

# City of Belleville

Report No: DF-2025-06

Meeting Date: August 25, 2025



**To:** Mayor and Members of Council

**Department:** Finance

**Staff Contact:** Brandon Ferguson, Director of Finance/Treasurer

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**Subject:** City of Belleville - Loan Policy

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## Recommendation:

That Council approve the recommendations of the Finance Committee as outlined in the Director of Finance/Treasurer's Report No. DF-2025-06, and approve the City of Belleville - Loan Policy.

## Strategic Plan Alignment:

The City of Belleville's Strategic Plan identifies nine strategic themes. This report aligns with each of the City's nine strategic themes and the City's mission statement by providing innovative and efficient services in support of our community's vision.

## Background:

Similar to the Grant programs provided for by the City, the provisions of a loan request to an organization provides a benefit to the requestor and a utilization of City funds. If these requests are to be considered it is important for the city to review and evaluate these in a fair, transparent and equitable fashion. This is a process that has been identified by auditors of other municipalities as well, with recommendations provided to develop a policy concerning loans to community groups if they make this a practice.

At the March 11, 2024 Council meeting the Children's Safety Village requested a loan for their upcoming capital campaign. This request was approved, as well as direction provided to bring forward a loan policy for the City of Belleville.

On August 7, 2025 the Finance Committee reviewed the Loan Policy and are recommending its approval to Council.

## **Financial/Analysis:**

The city currently has loans receivable made to a small number of organizations. These have been made on an ad hoc basis and as the result of mortgage takebacks on property sales, long-term lease agreements and a charitable capital campaign loan.

Generally it is not recommended that investments in loans receivable are made by the City. Loans receivable represent an interest bearing investment, and would otherwise be invested in other interest bearing securities, falling under O. Reg 438/97 Eligible Investments and forward rate agreement. Regular investments made through the investment policy, have legislative requirements applied with respect to investment quality, investment institution limitations, term restrictions and reporting. When considering a loan to an organization under a loan policy it will be important to consider similar restrictions and factors included in O. Reg 438/97 to ensure the maintenance of high-quality investments of the City's tax and user funded resources.

Considerations to be made and included in the draft loan policy (attached) include, but are not limited to;

- Eligibility of organizations (location, type, etc.)
- Clearly demonstrated benefits to the city ratepayers
- A demonstrated ability to repay the loan, substantiated through items such as the organizations credit rating, financial history, detailed budget, credentials of the directors and officers, etc.
- Securities provided against default
- Other funding sources being pursued
- Contingency plans for budget variance in projected revenue and expenses
- Documentation from financial institutions where loan requests have been denied;
- Appropriateness of interest rate given existing market rates, City's investment rate of return, and risk premium for particular investment
- City cashflow requirements and availability of funding

For all City lending activities, a fully executed agreement is required to advance any funds.

## **Conclusion:**

The City does not traditionally issue loans to community organizations and provides support to various community groups through the City's grant programs (Community Impact, Tourism, Social Infrastructure and Arts and Culture).

In the extenuating circumstances where the City identifies it as appropriate to act as a financial lender the Loan policy will be followed.

It is recommended that pursuant to the Director of Finance/ Treasurer's Report No. DF-2025-06; City of Belleville - Loan Policy, that Council approve the City of Belleville - Loan Policy.

**Attachments:**

[Loan Policy \(Draft\) - Aug 7-25](#)

**Reviewed by:**

Doug Irwin, City Clerk

Matt MacDonald, Chief Administrative Officer

**Status:**

Approved - 14 Aug 2025

Approved - 14 Aug 2025



## City of Belleville Not for Profit / Charitable Organization Loan Policy

Dated: August 2025

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### 1. POLICY STATEMENT

A policy governing the management and administration of the City of Belleville's Loans receivable to charitable or not-for-profit organizations.

This policy recognizes that in certain extenuating circumstances a loan to charitable or not-for-profit organizations may be warranted, however the City does not intend to be a lender of City funds.

### 2. PURPOSE

The City has an established grant program to support charitable and not-for-profit agencies in the community. Providing loans of municipal funds is not part of this program or recommended, however where the City does choose to loan funds to organizations the following policy shall apply.

### 3. SCOPE

This policy applies to loans for not-for-profit and/or charitable organizations.

All other organizations and individuals are not eligible to receive loans or loan guarantees from the City.

### 4. DEFINITIONS

**"Public Sector Accounting Board"** or PSAB is an independent board with the authority to set accounting standards for the public sector.

**"Loan"** a sum of money borrowed from the City, which is expected to be paid back with interest.

### 5. POLICY

#### 5.1. REQUIREMENTS OF BORROWER

- 5.1.1. Loans are to be granted only to an incorporated non-profit organization.
- 5.1.2. Organizations must demonstrate that their services have significant benefits to the City of Belleville businesses and/or residents.
- 5.1.3. A fully executed agreement between the organization and the City of Belleville is required.
- 5.1.4. The organization must demonstrate their ability to repay the loan.

