

November 23, 2012

Mayor William Choy
Town of Stony Plain
4905-51 Ave
Stony Plain, AB T7Z 1Y1

Mayor Rod Shaigec
Parkland County
53109A SH 779
Parkland County, AB T7Z 1R1

Mayor Stuart Houston
City of Spruce Grove
315 Jespersen Ave
Spruce Grove, AB T7X 3E8

Dear Mayors:

Re: TransAlta Tri Leisure Centre (TLC) 2013 Capital Expenditures and Authority over Restricted Funds

At the November 22, 2012 meeting of the Tri-Municipal Leisure Facility Corporation (TMLFC) Board of Directors, the following motion was passed:

That motion 03/10/2012 be rescinded.

For clarity, motion 03/10/2012 that was rescinded follows:

That consistent with what was recommended by the CAO's in their letter dated October 22, 2012, that the board approve capital expenditures for 2013 be funded by restricted funds.

Subsequently, the Board of Directors passed the following motion on November 22, 2012:

That a request be made to the municipal owners to fund the 2013 capital expenses.

The amount requested for 2013 capital expenditures is \$354,395. A revised document showing the 2013 capital expense summary and municipal funding strategy is attached.

The Board of Directors understands that the change to the original motion comes late in the budget process however the board feels that the new motion is in line with the governance model and is critical to the fiscal sustainability of the TransAlta Tri Leisure Centre.

Authority over Restricted Funds

As stated in our November 14, 2012 letter, the board continues to have concerns over comments made by the CAO's in their October 22, 2012 letter to Deborah Larsen, specifically the CAO's interpretation regarding authority over the use of restricted funds held by the Tri-Municipal Leisure

Facility Corporation. The board's interpretation is that the governance model provides the board with authority to approve the allocation of restricted funds.

As a point of reference, we refer to the following documents:

Memorandum of Association of the Tri-Municipal Leisure Facility Corporation:

Clause 2 The objects for which the Corporation is established are:

2 (c): To solicit, receive, record, maintain, administer and dispose of property, donations, bequests, devices, gifts or funds of any nature whatsoever for the cultural, recreational and social purposes as in the sole discretion of the Directors will effectively assist, encourage, promote and advance the Facility and any other facility or facilities managed, maintained, operated or administered by the Corporation for the benefit of the Members of the Corporation and their residents:

2 (h): To invest and deal with the monies of the Corporation not immediately required, upon such securities and in such manner as may from time to time be determine by the Directors, any return to be applied to the object of the Corporation;

Articles of Association of the Tri-Municipal Leisure Facility Corporation Table "A"

Powers of Directors

Clause 32:

Subject to the terms contained in any agreement amongst the Members, the Board of Directors shall control and manage all the affairs and property of the Corporation and may exercise all the powers of the corporation and do on behalf of the Corporation all such acts as may be exercised and done by the corporation, and as are not by these presents required to be exercised or done by the Corporation in a general meeting. Notwithstanding the foregoing provision of this paragraph, the Members in general meeting may by ordinary resolution:

- (a) Do anything which the Directors may do;
- (b) Ratify anything which purports to have been done as an act of the Directors;
- (c) Govern or restrict the powers of the Directors or the manner in which they exercise them, so long as it is not done retroactively.

Clause 35:

The directors may pay out or deal with any money received by the Corporation as the directors deem appropriate....."

Memorandum of Agreement

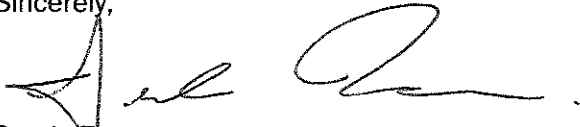
Article 3: Establishment and Organization of the Corporation

3.1 Incorporation of Corporation: The municipalities each acknowledge and agree that the Corporation has been incorporated by the municipalities for the purpose of managing and operating the Facility and that the Memorandum of Association and the Articles of Association of the Corporation shall at all times be consistent with the terms and conditions contained in this Agreement.

Given the information presented above and that the board's past practice is representative of the governance model, the board offers rebuttal to the CAO's interpretation. The board will continue to govern and provide authority for the expenditure of restricted funds unless directed otherwise by the three owners.

Should you have any questions, please feel free to contact me at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Searle Turton', with a stylized, cursive script.

Searle Turton
Chair
Board of Directors
Tri Municipal Leisure Facility Corporation

cc: Ms. Phyllis Kobasiuk, Vice Chair, Board of Directors, Tri Municipal Leisure Facility Corporation
Mr. Doug Lagore, City Manager, Spruce Grove
Mr. Pat Vincent, Chief Administration Officer, Parkland County
Mr. Thomas Goulden, Town Manager, Stony Plain
Ms. Deborah Larsen, General Manager, TransAlta Tri Leisure Centre

Tri-Municipal Leisure Facility Corporation

CAPITAL EXPENSES

Expenditure Planning

Proposed 2013, Preliminary 2014, Preliminary 2015

	2013 PROPOSED BUDGET	2014 PRELIMINARY BUDGET	2015 PRELIMINARY BUDGET
Source of Capital FUNDS			
Possible CFEP	100,000	100,000	100,000
Municipal Contribution	354,395	668,667	700,000
TOTAL source of capital funds	\$ 454,395	\$ 768,667	\$ 800,000
EXPENSES			
Capital equipment expense	257,395	268,667	300,000
Infrastructure project expense	197,000		
Contribution to Restricted Funds		500,000	500,000
TOTAL EXPENSES	\$ 454,395	\$ 768,667	\$ 800,000

AHU1 replacement (recorded as an asset of 3 owners)

1,190,000

Tri Municipal Leisure Facility Corporation Municipal Funding Strategy

November 22, 2012

Goal: To enable the TLC to meet operational needs, purchase required capital equipment, complete capital projects and contribute to the restricted capital fund, the following strategy is proposed.

Proposal

	2010 actual	2011 Actual	2012 Actual	2012 Projected	2013 budget request	Preliminary 2014 Budget	Preliminary 2015 Budget
Municipal Operating Support	700,000	835,000	1,068,034	1,068,034	1,068,034	1,321,640	1,464,826
Annual Operating Increase					253,606	143,186	194,117
Total Operating Support	700,000	835,000	1,068,034	1,068,034	1,321,640	1,464,826	1,658,943
Annual % change		19.29%	27.91%		23.75%	10.83%	13.25%
Capital Equipment and Projects					354,395	168,667	200,000
Winter Games			80,000	80,000	-		
10th Anniversary			15,000	15,000	-		
Contribution to restricted fund						500,000	500,000
Possible operating deficit recovery				106,967			
TOTAL Municipal Request	1,400,000	1,670,000	1,163,034	1,270,001	1,676,035	2,133,493	2,358,943
City of SG	42.50%	494,290	48.72%		816,564	1,039,438	1,149,277
Town of SP	27.50%	319,834	26.24%		439,792	559,829	618,987
Parkland County	30.00%	348,910	25.04%		419,679	534,227	590,679
TOTAL Municipal request		1,163,034			1,676,035	2,133,493	2,358,943