



EXECUTIVE COMMITTEE

**Wednesday, October 14, 2015
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



Office of the City Clerk

**Public Agenda
Executive Committee
Wednesday, October 14, 2015**

Approval of Public Agenda

Minutes of the meeting held on September 9, 2015.

TABLED REPORTS

EX15-20 Multi-Year Budgeting
(Tabled September 9, 2015)

Recommendation

1. That Administration continue generating one year Operating Budgets and five year Capital Budgets up to, and including, the 2018 budget year.
2. That a multi-year approach to developing operating and capital budgets be introduced starting with the 2019 budget that has the following characteristics:
 - a. An annual review and Council approval of operating budgets, mill rates and the associated property tax bylaw.
 - b. An annual review and Council approval of an operating budget forecast that covers up to the next four years, in accordance with the remaining years of each Council's term, at a level of detail sufficient for providing indicative guidance about services, service level and mill rate changes in each year of the forecast period.
 - c. An annual review and Council approval of a five-year capital budget, including multi-year funding commitments where applicable, consistent with current practice.
3. That items EX11-50 and MN15-1 be removed from the list of outstanding items for the Executive Committee.
4. That this report be forwarded to the September 28, 2015 meeting of City Council for approval.



ADMINISTRATION REPORTS

EX15-22 Servicing Agreement Fee (SAF) and Development Levy (DL) Policy Review and Final Phasing and Financing Project

Recommendation

1. That the following recommendations be forwarded to the October 26, 2015 meeting of City Council:
 - a) That the Administration and Calculation of Servicing Agreement Fees and Development Levy Policy, Appendix A, be approved;
 - b) That the greenfield Servicing Agreement Fee and Development Levy rate be approved with a three-year phase-in. The proposed phase-in results in an effective rate January 1, 2016 of \$379,000 per hectare;
 - c) That the Administration of Servicing Agreements and Development Levy Agreements Policy, Appendix B, which includes the new policy that defines submission requirements and the Endeavour to Assist framework, be approved;
 - d) That in transitioning from the Interim Phasing and Financing Plan to the new Administration of Servicing Agreement Fee and Development Levy Policy that includes defined application requirements, all Service Agreement or Development Levy Applications in progress are subject to the conditions outlined in Appendix F.
 - e) That the phasing and financing policy for inclusion in *Design Regina, the Official Community Plan Bylaw 2013-48*, Appendix C, be approved as it relates to the Servicing Agreement Fees;
 - f) That the Administration be directed to consult with stakeholders and develop a proposed approach to charge Service Agreement Fees and Development Levy Charges for infill development, and that the Administration present the proposed approach to Council for approval in 2016 to allow for implementation of infill Service Agreements Fee and Development Levy charges beginning January 1, 2017; and
 - g) That the Administration undertake research in 2016 to better understand the factors that influence industrial development in Regina which will help inform the need to consider an industrial land-development subsidy.



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2. That the following recommendations be forwarded to the November 23, 2015 meeting of City Council which would allow sufficient time for advertising of the required public notices for the respective bylaws and consultation with the Rural Municipality of Sherwood:
 - a) That the City Solicitor be directed to prepare the necessary bylaw to amend the Development Levy Bylaw in accordance with the approved Administration and Calculation of Servicing Agreement Fee and Development Levy Policy and the approved Administration of Servicing Agreements and Development Levy Agreements Policy; and
 - b) That the City Solicitor be directed to prepare the necessary bylaw to amend the *Design Regina, the Official Community Plan Bylaw 2013-48*.

EX15-23

Regina Civic Employees' Superannuation & Benefit Plan

Recommendation

1. That the following agreements substantially in the form attached hereto as Schedule D to this report be approved in principle and entered into on behalf of the City subject to any amendments being made that are necessary in the opinion of the City Solicitor:
 - (a) the Sponsorship Agreement (including the list of participating employers, the Plan text, the Funding Policy, the Trust Agreement and the Employer Participation Agreement);
 - (b) the Trust Agreement; and
 - (c) the Participating Employers' Agreement;
2. That the City Clerk be authorized to sign the Sponsorship Agreement, Trust Agreement, and Participating Employers' Agreement on behalf of the City once the amendments to *The Pension Benefits Regulations, 1993* set out in recommendation 3(a) are enacted;
3. That Bylaw 3125, *A Bylaw of the City of Regina Concerning a Superannuation and Benefit Plan*, be repealed effective January 1, 2016 on the following conditions:
 - (a) That amendments to *The Pension Benefits Regulations, 1993* are made that include the following:
 - (i) an amendment that provides that no solvency payments are required to be paid with respect to the Plan;



Office of the City Clerk

- (ii) an amendment that allows for a 20 year amortization period from January 1, 2016, for any unfunded liabilities established as of December 31, 2014.
- (b) That the Civic Pension and Benefits Committee execute the Sponsorship Agreement and the Trust Agreement and the participating employers in the Plan execute the Employer Participation Agreement.
- 4. That the City Manager be delegated the authority to do the following:
 - (a) appoint the members of the Sponsor Board and Administrative Board who are named by the other participating employers in the Plan in accordance with the Participating Employers' Agreement; and
 - (b) appoint the City's representatives on the Sponsor Board and the Administrative Board.
- 5. That this report be forwarded to the October 26, 2015 meeting of City Council.

EX15-24 Pacer Park Project - Procurement Authority

Recommendation

- 1. That the City Manager or delegate be authorized to prepare, negotiate, review, amend and approve any required agreements with the Province of Saskatchewan for compensation as a result of the site relocation works for Pacer Park.
- 2. That the City Manager or delegate be authorized to prepare, negotiate, review, amend and approve any agreements necessary with Pacers Baseball Inc. to facilitate the site relocation works for Pacer Park.
- 3. That the City Manager or delegate be authorized to issue a request for proposals (RFP) for Engineering Services for project management, design, tender preparation and construction supervision of site relocation works for the Pacer Park Project.
- 4. That the City Manager or his or her delegate be authorized to award and finalize the terms of an agreement with the successful proponent chosen from the Engineering Services request for proposals.



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5. That the City Clerk be authorized to execute the following agreements after review and approval by the City Solicitor:
 - a. any required agreements with the Province of Saskatchewan;
 - b. the contract awarded to the successful proponent as a result of the Engineering Services request for proposals; and
 - c. any agreements necessary with Pacers Baseball Inc. to facilitate the site relocation works for Pacer Park.
6. That this report be forwarded to the October 26, 2015 meeting of City Council.

RESOLUTION FOR PRIVATE SESSION

AT REGINA, SASKATCHEWAN, WEDNESDAY, SEPTEMBER 9, 2015

AT A MEETING OF THE EXECUTIVE COMMITTEE
HELD IN PUBLIC SESSION

AT 11:45 AM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Councillor Wade Murray, in the Chair
Mayor Michael Fougere
Councillor Sharron Bryce
Councillor Bryon Burnett
Councillor John Findura
Councillor Jerry Flegel
Councillor Shawn Fraser
Councillor Bob Hawkins
Councillor Terry Hincks
Councillor Mike O'Donnell
Councillor Barbara Young

Also in Attendance: City Clerk, Jim Nicol
Deputy City Clerk, Erna Hall
City Manager & CAO, Glen B. Davies
Executive Director, Legal & Risk, Byron Werry
Chief Financial Officer, Ed Archer
Executive Director, City Planning & Development, Diana Hawryluk
Executive Director, City Services, Kim Onrait
Executive Director, Human Resources, Pat Gartner
Executive Director, Transportation & Utilities, Karen Gasmo
A/Director, Communications, Myrna Stark Leader
Director, Fire & Protective Services, Ernie Polsom
Director, Transit, Brad Bells
Manager, Business Development, Transit, Nathan Luhning

APPROVAL OF PUBLIC AGENDA

Councillor Barbara Young moved that the agenda for this meeting be approved, as submitted, with the addition of item EX15-21 – Requesting Designation Under the Provincial Disaster Assistance Program, and that the delegations be heard in the order they are called by the Chairperson.

The motion was put and declared CARRIED UNANIMOUSLY.

ADOPTION OF MINUTES

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the minutes for the meeting held on August 12, 2015 be adopted, as circulated.

OTHER REPORTS

EX15-19 Executive Committee: Universal Bus Pass for the University of Regina

Recommendation

1. That City Council delegate authority to the Chief Operating Officer (or designate) to negotiate and approve a contract with the University of Regina Students' Union as further detailed in this report.
2. That City Council approve the advance capital purchase of five 40 foot buses with the estimated cost of \$2,750,000 from the General Fund Reserve.
3. That this report be forwarded to City Council on September 28, 2015 for approval.

The following addressed and answered questions of the Committee:

- David Vanderberg, representing Regina Green Ride Transit network;
- Devon Peters, representing URSU;
- Fartun, representing herself;
- Maria Aman, representing WUSC; and
- Emily Barber, representing herself

Councillor Shawn Fraser moved that the recommendations contained in the report be concurred in.

Councillor Bob Hawkins moved, in amendment, that the approval of the contract described in number 1 above be conditional on the contract being approved by the majority vote of the students affected.

The amendment was put and declared LOST.

Councillor Shawn Fraser moved, in amendment, AND IT WAS RESOLVED, that once the agreement has been approved by URSU's Board of Governors and City of Regina Council, the City Clerk be authorized to sign the applicable agreement on behalf of the City once the agreement has been reviewed and approved by the City Solicitor.

The main motion, as amended was put and declared CARRIED.

(Councillor Flegel left the meeting.)

ADMINISTRATION REPORTS

EX15-20 Multi-Year Budgeting

Recommendation

1. That Administration continue generating one year Operating Budgets and five year Capital Budgets up to, and including, the 2018 budget year.
2. That a multi-year approach to developing operating and capital budgets be introduced starting with the 2019 budget that has the following characteristics:
 - a. An annual review and Council approval of operating budgets, mill rates and the associated property tax bylaw.
 - b. An annual review and Council approval of an operating budget forecast that covers up to the next four years, in accordance with the remaining years of each Council's term, at a level of detail sufficient for providing indicative guidance about services, service level and mill rate changes in each year of the forecast period.
 - c. An annual review and Council approval of a five-year capital budget, including multi-year funding commitments where applicable, consistent with current practice.
3. That items EX11-50 and MN15-1 be removed from the list of outstanding items for the Executive Committee.
4. That this report be forwarded to the September 28, 2015 meeting of City Council for approval.

Councillor Terry Hincks moved, AND IT WAS RESOLVED, that this report be tabled to the October 14, 2015 meeting of the Executive Committee.

EX15-21 Requesting Designation Under the Provincial Disaster Assistance Program

Recommendation

1. That the City of Regina (City) apply to the Minister of Government Relations to be designated an eligible assistance area under the Provincial Disaster Assistance Program (PDAP), which provides financial assistance for restoring essential services and property as a result of damages caused by non-insurable events, in this case, a heavy rainfall which occurred on July 27, 2015 and resulted in damaged basements across the City.
2. That the City Clerk be authorized to sign the PDAP application on behalf of the City of Regina.

3. That this report be forwarded to the September 28, 2015 meeting of City Council.

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

RESOLUTION FOR PRIVATE SESSION

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that in the interest of the public, the remainder of the items on the agenda be considered in private.

RECESS

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that the Committee recess for 10 minutes.

(The meeting recessed at 2:20 p.m.)

(Councillor Bryce left the meeting.)

Chairperson

Secretary

September 9, 2015

To: Members,
Executive Committee

Re: Multi-Year Budgeting

RECOMMENDATION

1. That Administration continue generating one year Operating Budgets and five year Capital Budgets up to, and including, the 2018 budget year.
2. That a multi-year approach to developing operating and capital budgets be introduced starting with the 2019 budget that has the following characteristics:
 - a. An annual review and Council approval of operating budgets, mill rates and the associated property tax bylaw.
 - b. An annual review and Council approval of an operating budget forecast that covers up to the next four years, in accordance with the remaining years of each Council's term, at a level of detail sufficient for providing indicative guidance about services, service level and mill rate changes in each year of the forecast period.
 - c. An annual review and Council approval of a five-year capital budget, including multi-year funding commitments where applicable, consistent with current practice.
3. That items EX11-50 and MN15-1 be removed from the list of outstanding items for the Executive Committee.
4. That this report be forwarded to the September 28, 2015 meeting of City Council for approval.

CONCLUSION

The City of Regina has the authority to generate multi-year budgets and has developed a five-year Capital budget for many years. Section 128 of *The Cities Act* prescribes that Council must adopt an operating and capital budget for each financial year but does not stipulate the timing of this adoption. However, *The Cities Act* does not permit Council to pass a multi-year tax rate bylaw. Therefore, Council would have to confirm the budget for each year in an annual budget meeting for the purposes of setting the mill rate and enacting a tax bylaw.

Administration investigated the opportunities of longer term planning as part of the budget process and concluded that multi-year budgeting offers significant benefits, such as to:

- improve long-range strategic planning and decision making by aligning longer-term goals and objectives with longer-term funding plans;
- improve the City's financial management;

- establish better integration of the City's Official Community Plan, the Strategic Plan and Business Plans as well as link operating and capital activities and spending;
- provide citizens with greater degree of certainty about the future direction of the City with respect to service delivery, tax rate and utility rate levels;
- improve efficiency and potentially reduce time dedicated to budget development.; and
- support the City's credit rating by demonstrating a commitment to long-term financial planning.

While some preparatory work is required to ensure administrative policies, tools and work processes can support a multi-year planning and budgeting approach, the corporation's current processes reflect many of the key features associated with multi-year operating and capital budgets. A comparison of best practices as defined by the Government Finance Officers Association (GFOA) of the United States and Canada for successful implementation of multi-year budgets shows the City's budget development process needs some modification, but already at least "partially complies" with best practice guidance.

Experience from other cities demonstrates that it is best practice to align multi-year budgets with the civic election cycle and strategic planning. Consistent with this practice, and given the four-year horizon for the City's strategic planning cycle and Council term, it is recommended that the City pursue a multi-year budgeting timeframe of four years for both operating and capital budgets.

There are three options available with respect to the method for approving multi-year budgets. The best choice for Regina is the use of a four-year static¹ budgeting approach along with a multi-year budget approval process that allows Council to approve a three-year budget with all years approved at once, but the mill rate for future years will only be approved in principle. Council would formally approve the mill rate on an annual basis and approve the budget for the current year in order to enact the property tax bylaw for that year. This provides Council the control and flexibility to make annual adjustments to the budget and mill rate. This is consistent with *The Cities Act* and practices from the Cities of Winnipeg and Yellowknife. In addition, it better aligns the budget with the Council term. Future adjustments to the timeline can support the alignment of the multi-year budget with the four-year horizon for the City's strategic and business planning cycle.

Publishing multi-year mill rate forecasts enhances accountability. It can be difficult to accurately predict mill rate changes for up to four years because the municipal operating environment is subject to factors outside its control that influence perceptions of affordability, capacity and tax burden. These, in turn, could prompt Council to consider changes to the forecast mill rate and such changes could generate negative responses from stakeholders. To mitigate this risk, effective communication needs to be established to advise that mill rate levels included in the multi-year budgets are indicative rates based on projections and could potentially change, if circumstances warrant.

¹ Static budgeting does not mean the budget for future years cannot be adjusted. It entails that the period of the budget will not change until after four years. The benefit of a four-year static budget is that the timeframe can stay in lockstep with the City strategic plan and Council term.

Council motion MN15-1 directs that a potential work plan associated with producing a multi-year budget for the City of Regina beginning in 2017 be developed. Given the amount of work required to set the foundation for successful implementation of multi-year budgets, it was concluded that this timeline is aggressive. Implementing the City's first multi-year budget in the 2019 budget would provide a reasonable timeline for Administration to align the planning and budgeting process to ensure the benefits of multi-year budgeting are fully realized. This would include:

- establishing new processes, or adjusting current processes, with appropriate tools to support multi-year budgeting (for example, a multi-period revenue and expenditure forecasting methodology), and better technology to support long range forecasting and financial reporting in 2015 and 2016;
- develop a Long Range Financial Plan in 2016;
- conduct a core services review;
- engage the 2016-2020 Council in a strategic planning and business planning process in 2017 using inputs from the Long Range Financial Plan and the Core Services Review;
- in 2017, develop a new Strategic Plan (2019-2022) that will influence budget development; and
- develop a multi-year budget in 2018 for implementation for the 2019 budget year.

A potential work plan and timeline is included in this report. If a decision is made to pursue a multi-year budget, a more detailed plan and timeline would be developed.

BACKGROUND

On February 28, 2011, Council submitted a Motion MN11-3 that Administration undertake a review of what might be possible if the City of Regina was to move to a system of budgeting that would involve longer term planning for both the capital and operating budgets.

On November 14, 2011, City Administration provided a report (EX11-50) to the Executive Committee of Council that included analysis of the benefits and risks, as well as other considerations for pursuing a longer term planning for both the capital and operating budgets. The Executive Committee resolved that item M11-3 be removed from the list of outstanding items for the Executive Committee. It was also resolved that members support, in principle, the idea of multi-year budgeting and request the matter be placed on the agenda for an upcoming strategic planning session. This request is addressed by this report.

On February 23, 2015 Council submitted a new motion MN15-1 directing the Administration to prepare a report no later than the third quarter of 2015 describing the features, benefits and potential work plan associated with producing a multi-year budget for the City of Regina beginning in 2017. This report addresses Council's direction.

DISCUSSION

Multi-Year Budgeting

A multi-year budget refers to the development and adoption of an expenditure and revenue document that spans across two or more years. The budget for each year can be approved one year at a time or several years at once. Typically, a defined mechanism is put in place to adjust the budget each year to deal with unexpected changes in revenue or expenditure. The intent of the adjustment is not to open up the plans and budgets for a full-scale review, but to adhere to the multi-year budget and to provide the opportunity to fine-tune the budgets only when circumstances warrant.

Pursuant to section 128 of *The Cities Act*, the City of Regina has the authority to generate multi-year budgets and has developed a multi-year Capital Program for many years. *The Cities Act* directs that Council must adopt an operating and capital budget for each financial year. However, the *Act* does not permit Council to pass a multi-year property tax rate bylaw. Council would have to confirm the budget for each year in an annual budget meeting for the purposes of setting the mill rate and enacting a property tax bylaw.

Benefits and Challenges

The Administration investigated the opportunities of longer term planning as part of the budget process and identified that multi-year budgeting offers significant benefits and some challenges as presented below:

Benefits:

- *Promotes long-range thinking and strategic planning.* Most programs, services and capital investments that the City undertake have impacts and need funding over more than a single year. A multi-year budget will help strengthen longer-term planning focus for the City and improve implementation of the strategic and business plans by ensuring longer-term goals and objectives are supported by longer-term funding plans.
- *Improves financial management.* By providing estimates for service needs, commitments, and funding requirements for a long-term period, multi-year budgets help determine potential funding gaps and stimulate discussions around strategies to address the funding gaps. This will help improve the City's financial sustainability.
- *Reduces uncertainty.* Multi-year budgets provide a more in-depth estimate of service delivery expectations and the City's ability to fund those services over the long-term. Proper alignment of service cost projections with tax and other revenue sources provides greater degree of certainty for the citizens about what services they will receive and what taxes they will pay for those services.
- *Promotes service-based planning.* Multi-year budgets promote service-based planning by integrating resource allocations to service objectives and targets driven by Council priorities over a multi-year timeframe. It also links operating and capital activities and spending.
- *Manages risk.* Developing a multi-year spending plan and having indicators that signal when the budget is off course increases the City ability to make corrections before risks become realized, even when they result from circumstances outside of the City's control.

- *Strengthens communication, accountability and transparency.* Multi-year budgets can also improve accountability, transparency and decision-making by providing Council and citizens more contextual information about the consequences of current period decisions in future periods. Multi-year budgets help connect discussions regarding the achievement of long-term goals and short-term spending decisions.
- *Improves efficiency and potentially reduce time dedicated to budget development.* The annual budget process requires substantial time and effort for Administration and Council on an annual basis. Although multi-year budgeting requires significant effort in the first year, it should only require minimal effort for annual adjustments in subsequent years, provided annual adjustments are limited to external factors such as federal or provincial budgets, Council directed changes to priorities, or unforeseen and significant changes to economic factors. This could potentially save time each year, and create capacity for other important functions, including strategic and business planning as well as budget monitoring and evaluation.
- *Supports credit rating.* Financial management and budgetary performance are among key rating factors used by bond rating agencies in assessing the credit rating of municipalities. In 2015, Standards & Poor's (S&P), the City's credit rating agency, affirmed an AA+ rating for the City of Regina. This is partly due to the City's strong financial management and very strong budgetary performance. Implementing multi-year budgeting would be viewed positively by S&P as it would demonstrate the City has solid grasp of long-term financial planning and commitment to addressing long-range financial issues and concerns.

Challenges:

- *Relies on estimates.* One challenge with multi-year budgeting is the difficulty in accurately projecting revenues and expenses for multiple years. Projections are based on several controllable and uncontrollable elements including, but not limited to, collective agreements, inflation rates, population growth, and general economic conditions. Unanticipated changes in any of these factors could have significant impacts on budget plans. This could be mitigated by including an annual review and adjustment step in the budget development process.
- *Impacts Council's ability to reallocate funding.* A multi-year budget signals Council's intention about the services to be provided and the long-term financial direction of the City. This could be perceived as a constraint on Council's decision making ability. An annual review and adjustment process would mitigate this risk.

Key Features of Multi-year Budgeting Compared to the City of Regina Current Process

Table 1 presents the key features of multi-year capital and operating budgets in comparison to the City of Regina's current process. Table 2 shows the Government Finance Officers Association (GFOA) of the United States and Canada recommended conditions for successful implementation of a multi-year budget compared to the City's current budget process.

Table1: Features of Multi-Year Budgeting

	City of Regina Compliance	City of Regina Current Process
Key Features of Capital Budget		
Long-term asset and infrastructure renewal needs	Partially comply	The City has a long-term plan for some of its assets such as roads, bridges, transit and has also created an Asset Management Branch to better manage all of its assets. An asset management plan for the City's core asset classes is under development.
Multi-year commitments to capital projects	Partially comply	The City commits funds for multi-year capital projects when the project is approved and provides the funding in the year funds are needed. This improves the tendering process and associated bid results, producing more competition and better pricing.
Increase control over projects	Partially comply	There are opportunities to strengthen capital project controls. Adopting a multi-year budget framework helps realize those opportunities.
Longer-term horizon for capital planning	Partially comply	The City develops longer-term plans through its business and strategic planning process, but there is currently no comprehensive financial plan to fund these capital projects.
Estimated funding amounts from all appropriate funding alternatives	Partially comply	Funding sources from reserves and other dedicated sources are identified for some projects, but we need a long-range funding plan that fully funds our projected capital projects.
Reliability and stability of identified funding sources	Partially comply	While funds from other orders of government for municipal purposes could change, a multi-year budget framework helps strengthen the corporation's resilience if funding sources become less stable than originally planned.
Key Features of Operating Budget		
Multi-year tax rate forecast	Does not comply	Tax rate forecast are done annually
Multi-year utility rate forecast	Comply	Utility rates are set for multi-years
Multi-year staffing requirements	Does not comply	Staffing requirements are forecast annually
Asset condition profiles	Partially comply	Asset Management Branch has been created, but detailed asset management plan is not yet complete.
Multi-year funding requirements from Operating Budget to Capital Budget	Does not comply	Capital funding from operating budgets are set annually

Table 2: Conditions for Multi-year Budgets Compared to the City of Regina Current Process

Recommended Conditions	City of Regina Compliance	City of Regina Current Process
Well defined long-term priorities, goals and objectives	Fully comply	The City has well defined long-term priorities, goals and objectives
Clearly defined multi-year projects and services with operating and capital expenditures	Partially comply	Capital projects are defined for multiple periods but operating expenditures are prepared annually
Long-term strategic and business planning	Fully comply	The City has a four-year strategic plan
Long-range financial plan (LRFP) ²	In process	The City is in the process of developing a long-range financial plan
Asset management plan	Partially comply	An Asset Management Branch has been created for the City
Revenue and expenditure forecasting methodology	Partially comply	Revenues and expenditures are forecasted on annual basis
Reporting and monitoring policies and processes	Fully comply	There is a well-established budgeting reporting and monitoring process
Budgetary controls, policies and processes	Partially comply	The City has budgeting policies and procedures, but these policies will have to be updated to meet the needs of multi-year budgeting

The City's current capital budget process only complies with some of the features and conditions of multi-year capital budgeting. Therefore, some effort will be required to develop the policies, tools and processes for a successful implementation of multi-year operating and capital budgets at the City.

Current Budget Process

The City's current budget process begins with strategic and business planning and ends with a Council approved plan for the upcoming year. The City's approach to budget development looks at a number of factors, including:

² The purpose of an LFRP is to provide a projection of the City's revenue and expenditure over the long-term, illustrate the relative magnitude of the financial gaps and challenges facing the City, stimulate discussions on how to address the general trends revealed by these challenges, and assist in planning strategy and actions that will contribute to the City's long-term financial sustainability.

- The importance of maintaining affordable services.
- The expectation that the City's financial condition will improve to achieve the *Design Regina* Community Priority of *Long-term Financial Viability*.
- The need to maintain service levels when costs are escalating and the city is growing.

A detailed description of the City's 2015 budget process is attached as Appendix A.

Although the operating budget for the City is prepared on an annual basis, the City follows a multi-year approach to capital planning and has developed a five-year capital plan for many years. This includes multi-year funding approvals for projects that require more than one year to complete. In order to maintain a five-year capital plan at the start of each budget year, a new capital budget period is annually added to the capital plan as the current budget year ends.

As a result, Administration spends considerable amount of time and effort annually to produce the operating and capital budgets for the current year. The estimated hours spent by Finance staff alone in developing the budget on annual basis is approximately 9,000 hours. There is a potential opportunity for time savings under the multi-year budgeting process if the annual adjustments to the multi-year budgets are limited to significant changes. It is important to note that multi-year budgeting may not result in time saving if the budget is open to a detailed review and adjustment annually.

Practices from Canadian Municipalities

Multi-year budgeting is not a standard approach in Canadian municipalities, but some municipalities have been successful in its implementation and have acknowledged the benefits of multi-year budgeting. The following provides the experience from six municipalities:

- *Calgary* (Four-Year Operating Budget and Four-Year Capital Plan) - The City of Calgary launched its first multi-year planning and budgeting in 2006, which included a three-year Operating Budget and a five-year Capital Plan. In 2013, the City of Calgary approved an integrated four-year approach to business planning and budgeting to reflect its new Council cycle of four-year terms. Council approves a four-year budget, including mill rate increase for all years. However, the mill rate increase is formally adopted each year in order to enact the tax bylaw. Council also approves adjustments to the current four-year budget every November to allow the City respond to emerging events and unexpected issues and maintain the integrity of the four-year plans and budgets. The budget is prepared on a static basis.
- *Lethbridge* (Four-Year Operating Budget and Four-Year Capital Plan) - The City of Lethbridge has successfully utilized multi-year budgeting for 15 years. Due to a number of factors, including frustration with figures, process and the time consumed, City Council initiated the move to a multi-year budgeting and a two-year operating budget was developed in 2000. In 2014, the City of Lethbridge approved a four-year Operating Budget and a four-year Capital Plan to better align with the civic election cycle. Council approves the four-year budget, along with the mill rate increase, with all years are approved at once. However, mill rate increase is formally adopted annually in order to enact the tax bylaw. The budget is prepared on a static basis.

- *Yellowknife* (Three-Year Operating Budget and Three-Year Capital Budget) - The City of Yellowknife approved its first multi-year budget in 2001. The City's budget policy indicates that Council shall adopt three-year budget goals at the start of each term and review budget goals annually. Council adopts the first year of the budget plan and mill rate levels, and approves the second and third years in principle in the first year. Annual adjustments are made to the budget and mill rate, and the budget is prepared on a rolling basis³.
- *Winnipeg* (Three-Year Operating Budget and Five-Year Capital Plan) - The City of Winnipeg adopted its first multi-year budget for 2000-2002, and had since operated a three-year Operating Budget and five-year Capital Plan. Council approves, annually, the first of the three-year operating budget and the first of the five-year capital budget and adopts, in principle, the budgets and mill rate for future years. Annual adjustments are made to the budget and mill rate, and the budget is prepared on a static basis.
- *Edmonton* (One-Year Operating Budget and Three-Year Capital Plan) - The City of Edmonton approved a multi-year approach to budgeting for operating and capital programs in September 2014, with implementation scheduled for 2016. The plan is to roll out a multi-year budget that aligns with Council term.
- *Saskatoon* (One-Year Operating Budget and Five-Year Capital Plan) - The City of Saskatoon generates its operating budget on an annual basis, but has been operating a five-year capital plan for many years. This is similar to the City of Regina's current approach to budget development and approval.

Multi-Year Budgeting Timeframe, Approaches, and Approval Options

Timeframe

A number of municipalities in Canada have employed varying timeframes for their multi-year budgeting based on their unique needs and circumstances. Appendix B as attached provides the timeframes adopted by municipalities, along with the rationale for the timeframe.

The experience from other cities demonstrates it is best practice to align multi-year budgets with the civic election cycle. Based on this, consideration was given to developing multi-year budgeting that aligns with the strategic planning cycle and Council term for the City of Regina. The City of Regina's Council term is four years and the City's Strategic Plan is developed for a four-year period. Consistent with its strategic planning and election cycle, it is recommended that the City work toward the development of a multi-year budgeting timeframe of four years for both operating and capital budgets. Although this timeframe reduces the City's current five-year capital plan, it still allows the City to plan for five or more years internally.

³ A rolling budget is a budgeting approach whereby a new budget period is continually added on annual basis as the current budget year ends.

Approaches

There are two main approaches for ongoing management of multi-year budgets, which include:

- *Static Budget* - This approach requires establishing a budget for a four-year period with minimal adjustments applied to years two through four as they become current. The period of a static budget does not change until after four years. The benefit of a static budget is that the timeframe can be adjusted to stay in lockstep with the City strategic plan and Council term. A drawback would be that at the end of the four-year cycle, another major undertaking would be required to develop the budget for the next cycle.
- *Rolling Budget* - Under this approach, a new budget period is continually added as the current budget year ends. Thus, the rolling budget requires an incremental extension of the existing budget so that at each point in time, the City will have a four-year budget in place. The benefits of this approach is that the City is continually guided by a four-year plan and the rolling approach may better reflect that a municipality's operating environment is continually changing. A drawback with this approach is that time will be required annually to create the fourth year budget. As well, an incoming Council could be potentially committed to budget decisions made by an outgoing Council if the City enters into a contractual obligation based on multi-year budgets approved by an outgoing Council. This is not administration's recommended approach.

It is recommended that a static budgeting approach be pursued as it better aligns with the City's Strategic Plan and Council term. It is also the most common approach adopted by municipalities.

Budget Approval Options

Three options available to Council with respect to approving multi-year budgets and mill rate increases are analyzed below:

Option 1: Approve operating and capital budgets, including mill rate changes, for all years at a time. This means that Council will approve a four-year budget along with the mill rate changes for all four years in the first year of the four-year budget, but Council will have to formally adopt the mill rate (without debate) each year in order to create the tax bylaw. Minimal adjustments can be made to the budget but less so to the mill rate.

Pros

- It will promote long-term thinking and planning.
- It provides more certainty about the future direction of the City.
- It could result in time saving, which could create capacity for other important functions.
- It is consistent with multi-year budgeting practices from the Cities of Calgary and Lethbridge.

Cons

- It could be legally difficult to approve mill rate for multiple years under *The Cities Act*.
- Approving mill rate for multiple years based on revenues and expenditures forecasts could be risky if the assumptions in the forecasts are inaccurate or overtaken by unexpected events.
- It could potentially limit Council's flexibility to make adjustments to the budget plan.

Recommended Option - Option 2: Approve operating and capital budgets for all years at a time and approve mill rate changes annually. This means that Council will approve a four-year budget with all years approved at once, but mill rate changes for future years will only be adopted in principle. Council will debate and approve the mill rate for future years on an annual basis.

This recommendation would be implemented over a period of time that would first allow the alignment of the multi-year budget to the Council term by approving a three-year budget. Additional work would then be undertaken to adjust timelines that would allow for the development of four-year Operating and Capital Budgets to align with Council term and the Strategic Planning process.

Pros

- It could result in time saving, but would require more time than option 1.
- It is consistent with *The Cities Act*.
- It will enhance long-term planning.
- It allows Council to approve, in principle, indicative mill rate, utility rates and recycling fees, thereby creating more certainty in future years for planning and multi-year projects.
- It gives Council the flexibility to make annual adjustments.
- It is consistent with multi-year budgeting practices from the Cities of Winnipeg and Yellowknife.

Cons

- Multi-year budget approvals and publishing indicative mill rate forecasts increase the risk that public communication and engagement efforts do not sufficiently acknowledge the potential for future Council decisions to vary from forecasts, which could impair public trust.
- There is a probability of adjustments to the budget as mill rate for future years are subject to change.

Option 3: Approve operating and capital budget along with mill rate changes one year at a time, and adopt the budget and mill rate for future years in principle. This means that Council will approve the operating and capital budget together with the mill rate one year at a time, and adopt in principle, the budget and mill rate changes for future years.

Pros

- It is consistent with *The Cities Act*.
- It will enhance long-term planning.
- It is consistent with the City's current process for approving its multi-year Capital Plan.
- It allows Council to approve, in principle, indicative mill rate, as well as indicative utility rates and recycling fees.
- It ensures mill rate changes are adjusted annually to accurately reflect the level of service expected by the citizens and the funding available to deliver the services.
- It gives both City Administration and Council flexibility to make annual adjustments to the budget plan based on changing economic circumstances.

Cons

- Reviewing the budgets annually could require significant time and effort, which could potentially detract from one of the benefits of multi-year budgeting.
- It could require significant time to make adjustments to the budget and mill rate.
- It is not consistent with multi-year budgeting practices from other municipalities.

Staff recommend the use of a four-year static budgeting approach along with an approval process based on option 2. This option allows Council to approve a multi-year budget with all years approved at once, but mill rate changes for future years will only be approved in principle. Council will debate and approve the mill rate for each year on an annual basis. This recommendation gives Council the flexibility to make adjustments to the mill rate on an annual basis and it is consistent with practices from the Cities of Winnipeg and Yellowknife. It is also consistent with *The Cities Act* and allows for alignment between the City's strategic and business planning cycle and Council term.

Potential Work Plan and Timeline

To meet the 2017 timeline originally identified in Council's motion, the process for developing a framework for generating multi-year budgets would have to be rolled out in the second quarter of 2016 and development of the City's first four-year budget will have to be complete by the fourth quarter of 2016 for implementation in 2017. This timeline is aggressive given the amount of work required to set the foundation for successful implementation of multi-year budgets. In addition, the new Council elected in 2016 would not have sufficient time to contribute to the budget plan if a multi-year budget is implemented in 2017.

Based on this, it is recommended that implementation of the City's first multi-year budget be introduced with the 2019 budget. This provides Administration a reasonable timeline to:

- establish new processes required for multi-year budgeting, such as multi-period revenue and expenditure forecasting methodology, variance reporting tool, and proper technology support in 2015 and 2016;
- develop a Long Range Financial Plan in 2016;
- conduct core services review;

- engage the new Council (elected in 2016) to obtain direction on long-term strategic plan and business planning in 2017, using inputs from the Long Range Financial Plan and the Core Services Review;
- develop a new Strategic Plan (2019-2021) that will guide the budget development; and
- develop a multi-year budget in 2018 for implementation for the 2019 budget year.

Multi-Year Budgeting, Strategic Planning and Long Range Financial Plan –

The City of Regina's current planning framework is driven by the City's Vision and Official Community Plan, *Design Regina* (OCP). City Administration considers these documents to be Council's direction – the desired future state that Council wishes to achieve. Administration's strategic plans are defined as implementation plans to move the City towards that future state in a series of successive steps. A multi-year budget would strengthen the strategic plan's financial element.

However, there are some gaps in the process that could jeopardize the successful implementation of multi-year budgets. Prior to the full implementation of multi-year budgeting, the following elements need to be in place:

- Council engagement in strategic planning to ensure each successive strategic plan addresses Council priorities. A multi-year budget would be based on a time frame that aligns with each strategic plan cycle. Currently, the Administration bases its strategic plan on Council's very high level direction through the City's Vision and OCP. Council is advised of the Administration's strategic plan, but has not typically developed term priorities that drive or shape that plan. Best practice suggests that, in order to ensure long term commitment to a multi-year budget, it is important that the budget be based on achieving Council's stated priorities
- A Long Range Financial Plan (LRFP), a financial forecast covering between ten and thirty years which will:
 - Provide a projection of the City's revenues, expenditures, investments and required debt over the long-term;
 - Illustrate the relative magnitude of any financial gaps and challenges facing the City;
 - Stimulate discussions on how to address the general trends revealed by these challenges; and
 - Assist in planning strategy and actions that will contribute to the City's long-term financial sustainability.

A LRFP will help Council to ensure that the financial constraints that might limit the scope of a multi-year budget are understood. It is anticipated that a LRFP will be complete for the City of Regina by the end of 2016.

- Consistent performance reporting and budget management to ensure the multi-year plan remains on track. The longer the timeframe of a multi-year budget, the more likely it is to be based on estimates. Given this reality, it is essential that the monitoring of performance (the delivery of services and achieving strategic priorities) and budget management (checking of

financial assumptions against actuals) be strengthened to ensure the plan remains on track. Generally this would take the form of periodic in-year reporting on performance and budget to Council.

Following is a potential timeline for implementing a four-year budget for the City. This is a high level implementation timeline. If a decision is made to pursue a multi-year budget, a more detailed plan and timeline would be developed.

Potential Multi-Year Budget Development and Implementation Work Plan							
Activity	2015	2016	2017	2018	2019	2020	2021
Civic election/Council term							
Core services review							
Engage Council for direction and priorities							
Develop long range financial plan							
Engage City departments and City service partners on business planning							
Engage the public on the idea of multi-year budgeting							
Complete strategic and business plans							
Define multi-period projects and services with operating and capital expenditures							
Develop a multi-year budgeting policies, processes and variance reporting procedures							
Establish methodology for forecasting revenue and expenditure							
Roll out a process to create multi-year budgets							
Finalize multi-year operating and capital budgets							
Implement multi-year budgets							

RECOMMENDATION IMPLICATIONS

Financial Implications

If approved as presented, the recommended motions would enhance Council's and staff's ability to manage with a long-term financial perspective in mind when making current period decisions. Council would retain the discretion to annually review and adjust budget or mill rate levels.

Environmental Implications

None related to this report.

Strategic Implications

Multi-year budgeting would improve long-range and strategic planning by aligning longer-term goals and objectives with longer-term funding plans. A multi-year budget and the linkages to Council Vision, the Strategic Plan, and a Long Range Financial Plan have considerable impact on how the City implements its budget. These linkages will enable a longer term perspective that considers broad organizational goals instead of simple bottom line concerns. Council Vision, the OCP, and the underlying strategies as well as the financial impact will become more transparent to the public, City partners and other interested entities.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

Consultation will be required with Regina Police Services, Regina Public Library, Business Improvement Districts, Regina Regional Opportunities Corporation, Regina Exhibition Association Limited, and Wascana Centre Authority.

Implementing a multi-year budget cycle will require the development of a new approach for communicating the City's budget to citizens and stakeholders.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



June Schultz
Director Finance

Respectfully submitted,



Ed Archer, CFO
Corporate Services

Appendix A: City of Regina 2015 Budget Process

The Executive Leadership Team - The Executive Leadership Team (ELT) directs the creation of the annual budget by establishing a process for identifying service requirements, creating staff teams responsible for implementing the process and providing directions that guide their work.

Budget Advisory Group - Once departmental budget estimates as well as estimates from the City's Service Partners are completed, ELT charged a cross-divisional team of directors and managers with the responsibility to examine the estimates, including any requests for incremental funding and make recommendations to ELT. Funding requests are ranked based on the following criteria:

Operating Budget
<ol style="list-style-type: none">1. Projects in the Corporate Initiatives Portfolio classified as Category A or B2. Contractual Obligations/Council Direction3. Investing to create an efficiency that delivers existing service levels at a lower long term cost4. Maintaining existing service levels by:<ol style="list-style-type: none">a. Investing in increased operating costs to deliver the same level of service to existing areasb. Investing in increased operating costs to provide the same level of service to new growth areas5. Projects in the Corporate Initiatives Portfolio classified as Category C6. Increased operating costs to enhance service levels for existing services7. Projects in the Corporate Initiatives Portfolio classified as Category D8. Increased operating costs to provide new services
Capital Budget
<ol style="list-style-type: none">1. Projects in the Corporate Initiatives Portfolio classified as Category A or B2. Pre-approved capital expenditures from 2015 Budget3. Contractual Obligations/Council Direction4. Investing to create an efficiency that delivers existing service levels at a lower long term cost5. Maintaining existing service levels by:<ol style="list-style-type: none">a. Repairing/Rehabilitating existing infrastructure to continue the same level of serviceb. Replacing/Major upgrading existing infrastructure to continue the same level of servicec. Developing new infrastructure to provide the same level of service to growth areas6. Projects in the Corporate Initiatives Portfolio classified as Category C7. Improving service levels by:<ol style="list-style-type: none">a. Replacing/Major upgrading existing infrastructure to provide an enhanced level of serviceb. Developing new infrastructure to provide an enhanced level of service8. Projects in the Corporate Initiatives Portfolio classified as Category D9. Infrastructure/capital to provide new services

City Council - ELT makes the final decisions about what to recommend to Council based on recommendations from the Budget Advisory Group. Council ultimately determines the programs and service levels to be included in the budget, and also approves the budget.

Appendix B: Multi-year Budgeting Timeframes by Municipalities and the Rationale

Municipalities	Council term (years)	Strategic and business (years) plan	Operating Budget (years)	Capital Budget (years)	Rationale
Calgary	4	4	4	4	Operating and capital budgets are aligned to Council term and priorities
Lethbridge	4	4	4	4	Operating and capital budgets are aligned to Council term and strategic plan
Yellowknife	3	3	3	3	Operating and capital budgets are aligned to Council term and strategic plan
Winnipeg	4	N/A	3	5	Does not align with Council term
Edmonton	4	4	4	4	Operating and capital budgets are aligned to Council term and strategic plan
Saskatoon	4	10	1	5	Partially aligns with the capital budget as well as the strategic plan and Council term
Regina	4	4	1	5	Partially aligns with the capital budget as well as the strategic plan and Council term

October 14, 2015

To: Members of Executive Committee

Re: Servicing Agreement Fee (SAF) and Development Levy (DL) Policy Review and Final Phasing and Financing Project

RECOMMENDATION

1. That the following recommendations be forwarded to the October 26, 2015 meeting of City Council:
 - a) That the Administration and Calculation of Servicing Agreement Fees and Development Levy Policy, Appendix A, be approved;
 - b) That the greenfield Servicing Agreement Fee and Development Levy rate be approved with a three-year phase-in. The proposed phase-in results in an effective rate January 1, 2016 of \$379,000 per hectare;
 - c) That the Administration of Servicing Agreements and Development Levy Agreements Policy, Appendix B, which includes the new policy that defines submission requirements and the Endeavour to Assist framework, be approved;
 - d) That in transitioning from the Interim Phasing and Financing Plan to the new Administration of Servicing Agreement Fee and Development Levy Policy that includes defined application requirements, all Service Agreement or Development Levy Applications in progress are subject to the conditions outlined in Appendix F.
 - e) That the phasing and financing policy for inclusion in *Design Regina, the Official Community Plan Bylaw 2013-48*, Appendix C, be approved as it relates to the Servicing Agreement Fees;
 - f) That the Administration be directed to consult with stakeholders and develop a proposed approach to charge Service Agreement Fees and Development Levy Charges for infill development, and that the Administration present the proposed approach to Council for approval in 2016 to allow for implementation of infill Service Agreements Fee and Development Levy charges beginning January 1, 2017; and
 - g) That the Administration undertake research in 2016 to better understand the factors that influence industrial development in Regina which will help inform the need to consider an industrial land-development subsidy.
2. That the following recommendations be forwarded to the November 23, 2015 meeting of City Council which would allow sufficient time for advertising of the required public notices for the respective bylaws and consultation with the Rural Municipality of Sherwood:

- a) That the City Solicitor be directed to prepare the necessary bylaw to amend the Development Levy Bylaw in accordance with the approved Administration and Calculation of Servicing Agreement Fee and Development Levy Policy and the approved Administration of Servicing Agreements and Development Levy Agreements Policy; and
- b) That the City Solicitor be directed to prepare the necessary bylaw to amend the *Design Regina, the Official Community Plan Bylaw 2013-48*.

CONCLUSION

The City of Regina uses Servicing Agreement Fees (SAF) and Development Levies (DL) to fund major infrastructure investments required for new growth and development, as per the *Planning and Development Act, 2007*.

The development charge policy review is a key first step in implementing *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP). To work towards meeting the goals of the OCP, the Administration and Urban Systems, the consultant retained to lead the project, have:

- Reviewed and updated the growth-related capital projects lists;
- Reviewed and updated the Administration and Calculation of SAF and DL Fees Policy;
- Revised the Administration of Servicing Agreements Policy to include the Endeavour to Assist tool as part of Servicing Agreements; and
- Developed a final Phasing and Financing Plan that considers the city's growth to a population of 300,000 (310,000 including the Special Study Areas).

With Council's approval, the Interim Phasing and Financing Plan and the SAF/DL rate for development charges that was approved by Council in June 2014 will no longer apply as:

1. The Administration of Servicing Agreements and Development Levy Agreements Policy will come into effect immediately;
2. The Administration & Calculation of Servicing Agreement Fees and Development Levies Policy will come into effect January 1, 2016; and
3. The final phasing and financing policies will come into effect in upon approval of the amendments to the OCP.

The recommended approach for the SAF/DL Policy considers the cost of growth along with overall City financing, the OCP goals and the associated Community Priorities, especially those related to developing complete neighbourhoods and achieving long-term financial viability. Extensive stakeholder consultation was undertaken throughout this project, particularly with the development community. Seeking feedback on the implications of changing policy variables was a key aspect of the consultation and the feedback received shaped the approach presented in this report. The recommended approach for development charges balances the City's aspirations for growth with the financial responsibilities to current and future residents.

BACKGROUND

The City of Regina previously established Service Agreement Fees and Development Levies to fund the infrastructure investment required for new growth pursuant to the *Planning and Development Act, 2007* and the *Development Levy Bylaw, 2011*. The current SAF/DL Policy was endorsed by City Council in 2009 based on recommendations and principles contained in the 2007 report prepared by Watson & Associates Ltd. (Watson). Through the endorsed policy, the SAF/DL rate is subject to Council approval on an annual basis. Review of the overall SAF/DL Policy every five years was recommended by Watson and engrained in the current SAF/DL Policy.

In 2013, *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP) was approved. The OCP provided high level policy and direction around future growth of the city to a population of approximately 300,000. In addition to high-level policy, the OCP called for the creation of a Phasing and Financing Plan to help co-ordinate and finance growth of the City.

The Interim Phasing and Financing Plan (Interim Plan), completed in late 2013/early 2014, revealed that the City did not have adequate financial resources available to continue funding development in accordance with the 2009 SAF/DL Policy. The Interim Phasing and Financing project also revealed that sequencing growth would have a major impact on the SAF reserve cash flow and the City's debt position if the City continued to use SAFs and DLs to finance development specific infrastructure in accordance with the 2009 policy.

Based on the implementation of the OCP, the findings of the Interim Plan, recent rapid growth of the city, as well as the requirement to review SAF/DL Policy every five years, Administration along with its consultant, Urban Systems, carried out a major review of SAF/DL Policy. The updated policy and phasing plan will replace the Interim Phasing and Financing Plan that was approved by Council in June 2014, and will help the city grow to a population of 310,000 (including the Special Study Areas in the OCP Growth Plan) over the next 25 years.

This report explains the process undertaken to conduct a major review of the SAF/DL Policy, the key considerations, and the resulting recommendations, which include:

- The proposed SAF/DL development charge for 2016;
- The updated Administration and Calculation of Servicing Agreement Fee and Development Levy policy;
- The updated Administration of Servicing Agreements and Development Levy Agreements Policy, inclusive of the new sections related to Endeavour to Assist and submission requirements; and
- The final phasing and financing policies for inclusion in the OCP.

The approach presented through these policies reflects the true costs of providing services to new developments throughout the city and seeks to ensure financial viability and sustainable growth. The updated SAF/DL Policy proposes a fair and equitable share of development costs between taxpayers and the developers to ensure that new development will not cause financial burdens to Regina taxpayers. The phasing plan for sequencing land development also fosters complete neighbourhoods by limiting the number of neighbourhoods developing at any one time.

DISCUSSION

Project Overview

There are two primary components of this project:

- The review of the policy guiding the determination of SAFs and DLs and the updating of associated policies, which includes the review and updating of the SAF/DL-eligible growth-related capital projects; and
- The development of a final phasing and financing plan to direct the sequencing of land development.

These components relate to one another and as part of the Interim Plan process, were directed to be completed concurrently.

This project contributes to defining how the City of Regina enacts OCP policies related to financial sustainability and complete neighbourhoods. The development of the SAF/DL policies and the final phasing and financing plan seeks to meet the following outcomes, including:

- Minimizing the long-term financial impacts to taxpayers;
- Realizing the goals and policies of *Design Regina: the Official Community Plan Bylaw 2013-48*, including the OCP Policy 1.16 that states ‘growth pays for growth’;
- Ensuring the SAF/DL rate is equitable and understandable;
- Ensuring market choice for new development; and
- Meeting residents’ service level expectations for new and existing programs and services.

The project largely focused on how infrastructure costs required for growth are allocated between developers and taxpayers. This discourse must be set in the context of the City’s broader financial picture. This includes consideration of the existing infrastructure demands, as well as recognition of the costs related to providing services that support growth but are beyond what can be charged to SAFs/DLs, as per the *Planning and Development Act, 2007*. For instance, SAFs/DLs do not cover growth-related costs associated with operations or maintenance (e.g. snow removal or garbage collection), costs for infrastructure repairs or renewal that benefits existing residents or costs associated with other growth-related capital costs, such as police or fire stations, libraries, and transit.

Growth-related capital projects that can be funded by SAFs/DLs fit into three main categories:

- Roads and transportation infrastructure, including multi-use pathways and traffic signals;
- Utility infrastructure, including water, wastewater and storm water (drainage); and
- Parks and recreation infrastructure.

The projects that compose the Growth-Related Capital Projects Lists form the core basis for the SAF model. The SAF model uses the projects required to service the 300,000 population (310,000 including Special Study Areas) to determine the annual development charge, or SAF rate, for residential, commercial and industrial development.

The projects required to support future growth were identified through various studies and plans that have been undertaken as well as servicing plans submitted by the developers for the various

new neighbourhoods. The City is in the process of undertaking the development of comprehensive water and wastewater master plans. These plans will inform future reviews of the SAF/DL rate and policy. In the meantime, the Capital Project List includes placeholders based on high level assumptions about the cost of system-wide water and wastewater improvements required to service new growth, as per preliminary analysis completed by consultants. The projects funded by SAFs/DLs have been reviewed extensively by both the Administration and the development community.

Process Overview

The project was initiated in September 2014 and has progressed through three phases, as outlined in Figure 1.

PHASE 1 Develop and Discuss Options	PHASE 2 Develop and Discuss the Preferred Option	PHASE 3 Seek Approval of the Recommended Option and Prepare for Implementation
Sept 2014 – March 2015	April 2015 – June 2015	July 2015 – Dec 2015
<ul style="list-style-type: none"> • Reviewing & refining Project Lists • Confirming initial policy direction • Prepare draft SAF models with different variables. • Review initial results and seek feedback <p>Working Group Sessions – Dec 2014 & March 2015</p>	<ul style="list-style-type: none"> • Revise model and policy and determine a preferred SAF model option and associated guiding policy • Review preferred option and associated results and seek feedback <p>Working Group Sessions – April & June 2015</p>	<ul style="list-style-type: none"> • Revise model and policy • Finalize policy, rates and phasing • Seek council approval • Train staff to use new model <p>Working Group Sessions – August, September & October 2015</p>

Figure 1: Process Overview of SAF/DL Policy Review and Final Phasing and Financing Project

Early in the project, the City of Regina established a Working Group to reflect perspectives of various stakeholders affected by the SAF/DL policy and rate review and the subsequent phasing and financing plan. The members of this Working Group include the Regina and Region Homebuilders' Association (RRHBA), Regina and District Chamber of Commerce, Regina and Region Opportunities Commission, residential, commercial and industrial developers, and infill developers, along with members of the City Administration.

The Working Group met regularly and extensively for the duration of the project to:

- Build a collective understanding of the current situation;
- Understand implications of different options in updating the policy;
- Ensure that concerns and ideas are consistently understood and considered when developing the recommended SAF/DL Policy and Final Phasing and Financing Plan; and
- Collaborate on the generation of alternate solutions.

The final recommendations were developed in consideration of the feedback that was provided through the project. An overview of feedback provided is in Appendix D.

Due to the complexity of the subject matter, public input was sought through focus groups and a telephone survey. The goal of the public involvement was to better understand residents' priorities and attitudes towards growth and the funding of future development. Based on the resident surveyed, findings (as per the Summary Report in Appendix E) related to who should pay for growth were inconclusive. There was no consensus about who should pay for growth-related infrastructure outside of new developments. Maintaining existing infrastructure was seen to be more important than investing in growth. At the same time, a strong majority also agree that it is a priority for the City to be planning for growth.

Interested public were directed to find information on the project online (designregina.ca) and could also sign-up to receive regular project update emails.

Key Considerations, Findings and Recommendations

Throughout this project, a number of factors were considered when determining the recommended approach. These are outlined below.

a) Improved Knowledge and Understanding of Projects Required for Growth

Since the Interim Plan was undertaken in 2013/2014, additional information was uncovered about the constraints of existing infrastructure systems. As such a number of projects were added to the Growth-Related Capital Projects Lists, a primary input for determining the SAF/DL rate, that were previously not identified. The increase in growth-related capital project capital costs, as opposed to shifts in policy, represents the majority of the proposed rate increase.

b) Defining 'Growth Pays for Growth'

To ensure revenue growth and financial sustainability, *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP) includes Policy 1.16 that states that the City "ensures that growth pays for growth". Defining how to interpret this phrase in the context of this project was important as it defines how costs for growth-related infrastructure are to be allocated between developers and taxpayers/utility ratepayers.

The Growth-Related Capital Project List identifies the projects required to enable new developments to meet service levels for water, wastewater, storm water, roads and transportation, and parks and recreation infrastructure. When looking at the projects in the list, the phase 'growth pays for growth' means:

- Projects that are only required for growth are assigned to be paid for by developers either:
 - Directly, if the project primarily serves a single development area/region, or
 - Indirectly through SAF/DL, if it provides a broader benefit to multiple new developments.
- Projects that are required for growth but also address a service deficiency for existing residents or a new service that is currently not offered (e.g. Zone-Level Dog Parks), a portion of that cost is assigned to taxpayers or utility ratepayers.

Through this policy review, the majority of projects in the Growth-Related Capital Projects List are assigned to be paid for by developers either directly or through SAF/DL as they are deemed to be required for growth. These developer contributions only cover the costs of the initial installation of the infrastructure. Taxes and utility rates will fund operation, maintenance and renewal costs for the infrastructure.

c) Grade Separations

Grade separations include bridges, flyovers, interchanges and rail overpasses and underpasses.

Prior to the Interim Phasing and Financing Plan, taxpayers contributed between five and 15 per cent of the costs of all road expansion projects and 50 per cent of all grade separation projects. The rationale for this taxpayer contribution was (1) infill was not paying DLs; and (2) existing residents benefit from the growth. Through this project, Administration explored the validity of these two rationales. Administration is now recommending that infill development pay a DL to offset their consumption of infrastructure capacity, rather than rely on taxpayer contributions.

Furthermore, Administration has identified that without growth, the existing taxpayers would not need to add capacity to the existing system in order to meet service level expectations. The approach to allocate 100% of the costs of growth related capital projects to SAF/DL is known as the “trigger line approach”: Users that trigger the need for a new infrastructure investment are the ones who should pay for it. It is common in municipalities across Canada to use the trigger line approach and to maximize the use of development charges to fund growth related capital projects.

As a result of the shift to the “trigger line approach”, Administration is recommending that grade-separation and interchange projects be shifted to 100 per cent SAF/DL funded. This recommendation is based on the recognition that: (1) if the city stopped growing, taxpayers would not need to invest in this infrastructure; (2) growth over the next 25 years will be using and benefiting from all the existing infrastructure in the city, including existing grade separations; and, (3) to be consistent with all other capacity adding transportation projects which are 100 per cent SAF/DL funded.

d) Need for Key Policy Shift to Fund Major ‘System’ Improvements

Under the current SAF/DL Policy, fees were used to both recover costs for connecting new neighbourhoods to the major infrastructure systems as well as to ensure that these broader infrastructure systems had capacity to absorb the impact of the new neighbourhood. It has become clear that while that was the intention of the fund, the reality is that the SAFs/DLs were only able to fund the infrastructure to connect neighbourhoods and that the improvements required to support the long-term sustainability of the major infrastructure systems were being deferred. Due to frequent payments required for connecting infrastructure, the SAF/DL reserve fund was not able to build up a sufficient balance to fund the major improvements. The major improvements for which available funds are insufficient include the eastern water pressure zone, additional pumps and force mains from McCarthy Boulevard pump station to the wastewater treatment plant, and road expansion projects such as the Pasqua Street and 9th Avenue North interchange.

To ensure that the City has the means to fund major infrastructure improvements required for growth, a policy shift is proposed that would see SAFs/DLs being used to recover only costs

associated with broader system improvements. Projects that serve a single area (including storm water projects, arterial roads, trunk mains and pump stations) would be transferred from being SAF-funded to being 100 per cent developer-funded. This shift means:

- SAF/DL investments will be for projects that support the broader infrastructure systems, ensuring that these systems are able to absorb the impact of new development without significantly reducing the level of service for the existing community;
- A more equitable SAF/DL rate will be charged to developers as the SAF/DL fund will be used for projects that serve a broader benefit versus projects that are required to serve individual developments; and
- Developers will directly fund those projects that are specific to their development; on average, this results in about a \$50,000/hectare increase in developer-specific costs as compared to the Interim Plan period. The cost variance to individual developers/neighbourhoods will depend on the specific infrastructure needs of the area. This cost is in addition to other developer-specific costs that developers already paid for their developments.

As such, this approach does not result in more total costs being paid for developers; it only alters the amount funded by SAF/DL versus the amount funded directly by developers.

This change is consistent with other municipalities; it helps keep the overall SAF rate lower; and it provides developers more flexibility in managing projects for their specific developments. Additionally, developers directly funding more of the upfront infrastructure may create natural cost incentives for lower cost neighbourhoods to proceed earlier than higher cost neighbourhoods.

e) Tool Required to Help First-In Developers: Endeavour to Assist

With more projects that serve a single development being allocated to developers directly, developers have suggested that they require a formal tool to recapture costs when projects they build benefit other developers.

Endeavour to Assist Agreements are a tool that can assist current developers in recovering some of these costs from future developers for projects that provide benefit to the surrounding area. An example of the type of project that would be eligible for an Endeavour to Assist Agreement would be over-sizing of water or wastewater trunks, which ensure that subsequent neighbourhoods can easily connect to the water and wastewater systems.

This tool is recommended to be embedded in the Administration of Servicing Agreements and Development Levy Agreements Policy as Part D (see Appendix B) as it would be executed at the time of developing Servicing Agreements. The City will ensure that the future developers, who benefit from infrastructure installed and paid for by the first-in/initial developer, make payment to first-in developer prior to the issuance of subdivision approval.

During consultation, Administration heard concerns that the development industry would like the Endeavour to Assist Agreements to be extended over the entire 25 year planning horizon. Administration also heard that the first-in developers would like certainty that when they are eventually repaid through these agreements that the payment should reflect the opportunity cost of paying for infrastructure that only benefits future developers. As a result of the feedback, Administration adjusted the policy so that Endeavour to Assist Agreements may be extended to a

period beyond the Agreement's initial term. Administration also adjusted the policy to require future developers to pay interest on the first-in developer's investment.

f) Managing the SAF Reserve Fund

Various scenarios were tested through the SAF/DL review. In evaluating these, two key outcomes were reviewed: (1) the implications to the SAF/DL rate, which developers are charged at the time of subdivision; and (2) the SAF/DL reserve balance which is related to the City's cash flow.

The more negative the SAF/DL balance (i.e. the more it has borrowed from either the general reserve, the utility reserve or from lenders), the greater the City's financial risk. A negative balance in the SAF/DL reserve is particularly concerning if investments in infrastructure have been made and growth significantly slows or stops, as this would jeopardize or delay the ability of the City to recapture the funds borrowed from the general reserve and/or utility reserve, or to repay a debenture.

Of the scenarios tested, the option to prioritize water and wastewater projects and delay transportation projects to minimize the deficit in the SAF/DL reserve account was preferred. Water and wastewater projects were prioritized, as they are most urgently required to enable system upgrades to foster growth in the city. This approach minimizes financial risk to the taxpayers.

This approach does not rely on debt to fund growth projects. Therefore, the City retains flexibility to use debt to address existing infrastructure and asset renewal needs and service improvements. All growth-related capital SAF projects (including delayed transportation projects) will be built by the end of the period (2040).

As shown in Figure 2 below, with delays, the SAF/DL reserve fund deficit is projected to be maintained in the range of -\$50M, with a maximum deficit of approximately -\$60M in 2036. Without delaying transportation projects the deficit is projected to be as high as approximately \$420M. In reality, the SAF fund balance will be significantly impacted by the pace and variability of growth; the current SAF reserve projection assumes that 81 hectares of land are subdivided every year.

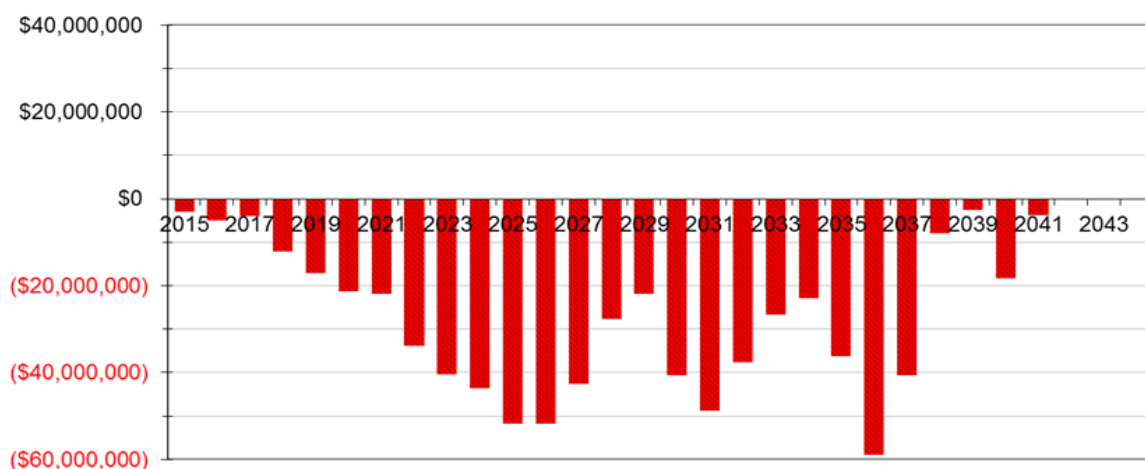


Figure 2: Projected SAF/DL Reserve Fund Cash Balance

To maintain the reserve deficit at this level, most transportation projects are delayed from 2 to 12 years. These delays will result in temporary service level reductions for all residents of the city, with potential implications including increased congestion, more use of local roads and challenges meeting emergency response times, especially in peak travel periods.

Ultimately, the timing of all SAF/DL funded projects will be determined during the annual budget process; if the City has financial capacity to allow additional deficit within the SAF/DL reserve fund, accelerating transportation projects could be considered at that time.

As well, as part of the development and implementation of the Long Range Financial Plan, Administration will be able to clearly describe the long-term effect of decisions on services and the funding requirements to sustain them. This would include the development of a strategy to sustain transportation service levels while addressing asset renewal.

g) Reduced Impact on City SAF Cash Flows from Phasing of Development

During the Interim Plan process, phasing (or sequencing) of land development significantly impacted the City's cash flow due to the local projects that were triggered by different developments.

As a result of the key policy shift noted above, which transfers capital projects that were previously funded by the SAF to being funded directly by the developer, the impact of phasing of development on cash flows is reduced.

However, phasing is still important for managing operating and maintenance costs; it assists with faster build-out of specific developments, which ensures there is a sufficient tax base to cover the operating and maintenance costs of new neighbourhood infrastructure and helps promote faster development of complete neighbourhoods for those new residents.

As such, the Phasing and Financing policies and map to be included in the OCP and presented in Appendix C (which also includes other associated OCP amendments) recommend a sequencing of new neighbourhoods and new mixed-use neighbourhoods based on:

- Servicing as a constraint;
- Limiting neighbourhoods to foster faster build-out; and,
- Developer-readiness.

Zoning approval will continue to trigger the phasing and development of employment lands (e.g. urban corridors, industrial areas), consistent with the Interim Phasing and Financing Plan. Approval for employment lands can be granted or denied based on considerations including servicing constraints and solutions, developer-readiness, and compatibility. As such, pending Council approval;

- All urban corridors could immediately proceed;

- Land north of the Global Transportation Hub (GTH) could proceed following the build out of the bypass and completion of the eastern water pressure solution and the identification of a wastewater solution;
- The first phase of the Fleet Street Business Park could advance; and
- Commercial lands within residential areas would proceed as those areas build out.

This Phasing and Financing Plan will be reviewed and updated regularly, particularly as new information becomes available with respect to servicing solutions within Secondary Plans, the Special Study Areas meeting the requirements of the OCP, and consideration of development timing for lands that were recently annexed.

h) Softer Market

Since 2006, Regina had been experiencing a boom in population growth; this has resulted in record building starts and a flurry of development activity. However, over the past couple of years, growth has slowed to a more moderate rate; this combined with a higher amount of unabsorbed housing units than in the past is causing a market adjustment in home prices and demand.

The OCP was based on the foundational assumption that the growth rate experienced by the City of Regina over the 2006-2012 would not be sustained over the life of the plan. Rather, the OCP assumed that housing starts of 1100-1500 would be sustained under a medium growth scenario over the 25-year horizon. As such, the market slow down does not change assumptions used for the OCP, though there are short-term impacts to development while it adjusts to a more sustainable growth rate.

i) Phase-In of the SAF Rate

Due to the recent market changes, the identification of additional capital projects to support growth and the proposed policy change to transfer development-specific projects to the developers to fund directly, the development industry was nearly unanimous in seeking a three-year phase-in of the SAF/DL rate. This phase-in will allow them to adjust to the new policy regarding projects that are developer-funded, the new SAF/DL rate and the change in market.

A review of the implications of phasing-in the rate was undertaken and revealed that while there was an impact on the SAF reserve balance, it was not significant. The phase-in results in a higher rate after the three years to compensate for the lesser cost years. With this understanding, the development community was overwhelmingly supportive of this option.

As such, Administration recommends that the rate for residential, commercial, and industrial development for 2016 be set at \$379,000/ha to cover growth-related capital costs.

This rate is the first of a three-year phase-in of the greenfield rate. If the rate was not phased-in, it would be approximately \$410,000/ha in 2016. Initiating this phase-in will result in reduced rates for 2016 and 2017; in 2018, the rate will be slightly higher than it would have been if the rate was not phased-in, in order to compensate for fees not captured between 2016 and 2017.

The project list will be reviewed annually and rates for subsequent years will be approved by City Council. The Administration and Calculation of Servicing Agreement Fees and

Development Levies Policy (Appendix A), updated as a part of this process, was used to guide the development of this rate and will also guide future rate setting.

j) Differential Rates for 235K and 300K Neighbourhoods

Traditionally, the City has had a single flat rate for all neighbourhoods. During the Interim Plan process, different rates for 235K (the rate per hectare was \$304,960) and 300K (the rate per hectare was \$359,089) neighbourhoods were implemented. Having a lesser rate for 235K neighbourhood instead of the same rate as 300K neighbourhoods results in a higher SAF rate overall.

The Interim Plan period is deemed to have provided the phase-in of the new rate for the 235K neighbourhoods; moving forward, the remaining 235K areas will pay the same rate as the 300K areas.

Administration considered using differential rates based on population growth horizon (235,000 versus 300,000) and on a neighbourhood basis and deemed that all growth has the same demand on the City's system-wide infrastructure and should therefore pay the same rates. Furthermore, establishing which infrastructure is required due to one neighbourhood or growth area as compared to another is not practical on a city-wide basis and it is unlikely that the City and development community would reach consensus on how to allocate costs.

k) Housing Affordability

Feedback from the development industry is that increasing SAF/DL rates will affect housing affordability. The City is in agreement that housing affordability is a key consideration but notes that there are a number of factors that go into housing costs, including raw land costs, consulting fees, contractor salaries, building materials, and profits.

Based on the 2016 phased-in SAF rate and projected median cost of a new house, SAFs will comprise 4.5% of the cost of a new detached or semi-detached house in 2016. Furthermore, between 2007 and 2016, the median cost of a detached or semi-detached home will have risen by a projected \$232,000; SAF increases over the same time period only account for \$12,500 of this total increase. On this basis, while SAFs do have an impact on the cost of a new house, recent increases to the price of a new house have largely been driven by other factors.

l) Infill Development Impacts Capacity of Infrastructure Systems

As per a City Council decision in 1989, infill within the exempt area (generally within the boundaries of the Ring Road) has not been charged DL fees. In addition, areas that had already paid SAF in the past were also exempt. However, for some infrastructure systems, there are impacts to capacity regardless of where growth occurs, such as for the water treatment plant, wastewater treatment plant, and internal roadway improvements, such as capacity upgrades along Saskatchewan Drive.

It was determined that to meet the objective of having an equitable SAF/DL Policy, it was important to start recognizing the impact of infill on our infrastructure systems, to remove the exemptions which applied to infill development, and to start allocating growth-related capital costs accordingly.

Through this policy review, Administration has established which projects benefit infill development and what share of the costs of each of those projects should theoretically be funded through an infill SAF/DL rate, based on *Design Regina* targets of accommodating 30 per cent of new population growth in existing built-up areas of the city.

At this time, Administration believes that further consultation and process review is required before implementing changes to the exempt area in 2016; but does anticipate removal of the exempt area and an infill rate being effective in 2017. Further consultation and study leading to a future report on infill SAFs and DLs will be forthcoming in 2016.

Related, at the time of this SAF/DL Policy review, the Regina Revitalization Initiative for the railway lands was getting underway. While some preliminary information was made available in terms of projects required for growth in that area, they have been excluded from being added to the Growth-Related Capital Projects List at this time. The forthcoming work around infill SAFs and DLs will consider how projects associated with the re-development of the railway lands should be funded.

m) Barriers to Industrial Development

To date, a single greenfield rate for all land uses has been used in Regina. Through this project, an alternative of having a separate industrial SAF/DL rate was explored. This rate was calculated based on the identification of projects that are primarily required to support industrial neighbourhood development, recognizing the full cost of industrial growth. Through this analysis, it was discovered that the majority of the projects identified support the development of residential, commercial and industrial areas, but that by creating separate rates, the industrial rate would be higher than the residential/commercial rate. The separate projected industrial rate presented to the working group was deemed to be too high. As such, at this time, maintaining a single combined greenfield rate is the preferred approach.

Both Administration and the development community recognize the value in ensuring the City of Regina stays competitive to attract industrial development to the city to maintain economic growth and to help offset the costs of operating the city. Preliminary research in this process was undertaken to better understand the industrial market in Regina and potential barriers; however, it was identified that a more involved research project would be required, particularly to determine the impact that SAF/DL have on industrial development and the potential for subsidies to be created to help incentivize industrial development. Working Group feedback was that incentives should not be built into the SAF/DL system as it results in the costs of the subsidy to be borne by other developers. Rather, should the City choose to incentivize industrial growth, these incentives should be open and transparent rather than hidden in the SAF/DL rates.

Administration will continue working to understand what barriers, including SAF/DL, may prevent industry from locating in the City of Regina.

Other Considerations:

Comparison of Charges with Other Communities

This recommended rate, with the phase-in, is comparable to that of other Saskatchewan municipalities, including Saskatoon and White City, and in the mid-range of other studied communities in Canada (Figure 3: unless otherwise noted, rates are for 2015 with the exception of Edmonton as it maintains a complex area-specific rate system which has not received a major

update in two years). It is Administration's expectation that many of these rates will be increased in 2016, consistent with Regina's annual rate adjustment.

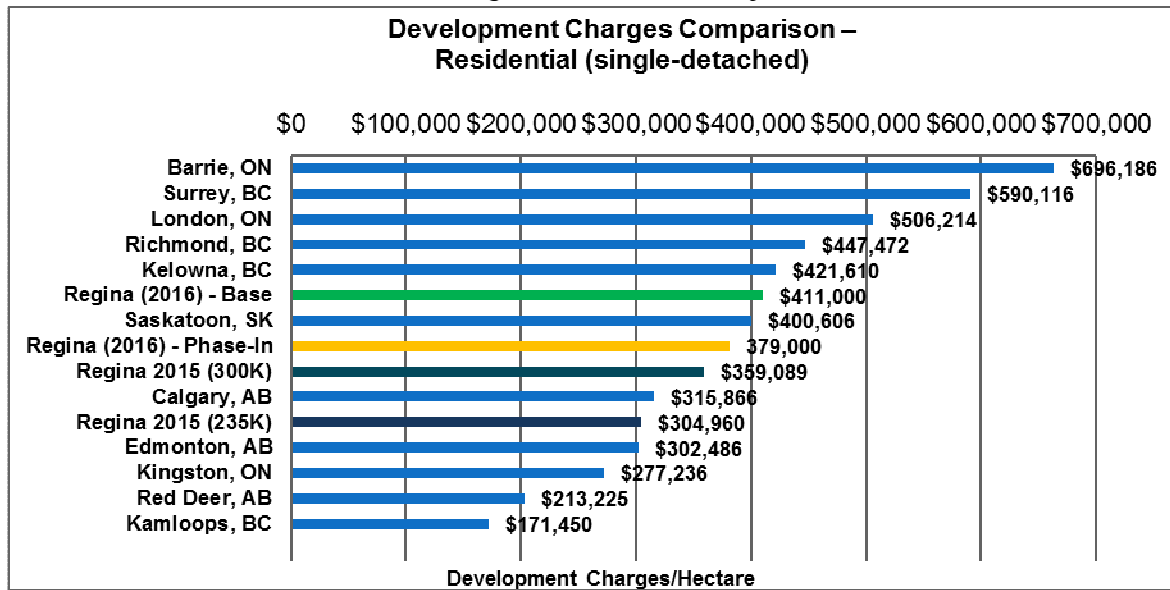


Figure 3: Development Charges Comparison for Residential Development

Policy Clarifications

Through the policy review, a lack of clarity was identified for the following policy components. As such, the following outlines the proposed policy directions for the lands that are exempt from being charged SAF/DL as well as the application requirements needed prior to a Servicing Agreement or Development Levy Agreement being issued.

a) Lands Exempt from SAF/DL

Clarification of the lands that are exempt from being charged SAF/DL is provided in section 4.7 in the Administration and Calculation of Servicing Agreement Fee and Development Levy Policy (Appendix A) as follows:

- Internal environmental reserves;
- Freeways;
- Expressways;
- Interchange lands;
- Major utility corridors (electrical transmission corridors and pipeline corridors unfeasible for development as a result of safety and/or environmental regulations) lakes; and
- Lands used to accommodate permanent City-owned pump stations or lift stations.

b) Application Requirements

The proposed application requirements are outlined in Part E of the Administration of Servicing Agreements and Development Levy Agreements Policy (Appendix B). Essentially, if developers submit the required documents to the satisfaction of the City, they have six months from the date a Servicing Agreement number is assigned to enter into the Servicing Agreement with the City or the policy/rate in effect the date the Servicing Agreement number was assigned will no longer be in effect.

The documents required for formal submission of an application include:

- Secondary Plan or Concept Plan approval if deemed required in accordance with the policies in the OCP;
- Zoning approval;
- Application for subdivision;
- Receipt by the City of an engineering submission;
- Receipt by the City of a landscape drawing submission; and
- Formal written request to enter into a servicing agreement.

In consideration of these application requirements not being included in the Administration of Servicing Agreements and Development Levy Agreements Policy previously, a transition period is recommended. This is outlined in Appendix F; it describes that during this transition period in 2015, zoning approval would not be required due to the expected time required for Administration to review applications; however, submission of the zoning application would be required by November 30, 2015 and all other documents would be need to be submitted by December 31, 2015 in order to be eligible for the Interim Phasing and Financing Plan (policy and rate). As well, Servicing and Development Levy Agreements initiated in 2015 must be executed by the development proponent and the City of Regina by June 30, 2016.

Options

Option 1: Include taxpayer contributions to grade-separation and interchange projects.

An option that can be considered to address stakeholder feedback regarding the allocation of costs for interchanges and grade-separation projects is described as follows.

Under Interim Phasing and Financing Policy, interchanges and grade-separation projects were funded 50 per cent by SAFs and 50 per cent by taxpayers. The recommendation in the proposed SAF/DL policy is to have these projects allocated 100 per cent to growth (i.e. SAF/DL) as they are triggered by growth. Furthermore, developers are not being asked to contribute to the interchanges and grade-separations that were built in the past to serve growth but which new neighbourhoods/developers will use and benefit from.

From a developer-perspective, maintaining the Interim Phasing and Financing Policy direction for SAF/DL would be positive as it would reduce the SAF/DL rate by about \$35,000/hectare. However, taxpayers would then have to fund the approximately \$60 million in growth-related infrastructure through property taxes over the next 25 years through a mill rate increase over and above what would be required for other purposes, such as infrastructure renewal and providing other growth-related infrastructure, such as fire halls. The development community supports this with the rationale that these projects should be partially funded by taxpayers since they will use them.

Administration's perspective is that the policy for allocating costs is not based on who will use something; rather it is based on whether the project is required to meet the service levels identified for that infrastructure component. In this case, if the city stopped growing, there would not be a need to construct new interchanges and grade-separations because the existing community's level of service would be met; as such, taxpayers should not be contributing to the

capital costs for these projects. The existing population, along with the new population, will be responsible for the entire cost associated with maintenance and renewal of new interchanges and grade-separations over time.

The taxpayer research indicates that taxpayers consider it important to be able to travel to and from work with minimal delay. Taxpayers also were split on whether or not taxpayers should make any financial contributions to growth-related projects. In consideration of this research, Council may consider this a viable option.

Option 2: Include Southeast Special Study Area

In support of the OCP, the City's boundary was altered in 2014. As part of that boundary alteration, the City added a large area of land in the southeast quadrant of the City from Victoria Avenue to Arcola Avenue to the railway tracks. This area of land was not given thorough consideration for inclusion in the current (300K) planning horizon. Through the Southeast Lands Secondary Plan process, Administration will be evaluating the appropriate horizon for development of this land.

In consideration of this, and in response to the attached feedback (Appendix D.3), Administration has prepared an alternative phasing plan option (Appendix G), which would designate this area as a "Special Study Area" for the purpose of the Phasing Plan. At such time as the Secondary Plan is reviewed and approved, the OCP policy and Growth Map will be updated as required to reflect the City's decision regarding timing for development of this area.

Administration's perspective is that this option is not required. Amendments to the OCP that are identified through any secondary plan process would typically be brought forward as part of the approval process for that secondary plan. This would ensure that all OCP amendments related to a particular growth area would be consistent. If this special study area is added to the Phasing Plan map, it would be inconsistent with other maps and policies in the OCP.

RECOMMENDATION IMPLICATIONS

Financial Implications

The recommendations contained in this report will ensure that adequate SAF/DL are charged to more accurately cover the cost of infrastructure that is triggered by development. The drivers for the SAF/DL Policy ensure that growth does not create an unfair financial burden on Regina taxpayers to pay the capital costs of growth of the city. This is consistent with the OCP Policy that 'growth pays for growth'.

SAFs and DLs are not a tax. The City is mandated to keep the money collected through SAF/DL in an account(s) separate and apart from other funds of the municipality. The municipality is only allowed to use the funds to pay the capital costs of the infrastructure for which it was collected. The definition of capital costs includes the cost of construction, planning, engineering and legal services associated with that infrastructure.

The City does not profit from SAF/DL and historically, the SAF/DL reserve accounts have been in a negative position. When the SAF/DL reserve accounts are in a negative position, the SAF/DL are assessed an interest charge. When the SAF/DL reserve accounts are in a positive position, they collect interest. An SAF/DL reserve with a positive balance will enable the City

to pay for infrastructure as it is required without having to draw funds from other sources, such as debt, to fund the cost.

The proposed approach will decrease the risk that taxpayers would need to fund SAF/DL deficits should growth of the city slow down. The taxpayer share of the plan, based on the current financing strategy, is roughly \$212-million over the next 25 years. Therefore, the City will need to contribute an average of \$8.5-million per year in taxpayer funding to pay for its share of the projects. These are costs that would have been incurred by the city, even if it stopped growing.

Using the ‘growth pays for growth’ perspective, this policy review has shifted all identified SAF/DL eligible growth-related capital projects to be paid for by developers – either indirectly via SAF/DL or directly, to be paid for by the developer. This shift minimizes the risk to taxpayers and allows for property taxes and utility fees to be focused on operations, maintenance, and renewal of existing infrastructure, managing other non-infrastructure programs and services, and funding other projects that result from growth that cannot be charged to SAF/DL as per the *Planning and Development Act, 2007* (for example, police and fire stations, libraries, and transit).

To mitigate risks to taxpayers, the City is in the process of developing and implementing a financial policies framework and a long-range financial plan. A long-range financial plan will support decision-making by clearly describing current and long-term funding requirements and the implications to services and service levels. The recommendation does not remove all risk as the model established to produce the recommended SAF/DL rate provides for a balanced SAF/DL reserve at the end of the 25-year model, but enables the reserve to reach a deficit of approximately \$50-million in most years.

This risk can be eliminated by requiring the reserve to maintain a positive balance. Administration is not recommending this at this time as it would further reduce the projects that could be advanced while the reserve balance is increased and/or increases the rate to a level that would be unacceptable to developers. To manage the ongoing risks to taxpayers, all projects are reviewed and approved by Council through the City’s annual budget process. This enables Council to re-evaluate its tolerance for risk / deficit in the SAF/DL reserve fund on an annual basis and ensure that projects proceed in an affordable and sustainable manner.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The recommendations are consistent with the OCP Community Priorities and goals. In particular, the recommendations are built on the principle that ‘growth pays for growth’ and those that benefit from a service pay for the service.

Like in the interim plan process, the recommendations place particular weight on two of the Community Priorities:

- Long Term Financial Viability: The recommendations have attempted to find the appropriate balance between supporting growth and ensuring long term financial viability for the City and the taxpayer.
- Develop Complete Neighbourhoods: Regina has generally allowed development to occur when and where developers identify a market demand. Historically, this has resulted in

slow build-out of some neighbourhoods, delaying the development of support services that are inherent to the concept of 'Complete Neighbourhoods' (e.g. grocery stores and other retail, schools, transit, etc.). Keeping this Community Priority in mind, the recommendations focus development to allow for complete build out. This approach is likely to achieve complete neighbourhoods sooner.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The City's engagement objective was to involve the development community and related stakeholders in the exploration of options and the development of recommendations.

A Working Group, comprised of development community members and business representatives, supported by City staff and consultants was established to collectively work through the detailed material, ensure concerns and ideas were understood and considered and assist with the development of alternative solutions. This group met for six workshops throughout the project to share ideas, review project progress and provide feedback. The result was a process that allowed for significant information sharing and provided the opportunity to build a collective understanding of the issues.

To complement the in-person engagement, workshop summaries and participation opportunities were posted on DesignRegina.ca. This provided an opportunity for other interested stakeholders and residents to review updates on the project and to provide feedback or seek clarification throughout the process, if needed. The majority of the communication with this group was in the form of regular email updates that coincided with the Working Group sessions.

Due to the complexity of the subject matter, public input was sought through focus groups and a telephone survey to better understand residents' priorities, attitudes towards growth and how future development is funded. These results are included in Appendix E.

Upon Council approval, the rate and policy will be shared with the development community. As well, Public Notice related to the proposed amendments to the Development Levy Bylaw and the OCP with respect to the Phasing and Financing policies will commence in preparation for the bylaw amendments to be brought forward to City Council in November. The Phasing and Financing policies also require consultation with the Rural Municipality of Sherwood which will be undertaken concurrent to the Public Notice for the OCP amendment.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

A handwritten signature in blue ink that reads "Shanie Leugner".

Shanie Leugner, A/Director
Planning

Respectfully submitted,

A handwritten signature in blue ink that reads "Diana Hawryluk".

Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:
Kim Sare, Senior City Planner, Long Range Planning

APPENDIX A



Administration and Calculation of Servicing Agreement Fees and Development Levies

Policy Title: Administration and Calculation of Servicing Agreement Fees and Development Levies	Applies to: City of Regina City Planning and Development		
Approved by: City Council	Dates:		Total # of Pages 33
	Effective:	01-Jan-2016	
	Last Review:	21-Dec-2009	
	Next Review:	As Required or Every 5 Years	
Authority: Council, or Executive Director, City Planning and Development, or designate where noted			

1 Purpose

This purpose of this policy is to provide for the administration and calculation of Servicing Agreement Fees and Development Levies in accordance with policy 1.16 of *Design Regina: The Official Community Plan Bylaw 2013-48*:

"1.16 Ensure that growth pays for growth by:

- 1.16.1 Ensuring that Service Agreement Fees Charges are based on full capital cost;*
- 1.16.2 Regularly Reviewing the Rate and Rate Structure for Service Agreement Fees;*
- 1.16.3 Reviewing the areas to which Servicing Agreement Fees apply, including the possibility of fees varying with location, density, and use as necessary, except where specific and deliberate subsidies are approved to support public benefits;*
- 1.16.4 Aligning the City's development fees, property taxes and other charges with the policies and intent of this Plan (Official Community Plan); and*
- 1.16.5 Achieving a balance of employment and residential lands."*

2 Scope

This policy provides direction to Administration involved in:

- the procedure for the inclusion of projects in the Servicing Agreement Fee / Development Levy reserve fund;
- calculation of annual Servicing Agreement Fee / Development Levy rates; and
- Administration of Servicing Agreement Fees and Development Levies.

3 Definitions and General Interpretation

Capital Costs: Means the estimated capital cost, pursuant to section 168 of *The Planning and Development Act, 2007*, of providing construction, planning, engineering and legal services that are directly related to the matters for which servicing agreement fees and development levies are established pursuant to sections 169 and 172 of *The Planning and Development Act, 2007*.

Capital Projects: Refers to projects including roadways and related infrastructure, waterworks, sanitary sewer works, drainage works, parks, and recreational facilities, which are constructed, altered or expanded to add capacity to service the growth of the City.

Capital Project List: Refers to compiling of proposed Growth-Related Capital Projects, including project name, anticipated timing, current year gross cost, and funding sources.

City: Means the City of Regina.

Council: Means the Council of the City, acting for the purposes of *The Planning and Development Act, 2007* as a municipality or an approving authority.

Developer: Means an applicant for subdivision approval who is required to enter into a Servicing Agreement pursuant to section 172 of *The Planning and Development Act, 2007*; or an applicant for a development permit or building permit who is required to enter into a Development Levy Agreement pursuant to the City's Development Levy Bylaw, 2011 as may be amended from time to time and section 169 of *The Planning and Development Act, 2007*.

Development Lands: Those lands (or any part thereof) within the City where no previous servicing agreement has been entered into for the specific proposed development and the City will incur additional capital costs as a result of the proposed development.

Development Levy: Refers to fees adopted by the Council pursuant to section 169 of *The Planning and Development Act, 2007*.

Development Levy Agreement: Refers to the form of Development Levy Agreement, including Standard Conditions for Development Levy Agreements, adopted by the Council from time to time, and referred to in Administrative Reports respecting applications as the City's "Standard Development Levy Agreement"; all subject to such changes as circumstances of development applications require and as may be approved or directed by Council.

Development Levy Bylaw: Refers to the Council approved bylaw (#2011-16) describing when and how Development Levies apply. The bylaw also contains the Development Levy rate, which shall be identical to the Servicing Agreement Fee rate.

Environmental Reserve: Refers to a parcel of land pursuant to section 185 of *The Planning and Development Act, 2007*.

Executive Director: means the Executive Director of City Planning and Development or his/her delegate or successor in title.

Funding Splits: Refers to the apportioning of costs between a Developer, the City, and the Servicing Agreement Fee Reserve Fund (as defined below).

Indexing: Refers to the cost inflation adjustment as calculated specific to Regina by an independent source to be used in the Servicing Agreement Fee Model calculations.

Infill Development: Refers to development within previously developed areas of the City.

Official Community Plan or OCP, or Design Regina: Refers to *Design Regina, Official Community Plan, Bylaw No. 2013-48*.

Servicing Agreement: Refers to the form of Servicing Agreement, including Standard Conditions for Servicing Agreements, adopted by the Council from time to time, and referred to in Administrative Reports respecting subdivision or development applications as the City's "Standard Servicing Agreement"; all subject to such changes as circumstances of subdivision or development applications require and as may be approved or directed by Council.

Servicing Agreement Fee, Servicing Fee or SAF: Refers to fees adopted by the Council pursuant to section 172(3)(b) of *The Planning and Development Act, 2007*.

Servicing Agreement Fee Model or SAF Model: Refers to the cash flow calculations performed over a 25-year time horizon from information including the Growth-Related Capital Project List, indexing and Servicing Agreement Fee reserve fund balances to calculate an annual Servicing Agreement Fee rate and Development Levy rate.

Servicing Agreement Fee Rate, Development Levy Rate: Refers to the fees adopted by Council pursuant to section 169 and 172(3)(b) of *The Planning and Development Act, 2007* per hectare of a new development. A Servicing Agreement Fee paid by developers is calculated by multiplying the Servicing Agreement Fee rate by the total area of new development. A Development Levy paid by developers is calculated by multiplying the Development Levy rate by the total area of new development or the number of development units as the case may be.

Servicing Agreement Fee Reserve Fund or SAF Reserve Fund: Refers to an account or accounts established by the City for the deposit of Servicing Agreement Fees / Development Levies, as required pursuant to section 174 of *The Planning and Development Act, 2007*.

Study or Studies: Refers to the studies undertaken by the City on a citywide or area basis for the purpose of determining long range infrastructure required as a result of growth, including transportation studies, wastewater studies, water studies, drainage studies, parks and recreation studies, and serviceability studies.

Subdivision: An area of land encompassed by the outside boundary of a plan of survey.

4 Policy

4.1 Application of Servicing Agreement Fees and Development Levies

Servicing Agreement Fees are collected where a development involves the subdivision of land in accordance with Section 172 of *The Planning and Development Act, 2007*:

“172(1) If there is a proposed subdivision of land, the municipality in which the subdivision is located may require a subdivision applicant to enter into a servicing agreement to provide services and facilities that directly or indirectly serve the subdivision.”

“172(3)(b) Servicing agreements may provide for: the payment by the applicant of fees that the council may establish as payment in whole or in part for the capital cost of providing, altering, expanding or upgrading sewage, water, drainage and other utility services, public highway facilities, or park and recreation space facilities, located within or outside the proposed subdivision, and that directly or indirectly serve the proposed subdivision;”

Applicants for subdivision shall pay the Servicing Agreement Fees established by Council from time to time.

Development Levies are collected where a development does not involve the subdivision of land, in accordance with Section 169(1) of *The Planning and Development Act, 2007*:

“If council has adopted an official community plan that is not subject to an application for subdivision of land and that authorize the use of development levies, the council may, by bylaw, establish development levies to recover the capital costs of services and facilities as prescribed in subsections (2) and (3).”

Applicants shall pay a Development Levy established by Council from time to time for:

- a development permit for a proposed development located within the development lands; or
- a building permit for a proposed development in the case where no development permit is required.

4.2 Capital Projects Recoverable through Servicing Agreement Fees and Development Levies

Servicing Agreement Fees / Development Levies paid by developers are established as payment in part or in whole for the capital costs associated with providing, altering, expanding or upgrading services that directly or indirectly serve the proposed subdivision / development, as provided in section 172(3)(b) and 169(2) of *The Planning and Development Act, 2007*.

The detailed list of projects included for recovery is developed by City Administration based on technical studies and infrastructure master plans, and reviewed in consultation with development industry members.

The City will consider additional projects proposed by individual developers subject to review and consideration against criteria established to administer this policy.

Appendix B outlines projects that are eligible for payment via Servicing Agreement Fees and Development levies.

4.3 Capital Projects required through Service Agreements

A number of services are excluded from Servicing Agreement Fees and Development Levies. These include services that developers are required to install or construct under a Servicing Agreement as provided in section 172 (3) (a) of *The Planning and Development Act, 2007*.

Appendix B outlines projects that are eligible for payment via Servicing Agreements and Development Levy Agreements.

4.4 Administration Fees for Service Agreements and Development Levy Agreements

In addition to the calculated rates based on capital projects, administration costs are calculated on Servicing Agreements and Development Levy Agreements to offset the City's costs for "planning, engineering and legal services" in accordance with Section 168, 169 and 172 of *The Planning and Development Act, 2007*. These administration costs are recorded as annual revenues in the year the administration costs are received.

Applicants for subdivision shall pay the Servicing Agreement Administration Fees established by Council from time to time. Applicants required to pay a Development Levy shall pay the Development Levy Administration Fees established by Council from time to time.

The methodology for calculating these administration fees is provided in Appendix A.

4.5 Fund Management

Servicing Agreement Fees are collected through Servicing Agreements, and Development Levies are collected through Development Levy Agreements in accordance with the City's Policy on Administration of Servicing Agreements and Development Levy Agreements.

In accordance with *The Planning and Development Act, 2007*, the City maintains two Servicing Agreement Fee / Development Levy reserve funds – one for Utility related fees (i.e. water, wastewater and drainage), the other for General related fees (i.e. for transportation, parks and recreation projects). These two accounts are separate and apart from other funds.

Interest is calculated annually on the combined balance of the Servicing Agreement Fee / Development Levy reserve funds in accordance with principles as provided in Appendix A.

The repayment plus interest terms of external borrowing shall be included in the calculation of the rate.

While it may not be possible to always maintain these reserve balances in a positive position, the City should make best efforts to achieve this.

4.6 Calculation of Servicing Agreement Fee and Development Levy Rates

Annual Servicing Agreement Fee / Development Levy rates are calculated in accordance with Appendix A.

4.7 Application of Servicing Agreement Fees and Development Levy Rates

Servicing Agreements Fees and Development Levies are applicable to all areas of the City exempting:

- internal environmental reserves;
- freeways;
- expressways;
- interchange lands;
- major utility corridors (electrical transmission corridors and pipeline corridors unfeasible for development as a result of safety and/or environmental regulations);
- lakes; and
- lands used to accommodate permanent City-owned pump stations or lift stations.

4.8 Delegated Authority

Council has delegated authority to the Executive Director of City Planning and Development to determine which Capital Projects are included in the Servicing Agreement Fee / Development Levy rate.

4.9 Servicing Agreement Fee Rate / Development Levy Review

Proposed Servicing Agreement Fee and Development Levy rates are presented from time to time to Council for approval.

The Servicing Agreement Fee and Development Levy Rate Review will include:

- Consultation with development industry members;
- Review of the current Servicing Agreement Fee balance and interest due;
- Determination of pace of development for the purpose of establishing the Capital Projects list and developable area;
- Current population, and population projections for the purpose of calculating appropriate funding splits for new projects added to the list;
- Review of infill development Capital Projects for the purpose of calculating the infill rate;
- Review of greenfield development Capital Projects for the purpose of calculating the greenfield rate;

- Review of city-wide development Capital Projects for the purpose of calculating both the greenfield and infill rates;
- Adjustment, addition, and removal of Capital Projects projected over the 25 year time horizon; and
- Indexing for inflation.

4.10 Annual Reporting

Administration shall annually prepare a Servicing Agreement Fee / Development Levy report that shows reconciliation of completed projects. This report shall be shared publically and made available to developers.

4.11 Policy Review

This Policy is to be reviewed once every five years. It may also be reviewed upon request by council or as related policies are updated.

Appendix A

Servicing Agreement Fee and Development Levy Calculation Methodology

Appendix B

Servicing Agreement Fee and Development Levy Funding Criteria and Summary Chart

Appendix A

Servicing Agreement Fee and Development Levy Calculation Methodology

1 Purpose

This appendix contains supplementary detailed information in support of the Administration and Calculation of Servicing Agreement Fees and Development Levies Policy.

2 Scope

This appendix provides a detailed summary of the calculation methodology used to determine the infill and greenfield Servicing Agreement Fee rates and Development Levy rates.

3 Additional Definitions

None associated with this appendix.

4 Methodology

To account for the time value of money and the impacts of interest on reserves, a cash-flow model is required to calculate the Servicing Agreement Fee and Development Levy rates.

The following steps are required to determine the Servicing Agreement Fee and Development Levy rates.

4.1 Establish Inflation Rate and Interest Rates

Inflation: The City will commission a report once every two years estimating the inflationary rate to be used.

This inflation rate will be used to inflate project costs over time, and to inflate Servicing Agreement Fee rates over time in calculating current Servicing Agreement Fee rates. This rate will also be used to index Servicing Agreement Fee rates and Development Levy rates in years between re-calculations.

Interest rate generated on positive balance: The City will determine the assumed interest rate generated by positive funds in Servicing Agreement Fee reserve Funds based on consultation with the Finance Department.

Interest rate paid for internal transfers: The City will determine the assumed interest rate paid by the Servicing Agreement Fee Reserve Fund for moneys in the fund under a deficit position, where the deficit

is funded through internal transfers within the City (as opposed to going outside the City for long term debentures), based on consultation with the Finance Department.

Interest rate paid for External Borrowing: The fund will accurately reflect the repayment plus interest terms of any external borrowing for capital projects, and will be included in the calculation of the rate.

4.2 Set the Opening Servicing Agreement Fee / Development Levy Reserve Cash Balance

Reference the Servicing Agreement Fee Reserve year-end cash balance (which becomes this year's opening balance). Use this value as the 'Opening Balance' for the Servicing Agreement Fee / Development Levy rate calculation.

4.3 Calculate Outstanding Servicing Agreement Fees and Development Levies to be Collected

The value of outstanding Servicing Agreement Fees and Development Levies to be collected is established through a review of executed Servicing Agreement and Development Levy Agreements. Determine the value of outstanding Servicing Agreement Fees and Development Levies and which year payments are to occur in. Update the model accordingly with the calculated Annual Payments Due.

4.4 Establish Development Projections for Infill & Greenfield

Establish 25-year projections for the pace of infill and greenfield development. These trends should be based on recent growth estimates and detailed growth studies, as well as growth policy (e.g. the City's intensification target).

4.5 Establish Payment Schedule for Servicing Agreement Fees / Development Levies

Establish the payment schedule for Servicing Agreement Fees and Development Levies. This payment schedule should be based on payment timing established via the *Administration of Servicing Agreements and Development Levy Agreements* policy.

4.6 Update Capital Project List

The existing capital project list for each infrastructure type (transportation, water, wastewater, drainage, parks and recreation) should be reviewed and adjusted, based on updated studies, master plans, updated current year cost estimates, the timing required for allocation of capital project funding as influenced by the pace of growth, and other factors. Cost allocations for any projects added are to conform to the criteria detailed in Appendix B.

4.7 Establish the Share of Costs Attributed to Greenfield Growth and the Share of Costs Attributed to Infill Growth for Each Capital Project

For each capital project the share of Servicing Agreement Fee / Development Levy eligible costs must be allocated between greenfield development and infill development. Projects can be allocated based on (1) the share of development expected between infill and greenfield, (2) attributed 100% to greenfield growth, or (3) attributed 100% to infill growth. Capital projects are allocated per the direction of the Executive director, in accordance with the following criteria:

Projects that primarily facilitate greenfield growth should be allocated 100% to greenfield development (e.g. transportation upgrades to serve new greenfield neighbourhoods, trunk lines to serve greenfield neighbourhoods, new zone level parks in greenfield areas).

Projects that primarily facilitate infill development should be allocated 100% to infill development (e.g. upgrades to the water and wastewater network in downtown Regina).

Projects that are required to facilitate growth in general, and provide a city-wide benefit should be allocated to both infill and greenfield development based on their share of growth (e.g. upgrades to water supply capacity or wastewater capacity).

Projects are considered to provide a city-wide benefit if they meet any of the following criteria:

- Infrastructure projects that serve the majority of the City population, such as a water treatment plant or wastewater treatment plant;
- Studies or plans that consider the majority of the City;
- Transportation projects that add capacity within the area bound by Lewvan / Pasqua and the Ring Road / 9th Avenue North or as determined by the Executive Director; or
- Parks and recreation projects that provide new municipal level services, serving most areas of the City, including infill and greenfield areas.

For projects that are allocated based on the share of development the formula for calculating the infill and greenfield shares are:

$$\text{Infill Share} = \frac{\text{Assumed Infill Hectares}}{\text{Greenfield Hectares} + \text{Assumed Infill Hectares}}$$

$$\text{Assumed Infill Hectares} = \text{Greenfield Residential Hectares} * \frac{\text{Infill Population Share}}{\text{Greenfield Population Share}}$$

$$\text{Greenfield share} = 100\% - \text{Infill Share}$$

4.8 Calculate the Share of Total Capital Costs Allocated to Infill and to Greenfield Development

Sum the costs allocated to greenfield, and sum the costs allocated to infill to determine the total costs allocated to each development area.

4.9 Calculate Estimated Servicing Agreement Fee / Development Levy Rates for Infill & Greenfield Based on the Cash-Flow Model

Calculate an estimated per hectare Servicing Agreement Fee / Development Levy rate for the greenfield areas:

$$\text{Greenfield Estimated Rate} = \frac{\text{Total Greenfield Costs}}{\text{Total Greenfield Hectares}}$$

Calculate an estimate per person equivalent Servicing Agreement Fee / Development Levy rate for the infill areas:

$$\text{Infill Estimated Rate} = \frac{\text{Total Infill Costs}}{\text{Total Infill Equivalent Population Growth}}$$

4.10 Calculate the Servicing Agreement Fee and Development Levy Rates for Infill & Greenfield Based on the Cash-Flow Model

Adjust the estimated infill and greenfield rates using a common factor in order to balance the Servicing Agreement Fee and Development Levy reserves cash-flow at \$0 in the final year of the cash-flow model (i.e. increase or decrease both rates by the same percentage factor in order to zero the balances). This adjustment is necessary to account for the time-value of money and any delays to Servicing Agreement Fee and Development Levy payments, as well as the current state of Servicing Agreement Fee reserves and payments due.

The final Greenfield rate shall be rounded to the nearest \$1,000. The final infill rate shall be rounded to the nearest \$10.

4.11 Calculate the Administration Servicing Agreement Fee / Development Levy

Estimate the annual administration costs associated with addressing subdivision and development based on staffing resources required. Divide the total amount of administration costs per year by the estimated amount of development per year. These administration costs are recorded as annual revenues in the year the administration costs are received, so interest costs are not considered in calculating Administration Servicing Agreement Fees and Development Levies.

The final greenfield rate shall be rounded to the nearest \$1,000. The final infill rate shall be rounded to the nearest \$10.

Appendix B

Servicing Agreement Fee and Development Levy Funding Criteria and Summary Chart

1 Purpose

This appendix is supplementary detailed information in support of the Administration and Calculation of Servicing Agreement Fees and Development Levies policy.

2 Scope

This appendix provides a detailed summary of the funding split for project inputs utilized in the calculation of Servicing Agreement Fee and Development Levy rates. Authority is per the Administration and Calculation of Servicing Agreement Fees and Development Levies policy.

3 Additional Definitions

For the purposes of providing context to some of the terms utilized in this appendix, the following definitions are included to provide clarity. The definitions are in addition to definitions provided within the Administration and Calculation of Servicing Agreement Fees and Development Levies policy:

Arterial (Roads): is per the definition within the City of Regina Transportation Master Plan and includes all constructed components as required by the City of Regina Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Capacity: refers to a limit, defined by the service or infrastructure, of a number of people, vehicles or flow that can pass through or be utilized by the infrastructure over a set period of time. Capacity may include a level of service that provides additional margin prior to a physical limit being exceeded.

Collector (Roads): is per the definition within the City of Regina Transportation Master Plan and includes all constructed components as required by the City of Regina Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Community Contributions: means contributions made towards capital projects where the sources of funding are the residents of Regina, businesses, or community organizations who have made contributions towards a capital project either through a community organization or directly to the City of Regina.

Contiguous new development(s): refers to a subdivision or development that is either adjacent to an existing development or a subdivision or development adjacent to another subdivision or development under design or construction.

Development – within the context of this policy, development only refers to an area that Servicing Agreement Fees and/or Development Levies shall be applied to through the execution of a Servicing Agreement prior to the approval of subdivision or Development Levy Agreement prior to the issuance of a Building Permit by the City.

Development application refers to either an application by a development proponent to the City for review and approval of a Neighbourhood Plan, Secondary Plan, Concept Plan, Subdivision, Servicing Agreement, Development Levy Agreement, Discretionary Use or Building Permit or other that requires the City approval or permit prior to construction as required by municipal bylaw or provincial regulation.

Development boundaries: refers to either;

- (1) the outside boundaries or limits of a plan of subdivision and as identified within a Servicing Agreement; or
- (2) the outside boundaries of a parcel of land and as identified within a Development Levy Agreement.

Grade Separations: refers to any classification of road which is required to either be constructed over or under an obstacle including but not limited to another road, railway, pipeline or building.

Grants: means funding received from sources outside of the City of Regina and its taxpayers, such as the Provincial or Federal Government, for capital projects.

Interchanges: refers to a junction of two or more traffic flows by a system of separate levels that permit traffic to pass from one to another without the crossing of traffic streams.

Intersections: any ground level intersection of two or more roads regardless of road classification (i.e. local, collector, arterial, expressway). An intersection does not include an interchange.

Level of Service: refers to the targeted design capacity of a component of infrastructure including a margin of additional capacity versus the total physical capacity of the infrastructure. Level of service may be expressed with different reference points and metrics for water, wastewater, storm water, transportation and parks and recreational facilities.

Lift Station: means a mechanical/hydraulic devices that are used to solve flow problems that cannot be solved by standard gravity methods. Lift stations lift fluids to a gravity model.

Local (Roads): is per the definition within the City of Regina Transportation Master Plan and includes all constructed components as required by the City of Regina's Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Major Sanitary Storage, Conveyance or Treatment Facilities: refers to the components of the City's existing sanitary collection and treatment system that service multiple existing and future new developments external to the boundaries of a new subdivision or development. The primary facilities

include the City Wastewater Treatment Plant, Sanitary Trunk Mains, McCarthy Boulevard Pump Station and Force mains and existing sanitary pump stations with or without offline storage.

Major Water Storage, Conveyance or Treatment Facilities: refers to the components of the City's existing water treatment and distribution system that service multiple existing and future new developments external to the boundaries of a new subdivision or development. The primary facilities include the Buffalo Pound Water Treatment Plant, Buffalo Pound Water Supply Lines, New or Existing Water Reservoirs, Re-pressurization Pump Stations, pressure zone isolation components and Water Trunk Mains including but not limited to the City loop.

Models: refers to electronic, computer aided simulations utilized by the City for the purposes of planning for growth and review of development applications for transportation, water, wastewater, storm water, parks and recreational facilities.

Multi-Use Pathways: means the identified pathways within the City Open Space Regina Management Strategy and the new pathways identified within the Transportation Master Plan. Multi-use pathways generally refers to an asphalt pathway surface within a landscaped area and provides a protected route for walking or cycling.

Municipal Level Parks and Facilities: as fully defined within the City Open Space Regina Management Strategy. A municipal park or facility is intended to meet the recreation needs of large sections of the population. They allow for group activities and recreation opportunities not feasible at the neighbourhood level.

Neighbourhood Level Parks and Facilities: as fully defined within the City Open Space Regina Management Strategy. Neighbourhood level parks and facilities are oriented toward children and youth and may include active and passive recreation facilities.

On-Street Bikeways: refers to a lane within a road right-of-way specifically intended for the movement of bicycle traffic that are either separated from vehicular traffic with a separate painted lane or a protected lane separated by a curb, barrier or raised from general vehicular traffic.

Overall Growth: in the context of the statement "required to accommodate overall growth" means growth that occurs in multiple existing and future neighbourhoods.

Oversizing: means to design and construct an infrastructure facility to a greater capacity than servicing of a new subdivision or development requires unto itself to meet City development standards. The amount of oversizing is based upon design assumptions for servicing of a land area greater than the extents of the subdivision or development itself.

Pump Station: means a mechanical/hydraulic devices that are used to solve flow problems that cannot be solved by standard gravity methods. Pump stations lift fluids to a forcemain.

Regional Service: means a service provided by the City of Regina to a municipality, first nation, or other entity located outside of the boundary of the City.

Regional Service Partner: means a participant in a Regional Service through an agreement with the City of Regina.

Sanitary Main: is per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Sanitary Trunk Main: is per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Service Connection: is per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Site Detention: refers to the City of Regina requirements for individual developments to detain a portion of the rainfall within the property lines of the development site and release the water at a controlled rate into the storm water collection system.

Site Access Driveways and Crossings: is per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Storm Main: is part of the storm water minor system and per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Storm Trunk Main: is part of the storm water major system and per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Storm Channel: refers to natural or manmade water courses reserved primarily for the purpose of collecting and carrying runoff waters and designed as per the City's Development Standards Manual.

Storm Sewer Detention Pond and Outlet: refers to a storm water system facility which returns to dry conditions once all of the excess rainfall has discharged from the facility. The pond is designed to manage the flows of a rainfall event as per the City's Development Standards Manual including an outlet at a controlled flow rate back into the storm water collection system or a receiving body.

Storm Sewer Non-point Water Quality Control Infrastructure: refers to either permanent or temporary devices or infrastructure utilized to capture sediments or other non-desirable contaminants prior to outflow into a natural or engineered conveyance channel, creek, river, tributary or lake. Such infrastructure may be incorporated into storm water major system elements such as detention or retention ponds or may be separated from other components of the overall system.

Storm Sewer Retention Pond and Outlet: refers to a storm water system facility which retains a portion of the storm water runoff permanently in the facility. The pond is designed to manage the flows of a rainfall event as per the City's Development Standards Manual including an outlet at a controlled flow rate back into the storm water collection system or a receiving body.

Streetscaping: refers to landscaped visual elements of a street including street furniture, trees and boulevard treatments.

Study or Studies: Refers to the studies undertaken by the City on a citywide or area basis for the purpose of determining long range infrastructure required as a result of growth, including transportation, water, sanitary sewer,, storm sewer, parks and recreational facilities.

Traffic Signals: refers to any type of electrically powered signalization devices used to direct or control the flow of vehicular, cycle or pedestrian traffic and includes, but is not limited to poles, signal heads, lamps, controllers, electrical conduits, wiring and pedestal bases.

Upgrades: means upgrades required to provide additional capacity to a service to accommodate the additional demands placed on the infrastructure as a result of growth. Upgrades in the context of this policy do not include projects which are a result of a regulatory change or level or service improvement not previously identified within the calculation of previous Servicing Agreement Fees or Development Levy.

Water Main: is per the definition for either a Feeder or Distribution Watermain within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Water Pump Station & Reservoir: refers to infrastructure where the water supply is delivered to and held within a reservoir and re-pressurized through one or more hydraulic pumps to the distribution network.

Water Quality Source Control Measures: refers to either permanent or temporary devices or infrastructure utilized to capturing sediments or other non-desirable contaminants prior to runoff and discharge into the City storm sewer collection system.

Water Trunk Main: is per the definition within the City of Regina Development Standards Manual and includes all requirements and components as required by the Development Standards Manual, Construction Specifications or as directed by the Executive Director of City Planning and Development or delegate.

Zone Level Parks and Facilities: as fully defined within the City Open Space Regina Management Strategy. Zone parks and facilities serve a broader purpose than neighbourhood parks and provide higher quality athletic facilities.

4 General Principles

Servicing Agreement Fees / Development Levies paid by Developers are established as payment in whole or part for the Capital Costs for providing, altering, expanding or upgrading: sanitary sewer, water, storm sewer and other utility services, transportation facilities, or park and recreational facilities that directly or indirectly serve the proposed subdivision or development, as provided in section 169 and 172(3)(b) of the P&D Act.

The projection period for identifying capital costs for payment by Servicing Agreement Fees / Development Levies is 25 years.

The Funding Criteria and Summary Charts within this Appendix are intended to cover the majority of typical wastewater, water, drainage and other utility services, roads and other related infrastructure, or park and recreational facilities that may be encountered which are either not funded or funded in whole or in part by Servicing Agreement Fees / Development Levies.

Infrastructure projects, studies, designs and models not outlined in the tables below shall be assumed to not be funded by Servicing Agreement Fees / Development Levies unless determined to be funded in whole or in part by the Executive Director of City Planning and Development or delegate, and is in alignment with section 169 and 172(3)(b) of the P&D Act.

Infrastructure projects, studies, designs and models not outlined in the tables below that are required for subdivision and development as determined by the Executive Director of City Planning and Development or delegate, for, within, adjacent to or extending to the subdivision or development boundaries shall be assumed to be funded 100% by the developer.

Infrastructure projects, studies, designs and models not outlined in the tables below that are not required for one or more specific development or overall growth of the City shall be assumed be funded 100% by the City.

Upgrades outside the context of this policy may be funded 100% by the developer if required to be constructed within, adjacent to or extending to the development boundaries to provide service.

5 Interim Services

Services required for subdivision and development but are deemed as interim services until a permanent solution is constructed and in operation shall be funded 100% by the developer including the ongoing operational and maintenance costs of the interim services, unless determined otherwise by the Executive Director of City Planning and Development or delegate. Construction of interim services does not preclude the developer from having to also make financial contribution to a permanent servicing solution.

6 Lands

All lands required for services that developers are required to construct within, adjacent to, or extending to the development boundaries, whether through acquisition, dedication, easement or other legal mechanisms shall be 100% Developer-funded.

All lands required for services that the City is required to construct projects that are indirectly required to support growth of the City shall be 100% funded by Servicing Agreement Fees / Development Levies.

Any conflict between the two previous statements shall be resolved by the Executive Director of City Planning and Development or delegate.

7 Timing

Should an SAF/DL funded infrastructure project be required by an individual development in advance of the project being triggered or planned for by the City to accommodate overall growth, funding of the project either in whole in or in part, including land acquisition, shall become 100% Developer-funded.

8 Grants and Community Contributions

In determining capital costs, grants for capital projects shall be addressed as follows:

- Confirmed grant amounts are subtracted from the total project cost to determine the net project cost. The cost allocation policies are applied to the net amount remaining after subtracting the grant amount.
- If the grant amount is unknown, or not confirmed, no grant amounts are subtracted from the project cost. The total project cost is used in determining Servicing Agreement Fees or Development Levies.
- If the project is dependent on receiving a grant, and will not proceed without the grant amounts, the required grant amounts are subtracted from the total project cost to determine the net project cost. The cost allocation policies are applied to the net amount remaining after subtracting the grant amount.

In determining capital costs, community contributions are considered as a City contribution, similar to general fund or utility fund sources. The cost allocation policies are applied to the total capital cost, without subtracting the community contribution.

9 Regional Service Contributions

Where a regional service partner has agreed to pay for part of the capital costs of a project in the project list, the amount provided by the regional service partner is subtracted from the total project cost to determine the net project cost. The cost allocation policies are applied to the net cost remaining after subtracting the amount provided by the regional service partner. Where a regional partner has agreed generally to pay SAFs, in whole or in part, the revenue from the regional partner will be reflected in the opening balance for future rate calculations.

10 Funding Criteria and Summary Charts

The Funding Criteria and Summary Charts include numbered references which are outlined below.

- (1) The funding criteria specified in this table does not supersede any previous funding arrangements for projects entered into a Servicing Agreement between the Developer and the City prior to the effective implementation date of the Administration and Calculation of Servicing Agreement Fees and Development Levies policy.
- (2) **SAF / DL** refers to Servicing Agreement Fee / Development Levy funding percentage share of funding infrastructure works.
- (3) **Dev.** refers to Developer / Proponent funding percentage share of funding infrastructure works.
- (4) **City** refers to funding percentage share of funding infrastructure works through General or Utility Capital allocations through the budget process. This does not refer to funding percentage share by the City where the City is acting as a developer.
- (5) Applicability of % share determined will apply to engineering design, construction and commissioning. Construction may include but is not limited to temporary and permanent materials and excavations. Level of Service improvements for existing development is not intended to be provided for by Servicing Agreement Fee / Development Levy Funding unless it is clearly demonstrated a project has been deferred and subsequently growth has deteriorated the existing population level of service.
 - a. New Pop. = New Population Growth intended to be serviced by project
 - b. Ext. Pop. = Existing Population intended to be serviced by project that may directly or indirectly benefit from new or improvements to existing infrastructure.
 - c. Total Pop. = New Population + Existing Population
 - d. Should a project only be intended to service a New Population, then Servicing Agreement Fee / Development Levy Funding = 100%.
 - e. In the absence of any substantiated population actuals or estimates, a default placeholder funding split share of 30% SAF/DL Funding, 70% City Funding may be utilized in the interim for the purposes of calculating an SAF/DL Rate.

- (6) Upgrades to existing Arterial Roads, Intersections and Signals shall deduct the estimated rehabilitation cost from the gross cost required to increase the capacity of the Transportation Infrastructure if and only if rehabilitation is warranted within +/-3 years from the time the capacity increases are triggered to maintain a targeted level of service.

1 Funding Criteria and Summary Charts

Sanitary Sewer Infrastructure Projects ⁽¹⁾					
Description	Location	Funding Split (%)			Comments
		SAF / DL ⁽²⁾	Dev. ⁽³⁾	City ⁽⁴⁾	
Sanitary Service Connection	Internal / External to development boundaries	0%	100%	0%	
New Sanitary Main	Internal / External to development boundaries. External is where an extension is required to service one or more contiguous new development(s).	0%	100%	0%	
New Sanitary Trunk Main	Internal/External to development boundaries, and intended to service one or more contiguous specific new developments. May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New Sanitary Trunk Main	Internal/External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Sanitary Trunk Main Upgrades	Internal/External to development boundaries, and intended to service one new developments. May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Sanitary Trunk Main Upgrades	Internal/External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

	May provide service level improvement for existing residents.				
New Sanitary Mains and Trunk Mains Oversizing	Internal / External to development boundaries. Oversizing is required to service one or more contiguous new development(s).	0%	100%	0%	
New Sanitary Pump Stations (with or without storage)	Internal / External to development boundaries where a station required to service one or more contiguous new development(s). May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New Sanitary Pump Stations (with or without storage)	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Sanitary Pump Station Upgrades (with or without storage)	Internal / External to development boundaries where an existing station required to be upgraded to service one or more contiguous new development(s). May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Sanitary Pump Station Upgrades (with or without storage)	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

Existing Sanitary Storage, Conveyance or Treatment Facility Upgrades	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New Sanitary Storage, Conveyance or Treatment Facilities	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

Water Infrastructure Projects⁽¹⁾					
Description	Location	Funding Split (%)			Comments
		SAF / DL⁽²⁾	Dev. (3)	City (4)	
Water Service Connection ⁽⁶⁾	Internal / External to development boundaries	0%	100%	0%	
New Water Main	Internal / External to development boundaries. External is where an extension is required to service one or more contiguous new development(s).	0%	100%	0%	
New Water Trunk Main	Internal / External to development boundaries, and intended to service one or more contiguous specific new developments. May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New Water Trunk Main	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Water Trunk Main Upgrades	Internal/External to development boundaries, and intended to service one new developments. May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Water Trunk Main Upgrades	Internal/External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

New Water Mains and Trunk Mains Oversizing	Internal / External to development boundaries. Oversizing is required for development of additional new development.	0%	100%	0%	
New Water Pump Stations & Reservoirs	Internal / External to development boundaries where a station required to service one or more contiguous new development(s). May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New Water Pump Stations & Reservoirs	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Water Pump Station & Reservoirs Upgrades	Internal / External to development boundaries where an existing station required to be upgraded to service one or more contiguous new development(s). May provide service level improvement for existing residents.	0%	A ⁽⁵⁾	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Water Pump Station & Reservoir Upgrades	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth. May provide service level improvement for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
New or Existing Water Storage, Conveyance or Treatment Facilities	Internal / External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100%

	accommodate overall growth. May provide service level improvement for existing residents.				B = (Ext. Pop. / Total Pop.) * 100%
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Storm Sewer Infrastructure Projects⁽¹⁾					
Description	Location	Funding Split (%)			Comments
		SAF / DL⁽²⁾	Dev. (3)	City (4)	
Storm Service Connection, Water Quality Source Control Measures and Site Detention	Internal / External to development boundaries	0%	100%	0%	
New Storm Sewer Main	Internal / External to development boundaries. External is where an extension is required to service one or more contiguous new development(s).	0%	100%	0%	
New Storm Sewer Trunk Main, Lift Station, or Channel	Internal / External to development boundaries. External is where an extension is required to service one or more contiguous new development(s).	0%	100%	0%	
New Storm Sewer Trunk Main, Lift Station, or Channel	External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth and to improve service levels for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop. / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
Existing Storm Sewer Trunk Main, Lift Station, or Channel Upgrades	External to development boundaries, where an extension required to service one or more contiguous new development(s).	0%	100%	0%	
Existing Storm Sewer Trunk Main, Lift Station, or Channel Upgrades	External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth and to improve service levels for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop. / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

New Storm Sewer Mains, Trunk Mains, Lift Stations or Channel Oversizing	Internal / External to development boundaries. Oversizing is required for development of additional new development.	0%	100%	0%	
New Storm Sewer Detention Ponds and Outlet Infrastructure	Internal / External to development boundaries where a pond and outlet is required to service one or more contiguous new development(s).	0%	100%	0%	
New Storm Sewer Retention Ponds and Outlet Infrastructure	Internal / External to development boundaries where a pond and outlet is required to service one or more contiguous new development(s).	0%	100%	0%	
New Storm Sewer Non-point Water Quality Control Infrastructure	Internal / External to development boundaries where a required to service one or more contiguous new development(s).	0%	100%	0%	
Existing Storm Sewer Non-point Water Quality Control Infrastructure	External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth and to improve service levels for existing residents.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

Transportation Infrastructure Projects⁽¹⁾					
Description	Location	Funding Split (%)			Comments
		SAF / DL⁽²⁾	Dev. ⁽³⁾	City ⁽⁴⁾	
New or Upgraded Site Access Driveways and Crossings	Internal or External to development boundaries	0%	100%	0%	
New Local Roads	Internal / External to development boundaries. External is where an extension or upgrade is required to service one or more contiguous new development(s).	0%	100%	0%	
New Collector Roads	Internal / External to development boundaries. External is where an extension or upgrade is required to service one or more contiguous new development(s).	0%	100%	0%	
New Arterial Roads	Internal / External to development boundaries. External is where an extension or upgrade is required to service one or more contiguous new development(s).	0%	100%	0%	
New or Upgrades to Existing Collector or Arterial Roads – as warranted	External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to accommodate overall growth.	100%	0%	0%	⁽⁶⁾
Reconstruction of Existing Roads	External to development and cost of City's portion	0%	0%	100%	⁽⁶⁾
New or Upgrades to Existing Intersections - Immediate	Internal / External to development boundaries. External is where the intersection provides access into the development boundaries.	0%	100%	0%	⁽⁶⁾
New or Upgrades to Existing	External to development boundaries where the intersection does not provide	0%	100%	0%	⁽⁶⁾

Intersections - Immediate	direct access into a development boundaries, but is warranted at the time of a development.				
New or Upgrades to Existing Intersections – as warranted	External to development boundaries where the intersection does not provide direct access into a development boundaries, and is not warranted at the time of a development. Project completed as capacity warrants.	100%	0%	0%	(6)
New Traffic Signals - Immediate	Internal / External to development boundaries. External is where the intersection provides access into the development boundaries.	0%	100%	0%	
New Traffic Signals - Immediate	External to development boundaries where the intersection does not provide direct access into a development boundaries, but is warranted at the time of a development.	0%	100%	0%	
New Traffic Signals – as warranted	Internal / External to development boundaries where new signals are not warranted at the time of a development. Project completed as capacity warrants.	100%	0%	0%	
Grade Separations - immediate	Internal / External to development boundaries. External is where the grade separation provides access into the development boundaries and is warranted by City standards.	0%	100%	0%	
Grade Separations – as warranted	Internal / External to development boundaries where a grade separation is not warranted at the time of a	100%	0%	0%	

	development. Project completed as capacity warrants.				
Interchanges – immediate	Internal / External to development boundaries. External is where the interchange provides access into the development boundaries and is warranted by City standards.	0%	100%	0%	
Interchanges – as warranted	Internal / External to development boundaries where an interchange is not warranted at the time of a development. Project completed as capacity warrants.	100%	0%	0%	
Streetscaping - immediate	Internal / External to development boundaries. External is where an extension or upgrade is required to service one or more contiguous new development(s).	0%	100%	0%	
Streetscaping – as warranted	External to development boundaries, and not intended to service any one or more contiguous specific new developments, but required to be consistent with streetscape policy but required to accommodate overall growth.	100%	0%	0%	
On-Street Bikeways and Multi-Use Pathways	Internal to development boundaries.	0%	100%	0%	
On-Street Bikeways and Multi-Use Pathways	External to development boundaries. External is where an extension or upgrade is required to service one new development.	0%	100%	0%	
On-Street Bikeways and Multi-Use Pathways	External to development boundaries. External is where an extension or upgrade is required to service two or more new development(s).	100%	0%	0%	

On-Street Bikeways and Multi-Use Pathways	External to development boundaries, and not intended to exclusively service any new developments, but required to link overall growth and provide an extension of the network to existing neighbourhoods.	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%
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Parks and Recreational Facilities Infrastructure Projects⁽¹⁾					
Description	Location	Funding Split (%)			Comments
		SAF / DL⁽²⁾	Dev. (3)	City (4)	
Neighbourhood Level Parks and Facilities	Internal to new development boundaries, typically associated with the dedication of Municipal Reserve space.	0%	100%	0%	
Zone Level Parks and Facilities	New zone parks and associated recreation facilities within new development areas or capacity upgrades to existing zone parks needed to provide a similar level of service to the future population of a new development area.	100%	0%	0%	
Municipal Level Parks and Facilities	New or capacity upgrades to existing municipal level parks or recreational facilities (includes off-leash dog parks).	A ⁽⁵⁾	0%	B ⁽⁵⁾	A = (New Pop / Total Pop.) * 100% B = (Ext. Pop. / Total Pop.) * 100%

Studies, Development Standards or Policy or Specifications, Design and Infrastructure Engineering Work					
Description	Location	Funding Split (%)			Comments
		SAF / DL⁽²⁾	Dev.⁽³⁾	City⁽⁴⁾	
Studies, Serviceability, Conceptual, Functional, Pre-Design and Detailed Design	Development proponent required study or design required by the City as part of a development application.	0%	100%	0%	Studies and designs specific to advancing servicing of a new development are funded directly by the developer.
Studies, Serviceability, Conceptual, Functional, Pre-Design and Detailed Design	Internal or External to development boundaries intended to provide City regulatory guidance for water, sanitary, storm, roads, parks or recreational facility infrastructure required for growth.	100%	0%	0%	
Infrastructure Models	Internal or External to development boundaries intended to provide City regulatory guidance for water, sanitary, storm, roads, parks or recreational facility infrastructure required for growth.	100%	0%	0%	
Engineering Specifications, Standards, Policy development or update	Development driven documents which provide guidance to developers and their consultants, either new or updates to existing as the documents pertain to water, sanitary sewer system, storm sewer system or parks and open space or recreational facilities design.	100%	0%	0%	

Appendix B



Administration of Servicing Agreements and Development Levy Agreements

Policy Title:	Applies to:		
Administration of Servicing Agreements and Development Levy Agreements	City of Regina City Planning and Development		
Adopted by:	Dates:		Total # of Pages
City Council	Effective:	26-Oct-2015	10
	Last Review:	29-Sep-2010	
	Next Review:	As required.	
Authority:			
Adopted by resolution of City Council as per <i>The Planning and Development Act, 2007</i>			

1.0 Purpose

To provide for the orderly administration of Servicing Agreements for approved subdivisions and Development Levy Agreements for approved non-subdivided development by the adoption of standards and policies addressing security for performance of developers' covenants, the remittance of Servicing Agreement Fees or Development Levies in instalments, and Endeavour to Assist provisions.

2.0 Scope

This policy generally applies to both Servicing Agreements and Development Levy Agreements. It is noted in circumstances where statements apply to one type of agreement and not the other.

3.0 Definitions

Council: Means the council of the City of Regina, acting for the purposes of *The Planning and Development Act, 2007* as a municipality or an approving authority.

Developer: Means an applicant for subdivision approval who is required to enter into a Servicing Agreement pursuant to section 172 of *The Planning and Development Act, 2007*; or an applicant for a development permit or building permit who is required to enter into a Development Levy Agreement pursuant to the City's *Development Levy Bylaw, 2011* as may be amended from time to time and section 171 of *The Planning and Development Act, 2007*.

Development Area: Refers to the area shown for construction or development in schedules to a Development Levy Agreement.

Development Levy Agreement: Refers to the form of Development Levy Agreement, including Standard Conditions, adopted by the Council from time to time, and referred to in Administrative Reports respecting development applications as the City's "Standard Development Levy Agreement"; all subject to such changes as circumstances of development applications require and as may be approved or directed by Council.

Endeavor to Assist Agreement: Means the portion of the Servicing Agreement or Development Levy Agreement that addresses the methods by which the Initial Developer can recoup a proportion of the costs relating to Excess or Extended Services from developers of Future Benefitting Lands.

Endeavour to Assist Payments: Means the portion of the costs relating to Excess or Extended Services that are attributable to the Future Benefitting Lands, which are to be paid and satisfied to the Initial Developer through an Endeavour to Assist Agreement.

Engineering Submission: Means, for the purpose of this policy the following:

- A detailed engineering drawing set as per the requirements outlined in the Development Standards Manual;
- All electronic models and modeling results, analysis and calculations required for the design of water distribution, sanitary collection, and storm water systems in an acceptable format outlined in the Development Standards Manual or otherwise deemed acceptable to the City;
- Traffic Impact Analysis, Noise Studies or other requirements as outlined in the Concept Plan, Secondary Plan, Development Standards Manual; and
- Other requirements that may be deemed by the City to be relevant to subdivision.

Excess or Extended Services: Means the portion of Infrastructure Work that provides servicing and directly benefits Future Benefitting Lands other than the lands developed by the Initial Developer.

Future Benefitting Lands: Means lands to be developed in the future that would directly benefit from Excess or Extended Services constructed by the Initial Developer.

Future Developer: Means the developer who will develop the Future Benefitting Lands.

Infrastructure Work: Has the meaning ascribed in the Servicing Agreement and Development Levy Agreement and is generally intended to refer to work or services related to streets, roads, grading and utilities to be provided, constructed or installed by a developer of an approved subdivision, excluding Landscaping Work.

Initial Developer: Means the developer who constructs the Excess or Extended Services that benefit other Future Benefitting Lands as part of the Infrastructure Work.

Interest Rate: is City of Regina's indicative pricing rate plus 2 % at the effective date of the Endeavour to Assist Agreement.

Landscape Drawing Submission: Means for the purpose of this policy the following:

- A detailed landscape drawing set submitted as per the requirements outlined in the Development Standards Manual; including:
- Dimensioned recreational facilities or elements within park space.

Landscaping Work: Has the meaning ascribed in the Servicing Agreement and Development Levy Agreement and is generally intended to refer to work or services related to the establishment of parks and landscaping and/or irrigation of public lands such as municipal reserve, environmental reserve, buffer strips, floodway fringe areas to be provided, constructed or installed by a developer of an approved subdivision, excluding Infrastructure Work.

Phase(s) or Phased Development: Refers to the registration and development of a portion only of an approved subdivision.

Sanitary Trunk: Means, for the purposes of this policy, is defined as a large main generally servicing an area of 65 ha or more and 300mm or larger in diameter. Flows to it are contributed by sanitary sewer mains. Direct connections from service connections are not permitted.

Servicing Agreement: Refers to the form of Servicing Agreement, including Standard Conditions, adopted by the Council from time to time, and referred to in Administrative Reports respecting subdivision or development applications as the City's "Standard Servicing Agreement"; all subject to such changes as circumstances of subdivision or development applications require and as may be approved or directed by Council.

Servicing Agreement Fees / Development Levies: Refers to the charges or levies adopted by Council from time to time pursuant to Part VIII of *The Planning and Development Act, 2007*.

Subdivision: Means an overall subdivision as will have been shown in a concept plan submitted by the Developer for approval by the Council, and refers to the entire area as would be locally known as that named subdivision irrespective of approval of partial plans of subdivision or phased development thereof.

Trunk Watermain (or trunkmain): Means, for the purposes of this policy, a pipe over 450 mm nominal diameter which delivers potable water within the distribution system network. Service connections to trunkmains are not permitted.

4.0 Policy

The Executive Director of City Planning and Development is authorized to prepare Servicing Agreements and Development Levy Agreements and arrange for the execution of same by the City Clerk, and thereafter administer Servicing Agreements and Development Levy Agreements, in accordance with the policies and procedures set forth in this Policy.

Part A – Financial Assurances for Completion of Work

Upon entering into Servicing Agreements, the Executive Director of City Planning and Development shall obtain securities in an approved form in the amount of 50% of the total estimated cost of the aggregate of Infrastructure Work and Landscaping Work.

The security may be varied upon the completion of Infrastructure Work and the issuance of a Completion Certificate to such effect, to an amount equaling:

- 10% of the total estimated cost of Infrastructure Work; plus 50% of the total estimated cost of all remaining Parks and Landscaping Work;
- provided that the amount of the security varied in accordance with this clause shall not exceed the original amount of security provided at the time of entering into the servicing agreement, nor shall the security be reduced to an amount less than the aggregate of 10% of the total cost of infrastructure work and 10% of the total cost of parks and landscaping work.

Upon completion of Landscaping Work and the issuance of a Completion Certificate to such effect, the security may be further reduced to;

- 10% of the total estimated cost of Infrastructure Work; plus 10% of the total estimated cost of Park and Landscaping Work.

Upon receipt of the Final Acceptance Certificate of the Infrastructure Work, the security may be further reduced to:

- 10% of the total estimated cost of Park and Landscaping Work;
- provided that a Completion Certificate for the Landscaping work has been issued. If a Completion Certificate for the Landscaping work has not been issued, the security shall remain at the aggregate of 10% of the total estimated cost of the Infrastructure Work plus the initial 50% of the estimated cost of all Parks and Landscaping Work. This security shall be maintained until a Completion Certificate for the Landscaping Work has been issued.

Upon receipt of the Final Acceptance Certificate of the Landscaping Work, the security may be released in its entirety provided that a Final Acceptance Certificate of the Infrastructure Work has been issued.

The provisions of this Part A apply to all Servicing Agreements unless the Council provides different terms in its resolution approving the relevant subdivision application or development.

Part B – Payment of Servicing Agreement Fees

Servicing Agreements shall provide as follows in this Part B with regard to the payment of Servicing Agreement Fees in instalments.

Instalment payments on Servicing Agreement Fees will be accepted in Servicing Agreements having a Development Area of 2 or more hectares.

Instalments payments on Servicing Agreement Fees will be accepted in Servicing Agreements having a Development Area of less than 2 hectare to a limit of two Servicing Agreements per year per subdivision.

Instalments payments on Servicing Agreement Fees will be accepted in Servicing Agreements pertaining exclusively to a park having a Development Area of less than 2 hectares, to a limit of one Servicing Agreement per year per subdivision. This provision is in addition to the two Servicing Agreements per year described in the immediately preceding clause.

Notwithstanding the preceding clauses in this Part B, no instalment payments shall be allowed in any Servicing Agreement having a Development area of 0.75 hectares or less.

Instalment payments shall be as follows:

- (a) For Assessments in relation to Infrastructure:
 - 30% upon execution of the Servicing Agreement;
 - 40% upon the earlier of the issuance of a Certificate of Completion for Infrastructure Work or 9 months from the date of the Servicing Agreement;
 - 30% upon the earlier of the issuance of Final Acceptance Certificate for the Infrastructure Work or 18 months form the date of the Servicing Agreement.
- (b) For Assessment in relation to Parks and Recreation Facilities:
 - 50% upon the earlier of the issuance of a Certificate of Completion for Landscaping Work or 12 months from the date of the Servicing Agreement;
 - 50% upon the earlier of the issuance of Final Acceptance Certificate for the Landscaping Work or 24 months from the date of the Servicing Agreement.

Payment of the unremitted portion(s) of Servicing Agreement Fees shall at all times be secured by Letters of Credit in an approved form. The Letters of Credit may be reduced or surrendered, as the case may be, upon remittance by the Developer of an instalment on or payment of the balance of the Servicing Agreement Fees.

Part C – Payment of Development Levies

Development Levy Agreements shall provide as follows in this Part C with regard to the payment of Development Levies in instalments.

Instalment payments on Development Levies will be accepted in Development Levy Agreements having a Development Area of 2 or more hectares.

Notwithstanding the preceding clauses in this Part C, no instalment payments shall be allowed in any Development Levy Agreement having a Development area of 0.75 hectares or less.

Instalment payments shall be as follows:

- a. For Assessments in relation to Infrastructure:
 - i. 30% upon execution of the Development Levy Agreement;
 - ii. 40% upon 9 months from the date of the Development Levy Agreement;
 - iii. 30% upon 18 months from the date of the Development Levy Agreement.
- b. For Assessment in relation to Parks and Recreation Facilities:
 - i. 50% upon 12 months from the date of the Development Levy Agreement;
 - ii. 50% upon 24 months from the date of the Development Levy Agreement.

Payment of the unremitted portion(s) of Development Levies shall at all times be secured by Letters of Credit in an approved form. The Letters of Credit may be reduced or surrendered, as the case may be, upon remittance by the Developer of an instalment on or payment of the balance of the Development Levies.

Part D – Endeavour to Assist

Where the City of Regina has required an Initial Developer to provide Excess or Extended Services, the Initial Developer may apply to the City to enter into an Endeavor to Assist Agreement. The City will review all applications relating to Endeavour to Assist in accordance with its policies and the standards for development then in effect and will work with the Initial Developer to detail any arrangements, if any, in an Endeavour to Assist Agreement. The City reserves the right and sole discretion to determine the format of and what will qualify for an Endeavour to Assist Agreement.

Under the Endeavor to Assist Agreement, the City will agree to require the Future Developer to repay the Endeavour to Assist Payments directly to the Initial

Developer or to the City as a condition of providing development approvals or entering into a Servicing Agreement relating to the first phase of development for the area relating to the Future Benefitting Lands. For further certainty, all amounts payable relating to Endeavour to Assist Payments shall be payable by the Future Developer as part of the first Servicing Agreement related to the subdivision containing the Future Benefitting Lands.

Where the City receives payment from the Future Developer relating to Endeavour to Assist Payments, the City will pay all applicable sums to the Initial Developer within 30 days of receiving such payment.

The cost of the Excess or Extended Services relating to Endeavour to Assist Payments shall be based on the actual unit costs that are detailed in the cost estimate included in the Initial Developer's Servicing Agreement. Only the following items shall be eligible to be included within Endeavour to Assist Payments:

- land or rights-of-way acquisition costs;
- construction costs;
- design and inspection costs for the works.

The following infrastructure types may be eligible for Endeavour to Assist:

- sanitary pump stations;
- sanitary trunk;
- trunk watermains;
- traffic signals;
- intersections;
- grade-separations; and
- any roadway where more than 50% of the roadway needs to be constructed.

No costs for Excess or Extended Services that have been paid by the City shall be eligible to be included within Endeavour to Assist Payments.

The allocation of costs relating to Excess or Extended Service amongst the Initial Developer and the Future Developer will be determined by the Executive Director of City Planning and Development or their delegate.

The Endeavor to Assist Payments shall be escalated at a rate of interest equal to the Interest Rate by inflation, with such interest payable from the date of the Endeavour to Assist Agreement until the date of payment by the Future Developer.

The term of the Endeavor to Assist Agreement shall be for 15 years; however it will expire once all Endeavour to Assist Payments have been received. The Endeavor to Assist Agreement may be renewed by the mutual agreement of the City and the Initial Developer prior to its expiry, as initiative by the Initial Developer. No payment shall be made to the Initial Developer or required of the Future Developer after the Endeavor to Assist Agreement has expired and the City shall have no obligation or liability relating to the collection or payment of Endeavour to Assist Payments following the termination of the Endeavour to Assist Agreement. The Initial Developer shall acknowledge that the City is not responsible for the payment of any Endeavour to Assist Payments to the Initial Developer in the event that Future Benefitting Lands do not develop within the term of the Endeavour to Assist Agreement.

Upon execution of an Endeavour to Assist Agreement an interest shall be registered on the title in favour of the City as against the Future Benefitting Lands specifying that the development of those lands is subject to the payment of an Endeavour to Assist Payment by the Future Developer.

All developers are cautioned that the standards and levels of service required by the City of Regina change from time to time. As a result, the City does not and cannot guarantee that the services provided under the Endeavour to Assist Agreement will meet the standards required at the time of subdivision approval, development permit or building permit issuance for the Future Benefitting Lands. The City may require additional Infrastructure Works when the Future Benefitting Lands develop and the Future Developer will be responsible for all such costs relating to the Future Benefitting Lands as may be applicable at that time.

Part E – Application Requirements

Prior to the issuance of a Servicing Agreement or a Development Levy Agreement, the following submissions must be made to the satisfaction of the City prior to December 31:

- Secondary Plan or Concept Plan approval if deemed required in accordance with Policies 14.23 and 14.27 of *Design Regina, The Official Community Plan Bylaw 2013-48*;
- Zoning approval;
- Application for subdivision;
- Receipt by the City of an Engineering Submission;
- Receipt by the City of a Landscape Drawing Submission;
- Formal written request to enter into a servicing or development levy agreement.

Any amendments to the above submission requirements may be considered and approved at the discretion of the Manager of Development Engineering.

Upon confirmation that the above submissions have been received to the City's satisfaction, the City will assign a Servicing or Development Levy Agreement number to the application.

The development proponent will have six months from the date the Servicing or Development Levy Agreement number is assigned to enter into the Servicing or Development Levy Agreement with the City of Regina.

In the event that the development proponent fails to enter into a Servicing or Development Levy Agreement within six months from the date the Servicing or Development Levy Agreement number is assigned, the Servicing or Development Levy Agreement will be deemed invalid and the Servicing Agreement Fee or Development Levy Rate and Policy in effect at the date the Servicing or Development Levy Agreement number was assigned will no longer be in effect.

