

THE CITY OF CALGARY

TABULATION OF CAPITAL BORROWING AND LOAN BYLAWS TO BE PRESENTED TO THE COUNCIL OF THE CITY OF CALGARY ON MONDAY 2015 MARCH 30

BORROWING BYLAW INFORMATION

Borrowing Bylaws	- 1B2015 - 4B2015 inclusive
Purpose	- To finance the 2015 Capital Budget of the regulated operations of ENMAX Corporation
Borrowing Authority	- \$189.18 million
Term	- 5, 10, 20 & 25 years
Type of Debenture	- Self-supported
Statutory References	- Municipal Government Act ("MGA") – Sections No.
Borrowing Authorization	- 251, 257 & 258
Passing a bylaw	- 187

Enabling a borrowing:

Section 251(1) A municipality may only make a borrowing if the borrowing is authorized by a borrowing bylaw.

(2) 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;
- (c) the source or sources of money to be used to pay the principal and interest owing under the borrowing.

Purpose of a borrowing

Section 257 applies to a borrowing made for the purpose of financing a capital property when the term of the borrowing is 5 years or less. Borrowing bylaws authorized under this section do not have to be advertised.

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.

Passing a bylaw:

Section 187 stipulates every proposed bylaw must have 3 distinct and separate readings. The readings of a bylaw must follow the legislated procedures set out in the MGA.

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LOAN BYLAW INFORMATION

Bylaw No.	- 14M2015
Loan made to	- ENMAX Corporation
Purpose of loan	- To loan to ENMAX Corporation the funds to be raised under Borrowing Bylaw Nos. 1B2015 - 4B2015 inclusive
Amount	- \$189.18 million
Repayment Terms	- ENMAX Corporation will repay the loans at ACFA's debenture rates plus a basic fee of 0.25% per annum on the average monthly outstanding debenture held by The City on behalf of ENMAX Corporation
Statutory Reference	- MGA Sections No. 264(1)(b) & 265

Purpose of loans

Section 264(1)(b) A municipality may only lend money to one of its controlled corporations, if the council considers that the money loaned will be used for a purpose that will benefit the municipality.

Loan Bylaw

Section 265(1) A municipality may only lend money to one of its controlled corporations if the loan is authorized by bylaw.

- (2) The bylaw authorizing the 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;
 - (c) the source or sources of the money to be loaned.
- (3) The Bylaw that authorizes the loan must be advertised.

Council's Authorizing Document
(as Shareholder) - The 2015 Capital Budget of the regulated operations of ENMAX Corporation

Council's Approval Date
(as Shareholder) - 2014 December 10

AFFIRMATIVE VOTES REQUIRED - Majority of members present

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ADMINISTRATIVE COMMENTS

The City has entered into a Debt Management Service Level Agreement with ENMAX Corporation to continue to issue debentures for its regulated operations. ENMAX Corporation shall pay to The City semi-annual interest and principal when due and as required, plus a basic fee of 0.25% as per the contractual agreements with The City.

Borrowing Bylaw Nos. 1B2015 - 4B2015 inclusive are for financing ENMAX Corporation's 2015 Capital Budget.

To loan the debenture funds to a controlled corporation pursuant to MGA sections 264 and 265, Loan Bylaw No. 14M2015 is also required.

Borrowing Bylaw No. 1B2015 financing capital projects with a borrowing term of 5 years does not require advertising.

Borrowing Bylaw Nos. 2B2015 – 4B2015 inclusive and Loan Bylaw No. 14M2015 require public notice activities after first reading by Council. The bylaws will be scheduled for second and third readings on 2015 April 27 provided there are no valid petitions received.

FINANCIAL CAPACITY

Pursuant to MGA section 252 and the associated regulations, The City cannot make a borrowing if the borrowing will cause the municipality to exceed its debt limit. Debt issued on behalf of ENMAX is excluded from the MGA debt limits and debt service limits and as such does not impact these limits.

The MGA debt limit and debt service limit reported in the audited consolidated financial statements for the year ended December 31, 2014 are 52.15% and 62.32% (unaudited) respectively. Most recent forecasts reflecting approved capital budgets and associated debt financing indicate that The City debt limit and debt service will remain below 80% of the Municipal Government allowable limits for the years 2015 to 2020.

OTHER LEGISLATIVE REQUIREMENTS

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 Bylaw 1B2015 first, second and third readings
2. Borrowing Bylaws 2B2015 to 4B2015 inclusive and Loan Bylaw 14M2015 first reading

ATTACHMENTS

1. Summary of Borrowing Bylaws Requiring approval
2. Borrowing Bylaws 1B2015 - 4B2015 inclusive and Loan Bylaw 14M2015