

C H A P . 1 0 6

An Act to incorporate *Le Crédit Municipal Canadien*

[Assented to 25th April, 1903]

Preamble.

WHEREAS the Honorable Adélarde Turgeon, of the city of Quebec, advocate, the Honorable Henri B. Rainville, advocate, the Honorable Mr. Justice J. Alderic Ouimet, Alfred Brunet, financier, and Drummond Laviolette, exchange broker, all four of the city of Montreal, have, by petition, prayed for an act to incorporate an association for the purpose of effecting investments of capital in public works and in undertakings for municipal improvements, and whereas it is expedient to grant their prayer ;

Therefore, His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows :

INCORPORATION

Persons incorporated.

1. A corporation, consisting of the persons mentioned in the above preamble or their assigns and of all others who may be associated with them, is hereby created and constituted under the name of "*Le Crédit Municipal Canadien*."

Name.

Name in English.

2. The corporation may be designated in English under the name of "The Canadian Municipal Trust Company."

HEAD OFFICE

Head office.

3. The head office of the association shall be in the city of Montreal, at such place as may be determined by the board of management.

Branches.

4. Branches may be established in any other place in Canada.

OBJECT AND POWERS

Object of company.

5. The object of the company is to effect by loan, purchase or otherwise, investments of capital in undertakings and works for municipal improvements, such as : aqueducts, sewers, light, bridges, halls, public markets and others ; and, in connection with such works, it may, either for itself or on behalf of third parties :—

1. Acquire, lease, administer, possess, operate, sell, pledge, assign or transfer rights, concessions, servitudes, privileges,

donations, grants, subsidies and other advantages and also moveable property and immoveable property to an amount not exceeding one million dollars ;

2. Acquire, sell or pledge bonds, debentures, obligations, shares and other negotiable securities ;

3. Lend sums of money on mortgage, pledge, lien or any other kind of security authorized by law for periods not exceeding fifty years, on such conditions as may be agreed upon between the parties ;

4. Receive, in addition to the interest on sums loaned, other advantages or a share of the profits derived from the goods or property pledged as security for such loans ;

5. Construct, purchase or lease all works, structures, buildings, apparatus, machinery and materials which may be of use to it for the purposes of its incorporation and dispose of the same at will ;

6. Lease and operate the works or undertakings of any person or corporation carrying on the same kind of business with the same object as the present company ; and acquire and hold shares or bonds of any company or corporation organized for the same purpose, and cause itself to be represented therein by one or more proxies ;

7. For its own purposes, exercise the powers, rights, and privileges of any other company or corporation whose charter, works or undertaking it may acquire by purchase, lease or otherwise.

6. It shall be lawful for the company to enter into agreements with any town, village, parish or county corporation with respect to the construction, work and putting in operation of systems of water-works, systems of municipal sewers or lights, in their territory, in virtue whereof the council of the said municipality shall grant the company and its assigns the rights, advantages or privileges hereinafter mentioned :

Power to enter into agreements with towns, &c., respecting construction, &c., of water-works, &c.

Certain rights may be granted thereunder to company.

1. A right of way in and a right to make use of the streets and public places in the municipality, exclusively or in common, for the purpose of performing therein all the works necessary for the construction, maintenance, repair, alteration, extension or operation of any of the said undertakings, for a period not exceeding twenty-five years, the whole subject nevertheless to the conditions and restrictions imposed by the said council ;

2. The right to exercise within and without the municipality, in so far as the construction, maintenance, repair, alteration, extension or operation of the said undertakings

are concerned, the rights and powers which the company might exercise if it undertook or possessed such works itself, with the previous consent of the municipalities interested ;

3. The supply of water for watering the streets or for protection against fire or for any other municipal purposes ; the supply of light for the streets or for other municipal purposes ; supplying the use of a sewer for municipal purposes at such rates, and on such conditions as may be determined beforehand by the corporation and for a period not exceeding that of the municipal concession ;

4. Exemption on behalf of the company, its property and works from all municipal taxes, whether general or special, for a period not exceeding twenty-five years, with the previous consent of the municipalities interested.

