



**Special Meeting
of Council
Agenda**

**Tuesday, August 25, 2020
7 p.m.**

**Council Chambers
Aurora Town Hall**



**Town of Aurora
Special Meeting of Council
Agenda**

Tuesday, August 25, 2020
7 p.m., Council Chambers

- 1. Approval of the Agenda**
- 2. Declarations of Pecuniary Interest and General Nature Thereof**
- 3. Delegations**
- 4. Consideration of Items Requiring Discussion**
 - 1. CMS20-019 – Library Square – Tender Award and Update**

Recommended:

 1. That Report No. CMS20-019 be received; and
 2. That Tender 2020-55-CMS for the Construction of the Library Square Project be awarded to Chandos Construction Ltd. in the amount of \$41,009,865 which includes additional allocated funds of \$328,000 resulting in a total project budget of \$51,939,500.
 - 2. FIN20-019 – Library Square – Final Capital Investment Funding Strategy**

Recommended:

 1. That Report No. FIN20-019 be received; and

2. That Council approve the proposed adjustments to its previously approved funding strategy for Capital Project No. 81019 – Library Square, as presented.

3. **FIN20-001 – Library Square – Final Capital Investment Financing Strategy**

Recommended:

1. That Report No. FIN20-001 be received; and
2. That the use of a construction line of credit up to a maximum value of \$38 million to fund the Library Square project during its construction be approved; and
3. That the Town finance any balance remaining in its construction line of credit as of substantial project completion through a floating rate capital loan for a period of up to a maximum of five years; and
4. That up to a maximum of \$12.9 million in long-term debt authority for the refinancing of the floating rate capital loan in the form of a debenture with up to a maximum repayment period of twenty years be issued within five years of the project's substantial completion; and
5. That the Treasurer be authorized to determine the appropriate value and repayment period for both the floating rate capital loan and long-term debt to be issued when it is required within the constraints as defined by Council; and
6. That Council approve the Library Square project's interim/long-term debt financing by-law; and
7. That upon finalization of the long-term financing plan, an informational report be provided to Council which outlines the details of such, including interest rates and net cost of borrowing.

5. By-laws

Recommended:

That the following by-law be enacted:

- (a) **By-law Number XXXX-20** Being a By-law to authorize the submission of an application to Ontario Infrastructure and Lands Corporation (“OILC”) for temporary and long-term financing of one or more capital works of The Corporation of the Town of Aurora (the “Lower-tier Municipality”) pursuant to a floating rate capital loan facility made available by OILC to the Regional Municipality of York (the “Upper-tier Municipality”).

6. Confirming By-law

Recommended:

That the following confirming by-law be enacted:

- By-law Number XXXX-20** Being a By-law to confirm actions by Council resulting from a Special Meeting of Council on August 25, 2020.

7. Adjournment



**Town of Aurora
Special Council Report**

No. CMS20-019

Subject: Library Square – Tender Award and Update
Prepared by: Robin McDougall, Director of Community Services
Department: Community Services
Date: August 25, 2020

Recommendation

1. That Report No. CMS20-019 be received, and;
2. That the Tender 2020-55-CMS for the Construction of the Library Square Project be awarded to Chandos Construction Ltd. in the amount of \$41,009,865 which includes additional allocated funds of \$328,000 resulting in a total project budget of \$51,939,500.

Executive Summary

The Library Square project construction tender has closed and the bid price has come back within the limit established by Council. A few remaining design elements need to be shared with Council prior to awarding tender.

- Construction tender closed within the limit established by Council for the project
- During the development of the final construction specifications, the preferred metal material for the veil was changed to anodized aluminum from the previous recommendation of muntz bronze
- The water wall feature was originally designed as a flow through system, however, further assessment resulted in a circulation system being the preferred option
- Lightning protection system was considered but is not required
- Project timelines continue to progress with substantial completion expected September 2022

Background

The Library Square project has evolved through various stages of development including: community consultation, strategic and business planning, schematic design,

detailed design, cost analysis, value engineering, construction documentation, and tendering.

In December 2019, staff presented the latest project budget as a result of the completion of the Class B cost estimate. At that time, Council approved a project budget of \$51,611,700 and authorized staff to further increase the budget and proceed to tendering the project provided the Class A cost estimate remained within a 5% increase. The project team completed the Class A cost estimate which remained within the approved amount, therefore, staff proceeded to tender the project.

The Tender closed on July 20, 2020, all three pre-approved bidders submitted compliant bids with the lowest tender price from Chandos Construction Ltd. at approximately \$328,000 above the \$51,611,700 but within the 5% agreeable increase in project budget.

During the final detailed design stage and tendering, a few remaining design elements need to be shared with Council but then it is time to move to the construction phase of the project by awarding the tender.

Analysis

Construction tender closed within the limit established by Council for the project

Pre-qualification for a general contractor was completed in January 2020. This resulted in three bidders being considered pre-qualified to bid on the construction tender. The construction tender was issued to all three bidders in May 2020 and closed on July 20, 2020. All three pre-approved bidders submitted a compliant bid, with the lowest tender price submitted by Chandos Construction Ltd. The lowest tender bid came in \$328,000 above the \$51,611,700. With Council's direction to tender provided the Class A cost estimate was within 5% of the budget, the \$328,000 is %0.6 above the \$51,611,700 which is well within the 5% limit set by Council.

Currently, the project has management contingency which could cover the \$328,000, however, project management principles would recommend allocating additional funds to the project budget and keep the contingencies whole going into the construction phase of the project.

During the development of the final construction specifications, the preferred metal material for the veil was changed to anodized aluminum from the previous recommendation of muntz bronze

In October 2019 during the design development phase, the architects considered the material options for the veil. Based on the patinating quality, the historical context of the building being celebrated by aging gracefully and the material being consistent with the aesthetic and finishes throughout the interior of the building, Muntz Bronze was the recommended option. However, as the consultants progressed through the final detailed design, they had a metals specialist provide comment on the bronze metal and determined that it would cause galvanic corrosion of all adjacent metals which would risk the integrity of the building. This corrosion would happen as a result of materials that come in contact with the bronze or through ionized vapours and wind-driven rain transmitting across the building assembly. In order to mitigate the impacts, it would require increased costs in order to provide a protective coating on all adjacent materials or to isolate connections. Based on the increased cost and the risk of corrosion, muntz bronze was determined to no longer be an option.

The architects then returned to assess other metal/material options for the veil. Zinc was being considered based on its patinating properties, however, it was determined that the zinc material was too malleable and would require excessive structural reinforcement, raising the cost and compromising the building envelope and design intent. As a result, zinc was ruled out as an option.

Another metal that was considered by the architect was aluminum (Attachment #1). Although this metal does not patinate over time, it was confirmed to be lighter weight than zinc, therefore, no additional supports are required. ERA Architects (heritage consultant) consulted with the Ontario Heritage Trust (OHT) on this matter, and OHT confirmed they support the aluminum material. As a result of this analysis, the aluminum material for the veil was included as the preferred material in the tender package.

The water wall feature was originally designed as a flow through system, however, further assessment resulted in a circulation system being the preferred option

A water wall feature was approved by Council to be included in the design of the outdoor square in March 2019. The goal of this feature was to provide a peaceful enhancement similar to a running spring. This wall was designed to incorporate

detailed/contoured concrete to provide a textured surface enhancing the sound of the water. The wall was also designed to be illuminated and would drain away through a trench drain.

Although the flow through system is the preferred system for the active water play feature (same system used in all Town spray pads), the water wall is an aesthetic feature and therefore, consultants recommended the circulation system for this feature in order to reduce the amount of water being drained away. Therefore, the water wall was redesigned as a circulation system (treating the water and re-using), ultimately conserving the water. The flow through system would have used approximately 19m³ litres of water per hour. Based on 8 hours of operation per day over a four month period, the cost of water would be approximate \$82,500 per year, while the circulation system once filled would recirculate the same water. Consequently, the operating costs for a flow through system would be significant over the lifetime of the water wall, which would continue to grown on an annual basis as the cost of water continues to grow over time. The circulation system would have annual maintenance costs but nominal compared to the cost of lost water from the flow through system and over the long term would be more cost effective while conserving water.

Currently, the tender includes the water wall feature, however, at a cost of \$175,000, this is an item that could be removed from the scope of work to reduce the additional funding requirement of \$328,000 to \$153,000. If the water wall is removed from the scope of the project, the wall would continue to include the detailed/contoured concrete to maintain it as a feature wall, but the water element would be eliminated.

Lightning protection system was considered but is not required

Following the final code review and confirmation with the Town's insurance provider, it has been determined that a lightning protection system is not required. This position has been established given the following considerations:

- The Church Street School is the tallest structure within the Library Square project, however, there are other structures nearby that are taller structures and if lightning were to strike, it would likely strike the taller structure before the Church Street School.
- Electrical consultants have confirmed that all equipment (electrical distribution, communication, AV, security systems) are protected from lightning, line surges, over-voltage, etc. through the building grounding system and surge protection devices.

- Historically, statistics have shown that the facility has not had any lightning issues over the last 100+ years

However, if the preference is to include a lightning protection system as added precaution, it would protect the buildings themselves and would be interconnected with the building grounding system. Electrical Consultants note that the lightning protection system could be added to the Church Street School/Addition and the Bridge/Library Addition (\$115,000) or just the Church Street School/Addition (\$57,500).

