

**To: Warden and Members of County Council**

**From: Director of Corporate Services**

## **OILC Financing Application – Tillsonburg**

### **RECOMMENDATION**

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1. That By-law No. 6363-2021, being a by-law to authorize the submission of an application to the Ontario Infrastructure Lands Corporation for temporary and long-term borrowing through the issue of debentures for the purposes of the Town of Tillsonburg, be presented to Council for enactment.

### **REPORT HIGHLIGHTS**

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- Town of Tillsonburg requires financing for various 2021 capital projects totalling \$805,324

### **Implementation Points**

An application, supported by the necessary documentation, will be submitted to OILC for consideration – including an endorsing by-law to be enacted by the Town of Tillsonburg Council.

Upon approval of the application, a financing agreement will be endorsed to allow for construction and/or long-term financing as required. Debenture by-laws are anticipated to be brought forward to Council in December 2021.

### **Financial Impact**

The various capital projects have been approved for financing through the Town's 2021 Capital Budget By-law No. 2021-062 and reports numbered FRS 20-05, FRS 20-06, FRS 20-07, FRS 20-08 and FRS 21-07 confirmed under By-laws No. 2020-048, 2020-060 and 2021-068.







The Town's Treasurer has updated their Annual Debt Repayment Limit to ensure the inclusion of this debt does not exceed their limit as prescribed by the Ministry of Municipal Affairs and Housing.

The recommendations contained in this report will have no financial impact beyond what has been approved in the current year's budget.

## Communications

County staff will continue to work with the Town's Treasurer to facilitate the debenture process with OILC through to final debentures upon completion of the capital works.

## Strategic Plan (2015-2018)

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS &amp; ENGAGES</i>	<i>PERFORMS &amp; DELIVERS</i>	<i>POSITIVE IMPACT</i>
		3.iii.			

## DISCUSSION

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### Background

OILC's infrastructure renewal loan program provides low-cost, longer term financing to meet critical municipal infrastructure priorities. OILC is based on a proven "pooled financing" concept that combines the infrastructure investment needs of many borrowers into one borrowing pool.

OILC provides access to infrastructure capital that would not otherwise be available to smaller borrowers. Larger borrowers receive a longer term on their loans than they could obtain in the financial markets, and can also benefit from significant savings on transaction costs such as legal costs and underwriting commissions. Under the OILC approach, all borrowers receive the same low interest rate. OILC will enter into a financing agreement jointly with the Town and the County subject to technical and credit reviews, for a loan up to the maximum amount of the loan request.

OILC provides indicative lending rates upon request, tracking the capital markets. Rates on debentures are fixed for the entire life of the loan once the debenture is issued. Rates on construction loans float throughout the term of the loan until they are replaced by a debenture.

Although there is no direct impact on the County's annual budgets as a result of adopting the recommendation contained in this report, the County is directly, jointly and severally liable for default of the terms and conditions of the resulting financing agreements pertaining to area municipalities.

### Comments

The capital projects included in this OILC financing application as set out in Table 1 have been approved by Town Council for debenture financing, duly authorized by by-law. Subsequent to the passing of the OILC financing application authorizing by-law before County Council, Town Council will pass a similar by-law authorizing the financing application through OILC.

Table 1 – Town of Tillsonburg Capital Projects

By-law No./ Project No.	Description of Capital Work	Estimated Costs	Loan Amount
4299	Vehicle - 7400 Plow/wing Truck Unit # 61	\$138,113	\$138,113
2020-048/2020-060	Fire Communication Equipment	93,589	55,169
2021-062	Vehicle - Building Unit # 39	36,610	36,610
2021-062	Vehicle – Hydro Unit # 65	48,677	48,677
2021-062	Next Generation 911 Equipment	95,000	95,000
2021-068	Radio Communication Towers Equipment	38,397	38,397
2021-062	Vehicle – Parks Unit # 88	93,314	93,314
2021-062	Mower – Cemetery	62,811	62,811
2021-062/2021-080	Vehicle - Water Unit # 28	36,709	36,709
2021-062	Vehicle - Cemetery Unit # 87	164,851	164,851
2021-062	Vehicle - Mini Cargo Van - Facilities	35,673	35,673
	<b>Totals</b>	<b>\$843,744</b>	<b>\$805,324</b>

Note: differences between the estimated costs and loan amounts are funded by third parties

Once approval is granted by OILC and if a project does not go forward or if, for any reason, the municipalities desire to finance by other means, the municipalities have the option to do so, and are not bound to borrow through OILC by approval of an application.

## Conclusions

The OILC program is presented to Council as an alternative financing mechanism for future capital projects, however, at the time financing is required, alternative methods will be researched to ensure the most economical borrowing method is used.

## SIGNATURES

### Departmental Approval:

Original signed by

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Lynn S. Buchner, CPA, CGA  
 Director of Corporate Services

**Approved for submission:**

Original signed by

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Michael Duben, B.A., LL.B.  
Chief Administrative Officer