## 5.2. LOAN APPLICATION

The following guidelines have been developed to aid in the establishment of a consistent and equitable process of review for loan proposals

- 5.2.1. The borrower should prepare a proposal which includes the following information:
  - a) details of the amount of funds requested and a detailed breakdown of the use the funds are to be put to.
  - b) description of direct and indirect impact to ratepayers of the City of Belleville, and how these help achieve the strategic goals and objectives of the City.
  - c) history of the organization together with no less the three (3) years of the most recent audited financial statements.
  - d) a current budget and the request unaudited year-to-date expenditures compared to budget.
  - e) terms of the loan that the organization is requesting, including but not limited to; repayment terms, interest rate, cashflow detailing when the funds are required and will be utilized.
  - f) details of any other funding that the organization is pursuing and status of that funding.
  - g) documentation from at least two financial institutions where loan requests have been denied.
  - h) names and brief biographies of the directors and officers; and,
  - i) security that the organization may be willing to offer with respect to the loan.

## 5.3. LOAN EVALUATION

- 5.3.1. An eligible organization will be able to apply for a loan, only upon receiving approval from Council to do so. The request should be made through formal correspondence to the City Clerk.
- 5.3.2. A loan application will be made available once an approval to apply has been received from Council.
- 5.3.3. Loan applications will be reviewed by Treasurer or Designate and the Chief Administrative Officer, and a Council report prepared with a recommendation for Council's consideration.

5.3.4. The following criteria will be considered when reviewing the loan application.

<b><i>Evaluation Category</i></b>	<b><i>Criteria Description</i></b>
<b>Benefit to ratepayers</b>	How will the loan benefit the ratepayers? Details of specific service enhancement and benefits will be required. Items of relevance include the number of impacted ratepayers, number and impacts in line with the City's Strategic priorities.
<b>Cascading impact</b>	Will giving a loan to this organization impact the City's relations with other similar organizations which may or may not be receiving grants or other forms of support.
<b>Amount of loan</b>	<p>Does the City have adequate financial resources to accommodate the amount of the request, and does it create an imbalance in the City's investment portfolio from a risk and cashflow perspective?</p> <p>Will the amount of the proposed loan be sufficient and not in excess of the requirements of the organization to meet its objective?</p> <p>What assumptions has the organization made in its proposal to repay the loan? Are these assumptions reasonable?</p>
<b>Alternative funding source attempt</b>	What alternative sources of funding has the organization pursued, and why are these sources not available or sufficient
<b>Service provided responsibility of municipality or other level of government.</b>	Responsibility of municipal government or are other levels of government generally responsible for supporting such services, and if so, how will this impact future funding relationships with this and other similar organizations?
<b>Responsible, fair and equitable rate</b>	<p>Extent to which rate is in line with market rates and the City's average rate of return.</p> <p>Reflects risk of particular organization, borrowing capacity and nature of loan.</p> <p>If interest is not charged at the City's current borrowing rate, consider the reasons why. Will the terms of the loan encourage the organization to operate efficiently and to maximize the benefits to be received?</p>
<b>Security</b>	Quality, liquidity and amount compared to loan
<b>Operational sustainability</b>	City should not be tied to the operational sustainability in the future

- 5.3.5. During the period the loan is outstanding the City will be provided with audited annual financial statements

#### **5.4. ROLES & RESPONSIBILITIES**

##### **Council:**

- In accordance with Section 224 of the Act, develop and evaluate policies, ensure the administrative policies, practices, and procedures are in place and maintain the financial integrity of the City.

##### **Chief Administrative Officer**

- Support the Treasurer or Designate in ensuring the principles and mandatory requirements contained in this policy are applied consistently across all City departments.

##### **Treasurer or Designate:**

- Develop and update this Policy as necessary and present changes to Finance Committee and Council.
- Ensure that the principles and requirements contained in this Policy are applied consistently across all departments.

##### **Senior leadership Team**

- Provide the Treasurer or Designate with the most current information to be used in the assessment and adequacy of community loans, if applicable

#### **5.5. REPORTING**

5.5.1. The City's annual audited financial statements will include loans receivable, and where material include the relevant balances and approved loan terms.

5.5.2. Any defaults on loan reported to the Finance Committee with an appropriate funding strategy, in line with the City's Budget and Financial Controls policy.

5.5.3. Loan agreement execution and amendment will be completed by Council through bylaw.

5.5.4. Other external reporting that may arise and may be brought to Council.

#### **5.6. REVIEW**

This policy shall be presented to the Finance Committee and Council for review and update, if applicable, every four years, in the first year of each elected Council, or as deemed necessary by Council or the Treasurer.