FINANCE AND ADMINISTRATION COMMITTEE

Tuesday, July 7, 2015
4:00 PM

Henry Baker Hall, Main Floor, City Hall

Public Agenda
Finance and Administration Committee
Tuesday, July 7, 2015

Approval of Public Agenda

Minutes of the meeting held on June 2, 2015.

Administration Reports

FA15-21 2013 Boundary Alteration Implementation

Recommendation

1. That City Council delegate to Administration the authority to request crown utility service providers to charge and remit to the City of Regina a surcharge on lands absorbed in the 2009 and 2013 Boundary Alterations and all subsequent boundary alterations.

2. That this report be forwarded to the July 27, 2015 meeting of City Council.

Other Reports

FA15-22 2014 Civic Annual Report

Recommendation

That this report be forwarded for information to the July 27, 2015 meeting of City Council.

FA15-23 2014 LTD Annual Report

Recommendation

That this report be forwarded for information to the July 27, 2015 meeting of City Council.

FA15-24 Casual Annual Report

Recommendation

That this report be forwarded for information to the July 27, 2015 meeting of City Council.

Adjournment

AT REGINA, SASKATCHEWAN, TUESDAY, JUNE 2, 2015

AT A MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE
HELD IN PUBLIC SESSION

AT 4:00 PM

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
Councillor, Shawn Fraser
Councillor, Bob Hawkins
Councillor, Barbara Young

Regrets: Councillor, Bryon Burnett

Also in Attendance: Council Officer, Ashley Thompson
Legal Counsel, Jana-Marie Odling
Executive Director, City Planning and Development, Diana Hawryluk
Executive Director, City Services, Kim Onrait
Executive Director, Human Resources, Pat Gartner
Director, Assessment and Property Taxation, Don Barr
Director, Communications, Chris Holden
Manager, Communications, Myrna Stark Leader
Manager, Corporate Accounting, Lorrie Schmalenberg
Manager, Strategy Management, Dawn Martin
Sr. Financial Reporting & Policy Advisor, Breanne Howden

APPROVAL OF PUBLIC AGENDA

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADOPTION OF MINUTES

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the minutes for the meeting held on May 5, 2015 be adopted, as circulated.

ADMINISTRATION REPORTS

FA15-15 2014 City of Regina Annual Report and Public Accounts

Recommendation
That this report be forwarded to the June 22, 2015 City Council meeting for approval.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA15-16 Property Tax Exemption - Ahmadiyya Muslim Jama`at (AMJ)

Recommendation

1. That the request from the Ahmadiyya Muslim Jama`at (AMJ) for a two year tax exemption agreement for the property at 3810 Eastgate Drive, under the condition that if the land is sold during that time period that AMJ would be responsible for the taxes be APPROVED;
2. That the request for an abatement for previous year's taxes be DENIED;
3. That the City solicitor be instructed to bring forward the necessary two year tax exemption agreement and bylaw to provide for the property tax exemption; and
4. That this report be forwarded to be considered at the June 22, 2015 City Council meeting.

Muhammad Fiaz, representing Ahmadiyya Muslim Jama`at, addressed the Committee.

Councillor Shawn Fraser moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA15-17 Sale of 1555 8th Avenue

Recommendation

1. That the sale of the property of 1555 8th Avenue to the tenant at market value without a public offering be APPROVED;
2. That the City Manager or his delegate be authorized to negotiate the terms and conditions of the sale as outlined in this report;
3. That item CR14-138 be removed from the list of outstanding items for the Finance and Administration Committee; and
4. That this report be forwarded for consideration to the June 22, 2015 meeting of City Council after public notice has been provided.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA15-18 Regina Flying Club Request for Property Tax Exemption

Recommendation

1. That the request from the Regina Flying Club for a tax exemption for the property at 2610 Airport Road for the 2015 tax year be DENIED; and
2. That this report be forwarded to the June 22, 2015 meeting of City Council.

Dave Atkinson, representing The Regina Flying Club, addressed the Committee.

Councillor Bob Hawkins moved, that the recommendations contained in the report be concurred in.

The motion was put and declared LOST.

Councillor Barbara Young moved, that the Regina Flying Club be provided a one year tax exemption to provide time to build a business plan and apply for grants.

The motion was put and declared LOST.

The Chair noted that both votes were a tie and the report would be forwarded to City Council without recommendations.

FA15-19 Tartan Curling Club Cooperative and Highland Curling Club Request for Property Tax Exemption

Recommendation

1. That the requests from the Tartan Curling Club Cooperative at 1464 Broadway Avenue and Highland Curling Club located at 348 Broad Street for five year property tax exemptions be DENIED; and

2. That this report be forwarded to the June 22, 2015 meeting of City Council.

(Councillor Shawn Fraser declared a conflict of interest on FA15-19 and left the meeting prior to the delegation.)

Ken Dishaw and Allen Bratt, representing Tartan Curling Club and Travis Netterfield, representing Highland Curling Club, addressed the Committee.

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA15-20 Request for $100,000 from Golf Course Reserve

Recommendation

1. That City Council approve the withdrawal of $100,000 from the Golf Course Reserve and allocate the funds to the Parks & Open Space Golf Course Capital account to allow golf course restoration projects initiated in the fall of 2014 to be completed and for 2015 projects to proceed.

2. That this report be forwarded to the June 22, 2015 meeting of City Council for approval.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

ADJOURNMENT

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 5:45 p.m.

Chairperson Secretary

FA15-21

July 7, 2015

To: Finance & Administration Committee

Re: 2013 Boundary Alteration Implementation

RECOMMENDATION

1. That City Council delegate to Administration the authority to request crown utility service providers to charge and remit to the City of Regina a surcharge on lands absorbed in the 2009 and 2013 Boundary Alterations and all subsequent boundary alterations.

2. That this report be forwarded to the July 27, 2015 meeting of City Council.

CONCLUSION

On December 16, 2013 City Council endorsed the 2013 Boundary Alteration Implementation Plan (Plan), which included preparations and coordinated work plans throughout the City of Regina organization. Since that time, the Plan was implemented across a range of operations and business units. A number of preparations were put into place for the boundary alteration (boundary alteration) effective date of January 1, 2014, while others were sequenced throughout 2014. The Plan included a directive to establish new budgets for 2015 based on expenditures to provide services to the annexed lands.

The exploration of financial impacts of the 2013 boundary alteration and communication from crown utilities led to the identification of a source of revenue to the City to be remitted by the crown utilities, which had not been identified earlier on in the boundary alteration process for both the 2009 and 2013 boundary alterations. This utility surcharge is a revenue source from the lands absorbed through boundary alteration. The application of municipal payments in lieu of taxes on land held for utility services will be provided for both the 2009 boundary alteration and the 2013 boundary alteration. Pre-existing agreements with the crown utility service providers and the City of Regina stipulated that the Crown Corporations shall add to all accounts for the supply of electrical energy and natural gas within the city as the city limits may exist from time to time and pay to the city a surcharge equal to a percentage of those accounts. As the City expands periodically through boundary alteration the number of these accounts will increase and, thus, the utilities will remit for those new accounts. At present, the surcharge payable to the City is 5 per cent of existing accounts within the city.

A process manual for future boundary alterations has been developed for future project managers of boundary alterations to have a comprehensive guide to oversee all considerations, financial, legislative and otherwise, that are required for a successful future boundary alterations and to ensure the city does not miss revenue opportunities such as the crown utility surcharge.

BACKGROUND

On September 9, 2013, Council approved resolutions for the 2013 municipal boundary alteration, tax mitigation principles and tools for impacted landowners. Administration was directed to pursue a tax loss compensation agreement with the RM, request the adoption of complementary resolutions by the RM and to develop an annexation implementation plan that includes bylaw amendments required to enable the continuation of specific land uses and operational practices in the long-term development areas. Administration was also directed to monitor the impacts of boundary alteration on operations. The September 9, 2013 Report to Council that includes the recommendations noted above is attached as **Appendix 1: Council Report CR13-136.**

During the implementation process, it was revealed that a source of revenue for the City from crown utility service providers was not being remitted to the City. As such, administration is seeking the authority through this report to request crown utility service providers to charge and remit to the City of Regina a surcharge on lands absorbed in the 2009 and 2013 Boundary Alterations and all subsequent boundary alterations. .

In order to prepare the various City branches to deliver service to the newly incorporated lands, the boundary alterations project team developed a process to identify, discuss and document the necessary actions, capital and operational costs, and other related implications and procedures with each work unit affected by boundary alteration. The impact on operations work groups resulting from boundary alterations implementation has been found to be nominal in the undeveloped lands. The impacts of providing services to new, undeveloped areas were not significant in relation to the considerable cost and extensive operations of providing services to fully serviced, built up areas. As such the initial costs are within the range of the cost of doing business as usual. However, as these lands develop additional growth related budgets will be required.

DISCUSSION

The original budget for the boundary adjustment process was developed through the various operational branches identifying the potential costs that they anticipated in activating and managing the new lands within the City in the fall of 2013.

In evaluating why the actual expenses were about 50% of the projected expenses, a few items became evident. Firstly, the City did not complete all of the work anticipated to be required at the time of boundary adjustment. Once within the City boundary, it was further assessed that culverts need not be cleaned to their original capacity and no consultant was contracted to assist in the implementation, as these items were later considered unnecessary. Additionally, no new aerial photo was taken as updated technology was concurrently being acquired by the City; a more economical alternative. Some work groups were able to track their costs closely in the new areas, while others performed work without recognizing old and new boundaries. In those instances that the costs were not tracked, it was viewed that the cost and time of tracking would be greater than the performance of work. On an overall budgetary basis for the City, the implementation costs were not viewed as being significant on any single branch operation, thus resulting in expenses well below those anticipated.

The boundary adjustment can be viewed as costing the City slightly more than the revenues received through taxation, estimated net revenue from which was $261, 000. The City recognized that the implementation process would take time and may not result in immediate gains. Operational branches recognize that work should only be completed as required and in relation to City wide priorities. While the actual costs were less than anticipated, one year may be insufficient time to monitor the impacts of the changes in service levels. A three to five year timeframe of monitoring would allow administration to determine the appropriate level of additional services and costs.

The surcharge collected by the crown utilities will be a revenue source for the City, the exact amount of which is difficult to estimate. The number of additional crown utility customers in the newly annexed areas is estimated to be approximately 50. While the agreement that we have with the crowns results in 5% surcharges received by the City, the surcharge is based on the energy consumption of the actual clients, which cannot be estimated. Administration will explore retroactively collecting the fees that would have otherwise been collected since February 2009 and January 2014, respectively; however, that is subject to negotiation with the Crowns.

Impacts of the 2013 Boundary Alteration including Infrastructure the City took responsibility for; services the City extended; one-time expenses; and revenue reductions are outlined in **Appendix 2**: **Infrastructure & Services List**:

RECOMMENDATION IMPLICATIONS

Financial Implications

Costs and revenues of boundary alteration implementation were tracked in 2014 in order to plan for future budgets in support of these lands. In 2014, costs were captured across units of the organization impacted by boundary alteration implementation and the financial impact has been determined to be less than originally anticipated. The costs associated with implementation are included in **Appendix 3: Financials.**

The City anticipated a net financial impact from all of these items to amount to $552,400 in the first year of implementation, the actual 2014 cost was $215, 602.

The exploration of financial impacts of the 2013 boundary alteration and communication from crown utilities led to the identification of a source of revenue to the City to be remitted by the crown utilities, which had not been identified earlier on in the boundary alteration process for both the 2009 and 2013 boundary alterations. This utility surcharge is a revenue source from the serviced annexed lands. The application of municipal payments in lieu of taxes on land held for utility services will be provided for both the 2009 boundary alteration and the 2013 boundary alteration.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The City and RM arrived at complementary resolutions for boundary alteration, and resolutions were passed at the November 6, 2013 joint meeting of Councils of the City and RM. On November 27, 2013, the Province approved the City of Regina 2013 Application for Municipal Boundary Alteration. The change in boundary was effective January 1, 2014. The land provides for the growth of the City by accommodating residential and employment growth to a population of approximately 380,000. In addition, complementary regional policies in the City and RM OCPs note the City's growth intentions beyond the boundary alteration area to approximately 500,000 population.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

Disposition of this report is within the authority of City Council.

Respectfully submitted,	Respectfully submitted,
Felice Mazzoni, Director, Planning	Diana Hawryluk, Executive Director City Planning & Development

Report prepared by:
Regional Planning

CR13-136

September 9, 2013

To: His Worship the Mayor
and Members of City Council

Re: 2013 Boundary Alteration

RECOMMENDATION

1) That the following resolutions concerning the alteration of municipal boundaries be adopted by City Council:

   a) "BE IT RESOLVED THAT, the east/ southeast lands identified as Area A in Appendix A, currently within the RM of Sherwood and described as follows, be annexed to the City of Regina:
      - Portion of SW ¼ of Section 1 in Twp. 17, Rge. 19 W2M lying northwest of and excluding the rail line
      - Portion of NW ¼ of Section 1 in Twp. 17, Rge. 19 W2M lying west and northwest of and excluding the rail line
      - Portion of SE ¼ of Section 2 in Twp. 17, Rge. 19 W2M lying northwest of and excluding the rail line and including the road allowance to the south
      - SW ¼ of Section 2 in Twp. 17, Rge. 19 W2M including the road allowance to the south
      - Portion of NW ¼ of Section 2 in Twp. 17, Rge. 19 W2M
      - NE ¼ of Section 2 in Twp. 17, Rge. 19 W2M
      - All of Section 3 in Twp. 17, Rge. 19 W2M including the road allowance to the south
      - All of Section 4 in Twp. 17, Rge. 19 W2M including the road allowance to the south
      - Portion of SE ¼ of Section 9 in Twp. 17, Rge. 19 W2M
      - Portion of SW ¼ of Section 9 in Twp. 17, Rge. 19 W2M
      - Portion of SE ¼ of Section 11 in Twp. 17, Rge. 19 W2M
      - W ½ of Section 12 in Twp. 17, Rge. 19 W2M excluding the rail line
      - W ½ of Section 13 in Twp. 17, Rge. 19 W2M excluding the north-south running rail line
      - All of Section 23 in Twp. 17, Rge. 19 W2M including Tower Road and excluding the Highway 1 right-of-way
      - SW ¼ of Section 24 in Twp. 17, Rge. 19 W2M excluding the Highway 1 right-of-way
      - S ½ of Section 26 in Twp. 17, Rge. 19 W2M including Tower Road
      - Portion of NW ¼ of Section 26 in Twp. 17, Rge. 19 W2M lying south of and excluding the rail line
      - NE ¼ of Section 26 in Twp. 17, Rge. 19 W2M including Tower Road
      - Portion of SE ¼ of Section 35 in Twp. 17, Rge. 19 W2M lying south of and excluding the rail line and including Tower Road

   b) "BE IT RESOLVED THAT, the southwest lands identified as Area B in Appendix A, currently within the RM of Sherwood and described as follows, be annexed to the City of Regina:

- All of Section 3 in Twp. 17, Rge. 20 W2M including Courtney Street and excluding the Highway 1 right-of-way to the south
- All of Section 10 in Twp. 17, Rge. 20 W2M including Courtney Street

c) “BE IT RESOLVED THAT, the west/ northwest lands identified as Area C in Appendix A, currently within the RM of Sherwood and described as follows, be annexed to the City of Regina:
   - All of Section 29 in Twp. 17, Rge. 20 W2M
   - All of Section 30 in Twp. 17, Rge. 20 W2M
   - All of Section 31 in Twp. 17, Rge. 20 W2M including the road allowances to the west and north
   - All of Section 32 in Twp. 17, Rge. 20 W2M including the road allowance to the north
   - All of Section 25 in Twp. 17, Rge. 21 W2M excluding the rail line to the north and including the road allowance to the west
   - E ½ of Section 5 in Twp. 18, Rge. 20 W2M
   - E ½ of Section 8 in Twp. 18, Rge. 20 W2M including Armour Road
   - All of Section 9 in Twp. 18, Rge. 20 W2M including Armour Road
   - Portion of SE ¼ of Section 16 in Twp. 18, Rge. 20 W2M
   - S ½ of Section 15 in Twp. 18, Rge. 20 W2M including the road allowance to the west
   - Portion of SW ¼ of Section 14 in Twp. 18, Rge. 20 W2M lying south of and excluding Highway 11
   - Portion of SE ¼ of Section 14 in Twp. 18, Rge. 20 W2M lying south of and excluding Highway 11

2) That subject to Ministerial approval of the applicable municipal boundary alterations in accordance with the provisions of Section 43.1(13) or Section 44 of *The Cities Act* amendments to the Regina Zoning Bylaw No. 9250 to rezone the annexed lands to UH-Urban Holding be ADVERTISED.

3) The Administration endeavor to conclude a tax loss compensation agreement with the RM of Sherwood (RM), and request the adoption of complementary resolutions in support of the City’s application for alteration of its municipal boundaries.

4) The City Solicitor in conjunction with the City Clerk do all things necessary to give effect to the resolutions in Recommendation #1 including preparing and submitting application to the Minister of Municipal Affairs or the Saskatchewan Municipal Board as per the provisions of Section 43.1 of *The Cities* Act pending conclusion of mediation with the RM of Sherwood to be completed at the end of October 2013.

5) That City Council approve the recommended tax mitigation principles and the recommended tax mitigation tools for impacted land owners, and direct Administration to communicate these to impacted land owners as outlined in the body of this report.

6) That City Council direct the Administration to develop an annexation implementation plan that includes bylaw amendments required to enable the continuation of specific land uses and operational practices in the long-term development areas.

CONCLUSION

Since 2005, Regina and region has experienced rapid growth and change. As the Province continues to achieve its growth plan objectives it is imperative that Regina, as the Capital City, protect its long-term growth needs to achieve sustainable economic growth for not only the city but region. The City of Regina will be seeking Provincial approval of its Official Community Plan (OCP) over the next few months. The OCP provides a long-term road map on how the city will grow and where investments will be made to ensure a strong economy and viable city and region.

In order to achieve this long-term vision it is important to ensure that growth and development areas to achieve a 500,000 population are protected. The City has determined that a large-scale annexation is necessary to protect our long-term growth needs and multi-million dollar investments in infrastructure the City has made and will make in the upcoming years. Annexation of land to accommodate a projected population of approximately 400,000 along with potential complementary OCP policies with the RM of Sherwood (RM) for the urban-rural fringe area are the means by which we seek to secure the our growth needs. As the City continues to work with the RM to come to agreement on joint planning for the Urban-Rural Fringe, we seek Council's resolution for a large-scale annexation to accommodate long-term residential, commercial and industrial growth for the city.

The City of Regina and the RM have been in mediation over the last few months. Discussions have been advanced whereby a Memorandum of Understanding (MOU) has been agreed to by the two parties. The MOU will help facilitate discussions on development in areas of mutual interest. Part of the mediation process included discussions on the annexation area, tax-loss compensation, and policies in the Urban-Rural Fringe area. It has been agreed to by both parties to continue these discussions until the end of October. As such, any changes to the annexation area will be brought forward to Council in a subsequent report prior to submission of an application to the Saskatchewan Municipal Board or to the Minister should changes to the area be deemed necessary.

BACKGROUND

City Council considered report CR12-66 on May 14, 2012 wherein Council endorsed a work plan involving immediate and longer-term actions including wider regional planning issues related to growth management, regional collaboration, servicing capacity and funding.

On April 29, 2013, Council received an update on the regional workplan and endorsed the Strategy for Optimizing Regional Economic Growth Opportunities which included work related to the City's growth options. Council also approved that the Administration engage in discussions with the RM of Sherwood regarding our respective growth needs as identified in our respective current and draft OCPs and policies in the Urban-Rural Fringe area.

On June 10, 2013, Council directed the Administration to prepare a recommendation to Council of a new municipal boundary that addresses the long term growth needs of the City. Section 43 of *The Cities Act* sets out a prescribed, mandatory process which must be followed in order for a city to proceed with an application to alter its boundaries. In the subsequent weeks, the Administration has implemented the required process, including a public meeting on August 22, 2013, and now seeks Council's resolution on the boundary alteration.

DISCUSSION

A. RATIONALE FOR THE PROPOSED BOUNDARY ALTERATION

1) Official Community Plan Growth Plan

The City's existing Official Community Plan (OCP), Regina Development Plan (Bylaw No. 7877), provides a policy framework for making decisions respecting the physical use and development of land. The Plan reflects Regina's intentions for its long range future development. *Map 2.3: Potential Long Term Growth Areas* (Appendix B) depicts future municipal land needs for residential and employment growth. Most of the growth areas identified in the proposed boundary alteration are reflective of the City's existing OCP.

The City's proposed new OCP, *Design Regina*, sets out policies in Section C – Growth Plan (Appendix C) which aims to ensure that sufficient, developable land is protected for future city growth and ensures that lands are protected to accommodate a city population of 500,000. The new OCP growth areas are generally consistent with the current OCP growth plan. The proposed boundary alteration area consists of lands within the 300,000 population lands as well as some lands within the 500,000.

2) Planning for Growth: Growth Projections and Land Needs Analysis

Rapid economic growth in western Canada has created the necessity for a longer-term planning horizon. In areas experienced with managing the growth of large urban economies it is becoming increasingly standard practice to plan on longer timeframes. Planning for the long-term helps municipalities ensure there is a sufficient land supply for housing, employment and supporting infrastructure and helps to manage long-term costs. In addition, long-term planning provides clarity and certainty to investors.

To support *Design Regina*, Hemson Consulting Ltd. provided population, housing and employment forecasts and an associated land needs analysis to 2041. Hemson forecasts the city population to reach 300,000 by approximately the year 2038 or roughly 25 years from today. Hemson subsequently extended the forecasts and land needs analysis to 2091 at which date Hemson estimated the city's population will have reached 500,000.

The City has also analyzed the environmental constraints within the proposed annexation area, such as buffers from railways, pipelines, floodways, etc. This analysis has been used to estimate the unconstrained lands available for potential residential and non-residential (employment) development. Taking this information and the Hemson analysis it has been concluded that the proposed annexation area would accommodate population growth to a city population of approximately 400,000, which is expected to be reached in roughly 50-54 years by 2067. To ensure the City is in a position to manage this growth in the long-term, the boundary change is necessary. In addition to the boundary change, it will be important to continue to work with the RM to establish joint development policies in the Urban-Rural Fringe area.

3) Securing City Infrastructure

The City needs to secure access to critical City infrastructure at the Wastewater Treatment Plant (WWTP) and its future expansion. This facility is a major City asset that should logically be brought within the jurisdiction of the City to oversee, manage and control the facility and access to the site during construction (e.g. building permits, access to roads, utility corridors, etc.). In addition, the WWTP requires separation or buffers to prevent any potential conflicting land uses and this can be best managed if it is within City's jurisdiction. As such, this area has been included within the proposed boundary alteration.

B. FINANCIAL CONSIDERATIONS

1) Servicing and Financial Impact Analysis

By extending services to lands to accommodate a 300,000 population horizon, the City will have built significant capacity and investment that can be capitalized on in certain areas beyond the 300,000 growth areas. These areas represent the next logical phases of growth for the city beyond a population of 300,000 to ensure the efficient use of infrastructure investments while creating additional capacity in those areas for the future. The City has completed a comprehensive analysis of serviceability of the 300,000 population growth areas and a high-level review of the serviceability of the areas beyond the 300,000 population.

The City of Regina has also completed a high-level analysis of the cost to service the lands and the long-term fiscal impact to the City (e.g. operating and maintenance costs) of bringing the proposed areas into the city. This helps to demonstrate that the City is positioned fiscally to manage future growth and operational needs into the future.

2) Taxation Mitigation for Affected Landowners

The City of Regina proposed boundary alteration is designed to reduce the impacts of new assessments on individual landowners newly incorporated into the city. The levels of taxes applied to the land will in general reflect the levels of services that the property is receiving. Existing uses of the land will continue until the land is planned for development. Development will occur in a staged approach consistent with growth management policies in the current OCP and development regulations in the Zoning Bylaw to ensure an orderly transition from primarily agricultural land to urban development. The timing of the development is guided by the current, and proposed, OCPs.

Individual property owners in the annexed lands will see a change in their property taxes upon annexation. This is the most-heard concern raised by impacted land owners. While each property's assessment and taxation is unique, the following principles aim to reduce hardship on property owners transitioning into the city boundary and have guided the development of tax mitigation tools for affected landowners.

1. Protect property owners, whose land is annexed into the City of Regina, from unreasonable financial hardship.
2. Balance the need to protect the City's financial viability with protecting its long-term growth needs.
3. Property tax mitigation will be applied through existing legislation.
4. Property tax mitigation will expire over time either when the property is developed or when the time frame for the mitigation expires.

The following are the recommended tax mitigation tools:

1. For the Commercial Corridor: Five-year phase in

For the commercial corridors on Victoria Avenue East and Dewdney Avenue East: Since these properties are in the imminent development area, tax mitigation should include a phase-in of the tax change between RM tax levels to City tax levels over five years. The amount of exemption will then decrease each year by 20% over the next four years so that in year five the property will not have an exemption and will pay taxes based on the City tax levels. This option takes into account that a number of the rate payers in this category would also receive the benefit of no longer paying the water surcharge.

2. For lands within the 300,000 growth plan: Five-year tax mitigation

These properties will receive an assessment exemption that would bring the first year property taxes to be equal to what they would have paid in the RM. This exemption amount (percentage) would be applied for five years and serve as the base for taxation in years two to five. After five years the exemption would expire and the properties would be subject to property taxation based on the City tax levels.

3. For lands beyond 300,000 growth plan: Long-term 15 year Administration Recommended tax mitigation

For long-term agricultural land a long-term remedy is proposed. These properties will receive an assessment exemption that would bring the first year property taxes to be equal to what they would have paid in the RM. This exemption amount (percentage) would be applied for five years and serve as the base for taxation in years two to five. After five years the exemption would expire and Administration would recommend that Council provide another 5 year assessment exemption to identified long term properties. Administration would continue recommending the exemption to identified long term properties within this annexation area up to a maximum of 15 years exemption.

This is the only option available to the City under current legislation to mitigate taxes in the long-term. Current legislation limits exemptions to five years. This means that while the recommendation is that the exemption be continued for 15 years, it is subject to Council's consideration at the end of each 5 year expiry and property owners should be aware of this.

This combination of exemptions is consistent with other tax policies the City currently has in place or has implemented in the past.

3) Tax Loss Compensation to the RM

The City and the RM are currently in discussion about their respective growth plans and have finalized a Memorandum of Understanding which will provide a mechanism for ongoing discussion regarding development impacting the two municipalities. The municipalities will negotiate a tax loss compensation to be paid to the RM by the City to compensate the RM for the lost tax revenue on annexed properties. Tax loss compensation is not a legislated component of municipal boundary alteration, but it is common practice.

C. Other Considerations

Requests by Landowners for Annexation

Within the proposed annexation area there is approximately 10,453 acres of land. The City has received support from landowners representing 4,958.08acres or 47.43% of the land area. Of the remaining landowners within the annexation area those landowners representing 4,303 acres or 41.23% of the land area are neutral on the proposal and those representing 1,185acre or 11.34% have objected to the annexation.

RECOMMENDATION IMPLICATIONS

Financial Implications

Within the first five years, the boundary change will generate a relatively small amount of tax revenue due to tax mitigation for rate payers. The net financial impact will be negative in the short term due to a required capital investment in a bridge repair as well as an assumed lump sum payment to the RM for tax loss compensation. Generally speaking, there are five primary costs associated with annexation:

1. Increases in operating expenditures as the City assumes responsibility for the delivery of services (roads, water, mowing, etc.) – approximately $333,000 per year and will increase as other services are provided. Operational and capital costs will be absorbed within existing budgets in the annexation year, and worked into future budgets in subsequent years.
2. Potential capital investment to bring newly acquired infrastructure to City standards – early analysis of the annexation area suggests these investments are just over $3M in the short term.
3. Tax mitigation for impacted landowners – potentially just over $1M annually for five years; likely an additional $500K for the long-term area
4. Potential one-time tax loss compensation to the RM – estimated at the equivalent of 10-15 times tax revenues forgone ($3M - $5.2M). Tax loss compensation will be paid out of the General Fund Reserve.
5. There will also be a reduction in the water surcharge paid to the Utility of $375,000 per year as rate payers will be within City limits and the surcharge will no longer apply.

The following table presents the estimated revenues and costs of this boundary alteration. These conservative estimates assume 2013 dollars and the very unlikely event of no development activity taking place within the annexation area for 15 years as the worst case scenario.

(000's)	Years 1-5	Years 6-15	Year 16
Revenues			
Tax Revenue	$7,000	$14,000	$1,400
Less Tax Mitigation	5,100	250	nil
Total Revenue	**$ 1,900**	**$13,750**	**$1,400**
Costs			
Tax Loss Compensation *	$5,200	nil	nil
Operating	1,665	$3,330	$333
Capital	3,030	nil	nil
Total Costs	**$9,895**	**$3,330**	**$333**
Net	**-$7,995**	**$10,420**	**$1067**

*This assumes full payout in the first 5 years at 15 times the RM taxation.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

1) Annexation as one aspect of the City's growth management plan is consistent and aligns with the Corporate Strategic Plan with respect to growth management, the current OCP, and Draft *Design Regina* (OCP).

2) The growth management plan is also consistent with the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, which recognizes the importance of planning initiatives at the provincial, regional and municipal levels to ensure infrastructure investments are coordinated and aligned with future population growth and private-sector economic growth.

3) The proposed alterations to the municipal boundary will enable urban services to support continued demand for fully serviced residential, commercial and industrial land in the Regina region.

4) A final implementation plan will be completed once the boundary alteration proposal is approved by the Province or through complementary resolution by the City and RM.

Accessibility Implications

None related to this report.

COMMUNICATIONS

A public meeting was held August 22, 2013. All those who have been given notice, including affected property owners, the RM of Sherwood and the applicable school boards, will receive notice of Council's decision.

A report on boundary alteration correspondence is contained in Appendix D.

DELEGATED AUTHORITY

Requires City Council approval.

Respectfully submitted,

Diana Hawryluk, Director
Planning

Respectfully submitted,

Jason Carlston, Deputy City Manager
Community Planning Development

Report prepared by:
Long Range Planning Branch, Strategy Management Branch

Appendix 1: Infrastructure the City took responsibility for; services the City extended; one time expenses; and revenue reductions, resulting from the 2013 Boundary Alteration.

The infrastructure that the City took responsibility for:

- Approximately 4 kms of paved roads;
- 43 kms of rural gravel roads;
- 0.5 km of dust controlled gravel road;
- Approximately 110 culverts;
- Traffic control signage; and
- One vehicular traffic bridge.

Services that the City extended to the newly annexed lands included:

- Rural ditch mowing;
- Rural weed control;
- Enlarged fire service area within the City;
- Bylaw and Licensing enforcement;
- Civic Addressing;
- Additional water main flushing in outer areas;
- Creek dredging;
- Culvert and creek maintenance;
- Grid road maintenance;
- Bridge maintenance; and
- Winter road maintenance.

One-time expenses included:

- An updated aerial photo of the new City lands;
- Water Flushing of existing lines in the new annexed area;
- Culvert capacity restoration;
- Rural Civic Addressing;
- Communication and advertising; and
- Implementation consulting.

Revenue reductions included:

- Rural water line surcharge reduction; and
- Contracted Fire Services reduction.

Appendix 3: 2014 Boundary Alteration

Implementation Costs - December

		Budgeted			2014 Actuals			Difference
Branch	**Expense**	**Annual**	**Special**	**Lost Revenue**	**Annual**	**Special**	**Lost Revenue**	**Budget to Actual**
By-Law Licensing								
	By-Law Enforcement	37500			960			36540
Engineering Services			320500			183160		137340
	Infrastructure Records							
	Air Photo							
Fire & Protective Services								
	Lost Response Fee (loss)			23985			9847	14138
Forestry, Horticulture & Pest Control								
	Pest Control	5000			5616			-616
Roadway Preservation								
	Bridge Maintenance	5000			4761			239
Asphalt Services								
	Asphalt Maintenance	3000			0			3000
Sweeping & Alleys		98000			162004			-64004
	Grid Road Maintenance							
	Mowing & Dust Control							
Winter District Maintenance		127400			47716			79684
	Snow Plowing							
	Ice Control							
	Blockage Removal							
Traffic Control & Parking		20000						20000
	Sign Maintenance							
	Line Marking							
Water Operations								
	Flushing	5000	10000					15000
Water & Sewer Engineering								
	Creek Dredging	10000						10000
Sewer & Drainage Operations								
	Culvert & Creek Maintnenance	5000						5000
	Culvert Capacity Restoration		57000					57000
Annexation Implementation								
	Communiciation & Advertising		10000			17873		-7873
	Civic Addressing Project		50000					50000
	Consulting*		50000					50000
Utility Billing								
	Lost Surcharge Fee			35000			44665	-9665
SaskPower/SaskEnergy Surcharge								
	Grand Total	**315900**	**497500**	**58985**	**221057**	**201033**	**54512**	**395783**

FA15-22

Pensions & Disability

June 8, 2015

To: City Clerk
Attention: Mavis Torres

Re: The Regina Civic Employees' Superannuation and Benefit Plan
2014 Annual Report

Schedule A of Bylaw No. 3125, Section 38(6) of the City of Regina states "The Board shall make an annual report to Council on the proceedings of the preceding year". In accordance with the Bylaw, attached is the 2014 Annual Report for The Regina Civic Employees' Superannuation and Benefit Plan for information to be submitted next Finance and Administration agenda. Included in the Annual Report are the audited financial statements for the year ended December 31, 2014 which were approved by the Administrative Board for the Civic Employees' Superannuation and Benefit Plan at its meeting of May 20, 2015.

Yours truly,

Colyn R. Lowenberger, Director
Pensions & Disability Administration

CL/kt
Encl.

Regina Pensions & Disability

Regina Civic Employees' Superannuation & Benefit Plan

Annual Report & Audited Financial Statements

December 31, 2014

Pla

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Message from the
Chairperson

On behalf of the Board of Trustees for the Regina Civic Employees' Pension Plan, I am pleased to provide the Annual Report as at December 31, 2014.

The year 2014 has been extremely eventful for the Plan.

In July, the Provincial Superintendent of Pensions took the unprecedented step of issuing a Plan termination threat to the Plan Sponsors and Administrative Board (the Board).

Although it was rescinded in early 2015, the Board, who owes a fiduciary duty to all the Plan Beneficiaries, responded accordingly and in the best interests of all Plan Beneficiaries.

Also since that time, the Board has been informed that both Plan Sponsors have reached a negotiated settlement which should address the long term sustainability of the Plan. In the interests of the Plan Beneficiaries, the Board is hopeful that this settlement is ratified and implemented in short order.

The Board continues to manage the funds, which are held in trust by a custodian, through a continued strategy that is focused on de-risking the portfolio by providing additional return without adding material risk to the portfolio. Such a strategy aligns with the fact that the Plan continues to mature, the active to retired ratio continues to decrease, life expectancies continue to increase, and there is a continued uncertainty on investment returns. The Board continues its role as the sole Fiduciary to the Beneficiaries by monitoring the Plan through annual actuarial valuations and reporting such data to the Plan Sponsors.

Work has progressed on the transition to a separate legal entity (Möbius Benefit Administrators Inc.) to more efficiently manage this plan, as well as the Long Term Disability Plan and Police Pension Plans.

Phase one of the new pension system has been implemented, while the phase two implementation (which includes the self-service web portals) remains on schedule.

To my fellow Board members I express my sincere appreciation for your commitment and fiduciary duty to all Plan Beneficiaries. On behalf of the Board, I extend a sincere recognition to Colyn Lowenberger and all the staff for their continued commitment and professional service in the administration of the Plan.

Colin Jensen, B. Sc., B. Admin.
Chairperson, Regina Civic Employees' Superannuation and Benefit Plan

On July 17, 2014, the Deputy Superintendent of Pensions for Saskatchewan issued a letter to the Chair of the Administrative Board indicating that she was considering cancelling the Plan's registration due to City Council's 2011 decision not to raise contribution rates recommended by the actuary. The result of such action would terminate the Plan. In response to that letter representatives of the employers with members enrolled in the Plan and the Pension and Benefits Committee signed a Memorandum of Understanding (MOU) agreeing to amend the Plan on November 21, 2014. As a result of that agreement a proposal was submitted to the Financial and Consumer Affairs Authority requesting regulatory amendments that would bring the Plan into compliance with the *Pension Benefit Act, 1992* and the related regulations. Once plan changes are made, an actuarial valuation will be required to determine contribution rates.

Total members belonging to the Plan rose from 6,893 as of December 31, 2013 to 6983 as of December 31, 2014. 2014 saw a 17% increase in new members enrolled in the Plan as well as a 53% increase in members terminating from the Plan. The number of new retirement pensions established increased 5%, from 152 in 2013 to 160 in 2014.

Pensions & Disability Administration saw a 14% increase in the overall number of pension quotes requested from 2013 to 2014. This reflects a 3% increase in the number of retirement quotes, from 604 in 2013 to 622 in 2014, and a 53% increase in the number of termination quotes, from 91 in 2013 to 139 in 2014.

In 2014 the Administrative Board took steps to diversify the real estate investment portfolio of the Regina Civic Employees' Superannuation & Benefit Plan. The long term real estate target allocation was revised from 10% Canadian to 5% Canadian and 5% Global. To that end the Board made a commitment of $25 million USD to Walton Street Real Estate Partners Fund VII and a $17 million EUR commitment to J.P. Morgan European Opportunistic Fund III. These commitments are expected to be funded over a period of three to five years.

The Board also replaced one of the plan's Canadian equity investment managers in 2014 by entering into an investment management agreement with QV Investors Inc. QV is an independent, employee-owned portfolio manager, with investment principles of quality and value. QV has traditionally demonstrated a low correlation to the market making it a suitable match to pension liabilities in the long run and a good diversifier for riskier assets.

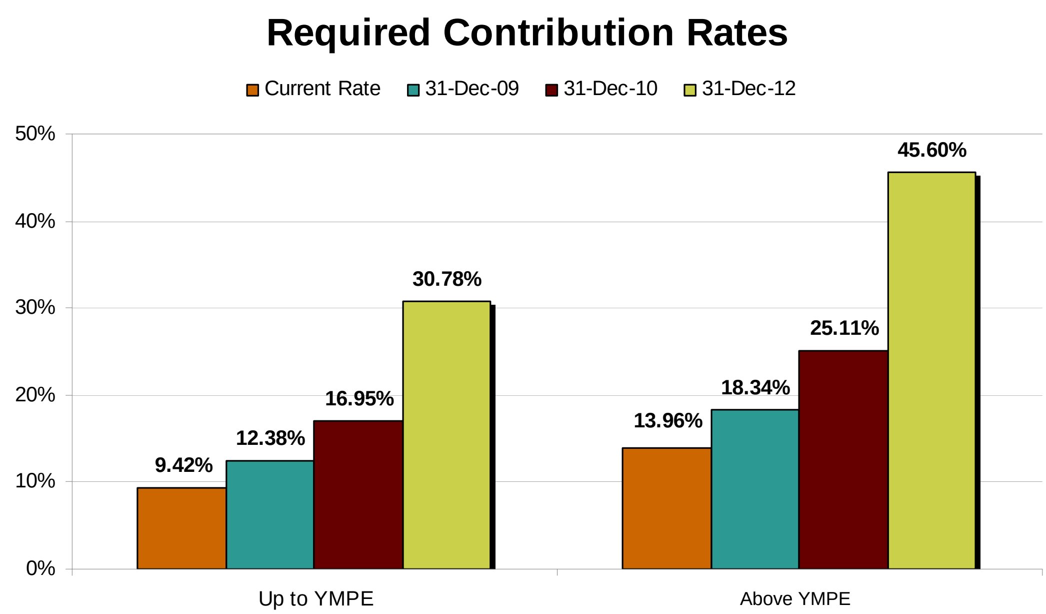
Over the past year, the net assets available for benefits experienced an increase from a balance of $1,110.2 million at the end of 2013, to a balance of $1,226.6 million at the end of 2014. The Plan's pension obligations increased from a balance of $1,228.1 million at the end of 2013 to $1,297.0 million at the end of 2014, resulting in a deficit of $70.4 million, a 40.2% decrease from 2013. Total invested assets of the Plan were $1,225.2 million. Contributions for the year were $53.4 million, while total payments from the fund were $67.2 million. Total payments included $55.5 million in pension payments, $6.5 million in refunds and transfers for terminations plus $5.1 million in administration and investment expenses. Net investment income for the year, including changes in fair value of investments, was 11.83% or $130.2 million.

As a defined benefit pension plan, the Regina Civic Employees' Superannuation & Benefit Plan provides eligible members with a retirement income based on a formula that takes into account the member's earning history and length of service in the Plan. The Plan was established July 1, 1958 under Schedule "A" of Bylaw No. 3125.

Some of the benefits of belonging to the Plan include:

- normal retirement at age 65;
- unreduced early retirement after age 55 when age plus pensionable service total 80 years or more, 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 1/2 of any increase in the *Consumer Price Index* (Canada) year over year 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.

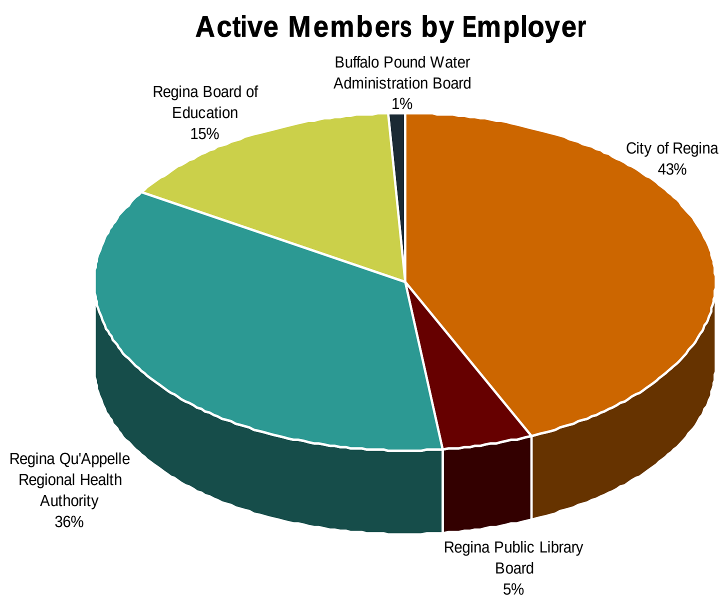


Actuarial valuations were performed as at December 31, 2009 and December 31, 2010. For the 2009 valuation, the minimum funding requirements recommended by the actuary totalled a combined rate of 27.7%. For the 2010 valuation, the minimum funding requirements recommended by the actuary totalled a combined rate of 38.2%. Neither of these two recommendations has been implemented by the Plan sponsors and the contribution rates remain at the level established in the 2007 valuation.

At the time the actuarial valuation as at December 31, 2009 was filed, the Board elected to suspend solvency payments for three years as permitted under section 36 of *The Pension Benefit Regulations, 1993*. As a result of this election, the Board was required to file a valuation as at December 31, 2012. The minimum funding requirements recommended by the actuary for the 2012 valuation totalled a combined rate of 69.8%.

On July 17, 2014, the Deputy Superintendent of Pensions for Saskatchewan issued a letter to the Chair of the Administrative Board indicating that she was considering cancelling the Plan's registration due to City Council's 2011 decision not to raise contribution rates recommended by the actuary. The result of such action would terminate the Plan. In response to that letter representatives of the employers with members enrolled in the Plan and the Pension and Benefits Committee signed a Memorandum of Understanding (MOU) agreeing to amend the Plan on November 21, 2014. As a result of that agreement a proposal was submitted to the Financial and Consumer Affairs Authority requesting regulatory amendments that would bring the Plan into compliance with the *Pension Benefit Act, 1992* and the related regulations. Once plan changes are made, an actuarial valuation will be required to determine contribution rates.

The Plan is a multi-employer plan representing employees from the following five employers:

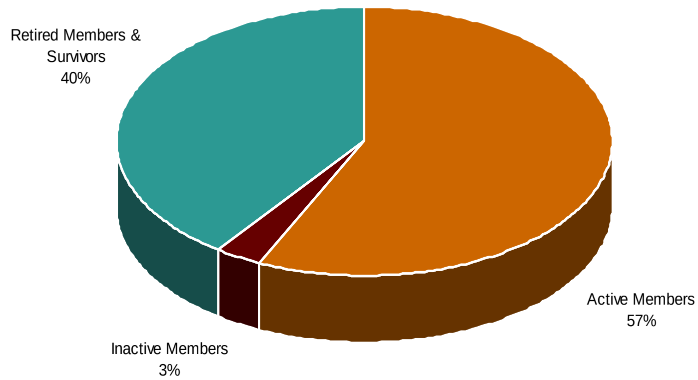


- City of Regina
- Regina Qu'Appelle Regional Health Authority
- Regina Board of Education (Non-teaching Staff)
- Regina Public Library
- Buffalo Pound Water Administration Board

Plan membership includes 3,976 active members who are still working and contributing to the Plan, 215 inactive members who are no longer contributing to the Plan but are entitled to receive benefits upon retirement, and 2,792 retired members and survivors who are currently receiving a pension.

During 2014, the Plan enrolled 330 new members, established 160 new retirement pensions, and 190 members terminated from the Plan.

Member Demographics



5-Year Member Demographics

Plan membership has grown by 6 % over the past five years, from a total of 6,562 members in 2010 to 6,983 members in 2014. In 2010 active members made up 61% of the membership while the retired members and survivors made up 35%. In 2014 57% of the membership is active members versus 40% retired members and survivors. The Plan is maturing very rapidly and this trend is expected to continue.

The operational activities of the Plan are performed by Pensions & Disability Administration. Staff of Pensions & Disability Administration provides assistance to members regarding their individual benefit entitlements. In order to keep members informed of their benefits the Department produces Plan newsletters and conducts pension information sessions. In 2014 the Department produced one newsletter, published in August and facilitated two pension information sessions. A communication was also sent to all members in July in response to the letter from the FCAA to the Plan sponsors regarding possible cancellation of the Plan.

In 2014 the department ran 832 pension quotes for Civic Plan members including 622 retirement quotes, 139 termination quotes, and 71 other pension calculations, such as marital breakdowns and past service purchases. As part of the Board's objective for efficient and effective governance the Board formally adopted and measured the following service standards with regard to member service.

Member Service	Service Standard	Service Standard Met
Member Calculations:		
Retirement & Termination Estimates	10 Business Days	56%
Marriage Breakdown Calculations	15 Business Days	37%
Past Service Purchases	30 Business Days	89%
Member Payments:		
Member Payments	1 Month	100%
Member Correspondence:		
Termination Option Letters	10 Business Days	100%
Death Option Letters (Active)	10 Business Days	100%
Death Option Letters (Pensioner)	7 Business Days	100%

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pensions@regina.ca

In Person:
Suite B101 –
2055 Albert Street
Regina, SK

By Mail:
P.O. Box 3030
Regina, SK
S4P 3G8

To access additional information regarding the Plan, please visit our website located at www.reginapensions.ca

The Plan is governed by a Board of Trustees made up of 12 voting members, comprised of six employer representatives and six employee representatives. The employer representatives are made up of two representatives appointed by the City Manager, and four others appointed by City of Regina City Council, one of which must be from the Regina Qu'Appelle Regional Health Authority. The employee representatives are elected annually by the membership.

The Board is required to meet at least quarterly and quorum is eight members. Under the terms of Schedule "A" of City of Regina Bylaw No. 3125, an affirmative vote of at least eight members is required for the passing of any motion relating to (a) management of the fund, (b) an amendment to an existing policy, and (c) adoption of a new policy relating to the fund.

The Administrative Board members during 2014 were:

Colin Jensen, Chairperson
Mr. Jensen was elected by the plan members in 2011. He has been employed with the Regina Public School Board since 1999, working in the Information Technology Services Department, administering their Corporate Financial Systems. Prior to that, Mr. Jensen had a ten-year career with Wascana Energy Inc. as a Financial Accountant. Mr. Jensen holds the degrees of Bachelor of Administration (Accounting) and Bachelor of Science (Computer Science), both from the University of Regina. Mr. Jensen is also an Employee Representative on the Civic Pension & Benefits Committee, serving continuously since 2008.

Bob Linner, Vice-chairperson
Mr. Linner was appointed by City Council in 1987 while holding the position of City Manager for the City of Regina. Mr. Linner retired from the City in May of 2006 but continues in his role as Trustee. Mr. Linner holds a Bachelor of Arts Honors equivalent in Urban Geography and Economics from the University of Saskatchewan and is a frequently invited speaker on urban issues and leadership.

Councillor Wade Murray
Councillor Murray was appointed by the Board of Police Commissioners in 2006. He has owned several small businesses in Regina and has brought his family into the operation of his latest venture, Ultimate Insulation, to assist clients in the assessment of attic venting and insulation needs. Councillor Murray is active in many organizations including Canadian Blood Services, where he is a platelet donor. Councillor Murray serves on a number of boards and committees and is currently sitting for his fourth term on Regina City Council, representing the residents of Ward 6.

John Gangl
The plan members first elected Mr. Gangl in 2008. He retired in 2012 after 33 ½ years with the City of Regina overseeing the Sewer maintenance operations, supervising 30 employees in the last position he held, Supervisor of Sewage Collection.

John Gangl (continued)
He was a member of the Pension & Benefits committee since the early 1990s until he retired. He was also very active in his union, CUPE Local 21, for over 25 years and the Secretary Treasurer for the last 17 years. He also represented Saskatchewan CUPE members on CUPE National's National Advisory Committee on Pensions.

Jo-ann Hincks
Ms. Hincks was elected by the plan members in 2009. She has been employed with the Regina Public School Board commencing September 3, 1974 and entered the Civic Pension Plan on that date. Ms. Hincks has been a payroll officer with the Public School Board since October 1976 and has also been an Employee Representative on the Civic Pension & Benefits Committee continuously since 1975.

Kathy Lewis
Ms. Lewis was appointed by City Council in 2013 as nominated by the Regina Qu'Appelle Regional Health Authority. She has been employed for 13 years with the Regina Qu'Appelle Regional Health Authority and has been in the position of Director of Payroll and Benefits for the past five years. Ms. Lewis also serves on the 3SHealth Employee Benefits Committee in a fiduciary role as well as other oversight committees.

John McCormick
Mr. McCormick was elected by the plan members in 2007. He retired from his position in the Transit Department in 2009 after working for the City of Regina for 31 years.

Scott McDonald
Mr. McDonald has been employed by the Regina Qu'Appella Health Region and a member of the Regina Civic Pension plan for 28 years. For 10 years he has had the privilege of holding the position of President for CUPE Local 3967 and sit as the Local's representative on the Pension committee.

Brian Seidlik
Mr. Seidlik was elected by the plan members in 2012. Mr. Seidlik joined the City of Regina in 1983 and is currently a Captain with the Regina Fire Department.

Brian Smith
Mr. Smith was appointed by the City Manager in 2009. Mr. Smith has been employed by the Government of Saskatchewan for the past 27 years and is currently serving in the role of Assistant Deputy Minister, Saskatchewan Finance, in the Public Employee Benefits Agency. Mr. Smith is an Honorary Life Member of the Canadian Pension & Benefits Institute, a Fellow of the Life Management Institute, and currently sits as Chair on a number of pension and disability plan Boards.

Bob Watt
Mr. Watt was appointed by City Council in 2011. Prior to his retirement in 2010, Mr. Watt was City Leader for Deloitte in Regina. In his role as City Leader he was the senior representative of Deloitte on a day-to-day basis responsible for ensuring a team of 70 professionals in its public accounting practice embraced Deloitte ethical values and client service principles in the marketplace. In his practice he was responsible for a number of major private and public entities. Mr. Watt is also a Fellow of the Institute of Chartered Accountants of Saskatchewan.

Rod Wiley
Mr. Wiley was appointed by the City Manager in 2013. He is currently as Associate with Praxis Management Consulting. Prior to that, senior positions he held include: Chief Financial Officer with Saskatchewan Liquor and Gaming Authority (from which he retired in 2012); Executive Director Finance and Administration with Saskatchewan Ministry of Health; and Controller with Wascana Energy Inc. In addition to this Board, he is currently a member of the National Board of Directors of the Certified Management Accountants of Canada and the National Board of Directors of the Chartered Professional Accountants of Canada. Mr Wiley is a Fellow of the Certified Management Accountants of Canada.

Deb Cooney (Non-voting Employee Alternate)
Ms. Cooney was elected by the plan members in 2011. She joined the City of Regina in 1999 as a Business Analyst and has worked in numerous areas. Ms. Cooney volunteers in a number of community groups for fundraising including a ten year project for the building of a new rink in Balgonie, SK. She has also served as an Employee Representative on the Civic Pension & Benefits Committee since 2006.

Lorna Glasser (Non-voting Employee Alternate)
Ms. Glasser was elected by the plan members in 2006 to assume the seat designated for the Regina Qu'Appelle Regional Health Authority. She was a member of the Civic Pension & Benefits Committee from 2003 up until her retirement. Ms. Glasser worked as a laboratory technologist for 29 years. During that time she assumed a variety of leadership roles in her professional association, her union, and her community.

Standing (left to right):Brian Smith, Brian Seidlik, John Gangl, Councillor Wade Murray, Colin Jensen, Bob Linner, Rod Wiley.

Seated (left to right): John McCormick, Kathy Lewis, Deb Cooney, Jo-an Hincks.

Not Pictured: Scott McDoanld , Bob Watt and Lorna Glasser.

The Board met 9 times during 2014. Following is the Board Meeting attendance for each Member.

Trustee	Meetings Attended
Colin Jensen	9
Bob Linner	7
Councillor Wade Murray	6
John Gangl	8
Jo-ann Hincks	8
Kathy Lewis	6
John McCormick	7

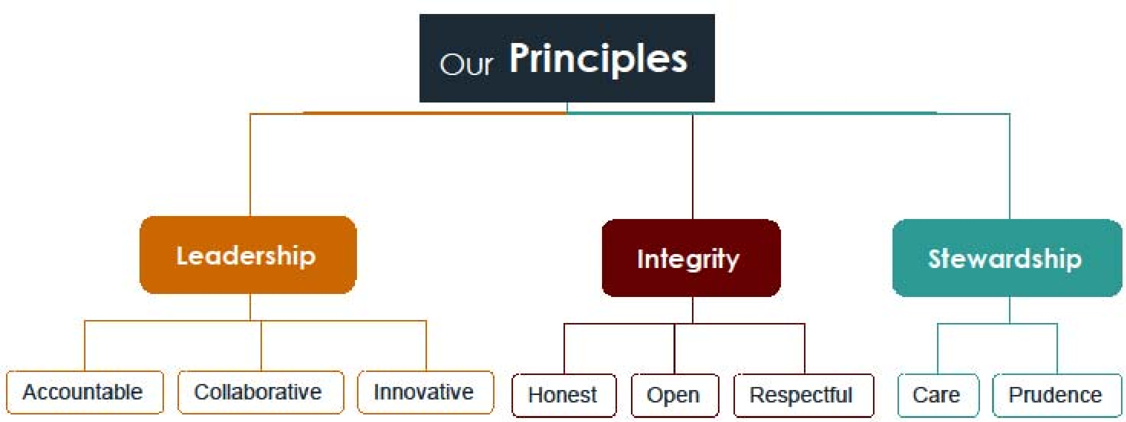
Trustee	Meetings Attended
Scott McDonald*	2
Brian Seidlik	6
Brian Smith	5
Bob Watt	8
Rod Wiley	6
Deb Cooney	8
Lorna Glasser	8

**Appointed mid-year*

A pension plan represents the combined retirement assets of its membership. The value of the benefit earned is often the largest financial asset belonging to any given member and forms the basis of their livelihood in retirement. As a result, plan beneficiaries and the law demand that those charged with administering a pension plan conduct their affairs to the highest standards.

In law, the standard by which those charged with administering a pension plan are measured is that of the fiduciary. By its very nature the fiduciary duty is owed solely to the beneficiaries and paramount to earning their confidence and trust. Confidence and trust are earned over time and lost in an instant. They are earned through adherence to legislation and sound business decisions. More importantly, confidence and trust are earned each day through how an organization conducts its business.

To build confidence and trust, the Board has identified three primary principles that underlie what they do. From the core formed by the duty to the beneficiaries the Board conducts their business based on three primary principles; Leadership, Integrity and Stewardship.



Leadership
We are passionate about people and driven to inspire and motivate ourselves and others. As Leaders we are:

- **Accountable** – Leaders hold themselves and others accountable for actions, results, successes and failures.
- **Collaborative** – Leaders recognize the value of working together, towards common goals, and understand that the whole is greater than the sum of its parts.
- **Innovative** – Leaders encourage creativity and understand that innovation requires being different.

Integrity
We understand that trust is earned through actions and consistently act with candour and in good faith. We are:

- **Honest** – We are truthful, accurate and straight forward in all of our dealings.
- **Open** – We conduct ourselves in an open and transparent fashion.
- **Respectful** – We treat everyone with respect and dignity.

Stewardship
We are the custodians of one of the largest assets our members have. As stewards we are:

- **Careful** – We fully employ the knowledge and skills that we individually and collectively possess to diligently balance risk and opportunity.
- **Prudent** – We are judicious and cautious (in practical affairs).

Responsibilities

1. **Compliance With Legislation**
   The Board ensures the Plan is administered in compliance with all appropriate legislation and benefits are paid appropriately to members. The Plan must comply with legislation under *The Pension Benefits Act, 1992* (Saskatchewan), *The Pension Benefits Regulations, 1993* (Saskatchewan), and the *Income Tax Act*.

2. **Pensions & Disability Administration**
   Pensions & Disability Administration reports to the Board on all aspects of Plan administration. The Board reviews the performance of the department on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties.

3. **Annual Financial Statements**
   The Board ensures that an annual audit is conducted of the Plan, the annual financial statements for the Plan are prepared, and the results are filed with the regulatory authorities. The current auditors for the Plan are KPMG LLP and the statements audited by them are included in this report. In addition, Annual Returns must be filed with the Superintendent of Pensions and *Canada Revenue Agency*.

4. **Pension Plan Funding and Valuations**
   The Board must ensure the Plan is able to meet the pension obligations as they occur and ensure the long-term solvency of the Plan. A valuation of the Plan is required at least every three years as per *The Pension Benefits Act, 1992* (Saskatchewan) and must be filed with the Superintendent of Pensions and *Canada Revenue Agency*. The purpose of the valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets plus determine whether the assets are adequate to meet the obligations or a contribution increase is required. The Plan is considered solvent when the present value of the assets exceeds the actuarial estimate of the Plan liabilities. The Plan's current actuary is AonHewitt.

5. **Custody of Plan Assets**
   The Board must ensure all monies due to the Fund are kept separate and apart from other funds of the employers. This is accomplished by hiring a fund custodian to ensure the money is kept separate from the employer's funds and is only used for pension purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is Northern Trust, Institutional and Investor Services.

6. **Fund Management**
   The Board is responsible for making investments in accordance with the investment requirements contained in *The Pension Benefits Act, 1992* (Saskatchewan) and other relevant legislation. The activities the Board performs to fulfil this responsibility include regular reviewing of investment activities, ensuring compliance with the Statement of Investment Policies & Procedures, monitoring investment results and meeting with the Plan's fund managers.

7. **Risk Management**
   The Board defines risk and outlines appropriate risk management practices. The Board must work with the Administration to identify the principal risks to the Plan and set an overall risk budget. The Board provides direction with regards to risk objectives and approach to risk management through its policies, and provides guiding principles for risk tolerance.

8. **Performance Measurement**
   The Board ensures the various investment managers are managing the fund assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures.

9. Policy Documents

To support the objectives of the Plan the Board has adopted the following policies:

- Administration Policy
- Code of Conduct
- Communication Plan
- Funding Policy
- Privacy Policy
- Procedural Rules
- Purchasing Policy
- Risk Management Framework
- Statement of Investment Policies & Procedures
- Travel Policy
- Trustee Education Policy

Why do we exist?

We exist to provide secure and affordable retirement benefits.

What do we want to accomplish?

Efficient & Effective Governance

Managed Risk & Returns

Financial Sustainability

Engaged Sponsors & Members

Efficient & Effective Governance

Governance is the process used for decision-making and the process by which decisions are implemented, or not. Governance is about achieving desired results, in the right way, and it is the cornerstone of every organization. Governance is multi faceted with elements that are legislated, elements that are agreed to, elements that are historic and elements that are self determined. Some are outside the control of an organization and can only be changed through influence. Those within the control of an organization can be moulded by and evolve with an organization.

We understand that governance is the cornerstone of every organization and recognize that in order to fulfill our duty we must continually seek ways to improve how decisions are made and implemented. Where we have the authority to change and improve, we will. Where we do not we will collaborate with and influence those who have the authority to change and evolve. All with an eye to building governance practices that permit efficient and effective decision making.

Initiative	Actions	Outcomes	Targets & Measures
Formal Planning	1) Establish & implement planning cycle	1) Planning meeting & discussions	1) Planning meeting held in 2012 • Strategic Planning underway to be completed in Q2 2015
	2) Define, measure and manage to relevant metrics	2) Establish relevant metrics	2) Metrics established in 2012 • risk appetite • investment returns • service level standards
Organization	1) Independent, focused on managing pension and disability plans	1) Establish an independent entity	1) Möbius Benefit Administrators was incorporated on July 2, 2014
	2) Appropriate structure	2) Review organization structure • determine needs • re-allocate staff • adapt to fit	2) Management accountabilities were re-aligned in Q3 2014.
	3) Development & deployment of human resources	3) Staffing gaps identified and filled • succession plan • development	3) Managers of Pension & Disability Administration and Manager, Investments hired.

Efficient & Effective Governance (continued)

Initiative	Actions	Outcomes	Targets & Measures
Policy & Procedure	1) Allocation of duties	1) Develop & implement a full suite of policies and procedures which include clear delegation	1) Full suite of policies is now in place. • Reviews completed of policies at the end of 2014. • Accountabilities for each policy delegated under the revised management structure.
	2) Continuous evolution	2) Review cycle established • institutionalized	2) 50% reviewed annually/100% triennially • 5 of 10 reviewed • Procedural Rules updated

Managed Risk & Return

Risk is the possibility that outcomes will deviate from expectations. It can have both positive and negative impacts and cannot be eliminated. Risk is a requirement for value creation and progress. Where there is no risk there is no reward. At the same time, the greater the potential reward, the less probable receiving that reward becomes. There are a multitude of risks in this world. Some are highly probable and have a great impact. Others are highly improbable with only minor impact. All are relative and must be evaluated in that context.

We seek to find an appropriate balance between the desired reward and the acceptable level of risk. Risks are taken knowingly, with an understanding of the associated implications, both positive and negative. We understand the level of return we require from each decision and the level of risk we are willing to take to achieve that reward and use that knowledge to manage risk and return in a responsible and prudent manner.

Initiative	Actions	Outcomes	Targets & Measures
Risk Aware	1) Review and identify policy & procedure gaps and opportunities	1) Full suite of policy and procedures	1) Full suite of policies is now in place.
	2) Continuous evolution of policy and procedure	2) Review cycle established • institutionalized	2) 50% reviewed annually/100% triennially • 5 of 10 reviewed • Procedural rules updated

Managed Risk & Return (continued)

Initiative	Actions	Outcomes	Targets & Measures
Risk Aware (continued)	3) Risk reduction and re-risking strategies	3) Funded level triggers risk tolerance relative to funding	3) Risk reduction component determined & implemented 2012 • re-risking strategy developed & implemented 2015 based on Plan Sponsor Funding Policy
Asset Liability Management	1) Liability monitoring	1) Liability proxy • liability models • annual actuarial valuations	1) Implemented 2012 • models built & implemented 2013 • management & regulatory valuation structure implemented 2013 • valuations completed on all plans
	2) Develop & implement a matching asset glide path	2) Fixed income portfolios reflect plan liabilities	2) Physical holdings transition completed in Q2 2014 • overlay strategy built but not implemented as triggers have not been reached.
	3) Investment portfolio evolution	3) Portfolios evaluated relative to liabilities	3) Changes implemented in by 2014 • 1 Canadian Equity manager replaced in Q1 2014 • 1st infrastructure commitment • commitments to U.S. and European real estate
	4) Investment manager evaluation	4) Guidelines & standards	4) Standards determined & formalized 2013 – under review
Consultant Reviews	1) Periodic formal reviews and/or RFP	1) Report delivered to the Boards including any recommended changes	1) Civic Actuarial services reviewed • Transition completed 2014
Education & Training	1) Board & Staff training & education	1) Education focused on: • alternative investments • asset/liability management • governance • pensions	1) See Trustee Education activities listed below. • 1 staff member completed CFA • 1 staff member completed CAIA

Managed Risk & Return (continued)

Initiative	Actions	Outcomes	Targets & Measures
Employee Compensation	1) Compensation survey	1) Compensation in line with industry & job function • base line for moving forward	1) 60th percentile target compensation • completed Q2 2012 • not implemented – pending independent administration corporation
	2) Development of compensation plan	2) Structure to move forward with independent entity	2) Independent administration corporation • Delayed due to FCAA action of July 17, 2014. • Expected Q2/Q3 2015
	3) Independent entity	3) Separation from City of Regina • establish an independent entity	3) Key business areas operate outside of City of Regina • Business Plan adopted Q4 2013 • Delayed due to FCAA action of July 17, 2014. • Expected Q2/Q3 2015

Financial Sustainability

The single biggest challenge facing defined benefit pension plans today is the sustainability of the model in the current market environment. Sustained low interest rates and volatile investment returns over the last decade plus have resulted in funded levels that are uncomfortably low. These factors combined with benefit designs that were never intended to be flexible have forced all stakeholders to rethink the approaches that have been used.

Pension plans can no longer be considered an asset business. They require a more balanced approach that considers and understands the liabilities of the plan, anticipates the evolution of those liabilities and invests in a manner that will meet those obligations.

Initiative	Actions	Outcomes	Targets & Measures
Funding Driven Decision Making	1) Develop policies outlining decision making by funded status.	1) Investment policies outlining actions to be taken based on funded level	1) Fixed income changes driven by funded status adopted 2012 • fixed income overlay adopted 2013 • expected implementation 2015 • actuarial margins outlined 2013
Plan Design	1) Pursue changes to defined benefit plans	1) Concerns and/or opportunities as it relates to plan design 2) Submission to FCAA in response their July 17, 2014 letter regarding Plan terminations	1) Signed agreements for changes to defined benefit plans in 2014 • ongoing discussions with plan sponsors implemented 2016 2) Submission made to FCAA outlining the alternative actions available to the FCAA and the importance of a negotiated solution to the impasse

Engaged Sponsors & Members

The sponsors of the various plans managed by the Pensions & Disability Administration Department depend on the plans to provide a valuable benefit to their employees. Those same employees, who comprise the membership of the plans, rely on the benefit to provide piece of mind today and a comfortable retirement when that day comes. It is therefore vital that an ongoing dialogue with both groups takes place.

