

No. 69

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4 Elizabeth II, 1956

BILL 69

A Bill to Incorporate the Alberta Municipal
Financing Corporation

HON. MR. HINMAN

EDMONTON, ALBERTA
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1956

Explanatory Note

1. This Bill is for the purpose of incorporating the "Alberta Municipal Financing Corporation", which will act as a lending and financing institution for municipalities in the Province.

2. Defining terms used in Act.

3. Sets out purpose and intent of Act.

4. Creation of corporation and setting up provisional board of directors of the corporation.

BILL

No. 69 of 1956

An Act to Incorporate the Alberta Municipal Financing Corporation

(Assented to _____, 1956)

HER MAJESTY, by and with the advice and consent of
the Legislative Assembly of the Province of Alberta,
enacts as follows:

1. This Act may be cited as "*The Alberta Municipal
Financing Corporation Act*".

Interpretation

2. In this Act,

- (a) "Board" means Board of Directors of the corporation;
- (b) "by-laws" means by-laws of the corporation;
- (c) "city" means a city within Alberta;
- (d) "council" means the council or other governing body of a city, town or municipality within Alberta;
- (e) "corporation" means the Alberta Municipal Financing Corporation as hereby constituted;
- (f) "municipality" means any improvement district, municipal district, special area or county within Alberta;
- (g) "regulations" means the regulations made pursuant to this Act by the Lieutenant Governor in Council;
- (h) "town" means a town within Alberta, and includes a village under *The Town and Village Act, 1952*.

Purpose of Act

3. The purpose of this Act is to establish a non-profit corporation to assist in municipal financing by purchase and sale of municipal securities at lowest possible cost, and to provide a convenient and accessible means to the people of the Province of investing in the debentures and other securities of provincial municipalities.

Incorporation

4. (1) The Lieutenant Governor in Council shall designate four persons who together with the persons and cor-

5. Head office to be in Edmonton, and branches authorized.

6. Setting out the capitalization of the corporation at \$50,000.00 and limiting the voting rights and allocation of shares.

7. Deals with the allocation of the various classes of common shares.

porations who become shareholders in the company are hereby incorporated under the name of the Alberta Municipal Financing Corporation.

(2) The persons designated by the Lieutenant Governor in Council shall be the provisional Board of Directors of the corporation.

(3) If a provisional director resigns, dies or becomes incapable of performing his duties, the Lieutenant Governor in Council may designate a person to replace such director on the provisional Board of Directors.

Offices

5. (1) The head office of the corporation shall be at the city of Edmonton in the Province of Alberta.

(2) The corporation may establish such other offices and agencies elsewhere in the Province as it deems expedient.

Capitalization

6. (1) The capital stock of the corporation shall consist of

- (a) three thousand Class A common shares of the par value of ten dollars,
- (b) one thousand Class B common shares of the par value of ten dollars,
- (c) five hundred Class C common shares of the par value of ten dollars, and
- (d) five hundred Class D common shares of the par value of ten dollars.

(2) Voting rights as herein limited are attached to all classes of common shares of the corporation.

7. (1) Class A common shares shall be allotted only to the Crown in the right of Alberta as represented by the Provincial Treasurer.

(2) Class B common shares shall be allotted only to municipalities.

(3) Class C common shares shall be allotted only to cities.

(4) Class D common shares shall be allotted only to towns.

(5) In the case of improvement districts and special areas, the Class B common shares allotted in respect thereof shall be issued to the Minister of Municipal Affairs in the name of and on behalf of the improvement district or special area to which the shares are allotted, and the Minister or his appointed representative may exercise in that behalf all the rights of a holder of Class B common shares.

(6) In the case of a county, the Class B common shares shall be held by and in the name of the county and all rights in respect of such shares may be exercised by the council or the appointed representative of the council.

8. Authorizes municipalities to purchase shares of the corporation.

9. Authorizes the Province to acquire 3000 Class A shares of the corporation.

10. Relates to the allotment of shares and the distribution thereof to shareholders.

11. Gives a general power to the corporation to make by-laws re common shares upon change of status of its shareholders.

12. Requires and empowers a Board of Directors.

13. Constitution of Board and limitation with respect to appointments thereto.

8. (1) Notwithstanding any provision to the contrary in their governing Acts or in any other Act, municipalities, cities and towns may expend moneys for the purchase of any shares that the corporation has made available for allocation to them.

