

AMALGAMATION AGREEMENT

THIS AGREEMENT made this _____ day of _____ A.D. 2018
BETWEEN:

RIVER CITY CREDIT UNION LTD.

of the First Part

- and -

BEAUMONT CREDIT UNION LTD.

of the Second Part

WHEREAS it is desirable that the members and business of River City Credit Union Ltd. be amalgamated with the members and business of Beaumont Credit Union Ltd. in accordance with the Credit Union Act of Alberta.

NOW THEREFORE in consideration of the mutual covenants herein set out, the parties hereto covenant and agree as follows:

1 DEFINITIONS

1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

1.1.1 "Act" means the *Credit Union Act* of Alberta RSA 2000, as amended from time to time;

1.1.2 "Amalgamated Credit Union" means ABCU Credit Union Ltd.;

1.1.3 "Amalgamation Date" means November 1, 2018;

1.1.4 "Assets" means all assets set out under the heading "Assets" in Schedule "A" attached hereto;

1.1.5 "Closing Date" means October 31, 2018;

1.1.6 "Corporation" means the Credit Union Deposit Guarantee Corporation;

1.1.7 "Laws" includes statutes, regulations and municipal by-laws;

1.1.8 "Liabilities" means all liabilities set out under the heading "Liabilities" in Schedule "A" attached hereto;

1.1.9 "Minister" means the member of the Alberta Executive Council charged by the Lieutenant Governor in Council with the Administration of the Act;

- 1.1.10 "Predecessor Credit Union" means River City Credit Union Ltd. or Beaumont Credit Union Ltd.;
- 1.1.11 "Predecessor Credit Unions" means River City Credit Union Ltd. and Beaumont Credit Union Ltd.;
- 1.1.12 "Principal Regulations" means the Credit Union Act Principal Regulations, as amended from time to time in force and effect.

2 PROPERTY AND AMALGAMATION REQUIREMENTS

2.1 As of the Amalgamation Date the Predecessor Credit Unions covenant and agree that:

- 2.1.1 All of the Assets of each Predecessor Credit Union, subject to its Liabilities, as such exist immediately before the Amalgamation Date, shall become the assets and liabilities of the Amalgamated Credit Union;
- 2.1.2 The Amalgamated Credit Union shall possess all of the property, rights and privileges and shall be subject to all of the liabilities of the Predecessor Credit Unions;
- 2.1.3 The capital of the Amalgamated Credit Union shall consist of:
 - 2.1.3.1 an unlimited number of common shares with the following characteristics: a par value of \$1.00 each (but fractional shares may be issued); transferable only in restricted circumstances; non-assessable; redeemable at the discretion of the credit union, subject to the restrictions contained in the Act and Regulations and the Amalgamated Credit Union's By-Laws;
 - 2.1.3.1 Individual member acquired common shares shall be limited to 100,000 shares. Notwithstanding the maximum limits contained in above, the total number of aggregate common shares to be held by an individual member received as dividends or patronage rebates when combined with common shares acquired by the individual member shall not exceed 100,000 common shares.
- 2.1.4 The shares of each Predecessor Credit Union which are issued and outstanding immediately prior to the Amalgamation Date shall, as and from that date, be converted into issued shares of the Amalgamated Credit Union as follows:
 - 2.1.4.1 The common shares with a par value of \$1.00 each of each Predecessor Credit Union shall be converted, share for share, into an equal number of

shares with a par value of \$1.00 each of the Amalgamated Credit Union (except that fractional shares issued by the Predecessor Credit Unions shall be converted into fractional shares of the Amalgamated Credit Union);;

- 2.2 The Articles of Amalgamation of the Amalgamated Credit Union will be as set out in the attached as Schedule "B" to this Agreement.
- 2.3 The inaugural Board of Directors of the Amalgamated Credit Union shall consist of 9 Directors 4 will be appointed from the current directors of River City and 5 will be appointed from the current directors of Beaumont.
- 2.4 The proposed Board of Directors of the Amalgamated Credit Union shall be as set out in Schedule "C" attached hereto;
- 2.5 A schedule depicting the staggered terms of the proposed Board of Directors of the Amalgamated Credit Union is attached hereto as Schedule "D";
- 2.6 No action or proceeding by or against any Predecessor Credit Union shall be affected by the amalgamation of the Predecessor Credit Unions and for all purposes of such action or proceeding, the name of the Amalgamated Credit Union shall be substituted in place of the Predecessor Credit Union, as the case may be;
- 2.7 The proposed By-Laws of the Amalgamated Credit Union shall be adopted, as set out in Schedule "E" attached hereto;
- 2.8 The Amalgamated Credit Union will operate with a new organizational structure, drawing from the management teams of the Predecessor Credit Unions;
- 2.9 The place of business of the Amalgamated Credit Union being its registered office thereof shall be Amalgamated Credit Union at Beaumont Alberta.
- 2.10 The Amalgamated Credit Union will operate with no bond of association;;
- 2.11 Schedule "A" attached hereto accurately sets out the Assets, Liabilities, capital and retained earnings of the Predecessor Credit Unions as at October 31, 2017.

