

TOWN OF STRATFORD

BORROWING BYLAW

BYLAW NUMBER 40



A bylaw relating to short and long term borrowing

BE IT ENACTED by the Council of the Town of Stratford as follows:

1. Title

1.1. This bylaw shall be known and cited as the "Borrowing Bylaw."

2. Authority

2.1. The *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1.,

3. Definitions

3.1. "Act" means the Municipal Government Act.

3.2. "Chief Administrative Officer" or "CAO" means the administrative head of a municipality as appointed by Council under subsection 86(2)(c) of the *Municipal Government Act*.

3.3. "Council" means the Mayor and other members of the council of the municipality.

3.4. "Resolution" means a resolution duly made by Council in accordance with the Act during a regular meeting or a special meeting of Council.

4. Borrowing for Capital Expenditures

4.1. Pursuant to subsection 164(3) of the Act, Council shall only borrow money for capital expenditures where the amount borrowed does not increase the total capital debt of the Town of Stratford, including the capital debt of a controlled corporation, to an amount in excess of ten per cent (10%) of the current assessed value of real property in the town.

4.2. In accordance with subsection 164(5) of the Act, where a contribution agreement has been signed between Council and the Government of Prince Edward Island or the Government of Canada, any monies borrowed by the Council for capital expenditures made pursuant to the agreement shall not be included in calculations to determine the borrowing debt limit, to the extent of the contribution of monies coming from the Government of Prince Edward Island or the Government of Canada, as the case may be, to the municipality.

- 4.3. Pursuant to subsection 165(1) of the Act, Council shall use money borrowed for a capital expenditure only for the purpose that is stated in the resolution authorizing the borrowing of money for that capital project.
- 4.4. Despite subsection 4.3 of this bylaw, upon completion of the capital project for which money was borrowed, Council may, by resolution, authorize that the unexpended balance of money for that capital project be used for another municipal purpose, in accordance with subsection 165(2) of the Act.

5. Short Term Borrowing

- 5.1. Pursuant to subsection 166(1) of the Act, Council may, from time to time and on a short term basis, borrow money for the purpose of financing operating expenditures.
- 5.2. Pursuant to subsection 166(2) of the Act, Council shall only borrow money, in the short term, to finance operating expenditures where the amount borrowed does not exceed 50 per cent (50%) of the total estimated revenues of the municipality as set out in the adopted operating budget contained in the financial plan for that fiscal year.

6. Resolution Required for the Purpose of Borrowing

- 6.1. Council is hereby authorized, by way of resolution, to borrow money as may reasonably be required from time to time for capital expenditures or short term borrowing. The resolution shall, in accordance with section 168 of the Act, include at a minimum:
 - (a) the amount proposed to be borrowed;
 - (b) a statement that the amount borrowed will not cause the municipality to exceed its debt limit;
 - (c) the purpose for which the expenditure is to be made;
 - (d) the proposed term or terms and amortization of the loan;
 - (e) the estimated rate of interest and commissions or other costs payable on the loan;
 - (f) the method of repayment; and
 - (g) the security, if any, to be given by the municipality for the repayment of the loan.

7. Severability

- 7.1. If any provision in this bylaw is deemed to be invalid for any reason, then that provision shall be severed from this bylaw and all remaining provisions shall remain valid and in force.

8. Effective Date

8.1. This Bylaw is effective on the date of approval and adoption below.

First Reading:

This Bylaw was read and formally approved by a majority of Council members present at the Council meeting held on the 14th day of March 2018.

Second Reading:

This Bylaw was read and formally approved by a majority of Council members present at the Council meeting held on the 11th day of April, 2018.

Approval and Adoption by Council:

This bylaw was formally adopted by a majority of Council members present at the Council meeting held on the 11th day of April, 2018.

This bylaw is hereby declared to be passed and proclaimed as a bylaw of the Town of Stratford on this 11th day of April 11, 2018.

Witness the corporate seal of the Town.

Mayor

Chief Administrative Officer

This Bylaw was filed with the Minister of Communities, Land and Environment on this ___ day of _____ 2018.