The lightning protection system would extend over all the roof areas of both the existing Church Street School and the addition. Based on the design going over the roof of the school house, the Ontario Heritage Trust (OHT) would need to review and approve. If approved by OHT, the added scope of work and additional cost would need to be funded.

Project timelines continue to progress with substantial completion expected September 2022

Chandos Constructions Ltd. have confirmed that they are ready to mobilize shortly after the project is awarded. Upon review of their project schedule, they could mobilize in September 2020 and anticipate substantial completion by September 2022.

Advisory Committee Review

Staff and architects had previously attended both the Heritage Advisory Committee and the Accessibility Advisory Committee to obtain their feedback as the design was being developed.

Legal Considerations

Although the Procurement By-law gives the CAO the authority to award this contract since it is within a Council approved budget (and approved adjustments) for the project,

at a Special Council Meeting on December 17, 2019 Council requested that staff report back to Council prior to the tender being awarded.

Financial Implications

As noted previously, the Town's lowest compliant bid for the construction of the Library Square community hub was \$328,000 higher than the established budget. In an effort to preserve this project's established contingencies, staff have recommended that the project's overall approved budget of \$51,611,700 be increased by an equivalent amount to \$51,939,500.

Report FIN20-019 also included in tonight's agenda will offer a more detailed breakdown of this recommended final budget, as well as a final funding strategy for Council's consideration and approval.

Financing of this project is a necessity. Report FIN20-001 which can be found in tonight's agenda recommends a final financing strategy for this project's proposed funding sources which will not be readily available over the course of the Square's construction and up to 20 years afterwards.

Communications Considerations

The Town of Aurora will use 'Inform' as the level of engagement for this project. There are five different levels of community engagement to consider, with each level providing the community more involvement in the decision making process. These levels are: Inform, Consult, Involve, Collaborate and Empower. Examples of each can be found in the Community Engagement Policy. These options are based on the International Association of Public Participation (IAP2) Spectrum and assist in establishing guidelines for clearly communicating with our public and managing community engagement. In order to inform, this report will be posted to the Town's website and the Library Square dedicated web page.

Link to Strategic Plan

The development of Library Square supports the following Strategic Plan goals and key objectives:

Supporting an exceptional quality of life for all in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- **Invest in sustainable infrastructure**
- **Celebrating and promoting our culture**
- **Encourage an active and healthy lifestyle**
- **Strengthening the fabric of our community**

Alternative(s) to the Recommendation

1. Council may provide further direction.
2. That the Tender 2020-55-CMS for the Construction of the Library Square Project be awarded to Chandos Construction Ltd in the amount of \$40,834,865 which includes additional allocated funds of \$153,000 (excludes water wall feature) resulting in a total project budget of \$51,764,500.

Conclusions

Following an extensive consultation, planning and design process, the Library Square project has been tendered resulting in a bid price from Chandos Construction Ltd. within the 5% agreeable amount of the project budget. With a couple of final decisions regarding the water wall and lightning protection, it is recommended to proceed to construction.

Attachments

Attachment 1 - Memo - Preferred Veil Aluminum Material

Previous Reports

CMS19-007 – Library Square - Addition to Church Street School

CMS19-008 – Library Square – Outdoor Square

August 25, 2020

Page 8 of 8

Report No. CMS20-019

CMS19-019 – Library Square Project - Next Steps

CMS19-026 – Library Square – Veil

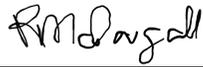
CMS19-031 – Library Square Project Update and Additional Funding

Pre-submission Review

Reviewed by Agenda Management Team via email August 11, 2020

Departmental Approval

Approved for Agenda



**Robin McDougall
Director
Community Services**



**Doug Nadorozny
Chief Administrative Officer**

Attachment 1 - CMS20-010



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TO: Robin McDougall
Town of Aurora
Aurora, ON
L4G 6J1

CC: David Leinster - Planning Partnership
Leslie Camm - Colliers Project Leaders

RE: Aurora Church Street School House Addition -
Building Veil Development

MARCH 03, 2020

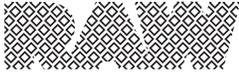
This Memo serves as a follow up to the selected veil material for the School House Addition.

Having continued to coordinate our drawings with a number of consultants, we have become aware of a degree of risk associated with the use of a Muntz Bronze material alongside the various metals that form the building envelope assembly. Specifically, the galvanized steel, aluminium and 'red' (untreated) structural steel within the building envelope would be subject to various degrees of galvanic corrosion, which could risk the integrity of the building assembly.

We followed up with one of the preeminent metal suppliers in North America, CBC Metals, noting each detail that may be subject to galvanic corrosion, and requesting feedback on how this matter could be addressed. The consultant pointed out that in addition to requiring gaskets at all joints and penetrations between dissimilar metals, we would also need to heed the effects of ionized vapours and wind-driven rain transmitting across the building assembly at weeps and flashing in the vented cavity of the rainscreen assemblies both behind the Veil and below. The list of details subject to revision included, but was not limited to:

- Stainless Steel Flashing
- Stainless Steel Parapets
- Stainless Steel Girts and Sub-girts
- Painted hat channels and strapping
- Double-coating all Galvanized Steel Studs in the Cantilever soffit with specified Tnemec coating
- Stainless Steel Fasteners
- Stainless Steel Light fixtures and fastening channels on the Veil and elsewhere on the building exterior
- Stainless Steel Gutters + Roof Drains
- Stainless Steel Rainwater leaders within the building
- Triple-coating all red Steel with specified Tnemec coating to prevent corrosion
- Anodizing *and* Power-Coating Aluminium Curtainwall Framing

With consideration to the added costs of introducing these elements into the building assembly, and the degree of risk associated with any of these elements failing from not having been installed properly (ex. site-cutting hat channels without treating the ends), which could result in failure of structural members holding up



the panels of Muntz, or those holding up the Concrete Panels, we have determined that proceeding with the inclusion of the Muntz material in the façade may not be in the Town's best interests.

We have considered other metals for the building Veil, including aluminium and zinc, which will not subject the building to any corrosive action. Following up with our structural consultant, it became clear that using zinc in the available panel sizes and properties would require excessive structural reinforcement that would compromise the building envelope and overall design intent. Meanwhile, aluminium panels were available expected sizes and were sufficiently strong and light as to not require any additional reinforcement. We therefore concluded that aluminium is the best-suited material for this application. The material is available in a select number of anodized (not painted) finishes, ranging from silver to black. Our recommendation is to carry a bronze finish. We have followed up with ERA on the matter of coordination with the Ontario Heritage Trust. ERA has consulted the Ontario Heritage Trust on this matter, and it has been communicated that the OHT supports this direction.

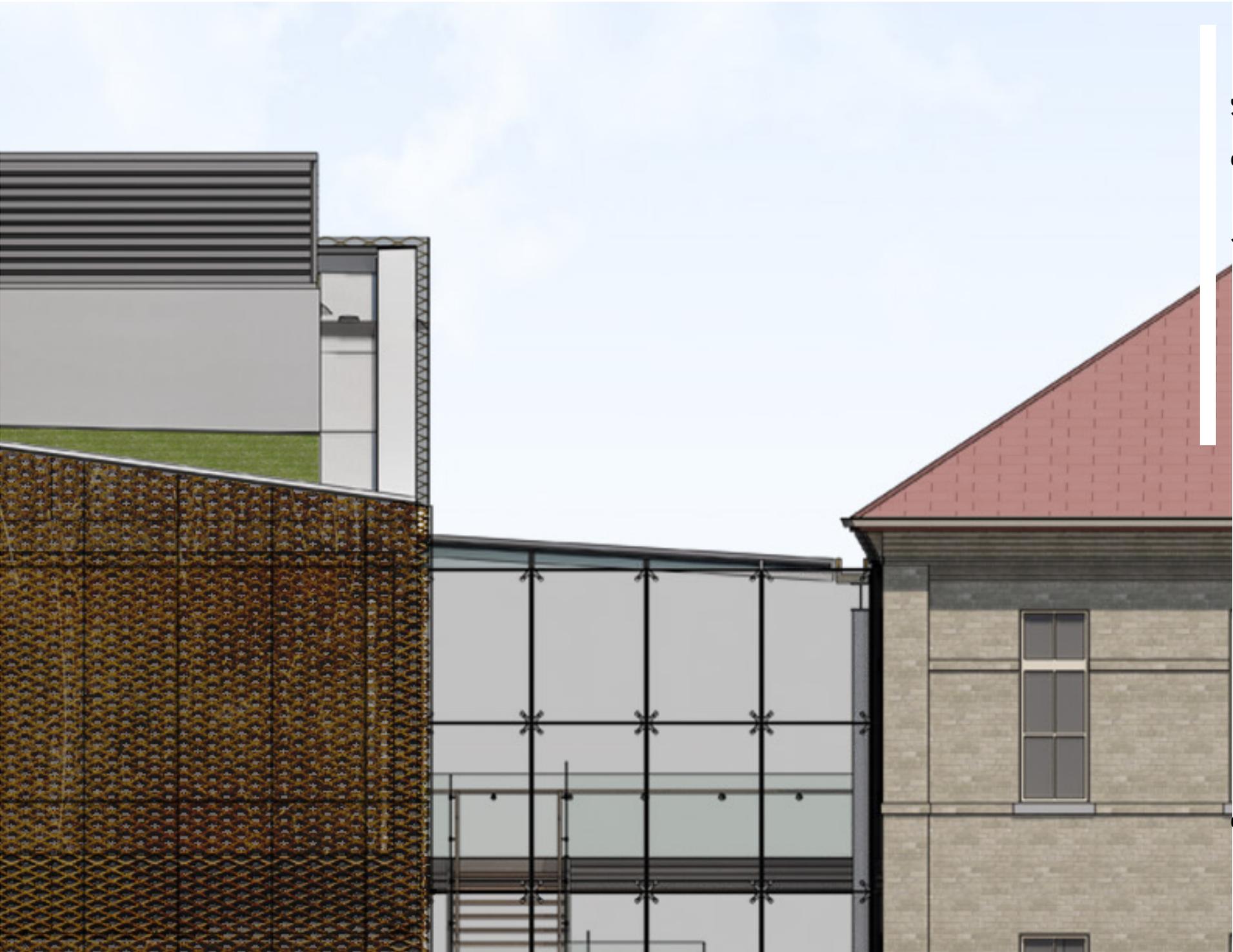
We believe that this solution will best serve the Town well into the future, so that the Cultural Centre continues to act as a brilliant beacon to Aurora's Cultural Precinct.

