



The Corporation of the Town of Tecumseh

Financial Services

To: Mayor and Members of Council

From: Tom Kitsos, Deputy Treasurer & Tax Collector

Date to Council: October 9, 2018

Report Number: FS-2018-15

Subject: Ontario Infrastructure and Lands Corporation (OILC) Borrowing 2018

Recommendations

It is recommended:

That borrowing upon 3.00% (estimated) 5 year amortizing debenture in the Principal amount of up to \$193,000 for the financing of Rossi Drive Sanitary Sewer construction costs for 2018 **be approved.**

Background

Council passed By-law 2011-103 North Talbot Road Outlet Sewer, Charges and Connection Bylaw which imposed a charge upon property owners benefitting from the provision of sanitary sewers in the North Talbot Road Sanitary Sewer Outlet Area.

Subsequently, Council approved borrowing up to \$4,000,000 from the Ontario Infrastructure and Lands Corporation (OILC) for the financing of the North Talbot Road Sanitary Sewer Outlet Area construction costs for the period 2012 – 2018. (By-law 2012-17)

Property owners will be charged an interest rate of cost of borrowing plus 0.75% for five-year debentures. For those assessed owners where a five-year term would cause undue hardship, the term is extended to 10 years at an interest rate of cost of borrowing plus 1.25%. (RCM-99/12)

Borrowing to date is \$1,354,100 and \$197,000 for five and ten year debentures respectively for a total of \$1,551,100 of the authorized \$4,000,000.

Comments

Total recovery for the Rossi Drive works is \$307,943 from sixteen (16) property owners. Six (6) of the property owners have requested debenturing a total of \$118,900 over a five (5) year period. Three (3) property owners have yet to confirm their financing option. Should they elect to debenture, the total debentured will be as much as \$192,600. This represents up to 62.5% of the total recovery.

Administration therefore recommends issuing five-year debentures to the OILC in an amount of up to \$193,000.

Annual Repayment Limit (ARL)

As part of the original OILC applications, the Treasurer advised Council of the impact the borrowing would have on the ARL. The updated calculation of the ARL (see attached) shows that the proposed borrowings do not exceed the Updated Limit and continue to be in line with expectations. The approval of the Ontario Municipal Board under the Ontario Municipal Board Act (Ontario), as amended, is not required.

OILC Debentures

Through a review of financing options, Administration has determined the best available rates are through OILC. All debentures issued by the Town since 2005 have been with OILC as their rates have proven to be lower than other available sources.

The current estimated five (5) year debenture rate offered by OILC is 3.00%. The actual rate may vary based on market conditions at the time of issuance.

Consultations

None

Financial Implications

The total amount required for the financing of Rossi Drive Sanitary Sewer Extension construction costs for 2018 is up to \$193,000.

Net income interest generated over the term of this debt issuance will be used to offset legal and administrative costs. This amount is expected to be between \$900 to \$1,400 for 2019. Total net interest income generated over the term of the five-year debentures is estimated between \$2,700 to \$4,300.

Link to Strategic Priorities

Applicable	2017-18 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that the Town of Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of the Town of Tecumseh's plans and priorities.
<input type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☒

Website ☐ Social Media ☐ News Release ☐ Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Tom Kitsos, CPA, CMA, BComm
Deputy Treasurer & Tax Collector

Reviewed by:

Luc Gagnon, CPA, CA, BMath
Director Financial Services & Treasurer

Recommended by:

Tony Haddad, MSA, CMO, CPFA
Chief Administrative Officer

Attachment Number	Attachment Name
1	Annual Repayment Limit