

Budget Committee

Meeting No.	4 (Special)	Contact	Merle MacDonald, Committee Administrator
Meeting Date	Thursday, February 8, 2007	Phone	416-392-7340
Start Time	9:30 AM	E-mail	mmacdona@toronto.ca
Location	Committee Room No. 1, City Hall		

Budget Committee		
Councillor Shelley Carroll (Chair) Councillor Paul Ainslie (Vice-Chair) Councillor Maria Augimeri	Councillor A. A. Heaps Councillor Joe Mihevc	Councillor Gord Perks Councillor Kyle Rae

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Declarations of Interest under the *Municipal Conflict of Interest Act*

Speakers/Presentations – A complete list will be distributed at the meeting

Communications/Reports

BU4.1	Information			Wards: All
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Presentations**Summary**

To introduce the 2007 Capital Budget.

BU4.2	ACTION		Transactional	Wards: All
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Capital Financing and Debenture Authorities

(February 1, 2007) report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. authority be granted for the Mayor and the Deputy City Manager and Chief Financial Officer to enter into an agreement or agreements with a purchaser or purchasers for the sale and issuance of debentures, to provide an amount in 2007 not to exceed \$500 million;
2. the 2007 sinking fund levies of \$167,683,949.02 for the City of Toronto and \$2,293,802.99 for the Toronto District School Board be approved;
3. the 15 percent debt charges as a per cent of tax levy guideline approved by Council in 2006 be reaffirmed for 2007 and the recommended debt issuance and resultant debt charges to finance the 2007 Capital Budget adhere to this capital management guideline;
4. City Programs and Agencies, Boards and Commissions' capital financing requirements be included in the Five Year Capital Budget and submitted through the Deputy City Manager and Chief Financial Officer (DCM/CFO) for consideration of Council;
5. authority be granted for the introduction of the necessary Bills in Council to give effect to the foregoing; and
6. the appropriate City of Toronto officials be authorized to take the necessary actions to give effect thereto.

Financial Impact

If the entire borrowing authority is utilized during 2007, the maximum financial impact is \$12.5 million in debt charges that would be reflected in the 2007 Operating Budget in the Non-Program Budget – Capital and Corporate Financing Account, assuming an interest rate of 5.00 percent per annum. For 2008, the estimated annualized debt charges resulting from the 2007 issuance of \$500 million is \$60 million.

There are no additional financial impacts contained in this report.

Summary

This report requests Council's approval for the sale and issuance of debentures in 2007 to finance tax-supported capital expenditures, the reaffirming of the guideline for the ratio of debt service charges to property taxes and ensuring that the City's capital financing and borrowing authority, including City Program, Agencies, Boards and Commissions, is delegated to the Deputy City Manager and Chief Financial Officer. These measures are necessary to support the City's efforts to further enhance its fiscal sustainability and credit worthiness.

Background Information

Staff Report

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1405.pdf>)