

BILL

No. 57 of 1921.

An Act to provide for the Maintenance and Operation of
The Edmonton, Dunvegan and British Columbia
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 dated the twenty-first day of July, A.D. 1920 (hereinafter called the Main Agreement), made between the Edmonton, Dunvegan and British Columbia Railway Company and the Central Canada Railway Company, of the first part, His Majesty the King, in the right of the Province of Alberta, represented therein by the Minister of Railways and Telephones for the said province, of the second part, J. D. McArthur, Limited, and the Union Bank of Canada, of the third part, the Canadian Pacific Railway Company (therein and hereinafter called the Pacific Company), of the fourth part, and John D. McArthur of the City of Winnipeg, Manitoba, of the fifth part; AND the Agreement dated the Twenty-first day of July, A.D. 1920, made between the Edmonton, Dunvegan and British Columbia Railway Company and the Central Canada Railway Company, of the first part, the Canadian Pacific Railway Company, of the second part, and His Majesty the King, in the right of the Province of Alberta, represented therein by the Minister of Railways and Telephones for the said Province, are hereby ratified and confirmed and are declared to be legal and binding on every party thereto, and the persons executing the same shall be deemed to have had full power and authority to sign on behalf of the parties thereto.

2. The Lieutenant Governor in Council is hereby authorized to advance to the Pacific Company the sums of money provided for in the Main Agreement, and such sums of money 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 Pacific Company upon the terms of the said Main Agreement.

SCHEDULE.

ARTICLES OF AGREEMENT made this twenty-first day of July, A.D. 1920, between THE EDMONTON, DUNVEGAN AND BRITISH COLUMBIA RAILWAY COMPANY AND THE CENTRAL CANADA RAILWAY COMPANY (hereinafter called "the Railway Companies" of the First Part); 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); J. D. MCARTHUR COMPANY, LIMITED, AND UNION BANK OF CANADA, of the Third Part; CANADIAN PACIFIC RAILWAY COMPANY (hereinafter called "the Pacific Company," of the Fourth Part); and JOHN D. MCARTHUR of the City of Winnipeg, Manitoba, Contractor, of the Fifth Part:

WHEREAS the railway companies are railway companies referred to in section 1 chapter 6 of the Statutes of the said Province of this present year;

AND WHEREAS default exists in the payment of interest due upon debenture stock and bonds of the Edmonton, Dunvegan and British Columbia Railway Company guaranteed by the said Province (of which the Principal sum aggregates Nine Million, Four Hundred and Twenty Thousand Dollars (\$9,420,000), and in the payment of interest due upon a loan of Two Million Dollars (\$2,000,000) made by the said Province to the Central Canada Railway Company, the said loan of Two Million Dollars (\$2,000,000) being secured by a mortgage upon the undertaking of the Central Canada Railway Company and guaranteed by the Edmonton, Dunvegan and British Columbia Railway Company;

AND WHEREAS the lines of the said railway companies have not been properly maintained and it is necessary that a large amount of work be done thereon immediately to ensure a satisfactory public service;

AND WHEREAS it has been deemed expedient by the Lieutenant Governor in Council to appoint a manager of the railway companies and to provide for the expenditure of moneys as authorized by the said Act and to take such measures as may be necessary to improve the condition of the lines of railway of the railway companies and to ensure the effective operation thereof and to keep the said lines in adequate repair;

AND WHEREAS in addition to the aforementioned debenture stock and bonds of the said Edmonton, Dunvegan and British Columbia Railway Company, that company made an issue of Two Million, Four Hundred Thousand Dollars (\$2,400,000) debenture stock secured by a trust indenture bearing date the 26th day of March, A.D. 1919, executed between that company and the Interior Trust Company as trustees for the holders of such debenture stock, which stock was issued at par in payment of certain advances to

and indebtedness of the said railway, all of which said debenture stock is now held by the Union Bank of Canada as pledges of J. D. McArthur Company, Limited, or otherwise, and whereas the said Union Bank of Canada and J. D. McArthur Company, Limited, at the request of the other parties hereto, have joined herein for the purpose of postponing their rights under the said trust indenture in respect of the said debenture stock so as to cause the same to rank after the security hereby granted and agreed to be granted by the railway companies to the Government;

