



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, January 18, 2022
Subject: **County Debenture Refinancing – Erin and Mapleton – Dated March 7, 2022**

Background:

On January 26, 2012 the County placed a debenture issue on behalf of the Town of Erin and the Township of Mapleton that had a 20-year amortization period with a 10-year term and a balloon payment at the end of the 10-years. The Town of Erin and the Township of Mapleton would like to refinance this debt issue through the County.

The process for a refinancing is somewhat more simplified than a regular debt issue. In order to refinance the issue through the County, the Town of Erin and Township of Mapleton each needs to pass an application by-law requesting the County to issue debentures on their behalf and the County needs to pass a debenture by-law for each of them.

County staff have spoken with our fiscal agent, National Bank Financial Inc. (NBF), and due to the size of the refinancing, NBF has suggested private-placement debentures in order to keep the costs down. The refinancing debentures will be issued in the name of the County and held by the County as eligible investments, in accordance with O. Reg. 348/97 and the County's Cash and Investment Management Policy.

The actual amount required was determined to be \$1,425,000 and was priced as follows:

Participant	Type of Debenture	Term	Amount	Average cost of borrowing
Town of Erin	Instalment	10 years	\$907,000	2.152%
Township of Mapleton	Instalment	10 years	\$518,000	2.152%
		Total	\$1,425,000	2.152%

Dealer fees are not applicable however, there will be legal fees incurred of approximately \$2,500 to \$5,000 for each debenture issue. Comparable borrowing costs from previous County straight 10-year term issues were 2.465% (November 30, 2021), 3.093% (May 30, 2018), 2.116% (November 30, 2016), and 2.418% (November 4, 2015).

The debenture issuance process requires certain documents to be signed by the Clerk and Treasurer of participating municipalities. In addition, the necessary debenture by-laws have been prepared and will be brought forward for approval by County Council on February 24, 2022. The settlement date is March 7, 2022, at which point the Town of Erin and Township of Mapleton will receive their funds.

Recommendation:

That the County Clerk and Treasurer be directed to prepare the debenture by-laws and sign all necessary documents pertaining to the County debenture issue dated March 7, 2022.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ken DeHart", with a long horizontal flourish extending to the right.

Ken DeHart, CPA, CGA
County Treasurer