



Report to Council

Department: Corporate Services

Division: Finance and Business Services

Date: February 7, 2022

Prepared by: Katelynn Giurissevich, CPA, CA, Director, Corporate Services/Treasurer

Report Number: Corporate Services-2022-01

Subject: 2022 Capital Financing

Number of Pages: 14 (including attachments)

Recommendation(s)

That "Corporate Services 2022-01" entitled "2022 Capital Financing" prepared by Katelynn Giurissevich dated February 7, 2022 be received, and

That By-Law 2120 be adopted and enacted as presented.

Purpose

A By-Law and revisions to a by-law, including any related schedules, must be adopted by Council.

Background and Discussion

The 2021 approved capital budget projected the following project would be financed by long-term debt as follows:

- Harrow Streetscaping (GG-20-0008) - \$2,291,500.00

Our review of financing options has revealed that the most fiscally responsible facility for this project is with the Ontario Infrastructure and Lands Corporation ("Infrastructure Ontario" or "IO") who, in the past has provided financing to the Town for many large scale capital projects.

The Town's bank as well as one other financial institution was consulted regarding financing options and rates but they were unable to offer a term and rate as competitive as Infrastructure Ontario as per the below chart:

Financing Provider	Term	Jan 28, 2022- Posted Fixed Rate (subject to change at date of debenture)
Infrastructure Ontario	15 years (1 term)	2.88%
Canadian Imperial Bank of Commerce	15 years (3 X 5 year-terms)	3.06%
Libro Credit Union	10 year (1 term)	3.40%

By-Law Number 2120, as attached, is a by-law to provide the Mayor and the Treasurer with the authority required by Ontario Infrastructure and Lands Corporation to submit an application.

The 2021 Annual Repayment Limit as provided by the Ministry of Municipal Affairs and Housing was \$5,880,673.00 which is well in excess of the estimated annual debt charges associated with the new debt as presented below.

Financial Impact

New debt was entered into for Fire Station 2 at the end of 2021 with the annual debt payments totalling \$209,382. The annual debt charges related to this new debt based on Infrastructure Ontario's current rates is approximately \$188,313. A combined total new debt payment of \$397,694 is significantly under the prescribed annual repayment limit as mentioned above.

Consultations

Robert Auger, Clerk

Doug Sweet, CAO

Link to Strategic Priorities

- ☒ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☒ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☐ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.
- ☐ Improve the Town's capacity to meet the ongoing and future service needs of its citizens while ensuring the corporation is resilient in the face of unanticipated changes or disruptions.

Report Approval Details

Document Title:	Long-Term Debt Financing 2022 - Corporate Services-2022-01.docx
Attachments:	- Final By-Law 2120 (2022 Long term debt financing).pdf
Final Approval Date:	Feb 1, 2022

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in black ink, appearing to read "Doug Sweet", with a long horizontal stroke extending to the right.

Doug Sweet, Chief Administrative Officer - Feb 1, 2022 - 10:06 AM