AND WHEREAS it is provided by the said Act that no part of the advance thereby authorized shall be paid out to any person other than to a receiver or to a manager appointed by the Lieutenant Governor in Council by agreement as in said Act provided and shall not be paid while the operation of the undertaking remains in the company;

AND WHEREAS the Fifth Party is the absolute owner of all the shares of said railway companies, excepting only the qualifying shares held by the present directors of the said companies;

NOW THEREFORE THESE PRESENTS WITNESS THAT in consideration of the premises and of the covenants, promises and agreements on the part of the several parties hereto respectively herein set forth and contained, the said parties do hereby each with the other covenant, promise and agree in manner following, that is to say:

1. The Government hereby agrees to advance forthwith through the manager hereinafter referred to, the sum of One Million Dollars (\$1,000,000) in the said Act referred to, and with the sanction of the Legislature of Alberta, which the Government undertakes to endeavour to procure, to advance for the same purposes and on the same conditions, such additional sums not exceeding in the aggregate One Million, Five Hundred Thousand Dollars (\$1,500,000), making with the One Million Dollars (\$1,000,000) referred to in the said Act a total not exceeding Two Million Five Hundred Thousand Dollars (\$2,500,000) as shall be necessary to eliminate the present deferred maintenance of the railway companies and bring the lines of the companies up to a reasonable standard of operating efficiency, to be agreed between the Government and the manager;

2. It is essential to the proper working out of this agreement that the manager be entitled to operate the traffic of the Edmonton, Dunvegan and British Columbia Railway Company by means of a physical connection in Edmonton between the line of the Edmonton, Dunvegan and British Columbia Railway Company and that of the Pacific Company. In the event that the manager or the Government is unable to arrange on terms satisfactory to the Government and the Pacific Company running rights for the Edmonton, Dunvegan and British Columbia Railway Company with the Grand Trunk Pacific Railway Company and (or)

the Canadian National Railway Company between the property of the Edmonton, Dunvegan and British Columbia Railway Company in Edmonton and the property of the Pacific Company likewise in Edmonton, the Government agrees that it will, in addition to the moneys otherwise herein agreed to be supplied, furnish sufficient money to the manager to construct a line of railway on behalf of the Edmonton, Dunvegan and British Columbia Railway Company connecting the properties aforesaid.

3. The railway companies shall become the debtors of the Government for all moneys from time to time advanced by the Government under the provisions of this agreement as and from the respective dates of such advances. Such advances shall be repayable by the railway companies on the first day of July, A.D. 1925, or, at the option of the railway companies, on the first day of July, A.D. 1930, with interest thereon meanwhile at the rate of six per cent. (6%) per annum payable half-yearly on the first day of January and on the first day of July in each year.

4. As security for all advances made by the Government pursuant to the terms of this agreement and interest thereon each of the railway companies hereby grants to the Government by way of mortgage its undertakings, franchises, rolling stock, lines of railway, assets and property of every kind and description whatsoever belonging to or in any way appurtenant to the undertaking of the company, such grant to be void on repayment of the said advances with interest as aforesaid. The railway companies covenant and agree that they will execute such further and other assurances as the Government may deem necessary to effectuate the security hereby covenanted to be granted, including the delivery and pledging of bonds or debenture stock of the railway companies to the amount of all moneys so advanced.

5. The parties of the Third Part hereby postpone all their rights and interests under the securities held by them as aforesaid, to the security granted or to be granted to the Government hereunder by the railway companies in respect of the said intended advances and the interest thereon and they undertake to procure all necessary assents thereto including the assent of the Trustee under the Trust Indenture securing the Debenture Stock hereinbefore referred to. The Parties of the Third Part will take such steps as the Government may deem necessary to carry out the intent of this clause and to effectually and completely give priority to the security herein agreed to be given to the Government over that now held by the Parties of the Third Part.

