



Press Release

**Dominion
Bond
Rating
Service**

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Public Finance
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DBRS Confirms the Regional Municipality of Peel at AAA

<u>Issuer</u>	<u>Debt Rated</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Trend</u>
Peel, Regional Municipality of	Long-Term Debt	Confirmed	AAA	Stable

Dominion Bond Rating Service (“DBRS”) has today confirmed the long-term rating of the Regional Municipality of Peel (the “Region”) at AAA with a Stable trend.

The Region’s credit profile remains strong, supported by management’s prudent fiscal discipline and the positive impact coming from Peel’s rapid population growth over the past decade. This has notably increased the size, wealth, and diversity of the local economy while generating significant new revenues for the Region.

Adherence to affordable financial plans, in tandem with revenue generated from population growth, has enabled the Region to consistently post sound annual net surpluses, including Cdn\$771,000 in 2004. These surpluses have allowed the Region to accumulate a sizeable liquidity position (Cdn\$1.2 billion, net of deferred revenue, in 2004) that is being used to internally finance service and infrastructure pressures created by population growth, thereby preventing reliance on tax-supported debt. As a result, the Region maintains the lowest tax-supported debt burden among DBRS-rated Canadian municipal governments, at Cdn\$8 million or Cdn\$8 per capita in 2004.

Although financial results for 2005 are not available, DBRS expects the Region to have realized yet another net surplus, supported by moderate increases to the property tax rate and user fees. The solid fiscal performance was complemented by a modest reduction in the Region’s net tax-supported debt level due to growth in sinking fund assets.

DBRS expects the Region to remain on strong financial footing for at least the next several years, as sustained expenditure restraint together with moderate increases to the property tax rate and user fees should keep fiscal results in positive territory. To extend services to new residents and renew aging infrastructure, the Region intends to spend Cdn\$3.1 billion on capital projects over the next ten years, which represents an 11% increase over the ten-year capital spending forecast put forward last year. While the revised capital plan increases the possibility of cost overruns, it is expected to remain manageable, given the Region’s demonstrated tight budget practices. Moreover, the Region plans to finance the bulk of its capital spending through development charges and reserves, thus avoiding undue pressure on property taxes or tax-supported debt.

DBRS will publish a full report shortly that will provide additional analytical detail on this rating action. If you are interested in receiving this report, contact us at: info@dbrs.com.

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