

GENERAL BYLAWS

OF THE

ALBERTA CAPITAL FINANCE AUTHORITY

Effective October 21, 2015

GENERAL BYLAWS
OF THE ALBERTA CAPITAL FINANCE AUTHORITY

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GENERAL BYLAWS
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Section 1 – Interpretation

1.1 Definitions

In these bylaws:

- (a) “Act” means the *Alberta Capital Finance Authority Act* (Alberta), as amended or replaced from time to time;
- (b) "Board" means the board of directors of the Corporation;
- (c) “Board Chair” means the chair of the Board;
- (d) “Corporate Secretary” means the individual who is from time to time appointed to hold the office of secretary or corporate secretary of the Corporation;
- (e) “Corporation” means the Alberta Capital Finance Authority;
- (f) “Crown” means Her Majesty the Queen in right of Alberta; and
- (g) “President” means the individual who from time to time is appointed by the Board to hold the office of president of the Corporation.

1.2 General Interpretation Provisions

In these bylaws:

- (a) words importing the singular number include the plural and vice versa;
- (b) words importing gender include masculine, feminine and neuter;
- (c) references to motions include resolutions and vice versa; and
- (d) the headings used throughout these bylaws are inserted for convenience of reference and do not define, enlarge or limit the provisions of these bylaws.

1.3 Exercise of Authority by Substitutes

When a right or obligation is attributed to an office under these bylaws, the right or obligation may be exercised or fulfilled, as the case may be, by an individual appointed or authorized to act for the individual holding the office, whether or not the office is vacant, or by an individual otherwise delegated the power to exercise or fulfill such right or obligation.

1.4 Notices

In these bylaws any notice required or permitted to be given to a person shall be in writing and shall be by sent by mail, facsimile transmission or electronic mail to the last known mailing address, facsimile number or electronic mail address, as the case may be, of the person.

Section 2 – General Overview

2.1 Status

The Corporation is:

- (a) a corporation continued under the Act with the rights, powers and privileges of a natural person subject to such restrictions as may be imposed in accordance with the provisions of the Act; and
- (b) an agent of the Crown.

2.2 Business and Objective

The business of the Corporation is set out in the Act and includes:

- (a) providing local authorities with financing for capital projects;
- (b) acting as a financial agent for local authority shareholders in negotiating loans;
- (c) managing its liabilities, its financial risks, and its financial and business affairs in such a manner so as to enhance the Corporation's ability to effectively carry out its activities in an adequately secured, economical and efficient manner; and,
- (d) providing any other financial services authorized by the Lieutenant Governor in Council.

The objective of the Corporation is to provide its shareholders with flexible funding for

capital projects at a reasonable cost consistent with the viability of the Corporation.

2.3 The Act and these Bylaws

The Act sets out specific requirements in respect of the structure and procedures of the Corporation, including in respect of its shareholders, directors and officers. These bylaws are intended to supplement the Act. In the event of any conflict between the provisions of the Act and the provisions of these bylaws, the provisions of the Act shall prevail.

Section 3 – Shares

3.1 Purchase

Any person who is eligible to hold shares in the Corporation pursuant to the provisions of the Act may submit an application, in the form as required by the Corporation, to purchase shares. The application shall include supporting documents evidencing the eligibility of the person to hold shares together with any other information and documents required by the Corporation. The Corporation may, at its discretion, authorize the issuance to the person of such number and class of shares as determined by the Corporation in accordance with the requirements of the Act, subject to the receipt of payment for the shares at the par value per share set out in the Act.

3.2 Adjustments

The Corporation may, at its discretion, require the shareholders of Class B, C and D shares to purchase additional shares, or to redeem a certain number of shares held, in response to changes in the shareholder's population upon which the number of shares issued to the shareholder was originally based (if applicable). In the event of:

- (a) the purchase of additional shares; or
- (b) the redemption of shares;

the shareholder or the Corporation, as applicable, shall pay to the other an amount equal to the par value per share set out in the Act.

3.3 Full Redemption

In the event that any shareholder wishes to redeem all of its shares in the Corporation, the shareholder shall submit a written request to the Corporation. The Corporation shall have the discretion to accept or reject such request, but if the shareholder has any outstanding debts due and owing to the Corporation, or any other outstanding

obligations to the Corporation, the request shall be rejected. Any request of a shareholder to redeem its shares must be in respect of all (and not a portion) of its shares held in the Corporation. If a redemption request is accepted by the Corporation, the Corporation shall pay to the shareholder an amount equal to the par value per share set out in the Act on the shares redeemed.

