

THE CITY OF CALGARY

TABULATION OF CAPITAL BORROWING AND LOAN BYLAWS
TO BE PRESENTED TO THE COUNCIL OF THE CITY OF CALGARY
ON MONDAY, 2021 SEPTEMBER 13

BORROWING BYLAWS INFORMATION

Bylaw No.	- 10B2021
Purpose of borrowing	- To repeal duly passed Borrowing Bylaws 10B2014 and 13B2014 as Utilities BU ultimately obtained funding through sources outside of debenture borrowing
Borrowing Authority	- (\$44.4) million
Term	- Not to exceed 25 years
Type of Debenture	- Self-supported
Bylaw No.	- 9B2021
Purpose of borrowing	- To finance construction of Phase 1 of the Arts Commons Transformation ("ACT") Project as proposed by Calgary Municipal Land Corporation ("CMLC")
Borrowing Authority	- \$135.0 million
Term	- Not to exceed 25 years
Type of Debenture	- Self-sufficient tax supported
Statutory References	<i>Municipal Government Act ("MGA")</i> – Section Nos.
Borrowing Authorization	- 251(1) and 258(1)
Terms of a Borrowing	- 253(1)
Passing a bylaw	- 187

Borrowing Authorization

Section 251(1) of the MGA stipulates that:

- a municipality may only make a borrowing if the borrowing is authorized by a borrowing bylaw; and
- a borrowing bylaw must set out:
 - (a) the amount of money to be borrowed and, in general terms, the purpose for which the money is borrowed;
 - (b) the maximum rate of interest, the term and the terms of repayment of the borrowing; and
 - (c) the source or sources of money to be used to pay the principal and interest owing under the borrowing.

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Section 258(1) applies to a borrowing made for the purpose of financing a capital property when the term of the borrowing exceeds 5 years. Borrowing bylaws authorized under this section require advertising.

Terms of a borrowing:

Section 253(1) of the MGA stipulates that a borrowing must be used for the purpose for which it is borrowed.

Passing a bylaw:

Section 187 of the MGA stipulates:

- that every proposed bylaw must have 3 distinct and separate readings; and
- sets out the procedures for the readings of bylaws.

LOAN BYLAW INFORMATION

Bylaw No.	- 56M2021
Loan made to	- Calgary Municipal Land Corporation ("CMLC")
Purpose of loan	- To loan to CMLC the funds raised under Borrowing Bylaw No. 9B2021
Amount	- \$135.0 million
Repayment Terms	- CMLC shall pay to The City semi-annual principal and interest installments not exceeding a term of 25 years plus a basic fee of 0.25% per annum on the average monthly outstanding debenture held by The City on behalf of CMLC
Bylaw No.	- 58M2021
Loan made to	- Calgary Municipal Land Corporation ("CMLC")
Purpose of loan	- To amend Bylaw 12M2019 to amend the rate of interest to be charged by The City to CMLC for the Loan for the expansion of the BMO Centre, from a "floating rate" based on investment returns to a "fixed rate" of interest
Statutory References	<i>Municipal Government Act ("MGA")</i> – Section Nos.
Lending Authorization	- 264(1)(b) and 265
Advertising of Bylaw	- 265(3)

Lending Authorization

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Section 264(1)(b) of the MGA provides that a municipality may lend money to one of its controlled corporations.

Section 265 of the MGA stipulates that:

- a municipality may only lend money to one of its controlled corporations if the loan is authorized by bylaw; and
- a bylaw authorizing a loan must set out:
 - (a) the amount of money to be loaned and, in general terms, the purpose for which the money that is loaned is to be used;
 - (b) the minimum rate of interest, the term and the terms of repayment of the loan; and
 - (c) the source or sources of the money to be loaned.

Advertising of Bylaw

Section 265(3) of the MGA stipulates that a bylaw that authorizes a loan must be advertised.

CAPITAL PROGRAM INFORMATION

Council's Authorizing Document(s)

- C2021-0916 (Proposed Bylaw 10B2021)
- PFC2021-1101 (Proposed Bylaws 9B2021, 56M2021 and 58M2021)

AFFIRMATIVE VOTES REQUIRED

- Majority of members present

ADMINISTRATIVE COMMENTS

Borrowing Bylaw No. 10B2021 is to repeal duly passed Borrowing Bylaws 10B2014 and 13B2014 as funding for the improvements by UEP was ultimately obtained through sources outside of debenture borrowing pursuant to the Borrowing Bylaws, and as such, the borrowing authority previously provided pursuant the Borrowing Bylaws is no longer required.

Borrowing Bylaw No. 9B2021 is to finance construction of Phase 1 of the Arts Commons Transformation ("ACT") Project as proposed by Calgary Municipal Land Corporation ("CMLC") in CMLC's 2021 Business Plan and 2020-2024 Strategic Plan, which Council, as Shareholder, approved on 2020 December 11. The City will issue debentures and loan the funds to CMLC.

The City and CMLC are parties to an existing credit agreement which will be amended to provide up to \$135.0 million of additional loans from The City to CMLC.

CMLC shall pay to The City interest and principal installments when due and as required, plus a basic fee of 0.25% per annum based on average monthly outstanding debenture balances, all of which will be reflected in the amended form of credit agreement between The City and CMLC.

Loan Bylaw No. 56M2021 is required to loan the debenture funds to CMLC, a controlled corporation, pursuant to Sections 264 and 265 of the MGA.

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Loan Bylaw No. 58M2021 is required to amend Bylaw 12M2019 to amend the rate of interest to be charged by The City to CMLC for the Loan for the expansion of the BMO Centre, from a "floating rate" based on investment returns to a "fixed rate" of interest.

On 2021 July 26, Council gave first reading to Borrowing Bylaws 10B2021 and 9B2021 and Loan Bylaws 56M2021 and 58M2021. Pursuant to Section 231 of the Municipal Government Act, Borrowing Bylaws 10B2021 and 9B2021 and Loan Bylaws 56M2021 and 58M2021 were advertised in the Calgary Herald on 2021 August 9 and 16. The 15-day statutory deadline for a petition asking for a vote on the Bylaws was 2021 August 31. There have been no valid petitions received for the bylaws.

FINANCIAL CAPACITY

Pursuant to the City's Debt Policy, total debt will not exceed 1.6 times revenue. The total debt service will not exceed 0.28 times revenue.

OTHER LEGISLATIVE REQUIREMENTS

Pursuant to MGA section 254, no municipality may acquire, remove or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed.

RECOMMENDATION

That Council give:

1. Borrowing Bylaws 10B2021 and 9B2021 second and third readings
2. Loan Bylaws 56M2021 and 58M2021 second and third reading

ATTACHMENTS

Borrowing and Loan Bylaws 10B2021, 9B2021, 56M2021 and 58M2021