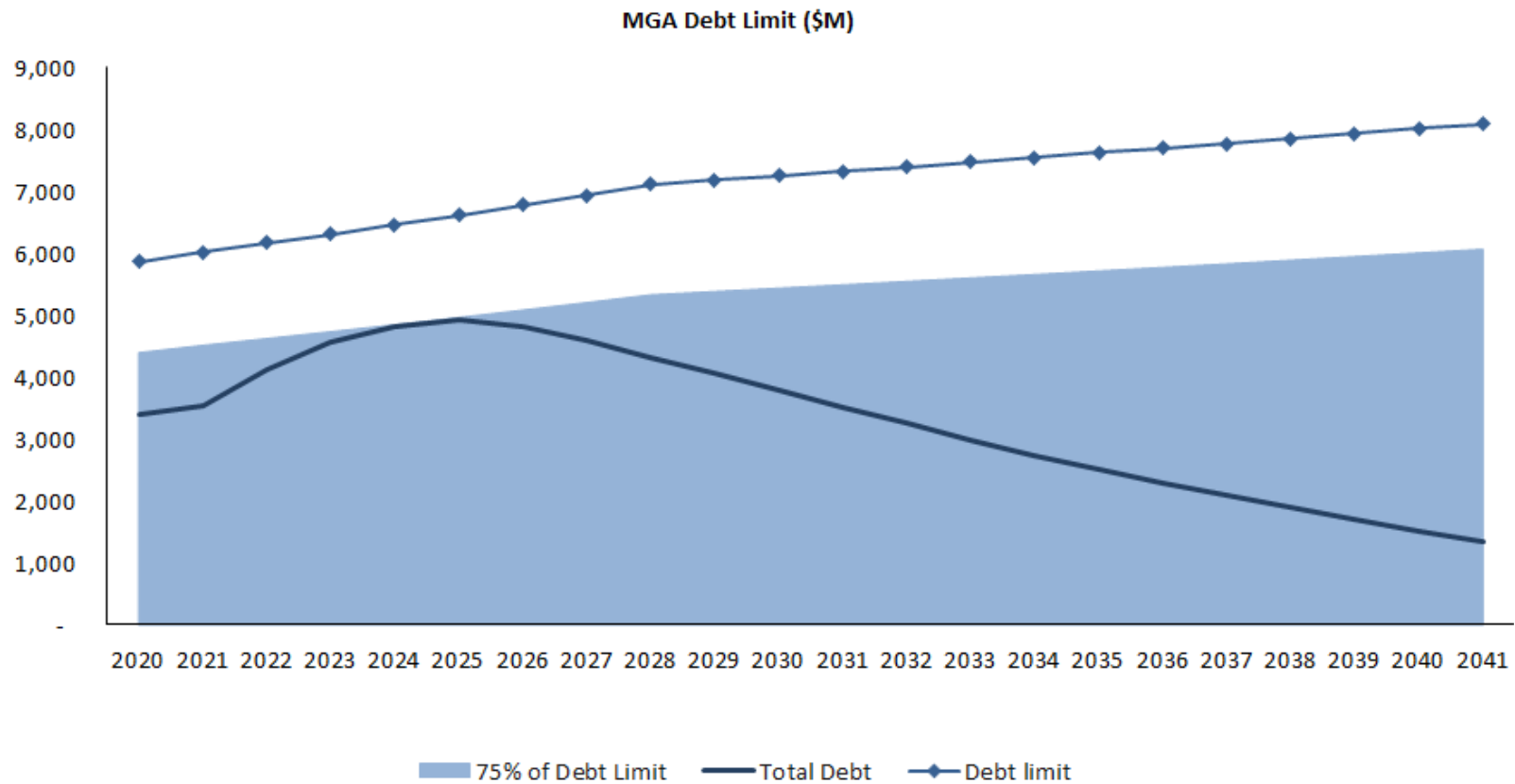


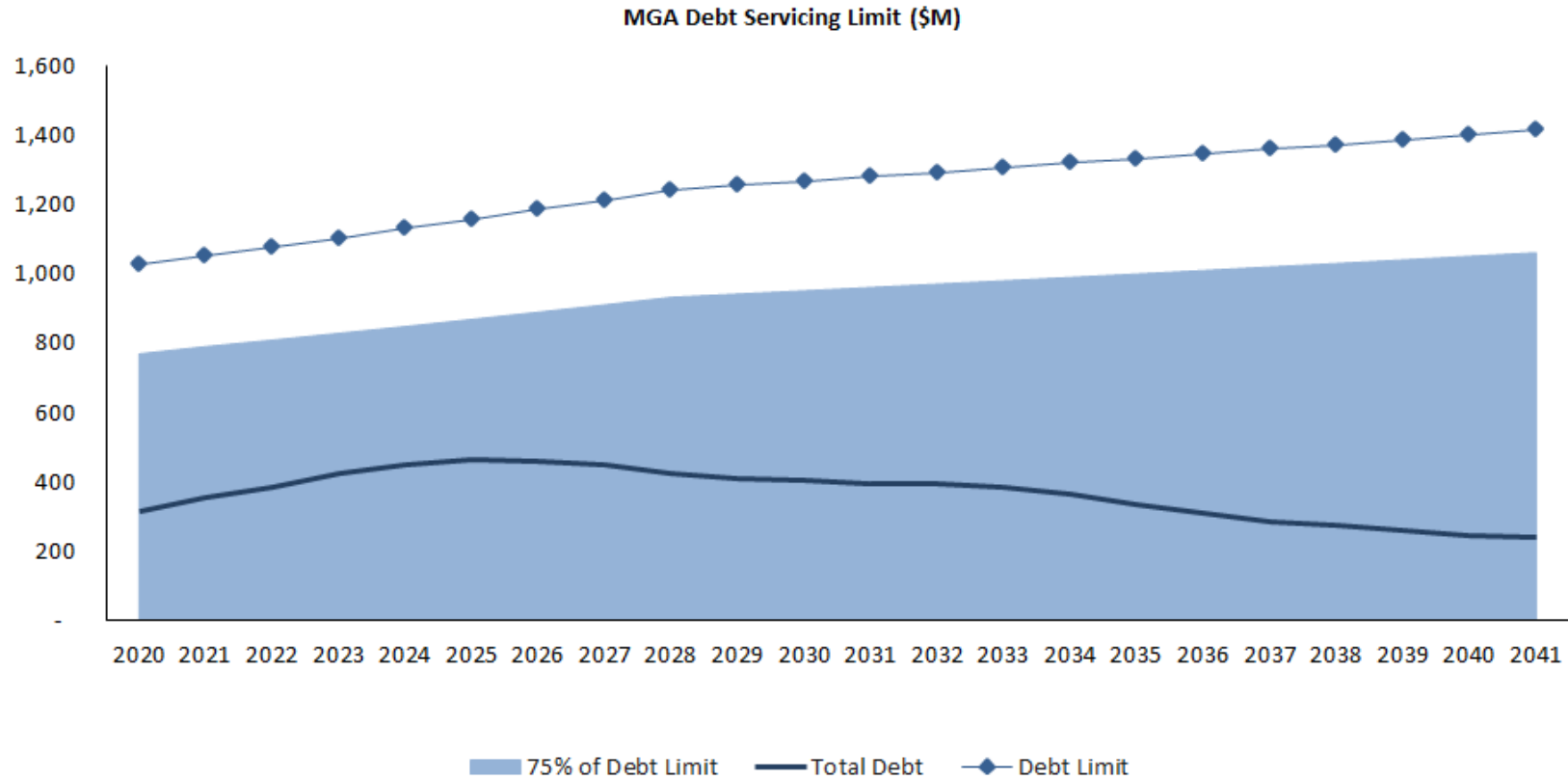
Debt Update - December 31, 2021

Municipal Government Act Debt & Debt Servicing Limits

The Municipal Government Act (MGA) and related regulations establish limits for municipal debt levels to two times revenue and annual debt servicing costs to 35 per cent of revenue. The following provides an update on the City's compliance with the Municipal Government Act debt and debt servicing limits. Forecasted debt in the following charts is based on currently approved debt projects.

