

## BYLAW 20796

### To authorize the City of Edmonton to lend money to a non-profit organization, Fort Edmonton Management Company

#### Recommendation

That Bylaw 20796 be given the appropriate readings.

#### Purpose

To authorize the City of Edmonton to lend money to a non-profit organization and controlled corporation, Fort Edmonton Management Company (FEMCo), in an amount not to exceed \$1.50 million.

#### Readings

Bylaw 20796 is ready for second and third readings.

#### Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Saturday, April 6, 2024, and Saturday, April 13, 2024. The petition period expired April 29, 2024 and no sufficient petition was received.

## REPORT

The history of the borrowing bylaw is as follows:

- At the April 3, 2024, City Council meeting, Bylaw 20796, was read a first time.
- At the March 20, 2024, Executive Committee meeting, the following motion was passed:

That Executive Committee recommend to City Council:

1. That the terms of the loan agreement between the City of Edmonton and Fort Edmonton Management Company (FEMCo), for an amount not to exceed \$1.50 million, as outlined in revised Attachment 1 of the March 20, 2024, Community Services report CS02368, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That \$1.50 million be appropriated from the Financial Stabilization Reserve in the event of a default of the loan.

## **BYLAW 20796 - To authorize the City of Edmonton to lend money to a non-profit organization, Fort Edmonton Management Company**

This Bylaw authorizes the City of Edmonton to lend money to a non-profit organization and controlled corporation, FEMCo, for the purposes of replenishing its working capital due to the repayment of the Canada Emergency Wage Subsidies funding.

During the COVID-19 pandemic, FEMCo applied for and received subsidies from the Canada Emergency Wage Subsidies program. The total subsidy received for the three year period of 2020-2022 was \$1,476,554. FEMCo believed at the time of application that as a not-for-profit company, that they were eligible for the subsidies. In the spring of 2023, management determined FEMCo was ineligible for the wage subsidy. FEMCo immediately consulted with their auditors and legal counsel who advised FEMCo to make an application under the voluntary disclosure program of the Canada Revenue Agency (CRA). The voluntary disclosure program grants relief on a case-by-case basis to taxpayers and registrants who voluntarily come forward to fix errors or omissions in their tax filings before the CRA knows or contacts them about it. In June 2023 and, in good faith, FEMCo repaid the total subsidy amount received.

FEMCo is requesting a loan from the City for \$1.50 million to offset the amount of the Canada Emergency Wage Subsidies received that was ultimately repaid to the CRA. Not receiving the loan may affect FEMCo's operational continuity and limit its ability to maximize the full potential of Fort Edmonton Park in a way that protects the heritage assets, increases social value in the community and ensures its long-term sustainability.

The loan would be repaid over a ten-year term and bear interest at a rate based upon indicative interest rates from the City's lender, the Government of Alberta, at the time of the lending. Semi-annual payments of interest and the administrative fee will be made until January 2026 or when FEMCo's existing loan (Bylaw 19521) has been fully repaid, followed by semi-annual payments of principal, interest and the administration fee for the remainder of the term. The existing loan commenced in 2021 and was to support recovery from COVID-19 challenges and the work required to open the park following the completion of the Fort Edmonton Enhancement Project, including the Indigenous People's Experience.

The loan would be recognized by the City as a receivable from FEMCo. In the event FEMCo is not able to repay the loan, or a portion of the loan, Administration recommends appropriating amounts in the Financial Stabilization Reserve to fund a potential loan write off expense.

### **Community Insight**

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

### **Attachment**

1. Bylaw 20796

### **Others Reviewing the Report**

- C. Taylor, Acting Chief People Officer and City Solicitor