

THE CITY OF CALGARY

TABULATION OF CAPITAL BORROWING AND LOAN BYLAWS TO BE PRESENTED TO THE COUNCIL OF THE CITY OF CALGARY ON MONDAY 2014 SEPTEMBER 8

BORROWING BYLAW INFORMATION

Borrowing Bylaw	- 11B2014
Purpose	- To finance the development costs of St. Mary's University College
Borrowing Authority	- \$5 million
Term	- 20 years
Type of Debenture	- Self-supported
Statutory References	- Municipal Government Act – Sections No.
Borrowing Authorization	- 251 & 258
Passing a bylaw	- 187

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.

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LOAN BYLAW INFORMATION

Bylaw No.	- 43M2014
Loan made to	- St. Mary's University College ("St.MU")
Purpose of loan	- To loan to St.MU the funds to be raised under Borrowing Bylaw No. 11B2014
Amount	- \$5 million
Repayment Terms	- St.MU 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 St.MU
Statutory Reference	- MGA Sections No. 264(2) & 265

Purpose of loans

264(2)(a) stipulates that a municipality may lend money to a non-profit organization if the council considers that the money loaned will be used for a purpose that will benefit the municipality.

Loan Bylaw

265 A municipality may only lend money to a non-profit organization 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	- PFC2014-0538 St. Mary's University College Loan Request
Council's Approval Date	- 2014 July 15

AFFIRMATIVE VOTES REQUIRED - Majority of members present

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ADMINISTRATIVE COMMENTS

The City is undertaking to enter into a Loan agreement with St.MU. St.MU 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 No. 11B2014 is for financing development costs of St.MU.

To loan the debenture funds to a non-profit organization pursuant to MGA sections 264 and 265, Loan Bylaw No. 43M2014 is also required.

On 2014 July 28, Council gave first reading to Borrowing Bylaw 11B2014 and Loan Bylaw 43M2014. Pursuant to Section 231 of the Municipal Government Act, Borrowing Bylaw 11B2014 and Loan Bylaw 43M2014 were advertised in the Calgary Herald on 2014 July 31 and August 7. The 15-day statutory deadline for a petition asking for a vote on the bylaws was 2014 August 22 and no valid petition for the bylaws have been received.

OTHER LEGISLATIVE REQUIREMENTS

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.

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.

RECOMMENDATION

That Council give Bylaws 11B2014 and 43M2014 second and third readings.

ATTACHMENTS

- 1- Borrowing Bylaw 11B2014
- 2- Loan Bylaw 43M2014