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TAMRMS#: B09

**6.4**

## **Bylaw 19/2022 - to amend Guarantee Bylaw 39/2021 - Edmonton Metropolitan Transit Services Commission**

Presented by: Trevor Duley, Manager, Government Relations

### **RECOMMENDED MOTION**

That the Community Growth & Infrastructure Standing Committee recommend to Council that Bylaw 19/2022, to amend Bylaw 39/2021 the Edmonton Metropolitan Transit Services Commission Loan Guarantee Bylaw, be passed in order to increase the loan guarantee amount from a maximum of \$1,700,000 to a maximum of \$2,366,700.

### **PURPOSE OF REPORT**

This report presents a request from the Edmonton Metropolitan Transit Services Commission (EMTSC) for an increase to the amount of St. Albert's guarantee of an operating line of credit with TD Bank from \$1.7 million to \$2,366,700 which, together with an anticipated increase to the City of Edmonton's loan guarantee amount, would allow the EMTSC to raise its borrowing capacity under the line of credit from the current \$5 million to \$7 million.

### **ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN**

Strategic Priority #3: Building a Transportation Network: Integrated transportation systems.

Continue to pursue an Integrated Regional Transit Commission through the transition phase.

### **ALIGNMENT TO LEVELS OF SERVICE DELIVERY**

N/A

### **ALIGNMENT TO COUNCIL DIRECTION**

On May 31, 2021 Council passed the following motions:

That Bylaw 39/2021, being a Bylaw to guarantee repayment of a loan to the EMTSC, be read a first time;

That Council affirms the money obtained by the EMTSC under the loan be guaranteed by the City pursuant to Bylaw 39/2021 will be used for a purpose that benefits the City of St. Albert;

That the CAO be directed to cause the City of St. Albert to provide the EMTSC an interim advance on levies in the amount of \$1,700,000 drawn from the Stabilization Fund, pursuant to an agreement that provides for return of the advance to the City upon the EMTSC being approved for the loan and upon such other terms as are acceptable to the CAO.

On July 5, 2021 (following a petition period during which no petition was received) Council passed the following motions:

That Bylaw 39/2021 be read a second time.

That Bylaw 39/2021 be read a third time.

[Bylaw 39/2021 is Attachment 4 to this report and proposed Bylaw 19/2022 to amend Bylaw 39/2021 is Attachment 5.]

## **BACKGROUND AND DISCUSSION**

On January 26, 2021 a Ministerial Order confirmed the establishment of the Edmonton Metropolitan Transit Services Commission (the "EMTSC"). Member municipalities of the EMTSC include: City of Beaumont, Town of Devon, City of Edmonton, City of Fort Saskatchewan, City of Leduc, City of St. Albert, City of Spruce Grove, and the Town of Stony Plain.

Since its establishment the EMTSC has been working on stand-up activities including executive recruitment, securing office space, completion of Board policies, and consulting services for transit-service planning.

The EMTSC has funded its start-up costs through a \$5 Million line of credit, guaranteed by the City of St. Albert (34%) and City of Edmonton (66%) rather than seeking municipal member contributions for this purpose. The EMTSC Board has recently determined that an additional \$2 Million on its line of credit capacity should be sought at this time to cover stand-up costs through the remainder of 2022 and into 2023. The EMTSC is forecasting that the existing \$5 Million line of credit will be fully drawn by the end of June 2022, and that a total of \$6.4 M will be needed for start-up costs based on the EMTSC's approved budget. The line of credit will be paid off over time once service delivery commences and the EMTSC begins to collect revenues. The line of credit approach has been deployed as opposed to seeking municipal member contributions, in order to support start-up costs without putting pressure on the member municipalities' 2022 budgets.

[In June, 2021 St. Albert had provided the EMTSC with \$1.7 Million by way of an advance on future levies, to address immediate cash flow needs, which amount was fully repaid in August 2021 when the TD Bank line of credit became available to the EMTSC.]

EMTSC staff is in the process of preparing a bottom-up costing model and transit plan that is expected to be complete later this summer, and is scheduled to be shared with the EMTSC Board in July. At that point, the EMTSC will be in a position to identify member contributions for 2023, with start of service tentatively planned for early 2023.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

The EMTSC Board formally requested this increase to the line of credit guarantee from St. Albert City Council via a Board Motion at their March 17, 2022 Board Meeting. Details are provided in the attached correspondence from CEO Jankowski to St. Albert City Council and related EMTSC documents (Attachments 1, 2 and 3 to this report).

Should the Standing Committee support the recommendation, Council consideration of the amending

Bylaw would comply with the required public advertising process under the MGA, including the opportunity for electors to submit a petition opposing the amending bylaw. First Reading of Bylaw 19/2022 would be scheduled for April 19, 2022, then the following would occur:

Advertisements: April 27 and May 4, 2022  
15-day Petition Period Ends: May 19, 2022  
Council Consideration of Second and Third Readings: June 7, 2022

City of Edmonton is scheduled to consider first reading of a similar amendment at their April 19, 2022 Council Meeting.

### **IMPLICATIONS OF RECOMMENDATION**

Financial:

If the EMTSC were to default on its loan in the future, the City of Edmonton and City of St. Albert would be responsible for their proportionate shares of the repayment of the loan to TD Bank.

Legal / Risk:

None at this time.

Program or Service:

None at this time.

Organizational:

None at this time.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

If Council does not wish to support the recommendation, the following alternatives could be considered:

Alternative 1. Council could request that other member municipalities of the EMTSC guarantee the additional loan amount. This would likely result in delays to the EMTSC accessing the additional \$2 Million on their line of credit.

