

# Bylaw 19521

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

### Purpose

To authorize the City of Edmonton to lend money to a non-profit organization, Fort Edmonton Management Company, in an amount not to exceed \$1,688,000.

### Readings

Bylaw 19521 is ready for first reading only.

### Advertising and Signing

This Bylaw will be advertised in the Edmonton Journal on Thursday, December 10, 2020, and Thursday, December 17, 2020. The Bylaw cannot be signed and thereby passed prior to Monday, January 4, 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, Fort Edmonton Management Company, to continue the work required to open the Indigenous People's Experience, along with the remainder of the park in mid-2020 and and the completion of the Fort Edmonton Park Enhancement (FEPE) project. Fort Edmonton Management Company requires operational funds to ensure Fort Edmonton Park can open as planned in 2021. The park has been closed for general admissions for two years due to the Fort Edmonton Park Enhancement project work. In 2020, the park was also closed to most rentals to allow scheduled construction activity at the park to occur without interruption. COVID-19 restrictions impacted Fort Edmonton Management Company's financial and operational position as rentals had to be cancelled and employees laid off.

Fort Edmonton Management Company has pursued a number of mitigation strategies including operating and staff reductions and exploring funding through grants, sponsorships, and other partnerships. While some funding has been received for targeted operational or programming elements, it does not solve the immediate funding needs to cover costs for the remainder of 2020 and to get the park operational

for 2021. The Fort Edmonton Management Company is requesting a \$1.688 million loan to continue the work required to open the Indigenous People's Experience, along with the remainder of the park, in Summer 2021.

The loan not exceeding \$1.688 million, would be appropriated from the City's Financial Stabilization Reserve, to be used in the event of a default by the Fort Edmonton Management Company. After approval of this loan, the balance of the unappropriated Financial Stabilization Reserve would be approximately \$133.5 million which is above the minimum level of \$115 million and below the target level of \$191 million as set in City Policy C217D Reserve and Equity Accounts and based on the 2019 audited financial statement. The loan would be repaid over a five-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. Adjustments to the operating budget including annual interest and administration fee received on the loan will be brought forward as a part of the Spring 2021 Supplemental Operating Budget Adjustment.

This Bylaw authorizes the City of Edmonton to loan money to this non-profit organization and controlled corporation. The proposed terms of the loan are included in Attachment 1 of the December 7, 2020, Citizen Services report CS00179 - Fort Edmonton Management Company. If City Council chooses to support entering into a loan agreement, this Bylaw is available for first reading.

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

## Corporate Outcomes and Performance Management

<b>Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position</b>			
<b>Outcomes</b>	<b>Measures</b>	<b>Results</b>	<b>Targets</b>
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"> <li>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"> <li>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</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2019, the City had used 54.8% of its debt limit and 29.5% of its debt servicing limit.</li> <li>Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2019, the City had</li> </ul>	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> .

	<p>are net of capital government transfers and contributed tangible capital assets.</p> <ul style="list-style-type: none"> <li>The internal <i>Debt Management Fiscal Policy</i> (C203C) sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues.</li> </ul>	<p>used 58.4% of its tax-supported debt servicing limit and 44.1% of its total debt servicing limit.</p>	
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### **Risk Assessment**

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
Exceeding regulated debt and debt servicing limits.	<p>Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy</i> (C203C). Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the Debt Limit Regulations may result in the refusal of an application to the Alberta Capital Finance Authority to purchase the City's debentures in order to finance a capital project.</p>	1-Rare	4-Severe	4-Low	<p>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</i> (C203C). 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.</p>	<p>Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits.</p>

### **Public Engagement**

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 19521