5.0 Roles & Responsibilities

The Executive Director of City Planning and Development, when reviewing subdivision applications, shall attempt to identify aspects of the subdivision application which may require any departure from approved Servicing Agreement forms and policies. The intent of this requirement is to provide the council and its commissions, boards and committees with sufficient information to identify and adopt specific resolutions authorizing the departure from practices and procedures identified in this document.

Development Levy Agreements must be council approved as described in subsection 169(8) of *The Planning & Development Act, 2007*.

All Servicing Agreements and Development Levy Agreements shall be executed by the City Clerk, and one original executed copy thereof shall be maintained in the Office of the City Clerk. The City Clerk shall not execute any Servicing Agreement or Development Levy Agreement unless an original executed copy thereof has been approved as to form and content by the City Solicitor.

All Financial Securities taken under the terms of Servicing Agreements shall be deposited in the vault maintained by the Director of Finance.

The Executive Director of City Planning and Development shall, when retrieving original securities for reduction or return to the Developer or the issuing institution, provide the Director of Finance with a statement which identifies the payments received or the certificates issued by the Executive Director of City Planning and Development which condition the release or the reduction of security, and which further identifies the accounts to which any payment shall be credited under the requirements of *The Planning and Development Act, 2007*.

6.0 Revision History

Date	Description of Change	(Re)-Approval Required (y/n)
16-Dec-1996	Initial Release (Report CR96-311).	Yes
24-Mar-1997	Revised by Resolution of City Council (Report CR97-81)	Yes
29-Sep-2010	Revised by Resolution of City Council (Report CR10-105)	Yes

Appendix C

Proposed Final Phasing and Financing Plan Policies, Maps and OCP Amendments

For inclusion in: *Design Regina, The Official Community Plan Bylaw 2013-48*

- 14.19 The phasing of new growth and development, including the provision of municipal services, shall support:
- 14.19.1 Optimization of existing services/amenities;
 - 14.19.2 Meeting *intensification targets* established in this Plan;
 - 14.19.3 Projected population and employment growth and anticipated market demand for housing and/or commercial/industrial development;
 - 14.19.4 Provision of new services, features and amenities within a *complete neighbourhood*, as required by this Plan;
 - 14.19.5 Contiguous development;
 - 14.19.6 The eventual full build-out of new growth areas;
 - 14.19.7 Meeting level of service requirements, as determined by the City;
 - 14.19.8 Balanced residential and employment growth;
 - 14.19.9 Financial capacity of the City;
 - 14.19.10 Affordable land development, land availability, and market readiness; and
 - 14.19.11 Any other consideration deemed important by the City.
- 14.20 The phasing of development, and the provision of associated municipal services, within lands identified on Map 1 – Growth Plan as NEW NEIGHBOURHOODS and NEW MIXED-USED NEIGHBOURHOODS shall be in conformity with Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.
- 14.21 The phasing of development, and the provision of associated municipal services, within lands identified on Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods as URBAN CORRIDORS, URBAN CENTRES and NEW EMPLOYMENT AREAS, shall be considered for approval, by the City, on a case-by-case basis.
- 14.22 Notwithstanding Policy 14.21, where an URBAN CENTRE or URBAN CORRIDOR is located within an area subject to phasing, as shown on Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods the timing of residential development shall conform with the phasing schedule; however, Council may waive this requirement where it can be demonstrated, to the City's satisfaction, that a mixed-use environment will be developed, which reflects a high quality urban design that is pedestrian-oriented, and includes high quality architectural treatment.
- 14.23 Notwithstanding any other policy of this Plan, the phasing and/or development of land shall not be permitted to proceed unless it can be demonstrated, to the satisfaction of the City, that core services (e.g. water, wastewater, storm water, transportation, parks

and recreation infrastructure) can be provided and maintained in a fiscally sustainable and cost effective manner.

14.24 Phase 1 shall be developed first, followed by Phase 2, which is followed by Phase 3.

14.24.1 A succeeding phase may be approved for development when 75% of the preceding phase, as determined by the City, has been developed;

14.24.2 Notwithstanding Policy 14.24.1, a succeeding phase may be developed when 75% of the preceding phase has been subdivided, recognizing that areas within a given phase may be removed from the calculation at the City's discretion; and

14.24.3 As a prerequisite for development approval within identified Special Policy Areas, the requirements of OCP Part A must be met and a phasing designation must be assigned through an amendment to Map 1b - Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.

PROPOSED AMENDMENTS

Design Regina, Part A - Citywide Plan, Phasing and Financing Policies

The following outlines the proposed *Design Regina, The Official Community Plan Bylaw No. 2013-48* (OCP) policy amendments related to the proposed Phasing and Financing Plan policies that have been developed as directed by the OCP.

Policy #	Current Policy	Proposed Amendment (identified in bold)	Reason for Proposed Amendment
Section B: Financial Policies			
1.4	Develop infrastructure in accordance with a phasing and financing plan.	Develop infrastructure in accordance with phasing and financing Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b - Phasing of New Neighbourhoods and New Mixed-Use Neighbourhood.	Update policy references to align with phasing and financing policies.
1.7	Align capital development plans with the policies of this Plan: 1.7.1 Coordinate capital plans with phasing of growth and development; 1.7.2 Update capital plans annually to account for changes in the timing and location of development; 1.7.3 Identify and evaluate each capital project in terms of the following, including but not limited to: – Costs; – Timing and phasing; – Funding sources; – Growth-related components; – Required financing and debt servicing costs; – Long-term costs, including operations, maintenance, and asset rehabilitation costs; – Capacity to deliver; and – Alternative service delivery and procurement options.	Align capital development plans with the policies of this Plan: 1.7.1 Coordinate capital plans with phasing of growth and development in accordance with Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods; 1.7.2 Update capital plans annually to account for changes in the timing and location of development; 1.7.3 Identify and evaluate each capital project in terms of the following, including but not limited to: – Costs; – Timing and phasing in accordance with Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods; – Funding sources; – Growth-related components; – Required financing and	Update policy references to align with phasing and financing policies.

		debt servicing costs; – Long-term costs, including operations, maintenance, and asset rehabilitation costs; – Capacity to deliver; and – Alternative service delivery and procurement options.	
Section C: Growth Plan			
2.6	Phase and stage development in accordance with a phasing and financing plan.	Phase and stage development in accordance with phasing and financing Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.	Update policy references to align with phasing and financing policies.
2.12	NEW NEIGHBOURHOODS, NEW MIXED-USE NEIGHBOURHOODS and NEW EMPLOYMENT AREAS shall: 2.12.1 Be in developed accordance with a phasing and financing plan;	NEW NEIGHBOURHOODS, NEW MIXED-USE NEIGHBOURHOODS and NEW EMPLOYMENT AREAS shall: 2.12.1 Be in developed accordance with phasing and financing Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods;	Update policy references to align with phasing and financing policies.
Section D4: Infrastructure			
6.13	Sequence infrastructure based on phasing and financing plan.	Sequence infrastructure based on phasing and financing Policies 14.19, 14.20, 14.21, 14.22, 14.23 and 14.24 and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.	Update policy references to align with phasing and financing policies.
Section E: Realizing the Plan			
14.19	Develop a detailed phasing and financing plan that will establish sequencing of new growth and development identified on Map 1 – Growth Plan and associated municipal servicing that supports: 14.19.1 Optimization of existing services/amenities; 14.19.2 Meeting <i>intensification</i> targets established in Policies 2.3 and 2.9;	The phasing of new growth and development, including the provision of municipal services, shall support: 14.19.1 Optimization of existing services/amenities; 14.19.2 Meeting <i>intensification targets</i> established in this Plan ; 14.19.3 Projected population and employment growth and anticipated market demand for	Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan. Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.

	<p>14.19.3 Projected population and employment growth and anticipated market demand for housing and/or commercial/industrial development;</p> <p>14.19.4 Provision of new services, features and amenities within a <i>complete neighbourhood</i> as required by Policy 7.1;</p> <p>14.19.5 Contiguous development;</p> <p>14.19.6 Balanced residential and employment growth;</p> <p>14.19.7 Financial capacity of the City;</p> <p>14.19.8 Affordable land development, land availability and market readiness; and</p> <p>14.19.9 Any other considerations deemed important by the City.</p>	<p>housing and/or commercial/industrial development;</p> <p>14.19.4 Provision of new services, features and amenities within a <i>complete neighbourhood</i>, as required by this Plan;</p> <p>14.19.5 Contiguous development;</p> <p>14.19.6 The eventual full build-out of new growth areas;</p> <p>14.19.7 Meeting level of service requirements, as determined by the City;</p> <p>14.19.8 Balanced residential and employment growth;</p> <p>14.19.9 Financial capacity of the City;</p> <p>14.20.10 Affordable land development, land availability, and market readiness; and</p> <p>14.19.11 Any other consideration deemed important by the City.</p>	
14.20	Council shall approve the phasing and financing plan	The phasing of development, and the provision of associated municipal services, within lands identified on Map 1 – Growth Plan as NEW NEIGHBOURHOODS and NEW MIXED-USED NEIGHBOURHOODS shall be in conformity with Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.	<p>Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan.</p> <p>Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.</p>
14.21	-	The phasing of development, and the provision of associated municipal services, within lands identified on Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods as URBAN CORRIDORS, URBAN CENTRES and NEW EMPLOYMENT AREAS, shall be	<p>Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan.</p> <p>Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.</p>

		considered for approval, by the City, on a case-by-case basis.	
14.22	-	Notwithstanding Policy 14.21, where an URBAN CENTRE or URBAN CORRIDOR is located within an area subject to phasing, as shown on Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods the timing of residential development shall conform with the phasing schedule; however, Council may waive this requirement where it can be demonstrated, to the City’s satisfaction, that a mixed-use environment will be developed, which reflects a high quality urban design that is pedestrian-oriented, and includes high quality architectural treatment.	Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan. Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.
14.23	-	Notwithstanding any other policy of this Plan, the phasing and/or development of land shall not be permitted to proceed unless it can be demonstrated, to the satisfaction of the City, that core services (e.g. water, wastewater, storm water, transportation, parks and recreation infrastructure) can be provided and maintained in a fiscally sustainable and cost effective manner.	Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan. Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.
14.24	-	Phase 1 shall be developed first, followed by Phase 2, which is followed by Phase 3. 14.21.1 A succeeding phase may be approved for development when 75% of the preceding phase, as determined by the City, has been developed; 14.21.2 Notwithstanding Policy 14.24.1, a succeeding phase may be developed when 75% of the preceding phase has been subdivided, recognizing that areas within a given phase	Update policies to reflect completion of action item identified in current Plan to develop a phasing and financing plan. Collectively policies 14.19-14.24 and Map 1b reflect the proposed phasing and financing plan.

		<p>may be removed from the calculation at the City's discretion; and</p> <p>14.21.3 As a prerequisite for development approval within identified Special Policy Areas, the requirements of OCP Part A must be met and a phasing designation must be assigned through an amendment to Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods.</p>	
14.21+	Remaining policies in Section F.	Update remaining policy numbers to reflect insertion of policies 14.21-14.24 above. As such, policy 14.21 will become 14.25; policy 14.22 will become 14.26; policy 14.23 will become 14.27, etc.	Update remaining policy numbers to reflect insertion of policies under Goal 5 – Phasing and Financing of Growth.
Section F: Maps			
-	-	Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods	Add map to the list to reflect phasing and financing policies.
Table of Contents			
-	List of Maps	Map 1b – Phasing of New Neighbourhoods and New Mixed-Use Neighbourhoods	Update Table of Contents, List of Maps to reflect addition of the phasing map.

Appendix D Stakeholder Feedback

D.1 Summary Table - Feedback Received in Response to the Draft Approach Presented in June 2015 Servicing Agreement Fee and Development Levy Policy Review & Final Phasing and Financing Plan

WHAT WE HEARD	CITY'S CONSIDERATIONS	RECOMMENDATION
Extend Model to a 30-year Model or Amortize Large Projects Over a Longer Period		
Projects in the model will take the city beyond a population of 300K (310K with the special study areas) and/or amortize large projects over a longer time period.	<p>The model time period has been extended from 20-year to 25-year, as per Working Group feedback in December 2014.</p> <p>The longer that the model is extended, the larger the risk to the City. While it may look better in short term, it catches up and creates more issues in the longer term as new projects for the 300K+ are required.</p> <p>30 years is the maximum that the City can finance projects.</p>	<p>Maintain 25-year model recommendation.</p> <p>The City maintains that the projects in the model are required for a population of 310K (current growth plan, including special study areas).</p> <p>The model has been developed as a 25-year model to be consistent with the growth projections for 300K by 2040 in the OCP – if it was a 30-year model, additional projects would need to be added to accommodate more growth over the longer time frame and the rate would not be expected to decrease.</p>
Tolerance for Deficit in the SAF Reserve		
<p>Want an increase in tolerance for deficit from -\$20M proposed in June to at least -\$50M which was discussed previously and used in the Interim Plan.</p> <p>The City's debt capacity has not kept up with pace of growth.</p> <p>It is overly risk averse and results in a reduced quality of life for residents due to transportation delays and reduced housing affordability due the high rate.</p>	<p>In 2008, the City increased its tolerance for deficit in the SAF reserves; previous to that (and going back 20 years) the reserves did not go below \$0.5M for half the year.</p> <p>Most communities do not prefer (and others are not allowed) to go into a deficit. Increased deficit creates increased risk of debt for the City. This would impact use of that debt capacity for other things, such as addressing the infrastructure deficit or other costs associated with growth that cannot be charged through SAFs. In short, it takes away options and flexibility.</p> <p>An option considered was taking debt to support earlier advancement of transportation projects, thereby improving the level of service. Costs to finance this debt would be added to the SAF, which would</p>	<p>With the updated hectares, the rate goes down (to about \$410K/ha) but SAF reserve balance decreases (to ~\$50M, with a dip to ~\$100M).</p> <p>Direction is still to work towards as low of a deficit as possible.</p>

	increase the rate; the risk to the City increases - if growth slowed and the SAF-debt could not be paid by SAFs, payments would have to come from taxes.	
Differential Rates for Greenfield, Industrial, and Infill		
<p>Transparent approach appreciated.</p> <p>Not in favour of current industrial rate – may stifle the market and risks pushing industrial development to areas outside of Regina, impacting the City's tax base and long-term financial viability.</p> <p>Inclusion of an infill rate acknowledges that infill development has an impact on the capacity of the City's infrastructure. Any subsidies to incentivize infill should be open and transparent and not hidden in SAFs.</p> <p>The infill rate also seems to indicate opportunity and optimism for downtown development.</p>	<p>Project costs were assigned based on what they were required for – either servicing multiple land uses or “only” industrial or infill.</p> <p>Considered moving industrial “only” projects to overall SAF list and maintain industrial rate.</p> <p>Delaying implementation of the infill charges until 2017 to allow broader consultation and development of the methodology for calculation of the rate was considered.</p>	<p>Combine industrial projects with greenfield SAF projects to result in single greenfield SAF rate given that the parks portion is so small, and greenfield industrial and greenfield residential require the same package of services for growth.</p> <p>RROC to conduct some additional research with industrial developers to better understand the barriers to industrial development and the level of impact that the City's SAF rate has in the region. This will inform consideration of an industrial development subsidy.</p> <p>Infill will have its own rate, to be determined following further engagement of the infill development community and development of the methodology for determining the rate and processes for implementation in 2016.</p> <p>Further input sought at the September Working Group session.</p>
Community Benefits from Growth		
<p>Jobs and increased standard of living result from growth therefore investment in growth needs to be rethought and tax/utility payers should contribute to project costs.</p> <p>Change conversation about growth from a risk/cost to a community benefit; use changes to the SAF policy to support this.</p>	<p>While growth can be considered a benefit to the community, the infrastructure required to support growth benefits growth areas specifically; OCP policy states that the City ensures growth pays for growth.</p> <p>Other funding sources such as taxes and utilities are used to fund operations and maintenance of existing services and the new growth-related infrastructure once it is built. As well as costs of growth not covered by SAFs (e.g. fire stations, transit, police, and libraries).</p> <p>If taxes and utilities are used to pay for growth-related infrastructure, it compromises the City's ability to address the existing infrastructure deficit re: services or its ability to seek tax or utility rate increases to improve / maintain existing services.</p>	<p>In the context of this policy review, maintain policy that growth pays for growth as set out in the OCP as the benefit (capacity) from the infrastructure projects is provided to service growth.</p>

	Preliminary analyses demonstrates that the amount of tax or utility increase that would be required to impact the SAF rate would be significant.	
Cost Allocation for Projects		
<p>Consider revisiting the projects to allocate costs based on who benefits (versus whether they would be built if growth was occurring or not). The result would be an increase in taxpayer contributions.</p> <p>There are projects in the model that address existing infrastructure deficiencies – therefore taxpayers should pay their portion.</p> <p>Major water and wastewater upgrades are too large for growth that will service all “ready” neighbourhoods, enabled only by degrading city-wide transportation network. Options are to either increase debt, increase taxpayer contribution, or strategically add population where infrastructure capacity exists.</p>	<p>Growth pays for growth approach is used, therefore if a project would only be built by the City to support growth, it has been 100% allocated to be paid for by growth.</p> <p>To date, projects identified as 100% SAF are considered to only be built if growth continues and if they are required for 300K. There are a few interchanges that are the exception, and they have been identified as such in the model (i.e. only 70% of the total cost is allocated to this model/time horizon). Where projects would be built to improve service for the existing community whether growth was occurring or not, the costs have been allocated to the City (taxes or utility).</p> <p>Water and wastewater projects are required generally wherever growth is occurring. We are in a new threshold of growth by which previously built infrastructure is at capacity; as such major investments are required in all systems regardless of the location of growth. Their objective is not to allow growth to happen everywhere concurrently (see proposed phasing plan).</p>	<p>Maintain current criteria regarding projects identified and their cost allocations.</p> <p>Clearly identify cost allocation policies, to be set out in a cost allocation table, for each infrastructure service.</p>
Moving projects from being funded by the SAF to being funded directly by developers.		
<p>Concern that there is a lack of consistency in how projects are identified to be funded by SAFs or directly by developers.</p> <p>Making projects development-specific reduces amount of debt required by the City and artificially minimizes the SAF rate but it increases the cost of development, and the cost of lots. Increased developer risk puts the city’s competitiveness at risk.</p> <p>Keep ‘capacity-building’ projects in the model.</p> <p>Concern about drainage projects that are now identified as developer- specific.</p> <p>The success of the previous SAF model relied on including projects that built future</p>	<p>The project lists have been reviewed for consistency.</p> <p>This direction is aligned with the proposed recommendation to use SAFs for system improvements versus for projects that serve a single development. An Endeavour to Assist policy is being drafted to help current developers recoup costs for projects that serve future developments.</p> <p>Moving projects back into the SAF results in an increased SAF rate.</p> <p>Moving projects to being paid directly by the developers evens out overall system upgrade costs (generally the same across the board). Cost differences between areas would now be seen in project-costs by area for developer-specific projects.</p>	<p>Maintain policy direction that developers directly pay for projects that serve their specific areas and that SAFs are used to fund system improvements that are required for growth.</p> <p>This is consistent with approaches used in other communities; and it will improve the balance of the SAF reserve and the City’s ability to fund system upgrades - something the previous approach to SAF’s had been preventing.</p>

<p>growth capacity and ensured developers were receiving the same benefits while paying the same rate. The City's deficit buffered costs of oversizing projects and removed burden of future growth from current growth. This helped affordability, decreased developer risk, and encouraged growth.</p> <p>The changes in direction creates uneven benefit and is bad for small developers</p>		
<p>When transportation projects were delayed in the model, were the new dates arbitrary or were they based on some new/revised trigger that related to level of service level or population threshold?</p>		
<p>Recognition that population triggers are difficult to establish for every project but for the larger projects, it is the fairest way of determining project timing.</p> <p>Would like to see sensitivity analysis with respect to different growth population rates and how it affects the rate.</p>	<p>The delay of transportation projects was developed in consideration of which projects could actually be delayed.</p> <p>Delayed projects were funded when the revenues/funding allowed it, versus in response to some service level or population threshold.</p> <p>All projects are subject to the overall budget process; the model is not a capital project planning tool.</p>	<p>Maintain current transportation project timing and allocation of costs as determined to date.</p>
<p>Transparency of development cost increases</p>		
<p>Concern about how the increase in costs are described – communication needs to reference cost increases to the SAF program and the costs that are being passed on directly to the developer.</p>	<p>To date the SAF rate has largely been the focus of communication, with reference to developer-specific projects.</p> <p>Modelling considerations and communication with administration and Council has identified the cost being passed on directly to the developer.</p>	<p>Communication going forward will highlight development costs for both SAF and the change in developer-specific projects.</p>
<p>Phasing of Neighbourhoods</p>		
<p>Comments vary widely across Working Group members. For example:</p> <ul style="list-style-type: none"> • Support of phasing presented at June WG Workshop • Prefer free market approach using area-specific rates to encourage development 	<p>With changes in how SAF is used (i.e. <i>from</i> being something to pay for the work required to plug new areas into the system <i>to</i> focusing on keeping the broader system functioning) phasing becomes less important to the City from a capital project perspective. However, there are considerations from an operations and maintenance and complete neighbourhoods perspective.</p>	<p>Phasing of residential lands:</p> <p>Phase 1:</p> <ul style="list-style-type: none"> - All 235K neighbourhoods - Phase 1, Westerra - Coopertown: Rosewood Park & School Site area and a Portion Elmbridge

<p>to proceed when feasible.</p> <ul style="list-style-type: none"> • If a flat rate is used, need tight phasing to guide development of most affordable lands. • Three areas are manageable at once. • Percent of subdivision (i.e. 70-80%) should be used to trigger the start of a new development. • The market will sort it out during periods of growth. When growth is not occurring at a sufficient rate, phasing should be staggered based on reaching pre-determined thresholds. • Growth should be defined by community, not by neighbourhood (so that a neighbourhood that is not as desirable does not hold up overall development). • Desire for there to be certainty in phasing plans going forward. 	<p>Various options were considered including:</p> <ul style="list-style-type: none"> • Maintaining the Interim Plan approach and only phasing for short periods of time (i.e. define phasing for the next 5 years) • Defining a specific phasing plan • Allowing all neighbourhoods to proceed as they can meet servicing <p>OCP Policy 14.19 (policy to guide development of a phasing and financing plan) was used to inform the development of a phasing plan.</p>	<p>Phase 2:</p> <ul style="list-style-type: none"> - Rest of Westerra - Coopertown: Rest of Elmbridge and The Village - Westbrook - North of Dewdney (Keeseekoose) <p>Phase 3:</p> <ul style="list-style-type: none"> - Towns North - Coopertown: Rest of Rosewood Park - McCarthy North (including Skywood) - West Harbour Landing <p>Phasing of employment lands:</p> <ul style="list-style-type: none"> - Generally triggered by zoning approval, as per servicing, developer-readiness, and compatibility. As such, all corridors could proceed, land north of the GTH could proceed following build out of the bypass and completion of the east pressure zone solution, and the first phase of the Fleet Street Business Park could advance. - Commercial lands within residential subdivisions should proceed as those areas build out
Phase in SAF fees over 2-3 years		
Phase-in requested	<p>To date, the focus has been on developing a rate for full implementation in 2016 as it has been recognized that delaying this increase will just cause rates in the future to be even higher.</p> <p>Phase-in options under consideration:</p> <ul style="list-style-type: none"> - Not phasing in any charges - Phasing-in infill charges - Phasing-in rates for industrial - Phasing in Greenfield SAF charge 	<p>Seek further input at the September Working Group session.</p> <p>Base rate has been calculated without phase-in.</p>
SAF Rate for Greenfield		
Rate is too high – there should be an increase to the taxpayer contribution to reduce the rate; this could be accomplished by changing the conversation to focus more on the benefit of growth to the community	<p>The rate has been based on:</p> <ul style="list-style-type: none"> • the cost of projects to service 300K (310K with the special study areas); • the number of hectares to be developed, updated since June; 	<p>Seek further input at the September Working Group session.</p> <p>Greenfield SAF rate has dropped due to revisions in the growth projections to reflect more recent and</p>

<p>(and thereby the benefit to existing taxpayers).</p> <p>Utility projects should be paid by the Utility, which will reduce the rate.</p> <p>If there is a flat rate (i.e. not area-specific) a tight phasing plan is needed.</p> <p>Increased SAFs will erode housing affordability and put the city's competitiveness and growth at risk.</p>	<ul style="list-style-type: none"> • delaying transportation projects to prioritize water and wastewater projects; • maintaining a relatively narrow SAF reserve balance; • limiting the City's risk; and • the proposed recommendation that SAFs are to fund system improvements 	<p>accurate figures along with other refinements to the modeling.</p> <p>Additional growth has resulted in more units which has decreased the cost from about \$488K/ha to about \$410K/ha.</p>
Differential Rate for 235K and 300K Neighbourhoods		
<p>Comments vary widely between WG members. For example:</p> <p>Support for a single rate (reasonable and less risk).</p> <p>Support for a differential rate for 235K and 300K neighbourhoods.</p> <p>Supports exploration of having a staggered rate to understand costs.</p>	<p>The Interim Plan phased the rate in for the 235K lands.</p> <p>Projects in the lists benefit a combination of both 235K and 300K neighbourhoods, as per the shift in having SAFs pay to improve service of the entire systems.</p> <p>Allowing the 235K neighbourhoods to have a lower rate will increase the 300K rate.</p>	<p>Maintain recommendation for a single rate including both 235K and 300K lands.</p>
Area-Specific Rates		
<p>Develop area-specific rates to maintain affordability and motivate developers to find innovative and cost effective servicing solutions.</p>	<p>The differences in development costs are now more apparent via the development-specific projects. Areas that are more efficient to develop will have lower costs paid directly by the developer, rather than through area specific SAFs.</p> <p>Developing area-specific rates would involve intensive consultation and agreement on the approach may be difficult given the subjectivity.</p>	<p>Maintain approach of having a single Greenfield SAF rate.</p>

D. 2: Summary of Responses to Draft Recommended Approach Presented in September 2015

Draft approach was shared on September 4, 2015 and presented at the Working Group Session on September 10, 2015

PHASING

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well?	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
<p>Phasing of residential land development is divided into three phases that considers continued population growth and serviceability</p> <p>Development of employment lands will be triggered by zoning approval with specific consideration given to servicing, developer-readiness and compatibility.</p> <p>This approach generally meets stakeholder interests, provides market choice, is lower risk to the City, and promotes faster build-out of neighbourhoods which fosters quicker achievement of complete neighbourhoods and generation of taxes to support operational costs.</p>	<p>Understanding sequencing of development is improved.</p> <p>There is a clearer picture of growth areas and when new areas will start.</p> <p>The phasing plan is logical and makes sense.</p> <p>Generally support the approach, but the policy seems too prescriptive.</p>	<p>Provide better clarification on the 75% build-out – is city-wide or by quadrant</p> <p>Development should not be reliant on the completion of one area in order for another to advance to the next phase.</p> <p>It should be up to the developer, who under the proposed policy needs to be more investments, to determine if development should proceed or not. There should be no constraints on the consumer. This will provide market choice and may foster more affordable new housing.</p> <p>There must be a way for the City to allow developer to go if they are ready.</p> <p>Suggest that as new information is received, the City should be open to potential amendments to the policy and phasing plan. Therefore, there should be flexibility.</p> <p>Reconsider phasing of development in the northwest and southwest.</p> <p>Phasing of the 235K neighbourhoods has become irrelevant; phasing should distinguish between the existing neighbourhoods that have been developing since 2007 and those that have not commenced.</p> <p>Recommend re-evaluating 235K neighbourhoods, and moving those unlikely to develop immediately out of Phase 1 - the model should reflect a realistic time frame for when fees will be collected</p> <p>More clearly describe criteria and rationale for phasing plan.</p> <p>Make the areas identified as phase 1, 2, and 3 more fuzzy to better recognize that more information is to come.</p>	<p>Provide more clarity on what 75% build-out means– this includes considering triggering moving from phase to phase on a quadrant basis.</p> <p>Round the shapes for the phases to better illustrate that more information is required in order to draw specific lines around development.</p> <p>Review phasing policy language.</p> <p>Consider refinements to northwest neighbourhoods.</p>

SHIFT IN PROJECTS BEING FUNDED BY SAF TO BEING FUNDED DIRECTLY BY DEVELOPERS

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well?	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
<p>Developer-Specific Projects (those within a single development area or that are outside the area but primarily serve one area) have been identified as 100% developer-funded.</p> <p>This approach is consistent with other municipalities, helps keep the overall SAF rate low, and provides developers more flexibility in managing projects for their specific developments.</p> <p>SAF is used to fund city-wide infrastructure.</p>	<p>This allows developers to move forward without waiting for City investment.</p> <p>It clearly identifies which projects qualify</p> <p>This works well if consistently applied.</p> <p>The description of what the SAF pays for is somewhat understandable; however, it is anticipated that a lot of discussion will be had on specific infrastructure items.</p>	<p>For this to work, the Endeavour to Assist policy needs to be flawless.</p> <p>This is a good idea, though some refinements may be needed when it comes to shared areas and the distribution of costs.</p> <p>The criteria are too subjective and could lead to challenges from the development industry.</p> <p>Provide rationale used to make the decisions as the provision of the infrastructure list alone is not sufficient.</p> <p>Change the policy so that developers only pay directly for projects that are within the boundaries of their specific areas (i.e. not off-site).</p> <p>There should be a balance of risk taken between the City and developers.</p>	<p>Maintain proposed approach</p> <p>Improve clarity in project lists for why projects are SAF/DL or directly developer-funded.</p>

COST ALLOCATIONS FOR CAPITAL PROJECTS LISTS

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
<p>Growth-Related Capital Projects Lists form a core basis for the SAF model. These projects are required to service the 300K (310K, with Special Study Areas) population; this includes, greenfield, infill and industrial development.</p> <p>All growth-related capital SAF projects are built by the end of the period (2040)</p> <p>Cost allocations between the City, SAF and developers are outlined in the DRAFT fee policy and appendices.</p>	<p>Agree that growth should pay for growth; however capital projects should be partially funded by taxpayers as they will share the benefit from projects.</p> <p>This is a good idea as part of the whole package.</p> <p>This is well thought-out</p> <p>If consistently applied, and the criteria are clear, this approach could work well.</p>	<p>Developers, taxpayers and utilities should pay a portion of projects.</p> <p>Criteria remain too subjective.</p> <p>There is lack of clarity around the definition that a project is SAF-funded provided it is "not intended to service one or more contiguous new developments, but is required to accommodate overall growth".</p> <p>Disappointed in cost allocation for interchanges -change interchange and grade-separation projects from being 100% SAF funded to 50-50 (SAF-City)</p> <p>This is where we should have spent most of our time during this project since it is the main input into the rate calculation.</p>	<p>Maintain proposed approach</p> <p>Provide option for Council to consider funding interchanges 50% through SAFs and 50% through taxpayers; recommendation will be to fund interchanges 100% through SAFs.</p>

		<p>Feel we need the master servicing plans as a key input to drive timing, cost allocation, and developer funding.</p> <p>This policy results in an SAF rate that is very different and developers are not clear on what they have to pay for and when.</p> <p>Concern that due to the complexity of the model, Servicing Agreements will take a long time to prepare and reach agreement on, which will add time and cost to the process.</p>	
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ENDEAVOUR TO ASSIST DRAFT POLICY

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well?	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
Endeavour to Assist policy be used to help developers manage projects they need to fund directly that help service future growth areas.	<p>This is a useful tool when there are a limited number of parties involved.</p> <p>This looks like it should work as long as the original developer is not waiting a long time to recoup funds.</p> <p>Criteria is needed to decide what infrastructure serves multiple areas.</p> <p>Pleased that City recognizes Endeavour to Assist in Servicing Agreements.</p> <p>Separate cost sharing agreements are important.</p> <p>A developer who is first in needs a level of assurance that they can collect from a future developer; the interest on title helps bring that assurance.</p>	<p>It will be a challenge to distribute the costs evenly if there are a lot of parties.</p> <p>The policy needs to be extended to 25 years to match the model and OCP.</p> <p>This policy should be solely taken on by the City to administer, manage and enforce. The City will always be there; developers may not.</p> <p>The City should bear some of the risk and initiative to pay for infrastructure that benefit lands other than land being developed and can collect funds from new developers directly.</p> <p>Concern is raised that a developer can have an interest registered on title due to an Endeavour to Assist for which they have not been a part.</p> <p>The City needs to be involved to provide the backing to the first developer while at the same time, provide a level of fairness to subsequent developers.</p> <p>Determine how to allocate costs fairly - this may require the development of a guiding document to help parties agree.</p>	<p>Maintain proposed approach</p> <p>Consider extending term of Endeavour to Assist to 15 years, plus an option for renewal.</p>

APPROACH FOR GREENFIELD SAF RATE

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well?	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
<p>Greenfield SAF/DL Rate: ~\$410k/ha</p> <p>This includes a blend of all required greenfield projects (for industrial, commercial and residential growth).</p>	<p>With current policy of growth paying for growth, it allows GF areas to proceed with investment.</p> <p>It is clearly defined.</p> <p>It offers transparency.</p> <p>Believe the City made every effort to come up with the lowest rate possible.</p>	<p>Better cost-sharing of growth paying for growth.</p> <p>Include all areas to be developed in the future.</p> <p>This would not improve the approach to the rate, but clarity would be improved to understand the rate without the industrial projects.</p> <p>The rates for industrial and commercial development must remain affordable.</p> <p>One rate may work but industrial development requires more study.</p> <p>This work is complicated but could be simplified as follows: SAF = infrastructure divided by area.</p> <p>Existing neighbourhoods under development should pay a lower rate than the new neighbourhoods; the infrastructure for existing neighbourhoods is mostly in place.</p> <p>Preference for area-specific rates.</p> <p>Concern that development could be approved before the end of the year that could have a lower SAF rate than existing neighbourhoods that have been under development since 2007.</p>	<p>Maintain proposed approach</p> <p>For information, provide the SAF rate without the industrial only projects included.</p>

APPROACH TO INFILL

Proposed Recommendation (Sept 4)	Do you support removing the exempt area	Response to Feedback / Recommendation Going Forward
<p>Maintain exempt area and delay implementation of infill charges to allow for industry consultation and process development in 2016.</p> <p>In 2017, the intention is to apply 100% of the infill charge.</p> <p>Subsidies for infill development may be considered.</p>	<p>Generally, yes from all respondents.</p> <p>If there is anything being added to the system, then there should be a charge in most cases.</p> <p>Need more information on the impact to infill developers, and non-profits.</p> <p>A development levy is a fair mechanism to generate necessary revenue to cover infrastructure costs for infill development.</p> <p>Concerns about how this would be done, and therefore support more research.</p>	<p>Maintain proposed approach</p>

	<p>Suggestion for private home builders/home owners who self-build to be exempt to ensure affordability.</p> <p>Support consultation process to be undertaken in 2016</p>	
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PHASE-IN OF THE RATE

Proposed Recommendation (as of Sept 4, 2015)	Do you support phase in of the rate?	If a phase in was preferable, over what time period should it be phased in - over 2 or 3 years?	Response to Feedback / Recommendation Going Forward
100% of Greenfield SAF Rate implemented in 2016	Generally yes, from all respondents: phasing-in of the fees would help alleviate the initial impact and strain on the slower market	Phasing in over 3 years was preferred by most respondents.	Recommend phasing-in the rate over 3 years

OVERALL SAF & DL DRAFT POLICY

Proposed Recommendation (as of Sept 4, 2015)	What aspects work well?	What suggestions would you make to improve the approach?	Response to Feedback / Recommendation Going Forward
DRAFT SAF and DL Policy and appendices were provided.	<p>There is a better understanding of current key issues and importance of continued rate review.</p> <p>Overall, the policy is 1 – okay.</p> <p>There was good consultation with industry and clear definition of issues.</p> <p>Appreciate consultation process in working through the issue with the development community.</p>	<p>Monitor and measure how the new policy is performing and how it is being applied over time.</p> <p>Believe that what has been developed is a model to fund infrastructure over time but the process has failed to plan for growth.</p> <p>Suggest that there should have been consideration of the question: "If we implement this plan to pay for infrastructure, will we be able to grow the city to 300K over the next 25 years?"</p> <p>Include taxpayers and effects of affordability into the policy.</p> <p>Concern that if the policy is implemented as drafted (i.e. bringing on too much land at one time), there will be immediate, negative effects on growth that will take a long time to recover from.</p>	<p>Continue to refine policy using the proposed approach.</p> <p>Consider development of monitoring and measurement component to include in the policy.</p>

OTHER COMMENTS

- Policy should include financial involvement by utilities and tax payers.
- There are still outstanding issues – suggest that the City compile these and clear them up through an issues paper or table them for the next SAF/DL policy review
- Appreciate being involved in the process
- Feel City provided ample opportunity for input from the industry and the consultant did a good job of presenting the information in a clear and concise fashion.
- Understand the financial pressures that the City is facing, as the development industry is now experiencing similar circumstances due to the softer market.
- Look forward to continued collaborative working relationship in the development and review of neighbourhood and concept plans to fulfill the vision of the OCP.
- Concern about affordability of this approach.
- The City of Regina has the responsibility to address the specific items of feedback in a manner that encourages the sustainable growth, both economically and physically of our community, while ensuring our City has a competitive advantage to attract investment and growth to our community. One of Regina's long standing competitive advantages is the affordability and attainability of our housing. This must be part of any equation, if the City of Regina sees its mandate more than its corporate accountabilities, but improving the standard of living for Regina Citizens. This means removing barriers, not adding barriers for the development industry.
- Refer to comments provided in January and July - they are still relevant.
- It is very important that the SAF and DL Policy is structured to allow growth to occur in a sustainable manner rather than impede the growth of the city.



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Diana L. Hawryluk, MCIP, RPP

Executive Director, City Planning and Development

City of Regina

October-6-15

Re: Designation of Lands within the Phasing Plan Draft Maps

Dear Ms. Hawryluk:

As per our recent discussions regarding the South East lands owned by Long Lake Investments (LLIC) and AGT Foods (AGT) located to the east of Tower Road, I reference the draft map for Phasing that outlines the current proposed phasing plan for Regina city lands.

I draw your attention to the numerous discussions I have had with Administration prior to and since the annexation of these lands from the Rm of Sherwood and rely on the discussions where it was agreed that these lands needed to be studied further along with the phasing and financing discussions to ensure that they were dealt appropriately in the development of the SE Neighborhood Planning process. As you are aware, LLIC is a major funder of the current collaborative work that is being completed by the consortium of landowners, of which the City is one.

It is as a result of these previous discussions and the genuine intent of all parties to examine our lands and how they will fit in to Phase 1,2 and/or 3 lands that we formally request that the draft Maps be amended to outline the lands to the west and east of the new Regina Bypass to be outlined as "Special Study Area." This designation will reflect the reality of its current status. The current draft leaves these lands entirely out of classification and I do not believe this is the intent. Please do confirm to us that your team will facilitate this change in the Draft Phasing Plan that I understand will go to Council this month.

Yours sincerely,

Murad Al-Katib

Cc: LLIC Ownership Group

SUMMARY REPORT



City of Regina



Prepared for the City of Regina by:

Jamie Duncan, Vice President, Canada Public Affairs

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SECTION ONE: OBJECTIVES & METHODOLOGY

Research Objectives

The overall intent of this research was to quantify the views and perspectives of Regina residents on topics related to growth and service agreement fees/development levies.

Specifically, this survey

asked respondents about the following key areas:

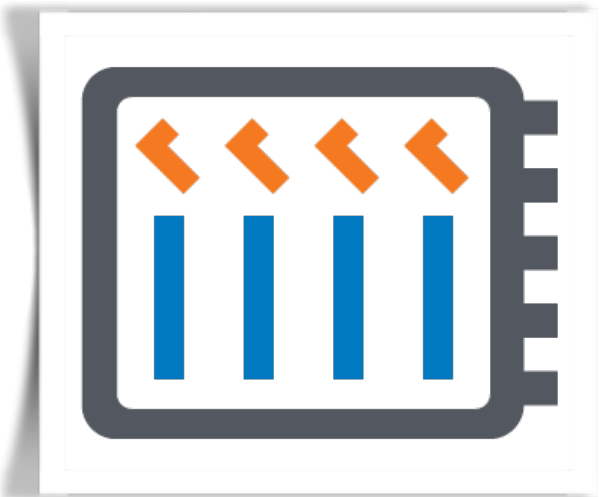
- Overall perspectives about living in Regina, including factors considered when choosing a place to live and quality of life/liveability in Regina;
- Awareness and perceptions of the City's long-term plans for community growth;
- Priorities when selecting a new home; and,
- Attitudes about service agreement fees/development levies.

Methodology

A total of 600 telephone interviews have been conducted with a randomly selected representative sample of Regina residents aged 18 years or older.

Interviews were conducted between Interviews were conducted between July 21 and August 17, 2015.

The data has been weighted to ensure the age/gender distribution reflects that of the actual population in Regina according to the most recent Census data.



- Current housing types, motivations for housing choices, likelihood of moving and changing housing type;
- Perceptions about who is responsible for ensuring a variety of neighbourhood and housing choices in Regina;

SECTION TWO: KEY TAKEAWAYS

Residents have positive views about quality of life in Regina.

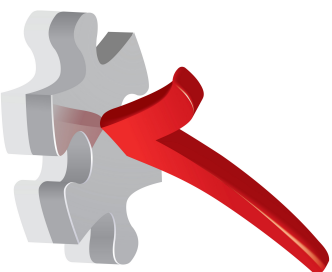
With over eight in ten residents rating the quality of key quality of components as being good or very good, it is perhaps not surprising that one third also say that life in Regina is better compared to other Canadian cities. Of note is the optimism of nearly eight in ten who anticipate that quality of life in the city will either remain the same or improve in the next twenty years.

There are differing views about who is responsible for neighbourhood and housing choices. While three quarters of residents say that the City of Regina is most responsible for ensuring a variety of neighbourhood choices,

fewer (six in ten) say that they have the same role in ensuring housing choices. Close to four in ten believe that neighbourhood developers and home builders should be most responsible for the latter.

There is no consensus about who should pay for future growth.

Residents were presented with information about growth funding before being asked whether Developers should carry the full cost of growth-related infrastructure improvements made outside of new developments or if it should be shared with the City. Half believes that it should be shared



while the other half believes that it should be Developer-funded. There is a notable difference in opinion among those who are and are not satisfied with the City's management of long-term growth. Residents who are satisfied with the City's growth management performance are more likely to say that growth-related infrastructure costs should be shared, while those who are not satisfied are more likely to believe that it should be Developer-funded.

Maintaining existing infrastructure is seen to be more important than investing in growth. Levels of agreement show that residents strongly believe that

the City of Regina should be focusing on investing to help maintain existing areas of the City and that maintaining existing infrastructure is more important than growing the city. It is important to note however that a very strong majority also agree that a top priority of the City of Regina should be planning for growth.

Satisfaction with current City long-term growth management is moderate. With two thirds of residents saying that they are satisfied with City performance in this area and less than one in ten who are very satisfied, results indicate that there is a need to improve communication and performance in this area.

SECTION THREE: LIVING IN REGINA

When asked about reasons that people choose to live in one city over another, the most popular reason is your ability to travel to and from work with minimal delay (84%), the jobs that are available and the overall economy (84%), and the manmade features of The City including parks, green spaces and pathways (77%).

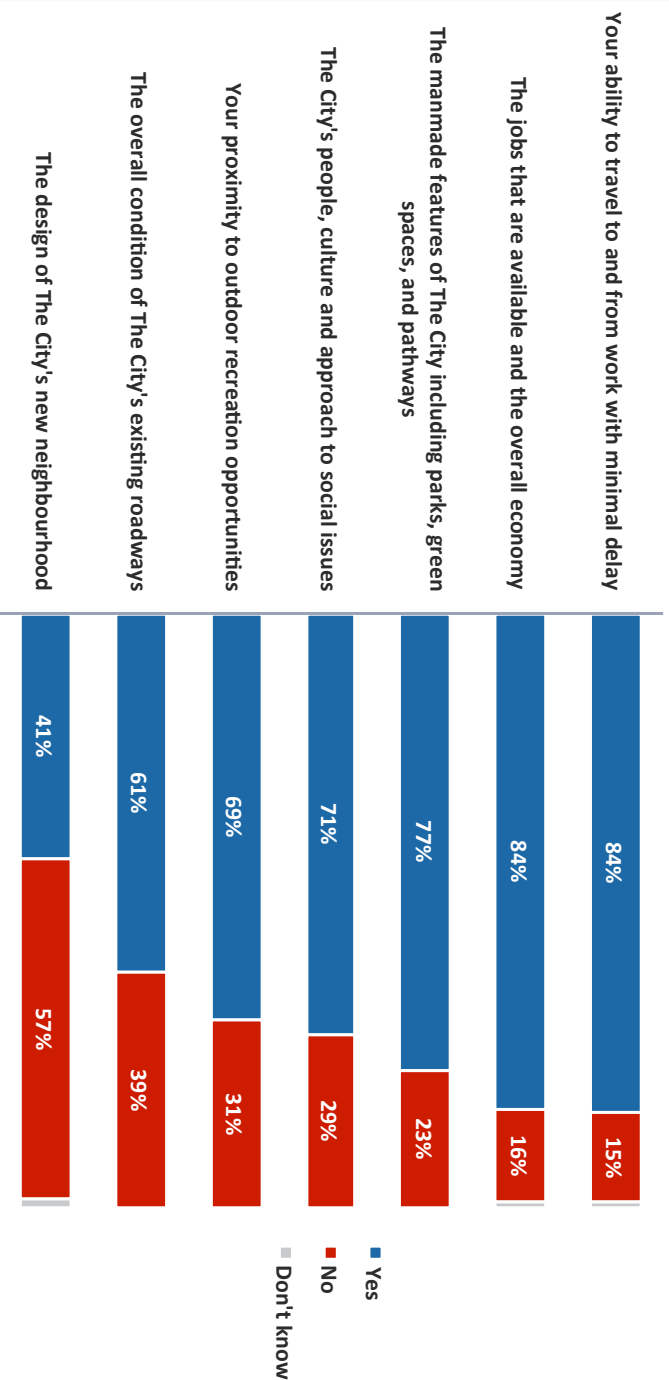
When rating the overall quality of Regina according to an assortment of indicators, the variety of jobs that are available and the overall economy achieves the highest "good" rating (90%). The manmade features of the City's including parks, green spaces and pathways also achieves a high good rating (89%). Conversely, just under six-in-ten (59%) of people rate the design of the City's new neighbourhoods as "good" and only three-in-ten (35%) consider the overall condition of the City's existing roadways to be good.

Comparatively, Regina's overall livability or quality of life compared to other cities in Canada is considered better (36%) by more residents, than those who consider it to be worse (14%). Looking forward to the future, 37% anticipate Regina's overall livability to be better in 20 years, while less than one quarter (19%) anticipate it will be worse.



Factors Considered When Choosing Where to Live

Q1. To begin, there are a number of reasons that people choose to live in one city over another. Assuming family is not a factor, which of the following would be important to you in deciding where to live?



Base: All respondents (n=600)

SECTION FOUR: HOUSING AND COMMUNITIES IN REGINA

A strong majority of respondents live in a single-detached house (73%), while the remaining respondents are narrowly split between small apartments or condo (9%), semi-detached house/duplex/row house/ townhouse (8%) and a large apartment or condo (7%).

When asked why respondents chose their specific type of housing, the **most common responses included affordability (22%),** preference for the space/layout (20%), and size of location/liked the yard (17%). Comparatively, the net responses show that appeal has greater influence (83%), than location (27%).

Over seven-in-ten (77%) of respondents own their own home, while 21% rent. With a strong majority of respondents owning their home, 495 respondents provided their primary motivation for purchasing their residence. The **top mentions included wanted a house/place to live (16%), as an investment (16%), overall location (14%),** for family – starting one or expanding (13%), and did not want to pay/rent was too high (12%).

When asked to think 10 years from now, how many times do you think you will move in the City of Regina, **less than half (37%) of respondents think they will move one time,** while 26% do not think they will move at all.

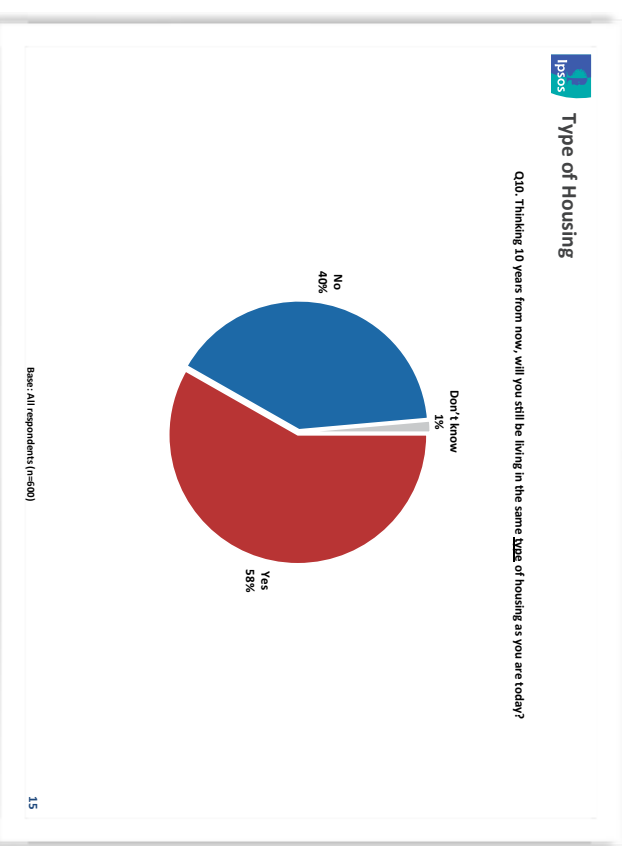
Notably, a similar number of respondents (23%) do not plan on living in Regina 10 years from now.

Continuing to anticipate the future, **when respondents are thinking 10 years from now, 58% plan to live in the same type of housing as they are today,** while 40% do not plan to live in the same type of housing.

The majority of respondents who plan on changing their type of housing in the next 10 years plan to be living in a single-detached house (52%), a small apartment or condo (17%), or a large apartment or condo (9%).

Overall, three-quarters (76%) of residents say that *the City of Regina, municipal government is most responsible* for ensuring that Regina has a variety of **quality neighbourhood choices**, while one in five (22%) say that it is the responsibility of *neighbourhood developers and home builders*. Just 2% of residents say that they don't know.

When it comes to ensuring that Regina has a variety of **quality housing choices**, six in ten (61%) residents say that *the City of Regina, municipal government is most responsible*, while close to four in ten (38%) say that it is the



- responsibility of *neighbourhood developers and home builders*. Just 2% of residents say that they don't know.
- There is a gender divide when it comes to who is responsible for quality housing choices. Men are more likely to say that this is the responsibility of neighbourhood developers and home builders (44% vs. 32% among women), while women are more likely to say that it is the responsibility of the City of Regina (66% vs. 55% among men).

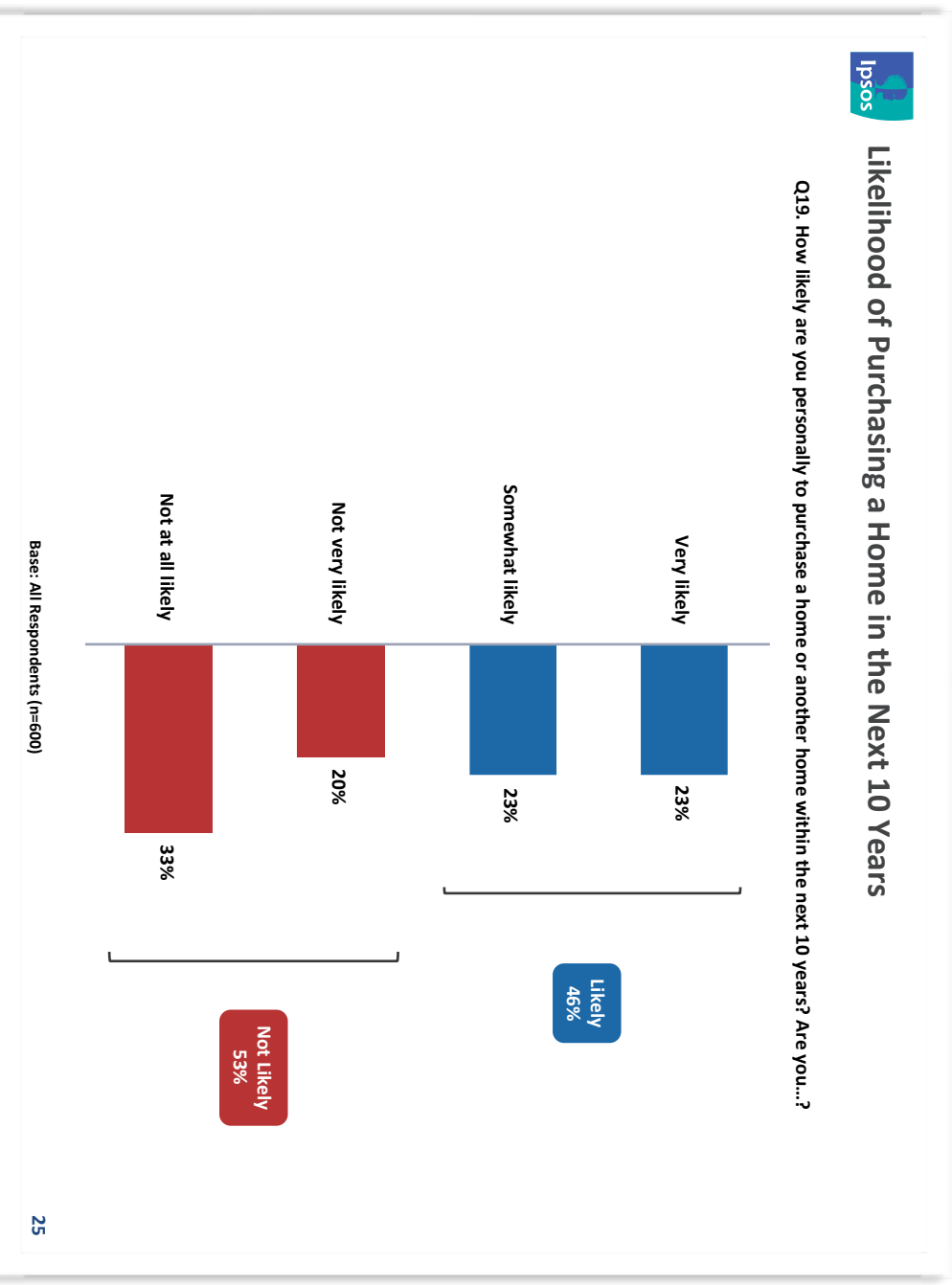
SECTION FIVE: NEW HOME PURCHASE INTENTION

Just under half of residents (46%) anticipate purchasing a home or another home in the next 10 years, with one-quarter (23%) saying that they are “very likely” to do so. Conversely, just over half (53%) say that it is unlikely they’ll purchase a new home in this time period, with one third (33%) saying it is “not at all likely.”

Among those who anticipate purchasing a new or another home in the next 10 years, six in ten (60%) say that they will spend under \$400,000, while 19% will spend \$400,000 to just under \$500,000, and 20% will spend over \$500,000.

When considering a new home purchase, top priorities include *affordability* (96%), *an attractive community for walking* (89%), *the amount of open space in a community* (84%), *close to amenities* (82%), *close to shopping, entertainment, and health services* (82%).

Priorities that that receive lower importance ratings include *close to work* (72%) and access to *convenient public transit* (60%).

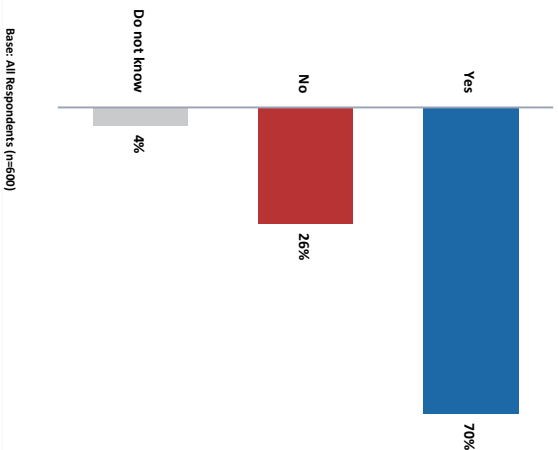


SECTION SIX: VIEWS ABOUT LONG-TERM PLANNING & GROWTH MANAGEMENT PERFORMANCE



The City's Long-Term Plans for Community Growth

Q17. To the best of your knowledge, does The City of Regina have a long-term plan for community growth?



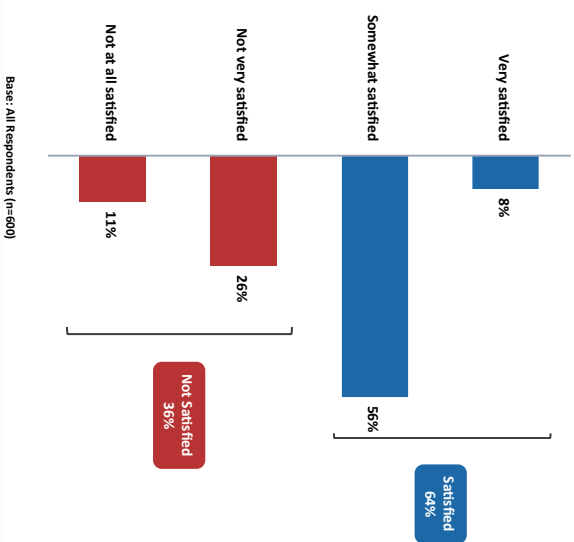
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Seven in ten (70%) of residents believe that the City of Regina has a long-term plan for community growth, while 26% say that they don't believe a plan exists and 4% don't know.



Satisfaction with Managing Long-Term Growth

Q18. Overall, how satisfied are you with how The City of Regina manages long-term growth? Are you ...?



23

And while a majority acknowledges that a plan exists, satisfaction with the City's long-term growth management performance is moderate. Two thirds (64%) of residents say that they are satisfied with how the City of Regina

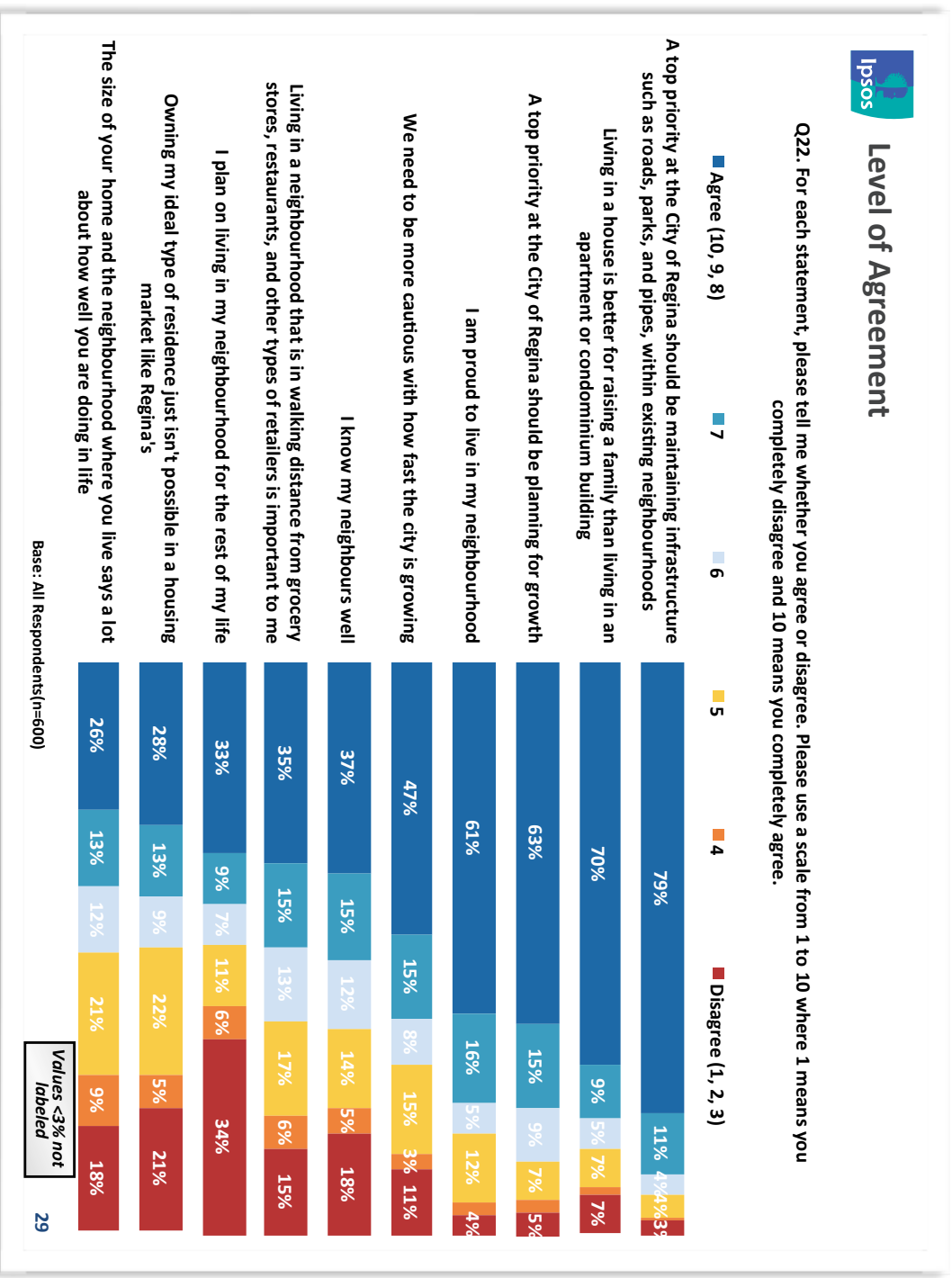
manages long-term growth, with just 8% who are "very satisfied".

SECTION SEVEN: ATTITUDES ABOUT NEIGHBOURHOODS & GROWTH

Residents view growth of the City as important and close to eight-in-ten (79%) believe a top priority at the City of Regina should be maintaining infrastructures such as roads, parks, and pipes, within existing neighborhoods. Similarly, residents believe that a top priority at the City of Regina should be planning for growth (63%). Attitudes towards growth are positive, and less than half (4,7%) believe we need to be more cautious with how fast the city is growing.

A strong majority of residents agree living in a house is better for raising a family than living in an apartment or condominium building (70%). Compared to this statement, agreement about other characteristics of neighborhoods does not elicit the same level of agreement. 35% of residents agree that living in a neighborhood that is in walking distance from grocery stores, restaurants, and other types of retailers is important to me, 37% agree they know their neighbours well, and more people disagree (34%), than agree (33%), that they will stay in their neighbourhood for the rest of their life.

Only 28% of residents agree that owning my ideal type of residence just isn't possible in a housing market like Regina's, and 26% agree the size of your home and the neighbourhood where you live says a lot about how well you are doing in life.



SECTION EIGHT: PAYING FOR GROWTH

Residents of Regina are split on the issue of the City's long-term plans for community growth. By 3 points, more residents of Regina believe both taxpayers and developers should share the cost of growth-related infrastructure

improvements that are made outside of the new neighbourhood's (50%). Whereas the other 47% of residents believe developers should pay the full cost of growth-related infrastructure improvements that are made outside of the new neighbourhood's, and these costs passed on to new home buyers.

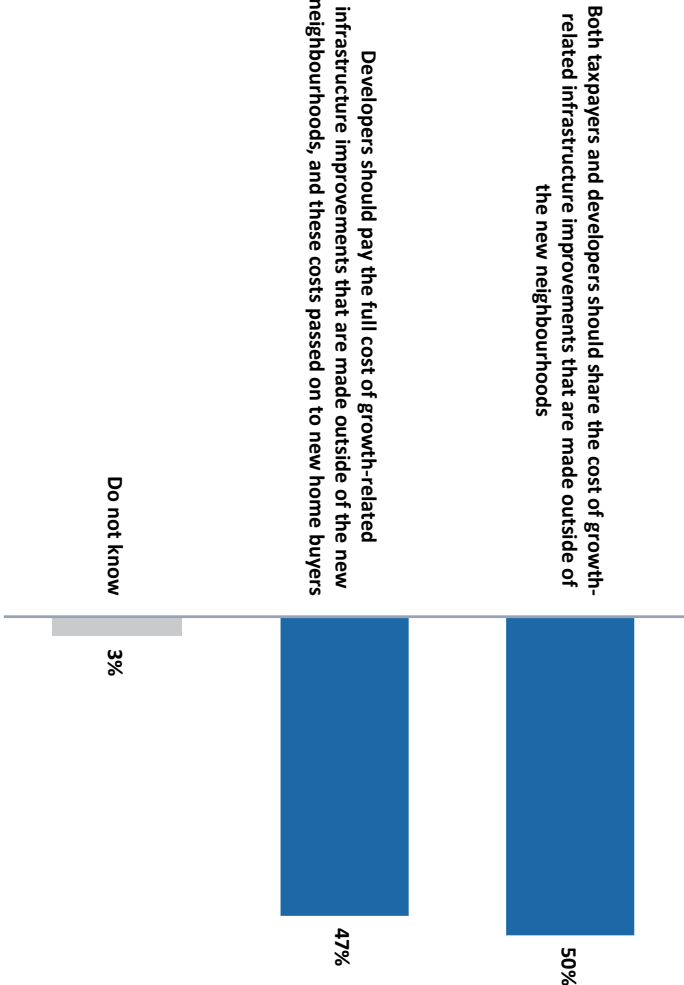
Over half of residents (60%) agree that the City of Regina should focus on investing to help maintain existing areas of the city, while only 32% agree the City of Regina should focus on investing in growth. More people disagree (21%), than agree (17%) that growing Regina is important and the City should take on more debt to finance costs.

Residents are split on the statement: maintaining existing infrastructure is more important than growing the city, with 46% in agreement. Fewer residents (30%) believe that the property taxes of those who live in existing neighbourhoods should be used to pay for growth-related infrastructure improvements that will benefit not only the new population, but existing taxpayers as well.



The City's Long-Term Plans for Community Growth

Q23. Today, private sector developers pay for infrastructure within the boundaries of new neighbourhood's such as local streets, sidewalks, neighbourhood parks and water and sewer lines. The City of Regina collects money from the developers to pay for additional new infrastructure or improvements to existing infrastructure required for new growth, such as widening a roadway, providing water supply trunk lines, sewage treatment plants and parks and recreational facilities. In certain cases, property taxes may be used to cover a portion of the cost of infrastructure improvements because they benefit not only the new development, but the existing taxpayers as well.



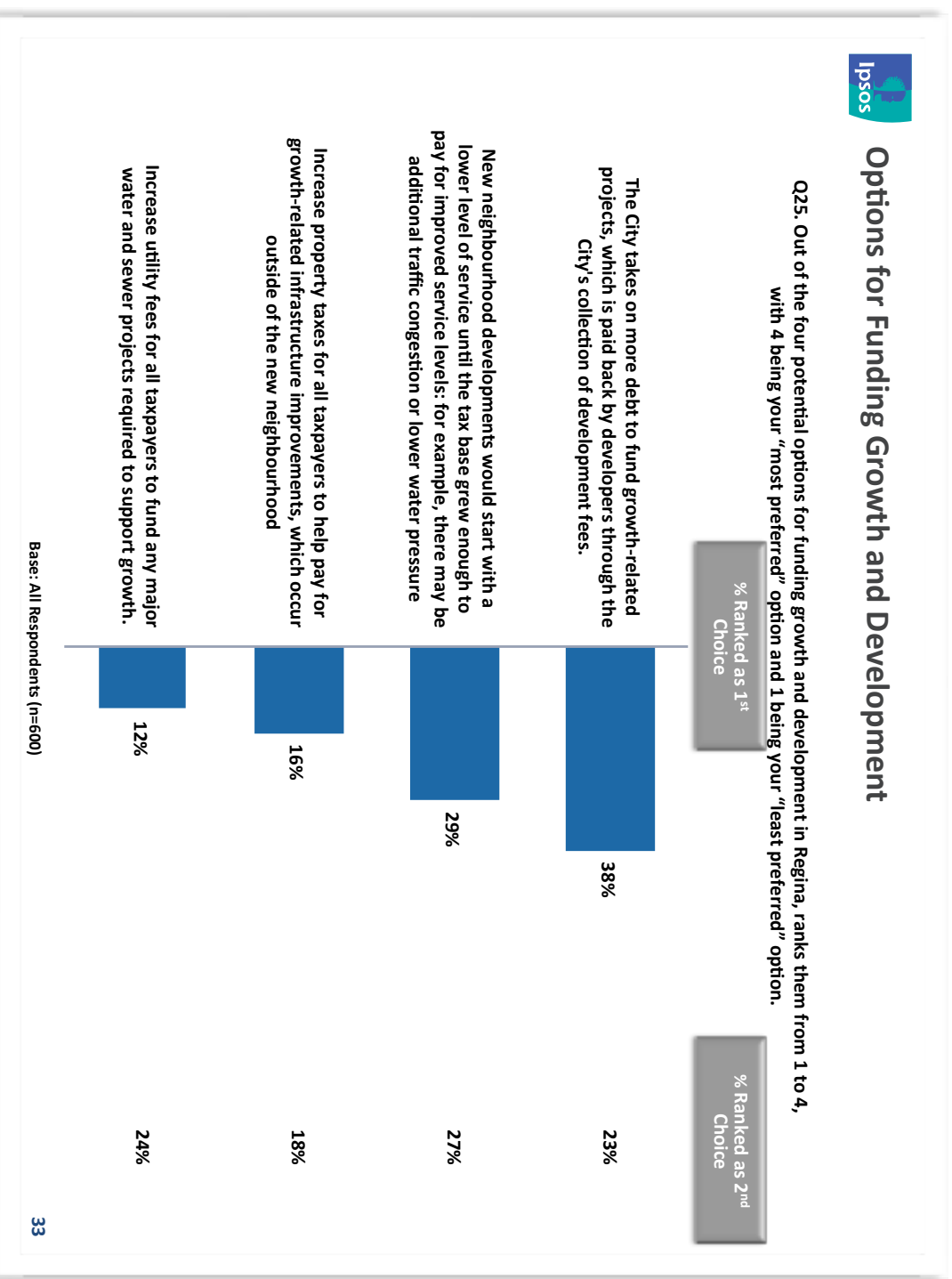
Base: All Respondents (n=600)

SECTION EIGHT: PAYING FOR GROWTH (continued)

When asked to rank the potential options for funding growth and development, order of selection was as follows:

- The City takes on more debt to fund growth-related projects, which is paid back by developers through the City's collection of development fees. (38%)
- New neighbourhood developments would start with a lower level of service until the tax base grew enough to pay for improved service levels: for example, there may be additional traffic congestion or lower water pressure. (29%)
- Increase property taxes for all taxpayers to help pay for growth-related infrastructure improvements, which occur outside of the new neighbourhood. (16%)
- Increase utility fees for all taxpayers to fund any major water and sewer projects required to support growth. (12%)

None of the options show a strong base of support, and the second choice selections reveal that residents do not have a strong affinity to any of the four options presented to them.





SUMMARY REPORT



IPSOS REID

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APPENDIX F

Transition to Servicing Agreement and Development Levy Agreement Application Requirements

A transition period has been identified to enable flexibility in implementation of the new policy included in the Administration of Servicing Agreements and Development Levy Agreements Policy (Appendix B) that defines application requirements. These requirements must be met prior to the City assigning a Servicing or Development Levy Agreement number, thereby locking-in the policy and rate in effect at that time.

