

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 30, 2024**

Item 7, Report No. 1, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on January 30, 2024.

#### **7. 2024 TEMPORARY BORROWING**

**The Committee of the Whole recommends approval of the recommendations contained in the report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated January 23, 2024.**

#### **Recommendations**

1. That Attachment 1, Temporary Borrowing By-law, be brought forward for Council approval to authorize the temporary borrowing, if required, of amounts not to exceed \$238,600,000 from January 1, 2024, to September 30, 2024, and \$119,300,000 from October 1, 2024, to December 31, 2024, to meet the expenditures of the City until taxes are collected and other revenues are received;
2. That the Treasurer report to Council in advance of borrowing if temporary borrowing is required; and
3. That staff be authorized and directed to take the necessary actions to give effect to this resolution.

# Committee of the Whole (1) Report

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**DATE:** Tuesday, January 23, 2024

**WARD(S):** ALL

**TITLE:** 2024 TEMPORARY BORROWING

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

**ACTION:** DECISION

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**Purpose**

To obtain council approval for the City of Vaughan to temporarily borrow funds should the need arise.

**Report Highlights**

- The *Municipal Act*, 2001 s. 407 (1) authorizes temporary borrowing, until taxes are collected, and other revenues are received, as necessary to meet the expenses of the City for the year.
- A By-law is required for the purpose of authorizing the City to borrow money, if deemed necessary.
- In the event the City finds it necessary to borrow money for operational requirements, this By-law grants authority to the City Treasurer to temporarily borrow money, in accordance with the *Municipal Act*, 2001.
- The *Municipal Act*, 2001 s. 407 (2) sets the limit of total amount borrowed at any one time.

**Recommendations**

1. That Attachment 1, Temporary Borrowing By-law, be brought forward for Council approval to authorize the temporary borrowing, if required, of amounts not to exceed \$238,600,000 from January 1, 2024, to September 30, 2024, and \$119,300,000 from October 1, 2024, to December 31, 2024, to meet the

expenditures of the City until taxes are collected and other revenues are received;

2. That the Treasurer report to Council in advance of borrowing if temporary borrowing is required; and
3. That staff be authorized and directed to take the necessary actions to give effect to this resolution.

## **Background**

The Municipal Act, 2001 s. 407(1) provides for the City of Vaughan (“City”) to authorize temporary borrowing at any time throughout the year, until the taxes are collected, and other revenues are received, of the amounts that is considered necessary to meet expenses for the year and of the amounts, whether or not they are expenses for the year, which is required in the year for:

- a) Reserve, sinking, and retirement funds.
- b) Principal and interest due on any debt of the municipality.
- c) School purposes.
- d) Other purposes the municipality is required by law to provide for; and
- e) The amount of principal and interest payable by a person or municipality primarily liable for a debt if the municipality has guaranteed the debt and the debt is in default.

Section 407(2) of the Act governs the upper limits on the amount the City can borrow, as follows:

- 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.

Section 407(3) of the Act provides that until the budget is adopted, the limits upon borrowing shall be temporarily calculated using the estimated revenues set out in the approved budget for the previous year.

Estimated revenues (s 407(4) of the Act) for the purpose of calculating the borrowed amount, do not include revenues from:

- a) Arrears of taxes, fees, or charges; or
- b) A payment from a reserve fund of the municipality, whether or not the payment is for a capital purpose.

## **Previous Reports/Authority**

[2023 Temporary Borrowing By-Law](#) Item 2, Report No. 1, of the Committee of the Whole, January 24, 2023.

## **Analysis and Options**

Staff does not anticipate having to temporarily borrow money in 2024 to meet operational requirements. If the City finds it necessary to borrow money for this purpose, the By-law provides the Treasurer the authority to temporarily borrow money, subject to the Municipal Act, 2001.

The Municipal Act, 2001 s.407 (2) and (4) set out the limit of what can be borrowed, and the revenues that are excluded for the purpose of calculating the maximum borrowing requirements.