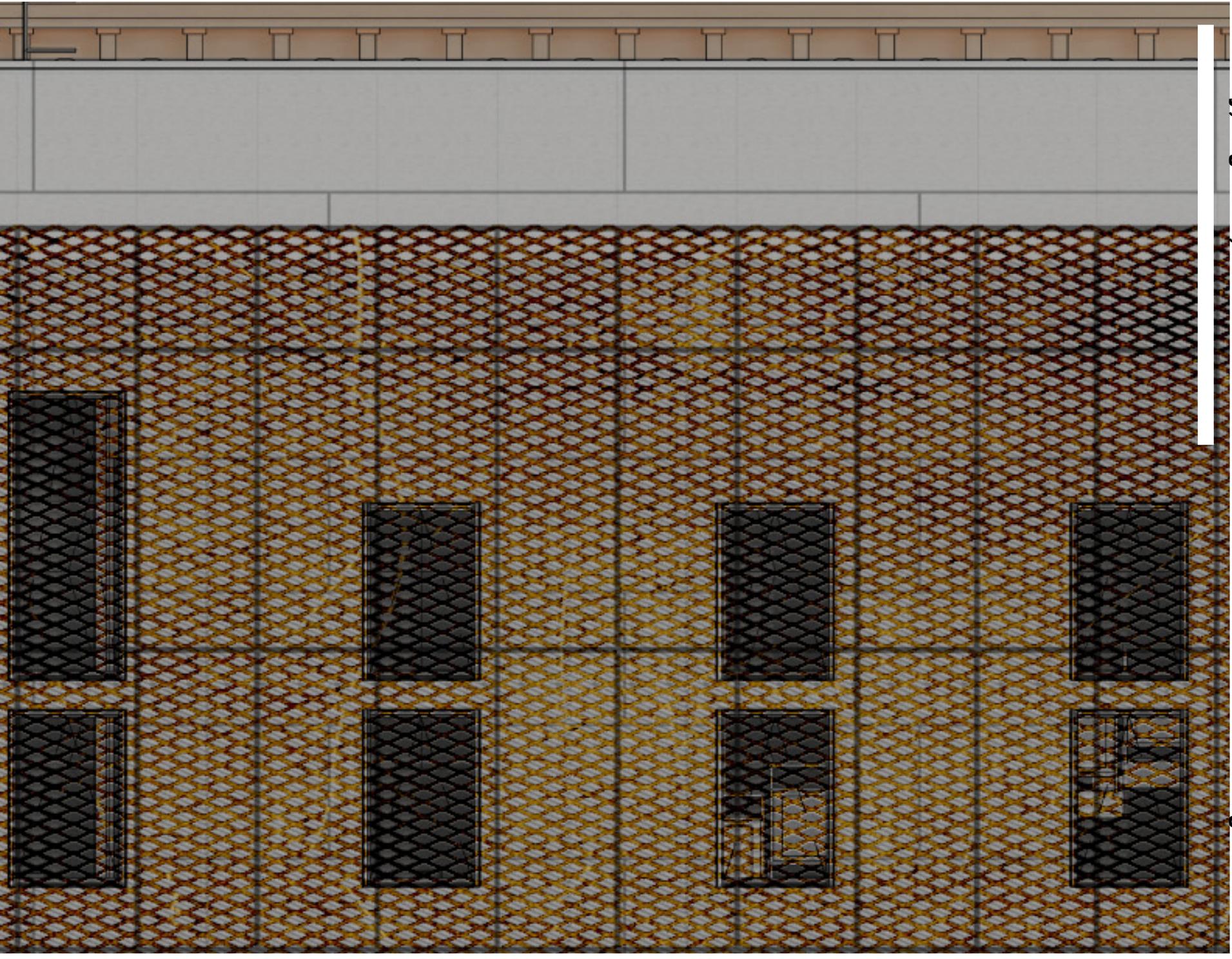


Figure 1 - West Elevation with Bronze Anodized Aluminium

Yours Sincerely,

Roland Rom Colthoff OAA, FRAIC, AAA, LEED AP
Director, RAW Design









**Town of Aurora
Council Report**

No. FIN20-019

Subject: Library Square – Final Capital Investment Funding Strategy
Prepared by: Jason Gaertner, Manager Financial Management
Department: Finance
Date: August 25, 2020

Recommendation

- 1. That Report No. FIN20-019 be received; and**
- 2. That Council approve the proposed adjustments to its previously approved funding strategy for Capital Project No. 81019 – Library Square as presented.**

Executive Summary

The current draft budget for the Library Square project which Council will be asked to consider this evening is \$51,939,500. To date, Council has approved a total budget for this project of \$51,611,700. Now that the Town has received the results of the tender and the status of its major grant application is clear, it is able to make any required final adjustments to its previously approved financial strategy for this project.

- Two final adjustments are proposed to Council's previously approved 'No Grant' funding strategy

Background

On December 17, 2019 Council received a Class 'B' cost estimate for the Library Square whose proposed design for Library Square included the following key elements:

- Demolition of 52 and 56 Victoria structures
- Church Street School Addition
- Outdoor Square & Parking
- A bridge link
- Multiple library building enhancements

At this meeting, Council also approved a total budget for this project of \$51.6 million and two alternative funding strategies that differed based upon the Town's success in obtaining funds from a significant grant application.

**Table 1
Library Square Funding Strategies approved on Dec. 17, 2019**

\$millions	Grant	No Grant
Facility Repair & Replacement Reserve	1.7	1.7
Proceeds from the sale of municipal lands reserve	2.2	3.0
Community benefits reserve	2.6	2.6
Grants	31.6	-
Federal gas tax grant	3.4	3.4
Outdoor Recreation Development Charges	2.9	3.4
Library Development Charges	4.9	4.9
Tax levy funded twenty year debenture	-	7.5
Council Discretionary reserve	0.8	0.8
Hydro investment reserve	1.5	24.3
Total	51.6	51.6

Subsequent to its meeting in December, the Town received the Class 'A' cost estimate for the Library Square project which remained within the total budget approved by Council in December thus allowing staff to proceed with the tender for this project. The Town received the final results from this tender on July 20, 2020 with the lowest compliant bid falling well within Council's acceptable contract value deviation threshold of five percent.

On August 7, 2020 the Town received an official notification from the Province that it had been unsuccessful in its infrastructure grant application totaling \$31.6 million for this project.

Analysis

Two final adjustments are proposed to Council's previously approved 'No Grant' funding strategy

As outlined in CMS20-019, with the receipt of the recent tender results for the construction of the Library Square, a final budget of \$51.9 million is proposed for this project representing a required budget increase of \$0.3M. A break-down of the revised budget can be found in Attachment #1.

With the Town's confirmation that it was unsuccessful in its major grant application, its previously approved No Grant funding strategy becomes the primary funding strategy for this project. Two final adjustments are proposed to this strategy for Council's consideration and approval.

1. That the Proceeds from the sale of municipal lands reserve contribution to this project be reduced by \$0.3M
2. That the Outdoor recreation development charges contribution to this project be increased by \$0.5M

A summary of the final proposed funding strategy is presented in Table 2 below.

**Table 2
Final Proposed Library Square Project Funding Strategy**

\$millions	Previously Approved on Dec 17, 2019	Change	Recommended Final	Remaining Reserve Balance (Post Strategy) ³
Facility Repair & Replacement Reserve	(1.7)		(1.7)	(1.45)
Proceeds from the sale of municipal lands reserve	(3.0)	0.3	(2.7)	0.00
Community benefits reserve	(2.6)		(2.6)	0.00
Grants (Specialized Equipment)	-		-	n/a
Federal gas tax grant	(3.4)		(3.4)	1.99
Outdoor Recreation Development Charges	(3.4)	(0.5)	(3.9)	(15.75)
Library Development Charges	(4.9)		(4.9)	3.34
Tax levy funded twenty year debenture ¹	(7.5)		(7.5)	n/a
Council Discretionary reserve ²	(0.8)		(0.8)	0.04
Hydro investment reserve ²	(24.3)		(24.3)	8.10
Total	(51.6)	(0.2)	(51.9)	

- 1) Assumed a 20 year debenture with an annual carrying cost equivalent to a one-time 1% tax levy increase. The currently available 20 year debenture interest through Ontario Infrastructure is 2.66%.
- 2) These identified funding amounts include a total of \$2.3 million in previous draws that were formally approved by Council over the course of 2017 and 2018 in support of the Library Square site preparation, design and parking lot construction.
- 3) All presented reserve balances reflect their values should Council approve the proposed funding strategy with the exception of the development charge reserves as their contributions in support of this project will take place over an extended period after substantial project completion.

