The Calgary Exhibition and Stampede Limited EC2023-0199

2022 Credit Facility Update, and new Credit Facility Guarantee Request

2023 March 22

Recommendations

That the Executive Committee recommends that Council:

1) Give first reading to Bylaw 11M2023 (Attachment 3), authorizing the City of Calgary ("The City") to guarantee third party bank indebtedness of the Calgary Exhibition and Stampede Limited ("The Stampede") in the amount of $10 million;

2) Withhold second and third readings until the advertising requirements have been met; and

3) Direct Administration to amend any existing agreements between The City and the Stampede as applicable and in accordance with the Credit Documentation – Loans and Loan Guarantees Policy and Procedures.

Annual Update and Request

- The City's current loan guarantee with Calgary Exhibition and Stampede Limited (The Stampede) has been in place since 1998.

- Annually, Administration provides an update to Council regarding The Stampede's financial position and credit facilities guaranteed.

- In 2022 The Stampede's operations returned to near pre-pandemic levels with positive operating results.

- The pandemic caused The Stampede to obtain a new revolving credit facility in the amount of $10 million in 2021, which was later converted to a 25-year term facility (New Guarantee Request).

- The Stampede will pledge additional lands as security for the guarantee of a value sufficient to maintain the required minimum 125 per cent Loan to Value Ratio.

Credit Facilities

- As of 2022 December 31, a total of $57.4 million of guaranteed facilities was outstanding; $13.4 million of Facility D is available for park expansion and development activities.

- Including the proposed request, the maximum guaranteed amount is $80.8 million.

Description ($000s)	Facility B	Facility C	Facility D	Facility H (Proposed)	Total
Initial Authorization (1998)	$30,000	$30,000			$60,000
Addition (2005)			$80,000		$80,000
Reduction (2014)			($20,000)		($20,000)
Proposed Addition (2023)				$10,000	$10,000
Total Authorized	$30,000	$30,000	$60,000		$130,000
Total Drawn	$30,000	$30,000	$46,600		$106,600
Opening Balance 2022 January 1	$19,660	$8,379	$32,061		$60,100
Net Amount (Repaid) / Drawn Down in 2022	($579)	($945)	($1,202)		($2,726)
Balance Outstanding 2022 December 31	$19,081	$7,434	$30,859		$57,374
Undrawn Availability	$0	$0	$13,400		$13,400
Maximum Guarantee				$10,000	$80,774

- The annual exhibition represents approx. 60% of The Stampede's revenue and approx. 64% of operating income.

- Revenues increased to $142 in 2022 from $67 million in 2021. 2022 is ~8% below the $154 million revenues earned in 2019 prior to the pandemic.

- After two years of operating losses, The Stampede reported positive operating results of $13.8 million in 2022, driven by Federal COVID-19 funding of $13.0 million.

- With support from its lender and The City, The Stampede has remained in compliance with all credit agreement covenants. The lender and The City did not require The Stampede to meet a 2021 debt service coverage ratio financial covenant. It was reinstated for 2022 and beyond.

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Attendees:

- Joel Cowley, Chief Executive Officer

- Graeme Ryder, Vice President – Business Services and Chief Financial Officer

Closing remarks by The Stampede's representatives