



SUBJECT: Temporary Borrowing By-Law

TO: Committee of the Whole

FROM: Finance Department

Report Number: F-54-17

Wards Affected: All

File Numbers: 110-04

Date to Committee: November 27, 2017

Date to Council: December 11, 2017

Recommendation:

Approve the by-law attached as Appendix A to finance department report F-54-17, to authorize the temporary borrowings of monies from the Royal Bank of Canada to meet the ordinary expenditures of the Corporation for the 2018 fiscal year; and

Authorize the Mayor and Clerk to execute the Security Agreement, subject to the satisfaction of the City Solicitor.

Purpose:

- An Engaging City
 - Good Governance
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Background and Discussion:

At various times during the year, it may be necessary to arrange short-term loans from the City's banker in order to meet the current ordinary expenditures of the municipality.

There are times in the year when cash flow is at the lowest point and operating expenditures have to be covered during the period just prior to the collection of the property taxes. In previous years, we have borrowed from our Reserve Funds during this time and will continue to do so as necessary in 2018.

The legal authority to borrow short-term funds is obtained pursuant to a By-law prepared under Section 407 of the Municipal Act (S.O. 2001). A copy of the proposed By-law is attached as Appendix A. It is also a requirement of the Royal Bank of Canada that a security agreement is executed by the Mayor and City Clerk and copies of both documents be forwarded to the Bank. A copy of the security agreement is attached as Appendix B.

Financial Matters:

Borrowing arrangements with the Royal Bank provide us with a \$5,000,000 line of credit at the prime-lending rate $-3/4\%$. At the current time, prime stands at 3.20%. It has not been necessary to access this credit line during 2017 or prior years nor is it anticipated to be needed for 2018. The By-law is prepared in order to meet the requirements of the bank.

Total Financial Impact

Not applicable

Source of Funding

Not applicable

Other Resource Impacts

Not applicable

Conclusion:

The attached by-law and security agreement should be presented to Council to authorize the temporary borrowings of monies from the Royal Bank of Canada as needed.

Respectfully submitted,

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Coordinator of Accounting Services

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Appendices:

- A. Borrowing By-Law
- B. Security Agreement

Notifications:

Royal Bank of Canada - Chris Hiebert – chris.hiebert@rbc.com

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.