3.4 Ineligibility

If a shareholder of the Corporation is no longer eligible to hold shares pursuant to the provisions of the Act, the Corporation may redeem the shares held by the shareholder. The redemption shall be effective upon sending notice to the shareholder together with payment for the shares at the par value per share set out in the Act.

3.5 Loss of Legal Status

If a shareholder no longer exists as a legal entity, the Corporation may:

- (a) declare that the shares held by the shareholder have reverted to the Corporation; or
- (b) direct the transfer of the shares to a legal entity who:
 - (i) is eligible to be a shareholder pursuant to the provisions of the Act;
 - (ii) is, in the opinion of the Corporation, a successor to the role or interest of the shareholder that no longer exists; and
 - (iii) has advised the Corporation in writing that it wishes to be a transferee of the shares.

Notice of such reversion or transfer shall be sent to such persons as directed by the Board.

3.6 Change of Class

If a shareholder is no longer eligible to hold the class of shares that it holds but would be eligible to hold shares of another class pursuant to the provisions of the Act, the shares held by the shareholder may be exchanged for shares of the other class, in the ratio as determined by the Corporation in accordance with the requirements of the Act. In the event that such exchange results in either:

- (a) the shareholder holding fewer shares; or

- (b) the shareholder holding more shares;

then the Corporation or shareholder, as applicable, shall pay to the other an amount equal to the par value per share set out in the Act on the difference in the number of shares.

3.7 Change of Name

If the name of a shareholder is legally changed, the Corporation may exchange the share certificate held by the shareholder with a share certificate in the current name of the shareholder.

3.8 Share Certificates

The Corporate Secretary is authorized to:

- (a) cancel existing share certificates; and
- (b) issue new share certificates;

as required to give effect to any decision of the Corporation under the provisions of this Section 3. If any shares of a class represented by a share certificate that has been cancelled have not been re-issued, such shares shall revert to the status of authorized but unissued shares.

3.9 Delegation of Authority

The inherent authority of the Board to exercise its rights, powers and privileges in respect of the issuance, redemption, exchange and cancellation of shares as set out in this Section 3 is delegated to the President and Corporate Secretary, each of whom shall be entitled to act independently of each other and concurrently with each other. For greater certainty, the Board shall retain concurrent authority.

Section 4 – Meetings of the Shareholders

4.1 Annual General Meetings

An annual general meeting of the Corporation shall be held within 180 days after each fiscal year end of the Corporation. The business to be considered at the meeting shall include the following:

- (a) approval of the minutes of the previous annual general meeting and any intervening meeting of the shareholders;

- (b) consideration and disposition of any outstanding business;
- (c) receipt of the audited financial statements of the Corporation for the fiscal year last ended; and
- (d) election of the directors.

4.2 Special Meetings

Twenty-five (25%) percent or more of the shareholders of a class, calculated by reference to the total number of shareholders of that class, may requisition a special meeting of the shareholders by providing notice to the Corporation. The notice shall specify the purpose and business proposed to be transacted at the special meeting. The special meeting shall be held within 90 days of the receipt of the notice by the Corporation.

The Board may call a special meeting of the shareholders in its discretion.

4.3 Date, Time and Location

Subject to the requirements of Sections 4.1, 4.2 and 4.4, the date, time and place of an annual general or special meeting of the shareholders shall be determined by the Board. If the Board is unable to make such a determination, then the day, time and place of the annual general or special meeting shall be determined by the President.

4.4 Notice

Notice of the date, time and place of an annual general or special meeting of the shareholders shall be sent at least 30 days prior to the date of the meeting. The notice shall include an agenda setting out the business proposed to be considered at the meeting.

4.5 Chair

The Board Chair, or in his absence the vice-chair of the Board, or in the absence of both, a director appointed by the Board, shall preside over a meeting of the shareholders.

4.6 Record

The Corporate Secretary shall take minutes of all proceedings of a meeting of the shareholders. In the absence of the Corporate Secretary, the chair of the meeting may appoint any person to take such minutes.

4.7 Quorum

The shareholders in attendance at a meeting of the shareholders shall constitute a quorum.