In the case of the various plan sponsors, discussions must take place on a regular basis to ensure that all understand the wants and needs of each other as well as to provide insight into the plans being administered. Plan members will better understand their benefit, and hold it in high regard, if they receive factual information that provides insight into their benefit in a timely and accurate manner.

We seek to initiate open, honest and frank communication with both groups in a manner that is appropriate for them. We understand that both sponsors and members have a need and desire to not only be informed but also provide their feedback.

Initiative	Actions	Outcomes	Targets & Measures
Consistent Candid & Focused Communication	1) Develop supportive policies & processes	1) Revised Communication Plan • regular discussions regarding approach(s)	1) Implemented 2012 • annual discussion included in planning
Technology	1) Implement technologies that can be used to assist in engaging employees	1) Independent Web site • benefit calculators • employer data transfer • self service options • secure portals	1) Website complete by 2012 • New calculator & portal complete but not activated pending benefit changes

The Administrative Board of the Regina Civic Employees' Superannuation and Benefit Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan. To that end, the Board has developed the Trustee Education Policy based on the following principles:

(a) Board members are required to make policy decisions to facilitate the administration of the Plan;
(b) Board members have an obligation to participate in Board meetings in a meaningful way; and
(c) a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Trustee Education Policy requires that, in addition to basic education obtained within the first three years of becoming a Trustee:

(a) new Trustees must attend a minimum of 20 hours of educational opportunities on an annual basis; and
(b) senior Trustees must attend a minimum of 30 hours of educational opportunities on an annual basis.

The following Administrative Board members attended conferences and seminars for educational opportunities:

Trustee	Conference/Seminar	Date	Location	Hours
Colin Jensen	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	Attracting and Re-Energizing Employees with Flex and Wellness	Mar 13	Regina, SK	2
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,618**	**Total Hours**	**28**
Bob Linner	Opal Public Funds Conference	Jan 7-9	Scottsdale, AZ	20
	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	TDAM Sharing of Knowledge	Apr 9	Regina, SK	2
	CPBI Atlantic	Sep 24-26	Digby, NS	20
	Total Expenses	**$6,466**	**Total Hours**	**44**
Councillor Wade Murray*	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	Total Expenses	**$472**	**Total Hours**	**20**
John Gangl	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	20
	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,269**	**Total Hours**	**42**
Jo-ann Hincks	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,500**	**Total Hours**	**44**

Trustee	Conference/Seminar	Date	Location	Hours
Kathy Lewis	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	PH&N Trustee Education Seminar	Feb 25	Regina, SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	47th Annual Canadian Employee Benefits Conference	Aug 10-13	Calgary, AB	20
	Total Expenses	**$1,691**	**Total Hours**	**46**
John McCormick	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 15	Regina, SK	2
	Total Expenses	**$1836**	**Total Hours**	**22**
Scott McDonald				
Brian Seidlik	Saskatchewan Federation of Labour	Feb 26-27	Regina, SK	15
	Total Expenses	**$0**	**Total Hours**	**15**
Brian Smith				
Bob Watt	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	15
	PEBA Annual Pension Information Sessions	June 16-17	Saskatoon, SK	15
	Total Expenses	**$1,733**	**Total Hours**	**30**
Rod Wiley	CPA National Conference	Sep 23-24	Toronto, ON	20
	Total Expenses	**$0**	**Total Hours**	**20**
Deb Cooney	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$35**	**Total Hours**	**2**
Lorna Glasser	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina,SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	Total Expenses	**$3,299**	**Total Hours**	**22**

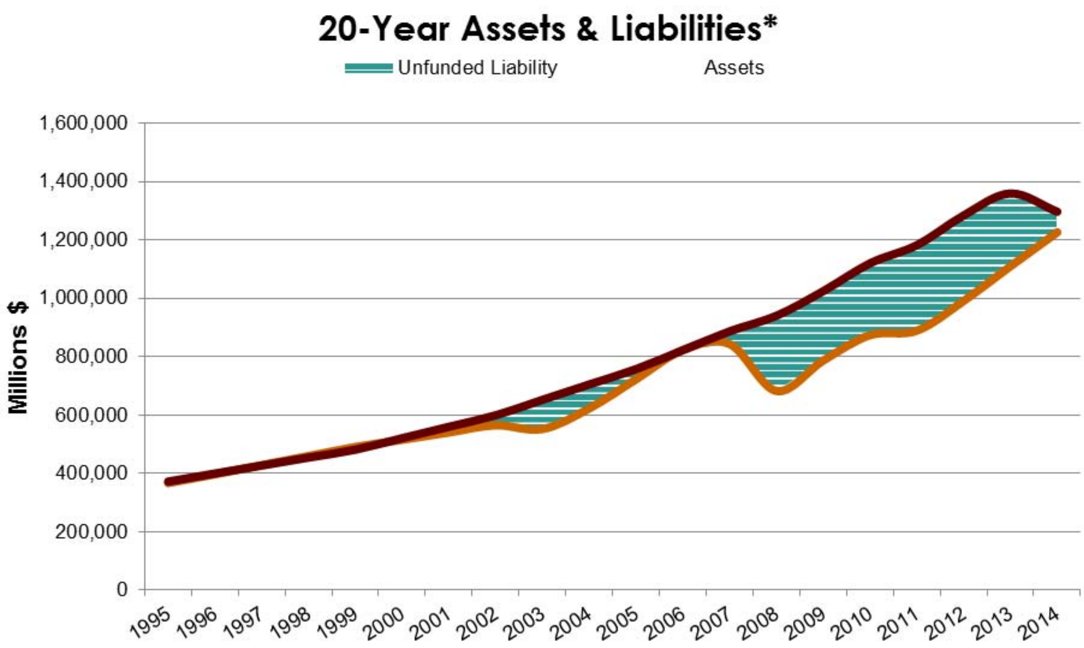
The expenses above show total costs per member. In the event a Trustee sits on more than one Administrative Board, education and training expenses are shared with the other Plans.

** Some Trustees are able to attend training and education events as a result of professional standards, employment requirements or personal interests at no cost to the Plan.*

Year End Financial Position
As at December 31, 2014 the Plan had net assets available for benefits of $1,226.6 million. Net assets consist of investments at market value of $1,225.2 million plus other assets of $500,000, accrued income receivable of $1.1 million, and accounts receivable of $2.1 million, less accounts payable of $2.4 million.

Pension obligations were $1,297.0 million at December 31, 2014.

The Plan deficit, as of December 31, 2014, was $70.4 million.



The assumption basis as at December 31, 2012 contained an implicit margin for conservatism built into the discount rate. At the time, management's best estimate and the discount rate for funding valuations were the same. Subsequent to 2012 the implicit margin for conservatism has been removed from the best estimate discount rate. This change has been reflected in the Statement of Changes in Pension Obligations from 2013 on.

There are four main factors that contribute to the size of the asset base of the Plan. These factors are the investment income earned over the year, the contributions made to the Plan by the employer and employees, the Plan's administration and investment expenses, and the benefit payments made to pensioners. Investment income, contribution revenues, and benefit payments & expenses over the last ten years are shown below:

For The Year Ending	Investment Income / (Loss) ($ Millions)	Revenue From Contributions ($ Millions)	Benefit Payments & Expenses ($ Millions)
2014	130.2	53.4	(67.2)
2013	130.1	51.1	(62.6)
2012	96.6	61.0*	(55.6)
2011	16.7	50.8	(53.7)
2010	88.2	46.8	(46.5)
2009	99.0	45.5	(43.0)
2008	(153.6)	39.8	(44.3)
2007	21.2	36.0	(38.7)
2006	102.0	39.0	(89.9)
2005	109.4	36.0	(36.8)
2004	75.2	35.6	(30.9)

**Includes $9 million lawsuit settlement from the Regina Qu'Appelle Health Region*

The Civic Pension Administrative Board oversees the investments of the Civic Pension Plan in accordance with the Statement of Investment Policies & Procedures. The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objectives of the investment policy are to:

- meet the pension obligations as they occur and to ensure the long-term solvency of the Plan;
- achieve a real rate of return in excess of 4.45% over a rolling four-year period; and
- earn the stated performance objective for each asset class over a rolling four-year period.

The investment policy is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

The Regina Civic Employees' Superannuation & Benefit Plan measures investment performance against two primary criteria:

1. A custom benchmark consisting of the indices that best represent each asset class:

Asset Class	Total Fund Benchmark
Canadian Equities	S&P/TSX 300 Index
Global Equities	MSCI World GD
Emerging Markets Equities	MSCI Emerging Markets GD
Canadian Long Bonds	FTSE TMX Canada Long Term Overall Bond Index
Core Plus Bonds*	FTSE TMX Canada Universe Bond Index
Real Return Bonds	FTSE TMX Canada Real Return Bond Index
Real Estate	Canadian CPI + 4%
Infrastructure	Canadian CPI + 5%

**Core portfolio of investment-grade bonds that may include a small portion of instruments with greater risk and greater potential return, such as high-yield and global bonds.*

The benchmarks for equity and fixed income were selected because all are publicly-traded and readily investible indices. With respect to real estate and infrastructure, an industry-recognized benchmark is used.

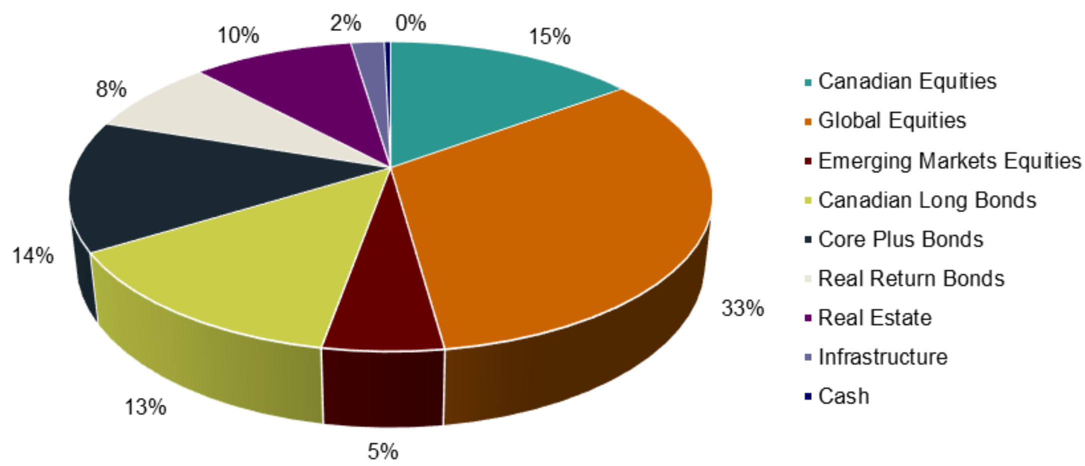
2. Inflation adjusted return of greater than 4.45% (greater than the Consumer Price Index (CPI) by 4.45%).

The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over time.

Total invested assets of the Civic Pension Plan at December 31, 2014 were $1,225.2 million.

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.

Asset Class Allocation



The table below provides the current asset allocation policy of the Civic Plan. The actual allocation at December 31, 2014 was 52.86% in Equities, 35.10% in Fixed Income, and 11.66% in Alternative Assets. The remaining 0.38% was held in Cash.

Asset Class	Total Fund Benchmark	Actual % Allocation	Min %	Target % Allocation	Max %
Equities:					
Canadian Equities	S&P/TSX 300 Index	15.02	10	15	20
Global Equities	MSCI World GD	32.74	20	30	37
Emerging Markets Equities	MSCI Emerging Markets GD	5.10	3	5	7
	Total Equities:	**52.86**		**50**	
Fixed Income:					
Canadian Long Bonds	FTSE TMX Canada Long Term Overall Bond Index	13.50	5	10	20
Core Plus Bonds	FTSE TMX Canada Universe Bond Index	13.67	8	15	20
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	7.93	5	10	15
	Total Fixed Income:	**35.10**		**35**	
Alternative Assets:					
Real Estate	Canadian CPI + 4%	9.65	5	10	15
Infrastructure	Canadian CPI + 5%	2.01	0	5	10
	Total Alternative Assets:	**11.66**		**15**	
Cash:	n/a	**0.38**	n/a	n/a	n/a
Total Fund:		**100.00**		**100**	

As the performance of individual managers and markets move the assets in the fund away from the normal strategic positions, the assets are rebalanced to bring the fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached.

The actual management and asset allocation structure of the Civic Pension Plan as at December 31, 2014 is shown below:

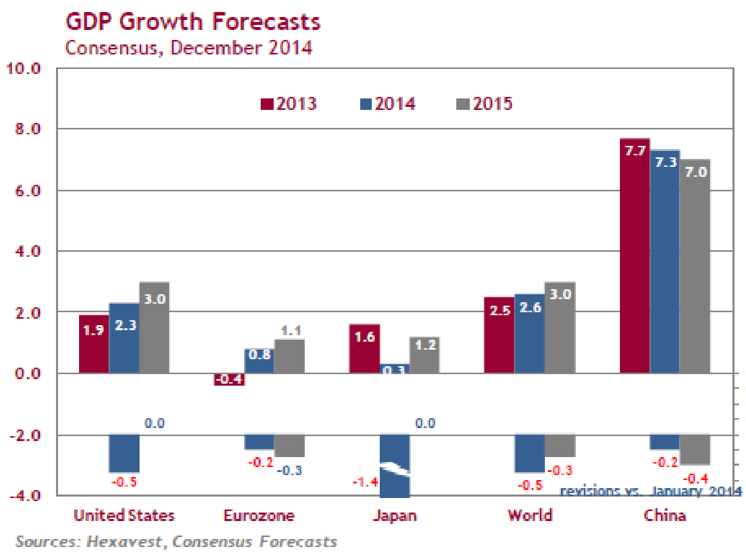
Asset Class	Manager	Start Date	Amount* ($ Thousands)	% Of Holdings
Equities:				
Canadian Equities	QV Investors Inc.	2014	95,228	7.77
	Scheer Rowlett & Associates	2008	88,827	7.25
Global Equities	Franklin Templeton Institutional	2013	135,736	11.08
	Hexavest Inc.	2013	133,468	10.89
	Schroders Investment Management Ltd.	2013	131,991	10.77
Emerging Markets Equities	Vontobel Asset Management, Inc.	2013	62,442	5.10
	Total Equities:		**647,692**	**52.86**
Fixed Income:				
Canadian Long Bonds	TD Asset Management	1998	165,446	13.50
Core Plus Bonds	TD Asset Management	2013	167,404	13.67
Real Return Bonds	n/a	n/a	97,192	7.93
	Total Fixed Income:		**430,042**	**35.10**
Alternative Assets:				
Real Estate	Greystone Managed Investments	1998	104,434	8.53
	Walton Street Capital	2014	13,778	1.12
	JP Morgan Chase & Co	2014	3	0.00
Infrastructure	Brookfield Asset Management Inc.	2013	24,645	2.01
	Total Alternative Assets:		**142,860**	**11.66**
Cash:	n/a	n/a	**4,621**	**0.38**
Total Fund:			**1,225,215**	**100.00**

**Amount includes small cash balances held by each manager within their investment portfolio as well as accrued income.*

Market
Overview

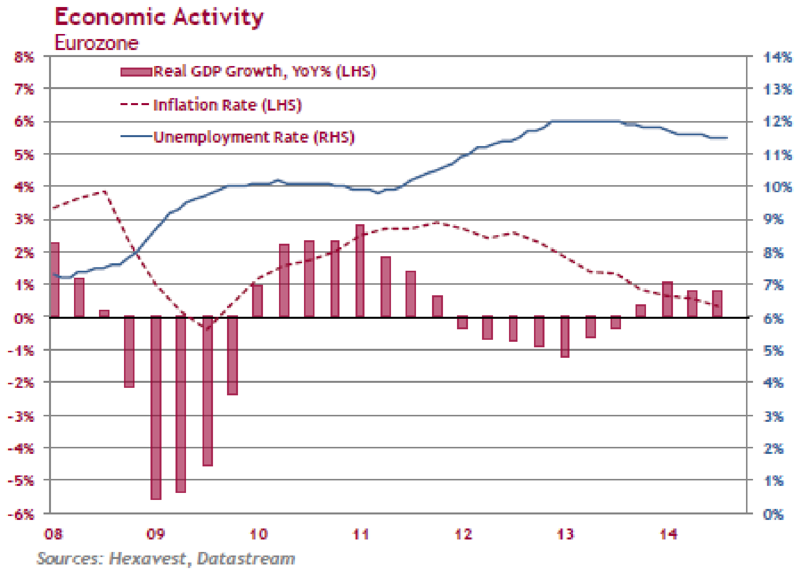
Global equities had narrow gains in the first quarter as worries over the impact of the Federal Reserve's tapering of quantitative easing saw equities begin the year on a weak footing. Stock markets recovered as the quarter progressed but gains were held back by the crisis in Ukraine. Canadian GDP grew at a modest annualized rate of 1.2% in the first quarter helped by consumer spending. Canadian employment data was strong while inflation remained at the low end of the Bank of Canada's targets. Commodities were notably strong as oil, natural gas, and gold stocks rose. Oil and gas producers benefited from increased demand and diminished supply caused by frigid winter conditions. The S&P/TSX Composite Index gained 6% over the quarter. The gain was broadly based as nine of the Index's ten sectors gained, led by Utilities, Healthcare and Materials. Consumer Discretionary was the only sector to decline over the quarter. U.S. macroeconomic data was mixed as housing data was disappointing yet consumer confidence reached a six-year high.

Fourth quarter 2013 GDP data was revised down to an annualized rate of 2.6% from an estimated 3.2%, while there was a slight up-tick in the unemployment rate. Utilities and Healthcare led the increase in the S&P 500 while Consumer Discretionary and Telecom detracted the most. Eurozone equities were supported by encouraging macroeconomic data and although inflation continued to be below target the European Central Bank (ECB) kept monetary policy unchanged. A change of government in Italy was greeted favourably by the market while UK shares fell as earnings were generally disappointing. In general emerging markets underperformed developed market peers.



Weaker macroeconomic data from China and the political tensions between Ukraine and Russia weighed on emerging markets, adding to ongoing concerns over the impact of reduced Global liquidity. Overall, international stock markets were flat for the quarter as the MSCI EAFE Index was unchanged. FTSE TMX Canada Universe Bond Index yields declined 22 basis points, with the average yield on the Index finishing the quarter at 2.53%. Short-, mid-, and long-term yields all declined over the quarter.

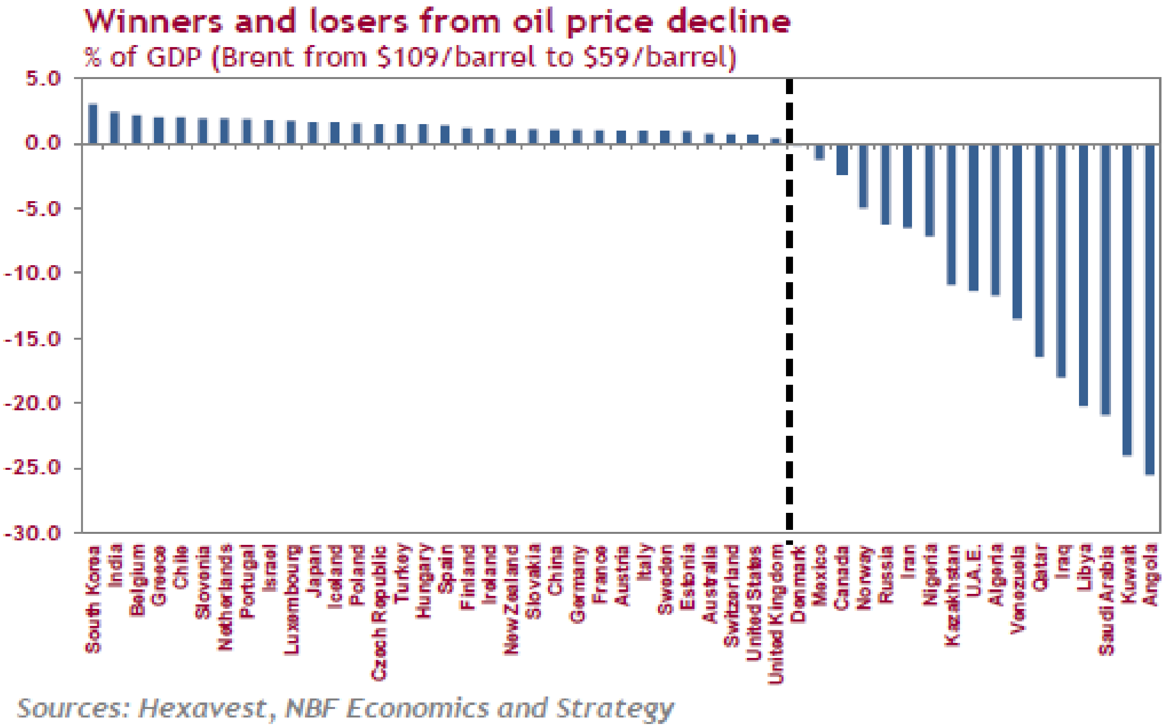
Global equities gained in the second quarter, supported by ongoing accommodative monetary policy from central banks. Geopolitical tensions were in focus amid an escalation of conflict in Iraq, which pushed oil prices higher. Canadian GDP surpassed expectations and grew at an annualized rate of 3.1%. Household consumption increased, yet decreases in government and business consumption weighed on growth. Canadian employment data was mixed during the quarter, and inflation in Canada remained contained. The S&P/TSX Composite Index gained 6.4% over the quarter. Gains were widespread as nine of the Index's ten sectors rose, led by Energy, Industrials, and Materials. Energy stocks were strong, with investor sentiment toward the sector improving as oil and natural gas prices were up year over year and the discount for Canadian oil versus U.S. and Global oil narrowed. In the U.S., the S&P 500 Index rose 5.2%, supported in part by increased consumer consumption and improved manufacturing activity. Gains were broadly based as all of the Index's ten sectors gained, led by Energy (which posted a double-digit return), Utilities, and Information Technology. GDP growth for the first quarter disappointed but data releases pointed towards a more encouraging picture for the second quarter. Eurozone equities were supported by the ECB's announcement of measures to stimulate growth and fend off the risk of deflation. The measures included a cut to interest rates and the introduction of a negative deposit rate. UK equities edged higher though markets were unsettled by suggestions that an interest rate rise could happen sooner than expected by the Bank of England.



In Japan, macroeconomic data was mixed following the increase in the consumption tax. Emerging markets outperformed developed market peers in the second quarter. Emerging Asia was the strongest region led by gains in India. There was optimism about the country's growth and reform prospects following the election victory of Prime Minister Narendra Modi. The FTSE TMX Canada Universe Bond Index rose 1.99% over the quarter. Both government and corporate bonds generated positive returns, with corporates modestly outperforming Government of Canada bonds.

Global equities delivered negative returns as geopolitical tensions rose in the third quarter. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in Ukraine. At the same time, data from Europe and China pointed to faltering economic growth. Canadian GDP rose at an annualized rate of 2.8% in the third quarter, exceeding expectations. Economic growth was broadly based as almost all sectors increased. Canadian employment data was mixed during the quarter, rising in July and declining in August. Canadian equities declined modestly over the quarter as the Energy and Materials sectors weakened. The S&P/TSX Composite Index posted a quarterly loss of 0.6%. Quarterly losses were concentrated in three of the Index's ten sectors – Materials, Energy, and Telecom. Gold was down notably in September as the U.S. dollar rallied, and oil stocks struggled, leading to a significant decline in the global benchmark price for oil. The S&P 500 posted a positive return with macroeconomic data remaining supportive of the upwards revision of second quarter GDP growth. Merger and acquisition activity continued to lift equities in the U.S. Eurozone equities were negatively affected by weaker economic data. Worries over the impact of sanctions imposed on Russia by the West, and the health of one of Portugal's banks weighed on investor sentiment. Japan registered positive returns, as corporate earnings were generally strong and exporters benefited from the weaker yen. Emerging markets lagged developed markets in the third quarter. Brazilian equities were weak with sentiment driven by the forthcoming presidential election. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds

Global equities delivered positive returns in a volatile fourth quarter. Canadian GDP rose at an annualized rate of 2.4%, aided by an increase in household consumption and exports. Canadian employment data was strong, but the unemployment rate increased slightly. Canadian inflation declined as energy prices continued to fall. The S&P/TSX Composite Index posted a quarterly loss of 1.47% as three of its ten sectors declined – Energy, Materials, and Industrials. Both the Consumer Staples and Consumer Discretionary sectors performed well over the quarter, spurred by tailwinds from improving employment data and lower gas prices. The Federal Reserve ended its quantitative easing program but other central banks continued to ease monetary policy in the fourth quarter while oil prices fell further, particularly after OPEC elected not to cut output. The S&P 500 performed well despite some concerns over interest rate rises. Equities were supported by hopes that the lower oil price would help sustain the consumer-led recovery. Eurozone equity returns were virtually flat in the fourth quarter. Macroeconomic news remained downbeat with disappointing news from Germany's industrial sector early in the quarter. The weak data fuelled hopes that the ECB would soon start buying sovereign bonds. Japanese equities gained after further monetary policy easing from the central bank sent the yen lower. Prime Minister Abe called snap elections, which were won by his party, and delayed another consumption tax increase. Emerging markets posted negative returns in the fourth quarter. Russia was particularly weak amid deteriorating economic data, the falling oil price, and pressure on the rouble.



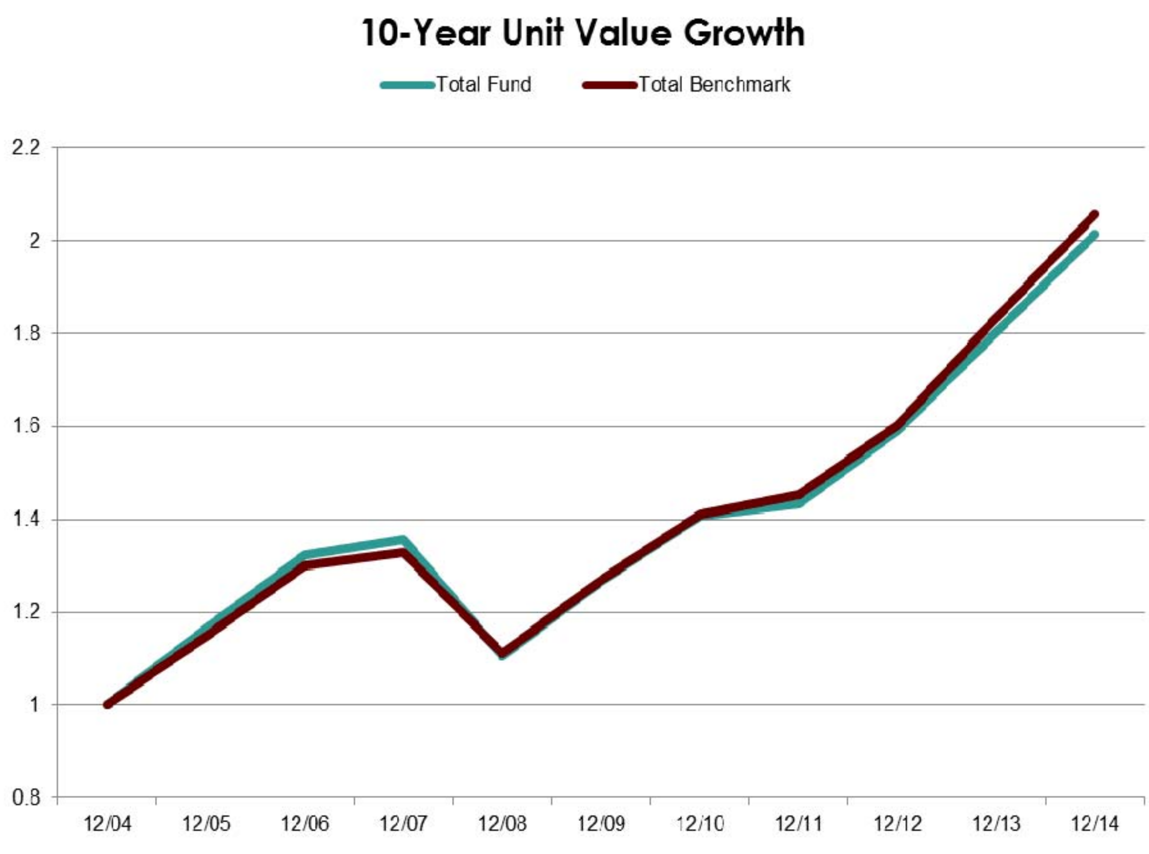
Persistent policy accommodation from the world's major central banks, as well as sustained weakness in oil prices, was the principal driver of returns for fixed income markets. The FTSE TMX Canada Universe Bond Index rose 2.70% over the quarter. Long-term bonds posted the best returns, rising 5.25% while mid-term bonds returned 2.69% and short-term bonds returned 0.92%. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds. Overall, yield declined 20 basis points, with the average yield on the FTSE TMX Canada Index finishing the quarter at 2.23%. Short-, mid-, and long-term yields all declined over the quarter.

Main Indices	**1 Year Return**	
December 31, 2014	**CAD**	**Local**
MSCI ACWI	13.55%	9.32%
MSCI World	14.39%	9.81%
MSCI EAFE	3.67%	5.92%
MSCI Europe	2.28%	4.66%
MSCI Pacific	6.07%	7.89%
MSCI Emerging	6.63%	5.17%
S&P 500	23.93%	13.69%
S&P/TSX	10.55%	10.55%

On a total fund basis the Civic Employees' Superannuation and Benefit Plan trailed the investment return of the custom benchmark by -0.38% with a return of 11.83%. On an inflation adjusted basis, the annual investment return of the Plan was 10.33%, outperforming the 4.45% adjusted return required by the Statement of Investment Policies & Procedures by 5.88%.

Over a rolling four-year period the annualized investment return stands at 9.36%, trailing the benchmark by -0.51%. The annual investment return on an inflation adjusted basis is 7.91%, outperforming the required 4.45% adjusted return by 3.45%. The fund has outperformed the 4.45% inflation adjusted return in each of the one through five-year periods. It is important to remember that pension assets are invested for the long haul, to meet obligations that are 30 years or more into the future. Over the last twenty years, the Plan has achieved an annualized return net of inflation of 6.71%, meeting the stated objectives of the portfolio. Changes to the asset mix were implemented in 2013 as the Board attempts to minimize volatility while generating the required returns.

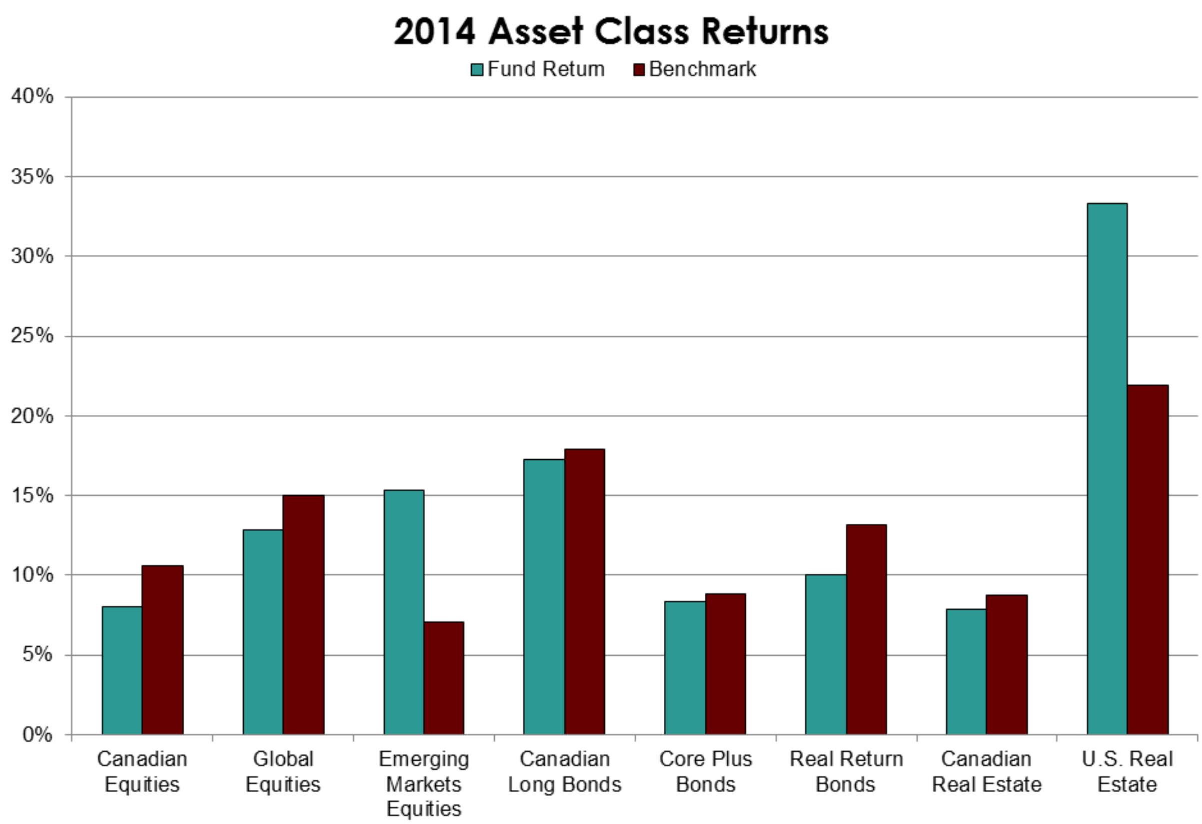
Investment Returns	**Annualized Rate Of Return (%)**				
	1 yr	**2 yr**	**3 yr**	**4 yr**	**5 yr**
Total Fund	11.83	12.53	11.98	9.36	9.73
Total Fund Benchmark	12.21	13.27	12.29	9.87	10.13
Excess Return (%)	**(0.38)**	**(0.74)**	**(0.31)**	**(0.51)**	**(0.40)**
Annualized CPI	1.50	1.35	1.17	1.45	1.64
Inflation Adjusted Return	10.33	11.18	10.81	7.91	8.09
Excess Return (> CPI+ 4.45%)	**5.88**	**6.73**	**6.36**	**3.46**	**3.64**



The following table shows the gross rate of return achieved by the various asset classes over the one through five year periods ended December 31, 2014. The applicable benchmark performance for each asset class is also noted.

Asset Class	Annualized Rate Of Return (%)				
	1 yr	**2 yr**	**3 yr**	**4 yr**	**5 yr**
Equities:					
Canadian Equities	8.00	12.25	11.43	4.64	7.00
Benchmark: S&P/TSX 300 Index	10.55	11.77	10.22	5.15	7.53
Global Equities	12.87	21.17	20.18	11.60	9.86
Benchmark: MSCI World GD	15.01	23.48	20.69	12.29	10.28
Emerging Markets Equities	15.30	-	-	-	-
Benchmark: MSCI Emerging Markets GD	7.03	-	-	-	-
Total Equities:	**11.69**	**17.90**	**16.56**	**10.14**	**10.35**
Fixed Income:					
Canadian Long Bonds	17.27	4.76	4.85	7.82	8.73
Benchmark: FTSE TMX Canada Long Term Overall Bond Index	17.88	4.70	4.47	7.88	8.70
Core Plus Bonds	8.38	-	-	-	-
Benchmark: FTSE TMX Canada Universe Bond Index	8.79	-	-	-	-
Real Return Bonds	10.06	(0.64)	0.53	4.46	5.63
Benchmark: FTSE TMX Canada Real Return Bond Index	13.18	(0.81)	0.40	4.61	5.88
Total Fixed Income:	**12.79**	**2.50**	**3.07**	**6.52**	**7.53**
Real Estate:					
Canadian Real Estate	7.89	9.77	10.68	11.43	10.85
Benchmark: IPD Canadian Property Index	8.76	10.43	11.92	12.35	10.94
U.S. Real Estate	33.34	-	-	-	-
Benchmark: NCREIF	21.89	-	-	-	-
Total Real Estate:	**7.89**	**9.77**	**10.68**	**11.43**	**10.85**
Infrastructure:					
Infrastructure	28.16	-	-	-	-
Benchmark: Canadian CPI +5%	6.47	-	-	-	
Total Infrastructure:	**28.16**	**-**	**-**	**-**	**-**

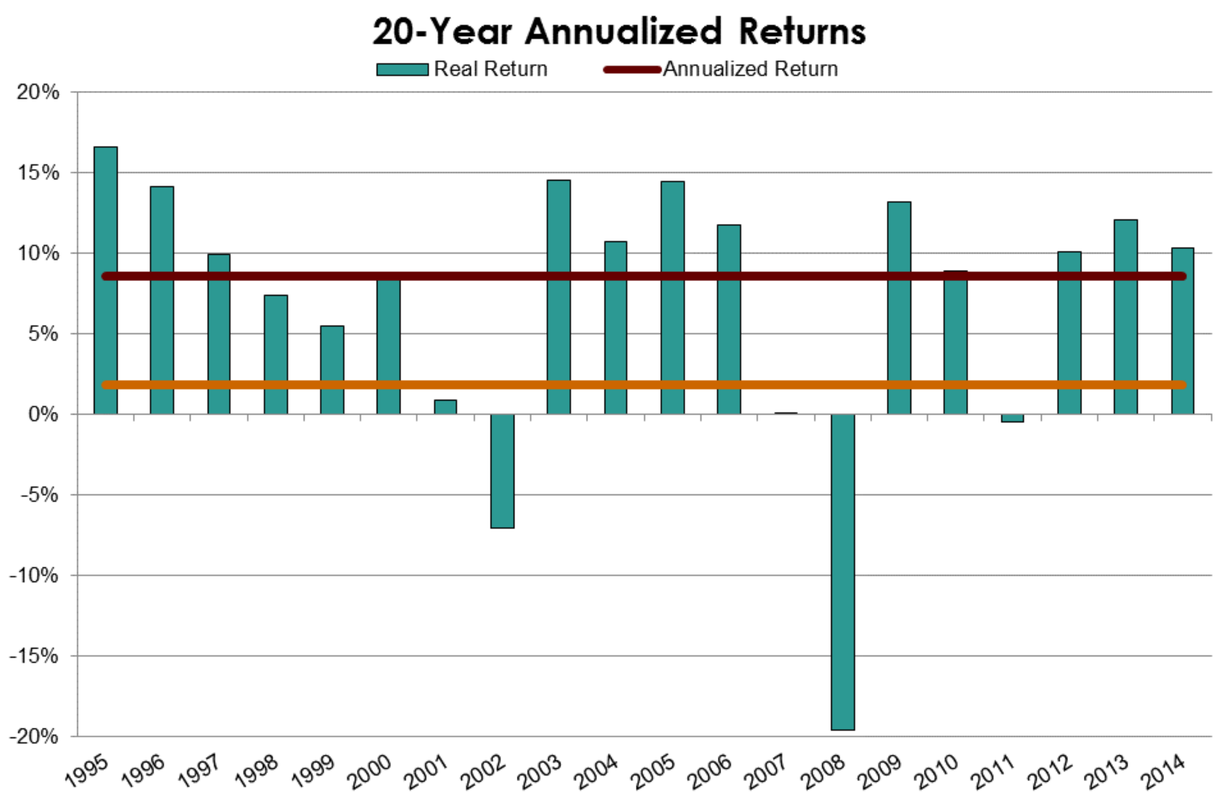
Asset Class	Annualized Rate Of Return (%)				
Cash:					
Cash	0.90	0.96	0.98	0.89	1.40
Benchmark: 91 Day Canadian T-Bill (CAD)	0.91	0.96	0.98	0.98	0.89
Total Cash:	**0.90**	**0.96**	**0.98**	**0.98**	**0.89**
Total Fund:	**11.83**	**12.53**	**11.98**	**9.36**	**9.73**



Historical Total Returns
While investment performance is measured and reviewed quarterly, it is important to maintain a longer-term perspective due to the nature of the liabilities of the Plan. This applies when reviewing the 2014 performance in relation to a longer investment horizon and considering the effects of inflation over time. The annual investment returns of the Civic Pension Plan for the last twenty years are as follows:

Annual Rate Of Return (%)							
Year	Nominal Return	CPI	Real Return	Year	Nominal Return	CPI	Real Return
2014	11.83	1.50	10.33	2004	12.80	2.10	10.70
2013	13.24	1.20	12.04	2003	16.60	2.10	14.50
2012	10.89	0.80	10.09	2002	(3.30)	3.80	(7.10)
2011	1.84	2.30	(0.46)	2001	1.60	0.70	0.90
2010	11.24	2.40	8.84	2000	11.60	3.20	8.40
2009	14.49	1.30	13.19	1999	8.10	2.60	5.50
2008	(18.40)	1.20	(19.60)	1998	8.40	1.00	7.40
2007	2.50	2.40	0.10	1997	10.60	0.70	9.90
2006	13.40	1.70	11.70	1996	16.30	2.20	14.10
2005	16.50	2.10	14.40	1995	18.30	1.70	16.60

(1) Nominal Return is the actual rate of return earned in the year.
(2) The CPI (Consumer Price Index) is published monthly by Statistics Canada. The rate of change provides a measure of inflation.
(3) Real Return is the return earned after accounting for the effect of inflation.
(4) Annualized Return is the return earned after the effect of inflation is removed, over a specific time period.



Expenses

Description	2014 ($ Thousands)
Actuarial Services:	
AonHewitt	$389
Morneau Shepell	3
Mercer (Canada) Ltd.	17
	409
Audit Services:	
KPMG LLP	**12**
Custodial & Performance Management Fees:	
Northern Trust Corporation	**197**
Investment Manager Fees:	
Brookfield Asset Management	18
Greystone Managed Investments	977
TD Asset Management	72
Franklin Templeton Institutional	834
Hexavest Inc.	564
Schroders Investment Management Ltd.	379
Vontobel Asset Management, Inc.	(354)
Pictet Asset Management	(5)
Sheer Rowlett & Associates	341
State Street Global Advisors	50
QV Investors	259
	3,135
Legal Services:	
McDougall Gauley	**101**
Other Administrative Expenses:	
Pensions & Disability - Salaries & Benefits	636
Aon Hewitt	8
Conferences, Seminars & Travel	46
SaskCentral	124
Office Supplies	2
CPAS	125
Mercer (Canada) Ltd.	4
Government of Saskatchewan	15
Net Self-assessed GST less Rebate	12
KPMG	23
SaskTel	8
Bloomberg	43
Receptions & Meetings	2
Squareflo	1
Standard Life	1
Evestment	13
Stonefield	2
Other	24
	1,089
Total for the Plan:	**$4,943**
Capitalized Expenditures:	
Morneau Shepell (Pension Administration Computer Software)	**292**

*Note: Ammortization expense is not included in Pension Plan Expenses

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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Regina Civic Employees' Superannuation & Benefit Plan:

We have audited the accompanying financial statements of the Regina Civic Employees' Superannuation & Benefit Plan, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regina Civic Employees' Superannuation & Benefit Plan as at December 31, 2014, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Chartered Accountants

KPMG LLP

May 20, 2015
Regina, Canada

STATEMENT OF FINANCIAL POSITION
(in thousands of dollars)

As at December 31

	2014	2013
ASSETS		
Investments – Note 4	**$ 1,095,556**	$ 974,017
Investments Under Securities Lending – Note 4	**129,659**	136,006
Accrued Income Receivable	**1,147**	1,045
Computer Software – Note 5	**521**	358
Contributions Receivable		
Members	**511**	467
Employers	**511**	467
Accounts Receivable	**1,077**	534
	1,228,982	1,112,894
LIABILITIES		
Accounts Payable	**2,399**	2,739
Net Assets Available for Benefits	**1,226,583**	1,110,155
Pension Obligations – Note 6	**1,296,993**	1,228,066
Deficit	**$ (70,410)**	$ (117,911)

See accompanying notes

APPROVED BY:

_______________ Board Member

_______________ Board Member

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(in thousands of dollars)

For the year ended December 31

	2014	2013
INCREASE IN NET ASSETS		
Investment Income – Note 7	**$ 30,830**	$ 26,238
Increase in Fair Value of Investments	**99,344**	103,862
Contributions – Note 8		
Member	**26,700**	25,749
Employer	**26,709**	25,393
	183,583	181,242
DECREASE IN NET ASSETS		
Benefit Payments – Note 9	**55,545**	50,116
Pension Refunds – Note 9	**6,537**	7,302
Administration Expenses – Note 13	**5,073**	5,151
	67,155	62,569
Net Increase for the Year	**116,428**	118,673
Net Assets Available for Benefits, Beginning of Year	**1,110,155**	991,482
Net Assets Available for Benefits, End of Year	**$ 1,226,583**	$ 1,110,155

See accompanying notes

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

(in thousands of dollars)

For the year ended December 31

	2014	2013
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Obligations	**$ 81,001**	$ 71,757
Accrual of Pension Obligations	**42,077**	45,811
Change in Assumptions	**19,417**	-
Experience Losses	**-**	23,510
	142,495	141,078
DECREASE IN PENSION OBLIGATIONS		
Benefit Payments and Pension Refunds	**62,083**	57,418
Change in Assumptions	**-**	98,586
Experience Gains	**11,485**	-
	73,568	156,004
Net Increase/(Decrease) for the Year	**68,927**	(14,926)
Pension Obligations, Beginning of Year	**1,228,066**	1,242,992
Pension Obligations, End of Year	**$ 1,296,993**	$ 1,228,066

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

1. Description of Plan

The Regina Civic Employees' Superannuation and Benefit Plan (the "Plan") is a multi-employer contributory defined benefit pension plan covering eligible employees of the City of Regina and the following participating Boards: Regina Qu'Appelle Regional Health Authority, Regina Public Library Board, non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan, and the Buffalo Pound Water Administration Board. The following description is a summary only. For more complete information, reference should be made to the Plan text.

Under the Plan provisions, upon termination, a Plan member has 90 days to advise the pension plan administrator of the member's choice of termination option. A member can defer pension benefits to commence at the member's earliest retirement date or transfer the commuted value of the pension benefits from the Plan to a locked-in retirement account. Accordingly, the impact of these payments and the resulting experience loss has been reflected in the pension obligations as at December 31, 2014.

(a) Funding Policy

Members' contributions are a percentage of salary ranging from 8.42% to 13.96%. The contributions are matched by the employer. The employers match the contributions made by the active members and contribute $1.00 for every $.75 contributed by disabled members. Members may also make contributions in respect of past service that are not matched by the employer.

Actuarial valuations were performed as at December 31, 2009, December 31, 2010 and December 31, 2012. For the 2009 valuation, the minimum funding requirements recommended by the actuary totalled a combined rate of 27.7%. For the 2010 valuation, the minimum funding requirements recommended by the actuary totalled a combined rate of 38.2%. For the 2012 valuation, the minimum funding requirements recommended by the actuary totalled a combined rate of 69.8%. None of these three recommendations has been implemented by the Plan sponsors and the contribution rates remain at the level established in the 2007 valuation.

The Pension Benefits Act, 1992 and regulations require that a plan provide for funding of any solvency deficiency within a five year period. However, in response to the recent decline in capital markets, the regulations were revised in 2009 to allow a plan administrator to elect to suspend solvency deficiency payments for a period of three years, subject to certain requirements. The Civic Pension Board, as administrator, elected to suspend solvency deficiency payments identified in the 2009 valuation for the three year period effective January 2011.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

1. Description of Plan (continued)

The Plan sponsors have reached agreement on certain Plan changes intended to address the going concern unfunded liability and permit the Plan to be included as a Specified Plan under section 36.7(1) of the *Pension Benefit Regulations, 1993.* The agreed upon changes require regulatory changes which have yet to receive the support of the Saskatchewan Financial and Consumer Affairs Authority.

(b) Benefits

Retirement pensions are based on the number of years of service multiplied by 1.35% to 2% of the best consecutive three years average salary.

Deferred, survivor and disability benefits (disabilities prior to January 1, 1992) are also available under the Plan.

The Plan also provides for the payment of lump sum benefits when a member dies or ceases to be employed by a participating employer, subject to lock-in provisions.

(c) Income Taxes

The Plan is a registered pension plan as defined in The Income Tax Act and is not subject to income taxes. Retirement allowances paid from the Plan are subject to deductions that are withheld and remitted to the Canada Revenue Agency.

2. Basis of Preparation

(a) Statement of compliance

The financial statements for the year ended December 31, 2014, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CPA Canada Handbook Section 4600, Pension Plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented. The financial statements were authorized and issued by the Plan's Administrative Board on May 20, 2015.

(b) Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments which have been measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies

The following policies are considered to be significant:

(a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Plan sponsors and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

Employers of members are responsible for the accuracy and completeness of members' contributions remitted and of employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the members' contributions and payroll information received from employers of the members.

(b) Investments

All investments are recorded at fair value. The fair value of equities is based on quoted market values, based on latest bid prices. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into account duration, credit quality and liquidity. Transactions in bonds and equities are recorded as of the trade date.

Pooled funds are recorded at fair value based on the net asset value per unit determined by the investment manager with reference to the underlying investments' year-end market prices.

Short-term investments are recorded at cost, which together with accrued interest income, approximates fair value.

(c) Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the statement of financial position given that the risks and rewards of ownership are not transferred from the Plan to the counterparties in the course of such transactions. The securities are reported separately on the statement of financial position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the Plan in the course of such transactions.

(d) Investment Income and Transaction Costs

The Plan recognizes interest income as earned, dividends when declared, pooled fund revenue when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the changes in market value of the investments held.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies (continued)

Interest revenue includes amortization of any premium or discount recognized at the date of purchase of the security. Amortization is calculated using the effective interest method. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Interest is generally receivable on a semi-annual basis.

Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

(e) Foreign Exchange

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign denominated investments and accrued income are translated at year end exchange rates. The unrealized gains and losses arising from the transaction are included in the statement of changes in net assets available for benefits as part of the change in fair value of investments.

(f) Computer Software

Computer software acquired by the Plan is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in net increase (decrease) in net assets on a straight-line basis over the estimated useful life of the software of 5 years.

(g) Use of Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investments and pension obligations. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined.

(h) Future Accounting Policy Changes

The relevant new guidance issued by the International Accounting Standards Board not yet adopted by the Plan includes:

- IFRS 9, Financial Instruments. The new standard will replace IAS 39, Financial Instruments: Recognition and Measurement, and includes guidance and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The new standard will come into effect January 1, 2018, with early application permitted.

Management does not expect any significant impact on either the Plan's financial position or its investment income when adopting the new standard.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet pension benefits payments. Due to the long-term horizon of the Plan's benefits, the Plan takes a long-term investment perspective. The Plan has the following investments:

	2,014	**2,013**
Short Term Investments	**$ 5,488**	$ 3,303
Canadian Bonds	**96,585**	90,647
Canadian Equities	**65,595**	94,040
US Equities	**9**	18,683
Non-North American Equities	**-**	126
Global Equities	**118,457**	103,619
Cash	**7,442**	7,003
Pooled funds:		
Canadian Bonds	**332,850**	246,206
Global Equities	**265,418**	241,511
Emerging Markets Equities	**62,442**	48,079
Infrastructure	**23,055**	3,968
Real Estate	**118,215**	116,832
	1,095,556	974,017
Investments Under Securities Lending		
Short Term Investments	**7,800**	304
Canadian Bonds	**607**	-
Canadian Equities	**107,824**	118,406
US Equities	**-**	1,867
Global Equities	**13,428**	15,429
	129,659	136,006
Total Investments	**$ 1,225,215**	$ 1,110,023

The investments held by the Plan are subject to *The Pension Benefits Act, 1992,* and its regulations. Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

To achieve its long term investment goal, the Board has adopted the following asset mix which includes equity for returns and a well-diversified portfolio of assets.

Asset Class		Min Weight (%)	2014 Benchmark Weight (%)	Max Weight (%)
Equities	Canadian	**10**	**15**	**20**
	Global	**20**	**30**	**37**
	Emerging Market	**3**	**5**	**7**
Fixed Income	Long Bonds	**5**	**10**	**20**
	Core Plus Bonds	**8**	**15**	**20**
	Real Return Bonds	**5**	**10**	**15**
Alternatives	Real Estate			
	Canadian	**3**	**5**	**12**
	Global	**0**	**5**	**7**
	Infrastructure	**0**	**5**	**10**
Total			**100**	

In general and subject to the restrictions noted below, the Plan may invest in any of the following asset classes and investment instruments. The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles as described in the regulations of the *Pension Benefits Standards Act, 1993*.

Cash and Short Term Investments

The Plan may invest in cash and short term investments which consist of cash on hand, Canadian and US money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

Canadian Bonds

Canadian bonds consist of government bonds as well as investments in two pooled bond funds which hold government and corporate bonds and debentures. The Statement of Investment Policies and Procedures permits investment in all bonds, debentures, notes, non-convertible preferred stock, real return bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency including mortgage-backed securities, guaranteed under *The National Housing Act (Canada)*, asset backed securities, term deposits and guaranteed investment

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

certificates. It also permits investment in private placement of bonds that are rated by a recognized rating agency. The Plan's investment policy states that a minimum of 80% of fixed income must be invested in investment grade as rated by a recognized credit rating service.

The Plan holds Government of Canada bonds with a carrying value of $97,192 (2013 – $90,647). The bonds have a term to maturity of greater than five years and an average effective interest rate of 2.8% (2013 – 1.8%).

Equities

Equities consist primarily of publicly traded shares, and in the case of Global equities, refers to investments in developed markets outside of Canada. In the case of Emerging market equities, refers to investments in national markets in an early stage of economic development. The Plan may invest in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges, and unlisted equity securities, such as private placement equity, where the investment manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

The Plan holds equity investments in Canada, Global and Emerging markets through a combination of separately managed accounts and pooled funds. The dividend yield on those accounts was 2.3% at the end of 2014 (2013 - 2.3%). The Plan reinvests those earnings and does not rely upon them to fund benefit payments.

Pooled funds

The Plan owns units in Global and Emerging Markets pooled equity funds, along with Canadian bonds, pooled real estate, and a pooled infrastructure fund. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Securities lending program

Through its custodian, the Plan participates in an investment securities lending program for the purpose of generating fee income. Non-cash collateral of a minimum percentage of the market value of the loaned securities is retained by the Plan until the loaned securities have been returned. Initial collateral levels shall be no lower than 102% of the borrowed securities. A higher collateralization rate of 105% may apply if the borrowed security and the collateral are denominated in different currencies. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

At December 31, 2014, the Plan held collateral of $137,084 (2013 – $143,331) for the loaned securities.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

Fair Value of Investments

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (for example, as prices) or indirectly (for example, derived from prices).
Level 3 – inputs for the investment that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

2014

Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash & Short-Term	$ 12,930	$ -	$ -	$ 12,930
Canadian Bonds	-	96,585	-	96,585
Equities	184,061	-	-	184,061
Pooled Funds:				-
Canadian Bonds	-	332,850	-	332,850
Equities	-	327,860	-	327,860
Infrastructure	-	23,055	-	23,055
Real Estate	-	118,215	-	118,215
Investments under Securities Lending:				-
Short Term Investments	7,800	-	-	7,800
Canadian Bonds	-	607	-	607
Equities	121,252	-	-	121,252
Total Investments	$ 326,043	$ 899,172	$ -	$ 1,225,215

2013

Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash & Short-Term	$ 10,306	$ -	$ -	$ 10,306
Canadian Bonds	-	90,647	-	90,647
Equities	216,468	-	-	216,468
Pooled Funds				-
Canadian Bonds	-	246,206	-	246,206
Equities	-	289,590	-	289,590
Infrastructure	-	3,968	-	3,968
Real Estate	-	116,832	-	116,832
Investments under Securities Lending				
Short Term Investments	304	-	-	304
Equities	135,702	-	-	135,702
Total Investments	$ 362,780	$ 747,243	$ -	$ 1,110,023

There were no investments transferred between levels during 2014.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

5. Computer Software

Computer software consists of a pension administration system purchased in 2013 and installed in 2014 at a cost of $650. Amortization is recognized on a straight-line basis over 5 years.

6. Pension Obligations

The present value of pension obligations is determined using the projected accrued benefit actuarial cost method prorated on service and reflects management's best estimates of future investment performance, salary escalation, age at retirement and future pension indexing up to the rate of inflation. AonHewitt Inc. is the appointed actuary for the Plan. The actuarial value of pension obligations has been determined as of December 31, 2014 by extrapolating the figures from December 31, 2013, the date of the last interim actuarial valuation. The next actuarial valuation that must be performed and filed as of December 31, 2015.

Because the Plan has a solvency deficiency, there is a requirement for a transfer deficiency holdback to be withheld from payouts of commuted value for a period of five years. Transfer deficiency holdbacks owing as of December 31, 2014 totalled $6.7 million (2013 - $4.3 million) and have been included in the calculation of the pension obligations.

The assumptions used in the valuation were developed with reference to expected long-term market conditions. Significant long-term assumptions used in the valuation were:

Assumption	2014 Rate (%)	2013 Rate (%)
Inflation Rate	**2.5**	**2.2**
Discount Rate	**6.7**	**6.65 for the first four years, 6.29 thereafter**
Rate of Pensionable Earnings Increase	**3.9**	**3.6**

As the Plan provisions are based on a final highest average consecutive three years earnings the pension obligation is sensitive to changes in the assumed real rate of pensionable earnings increases which impacts future benefits and the assumed real rate of return on Plan assets, which is used in the discounting of these future benefits.

A change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the pension obligations.

50 Basis Point Decrease/Increase	Approximate Effect on Pension Obligations $
Real rate of pensionable earnings increases	**-14,442/+15,160**
Real return on plan assets and discount rate	**+80,047/-72,184**

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

7. Investment Income

Cash and Short Term Investments	**$**	**185**	$	53
Bond Interest		**15,839**		10,953
Dividend Income		**14,806**		15,232
Total	**$**	**30,830**	$	26,238

8. Contributions

Member		**2014**		**2013**
Required Contributions from Members	**$**	**23,093**	$	22,345
Past Service Contributions from Members		**305**		242
Special Contributions from Members		**3,302**		3,162
Total	**$**	**26,700**	$	25,749

Employer				
Required Contributions from Employers	**$**	**23,407**	$	22,231
Special Contributions from Employers		**3,302**		3,162
Total	**$**	**26,709**	$	25,393

Past service contributions include amounts for purchase of previous service. Special contributions represent payments required resulting from actuarial shortfalls identified in the 2007 actuarial valuation. No special payments are currently being made relating to the 2009, 2010 and 2012 valuations as the Plan sponsors have not implemented those rate adjustments (See Note 1).

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

9. Benefit Payments and Pension Refunds

Benefit Payments		2014		2013
Retirement Benefit Payments	**$**	**55,466**	$	50,037
Disability Benefit Payments		**79**		79
Total	**$**	**55,545**	$	50,116

Pension Refunds		2014		2013
Termination Benefit Payments	**$**	**6,044**	$	6,504
Death Benefit Payments		**493**		798
Total	**$**	**6,537**	$	7,302

10. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future pension obligations. The extent that net assets available for benefits are greater or less than pension obligations is reflected as a surplus or a deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded on a going-concern basis to pay the Plan's benefits over the long term.

The Plan receives new capital from member and employer contributions which is sufficient to meet its obligations in the short term. The Plan conducts regular actuarial valuations to identify contribution requirements to meet its future obligations. The Plan sponsors have not implemented contribution rate increases or benefit changes as identified in the 2009, 2010 and 2012 valuations. This increases the risk that the Plan will not be able to meet its long term obligations.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

11. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to market risk, credit risk, interest rate risk, and foreign currency risk. They may also be subject to liquidity risk and real estate risk. Investments held by the Plan are subject to *The Pension Benefits Act, 1992* and *The Pension Benefits Standards Regulations, 1993.* As required under that legislation, the Plan maintains a Statement of Investment Policies and Procedures that establishes an asset mix among equity, fixed income and real estate investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments. The Board of Trustees approves the Statement of Investment Policies and Procedures which is reviewed annually.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures. The asset mix is described in Note 4. The Plan also uses investment managers employing differing investment styles to address Plan risk.

The impact on the net assets of the Plan due to a 10% change in the respective benchmark stock index using a three year historical measure of the sensitivity of the returns relative to the returns of the benchmark stock index, as of December 31, 2014 would result in an increase/decrease of 9.5% (2013 – 9.5%) in the value of the portfolio.

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from certain investments. Credit risk is mitigated by entering into contracts with the parties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service. The maximum credit risk to which it is exposed at December 31, 2014 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2014	2013
Canadian Bonds	**$ 97,172**	$ 90,647
Cash	**7,442**	7,003
Contributions Receivable	**1,022**	934
Short Term Investments	**13,288**	3,607
Accounts Receivable	**1,077**	534
Accrued Income Receivable	**1,147**	1,045
Total	**$ 121,148**	$ 103,770

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

11. Investment Risk Management (continued)

The Plan's Canadian Bonds consist of Government of Canada Bonds rated AAA. The Plan also invests in a Canadian Bond pooled fund which may invest in Canadian Bonds with a credit rating of BBB or equivalent.

Interest Rate Risk

Interest rate risk refers to the effect on the fair value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Due to the indexing of benefit entitlements and the relatively long duration of pension benefits, the Plan's liabilities are influenced by inflation and long-term rates of return. Alternatively, asset values are affected more by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2014 a 1% increase/decrease in interest rates would result in a $46,854 (2013 - $36,863) change in the value of the Plan's fixed income portfolio.

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies can result in a positive or negative effect on the fair value of the investments. The Plan manages foreign currency risk by limiting investment in foreign securities. The Board has adopted a non-hedge policy benchmark.

The Plan's foreign currency exposure is as follows:

Currency	**2014**	**2013**
USD	**$ 179,812**	$ 142,654
EUR	**8,639**	14,330
GBP	**14,132**	12,643
CHF	**14,118**	8,492
YEN	**-**	3,362
Other *	**11,686**	16,724
Total	**$ 228,387**	$ 198,205

* 'Other' includes small investments in two different currencies, each representing less than 1% of the total portfolio. Changes in these underlying currencies would have a nominal effect on the Plan.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

11. Investment Risk Management (continued)

As 14.7% (2013 – 12.9%) of the Plan's assets are held in US dollars this is the most significant foreign currency risk that the Plan faces. Based on the current non-hedged policy, a 10% change in the US exchange rate will result in a 2.3% (2013 – 1.7%) change in the value of the portfolio. As of December 31, 2014 a 10% decrease in the value of the US dollar, relative to the Canadian Dollar, would have resulted in a $27,853 loss in the value of the investments (December 31, 2013 - $18,815 loss).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets and through positive net cash inflows from member contributions in most months.

Real Estate Risk

Risk in the real estate pooled fund portfolio is mitigated through diversification across geography and property type. Risk is further minimized by semi-annual appraisals of all properties and by limited use of leverage both at the individual property and portfolio level.

12. Related Party Transactions

Related Party Transactions		2014		2013
Accounts Receivable includes the following amounts:				
The Regina Police Pension Plan	**$**	**794**	$	331
Target Retirement Income Plan for the Regina Police Service		**37**		-
Regina Civic Employees Long Term Disability Plan		**76**		44
The Local 21 Casual Employees and Elected Officials Money Purchase Pension Plan		**8**		12
	$	**915**	$	387
Accounts Payable include amounts due to the City of Regina	**$**	**806**	$	866
Expenditures include amounts paid to the City of Regina	**$**	**-**	$	22

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

13. Administration Expenses

Administration Expenses		2014		2013
Actuarial Services	**$**	**409**	$	229
Audit Services		**12**		11
Custodial and Portfolio Measurement Fees		**197**		230
Investment Manager Fees		**3,135**		3,457
Legal Services		**101**		119
Other Administrative Expenses		**1,219**		1,105
Total	**$**	**5,073**	$	5,151

14. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

15. Subsequent Event

On July 17, 2014, the Deputy Superintendent of Pensions for Saskatchewan issued a letter to the Chair of the Administrative Board indicating that she was considering cancelling the Plan's registration due to City Council's 2011 decision not to raise contribution rates recommended by the actuary. The result of such action would terminate the Plan. In response to that letter representatives of the employers with members enrolled in the Plan and the Pension and Benefits Committee signed a Memorandum of Understanding (MOU) agreeing to amend the Plan on November 21, 2014. As a result of that agreement a proposal was submitted to the Financial and Consumer Affairs Authority requesting regulatory amendments that would bring the Plan into compliance with the *Pension Benefit Act, 1992* and the related regulations.

On March 11, 2015, the Saskatchewan Minister of Finance announced that the Provincial Cabinet agreed to amend the *Pension Benefit Regulations, 1993* in a manner that would permit the changes contemplated in the above noted MOU to be implemented. On March 11, 2015, the Deputy Superintendent of Pensions for Saskatchewan announced that as a result Cabinet's decision she had decided to not cancel the Plan's registration as per her July 17, 2014 letter. On April 8, 2015, the Deputy Superintendent of Pensions issued a letter to the Board Chair confirming her decision.

Pensions & Disability

June 8, 2015

To: City Clerk
Attention: Mavis Torres

Re: The Regina Civic Employees' Long Term Disability Plan 2014 Annual Report

Schedule A of Bylaw No. 9566, Section 9.4(3) of the City of Regina states that "The Board shall annually report to Council on the operation of the Plan". In accordance with the Bylaw, attached is the 2014 Annual Report for The Regina Civic Employees' Long Term Disability Plan for information to be submitted for the next Finance and Administration agenda. Included in the Annual Report are the audited financial statements for the year ended December 31, 2014 which were approved by the Administrative Board for the Regina Civic Employees' Long Term Disability Plan at its meeting of May 20, 2015.

Yours truly,

Colyn R. Lowenberger, Director
Pensions and Disability Administration

CL/kt
Encl.

Regina Civic Employees' Long Term Disability Plan
B101 – 2055 Albert Street • Box 3030 • Regina SK • Phone: 306.777.7402 • Fax: 306.777.6912

Regina Civic Employees' Long Term Disability Plan

Annual Report & Audited Financial Statements

December 31, 2014

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Message from the
Chairperson

On behalf of the Board of Trustees for the Regina Civic Employees' Long Term Disability Plan, I am pleased to provide the Annual Report as at December 31, 2014.

