



Report to: General Committee

Report Date: November 14, 2011

SUBJECT:	By-law to authorize Temporary Borrowing for 2012
PREPARED BY:	Raj Raman, Senior Manager Financial Reporting & Purchasing

RECOMMENDATION:

1. That the report "By-law to authorize Temporary Borrowing for 2012" be received;
2. AND THAT a by-law be brought forward for Council approval to authorize the temporary borrowing, if required, of an amount not to exceed \$130,040,129 from January 1, 2012 to September 30, 2012 and \$65,020,065 from October 1, 2012 to December 31, 2012 to meet the expenditures of the municipality until taxes are collected and other revenues are received;
3. AND THAT the Treasurer report to Council in advance of borrowing, if temporary borrowing is required;
4. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval to establish a temporary borrowing credit facility with an upset limit as described above to enable the Town to meet its financial obligations in 2012 should it be required.

BACKGROUND:

Town of Markham cash flows are historically at their lowest at the end of each budget cycle (December 31st) after all Town expenses, and payments to the Region of York and the York Region School Boards have been made.

Section 407(1) of the *Municipal Act, 2001* governs that 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, until interim tax bills generate cash flows. The Town of Markham is required to pass a borrowing by-law each year in order to have an expenditure facility made available to it by its bankers. The Town has not availed this facility in the previous years but nevertheless must have a borrowing by-law in place should a necessity to borrow arise.

Subsection 407(2) of the *Municipal Act, 2001* governs the upper limits on the amounts the Town can borrow as per details below:

(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* governs 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 Town would be required to pay interest on any short term borrowing. Currently, the Town does not budget for interest expense, as borrowing has not been required in the past.

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

RECOMMENDED BY:

18/11/2011

X 

Joel Lustig
Treasurer / Acting Commissioner

ATTACHMENTS:

Appendix A, "2012 Temporary Borrowing Bylaw"

APPENDIX A: 2012 Temporary Borrowing Bylaw

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

A by-law to authorize the temporary borrowing of an amount not to exceed \$130,040,129 from January 1st to September 30th, 2012 and \$65,020,065 from October 1st to December 31st, 2012 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 2011 are \$260,080,258 which was adopted by Council at the Council meeting on March 1, 2011;

NOW THEREFORE THE CORPORATION OF THE TOWN 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 1st to September 30th of the year \$130,040,129 and from October 1st to December 31st \$65,020,065 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

2011.

KIMBERLEY KITTERRINGHAM
TOWN CLERK

FRANK SCARPITTI, MAYOR

COMMITTEE/COUNCIL ITEM TRACKING FORM

Revised: September 2009

COUNCIL <input type="checkbox"/>	DEVELOPMENT SERVICES Planning <input type="checkbox"/> Economic Dev. <input type="checkbox"/> Transportation <input type="checkbox"/>	GENERAL Community Services <input type="checkbox"/> Environment & Sustainability <input type="checkbox"/> Finance & Administrative <input checked="" type="checkbox"/> Lands, Building & Parks Construction <input type="checkbox"/>
TARGET MEETING DATE November 28, 2011	DATE REPORT AUTHORED	ITEM TITLE By-law to authorize Temporary Borrowings for 2012
AGENDA SECTION		TIME TO BE ALLOCATED
Presentation/Deputation <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Regular <input type="checkbox"/>		30 minutes
CONFIDENTIAL REPORTS <i>For in camera reports, please indicate appropriate subsection of s239(2) <u>Municipal Act</u> (✓ all applicable):</i>		
(a) Security of Property <input type="checkbox"/> (e) Litigation or potential litigation <input type="checkbox"/> (b) Personal matters about individual <input type="checkbox"/> (f) Solicitor-client privilege <input type="checkbox"/> (c) Acquisition/disposition of land <input type="checkbox"/> (g) Legislated authority to be in camera <input type="checkbox"/> (d) Labour relations/Employee negotiations <input type="checkbox"/>		
ORIGINATOR: Kishor Soneji Ext.2681		CONTACT: Raj Raman Ext.2013

DOES THE REPORT, PRESENTATION, BY-LAW AFFECT OTHER DEPTS:

 Yes ☐ No ☐ (List all departments impacted and being consulted on this report.)

Electronic Approval Required by:

Department	Individual	Obtained
Treasurer	Joel Lustig	<input type="checkbox"/>
Acting Commissioner, Corporate Services	Joel Lustig	<input type="checkbox"/>
CAO	Andy Taylor	<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Attachments:

Comments & Questions: