ACTUARIAL VALUATIONS

An actuarial valuation will be performed annually for the purpose of monitoring the financial health of the plan and the Board's funding policy objectives.

The actuarial valuation shall:

1. measure the plan's financial position assuming the plan continues for the long-term future, and assuming the plan were to be wound up on the valuation date;

2. use assumptions which, both individually and in aggregate, are acceptable to both the plan's actuary and the Board;

3. use assumptions and margin for adverse deviations which reflect the Board's funding policy objectives;

4. monitor the margin for adverse deviations by looking at the difference between:

    a. the financial position of the plan based on the utilized funding assumptions, in aggregate, and

    b. the financial position of the plan based on a best estimate of the contingencies which impact on the plan (as jointly agreed by the actuary and the Board);

5. monitor the potential impact of asset mix risk on contributions by:

    a. measuring the financial position of the plan using minimum risk assumptions, and

    b. measuring the potential variability of contributions in the short term; and

6. monitor the plan's maturity levels.

The assumptions used in the ongoing funding valuation shall reflect the long-term nature of the plan's obligations but may be adjusted in the short term to recognize fluctuations around long term trends and the plan stakeholders' ability to adjust their contributions.

The actuarial cost method shall be recommended by the actuary to align with the Board's funding policy objectives after considering the plan's current and expected future levels of plan maturity.

Unless otherwise agreed by the Board, the assets at the valuation date for the ongoing plan funding basis shall be recognized as the market value of assets adjusted to remove some of the short term random fluctuations in the market value investment return. The method used for smoothing out these short-term fluctuations in the market value investment return shall conform to accepted actuarial practice and shall align with the Board's funding policy objectives.

An actuarial valuation will be performed annually for information and planning purposes. The Board will determine whether it is prudent to have the actuary prepare an actuarial funding valuation report to be filed with the regulators. An actuarial funding valuation report will be prepared at least once every three years.