

**TABULATION OF CAPITAL BORROWING AND LOAN BYLAWS
TO BE PRESENTED TO THE COUNCIL OF THE CITY OF CALGARY
ON MONDAY, 2018 SEPTEMBER 24**

BORROWING BYLAW INFORMATION

Bylaw No.	- 2B2018
Purpose of borrowing	- To finance the Capital Projects: Construction of 9 th Avenue S.E. Bridge, Green Line interface (in Victoria Park) and 17 th Avenue S.E. extension for Calgary Municipal Land Corporation
Borrowing Authority	- \$92 million
Term	- Not to exceed 9 years
Type of Debenture	- Self-sufficient tax supported
Statutory References	<i>Municipal Government Act ("MGA") and City of Calgary Rivers District Community Revitalization Levy Regulation ("Regulation")</i>
Borrowing Authorization	- Sections 251
Terms of a Borrowing	- Sections 253(1) and 258(1) of the MGA
Reading of Bylaw	- Section 187 of MGA
Advertising of Bylaw	- Sections 251 and 606 of MGA & Section 6 of the Regulation

Borrowing Authorization

Section 251 of the MGA stipulates that:

- a municipality may only make a borrowing if the borrowing is authorized by a borrowing bylaw; and
- 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.

Terms of a Borrowing

Section 253(1) of the MGA stipulates that a borrowing must be used for the purpose for which it is borrowed.

Section 258(1) of the MGA applies to a borrowing made for the purpose of financing a capital property when the term of the borrowing exceeds 5 years, and stipulates that:

- the expenditure for the capital property must be included in a budget; and
- the term of the borrowing must not exceed the probable lifetime of the capital property.

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Reading of Bylaw:

Section 187 of the MGA stipulates:

- that every proposed bylaw must have 3 distinct and separate readings; and
- sets out the procedures for the readings of bylaws.

Advertising of Bylaw

Section 251 of the MGA stipulates that a borrowing bylaw must be advertised.

Section 6 of the Regulation stipulates that despite Sections 256 to 263 of the MGA, a borrowing bylaw for the purpose of implementing the community revitalization plan, in whole or in part, must be advertised in accordance with Section 606 of the MGA.

Section 606 of the MGA sets out the requirements for advertising bylaws.

LOAN BYLAW INFORMATION

Bylaw No.	- 37M2018
Loan made to	- Calgary Municipal Land Corporation (" CMLC ")
Purpose of loan	- To loan to CMLC the funds raised under Borrowing Bylaw No. 2B2018
Amount	- \$92 million
Repayment Terms	- CMLC shall pay to The City semi-annual principal and interest installments not exceeding a term of 9 years plus a basic fee of 0.25% per annum on the average monthly outstanding debenture held by The City on behalf of CMLC
Statutory References	<i>Municipal Government Act ("MGA")</i>
Lending Authorization	- Sections 264(1)(b) and 265 of MGA
Advertising of Bylaw	- Section 265(3) of MGA

Lending Authorization

Section 264(1)(b) of the MGA provides that a municipality may lend money to one of its controlled corporations.

Section 265 of the MGA stipulates that:

- a municipality may only lend money to one of its controlled corporations if the loan is authorized by bylaw; and
- a bylaw authorizing a 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; and
 - (c) the source or sources of the money to be loaned.

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Advertising of Bylaw

Section 265(3) of the MGA stipulates that a bylaw that authorizes a loan must be advertised.

CAPITAL PROGRAM INFORMATION

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| Authorizing Document(s) | - Calgary Municipal Land Corporation's 2017-2019 Business Plan & Budgets |
| Council's Approval Date
(as Shareholder) | - 2016 December 15 |

- AFFIRMATIVE VOTES REQUIRED** - Majority of members present

ADMINISTRATIVE COMMENTS

Borrowing Bylaw No. 2B2018 is to finance the Capital Projects included in CMLC's 2017-2019 Business Plan and Budgets, which Council, as Shareholder, approved on 2016 December 15.

The City will issue debentures and loan the funds to CMLC.

The City and CMLC are parties to an existing credit agreement which will be amended to provide up to \$92 million of additional loans from The City to CMLC.

CMLC shall pay to The City interest and principal installments when due and as required, plus a basic fee of 0.25% per annum based on average monthly outstanding debenture balances, all of which will be reflected in the amended form of credit agreement between The City and CMLC.

Loan Bylaw No. 37M2018 is required to loan the debenture funds to CMLC, a controlled corporation, pursuant to Sections 264 and 265 of the MGA.

On 2018 July 30, Council gave first reading to Borrowing Bylaws 2B2018 and Loan Bylaw 37M2018. Pursuant to Section 231 of the Municipal Government Act, Borrowing Bylaws 2B2018 and Loan Bylaw 37M2018 were advertised in the Calgary Herald on 2018 August 2 and 9. The 15-day statutory deadline for a petition asking for a vote on the Bylaws was 2018 August 24. There have been no valid petitions received for the bylaws

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FINANCIAL CAPACITY

Pursuant to Section 252 of the MGA and the associated regulations, The City cannot make a borrowing if the borrowing will cause the municipality to exceed its debt limit, unless the borrowing is approved by the Minister. The MGA debt limit and debt service limit reported in the audited consolidated financial statements for the year ended December 31, 2017 are 40.13% and 26.38% respectively. Any borrowing up to the authorized amount under Borrowing Bylaw No. 2B2018 can be accommodated within the MGA debt limit and debt service limit forecasts which are based on current approved capital budgets and related financing. This analysis indicates that The City debt limit and debt service will remain below 80% of the Municipal Government allowable limits for 2018.

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 Borrowing Bylaw 2B2018 and Loan Bylaw 37M2018 second and third readings.

ATTACHMENTS

Borrowing and Loan Bylaws 2B2018 and 37M2018