

**TABULATION OF
DEBT CAPITAL MARKETS ISSUANCES AND
PRIVATE PLACEMENTS BYLAW
TO BE PRESENTED TO COUNCIL OF THE CITY OF CALGARY
ON TUESDAY, 2023 OCTOBER 17**

BYLAW INFORMATION

Bylaw Number	- 10B2023 (the “Bylaw”)
Purpose	- To authorize The City of Calgary to: - establish, form and implement a debt capital markets and private placement program; - incur indebtedness by way of issuances of debt securities in the debt capital markets or by way of private placements; and - implement future borrowings as set out in the Bylaw
Amount	- up to \$2,907 million
Term	- up to 30 years
Type of Debt	- Self-sufficient, tax supported or self-sufficient tax supported
Statutory References	- <i>Municipal Government Act</i> (“ MGA ”) Section Numbers
Borrowing Authorization and Advertising Requirement	- 251 and 258
Passing a Bylaw	- 187

Borrowing Authorization and Advertising Requirement:

Section 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; and
- (c) the source or sources of money to be used to pay the principal and interest owing under the borrowing.

3) A borrowing bylaw must be advertised.”

Section 258

“(1) This section 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

“(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 MGA.

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Council's Authorizing Document - EC2023-0673

AFFIRMATIVE VOTES REQUIRED - Majority of members present

ADMINISTRATIVE COMMENTS

Administration is seeking Council approval of the Bylaw, which authorizes The City of Calgary (“**The City**”) to establish, form and implement a debt capital markets and private placement program. The objective of the program is to provide The City with an additional capital debt borrowing alternative by way of issuances of debt securities in the debt capital markets or by way of private placements.

The existing borrowing bylaws passed by Council are still valid, however, the Bylaw amends them to ensure The City has authority to access the debt capital markets or private placements in addition to accessing funds from the Province of Alberta or other lenders. The focus of the Bylaw is to authorize new potential sources of borrowing.

Large municipalities such as Vancouver, Ottawa, Montreal, and Toronto have incorporated similar borrowing strategies and have demonstrated continued success with such programs.

A key prospective advantage of The City issuing its own debt securities in the form of municipal bonds is the access to capital debt at a lower interest rate than the rate being charged by the Province of Alberta under the Loans to Local Authorities Program. If this lower interest rate is realized, it will provide greater value for Calgarians by reducing The City's interest expenses.

It is important to note that Technological Disruption, Reputational, and Legal Risks will need to be carefully considered throughout implementation. This stated, note that adding an additional capital debt borrowing alternative will likely help temper other risks, including Capital Infrastructure, Financial Sustainability, Service Delivery, and Sustainable City Risk.

The City's existing process for tracking, administering, and reporting the financing of capital projects will need to be adapted to accommodate the debt capital markets and private placement program. The revised process will be assessed, tested and piloted prior to The City's first municipal bond issuance to help ensure a seamless transition.

The source of repayment of principal and interest shall be The City's revenues and taxes, user fees, proceeds from the sale of properties, special assessment levies and funds from other sources. In the event of any revenue deficiency, The City shall levy and raise municipal taxes sufficient to repay such principal and interest.

On 2023 September 12, Council gave first reading to the Bylaw. Pursuant to Section 231 of the MGA, the Bylaw was advertised in the Calgary Herald on 2023 September 21 and 2023 September 28. The 15-day statutory deadline for a petition asking for a vote on the Bylaw was 2023 October 13. There were no valid petitions received.

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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. This debt will be included in the total debt calculations for the purpose of calculating The City's debt limit and will not cause The City to exceed its debt limits.

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:

1. Borrowing Bylaw 10B2023 second and third readings

ATTACHMENT

1. Borrowing Bylaw 10B2023