

# Chief Financial Officer's Department Report to Priorities and Finance Committee

**PFC2020-0670  
THE CALGARY EXHIBITION AND  
STAMPEDE LTD. –  
2019 CREDIT FACILITY UPDATE**

2020 July 14



## THE CALGARY EXHIBITION AND STAMPEDE LTD. 2019 CREDIT FACILITY UPDATE

- Annually, Administration updates Council regarding the credit facilities guaranteed by The City of Calgary for the Calgary Exhibition and Stampede Ltd. (CES) Stampede Park redevelopment and expansion.
- Operating results for 2019 were positive and exceeded 2018 performance.
- COVID 19 pandemic caused the cancellation of the annual exhibition and all of the Stampede's year round activities. As a result, CES requires The City's consent to amend certain credit facilities and amend The City's covenants with CES.

### Previous Council Direction

- In 1998 September, Council approved a \$60 million loan guarantee for land acquisition, the initial expansion of the BMO Centre, and subsequent on-site upgrades.
- In 2005 December, Council approved an additional loan guarantee of \$80 million related to CES' Master Plan.
- In 2014 the loan guarantee was reduced by \$20 million at the request of CES.



## CREDIT FACILITIES

- As of 2019 December 31, a total of \$61.4 million was outstanding on the three guaranteed credit facilities; \$13.4 million of credit Facility D is available for future expansion and development, for a total maximum available facility of \$74.8 million. Details are outlined below:

Description (\$000s)	Facility B	Facility C	Facility D	Total
Initial Authorization (1998)	\$30,000	\$30,000		\$60,000
Addition (2005)			\$80,000	\$80,000
Reduction (2014)			(\$20,000)	(\$20,000)
<b>Total Authorized</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$60,000</b>	<b>\$120,000</b>
Opening Balance 2019 Jan 01	\$21,042	\$10,628	\$35,017	\$66,687
(Net Amount Repaid) / Drawn Down	(\$1,098)	(\$1,786)	(\$2,360)	(\$5,244)
Balance Outstanding 2019 Dec 31	\$19,944	\$8,842	\$32,657	\$61,443
Undrawn Availability	\$0	\$0	\$13,400	\$13,400
Maximum Availability				\$74,843



## 2019 FINANCIAL HIGHLIGHTS & COVENANTS

- 1.28 million guests attended the exhibition in 2019 compared with 1.27 million during 2018.
- CES continued to leverage various promotions to stimulate attendance at the exhibition.
- Focused on managing expenses and prudent capital deployment. Financial highlights are shown below:

Description	2019	2018	2017	2016
Attendance (millions)	1.28	1.27	1.21	1.09
Gross Revenue (000's)	\$154,105	\$149,255	\$142,998	\$135,993
Excess of Revenue over Expenses (000's)	\$2,248	\$3,639	\$3,062	\$2,217
4-Year Rolling Average DSCR*	1.59x	1.53x	1.58x	1.57x
Current Ratio (Current Assets/ Current Liabilities)	0.94x	0.91x	0.96x	0.66x

\*DSCR stands for Debt Service Coverage Ratio

- The covenant requires that the four year average DSCR be not less than 1.00 to 1. The four year average ratio for 2019 was 1.59 to 1 (2018 – 1.53 to 1) and CES was in compliance, in all material respects, with all of the credit agreement covenants.



## RECOMMENDATION OF ADMINISTRATION

- That the Priorities and Finance Committee recommends that Council:
  1. Direct Administration to consent to the amendment of certain of CES's credit facilities in order to ensure CES remains in good standing under such credit facilities. The form and terms of such consent shall be acceptable to the City Treasurer;
  2. Direct Administration to amend the necessary financial covenants to allow CES to remain in good standing under its credit facilities with The City. The form and terms of such amendments shall be acceptable to the City Treasurer; and
  3. Direct that attachments 2 and 3 remain confidential pursuant to Sections 16, 24, and 25 of the Freedom of Information and Protection of Privacy Act and review these attachments by 2022 July 15.