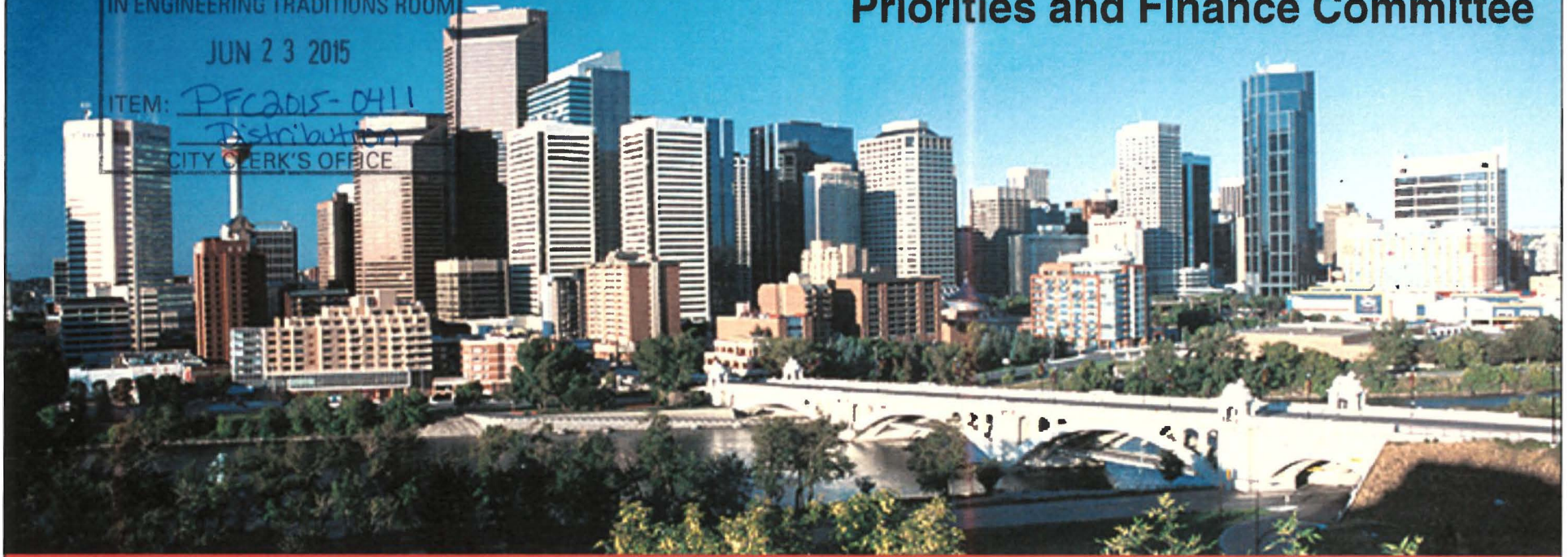


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Chief Financial Officer's Department Report to Priorities and Finance Committee



PFC2015-0411

THE CALGARY EXHIBITION AND STAMPEDE LTD.

CREDIT FACILITY UPDATE - 2014

June 23 2015

www.calgary.ca call 3-1-1



THE CITY OF
CALGARY

THE CALGARY EXHIBITION AND STAMPEDE LTD CREDIT FACILITY UPDATE – 2014

- **Annually, Administration updates Council regarding the credit facilities guaranteed by The City of Calgary for the Calgary Exhibition and Stampede Ltd. (CES) Stampede Park redevelopment and expansion.**
- **The operating results for 2014 were positive and consistent with 2013. CES' Stampede Park Redevelopment plans including the capital fundraising campaign are progressing.**
- **CES has complied with all of the credit agreement covenants.**



PREVIOUS COUNCIL DIRECTION

- In September 1998, Council approved a \$60 million loan guarantee for land acquisition, the initial expansion of the BMO Centre and subsequent on-site upgrades.
- In December 2005, Council approved an additional loan guarantee of \$80 million related to CES' Master Plan.
- In 2014 the loan guarantee was reduced by \$20 million at the request of CES.



