



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: August 21, 2017
Report Number: FAF.17.96
Subject: Harbour Long Term Debt By-law
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive Staff Report FAF.17.96, entitled “Harbour Long Term Debt By-law”,
AND THAT Council enact the attached By-law authorizing long term borrowing through the issue of debentures to the Ontario Infrastructure and Lands Corporation;
AND THAT Council authorize the Treasurer and the Mayor to enter into the Financing Agreement with Infrastructure Ontario.

B. Overview

This report is seeking approval for the Borrowing By-law (Attachment 1) that must be enacted before the Town can receive long-term debt from Infrastructure Ontario (IO).

C. Background

On March 6, 2017 Council approved Staff Report FAF.17.16 entitled “Harbour Long-Term Debt” which gave staff the authorization to start the process of taking out long-term debt to fund the dock replacement and dredging costs incurred at the Harbour.

D. Analysis

Staff has started the process with IO to take out the long-term debt. The next step required is to enact a Borrowing By-law. Once the By-law has been approved by Council it will be forwarded to IO, along with other documents such as the Town’s 2016 Financial Statements and Financial Information Return.

After the review process the Town will be informed of whether the application is successful or not. If successful the Town will need to enter into a Financing Agreement with IO before the

funds will be transferred to the Town. Once the funds are transferred the Harbour will start paying the debt semi-annually.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

At this time staff are still estimating the annual payment to be \$60,000 per year for 15 years to be fully funded by Harbour user-fees.

H. In consultation with

Ruth Prince, Director of Finance & IT Services
Corrina Giles, Clerk

I. Attached

1. OILC Long Term Debt By-law

Respectfully Submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting and Budgets

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
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The Corporation of the Town of The Blue Mountains

DRAFT By-law Number 2017 –

Being a By-law to authorize certain new capital works of The Corporation of the Town of The Blue Mountains (the “municipality”); to authorize the submission of an application to Ontario Infrastructure and Lands Corporation (“OILC”) for financing such capital works; to authorize temporary borrowing from OILC to meet expenditures in connection with such works; and to authorize long term borrowing for such works through the issue of debentures 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 it is now deemed to be expedient to authorize for the purposes of the Municipality the new capital work(s) described in column (2) of Schedule “A” (individually a “Capital Work”, collectively the “Capital Works”, as the case may be) attached hereto and forming part of this By-law (“Schedule “A”) in the amount of the respective estimated expenditure set out in column (3) of Schedule “A”, subject in each case to approval by OILC of the financing for such Capital Work(s) that will be requested by the Municipality in the Application as hereinafter defined;

And Whereas in accordance with section 4 of Ontario Regulation 403/02 (the “Regulation”), the Council of the Municipality had its Treasurer calculate an updated limit in respect of its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the “Updated Limit”), and, on the basis of the authorized estimated expenditure for the Capital Work or each Capital Work, as the case may be, as set out in column (3) of Schedule “A” (the “Authorized Expenditure” for any such Capital Work), the Treasurer calculated the estimated annual amount payable in respect of the Capital Work or each Capital Work, as the case may be, (collectively the “Estimated Annual Amount Payable”) and determined that the Estimated Annual Amount Payable does not cause the Municipality to exceed the Updated Limit, and accordingly the approval of the Ontario Municipal Board pursuant to the Regulation, is not required before any such Capital Work is authorized by the Council of the Municipality;

And Whereas subsection 405(1) of the Act provides, amongst other things, 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, 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;

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 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 Whereas OILC has invited Ontario municipalities desirous of obtaining temporary and long term debt financing in order to meet capital expenditures incurred on or after January 1, 2004 in connection with eligible capital works to make application to OILC for such financing by completing and submitting an application on the form provided by OILC;

And Whereas the Municipality has completed and submitted an application to OILC (the “Application”) to request financing for the Capital Work(s) by way of long term borrowing through the issue of debentures to OILC and by way of temporary borrowing from OILC pending the issue of such debentures;

