

CITY OF GRANDE PRAIRIE

BYLAW C-1494

**A Bylaw of the City of Grande Prairie, in the Province of Alberta,
to authorize the guarantee of a portion of a construction loan between
Maskwa Medical Center (Canada) Inc. and ATB Financial for
the construction of the Maskwa Medical Center.**

WHEREAS Maskwa Medical Center (Canada) Inc. (the "Borrower") is a registered non-profit organization constructing a public medical facility within the City on land leased to the Borrower by Northwestern Polytechnic;

AND WHEREAS the total project cost of constructing the facility is currently estimated at approximately \$40 million, not inclusive of tenant improvements;

AND WHEREAS representatives of the Board of Directors of Maskwa Medical Center (Canada) Inc. appeared before City Council on March 2, 2026, and on prior occasions, to present comprehensive project updates, providing assurances and representations to the City regarding the project's robust public support, their confidence in the capital fundraising targets, and the facility's overall financial viability, upon which assurances the City fundamentally relies in granting this guarantee;

AND WHEREAS the Borrower and ATB Financial (the "Lender") intend to enter into a short-term construction loan agreement strictly between the two parties;

AND WHEREAS the City of Grande Prairie has previously advanced a direct capital loan in the amount of \$3,500,000 to the Borrower to support the project, and is now providing this guarantee in addition to that existing financial commitment;

AND WHEREAS as a strict condition of providing the construction loan, the Lender requires the City to execute a Postponement and Assignment of Claims Agreement, legally subordinating the repayment of the City's existing \$3,500,000 loan to the Lender's construction financing;

AND WHEREAS Section 264(2) of the Municipal Government Act, RSA 2000, c. M-26, authorizes a council to guarantee the repayment of a loan between a lender and a non-profit organization if the council considers that the money obtained will be used for a purpose that will benefit the municipality;

AND WHEREAS Section 266(1) of the Municipal Government Act requires that a municipal loan guarantee be authorized by bylaw;

AND WHEREAS the City of Grande Prairie intends to syndicate the contingent risk of the construction financing with other contributing municipalities on a strictly several basis;

AND WHEREAS the amount of the existing calculated debt of the City of Grande Prairie is \$123,305,826, and no part of the principal or interest is in arrears;

AND WHEREAS the estimated regulated debt limit of the City is \$313,782,599, and the estimated regulated debt service limit is \$7,980,000, calculated in accordance with Alberta Regulation 255/2000, and the guarantee authorized by this bylaw will not cause the City to exceed its statutory debt limits;

AND WHEREAS in early March, 2026, the Province of Alberta confirmed that it will not contribute any funding towards the capital construction of the Maskwa Medical Center;

AND WHEREAS the Board of Directors of Maskwa Medical Center (Canada) Inc. has confirmed that the construction of the Maskwa Medical Center will be unlikely to proceed unless they obtain the guarantee as set out herein, either from the City or another guarantor.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF GRANDE PRAIRIE, IN THE PROVINCE OF ALBERTA, DULY ASSEMBLED, ENACTS AS FOLLOWS:

1. SHORT TITLE

1.1 This bylaw shall be called the "Maskwa Medical Center Loan Guarantee Bylaw".

2. DEFINITIONS

"City" means the municipal corporation of the City of Grande Prairie.

"Construction Loan" means the short-term, capitalized-interest loan (Facility #1) issued by the Lender to the Borrower strictly in respect of the construction of the Maskwa Medical Center in the total approved maximum facility amount of \$23,347,283.

"Lender" means ATB Financial.

"Borrower" means Maskwa Medical Center (Canada) Inc.

"Master Guarantee Agreement" means the tripartite contractual agreement between the City, the Lender, and the Borrower establishing the operational conditions, covenants, and default mechanics of the loan guarantee described herein.

"Take-Out Financing" means the permanent, long-term commercial or provincial term mortgage (Facility #2) secured by the Borrower to replace and pay off the Construction Loan following the issuance of the occupancy certificate, a prescribed lease-up period, and the satisfaction of the Lender's conversion covenants (including the Debt Service Ratio).

3. AUTHORIZATION & PRINCIPAL AMOUNT

3.1 The City is hereby authorized to enter into a Master Guarantee Agreement whereby the City shall guarantee the repayment of a strictly fractional portion of the Construction Loan between the Lender and the Borrower.

3.2 The absolute maximum principal amount guaranteed by the City under this Bylaw shall be **UP TO \$5,836,825 (inclusive of any capitalized interest accrued and applied**

to the loan principal), with the explicit requirement that any capital fundraising, gifts-in-kind, and/or grant funds received by the Borrower in excess of unfunded construction costs will actively reduce the debt need and the City's guaranteed amount.

- 3.3 The City's liability under the Master Guarantee Agreement shall be strictly several and proportionate to its defined fractional share. The City explicitly rejects joint liability, and joint and several liability, for the total facility amount of \$23,347,283.

