



STAFF REPORT

To: Mayor Soloman and Members of Council
From: Steven Freitas, Director of Finance/Treasurer
Meeting Date: April 22, 2025
Report Number: 2025-069
Subject: Debenture By-Law Bridge 10

Recommendation

THAT Council receive the report Debenture By-Law Bridge 10;

AND FURTHER THAT Council authorizes the issuance of a Debenture, carrying an interest rate of 4.01% p.a. (compounded semi-annually), principal amount of \$1,150,000.00, term of 10 years and with a closing date of May 1, 2025, to Ontario Infrastructure and Lands Corporation ("OILC");

AND FURTHER THAT the Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, one or more of the Clerk and Treasurer are hereby authorized to generally do all things and to execute all other documents and other papers in the name of the Municipality in order to carry out the issue of the Debentures and the Treasurer is authorized to affix the Municipality's municipal seal to any of such documents and papers;

AND FURTHER THAT Council directs staff to prepare and present the necessary By-Law for passing.

Executive Summary

Purpose

The approved 2024 Capital Budget included a budget of \$1,400,000.00 for the Bridge 10 replacement, to be primarily financed.

At the December 10, 2024, Council Meeting, Council authorized the application to Ontario Infrastructure and Lands Corporation (“OILC”) for long-term financing of Bridge 10 where the municipality would issue debentures to OILC in the amount of \$1,150,000.00 at a 10-year amortization.

In early January 2025, staff submitted the application for the loan with the necessary backup to OILC and over the course of the past few months, OILC has performed legal, underwriting and credit reviews on the application.

In early April 2025, the Town’s loan application was approved by OILC’s underwriting team, and OILC’s loans operations team provided the Town with a detailed timeline around the entire process and set a funding date of May 1, 2025.

Key Findings

Financial Implications

Long-term financing of Bridge 10 capital works includes the issuance of a Debenture, carrying an interest rate of 4.01% p.a. (compounded semi-annually), principal amount of \$1,150,000.00, term of 10 years and with a closing date of May 1, 2025.

Under the repayment schedule, payments of \$70,364.17 will be made semi-annually beginning November 1, 2025, and ending May 1, 2035. Over the term of this debenture, the Town will incur \$257,283.31 in interest costs to service the debenture.

For the purposes of meeting the Obligations, the Town had included in the 2025 approved operating budget and shall provide for raising in each year as part of the general levy, the amounts of principal and interest payable in each year under the debentures issued pursuant to the Rate Offer Letter Agreement.

Report

Background

At the December 12, 2023, Special Council Meeting, Council passed Resolution 2023-12-19 approving the 2024 Capital Budget which included a budget of \$1,400,000 for Bridge 10 replacement, to be primarily financed.

At the December 10, 2024, Council Meeting, Council passed Resolution 2024-12-23 receiving the Report Application for Long-Term Financing Bridge 10, 2024-126 and authorized the application to OILC for long-term financing of Bridge 10 and the entering into of a rate offer letter agreement pursuant to which the municipality would issue debentures to OILC at a 10-year amortization.

In early January 2025, staff submitted the application for the loan with the necessary backup to OILC. Over the course of the past few months, OILC performed legal, underwriting and credit reviews on the application and given the multiple steps involved in the application process advised the Town that they had set a funding date of May 1, 2025.

Discussion

In early April 2025, the Town's loan application was approved by OILC's underwriting team, and OILC's loans operations team provided the Town with a detailed timeline around the entire process which included the following key milestones:

April 3, 2025 – Preliminary debenture docs were emailed by OILC. These documents outlined the amount, term, and projects attached to each debenture to be issued on the Closing Day.

In advance of the receipt of these documents, the Town contact our legal counsel, Stephen J. C. Christie of Stutz Brown & Self Professional Corporation ("SBS") and confirmed that they would be available to review the debenture by law, debenture certificate, supporting certificates of the treasurer and clerk, and to sign the template legal opinion and coordinate delivery of these documents to OILC prior to the Closing Day. SBS would also need to be able to authorize the release of these documents from escrow to OILC on the morning of the Closing Day.

By **April 8, 2025** – The soft copy of the signed preliminary debenture docs was sent by Town staff to OILC, the name and contact information of our law firm was provided to OILC and the

Town provided OILC the By-Law number (**2025-26**) that we would be using to pass the Debenture By-Law.

On **April 11, 2025** – The Interest Rate confirmation was emailed by OILC to the Town. A soft copy of the original signed and sealed (by the Mayor and Treasurer) Interest Rate confirmation was sent via email to OILC in PDF (with originals to be sent with final debenture docs to the lawyer's office).

The Town was advised that once the rate offer was signed and accepted, if the debenture By-Law does not get passed at the council meeting or if the municipality elects not to take the debenture, the municipality will be required to pay a penalty as a result of not closing the debenture on the scheduled date

April 16, 2025 – Final debenture documents (including the debenture By-Law template, debenture certificate and legal opinion letter) were emailed by OILC after the Interest Rate Confirmation was received. Upon receipt of these documents, Town staff contacted our legal counsel to ensure that they would be available to review the debenture by law, debenture certificate, supporting certificates of the treasurer and clerk, and to sign the template legal opinion and coordinate delivery of these documents to OILC prior to the Closing Day. SBS would also need to be able to authorize the release of these documents from escrow to OILC on the morning of the Closing Day.

April 22, 2025 – Debenture By-Law to be passed at Council meeting.

By **April 25, 2025** - All original signed and sealed debenture documents are to be to be sent to OILC in PDF format, which will be held in escrow until the Town's external counsel authorizes their release by email on the morning of the Closing Date.

On **May 1, 2025 (Closing Date)** – The Town's external legal counsel must contact OILC by 10 a.m. on the morning of the closing to release the documents from escrow so that they can proceed with the transaction. The principal amount of the Debenture, \$1,150,000.00 will be issued to the Town.

Financial Impact

Long-term financing of Bridge 10 capital works includes the issuance of a Debenture, carrying an interest rate of 4.01% p.a. (compounded semi-annually), principal amount of \$1,150,000.00, term of 10 years and with a closing date of May 1, 2025.

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For the purposes of meeting the Obligations, the Town had included in the 2025 approved operating budget and shall provide for raising in each year as part of the general levy, the amounts of principal and interest payable in each year under the debentures issued pursuant to the Rate Offer Letter Agreement.

Consultations

Meghan Townsend, Chief Administrative Officer/Clerk

Donna Tremblay, Deputy Clerk & Communications Officer

Attachments

Attachment 1 – Debenture By-Law.

This report was submitted by

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This report was approved by

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