AGENDA
SPECIAL COUNCIL MEETING
Tuesday, July 28, 2026 @ 4:30 PM
Council Chambers, 1 Parklane Drive, Strathmore AB

Request for Decision

To: Mayor & Council
Contact: Kevin Scoble, Chief Administrative Officer
Date Prepared: July 23, 2026
Meeting Date: July 28, 2026

SUBJECT:	**Debt SWAPs Restructuring**
RECOMMENDED MOTION:	THAT Council authorize the Mayor and Director of Strategic, Administrative & Financial Services to execute the amended lending agreements and any related documentation required by CIBC to implement the refinancing and restructuring of the Town's existing debt, with no increase to the authorized borrowing amounts under the existing borrowing bylaws.

REPORT SUMMARY

KEY ISSUE(S):

The current debt instruments the Town has with CIBC include scheduled balloon payments in the years 2027, 2029 and 2030, as follows:

Facility A
Balloon Payment July 2027 - $733,333

Facility B
Balloon Payment September 2027 - $1,575,000

Facility C
Balloon Payment September 2029 - $1,575,000

Facility D
Balloon Payment September 2029 - $3,088,365

Facility E
Balloon Payment March 2030 - $587,631

In order to mitigate these substantial payments in a single year which would significantly impact the annual budget, Administration is recommending restructuring these loans.

OBJECTIVE:

The proposed restructuring is intended to capitalize on the timing of CIBC’s interest rate adjustment while refinancing the existing debt to eliminate future balloon payments. By consolidating and aligning repayment schedules, the Town can smooth debt servicing requirements over time, thereby reducing the projected financial burden associated with significant debt maturities in 2027, 2029, and 2030.

It is recommended to move forward with the following SWAPS:

Facility A (IR22578764) - 64m | 3.24%
Facility B (IR22579374) - 122m | 3.46%
Facility C (IR95828226) - 100m | 3.60%
Facility D (IR78777352) - 127m | 3.71%
Facility E (IR68232922) - 67m | 3.51%
Facility K (IR100741245) – no restructuring

For a comparison, the Alberta Capital Finance Authority's (ACFA) rates as of June 30, 2026 are:

- 5 year – 3.26%
- 10 year – 3.68%
- 15 year – 4.04%

While refinancing rates are not currently booked, upon Council approval, Administration will proceed immediately to secure rates with CIBC similar to those stated above.

FINANCIAL IMPLICATIONS:

The following is a summary of the indicative swap pricing and contingency requirements. This information is the most current updated, refreshed, rates for each of the following swaps. It is important to note that the 1.50% stamping fee/spread is not included in the below indicative rates. Furthermore, the existing contingent line of US 1.696MM is a 120-month tenor. While it is sufficient in size for all the longest tenor swaps for the blend and extend or the forwarded swaps, for any of the ideas presented longer than 120-months from today the contingent line tenor would have to be extended. Mutual Put would be 5yrs from Trade Date (if applicable).

Facility A (IR22578764) | Restructure: Fully unwind existing swap (866,666.67 in current notional) and embed prevailing Mark-to-Market (currently positive) into the fixed leg cash flows of a new swap:

Indicative Swap Rate(s)
Notional: CAD 866,666.67
Start: Spot
Tenor: 5y/78-months
Frequency: Semi-Annual
Amortization: 78-months straight-line
Index: Daily Compounded CORRA

Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 2.84%
- 78m | 2.91%

Forward Starting after existing swap matures:

Indicative Swap Rate(s)
Notional: CAD 733,333.33
Start: July 23, 2027
Tenor: 5y/64-months
Frequency: Semi-Annual
Amortization: 64-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 3.24%
- ~64m | 3.24%

Facility B (IR22579374) | Restructure: Fully unwind existing swap (1.725MM in current notional) and embed prevailing Mark-to-Market (currently positive) into the fixed leg cash flows of a new swap:

Indicative Swap Rate(s)
Notional: CAD 1,725,000
Start: Spot
Tenor: 5y//10y/136-months
Frequency: Semi-Annual
Amortization: 136-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 2.92%
- 10y | 3.18%
- 136m | 3.26%

Forward Starting after existing swap matures:

Indicative Swap Rate(s)
Notional: CAD 1,575,000
Start: July 23, 2027
Tenor: 5y/122-months
Frequency: Semi-Annual
Amortization: 122-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 3.28%
- 122m | 3.46%

Facility C (IR95828226) | Restructure: Fully unwind existing swap (2.025MM in notional) and embed prevailing Mark-to-Market (currently positive) into the fixed leg cash flows of a new swap:

Indicative Swap Rate(s)
Notional: CAD 2,025,000
Start: Spot
Tenor: 5y/10y/136m
Frequency: Semi-Annual
Amortization: 136-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 2.24%
- 10y | 2.68%
- 136m | 2.71%

Forward Starting after existing swap matures:

Indicative Swap Rate(s)
Notional: CAD 1,575,000
Start: June 11, 2029
Tenor: 5y/100-months

Frequency: Semi-Annual
Amortization: 100-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 3.47%
- 100m | 3.60%

