

THE CITY OF CALGARY

TABULATION OF LOAN GUARANTEE EXTENSION AND LOAN EXTENSION BYLAWS FOR ATTAINABLE HOMES CALGARY CORPORATION TO BE PRESENTED TO COUNCIL OF THE CITY OF CALGARY ON TUESDAY 2023 APRIL 25

LOAN GUARANTEE EXTENSION BYLAW INFORMATION

Bylaw Number	- 5M2023
Loan guarantee made to	- Attainable Homes Calgary Corporation
Purpose of the Bylaw	- To amend Bylaw 41M2014, as amended by Bylaw 17M2021, to amend the term of a loan guarantee provided by The City of Calgary to Attainable Homes Calgary Corporation as set out in the proposed bylaw from 10 years to 12 years
Amount	- \$10.0 million
Repayment terms	- To provide the loan guarantee The City of Calgary will charge the standard administration fee of 0.10 per cent per annum on the outstanding operating loan balance guaranteed
Statutory references	- <i>Municipal Government Act</i> - Section numbers
Loan guarantees to a controlled corporation and advertising requirement	- 264(1)(b), as modified by subsection 4(11)(a)(i) of the <i>City of Calgary Charter, 2018 Regulation, Alta Reg 40/2018</i> and 266
Passing a bylaw	- 187

LOAN EXTENSION BYLAW INFORMATION

Bylaw Number	- 6M2023
Loan made to	- Attainable Homes Calgary Corporation
Purpose of the Bylaw	- To amend Bylaw 31M2011, as amended by Bylaw 18M2021, to amend the term of a municipal loan provided by The City of Calgary to Attainable Homes Calgary Corporation as set out in the proposed bylaw from 12 years to 15 years
Amount	- \$5,188,312
Repayment terms	- Attainable Homes Calgary Corporation will repay the loan on or before the 2026 August 3 maturity date. To provide the extension Attainable Homes Calgary Corporation will pay The City of Calgary a fee of \$5,000 and a standby fee of 0.25 per cent per annum on the average monthly outstanding loan balance

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Statutory references	- <i>Municipal Government Act</i> - Section numbers
Loans to a controlled corporation and advertising requirement	- 264(1)(b), as modified by subsection 4(11)(a)(i) of the <i>City of Calgary Charter, 2018 Regulation, Alta Reg 40/2018</i> and 265
Passing a bylaw	- 187

Loan Authorization and Advertising Requirement

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.”

Loan Guarantee Authorization and Advertising Requirement

Section 266

“(1) A municipality may only guarantee the repayment of a loan between a lender and one of its controlled corporations if the guarantee is authorized by bylaw.

- (2) The bylaw authorizing the guarantee must set out
- (a) the amount of money to be borrowed under the loan to be guaranteed and, in general terms, the purpose for which the money is borrowed;
 - (b) the rate of interest under the loan or how the rate of interest is calculated, the term and the terms of repayment of the loan;
 - (c) the source or sources of the money to be used to pay the principal and interest owing under the loan if the municipality is required to do so under the guarantee.
- (3) The bylaw that authorizes the guarantee must be advertised.”

Purpose of Loan and Guarantee

Section 264(1)

“A municipality may only lend money or guarantee the repayment of a loan if

- (b) the loan or guarantee is made one of its controlled corporations, or
- (c) the guarantee is made in respect of a loan between a lender and one of its controlled corporations.”

Passing a Bylaw:

Section 187(1)

“Every proposed bylaw must have 3 distinct and separate readings.”

The readings of a bylaw must follow the legislated procedures set out in the *Municipal Government Act*.

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Council's Authorizing Document - EC2023-0038

Council's review, as sole shareholder, of Attainable Homes Calgary Corporation's ("Attainable Homes") 2023 Operating and Capital Budget will be part of the Attainable Homes annual general meeting which will take place in 2023 June.

AFFIRMATIVE VOTES REQUIRED FOR PASSING OF A BYLAW - Majority of members present

ADMINISTRATIVE COMMENTS

The City of Calgary ("The City") has entered into a Credit Agreement with Attainable Homes dated February 24, 2015, as amended, which governs the terms of Attainable Homes' credit relationship with The City. Pursuant to the terms of the Credit Agreement, The City guarantees an operating credit facility provided by a third-party financial institution to a maximum of \$10 million. Proposed bylaw 6M2023 seeks authority for The City to extend the guarantee to 2026 June 30. Attainable Homes pays to The City an administration fee of 0.10 per cent per annum on the outstanding operating loan balance guaranteed.

In addition The City has provided a \$5,188,312 municipal loan to Attainable Homes by way of a transfer of lands secured by a vendor take-back mortgage that matures 2023 August 3. Proposed bylaw 5M2023 seeks authority for The City to extend the maturity date of the municipal loan by three years to 2026 August 3. To provide the loan extension The City will charge Attainable Homes a one-time extension fee of \$5,000 and an annual standby fee of 0.25 per cent per annum based on the outstanding loan balance.

On 2023 March 14, Council gave first reading to Loan Bylaws 5M2023 and 6M2023. Pursuant to Section 231 of the *Municipal Government Act*, Loan Bylaws 5M2023 and 6M2023 were advertised in the Calgary Herald on 2023 March 24 and 2023 March 31. The 15-day statutory deadline for a petition asking for a vote on the bylaws was 2023 April 17. There were no valid petitions received.

FINANCIAL CAPACITY

Pursuant to The City's Debt Policy, total debt will not exceed 1.6 times revenue. The total debt service will not exceed 0.28 times revenue. Debt guaranteed by The City is included in the total debt calculations for purpose of calculating the City's debt limit. The \$10 million guarantee will not cause The City to exceed its debt limits.

RECOMMENDATION

That Council give:

1. Loan Bylaws 5M2023 and 6M2023 second and third readings

ATTACHMENTS

1. Loan Bylaw 5M2023
2. Loan Bylaw 6M2023