

TOWN OF NORTH RUSTICO

**BORROWING BYLAW**

**Bylaw No. \_\_\_\_\_**

A Bylaw relating to the borrowing of money for capital expenditures and to finance operating expenditures in the Town of North Rustico.

This Bylaw is made under the authority of the *Municipal Government Act*, R.S.P.E.I. 1988, Cap. M-12.1.

BE IT ENACTED BY THE COUNCIL OF THE TOWN OF NORTH RUSTICO as follows:

**1. Title**

1.1 This Bylaw may be cited and referred to as the "Borrowing Bylaw".

**2. Definitions**

2.1 In this Bylaw:

- (a) "Act" means the *Municipal Government Act*, R.S.P.E.I. 1988, Cap. M-12.1, as amended from time to time.
- (b) "Bylaw" means this Borrowing Bylaw, as amended from time to time;
- (c) "Chief Administrative Officer" means the person appointed to that position pursuant to the Act;
- (d) "Council" means the Council of the Town;
- (e) "Councillor" means a member of the Council, but excludes the Mayor;
- (f) "Mayor" means the mayor of the Town's Council;
- (g) "Town" means the Town of North Rustico.

**3. Borrowing of Funds**

3.1 All borrowing of money shall be authorized by a resolution of the Council.

3.2 Council is hereby authorized, by way of resolution, to borrow money as may reasonably be required from time to time for the following:

- (a) capital expenditures; and
- (b) short-term borrowing for the purpose of financing operating expenditures.

3.3 A resolution made pursuant to this Bylaw 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 Town 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;
- (g) the security, if any, to be given by the Town for the repayment of the loan;
- (h) the revenue sources to be used to repay the capital and interest owing for the amount to be borrowed; and
- (i) in the case of short-term borrowing, a statement confirming that the amount borrowed is to be repaid during the current year.

3.4 In accordance with 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.

3.5 Notwithstanding subsection 3.4 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.

#### **4. Restrictions on Borrowing**

4.1 Subject to the exceptions set out in section 164 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, 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 Subject 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 Town as set out in the adopted operating budget contained in the financial plan for that fiscal year.

#### **5. Repeal**

5.1 All previous bylaws of the Town pertaining to borrowing are hereby repealed including, without limitation, the General Borrowing Bylaw, Bylaw #2018-2.

#### **6. Effective Date**

6.1 This Bylaw comes into effect on \_\_\_\_\_.

**First Reading:**

This Bylaw was read a first time at the Council meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

This Bylaw was approved by a majority of Councillors present at the Council meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**Second Reading:**

This Bylaw was read a second time at the Council meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

This Bylaw was approved by a majority of Councillors present at the Council meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**Adoption and Approval by Council:**

This Bylaw was adopted by a resolution of Council at the Council meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

This Bylaw is declared to be passed on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

WITNESS the corporate seal of the Town.

\_\_\_\_\_

**Mayor**

\_\_\_\_\_

**Chief Administrative Officer**

BE IT RESOLVED THAT: Bylaw No. \_\_\_\_\_, being a bylaw related to the borrowing of money for capital expenditures and to finance operating expenditures in the Town, is hereby enacted as a bylaw of the Town and the Mayor and Chief Administrative Officer be and they are hereby authorized to sign the Bylaw and apply the Town's seal thereto.

Dated the \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_

**Mayor**

\_\_\_\_\_

**Chief Administrative Officer**