CREDIT FACILITIES

- The City has guaranteed three credit facilities (B, C and D) for CES related to the Stampede Park redevelopment and expansion. The total outstanding as at 31 Dec 2014 was \$79.27M. The details are given below:

Description (\$000')	Facility B	Facility C	Facility D	Total
Initial Authorized (1998)	\$30,000	\$30,000		\$60,000
Addition (2005)			\$80,000	\$80,000
Reduction (2014)			(\$20,000)	(\$20,000)
Total Authorized	\$30,000	\$30,000	\$60,000	\$120,000
Utilized Amount	\$30,000	\$30,000	\$41,600	\$101,600
Balance Available	--	--	\$18,400	\$18,400
Amount Repaid to 31 Dec 2014	\$5,099	\$13,169	\$4,063	\$22,331
Outstanding as at 31 Dec 2014	\$24,901	\$16,831	\$37,537	\$79,269



2014 Financial Highlights and Covenants

- The attendance in 2014 was the second highest in history at 1.26 million.
- The financial highlights are given below:

Description	Unit	2014	2013	2012	2011
Attendance	Mn	1.26	1.13	1.40	1.17
Gross Revenue	Mn \$	137.06	133.02	137.81	112.45
Excess of Revenue over Expenses	Mn \$	2.26	3.02	16.59	0.63
Debt Service Coverage Ratio (DSCR)		1.16	1.24	1.36	1.39
Current Ratio		1.10	0.80	0.84	0.44

- **The covenant requires that the DSCR be not less than 1:00 to 1. The ratio for 2014 was 1.16 to 1 and CES was in compliance, in all material respects, with all of the credit agreement covenants.**



INITIATIVES TO COUNTER POSSIBLE ECONOMIC SLOWDOWN

- **Historically over 50% of revenue has been generated from the ten day stampede event. A negative impact on the revenue is anticipated in 2015 due to:**
 - **Potential reduction in provincial grants**
 - **Restructuring charges**
 - **Reduced sponsorship**
 - **Reduced food & beverages and tarp auction revenues**
- **Initiatives have been taken to reduce all operational expenses without impacting the customer experience such as:**
 - **Cancellation/deferment of non priority projects**
 - **Incremental revenue sources**
 - **Renegotiated contracts**
 - **Reduced operational costs due to cancelled projects**



2013 FLOOD STATUS

- The recovery and restoration efforts on the damage caused during the 2013 floods have been completed.
- As at December 31, 2014 the amount expended to remediate the damage was \$48.4 million, out of which \$47.7 million is covered by insurance. CES incurred only \$0.8 million in costs that were not covered by insurance.
- CES has undertaken certain projects to mitigate flood damage and has applied for government grants totalling \$10 million to fund these projects.
- CES has received \$4.6 million in funding under the Flood Recovery Erosion Control Program (FREC) grants and expects to receive additional funding under the Alberta Government Disaster Recovery Program (DRP) in 2015.
- As at December 31, 2014, \$7.6 million (2013 - \$0.4 million) has been incurred in relation to these projects.



Capital Campaign / Projects

- **The Agrium Western Event Centre was completed in May 2014 and provides a state-of-the-art facility for national and international events. It has a built up area of 150,000 square ft with an attached exhibition hall of 20,000 square ft and having a seating capacity of 2,500.**
- **The \$61 million Agrium Western Event Centre Building and Supporting Infrastructure project was largely funded by the Alberta Government and the Federal Government Canada Buildings Program for \$25 million each.**
- **The Calgary Stampede Foundation and CES conducted a “We’re Greatest Together” capital campaign and raised a total of \$130.2 million.**
- **The campaign funds will be allocated to the development of three major Stampede Park community initiatives including Youth Campus, ENMAX Park and the Agriculture Discovery Zone.**



Recommendation of Administration

- That the Priorities and Finance Committee recommends that Council receive this report for information.