And Whereas OILC has accepted and has approved the Application;

Now Therefore the Council of The Corporation of the Town of The Blue Mountains enacts as follows:

1. The Council of the Municipality hereby confirms, ratifies and approves the execution by the Treasurer of the Application and the submission by such authorized official of the Application, duly executed by such authorized official, to OILC for the financing of the Capital Work(s) in the maximum aggregate principal amount of \$611,989.94 substantially in the form of Schedule "B" hereto and forming part of this By-law, with such changes thereon as such authorized official may hereafter approve, such execution and delivery to be conclusive evidence of such approval.
2. The undertaking of the Capital Work or of each Capital Work, as the case may be, in the amount of the respective estimated Authorized Expenditure set out in column (3) of Schedule "A" is hereby approved and authorized;
 - a. any one or more of the Mayor and the Treasurer are hereby authorized to conclude contracts on behalf of the Municipality for the undertaking of the Capital Work or of each Capital Work, as the case may be, in accordance with the Municipality's usual protocol;
 - b. where applicable, the Engineer of the Municipality will forthwith make such plans, profiles and specifications and furnish such information as in the opinion of the Engineer are necessary for the undertaking of the Capital Work or of each Capital Work, as the case may be; and
 - c. where applicable, the undertaking of the Capital Work or of each Capital Work, as the case may be, shall be carried on and executed under the superintendence and according to the direction and orders of such Engineer.
3. Mayor and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Municipality a financing agreement (a "Financing Agreement") with OILC that provides for temporary and long term borrowing from OILC in respect of the Capital Work(s) on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
4. The Mayor and/or the Treasurer are hereby authorized, pending the substantial completion the Capital Work or each Capital Work, as the case may be, or as otherwise agreed with OILC, to make temporary borrowings pursuant to section 405 of the Act in respect of the Capital Work or of each Capital Work, as the case may be, 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 (the "Note") and to deliver the Note to OILC, such execution and delivery to be conclusive evidence of such agreement; and the Treasurer is authorized to sign such certifications as OILC may require in connection with such borrowings in respect of the Capital Work(s); provided that the amount of borrowings allocated to the Capital Work or to each Capital Work, as the case may be, does not exceed the Authorized Expenditure for such Capital Work and does not exceed the related loan amount set out in column (4) of Schedule "A" in respect of such Capital Work.
5. Subject to the terms and conditions of the Financing Agreement and such other terms and conditions as OILC may otherwise require, the Mayor and the Treasurer are hereby authorized to long term borrow for the Capital Work(s) and to issue debentures to OILC on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree (the "Debentures"); provided that the principal amount of the Debentures issued in respect of the Capital Work or of each Capital Work, as the case may be, does not exceed the Authorized Expenditure for such Capital Work and does not exceed the related loan amount set out in column (4) of Schedule "A" in respect of such Capital Work.

6. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011*, as amended from time to time hereafter, as security for the payment by the Municipality of the indebtedness of the Municipality to OILC under the Note and/or the Debentures, as the case may be (the "Obligations"), the Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding the amounts that the Municipality fails to pay OILC on account of the Obligations and to pay such amounts to OILC from the Consolidated Revenue Fund.
7. For the purposes of meeting the Obligations, the Municipality shall provide for raising in each year as part of the general levy, the amounts of principal and interest payable in each year under the Note and/or any outstanding Debenture, 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.
8.
 - a. The Mayor and/or the Treasurer are hereby authorized to execute and deliver the Note, the Mayor and the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement, and to issue the Debentures, one or more of the Clerk and the Treasurer are hereby authorized to generally do all things and to execute all other documents and papers in the name of the Municipality in order to perform the Obligations of the Municipality under the Financing Agreement and to execute and deliver the Note and to issue the Debentures, and the Treasurer is authorized to affix the Municipality's municipal seal to any such documents and papers.
 - b. The money realized in respect of the Note and the Debentures, including any premium, and any earnings derived from the investment of that money, after providing for the expenses related to the execution and delivery of the Note and to the issue of the Debentures, if any, shall be apportioned and applied to the respective Capital Work and to no other purpose except as permitted by the Act.
9. This By-law takes effect on the day of passing.