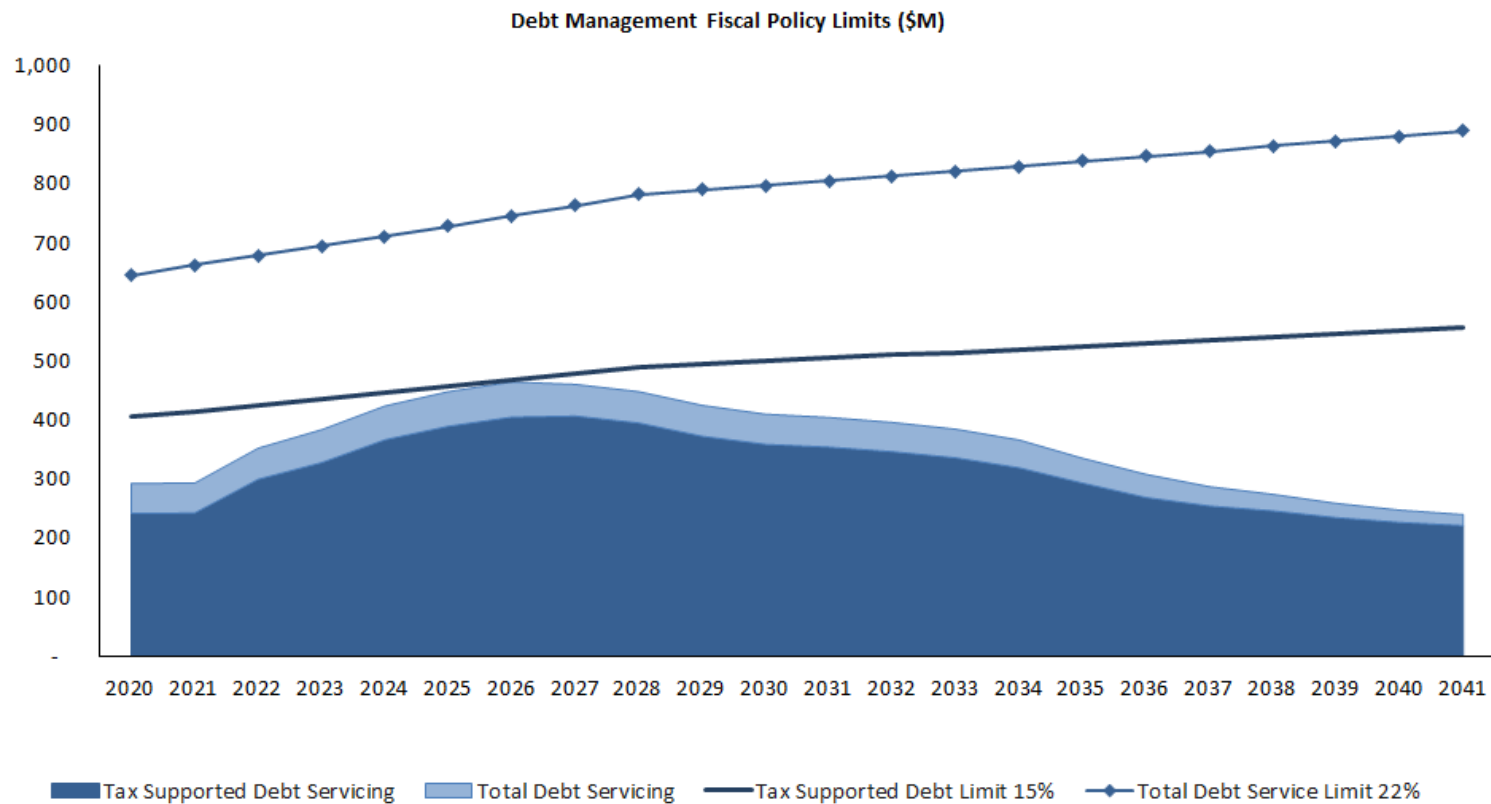


Total projected debt peaks in 2025 at \$4.92 billion primarily due to matching funding from other orders of government for large transit and road projects such as Valley Line LRT, Valle Line West and Yellowhead Trail Freeway Conversion projects.



Debt Management Fiscal Policy Debt Servicing Limits

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 and 15 per cent of tax levy revenues for tax-supported debt servicing.



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 December 15, 2021 was 3.270 per cent, up 1.186 per cent from 2.084 per cent on December 15, 2020. In December 2021, the Province announced new loan pricing for local authorities, which includes an increase of approximately 0.5 per cent to 0.75 per cent over rates the City received in the past.

Debt and Debt Servicing Update - December 31, 2021

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.

Borrowing 2021
Dec 31, 2021
(millions)

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

	Actual Dec-19	Actual Dec-20	Projections										
	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31
Outstanding Debt (Note 3)													
Tax-Supported Debt													
Long-Term	1,772	2,009	2,113	2,685	3,147	3,436	3,592	3,586	3,450	3,287	3,122	2,954	2,782
Self-Supporting Tax Guaranteed (Note 1)	981	961	938	925	888	855	808	728	638	556	489	430	373
	2,753	2,969	3,051	3,610	4,034	4,291	4,400	4,314	4,088	3,843	3,611	3,384	3,155
Self-Liquidating Debt (net of EPCOR)	450	438	496	519	527	531	515	511	504	474	438	402	366
Total Outstanding Debt	3,203	3,407	3,547	4,129	4,561	4,822	4,915	4,825	4,592	4,316	4,049	3,787	3,521
<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%	59.0%	67.0%	72.3%	74.7%	74.3%	71.3%	66.2%	60.8%	56.5%	52.3%	48.1%
<i>% available</i>	45.2%	41.8%	41.0%	33.0%	27.7%	25.3%	25.7%	28.7%	33.8%	39.2%	43.5%	47.7%	51.9%
Debt Servicing (MGA - Note 4)													
Tax-Supported Debt													
Long-Term	155	171	199	222	257	274	286	292	292	288	284	283	279
Self-Supporting Tax Guaranteed (Note 1)	89	92	100	105	109	115	118	114	102	84	74	71	67
	244	263	299	327	366	389	404	406	394	372	358	353	346
Self-Liquidating Debt (net of EPCOR)	50	50	53	56	57	58	60	54	53	52	51	50	50
Total Debt Servicing (MGA)	294	313	352	383	423	447	464	460	447	424	409	404	395
<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%	30.6%	33.4%	35.5%	38.3%	39.6%	40.1%	38.8%	36.9%	34.1%	32.6%	31.8%	30.9%
<i>% available</i>	71.3%	69.4%	66.6%	64.5%	61.7%	60.4%	59.9%	61.2%	63.1%	65.9%	67.4%	68.2%	69.1%