Report Date: April 11, 2022  
Author: Trevor Duley  
Department: Office of the CAO  
Deputy Chief Administrative Officer (Interim): Diane McMordie  
Chief Administrative Officer (Interim): Kerry Hilts

March 21, 2022

The City of St. Albert  
5 St. Anne Street  
St. Albert AB T8N 3Z9

Dear Mayor Heron and Members of Council,

**RE: EMTSC Operating Line of Credit – Request for Guarantee**

On March 17, 2022, the Board of the Edmonton Metropolitan Transit Services Commission (EMTSC) approved a \$2 million increase in the Commission's borrowing limit to enable the completion of the stand-up phase and the transition of transit service delivery in early 2023. The decision to increase the amount of debt reflected the Board's decision to defer the ultimate requisitions for funding contributions to the eight member municipalities until 2023, the year in which operations start, and to eliminate additional pressures on municipal budgets in 2022.

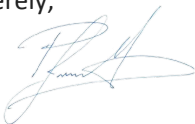
In 2021 the Commission secured a \$5 million operating line of credit from the TD Bank. With the approval of Bylaw 39/2001, the City of St. Albert assisted the Commission in 2021 by issuing a guarantee to the TD Bank for one-third or 34% of the total \$5 million debt which equalled \$1.7 million for the City of St. Albert. The City of Edmonton provided the remaining guarantee for two-thirds or 66% equalling \$3.3 million.

At the March 17, 2022 Board Meeting, the Board provided direction to the Commission's Administration to engage TD Bank and have the operating line of credit increased by \$2 million, and to request respective additional guarantees from the City of St. Albert and the City of Edmonton to fulfill the conditions of this new disbursement in the form of guarantees issued by both parties to TD Bank, in the same manner that was completed in 2021.

The meeting minutes from the March 17, 2022 Board Meeting are attached that contain the motions the Board passed. Motion EMTSC-22-051 outlines the request for a guarantee from the City of St. Albert in the amount of \$666,667, or one-third of the additional \$2 million increase.

I look forward to working with the City of St. Albert towards a goal of developing a truly integrated transit approach, and toward the start of operations in 2023. On behalf of the Board of the EMTSC, I would like to thank Council in advance for its continuing cooperation and support in this regard.

Sincerely,



Paul Jankowski  
Chief Executive Officer

## REGULAR BOARD MEETING

Thursday, March 17, 2022

2:30pm – 4:30pm

Via Zoom

### MEETING MINUTES

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#### ATTENDEES PRESENT:

##### Board Directors

Wes Brodhead, City of St. Albert - Chair  
Glen Finstad, City of Leduc – Vice Chair  
Andrew Knack, City of Edmonton  
Justin Laurie, Town of Stony Plain  
Gordon Harris, City of Fort Saskatchewan  
Sam Munckhof-Swain, City of Beaumont - *Left at 5:00pm*  
Stuart Houston, City of Spruce Grove  
Ben Gronberg, Town of Devon

#### ABSENT:

N/A

#### EMTSC Administration

Paul Jankowski, CEO  
Lori Shea-Smith, Director, Financial Services & CFO  
Bryan Haggarty, Director, Corporate Services  
Agata Lewandowski, Executive Assistant to CEO

#### Legal Counsel

William Shores

#### EMTSC Contractors

N/A

#### EY

N/A

#### Other Attendees/Guests

Erin Toop, WSP Canada Inc. – *Joined at 2:34pm and left at 2:59pm*  
Jeff Alliston, Auditor - *Joined at 3:28pm and left at 4:05pm*

#### 1. Call to Order

Chair Wes Brodhead called the meeting to order at 2:33pm.

Quorum was obtained.  
Treaty 6 Land Acknowledgement.

2. Approval of Revised Agenda

**EMTSC-22-045**

Moved by Gordon Harris

That the March 17, 2022 Revised Agenda be adopted as presented.

At 2:35pm

CARRIED UNANIMOUSLY

3. Consent Agenda

- a. Receipt of the March 3, 2022 Correspondence from Prime Minister's Office
- b. Approval of February 17, 2022 Regular Board Meeting Minutes
- c. Approval of March 3, 2022 Regular Board Meeting Minutes
- d. Approval of March 8, 2022 Ad Hoc Committee Meeting Minutes

**EMTSC-22-046**

Moved by Justin Laurie

That the Consent Agenda be approved as presented.

At 2:36pm

CARRIED UNANIMOUSLY

4. CEO Update

- a. Detailed Regional Transit Service Planning and Bottom-Up Costing Project
- b. Member Municipal Council Presentations
- c. Conduct of Meetings

Erin Toop with WSP Canada Inc. presented on the Detailed Regional Transit Service Planning and Bottom-Up Costing Project agenda item and gave the Board Members an overview of the project, proposed timeline, and deliverables. She provided highlights on the project charter development, municipal stakeholder engagement, financial analysis, and detailed transit service planning. Discussion took place and Ms. Toop answered questions posed by the Board Members.

**EMTSC-22-047**

Moved by Sam Munckof-Swain

That the Board accept as information the materials and discussion as presented during CEO Update, and direct Administration to prepare for transition to hybrid meetings as of the date of the Regular Board meeting scheduled for May 19, 2022.

At 3:12pm

CARRIED UNANIMOUSLY

5. Debt Limit Increase

**EMTSC-22-048**

Moved by Gordon Harris

That the Board adopt a Bylaw to Amend Bylaw 3 - *A Bylaw Authorizing Borrowing (Line of Credit) For The Edmonton Metropolitan Transit Services Commission* as follows:

1. Part 2, section 4 is amended by deleting \$5,000,000 and replacing it with \$7,000,000; and,
2. Part 3, section 8 (a) is amended by deleting \$5,000,000 and replacing it with \$7,000,000.