3 REPRESENTATIONS AND WARRANTIES

- 3.1 The Predecessor Credit Unions acknowledge and confirm that they hereby made and are relying upon the representations and warranties herein provided. Each Predecessor Credit Union hereby represents and warrants that:
- 3.1.1 it is a credit union duly incorporated, validly existing and in good standing under the applicable laws and has all requisite power and authority to hold the Assets owned by it and has the rights to deal with the said Assets;
 - 3.1.2 it will obtain such approval as required in order to act in the manner contemplated by this Agreement, and such approval shall be obtained before the Closing Date.
 - 3.1.3 Its financial statements, which have been furnished by each of the Predecessor Credit Unions to the other or others as the case may be, present fairly its financial position;
 - 3.1.4 Except for such claims, debts or liabilities as are reflected in the financial statements referred to in the preceding paragraph, it has no outstanding indebtedness and is not subject to any claims or liabilities and that without the prior written consent of the others, it will not incur, prior to the Closing Date, any additional indebtedness or incur any liabilities;
 - 3.1.5 It has filed all requisite tax returns and all other appropriate tax returns, required to be filed by it by the laws of the Province of Alberta or the laws of Canada and it has paid all taxes and assessments (including interest or penalties, owed by it to the extent that such taxes and assessments have become payable and to the extent that such taxes and assessments and subsequent tax liabilities have occurred but have not become payable), the full amounts of such taxes have been reflected as liabilities on its books, and has paid all taxes which would not require a filing of returns and which are required to be paid by it;

- 3.1.6 It has good and marketable title to all its real, personal and intangible property including the real, personal and intangible property reflected in the financial statements delivered pursuant to clause 3.1.3 above;
- 3.1.7 Between the date of this Agreement and the Closing Date, it will not, without the prior written consent of the other parties, make any changes, modifications in any contracts, agreements or understandings, or incur any further obligations or surrender any rights under such contracts, agreements or undertakings, or to make any further additions to its property except such changes or modifications as are in the ordinary course of business or are necessary or appropriate to maintain their properties;
- 3.1.8 It is not subject to any order, judgment or decree with respect to its business or the condition of any of its assets or property, or to any provision in its Articles or By-laws, mortgage, lease, agreement, instrument, order, judgment or decree which would prevent the consummation of the transactions contemplated under this Agreement, or compliance by it with the terms, conditions, and provisions of this Agreement;
- 3.1.9 All its outstanding accounts receivable, as set forth in the above mentioned financial statements and in its books and records, are collectible except to the extent of the provisions for bad debts, if any, set forth in the financial statements;
- 3.1.10 It has maintained its books of account in the usual, regular, and ordinary manner in accordance with generally accepted accounting principles applied on a consistent basis;
- 3.1.11 During the period from the date of this Agreement, to and including the Closing Date, it will conduct its business solely in the usual and ordinary manner and will refrain from any transactions not in the ordinary course of its business without prior written consent of the other parties to this Agreement to such transaction having been obtained;
- 3.1.12 The disclosures made on its part are complete and accurate with respect to all matters affecting the ability to operate its business and any omissions and any inaccuracies in such disclosure, whether considered alone or in the aggregate, do not adversely affect in any manner its ability to operate its business;
- 3.1.13 The execution and performance of this Agreement has been duly authorized by its board of directors and such execution and performance are within its corporate powers.

3.1.14 Each Predecessor Credit Union hereby represents and warrants that it will carry out all steps required by the Act and By-Laws that are necessary in order to validly give effect to this Agreement;

3.1.15 Each Predecessor Credit Union hereby represents and warrants that its financial position is accurately set out in all material respects in the Balance Sheet prepared by its management as of October 31, 2017 attached hereto as Schedule A, further updated internally prepared interim financial statements and business has been conducted in the ordinary course since March 2018 and will be conducted in the ordinary course until the Closing Date.

3.2 Each Predecessor Credit Union hereby represents and warrants that there are no:

3.2.1 material unrecorded assets or contingent assets;

3.2.2 material unrecorded liabilities or contingent liabilities;

3.2.3 significant contractual obligations such as purchases of property outside the ordinary business of the Predecessor Credit Union;

3.2.4 arrangements or agreements by which programs have been established to provide retirement income to employees that have not been disclosed;

3.2.5 material transactions that have not been properly recorded in the accounting records underlying the financial statements as of the Closing Date;

3.2.6 any liens or encumbrances on its assets that have been pledged or assigned as security for liabilities, performance of contracts or otherwise encumbered have been properly disclosed;

except as outlined in Schedule "A" attached hereto.

3.3 Each Predecessor Credit Union hereby represents and warrants that it has filed all annual returns and has paid all fees under the applicable laws with respect to its corporate existence and is in good standing thereunder;

3.4 Each Predecessor Credit Union hereby represents and warrants that it is not now, and will not be on the Closing Date, in arrears in the remittance of employees' federal and provincial tax deductions, and has complied with the laws and regulations relating thereto;

3.5 Each Predecessor Credit Union hereby represents and warrants that there are no judgements or executions outstanding against it and it has not guaranteed to give security for any debt or obligations of any person, firm or corporation, except those

arising in the ordinary course of business and detailed on the Schedule A attached hereto;

3.6 Each Predecessor Credit Union hereby represents and warrants that it is not, at the present time, a party to any action, labour dispute, arbitration suit or other legal proceedings, actual or threatened, and there is no circumstance, matter or thing known to its respective directors or officers which is likely to give rise to such action, suit or other legal proceeding except as has been expressly disclosed to the parties.

4. CONDITIONS PRECEDENT

4.1 Before the Predecessor Credit Unions are obliged to close this transaction;

4.1.1 they will receive approval, in the form of a special resolution, from their memberships assenting to the terms and conditions set forth in this Agreement; and

4.1.2 the Corporation will approve the terms and conditions set forth in this Agreement;

If these conditions precedent are not satisfied prior to the Closing Date this agreement shall be null and void

4.2 Previous to the approval set out in Article 4.1.1 and 4.1.2, at least two of the proposed directors of the Amalgamated Credit Union shall submit to the Corporation a certified resolution stating that the Amalgamated Credit Union will not be insolvent and that no creditor will be prejudiced by the terms and effects of the amalgamation;

4.3 Prior to the Amalgamation Date, except to the extent this notice is waived by the Corporation, each Predecessor Credit Union will give written notice of the proposed amalgamation to all the known creditors and customers to whom it owes more than \$1,000.00;

4.4 Each Predecessor Credit Union shall, from the date hereof until the Amalgamation Date, consult with each other with respect to its business operations and shall not incur any extraordinary expenditures, whether of a capital nature or otherwise, prior to the Amalgamation Date without the approval and consent of the other Predecessor Credit Union.

5. CLOSING AND POST-CLOSING

5.1 By the Amalgamation Date, the Amalgamated Credit Union shall submit to the Minister the following items:

- 5.1.1 articles of amalgamation setting out the name and the nature of the bond of association of the Amalgamated Credit Union, as well as a statement of any restrictions or prohibitions on its business activities;
- 5.1.2 a copy of the proposed By-Laws, signed by at least two of the proposed directors of the Amalgamated Credit Union;
- 5.1.3 a notice of the address of the registered office of the Amalgamated Credit Union;
- 5.1.4 a notice containing the full name and residential address of each of the proposed directors of the Amalgamated Credit Union;

6. MISCELLANEOUS

- 6.1 The Predecessor Credit Unions agree not to divulge any information with regard to individual Member loans, deposits or other credit facilities to persons other than Directors or employees of the Predecessor Credit Unions or the Directors or officers of the Corporation or to the Minister or his lawful representatives.
- 6.2 The preamble and Schedules hereto are incorporated herein by reference and form an integral and binding part of this Agreement.
- 6.3 This Agreement shall not be amended, varied or altered unless both parties agree in writing.
- 6.4 This Agreement contains the entire contract between the parties hereto and no party shall be bound by any warranty, condition or term other than as expressly stated herein.
- 6.5 This Agreement may be terminated, by the Board of either of the Predecessor Credit Unions, at any time prior to the Minister issuing a certificate of amalgamation, notwithstanding the adoption, or partial adoption, of this Agreement under Article 4.1. The Board may only rely on this clause if they have determine that it would not be in the best interests of their Predecessor Credit Union, and respective members, to continue to complete the amalgamation.
- 6.6 Time shall be of the essence of this Agreement.
- 6.7 The parties agree that this Agreement shall be governed by the laws of the Province of Alberta.
- 6.8 This Agreement shall inure to the benefit of and be binding upon the respective parties hereto and their respective heirs, executors, administrators and assigns.

6.9 The parties agree that they will do whatever is reasonably necessary to give effect to the intent of this Agreement that is requested by the other party.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first written above by persons authorized by their respective Credit Unions.

BEAUMONT CREDIT UNION LTD.

Per: _____

_____ c/s

RIVER CITY CREDIT UNION LTD.

Per: _____

_____ c/s

SCHEDULE "A"
ASSETS and LIABILITIES

SCHEDULE "B"
ARTICLES of AMALGAMATION

SCHEDULE "C"
PROPOSED BOARD MEMBERS

Name	Address
Chalifoux, Alice	461 Reed Cres, Leduc, AB T9E 0R1
Colwell, Richard	542 Alder Ave, Sherwood Park, AB T8A 1T2
Eckert, Roy	49369 Hwy 21, Leduc County, AB T0B 3M4
Geisler, Sandra	2115 52 St NW, Edmonton, AB T6L 2G9
Guiney, Adam	10345 136 Street, Edmonton, AB T5N 2E6
Higginson, Jim	6068 Stanton Dr SW, Edmonton, AB T6X 0H2
Moore, Kevin	13124 27 St NW, Edmonton, AB T5A 4G7
Robinson, Bob	6011 52 Avenue, Beaumont, AB T4X 1V5
Trombley, Brent	13908 110 Ave NW, Edmonton, AB T5M 2M5

SCHEDULE "D"
TERMS FOR PROPOSED BOARD MEMBERS

Director	Term Expires

SCHEDULE "E"
PROPOSED BYLAWS