
REPORT TITLE: 2022 Borrowing Limits Report

**FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and
Commissioner of Corporate Services**

RECOMMENDATION

That the Chief Financial Officer and Commissioner of Corporate Services be authorized to negotiate the issuance of debentures in the maximum principal amounts of \$4.1 million on behalf of the Town of Caledon, for a term not to exceed 31 years, to be issued in 2022 or at such later date as may be requested by the Treasurer of the Town of Caledon;

And further, that the Chief Financial Officer and Commissioner of Corporate Services be authorized to negotiate the issuance of debentures in the maximum total principal amount of \$102 million on behalf of the City of Mississauga, for a term not to exceed 16 years to be issued in 2022 or at such later date as may be requested by the Treasurer of the City of Mississauga;

And further, that the Chief Financial Officer and Commissioner of Corporate Services be authorized to negotiate the issuance of debentures in the maximum principal amount of \$200 million for the Region of Peel, for a term not to exceed 31 years, to be issued in 2022 or such later date as the Treasurer of the Region of Peel may determine;

And further, that the Treasurer and the Chief Financial Officer and Commissioner of Corporate Services be authorized to negotiate and sign the Purchase Letter/Agreement, relating to the subject borrowing, including the percentage allocated to each of the different syndicate groups and participants.

REPORT HIGHLIGHTS

- The Town of Caledon has requested debenture financing not to exceed \$4.1 million, for a maximum term of 31 years.
- The City of Mississauga has requested debenture financing not to exceed \$102 million, for a maximum term of 16 years.
- Region of Peel (Region) debenture financing requirements are not to exceed \$200 million, for a maximum term of 31 years; and,
- The Town of Caledon, the City of Mississauga and the Region remain within their respective Annual Repayment Limits (ARL).

DISCUSSION

1. Background

One of the Region's roles is to issue debt on its own behalf and on behalf of the local

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municipalities. In order to provide timely updates and transparency, Staff presents to Regional Council estimated borrowing requirements for the calendar year, indicating both amount and term limitations. Since 2011, the Borrowing Report has provided the Debt Issuance Committee with the parameters in which to exercise its delegated administrative responsibility to approve debenture by-laws in order to facilitate the completion of debenture issues.

In 2021, Standard and Poor's (S&P) and Moody's Investors Services affirmed the Region's Triple A credit rating. Both agencies have maintained a stable outlook for the Region's strong financial economy, exceptional liquidity and strong financial management practices. The local municipalities also benefit from the Region's strong credit rating as the Region issues debentures on their behalf.

2. 2022 Borrowing Requirements

a) Local Municipality Borrowing Requirements

The Region has received a request for debenture financing from the Town of Caledon for a total amount not to exceed \$4.1 million, and a maximum term of 31 years.

The Region has received a request for debenture financing from the City of Mississauga for a total amount not to exceed \$102 million, and a maximum term of 16 years.

The Treasurers of the Town of Caledon and the City of Mississauga have all confirmed that their respective recalculation of the ARL is within their limits.

In July 2021, the Canada Infrastructure Bank (CIB) and the City of Brampton announced their agreement in principle, which would see the CIB loan up to \$400 million, supporting Brampton Transit's purchase of up to 450 zero-emission buses (ZEBs) by 2027. Given the requirements under the *Municipal Act, 2001*, the Region would be required to be the borrower under any such agreement. Staff will return to Council with further updates/approval as required.

b) Region of Peel Borrowing Requirements

As outlined in the Council approved budget, debt may be considered for the Region's purposes in 2022. The Region may look to issue debentures not to exceed \$200 million in 2022, with a maximum term of 31 years, primarily to fund the timing mismatch between development charge revenues and expenditures. A debenture issue of benchmark size ensures that there is sufficient marketability that appeals to a broader set of investors and allows the Region to price these debentures competitively.

The Regional Treasurer has confirmed that the recalculation of the ARL is within the Region's limits.

RISK CONSIDERATIONS

Potential budgetary pressures that may result from changing economic conditions, legislative changes, and increasing service demands on the Region and local municipalities, could cause future debt requirements to increase relative to historical trends/levels. Higher interest rates could result in increased debt services costs. Unfavourable capital market conditions or other

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market events could impact the timing of debt issuance however, prudent debt management has ensured the Region remains financially flexible to meet the Region's needs over the long term.

CONCLUSION

To meet the borrowing requirements requested by the Town of Caledon, the City of Mississauga, and the Region, Council is requested to authorize the issuance of debentures for the Region of Peel.

Authored By: Scott Hodgson, Treasury Portfolio Manager