4.8 Authorized Representative

- (a) Subject to subparagraph (b) below, a shareholder shall attend a meeting of the shareholders by a person appointed as its authorized representative by delivering to the Corporation, no later than 3 business days immediately preceding the meeting, notice of the bylaw, resolution or other authority of the governing body of the shareholder (whether the governing body is a council, board of governors, board of directors or other similar body, and including any administrator or other person appointed by law to act for and on behalf of the body) appointing the individual as its authorized representative.
- (b) The Class A shareholder, being Her Majesty the Queen in right of Alberta, may attend a meeting of the shareholders without notice by a person who holds the following office, in order of precedence:
 - (i) the Minister who is responsible for the Act as determined under section 16 of the *Government Organization Act* (Alberta), or the person acting for him;
 - (ii) the deputy of the Minister, or the person acting for him;
 - (iii) a person appointed by the Minister, the deputy of the Minister, or any person acting for them, as confirmed to the satisfaction of the chair of the meeting.

4.9 Voting of Shares

In addition to the provisions of the Act in respect of the voting of shares at a meeting of the shareholders:

- (a) a motion or resolution is carried if a majority of the votes cast are in favour of the motion or resolution;
- (b) in the case of an equality of votes the chair of the meeting shall be entitled to a casting vote;
- (c) unless a ballot is demanded, a declaration by the chair of the meeting that a

resolution has been carried or lost shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion;

- (d) if a ballot is demanded by a shareholder, the ballot on the motion shall be taken in such a manner as the chair of the meeting shall direct; and
- (e) upon the request of any shareholder or at the discretion of the chair of the meeting, the chair shall appoint two scrutineers, or if the shareholders so request the shareholders shall appoint one scrutineer and the chair shall appoint another, to count and report upon the results of any voting done by ballot.

4.10 Resolutions in Writing

A resolution in writing signed by all of the shareholders entitled to vote on the resolution is valid as if it had been passed at a meeting of the shareholders.

4.11 Election of Directors

In addition to the provisions of the Act, the following shall govern the election of directors to be elected by the Class B, C, D and E shareholders at an annual general meeting:

(a) Nominations

Nominations of individuals for election may be made by:

- (i) the Board; or
- (ii) a shareholder of the class entitled to elect the director.

Nominations made by shareholders shall be submitted to the Corporation no later than 5 business days immediately preceding the annual general meeting.

(b) Eligibility of Nominees

In addition to the requirements of the Act, an individual nominated for election must consent to stand for election and must not be an individual who:

- (i) is under the age of eighteen (18) years;
- (ii) is otherwise lacking in legal or mental capacity;
- (iii) has the status of a bankrupt in Canada or an equivalent status in any other

jurisdiction;

- (iv) has been convicted of an indictable offence or of an offence of a similar nature in another jurisdiction; or
- (v) has been convicted of an offence under the *Bank Act (Canada)* or the *Loan and Trust Corporations Act (Alberta)*, the *Credit Union Act (Alberta)*, the *Insurance Act (Alberta)* or the *Securities Act (Alberta)*, or an equivalent law of another jurisdiction.

(c) **Election Procedure**

- (i) A separate election shall be held for each director vacancy.
- (ii) For each election, voting shall be by ballot.
- (iii) Shareholders shall only be entitled to vote in the election of the director who is to be elected by the class of shareholders corresponding to the class of the shareholder in question.
- (iv) Each shareholder shall have the number of votes corresponding to the number of shares held by the shareholder.
- (v) In each election, the nominee receiving the highest number of votes shall be declared to be elected.
- (vi) In the event of a tie vote, another vote shall be held but:
 - (A) the nominee who received the lowest number of votes in the previous vote shall be removed from the ballot;
 - (B) if more than one nominee received the lowest number of votes in the previous vote, all such nominees shall be removed from the ballot; and
 - (C) if the nominees who received the lowest number of votes in the previous vote also received the highest number of votes, then no nominee shall be removed from the ballot.

The above procedure shall apply to each subsequent vote until a nominee has been declared elected or until there has been two successive tie votes with the same nominees on the ballot, in which case the chair of the meeting shall cast the deciding vote.

- (vii) To count ballots and report on the results of an election, the chair shall appoint two scrutineers, or if the shareholders so request the shareholders shall appoint one scrutineer and the chair shall appoint another.
- (viii) In the event that there is only a single nominee for election by a class of shareholders, the chair shall acclaim the nominee.
- (ix) Subject to the provisions of the Act, these bylaws and any resolution of the Board, the chair shall be entitled to make any decision or determination in respect of any election and such decision or determination shall be final and binding.

With respect to the election of directors, in the event of any conflict between the provisions of Section 4.9 and the provisions of this Section 4.11, the provisions of this Section 4.11 shall prevail.

