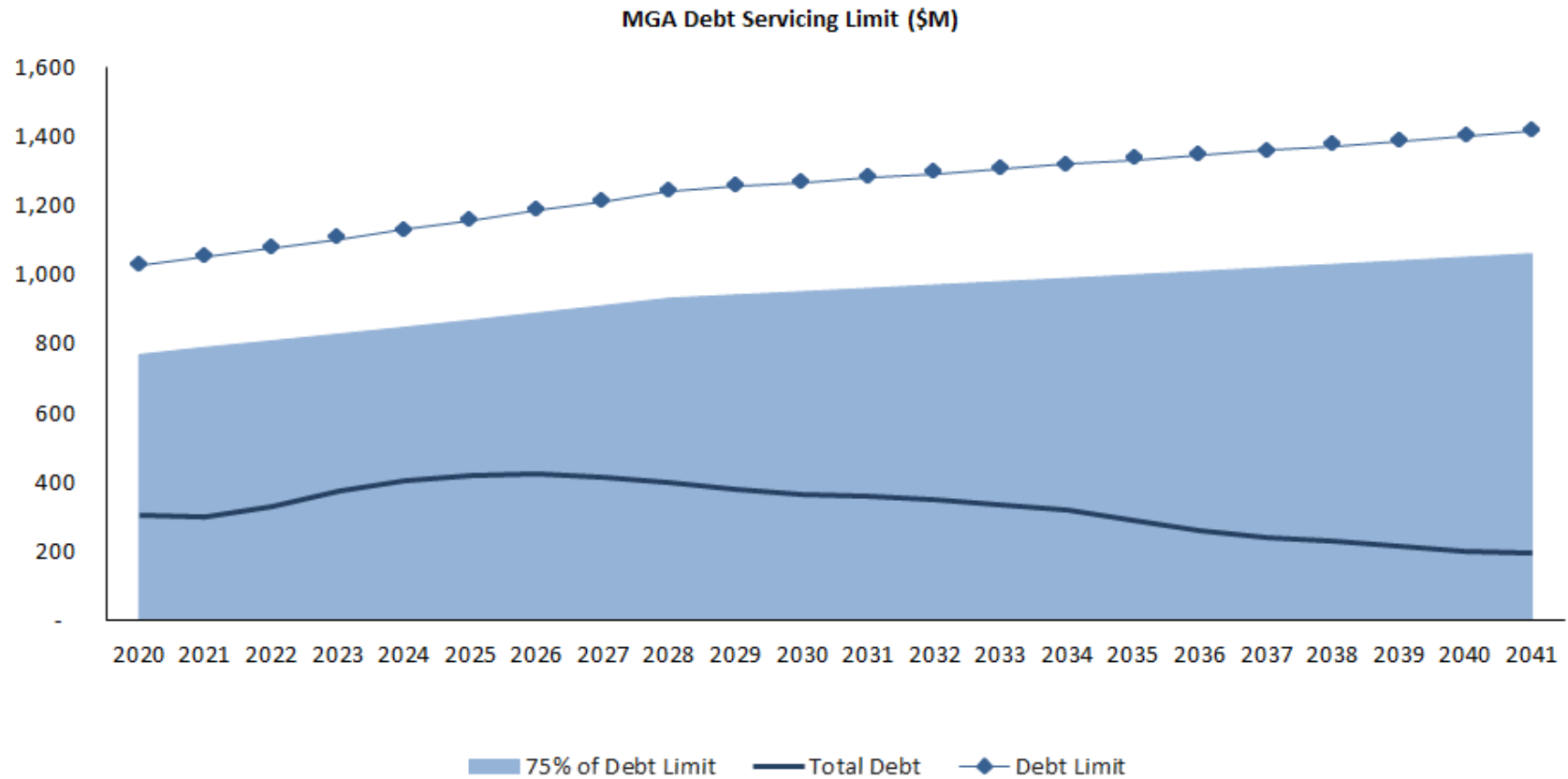
