

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 6, 2014

Item 2, Report No. 6, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 6, 2014.

2 REGION OF YORK – AUTHORIZATION TO ISSUE DEBENTURES

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance & City Treasurer, dated April 28, 2014:

Recommendation

The Commissioner of Finance & City Treasurer recommends:

1. That Council authorize the Regional Municipality of York to issue debt through Infrastructure Ontario in the amount not to exceed \$9,056,000 on behalf of the City of Vaughan repayable over a term not exceeding ten (10) years to fund capital work completed and previously authorized by Council to be financed from long term debt and listed on Attachment 1; and
2. That a by-law be enacted authorizing the Regional Municipality of York to issue debt through Infrastructure Ontario on behalf of the City of Vaughan.

Economic Impact

The financial impact to the City as a result of Council originally approving these capital projects in prior years, and the issue of long term debt is estimated to be an average of \$1,042,000 per year in principal and interest payments over the next ten years. This amount has already been approved and has been included in the 2014 operating budget.

Communications Plan

N/A

Purpose

To obtain Council approval to authorize the Regional Municipality of York to issue debt through Infrastructure Ontario on behalf of the City of Vaughan.

Background - Analysis and Options

During the Capital Budget deliberations, Council reviews capital projects for the appropriate funding sources for approval. Included in these funding sources is the issuance of long-term debt. By virtue of approving the Capital Budget each year, Council, through the confirming By-law also authorizes staff to issue long term debt as required to finance these projects.

The City of Vaughan is now prepared to issue debt to finance completed capital projects where the funding source was long term debt. In previous years, the Region issued debentures on the City's behalf. The City has requested the Region to issue debt through Infrastructure Ontario in 2011 and 2012 because of the competitive interest rates and cheaper borrowing costs. Infrastructure Ontario will be used for the 2014 debt issue.

Infrastructure Ontario is a government agency dedicated to the renewal of the Province's vital public assets. Infrastructure Ontario's Loan Program offers competitive rates, longer terms and financing without fees or commissions. Most municipal capital projects are eligible for Infrastructure Ontario financing.

Infrastructure Ontario requires the following information to proceed with the long term debt issue:

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1. Borrowing By-law from the Regional Municipality of York and the City of Vaughan
2. Signature Page of the Application signed by the Regional Municipality of York and the City of Vaughan
3. Financing Schedule signed by the Regional Municipality of York and the City of Vaughan. This schedule will be sent once the application has been approved by the Credit Committee
4. Financing Agreement executed by both the Regional Municipality of York and the City of Vaughan
5. Annual Repayment Limit from the Regional Municipality of York and the City of Vaughan.

Relationship to Vaughan Vision 2020

This report is consistent with Vaughan Vision 2020 priorities “to maintain assets and infrastructure” and to “ensure financial sustainability.

Conclusion

Council is requested to authorize the Regional Municipality of York to issue long term debt through infrastructure Ontario on behalf of the City of Vaughan for the completed capital projects listed on Attachment 1 in an amount not exceeding \$9,056,000 over a term not exceeding ten (10) years.

Attachments

Attachment 1 – LTD Request for Region of York Council Approval

Report prepared by

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)