It is recommended that the following conditions be met in 2015 to transition towards use of the defined application requirements in 2016:

- Zoning applications (not approvals) need to be submitted by November 30, 2015;
- The following components are required to be submitted by December 31, 2015:
 - o Application for subdivision;
 - o Receipt by the City of an Engineering Submission;

This includes:

- A detailed engineering drawing set as per the requirements outlined in the Development Standards Manual;
- All electronic models and modeling results, analysis and calculations required for the design of water distribution, sanitary collection, and storm water systems in an acceptable format outlined in the Development Standards Manual or otherwise deemed acceptable to the City;
- Traffic Impact Analysis, Noise Studies or other requirements as outlined in the Concept Plan, Secondary Plan, Development Standards Manual; and
- Other requirements that may be deemed by the City to be relevant to subdivision.

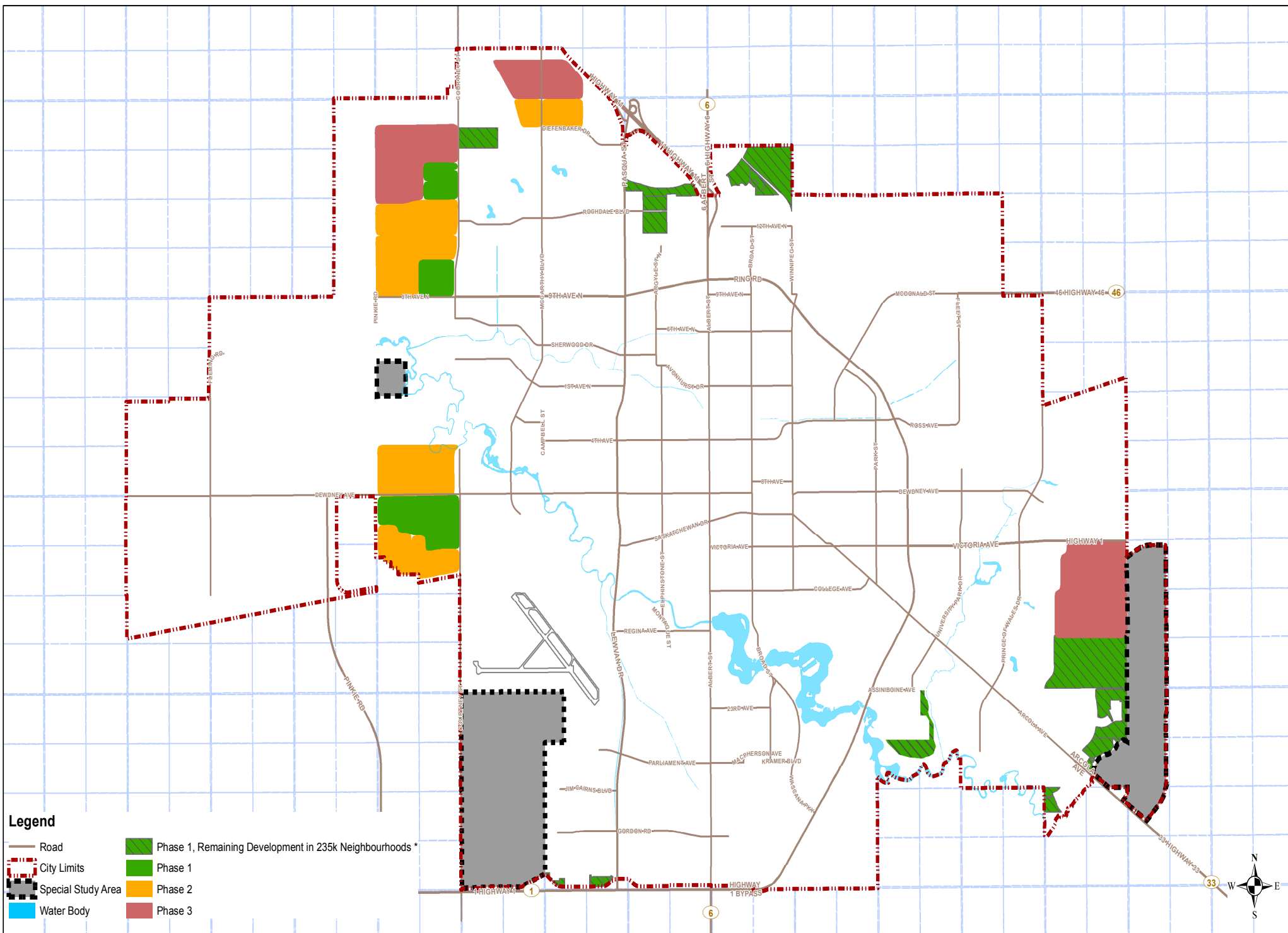
- o Receipt by the City of a Landscape Drawing Submission; and

This includes:

- A detailed landscape drawing set submitted as per the requirements outlined in the Development Standards Manual; including
- Dimensioned outlines of the required recreational facilities or elements within park space.

- o Formal written request to enter into a Servicing or Development Levy Agreement.
- All Servicing Agreements or Development Levy Agreements must be executed by June 30, 2016. Failure to execute the Servicing or Development Levy Agreement by that date will result in a forfeit of the Interim Phasing and Financing Plan and a new Servicing or Development Levy Agreement will be issued based on the applicable Servicing Agreement and Development Levy Policy.

Map 1b: PHASING OF NEW NEIGHBOURHOODS and NEW MIXED-USE NEIGHBOURHOODS



*Note: These neighbourhoods formed part of the 235,000 Population Growth Scenario under the former OCP - *Regina Development Plan Bylaw 7877*.

October 14, 2015

To: Members,
Executive Committee

Re: Regina Civic Employees' Superannuation & Benefit Plan

RECOMMENDATION

1. That the following agreements substantially in the form attached hereto as Schedule D to this report be approved in principle and entered into on behalf of the City subject to any amendments being made that are necessary in the opinion of the City Solicitor:
 - (a) the Sponsorship Agreement (including the list of participating employers, the Plan text, the Funding Policy, the Trust Agreement and the Employer Participation Agreement);
 - (b) the Trust Agreement; and
 - (c) the Participating Employers' Agreement;
2. That the City Clerk be authorized to sign the Sponsorship Agreement, Trust Agreement, and Participating Employers' Agreement on behalf of the City once the amendments to *The Pension Benefits Regulations, 1993* set out in recommendation 3(a) are enacted;
3. That Bylaw 3125, *A Bylaw of the City of Regina Concerning a Superannuation and Benefit Plan*, be repealed effective January 1, 2016 on the following conditions:
 - (a) That amendments to *The Pension Benefits Regulations, 1993* are made that include the following:
 - (i) an amendment that provides that no solvency payments are required to be paid with respect to the Plan;
 - (ii) an amendment that allows for a 20 year amortization period from January 1, 2016, for any unfunded liabilities established as of December 31, 2014.
 - (b) That the Civic Pension and Benefits Committee execute the Sponsorship Agreement and the Trust Agreement and the participating employers in the Plan execute the Employer Participation Agreement.
4. That the City Manager be delegated the authority to do the following:
 - (a) appoint the members of the Sponsor Board and Administrative Board who are named by the other participating employers in the Plan in accordance with the Participating Employers' Agreement; and

- (b) appoint the City's representatives on the Sponsor Board and the Administrative Board.

5. That this report be forwarded to the October 26, 2015 meeting of City Council.

CONCLUSION

The City Administration, the Civic Pension and Benefits Committee, the Pension Administrative Board, the Pensions and Disability Administration staff, the actuary and the other employers in the Regina Civic Employees' Superannuation and Benefit Plan ("the Plan") are in the final stages of completing the elements that are required to make the changes to the Plan that were approved in principle by City Council on November 24, 2014 in Report CM14-17. The last elements that involve City Council include:

- approval by City Council of the agreements that make up the new legal framework;
- repeal of Bylaw 3125 effective January 1, 2016 subject to the required changes being made to *The Pension Benefits Regulations, 1993* and the parties signing the applicable agreements; and
- the delegation of authority to the City Manager to appoint the various representatives to the Sponsor Board and Administrative Board.

Bylaw 3125 is being replaced with a set of legal agreements between the City, the other employers, the Civic Pension and Benefits Committee and the members of the Administrative Board. The repeal of this Bylaw was approved on September 23, 2015 by a majority of the members of the Civic Pension and Benefits Committee and the actuary has provided a report with respect to the changes so the requirements for changing the Bylaw have been met. In addition, the other employers and the Civic Pension and Benefits Committee have provided their approval of the new legal framework.

In addition to the above, amendments to *The Pension Benefits Regulations, 1993* are required to give effect to the Plan changes. The Superintendent of Pension's Office has advised that they are willing to recommend changes to the Regulations to provide permanent solvency relief and an extension of the going concern amortization period to 20 years for the going concern deficit under the Plan for any unfunded liabilities established as of December 31, 2014. While it is anticipated that the regulations will be considered in October by the Government, at the time of filing this report, the exact timeline was unknown.

In order to ensure that City Council has the necessary information and background to approve of the recommendations, this report provides a comprehensive review of the following:

- the history, composition and current benefits of the Plan;
- the financial difficulties of the Plan;
- the history of the negotiations for changes to the Plan;
- the actuarial valuation in support of the Plan changes;
- the new legal framework for the Plan including an explanation of the Sponsorship Agreement, Funding Policy, Trust Agreement and Participating Employers' Agreement;
- the benefit changes and other changes that have been agreed to in the Plan text;

- the changes to *The Pension Benefits Regulations, 1993* needed to implement the Plan changes; and
- a description of the employee communications and administrative systems changes that have been undertaken.

BACKGROUND

History and Composition of the Plan

In 1958, the Council of the City of Regina adopted Bylaw 3125, *A Bylaw of the City of Regina Concerning a Superannuation and Benefit Plan*, which established the Plan and replaced previous plans. Originally, the following were represented in the Plan:

- City of Regina employees (including electrical generating plant and distribution system employees, social welfare employees and airport employees as at the time all of these areas were operated by the City)
- Regina Public School Board Non-Teaching employees,
- Regina General Hospital employees; and
- Regina Public Library employees.

The reason for including these library, education and health workers as part of the Plan was because all of these workers were either employees of the City of Regina or employees of a subsidiary of the City at the time the group enrolled in the Plan or the predecessor plans. Municipal governments were responsible for all local services, including schools, health services, social welfare programs, the airport and the electrical utility. In terms of health services, the City was responsible for the control, management and operation of public health services and programs in the city, as well as the ownership and operation of the Regina General Hospital as a secular hospital.

Some of these employee groups left the Plan over the years. The City sold its Electrical Generating Plant and Distribution System to the Saskatchewan Power Corporation in 1965 and transferred its Social Welfare Department to the Province of Saskatchewan in 1966. The City transferred its airport facilities to the Federal Government in 1972. Employees in these areas left the Plan as these entities were transferred. In 1999 the Plan's composition was changed further when the Saskatchewan Association of Health Organizations, the Saskatchewan Union of Nurses and the Health Sciences Association of Saskatchewan entered collective bargaining agreements that agreed all new hires of the Regina Qu'Appelle Health Region would be enrolled in a different pension plan.

New employers have also entered the Plan at various times. In addition to the changes in composition of the members mentioned above, employees of the Buffalo Pound Water Administration Board were included in the Plan in 1982 and continue to be members.

In 2015, EPCOR Water Prairies Inc. ("EPCOR") became a participating employer in the Plan as a successor employer through its project agreement with the City to design, build, finance, operate and maintain the City's wastewater treatment plant. Through this agreement EPCOR has accepted the transfer of these City employees and taken on existing collective bargaining obligations with these employees remaining in the Plan. Mobius Benefits Administrators Inc.

(“Mobius”) will also become a participating employer in the Plan as it transitions to become a separate legal entity from the City. Historically all administration of the Plan has been done through a City Pensions department with City employees. These employees are transitioning to the new Mobius entity but will continue to participate in the Plan.

The current composition of the Plan includes employees from the following employers with the following percentages of active members in the Plan:

- The City of Regina - 43%;
- The Regina Qu’Appelle Regional Health Authority (operating as Regina Qu’Appelle Health Region)- 36%;
- The Board of Education of the Regina School Division No. 4 of Saskatchewan (non-teaching staff) -15%;
- The Regina Public Library Board- 5%;
- The Buffalo Pound Water Administration Board (on behalf of the Buffalo Pound Water Treatment Plant)– 1%;
- EPCOR Water Prairies Inc. (less than 1%); and
- Mobius Benefits Administrators Inc. (less than 1%).

Current Plan Governance Structure

The Plan is a registered pension plan under *The Pension Benefits Act, 1992* and is regulated by the Provincial Superintendent of Pensions. In addition the Plan is a registered pension plan pursuant to the *Income Tax Act*.

The Plan has a unique governance structure, which has made it very difficult for the parties to make changes to the Plan. The governance structure and benefits for the current Plan are contained in Bylaw 3125. The Plan text which sets out all of the benefits is contained in Schedule A to Bylaw 3125 and has been amended numerous times since its original enactment in 1958. With the exception of the legislation that applies to the Plan and any policies that the Administrative Board has passed, the Bylaw is the primary governance document for the Plan. The entities involved in the governance and administration of the Plan are as follows:

- The Administrative Board – This is the Board that acts as the administrator of the Plan. Membership includes six employee representatives appointed by the Civic Pension and Benefits Committee and six employer representatives. Of the six employee appointees, one is required to be an employee of the Regina Qu’Appelle Health Region. Of the six employer appointments, four are appointed by Council (but one of the four is required to be nominated by the Regina Qu’Appelle Regional Health Authority) and the other two are appointed by the City Manager. Members of the Administrative Board hold office until their successors are appointed. The Administrative Board is the fiduciary of the Plan but does not have any authority to amend the Plan. As the fiduciary, the members are required to act in the best interests of the beneficiaries in the Plan. The Pensions and Disability Administration staff (which will become Mobius) provide services on behalf of the Administrative Board for the governance of the Plan and the delivery of the benefits under the Plan.

- The Pension and Benefits Committee – This Committee exists to represent employee interests in the Plan. It is made up of employee representatives and acts as a vehicle for the coordination of the various bargaining units and out of scope staff that participate in the Plan. The Committee includes three union employee representatives and an alternate from each union and one non-union employee representative and an alternate from each non-union employee group. There are 20 employee groups in total. Any amendment to the Plan through a change to Bylaw 3125 requires the consent of a majority of members of the Committee before it can be approved by Council.
- City Council – City Council created the Plan in 1958 through the enactment of Bylaw 3125 and can amend it only with prior written consent by a majority of the members of the Civic Pension and Benefits Committee, a report from a qualified actuary on the proposed amendment and then a majority vote of all the members of Council. City Council acts to protect the interests of the City as an employer sponsor of the Plan.
- Other employers in the Plan - The employer groups (other than the City of Regina through its Council) do not have any ability to amend the Plan and therefore play a limited role with respect to that aspect. The employer groups are liable to pay the employer portion of the contributions that are required by the Plan. The Plan does not provide a mechanism that would allow the other employers to independently negotiate terms and conditions under the Plan with their own employee groups. Instead it provides City Council and the employees' Civic Pension and Benefits Committee with this ability.
- Employees and Retirees in the Plan – Like the employers in the Plan, neither the employees nor retirees individually have any ability to amend the Plan and instead rely on the Pension and Benefits Committee to represent their interests.

The current governance structure does not represent a modern approach to pension governance and has contributed to the financial difficulty of the Plan because the process for making changes to the Plan through an amendment to the Bylaw requires the consent of a majority of members of the Pension and Benefits Committee in addition to Council approval. This results in a double veto over any Plan amendments and there is no mechanism to resolve disputes where City Council and the Committee disagree on an amendment. This model has led to impasses and delays in making changes to the Plan. In addition this model also leaves out the other employers in the Plan which is not desirable.

Description of Current Plan

The Plan is a defined benefit pension plan with both employers and employees contributing equally. As a defined benefit pension plan, the Plan provides eligible members with a retirement income based on a formula that takes into account the earning history and length of service in the Plan. While some of the benefits have changed over the history of the Plan, the following is a general description of some of the current benefits in the Plan:

- normal retirement at age 65;
- unreduced early retirement after age 55 when age plus pensionable service total 80 or after 35 years of pensionable service, regardless of age;

- a lifetime monthly pension based on the average of the highest three consecutive years of pensionable earnings multiplied by pension accrual factors of 1.35% up to the *Canada Pension Plan* Yearly Maximum Pensionable Earnings (YMPE) and 2.00% for earnings above the YMPE;
- a temporary bridge benefit of 0.65% of the average of the highest three consecutive years of pensionable earnings up to the YMPE payable to age 65 for members who meet unreduced early retirement requirements;
- annual cost of living adjustments at a rate of ½ of the year over year increase in the Consumer Price Index (Canada) to a maximum of 4.25% in any one year;
- vesting in the Plan after two years of continuous service;
- termination benefits and portability options;
- survivor benefits before and after retirement; and
- continued accumulation of service while on disability.

Plan members contribute 9.42% of pensionable earnings up to the YMPE and 13.96% on pensionable earnings above the YMPE. The employers contribute an equal amount, resulting in a combined rate of 20.7% of pensionable earnings. This rate was established in 2007 and has not been amended since despite actuarial valuations being filed that would require increased rates.

Background on the Financial Difficulties of the Plan

The Plan has suffered significant financial difficulties over the last decade. In particular, it suffered significant investment losses in 2008 which further exacerbated its financial difficulties, and served to highlight Plan issues that were decades old, but never adequately planned for, or addressed.

In terms of funding, defined benefit pensions plans are required to comply with both going concern funding requirements and solvency funding requirements. The going concern part of the valuation assumes that the pension plan will continue on into the future and will not terminate. The actuary must compare the plan's going concern assets to its going concern liabilities, as accrued to the date of the review. If the liabilities exceed the assets, then the plan is said to have an unfunded liability. Normally, unfunded liabilities must be amortized at least monthly in equal amounts over a period not exceeding 15 years from the review date relating to the establishment of the unfunded liability.

In contrast, the solvency part of the valuation assumes that the plan has terminated at the review date. The purpose of the solvency valuation is to determine whether the plan has enough assets to cover its liabilities in the event the plan is terminated at the review date. In examining the solvency of a plan, the actuary must compare the plan's liabilities determined on a plan termination basis to the value of solvency assets. Normally, solvency deficiencies must be amortized at least monthly in equal amounts over a period not exceeding 5 years from the review date relating to the establishment of the solvency deficiency. These payments are in addition to contributions required with respect to the normal actuarial cost and to special payments with respect to unfunded liabilities.

The Plan has had both unfunded liabilities and solvency deficiencies for a number of years.

Actuarial valuations were performed as at December 31, 2009, December 31, 2010, December 31, 2012 and most recently as at December 31, 2014. In addition an interim valuation was performed in 2013.

The 2009 valuation revealed that on a going concern basis, the Plan had an unfunded liability of \$238 million. For the 2009 valuation, the minimum funding requirements recommended by the actuary totaled a combined rate of 27.7% of salary. At the time the actuarial valuation as at December 31, 2009 was filed, the Administrative Board elected to suspend solvency payments for three years as permitted under *The Pension Benefits Regulations, 1993*. As a result of this election, the Administrative Board was required to file an actuarial valuation as at December 31, 2012 however due to the financial issues, the Administrative Board decided to file a valuation earlier and therefore filed in 2010.

The 2010 valuation revealed another going concern deficiency and that on a going concern basis, the Plan had an unfunded liability of \$246 million. For the 2010 valuation, the minimum funding requirements recommended by the actuary totaled a combined rate of 38% of salary. This deterioration continued, with the 2012 valuation which disclosed an unfunded going concern liability of \$293 million. A further interim valuation was prepared as of December 31, 2013. This interim valuation revealed an unfunded going concern liability of \$249 million. The recommendations for increased contribution rates based on these valuations were not implemented and the contribution rates have remained at the same level as established in the 2007 valuation.

The following is a summary of the findings of the 2009, 2010, 2012, 2013 and 2014 valuations. More information on the 2014 valuation is provided below under the section that deals with the Actuarial Work in support of the proposed changes.

Valuation Year	Going concern deficit	Going concern funded ratio	Solvency ratio	Required contribution rates (% of salary)
2009 Valuation	\$237 million	76.8%	81.4%	12.38% and 18.34% (below and above YMPE)
2010 Valuation	\$246 million	78%	78.5%	16.95% and 25.11% (below and above YMPE)
2012 Valuation	\$293 million	77.2%	64.9%	13.9% and 20.6% (below and above the YMPE)
2013 Interim Valuation	\$249 million	82%	73%	No specific rates proposed
2014 Valuation	\$213 million	85%	67%	employer contribution rate 9.8% and 14.6% (below and

				above YMPE) employee contribution rate 8.8% and 13.1% (below and above YMPE)
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History of the Negotiations for Plan Changes

Because of the financial difficulties, the City Administration, the Administrative Board, the other employers and the Civic Pension and Benefits Committee have spent considerable time attempting to negotiate Plan changes that would make the Plan more sustainable. The following is a history of these negotiations.

In 2003, the Administrative Board identified that Plan issues were beginning to develop, as the Plan could not financially sustain the current level of benefits over the long term. At that time a list of recommended benefit changes was identified, however the sponsors of the Plan did not proceed with formal discussions or implement any changes. Again in 2005 and 2006, the financial sustainability challenges of the Plan were identified, and a list of the Administrative Board's recommendations for benefit reductions was discussed. Through a formal vote of both the Civic Pension and Benefits Committee and City Council, the only benefit reduction that was implemented was the elimination of the grow-in benefit.

In mid-2008, the City of Regina and the other employer representatives were invited to work with members of the Administrative Board and the Civic Pension and Benefits Committee to form a joint Pension Plan Review Committee. Since early 2009, the City Administration, along with the other participants in the joint Pension Plan Review Committee continued to pursue agreement on Plan changes, including further education around the Plan issues and reviewing possible solutions as identified by the Plan's actuary and sponsors. The primary goal of the joint Pension Plan Review Committee was to identify options for a competitive, affordable (for employers and employees) pension plan that would be attractive in recruiting and retaining employees, support workforce requirements and provide a meaningful benefit. As part of this process, both the Employers and Employees prepared and shared with each other their proposals to amend the Plan.

In June 2009 this work resulted in the Plan's actuary presenting two alternative Plan designs to the Pension and Benefits Committee: 1) a significantly reduced Defined Benefit Plan (75% of current Plan formula with modifications to early retirement subsidies and bridge; no pensionability of overtime; and ad hoc cost of living allowances) or 2) a hybrid plan that would include defined contribution features. A consensus on these two options was never reached and an impasse resulted.

On September 15, 2010, the Administrative Board finalized the 2009 Actuarial Valuation, and this was filed with the Superintendent of Pensions on October 13, 2010. As part of this filing, the Administrative Board elected to take advantage of a temporary (three year) moratorium from funding the solvency deficiency under the Plan. This reduced the total revised average

contribution rate from 35.2% of salary to 27.7% of salary, as compared to the existing rate of 20.7% of salary. In addition, the valuation was also filed with Canada Revenue Agency (CRA), and a waiver of the employee contribution rate limit has since been received from CRA.

On December 15, 2010, the Civic Pension and Benefits Committee voted in favour of increasing the Plan's average contribution rates to 13.85% of salary per side (before solvency funding); however, not all employee groups voted in favour of this increase (including some City of Regina employee groups). In addition to the resistance from many employees, the higher rates were seen as unaffordable for taxpayers, and did nothing to address the longstanding issues within the Plan.

On May 3, 2011 City Council decided not to amend Bylaw 3125 to approve the increased contribution rates and instead directed that an alternative be pursued for achieving long term financial stability. This occurred as a result of Report CR11-55 which outlined an employer's proposal as an alternative option for achieving long term financial stability for the Plan. In brief the employer's proposal was a proposal developed by all the employer sponsors and had the following features:

- the employers would pay the employees' share of the deficit;
- contribution rates would be decreased through the reduction of future benefits;
- a target benefit plan would be created to cap future employer and employee liabilities;
- accrued benefits for retirees and active members would not be affected; and
- contribution rates would be maintained below 9% of salary.

In this report Council directed that the administration pursue an actuarial opinion on the feasibility of implementing the employer's proposal. In addition Council directed that the City Administration continue to engage in negotiations for Plan changes with the Civic Pension and Benefits Committee representatives to implement the employers' proposal or an alternative that achieves Plan sustainability while maintaining contribution rates below 9% of salary.

The Letter of Intent

Following the Council decision not to approve the rates, the City Administration along with the other employers re-engaged in discussions with the Civic Pension and Benefits Committee in 2012. Those discussions, while still protracted, were eventually more constructive than previous discussions, and resulted in a Letter of Intent ("LOI") being agreed to in mid-2013. The following is a brief description of the changes that were negotiated in the LOI:

- elimination of overtime as part of pensionable earnings;
- change to an average five year earnings formula;
- changing the age and years of service requirement to the rule of 85 for unreduced early retirement pensions;
- removing the guaranteed cost of living allowance ("COLA") and replacing it with a conditional cost of living allowance;
- unequal sharing of the Plan deficit with 60% of the contributions being paid by the employers and 40% being paid by the employees for the deficit in respect of benefits accrued prior to December 31, 2012;

- request to the Superintendent of Pensions for relief from solvency funding requirements and an extension of the amortization period for funding the going concern deficit so that payments can be made over 20 years as opposed to 15;
- creation of a new Sponsor Committee and funding policy;
- minor changes to the Plan amendment formula;
- changes that would allow the Administrative Board to approve and administer the process that would allow groups to exit the Plan;
- miscellaneous minor and housekeeping changes.

Despite that the LOI was a major step forward in solving Plan issues, it was not sufficient to address all of the Plan problems. Both the Superintendent of Pensions and the Administrative Board raised concerns about the proposal. In summary, the concerns primarily related to the fact that the proposal did not provide any mechanism for dealing with conflicts over contribution rate increases or an automatic mechanism to reduce benefits should the Plan suffer further financial difficulties. The changes would also result in some intergenerational inequity. Further, the proposal also did not include major governance changes but for the most part left the current governance structure the same. This meant that the double veto would continue to exist with no way of resolving disputes between the Council and the Civic Pension and Benefits Committee.

Given these concerns the Superintendent's Office advised that they would not recommend a permanent solvency exemption. Without that permanent solvency exemption, the required contribution rates would be 70.6% of salary (35.3% of salary for both employers and employees). Even if the double veto problem was fixed, and a permanent solvency exemption obtained, the contribution rates would be 31.6% of salary (15.8% of salary each for employees and employers) according to the 2012 actuarial valuation.

In order to address these concerns, the City Administration along with the other employers again re-engaged in discussions with the Civic Pension and Benefits Committee in 2014. The group met a total of four times from February 2014 to July 2014 however no progress was made in reaching a negotiated settlement to amend the terms of the Plan.

As no proposed solution appeared imminent after 12 months, the Deputy Superintendent announced in July 2014 that she was considering terminating the Plan. The Deputy Superintendent invited submissions from interested parties as to whether or not she should terminate the Plan.

The Memorandum of Understanding

As Plan termination was not desirable from the perspective of employees or employers, the parties resumed negotiations with the goal of addressing the Deputy Superintendent's concerns. These discussions were productive and the City, the other employers, and the Civic Pension and Benefits Committee submitted a joint proposal to amend the Plan. The joint proposal contained specific agreement with respect to the following areas:

- Governance of the Plan would change to remove the double veto and instead create a Sponsor Board (representing both employers and employees) that would manage the Plan design, within pre-determined contribution rates. In the event of disputes where a

majority vote is required between employers and employees, a 15th member, would determine the matter.

- Benefit reductions already tentatively agreed to in the LOI (removal of COLA, Final Average Earnings of five years instead of three, removal of overtime, rule of 80 to 85) would be implemented as of July 1, 2015.
- The cap on contributions would be removed.
- Initial blended contribution rates were estimated at 10.9% of salary for employers and 9.8% of salary for employees.
- The split of the pre-implementation deficit would be 60% employers and 40% employees with a 20 year amortization as per the terms of the LOI.
- In the event of future deficit or surplus, a series of sequential steps would be taken as prescribed respecting adjustments to contribution rates and benefits.
- The funding policy would be amended to provide that any required benefit reductions shall be determined by the Sponsor Board.
- The continued role of City Council and the Civic Pension and Benefits Committee would be clarified to confirm that both shall continue to appoint their representatives to the Sponsor Board.

The above was documented in a Memorandum of Understanding that was approved by City Council in report CM14-17 on November 24, 2014.

In December 2014, the parties provided the joint submission to the Office of the Superintendent of Pensions with a request for amendments to *The Pension Benefits Regulations, 1993* that would provide permanent solvency relief and an extension to the going concern amortization period to 20 years for the going concern deficit under the Plan. Between January and April 2015 the parties exchanged letters with the Superintendent's office as they had requested a number of clarifications as to the proposal.

The Deputy Superintendent considered the elements of the joint proposal and advised on March 11, 2015 that she had decided not to cancel the registration of the Plan. This was followed up with a more detailed letter on April 8, 2015 in which she stated that she is satisfied that after the changes to the Plan and Regulations are implemented that the Plan will be funded as required by the legislation and the actuarial valuation. Further, on March 10, 2015 Cabinet agreed that it would amend *The Pension Benefit Regulations, 1993* so that the Plan amendments will be able to proceed and be implemented. Cabinet announced this decision on March 11, 2015.

Since December 2014, the City Administration, other employers in the Plan, the Civic Pension and Benefits Committee and the Pension Administrative Board have been working on the various elements that are required for Plan change implementation. On May 25, 2015, the City Administration brought report CR15-60 forward to update Council on the progress of Plan implementation and to approve a change in implementation date to January 1, 2016.

The implementation work included an actuarial valuation and asset liability study for the purposes of complying with regulatory requirements as well as to support the benefit changes and contribution rates needed for approval by the Civic Pension and Benefits Committee and City Council. In addition, Bylaw 3125 is being repealed and replaced with a number of legal agreements and a Plan text which had to be negotiated and drafted as part of the implementation

of the Plan changes. Work with the Superintendent of Pensions was also required to ensure compliance with their requirements and to secure the needed permanent solvency exemption and the 20 year going concern deficit amortization period. Further, ratification of the Plan changes and associated legal agreements by the Civic Pension and Benefits Committee and the other employers in the Plan was completed over the last few months. Communications with employees and implementing administrative systems changes are also underway and will continue even after approval of all required documents by Council. The following sections describe each of these elements.

DISCUSSION

Explanation of the Actuarial Work in Support of the Proposed Changes

Significant actuarial work was needed to implement the proposed changes. During the process of negotiating the Plan changes both the Plan's former actuary, Mercer, and its current actuary, Aon Hewitt ("Aon"), provided reports on the financial impact of the proposed benefit changes. In addition to this work, the Plan actuary is required under the regulatory legislation to file an actuarial valuation as at December 31, 2014 to implement the changes. The City, other employers and Civic Pension and Benefits Committee also needed this valuation in order to provide their formal approval of the changes. The Plan actuary completed the valuation in July 2015 and it was formally approved by the Administrative Board on August 19, 2015. The valuation will be filed with the Superintendent of Pensions once the changes to *The Pension Benefits Regulations, 1993* are passed that provide the Plan with solvency relief as well as an extended amortization.

Information about the 2014 Actuarial Valuation

The actuarial valuation prepared by Aon as at December 31, 2014 reviews the Plan's financial position based on a going concern basis, solvency basis and hypothetical windup basis. The valuation further considers the contribution rates required considering the benefits being provided, including the benefit changes that have been agreed to by the parties. A summary of the key results from the 2014 Plan Valuation are as follows:

- The going concern deficit decreased from \$293 million (2012) and \$249 million (2013) to \$213 million in 2014;
- The Plan's going concern funded ratio increased from 77.2% (2012) and 82% (2013) to 85%, while the solvency ratio increased slightly in 2013 but then decreased in 2014. The solvency ratio went from 64.9% (2012) and 73% (2013) to 67% in 2014. The Plan was operating under a temporary exemption from solvency funding until December 31, 2012 and will receive a permanent solvency exemption as part of the Plan changes;
- The proposed contribution rates are as follows:

Total contribution Rate	20.7%
blended employer contribution rate	10.9%
blended employee contribution rate	9.8%
integrated employer contribution rate	9.8% and 14.6% (below and above YMPE)
integrated employee contribution rate	8.8% and 13.1% (below and above YMPE)

A copy of the 2014 Actuarial Valuation is attached as Schedule A to this Report.

One of the requirements for City Council to approve changes to the Plan is that they receive a report from a qualified actuary on the changes proposed. The report attached supports the changes that are proposed and ensures that this requirement is met.

Contribution Rate Analysis

In addition to the valuation, another report called a contribution rate analysis was requested by the Superintendent as part of their review of the Plan. Specifically, the Superintendent requested that the Plan sponsors provide the probability that contribution rates will increase in the future, such as in the next 3, 5, 10 and 20 years. Contribution rates of 20.7%, 23.1%, and 24.1% of salary are key thresholds in the operation of the Plan as 20.7% of salary is the initial rate and future deficits are resolved by increasing contribution rates and/or reducing benefits depending on these rates. While a pre-implementation deficit exists, temporary future benefit reductions are triggered when contribution rates exceed 23.1% of salary. In addition, temporary future benefit reductions are imposed to a greater extent when contribution rates exceed 24.1% of salary.

In summary, the results of this contribution rate analysis indicate that there is a 58.7% probability that the total contribution rate will increase above 20.7% of salary in the three years following the implementation date and this probability grows to 80.4% over 20 years. Similarly, there is a 37.5% probability that the total contribution rate will exceed 23.1% of salary in the three years following the implementation date and this probability grows to 63.4% over 20 years. With the new Plan governance and Funding Policy, there are now mechanisms to deal with the possibility of rate increases.

A summary of this study is provided in Schedule B to this Report.

Legal Framework and Benefit and Governance Changes

The legal framework for the Plan is being changed so that the current primary governance document which is a Bylaw approved by City Council and the Civic Pension and Benefits Committee will be replaced with a contractual arrangement between all of the employers, the Civic Pension and Benefits Committee and the members of the Administrative Board. To accomplish this new legal framework, the City Administration is requesting that City Council repeal Bylaw 3125 as of January 1, 2016 and approve of the new governance documents. The repeal of this Bylaw was agreed to by a majority of the members of the Civic Pension and Benefits Committee and the actuary has provided a report with respect to the changes so the requirements for changing the Bylaw have been met. In addition, the other employers and the Civic Pension and Benefits Committee have provided their approval of the new legal framework. Letters that confirm these approvals are attached as Schedule C to this report.

The following are the legal documents that make up the new legal framework for the Plan:

- A Sponsorship Agreement which appends the following documents:
 - Appendix “A” -The list of participating employers;
 - Appendix “B”- The Plan text which includes the Funding Policy;

- Appendix “C”- The Trust Agreement;
- Appendix “D”- The Employer Participation Agreement;
- A Participating Employers’ Agreement; and
- A Terms of Reference document for the Civic Pension and Benefits Committee;

All of these documents are attached to this report as Schedule D.

The Sponsorship Agreement, is the main document and it is agreed to and signed by the City and the Civic Pension and Benefits Committee. Each Employer in the Plan signs an Employer Participation Agreement, the form of which is appended to the Sponsorship Agreement. The Sponsorship Agreement also includes as appendices, the Plan text which sets out the benefits provided under the Plan and includes the Funding Policy, and the Trust Agreement which is entered into between the City, the Civic Pension and Benefits Committee and the individual members of the Administrative Board.

Outside of the Sponsorship Agreement and the legal documents appended to that Agreement, the employers in the Plan are also entering into a Participating Employers’ Agreement which sets out how the City will exercise its powers and functions under the Sponsorship and Trust Agreements. Specifically, this agreement sets out the number of appointments that each employer is required to make to the Sponsor Board and Administrative Board as well as the process for notifying the other employers of potential changes to the Sponsorship or Trust Agreements and the process for how the employers will vote on changes to these agreements. Further, the Civic Pension and Benefits Committee has developed a Terms of Reference document that sets out a procedure for appointing members to that Committee.

The following is some further explanation of the legal documents and the new governance model that is established through these documents. The voting structure is particularly important as the parties wanted to ensure that the chances of deadlock in the decision making process could be minimized and resolved if they occur.

Sponsorship Agreement

The Sponsorship Agreement is the agreement that establishes the new Sponsor Board which will become the decision making body for any amendments to the Plan and the Funding Policy. The Sponsor Board is not a fiduciary but exists to represent the employers and employees in the Plan. The creation of the Sponsor Board removes City Council and the Civic Pension and Benefits Committee from the decision making role for amendments to the Plan.

Instead, the Civic Pension and Benefits Committee will continue to exist with responsibility to appoint employee representatives to the Sponsor Board and the Administrative Board. The Civic Pension and Benefits Committee has the power to appoint seven employee representatives to the Sponsor Board based on a weighting that reasonably reflects the membership of the employees in the Plan as well as the power to appoint one non-voting retiree representative. In terms of the appointments to the Administrative Board, the Committee appoints six employee representatives.

City Council is responsible to appoint employer representatives to the Sponsor Board and Administrative Board, in accordance with the Participating Employers’ Agreement. The Participating Employers’ Agreement requires that the City appoint the five members to the

Sponsor Board that are named by the other employers and the four members of the Administrative Board that are named by the other employers. The City is required to appoint three additional members of its choice to the Sponsor Board (two voting and one retiree non-voting member) and two additional members of its choice to the Administrative Board. In terms of the formal process of appointing members to the Sponsor Board and Administrative Board, the City Administration is recommending that this power be delegated to the City Manager. This would mean that once members are named by the other employers that the City Manager would formally appoint these members as well as appoint the members on behalf of the City.

Under the Sponsorship Agreement, the new Sponsor Board will consist of seven employee and seven employer representatives and two non-voting retiree representatives. Quorum for meetings is at least eight members (four of which must be employee representatives and four of which must be employer representatives). Where there is quorum and a meeting is held, each member present is entitled to vote and where a member is not present they can appoint a proxy to vote for them who then can cast their vote. If no proxy has been appointed, the chair or vice chair of the Sponsor Board shall cast a vote for the absent member depending on whether they are an employee representative or employer representative.

After the new legal framework is in place, the Sponsor Board will be responsible for any amendments to the Plan and Funding Policy. All decisions of the Sponsor Board except decisions relating to temporary benefit reductions, benefit reinstatements (where more than one type of benefit has been reduced pursuant to Section V of the Funding Policy) and surplus utilization, require at least a 2/3 majority in order to be passed. Because of the 2/3 majority requirement, deadlocks are avoided with regard to these decisions. A simple majority vote is required for all decisions that pertain to temporary benefit reductions under Section V of the Funding Policy; benefit reinstatements pursuant to section V.D. of the Funding Policy (where more than one type of benefit has been reduced under Section V of the Funding Policy); or surplus utilization under Section VIII of the Funding Policy. Deadlocks requiring a simple majority are resolved by allowing a temporary 15th representative to be appointed to the Sponsor Board to cast a vote to break the tie. If there is no agreement on the appointment of this 15th member, then an application may be made to the Chief Justice of the Court of Queen's Bench. These mechanisms ensure that any deadlocks can be resolved. In addition, there are some benefits (such as the conditional indexing) and some contribution rates changes that are intended to operate automatically without a formal decision being made by the Sponsor Board. In these cases, the Sponsor Board Chair is required to take the necessary actions to effect any contribution rate or benefit changes triggered under the listed sections of the Funding Policy that allow for this.

In terms of powers and duties of the Sponsor Board, the Sponsorship Agreement sets these out. As mentioned above, one of the primary and most important duties is to make decisions regarding the Plan text and the Funding Policy which includes making decisions as to any benefit changes. In addition to the above, the Sponsor Board shall also provide input into the actuarial methods, assumptions and margins as well as review all reports on the Plan prepared by the actuary.

There are also provisions allowing for funding to be provided to the Civic Pension and Benefits Committee relating to the Committee's duties and obligations under the Plan. This is limited to

\$25,000 per year for the purpose of retaining advisors or such other expenses as are authorized by the Administrative Board.

The Sponsorship Agreement also includes provisions which set out how the expenses for the Sponsor Board will be dealt with, how the Sponsor Board will operate (e.g., appointing a secretary, process of setting up a meeting, frequency of meetings, procedure during meetings, documenting decisions), as well as liability of Sponsor Board members. The Agreement specifies that none of the Participating Employers nor the Civic Pension and Benefits Committee have the obligation to indemnify the Sponsor Board members for any liability arising out of the member's actions or omissions as a Sponsor Board member. The Agreement also provides for how the Sponsorship Agreement may be amended. It may be amended only by agreement of the City and the Civic Pension and Benefits Committee. In considering the amendments the City is required to exercise its authority in accordance with the Participating Employers' Agreement.

Plan Text

One of the main functions of the Sponsor Board is to make any necessary changes to the Plan text. The Plan text sets out all of the pension benefits that are provided to members under the Plan. The Plan text that is appended to the Sponsorship Agreement looks very similar to the provisions of Bylaw 3125 in that a full rewrite of the Plan to modernize the language has not been undertaken at this time. This will be one of the duties that the Sponsor Board will work on with the Administrative Board early on in its tenure.

The Plan text that is appended to the Sponsorship Agreement contains the benefits from Bylaw 3125 except where benefit changes were agreed to by the parties as well as some regulatory changes that were requested by the Superintendent and some housekeeping changes. The following describes the changes made in the Plan text that differ from what was contained in Bylaw 3125.

- **Governance Changes** - There are governance provisions in Bylaw 3125 that establish the Civic Pension and Benefits Committee and its composition, set out the process for appointments to the Administrative Board and set out the powers of the Administrative Board. All of these areas are now provided for in the Sponsorship Agreement, Trust Agreement or the terms of reference for the Civic Pension and Benefits Committee and therefore were not needed in the Plan text so they have been removed from the Plan text.
- **Amendment to the Plan text** – The power to amend the Plan text has been changed from what existed in Bylaw 3125. The provision in Bylaw 3125 requires the following in order to amend the Plan: a report on the amendment from a qualified actuary as well as the consent of a majority of members of the Pension and Benefits Committee in addition to Council approval. With the new governance structure, the Plan text can now be amended by the Sponsor Board so this is now reflected in the Plan text.
- **Benefit Reductions** –The following benefit changes/reductions are included in the Plan text:
 - **Retirement Eligibility Calculation (Change to Rule of 85)** - To receive an unreduced, or full pension, a member must be 55 years of age or older, and the

member's age plus years of service total 85 or more (the current Plan provision is Rule of 80). An exception will be provided for a member who, within three years of the implementation date of the changes, would be 55 or older, and the member's age plus years of service total 80 or more. Employees do not automatically move from Rule of 80 to Rule of 85, as of the implementation date. Their years of service before the effective date are used in a calculation with the Rule of 80, and their years after the effective date are used in a calculation with the Rule of 85.

- **Cost of Living Adjustment (COLA)** - The current pension benefit is adjusted to reflect a cost of living factor. This benefit will change from a guaranteed benefit to one that is conditional on the Plan's financial health and on the rate of return earned on the fund. The Plan text provides that this conditional benefit will be determined in accordance with the provisions of the Funding Policy and there is a schedule to the Plan text that will include a listing of all changes to the conditional indexing benefits. The Funding Policy sets out phases depending on if special payments are required and sets out the investment return requirements and financial stability requirements that must be met before indexing will be provided. Phase 1 or 2 apply depending on whether special payments are required. In phase 1, the conditional indexing is based on year to year rates of investment returns in excess of the discount rate. In phase 2 the indexing is based on an annualized five year average rate of return in excess of the discount rate. For phases 1 and 2 there are both solvency ratio and going concern ratios that must be met prior to conditional indexing being provided. Phase 3 applies where special payments are no longer required. Phase 3 is not based on investment returns but requires a notional fund to be set up so that 1% of salary may be set aside to use for indexing where no special payments are being made. In years where special payments are required, the 1% is used to pay for that instead. Phase 3 is subject to a solvency ratio being met prior to this benefit being provided.
- **Final Average Earning Calculation**- The final average earning calculation will change from the average of the highest three consecutive years of earnings to the average of the highest five consecutive years of service. For employees with service before and after the amendment date, two calculations will be done. In the first calculation the average of the highest three consecutive years of earnings earned prior to retirement will be applied to years of service prior to the implementation date. In the second calculation the average of the highest five consecutive years of earnings earned prior to retirement will be applied to years of service after the implementation date. The Plan text includes a provision that provides for the possibility of the final average earnings to be restored to three years or an earnings formula between three and five years (for future service) where the conditions in the Funding Policy have been met. This determination of the earnings formula is made by the Administrative Board based on the actuarial valuation and may occur where the pre-amendment deficit is eliminated and where the restoration can be paid for through a contribution rate increase up to an additional 0.4% of salary. Where the additional current service cost exceeds 0.4% of salary, the Plan shall be required to continue with the five year formula or a

lesser highest earnings formula that ensures compliance with the 0.4% of salary maximum.

- **Removal of Overtime** – The definition of “salary” in the Plan text excludes overtime from an employee’s salary after December 31, 2015. This means that overtime pay will no longer be included in pensionable earnings after the date of implementation. This change will not affect pensionable earnings earned prior to January 1, 2016. To ensure this, when a member terminates or retires two final average earnings calculations will be done. The first calculation will be based on the highest 3 consecutive year earnings prior to retirement and the second calculation will be based on the highest 5 consecutive year earnings prior to retirement. For both these calculations, earnings will only include overtime where the highest 3 or 5 consecutive years occurred prior to the amendment date. For all years of service after the amendment date, only salary excluding overtime will be considered when determining which years the employee earned the highest salaries.
- **Contribution rates-** The Plan text provides that contribution rates paid by employers and employees will be determined in accordance with the Funding Policy. The initial rates listed in the Funding Policy are those provided for in the 2014 valuation. Participating employers will contribute 10.9% of salary (blended rate) and the members will contribute 9.8% of salary (blended). Changes to these rates will be listed in a schedule to the Plan text. The Funding Policy provides that the employers and members will contribute equal amounts in respect of the current service costs of benefits. In respect of costs related to the pre-amendment deficit (the going concern deficit as determined as of January 1, 2016) the employers are responsible for 60% of those costs and members are responsible for 40%. The costs of any deficiency arising in respect of liabilities accrued after January 1, 2016 including any increase in the pre-amendment deficit are to be split equally between employers and members.
- **Postponed retirement** – Bylaw 3125 does not allow employees to work and contribute to the Plan past the normal retirement age, which is 65. The Plan text includes a provision which allows for the ability to postpone retirement past the normal retirement age. Subject to each individual employer’s approval, where an employee continues in his or her employment past his or her normal retirement age, he or she would have the option to either continue to contribute to the Plan and continue to accrue benefits in respect of service beyond his or her normal retirement date or to commence his or her pension and stop contributing to and accruing benefits under the Plan. This is subject to any restrictions imposed pursuant to the *Income Tax Act*. Where an employer approves a member’s ability to continue in employment and to continue contributing to the Plan and accruing benefits, this approval applies to all members employed by that employer.
- **Withdrawal of employer and employee groups-** Bylaw 3125 does not contain any process to be followed where an employer wishes to remove an employee group from the Plan. To address this gap, the Trust Agreement provides authority for the Administrative Board to determine and impose terms and conditions with respect to the withdrawal of or termination of participation in the Plan of all or part of an employer group, bargaining unit or other identifiable group of employees. This includes the power to require

payments to be made by the employer of the withdrawing or terminated group of any amounts required to ensure that the withdrawal or termination does not leave unfunded liabilities or solvency deficiencies in the Plan. This power is referenced in the Plan text but is set out in more detail in the Trust Agreement. The Administrative Board is required to consult with the parties on the process for withdrawal and to establish a policy governing withdrawals and terminations no later than July 1, 2016.

- **Changes made to comply with *The Pension Benefits Act, 1992* and *The Pension Benefits Regulations, 1993*** – There were a number of provisions in Bylaw 3125 that were not consistent with or in compliance with *The Pension Benefits Act, 1992* and *The Pension Benefits Regulations, 1993*. These provisions have been changed in the new Plan text. Most of the changes were made to ensure pre-retirement and post-retirement survivor benefits are consistent with the legislation.
- **Housekeeping Changes** – There were a number of references and provisions in Bylaw 3125 that were out of date or were no longer applicable. Given this, these things have been changed in the Plan text. For example, legislative references have been updated, the definition of actuary has been updated, provisions have been removed that are no longer applicable to employees, terminated persons, pensioners or survivors (i.e. war service pensions, supplemental annuity trust account, old special payment schedules, installment payments of refunds, references to the Pension Investment Board which was disbanded, and pensions under former bylaws) and provisions relating to small pensions have been updated. Further, the definition of salary has been updated to allow for retroactive payments. The definition of salary in the Plan text allows for the ability to adjust the benefits payable to a former member in those cases where the employer remits the appropriate pension contributions on behalf of the former member on any retroactive payments that are made as a result of settlement of a collective agreement. Another change is to the definition of City and the references to the City. This definition now specifically refers only to the City of Regina and a new definition of “Participating Employer” has been introduced to recognize the other employers in the Plan. This term has been added throughout the Plan text where applicable.

Funding Policy

As mentioned above one of the most important duties of the Sponsor Board is to make decisions regarding contribution rates and benefit changes. The Funding Policy plays a key role in this as it sets out the framework for the financial management of the Plan by setting out the timing and actions that must be taken depending on the financial position of the Plan. For example, the Funding Policy sets out a deficit management procedure which requires that certain actions (which includes contribution rate increases and benefit reductions) be taken when an actuarial report identifies specific contribution rate thresholds. The following is an explanation of this procedure:

- Where there is a pre-amendment deficit (i.e. the going concern deficit for the Plan as of January 1, 2016) that is being paid down through special payments these contribution rate thresholds are 20.7%, 23.1%, and 24.1% of salary.
 - If a future valuation shows that a combined total employer and member contribution obligation above 20.7% of salary (blended) but less than or equal to 23.1% of salary

- would be required, both employer and member contribution rates will be required to be increased to a maximum employer rate of 12.1% of salary (blended) and a maximum member rate of 11% of salary (blended).
- The next total contribution rate threshold is where the required total rate is greater than 23.1% of salary and equal to or less than 24.1% of salary. Where this occurs, the rate increase will be met by increasing contribution rates so the total is sufficient to pay two-thirds of the contribution rate in excess of 23.1% of salary and then in addition temporary benefit reductions would be implemented on future service sufficient to reduce contributions by one-third of the rate in excess of 23.1% of salary.
 - The last threshold is where the required total rate is greater than 24.1% of salary. In this case, then the rate increase will be met by increasing contribution rates so the total is sufficient to pay one-half of the contribution rate in excess of 24.1% of salary and then temporary future benefit reductions would also be made to reduce contributions by one-half of the rate in excess of 24.1% of salary.
- The intent of the above is that it be applied in sequential stages and that where there is a substantial increase in contribution rates that would be required that each stage be applied in order. All decisions as to which benefits to be reduced would be made by the Sponsor Board. However, where changes to contribution rates are required, these would happen automatically through the operation of the deficit management procedure.
 - Where the pre-amendment deficit has been paid, the following different contribution thresholds are used: 21%, and 22% of salary.
 - If a future valuation shows that a combined total employer and member contribution obligation less than or equal to 21% of salary (blended) would be required, both employer and member contribution rates will be required to be increased to a maximum employer rate of 10.5% of salary (blended) and a maximum member rate of 10.5% of salary (blended).
 - The next total contribution rate threshold is where the required total rate is greater than 21% of salary and equal to or less than 22% of salary. Where this occurs, the rate increase will be met by increasing contribution rates so the total is sufficient to pay two-thirds of the contribution rate in excess of 21% of salary and then in addition temporary benefit reductions would be implemented on future service sufficient to reduce contributions by one-third of the rate in excess of 21% of salary.
 - The last threshold is where the required total rate is greater than 22% of salary. In this case, then the rate increase will be met by increasing contribution rates so the total is sufficient to pay one-half of the contribution rate in excess of 22% of salary and then temporary future benefit reductions would also be made to reduce contributions by one-half of the rate in excess of 22% of salary.
 - The intent of the above is that it be applied in sequential stages and that where there is a substantial increase in contribution rates that would be required that each stage be applied in order. All decisions as to which benefits to be reduced would be made by the Sponsor Board. However, where changes to contribution rates are required, these would happen automatically through the operation of the deficit management procedure.

There is also a process set out in the Funding Policy for reinstating benefits that have been temporarily reduced under the deficit management procedure where certain conditions are met and where certain contribution rate thresholds can be maintained. The Sponsor Board makes decisions in this regard where more than one benefit has been reduced as they would need to

decide which benefit to reinstate. There is also a specific process for restoring the final average earnings to three years or an earnings formula between three and five years (for future service) where the conditions in the Funding Policy have been met. The Sponsor Board is also required to make decisions with respect to any Plan surplus. The triggering event for this is where the going concern funded ratio of the Plan exceeds 115% and the combined employer and employee contribution rates equal or exceed the contributions required to fund the current service cost in respect of future service benefits. Where this is triggered the Sponsor Board is required to make a decision as to whether to reduce contribution rates, improve benefits or allow the surplus to continue where allowed by law.

In addition to setting out when and how decisions will be made as to any benefits changes, the Funding Policy also operates as a guidance document for the Sponsor Board and Administrative Board in that it identifies the funding objectives for the Plan as well as the key risks and risk management process for the Plan.

The Trust Agreement

The Trust Agreement is the primary governance document that applies to the Administrative Board which is the fiduciary for the Plan.

As the fiduciary, the standard of care for members of the Administrative Board is set out in the Trust Agreement. The standard of care requires them to act honestly and in good faith with a view to the best interests of all persons who are entitled to benefits in the Plan. This means that members cannot act to further their own interest or one group's interests in the Plan and are therefore not there to represent the employers or employees in the Plan. Further the members of the Administrative Board are required to exercise the care diligence and skill that a reasonably prudent person would exercise. Finally, the members of the Administrative Board are required to ensure that the Plan is administered in accordance with *The Pension Benefits Act* and *Regulations* as well as the Trust Agreement and terms of the Plan text.

The Trust Agreement sets out the composition and structure of the Administrative Board. The Administrative Board consists of 12 members with six of the members being appointed by the City on behalf of the employers and the other six being appointed by the Civic Pension and Benefits Committee. The City's appointment of the members to the Administrative Board must be in accordance with the Participating Employers' Agreement. Further detail as to this agreement is set out below.

Individuals who are members of the Sponsor Board are not eligible to be appointed to the Administrative Board. There are provisions that describe how alternates to the Administrative Board are to be dealt with as well as the process to be followed where a member of the Administrative Board resigns, is removed or dies. The initial Administrative Board members are required to sign the Trust Agreement. Successor appointed members are required to sign an Acceptance of Trust document attached to the Trust Agreement.

Provisions relating to meetings, chairpersons, vice-chairpersons, quorum and voting are set out in the Trust Agreement. Quorum for meetings is eight members and the votes of the majority of members present govern except for certain specified decisions. An affirmative vote of at least eight members of the Administrative Board is required for the passing of any motion related to

the management of the trust fund; any amendment to an existing policy and any adoption of a new policy related to the Trust Fund.

The Trust Agreement sets out the scope of the Administrative Board's duties and powers. Some of the duties and powers include the following: generally supervising and administering the Plan (which would include collecting contributions, calculating and paying benefits as well as filing any reports and documents required by the Superintendent of Pensions); engaging any experts needed to assist in the administration of the Plan including the management and investment of the assets of the Trust Fund; acting as an advisor to the Sponsor Board where requested; implementing and complying with the Funding Policy; creating and defining employee classes; imposing terms and conditions with respect to the addition of, withdrawal of or termination of all or part of an employer group, bargaining unit or other identifiable group of employees; establishing a withdrawal policy; managing and investing the assets of the Trust Fund; attending any meetings with the Sponsor Board; providing actuarial reports or other reports to the Sponsor Board; appointing custodians of the Trust Fund; keeping complete and accurate accounts for the Trust Fund; creating investment policies and procedures; monitoring investment of the trust Fund; establishing and accumulating any reserve funds required; monitoring and reviewing any service providers hired; establishing and overseeing communications strategies; maintaining the Plan text; authorizing the expenses of the Civic Pension and Benefits Committee; and filing all Plan amendments. In addition to the above, one of the most important duties of the Administrative Board is the appointment of the actuary for the Plan. The actuary performs the actuarial valuations of the assets and the liabilities, recommends the amount of contributions required to be made and advises if any of the funding thresholds set out in the Funding Policy have been exceeded and if so advises on the options available.

The Trust Agreement also sets out the budget and expenses as well as the procedural operations (e.g., appointing a secretary, process of setting up a meeting, frequency of meetings, procedure during meetings, documenting decisions) for the Administrative Board. Other important areas that are covered under the Trust Agreement include the indemnification and limitation of liability provisions. Administrative Board members are indemnified out of the Trust Fund for the Plan against all costs, charges and expenses incurred including amounts to settle a legal action where the Administrative Board member acted in accordance with the standard of care and where in the case of an administrative or criminal proceeding, the member had reasonable grounds for believing that his or her conduct was lawful. Plan termination is another area that is covered in the Trust Agreement. Only the Sponsor Board has the authority to terminate the Plan. The Agreement also provides for how the Trust Agreement may be amended. It may be amended only by agreement of the City and the Civic Pension and Benefits Committee. In considering the amendments the City is required to exercise its authority in accordance with the Participating Employers' Agreement.

Participating Employers' Agreement

As mentioned above, the Participating Employers' Agreement is an agreement between all the employers in the Plan that sets out the appointment and removal process for both the Sponsor Board and the Administrative Board as well as a process for amending the Sponsorship, Trust and Participating Employers' Agreements. In terms of appointment and removal, the Agreement provides that the City shall appoint the seven employer representatives to the Sponsor Board as follows:

- The City shall select two voting representatives and one retiree non-voting representative;
- The Regina Qu'Appelle Regional Health Authority shall select two voting representatives;
- The Board of Education of the Regina School Division No. 4 of Saskatchewan shall select one voting representative;
- The Regina Public Library Board shall select one voting representative;
- The selection of one voting representative shall rotate between Buffalo Pound Water Administration Board and EPCOR Water Prairies Inc. in that order.

The appointments for all of these are for two and three year terms, except the rotating member is only for a two year term. Where the term of a representative that has been appointed expires, or he or she resigns, is removed or dies, the participating employer that selected the member shall select a replacement except where the appointment is of a rotating member and the term expires. In that case the next employer selects the representative.

In terms of appointment to the Administrative Board, the City is required to appoint six members (all voting members) as follows:

- The City shall select two representatives;
- The Regina Qu'Appelle Regional Health Authority shall select two representatives;
- The Board of Education of the Regina School Division No. 4 of Saskatchewan shall select one representative;
- The Regina Public Library Board shall select one representative;

Where the term of a representative that has been appointed expires, or he or she resigns, is removed or dies, the participating employer that selected the member shall select a replacement.

In terms of making amendments to the Sponsorship and Trust Agreements, these agreements can only be amended by agreement between the City and the Pension and Benefits Committee. As the City is not the only employer in the Plan, there was a need to ensure that the City would not agree to any amendment unless the amendment was agreed to by a majority of the participating employers. It provides that there must be an agreement of at least an arithmetic majority of the participating employers, where such majority includes each participating employer that employs at least 33% of active members. There are some exceptions to this requirement where an amendment is necessary to comply with law or is requested by the regulator. A similar process is outlined for amendments to the Participating Employers' Agreement. A dispute resolution mechanism is also provided for in the Agreement.

Regulatory Changes to *The Pension Benefits Regulations, 1993*

In order to implement the Plan changes, amendments to *The Pension Benefits Regulations 1993* are required. The Superintendent of Pension's Office has consulted with the parties on the changes to these regulations. While it is anticipated that the regulations will be considered in October by the Government of Saskatchewan, at the time of filing this report, the exact timeline was unknown.

The required changes to *The Pension Benefits Regulations, 1993* relate to the funding requirements. Normally, defined benefit pension plans are required to comply with both going concern funding requirements and solvency funding requirements. For the going concern part of the valuation the actuary must compare the plan's going concern assets to its going concern liabilities, as accrued to the date of the review. If the liabilities exceed the assets, then the plan is said to have an unfunded liability. Normally, unfunded liabilities must be amortized at least monthly in equal amounts over a period not exceeding 15 years from the review date relating to the establishment of the unfunded liability.

In contrast, the solvency part of the valuation assumes that the plan has terminated at the review date. In examining the solvency of a plan, the actuary must compare the plan's liabilities determined on a plan termination basis to the value of solvency assets. Normally, solvency deficiencies must be amortized at least monthly in equal amounts over a period not exceeding 5 years from the review date relating to the establishment of the solvency deficiency.

In 2013, *The Pension Benefits Regulations, 1993* were amended to allow some public sector plans to deviate from the normal solvency funding requirements. In general, these new rules provide that no solvency payments are required. However, unfunded liabilities with a review date post December 31, 2012 are required to be amortized over 10 years. This was done to mitigate the risk associated with the absence of solvency funding. Another way of mitigating the risk was that with the absence of solvency funding, benefit improvements are restricted in that they are not allowed where the benefit improvement would cause the solvency ratio to fall below 0.90. In order to take advantage of the relaxation of the solvency funding requirements, public sector plans had to be designated as a "specified plan" in the Regulations. The Plan was not listed as a specified plan at that point in time because of its financial difficulties and problematic governance structure.

With the changes proposed to the Plan, the Superintendent's Office has advised that it is willing to recommend amendments to *The Pension Benefits Regulations, 1993* to adjust the funding requirements. It is the City Administration's understanding that the Superintendent's Office is recommending proposed amendments to the Government that provide that no solvency payments are required to be made and that allow for a 20 year amortization period for any unfunded liabilities established as of December 31, 2014.

In addition to the above, it is the City Administration's understanding that the Superintendent's Office is recommending proposed amendments that will restrict the parties from increasing benefits where the benefit improvement would cause the solvency ratio to fall below 0.90. There may also be additional requirements or restrictions.

While the Superintendent's Office has discussed these proposed amendments with the parties, only the Government has the authority to amend the regulations. As the Government has not made a decision regarding the proposed amendments, it is possible that the final regulations will differ from what was discussed with the parties.

Employee Communications and Administrative Systems Changes

Communicating the Plan changes to employees is another important part of the implementation plan. To ensure that employees have a solid understanding of the negotiated Plan changes, the employers with the support of the Pensions and Disability Administration staff and the Pension and Benefits Committee set up 12 pension information sessions between August 18, 2015 and September 15, 2015. These sessions were scheduled at a variety of locations and times to ensure maximum employee participation. Where individual employees who are close to retirement had specific questions relating to the Plan changes, they were directed to contact the Pension and Disability Administration staff.

The payroll and pension administration systems are highly dependent on information technology. There are a number of system changes at both the employer and the Plan level that are required in order to implement the Plan changes. The parties are currently working on these changes and will be in a position to ensure that the systems are ready prior to January 1, 2016.

RECOMMENDATION IMPLICATIONS

Financial Implications

The changes to the pension plan result in a slight increase in cost for the City of Regina. The increased contribution rates have been incorporated in the 2016 budget process.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The changes to the Plan are expected to meet the requirements of the Superintendent of Pensions, meet the needs of the employers and protect the interests of retirees, employees and taxpayers.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A Communication Plan was implemented to ensure that Plan members were advised of the Plan changes.

DELEGATED AUTHORITY

The recommendations in this report are within the authority of City Council.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Byron Werry', with a large, stylized loop at the end.

Byron Werry, City Solicitor
Office of the City Solicitor

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Ed Archer', with a stylized 'E' and 'A'.

Ed Archer, Interim City Manager and
Chief Administrative Officer

The Regina Civic Employees' Superannuation and Benefit Plan (Plan)

Valuation Results as at December 31, 2014

August 2015

Going-Concern Financial Position

	Best Estimate Basis Dec. 31, 2013	Best Estimate Basis +10% Margin Dec. 31, 2013	Best Estimate Basis Dec. 31, 2014	Best Estimate Basis +11.6% Margin Dec. 31, 2014
Assets				
Market value of invested assets	\$1,110,155,000	\$1,110,155,000	\$1,226,583,000	\$1,226,583,000
Actuarial Liabilities				
Active members	\$ 643,818,000	\$ 643,818,000	\$ 628,760,000	\$ 628,760,000
Pensioners and survivors	573,378,000	573,378,000	643,595,000	643,595,000
Deferred pensioners	14,711,000	14,711,000	11,314,000	11,314,000
Disabled members receiving payments	536,000	536,000	492,000	492,000
Transfer deficiencies	4,071,000	4,071,000	6,515,000	6,515,000
Margin	0	123,244,000	0	149,248,000
Total actuarial liabilities	\$1,236,514,000	\$1,359,758,000	\$1,290,676,000	\$1,439,924,000
Surplus/(Unfunded Liability)	\$ (126,359,000)	\$ (249,603,000)	\$ (64,093,000)	\$ (213,341,000)
Margin as % of Best Estimate Basis Liabilities	0%	10%	0%	11.6%
Funded ratio	90%	82%	95%	85%
Current service cost¹ - percentage of earnings	16.6%	18.2%	13.7%	15.2%

¹ Includes administration expenses

Change in Going-Concern Financial Position (Best Estimate Basis)

Surplus/(unfunded liability) at December 31, 2013	\$ (126,359,000)
Expected interest	(8,466,000)
Special payments with interest	<u>6,822,000</u>
Expected surplus/(unfunded liability) at December 31, 2014	\$ (128,003,000)
Increases	
Investment returns greater than expected	52,805,000
Gain due to removal of overtime earnings	18,183,000
Gain due to active decrement experience	2,826,000
Gain due to indexation less than expected	1,334,000
Gain due to mortality experience	235,000
Decreases	
Change in assumptions	
o Discount rate	(15,249,000)
o Retirement rates	<u>5,813,000</u>
o Total	(9,436,000)
Loss due to salary increases greater than expected	(2,037,000)
Surplus/(unfunded liability) at December 31, 2014	(64,093,000)

Net Rates of Return (net of investment related expenses)

Year	Market Value
2013	12.8%
2014	11.5%

Hypothetical Wind-up Financial Position

	Dec. 31, 2013	Dec. 31, 2014
Assets		
Market value of invested assets	\$ 1,110,155,000	\$ 1,226,583,000
Wind up expenses	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Adjusted Assets	\$ 1,107,655,000	\$ 1,224,083,000
Liabilities		
Active members	\$ 701,597,000	\$ 803,967,000
Pensioners and survivors	784,026,000	979,451,000
Deferred pensioners	25,703,000	25,711,000
Disabled members receiving payments	615,000	575,000
Transfer deficiencies	<u>4,071,000</u>	<u>6,515,000</u>
Total solvency liabilities	\$ 1,516,012,000	\$ 1,816,219,000
Hypothetical wind-up surplus / (deficiency)	\$ (408,357,000)	\$ (592,136,000)
Hypothetical wind-up ratio	73%	67%

Solvency Financial Position

	Dec. 31, 2013	Dec. 31, 2014
Assets		
Market value of invested assets	\$ 1,110,155,000	\$ 1,226,583,000
PV of special payments for 2009 unfunded liability	116,363,000	0
PV of special payments for 2010 unfunded liability	377,000	0
PV of special payments for 2012 unfunded liability	13,422,000	0
PV of special payments for 2012 solvency liability	278,195,000	0
PV of special payments for 2014 unfunded liability	0	70,884,000
Wind up expenses	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Adjusted Assets	\$ 1,516,012,000	\$ 1,294,967,000
Liabilities		
Active members	\$ 701,597,000	\$ 803,967,000
Pensioners and survivors	784,026,000	979,451,000
Deferred pensioners	25,703,000	25,711,000
Disabled members receiving payments	615,000	575,000
Transfer deficiencies	<u>4,071,000</u>	<u>6,515,000</u>
Total solvency liabilities	\$ 1,516,012,000	\$ 1,816,219,000
Solvency surplus / (deficiency)	\$ 0	\$ (521,252,000)
Solvency ratio	73%	67%

Contribution Requirements

The following tables summarize the contribution requirements for the three (3) year period starting January 1, 2015 based on an 11.6% margin:

	Best Estimate Basis +11.6% Margin - Dec. 31, 2014					
	2015		2016		2017	
	Annual Dollar Amounts	% of Pensionable Earnings	Annual Dollar Amounts	% of Pensionable Earnings	Annual Dollar Amounts	% of Pensionable Earnings
Best estimate current service cost	\$ 41,285,000	15.9%	\$ 34,345,000	13.3%	\$ 35,684,000	13.3%
Administrative expenses	1,298,000	0.5%	1,033,000	0.4%	1,073,000	0.4%
Margin on current service cost	<u>4,933,000</u>	<u>1.9%</u>	<u>3,873,000</u>	<u>1.5%</u>	<u>4,025,000</u>	<u>1.5%</u>
Total current service cost	\$ 47,516,000	18.3%	\$ 39,251,000	15.2%	\$ 40,782,000	15.2%
Special payments ²	\$ 7,790,000	3.0%	\$ 14,203,000	5.5%	\$ 14,757,000	5.5%
Total minimum contribution requirements	\$ 55,306,000	21.3%	\$ 53,454,000	20.7%	\$ 55,539,000	20.7%
Estimated Pensionable Earnings ³	\$ 259,653,000		\$ 258,231,000		\$ 268,302,000	
Blended Employer Contribution Rate		10.65%		10.9%		10.9%
Blended Employee Contribution Rate		10.65%		9.8%		9.8%
Integrated Employer Contribution Rate		9.42% / 13.96%		9.8% / 14.6%		9.8% / 14.6%
Integrated Employee Contribution Rate		9.42% / 13.96%		8.8% / 13.1%		8.8% / 13.1%

² Amortization schedule based on the anticipated, not yet final, changes to regulations as outlined in the Observations and Commentary section of this discussion note.

³ Estimated annualized pensionable earnings, includes overtime earnings for 2015, but excludes overtime earnings for 2016 and 2017.

Reconciliation of Current Service Cost (Best Estimate)

As at December 31, 2013	16.6%
Plan experience	(0.1%)
Assumption Changes	
• Discount rate	0.3%
• Retirement rates	(0.4%)
Plan Changes	
• Removal of overtime earnings	0.1%
• Final average 5 earnings	(0.8%)
• Rule of 85	(0.4%)
• Removal of guaranteed indexing	<u>(1.6%)</u>
As at December 31, 2014	13.7%

Observations and Commentary

The primary purpose of this discussion note is to summarize the Plan's financial position as at December 31, 2014 on a going-concern basis, solvency basis and hypothetical windup basis. In particular, our analysis has not been prepared for the purpose of forming a formal actuarial opinion on the Plan's financial position or its funding requirements at December 31, 2014. Furthermore, this discussion note does not constitute what is known as an *external user report* under the Canadian Institute of Actuaries standards of practice. The information contained in this discussion note was prepared for the internal use of the Administrative Board of the Plan only. The content of this discussion note should not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Aon Hewitt's permission.

The last actuarial valuation report and corresponding funding recommendation that was filed under The Pension Benefits Act, 1992 (Saskatchewan) (the "Act") and the Income Tax Act was prepared as at December 31, 2012 by Mercer, dated January 2014. An interim valuation was prepared as at December 31, 2013 and summarized in a discussion note prepared by Aon Hewitt dated October 2014. The results in this discussion note have been reconciled with the discussion note as at December 31, 2013. The December 31, 2014 valuation results were based asset information, membership data and actuarial assumptions and methods as summarized in this discussion note. A summary of the plan provisions, before any plan changes effective January 1, 2016, can be found in Mercer's valuation report as at December 31, 2012, dated January 2014.

