



Report to: General Committee

Meeting Date: October 19, 2020

SUBJECT: 2021 Temporary Borrowing By-law
PREPARED BY: Lisa Chen – Senior Manager, Financial Planning & Reporting

RECOMMENDATION:

1. THAT the report titled “2021 Temporary Borrowing By-law” be received; and
2. THAT a by-law be brought forward for Council approval to authorize the temporary borrowing, if required, of amounts not to exceed \$205,261,876 from January 1, 2021 to September 30, 2021, and \$102,630,938 from October 1, 2021 to December 31, 2021 to meet the expenditures of the municipality until taxes are collected and other revenues are received; and
3. THAT the Treasurer report to Council in advance of borrowing, if temporary borrowing is required; and
4. THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

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

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 amount Council considers necessary to meet the current expenditures of the municipality for the year...”

The City of Markham (the City) is known for its financial performance, fiscal responsibility and operational excellence. With sound cash management practices and policies in place, the City’s strong financial position has not necessitated bank financing for operating purposes in the past. However, a temporary borrowing by-law is recommended for unforeseen circumstances.

On an annual basis, the City’s banker, TD Canada Trust, has requested a copy of the by-law in order to be aware of the limits, should a necessity to borrow arise.

Subsection 407(2) of the *Municipal Act, 2001* governs the upper limits on the amounts the City can borrow, as follows:

(a) From January 1 to September 30 in the year, 50 per cent 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 per cent of the total estimated revenues of the municipality as set out in the budget adopted for the year.

Section 407(3) of the *Municipal Act, 2001* provides that until the budget is adopted in a year, the limits upon borrowing under subsection (2) shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year.

OPTIONS/ DISCUSSION:

Not applicable

FINANCIAL CONSIDERATIONS

The City would be required to pay interest on any short-term borrowing. The City does not budget for interest expense, as borrowing has not been required in the past.

The City has secured a temporary borrowing facility with the City's financial institution to bridge potential cash flow shortfalls due to the impacts of COVID-19.

The Treasurer will report to Council prior to borrowing, if short-term borrowing is required.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A, "2021 Temporary Borrowing Bylaw"

APPENDIX A: 2021 Temporary Borrowing Bylaw

By-law to authorize temporary borrowing to meet the expenditures of the City of Markham until taxes are collected and other revenues received.

A by-law to authorize the temporary borrowing of an amount not to exceed \$205,261,876 from January 1 to September 30, 2021 and \$102,630,938 from October 1 to December 31, 2021 to meet the current expenditures of the Corporation for the year, until taxes are collected and other revenues received.

WHEREAS Section 407 (1) of The Municipal Act authorizes that Council may borrow from time to time such sums as Council considers necessary to meet, until the taxes are collected and other revenues received, the current expenditures of the Corporation for the year; and

WHEREAS Section 407 (2) of The Municipal Act states the amount to be borrowed shall not exceed from January 1st to September 30th of the year, 50 per cent of the total estimated revenues of the Corporation, and from October 1st to December 31st, 25 per cent of the total estimated revenues for the Corporation; and

WHEREAS Section 407 (3) of The Municipal Act states that until the budget is adopted in a year, the limits upon borrowing shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year; and

WHEREAS the total revenues of the Corporation as set forth for the year 2020 are \$410,523,751 which was adopted by Council at the Council meeting on December 10, 2019.

NOW THEREFORE THE CORPORATION OF THE CITY OF MARKHAM HEREBY ENACTS AS FOLLOWS:

1. The Treasurer is hereby authorized on behalf of the Municipality to borrow from time to time by way of promissory note from the Municipality's banker a sum or sums not exceeding from January 1 to September 30 of the year \$205,261,876 and from October 1 to December 31 \$102,630,938 to meet, until the taxes and other revenues are received, the current expenditures of the Municipality for the year, including the amount required for the purposes mentioned in Subsection 1 of Section 407 of The Municipal Act and to give on behalf of the Municipality to the Bank a promissory note or notes sealed with the Corporate Seal and signed by the Treasurer for the monies so borrowed, with interest, which may be paid in advance or otherwise.
2. All sums borrowed pursuant to the authority of this by-law from the said bank for any or all purposes mentioned in the said Section 407 shall with interest thereon, be a charge upon the whole of the revenues of the Municipality for the current year.

READ A FIRST, SECOND, AND THIRD TIME AND PASSED THIS

_____ DAY OF _____ 2020.

KIMBERLEY KITTERRINGHAM
CITY CLERK

FRANK SCARPITTI, MAYOR