

Amendments to Regulations made under the *Municipal Act, 2001* and the *City of Toronto Act, 2006* – Conditional Loans with the Canada Infrastructure Bank

December 13, 2021

By Heather Douglas, Yulya Margolin

Reg. 654/05 (Debt-Related Financial Instruments and Financial Agreements, under the *Municipal Act, 2001*) and O. Reg. 610/06 (Financial Activities, under the *City of Toronto Act, 2006*) were amended on December 10, 2021 to enable Ontario municipalities to enter into conditional loan agreements for long-term borrowing for capital purposes with the Canada Infrastructure Bank (CIB).

Significantly, the amendments provide that the conditional loan agreements must include one or more conditions which, if satisfied, would extinguish the requirement for the borrowing municipality to repay all or part of the loan to the CIB. In addition, the conditional loan agreements may provide that all or part of the principal and interest of the loan may be repaid in any year.

In a government release about the proposed regulatory changes that was posted on October 7, 2021, the CIB was reported to offer “low interest rates at 1 percent”. The regulatory amendments filed on December 10, 2021 make no reference to a rate of interest.

The regulatory changes otherwise provide that the conditional loan agreements are generally subject to the rules that apply to other prescribed types of municipal long-term borrowing. For example, subject to money in a sinking or retirement fund, the loans rank concurrently and equally with other debentures and financial instruments for long-term borrowing of the municipality. As an additional example, lower-tier municipalities in a regional municipality do not have the power to enter into these conditional loan agreements with the CIB.

For further assistance in understanding the amendments, please contact [Heather Douglas](#) or any member of the [Municipal Law Practice Group](#) at WeirFoulds LLP.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

For more information or inquiries:



Heather Douglas

Toronto
416.947.5064

Email:
hdouglas@weirfoulds.com

Heather Douglas is a partner at WeirFoulds with extensive experience dealing with complex and sophisticated financial transactions involving municipalities (in Ontario and other provinces), provincial and territorial government bodies, Crown corporations and school boards.

Yulya Margolin

Toronto
416.365.6508

Email:
ymargolin@weirfoulds.com

Yulya Margolin is a Law Clerk at WeirFoulds.

WeirFouldsLLP

www.weirfoulds.com

Toronto Office

4100 – 66 Wellington Street West
PO Box 35, TD Bank Tower
Toronto, ON M5K 1B7

Tel: 416.365.1110
Fax: 416.365.1876

Oakville Office

1320 Cornwall Rd., Suite 201
Oakville, ON L6J 7W5

Tel: 416.365.1110
Fax: 905.829.2035