The following observations and commentary can be made in relation to the results contained in this discussion note:

Proposed Plan Changes

- The results contained in this discussion note are based on the Memorandum of Understanding (MOU) signed in November 2014. More specifically as it relates to the December 31, 2014 valuation results the following changes have been reflected:
 - The following benefit changes are included in the results disclosed in this document:
 - Eligibility for an unreduced pension – The "Rule of 80" is changed to "Rule of 85"
 - Cost of living adjustments – Cost of living adjustments for service earned after 2015 are conditional rather than guaranteed
 - Highest average earnings – The current 3 year averaging period is increased to 5 years
 - Definition of Salary – Overtime is removed from the definition of Salary
 - The cost sharing arrangement was changed to such that 60% of the consolidated unfunded liability as at December 31, 2014 would be funded by the employers and 40% would be funded by employees. This is a change from the current 50/50 cost sharing arrangement.

Further detail regarding the proposed plan changes can be found in the MOU and related documents and in Appendix E of this discussion note.

Anticipated Regulation Changes

- In order to enact the tentative agreement reached by the parties, changes to the Pension Benefits Regulations, 1993 (Saskatchewan) (the “Regulations”) will be required. In particular, the Regulations will need to be amended to reflect:
 - The consolidation of all existing amortization schedules as at December 31, 2014;
 - An amortization period of 20 years for the consolidated unfunded liability starting January 1, 2016; and
 - The Plan being designed a “Specified Plan” to exempt the Plan from solvency funding.

The minimum funding requirements shown in this discussion note reflect the anticipated Regulation changes outlined above.

Going-Concern Basis

- The going-concern results contained in this discussion note have been presented under two different assumptions bases (i.e. Best Estimate and Best Estimate Basis plus 11.6% Margin). The last actuarial valuation was based on a Best Estimate Basis plus 10% Margin.
- Membership data was compiled as at December 31, 2014 and provided by the City of Regina Pension and Disability Administration. The relevant data required as of December 31, 2014 to carry out this valuation was extracted from these records. The data was checked for consistency with the previous valuation, general reasonableness, internal consistency, and reconciled with the previous valuation’s membership data. Any notable discrepancies were brought to the Pension and Disability Administration’s attention. The Pension and Disability Administration has confirmed the membership data disclosed in this document is accurate and complete.
- The Best Estimate Basis from the valuation as at December 31, 2013 was reviewed for appropriateness and, based on this review, the following changes were proposed:
 - Discount rate – Decrease in discount rate from 6.7% per annum to 6.6% per annum
 - Retirement rates – Given the proposed changes to the early retirement eligibility provision (i.e. rule of 80 changing to the rule of 85 for service accrued on or after January 1, 2016, subject to certain grandfathering provisions), it is anticipated that over time, active members will delay their retirement from the Plan. In order to reflect the impact this change would have on the retirement behavior of active members, the retirement assumption was modified such that retirement rates are expected to gradually change. Further detail on the retirement assumption can be found in Appendix A of this discussion note.

Hypothetical Wind-up and Solvency

- The hypothetical windup valuation is a financial assessment of the Plan based on the premise that benefits are settled on the valuation date for all members. It is noted that the solvency financial position is the same as the hypothetical financial position with the exception that the solvency financial position includes the present value of any required special payments over the next five (5) years.
- Given the anticipated changes to the Regulations, no solvency funding will be required.

Conclusions

- In our letter dated October 17, 2014 to the Board chair, we estimated that an average contribution rate of 20.7% (10.9% employer and 9.8% employee) would be required to support a 10% margin in the going-concern balance sheet as at December 31, 2014. This estimate was based on:
 - Membership data up to December 31, 2013 (note that a split of overtime earnings was not provided);
 - Actual asset data at August 31, 2014 extrapolated to December 31, 2014 assuming a 0% rate of return from September 1, 2014 to December 31, 2014; and
 - Actuarial assumptions and methods as approved by the Trustees in February of 2015.

We note that the actual results in this discussion note revealed a slight gain resulting in a margin of 11.6% being supported by an average contribution rate of 20.7% of earnings.

Appendix A: Summary of Going-Concern Assumptions

	Best Estimate Basis December 31, 2013	Best Estimate Basis December 31, 2014
Demographic		
Mortality	CPM Private Table with improvement scale CPM-B	CPM Private Table with improvement scale CPM-B
Termination of employment rates	Table based on age (gender specific)	Table based on age (gender specific)
Proportion of terminations assumed to elect a commuted value	75% elect a CV, calculated with a 4.0% Discount Rate	75% elect a CV, calculated with a 4.0% Discount Rate
Retirement (active members)	One year after earliest age at which an unreduced pension is payable, but no later than age 65	Modified, See below
Retirement (disabled members)	100% at age 65	100% at age 65
Retirement (deferred members)	Earliest age which an unreduced pension is payable	Earliest age which an unreduced pension is payable
Disability	Nil	Nil

Appendix A: Summary of Going-Concern Assumptions

	Best Estimate Basis December 31, 2013	Best Estimate Basis December 31, 2014
Economic		
Discount rate (net of all expenses)	6.7%	6.6%
Inflation	2.5%	2.5%
Explicit expenses	3.0% of total current service cost	3.0% of total current service cost
Interest credited on employee contributions	3.3%	3.3%
YMPE increase	3.0%	3.0%
General earnings increase	3.9% per annum	3.9% per annum

Appendix A: Summary of Going-Concern Assumptions

	Best Estimate Basis December 31, 2013	Best Estimate Basis December 31, 2014
Economic		
Seniority, merit and promotion increase	Table based on age	Table based on age
Post retirement pension increases	1.25%	1.25%
Increase in Plan's maximum pension limit	\$2,770.00 in 2014, and 3.0% increase per annum thereafter	\$2,818.89 in 2015, and 3.0% increase per annum thereafter
Other		
Investment Expenses	Included in discount rate (35 bps)	Included in discount rate (35 bps)
Actuarial cost method	Projected Unit Credit cost method	Projected Unit Credit cost method
Asset valuation method	Market Value	Market Value

Appendix A: Summary of Going-Concern Assumptions

Active Retirement Rates

Prior to January 1, 2023	January 1, 2023 to December 31, 2029	After December 31, 2029
Earlier of:	Earlier of:	Earlier of:
<ul style="list-style-type: none"> Age 65 and One year after 35 years of service; and One year after age plus service equals 80 (no earlier than 55) 	<ul style="list-style-type: none"> Age 65 and One year after 35 years of service; and One year after age plus service equals 82.5 (no earlier than 55) 	<ul style="list-style-type: none"> Age 65 and One year after 35 years of service; and One year after age plus service equals 85 (no earlier than 55)

Appendix B: Summary of Hypothetical and Solvency Assumptions

	December 31, 2013	December 31, 2014
Economic		
Transfer value basis	2.3% for 10 years and 3.4% thereafter	1.9% for 10 years and 2.7% thereafter
Annuity purchase basis	2.0%	1.05%
General salary scale	Nil going forward, actual earnings used for past	Nil going forward, actual earnings used for past
YMPE and DB Increase	Nil	Nil
Demographic		
Mortality	UP94 Generational	UP94 Generational
Form of Benefit Settlement Elected by Member		
▪ Transfer value	▪ 75% of active members under age 55	▪ 75% of active members under age 55
▪ Annuity purchase	▪ All remaining members	▪ All remaining members
Retirement Age	Members are assumed to retire at the age which maximizes the value of their entitlement	Members are assumed to retire at the age which maximizes the value of their entitlement
Other		
Wind-up expenses	\$2,500,000	\$2,500,000

Appendix C: Membership Data

Reconciliation of Membership

	Actives	Disableds	Deferreds	Pensioners	Survivors	Total
Number as at Dec. 31, 2013	3,988	5	248	2,223	435	6,899
Data adjustments	3	0	(3)	1	3	4
New Hires	373	0	3	0	0	376
Terminations – paid out	(140)	0	(31)	0	0	(171)
Terminations – to deferred	(13)	0	13	0	0	0
Deaths – no further payments	0	0	0	(32)	(28)	(60)
Deaths – new survivors	(2)	0	0	(26)	28	0
Retirements	<u>(154)</u>	<u>0</u>	<u>(14)</u>	<u>168</u>	<u>0</u>	<u>0</u>
Number as at Dec. 31, 2014	4,055	5	216	2,334	438	7,048

Active Members

	December 31, 2013	December 31, 2014
Number	3,988	4,055
Average age	45.5	45.2
Average pensionable service	11.8	11.3
Percent female	55.9%	55.3%
Average pensionable earnings – including overtime	\$61,811	\$63,478
Average pensionable earnings – excluding overtime	n/a	\$60,803
Accumulated contributions with interest	\$238,666,834	\$242,719,104

Appendix C: Membership Data

Disabled Members

	December 31, 2013	December 31, 2014
Number	5	5
Average age	56.5	57.5
Average pensionable service	31.1	32.1
Average pensionable earnings	\$24,575	\$24,575
Average annual disability pension payable to age 65	\$15,890	\$16,059

Deferred Members

	December 31, 2013	December 31, 2014
Number	248	216
Average annual pension	\$8,034	\$7,266
Average age	50.5	52.3

Appendix C: Membership Data

Pensioners

	December 31, 2013	December 31, 2014
Number	2,223	2,334
Average annual lifetime pension	\$21,426	\$22,712
Average age	70.7	70.6

Survivors

	December 31, 2013	December 31, 2014
Number	435	438
Average annual lifetime pension	\$10,054	\$10,362
Average age	76.5	77.7

Appendix C: Membership Data

Membership Distribution

The distribution by age and pensionable service of the active membership at December 31, 2014 is as follows:

Age Group		Years of Pensionable Service							Total
		Under 5	5-9.99	10-14.99	15-19.99	20-24.99	25-29.99	Over 30	
Under 25	Number	75	1						76
	Overtime Earnings	4.1%	0.4%						4.0%
	Reduction in Liabilities	2.3%	0.3%						2.2%
25-34	Number	537	207	25	1				770
	Overtime Earnings	3.6%	1.9%	4.6%	0.2%				3.1%
	Reduction in Liabilities	3.0%	1.6%	3.9%	0.2%				2.4%
35-44	Number	375	280	206	88	18			967
	Overtime Earnings	4.9%	3.8%	3.5%	2.7%	4.3%			4.0%
	Reduction in Liabilities	4.7%	3.4%	3.1%	2.2%	4.0%			3.2%
45-54	Number	246	225	170	174	229	194	88	1,326
	Overtime Earnings	4.0%	5.3%	4.0%	6.1%	5.3%	5.3%	6.7%	5.2%
	Reduction in Liabilities	4.3%	4.4%	4.2%	6.0%	4.3%	3.7%	3.5%	4.2%
55-64	Number	111	124	137	127	139	119	140	897
	Overtime Earnings	4.4%	5.2%	3.2%	5.7%	4.1%	4.3%	2.0%	4.0%
	Reduction in Liabilities	2.5%	3.1%	3.0%	2.9%	1.3%	0.5%	0.3%	1.1%
Over 65	Number	4	4	4	1	4	1	1	19
	Overtime Earnings	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	12.4%	0.7%
	Reduction in Liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	Number	1,348	841	542	391	390	314	229	4,055
	Overtime Earnings	4.1%	3.9%	3.6%	5.1%	4.7%	4.9%	3.7%	4.2%
	Reduction in Liabilities	3.6%	3.2%	3.4%	4.2%	3.2%	2.4%	1.4%	2.8%

Appendix D: Assets

	2013 (000's)	2014 (000's)
Total value of assets at beginning of year	\$ 991,482	\$ 1,110,155
EE Contributions	25,749	26,700
ER Contributions	25,393	26,709
Investment Income	130,100	130,174
Pension payments	(50,116)	(55,545)
Termination and death payments	(7,302)	(6,537)
Investment expenses	(3,687)	(3,332)
Other expenses	<u>(1,464)</u>	<u>(1,741)</u>
Total value of assets at end of year	\$ 1,110,155	\$ 1,226,583
 Net rate of return – net of investment expenses	 12.8%	 11.5%

Appendix E: Summary of Proposed Benefit Changes

The tentative agreement between the parties include changes to the following benefits *in respect of service following December 31, 2015*:

- Eligibility for an unreduced pension
- Cost of living adjustments
- Highest average earnings
- Definition of Salary

Further information on each proposed benefit change is provided below.

Eligibility for an Unreduced Pension

Currently, Plan members are eligible for an unreduced pension at the earlier of:

- Age 65;
- 35 years of service; and
- Upon attaining age 55, when the sum of their age and service is at least 80 ("Rule of 80").

In accordance with the tentative agreement, for service after December 31, 2015, the Rule of 80 will be modified to be the Rule of 85. However, members who obtain age 55 and meet the Rule of 80 on or before January 1, 2019, would be eligible for an unreduced pension for service prior to January 1, 2019.

Cost of Living Adjustments

The Plan currently provides for annual cost of living adjustments ("COLAs") to pensions in payment and deferred pensions arising from terminations after May 1, 1982 equal to 50% of the increase in CPI, to a maximum of 4.25%. The tentative agreement would change the COLAs granted in respect of service after December 31, 2015. Specifically, the tentative agreement would:

- Remove pre-retirement COLAs for terminated employees for service following December 31, 2015; and
- Modify how COLAs are granted for service after December 31, 2015 in respect of pensions in pay. The tentative agreement includes multiple phases. Beginning January 1, 2016 COLAs are conditional on the investment rate of return (annual return in phase 1; five year average return in phase 2), funded position of the Plan, and, in certain circumstances, Board discretion. From the date of the first valuation on or after January 1, 2031 that requires no special payment, a notional fund will be established to grant COLAs.

Highest Average Earnings

Currently, the Plan benefits are based on a member's highest average salary in 3 consecutive years. The tentative agreement would:

- Maintain the 3 year averaging period in respect of service rendered prior to January 1, 2016; and
- Increase the averaging period to 5 years for service rendered after December 31, 2015.

Definition of Salary

The Plan's definition of Salary currently includes overtime, while the tentative agreement would modify the definition of Salary to exclude overtime following December 31, 2015. As a result, contributions will not be remitted on overtime earnings following December 31, 2015.

Regina Civic Employees' Superannuation and Benefit Plan Contribution Rate Analysis

Aon Hewitt was engaged by the Administrative Board of the Regina Civic Employees' Superannuation and Benefit Plan to provide information to assist the plan sponsors respond to the Financial and Consumer Affairs Authority's letter of January 13, 2015. Specifically, the Financial and Consumer Affairs Authority has requested that the plan sponsors provide the probability that contribution rates will increase in the future, such as in the next 3, 5, 10 and 20 years.

Our analysis is based on the assumptions, methodology, and membership data used in the December 31, 2013 actuarial valuation. Consistent with that valuation, our analysis includes a 10% margin.

The analysis includes the provisions of the Memorandum of Understanding, signed in November 2014, and the associated Funding Policy. In accordance with the Funding Policy:

- The initial contribution rates following the implementation of the Memorandum of Understanding are set at 20.7% of salary (10.9% for employers, 9.8% for employees)
- Future deficits are resolved by increasing contribution rates and, while a pre-implementation deficit exists, temporary future benefit reductions are triggered when contribution rates exceed 23.1% of salary. In addition, temporary future benefit reductions are imposed to a greater extent when contribution rates exceed 24.1% of salary.

As a result, contribution rates of 20.7%, 23.1%, and 24.1% of salary are key thresholds in the operation of the plan.

The probabilities that the total contribution rates will exceed each of the key thresholds over 3, 5, 10, and 20 years, based on a 10% margin, are presented in the table below.

Probability that Total Contribution Rates Exceed Key Thresholds over 3, 5, 10, and 20 Years (10% Margin)					
Year		3 Yrs 2019	5 Yrs 2021	10 Yrs 2026	20 Yrs 2036
Total Cont. Rate	> 20.7%	58.7%	66.7%	74.5%	80.4%
	> 23.1%	37.5%	45.4%	55.3%	63.4%
	> 24.1%	26.1%	34.6%	45.3%	56.4%

For greater clarity, the results above indicate that, based on a 10% margin, there is a 58.7% probability that the total contribution rate will increase in the three years following the implementation date and this probability grows to 80.4% over 20 years. Similarly, based on a 10% margin, there is a 37.5% probability that the total contribution rate will exceed 23.1% in the three years following the implementation date and this probability grows to 63.4% over 20 years.

REGINA CIVIC EMPLOYEES' SUPERANNUATION AND BENEFIT PLAN
(the "**Plan**")

RESOLUTION OF THE CIVIC PENSION AND BENEFITS COMMITTEE
(the "**Committee**")

RECITALS:

- A. **WHEREAS** the City of Regina and bargaining agents for members of the Plan negotiated a series of amendments to the governance and terms of the Plan memorialized in a memorandum of understanding dated November 21, 2014 and further particularized in a series of draft agreements between the City of Regina, the Committee and, *inter alia*, other participating employers in the Plan;
- B. **AND WHEREAS** this series of agreements includes a Sponsorship Agreement to be executed by the Committee and the City of Regina, a Trust Agreement to be executed by the Committee, the City and the initial appointees to the Administrative Board, as that term is defined in the Trust Agreement, a Funding Policy, an amended and revised Plan text, and schedules to those agreements;
- C. **AND WHEREAS** the Committee and the City have developed related materials required to implement the agreements between the parties, including a draft by-law 3125 which, *inter alia*, would repeal the existing by-law 3125 effective January 1, 2016, and a proposed new regulation to the *Pension Benefits Regulations, 1993* (the "**Regulations**") which will, *inter alia*, provide for special funding relief for the Plan;
- D. **AND WHEREAS** in March, 2015 the Government of Saskatchewan announced that it had accepted recommendations from the Saskatchewan Financial and Consumer Affairs Authority (the "**Regulator**") to amend the Regulations and allow the agreements between the parties to be implemented;
- E. **AND WHEREAS** the Sponsorship Agreement, Trust Agreement, Funding Policy and schedules thereto, the proposed by-law 3125, have each been submitted to the Regulator on September 21, 2015;
- F. **AND WHEREAS** the terms of the agreements between the City and the Committee provide that a majority of members of City Council vote to pass the proposed by-law 3125 repealing the existing by-law 3125 effective January 1, 2016 on certain conditions, and authorize the City Clerk to execute the agreements;
- G. **AND WHEREAS** the terms of the agreements between the City and the Committee provide that a majority of members of the Committee consent in writing to the repeal of by-law 3125 and to execute the agreements;
- H. **AND WHEREAS** the terms of the agreements between the City and the Committee provide that the Committee shall nominate six members to be appointed as

Administrative Board Employee Representatives on the Administrative Board, as those terms are defined in the Trust Agreement;

IT IS NOW RESOLVED THAT:

Sponsorship Agreement

1. The Committee authorizes and approved the execution of the Sponsorship Agreement substantially in the form presented to the Committee, and the performance of the Committee's obligations thereunder, all upon the terms and conditions set forth in the Sponsorship Agreement.
2. Any three members of the Committee (the "**Authorized Members**") are authorized and directed for and on behalf of the Committee to negotiate, finalize, execute and deliver the Sponsorship Agreement with such minor or immaterial additions, deletions or other changes as such Authorized Members may approve, such approval to be conclusively evidenced by such Authorized Members execution and delivery of the Sponsorship Agreement.

Trust Agreement

3. The Committee authorizes and approved the execution of the Trust Agreement substantially in the form presented to the Committee, and the performance of the Committee's obligations thereunder, all upon the terms and conditions set forth in the Trust Agreement.
4. Any three members of the Committee (the "**Authorized Members**") are authorized and directed for and on behalf of the Committee to negotiate, finalize, execute and deliver the Trust Agreement with such minor or immaterial additions, deletions or other changes as such Authorized Members may approve, such approval to be conclusively evidenced by such Authorized Members execution and delivery of the Trust Agreement.

Administrative Board Employee Representatives

5. The Committee approves and appoints the existing members of the Administrative Board appointed by the Committee as the initial Administrative Board Employee Representatives, being Jo-ann Hincks, John McCormick, John Gangl, Scott McDonald, Brian Seidlik, Colin Jensen, Deb Cooney, Lorna Glasser.

Approval of Plan Text and Terms

6. The Committee approves the Plan text in substantially in the form presented to the Committee, including, for greater certainty, all amendments to the Plan text.

Approval of Proposed By-Law 3125

7. The Committee approves the draft by-law 3125 in substantially in the form presented to the Committee, effective January 1, 2016, which has the effect of repealing by-law 3125 upon meeting certain conditions.

General

8. The Authorized Members are hereby authorized and directed for and on behalf of the Committee to negotiate, finalize, execute and deliver the agreements or approve the draft-by-law 3125 with such minor or immaterial additions, deletions or other changes as such Authorized Members may approve, such approval to be conclusively evidenced by such Authorized Members execution and delivery of the agreements or approval of the draft by-law 3125 expressed in writing.

CERTIFIED to be a true copy of the resolution passed by a majority of members of the Committee on September 23, 2015.



(Signature of recording secretary)

Print Name:

Colin Jensen



October 7, 2015

Byron Werry
City Solicitor
Office of the City Solicitor
City of Regina
Queen Elizabeth II Court
2476 Victoria Avenue, P.O. Box 1790
Regina, SK S4P 3C8

Dear Mr. Werry:

We are pleased to advise you that the Regina Qu'Appelle Regional Health Authority Board has approved the continued participation of the Authority in the Regina Civic Employees' Superannuation and Benefit Plan as a sponsor on the amended terms presented in principle in the following documents:

1. Sponsorship Agreement including:
 - a. Appendix B: Plan Text with Schedule A: Funding Policy
 - b. Appendix C: Trust Agreement
 - c. Appendix D: Employer Participation Agreement
2. Regina Civic Employees Superannuation and Benefits Plan Participating Employer Agreement (Employer Sponsor Group).

This approval is subject to all necessary amendments to *The Pension Benefits Regulations, 1993* and approval by a majority vote of Regina City Council and a majority vote of the members of the Pension and Benefits Committee.

Our President and CEO, Keith Dewar, will be responsible for the execution of these documents and the appointment of the Authority's representatives on the Sponsorship Board and Administrative Trustee Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Higgins".

Mike Higgins
Vice President, Human Resources & Communications



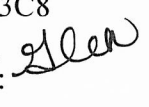
THE BOARD OF EDUCATION OF THE
REGINA SCHOOL DIVISION
NO. 4 OF SASKATCHEWAN

Regina Public School Division Office
1600 4th Avenue, Regina, SK S4R 8C8
Web site: www.rbe.sk.ca

Ph: (306) 523-3000
Fax: (306) 523-3031
E-mail: info@rbe.sk.ca

September 30, 2015

Attention: Glen Davies, City Manager
City of Regina
PO Box 1790
Regina SK S4P 3C8

Dear Mr. Davies: 

Re: Amendments to the Civic Pension Plan

Please be advised that the Regina Board of Education, at its meeting held September 29, 2015, adopted the following motion:

That, whereas the Board is supportive of the amendments to the Regina Civic Pension Plan, the Board signing officers be authorized to execute the terms of the Employer Participation Agreement that is Appendix D to the Sponsorship Agreement between the City of Regina and the Civic Pension and Benefits Committee and the Participating Employers' Agreement between the City of Regina, Regina Qu'Appelle Regional Health Authority, Board of Education of the Regina School Division No. 4 of Saskatchewan, Regina Public Library Board, Buffalo Pound Water Administration Board, EPCOR Water Prairies Inc., and Mobius Benefits Administrators, Inc.

I trust this is satisfactory.

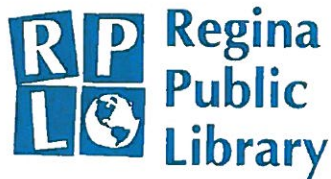
Yours truly,



Debra G. Burnett
Deputy Director, Division Services
Secretary-Treasurer

DGB:sjs

cc Byron Werry
Jana-Marie Odling



BOARD OF DIRECTORS
P.O. Box 2311, 2311 – 12th Avenue
REGINA, Saskatchewan
Canada S4P 3Z5
(306) 777-6000
www.reginalibrary.ca

October 2, 2015

Mr. Byron Werry, City Solicitor
Queen Elizabeth II Court
2476 Victoria Avenue
P.O. Box 1790
REGINA SK S4P 3C8

Dear Mr. Werry:

The Regina Public Library Board (the Board) has authorized the execution of the Employer Participation Agreement that is an appendix to the Sponsorship Agreement between the City of Regina and the Civic Pension and Benefits Committee.

The Board has also authorized execution of the Participating Employers' Agreement between the City of Regina, Regina Qu'Appelle Regional Health Authority, Board of Education of the Regina School Division No. 4 of Saskatchewan, Regina Public Library Board (RPL), Buffalo Pound Water Administration Board, EPCOR Water Prairies Inc., and Mobius Benefits Administrators, Inc.

The Board is requesting that Ms. Gail Kruger, RPL's Head of Finance and Administration, be appointed by the City of Regina to the Sponsor Board as our representative for a three (3) year term. The Board will provide a recommendation for a representative to the Administrative Board by October 9th.

In addition to these authorizations and requests, the Board wishes to acknowledge the work of the Employers and the Pension and Benefits Committee and state our support for the proposed changes to the Plan.

Sincerely,

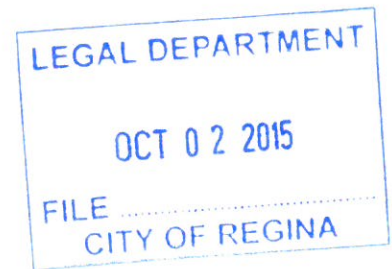
A handwritten signature in blue ink, appearing to read 'Jeff Barber', with a horizontal line extending from the end of the signature.

Jeff Barber
Library Director & CEO

**BUFFALO
POUND
WATER**
ADMINISTRATION
BOARD

THE PLANT:
306.694.1377
ADDRESS: 2476 VICTORIA AVE
PO BOX 1790, REGINA, SK S4P 3C8

▼
October 1, 2015



Ms. Jana-Marie Odling
Legal Counsel
Office of the City Solicitor
CITY OF REGINA
P.O. Box 1790
Regina, SK S4P 3C8

Dear Madam:

Re: Regina Civic Pension Plan - Ratification Letter

Pleased be advised that the Buffalo Pound Water Administration Board, at its meeting held on September 30, 2015, adopted the following motion:

"THAT the Buffalo Pound Water Administration Board:

1. Authorize the execution of the Employer Participation Agreement.
2. Authorize the execution of the Regina Civic Employees' Superannuation and Benefit Plan – Participating Employers' Agreement.
3. Designate the General Manager, Buffalo Pound Water Treatment Plant, to be appointed by the City of Regina to the Sponsor Board for a two year period.
4. Express its support of the proposed changes to the Regina Civic Employees' Superannuation and Benefit Plan."

I trust the above is satisfactory.

Yours truly,


Ryan Johnson, C.D., M.A.Sc., P.Eng.
General Manager
Buffalo Pound Water Treatment Plant
/lw



2000 10423 101 Street NW
Edmonton, Alberta
T5H 0E8 Canada

September 18, 2015

"Sent via Email"

City of Regina
Office of the City Solicitor
2476 Victoria Avenue
Regina, SK
S4N 6M5

Attention: Jana-Marie Odling, Legal Counsel

Dear Jana-Marie:

This letter to confirm EPCOR's commitment to sign off on the following agreements:

- Participating Employers Agreement as of January 1, 2016 – Appendix A as encompassed within the Sponsorship Agreement; and
- Regina Civic Employees' Superannuation and Benefit Plan Participating Employers Agreement

EPCOR confirms our participation in the Pension Plan as required as the successful proponent of the Regina Wastewater Treatment Plant Upgrade Project RFP.

I also confirm that I have authority to sign the above agreements on behalf of EPCOR.

Yours truly,

A handwritten signature in blue ink, appearing to read "D. Samagalski", is written over a horizontal line.

Deborah Samagalski
Director, Total Rewards & HRIS, Human Resources



Byron Werry
City Solicitor
Office of the City Solicitor
Queen Elizabeth II Court
2476 Victoria Avenue
P.O. Box 1790
Regina, SK S4P 3C8

September 30, 2015

RE: Regina Civic Employees' Superannuation & Benefit Plan

Dear Mr. Werry,

I am pleased to inform you that the Board of Directors of Möbius Benefit Administrators Inc. ("the Board") passed a series of motions at their September 18, 2015 meeting in support of the changes to the Regina Civic Employees' Superannuation and Benefit Plan currently in front of Council. In addition to their support for the changes the Board has authorized the President of Möbius Benefit Administrators Inc. to execute the Employer Participation Agreement between the City of Regina and the Civic Pension and Benefits Committee as well as the Participating Employers' Agreement between the City of Regina, Regina Qu'Appelle Regional Health Authority, Board of Education of the Regina School Division No. 4 of Saskatchewan, Regina Public Library Board, Buffalo Pound Water Administration Board, EPCOR Water Prairies Inc., and Möbius Benefits Administrators Inc.

We applaud the efforts of all involved to reach this milestone and look forward to working within the new structure.

Sincerely,

Colyn R. Lowenberger
President & CEO

DRAFT: September 21, 2015

SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT, including Appendices “A”, “B”, “C” and “D” hereto (the “**Sponsorship Agreement**”) is effective January 1, 2016.

BETWEEN:

The City of Regina (the “**City**”)

- AND -

Civic Pension and Benefits Committee, a committee established under Schedule “A” to City of Regina Bylaw No. 3125 and continued pursuant to this Sponsorship Agreement (the “**Committee**”)

Together, referred to herein as the “**Sponsors**”

WHEREAS prior to January 1, 2016, the terms of The Regina Civic Employees’ Superannuation and Benefit Plan (the “**Plan**”) were set out in Schedule “A” to City Bylaw No. 3125, as amended from time to time (the “**Bylaw**”);

AND WHEREAS prior to January 1, 2016, pursuant to Section 37 of the Bylaw, any amendments to the Plan required the approval of both a majority vote of City Council (“**Council**”) and a majority of the members of the Committee;

AND WHEREAS pursuant to the terms of a Memorandum of Understanding dated November 21, 2014 (the “**MOU**”), which includes certain terms and conditions set out in the Letter of Intent dated May 23, 2013, the bargaining representatives of the Participating Employers (as defined herein) and the bargaining representatives of the Unions (as defined herein) whose members participate in the Plan agreed to recommend to the Sponsors that the Sponsors make a joint proposal to the Saskatchewan Superintendent of Pensions (the “**Superintendent**”) containing various amendments to the Plan terms, including changes to certain benefits provided thereunder, as well as to the Plan’s governance and funding structures, all of which are intended to achieve the long-term sustainability of the Plan;

AND WHEREAS on December 10, 2014, the Sponsors submitted a joint proposal to the Superintendent under which the Plan would no longer form part of the Bylaw and which included proposed amendments to the Plan terms (including a Funding Policy as Schedule “A” to the Plan text), together with a commitment to adopt a Sponsorship Agreement and Trust Agreement for the Plan (the “**Joint Proposal**”);

AND WHEREAS in order to implement the Joint Proposal changes were required to the *Pension Benefits Regulations, 1993* (the “**Regulations**”);

AND WHEREAS on March 11, 2015, the Government of Saskatchewan announced that it had accepted recommendations from the Saskatchewan Financial and Consumer Affairs Authority to amend the Regulations in order to allow the Joint Proposal to be implemented;

AND WHEREAS on **[insert date]** the Regulations were amended with effect from **[January 1, 2016]** to allow for the Plan to be amended, funded and governed in accordance with the terms of the Joint Proposal;

AND WHEREAS on **[October 26, 2015]** a majority of the Council voted to repeal the Bylaw, effective January 1, 2016;

AND WHEREAS Council has authorized the City Clerk for the City to enter into this Sponsorship Agreement and the Trust Agreement on **[date]**;

AND WHEREAS Council has delegated **[the authority to the City Manager to appoint members to the Sponsor Board and the Administrative Board on the behalf of the City and in accordance with the terms of an agreement among the Participating Employers]**;

AND WHEREAS on **[insert date]** a majority of the members of the Committee consented in writing to the repeal of the Bylaw;

AND WHEREAS an **[actuarial report]** in respect of the terms of the Plan Text was completed in July 2015 by the actuary for the Plan and was formally approved by the Administrative Board (as it existed in August 19, 2015) on August 19, 2015;

NOW THEREFORE the Sponsors agree as follows:

Article 1 Interpretation

1.1 Definitions

“Actuary” means the person designated by the Administrative Board to be the actuary for the Plan and such person shall be a Fellow of the Canadian Institute of Actuaries.

“Administrative Board” means the Administrative Board established pursuant to Section 3 of Schedule “A” to the Bylaw and continuing under the terms of the Trust Agreement.

“Administrative Board Member” means a member of the Administrative Board appointed pursuant to the terms of the Trust Agreement.

“Alternate Sponsor Board Chair” has the meaning set out in Section 4.7.

“Alternate Sponsor Board Vice-Chair” has the meaning set out in Section 4.7.

“Annual Meetings” has the meaning set out in Section 3.3(a).

“Appointing Body” has the meaning set out in Section 4.2.

“Bylaw” has the meaning set out in the recitals to this Sponsorship Agreement.

“City” has the meaning set out in the recitals to this Sponsorship Agreement and shall include any representative of the City to whom Council has delegated its authority and powers in respect of the Plan, the Sponsorship Agreement, the Trust Agreement and the Funding Policy, where applicable.

“Committee” has the meaning set out in the recitals to this Sponsorship Agreement.

“Council” has the meaning set out in the recitals to this Sponsorship Agreement.

“Employee Representatives” means members of the Sponsor Board appointed pursuant to Section 4.2(b).

“Employer Representatives” means members of the Sponsor Board appointed pursuant to Section 4.2(a).

“Former Member” means a person whose membership in the Plan has terminated and who retains a present or future entitlement to a benefit pursuant to the Plan and who is not a Pensioner.

“Funding Policy” means the funding policy for the Plan, as amended from time to time, set out in Schedule “A” to the Plan Text.

“Income Tax Act” means the *Income Tax Act*, RSC 1985, c 1 (5th Supp.), as amended from time to time.

“Joint Proposal” has the meaning set out in the recitals to this Sponsorship Agreement.

“Member” means a person who has joined the Plan in accordance with the terms of the Plan and is entitled to Pension Benefits under the Plan, but shall not include a Former Member or Pensioner.

“MOU” has the meaning set out in the recitals to this Sponsorship Agreement.

“Participating Employers” means the City and each other employer that has employees participating in the Plan and is a party to a Participation Agreement. A list of the Participating Employers as of January 1, 2016, is set out in Appendix “A” hereto.

“Participation Agreement” has the meaning set out in Section 2.2.

“Pension Benefits” means the pension benefits payable under the Plan as specified in the Plan Text.

“Pension Benefits Act” means *The Pension Benefits Act*, 1992 SS 1992, c P-6.001, as amended from time to time.

“Pensioner” means a person to whom a pension has been granted under the Plan and the first payment of which has fallen due.

“Plan” has the meaning set out in the recitals to this Sponsorship Agreement.

“Plan Text” means the text which, among other things, specifies the various Pension Benefits that will be provided under the Plan, as such text is amended from time to time.

“Regulations” has the meaning set out in the recitals to this Sponsorship Agreement.

“Retiree Representatives” means members of the Sponsor Board appointed pursuant to Section 4.2(c).

“Sponsor Board” means the Sponsor Board established pursuant to Article 4.

“Sponsor Board Chair” has the meaning set out in Section 4.7.

“Sponsor Board Member” has the meaning set out in Section 4.2.

“Sponsor Board Member Proxy” has the meaning set out in Section 4.9(b).

“Sponsor Board Vice-Chair” has the meaning set out in Section 4.7.

“Sponsors” has the meaning set forth in the recitals to this Sponsorship Agreement.

“Sponsorship Agreement” means this instrument, as amended from time to time.

“Trust Agreement” means the trust agreement made in respect of the Plan and the Trust Fund, effective January 1, 2016, as amended from time to time.

“Trust Fund” means the Regina Civic Employees’ Pension Fund which, effective January 1, 2016, shall be held and administered in accordance with the terms of the Trust Agreement.

“Union” means a labour organization that is a union as defined by *The Saskatchewan Employment Act*, SS 2014, c S-15.1, and has Members contributing to the Plan.

1.2 *Use of Plural or Gender Specific Terms*

In this Sponsorship Agreement, according to the context:

- (a) gender specific terms include both genders and include a corporation, partnership, society, association or union;
- (b) words in the singular include the plural and words in the plural include the singular; and
- (c) where a word or expression is defined, other parts of speech and grammatical forms of the same word or expression will have corresponding meanings.

1.3 *Headings*

The headings used herein are for ease of reference only and shall not be deemed to form part of this Sponsorship Agreement.

1.4 *Conflict*

In the event of any conflict between the provisions of this Sponsorship Agreement and the provisions of the Plan Text (including the Funding Policy) or Trust Agreement, the terms of this Sponsorship Agreement shall prevail.

Article 2 Trust Agreement, Plan Text, Funding Policy, Participation Agreement

2.1 *Trust Agreement, Plan Text, Funding Policy*

- (a) The Plan Text as at January 1, 2016, is set out as Appendix “B” to this Sponsorship Agreement.

- (b) The Trust Agreement as at January 1, 2016, is set out as Appendix “C” to this Sponsorship Agreement.
- (c) The Funding Policy as at January 1, 2016, is set out as Schedule “A” to the Plan Text.

2.2 *Participation Agreement*

Each Participating Employer, other than the City, has executed a “**Participation Agreement**”, in the form set out in Appendix “D” to this Sponsorship Agreement, evidencing such Participating Employer’s agreement to be bound by the terms of the Sponsorship Agreement (including, without limitation, its entitlement to the benefits of Section 9.7 thereof), Trust Agreement and Plan Text (including the Funding Policy), as amended from time to time. Subsequent employers wishing to participate in the Plan shall execute a Participation Agreement.

Article 3 **Civic Pension and Benefits Committee**

3.1 *Committee to be Continued*

The Committee, as originally established under Schedule “A” to City of Regina Bylaw No. 3125 is hereby continued under this Sponsorship Agreement.

3.2 *Composition of the Committee*

The Committee shall establish terms of reference that include, among other things, a procedure for appointing members to the Committee that reasonably represents the membership in the Plan, and shall include members appointed to represent each group of members represented by a trade union and each group of members not represented by a trade union.

3.3 *Annual and Special Meetings*

- (a) The Committee shall call and convene annual meetings (“**Annual Meetings**”), the expenses for which shall be the responsibility of the Trust Fund. The Committee may also call and convene special meetings, the expenses for which shall be the responsibility of the Committee.
- (b) The Committee shall present to the Annual Meeting a slate of the number of nominees sufficient to fill the number of vacancies of employee representatives whose terms shall expire at such annual meeting. Further nominations may be made from the floor and at such meeting each contributor attending shall be entitled to one vote.

3.4 *Funding of the Committee*

Subject to the conditions of this Section 3.4, the reasonable expenses relating to the Committee’s duties and obligations under the Plan (including the Funding Policy) shall be paid from the Fund, up to a limit of \$25,000 per fiscal year. Reasonable expenses include retaining advisors to review potential amendments to the Plan, or such other reasonable purpose specifically authorized by the Administrative Board. If the reasonable expenses of the Committee are less than \$25,000 in any year, the difference in the amount of expenses paid and \$25,000 may be carried over and applied to reasonable expenses of the Committee in any subsequent year or years, subject to a

maximum of \$50,000 payable from the Fund in any single year. Prior to any funds being provided to the Committee, the Committee shall provide the Administrative Board with an annual budget for the upcoming year and an accounting of all reasonable expenses charged to the Fund out of previously allocated funds. The Committee may apply to the Administrative Board for an increase in the limits on reasonable expenses payable from the Fund at any time, based on the projected cost of expenses being budgeted. If the Administrative Board approves the Committee's application the Administrative Board shall recommend to the Sponsors an amendment to the Sponsorship Agreement. The limit on and other terms applicable to the Committee's reasonable expenses shall be reviewed and revised if necessary if there are any changes to the Committee's role.

3.5 *Duty of the Committee*

The Committee shall appoint Employee Representatives to the Sponsor Board in accordance with Section 4.2.

Article 4 Sponsor Board Creation, Composition, Structure and Voting

4.1 *Sponsor Board Creation*

There shall be established a board consisting of fourteen (14) individuals with the power to vote and up to two (2) individuals without the power to vote entitled the "**Sponsor Board**".

4.2 *Sponsor Board Composition*

The Sponsor Board shall consist of the following:

- (a) seven (7) "**Employer Representatives**". The Employer Representatives shall represent the Participating Employers based on a weighting that reasonably reflects the membership of the respective employer's employees in the Plan and shall be appointed by the City in accordance with the terms of an agreement among the Participating Employers.
- (b) seven (7) "**Employee Representatives**". The Employee Representatives shall represent the employees participating in the Plan based on a weighting that reasonably reflects the membership of employees in the Plan and shall be appointed by the Committee.
- (c) two (2) "**Retiree Representatives**". The Retiree Representatives shall be former members of the Plan who have retired and are receiving a pension from the Plan. One Retiree Representative may be appointed by the City in accordance with the terms of an agreement among the Participating Employers, and one Retiree Representative may be appointed by the Committee. Retiree representatives are non-voting members of the Sponsor Board.

Each Employer Representative, Employee Representative and Retiree Representative is a "**Sponsor Board Member**". The City and the Committee are each an "**Appointing Body**" in respect of the Sponsor Board Members they appoint. Where the City is exercising its powers and functions as an Appointing Body under Sections 4.3, 4.6, or 8.5, it shall exercise such powers and functions in accordance with the terms of an agreement among the Participating Employers.

4.3 *Sponsor Board Member Appointment and Replacement*

Each Sponsor Board Member serves for a two or three year term, as determined by the Appointing Body. Any successor Sponsor Board Member shall become vested with all the rights, powers, duties and obligations of a Sponsor Board Member hereunder immediately upon his appointment as a Sponsor Board Member. No Sponsor Board Member is responsible for any act or omission of the Sponsor Board or the other Sponsor Board Members that occurred prior to his appointment. If a Sponsor Board Member dies, his heirs, administrators, executors and assigns are fully discharged from all future duties and responsibilities in respect of this Sponsorship Agreement as of the date of such Sponsor Board Member's death. A deceased Sponsor Board Member's estate is not discharged from, and remains liable for, any of the deceased's duties and responsibilities arising hereunder prior to the date of death.

4.4 *Disqualification*

An individual who is an Administrative Board Member cannot be appointed a Sponsor Board Member.

4.5 *Initial Sponsor Board Members*

The initial Sponsor Board Members are as follows:

[List initial Sponsor Board Members]

4.6 *Replacement Sponsor Board Members*

If a Sponsor Board Member dies, resigns, or is removed from office as provided for in Section 8.4 or 8.5, or a Sponsor Board Member's term has ended, as applicable, the Appointing Body that appointed the Sponsor Board Member must forthwith appoint a successor Sponsor Board Member.

4.7 *Sponsor Board Chair and Vice-Chair*

The Employer Representatives and Employee Representatives must select a "**Sponsor Board Chair**" and a "**Sponsor Board Vice-Chair**" from among their number for two year terms, provided that at all times the offices of the Sponsor Board Chair and Sponsor Board Vice-Chair must be rotated between Employer Representatives and Employee Representatives. For greater clarity, if the Sponsor Board Chair is an Employer Representative, the Sponsor Board Vice-Chair must be an Employee Representative, and vice-versa.

The respective terms of Sponsor Board Chair and Sponsor Board Vice-Chair continue until the earlier of the expiry of their respective terms or their respective successors have been duly elected, subject to such person's death, resignation or removal as herein provided.

At the beginning of the Sponsor Board Chair's term, the Sponsor Board Chair must designate another Sponsor Board Member who was appointed by the same Appointing Body as the Sponsor Board Chair, in such form as determined by the Sponsor Board, as an alternate Sponsor Board Chair to perform the powers and functions, and assume the responsibilities and duties of the Sponsor Board Chair, including voting at meetings, exercising voting functions in accordance with Subsection 4.9(c), and causing mandatory amendments to the Plan to be made in accordance

with Section 5.2, where the Sponsor Board Chair is absent, incapacitated or otherwise unable to discharge his responsibilities as Sponsor Board Chair (the “**Alternate Sponsor Board Chair**”).

At the beginning of the Sponsor Board Vice-Chair’s term, the Sponsor Board Vice-Chair must designate another Sponsor Board Member who was appointed by the same Appointing Body as the Sponsor Board Vice-Chair, in such form as determined by the Sponsor Board, as an alternate Sponsor Board Vice-Chair to perform the powers and functions, and assume the responsibilities and duties of the Sponsor Board Vice-Chair, including voting at meetings and exercising voting functions in accordance with Section 4.9(c), where the Sponsor Board Vice-Chair is absent, incapacitated or otherwise unable to discharge his responsibilities as Sponsor Board Vice-Chair (the “**Alternate Sponsor Board Vice-Chair**”).

4.8 *Quorum*

A quorum consists of not less than eight (8) Sponsor Board Members with at least four Employer Representatives and four Employee Representatives present: (i) in person or (ii) by means of a telephone conference call or as otherwise permitted by Section 8.9. For greater certainty, a quorum does not require any Retiree Representatives to be present.

If a quorum is not present within one-half hour of the time specified for a Sponsor Board meeting, the Sponsor Board Members present may adjourn the meeting to a fixed time and place but may not transact any other business. If during a meeting a quorum is lost, no further business can be transacted at that meeting by the remaining Sponsor Board Members, other than adjourning the meeting to a fixed time and place. If the Sponsor Board Members meet when a Sponsor Board Member position is vacant, the meeting is validly constituted as long as a quorum is present, but different voting rules apply as set out in Section 4.9.

4.9 *Voting and Proxy*

- (a) Subject to Subsections (b), (c), (d), and (f), at any duly called and constituted Sponsor Board meeting where there is a quorum, each Employer Representative and Employee Representative present is entitled to one vote. Subject to Subsection (e), all decisions to be made by the Sponsor Board must be made by resolution passed by at least a two-thirds majority of the votes cast.
- (b) A Sponsor Board Member, other than the Sponsor Board Chair and Sponsor Board Vice-Chair, may designate another Sponsor Board Member, in such form as determined by the Sponsor Board, to vote on decisions on behalf of the first Sponsor Board Member at a meeting (the latter Sponsor Board Member being a “**Sponsor Board Member Proxy**”).
- (c) Where a Sponsor Board Member does not attend a meeting, and does not designate Sponsor Board Member Proxy or where such Sponsor Board Member Proxy is not in attendance in a meeting, either the Sponsor Board Chair or the Sponsor Board Vice-Chair, as applicable, whichever was appointed by the same Appointing Body which appointed such Sponsor Board Member who is not in attendance, shall vote on behalf of such Sponsor Board Member who is not in attendance. Where a Sponsor Board Member position is vacant, either the Sponsor Board Chair or the Sponsor Board Vice-Chair, as applicable, whichever was appointed by the same Appointing Body which is entitled to appoint such vacant Sponsor Board Member position, shall vote in place of such vacant Sponsor Board Member position.

- (d) Where a Sponsor Board Member is acting as Alternate Sponsor Board Chair, Alternate Sponsor Board Vice-Chair or as a Sponsor Board Member Proxy, or where the Sponsor Board Chair or Sponsor Board Vice-Chair is voting on behalf of a Sponsor Board Member who is not in attendance or in place of a vacant Sponsor Board Member position, such Sponsor Board Member (including the Sponsor Board Chair or Sponsor Board Vice-Chair, as applicable) is entitled to an additional vote for each such additional Sponsor Board Member for whom they are acting on behalf of and each such vacant Sponsor Board Member position for whom they are voting in place of.
- (e) All decisions that pertain to: (i) temporary benefit reductions under Section V of the Funding Policy, as amended from time to time; (ii) where more than one type of benefit has been reduced under Section V of the Funding Policy, the corresponding benefit reinstatements pursuant to section V.D. of the Funding Policy, as amended from time to time; or (iii) surplus utilization under Section VIII of the Funding Policy, as amended from time to time, must be made by resolution passed by at least a simple majority of the votes cast.
- (f) The Sponsor Board Chair and the Sponsor Board Vice-Chair are both entitled to vote on all resolutions, but are not entitled to a second vote in the event of a deadlock, subject to any additional votes granted pursuant to Subsections (b), (c) and (d).
- (g) Every Employer Representative and Employee Representative present at a meeting must cast a vote or votes, as applicable, in favour of or against any proposal, motion or resolution properly made at a Sponsor Board meeting. Any purported abstention by an Employer Representative or an Employee Representative, including in his or her capacity as Alternate Sponsor Board Chair, Alternate Sponsor Board Vice-Chair or as a Sponsor Board Member Proxy, is deemed to be a vote or votes, as applicable, against the proposal, motion or resolution.

4.10 *Resolution of Deadlock*

- (a) A deadlock for purposes of Subsection 4.9(e) is deemed to exist whenever a proposal, motion or resolution in respect of the matter described in Subsection 4.9(e) made by a Sponsor Board Member and seconded by another Sponsor Board Member is neither adopted nor rejected by a majority vote, or where a proposal, motion or resolution is unable to be made at a meeting due to lack of a quorum at two consecutively called meetings.
- (b) In the event of a deadlock, a further meeting of the Sponsor Board must be held no later than 14 days after the deadlock has arisen for the purpose of resolving the matter in dispute. If the matter is not resolved at such meeting, any two Sponsor Board Members (other than the Retiree Representatives) may require at the meeting the naming of a fifteenth (15th) voting Sponsor Board Member for the purpose of casting a tie-breaking vote on the matter in dispute at the next Sponsor Board Meeting. If such a request is made at a meeting and the Sponsor Board fails at that meeting (or any adjournment thereafter) to appoint a fifteenth (15th) voting Sponsor Board Member, the Sponsor Board Chair or any two Sponsor Board Members (other than the Retiree Representatives) may apply to the Chief Justice of the Saskatchewan Court of Queen's Bench to appoint a person to act as the fifteenth (15th) Sponsor Board Member.
- (c) The fifteenth (15th) Sponsor Board Member must attend a meeting at which he or she will review all relevant documentation and entertain submissions from the remaining Sponsor Board Members with respect to the matter in dispute. Within seven (7) days of the meeting

at which submissions are made, the fifteenth (15th) Sponsor Board Member must cast a tie-breaking vote on the matter in dispute. The decision of the fifteenth (15th) Sponsor Board Member is final and binding on all other Sponsor Board Members, the Participating Employers, the Committee, the Unions having members contributing to the Plan, and Members, Former Members, Pensioners and their beneficiaries. Upon casting the tie-breaking vote, the function of the fifteenth (15th) Sponsor Board Member is completed and such person ceases to act as a Sponsor Board Member.

(d) The reasonable expenses and fees of the fifteenth (15th) Sponsor Board Member shall be paid out of the Trust Fund.

(e) There is no mechanism for resolving a deadlock for purposes of Subsection 4.9(a).

4.11 *Observers*

The Sponsor Board may invite one or more persons to attend their meetings as observers of its proceedings. All observers may be required by the Sponsor Board to enter into an agreement satisfactory to the Sponsor Board regarding maintaining confidentiality of the Sponsor Board's proceedings.

4.12 *Sponsor Board Committees*

The Sponsor Board may establish committees and their respective procedures as it deems necessary from time to time, and delegate powers or duties to such committees. All committees must conduct themselves in accordance with the rules and procedures made by the Sponsor Board.

4.13 *Formal Name of Sponsor Board*

The Sponsor Board shall enter into agreements and act in all matters in the name of "The Sponsor Board of The Regina Civic Employees' Superannuation and Benefit Plan".

Article 5 **Sponsor Board Duties and Powers**

5.1 *Duties and Powers*

The Sponsor Board shall:

- (a) Receive and consider the Administrative Board's annual report pursuant to subsection 6.1(n) of the Trust Agreement.
- (b) Amend the Plan in accordance with Section 37 of the Plan and Section 6.1 below if and when it deems it to be necessary.
- (c) Review the Funding Policy at least once every three years.
- (d) Amend the Funding Policy if and when it deems it to be necessary.
- (e) If and when it deems it necessary, establish one or more committees of the Sponsor Board and establish rules and procedures for any such committees.

- (f) Attend meetings with the Administrative Board as set out in any framework agreement entered into by the Administrative Board and the Sponsor Board from time to time or as may otherwise be agreed to from time to time by the Sponsor Board and the Administrative Board.
- (g) Establish policies for the Sponsor Board regarding successive term limits, if any, for Sponsor Board Members, and the replacement of Sponsor Board Members who are appointed pursuant to Section 4.2.
- (h) Provide input regarding actuarial methods, assumptions and margins to be used in actuarial reports on the Plan in accordance with the Funding Policy.
- (i) Review all reports on the Plan prepared by the Actuary and make any decisions required by the Funding Policy.
- (j) Engage experts and other consultants as it considers necessary and pay their reasonable fees and expenses from the Trust Fund.
- (k) Exercise all powers to fulfil their duties and responsibilities under this Sponsorship Agreement.

5.2 *Sponsor Board Chair to Cause Necessary and Non-Discretionary Amendments to be Effected*

The Sponsor Board Chair shall take all actions:

- (a) to effect changes to the Plan Text as are necessary and required to be made pursuant to the Funding Policy in respect of which: (i) discretion as to the nature, type or quantum of the change is neither required nor permitted to be exercised, and (ii) neither the change nor the nature, type or quantum of the change is to be determined by the Sponsor Board, including without limitation, changes to:
 - (i) contribution rates under the Plan pursuant to Sections V.B, V.C and VII.2 of the Funding Policy, as amended from time to time;
 - (ii) contribution rates under the Plan set out in an actuarial valuation report filed with the Superintendent, other than, for greater certainty, where such contribution rate changes are to be determined by the Sponsor Board pursuant to the Funding Policy;
 - (iii) where only one type of benefit has been reduced under Sections V.B.2, V.B.3, V.C.2, or V.C.3, as amended from time to time, the corresponding benefit reinstatement under the Plan pursuant to Section V.D of the Funding Policy, as amended from time to time; and
 - (iv) conditional indexing benefits required under Section VI of the Funding Policy, as amended from time to time, and
- (b) to amend the list of Participating Employers, as set out in Appendix "A" hereto, to reflect any new or departing Participating Employers that join or leave the Plan in accordance with the terms of this Sponsorship Agreement or the Trust Agreement, as applicable, as

soon as reasonably practicable after the applicable Participating Employer commences or ceases, as applicable, participation in the Plan,

including, for greater certainty, making all necessary amendments and providing such amendments to the Administrative Board for filing with the applicable regulatory bodies.

For greater certainty, the Sponsor Board Chair's duties under this Section 5.2 do not include any changes which are to be determined by the Sponsor Board in accordance with this Sponsorship Agreement or the Funding Policy.

5.3 *No Fiduciary Responsibility*

The Sponsor Board Members owe no fiduciary or other similar legal duty or responsibility to the Members, Former Members, Pensioners or other beneficiaries under the Plan. In discharging any of their duties or exercising any of their powers under this Sponsorship Agreement, a Sponsor Board Member may take into account the financial and other interests of his Appointing Body, and any other factor the Sponsor Board Member considers appropriate, including factors unrelated to the Plan or the Trust Fund. Without limitation, in establishing the Funding Policy, determining any changes to the Funding Policy, amending the Plan, and/or terminating the Plan, the Sponsor Board Members are not subject to any fiduciary or other similar duty to the Members, Former Members, Pensioners or other beneficiaries under the Plan, including the fiduciary duty of impartiality, and may treat different classes of Members differently as the Sponsor Board in its sole and unfettered discretion considers appropriate.

5.4 *Insurance*

The Sponsor Board may purchase and maintain insurance for the benefit of the Plan, the Sponsor Board or a Sponsor Board Member against any liability incurred by the Plan, the Sponsor Board or a Sponsor Board Member because a person was a Sponsor Board Member or, at the request of the Sponsor Board, acted as a director or officer, or acted in a similar capacity, of another entity. The reasonable cost of such insurance shall be paid out of the Trust Fund.

Article 6 Plan Amendment

6.1 *Amendments to the Plan*

Pursuant to Section 37 of the Plan, the Sponsor Board has the unilateral right to amend the Plan, including the Funding Policy, subject to the applicable requirements of the Pension Benefits Act and the Income Tax Act. All amendments made by the Sponsor Board are binding on the Administrative Board, the Participating Employers, and every Member, Former Member and Pensioner. Such amendments shall be made in accordance with the process set out in this Sponsorship Agreement and the Plan Text. Without limiting the generality of the foregoing and for greater certainty, the Sponsor Board shall amend the Plan to the extent necessary to maintain the Plan's registration under the Pension Benefits Act and the Income Tax Act or as is otherwise necessary to comply with applicable legislation.

Article 7 Plan Termination

7.1 *Plan Termination*

Pursuant to Section 37A of the Plan, the Sponsor Board has the unilateral right to terminate the Plan, in whole or in part, provided such termination is not contrary to the Pension Benefits Act or the Income Tax Act. The Sponsor Board shall provide notice in writing to the Administrative Board specifying the date of such termination, following which the Administrative Board shall wind up and terminate the Plan and the Trust Fund in accordance with the terms of the Plan, the Trust Agreement and applicable law.

Article 8 Sponsor Board – Operations

8.1 *Recording Secretary*

The Sponsor Board must appoint a recording secretary to keep minutes or records of all meetings, proceedings and acts of the Sponsor Board, and otherwise carry out the Sponsor Board's instructions. Such recording secretary need not be a Sponsor Board Member.

8.2 *Notice of Meeting*

The Sponsor Board Chair, or any other officer of the Sponsor Board or other person delegated to do so by the Sponsor Board Chair, as the case may be, must provide written notice of each meeting to be given to each Sponsor Board Member no less than seven days prior to the date of such meeting. The notice of meeting must specify the date, time and location of the meeting, and include an agenda of matters to be addressed at such meeting. Any Sponsor Board Member may request that an item be placed on a meeting agenda. The agenda for each meeting must be distributed with the notice of the meeting. Written notice under this Section 8.2 includes notices sent by e-mail, or other similar electronic means, provided the Sponsor Board Member has consented and provided the necessary details.

8.3 *Waiver of Notice*

A Sponsor Board Member may waive notice of a Sponsor Board meeting by instrument in writing. A Sponsor Board Member is deemed to waive notice of a Sponsor Board meeting by attending such meeting without objection.

8.4 *Resignation of Sponsor Board Member*

A Sponsor Board Member may resign by giving written notice thereof to the Sponsor Board Chair (or, if the Sponsor Board Chair is the one resigning, to the Sponsor Board Vice-Chair) who must promptly notify the other Sponsor Board Members and the Appointing Body that appointed the resigning Sponsor Board Member. The effective date of such resignation must be stated in the notice of resignation (which date can be no earlier than the date the Sponsor Board Member signs the resignation), failing which it is the date when the Sponsor Board Chair (or Sponsor Board Vice-Chair) receives such notice of resignation.

8.5 *Removal of Sponsor Board Member*

An Appointing Body may remove any Sponsor Board Member appointed by it, at any time, by sending written notice to the Sponsor Board Member being so removed and to the Sponsor Board Chair (or Sponsor Board Vice-Chair if the Sponsor Board Chair is being removed). The Sponsor Board Chair (or Sponsor Board Vice-Chair, as the case may be) must upon receipt of such notice from an Appointing Body promptly notify the other Sponsor Board Members.

8.6 *Chair and Vice Chair Required for Meetings*

Each meeting of the Sponsor Board shall require in attendance:

- (a) The Sponsor Board Chair or Alternate Sponsor Board Chair, which must act as chair of the Sponsor Board Meeting; and
- (b) The Sponsor Board Vice-Chair or Alternate Sponsor Board Vice-Chair.

8.7 *Frequency of Meetings*

The Sponsor Board Members must meet no less frequently than two times per year. The Sponsor Board Chair is responsible for setting the date and location of each meeting. Any Sponsor Board Member may request that the Sponsor Board Chair call a meeting; such a request must be in writing and include such information as is reasonably required by the Sponsor Board Chair to fulfill the agenda provisions set out in Section 8.2. No later than 14 days following receipt of such a written request the Sponsor Board Chair must give notice to the Sponsor Board Members setting out the date and location of the meeting, which meeting must be held within one month of the date on which the Sponsor Board Chair received the request to convene a meeting.

8.8 *Procedure at Meetings*

Except as otherwise set forth herein, the rules governing conduct and procedures of the Sponsor Board meetings and meetings of any committee or sub-committee constituted by the Sponsor Board are the rules and procedures specific in the current edition of Robert's Rules of Order Newly Revised (currently the 11th edition (2011)).

8.9 *Telephone Meetings*

Sponsor Board meetings may be held, or a Sponsor Board Member may participate in a meeting, by means of telephone or such other communication facilities which permit all persons participating in the meeting to speak to and hear each other, and a Sponsor Board Member participating in a meeting by such means is deemed to be present at the meeting and will be counted in determining whether a quorum is present.

8.10 *Resolutions in Writing*

Notwithstanding the Voting and Resolution of Deadlock sections in Sections 4.9 and 4.10, respectively, any decision of the Sponsor Board may be made by unanimous consent in writing signed by each Sponsor Board Member then in office without a meeting of the Sponsor Board Members.

8.11 *Defect in Appointment, etc.*

If it is subsequently discovered or determined that there exists some defect in the appointment, removal or qualification of any Sponsor Board Member, all acts and proceedings of the Sponsor Board done and carried on in good faith while any such defect existed are valid and effective.

8.12 *Compensation of Sponsor Board Members*

Each Sponsor Board Member shall be reimbursed from the Trust Fund for all expenses which have been reasonably incurred by the Sponsor Board Member in the performance of his duties. In the event of any dispute as to whether an expense incurred by a Sponsor Board Member should be reimbursed, the Sponsor Board must resolve such dispute, with such resolution being final and binding and not subject to appeal.

8.13 *Execution of Documents*

All agreements, cheques and other documents to be executed by the Sponsor Board after being approved by the Sponsor Board shall be signed by such Sponsor Board Member or Sponsor Board Members as the Sponsor Board may direct.

Article 9 Indemnification, Limitation of Liability

9.1 *Indemnification of Sponsor Board Members Not Required by any Participating Employers and Several and Proportionate Liability of Sponsor Board Members*

None of the Participating Employers under the Plan nor the Committee shall have any obligation to indemnify any Sponsor Board Member for any amounts, including, without limitation, any liabilities, obligations, damages, costs, charges or expenses incurred by such Sponsor Board Member arising from or in connection with his or her actions, omissions, duties or responsibilities as a Sponsor Board Member. Liabilities of Sponsor Board Members shall be several and proportionate and not joint or joint and several liabilities.

9.2 *Liability for Other Matters*

Sponsor Board Members, individually or collectively, shall not be responsible or liable for:

- (a) any matter, cause or thing arising due to the invalidity of all or any part of this Sponsorship Agreement or the Plan;
- (b) any delay occasioned by any restriction or provision in:
 - (i) this Sponsorship Agreement;
 - (ii) the Plan;
 - (iii) any contract procured in the course of the sponsorship of the Plan; or
 - (iv) by any other procedure.

9.3 *Reliance on Documents, etc.*

The Sponsor Board Members shall incur no liability, either collectively or individually, in acting upon any documents, data or information believed by them to be genuine and accurate and to have been made, executed, delivered or assembled by the appropriate parties.

9.4 *Reliance on Advisers*

The Sponsor Board Members are not liable, either individually or collectively, for acting and relying upon the opinions or advice of the agent or professional advisor so long as the Sponsor Board

exercises reasonable care in the selection, instruction and supervision of an agent or a professional advisor.

9.5 *Recourse Solely Against Trust Fund*

A Member, Former Member, Pensioner or person claiming through a Member, Former Member or Pensioner shall have recourse solely to the Trust Fund for any Pension Benefit or other payment under the Plan.

9.6 *Financial Responsibility for the Pension Plan*

None of the Participating Employers, Unions, the Committee, Members, Former Members, Pensioners or other beneficiaries of the Plan are liable or responsible for any debts, liabilities, obligations, or deficiencies of the Plan or the Trust Fund, except in accordance with the terms of this Sponsorship Agreement, the Trust Agreement and the Plan Text (including the Funding Policy).

9.7 *No Sponsor Liability for Representatives Appointed*

No Appointing Body, Union, or any Participating Employer are liable for any of the acts or obligations of any Sponsor Board Member solely because such Sponsor Board Member is or was an officer, employee or appointee of any such entity, or such entity had any role in the appointment of such Sponsor Board Member.

9.8 *Extended Meaning of Sponsor Board Member, etc.*

Unless the context clearly indicates otherwise, any reference in this Sponsorship Agreement to the indemnification or other protection of a Sponsor Board Member is deemed to also refer to a former Sponsor Board Member, and to the heirs, executors and administrators of any Sponsor Board Member or former Sponsor Board Member.

Article 10 Amendment of Sponsorship Agreement

10.1 *Amendment to Sponsorship Agreement*

The Sponsor Board has no authority to make any amendments to this Sponsorship Agreement. This Sponsorship Agreement may be amended from time to time in any respect only by written agreement of the Sponsors. The power of amendment reserved under this Section 10.1 is to be construed as being subject to no restrictions other than those imposed by law. In exercising its authority under this Section 10.1, the City shall act in accordance with the terms of an agreement among the Participating Employers.

10.2 *Recommendations for Amendment*

The Sponsor Board may make recommendations to the Sponsors with respect to amendments to this Sponsorship Agreement. For greater certainty, such recommendations of the Sponsor Board shall be non-binding on the Sponsors.

Article 11 Miscellaneous Provisions

11.1 *No Duty to Inquire*

All persons dealing with the Sponsor Board have no duty to inquire into any decision or authority of the Sponsor Board or into the ability of the Sponsor Board to receive any monies, securities or other property paid or delivered to the Sponsor Board and may rely upon any document required to be executed by the Sponsor Board which has been executed as provided in this Sponsorship Agreement, as having been duly authorized.

11.2 *Severance of Illegal Provisions*

If any provision of this Sponsorship Agreement is held to be illegal or invalid for any reason, such illegality or invalidity does not affect the remaining portions of this Sponsorship Agreement, unless such illegality or invalidity materially prevents the accomplishment of the respective objectives and purposes of this Sponsorship Agreement, as determined by the Sponsor Board.

11.3 *Binding Effect*

This Sponsorship Agreement and any amendments thereto, are binding upon the Participating Employers, the Committee, the Sponsor Board, the Administrative Board, the Members, Former Members, Pensioners and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and assigns.

11.4 *Governing Law*

The Province of Saskatchewan is the legal location of the Plan and the Trust Fund and all questions pertaining to the validity, construction and administration of this Sponsorship Agreement and of the Plan must be determined in accordance with the laws of the Province of Saskatchewan. Any litigation which arises pursuant to or in connection with this Sponsorship Agreement, the Plan or any of their respective provisions, must be referred to the courts in the Province of Saskatchewan.

11.5 *Survival of Provisions*

The provisions of this Sponsorship Agreement which by their context are meant to survive the termination of this Sponsorship Agreement will so survive the termination of this Sponsorship Agreement.

11.6 *Further Assurances*

Each party hereto must from time to time and at any time hereafter, upon each reasonable written request to do so, make, do, execute and deliver or cause to be made, done, executed and delivered all further acts, deeds, assurances, things and written instruments as may be necessary in the opinion of any party, for more effectively implementing and carrying out the intent of this Sponsorship Agreement.

11.7 *Time of Essence*

Time is of the essence of this Sponsorship Agreement and of every part hereof. All time limits must be strictly observed.

11.8 *Counterpart Execution*

This Sponsorship Agreement and any document prepared in connection with the Plan or the Trust Fund may be signed in counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document. A signed fax or electronically transmitted copy of this Sponsorship Agreement or any document referenced herein shall be effectual and valid proof of execution and delivery.

IN WITNESS WHEREOF the Sponsors have executed this Sponsorship Agreement as of the date first above written.

The City of Regina

Signed as of [date]

Civic Pension and Benefits Committee

Signed as of [date]

Appendix "A"

PARTICIPATING EMPLOYERS AS OF JANUARY 1, 2016

[insert list of Participating Employers as of January 1, 2016]

Appendix “B”

PLAN TEXT AS AT JANUARY 1, 2016

[attach copy of the Plan Text (including Funding Policy as Schedule “A”)]

Appendix "C"

TRUST AGREEMENT AS AT JANUARY 1, 2016

[attach a copy of the Trust Agreement]

Appendix "D"**EMPLOYER PARTICIPATION AGREEMENT**Regina Civic Employees' Superannuation and Benefit Plan (the "**Plan**")

Pursuant to Section 2.2 of the Sponsorship Agreement, the undersigned is a Participating Employer under the Plan and acknowledges and agrees to the following, effective January 1, 2016:

1. The undersigned has been provided with a copy of the Sponsorship Agreement, the Trust Agreement and the Plan Text (including the Funding Policy thereto), all effective January 1, 2016;
2. The undersigned agrees to be bound by the terms of the Sponsorship Agreement (including, without limitation, its entitlement to the benefits of Section 9.7 thereof), the Trust Agreement and the Plan Text, as may be amended from time to time, including, without limitation, the obligation to make contributions as required under the terms of the Plan;
3. The undersigned agrees to promptly provide the Administrative Board with all information reasonably requested by the Administrative Board to perform its duties and obligations under the terms of the Sponsorship Agreement, the Trust Agreement and the Plan Text.

[Name of Participating Employer]

Signed as of [month] [day], 2015

The Sponsor Board of The Regina Civic
 Employees' Superannuation and Benefit Plan

Signed as of [month] [day], 2015

The Administrative Board of The Regina Civic
 Employees' Superannuation and Benefit Plan

Signed as of [month] [day], 2015

Draft: September 21, 2015

Appendix “B” to the Sponsorship Agreement

**THE REGINA CIVIC EMPLOYEES’
SUPERANNUATION AND BENEFIT PLAN**

1. NAME

The Plan shall be known as "The Regina Civic Employees' Superannuation and Benefit Plan."

2. DEFINITIONS

Wherever hereinafter used, unless the context otherwise requires:

- (i) "Administrative Board" means the Administrative Board created under Bylaw 3125, as it existed prior to January 1, 2016, and continued under the terms of the Trust Agreement.
- (ii) "City" means the City of Regina (excluding the Regina Police Service).
- (iii) [Section (iii) – Deleted]
- (iv) "Council" means the Council of the City of Regina.
- (v) "Employee" means:
 - (a) a person in receipt of compensation for services rendered in a permanent position on the staff of a Participating Employer, as defined herein, and includes any such person employed in the administration of the Plan; or,
 - (b) a person in receipt of compensation for services rendered in a casual or non-permanent position on the staff of a Participating Employer, as defined herein, if such person has completed 24 months of less than full time continuous employment with a Participating Employer, and in each of the two consecutive calendar years prior to application for Plan membership, has completed 700 hours of employment with a Participating Employer, and makes an application to join the Plan pursuant to Section 48;

but does not include any employees belonging to an employer group, bargaining unit or any other identifiable group of employees who the Administrative Board has allowed to withdraw

from the Plan in accordance with this Plan, the Sponsorship Agreement and the Trust Agreement.

- (vi) The words "He", "His" or "Him" where used herein shall be construed as including or referring to a person of the feminine gender where the facts or the context so require. The words widow and wife shall mean and include widower and husband.
- (vii) "Plan" means The Regina Civic Employees' Superannuation and Benefit Plan hereby continued upon a revised basis as of January 1, 2016.
- (viii) [Section (viii) – deleted]
- (ix) (a) The definition of "Salary", "Base Salary", and "Excess Salary" as contained herein shall at all times be subject to subsection (b) hereof.