(2) The authority to purchase shares of the corporation may be given by resolution of the council or by by-law and the assent thereto of any other persons or bodies is not required.

9. The Crown in the right of Alberta may acquire three thousand Class A common shares, notwithstanding *The Treasury Department Act* or any other Act of the Province.

10. (1) The corporation may from time to time allocate shares to municipalities, cities and towns upon the basis of the populations thereof and in accordance with the regulations made in that behalf.

(2) The corporation shall at all times keep available sufficient common shares to be able to allot shares to new or expanding municipalities, cities and towns.

(3) When it becomes necessary for the purposes of subsection (2) the Lieutenant Governor in Council may, by order, increase the capitalization of the corporation but not so as to vary the ratio between the numbers of Class A common shares authorized by section 5 and the other classes of common shares thereby authorized.

11. (1) Except as may otherwise be provided by the by-laws, the common shares of the corporation are non-transferable.

(2) The corporation may make such by-laws as are deemed advisable to provide for any changes in the status of a shareholder, either by change of corporate entity or by population, or otherwise, and for the purposes of any such by-law the corporation may provide for the reversion to it of any shares upon changes of status, and may purchase shares for cash, not in excess of the par value, or exchange shares for other shares, and may hold shares so purchased or exchanged for allotment in accordance with this Act and the by-laws of the corporation.

Board of Directors

12. (1) The business of the corporation shall be administered by the Board.

(2) The Board may exercise all the powers of the corporation.

13. (1) The Board shall consist of three elected directors and four appointed directors.

14. Prescribing the elected directors and the shareholders permitted to vote therefor; authorizing the appointment of provincial representatives.

15. Relates to the right to vote for directors and the mode of establishing such right.

16. Election of directors, holding of annually; and cessation of office of provisional directors.

17. Notification of first election and first appointment of permanent representatives of Province to Board.

(2) No person shall be elected or appointed to the Board unless he is a Canadian citizen domiciled in Alberta and has been a resident of the Province for at least one year.

(3) No member of the Government of Alberta and not more than one member of the public service of Alberta shall be appointed or elected to the Board.

14. (1) The shareholders who hold Class B common shares may elect one director to the Board.

(2) The shareholders who hold Class C common shares may elect one director to the Board.

(3) The shareholders who hold Class D common shares may elect one director to the Board.

(4) The Lieutenant Governor in Council, by order, may appoint to the Board four directors as representatives of the Class A common shareholder.

15. (1) No person shall vote a Class B, Class C or Class D common share at any election of directors or at any special election of a director pursuant to section 18 unless he has established his right to vote a Class B, Class C or Class D common share, as the case may be, for a director representing the Class of common shares that such person is voting.

(2) A person may establish the right to vote such common share by filing with the secretary-treasurer of the corporation within three months immediately preceding the election, or at any time prescribed by the by-laws of the corporation, a resolution of the council of the municipality or city holding such share appointing such person as its representative at the meetings of the corporation.

16. (1) The election of the directors of the corporation who are to be elected shall be held at the first annual meeting of the corporation, and at each annual meeting thereafter.

(2) The provisional directors continue in office until all the directors have been elected and appointed to the Board.

(3) The directors elected to the Board continue in office until their successors are elected, and the elected directors may be re-elected by the holders of the Class B, Class C or Class D common shareholders whom they represent.

17. (1) Immediately after the first election of directors, the corporation shall send a notice in writing to the Clerk of the Executive Council setting out the names of the elected directors.

(2) Upon receipt of the notice, the Lieutenant Governor in Council shall appoint the four directors to be appointed by him pursuant to section 14.

(3) The appointed directors may hold office during the pleasure of the Lieutenant Governor in Council.

18. Relates to the filling of vacancies on the Board.

19. Outlining general powers of provisional board.

20. Provides the officers of the corporation.

21. Makes provision for a quorum of the Board and its voting capacity.

22. Relates to the voting privileges of shareholders.

- 18.** (1) Vacancies occurring on the Board shall be filled
- (a) by the Lieutenant Governor in Council where the vacancy occurs among the directors appointed by the Lieutenant Governor in Council under section 14, and
 - (b) by the directors appointing to the Board one of the persons authorized pursuant to section 15 to represent a holder of the class of common shares whose representation on the Board is decreased by the vacancy.
- (2) Special elections shall be held in such manner and at such time and place as may be provided by a by-law of the corporation.

