Ontario Infrastructure and Lands Corporation on a timely basis from the local municipality.

4. Analysis and Options

The requested loan of \$3,267,700 remains within the Annual Repayment Limit for the Town of Aurora

The Town Treasurer has indicated that Aurora's most recent annual debt and financial obligation limit 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 limit set by the Ministry.

Town of Aurora's borrowing will not affect the Region's Annual Repayment Limit

The Municipal Act excludes the Region's repayment of the long-term debt borrowed for its local municipalities from the Region's own annual repayment limit calculation. Therefore, the Town of Aurora's borrowing will not affect the Region's annual repayment limit.

Link to key Council-approved plans

The Region supports its local municipalities by assisting them in acquiring long term financing for their capital projects. The Town will achieve efficiencies from the new technology available and this project has a high degree of alignment with the Town's strategic priorities.

5. Financial Implications

There is no financial impact to the Region, as it only acts as an intermediary in the Ontario Infrastructure and Lands Corporation loan process. These borrowing rates are available to municipalities in small amounts but not available to the Region.

6. Local Municipal Impact

A ten-year amortizing loan at a borrowing rate of 2.64% will cost the Town of Aurora \$373,939 per year

Based upon Ontario Infrastructure and Lands Corporation's posted borrowing rate of 2.64% for a 10-year term amortizing loan (as at November 18, 2015), the Town would incur costs of \$373,939 per year to service a \$3,267,700 loan. Payments will be made semi-annually.

7. Conclusion

The Region must approve long-term financing required by local municipalities. The Town of Aurora has determined that the request for long-term financing from Ontario Infrastructure and Lands Corporation is within its current annual repayment limit. The financing for streetlight conversion to LED is consistent with the Town's strategic priorities.

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

The Senior Management Group has reviewed this report. November 18, 2015

Edocs #6440094

Accessible formats or communication supports are available upon request