

# AUMA Submission on the Municipally Controlled Corporations Regulation

## 1. Ministry Approval Notification

The proposals in Bill 21 eliminate the need for Ministerial approval prior to forming a new MCC. Should the Minister still be informed of the formation of a new MCC? Why or why not?

*Yes. It would be beneficial to have the Minister aware of the various corporations being formed in the province for the purpose of maintaining a provincial registry which would allow other municipalities to be aware of existing corporations, as well as the possibilities that may be open to them. It should be noted that given the spirit of the changes to the legislation this information provided to the Minister should not be used for oversight, only for information and record keeping purposes.*

## 2. Purpose of Municipally Controlled Corporations

MCCs are only permitted to provide a service or benefit to residents of the municipality or group of municipalities that controls it, and to carry on business solely for one or more of the purposes described in section 3 of the *MGA*, as follows:

- to provide good government;
- to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality; and
- to develop and maintain safe and viable communities.

Are the purposes set out in section 3 appropriate or should more specific restrictions be placed on the purpose of MCCs? If so, what do you suggest?

*AUMA feels that a broader definition is more conducive to the formation of an MCC. A narrower definition would limit business opportunities and hinder existing business models.*

## 3. Profit-Making Purpose

There have been suggestions that municipalities should be allowed to establish an MCC for the sole purpose of making profit no matter what, if any, service is being provided. Since that profit would flow back to the municipality in the form of dividends, this might be considered a “benefit” to the residents. Is the sole purpose of making a profit an acceptable purpose for an MCC? Do you have any concerns? If so, what would be an appropriate alternative?

*The word “profit” leads to connotations of largesse while, in fact, the profit earned from these corporations are funneled back into the municipality and to the citizens which allows for municipalities to lower the tax rate.*

*However, a municipality should not necessarily enter into a business purely for the profit – the corporation should have some benefit to the municipality. Each municipality has different needs and depending on the market, different businesses could be considered to be of municipal benefit when in other areas they may not. For example, providing access to High Speed Internet would be of municipal benefit in a rural area where no other service providers are willing to enter the market, as opposed to a major urban municipality implementing the same which would be in direct competition with the private market.*

*It is also worth noting that municipalities have limited opportunities to generate revenue apart from taxation and the creation of an MCC could potentially be a step to address these issues.*

#### **4. Prohibited Services or Sectors**

The MGA authorizes the Minister to make regulations providing that certain types of corporations may not be controlled by a municipality or a group of municipalities without the Minister's approval. What types, if any, of industries or services should still require Ministerial approval before a municipality can establish an MCC?

*Given that it is stated that an MCC is only permitted to carry on business solely for one or more of the purposes:*

- *to provide good government;*
- *to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality; and*
- *to develop and maintain safe and viable communities.*

*These are sufficient guidelines to ensure that an MCC is involved in a satisfactory service or sector. We are of the opinion that flexibility is a crucial factor to these regulations. Every municipality faces unique challenges and the formation of an MCC will require a unique solution in virtually every case where a municipality desires to form an MCC.*

#### **5. Municipal Assistance to MCCs**

MCCs may sometimes receive financial assistance at start-up and preferential access to municipal assets in order to provide services to residents. Concerns have been raised that this creates a competitive imbalance with private sector businesses. Should there be any limits put on this type of municipal assistance received by an MCC? Why or why not? What level of municipal assistance is appropriate?

*AUMA is of the opinion that the proposed public process should alleviate unfair municipal assistance. Also that given the tradeoff between the additional reporting requirements and oversight, the competitive advantage granted to an MCC by receiving municipal assistance is a fair compromise.*

#### **6. Council Resolution Authorizing MCC**

Council must pass a resolution to authorize a new MCC. Should this require more than a majority of councilors to vote in the affirmative? If so, what percentage? What other details should the council resolution include? Potential options include the expected rate structure and municipal membership.

*AUMA believes that municipalities face complex issues that can be even more serious, or have a higher risk or impact, and these issues can be passed by a simple majority. A simple majority should be sufficient for the formation of an MCC.*

#### **7. Information to be Considered by Council**

Council will have to review a business plan and a due diligence study prior to authorizing an MCC. Proposed contents of the business plan include:

- Any liabilities associated with the MCC;
- Proposed debt or borrowing requirements/expectations;
- Forecasted operating or capital budgets;
- Control/involvement of shareholders.

A due diligence study must include disclosure of potential risks including:

- Environmental;
- Financial;
- Labour;
- Other liability;
- Other risks, as prescribed by regulation.

