

Corporate Planning and Financial Services Briefing to

Executive Committee

2024 May 14

ISC: UNRESTRICTED

EC2024-0368

Calgary Exhibition and Stampede Limited – 2023 Credit Facility Update

PURPOSE OF BRIEFING

This Briefing is presented to the Executive Committee to provide the annual update from Administration to Council regarding the credit facilities guaranteed by the City of Calgary (“The City”) for the Calgary Exhibition and Stampede Limited (“The Stampede”).

SUPPORTING INFORMATION

PREVIOUS COUNCIL DIRECTION

- Council previously approved The City’s guarantee of certain credit facilities provided by a Canadian chartered bank (the “Lender”) to The Stampede. The credit facilities guaranteed by The City have included facilities B, C, D and H. The Stampede’s total debt related to these facilities was \$74.6 million at year end 2023.

HIGHLIGHTS

- In 2023 The Stampede held a highly successful annual exhibition with attendance of nearly 1.4 million, exceeding expectations. Other year-round events were not quite to pre COVID-19 pandemic levels but still 2023 revenue of \$173 million exceeded 2019 pre pandemic revenue of \$154 million, setting a record. The Stampede’s 2023 revenues exceeded expenses by \$2.9 million.
- Through the pandemic and to date The Stampede has remained fully compliant with all the covenants in its credit agreements. This is due in part to The Stampede’s prudent fiscal management as well as the support from its Lender and The City. This support has included amendments to credit agreements to defer principal repayments, to modify or waive financial covenants, plus the addition of City guaranteed credit Facility H to provide liquidity during the pandemic. The Federal government also contributed significant financial assistance in response to the pandemic and the Provincial government continues to provide financial support to The Stampede.

DISCUSSION

Guaranteed Credit Facilities (B, C, D and H)

- The City’s credit facilities guarantee provides support to The Stampede and results in lower borrowing costs.
- Guaranteed non-revolving credit facilities B, C and D are to support Stampede Park redevelopment and expansion. In 2023 The Stampede drew the remaining \$13.4 million of availability under its credit Facility D. The funds were utilized for a strategic land acquisition and to cover costs specific to The Stampede related to the BMO expansion.
- Facility H was a new \$10 million revolving credit facility granted by the Lender in 2021 to provide liquidity during the pandemic. Facility H was converted to a non-revolving term loan on 2022 September 30 and was guaranteed by The City in 2023 following Council’s approval.
- As of 2023 December 31, a total of \$74.6 million was outstanding on the guaranteed credit facilities and is the maximum availability of City guaranteed debt as detailed in the table on the following page.

Description (\$000s)	Facility B	Facility C	Facility D	Facility H	Total
Initial Authorization (1998)	\$30,000	\$30,000			\$60,000
Addition (2005)			\$80,000		\$80,000
Reduction (2014)			(\$20,000)		(\$20,000)
Addition (2023)				\$10,000	\$10,000
Total Authorized	\$30,000	\$30,000	\$60,000	\$10,000	\$130,000
Total Drawn	\$30,000	\$30,000	\$60,000	\$10,000	\$130,000
Opening Balance 2023 January 1	\$19,081	\$7,434	\$30,859	\$9,800	\$67,174
Amount Drawn Down in 2023	\$0	\$0	\$13,400	\$0	\$13,400
Amount Repaid in 2023	(\$1,204)	(\$1,974)	(\$2,438)	(\$400)	(\$6,016)
Ending Balance 2023 December 31	\$17,877	\$5,460	\$41,821	\$9,400	\$74,558
Undrawn Availability	\$0	\$0	\$0	\$0	\$0
Maximum Guarantee					\$74,558

- Subsequent events: Since year end 2023, Facility C matured and was paid in full. Also, The Stampede has fully repaid Facility H and a significant portion of Facility D. Following these payments and including the regularly scheduled principal payments in the year, guaranteed debt is estimated to be \$39.9 million.

2023 Financial Highlights

- With the success of the annual exhibition in 2023, The Stampede’s revenues increased to \$173.4 million from \$142.2 million in 2022 and were well above the pre-pandemic revenues in 2019 of \$154.1 million. In 2023, The Stampede realized an excess of revenues over expenses of \$2.9 million providing profit to be reinvested into the Stampede’s programs. Further financial details are available in Attachment 2.

Risk

- Financial loss to The City as guarantor of The Stampede’s term debt in the event of default is mitigated by way of a fixed-charge debenture covering all loans guaranteed by The City and secured with specific property owned by The Stampede. The Stampede is required to pledge specific property of sufficient value to maintain a minimum Asset Value to Loan Ratio of 125 per cent which provides excess value to secure the guarantee in the event appraised values do not materialize. At the end of 2023, the Asset Value to Loan Ratio was equal to 166 per cent of the maximum guaranteed amount, well above the minimum required. With Council’s approval in 2023 of the new \$10 million guarantee of Facility H, The City requested additional property owned by The Stampede to be pledged resulting in the high Asset Value to Loan Ratio.
- An updated appraisal of the aggregate market value of “The City Charged Lands” is to be delivered every fifth year during the term of The City’s credit agreement. The next appraisal was due to be completed in 2024 April but The City has waived this deadline until later in 2024. This delay was to allow the land transactions for the new Event Centre to close thereby firming up the lands The Stampede will retain ownership of following the closing.

Class Action Lawsuit

- On 2024 February 6 a [joint statement](#) was publicly released by the Class, the Calgary Stampede and Calgary Stampede Foundation.

The Stampede has reviewed and concurs with the information in this Briefing.

ATTACHMENT(S)

1. Previous Council Direction, Background
2. Summary of The Stampede's Operating Results

Author: Ron Albrecht, Treasury, Corporate Finance

General Manager: Carla Male concurs with the information in this Briefing.