

## TOWN OF STRATFORD RESOLUTION

## No. FT0016-2020 – Pipe to Charlottetown Sewer Project -Long Term Financing

<b>Motion Carried</b>	<u> </u>	<b>Council Chambers</b>
<b>Motion Lost</b>		Town Hall
Motion Withdrawn		<b>December 9, 2020</b>
Committee	Finance & Technology Committee	
Moved by	Gail MacDonald	
Seconded by	Derek Smith	

**WHEREAS** the Town of Stratford is currently constructing a wastewater delivery system to Charlottetown. The expected date of completion for the pipe work and pumping station is December 31, 2020 with the decommissioning of the lagoon system completed in early 2021; and

**WHEREAS** the project is being funded through the Water and Wastewater Infrastructure program with the Stratford Utility Corporation share being \$2,731,250; and

**WHEREAS** we requested proposals for long term financing of \$2,731,250 from the following financial institutions:

Bank of Montreal

CIBC

Royal Bank

Scotia Bank

TD Bank

AND WHEREAS the request for proposals closed at 1:30 pm on December 7, 2020; and

**WHEREAS** the Stratford Utility Corporation portion of the project 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 \times 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 fixed term loan amortized over 25 years and option 2 was a banker acceptance loan amortized over 25 years. The following rates were received for Option 1:

Term	<u>TD</u>	<u>RBC</u>	<u>CIBC</u>
5 year		1.75%	1.862%
10 year	1.79%	2.20%	2.625%
15 year	2.14%	2.92%	
20 year	2.31%		

	<u>TD</u>	RBC		CIBC
10 yr term	1.85%	1.72%		2.11%
	Swap rate of 1.30%	Swap rate of 1.30%		
	Stamping Fee of .55%	Stamping .42%	Fee of	
15 yr term	2.08%	2.00%		2.33%
	Swap rate of 1.53%	Swap rate		
	Stamping Fee of .55%	Stamping .45%	Fee of	
20 yr term	2.17%	2.15%		2.42%
	Swap rate of 1.62%	Swap rate of 1.70%		
	Stamping Fee of .55%	Stamping .45%	Fee of	
25 yr term	2.20%	2.17%		
	Swap rate of 1.65%	Swap rate of 1.72%		
	Stamping Fee of .55%	Stamping .45%	Fee of	

**BE IT RESOLVED** that the long term financing of the pipe to Charlottetown Sewer project be awarded to RBC bank for a 25 year Swap term at a rate of 1.72% and credit spread of 0.45% for an all-in rate of 2.17% subject to market fluctuations prior to closing.