“Salary” means

- (1) prior to January 1, 2016, the gross salary or wages of an employee, together with the value of living and residential allowances and of emoluments, perquisites and privileges incidental to his employment as determined by the Administrative Board, but does not include allowances for travelling expenses or the value of employer contributions with respect to life insurance;
- (2) after December 31, 2015:
 - (A) the gross salary or wages of an employee, excluding overtime, together with the value of living and residential allowances and of emoluments, perquisites and privileges incidental to his employment as determined by the Administrative Board, but does not include allowances for travelling expenses or the value of employer contributions with respect to life insurance; and

(B) any increases to the gross salary or wages set out in (A) that are received by a Pensioner as a result of retroactive salary being paid to the Pensioner after retirement where the following conditions are met:

- (i) where the respective employer agrees to include the retroactive salary as part of the Pensioner's pensionable salary; and
- (ii) where both the employer and employee's portions of the contribution rates are paid with respect to the retroactive salary increase.

"Base Salary" for the year shall mean that portion of Salary earned by an employee that can be used in that year, before adjustment, to determine benefits under the Canada Pension Plan.

"Excess Salary" for the year shall mean that portion of Salary earned by an employee which is in excess of the Base Salary for the year.

For greater certainty, the sum of "Base Salary" and "Excess Salary" shall equal "Salary".

- (b) For the purpose of contributions and benefits where an employee is injured in the course of his employment and the Workers' Compensation Board adjudges that compensation is payable for such injury the regular salary (excluding overtime) that such person would have received had he continued working will be deemed to be his regular full salary earnings and the provisions relating to base salary and excess salary, as contained in this Section, will be applicable. Notwithstanding these provisions, where such person also had actual salary earnings and such period is utilized to determine the average salary to be used in the salary calculation, the base salary for that year shall be the amount as determined herein and from actual earnings, and shall not exceed the maximum amount which would otherwise have been available to be used in that year to determine benefits under the Canada Pension Plan. This provision for deemed salary as provided herein will no longer apply where such employee ceases to be an employee or returns to

active employment or is granted disability or other payments from the Plan, or a payment is made by the Workers' Compensation Board as a result of permanent physical impairment or payments are made to an individual by the Workers' Compensation Board as a result of loss of earning capacity following that Board's adjudication that the employee is fit to return to suitable employment.

- (x) "Service" means continuous service in a full time permanent position with a Participating Employer.

Service in a permanent, part-time position with a Participating Employer, for which contributions to the Plan have been or are being made, shall be pro-rated as follows:

- (1) the number of regular hours actually worked divided by the number of regular hours for the full time equivalent of such a position, on an annual basis; or
- (2) The pensionable salary paid to such an employee for regular hours worked divided by the regular, full time equivalent salary of such a position, on an annual basis;

the manner of calculation as aforesaid to be determined according to the nature of the employer's record keeping.

Provided that no vested benefits accrued by a member prior to January 2, 1991 shall be diminished by virtue of the proration herein before provided for, and provided further that:

- (1) for the purposes of membership in the Plan by employees of the Regina General Hospital Board after three months service, as stated in Section 2(v)(a) of the Plan;
- (2) for the purposes of the return of Administrative Board contributions within 365 days, as stated in Section 2(v)(b) of the Plan; and
- (3) for purposes of vesting, the Rule of 80 and the Rule of 85, where applicable, continuous, calendar year service shall be utilized.

An employee who elects to reinstate prior service or purchase service in accordance with

Sections 33 or 46 shall be credited with such service.

Service for pension purposes shall be credited for time lost by members due to the work stoppage at the Regina General Hospital in 1982.

- (xi) "Trust Fund" means the Regina Civic Employees' Superannuation and Benefit Plan Trust Fund settled in connection with the Plan under the Trust Agreement.
- (xii) "Committee" means the Civic Pension and Benefits Committee created under Bylaw 3125, as it existed prior to January 1, 2016, and continued pursuant to the Sponsorship Agreement.
- (xiii) "Interest on Contributions" means interest compounded annually at the rate of three percent (3%) per annum to December 31, 1973 and four percent (4%) per annum thereafter. Where contributions are refunded, interest shall be computed to the date of payment of the refund.
 - (a) The interest rate of four percent (4%) shall continue to be payable:
 - (i) on all active employee accounts, of whatever nature, until December 31, 1981;
 - (ii) on those accounts of employee and/or employer monies where pension, or disability, or other monthly payments were commenced prior to January 1, 1982;
 - (iii) on individual accounts where a person has a deferred pension where termination occurred prior to or on June 30, 1981;
 - (iv) on deferred pension commuted value balances of persons who terminated during the period July 1, 1981, to December 31, 1981, until December 31, 1981;
 - (v) [Section (v) – Deleted]
 - (vi) on employee and employer contributions transferred on a voluntary basis into the Plan in accordance with a Reciprocal Agreement, until December 31, 1981;
 - (vii) on employee and employer monies immediately after date of retirement where retirement occurred during the period January 1, 1982, to April 30, 1982, inclusive;

to the date, unless otherwise indicated, that such account balances are fully paid out by way of pension or other payments, or such person's prior death, whichever first occurs.

- (b) Effective January 1, 1982, the rate of interest to be applied shall be at the rate and times and in the manner prescribed by the regulations to the Pension Benefits Act of Saskatchewan, and shall be payable:
 - (i) on employee pension contribution and employee voluntary pension contribution account balances as at January 1, 1982, of employee members as at such date;
 - (ii) on employee pension and voluntary pension contributions made into the Plan on or after January 1, 1982;
 - (iii) on employee pension contributions transferred voluntarily into the Plan on or after January 1, 1982, in accordance with the terms of a Reciprocal Agreement and on employee pension contribution balances as at December 31, 1981, that were previously transferred into the Plan;
 - (iv) on the employee pension contribution balance as at December 31, 1981, or from date of termination if such date is later, to date of payment of a lump sum refund, where a person has not become vested and locked-in as prescribed by The Pension Benefits Act and has a deferred pension entitlement and subsequently, prior to the commencement of pension payments, elects to cancel his deferred pension;
 - (v) on the deferred pension commuted value balances of persons who terminate on or after July 1, 1981, and become entitled to a deferred pension from the Plan;

to the date, unless otherwise indicated, immediately preceding the effective date of pension payments or to the day and date that such person's account balance has been paid out as a result of prior termination or death.

- (c) Effective January 1, 1993, the rate of interest to be applied as specified in subsection (b)

shall be the rate of interest calculated on the basis of the average of the yields of five-year personal fixed term chartered bank deposit rates, published in the Bank of Canada Review as CANSIM Series B-14045, over the most recent period for which the rates are available, with an averaging period equal to the number of months in the period for which interest is to be applied to a maximum of 12 months, rounded downwards to the next full one-tenth of one percent (1%) where that calculation would result in a fraction of one percent (1%) that is expressed other than as a multiple of full one-tenth of one percent (1%)."

(xiv) "Dependent Child" means:

- (1) the biological child of an employee,
- (2) an adopted child of an employee, or
- (3) any step-child to whom the employee continues to stand in place of a parent,

who:

- (1) is unmarried, and
- (2) is less than 18 years of age; or
- (3) is 18 or more years of age but less than 25 years of age, and is in full time attendance at a school or university, having been in school or university continuously since he reached the age of 18; or
- (4) is 18 or more years of age and disabled, having been continuously disabled since the time he reached the age of 18 or the employee died, whichever is later.

(xv) "Actuarially calculated" or "Actuarial reduction" means calculated on the basis of the actuarial assumptions adopted at the valuation of the Plan last preceding the calculation unless otherwise provided in this Plan.

(xvi) "Normal form of pension" means:

- a. for an employee with a Spouse on the date the employee's pension commences, a pension for the lifetime of the employee and following the employee's death, will be continued for the life of the employee's Spouse in the amount of 60% of the service pension paid to the employee, the value of which shall be the actuarial equivalent to a single life pension guaranteed for not less than sixty (60) months. The spousal pension provisions may be waived; such waiver must be made on the prescribed form and in the prescribed manner and in no event shall it be signed more than 90 days prior to the commencement of benefits. Where such retiring employee does not choose an optional form of pension in accordance with the terms of the Section 12 the form of pension as above stated shall be payable.
- b. for an employee without a Spouse on the date the employee's pension commences, a pension which, after such payments become effective, is paid for the life of the retired employee with monthly payments guaranteed for not less than sixty (60) months. Where such retiring employee does not choose an optional form of pension in accordance with the terms of Section 12 the form of pension herein stated shall be payable.

(xvii) "Deferred Pension" means a life pension, the payment of which commences on the date the employee would be eligible to receive such pension, whether or not it is continued after death to some other person.

(xviii) "Pension Benefits Act" means The Pension Benefits Act of Saskatchewan and Regulations thereunder.

(xix) "Commutated Value" means the lump sum value, as at the date of commutation of the pension, to which a terminated employee would be entitled at his retirement date or to which a retired employee or other person is entitled, where the value is calculated by using the rate of interest and the mortality basis recommended by the Actuary and approved by the Administrative Board

or as otherwise required and detailed in this Plan, such commuted value will be based on the actuarial assumptions, provided by the Actuary and recommended by the Administrative Board, and which are approved by the Superintendent of Pensions as being appropriate to establish such commuted value of the pension to be payable from this Plan, in accordance with the terms of the Plan.

- (xx) "Actuary" means the person designated by the Administrative Board to be the Actuary for the Plan and such person shall be a Fellow of the Canadian Institute of Actuaries.
- (xxi) "Superintendent" or "Superintendent of Pensions" means the Superintendent of Pensions for Saskatchewan.
- (xxii) "Rule of forty-five (45)" means the date, where a member has completed a minimum of one (1) year of continuous employment or service and when such period of employment or service together with the member's age total forty-five (45) years or more. However, for these purposes any service transferred into this Plan in accordance with the terms of a Reciprocal Agreement or service purchased by the employee on a voluntary basis shall not be included as service, excepting where the service purchased was service with a Participating Employer immediately prior to the date such person became a member of this Plan.
- (xxiii) "Beneficiary" means a member's designated beneficiary and shall be:
 - (1) prior to January 1, 1993, the persons designated by the member;
 - (2) on and after January 1, 1993;
 - (a) if the member has a spouse, the spouse; or
 - (b) if the member has no spouse, the person or persons designated by the member.

In the absence of a designated beneficiary, the Plan Administrator may deem the beneficiary to be the spouse, or the estate in the case of there not being a spouse.

- (xxiv) "Former Member" means a person whose membership in the Plan has terminated and who

retains a present or future entitlement to a benefit pursuant to the Plan and who is not a Pensioner;

- (xxv) "Joint Annuitant" means the spouse designated as such in an election made under and in accordance with the Plan.
- (xxvi) "Member" means a person who has joined the Plan in accordance with the terms of the Plan and is entitled to Pension Benefits under the Plan, but shall not include a Former Member or Pensioner.
- (xxvii) "Normal Retirement Date" means age sixty-five.
- (xxviii) "Pensioner" means a person to whom a pension has been granted under the Plan and the first payment of which has fallen due.
- (xxvix) "Plan Administrator" means the Administrative Board as specified in the Trust Agreement.
- (xxx) "Prescribed RSP" means, for the purpose of the Plan, after January 1, 1993, a retirement savings plan which is registered pursuant to the provisions of The Income Tax Act and conforms to the prescribed lock-in requirements of The Pension Benefits Act for such plans.
- (xxxi) "Reciprocal Agreement" means any agreement established in accordance with The Pension Benefits Act and The Income Tax Act, and pursuant to the Plan provisions between the Administrative Board and the employer or body administering another registered pension plan.
- (xxxii) "Spouse" has the meaning ascribed in *The Pension Benefits Act, 1992*.
- (xxxiii) [Section (xxxiii) – Deleted]
- (xxxiv) [Section (xxxiv) – Deleted]
- (xxxv) "Union" means a labour organization that is a union as defined by The Saskatchewan Employment Act, SS 2014, c S-15.1, and has Members contributing to the Plan.
- (xxxvi) [Section (xxxvi) – Deleted]

(xxxvii) [Section (xxxvii) – Deleted]

(xxxviii) [Section (xxxviii) – Deleted]

(xxxix) “Funding Policy” means the funding policy for the Plan, as amended from time to time, as set out in Schedule “A” hereto.

(xl) “Postponed Retirement Date” means the date specified in Section 7(vii).

(xli) [Section (xli) – Deleted]

(xlii) “Sponsor Board” means the Sponsor Board established pursuant to the Sponsorship Agreement.

(xliii) “Sponsorship Agreement” means the sponsorship agreement agreed to by the Committee and the City.

(xliv) “Trust Agreement” means the trust agreement agreed to by the Committee, the City and the Administrative Board members.

(xlv) “Participating Employer” means an employer that has employees participating in the Plan pursuant to the terms of the Plan and the Sponsorship Agreement, and includes, for greater certainty, the City.

(xlvi) “Plan Text” means this text which, among other things, specifies the various Pension Benefits that will be provided under the Plan, as set-out herein, as such text is amended from time to time.

3. [Section 3 – Deleted]

3A. [Section 3A – Deleted]

4. [Section 4 – Deleted]

5. SERVICE RECORD TO BE ESTABLISHED

Each employee whose service record has not yet been established shall be given by the Administrative Board as promptly as reasonably possible, a statement of his continuous service as shown by the records of a Participating Employer. If such record is disputed the employee concerned must file a protest with the Administrative Board within three months of the receipt of such statement. The onus shall be on the

employee to present proof in support of such protest and the decision of the Administrative Board on such submission shall be final. In default of such protest, the service as shown on a Participating Employer's records shall determine the service under these rules.

6. PROOF OF AGE

- (i) Proof of age satisfactory to the Administrative Board must be furnished by every employee within three months of his entering the service of a Participating Employer.
- (ii) Every employee who receives his pension as a joint and survivor pension to himself and his spouse shall furnish proof of age of his spouse satisfactory to the Administrative Board.

6A. VESTING AND LOCKING-IN

A member's entitlement to benefits under the Plan shall be vested and locked-in upon the earlier of:

- (1) for service prior to January 1, 1994, when the member's age plus service equals 45, if service is at least one year;
- (2) for service on and after January 1, 1994, upon completion of two years of continuous employment;
- (3) the member attaining normal retirement date if the member terminates his or her membership in the Plan; or
- (4) termination of the Plan.

7. POSTPONED RETIREMENT DATE

- (i) Subject to approval by the Member's employer, if a Member continues in employment with his or her employer beyond his Normal Retirement Date, the Member shall have the option to either:
 - (a) continue to contribute and accrue benefits under the Plan in respect of Service beyond Normal Retirement Date until the termination of his employment or he retires; or

- (b) commence his pension on his Normal Retirement Date and stop contributing to and accruing benefits under the Plan.
- (ii) Where an employer approves a Member's ability to continue to contribute to and accrue benefits under the Plan beyond his Normal Retirement Date, such approval shall apply to all Members employed by that employer.
- (iii) Notwithstanding Section 7(i) above, in no event shall the Postponed Retirement Date of a Member be beyond the end of the calendar year in which the Member attains age 71, or any other such date as may be set out in subparagraph 8502(e) of the regulations under the *Income Tax Act*.
- (iv) Where a person is receiving a pension under the Plan and wishes to return to employment, the person shall continue to receive their pension and shall not become a Member of the Plan.
- (v) Where an employer does not approve a Member's request to postpone retirement and the Member wishes to continue in employment, the Member shall commence his pension on his Normal Retirement Date and shall not accrue additional service or pay contributions after his Normal Retirement Date.
- (vi) If a Member dies while employed and after his Normal Retirement Date but before his Postponed Retirement Date his Spouse or beneficiaries are entitled to benefits as though the deceased Member had retired on the date of his or her death.
- (vii) A Member's Postponed Retirement Date shall be
 - 1. the first day of the month coincident with or following the day the Member's employment is terminated or he retires;

2. the date on which, pursuant to the *Income Tax Act* (Canada), retirement benefits must commence; or
3. the first day of any month specified by the Member in writing;

whichever is earliest.

8. ELIGIBILITY FOR PENSIONS

(1) Pensions shall be granted to employees:

- (a) who have either (i) reached their Normal Retirement Date and, if still employed, elected to commence their pension or (ii) who have reached their Postponed Retirement Date;
 - (b) who have served for at least 35 years; or
 - (c) subject to clause 8(2), where an employee has reached his fifty-fifth (55th) birth date and has completed twenty-five (25) years of contributory service and in any other instance when the age of the employee is equal to or greater than fifty-five (55) and his age together with the number of his years of service for which contributions were made to the Plan total eighty (80) or more, he will be entitled to retire and receive his pension effective the first day of the month next following his voluntary retirement date provided a written notice of the election is given to the Administrative Board at least ninety (90) days before the date of the intended retirement. The Administrative Board may, in extenuating circumstances, waive or reduce the ninety (90) days notice.
- (2) Section 8(1)(c) shall not apply to Service of an employee on and after January 1, 2016 except in respect of an employee who, prior to January 1, 2019, is age 55 or older and his age plus years of Service for which contributions were made to the Plan are equal to or greater than eighty (80). In respect of all other employees, where the employee is age 55 or older and his age plus years of Service for which contributions were made to the Plan are equal to or greater than eighty-five (85), he will be entitled to retire and receive his pension in respect of Service on and after January 1, 2016 effective the first day of the month next following his

voluntary retirement date provided a written notice of the election is given to the Administrative Board at least ninety (90) days before the date of the intended retirement. The Administrative Board may, in extenuating circumstances, waive or reduce the ninety (90) days' notice.

11. VOLUNTARY EARLY RETIREMENT PENSIONS

Subject to Section 22(iv)(d), an employee who is fifty-five (55) years of age or older may elect to retire on the first of any month prior to his sixty-fifth (65th) birthday provided he gives the Administrative Board a written notice of his election at least ninety (90) days before the date of his intended retirement or the date of commencement of pension payments. The Administrative Board may in extenuating circumstances waive or reduce the ninety (90) days' notice. Pensions as described in Section 15 will be granted to employees who retire in accordance with this Section 11, subject to the following reductions for early retirement:

- (i) For Service prior to January 1, 2016, where an employee has reached his or her 55th birth date and has completed 25 years of contributory service and in any other instance when the age of the employee is equal to or greater than 55 and his or her age together with the number of years of contributory service total 80 or more, no early retirement reduction shall apply.
- (ii) For Service after December 31, 2015, where an employee has reached his or her 55th birth date and has completed 30 years of contributory service and in any other instance when the age of the employee is equal to or greater than 55 and his or her age together with the number of years of contributory service total 85 or more, no early retirement reduction shall apply.
- (iii) Notwithstanding subsection (ii), for Service after December 31, 2015, where an employee has reached his or her 55th birth date prior to January 1, 2019 and his or her age together

with the number of years of contributory service total 80 or more prior to January 1, 2019, no early retirement reduction shall apply.

- (iv) For service prior to January 1, 2016
 - a. For terminations that occur prior to January 1, 1983, where an employee has reached his or her 55th birth date but has not completed 25 years of contributory service and his or her age together with the number of years of contributory service total less than 80, an early retirement reduction shall be applied to the pension described in Section 15 equal to one-half of one percent (1%) for each complete month that his or her pension commencement date precedes the date when his or her actual service to his or her date of termination and age at pension commencement date total eighty (80).
 - b. For terminations that occur on or after January 1, 1983, where an employee has reached his or her 55th birth date but has not completed 25 years of contributory service and his or her age together with the number of years of contributory service total less than 80, the pension described in Section 15 shall be reduced actuarially for each complete month that his or her pension commencement date precedes the date when his or her actual service to his or her date of termination and age at pension commencement date total eighty (80).
- (v) For service after December 31, 2015, where an employee has reached his or her 55th birth date but has not completed 30 years of contributory service and his or her age together with the number of years of contributory service total less than eighty-five (85), the pension described in Section 15 shall be reduced actuarially for each complete month that his or her pension commencement date precedes the date when his or her actual service to his or her date of termination and age at pension commencement date total eighty-five (85).

- (vi) The actuarial reduction as detailed in this subsections (iv)(b) and (v) shall be calculated as at the date of termination of such person, and shall not be less than one-quarter of one percent (1%) for each month applicable.
- (vii) Notwithstanding any other provision of this Section 11, an employee entitled to a pension under Section 31 shall not have his pension reduced in excess of thirty-five percent (35%).

12. OPTIONAL PENSION

- (i) For an employee who has terminated prior to December 31, 1976, and has been granted a deferred pension and for employees who retire or terminate subsequent to January 1, 1993, a retiring employee who is legally married may choose one of the following optional forms of pension in place of the normal form of pension providing he satisfies the requirements of subsection (iii) of this Section. Such optional pension may be one of the following:
 - (a) a pension payable during the joint lifetime of the employee and his spouse which, after the death of either is payable in the same amount, or the amount of sixty percent (60%) or seventy-five percent (75%) to the survivor for life; or
 - (b) a retiring employee without a spouse shall receive a pension payable at least for life with a minimum guarantee of at least five years and a maximum guarantee that shall not exceed fifteen years.
- (ii) Any employee retiring prior to his sixty-fifth (65th) birthday may choose to have his pension integrated with the benefits which at his date of retirement are expected to be payable to him under the Old Age Security Act or the retirement benefits expected to be payable to him under the Canada Pension Plan Act or both, so that he will receive an increased pension payment until the last day of the month in which his sixty-fifth (65th) birthday occurs and thereafter receive a

pension which is reduced by the total amount of expected benefits that were used in the calculation to determine the amount that was added to his payments.

- (iii) An optional pension can be chosen by an employee if:
 - (a) he is not retiring on a disability pension;
 - (b) the choice of the optional pension does not result in him receiving a pension which in total, is less than the minimum pension.
 - (c) the choice is made not more than thirty (30) days after the retirement date of the employee and prior to the first pension payment being made to him.
 - (d) excepting that effective as and from January 1, 1993, where a person terminates and is entitled to a deferred or an immediate pension and is legally married at the date such pension payments are to be effective, such person shall elect a pension payable on a joint and survivor basis with payments to his surviving spouse of not less than sixty percent (60%) of his pension benefit on an actuarially adjusted basis. If such person fails to provide his election in writing within thirty (30) days after his retirement date, he shall be deemed to have elected a pension payable on a joint and survivor basis with payments to his surviving spouse in the amount of sixty percent (60%).
- (iv) The optional pension shall be actuarially equivalent in value to a pension benefit which is a single life pension guaranteed for not less than sixty (60) months.

12A. WAIVER OF JOINT PENSION

- (i) A member or former member with a spouse may receive a pension as a single person only if:
 - (a) the spouse has waived his or her entitlement to a survivor's pension pursuant to an agreement or Court order under The Family Property Act; or

- (b) the Administrative Board receives a statement in the prescribed form before pension commencement by the spouse in the presence of a witness and outside the presence of the member or former member. A statement pursuant to this clause is not valid if the statement is made more than ninety (90) days before pension commencement.

12B. [Section 12B – deleted]

12C. WAIVER OF PRE-RETIREMENT SURVIVOR BENEFIT

At any time before the date of death of an Employee or Former Member, the Spouse of the Employee or Former Member:

- (i) may waive the Spouse's entitlement to a pre-retirement death benefit by delivering a written and signed waiver in the form prescribed by The Pension Benefits Act to the Administrative Board; and
- (ii) may revoke a waiver delivered pursuant to clause (i) by delivering a written and signed notice of revocation to the Administrative Board.

13. MINIMUM PENSION

The pension payable to an employee who has retired, or will retire under the provisions of Section 8 or Section 8A, shall not be less than \$35.00 per year for each completed year of service. Fractions of a year shall be computed on the same basis.

14. COMPUTATION OF SERVICE

- (i) Subject to the provisions of Section 9, Section 9A, Section 33, and Section 46 the period of service to be used for the purpose of computing pension shall be that established under Section 5 hereof, provided that if any employee, after having left the service with a Participating Employer,

re-enters the same, he shall be treated on such re-entry as a new employee and no former service shall be counted.

- (ii) Provided the employee makes contributions in accordance with subsection (iv) of Section 21 and subject to subsection (iii) hereof, no deduction shall be made from the period of service of an employee for any period of suspension, leave of absence with partial or no salary; and effective January 15, 1968, layoff from work for ninety (90) calendar days or less. Where an employee makes contributions to the Plan during periods of absence as a result of an injury received during the course of his employment in accordance with the provisions of subsection (iv) (b) of Section 21 herein, such periods will be classed as service for the purpose of any benefits payable from the Plan. These provisions will also apply to a person in receipt of disability payments as at May 1, 1982, where he elects to again become a member of the Plan in accordance with the provisions of subsection (xv), (xvi), or (xvii) of Section 9 subject to the provisions of subsection (ii) of Section 9 or where such person makes contributions in accordance with the provisions of subsection (xi) of Section 9A. Where such person again becomes a member of the Plan, or where a person becomes disabled on or after May 1, 1982, and is granted disability benefits from the Plan, the period of disability, including waiting periods, for which such person continues to make contributions to the Plan, shall be added to his active service for the purpose of computing such person's subsequent eligibility for and/or early or regular retirement pension from the Plan. Effective on all leaves of absence taken, subsequent to the first day of the first pay period in the year 1987, where the employee elects to make regular contributions to the Plan in order to be credited with such period of service, the matching employer contributions will be limited to the initial one hundred and eighty (180) consecutive days of each such separate occurrence.
- (iii) Any period of suspension, leave of absence with partial or no salary, or lay-off from work for a period of five or less consecutive working days will not be deducted from the service of the employee and no contributions will be required to be made by the employee or employer for such period.

- (iv) Subject to subsection (iii) hereof, each period of suspension, lay-off from work not exceeding ninety (90) calendar days, or leave of absence of an employee with partial or no salary, for which no contributions are paid, or any period of lay-off in excess of ninety (90) calendar days, shall be deducted in the computation of his service. Any such break in service shall be considered to be a termination of employment only upon severance of employment.
- (v) The period of time not worked by individual employee members of the Regina General Hospital during the temporary work stoppage that occurred in the year 1982 will not be deducted from the service of the employee and no contributions will be required to be made by the employee or employer for such period.
- (vi) If all or any part of the leave is unpaid, the maximum period of unpaid leave which can be included as credited service under the Plan is five years of equivalent full-time service, plus an additional period of three (3) years with respect to parental leave, as defined in The Income Tax Act.

15. SERVICE PENSIONS

The provisions of this Section shall apply only to employees of a Participating Employer who were in the service of a Participating Employer on December 31, 1974 or who subsequently enter the service of a Participating Employer and who retire, terminate, become disabled or die on or after January 1, 1975. These provisions shall not apply for the calculation of disability benefits for persons who become disabled on or after January 1, 1986, and who are granted benefits in accordance with the terms of Section 9A, excepting where such person subsequently terminates or dies or attains his sixty-fifth (65th) birthday or such earlier date of voluntary early retirement. Subject to the calculation of the amount of the actuarial equivalent where payments are continued after the death of such employee:

- (i) (a) The annual pension payable shall be computed using, where applicable, the employee's average salary, his average base salary and his average excess salary. The employee's average salary shall be the average highest salary during any five (5) consecutive years of

service completed prior to his retirement date. An employee's average base salary and his average excess salary shall be determined by calculating the average base salary and the average excess salary for the same years which were used in the calculation of his average salary. Where a benefit becomes payable to a person subsequent to July 18, 1978 who from the date he becomes a contributor to the Plan to the date he ceases employment does not have four (4) complete years of salary earnings which can be used in the averaging process to determine average salary is to be determined by dividing the total of the member's salary by the service credited for that period of time. Where a person becomes entitled to a benefit payable on or after January 1, 1980, the word and numbers four (4) detailed herein shall be taken to be three (3).

- (b) Where a person has service that has been transferred into this Plan in accordance with a Reciprocal Agreement and has not completed four (4) years of service from the date he first becomes a contributor to this Plan prior to a benefit becoming payable from this Plan his salary earnings with the previous employer shall be utilized for the purpose of determining average salary to the extent necessary to establish the four (4) years of average earnings. Where this method has been utilized and the person does not have four (4) years of salary earnings, the average salary shall be determined as provided in subsection (a) herein if such person became a contributor prior to or on December 31, 1979. Where a person becomes entitled to a benefit payable on or after January 1, 1980, the word and numbers four (4) detailed herein shall be taken to be three (3).
- (c) For those employees who were in the employ of a Participating Employer on January 1, 1977, or who subsequently enter the service of a Participating Employer and who retire, terminate, become disabled or die and a pension benefit becomes payable to such person or such person's spouse or dependents, the employee's average salary as detailed in subsection (a) and (b) shall be the average highest salary during any four (4) consecutive years of service completed prior to his date of retirement, termination, disability, or death.
- (d) For those employees who were in the employ of a Participating Employer on December

31, 1979, or who subsequently enter the service of a Participating Employer and who retire, terminate, become disabled, or die and a pension benefit becomes payable to such person or such person's spouse or dependents, the employee's average salary as detailed in this Section shall be the average highest salary during any three (3) consecutive years of service completed prior to his date of retirement, termination, disability, or death.

- (e) Subject to Section 15(i)(f), for those employees who were in the employ of a Participating Employer on January 1, 2016, or who subsequently enter the service of a Participating Employer and who retire, terminate, become disabled, or die and a pension benefit becomes payable to such person or such person's Spouse or dependents, the employee's average Salary as detailed in this Section shall be:
 - (i) For the pension benefit attributable to years of Service completed on and after January 1, 2016, the Member's highest average Salary during any five (5) consecutive years of Service completed prior to his date of retirement, termination, disability, or death; and
 - (ii) For the pension benefit attributable to years of Service completed prior to January 1, 2016, the Member's highest average Salary during any three (3) consecutive years of Service completed prior to his date of retirement, termination, disability, or death.
- (f) Notwithstanding Section 15(i)(e) above, upon meeting the conditions set out in Section VII of the Funding Policy, for those employees who were in the employ of a Participating Employer on January 1, 2016, or who subsequently enter the service of a Participating Employer and who retire, terminate, become disabled, or die and a pension benefit becomes payable to such person or such person's Spouse or dependents, the employee's average Salary as detailed in this Section shall be the average Salary as determined in accordance with the Funding Policy.
- (ii) After the employee's sixty-fifth (65th) birthday excepting where otherwise stipulated and subject

to any required actuarial reduction that may be applicable, the annual pension shall be an amount equal to the sum of:

- (a) For service prior to July 1, 1958, 1.30% of the employee's average salary for each year of service and any fraction thereof;
 - (b) For service on and after July 1, 1958, and prior to December 31, 1965, 2% of the employee's average salary for each year of service and any fraction thereof;
 - (c) For service on and after January 1, 1966, 1.35% of the employee's average base salary and 2% of his average excess salary for each year of service and any fraction thereof;
 - (d) Subject to subsection (vii)(g) herein the annual pension otherwise payable under this subsection shall not exceed the sum of seventy percent (70%) of the employee's average salary excepting where additional pension is purchased in accordance with the terms of the Plan in the form of a life annuity on a money purchase basis.
- (iii) Up to and including the employee's sixty-fifth (65th) birthday if the employee has not temporarily or permanently retired on a disability pension in accordance with the provisions of Section 9, or has not retired in accordance with the provisions of Section 11, or Section 31, and subject to any required actuarial reduction that may be applicable the annual pension shall be an amount equal to the sum of:
- (a) For service prior to July 1, 1958, 1.30% of the employee's average salary for each year of service and any fraction thereof;
 - (b) For service on and after July 1, 1958, two percent (2%) of his average salary for each year of service and any fraction thereof;
 - (c) Subject to subsection (vii)(g) herein the annual pension otherwise payable under this subsection shall not exceed the sum of seventy percent (70%) of the employee's average salary excepting where additional pension is purchased in accordance with the terms of the Plan in the form of a life annuity on a money purchase basis.

- (d) When such retired employee reaches age sixty-five (65) the annual pension shall be computed in accordance with subsection (ii) of this Section.
- (iv) Subject to Section 41, if an employee retires on a disability pension in accordance with the terms of Section 9, excepting where the provisions of Section 9A apply to such person, his annual pension shall be computed in accordance with subsection (ii) of this Section.
- (v) If the amount of a pension is so “small” that The Pension Benefits Act allows the commuted value to be paid out in total, the person entitled to receive the pension may, prior to receiving the first pension payment, elect to receive a lump sum payment equal to the commuted value of the pension which the person was entitled to receive in lieu of such pension. Such lump sum payment shall not be less than the total amount of his own pension contributions to date of termination or retirement together with accumulated interest.

If the amount of pension is so “small” that The Pension Benefits Act allows the commuted value to be paid out in total, the Administrative Board may require (in its sole discretion) that the person receive the benefit as a lump sum equal to the commuted value of the pension which the person was entitled to receive in lieu of such pension.

For purposes of this section, a pension is considered small when one of the following conditions are met:

- (a) The amount of the commuted value does not exceed 20% of the Year’s Maximum Pensionable Earnings in effect in the year in which the payment occurs; or
- (b) The amount of the person’s annual pension does not exceed 4% of the Year’s Maximum Pensionable Earnings in effect in the year in which the payment occurs.
- (vi) (c) Notwithstanding the provisions of this Section with respect to the calculation of pension payments, all persons in receipt of payments from the Plan as at January 1, 1986, whose payments have been increased in accordance with this Section and previously approved on

an annual basis, shall have such payments fixed in the individual amount payable to such persons as at January 1, 1986, and the increased payments so established shall be deemed to be such person's new basic rate of payment from the Plan as at January 1, 1986.

However, where any previously scheduled reduction or change in an amount of pension payments that normally would have occurred in any event including any reduction in accordance with subsection (ii)(c) herein which would result in an amended basic pension payment, the new basic rate will be established on the same basis that was used to determine the increased basic payments as set out in this Section.

- (d) (i) (a) The provisions contained in subsection (c) herein will not be applicable subsequent to January 1, 1986, excepting that any payments previously established in accordance with those rules shall be maintained. The provisions contained in this paragraph (vi)(d)(i)(a) shall only be applicable to Service prior to January 1, 2016. Subject to subsection (v) of this subsection, commencing January 1, 1986, payments to persons in receipt of monthly pension or disability payments on such date from the Plan, and to persons who subsequently become entitled to monthly payments from the Plan, shall be increased effective on such person's first annual anniversary date of pension payments or deferred pension from the Plan, and such person's subsequent increases shall be effective on each annual anniversary date following such date at the rate of fifty percent (50%) of the increase in the Consumer Price Index for Canada for the twelve (12) months ending August 31st of the previous calendar year, with the maximum amount of such increased pension payments not to exceed four and one-quarter percent (4.25%) each year. Where a person has had his pension or other payments from the Plan increased in accordance with the former provisions, such person's annual anniversary date for subsequent increases shall be deemed to be January 1st of each year. The revised provisions contained herein shall be applied effective January 1, 1986, to

all persons who retired, terminated, died, or became disabled, and pension or deferred payments became effective on any date during the year 1985, and where such person's first annual anniversary of the effective date occurs during the year 1986 and where a person is in receipt of payments from the Workers' Compensation Board which are used to reduce his disability payments from this Plan, the percentage increase payable in accordance with these rules shall be calculated on the net payment payable from this Plan, after the Workers' Compensation Board payments have been deducted. The increased payments so established shall be fixed in such revised amount for such person and shall be deemed to be such person's new basic rate of payment as at the date such increase is applied. However, where any previously scheduled change or reduction would have occurred in any event including any reduction in accordance with subsection (ii) of this Section which would result in an amended basic pension payment, the new basic rate will be established on the same basis that was used to determine the increased basic payments as set out herein. These provisions shall not commence to become effective to a person who terminated and became entitled to a deferred pension from the Plan, prior to May 1, 1982, providing such deferred pension has not been subsequently or previously cancelled, until the first anniversary date that pension payments are actually commenced to such person, or such person's spouse.

- (b) All increases to pensions in payment that relate to the portion of the pension attributable to Service on and after January 1, 2016, including in respect of cost of living adjustments, shall be conditional on the funding level of the Plan (and may be nil in any given year or years) and will be determined by the Administrative Board in accordance with the Funding Policy, and if given, shall be limited to the amount permitted under the

Income Tax Act.

- (ii) Where a person terminates on or after May 1, 1982, the percentages that are accumulated following the annual anniversary date applicable to such person shall be on the same basis and in the same percentage amount as the percentages that are applied to persons in receipt of payments from the Plan, and such accumulated percentage amounts shall be added to such person's deferred pension payments, if applicable, at the time that such pension payments are actually commenced to such person or the spouse of such person. The provisions contained in this paragraph (vi)(d)(ii) shall only be applicable to Service prior to January 1, 2016. No adjustments will be made to deferred pensions in respect of the portion of the deferred pension attributable to service on or after January 1, 2016, unless the Administrative Board determines that such adjustment shall be provided in accordance with the Funding Policy, and if given, shall be limited to the amount permitted under the *Income Tax Act*.
- (iii) Where a person is in receipt of disability payments from the Plan, the percentage increases that were previously added to such person's disability payments from the Plan will be added together and added to such person's pension payments at the time such person's pension payments are actually commenced to such person, at such person's age sixty-five (65) or earlier voluntary retirement date, or to the spouse of such person, and for the purpose of any future increases in accordance with subsection (d)(i) herein, such person's annual anniversary date shall be deemed to be January 1st of each year, beginning with the January 1st next following such effective date of retirement pension payments. All percentage increases accumulated in accordance with the provisions of this subsection or subsection (i) of subsection (d) herein shall be cancelled and shall not apply to a person who subsequently returns to employment with a Participating Employer, where following his return he is employed for twelve (12) consecutive months. In the event that such

person subsequently becomes entitled to disability or pension payments from the Plan, the calculated payments shall be not less than the amount of disability payments that such person received prior to his return to active employment, and such payments shall be increased in accordance with these provisions commencing with any increase granted on the January 1st next following his commencement of disability of pension payments. Notwithstanding these provisions, where a person becomes disabled on or after January 1, 1983, and is granted disability payments directly from the employer in accordance with the terms of a Union Agreement, no accrual of annual increases shall take place, and no increases shall be effective or added to such person's payments until the January 1st next following his sixty-fifth (65th) birthday, or if earlier, the January 1st next following the date that the salary payments from the employer in accordance with the Union Agreement are terminated.

- (iv) Where monthly payments had been previously increased in accordance with the provisions of this Section to a person in receipt of disability payments from the Plan and such person dies, and monthly payments are continued in the same or reduced amount to such person's spouse, the same percentage increases previously added to such person's disability payments shall be added to the amount of payments to the spouse. If such disabled person had not yet received an increase and dies prior to such commencement, the spouse shall be entitled to have such increase commenced on the date the deceased person would have commenced receipt of such increase, had he lived.
- (v) Notwithstanding any other provisions of this Plan, unless such increases in payments are being made to a member's beneficiary or to a person who has become disabled, the following will apply. The increases in accordance with these provisions shall not be payable to a person who has not attained his sixtieth (60th) birthday where such person's total of pension payments and supplementary

increases, excluding a bridging benefit and increases on the bridging benefit, and excluding additional pension purchased under the Plan on a voluntary basis by the member and increases on such additional pension, exceed an annual rate of one thousand seven hundred and fifteen (\$1,715.) dollars multiplied by his number of years of pensionable service, not exceeding thirty five (35) years. This restriction shall apply to all members who terminate or retire after January 21, 1980, until such person attains his sixtieth (60th) birthday.

- (vi.1) The provisions contained in this subsection (vi.1) will only be applicable to Service after December 31, 2015. Subject to subsection (v), payments to persons in receipt of disability payments from the Plan, shall be increased effective on the person's first annual anniversary date of deferred pension from the Plan, and such persons' subsequent increases shall be effective on each annual anniversary date following such date at the rate of fifty percent (50%) of the increase in the Consumer Price Index for Canada for the twelve (12) months ending August 31st of the previous calendar year, with the maximum amount of such increased pension payments not to exceed four and one-quarter percent (4.25%) each year. Where a person is in receipt of payments from the Workers' Compensation Board which are used to reduce his disability payments from this Plan, the percentage increase payable in accordance with these rules shall be calculated on the net payment payable from this Plan, after the Workers' Compensation Board payments have been deducted.
- (vii) (a) Effective January 1, 1973, each employee who has service to his credit prior to July 1, 1958 may elect prior to date of March 31, 1974 to increase the 1.25% factor detailed in subsection (ii)(a) and (iii)(a) of this Section by the payment of additional monies into the Plan on the following basis:
 - (i) An employee may elect to increase such factor for service prior to July 1, 1958 to 1.667% by payment in lump sum of an amount as determined by the Actuary that is not in excess of 3.1% of his 1972 salary multiplied by the total years of such service and any fraction thereof; or

- (ii) An employee may elect to increase such factor for service prior to July 1, 1958 to 1.85% by payment in lump sum of an amount as determined by the Actuary that is not in excess of 4.3% of his 1972 salary multiplied by the total years of such service and any fraction thereof; or
- (iii) An employee may elect to increase such factor for service prior to July 1, 1958 to two percent (2%) by payment in lump sum of an amount as determined by the Actuary that is not in excess of five and one-half percent (5.5%) of his 1972 salary multiplied by the total years of service and any fraction thereof;
- (iv) In the event such employee was absent from work for all or part of 1972 with partial or no salary for such period of absence, the basic salary that he would have received during such absence shall be considered as salary received for the purpose of establishing the salary of such employee to be utilized for such calculation.
- (v) Where an employee had previously elected to increase his pension factor and retires, terminates, becomes disabled or dies on or after January 1, 1975, the stipulated pension calculation factor detailed herein as applicable to him for his service prior to July 1, 1958 shall be increased in accordance with the following Schedule:
- (vi)

<u>Previous Factor</u>		<u>Adjusted Factor</u>
1.25%	-	1.30%
1.667%	-	1.717%
1.85%	-	1.90%
2.00%	-	2.05%

- (b) Where an employee elects to increase such pension factor for service prior to July 1, 1958 such election shall be on the basis of all of such service or one-half of such service and

his service record will be adjusted accordingly.

- (c) Such employee shall elect to pay the amount owing plus interest if applicable:
 - (i) In a lump sum not later than June 30, 1974, without the addition of interest; or
 - (ii) By equal monthly installments in such amounts that are not less than twenty dollars (\$20.00) each month, beginning not later than June 30, 1974, for a period not exceeding the number of months, if any, between June 30, 1974, and his normal retirement date. In such event, interest shall be added at the rate of nine percent (9%) per annum, or at such other rate as is determined from time to time by the Administrative Board, on the unpaid balance. If an employee retires, any balance then owing by him shall be due and payable immediately.
- (d) All such additional voluntary contributions for service prior to July 1, 1958, shall be recorded separately on each employee's record.
- (e) If such employee dies before all instalments have been paid and a widow or dependant's pension is payable in accordance with Section 23, his widow or dependent may elect to receive payment of the instalments paid by the employee. In such event, the benefits payable as a result of the employee's death shall be the benefits that would have been payable had the employee not elected to increase the pension factor applicable to his service prior to July 1, 1958.
- (f) Where an employee who has made additional voluntary contributions dies prior to retirement and a widow or dependent's pension is not payable, then the total amount of additional voluntary contributions together with interest thereon shall be paid to his beneficiary or estate, whichever is applicable.

- (g) Where the pension factor is increased in accordance with the provisions herein contained, the limitation described in Section 15 (ii)(d) and (iii)(c) shall not apply to such increased amount of pension.
- (h) Effective January 1, 1977, each employee who has service to his credit prior to July 1, 1958, may during the year in which he retires, elect to increase the 1.30% factor detailed in subsection (ii)(a) and (iii)(a) of this Section, up to a maximum factor of 2.0% by payment at his retirement date in lump sum into the Trust Fund of an amount that is actuarially calculated as being necessary to fund the benefits that will be provided by such increased pension factor.
- (i) Effective July 18, 1978, each employee who has service to his credit subsequent to January 1, 1966, may elect to increase the 1.35% factor detailed in subsection (ii)(c) of this Section up to a maximum factor of 2.0% by payment in lump sum prior to or at his retirement date into the Trust Fund of an amount that is actuarially calculated as being necessary to fund the benefits that will be provided for such increased pension factor. An employee electing to increase his pension factor in accordance with these terms may pay any portion of the calculated amount due within one hundred and eighty (180) days of his election without interest being added to such calculated amount. Where installment payments are approved by the Administrative Board and payments are made into the Trust Fund subsequent to July 1, 1979, interest shall be added at the rate of nine percent (9%) per annum or at such other rate as is determined from time to time by the Administrative Board on the unpaid balance. If an employee retires, any balance then owing by him shall be due and payable immediately. The provisions of subsection (e), (f) and (g) herein shall apply to such persons.
- (j) Any contributor to the Plan as at May 1, 1980, who has service prior to July 1, 1958 may elect to increase the pension factor of 1.30% detailed in subsection (ii)(a) and (iii)(a) of this Section to 1.717%, 1.90% or 2.0% providing he pays into the Trust Fund an amount that is actuarially calculated as being necessary to fund the benefits that will be provided

by such increased pension factor. Any portion of the calculated amount due may be paid into the Trust Fund in lump sum prior to the expiration of one hundred and eighty (180) days of his election without interest being added to such calculated amount. Where installment payments are approved by the Administrative Board and payments are made into the Trust Fund subsequent to the expiration of one hundred and eighty (180) days of his election interest shall be added at the rate of 9% per annum, or at such other rate as is determined from time to time by the Administrative Board, on the unpaid balance. If an employee retires any balance then owing by him shall be due and payable within thirty (30) days of such retirement date, otherwise the pension payable shall be in relation to and proportionate with the amount of the original voluntary contributions that were paid into the Trust Fund, excluding any interest charges as a result of installment payments.

The provisions of subsections (b), (d), (e), (f), and (g) herein shall apply to such persons.

- (viii) Any pension which is payable under this Plan shall not exceed the maximum annual pension which is permitted to be paid from registered pension plans under the requirements of the Department of National Revenue's Information Circular 72 - 13R2 or any succeeding requirement or legislation.

Notwithstanding anything else contained in the Plan, effective June 8, 1990, the maximum pension which can be purchased for pre-1990 service for periods while the individual was not a contributor to the Plan, is limited to \$1150 per year of pensionable service or two-thirds ($\frac{2}{3}$) of the amount provided by the product of \$1715 times the number of years of service not exceeding thirty five (35) years, subject to any increase allowed by Revenue Canada. The two-thirds limitation shall not apply if the service was previously accrued under another registered pension plan.

- (ix) Where an employee, on or after July 1, 1981 and before January 1, 1993, becomes entitled to an immediate retirement pension, or a locked-in deferred pension where the employee has attained the rule of forty-five (45) on or prior to termination, the amount of the employee's own accumulated pension contributions, plus interest, but excluding voluntary contributions or

contributions transferred into the Plan in accordance with Section 33 or Section 46, are to be applied to offset not more than fifty percent (50%) of the commuted value of the pension established based on all of the employee's service, excluding any increased pension factor purchased by the employee in accordance with the terms of subsection (vii) herein, or service purchased under Section 33, and excluding any service transferred into this Plan in accordance with Section 46. Where an employee, on or after January 1, 1993, becomes entitled to an immediate retirement pension, or a vested and locked-in deferred pension, the amount of the employee's own accumulated pension contributions, plus interest, including contributions transferred into the Plan in accordance with Section 46 but excluding voluntary contributions transferred into the Plan in accordance with Section 33 which were used to entirely fund the purchase of past service, are to be applied to offset not more than fifty percent (50%) of the commuted value of the pension established based on all of the employee's service, excluding any increase pension factor purchased by the employee in accordance with the terms of subsection (vii) herein, or service purchased and funded entirely by the employee under Section 33. The commuted value of such pension shall be determined based on the actuarial assumptions incorporated in the Canadian Institute of Actuaries Recommendation for the Computation of Transfer Values from Registered Pension Plans in accordance with the regulations to the Pension Benefits Act, or based on the actuarial assumptions provided by the Actuary, and recommended by the Administrative Board, and which are approved by the Superintendent of Pensions as being appropriate to establish such commuted value of the pension to be payable from this Plan, in accordance with the terms of the Plan. These provisions will not apply to any transfer of deferred pensions as contained in subsection (xiii) of Section 22. These provisions will not be applicable to a person who, on or after May 1, 1982, becomes disabled and entitled to disability benefits from this Plan, or to a person who became disabled prior to May 1, 1982, and entitled to disability benefits from this Plan and who again becomes a member of this Plan in accordance with the terms of subsection (xvi) of Section 9 or to a person who becomes entitled to the benefits payable in accordance with the terms of Section 9A herein, until the day and date that disability benefits are ceased to such person and a locked-in deferred pension or an immediate

pension becomes payable.

- (x) (a) Notwithstanding anything else contained in the Plan, if the value of the member's required contributions with interest is greater than fifty percent (50%) of the commuted value of the benefit provided by the Plan, the amount of the excess shall be called excess contributions.

These excess contributions shall be paid in one or more of the following forms, as elected by the member:

- (1) used to increase the amount of pension payable in accordance with the Plan;
- (2) paid as a lump sum cash refund;
- (3) transferred to another registered pension plan, if permitted by that plan;
- (4) transferred to a Prescribed RSP;
- (5) transferred to an insurance company to purchase an annuity or deferred to the earliest retirement age as specified in the Plan; or
- (6) transferred to any other prescribed retirement plan that is registered under The Income Tax Act;

provided, however, if any or all of this excess amount causes the maximum allowable pension or the maximum transfer value to be exceeded then the amount of this excess which causes the maximum to be exceeded shall be refunded to the inactive member.

- (b) If the member does not make an election within ninety (90) days of retirement, then the Plan Administrator may make a transfer payable in accordance with clause (5).
- (xi) Where it is determined that a person has excess contributions available in accordance with these terms, or where a person has made additional voluntary contributions to the Plan for the purchase of an increased pension factor or past service which together with his regular service pension

exceed the maximum pension rule in accordance with subsections (ii) (d) or (iii) (c) or subsection (viii) herein, such additional employee contributions may be utilized in accordance with the provisions of subsection (x) herein, and if such member elects to purchase additional pension from this Plan, the provisions of subsections (ii) (d) or (iii) (c) or subsection (viii) herein will not apply to such additional pension. Such additional life annuity shall be determined by the Administrative Board utilizing tables provided by the Actuary based on the last valuation of the Trust Fund and such pension shall be subject to the provisions of Section 12. Where a person becomes disabled subsequent to May 1, 1982, and has excess contributions as a result of additional voluntary contributions made for the purpose of an increased pension factor or past service the amount of any excess shall not be utilized in accordance with the provisions of subsection (x) herein until such is determined at the date that such person elects voluntary early retirement or attains his sixty-fifth (65th) birthday, as applicable. Where a person became disabled prior to May 1, 1982, and has excess as a result of additional voluntary contributions made for the purpose of an increased pension factor or past service, such excess shall be utilized effective as and from the date his disability payments are commenced, in accordance with the provisions of subsection (x) herein. Notwithstanding any other provisions of this Plan, where additional pension is purchased from this Plan or otherwise, and benefits become payable on or after January 1, 1992, the payments shall be on a joint and survivor sixty percent (60%) basis if such person is married at such date, or his optional choice if not married. Any excess contributions used to purchase additional pension from this Plan, in accordance with these rules, shall be added to such person's own pension account balance where it becomes necessary to determine any lump sum balance payable in accordance with the terms of Section 23 or Section 24 herein.

- (xii) The gender of the member or other beneficiary under the Plan shall not be taken into account in determining the amount of periodic benefits which commence after December 31, 1992.
- (xiii) Upon retirement of a member, the Plan Administrator shall provide the member with a written statement showing the benefits to which the member is entitled. The statement shall be provided

within ninety (90) days of receiving a completed application for commencement of periodic retirement income benefits.

16. [Section 16 – Deleted]

17. PENSIONS PAYABLE MONTHLY

Pensions shall be payable monthly from the Trust Fund and on the death of a pensioner and in the case of a Joint and Last Survivor Annuity, on the death of the survivor, the final payment shall be to the end of the month in which the death occurs.

18. PROOF THAT PENSIONER STILL ALIVE

The Administrative Board shall take all reasonable precautions to see that pension payments cease with the death of the pensioner or the survivor in the case of Joint and Last Survivor Pension, as hereinbefore provided and the Administrative Board may order at any time that further payments on account of any pension be discontinued pending production to the Administrative Board of proof that the pensioner is still alive.

19. [Section 19 – Deleted]

20. [Section 20 – Deleted]

21. REQUIRED CONTRIBUTIONS BY EMPLOYEES AND PARTICIPATING EMPLOYERS

(i) All Members shall contribute to the Trust Fund and such contributions shall be deducted from each pay period subject to the provisions detailed herein whereby the rates of contribution, utilizing cost sharing principles for employees and Participating Employers as contained in the Funding Policy, and shall be increased or decreased from time to time, as set out in Schedule “B” to this Plan Text, in accordance with the Funding Policy.

(a) Notwithstanding sub clause 21(i)(f), for all employees of a Participating Employer who

were employed in a permanent position prior to or on December 31, 1976, the rates of contribution, as a percentage of salary, shall be based on the age nearest birthday of the employee at the time of entering the Plan and shall be as follows:

<u>Age Nearest Birthday</u>	<u>Base Salary</u>	<u>Excess Salary</u>
to 25	8.42%	12.96%
26 – 36	9.42%	13.96%

- (b) Effective January 1, 2016, all employees of a Participating Employer shall contribute at a rate determined in accordance with the Funding Policy
- (c) Effective January 1, 2016, the Participating Employers shall contribute at the rate determined in accordance with the Funding Policy.
- (e) Notwithstanding anything else contained in this Plan, where an increase in contributions is to be commenced or terminated, and the pay periods of an employee do not coincide with such dates, the commencement or termination shall be effective the first day of the pay period immediately following the effective date of the increase. All costs or funding required for the benefit provisions contained in this Plan shall be shared on the basis set out in the Funding Policy.
- (f) Effective January 1, 1991, the aggregate amount of current service contributions made by a member in respect of a calendar year after 1990 shall not exceed the lesser of nine percent (9%) of the member's salary for the year or such other limit as may be imposed by The Income Tax Act.

Member or Participating Employer contributions shall be returned to the contributor if it is found that the contribution maximums have been exceeded and the Plan registration

could be revoked.

Such returns to the contributor shall be taken:

- (1) firstly from the member's additional voluntary contributions, if any; and
 - (2) secondly, in proportionate amounts, from employee required contributions and a Participating Employer contributions.
- (g) No contribution or gift may be made to, or under the Plan, except as provided within the Plan document.
- (ii) During each calendar year, each employee shall contribute to the Trust Fund at the rate of pension and ancillary contributions detailed for base salary, which is applicable to him, until his salary in the year exceeds his base salary and thereafter, for any remaining balance of that year, he shall contribute at the rate of pension and ancillary contributions detailed for excess salary, which is applicable to him. The employee's pension and ancillary contributions shall be deducted from the individual employee's salary, and the pension contributions shall be credited to such individual employee's pension account in the Trust Fund. Such employee contributions shall be paid into the Trust Fund not later than thirty (30) days after the last day of the month in which such contributions are deducted from salary or deemed salary.
- (iii) (a) Effective January 1, 2016, Participating Employers shall only contribute amounts determined in accordance with the Funding Policy.
- (b) Any payments due in accordance with the Plan and the Funding Policy shall be paid into the Trust Fund by the date or dates on which such payments are required to be made in accordance with the Pension Benefits Act.
- (iv) (a) Any employee may elect to contribute for a period of suspension, leave of absence with partial or no salary, or effective January 15, 1968, a period of lay-off from work not exceeding ninety days in accordance with the provisions of Section 14. The amount of the contribution will be determined on the basis of the going rate of pay for the position

he normally occupied prior to commencement of such period of suspension, lay-off from work or leave of absence. For the purpose of determining the eligibility for benefits or the amount of a benefit provided under this Plan, the salary upon which such contributions are based shall be considered as salary received by the employee and the period for which such contributions are paid shall be considered to be part of his service. Where an employee has elected to contribute to the Trust Fund in accordance with this subsection the contributions due the Trust Fund by such employee shall be calculated on the basis of the rates applicable to base and excess salary, whichever is applicable. Notwithstanding these provisions, where such person also had actual salary earnings and such period is utilized to determine the average salary to be used in the pension calculation, the base salary for that year shall be the amount as determined herein and from actual earnings, and shall not exceed the maximum amount which would otherwise have been available to be used in that year to determine benefits under the Canada Pension Plan.

- (b) For the purpose of making contributions to the Plan where an employee is injured in the course of his employment and the Workers' Compensation Board adjudges that compensation is payable for such injury the regular salary (excluding overtime) that such person would have received had he continued working will be deemed to be his regular full salary earnings. This provision for deemed salary as provided herein will no longer apply where such employee ceases to be an employee or returns to active employment or is granted disability or other payments from the Plan, or a payment is made by the Workers' Compensation Board as a result of permanent physical impairment or payments are made to an individual by the Workers' Compensation Board as a result of loss of earning capacity following that Board's adjudication that the employee is fit to return to suitable employment.
- (v) Notwithstanding the provisions contained in this Section, for pension accruals for service subsequent to January 1, 1982, where it is determined that an employee will accrue pension credits in a particular year based on the formula as contained at subsection (ii) of Section 15

herein, that will exceed the maximum annual pension for that year of service, no further regular pension contributions or ancillary contributions will be required from such employee for the balance of that calendar year calculated from the point at which his salary is in excess of such amount that would produce such maximum pension accrual. This is to be applied when such member's average salary will produce the maximum pension for each year of service. In each subsequent year, pension contributions would be recommenced at the beginning of each calendar year and again ceased when contributions have been paid on such salary amount that would produce the maximum pension benefit for that subsequent year. Contributory salary only will be utilized for the purpose of determining average salary. The maximum pension is such amount that is permitted to be paid from registered pension plans under the requirements of the Department of National Revenue's Information Circular 72-13R7, or any succeeding requirement or legislation. This same principle of ceasing contributions, for any balance of a calendar year, shall apply to the matching employer contributions.

22. BENEFITS ON TERMINATION OF EMPLOYMENT

- (i) If on termination of employment other than by death or retirement on pension, an employee has previously transferred service and contributions into this Plan in accordance with the terms of a Reciprocal Agreement, he may elect to receive in respect of such transfer, a deferred pension from the Plan or a refund of his own pension contributions that were transferred into the Plan, plus interest, subject to the terms of Section 46. Where a refund of pension contributions becomes payable following termination of employment other than by death or retirement on pension, certain ancillary contributions will be refunded to such person on the following basis:
 - (a) Where the effective date of entry as an employee member of the Plan is on or after the first day of the first pay period in the year 1987 no refunds of ancillary contributions are payable.
 - (b) Where the effective date of entry as an employee member of the Plan is prior to the first day of the first pay period in the year 1987, the accumulated amount of ancillary

contributions, without interest, shall be fixed and recorded on such employee's record in the amount as at such date, further accruals shall take place, and:

- (i) where a total refund of such person's pension contributions is elected, then fifty percent (50%) of such fixed and recorded amount shall be paid to such person, without interest;
 - (ii) where up to the amount of fifty percent (50%) of such person's total pension contributions is elected, then a maximum of up to twenty-five percent (25%) of such fixed and recorded amount shall be paid to such person, without interest. The amount of ancillary contributions that are refunded, in these instances, shall be fifty percent (50%) of the percentage of the accumulated pension contributions that are refunded.
- (ii) If on termination of employment other than by death or retirement on pension, an employee has not attained the rule of forty-five (45), he may elect to receive either:
 - (a) a deferred pension commencing at the retirement age applicable under Section 8; or
 - (b) a refund of his own pension contributions plus interest.
- (iii) If on termination of employment other than by death or retirement on pension, an employee attained the rule of forty-five (45), he shall at his option elect to receive in respect of benefits available to him as a result of service prior to January 1, 1969 or service for which he made voluntary contributions to the Plan:
 - (a)
 - (1) a cash refund of his own pension contributions plus interest; or,
 - (2) a deferred pension commencing at the retiring age applicable under Section 8.

In respect of pension benefits available to him as a result of service subsequent to January 1, 1969, he shall receive a non-revocable deferred pension commencing at the retirement age applicable under Section 8 excepting where such deferred pension is calculated to be less than

the minimum amount provided in the Pension Benefits Act payable during his lifetime he may elect to receive a lump sum payment equal to the commuted value of such deferred pension. Such lump sum payment shall be in final discharge of his rights under the Plan and shall be at least equal to the total amount of his own pension contributions plus accumulated interest plus fifty percent (50%) of his ancillary contributions, where such ancillary contributions may be payable in accordance with the provisions of subsection (i) herein.

- (iv) (a) Where a deferred pension is granted with respect to all of an employee's service, then his pension shall be calculated in the manner provided by Section 15.
- (b) Where a deferred pension is granted only with respect to service on or after January 1, 1969, then his pension shall be calculated in the manner provided by Section 15 but service prior to that date will not be included in the calculation, except to the extent required to determine the employee's average annual salary.
- (c) Where a person made voluntary contributions to the Plan which have not been refunded to him, the service purchased by such additional voluntary contributions shall be included in the calculation of pension as described in (a) or (b) herein, whichever is applicable. Where such person receives a refund of a portion of his own voluntary contributions the pension payable shall be in relation to and proportionate with the amount of the original voluntary contributions that were paid into the Trust Fund and that are not refunded. Any interest charges as a result of installment payments into the Trust Fund are not refundable nor shall such interest charges be utilized for the purpose of determining the amount of pension that will be paid to such person.
- (d) Notwithstanding any other provision in this Plan other than paragraph 22(iv)(e), for a person who terminates his service on or after January 1, 2007 and before his fifty-fifth (55th) birthday and is entitled to a deferred pension from this Plan, such person may elect to have his deferred pension payment commence at any time after his sixty-fifth (65th) birthday calculated in accordance with Section 15 (ii). Such person may elect to have his

deferred pension payments commence at any time after his fifty-fifth (55th) birthday and prior to his sixty-fifth (65th) birthday on an actuarially reduced basis such that the resulting monthly pension payable at the pension commencement date, is actuarially equivalent to the normal form of pension that would be payable at age sixty-five (65).

- (e) For a person who terminates his service on or after January 1, 2007, and is entitled to a deferred pension from this Plan, and whose actual years of completed service as at December 31, 2006 and age at December 31, 2006 total 80, such person will be entitled to an unreduced pension commencing at anytime after his fifty-fifth (55th) birthday for the service that had accrued up to December 31, 2006 calculated in accordance with Section 15 (ii) and (iii) as applicable. The deferred pension payable to such individual for service earned after December 31, 2006 shall be calculated in accordance with Section 15 (ii) and shall be calculated on an actuarially reduced basis such that the resulting monthly pension at the pension commencement date, is actuarially equivalent to the normal form of pension that would be payable at age sixty-five (65).
- (v) These provisions will apply to persons who have terminated prior to May 1, 1982, and are entitled to a deferred pension from this Plan. A person to whom a deferred pension has been granted may elect to have his pension payments from the Plan commence prior to his sixty-fifth (65th) birth date providing he gives the Administrative Board a written notice of his election at least ninety (90) days before the date of his intended commencement of pension payments. The Administrative Board may in extenuating circumstances waive or reduce the ninety (90) days notice. Upon the Administrative Board establishing such person's voluntary retirement date his pension payments will be effective from the first day of the month next following his voluntary retirement date.
 - (a) Such person may elect to have his pension payments commence:
 - (i) at anytime after his fifty-fifth (55th) birth date if he had completed twenty-five (25) or more years of service; or

- (ii) at anytime after his fifty-fifth (55th) birth date when his age and years of service total eighty (80).

Such payments will be calculated in accordance with the terms of Section 15.

- (b) Where such person elects to have his deferred pension payments commence at anytime after his fifty-fifth (55th) birth date and prior to his sixty-fifth (65th) birth date and does not qualify in accordance with the terms of subsection (a) herein his pension payments shall be calculated in accordance with the terms of Section 11.
- (c) Subject to paragraph 22(iv)(d), for a person who terminates his service on or after May 1, 1982, and is entitled to a deferred pension from this Plan, such person may elect to have his deferred pension payments commence at any time after his fifty-fifth (55th) birthday and prior to his sixty-fifth (65th) birthday without actuarial reduction if his actual years of completed service at date of termination and his age at the commencement of pension payments total eighty (80). In this event the payments will be calculated in accordance with the terms of Section 15. Where such person's age at pension commencement date and actual years of completed service to date of his termination do not total eighty (80), such pension payments will be calculated in the manner provided by subsection (ii) of Section 15, and if applicable subsection (vii) of Section 15 and such amount will be reduced by the amount of one-half of one (1%) percent for each complete month that his pension commencement date precedes such total of eighty (80). For persons who terminate on or after January 1, 1983, the reduction to be applied shall be actuarially calculated. The actuarial reduction shall be applied on the basis of each complete month that his pension commencement date precedes the earlier of age 65 or such total of eighty (80). The actuarial reduction under this provision shall not be less than one-quarter percent for each month applicable.
- (vi) A person entitled to a deferred pension may elect an optional pension subject to the requirements of Section 12.

- (vii) If an employee who has not attained the rule of forty-five (45) fails, within ninety days after termination of employment, to make an election he shall be deemed to have elected a deferred pension.
- (viii) Subject to the provisions of subsection (iii) hereof, the person to whom a deferred pension has been granted may prior to receiving the first pension payment, request a refund of his own pension contributions, plus interest.
 - (a) If he had attained rule of forty-five (45) prior to date of termination, the refund of contributions shall be the pension contributions made in respect of service prior to January 1, 1969, and the interest earnings applicable to those contributions. If the employee's own pension contributions made prior to January 1, 1969 are refunded, then the deferred pension for service prior to that date shall be cancelled.
 - (b) If the employee had not attained the rule of forty-five (45) prior to date of termination and he elects a refund of all of his own pension contributions plus interest, the deferred pension shall be cancelled, and such refund shall be in final discharge of his rights under the Plan.
- (ix) Effective as and from May 1, 1982, if the options available under the terms of subsection (v) herein are not exercised, payment of the deferred pension shall commence the day following such person's attainment of his rule of eighty (80), as applicable. Such payments shall be calculated in accordance with the terms of Section 15 subject to the terms of Section 11. Where, following termination, a person fails to elect a pension commencement date in writing within sixty (60) days of notification to him of his available benefits, the commuted value of his deferred pension will be calculated based on the date that monthly payments can be commenced to him on a non reduced basis, which is the day and date following his sixty-fifth (65th) birthday or, if earlier, the first day of the month next following the date when his age at date of commencement of pension payments and actual service to his date of termination total eighty (80). For a person who terminates prior to May 1, 1982, and is entitled to a locked-in deferred

pension such date shall be the day and date following his sixty-fifth (65th) birthday or, if earlier, the first day of the month next following the date that his service and age would have totalled eighty (80) had he remained in the service of a Participating Employer. For these purposes such monthly pension payments shall be effective to such person on such date, if living, and such person shall be deemed to have provided the required advance ninety (90) days notice.

- (x) Provided that such person's deferred pension has not been cancelled, if a person to whom a deferred pension has been granted dies, the benefits payable shall be determined in accordance with Section 23 or Section 24.
- (xi) Provided that such person's deferred pension has not been cancelled, if prior to such person's retirement date, a person to whom a deferred pension has been granted becomes disabled and medical evidence satisfactory to the Administrative Board is submitted that the extent of such disability is likely to shorten considerably the life expectancy of such person, upon application of such person or his legal representative the commuted value of the deferred pension may be approved by the Administrative Board. Notwithstanding the provisions for a joint and survivor pension, the spouse of such person will be allowed to waive all rights to any pension payments and in such event the commuted value shall be paid in lump sum to the person who was entitled to the deferred pension which shall be in final discharge of his rights, his spouse's right's, and those of his heirs, executors or administrators, under the Plan.
- (xii) Where a person is entitled to a deferred pension from the Plan and cancels a portion of his deferred benefits payable from the Plan by electing a partial refund of his own pension contributions to the Plan for such service, the years of service that are thereby cancelled shall not be used in the calculation of any payment from the Plan excepting to determine eligibility for entitlement to early retirement pension and the amount of reduction to be applied to such pension, if any, and eligibility for widow's and dependent's payments where applicable.
- (xiii) Notwithstanding any other provisions of this Plan where a person has terminated his service prior to or on June 30, 1981, and has become entitled to a deferred pension from this Plan, such

person may elect to transfer the commuted value of such deferred pension to a Registered Retirement Savings Plan of his choice in final discharge of his rights under this Plan, providing that such deferred pension has not otherwise been previously cancelled or discharged and that such election is made to the Administrative Board in writing prior to the effective date of commencement of such persons pension payments from the Plan. Such commuted value shall be actuarially calculated and shall be on the basis as at date of application of the actuarial assumptions incorporated in the most recent Tables of Values with respect to Pension Plans, which are regularly published by the Superintendent of Pensions for Saskatchewan in accordance with the Regulations to the Pension Benefits Act of Saskatchewan. Effective January 1, 1993, the commuted value shall be based on the Canadian Institute of Actuaries Recommendations for the Computation of Transfer Values from Registered Pension Plans. The amount so determined shall be not less than such person's own contributions to the Plan together with interest thereon to date of such payment from the Plan. The transfer of such monies to another Plan, in final discharge of such person's rights under this Plan, shall be made providing the new Plan undertakes, excepting upon prior death of such person, to arrange that such person would not be permitted to withdraw such proceeds in lump sum, and that a life pension for such person is purchased with the proceeds, whether or not such pension is continued to a designated beneficiary following death.

- (xiv) (a) Notwithstanding anything else contained in this Section, where a person following termination on or after July 1, 1981, becomes entitled to a locked-in or non locked-in deferred pension, such person shall have the optional choice of receiving a lump sum refund that does not exceed one-half of the total of his own accumulated pension contributions with interest, with respect to all of his service or with respect to service on or after January 1, 1969, in partial discharge of his rights under the Plan, and in such event, his deferred pension shall be recalculated.
- (b) For these purposes, where a person had previously made voluntary contributions to the Plan for purchase of service or additional pension, or has had his own pension

contributions transferred into the Plan from another Plan in accordance with a Reciprocal Agreement, and had not withdrawn such contributions in total, he shall have the optional choice, subject to the terms of Section 46, of receiving a lump sum refund that does not exceed one-half of the total of his own contributions as herein indicated, with interest, in partial discharge of his rights under the Plan which shall then be taken into account in recalculating his deferred pension.

- (c) Where a person becomes entitled to a deferred pension from the Plan he shall be provided with a written statement of benefits available to him from the Plan following termination, and such optional choice of a partial refund must be made by him in writing to the Administrative Board not later than ninety (90) days following the date of the written statement that is provided to him. Where such optional choice of partial refund has been elected and the deferred pension has been recalculated, or if such option has not been exercised within the specified time period, no further optional choice of partial refund will be allowed. Notwithstanding the time limitation contained herein the Administrative Board may waive such requirement where a person provides a written application for that purpose in order that he may pursue a possible transfer of benefits in accordance with the terms of Section 46.
- (d) Where a person has not attained the rule of forty-five (45) at date of termination, he may, prior to receiving his first pension payment, cancel his deferred pension and receive a lump sum refund of the balance of his own contributions plus interest in final discharge of his rights under the Plan in accordance with the terms of subsection (viii)(b) of this Section. However, where a person terminates and is eligible, within thirty (30) days of termination, for an immediate pension from the Plan on a non-reduced basis, no lump sum payment in any amount will be made to such person.

22A. TERMINATION BENEFIT OPTIONS

The provisions of Section 22 shall continue to apply to members who terminate on or after January 1, 1993 except as outlined herein.

