



SUBJECT: Temporary Borrowing By-Law

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-43-20

Wards Affected: All

File Numbers: 110-04

Date to Committee: December 10, 2020

Date to Council: December 14, 2020

Recommendation:

Approve the by-law attached as Appendix A to finance department report F-43-20, to authorize the temporary borrowings of monies from the Royal Bank of Canada to meet the ordinary expenditures of the corporation for the 2021 fiscal year; and

Authorize the Mayor and City Clerk to execute the security agreement attached as Appendix B to finance department report F-43-20, subject to the satisfaction of the City Solicitor.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
 - Support sustainable infrastructure and a resilient environment
 - Building more citizen engagement, community health and culture
-

Background and Discussion:

At various times during the year, it may be necessary to arrange short-term loans from the City's banker 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 must 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 2021.

The legal authority to borrow short-term funds is obtained pursuant to a By-law prepared under Section 407 of the Municipal Act, 2001 (S.O. 2001). A copy of the proposed By-law is attached (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 minus 3/4%. At the current time, prime stands at 3.25%. It has not been necessary to access this credit line during 2020 or prior years nor is it anticipated to be needed for 2021. The by-law is prepared to meet the requirements of the banks.

The City also has borrowing arrangements with Scotia Bank to provide a credit facility of up to \$5,000,000 for administering the City's purchase card program. In 2020 and prior years, this credit facility was paid off monthly and the City anticipates that the facility will be used in the same manner in 2021. This borrowing agreement does not require a security agreement.

Conclusion:

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

Respectfully submitted,

Florence Akinloye

Coordinator of Accounting Services

905-637-8207 ext. 7394

Appendices:

- A. Temporary 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, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.