6. It is further agreed between the Parties hereto that the rights of the Government which have accrued or may hereafter accrue by reason of any defaults of the Railway Companies are in no way barred or waived by the Government, but are simply postponed during the continuance of

this Agreement. All moneys payable to the Government, the payment of which is so postponed, shall bear interest at the rate of six per cent. per annum.

7. The Government hereby nominates and appoints the Pacific Company as manager of the undertakings of the railway companies as provided in Chapter 6 aforesaid, and the railway companies hereby agree to and confirm said appointment.

8. It shall be the duty of the manager with the approval of the Government to disburse all moneys which the Government shall provide under the terms of this agreement and to take full charge of and conduct the operation and management of the railways of the railway companies, including the administration of the finances of the railway companies and the improvement and betterment of their properties.

9. The manager's appointment shall be absolute and the railway companies shall hand over full control and management of their undertakings to the manager.

10. The Fifth Party agrees that he will immediately procure the resignation of each of the directors and officers of the railway companies and will duly qualify the nominees of the manager (one of whom may be named by the Minister) to be elected as directors of the said companies and will forthwith cause such nominees to be elected as such directors, and will during the continuance of this agreement, cause such nominees or their substitutes named by the manager, subject as aforesaid, to be duly elected as the directors of the said railway companies. No salaries shall be paid to the directors during the continuance of this agreement.

11. The manager shall hold office for a period of five years from the date of this agreement and thereafter until three months' notice in writing of the termination thereof be given either by the Government or by the Pacific Company to the other parties to this agreement. The manager's remuneration shall be fifteen per cent. of the revenues of the railways, in excess of working expenditure as defined in *The Railway Act*, such compensation to be payable only out of the surplus earnings of the railways after payment of fixed charges as hereinafter mentioned. Working expenditure shall include salaries or wages of all persons engaged exclusively in the service of the railway companies.

12. The manager shall from time to time and whenever so required by the Minister, render full and complete accounts of the operation and finances of the railway companies whilst under the control of the manager.

13. The accounts of the railway companies whilst under the direction of the manager shall be kept according to the standard system of railway accounting required by the Board of Railway Commissioners for Canada and the other parties to this agreement shall be permitted access at all reasonable times to the accounts and records of the said companies.

14. The Pacific Company hereby accepts the appointment as manager hereunder and provided the Government advances the several sums of money as herein agreed, including so much of the One Million Five Hundred Thousand Dollars (\$1,500,000) as shall be necessary for the purposes of this agreement and provided the parties hereto fulfill the several obligations by them herein undertaken to be done and performed, the Pacific Company agrees that the properties of the railway companies will be efficiently maintained and operated having regard to the present physical condition of the railways and their physical condition after expenditure of the advances to be made by the Government, and that the manager on reasonable terms will provide such additional motive power and rolling stock as may be necessary for such operations, but the manager shall not itself be called upon to provide any of the capital requirements of the companies. The charges to be made by the manager for equipment so provided shall not exceed, in the case of cars, the rates for the time being in force under the Car Service Rules of the American Railroad Association, nor, in the case of motive power, the charges now established between the Pacific Company and the railway companies.

15. The revenues of the railways during the term of this agreement shall be applied according to the following priorities:

(1) To the payment of working expenditure as defined by *The Railway Act*.

(2) To the payment of the interest on the securities of the Edmonton, Dunvegan and British Columbia Railway Company guaranteed by the province and on the loan made by the province to the Central Canada Railway Company.

(3) To the payment of interest on the sums to be advanced by the Government under this agreement.

(4) To the payment of interest on the debenture stock of the Edmonton, Dunvegan and British Columbia Railway Company held by the Union Bank of Canada.

(5) To the payment of the remuneration of the manager, and

(6) The remainder to be used in paying for betterments to the railways.