Do you agree with these requirements and should there be others? What kind of information do you think is important for elected councilors to consider before passing an authorizing resolution?

*The scope of the above requirements could be cost prohibitive and could prevent some municipalities from being able to financially afford the startup costs of an MCC. For example, a full scope environmental risk assessment study could take an inordinate amount of time and funds that could potentially derail the process before it could even begin. Different ventures inherently require different levels of due diligence and the regulations should not require strict guidelines as they may not be applicable in certain cases. Regardless of the type of corporation being formed there should be basic requirements that need to be met; however, flexibility will once again be crucial in order to promote the formation of MCCs and so as not to stifle creativity and appropriate risk.*

## **8. Public Hearings**

It is proposed that a public hearing will be required before a new MCC can be established. Bearing in mind that some information may need to be withheld for commercial reasons, what kind of information do you think residents should know in order to make meaningful representations to council? What parameters should be placed around the form and nature of public input opportunities?

*Many MCCs have robust public consultation processes. AUMA agrees that public consultation on MCCs is beneficial and necessary. However, the parameters surrounding a public hearing should not be legislated as the level of disclosure would depend on the market and the particular venture being considered. It would not be advisable nor prudent to disclose absolutely everything in some cases.*

## **9. Annual Reporting**

In addition to annual financial statements, what other information should the MCC provide to council and what information should be made available to residents? Should the information be provided upon request or proactively published?

*In most cases an annual report is issued including financial statements. This should be provided to council and to residents that request the information, or be available online.*

## **10. Material Change in Operations**

If there is a proposed significant change in the operations of an MCC, council is required to notify residents and give them opportunity to make representations. What kind of change do you think should trigger this requirement, and how do you think council should be required to obtain public input on such changes?

*AUMA agrees that residents should be notified if there is a proposal for a significant material change which would alter the intended function of the corporation. However, there needs to be balance as well so that small changes do not trigger this requirement. If operations are within the same vein, or spirit, of the original approval then this should not require renewed public consultation.*

*A Best Practice guide could be developed as each situation is unique and a legislated framework may not be the most applicable solution.*

### **11. Employee Pension Benefits**

An MCC is not defined as a “local authority” under the Local Authorities Pension Plan Regulation. Therefore, when an MCC is established, municipal employees who become employees of the MCC lose eligibility in the pension plan. What measures, if any, should be in place to address this? As an example, a Regional Service Commission is considered a “local authority” under the Local Authority Pension Plan – should MCCs be added to this definition? Why or why not?

*It appears that this was a miscommunication as representatives of various MCCs informed the table that their employees were members of LAPP currently.*

### **12. Unanimous Shareholders Agreements**

A unanimous shareholder agreement (USA) is an agreement among all the shareholders of a corporation that can provide a measure of flexibility in shaping the internal organization and affairs of the corporation. A thorough USA can:

- set out certain baseline entitlements and obligations of the parties in relation to the corporation’s governance and share allocation;
- anticipate and address reasonably likely future events, such as changes in ownership, the need for injections of capital, or the resolution of disputes between shareholders; or
- Establish provisions for unforeseen events such as where one shareholder desires to terminate the relationship.

Should a USA be mandatory when 2 or more municipalities act together to establish an MCC? Should the contents of the USA be prescribed by regulation or should they be left up to municipalities to establish? What components should be included?

*The existence of an USA is a best practice and should be encouraged; most MCCs already operate under a USA. It can be especially useful when multiple municipalities are involved in an MCC as it sets out very clearly what responsibilities each are responsible for. A broad guideline could be established to ensure that a USA covers necessary components; however, flexibility would be needed to ensure the broadest application across the province.*

### **13. Utility Services**

When an MCC is chosen as the method of providing utility services, some MGA provisions that apply to municipally-provided utility services no longer apply. These include the ability to add utility arrears to property tax rolls and the power to expropriate land. MCCs that provide utility services do not have these powers. Is this balance appropriate? Should it be reconsidered? If so, what oversight and restrictions might be appropriate?

*AUMA concurs with the general consensus that an MCC does not require the authority to expropriate land and that it would be best if left with the municipality.*

### **14. Application of Public Utilities Provisions of the MGA**

When a municipality establishes an MCC for the purpose of providing utilities services to its residents, they are treated differently under the MGA than if the services were provided by the utilities department of the municipality. This includes rules regarding:

- council’s authority to grant exclusive utilities rights;
- prohibiting other utilities providers from operating in municipal boundaries; and
- the renewal of franchise agreements.