Enacted and passed on this 6th day of September, 2017.

John McKean, Mayor

Corrina Giles, Clerk

The Corporation of the Town of The Blue Mountains

By-law Number 2017 –

Schedule “A”

New Capital Works

Capital Work Number	Description of Capital Work	Estimated Expenditure	Loan Amount
1	Dock Replacement	\$ 611,989.94	\$ 611,989.94

The Corporation of the Town of The Blue Mountains
By-law Number 2017 –
Schedule “B”

OILC Application

Ontario

Webloans Loan Application PDF

Application for

Projects

SIT Project ID	ID	Project Name	Construction/Purchase Start	Construction/Purchase End	Project Cost	OILC Loan Amount
1	0	Thornbury Harbour Dock Replacement	07/31/2008	06/01/2015	\$611,989.94	611,989.94

Details of Project Thornbury Harbour Dock Replacement

Project Category	<input type="text" value="Recreation Infrastructure"/>
Work Type	<input type="text" value="Other Rec Infrastructure Proj"/>
Other Description	<input type="text" value="Float dock replaceme"/>
Project Name	<input type="text" value="Thornbury Harbour Dock Replacement"/>
Construction/Purchase Start	<input type="text" value="07/31/2008"/>
Construction/Purchase End	<input type="text" value="06/01/2015"/>
Energy Conservation	<input type="checkbox"/>
Project Address 1	<input type="text" value="41 Bruce Street North"/>
Project Address 2	<input type="text"/>
City / Town	<input type="text" value="Thornbury"/>
Province	<input type="text" value="ON"/>
Postal Code	<input type="text" value="N0H 2P0"/>
Description	<input type="text" value="Over an 8 year period the Town replaced one dock per year. Each year the entire dock system including, floating devices, steel structure, decking, water lines and hydro (were applicable) were replaced until the all floating docks used at the Harbour had been replaced."/>
Comments and/or Special Requests	<input type="text"/>
Project Life Span (Years)	<input type="text" value="50"/>

Project Financial Information

Project Cost (A)	<input type="text" value="\$611,989.94"/>
Other Project Funding / Financing (B):	
Other Project Funding/Financing Total (B)	<input type="text" value="\$0.00"/>
OILC Loan Amount (A-B)	<input type="text" value="\$611,989.94"/>

Only include long-term borrowing in this section. If you anticipate that you will require short-term financing during the construction phase of the project, the information will be gathered as part of the Financing Agreement.

Required Date	Amount	Term	Type
<input type="text" value="01/01/2018"/>	<input type="text" value="\$611,989.94"/>	<input type="text" value="15"/>	<input type="text" value="Serial"/>
Long-term Borrowing Total	<input type="text" value="\$611,989.94"/>		

Debt and Re-payments Summary

Has there been any new/undisclosed debt acquired since last FIR was submitted? Yes No

Please describe any re-financing plans for any existing "interest only" debt, if applicable.

Non Re-payments of Loans or Debenture

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

If yes, please provide details.

OILC Loan Repayment Information

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

Taxation	<input type="text" value="0.00"/>
User Fees	<input type="text" value="100.00"/>
Service Charges	<input type="text" value="0.00"/>
Development Charges	<input type="text" value="0.00"/>
Connection Fees	<input type="text" value="0.00"/>
Repayment Subsidies	<input type="text" value="0.00"/>
Other	<input type="text"/>
Total	<input type="text" value="100.00%"/>

Documentation and Acknowledgements

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.

To obtain templates for documents see listed below.

- Loan Application Signature Page signed and dated by the appropriate individual (original to be submitted)
- Certificate 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)

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.

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.