- (i) In the case of termination prior to vesting and lock-in, the member may elect to receive a deferred pension. In lieu of a deferred pension, the member may elect one of the following options with respect to a member's contributions and interest, and where applicable, the members' ancillary contributions:
 - (a) a lump sum cash refund;
 - (b) transfer to another registered pension plan, if permitted by that plan;
 - (c) transfer to a registered retirement savings plan;
 - (d) transfer to provide an annuity payable no sooner than the earliest retirement age as specified in the Plan; or
 - (e) transfer to any other prescribed retirement plan that is registered under The Income Tax Act.
- (ii) In the case of termination after vesting and lock-in, the member shall be entitled to:
 - (a) a deferred pension; or
 - (b) the member may elect one or more of the following vehicles in respect of the commuted value of the above deferred pension:
 - (1) transfer to another registered pension plan, if permitted by that plan, which must be used to provide a pension at retirement;
 - (2) transfer to a prescribed RSP which must be used to provide a pension at retirement;
 - (3) transfer to an insurance company to purchase a deferred pension that is not commutable and that may commence at any time after age 55 and prior to the end of the calendar year in which the member attains age 71; or

- (4) transfer to any other prescribed retirement plan that is registered under The Income Tax Act which must be used to purchase a pension at normal retirement age.
- (iii) If the member does not make an election within ninety (90) days of termination, then the Plan Administrator may transfer the commuted value to an insurance company to purchase a deferred annuity that satisfies the requirements of Section 22A(ii)(b)(3).
- (iv) The member's required contributions with interest are to be applied to offset no more than fifty percent (50%) of the commuted value of the immediate or deferred pension.
- (v) If any or all of this excess amount results in the maximum allowable pension or the maximum transfer value being exceeded, then the amount of this excess which gives rise to exceeding the maximum shall be refunded to the member.
- (vi) Notwithstanding anything else contained in the Plan, the member has the option of receiving a lump sum that does not exceed one-half of the member's required contributions with interest at December 31, 1993, upon termination of employment or membership in the Plan prior to retirement in partial discharge of rights under the Plan.
- (vii) Wherever the Plan permits the transfer of a lump sum in satisfaction of all or part of a member's rights to and interest in benefits under the Plan or in lieu of such benefits, the transfer shall be:
 - (a) a single, lump sum amount;
 - (b) direct plan-to-plan; and
 - (c) in an amount which is not greater than such amount as prescribed by The Income Tax Act and Regulations thereunder.
- (viii) Upon cessation of employment or termination of membership of a member who is entitled to a deferred retirement benefit, the Plan Administrator shall provide the member with a written statement showing the benefits to which the member is entitled. The statement shall be provided within ninety (90) days of the member's separation from the Participating Employer.

- (ix) If the amount of the deferred pension is so small that The Pension Benefits Act allows the commuted value to be paid out in total, the Administrative Board may require (in its sole discretion) that the person receive the benefit as a lump sum equal to the commuted value of the pension which the person was entitled to receive in lieu of such deferred pension.

22B. DIVISION UPON MARRIAGE BREAKDOWN

- (i) In the event that a benefit is to be divided pursuant to a court order or a written interspousal agreement, the pertinent information shall be provided, upon request, to the member, former member, spouse or the solicitor of any of them. The member or former member shall be notified of the information provided to the spouse or the solicitor.
- (ii) Notwithstanding anything else in the Plan, monetary benefits provided under or by the Plan may be assigned, attached, or given as security under a court order or a written interspousal contract made under The Family Property Act provided, however, that:
 - (a) the written contract or court order conforms to the said Act and has been executed in a manner consistent with the Act;
 - (b) the amount to be assigned to the member's former spouse shall be the amount specified in the written contract or court order, but effective with assignments implemented after January 1, 1993, not more than fifty percent (50%) of the member's equity in the Plan prior to the division, and shall be with effect from the date provided by the parties thereto;
 - (c) the member's retirement, voluntary termination, and death benefits shall be actuarially adjusted to reflect the decreased residual benefits;
 - (d) in the event that the member is already receiving a periodic retirement benefit from the Plan on the effective date of the division of pension assets, then the benefits for both the retired member and the former spouse shall be actuarially adjusted to achieve the division determined; and
 - (e) where the member is an active or former member, the former spouse's benefits may be in one or more of the following forms:
 - (i) transferred to another registered pension plan, providing that plan permits such a transfer;

- (ii) transferred to a prescribed RSP;
 - (iii) applied to the purchase of an annuity deferred to the date on which the member would be eligible for early retirement;
 - (iv) partially refunded in accordance with The Pension Benefits Act; or
 - (v) applied to combinations of the above.
- (f) If the former spouse does not make an election within ninety (90) days of the notification of division of assets, then the Plan Administrator may make a transfer payable in accordance with clause (e)(iii) to purchase a deferred pension to commence at age 65 of the former spouse or immediate pension if the spouse is over age 65.
- (iii) Except where a court order or written contract has been filed with the Plan Administrator jointly by the member, inactive member or pensioner and the spouse or former spouse, the Plan Administrator shall give notice, in writing, to the member, inactive member, or pensioner that a court order or written contract has been filed.
- (iv) The Plan Administrator shall:
- (a) proceed with the division of the pension if the member, former member or pensioner does not file a notice of objection within thirty (30) days of being provided with the notice cited in subsection (iii); or
 - (b) apply to the court for directions if a notice of objection is received within thirty (30) days of issuing the notice cited in subsection (iii).

23. PRE-RETIREMENT SURVIVOR BENEFITS

- (1) Death Prior to Being Eligible for an Unreduced Pension

- (a) Where an employee, who does not have a Spouse or Dependent Child, dies before the commencement of pension payments under the Plan and before the employee is eligible to receive an unreduced pension as set out in section 8, a death benefit shall be paid to the employee's designated beneficiary or, if there is no valid designated beneficiary, to the estate of the deceased employee.
- (b) The death benefit in clause 23(1)(a) shall be paid out in a single lump sum amount equal to the commuted value of the pension of the deceased Member or Former Member.
- (c) Subject to subsections 23(1)(h) and (i) where an employee with a Spouse or Dependent Child dies before the commencement of pension payments under the Plan and before the employee is eligible to receive an unreduced pension as set out in section 8, the following amounts shall be paid:
 - (i) the Member's Spouse, shall be paid an immediate monthly lifetime pension equal to 60% of the Member's pension accrued under section 15(ii) of the Plan to the date of death (the Spouse's lifetime pension); plus
 - (ii) an additional pension for each Dependent Child equal to 20% of the amount set out in clause 23(1)(c)(i) limited to an aggregate maximum pension amount for all Dependent Children equal to or less than 50% of the amount set out in clause 23(1)(c)(i).
- (d) In lieu of receiving a monthly pension determined in accordance with subsection 23(1)(c)(i), an employee's Spouse may elect to:
 - (i) transfer the commuted value to one of the options set out in subclauses 22A(ii)(b)(1), (2), (3) or (4);
 - (ii) transfer the commuted value to a registered retirement savings plan; or
 - (iii) receive the commuted value as a lump sum cash payment.
- (e) If an employee's surviving Spouse does not make an election pursuant to subsection 23(1)(d) within 180 days following the date on which proof of the employee's death is provided to the

Administrative Board, the employee's Spouse shall be deemed to have elected to receive the pension in the form of a lump sum cash payment pursuant to clause 23(1)(d)(iii).

- (f) If a waiver pursuant to section 12C is in effect on the date of death of the employee, subsections 23(1)(a) and (b) apply as if the employee had died without a Spouse.
- (g) The property guardian of an employee's Dependent Child or children shall be paid the amount of monthly pension set out in subsection 23(1)(c) or the commuted value of the pension determined in accordance with subsection 23(1)(d) as a single lump sum cash payment in lieu of a monthly pension where the employee dies before the commencement of pension payments under the Plan and before the employee is eligible to receive an unreduced pension as set out in section 8 and one of the following circumstances exist:
 - (i) one or more Dependent Children survive the employee and the employee's Spouse; or
 - (ii) the employee does not have a Spouse.
- (h) The total amount payable pursuant to subsection 23(1)(c) or (g) shall not (A) exceed the employee's accrued unreduced lifetime retirement benefit with the deeming of service to age 65 at the rate of pay in effect in the year of the employee's death.
- (i) The commuted value of the pension amounts payable pursuant to subsections 23(1)(a), (c) and (g), shall not be less than 100% of the commuted value of the pension accrued by the employee under the Plan.
- (j) The additional pension payable to an employee's Spouse for each Dependent Child pursuant to clause 23(1)(c) and the pension payable to the property guardian of each Dependent Child pursuant to subsection 23(1)(g) shall cease when the child ceases to be a Dependent Child as defined in section 2 or dies.
- (2) Death After Becoming Eligible for an Unreduced Pension
 - (a) Where an employee, who does not have a Spouse, dies before the commencement of pension

payments under the Plan and after the employee is eligible to receive an unreduced pension as set out in section 8, a death benefit shall be paid to the employee's designated beneficiary or, if there is no valid designated beneficiary, to the estate of the deceased employee.

- (b) The death benefit in clause 23(2)(a) shall be paid out in a single lump sum amount equal to the commuted value of the pension of the deceased Member or Former Member.
- (c) Subject to subsections 23(1)(h) and (i), where an employee with a Spouse dies before the commencement of pension payments under the Plan and after the employee is eligible to receive an unreduced pension as set out in section 8, the employee's Spouse shall be paid an immediate monthly lifetime pension equal to 60% of the pension the employee would have received pursuant to section 15(ii) or (iii) of the Plan had the employee retired on the date of death and elected a joint and 60% survivor form of pension.
- (d) If a waiver pursuant to section 12C is in effect on the date of death of the employee, subsections 23(2)(a) and (b) apply as if the employee had died without a Spouse.
- (3) Clauses 23(3)(a)-(e) apply to the death benefits that are provided for in subsection 23(1) and (2).
 - (a) Where a death benefit is to be provided pursuant to subsection 23(1) or 23(2), the Administrative Board shall undertake a test to ensure that not more than 50% of the commuted value of the death benefit in respect of all service may be provided by the employee's required contributions to the Plan pursuant to section 21, plus interest.
 - (b) The test set out in clause 23(3)(a) shall exclude voluntary contributions and past service purchased pursuant to section 33.
 - (c) Where the employee's required contributions to the Plan equal an amount that exceeds 50% of the commuted value of the death benefit in respect of all service, the person in receipt of the death benefit pursuant to subsection 23(1) or (2) shall be paid a lump sum equal to the amount by which the employee's contributions plus interest exceed 50% of the commuted value of the death benefit.

- (d) Where a lump sum payment is required to be made to an employee's Spouse pursuant to clause 23(3)(c), the Spouse may elect to leave the amount of the lump sum payment in the Plan to provide additional monthly pension.
- (e) Where an employee's Spouse has elected a transfer in accordance with clause 23(1)(d)(i) or (ii), the employee's Spouse shall also transfer any lump sum payment required pursuant to clause 23(3)(c) to the same transfer option elected.
- (4) Clauses 23(4)(a)–(c) apply to the death benefits that are provided for in subsection 23(1) and (2).
- (a) Where a pension is paid to a Spouse or any Dependent Children pursuant to subsection 23(1) or 23(2) and the Spouse and Dependent Children die or the Dependent Children's benefits cease, the Administrative Board shall undertake a test to ensure that the total pension payments that were paid exceed the total of the following that may apply:
 - (i) the employee's required contributions to the Plan pursuant to section 21, plus interest calculated in accordance with subclause 2(xiii);
 - (ii) the employee's pension contributions utilized to increase his or her pension factor in accordance with subclause 15(vii) plus any pension contributions remaining as a credit in such account that were not utilized, plus interest calculated in accordance with subclause 2(xiii);
 - (iv) where the effective date of Plan entry is prior to the first day of the first pay period in the year 1987, 50% of the employee's accumulated amount of ancillary contributions, without interest, as fixed and recorded at such date;
 - (v) the employee's pension contributions made in accordance with section 33 without interest;
 - (vi) the employee's pension contributions paid into the Trust Fund in accordance with the terms of a reciprocal agreement, without interest.
- (b) If the total pension payments that were paid do not exceed the total amount of clauses 23(4)(a)(i)–

- (vi), the unpaid balance of the total of clauses 23(4)(a)(i)-(vi), less any lump sum payment that may have been made to such person prior to the date of death, shall be paid to the employee's designated beneficiary or, if there no valid designated beneficiary, the employee's estate.
- (c) Where a Former Member who terminated his employment prior to January 1, 1994 was allowed to receive a refund of up to 50% of their own contributions to the Plan made up to December 31, 1993 plus interest, the payment of monies from the Plan following the Former Member's death shall be limited to the pension contributions of the Former Member and the employer, if applicable, that were made for periods of service that were not cancelled.
- (5) Notwithstanding the above, any pre-retirement survivor benefit may be adjusted in accordance with the Funding Policy.

24. POST-RETIREMENT SURVIVOR BENEFITS

- (1) Subsections 24(2)-(8) apply to post retirement death benefits where the Pensioner dies after he or she is in receipt of pension payments.
- (2) Where a Pensioner who is receiving a pension payable for his or her lifetime, dies during a pension guarantee period, the pension will continue to the Pensioner's designated beneficiary for the balance of the guarantee period.
- (3) Where there is no validly designated beneficiary pursuant to clause (2), the remaining balance of payments shall be commuted and this amount, together with any unpaid balance that may remain following such commutation shall be paid in a lump sum to the estate of the Pensioner.
- (4) Upon the death of a Pensioner who is receiving a pension payable for the joint lifetime of the Pensioner and his or her Spouse, the pension payments will continue to the Spouse in the amount elected by the Pensioner at retirement.

- (5) If a waiver pursuant to section 12A is in effect on the date of death of the Pensioner, subsections 24(2) and (3) apply as if the Pensioner had died without a Spouse.
- (6) Where a pension being paid in accordance with clauses 24(1)-(5) ceases due to the death of the Pensioner's Spouse, or upon the expiration of a pension guarantee period, the Administrative Board shall undertake a test to ensure that the total pension payments that were paid exceed the total of the following that may apply:
 - (i) the Pensioner's required contributions to the Plan pursuant to section 21, plus interest calculated in accordance with subclause 2(xiii);
 - (ii) the Pensioner's pension contributions utilized to increase his or her pension factor in accordance with subclause 15(vii) plus any pension contributions remaining as a credit in such account that were not so utilized, plus interest calculated in accordance with subclause 2(xiii);
 - (iii) where the effective date of Plan entry is prior to the first day of the first pay period in the year 1987, 50% of the Pensioner's accumulated amount of ancillary contributions, without interest, as fixed and recorded at such date;
 - (iv) the Pensioner's pension contributions made in accordance with section 33, without interest; and
 - (v) the Pensioner's pension contributions paid into the Trust Fund in accordance with the terms of a reciprocal agreement, without interest.
- (7) If the total pension payments that were paid do not exceed the total amount of clauses 24(6)(i)-(v), the unpaid balance of the total of clauses 24(6)(i)-(v), less any lump sum payment that may have been made to such person prior to the date of death, shall be paid to the Pensioner's designated beneficiary or, if there is no valid designated beneficiary, the Pensioner's estate.
- (8) Where a Former Member who terminated their employment prior to January 1, 1994 was allowed to receive a refund of up to 50% of their own contributions to the Plan made up to December 31,

1993 plus interest, the payment of monies from the Plan following the Former Member's death shall be limited to the pension contributions of the Former Member and the employer, if applicable, that were made for periods of service that were not cancelled.

- (9) Notwithstanding the above, any post-retirement survivor benefit may be adjusted in accordance with the Funding Policy.

25. INVESTMENT OF FUNDS

The Trust Fund shall be held, invested, reinvested and distributed in accordance with the provisions of the Plan, the Trust Agreement and The Pension Benefits Act.

26. DISBURSEMENTS

- (i) In accordance with The Pension Benefits Act and The Income Tax Act, all the contributions, investment income and any other assets received for the purposes of the Plan will be deposited in the Trust Fund and all the benefits under the Plan paid therefrom. At no time shall any part of the corpus or income of the Trust Fund be used for or directed to any purpose other than for the exclusive benefit of members and their beneficiaries and contingent annuitants entitled to benefits under the Plan except as otherwise provided in the Plan.
- (ii) All disbursements from the Trust Fund shall, other than those provided for in the Sponsorship Agreement and Trust Agreement, be made only after being authorized by the Administrative Board.

28. RETENTION OF RECORDS

- (i) All records and files pertaining to the operations of the Plan and the Trust Fund shall be retained

for at least three (3) years after:

- (a) in the case of an agreement, the expiry of the agreement; and
- (b) in the case of other records, the date of the last transaction to which the records relate.

29. FUNDS NOT TO BE USED FOR CITY EXPENDITURES

No monies contributed, received or appropriated for the purpose of paying pensions and/or supplemental annuities to contributing employees, shall be applied towards paying any part of the current or other expenditure of the City.

30. ASSIGNMENT

- (i) No benefit payable under the provisions of the Plan shall be capable in any manner of anticipation, surrender, commutation, alienation, sale, transfer, assignment, pledge, encumbrance, charge or may be given as security. Any attempt or agreement to so anticipate, surrender, commute, alienate, sell, transfer, assign, pledge, encumber, charge or give as security, the same shall be void. No benefit shall be in any manner liable for or subject to the debts, contracts, liabilities, engagements, torts, delicts or quasi-delicts of the person entitled to such benefit, except as specifically provided in the Plan for:
 - (a) small pensions;
 - (b) lump sum payments with respect to additional voluntary contributions;
 - (c) payments to incompetents or minors;
 - (d) division of matrimonial assets under the applicable provincial property law as outlined hereinafter; and

- (e) enforcement of maintenance orders, as applicable, under the applicable legislation.
- (ii) Except as provided in subsection (i):
 - (a) the benefit payable under the provisions of the Plan are not capable of surrender or commutation during the lifetime of the member and does not confer upon any member, personal representative dependent or any other person, any right or interest in the deferred annuity capable of being surrendered or commuted during the lifetime of the member; and
 - (b) the pension benefits provided under the terms of the Plan are not, on or after the date of retirement of a member, capable of surrender or commutation during the lifetime and do not confer upon any member, personal representative, dependent or any other person, any right or interest in such pension benefits capable of being surrendered or commuted during the lifetime of the member.

30A. PAYMENT OF BENEFITS

If, when a benefit becomes payable, the Plan Administrator finds that the person entitled to receive the benefit under the Plan is mentally or legally incompetent to receive such benefit or to give a valid release therefor, the Plan Administrator may cause the benefit to be paid to the person's legal representative for the credit of the person entitled to the benefit. Any such payment shall operate as a complete discharge of liability therefor under the Plan.

31. DISCHARGE OF EMPLOYEES

- (i) Neither this Plan Text nor anything done pursuant thereto shall affect a Participating Employer's right to discharge any employee from its service at any time and the employee so discharged will be entitled to the benefits determined in accordance with Section 22 of the Plan.
- (ii) Notwithstanding the provisions of subsection (i) hereof or the provisions of Section 22, any

employee discharged for any reason other than misconduct, who has fifteen years of service and is the age of 50 years or over, shall be entitled to an immediate pension based on the provisions of Section 11, subsection (ii) or Section 8, if applicable.

- (iii) Notwithstanding any other provisions of this Plan, if an employee is discharged by a Participating Employer and the Participating Employer or the employee state in writing to the Administrative Board, that he was discharged as a result of technological change or a significant change in the services needed by such Participating Employer, the Administrative Board shall review the information provided to it. If, on the basis of such information, the Administrative Board agrees that technological change or a significant change in the services needed by a Participating Employer was the cause of the discharge, then the Administrative Board may, in its discretion, grant a pension or deferred pension to such discharged employee. Such pension or deferred pension shall be computed using the service completed by the employee prior to the date he was discharged. The Administrative Board may, in its discretion reduce the amount of the reduction in pension, if any, which would otherwise have been made, had the discharge been due to other causes.

The granting of pensions and reducing of any reduction, as outlined in this subsection, shall be subject to The Income Tax Act and any limits contained therein.

32. CURRENCY

Contributions, pensions or annuities shall be payable in Canadian currency.

33. PURCHASE OF PAST SERVICE

- (i) Where an employee has previously terminated or subsequently terminates his service with a Participating Employer and has received a refund of his own contributions to the Plan shall have the option on again becoming a permanent employee of a Participating Employer to elect within

one hundred and eighty (180) days of the later of his date of re-entry into the service or the passing of Bylaw No. 5915 to reinstate such previous service for pension purposes in accordance with these provisions, and in that event such previous service shall be added to the service that he may complete subsequent to his re-entry and the calendar dates of such prior service period shall be used to determine the applicable pension calculation formula to be utilized in the pension calculation. Where any employee has completed military service prior to December 31, 1947 and was not credited with military service in accordance with the existing rules and providing further that such employee has not been credited with and will not receive a pension for such war service from another registered pension plan for the same period of war service such employee may at his option elect to be credited with such service by payment into the Plan the amount due for such service. The gross cost of such prior service to be payable by such employee shall be actuarially calculated and shall be such amount as at the date of application as is necessary to fund the benefits for such prior service. In no event shall the net cost payable by such employee be less than the amount of the refund of contributions that may have been received previously by such employee. In order to determine the net amount payable by the employee, the gross amount necessary to fund such individuals' benefits shall be reduced in the amount equal to the original amount that such employee received as a refund from the Plan as at the date of refund following such employee's prior termination. Such employee shall pay the amount due for such prior service:

- a) in lump sum within one hundred and eighty (180) days of such election without the addition of further interest; or
- b) by equal monthly installments in such amounts that are not less than twenty (\$20.00) dollars each month for a period not exceeding sixty (60) months or such longer period as may be established by the Administrative Board providing that such period does not extend beyond the employee's sixty-fifth (65th) birthday. In this event, interest shall be added at the rate of nine (9%) percent per annum or at such other rate as is determined from time to time by the Administrative Board on the unpaid balance.

- (a) If such employee dies before all instalments have been paid and widow's and/or dependant's benefits are payable in accordance with the provisions of this Plan, his widow or dependent children, as applicable, shall receive payment of the widow's and/or dependant's benefits in relation to and proportionate with the payments made to the Trust Fund as at his date of death.
 - (b) Where there is no widow or dependent children, the contributions due under this Section shall not be required to be paid into the Trust Fund and no account shall be taken of those monies due in calculating the benefits to be paid to the beneficiary or estate, whichever is applicable.
- (iii) Where an employee has elected to make payment into the Trust Fund to reinstate his previous service and subsequently terminates his service with a Participating Employer he shall have the option to receive a refund of the total of his own additional pension contributions that were paid into the Trust Fund subject to the provisions of Section 22; or if he has made or makes full payment of the amount due within ninety (90) days of the date of his termination he shall be entitled to all of the rights contained in this Plan, otherwise his benefits on termination shall be calculated in relation to and proportionate with the pension contributions made to the Trust Fund as at his date of termination.
- (iv) Where a terminated employee has been awarded a deferred pension, provided such deferred pension has not been cancelled, or where a terminated employee is in receipt of pension payments from this Plan and again becomes an employee of a Participating Employer prior to his sixty-fifth (65th) birthday such deferred pension or pension shall be cancelled and the years of service to his credit under the deferred pension or pension shall be added to the service he accumulates following his re-entry and the calendar dates of such prior service shall be used to determine the applicable pension calculation formula for the purpose of computing any future benefits to which such member or his beneficiary may become entitled to under this Plan. Notwithstanding these provisions, where his deferred pension has been reduced as a result of a partial refund in accordance with the provisions of subsection (xiv) of Section 22 herein, no

credit will be given for such portion that was cancelled unless such service is purchased in accordance with the terms of subsection (i) herein.

- (v) Notwithstanding any other provisions of this Plan, the provisions of this Section shall be extended to all employees of a Participating Employer as at May 1, 1980 as follows:
 - (a) Any contributor to the Plan who has prior service with a Participating Employer who did not elect to purchase such prior service previously; or
 - (b) Any contributor to the Plan who was required to complete a certain period of service as a waiting period prior to becoming a member of the Plan or became a contributor to the Plan on January 1, 1959 having completed service during the period July 1, 1958 to December 31, 1958; or
- (c) Any contributor to the Plan who has prior service with a Participating Employer where such service is not considered as service rendered in a permanent position or has any other service approved by the Administrative Board for pension purposes; shall be allowed to purchase such service for pension purposes in accordance with the provisions of this Section. The provisions of subsection (1) herein with respect to determining the net amount payable by the employee by reducing the amount due by an amount equal to the original amount that such employee previously received as a refund from the Plan as at the date of refund following such employee's prior termination shall be available to existing members until October 31, 1980. Effective as and from November 1, 1980, where an employee has previously terminated or subsequently terminates his service with a Participating Employer and has received a refund of his own contributions to the Plan such employee must exercise his option to reinstate his previous service within one hundred and eighty (180) days of the date of his re-entry into the service or the date he again becomes a member of the Plan, in order to receive credit of a like amount that such employee previously received as a refund which will be utilized for the purpose of reducing the gross amount due the Trust Fund for such employee's previous service.

If such employee fails to apply to reinstate his previous service within one

hundred and eighty (180) days of his date of re-entry or membership in the Plan he may subsequently apply for reinstatement of his prior service and in such event he shall pay the entire amount into the Trust Fund that is necessary to fund such employee's benefits.

- (vi) Any person who subsequent to July 18, 1978 becomes a contributor to the Plan who was required to complete a certain period of service as a waiting period prior to becoming a member of the Plan or who has prior service with a Participating Employer where such service is not considered as service rendered in a permanent position or has any other service approved by the Administrative Board for pension purposes shall be allowed to elect within one hundred and eighty (180) days of the date on which he becomes a contributor to this Plan to purchase such service for pension purposes in accordance with the provisions of this Section.
- (vii) The provisions of this Section will not apply where a contributor has been credited with the same period of service or portion thereof or will receive a pension for such service from another Registered Pension Plan excepting where such prior service has been transferred into this Plan from another Registered Pension Plan in accordance with a Reciprocal Agreement.
- (viii) Notwithstanding any other provisions of the Plan where a contributor has elected to make voluntary contributions to the Plan to purchase service or to increase certain pension factors to be used in the calculation of his pension payments, his own voluntary pension contributions or a portion thereof may be refunded to such person if he so requests within thirty (30) days following his termination. In such event any reinstatement or reallocation of the employer's contributions or benefits shall be cancelled in relation to and on the same basis as they were previously credited and refunded and such refund of such person's own voluntary pension contributions shall be in final discharge of any other rights such person may have had to additional benefits payable under the terms of the Plan. However, where such person has purchased service under the Plan which is used for eligibility to retire prior to age sixty-five (65) years such voluntary pension contributions cannot be withdrawn by such person.

- (ix) Any employee who has re-entered the service of a Participating Employer and has not previously made application within the time periods otherwise required by this Section to be credited with his previous service for pension purposes may elect, by application made in writing on or before December 1, 1986, to receive credit for such previous service. All other terms and conditions contained in this Section shall apply, mutatis mutandis, to such an election.

35. [Section 35 – Deleted]

36. [Section 36 – Deleted]

37. AMENDMENTS TO THE PLAN

- (a) Effective January 1, 2016, pursuant to the terms of the Sponsorship Agreement, the Sponsor Board or, where applicable, the Sponsor Board Chair, has the unilateral right to amend the Plan, including the Funding Policy. All amendments made by the Sponsor Board or, where applicable, the Sponsor Board Chair, are binding on the Administrative Board, the Participating Employers, and every Member, Former Member and Pensioner. Such amendments shall be made in accordance with the process set out in the Sponsorship Agreement.
- (b) Any amendment to the Plan may take effect retroactively or otherwise as the Sponsor Board may direct.
- (c) The Administrative Board may provide input to the Sponsor Board regarding amendments to the Plan in accordance with the Trust Agreement or any other framework agreement entered into by the Administrative Board and the Sponsor Board from time to time, but such input shall be non-binding on the Sponsor Board.

37A. PLAN TERMINATION

- (i) Pursuant to the terms of the Sponsorship Agreement, the Sponsor Board has the unilateral right

to terminate the Plan, in whole or in part, provided such termination is not contrary to the Pension Benefits Act or the Income Tax Act. Upon termination of the Plan, all affected Members shall immediately become fully vested in all benefits earned to the date of Plan termination and the assets of the Plan shall be used to the extent adequate to provide for such benefit in accordance with the requirement of applicable legislation and the Funding Policy.

- (ii) The amount and method of providing for payment in accordance with subsection (i) shall be as determined by the Administrative Board, assisted by the Actuary, subject, however, to the amounts and method so determined being in accordance with the Funding Policy and acceptable to the Superintendent of Pensions and the Canada Revenue Agency.
- (iii) Following termination of the Plan, there shall be no distribution or allocation of assets until the termination amendment and the method of allocating and distributing the assets of the Trust Fund have been approved by the Superintendent of Pensions and the Canada Revenue Agency.

38. DISCLOSURE

Each employee participating in the Plan shall receive a written explanation of the terms and conditions of this Plan and amendments thereto together with an explanation of his rights and duties with respect to benefits available to him. The cost of providing such explanations and information shall be paid out of the Trust Fund. Without limiting the provision of information to members, the following will apply:

- 1. All present and new members are to be provided with a written explanation of the terms and conditions of the Plan, and the members' rights and duties with reference to the benefits available to them under the terms of the Plan;
- 2. With respect to any amendments to the Plan, a written explanation of such amendments shall be provided to each member within ninety (90) days after the date of receipt of notification that such amendments have been approved by the Superintendent of Pensions;
- 3. With respect to full disclosure of pertinent information a Pension Plan file shall be available for inspection by members containing:

- (i) a copy of a written explanation of the Plan;
 - (ii) the Plan Text and any applicable underwriting Agreement;
 - (iii) a statement of revenues and expenditures and a reconciliation of asset values certified by an accountant, for the two most recent fiscal years of the Plan;
 - (iv) a summary of the most recent actuarial valuation;
 - (v) a copy of the Pension Benefits Act of Saskatchewan and Regulations thereto;
 - (vi) a detailed statement of assets not more than one year old, giving both book and market values.
4. With respect to accrual of individual employee benefits, a statement shall be provided to each member within ninety (90) days after the end of each fiscal year, effective to the date of such fiscal year end, detailing:
- (i) the total accumulated pensionable service at the end of such fiscal year;
 - (ii) assuming full vesting, the annual or monthly amount of pension accrued up to the date to which the statement relates and payable at normal retirement age;
 - (iii) the amount of pension contributions made during the year by such employee into his pension contribution account and into his voluntary contribution account;
 - (iv) the rate and amount of interest allocated to the pension account and the voluntary account.
5. With respect to current financial information, an itemized statement shall be made available to each member showing all expenditures paid from the Trust Fund for the previous fiscal year including the amount paid to each person, or corporation, who rendered services to the Pension Plan, had transactions with the Pension Plan, or persons who attended seminars, meetings, or conferences that were paid for in whole or in part by the Trust Fund.
6. The Administrative Board shall make an annual report to Council on the proceedings of the

preceding year.

7. A copy of this Plan Text, any trust deed or agreement, insurance contract, other bylaw, resolution, or investment contract relating to the Plan may be examined by a member at any reasonable time at such offices as are designated by the Plan Administrator.

41. MINIMUM PENSION

Effective January 1, 1977, subject to the calculation of the amount of the actuarial equivalent where payments are continued after the death of such employee, the pension received under this Plan by an employee retiring under the terms of Section 8 who was a contributor to the Trust Fund on December 31, 1965 shall when added to the pension available to him under the Canada Pension Plan effective the first day of the month following the month in which he attains his sixty-fifth (65th) birthday be at least equal to the pension which would have been received by such employee calculated in accordance with the provisions of subsection (iii) of Section 15. Notwithstanding these provisions, where a person has elected to retire prior to his sixty-fifth (65th) birthday and also elects to integrate his pension payments with the expected payments from the Canada Pension Plan and/or the Old Age Security, in accordance with Section 12, and his resultant payments from this Plan are reduced after his sixty-fifth (65th) birthday, the test of payments as herein provided shall be based on the pension payments he would have received from the Plan following his sixty-fifth (65th) birthday as though he had not elected to integrate his payments with the expected benefits from the Canada Pension Plan and/or Old Age Security.

42. EMPLOYEE TRANSFERRED TO POLICE DEPARTMENT

When an employee is transferred to the City of Regina Police Department he may, at his option, continue his membership in the Trust Fund on a non-contributory basis for a period not exceeding ninety (90) days from the date of transfer. The period between the date of transfer and the date of the date of his subsequent return to the Trust Fund on a contributing basis shall be deemed to have been leave of absence without pay and shall not be considered as service for pension purposes excepting where purchased by such employee in accordance with the terms of Section 33 herein.

Notwithstanding any other provision contained in this Plan, where the service of an employee of a Participating Employer is terminated and within thirty (30) days of such termination he becomes employed in a permanent position with the Board of Police Commissioners of the City of Regina, providing that such appointment to a permanent position has been made prior to his attainment of his

sixty-fifth (65th) birthday and providing he has not received a refund of his own contributions and interest and further that he is not in receipt of pension payments from this Plan, his membership under this Plan shall be continued on a non-contributory basis upon written application of such person to the Administrative Board within sixty (60) days of his termination or the passing of Bylaw No. 5915. In that event, he cannot withdraw his own contributions to the Plan unless his service and membership is subsequently terminated under the other plan and if such should occur he may withdraw his own contributions to this Plan subject to the terms of Section 22 herein. Where such person has made application in accordance with the above provisions the period of service to be used for the purpose of computing the amount of any future payments from this Plan shall be limited to service under this Plan only; but salary under both plans prior to the earlier of his subsequent termination, his sixty-fifth (65th) birthday or the commencement of payments from this Plan shall be used to establish the average salary to be utilized in the calculation of the aforementioned pension or payments. Service under both plans shall be used to determine the eligibility of the employee or the survivor or beneficiary to entitlement to any benefits under this Plan. Where such person has become an employee of the Board of Police Commissioners and his membership in this Plan is continued in accordance with the above provisions he shall be entitled to receive his pension payments from this Plan following his disability, subject to the terms of Section 9 herein, termination or retirement from a Participating Employer service if eligible in accordance with the terms of this Plan. For the purposes of subsection (ix) of Section 15, the commuted value and testing of employee contributions shall be applicable on the day and date that such person's service is terminated with the Board of Police Commissioners.

46. RECIPROCAL AGREEMENTS

The Administrative Board may enter into agreements with persons representing any other Pension Plan who have the necessary authority to provide for the transfer of:

- a) individual pension credits and contributions from another registered retirement plan into the Trust Fund;

- b) individual pension credits and pension contributions out of the Trust Fund into another registered retirement plan.

Notwithstanding any other provisions of the Plan, the service period purchased under this Plan in accordance with the terms of a Reciprocal Agreement by a person who becomes a contributor to this Plan shall be used to determine eligibility for all benefits and the calculation of benefits payable from the Plan.

The contributions paid into the Plan from another plan as employee and/or employer contributions are not payable from this Plan excepting on transfer to another plan in accordance with a Reciprocal Agreement or as otherwise may be provided in accordance with the terms of this Plan. The provisions of Section 33 with respect to installment payments will be applicable to persons who enter service with a Participating Employer on or after May 1, 1982, who transfer service into the Plan and who are required to make additional payments into the Plan, and who request permission to make installment payments in order to be credited with all of their transferred service. Where a person transfers his own contributions into this Plan and receives service credits, in accordance with the terms of a Reciprocal Agreement which requires that such benefits be administered on a locked-in basis, such contributions and credits cannot be subsequently cancelled, withdrawn, or diminished, excepting upon transfer to another pension plan under the terms of a Reciprocal Agreement, or upon such person's prior death.

47. COURT DECISION ON PART OF PLAN BEING INVALID

A decision of a Court that one or more of the provisions of this Plan Text are invalid in whole or in part does not affect the validity, effectiveness or enforceability of the other provisions or parts of the provisions of this Plan Text.

48. NON-PERMANENT EMPLOYEE ELIGIBILITY

An "employee" within the meaning of subsection 2(v)(b) may apply at any time for membership in the

Plan upon the following terms and conditions:

- (a) the Participating Employer and the employee shall cease to make any further contributions to the Pension Plan established by Bylaw 8589, if applicable;
- (b) service, if not full time service in a particular year, shall be pro-rated as follows:
 - (1) the number of regular hours actually worked divided by the number of regular hours for the full time equivalent to such a position on an annual basis; or
 - (2) the pensionable salary paid to such an employee for regular hours worked divided by the regular, full time equivalent salary of such a position, on an annual basis,
- (c) The manner of calculation in clause (b) is to be determined according to the nature of the employer's record keeping.
- (d) No application for membership may be retrospective, provided that at any time prior to November 30, 1995, an employee may apply for membership effective any date between January 1, 1993 and the date of application if:
 - (1) the employee was otherwise qualified pursuant to subsection 2(v)(b); and
 - (2) the employee does not retain any contributions for the same time period within the Pension Plan established by Bylaw 8589.

49. DISABILITY BENEFITS

- (i) "Disability" and "Disabled" shall be defined:
 - (a) in accordance with Sections 8A, 8B, 9, 9A and 10 of Bylaw No. 3125 as the same existed prior to January 1, 2016; or
 - (b) in accordance with Bylaw No. 9566.

as the case may be, except in clause 2(xiv) and clause 22(xi).

- (ii) "Disability Benefit", "Disability Payment" and "Disability Pension" shall mean:
 - (a) any payment made pursuant to Sections 8A, 8B, 9A and 10 of Bylaw No. 3125 as the same existed prior to January 1, 2016; or
 - (b) any payment made pursuant to the provision of Bylaw No. 9566 as the case may be.
- (iii) Any reference to sections 8A, 8B, 9, 9A and 10 in this Bylaw shall be deemed to refer to those sections as they existed prior to the passage of Bylaw 3125.

SCHEDULE “A”

FUNDING POLICY [TO BE INSERTED]

SCHEDULE “B”

**SCHEDULE OF CHANGES TO CONTRIBUTION RATES AND CONDITIONAL INDEXING
BENEFITS**

Draft: September 21, 2015

SCHEDULE 'A'

TO THE REGINA CIVIC EMPLOYEES' SUPERANNUATION AND BENEFIT PLAN

FUNDING POLICY

as of January 1, 2016

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I. BACKGROUND

A. Purpose of the Funding Policy

This funding policy (the “Funding Policy”) is adopted by the sponsors and subject to the sponsorship agreement between the City (as defined below) and the Civic Pension and Benefits Committee (the “Committee”).

The purpose of this Funding Policy is to provide a framework for the sound financial management of The Regina Civic Employees’ Superannuation and Benefit Plan (the “Plan”) by setting out the actions that the Administrative Board (as defined in the Trust Agreement) and the Sponsor Board are required to take depending on the financial position of the Plan.

Effective January 1, 2016 (the “Implementation Date”), the Plan was amended to permit future service benefits and contribution rates to be adjusted (up or down) in accordance with this Funding Policy and the financial circumstances of the Plan. The purpose of these amendments is to manage the Plan using a risk-focused management approach. The intention is to deliver accrued benefits and provide a reasonable degree of certainty over the contribution rates for the Participating Employers (as defined below) and Members.

The amended Plan is based on the principle that the management of risks for a pension plan over time can best be achieved through actions on both sides of the balance sheet (i.e., by adjusting the future growth of contributions, liabilities and assets).

This Funding Policy describes the timing and the actions that the Administrative Board and Sponsor Board must take based on the results of each actuarial valuation of the Plan to be filed and the application of the required risk management procedures set out herein. The Funding Policy provides guidance and rules regarding the actions that must be taken by the Administrative Board and Sponsor Board to ensure certain funding levels are maintained, by adjusting contribution rates and future service benefits. The Administrative Board does not have any discretion to deviate from the Funding Policy.

In addition, the Administrative Board must regularly monitor the economic and demographic environments and ensure that it has up to date actuarial information in order to implement the Plan’s risk management process.

Capitalized terms used in this Funding Policy that are not defined herein have the meaning given to such terms in the Plan.

The Funding Policy is attached as Schedule A to the Plan Text and forms part of the Plan documents filed with the Superintendent of Pensions (the “Superintendent”). If there is a conflict between this Funding Policy and the Plan,

the Funding Policy shall supersede the Plan and the Plan shall be read in a manner that is consistent with this Funding Policy.

The Plan has also received all legislative relief required to implement the terms of the Plan, including the Funding Policy, effective January 1, 2016, including permanent solvency relief and an extension to the amortization period for paying off any going concern deficit in respect of the pre-amendment accrued benefits.

The Plan has been granted 20 years, commencing January 1, 2016 (the “Initial Amortization Period”), to amortize the going concern deficit as determined at January 1, 2016 (the “Pre-Amendment Deficit”). In addition, any increase in the deficit revealed in future actuarial valuations filed with the Superintendent in respect of the pre-amendment accrued benefits will be amortized over the greater of 10 years and the remaining Initial Amortization Period.

B. Plan Design

The Plan is established and maintained in accordance with the provisions of *The Pension Benefits Act, 1992* (the “PBA”) and *The Pension Benefit Regulations, 1993* (the “Regulations”), each as amended from time to time.

The Plan is a defined benefit pension plan open to new Members. Benefits are based on a formula that provides pension, death, and termination benefits for all eligible Members. The formula is based on highest average salary, pensionable service and the accrual rate in effect during the years of pensionable service.

The City of Regina (excluding the Regina Police Service) (the “City”), the Regina Qu’Appelle Health Region (Regina General Hospital Division and a portion of the Community Health Division), the Regina Public Library Board, the Board of Education of Regina – Division No. 4 of Saskatchewan (non-teaching staff) and the Buffalo Pound Water Administration Board, Mobius Benefit Administrators Inc., and EPCOR Water Prairies Inc. are the current participating employers in the Plan (collectively with the City, the “Participating Employers”).

C. Governance Structure

The Participating Employers and the bargaining agents composing the Committee are the sponsors of the Plan. The sponsors of the Plan provide direction and make decisions about the Plan through the Sponsor Board. The Sponsor Board is responsible for, amongst other things, amending the Plan and this Funding Policy.

The Administrative Board is the administrator of the Plan for purposes of the PBA but does not have authority to amend the Plan or this Funding Policy.

D. Funding Policy Amendments

The Sponsor Board shall have the authority to review and, where it deems it necessary, amend this Funding Policy, pursuant to the terms of the Plan.

II. FUNDING OBJECTIVES

The Funding Policy has been developed based on the following principles:

A. Shared Costs

The intention is for costs related to the Plan (including benefits, administrative expenses, and investment expenses) to be shared between active Members and the Participating Employers in accordance with this Funding Policy.

The current service cost of a plan is the expected cost of benefits for each active Member to receive one additional year of service.

Current service costs are to be shared equally between the Participating Employers and Members, subject to the contribution limits set out in this Funding Policy.

In respect of costs related to the Pre-Amendment Deficit, the Participating Employers shall be responsible for 60% of those costs and Members shall be responsible for 40% of those costs, subject to the contribution limits set out in this Funding Policy.

Both the Participating Employers' portion and the Members' portion of the Pre-Amendment Deficit are to be amortized over 20 years. The sharing of future deficits shall be in accordance with this Funding Policy.

B. Stable Funding

The Participating Employers and the Members have low tolerance for volatility in the funding requirements for the Plan. There is a limited ability or desire to finance sudden and large increases in contributions. Large decreases in contribution requirements are also not desirable, as they may lead to future large increases in contributions.

C. Ability to support benefits

The funding requirements should bear a consistent relationship to the benefits being provided. Contributions should not normally be less than the current service cost determined by the actuarial valuation in addition to any deficit funding required.

D. Intergenerational Equity

One of the objectives of amending the Plan was to better achieve intergenerational equity. The long term financial management of the Plan should reflect a balanced approach, and be neither too conservative, thus unduly increasing current contributions or restricting current benefits, nor too optimistic, thus unduly reducing

current contributions or increasing current benefits and increasing the risk of future plan deficits or contribution increases.

E. Integration of the Funding Policy and Investment Policy

This Funding Policy is the primary policy supporting the financial position of the Plan. The investment policy should seek to support the objectives and principles underlying the Funding Policy, within the Sponsor Board's risk tolerances. The Funding Policy and the investment policy are the key tools available to the Administrative Board for the management of risk and the achievement of the Plan's objectives.

III. RISK MANAGEMENT

A. Key Risks

In order to assist in the identification and assessment of foreseeable risks to the Plan, the Sponsor Board has identified the following key broad-based risks of the Plan:

- **Strategic Risk** encompasses the potential risks as they relate to communication and service delivery, Plan design suitability, Plan reputation, Plan governance and accountability.
- **Financial Risk** deals with the investment, funding and benefit policies, Plan design, costs and demographic considerations. This includes the risk associated with the mismatch of Plan assets and Plan liabilities including the demographic characteristics of the Plan beneficiaries.
- **Regulatory Risk** ensures compliance with legislation, fiduciary obligations and the legal requirements of pension plan management.
- **Operational Risk** encompasses the strategies in place to handle operational emergencies and compliance with governance policies.

B. Goals

The Plan and this Funding Policy were designed to achieve or exceed the risk management goals described below:

- To achieve a reasonable degree of certainty that contributions will remain stable.
- To achieve a reasonable degree of certainty that temporary future benefit reductions as contemplated by Section V will not be required.

C. Procedures

The Administrative Board shall determine from time to time the appropriate risk-management methods to employ in assessing the financial position of the Plan.

The risk management goals are measured using an asset liability model with future economic scenarios developed using a stochastic process. The model would be used to test various provisions for adverse deviation, or margins, to be included in the actuarial assumptions, and the level of margin that best achieves the risk management goals will be used in subsequent going concern valuations. For the initial valuation, a margin or provision for adverse deviation of 10% of liabilities (measured on a going concern basis) shall be used, subject to any adjustment pursuant to Section V following input from the Sponsor Board pursuant to Section IX. Thereafter, the applicable provision for adverse deviation shall be determined

by the Administrative Board, in consultation with the Actuary, after considering any input received from the Sponsor Board, in accordance with the procedures set out in Section IX and the rest of this section.

An asset liability model using a stochastic process requires that a number of important modeling assumptions be made. These assumptions are described below:

- The economic assumptions are developed for each asset class and for key economic parameters based on a combination of past experience, the current economic environment and a reasonable range of future expectations. These assumptions are reviewed with each study and updated as required.
- The Plan's contributing Member population is assumed to be stable, such that each departure from the Plan, for any reason, will be replaced by a new entrant, unless known Participating Employer workforce policies indicate a more appropriate assumption.

All risk management goals are tested at the Implementation Date to determine the initial margins. The resulting margins as determined by the Administrative Board in consultation with the Actuary will be used in the subsequent actuarial valuations, the results of which will determine the actions the Administrative Board is required to take under the terms of this Funding Policy.

The margins must be reviewed using an asset liability model:

- As at the Implementation Date;
- At the date a permanent benefit change, as defined below, is made;
- If, in the opinion of the Administrative Board, there has been a material change in the circumstances of the Plan, including a material change in the economic or investment environment; or
- Within four years of the most recent review, if earlier.

The term "permanent benefit change" means a change that is intended to permanently change the formula for the calculation of the basic lifetime, bridge or ancillary benefits after the date of the change, including a change made in accordance with the funding excess utilization plan.

The procedures regarding actuarial reports are set out in Section IX.

IV. CONTRIBUTIONS

Members and the Participating Employers shall contribute the amounts required by the Plan and Sections A, B and D below. Such contributions shall be adjusted as required by Section C below, Section V and Section VII of this Funding Policy.

A. Current Service Costs and Special Payments

The Participating Employers and Members shall contribute equal amounts in respect of the current service costs of benefits as determined by the Actuary. Contributions in respect of current service costs should normally equal 100% of the normal actuarial cost of benefits, subject to the Deficit Management Procedure set out in Section V.

In respect of costs related to the Pre-Amendment Deficit, the Participating Employers shall be responsible for 60% of those costs and Members shall be responsible for 40% of those costs, subject to the Deficit Management Procedure in Section V.

In respect of any deficiency arising in respect of liabilities accrued after January 1, 2016, including any increase in the Pre-Amendment Deficit, the costs are to be split equally between the Participating Employers and the Members and shall be satisfied as required by the Deficit Management Procedure set out in Section V.

B. Initial Contributions

Effective January 1, 2016, the Participating Employers shall contribute 10.9% of Salary (blended rate).

Effective January 1, 2016, the Members shall contribute 9.8% of Salary (blended rate).

Contribution rates will be determined by the Actuary as a combination of two, integrated rates, with one rate applicable to Salary up to the YMPE and a second, higher rate applicable to Salary in excess of the YMPE. A “blended rate” refers to the equivalent, level rate applicable to total Salary that provides the same contributions in aggregate as the integrated contribution rates.

C. Contribution Adjustments

The Participating Employers’ and the Members’ contribution obligations as set out above shall only be altered by:

- Contribution requirements set out by the Actuary in its actuarial reports filed with the Superintendent which are consistent with this Funding Policy;
- Contribution adjustments triggered under Section V or Section VII of the Funding Policy;

- A reduction required under the *Income Tax Act* (Canada) (the “ITA”); or
- Other changes to the Plan beyond those contemplated by this Funding Policy and as may be agreed to by the Sponsor Board, subject to the requirements of the PBA, Regulations and the ITA.

The initial contribution rates for the Participating Employers and the Members as set out in Section IV (B) will not be reduced until the required amortization payments related to their respective portion of the Pre-Amendment Deficit have been made or their respective portion of the Pre-Amendment Deficit has been eliminated.

D. Income Tax Act Limit

In the event that all actions contemplated under the Funding Excess Utilization Plan in Section VI have been implemented and the eligible contributions still exceed the limit allowed under the ITA (including such exemptions as have been granted), then the contribution rates shall be further reduced in equal amounts for both the Members and the Participating Employers to such limits.

E. Sharing of Contributions

All contributions shall be shared between Members and the Participating Employers based on the rules set out above. Contribution holidays may only be taken in the event they are required under the ITA or are in accordance with the Funding Policy. In the unlikely event that the ITA requires a contribution holiday, the contribution holiday would apply equally to both Members and the Participating Employers; provided that if the Participating Employers’ contribution rate is in excess of the Member contribution rate at the time of such contribution holiday, any such contribution holiday must be applied first to the Participating Employers’ contributions until such time as the Participating Employer and Member contributions are equal. Once the contribution levels are equal, any further contribution decreases shall be applied equally to the Participating Employers and the Members. For greater clarity, a contribution holiday will also include a reduction of contributions.

E. Expenses

All expenses pertaining to the administration and investment of the Plan and Trust Fund shall be paid from the Trust Fund, unless otherwise determined by the Sponsor Board.

V. DEFICIT MANAGEMENT PROCEDURE

A. If at any time an actuarial report identifies a going concern deficiency and projected contribution rate increases with respect to the Plan, the Administrative Board shall review the economic assumptions, actuarial methods and size of reserves, margins or provisions for adverse deviation and, after considering any input provided by the Sponsor Board and in consultation with the Actuary, determine if any release of reserves or reduction in margins or provision for adverse deviation can be made in order to mitigate or otherwise control contribution rate increases.

B. Pre-Amendment Deficit

1. If at any time prior to the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than 20.7% of Salary (blended) but less than or equal to 23.1% of Salary (blended), both Participating Employer and Member contribution rates shall be increased by an equal amount up to a maximum Participating Employer contribution rate of 12.1% of Salary (blended) and a maximum Member contribution rate of 11% of Salary (blended).

2. If at any time prior to the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than 23.1% of Salary (blended) but equal to or less than 24.1% of Salary (blended), contribution rate increases shall be implemented in accordance with Paragraph B.1 as if total Participating Employer and Member contribution rates were to equal 23.1% of Salary (blended), following which both Participating Employer and Member contribution rates shall be increased by an equal amount which in total is sufficient to pay two-thirds of the contribution rate in excess of 23.1% of Salary (blended), and temporary future benefit reductions will be implemented on future service sufficient to reduce contributions by one-third of the rate in excess of 23.1% of Salary (blended). The nature of any temporary future benefit reductions shall be determined by the Sponsor Board in accordance with the relevant factors set out in this Funding Policy.

3. If at any time prior to the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than 24.1% of Salary (blended), contribution rate increases and temporary future benefit reductions shall be implemented in accordance with Paragraph B.2 as if total Participating Employer and Member contribution rates were to equal 24.1% of Salary (blended), following which both Participating Employer and Member contribution rates shall be increased by an equal amount which in total is sufficient to pay one-half of the contribution rate in excess of 24.1% of Salary (blended), and temporary future benefit reductions will be implemented on future service sufficient to reduce contributions by one-half of the rate in excess of 24.1% of Salary (blended). The nature of any temporary future benefit reductions shall be determined by the Sponsor Board in accordance with the relevant factors set out in this Funding Policy.

C. Post-Amendment Deficit

1. If at any time following the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than their then-current level but less than or equal to 21% of Salary (blended), both Participating Employer and Member contribution rates shall be increased by an equal amount up to a maximum Participating Employer contribution rate of 10.5% of Salary (blended) and a maximum Member contribution rate of 10.5% of Salary (blended).

2. If at any time following the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than 21% of Salary (blended) but equal to or less than 22% of Salary (blended), contribution rate increases shall be implemented in accordance with Paragraph C.1 as if total Participating Employer and Member contribution rates were to equal 21% of Salary (blended), following which both Participating Employer and Member contribution rates shall be increased by an equal amount which in total is sufficient to pay two-thirds of the contribution rate in excess of 21% of Salary (blended), and temporary future benefit reductions will be implemented on future service sufficient to reduce contributions by one-third of the rate in excess of 21% of Salary (blended). The nature of any temporary prospective benefit reductions shall be determined by the Sponsor Board in accordance with the relevant factors set out in this Funding Policy.

3. If at any time following the termination of all special payment obligations in respect of the Pre-Amendment Deficit, an actuarial report identifies a going concern deficiency that requires total Participating Employer and Member contribution rates greater than 22% of Salary (blended), contribution rate increases and temporary future benefit reductions shall be implemented in accordance with Paragraph C.2 as if total Participating Employer and Member contribution rates were to equal 22% of Salary (blended), following which both Participating Employer and Member contribution rates shall be increased by an equal amount which in total is sufficient to pay one-half of the contribution rate in excess of 22% of Salary (blended), and temporary future benefit reductions will be implemented on future service sufficient to reduce contributions by one-half of the rate in excess of 22% of Salary (blended). The nature of any temporary prospective benefit reductions shall be determined by the Sponsor Board in accordance with the relevant factors set out in this Funding Policy.

D. Reinstatement of Benefits

If a temporary future benefit reduction is required in accordance with section B.2 above, any benefits reduced pursuant to that section shall be reinstated on a prospective basis (for service after the date of reinstatement) on the earliest date at which such benefits may be reinstated such that the total combined Participating Employer and Member contributions do not exceed 23.1% Salary (blended).

If a temporary future benefit reduction is required in accordance with section B.3 above, any benefits reduced pursuant to that section shall be reinstated on a prospective basis (for service after the date of reinstatement) on the earliest date at which such benefits may be reinstated such that the total combined Participating Employer and Member contributions do not exceed 24.1% Salary (blended).

If a temporary future benefit reduction is required in accordance with section C.2 above, any benefits reduced pursuant to that section shall be reinstated on a prospective basis (for service after the date of reinstatement) on the earliest date at which such benefits may be reinstated such that the total combined Participating Employer and Member contributions do not exceed 21% Salary (blended).

If a temporary future benefit reduction is required in accordance with section C.3 above, any benefits reduced pursuant to that section shall be reinstated on a prospective basis (for service after the date of reinstatement) on the earliest date at which such benefits may be reinstated such that the total combined Participating Employer and Member contributions do not exceed 22% Salary (blended).

Any reinstatement of benefits under this section V.D. shall be subject to compliance with the applicable conditions set out in subsections **[36.92(10) and (11)] [sections to be confirmed once amendments to Regulations finalized]** of the Regulations or any applicable analogous statutory or regulatory provisions that may be adopted from time to time.

E. Decisions by Sponsor Board and Changes by the Sponsor Board Chair

Where required by subsections B, C or D above, the Sponsor Board shall meet to consider the temporary future benefit reductions or reinstatement required by those sections. The Sponsor Board shall reach a decision within 60 days after the date on which the draft actuarial report which disclosed the applicable triggering event was received by the Sponsor Board from the Administrative Board. Any such decision to amend benefits shall be reflected in a revised valuation report filed with the Superintendent and implemented by means of an amendment to the Plan.

In the event of any change to:

- (a) contribution rates under the Plan pursuant to Sections V.B, V.C and VII.2;
- (b) contribution rates under the Plan set out in an actuarial report filed with the Superintendent, other than where such contribution rate changes are to be determined by the Sponsor Board;
- (c) where only one type of benefit has been reduced under Sections V.B.2, V.B.3, V.C.2, or V.C.3, the corresponding benefit reinstatement under the Plan pursuant to Section V.D; and
- (d) conditional indexing benefits required under Section VI,

the Sponsor Board Chair shall amend the Plan to evidence such changes which, in the case of any contribution rate changes, shall be implemented by specifying such changes and the effective dates thereof in Schedule "B" to the Plan Text.

F. Sponsor Board Considerations

In considering the nature of any temporary benefit reductions required under Section V, the Sponsor Board shall, in addition to other factors set out in this Funding Policy, take into consideration the following:

- The experience of other public sector defined benefit pension plans in Canada, including such plans' contribution rates, benefits, economic assumptions, demographic profiles and funded status.
- The experience of other sources of retirement income for Members, including the public pension system (OAS/GIS, CPP, and provincial supplementary programs), including both improvements and reductions to those sources of retirement income.
- The nature and duration of the factors contributing to any going-concern unfunded liability in the Plan, including economic assumptions and experience, market conditions and cycles.
- The availability and use of reserve funds or other measures of conservatism in the Plan and Trust Fund.

- The history of contribution and benefit changes to the Plan and Trust Fund.

In assessing the above factors, the Sponsor Board (including any 15th member appointed for dispute settlement) should seek to achieve a balance between benefit security, affordability of the Plan to Members and employers, and inter-generational equity between Members, Former Members and Pensioners of the Plan.

VI. CONDITIONAL INDEXING

Notwithstanding the previous sections of this Funding Policy, investment gains or a portion thereof may be used each year to provide indexing for benefits in payment that were earned in respect of post December 31, 2015 service. The indexing will be provided in accordance with the requirements of this section, and the use of investment gains as described in this section will take priority over other uses of surplus.

Notwithstanding anything to the contrary in this Section VI, conditional indexing must not be provided if doing so would trigger the application of the Deficit Management Procedures described in Section V and is subject to compliance with the applicable conditions set out in subsections **[36.92(10) and (11)] [sections to be confirmed once amendments to Regulations finalized]** of the Regulations or any applicable analogous statutory or regulatory provisions that may be adopted from time to time.

Phase 1

From January 1, 2016, to December 31, 2030, if any filed valuation that is in effect shows that special payments are required, the Administrative Board will provide conditional indexation increases to Plan beneficiaries in receipt of benefits with "unindexed" accrued benefits at a rate of 50% of the Consumer Price Index ("CPI") (maximum 4.25%) if and only if, in the 12 month period ending June 30 of the calendar year prior to the indexing date, the assets of the Plan generated a rate of return, net of all expenses, in excess of the discount rate used in the most recently filed actuarial valuation applicable to the year for which the rate of return was calculated.

If any filed valuation in effect between January 1, 2016, and December 31, 2030, shows that special payments are not required then Phase 3 indexation will apply instead.

Only such excess returns will be available for the provision of such conditional indexation, and the indexation will not exceed the previously-guaranteed level. The Administrative Board will be responsible to determine the availability of such excess returns on an annual basis, and the application of that excess to the conditional indexation described in this subsection will be automatic. In the event that the excess return is not sufficient to provide the full 50% of CPI (maximum 4.25%), then a lesser and proportionate conditional increase shall be granted.

In addition, the Administrative Board shall take into account the funded status of the Plan when considering whether to grant the conditional indexing in this phase. The Administrative Board shall provide the amount of conditional indexing based on the formula above if the going concern funded ratio of the Plan (determined in the same manner as the filed valuations including, for greater certainty, any margins provided in such filed valuation) is 90% or higher. If the going concern

funded ratio of the Plan (determined in the same manner as the filed valuations including, for greater certainty, any margins provided in such filed valuation) is less than 90% then the Administrative Board may still grant conditional indexing under this phase but the amount of the allocation of this excess to conditional indexing will be limited to an amount that will not reduce the funded status of the Plan to a level below the most recently filed valuation's funded status.

Phase 2

Phase 2 will only come into effect after January 1, 2031 and only if the filed valuation that is then in effect shows that special payments are required. If any filed valuation in effect on or after January 1, 2031 shows that special payments are not required then Phase 3 indexation will apply instead.

Where special payments are required as of January 1, 2031, the Administrative Board will provide conditional indexation increases to Plan beneficiaries in receipt of benefits with "unindexed" accrued benefits at a rate of 50% of CPI (maximum 4.25%) if the annualized five year average rate of return generated by the assets of the Plan, net of all expenses, for the 60 month period ending June 30 of the calendar year prior to the indexing date exceeds the discount rate used in the most recently filed actuarial valuation applicable to the year.

Only such excess returns will be available for the provision of such conditional indexation, and the indexation will be limited to the previously-guaranteed level. The Administrative Board will be responsible to determine the availability of such excess returns on an annual basis, and the application of that excess to the conditional indexation described in this subsection will be automatic. In the event that the excess return is not sufficient to provide the full 50% of CPI (maximum 4.25%), then a lesser and proportionate conditional increase shall be granted. Phase 2 and this method of providing conditional indexing will cease as soon as special payments are no longer required to be remitted to the Plan and will not be reinstated even in the case where special payments are required at any point after January 1, 2031. If at any point in time after January 1, 2031 special payments are no longer required to be remitted to the Plan, the default and only method for calculating conditional indexing shall be as outlined in Phase 3.

In addition, the Administrative Board shall take into account the funded status of the Plan when considering whether to grant the conditional indexing in this Phase 2. The Administrative Board shall provide the amount of conditional indexing based on the formula above if the going concern funded ratio of the Plan (determined in the same manner as the filed valuations including, for greater certainty, any margins provided in such filed valuation) is 90% or higher. If the going concern funded status of the Plan (determined in the same manner as the filed valuations including, for greater certainty, any margins provided in such filed valuation) is less than 90% then the Administrative Board may still grant conditional indexing under this Phase 2 but the amount of the allocation of this excess to

conditional indexing will be limited to an amount that will not reduce the funded ratio of the Plan to a level below that identified in the most recently filed valuation.

Phase 3

If any valuation filed on or after January 1, 2016 shows that special payments are no longer required the default and only method for calculating conditional indexing shall be as outlined in this Phase 3. At no point after Phase 3 is in effect will the granting of conditional indexing revert to the method required under Phase 1 or Phase 2.

In order to ensure that there is some funding available to pay for conditional indexing, a notional fund will be established for the purposes of Phase 3. Once Phase 3 begins, 1% of Salary (0.5 % of which is paid for by the employees and the other 0.5% of which is paid for by the employers) in addition to the current service contribution and will be credited to the notional fund for each subsequent year where no special payments are being made. In any year where special payments are required, the 1% of Salary will be used to make special payments. In years for which no special payments are required and where the full amount of the 1% Salary is not paid out in conditional indexing for the year, the difference between the amount paid in conditional indexing and the 1% Salary will remain in the notional fund for use in a subsequent year. Where there is a balance maintained, the notional fund will be credited with interest at the fund rate of return, net of all expenses. Such interest will also be available to pay for conditional indexing.

Once Phase 3 begins, the Administrative Board will at that point provide indexation increases to Plan beneficiaries in receipt of benefits with "unindexed" accrued benefits at a rate that is the lesser of the following:

- (a) 50% of CPI (to a maximum of 4.25%); or
- (b) a percentage of CPI as determined by the actuary, the cost of which is equal to or less than the estimated balance of the notional fund at the indexing date, if any.

In the event that the payment of the amount of conditional indexing calculated in accordance with the above formula would cause the Plan to go into a deficit, then a lesser and proportionate conditional increase shall be granted. The Administrative Board will be responsible to determine the amount of the conditional indexing available on an annual basis, and the application of that conditional indexation described in this subsection will be automatic. However, the indexing will only be provided where there are no special payments required for that year. For greater certainty, once the method described in this Phase 3 for providing indexing has been implemented, no indexation will be provided in years where special payments are required.

VII. RESTORATION OF FINAL AVERAGE BENEFIT

1. On the date the Pre-Amendment Deficit is eliminated and a filed valuation following the elimination of the Pre-Amendment Deficit provides that no special payments are required, the following provisions shall apply for the purposes of funding an improvement to the average Salary calculation under Section 15(i)(f) of the Plan.
2. The Participating Employer and Member contribution rates shall increase up to an additional 0.2% each for a maximum total of 0.4% of Salary (blended) in addition to the current service contributions required by the Plan.
3. The Administrative Board shall determine a new final average Salary period for the purpose of Section 15(i)(f) of the Plan, which shall be any three years or such longer period of Service completed prior to his date of retirement, termination, disability, or death, or such period of final average years as can be provided by an additional contribution of 0.4% of Salary (blended). For greater certainty, this additional contribution is an addition to the current service contribution.
4. The new final average Salary formula shall apply for all Service effective from the date determined under paragraph VII.1 above.
5. Notwithstanding the previous paragraphs, the additional contributions required by this Section VII are subject to, and not in addition to, the contribution thresholds set out in Section V.C of this Funding Policy.
6. Any action taken under this Section VII shall be subject to compliance with the applicable conditions set out in subsections **[36.92(10) and (11)] [sections to be confirmed once amendments to Regulations finalized]** of the Regulations or any applicable analogous statutory or regulatory provisions that may be adopted from time to time.

VIII. FUNDING EXCESS UTILIZATION PLAN

A. Triggering Event

The Funding Excess Utilization Plan describes actions the Administrative Board must take when an actuarial report filed with the Superintendent reveals that:

1. The going concern funded ratio of the Plan (including, for greater certainty, any margins provided in such filed valuation) exceeds 115%; and
2. The combined employer and employee contribution rates equal or exceed the contributions required to fund the current service cost in respect of future service benefits.

B. Excess Available for Utilization

When a triggering event under the Funding Excess Utilization Plan has occurred, no action can be taken unless the going concern funded ratio of the Plan (including, for greater certainty, any margins provided in such filed valuation) will exceed 115% after such action has been taken.

Any action taken under this Funding Excess Utilization Plan shall be subject to compliance with the applicable conditions set out in subsections **[36.92(10) and (11)] [sections to be confirmed once amendments to Regulations finalized]** of the Regulations or any applicable analogous statutory or regulatory provisions that may be adopted from time to time.

C. Mechanism for Utilizing Available Surplus

Where required by Section A above, the Sponsor Board shall meet to consider the use of the excess funding available and determine how to use such excess funding by: (i) reducing contribution rates, (ii) improving benefits, or (iii) permitting the going concern funded ratio of the Plan (including, for greater certainty, any margins provided in such filed valuation) to exceed 115%, subject to applicable law. The Sponsor Board shall reach a decision within 30 days after the date on which the actuarial report which disclosed the applicable triggering event was received by the Sponsor Board from the Administrative Board. Any such decision to amend benefits shall be reflected in a revised valuation filed with the Superintendent and implemented by means of an amendment to the Plan.

IX. ACTUARIAL REPORTS

The Actuary shall prepare an actuarial report as at December 31, 2014 and as at December 31st of each year thereafter or as otherwise required by the Superintendent. The Administrative Board may request updated actuarial information at any point during the year if the Administrative Board determines that there has been a material change in circumstances. The Administrative Board shall only file an actuarial report with the Superintendent if the Sponsor Board has passed a resolution authorizing the Administrative Board to take such action, unless such filing is required by the PBA or the Superintendent or where the main purpose of such filing is to comply with the Administrative Board's fiduciary duties.

The actuarial reports prepared by the Actuary for purposes of the PBA that will be filed with the Superintendent will be the actuarial report that all actions under this Funding Policy will be based on.

The Administrative Board is primarily responsible, in consultation with the Actuary, for selecting and adopting economic assumptions used in actuarial reports, and shall establish actuarial assumptions for the funding valuation on a best estimate basis and shall incorporate a margin for adverse deviation as established by the Administrative Board in accordance with this Funding Policy. The assumptions inclusive of the margin for adverse deviation shall be in accordance with applicable law.

In order to facilitate the decision making process set out in this Funding Policy regarding the actuarial basis for the valuation and any changes needed to reflect decisions of the Sponsor Board in respect of temporary benefit reductions or the use of excess funding:

- At least 180 days prior to the filing deadline for the valuation report, the Administrative Board shall work with the Actuary to determine the best estimate assumption basis for the actuarial valuation after considering any input received from the Sponsor Board.
- At least 120 days prior to the filing deadline for the valuation report, the Administrative Board shall work with the Actuary to prepare draft valuation results and circulate them to both the Administrative Board and the Sponsor Board based on the established best estimate assumption basis and after considering any input received from the Sponsor Board to determine the appropriate provision for adverse deviation to be included in the actuarial valuation.
- At least 90 days prior to the filing deadline for the valuation report, the Administrative Board, in consultation with the Actuary, shall provide options for the Sponsor Board to consider if the Sponsor Board needs to determine temporary future benefit reductions or excess funding utilization.

- At least 30 days prior to the filing deadline for the valuation report, the Sponsor Board shall provide the Administrative Board and the Actuary with its decision regarding temporary future benefit reductions or excess funding utilization, as applicable.

X. IMPLEMENTING THE FUNDING POLICY**A. Monitoring**

The environment within which the Plan operates is not static. The legal, regulatory, and economic environments that affect the management of the Plan are all subject to change. Periodic reviews of the Funding Policy are essential to ensure that the Funding Policy remains relevant and appropriate. At a minimum, this Funding Policy should be formally reviewed by the Sponsor Board every three years.

An asset/liability study may also be conducted in conjunction with the formal Funding Policy review. The Administrative Board may request that the Sponsor Board conduct an earlier review if, in the opinion of the Administrative Board, significant changes to the environment or the PBA have occurred since the most recent review.

All changes to the Funding Policy must be approved by the Sponsor Board.

B. Communications Policy

This Funding Policy and the annual actuarial valuations are made available on the Plan website and are accessible to the general public. Any specific inquiries concerning this Funding Policy should be directed to the Administrative Board, who will seek clarification from the Sponsor Board, as required.

DRAFT: September 21, 2015

APPENDIX "C"

TRUST AGREEMENT

THIS TRUST AGREEMENT for the Regina Civic Employees' Superannuation and Benefit Plan (the "**Trust Agreement**") is effective January 1, 2016.

AMONG:

The City of Regina (the "**City**")

- AND -

Civic Pension and Benefits Committee, a committee established under Schedule "A" to City of Regina Bylaw No. 3125 and continued under the Sponsorship Agreement (the "**Committee**")

(the City and the Committee are herein referred to together as the "**Sponsors**")

- AND -

[names of the initial, individual Administrative Board Members]

(each, an "**Administrative Board Member**", and together, the "**Administrative Board**", as those terms are defined herein)

WHEREAS prior to January 1, 2016, the terms of The Regina Civic Employees' Superannuation and Benefit Plan (the "**Plan**") were set out in Schedule "A" to City Bylaw No. 3125, as amended from time to time (the "**Bylaw**");

AND WHEREAS prior to January 1, 2016, pursuant to Section 3 of the Bylaw, the Administrative Board was established as the legal administrator of the Plan;

AND WHEREAS prior to January 1, 2016, Section 25 of the Bylaw established the Regina Civic Employees' Pension Fund (the "**Original Fund**"), the monies of which were received by the Treasurer of the City of Regina (the "**Treasurer**") and held in an account separate and apart from the other funds of the City;

AND WHEREAS the Plan was amended, effective January 1, 2016, to (i) no longer have the assets of the Original Fund held by the Treasurer; (ii) provide for the establishment of the Sponsorship Agreement by the Sponsors; and (iii) provide for the establishment of this Trust Agreement as Appendix "C" to the Sponsorship Agreement;

AND WHEREAS effective January 1, 2016, the Sponsors established the Sponsorship Agreement;

AND WHEREAS effective January 1, 2016, the Sponsors wish to establish this Trust Agreement, as Appendix "C" to the Sponsorship Agreement, in order to (i) continue the Administrative Board as the legal administrator of the Plan; (ii) provide that the assets of the Original Fund are no longer held by the Treasurer; (iii) settle the Trust Fund for purposes of

holding the assets of the Plan; (iv) establish the Administrative Board Members as the trustees of the Trust Fund; and (v) establish or confirm the duties, powers and operations of the Administrative Board;

AND WHEREAS each Administrative Board Member wishes to accept their appointment as legal administrator of the Plan and as a trustee of the Trust Fund, all in accordance with terms of this Trust Agreement.

