

Operating Expenditures Borrowing Bylaw 15-2020**Report Purpose**

To seek Council approval on three readings of Bylaw 15-2020, a bylaw that establishes a revolving credit facility.

Recommendation

THAT Bylaw 15-2020, a bylaw to establish a revolving credit facility for an amount up to one hundred and twenty-five million dollars (\$125,000,000) be given first reading.

THAT Bylaw 15-2020 be given second reading.

THAT Bylaw 15-2020 be considered for third reading.

THAT Bylaw 15-2020 be given third reading.

Our Prioritized Strategic Goals

Goal 1 - Build strong communities to support the diverse needs of residents

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

Report

The original bylaw establishing a credit facility was passed in 2006 for a limit of \$5,000,000. The size of the County has grown, as has the operational requirements. It is prudent to have a revolving line of credit in place as a financial tool for emergent situations where the County may require financing of operating expenditures. This allows for smaller cash balances to be maintained thereby increasing the opportunity for investment income.

The line of credit also allows financial planning by permitting the payment of operating expenditures from borrowed money rather than from liquidating invested funds. If required, investments can then be sold at a later period where it is more financially beneficial to the County. The County has not borrowed from the existing line of credit in the past 10 years; it is unknown if it has ever been used.

It is important to be aware that any borrowings from the line of credit contribute towards the County's debt capacity and must remain within the Municipal Government Act and County policy limits. \$125,000,000 is approximately 28% of the County's 2020 borrowing capacity as per policy. Based on existing approved debt, the County would continue to be within limits if this financial tool was utilized to provide short term assistance with cash flow during the COVID-19 pandemic.

The attached bylaw (Enclosure 2) reflects an increase in the revolving credit limit to \$125,000,000 to replace the current limit of \$5,000,000.

Council and Committee History

June 27, 2006	Council passed Bylaw 54-2006, authorizing a borrowing made for the purpose of financing operating expenditures
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Other Impacts

Policy: FIN-001-025: Debt Management Policy

Legislative/Legal: Sections 251 through 263 of the *Municipal Government Act (MGA)*, R.S.A. 2000, c.M-26 govern municipal borrowing.

Interdepartmental: Corporate Finance, Corporate Planning, Legislative & Legal Services

Master Plan/Framework:

Enclosures

- 1 Bylaw 54-2006 - Borrowing Bylaw – Line of Credit to establish a revolving credit facility for an amount up to five million dollars.
- 2 Bylaw 15-2020 – Operational Borrowing Bylaw – Line of Credit to establish a revolving credit facility for an amount up to one hundred and twenty-five million dollars.