



## Special Council Meeting

Jubilee Centre Council Chamber  
9909 Franklin Avenue, Fort McMurray

Tuesday, March 22, 2016  
5:00 p.m.

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### Agenda

Pursuant to Section 194 of the *Municipal Government Act*, RSA. 2000 c.M-26, a Special Council Meeting is hereby scheduled to take place at 5:00 p.m. on Tuesday, the 22<sup>nd</sup> day of March, 2016, in the Jubilee Centre Council Chamber, to consider the following:

#### **Call To Order**

1. Oversight Committee Recommendations - Bylaw No. 16/001 - Regional Recreation Corporation Operating Line of Credit Guarantee
  - delegations
  - 2nd and 3rd readings

**NOTE:** *In dealing with the matter, Council will also be acting in its capacity as the sole member of the Regional Recreation Corporation, pursuant to Section 10 of Bylaw No. 16/001.*

#### **Adjournment**





**Subject: Oversight Committee Recommendations - Bylaw No. 16/001  
- Regional Recreation Corporation Operating Line of Credit  
Guarantee**

**Oversight Committee Recommendations:**

1. THAT Bylaw No. 16/001, being a bylaw to authorize the Regional Municipality of Wood Buffalo to guarantee a \$3 Million operating line of credit for the Regional Recreation Corporation of Wood Buffalo, be read a second time.
2. THAT Bylaw No. 16/001 be read a third and final time.

**Summary and Background:**

At the February 11, 2016 Oversight Committee meeting, Proposed Bylaw 16/001, the Regional Recreation Corporation's request for an Operating Line of Credit Guarantee in the amount of \$3 million, was presented to the Committee.

At that meeting, the Oversight Committee passed the following resolution:

- "That proposed Bylaw No. 16/001, being a bylaw to authorize the Regional Municipality of Wood Buffalo ("the Municipality") to guarantee a \$3 Million operating line of credit for the Regional Recreation Corporation of Wood Buffalo (the "RRC") be passed by Council; and
- That Council acting in its capacity as sole member of the RRC, pass an ordinary member's resolution to allow the RRC to obtain a \$3 Million operating line of credit."

Bylaw No. 16/001 received first reading on February 23, 2016 and has been advertised in accordance with Sections 266(3) and 606 of the Municipal Government Act.

**Attachments:**

- I. Oversight Committee Report – Proposed Bylaw No. 16/001 Regional Recreation Corporation Operating Line of Credit Guarantee.
- II. Oversight Committee Meeting Minutes - February 11, 2016





## OVERSIGHT COMMITTEE REPORT

Meeting Date: February 11, 2016

**Subject: Proposed Bylaw No. 16/001 Regional Recreation Corporation Operating Line of Credit Guarantee**

**APPROVALS:**

Carole Bouchard, Director  
Bob Couture, Executive Director  
Marcel Ulliac, Chief Administrative Officer

**Administrative Recommendation:**

THAT the Committee recommends that proposed Bylaw No. 16/001, being a bylaw to authorize the Regional Municipality of Wood Buffalo (“the Municipality”) to guarantee a \$3 Million operating line of credit for the Regional Recreation Corporation of Wood Buffalo (the “RRC”) be passed by Council; and

THAT the Committee recommends that Council acting in its capacity as sole member of the RRC, pass an ordinary member’s resolution to allow the RRC to obtain a \$3 Million operating line of credit.

**Summary:**

The Regional Municipality of Wood Buffalo (“the Municipality”) has received a request from the Regional Recreation Corporation of Wood Buffalo (the “RRC”) to provide a guarantee for an Operating Line of Credit in the amount of \$3 Million to support ongoing, day-to-day RRC operations. If the Municipality wishes to comply with this request, two separate actions are needed, under the two separate “hats” that the Municipality wears in these circumstances:

- (a) Under the provisions of the *Municipal Government Act*, a municipality may guarantee repayment of a loan between a lender and one of its controlled corporations. A lender has committed to provide this \$3 Million operating line of credit to the RRC providing that the Municipality guarantees repayment and that in turn requires passage of a municipal bylaw.
- (b) Under the provisions of section 8 of the RRC’s corporate bylaw, any secured borrowing (which includes a secured or guaranteed line of credit) must be approved by an ordinary resolution of the Municipality acting in its capacity as sole member of the RRC.