19. While the provisional Board of Directors holds office it has and may exercise all the powers and duties of the Board under this Act.

20. (1) The Board shall elect one of its members to be president of the corporation.

(2) The Board may elect one of its members to be chairman of the Board, who may also be the president of the corporation.

(3) The Board may elect from the members of the Board one or more vice-presidents.

(4) The Board shall appoint a general manager who shall be the chief executive officer of the corporation and who may exercise such powers and shall perform such duties as the Board from time to time directs.

(5) The Board shall appoint a secretary-treasurer or a secretary and a treasurer and may retain the services of professional, technical and clerical assistance in carrying out the business of the corporation.

21. (1) A majority of the Board constitutes a quorum for the transaction of the business of the corporation.

(2) The affirmative votes of a majority of the Board present at any meeting of the Board at which a quorum is present are sufficient to pass any by-law or resolution that the Board is competent to make.

22. (1) At all meetings of the shareholders of the corporation, a shareholder has one vote for each of the common shares of the corporation that he holds, but on the election of directors a shareholder shall not cast any votes except for the election of the director representing the shareholders of the class to which the shareholder belongs.

(2) All votes of a shareholder shall be cast by the duly authorized representative of the shareholder.

(3) Unless the by-laws otherwise require, approval of the shareholders is not required for any borrowings of the corporation.

23. Prescribes the annual meetings of the corporation.

24. Setting out the objects of the corporation.

25. Specifies the additional powers of the corporation, i.e., those not already vested in the corporation by virtue of its corporate status.

23. The first annual meeting of the corporation shall be held before the thirty-first day of December, 1956, and an annual meeting shall be held within every twelve-month period after the thirty-first day of December, 1956.

Objects and Powers

24. The objects for which the corporation is established are:

- (a) the borrowing of money for short or long terms by the issue of debentures or otherwise;
- (b) the purchase and sale or other disposal from time to time of debentures and other securities of municipalities, cities and towns within Alberta, and the lending of money thereto from time to time upon the security of debentures and other securities thereof;
- (c) the receipt, holding and investment from time to time of municipal moneys on deposit with the corporation;
- (d) the acquisition of municipal, city or town debentures or other securities for sale from time to time to the residents of Alberta.

25. (1) In addition to the powers vested in the corporation by section 35 of *The Interpretation Act* the corporation has the following powers:

- (a) the power to borrow or raise or secure the payment of money in such manner as the corporation thinks fit and, without limiting the generality of the foregoing, by the issue of debentures or debenture stock, perpetual or otherwise, and the power to purchase, redeem or pay off any such securities;
- (b) the power to enter into with any governments or authorities, municipal, local or otherwise, any agreements that may seem conducive to the corporation's objects or any of them, the power to obtain from any such government or authority any rights, privileges and concessions that the corporation considers it desirable to obtain, and the power to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
- (c) the power to purchase, take on lease or in exchange, hire, or otherwise acquire and hold any real property and any rights or privileges that the corporation considers necessary or convenient for the purposes of its business;
- (d) the power to sell, improve, manage, exchange, lease, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the corporation;
- (e) the power to invest and deal, in such manner as may from time to time be determined, with such moneys of the corporation or on deposit with the corporation as are not immediately required;

26. Empowers the making of the constitutional and functional by-laws of the corporation.

- (f) the power to procure the corporation to be registered and recognized in any foreign country or place, and the power to designate persons therein, according to the laws of the foreign country or place, to represent the corporation, and to accept service for and on behalf of the corporation of any process or suit;
 - (g) the power to pay, from time to time, as a rebate of interest, any profits of the corporation to shareholders of the corporation that have borrowed moneys from the corporation or sold debentures of their own issue to the corporation, proportionately as such shareholders made use of the facilities of the corporation over the period in which any such profits were derived;
 - (h) the power to draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, and other negotiable or transferable instruments;
 - (i) the power to loan money to municipalities, cities and towns within Alberta and to accept and receive therefor debentures, to purchase the debentures of such municipalities, cities and towns and to sell, hypothecate or otherwise dispose or deal with such debentures;
 - (j) the power to establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the corporation, or the dependants or connections of such persons, and the power to grant pensions and allowances, and to make payments towards insurance;
 - (k) the power to carry out all or any of the objects of the corporation, and to do all or any of the above things as principals, agents, contractors, or otherwise;
 - (l) the power to do all such other things as are incidental or conducive to the attainment of the objects and exercise of the powers of the corporation.
- (2) The corporation may exercise any of its powers by resolution of the Board except where some other mode of exercising any power is prescribed by the by-laws.

