

Calgary Municipal Land Corporation New Borrowing and Loan Bylaws

RECOMMENDATION(S):

The Priorities and Finance Committee recommend that Council:

- 1) Give first reading to Bylaw 7B2021 (Attachment 2), authorizing The City to incur indebtedness by the issuance of debentures in the amount of \$85 million for financing capital projects for the Calgary Municipal Land Corporation;
- 2) Give first reading to Bylaw 19M2021 (Attachment 3), being a bylaw authorizing loans in the amount of \$85 million to Calgary Municipal Land Corporation;
- 3) Withhold second and third reading until the advertising requirements have been met;
- 4) Direct Administration to amend any existing agreements between The City and Calgary Municipal Land Corporation as applicable and in accordance with the Credit Documentation – Loans and Loan Guarantees Policy and Procedures; and
- 5) Forward this report to the 2021 March 22 Combined Meeting of Council as an item of Urgent Business.

HIGHLIGHTS

- Calgary Municipal Land Corporation has requested new Loan and Borrowing Bylaws for \$85 million.
- The funds are to provide financing for new capital projects which are described in Calgary Municipal Land Corporation's Council approved 2021 Business Plan and 2020-2024 Strategic Plan Update, included as Attachment 4, as: 1) Festival Street, 2) Environmental Remediation, 3) Strategic Land acquisitions and 4) Strategic Projects (collectively the "Projects").
- Strategic Alignment to Council's Citizen Priorities: A well-run city

DISCUSSION

- Calgary Municipal Land Corporation has administered the Community Revitalization Levy and received the revenue since 2008 while relying on assessed values inside the Rivers District as a baseline to measure incremental increases in the Community Revitalization Levy attributed to the Rivers District Community Revitalization Plan.
- Through channeling growth in assessed values spurred by public and private investments into a fund for infrastructure improvements and place making initiatives, the Community Revitalization Levy enables Calgary Municipal Land Corporation to repay funds borrowed to finance redevelopment of public infrastructure within the Rivers District.
- In 2020, Calgary Municipal Land Corporation completed a review of all projects to prioritize investments that will bring the most value to the Rivers District and has sequenced them to achieve completion over the remainder of the Community Revitalization Levy period. Advancing the Projects in east Victoria Park will complement adjacent projects such as the BMO Centre expansion, Event Centre, and 17th Avenue S.E. extension.
- The impacts from COVID-19 originating in 2020 are anticipated to have longer term economic implications and resulted in Calgary Municipal Land Corporation proactively accelerating their annual forecasting exercise to be in a better position to identify and

Calgary Municipal Land Corporation New Borrowing and Loan Bylaws

mitigate risk. Calgary Municipal Land Corporation remains confident in its forecasts and ability to meet current and proposed obligations as a result.

- Calgary Municipal Land Corporation continues to monitor its Community Revitalization Levy revenue against its forecasts and has the ability to defer some borrowing activity as warranted.
- City Treasury has reviewed Calgary Municipal Land Corporation's updated cash flows projections that support its ability to repay both current and proposed obligations/indebtedness.
- Calgary Municipal Land Corporation's third-party financial institution provides an operating revolving credit facility to support continued growth in Calgary Municipal Land Corporation's portfolio of projects and assist with managing timing differences between cash inflows and outflows. Calgary Municipal Land Corporation's lender remains supportive of their operations and continues to provide them with the required liquidity.
- City Treasury continues to monitor forecasts, the Community Revitalization Levy, and general market conditions to identify risks and work closely with Calgary Municipal Land Corporation to understand options to mitigate and/or adapt to changing economic conditions.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

Calgary Municipal Land Corporation has reviewed and concurs with this report and its attachments. Treasury has engaged City Law with respect to content of the report and attachments.

IMPLICATIONS

Social

The City supports Calgary Municipal Land Corporation 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.

Environmental

Calgary Municipal Land Corporation manages its land and infrastructure investments to enable long-term environmental resilience. Calgary Municipal Land Corporation seeks to pursue sustainable development that combines environmental stewardship, social well-being and economic prosperity.

Calgary Municipal Land Corporation New Borrowing and Loan Bylaws

Economic

The Community Revitalization Levy is designed to provide self-sustaining funding for the Rivers District redevelopment with no impact on the City of Calgary's operating and capital budgets. Calgary Municipal Land Corporation has administered the Community Revitalization Levy and received Community Revitalization Levy revenue since 2008.

Service and Financial Implications

No anticipated financial impact

Current and Future Operating Budget:

There is no impact to the operating budget as a result of the recommendations in this report.

Current and Future Capital Budget:

There are no current and future capital budget impacts as a result of the recommendations in this report.

RISK

Calgary Municipal Land Corporation's financial profile continues to be updated to reflect the extended Community Revitalization Levy term ending in 2047, announcement of new capital projects, and prioritization of existing projects within the Rivers District.

Remaining Community Revitalization Levy may be insufficient to fund, in their entirety, all capital projects identified within the Rivers District and additional sources of funding may be required in the event of any deficits experienced over the time horizon of the CRL.

Many factors influencing Community Revitalization Levy generation are beyond Calgary Municipal Land Corporation's control and the pace of private development is not always predictable; however, Calgary Municipal Land Corporation actively monitors changes and is in constant communication with the development community to proactively plan and adapt.

ATTACHMENT(S)

1. Attachment 1 – Background and Previous Council Direction
2. Attachment 2 – Borrowing Bylaw 7B2021
3. Attachment 3 – Loan Bylaw 19M2021
4. Attachment 4 – Calgary Municipal Land Corporation 2021 Business Plan and 2020-2024 Strategic Plan Update

**Chief Financial Officer's Report to
Priorities and Finance Committee
2021 March 16**

**ISC: UNRESTRICTED
PFC2021-0176
Page 4 of 4**

Calgary Municipal Land Corporation New Borrowing and Loan Bylaws

Department Circulation

General Manager	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer Department	Approve
Katie Black	Community Services	Inform