Table 1 below outlines the City's upper limits should borrowing be required in 2024, based on the approved 2024:

**Table 1 – 2024 Maximum Borrowing Limits**

<b>Estimated Revenues</b>	<b>Jan. 1 to Sept. 30</b>	<b>Oct. 1 to Dec. 31</b>
\$477.2 million	\$ 238.6 million	\$ 119.3 million

## **Financial Impact**

The City would be required to pay interest on any short-term borrowing.

## **Operational Impact**

Not Applicable.

## **Broader Regional Impacts/Considerations**

Not applicable.

## **Conclusion**

The City's sound cash management practices and policies, together with its strong financial position has not necessitated the need to temporarily borrow for operating purposes in the past. However, a temporary borrowing by-law is recommended for unforeseen circumstances.

If required, the maximum borrowing limits will not exceed \$238,600,000 from January 1, 2024, to September 30, 2024 and \$119,300,000 from October 1, 2024, to December 31, 2024.

**For more information**, please contact:

Michael Marchetti, Director of Financial Planning and Development Finance / Deputy City Treasurer, ext. 8271.

Nancy Yates, Director of Financial Services / Deputy City Treasurer, ext. 8984.

Kenneth Quan, Manager Corporate Financial Planning & Analysis, ext. 8029.

### **Attachment**

1. 2024 Temporary Borrowing By-Law

### **Prepared by**

Jeremiah Tsungo, Financial Analyst, Fiscal Planning and Policy, ext. 8597.

### **Approved by**



Michael Coroneos, Deputy City Manager, City Treasurer and Chief Financial Officer

### **Reviewed by**



Nick Spensieri, City Manager

*THE CITY OF VAUGHAN**BY-LAW***BY-LAW NUMBER XXX-2024**

**A By-law to authorize the temporary borrowing of amounts that shall not exceed \$238,600,000 from January 1, 2024 to September 30, 2024 and \$119,300,000 from October 1, 2024 to December 31, 2024.**

**WHEREAS** Section 407 of the Municipal Act 2001 S.O. 2001, c.25 as amended (hereinafter called the “Municipal Act”) authorizes a municipality to authorize temporary borrowing, until taxes are collected and other revenues received, of the amounts it considers necessary, subject to certain limitations, to meet its expenses for the year;

**AND WHEREAS** the Council of The Corporation of the City of Vaughan (hereinafter called the “City”) deems it necessary, to meet the City’s current expenditures, to borrow a sum not to exceed \$238,600,000 from January 1, 2024 to September 30, 2024 and \$119,300,000 from October 1, 2024 to December 31, 2024 to meet expenditures of the City until taxes are collected, and other revenues are received;

**AND WHEREAS** the estimated revenue of the City, as governed by the Municipal Act, 2001 for the purpose of establishing borrowing limits, is \$477,200,000 and to date the City has borrowed a total of \$0;

**AND WHEREAS** the total amount to be borrowed in 2024 for the purposes mentioned in subsection 407(1) of the Municipal Act, 2001, 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, shall not exceed \$238,600,000 from January 1, 2024 to September 30, 2024 and \$119,300,000 from October 1, 2024 to December 31, 2024 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 favor of the City's bank, for the monies to be 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 30<sup>th</sup> day of January 2024.

Voted in favour by City of Vaughan Council this 30<sup>th</sup> day of January, 2024.

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Steven Del Duca, Mayor

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Todd Coles, City Clerk

Authorized by Item No. \_\_\_\_ of Report No. \_\_\_\_ of the Committee of the whole  
Report adopted by Vaughan City Council on January 23, 2024  
City Council voted in favour of this by-law on January 30, 2024.  
Approved by Mayoral Decision MDC XXX-2024 dated \_\_\_\_\_.  
**Effective Date of By-Law: (Mayoral approval date)**