Utility MCCs are subject to sections of the *MGA* which set out rules regarding utility services (sections 43-47), except for the requirement for Alberta Utilities Commission approval for utility service agreements (section 45(3)(b)). Is this the appropriate legislative framework to apply to these kinds of MCCs, or are there other provisions that should or should not apply?

*No discussion.*

## **15. Existing Municipally Controlled Corporations**

With the changes proposed in Bill 21, new MCCs have several new requirements before they can begin operations, as well as several new requirements for ongoing reporting and transparency.

- Should existing MCCs be exempted from some or all of the new requirements?
- If so, should existing MCCs also be exempted from the requirements when creating a subsidiary?
- Should municipalities be prevented from potentially avoiding these new requirements by becoming investors in existing MCCs that are exempted? If so, how?

*Representatives from the various MCCs would like to be grandfathered into the new regulations. Some maintained that to have to meet the new regulations would be detrimental to their business, and in some cases would severely impact the viability of their corporation. AUMA is in full support for the grandfathering of existing MCCs. AUMA would also like to propose that MCCs with business that is materially similar be exempted from the regulations in the same manner as EPCOR and ENMAX.*

## **16. Expiry Date**

(Not included in package materials.)

Should there be an expiry date included in the regulations of 2 years to ensure that the department regularly reviews their relevance?

*An expiry date forces the hand of the government to examine a regulation every 2 years when this may not be the best time to do so.*

*AUMA is of the opinion that the absence of an expiry date allows the government flexibility to revisit a regulation when asked to do so by a stakeholder, and removes the requirement to examine the regulation when there are no concerns. This also removes the need to wait to examine the regulation in the face of problems until the expiry date comes into effect.*

***Municipal Government Act***  
**Municipally Controlled Corporations**

**Discussion Guide**

**August 2016**

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## **I. INTRODUCTION**

The *Municipal Government Act (MGA)* is the law under which all Alberta municipalities are empowered to shape their communities. The *MGA* was introduced in the mid-1990s and was considered a model for municipal legislation in Canada. However, after nearly 20 years, it was determined the *MGA* should be revisited in order to meet the changing needs of Alberta's communities. An extensive review and public consultation took place throughout 2014.

Bill 20 was passed by the Legislature in the spring of 2015 to address several issues that received broad support from the rural and urban municipal associations, the cities of Calgary and Edmonton, and business and industry associations representing key economic sectors. It is noted that most amendments have not yet been proclaimed.

Bill 21 was introduced in the Legislature in the spring of 2016 to address other key issues affecting municipalities. Bill 21 includes several important developments with respect to municipally controlled corporations (MCCs), as outlined further below.

After feedback is gathered this summer, changes may be made to Bill 21 for the fall legislative session. Additional work will occur as regulations made under the *MGA* are reviewed for relevancy and effectiveness, and new regulations are developed.

## **II. PURPOSE OF THIS DISCUSSION GUIDE**

This discussion paper seeks your input into the development of legislation for MCCs. Your comments and observations will be important in ensuring that the new legislation accomplishes its intended objectives.

## **III. NEXT STEPS**

After Municipal Affairs has concluded engagement on MCCs, feedback will be assessed and taken into consideration when developing the final recommendations for possible further amendments to the *MGA* or for the development of the MCC Regulation.

## **IV. MUNICIPALLY CONTROLLED CORPORATIONS LEGISLATION**

The *Modernized Municipal Government Act (Bill 21)* makes a number of important changes to how MCCs are regulated in Alberta. Some changes move existing provisions into the *MGA* from the current regulation while other proposed changes are new. The following summarizes the amendments from Bill 21. These proposed amendments have only passed first reading in the legislature and have not yet been made into law. The chart below summarizes the new and existing provisions for MCCs; detailed information on all the changes follows.



Legislative Requirement	New	Removed	Existing Provision moved from Regulation to Act	New regulation-making authority
Requirement for Ministerial Approval		X		
Municipal Purpose			X	
Due Diligence Study			X	X
Business Plan			X	X
Public Hearing	X			X
Reporting and Disclosure Requirements	X			X
Material Change Disclosure	X			X
<i>Public Utility Act</i> Exemption			X	
Dispute Resolution Process			X	
Franchise Agreement Approval Exemption			X	

### Ministerial Approval

Bill 21 proposes that municipalities will no longer have to apply to the Minister for approval to establish or obtain control of a for-profit corporation, an MCC. Municipalities would now be authorized to establish a new MCC provided that certain steps and requirements are followed by each municipality. This will increase transparency and accountability to the residents of the municipality.