NOW THEREFORE the Sponsors and the Administrative Board Members agree as follows:

Article 1 Interpretation

1.1 Definitions

“Acceptance of Trust” shall have the meaning set out in Section 5.8. The Acceptance of Trust is attached as Schedule “A” to this Trust Agreement.

“Actuary” means the person designated by the Board to be the Actuary for the Plan and such person shall be a Fellow of the Canadian Institute of Actuaries.

“Administrative Board” means the Administrative Board originally constituted pursuant to Section 3 of the Bylaw and continued under this Trust Agreement, consisting of individuals who are appointed as the legal administrators of the Plan and trustees of the Trust Fund in accordance with the terms of this Trust Agreement.

“Administrative Board Alternate Employee Representative” means the alternate Administrative Board Employee Representative appointed in accordance with Section 5.3(b).

“Administrative Board Alternate Employer Representative” means the alternate Administrative Board Employer Representative appointed in accordance with Section 5.3(a).

“Administrative Board Member” means a member of the Administrative Board appointed pursuant to Section 5.1.

“Administrative Board Employee Representatives” are Administrative Board Members appointed pursuant to Section 5.1(b).

“Administrative Board Employer Representatives” are Administrative Board Members appointed pursuant to Section 5.1(a).

“Administrative Board Appointing Body” has the meaning set out in Section 5.1.

“Bylaw” has the meaning set out in the recitals to this Trust Agreement.

“Chairperson” has the meaning set out in Section 5.9(b).

“City” has the meaning set out in the recitals to this Trust Agreement and shall include any representative of the City to whom City Council has delegated its authority and powers in respect of the Plan, the Sponsorship Agreement, the Trust Agreement and the Funding Policy, where applicable.

“Committee” has the meaning set out in the recitals to this Trust Agreement.

“Contributions” means sums of money paid or payable to the Trust Fund pursuant to the terms of the Plan.

“Employee” has the meaning set out in the Plan Text.

“Former Member” means a person whose membership in the Plan has terminated and who retains a present or future entitlement to a benefit under the Plan but does not include a Pensioner.

“Funding Policy” means the funding policy for the Plan, as amended from time to time, set out in Schedule “A” to the Plan Text.

“Income Tax Act” means the *Income Tax Act*, RSC 1985, c. 1 (5th Supp.), as amended from time to time.

“Member” means a person who has joined the Plan in accordance with the terms of the Plan and is entitled to Pension Benefits under the Plan, but does not include a Former Member or Pensioner.

“Original Fund” has the meaning set out in the recitals to this Trust Agreement.

“Participating Employers” means the City and each other employer that has employees participating in the Plan and is a party to a Participation Agreement, as set out in the Sponsorship Agreement.

“Pension Benefits” means the pension and other benefits payable under the terms of the Plan.

“Pension Benefits Act” means *The Pension Benefits Act*, SS 1992, c. P-600.1, as amended.

“Pensioner” means a person to whom a pension has been granted under the Plan and the first payment of which has fallen due.

“Plan” has the meaning set out in the recitals to this Trust Agreement.

“Plan Text” means the text which sets out the terms of the Plan, in the form attached as Appendix “B” to the Sponsorship Agreement, as amended from time to time.

“Sponsor Board” means the Sponsor Board established pursuant to the Sponsorship Agreement.

“Sponsor Board Chair” means the chair of the Sponsor Board established pursuant to the Sponsorship Agreement.

“Sponsors” has the meaning set out in the recitals to this Trust Agreement.

“Sponsorship Agreement” means the Sponsorship Agreement, to which this Trust Agreement is attached as Appendix “C”.

“Standard of Care” has the meaning set out in Section 4.1 of this Trust Agreement.

“Successor Administrative Board Member” shall mean each Administrative Board Member that has signed an Acceptance of Trust and is appointed by an Administrative Board Appointing Body after the initial Administrative Board Members, pursuant to Section 5.8.

“Treasurer” has the meaning set out in the recitals to this Trust Agreement.

“Trust Agreement” shall mean this instrument, including any amendments or modifications thereto.

“Trust Fund” has the meaning set out in Section 3.1(a) of this Trust Agreement.

“Union” means a labour organization that is a union as defined by *The Saskatchewan Employment Act*, SS 2014, c S-15.1, and has Members contributing to the Plan.

“Vice-Chairperson” has the meaning set out in Section 5.9(b).

“Withdrawal Policy” has the meaning set out in Section 6.1(j)(ii) of this Trust Agreement.

1.2 *Use of Plural or Gender Specific Terms*

In this Trust Agreement, according to the context:

- (a) gender specific terms include both genders and include a corporation, partnership, society, association or union;
- (b) words in the singular include the plural and words in the plural include the singular; and
- (c) where a word or expression is defined, other parts of speech and grammatical forms of the same word or expression will have corresponding meanings.

1.3 *Headings*

The headings used herein are for ease of reference only and shall not be deemed to form part of this Trust Agreement.

1.4 *Conflict*

In the event of any conflict between the provisions of this Trust Agreement and the Sponsorship Agreement, the terms of the Sponsorship Agreement shall prevail. In the event of any conflict between the provisions of this Trust Agreement and the Plan Text or the Funding Policy, the provisions of this Trust Agreement shall prevail.

Article 2 Sponsorship Agreement, Plan Text, Funding Policy

2.1 *Sponsorship Agreement, Plan Text, Funding Policy*

- (a) This Trust Agreement as at January 1, 2016, is set out as Appendix “C” to the Sponsorship Agreement.
- (b) The Plan Text as at January 1, 2016, is set out as Appendix “B” to the Sponsorship Agreement.

- (c) The Funding Policy as at January 1, 2016, is set out as Schedule “A” to the Plan Text.

Article 3 Settlement of the Trust Fund and Role of Administrative Board

3.1 *Settlement of Trust Fund and Appointment of Administrative Board as Trustees*

- (a) A trust fund is hereby settled in connection with the Plan for purposes of providing the Pension Benefits and consisting of all assets of the Original Fund and all future Contributions and other payments received by the Administrative Board in its capacity as trustee of such trust fund, including all increments, income, earnings and profits associated with the administration of the trust fund less all authorized payments therefrom (the “**Trust Fund**”). The Trust Fund shall be known as the “Regina Civic Employees’ Superannuation and Benefit Plan Trust Fund”.
- (b) Each Administrative Board Member is hereby appointed, and each Administrative Board Member hereby agrees to accept such appointment, as trustee of the Trust Fund. The Administrative Board Members agree to receive, hold, maintain, manage, administer, invest and distribute the assets of the Trust Fund for the Members, Former Members, Pensioners and their beneficiaries in accordance with the terms of the Plan and this Trust Agreement. The title to all assets of the Trust Fund shall be jointly vested in and remain exclusively with the Administrative Board Members, in their capacity as trustees, except as may otherwise be provided herein.
- (c) Except as specifically provided for in this Trust Agreement and in the Plan, none of the Administrative Board Members, the Participating Employers, the Committee or any other person, association, firm or corporation shall have any right, title or interest in or to the assets of the Trust Fund. However, nothing in this Trust Agreement prevents a Contribution which was made by mistake, together with any income earned thereon, from being returned by the Administrative Board Members to the maker of such Contribution or from being credited by the Administrative Board Members against other obligations of the maker of such contribution to the Trust Fund in accordance with the terms of the Plan and applicable laws.
- (d) Subject to the terms of the Plan, no monies, property or equity of any nature whatsoever, in the Trust Fund, or policies or Pension Benefits or monies payable therefrom, shall be subject in any manner by any Member, Former Member, Pensioner or person claiming through any such person to anticipation, alienation, sale transfer, assignment, pledge, encumbrance, attachment, garnishment, execution, mortgage, lien or charge.
- (e) All assets of the Trust Fund are available to pay Pension Benefits in accordance with the terms of the Plan. However, nothing in this Trust Agreement precludes the Administrative Board from purchasing annuities with assets of the Trust Fund to discharge (in whole or in part) obligations to pay Pension Benefits otherwise payable from the Trust Fund in accordance with the terms of the Plan and the Pension Benefits Act.

3.2 *Administrative Board to Continue as Administrator of the Plan*

The Administrative Board, as originally constituted pursuant to Section 3 of the Bylaw, is hereby continued as the legal administrator of the Plan, in addition to being appointed as trustee of the Trust Fund. The Administrative Board shall supervise and administer the Plan in accordance with the provisions of this Trust Agreement, the Plan, the Pension Benefits Act, the Income Tax Act and all other applicable laws.

Article 4 Standard of Care

4.1 *Standard of Care*

Each Administrative Board Member, in exercising his powers and discharging his duties as Administrative Board Members as set out in this Trust Agreement, shall:

- (a) act honestly and in good faith with a view to the best interests of all persons who are entitled to a benefit in or pursuant to the Plan;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) comply with the provisions of the Plan and supervise the administration of the Plan, in accordance with the provisions of this Trust Agreement, the Plan Text, the Pension Benefits Act, the Income Tax Act, and all other applicable laws;

referred to herein as the “**Standard of Care**”.

No provision of the Plan Text or any resolution or other act of the Administrative Board shall relieve an Administrative Board Member from the requirements of this Section 4.1.

Article 5 Administrative Board

5.1 *Administrative Board Composition and Structure*

The Administrative Board shall consist of twelve (12) members, as follows:

- (a) six (6) “**Administrative Board Employer Representatives**”. The Administrative Board Employer Representatives shall be appointed on behalf of the Participating Employers based on a weighting that reasonably reflects the membership of the respective Participating Employer’s employees in the Plan and shall be appointed by City in accordance with the terms of an agreement among the Participating Employers.
- (b) six (6) “**Administrative Board Employee Representatives**”. The Administrative Board Employee Representatives shall be appointed on behalf of the Employees participating in the Plan based on a weighting that reasonably reflects the membership of the Plan and shall be appointed by the Committee.

Each Administrative Board Employer Representative and Administrative Board Employee Representative is an “**Administrative Board Member**”. The City and the Committee are each an “**Administrative Board Appointing Body**” in respect of the Administrative Board Members they appoint in accordance with this Section 5.1. Where the City is exercising its powers and functions under sections 5.3(a) and 5.5, or its powers and functions as an Administrative Board

Appointing Body under section 5.8, it shall exercise such powers and functions in accordance with the terms of an agreement among the Participating Employers.

5.2 *Disqualification*

An individual who is a Sponsor Board Member cannot be appointed an Administrative Board Member.

5.3 *Alternate Administrative Board Employer and Employee Representatives*

- (a) The City may annually appoint two alternate Administrative Board Employer Representatives (the “**Administrative Board Alternate Employer Representatives**”).
- (b) The Committee may appoint two alternate Administrative Board Employee Representatives (the “**Administrative Board Alternate Employee Representatives**”).
- (c) Administrative Board Alternate Employer Representatives and Administrative Board Alternate Employee Representatives may attend meetings of the Administrative Board and take part in its discussions, but shall not be counted for purposes of determining the quorum and shall not vote on any matter before the Administrative Board.
- (d) If an Administrative Board Employee Representative who is an employee of an Participating Employer terminates his employment with such Participating Employer, his place on the Administrative Board shall be taken, in the first instance, by the first Administrative Board Alternate Employee Representative, and in the second instance, by the second Administrative Board Alternate Employee Representative, unless the Committee decides that such individual should remain an Administrative Board Employee Representative.
- (e) If an Administrative Board Employee Representative dies, resigns or is removed from the Administrative Board, his place on the Administrative Board shall be taken, the first instance, by the first Administrative Board Alternate Employee Representative and, in the second instance, by the second Administrative Board Alternate Employee Representative.
- (f) If an Administrative Board Employer Representative dies, resigns or is removed from the Administrative Board, his place on the Administrative Board shall be taken, the first instance, by the first Administrative Board Alternate Employer Representative and, in the second instance, by the second Administrative Board Alternate Employer Representative.

5.4 *Resignation of Administrative Board Member*

An Administrative Board Member may resign by giving written notice thereof to the Chairperson (or, if the Chairperson is the one resigning, to the Vice-Chairperson) who must promptly notify the other Administrative Board Members and the City, in the case of the resignation of an Administrative Board Employer Representative or the Committee, in the case of the resignation of an Administrative Board Employee Representative. The effective date of such resignation must

be stated in the notice of resignation (which date can be no earlier than the date the Administrative Board Member signs the resignation), failing which it is the date when the Chairperson (or Vice-Chairperson) receives such notice of resignation.

5.5 *Removal of Administrative Board Member*

The City may remove any Administrative Board Employer Representative and the Committee may remove any Administrative Board Employee Representative at any time, by sending written notice to the Administrative Board Member being so removed and to the Chairperson (or Vice-Chairperson if the Chairperson is being removed). The Chairperson (or Vice-Chairperson, as the case may be) must upon receipt of such notice promptly notify the other Administrative Board Members.

5.6 *Death of Administrative Board Member*

If an Administrative Board Member dies, his heirs, administrators, executors and assigns are fully discharged from all future duties and responsibilities in respect of this Trust Agreement as of the date of such Administrative Board Member's death. A deceased Administrative Board Member's estate is not discharged from, and remains liable for, any of the deceased's duties and responsibilities arising hereunder prior to the date of death.

5.7 *Initial Administrative Board Members*

This Trust Agreement constitutes the individuals who have signed this Trust Agreement as the initial Administrative Board Members, and such individuals are deemed to have been validly appointed by the applicable Administrative Board Appointing Body, as indicated beside their signatures to this Trust Agreement. Each individual who has signed this Trust Agreement has by his signature agreed that he:

- (a) Acknowledges receipt of a copy of this Trust Agreement;
- (b) Accepts the trust created and established by this Trust Agreement;
- (c) Shall hold the assets of the Trust Fund in trust in accordance with the trust established under this Trust Agreement;
- (d) Consents to and accepts his appointment as an Administrative Board Member, and accordingly, agrees to fulfil his duties as legal administrator of the Plan and trustee of the Trust Fund;
- (e) Is bound by the terms of this Trust Agreement for the purposes set forth herein and in the Plan Text; and
- (f) Becomes vested with all the rights, powers and duties of an Administrative Board Member in accordance with the terms of this Trust Agreement and the Plan.

For greater certainty, the initial Administrative Board Members are signing this Trust Agreement for the purpose of confirming their agreement to be bound by this Trust Agreement, and the execution of this Trust Agreement by the initial Administrative Board Members is not a precondition to this Trust Agreement becoming effective. Rather, this Trust Agreement becomes effective when the City and the Committee have signed it.

5.8 *Successor Administrative Board Members*

Upon the execution by a Successor Administrative Board Member and the applicable Administrative Board Appointing Body of an “**Acceptance of Trust**” in the form set forth in Schedule “A” to this Trust Agreement, such Successor Administrative Board Member:

- (a) Acknowledges receipt of a copy of this Trust Agreement;
- (b) Accepts the trust created and established by the Trust Agreement;
- (c) Shall hold the assets of the Trust Fund in trust in accordance with the trust established under this Trust Agreement;
- (d) Consents to and accepts his appointment as an Administrative Board Member, and accordingly, agrees to fulfil his duties as legal administrator of the Plan and trustee of the Trust Fund;
- (e) Is bound by the terms of this Trust Agreement for the purposes set forth herein and in the Plan Text; and
- (f) Becomes vested with all the rights, powers and duties of an Administrative Board Member in accordance with the terms of this Trust Agreement and the Plan without the necessity of the execution of any conveyance, assignment, transfer or other document.

5.9 *Meetings, Chairperson and Vice-Chairperson*

- (a) The Administrative Board shall meet at the call of the Chairperson and in any event at least once every three months.
- (b) At the first meeting in each calendar year the Administrative Board shall elect a “**Chairperson**” and “**Vice-Chairperson**”. The elections shall be made alternately from the Administrative Board Employer Representatives and the Administrative Board Employee Representatives but the Vice-Chairperson shall not be elected from among the representatives from which the Chairperson is elected.
- (c) If both the Chairperson and the Vice-Chairperson are absent from any meeting of the Administrative Board, the members present at the meeting may appoint one of the members as Acting Chairperson to fulfil the duties of the office during the absence of the Chairperson and the Vice-Chairperson.
- (d) The Chairperson, or any other officer of the Administrative Board or other person delegated to do so by the Chairperson, as the case may be, must provide written notice of each meeting of the Administrative Board to be given to each Administrative Board Member no less than seven days prior to the date of such meeting. The notice of meeting must specify the date, time and location of the meeting, and include an agenda of matters to be addressed at such meeting. Any Administrative Board Member may request that an item be placed on a meeting agenda. The agenda for each meeting must be distributed with the notice of the meeting. Written notice under this Section includes notices sent by e-mail, or other

similar electronic means, provided the Administrative Board Member has consented and provided the necessary details.

- (e) An Administrative Board Member may waive notice of an Administrative Board meeting by instrument in writing. An Administrative Board Member is deemed to waive notice of an Administrative Board meeting by attending such meeting without objection. For greater certainty, only the agreement of a quorum as set out below in Section 5.10 is required to waive notice of an Administrative Board meeting.
- (f) Any Administrative Board Member may request that the Chairperson call a meeting; such a request must be in writing and include such information as is reasonably required by the Chairperson to fulfill the agenda provisions set out in Section 5.9(d). No later than 14 days following receipt of such a written request the Chairperson must give notice to the Administrative Board Members setting out the date and location of the meeting, which meeting must be held within one month of the date on which the Chairperson received the request to convene a meeting. If the office of the Chairperson is vacant, or the Chairperson is incapacitated or otherwise unable to discharge his responsibilities as Chairperson, any two Administrative Board Members acting jointly may exercise the powers otherwise given to the Chairperson.

5.10 *Quorum and Voting*

- (a) A quorum of the Administrative Board shall consist of eight (8) members.
- (b) Except as otherwise provided, the votes of the majority of the members present shall govern. If a quorum is not present within one-half hour of the time specified for an Administrative Board meeting, the Administrative Board Members present may adjourn the meeting to a fixed time and place but may not transact any other business. If during a meeting a quorum is lost, no further business can be transacted at that meeting by the remaining Administrative Board Members, other than adjourning the meeting to a fixed time and place. If the Administrative Board Members meet when an Administrative Board Member position is vacant, the meeting is validly constituted as long as a quorum is present.
- (c) An affirmative vote of at least eight (8) members of the Administrative Board shall be required for the passing of any motion relating to:
 - (i) the management of the Trust Fund;
 - (ii) any amendment to an existing policy, other than the Funding Policy; and
 - (iii) the adoption of a new policy relating to the Trust Fund, other than the Funding Policy.

5.11 *Observers*

The Administrative Board may invite one or more persons to attend their meetings as observers of its proceedings. All observers may be required by the Administrative Board to enter into an agreement satisfactory to the Administrative Board regarding maintaining confidentiality of the Administrative Board's proceedings.

5.12 *Administrative Board Committees*

The Administrative Board may establish committees and their respective procedures as it deems necessary from time to time, and delegate powers or duties to such committees. All committees must conduct themselves in accordance with the rules and procedures made by the Administrative Board.

5.13 *Formal Name of Administrative Board*

The Administrative Board must enter into agreements and act in all matters in the name of “The Administrative Board of The Regina Civic Employees’ Superannuation and Benefit Plan”.

Article 6 Duties and Powers of the Administrative Board

6.1 *Administration of the Plan and the Trust Fund*

The Administrative Board shall act under this Trust Agreement to do anything reasonably necessary to carry out its duties and responsibilities to supervise and administer the Plan and the Trust Fund, as set out in this Trust Agreement and as required under the Pension Benefits Act, the Income Tax Act and all applicable laws, including, without limitation, the following:

- (a) prescribe the procedures required to make application for Pension Benefits;
- (b) engage experts and other consultants as it considers necessary;
- (c) engage any manager or other person reasonably required to assist in the administration of the Plan and the Trust Fund including the management and investment of the assets of the Trust Fund;
- (d) enter into contracts or agreements that it considers expedient or desirable in the exercise of its powers or the performance of its responsibilities pursuant to both the Plan and the Trust Fund; and
- (e) to act in an advisor capacity to the Sponsor Board where requested to do so by the Sponsor Board;
- (f) to implement and comply with the Funding Policy;
- (g) the Administrative Board may create and define Employee classes as necessary for the purpose of Plan administration, including determining the liabilities associated with an employer group, bargaining unit or any other identifiable group of Employees;
- (h) in respect of the addition of any new employers, bargaining units or other identifiable groups of Employees into the Plan as approved by the Sponsor Board, the Administrative Board has the power to determine and impose terms and conditions with respect to the addition of such entities into the Plan;
- (i) the Administrative Board has the power to determine and impose terms and conditions with respect to the withdrawal of or termination of participation in the

Plan of all or part of an employer group, bargaining unit or other identifiable group of Employees;

- (j) in respect of the withdrawal of an employer group, bargaining unit, or any other identifiable group of Employees:
 - (i) Subject to Section 6.1(j)(ii), if the Administrative Board determines that the withdrawal of or termination of participation in the Plan of all or part of an employer group, bargaining unit, or any other identifiable group of Employees leaves or would leave unfunded liabilities or solvency deficiencies with respect to its Members, Former Members or Pensioners, notwithstanding the Funding Policy the Administrative Board may require payments to be made by the employer of the withdrawing or terminated group of such amounts that are required to remove any such unfunded liability or solvency deficiency, either in a lump sum or amortized as permitted by the Pension Benefits Act, in accordance with any terms and conditions that the Administrative Board may determine;
 - (ii) By no later than July 1, 2016, the Administrative Board shall establish a policy governing the withdrawal of or termination of participation in the Plan of all or part of an employer group, bargaining unit, or any other identifiable group of Employees, including in respect of unfunded liabilities or solvency deficiencies with respect to its Members, Former Members or Pensioners (the “**Withdrawal Policy**”). The Administrative Board shall consult with the Participating Employers in establishing the Withdrawal Policy and shall apply the Withdrawal Policy in exercising its authority under Section 6.1(j)(i).
- (k) to manage and invest the assets of the Trust Fund in accordance with the Pension Benefits Act, the Income Tax Act and all applicable laws;
- (l) attend meetings with the Sponsor Board as set out in any framework agreement entered into by the Administrative Board and the Sponsor Board from time to time or as otherwise agreed to from time to time between the Administrative Board and the Sponsor Board;
- (m) provide the Sponsor Board with a copy of any report prepared by the Actuary in respect of the Plan as soon as possible, and in any event no later than 7 days, after receiving such report;
- (n) provide the Sponsor Board annually with a written report, that is relevant to the Sponsor Board and is reasonable to produce, on the administration of the Plan, including the investment of the Plan’s assets;
- (o) appoint or cause to be appointed one or more custodians or sub-custodians in respect of all or a part of the Trust Fund;
- (p) keep a complete accurate set of accounts for the Trust Fund;

- (q) establish and adopt a written statement of investment policies and procedures for the Trust Fund in accordance with the Pension Benefits Act, which must be reviewed at least annually by the Administrative Board;
- (r) regularly monitor the investment performance of the Trust Fund;
- (s) to receive payments from any source whatsoever, to the extent permitted by applicable law and this Trust Agreement;
- (t) to establish and accumulate as part of the Trust Fund, such reserve or reserves as expressly required by the Superintendent or the Funding Policy;
- (u) exercise and enforce any rights or obligations by any action, suit or proceeding at law or in equity;
- (v) monitor and review, at such intervals as the Administrative Board considers appropriate, the performance of each service provider or any advisor appointed by the Administrative Board;
- (w) develop and oversee the implementation of a communication strategy for Members, Former Members and Pensioners;
- (x) maintain the Plan Text in accordance with this Trust Agreement;
- (y) specifically authorize reasonable expenses, and approve the Committee's applications and recommend amendments to the Sponsors regarding the Committee's expenses pursuant to Section 3.4 of the Sponsorship Agreement;
- (z) provide for payment of reasonable fees, expenses and costs out of the Trust Fund as provided for under the Sponsorship Agreement; and
- (aa) file amendments to the Plan Text made in accordance with the Sponsorship Agreement, including for greater certainty, an amendment by the Sponsor Board Chair made under Section 5.2 of the Sponsorship Agreement, with all applicable regulatory bodies.

6.2 *Actuary to be Appointed*

- (a) Subject to compliance with the terms of the Plan and the Funding Policy, the Administrative Board shall appoint an Actuary to:
 - (i) perform actuarial valuations of the assets of the Trust Fund and the liabilities under the Plan;
 - (ii) recommend the amount of Contributions to be made under the Plan;
 - (iii) advise the Administrative Board if any of the funding thresholds set out in the Funding Policy have been exceeded and, if the funding thresholds have been exceeded, advise upon request on the options available in the particular circumstances and in accordance with the Funding Policy; and

- (iv) perform any other services that the Administrative Board considers necessary or desirable in connection with the administration of the Plan.
- (b) Subject to compliance with the terms of the Sponsorship Agreement, the Plan and the Funding Policy, the Administrative Board shall have the Plan reviewed by the Actuary at such times as is required by the Pension Benefits Act, the Funding Policy, and any other times as the Administrative Board considers necessary.
- (c) Subject to compliance with the terms of the Plan and the Funding Policy, the Administrative Board shall adopt from time to time, on the advice of the Actuary, mortality and other tables and interest rates on which actuarial calculations and commuted values relating to the Plan are based, including the determination of appropriate actuarial equivalents.
- (d) All fees and expenses of the actuary that are approved and authorized by the Administrative Board shall be paid out of the Trust Fund.

6.3 *Insurance*

The Administrative Board may purchase and maintain insurance for the benefit of the Plan, the Administrative Board or an Administrative Board Member against any liability incurred by the Plan, the Administrative Board or an Administrative Board Member because a person was an Administrative Board Member or, at the request of the Administrative Board, acted as a director or officer, or acted in a similar capacity, of another entity. The reasonable cost of such insurance shall be paid out of the Trust Fund.

6.4 *Expenses*

The expenses incurred in the administration of the Plan and the administration, management and investment of the Trust Fund shall be paid out of the Trust Fund.

6.5 *Borrowing Money*

The Administrative Board shall not borrow money unless the borrowing is:

- (a) for less than ninety days;
- (b) not part of a series of loans and repayments;
- (c) required for the purchase of annuities or the provision of a pension, under the Plan without resort to a distressed sale of the assets of the Trust Fund; and
- (d) permitted under the Income Tax Act and the Pension Benefits Act.

Article 7 Contributions

7.1 *Remittance of Contributions*

In order to effectuate the purposes hereof, Participating Employers, and, where applicable, Members, shall remit Contributions to the Trust Fund, in the amounts and manner provided for the terms of the Plan (including the Funding Policy), the Sponsorship Agreement and the Trust Agreement.

7.2 *Manner and Form of Contributions*

All Contributions shall be payable to the Trust Fund and shall be paid in a manner and form permitted by the Trustees from time to time.

7.3 *Enforcement of Contributions*

Non-payment by any person or entity required to make Contributions to the Trust Fund shall not relieve any other person of its obligations to make such payments. The Trustees shall take any action they deem necessary or advisable to enforce payment of Contributions including, but not limited to, commencing proceedings before the Court of Queen's Bench or other court or tribunal of competent jurisdiction.

Article 8 **Administrative Board Operations**

8.1 *Secretary to be Appointed*

The Administrative Board shall appoint a secretary at its first meeting in each calendar year to keep minutes or records of all meetings, proceedings and acts of the Administrative Board, and otherwise carry out the Administrative Board's instructions. Such secretary need not be an Administrative Board Member.

8.2 *Administrative Board Compensation*

An Administrative Board Member shall be compensated from the Trust Fund for attending to his duties as an Administrative Board Member in accordance with a compensation policy adopted by the Sponsor Board. Each Administrative Board Member must be reimbursed from the Trust Fund for all expenses which have been reasonably incurred by the Administrative Board Member in the performance of his duties. In the event of any dispute as to whether an expense incurred by an Administrative Board Member should be reimbursed, the Sponsor Board must resolve such dispute, with such resolution being final and binding and not subject to appeal.

8.3 *Procedures at Meetings*

Except as otherwise set forth herein, the rules governing conduct and procedures of the Administrative Board meetings and meetings of any committee or sub-committee constituted by the Administrative Board are the rules and procedures specific in the current edition of Robert's Rules of Order Newly Revised (currently the 11th edition (2011)).

8.4 *Telephone Meetings*

Administrative Board meetings may be held, or an Administrative Board Member may participate in a meeting, by means of telephone or such other communication facilities which permit all persons participating in the meeting to speak to and hear each other, and an Administrative Board Member participating in a meeting by such means is deemed to be present at the meeting and will be counted in determining whether a quorum is present.

8.5 *Resolutions in Writing*

Notwithstanding the Quorum and Voting provisions in Section 5.10, any decision of the Administrative Board may be made by unanimous consent in writing signed by each

Administrative Board Member then in office without a meeting of the Administrative Board Members.

8.6 *Defect in Appointment*

If it is subsequently discovered or determined that there exists some defect in the appointment, removal or qualification of any Administrative Board Member, all acts and proceedings of the Administrative Board done and carried on in good faith while any such defect existed are valid and effective.

8.7 *Execution of Documents*

All agreements, cheques and other documents to be executed by the Administrative Board after being approved by the Administrative Board in accordance with this Trust Agreement must be signed by such Administrative Board Member, Administrative Board Members, delegate or delegates as the Administrative Board may direct.

Article 9 Indemnification and Limitation of Liability

9.1 *Indemnification*

An Administrative Board Member shall be indemnified out of the Trust Fund against all costs, charges and expenses actually and reasonably incurred by that person, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or other proceeding to which he is made a party because of being or having been an Administrative Board Member, and including an action brought by the Administrative Board, if:

- (a) the individual acted in accordance with the Standard of Care; and
- (b) in the case of a criminal or administrative proceeding, or a proceeding that is enforced by a monetary penalty the individual had reasonable grounds for believing that his conduct was lawful.

9.2 *Liability of Administrative Board Members*

The Administrative Board Members, individually or collectively, are not liable for the making, retention or sale of any investment or reinvestment made by them in accordance with this Trust Agreement or in accordance with any other legal duties nor for any error of judgment nor loss to or diminution of or insufficiency of the Trust Fund, or any consequent reduction or cessation of Pension Benefits, except a loss, diminution or insufficiency that resulted from an Administrative Board Member breaching the Standard of Care. An individual Administrative Board Member is not liable for any loss, diminution or insufficiency of the Trust Fund, or any consequent reduction or cessation of Pension Benefits, unless he was a party to the action that resulted in the loss, diminution or insufficiency of the Trust Fund or consequent reduction or cessation of Pension Benefits.

9.3 *Liability for Other Matters*

The Administrative Board Members, individually or collectively, are not responsible or liable for:

- (a) any matter, cause or thing arising due to the invalidity of all or any part of this Trust Agreement or the Plan Text;
- (b) any delay occasioned by any restriction or provision in:
 - (i) this Trust Agreement;
 - (ii) the Plan Text; or
 - (iii) any contract procured in the course of the administration of the Plan or the administration, management or investment of the Trust Fund; or
- (c) any Contributions required to be paid to the Trust Fund.

9.4 *Reliance on Documents, etc.*

The Administrative Board Members shall incur no liability, either collectively or individually, in acting upon any documents, data or information believed by them to be genuine and accurate and to have been made, executed, delivered or assembled by the appropriate parties.

9.5 *Reliance on Advisors or Agents*

The Administrative Board Members are not liable, either individually or collectively, for acting and relying upon the opinions or advice of the agent, manager or other professional advisor so long as the Administrative Board exercises reasonable care in the selection, instruction and supervision of an agent (including any custodian or sub-custodian of the Trust Fund) or a manager or other professional advisor.

9.6 *Further Assurances Regarding Indemnity*

The Administrative Board shall do such things and execute and deliver such documents in order that any and all funds required to be paid out of the Trust Fund by way of indemnity as set forth herein or as set forth in the Sponsorship Agreement are paid as required from time to time.

9.7 *Recourse Solely Against Trust Fund*

A Member, Former Member, Pensioner or any person claiming through them has recourse solely to the Trust Fund for any Pension Benefit or other payment under the Plan.

9.8 *Acting as a Member of the Board of Directors of Mobius Benefits Administrators Inc.*

- (a) The Administrative Board may pay from the Trust Fund an amount it considers appropriate in the circumstances to indemnify, fully or partly, an Administrative Board Member against costs, loss or damages incurred or awarded against him or her as a result of any act or omission done, or omitted to be done, in good faith as a member of the board of directors of Mobius Benefits Administrators Inc., where the Administrative Board Member was appointed to such board of directors by the Administrative Board for the purpose of representing the Administrative Board.
- (b) Despite Subsection (a), where a loss suffered by the Administrative Board Member in serving as a member of the board of directors of Mobius Benefits Administrators Inc., as described in Subsection (a) results from liability to pay the deductible

amount under an insurance policy that insured Mobius Benefits Administrators Inc., or its directors, against the loss except for the deductible amount, then the Administrative Board shall pay from the Trust Fund the amount necessary to indemnify the Administrative Board Member for liability to pay that part of the deductible amount.

9.9 *Liability for Plan and Trust Fund*

None of the Participating Employers, Unions, the Committee (or any member of the Committee), the Members, Former Members or Pensioners are liable or responsible for any debts, liabilities, obligations, or deficiencies of the Plan or the Trust Fund, including the payment of any Pension Benefits, including for any default or neglect of the Administrative Board, except in accordance with the terms of the Sponsorship Agreement, this Trust Agreement and the Plan Text (including the Funding Policy).

9.10 *Liability of Appointing Bodies*

No Administrative Board, Union, Appointing Body, or any Participating Employer are liable for any of the acts or obligations of any Administrative Board Member solely because such Administrative Board Member is or was an officer, employee or appointee of any such entity, or such entity had any role in the appointment of such Administrative Board Member.

9.11 *Extended Meaning of Administrative Board Member, etc.*

Unless the context clearly indicates otherwise, any reference in this Trust Agreement to the indemnification or other protection of an Administrative Board Member is deemed to also refer to a former Administrative Board Member, and to the heirs, executors and administrators of any Administrative Board Member or former Administrative Board Member.

9.12 *Indemnification of Employees and Agents*

Without limiting the powers otherwise given to the Administrative Board by this Trust Agreement, the Administrative Board may agree to indemnify out of the Trust Fund any agent or employee it retains or hires on terms no more favourable than those upon which the Administrative Board is itself indemnified pursuant to this Article 9.

Article 10 Plan Amendment and Termination

10.1 *Administrative Board has no Authority to Amend the Plan*

The Administrative Board has no authority to make any amendments to the Plan.

10.2 *Termination of the Plan*

The Administrative Board has no authority to terminate the Plan. The Sponsor Board has the sole authority to terminate the Plan and where such authority is exercised, the Sponsor Board shall provide notice specifying the date of termination in accordance with the terms of the Sponsorship Agreement. The Administrative Board must wind up and terminate the Plan as of the date specified in such notice of termination of the Plan from the Sponsor Board. As part of the termination of the Plan, the Administrative Board must:

- (a) provide for a final audit and accounting of the Trust Fund;
- (b) provide for a final actuarial valuation of the Plan as of the date of its termination;
- (c) provide for payment out of the Trust Fund of all expenses, claims and obligations related to the Plan, including the expenses incidental to the termination of the Plan and this Trust Agreement;
- (d) having in mind the extent of the Trust Fund at the date of termination, make a final determination of the benefits then available to the Members, Former Members, Pensioners and their eligible dependents and eligible beneficiaries in accordance with the provisions of the Plan and provide such benefits to such persons; and
- (e) follow the provisions of the Plan Text, the Pension Benefits Act and the Income Tax Act relating to termination of the Plan.

10.3 *Administrative Board's Powers Continue*

Upon the termination of the Plan, the Administrative Board Members continue as Administrative Board Members for the purpose of winding up the affairs of the Plan and terminating the Trust Fund.

10.4 *Disposition of Trust Fund on Completion of Final Actuarial Valuation*

After completing the Plan's final audit and actuarial valuation and the securing of all necessary regulatory approvals and subject to the application of Section 9.6 or 9.7, the Administrative Board shall use the assets of the Trust Fund to discharge the liabilities of the Plan in accordance with the terms of the Plan and all regulatory approvals so obtained.

10.5 *Excess on Plan Termination*

Upon termination of the Plan, if the Plan's final actuarial valuation determines that the Plan's final liabilities are less than the value of the assets of the Trust Fund, the excess assets shall be used or distributed in the manner determined by the Sponsor Board in accordance with the terms of the Plan and the Pension Benefits Act.

10.6 *Shortfall on Plan Termination*

Upon termination of the Plan, if the Plan's final actuarial valuation determines that the Plan's final liabilities are greater than the value of the assets of the Trust Fund, the Pension Benefits shall be decreased in a manner determined by Sponsor Board in accordance with the terms of the Plan and applicable law.

10.7 *Completion of Termination*

Once all approvals of all regulatory bodies have been obtained, all assets of the Trust Fund have been properly disbursed and all the obligations of the Plan have otherwise been satisfied, the Plan, this Trust Agreement and the Trust Fund shall each be terminated.

Article 11 *Amendment of Trust Agreement*

11.1 *Amendment of Trust Agreement*

The Administrative Board has no authority to make any amendments to this Trust Agreement. This Trust Agreement may be amended from time to time in any respect by written agreement of the Sponsors. The power of amendment reserved under this Section 11.1 is to be construed as being subject to no restrictions other than those imposed by applicable law. In exercising its authority under this Section 11.1, the City shall act in accordance with the terms of an agreement among the Participating Employers.

11.2 *Recommendations for Amendment*

The Administrative Board may make recommendations to the Sponsors with respect to amendments to this Trust Agreement. For greater certainty, such recommendations of the Administrative Board shall be non-binding on the Sponsors.

Article 12 **Miscellaneous Provisions**

12.1 *No Duty to Inquire*

Persons dealing with the Administrative Board have no duty to inquire into any decision or authority of the Administrative Board or into the ability of the Administrative Board to receive any monies, securities or other property paid or delivered to the Administrative Board and may rely upon any document required to be executed by the Administrative Board which has been executed as provided in this Trust Agreement, as having been duly authorized.

12.2 *Severance of Illegal Provisions*

If any provision of this Trust Agreement is held to be illegal or invalid for any reason, such illegality or invalidity does not affect the remaining portions of this Trust Agreement, unless such illegality or invalidity materially prevents the accomplishment of the respective objectives and purposes of this Trust Agreement, as determined by the Administrative Board.

12.3 *Binding Effect*

This Trust Agreement and any amendments thereto, are binding upon the Administrative Board, the Committee, the Participating Employers, the Members, Former Members, Pensioners and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and assigns.

12.4 *Governing Law*

The Province of Saskatchewan is the legal location of the Trust Fund and all questions pertaining to the validity, construction and administration of this Trust Agreement and of the Plan must be determined in accordance with the laws of the Province of Saskatchewan. Any litigation which arises pursuant to or in connection with this Trust Agreement, the Plan or any of their respective provisions, must be referred to the courts in the Province of Saskatchewan.

12.5 *Further Assurances*

Each party hereto must from time to time and at any time hereafter, upon each reasonable written request to do so, make, do, execute and deliver or cause to be made, done, executed and delivered all further acts, deeds, assurances, things and written instruments as may be necessary

in the opinion of any party, for more effectively implementing and carrying out the intent of this Trust Agreement.

12.6 *Time of Essence*

Time is of the essence of this Trust Agreement and of every part hereof. All time limits must be strictly observed.

12.7 *Counterpart Execution*

This Trust Agreement and any document prepared in connection with the Plan or the Trust Fund may be signed in counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document. A signed fax or electronically transmitted copy of this Trust Agreement or any document referenced herein shall be effectual and valid proof of execution and delivery.

IN WITNESS WHEREOF the Sponsors have executed this Trust Agreement as of the date first above written.

The City of Regina

Signed as of [date]

Civic Pension and Benefits Committee

Signed as of [date]

Signatures of Initial Administrative Board Members

Pursuant to Section 5.7 of this Trust Agreement, the following individuals agree to be the initial Administrative Board members and, accordingly, to act as legal administrator of the Plan and trustee of the Trust Fund in accordance with the terms of this Trust Agreement and the Plan Text.

Signature of Administrative Board Member

Signature of Administrative Board Member

Name of Administrative Board Member
(please print)

Name of Administrative Board Member
(please print)

Administrative Board Appointing Body

Administrative Board Appointing Body

Signature of Administrative Board Member

Signature of Administrative Board Member

Name of Administrative Board Member
(please print)

Name of Administrative Board Member
(please print)

Administrative Board Appointing Body

Administrative Board Appointing Body

Signature of Administrative Board Member

Signature of Administrative Board Member

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Administrative Board Appointing Body

Administrative Board Appointing Body

Signature of Administrative Board Member

Signature of Administrative Board Member

Name of Administrative Board Member
(please print)

Name of Administrative Board Member
(please print)

Administrative Board Appointing Body

Administrative Board Appointing Body

Schedule "A"

ACCEPTANCE OF TRUST

Regina Civic Employees' Superannuation and Benefit Plan (the "**Plan**")

**TO: THE ADMINISTRATIVE BOARD OF THE REGINA CIVIC
EMPLOYEE'S SUPERANNUATION AND BENEFIT PLAN**

The undersigned, upon signing this Acceptance of Trust:

- (i) Acknowledges receipt of a copy of the Trust Agreement for the Regina Civic Employees' Superannuation and Benefit Plan (the "**Trust Agreement**") pursuant to which the Regina Civic Employees' Superannuation and Benefit Plan Trust Fund has been established (the "**Trust Fund**");
- (ii) Accepts the trust created and established by the Trust Agreement;
- (iii) Shall hold the assets of the Trust Fund in trust in accordance with the trust established under the Trust Agreement;
- (iv) Consents to and accepts his or her appointment as an Administrative Board Member and, accordingly, to act as and fulfil his or her duties as legal administrator of the Plan and trustee of the Trust Fund;
- (v) Is bound by the terms of the Trust Agreement for the purposes set forth herein and the Plan Text; and
- (vi) Becomes vested with all the rights, powers and duties of an Administrative Board Member in accordance with the terms of the Trust Agreement and the Plan without the necessity of the execution of any conveyance, assignment, transfer or other document.

The undersigned is hereby appointed to act as an Administrative Board Member by the applicable Administrative Board Appointing Body, as indicated below, in accordance with the terms of the Trust Agreement and the Plan.

DATED at **[location]**, Saskatchewan, this **[date]** day of **[month]**, **[year]**.

Name of Administrative Board Appointing
Body

Signature of Successor Administrative Board
Member

Per:_____

Name of Successor Administrative Board
Member (please print)

Signature of Witness

Name of Witness (please print)

DRAFT: September 21, 2015

REGINA CIVIC EMPLOYEES' SUPERANNUATION AND BENEFIT PLAN
(the "Plan")
PARTICIPATING EMPLOYERS' AGREEMENT

THIS PARTICIPATING EMPLOYERS' AGREEMENT (the "Participating Employers' Agreement") is effective January 1, 2016.

AMONG:

The City of Regina (the "City")

- AND -

Regina Qu'Appelle Regional Health Authority

- AND -

The Board of Education of the Regina School Division No. 4 of Saskatchewan

- AND -

The Regina Public Library Board

- AND -

The Buffalo Pound Water Administration Board (on behalf of the Buffalo Pound Water Treatment Plant)

- AND -

EPCOR Water Prairies Inc.

- AND -

Mobius Benefits Administrators, Inc.

Collectively, referred to herein as the "**Participating Employers**"

WHEREAS the City entered into the Sponsorship Agreement (as at January 1, 2016, is set out as Schedule "A") and the Trust Agreement (as at January 1, 2016, is set out as Schedule "B"), both effective January 1, 2016, in respect of the Plan;

AND WHEREAS the City is required to exercise powers and functions under the Sponsorship Agreement and the Trust Agreement in accordance with an agreement among the Participating Employers;

AND WHEREAS the Participating Employers wish to set out their respective rights, obligations and duties in respect of the City's exercise of powers and functions under the Sponsorship Agreement and the Trust Agreement.

NOW THEREFORE the Participating Employers agree as follows:

1. Interpretation

Capitalized terms used in this Participating Employers' Agreement that are not defined herein have the meaning given to such terms in the Sponsorship Agreement and the Trust Agreement.

2. Appointment and Removal of Sponsor Board Employer Representatives

- (a) The City shall appoint seven Sponsor Board Employer Representatives on behalf of the Participating Employers pursuant to Sections 4.2(a) and 4.3 of the Sponsorship Agreement as follows (as directed by a Participating Employer, where applicable):
 - (i) The **City** shall select two Sponsor Board Employer Representatives and decide whether such individuals will serve two or three year terms;
 - (ii) **Regina Qu'Appelle Regional Health Authority** shall select two Sponsor Board Employer Representatives and decide whether such individuals will serve two or three year terms;
 - (iii) **The Board of Education of the Regina School Division No. 4 of Saskatchewan** shall select one Sponsor Board Representative and decide whether such individual will serve a two or three year term;
 - (iv) **The Regina Public Library Board** shall select one Sponsor Board Representative and decide whether such individual will serve a two or three year term; and
 - (v) The selection of one Sponsor Board Employer Representative shall rotate between **The Buffalo Pound Water Administration Board (on behalf of the Buffalo Pound Water Treatment Plant) and EPCOR Water Prairies Inc.** each for a two year term, in the following order: The Buffalo Pound Water Administration Board (on behalf of the Buffalo Pound Water Treatment Plant) followed by EPCOR Water Prairies Inc., following which this order will be repeated.
- (b) The City shall select the Sponsor Board Retiree Representative and determine his/her term pursuant to Sections 4.2(c) and 4.3 of the Sponsorship Agreement.
- (c) Where the term of a Sponsor Board Employer Representative appointed under Section 2(a)(i), (ii), (iii) or (iv) or 2(b) expires, the Participating Employer that selected such individual shall select his/her replacement for appointment by the City, which may be the same individual. For greater certainty, where the term of a Sponsor Board Employer Representative under Section 2(a)(v) expires, the next Participating Employer which is to select a Sponsor Board Employer Representative under Section 2(a)(v) may select the same individual.
- (d) Only the Participating Employer that selected a Sponsor Board Employer Representative shall have the authority to elect to remove such individual during his/her term in accordance with Section 8.5 of the Sponsorship Agreement and may exercise such authority by means of directing the City to remove such individual.
- (e) Where a Sponsor Board Employer Representative is removed, resigns or dies, the Participating Employer that selected such Sponsor Board Employer Representative shall promptly select a replacement Sponsor Board Employer Representative for appointment by the City, in accordance with Section 4.6 of the Sponsorship Agreement.

- (f) In respect of Sponsor Board meetings, the Participating Employer that selected a Sponsor Board Employer Representative pursuant to Section 2(v) shall provide copies of any documentation regarding the meeting (including, for example, a copy of the meeting agenda) received by such Sponsor Board Employer Representative to the other Participating Employer referenced in Section 2(v) that did not select a current Sponsor Board Employer Representative and Mobius Benefits Administrators, Inc. as soon as reasonably practicable.

3. Appointment of Administrative Board Employer Representatives

- (a) Each Participating Employer acknowledges that the Administrative Board is a fiduciary body which acts as legal administrator of the Plan and trustee of the Trust Fund. Each Participating Employer that selects individuals for appointment as Administrative Board Employer Representatives, in accordance with Section 3(b) below, agrees to select individuals with appropriate knowledge, skill, experience and expertise to serve on such a fiduciary body.
- (b) The City shall appoint six Administrative Board Employer Representatives on behalf of the Participating Employers pursuant to Section 5.1(a) of the Trust Agreement as follows (as directed by a Participating Employer, where applicable):
- (i) The **City** shall select two Administrative Board Employer Representatives;
 - (ii) **Regina Qu'Appelle Regional Health Authority** shall select two Administrative Board Employer Representatives;
 - (iii) **The Board of Education of the Regina School Division No. 4 of Saskatchewan** shall select one Administrative Board Employer Representative; and
 - (iv) **The Regina Public Library Board** shall select one Administrative Board Employer Representative.
- (c) Only the Participating Employer that selected an Administrative Board Employer Representative shall have the authority to elect to remove such individual in accordance with Section 5.5 of the Trust Agreement and may exercise such authority by means of directing the City to remove such individual.
- (d) Where an Administrative Board Employer Representative resigns, is removed or dies, the Participating Employer that selected such Administrative Board Employer Representative shall promptly select an Administrative Board Alternate Employer Representative for appointment by the City to replace such individual, in accordance with Section 5.3 of the Trust Agreement.
- (e) Except as provided for in Section 3(d) above, the City shall not appoint any Administrative Board Alternate Employer Representatives in accordance with Section 5.3 of the Trust Agreement.

4. Amendment of Sponsorship Agreement and Trust Agreement

- (a) Any amendment to the Sponsorship Agreement or the Trust Agreement requires the agreement of both the City and the Committee. The City will not agree to any amendment to the Sponsorship Agreement or Trust Agreement without:
- (i) Providing at least 30 days' advance notice and information regarding the proposed amendment to each Participating Employer; and
 - (ii) The agreement of at least an arithmetic majority of the Participating Employers with active Plan Members, where such majority includes each Participating Employer that employs at least 33% of active Plan Members.

- (b) For greater certainty, where a Participating Employer has withdrawn from the Plan, such Participating Employer shall not be included as a "Participating Employer" for the purposes of this Section 4(a)(ii).
- (c) Notwithstanding Section 4(a) above, where, in the reasonable judgment of the City, an amendment to the Sponsorship Agreement or the Trust Agreement is required to comply with applicable law or is requested by the Saskatchewan pension regulator or the Canada Revenue Agency, the City shall have the authority to agree to an amendment to the Sponsorship Agreement or the Trust Agreement, as applicable, without the agreement of any other Participating Employer, in order to ensure compliance with applicable law or as requested by the Saskatchewan pension regulator or the Canada Revenue Agency.
- (d) The City shall provide a copy of all amendments made to the Sponsorship Agreement and the Trust Agreement to each Participating Employer as soon as reasonably practicable.

5. Amendment of Participating Employers' Agreement

- (a) Where an employee group or a Participating Employer withdraws from the Plan or a new employer commences participation in the Plan (each an "**Amendment Event**"), this Participating Employers' Agreement shall be amended to appropriately reflect such withdrawal or commencement of participation, as the case may be, including, where appropriate, changes to the mechanisms for amendment of the Sponsorship Agreement and the Trust Agreement and for selecting the individuals for appointment as Sponsor Board Employer Representatives and Administrative Board Employer Representatives (provided such revised mechanism is in accordance with the terms of the Sponsorship Agreement or Trust Agreement, as applicable, and all applicable laws). For greater certainty, any amendment to this Participating Employers' Agreement under this Section 5(a) shall be subject to the requirements of Section 5(b) below.
- (b) Any amendment to this Participating Employers' Agreement will require:
 - (i) At least 30 days' advance notice and information regarding the proposed amendment being provided to each Participating Employer; and
 - (ii) One of the following:
 - 1. The agreement of at least an arithmetic majority of the Participating Employers with active Plan Members, where such majority includes each Participating Employer that employs at least 33% of active Plan Members; or
 - 2. Where an amendment is required to be made to this Participating Employers' Agreement under Section 5(a) above, the Participating Employers shall in good faith negotiate the applicable terms of such amendment. Where the terms of such amendment cannot be agreed upon by a majority of Participating Employers required under Section 5(b)(ii)1 within one month of the Amendment Event, the determination of the terms of such amendment shall be referred to binding arbitration as follows:
 - A. The arbitration shall be conducted in accordance with *The Arbitration Act, 1992* (Saskatchewan) (the "**Arbitration Act**") with one arbitrator. If there is a conflict between the provisions of this Participating Employers' Agreement and the provisions of the Arbitration Act, the provisions of this Participating Employers' Agreement shall prevail;

- B. Unless the Participating Employers otherwise agree in writing, the place of arbitration shall be Regina, Saskatchewan, and the arbitration proceedings shall be conducted in the English language;
 - C. The arbitration shall be the sole and exclusive forum for determining the terms of the amendment to this Participating Employers' Agreement and shall be final and binding;
 - D. The Participating Employers shall jointly appoint the arbitrator as soon as possible and, in any event, within 10 days after the determination of the terms of an amendment to this Participating Employers' Agreement are referred to arbitration. If the Participating Employers fail to agree or jointly appoint the arbitrator within such 10 day period, any Participating Employer may apply to the Court of Queen's Bench of Saskatchewan (the "**Court**") to appoint the one arbitrator, in which case the Court shall appoint the one arbitrator at the earliest opportunity from the list of potential arbitrators submitted by the Participating Employers or, if the Participating Employers fail to submit their list of potential arbitrators within 10 days of a Participating Employer applying to the Court to appoint the one arbitrator, the Court may appoint such person as the one arbitrator that it sees fit;
 - E. Except to the extent necessary to enforce this Participating Employers' Agreement or as required by law, the parties, their respective employees, officers, directors, counsel, consultants, and expert witnesses shall keep confidential the fact of the arbitration proceeding, the determination of the arbitrator, all contemporaneous or historical documents exchanged or produced during the arbitration proceeding, and all memoranda, briefs and other documents prepared for the arbitration; and
 - F. Unless otherwise determined by the arbitrator, each Participating Employer shall bear its own costs of preparing for and participating in the arbitration and all of the Participating Employers shall equally share the fees of the arbitrator and any other costs associated with the arbitration.
- (c) For the purposes of Section 5(b), where a new employer has commenced participation in the Plan, such employer shall be included as a "Participating Employer". Also, for greater certainty, where a Participating Employer has withdrawn from the Plan, such Participating Employer shall not be included as a "Participating Employer" for the purposes of Section 5(b)(ii).
- (d) The City shall provide a copy of all amendments made to this Participating Employers' Agreement to each Participating Employer as soon as reasonably practicable.

6. Miscellaneous Provisions

- (a) If any provision of this Participating Employers' Agreement is held to be illegal or invalid for any reason, such illegality or invalidity does not affect the remaining portions of this Participating Employers' Agreement, unless such illegality or invalidity materially prevents the accomplishment of the respective objectives and purposes of this Participating Employers' Agreement.

- (b) All questions pertaining to the validity, construction and administration of this Participating Employers' Agreement must be determined in accordance with the laws of the Province of Saskatchewan. Any litigation which arises pursuant to or in connection with this Participating Employers' Agreement must be referred to the courts in the Province of Saskatchewan.
- (c) This Participating Employers' Agreement may be signed in counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document. A signed fax or electronically transmitted copy of this Participating Employers' Agreement or any document referenced herein shall be effectual and valid proof of execution and delivery.

IN WITNESS WHEREOF the Participating Employers have executed this Participating Employers' Agreement as of the date first above written.

The City of Regina

Signed as of [date]

Regina Qu'Appelle Regional Health Authority

Signed as of [date]

The Board of Education of the Regina School Division No. 4 of Saskatchewan

Signed as of [date]

The Regina Public Library Board

Signed as of [date]

The Buffalo Pound Water Administration Board (on behalf of the Buffalo Pound Water Treatment Plant)

Signed as of [date]

EPCOR Water Prairies Inc.

Signed as of [date]

Mobius Benefits Administrators, Inc.

Signed as of [date]

SCHEDULE "A"

[Sponsorship Agreement to be inserted]

SCHEDULE "B"

[Trust Agreement to be inserted]

**REGINA CIVIC EMPLOYEES SUPERANNUATION AND BENEFITS PLAN
CIVIC PENSION AND BENEFITS COMMITTEE**

Terms of Reference

1. Introduction

- 1.1 These Terms of Reference set out the procedures for appointing members to and the conduct of meetings of the Civic Pension and Benefits Committee of the Plan. The Terms of Reference are intended to be and should be read to be consistent with the Sponsorship Agreement and the Trust Agreement.

2. Purpose

- 2.1 The purpose of the Committee is to appoint members to the Sponsor Board in accordance with the Sponsorship Agreement, and to appoint members to the Administrative Board in accordance with the Trust Agreement.

3. Definitions

- 3.1 “**Administrative Board**” has the meaning ascribed in the Trust Agreement.
- 3.2 “**Alternate Member**” is an individual appointed to the Committee pursuant to section 5.2 herein. For clarity, an Alternate Member does not have the same powers as a Member except as provided herein.
- 3.3 “**Annual General Meeting**” has the meaning ascribed to it in section 7.9 herein.
- 3.4 “**Annual Membership Report**” means a report prepared by the Administrative Board that contains current information about the active membership in the Plan, including but not limited to a summary of the number of active Plan members represented by each collective bargaining agent that represents members of the Plan, and non-represented (out-of-scope) members of the Plan, for each participating employer in the Plan.
- 3.5 “**Appointing Party**” means a Sponsor Union or a Non-Union Employee Group.
- 3.6 “**Committee**” means the Civic Pension and Benefits Committee established under Schedule “A” to City of Regina Bylaw No. 3125 and continued pursuant to the Sponsorship Agreement.
- 3.7 “**Contributors’ Meeting**” has the meaning ascribed in section 5.4 herein.
- 3.8 “**Member**” means an individual who is a participant on the Committee at January 1, 2016 and listed on Schedule “A” hereto, until replaced in accordance with the procedures contemplated herein, and thereafter means an individual appointed to the Committee pursuant to section 5.1 herein.

- 3.9 **“Non-Union Employee Group”** means a group of active members of the Plan employed by an individual participating employer that are not represented by a Sponsor Union.
- 3.10 **“Plan”** means the Regina Civic Superannuation and Benefits Plan.
- 3.11 **“Sponsor Board”** has the meaning ascribed in the Sponsorship Agreement.
- 3.12 **“Sponsor Union”** means any collective bargaining agent representing members of the Plan, and includes the following organizations: ●
- 3.13 **“Sponsorship Agreement”** means the agreement between the City of Regina and the Civic Pension and Benefits Committee effective **[January 1, 2016]** as amended from time to time.
- 3.14 **“Trust Agreement”** means the agreement between the City of Regina, the Civic Pension and Benefits Committee, and **[individual members of the Administrative Board]** effective **[January 1, 2016]**.
- 3.15 **“Terms of Reference”** means these terms of reference as amended from time to time.

4. **Composition and Term**

- 4.1 The composition of the Committee shall be determined on an annual basis, in accordance with the procedure set out in section 5.
- 4.2 The Members at January 1, 2016, and the organizations appointing them, are set out on Schedule “A” to these Terms of Reference.
- 4.3 Subject to section 6, the term of office of all successors to the Members shown in Schedule “A” will be one year. A Member may be reappointed by an Appointing Party.

5. **Procedure for Appointment of Members**

- 5.1 Each Appointing Party shall appoint one Member to the Committee.
- 5.2 In addition to the Member appointed under section 5.1 above, each Appointing Party may appoint one Alternate Member to the Committee. Each Alternate Member may attend meetings of the Committee, but may not vote unless the Member appointed by the same Appointing Party is absent.
- 5.3 Members and Alternate Members of Sponsor Unions shall be appointed at the Annual General Meeting.
- 5.4 The process for appointing Members and Alternate Members of a Non-Union Employee Group shall be by majority vote of all non-union employees of a participating employer present at the annual meeting of the members of the Plan known as the Contributors’ Meeting.

- 5.5 Should an Appointing Party fail to appoint a Member in accordance with these Terms of Reference, the position shall remain vacant until that Appointing Party appoints a Member.

6. Removal, Resignation, Death

- 6.1 A Member and an Alternate Member may be removed by the Appointing Party that appointed the Member or Alternate Member, at any time, upon written notice to that Member or Alternate Member. If an Appointing Party removes a Member or Alternate Member, it must immediately appoint a successor Member or Alternate Member.
- 6.2 A Member or Alternate Member may resign by giving written notice thereof to the Appointing Party that appointed him or her. The effective date of a resignation shall be stated in the notice of resignation, but in no event shall the effective date precede the date that the written notice of resignation is received by the Appointing Party.
- 6.3 If a Member or Alternate Member dies, resigns or is removed from office prior to the end of his or her term, the same Appointing Party that appointed that Member or Alternate Member shall appoint a replacement. A replacement shall be appointed for the period remaining in the term of the Member or Alternate Member that he or she is meant to replace. If an Appointing Party fails to appoint a replacement, the position shall remain vacant until that Appointing Party appoints a replacement Member or Alternate Member.
- 6.4 If a Member or Alternate Member resigns or is removed, or their term expires, he or she shall be fully discharged from all future duties and responsibilities as a Member or Alternate Member as of the effective date of such resignation, removal or expiration of term, as the case may be. If a Member or Alternate Member dies, his or her heirs, administrators, executors and assigns shall be fully discharged from all future duties and responsibilities of the member as of the date of the Member's or Alternate Member's death.

7. Procedures for the Committee

- 7.1 The Chair of the Committee may call a meeting of the Committee at any time by giving at least seven (7) days' written notice of the time and place thereof to each Member and Alternate Member. In special circumstances, any five (5) Members of the Committee may call a meeting of the Committee by giving at least fourteen (14) days' written notice of the time and place thereof to each Member and Alternate Member. Such notice may be delivered in person, by registered mail or by electronic or facsimile communication.
- 7.2 A majority of the then current Members of the Committee present at a meeting shall constitute a quorum. In the absence of a Member, the Alternate Member appointed by the same Appointing Party, if present at the meeting, may be counted for the purposes of quorum.

- 7.3 The decisions of the Committee shall be determined by a vote in favour of a motion by both (i) a majority of the Members present and voting, and (ii) a majority of the total votes carried by those Members present and voting, unless otherwise provided for herein.
- 7.4 In the event that a motion fails to pass at two consecutive meetings, or fails because quorum has not been met at two consecutive meetings, any five Members may refer the motion directly to a third party neutral arbitrator chosen in rotation from those individuals listed on Schedule “B” hereto. Such arbitrator will have full discretion to decide the motion upon receiving submissions from those Members wishing to make them.
- 7.5 At least 90 days prior to the Annual General Meeting, the Committee shall request the Annual Membership Report by written notice to the Administrative Board.
- 7.6 On the basis of the Annual Membership Report and these Terms of Reference, and for the purposes of section 7.3 above, the Committee shall determine each year, no less than 60 days prior to the Annual General Meeting, the total number of votes carried by each Member of the Committee for the duration of the applicable year.
- 7.7 Each Member of the Committee shall carry a number of votes equal to that Member’s Appointing Party’s representation of membership in the Plan. The total number of votes available shall be the total number of active members of the Plan. The number of votes carried by each Member shall be the number of active members of the Plan represented by the Appointing Party of that Member. These numbers shall be established and fixed each year at the Annual General Meeting in accordance with the Annual Membership Report.
- 7.8 The Committee shall notify each Appointing Party of the total number of votes held by each Member at least 45 days prior to the Annual General Meeting.
- 7.9 The Committee may adopt such procedures, rules or regulations, as it deems necessary for the carrying out of its duties, including for the selection and appointment of a Chair and such other table officers as the Committee in its discretion may determine appropriate, provided that such procedures, rules and regulations are not inconsistent with the provisions of this Terms of Reference, the Trust Agreement and the Sponsorship Agreement.
- 7.10 The Committee shall hold at least one (1) meeting each year which shall be designated as the Annual General Meeting. The Annual General Meeting must be held within six (6) months of the beginning of the calendar year.
- 7.11 Reasonable expenses related to the operation of the Committee shall be paid by the Plan’s fund.

8. Amendments

- 8.1 The Committee has the power to amend these Terms of Reference, provided that any amendment shall be consistent with the Sponsorship Agreement and Trust Agreement, and any amendment to sections 7.3 and 7.6 shall preserve the double majority requirement and the proportionality of votes to representation of Plan members.

1774796v1

SCHEDULE A

[list of Members of the Civic Pension Benefits Committee as at January 1, 2016 and the organizations appointing them]

SCHEDULE B

[list of arbitrators from which one will be appointed where there is a failure of PBC to decide]

October 14, 2015

To: Members,
Executive Committee

Re: Pacer Park Project - Procurement Authority

RECOMMENDATION

1. That the City Manager or delegate be authorized to prepare, negotiate, review, amend and approve any required agreements with the Province of Saskatchewan for compensation as a result of the site relocation works for Pacer Park.
2. That the City Manager or delegate be authorized to prepare, negotiate, review, amend and approve any agreements necessary with Pacers Baseball Inc. to facilitate the site relocation works for Pacer Park.
3. That the City Manager or delegate be authorized to issue a request for proposals (RFP) for Engineering Services for project management, design, tender preparation and construction supervision of site relocation works for the Pacer Park Project.
4. That the City Manager or his or her delegate be authorized to award and finalize the terms of an agreement with the successful proponent chosen from the Engineering Services request for proposals.
5. That the City Clerk be authorized to execute the following agreements after review and approval by the City Solicitor:
 - a. any required agreements with the Province of Saskatchewan;
 - b. the contract awarded to the successful proponent as a result of the Engineering Services request for proposals; and
 - c. any agreements necessary with Pacers Baseball Inc. to facilitate the site relocation works for Pacer Park.
6. That this report be forwarded to the October 26, 2015 meeting of City Council.

CONCLUSION

Due to the construction of the Regina Bypass, Pacer Park must be relocated. In order to facilitate the relocation of Pacer Park by the start of the April 2017 baseball season a number of approvals are required. Approvals are needed to finalize negotiations with the Province of Saskatchewan for site relocation compensation and to issue an RFP for Engineering Services.

Administration recommends that it be delegated the authority to prepare, negotiate and review any agreement modifications that may be needed with Pacers Baseball Inc. Delegated authority has been requested to ensure that the project timelines are managed as expediently as possible and to ensure that the relocation of Pacer Park is ready for the 2017 season.

The project will also consider opportunities to provide efficiencies in the design and construction of the relocated Pacer Park. This will examine multiuse buildings and the potential for storm water reuse for irrigation purposes, in an effort to provide reductions in facility operation costs.

This project has an impact to a number of Regina residents that use Pacer Park. The City will work with Baseball Regina, Pacers Baseball Inc. and other Pacer Park user groups to ensure that their members are informed of the progress on the relocation project.

BACKGROUND

Baseball Regina is a volunteer, non-profit organization which organizes baseball for Regina youth under the auspices of Baseball Sask and Baseball Canada. Baseball Regina's goal is to provide each player with an opportunity to participate, learn and enjoy playing the game of baseball which will promote health, sportsmanship, team play and good citizenship.

Pacers Baseball Inc., is a volunteer, non-profit organization that operates and maintains a group of baseball diamonds on behalf of the City of Regina. Collectively, these diamonds are referred to as Pacers Park. Pacers Baseball Inc. is affiliated with Baseball Regina and assists Baseball Regina in achieving its goals. Pacers Park plays host to Baseball Regina sanctioned games and tournaments as well as games hosted by the Saskatchewan Midget Premier Baseball League, Qu'Appelle Valley Men's Baseball League, Molson Rec Slo-pitch League and the Regina Rec Slo-pitch League.

The City has an agreement with Pacers Baseball Inc. for the land use of the current Pacer Park. This agreement will transfer to the relocated Pacer Park site.

The current Pacer Park is located at the intersection of Highway 33 and Tower Road. The park consists of 13 full ball diamonds and one partial diamond and is used by players aged five to adult. The site has facilities to support the operation of the park, which includes a building for the concession, washrooms, officials change rooms and lockers, irrigation pump and meeting space. Other support facilities include three storage and maintenance buildings.

The Province of Saskatchewan is beginning construction of the Regina Bypass this fall, which will affect the current Pacer Park location. In order to maintain operations, the park needs to be relocated. The City has concluded negotiations for land compensation with the Province of Saskatchewan and has purchased a new site parcel. The relocated Pacer Park will be situated on a portion of NW 13-17-19 W2 and is approximately 2.5 kilometers north of the existing location on the east side of Tower Road.

During the 2016 season some of the existing Pacer Park diamonds will continue to be used on a temporary basis. Other diamonds within the City will be temporarily used to supplement the area lost to bypass construction activities.

This report provides information to support the approvals required to complete the relocation of Pacer Park.

DISCUSSION

The proposed relocation of Pacer Park will consist of 14 baseball diamonds of varying sizes. Operation of the relocated park is planned to begin on April 1, 2017 with all diamonds and related facilities in place.

The City is in the process of finalizing an agreement with the Province of Saskatchewan for compensation for the site relocation works for Pacer Park. The compensation funds will form the budget for the project and will be used for the Engineering Services and Construction Services for the site relocation works. It is anticipated that the Engineering Services contract will exceed \$500,000 and therefore require City Council approval.

The design and construction for this project is intended to provide an equivalent to the existing Pacer Park at the relocated site. The relocated site will consider reuse of some of the infrastructure from the current Pacer Park. The project design will work to incorporate efficiencies into the new location with the examination of multiuse buildings and the potential of storm water reuse for site irrigation. During the concept design, detailed design, and construction services the City will work with Pacers Baseball Inc. to ensure that the relocated Pacer Park meets their requirements.

With the relocated park operations required for April 1, 2017, the park landscape items will need to be fully completed during the 2016 construction season. The schedule for the project is as follows:

Action	Date
Agreement with the Province	October 2015
City Council project approvals	October 2015
Engineering Services RFP	October 2015
Pacer Park concept design	November 2015
Pacer Park detailed design	December 2015 to January 2016
Construction Services Procurement	February 2016
Construction begins	Spring 2016
Construction completion	December 2016
Relocated Pacer Park operations begins	April 1, 2017

To ensure the project schedule is maintained and construction is completed in time for the 2017 season, all known decision authorities have been requested. Although not anticipated to be necessary, there may be circumstances that require amendments to the agreement with Pacers Baseball Inc. for the Pacer Park site.

RECOMMENDATION IMPLICATIONS

Financial Implications

The site relocation works for Pacer Park will not have financial implications for the City as the funding for the project will be obtained from the agreement with the Province of Saskatchewan.

The negotiated compensation from the agreement will form a fixed budget cap for the project with costs being managed within the available funds.

Environmental Implications

Storm water collection for site irrigation will be examined as part of the project to reduce the use of potable water in the maintenance of the park facilities. Also, since water use is one of the major operating expenses for the park, any savings will assist in reducing annual operating costs.

The new park site contains a former rail bed that has been converted to crop production for a number of years. The environmental risks from the past rail activities are low and will be fully reviewed prior to construction activities.

Policy and/or Strategic Implications

None associated with this report.

Other Implications

None associated with this report.

COMMUNICATIONS

The City will work with Pacers Baseball Inc. and Baseball Regina to keep their respective members informed of the development and progress of the Pacer Park site relocation project.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



Rob Court
Manager, Wastewater Treatment Plant Upgrade
Project

Respectfully submitted,



Kim Onrait
Executive Director, City Services

Report prepared by:
Rob Court, Manager, Wastewater Treatment Plant Upgrade Project