

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 JANUARY 12

BORROWING BYLAW INFORMATION

Borrowing Bylaw Nos.	- 19B2014
Purpose	- To finance East Village Infrastructure for Calgary Municipal Land Corporation (CMLC)
Borrowing Authority	- \$20 million
Term	- not to exceed 12 years
Type of Debenture	- Self-sufficient tax supported
Statutory References	- Municipal Government Act – Section No.
Borrowing Authorization	- 251 & 258
Reading of Bylaw	- 187
Advertising of Bylaw	- Alberta Regulation 232/2006 – Sec 6

Enabling a borrowing:

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 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.

Advertising of bylaw:

Alberta Regulation 232 - Section 6 indicates that despite sections 256 to 263 of the Act, a borrowing bylaw for the purpose of implementing the community revitalization plan, in whole or in part, must be advertised in accordance with section 606 of the Act.

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LOAN BYLAW INFORMATION

Bylaw No.	- 71M2014
Loan made to	- Calgary Municipal Land Corporation
Purpose of loan	- To loan to Calgary Municipal Land Corporation the funds raised under Borrowing Bylaw No. 19B2014
Amount	- \$20 million
Repayment Terms	- Calgary Municipal Land Corporation will repay the loans at lender's interest rates plus a basic fee of 0.25% per annum on the average monthly outstanding debenture held by The City on behalf of CMLC
Statutory Reference	- MGA Sections No. 264(1)(b) & 265

Purpose of loans

264(1)(b) stipulates that 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

265 (1) A municipality may only lend money to a non-profit organization, one of its controlled corporations or the designated seller within the meaning of section 30(1) of the Gas Distribution Act 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.

CAPITAL PROGRAM INFORMATION

Authorizing Document(s)	- Calgary Municipal Land Corporation's 2014-2016 Business Plan & Budgets
Council's Approval Date (as Shareholder)	- 2014 March 21

AFFIRMATIVE VOTES REQUIRED - Majority of members present

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ADMINISTRATIVE COMMENTS

Borrowing Bylaw No. 19B2014 is for financing East Village Infrastructure included in CMLC's 2014-2016 Business Plan and Budgets, (Council as Shareholder, approved on 2014 March 21).

The City will issue debentures and loan the funds to CMLC. CMLC shall pay to The City interest and principal when due and as required, plus a basic fee of 0.25% as per the contractual agreement with The City.

Loan Bylaw No. 71M2014 is required to loan the debenture funds to a controlled corporation, pursuant to MGA sections 264 and 265. The City has entered into a Credit Agreement with CMLC which will be amended to provide for the further lending of monies from The City to CMLC.

On 2014 December 8, Council gave first reading to Borrowing Bylaws 19B2014 and Loan Bylaw 71M2014. Pursuant to Section 231 of the Municipal Government Act, Borrowing Bylaws 19B2014 and Loan Bylaw 71M2014 were advertised in the Calgary Herald on 2014 December 11 and 18. The 15-day statutory deadline for a petition asking for a vote on the Bylaws was 2015 January 2. There have been no valid petitions received for the bylaws.

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. The MGA debt limit and debt service limit reported in the audited consolidated financial statements for the year ended December 31, 2013 are 54.56% and 72.59% respectively. The borrowing authorized under this Bylaw has been included in the updated MGA debt limit and debt service limit forecasts which are based on current approved capital budgets and related financing. This analysis indicates that The City debt limit and debt service remain below 80% of the Municipal Government allowable limits for the years 2014 to 2020.

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 Borrowing Bylaw 19B2014 and Loan Bylaw 71M2014 second and third readings.

ATTACHMENTS

Borrowing and Loan Bylaws 19B2014 and 71M2014