EX33.1

ATTACHMENT 2

SMARTTRACK STATIONS PROGRAM FUNDING AND FINANCING STRATEGY

This attachment presents a funding and financing strategy for the SmartTrack Stations Program, for approval concurrent with City Council's commitment to proceed with procurement and construction of the Program.

In November 2016, City Council directed the inclusion of the SmartTrack project (both the SmartTrack Stations Program and the extension of the Eglinton West LRT) in the 2017-2026 Capital Program, with cash flows estimated at $3.7 B gross and $2.0 B net based on preliminary capital cost estimates and timing available at that time (see EX19.1). City Council also approved additional funding in 2017 and 2018 totalling $71.0 M gross ($39.1 M net) to advance planning, design, engineering, environmental assessment and other predevelopment expenditures related to the project.

At that time, City Council also directed the Deputy City Manager and Chief Financial Officer to:

a. advance the development of the capital funding and financing strategy for SmartTrack, consisting of a combination of municipal tax increment, development charges, tax-supported debt financing, and other potential revenue sources such as asset sales;
b. engage capital market and legal consulting expertise in assessing the appropriate debt structure for financing the SmartTrack project; and
c. report back to City Council with the implementation of this recommended strategy once the capital cost estimates have been refined to a Class 3 level and City Council confirms its definitive commitment to the project.

Metrolinx has now defined its capital cost estimates to be a Class 3 level (10% design). This report recommends a funding and financing strategy for the SmartTrack Stations Program portion of the SmartTrack project, as described in this attachment.

Development of the Funding and Financing Strategy

Since November 2016, the City's Corporate Finance Division, in consultation with internal and external stakeholders and experts, has been advancing the development of the capital funding and financing strategy to support the SmartTrack Stations Program. Peer reviewers of all SmartTrack analyses have validated the approach and methodology used by City staff and the consultants. The work to-date for the SmartTrack Stations Program includes:

- forecasts of development scenarios prepared by Strategic Regional Research Alliance (SRRA), in consultation with City Planning and the University of Toronto,

to establish property tax increment expectations in zones proximate to the SmartTrack stations;[1]
- a peer review of the SRRA forecasts methodology and outcomes by Cushman & Wakefield;
- a peer review of the overall funding and financing strategy by Ernst & Young, including an assessment of the financial model and analysis performed by the City; and
- an analysis of the fiscal impact of SmartTrack prepared by Hemson Consulting to provide a basis for determining the appropriate allocation of incremental municipal tax revenue from new development between financing the capital cost of SmartTrack and funding the ongoing cost to service the new development.

Funding for SmartTrack Stations Program Capital Costs

The November 2016 report to City Council proposed that the necessary capital funding for SmartTrack will be raised through the following four sources:

1. Federal Government Contributions
2. Tax Increment Financing
3. Development Charges
4. Property Tax Increases or Equivalent Sources of Annual Revenue

1. Federal Government Contributions

The Federal Government has recently confirmed its commitment to provide $8.3 B in funding to the Province of Ontario over the next 10 years from its Phase 2 Public Transit Infrastructure Fund. Approximately $4.9 B is allocated to the City of Toronto based on ridership.[2] City Council identified SmartTrack as a priority project for Phase 2 federal funding in December 2016 (EX20.4). Per Attachment 1 of this report, the City and Province will work together to support the application of the SmartTrack Stations Program under the Phase 2 federal funding program. The Federal Government will fund up to 40% of eligible project costs. It is anticipated that the SmartTrack project will be eligible for the full maximum 40% funding that is available from this program. The Federal contribution is expected to occur at the time as the City's capital outlay.

