

**MUNICIPAL BORROWING BYLAW**  
**For the Purpose Specified in Section 256(4) of the Municipal Government Act**  
**Bylaw No. 98-04**

WHEREAS the Council of Village of Andrew  
(hereinafter called the "Corporation") in the  
Province of Alberta, considers it necessary to borrow certain sums of money  
for the purpose of:

Loan for Operating Expenditures

(Insert description  
of purpose in general  
terms.)

NOW THEREFORE pursuant to the provisions of the Municipal  
Government Act, it is hereby enacted by the Council of the Corporation as a  
By-law that:

1. The Corporation borrow from Alberta Treasury Branches ("ATB") up to  
the principal sum of \$ 100,000.00 repayable upon demand at a rate of  
interest per annum not to exceed the Prime Lending Rate from time to time  
established by ATB, and such interest will be calculated daily and due and  
payable monthly on the last day of each and every month.

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~~2. Prior to demand the Corporation make, on account of the  
borrowing, payments of \$ \_\_\_\_\_ each of  
(monthly, quarterly, semi-annual, annual, etc.)  
as may subsequently be agreed with ATB in writing, for a term of \_\_\_\_\_  
years.~~

3. The Chief Elected Officer and the Chief Administrative Officer are  
authorized for and on behalf of the Corporation:

- (a) to apply to ATB for the aforesaid loan to the Corporation and to  
arrange with ATB the amount, terms and conditions of the loan  
and security or securities to be given to ATB;
- (b) as security for any money borrowed from ATB
  - (i) to execute promissory notes and other negotiable  
instruments or evidences of debt for such loans and  
renewals of all such promissory notes and other negotiable  
instruments or evidences of debts;
  - (ii) to give or furnish to ATB all such securities and promises  
as ATB may require to secure repayment of such loans and  
interest thereon; and

RE

Principal Sum: \$ 100,000.00

Date

Nov 20th/98

For value received the undersigned (jointly and severally, if more than one) promises to pay to Alberta Treasury Branches ("ATB") at ANDREW

Alberta, ON DEMAND, in lawful money of Canada, the Principal Sum together with interest on all amounts of the Principal Sum remaining unpaid from time to time after Date, both before and after default, at a variable rate per annum of .25

*Below*  
*above*  
the Prime Lending Rate of ATB in effect from time to time (the "Interest Rate"). Interest will be calculated daily and, prior to demand, will be payable on the 1st day of each month. The Prime Lending Rate of ATB in effect on this Date is 7.00 % per annum.

On this Date the Interest Rate is 6.50

VILLAGE OF ANDREW

Eileen Fenwick

[Signature]

## REVOLVING LINE OF CREDIT AGREEMENT

TO: Alberta Treasury Branches ("ATB")

Andrew 716  
(Branch Domicile)

RE: Revolving Line Of Credit (the "Credit")

Credit Limit \$100,000.00

In consideration of ATB agreeing to provide the Credit to the undersigned on the following terms, the undersigned (jointly and severally if more than one) agrees as follows:

1. ATB is authorized to advance or readvance (in either case, an "advance") funds under the Credit from time to time on a revolving basis by credit to account number 9300007-24 ("the Current Account") in the name of Village of Andrew at the above branch.  
  
Each advance, if made, will be in the minimum amount of \$10,000.00 (or such lesser sum as ATB may permit) or a multiple of it and will be made as required to meet directions to pay on or other withdrawals or payments from the Account.
2. ATB may, without restriction:
  - (a) refuse to make any further advance on the Credit if the amount of such advance, when added to the amount then outstanding on the Credit, would exceed the Credit Limit; provided that this agreement will apply to the Credit even if the amount advanced or outstanding on it exceeds the Credit Limit;
  - (b) on oral or written notice to the undersigned, temporarily or permanently reduce the Credit Limit; provided that, without notice to the undersigned and for so long as ATB thinks fit, ATB may reduce the Credit Limit by an amount equal to ATB's liability (as determined by ATB) on Letters of Guarantee issued by ATB at the request of the undersigned;
  - (c) on oral or written notice to the undersigned, terminate the Credit, in which case no further advances will be available and all amounts then outstanding on the Credit will become immediately payable.
3. ATB is authorized to debit the Account from time to time to pay interest, principal, costs, or other monies owing to ATB in respect of the Credit, provided that ATB will not be obliged to do so at any time.
4. The undersigned promises to pay interest to ATB on the aggregate of all advances from time to time outstanding under the

# Alberta Treasury Branches



PO Box 90  
Andrew, AB  
T0B 0C0

October 7, 1998


Village of Andrew  
PO Box 180  
Andrew, AB  
T0B 0C0

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Outline of Credit.

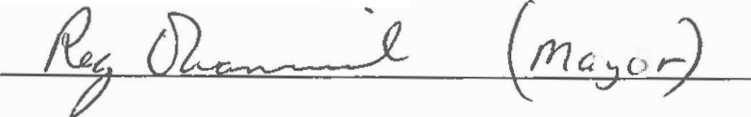
You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 3:30pm on October 20<sup>th</sup>, 1998, our offer will automatically expire. We reserve the right to cancel our offer at any time prior to acceptance.