The Regina Civic Employees' Long Term Disability Plan is an insurance plan for members who find themselves unable to work due to sickness or injury. The Plan provisions are established by the Plan Sponsors and the Board is responsible for the oversight of the administration of the Plan.

Standard Life has been providing adjudication and administration services for the Plan since 2012. With the purchase of the Canadian operations of Standard Life by Manulife, the Board will continue to monitor this transition to ensure there is a continued focus on claims management and rehabilitation.

The Board continues to manage the funds, which are held in trust by a custodian, through a continued strategy that is focused on de-risking the portfolio by providing additional return without adding material risk to the portfolio.

Work has progressed on the transition to a separate legal entity (Mobius Benefits Administrators Inc.) to more efficiently manage this plan, as well as the Civic Employees' and Police Pension Plans.

To my fellow Board members I express my sincere appreciation for your commitment and fiduciary duty to all Plan Beneficiaries. On behalf of the Board, I extend a sincere recognition to Colyn Lowenberger and all the staff for their continued commitment and professional service in the administration of the Plan.

Colin Jensen, B. Sc., B. Admin.
Chairperson, Regina Civic Employees' Long Term Disability Plan

Executive Summary

The number of employees in receipt of long term disability benefits decreased 9% from 91 at December 31, 2013 to 82 at December 31, 2014. A total of $2.1 million was paid in disability benefits in 2014. 2014 saw a minimal decrease of 1.4% in the average monthly disability benefit before offsets from $2,702 in 2013 to $2,664 in 2014. The duration of disablement has decreased slightly to 5.4 years from 5.6 years in 2013. There were 53 new long term disability claims approved in 2014 and 56 claims resolved.

The adjudication and administrative services for the Plan have been provided by Standard Life since the beginning of 2012. In November of 2014, a representative from Standard Life provided the Board with a report on the services provided over the past three years. In addition, the acquisition of the Canadian operations of Standard Life by Manulife was discussed. The services provided are expected to remain unchanged with the acquisition. This was also confirmed by AONHewitt in a report distributed to all their clients. The Board will continue to monitor this service provider.

On September 16, 2014 the Civic Pension & Benefits Committee held their Annual Contributors' Meeting. John Gangl and Brian Seidlik were re-elected to the Board. Scott McDonald was elected to represent employees' of Regina Qu'Appelle Health Region. Lorna Glasser was elected to be a non-voting alternate.

Over the past year, the net assets available for benefits experienced an increase from a balance of $38.0 million at the end of 2013, to a balance of $42.4 million at the end of 2014. The Plan's disability obligations increased from a balance of $16.3 million in 2013 to $18.3 million at the end of 2014, resulting in a surplus of $24.2 million, an 11% increase from 2013. Total invested assets of the Plan (including accrued income) were $42.8 million. Contributions for the year were $4.2 million, while disability payments were $2.1 million, and administrative expenses were $731,000. Investment income for the year was 7.9% or $3.0 million.

The Regina Civic Employees' Long Term Disability Plan provides eligible members with protection against the potential loss of income in the event they become ill or accidentally injured. The Plan was established January 1, 1992 under Schedule "A" of Bylaw No. 9566.

Some of the benefits of belonging to the Plan include:

- monthly disability payments equal to 65% of your pre-disability salary;
- coverage for recurrent disabilities;
- early access to diagnostics and surgeries;
- access to therapy programs, conditioning, and rehabilitation programs; and
- access to return to work programs such as cross jurisdictional placement, split shifts, and work from home programs.

The Plan has been designed to complement the members' sick leave plan and to integrate with government disability programs. The Plan also offers high quality claims administration services and continues to review and implement emerging alternatives in disability management that are of mutual benefit to plan members and the Plan.

Plan members contribute 0.92% of basic earnings and the employers contribute an equal amount.

Following is a list of employers participating in the Plan:

- City of Regina
- Regina Qu'Appelle Regional Health Authority
- Regina Board of Education (non-teaching Staff)
- Regina Public Library
- Buffalo Pound Water Administration Board

Benefit Provisions
Disability benefits are payable to a member who suffers any physical or mental condition which, based on medical evidence, is so severe that he/she is prevented from performing the duties of their own occupation during the 120 calendar day qualifying period and the first twelve (12) months immediately following the qualifying period. Thereafter, benefits may continue, if the condition continues to limit the member from engaging in any gainful occupation or employment for remuneration or profit, for which he/she is reasonably well qualified by education, training or experience.

Benefits are payable subject to the provision of medical evidence supporting disability, and the approval of the Plan adjudicator. A member may not receive disability benefits while in receipt of sick leave benefits or ongoing vacation leave payments.

The total disability payment is based on 65% of the current salary rate at the date of disability or the date the disability payments become effective, whichever is greater. After having received total disability benefits for a period of twelve (12) months, partial disability payments may be payable if the medical evidence indicates that the member is not totally disabled from employment but a permanent medical impairment does exist.

Disability benefits will be reduced by payments received from the Workers' Compensation Board, the Canada Pension Plan (disability benefit), the Canada Employment and Immigration Commission, the Saskatchewan Government Insurance Personal Injury Protection Plan, and salary or wage loss awarded as the result of action against any third party for the same disability except for benefits received from a member's private disability plan.

Where a person with a disability is considered to be a suitable candidate for rehabilitation, such rehabilitation may be pursued in order to assist the person to become actively employed. Wage top-up benefits may be provided if a member is engaged in rehabilitative employment that does not afford a salary rate of 90% or more of the previous salary. If the member is engaged in rehabilitative employment and again ceases work as a result of disability, the member is not obliged to serve a further one hundred and twenty (120) calendar day waiting period.

If a member qualifies for disability benefits, they will be required to maintain membership in the Regina Civic Employees' Superannuation & Benefit Plan by making the necessary contributions during the period of disability. The required pension contributions shall be on the basis of seventy-five percent (75%) of normal contributions. The member may waive these provisions if they are in receipt of partial disability benefits, which are fifty percent (50%) or less than the total disability benefit.

Plan Administration
The operational activities of the Plan are performed by the Pensions & Disability Administration Department. The staff of the Pensions & Disability Administration Department provides assistance to members regarding their individual benefit entitlements.

Contact Us:

By Phone:
306-777-7402

By Email:
pensions@regina.ca

In Person:
Suite B101 –
2055 Albert Street
Regina, SK

By Mail:
P.O. Box 3030
Regina, SK
S4P 3G8

To access additional information regarding the Plan, please visit our website located at www.reginapensions.ca

The Plan is governed by a Board of Trustees made up of 12 voting members, comprised of six employer representatives and six employee representatives. The employer representatives are made up of two representatives appointed by the City Manager, and four others appointed by City of Regina City Council, one of which must be from the Regina Qu'Appelle Regional Health Authority. The employee representatives are elected annually by the membership.

The Board is required to meet at least quarterly and quorum is eight members. Under the terms of Schedule "A" of City of Regina Bylaw No. 9566, an affirmative vote of at least eight members is required for the passing of any motion relating to (a) management of the fund, (b) an amendment to an existing policy, and (c) adoption of a new policy relating to the fund.

The Administrative Board members during 2014 were:

Colin Jensen, Chairperson
Mr. Jensen was elected by the plan members in 2011. He has been employed with the Regina Public School Board since 1999, working in the Information Technology Services Department. He currently holds the title of Senior Systems and Database Administrator. Prior to that, Mr. Jensen had a ten-year career with Wascana Energy Inc. as a Financial Accountant. Mr. Jensen holds the degrees of Bachelor of Administration (Accounting) and Bachelor of Science (Computer Science), both from the University of Regina. Mr. Jensen is also an Employee Representative on the Civic Pension & Benefits Committee, serving continuously since 2008.

Bob Linner, Vice-chairperson
Mr. Linner was appointed by City Council in 1987 while holding the position of City Manager for the City of Regina. Mr. Linner retired from the City in May of 2006 but continues in his role as Trustee. Mr. Linner holds a Bachelor of Arts Honors equivalent in Urban Geography and Economics from the University of Saskatchewan and is a frequently invited speaker on urban issues and leadership.

Councillor Wade Murray
Councillor Murray was appointed by the Board of Police Commissioners in 2006. He has owned several small businesses in Regina and has brought his family into the operation of his latest venture, Ultimate Insulation, to assist clients in the assessment of attic venting and insulation needs. Councillor Murray is active in many organizations including Canadian Blood Services, where he is a platelet donor. Councillor Murray serves on a number of boards and committees and is currently sitting for his fourth term on Regina City Council, representing the residents of Ward 6.

John Gangl
The plan members first elected Mr. Gangl in 2008. He retired in 2012 after 33 ½ years with the City of Regina overseeing the Sewer maintenance operations, supervising 30 employees in the last position he held, Supervisor of Sewage Collection.

John Gangl (continued)
He was a member of the Pension & Benefits committee since the early 1990s until he retired. He was also very active in his union, CUPE Local 21, for over 25 years and the Secretary Treasurer for the last 17 years. He also represented Saskatchewan CUPE members on CUPE National's National Advisory Committee on Pensions.

Jo-ann Hincks
Ms. Hincks was elected by the plan members in 2009. She has been employed with the Regina Public School Board commencing September 3, 1974 and entered the Civic Pension Plan on that date. Ms. Hincks has been a payroll officer with the Public School Board since October 1976 and has also been an Employee Representative on the Civic Pension & Benefits Committee continuously since 1975.

Kathy Lewis
Ms. Lewis was appointed by City Council in 2013 as nominated by the Regina Qu'Appelle Regional Health Authority. She has been employed for 13 years with the Regina Qu'Appelle Regional Health Authority and has been in the position of Director of Payroll and Benefits for the past five years. Ms. Lewis also serves on the 3SHealth Employee Benefits Committee in a fiduciary role as well as other oversight committees.

John McCormick
Mr. McCormick was elected by the plan members in 2007. He retired from his position in the Transit Department in 2009 after working for the City of Regina for 31 years.

Scott McDonald
Mr. McDonald was elected by acclaimation to the Board in 2014 to represent employees of RQHR.

Brian Seidlik
Mr. Seidlik was elected by the plan members in 2012. Mr. Seidlik joined the City of Regina in 1983 and is currently a Captain with the Regina Fire Department.

Brian Smith
Mr. Smith was appointed by the City Manager in 2009. Mr. Smith has been employed by the Government of Saskatchewan for the past 27 years and is currently serving in the role of Assistant Deputy Minister, Saskatchewan Finance, in the Public Employee Benefits Agency. Mr. Smith is an Honorary Life Member of the Canadian Pension & Benefits Institute, a Fellow of the Life Management Institute, and currently sits as Chair on a number of pension and disability plan Boards.

Bob Watt
Mr. Watt was appointed by City Council in 2011. Prior to his retirement in 2010, Mr. Watt was City Leader for Deloitte in Regina. In his role as City Leader he was the senior representative of Deloitte on a day-to-day basis responsible for ensuring a team of 70 professionals in its public accounting practice embraced Deloitte ethical values and client service principles in the marketplace. In his practice he was responsible for a number of major private and public entities. Mr. Watt is also a Fellow of the Institute of Chartered Accountants of Saskatchewan.

Rod Wiley
Mr. Wiley was appointed by the City Manager in 2013. He is currently as Associate with Praxis Management Consulting. Prior to that, senior positions he held include: Chief Financial Officer with Saskatchewan Liquor and Gaming Authority (from which he retired in 2012); Executive Director Finance and Administration with Saskatchewan Ministry of Health; and Controller with Wascana Energy Inc. In addition to this Board, he is currently a member of the National Board of Directors of the Certified Management Accountants of Canada and the National Board of Directors of the Chartered Professional Accountants of Canada. Mr Wiley is a Fellow of the Certified Management Accountants of Canada.

Deb Cooney (Non-voting Employee Alternate)
Ms. Cooney was elected by the plan members in 2011. She joined the City of Regina in 1999 as a Business Analyst and has worked in numerous areas. Ms. Cooney volunteers in a number of community groups for fundraising including a ten year project for the building of a new rink in Balgonie, SK. She has also served as an Employee Representative on the Civic Pension & Benefits Committee since 2006.

Lorna Glasser
Ms. Glasser was elected by the plan members in 2006 to assume the seat designated for the Regina Qu'Appelle Regional Health Authority. She was a member of the Civic Pension & Benefits Committee from 2003 up until her retirement. Ms. Glasser worked as a laboratory technologist for 29 years. During that time she assumed a variety of leadership roles in her professional association, her union, and her community.

Standing (left to right):Brian Smith, Brian Seidlik, John Gangl, Councillor Wade Murray, Colin Jensen, Bob Linner, Rod Wiley.

Seated (left to right): John McCormick, Kathy Lewis, Deb Cooney, Jo-an Hincks.

Not Pictured: Scott McDoanld , Bob Watt and Lorna Glasser.

The Board met six times during 2014. Following is the Board Meeting attendance for each Member:

Trustee	Meetings Attended
Colin Jensen	6
Bob Linner	5
Councillor Wade Murray	4
John Gangl	5
Jo-ann Hincks	5
Kathy Lewis	5
John McCormick	5

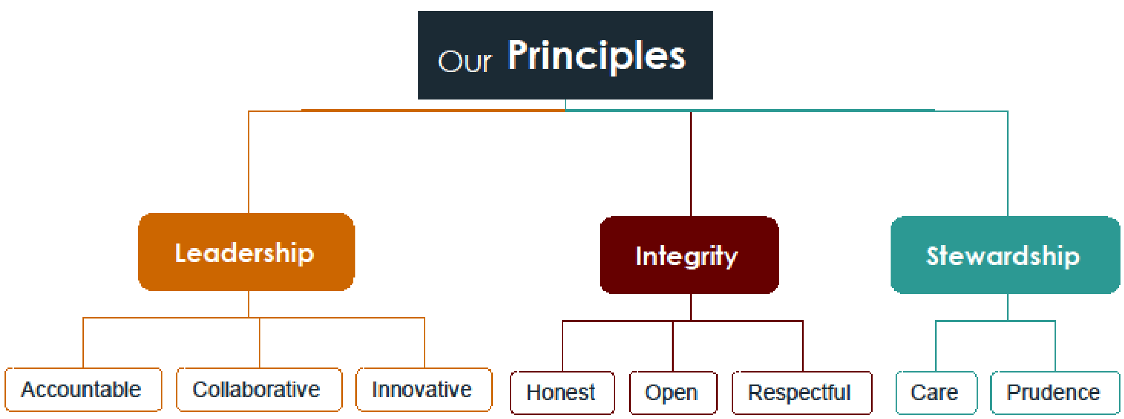
Trustee	Meetings Attended
Scott McDonald*	1
Brian Seidlik	5
Brian Smith	4
Bob Watt	5
Rod Wiley	4
Deb Cooney	5
Lorna Glasser	5

Appointed mid-year

The Long Term Disability Plan provides insurance for its membership in the event they are unable to work, due to extended illness or injury. For many, it is the only long term income protection that they hold and forms an integral piece of their financial wellness. As a result, plan members and the law demand that those charged with administering a trust conduct their affairs to the highest standards.

In law, the standard by which the administrator of a trust is measured is that of the fiduciary. By its very nature the fiduciary duty is owed solely to the beneficiaries and paramount to earning their confidence and trust. Confidence and trust are earned over time and lost in an instant. They are earned through adherence to legislation and sound business decisions. More importantly, confidence and trust are earned each day through how an organization conducts its business. Honesty, integrity, fidelity and professionalism are the cornerstones of confidence and trust, and the basis by which the Board conducts itself.

To build confidence and trust, the Board has identified three primary principles that underlie what they do. From the core formed by the duty to the beneficiaries the Board conducts their business based on three primary principles; Leadership, Integrity and Stewardship.



Leadership
We are passionate about people and driven to inspire and motivate ourselves and others. As Leaders we are:

- **Accountable** – Leaders hold themselves and others accountable for actions, results, successes and failures.
- **Collaborative** – Leaders recognize the value of working together, towards common goals, and understand that the whole is greater than the sum of its parts.
- **Innovative** – Leaders encourage creativity and understand that innovation requires being different.

Integrity
We understand that trust is earned through actions and consistently act with candour and in good faith. We are:

- **Honest** – We are truthful, accurate and straight forward in all of our dealings.
- **Open** – We conduct ourselves in an open and transparent fashion.
- **Respectful** – We treat everyone with respect and dignity.

Stewardship
As stewards we are:

- **Careful** – We fully employ the knowledge and skills that we individually and collectively possess to diligently balance risk and opportunity.
- **Prudent** – We are judicious and cautious (in practical affairs).

Responsibilities

1. **Compliance With Plan Provisions**
The Board ensures the Plan is administered in accordance with the plan document and benefits are paid appropriately to members.

2. **Pensions & Disability Administration Department**
The Pensions & Disability Administration Department reports to the Board on all aspects of plan administration. The Board reviews the performance of the department on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties.

3. **Annual Financial Statements**
The Board ensures that an annual audit is conducted of the Plan and the annual financial statements for the Plan are prepared. The current auditors for the Plan are KPMG LLP and the statements audited by them are included in this report.

4. **Plan Funding and Valuations**
The Board must ensure the Plan is able to meet the long term disability obligations as they occur and ensure the long-term solvency of the Plan. In order to accomplish this, the Bylaw requires that a valuation of the Plan be completed every three years. The purpose of the valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets plus determine whether the assets are adequate to meet the obligations or a contribution increase is required. The Plan's current actuary is AonHewitt.

5. **Custody of Plan Assets**
The Board must ensure all monies due to the Fund are kept separate and apart from other funds of the employers. This is accomplished by hiring a fund custodian to ensure the money is kept separate from the employer's funds and is only used for long term disability benefit purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is Northern Trust, Institutional and Investor Services.

6. **Fund Management**
The Board is responsible for making investments in accordance with the investment requirements of the Plan's Statement of Investment Policies & Procedures. The activities the Board performs to fulfill this responsibility include regular reviewing of investment activities, ensuring compliance with the Statement of Investment Policies & Procedures, monitoring investment results and meeting with the Plan's fund managers.

7. **Performance Measurement**
The Board ensures the various investment managers are managing the fund assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures.

8. **Policy Documents**
To support the objectives of the Plan the Board has adopted the following policies:

- Administration Policy
- Code of Conduct
- Communication Plan
- Disability Management Policy
- Funding Policy
- Procedural Rules
- Purchasing Policy
- Risk Management Framework
- Statement of Investment Policies & Procedures
- Travel Policy
- Trustee Education Policy

Why do we exist?

We exist to provide secure and affordable long term disability benefits.

What do we want to accomplish?

Efficient & Effective Governance

Managed Risk & Returns

Financial Sustainability

Engaged Sponsors and Members

Efficient & Effective Governance

Governance is the process used for decision-making and the process by which decisions are implemented, or not. Governance is about achieving desired results, in the right way, and it is the cornerstone of every organization. Governance is multi faceted with elements that are legislated, elements that are agreed to, elements that are historic and elements that are self determined. Some are outside the control of an organization and can only be changed through influence. Those within the control of an organization can be moulded by and evolve with an organization.

We understand that governance is the cornerstone of every organization and recognize that in order to fulfill our duty we must continually seek ways to improve how decisions are made and implemented. Where we have the authority to change and improve, we will. Where we do not we will collaborate with and influence those who have the authority to change and evolve. All with an eye to building governance practices that permit efficient and effective decision making.

Initiative	Actions	Outcomes	Targets & Measures
Formal Planning	1) Establish & implement planning cycle	1) Planning meeting & discussions	1) Planning meeting held in 2012 • Another will be held in 2015
	2) Define, measure and manage to relevant metrics	2) Establish relevant metrics	2) Metrics established in 2012 • risk appetite • investment returns
Organization	1) Independent, focused on managing pension and disability plans	1) Establish an independent entity	1) Möbius Benefit Administrators was incorporated on July 2, 2014
	2) Appropriate structure	2) Review organization structure • determine needs • re-allocate staff • adapt to fit	2) Management accountabilities were re-aligned in Q3 2014.
	3) Development & deployment of human resources	3) Staffing gaps identified and filled • succession plan • development	3) Managers of Pension & Disability Administration and Manager, Investments hired.

Efficient & Effective Governance (continued)

Initiative	Actions	Outcomes	Targets & Measures
Policy & Procedure	1) Allocation of duties	1) Develop & implement a full suite of policies and procedures which include clear delegation	1) Full suite of policies is now in place. • Reviews completed of policies at the end of 2014. • Accountabilities for each policy delegated under the revised management structure.
	2) Continuous evolution	2) Review cycle established • institutionalized	2) 50% reviewed annually/100% triennially • 5 of 10 reviewed • Procedural Rules updated

Managed Risk & Return

Risk is the possibility that outcomes will deviate from expectations. It can have both positive and negative impacts and cannot be eliminated. Risk is a requirement for value creation and progress. Where there is no risk there is no reward. At the same time, the greater the potential reward, the less probable receiving that reward becomes. There are a multitude of risks in this world. Some are highly probable and have a great impact. Others are highly improbable with only minor impact. All are relative and must be evaluated in that context.

We seek to find an appropriate balance between the desired reward and the acceptable level of risk. Risks are taken knowingly, with an understanding of the associated implications, both positive and negative. We understand the level of return we require from each decision and the level of risk we are willing to take to achieve that reward and use that knowledge to manage risk and return in a responsible and prudent manner.

Initiative	Actions	Outcomes	Targets & Measures
Risk Aware	1) Review and identify policy & procedure gaps and opportunities	1) Full suite of policy and procedures	1) Full suite of policies is now in place.
	2) Continuous evolution of policy and procedure	2) Review cycle established • institutionalized	2) 50% reviewed annually/100% triennially • 5 of 10 reviewed • Procedural rules updated

Managed Risk & Return (continued)

Initiative	Actions	Outcomes	Targets & Measures
Asset Liability Management	1) Liability monitoring	1) Triennial actuarial valuations	1) Last valuation completed as at December 31, 2012 • liability matching asset portfolio equal to liabilities in most recent valuation
	2) Investment portfolio evolution	2) Portfolios evaluated relative to liabilities	2) Changes implemented by end of 2015
	3) Investment manager evaluation	3) Guidelines & standards	3) Standards determined & formalized 2013 – under review
Consultant Reviews	1) Periodic formal reviews and/or RFP	1) Report delivered to the Boards including any recommended changes	1) LTD Actuarial services reviewed • Transition completed 2014 2) Disability Administrative Services Provider Reviewed
Education & Training	1) Board & Staff training & education	1) Education focused on: • alternative investments • asset/liability management • governance • pensions	1) See Trustee Education activities listed below. • 1 staff member completed CFA • 1 staff member completed CAIA
Employee Compensation	1) Compensation survey	1) Compensation in line with industry & job function • base line for moving forward	1) 60^{th} percentile target compensation • completed Q2 2012 • not implemented – pending independent administration corporation
	2) Development of compensation plan	2) Structure to move forward with independent entity	2) Independent administration corporation • Delayed due to FCAA action of July 17, 2014. • Expected Q2/Q3 2015
	3) Independent entity	3) Separation from City of Regina • establish an independent entity	3) Key business areas operate outside of City of Regina • Business Plan adopted Q4 2013 • Delayed due to FCAA action of July 17, 2014. • Expected Q2/Q3 2015

Financial Sustainability

Long term disability plans are challenged by the unpredictability of financial markets and the nature of actuarial methods. Contributions must be invested to attempt to generate the income required to pay plan benefits while liabilities, and the related contribution rates are determined based on a variety of assumptions, all of which are uncertain.

Mismatch between the duration of assets and liabilities creates interest rate risk. Sustained low interest rates and volatile investment returns over the last decade plus have generally resulted in volatility in funded levels and the requirement to contribute more money to fund future benefit obligations. Matching the duration of Plan assets to the duration of Plan liabilities reduced contribution and funded level volatility.

Initiative	Actions	Outcomes	Targets & Measures
Liability Driven Investing	1) Maintain portfolio of liability matched assets equal to the value of disability obligations	1) Liability values fluctuate relative to asset values • reduces funded level volatility	1) Portfolio amount determined triennially in conjunction with actuarial valuation • last valuation completed as at December 31, 2012 • liability matching asset portfolio equal to liabilities in most recent valuation

Engaged Sponsors & Members

The sponsors of the various plans managed by the Pensions & Disability Administration Department depend on the plans to provide a valuable benefit to their employees. Those same employees, who comprise the membership of the plans, rely on the benefit to provide piece of mind should they become ill or accidentally injured and are unable to work. It is therefore vital that an ongoing dialogue with both groups takes place.

In the case of the various plan sponsors, discussions must take place on a regular basis to ensure that all understand the wants and needs of each other as well as to provide insight into the plans being administered. Plan members will better understand their benefit, and hold it in high regard, if they receive factual information that provides insight into their benefit in a timely and accurate manner.

We seek to initiate open, honest and frank communication with both groups in a manner that is appropriate for them. We understand that both sponsors and members have a need and desire to not only be informed but also provide their feedback.

Initiative	Actions	Outcomes	Targets & Measures
Consistent Candid & Focused Communication	1) Develop supportive policies & processes	1) Revised Communication Plan • regular discussions regarding approach(s)	1) Implemented 2012 • annual discussion included in planning
Technology	1) Implement technologies that can be used to assist in engaging employees	2) Independent Web site • employer data transfer • secure portals	2) Website complete by 2012 • New calculator & portal complete but not activated pending benefit changes

Education & Training

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan. To that end, the Board has developed the Trustee Education Policy based on the following principles:

(a) Board members are required to make policy decisions to facilitate the administration of the Plan;
(b) Board members have an obligation to participate in Board meetings in a meaningful way; and
(c) a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Trustee Education Policy requires that, <u>in addition to basic education obtained within the first three years</u> of becoming a Trustee:

(a) new Trustees must attend a minimum of 20 hours of educational opportunities on an annual basis; and
(b) senior Trustees must attend a minimum of 30 hours of educational opportunities on an annual basis.

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan is comprised of the same members as the Regina Civic Employees' Superannuation & Benefit Plan. Educational opportunities attended by trustees are considered education credits for both plans.

The following Administrative Board members attended conferences and seminars for educational opportunities:

Trustee	Conference/Seminar	Date	Location	Hours
Colin Jensen	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	Attracting and Re-Energizing Employees with Flex and Wellness	Mar 13	Regina, SK	2
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,618**	**Total Hours**	**28**
Bob Linner	Opal Public Funds Conference	Jan 7-9	Scottsdale, AZ	20
	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	TDAM Sharing of Knowledge	Apr 9	Regina, SK	2
	CPBI Atlantic	Sep 24-26	Digby, NS	20
	Total Expenses	**$6,466**	**Total Hours**	**44**
Councillor Wade Murray*	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	Total Expenses	**$472**	**Total Hours**	**20**
John Gangl	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	20
	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,269**	**Total Hours**	**42**
Jo-ann Hincks	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$4,500**	**Total Hours**	**44**

Trustee	Conference/Seminar	Date	Location	Hours
Kathy Lewis	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	PH&N Trustee Education Seminar	Feb 25	Regina, SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	47th Annual Canadian Employee Benefits Conference	Aug 10-13	Calgary, AB	20
	Total Expenses	**$1,691**	**Total Hours**	**46**
John McCormick	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 15	Regina, SK	2
	Total Expenses	**$1,836**	**Total Hours**	**22**
Scott McDonald				
Brian Seidlik	Saskatchewan Federation of Labour	Feb 26-27	Regina, SK	15
	Total Expenses	**$0**	**Total Hours**	**15**
Brian Smith				
Bob Watt	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	15
	PEBA Annual Pension Information Sessions	June 16-17	Saskatoon, SK	15
	Total Expenses	**$1,733**	**Total Hours**	**30**
Rod Wiley	CPA National Conference	Sep 23-24	Toronto, ON	20
	Total Expenses	**$0**	**Total Hours**	**20**
Deb Cooney	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	**$0**	**Total Hours**	**2**
Lorna Glasser	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina,SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	Total Expenses	**$3,299**	**Total Hours**	**22**

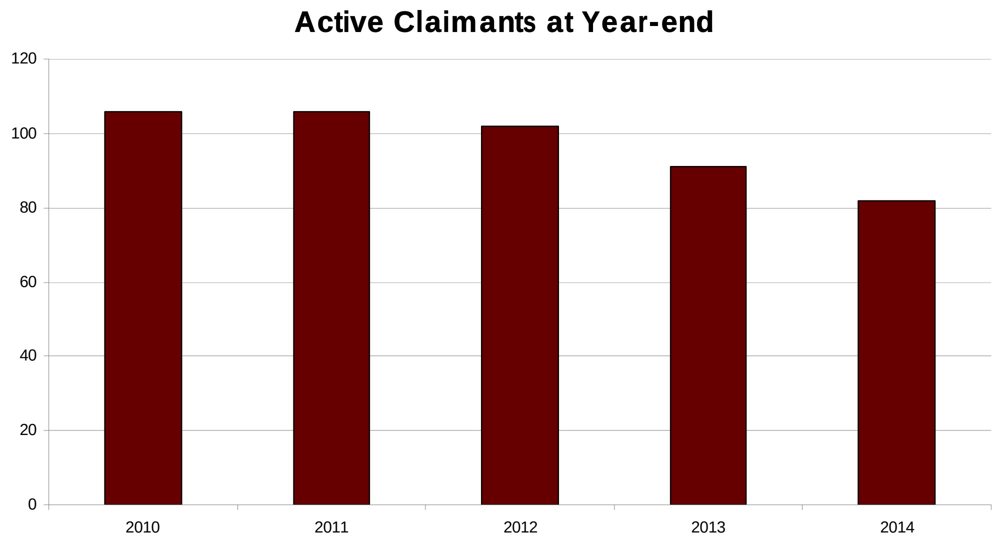
The expenses above show total costs per member. In the event a Trustee sits on more than one Administrative Board, education and training expenses are shared with the other Plans.

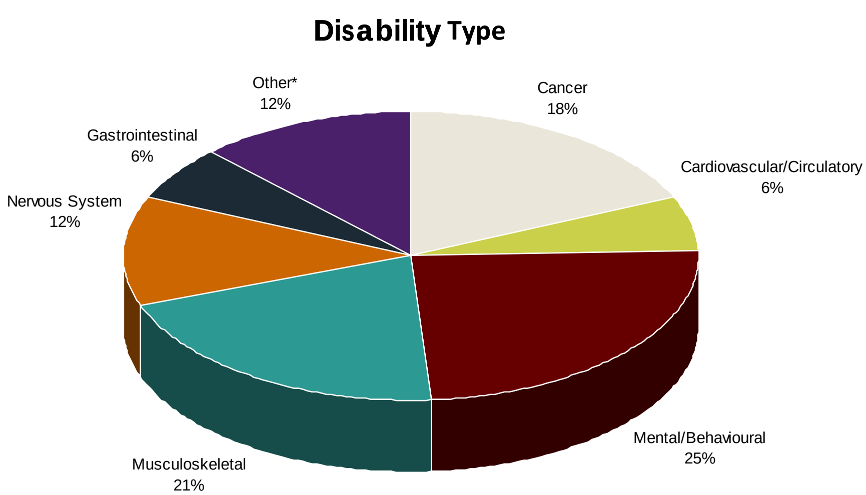
** Some Trustees are able to attend training and education events as a result of professional standards, employment requirements or personal interests at no cost to the Plan.*

Claims Administration

During 2014 the claims administration of the Civic LTD Plan was performed by Standard Life.

The number of employees in receipt of long term disability benefits at December 31, 2014 was 82.

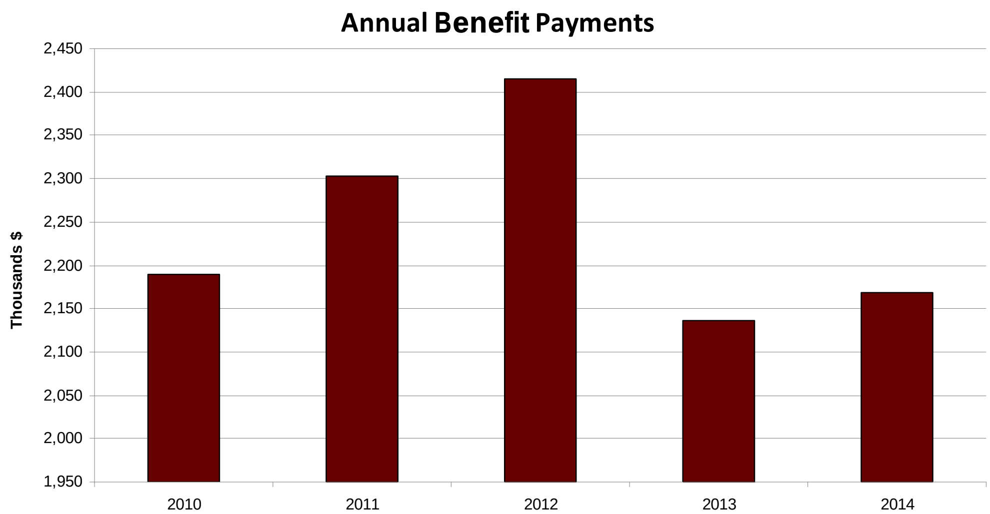




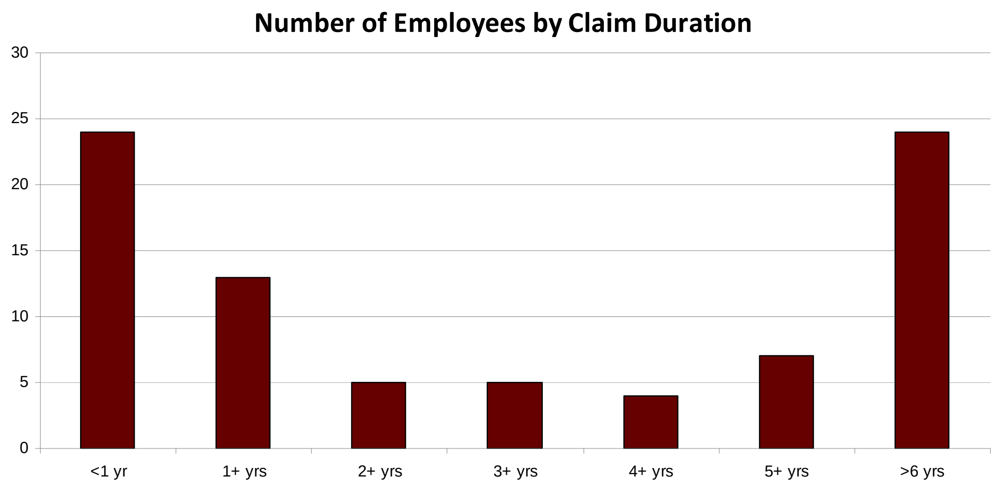
**Other includes Gynecological, Endocrine Systems, and claims where the diagnosis is not yet determined.*

2014 saw no significant change in disability types from 2013.