### Municipal Purpose

Consistent with what is currently in the regulation, the purpose of an MCC must be to carry on business solely for one or more of the municipal purposes described in section 3 of the *MGA*, and to provide a service or benefit to residents of the municipality that controls it.

### Due Diligence Study

A municipal council must pass a resolution to establish an MCC, but before it can do so, it is proposed that a due diligence study must be carried out in order to disclose any potential environmental, financial, labour or other liability risk to the municipality in controlling the corporation. A new regulation-making authority has been created that authorizes the Minister to prescribe additional matters that must be disclosed in a due diligence study.

### Business Plan

In addition to a due diligence study, before a council can pass an authorizing resolution it is proposed that they must also consider a business plan which must include the following matters:

- the costs related to establishing or obtaining control of the corporation, as the case may be;

- the value of any assets of the municipality that are to be transferred to the corporation;
- a cash flow projection for the next 3 years of the corporation's operation; and
- the corporation's financial statements and operating and capital budgets for the most recent 5 years, or if the corporation has existed for less than 5 years, the financial statements and operating and capital budgets for each year it has existed.

A new regulation-making authority has been created that authorizes the Minister to prescribe additional information that must be contained in a business plan.

### **Public Hearing**

Finally, before passing an authorizing resolution, it is proposed that a council must hold a public hearing on the proposal for a new MCC. A new regulation-making authority has been created which will allow the Minister to set requirements for such public hearings, including the form and nature of information that must be made available to the public before a hearing is held.

### **Reporting and Disclosure Requirements**

If all of the above conditions have been met, and council passes a resolution to establish an MCC, the MCC and the municipal council(s) will now be subject to certain proposed reporting and disclosure requirements. The council of each municipality that controls the MCC must ensure that the MCC submits to the council annual financial statements prepared in accordance with the generally accepted accounting principles issued by the Canadian Institute of Chartered Accountants. A new regulation-making authority has been created which will allow the Minister the discretion to add additional reports that must be submitted annually to council. Once received by council, the annual financial reports and any additional prescribed reports must be made available for public inspection.

### **Material Change Disclosure**

After an MCC has begun operations, it is proposed that any proposed material change to the business operations of the MCC must be disclosed by council to the residents of the municipality, and the residents must be given an opportunity to make representations. The Minister will have the authority, through regulation, to determine:

- what constitutes a "material change";
- the manner in which a council must notify residents of a material change ; and
- the timing, scope and methods of obtaining public input from residents regarding a material change.

### **Public Utility Exemption**

Currently, MCCs that provide utility services to residents are exempt from Part 2 of the *Public Utilities Act*. This exemption has been provided by regulation specific to each

MCC in question. This exemption allows MCCs to set their own utility rates without the oversight of the Alberta Utilities Commission. This exemption is added to the *MGA* in Bill 21, and will apply to all MCCs that provide utility services within the boundaries of their controlling municipalities. The restriction on providing utility services outside of the province remains in place, although a request to the Minister for approval to do so can be made.

### **Dispute Resolution Process**

Similarly, a dispute resolution process between utility MCCs and regional services is currently included in each individual MCC regulation and is proposed for addition to the *MGA* in Bill 21. Lastly, the right to appeal to the Alberta Utilities Commission for any person who uses, receives or pays for utility services from an MCC remains.

### **Franchise Agreement Approval Exemption**

Another provision being added directly to the *MGA* in Bill 21 that was formerly included in each individual MCC regulation is the exemption from Alberta Utilities Commission approval of franchise agreements. A franchise agreement between a council and a utility corporation typically grants the corporation the right, exclusive or not, to provide a utility service in all or part of the municipality for a term of up to 20 years. Since the municipality itself is the owner of an MCC, there is no need for third-party approval.

## **V. SUMMARY OF NEW REGULATION-MAKING AUTHORITIES**

Once Bill 21 is passed by the legislature, the Minister's regulation-making powers include:

- requiring that MCCs in certain types of industries must still be approved by the Minister;
- setting out terms and conditions for a municipality to control an MCC;
- prescribing information to be included in a due diligence study or in a business plan;
- respecting rules about public hearings, including the form and nature of information to be made available to the public before the hearing is held;
- prescribing reports which the MCC must submit to the municipal council;
- respecting how a council must notify municipal residents of a proposed material change to an MCC;
- respecting the timing, scope and methods of obtaining public input from municipal residents about a proposed material change to an MCC;
- defining any term or expression that is used but not defined regarding MCCs, such as "material change";
- specifying or describing by reference which provisions of other enactments that do not apply, or apply with modifications, to an MCC;

- specifying or describing by reference any provisions that are added to or that replace the provisions of the MGA or any other enactment in respect of an MCC.

