

THE CITY OF SPRUCE GROVE

BYLAW C-1058-18

OPERATING LINE OF CREDIT BORROWING BYLAW

WHEREAS, pursuant to the *Municipal Government Act*, RSA, 2000, c.M-26, the City of Spruce Grove (the "City") wishes to authorize a borrowing in the nature of a revolving five million dollar (\$5,000,000) demand operating line of credit to meet the City's operating expenditures over the period from the date of this Bylaw through to December 31, 2021 which is to be repaid as taxes are levied or to be levied over the Borrowing Period;

AND WHEREAS, the amount of taxes levied or estimated to be levied for the each of the fiscal years comprising the Borrowing Period is the sum of at least thirty-six million dollars (\$36,000,000) per year;

AND WHEREAS, after borrowing the amount hereby authorized to be borrowed, the total borrowings to meet the City's expenditures and obligations over each of the fiscal years comprising the Borrowing Period, will not exceed the amount of taxes levied or estimated to be levied over the Borrowing Period;

AND WHEREAS, after the borrowing of the amount hereby authorized to be borrowed, the City will not have exceeded the debt limit established for the City pursuant to the *Municipal Government Act*;

NOW THEREFORE, the Council for the City of Spruce Grove, duly assembled hereby enacts as follows:

1. BYLAW TITLE

1.1 This bylaw is called "*the Operating Line of Credit Borrowing Bylaw*".

2. DEFINITIONS

2.1 "Act" means the *Municipal Government Act*, RSA, 2000, c.M-26 and amendments thereto.

2.2 "Bank" means the Canadian Imperial Bank of Commerce.

2.3 "Borrowing Period" means the effective date of this bylaw until December 31, 2021.

2.4 "City" means the City of Spruce Grove.

- 2.5 “City Manager” means the chief administrative officer as established by the City Manager Bylaw C-539-04.
- 2.6 “Council” means the Mayor and Councillors duly elected pursuant to the provisions of the *Local Authorities Election Act*, RSA, 2000, c.L-21.
- 2.7 “Mayor” means the chief elected official of the City of Spruce Grove.
- 2.8 “Revolving Operating Line of Credit” means the revolving \$5,000,000 (five million dollar) demand line of credit authorized by this bylaw.

3. REVOLVING OPERATING LINE OF CREDIT

- 3.1 That the City may borrow from the Bank, either by way of direct revolving advances from the Bank or, if so permitted by the Bank, by way of bankers’ acceptances accepted by the Bank (or any combination thereof), a sum or sums by which the ultimate demand revolving debt of the City to the Bank shall not exceed the principal amount of five million dollars (\$5,000,000), which the Council deems necessary for the purpose of meeting current annual operating expenditures and obligations of the City for each of the fiscal years over the Borrowing Period until such time as the taxes levied or to be levied therefore can be collected in each fiscal year and paid to the Bank, and the City agrees to pay:
 - (a) interest on such revolving loans, or on so much thereof as remains from time to time unpaid, at the Bank’s prime interest rate per annum in effect from time to time plus 0.000% per annum, as well as before maturity, default and judgment, with interest on overdue interest at the same rate as the principal;
 - (b) stamping fees in respect of any such bankers’ acceptances accepted by the Bank from time to time, at such rate or rates as may be agreed to from time to time by the Mayor and City Manager of the City on behalf of the City; and,
 - (c) any fees (including the fees to operate the City’s account maintained at the Bank), or other amounts now or hereafter provided for in the credit agreement to be signed by the City and the Bank (the “other amounts”), provided that, pursuant to Section 251(2)(b) of the Municipal Government Act, neither the interest rate in respect of such direct revolving advances nor the yield in respect of such bankers’ acceptances (after giving effect to applicable stamping fees payable in respect thereof) shall in any event exceed a maximum rate of 10% per annum.

- 3.2 That the revolving sum or sums so borrowed by the City be payable on demand, and will be paid in full on or before the end of the Borrowing Period or earlier if the Bank demand therefore is made.
- 3.3 That the source of money to be used to repay the money borrowed hereunder, inclusive of all principal, interest thereon (and amounts payable in respect of such bankers' acceptances) and the other amounts, shall include all amounts now or hereafter received by the City by way of taxes and penalties on taxes assessed and/or levied by the City in previous years together with penalties thereon, the whole of the taxes, assessed or to be assessed and/or levied over the Borrowing Period, plus penalties thereon and all other revenues received by the City from time to time from any source whatsoever; and the same shall be applied as far as necessary to the repayment of moneys borrowed hereunder, plus interest and other amounts payable in respect thereof, but the Bank shall not be restricted to the said taxes, penalties and other revenues for the payment of the money borrowed as aforesaid, or be bound to wait for repayment of such money and interest and other amounts until such taxes, penalties and other revenues can be collected.
- 3.4 That the funds borrowed pursuant to this bylaw are borrowed on the general credit and security of the City of Spruce Grove at large, and save for any debt now or hereafter transacted by the City, that is secured by a purchase money security interest ("PMSI") now or hereafter granted by the City to acquire and use personal property, all amounts payable by the City to the Bank in respect of the City's \$5,000,000 Revolving Operating Line of Credit shall rank pari-passu with all other debt and obligations of the City, unless the Bank consents in writing to the contrary.
- 3.5 That the sum or sums so borrowed by the City pursuant to this bylaw may be evidenced and secured by a credit agreement between the City and the Bank, the debits and credits made to the operating account maintained by the City with the Bank, and by such other agreements, account authorities, ledgers, loan statements or instruments as may be required or maintained by the Bank.
- 3.6 That the Mayor and City Manager of the City are hereby authorized to execute and deliver to the Bank, for and on behalf of the City, such account authorities, instruments and agreements, including credit agreements, as may be required by the Bank for the City to avail and evidence the City's \$5,000,000 Revolving Operating Line of Credit with the Bank as provided for in this bylaw, or any other borrowing from the Bank, and upon the execution and delivery of any such account authority, instrument or agreement by the Mayor and City Manager on behalf of the City, any such account authority, instrument or agreement shall conclusively be deemed to be the account authorities, instrument or agreement authorized by this

bylaw and binding on the City, and any such previously signed account authorities, instruments or agreements including, without limitation, the credit agreement dated November 30, 2017, signed by the Bank, and the Mayor and the City Manager on behalf of the City, are hereby ratified.

- 3.7 That nothing contained herein shall waive, prejudicially affect or exclude any right, power or benefit by statute, common law or otherwise given to or implied in favor of the said Bank.

4. EFFECTIVE DATE

- 4.1 This bylaw shall come into force and effect on January 1, 2019 and shall remain in effect until the end of the Borrowing Period or until superseded by a subsequent Operating Line of Credit Borrowing Bylaw, whichever is sooner.

5. REPEAL OF BYLAW C-905-15

- 5.1 Bylaw C-905-15 is hereby repealed.

First Reading Carried _____, 20____.

Second Reading Carried _____, 20____.

Third Reading Carried _____, 20____.

Date Signed _____, 20 ____.

Mayor

City Clerk