



Media Release: Wednesday, April 7, 2021, 4:30 p.m.

## **Regional Municipality of Waterloo**

### **Special Council Agenda**

Tuesday, April 13, 2021

Immediately following Committee of the Whole – Approximately 2:00 p.m.

To be held electronically

150 Frederick Street, Kitchener, Ontario

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The main purpose of this meeting is to pass debenture by-laws.

- 1. Moment of Silence**
- 2. Roll Call**
- 3. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**
- 4. [COR-TRY-21-25](#), Regional Debenture Issue Dated April 16, 2021 (Information)**

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- 5. Recommendation from Committee of the Whole Related to Airport Terminal Building** (Available at the meeting)
- 6. Enactment of By-laws – First, Second & Third Readings**
  - a) A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$7,053,000 for capital works of The Corporation of the City of Kitchener.
  - b) A By-law to authorize the borrowing upon instalment debentures in the aggregate principal amount of \$42,947,000 (ten year instalment debentures in the aggregate principal amount of \$4,447,000 and twenty year instalment debentures in the aggregate principal amount of \$38,500,000) for capital works of The Regional Municipality of Waterloo.

Should you require an alternative format please contact the Regional Clerk at  
Tel.: 519-575-4400, TTY: 519-575-4605, or [regionalclerk@regionofwaterloo.ca](mailto:regionalclerk@regionofwaterloo.ca)

- c) A By-law to provide for the borrowing of the aggregate of the principal amounts authorized by By-laws numbered 21-14 and 21-15 and for the issuing of one series of instalment debentures therefor in the aggregate principal amount of \$50,000,000 (ten year instalment debentures in the aggregate principal amount of \$11,500,000 and twenty year instalment debentures in the aggregate principal amount of \$38,500,000).
- d) A By-law to Confirm the Actions of Special Council – April 13, 2021

## **7. Adjourn**

**Region of Waterloo****Corporate Services****Treasury Services**

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**To:** Regional Council

**Meeting Date:** April 13, 2021

**Report Title:** Regional Debenture Issue Dated April 16, 2021

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**1. Recommendation:**

For information

**2. Purpose / Issue:**

This report provides the results of the Region's 2021 spring debenture issue. Regional Council approval of the debenture by-laws is required on April 13, 2021.

**3. Strategic Plan:**

The Region's capital financing program, excellent credit rating, prudent use of debenture financing and monitoring of its debt capacity aligns with the Corporate Strategic Plan objective to ensure the Region provides value for money and long term financial sustainability under Focus Area 5 - Responsive and Engaging Public Service.

**4. Key Considerations:**

a) Municipal debentures are issued to fund capital projects.

Staff reviewed the progress of capital projects to determine projects that require debenture financing in 2021. Regional capital projects for Waste Management, Public Transit and Waterloo Regional Police Services were funded in this debenture issue.

b) Staff and fiscal agents monitor market conditions to determine timing of debenture.

Discussions with fiscal agents over the last few weeks indicated that issuing in March would allow the Region to take advantage of low municipal supply and a low interest rate environment. On March 22<sup>nd</sup>, external legal counsel confirmed that the Region's and City of Kitchener's authorizing documents were in order which put the Region in position to access the debt capital markets.

The issue was marketed by the Region's fiscal agent syndicate with National Bank Financial acting as the lead. Following discussions with the syndicate to assess

market conditions and tone, investor demand, pricing, and supply including recent and potential provincial and municipal debt issues, the syndicate began marketing the deal on March 23th. The issue was priced and entirely sold on March 26, 2021.

c) Cost of borrowing overview.

The pricing of the issue resulted in an “all-in” cost of 1.81% for the 10 year piece and 2.52% for the 20 year piece. The following table shows the all-in average costs for recent Regional debenture issues.

**Average All-in Costs for Recent Region of Waterloo Debenture Issues**

Term	April 2021	Sept. 2020	May 2020	Sept. 2019	April 2019	Sept. 2018
10 Year	1.81%	1.27%	1.64%	2.34%	--	3.23%
20 Year	2.52%	1.90%	2.24%	2.64%	3.02%	3.48%

This is the thirtieth (30<sup>th</sup>) issue launched under the Region’s Aaa rating.

**5. Background:**

The debentures were issued under the authority of By-law 95-020 which authorizes the Chief Financial Officer to proceed with a debenture issue that best meets the requirements of the Region and to report the results to Council at its next scheduled meeting.

**6. Area Municipality Communication and Public/Stakeholder Engagement:**

All area municipalities were contacted regarding their debt financing requirements and provided the option to participate. Debentures were issued on behalf of the Region and the City of Kitchener as set out in the following table:

Participant	10 year term	20 year term	Total
Region of Waterloo	\$ 4,447,000	\$ 38,500,000	\$ 42,947,000
City of Kitchener	\$ 7,053,000	-	\$ 7,053,000
<b>Total</b>	<b>\$ 11,500,000</b>	<b>\$ 38,500,000</b>	<b>\$ 50,000,000</b>

**7. Financial Implications:**

Debt servicing costs for the Region will be approximately \$483,600 annually for the 10 year issue funded from regional property taxes and approximately \$2,683,000 annually for the 20 year issue to be funded as detailed below:

Amount	Source of funding
\$1,433,100	Regional property taxes
1,249,900	Regional development charges

## 8. Conclusion / Next Steps:

The following by-laws must be enacted on April 13, 2021 to complete the execution of the necessary documents.

- a) By-law Number 21-14: A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$7,053,000 for capital works of The Corporation of the City of Kitchener.
- b) By-law Number 21-15: A By-law to authorize the borrowing upon instalment debentures in the aggregate principal amount of \$42,947,000 (ten year instalment debentures in the aggregate principal amount of \$4,447,000 and twenty year instalment debentures in the aggregate principal amount of \$38,500,000) for capital works of The Regional Municipality of Waterloo.
- c) By-law Number 21-16: A By-law to provide for the borrowing of the aggregate of the principal amounts authorized by By-laws numbered 21-14 and 21-15 and for the issuing of one series of instalment debentures therefor in the aggregate principal amount of \$50,000,000 (ten year instalment debentures in the aggregate principal amount of \$11,500,000 and twenty year instalment debentures in the aggregate principal amount of \$38,500,000).

The debenture issue closes on April 16, 2021 and net proceeds will be received that day.

## 9. Attachments / Links:

Nil

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**Tricia Alpaugh**, Manager, Treasury Services

**Reviewed By:** Cathy Deschamps, Director, Treasury Services/Deputy Treasurer

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer