

Rural Municipality of Cardigan, PEI
A Bylaw to Authorize General Borrowing
Bylaw # 2018-01

BE IT ENACTED by the Council of the Rural Municipality of Cardigan as follows:

1. Title

- 1.1. This bylaw shall be known and cited as the “General Borrowing Bylaw.”

2. Authority

- 2.1. Sections 164 – 166 of the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1., enable municipalities to provide, by bylaw, for the borrowing of money for the purpose of capital expenditures and to finance operating expenditures on a short term basis through the adoption of a bylaw for those purposes.

3. Application

- 3.1. This bylaw applies to the borrowing of money for capital expenditures or to finance operating expenditures on a short term basis.
- 3.2. All borrowing of money shall be authorized by a resolution of Council.

4. Definitions

- 4.1. “Act” means the *Municipal Government Act*.
- 4.2. “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*.
- 4.3. “Council” means the Mayor and other members of the council of the municipality.
- 4.4. “Resolution” means a resolution duly made by Council in accordance with the Act during a regular meeting or a special meeting of Council.

5. Borrowing for Capital Expenditures

- 5.1. 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 Rural Municipality of Cardigan, 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 Rural Municipality of Cardigan.
- 5.2. 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.

- 5.3. 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.
- 5.4. Despite subsection 5.3 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.

6. Short Term Borrowing

- 6.1. 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.
- 6.2. 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.

7. Resolution Required for the Purpose of Borrowing

- 7.1. 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.

8. Contents of Borrowing Resolution

- 8.1. 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 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.
 - (h) the revenue sources to be used to repay the capital and interest owing for the amount to be borrowed;

- (i) in the case of short term borrowing, a statement confirming that the amount borrowed is to be repaid during the current year.

9. Signing Authority

- 9.1. Pursuant to subsection 156(1) of the Act, all borrowing agreements shall be signed by both:
 - (a) the Mayor
 - (b) the Chief Administrative Officer
- 9.2. The Mayor and Chief Administrative Officer may each, in writing, designate another person to sign a borrowing agreement, in accordance with subsection 156(2) of the Act.

10. Effective Date

- 10.1. This Borrowing Bylaw, Bylaw# 2018-01, shall be effective on the date of approval and adoption below.

First Reading:

This General Borrowing Bylaw, Bylaw# 2018-01, was read a first time at the Council meeting held on the _____ day of _____, 2018.

This General Borrowing Bylaw, Bylaw# 2018-01, was approved by a majority of Council members present at the Council meeting held on the _____ day of _____, 2018.

Second Reading:

This General Borrowing Bylaw, Bylaw# 2018-01, was read a second time at the Council meeting held on the _____ day of _____, 2018.

This General Borrowing Bylaw, Bylaw# 2018-01, was approved by a majority of Council members present at the Council meeting held on the _____ day of _____, 2018.

Approval and Adoption by Council:

This General Borrowing Bylaw, Bylaw# 2018-01, was adopted by a majority of Council members present at the Council meeting held on the _____ day of _____, 2018.

11. Signatures

Mayor (signature sealed)

Chief Administrative Officer (signature sealed)

This General Borrowing Bylaw adopted by the Council of the Rural Municipality of Cardigan on _____ is certified to be a true copy.

Chief Administrative Officer Signature

Date