CAPITAL STOCK

Capitalstock. Shares. **7.** The capital stock of the company shall be one million dollars divided into twenty thousand shares of fifty dollars each. It shall be composed of successive issues of at least one hundred thousand dollars each.

Subscriptions to and calls upon shares, &c. **8.** The manner of subscribing, the calls to be made and the conditions of the issue shall be determined by the board of management.

Issue of shares. **9.** Shares cannot be issued below par, but the board of management may determine the brokers' commission it may deem equitable according to the date and the conditions of the issue.

Stock certificates to order. **10.** Stock certificates to order or to bearer shall be delivered to holders of paid up shares on conditions determined by the board of management.

Payment of dividends. **11.** Dividends on all shares, whether to order or bearer, may be validly paid to the bearer of the certificate.

Rights attached to share. **12.** The rights and privileges attached to a share shall follow the certificate in whatsoever hands it may be.

Effect of possession of share. **13.** The possession of a share shall *de jure* entail adherence to the by-laws and regulations of the company and to the decisions of general meetings.

Lost certificates of stock. **14.** In the event of certificates being lost or destroyed, the company shall not be bound to replace them until the

board of management is satisfied with the proofs and warranties offered, nor until the formalities deemed necessary have been complied with at the claimant's expense. The board shall further determine the conditions on which the certificate shall be replaced and may exact security

15. Any shareholder of the company may dispose of his shares gratuitously in favor of minors, interdicted or other persons, and make the enjoyment or ownership thereof non-transferable or not liable to seizure during their lifetime or for a limited period, by filing a notarial declaration to that effect in the archives of the company. Such declaration shall be summarily registered by a memorandum, written on the donee's folio, of the number and date of the declaration, of the name of the notary before whom the gift is made and of the conditions thereof. A copy of the aforesaid declaration, when filed in court or elsewhere, shall be *prima facie* evidence of the nature of such shares. Disposal of shares, &c.

16. A special account shall be opened for the costs of organization, which shall include remuneration for investigations, proceedings, advances and generally all the costs incurred to obtain the definitive establishment of the company; and such account may be settled by increasing the capital stock to a like amount at the outset or by means of fully paid up shares. Special account for expenses of organization and how to be liquidated.

BOARD OF MANAGEMENT

17. The company shall be managed by a board of management consisting of from five to eight members who shall choose a president and vice-president from among their number every year. The number of the managers shall be determined by the by-laws of the corporation. Board of management, &c. President, &c.

18. The first board of management shall be appointed by the persons mentioned in the preamble or their representatives, and it shall remain in office for three years. First board.

19. During the three years following the third year the managers shall be replaced one third at a time; those who shall go out of office shall be designated by lot. Replacing of managers.

20. The board shall provide for the filling of vacancies when they occur; the manager replacing another shall remain in office during the remaining period of his predecessor's term of office. Vacancies how filled, &c.

COMMITTEES

- Committees. **21.** The board of management may delegate a portion of its powers, in order that the same may be exercised both in Canada and abroad, to one or more persons by means of a special power of attorney, but only for a specific object and for a limited period.

INSPECTORS

- Appointment of inspectors for certain purposes. **22.** The general meeting shall appoint, during good pleasure, one or more inspectors to audit the company's books and accounts, and to inspect its personal and real estate and securities.

- Suspension, &c., of inspectors. **23.** Any inspector so appointed may, for a valid reason, be suspended by a resolution of the board of management, setting forth such reason, adopted by two thirds of its members; and the board shall provide for his being replaced.

- Duties of inspectors. **24.** The inspectors shall see that the provisions of the charter and of the by-laws of the company are strictly observed;—check the issues of shares and bonds of the company;—examine the deeds of pledge and mortgage and other deeds securing the payment of bonds;—audit the accounts, books and registers of the company;—ascertain the accuracy of the yearly statements drawn up by the officers of the company;—check the cash;—inspect the personal and real estate and securities of the company;—make a valuation thereof based on the purchase price, the gross revenue, the annual charges and the prospect of increase or decrease;—and draw up a report on the whole, which shall be submitted at the annual general meeting.

- Their access to books, &c. **25.** The inspectors shall have every necessary latitude as regards access to the offices, books, archives and property of the company under the control of the officers having the custody thereof.

- Registers for certificates of shares. **26.** All certificates of shares or bonds shall be taken from registers with a counterfoil, and the certificates so detached shall be clearly described on such counterfoil.

- Books of account. **27.** The company shall also keep all the necessary books in connection with its accounts.

- Investment register. **28.** A special book shall be kept called "Investment Register," in which shall be entered, by order of date, a

minute description of all the goods, negotiable securities, and moveable and immoveable property acquired by the company, or on the security whereof it has invested any capital, together with a summary description of all deeds affecting such securities or property.

29. The books shall be kept open, from the seventh to the tenth day of every month, at the head office of the company, during ordinary business hours, to the inspection of any person holding a power of attorney from shareholders or creditors of the company, representing an interest of at least ten thousand dollars.

Books open
to inspection
by share-
holders, &c.

30. Any shareholder or creditor of the company may obtain extracts therefrom.

Extracts
from books.

CHARTER — BY-LAWS

31. The company shall be managed in accordance with the provisions of its charter and of its by-laws.

Management
of company.

32. The provisions of the Revised Statutes of Quebec, articles 4651 to 4693, inclusively, respecting joint stock companies, shall apply to the company except in cases provided for and modified by this act.

Certain
articles of
R. S., to
apply.

BONDS

33. The company may issue bonds in connection with its investments.

Issue of
bonds.

34. The total amount of outstanding bonds, after deducting the special reserve set apart for their redemption, shall in no case exceed three fourths of the actual value of the effects, securities and property of the company.

Limit of issue
of bonds.

35. The company may secure its bonds either by a lien or mortgage, or otherwise, in the hands of the bondholders or of trustees, upon its securities and property or a portion thereof.

Security for
company's
bonds.

36. A statement shall be drawn up every year, under the signature of the president and secretary of the company, showing the total amount of the outstanding bonds, of the annual charges connected therewith and with the reserve fund established for the security and redemption of the bonds, as well as an estimate of the aggregate value of the securities, property and revenues of the company.

Annual state-
ment of out-
standing
bonds, &c.

Conditions of
issue of
bonds.

37. It shall be lawful for the company to issue bonds on the following conditions: (a) they shall be to order or to bearer; (b) be transferable by mere delivery or by registration in the company's books; (c) be for periods not exceeding fifty years; (d) be for amounts of twenty dollars each or over.

Transfer of
bonds to
order.

38. Bonds to order shall be transferable in the same manner as stock certificates to order. The company shall in no case be responsible for the validity of the transfer.

Bonds to be
numbered,
&c.

39. Bonds shall be numbered, bear the signature of the secretary and president or vice-president or of a director, and be sealed with the seal of the company.

Interest may
be paid to
holder of
bond.

40. Whatever the form of the bond may be, the interest may be validly paid to the holder thereof.

REGISTRATION

Effect of
registration
against sys-
tem of water-
works, &c.,
of company.

41. By the registration of every mortgage deed against a system of waterworks, sewerage or lighting, a lien shall be established on all the moveable and immoveable property, rights, concessions, advantages, servitudes, rents, revenues and other accessories as described in the said mortgage deed and constituting such systems, or forming part thereof or relating thereto; and all the moveable and immoveable property, rights, concessions, advantages, servitudes, rentals, revenues and accessories aforesaid cannot be sold by judicial authority otherwise than as immoveables. They are also declared to be such for the purposes of the registration above mentioned.

Sequestration
of such sys-
tem upon ap-
plication of
creditors, &c.

42. If the company should make default in paying the principal or interest on any of its bonds at the time prescribed in the mortgage deed, the system so hypothecated may, at the request of the hypothecary creditors or their trustees, after thirty days' notice, be sequestered in the hands of a third party for a certain period by a judge of the Superior Court, with power to take possession of the said system, administer the same and collect the revenues thereof; and thereupon such rents and revenues shall be applied, in the first place, to the payment of the cost of putting the said system in operation and of its maintenance and, afterwards, to the payment of the said mortgage creditors,—the whole subject to the rendering of a quarterly account by the said sequestrator to the company or its representatives and to its mortgage creditors or their trustees.

43. The company may, by the said mortgage deed, establish in favor of the creditors of the company or of its bondholders or one or more trustees appointed in the said deed to represent them or in favor of other corporations, companies or persons, such mortgages, charges and dues as it may deem useful upon the property, concessions, rights, privileges, advantages, rents and revenues of the company, present or future, or present and future, which shall be described in the mortgage deed, whether the company be the owner thereof or whether it holds the same only in trust or for third parties; but the rents and revenues shall be employed in the first place in paying the cost of operation and maintenance of the said property.

What may be established by mortgage deed, &c.

44. By the same mortgage deed, the company may grant the persons, companies or corporations therein mentioned, all and every the powers and remedies it may deem expedient, and which are not inconsistent with the laws of the country; and all the powers, rights and remedies, so contained in the said mortgage deed, shall be valid and executory and may be exercised in the manner and by the means therein stipulated.

What powers may be granted by such mortgage deed.

45. Every holder of bonds secured by mortgage as aforesaid shall be deemed a mortgagee upon the said securities *pro rata* with all the other holders; and no proceedings authorized by law or by this act shall be taken to enforce payment of the said bonds or of the interest thereon, except in the manner provided by the mortgage deed through the trustee or trustees appointed thereby, if any such trustees have been appointed.

Ranking of bondholders.

What proceedings may be taken to enforce payment of bonds.

46. Notwithstanding the passing and registration of any deed of security, lien or mortgage on the property and securities of the company, the administration of such property and securities may remain in the hands of the company without the rights, remedies or privileges established by such deed being affected thereby.

Administration of property to remain with company notwithstanding registration of mortgage deed.

ANNUAL INVENTORY AND STATEMENT

47. The company's financial year shall begin on the first of January and end on the thirty-first of December.

Financial year.

48. The first year's operations shall cover what remains of the current year from the day when the company comes into existence and the whole of the following year.

First year's operations.

Annual inventory to be made.

49. At the end of each financial year an inventory of the assets and liabilities shall be made by the board of management.

DIVISION OF PROFITS

Profits of company.

50. The net proceeds, after deducting all charges, shall constitute the profits of the company.

Upon profits shall be levied :

51. Upon these profits shall be levied :

Reserve fund ;

1. An amount equal to at least one per cent. of the aggregate amount of the outstanding bonds, as a reserve fund for their security and redemption ;

Sums sufficient to pay interest on shares.

2. The amount necessary to pay interest at five per cent. on ordinary shares.

GENERAL CLAUSES

Concession of right to construct public works in municipality to comprise certain rights, &c.

52. The right to construct and operate public works in a municipality, granted by the council of such municipality, vests the company *de jure* with the powers which the council itself might exercise in connection with such works if it had charge or were the owner thereof, with the previous consent of the municipality.

In case of refusal to accept indemnity offered by company for damage to property, company may apply for order to proceed with works.

53. Whenever the company, in the performance of works duly authorized, has to pass on public or private property, and the performance of such works cannot cause any appreciable damage to the proprietor or occupant, it shall be lawful for the company, on refusal of the compensation tendered by it, to apply, by petition supported by affidavit, addressed to a judge of the Superior Court sitting in the district wherein the works are to be done, to obtain, on such conditions and on deposit of such sum as the judge may determine, authority to proceed with such works. Ten clear days' notice must be given to the interested parties before presenting the petition.

Notice of application.

Penalty on persons unlawfully connecting with company's pipes, &c.

54. If any person place or cause to be placed any wire, metal pipe or other means of communication to communicate with any of the works belonging to the company, or in any way make use of the water, sewers, electric current, gas or other product of the company without the latter's consent, he shall pay to the company the sum of one hundred dollars, and also a further sum of four dollars for each day during which such use or communication may exist and, in addition, double the value of the product which has been so wrongfully consumed.

55. If any person or corporation supplied by the company with water, electricity, gas or other product or using its sewers, neglect to pay the rent, rate or charge due the company at the time fixed for the payment thereof, the company or any person acting under its authority, on giving two days' previous notice, may stop the supply of water, electricity, gas or other product or the use of the sewer to the premises of the person in arrears, as aforesaid, by all such means as the company or its officers see fit; and the company may recover the rent or charge due up to such time, together with the expense of cutting off the water, electricity, gas or other product or the use of the sewer, in any competent court, notwithstanding any contract to furnish for a longer time.

Company may stop supply of water, &c., in default of payment of rates, &c.

56. In every case where the company may cut off and take away the supply of water, electricity, gas or other product or the use of the sewer, from any house, building or premises, the company, its agents and workmen, on giving forty-eight hours' previous notice to the person in charge or to the occupant, may enter into the house, building or premises, between the hours of nine o'clock in the forenoon and six o'clock in the afternoon, making as little disturbance as possible, and may remove and take away any wires, pipes, meters, lamps, fittings, and other appliances, which are the property of the company, and shut off all communication with the company's works; and any servant of the company, duly authorized, may, between the hours aforesaid, enter into any house or premises in which water, drainage, electricity, gas or other product has been taken from the company for the purpose of repairing or examining any such wires, pipes, meters, lamps or other appliances; and if any person refuse, without reasonable cause, to permit the servants and employees of the company to enter and perform such acts, the person so refusing or obstructing shall incur a penalty, in favour of the company, for every such offence, and an additional penalty not exceeding four dollars, for every day during which such refusal or obstruction may continue, and, in addition, shall be responsible to the company for all actual damage suffered by reason of such refusal or obstruction.

Company may remove wires, &c., in cases where supply has been cut off.

Inspection of premises in which company's pipes, &c., are.

Penalty on persons refusing such.

57. In default of payment of the aforesaid penalties, within a delay of fifteen days after judgment, the offender shall be liable to imprisonment until the fine and costs are paid; but such imprisonment shall not exceed one month.

Imprisonment in default of payment, &c.

58. All penalties, confiscations or fines imposed by this act shall be imposed, recovered and executed in law by the

Penalties how recoverable.

company before a justice of the peace in accordance with the provisions of part LVIII of the Criminal Code, 1892, respecting summary convictions

ORGANIZATION

First meeting
to organize
company.

59. The persons mentioned in the preamble or their assigns, and such other persons as may unite with them as founders, shall hold a meeting at such date as shall be determined by the majority thereof after the coming into force of this act, at which they shall proceed to organize under this act.

Power of per-
sons present
at meeting.

60. They shall have power :

1. To accept the provisions of this act ;
2. To appoint the first board of management and choose a president and vice-president ;
3. To make by-laws for the company which shall remain in force during the first year's operations ;
4. To appoint a secretary and other officers of the company ;
5. To authorize the first issue of shares and bonds ;
6. To adopt all other provisions in connection with the organization and operations of the company.

Rules, &c.,
then adopted
to be in force
for first year.

61. The resolutions and by-laws adopted at such first meeting need not be ratified by the general meeting, and shall bind the company throughout the first year's operations.

Company
thereafter
organized, &c.

62. From and after the said first meeting, the company shall be organized and definitively constituted and may commence operations.

Rights, &c.,
cannot be
exercised in
certain mu-
nicipalities.

63. The rights and privileges conferred by this act cannot be exercised in a municipality if there be any by-laws or contracts conferring rights and privileges, of the same nature or equivalent thereto, upon any person or corporation, and, in no case, without the consent of the municipal council.

COMING INTO FORCE

Coming into
force.

64. This act shall come into force on the day of its sanction.
