

To: Corporate and Finance Services Committee

From: Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department

Report Number: CF-22-67

Date of Report: November 23, 2022

Date of Meeting: November 28, 2022

Subject: 2023 Borrowing By-law

Ward: All Wards

File: 03-05

1.0 Purpose

The purpose of this report is to obtain approval for the 2023 Borrowing By-law.

2.0 Recommendation

That the Corporate and Finance Services Committee recommend to City Council:

That the Borrowing By-law as outlined in Attachment 1 to Report CF-22-67, 2023 Borrowing By-law, dated November 23, 2022 be approved.

3.0 Executive Summary

Not applicable

4.0 Input From Other Sources

Legal Services

5.0 Analysis

The City currently has an unutilized line of credit with its bank, the Royal Bank of Canada, in the amount of \$2 million. To utilize this line of credit, the bank requires a Borrowing By-law approved annually by City Council.

Although the City of Oshawa currently has no requirements to borrow external funds to finance its operations, occasional overdrafts, usually no longer than one or two days in duration, may arise from time to time. No overdrafts have occurred in the recent past.

The bank has indicated that as a matter of procedure it requires a copy of the By-law as outlined in Attachment 1 for its files.

Authority for borrowing is provided within the Municipal Act, 2001, as amended, which states at Section 407 that "...a municipality may authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amount that the municipality considers necessary to meet the expenses of the municipality for the year..."

6.0 Financial Implications

If the City utilizes this line of credit, the interest charge applied will be Royal Bank of Canada Prime minus 0.5%. As per the Bank of Canada, the prime rate as of November 23, 2022 was 5.95%.

7.0 Relationship to the Oshawa Strategic Plan

The recommendation is consistent with theme of Financial Stewardship to the extent that it demonstrates sound financial management.

A handwritten signature in black ink, appearing to read 'S. Sinnott', with a long horizontal flourish extending to the left.

Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department



being a by-law to authorize borrowing from time to time to meet current expenditures during the fiscal year ending December 31, 2023 ("By-law").

WHEREAS Section 407 of the Municipal Act, 2001, S.O. 2001, c. 25, as amended ("Municipal Act, 2001"), provides authority for a council via by-law to authorize the Mayor and the Treasurer to borrow such sums as the Council considers necessary in order to meet the current expenditures of the Municipality for the year pending collection of taxes and the receipt of other revenue;

AND WHEREAS the total amount which may be borrowed from all sources at any one time, except with the approval of the Ontario Land Tribunal (formerly, the Local Planning Appeal Tribunal) is limited by Section 407 of the Municipal Act, 2001.

NOW THEREFORE the Council of The Corporation of the City of Oshawa enacts as follows:

1. The Mayor and the Treasurer are authorized to borrow from time to time during the year 2023 (hereinafter referred to as the "current year") such sums as may be necessary to meet the current expenditures of the Municipality until the taxes are collected and other revenues are received.
2. The lender from whom amounts may be borrowed under authority of this Bylaw is the ROYAL BANK OF CANADA and such other lenders as may be determined from time to time by by-law of Council.
3. The total amount which may be borrowed at any one time under this By-law plus any outstanding amounts of principal borrowed and accrued interest shall not exceed 50 per cent of the total estimated revenues of the Municipality as set out in the budget adopted for the current year or \$2,000,000, whichever is less, from January 1 to September 30 of the current year.
4. The total amount which may be borrowed at any one time under this By-law plus any outstanding amounts of principal borrowed and accrued interest shall not exceed 25 per cent of the total estimated revenues of the Municipality as set out in the budget adopted for the current year or \$2,000,000, whichever is less, from October 1 to December 31 of the current year.
5. The Treasurer shall, at the time when any amount is borrowed under this By-law, ensure that the lender is or has been furnished with a certified copy of this By-law and a statement showing the nature and amount of the estimated revenues for the current year and also showing the total of any other amounts borrowed from any and all sources under authority of Section 407 of the Municipal Act, 2001 that have not been repaid.

6. If the estimates for the current year have not been adopted at the time an amount is borrowed under this By-law, the limitation on total borrowing, as set out in Sections 3 and 4 of this By-law, shall be calculated for the time being upon the estimated revenues of the Municipality as set out in the estimates adopted for the previous year.

7. If the estimates for the current year have not been adopted at the time an amount is borrowed under this By-law, the statement furnished under Section 5 shall show the nature and amount of the estimated revenues of the Municipality as set out in the estimates adopted for the previous year and the nature and amount of the revenues received for and on account of the current year.

8. All sums borrowed under this By-law, including any applicable interest, shall be a charge upon the whole of the revenues of the Municipality for the current year (and, where applicable, for any previous years) as and when such revenues are received. This charge does not defeat or affect and is subject to any prior charge in favour of any other lender.

9. The Treasurer is authorized and directed to apply in payment of all or any sums borrowed under this By-law, together with applicable interest thereon, all or any future money collected or received, from any source, which may lawfully be applied for such purpose.

10. Any banking documentation required by the lender (i.e. promissory notes, banker's acceptances, etc.) may be signed by the Treasurer and the Mayor, who are expressly authorized in that regard, or by such other person as is authorized by future by-law or resolution of Council.

11. This By-law is in effect on the date of its passing.

By-law passed this day of , 2022.

Mayor

City Clerk