



TOWN OF STRATFORD RESOLUTION

No. FT002-2020 – Pipe to Charlottetown Sewer Project Construction Financing

Motion Carried _____
Motion Lost _____
Motion Withdrawn _____

Council Chambers
Town Hall
February 12, 2020

Committee Finance & Technology Committee
Moved by Gail MacDonald
Seconded by _____

WHEREAS the Town of Stratford is currently constructing a waste water delivery system to Charlottetown. The expected date of completion is by October 31, 2020; and

WHEREAS the Town of Stratford asked for proposals for Interim construction financing of \$12,500,000. It is the Town of Stratford’s intention to replace the construction financing net of funding from other funding partners with term financing on or before December 31, 2020; and

WHEREAS we requested proposals from the following financial institutions:

- Bank of Montreal
- Provincial Credit Union
- CIBC
- Royal Bank
- Scotia Bank
- TD Bank

AND WHEREAS the request for proposals closed at 1:30 pm on February 10, 2020; and

WHEREAS the construction financing is planned to be approximately \$12,500,000 is within the 10% capital debt threshold of the Town of Stratford. The current borrowing limits for the Town of Stratford based on our total assessed tax base (\$829,534,696 x 10% = \$82,953,469) of which the Town of Stratford is using \$8,839,771 as of March 31, 2019; and

WHEREAS the tender provided two options for bidding. Option 1 was floating rate loan and option 2 was a banker acceptance loan. The following rates were received for Option 1:

Prime Rate	<u>TD</u>	<u>BMO</u>	<u>CIBC</u>
Option 1			
Prime Rate = 3.95%	Prime -.75%	Prime -.50%	Prime
	3.2%	3.45%	3.95%

And Option 2

Banker Acceptance	RBC	BMO	CIBC
	2.32%	3.02%	2.63%
	3 mth BA rate of 1.97%	3 mth BA rate	Monthly BA rate of 1.96%
	Stamping fee of .35%	3.05%	Stamping Fee of .67%
	2.35%	6 mth BA rate	
	6 mth BA rate of 2.0%	3.10%	
	Stamping fee of .35%	1 year BA rate	
	2.40%		
	1 year BA rate of 2.05%		
	Stamping fee of .35%		

BE IT RESOLVED that the construction financing be awarded to RBC bank at a 1 Year Bankers Acceptance Rate 2.05% + Stamping fee of .35% for an all in rate of 2.40% subject to market fluctuations prior to closing.

This Resolution bears the recommendation of the Finance and Administration Committee as submitted via an email poll on February 12, 2020.