

TORONTO MUNICIPAL CODE
CHAPTER 30, DEBENTURE AND OTHER BORROWING

Chapter 30

DEBENTURE AND OTHER BORROWING

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[History: Adopted by the Council of the City of Toronto January 31, 2019 by By-law 254-2019¹. Amendments noted where applicable.]

General References

Council procedures - See Ch. 27.

ARTICLE 1

General

§ 30-1.1. Definitions.

As used in this article, the following terms shall have the meanings indicated:

MAYOR'S ALTERNATE - One of the Deputy Mayor or the Chair of the Budget Committee.

ARTICLE 2

Delegated Borrowing Authority

§ 30-2.1. Delegation and annual limit.

The Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer are authorized to enter into an agreement or agreements with a purchaser or purchasers, during the years 2019, 2020, 2021 and 2022 for the issue, or the sale and issue, of debentures and revenue bonds, and for entering into bank loan agreements, upon such terms and conditions including price or prices as they deem expedient to provide an amount not exceeding \$1,000,000,000.00 for the City's purposes, including purposes of the former municipality called The Municipality of Metropolitan Toronto. For clarification and confirmation the debentures, revenue bonds and bank loan agreements can be issued or entered into at any time in the year the agreement is entered into or thereafter without affecting the \$1,000,000,000.00 limit because the limit shall be reduced during the year the agreement is entered into by the amount of debentures, revenue bonds and bank loans specified in any such agreement regardless of the year in which the debentures and revenue bonds are issued and the bank loans are made.

§ 30-2.2. Additional agreements.

Any agreement or agreements entered into under the authority contained in § 30-2.1 may provide that the debentures and revenue bonds to be issued and bank loan agreements to be entered into may be expressed and payable in lawful money of Canada and the Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer are authorized to enter into any

¹ Editor's Note: By-law 254-2019 replaced Chapter 30, Debenture and Other Borrowing in its entirety.

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additional agreements, as described in Ontario Regulation 610/06, to provide for the reduction of interest rate risk with respect to all or a portion of the interest payable under the debentures, revenue bonds and bank loans to provide for the reduction of currency risk with regard to the entire amount of principal and interest payable under the debentures, revenue bonds and bank loans or to minimize the cost or risk associated with the debentures, revenue bonds and bank loans due to fluctuations in interest rates.

§ 30-2.3. Variable interest rate.

Any agreement or agreements entered into under the authority contained in § 30-2.1 may provide that the debentures and revenue bonds to be issued and bank loan agreements to be entered into, to the extent permitted by applicable law, may provide for a variable rate of interest, for the payment of other amounts, and may include any additional authorized agreements.

§ 30-2.4. Application to regulatory bodies.

The Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer are authorized to apply on behalf of the City of Toronto to any regulatory body in Canada or outside Canada for any approvals required in connection with any such agreement or agreements or for the issue of debentures, revenue bonds and bank loans under such agreements.

§ 30-2.5. Debenture Committee.

Where the Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer have entered into an agreement or agreements in accordance with § 30-2.1, the Chief Financial Officer and Treasurer shall report the terms of the agreement to the Debenture Committee for approval.

§ 30-2.6. Report to Council for information.

Where the Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer have entered into an agreement or agreements in accordance with § 30-2.1, the Chief Financial Officer and Treasurer shall report the terms of any such agreement approved by the Debenture Committee to City Council for information once every calendar year for Council's information.

ARTICLE 3
Debenture Committee

§ 30-3.1. Establishment of committee.

A Debenture Committee is established for the City of Toronto.

§ 30-3.2. Composition.

- A. The Debenture Committee shall consist of four members composed of:
- (1) The Mayor;

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- (2) The Chair of the Budget Committee;
 - (3) The City Manager; and
 - (4) Chief Financial Officer and Treasurer.
- B. The Mayor shall be the Chair of the Debenture Committee, and the Chair of the Budget Committee shall be the Vice Chair of the Debenture Committee.

§ 30-3.3. Quorum.

The majority of committee members constitute a quorum.

§ 30-3.4. Term of appointment.

The committee members serve by virtue of their positions and until their successors are appointed.

§ 30-3.5. Delegation and responsibilities.

