

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 7, 2016**

Item 10, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 7, 2016.

**10**

#### **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 Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated May 30, 2016:**

##### **Recommendation**

The Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance and Deputy City Treasurer recommend:

- 1) That Council authorize the Regional Municipality of York to issue debt through Infrastructure Ontario in the amount not to exceed \$13,028,000 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 \$1,468,000 per year in principal and interest payments over the next ten years. This estimated annual repayment amount is dependent on the rate available at the time of debenture issuance. The repayment costs will be incorporated into the 2017 budget. The City's 2016 Annual Repayment Limit is \$72,995,243. In 2015 the City paid a total of \$16,399,519 in principal and interest payments on total debt of \$54,385,241, demonstrating that there is sufficient capacity to accommodate this new debenture issuance.

##### **Communications Plan**

The report is available publicly on the Agenda, Minutes & Extract page of the City's website ([www.vaughan.ca](http://www.vaughan.ca)). Purpose

##### **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.

Short-term construction financing for expenditures incurred to complete the approved projects is funded internally until such a time as a project is substantially complete and there has been a sufficient accumulation of substantially completed project to warrant the issuance of debentures.

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 7, 2016**

#### **Item 10, Finance Report No. 7 – Page 2**

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 requested the Region to issue debt through Infrastructure Ontario in 2011, 2012 and 2014 because of the competitive interest rates and lower borrowing costs. Infrastructure Ontario will also be used for the 2016 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:

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 Term of Council Service Excellence Strategy Map (2014-18)**

This report is consistent with the Service Excellence Strategic Initiatives related to Operational Performance: Service Delivery Option and 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 \$13,028,000 over a term not exceeding ten (10) years.

#### **Attachments**

Attachment 1 – LTD Request for Region of York Council Approval

#### **Report prepared by**

Jackie Lee Macchiusi, CPA, CGA  
Manager, Capital and Reserves Planning

(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.)

**REGION OF YORK – AUTHORIZATION TO ISSUE DEBENTURES****Recommendation**

The Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance and Deputy City Treasurer recommend:

- 1) That Council authorize the Regional Municipality of York to issue debt through Infrastructure Ontario in the amount not to exceed \$13,028,000 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
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### **Report prepared by**

Jackie Lee Macchiusi, CPA, CGA  
Manager, Capital and Reserves Planning

Respectfully submitted,

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Laura Mirabella-Siddall, CPA, CA  
Chief Financial Officer/City Treasurer

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Lloyd Noronha, CPA, CMA  
Director Financial Planning and Development Finance/Deputy City Treasurer

City of Vaughan  
Debtenture Financing

City of Vaughan Approval				
Project	Approved Budget	Debtenture Request	Nature of Expenditure	By-law Report
EN-1871-13 2013 Pavement Management Prog.	1,425,555.00	952,000.00	Road Rehabilitation - per Pavement Management Program	016-2013 2013 Capital Budget Approval
EN-1872-13 2013 Pavement Management Prog.	3,218,750.00	3,175,000.00	Road Rehabilitation - per Pavement Management Program	016-2013 2013 Capital Budget Approval
EN-1873-13 2013 Pavement Management Prog.	3,321,750.00	3,298,000.00	Road Rehabilitation - per Pavement Management Program	016-2013 2013 Capital Budget Approval
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EN-1942-13 2014 Rd Rehab & Watermain Rep.	3,333,363.00	2,854,000.00	Road & Watermain Rehabilitation - per Pavement Management Program	031-2014 2014 Capital Budget Approval
<b>2016 Debtenture Issue Total</b>	<b>14,337,918.00</b>	<b>13,028,000.00</b>		
Round				

# ***THE CITY OF VAUGHAN***

# ***BY-LAW***

## **BY-LAW NUMBER 075-2016**

A By-law to (1) authorize certain capital works of the Corporation of the City of Vaughan (the “Lower-tier Municipality”); (2) authorize the submission of an application to the Ontario Infrastructure and Lands Corporation (“OILC”) for financing such works and certain other ongoing works; (3) authorize temporary borrowing from OILC to meet expenditures made in connection with such works; and (4) authorize long-term borrowing for such works through the issue of debentures by the Regional Municipality of York (the “Upper-tier Municipality”) to OILC.

WHEREAS the *Municipal Act, 2001* (Ontario), as amended, (the “**Act**”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

AND WHEREAS the Council of the Lower-tier Municipality (the “**Council**”) wishes to authorize the new capital works described in column (1) of Schedule “A” (individually a “**Project**”, collectively the “**Projects**”) attached hereto and forming part of this By-law (“**Schedule “A”**”) in the amount of the respective estimated expenditure set out in column (2) of Schedule “A”, subject in each case to approval by OILC of the financing for such Projects that will be requested by the Lower-tier Municipality in the Application as hereinafter described;

AND WHEREAS before the Council approved each Project, in accordance with section 4 of Ontario Regulation 403/02, the Council had its treasurer (the “**Treasurer**”) update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the “**Prior Updated Limit**”); and, on the basis of the authorized expenditure for each Project as set out in column (2) of Schedule “A” (referred to hereinafter as the “**Authorized Expenditure**” for each such Project) the Treasurer calculated the estimated annual amount payable in respect of each Project and determined that such amounts do not exceed the Prior Updated Limit, and accordingly the approval of the Ontario Municipal Board under the *Ontario Municipal Board Act* (Ontario), as amended, was not required before any such Project was authorized by Council;

AND WHEREAS subsection 405(1) of the Act provides that a municipality may authorize temporary borrowing to meet expenditures made in connection with a work to be financed in whole or in part by the issue of debentures if,

- (a) the municipality is an upper-tier municipality, a lower-tier municipality in a county or a single-tier municipality, and it has approved the issue of debentures for the work;
- (b) the municipality is a lower-tier municipality in a regional municipality, and it has approved the work, and the upper-tier municipality has approved the issue of debentures for the work; or
- (c) the municipality has approved the issue of debentures for another municipality or a school board under section 404;

AND WHEREAS subsection 403(1) of the Act provides that a by-law of an upper-tier municipality authorizing the issuing of debentures for the purposes or joint purposes of one or more of its lower-tier municipalities may require those lower-tier municipalities to make payments in each year to the upper-tier municipality in the amounts and on the dates specified in the by-law;

AND WHEREAS subsection 401(1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

AND WHEREAS subsection 401(3) of the Act provides that a lower-tier municipality in a regional municipality does not have the power to issue debentures, and accordingly the Lower-tier Municipality intends that the Upper-tier Municipality will issue debentures in respect of the Projects, and will request that the Upper-tier Municipality do so;

AND WHEREAS the Act also provides that a municipality shall authorize long-term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act, and subsection 403(7) of the Act provides that all debentures issued under a by-law passed by an upper-tier municipality under section 403 are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

AND WHEREAS OILC has invited Ontario municipalities desirous of obtaining temporary and long-term debt financing to meet capital expenditures incurred in connection with eligible capital projects to make application to OILC for such financing by completing and submitting an application in the form provided by OILC (the “**Application**”);

AND WHEREAS the Lower-tier Municipality requested the Upper-tier Municipality to issue debentures for the Projects, and in this connection the Upper-tier Municipality and the Lower-tier Municipality submitted an application (hereinafter the “**Application**”) to OILC to request financing to meet capital expenditures incurred in connection with the Projects (the “**Project Expenditures**”) by way of long-term borrowing pursuant to section 403 of the Act through the issue of debentures to OILC, and by way of temporary borrowing pursuant to section 405 of the Act;

AND WHEREAS OILC has accepted and has approved such Application;

AND WHEREAS the Upper-tier Municipality has agreed to issue debentures for the Projects to OILC in the maximum aggregate principal amount of \$13,028,000 (the “**Debentures**”); and OILC has indicated that pending the issue of the Debentures, it will provide financing by way of temporary advances to the Lower-tier Municipality in respect of the Projects;

