

BYLAW NO. 4422

CONSOLIDATION OF A BYLAW OF THE CITY OF MEDICINE HAT to establish a “Heritage Savings Reserve”.

WHEREAS Council has identified fiscal management as a priority.

AND WHEREAS Council wishes to establish and administer an endowment fund for the benefit of the citizens of the City to be known as the “Heritage Savings Reserve”.

NOW THEREFORE THE MUNICIPAL CORPORATION OF THE CITY OF MEDICINE HAT, IN COUNCIL ASSEMBLED, ENACTS AS FOLLOWS:

BYLAW TITLE

1. This Bylaw may be cited as the “Heritage Savings Reserve Bylaw”.

DEFINITIONS

2. In this Bylaw:
 - (a) **“Alberta Consumer Price Index”** or **“Alberta CPI”** means the Alberta All-Items Consumer Price Index published by Statistics Canada as an inflation measure that tracks the changes in Alberta consumer prices experienced over time for a fixed basket of goods and services purchased by the consumer;
 - (b) **“Chief Administrative Officer”** means the Chief Administrative Officer of the City and includes any person to whom the Chief Administrative Officer's powers are delegated or any person appointed to act in the absence of the Chief Administrative Officer;
 - (c) **“City”** means the municipal corporation of the City of Medicine Hat or the area contained within the boundary thereof as the context requires;
 - (c.1) **“ComCo”** means the City’s integrated commodity-based operations (power generation and natural gas & petroleum resources);
 - (d) **“Council”** means the Municipal Council of the City of Medicine Hat;
 - (e) **“Dividends”** are comprised of:
 - (i) Free Cash Flow (FCF) calculated for a Fiscal Year, as defined in the Distributable Funds/Dividend Policy and as calculated by the Chief Administrative Officer in accordance with Generally Accepted Accounting Principles; and
 - (ii) Deducting from FCF for ComCo all or a portion of the net proceeds from the sale of any ComCo assets if Council directs at the time of sale of such assets that all or a portion of the net proceeds shall not be included in the calculation of the Dividends;
 - (f) **“Distributable Funds/Dividend Policy”** means the City’s Distributable Funds/Dividend Policy No. 0169, as amended or replaced from time to time;
 - (g) **“Fiscal Year”** means January 1 through to and including December 31 of any year;

Amended by:
Bylaw 4657
Dec. 22, 2020

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(h) **Repealed**

(i) **“Heritage Savings Reserve”** is the Heritage Savings Reserve established and administered pursuant to this Bylaw and all funds therein;

Amended by:
Bylaw 4657
Dec. 22, 2020

(J) **“Investment Policy”** means the City’s Investment Policy No. 0167, as amended or replaced from time to time; and

Amended by:
Bylaw 4657
Dec. 22, 2020

(K) **Repealed**

OBJECTIVE OF THE HERITAGE SAVINGS RESERVE

Amended by:
Bylaw 4657
Dec. 22, 2020

3. The purpose of this Bylaw is to establish the Heritage Savings Reserve with the objective of creating a long term endowment for the citizens of the City which will be accomplished through the payment of Dividends to the Heritage Savings Reserve.

SOURCE OF FUNDS FOR THE HERITAGE SAVINGS RESERVE

Amended by:
Bylaw 4657
Dec. 22, 2020

- 4. In order to achieve the stated objective, contributions shall be made to the Heritage Savings Reserve as follows:
 - a. The Chief Administrative Officer shall establish a reserve account as the Heritage Savings Reserve;
 - b. Within 30 days of this Bylaw being passed, the Chief Administrative Officer shall transfer ONE MILLION DOLLARS (\$1,000,000) from the City’s Community Capital Reserve to the Heritage Savings Reserve as an initial contribution;
 - c. Within 90 days of the end of each Fiscal Year, the Chief Administrative Officer shall transfer 20% of the FCF, or remaining FCF amount after the Capital Reserve and Operating Reserve requirements have been met during the immediately preceding Fiscal Year to the Heritage Savings Reserve. Council may approve a greater amount to be transferred to the Heritage Savings Reserve for a Fiscal Year; and
 - d. Council may direct additional amounts to be transferred to the Heritage Savings Reserve from time to time.

USE OF THE HERITAGE SAVINGS RESERVE

- 5. The City shall not withdraw any portion of the principal amount of the Heritage Savings Reserve, and the principal amount shall be retained as an endowment.
- 6. Subject to section 7, the Chief Administrative Officer is authorized to transfer investment earnings from the Heritage Savings Reserve up to an amount equal to the earnings in the Heritage Savings Reserve that exceed the Alberta CPI in any Fiscal Year.
- 7. If the Heritage Savings Reserve experiences investment earnings less than the Alberta CPI in any Fiscal Year, no funds shall be withdrawn in subsequent years until such time as the principal balance of the Heritage Savings Reserve has been restored to an Alberta CPI adjusted balance equal to the principal balance that would have existed if investment earnings for the Heritage Savings Reserve were equal to the Alberta CPI for each Fiscal Year.

INVESTMENT OF THE HERITAGE INVESTMENT RESERVE

8. The Chief Administrative Officer shall invest the Heritage Savings Reserve funds in accordance with the Investment Policy.

HERITAGE SAVINGS RESERVE ADMINISTRATION AND REPORTING

9. The Chief Administrative Officer shall administer the Heritage Savings Reserve in accordance with this Bylaw and report on the activities and financial performance of the Heritage Savings Reserve to Council through the City's Audit Committee.

SEVERABILITY

10. Each provision of this Bylaw is independent of all other provisions and if any provision of this Bylaw is declared invalid or unenforceable for any reason by a court of competent jurisdiction, all other provisions of this Bylaw shall remain valid and enforceable.

COMING INTO FORCE

11. This Bylaw shall come into force at the beginning of the day it is passed.

READ A FIRST TIME in open Council on February 21, 2017.

READ A SECOND TIME in open Council on February 21, 2017.

READ A THIRD TIME in open Council on February 21, 2017.

SIGNED AND PASSED on February 22, 2017.

I CERTIFY that this is a true and correct copy of Bylaw No. 4422 consolidated pursuant to Section 69 of the *Municipal Government* to incorporate all subsequent amendments thereto, printed under the authority vested in me by the said Section 69 and by City of Medicine Hat Bylaw No. 1957.

CERTIFIED THIS _____ DAY OF _____, 20____.

ANGELA CRUICKSHANK
CITY CLERK
CITY OF MEDICINE HAT