Attachment 3

	Actual		Projections										
	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31
Debt Servicing (DMFP - Note 4)													
Tax-Supported Debt													
Long-Term	155	149	146	199	222	257	274	286	292	292	288	284	283
Self-Supporting Tax Guaranteed (Note 1)	89	92	96	100	105	109	115	118	114	102	84	74	71
	<u>244</u>	<u>241</u>	<u>242</u>	<u>299</u>	<u>327</u>	<u>366</u>	<u>389</u>	<u>404</u>	<u>406</u>	<u>394</u>	<u>372</u>	<u>358</u>	<u>353</u>
Self-Liquidating Debt (net of EPCOR)	<u>50</u>	<u>51</u>	<u>51</u>	<u>53</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>60</u>	<u>54</u>	<u>53</u>	<u>52</u>	<u>51</u>	<u>50</u>
Total Debt Servicing (DMFP)	<u>294</u>	<u>292</u>	<u>293</u>	<u>352</u>	<u>383</u>	<u>423</u>	<u>447</u>	<u>464</u>	<u>460</u>	<u>447</u>	<u>424</u>	<u>409</u>	<u>404</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%	45.3%	44.2%	51.9%	55.2%	59.5%	61.5%	62.3%	60.3%	57.3%	53.7%	51.4%	50.1%
<i>% available</i>	54.3%	54.7%	55.8%	48.1%	44.8%	40.5%	38.5%	37.7%	39.7%	42.7%	46.3%	48.6%	49.9%
<i>DMFP Tax-supported Debt Servicing Limit (15%)(Note 6, 7)</i>	398	406	414	424	434	445	455	466	478	489	494	499	504
<i>% used</i>	61.3%	59.4%	58.4%	70.5%	75.4%	82.3%	85.4%	86.7%	85.0%	80.6%	75.3%	71.8%	70.2%
<i>% available</i>	38.7%	40.6%	41.6%	29.5%	24.6%	17.7%	14.6%	13.3%	15.0%	19.4%	24.7%	28.2%	29.8%

Notes:

- 1) **Long-Term Tax Supported Debt** debt is issued to fund capital expenditures for tax-supported operations funded by tax levy revenues.
- Self-Supporting Tax Guaranteed** debt is issued to fund capital expenditures for tax-supported operations, with the debt obligation being repaid through other non-tax-levy revenue sources. Any funding shortfall to repay the debt will be funded through tax-levy revenues. Other Self-Supporting Tax Guaranteed debt includes debt to be repaid through user fees, reserves, property sales and community revitalization levies.
- Self-Liquidating** debt is issued to fund capital expenditures for programs which are self-funded, including but not limited to Utilities and local improvements.
- 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 forecasts assume 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.
- 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.
- 7) Debt and debt service limits for 2022 to 2041 assume annual increases to revenue of 2% until 2029, and 1% thereafter.

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

Projected Outstanding Debt Summary (\$ millions)					
Dec 31, 2021	2021	2022	2023	2024	2025
Tax supported					
Valley Line Southeast	592	676	686	670	653
Multi-Purpose Recreation Centres	219	208	198	187	175
Kathleen Andrews Transit Garage	170	171	167	161	154
Valley Line LRT: Downtown to Lewis Farms	139	394	534	556	543
Walterdale Bridge	123	118	113	108	103
NLRT (Downtown to NAIT)	156	157	152	144	136
Yellowhead Trail Freeway Conversion	105	248	407	480	471
Whitemud Drive/Quesnell Bridge Rehab/Grw	96	91	85	79	73
Northwest Campus	92	90	88	86	82
Great Neighbourhoods	78	71	73	66	57
Terwillegar Community Recreation Centre	72	67	63	59	54
Lewis Farms Community Recreation Centre and Library	22	37	70	144	225
Capital Line South LRT: Century Park to Ellersie Road	0	38	133	224	292
Coronation Park Sports and Recreation Centre	-	13	44	79	120
Other	248	305	332	393	453
Total Tax-Supported	2,113	2,684	3,146	3,435	3,592
Self-Supported Tax Guaranteed					
Arena	459	447	429	408	388
South LRT	254	221	186	150	112
Downtown Community Revitalization Levy	105	119	131	163	187
Quarters Community Revitalization Levy	57	66	67	62	56
Blatchford District Energy System [DES]	18	18	17	17	16
Other	43	55	58	55	50
Total Self-Supported Tax Guaranteed	938	926	888	856	808
Self Liquidating					
Waste Management	235	216	195	175	153
Local Improvements	141	140	142	144	146
Blatchford Redevelopment Implementation	65	62	58	55	51
Other	54	101	131	158	165
Total Self Liquidating	496	519	527	531	515
Total Debt	3,547	4,129	4,561	4,822	4,915