At 3:23pm

CARRIED UNANIMOUSLY

**EMTSC-22-049**

Moved by Ben Gronberg

That the Board approve a revision to Board Policy B-5.3 *Debt Management* with a revision date of March 17, 2022, as follows:

1. The addition of “except as otherwise stated in this Policy” to the Policy Statement “The Commission must adhere to an internal debt limit of 85% of the provincially prescribed debt limit and debt servicing limit”; and,
2. The addition of the statement “Despite the above, the Commission may borrow up to \$7.0 million as authorized by the Minister of Municipal Affairs in Ministerial Order No. MSD:051/21 to finance the Commission’s operational start-up costs” to the Debt Limits section of the policy.

At 3:24pm

CARRIED UNANIMOUSLY

**EMTSC-22-050**

Moved by Glen Finstad

That the Board approve a borrowing in the form of an increase of \$2,000,000 in the operating line of credit secured through the TD Bank in accordance with the revised Debt Management Policy B-5.3, and direct Administration to work with TD Bank to secure the increase in the operating line of credit from \$5,000,000 to \$7,000,000.

At 3:25pm

CARRIED UNANIMOUSLY

**EMTSC-22-051**

Moved by Andrew Knack

That the Board request that the City of Edmonton and the City of St. Albert provide security in the form of a guarantee to TD Bank at a value of 2/3 (\$1,333,333) and 1/3 (\$666,667), respectively; and commit the Commission to reimburse the City of Edmonton and the City of St. Albert for any direct costs incurred to provide and maintain the security required.

At 3:26pm

CARRIED UNANIMOUSLY

Councillor Finstad thanked the City of Edmonton and City of St. Albert for providing guarantees to secure an increase in the operating line of credit which will enable the Commission to fund the important continuation of standing-up the Commission.

6. Approval of March 3, 2022 Audit & Finance Committee Minutes, Audited Financial Statements and Audit Findings

Jeff Alliston with Metrix Group LLP, EMTSC Board appointed Auditor, provided an update on the completed audit of the Commission's financial statements, the financial information return, and briefed the Committee Members on the audit finding report for the year-ended December 31, 2021.

Councillor Laurie provided additional comments on the Auditor's presentation, and all questions posed by the Board Members were addressed.

7. In Camera Discussion

Move In Camera

**EMTSC-22-052**

Moved by Justin Laurie

That the Board move In Camera, in accordance with the provisions of Division 2, Exceptions to Disclosure, of the *Freedom of Information and Protection of Privacy Act (FOIP)*, R.S.A 2000, c.F-25, as per Sections 16 through 28.

At 3:49pm

CARRIED UNANIMOUSLY

Move Out of Camera

**EMTSC-22-053**

Moved by Stuart Houston

That the Board move Out of Camera.

At 5:36pm

CARRIED UNANIMOUSLY

**EMTSC-22-054**

Moved by Glen Finstad

That the Board accept as information the materials and discussion as presented In Camera.

At 5:37pm

CARRIED UNANIMOUSLY

**EMTSC-22-055**

Moved by Justin Laurie

That the Board approve:

1. March 3, 2022 Audit & Finance Committee Minutes;
2. The audited financial statements, the financial information return, and the audit findings report for the year-ended December 31, 2021; and,
3. The submission of the audited financial statements and the financial information return to Alberta Municipal Affairs prior to the May 1, 2022, deadline.

At 5:37pm

CARRIED UNANIMOUSLY

**EMTSC-22-056**

Moved by Stuart Houston

That the Board approve an addendum for additional scope of work and fee adjustment of \$97,000 to WSP Canada Inc. for the Detailed Regional Transit Service Planning and Bottom-Up Costing Project on the grounds that:

- Key members of the WSP Project Team have the background knowledge by virtue of the past Business Case work and significant experience working with the public and stakeholders in the Edmonton Metro Region;
- EMTSC does not have the internal capacity to plan and facilitate this function;
- EMTSC requires public engagement planning and facilitation services for the Detailed Regional Transit Service Planning and Bottom-Up Costing Project;
- The WSP Project Team have a unique and foundational base of knowledge that cannot be replicated by another consultant within the timeline required to complete the public engagement scope of work in the Detailed Regional Transit Service Planning and Bottom-Up Costing Project;
- A public procurement process for this work would delay and impede the completion of the Detailed Regional Transit Service Planning and Bottom-Up Costing Project and, in the result, cause significant inconvenience and substantial duplication of costs for the EMTSC;
- Only the WSP team has the demonstrated ability to meet the requirement of this procurement while the EMTSC faces an unforeseeable urgency that prevents the EMTSC obtaining the services required through an open procurement process; and,
- That the Board approve the addition of \$97,000 to the professional services contract awarded to WSP Canada Inc. to add the public engagement scope of work.

At 5:40pm

CARRIED UNANIMOUSLY

**EMTSC-22-057**

Moved by Glen Finstad

That the Board authorize the retention of Michael Walters through Berlin Communications to provide professional government and stakeholder relations services on the grounds that:

- Michael Walters has the background knowledge by virtue of his direct involvement in building the business case and the stand-up of the Commission,
- EMTSC requires professional government and stakeholder relations services to further the Commission's strategic objectives;
- Michael Walters has a unique and foundational base of knowledge that cannot be replicated by another consultant within the timeline required;
- A public procurement process for this work would delay and impede the stand-up of the Commission and, in the result, cause significant inconvenience and substantial duplication of costs for the EMTSC;
- Only Michael Walters of Berlin Communications has the demonstrated ability to meet the requirements of this procurement, and the EMTSC faces an unforeseeable urgency that prevents EMTSC from obtaining the services through an open procurement process; and,
- That the Board waive the 1-year period under Section 46 of the Director's Code of Conduct and approve a fee of \$7,000 per month for 6 months with a potential for extension up to an additional 6 months, to Berlin Communications for professional government and stakeholder relations services.