AND WHEREAS the Lower-tier Municipality will enter into a financing agreement with OILC which sets out the terms under which OILC will provide temporary advances to the Lower-tier Municipality in respect of the Projects;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF VAUGHAN ENACTS AS FOLLOWS:

1. The Council hereby confirms, ratifies and approves the completion by the Treasurer of the Application and the submission by such authorized official of the Application, to OILC, in cooperation with the Upper-tier Municipality, for the financing of the Projects by way of temporary borrowing from OILC, pending the issue of Debentures, in the maximum aggregate principal amount of \$13,028,000 substantially in the form of Schedule “B” attached hereto and forming part of this By-law, with such changes thereon as such authorized official approved.



2. The clerk of the Lower-tier Municipality (the “**Clerk**”) and/or the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Lower-tier Municipality a financing agreement (a “**Financing Agreement**”) with OILC that provides for temporary borrowing from OILC in respect of the Projects on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
3. The Clerk and/or the Treasurer are hereby authorized, pending the substantial completion of a Project or as otherwise agreed with OILC, to make temporary borrowings pursuant to section 405 of the Act in respect of such Project, on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree, and to sign such evidence of indebtedness as OILC may require (a “**Note**”); and the Clerk and/or Treasurer is authorized to sign such certifications as OILC may require in connection with such borrowings in respect of the Projects; provided that the amount of borrowings allocated to any Project does not exceed the Authorized Expenditure for such Project and does not exceed the loan amount set out in column (5) of Schedule “A” in respect of such Project.
4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* (Ontario), as security for the payment by the Lower-tier Municipality of any indebtedness of the Lower-tier Municipality to OILC incurred under the Note, and as security for the payment by the Lower-tier Municipality of any indebtedness of the Lower-tier Municipality to the Upper-tier Municipality in respect of Debentures issued for any Projects, the Lower-tier Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Lower-tier Municipality amounts not exceeding the amounts that the Lower-tier Municipality fails to pay to OILC on account of the outstanding indebtedness evidenced by the Note issued by the Lower-tier Municipality to OILC, and on account of the outstanding indebtedness evidenced by Debentures issued by the Upper-tier Municipality to OILC for any Projects, and to pay such amounts to OILC from the Consolidated Revenue Fund.

5. For the purposes of meeting the obligations of the Lower-tier Municipality in respect of the Note and any Debentures issued by the Upper-tier Municipality to OILC for any Projects, the Lower-tier Municipality shall provide for raising in each year as part of the general lower-tier levy the amounts of principal and interest payable in each year under the Note or any such Debentures, to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.
6. (a) The Clerk and/or the Treasurer are hereby authorized to execute and deliver the Note, the Clerk and/or the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement, the Clerk and/or the Treasurer are hereby severally authorized to generally do all things and to execute all other documents and papers in the name of the Lower-tier Municipality to perform the obligations of the Lower-tier Municipality under the Financing Agreement and the Note, and the Clerk is authorized to affix the Lower-tier Municipality's municipal seal to any such documents and papers.
- (b) The proceeds realized in respect of the Note after providing for the expenses related to its execution and delivery, if any, shall be apportioned and applied to the respective Projects and to no other purpose except as permitted by the Act.
7. This By-law takes effect on the day of passing.

Enacted by City of Vaughan Council this 7<sup>th</sup> day of June, 2016.

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Hon. Maurizio Bevilacqua, Mayor

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Jeffrey A. Abrams, City Clerk

Authorized by Item No. 10 of Report No. 7  
of the Finance, Administration and Audit Committee  
Adopted by Vaughan City Council on  
June 7, 2016.