2. Incremental Property Tax Revenue

(a) Development Forecast

Pursuant to City Council direction, SRRA was commissioned with the task of preparing population and employment forecasts under scenarios with and without investment in SmartTrack. Using these forecasts of population and employment, SRRA identified specific areas within the city where increased development would occur, under current

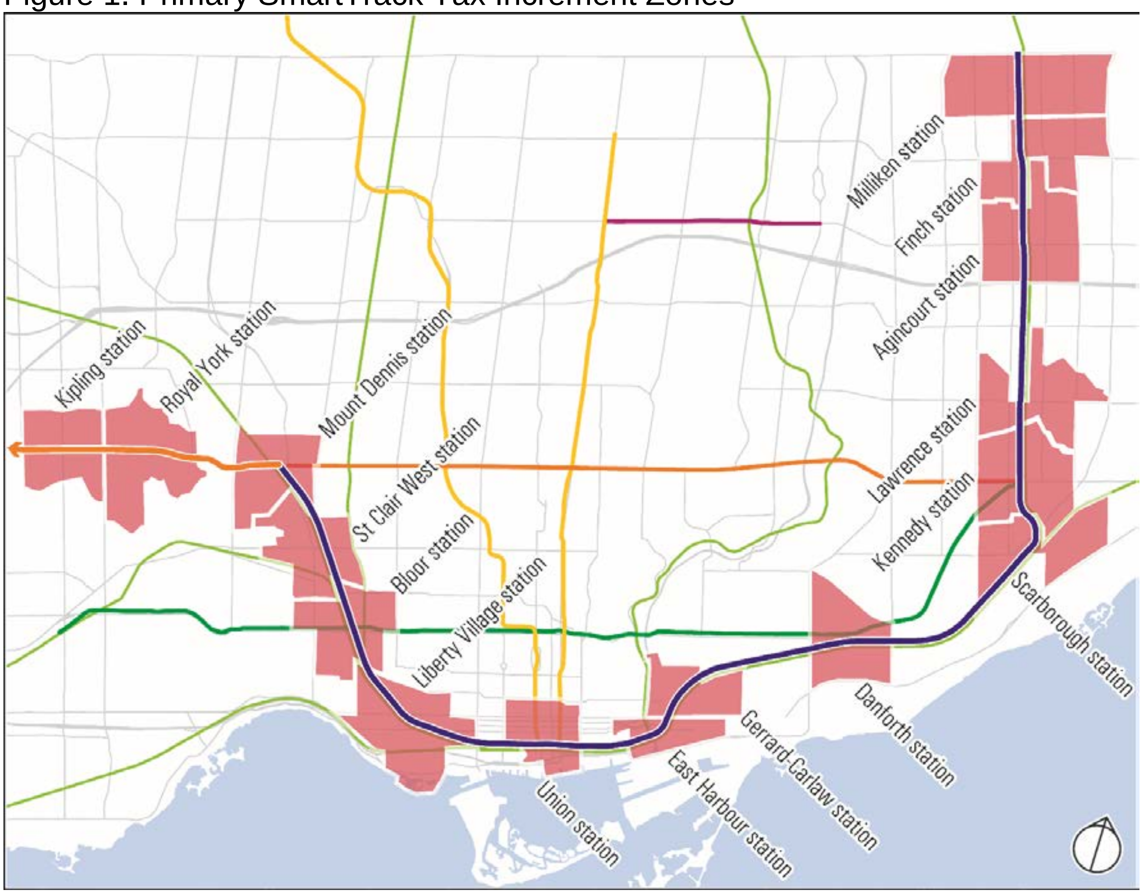
[1] http://smarttrack.to/wp-content/uploads/2016/06/Commercial-Multi-Residential-Forecast-for-the-review-of-SmartTrack-Report-.pdf?x64185
[2] https://news.ontario.ca/moi/en/2018/03/under-the-180-billioninvesting-in.html

planning constraints and under relaxed planning constraints, based on their expertise of the real estate market, including realistic assumptions of office and residential absorption. The SRRA analysis spanned a 30-year planning time horizon, from 2011 to 2041, in ten year increments. The analysis assumed there would ultimately be fare integration between SmartTrack/RER and the TTC for stations located within the city.

