TORONTO

REPORT FOR ACTION

Extension of 2026 Debenture and Temporary Borrowing Authorities

Date: November 2, 2026
To: City Council
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report seeks City Council approval to extend the existing delegated authorities for long-term and temporary borrowing through December 31, 2026, following the commencement of the new term of Council.

On November 23 and 24, 2022, City Council approved the delegation of authority to the Mayor (or the Mayor's Alternate) and the Chief Financial Officer and Treasurer to undertake long-term borrowing, subject to an annual limit of $2.0 billion. Council also delegated authority to the Chief Financial Officer and Treasurer to undertake temporary borrowing for operating and capital purposes, subject to an annual limit of $500 million. These authorities were established for the 2022-2026 Council term.

Consistent with the approach taken following the previous municipal election in 2022, an extension of these delegated authorities is required as they were established for the prior term of Council. This report recommends continuing both delegations through December 31, 2026, with no changes to the existing borrowing limits or scope of authorized activities. Extending these authorities will enable the City to complete its remaining planned 2026 financing activities.

A separate report will be brought forward for City Council's consideration in December 2026 regarding the proposed multi-year borrowing authorities for 2027–2030.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council authorize the Mayor (or as an alternate to the Mayor, the Chair of the Budget Committee or the Deputy Mayor) and the Chief Financial Officer and Treasurer, for the remainder of the year ending December 31, 2026, to:

a. enter into agreements for the sale, issuance or sale and issuance of debentures and revenue bonds and enter into bank loan agreements and conditional loan agreements with the Canada Infrastructure Bank, on such terms and conditions, including price, as they deem expedient, for the purpose of borrowing money to obtain or provide long-term financing of capital works, in an annual amount not to exceed $2.0 billion for the 2026 calendar year, inclusive of amounts previously borrowed in 2026, provided such borrowing complies with Council approved debt guidelines as amended from time to time;

b. enter into any agreements required to manage interest rate risk, manage currency risk, or otherwise minimize costs or risks arising from fluctuations in interest rates in connection with the debentures, revenue bonds, or bank loan agreements, on terms satisfactory to them; and

c. reopen an existing debenture issue where it is determined that such reopening would be advantageous to the City, depending upon prevailing capital market conditions.

2. City Council authorize the Chief Financial Officer and Treasurer, or their designate, for the remainder of the year ending December 31, 2026, to:

a. temporarily borrow amounts that the City considers necessary to meet expenses of the City for the year and prescribed amounts, whether or not they are expenses for the year, that the City requires in the year as set out in the applicable regulation under the City of Toronto Act, 2006, until such time as taxes are collected and other revenues are received, provided the total amount so borrowed plus the principal amount of any outstanding temporary borrowings together with all accrued interest thereon at any time will not exceed $500 million; or

b. temporarily borrow for capital works pending the issuance of debentures or entering into bank loans, in an amount not to exceed $500 million.

3. Without limiting the generality of the foregoing, City Council amend Municipal Code Chapter 30, Debenture and Other Borrowing, to reflect Recommendations 1 and 2 above.

FINANCIAL IMPACT

As of October 31, 2026, the City has issued $1.1 billion in debentures, leaving $900 million of unused authority under the existing $2.0 billion annual limit to complete the remaining 2026 financing plan. The recommendations in this report maintain and extend the $2.0 billion annual limit until December 31, 2026 to complete the City's remaining financing plan for the year. The debt charges associated with existing and new borrowings were approved by City Council and reflected in the Capital and Corporate Financing/Non-Program section of the Operating Budget.

DECISION HISTORY

On November 23 and 24, 2022, City Council adopted the report *Multi-Year Debenture and Temporary Borrowing Authorities – Current Term of Council 2022 to 2026*, authorizing annual long-term borrowing of up to $2.0 billion by the Mayor (or the Mayor's Alternate) and the Chief Financial Officer and Treasurer, and temporary borrowing of up to $500 million by the Chief Financial Officer and Treasurer, including bank loans and promissory notes with terms not exceeding 365 days.
Multi-Year Debenture and Temporary Borrowing Authorities – Current Term of Council 2022 to 2026

COMMENTS

Background

Under Ontario Regulation 610/06 of the City of Toronto Act, 2006, the City has authority to issue debentures and revenue bonds, enter into bank loan agreements, and enter into conditional loan agreements with the Canada Infrastructure Bank to obtain long-term financing for capital works. The Regulation also permits temporary borrowing for operating purposes pending the receipt of taxes and other revenues, and for approved capital works pending permanent financing.

Following the exercise of delegated authority by the Mayor (or the Mayor's Alternate) and the Chief Financial Officer and Treasurer to enter a long-term debt transaction, the issuance must be authorized by the Debenture Committee. The Committee is comprised of the Mayor, Chair of the Budget Committee, the City Manager and the Chief Financial Officer and Treasurer. Given the need to respond promptly to market conditions, City Council has delegated authority to the Debenture Committee to approve debt issuances and enact the necessary borrowing by-laws.

In addition, the Chief Financial Officer and Treasurer, or their designate, also historically has delegated authority from Council to enter temporary borrowing activities on behalf of the City.
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Extension of Existing 2026 Borrowing Authorities

On November 23 and 24, 2022, City Council approved the delegation of long-term and temporary borrowing authorities for the 2022–2026 Council term, subject to annual limits of $2.0 billion and $500 million, respectively.

Consistent with the approach taken following the previous election in 2022, an extension of these delegated authorities is required as they were established for the prior term of Council.

This report recommends continuing both authorities through December 31, 2026, without changing the previously approved annual borrowing limits or the scope of

permitted borrowing activities. The $2.0 billion long-term borrowing limit and $0.5 billion temporary borrowing limit will continue to apply to the aggregate amount borrowed during the entire 2026 calendar year, including amounts issued before the commencement of the new Council term.

The proposed extension is intended solely to maintain continuity of the City's existing borrowing authorities for the remainder of 2026, following the expiry of the previous Council term.

A separate report will be brought forward for City Council's consideration in December 2026 respecting the proposed multi-year borrowing authorities for 2027–2030.

Remaining 2026 Debenture Issuance Requirements

As of October 31, 2026, the City had completed three debenture issuances totalling $1.1 billion, as summarized in Table 1.

Table 1

Issue Date	Amount ($)	Interest Rate (%)	Term (Years)
February 25, 2026	350,000,000	3.50%	10
March 31, 2026	450,000,000	4.50%	30
June 24, 2026	300,000,000	4.80%	30

Maintaining the existing borrowing authority will allow the City to complete its remaining annual financing plan in 2026 under the Council-approved capital plan while retaining the flexibility to respond to favourable market conditions and financing opportunities.

Temporary Borrowing Authority

Ontario Regulation 610/06 permits temporary borrowing for operating purposes pending the receipt of property taxes and other revenues, subject to prescribed legislative limits. Temporary borrowing is also permitted for approved capital works pending permanent financing.

The existing $500 million temporary borrowing authority provides the City with flexibility to address timing differences between revenue receipts and expenditures and to finance approved capital works pending long-term borrowing.

Although temporary borrowing may not be always required, maintaining this authority ensures that the City can respond to unexpected cash flow requirements and manage its financial obligations efficiently.

Extending the existing authority through December 31, 2026, will maintain continuity in the City's short-term financing arrangements, such as bank line of credit, without changing the previously approved borrowing limit or scope of permitted activities.

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SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS