

## Federated Co-operatives Limited

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DE21-125

April 11, 2021

VIA EMAIL:

Her Worship Mayor Sandra Masters,  
City Hall, City of Regina, Queen Elizabeth II Court  
2476 Victoria Avenue  
Regina, SK S4P 3C8 CANADA

Dear Mayor Masters,

On behalf of Federated Co-operatives Limited and our wholly owned subsidiary, the Co-op Refinery Complex, I express our opposition to the motions being presented to City Council at the special meeting scheduled on Monday, April 12. At this one-topic meeting, City Council will consider recommendations presented by the City Manager Report "CM21-6: Economic Opportunity Option to Purchase Agreement". We object to the motions the City of Regina is considering regarding entering into an agreement to purchase City owned lands for \$4 million. The land in question is 633.57 acres of land North of the Co-op Refinery Complex. If approved the Executive Director of Finance Strategy and Sustainability is authorized to negotiate commercially relevant terms and conditions of the land option agreement and the City Clerk is authorized to execute the land option agreement as approved by the City Solicitor.

The rationale for our objection is as follows:

- **The rushed process for the sale of 633.57 acres of land North of the Co-op Refinery Complex.** We learned of the special council meeting through a CBC article the morning of Saturday, April 10. The meeting itself, with this being the sole item on the agenda, is scheduled on Monday, April 12.
- **The preferential treatment that resulted in the recommendation to award the land below market value.** The City of Regina is recommending that an unnamed, independent commercial party, be granted the option to purchase the land for \$4 million which is less than the appraised value of \$6.3 million (assessed on March 16, 2021).
- **The lack of transparency and competitive process raises governance concerns.** The public announcement of our acquisition of True North Renewable Fuel on April 9, which was shared in confidence earlier, highlighted our interest in locating a Renewable Diesel facility adjacent to the Co-op Refinery Complex. The sale of the land as proposed, jeopardizes our planned investments and would force us to select a location apart from the City of Regina.

We emphatically request that the City of Regina withdraw the motion and instruct the City Manager to pursue a more transparent process with enhanced due diligence, inclusiveness and open competition that will consider the stated objectives the City of Regina would like to secure: economic vitality and competitiveness; economic growth; and, economic generators.

If the City of Regina needs to move in haste to secure this deal, we recommend an alternate solution that will accommodate the proponents need for 600 acres as well as the 600 acres required by the Co-op Refinery Complex:

- ✓ Currently the 600 acres requested splits up the land owned by the City of Regina, leaving land on either side to the west and east. To attract the economic development opportunities of both Federated Co-operatives Limited and the unidentified commercial entity, it is recommended that the land available for sale be shifted to the West. The first four parcels to the West provides 635 acres and the remaining four parcels to the East provides 553 acres (Appendix A).
- ✓ Allow the proponent their choice of the land to the East or West and offer the remaining acres to Federated Co-operatives Limited based on the same valuation and commercial terms.

- ✓ This option recognizes the City of Regina's interest to attract commercial development to the City of Regina

In our written submission and presentation to City Council in January, in response the motion to prohibit fossil fuel companies from sponsorship and advertising opportunities in the City of Regina, we highlighted that we have developed an Energy Roadmap that defines the transition of our business to support a low-carbon economy. We provided a few examples of investments that we have already made including: our \$200 million Wastewater Improvement Project (WIP); our \$115 million desulphurization project; and, our first phase of our EV Charging Corridor installed along the TransCanada Highway.

In addition to the examples provided in January, a more recent example is the \$80 million Turnaround, underway at the Co-op Refinery Complex. The annual mega project invests tens of millions of dollars in the Refinery and local economy each year. We know you are aware of this initiative as you graciously assisted in the kick-off video which was warmly received. We also shared with you the news of our acquisition of True North Renewable Diesel that advances our consideration of bio-fuel production that will contribute to the long-term sustainability goals that we share in common.

For the second time within this calendar year we find ourselves in the unfortunate position of needing to object to a motion being considered by City Council. Our preferred approach is to engage proactively with the City Administration to more fully understand our business interests. We continue to maintain optimism that the City of Regina will choose to have a collaborative partnership with us, one that will ensure we are all working together in the best interest of our community.

In closing, we reiterate our objection to the motion being considered. We request that either option presented above be pursued: that the City Administration be instructed to initiate a transparent and fairly administered process to consider the sale of the parcel of land in question; or that the land sale be reconfigured and offered on the same commercial terms to both the undisclosed proponent and to Federated Co-operatives Limited for growth and sustainability of our Energy business and the Co-op Refinery Complex.

Respectfully submitted,



PAM SKOTNITSKY  
VICE-PRESIDENT STRATEGY  
FEDERATED CO-OPERATIVES LIMITED

Copy to:

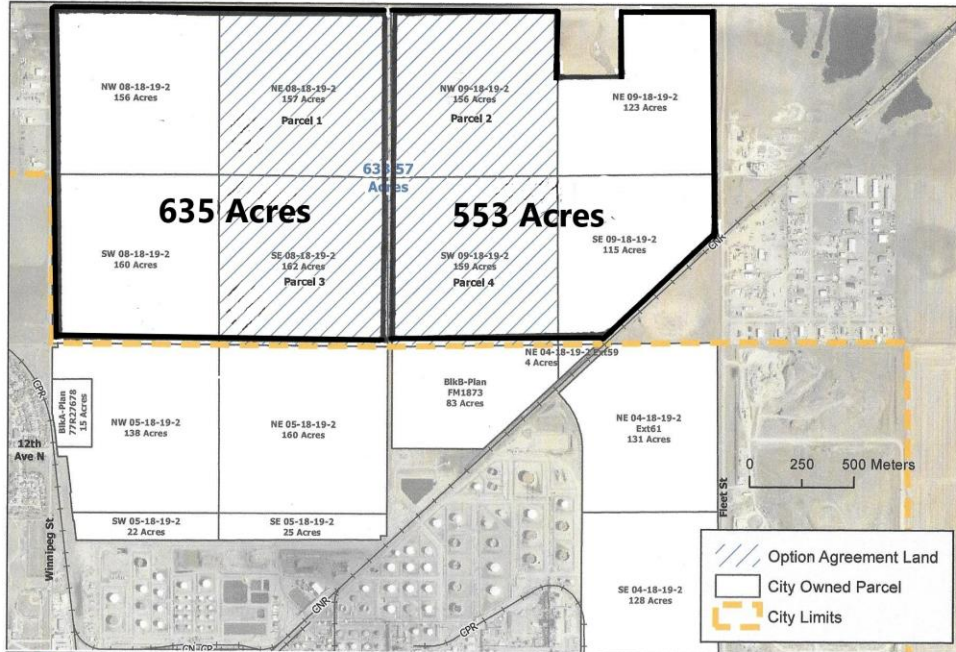
Chris Holden, City Manager, City of Regina

Scott Banda, Chief Executive Officer, Federated Co-operatives Limited

Gilbert Le Dressay, Vice-President Refinery Operations, Co-op Refinery Complex

# Appendix A

1:20,000



**REGINA**  
Saskatchewan  
City of Regina

**Financial Strategy & Sustainability/Land & Real Estate/Real Estate**

| Option Lands                     |                                  |
|----------------------------------|----------------------------------|
| NE 08-18-19-2 Ext 2 ("Parcel 1") | NW 09-18-19-2 Ext 2 ("Parcel 2") |
| SE 08-18-19-2 Ext 0 ("Parcel 3") | SW 09-18-19-2 Ext 0 ("Parcel 4") |

Any Dimensions shown are approximate values in metres