



REQUEST FOR DECISION

Meeting: November 25, 2024

OPERATIONAL BORROWING BYLAWS – BYLAW 1793 & 1794

DESCRIPTION/BACKGROUND:

As per MGA Section 251(1) a municipality may only borrow if such borrowing is authorized by a borrowing bylaw. Such borrowing bylaws should be renewed regularly (i.e. annually)

The Town has maintained a revolving line of credit for many years with a principle sum of \$450,000 and there are currently no funds drawn on this credit facility. While it has been a long time since the Town has had to utilize the revolving line of credit, it is maintained to ensure there are funds available in the case of an emergency or where there may be short-term cash flow concern. There have been no changes made to the bylaw from the prior one apart from the bylaw numbers and dates.

In 2018, the Town of Claresholm began using AMSC's Procurement Card credit card program, which is a MasterCard issued by BMO. The Town has a total authorized credit limit on this account of \$50,000. Issuance of cards and individual card limits are governed by Policy 3-0-01 "Corporate Credit Card Policy".

As the attached bylaws are for operational borrowing not to exceed 3 years, we are not required to advertise the bylaw. Limits authorized cannot exceed expected tax revenue for 2025, approximately \$4M, of which the town is well below.

DISCUSSION/OPTIONS:

Because of the high interest rates in late 2023 and into 2024, the BMO Operating Borrowing Bylaw presented for the 2024 year had increased its maximum interest rate from 5% to 9%, the Town's line of credit with BMO has an agreed interest rate of Prime + 0%. The Bank of Canada prime interest rate as of the date of this report was 5.95% which is well below the 9% maximum. If desired this rate can be lowered but has been left at 9% in the draft bylaw to ensure the maximum rate is not exceeded and the Town remains onside with the bylaw.

PROPOSED RESOLUTIONS:

Moved by Councillor _____ to give Bylaw #1793 – 2025 BMO Operational Borrowing Bylaw – regarding the Town revolving line of credit in the amount of \$450,000 1st Reading.

Moved by Councillor _____ to give Bylaw #1793 – 2025 BMO Operational Borrowing Bylaw – regarding the Town revolving line of credit in the amount of \$450,000 2nd Reading.

Moved by Councillor _____ to move to third and final reading of Bylaw #1793 – 2025 BMO Operational Borrowing Bylaw – regarding the Town revolving line of credit in the amount of \$450,000.

Moved by Councillor _____ to give Bylaw #1793 – 2025 BMO Operational Borrowing Bylaw – regarding the Town revolving line of credit in the amount of \$450,000 3rd Reading.

Moved by Councillor _____ to give Bylaw #1794 – 2025 AMSC Operational Borrowing Bylaw – regarding the Town MasterCard account in the amount of \$50,000 1st Reading.

Moved by Councillor _____ to give Bylaw #1794 – 2025 AMSC Operational Borrowing Bylaw – regarding the Town MasterCard account in the amount of \$50,000 2nd Reading.

Moved by Councillor _____ to move to third and final reading of Bylaw #1794 – 2025 AMSC Operational Borrowing Bylaw – regarding the Town MasterCard account in the amount of \$50,000.

Moved by Councillor _____ to give Bylaw #1794 – 2025 AMSC Operational Borrowing Bylaw – regarding the Town MasterCard account in the amount of \$50,000 1st Reading.

COSTS/ SOURCE OF FUNDING (if applicable):

N/A

RECOMMENDED ACTION:

Administration recommends that operational borrowing bylaws, Bylaw #1793 – 2025 BMO Operational Borrowing, and Bylaw #1794 – 2025 AMSC Operational Borrowing, be maintained at the same amounts and both bylaws receive all three readings.

ATTACHMENTS:

- 1.) Bylaw #1793 – 2025 BMO Operational Borrowing Bylaw
- 2.) Bylaw #1794 – 2025 AMSC Operational Borrowing Bylaw

APPLICABLE LEGISLATION:

- 1.) Municipal Government Act, RSA 2000, Chapter M-26 Section 251 - 258

PREPARED BY: Jennifer Place, Director of Corporate Services

APPROVED BY: Abe Tinney, CAO

DATE: November 21, 2024
