

Full Authority
16 June 2016
Agenda Item: 15

CVCA Line of Credit

Background

Every year, as part of the statutory resolutions, the CVCA Board passes a motion enabling the Authority to borrow up to 70% of the approved budget for the current year. As part of the total amount which can be borrowed, the CVCA has had a Line of Credit established with the TD Canada Trust in Madoc.

Current Status

- Recently, TD Canada Trust has implemented a \$25/month fee to maintain the Line of Credit for the CVCA.
- Staff contacted TD for an explanation of the new fee.
- Sarah Warner, Madoc TD investigated LoC – records are sparse, but likely established when account was opened
- Terms are currently favourable for CVCA – \$100,000 LoC, prime + 1, supposed to be secured, but currently not
- If don't pay monthly fee, LoC will be cancelled, but if required in future, must apply, prime + 3 to +7 (depending on collateral), maximum LoC would be \$50,000
- Sarah did not want to raise red flags at TD

Staff Recommendation

Option 1 – Pay the monthly fee and have access to a LoC with historical terms and conditions

Option 2 – Cancel the LoC and apply for LoC when require funding for unforeseen circumstances

Staff Recommend Option 1 since terms are favourable and will secure additional funding if and when required

Board Decision