

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015**

Item 2, Report No. 17, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on December 15, 2015.

**2**

**TEMPORARY BORROWING BY-LAW 2016**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated December 8, 2015:

**Recommendation**

The Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance and Deputy City Treasurer recommend:

1. That Council enact a Temporary Borrowing By-law for an amount up to \$50,000,000 from the City corporate bank of record.

**Contribution to Sustainability**

Not applicable.

**Economic Impact**

There is no cost to have temporary borrowing available to the City; however, if borrowing is required, there would be an economic impact to the extent of interest carrying costs on amounts. Utilizing temporary borrowing is not anticipated, but practical to have in place to ensure optimal financial flexibility in times of unforeseen circumstances.

**Communications Plan**

Not applicable.

**Purpose**

The purpose of this report is to obtain Council approval to allow the City of Vaughan to temporarily borrow funds, if required to do so.

**Background – Analysis and Options**

Section 407(1) of the Municipal Act states:

“At any time during a fiscal year, a municipality may authorize temporary borrowing until the taxes are collected and other revenues are received, of the amount Council considers necessary to meet the current expenditures of the municipality for the year ....”

In the past the City of Vaughan has avoided bank financing for operating purposes. Sound cash management practices supported by fiscal policies have stabilized Vaughan’s financial position. However, as a matter of practice, a temporary borrowing by-law is recommended for unforeseen circumstances.

In the event the City requires bank financing, the City’s borrowing rate is Bank Prime Rate less 0.50%. Currently the Bank Prime Rate is 2.70%.

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Item 2, Finance Report No. 17 – Page 2

The amount borrowed at any time should not exceed the provisions set out in Section 407(2) of the Municipal Act:

- a) from January 1 to September 30 in the year, 50 percent of the total estimated revenues of the municipality as set out in the budget adopted for the year; and
- b) from October 1 to December 31 in the year, 25 percent of the total estimated revenues of the municipality as set out in the budget adopted for the year.

The temporary borrowing by-law authorizes the City Treasurer from time to time as conditions may warrant, to borrow from the City's corporate bank such sums as may be necessary within the provisions of Section 407(2) of the Municipal Act.

The upset amount deemed necessary is estimated at not greater than \$50,000,000. The limit permitted by the Municipal Act based on the approved 2015 budget is \$115,000,000 from January 1, 2016 to September 30, 2016 and \$7,300,000 from October 1, 2016 to December 31, 2016.

**Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

This report supports the strategic priorities established by the Service Excellence Strategy Map, in particular to ensure "Financial Sustainability".

**Regional Implications**

Not applicable

**Conclusion**

This report seeks Council authorization for the City Treasurer, from time to time as conditions may warrant, to borrow such sums as may be deemed necessary within the provision of Section 407(2) of the Municipal Act.

**Attachments**

None

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