

Corporate Planning and Financial Services Report to
Regular Meeting of Council
2025 March 18

ISC: UNRESTRICTED
C2025-0237

ENMAX Borrowing

RECOMMENDATIONS:

That Council:

1. Give second and third readings to proposed Bylaws 1B2025, 2B2025, 3B2025 and 4B2025, authorizing The City of Calgary to borrow up to the maximum sum of \$224.984 million to finance ENMAX Corporation's ("ENMAX") 2025 capital spending in connection with its regulated operations, as further set out in the proposed Bylaws attached to this tabulation and summarized as:
 - a. 1B2025 – 5 Years - \$36.561 million – Acquisition of Technology and Support Services;
 - b. 2B2025 – 10 Years - \$7.806 million – Acquisition of Fleet Equipment and Capital Tools;
 - c. 3B2025 – 20 Years - \$7.389 million – Non-Residential Development; and
 - d. 4B2025 – 25 Years - \$173.228 million – Electric System and Building Improvements;
2. Give second and third readings to proposed Bylaw 4M2025 authorizing municipal loans to ENMAX up to the maximum sum of \$224.984 million to fund ENMAX's 2025 capital spending in connection with its regulated operations, as further set out in proposed Bylaw 4M2025, attached to this tabulation.

BORROWING BYLAW INFORMATION

Bylaw Numbers	- 1B2025, 2B2025, 3B2025 and 4B2025
Purpose	- To finance the 2025 capital spending of the regulated operations of ENMAX
Borrowing authority	- \$224.984 million
Term	- 5, 10, 20 and 25 years
Type of debt	- Self-supported
Statutory references	- <i>Municipal Government Act</i>
Borrowing Authorization and Advertising Requirement	- sections 251, 257 and 258
Passing a Bylaw	- section 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;

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- (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.”

Purpose of a Borrowing

Section 257(1)

“This section applies to a borrowing made for the purpose of financing a capital property when the term of the borrowing is 5 years or less.”

Borrowing bylaws authorized under this section do not have to 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 *Municipal Government Act*.

LOAN BYLAW INFORMATION

Bylaw Number	- 4M2025
Loan made to	- ENMAX
Purpose of loan	- To loan the funds to be borrowed under Bylaws 1B2025, 2B2025, 3B2025 and 4B2025 to ENMAX
Amount	- \$224.984 million
Repayment terms	- ENMAX will repay the loans at the rate prescribed by The City of Calgary and set forth in the applicable promissory notes, plus an administration fee calculated on the outstanding principal for each day at the rate of 0.25 per cent per annum computed on the basis of the number of days in the relevant period of determination.
Statutory references	- <i>Municipal Government Act</i>
Loans to a Controlled Corporation and Advertising Requirement	- section 264(1)(b), as modified by subsection 4(11)(a)(i) of the <i>City of Calgary Charter, 2018 Regulation</i> , Alta Reg 40/2018 and section 265
Passing a Bylaw	- section 187

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Purpose of a Loan

Section 264(1) “The City may only lend money if
(b) the loan is made to one of its controlled corporations”

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.”

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*.

Council’s Authorizing Document - EC2025-0015

Date of Council’s review, as sole shareholder, of ENMAX’s 2025 Business Plan and Budget of the regulated operations of ENMAX.

- 2024 December 9

AFFIRMATIVE VOTES REQUIRED FOR PASSING OF A BYLAW - Majority of members, provided a quorum is present

ADMINISTRATIVE COMMENTS

The City of Calgary (“**The City**”) entered into an Amended and Restated Credit Agreement with ENMAX dated December 14, 2023, as amended, (“**the Credit Agreement**”) which governs the terms of ENMAX’s borrowing relationship with The City. Pursuant to the terms of the Credit Agreement, ENMAX borrows funds from The City to finance capital investments for its regulated operations in Alberta and pays to The City semi-annual interest and principal when due and as required, plus an administration fee of 0.25 per cent per annum on the outstanding loan balance.

Proposed Borrowing Bylaws 1B2025, 2B2025, 3B2025 and 4B2025 are for authorizing the borrowing of funds by The City to finance ENMAX’s 2025 capital spending.

Proposed Loan Bylaw 4M2025 authorizes the loan of the borrowed funds to ENMAX.

On 2025 January 28, Council gave first reading to proposed Borrowing Bylaws 1B2025, 2B2025, 3B2025, 4B2025 and Loan Bylaw 4M2025. Pursuant to Section 231 of the *Municipal Government Act*, the proposed Borrowing Bylaws 1B2025, 2B2025, 3B2025, 4B2025 and Loan Bylaw 4M2025 were advertised in the Calgary Herald on 2025 February 13 and 2025 February 20. The 15-day

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statutory deadline for a petition asking for a vote on the bylaws was 2025 March 7. There were no valid petitions received.

FINANCIAL CAPACITY

Pursuant to The City's Council approved Debt Policy (CP2020-05), the Total Debt (as defined in the Debt Policy) shall not exceed 1.6 times Revenue (as defined in the Debt Policy) and the Total Debt service shall not exceed 0.28 times Revenue. Further, it provides that ENMAX is excluded from the debt limit calculation. Hence, debt originating from these bylaws will not impact The City's debt limits.

ATTACHMENTS:

1. Proposed Borrowing Bylaw 1B2025
2. Proposed Borrowing Bylaw 2B2025
3. Proposed Borrowing Bylaw 3B2025
4. Proposed Borrowing Bylaw 4B2025
5. Proposed Loan Bylaw 4M2025

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