



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, May 17, 2022
Subject: **County Debenture Issue Dated June 2, 2022**

Background:

On April 28, 2022 County Council authorized the syndicate of National Bank Financial Inc. (NBF - lead) and RBC Dominion Securities Inc. (secondary) to place a debenture issue for the County and for the Townships of Centre Wellington and Guelph/Eramosa. An upper limit of \$13.325 million (\$Cdn) was established. The Townships of Centre Wellington and Guelph/Eramosa have passed the necessary by-laws authorizing participation in the issue.

The actual amount required was determined to be \$13.325 million and on May 3, 2022 the issue was priced. Issue details are as follows:

Participant	Type of Debenture	Term	Amount	Average cost of borrowing
County of Wellington	Instalment and Refundable	10 years, based on a 20-year amortization – \$3,325,000 of the principal amount is refundable at the end of the 10 th year for a term not to exceed an additional 10 years	\$6,500,000	3.896%
Township of Centre Wellington	Instalment	10 years	\$6,000,000	3.751%
Township of Guelph/Eramosa	Instalment	10 years	\$825,000	3.751%
		Total	\$13,325,000	3.833%

The average cost of borrowing includes commission. Comparable borrowing costs from previous County straight 10 year term issues were 2.255% (November 30, 2021), 3.093% (May 30, 2018), 2.116% (November 30, 2016), and 2.418% (November 4, 2015). Comparable borrowing costs from previous County 10 year term issues with a balloon payment were 2.465% (November 30, 2021).

Proceeds from the County portion of the issue will be used to fund the growth related portion of the Arthur Garage Construction (\$6,500,000).

The debenture issuance process requires certain documents to be signed by the Clerk and Treasurer of participating municipalities. In addition, the necessary debenture by-law has been prepared and will be brought forward for approval by County Council on May 26, 2022. The settlement date is June 2, 2022 at which point the Townships of Centre Wellington and Guelph/Eramosa will receive their funds.

Attachment:

- Case Study: County of Wellington – C\$13.325 million Instalment Debentures

Recommendation:

That the County Clerk and Treasurer be directed to prepare the debenture by-law and sign all necessary documents pertaining to the County debenture issue dated June 2, 2022.

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