



## BYLAW

Report Date: March 25, 2020

Contact: Mel Tiede

Agenda Item Number: 12.2

Meeting Date: April 15, 2020

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**TO:** Town Council

**FROM:** Corporate Services

**BYLAW NO.:** 20-09

**BYLAW TITLE:** Bylaw 20-09 MSI Interim Funding Bylaw

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### RECOMMENDATION:

THAT COUNCIL give first reading to Bylaw 20-09 MSI Interim Funding Bylaw.

THAT COUNCIL give second reading to Bylaw 20-09 MSI Interim Funding Bylaw.

THAT COUNCIL give unanimous consent for third and final reading of Bylaw 20-09 MSI Interim Funding Bylaw.

THAT COUNCIL give third and final reading to Bylaw 20-09 MSI Interim Funding Bylaw.

THAT COUNCIL authorize the Mayor and CAO to sign borrowing documentation to complete the borrowing.

THAT COUNCIL direct Administration to claim the principle repayment of this borrowing Bylaw towards the Alberta MSI grant revenue.

### REPORT SUMMARY

The 2020 MSI Grant funding allotment was completely utilized within the 2020 operating budget. The utilization of the borrowing feature of MSI grant funding will provide an additional opportunity to leverage MSI Funding and remove the burden of capital borrowing repayment from the taxpayer and have it funded and paid for by MSI grant revenue. Administration is recommending that the borrowing repayments contained within Bylaw 19-11, Bylaw 16-21 (\$345,000) and this

bylaw (\$467,000 - 5-year repayment) be claimed against the MSI grant funding into the future. The repayment of this borrow will come from the MSI allotments in 2021, 2022 and future years as permitted and not be funded out of property tax revenues.

	2021	2022	2023
Principle payments	\$812,000	\$812,000	\$812,000

With the reallocation of the principle repayments from tax supported expenditure to grant revenue support this then will free up \$812,000 annually that would normally be funded by property tax.

Also, the five-year Capital Budget program as previously approved remains intact and is accommodated with the five-year repayment amortization.

**MSI**

With the approved present five-year capital budget and the additional utilization of the MSI grant funding the remaining MSI allocation is as follows:

	2021	2022	2023
MSI Closing Bal	\$138,239	\$834,658	\$2,062,076

**COUNCIL AUTHORITY/PREVIOUS DECISIONS**

Council received the Major projects update for the Strathmore Municipal Building and Strathmore Commons and passed a motion to direct administration to bring forward a borrowing bylaw in the amount of \$2,335,000 to be funded by MSI.

**CHIEF ADMINISTRATIVE OFFICER’S COMMENTS**

That Council consider the recommendations in this report.

**REPORT**

**BACKGROUND/CONTEXT**

The borrowing along with other borrowings being contemplated by the Town of Strathmore will result in the town utilizing approximately 56% of the borrowing capacity as defined by the province. The Interest rate for the borrowing will be dependent upon the borrowing structure fixed or floating rate and term of borrow but is expected to be in the range of 2% to 2.3% (\$46,700 to \$53,700 interest).

**STRATEGIC ANALYSIS (IF APPLICABLE)**

No public notice is required for this borrowing.

**CONCLUSION**

The borrowing aligns with the long-term financial plan in that grant funding should be used for non-revenue producing assets. The Claiming of the Borrowing principle repayments on the MSI Grant program will remove the principle repayment from tax funding to MSI grant funded.

**SUPPORTING DOCUMENTATION**

Bylaw No 20-09 MSI Interim Funding Bylaw.

**REVIEWED & APPROVED BY M. TIEDE**