August 25, 2020

Page 4 of 11

Report No. FIN20-019

Each of the key components of the final proposed funding strategy for Library Square will be expanded upon.

Facilities Repair & Replacement Reserve

This reserve which is replenished through the Town's cash to capital funding program serves as the primary source of funds for the repair and replacement of the Town's existing facilities. The full planned draw of \$1.7 million has already been previously approved by Council and transferred from this reserve to the associated projects which have been consolidated under the Library Square project budget. Consequently, this reserve's presented budget is not impacted by this funding strategy.

Proceeds from Sale of Municipal Lands

The Town consolidates all net proceeds from the sale of Town owned lands, such as its Leslie Street lands, under a single reserve. The Town has no specific identified purposes established for these funds. The present balance of this reserve is now \$2.7 million, of which staff are recommending that this full remaining balance be allocated in support of the Library Square project. Staff recommend that the previously approved contribution from this reserve be decreased by \$0.3M. This change is attributable to other earmarked project draws being higher than originally projected.

Community Benefit Fees

Community Benefit fees have been collected from developers in addition to statutory DC's. These surcharges for development, are intended to help fund growth related assets. The Town has no specific identified purposes established for these funds. The current value of this reserve is \$ 2.6 million.

Grant Funding

Unfortunately, the Town has now learned that it was unsuccessful in its grant application requesting a total of \$31.6 million from the Investing in Canada Infrastructure Program (ICIP) in support of Library Square infrastructure. However, the Town will submit shortly an application requesting \$1.9 million in support of the Library Square's specialized equipment from the Canada Cultural Spaces Fund (CCSF). The Canada Cultural Spaces Fund (CCSF) supports the improvement of physical conditions for arts, heritage, culture and creative innovation. The Fund supports renovation and construction projects, the acquisition of specialized equipment and feasibility studies related to cultural spaces. It had previously held off on the submission of its CCSF

August 25, 2020

Page 5 of 11

Report No. FIN20-019

application in an effort to avoid exceeding its federal funding ceiling should its ICIP application have been successful. Should the Town be successful in this application, an equivalent amount will be returned to the Hydro Investment Reserve.

The Library Square project's funding strategy includes the use of Federal Gas Tax (FGT) Funds. As per the Town's Municipal Funding Agreement for the Transfer of Federal Gas Tax (FGT) Funds, an investment into cultural infrastructure, i.e. infrastructure that supports arts, humanities, and heritage, would be considered an eligible project to which these funds could be applied. Most of the Library Square's proposed development would be considered eligible under this agreement. Of note as well, as part of its 2019/2020 operating budget, the Federal Government approved a one-time doubling of the gas tax monies that was transferred to the provinces. The province of Ontario passed these one-time payments onto its municipalities. A total of \$3.4 million in available FGT funds has been allocated in support of the Library Square project. This contribution consists of both the Town's regular and one-time 2019 FGT grant receipts.

Development Charges

Development Charges (DC's) are to be used for funding the creation of new amenities to extend service capacities in order to meet the demands of growth. Staff have reviewed the proposed new development of Library Square and identified a portion of this development that are DC eligible. Generally speaking, all cultural elements of the Library Square project are ineligible to be funded by DCs as per the DC Act which would include the Church Street School new addition and amphitheatre to be located within the outdoor square. The majority of the remaining Library Square development elements that can be deemed not to be a benefit to existing residents are eligible for partial funding by either Library or Outdoor Recreation DCs depending upon the nature of the element.

At present, the Library DC reserve is in a positive position of \$3.3 million, while the Outdoor Recreation DC reserve is in a negative position of \$15.8 million. Because the Town's financing strategy (to be presented as a separate report to Council this evening) includes the use of external funding, it is able to finance a portion of its required DC revenues for this project thus allowing a longer time horizon over which to collect these noted revenues. Staff project that should the Town proceed with the recommended DC fund contributions to this project, as of 2029, which is end of the Town's present ten year capital planning horizon, that the Library DC balance will remain in a positive position and the Outdoor Recreation DC balance will be on an upward trend to reaching

August 25, 2020

Page 6 of 11

Report No. FIN20-019

a balanced position. Staff recommend that the total planned outdoor recreation development charges contribution to this project be increased by \$0.5M.

Both of these noted reserve's projected future positions will be heavily influenced by the degree of previously unplanned work that arises and the actual rate at which new DCs are collected over this period.

Debt Financing

Debt financing, either internal or external, could be used to finance the capital investment costs of a project, to allow time for the intended source of financing to be realized, such as revenues from development charges or the tax levy. Any such financing would incur interest costs, which would need to be covered by the intended funding source. The total interest costs incurred over the life of the project's financing period will be heavily dependent upon the total principal requiring financing, interest rates, and the duration of the financing period.

Internally financing this scope of resource requirement would tie up a material portion of the Town's available resources for up to twenty years. It is anticipated that the Town will require access to the majority of its currently available reserve funds within this twenty year time horizon. Should these reserves be tied up through internal financing, the Town would risk requiring external financing for these other purposes instead. In addition, the Town has historically averaged an annual return on its longer term investment portfolio holdings of 3 to 3.5 percent on average which is greater than what it could otherwise earn through internally lending these same dollars to the Library Square project at an equivalent rate to a debenture of 1.85%.

It is acknowledged that COVID-19 will negatively affect the rate of return that the Town is able to earn on its long term investments; however, it is anticipated that macroeconomic fiscal policy will subject the cost of borrowing to further downward pressure in effort to stimulate a recessionary economy.

In an effort to effectively manage the town's cash flows, and the relatively low carrying costs of debt, staff recommend that the Town use external debt financing. Staff will present to Council for its approval a detailed financing strategy for the Library Square project as a separate report, FIN20-001 Library Square – Final Capital Investment Financing Strategy, this evening. However, in summary it is recommended that the Town use a contractor's line of credit (CLOC) while the Library Square is under construction. Upon substantial completion, any balance remaining in the Town's CLOC would be carried over into a floating rate capital loan for up to a maximum of five years.

August 25, 2020

Page 7 of 11

Report No. FIN20-019

Within five years of the project's substantial completion, the Town would convert any remaining floating rate capital loan balance into a twenty year debenture. The current 20 year debenture interest rate offered by Ontario Infrastructure is 2.66%. This external debt would be repaid through DC funding and a recent Council approved dedicated one-time tax levy increase of 1% phased onto the tax levy in two equal tax increases of 0.5 percent in 2020 and 2021. Once this noted debt has been paid off, the equivalent dedicated tax levy increase can be removed or re-allocated.

Hydro Investment Reserve

The Town sold Aurora Hydro in 2005, and 90 percent of these proceeds were established in a reserve fund. Interest has accumulated since that time, however, some of this income has been spent from time to time. No specific purpose has ever been formally approved for these funds. The current value of available funds is \$32.4 million.

Over time the funds in this reserve have become an important contributor to the Town's overall annual investment income. It is important to note, that per Council direction, investment income generated from this fund is contributed back to this reserve and does not subsidize the Town's operating budget. That being said, any draws on this reserve will reduce the Town's overall annual investment income. Staff recommend using this reserve as no other funding source is available for a project of this size and the only other option would be to issue more debt.

To date, Council has approved and formally transferred a total of \$1.5 million from the Hydro Investment reserve to the Library Square project. This reserve's balance of \$32.4 million is after the transfer of these funds to the project. Council approved a further draw from this reserve of \$22.8M as part of the No Grant funding strategy approved in December, 2019. No further changes to this draw are recommended.

Council Discretionary Reserve

The remaining 10 percent of the original proceeds obtained through the sale of Aurora Hydro were used to establish the Council Discretionary reserve. A total of \$0.8 million in funding from this reserve in support of the Library Square was approved and transferred to this project by Council in 2018. The present value of this reserve of \$0.04 million reflects its position after the transfer of these noted approved funds. No changes are recommended.

Advisory Committee Review

Not applicable.

Legal Considerations

Not applicable.

Financial Implications

With the recent receipt of the results for the Library Square construction tender, a final budget of \$51.9 million has been proposed for Council's consideration under report CMS20-019, representing an increase of 0.3 million from the budget that Council approved on December 17, 2019.

Taking into consideration the changes to the overall required budget for this project and its unsuccessful major grant application, the Town's previously approved No Grant funding strategy becomes its primary funding strategy for this project with two recommended changes. This funding strategy represents the most financially feasible option available to the Town at this time. This strategy strives to maintain sufficient cash liquidity in consideration of all the Town's known short to longer term financial obligations/requirements.