A total of $2.1 million was paid in disability benefits in 2014, which is consistent with 2013. 2014 saw a minimal decrease in the average monthly disability benefit before offsets from $2,702 in 2013 to $2,664.



The duration of disablement has decreased slightly to 5.4 years from 5.6 years in 2013.



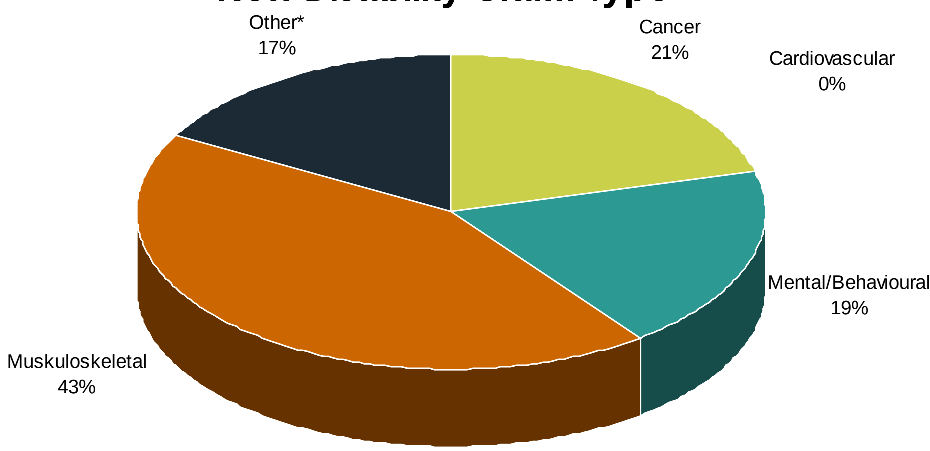
Annual Change in Claims

Active Claims as of December 31, 2014	91
New Claim Applications	+71
Withdrawn prior to adjudication	(6)
Claims Resolved and Denied	(74)
Active Claims as of December 31, 2014	82*

*8 disability claims were in adjudication or pending medical at December 31, 2014.

There were 53 new long term disability claims approved in 2014.

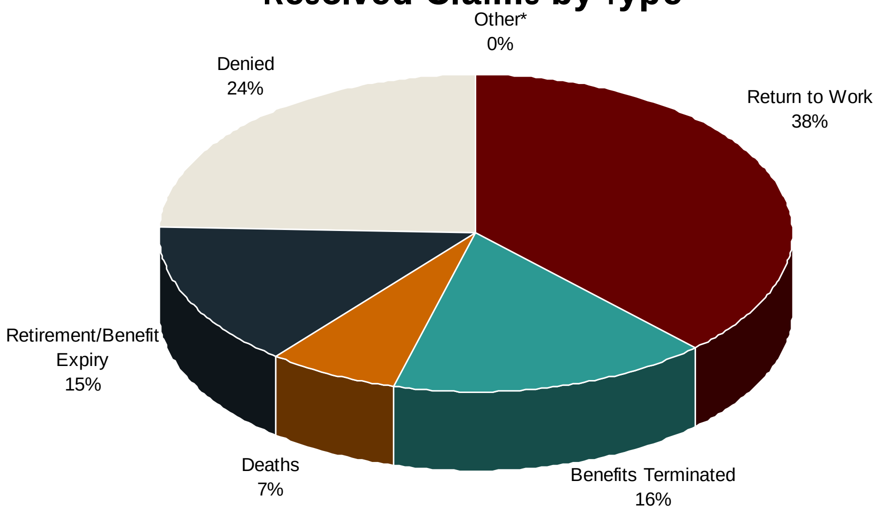
New Disability Claim Type



Other includes Nervous System, Gastrointestinal Related Disabilities, and Endocrine Systems

There were 74 long term disability claims resolved in 2014. Following is a break-down of claims resolved.

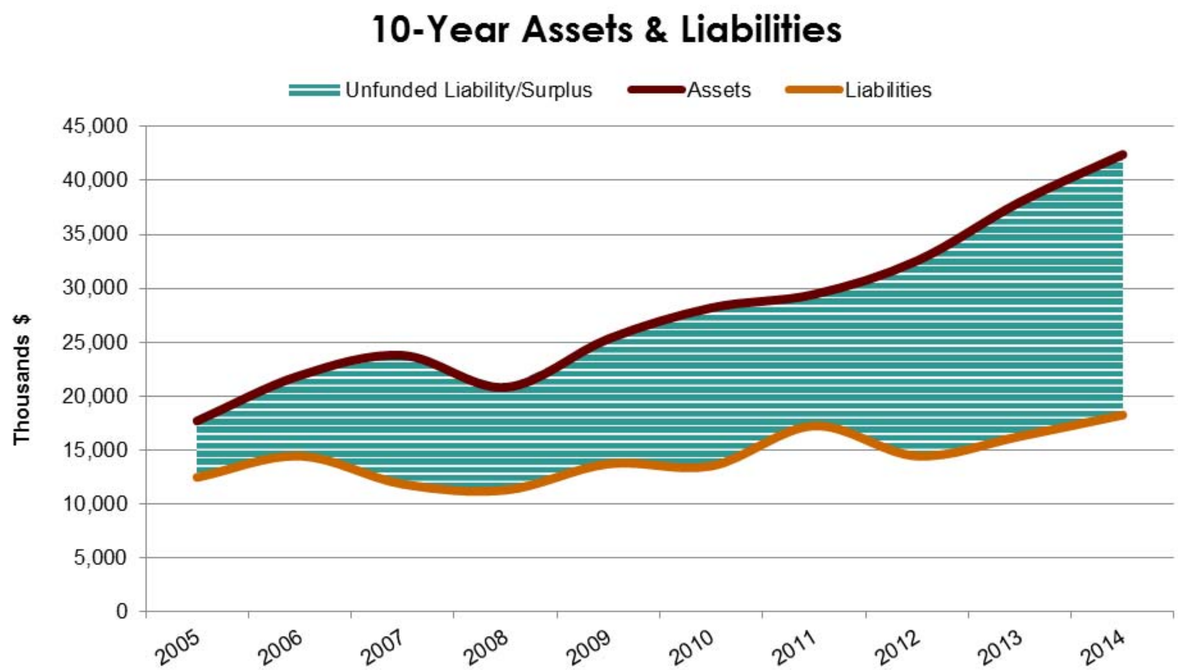
Resolved Claims by Type



Year End Financial Position
As at December 31, 2014 the Plan had net assets available for benefits of $42.4 million. Net assets consist of investments at fair value of $42.8 million, contributions and accounts receivable of $76,000 and accrued income of $3,000, less accounts payable of $465,000.

Disability Obligations were $18.3 million at December 31, 2014.

The surplus of the Plan, as of December 31, 2014, was $24.2 million.



There are four main factors that contribute to the size of the asset base of the Plan. These factors are the investment income earned over the year, the contributions made to the Plan by the employer and employees, the Plan's administration and investment expenses, and the long term disability benefit payments made to disabled members. Investment income, contribution revenues, and benefit payments & expenses over the last ten years are shown below:

For The Year Ending	Investment Income / (Loss) ($ Thousands)	Revenue From Contributions ($ Thousands)	Benefit Payments & Expenses ($ Thousands)
2014	3,024	4,202	(2,820)
2013	4,266	4,066	(2,887)
2012	2,182	4,072	(3,139)
2011	258	3,966	(2,980)
2010	1,652	3,958	(2,736)
2009	3,493	4,078	(3,072)
2008	(4,021)	3,778	(2,714)
2007	2,894	3,498	(2,354)
2006	1,980	3,532	(2,215)
2005	1,311	3,788	(2,230)

Investment of the Fund

The Civic Long Term Disability Administrative Board oversees the investments of the Civic LTD Plan in accordance with the Statement of Investment Policies & Procedures. The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objectives of the investment policy are to:

- meet the disability obligations as they occur and to ensure the long-term solvency of the Plan;
- achieve a real rate of return in excess of 1.85% over a rolling four-year period; and
- earn the stated performance objective for each asset class over a rolling four-year period.

The investment policy is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

The Regina Civic Employees' Long Term Disability Plan measures investment performance against two primary criteria:

1. A custom benchmark consisting of the indices that best represent each asset class:

Asset Class	Total Fund Benchmark
Canadian Equities	S&P/TSX 300 Index
Global Equities	MSCI World Index
Canadian Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Index
Canadian Universe Bonds	FTSE TMX Canada Universe Bond Index
Real Return Bonds	FTSE TMX Canada Real Return Bond Index
Commercial Mortgages	FTSE TMX Canada Universe Bond Index + 2%

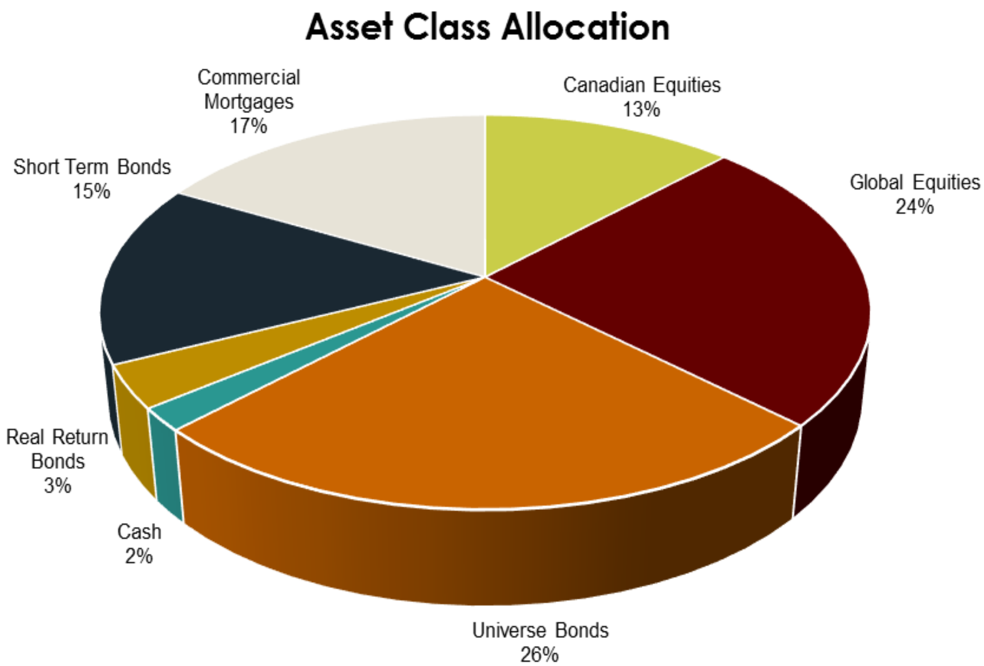
   The benchmarks for equity and fixed income were selected because all are publicly-traded and readily investible indices.

2. Inflation adjusted return of greater than 1.85% (greater than the Consumer Price Index (CPI) by 1.85%).

The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over the longer term.

Total invested assets of the Civic LTD Plan at December 31, 2014 were $42.8 million.

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.



The assets of the Civic LTD Plan are separated into two portfolios – the Return Seeking Portfolio and the Liability Matching Portfolio. Assets held in the return seeking portfolio are intended to earn a market return as outlined in the Statement of Investment Policies & Procedures. Assets held in the Liability Matching Portfolio are meant to fluctuate in correlation with the value of the liabilities of the Plan.

The table below provides the current asset allocation policy of the Civic LTD Plan:

Return Seeking Portfolio					
Asset Class	**Total Fund Benchmark**	**Actual % Allocation**	**Min %**	**Target % Allocation**	**Max %**
Equities:					
Canadian Equities	S&P/TSX 300 Index	18.71	15	20	25
Global Equities	MSCI World Index	40.17	35	40	45
	Total Equities:	**58.88**		**60**	
Fixed Income:					
Universe Bonds	FTSE TMX Canada Universe Bond Index	38.32	25	40	55
	Total Fixed Income:	**38.32**		**40**	
Cash:	n/a	**2.80**	n/a	n/a	n/a
Total Return Seeking Portfolio:		**100.00**		**100**	
Liability Matching Portfolio					
Fixed Income:					
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	9.89	8	12	16
Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Index	42.11	38	43	48
Commercial Mortgages	FTSE TMX Canada Universe Bond Index + 2%	48.00	40	45	50
	Total Fixed Income:	**100.00**		**100**	
Total Liability Matching Portfolio:		**100.00**		**100**	

As the performance of individual managers and markets move the assets in the fund away from the normal strategic positions, the assets are rebalanced to bring the fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached. The actual management and asset allocation structure of the Civic LTD Plan as at December 31, 2014 is shown below:

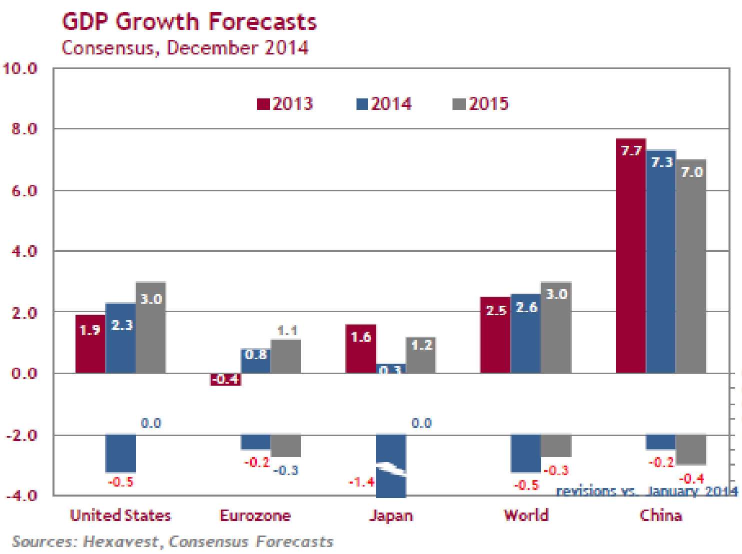
Return Seeing Portfolio

Asset Class	Manager	Start Date	Amount* ($ Thousands)	% Of Holdings
Equities:				
Canadian Equities	QV Investors Inc.	2014	5,231	12.22
Global Equities	Franklin Templeton Investments Corp.	1998	11,229	26.24
	Total Equities:		**16,460**	**38.46**
Fixed Income:				
Universe Bonds	TD Asset Management	2004	10,714	25.03
	Total Fixed Income:		**10,714**	**25.03**
Cash:	n/a	n/a	**782**	**1.83**
Total Return Seeking Portfolio			**27,956**	**65.32**
Fixed Income:				
Real Return Bonds	Internal	n/a	1,468	3.43
Short Term Bonds	TD Asset Management	2010	6,250	14.60
Commercial Mortgages	Addenda Capital Inc.	2010	7,125	16.65
	Total Fixed Income:		**14,843**	**34.68**
Total Liability Matching Portfolio:			**14,843**	**34.68**
Total Fund:			**42,799**	**100.00**

**Amount includes small cash balances held by each manager within their investment portfolio as well as accrued income.*

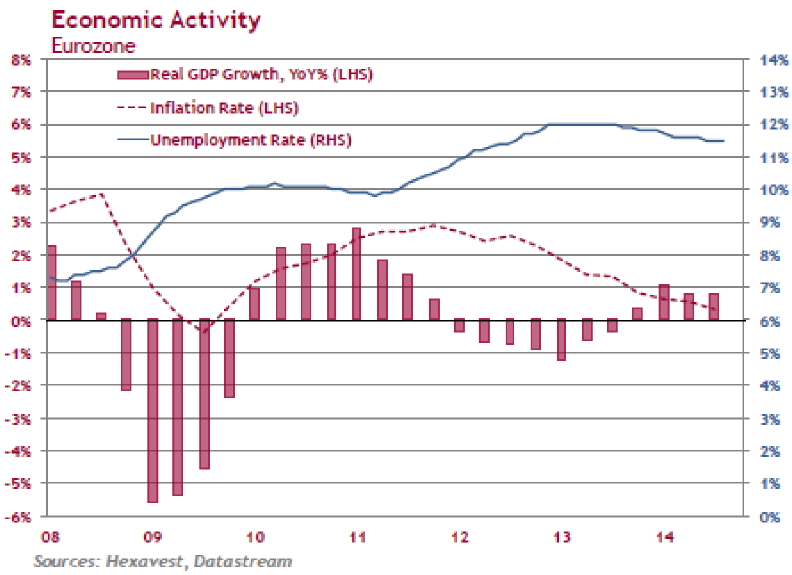
Global equities had narrow gains in the first quarter as worries over the impact of the Federal Reserve's tapering of quantitative easing saw equities begin the year on a weak footing. Stock markets recovered as the quarter progressed but gains were held back by the crisis in Ukraine. Canadian GDP grew at a modest annualized rate of 1.2% in the first quarter helped by consumer spending. Canadian employment data was strong while inflation remained at the low end of the Bank of Canada's targets. Commodities were notably strong as oil, natural gas, and gold stocks rose. Oil and gas producers benefited from increased demand and diminished supply caused by frigid winter conditions. The S&P/TSX Composite Index gained 6% over the quarter. The gain was broadly based as nine of the Index's ten sectors gained, led by Utilities, Healthcare and Materials. Consumer Discretionary was the only sector to decline over the quarter. U.S. macroeconomic data was mixed as housing data was disappointing yet consumer confidence reached a six-year high.

Fourth quarter 2013 GDP data was revised down to an annualized rate of 2.6% from an estimated 3.2%, while there was a slight up-tick in the unemployment rate. Utilities and Healthcare led the increase in the S&P 500 while Consumer Discretionary and Telecom detracted the most. Eurozone equities were supported by encouraging macroeconomic data and although inflation continued to be below target the European Central Bank (ECB) kept monetary policy unchanged. A change of government in Italy was greeted favourably by the market while UK shares fell as earnings were generally disappointing. In general emerging markets underperformed developed market peers.



Weaker macroeconomic data from China and the political tensions between Ukraine and Russia weighed on emerging markets, adding to ongoing concerns over the impact of reduced Global liquidity. Overall, international stock markets were flat for the quarter as the MSCI EAFE Index was unchanged. FTSE TMX Canada Universe Bond Index yields declined 22 basis points, with the average yield on the Index finishing the quarter at 2.53%. Short-, mid-, and long-term yields all declined over the quarter.

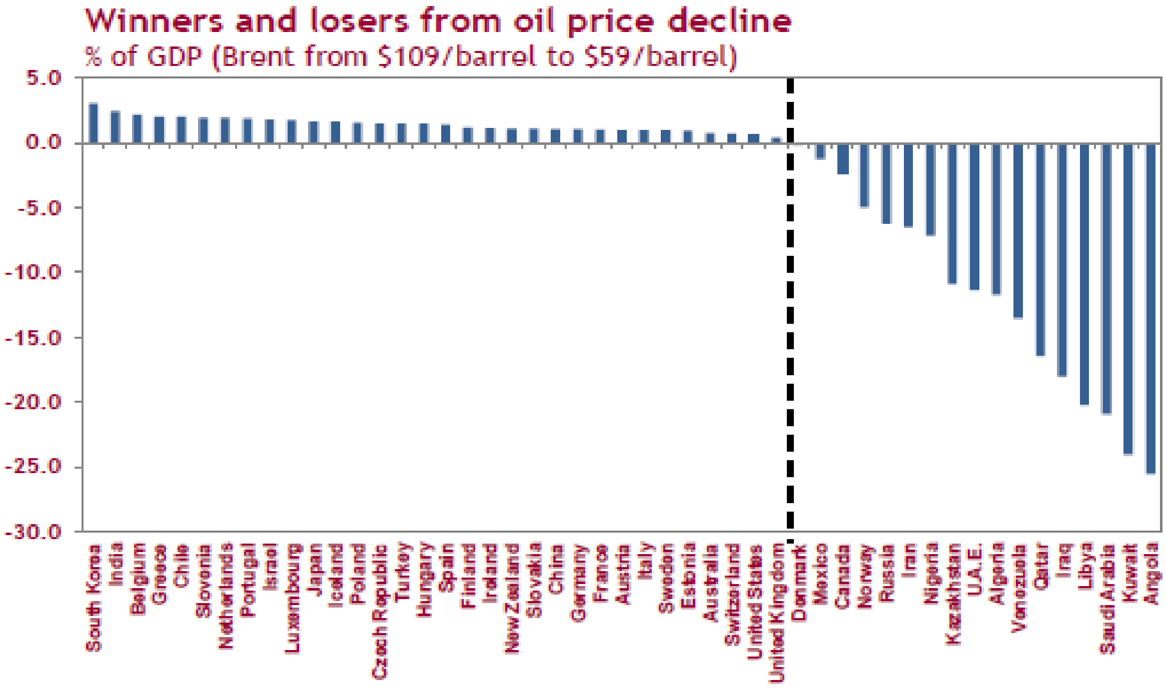
Global equities gained in the second quarter, supported by ongoing accommodative monetary policy from central banks. Geopolitical tensions were in focus amid an escalation of conflict in Iraq, which pushed oil prices higher. Canadian GDP surpassed expectations and grew at an annualized rate of 3.1%. Household consumption increased, yet decreases in government and business consumption weighed on growth. Canadian employment data was mixed during the quarter, and inflation in Canada remained contained. The S&P/TSX Composite Index gained 6.4% over the quarter. Gains were widespread as nine of the Index's ten sectors rose, led by Energy, Industrials, and Materials. Energy stocks were strong, with investor sentiment toward the sector improving as oil and natural gas prices were up year over year and the discount for Canadian oil versus U.S. and Global oil narrowed. In the U.S., the S&P 500 Index rose 5.2%, supported in part by increased consumer consumption and improved manufacturing activity. Gains were broadly based as all of the Index's ten sectors gained, led by Energy (which posted a double-digit return), Utilities, and Information Technology. GDP growth for the first quarter disappointed but data releases pointed towards a more encouraging picture for the second quarter. Eurozone equities were supported by the ECB's announcement of measures to stimulate growth and fend off the risk of deflation. The measures included a cut to interest rates and the introduction of a negative deposit rate. UK equities edged higher though markets were unsettled by suggestions that an interest rate rise could happen sooner than expected by the Bank of England.



In Japan, macroeconomic data was mixed following the increase in the consumption tax. Emerging markets outperformed developed market peers in the second quarter. Emerging Asia was the strongest region led by gains in India. There was optimism about the country's growth and reform prospects following the election victory of Prime Minister Narendra Modi. The FTSE TMX Canada Universe Bond Index rose 1.99% over the quarter. Both government and corporate bonds generated positive returns, with corporates modestly outperforming Government of Canada bonds.

Global equities delivered negative returns as geopolitical tensions rose in the third quarter. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in Ukraine. At the same time, data from Europe and China pointed to faltering economic growth. Canadian GDP rose at an annualized rate of 2.8% in the third quarter, exceeding expectations. Economic growth was broadly based as almost all sectors increased. Canadian employment data was mixed during the quarter, rising in July and declining in August. Canadian equities declined modestly over the quarter as the Energy and Materials sectors weakened. The S&P/TSX Composite Index posted a quarterly loss of 0.6%. Quarterly losses were concentrated in three of the Index's ten sectors – Materials, Energy, and Telecom. Gold was down notably in September as the U.S. dollar rallied, and oil stocks struggled, leading to a significant decline in the global benchmark price for oil. The S&P 500 posted a positive return with macroeconomic data remaining supportive of the upwards revision of second quarter GDP growth. Merger and acquisition activity continued to lift equities in the U.S. Eurozone equities were negatively affected by weaker economic data. Worries over the impact of sanctions imposed on Russia by the West, and the health of one of Portugal's banks weighed on investor sentiment. Japan registered positive returns, as corporate earnings were generally strong and exporters benefited from the weaker yen. Emerging markets lagged developed markets in the third quarter. Brazilian equities were weak with sentiment driven by the forthcoming presidential election. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds.

Global equities delivered positive returns in a volatile fourth quarter. Canadian GDP rose at an annualized rate of 2.4%, aided by an increase in household consumption and exports. Canadian employment data was strong, but the unemployment rate increased slightly. Canadian inflation declined as energy prices continued to fall. The S&P/TSX Composite Index posted a quarterly loss of 1.47% as three of its ten sectors declined – Energy, Materials, and Industrials. Both the Consumer Staples and Consumer Discretionary sectors performed well over the quarter, spurred by tailwinds from improving employment data and lower gas prices. The Federal Reserve ended its quantitative easing program but other central banks continued to ease monetary policy in the fourth quarter while oil prices fell further, particularly after OPEC elected not to cut output. The S&P 500 performed well despite some concerns over interest rate rises. Equities were supported by hopes that the lower oil price would help sustain the consumer-led recovery. Eurozone equity returns were virtually flat in the fourth quarter. Macroeconomic news remained downbeat with disappointing news from Germany's industrial sector early in the quarter. The weak data fuelled hopes that the ECB would soon start buying sovereign bonds. Japanese equities gained after further monetary policy easing from the central bank sent the yen lower. Prime Minister Abe called snap elections, which were won by his party, and delayed another consumption tax increase. Emerging markets posted negative returns in the fourth quarter. Russia was particularly weak amid deteriorating economic data, the falling oil price, and pressure on the rouble.



Sources: Hexavest, NBF Economics and Strategy

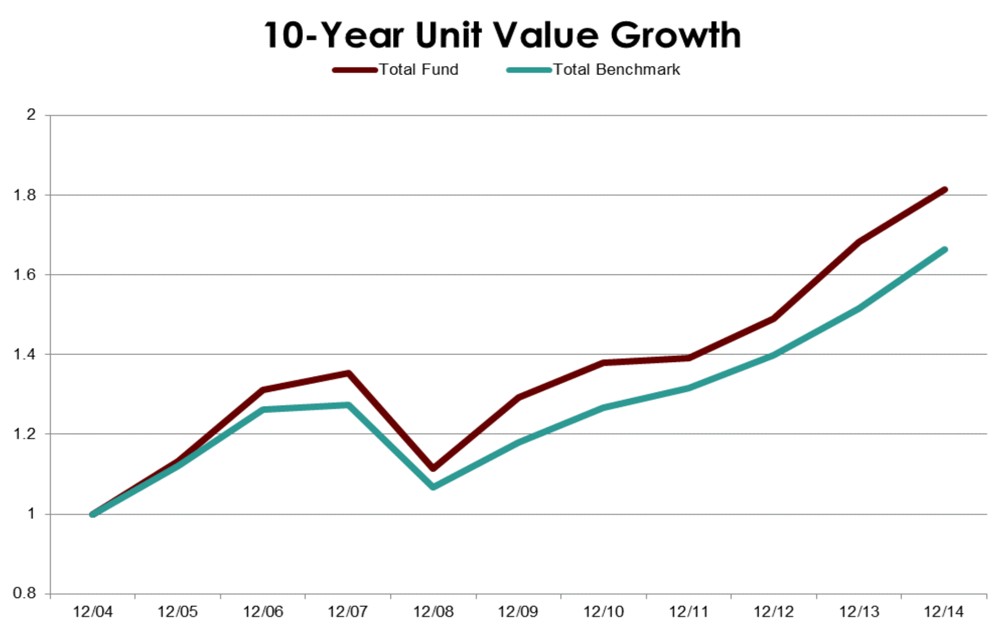
Persistent policy accommodation from the world's major central banks, as well as sustained weakness in oil prices, was the principal driver of returns for fixed income markets. The FTSE TMX Canada Universe Bond Index rose 2.70% over the quarter. Long-term bonds posted the best returns, rising 5.25% while mid-term bonds returned 2.69% and short-term bonds returned 0.92%. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds. Overall, yield declined 20 basis points, with the average yield on the FTSE TMX Canada Index finishing the quarter at 2.23%. Short-, mid-, and long-term yields all declined over the quarter.

Main Indices	**1 Year Return**	
December 31, 2014	**CAD**	**Local**
MSCI ACWI	13.55%	9.32%
MSCI World	14.39%	9.81%
MSCI EAFE	3.67%	5.92%
MSCI Europe	2.28%	4.66%
MSCI Pacific	6.07%	7.89%
MSCI Emerging	6.63%	5.17%
S&P 500	23.93%	13.69%
S&P/TSX 300	10.55%	10.55%

On a total fund basis the Regina Civic Employees' Long Term Disability Plan trailed the investment return of the custom benchmark by -2.00% with a return of 7.90%. On an inflation adjusted basis, the annual investment return of the Plan was 6.40%, outperforming the 1.85% adjusted return required by the Statement of Investment Policies & Procedures by 4.55%.

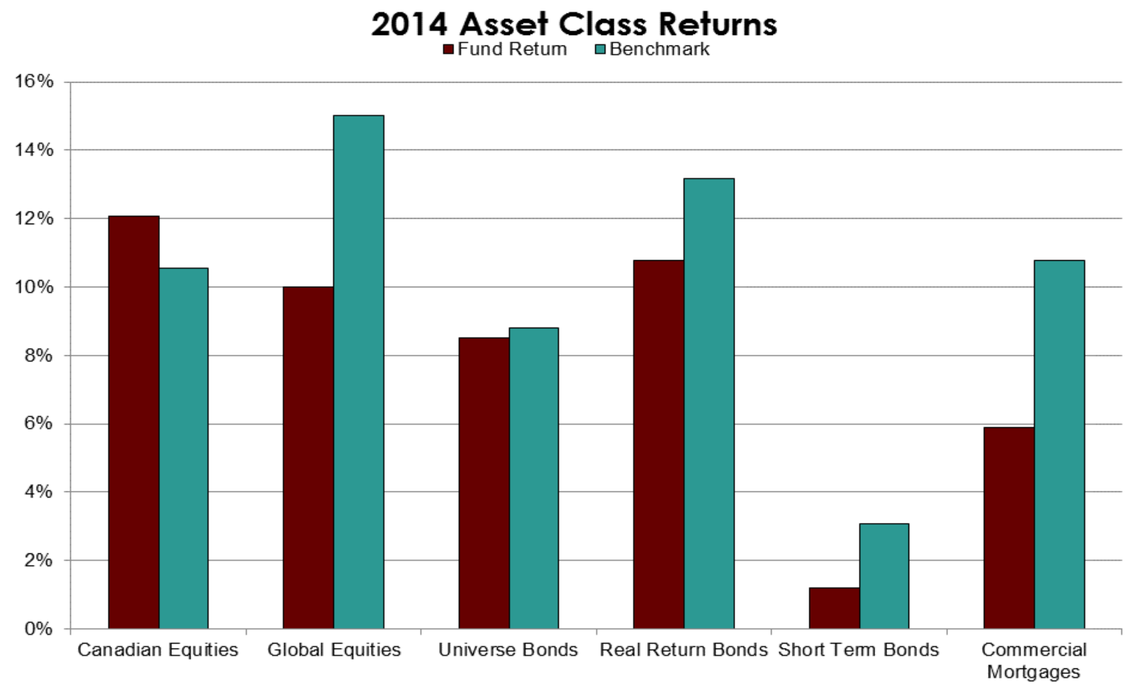
Over a rolling four-year period the annualized investment return stands at 7.10%, essentially matching the 7.08% return of the benchmark. The annual investment return on an inflation adjusted basis is 5.65%, outperforming the required 1.85% adjusted return by 3.80%. The fund has outperformed the 1.85% inflation adjusted return in each of the one through five-year periods. Although the time horizon of a long term disability plan is shorter than a pension plan, it is not so short that the focus can be on any one year period. Over the last ten years the Plan has achieved an annualized return net of inflation of 4.55%, outperforming the long term inflation adjusted target by 2.70%.

Investment Returns	**Annualized Rate Of Return (%)**				
	1 yr	**2 yr**	**3 yr**	**4 yr**	**5 yr**
Total Fund	7.90	10.33	9.28	7.10	7.03
Total Fund Benchmark	9.90	9.14	8.13	7.08	7.15
Excess Return (%)	**(2.00)**	**1.19**	**1.15**	**0.02**	**(0.12)**
Average CPI	1.50	1.35	1.17	1.45	1.64
Inflation Adjusted Return	6.40	8.98	8.11	5.65	5.39
Excess Return (> CPI+ 1.85%)	**4.55**	**7.13**	**6.26**	**3.80**	**3.54**



The following table shows the gross rate of return achieved by the various asset classes over the one through five year periods ended December 31, 2014. The applicable benchmark performance for each asset class is also noted.

