

**TEMPORARY BORROWING BY-LAW 2011**

**Recommendation**

The Commissioner of Finance/City Treasurer and the Director of Reserves & Investments recommend:

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 a temporary borrowing available to the City; however, there would be an economic impact to the extent of interest carrying costs on amounts, if borrowing is required.

**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 3.00%.

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 not greater than \$50,000,000. The limit permitted by the Municipal Act based on the 2010 adopted budget is \$108,200,000 from January 1, 2011 to September 30, 2011 and \$54,000,000 from October 1, 2011 to December 31, 2011.

### **Relationship to Vaughan Vision 2020/Strategic Plan**

This report supports the strategic priorities established by the Vaughan Vision 2020 in particular "Ensure Financial Sustainability".

### **Regional Implications**

Not applicable

### **Conclusion**

Council authorize the City Treasurer, from time to time as conditions may warrant, to borrow from the Toronto Dominion Bank (City's Corporate Bank) in Vaughan, Ontario such sums as may be deemed necessary within the provision of Section 407(2) of the Municipal Act.

### **Attachments**

None

### **Report prepared by:**

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Respectfully submitted,

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Barbara Cribbett, CMA  
Commissioner of Finance/City Treasurer

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