



# COUNTY OF WELLINGTON

## COMMITTEE REPORT

**To:** Chair and Members of the Administration, Finance and Human Resources Committee  
**From:** Ken DeHart, County Treasurer  
**Date:** Tuesday, October 19, 2021  
**Subject:** Authority to Negotiate and Place a County Debenture Issue

### Background:

The purpose of this report is to establish the necessary authority to proceed with the marketing of a County debenture issue. The debenture issue will meet capital financing requirements for the County and the applicant municipality, the Town of Minto. While the exact amounts required have not been finalized, the following table provides a preliminary list of projects and debenture financing requirements:

COUNTY OF WELLINGTON				
Proposed Fall 2021 Debenture Issue				
(All figures in \$000's)				
Municipality	Project	Proposed Financing	term (yrs)	
			10	20
County	WR 46 - WR 34 to 401 - DC Debt portion	\$ 1,825.0		\$ 1,825.0
Minto	Palmerston Community Centre Renovations	\$ 650.0	\$ 650.0	
Minto	Palmerston Sewage Treatment Plant Clarifier	\$ 2,500.0		\$ 2,500.0
Minto	12th Line - Mill and Pave	\$ 500.0	\$ 500.0	
Minto	Whites Road - Royal Terrace Servicing (Roads)	\$ 575.0	\$ 575.0	
Minto	Whites Road - Royal Terrace Servicing (Wastewater)	\$ 580.0		\$ 580.0
Minto	Whites Road - Royal Terrace Servicing (Water)	\$ 355.0		\$ 355.0
Totals		\$ 6,985.0	\$ 1,725.0	\$ 5,260.0

The *Municipal Act, 2001* provides that a municipality may incur a debt for municipal purposes and may issue debentures for or in relation to the debt. Upon application by a lower-tier municipality in a county, the *Municipal Act, 2001* further provides that the council of the County shall consider the application and if it approves the application and the borrowing of all or part of the money needed, the council of the County shall pass a by-law authorizing the issue of debentures in respect of the borrowing. These provisions allow applicant municipalities to finance their capital works through the issuance of County debentures at lower rates than they would be able to negotiate in their own names as a result of the County's favourable AA+ credit rating.

It is recommended that the syndicate of National Bank Financial Inc. (NBF) and RBC Dominion Securities Inc. be authorized to market the debenture issue for the County on its own behalf and on behalf of the participating applicant municipalities, with NBF acting as the lead fiscal agent. Establishing an upper limit on the principal amount of the debenture issue provides staff and the fiscal agents with parameters to work within, while maintaining flexibility in the event that adjustments are required.

With respect to the County's financing requirements, the resulting debt charges will not exceed the County's annual debt and financial obligation limit calculated by the Ministry of Municipal Affairs and Housing and updated by the County pursuant to Ontario Regulation 403/02.

**Next steps:**

Subject to approval of the recommendation contained in this report, staff will finalize the amounts and terms of the issue and external legal counsel (WeirFoulds LLP) will commence the process of reviewing the authorizing documents of the County and of the applicant municipality in respect of the proposed issue. Once complete, the fiscal agents can proceed with pricing and placing the issue. The actual timing of the issue will be based on market conditions and cash flow requirements of the County and the participating applicant municipalities.

**Recommendation:**

That the fiscal agent syndicate of National Bank Financial Inc. (as the lead fiscal agent) and RBC Dominion Securities Inc. be authorized to market a debenture issue by The Corporation of the County of Wellington (the "County") in a principal amount not to exceed \$6,985,000.00 (\$Cdn) for the purposes of the County and for the purposes of The Corporation of the Town of Minto, subject to the County's receipt of an appropriate application (to be evidenced by a by-law) in accordance with section 404 of the Municipal Act, 2001 from such applicant municipality.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ken DeHart', with a stylized flourish extending to the right.

Ken DeHart, CPA, CGA  
County Treasurer