



Legislation Text

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13.2

Notice to Withdraw from Edmonton Global

Notice given by: Councillor Hughes

PURPOSE OF REPORT

The purpose of this report is to present a motion for which Councillor Hughes gave notice on November 15, 2021.

PROPOSED MOTION:

That the City of St. Albert provide notice that it is withdrawing from the Edmonton Global.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Strategic Priority #2: Economic Development: Enhance business/commercial growth.

Planned Activity 2.7: Focus on regional and sub-regional economic development.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

N/A

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND AND DISCUSSION

Edmonton Global Overview

Edmonton Metropolitan Region Economic Development Company, known commonly as Edmonton Global, is a not-for-profit company established under Part 9 of the *Companies Act* to carry out a broad range of economic development activities on behalf of the citizens and taxpayers located in the Edmonton Metropolitan Region. Its focus is attracting foreign investment, helping regional businesses export, enhancing the region's global competitiveness, and presenting a unified voice to attract the attention and interest of investors the world over.

Edmonton Global was formed in 2017 with 15 shareholder municipalities. The City of St. Albert has been a member of Edmonton Global since its inception and was a signatory to the Memorandum of Association and Articles of Association (the "Articles") that formed Edmonton Global. In signing the Memorandum of Association, each of the municipalities subscribed for one share in Edmonton Global. Presently, the number of Edmonton Global shareholders sits at 14, with the recent withdrawal of Bon Accord on October 2, 2021. Membership will decline to 12 Shareholders by the end of 2022, as Parkland County and Morinville are scheduled to withdraw in November and December of next year.

Edmonton Global Funding

Currently, Edmonton Global has an annual budget of \$5,000,000, which is funded through shareholder contributions. Shareholder annual contribution fees are established through a funding formula, which entails the combination of a core fee of \$10,000 per municipality and the proportional share of each shareholder's population and total equalized assessment. Shareholders are invoiced for their annual contributions in two installments: one in January and one in July.

The following table summarizes Edmonton Global's total budget along with St. Albert's shareholder contributions from 2017 to 2023.

Year	All Edmonton Global Shareholder Contributions	St. Albert Shareholder Contributions
2017	\$500,000	\$23,839
2018	\$1 million	\$50,274
2019	\$2 million	\$98,667
2020	\$3.3. million	\$162,353
2021	\$3.5 million	\$167,978
2022	\$5 million	\$238,165
2023	\$5 million	\$238,165

Note that St. Albert's contributions for 2022 and 2023 are estimated, as shareholder contributions are recalculated each year.

As a supplement to this report, the 2021 Edmonton Global Shareholder Orientation package is attached as Appendix A.

Withdrawal

Conditions for withdrawal from Edmonton Global are established within the company's Articles and Edmonton Global's Policy G001 - Shareholder Onboarding / Withdrawal. If a shareholder wishes to withdraw, they must provide written notice to Edmonton Global at least 2 years in advance. A request to withdraw from Edmonton Global must be accompanied by a Council motion supporting the withdrawal request. Once the request has been submitted, a shareholder is required to continue to make annual contributions during the 2-year notice period.

The Articles are unclear in two important respects pertaining to withdrawal of a shareholder municipality:

1. It is unclear whether the two year commitment to continue to pay the annual contribution fee commences at the date of the notice of withdrawal or whether it is two Edmonton Global fiscal years.

From a legal perspective, it is the better view that the commitment to pay the annual contribution fee commences on the date the notice of withdrawal is given.

2. It is unclear whether the annual contribution fees are locked in at the rate in effect on the date of the notice of withdrawal or if they are the fees in effect during the applicable year of the notice period.

However, the CEO of Edmonton Global has stated to the City that, in fact, the annual contribution fee is fixed based on the year in which notice is given, and the City should be able to rely on the CEO's representation of the applicable annual contribution fees due upon withdrawal.

Accordingly, relying on Edmonton Global CEO's representation of the amount of annual contribution fees due upon providing notice of withdrawal, if St. Albert were to provide notice to withdraw prior to the end of 2021, the City would be required to make annual contributions for 2022 and 2023 at the current 2021 annual contribution amount rate. Whereas, if St. Albert were to provide notice to withdraw in 2022, the City would be required to make annual contributions for 2022, 2023, and 2024, at the then-current annual contribution fee amounts.

If St. Albert were to provide notice to withdraw in 2021, the City would likely pay the 2021 rate of \$167,978 for 2022 and 2023. If St. Albert were to provide notice to withdraw in 2022, the City would pay the 2022 rate, which has been estimated at approximately \$238,165, for 2023 and 2024. Providing notice to withdraw in 2021 compared to 2022 could amount to a difference of approximately \$378,500 in shareholder contributions.

Year	Annual fees if the City were to provide notice to withdraw in 2021	Annual fees if the City were to provide notice to withdraw in 2022
2021	\$167,978	\$167,978
2022	\$167,978*	\$238,165*
2023	\$167,978*	\$238,165*
2024	None	\$238,165*
Total	\$503,934	\$882,473*

*Estimated

If a shareholder notifies that it is withdrawing and then subsequently retracts their withdrawal notification before the termination date, they are responsible to pay the difference between the fixed rate, paid during the notification period, and what they would have paid, had they not provided notice to withdraw.

During the 2-year withdrawal notice period, a shareholder retains their vote amongst shareholders. If a municipality withdraws from Edmonton Global, it is not permitted to rejoin Edmonton Global for a period of at least 5 years from the date of withdrawal.

If the proposed motion passes on December 6, 2021, Administration will have sufficient time to effect notice of the City of St. Albert's intention to withdraw from Edmonton Global in the manner required by the Articles and the *Companies Act* prior to the end of 2021.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

N/A

ALTERNATIVES AND IMPLICATIONS CONSIDERED

N/A

Report Date: December 6, 2021

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