



CITY OF EDMONTON

BYLAW 11713

ED TEL ENDOWMENT FUND BYLAW

CONSOLIDATED ON JUNE 18, 2008

BYLAW 11713**THE ED TEL ENDOWMENT FUND BYLAW**

WHEREAS the shares owned by Edmonton Telephones Corporation in Ed Tel Inc. were sold by the City of Edmonton to Telus on March 10, 1995 for \$470,221,872;

AND WHEREAS Council deems it in the interest of the City of Edmonton to protect the proceeds of sale so that they must be dealt with in accordance with this Bylaw;

NOW THEREFORE the Municipal Council of the City of Edmonton enacts as follows:

1. In this bylaw:

- (a) **“Annual Dividend”** means a payment made from the Ed Tel Endowment Fund once per Year in an amount determined by this Bylaw;
- (b) **“Ed Tel Endowment Fund”** means the fund established to account for, hold, invest and manage the Original Principal and all increases to it;
- (c) **“Excess Earnings”** means the amount by which the Fund Value exceeds the Inflation Adjusted Principal;
- (d) **“Fund Value”** means the market value of the Ed Tel Endowment Fund from time to time;
- (e) **“Inflation Adjusted Principal”** means the original principal as increased by the cumulative annual Inflation Adjustments to Principal;
- (f) **“Inflation Adjustment to Principal”** means an annual amount determined by applying, at the Valuation Date, the Inflation Rate for the previous twelve months to the Inflation Adjusted Principal as at the previous Valuation Date;

(S.2, Bylaw 14922, June 18, 2008)
- (g) **“Inflation Rate”** means the annual average Canadian Consumer Price Index or equivalent as published by Statistics Canada;
- (h) **“Original Excess Earnings”** means \$5,221,872 being that portion of the original proceeds of sale identified as Excess Earnings;
- (i) **“Original Principal”** means \$465,000,000, being the original base proceeds of sale of the shares of Ed Tel Inc.;
- (j) **“Spending Formula”** means: $\text{Annual Dividend} = .7 (\text{previous Year's Annual Dividend} \times (1 + \text{Inflation Rate for the twelve months up to the previous Valuation Date})) + .3 (\text{Fund Value as at the previous Valuation Date} \times \text{Spending Rate});$

(S.3, Bylaw 14922, June 18, 2008)

- (k) **“Spending Rate”** means the long-term expected real rate of return for the investments held in the Ed Tel Endowment Fund, determined in conjunction with the Ed Tel Endowment Fund’s policy asset allocation, and as approved by resolution of City Council;

- (l) **“Year”** means a calendar year;

(S.4, Bylaw 14922, June 18, 2008)

- (m) **“Valuation Date”** means June 30.

(S.5, Bylaw 14922, June 18, 2008)

2. The Fund Value shall be invested and managed in accordance with this Bylaw and the City of Edmonton Investment Policy C212, as amended.
3. Any withdrawal of funds from the Ed Tel Endowment Fund may only take place by amendment to this Bylaw, unless specifically authorized by paragraphs 4 or 5 of this Bylaw.
4.
 - (1) The Annual Dividend to be paid in 2008 from the Ed Tel Endowment Fund shall be \$35,200,000.00, and a special dividend of \$8,800,000.00; and

(S.6, Bylaw 14922, June 18, 2008)

 - (2) Commencing the Year 2009, the Annual Dividend shall be determined by the Spending Formula, subject to the conditions specified in Section 5.

(S.3, Bylaw 13428, September 8, 2003)

(S.4, Bylaw 14709, September 11, 2007)
5.
 - (1) If at any Valuation Date, the Fund Value is more than 10% below the Inflation Adjusted Principal, the subsequent Year’s Annual Dividend will be reduced by 25%.
 - (2) If at any Valuation Date, the Fund Value is more than 15% above the Inflation Adjusted Principal, the subsequent Year’s Annual Dividend may be increased by 25%. An increase in the Annual Dividend, under this subsection, will not be included in the determination of future Annual Dividends.

(S.7, Bylaw 14922, June 18, 2003)

6. Advertisement and a public hearing are required prior to amendment of this Bylaw.
7. Bylaw No. 11082 is repealed.

(NOTE: Consolidation made under Section 69 of the *Municipal Government Act*, R.S.A. 2000, c. M-26 and Bylaw No. 12005, and printed under the City Manager's authority.)

Bylaw 11713, passed by Council April 21, 1998

Amendments:

Bylaw 13428, September 08, 2003

Bylaw 14709, September 11, 2007

Bylaw 14922, June 18, 2008