## **VI. MATTERS TO CONSIDER IN THE DEVELOPMENT OF LEGISLATION FOR MUNICIPALLY CONTROLLED CORPORATIONS**

### **Types of Services and Excluded Sectors**

There have been concerns that MCCs enjoy certain preferential benefits that privately-owned corporations do not. This might include preferential financing terms from their municipal owners, being granted a monopoly over services provided within a municipality, or the expropriation of land by a municipality for development purposes on behalf of an MCC.

Bearing these concerns in mind, some have suggested that MCCs should be prohibited from competing with private companies in certain sectors of the economy.

### **Transparency**

Although the controlling interest in MCCs is maintained by municipalities, their day-to-day operations occur at arm's length, and they are not subject to the same transparency requirements that apply to municipalities. This facilitates a level playing field between MCCs and corporations in the private sector; however, the lack of transparency limits municipal and public awareness and input into key aspects of the MCC's service delivery.

MCCs sometimes receive municipal financial assistance at start-up, and preferential access to municipal assets in order to provide services to residents. The benefit of the investment of public resources is not always apparent or easily understood by taxpayers.

## **VII. MUNICIPALLY CONTROLLED CORPORATIONS IN OTHER PROVINCES**

The status of municipally controlled corporations in other provinces provides some helpful context:

### **British Columbia**

A municipality may incorporate a corporation or acquire shares in a corporation only with the approval of the inspector of municipalities (an official appointed by Cabinet) unless it is an emergency communications corporation.

### **Saskatchewan**

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As part of their natural person powers, municipalities in Saskatchewan have the ability to incorporate MCCs without ministerial oversight in accordance with its municipal purposes.

**Manitoba**

A municipality can incorporate a municipal participation corporation in which all the shares are controlled by municipalities. This stems from natural person powers and there is little ministerial oversight. A municipality is also authorized to invest in a municipal participation corporation within Canada.

**Ontario**

The legislation allows municipalities to establish MCCs provided that the municipalities follow the requirements set out in regulation, including that the purpose of the MCC is to provide a system, service, or thing that the municipality itself could provide. There are also requirements for a business case, policies on asset transfers, and public consultation.

**VIII. QUESTIONS ABOUT MUNICIPALLY CONTROLLED CORPORATIONS**

We would appreciate your responses to the following questions about MCCs.

**1. Ministry Approval Notification**

The proposals in Bill 21 eliminate the need for Ministerial approval prior to forming a new MCC. Should the Minister still be informed of the formation of a new MCC? Why or why not?

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**2. Purpose of Municipally Controlled Corporations**

MCCs are only permitted to provide a service or benefit to residents of the municipality or group of municipalities that controls it, and to carry on business solely for one or more of the purposes described in section 3 of the *MGA*, as follows:

- to provide good government;
- to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality; and
- to develop and maintain safe and viable communities.

Are the purposes set out in section 3 appropriate or should more specific restrictions be placed on the purpose of MCCs? If so, what do you suggest?

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**3. Profit-Making Purpose**

There have been suggestions that municipalities should be allowed to establish an MCC for the sole purpose of making profit no matter what, if any, service is being provided. Since that profit would flow back to the municipality in the form of dividends, this might be considered a “benefit” to the residents. Is the sole purpose of making a profit an acceptable purpose for an MCC? Do you have any concerns? If so, what would be an appropriate alternative?

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**4. Prohibited Services or Sectors**

The *MGA* authorizes the Minister to make regulations providing that certain types of corporations may not be controlled by a municipality or a group of municipalities without the Minister’s approval. What types, if any, of industries or services should still require Ministerial approval before a municipality can establish an MCC?

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**5. Municipal Assistance to MCCs**

MCCs may sometimes receive financial assistance at start-up and preferential access to municipal assets in order to provide services to residents. Concerns have been raised that this creates a competitive imbalance with private sector businesses. Should there be any limits put on this type of municipal assistance received by an MCC? Why or why not? What level of municipal assistance is appropriate?

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## 6. Council Resolution Authorizing MCC

Council must pass a resolution to authorize a new MCC. Should this require more than a majority of councillors to vote in the affirmative? If so, what percentage? What other details should the council resolution include? Potential options include the expected rate structure and municipal membership.

