TO: Mayor and Council

FROM: Stephen Dickey, Deputy Treasurer

RESOURCE STAFF: Lana Foulds, Financial Planning Coordinator

DATE OF MEETING: 2010-01-19

SUBJECT: 2010 Municipal Borrowing By-law

EXECUTIVE SUMMARY:
The municipality must pass a by-law on an annual basis to enable it to borrow funds to meet its current operational needs. In accordance with section 5(3) of the Municipal Act, as amended, municipal powers are to be exercised by by-law, unless the municipality is specifically authorized to do otherwise.

RECOMMENDATION:
That a by-law be presented to council and given three readings to authorize the municipality to borrow up to $138,000,000 during the January 1, 2010 to September 30, 2010 period and up to $69,000,000 during the October 1, 2010 to December 31, 2010 period in order to finance the city's current operating expenditures on an interim basis.

AUTHORIZING SIGNATURES:

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<tr>
<th>ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES</th>
<th>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</th>
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<tr>
<td>Stephen Dickey, Deputy Treasurer</td>
<td>Gerard Hunt, Chief Administrative Officer</td>
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CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

| Commissioner Beach, Sustainability & Growth       | N/R                                             |
| Commissioner Thurston, Community Development Services | N/R                                           |
| Commissioner Leger, Corporate Services              | N/R                                             |
| Jim Keech, President, Utilities Kingston            | N/R                                             |
OPTIONS/DISCUSSION:
The City of Kingston may be in a borrowing position in order to fund its day to day operations during the period from mid-December until the time when the current year’s interim tax bills are due. It is expected that interim tax bills will be due in late February 2010. Section 407(2) of the Municipal Act, as amended, outlines the borrowing limits for operating purposes imposed upon Ontario municipalities. The limitations are such that in the first nine months of the year, municipalities can borrow no more than 50% of the budgeted revenues for the year. After September 30, the loan amounts cannot exceed 25% of budgeted revenues.

EXISTING POLICY/BY LAW:
Municipal Act, 2001, as amended

NOTICE PROVISIONS:
Not applicable

ACCESSIBILITY CONSIDERATIONS:
Not applicable

FINANCIAL CONSIDERATIONS:
Finance charges will only apply should the City be required to borrow on this line. Based on cash flow projections and past experience, short term borrowing for current operations is not expected.

CONTACTS:
Stephen Dickey, Manager of Accounting Services   Ext. 2370

OTHER CITY OF KINGSTON STAFF CONSULTED:
Not applicable

EXHIBITS ATTACHED:
Appendix A - Draft 2010 Municipal Borrowing By-law
BY-LAW NO. 10-XXX

A BY-LAW TO AUTHORIZE THE MUNICIPALITY TO BORROW UP TO $138,000,000 DURING THE JANUARY 1, 2010 TO SEPTEMBER 30, 2010 PERIOD AND UP TO $69,000,000 DURING THE OCTOBER 1, 2010 TO DECEMBER 31, 2010 PERIOD IN ORDER TO FINANCE THE CITY’S CURRENT OPERATING EXPENDITURES ON AN INTERIM BASIS

PASSED:

WHEREAS Sections 407 (1) and (2) of the Municipal Act, S.O. 2001, c.25, as amended, authorize council to pass a by-law authorizing the municipality to borrow from time to time by way of promissory note or bankers’ acceptance such sums as council considers necessary to meet the current expenditures of the corporation for the year until the taxes are collected and other revenues are received, provided the amounts borrowed between January 1 and September 30 and between October 1 and December 31 of the year do not exceed fifty per cent (50%) and twenty five per cent (25%), respectively, of the total estimated revenues of the corporation as set forth in the budget adopted for the year;

AND WHEREAS the council deems it necessary to authorize the borrowing together with any similar borrowings that have not been repaid, a maximum of one hundred and thirty-eight million dollars ($138,000,000) during the period between January 1, 2010 and September 30, 2010, and a maximum of sixty-nine million dollars ($69,000,000) during the period between October 1, 2010, and December 31, 2010 in order to meet the current operating expenditures of the corporation until the taxes are collected, such sums representing not more than fifty percent (50%) and twenty-five percent (25%), respectively, of the estimated revenue of the corporation as set forth in the budget adopted for the year;

AND WHEREAS council deems it expedient to pass a by-law for such purpose.

THEREFORE the Council of the Corporation of the City of Kingston enacts as follows:

1. The Mayor and Treasurer of the corporation are hereby authorized under the seal of the corporation, to borrow by way of promissory note or bankers acceptance, from any chartered bank or banks in the City of Kingston or any other person, firm or corporation, a sum not exceeding one hundred and thirty-eight million dollars ($138,000,000) between January 1, 2010 and September 30, 2010 and sixty-nine million dollars ($69,000,000)
between October 1, 2010 and December 31, 2010, for the purpose of meeting the current operating expenditures of the corporation until the taxes are collected.

2. Despite the provisions of Section 1 of this by-law, the amounts that may be borrowed during the times and for the purposes mentioned in Section 1 of this by-law, together with the total of any similar borrowings that have not been repaid, shall not, except with the approval of the Ontario Municipal Board, exceed during the period between January 1, 2010 and September 30, 2010, and during the period between October 1, 2010 and December 31, 2010, fifty percent (50%) and twenty-five percent (25%), respectively, of the uncollected balance of the estimated revenues of the corporation as set forth in the budget adopted for the year.

3. The Mayor and Treasurer are hereby authorized to pay or allow the bank or banks or any other person, firm or corporation that lends money to the corporation, interest on the sums borrowed at such rates of interest and on such other terms as may be arranged by the Treasurer and adopted by council. The promissory note, or notes, debentures, covenants or agreements sealed with the seal of the corporation and signed on behalf of the corporation by the Mayor and Treasurer may be given to the said bank or banks, person, firm or corporation as aforesaid as security for the repayment of the amounts borrowed with interest thereon as aforesaid.

4. This by-law shall come into force and take effect on its passing.

GIVEN FIRST AND SECOND READINGS
GIVEN THIRD READING AND PASSED

CITY CLERK
MAYOR