At 5:46pm

In Favour (5): W. Brodhead, G. Finstad, J. Laurie, G. Harris, S. Houston

Opposed (1): B. Gronberg

Abstained (1): A. Knack

*S. Munckhof-Swain Left at 5:00pm*

CARRIED 5 to 1

8. Adjournment

**EMTSC-22-058**

Chair Wes Brodhead moved to adjourn the meeting at 5:46pm.

**EDMONTON METROPOLITAN TRANSIT SERVICES COMMISSION**  
**Financial Statements**  
**For The Year Ended December 31, 2021**

PREVIOUSLY  
DRAFTED  
DISTRIBUTED

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Edmonton Metropolitan Transit Service Commission have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Edmonton Metropolitan Transit Service Commission's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee. The Audit and Finance Committee is appointed by the Board and meets periodically with management and the Commission's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit and Finance Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Metrix Group LLP, in accordance with Canadian generally accepted auditing standards.



Ms. Lori Shea-Smith  
Director, Financial Services & CFO

Edmonton, Alberta  
March 17, 2022




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## INDEPENDENT AUDITORS' REPORT

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To the Members of Edmonton Metropolitan Transit Services Commission

### *Opinion*

We have audited the financial statements of Edmonton Metropolitan Transit Service Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*(continues)*



Independent Auditors' Report to the Members of Edmonton Metropolitan Transit Services Commission  
(continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Edmonton, Alberta  
March 17, 2022

Statement of Financial Position

As at December 31, 2021

	2021
<b>FINANCIAL ASSETS</b>	
Goods and Services Tax recoverable	<u>\$ 94,387</u>
<b>LIABILITIES</b>	
Bank indebtedness (Note 2)	2,404,818
Accounts payable and accrued liabilities (Note 3)	<u>189,251</u>
	<u>2,594,069</u>
<b>NET DEBT</b>	<u>\$ (2,499,682)</u>
<b>NON-FINANCIAL ASSETS</b>	
Prepaid expenses and deposits	<u>29,179</u>
<b>ACCUMULATED DEFICIT</b>	<u>\$ (2,470,503)</u>
CONTRACTUAL OBLIGATIONS (Note 7)	

ON BEHALF OF THE BOARD

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Director

EDMONTON METROPOLITAN TRANSIT SERVICES COMMISSION

Statement of Operations and Accumulated Deficit

For The Year Ended December 31, 2021

	2021 (Budget) (Note 8)	2021 (Actual)
<b>EXPENSES</b>		
Professional and consulting services	\$ 3,424,000	\$ 1,925,533
Salaries, wages and benefits	-	483,354
Materials and supplies	176,000	44,619
Interest on bank indebtedness	89,000	15,856
Memberships	-	1,083
Travel and meals	-	58
	<u>3,689,000</u>	<u>2,470,503</u>
<b>ANNUAL DEFICIT</b>	(3,689,000)	(2,470,503)
<b>ACCUMULATED DEFICIT - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>ACCUMULATED DEFICIT - END OF YEAR</b>	<u>\$ (3,689,000)</u>	<u>\$ (2,470,503)</u>

Statement of Changes in Net Debt

Year Ended December 31, 2021

	2021 (Budget) (Note 8)	2021 (Actual)
<b>ANNUAL DEFICIT</b>	<b>\$ (3,689,000)</b>	<b>\$ (2,470,503)</b>
Purchase of tangible capital assets	(76,000)	-
Increase in prepaid expenses and deposits	-	<b>(29,179)</b>
	<u>(76,000)</u>	<u>(29,179)</u>
<b>INCREASE IN NET DEBT</b>	<b>(3,765,000)</b>	<b>(2,499,682)</b>
<b>NET DEBT - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>NET DEBT - END OF YEAR</b>	<b>\$ (3,765,000)</b>	<b>\$ (2,499,682)</b>

Statement of Cash Flows

For The Year Ended December 31, 2021

	2021
<b>OPERATING ACTIVITIES</b>	
Annual deficit	<u>\$ (2,470,503)</u>
Changes in non-cash working capital:	
Goods and Services Tax recoverable	(94,387)
Accounts payable and accrued liabilities	189,251
Prepaid expenses and deposits	<u>(29,179)</u>
	<u>65,685</u>
<b>DECREASE IN CASH FLOWS</b>	<b>(2,404,818)</b>
<b>BANK INDEBTEDNESS - BEGINNING OF YEAR</b>	<u>-</u>
<b>BANK INDEBTEDNESS - END OF YEAR (Note 2)</b>	<u><b>\$ (2,404,818)</b></u>

**NATURE OF OPERATIONS**

The Edmonton Metropolitan Transit Services Commission (the "Commission") was established on January 26, 2021 under Ministerial Order Number MSD:010/21 to provide integrated transit services to members within the Edmonton metropolitan region that is fast, convenient, simple, reliable, efficient and affordable.

The members of the Commission include the City of Beaumont, the Town of Devon, the City of Edmonton, the City of Fort Saskatchewan, the City of Leduc, the City of St. Albert, the City of Spruce Grove, and the Town of Stony Plain.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

**(b) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

*i) Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset.

