

Town of Olds

BYLAW NO. 2022-07

A BYLAW OF THE TOWN OF OLDS, IN THE PROVINCE OF ALBERTA TO AUTHORIZE THE LENDING OF UP TO THE AGGREGATE OF \$14,600,000.00 TO OLDS FIBRE LTD. (THE "CORPORATION")

WHEREAS, pursuant to Section 264(1)(b) of the *Municipal Government Act*, R.S.A. 2000 c.M-26, as amended, a municipality is permitted to loan money to one of its controlled corporations;

AND WHEREAS the Corporation is a controlled corporation pursuant to Section 75.1 of the *Municipal Government Act* as the Town owns all of the issued shares of the Corporation and appoints all of the directors of the Corporation;

AND WHEREAS the Town wishes to embark in a series of transactions whereby:

- (a) the Town and the Corporation shall transfer certain assets to the Corporation for the purchase price of \$9,100,000.00;
- (b) The Corporation shall owe this \$9,100,000.00 to the Town as a debt, thereby being classifying this transaction as a loan by the Town to the Corporation;
- (c) the Corporation shall redeem the entirety of its Class K preferred voting, redeemable shares as issued to the Town, in the amount of \$480,000.00;
- (d) the Corporation shall owe this \$480,000.00 for the redemption of the Class K preferred voting, redeemable shares as issued to the Town, as a debt, thereby being classifying this transaction as another loan by the Town to the Corporation in the amount of \$480,000.00;
- (e) the Corporation shall redeem the entirety of its Class L preferred voting, redeemable shares as issued to the Town, in the amount of \$1,760,000.00;
- (f) the Corporation shall owe this \$1,760,000.00 for the redemption of the Class L preferred voting, redeemable shares as issued to the Town, as a debt, thereby being classifying this transaction as another loan by the Town to the Corporation in the amount of \$1,760,000.00;
- (g) the Corporation shall repurchase up to 3,260,000 of the Class A common voting shares, in such amounts to be mutually agreed upon by both the Corporation and the Town at a future date, for the consideration of \$1.00 per Class A common voting share for the aggregate purchase price of up to \$3,260,000.00; and
- (h) the Corporation shall owe up to \$3,260,000.00 for the repurchase of up to 3,260,000 of the Class A common voting shares, as a debt, thereby being classifying this transaction as another loan by the Town to the Corporation in the amount of up to 3,260,000.00. The actual debt amount will be mutually agreed upon by the Town and the Corporation at the time of repurchase;

AND WHEREAS the aggregate indebtedness owing by the Corporation to the Town after the conclusion of the above transactions shall be no more than \$14,600,000.00 (the "**New OFL Indebtedness**");

AND WHEREAS the Corporation already owes the Town, \$400,000.00 as a shareholder loan (the "**Existing Shareholder Loan**");

AND WHEREAS the Town wishes to enter into a new loan agreement with the Corporation to incorporate both the Existing Shareholder Loan and the New OFL Indebtedness into one agreement;

AND WHEREAS the Council of the Town of Olds considers that the money loaned will be used for a purpose that will benefit the municipality through technological and telecommunications enhancements for residents;

AND WHEREAS the loan will not exceed the Town of Olds debt limit and no loan will be made if it does exceed the Town of Olds debt limit.

NOW THEREFORE, THE COUNCIL OF THE TOWN OF OLDS DULY ASSEMBLED ENACTS AS FOLLOWS:

1. The Town of Olds is hereby authorized to enter into the above transactions, including the thereby resulting in the New OFL Indebtedness owed by the Corporation to the Town.
2. The Town wishes to enter into a new loan agreement with the Corporation to incorporate both the Existing Shareholder Loan and the New OFL Indebtedness into one loan agreement for the total of \$15,000,000.00 owed by the Corporation to the Town (the **"Aggregate Indebtedness"**).
3. OFL shall repay the Aggregate Indebtedness according to the repayment structure in effect, for the equivalent amount of the Aggregate Indebtedness that the Town owes to the Treasury Board of Alberta, namely semi-annual or annual equal payments of combined principal and interest installments not to exceed TWENTY-FIVE (25) years calculated at a rate not to exceed the interest rate established by the Treasury Board of Alberta or another authorized financial institution on the date of the borrowing and not to exceed TEN (10%) per cent.
4. As the above transactions do not involve the Town actually advancing money from the Town to the Corporation, the Town does not need to indicate the source of money as stipulated by Section 265(2)(c) of the *Municipal Government Act*.
5. The issuance of the loan agreement for the Aggregate Indebtedness shall be provided subject to the Corporation and the Town of Olds executing the appropriate documentation to evidence the above transactions as satisfactory to the Town of Olds.
6. This Bylaw shall come into force and effect as of the third and final reading following advertising in accordance with section 265(3) and section 606 of the *Municipal Government Act*.

Read a first time this 28th day of March 2022

Read a second time this 9th day of May 2022

Read a third and final time this 9th day of May 2022

DONE AND PASSED in open Council assembled at Olds in the Province of Alberta, this 9th day of May 2022.



Judy Dahl,
Mayor



Sheena Linderman,
Interim Chief Administrative Officer

SIGNED by the Chief Elected Official and the Interim Chief Administrative Officer this 9th day of May 2022.