



Subject: 2023 Debenture Issuance Report

Report Number: FIN 23-24

Department: Finance Department

Submitted by: Renato Pullia, Director of Innovation & Strategic Initiatives and
Interim Director of Finance/Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, October 23, 2023

RECOMMENDATION

THAT report titled “2023 Debenture Issuance Report” be received as information; and

THAT a by-law “to authorize the submission of an application to ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (“OILC”) for financing the Lake Lisgar Water Park Building Reno and the Beech Blvd/Stoney Creek Retaining Walls capital works of THE CORPORATION OF THE TOWN OF TILLSONBURG; and to authorize long-term borrowing for such capital works through the issuance of debentures by the COUNTY OF OXFORD to OILC” be presented to Council for consideration.

BACKGROUND

The Municipal Act, 2001, Section 401(1) 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.

Section 401(3) of the Act also provides that a lower-tier municipality in a regional municipality does not have the power to issue debentures, and Section 1(1) and 455(3) of the Act define “regional municipality” as meaning an upper-tier municipality that was a regional or district municipality or the County of Oxford on December 31, 2002.

Accordingly, the Town of Tillsonburg is required to have the County of Oxford issue debentures in respect of the Town’s capital projects identified in this report, and through the by-law being presented for consideration, requests that the County of Oxford do so.

DISCUSSION

A list of projects that the Town is financing through Oxford County with Ontario Infrastructure and Lands Corporation (OILC) is below. These projects were approved in

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the 2022 and 2023 fiscal years and will be substantially completed in 2023 and 2024, respectively:

<u>By-Law Number/ Capital Work Number</u>	<u>Description of Capital Work</u>	<u>Estimated Expenditure</u>	<u>Loan Amount</u>
2023-052	Lake Lisgar Water Park Building Reno	\$1,200,000	\$250,000
2022-039	Beech Blvd/Stoney Creek Retaining Walls	1,176,000	882,000
Total		\$2,376,000	\$1,132,000

CONSULTATION

Town's Deputy Treasurer and the County of Oxford's Director of Corporate Services & Treasurer

FINANCIAL IMPACT/FUNDING SOURCE

Of the \$1,132,000 debt amount, \$250,000 will be drawn in 2023, with the remaining \$882,000 to be drawn in 2024 at the completion of the respective projects. Both amounts will have a 25-yr term, with first year principal + interest payments of \$105K.

In accordance with Section 4 of O. Reg. 403/02, when a municipality proposes long-term borrowing (or other long-term financial obligation), the municipal Treasurer is responsible for updating the Annual Repayment Limit (ARL) provided by the Ministry of Municipal Affairs and Housing (MMAH). The Treasurer must determine if there is capacity within the municipality's ARL to undertake the planned borrowing. The ARL is calculated based on 25% of a municipality's net own source revenues as reported in its Financial Information Return (FIR).

The Town's 25% of its own source revenues was \$5.8M as of 2021. The Town's total debt charges for the same period were \$1.9M, representing 8.33% of the 25% limit. With the debt charges from the additional borrowing as noted in this report, plus the amount of debt charges reduced due to debt repayment since 2021, the updated amount of net debt charges would be \$1.8M, or a reduction to 7.69% of the 25% limit.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- ☐ Lifestyle and amenities
- ☒ Customer service, communication and engagement
- ☐ Business attraction, retention and expansion
- ☐ Community growth
- ☐ Connectivity and transportation
- ☐ Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient services, information, and opportunities to shape municipal initiatives.

Strategic Direction – N/A

Priority Project – N/A

ATTACHMENTS

Appendix A – Debenture By-law, with Schedule “A” and “B”