*ii) Prepaid expenses*

Prepaid expenses include pre-payments on goods and services which will be utilized in the future fiscal years.

**(c) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Management makes significant estimates and assumptions in determining the amounts to be recorded in accrued liabilities in the financial statements.

**(d) Future accounting standard pronouncements**

The following summarizes upcoming changes to Canadian public sector accounting standards. The Commission will continue to assess the impact and prepare for the adoption of these standards.

(continues)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***i) Financial statement presentation*

PS 1201, *Financial statement presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

*ii) Foreign currency translation*

PS 2601, *Foreign currency translation*, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

*iii) Portfolio investments*

PS 3041, *Portfolio investments*, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

*iv) Financial instruments*

PS 3450, *Financial instruments*, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

*v) Asset retirement obligations*

PS 3280, *Asset retirement obligations*, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability* has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

*vi) Public private partnerships*

PS 3160, *Public private partnerships*, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*vii) Revenues*

PS 3400, *Revenue*, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

**2. CREDIT FACILITY**

Bank indebtedness	<b>\$ 2,404,818</b>
-------------------	---------------------

The Commission has access to credit facilities with Toronto-Dominion bank which includes:

1. A demand credit facility which bears interest at the prime rate less 0.75% and is repayable on demand. The credit facility is uncommitted and may cancelled at any time. As at December 31, 2021, the Commission had drawn \$2,404,818 on the facility
2. Corporate Visa credit cards with an aggregate limit of \$75,000.

The Commission has an aggregate credit limit of \$5,000,000 between both facilities.

The credit facility is secured by a General Security Agreement, a \$3,300,000 guarantee provided by the City of Edmonton, and a \$1,700,000 guarantee provided by the City of St. Albert.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Trade payables and accrued liabilities	<b>\$ 171,749</b>
Employee benefit obligations	<b>17,502</b>
	<b><u>\$ 189,251</u></b>

Employee benefits obligation is compromised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The Commission does not provide post-employment benefits to employees.

**4. DEBT LIMIT**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 76/2000*, for the Commission be disclosed as follows:

Total debt limit	<b>\$ -</b>
Total debt	<b><u>(2,404,818)</u></b>
Amount of debt limit unused (overdrawn)	<b><u>\$ (2,404,818)</u></b>
Debt servicing limit	<b>\$ -</b>
Debt servicing	<b><u>(2,404,818)</u></b>
Amount of debt servicing limit unused (overdrawn)	<b><u>\$ (2,404,818)</u></b>

The debt limit is calculated at 0.5 times revenue of the Commission (as defined in *Alberta Regulation 76/2000*) and the debt service limit is calculated at 0.1 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Commission. Rather, the financial statements must be interpreted as a whole.

Notwithstanding the above calculation under *Alberta Municipal Regulation 76/2000*, the Minister of Municipal Affairs has prescribed a debt and debt services limit of \$7,000,000 in total borrowing, to finance the Commission's operational start-up costs.

**5. RELATED PARTY TRANSACTIONS**

The following is a summary of the Commission's related party transactions:

Related party transactions

City of St. Albert  
*Commission member municipality*

Interest expense	\$ 5,548
------------------	----------

During the year, the City of St. Albert advanced \$1,700,000 to the Commission to fund operational expenses. The advance was repaid in full in the year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**6. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Commission participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Commission is required to make current service contributions to the LAPP consisting of 9.39% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 13.84% of the excess. Employees of the Commission are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current service contributions by the Commission to the LAPP in 2021 were \$31,404. Total current service contributions by the employees of the Commission to the LAPP in 2021 were \$28,757.

At December 31, 2020, the Plan disclosed an actuarial surplus of \$4.96 billion (2019 - \$7.91 billion).

**7. CONTRACTUAL OBLIGATIONS**

As at December 31, 2021, the Commission is committed under an existing lease agreement. The annual lease payments over the next five years are as follows.

2022	\$ 60,684
2023	60,684
2024	60,684
2025	60,684
2026	60,684
	\$ 303,420

The Commission is also responsible for its share of operating costs related to the office premise lease. These costs are not fixed within the lease and are subject to change on a year to year basis.

**8. BUDGET**

The budget presented in these financial statements are based on the budget extracted from the Accelerating Transit in the Edmonton Metropolitan Region - Addendum dated June 1, 2020. The Commission compiles the budget with the inclusion of equipment purchases. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	(Budget)
Annual deficit	\$ (3,689,000)
Purchase of tangible capital assets	<u>(76,000)</u>
Results of operations as budgeted	<u>\$ (3,765,000)</u>

**9. FINANCIAL INSTRUMENTS**

The Commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Commission's risk exposure and concentration as of December 31, 2021.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Commission is mainly exposed to interest rate risk.

*a) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Commission manages exposure through its normal operating and financing activities. The Commission is exposed to interest rate risk primarily through its floating interest rate bank indebtedness.

Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant other price risks arising from these financial instruments.

**10. ECONOMIC DEPENDENCE**

The Commission's operations are currently financed by the credit facility as discussed in note 2. The Commission's access to the credit facility is dependent on the continued guarantees provided by the City of Edmonton and the City of St. Albert.

COMMISSION FINANCIAL INFORMATION RETURN

For the Year Ending December 31, 2021

**Commission Name:** Edmonton Metropolitan Transit Services Commission

**CERTIFICATION**

The information contained in this Financial Information Return is presented fairly to the best of my knowledge.