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## 7. Information to be Considered by Council

Council will have to review a business plan and a due diligence study prior to authorizing an MCC. Proposed contents of the business plan include:

- Any liabilities associated with the MCC;
- Proposed debt or borrowing requirements/expectations;
- Forecasted operating or capital budgets;
- Control/involvement of shareholders.

A due diligence study must include disclosure of potential risks including:

- Environmental;
- Financial;
- Labour;
- Other liability;
- Other risks, as prescribed by regulation.

Do you agree with these requirements and should there be others? What kind of information do you think is important for elected councillors to consider before passing an authorizing resolution?

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## 8. Public Hearings

It is proposed that a public hearing will be required before a new MCC can be established. Bearing in mind that some information may need to be withheld for commercial reasons, what kind of information do you think residents should know in order to make meaningful representations to council? What parameters should be placed around the form and nature of public input opportunities?

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**9. Annual Reporting**

In addition to annual financial statements, what other information should the MCC provide to council and what information should be made available to residents? Should the information be provided upon request or proactively published?

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**10. Material Change in Operations**

If there is a proposed significant change in the operations of an MCC, council is required to notify residents and give them opportunity to make representations. What kind of change do you think should trigger this requirement, and how do you think council should be required to obtain public input on such changes?

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**11. Employee Pension Benefits**

An MCC is not defined as a “local authority” under the Local Authorities Pension Plan Regulation. Therefore, when an MCC is established, municipal employees who become employees of the MCC lose eligibility in the pension plan. What measures, if any, should be in place to address this? As an example, a Regional Service Commission is considered a “local authority” under the Local Authority Pension Plan – should MCCs be added to this definition? Why or why not?

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## 12. Unanimous Shareholders Agreements

A unanimous shareholder agreement (USA) is an agreement among all the shareholders of a corporation that can provide a measure of flexibility in shaping the internal organization and affairs of the corporation. A thorough USA can:

- set out certain baseline entitlements and obligations of the parties in relation to the corporation’s governance and share allocation;
- anticipate and address reasonably likely future events, such as changes in ownership, the need for injections of capital, or the resolution of disputes between shareholders; or
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Should a USA be mandatory when 2 or more municipalities act together to establish an MCC? Should the contents of the USA be prescribed by regulation or should they be left up to municipalities to establish? What components should be included?

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## 13. Utility Services

When an MCC is chosen as the method of providing utility services, some *MGA* provisions that apply to municipally-provided utility services no longer apply. These include the ability to add utility arrears to property tax rolls and the power to expropriate land. MCCs that provide utility services do not have these powers. Is this balance appropriate? Should it be reconsidered? If so, what oversight and restrictions might be appropriate?

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## 14. Application of Public Utilities Provisions of the *MGA*

When a municipality establishes an MCC for the purpose of providing utilities services to its residents, they are treated differently under the *MGA* than if the services were provided by the utilities department of the municipality. This includes rules regarding:

- council’s authority to grant exclusive utilities rights;
- prohibiting other utilities providers from operating in municipal boundaries; and
- the renewal of franchise agreements.

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Utility MCCs are subject to sections of the *MGA* which set out rules regarding utility services (sections 43-47), except for the requirement for Alberta Utilities Commission approval for utility service agreements (section 45(3)(b)). Is this the appropriate legislative framework to apply to these kinds of MCCs, or are there other provisions that should or should not apply?

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### **15. Existing Municipally Controlled Corporations**

With the changes proposed in Bill 21, new MCCs have several new requirements before they can begin operations, as well as several new requirements for ongoing reporting and transparency.

- Should existing MCCs be exempted from some or all of the new requirements?
- If so, should existing MCCs also be exempted from the requirements when creating a subsidiary?
- Should municipalities be prevented from potentially avoiding these new requirements by becoming investors in existing MCCs that are exempted? If so, how?

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### **16. Other**

Provide any other comments or suggestions about the MCC provisions proposed in Bill 21 or any other matters that should form part of the policy on MCCs.

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## **IX. CONCLUSION**

Thank you for providing your comments. Your feedback is very important and will be essential to improving municipal governance, transparency, and accountability. If you have questions while completing this guide, please contact Laura Klassen Bullock, Legislative Coordinator, Municipal Legislation at (780) 422-8388 or [laura.klassenbullock@gov.ab.ca](mailto:laura.klassenbullock@gov.ab.ca).