

**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. 6368-2021, 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 a 2021 capital project totalling \$182,426

#### **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 Elliot Fairburn Roof Replacement capital project has been approved for financing through Report No. RCP 21-22, confirmed under By-law No. 2021-080.







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)

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
		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 project included in this OILC financing application as set out in Table 1 has 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 Project

By-law No./ Project No.	Description of Capital Work	Estimated Costs	Loan Amount
RCP 21-22/2021-080	Elliot Fairburn Roof Replacement	\$182,426	\$182,426

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

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#### 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