Lori Shea-Smith  
Print Name

March 17, 2022  
Date

The number of potential errors on Page 8 of this form: 2

**FINANCIAL POSITION**

**Schedule 9A**

	<b>Total</b>
	<b>1</b>
<b>Assets</b>	0010
Cash and Temporary Investments .....	0020
Receivable From Commission Members .....	0070
Loans Receivable .....	0080
Trade and Other Receivables .....	0090 94,387
Inventory for Consumption	0120
Inventories Held for Resale	0130
Land .....	0140
Other .....	0150
Long Term Investments	0170
Federal Government .....	0180
Provincial Government .....	0190
Local Governments .....	0200
Other .....	0210
Other Current Assets .....	0230 8,267
Other Long Term Assets .....	0240 20,912
	0250
<b>Total Financial Assets</b>	0260 123,566
<b>Liabilities</b>	0270
Temporary Loans Payable .....	0280 2,404,818
Payable To Other Governments .....	0290
Accounts Payable & Accrued Liabilities .....	0300 189,251
Deposit Liabilities .....	0310
Deferred Revenue .....	0340
Long Term Debt .....	0350
Other Current Liabilities .....	0360
Asset Retirement Obligations .....	0365
Other Long Term Liabilities .....	0370
	0380
<b>Total Liabilities</b>	0390 2,594,069
<b>Net Financial Assets (Net Debt)</b>	0395 -2,470,503
<b>Non Financial Assets</b>	
Tangible Capital Assets .....	0400
Inventory for Consumption .....	0410
Prepaid Expenses .....	0420
Other .....	0430
<b>Total Non-Financial Assets</b>	0440
<b>Accumulated Surplus</b>	0450 -2,470,503

**CHANGE IN OPERATING ACCUMULATED SURPLUS**

**Schedule 9B**

		Unrestricted	Restricted	Equity in TCA	Total
		1	2	3	4
Accumulated Operating Surplus - Beginning of Year	0500				
Net Revenue (Expense) .....	0505	-2,470,503			-2,470,503
Funds Designated For Future Use.....	0511				
Restricted Funds - Used for Operations.....	0512				
Restricted Funds - Used for TCA.....	0513				
Current Year Funds Used for TCA .....	0514				
Donated and Contributed TCA.....	0516				
Disposals of TCA.....	0517				
Annual Amortization Expense.....	0518				
Long Term Debt - Issued.....	0519				
Long Term Debt - Repaid.....	0521				
Capital Debt - Used for TCA.....	0522				
	0523				
Other Adjustments.....	0524				
Accumulated Operating Surplus - End of Year.....	0525	-2,470,503			-2,470,503

DRAFT - NOT TO BE DISTRIBUTED

**FINANCIAL ACTIVITIES BY TYPE / OBJECT**

**Schedule 9D**

		<b>Total</b>
		<b>1</b>
Revenues	1700	
Service Fees Charged to Commission Members.....	1790	
Other Fees and User Charges .....	1800	
Licenses and Permits .....	1820	
Franchise and Concession Contracts .....	1840	
Returns on Investments .....	1850	
Rentals .....	1860	
Insurance Proceeds .....	1870	
Net Gain on Sale of Tangible Capital Assets .....	1880	
Contributed and Donated Assets.....	1885	
Federal Government Unconditional Transfers .....	1890	
Federal Government Conditional Transfers .....	1900	
Provincial Government Unconditional Transfers .....	1910	
Provincial Government Conditional Transfers .....	1920	
Local Government Transfers .....	1930	
Other Revenues .....	1970	
<b>Total Revenue</b>	1980	
Expenses	1990	
Salaries, Wages, and Benefits .....	2000	483,354
Contracted and General Services .....	2010	1,926,674
Purchases from Other Governments .....	2020	
Materials, Goods, Supplies, and Utilities .....	2030	44,619
Provision for Allowances .....	2040	
Transfers to Governments .....	2050	
Bank Charges and Short Term Interest .....	2080	15,856
Interest on Operating Long Term Debt .....	2090	
Interest on Capital Long Term Debt .....	2100	
Accretion of Asset Retirement Obligations.....	2105	
Amortization of Tangible Capital Assets .....	2110	
Net Loss on Sale of Tangible Capital Assets.....	2125	
Write Down of Tangible Capital Assets.....	2127	
Other Expenditures .....	2130	
<b>Total Expenses</b>	2140	2,470,503
<b>Net Revenue (Expense)</b>	2150	-2,470,503

**REMEASUREMENT GAINS AND LOSSES**

**Schedule 9Q**

Accumulated remeasurement gains (losses) at beginning of the year .....	2171	
Gains .....	2172	
Losses .....	2174	
Amounts reclassified to Statement of Operations .....	2176	
<b>Net Remeasurement gains (losses) for the year .....</b>	<b>2178</b>	
Accumulated remeasurement gains (losses) at end of year .....	2180	