- A. The authority to make final decisions with respect to the following matters, to the extent that the authority has not already been delegated, is delegated to the Debenture Committee:
- (1) The authority, for the purposes of the City, to borrow money or provide long-term financing for any capital work by issuing debentures, issuing revenue bonds, and entering into bank loan agreements in accordance with such terms and conditions as are set out in any agreement for the issue, or issue and sale of such debentures, the issue of such revenue bonds or the entering into of such bank loan agreements entered into by the Mayor or the Mayor's Alternate and the Chief Financial Officer and Treasurer in accordance with Article 2 of this Chapter, all in accordance with the City's Financing of Capital Works Policy and Goals and with all legislative requirements; and
 - (2) The authority to pass the requisite borrowing by-laws to authorize the issue of any debentures, the issue of any revenue bonds and the entering into of any bank loan agreements approved in accordance with Subsection A(1) and to authorize any one or more City officers to do all things and execute all other documents, instruments and agreements in order to give effect to the issue of any debentures, the issue of any revenue bonds and the entering into of any bank loan agreements; and
 - (3) The authority to pass the requisite by-law(s) to enter into new arrangements with CDS Clearing and Depository Services Inc. ("CDS") to ensure that CDS accepts new issues of debentures and revenue bonds and maintains existing debentures and revenue bonds as book entry only securities in the CDS system and to authorize any one or more City officers to do all things and execute all other documents, instruments and agreements in order to give effect to the arrangements with CDS; and

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- (4) The authority to pass a by-law to authorize the issue of replacement debenture certificates and revenue bonds on such terms and conditions as the Debenture Committee deems appropriate, including a bond of indemnity as a condition of the issue of replacement debenture certificates and revenue bonds, before the City passes the by-law(s) to authorize the new arrangements with CDS.
- B. City Council cannot exercise authority in respect of the matters delegated to the Debenture Committee by Subsection A.
- C. The Chair and Vice Chair of the Debenture Committee are authorized to sign all borrowing by-laws passed by the Debenture Committee.

§ 30-3.6. Procedures.

- A. The Debenture Committee shall meet at the call of the Chair.
- B. The Debenture Committee shall be subject to Chapter 27, Council Procedures, as applicable, including the notice and open meeting requirements.

§ 30-3.7. Staff support.

The City Clerk provides meeting management support to the Debenture Committee.

ARTICLE 4
Temporary Borrowing Authority for Expenses

§ 30-4.1. Delegation.

Subject to § 30-4.2, in each of the years 2019, 2020, 2021 and 2022, the Chief Financial Officer and Treasurer is authorized to temporarily borrow to meet the expenses of the City for the year and the amounts, whether or not they are expenses for the year, that the City requires until the taxes are collected and other revenues are received for the following:

- A. Reserve, sinking and retirement funds;
- B. Principal and interest falling due within the year upon any debt of the City of Toronto, including any debt incurred by any former area municipality and by the former municipality called The Municipality of Metropolitan Toronto;
- C. School purposes;
- D. Other purposes for which the City of Toronto is required by law to provide for; and
- E. The amount of principal and interest payable by a person or a municipality primarily liable for a debt, if the City of Toronto has guaranteed the debt and the debt is in default.

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§ 30-4.2. Limits.

- A. In each of the years 2019, 2020, 2021 and 2022, the total amount borrowed under § 30-4.1 at any one time plus any outstanding amounts of principal borrowed and accrued interest may not exceed:
- (1) from January 1 to September 30 of the year, 50 per cent of the total estimated revenues of the City as set out in the budget adopted or readopted for the year;
 - (2) from October 1 to December 31 of the year, 25 per cent of the total estimated revenues of the City as set out in the budget adopted or readopted for the year; and
 - (3) \$500,000,000.00.
- B. Until the budget is adopted in a year, the limits set out in Subsection A(1) shall be temporarily calculated using the estimated revenues set out in the budget adopted or readopted for the previous year.
- C. Estimated revenues in Subsections A(1) and (2) do not include revenues derivable or derived from the following:
- (1) arrears of taxes, fees or charges; or
 - (2) a payment from a reserve or a reserve fund of the City, whether or not the payment is for a capital purpose.

ARTICLE 5

Temporary Borrowing Authority for Capital Works or Permanent Improvements

§ 30-5.1. Delegation and limits.

- A. For the years 2019, 2020, 2021 and 2022, when Council has approved a capital work or permanent improvement to be financed in whole or in part by issuing debentures or entering bank loan agreements, authority is granted to the Chief Financial Officer and Treasurer to:
- (1) obtain from a bank or person temporary advances from time to time to meet expenditures in connection with the purposes authorized provided that temporary advances in respect of each such purpose shall at no time exceed the gross expenditure approved for such purpose;
 - (2) borrow temporarily in respect of such purposes an annual aggregate amount not to exceed \$500,000,000.00, pending the sale and issuance of debentures or the entering into of bank loan agreements; and
 - (3) to enter into any agreements necessary to give effect to A(1) and (2).
- B. The proceeds of all borrowing under Subsection A shall be applied only for the purposes for which the debentures are to be issued or the bank loan agreements are entered into.