It is projected that the Town will need to finance approximately \$12.7 million through a floating rate capital loan at the time of substantial project completion in 2022 for a period up to a maximum of five years. Furthermore, the Town will require long term financing for up to a maximum of 20 years. Should the Town wait the full five years after substantial project completion to access this long term financing, the principal at this time is estimated to be approximately \$9.5 million as illustrated in Table 3. If this long term financing is accessed earlier, the principal will be higher, up to a maximum of \$12.9 million.

**Table 3
Estimated Library Square Project Long Term Debt Financing Requirement**

\$millions	Final Recommended Funding	Funding Available by Substantial Completion	Estimated Required Capital Loan (2022)	Estimated Required Long Term Financing (2027)
Facility Repair & Replacement Reserve	(1.7)	1.7	-	-
Proceeds from the sale of municipal lands reserve	(2.7)	2.7	-	-
Community benefits reserve	(2.6)	2.6	-	-
Grants (Specialized Equipment)	-	-	-	-
Federal gas tax grant	(3.4)	3.4	-	-
Outdoor Recreation Development Charges	(3.9)	-	(3.9)	(2.7)
Library Development Charges	(4.9)	3.0	(1.9)	(1.2)
Tax levy funded twenty year debenture	(7.5)	0.6	(6.9)	(5.6)
Council Discretionary reserve	(0.8)	0.8	-	-
Hydro investment reserve	(24.3)	24.3	-	-
Total	(51.9)	39.2	(12.7)	(9.5)

This long term financing would be repaid through future tax levy and development charge collections.

Communications Considerations

The Town of Aurora will use ‘Inform’ as the level of engagement for this project. There are five different levels of community engagement to consider, with each level providing the community more involvement in the decision making process. These levels are: Inform, Consult, Involve, Collaborate and Empower. Examples of each can be found in the Community Engagement Policy. These options are based on the International Association of Public Participation (IAP2) Spectrum and assist in establishing guidelines for clearly communicating with our public and managing community engagement. In order to inform, this report will be posted to the Town’s website, the Library Square dedicated web page and will be included in the special council highlights.

Link to Strategic Plan

Reporting to Council and the public on the Library Square capital project's planned expenditures and the Town's funding strategy for this project supports the Strategic Plan principles of transparency and accountability.

Alternative(s) to the Recommendation

1. Council may provide further direction.

Conclusions

As the Library Square project's total estimated cost is now solidified and the status of its major grant application known, staff have undertaken a final review of Council's previously approved funding strategies for this project. Based upon this review staff recommend that Council approve two final adjustments to this project's no grant funding strategy.

Staff's recommended financing strategy for this project will be presented to Council for its consideration as part of a separate report, FIN20-001 Library Square - Final Capital Investment Financing Strategy, this evening.

Attachments

Attachment #1 - Library Square Project Final Budget Break-down by Key Category

Previous Reports

PBS17-032 Library Square – Conceptual Plans
PBS17-066 Award of Contract for Library Square Site Plan
PDS18-076 Library Square
CMS19-008 Library Square – Outdoor Square
CMS19-007 Library Square – Addition to Church Street School
CMS19-009 Library Square – Proposed Operating Plan
PDS19-018 Library Square – Parking
CMS19-005 Library Square Project - Update
FS19-004 Major Capital Investment Funding Strategy
FS19-024 Library Square Total Budget Funding Sources

August 25, 2020

Page 11 of 11

Report No. FIN20-019

FS19-025 Library Square – Financial Update
CMS19-031 Library Square - Project Update and Tender issuance
FS19-042 Library Square – Updated Library Square Funding Strategy
FIN20-001 Library Square - Final Capital Investment Financing Strategy

Pre-submission Review

Agenda Management Team review via e-mail on August 12, 2020

Departmental Approval



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Wainwright-van Kessel, CPA, CMA
Date: 2020.08.14 10:22:38 -04'00'

Approved for Agenda



Rachel Wainwright-van Kessel, CPA, CMA
Director, Finance/Treasurer

Doug Nadorozny
Chief Administrative Officer

**Library Square Project Final Budget Break-down by Key
Category**

	Final Recommended Budget	
Consultant Fees		
Project Management Services	582,800	
Prime Consulting Services	3,948,400	
Other Consultants	200,000	
Permits	25,000	4,756,200
Construction Costs		
Church Street School Addition	24,770,200	
Outdoor Square & Parking	6,675,800	
Bridge Link	3,350,900	
Library Building Enhancements	4,629,900	
Other Previously Approved Capital Works:		
Existing Library HVAC Unit Replacement	835,300	
Existing Library Roof Replacement	432,400	
22 Church St Exterior Door	89,200	
22 Church St LED Light Retrofit	49,100	
22 Church St Repaint of Interior walls	35,200	
Existing Library Exterior Lighting LED Retrofit	30,900	
22 Church St Brick Repairs	30,200	
Library Replacement of Perimeter Window Sealant	25,600	
22 Church St Repair Wood Flooring	24,600	
Existing Library Fire Alarm Panel Replacement	20,600	
Existing Library Repair to Elevator Doors	10,000	1,583,100
		41,009,900
Furniture, Fixtures & Equipment (FF&E)		800,000
Other		
Demolition	150,000	
Electronic Messaging Signage	49,100	
Public Art Contribution	256,600	
Marketing & Advertising	20,000	
Other Minor	5,000	480,700
Contingencies		
Construction contingency	3,000,000	
Management reserve	1,000,000	4,000,000
Unrecoverable HST (1.76 percent)		892,700
Total Project Requirement		\$51,939,500



**Town of Aurora
Special Council Report**

No. FIN20-001

Subject: Library Square – Final Capital Investment Financing Strategy
Prepared by: Jason Gaertner, Manager, Financial Management
Department: Finance
Date: August 25, 2020

Recommendation

- 1. That Report No. FIN20-001 be received; and**
- 2. That the use of a construction line of credit up to a maximum value of \$38 million to fund the library square project during its construction be approved; and**
- 3. That the Town finance any balance remaining in its construction line of credit as of substantial project completion through a floating rate capital loan for a period of up to a maximum of five years; and**
- 4. That up to a maximum of \$12.9 million in long term debt authority for the refinancing of the floating rate capital loan in the form of a debenture with up to a maximum repayment period of twenty years be issued within five years of the project's substantial completion; and**
- 5. That the Treasurer be authorized to determine the appropriate value and repayment period for both the floating rate capital loan and long-term debt to be issued when it is required within the constraints as defined by Council; and**
- 6. That Council approve the library square project's interim/long term debt financing bylaw; and**
- 7. That upon finalization of the long term financing plan, an informational report be provided to Council which outlines the details of such, including interest rates and net cost of borrowing.**

Executive Summary

The current draft budget for the Library Square project which Council will be asked to consider this evening is \$51,939,500. To date, Council has approved a total budget for this project of \$51,611,700. Due to the significance of this investment, both a short term and longer term financing plan is essential. This report presents a recommended financing plan for the library square project to Council for its consideration and approval.

- A construction line of credit offers the greatest cash flow flexibility at a minimal cost to the Town
- Rolling the construction line of credit balance into a floating rate capital loan upon substantial completion for up to five years offers maximum repayment flexibility
- The Town will require a long term debenture for up to a maximum of \$12.9 million with a maximum repayment period of up to twenty years
- The Town will continue to seek alternative funding in an effort to minimize the level of long term financing required

Background

On December 17, 2019 Council approved a total budget of \$51,611,700 for the library square project. It also authorized staff to further increase this budget and proceed with the tendering of this project provided its final Class A estimate remains within a maximum five percent increase.

In addition, Council approved staff's recommended funding strategy for this project subject to the results of its final Class A cost estimate. The approved funding strategy included two alternative scenarios; one scenario where the Town was successful in its Canada Infrastructure Program (ICIP) grant application and another where it was not. Table 1 outlines the two alternative funding strategies that were approved.

**Table 1
Library Square Funding Strategies approved on Dec. 17, 2019**

\$millions	Grant	No Grant
Facility Repair & Replacement Reserve	1.7	1.7
Proceeds from the sale of municipal lands reserve	2.2	3.0
Community benefits reserve	2.6	2.6
Grants	31.6	-
Federal gas tax grant	3.4	3.4
Outdoor Recreation Development Charges	2.9	3.4
Library Development Charges	4.9	4.9
Tax levy funded twenty year debenture	-	7.5
Council Discretionary reserve	0.8	0.8
Hydro investment reserve	1.5	24.3
Total	51.6	51.6

The Town was notified by the Province on August 7, 2020 that its major Library Square infrastructure grant application was not going to be nominated to the federal government for review and approval. Staff will present a final library square project funding strategy to Council this evening for its review and approval which will reflect this decision.

Long term financing will continue to be a key component of this approved funding strategy.

A similar interim/longer term financing report is scheduled for York Region Council approval on September 24, 2020 should Aurora Council approval be obtained on August 18, 2020

Analysis

A construction line of credit offers the greatest cash flow flexibility at a minimal cost to the Town

A construction line of credit offers the Town maximum flexibility in its management of what will be significant cash outflows over the duration of the library square's construction within the context of COVID-19 impacts as well as the new construction lien act requirements that this project will be subject to.

Also, in consideration that some of this project's funding sources will be collected over the duration of the library square's construction, it is most advantageous to the Town for it to delay its commitment to longer term financing until after construction is substantially complete. For example, as the majority of the Town's unused reserve funds have been invested, a construction line of credit will provide the Town with sufficient time to strategically recall these investments a minimal cost while maximizing investment income. A construction line of credit is the ideal financial tool for the Town in this scenario as it offers short term financing over the duration of a construction project at a minimal cost. As of August 10th, a municipal construction line of credit could be obtained through Ontario Infrastructure & Lands Corporation with a financing rate of 0.65% which was the lowest rate available at that time.

A construction line of credit is secured with a variable interest rate updated monthly. The Town is required to pay only the accrued interest owing each month as a minimum payment. However, the Town is able to pay higher amounts of its balance owing at any time. The agreement with Ontario Infrastructure requires that this debt be further secured by the Town's upper tier municipality, York Region, and upon project substantial completion any remaining balances must be either rolled into a floating rate capital loan or fully paid off through a cash payment or conversion to long term financing.

Rolling the construction line of credit balance into a floating rate capital loan upon substantial completion for up to five years offers maximum repayment flexibility

Ontario Infrastructure and Lands Corporation offers an ability for municipalities to convert any remaining construction line of credit balance upon substantial project completion into a floating rate capital loan for a period up to a maximum of five years. It is estimated that the Town's construction line of credit balance at substantial project completion will be approximately \$12.2 million. The Town is required to continue to pay only the accrued interest owing on its capital loan owing each month as a minimum payment. Similar to a construction line of credit, a floating rate capital loan offers an opportunity to make multiple one-time payments of any amount over the lifetime of the loan thus allowing the Town to reduce its required long term debenture principal and resultant interest costs. In addition, it is anticipated that the short term borrowing rate will continue to be low over the next several years. Reducing the overall cost of interest is advantageous to the Town.

The Town will require a long term debenture for up to a maximum of \$12.9 million with a maximum repayment period of up to twenty years

The Town will not collect all of its planned funding to be allocated toward the library square project within five years of its substantial completion. This uncollected funding will consist of development charges and tax levy funding. A long term debenture for this portion of the outstanding floating rate capital loan balance will be required. Should the Town take the full five years after substantial project completion before proceeding with its long term financing, the outstanding balance at this time is estimated to be approximately \$9.5 million. However, the Town may proceed with long term financing earlier should it be deemed advantageous to the Town, consequently the principal requiring financing at this time will be higher. The noted maximum principal of \$12.9 million takes this possibility into consideration.

The outdoor recreation and library development charge revenues committed to this project are planned to be collected by the Town from development taking place over the next 10 years. In addition, by 2021 the Town's ongoing operating budget will include an allocation of \$510,000 per year of tax levy for the repayment of the required library square project debenture's principal and interest.

The Town is able to access the following financial tools for the long term re-financing of any remaining floating rate capital loan balance within five years of the project's substantial completion:

1. York Region: fixed rate, closed, twenty year debenture financing.
2. Ontario Infrastructure & Lands Corporation: fixed rate, closed, debenture with financing guaranteed by York Region up to a maximum 20-year term.

Should the Town proceed with an Ontario Infrastructure debenture, as per legislation this debenture must be secured by the Town's upper Tier municipality, York Region.

Debentures operate very much the same as a closed, fixed rate home mortgage, where payments are fixed, and no additional or balloon payments are permitted. Bank loan financing is not permitted under the Municipal Act and regulations.

Staff recommend that 20 years is a reasonable refinancing period as it will allow sufficient time for the Town to collect all of its planned development charge revenues from future development, as well as provide sufficient time for the tax levy to pay off its share of the library square's costs in a financially sustainable manner.

The Town will continue to seek alternative funding in an effort to minimize the level of long term financing required

Upon conclusion of the Library Square's construction, its construction line of credit balance will be rolled into a floating rate capital loan for a period up to five years. Consequently, the Town will have an additional five years over which it can continue to explore alternative funding solutions for this project. This alternative funding will allow the Town to reduce the total balance requiring long term financing as well as its required repayment period.

As noted previously, the outstanding funding sources for financing upon the project's substantial completion will be development charges and the tax levy. The Town will need to await the collection of its earmarked DCs for this project from future development taking place over the next ten years. However, should the Town be successful in acquiring alternative funding such as additional grant funding or revenues from sponsorship, it is able to replace the previously earmarked tax levy funding with these new monies.

Advisory Committee Review

None

Legal Considerations

Subsection 401(3) and section 403 of the Municipal Act requires that all long-term financing for lower-tier municipalities be acquired through their upper-tier municipality. Likewise, a lower-tier municipality may only access a construction line of credit through its upper-tier municipality. In this case, the Town must access staff's recommended Ontario Infrastructure construction line of credit (interim financing) and debenture (long-term financing) through The Regional Municipality of York. The Town and the Region must pass a by-law authorizing both the library square project's interim and long term financing prior to proceeding with a formal application for financing to Ontario Infrastructure. If successful in its financing application, the Town and the Region will have to enter into a financing agreement(s) with Ontario Infrastructure.

Financial Implications

As noted previously, a construction line of credit could be a very useful tool to the Town in its management of the significant cash outflows that are expected over the duration of the Library Square's construction. And, the subsequent rolling of any remaining construction line of credit balance into a floating rate capital loan for a period up to a maximum of five years upon substantial project completion which will allow the Town to further reduce its long term refinancing costs. The interest cost of both these tools is presently quite minimal; Ontario Infrastructure's present posted interest rate for both these interim financing tools is 0.65 percent per annum.

The total balance requiring long term refinancing is estimated to be \$9.5 million should the Town wait the full maximum five years after the project's substantial completion before commencing the long term refinancing. The amount of the principal requiring long term refinancing will be higher should the Town deem it advantageous to enter into this financing earlier. It is recommended that this long term financing take the form of an Ontario Infrastructure debenture. Ontario Infrastructure has consistently offered the lowest available debenture interest rate. This debenture will require an amortization period up to a maximum of 20 years, depending upon the total balance remaining at that time.

The Town has sufficient room within its calculated annual repayment limit of \$20,761,000. Assuming a maximum estimated debenture of \$12.9 million amortized over 20 years, the Town's total incremental annual debt carrying costs would be \$774,600, with this amount included the Town's total annual debt carrying costs would become \$2,098,500 representing 10 percent of its allowed maximum.

This debenture will be repaid through a contribution from the tax levy of up to \$510,000 per year with the remaining portion of its annual payment being funded 63 percent from Outdoor Recreation and 37 percent from Library development charges.

Once this project has reached substantial completion, the amount and the term length of the debenture will be finalized. An informational report will be provided to Council outlining the details of this debenture, including interest rates and net cost of borrowing.

Communications Considerations

The Town of Aurora will use 'Inform' as the level of engagement for this project. There are five different levels of community engagement to consider, with each level providing

the community more involvement in the decision making process. These levels are: Inform, Consult, Involve, Collaborate and Empower. Examples of each can be found in the Community Engagement Policy. These options are based on the International Association of Public Participation (IAP2) Spectrum and assist in establishing guidelines for clearly communicating with our public and managing community engagement. In order to inform, this report will be posted to the Town's website, the Library Square dedicated web page and will be included in the special council highlights.

Link to Strategic Plan

Reporting to Council and the public on the Town's proposed Library Square project's financing strategy supports the Strategic Plan principles of transparency and accountability.

Alternative(s) to the Recommendation

1. Council provide direction

Conclusions

The Library Square represents the largest single project that the Town has ever undertaken. The Town's required cash outflows over the duration of this project will be significant and could benefit from short-term financing. In addition, the Town is able to minimize its long term financing interest costs through the rolling of any outstanding construction line of credit balance as of substantial project completion into a floating rate capital loan for a period up to a maximum of five years. Also, the earmarked development charges and tax levy funding for this project will continue to be collected beyond five years of this project's completion, consequently the Town will require long term debt financing to manage these outstanding amounts.

Staff recommend that the Town address the short term financing need through the combination of an Ontario Infrastructure construction line of credit to be in place in time for the commencement of construction and a floating rate capital loan for up to a maximum of five years after the project's substantial completion. Staff further recommend that the Town address its long term refinancing requirements through up to a 20 year Ontario Infrastructure and Lands debenture.

Attachments

Attachment #1: Library square project's interim/long term debt financing bylaw

Previous Reports

PBS17-032 Library Square – Conceptual Plans
PBS17-066 Award of Contract for Library Square Site Plan
PDS18-076 Library Square
CMS19-008 Library Square – Outdoor Square
CMS19-007 Library Square – Addition to Church Street School
CMS19-009 Library Square – Proposed Operating Plan
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CMS19-005 Library Square Project - Update
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FS19-024 Library Square Total Budget Funding Sources
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CMS19-031 Library Square - Project Update and Tender issuance
FS19-042 – Library Square – Updated Library Square Funding Strategy

Pre-submission Review

Agenda Management Team review via email on August 12, 2020

Departmental Approval



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Wainwright-van Kessel, CPA, CMA
Date: 2020.08.14 10:21:10 -04'00'

Rachel Wainwright-van Kessel, CPA, CMA
Director, Finance/Treasurer

Approved for Agenda



Doug Nadorozny
Chief Administrative Officer

The Corporation of the Town of Aurora

By-law Number XXXX-20

Being a By-law to authorize the submission of an application to Ontario Infrastructure and Lands Corporation (“OILC”) for temporary and long-term financing of one or more capital works of The Corporation of the Town of Aurora (the “Lower-tier Municipality”) pursuant to a floating rate capital loan facility made available by OILC to the Regional Municipality of York (the “Upper-tier Municipality”).