Facility D (IR78777352) | Restructure: Fully unwind existing swap (3,970,755 in current notional) and embed prevailing Mark-to-Market (currently positive) into fixed leg cash flows of a new swap:

Indicative Swap Rate(s)
Notional: CAD 3,970,755
Start: Spot
Tenor: 5y/10y/166m
Frequency: Semi-Annual
Amortization: 166-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 2.15%
- 10y | 2.70%
- 166m | 2.83%

Forward Starting after existing swap matures:

Indicative Swap Rate(s)
Notional: CAD 3,088,365
Start: September 10, 2029
Tenor: 5y/10y/127-months
Frequency: Semi-Annual
Amortization: 127-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA

Client Pays:

- 5y | 3.51%
- 10y | 3.72%
- 127m | 3.71%

Facility E (IR68232922) | Restructure: Fully unwind existing swap (961,577.40 in notional) and embed prevailing Mark-to-Market (currently positive) into the fixed leg cash flows of a new swap:

Indicative Swap Rate(s)
Notional: CAD 961,577.40
Start: Spot
Tenor: 5y/112-months
Frequency: Semi-Annual
Amortization: 112-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 1.68%
- 112m | 2.03%

Forward Starting after existing swap matures:

Indicative Swap Rate(s)
Notional: CAD 587,630.63
Start: March 1, 2030
Tenor: 5y/67-months
Frequency: Semi-Annual
Amortization: 67-months straight-line
Index: Daily Compounded CORRA
Lookback: 2-day
Spread: Not Included

Client Receives: Daily Compounded CORRA
Client Pays:

- 5y | 3.52%
- 67m | 3.51%

Facility K (IR100741245) | Since this existing trade already fully covers a facility which already has ~60-months left, restructuring is not recommended.

BACKGROUND:

As at April 10, 2026, the Town currently has six long-term demand loans with CIBC, which combined are approximately $10M. In March 2026, CIBC informed the Town that they are increasing a portion of the interest cost (a “stamping fee”) by 0.55% per annum on the debt. The estimate cost to the Town for this stamping fee over the remaining life of the loans (2026-2031) would cumulatively be $145k.

In addition, five of the six loans that are maturing in 2027, 2029, and 2030 have scheduled balloon payments. To avoid these large balloon payments, and the Town could either repay these balloon payments as scheduled, or, seek debt refinancing.

Administration has been working with CIBC to address both issues. CIBC has offered a financing option referred to as Refreshed Indicative SWAP Rates, essentially re-amortization the balloon payments and blending in the stamping fee.

All proposed interest rates and repayment terms are within maximums stipulated in the respective Bylaws as originally passed.

OTHER IMPLICATIONS

STRATEGIC PRIORITIES IMPACTED:

☐	☐	☒	☐	☐	☐
Community Connection	Managing Growth	Financial Resilience	Economic Growth	Protecting Water and Green Spaces	Community Safety and Wellbeing

HOW THE STRATEGIC PRIORITIES ARE MET:

The proposed debt restructuring aligns with the Town’s financial policies by addressing identified balloon payment obligations and reducing future financial pressures. By smoothing debt repayment requirements over time, the restructuring supports stable and predictable taxation, responsible debt management, and the Town’s long-term financial sustainability.

COMMUNITY IMPLICATIONS:

None.

INTERNAL IMPLICATIONS:

Following Council approval, Administration will coordinate with CIBC to complete the debt refinancing and execute the required amended lending agreements. The resulting repayment schedule will be incorporated into the Town's financial planning, budgeting, and debt management processes.

LEGISLATIVE IMPLICATIONS AND REFERENCES:

The proposed refinancing is consistent with the Town's existing Debt Management Policy and does not result in any increase to the authorized borrowing amounts. As the refinancing involves the restructuring of existing debt obligations only, no new borrowing bylaws or amendments to existing borrowing bylaws are required. Administration has confirmed with CIBC that the current borrowing authorizations remain valid and sufficient to facilitate the proposed refinancing.

PUBLIC ENGAGEMENT AND AWARENESS:

None.

IMPLEMENTATION

NEXT STEPS:

Upon Council approval, Administration will coordinate with CIBC to complete the debt refinancing process and finalize the restructuring of the existing loan repayment schedules.

The revised principal and interest payment obligations resulting from the refinancing will be incorporated into the 2027 Operating Budget and long-term financial forecasts to reflect the updated debt servicing requirements.

ALTERNATIVE MOTIONS:

- That Council refer this item to a Committee of the Whole Council meeting for additional discussion, or
- That Council continue with current debt repayment structure, and accommodate the balloon payments scheduled to occur in 2027, 2029 and 2030.

REPORT AUTHOR:

Legislative Services, Legislative Services Officer

Leana Ashbacher, Chief Financial Officer	Approved - 28 Jul 2026
Kara Rusk, Director of Strategic, Administrative, and Financial Services	Approved - 28 Jul 2026

Kevin Scoble, Chief Administrative Officer	Approved - 28 Jul 2026
Johnathan Strathdee, Manager of Legislative Services	Approved - 28 Jul 2026