

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 28, 2020**

Item 6, Report No. 1, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on January 28, 2020.

#### **6. 2020 TEMPORARY BORROWING BY-LAW**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager, Corporate Services and Chief Financial Officer, dated January 21, 2020:**

##### **Recommendations**

1. That Council enact a Temporary Borrowing By-law in accordance with Section 407 of the Municipal Act, 2001, for an amount up to \$80,000,000 from the City corporate bank of record.

## Committee of the Whole (2) Report

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**DATE:** Tuesday, January 21, 2020

**WARD(S):** ALL

**TITLE: 2020 TEMPORARY BORROWING BY-LAW**

**FROM:**

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

**ACTION:** DECISION

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**Purpose**

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

**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 2020.
- 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.

**Recommendations**

1. That Council enact a Temporary Borrowing By-law in accordance with Section 407 of the Municipal Act, 2001, for an amount up to \$80,000,000 from the City corporate bank of record.

## **Background**

Section 407(1) of the Municipal Act, 2001 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 amounts that the municipality considers necessary to meet the expenses of the municipality for the year and of the amounts, whether or not they are expenses for the year, that the municipality requires in 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.

## **Previous Reports/Authority**

[2019 Report](#)

## **Analysis and Options**

Staff does not anticipate having to temporarily borrow money in 2020 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 2020 budget was tabled on December 2, 2019 and a special council meeting to adopt the 2020 budget took place on December 17, 2019.

The following table outlines the City of Vaughan's upper limits should borrowing be required in 2020, based on the City's 2020 approved budget:

Estimated 2020 Revenues based on the Approved 2020 Budget	Maximum Borrowing Limits 2020	
	between Jan 1 and Sep 30	Between Oct 1 and Dec 31
\$320 million	\$160 million	\$80 million

Based on the City's financial position, the upset amount deemed necessary is estimated at no greater than \$80,000,000.

### **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.

### **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 of the Municipal Act.

**For more information**, please contact: Varant Khatchadourian, Ext. 8338

### **Attachments**

1. Draft Temporary Borrowing By-law

### **Prepared by**

Varant Khatchadourian,  
Manager, Financial Planning & Analysis  
Ext. 8338

***THE CITY OF VAUGHAN***

***BY-LAW***

**BY-LAW NUMBER XXX-2020**

**A By-law to authorize the temporary borrowing of a sum that shall not exceed \$80,000,000 during the year 2020.**

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 \$80,000,000 for the year 2020, until taxes are collected and other revenues are received;

AND WHEREAS the estimated revenue of the City, as calculated based on the budget adopted for the year 2020, is \$320,000,000 and to date the City has borrowed a total of \$0;

AND WHEREAS the total amount to be borrowed in 2020 for the purposes mentioned in subsection 407(1) of 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 \$80,000,000, 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 21<sup>st</sup> day of January, 2020.

Enacted by City of Vaughan Council this XX day of XXXX, 2020.

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Hon. Maurizio Bevilacqua, Mayor

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Todd Coles, City Clerk