**TANGIBLE CAPITAL ASSETS SUPPLEMENTARY DETAIL**

**Schedule 9F**

		<u>Capital Long Term Debt</u>	
		Principal Additions	Principal Reductions
		1	2
General Government	2700		
Council and Other Legislative .....	2710		
General Administration .....	2720		
Other General Government.....	2730		
Protective Services	2740		
Police .....	2750		
Fire .....	2760		
Disaster and Emergency Measures .....	2770		
Ambulance and First Aid .....	2780		
Bylaws Enforcement .....	2790		
Other Protective Services.....	2800		
Transportation	2810		
Common and Equipment Pool .....	2820		
Roads, Streets, Walks, Lighting .....	2830		
Airport .....	2840		
Public Transit .....	2850		
Storm Sewers and Drainage .....	2860		
Other Transportation .....	2870		
Environmental Use and Protection	2880		
Water Supply and Distribution .....	2890		
Wastewater Treatment and Disposal .....	2900		
Waste Management .....	2910		
Other Environmental Use and Protection .....	2920		
Public Health and Welfare	2930		
Family and Community Support .....	2940		
Day Care .....	2950		
Cemeteries and Crematoriums .....	2960		
Other Public Health and Welfare .....	2970		
Planning and Development	2980		
Land Use Planning, Zoning and Development .....	2990		
Economic/Agricultural Development .....	3000		
Subdivision Land and Development .....	3010		
Public Housing Operations .....	3020		
Land, Housing and Building Rentals .....	3030		
Other Planning and Development.....	3040		
Recreation and Culture	3050		
Recreation Boards .....	3060		
Parks and Recreation .....	3070		
Culture: Libraries, Museums, Halls .....	3080		
Convention Centres .....	3090		
Other Recreation and Culture.....	3100		
Other Utilities	3105		
Gas .....	3106		
Electric .....	3107		
Other .....	3110		
Total	3120		

**CHANGE IN TANGIBLE CAPITAL ASSETS**

**Schedule 9G**

		Balance at Beginning of Year 1	Additions 2	Reductions 3	Balance at End of Year 4
<b>Tangible Capital Assets - Cost</b>					
Engineered Structures .....	3210				
Construction In Progress .....	3219				
Buildings .....	3220				
Machinery and Equipment .....	3230				
Land .....	3240				
Land Improvements .....	3245				
Vehicles .....	3250				
<b>Total Capital Property Cost</b>	3260				
<b>Accumulated Amortization</b>					
Engineered Structures .....	3280				
Buildings .....	3290				
Machinery and Equipment .....	3300				
Land .....	3310				
Land Improvements .....	3315				
Vehicles .....	3320				
<b>Total Accumulated Amortization</b>	3330				
<b>Net Book Value of Capital Property</b>	3340				
<b>Capital Long Term Debt (Net)</b>	3350				
<b>Equity in Tangible Capital Assets</b>	3400				

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**LONG TERM DEBT SUPPORT**

**Schedule 9H**

	Operating Purposes 1	Capital Purposes 2	Total 3
<b>Long Term Debt Support</b>	3405		
Supported by Utility Rates .....	3430		
Other .....	3440		
<b>Total Long Term Debt Principal Balance</b>	3450		

**LONG TERM DEBT SOURCES**

**Schedule 9I**

	Operating Purposes 1	Capital Purposes 2	Total 3
Alberta Capital Finance Authority.....	3500		
Other .....	3610		
<b>Total Long Term Debt Principal Balance</b>	3620		

**FUTURE LONG TERM DEBT REPAYMENTS**

**Schedule 9J**

	Operating Purposes 1	Capital Purposes 2	Total 3
<b>Principal Repayments by Year</b>	3700		
Current + 1 .....	3710		
Current + 2 .....	3720		
Current + 3 .....	3730		
Current + 4 .....	3740		
Current + 5 .....	3750		
Thereafter .....	3760		
<b>Total Principal</b>	3770		
<b>Interest by Year</b>	3780		
Current + 1 .....	3790		
Current + 2 .....	3800		
Current + 3 .....	3810		
Current + 4 .....	3820		
Current + 5 .....	3830		
Thereafter .....	3840		
<b>Total Interest</b>	3850		



Statement of Financial Position

As at December 31, 2021

	2021
<b>FINANCIAL ASSETS</b>	
Goods and Services Tax recoverable	<u>\$ 94,387</u>
<b>LIABILITIES</b>	
Bank indebtedness (Note 2)	2,404,818
Accounts payable and accrued liabilities (Note 3)	<u>189,251</u>
	<u>2,594,069</u>
<b>NET DEBT</b>	<u>\$ (2,499,682)</u>
<b>NON-FINANCIAL ASSETS</b>	
Prepaid expenses and deposits	<u>29,179</u>
<b>ACCUMULATED DEFICIT</b>	<u>\$ (2,470,503)</u>
CONTRACTUAL OBLIGATIONS (Note 7)	

ON BEHALF OF THE BOARD

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Director

**CITY OF ST. ALBERT**

BYLAW 39/2021

**EDMONTON METROPOLITAN TRANSIT SERVICES COMMISSION LOAN  
GUARANTEE BYLAW**

Being a Bylaw to Guarantee the Repayment of a Loan to the Edmonton  
Metropolitan Transit Services Commission

WHEREAS the City of St. Albert views the development of a regional transit service as beneficial to the community and wishes to support such development;

AND WHEREAS Edmonton Metropolitan Transit Services Commission ("EMTSC") is a non-profit organization which was established to develop and operate a regional transit service within the Edmonton Metropolitan area;

AND WHEREAS EMTSC is currently establishing its structure in order to plan and prepare for the transfer of the responsibility for and associated revenues associated with transit service delivery from participating municipalities to the EMTSC in 2022;

AND WHEREAS EMTSC will be financing up to \$5,000,000 with an operating line of credit from the TD Canada Trust for access to financing for operating purposes prior to the said transfer of transit services to the EMTSC;

AND WHEREAS EMTSC has requested that the City execute a loan guarantee to secure the referenced financing;

AND WHEREAS the City of St. Albert will be required to maintain this guarantee until such time as the EMTSC is able to independently support the loan using their own assets as collateral;

AND WHEREAS pursuant to the provisions of the *Municipal Government Act*, R.S.A. 2000, Chapter M-26 and amendments thereto, a municipality may guarantee the repayment of a loan between a lender and a non-profit organization;

