



MIDDLESEX-LONDON HEALTH UNIT

GOVERNANCE MANUAL

SECTION: Borrowing
Financial and Organizational
Accountability

POLICY NUMBER: G-205
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IMPLEMENTATION:
SPONSOR: MOH / CEO
REVIEWED BY: Finance and Facilities
Committee

APPROVAL: Board of Health
SIGNATURE:
DATE:

PURPOSE

The purpose of this policy is to establish objectives for debt financing activities to meet infrastructure and operating requirements while meeting the objectives of the Board of Health and related statutory and contractual requirements.

POLICY

The Middlesex-London Health Unit (MLHU), pursuant to Section 56 (1) of the Health Promotion and Protection Act may enact by-laws and policies respecting banking and finance. In regards to borrowing, the Board of Health, after consultation with municipal councils, may borrow funds to meet infrastructure and operating requirements of the Health Unit.

The primary objectives of this policy are as follows:

1. Adherence to statutory requirements

The Board shall secure temporary or long-term borrowing for health unit purposes as described by the Health Protection & Promotion Act, and the Municipal Act, specifically Part XIII Debt and Investment and the applicable regulations thereunder.

2. Minimize long-term cost of financing

The Board shall ensure that the debt program uses a systematic approach that minimizes the impact of debt servicing costs on the operating budget.

- a. The Board shall strive to maintain a strong credit rating to assist in securing a favourable cost of borrowing.
- b. Municipal councils should be consulted and considered for access to their capital markets.
- c. The term of long-term financing shall not extend beyond the lifetime of the capital work for which the debt was incurred and shall not exceed 40 years in accordance to Section 408 (3) of the Municipal Act.
- d. The Health Unit shall monitor debt servicing costs and annual repayment limits and shall utilize benchmarks, measures, indicators, ratios and limits as determined relevant and appropriate by the Secretary-Treasurer or designate to monitor debt levels and servicing costs.

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PROCEDURE

The Board Chair of the Board of Health and Secretary-Treasurer, following a majority vote of the Board of Health, are authorized on behalf of the Board to borrow, from time to time, by way of promissory note, or other suitable debt instrument from a registered chartered bank, trust company or credit union to meet Health Unit expenditures. The Board may delegate the Secretary-Treasurer to exercise this power on the behalf of the Board in such manner as the Board may determine by Board resolution. The Secretary-Treasurer or designate shall have the authority to implement the debt program and establish procedures consistent with this policy.

While the Board of Health has the authority to borrow, approval either through lease or purchase to acquire and hold real property for the purpose of carrying out the functions of the Health Unit, approval must first be obtained by the consent of councils of a majority of the municipalities served by the Board.

APPLICABLE LEGISLATION

Health Protection and Promotion Act, R.S.O. 1990, c. H.7
Municipal Act, 2001, S.O. 2001, c. 25

RELATED POLICIES

G-B20 By-law #2 Banking and Finance