

THE CITY OF CALGARY

**TABULATION OF CAPITAL BORROWING AND LOAN BYLAWS
TO BE PRESENTED TO THE COUNCIL OF THE CITY OF CALGARY
ON MONDAY, 2019 JULY 22**

BORROWING BYLAW INFORMATION

Bylaw No.	- 1B2019
Purpose	- to amend various Bylaws by reducing surplus borrowing authority
Borrowing Authority	- (\$42,822,573)
Term	- various
Type of Debenture	- Tax supported & Self supported
Bylaw No.	- 2B2019
Purpose	- to amend Bylaw 2B2018 for term, bylaw authority and the Capital Projects for Calgary Municipal Land Corporation
Borrowing Authority	- \$80,000,000
Term	- Not to exceed 28 years
Type of Debenture	- Self-sufficient tax supported
Statutory References	<i>Municipal Government Act ("MGA") and City of Calgary Rivers District Community Revitalization Levy Regulation ("Regulation")</i>
Borrowing Authorization	- Sections 251
Terms of a Borrowing	- Sections 253(1) and 258(1) of the MGA
Reading of Bylaw	- Section 187 of MGA
Advertising of Bylaw	- Sections 251 and 606 of MGA & Section 6 of the Regulation
Amendment	- Section 191

Borrowing Authorization

Section 251 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.

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.

Section 258(1) of the MGA applies to a borrowing made for the purpose of financing a capital property when the term of the borrowing exceeds 5 years, and stipulates that:

- the expenditure for the capital property must be included in a budget; and
- the term of the borrowing must not exceed the probable lifetime of the capital property.

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Reading of 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.

Advertising of Bylaw

Section 251 of the MGA stipulates that a borrowing bylaw must be advertised.

Section 6 of the Regulation stipulates that despite Sections 256 to 263 of the MGA, 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 MGA.

Section 606 of the MGA sets out the requirements for advertising bylaws.

Section 191 of the MGA sets out the power to amend or repeal the bylaw.

LOANS BYLAW INFORMATION

Loans made to:	- Calgary Municipal Land Corporation ("CMLC")
Bylaw No.	- 19M2019
Purpose of loan	- To loan to CMLC the funds raised under Borrowing Bylaw No. 2B2018 amended by Borrowing Bylaw No. 2B2019
Amount	- \$80,000,000
Repayment Terms	- CMLC shall pay to The City the indebtedness according to terms which mirror the repayment terms in effect from time to time for The City on the debentures not exceeding a term of 28 years and no later than December 31, 2047, 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.	- 20M2019
Purpose of loan	- To loan to CMLC interim financing
Amount	- \$4,000,000
Repayment Terms	- CMLC shall pay to The City in full including accrued interest not exceeding a term of 6 months, plus a basic fee of 0.25% per annum on the average monthly outstanding debenture held by The City on behalf of CMLC
Statutory References	<i>Municipal Government Act ("MGA")</i>
Lending Authorization	- Sections 264(1)(b) and 265 of MGA
Advertising of Bylaw	- Section 265(3) of MGA

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Lending Authorization

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

Authorizing Document(s)

- FB99-53 1999 September 27
- Calgary Municipal Land Corporation's 2017-2019 Business Plan & Budgets 2016 December 15

AFFIRMATIVE VOTES REQUIRED - Majority of members present

ADMINISTRATIVE COMMENTS

Borrowing Bylaw No. 1B2019 is to amend various Bylaws by reducing surplus borrowing Authority.

Borrowing Bylaw No. 2B2019 is to amend the term, bylaw authority and the Capital Projects for CMLC.

The City will issue debentures and loan the funds to CMLC.

The City and CMLC are parties to the existing Second Amended and Restated Credit Agreement dated July 23, 2010 which is currently being amended to allow for additional loans, as contemplated under these proposed Bylaws.

Loan Bylaw No. 19M2019 is required to loan the debenture funds to CMLC, a controlled corporation pursuant to Sections 264 and 265 of the MGA.

On 2019 May 27, Council gave first reading to Borrowing Bylaws 1B2019 and 2B2019 and Loan Bylaws 19M2019 and 20M2019. Pursuant to Section 231 of the Municipal Government

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Act, Borrowing Bylaws 1B2019 and 2B2019 and Loan Bylaws 19M2019 and 20M2019 were advertised in the Calgary Herald on 2019 May 30 and 2019 June 6. The 15-day statutory deadline for a petition asking for a vote on the Bylaws was 2019 June 21. There have been no valid petitions received for the bylaws.

FINANCIAL CAPACITY

Pursuant to Section 252 of the MGA and the associated regulations, The City cannot make a borrowing if the borrowing will cause the municipality to exceed its debt limit, unless the borrowing is approved by the Minister. The MGA debt limit and debt service limit reported in the audited consolidated financial statements for the year ended December 31, 2018 are 37.32% and 25.77% respectively. Any borrowing up to the authorized amount under Borrowing Bylaw No. 2B2018 as amended by Bylaw 2B2019 and Loan Bylaws 19M2019 and 20M2019 can be accommodated within the 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 will remain below 80% of the Municipal Government allowable limits for 2019.

OTHER LEGISLATIVE REQUIREMENTS

Section 254 of the MGA stipulates that 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 second and third readings to:

1. Borrowing Bylaw 1B2019
2. Borrowing Bylaw 2B2019
3. Loan Bylaws 19M2019 and 20M2019

ATTACHMENTS

1. Borrowing Bylaw 1B2019
2. Borrowing Bylaw 2B2019
3. Loan Bylaw 19M2019
4. Loan Bylaw 20M2019