Sixteen primary development areas along the SmartTrack corridor were identified, located around the six new SmartTrack stations, and ten existing GO/RER stations that will benefit from the increased level of service through the integration of SmartTrack with GO/RER. The SmartTrack Stations Program will add six stations to GO corridors which, in addition to existing eight GO stations, results in 14 stations on the GO Kitchener and Stouffville GO corridors to benefit from enhanced service. The second phase of SmartTrack comprises an extension of the Eglinton West LRT with ten stops, captured in two broad development zones (Kipling and Royal York).

The purpose of identifying development areas is to provide a basis for estimating incremental municipal tax revenues arising from the increase in development from the investment in SmartTrack. These primary tax increment zones are shown in the following figure, and are described in greater detail in the SRRA report.

Figure 1. Primary SmartTrack Tax Increment Zones



SRRA provided projections of assessment growth resulting from new commercial and multi-residential development (condominiums), and existing commercial and multi-residential property value growth (property value “uplift”). They provided these projections for a range of scenarios, summarized as follows:

- *Reference Case* – Base projection with SmartTrack not implemented (Case 1 scenario)
- *Low Case* – Base projection with SmartTrack implemented, using Provincial Growth Plan constraints, and based on existing zoning constraints (Case 2 scenario)
- *Medium Case* – Medium projection with SmartTrack implemented, relaxing the Provincial Growth Plan constraints, and based on existing zoning constraints (Case 6 scenario)
- *High Case* – High projection with SmartTrack implemented, relaxing the Provincial Growth Plan constraints, and relaxed planning constraints (Case 8 scenario)

The development forecasts produced by SRRA are summarized below. For the purpose of the tax increment analysis, the planning horizon provided by SRRA (2011-2041) was adjusted to the period 2019-2041, and extrapolated to 2043 to provide for a 25-year forecast period.

Commercial gross floor area (GFA) is forecasted to grow over 25 years in the range of 13.5 to 16.1 million sq. ft. in the Primary Zones with the addition of SmartTrack over the reference case of not implementing SmartTrack. The number of residential units is forecasted to grow by 19,000 to 24,000 over the reference case.

Table 1. Projected Growth in Commercial GFA and Residential Units in Primary Tax Increment Financing Zones (2019-2043)

	Reference	**Low**	**Medium**	**High**	**Increment Range**
Growth in Commercial GFA (000s sq ft)					
Total GFA	15,022	28,541	31,221	31,221	13,518-16,199
Growth in Residential Units					
Total Condos	52,894	71,734	71,835	76,875	18,839-23,981

Note: Excludes Zones in the Eglinton West LRT Alignment

For the purpose of segregating municipal tax revenue arising from commercial and residential assessment growth in these Zones, this report recommends City Council adopt the SmartTrack tax increment zones identified in Table 2, adopted from the SRRA report entitled, "Commercial & Multi-Residential Forecasts for the Review of SmartTrack", dated January 2016.

Table 2. SmartTrack Stations Program Tax Increment Financing (TIF) Zones

Map Number	TIF Zone	Associated Station
24	Steeles	Milliken
25	Finch	Finch-Kennedy
26	Sheppard	Agincourt
28	Lawrence	Lawrence-Kennedy
29	Kennedy/Eglinton	Kennedy
30	St. Clair East	Scarborough
31	Main	Danforth
32	Gerrard	Gerrard-Carlaw
33	Queen/Carlaw	East Harbour
34	Union	Union
36	Liberty	King-Liberty
37	Dundas West	Bloor
38	St. Clair West	St. Clair-Old Weston
39	Mount Dennis	Mount Dennis

In addition to primary development areas, SRRA also identified secondary benefiting areas that, over time, will experience some level of increased development as a result of enhanced connectivity with SmartTrack. However, the quantum and timing of such development is less significant and less predictable, and as such, further analysis of these secondary zones is not warranted.