Section 5 – Board Matters

5.1 Calling of Meetings

Upon request of the President, the Board Chair or any two directors, the Corporate Secretary (or in the absence of the Corporate Secretary any other officer of the Corporation) shall summon a meeting of the Board. Notice of the date, time and place of the meeting shall be given to each director not less than 72 hours before the time of the meeting.

5.2 Participation by Telecommunication

A director may participate in a meeting of the Board by means of telephone or other communication facilities that permit all directors participating in the meeting to hear each other. A director participating in a meeting by such means is deemed to be present at the meeting.

5.3 Quorum

A majority of all directors then holding office constitutes a quorum for meetings of the directors.

5.4 Conduct of Business at Meetings

- (a) The Board Chair, or in his absence the vice-chair of the Board, or in the absence of both, a director appointed by the Board, shall be preside over a meeting of

the directors.

- (b) The Corporate Secretary shall take minutes of the meeting of the directors. In the absence of the Corporate Secretary, the chair of the meeting may appoint any individual to take such minutes.
- (c) Motions considered at a meeting of the directors shall be:
 - (i) made by a director who is present at the meeting; and
 - (ii) carried if a majority of the directors who vote on the motion are in favour.
- (d) When a motion is made at a meeting of the directors each director who is present at the meeting (including the chair of the meeting) shall have one vote on the motion.
- (e) In the event of a tie vote, the motion is defeated.
- (f) Directors may request that the Corporate Secretary make a record of his/her dissent in the minutes of the meeting.

5.5 Resolutions in Writing

A resolution in writing signed by all of the directors is valid as if it had been passed at a meeting of the directors.

5.6 Committees of the Board

- (a) The Board may from time to time establish committees of the Board with such members and terms of reference as determined by the Board.
- (b) An Audit Committee shall be a standing committee of the Board with the members and terms of reference as determined by the Board.

5.7 Office of Board Chair and Vice-Chair

In the event that an individual has not been appointed to the office of Board Chair or vice-chair of the Board in accordance with the Act, or the office of Board Chair or vice-chair of the Board becomes vacant, the Board may appoint from amongst the directors an individual to serve as interim Board Chair or interim vice-chair of the Board, as the case may be, until such time as:

- (a) an appointment has been made in accordance with the Act;
- (b) the individual ceases to be a director; or
- (c) the Board revokes the appointment;

whichever occurs first.

5.8 Removal of Directors

An individual serving as a director of the Corporation is automatically removed if:

- (a) the individual submits his resignation, effective at the time the resignation is received by the Corporation or at the time specified in the resignation, whichever is later;
- (b) the individual is found to be a mentally incompetent person or otherwise to be of unsound mind;
- (c) the individual becomes a bankrupt in Canada or has equivalent status in any other jurisdiction;
- (d) The individual is convicted of an indictable offence or of an offence of a similar nature in another jurisdiction;
- (e) The individual is convicted of an offence under the *Bank Act* (Canada) or the *Loan and Trust Corporations Act* (Alberta), the *Credit Union Act* (Alberta), the *Insurance Act* (Alberta) or the *Securities Act* (Alberta), or an equivalent law of another jurisdiction.
- (f) the individual dies;
- (g) the individual was elected as a director by a class of shareholders and the same class of shareholders by a 2/3rds or more vote at a meeting of the shareholders removes the individual before the expiration of his term; or
- (h) the individual was appointed as a director in accordance with the Act and the appointment is revoked.

5.9 Election or Appointment Irregularities

An act of a director is valid notwithstanding any irregularity in the director's election or appointment or a defect in the director's qualifications.

Section 6 - Officers

6.1 Office Appointed by the Board

The Board shall appoint the President of the Corporation who shall have the duties and responsibilities delegated or assigned by the Board.

6.2 Offices Appointed by the President

The President shall appoint individuals to hold the following offices of the Corporation:

- (a) Vice-President;
- (b) Corporate Secretary;
- (c) Senior Accounting Officer; and
- (d) such other offices as determined by the President from time to time;

and such officers shall have the duties and responsibilities delegated or assigned by the President.

6.3 Multiple Offices

Any one individual may be appointed to hold more than one office simultaneously.

6.4 Term

Each officer shall hold office for the period determined by the person who appointed the officer, and the person who made the appointment may shorten or extend such period at his discretion from time to time.

Section 7 – Documents

7.1 Books and Records

The books and records of the Corporation shall be maintained by the Corporate Secretary at the head office of the Corporation, in such written, electronic or other form as determined by the Corporation. Any shareholder or director may inspect the books and records upon providing reasonable prior notice to the Corporation and arranging a mutually satisfactory date and time for such inspection.