Powers and Duties of the Board

26. (1) The Board may make by-laws relating to such matters or things as appear to the Board to be requisite or proper for the conduct or regulation of the business or affairs of the corporation.

(2) Without limiting the generality of subsection (1), the Board may make by-laws relating to

- (a) the appointment, functions, duties and removal of all officers, employees, agents or servants of the corporation and the remuneration they are to receive,

27. Provides for the setting up of and empowers the use of a deposit account with the corporation for the use of municipalities —and prescribes purposes for which funds of that account may be used. The deposits are guaranteed.

- (b) the time and place for the holding of the annual general meeting of the corporation, the calling of regular and special meetings of the Board, and the procedure in all things at general meetings and Board meetings,
- (c) the payment of rebates of interest to shareholders,
- (d) the conduct of the business of the corporation,
- (e) the disposition of all moneys received in respect of the business of the corporation, the institutions in which the moneys are to be deposited, the manner in which such accounts are to be kept and managed, and the manner in which withdrawals are to be made from such accounts,
- (f) the establishment of reserve funds and the control, management and disposition of the funds and the purposes for which payments are to be made out of the reserve funds,
- (g) the borrowing by way of temporary loans from chartered banks or treasury branches by way of overdraft or line of credit or by pledging debentures as security, or in any other manner and the execution of cheques, promissory notes or other instruments used in connection with temporary borrowings,
- (h) the execution of bonds, debentures and other securities of the corporation, and the provision of facsimile seals and signatures,
- (i) the sale and pledging of securities and the appointment of fiscal agents to negotiate loans and sell securities of the corporation,
- (j) the creation and application of sinking funds,
- (k) the management and administration of the corporation's property, and
- (l) the remuneration to be paid the directors and provisional directors of the corporation.

27. (1) Subject to the approval of the Lieutenant Governor in Council, the corporation may make provision for the establishment of a deposit account into which funds and investments received from municipalities, cities and towns may be held.

(2) Moneys credited to the deposit account may be used by the corporation for loans to municipalities, cities and towns, but the amounts of any such deposits shall not exceed ten million dollars.

(3) Interest at a rate which shall be prescribed by the regulations may be paid by the corporation on moneys deposited with the corporation.

(4) The repayment of moneys deposited with the corporation under this section together with interest thereon as prescribed by the regulations is hereby guaranteed by the Province of Alberta.

28. Relates to the commencement of business of the corporation.

29. Requires that borrowings and estimated borrowings be included in annual report and annual budget, respectively.

30. Provides provincial guarantee of borrowings and securities of the corporation, which is limited to \$100,000,000.

31. A limitation on the borrowing power of the corporation.

32. Restriction on acceptance of municipal securities.

33. Provincial auditor to be corporation auditor.

Corporation Financing

28. The corporation shall not borrow any money or commence any business until authorized by the Lieutenant Governor in Council to commence business.

29. (1) A statement of the amounts borrowed by the corporation in any year shall be included in the annual report of the corporation for such year.

(2) An estimate of the amounts required to be borrowed by the corporation in any year shall be included in the annual budget of the corporation for such year.

30. (1) Subject to subsection (3), the principal and interest of any borrowings by or securities issued by the corporation are hereby guaranteed by the Province of Alberta.

(2) The guarantee under this Act may, in such form or manner as the regulations may prescribe, be endorsed on behalf of Her Majesty by the Provincial Treasurer or by such other person as the Lieutenant Governor in Council may designate, on any securities issued by the corporation, and the signature thereto of the Provincial Treasurer or such other designated person is conclusive proof that the relevant provisions of this Act have been complied with.

(3) The guarantee of the principal and interest of the borrowings and securities of the corporation does not apply where the aggregate amount of any such borrowings or securities exceeds one hundred million dollars.

31. Notwithstanding section 25 and the powers therein contained, the corporation shall not borrow moneys or issue securities in excess of the aggregate amount mentioned in subsection (3) of section 30.

32. The corporation shall not accept any securities of a municipality, city or town unless all the requirements of the governing Acts have been complied with by the municipality, city or town issuing the security.

Audit

33. (1) The Provincial Auditor shall be the auditor of the corporation.

(2) The auditor has a right of access at all times to the books and accounts of the corporation, and is entitled to require from the directors, managers and officers of the corporation such information and explanation as may be necessary for the performance of the duties of the auditor.

(3) The auditor shall make a report to the shareholders on the accounts examined by him, and on every balance sheet laid before the corporation in general meeting.

34. Auditor's report to be tabled in Legislative Assembly.

35. Authorizes Province to invest in corporation's securities.

36. Authorizes municipalities to use facilities of corporation.

37. Enabling corporation to act as financial agents.

38. Regulations relating to certain matters may restrict general powers of the corporation.

- (4) The auditor's report shall state
 - (a) whether or not the auditor has obtained all the information and explanations he has required, and
 - (b) whether, in his opinion, the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the corporation's affairs according to the best of his information and the explanations given to him and as shown by the books and accounts of the corporation.
- (5) In the auditor's report, the auditor shall specifically call to the attention of the shareholders every matter connected with or arising out of the accounts of the corporation and that should be drawn to the attention of the shareholders.
- (6) The auditor may attend any general meeting of the corporation at which any accounts examined or reported on by him are to be laid before the shareholders and make any statement or explanation he desires with respect to the accounts.

34. A copy of the auditor's report verified by the auditor shall be deposited with the Provincial Treasurer and by him laid before the Legislative Assembly at the session thereof next ensuing after the making of the auditor's report.

Miscellaneous

35. The Government of Alberta may purchase the securities of the corporation notwithstanding any provision of *The Treasury Department Act* or any other Act of the Province.

36. (1) Municipalities, cities and towns may borrow moneys from the corporation by the issue and sale of their securities to the corporation, by pledge or by trust certificates, notes or other securities acceptable to the corporation, notwithstanding any provision of the governing Act or Acts applying to the municipality, city or town.

(2) Nothing in this section shall be construed to relieve a municipality, city or town from compliance with any statutory requirement relating to the approval and assent of the Board of Public Utility Commissioners or the ratepayers to any borrowing by the municipality, city or town.

37. The corporation may act as financial agents or otherwise for any municipality, city or town, in negotiating loans, re-financing of securities of the municipality, city or town, or in any other capacity authorized by the regulations.

38. In the exercise of the powers set out in this Act the corporation is subject to any regulations prescribing the securities that the corporation may purchase or accept and the form of investments that the corporation may make.

39. Permits the making of regulations, which are required to be tabled.

40. The securities of municipalities held by the corporation and the loans made by the corporation will rank without preference to debentures and loans outstanding in respect of municipalities.

41. Corporation is not to be construed to be an agent or emanation of the Crown.

42. Exempting corporation from requirements of The Securities Act.

43. Exempting corporation from certain provisions of The Companies Act, which would otherwise apply.

39. (1) The Lieutenant Governor in Council may make regulations

- (a) prescribing the rates of interest that the corporation may pay upon its borrowings, upon deposits and the rates of interest it may charge for loans therefrom,
- (b) prescribing the fees and charges the corporation may make in respect of any services offered by it,
- (c) governing the manner of making loans, the purposes for which loans may be made and prescribing the terms and conditions of any such loans, and
- (d) generally, for the purpose of carrying out the provisions of this Act according to their intendment or for the purpose of supplying any deficiency therein.

(2) A regulation made under this section shall be published in *The Alberta Gazette* and laid on the table of the Legislative Assembly within ten days after the commencement of the first session in the next ensuing year.

40. Loans by the corporation to municipalities, cities and towns, and debentures or other securities of municipalities, cities and towns purchased or held by the corporation, rank *pari passu* with loans, debentures and other securities outstanding in respect of such municipalities, cities and towns.

41. This Act shall be not so interpreted as to construe the corporation an agency or emanation of the Crown.

42. The provisions of *The Securities Act* do not apply with respect to any securities or transactions of the corporation.

43. The corporation is exempt from the requirements of sections 7, 92 to 96, 107, 117, and 255 of *The Companies Act* or any sections substituted therefor.

44. This Act comes into force on the day upon which it is assented to.

No. 69

SECOND SESSION
THIRTEENTH LEGISLATURE

4 ELIZABETH II

1956

BILL

An Act to Incorporate the Alberta
Municipal Financing Corporation

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. HINMAN