16. If the said revenues shall be insufficient to pay the interest on any of the said obligations all rights arising consequent upon such default shall be postponed during the currency of this agreement.

17. Should the railway companies at any time hereafter receive from the Government of Canada any grant or grants of either money or lands in respect of any portion of the said lines of railway now under operation, all amounts realized from any such grant or grants shall in so far as is consistent with any conditions respecting such grant or grants be applied on the improvement of the said lines of railway in case of the moneys to be advanced by the Government hereunder.

18. The party of the Fifth Part represents and warrants that in addition to the funded indebtedness above set forth the railway companies have incurred only the following liabilities, and no others:

(a) Liability under mortgage held by the Standard Trusts Company covering a portion of the Edmonton, Dunvegan and British Columbia Railway Company's terminal property in Edmonton, upon which mortgage there is unpaid for principal the sum of Thirty-nine Thousand and Nine Hundred and Ninety-nine Dollars and Ninety-five Cents (\$39,999.95);

(b) Liabilities to the Province of Alberta for interest paid by the province on the Edmonton, Dunvegan and British Columbia debenture stock to the extent of One Hundred and Forty Thousand Dollars (\$140,000.00), and for interest due to the province on the Central Canada provincial loan to the extent of One Hundred and Fifty Thousand Dollars (\$150,000.00); and

(c) The current accounts payable by the railway companies in the ordinary course of business as going concerns.

19. Should the Standard Trusts Company demand payment of the principal money or any portion thereof secured by the above mortgage the Union Bank of Canada will arrange for the purchase and retention of the said mortgage held by the Standard Trusts Company as aforesaid so that during the currency of this agreement only the interest thereon will require to be paid as it matures out of the revenues of the railway companies as part of the working expenditure.

20. The payment of the said liabilities to the Province of Alberta is postponed during the currency of this agreement.

21. As soon as possible after the execution of this agreement an adjustment of the current accounts payable and receivable by the railway companies and of the value of the moneys and current materials and supplies on hand in the ordinary course of business as going concerns will be made. Such adjustment shall be made as of the day of the date hereof by Mr. N. F. Judah, auditor for the railway companies and an official of the Pacific Company and in the event of the total of such current accounts payable exceeding the total of the moneys on hand, the current accounts receivable and the value of the current materials and supplies on hand the owner will forthwith supply the deficiency to the railway companies.

22. Similar adjustments will be made at the termination of this agreement, and the intention being that the current accounts receivable and the value of materials and supplies on hand shall then also be made to equal the current accounts payable, but the Pacific Company will not be required to pay interest charges except in so far as the revenues of the railway companies shall be sufficient to pay the same.

23. The railway companies join herein for the purpose of giving their covenants as herein stated and of expressing their full concurrence herein.

24. Wherever the word "Minister" is used herein it shall refer to and mean the Minister of Railways and Telephones for the Province of Alberta.

In witness whereof the Parties of the First, Third and Fourth Parts have caused their respective corporate seals to be hereunto affixed attested by the hands of their respective proper officers and the Government has caused this agreement to be signed by the Honourable Chas. Stewart, Minister of Railways and Telephones for the said Province of Alberta, and the party of the Fifth Part has hereunto affixed his hand and seal.

THE EDMONTON, DUNVEGAN AND BRITISH
COLUMBIA RAILWAY COMPANY.
[SEALED] J. D. McARTHUR, *President*.
B. H. THOMPSON, *Assistant Secretary*.

THE CENTRAL CANADA RAILWAY COMPANY.
[SEALED] J. D. McARTHUR, *President*.
B. H. THOMPSON, *Assistant Secretary*.

CHAS. STEWART,
*Minister of Railways and Telephones for
Alberta.*

J. D. McARTHUR COMPANY, LIMITED.
[SEALED] J. D. McARTHUR, *President*.
B. H. THOMPSON, *Assistant Secretary*.

UNION BANK OF CANADA.
By H. A. ROBSON.
[SEALED] JOHN GALT, *President*.
H. B. SHAW, *General Manager*.