7.2 Execution of Instruments

The Board may from time to time direct the manner in which, and the individuals by whom, any particular instrument or class of instruments may or shall be signed and delivered.

7.3 Signatures on Internal Documents

Signatures on documents sent by the Corporation to its shareholders, directors, officers and employees and other personnel may be electronically or mechanically affixed or reproduced.

7.4 Corporate Seal

The Board may adopt for use a corporate seal which shall contain the name of the Corporation. The individual or individuals authorized by the Board by resolution to sign and deliver an instrument shall have the authority to affix the corporate seal to the instrument. In addition, when the Corporate Secretary, or any other officer of the Corporation in the absence of the Corporate Secretary, certifies the authenticity or currency of any document of the Corporation, the Corporate Secretary or other officer may affix the corporate seal to such certified document. The Corporate Secretary shall have custody of the corporate seal.

Section 8 - Fiscal Year

The fiscal year of the Corporation shall be from January 1 to December 31 of a calendar year.

Section 9 - Indemnity

9.1 Indemnification of Directors, Officers and Employees

The Corporation shall, and does hereby, indemnify and hold harmless any person who is or was:

- (a) a director, officer or employee of the Corporation; or
- (b) an employee of the Crown who provides or provided services to or on behalf of the Corporation;

and their successors against any and all third party claims, demands, actions and costs (including costs on a solicitor and client basis) made against or incurred by them in relation to the performance of their duties and obligations to the Corporation if:

- (c) they acted honestly and in good faith with a view to the best interests of the Corporation; and
- (d) in the case of a criminal, administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful, and the person seeking the indemnity is fairly and reasonably entitled to indemnity.

9.2 Scope

The indemnity authorized under Section 9.1 shall not be construed as a limitation upon the right of the Corporation to exercise any general power it may have to enter into a contract or undertaking of indemnity with or for the benefit of:

- (a) any current or former director, officer or employee of the Corporation; or
- (b) any current or former employee of the Crown who provides or provided services to or on behalf of the Corporation;

as the Board may determine in its discretion.

Section 10 – Meeting Consents and Waivers; Other Procedural Rules

10.1 Meeting Consent

Any meeting of the shareholders or Board may be held at any time without formal notice if all of the shareholders or directors, as the case may be, entitled to attend the meeting consent to the holding of the meeting, whether they are in attendance or not. Such consent shall be made in writing, but may also be made verbally at the meeting in which event such consent shall be recorded in the minutes of the meeting.

10.2 Express Waiver

Any shareholder or director entitled to receive a notice of a meeting under these bylaws may waive:

- (a) notice of the meeting; and
- (b) any irregularity in the notice of the meeting.

Such waiver shall be made in writing, but may also be made verbally at the meeting in which event such waiver shall be recorded in the minutes of the meeting.

10.3 Implied Waiver

In the event of any failure to provide notice to a shareholder or director of a meeting or any irregularity in the notice provided, if the shareholder or director attends the meeting they shall be deemed to have waived such failure or irregularity unless they expressly declare that they are attending the meeting in protest. Any declaration of protest shall be made in writing prior to the meeting, but may also be made verbally at the meeting in which event such protest shall be recorded in the minutes of the meeting.

10.4 Other Procedural Rules

If any question arises in respect of the procedure to follow for any meeting of the Corporation, and such procedure is not addressed by the provisions of the Act, these bylaws or any other resolution of the Board, the Board Chair, or in his absence the vice-chair of the Board, or in the absence of both, a director appointed by the Board to serve as the chair of the meeting, shall have the authority to determine the question having regard always to the provisions of the then current version of *Robert's Rules of Order*. Any such determination shall be final and binding.

Section 11 – Amendments to Bylaws

These bylaws may be amended at any time on resolution of the Board.

CERTIFICATE

I, Amanda Morrison, Corporate Secretary of the Alberta Capital Finance Authority, do hereby certify under the seal of the Corporation that the foregoing is a true copy of the bylaws of the Corporation passed at a meeting of the Board of Directors of the Corporation duly called and held on the 21st day of October, 2015 at which a quorum of the Directors was present and voted in favour of the resolution.

Corporate Secretary

Date of Signing: _____

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OF THE ALBERTA CAPITAL FINANCE AUTHORITY

Amendment Table

Section Modified	Description of Change	Amendment Authorized	Amendment Effective	Amendment Authority
All	New General Bylaws	October 21, 2015	October 21, 2015	Resolution of the Board of Directors