(b) Analysis of TIF Funding Potential

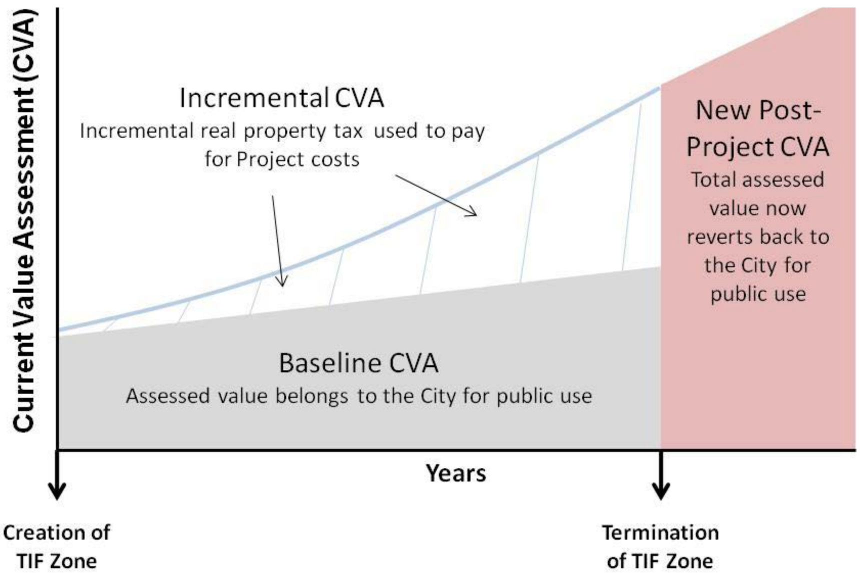
The use of incremental property tax revenue as a funding source for capital is a variation of tax increment financing (TIF) – using future increases in property tax revenues from new development within a defined area to fund the initial investment in public infrastructure.

In the literature, various terms are used to describe the TIF concept, such as "land value capture" or "value-uplift", but there is no consistent meaning to these terms, and one has to refer to the context in which it is being used. The premise is that public infrastructure investment would lead to higher or more rapid private development and increasing property values that would not occur but for the public investment. New development and increasing property values, in turn, would lead to higher property tax revenue (the tax increment), which could be segregated to fund the project. At the maturity of the debt, all of the tax revenues revert back to the taxing authority's general revenues.

In 2006, the Province of Ontario introduced the *Tax Increment Financing Act* as a financing tool for municipal redevelopment on a pilot basis. Its intent was to provide a mechanism to allow a municipality to capture the education tax increment revenue and use it to supplement their own funding sources for those eligible projects (e.g., TYSSE and the Toronto Waterfront). The necessary regulations were never made. To the extent that the Province of Ontario has indicated that the education portion of the property tax will not be made available to the City, any discussion of tax increment funding in this report relates only to the municipal portion of property taxes.

A characteristic of incremental tax revenues related to new development is that its quantum is small in the early years and starts to become significant as more development occurs in the defined areas with the passage of time (Figure 2). In the initial years incremental tax revenue may be insufficient to service periodic debt charges arising from the initial debt financing of the project. Options to deal with any potential funding gap are discussed in a later part of this attachment.

Figure 2. Tax Increment – Current Value Assessment (CVA) over Project Life



Once implemented, the determination of tax increment revenue from new development is relatively straightforward and does not require any special legislation or tools. New development taking place in a TIF zone will be observable and the new taxes generated directly measurable from its current value assessment.

The determination of tax increment revenue from "value-uplift" is less straightforward and not directly measureable. Historically, all properties in Toronto have appreciated in value over time. The difficulty is in making the determination that an increase in value—greater than would otherwise have occurred—is solely attributable to the implementation of SmartTrack. This determination will inherently encompass a degree of subjectivity.