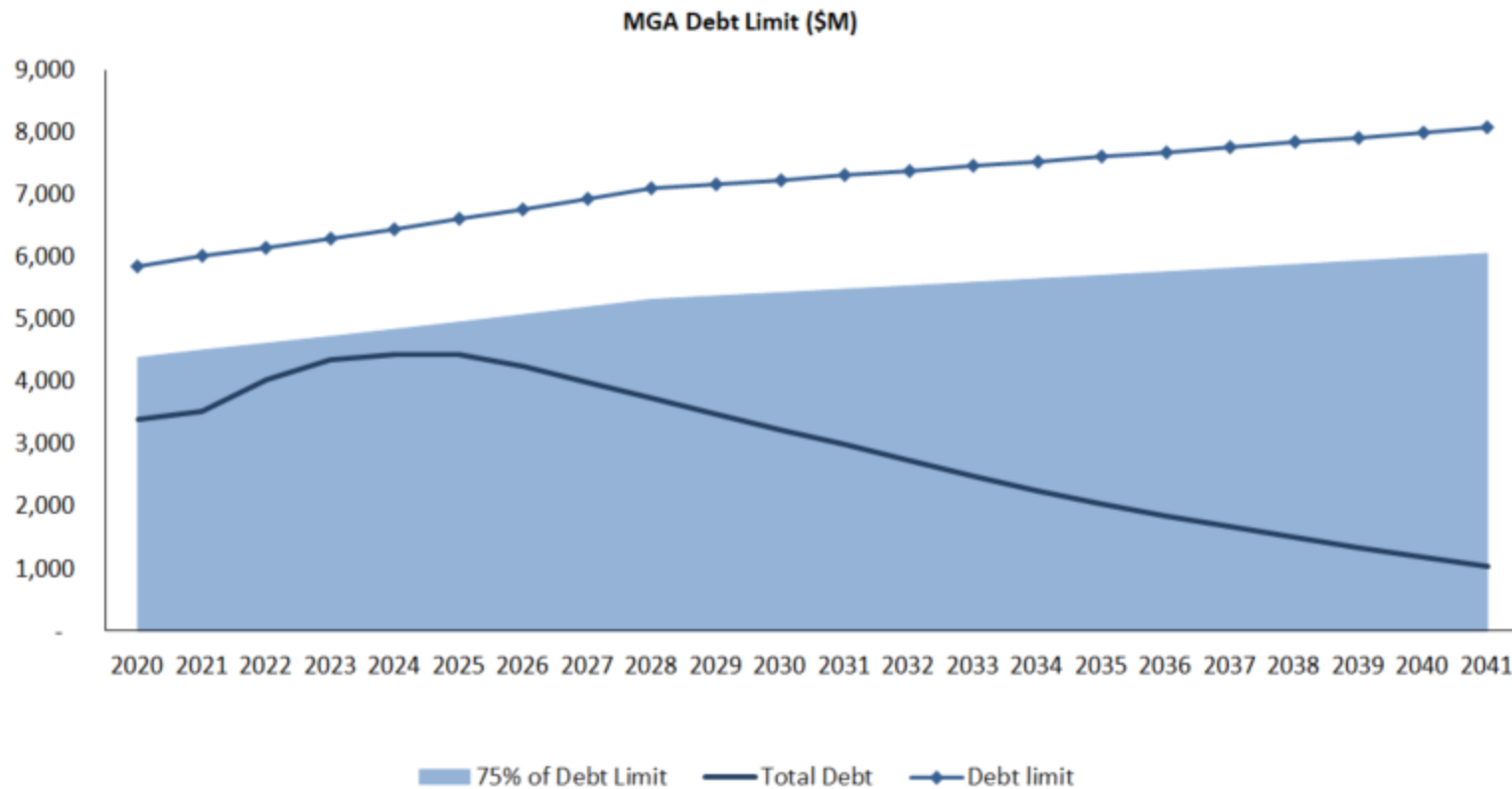


**Debt Update - September 30, 2021**

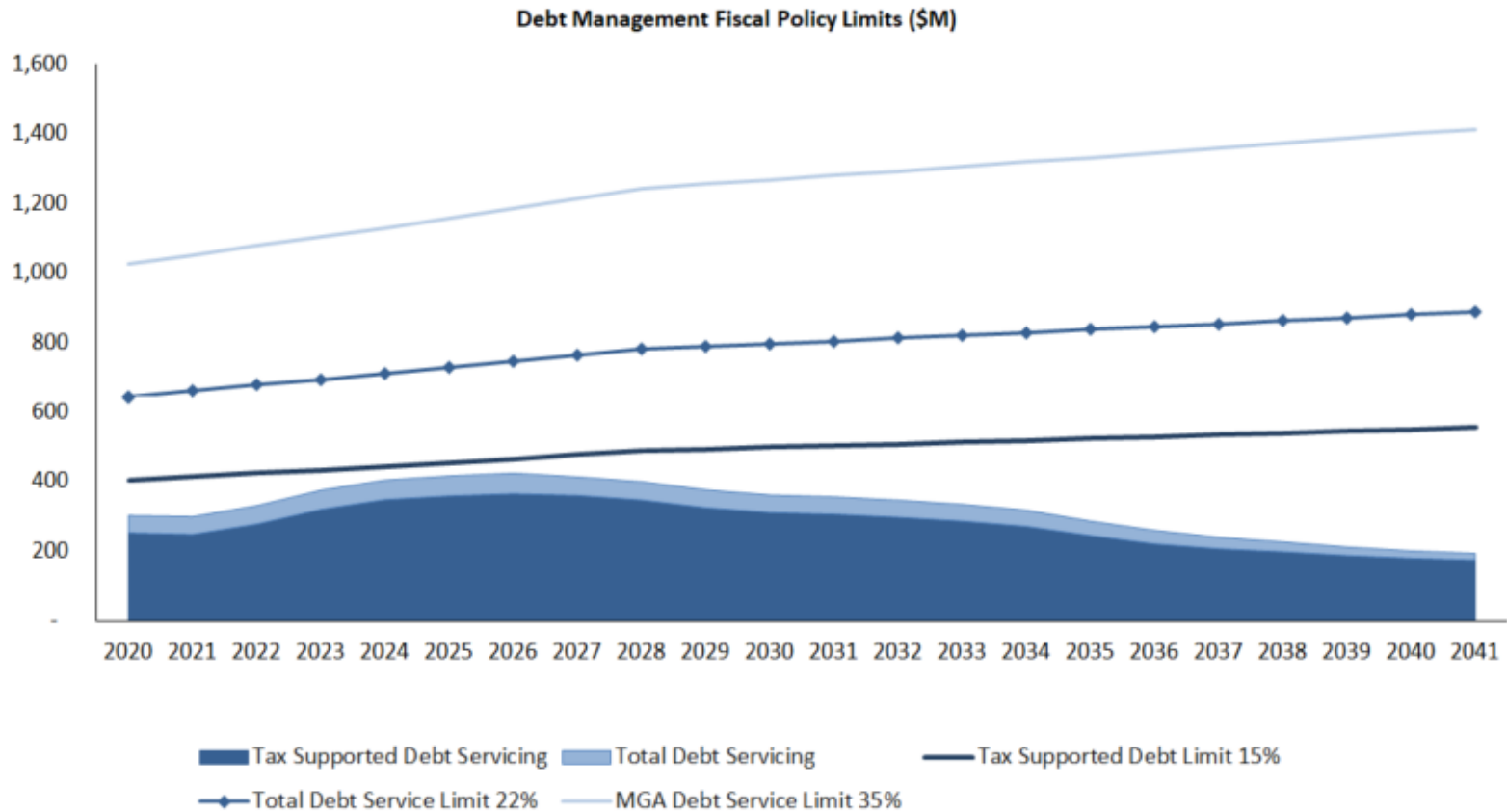
The Municipal Government Act (MGA) and related regulations establish limits for municipal debt levels and annual debt servicing costs. The following provides an update on the City's compliance with the Municipal Government Act debt and debt servicing limits, as well as compliance with the Debt Management Fiscal Policy (DMFP) - C203C debt servicing limits. Forecasted debt in the following charts is based on currently approved debt projects.



Total projected debt peaks in 2024 at \$4.45 billion primarily due to matching funding from other levels of government for large transit and road projects such as Valley Line LRT and Yellowhead Trail Freeway Conversion projects.



The Debt Management Fiscal Policy (DMFP) - C203C sets more conservative debt service limits than those established in the MGA, with limits for all City operations and tax-supported operations. DMFP limits in the table below are 22 per cent of City revenues for total debt servicing, 15 per cent of tax levy revenues for tax-supported debt servicing and 35 per cent of City revenues for total debt servicing under the MGA.



The City borrows almost exclusively through the Government of Alberta's Treasury Board and Finance (TBF), formerly known as Alberta Capital Finance Authority (ACFA). TBF maintains a credit review process for borrowers who:

- i) have exceeded borrowing limits established under the Municipal Government Act ,
- ii) are within 25 per cent of the limit established under the Municipal Government Act and have a credit rating less than "A" , or
- iii) are considered to be in financial difficulty.

Based on the criteria, the City considers debt and debt servicing risk to be elevated when they are within 25 per cent, or have exceeded 75 per cent, of the debt and debt servicing limits established under the Municipal Government Act. The City may not fall under the credit review process when exceeding 75 per cent of the limits as the credit rating is currently higher than an A rating.

The interest rate on 20 year debentures borrowed on September 15, 2021 was 2.297 per cent, up 0.415 per cent from 1.882 per cent on September 15, 2020.

## Attachment 3

The following table provides a breakdown of the borrowing by quarter, as well as outstanding debt and debt servicing compared to both the MGA and DMFP debt limits.

### Debt Update - City of Edmonton Sep 30, 2021

(millions)

	Tax-Supported	Self-Liquidating	Valley Line SE P3 Liability	Total	
Borrowing 2021					
March	16	31	12	59	Actuals
June	53	7	12	72	Actuals
September	29	23	14	66	Actuals
December	69	12	22	104	Projected
<b>Total</b>	<b>167</b>	<b>74</b>	<b>60</b>	<b>301</b>	

	Projections												
	Actual Dec 2019	Actual Dec 2020	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31
<b>Outstanding Debt (Note 3)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	1,772	2,009	2,098	2,590	2,964	3,089	3,115	3,004	2,858	2,709	2,558	2,406	2,250
Self-Supporting Tax Guaranteed (Note 1)	981	960	943	943	887	862	811	724	633	549	482	423	366
	<b>2,753</b>	<b>2,969</b>	<b>3,041</b>	<b>3,533</b>	<b>3,850</b>	<b>3,951</b>	<b>3,925</b>	<b>3,728</b>	<b>3,491</b>	<b>3,258</b>	<b>3,040</b>	<b>2,829</b>	<b>2,616</b>
<b>Self-Liquidating Debt (net of EPCOR)</b>	450	438	481	497	497	494	514	515	509	479	443	407	371
<b>Total Outstanding Debt</b>	<b>3,203</b>	<b>3,407</b>	<b>3,522</b>	<b>4,030</b>	<b>4,347</b>	<b>4,445</b>	<b>4,439</b>	<b>4,243</b>	<b>4,000</b>	<b>3,738</b>	<b>3,484</b>	<b>3,237</b>	<b>2,987</b>
<i>Debt Limit (2x Revenue)(Note 2)</i>	5,841	5,857	6,015	6,159	6,307	6,459	6,614	6,772	6,935	7,101	7,172	7,244	7,316
<i>% used</i>	54.8%	58.2%	58.6%	65.4%	68.9%	68.8%	67.1%	62.7%	57.7%	52.6%	48.6%	44.7%	40.8%
<i>% available</i>	45.2%	41.8%	41.4%	34.6%	31.1%	31.2%	32.9%	37.3%	42.3%	47.4%	51.4%	55.3%	59.2%
<b>Debt Servicing (MGA - Note 4)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	155	161	153	178	215	240	245	249	248	246	242	239	237
Self-Supporting Tax Guaranteed (Note 1)	89	92	96	100	106	109	115	117	113	102	83	73	70
	<b>244</b>	<b>254</b>	<b>249</b>	<b>279</b>	<b>321</b>	<b>349</b>	<b>360</b>	<b>366</b>	<b>361</b>	<b>348</b>	<b>326</b>	<b>312</b>	<b>307</b>
<b>Self-Liquidating Debt (net of EPCOR)</b>	50	49	51	53	55	56	57	59	53	52	51	50	49
<b>Total Debt Servicing (MGA)</b>	<b>294</b>	<b>303</b>	<b>300</b>	<b>331</b>	<b>376</b>	<b>405</b>	<b>417</b>	<b>425</b>	<b>414</b>	<b>400</b>	<b>377</b>	<b>362</b>	<b>357</b>
<i>MGA Debt Servicing Limit (35%)(Note 5, 7)</i>	1,022	1,025	1,053	1,078	1,104	1,130	1,157	1,185	1,214	1,243	1,255	1,268	1,280
<i>% used</i>	28.7%	29.6%	28.5%	30.7%	34.0%	35.8%	36.0%	35.8%	34.1%	32.2%	30.0%	28.6%	27.8%
<i>% available</i>	71.3%	70.4%	71.5%	69.3%	66.0%	64.2%	64.0%	64.2%	65.9%	67.8%	70.0%	71.4%	72.2%

## Attachment 3

	Actual Dec		Projections										
	2019	2020	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31
<b>Debt Servicing (DMFP - Note 4)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	155	161	153	178	215	240	245	249	248	246	242	239	237
Self-Supporting Tax Guaranteed (Note 1)	89	92	96	100	106	109	115	117	113	102	83	73	70
	<u>244</u>	<u>254</u>	<u>249</u>	<u>279</u>	<u>321</u>	<u>349</u>	<u>360</u>	<u>366</u>	<u>361</u>	<u>348</u>	<u>326</u>	<u>312</u>	<u>307</u>
<b>Self-Liquidating Debt (net of EPCOR)</b>	50	49	51	53	55	56	57	59	53	52	51	50	49
<b>Total Debt Servicing (DMFP)</b>	<u>294</u>	<u>303</u>	<u>300</u>	<u>331</u>	<u>376</u>	<u>405</u>	<u>417</u>	<u>425</u>	<u>414</u>	<u>400</u>	<u>377</u>	<u>362</u>	<u>357</u>
<i>DMFP Total Debt Servicing Limit (22%)(Note 6, 7)</i>	642	644	662	678	694	710	727	745	763	781	789	797	805
<i>% used</i>	45.7%	47.0%	45.3%	48.9%	54.2%	57.0%	57.3%	57.0%	54.3%	51.2%	47.8%	45.4%	44.3%
<i>% available</i>	54.3%	53.0%	54.7%	51.1%	45.8%	43.0%	42.7%	43.0%	45.7%	48.8%	52.2%	54.6%	55.7%
<i>DMFP Tax-supported Debt Servicing Limit (15%)(Note 6, 7)</i>	398	403	414	424	434	445	455	466	478	489	494	499	504
<i>% used</i>	61.3%	62.9%	60.2%	65.7%	73.9%	78.5%	79.0%	78.5%	75.6%	71.2%	65.9%	62.5%	61.0%
<i>% available</i>	38.7%	37.1%	39.8%	34.3%	26.1%	21.5%	21.0%	21.5%	24.4%	28.8%	34.1%	37.5%	39.0%

**Notes:**

1) Self-Supporting Tax Guaranteed debt is issued to fund capital expenditures for tax-supported operations, which generate sufficient cash, other than tax-levy, to fund the debt obligation. Any funding shortfall to repay the debt will be funded through tax-levy revenues. The servicing costs for the SLRT debt is funded with the federal fuel tax. Other Self-Supporting Tax Guaranteed debt includes debt to be repaid through user fees, reserves, property sales and community revitalization levies.

2) The *Municipal Government Act* debt limit is calculated as two times consolidated revenues net of capital government transfers and developer contributed tangible capital assets as reported in the prior year audited financial statements.

3) Forecasted debt includes financing for capital projects approved by Council through the 2019-2022 Capital Budget, 2015-2018 Capital Budget and projects approved as a part of the 2012-2014 capital budget with current and future cash flows. Borrowing in the current year and beyond assumes borrowing in the second and fourth quarters, using the approved term for the project and the assumed interest rates per term.

4) The *Municipal Government Act* Debt Limit Regulations state that debt servicing is the total amount of principal and interest that the municipality will be required to pay in respect of those borrowings during the 12 months after the calculation time. For purposes of monitoring compliance with the City's internal *Debt Management Fiscal Policy (C203C)*, debt servicing is assumed to be actual debt principal and interest paid in the year.

The *Municipal Government Act* Debt Limit Regulations also state that borrowings in which the municipality is not required to pay in the following 12 months at the time of calculation, the debt servicing be reflected on a pro rata basis. The City's internal *Debt Management Fiscal Policy (C203C)* assumes debt servicing related to short-term borrowing be reflected in the year the debt servicing is incurred.

5) The *Municipal Government Act* debt servicing limit is 35% of consolidated revenues net of capital government transfers and contributed tangible capital assets as reported in the prior year audited financial statements.

6) The internal *Debt Management Fiscal Policy (C203C)* sets more conservative debt service limits at 22% (total debt) of consolidated City revenues and 15% (tax-supported debt) of tax levy revenues as reported in the prior year audited financial statements.

The following table provides a breakdown of projected outstanding debt by major project:

<u>Projected Outstanding Debt Summary</u>	<u>Sep 30, 2021</u>			
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Tax supported</b>				
Valley Line Southeast	573	648	668	655
Arena	459	448	429	408
South LRT	254	221	186	150
Multipurpose Rec Centres	219	208	198	187
Westwood Transit Garage (Kathleen Andrews)	170	170	165	158
Valley Line LRT: Downtown to Lewis Farms	139	350	510	547
Downtown Community Revitalization Levy	106	125	127	170
Yellowhead Trail Freeway Conversion	100	214	359	425
Walterdale Bridge	123	118	113	108
Metro Line (North LRT: Downtown to NAIT)	143	138	131	124
Whitemud/Quesnel Bridge	96	91	85	79
Police - North Campus	92	92	89	86
Great Neighbourhoods	79	84	76	65
Terwillegar Community Recreation Centre	72	67	63	59
Quarters Community Revitalization Levy	62	71	67	61
Milner Library Renewal & Upgrades	42	39	36	33
Northlands Capital Construction	37	35	33	30
Valley Zoo	27	25	23	21
Lewis Farms Community Recreation Centre & Library	22	22	21	20
LRT Design: Metro Line (NAIT - Blatchford) Extension	14	33	32	31
Terwillegar Drive Expressway Upgrades - Alternate Staging	6	24	39	56
Capital Line South LRT: Centruy Park to Ellersie Road	0	64	150	240
<b><u>Other</u></b>				
Other	204	247	251	237
<b>Total Tax-Supported</b>	<b>3,041</b>	<b>3,534</b>	<b>3,851</b>	<b>3,951</b>
<b>Self Liquidating</b>				
Waste Management	223	204	184	164
Local Improvements	141	140	142	144
Blatchford Development	65	62	58	55
Other	52	90	113	131
<b>Total Self Liquidating</b>	<b>481</b>	<b>497</b>	<b>497</b>	<b>494</b>
<b>Total Debt</b>	<b>3,522</b>	<b>4,030</b>	<b>4,348</b>	<b>4,445</b>