Whereas the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended (the “Act”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

And whereas subsection 405(1) of the Act provides, amongst other things, that a municipality may authorize temporary borrowing to meet expenditures made in connection with a work to be financed in whole or in part by the issue of debentures if, the municipality is a lower-tier municipality in a regional municipality and it has approved the work and the upper-tier municipality has approved the issue of debentures for the work;

And whereas subsection 401(1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

And whereas subsection 401(3) of the Act provides that a lower-tier municipality in a regional municipality does not have the power to issue debentures and accordingly the Lower-tier Municipality intends that the Upper-tier Municipality will issue debentures in respect of the capital work(s) of the Lower-tier Municipality and will request that the Upper-tier Municipality do so;

And whereas subsection 403(1) of the Act provides that a by-law of an upper-tier municipality authorizing the issuing of debentures for the purposes or joint purposes of one or more of its lower-tier municipalities may require those lower-tier municipalities to make payments in each year to the upper-tier municipality in the amounts and on the dates specified in the by-law;

And whereas the Act also provides that a municipality shall authorize long-term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act and subsection 403(7) of the Act provides that all debentures issued under a by-law passed by an upper-tier municipality under section 403 are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

And whereas OILC has invited Ontario municipalities desirous of obtaining temporary and long-term debt financing in order to meet capital expenditures incurred on or after the year that is five years prior to the year of an application in connection with eligible capital works, pursuant to a floating rate capital loan facility, to make application to OILC for such financing by completing and submitting an application in the form provided by OILC;

And whereas the Council of the Lower-tier Municipality has passed the by-law(s) enumerated in column (1) of Schedule "A" attached hereto and forming part of this By-law ("Schedule "A") authorizing the capital work(s) or the class/classes of the capital works, as the case may be, described in column (2) of Schedule "A" (individually a "Capital Work", collectively the "Capital Works", as the case may be) in the amount of the respective estimated expenditure set out in column (3) of Schedule "A", subject in each case to approval by OILC of the financing for such Capital Work(s) that will be requested by the Lower-tier Municipality in the Application as hereinafter defined;

And whereas before the Council of the Lower-tier Municipality approved the Capital Work(s) in accordance with section 4 of Ontario Regulation 403/02 (the "Regulation"), the Council of the Lower-tier Municipality had its Treasurer calculate an updated limit in respect of its then most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the "Updated Limit"), and, on the basis of the authorized estimated expenditure for the Capital Work or each Capital Work, as the case may be, as set out in column (3) of Schedule "A" (the "Authorized Expenditure" for any such Capital Work), the Treasurer calculated the estimated annual amount payable in respect of the Capital Work or each Capital Work, as the case may be, and determined that the estimated annual amount payable in respect of the Capital Work or each Capital Work, as the case may be, did not cause the Lower-tier Municipality to exceed the Updated Limit, and accordingly the approval of the Local Planning Appeal Tribunal pursuant to the Regulation, was not required before any such Capital Work was authorized by the Council of the Lower-tier Municipality;

And whereas the Lower-tier Municipality requested the Upper-tier Municipality to issue debentures for the Capital Work(s) and in this connection the Upper-tier Municipality and the Lower-tier Municipality completed and submitted an application to OILC (the "Application") to request financing for the Capital Work(s) by way of long-term borrowing pursuant to section 403 of the Act through the issue of debentures to OILC by the Upper-tier Municipality and by way of temporary borrowing by the Lower-tier Municipality from OILC pending the issue of such debentures, all pursuant to the Floating Rate Facility as hereinafter defined;

And whereas OILC has accepted and has approved or will accept and approve the Application, as the case may be;

And whereas OILC has agreed or will agree, as the case may be, to make long-term financing pursuant to a floating rate capital loan facility available to the Upper-tier Municipality (the "Floating Rate Facility") up to the maximum principal amount of \$38,000,000 (the "Floating Rate Facility Limit") and has agreed or will agree, as the case may be, to make temporary financing available pursuant to the Floating Rate Facility to the Lower-tier Municipality from time to time during the currency of the financing agreement to be entered into by OILC, the Upper-tier Municipality and the Lower-tier Municipality (the "Financing Agreement") up to the Floating Rate Facility Limit to meet expenditures made in connection with the Capital Work(s) on the basis that the Capital Work(s) will be long-term financed in whole or in part by the issue of debentures of the Upper-tier Municipality (the "Debentures"), subject to the terms and conditions set out in the Financing Agreement.

Now therefore the Council of The Corporation of the Town of Aurora hereby enacts as follows:

1. The Council of the Lower-tier Municipality hereby confirms, ratifies and approves the execution by the Treasurer of the Application and the submission by such

- authorized official of the Application, duly executed by such authorized official, to OILC, in cooperation with the Upper-tier Municipality, for the financing of the Capital Work(s) by way of temporary borrowing from OILC, pending the issue of Debentures, in a maximum aggregate principal amount up to the Floating Rate Facility Limit, substantially in the form of Schedule "B" hereto and forming part of this By-law, with such changes thereon as such authorized official may hereafter approve, such execution and delivery to be conclusive evidence of such approval.
2. The Mayor and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Lower-tier Municipality the Financing Agreement that provides for long-term financing of the Capital Work(s) in a maximum aggregate principal amount up to the Floating Rate Facility Limit and temporary financing of the Capital Work(s) in a maximum aggregate principal amount up to the Floating Rate Facility Limit on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
 3. The Mayor and/or Treasurer are hereby authorized, pending the substantial completion of each Capital Work or as otherwise agreed with OILC, to temporarily borrow pursuant to section 405 of the Act in respect of each Capital Work, on the terms and conditions provided in the Financing Agreement which Financing Agreement provides that the information contained in the Record, as defined in the Financing Agreement, in respect of such temporary borrowings shall be deemed final, conclusive and binding on the Lower-tier Municipality, and on such terms and conditions as such authorized official(s) may agree; and the Treasurer is authorized to sign such certifications as OILC may require in connection with such borrowings in respect of the Capital Work(s); provided that the amount of borrowing allocated to each Capital Work does not exceed the Authorized Expenditure for such Capital Work and does not exceed the related loan amount set out in column (4) of Schedule "A" in respect of such Capital Work and provided that the aggregate of the principal amount of all of the outstanding temporary borrowings and the Debentures outstanding pursuant to the Financing Agreement does not exceed the Floating Rate Facility Limit.
 4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011*, S.O. 2011, c. 9, Sched. 32, as amended, the Lower-tier Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Lower-tier Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Lower-tier Municipality, amounts not exceeding the amounts that the Lower-tier Municipality fails to pay to OILC on account of any unpaid indebtedness of the Lower-tier Municipality to OILC under any outstanding temporary borrowing and/or in respect of any indebtedness of the Lower-tier Municipality to the Upper-tier Municipality under the Debentures issued for any Capital Work (the "**Obligations**") and to pay such amounts to OILC from the Consolidated Revenue Fund.
 5. For the purposes of meeting the Obligations, the Lower-tier Municipality shall provide for raising in each year as part of the general lower-tier levy the amounts of principal and interest payable in each year in respect of any outstanding temporary borrowing and/or any Debenture outstanding pursuant to the Financing Agreement, to the extent that the amounts have not been provided for

by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.

6. (a) The Treasurer is hereby authorized to execute and deliver the Application, the Mayor and the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement, one or more of the Clerk and the Treasurer are hereby authorized to generally do all things and to execute all other documents and papers in the name of the Lower-tier Municipality in order to perform the Obligations of the Lower-tier Municipality under the Financing Agreement and to request and receive any temporary borrowing, and the Treasurer is authorized to affix the Lower-tier Municipality's municipal seal to any such documents and papers.
- (b) The money realized in respect of any temporary borrowing for the Capital Work(s) and the Debentures issued for any Capital Work, including any premium, and any earnings derived from the investment of that money after providing for the expenses related to any such temporary borrowing and to the issue of such Debentures by the Upper-tier Municipality, if any, shall be apportioned and applied to the respective Capital Work and to no other purpose except as permitted by the Act.

Enacted by Town of Aurora Council this 25th day of August, 2020.

Tom Mrakas, Mayor

Michael de Rond, Town Clerk

By-law Number XXXX-20

Page 5 of 6

**Schedule "A"
(New Capital Work(s))**

(1) <u>Capital Work Number</u>	(2) <u>Description of Capital Work</u>	(3) <u>Estimated Expenditure</u>	(4) <u>Loan Amount</u>
81019	Library Square	\$51,939,500	\$38,000,000

By-law Number XXXX-20

Page 6 of 6

Schedule "B"

(New Capital Work(s))

Insert the OILC Application into Schedule "B"

The Corporation of the Town of Aurora

By-law Number XXXX-20

Being a By-law to authorize the submission of an application to Ontario Infrastructure and Lands Corporation (“OILC”) for temporary and long-term financing of one or more capital works of The Corporation of the Town of Aurora (the “Lower-tier Municipality”) pursuant to a floating rate capital loan facility made available by OILC to the Regional Municipality of York (the “Upper-tier Municipality”).

