

To: Warden and Members of County Council

From: Director of Corporate Services

Internal Long-term Debt Issue – South-West Oxford

RECOMMENDATION

1. That By-law No. 6483-2022, being a by-law to authorize the borrowing of funds in the amount of \$1,040,000 from the Landfill and Waste Diversion Reserve Fund, for the purposes of financing a capital work associated with for the purposes of The Corporation of the Township of South-West Oxford authorized by Township of South-West Oxford By-laws, be presented to Council for enactment.

REPORT HIGHLIGHTS

- Dodge Line (South) Road Reconstruction – \$1,040,000 to be financed over a five-year term

Implementation Points

Upon enactment of an authorizing by-law, the necessary funds will be transferred from the Landfill and Waste Diversion Reserve Fund to the Township of South-West Oxford to finance the capital costs related to this project. Semi-annual payments of blended principal and interest will be repaid to the Landfill and Waste Diversion Reserve Fund over a five-year period.

Financial Impact







The estimated project cost and financing revenue was authorized through the Township's 2022 approved budget under By-law No. 02-2022. The debenture payment obligations related to the above mentioned project will be included in the Township's 2023 and future budgets until finally retired in 2027.

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

Communications

The Township will be provided a copy of the Debenture By-law containing an amortization schedule for collection and payment of the semi-annual debt repayment obligations.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

In accordance with Section 418 of the Municipal Act, 2001, as amended, and Ontario Regulation 438/97, the County's Investment Policy provides for short, mid and long-term investments of idle funds, allowing opportunities to borrow from within.

Section 6.0 of the County's Debt Management Policy No. 6.19, prescribes the interest rate calculation that will apply to internal borrowings. The formula is the average of the following rates over an equivalent term, if available:

- Debentures through the Ontario Infrastructure Lands Corporation;
- Debt facility through a Canadian Schedule 1 Chartered Bank; and
- Government of Canada marketable bonds average yield over ten years plus two percent.

Comments

The Landfill and Waste Diversion Reserve Fund balance currently has \$4.5 million in idle funds and a 2022 forecasted closing balance of \$21.8 million, therefore it is recommended that the total amount of \$1,040,000 be financed internally, as Infrastructure Ontario will not accept loan applications under the OILC Program beyond October 21, 2022 for financing required in 2022.

Table 1 – Annual Fixed Interest Rate

Date of Debenture	Term of Financing	Annual Interest Rate
December 1, 2022	5 years	5.08%

Conclusions

Pursuant to the Municipal Act, a by-law is required to authorize internal financing costs related to the Township's capital project described within this report.

SIGNATURES

Departmental Approval:

Original signed by

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

Approved for submission:

Original signed by

Benjamin R. Addley
Interim Chief Administrative Officer