**Background:**

The RRC is a corporation under the Canada Not-for-Profit Corporations Act, and is a “controlled corporation” of the Municipality within the meaning of the *Municipal Government Act*. Therefore the Municipality, acting in its ordinary “municipal” capacity, must pass a bylaw to authorize a municipal guarantee of the line of credit to be obtained by the RRC. In addition,

because of the requirements of Section 8 of the RRC’s corporate bylaw, the Municipality acting in its capacity as sole member of the RRC must pass an “ordinary resolution” to authorize this secured corporate borrowing.

Historically, the Municipality guaranteed a \$275,000 line of credit to the RRC’s predecessor, MacDonald Island Park Corporation, which covered a term from 2005 to 2008 (Bylaw No. 05/014).

In January 2014, the RRC obtained an operating line of credit for \$1 Million, which the RRC advises was secured by a charge on its accounts receivable. No municipal bylaw was passed to guarantee that line of credit, because the lender did not require the Municipality’s guarantee. That borrowing should also, however, have been approved by an ordinary resolution of the Municipality acting in its capacity as sole member of the RRC, but this “technicality” appears to have been overlooked and did not take place. It should be noted that the line of credit was secured without the knowledge of the Municipality. Therefore there was no awareness for the need to have the Municipality approve an ordinary member’s resolution.

The RRC is now requesting that its operating line of credit be increased to \$3 Million. As a condition, the lender is now requiring security in the form of a guarantee from the Municipality.

The RRC has indicated that the request to increase the operating line of credit to \$3 Million at this time is to meet increased operational demands, including deposits for large-scale events (mainly related to Shell Place). The RRC’s records indicate that the \$1 Million operating line of credit was not drawn upon in 2014 or 2015. As an alternative to using that \$1 Million line of credit, the RRC transferred funds from capital grants and other sources to bridge cash flow gaps.

### **Alternatives**

1. Council passes an ordinary resolution, acting in its capacity as sole member of the RRC, to approve and ratify the \$1 Million line of credit already acquired by the RRC, and also pass a bylaw to guarantee that line of credit if the lender now requires such a guarantee as a condition of maintaining the line of credit in place. If this alternative is selected, the Municipality would be required to pay the outstanding principal (up to \$1 Million) and interest from the Emerging Issues Reserve, in the event the RRC defaults on any lawful demand by the lender to pay down the line of credit. It would also be necessary to amend the Debt Management Policy to ensure that RRC’s use of the operating line of credit is included within the debt calculation of the Municipality.
2. To not agree to the line of credit or pass a bylaw to guarantee it; in that case Community Services would continue to collaborate with the RRC to ensure that the annual operating grant is distributed in a manner that best meets the operational needs of the RRC. The RRC would then cancel the \$1 Million operating line of credit acquired in 2014. If this alternative is selected, there would be no budget or financial impacts; Community Services would work with Financial Services to ensure the internal cash flow is available as required.

**Budget/Financial Implications:**

If the RRC defaults on the terms of an approved and guaranteed operating line of credit, the Municipality would be required to pay the outstanding principal (up to \$3 Million) and interest from the Emerging Issues Reserve, as outlined in the proposed Loan Guarantee Bylaw, Section 8. The approval of the Operating Line of Credit Guarantee Bylaw will also necessarily require an amendment to the Debt Management Policy to ensure that the RRC's use of the operating line of credit is included within the debt calculation of the Municipality.

**Rationale for Recommendation:**

The RRC has requested that the Municipality provide a guarantee for an increase in its operating line of credit to \$3 Million, to support RRC operational needs.