Based on the real estate forecast inputs prepared by SRRA, City staff have developed estimates of the projected incremental tax revenues over a 25-year period from 2019 to 2043, as shown below. In nominal terms, the range of incremental tax revenue forecasted in the SmartTrack Stations Program Primary Zones is projected at $1.6 B to $2.1 B over the 25-year forecast horizon.

The quantum of potential revenue from value uplift is small in relation to incremental tax revenue from new development. Accordingly, staff have excluded value uplift from further analysis of the funding for SmartTrack.

For the purposes of the financial model, the estimate of tax increment is determined as the difference between the projected tax revenue based on forecasted growth anticipated with the investment in SmartTrack and the projected tax revenue based on forecasted growth without the investment (the reference case), which provides a basis for allocating incremental tax revenue to fund SmartTrack.

Table 3. Tax Increment from SmartTrack Stations Program Primary Zones ($M, 2019-2043)

	Without SmartTrack	With SmartTrack		
	Reference	Low	Medium	High
New Development:				
Commercial	665	1,069	1,167	1,165
Residential	2,425	3,440	3,455	3,676
Gross Tax Revenue from New Development	***3,090***	***4,509***	***4,622***	***4,841***
Less: Reference		(3,090)	(3,090)	(3,090)
Tax Increment from New Development		**1,420**	**1,532**	**1,751**
Value Uplift Potential	n/a	212	215	366
Total Potential Tax Increment		1,632	1,744	2,177
Increment as % of Observable (Gross) Tax Revenue from New Development (excluding uplift)		***36%***	***38%***	***45%***

The forecasts suggest that 36% to 45% of tax revenue is incremental as a result of SmartTrack (40% on average). However, new development will also have attendant servicing needs and costs, and consequently a portion of the annual incremental tax revenue should be retained by the City to fund the operating costs associated with servicing new development.

c) Reduction in Incremental Property Tax Revenue to Service the Cost of New Development

The City retained Hemson Consulting Ltd. to examine the fiscal impact of residential and non-residential development in SmartTrack Zones, and recommend the allocation of the tax increment between servicing requirements and funding for SmartTrack. The residential unit, population, employment and floor space forecasts for the SmartTrack Zones were sourced from the SRRA forecast prepared in 2015. Incremental growth in the selected zones total 89,000 people and 74,000 office and retail employees to 2041.

The taxation revenue associated with new development was calculated based on the valuations contained in the SRRA forecast.

A service-specific analysis was undertaken to consider how new development may affect the City's operating and capital expenditures. No service level increases were assumed and economies of scale were anticipated for certain services where population and employment growth could occur without commensurate increases to net expenditures over the forecast period. In the long term (after the forecast period), all development is considered to lead to tax revenue equal to its related cost of servicing.

Overall, it was expected that new residential population growth can produce excess tax revenue in the order of 18% over gross tax revenues and new non-residential development would 49% excess revenue, leading to an average expectation of 39% as being available after expenditure for this growth.

Accordingly, City staff recommend that 39% of *municipal tax increment revenue* from new development be applied to the SmartTrack Stations Program. This allocation leaves funding available to pay for the increase in demand for services arising from this growth. City Council will always have the opportunity to revisit the proportion of tax increment allocated to fund the SmartTrack Stations Program should actual development activity fall short of the forecasted level.

(d) Collection of Incremental Tax Revenue

As described above, and based on analysis of the SRRA development forecast, it has been estimated that approximately 40% of future development occurring in the SmartTrack Zones is incremental, occurring as a result of SmartTrack.

Furthermore, as described above, 39% of the incremental tax revenue should be allocated to fund the SmartTrack Stations Program, and the balance allocated to general revenues.

Therefore, the analysis concludes that 15% of observable total growth in a SmartTrack Zone should be allocated towards the financing of SmartTrack, as illustrated in Table 4.

Table 4. Determination of Available Incremental Tax Revenue to Fund SmartTrack

All TIF Zone Future Tax Growth	100%
Share of TIF Zone Tax Growth Attributable to Smart Track stations	x 40%
Share of Attributable Tax Growth surplus to operating needs	x 39%
Net share of TIF Zone Tax Growth allocated to the project	= 15%

Accordingly, this report recommends that, commencing in 2019, 15% of all commercial and residential tax revenue from assessment growth in the SmartTrack Zones in each year for a period of 25 years be allocated to the SmartTrack Funding Reserve Fund for the purposes of supporting the financing of the SmartTrack Stations Program, less any reduction for tax increment grants that may be payable in these zones as described in the following section. It is estimated that approximately $292 M of net municipal tax increment would be available to fund the SmartTrack Stations Program.

(e) Reduction in Incremental Tax Revenues for IMIT Grants

Since 2008, the City has been offering a Tax Increment Equivalent Grant (TIEG) program called Imagination, Manufacturing, Innovation, and Technology (IMIT). A TIEG is an economic development tool wherein the City provides grants to partially offset incremental property taxes directly for developers to build eligible non-residential property developments. The program is based on the assumption that development would not occur "but for” the incentive made directly to the developer.

IMIT is a municipal property tax rebate program for eligible commercial uses, and in particular reference to SmartTrack, for office uses around transit nodes. Eligible recipients are entitled to receive a rebate totalling at least 60% of municipal taxes over 10 years, based on set declining scale over the period.

From 2008 to 2017, it is estimated that the City committed to making $500 M in grant payments to approximately 32 eligible recipients, which will be paid out from new incremental taxes over the next few years. Most of the properties receiving grants are located near major transit nodes.

With Tax Increment Funding, the City makes direct investments in strategic infrastructure with expectation that such investments will increase property values and incent private-sector property developments, which in turn will result in higher taxes that, "but for" the investments, would not otherwise have occurred.

In both cases, the critical assumption is that the development would not occur "but for" the investment directly to the developer (TIEG) or in infrastructure (TIF).

Staff estimate that if the IMIT program were continued along the SmartTrack corridor, the City would be required to make an estimated $500-$540 M in grant payments from tax increment to developers of new developments over the planning horizon, thus reducing the amount of funding available to pay for SmartTrack. In addition, the application of both IMIT grants and major transit investment in the same areas may result in less efficient use of City resources. In other words, the combined inducement may not be required to achieve the planned non-residential development.

In early 2017, Council directed staff to initiate a review of the IMIT program and report back on the results of the review and any recommended changes. That review was reported to Council at its January 31, 2018 meeting (EX30.6). The key change recommended was for the elimination of the IMIT financial incentives in the TOcore expanded Financial District in the centre of the downtown area, but a continuation of the program in the rest of the city. Council deferred consideration of this item and directed that this report be considered with the funding and financing strategy for SmartTrack.

After considering the implications of IMIT grants on available funding for SmartTrack, this report, with the agreement of the General Manager of Economic Development & Culture, recommends a 10-year phasing-out of IMIT grants in two limited areas: the Queen/Carlaw TIF Zone and the Liberty TIF Zone. This report recommends the current IMIT grant program (60% grant-back of taxes over 10 years) be continued in these zones for applicants who obtain their building permit through to the end of 2019. Thereafter, the total value of the IMIT grants for eligible applicants (still payable over 10 years) will be reduced on a declining basis for applicants who obtain building permits between 2020 (total value of grants 56% over the following 10 years) through to 2028 (total value of grants 20% over the following 10 years). A chart outlining the grant payment schedule under this approach is shown in Table 5.

