

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 21, 2018

Item 2, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 21, 2018.

2 TEMPORARY BORROWING BY-LAW 2018

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 Interim Director, Financial Planning and Development Finance and Deputy City Treasurer, dated February 5, 2018:

Purpose

To obtain Council approval to allow the City of Vaughan to temporarily borrow funds, if required to do so.

Recommendations

1. That a Temporary Borrowing By-law be enacted in accordance with Section 407 of the *Municipal Act, 2001*, to authorize the temporary borrowing of funds of an amount up to \$50,000,000 from the City corporate bank of record.

Report Highlights

- The *Municipal Act, 2001* authorizes a municipality to borrow money, as Council considers it necessary, to meet the current expenditures of the Corporation for the year, until taxes are collected and other non-tax revenues are received.
- A by-law is required for the purpose of authorizing the Corporation to borrow money if deemed necessary to meet current expenditures for the year 2018.
- In the event the City finds it necessary to borrow money for operational requirements, this By-law gives the Treasurer the authority to temporarily borrow money, subject to the legislative limitations.

Background

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

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Vaughan's financial position. However, as a matter of practice, a temporary borrowing by-law is recommended for unforeseen circumstances...

Previous Reports/Authority

[2016 Report](#)

Analysis and Options

Staff does not anticipate having to temporarily borrow money in 2018 to meet operational requirements. If the City of Vaughan finds it necessary to borrow money for this purpose, this By-law gives the Treasurer the authority to temporarily borrow money, subject to the legislative limitations noted above.

Section 407(2) of the Municipal Act, 2001 sets out the requirement that the total amount that may be borrowed at any one time for the purposes described above plus any outstanding amounts of principal borrowed and accrued interests shall not exceed:

- 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 City of Vaughan 2018 Budget was approved by Council on January 30, 2018.

The following table outlines the City of Vaughan's upper limits should borrowing be required in 2018, based on the City's 2018 approved budget:

Estimated Revenues set out in 2018 Budget	Maximum Borrowing Limits 2018	
	Between Jan 1 and Sep 30	Between Oct 1 and Dec 31
\$260 million	\$130 million	\$65 million

Based on the City's financial position, the upset amount deemed necessary is estimated at not greater than \$50,000,000.

Financial Impact

There is no direct 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 borrowing amounts.

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Broader Regional Impacts/Considerations

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.

For more information, please contact:

Maggie Wang, Ext. 8029

Prepared by

Maggie Wang, MBA, CPA, CGA, A.I.M.A.

Manager, Corporate Financial Planning & Analysis

Ext. 8029

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, February 05, 2018

WARD(S): ALL

TITLE: TEMPORARY BORROWING BY-LAW 2018

FROM:

Laura Mirabella, Chief Financial Officer and City Treasurer
Rita Selvaggi, Interim Director, Financial Planning and Development Finance and
Deputy City Treasurer

ACTION: DECISION

Purpose

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Conclusion

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Maggie Wang, Ext. 8029

Prepared by

Maggie Wang, MBA, CPA, CGA, A.I.M.A.

Manager, Corporate Financial Planning & Analysis

Ext. 8029

THE CITY OF VAUGHAN

BY-LAW

BY-LAW NUMBER 025-2018

A By-law to authorize the temporary borrowing of a sum that shall not exceed \$50,000,000 during the year 2018.

WHEREAS the Council of The Corporation of the City of Vaughan (hereinafter called the "City") deems it necessary, in order to meet the City's current expenditures, to borrow a sum not to exceed \$50,000,000 for the year 2018, until taxes are collected and other revenues are received;

AND WHEREAS the total approved revenue of the City, as set forth in the budget adopted for the year 2018, is \$265,200,000 and to date the City has borrowed a total of \$0;

AND WHEREAS the total amount to be borrowed in 2018 for the purposes mentioned in subsection 407(1) the Municipal Act, 2001, S.O. 2001, c. 25, as amended, will not exceed the limits set out in subsection 407(2);

NOW THEREFORE the Council of The Corporation of the City of Vaughan ENACTS AS FOLLOWS:

1. That the City is hereby authorized to borrow from time to time by way of promissory note from the City's corporate bank of record, a sum or sums which together with any similar borrowings that have not been repaid, which shall not exceed \$50,000,000, which monies are to be used to meet the City's expenditures until taxes due are collected and other revenues are received for the year.
2. That the Mayor and City Treasurer are hereby authorized to execute on behalf of the City a promissory note or notes in favour of the City's bank, for the monies so borrowed, which may include terms related to, but not limited to, payment(s), repayment(s) in advance or otherwise, and such rate of interest as may be agreed upon from time to time with the said Bank.
3. That this By-law comes into force and effect on the 1st day of January, 2018.

Enacted by City of Vaughan Council this 21st day of February, 2018.

Hon. Maurizio Bevilacqua, Mayor

Barbara A. McEwan, City Clerk

Authorized by Item No. 2 of Report No. 2
of the Finance, Administration and Audit Committee
Adopted by Vaughan City Council on
February 21, 2018.