CANADIAN PACIFIC RAILWAY COMPANY,
[SEALED] E. M. HEATH, *President*.
E. ALEXANDER, *Secretary*.
J. D. McARTHUR.

THIS AGREEMENT made this twenty-first day of July,
A.D. 1920.

Between:

THE EDMONTON, DUNVEGAN AND BRITISH
COLUMBIA BAILWAY COMPANY and the
CENTRAL CANADA RAILWAY COMPANY,
(hereinafter called "the railway companies")
Of the First Part;

THE CANADIAN PACIFIC RAILWAY COMPANY,
(hereinafter called "the Pacific Company")
Of the Second Part;

and

HIS MAJESTY THE KING, IN THE RIGHT OF THE
PROVINCE OF ALBERTA, represented herein
by the Minister of Railways and Tele-
phones for the said Province, (hereinafter
called "the Government")

Of the Third Part.

WHEREAS the parties hereto have entered into an agree-
ment of even date herewith (J. D. McArthur Company,
Limited, Union Bank of Canada and John D. McArthur
being also parties thereto) which among other things provides
for a physical connection between the railway of the Edmon-
ton Dunvegan and British Columbia Company and the
railway of the Pacific Company at Edmonton.

NOW THEREFORE THIS AGREEMENT WITNESSETH:

1. That all through rates which are now or shall hereafter
be established between the railway companies and the
Pacific Company shall during the currency of the said
recited agreement be divided on a rate *pro rata* basis of
local class or commodity rates to and from the junction
point between the line of the Edmonton, Dunvegan and
British Columbia Railway Company and the line of the
Pacific Company; that is to say, each company's share
of each through rate shall be the proportion thereof which
such company's local class or commodity rate bears to the
sum of the local class or commodity rates covering the entire
movement.

2. The charges to be made from time to time by the
Pacific Company for any office space, passenger and (or)
freight terminal services rendered for the railway companies
shall be such as shall from time to time be agreed upon
between the Pacific Company, the said Minister of Railways
and Telephones and Mr. B. W. Thompson on behalf of
the present owners of the stock of the Railway Companies.
Should the above parties be unable to agree upon the charges
to be made as aforesaid the matter or matters in dispute
shall be referred to the Board of Railway Commissioners
for Canada whose decision in each case shall be final and
binding.

In witness whereof the railway companies and the
Pacific Company have hereunto caused their respective

corporate seals to be hereunto affixed attested by the hands of their proper officers and the Government has caused this agreement to be signed by the Honourable Charles Stewart, Minister of Railways and Telephones for the Province of Alberta.

<p>(Signed)</p> <p>Seal of the Edmon- ton, Dunvegan and British Columbia Railway Company.</p>	<p>THE EDMONTON, DUNVEGAN AND BRITISH COLUMBIA RAILWAY COMPANY. J. D. MCARTHUR, <i>President.</i> B. W. THOMPSON, <i>Assistant Secretary.</i></p>
<p>Seal of the Central Canada Railway Company.</p>	<p>THE CENTRAL CANADA RAILWAY COMPANY, J. D. MCARTHUR, <i>President.</i> B. W. THOMPSON, <i>Assistant Secretary.</i></p>
<p>Seal of the Canadian Pacific Railway Company.</p>	<p>THE CANADIAN PACIFIC RAILWAY COMPANY. E. W. BEATTY, <i>President.</i> E. ALEXANDER, <i>Secretary.</i> CHAS. STEWART, <i>Minister of Railways and Telephones for Alberta.</i></p>

No. 57.

FOURTH SESSION
FOURTH LEGISLATURE
11 GEORGE V
1921

BILL

An Act to provide for the Maintenance
and Operation of The Edmonton,
Dunvegan and British Columbia
Railway Company.

Received and read the

First time

Second time

Third time

HON. MR. STEWART.

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