Table 5. IMIT Payment Schedule – Queen/Carlaw (East Harbour SmartTrack Station) and Liberty (King-Liberty SmartTrack Station) TIF Zones

	Grant to Owner as % of Municipal Tax Increment									
	Year of First Building Permit Issuance									
Grant Payment Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Year 1	100%	93%	85%	78%	70%	63%	55%	48%	40%	33%
Year 2	91%	85%	77%	71%	64%	57%	50%	44%	36%	30%
Year 3	82%	76%	70%	64%	57%	52%	45%	39%	33%	27%
Year 4	73%	68%	62%	57%	51%	46%	40%	35%	29%	24%
Year 5	64%	60%	54%	50%	45%	40%	35%	31%	26%	21%
Year 6	56%	52%	48%	44%	39%	35%	31%	27%	22%	18%
Year 7	47%	44%	40%	37%	33%	30%	26%	23%	19%	16%
Year 8	38%	35%	32%	30%	27%	24%	21%	18%	15%	13%
Year 9	29%	27%	25%	23%	20%	18%	16%	14%	12%	10%
Year 10	20%	19%	17%	16%	14%	13%	11%	10%	8%	7%
Year 11	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Value of Grant	60%	56%	51%	47%	42%	38%	33%	29%	24%	20%

The projected value of the IMIT grants based on this phase-out is estimated at $94-$100 M (compared to $260-290 M without the phase out in these two zones), as summarized in Table 6.

Table 6. Projected IMIT Grants – 10-Year Phase-Out in Queen/Carlaw (East Harbour SmartTrack Station) and Liberty (King-Liberty SmartTrack Station) Zones ($Ms, 2019-2043)

	Low	High
East Harbour Station	36.6	39.1
King-Liberty Station	25.4	26.8
	62.0	65.9
Rest of Primary Zones	32.1	34.5
Projected Grants - Primary Zones	94.1	100.4

3. Development Charges

Development charges are one-time, upfront fees levied, under the *Development Charges Act* (DCA), on land development projects to recover a portion of growth-related capital costs of eligible municipal infrastructure and services, and associated financing costs.

The City is in the process of updating its current development charge by-law which will expire in October 2018. As part of the update process, the City held a statutory public meeting, on January 24, 2018 to consider the 2018 Development Charge (DC) Background Study and proposed by-law. Executive Committee directed staff to undertake further stakeholder consultations and report to its April 17, 2018 meeting on the results. A report concurrent with this report responds to Executive Committee direction in the matter. In addition to the results of further stakeholder consultations, the report provides recommendations relating to the quantum of the charge as well as development charge-related policies for City Council consideration and adoption.

The City's development charge consultant, Hemson Consulting, has estimated development charge revenue for the SmartTrack Stations Program at $290 M to be recovered over the planning period, 2018-2041. The estimates are based on the DC Background Study growth forecast and proposed calculated DC rate and proposed exemption policies. Actual DCs available for the project could be affected by changes to recommended policies adopted by City Council, and the nature and amount of development occurring each year in the city.

4. Other Sources of Revenue: City Building Fund

In January 2017, City Council established the "City Building Fund" for the purposes of providing capital funding for transit and affordable housing initiatives, and directed a dedicated property tax increase of 0.5% be imposed for five years commencing in 2017 to fund this reserve. Table 7 shows the actual and projected tax revenue collection for this fund.

Table 7. City Building Fund ($Ms)

	2017	2018	2019	2020	2021	
Tax Increase	0.50%	0.50%	0.50%	0.50%	0.50%	
Annual Tax Revenue Collection	14.0	28.6	43.5	58.7	74.2	74.2 annually thereafter

As part of the 2017-2026 Capital Budget and Plan, revenues from the City Building Fund were incorporated into the City's debt projections, and $1 B in additional debt support was built into the Plan to support SmartTrack and other initiatives. If the City Building Fund is used to fund the estimated debt service of $18.2 M per year on the additional revenue requirement, such draw would represent about one quarter of the annual amount the fund will be generating in 2025, as shown in Table 7. This report recommends that a portion of revenues collected from the City Building Fund be used to support any debt required for the SmartTrack Stations Program.

5. Financing Strategy for SmartTrack

The traditional method a municipality finances infrastructure investments is to issue debt in the public market for the capital cost of a project. The repayment obligation (debt charges) would typically be funded over time through property tax revenue and other revenue sources such as development charge revenue.

