

Policy Title: Credit Documentation – Loans and Loan Guarantees
Report Number: ELT2021-0047
Adopted by: Executive Leadership Team
Effective Date: January 11, 2021
Last Amended: N/A
Policy Owner(s): Finance – Treasury

1. PURPOSE

1.1. The purpose of this administration policy is to proactively manage the credit risk under The City's loan and loan guarantee program using standards for Credit Documentation and signing authorities.

2. POLICY STATEMENT

2.1. After Council approves a loan or loan guarantee, all required Credit Documentation (as per Credit Documentation Standards and Procedures) must be fully executed prior to disbursement of funds or issuance of guarantees.

2.2. No Credit Documentation shall become effective or binding upon The City until all required approvals for content, form, contract authorization, and execution by The City's duly authorized representative(s) have been obtained in accordance with Bylaw 43M99, as amended or replaced from time to time.

3. DEFINITIONS

3.1. *In this policy:*

- a. "**Condition Precedent**" means a stipulation or event that must come to pass before a specific contract is considered in effect or any obligations outlined in the Credit Documentation are expected of either party;
- b. "**Council**" means The City Council for The City of Calgary;
- c. "**Credit Documentation**" means credit agreements and security agreements, required for loans and loan guarantees, including subsequent amendments and re-statements, or waivers and/or consents of said agreements, to which The City is a party to as a lender or a guarantor;
- d. "**Effective Date**" or as of date is the date upon which agreements are considered to take effect, which may be a past, present or future date. This may be different from the date upon which the event occurs or is recorded;
- e. "**Finance**" means The City's Finance business unit;
- f. "**Law**" means The City's Law & Legislative Services business unit;
- g. "**MGA**" means the *Municipal Government Act*, R.S.A. 2000 c. M-26, including all amendments and regulations thereto; and
- h. "**Procedures**" means the Credit Documentation Policy Procedures, as amended.

4. APPLICABILITY

- 4.1. This Policy shall apply to new Credit Documentation in which The City is listed as a lender or guarantor.
- 4.2. Any existing Credit Documentation, if and when re-negotiated, amended, restated or otherwise updated, shall be required to meet the standards required by this Policy.

5. LEGISLATIVE AUTHORITY

- 5.1. The City's authority to enter into contracts, including any Credit Documentation where The City is a lender or guarantor, is established pursuant to the MGA. Furthermore, The City has established bylaws, including but not limited to bylaws 43M99 and 8M2001, to ensure compliance with the provisions of the MGA when executing agreements such as Credit Documentation.
- 5.2. Notwithstanding anything to the contrary within this Policy, The City shall at all times be bound by and required to follow its requirements and obligations as contained in the MGA. In the event of a conflict between the terms of this Policy and the MGA, the relevant terms of the MGA shall prevail.

6. ROLES AND RESPONSIBILITIES

6.1. Finance is responsible for:

- a. Establishing and negotiating the content of Credit Documentation according to The City's risk appetite, including principal amounts to be advanced or guaranteed, repayment terms and applicable covenants;
- b. Executing the Credit Agreement;
- c. Responding to loan fulfillment requests;
- d. Updating the content of Credit Documentation;
- e. Monitoring ongoing compliance with the terms of credit agreements;
- f. Ensuring compliance with this Policy and the Procedures;
- g. Maintaining the associated Procedures;
- h. Coordinating the drafting of any Council reports associated with loans and loan guarantees; and
- i. Tracking the impact of loans or guarantees on The City's debt capacity, including The City's debt limit.

6.2. Law and Legislative Services is responsible for:

- a. Drafting and reviewing the form of Credit Documentation, utilizing either internal or external legal resources, as determined in The City's sole and absolute discretion;
- b. Drafting all borrowing, loan, and guarantee bylaws for consideration by Council;
- c. Reviewing reports outlining the terms of any proposed Credit Documentation that are prepared by Finance prior to their presentation to Council; and
- d. Liaising with Finance where applicable, to execute the Credit Agreement.

7. CONSEQUENCES OF NON-COMPLIANCE

- 7.1. Failure to adhere to this Policy and its associated standards and procedures may result in disciplinary action in accordance with the Labour Relations Policy (HR-LR-002).
- 7.2. In the event Credit Documentation does not comply with this Policy, The City shall use all reasonable efforts to remediate said Credit Documentation or seek necessary approvals for exceptions, as appropriate. Future funding could be delayed if remediation of the agreements, or approval for exceptions, is required.

8. HISTORY

Policy Action	Date	Report Number	Description
New	2021/01/11	ELT2021-0047	New policy approved by ELT