

<p>1. FINANCING LEASE AGREEMENTS 2018 CONVENTIONS DE CRÉDIT-BAIL 2018</p>
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### COMMITTEE RECOMMENDATION

That Council receive this report on outstanding Lease Financing Agreements as at 31 December 2018 as required by *Ontario Regulation 653/05* amended to *Regulation 291/09* and the City's Administration of Capital Financing and Debt Policy.

### RECOMMANDATION DU COMITÉ

Que le Conseil prenne connaissance du présent rapport sur les conventions de crédit-bail en cours en date du 31 décembre 2018 comme l'exige le *Règlement de l'Ontario 653/05* tel que modifié et la *Politique relative au financement, 291/09* et à la dette de la Ville.

### DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's report, Corporate Finance, Corporate Services Department dated 24 May 2019 (ACS2019-CSD-FIN-0016).

Rapport de la Trésorière municipale adjointe, Finances municipales, Direction générale des services organisationnels, daté le 24 mai 2019 (ACS2019-CSD-FIN-0016).

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
4 June 2019 / 4 juin 2019**

**and Council  
et au Conseil  
12 June 2019 / 12 juin 2019**

**Submitted on May 24, 2019  
Soumis le 24 mai 2019**

**Submitted by  
Soumis par:**

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Department / Trésorière municipale adjointe, Finances municipales, Direction  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-CSD-FIN-0016**

**SUBJECT: FINANCING LEASE AGREEMENTS 2018**

**OBJET: CONVENTIONS DE CRÉDIT-BAIL 2018**

## REPORT RECOMMENDATION

That Finance and Economic Development Committee and Council receive this report on outstanding Lease Financing Agreements as at 31 December 2018 as required by *Ontario Regulation 653/05* amended to *Regulation 291/09* and the City's Administration of Capital Financing and Debt Policy.

## RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique et le Conseil prennent connaissance du présent rapport sur les conventions de crédit-bail en cours en date du 31 décembre 2018 comme l'exige le *Règlement de l'Ontario 653/05* tel que modifié et la *Politique relative au financement, 291/09* et à la dette de la Ville.

## BACKGROUND

In accordance with *Ontario Regulation 653/05* amended to *Regulation 291/09*, Council adopted a Policy on Administration of Capital Financing and Debt approved on April 11, 2007 (ACS2007-CRS-FIN-0007), revised on October 2, 2015. The City Treasurer is required to provide a report annually to Council on any outstanding lease financing arrangements including the following information:

- Estimates of the proportion of the financing leases to the City's total long-term debt and to provide a description of any changes in that proportion to the previous year's report, if any; and
- A statement that in his or her opinion all financing leases were made in accordance with the lease policy and goals as approved by Council.

## DISCUSSION

The Administration of Capital Financing and Debt Policy established objectives, standards of care, authorized financing instruments, reporting requirements and responsibilities for the prudent financing of the City's operating and infrastructure needs.

The objectives of the Policy, in order of priority, have been met by:

- Adhering to the statutory requirements,

- Ensuring long term financial flexibility and sustainability,
- Limiting the financial risk exposure,
- Minimizing long-term cost of financing, and
- Matching the Term of Capital Financing for the Useful Life of the Related Asset.

Lease agreements may be used to finance equipment, buildings of other assets and require consideration of risks in comparison to other forms of financing. Significant or material financing lease agreements are defined as:

A lease allowing for the provision of Municipal Capital Facilities, including those capital facilities designated by Council as Municipal Capital Facilities under Section 110 of the Municipal Act, 2001, that:

- Transfer substantially all the benefits and risks incident to ownership of the property to the lessee;
- Is entered in to for the purpose of obtaining long-term financing of a capital undertaking; and
- May or will require payment by the City beyond the current term of Council.

Table 1 summarizes the significant or material financing lease agreements outstanding at year-end 2018:

**Table 1: Financing Leases Outstanding as at 31 December 2018 (in thousands of dollars)**

<b>Project</b>	<b>Amount</b>	<b>Term</b>	<b>Rate of Interest</b>
<b>Office Building</b>	44,626	24 years starting July 2003	6.0%
<b>Paramedic Services Building</b>	17,740	30 years starting December 2005	5.79%
<b>Shenkman Arts Centre</b>	34,049	30 years starting January 2009	4.99%

<b>Total</b>	96,415		
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The total principal amount outstanding under Financing Lease Agreements is equivalent to 5.04% of the City's total net long-term debt as at December 31, 2018. For comparison purposes, as at December 31, 2017 the total principal amount outstanding under Financing Lease Agreements was equivalent to 4.99% of the total net long-term debt. The change in this ratio results from the decrease in outstanding total net long-term debt from the prior year as there we no new debt issued in 2018.

The Administration of Capital Financing and Debt Policy provides for the City Treasurer to approve non-material leases which are defined as a financing lease in which the annual payments will be less than \$500,000, the term of the lease does not exceed 10 years and as a class does not exceed 1% of the City's net tax levy. No non-material leases were approved by the City Treasurer during 2018.

#### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

#### **CONSULTATION**

The public consultation process is not applicable.

#### **COMMENTS BY THE WARD COUNCILLOR(S)**

Not applicable.

#### **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendation in this report.

#### **RISK MANAGEMENT IMPLICATIONS**

There are no risk impediments to receiving this report for information.

#### **FINANCIAL IMPLICATIONS**

It is the opinion of the City Treasurer that the Lease Financing Agreements referred to in this report comply with the lease policy and goals as outlined in the Policy on Capital

Financing and Debt as adopted by Council. Lease payments are budgeted in the annual Operating Budget.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

The recommendation of this report aligns to the 2015-2018 Strategic Priority – Financial Sustainability, specifically Strategic Objective FS1 – Demonstrate sound financial management.

### **DISPOSITION**

Following consideration by the Finance and Economic Development Committee, this report will be forwarded to Council for information.