
REPORT TITLE: 2021 Borrowing Limits Report

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That the Commissioner of Finance and Chief Financial Officer (CFO) be authorized to negotiate the issuance of debentures in the maximum principal amount of \$20.0 million on behalf of the City of Brampton, for a term not to exceed 31 years, to be issued in 2021 or at such later date as may be requested by the Treasurer of the City of Brampton;

And further, that the Commissioner of Finance and CFO be authorized to negotiate the issuance of debentures in the maximum principal amounts of \$8.2 million on behalf of the Town of Caledon, for a term not to exceed 11 years, to be issued in 2021 or at such later date as may be requested by the Treasurer of the Town of Caledon;

And further, that the Commissioner of Finance and CFO be authorized to negotiate the issuance of debentures in the maximum total principal amount of \$90.0 million on behalf of the City of Mississauga, for a term not to exceed 16 years to be issued in 2021 or at such later date as may be requested by the Treasurer of the City of Mississauga;

And further, that the Commissioner of Finance and CFO be authorized to negotiate the issuance of debentures in the maximum principal amount of \$250.0 million for the Region of Peel, for a term not to exceed 31 years, and a refinancing of Series EB Sinking Fund in the maximum principal amount of \$111.19 million, not to exceed 10 years, to be issued in 2021 or such later date as the Treasurer of the Region of Peel may determine;

And further, that the Treasurer and CFO be authorized to negotiate and sign the Syndicate Agreement, relating to the subject borrowing, including the percentage allocated to each of the different groups and participants.

REPORT HIGHLIGHTS

- The City of Brampton has requested debenture financing not to exceed \$20.0 million, for a maximum term of 31 years.
- The City of Mississauga has requested debenture financing not to exceed \$90.0 million, for a maximum term of 16 years.
- The Town of Caledon has requested debenture financing not to exceed \$8.2 million, for a maximum term of 11 years.
- The Treasurer of the Region of Peel (Region), has on behalf of the Region requested: i) debenture financing not to exceed \$250.0 million, for a maximum term of 31 years; and, ii) Refinancing of Series EB sinking fund debentures, maturing on December 1, 2021 for an amount not to exceed \$111.19 million, for a maximum term of 11 years.

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- The Region, the City of Brampton, Town of Caledon and the City of Mississauga remains within its respective Annual Repayment Limit (ARL).
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DISCUSSION

1. Background

One of the Region's 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 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 2020, Standard & Poor's (S&P) and Moody's Investment Services affirmed the Region's Triple A credit rating. Both agencies have maintained a stable outlook for the Region reflecting the Region's strong 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. 2021 Borrowing Requirements

a) Local Municipality Borrowing Requirements

The Region has received a request for debenture financing from the City of Brampton for a total amount not to exceed \$20.0 million, and a maximum term of 31 years.

The Region has received a request for debenture financing from the Town of Caledon for a total amount not to exceed \$8.2 million, and a maximum term of 11 years.

The Region of Peel has received a request for debenture financing from the City of Mississauga for a total amount not to exceed \$90.0 million, and a maximum term of 16 years.

With a debenture issue, the municipal treasurer is required to certify that the municipality's ARL of 25 per cent of own source revenues has not been exceeded.

The Treasurers of the City of Mississauga, the City of Brampton, and the Town of Caledon 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 2021. The Region may look to issue debentures not to exceed \$250.0 million in 2021, with a maximum term of 31-years, primarily to fund development charge cashflows. 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 Region also has the option to refinance an amount of \$111.19 million related to the maturity of Series EB sinking fund debenture, maturing on December 1, 2021, for a maximum term not to exceed 11 years. This report recommends that the Region exercise that option. The Region's total net debt outstanding will remain unchanged as a result of this refinancing.

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. A continued economic slowdown 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 City of Brampton, 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.

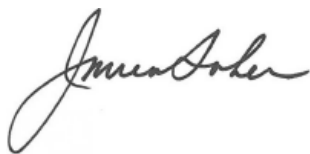
For further information regarding this report, please contact Julie Pittini, Director, Treasury Services and Deputy Treasurer, Ext. 7120, julie.pittini@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



J. Baker, Chief Administrative Officer