



BY-LAW NO: 21-36

**Being a bylaw to adopt the Corporation of the
Township of the North Shore Lease Financing Policy**

WHEREAS Section 5 of the Municipal Act 2001 S.O. 2001, c.25, as amended, authorizes a municipality to pass by-laws to exercise its municipal powers;

AND WHEREAS Section 8 of the Municipal Act, S. O. 2001, c.25, as amended, confers broad authority upon municipalities and provides that a municipal power shall be exercised by by-law;

AND WHEREAS Ontario Regulation 653/05 under the Municipal Act, S. O. 2001, c.25, as amended, requires a municipality to adopt a statement of the municipality's lease financing policies and goals.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE HEREBY ENACTS AS FOLLOWS:

1. That the Corporation of the Township of the North Shore hereby adopts a Lease Financing policy;
2. The attached Schedule "A", being the Lease Financing policy, shall form part of this by-law.
3. This by-law shall come into effect on the date of its final passing.

**READ A FIRST, SECOND AND THIRD TIME ENACTED AND FINALLY PASSED THIS 14th
DAY OF JULY, 2021.**

Melody Rose, Deputy Mayor

Angel Pilon, Clerk

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

POLICY MANUAL

POLICY TITLE:	SUBJECT:
Lease Financing	
POLICY SECTION:	POLICY NO:
L	6
EFFECTIVE DATE:	ENACTED BY:
July 14, 2021	

1. Background and Purpose:
The Township of the North Shore (.. the Municipality") has, from time to time, found it advantageous to lease vehicles and equipment. In order to ensure that the Municipality's decision to lease is in accordance with Ontario Regulation 653/05 that requires the Council of a Municipality to adopt a statement of the Municipality's lease financing policies and goals, this Lease Financing Policy will provide a framework for managing a leasing structure.
2. Policy Application:
This policy will govern the leasing of municipal vehicles and equipment in accordance with Ontario Regulation 653/05 made under the Municipal Act.
3. Lease Financing Policy Objectives:
The objectives of the Municipality's Lease Financing Policy include:
 - 3.1 Legality of the Financial Lease
 - 3.2 Risk Assessment
 - 3.3 Evaluation of all available options
 - 3.4 Affect on materiality

The intent of the Lease Financing Policy is to ensure that the option chosen for the Municipality is the most prudent so as to minimize the risk, maximize value, and ensure that the financial leases are legal and a lower cost than other methods of financing available to the municipality.
4. Lease Financing Guidelines:
After taking into consideration the intent of the Lease Financing Policy as well as the general lease Financing Policy objectives, the Municipality has established the following guidelines.
 - 4.1 Legality of the Financial Lease:
The Lease Financing Policy must conform to the applicable Acts, Regulations and Agreements as amended from time to time. Current legislative authority with respect to financing leases of municipal governments is outlined in Ontario Regulation 653/05.
 - 4.2 Risk Assessment:
The Municipality must assess the risks associated with the financing lease and if they are reasonable. This assessment should involve length of the lease, fixed and estimated costs, effective rate or rates of financing for the lease, ability for lease payment amounts to vary, calculations, rate changes, contingent payment obligations, termination provisions, equipment loss, equipment replacement options, guarantees, indemnities and any other matters.

4.3 Evaluation of all available options:

The Municipality must consider any other viable options that may be available such as purchase, lease to purchase, short versus long-term lease and any other possible variations that are practical.

4.4 Affect on materiality:

The Municipality must evaluate each and every proposed lease to determine its affect on the Municipality's materiality level. When the proposed lease will affect materiality it will be required to be approved by agreement and by-law.

5. Process and Procedures:

The Treasurer shall evaluate all proposed financial leases before approval to assess materiality.

If the financial lease shall have a material impact on the municipality the Treasurer shall prepare a report for Council with a recommendation, assessing, in the opinion of the Treasurer, the costs and financial and other risks associated with the proposed financing lease. This report shall include:

- 5.1 A comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing.
- 5.2 A statement summarizing, as may be applicable, the effective rate or rates of financing the lease, the ability for lease payment amounts to vary, and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease.
- 5.3 A statement summarizing any contingent payment obligations under the lease that in the opinion of the Treasurer would result in a material impact for the municipality, including lease termination provisions, extensions or renewals of the lease, equipment loss, equipment replacement options and guarantees and indemnities.
- 5.4 A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations.
- 5.5 Any other matters the Treasurer or Council considers advisable.
- 5.6 When the Treasurer has evaluated a financial lease as not material, the Clerk is hereby authorized to proceed with preparing the agreement and accompanying by-law for Council approval. At any time after the report is made, but before the financial lease is entered into, if the Treasurer becomes of the opinion that a changed circumstance with respect to the proposed lease may result in a material impact for the municipality, the Treasurer shall as soon as is reasonably possible, present the financial lease report to the Council. If one or more financing leases exist in a calendar year, the Treasurer of the Municipality shall prepare and present to Council of the Municipality once in that calendar year, or more often if the Council so desires, a detailed report containing the following information. A description of the estimated proportion of the total financing arrangements of the Municipality that has been undertaken through financing leases to the total long-term debt of the Municipality and a description of the change, if any, in that estimated proportion since the previous year's report.
- 5.7 A statement by the Treasurer as to whether in his or her opinion, all financing leases were made in accordance with the statement of leasing policies and goals adopted by the municipality.
- 5.8 Any other information that the Council may require or that, in the opinion of the Treasurer, should be recorded.