



# TOWN OF STRATFORD RESOLUTION

## No. FT0001-2020 – Stratford Emergency Services Centre Long Term Financing

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Motion Withdrawn \_\_\_\_\_

Council Chambers  
Town Hall  
February 12, 2020

Committee Finance & Technology Committee  
Moved by \_\_\_\_\_  
Seconded by \_\_\_\_\_

**WHEREAS** the Town of Stratford has constructed an Emergency Services Centre which is the location of RCMP, Cross Roads Rural Fire Company and Island EMS Ambulance services;

**AND WHEREAS** the Town of Stratford asked for proposals for Long Term financing of \$6,100,000 from the following financial institutions:

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

**AND WHEREAS** the request for proposals closed at 1:30 pm on December 9, 2019;

**AND WHEREAS** the financing of \$6,100,000 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 ( $\$829,534,696 \times 10\% = \$82,953,469$ ) of which the Town of Stratford is using \$8,839,771 as of March 31, 2019;

**AND WHEREAS** the Town of Stratford asked the banks to submit two alternative options for financing, namely, Option 1 for fixed term financing and Option 2 for banker’s acceptance and interest rate swap;

**AND WHEREAS** the following rates were received for Option 1, fixed term financing:

	<u>TD</u>	<u>RBC</u>	<u>CIBC</u>
<b>Fixed Rate Loan</b>			
10 years	2.71%	3.13%	3.63%
15 years	2.92%	3.50%	N/A
20 years	3.01%	3.65%	N/A

**AND WHEREAS** the following rates were received for Option 2, banker’s acceptance and interest rate swap:

	<u>TD</u>	<u>RBC</u>	<u>CIBC</u>
<b>Banker’s Acceptance and Interest Rate Swap</b>			
10 years	2.59%	2.61%	3.13%
15 years	2.78%	2.73%	3.28%
20 years	2.89%	2.81%	3.36%

**AND WHEREAS** at its December 11, 2019 Council Meeting, Council passed a resolution to award the long-term financing to Royal Bank of Canada at a rate 2.81% for a 20-year swap term of 2.34% + a stamping fee of .47% for an all-in rate of 2.81% subject to market fluctuations prior to closing;

**AND WHEREAS** the Council now wishes to authorize its mayor and chief administrative officer to enter into a Bankers’ Acceptance Service Agreement, a Credit Facilities Agreement and an ISDA Agreement with the Royal Bank of Canada;

**BE IT 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 \$6,100,000.00 non-revolving term facility for the Emergency Services Centre 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 serve 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 December 10, 2019.*