Whereas the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended (the “Act”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

And whereas subsection 405(1) of the Act provides, amongst other things, that a municipality may authorize temporary borrowing to meet expenditures made in connection with a work to be financed in whole or in part by the issue of debentures if, the municipality is a lower-tier municipality in a regional municipality and it has approved the work and the upper-tier municipality has approved the issue of debentures for the work;

And whereas subsection 401(1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

And whereas subsection 401(3) of the Act provides that a lower-tier municipality in a regional municipality does not have the power to issue debentures and accordingly the Lower-tier Municipality intends that the Upper-tier Municipality will issue debentures in respect of the capital work(s) of the Lower-tier Municipality and will request that the Upper-tier Municipality do so;

And whereas subsection 403(1) of the Act provides that a by-law of an upper-tier municipality authorizing the issuing of debentures for the purposes or joint purposes of one or more of its lower-tier municipalities may require those lower-tier municipalities to make payments in each year to the upper-tier municipality in the amounts and on the dates specified in the by-law;

And whereas the Act also provides that a municipality shall authorize long-term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act and subsection 403(7) of the Act provides that all debentures issued under a by-law passed by an upper-tier municipality under section 403 are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

And whereas OILC has invited Ontario municipalities desirous of obtaining temporary and long-term debt financing in order to meet capital expenditures incurred on or after the year that is five years prior to the year of an application in connection with eligible capital works, pursuant to a floating rate capital loan facility, to make application to OILC for such financing by completing and submitting an application in the form provided by OILC;

By-law Number XXXX-20

Page 2 of 6

And whereas the Council of the Lower-tier Municipality has passed the by-law(s) enumerated in column (1) of Schedule "A" attached hereto and forming part of this By-law ("Schedule "A") authorizing the capital work(s) or the class/classes of the capital works, as the case may be, described in column (2) of Schedule "A" (individually a "Capital Work", collectively the "Capital Works", as the case may be) in the amount of the respective estimated expenditure set out in column (3) of Schedule "A", subject in each case to approval by OILC of the financing for such Capital Work(s) that will be requested by the Lower-tier Municipality in the Application as hereinafter defined;

And whereas before the Council of the Lower-tier Municipality approved the Capital Work(s) in accordance with section 4 of Ontario Regulation 403/02 (the "Regulation"), the Council of the Lower-tier Municipality had its Treasurer calculate an updated limit in respect of its then most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the "Updated Limit"), and, on the basis of the authorized estimated expenditure for the Capital Work or each Capital Work, as the case may be, as set out in column (3) of Schedule "A" (the "Authorized Expenditure" for any such Capital Work), the Treasurer calculated the estimated annual amount payable in respect of the Capital Work or each Capital Work, as the case may be, and determined that the estimated annual amount payable in respect of the Capital Work or each Capital Work, as the case may be, did not cause the Lower-tier Municipality to exceed the Updated Limit, and accordingly the approval of the Local Planning Appeal Tribunal pursuant to the Regulation, was not required before any such Capital Work was authorized by the Council of the Lower-tier Municipality;

And whereas the Lower-tier Municipality requested the Upper-tier Municipality to issue debentures for the Capital Work(s) and in this connection the Upper-tier Municipality and the Lower-tier Municipality completed and submitted an application to OILC (the "Application") to request financing for the Capital Work(s) by way of long-term borrowing pursuant to section 403 of the Act through the issue of debentures to OILC by the Upper-tier Municipality and by way of temporary borrowing by the Lower-tier Municipality from OILC pending the issue of such debentures, all pursuant to the Floating Rate Facility as hereinafter defined;

And whereas OILC has accepted and has approved or will accept and approve the Application, as the case may be;

And whereas OILC has agreed or will agree, as the case may be, to make long-term financing pursuant to a floating rate capital loan facility available to the Upper-tier Municipality (the "Floating Rate Facility") up to the maximum principal amount of \$38,000,000 (the "Floating Rate Facility Limit") and has agreed or will agree, as the case may be, to make temporary financing available pursuant to the Floating Rate Facility to the Lower-tier Municipality from time to time during the currency of the financing agreement to be entered into by OILC, the Upper-tier Municipality and the Lower-tier Municipality (the "Financing Agreement") up to the Floating Rate Facility Limit to meet expenditures made in connection with the Capital Work(s) on the basis that the Capital Work(s) will be long-term financed in whole or in part by the issue of debentures of the Upper-tier Municipality (the "Debentures"), subject to the terms and conditions set out in the Financing Agreement.

Now therefore the Council of The Corporation of the Town of Aurora hereby enacts as follows:

1. The Council of the Lower-tier Municipality hereby confirms, ratifies and approves the execution by the Treasurer of the Application and the submission by such authorized official of the Application, duly executed by such authorized official, to OILC, in cooperation with the Upper-tier Municipality, for the financing of the Capital Work(s) by way of temporary borrowing from OILC, pending the issue of Debentures, in a maximum aggregate principal amount up to the Floating Rate Facility Limit, substantially in the form of Schedule "B" hereto and forming part of this By-law, with such changes thereon as such authorized official may hereafter approve, such execution and delivery to be conclusive evidence of such approval.
2. The Mayor and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Lower-tier Municipality the Financing Agreement that provides for long-term financing of the Capital Work(s) in a maximum aggregate principal amount up to the Floating Rate Facility Limit and temporary financing of the Capital Work(s) in a maximum aggregate principal amount up to the Floating Rate Facility Limit on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
3. The Mayor and/or Treasurer are hereby authorized, pending the substantial completion of each Capital Work or as otherwise agreed with OILC, to temporarily borrow pursuant to section 405 of the Act in respect of each Capital Work, on the terms and conditions provided in the Financing Agreement which Financing Agreement provides that the information contained in the Record, as defined in the Financing Agreement, in respect of such temporary borrowings shall be deemed final, conclusive and binding on the Lower-tier Municipality, and on such terms and conditions as such authorized official(s) may agree; and the Treasurer is authorized to sign such certifications as OILC may require in connection with such borrowings in respect of the Capital Work(s); provided that the amount of borrowing allocated to each Capital Work does not exceed the Authorized Expenditure for such Capital Work and does not exceed the related loan amount set out in column (4) of Schedule "A" in respect of such Capital Work and provided that the aggregate of the principal amount of all of the outstanding temporary borrowings and the Debentures outstanding pursuant to the Financing Agreement does not exceed the Floating Rate Facility Limit.
4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011*, S.O. 2011, c. 9, Sched. 32, as amended, the Lower-tier Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Lower-tier Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Lower-tier Municipality, amounts not exceeding the amounts that the Lower-tier Municipality fails to pay to OILC on account of any unpaid indebtedness of the Lower-tier Municipality to OILC under any outstanding temporary borrowing and/or in respect of any indebtedness of the Lower-tier Municipality to the Upper-tier Municipality under the Debentures issued for any Capital Work (the "**Obligations**") and to pay such amounts to OILC from the Consolidated Revenue Fund.
5. For the purposes of meeting the Obligations, the Lower-tier Municipality shall provide for raising in each year as part of the general lower-tier levy the amounts of principal and interest payable in each year in respect of any outstanding

By-law Number XXXX-20

Page 4 of 6

temporary borrowing and/or any Debenture outstanding pursuant to the Financing Agreement, to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.

6. (a) The Treasurer is hereby authorized to execute and deliver the Application, the Mayor and the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement, one or more of the Clerk and the Treasurer are hereby authorized to generally do all things and to execute all other documents and papers in the name of the Lower-tier Municipality in order to perform the Obligations of the Lower-tier Municipality under the Financing Agreement and to request and receive any temporary borrowing, and the Treasurer is authorized to affix the Lower-tier Municipality's municipal seal to any such documents and papers.
- (b) The money realized in respect of any temporary borrowing for the Capital Work(s) and the Debentures issued for any Capital Work, including any premium, and any earnings derived from the investment of that money after providing for the expenses related to any such temporary borrowing and to the issue of such Debentures by the Upper-tier Municipality, if any, shall be apportioned and applied to the respective Capital Work and to no other purpose except as permitted by the Act.

Enacted by Town of Aurora Council this 25th day of August, 2020.

Tom Mrakas, Mayor

Michael de Rond, Town Clerk

By-law Number XXXX-20

Page 5 of 6

Schedule "A"

(New Capital Work(s))

(1) <u>Capital Work Number</u>	(2) <u>Description of Capital Work</u>	(3) <u>Estimated Expenditure</u>	(4) <u>Loan Amount</u>
81019	Library Square	\$51,611,700	\$38,000,000

By-law Number XXXX-20

Page 6 of 6

Schedule "B"

(New Capital Work(s))

Insert the OILC Application into Schedule "B"

The Corporation of The Town of Aurora

By-law Number XXXX-20

**Being a By-law to confirm actions by Council
resulting from a Special Meeting of Council
on August 25, 2020.**

The Council of the Corporation of The Town of Aurora hereby enacts as follows:

1. That the actions by Council at its Special Meeting of Council held on August 25, 2020, in respect of each motion, resolution and other action passed and taken by the Council at the said meeting is hereby adopted, ratified and confirmed.
2. That the Mayor and the proper officers of the Town are hereby authorized and directed to do all things necessary to give effect to the said action or to obtain approvals where required and to execute all documents as may be necessary in that behalf and the Clerk is hereby authorized and directed to affix the corporate seal to all such documents.

Enacted by Town of Aurora Council this 25th day of August, 2020.

Tom Mrakas, Mayor

Michael de Rond, Town Clerk