	Annualized Rate Of Return (%)				
Asset Class	**1 yr**	**2 yr**	**3 yr**	**4 yr**	**5 yr**
Canadian Equities	12.06	15.74	12.95	5.12	7.52
Benchmark: S&P/TSX 300 Index	10.55	11.77	10.22	5.15	7.53
Global Equities	10.00	27.25	25.01	15.41	12.77
Benchmark: MSCI World Index	15.01	25.23	21.48	15.06	13.19
Universe Bonds	8.52	3.52	3.55	4.88	5.15
Benchmark: FTSE TMX Canada Universe Bond Index	8.79	3.68	3.65	5.13	5.45
Total Return Seeking Portfolio:	**9.98**	**15.60**	**14.09**	**8.69**	**8.59**
Real Return Bonds	10.77	(0.66)	0.53	4.64	5.80
Benchmark: FTSE TMX Canada Real Return Bond Index	13.18	(0.81)	0.40	4.61	5.88
Short Term Bonds	1.18	1.18	1.19	1.21	n/a
Benchmark: FTSE TMX Canada Short Term Overall Bond Index	3.06	2.40	2.27	2.86	n/a
Commercial Mortgages	5.89	4.88	4.48	4.91	n/a
Benchmark: FTSE TMX Canada Universe Bond Index + 2%	10.79	5.68	5.65	7.13	n/a
Total Liability Matching Portfolio:	**4.31**	**2.70**	**2.67**	**3.25**	**4.13**
Cash:	**0.90**	**0.71**	**0.47**	**0.45**	**0.47**
Total Fund:	**7.90**	**10.33**	**9.28**	**7.10**	**7.03**

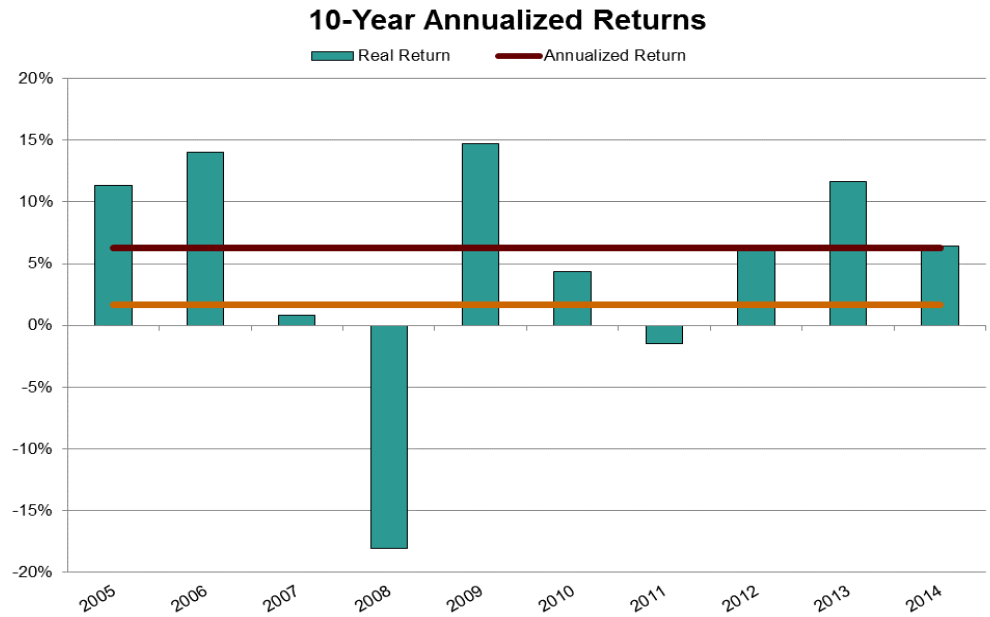


Historical Total Return

While investment performance is measured and reviewed quarterly, it is important to maintain a longer-term perspective due to the nature of the liabilities of the Plan. This applies when reviewing the 2014 performance in relation to a longer investment horizon and considering the effects of inflation over time. The annual investment returns of the Civic LTD Plan for the last ten years are as follows:

Annual Rate Of Return (%)			
Year	Nominal Return	CPI	Real Return
2014	7.90	1.50	6.40
2013	12.81	1.20	11.61
2012	7.20	0.80	6.40
2011	0.83	2.30	(1.47)
2010	6.74	2.40	4.34
2009	16.03	1.30	14.73
2008	(16.90)	1.20	(18.10)
2007	3.20	2.40	0.80
2006	15.70	1.70	14.00
2005	13.40	2.10	11.30

(1) Nominal Return is the actual rate of return earned in the year.
(2) The CPI (Consumer Price Index) is published monthly by Statistics Canada. The rate of change provides a measure of inflation.
(3) Real Return is the return earned after accounting for the effect of inflation.
(4) Annualized Return is the return earned after the effect of inflation is removed, over a specific time period.


10-Year Annualized Returns
Real Return
Annualized Return
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014

Plan

Expenses

Description	2014 ($ thousands)
Actuarial Services	
AonHewitt	**8**
Audit Services	
KPMG LLP	**9**
Custodial and Performance Management Fees	
Northern Trust Corporation	**39**
Investment Manager Fees	
Addenda Capital Inc.	36
Greystone Managed Investments	2
TD Asset Management	4
Franklin Templeton Investments Corp.	110
QV Investors	14
	166
Legal Services	
McDougall Gauley	**17**
Other Administrative Expenses	
Pensions & Disability - Salaries & Benefits	169
Standard Life	197
Medical and Rehabilitation Services	59
Self-Assessed GST	8
SaskCentral	22
City of Regina	6
Printing and Photocopying Services	1
Conferences and Seminars	1
Stonefield Systems Group	2
SaskTel	2
AonHewitt Consulting	5
Other	2
	474
Total for the Plan:	**713**

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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Regina Civic Employees' Long Term Disability Plan:

We have audited the accompanying financial statements of the Regina Civic Employees' Long Term Disability Plan, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets available for benefits and changes in disability obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Out responsibility is to express and opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regina Civic Employees' Long Term Disability Plan as at December 31, 2014, and the changes in its net assets available for benefits and the changes in its disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Accountants

May 20, 2015
Regina, Canada

STATEMENT OF FINANCIAL POSITION
(in thousands of dollars)

As at December 31

		2014		2013
ASSETS				
Investments – Note 4	**$**	**42,799**	$	38,466
Contributions Receivable				
Members		**38**		38
Employers		**38**		38
Accounts Receivable		**-**		88
Accrued Income Receivable		**3**		3
		42,878		38,633
LIABILITIES				
Accounts Payable		**465**		626
Net Assets Available for Benefits		**42,413**		38,007
Disability Obligations – Note 5		**18,260**		16,280
Surplus	**$**	**24,153**	$	21,727

See accompanying notes

APPROVED BY:

______________________ Board Member

______________________ Board Member

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(in thousands of dollars)

For the year ended December 31

		2014		2013
INCREASE IN NET ASSETS				
Investment Income - Note 6	**$**	**1,566**	$	997
Increase in Fair Value of Investments		**1,458**		3,269
Contributions				
Member		**2,102**		2,033
Employer		**2,100**		2,033
		7,226		8,332
DECREASE IN NET ASSETS				
Disability Payments		**2,107**		2,136
Administration Expenses – Note 10		**713**		751
		2,820		2,887
Net Increase for the Year		**4,406**		5,445
Net Assets Available for Benefits, Beginning of Year		**38,007**		32,562
Net Assets Available for Benefits, End of Year	**$**	**42,413**	$	38,007

See accompanying notes

STATEMENT OF CHANGES IN DISABILITY OBLIGATIONS
(in thousands of dollars)

For the year ended December 31

		2014		2013
INCREASE IN DISABILITY OBLIGATIONS				
Accrual of Disability Benefits	$	4,495	$	4,431
Interest Accrued on Benefits		502		611
		4,997		5,042
DECREASE IN DISABILITY OBLIGATIONS				
Disability Payments		2,169		2,136
Change in Assumptions – Note 5		-		165
Experience Gain		848		3,863
		3,017		6,164
Net Increase (Decrease) for the Year		1,980		(1,122)
Disability Obligations, Beginning of Year		16,280		17,402
Disability Obligations, End of Year	$	18,260	$	16,280

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

1. Description of Plan

The Regina Civic Employees' Long Term Disability Plan (the "Plan") is a multi-employer disability plan covering eligible employees of the City of Regina and the following participating Boards: Regina Qu'Appelle Regional Health Authority, Regina Public Library Board, non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan, and the Buffalo Pound Water Administration Board. The following description is a summary only. For more complete information, reference should be made to the Plan text.

(a) Contributions

Members' contributions are 0.92% of salary. The employer matches the members' contributions to the Plan.

(b) Benefits

Disability benefits are based on 65% of the member's salary. Benefits will be paid either throughout the duration of the disability, until the member elects voluntary early retirement, reaches age 65 or upon death, whichever occurs first.

(c) Income Taxes

The Plan is a self insured disability income plan and as such is not subject to income taxes under The Income Tax Act. Disability benefits paid from the Plan are subject to deductions that are withheld and remitted to the Canada Revenue Agency.

2. Basis of Preparation

(a) Statement of compliance

The financial statements for the year ended December 31, 2014, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CPA Canada Handbook section 4600, Pension plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented. The financial statements were authorized and issued by the Plan's Administrative Board on May 20, 2015.

(b) Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments which have been measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

2. Basis of Preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

3. Summary of Significant Accounting Policies

The following policies are considered to be significant:

(a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Plan sponsors and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

Employers of members are responsible for the accuracy and completeness of members' contributions remitted and of employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the members' contributions and payroll information received from employers of the members.

(b) Investments

Investments are recorded at fair value. The fair value of equities is based on year-end market quotations obtained from recognized security dealers. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality, and liquidity.

Pooled funds are recorded at fair value based on the net asset value per unit determined by the investment manager with reference to the underlying investments' year-end market prices.

Short term investments are recorded at cost, which together with accrued interest income, approximates fair value.

(c) Investment Income and Transaction Costs

Investment income includes interest and dividends. Interest income is recorded on the accrual basis. Dividend income from equity securities is recognized as entitlement arises. Changes in fair value of investments includes both realized and unrealized gains and losses. Realized gains and losses from the sale of investments are calculated using a weighted average cost basis and are reflected in earnings as incurred. Investment transactions are accounted for on the trade date. Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies (continued)

(d) Foreign Exchange

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign denominated investments and accrued income are translated at year end exchange rates. The gains and losses arising from the transaction are included in the statement of changes in net assets available for benefits as part of the change in fair value of investments.

(e) Contributions

Contributions are accounted for on the accrual basis.

(f) Use of Estimates and Judgements

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates subject to estimates and assumptions include the valuation of investments and the determination of the disability obligation.

(g) Future Accounting Policy Changes

The relevant new guidance issued by the International Accounting Standards Board not yet adopted by the Plan includes:

- IFRS 9, Financial Instruments. The new standard will replace IAS 39, Financial Instruments: Recognition and Measurement, and includes guidance and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The new standard will come into effect January 1, 2018, with early application permitted.

Management does not expect any significant impact to the Plan's financial statements upon adopting the new standard.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet disability benefits payments. The Plan holds the following investments:

		2014		2013
Fixed Income	$	**1,449**	$	1,342
Cash		**802**		332
Pooled funds:				
Short Term		**6,250**		6,177
Fixed Income		**17,838**		15,438
Canadian Equities		**5,231**		4,671
Global Equities		**11,229**		10,506
Total Investments	$	**42,799**	$	38,466

Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee.

The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles.

The Statement of Investment Policies and Procedures permits investment in all bonds, debentures, notes, non-convertible preferred stock, real return bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency including mortgage-backed securities, guaranteed under *The National Housing Act (Canada)*, asset backed securities, term deposits and guaranteed investment certificates. It also permits investment in private placement of bonds that are rated by a recognized rating agency. The Plan's investment policy states that a minimum of 80% of fixed income must be invested in investment grade as rated by a recognized credit rating service.

The Plan may invest in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges, and unlisted equity securities, such as private placement equity, where the investment manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

The Plan may also invest in cash and short term investments which consist of cash on hand, Canadian and US money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

Canadian Bonds

The Plan holds Government of Canada bonds with a term to maturity greater than five years with a carrying value of $1,449 (2013 - $1,342). The effective average interest rate on the bonds is 2.62% (2013 – 1.92%).

Pooled Funds

The Plan owns units in Canadian and Global pooled equity funds as well as Canadian bonds and unit trust mortgage funds. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Fair Value of Investments

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (for example, as prices) or indirectly (for example, derived from prices).
Level 3 – inputs for the investment that are not based on observable market data.

	2014			
Asset Class	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity Pooled Funds	**$ -**	**$ 16,460**	**$ -**	**$ 16,460**
Canadian Bonds	**1,449**	**-**	**-**	**1,449**
Fixed Income Pooled Funds	**-**	**17,838**	**-**	**17,838**
Short Term Investments	**-**	**6,250**	**-**	**6,250**
Cash	**802**	**-**	**-**	**802**
Total Investments	**$ 2,251**	**$ 40,548**	**$ -**	**$ 42,799**

	2013			
Asset Class	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity Pooled Funds	$ -	$ 15,177	$ -	$ 15,177
Canadian Bonds	1,342	-	-	1,342
Fixed Income Pooled Funds	-	15,438	-	15,438
Short Term Investments	-	6,177	-	6,177
Cash	332	-	-	332
Total Investments	$ 1,674	$ 36,792	$ -	$ 38,466

There were no investments transferred between levels during the current year.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

5. Disability Obligations

There is no external legislative requirement for actuarial valuations to be performed for disability plans. Schedule A of Bylaw 9566 requires that actuarial valuations for the Plan are carried at a minimum every three years to determine the funding requirements. On an annual basis, the Board reviews the Plan's activities to determine whether a valuation is required. The last valuation was carried out as of December 31, 2012.

AonHewitt is the appointed actuary of the Plan. The actuarial value of disability obligations as of December 31, 2014 has been determined by extrapolating the figures from December 31, 2012, the date of the last actuarial valuation which was completed by Mercer Canada.

The assumptions used in the valuation were developed by reference to expected long term market conditions. Significant long term assumptions used in the valuation were:

Assumption	2014 Rate (%)	2013 Rate (%)
Inflation Rate	**2.2**	2.2
Discount Rate	**3.0**	3.0
Retirement Age	**65**	65
Active Life Earnings Adjustment	**3.6**	3.6
Rehabilitation Earnings Increase	**2.2**	2.2
Continuing in Year Claims Expense	**3.0**	3.0
Termination Rates	**Adjusted. 1988 – 1997 LTD termination study conducted by CIA**	

During 2014 the disability obligation increased by $848 (2013 - $3,863) as a result of plan experience. The disability obligation is sensitive to changes in the inflation rate and the discount rate, which impacts future claims benefits and the assumed real rate of return on Plan assets.

A change in the following assumptions (with no other change in other assumptions) would have the following approximate effects on the disability obligations:

	Approximate Effect on Disability Obligations	
50 Basis Point Decrease/Increase	**$**	**%**
Discount Rate	**+463/-440**	**-2.44/+2.5**
Inflation	**-314/+322**	**-1.7/+1.7**

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

6. Investment Income

Investment Income		2014		2013
Cash and Short Term Investments	$	**103**	$	83
Bond Interest		**709**		589
Dividend Income		**754**		325
Total	**$**	**1,566**	$	997

7. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future disability obligations. The extent that net assets available for benefits are greater than disability obligations is reflected as a surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded to pay the Plan's benefits over time.

The Plan receives new capital from member and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including short-term investments, bonds, and equities. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

8. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to foreign currency, interest rate volatility, market and credit risk. They may also be subject to liquidity risk. The Plan has set formal policies and procedures that establish an asset mix among equity and fixed income investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments. The Board of Trustees approves the Statement of Investment Policies and Procedures which is reviewed annually.

<u>Market Risk</u>

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures.

The impact on the net assets of the Plan due to a 10% change in the respective benchmark stock index using a three year historical measure of the sensitivity of the returns relative to the returns of the benchmark stock index, as of December 31, 2014 would result in an increase/decrease of 11.6% (2013 - 11.4%) in the value of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

8. Investment Risk Management (continued)

Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligation to the Plan. Credit risk is mitigated by entering into contracts with the counterparties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service.

The maximum credit risk to which it is exposed at December 31, 2014 is limited to the carrying value of the financial assets summarized as follows:

Asset Class		2014		2013
Canadian Bonds	**$**	**1,449**	$	1,342
Contributions Receivable		**76**		76
Accounts Receivable		**-**		88
Accrued Income Receivable		**3**		3
Cash		**802**		332
Total	**$**	**2,330**	$	1,841

Canadian bonds consist of Government of Canada bonds with an AAA rating.

Interest Rate Risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Disability obligations are relatively short term. Asset values are affected by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2014 a 1% increase/decrease in interest rates would result in a $1,192 (2013 – $952) change in the value of the Plan's fixed income portfolio.

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. During the year, the Plan held only investments denominated in Canadian Dollars.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2014

8. Investment Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets and through positive net cash inflows from contributions.

9. Related Party Transactions

Related Party Transactions		2014		2013
Accounts Receivable include the following amounts due from:				
Regina Civic Employees Superannuation and Benefits Plan	**$**	**-**	$	87
Accounts Payable include the following amounts due to:				
City of Regina		**193**		222
Regina Civic Employees Superannuation and Benefits Plan		**76**		140
	$	**269**	$	362
Expenditures include amounts paid to the City of Regina	**$**	**6**	$	6

10. Administration Expenses

Administration Expenses		2014		2013
Actuarial Services	**$**	**8**	$	68
Audit Services		**9**		9
Custodial and Portfolio Measurement Fees		**39**		37
Investment Manager Fees		**166**		139
Legal Services		**17**		60
Adjudication Services		**197**		139
Medical & Rehabilitation Services		**59**		78
Other Administrative Expenses		**218**		221
Total	**$**	**713**	$	751

Pensions & Disability

June 8, 2015

To: City Clerk
Attention: Mavis Torres

Re: The Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan 2014 Annual Report

Schedule A of Bylaw No. 8589, Section 15.7 of the City of Regina states that "in each Fiscal Year, submit to the Council a financial statement showing the business of the Plan for that year in such form as may be required." In accordance with the Bylaw, attached is the 2014 Annual Report for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan for information to be submitted for the next Finance and Administration agenda. Included in the Annual Report are the audited financial statements for the year ended December 31, 2014 which were approved by the Administrative Board for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan at its meeting of May 19, 2015.

Yours truly,

Colyn R. Lowenberger, Director
Pensions and Disability Administration

CL/kt
Encl.

Casual Employees' Superannuation and Elected Officials Money Purchase Plan
B101 – 2055 Albert Street • Box 3030 • Regina SK • Phone: 306.777.7402 • Fax: 306.777.6912

Regina Pensions & Disability

Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan

Annual Report & Audited Financial Statements

December 31, 2014

Table of Contents

Message from the Chairperson

I am pleased to present the Annual Report for the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan for the year ended December 31, 2014.

In this report you will find the following:

- membership information;
- the composition of the Administrative Board and its role as trustee of the Plan;
- how the Board conducts its business and fulfils its responsibilities to the members of the Plan;
- how the assets of the fund are invested and the investment results for 2014;
- historical investment returns; and
- the annual financial statements for 2014, audited by KPMG.

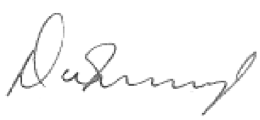
During 2014, the Plan assets grew by over 7% from 9.8 million to $10.5 million. This growth reflects a year of relatively positive news in the financial markets. It also reflects an increase in the number of members in the Plan – up by about 3% from 2013.

Overall, the Plan's investment fund achieved a 10.98% return, outperforming the total fund benchmark by 0.40%. After careful consideration the Board decided to terminate its investment in the Balanced Fund offered by Greystone Managed Investments Inc. In its place the Board implemented a Managed Investment Portfolio which will provide greater investment diversification to plan members at a lower cost. The Board remains focused on long term results, achieved through prudent investment and solid governance.

On an annual basis, the Board reviews information on web usage and quarterly statement information provided to members to ensure that members have access to the information they need.

A new departmental structure was implemented in 2014 which will assist Pensions & Disability Administration in serving Plan members in an efficient and effective manner.

I would like to take this opportunity to thank the members of the Administrative Board for their contribution and the staff of Pensions & Disability Administration for their work throughout the year. Together, we are committed to providing the leadership, integrity and stewardship to support members as they save for retirement.



Councillor Wade Murray
Chairperson, Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan

Total members belonging to the Plan were 978 at December 31, 2014. This includes 724 active members who are still working and contributing to the Plan, and 254 inactive members who are no longer contributing to the Plan but are entitled to receive benefits upon retirement.

Over the past year, the net assets available for benefits experienced an increase from a balance of $9.8 million at the end of 2013, to a balance of $10.6 million at the end of 2014. Overall the Plan has seen an increase in net assets available for benefits of 31% over the last five-year period. The net investment gain for the year was $700,000.

Contributions for the year were $616,000, representing an increase of 2% over 2013. Total payments from the Plan were $1,008,000 including $940,000 in pension refunds, which can be transferred to another registered plan or taken as cash depending upon the member's status, and $68,000 in administration and investment expenses. 2014 saw an increase in pension refunds of 45% over 2013.

In 2014 the Board terminated its investment in the Balanced Fund offered by Greystone Managed Investments and implemented a Managed Investment Portfolio which provides greater investment diversification to plan members at a lower cost. The assets of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan are now invested with the managers indicated below and administered by BMO Group Retirement Services. Total invested assets were $10.5 million at December 31, 2014 and the asset mix for the portfolio was as follows:

Asset Class	Manager	Allocation
Canadian Equities	QV Investors Inc.	19.2%
Global Equities	Franklin Templeton Institutional	40.4%
Long Term Bonds	TD Asset Management	20.4%
Core Plus Bonds	TD Asset Management	20.0%
Total		**100%**

On a total basis the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan outperformed the investment return of the custom benchmark by 0.40% with a one-year return of 10.98%. Over the last ten years, the Plan has achieved an annualized return of 6.40%.

As a defined contribution pension plan, the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan provides eligible members with retirement savings based on the accumulated total of member and employer contributions, plus the earnings associated with those contributions. The Plan was established December 25, 1985 under Schedule "A" and Schedule "B" of Bylaw No. 8589.

The member's contributions and those paid by the City on behalf of the member are credited to an account established at the time the employee becomes a member of the Plan. These amounts, together with interest credited at regular intervals, comprise the member's individual account.

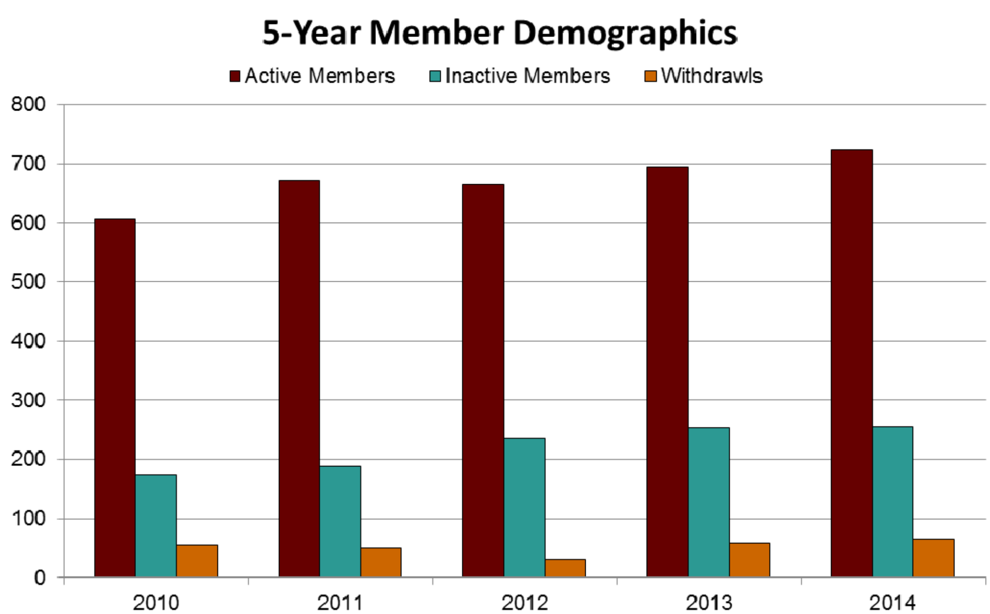
Upon termination a member may transfer the individual account balance to a locked-in retirement account, another registered pension plan, a registered retirement savings plan (RRSP), or an insurance company to purchase a deferred annuity.

Death benefits are payable to the member's designated beneficiary and if there is no designated beneficiary, to the estate. The designated beneficiary will receive a cash payment of the individual account balance or may elect that the amount be used to purchase an immediate or deferred annuity.

The Plan includes City of Regina casual employees who are members of Canadian Union of Public Employees, Local No. 21 and Elected Officials of the City of Regina.

CUPE Local No. 21 employees contribute 3% of pensionable earnings to the Plan, and the City contributes an equal amount. City of Regina Elected Officials contribute 6.95% of pensionable earnings to the Plan, and the City contributes an equal amount.

Plan membership includes 724 active members who are still working and contributing to the Plan, and 254 inactive members who are no longer contributing to the Plan. During 2014, the Plan enrolled 94 new members and paid termination, death, or retirement benefits to 65 members. The following chart shows the change in membership over the past five years:



Governance

The Plan is governed by a Board of Trustees made up of four voting members; three persons to be appointed by the City Manager, and one member of City Council appointed by the Finance and Administration Committee of the City of Regina.

The Administrative Board members at December 31, 2014 were:

Councillor Wade Murray, Chairperson
Councillor Murray was appointed by the Finance and Administration Committee in 2006. He has owned several small businesses in Regina with the latest venture in the renovation and sprayfoam industry, Ultimate Insulation Inc. Councillor Murray serves on a number of boards and committees and is currently sitting for his fourth term on Regina City Council, representing the residents of Ward 6.

Curtis Smith, Vice-chairperson
Mr. Smith was appointed by the City Manager in 2012. He has been employed by the City of Regina for seven years and currently holds the position of Manager, Policy and Risk Management. He also is the Acting Manager, Corporate Accounting. Mr. Smith is a Chartered Accountant (CA) and Certified Internal Auditor (CIA), and has a Bachelor degree in Business Administration from the University of Regina.

Marco Deiana
Mr. Deiana was appointed by the City Manager in 2010. He has been employed by the City of Regina for 16 years and currently holds the position of Manager, Workplace Health & Safety.

Brent Rostad
Mr. Rostad was appointed by the City Manager in 2012. He has worked for the City of Regina for 17 years and has had the opportunity to work in a number of areas including the Wastewater Plant, Sewage & Draining and Landfill. Mr. Rostad currently holds the position of Manager, Water Operations.

Left to Right: Marco Deiana, Darren Grychowski, Councillor Wade Murray, and Brent Rostad

Not Pictured: Curtis Smith and Heather Bryant

A Pension Advisory Committee, as specified under *The Pension Benefits Act, 1992* (Saskatchewan), appointed by the Executive of the Canadian Union of Public Employees Local No. 21, is also invited to attend all regular and special meetings of the Board.

The Board met 4 times during 2014. Following is the Board Meeting attendance for each Member:

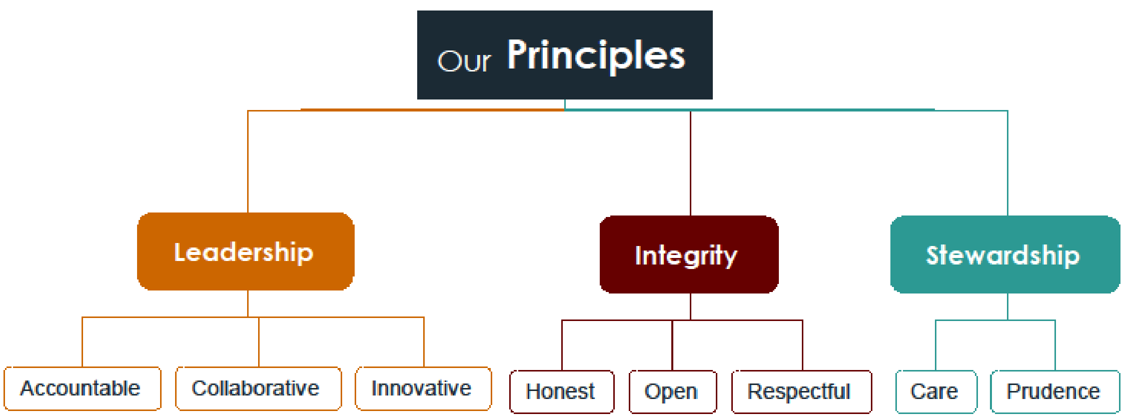
Trustee	Meetings Attended	Trustee	Meetings Attended
Councillor Wade Murray	3	Clint Driedger*	1
Curtis Smith	4	Darren Grychowski*	1
Marco Deiana	3	Heather Bryant*	1
Brent Rostad	4		

**Appointed in October 2014*

A pension plan represents the combined retirement assets of its membership. The value of the benefit earned is often the largest financial asset belonging to any given member and forms the basis of their livelihood in retirement. As a result, plan beneficiaries and the law demand that those charged with administering a pension plan conduct their affairs to the highest standards.

In law, the standard by which those charged with administering a pension plan are measured is that of the fiduciary. By its very nature the fiduciary duty is owed solely to the beneficiaries and paramount to earning their confidence and trust. Confidence and trust are earned over time and lost in an instant. They are earned through adherence to legislation and sound business decisions. More importantly, confidence and trust are earned each day through how an organization conducts its business.

To build confidence and trust, the Board has identified three primary principles that underlie what they do. From the core formed by the duty to the beneficiaries the Board conducts their business based on three primary principles; Leadership, Integrity and Stewardship.



Leadership
We are passionate about people and driven to inspire and motivate ourselves and others. As Leaders we are:

- **Accountable** – Leaders hold themselves and others accountable for actions, results, successes and failures.
- **Collaborative** – Leaders recognize the value of working together, toward common goals, and understand that the whole is greater than the sum of its parts.
- **Innovative** – Leaders encourage creativity and understand that innovation requires being different.

Integrity
We understand that trust is earned through actions and consistently act with candour and in good faith. We are:

- **Honest** – We are truthful, accurate and straight forward in all of our dealings.
- **Open** – We conduct ourselves in an open and transparent fashion.
- **Respectful** – We treat everyone with respect and dignity.

Stewardship
We are the custodians of one of the largest assets our members have. As stewards we are:

- **Careful** – We fully employ the knowledge and skills that we individually and collectively possess to diligently balance risk and opportunity.
- **Prudent** – We are judicious and cautious (in practical affairs).

Responsibilities

1. **Compliance With Legislation**
   The Board ensures that the Plan is administered in compliance with all appropriate legislation and benefits are paid appropriately to members. The Plan must comply with legislation under *The Pension Benefits Act, 1992* (Saskatchewan), *The Pension Benefits Regulations, 1993* (Saskatchewan), and the *Income Tax Act*.

2. **Pensions & Disability Administration**
   Pensions & Disability Administration reports to the Board on all aspects of Plan administration. The Board reviews the performance of the department on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties.

3. **Annual Financial Statements**
   The Board ensures that an annual audit is conducted of the Plan, the annual financial statements for the Plan are prepared, and the results are filed with the regulatory authorities. The current auditors for the Plan are KPMG LLP and the statements audited by them are included in this report.

4. **Custody of Plan Assets**
   The Board must ensure all monies due to the Plan are kept separate and apart from other funds of the City of Regina. This is accomplished by hiring a custodian to ensure the money is kept separate from the City's funds and is only used for pension purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is CIBC Mellon Trust Company. Record keeping services are provided by BMO Group Retirement Services.

5. **Fund Management**
   The Board is responsible for making investments in accordance with the investment requirements contained in *The Pension Benefits Act, 1992* (Saskatchewan) and other relevant legislation. On a quarterly basis the Board reviews the investment activities of the Plan, ensures compliance with the Statement of Investment Policies & Procedures, and reviews the Plan's investment results.

6. **Performance Measurement**
   The Board ensures the investment manager is managing the Plan assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures approved by the Board. As part of this duty, the Board requires the administration to report quarterly on the performance and whether the manager is in compliance with the Statement of Investment Policies & Procedures.

7. **Policy Documents**
   To support the objectives of the Plan, the Board has developed and implemented the following policies:

   - Procedural Rules
   - Statement of Investment Policies & Procedures
   - Trustee Education Policy
   - Trustee Selection Policy

The Administrative Board of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan. To that end, the Board has developed the Trustee Education Policy based on the following principles:

(a) Board members are required to make policy decisions to facilitate the administration of the Plan;
(b) Board members have an obligation to participate in Board meetings in a meaningful way; and
(c) a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Trustee Education Policy requires that, in addition to basic education obtained within the first three years of becoming a Trustee, Trustees must attend a minimum of 10 hours of educational opportunities on an annual basis.

