
REPORT TITLE: 2023 Borrowing Limits Report

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 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 11 years, to be issued in 2023 or at such later date as may be requested by the Treasurer of the Town of Caledon; and**
- 2. 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 \$30 million on behalf of the City of Brampton, for a term not to exceed 31 years to be issued in 2023 or at such later date as may be requested by the Treasurer of the City of Brampton; and**
- 3. 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 \$90 million on behalf of The Corporation of the City of Mississauga, for a term not to exceed 22 years to be issued in 2023 or at such later date as may be requested by the Treasurer of The Corporation of the City of Mississauga; and**
- 4. 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 2023 or such later date as the Treasurer of the Region of Peel may determine; and**
- 5. 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 the syndicate participants.**

REPORT HIGHLIGHTS

- The Town of Caledon has requested debenture financing not to exceed \$4.1 million, for a maximum term of 11 years.
- The City of Brampton has requested debenture financing not to exceed \$30 million, for a maximum term of 31 years.
- The Corporation of the City of Mississauga has requested debenture financing not to exceed \$90 million, for a maximum term of 22 years.

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

1. Background

One of the Region of Peel's (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 presents to Regional Council estimated borrowing requirements for the calendar year, indicating both the 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 to facilitate the completion of debenture issues.

In 2022, 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, referencing prudent financial management, very high liquidity, economic growth and stable revenue sources. The local municipalities also benefit from the Region's strong credit rating as the Region issues debentures on their behalf.

2. 2023 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 11 years.

The Region has received a request for debenture financing from the City of Brampton for a total amount not to exceed \$30 million, and a maximum term of 31 years.

The Region has received a request for debenture financing from The Corporation of the City of Mississauga for a total amount not to exceed \$90 million, and a maximum term of 22 years.

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

b) Region of Peel Borrowing Requirements

As outlined in the Council approved budget, debt may be considered for the Region's purposes in 2023. The Region may look to issue debentures not to exceed \$200 million in 2023, 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.

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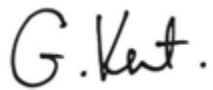
The Regional Treasurer has confirmed that the recalculation of the ARL is within the Region's limits.

RISK CONSIDERATIONS

Budgetary pressures resulting from increasing service demands, growth infrastructure requirements, higher inflation and legislative changes are expected to increase future debt requirements relative to historical trends/levels. Given the rise in interest rates in 2022 and early 2023, higher interest rates will result in increased debt service costs. Unfavourable capital market conditions or other 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 Brampton, the Corporation of the City of Mississauga, and the Region, Council is requested to authorize the issuance of debentures for the Region of Peel.



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