City of Vaughan  
Debtenture Financing

City of Vaughan Approval			City of Vaughan Approval	
Project	Approved Budget	Debtenture Request	Nature of Expenditure	By-law Report
EN-1871-13 2013 Pavement Management Prog.	1,425,555.00	952,000.00	Road Rehabilitation - per Pavement Management Program	016-2013 2013 Capital Budget Approval
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Round				

**ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION**

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Application ID: 16008 Program Year: 2016/2017  
Application Submit Date: May-06-2016

**A. GENERAL INFORMATION - Borrowing Municipality**

Name:	The Regional Municipality of York	ID:	19000
Address:	17250 Yonge Street	City:	Newmarket
		Postal Code:	L3Y 6Z1
Name of Treasurer(or equivalent):	Bill Hughes	Title:	Commissioner of Finance and Regional Treasurer
Telephone Number:	905-830-4444x 71600	Fax No.:	905-836-0299
Email:	bill.hughes@york.ca		

**GENERAL INFORMATION - Lower Tier Municipality**

Name:	Vaughan C	ID:	19028
Address:	2141 Major MacKenzie Drive W	City:	Vaughan
		Postal Code	L6A 1T1
Name of Treasurer(or equivalent):	Ms. Laura Mirabella-Siddall	Title:	Chief Financial Officer & City Treasurer
Telephone Number:	905-832-8585Ext.8913	Fax No.:	
Email:	laura.mirabella-siddall@vaughan.ca		

**B. CONTACT INFORMATION**

Questions regarding the information contained in the application form should be addressed to:

Name:	Helen Kwan	Title:	Finance and Reserve Specialist
Telephone:	905-830-4444 x71495	Fax No.:	905-895-6079
Email:	helen.kwan@york.ca		

**C. PROJECT SUMMARY INFORMATION**

<u>No.</u>	<u>Project Name</u>	<u>Category</u>	<u>Type</u>	<u>Loan Amount</u>
1	2016 Debenture Financing	Municipal Roads Infrastructure		\$13,028,000.00

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ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION

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Total Loan Amount	\$13,028,000.00
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ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION

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**Project Details - Municipal Roads Infrastructure**

Project Name	2016 Debenture Financing
Category	Municipal Roads Infrastructure
Construction Start Date	Jan-02-2013
Construction End Date	Dec-01-2014

Please indicate below if any aspect of the project pertains to:

Energy Conservation: ☐ Yes ☒ No

The Municipal Eco Challenge Fund (MECF) is a three year, \$20 million grant and \$200 million loan initiative to help municipalities reduce Green House Gas (GHG) emissions from their infrastructure.

Please indicate whether the loan is for a project that will reduce energy consumption or GHG emissions from a municipally-owned facility (building, arena, etc.).

☒ Yes ☐ No

Is this project also being considered for an MECF grant?

☐ Yes ☒ No

Please provide :

An estimate of the reduction in energy consumption or GHG emissions as a result of the project.

To be calculated

or

A short description of the energy conservation benefits.

The various road projects include road reconstruction, and resurfacing. The energy conservation benefit of the road reconstruction and resurfacing projects was a significant improvement in road smoothness which is directly related to reduced energy requirements contributing to cleaner air and reduced house gas emissions.

Address of the project:

Various locations across the city

Type of work (e.g. new construction, renovation of existing facilities, redevelopment, deferred maintenance, etc.):

Rehabilitation maintenance

Description of the project:

2016 Debenture issuance is comprised of the following projects:

EN-1871-13 2013 Pavement Management Program \$952,000.00 Road Rehabilitation  
EN-1872-13 2013 Pavement Management Program \$3,175,000.00 Road Rehabilitation

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION

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EN-1873-13 2013 Pavement Management Program \$3,298,000.00 Road Rehabilitation
EN-1940-13 2014 Pavement Management Program \$23,000.00 Road Rehabilitation
EN-1941-13 2014 Pavement Management Program \$2,726,000.00 Road Rehabilitation
EN-1942-13 2014 Road Rehab. and Watermain Rep. \$2,854,000.00 Road and Watermain Rehabilitation

Additional comments:

What is the life span of the project in years? (i.e. the physical asset) 

30

Please identify your Ministry contact (If applicable)

Ministry:

Contact Name:

Contact Phone:

Project Name	2016 Debenture Financing
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Category	Municipal Roads Infrastructure
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Project Funding/Financing

<u>Source/Description</u>	<u>Timing</u>	<u>Amount</u>
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Amount

Loan Amount (A-B)	\$13 028 000.00
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nts including the estimated date the funds are required

Estimated Date Required	Amount	Term (in years)	Type
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Type

Serial



ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION

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D. DEBT AND REPAYMENT SUMMARY

Financial Information Returns (FIR)

Please be aware that OILC will be unable to complete the processing of your application until you have filed your most current FIR with the Ministry of Municipal Affairs and Housing. If you have not filed your FIR, you should submit your application to OILC and send your FIR to MMAH as soon as possible.

