

## TOWN OF STRATFORD RESOLUTION

## <u>No. FT002-2022 – Stratford Community Campus Land</u> <u>Purchase- Long Term Financing</u>

Motion Carried \_\_\_\_\_ Motion Lost \_\_\_\_\_ Motion Withdrawn \_\_\_\_\_

Committee

Moved by Seconded by Council Chambers Town Hall February 9, 2022

Finance & Technology Committee \_\_\_\_\_\_Gail MacDonald \_\_\_\_\_\_Derek Smith

**WHEREAS** the Town of Stratford has purchased land from 1011523 P.E.I Inc. (part of PID 608141) and Paul & Robert Farquharson (part of PID 1086107) for the development of a community campus; and

**WHEREAS** a portion of the land will be sold to the province for the construction of a new high school, and a portion will be sold to the Business Park Corporation for an extension of the business park; and

**WHEREAS** the Town had short term financing of \$1,500,000 through a Bankers Acceptance (BA) with the Royal Bank of Canada; we are now ready to go to long term financing for the \$1,500,000; and

**WHEREAS** we requested proposals for long term financing of \$1,500,000 from the following financial institutions:

Bank of Montreal CIBC Provincial Credit Union Royal Bank TD Bank

AND WHEREAS the request for proposals closed at 1:30 pm on February 8, 2022; and

**AND WHEREAS** the long-term financing of \$1,500,000 is within the 10% capital debt threshold of the Town of Stratford given that the current borrowing limits for the Town of Stratford is based on its total assessed tax base ( $$935,740,000 \times 10\% = $93,574,000$ ) of which the Town is using \$15,250,673 as of March 31, 2021; and

*WHEREAS* the tender provided two options for bidding. Option 1 was fixed term loan amortized over 20 years, and option 2 was a banker acceptance loan amortized over 20 years. The following rates were received for Option 1:

Term	<u>TD</u>	<u>RBC</u>	<u>CIBC</u>
10 year	3.25%	2.20%	2.625%
15 year	3.45%	2.92%	
20 year	3.50%		

And Option 2

	<u>TD</u>	<u>RBC</u>		<u>CIBC</u>
10 yr term	3.30%	3.09%		3.53%
	Swap rate of 2.41%	Swap rate of 2.53% Stamping Fee of .56%		
	Stamping Fee of .89%			
15 yr term	3.53%	3.37%		3.67%
	Swap rate of 2.54%	Swap rate of 2.63%		
	Stamping Fee of .99%	Stamping Fee of .74%		
20 yr term	3.62%	3.40%		3.73%
	Swap rate of 2.59%	Swap rate of 2.66%		
	Stamping Fee of 1.03%	Stamping Fee of .74%		

**BE IT RESOLVED** that the Town of Stratford enter into a Bankers' Acceptance with the Royal Bank of Canada for a 20 year term for the Community Campus Land Purchase in the amount of \$1,500,000, at the rate of 2.66% and a credit spread of 0.74% for an all-in rate of 3.40% subject to market fluctuations prior to closing, and that the Mayor and Chief Administrative Officer be authorized to enter into the Bankers' Acceptance Service Agreement, a Credit Facilities Agreement, and an ISDA Agreement with the Royal Bank of Canada on behalf of the Town of Stratford.

## **BE IT FURTHER RESOLVED THAT:**

- 1. the Town of Stratford enter into a Bankers' Acceptance Service Agreement, a Credit Facilities Agreement and an ISDA Agreement with the Royal Bank of Canada (the "Agreements");
- 2. Facility 1 under the Credit Facilities Agreement, being a \$1,500,000.00 non-revolving term facility for the Community Campus Land financing, be and hereby is authorized to be repaid by consecutive quarterly principal payments in accordance with the schedule to be provided by RBC Capital Markets, each based on an original amortization period of 240 months and the balance repayable in full 240 months from the date of draw down, all in accordance with the terms of the Credit Facilities Agreement;

- 3. the Mayor and CAO be and are hereby authorized to sign the Agreements on behalf of the Town of Stratford; and
- 4. this Resolution serves as the security requested for Facility 1 under the Credit Facilities Agreement.

This Resolution bears the recommendation of the Finance and Technology Committee as submitted via an email poll on February 9, 2022.