

## GENERAL QUESTIONS CONCERNING LOAN BY-LAWS

### 1. What is a loan by-law?

A [loan by-law](#) (definition only in French) allows a municipality to obtain a long-term loan to finance certain work or to acquire equipment requiring a significant investment. The borrowed capital and the interest due are repayable over a predefined period corresponding to the life of the work or equipment financed. A special tax will be levied which will reimburse the borrowed capital and interest. This special tax will be paid by all or part of the municipality's taxpayers, depending on the nature of the work or the equipment.

### 2. How am I affected by a loan by-law and how much will it cost me as a taxpayer?

A loan by-law can cover essential works mentioned in the three-year investment plan. Each work project requires its own loan by-law. The *Cities and Towns Act* defines who has to pay for which project (all citizens or only some of them) and which borrowing by-law is subject to the approval of the qualified voters.

### 3. Why are the Town's reserves not used to finance planned projects instead of a loan by-law?

The *Cities and Towns Act* provides for restrictions on the use of municipal reserves. For the project mentioned above, no reserve can be used. Working capital is not intended for such large expenses. Only projects related to road works can be financed from the public works reserve, but that reserve is currently insufficient for the work envisaged. As for the unallocated accumulated surplus, it can only be used for emergencies or unforeseen expenses.

### 4. What approvals are required for a loan by-law?

All loan by-laws adopted by a municipality must be approved by the *ministère des Affaires municipales et de l'Habitation*. If a loan by-law is subject to the [approval of the qualified voters](#) (in French only), the opening of a register and, if necessary, the holding of a referendum are compulsory and subject to the provisions of the *Act Respecting Elections and Referendums in Municipalities*.

Some loan by-laws do not require citizen approval, including those for road works that are for the benefit of all citizens or if a subsidy has been granted for at least 50% of the expenditure.

### 5. What are the proposed loan by-laws?

The purpose of Loan by-law number 327 is to authorize the awarding of a contract, the borrowing and the necessary expenditures, up to a maximum of \$3,600,000, in order to carry out work related to the replacement of the Mud River culvert located on Réal Road near Harold Road. The repayment will be over a 25-year period.

**SPECIAL QUESTIONS CONCERNING LOAN BY-LAW NUMBER 327  
FOR THE REPLACEMENT OF THE MUD RIVER CULVERT LOCATED ON RÉAL ROAD**

**1. Who will pay the loan and how much will it cost taxpayers?**

This is a municipal expense that benefits everyone and will be reimbursed by all city taxpayers up to a maximum of \$2,156,534, which is the difference between the total amount of the loan and the grant received or receivable from the Minister of Transport and Sustainable Mobility Geneviève Guilbault within the framework of the *Local Road Assistance Program / Support Component*:

Total amount of the loan:	\$3,600,000
Grant from the MTQ:	- \$1,443,466
Cost to taxpayers:	\$2,156,534

The annual cost to taxpayers will depend on the final expense, the interest rate, and the number of payers during the borrowing period. As an example, assuming the number of payers is the same as in 2022, the amount of the loan for the taxpayers is \$2,156,534 and the interest rate is 4%, the annual loan repayment for a 25-year period will cost around \$38.80 for a building with a municipal assessment of \$468,093.

By-law	Purpose	Amount to be paid by taxpayers	Repayment period	Average annual cost per property*	Payable by	Register
No. 327	Replacement of the Mud River culvert located on Réal Road	\$2,156,534	25 years	\$38.80	All taxpayers	No

\* For a property with an average property assessment of \$468,093.

**2. Why is the Mud River culvert on Réal Road prioritized over other culverts?**

The Town prioritizes repair work based on the state of deterioration of the road or equipment. It is necessary to replace this culvert because it is no longer functional, especially during periods of high water, and has been blocked several times in recent years by sediment, endangering the Réal Road and its users. However, due to the magnitude of the amounts required for this major work, the Town needed to be assured that it would receive sufficient funds from the *Local Roads Assistance Program / Support Component*. The Town is pleased to receive financial assistance under this program, which will total \$1,443,466 for the work under by-law number 327.

**3. Why is there no register required for this loan by-law?**

The *Cities and Towns Act* specifies who must repay a loan by-law and which loan by-law requires the opening of a register for a referendum. This loan by-law pertaining to road works will be reimbursed by all taxpayers and [is not subject to referendum approval](#).