Metrolinx has advised that the City will be required to make its capital contribution for the SmartTrack Stations Program upon substantial completion of the project, anticipated in 2025. The City's net capital contribution of $878 M will be financed by issuing a 30-year traditional sinking fund debenture.

This report recommends that a reserve fund entitled the "SmartTrack Funding Reserve Fund" be established to accumulate the incremental property tax revenues associated with the SmartTrack Stations Program starting in 2019. This report further recommends that 15% of municipal tax revenue from assessment growth from the recommended SmartTrack Zones in each year be directed to be included in annual budget submissions for allocation to this reserve for a period of 25 years.

It is further anticipated that the debt charges arising from this debenture ($53.1 M annualized) will be funded entirely from an allocation of the incremental tax revenue accumulated in the SmartTrack Funding Reserve Fund, development charges, and from a portion of the ongoing annual revenue collected through the City Building Fund. The City Building Fund contribution, approximately $18.2 M per year on average, would vary to accommodate the gradual growth in TIF contributions over the repayment period, and to cover the funding gap in 2043 at the end of the tax increment collection period to the end of the 30-year debenture term in 2055.

Finance staff also considered other debt structure options to achieve a tail-end loaded debt service schedule that better matches TIF revenue expectations. These options come at a higher cost of capital associated with a specialized debenture and are therefore not currently recommended.

The funding and financing strategy cash flow is summarized in Table 8. Accordingly, this report recommends that the 2019-2028 Capital Budget & Plan for SmartTrack Stations Program be amended to reflect this revised funding and financing cash flow.

Table 8. SmartTrack Stations Program Required Funding Summary

	M, YOE
Required City Contribution	1,463
Less Expected Federal Funding @ 40% of Contribution	(585)
Required City Net Funding Contribution (anticipated in 2025)	**878**
Estimated Debt Financing Charge (30-year debt in 2025)	**53**
Average Annual Debt Service Offset:	
Development Charges	17.4
Net Tax Incremental Financing Revenues (net of IMIT grants)	17.5
City Building Fund/Tax Supported Requirement	18.2

6. Funding Risks

As discussed above, the incremental property tax revenue estimates are based on forecasts prepared for the City by SRRA. These estimates were peer-reviewed for the City by Cushman & Wakefield in 2015. Overall, Cushman & Wakefield was satisfied that the forecasts produced by SRRA were reasonable based on the best market information available at that time. However, there is always uncertainty associated with any longer-term forecast of redevelopment because the actual rate of development will be driven by many factors such as the future rate of economic growth in Toronto.

Similarly, the actual amount of development charge revenue will also be tied to the actual rate of development. The potential variability is reduced somewhat for development charges because they will be generated from a city-wide charge on development rather than from specific zones around the SmartTrack stations.

Under these circumstances, by far the most efficient way to finance the underlying contribution is through City-issued debentures. City debentures are guaranteed by the City's tax base. Any changes to expected cash flows supporting debt repayment will be the City's responsibility. It is for these reasons that the City took care to peer review its revenue forecasts and to ensure that estimates for growth related revenues are supportable and conservative.

Appendix 1. SmartTrack Funding Reserve Fund Criteria

1. Location within the Consolidated Reserves/ Reserve Funds Schedule

   Schedule No. 7 – Corporate Discretionary Reserve Funds

2. Statement of Purpose

   This account will be used to receive and expend funds in accordance with the SmartTrack Stations Program Funding and Financing Strategy.

3. Service Area or Beneficiary Program

   The Executive Director, Corporate Finance, shall have primary responsibility for the account.

4. Initial Contribution

   No initial contribution.

5. Contribution Policy

   An allocation of municipal tax revenue from assessment growth in the SmartTrack Zones.

6. Withdrawal Policy

   Funds will be withdrawn as part of the City's Budget process to fund the SmartTrack Stations Program.

7. Review Cycle

   The account will remain open until otherwise directed by the Chief Financial Officer.