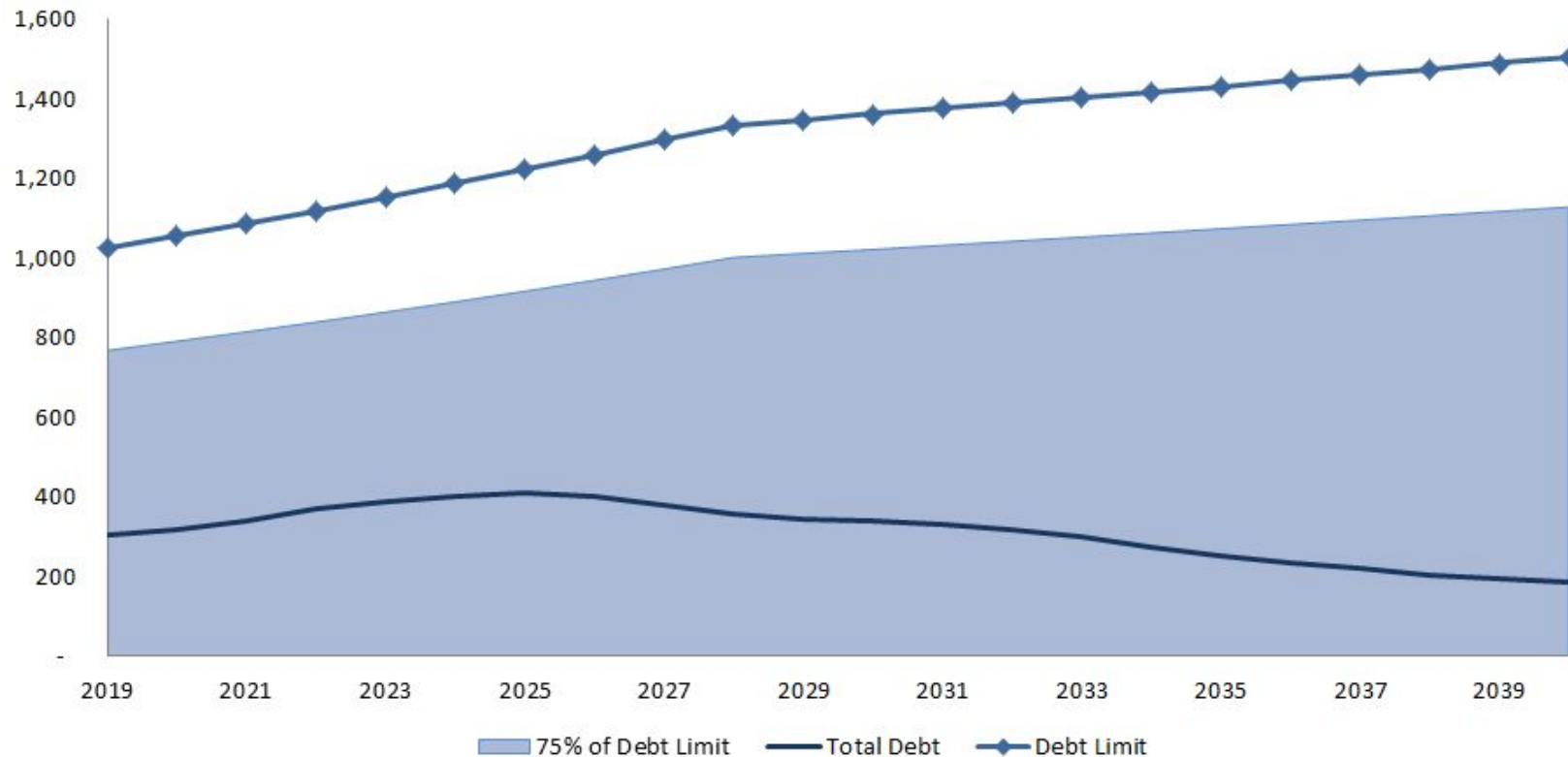


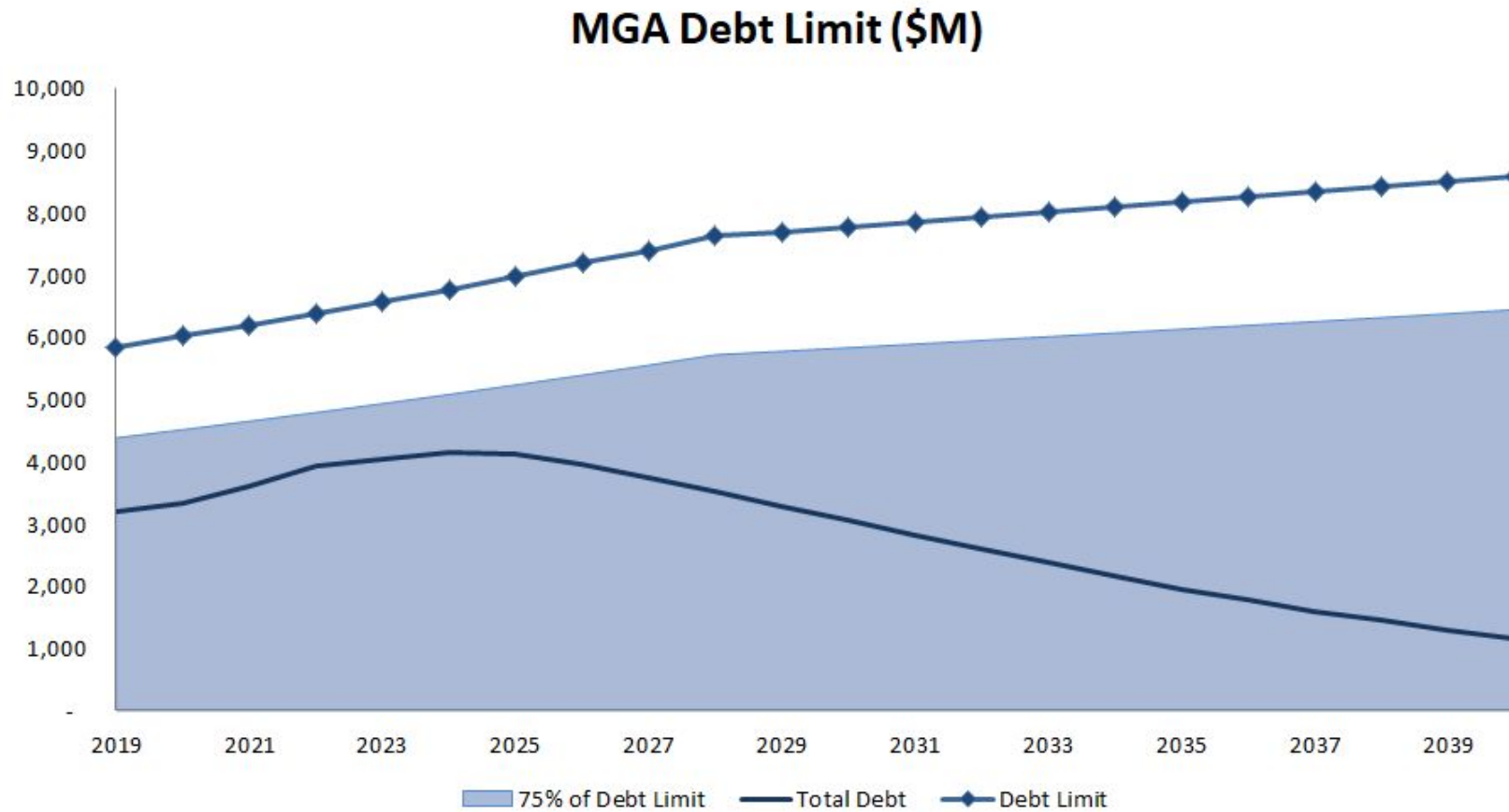
**Debt Update - December 31, 2020**

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 internal Debt Management Fiscal Policy (DMFP) - C203C debt servicing limits. Forecasted debt in the following charts is based on currently approved debt projects.