ARL

Please provide a copy of the Borrower's most recent ARL issued by MMAH.

Existing Borrowing:

Please provide the following details on the existing debt, including capital leases and unsecured debt.

Loan #	Loan Purpose	Initial Amount Borrowed	Amount Outstanding as per Most Recent Audited Financials	Annual Interest Rate (%)	Date Borrowed (mm/dd/yy yy)	Maturity Year	Summary of Existing Pledges, Conditions, Covenants	Payment Type	Periodic Amount Payable	Payment Frequency

Please elaborate on re-financing plans and options for any existing "interest only" debt, if applicable

Existing Encumbrances:

Does the Borrower have any existing liens, pledges and any other encumbrances on existing assets?

☐ Yes      ☒ No

If yes, please provide details:

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC)  
LOAN APPLICATION

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OILC Loan Repayment Information

Please indicate the source(s) of revenue you plan to use to repay the OILC Loan.

Contribution to OILC Loan Payments (%)

Source

Taxation	100.00
User Fees	
Service Charges	
Development Charges	
Connection Fees	
Subsidies	
Other	
Total	100.00

Description of Other Source

Audited Financial Statements

A copy of the most recent audited financial statements must be attached with this loan application.

## ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC) LOAN APPLICATION

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### E. LITIGATION

Is there any litigation threatened or existing which would affect any projects or substantially impair the Borrower's ability to pay debt service costs on its general obligation indebtedness? Please indicate Yes or No.

☐ Yes ☒ No

Please complete the Certificate of Litigation template found under the Forms menu.

### F. NON-REPAYMENT OF LOANS OR DEBENTURES

In the last 10 years has the Borrower ever failed to make a loan or debenture repayment on time to any lender, including to the Provincial Government?

☐ Yes ☒ No

If yes, please provide details. If necessary, attach details.

### G. PROVINCIAL GRANTS AS SECURITY

Pursuant to OILC's enabling legislation, the Minister of Finance may deduct funds from provincial grants to the Borrower appropriated by the Legislative Assembly of Ontario for payment to OILC to satisfy any outstanding unpaid amounts owed by the Borrower to OILC.

### H. ATTACHMENTS

Please ensure all required documents are submitted with the signed application. OILC requires originals as noted below to be mailed or couriered. Also, please retain a copy of all documents submitted to OILC for your records.

- Loan Application Signature Page signed and dated by the appropriate individual (original to be submitted)
- Certified and sealed copy of OILC template By-Law authorizing project borrowing and applying for a loan (original with seal)
- Certificate of Treasurer Regarding Litigation using the OILC template (original, signed & sealed)
- Updated Certified Annual Repayment Limit Calculation (original)
- OMB approval if exceeding debt repayment limit, if applicable
- Capital Plan if applicable
- Project management letter

## ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (OILC) LOAN APPLICATION

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- ☒ I acknowledge and agree that all of the above referenced documents must be submitted in the form required by OILC and understand that the application will not be processed until such documents have been fully completed and received by Infrastructure Ontario.

Please note: OILC retains the right to request and review any additional information or documents at its discretion.

- ☒ I acknowledge that I have read and understood the Project Management and Best Practices Reporting Requirements

### Confidential Information

OILC is an institution to which the *Freedom of Information and Protection of Privacy Act* (Ontario) applies. Information and supporting documents submitted by the Borrower to process the loan application will be kept secure and confidential, subject to any applicable laws or rules of a court or tribunal having jurisdiction.