Yours truly,

  
Joan Prokopchuk  
Officer in Charge

Accepted: October 15/98

Village of Andrew

  
Reg Dhanani (Mayor)

  
J. H. Reynolds (Municipal Administrator)

## OUTLINE OF CREDIT

**LENDER:** Alberta Treasury Branches

**BORROWER:** Village of Andrew

### DETAILS OF CREDIT FACILITIES:

1. \$100,000.00 (maximum) Municipal, variable rate advance)

revolving line of credit

interest calculated on daily outstanding principal at 0.25% below Prime will be payable on the last day of each month

principal advances and repayments to be in the minimum sum of \$10,000.00 or multiple of it

advances will be limited to the least of:

the maximum principal of line of credit

if advances exceed the maximum amount of credit available as established by the above formula, Lender may treat the excess as an overdraft. The Lender's overdraft interest rate in effect will be charged on the full amount of the excess.

this line of credit is subject to periodic (and at least annual) review. Next scheduled review date is March 31, 1999

this line of credit will expire and all amounts under it will be payable in full on demand by Lender.

## **SECURITY DOCUMENTS:**

### **-SECURITY HELD**

The following will secure all Credit Facilities unless and until otherwise agreed in writing by Lender:

The Security Documents (whether now held or hereafter delivered) will secure all Credit Facilities unless and until otherwise agreed in writing by Lender:

1. Demand promissory notes to evidence each credit facility
2. Municipal Borrowing Bylaw for 1998
3. Such supporting resolutions, certificates, opinions and the like as Lender may require
4. Such additional securities and other documents as Lender may require
5. Loan Agreement

### **-SECURITY TO BE TAKEN**

The following additional security is required:

1. Revolving Line of Credit Agreement
2. Municipal Borrowing Bylaw for 1999
3. Year 2000 Questionnaire
4. Such supporting resolutions, certificates, opinions and the like as Lender may require
5. Such additional securities and other documents as Lender may require

## **POSITIVE COVENANTS:**

Borrower will:

- (a) Deliver to Lender the Security Documents in the form required by Lender;
- (b) Provide to Lender within 90 days after the end of each of its fiscal years, financial statements prepared by a firm of qualified accountants and signed by appropriate officers of Borrower. Lender reserves the right to require audited financial statements.
- (c) Provide Lender with such information and documentation as Lender may reasonably require from time to time in respect of the collection and payment of GST including, without limitation, information concerning the amount of taxable supplies, GST collected, input tax credits received and GST paid during each quarter of Borrower's operations;
- (d) Forward to Lender copy of any GST election forms filed with Revenue Canada Taxation;
- (e) Advise Lender of any transfer or exchange of assets with a related party where no funds are exchanged (i.e. nil consideration);
- (f) Undertake all necessary and appropriate steps to ascertain the extent of, quantify and successfully address, business and financial risks facing Borrower as a result of what is commonly referred to as the "Year 2000 Problem" (i.e. the inability of certain computer applications to recognize correctly and perform properly, date-sensitive functions involving certain dates prior to and after December 31, 1999), including risks resulting from the potential failure of key vendors and suppliers of Borrower to successfully address the Year 2000 problem.

## **NEGATIVE COVENANTS:**

Borrower will not, without the prior written consent of Lender:

- (a) Borrow money from or grant security to anybody other than Lender;
- (b) Amalgamate with anybody else or voluntarily wind up the affairs of Borrower.

## **CONDITIONS PRECEDENT:**

None of the Credit Facilities will be available and the availability of further advances on any of the loans will be curtailed until the following conditions precedent have been satisfied, unless waived by Lender in writing:

- (a) Borrower has provided all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (b) Lender is satisfied as to the value of Borrower's assets and financial condition, and Borrower's ability to carry on business and repay any amount owed to Lender from time to time;
- (c) There is no Event of Default.

## **EVENTS OF DEFAULT**

Without restricting Lender's right to demand payment at any time as described under Details of Credit Facilities, Lender may, by notice to Borrower, terminate any or all of the Credit Facilities and demand immediate payment and, failing such immediate payment, Lender may realize under the Security Documents as Lender thinks fit, in any of the following events:

- (a) If Borrower defaults in the observance or performance of any covenant or other obligation it has to Lender;
- (b) If any other creditor of Borrower or a Guarantor (if any) takes collection steps against Borrower or its assets;
- (c) If a judgement is entered against Borrower or a Guarantor (if any);
- (d) If any action is taken to wind up the affairs of Borrower or a Guarantor (if any) or to put Borrower or a Guarantor (if any) into bankruptcy or to appoint a receiver for Borrower or a Guarantor (if any) or any of its property;
- (e) If Borrower or a Guarantor (if any) becomes insolvent;
- (f) If Borrower ceases to carry on its business or makes a bulk sale of its assets;
- (g) If, in the opinion of Lender, any material adverse change occurs in the business, management, prospects, assets, liabilities or condition (financial or otherwise) of Borrower or a Guarantor (if any).



## **MISCELLANEOUS:**

- (a) All legal and other costs and expenses incurred by Lender in respect of the Credit Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender;
- (b) All Security Documents will be prepared at option of Lender by or under the supervision of Lender's solicitors;
- (c) Acceptance of this offer will authorize Lender to prepare all necessary Security Documents and proceed with related matters;
- (d) Lender, without restriction, may waive the satisfaction, observance or performance of any of the Conditions or Covenants contained in this Outline of Credit. Except to the extent that such waiver relates to an obligation of a Guarantor, the obligations of Guarantors (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver.

## **INTERPRETATION**

- (a) "Prime" means the prime lending rate per annum established by Lender from time to time. Where the interest rate for credit is based on Prime, the applicable rate on any day will depend on the Prime in effect on that day. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes;
- (b) All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency.