
REPORT TITLE: 2022 Borrowing Limits Report - Update

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

RECOMMENDATION

- 1. That the Chief Financial Officer and Commissioner of Corporate Services and the Treasurer be authorized to advance funds from the Canada Infrastructure Bank Credit Facility in the maximum principal amount of \$6.8 million on behalf of the City of Brampton pursuant to the terms of the Credit Agreement between the Region of Peel and Canada Infrastructure Bank; and**
- 2. That, the Chief Financial Officer and Commissioner of Corporate Services and the Treasurer be authorized to execute the required documents to complete the transaction relating to the subject borrowing.**

REPORT HIGHLIGHTS

- The City of Brampton has requested an advance from the Canada Infrastructure Bank Credit Facility not to exceed \$6.8 million, pursuant to the Credit Agreement between the Region of Peel and Canada Infrastructure Bank dated March 29, 2022.
- This request for borrowing is in addition to the borrowing requests in the January 13, 2022 Borrowing Limits Report (Resolution Number 2022-5). All other borrowing limits from the January 13, 2022 Borrowing Limits Report remain unchanged.
- The City of Brampton remains within its Annual Repayment Limits.

DISCUSSION

1. Background

One of the Region of Peel's (the Region) roles is to issue debt on its own behalf and on behalf of the local municipalities. In order to provide timely updates and transparency, Staff obtains Regional Council approval for estimated borrowing requirements for the calendar year, indicating both the amount and term limitations. Since 2011, the Borrowing Limits 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.

Subsequent to the January 13, 2022 Borrowing Limits Report, the Region entered into a Credit Agreement with Canada Infrastructure Bank (CIB) on behalf of the City of Brampton to support the purchase of up to 450 zero-emission buses (ZEBs) by 2027. On March 24, 2022, the Region received Council authority to enter into the Credit Agreement with CIB and a Funding Agreement with the City of Brampton, with a financial close on March 29, 2022. These agreements establish a credit facility of up to \$400 million between the Region and CIB, and it

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expected the Region will request multiple advances on behalf of the City of Brampton through 2027.

2. 2022 Borrowing Requirements

a) Local Municipality Borrowing Requirements

The Region has received a request for an advance from the City of Brampton for an amount not to exceed \$6.8 million pursuant to the Credit Agreement between the Region and CIB. Repayment of advances on the credit facility will be made pursuant to the Credit Agreement and the Funding Agreement between the Region and City of Brampton.

The Treasurer of the City of Brampton has confirmed that its recalculation of the Annual Repayment limit is within their regulatory limits.

Borrowing requirements for the Town of Caledon and the City of Mississauga remain as previously outlined in the January 13, 2022 Borrowing Limits Report (Resolution 2022-5). More specifically, the Town of Caledon requested a maximum principal amount of \$4.1 million, for a term not to exceed 31 years. Further, the City of Mississauga requested a maximum principal amount of \$102 million, for a term not to exceed 16 years. Notably, the City of Mississauga borrowed a principal amount of \$50 million as part of a 1 to 10 year Serial Debenture, which settled March 7, 2022.

b) Region of Peel Borrowing Requirements

The Region's borrowing requirements for 2022 remain as outlined in the January 13, 2022 Borrowing Limit Report (Resolution 2022-5), which approved borrowing in the maximum total principal amount of \$200 million, for a term not to exceed 31 years.

RISK CONSIDERATIONS

The Region has worked collaboratively with the City of Brampton to support the business and legal due diligence process and negotiations of this credit facility. Appropriate assurances from the City of Brampton, including confirmation that the City of Brampton remains within its internal and provincially prescribed debt limits, will be required prior to any request to advance funds under the credit facility to ensure the Region is not unduly exposed to any financial and/or operational risks.

With respect to the requested borrowing, there are very minimal risks. A more comprehensive summary of risks, and risk mitigants in place for the credit facility as it relates to the Region are further detailed in the March 24, 2022 Canada Infrastructure Bank Credit Facility Report.

CONCLUSION

To meet the borrowing requirements requested by the City of Brampton, Council is requested to authorize the advance on the credit facility pursuant to the Credit Agreement between the Region of Peel and Canada Infrastructure Bank.

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