

BYLAW 2

OF THE NORTH RED DEER RIVER WATER SERVICES COMMISSION hereinafter referred to as the "Commission" IN THE PROVINCE OF ALBERTA

THIS BYLAW AUTHORIZES THE BOARD OF THE COMMISSION TO INCUR AN INDEBTEDNESS FROM THE COMMUNITY SAVINGS, BY THE ISSUANCE OF A REVOLVING LINE OF CREDIT AND A CAPITAL LOAN TO FINANCE THE CONSTRUCTION OF THE REGIONAL WATER LINE

WHEREAS, the board of the Commission has decided to issue a bylaw pursuant to Sections 256 and 257 of the Municipal Government Act to authorize short term financing to construct a capital property.

In order to finance short term obligations, it will be necessary for the Commission to borrow up to the aggregate amount of Eight million dollars (\$8,000,000.00) on the terms and conditions referred to in this Bylaw.

The Municipality will repay the indebtedness by making monthly interest payments on the amount borrowed at the COMMUNITY SAVINGS not to exceed the prime lending rate as established by COMMUNITY SAVINGS from time to time. Such interest will be calculated daily and due and payable on the last day of each and every month.

THEREFORE, the Board of the North Red Deer River Water Services Commission duly assembled enacts as follows:

1. That the North Red Deer River Water Services Commission borrow from time to time from the COMMUNITY SAVINGS, a sum or sums not exceeding the aggregate amount of Eight Million Dollars (\$8,000,000.00) which the Board deems necessary to expend to meet expenditures during construction of the waterline.
2. That for the purpose of financing short term obligations, the sum of Two Million dollars (\$2,000,000.00) be borrowed from the COMMUNITY SAVINGS by way of an authorized overdraft lending loan and Eight million Dollars (\$8,000,000.00) capital loan on the credit and security as promised in the agreement between the COMMUNITY SAVINGS and the North Red Deer River Water Services Commission which is to be paid with sources of money from:
 - a) Provincial Grant monies
 - b) Alberta Capital Authority.
3. The revolving line of credit loan shall bear interest on the amount drawn, not exceeding the 0.25% below the prime rate as set by the COMMUNITY SAVINGS from time to time and interest shall be payable on a monthly basis on the amount drawn.
4. The capital loan shall bear interest on the amount drawn, not exceeding the prime rate as set by the COMMUNITY SAVINGS from time to time and interest shall be payable on a monthly basis on the amount drawn.

5. The loan shall be payable in lawful money of Canada at the COMMUNITY SAVINGS in the Town of Lacombe.
6. The loan shall be signed by the Chairman and the Manager of the Commission and the Manager shall affix the corporate seal of the Commission to the loan papers.
7. The indebtedness is contracted on the credit and security as outlined in the Security Documents section of the Banking Agreement.
8. The net amount realized by the issuance of the loan authorized under this bylaw shall be applied only for the purpose for which the indebtedness was created.
9. The Board of the North Red Deer River Water Services Commission shall review the terms and conditions set out in this bylaw periodically as determined by the COMMUNITY SAVINGS.
10. That nothing herein contained shall waive, prejudicially affect or exclude any right, power, benefit or security by statute, common-law or otherwise given to or implied in favor of the said Bank.
11. In the event that the Municipal Government Act permits extension of the term of the loan and in the event the board of the Commission decides to extend the loan and COMMUNITY SAVINGS is prepared to extend the loan, any renewal or extension, bill, debenture, promissory note, or other obligation executed by the officers designated in paragraph 3 hereof and delivered to COMMUNITY SAVINGS will be valid and conclusive proof as against the Corporation of the decision of the Board to extend the loan in accordance with the terms of such renewal or extension, bill, debenture, promissory not, or other obligation, and COMMUNITY SAVINGS will not be bound to inquire into the authority of such officers to execute and deliver any such renewal extension document or security.
12. This Bylaw comes into force on the final passing thereof.

Certificate

WE HEREBY CERTIFY that the foregoing resolution was duly passed by the Board of the North Red Deer River Water Services Commission therein mentioned at a duly and regularly constituted meeting thereof held on the _____ at which a quorum was present, as entered in the minutes of the said Commission, and that the Bylaw has come into force and is still in full force and effect.

WITNESS our hands and seal of the Commission this

READ A FIRST TIME THIS 22nd day of September 2005.

READ A SECOND TIME THIS 22nd day of September 2005.

PRESENTED FOR THIRD AND FINAL READING THIS 22nd day of September 2005.

RECEIVED THIRD AND FINAL READING THIS 22nd day of September 2005

Original Signed _____

CHAIRMAN

Original Signed _____

MANAGER