

Bylaw 19757

A Bylaw to authorize the City of Edmonton to lend money to a non-profit organization, The Edmonton Space & Science Foundation

Recommendation

1. That the terms of the loan agreement between the City of Edmonton and The Edmonton Space & Science Foundation, for an amount not to exceed \$4.0 million, as outlined in Attachment 2 of the June 7, 2021, Financial and Corporate Services report FCS00643, be approved and that the agreement be in form and content acceptable to the City Manager.
2. That \$4.0 million be appropriated from the Financial Stabilization Reserve in the event of a default of the loan.

Purpose

To authorize the City of Edmonton to lend money to a non-profit organization, The Edmonton Space & Science Foundation, in an amount not to exceed \$4,000,000.

Readings

Bylaw 19757 is ready for first reading only.

Advertising and Signing

This Bylaw will be advertised in the Edmonton Journal on Thursday, June 10, 2021, and Thursday, June 17, 2020. The Bylaw cannot be signed and thereby passed prior to Monday, July 5, 2021.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw authorizes the City of Edmonton to lend money to a non-profit organization, The Edmonton Space & Science Foundation, for the purpose of providing interim financing to The Edmonton Space & Science Foundation until they receive their Investing in Canada Infrastructure Program (ICIP) related to the Aurora Project.

Report

The City of Edmonton currently leases the land and building to The Edmonton Space & Science Foundation, which operates as the Telus World of Science Edmonton (TWOS). The proposed loan relates to the City of Edmonton capital profile 15-21-6600 Telus World of Science approved as part of the 2015-2018 Capital Budget. This profile provides \$12 million of Pay-As-You-Go funding and \$28 million in partnership funding. The \$28 million was comprised of Federal and Provincial grants as well as funds raised from the community. With the \$40 million Aurora Project coming to a close, The Edmonton Space & Science Foundation has requested interim financing to bridge the gap between when they make project payments and when they receive the ICIP grant funding. The terms of the loan included in Attachment 2, propose a bullet loan bearing interest and an administration fee, with the term expiring at the end of December 31, 2022. The Edmonton Space & Science Foundation will be able to prepay any portion of the loan as they receive their grant funding.

Bylaw 19757 will be resubmitted for second and third readings after the advertising and the expiration of the associated petition period.

Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Ensure transparent, conservative and reasonable debt financing as a source of funding to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.	<ul style="list-style-type: none"> The City of Edmonton is subject to limits both for total debt and debt servicing by the <i>Municipal Government Act</i> and by the City's internal <i>Debt Management Fiscal Policy (C203C)</i>. <ul style="list-style-type: none"> The <i>Municipal Government Act</i> debt limit is two times the revenue of the City and the debt servicing limit is 35% of City revenues. For this calculation, revenues are net of capital government transfers and contributed tangible capital assets. The internal <i>Debt Management Fiscal Policy (C203C)</i> sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues. 	<ul style="list-style-type: none"> Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2020, the City had used 58.2% of its debt limit and 30.6% of its debt servicing limit. Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2020, the City had used 59.4% of its tax-supported debt servicing limit and 45.3% of its total debt servicing limit. 	Total debt and debt servicing are in line with the limits set by the <i>Municipal Government Act</i> and by the internal <i>Debt Management Fiscal Policy (C203C)</i> .

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Exceeding regulated debt and debt servicing limits.	Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . Exceeding the <i>Debt Limit Regulation</i> requires approval from the minister. Failure by a municipality to fall within the <i>Debt Limit Regulation</i> may result in the refusal of an application to the Provincial lender to purchase the City's debentures in order to finance a capital project.	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance with the debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . The City considers and models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates.	Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits.

Public Engagement

Loan bylaws reflect a legislative requirement of the loan process. As a result, no public engagement is undertaken with respect to the loan bylaw process. Where required by the *Municipal Government Act* loan bylaws are advertised.

Attachments

1. Bylaw 19757
2. Terms of Loan Agreement between the City of Edmonton and The Edmonton Space & Science Foundation

Others Reviewing this Report

- K. Fallis-Howell, Acting City Solicitor