

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MLLS

STAFF REPORT

DATE: September 21, 2021

TO: Committee of the Whole

FROM: Ken T. Kelly, CAO/Deputy Treasurer/Deputy Clerk

SUBJECT: Interim Construction Financing Business Park Phase 3

RECOMMENDATION:

THAT the CAO/Deputy Treasurer be authorized to obtain interim construction financing in an amount not to exceed \$1,300,00 from (insert financial institution September 21, 2021) at a fixed rate of ____% (to be confirmed on September 21, 2021 based on bank rate submissions) for no more than three (3) years with repayment from grant funding and revenue from the sale of building lots in the Business Park;

AND THAT any two of the Mayor and Acting Clerk or CAO be authorized to execute the agreement with the preferred financing institution.

BACKGROUND:

In the 2021 budget Council authorized the construction of road, water and sewer works to facilitate the development and sale of ten (10) building lots within Phase 3 of the Business Park.

Staff tendered the works and Council approved the award of tender #20-02 to Thomas Cavanagh Construction Limited in the amount of \$1,629,298 (HST not included).

The full project budget is as follows:

ACTIVITY	Amount (Non-recoverable Taxes Included)
Thomas Cavanagh Construction Limited (non-recoverable HST Incl.)	\$1,657,974
Engineering, Inspection and Contingency & Tree Removal (To be Completed in advance).	\$215,026
Total (Non recoverable HST incl.)	\$1,873,000
Available Budget	\$1,875,350
Total Budget Remaining	\$2,350

DISCUSSION:

A request for financing quotes terms, rates etc., was issued on September 14, 2021 with a closing date of September 21, 2021. The request for quotation was sent to the Royal Bank, Bank of Montreal, and TD Bank.

The rates will be provided at the Committee of the Whole meeting of September 21, 2021.

FINANCIAL IMPLICATIONS:

This is interim construction financing as most of the costs will be incurred in 2021 and the revenues derived in 2022 and 2023. The loan will be repaid from the disbursements from the approved grant funding, revenue derived from the sale of the lots. In addition, there is \$550,000 from reserve funds that will be used for this project.

The grant disbursements under the agreement are as follows:

Year 1	\$211,400
Year 2	\$634,200
Year 3	\$211,400

SUMMARY:

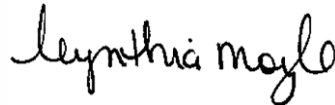
It is recommended that the interim financing for the Business Park Phase 3 construction be approved. That Mayor, Acting Clerk and CAO be authorized to execute the agreement with the preferred financial institution based on the submissions received on September 21, 2021. The attached draft bylaw to be completed and presented at the following Council meeting of October 5, 2021 authorizing the financing.

Respectfully submitted,



Ken T. Kelly,
CAO/Deputy Treasurer

Reviewed by,



Cynthia Moyle,
Acting Clerk

ATTACHMENT:

1. Draft Business Park Borrowing By-Law