

Chief Financial Officer's Report to
Regular Meeting of Council
2018 December 17

ISC: UNRESTRICTED
C2018-1441

New Municipal Loan to Calgary Municipal Land Corporation

EXECUTIVE SUMMARY

Administration requests a new loan bylaw to provide up to \$6 million of interim financing to the Calgary Municipal Land Corporation (CMLC) from working capital funds to finance certain capital projects.

ADMINISTRATION RECOMMENDATION:

That Council:

1. Approve the allocation of up to \$6 million from The City's working capital funds to CMLC as a short-term loan that will be subsequently repaid through long-term loan refinancing using debenture funds provided by Alberta Capital Finance Authority and subject to:
 - a. the term of the short-term loan not exceeding 1 year; and
 - b. the short-term loan being made in accordance with the terms and conditions of a credit agreement between The City and CMLC, all in form and content acceptable to the City Treasurer.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 September 24, Council adopted Bylaw 37M2018 which authorized up to \$92 million in loans (ACFA Loans) from The City of Calgary (The City) to CMLC pursuant to Sections 264(1)(b) and 265 of the *Municipal Government Act* (R.S.A. 2000 c. M-26), for financing certain capital projects (Capital Projects) included in CMLC's 2017-2019 Business Plan and Budgets, which were approved by the Council of The City, as shareholder, on 2016 December 15.

On 2018 September 24, Council adopted Bylaw 2B2018 to borrow \$92 million from Alberta Capital Finance Authority (ACFA).

BACKGROUND

Under Bylaw 37M2018, the source of the funds to be lent to CMLC is limited to debenture funds issued by ACFA under Bylaw 2B2018. As a condition to any loan advances under Bylaw 37M2018, the existing credit agreement between The City and CMLC must be amended to reflect the additional borrowings contemplated under Bylaw 37M2018. The contemplated credit agreement amendments have not been completed and the next available window for drawdown from ACFA is not until March 15, 2019. CMLC has indicated a need for \$6 million in funds for the purpose of financing the Capital Projects in advance of the next allowable drawdown through ACFA and prior to finalization of an amended credit agreement. As such, Administration is requesting to advance \$6 million of working capital funds to CMLC in the form of a short-term loan to address this timing discrepancy, such short-term loan to be repaid in full through a refinancing to occur as part of the advance of debenture funds by The City to CMLC authorized by Bylaw 37M2018.

The monies contemplated to be lent by The City to CMLC under authority of this bylaw are an interim financing until the monies contemplated to be lent by The City to CMLC under authority of Bylaw 37M2018 are advanced and applied to refinance the \$6 million contemplated by this Bylaw.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Stakeholder Engagement, Research and Communication

None regarding this request.

Strategic Alignment

None regarding this request.

Social, Environmental, Economic (External)

The amount will be funded through The City's working capital funds.

Financial Capacity

Current and Future Operating Budget:

None regarding this request.

Current and Future Capital Budget:

None regarding this request.

Risk Assessment

None regarding this request.

REASON(S) FOR RECOMMENDATION(S):

Administration recommends this request to meet CMLC's requirements.

ATTACHMENT(S)

1. Attachment 1 – Loan Bylaw 63M2018