The following Administrative Board members attended conferences and seminars for educational opportunities that were paid by the Plan:

Trustee	Conference/Seminar	Date	Location	Hours
Councillor	CPBI Regional Conference	Apr 9-10	Regina, SK	20
Wade Murray	**Total Expenses**	**$472**	**Total Hours**	**20**
Marco	CPBI Regional Conference	Apr 9-10	Regina, SK	20
Deiana	**Total Expenses**	**$472**	**Total Hours**	**20**
Brent	CPBI Regional Conference	Apr 9-10	Regina, SK	20
Rostad	**Total Expenses**	**$472**	**Total Hours**	**20**
Curtis				
Smith	**Total Expenses**	**$0**	**Total Hours**	**0**

The expenses above show total costs per member. In the event a Trustee sits on more than one Administrative Board, education and training expenses are shared with the other Plan(s).

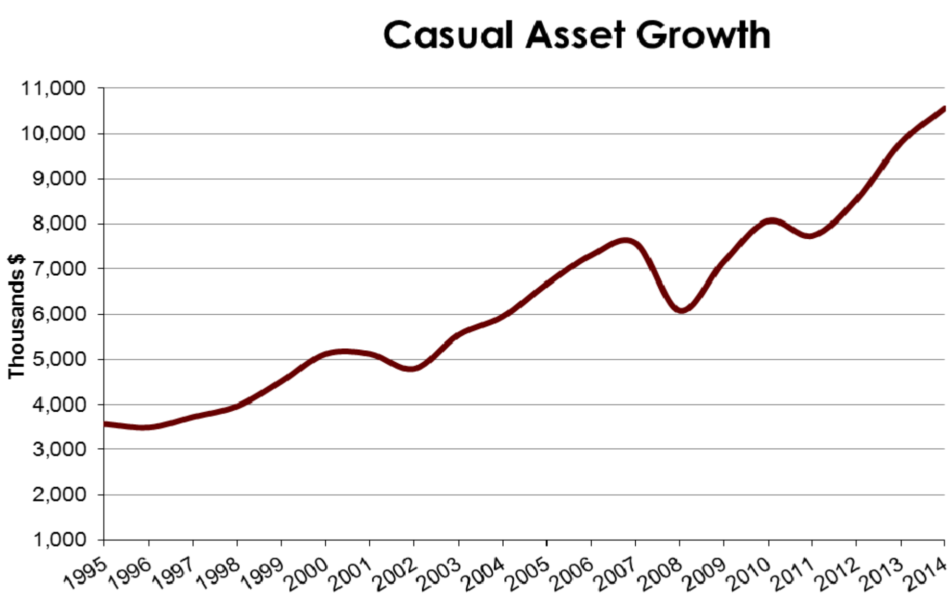
Year End Financial Position
As at December 31, 2014 the Plan had net assets available for benefits of $10.6 million. Net assets consist of investments at fair value of $10.5 million and contributions receivable of $48,000, less accounts payable of $3,000.

There are four main factors that contribute to the size of the asset base of the Plan. These factors are the investment income earned over the year, the contributions made to the individual accounts of members, the Plan's administration and investment expenses, and the benefit payments made to members. Investment income, contribution revenues, and benefit payments & expenses over the last ten years are shown below:

For The Year Ending	Investment Income / (Loss) ($ Thousands)	Revenue From Contributions ($ Thousands)	Benefit Payments & Expenses ($ Thousands)
2014	1,164	617	(940)
2013	1,336	604	(682)
2012	632	554	(386)
2011	(339)	546	(533)
2010	826	520	(447)
2009	922	528	(361)
2008	(1,364)	494	(631)
2007	358	464	(548)
2006	845	424	(637)
2005	682	386	(339)

In addition to the benefit payments and expenses shown in the chart above, the employer covers the costs associated with the administrative functions of the Administrative Board and the Pensions & Disability Administration Department. The employer also funds 75% of the administrative services for record keeping charges billed by BMO Group Retirement Services and CIBC Mellon for the pension plan custodian fees.

Over the past twenty years, the assets of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan have grown significantly as shown below:



The Administrative Board of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan oversees the investments of the Plan in accordance with the Statement of Investment Policies & Procedures. The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objective of the investment policy is to maximize the returns of the Plan members without incurring undue risk.

The Statement of Investment Policies & Procedures is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

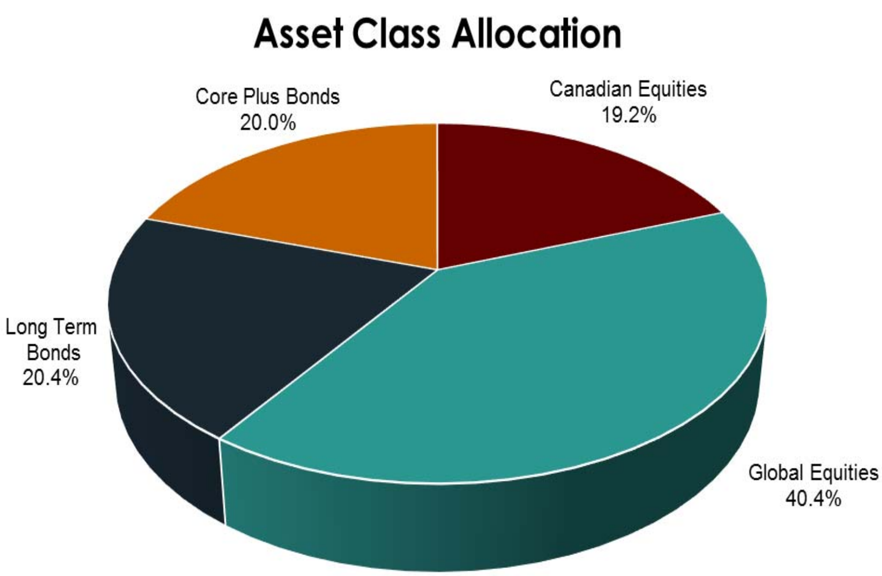
The Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan measures investment performance against a custom benchmark consisting of the indices that best represent each asset class:

Asset Class	Total Fund Benchmark	%
Canadian Equities	S&P/TSX 300 Index	20
Global Equities	MSCI World Index	40
Long Term Bonds	FTSE TMX Canada Long Term Overall Bond Index	20
Core Plus Bonds	FTSE TMX Canada Universe Bond Index	20

The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over the longer term.

Total invested assets of the Casual Plan (including accrued income) at December 31, 2014 were $10.5 million.

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.



The table below provides the current asset allocation policy of the Casual Plan:

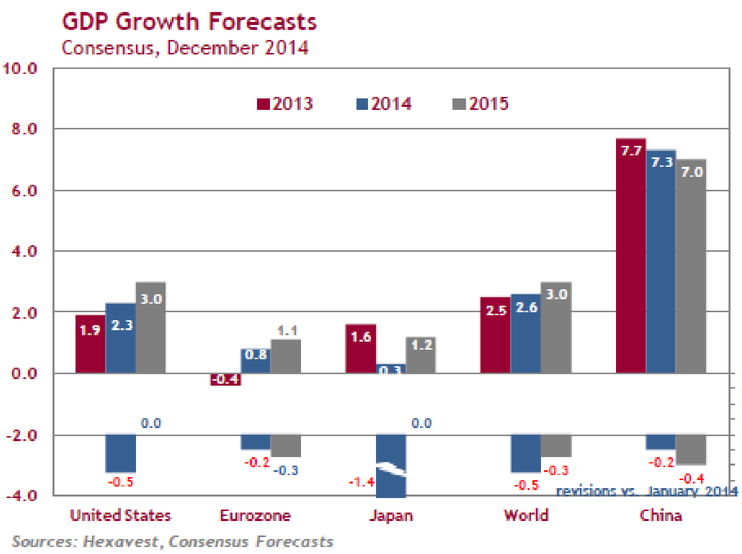
Asset Class	Total Fund Benchmark	Actual % Allocation	Min %	Target % Allocation	Max %
Equities:					
Canadian Equities	S&P/TSX 300 Index	19.2	15	20	25
Global Equities	MSCI World Index	40.4	35	40	45
	Total Equities:	**59.6**		**60**	
Fixed Income:					
Long Term Bonds	FTSE TMX Canada Long Term Overall Bond Index	20.4	15	20	25
Core Plus Bonds	FTSE TMX Canada Universe Bond Index	20.0	15	20	25
	Total Fixed Income:	**40.4**		**40**	
Total Fund:		**100.0**		**100**	

As the performance of individual managers and markets move the assets in the fund away from the normal strategic positions, the assets are rebalanced to bring the fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached. The actual management and asset allocation structure of the Casual Plan as at December 31, 2014 is shown below:

Asset Class	Manager	Start Date	Amount ($ Thousands)	% Of Holdings
Equities:				
Canadian Equities	QV Investors Inc.	2014	2,030	19.2
Global Equities	Franklin Templeton Institutional	2014	4,246	40.4
	Total Equities:		**6,276**	**59.6**
Fixed Income:				
Long Term Bonds	TD Asset Management	2014	2,146	20.4
Core Plus Bonds	TD Asset Management	2014	2,100	20.0
	Total Fixed Income:		**4,246**	**40.4**
Cash:	n/a	n/a	**3**	**-**
Total Fund:			**10,525**	**100.0**

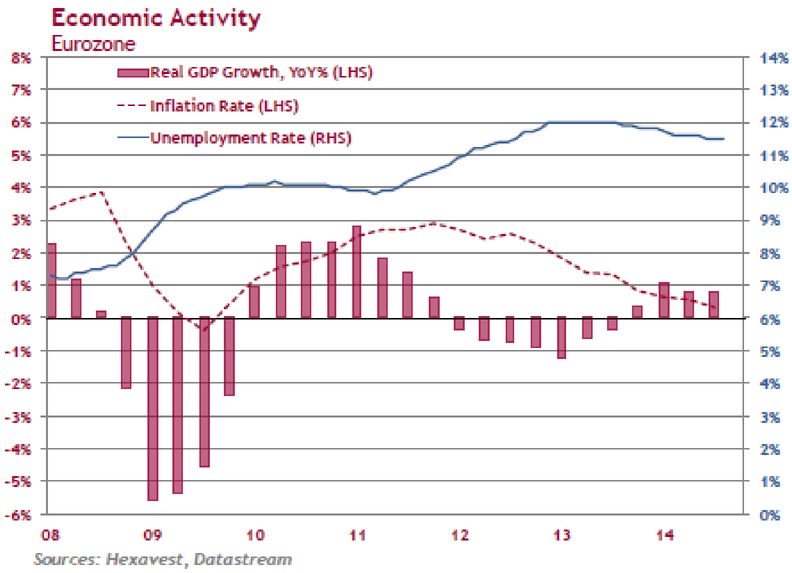
Global equities had narrow gains in the first quarter as worries over the impact of the Federal Reserve's tapering of quantitative easing saw equities begin the year on a weak footing. Stock markets recovered as the quarter progressed but gains were held back by the crisis in Ukraine. Canadian GDP grew at a modest annualized rate of 1.2% in the first quarter helped by consumer spending. Canadian employment data was strong while inflation remained at the low end of the Bank of Canada's targets. Commodities were notably strong as oil, natural gas, and gold stocks rose. Oil and gas producers benefited from increased demand and diminished supply caused by frigid winter conditions. The S&P/TSX Composite Index gained 6% over the quarter. The gain was broadly based as nine of the Index's ten sectors gained, led by Utilities, Healthcare and Materials. Consumer Discretionary was the only sector to decline over the quarter. U.S. macroeconomic data was mixed as housing data was disappointing yet consumer confidence reached a six-year high.

Fourth quarter 2013 GDP data was revised down to an annualized rate of 2.6% from an estimated 3.2%, while there was a slight up-tick in the unemployment rate. Utilities and Healthcare led the increase in the S&P 500 while Consumer Discretionary and Telecom detracted the most. Eurozone equities were supported by encouraging macroeconomic data and although inflation continued to be below target the European Central Bank (ECB) kept monetary policy unchanged. A change of government in Italy was greeted favourably by the market while UK shares fell as earnings were generally disappointing. In general emerging markets underperformed developed market peers.



Weaker macroeconomic data from China and the political tensions between Ukraine and Russia weighed on emerging markets, adding to ongoing concerns over the impact of reduced Global liquidity. Overall, international stock markets were flat for the quarter as the MSCI EAFE Index was unchanged. FTSE TMX Canada Universe Bond Index yields declined 22 basis points, with the average yield on the Index finishing the quarter at 2.53%. Short-, mid-, and long-term yields all declined over the quarter.

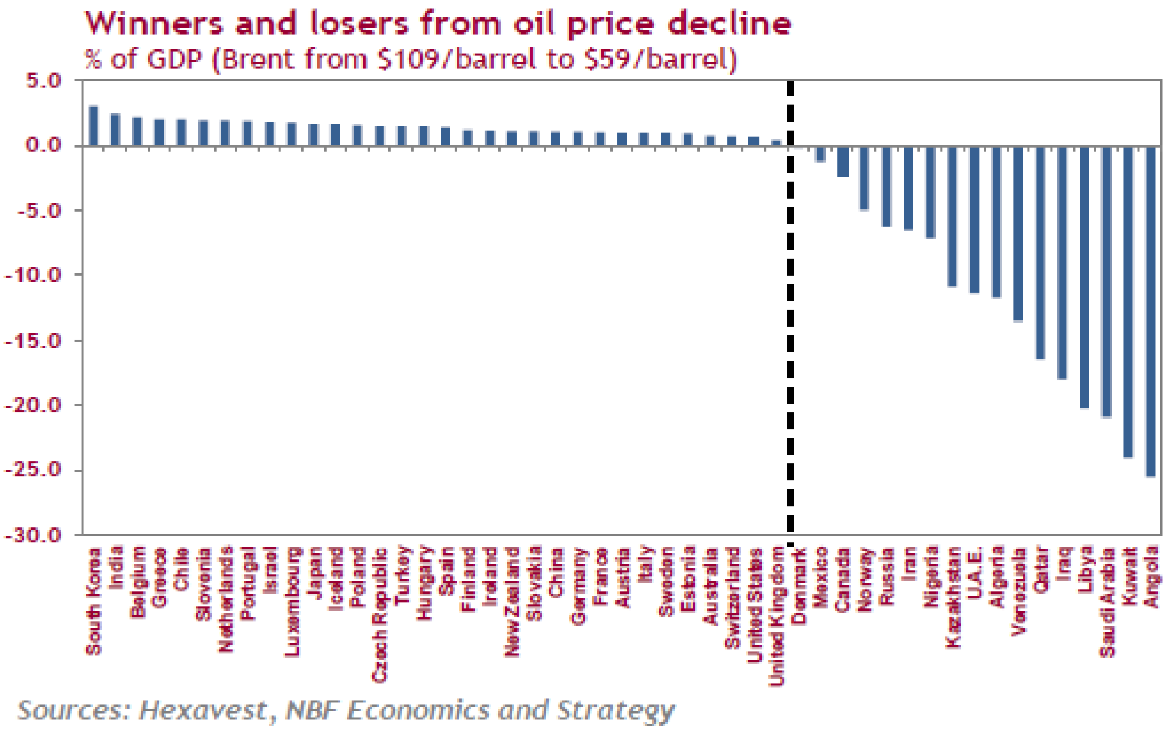
Global equities gained in the second quarter, supported by ongoing accommodative monetary policy from central banks. Geopolitical tensions were in focus amid an escalation of conflict in Iraq, which pushed oil prices higher. Canadian GDP surpassed expectations and grew at an annualized rate of 3.1%. Household consumption increased, yet decreases in government and business consumption weighed on growth. Canadian employment data was mixed during the quarter, and inflation in Canada remained contained. The S&P/TSX Composite Index gained 6.4% over the quarter. Gains were widespread as nine of the Index's ten sectors rose, led by Energy, Industrials, and Materials. Energy stocks were strong, with investor sentiment toward the sector improving as oil and natural gas prices were up year over year and the discount for Canadian oil versus U.S. and Global oil narrowed. In the U.S., the S&P 500 Index rose 5.2%, supported in part by increased consumer consumption and improved manufacturing activity. Gains were broadly based as all of the Index's ten sectors gained, led by Energy (which posted a double-digit return), Utilities, and Information Technology. GDP growth for the first quarter disappointed but data releases pointed towards a more encouraging picture for the second quarter. Eurozone equities were supported by the ECB's announcement of measures to stimulate growth and fend off the risk of deflation. The measures included a cut to interest rates and the introduction of a negative deposit rate. UK equities edged higher though markets were unsettled by suggestions that an interest rate rise could happen sooner than expected by the Bank of England.



In Japan, macroeconomic data was mixed following the increase in the consumption tax. Emerging markets outperformed developed market peers in the second quarter. Emerging Asia was the strongest region led by gains in India. There was optimism about the country's growth and reform prospects following the election victory of Prime Minister Narendra Modi. The FTSE TMX Canada Universe Bond Index rose 1.99% over the quarter. Both government and corporate bonds generated positive returns, with corporates modestly outperforming Government of Canada bonds.

Global equities delivered negative returns as geopolitical tensions rose in the third quarter. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in Ukraine. At the same time, data from Europe and China pointed to faltering economic growth. Canadian GDP rose at an annualized rate of 2.8% in the third quarter, exceeding expectations. Economic growth was broadly based as almost all sectors increased. Canadian employment data was mixed during the quarter, rising in July and declining in August. Canadian equities declined modestly over the quarter as the Energy and Materials sectors weakened. The S&P/TSX Composite Index posted a quarterly loss of 0.6%. Quarterly losses were concentrated in three of the Index's ten sectors – Materials, Energy, and Telecom. Gold was down notably in September as the U.S. dollar rallied, and oil stocks struggled, leading to a significant decline in the global benchmark price for oil. The S&P 500 posted a positive return with macroeconomic data remaining supportive of the upwards revision of second quarter GDP growth. Merger and acquisition activity continued to lift equities in the U.S. Eurozone equities were negatively affected by weaker economic data. Worries over the impact of sanctions imposed on Russia by the West, and the health of one of Portugal's banks weighed on investor sentiment. Japan registered positive returns, as corporate earnings were generally strong and exporters benefited from the weaker yen. Emerging markets lagged developed markets in the third quarter. Brazilian equities were weak with sentiment driven by the forthcoming presidential election. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds.

Global equities delivered positive returns in a volatile fourth quarter. Canadian GDP rose at an annualized rate of 2.4%, aided by an increase in household consumption and exports. Canadian employment data was strong, but the unemployment rate increased slightly. Canadian inflation declined as energy prices continued to fall. The S&P/TSX Composite Index posted a quarterly loss of 1.47% as three of its ten sectors declined – Energy, Materials, and Industrials. Both the Consumer Staples and Consumer Discretionary sectors performed well over the quarter, spurred by tailwinds from improving employment data and lower gas prices. The Federal Reserve ended its quantitative easing program but other central banks continued to ease monetary policy in the fourth quarter while oil prices fell further, particularly after OPEC elected not to cut output. The S&P 500 performed well despite some concerns over interest rate rises. Equities were supported by hopes that the lower oil price would help sustain the consumer-led recovery. Eurozone equity returns were virtually flat in the fourth quarter. Macroeconomic news remained downbeat with disappointing news from Germany's industrial sector early in the quarter. The weak data fuelled hopes that the ECB would soon start buying sovereign bonds. Japanese equities gained after further monetary policy easing from the central bank sent the yen lower. Prime Minister Abe called snap elections, which were won by his party, and delayed another consumption tax increase. Emerging markets posted negative returns in the fourth quarter. Russia was particularly weak amid deteriorating economic data, the falling oil price, and pressure on the rouble.



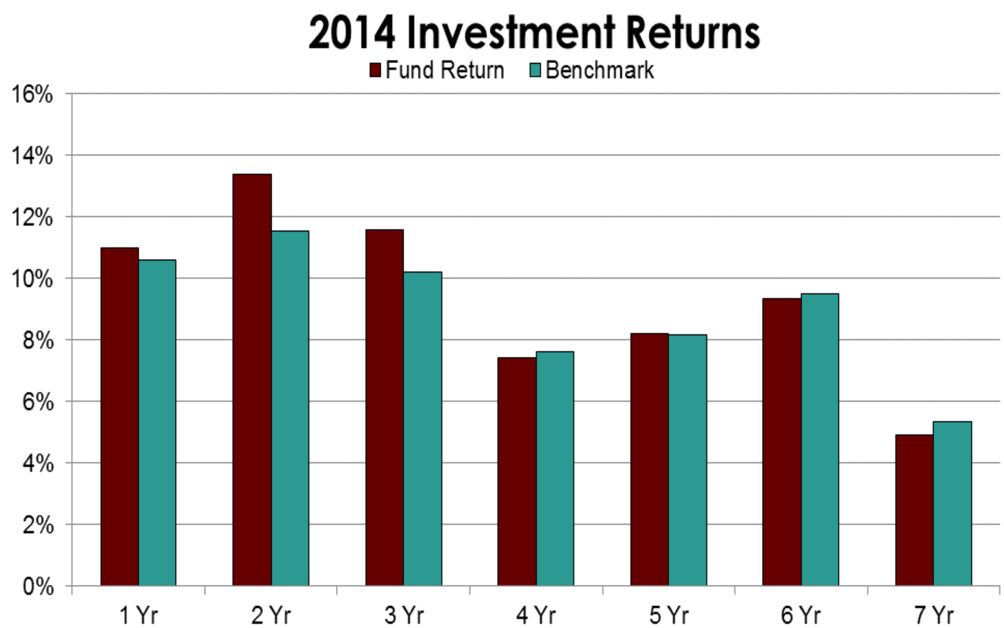
Persistent policy accommodation from the world's major central banks, as well as sustained weakness in oil prices, was the principal driver of returns for fixed income markets. The FTSE TMX Canada Universe Bond Index rose 2.70% over the quarter. Long-term bonds posted the best returns, rising 5.25% while mid-term bonds returned 2.69% and short-term bonds returned 0.92%. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds. Overall, yield declined 20 basis points, with the average yield on the FTSE TMX Canada Index finishing the quarter at 2.23%. Short-, mid-, and long-term yields all declined over the quarter.

Main Indices	**1 Year Return**	
December 31, 2014	**CAD**	**Local**
MSCI ACWI	13.55%	9.32%
MSCI World	14.39%	9.81%
MSCI EAFE	3.67%	5.92%
MSCI Europe	2.28%	4.66%
MSCI Pacific	6.07%	7.89%
MSCI Emerging	6.63%	5.17%
S&P 500	23.93%	13.69%
S&P/TSX	10.55%	10.55%

On a total basis, the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan outperformed the investment return of the custom benchmark by 0.4% in 2014 with a return of 10.98%.

One year investment returns are interesting to watch, and form a piece of the ongoing administration of the Plan; however, pension investing is a long term proposition. Over the last seven years the Casual Plan has provided positive annualized investment returns over all periods, outperforming the benchmark in four periods, but underperforming the benchmark in three periods. The Plan has posted strong double digit returns over the one to three-year periods. Over the last ten years, the Plan has achieved an annualized return of 6.4%.

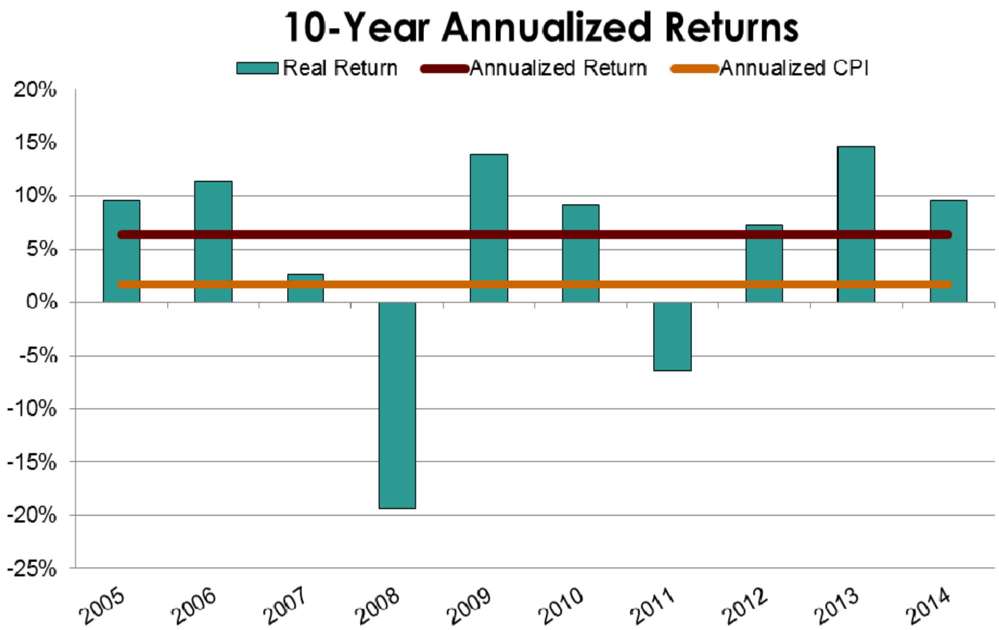
Investment Returns	**Annualized Rate Of Return (%)**						
	1 yr	**2 yr**	**3 yr**	**4 yr**	**5 yr**	**6 yr**	**7 yr**
Total Fund	10.98	13.36	11.58	7.41	8.21	9.35	4.91
Total Fund Benchmark	10.58	11.53	10.21	7.61	8.15	9.52	5.34
Excess Return (%)	0.40	1.83	1.37	-0.20	0.06	-0.17	-0.43



Historical Total Returns
The annual investment returns of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan for the last ten years are as follows:

Annual Rate Of Return			
Year	Nominal Return	CPI	Real Return
2014	10.98%	1.50%	9.48%
2013	15.80%	1.20%	14.60%
2012	8.10%	0.80%	7.30%
2011	-4.20%	2.30%	-6.50%
2010	11.50%	2.40%	9.10%
2009	15.20%	1.30%	13.90%
2008	-18.20%	1.20%	-19.40%
2007	5.00%	2.40%	2.60%
2006	13.00%	1.70%	11.30%
2005	11.60%	2.10%	9.50%

(1) Nominal Return is the actual rate of return earned in the year.
(2) The CPI (Consumer Price Index) is published monthly by Statistics Canada. The rate of change provides a measure of inflation.
(3) Real Return is the return earned after accounting for the effect of inflation.
(4) Annualized Return is the return earned after the effect of inflation is removed, over a specific time period.



Pension Plan

Expenses

Description	2014 ($ Thousands)	2013 ($ Thousands)
Administrative Expenses Paid by the City of Regina	**118**	103
Administrative Expenses Paid by the Plan:		
Custodial Services:		
CIBC Mellon	**2**	2
Investment Manager Fees:		
Greystone Managed Investments	**53**	21
Administrative Services:		
BMO Group Retirement Services	**13**	12
Total for the Plan:	**186**	138

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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Casual Employees' Superannuation and Elected Officials' Money Purchas Pension Plan:

We have audited the accompanying financial statements of the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan, which comprise the statement of financial position as at December 31, 2014 and the statement of changes in net assets available for benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider interal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan as at December 31, 2014, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Accountants

May 19, 2015
Regina, Canada

STATEMENT OF FINANCIAL POSITION
(dollars in thousands)

As at December 31

		2014		2013
ASSETS				
Investments – Note 4	**$**	**10,525**	$	9,749
Contributions Receivable				
Members		**24**		28
Employers		**24**		28
	$	**10,573**	$	9,805
LIABILITIES				
Accounts Payable		**3**		6
Net Assets Available for Benefits	**$**	**10,570**	$	9,799

See accompanying notes

APPROVED BY:

Board Member

Board Member

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(dollars in thousands)

For the Year Ended December 31

	2014	2013
INCREASE IN NET ASSETS		
Investment Income	**$ 1,866**	$ 281
Increase in Fair Value of Investments	**-**	1,055
Contributions		
Member Contributions	**308**	302
Employer Contributions	**308**	302
	2,482	1,940
DECREASE IN NET ASSETS		
Pension Refunds	**940**	647
Decrease in Fair Value of Investments	**703**	-
Administration Expenses – Note 7	**68**	35
	1,711	682
Net Increase for the Year	**771**	1,258
Net Assets Available for Benefits, Beginning of Year	**9,799**	8,541
Net Assets Available for Benefits, End of Year	**$ 10,570**	$ 9,799

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

1. Description of Plan

The Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan (the "Plan") is a defined contribution plan. All casual employees who acquire and maintain seniority under the provisions of the Collective Agreement between the City of Regina and the Canadian Union of Public Employees, Local No. 21, are required to join the Plan as contributing members. Elected Officials of the City of Regina may also join the Plan.

(a) Contributions

Casual Employee Members contribute of 3% of salary. Elected Officials contribute 6.95% of salary. The employer matches the members' contributions to the Plan.

(b) Benefits

Benefits are received upon retirement, termination, or death by lump sum transfers to an individual's locked in retirement account with another financial institution. Cash payments may be made for non-vested or small benefit amounts.

2. Basis of Preparation

(a) Statement of compliance

The financial statements for the year ended December 31, 2014, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the Chartered Professional Accountants Canada (CPA Canada) Handbook section 4600, Pension Plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented. These financial statements were authorized and issued by the Plan's Administrative Board on May 19, 2015.

(b) Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments which have been measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies

The following policies are considered to be significant:

(a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

(b) Investments

Investments in pooled funds are recorded at fair value on a trade date basis. Fair value is determined based on the net asset value provided by the pooled fund administrator using closing bid prices of the underlying investments.

(c) Investment Income and Transaction Costs

Investment income consists of distributions earned from investments in pooled funds and is recorded on the accrual basis. Realized and unrealized gains and losses are recorded in the change in fair value of investments. Transaction costs are recognized in the statement of net assets available for benefits in the period incurred.

(d) Foreign Exchange

All investments denominated in foreign currency year end balances are converted into Canadian dollars at the exchange rate prevailing at year end. Gains and losses due to translation are included in the change in fair value of investments for the period. Revenue and expenses are translated at the exchange rate on the date of the transaction.

(e) Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investments. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined.

(f) Fair Value

Contributions receivable and accounts payable are all short-term in nature and as such their carrying value approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies (continued)

(g) Future Accounting Policy Changes

The relevant new guidance issued by the International Accounting Standards Board not yet adopted by the Plan includes:

- IFRS 9, Financial Instruments. The new standard will replace IAS 39, Financial Instruments: Recognition and Measurement, and includes guidance and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The new standard will come into effect January 1, 2018, with early application permitted.

Management does not expect any significant impact to the Plan's financial statements upon adopting the new standard.

4. Investments

The investment objectives of the Plan are to earn a rate of return that exceeds the rate of return earned on a benchmark portfolio. Due to the long-term horizon of the Plan's benefits, the Plan takes a long-term investment perspective. The Plan has the following investments:

		2014		**2013**
Cash	**$**	**3**	$	-
Pooled funds:				
Fixed Income		**4,246**		-
Canadian Equities		**2,030**		-
Global Equities		**4,246**		-
Greystone Balanced Fund		**-**		9,749
Total Investments	**$**	**10,525**	$	9,749

Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee.

The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles.

The Plan may invest in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges, and unlisted equity securities, such as private placement equity, where the investment manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

4. Investments (continued)

The Plan may invest in bonds, notes and other debit instruments of Canadian and foreign issuers, mortgage-backed securities guaranteed under the National Housing Act, term deposits and guaranteed investment certificates, and private placements of bonds that are rated by a recognized rating agency.

The Plan may invest in cash and short term investments which consist of cash on hand, Canadian and US money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

Pooled Funds

The Plan owns units in Canadian and Global pooled equity funds as well as Canadian fixed income pooled funds. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Fair Value of Investments

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (for example, as prices) or indirectly (for example, derived from prices).
Level 3 – inputs for the investment that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

4. Investments (continued)

	2014			
Asset Class	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity Pooled Funds	**$ -**	**$ 6,276**	**$ -**	**$ 6,276**
Fixed Income Pooled Funds	**-**	**4,246**	**-**	**4,246**
Cash	**$ 3**	**-**	**-**	**3**
Total Investments	**$ 3**	**$ 10,522**	**$ -**	**$ 10,525**

	2013			
Asset Class	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Greystone Balanced Fund	$ -	$ 9,749	$ -	$ 9,749
Total Investments	$ -	$ 9,749	$ -	$ 9,749

5. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future obligations to its members.

The Plan receives new capital from member and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including bonds and equities through pooled fund investments. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

6. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to interest rate volatility, market and credit risk. They may also be subject to liquidity risk. The Plan has set formal policies and procedures that establish an asset mix among equity and fixed income investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments. The Board of Trustees approves the Statement of Investment Policies and Procedures which is reviewed annually.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures.

Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligation to the Plan. Credit risk is mitigated by entering into contracts with the counterparties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service.

The maximum credit risk to which it is exposed at December 31, 2014 is limited to the carrying value of the financial assets summarized as follows:

Asset Class		**2014**		**2013**
Contributions Receivable	**$**	**48**	$	57
Cash		**3**		0
Total	**$**	**51**	$	57

Interest Rate Risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Asset values are affected by equity markets and short-term changes in interest rates. The Plan's investment policy has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2014 a 1% increase/decrease in interest rates would result in a $450 (2013 – $nil) change in the value of the Plan's fixed income portfolio.

NOTES TO THE FINANCIAL STATEMENTS
(dollars in thousands)

For the Year Ended December 31, 2014

6. Investment Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets and through positive net cash inflows from contributions.

7. Administration Expenses

Administration Expenses		2014		2013
Administration Expenses paid by the Plan				
Investment Manager Fees	**$**	**53**	$	21
Administrative Services		**13**		12
Custodial Fees		**2**		2
Total	**$**	**68**	$	35