**Strategic Plan Linkages:**

Pillar 1 – Building Responsible Government

Pillar 7 – Building for a Healthy and Active Lifestyle

**Attachments:**

1. Bylaw No. 16/001, Regional Recreation Corporation Operating Line of Credit Guarantee
2. Letter of Request from RRC, dated December 3, 2015

**BYLAW NO. 16/001**

**A BYLAW OF THE REGIONAL MUNICIPALITY OF WOOD BUFFALO TO AUTHORIZE AN OPERATING LINE OF CREDIT GUARANTEE FOR THE REGIONAL RECREATION CORPORATION OF WOOD BUFFALO**

**WHEREAS** pursuant to the provisions of the *Municipal Government Act*, Revised Statutes of Alberta 2000, the c.M-26 and amendments thereto a municipality may guarantee the repayment of a loan between a lender and one of its controlled corporations;

**AND WHEREAS** the Regional Recreation Corporation of Wood Buffalo is a controlled corporation established by the Municipality to advance recreational, cultural and social activities and operate recreational facilities;

**AND WHEREAS** the Regional Recreation Corporation of Wood Buffalo requires an operating line of credit;

**AND WHEREAS** a Lender has committed to arrange a \$3M line of credit providing that the Regional Municipality of Wood Buffalo guarantees repayment;

**AND WHEREAS** Council considers that the money obtained under the line of credit will be used for a purpose that will benefit the Municipality;

**NOW THEREFORE**, the Council of the Regional Municipality of Wood Buffalo in the Province of Alberta, duly assembled, enacts:

**TITLE**

1. This bylaw may be referred to as the “RRC Operating Line of Credit Guarantee Bylaw”.

**INTERPRETATION**

2. In this bylaw:
  - (a) “Lender” means the Royal Bank of Canada.
  - (b) “Operating Line of Credit” means the loan provided to the Regional Recreation Corporation of Wood Buffalo by the Lender.

**LOAN GUARANTEE**

3. This bylaw authorizes the Municipality to guarantee the repayment of the principal and interest of an Operating Line of Credit provided by the Lender to the Regional Recreation Corporation of Wood Buffalo to a maximum amount of \$3M.
4. The purpose of the Operating Line of Credit is to support the efficient, ongoing, day-to-day operations of the Regional Recreation Corporation of Wood Buffalo.



5. The rate of interest under the Operating Line of Credit is Lender's Prime Rate minus 0.5%.
6. The term of the Operating Line of Credit is indeterminate.
7. The Operating Line of Credit is to be repaid on demand.
8. In the event the Municipality is required to pay the outstanding principal and interest the funding source to be used would be the Emerging Issues Reserve.

#### **LOAN GUARANTEE DOCUMENTATION**

9. The Chief Administrative Officer or his delegate is authorized to execute such documentation as may be necessary to bring effect to the guarantee.
10. This Bylaw is hereby deemed to be an "Ordinary resolution of the Regional Municipality of Wood Buffalo", pursuant to section 8 of the corporate bylaws of the Regional Recreation Corporation of Wood Buffalo, authorizing the Regional Recreation Corporation of Wood Buffalo to obtain the Operating Line of Credit.

#### **SEVERABILITY**

11. If any provision of this Bylaw herein is found to be contrary to law adjudged by a Court of competent jurisdiction then that provision shall be severed and the remainder of the Bylaw shall be of full force and effect.

#### **ENACTMENT**

12. This bylaw comes into effect when it is passed.

READ a first time this \_\_\_\_ day of \_\_\_\_\_, 2016.

READ a second time this \_\_\_\_ day of \_\_\_\_\_, 2016.

READ a third time this \_\_\_\_ day of \_\_\_\_\_, 2016.

SIGNED and PASSED this \_\_\_\_ day of \_\_\_\_\_, 2016.

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Mayor

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Chief Legislative Officer

December 3, 2015

Mayor Melissa Blake  
Office of the Mayor  
Regional Municipality of Wood Buffalo  
9909 Franklin Avenue  
Fort. McMurray, AB T9H 2K4

Mayor Blake, Regional Municipality of Wood Buffalo Councillors and Administration,

Please accept this letter as a formal request to approve an operating line of credit up to the amount of \$3,000,000 for the Regional Recreation Corporation of Wood Buffalo (RRC). It has come to current administrations attention that our RBC line of secured credit (\$1,000,000) may not have been set by council which is not in line with the Canada Not-for-Profit Corporations Act and as such need to be rectified.

