

BILL

No. 43 of 1921.

An Act to Confirm an Agreement between the Province of Alberta and one J. D. McArthur, providing for the Assumption of Control and Management of the Alberta and Great Waterways Railway Company.

(Assented to , 1921.)

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

1. The agreement entered into between John D. McArthur and His Majesty the King, fully set forth in the schedule hereto, is hereby ratified and confirmed, and the validity thereof and of all the details comprised therein shall not be questioned in any way whatsoever.

2. All the shares of the issued capital of the said railway company are hereby declared to be lawfully and completely vested in the Minister of Railways and Telephones or his nominees.

3. The appointment of the Honourable Charles Stewart, as president, the Honourable Charles Richmond Mitchell, as vice-president, and the Honourable Messrs. Boyle, McLean and Coté as directors of the said company is hereby ratified and confirmed, and such directors or their successors shall have the full control of the affairs of the said company.

(2) The Lieutenant Governor in Council may from time to time remove any director of the said company and appoint another in his place.

(3) Every director of the said company shall hold office until his successor is appointed, or until such time as the option referred to in the said agreement is exercised and the terms thereof fully complied with.

4. During the period prior to the exercise of and compliance with the terms of the option referred to in the said agreement no annual meeting of the said company shall be required to be held, nor shall any of the provisions of the Act incorporating the said company, nor of *The Railway Act* or of any other Act be of effect to modify the powers of control hereby conferred upon the said directors and their successors.

5. The Lieutenant Governor in Council is hereby authorized to lend to the Alberta and Great Waterways Railway Company a sum or sums of money, not exceeding in the aggregate Two Million One Hundred Thousand Dollars, and the said company is hereby expressly authorized to borrow any sum or sums of money which may be lent to it under the authority of this Act.

6. The sum or sums of money referred to in the immediately preceding section may be raised in such manner and on such terms as may seem good to the Lieutenant Governor in Council and shall, without any further or other appropriation than is provided by this section, be paid to the directors of the said company.

7. The said sum of Two Million One Hundred Thousand Dollars directed to be raised and lent under the provisions of this Act shall be in addition to the sum of Four Hundred Thousand Dollars heretofore advanced under warrants of the Lieutenant Governor.

8. For the purpose of securing the payment of the principal and interest of any money advanced at any time by the Lieutenant Governor in Council to the company, including interest on bonds lawfully guaranteed by the Lieutenant Governor in Council, the company may create one or more mortgages, charges or encumbrances in favour of the Government, upon the whole or any part or portion of the property assets, rents and revenues, present and future or both, and the provisions of *The Railway Act* of Alberta respecting bonds, mortgages and borrowing powers shall apply to any and all mortgages, charges or other encumbrances created under the provisions of this section.

SCHEDULE.

This agreement made (in duplicate) this twenty-third day of July, A.D. 1920:

Between John D. McArthur, of the City of Winnipeg, in the Province of Manitoba, railway contractor (hereinafter called "the owner"), of the first part,

And His Majesty the King, in the right of the Province of Alberta, represented herein by the Minister of Railways and Telephones for the said province (hereinafter called "the Government"), of the second part;

Whereas the owner owns or controls all of the shares of the issued capital stock of the Alberta and Great Waterways Railway Company (hereinafter referred to as "the railway company");

And whereas the outstanding funded indebtedness of the railway company consists of \$7,400,000 of bonds guaranteed both as to principal and interest by the Government;

And whereas in addition to its ordinary operating accounts as a going concern the railway company is indebted to J. D. McArthur Company, Limited, in a large amount of money in connection with the construction of its line of railway and is also indebted to the Union Bank of Canada in approximately the sum of \$710,000 for advances made by the said bank to the railway company;

And whereas default has been made in the payment of interest on the said guaranteed bonds, and the Government has decided to take over the said line of railway, but has insisted on doing so free from all liability of the railway company to J. D. McArthur Company, Limited, and, or, Union Bank of Canada;

And whereas the owner has agreed to arrange for the release and discharge of the last-mentioned liabilities of the railway company and to transfer all of the shares of its issued capital stock to the Government or its nominees on the terms and conditions herein set forth;

Now therefore this agreement witnesseth that in consideration of the premises and of the several covenants and agreements herein contained, the parties hereto covenant, promise, and agree as follows:

1. The owner will forthwith arrange for and procure the absolute release and discharge of the railway company of all its said liabilities to J. D. McArthur Company, Limited, and Union Bank of Canada.

2. The owner will forthwith transfer or cause to be transferred to such person or persons as the Minister may nominate for that purpose all of the shares of the issued capital stock of the railway company.

3. The owner will absolutely release all his claims of every nature and kind which he may have against the railway company whether for salary or otherwise.

4. The Government hereby grants to the owner an option irrevocable during the time limited herein for the exercise of the same to acquire all of the issued capital stock of the railway company upon payment by the owner to the Government of an amount equal to the total of all moneys expended by it in connection with the fixed charges upon and the construction, betterment, maintenance and operation of the said line of railway, and the purchase of equipment therefor, in excess of the net revenue received from such operation, together with interest on the several sums of money so expended from the respective dates of such expenditures at the rate of six per centum per annum, such option to be exercisable up to the first day of July, A.D. 1927, but not thereafter, and may be exercised by notice in writing from the owner to the Minister at Edmonton, Alberta. Time shall be the essence of this agreement with respect to the exercise of the said option.

5. The books and records of the Government shall be sufficient evidence of the moneys so expended and of the dates of such expenditures, and the books and records of the railway company shall be taken as sufficient evidence as to the amount (if any) of the net revenues received from its operation. In the event of the owner exercising the said option he shall have access to all books and records in any way relating to the undertaking.

6. It is understood and agreed that should the Government at any time prior to the exercise of the said option desire to sell or dispose of the said railway or any of the said shares of stock, the Government may pay to the owner the sum of \$710,000 and thereupon the option hereby granted shall absolutely cease and determine, and all rights of the owner hereunder shall be at an end. The Government shall not, however, be deemed to have disposed of the railway by leasing the same or by entering into an operating agreement with respect to operating the same, and in the event of a lease or operating agreement being made "net revenues" as herein mentioned shall mean the net revenues after deducting the remuneration of the lessee or operating company.

7. This agreement and the option herein granted shall enure to the benefit of the owner, his heirs, executors, administrators, or assigns.

8. The owner hereby concurs in the passing of any legislation necessary to carry out the intent and purpose of this agreement, including any legislation required to enable the Government to hold said stock as owner thereof and to effectually represent the same by the appointment of directors of the company.

9. Wherever the word "Minister" is used herein it shall refer to the Minister of Railways and Telephones of the said Province of Alberta.

In witness whereof the owner has hereunto set his hand and seal and the Government has caused this agreement to be signed by the Honourable Charles Stewart, Minister of Railways and Telephones for the said province.

Signed, sealed, and delivered in the presence of— B. H. THOMPSON.	}	(Signed) J. D. McARTHUR. (Signed) CHAS. STEWART, Minister Railways and Telephones.
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FOURTH SESSION
FOURTH LEGISLATURE
11 GEORGE V
1921

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between the Province of Alberta
and one J. D. McArthur, providing
for the Assumption of Control and
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pany.

Received and read the

First time.....

Second time.....

Third time.....

HON. CHAS. STEWART.

EDMONTON:
J. W. JEFFERY, KING'S PRINTER.
A.D. 1921