

Chief Financial Officer's Report to  
Combined Meeting of Council  
2020 July 27

ISC: UNRESTRICTED  
C2020-0672

## Amendment to Bylaws to Calgary Municipal Land Corporation

### EXECUTIVE SUMMARY

Calgary Municipal Land Corporation ("**CMLC**") has requested amendments to the terms of the Loans extended by The City of Calgary ("**The City**") to CMLC authorized by Bylaws 28M2007, 34M2008, 8M2010, 71M2014, and 50M2016. The municipal loans authorized by the above Bylaws are related to authorized borrowings by The City from Alberta Finance Authority ("**ACFA**") pursuant to Bylaws 5B2007, 6B2010, 16B2008, and 19B2014; as such, if the terms of the municipal loans contemplated above are amended, corresponding amendments will be required to the terms of the borrowings by The City from ACFA. Bylaw 50M2016 does not have a corresponding borrowing Bylaw and relates to the construction of a parking structure for Calgary Parking Authority ("**CPA**"). Without limitation but most notably, the proposed bylaw amendments requested reflect:

- 1) Increase terms of loans and borrowings from "up to 20 years" to "up 40 years" and not to exceed 2047 December 31 (the "Extended CRL Term").
- 2) Proceeds of sale of the completed parking structure from CMLC to CPA will be applied to repay the Loan established under Bylaw 50M2016 no later than "2021 September 30".

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### **ADMINISTRATION RECOMMENDATION:**

That Council:

- 1) Give first reading to Bylaw 6B2020 being the proposed bylaw to amend Bylaws 5B2007, 6B2010, 16B2008, and 19B2014, being a bylaw of The City of Calgary authorizing The City of Calgary to incur indebtedness by the issuance of debentures for financing capital projects for Calgary Municipal Land Corporation;
- 2) Give first reading to Bylaw 24M2020, being the proposed bylaw to amend Bylaws 28M2007, 34M2008, 8M2010, and 71M2014 being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation;
- 3) Give first reading to Bylaw 25M2020, being the proposed bylaw to amend Bylaw 50M2016, being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation specific to a parking structure;
- 4) Direct Administration to amend the existing Third Amended and Restated Credit Agreement between The City and CMLC dated 2019 July 4; existing Credit Agreement between The City and CMLC dated 20185 November 2 (CPA Parkade); and related security documentation in form and content acceptable to the City Treasurer; and
- 5) Direct that Attachment 4 and 5 remain confidential pursuant to Exceptions to Disclosure Sections 16 (Disclosure harmful to business interests of a third party), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by 2022 July 30.

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### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2019 July 22, Council passed Bylaw 19M2019, which amended the terms of the borrowings contemplated by Bylaw 37M2018. Most notably, amendments requested included: 1) increased terms of loans and borrowings from up to 9 years to up to 28 years; and 2) amounts of authorized loans and borrowings decreasing from up to \$92 million to a maximum of \$80 million.

On 2018 September 24, Council passed Bylaw 37M2018 which authorized up to \$92 million in loans (the "**ACFA Loans**") from The City to CMLC pursuant to Sections 264(1)(b) and 265 of the Municipal Government Act (R.S.A. 2000 c. M-26) (the "**MGA**") for financing the Capital Projects, which capital projects were included in CMLC's 2017-2019 Business Plan and Budgets, which were approved by the Council of The City, as shareholder, on 2016 December 15.

On 2007 April 16, Council passed Bylaw 27M2007, being The Rivers District Community Revitalization Levy Bylaw (the "**CRL Bylaw**"), which bylaw contemplated the implementation of a community revitalization levy ("**CRL**") for 20 years to 2027 (the "**Original CRL Term**").

### **BACKGROUND**

#### **Bylaw Amendments – Increase Term**

On 2019 February 12, the Province of Alberta approved amendments the CRL Bylaw, as made by Bylaw 2M2019, to extend the Original CRL Term by an additional 20 years to 2047 (the "**Extended CRL Term**").

With the Extended CRL Term, CMLC has requested that the terms of municipal loans established under Bylaws 28M2007, 34M2008, 8M2010, 71M2014 be amended from "up to 20 years" to "up to 40 years" and, if such amendments are made, the term of corresponding borrowings under Bylaws 5B2007, 6B2010, 16B2008, and 19B2014 will need to be amended from "up to 20 years" to "up to 40 years". The proposed amendments will better align borrowing terms with the economic life of the associated assets and supports new private development in the Rivers District, which generates additional CRL revenue to support repayment of existing and proposed debt.

CMLC has also requested that the term of the loan established under Bylaw 50M2016 be amended to reflect "loan repayment from the proceeds of sale of the completed parking structure from CMLC to CPA not later than 2021 September 30". Due to the COVID-19 pandemic and its impacts to the broader economy, construction activity has been delayed because of new standards and guidelines ensuring the continued health and safety of employees have been implemented.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **Stakeholder Engagement, Research and Communication**

CMLC has reviewed and concurs with this report and Attachments. Treasury has worked with City Law on this report and Attachments 1, 2, 3 and 4.

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## **Amendment to Bylaws to Calgary Municipal Land Corporation**

### **Strategic Alignment**

The City supports CMLC through the provision of municipal loans to implement and execute the Rivers District Community Revitalization Plan – a public infrastructure program approved by the City of Calgary and the Province of Alberta to kick-start Calgary's urban renewal.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

The proposed amendments will have no impact to current and future capital budgets.

#### ***Current and Future Capital Budget:***

None regarding this request.

### **Risk Assessment**

CMLC's financial profile continues to be updated to reflect the Extended CRL Term, announcement of new capital projects, and prioritization of existing projects within the Rivers District. Analysis of the proposed request has been completed and summarized in Attachment 3.

### **REASON(S) FOR RECOMMENDATION(S):**

Administration recommends:

- 1) The amendments to Borrowing and Loan Bylaws outlined above to allow for terms consistent with the Extended CRL Term and better align to the economic life of infrastructure assets.
- 2) Amending the existing Third Amended and Restated Credit Agreement between The City and CMLC dated 2019 July 4; the existing Credit Agreement between The City and CMLC dated 2018 November 2 (CPA Parkade); and related security documentation to reflect amendments to the authorized terms of the Borrowing and Loan Bylaws in form and content acceptable to the City Treasurer.

### **ATTACHMENT(S)**

1. **Proposed Bylaw 6B2020**
2. **Proposed Bylaw 24M2020**
3. **Proposed Bylaw 25M2020**
4. CONFIDENTIAL CMLC Re-Financing Analysis
5. CONFIDENTIAL 9<sup>th</sup> Avenue Parkade Schedule Update