The need for a higher limit at the RRC is to ensure any cash flow constraints can be mitigated as they occur. In September, our forecasting to December 31, 2015 indicated a deficit of \$5.4 million. The leadership team was able to reduce that deficit to \$387,000. However, since that time the economy continues to struggle which resulted in cancellations of golf tournaments, banquets and other revenue generation areas. We are now projecting a \$1.4 million deficit for 2015 and need to ensure we will be able to meet our operational demands. We have identified that it is usual for 70% - 80% of accounts receivable to be carried as an operating line of credit for non-profit organizations. This would put us in the \$3.5 - \$4.2 million dollar range, hence the request for \$3,000,000 to cover operational growth as we take over operations in new facilities in coming years.

Sincerely,



Annette Antoniak  
Chief Executive Officer  
Regional Recreation Corporation of Wood Buffalo

cc: RRC Board of Directors  
Maureen Gravelle CFO

**Minutes of a Meeting of the Oversight Committee held in the Council Chamber at the Municipal Offices in Fort McMurray, Alberta, on Thursday, February 11, 2016, commencing at 4:00 p.m.**

**Present:** C. Tatum, Chair  
J. Stroud, Councillor

**Absent:** S. Germain, Councillor

**Administration:** M. Ulliac, Chief Administrative Officer  
K. Scoble, Deputy Chief Administrative Officer  
E. Hutton, Chief Financial Officer  
B. Couture, Executive Director  
B. Moore, Executive Director  
D. Leflar, Chief Legislative Officer  
A. Rogers, Senior Legislative Officer  
S. Harper, Legislative Officer

**Call to Order**

Chair C. Tatum called the meeting to order at 4:04 p.m.

**1. Adoption of the Agenda**

Moved by Councillor J. Stroud that the agenda be adopted as presented.

CARRIED UNANIMOUSLY

**2. Minutes of Oversight Committee Meeting - November 26, 2015**

Moved by Councillor J. Stroud that the Minutes of the Oversight Committee meeting on November 26, 2015 be approved as presented.

CARRIED UNANIMOUSLY

**New and Unfinished Business**

**3. MacDonald Island Park Expansion Grant (Shell Place)**  
(4:05 p.m. – 4:14 p.m.)

**Ralph Timleck, Municipal Auditor**, provided a presentation on the MacDonald Island Park Expansion Grant (Shell Place) and the results of the preliminary survey of the cost overruns.

Moved by Councillor J. Stroud that the following be recommended to Council for approval:

- That Council request the Regional Recreation Corporation (RRC) to prepare and present a report to the Oversight Committee which documents:
  - a. the final cost of the MacDonald Island Park Expansion Project (Shell Place) upon project completion;
  - b. the lessons learned during the MacDonald Island Park Expansion Project (Shell Place).
- That the lessons learned document be incorporated into the development of the Municipality's Capital Projects Framework, as applicable.

CARRIED UNANIMOUSLY

**4. Proposed Bylaw 16/001 Regional Recreation Corporation Operating Line of Credit Guarantee**  
(4:15 p.m. – 4:22 p.m.)

**Monica Lance, Manager, Community Strategies; Maureen Gravelle, Acting Chief Financial Officer, Regional Recreation Corporation; and Bruno Francoeur, Chair, Regional Recreation Corporation Board,** provided a presentation on the Regional Recreation Corporation's request for a \$3 million Operating Line of Credit, explaining the requirement to obtain the Municipality's approval.

Moved by Councillor J. Stroud that the following be recommended to Council for approval:

- That proposed Bylaw No. 16/001, being a bylaw to authorize the Regional Municipality of Wood Buffalo ("the Municipality") to guarantee a \$3 Million operating line of credit for the Regional Recreation Corporation of Wood Buffalo (the "RRC") be passed by Council; and
- That Council acting in its capacity as sole member of the RRC, pass an ordinary member's resolution to allow the RRC to obtain a \$3 Million operating line of credit.

CARRIED UNANIMOUSLY

**5. Deadline Extension – Lessons Learned for Improved Governance Oversight of Capital Projects**  
(4:23 p.m. – 4:27 p.m.)

Moved by Councillor J. Stroud that the November 26, 2015 Oversight Committee resolution regarding Lessons Learned for Improved Governance Oversight of Capital Projects be amended by deleting the deadline of January 31, 2016 and replacing it with March 31, 2016.

CARRIED UNANIMOUSLY

**Adjournment**

As all scheduled business matters had been concluded, Chair C. Tatum declared the meeting adjourned at 4:28 p.m.

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Chair

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Chief Legislative Officer