**MGA Debt Servicing Limit (\$M)**

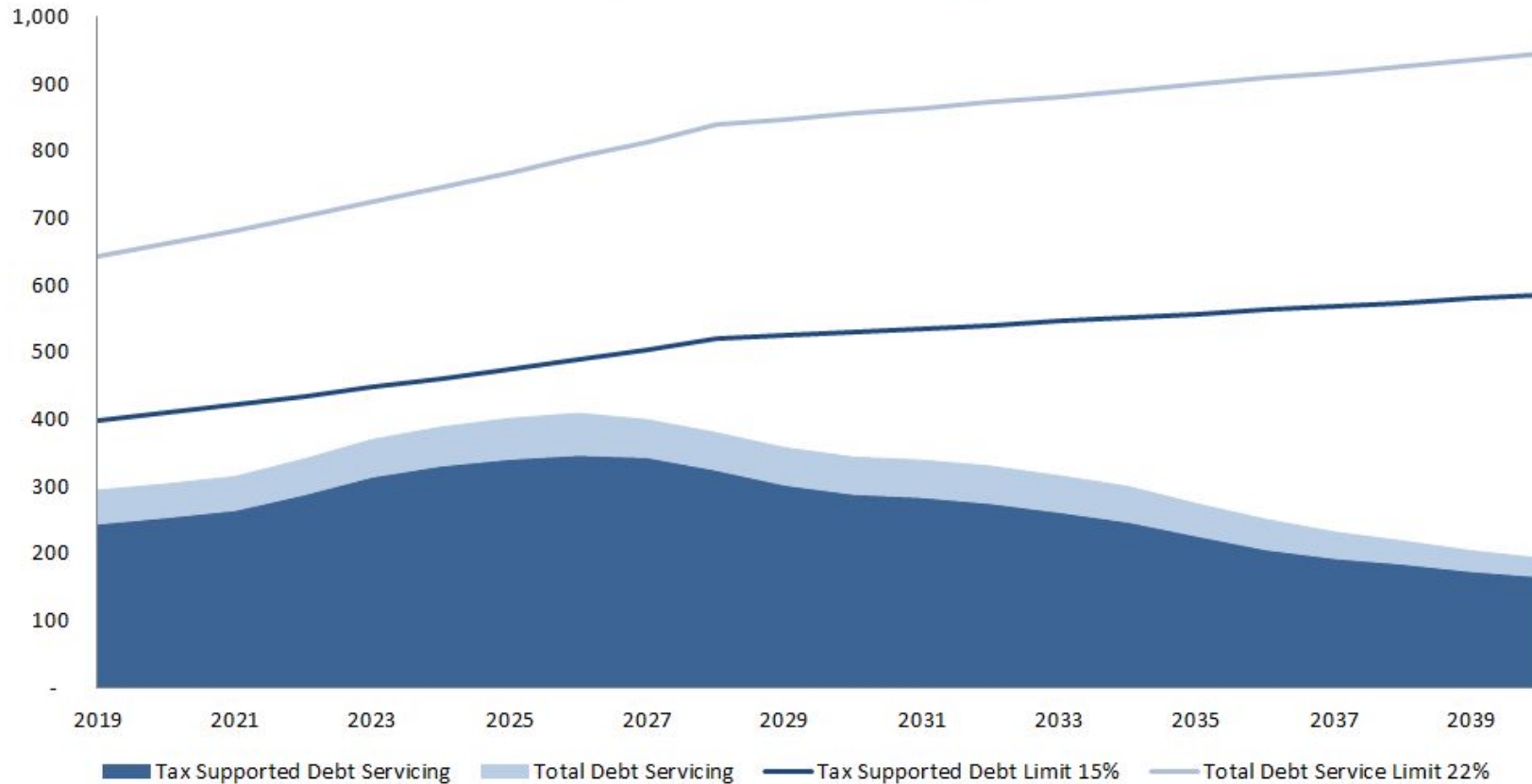


Total projected debt peaks in 2024 at \$4.22 billion primarily due to matching funding from other levels of government for large transit and road projects such as Valley Line LRT and Yellowhead Trail Freeway Conversion projects.



The internal 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 percent of City revenues for total debt servicing, and 15 percent of tax levy revenues for tax-supported debt servicing.

### Debt Management Fiscal Policy Limits (\$M)



*(includes debt related to Alberta Community Transit funded projects as well as Lewis Farms Recreation Center)*

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 percent 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 percent, or have exceeded 75 percent, 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 percent 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, 2020 was 2.084 percent, down 0.599 percent from 2.683 percent on December 15, 2019.

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

Dec 31, 2020

(millions)

	Tax-Supported	Self-Liquidating	Valley Line SE P3 Liability	Total
Borrowing 2020				
March	50	7	15	72
June	28	8	34	70
September	58	6	43	107
December	87	3	30	119
<b>Total</b>	<b>223</b>	<b>24</b>	<b>122</b>	<b>369</b>

	Actual Dec 2018	Actual Dec 2019	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
<b>Projection</b>													
<b>Outstanding Debt (Note 3)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	1,606	1,772	2,009	2,264	2,543	2,707	2,831	2,869	2,783	2,666	2,529	2,386	2,241
Self-Supporting Tax Guaranteed (Note 1)	989	981	961	943	974	920	841	757	668	581	503	441	388
	<u>2,595</u>	<u>2,753</u>	<u>2,969</u>	<u>3,207</u>	<u>3,517</u>	<u>3,627</u>	<u>3,672</u>	<u>3,626</u>	<u>3,451</u>	<u>3,247</u>	<u>3,032</u>	<u>2,827</u>	<u>2,629</u>
<b>Self-Liquidating Debt (net of EPCOR)</b>	451	450	437	484	497	515	552	568	565	559	538	512	486
<b>Total Outstanding Debt</b>	<u>3,046</u>	<u>3,203</u>	<u>3,407</u>	<u>3,690</u>	<u>4,014</u>	<u>4,142</u>	<u>4,224</u>	<u>4,193</u>	<u>4,016</u>	<u>3,807</u>	<u>3,570</u>	<u>3,339</u>	<u>3,115</u>
<i>Debt Limit (2x Revenue)(Note 2)</i>	5,533	5,841	6,016	6,196	6,382	6,574	6,771	6,974	7,183	7,399	7,621	7,847	8,074
<i>% used</i>	54.5%	54.8%	56.6%	59.6%	62.9%	63.0%	62.4%	60.1%	55.9%	51.5%	46.8%	43.4%	40.1%
<i>% available</i>	45.5%	45.2%	43.4%	40.4%	37.1%	37.0%	37.6%	39.9%	44.1%	48.5%	53.2%	56.6%	59.9%
<b>Debt Servicing (MGA - Note 4)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	151	161	169	187	204	219	228	235	236	229	225	222	220
Self-Supporting Tax Guaranteed (Note 1)	84	92	95	101	110	112	112	111	107	95	77	66	63
	<u>235</u>	<u>254</u>	<u>264</u>	<u>287</u>	<u>314</u>	<u>330</u>	<u>340</u>	<u>347</u>	<u>343</u>	<u>324</u>	<u>302</u>	<u>288</u>	<u>284</u>
<b>Self-Liquidating Debt (net of EPCOR)</b>	50	49	50	53	55	57	60	62	56	55	55	55	55
<b>Total Debt Servicing (MGA)</b>	<u>284</u>	<u>303</u>	<u>314</u>	<u>340</u>	<u>369</u>	<u>388</u>	<u>401</u>	<u>408</u>	<u>399</u>	<u>380</u>	<u>357</u>	<u>343</u>	<u>338</u>
<i>MGA Debt Servicing Limit (35%)(Note 5, 7)</i>	979	1,022	1,053	1,084	1,117	1,150	1,185	1,220	1,257	1,295	1,334	1,377	1,420
<i>% used</i>	29.1%	29.6%	29.8%	31.4%	33.1%	33.7%	33.8%	33.5%	31.7%	29.3%	26.8%	25.5%	24.9%
<i>% available</i>	70.9%	70.4%	70.2%	68.6%	66.9%	66.3%	66.2%	66.5%	68.3%	70.7%	73.2%	74.5%	75.1%

	Actual Dec 2018	Actual Dec 2019	Projection										
			Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
<b>Debt Servicing (DMFP - Note 4)</b>													
<b>Tax-Supported Debt</b>													
Long-Term	133	155	161	169	187	204	219	228	235	236	229	225	222
Self-Supporting Tax Guaranteed (Note 1)	86	89	92	95	101	110	112	112	111	107	95	77	66
	219	244	254	264	287	314	330	340	347	343	324	302	288
<b>Self-Liquidating Debt (net of EPCOR)</b>	51	50	49	50	53	55	57	60	62	56	55	55	55
<b>Total Debt Servicing (DMFP)</b>	270	294	303	314	340	369	388	401	408	399	380	357	343
<i>DMFP Total Debt Servicing Limit (22%)(Note 6, 7)</i>	615	642	662	682	702	723	745	767	790	814	838	847	855
<i>% used</i>	43.8%	45.7%	45.8%	46.1%	48.4%	51.1%	52.1%	52.2%	51.7%	49.0%	45.3%	42.2%	40.1%
<i>% available</i>	56.2%	54.3%	54.2%	53.9%	51.6%	48.9%	47.9%	47.8%	48.3%	51.0%	54.7%	57.8%	59.9%
<i>DMFP Tax-supported Debt Servicing Limit (15%)(Note 6, 7)</i>	380	398	410	422	435	448	461	475	489	504	519	524	530
<i>% used</i>	57.6%	61.3%	61.9%	62.6%	66.1%	70.2%	71.6%	71.7%	70.8%	68.1%	62.4%	57.6%	54.5%
<i>% available</i>	42.4%	38.7%	38.1%	37.4%	33.9%	29.8%	28.4%	28.3%	29.2%	31.9%	37.6%	42.4%	45.5%

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) *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.

*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) *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 levies 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>	Dec 31, 2020			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Dec 31, 2020</b>				
<b>Tax supported</b>				
Valley Line Southeast	539	696	706	690
Arena	474	466	447	428
Valley Line West	107	141	285	388
YHT Freeway Conversion	74	98	199	287
SLRT	285	254	221	186
Multipurpose Rec Centres	228	219	208	198
Westwood Transit Garage (Kathleen Andrews)	175	174	172	166
Lewis Farms Community Rec Centre & Library	21	21	21	20
Downtown CRL	87	106	165	168
Walterdale Bridge	128	123	118	113
Metro Line (NLRT: Downtown to NAIT)	148	145	138	131
Whitemud/Quesnel Bridge	102	96	91	85
Police - North Campus	91	88	85	82
Great Neighbourhoods	83	78	81	74
Terwillegar Community Rec Centre	76	72	67	63
Quarters CRL	56	56	72	68
Terwillegar Drive Expressway	-	14	32	52
Co-located Dispatch and EOC	5	5	5	5
LRT Design: Metro Line (NAIT - Blatchford) Extension	-	30	37	35
Milner Library Renewal & Upgrades	45	42	39	36
Northlands Capital Construction	39	37	35	33
Valley Zoo	29	27	25	23
Transit Priority Improvements - Heritage Valley to Century Park	-	1	5	5
New Transit Bus Garage	-	1	4	5
<b>Other</b>				
Other	177	211	246	274
<b>Total Tax-Supported</b>	<b>2,969</b>	<b>3,200</b>	<b>3,504</b>	<b>3,614</b>
<b>Self Liquidating</b>				
Waste Management	220	202	184	165
Local Improvements	126	126	128	130
Blatchford Development	69	65	62	58
Other	23	98	137	175
<b>Total Self Liquidating</b>	<b>437</b>	<b>490</b>	<b>511</b>	<b>528</b>
<b>Total Debt</b>	<b>3,407</b>	<b>3,690</b>	<b>4,014</b>	<b>4,142</b>