AND WHEREAS the City's debt limit as established by the provisions of section 276(2) of the *Municipal Government Act* was \$295,014,000 at December 31, 2020 and the City's obligations of \$46,331,000 at the end of that fiscal year provide for it to assume up to \$248,683,000 in additional debt,

NOW THEREFORE the Council of the City of St. Albert, duly assembled, hereby ENACTS AS FOLLOWS:

#### TITLE

1. This Bylaw may be referred to as the "Edmonton Metropolitan Transit Services Commission Loan Guarantee Bylaw".

#### DEFINITIONS

2. In this Bylaw:
  - (a) "Act" means the *Municipal Government Act*, R.S.A. 2000, c. M-26 and amendments thereto;
  - (b) "Chief Administrative Officer" or "CAO" means the individual appointed by Council to the position of Chief Administrative Officer under section 205 of the Act and pursuant to the Chief Administrative Officer Bylaw;
  - (c) "City" means the municipal corporation of the City of St. Albert, or where the context so requires, the area contained within the boundaries of the City of St. Albert;
  - (d) "Council" means the municipal council of the City of St. Albert;
  - (e) "EMTSC" means the Edmonton Metropolitan Transit Services Commission;
  - (f) "Lender" means the TD Canada Trust, of 148 Edmonton City Center East 10205 101 Street, Edmonton, AB T5J 2Y8;
  - (g) "Loan" means the operating line of credit secured by the EMTSC from the Lender for operating purposes.

#### LOAN GUARANTEE

3.
  - (1) Subject to the provisions and limitations herein, the City is hereby authorized to guarantee 34% of EMTSC's Loan.
  - (2) The guarantee of indebtedness authorized herein shall not exceed \$1,700,000.00.
  - (3) Loan repayment by EMTSC will not be required prior to the transfer of transit service delivery and interest will continue to accrue until all of the now-current participating municipalities in the EMTSC

have transferred transit service delivery to the EMTSC, following which, Loan payments by the EMTSC may be comprised of both interest and principle as funded from the revenue of EMTSC's transit service delivery.

- (4) The City's guarantee of EMTSC's indebtedness as authorized herein shall not continue beyond the date on which the indebtedness can be supported by EMTSC assets as collateral.

#### **INTEREST**

4. The interest rate under the Loan will be the Lender prime rate minus 0.75%, as such rate is agreed to between EMTSC and the Lender.

#### **FUNDING SOURCES**

5. (1) Funding to repay the indebtedness potentially created by the Loan guarantee shall be derived from the Stabilization Reserve and recorded as a receivable to the City from EMTSC.  
(2) If the income referenced in subsection (1) is insufficient to fully cover the indebtedness, funds to repay the indebtedness shall be derived from the City's tax revenue, another approved reserve or borrowing through third parties.

#### **LOAN GUARANTEE AGREEMENT**

6. The Chief Administrative Officer is authorized to enter into a Loan guarantee agreement with EMTSC as well as any further documentation required, to formalize the Loan guarantee.

#### **SEVERABILITY**

7. Should any provision of this Bylaw be invalid, then the invalid provision shall be severed, and the remainder of this Bylaw shall be maintained.

#### **EFFECTIVE DATE**

8. This Bylaw comes into effect when it is passed.

READ a first time this 31 day of May, 2021.

READ a second time this 5 day of July, 2021.

READ a third and final time this 5 day July, 2021.

SIGNED AND PASSED this 5 day of July, 2021.

C. Herson  
MAYOR

[Signature]  
CHIEF LEGISLATIVE OFFICER

PREVIOUSLY DISTRIBUTED

## CITY OF ST. ALBERT

### BYLAW 19/2022

#### A Bylaw to Amend Guarantee Bylaw no. 39/2021

WHEREAS the City of St. Albert Council enacted Bylaw No. 39/2021 to guarantee borrowing by the Edmonton Metropolitan Transit Services Commission to a maximum guarantee amount of \$1,700,000 representing 34% of the Commission's maximum projected borrowing amount of \$5,000,000 with the balance of the Commission's maximum projected borrowing being guaranteed by the City of Edmonton;

AND WHEREAS the Commission now wishes to increase its maximum borrowing capacity to \$7,000,000 and has requested that the City of St. Albert increase its guarantee of the Commission's borrowing to 34% of \$7,000,000, being a guarantee of \$2,366,700, with the balance of the increased borrowing capacity anticipated to be guaranteed by the City of Edmonton;

NOW THEREFORE, the Council of the City of St. Albert, duly assembled, ENACTS AS FOLLOWS:

1. Bylaw 39/2021 is hereby amended.
2. The fourth preamble paragraph is amended by striking out "\$5,000,000" and substituting therefor "\$7,000,000".
3. The eighth preamble paragraph is struck out and the following is substituted therefor:

*AND WHEREAS the City's debt limit as established by operation of subsection 276(2) the Municipal Government Act was \$287,787,000 at December 31, 2021 and the City's obligations of \$75,142,000 at the end of that fiscal year provide for it to assume up to \$212,645,000 in additional debt.*

4. Subsection 3(2) is amended by striking out "\$1,700,000.00" and substituting therefor "\$2,366,700.00".
5. The Chief Administrative Officer is authorized to issue a consolidated version of Bylaw 39/2021 incorporating the amendments made by this bylaw and otherwise conforming to the requirements of section 69 of the *Municipal Government Act*.

6. This bylaw comes into force when it is passed.

READ a First time this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

READ a Second time this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

READ a Third time this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

SIGNED AND PASSED this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF LEGISLATIVE OFFICER