4. PURPOSE

- 4.1 The purpose of the Master Guarantee Agreement is exclusively to enable the Construction Loan to fund the direct capital construction costs of the Maskwa Medical Center.

5. INTEREST RATE, TERM & REPAYMENT TERMS

- 5.1 The maximum rate of interest under the guaranteed Construction Loan shall be a variable rate calculated as the Lender's Prime Rate plus 0.50%, but shall strictly not exceed EIGHT PERCENT (8.00%) per annum.
- 5.2 The term of the Construction Loan shall be established as a maximum of twenty-four (24) months from the start date of construction.
- 5.3 The Construction Loan shall be payable by the Borrower on an interest-only basis, monthly, throughout the 24-month construction period, at which time the entire principal amount of the financing will be due and payable. The Construction Loan shall also be payable in full on demand by the Lender at any time without notice, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- 5.4 The Master Guarantee Agreement shall immediately and irrevocably terminate upon the earliest occurrence of the following:
- (a) The execution and funding of the Take-Out Financing by the Borrower;
 - (b) March 31, 2028, or the expiration of the Lender's Construction Loan term requirements, whichever comes first; or
 - (c) The repayment of the debt in accordance with an ATB demand for such repayment.

6. SOURCE OF FUNDS & DEFAULT

- 6.1 In the event the Borrower defaults and the City is legally compelled to execute the guarantee under the Master Guarantee Agreement, the funds utilized to pay the principal and interest shall be sourced from general municipal taxation and reserves.

7. CONDITIONS PRECEDENT TO EXECUTION

- 7.1 Administration is authorized to execute the Master Guarantee Agreement, and the requisite Postponement and Assignment of Claims Agreement (ATB Form 7025), only upon the Borrower and Lender satisfying the following conditions precedent to the explicit satisfaction of the City Manager:

- (a) **Audited Financials:** Submission of an independent, audited cost-to-complete report demonstrating that the Construction Loan, combined with verified fundraising targets and grants, mathematically ensures completion to occupancy.
- (b) **Verification of Strict Conformity:** Prior to the execution of the Master Guarantee Agreement and the Postponement and Assignment of Claims Agreement, the City Manager shall obtain and comprehensively review finalized copies of the Construction Loan, the Master Guarantee Agreement, and the Postponement and Assignment of Claims Agreement. The City Manager shall not execute any agreements on behalf of the City unless they are satisfied that the terms, conditions, and covenants contained within all such documents strictly match and conform to the parameters, limits, and definitions established in this Bylaw. If any terms within the finalized contractual documents deviate from the express provisions of this Bylaw, execution shall be strictly withheld unless Council authorizes such deviation by way of a formal bylaw amendment.
- (c) **Secondary Debt Approval (The "TI Veto"):** Submission of proof of the Lender's express written prior consent to any secondary debt, explicitly waiving the Lender's prohibition on the assumption of additional debt, together with a comprehensive financial plan demonstrating that any anticipated secondary borrowing for tenant improvements will not impair the Borrower's ability to achieve the Debt Service Ratio (DSR) required by the Lender to convert the Construction Loan to Take-Out Financing.
- (d) **Postponed Debt Servicing Plan:** Acknowledging the Lender's required Postponement and Assignment of Claims Agreement, the Borrower must submit a formalized long-term restructuring and repayment plan for the City's existing \$3,500,000 capital loan, outlining repayment mechanisms to commence *after* the Lender's Take-Out Financing is fully secured and the Lender's subordination requirements are lifted.

- (e) **Mandatory Reporting:** The Master Guarantee Agreement must require that both the Borrower and the Lender must provide the City with:
 - (i) immediate written notice if the Construction Loan ceases to be in "good standing";
 - (ii) continuous, direct access to the Lender's monthly draw reports including capitalized interest, capitalized interest statements, DSR conversion analysis, and independent Project Monitor reports;
 - (iii) monthly reporting from the Borrower detailing cashflow actuals and projections, tenant leasing progress, construction progress, and fundraising activities and fundraising amounts received.
- (f) **Final Negotiation and Risk Management:** The successful negotiation and inclusion of such supplementary terms, conditions, and protective covenants within the Master Guarantee Agreement and the Postponement and Assignment of Claims Agreement as the City Manager determines are (i) consistent with the framework and financial parameters established by Council in this Bylaw, including any amendment hereto, and (ii) reasonably necessary or legally appropriate to mitigate municipal risk, secure the City's financial position, or maximize the public benefit of the Maskwa Medical Center.

8. EFFECTIVE DATE

8.1 This Bylaw shall come into force and effect when it receives third reading and is duly signed.

READ a first time this 2nd day of April, 2026.

"J. Clayton" (signed) _____
Mayor

"A. Van Beekveld" (signed) _____
City Clerk

READ a second time this _____ day of _____, 2026.

READ a third time and finally passed this _____ day of _____, 2026.

Mayor

City Clerk