



Municipality of North Grenville

To: Council

Meeting Date: April 8, 2025

Subject: New Credit Facility Authorization: Revolving Construction LOC

Report No: FIN-2025-007

Prepared by: Carly Wheeler, Director of Finance/Treasurer

Recommendation(s)

THAT Council approves and enacts By-Law 32-25 to authorize the establishment and use of a revolving line of credit (LOC) in the amount of \$26 million, to assist in the construction financing of the Water Pollution Control Plant (WPCP) Expansion Project.

Executive Summary

Purpose

- The LOC will support cash flow and allow the Municipality to manage upcoming 2025 expenditures as the WPCP project construction volume rises.
- Any future conversions to a fixed rate term loan or restructuring of this debt will be brought to Council as a separate item.

Key Findings

- The Municipality's currently holds with its General Bank Account an overdraft limit of \$3,490,000 to be solely used for temporary cash shortfalls.
- The Water and Wastewater Budget includes \$22.6 million to be financed through debentures this year.
- Proposed interest rates are competitive, and the loan structure/flexibility meets the needs of North Grenville's current financing requirements.

Financial Implications

- Interest-only payments to be paid monthly. By default, at the earliest of August 31, 2026, or 120 days past substantial completion of the project, the outstanding amount will be termed out with principal repaid monthly over 25 years (300 months).

- Late or unpaid invoices received for this project during the course of Phase 1 can result in penalties/interest charges, delays or a complete stop to construction.

Relevance to Strategic Priorities

Strategic Pillar	Pillar #4 - Efficient Governance and Service Delivery
Goal	Goal #4.1 - Provide Fiscal Responsibility
Key Action	Action #4.1.3 - Develop a comprehensive financial strategy including the effective and efficient use of reserves and reserve funds

Options and Discussion

1. Approve the recommendation
2. Do not approve the recommendation

Financial Impact

This item has been identified in the current budget: Yes No N/A

This item is within the budgeted amount: Yes No N/A

Staffing implications, as they relate to implementing Council’s decision on this matter, are limited to the existing staff complement and applicable administrative policies as approved by Council.

Attachments

- Construction LOC By-Law 32-25