Finance & Administration Committee

Tuesday, September 5, 2017
4:00 PM

Henry Baker Hall, Main Floor, City Hall

OFFICE OF THE CITY CLERK

Public Agenda
Finance & Administration Committee
Tuesday, September 5, 2017

APPROVAL OF PUBLIC AGENDA

ADOPTION OF MINUTES

Finance & Administration Committee - Public - Jun 6, 2017 4:00 PM

ADMINISTRATION REPORTS

FA17-13 Casual Employees' Superannuation and Elected Officials' Money Purchase 2016 Annual Report

Recommendation
That this report be forwarded to the September 25, 2017 meeting of City Council for information.

FA17-14 The Regina Civic Employees' Long Term Disability Plan 2016 Annual Report

Recommendation
That this report be forwarded to the September 25, 2017 meeting of City Council for information.

FA17-15 2017 Mid-Year Financial Report

Recommendation
That the 2017 Mid-Year Financial Report be forwarded to the September 25, 2017 meeting of City Council for information.

FA17-16 Request for Tax Exemptions on Subject Land within the Commercial Corridor

Recommendation

1. That the request by Industrial Properties Regina Limited for a change to the tax mitigation for seven properties be denied and the tax mitigation program outlined in reports CR14-57 Boundary Alteration - 2014 Property Tax Exemptions and CM17-4 Boundary Alteration - 2017 Property Tax Exemptions remain in place.

2. That this report be forwarded to the September 25, 2017 meeting of

City Council for denial.

FA17-17 Heritage Building Rehabilitation Program (17-HBRP-01) St. Mathew's Anglican Church

Recommendation

1. That a cash grant for the property known as St. Matthew's Anglican Church, located at 2165 Winnipeg Street, be approved in an amount equal to the lesser of:

   a) 50 per cent of eligible costs for the work described in Appendix C; or

   b) $30,000.

2. That the provision of the cash grant be subject to a grant agreement with the following conditions:

   a) That the property possesses and retains its formal designation as a Municipal Heritage Property in accordance with *The Heritage Property Act*.

   b) That the property owner submit detailed written documentation of payments made for the actual costs incurred (i.e. itemized invoices and receipts) in the completion of the identified conservation work as described in Appendix C.

   c) That work completed and invoices submitted by December 15, 2017, would be eligible for the cash grant for up to 50 per cent of the cost of approved work to a maximum of $30,000.

3. That the City Solicitor be instructed to prepare the necessary agreement and authorizing bylaw for the cash grant as detailed in this report.

4. That this report be forwarded to the September 25, 2017 meeting of City Council for approval.

FA17-18 Annual Debt Report

Recommendation

That this report be forwarded to the September 25, 2017 City Council meeting for information.

FA17-19 Donation of Memorabilia from Stadium at Taylor Field to Saskatchewan Sports Hall of Fame

Recommendation

1. That the Chief Financial Officer (CFO) be delegated the authority to approve the donation of Memorabilia from the Stadium at Taylor Field to Saskatchewan Sports Hall of Fame (SSHF).

2. That this report be forwarded to the September 25, 2017 meeting of City Council for approval.

ADJOURNMENT

AT REGINA, SASKATCHEWAN, TUESDAY, JUNE 6, 2017

AT A MEETING OF FINANCE & 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 Bob Hawkins, in the Chair Councillor Sharron Bryce Councillor John Findura Councillor Jason Mancinelli Councillor Barbara Young
Also in Attendance:	Council Officer, Kristina Gentile Chief Financial Officer, Ian Rea Executive Director, City Planning & Development, Diana Hawryluk Executive Director, Organization & People, John Paul Cullen Legal Counsel, Jana-Marie Odling Director, Assessment & Taxation, Deborah Bryden

APPROVAL OF PUBLIC AGENDA

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

ADOPTION OF MINUTES

Councillor John Findura moved, AND IT WAS RESOLVED, that the minutes for the meeting held on May 9, 2017 be adopted, as circulated.

ADMINISTRATION REPORTS

FA17-12 Tax Notices

Recommendation

1. That tax notices delivered to property owners beginning in 2018 include an information brochure which explains:
   - the City's role in collecting property taxes for the three taxing authorities (municipal, school and library); and
   - how taxes are determined and calculated.

2. That item MN17-3 be removed from the list of outstanding items.

3. That this report be forwarded to the June 26, 2017 meeting of City Council for approval.

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that:

1. **The tax notices delivered to property owners beginning in 2018 be converted to a three-page document with:**
   - **the provincial education taxes displayed on one page;**
   - **the municipal and library taxes displayed on another page; and**
   - **a summary of the total taxes and amount payable with one payment stub on the third page.**

2. **That item MN17-3 be removed from the list of outstanding items.**

3. **That this report be forwarded to the June 26, 2017 meeting of City Council for approval.**

Councillor Bob Hawkins declared conflict with the Grow Regina Community Gardens Incorporated Lease of Land for Community Gardens report, as he is a member of the Lakeview Community Association.

Councillor Bob Hawkins stepped down from the Chair and left the meeting.

Councillor Barbara Young took the Chair.

FA17-11 Grow Regina Community Gardens Incorporated Lease of Land for Community Gardens

Recommendation

1. That the proposed lease between the City of Regina (City) and Grow Regina Community Gardens Incorporated be approved under the terms and conditions outlined in the body of this report.

2. That the City Manager or designate be authorized to resolve the final terms and conditions of the Lease Agreements.

3. That the City Clerk be authorized to execute the lease documents, as prepared by the City Solicitor.

4. That this report be forwarded to the June 26, 2017, meeting of City Council for approval after the public notice has been advertised.

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

ADJOURNMENT

Councillor John Findura moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 4:50 p.m.

______________________________ ______________________________

Chairperson Secretary

FA17-13

September 5, 2017

To: Members
Finance & Administration Committee

Re: Casual Employees’ Superannuation and Elected Officials’ Money Purchase 2016 Annual Report

RECOMMENDATION

That this report be forwarded to the September 25, 2017 meeting of City Council for information.

CONCLUSION

Mobius Benefit Administrators Inc. has provided the 2016 annual report for the Casual Employees’ Superannuation and Elected Officials’ Money Purchase Pension Plan attached as Appendix A. This annual report has been prepared based on the requirements defined in Schedule A of Bylaw No. 8589.

BACKGROUND

The Casual Employees’ Superannuation and Elected Officials’ Money Purchase Pension Plan has been established for Elected Officials who wish to join and City of Regina casual employees within the jurisdiction of CUPE Local 21 who meet the eligibility requirement. The plan is intended to provide eligible members with retirement income based on their contributions, the employers contributions and the earnings associated with those contributions.

In 2016, Mobius Benefit Administrators Inc. administered this plan in accordance with Bylaw No. 8589 on behalf of the City of Regina.

DISCUSSION

The Casual Employees’ Superannuation and Elected Officials’ Money Purchase Pension Plan is governed by an Administrative Board that consists of 3 members appointed by the City Manager and one member of City Council. The Administrative Boards responsibilities include: Compliance, Strategy and Stewardship.

As outlined within Schedule A of Bylaw No. 8589, Section 15.7, in each fiscal year, the board shall submit to Council a financial statement showing the business of the plan for that year. Appendix A is a copy of the 2016 Annual Report which includes the following information:

I. An overview of the plan status, it’s membership and governance

II. Management of Investments including investment results
III. Audited financial statements for the period ending December 31, 2016

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

None with respect to this report.

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

The recommendation contained is this report is within the delegated authority of City Council.

Respectfully submitted, JCullen

JP Cullen, Executive Director
Organization & People

Report prepared by:
Christine Heroux, Manager, Payroll, Analytics & EE Administration

Leadership ▪ Integrity ▪ Stewardship

möbius
BENEFIT ADMINISTRATORS INC.

July 14, 2017

Office of the City Clerk
Attention: Mavis Torres

RE: Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan – 2016 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 2015 Annual Report for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan for information to be submitted for the July 5 Finance and Administration agenda. Included in the Annual Report are the audited financial statements for the year ended December 31, 2016, which were approved by the Administrative Board for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan at its meeting of May 30, 2017.

Regards,

Colyn Lowenberger, President & CEO
Möbius Benefit Administrators, Inc.

Mobius Benefit Administrators Inc. B101-2055 Albert Street, P.O. Box 3030, Regina, SK S4P 3G8
T (306)777-7402 F (306)777-6912 pensions@regina.ca

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

ANNUAL REPORT 2016

Administered by

Mobius Benefit Administrators Inc.

ANNUAL REPORT

CASUAL EMPLOYEES' SUPERANNUATION & ELECTED OFFICIALS MONEY PURCHASE PENSION PLAN

TABLE OF CONTENTS PAGE

Administered by:

möbius BENEFIT ADMINISTRATORS INC.

Mail
B101,2055 Albert St.
Regina, SK
S4P 2T8

Web www.reginapensions.ca
E-mail pensions@regina.ca
Phone (306) 777-7402
Fax (306) 777-6912

MESSAGE FROM THE CHAIRPERSON

Dear Plan Members,

I trust this letter from the chair finds you in good health. Well many things have changed as of late, with the US election behind us, and our provincial budget before us. On a personal note, I wish to extend a warm welcome to your new casual and elected Trustee, Sharron Bryce. Sharron will bring years of success and experience having served on many boards and now in her 5th term on city council. I wish her all the best!

As many of you know I chose not to pursue a 5th term on council, and as such am enjoying the slower pace of life on our farm. Leaving council was a bitter sweet decision, I loved the work, and enjoyed the dedicated and committed staff I had the privilege to work with. Your Interests are well looked out for by Möbius Benefit Administrators.

Möbius Benefit Administrators has now celebrated their first full year in operation. Your interests are well looked out for by the Möbius team. I would like to thank everybody at Möbius who work very hard to serve the members of this Plan. I would also like to thank the Board members for committing their time to all Plan Beneficiaries.

“I would also like to thank the Board members for committing their time to all Plan Beneficiaries.”

Councillor Wade Murray

CHAIRPERSON,
ADMINISTRATIVE BOARD

2016 PLAN HIGHLIGHTS

YEAR AT A GLANCE

Net Assets Available for Benefits

$11.5 Million

New Enrollments

104 *down from 109 in 2015*

Average Member Balance

$10,505 Dollars

Pension Refunds

69 *up from 66 in 2015*

Total Membership

1,063

Up from 1,025 in 2015

Total Inactive Members

256

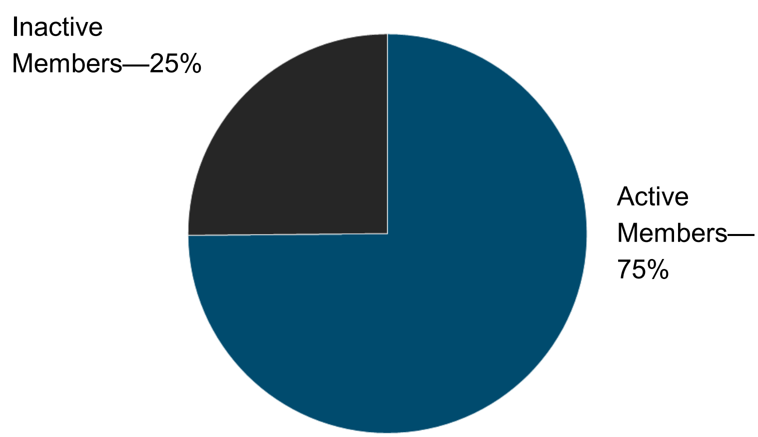
Up from 253 in 2015

Summary of Financial Position

As at December 31, 2016

(thousands)	**2016**	2015
Net Assets Available for Benefits	**$11,535**	$11,236

Member Demographics



2016 Revenues and Expenses

Investment Returns
$248
thousand

Contributions
$618
thousand

Administration Expenses
$34 thousand

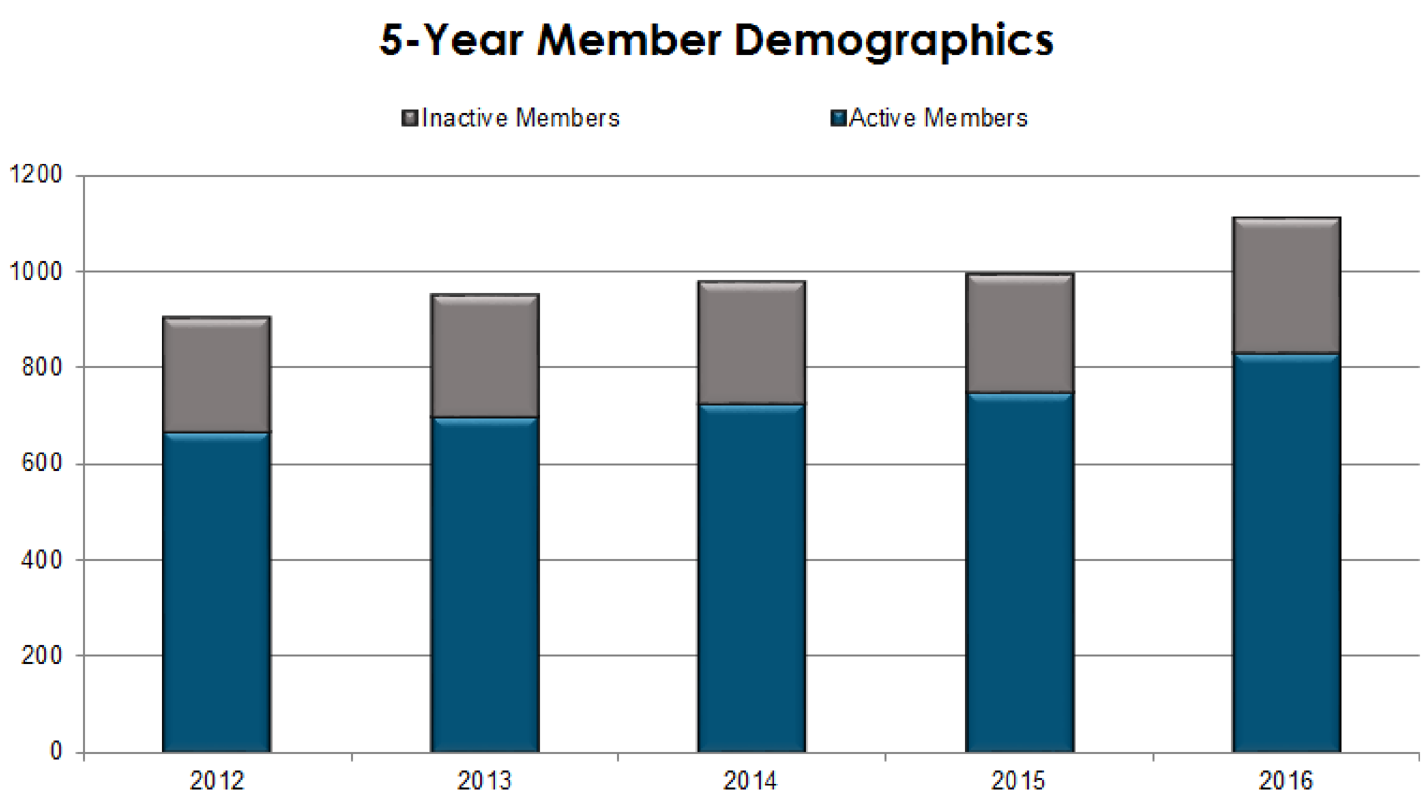
Pension Refund Payments
$533
thousand

Active Members

800	Active CUPE Local 21 Members
7	Active Elected Official Members
807	Total Active Members—Up from 772 in prior year

Non-active Members

252	Non-Active CUPE Local 21 Members
4	Non-Active Elected Official Members
256	Up from 253 in prior year



ABOUT THE PLAN

DEFINED CONTRIBUTION PLAN

The Plan provides eligible members with retirement income based on the accumulated total of member and employer contributions, plus the earnings associated with those contributions

IMMEDIATE VESTING

Vesting means members are entitled to keep the employer's contributions plus earnings to date upon leaving the Plan.

PORTABILITY

Funds may be transferred to other registered retirement accounts or pension plans upon termination.

IMMEDIATE LOCKING-IN

Locked in refers to the fact that both member contributions and the matching employer's contributions are immediately locked-in upon joining the Plan. Those funds cannot be taken as a cash withdrawal when a member leaves the Plan. They must be transferred to a locked-in account with no withdrawals until age 55.

SURVIVOR BENEFITS

The member's account balance is payable to a designated beneficiary.

The Plan includes:

- Elected Officials of the City of Regina who elect to join the plan; and
- All employees who have acquired seniority (accumulated 2,069 hours of service) in accordance with the Collective Agreement between the City of Regina and the Canadian Union of Public Employees (CUPE) Local No. 21.

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.

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.

PLAN GOVERNANCE

ADMINISTRATIVE BOARD

Standing Left to Right: Wade Murray; Brent Rostad; Marco Deiana; Curtis Smith

PLAN TEXT

The Plan was established December 25, 1985 under Schedule "A" and Schedule "B" of Bylaw No. 8589.

The governance for the Plan is outlined in these documents, which are available online at www.reginapensions.ca.

These governing documents, together with Pension, Income Tax and other federal and provincial legislation, determine how the Plan operates and how members' benefits are calculated and paid.

The Plan is governed by an Administrative Board 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.

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.

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.

The Administrative Board is required to meet at least quarterly, and quorum is three members. The board met 4 times during 2016.

Board meeting attendance for each Member was as follows:

Member	Number of Meetings Attended
Councillor Wade Murray	4
Brent Rostad	4
Marco Deiana	3
Curtis Smith	4

ADMINISTRATIVE BOARD MEMBERS

EMPLOYER REPRESENTATIVES

Councillor Wade Murray — Chairperson

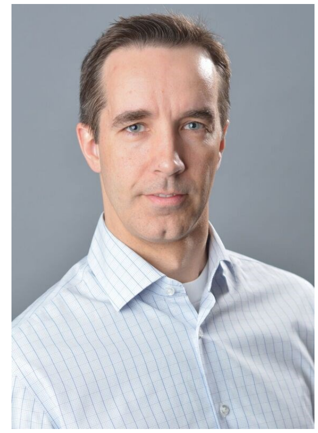
Councillor Murray was appointed by the Finance and Administration Committee in 2006. He has owned several small businesses in Regina with the latest venture in the renovation and spray foam industry, Ultimate Insulation Inc. Councillor Murray serves on a number of boards and committees and is currently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

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, Operational Services & Business Support.



Curtis Smith

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

Members of the Administrative Board are appointed as set out in Article 15.1 of Schedule A and of Schedule B of Bylaw 8589.

15.1 The City of Regina shall establish an Administrative Board comprised of:

(a) Three persons to be appointed by the City Manager; and

(b) A member of the City Council of the City of Regina appointed by the Finance and Administration Committee of the City of Regina.

15.1.1 The appointment of the members of the Administrative Board establishes pursuant to clause 15.1 shall be confirmed by resolution of City Council.

BOARD RESPONSIBILITIES

COMPLIANCE
STRATEGY
STEWARDSHIP

The Board's key duties include:

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.*
Pension Administration	The Board has engaged Möbius Benefit Administrators Inc. to provide pension administration services on behalf of the Plan. The Board reviews the performance of Möbius on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties. Möbius reports to the Board on all aspects of Plan administration.
Annual Financial Statements	The Board ensures that the annual financial statements for the Plan are prepared, an annual audit of the financial statements is conducted, 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.
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 Industrial Alliance Insurance and Financial Services.
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.
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.
Policy Documents	To support the objectives of the Plan the Board has adopted the following policies: · Procedural Rules · Statement of Investment Policies & Procedures · Trustee Education Policy

EDUCATION AND TRAINING

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:

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

Minimum Annual Training Requirements

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

- new Trustees must attend a minimum of 60 hours of educational opportunities over a rolling 3 year period; and
- senior Trustees must attend a minimum of 60 hours of educational opportunities over a 2 year rolling period.

118

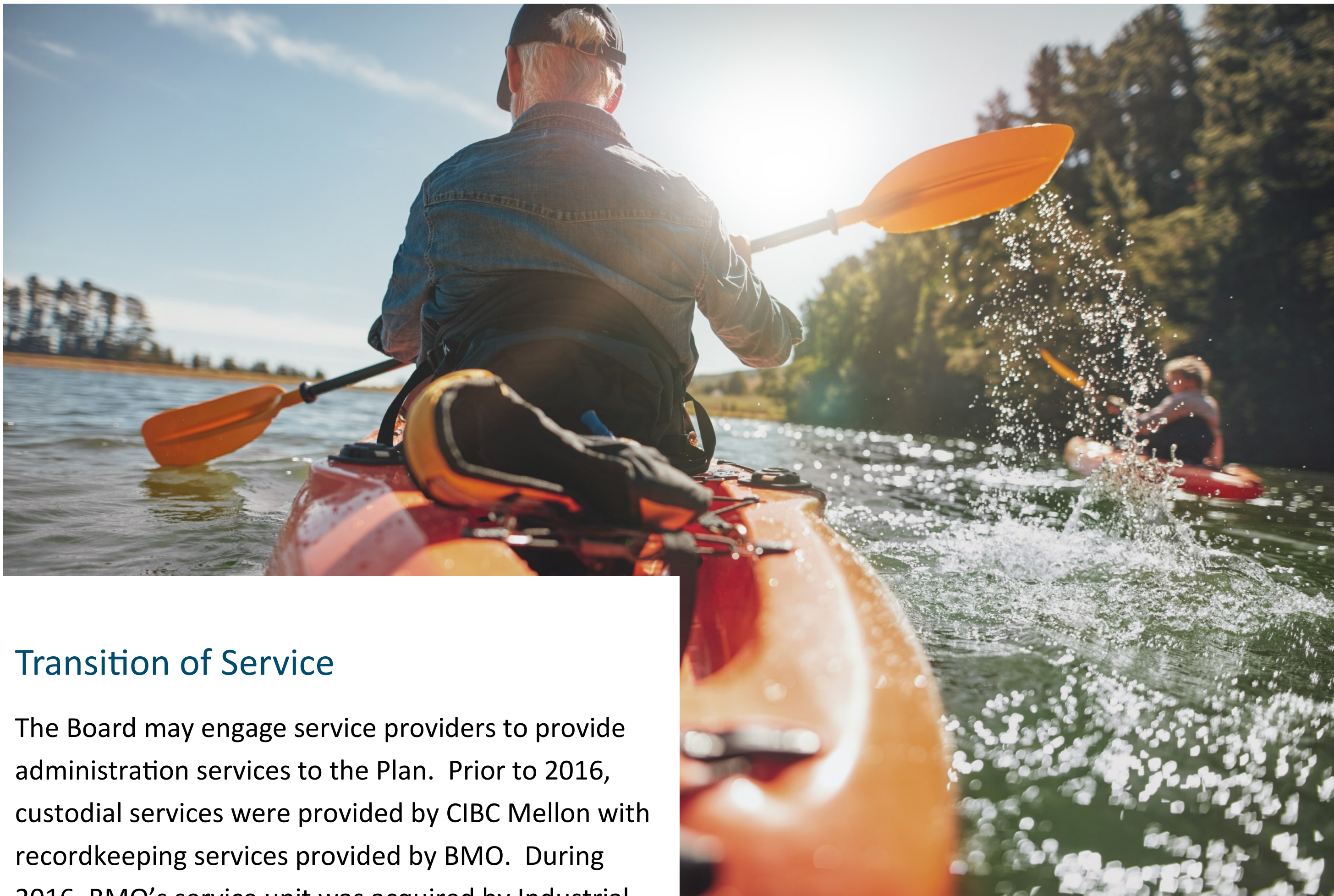
Total number of hours spent by Board Members in Education and Training during 2016—*excluding Board meetings.*

The following table provides the details of Administrative Board Conferences and Seminars. Where board members serve on the board of more than one Plan, costs are shared with those other Plans. The total cost of Board Member Travel, Education and Training for the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan was born by the City of Regina and totalled $13,002.

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Councillor Wade Murray	Foundations of Trustee Management	Feb 3—5	Regina	20	1,890
	Northleaf Capital AGM	April 19-20	Toronto, ON	10	825
				30	**$ 2,715**
Brent Rostad	Trustee Education Workshop	Mar 16	Regina	8	85
	CPBI Luncheon—CPP Expansion and Its Impact on Employers	Oct 13	Regina	2	40
	International Foundation—Canadian Annual Conference	Nov 21—23	San Diego, CA	20	3,345
				30	**$ 3,470**
Marco Deiana	Trustee Education Workshop	Mar 16	Regina	8	85
	International Foundation—Canadian Annual Conference	Nov 21—23	San Diego, CA	20	5,405
				28	**$ 5,490**
Curtis Smith	Foundations of Trustee Management	Feb 3—5	Regina	20	1,890
	Trustee Education Workshop	Mar 16	Regina	8	85
	State of the Pension Nation	Nov 10	Regina	2	85
				30	**$ 2,060**
				118	**$ 13,735**

RECORDKEEPING

FULL MEMBER SERVICE



Transition of Service

The Board may engage service providers to provide administration services to the Plan. Prior to 2016, custodial services were provided by CIBC Mellon with recordkeeping services provided by BMO. During 2016, BMO's service unit was acquired by Industrial Alliance Insurance and Financial Services; who, since July 2016, provide custodial, recordkeeping and investment management services for the Plan.

On June 20, all plan members received communication from Industrial Alliance advising them of the upcoming transfer. This was followed by a second communication to plan members on July 15th confirming that the transfer had occurred.

The membership data was successfully transferred to iA Financial Group and a reconciliation of member assets was completed.

Membership Reconciliation

During 2016 there were 104 new enrollments in the Plan and 69 total exits from the Plan which comprised of 3 retirements, 1 death and 65 terminations.

This resulted in the Plan having 807 active members and 256 inactive members as at December 31st, 2016.

INVESTMENTS

BALANCING RISK AND RETURN

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 TARGET MIX

The Statement of Investment Policies & Procedures includes the following asset class target mix:

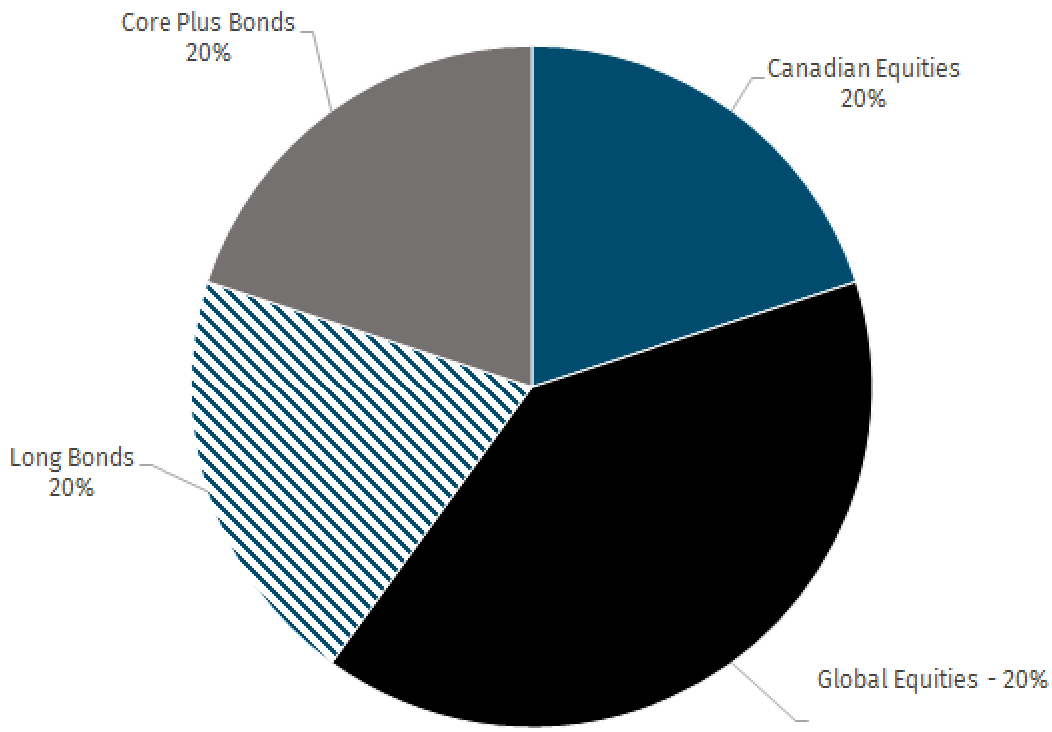
Asset Class	Long Term Target Mix
Canadian Equities	20%
Global Equities	40%
Fixed Income	40%
Total	100%

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.

$11.5 Million Total Invested Assets of the Plan, December 31, 2016

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 Allocation



Asset Class	Total Fund Benchmark	Actual % Allocation	Minimum %	Target %	Maximum %
Equities					
Canadian	S&P/TSX 300 Index	20	15	20	25
Global	MSCI World GD	40	35	40	45
		60		**60**	
Fixed Income					
Long Bonds	FTSE TMX Canada Long Term Overall Bond Index	20	15	20	25
Core Plus	FTSE TMX Canada Universe Bond Index	20	15	20	25
		40		**40**	
Total Fund		100		100	

MANAGEMENT OF INVESTMENTS

MANAGER SELECTION, MONITORING AND REBALANCING

Professional investment management services are obtained through competitive procurement processes. The Board performs regular performance reviews on all managers, ensuring they are meeting objective targets as set out in the SIP&P.

In 2016 the Board was notified that BMO Financial Group was selling BMO Group Retirement Services to iA Financial Group (Industrial Alliance Insurance and Financial Services). In order to transition to the Industrial Alliance platform it was necessary to redeem the plan's investments from the managed portfolio comprised of funds offered by QV Investors, TD Asset Management & Franklin Templeton Investments. iA Financial Group offers over 80 funds from 25 unique investment managers. The Board elected to invest in the funds available on the Industrial Alliance platform outlined below based on the plan's current investment policy. The structure and strategies are similar to the managed portfolio that was in place under BMO Group Retirement Services.

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 Employees' Superannuation and Elected Officials' Money Purchase Pension Plan as at December 31, 2016 is shown below:

Asset Class	Fund Manager	Start Date	Amount* (thousands)	% of Holdings
Equities				
Canadian	QV	2016	2,304	20
Global	Mawer	2016	2,304	20
	Hexavest	2016	2,304	20
			$ 6,912	**60**
Fixed Income				
Long Bonds	Industrial Alliance	2016	2,303	20
Core Plus Bonds	Phillips Hager & North	2016	2,303	20
			$ 4,606	**40**
Total Fund			**$11,518**	**100**

**Amount includes small cash balances held by each manager within their investment portfolio.*

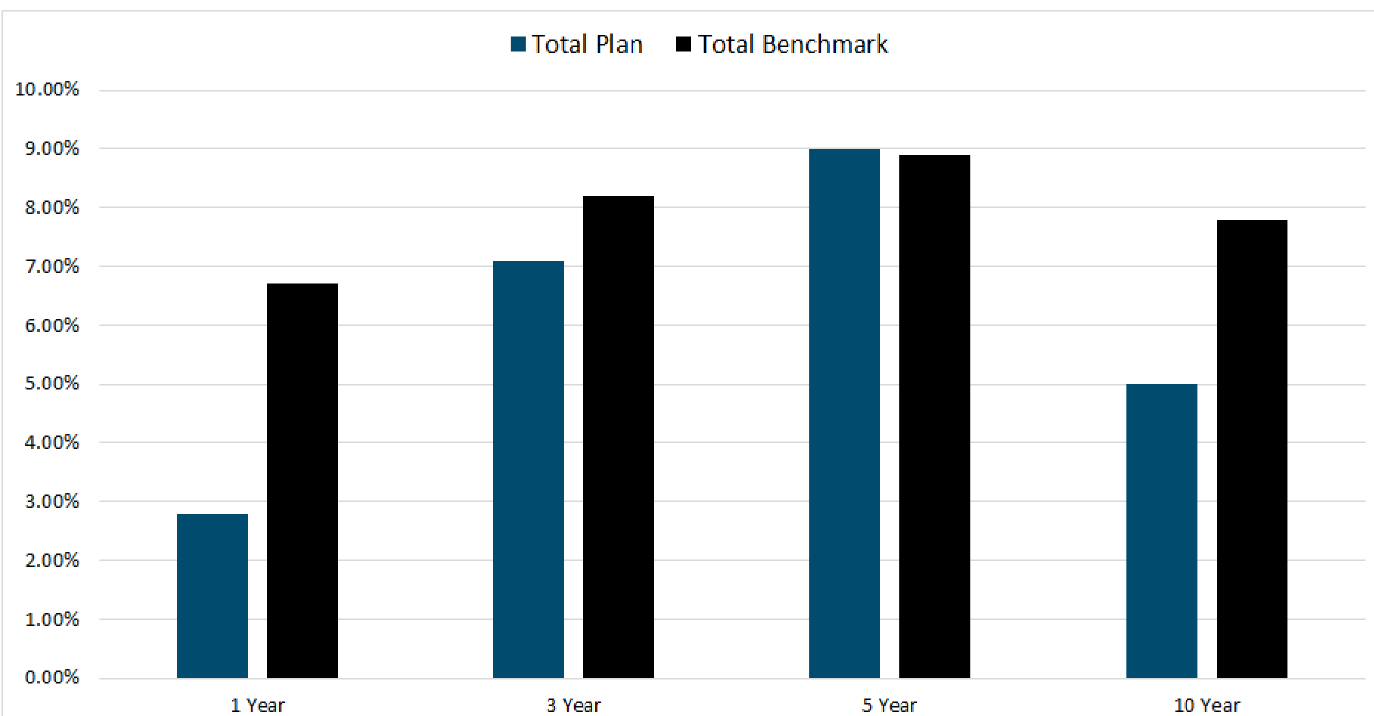
INVESTMENT RESULTS

ACTUAL VERSUS TARGET

Overall fund return 2.8%

On a total fund basis the 2016 return of the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan was 2.8%, falling short of the custom benchmark by 3.9%. The underperformance was centred around Global equity where markets were difficult to navigate given the domination of political uncertainty, mainly in the United States and the United Kingdom. As well, due to the timing of the transition to the new fund investments the Plan was unable to capture some of the outperformance demonstrated by the new fund managers in the first six months of the year. The addition of a second Global equity manager under the new structure is expected to provide diversification benefits going forward.

OBJECTIVE	1 Year	3 Year	5 Year	10 Year
Earn a rate of return that exceeds the benchmark portfolio				
Total Plan Return	2.8	7.1	9.0	5.0
Total Plan Benchmark Return	6.7	8.2	8.9	5.4
Excess Return	**-3.9**	**-1.1**	**0.1**	**-0.4**



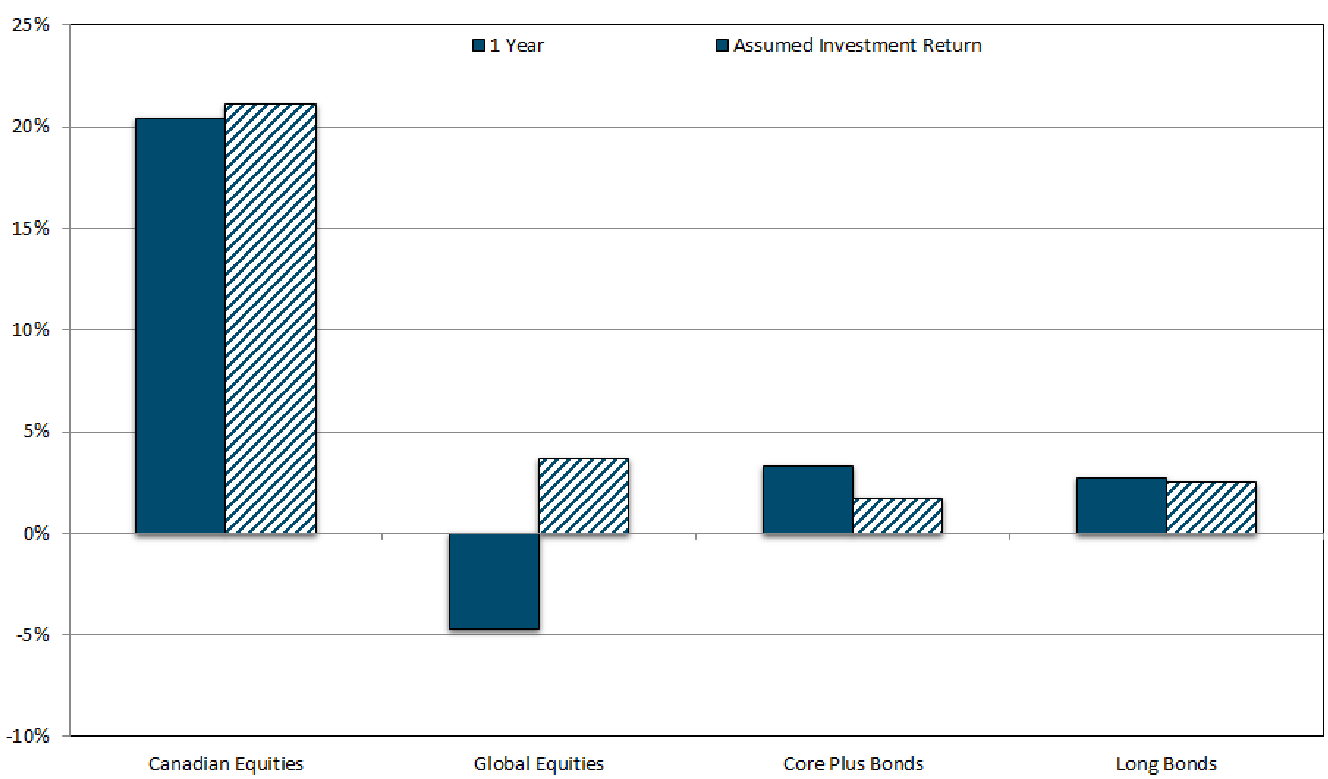
INVESTMENT RESULTS

ACTUAL VERSUS TARGET—*Continued*

OBJECTIVE	1 Year
Earn a rate of return that exceeds a comparable benchmark return for each asset class	
Canadian Equity	20.4
Excess Return (>21.1%)	**-0.7**
Global Equity	-4.7
Excess Return (>3.7%)	**-8.4**
Core Plus Bonds	3.3
Excess Return (>1.7%)	**1.6**
Long Bonds	2.7
Excess Return (>2.5%)	**0.2**

** 3, 5 and 10 Year results are not available for these funds since the mandate changed in 2016*

2016 Asset Class Returns



PENSION PLAN EXPENSES
DETAIL BY VENDOR AND EXPENSE TYPE

Description	Amount* (thousands)
Custodial and Performance Management Fees	
CIBC Mellon	**1**
Investment Management Fees	
QV Investors	5
Franklin Templeton Institutional	15
TD Asset Management	(1)
	19
Record Keeping Services	
BMO	6
Industrial Alliance Insurance and Financial Services	8
	14
Total	$ 34

All Other Administrative Expenses as well as 75% of the Custodial and Performance Management Fees and Administrative Services are paid by the City of Regina on behalf of the Plan.

KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Casual Employees' Superannuation and Elected Officials' Money Purchase 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, 2016 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 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 Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan as at December 31, 2016, 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 Professional Accountants

May 30, 2017
Regina, Canada

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31

	2016	2015
ASSETS		
Investments—Note 4	**$ 11,518**	$ 11,179
Accounts Receivable	**1**	16
Contributions Receivable		
Members	**8**	21
Employers	**8**	21
	11,535	11,237
LIABILITIES		
Accounts Payable	**-**	1
Net Assets Available for Benefits	**$ 11,535**	$ 11,236

See accompanying notes.

APPROVED BY:

Board Member

Board Member

AUDITED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in thousands of dollars)

For the Year Ended December 31

	2016	2015
INCREASE IN NET ASSETS		
Investment Income	**$ 103**	$ 607
Increase in Fair Value of Investments	**145**	190
Contributions		
Member	**309**	329
Employers	**309**	329
	866	1,455
DECREASE IN NET ASSETS		
Pension Refunds	**533**	735
Administration Expenses—Note 7	**34**	54
	567	789
Net Increase for the Year	**299**	666
Net Assets Available for Benefits, Beginning of Year	**11,236**	10,570
Net Assets Available for Benefits, End of Year	**$ 11,535**	$ 11,236

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2016

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, 2016, 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 30, 2017.

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.

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.

(in thousands of dollars)

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:

INVESTMENTS	2016	2015
Cash	**$ -**	$ 14
Pooled Funds:		
Fixed Income	**4,606**	4,352
Canadian Equities	**2,304**	2,097
Global Equities Equities	**4,608**	4,716
Total Investments	**$ 11,518**	$ 11,179

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.

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.

<u>Pooled Funds</u>

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.

<u>Fair Value of Investments</u>

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.

(in thousands of dollars)

4. Investments (continued)

The following table illustrates the classification of the Plan's investments within the fair value hierarchy as at December 31.

2016				
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Pooled Funds	**$ -**	**$ 6,912**	**$ -**	**$ 6,912**
Fixed Income Pooled Funds	**-**	**4,606**	**-**	**4,606**
Total Investments	**$ -**	**$ 11,518**	**$ -**	**$ 11,518**

2015				
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Pooled Funds	$ -	$ 6,813	$ -	$ 6,813
Fixed Income Pooled Funds	-	4,352	-	4,352
Cash	14	-	-	14
Total Investments	$ 14	$ 11,165	$ -	$ 11,179

There were no investments transferred between levels during 2016.

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 an investment management firm through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2016

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 risk 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 Administrative Board 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.

<u>Credit Risk</u>

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, 2016 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2016	2015
Contributions Receivable	**$ 16**	$ 58
Accounts Receivable	**1**	16
Cash	**-**	14
Total	**$ 17**	$ 88

<u>Interest Rate Risk</u>

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, 2016 a 1% increase/decrease in interest rates would result in a $496 (2015 – $465) change in the value of the Plan's fixed income portfolio.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2016

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	2016	2015
Administration Expenses Paid by the Plan:		
Investment Manager Fees	**$ 19**	$ 37
Administrative Services	**14**	14
Custodial Fees	**1**	3
Total	**$ 34**	$ 54

FA17-14

September 5, 2017

To: Members
Finance & Administration Committee

Re: The Regina Civic Employees' Long Term Disability Plan 2016 Annual Report

RECOMMENDATION

That this report be forwarded to the September 25, 2017 meeting of City Council for information.

CONCLUSION

Mobius Benefit Administrators Inc. has provided the 2016 annual report for the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan attached as Appendix A. This annual report has been prepared based on the requirements defined in Schedule A of Bylaw No. 8589.

BACKGROUND

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan has been established for Elected Officials who wish to join and City of Regina casual employees within the jurisdiction of CUPE Local 21 who meet the eligibility requirement. The plan is intended to provide eligible members with retirement income based on their contributions, the employers contributions and the earnings associated with those contributions.

In 2016, Mobius Benefit Administrators Inc. administered this plan in accordance with Bylaw No. 8589 on behalf of the City of Regina.

DISCUSSION

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is governed by an Administrative Board that consists of 3 members appointed by the City Manager and one member of City Council. The Administrative Boards responsibilities include: Compliance, Strategy and Stewardship.

As outlined within Schedule A of Bylaw No. 8589, Section 15.7, in each fiscal year, the board shall submit to Council a financial statement showing the business of the plan for that year. Appendix A is a copy of the 2016 Annual Report which includes the following information:

I. An overview of the plan status, it's membership and governance
II. Management of Investments including investment results

III. Audited financial statements for the period ending December 31, 2016

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

None with respect to this report.

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

The recommendation contained is this report is within the delegated authority of City Council.

Respectfully submitted, JCullen

JP Cullen, Executive Director
Organization & People

Report prepared by:

Christine Heroux, Manager, Payroll, Analytics & EE Administration

Leadership ▪ Integrity ▪ Stewardship

möbius
BENEFIT ADMINISTRATORS INC.

July 14, 2017

To: City Clerk
Attention: Mavis Torres

Re: The Regina Civic Employees' Long Term Disability Plan 2016 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 2015 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, 2016 which were approved by the Administrative Board for the Regina Civic Employees' Long Term Disability Plan at its meeting of May 24, 2017.

Yours truly,

Colyn R. Lowenberger, President & CEO
Möbius Benefit Administrators Inc.

Mobius Benefit Administrators Inc. B101-2055 Albert Street, P.O. Box 3030, Regina, SK S4P 3G8
T (306)777-7402 F (306)777-6912 pensions@regina.ca

Regina Civic Employees' Long Term Disability Plan

ANNUAL REPORT 2016

Administered by

Mobius Benefit Administrators Inc.

ANNUAL REPORT

REGINA CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

TABLE OF CONTENTS — PAGE

Administered by:

mobius
BENEFIT ADMINISTRATORS INC.

Mail
B101,2055 Albert St.
Regina, SK
S4P 2T8

Web www.reginapensions.ca
E-mail pensions@regina.ca
Phone (306) 777-7402
Fax (306) 777-6912

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, 2016.

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.

Effective April 1, 2016, the Plan is now being administered by Möbius Benefit Administrators Inc. Möbius consists of the same women and men who previously served the Plan under the capacity of the City of Regina.

Due to the continued surplus build up in the plan, a committee has been formed to recommend Plan amendments as a means of addressing the surplus. The Board is hopeful that this work is finalized in 2017.

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 at Möbius Benefit Administrators for their continued commitment and professional service in the administration of the Plan.

Colin Jensen

CHAIRPERSON,
ADMINISTRATIVE BOARD

"To my fellow Board members I express my sincere appreciation for your commitment and fiduciary duty to all Plan Beneficiaries."

2016 PLAN HIGHLIGHTS

YEAR AT A GLANCE

Net Assets Available for Benefits

$50.2 Million

Disability Obligations (current and future accrued disability benefits)

$14.4 Million

Surplus

$35.8 Million

Funding Status

350%

Target Funding Status of 136%

Total Membership

4,033

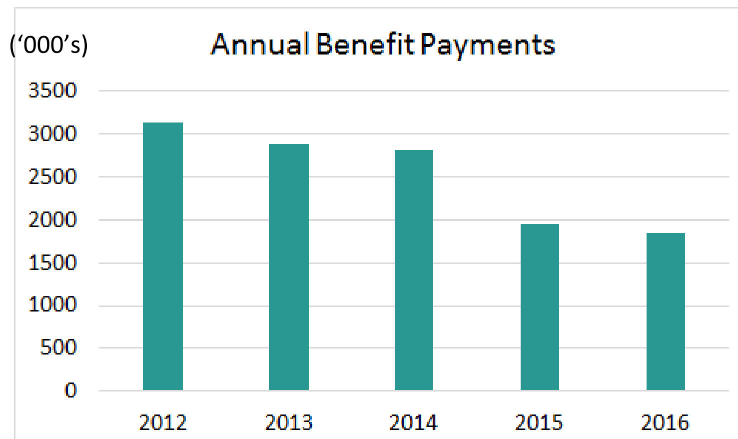
Contribution Rate
(a percentage of basic earnings)

Members	Employers
0.92%	0.92%

Summary of Financial Position

As at December 31, 2016

(thousands)	2016	2015
Net Assets Available for Benefits	**$ 50,193**	$ 46,427
Disability Obligations	**14,353**	13,006
Surplus	**$ 35,840**	$ 33,421



2016 Revenues and Expenses

Investment Returns
$2.0 Million

Contributions
$4.5 Million

Administration Expenses
$0.9 Million

Disability Benefit Payments
$1.8 Million

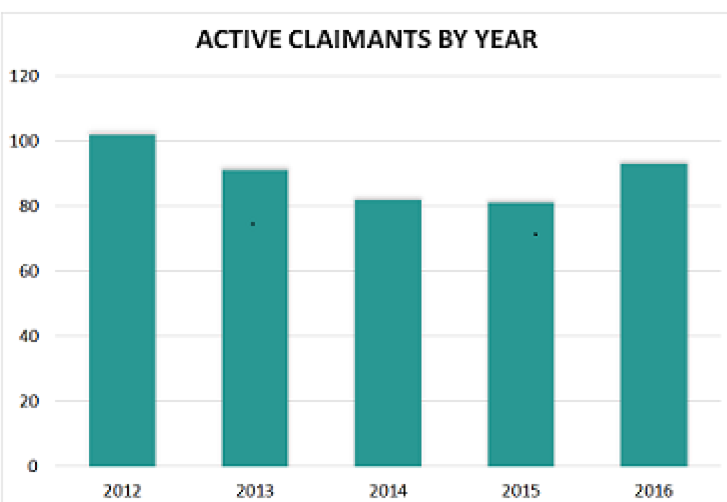
Active Claims

At December 31

93 Up from 81 at the end of 2015

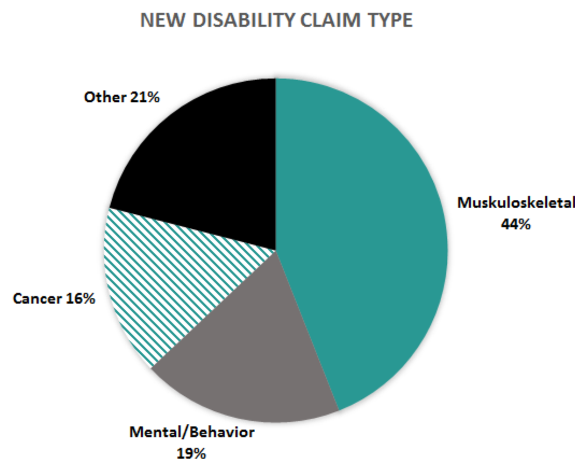
$2,426 Average Monthly benefit before offsets, down from $2,829 in 2015

4.1 Years Average Duration of Disablement, down from 4.9 in prior year



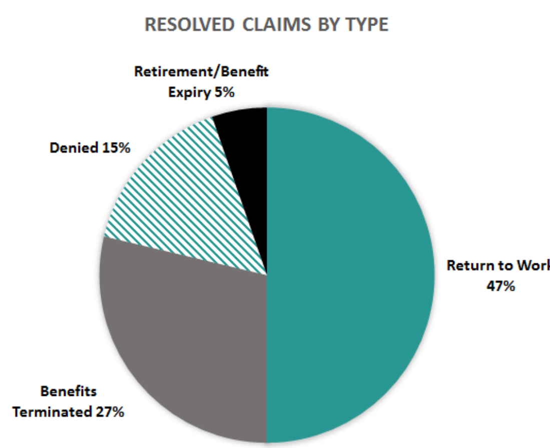
New Claims

62 Down from 70 during 2015



Resolved Claims

55 Down from 57 in prior year



ABOUT THE PLAN

INCOME PROTECTION

The Plan provides eligible members with protection against the potential loss of income in the event they become ill or accidentally injured. Benefits include:

MONTHLY DISABILITY BENEFITS

Equal to 65% of pre-disability salary

Coverage for Recurrent Disabilities

Early Access

To diagnostics and surgeries

REHABILITATION

- Access to therapy, conditioning and rehabilitation
- Access to return to work programs including cross-jurisdictional placement, split shifts and work from home programs.

COORDINATION WITH OTHER BENEFITS

The Plan is designed to :

- complement the members' sick leave plans; and
- to integrate with government disability programs.

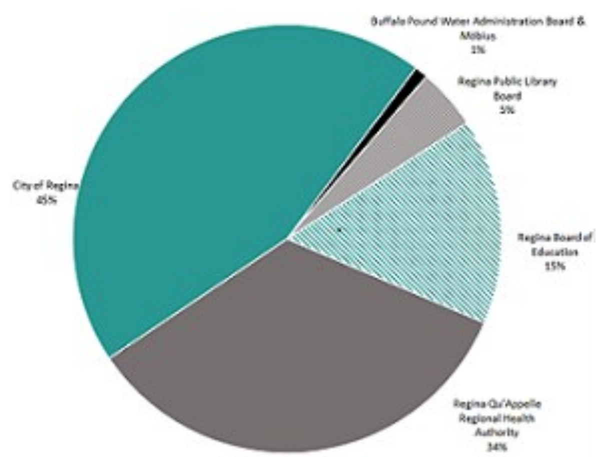
HIGH QUALITY CLAIMS ADMINISTRATION

First Year Any Occupation

The Plan provides benefits to members from six 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; and
- Möbius Benefit Administrators Inc.

MEMBERS BY EMPLOYER



PLAN GOVERNANCE

ADMINISTRATIVE BOARD

Back Row Left to Right: Brian Seidlik, John Gangl, Rod Wiley, John McCormick, Colin Jensen, Bob Linner, Brian Smith
Front Row Left to Right: Deb Cooney, Lorna Glasser, Jo-Ann Hincks, Kathy Lewis, Tanya Lestage, Barbara March-Burwell

PLAN TEXT—SCHEDULE A—BYLAW 9566

The Plan is sponsored by the City of Regina and the Civic Pension and Benefits Committee, which consists of representatives of each of the employee groups in the Plan.

The governance for the Plan is outlined in the Plan Text which was established January 1, 1992 under Schedule A of Bylaw No. 9566. The Plan Text establishes the Administrative Board as the **Administrator** for the Plan. The Administrative Board consists of twelve voting members, six representing the employers and six representing the employee groups. Two of the employer representatives are appointed by the City Manager, and four others are 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 Administrative Board has adopted a number of policy documents. These policy documents and the Plan text are available online at www.reginapensions.ca.

These governing documents, together with Canada Pension Plan, Income Tax and other federal and provincial legislation, determine how the Plan operates and how members' benefits are calculated and paid.

The Administrative Board is required to meet at least quarterly, and quorum is eight members. Under the terms of the Plan, an affirmative vote of at least eight members is required for the passing of any motion relating to:

- Management of the fund;
- An amendment to an existing policy; and
- Adoption of a new policy relating to the fund.

The Board met 6 times during 2016. Board meeting attendance for each Member was as follows:

Member	Number of Meetings Attended
John Gangl	4
Lorna Glasser	5
Jo-Ann Hincks	3
Colin Jensen—Chairperson	4
Tanya Lestage	3
Kathy Lewis	5
Bob Linner—Vice-Chairperson	5
Barbara March-Burwell	5
John McCormick	4
Brian Seidlik	3
Brian Smith	4
Rod Wiley	3
Deb Cooney (alternate)	5
Scott McDonald (alternate)	-

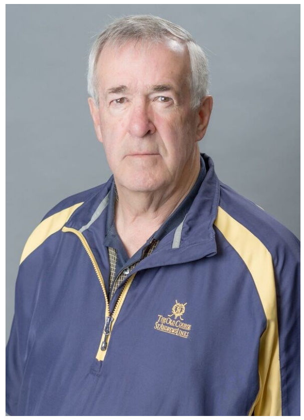
ADMINISTRATIVE BOARD MEMBERS

EMPLOYEE AND EMPLOYER REPRESENTATIVES

Colin Jensen—Chairperson

Employee Representative since 2011

Mr. Jensen has been employed with the Regina Public School Board since 1999 working in Information Technology Services, currently Senior Systems and Database Administrator. Previous he had a ten year career with Wascana Energy Inc. as a Financial Accountant. Mr Jensen holds Degrees of Bachelor of Administration (Accounting) and Bachelor of Science (Computer Science) from the University of Regina. Mr Jensen is also a member of the Civic Pension and Benefits Committee, serving since 2008.



Bob Linner-Vice-Chairperson

Employer Representative since 1987

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.

John Gangl

Employee Representative since 2006

Mr. Gangl retired in 2012 after 33.5 years with the City of Regina overseeing the Sewer maintenance operations, supervising 30 employees in the last position he held, Supervisor of Sewage Collection. He was a member of the Civic Pension & Benefits Committee since the early 1990's 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 Pension.

Lorna Glasser

Employee Representative since 2011

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. Ms. Glasser was a non-voting employee alternate until the resignation of another trustee late in 2015.

John McCormick

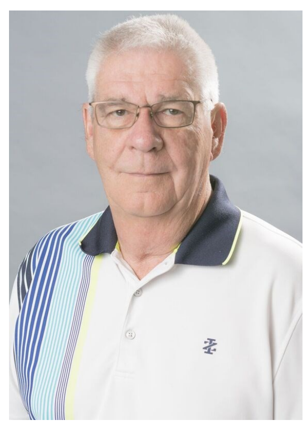
Employee Representative since 2007

Mr. McCormick retired from his position as Transit Operator with the City of Regina after 31 years of service and held the position of President of the Amalgamated Transit Union Local 588 for 18 years. Mr. McCormick was appointed to the Labour Relations Board in July of 2002 as member representing employees and continues in that role today. Also, He was formerly a ATU Canadian Council Executive Board Member for 9 years representing Western Canadian ATU Locals and was the Pension Committee Chair for 3 years.

Brian Seidlik

Employee Representative since 2012

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

Employer Representative since 2011

Mr. Smith was appointed by the City Manager in 2009. Mr. Smith had been employed by the Government of Saskatchewan for 27 years and was serving in the role of Assistant Deputy Minister, Saskatchewan Finance, in the Public Employee Benefits Agency until his retirement. Mr. Smith is an Honorary Life Member of the Canadian Pension & Benefits Institute and a Fellow of the Life Management Institute.

Rod Wiley

Employer Representative since 2013

Mr. Wiley is currently an Associate with Praxis Management Consulting. Previous positions include: Chief Financial Officer with Saskatchewan Liquor and Gaming Authority; Executive Director Finance and Administration with Saskatchewan Ministry of Health; and Controller with Wascana Energy Inc. He is currently a member of the National Board of Directors of the Chartered Professional Accountants of Canada.

Jo-Ann Hincks

Employee Representative since 2009

Ms. Hincks 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.

Tanya Lestage

Employer Representative since 2015

Miss Lestage was appointed by City Council in 2015 as nominated by the Regina Qu'Appelle Regional Health Authority. She has been employed for 17 years with the Regina Qu'Appelle Regional Health Authority, currently in the position of Manager, Financial Support. She holds a degree from the University of Regina and is a professionally designated accountant. She also serves on the board of directors for the Financial Management Institute – Regina Chapter.

Kathy Lewis

Employer Representative since 2013

Ms. Lewis was appointed by City Council in 2013 as nominated by the Regina Qu'Appelle Regional Health Authority. She has been employed for 16 years with the Regina Qu'Appelle Regional Health Authority and has been in the position of Director of Payroll and Benefits for the past number of years. Ms. Lewis also serves on the 3SHealth Employee Benefits Committee in a fiduciary role as well as other oversight committees.

Barbara March-Burwell

Employee Representative since 2015

Ms. March-Burwell was appointed to represent the Regina Public Library in 2015. She has been a member of the Board of Directors of the Regina Public Library since 2014, and is the current Board Vice Chair, and the Chair of the Audit and Finance Committee. Ms. March-Burwell is a Certified Financial Planner and Investment and Wealth Advisor with RBC Dominion Securities. Her other current board position is Executive Committee Member and Audit and Finance Chair for the South Saskatchewan Community Association.

Employee and Employer representatives are appointed as set out in Section 9.1 of Schedule A—Bylaw No. 9566

9.1 (ii)The Board shall consist of the following:

(a) six (6) employer representatives consisting of:

(1) two persons to be appointed by the City Manager; and

(2) four (4) persons to be appointed by Council of whom one shall be a person nominated by the Regina Health District Board; and

(b) six (6) employee representatives elected annually at a meeting of all Members of the Plan who shall hold office for a term of two years of whom one shall be an employee of the Regina Health District working at the Regina General Hospital.

EMPLOYEE ALTERNATES

Deb Cooney

Employee Representative since 2011

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. She has also served as an Employee Representative on the Civic Pension & Benefits Committee since 2006.

Photo
Not Available

Scott McDonald

Employee Representative since 2011

Mr. McDonald has been employed by the Regina Qu'Appelle 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 sits as the Local's representative on the Pension committee.

BOARD RESPONSIBILITIES

COMPLIANCE
STRATEGY
STEWARDSHIP

The Board's key duties include:

Compliance with Plan Provisions	The Board ensures the Plan is administered in compliance with the Plan document and benefits are paid appropriately to members.
Disability Administration	The Board has engaged Möbius Benefit Administrators Inc. to provide disability administration services on behalf of the Plan. The Board reviews the performance of Möbius on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties. Möbius reports to the Board on all aspects of Plan administration. The Board has engaged Manulife to provide claims adjudication services on behalf of the Board in compliance with the Plan Text.
Annual Financial Statements	The Board ensures that the annual financial statements for the Plan are prepared, an annual audit of the financial statements is conducted, 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 Canada Revenue Agency.
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 Plan Text 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 Aon Hewitt.
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 disability 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.
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 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.
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.
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.
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 · Privacy Policy· Procedural Rules · Purchasing Policy · Risk Management Framework · Statement of Investment Policies & Procedures · Statement of Investment Beliefs · Travel Policy · Trustee Education Policy

EDUCATION AND 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:

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

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

Minimum Annual Training Requirements

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

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

481.5

Total number of hours spent by Board Members in Education and Training during 2016—*excluding Board meetings.*

The following table provides the details of Administrative Board Conferences and Seminars. Where board members serve on the board of more than one Plan, costs are shared with those other Plans. The total cost of Board Member Travel, Education and Training for the Regina Civic Employees Long Term Disability Plan for 2016 was $10,387.

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Colin Jensen	CPBI Economic Forecast	Jan 14	Regina	2	40
	CFA Society Dinner	Jan 21	Regina	4	-
	CFA Society Luncheon	Feb 3	Regina	2	35
	Trustee Education Workshop	Mar 16	Regina	8	85
	Canadian Public Sector Pensions and Benefits Conference	Aug 10 to 11	Vancouver, BC	13	4,817
	CPBI Luncheon - CPP Expansion and its impact on Employers	Oct 13	Regina	2	40
				31	**$ 5,017**
Bob Linner	Opal Public Funds Conference	Jan 13 to 15	Scottsdale, AZ	22	3,266
	CFA Society Dinner	Jan 21	Regina	4	-
	Foundations of Trustee Management	Feb 3 to 5	Regina	20	1,890
	Trustee Education Workshop	Mar 16	Regina	8	85
	CPBI Atlantic	Sep 15 to 16	Charlottetown, PEI	8	3,437
				62	**$ 8,678**
John Gangl	CPBI Economic Forecast	Jan 14	Regina	2	40
	CFA Society Luncheon	Feb 3	Regina	2	35
	Trustee Education Workshop	Mar 16	Regina	8	85
	CPBI Regional Conference	Apr 13 to 14	Regina	16	578
	Association of Canadian Pension Management Conference	Sep 20 to 22	Charlottetown, PEI	13	4,627
				41	**$ 5,365**
Lorna Glasser	Trustee Education Workshop	Mar 16	Regina	8	85
	TD Asset Management - Sharing of Knowledge	Apr 6	Regina	2	-
	CPBI Regional Conference	Apr 13 to 14	Regina	16	578
	CPBI Atlantic	Sep 15 to 16	Charlottetown, PEI	8	3,976
	CPBI Luncheon - CPP Expansion and its impact on Employers	Oct 13	Regina	2	40
				36	**$ 4,679**
Jo-ann Hincks	Trustee Education Workshop	Mar 16	Regina	8	85
	Canadian Public Sector Pensions Benefits Conference	Aug 10 - 11	Vancouver, BC	13	4,667
	CPBI Luncheon - CPP Expansion and its impact on Employers	Oct 13	Regina	2	40
				23	**$ 4,792**

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Tanya Lestage	Foundations of Trustee Management	Feb 3 to 5	Regina	20	1,890
	Trustee Education Workshop	Mar 16	Regina	8	85
	Advanced Trustee Management Standards Program A	June 14 to 15	Regina	17	1,942
	Advanced Trustee Management Standards Program B	Oct 19-20	Regina	17	1,942
				62	**$ 5,859**
Kathy Lewis	Trustee Education Workshop	Mar 16	Regina	8	85
	CPBI Regional Conference	Apr 13 to 14	Regina	16	-
	CPBI Atlantic	Sep 14 to 15	Charlottetown, PEI	8	2,411
	CPBI Luncheon - CPP Expansion	Oct 13	Regina	2	40
				34	**$ 2,536**
Barb March-Burwell	Deloitte Director Series, Beyond Compliance	Jan 7	Regina	2	-
	CFA Society Dinner	Jan 21	Regina	4	-
	Board Room Financial Essentials	Feb 23	Regina	8	-
	Role of the Board in Strategy Development	Apr 15	Regina	1.5	-
	Not for Profit Governance Essentials	May 16 to 17	Regina	16	-
	ATMS Qualifying Exam	Nov 28	Regina	2	145
				33.5	**$ 145**
John McCormick	Trustee Education Workshop	Mar 16	Regina	**8**	**$ 85**
Brian Seidlik	Foundations of Trustee Management	Feb 3 to 5	Regina	**20**	**$ 1,890**
Brian Smith	CFA Society Dinner	Jan 21	Regina	4	-
	Trustee Education Workshop	Mar 16	Regina	8	85
	Foundations of Trustee Management	Feb 3 to 5	Regina	20	1,890
	Advanced Trustee Management Standards Program A	June 14 to 15	Regina	17	1,942
	International Foundation - Conference	Nov 21 to 23	San Diego, CA	20	2,829
				69	**$ 6,746**
Rod Wiley	ATMS Qualifying Exam	N/A	Regina	2	145
	Advanced Trustee Management Standards - Program A	June 14 to 15	Regina	17	1,942
	Advanced Trustee Management Standards - Program B	Oct 19 to 20	Regina	17	1,942
				36	**$ 4,029**
Deb Cooney	Trustee Education Workshop	Mar 16	Regina	8	85
	CPBI Regional Conference	Apr 13 to 14	Regina	16	578
	CPBI Luncheon - CPP Expansion	Oct 13	Regina	2	40
				26	**$ 703**
Total				**481.5**	**$ 50,524**

CLAIMS MANAGEMENT

PROFESSIONAL ADJUDICATION AND ADMINISTRATIVE SERVICES

The Board engages the services of an external service provider through a competitive process to provide adjudication and administration services for the Plan.

The services have been provided by Standard Life since 2012. In 2015, Standard Life was acquired by Manulife Financial. As a result of this acquisition, these services are now provided by Manulife with the transition being completed in April 2016.

The operational activities of the Plan are performed by Möbius Benefit Administrators Inc. Staff of Möbius provide assistance to members regarding their individual benefit entitlements.

The following table illustrates the flow through of claims managed during 2016:

Active Claims as of December 31, 2015	81
New Claim Applications	70
Claims withdrawn prior to Adjudication	(1)
Claims Resolved and Denied	(57)
Active Claims as of December 31, 2016	93

CLAIMS ADJUDICATION

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.

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

Definition of a Disability

Under the terms of the Plan, the Definition of a Disability varies depending upon the length of time from the date of disability.

Within One Year:

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.

After One Year:

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**.

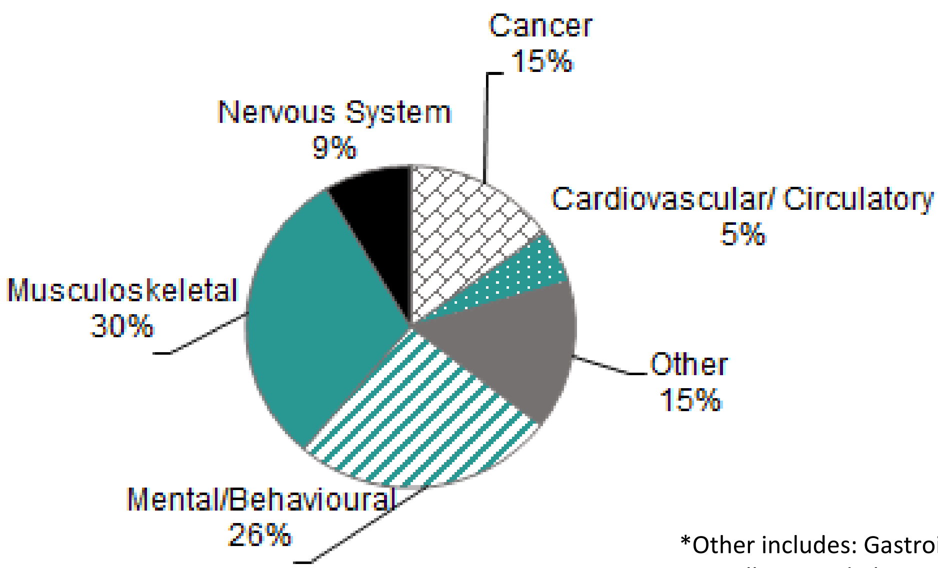
Determination of Benefit Amount

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 Type

The chart below shows the five most prevalent types of disability within the Plan. The most significant change in 2016 was a slight increase in Musculoskeletal illnesses/injuries up from 22% in 2015.

Disability Type
2016 Plan Totals



*Other includes: Gastrointestinal, Endocrine Illness and Chronic Pain.

ACTUARIAL VALUATIONS

MEASURING AND PLANNING TO FUND BENEFITS

ONE OF THE MOST IMPORTANT FUNCTIONS OF THE BOARD IS TO ENSURE THAT ACTUARIAL VALUATIONS ARE CARRIED OUT.

The Board must ensure the Plan is able to meet the disability obligations as they occur and ensure the long term solvency of the Plan.

There is no legislative requirement for a long term disability plan to carry out actuarial valuations. However, in order to ensure the Plan remains solvent, the Board has adopted a policy which requires valuations to be performed every two years.

The Plan's actuary is chosen through a competitive process as outlined in the Board's Purchasing Policy. Aon Hewitt was selected for a five year term beginning with the 2014 valuation.

SURPLUS

The purpose of an actuarial valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets—and then determine whether the assets are adequate to meet the obligations.

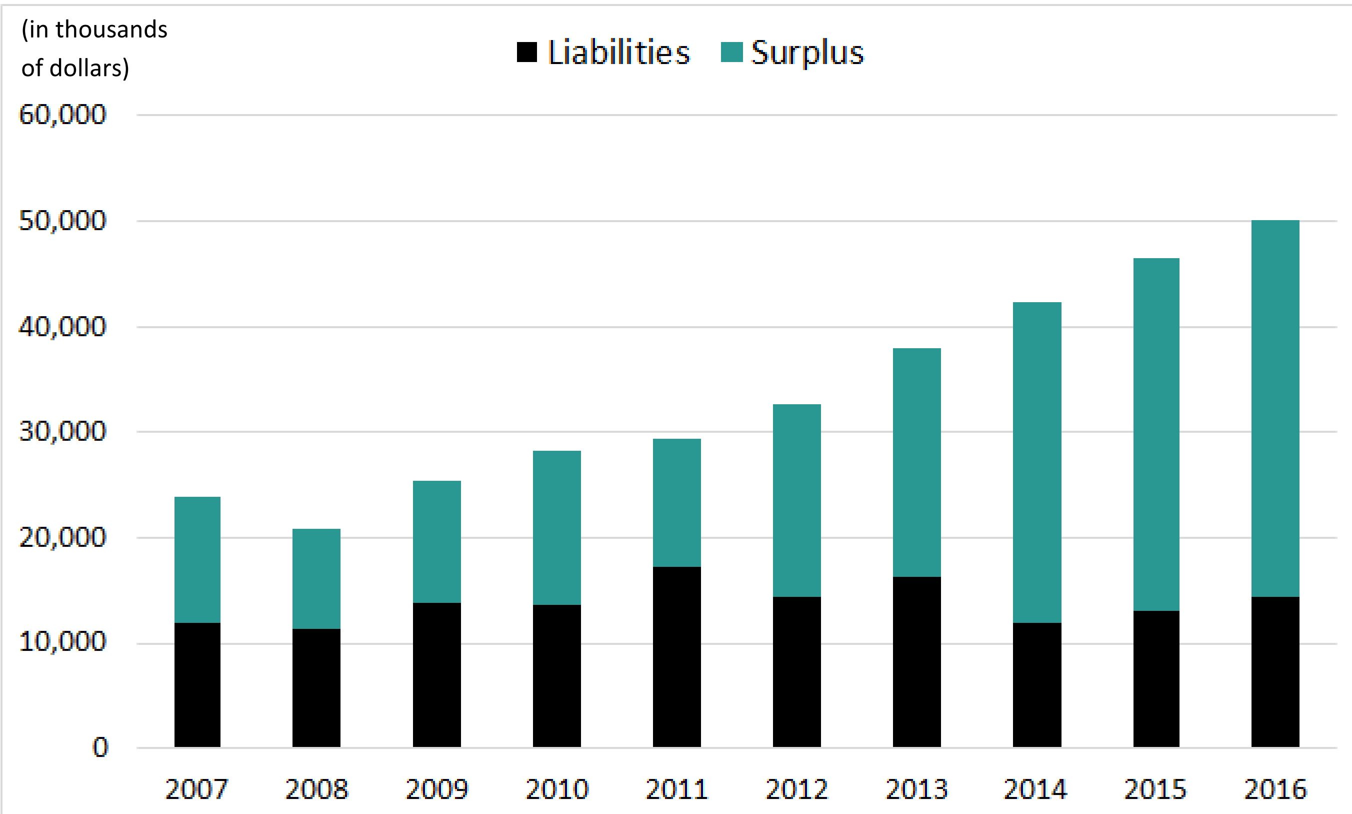
When liabilities exceed assets, the Plan has an unfunded liability, which indicates a contribution increase or change in benefits is required.

A plan is considered **solvent** when the present value of the assets exceed the actuarial estimate of the Plan's liabilities.

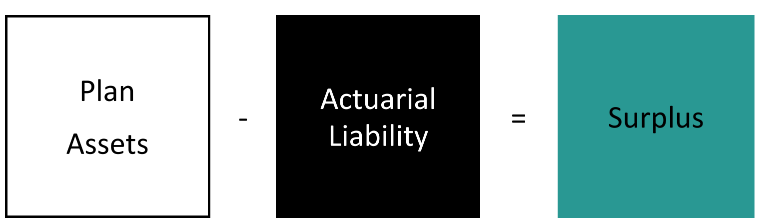
The Regina Civic Employees' Long Term Disability Plan has been in a surplus position for several years. Following the completion of the 2014 Actuarial Valuation, which indicated the Plan had a surplus exceeding $30 million dollars, the Board has established a Working Group consisting of representatives of the Plan sponsors, with support from Möbius Benefit Administrators Inc. staff, to carry out a review of the Plan.

ACTUARIAL SURPLUS

POSITIVE TREND



The chart above illustrates the 10 year trend, with the actuarial liability for disability obligations steady or declining slightly while assets continue to grow. The measurement of disability obligations is based on actuarial valuations as they are carried out, with extrapolations prepared for financial statement purposes for years between the full actuarial valuations.



PLAN REVIEW

WORKING GROUP

The Working Group was established by the Board in late 2015. The purpose of the Working Group is to review the current Plan provisions and recommend potential options to the Plan sponsors.

The current Plan provisions have been in place for many years with very limited revisions. Aon Hewitt has been engaged to provide consulting services and benchmarking, providing comparisons to benefits provided by other group disability plans.

The initial task was to review current Plan provisions with comparisons to other plans and to obtain direction on next steps from the sponsors via the Working Group. On June 2, 2016, Aon Hewitt presented their findings to the group.

Each group was well represented and members participated fully in the discussions. The Working Group is expected to complete its initial work in 2017.

Going forward, additional work will be performed by Aon Hewitt with presentation of findings to the Working Group covering options, and the implications of options, in the following areas:

- Governance
- Target Income Replacement Ratio
- CPP Integration
- Level of Inflation Protection
- Termination Age
- Pension Contributions while on Disability
- Exclusions and Limitations
- Rehabilitation
- Disability Management Philosophy
- Discretionary payments for disability support
- Qualification Period
- Own occupation versus any occupation time frames
- Contribution rates

INVESTMENTS

BALANCING RISK AND RETURN

The Administrative Board oversees the investments of the Long Term Disability Plan in accordance with the Statement of Investment Policies & Procedures (SIP&P) which is reviewed annually, and whenever a change is required.

The SIP&P provides general policy guidelines for the management and investment of the assets of the Plan and sets out the Board's investment beliefs and risk philosophy, the asset mix and diversification policy, and permitted investments.

The primary investment objectives are:

1. Earn a minimum inflation-adjusted return of 1.8%;
2. Earn a rate of return that exceeds a benchmark portfolio;
3. Earn rates of return that exceed the returns earned on the relevant market index over rolling 4-year periods (active mandates) or rates of return within 15 basis points of the returns earned on the relevant market index over rolling 4-year periods (passive mandates).

ASSET CLASS TARGET MIX

The assets of the 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.

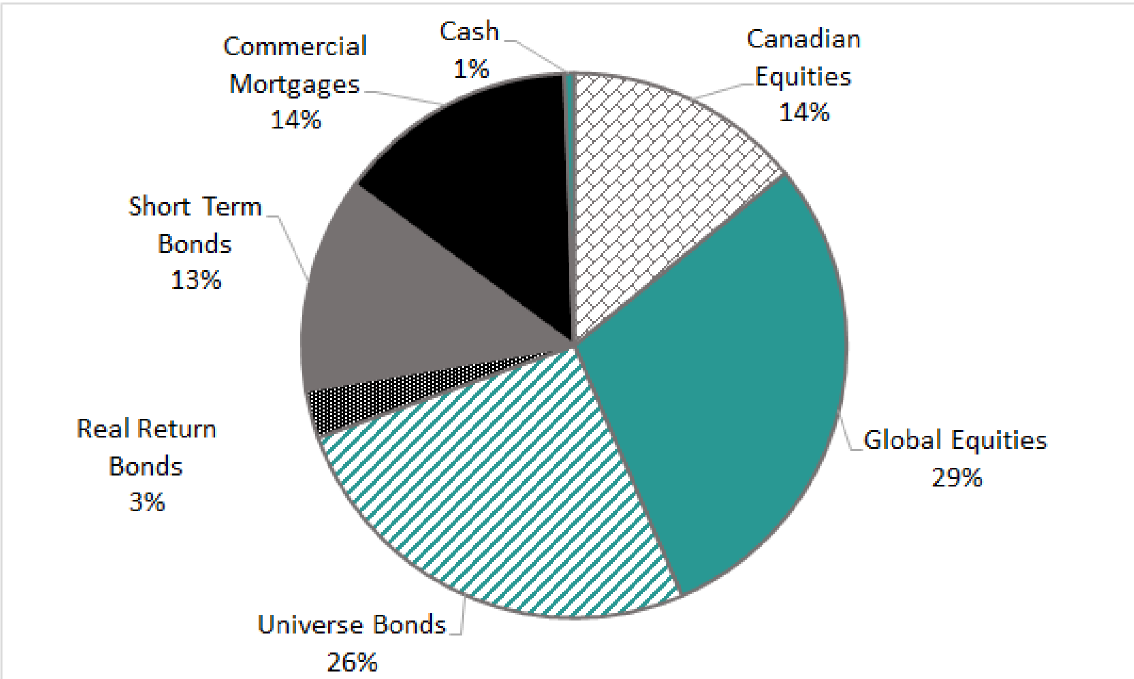
Assets held in the Liability Matching Portfolio are meant to fluctuate in correlation with the value of the liabilities of the plan.

The 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.

$50.2 Million Total Invested Assets of the Plan, December 31, 2016

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 Allocation



Asset Class		Actual % Allocation	Minimum %	Target %	Maximum %
Return Seeking Portfolio					
Equities					
Canadian	S&P/TSX 300 Index	20.11	15	20	25
Global	MSCI World GD	41.99	35	40	45
		62.10		**60**	
Fixed Income					
Universe Bonds	FTSE TMX Canada Universe Bond Index	**37.06**	30	**40**	50
Cash	n/a	**0.84**		-	
Total Return Seeking Portfolio		**100.00**		**100**	
Liability Matching Portfolio					
Fixed Income					
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	9.63	8	12	16
Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Mix	42.48	38	43	48
Commercial Mortgages	FTSE TMX Canada Universe Bond Index +2%	47.89	40	45	50
Total Liability Matching Portfolio		**100.00**		**100**	

MANAGEMENT OF INVESTMENTS

MANAGER SELECTION, MONITORING AND REBALANCING

Professional investment management services are obtained through competitive procurement processes. The Board performs regular performance reviews on all managers, ensuring they are meeting objective targets as set out in the SIP&P.

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 Regina Civic Employees' Long Term Disability Plan as at December 31, 2016 is shown below:

Asset Class	Manager	Start Date	Amount* (thousands)	% of Holdings
Return Seeking Portfolio				
Equities				
Canadian	QV Investors Inc.	2014	7,074	14.10
Global	Franklin Templeton Investments Corp.	1998	14,767	29.43
			$21,841	**43.53**
Fixed Income				
Universe Bonds	TD Asset Management	2004	**13,033**	**25.98**
Cash		n/a	**295**	**0.59**
Total Return Seeking Portfolio			**$35,169**	**70.10**
Liability Matching Portfolio				
Fixed Income				
Real Return Bonds	Internal	n/a	1,444	2.88
Short Term Bonds	TD Asset Management	2010	6,371	12.70
Commercial Mortgages	Addenda Capital Inc.	2010	7,183	14.32
Total Liability Matching Portfolio			**$14,998**	**29.90**
Total Fund			**$50,167**	**100.00**

**Amount includes small cash balances held by each manager within their investment portfolio.*

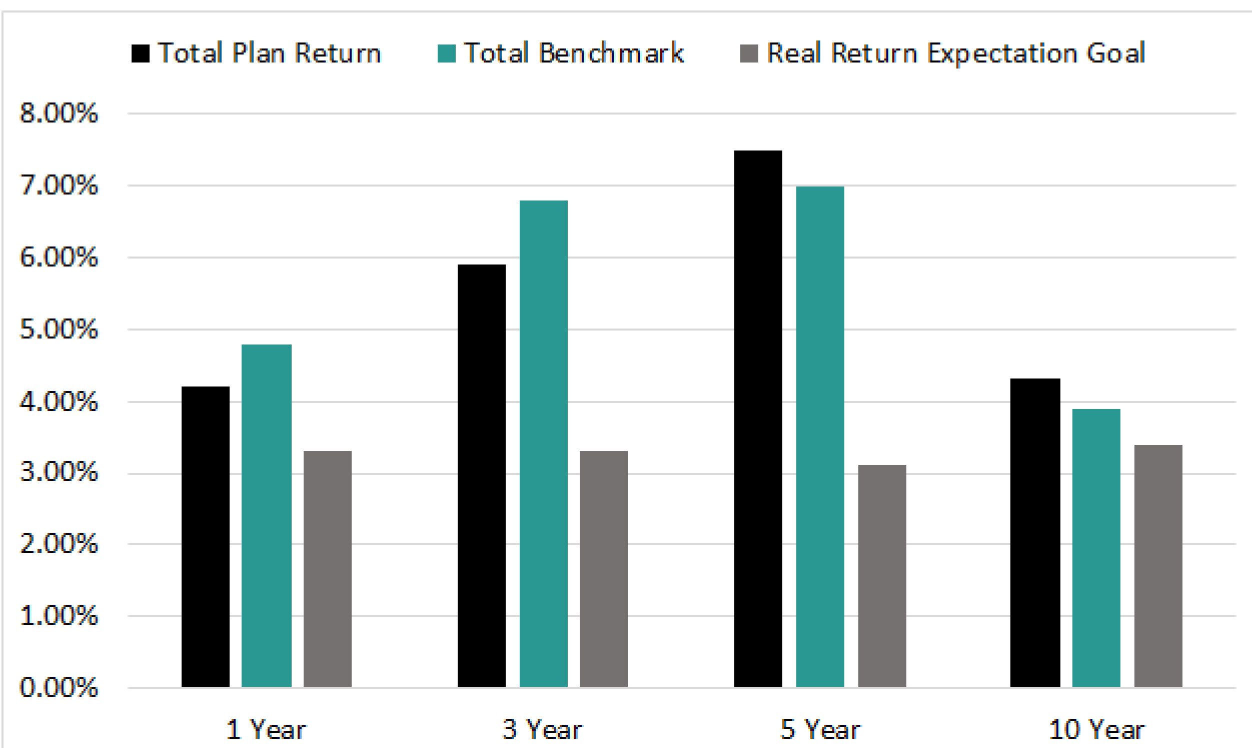
INVESTMENT RESULTS

ACTUAL VERSUS TARGET

Overall fund return 4.2%

On a total fund basis the 2016 return of the Regina Civic Employees' Long Term Disability Plan was 4.2%, falling short of the custom benchmark by 0.6%. The majority of the underperformance was centred around Global equity where markets were difficult to navigate given the domination of political uncertainty, mainly in the United Stated and the United Kingdom. Canadian fixed income also detracted from returns as persistent economic slack in Canada lead to low interest rates being maintained. More importantly, the Plan outperformed the real return expectation goal of 0.9%.

OBJECTIVE	1 Year	3 Year	5 Year	10 Year
Earn a minimum inflation-adjusted investment return of 1.8%				
Total Plan Return	4.2	5.9	7.5	4.3
Real Return Expectation Goal (CPI+1.8%)	3.3	3.3	3.1	3.4
Excess Return	**0.9**	**2.6**	**4.4**	**0.9**
Earn a rate of return that exceeds the benchmark portfolio				
Total Plan Return	4.2	5.9	7.5	4.3
Total Plan Benchmark Return	4.8	6.8	7.0	3.9
Excess Return	**-0.6**	**-0.9**	**0.5**	**0.4**



INVESTMENT RESULTS

ACTUAL VERSUS TARGET—*Continued*

OBJECTIVE: Earn rate of return that exceeds the returns earned on the relevant market index over rolling 4-year periods (Actively managed investments) for the years ended December 31						
	2016	2015	2014	2013	2012	2011
Canadian Equity	11.1	8.0	5.1	6.4	8.2	-5.0
Benchmark	8.5	5.3	5.2	6.8	11.7	-0.7
Excess Return	**2.6**	**2.7**	**-0.1**	**-0.4**	**-3.5**	**-4.3**
Global Equity	17.9	23.0	15.4	13.5	6.9	-6.5
Benchmark	18.3	21	15.1	12.8	6.9	-3.8
Excess Return	**-0.4**	**2.0**	**0.3**	**0.7**	**0.0**	**-2.7**
Mortgages	4.0	4.3	4.9	-	-	-
Benchmark	5.1	5.6	7.1	-	-	-
Excess Return	-1.1	-1.3	-2.2	-	-	-
Short Term Bonds	1.1	1.1	1.2	-	-	-
Benchmark	2.1	2.4	2.9	-	-	-
Excess Return	-1.0	-1.3	-1.7	-	-	-

OBJECTIVE: Earn rates of return within 0.15% of the returns earned on the relevant market index over rolling 4-year periods (Passively Managed Investments) for the years ended December 31						
Universe Bonds	3.07	3.56	4.88	4.33	6.02	6.61
Benchmark	3.13	3.62	5.13	4.63	6.33	7.05
Excess Return	**-0.6**	**-0.6**	**-0.25**	**-0.30**	**-0.31**	**-0.44**
Real Return Bonds	0.85	1.24	4.64	4.59	11.00	10.38
Benchmark	0.99	0.99	4.61	4.12	11.55	10.88
Excess Return	**-0.14**	**0.25**	**0.03**	**0.47**	**-0.55**	**-0.50**

DISABILITY PLAN EXPENSES
DETAIL BY VENDOR AND EXPENSE TYPE

Description	Amount* (thousands)
Actuarial Services	
Aon Hewitt	**18**
Audit Services	
KPMG LLP	**10**
Custodial and Performance Management Fees	
Northern Trust Corporation	**35**
Investment Management Fees	
QV Investors	20
Franklin Templeton Investments Corp.	97
TD Asset Management	5
Addenda Capital Inc.	37
	159
Legal Services	
McDougall Gauley	**62**
Other Administrative Expenses	
Möbius Benefit Administrators Inc.	304
City of Regina—Pensions and Disability Staff Salary and Benefits	63
Manulife	104
Medical and Rehabilitation Services	64
SaskCentral	23
Aon Hewitt Consulting	6
Conferences, Seminars & Travel	23
Software Licensing and Maintenance	4
Government of Canada (GST)	3
Office Supplies	2
Other	22
	618
Total	902

KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
Fax (306) 757-4703

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, 2016 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

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' Long Term Disability Plan as at December 31, 2016, 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 Professional Accountants

May 24, 2017
Regina, Canada

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31

	2016	2015
ASSETS		
Investments—Note 4	**$ 50,167**	$ 46,696
Accounts Receivable	**150**	4
Contributions Receivable		
Members	**57**	80
Employers	**57**	80
Accrued Investment Income Receivable	**3**	3
	50,434	46,863
LIABILITIES		
Accounts Payable	**241**	436
Net Assets Available for Benefits	**50,193**	46,427
Disability Obligations—Note 5	**14,353**	13,006
Surplus	**$ 35,840**	$ 33,421

See accompanying notes.

APPROVED BY:

_______________________ Board Member

_______________________ Board Member

AUDITED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in thousands of dollars)

For the Year Ended December 31		
	2016	2015
INCREASE IN NET ASSETS		
Investment Income—Note 6	**$ 1,913**	$ 2,461
Increase in Fair Value of Investments	**109**	-
Contributions		
Member	**2,246**	2,204
Employers	**2,246**	2,204
	6,514	6,869
DECREASE IN NET ASSETS		
Disability Payments	**1,846**	1,962
Administration Expenses—Note 10	**902**	775
Decrease in Fair Value of Investments	**-**	118
	2,748	2,855
Net Increase for the Year	**3,766**	4,014
Net Assets Available for Benefits, Beginning of Year	**46,427**	42,413
Net Assets Available for Benefits, End of Year	**$ 50,193**	$ 46,427

See accompanying notes.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN DISABILITY OBLIGATIONS

(in thousands of dollars)

For the Year Ended December 31	**2016**	2015
INCREASE IN DISABILITY OBLIGATIONS		
Accrual of Disability Benefits	**$ 5,618**	$ 4,657
Change in Assumptions—Note 5	**-**	729
Interest Accrued on Benefits	**307**	258
	5,925	5,644
DECREASE IN DISABILITY OBLIGATIONS		
Disability Payments	**1,901**	2,021
Experience Gain	**2,677**	8,877
	4,578	10,898
Net Increase/Decrease for the Year	**1,347**	(5,254)
Disability Obligations, Beginning of Year	**13,006**	18,260
Disability Obligations, End of Year	**$ 14,353**	$ 13,006

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2016

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 employers: Regina Qu'Appelle Regional Health Authority, Regina Public Library Board, Board of Education of the Regina School Division No. 4 of Saskatchewan (non-teaching staff), Buffalo Pound Water Administration Board and Möbius Benefit Administrators Inc. 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, 2016, 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 24, 2017.

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, 2016

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 bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into account 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. Distributions from pooled funds are 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.

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 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.

e) Contributions

Contributions are accounted for on the accrual basis.

f) Use of Estimates and Judgements

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.

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, 2016

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 has the following investments:

INVESTMENTS	2016	2015
Canadian Bonds	**$ 1,444**	$ 1,461
Cash	**295**	843
Pooled Funds:		
Short Term	**6,371**	6,314
Fixed Income	**20,216**	19,332
Canadian Equities	**7,074**	5,715
Global Equities	**14,767**	13,031
Total Investments	**$ 50,167**	$ 46,696

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.

4. Investments (continued)

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.

Canadian Bonds

The Plan holds Government of Canada bonds with a term to maturity greater than five years with a carrying value of $1,444 (2015 - $1,461). The effective average interest rate on the bonds is 1.76% (2015 – 2.62%).

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.

(in thousands of dollars)

4. Investments (continued)

The following table illustrates the classification of the Plan's investments within the fair value hierarchy as at December 31.

		2016		
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Pooled Funds	**$ -**	**$ 21,841**	**$ -**	**$ 21,841**
Canadian Bonds	**1,444**	**-**	**-**	**1,444**
Fixed Income Pooled Funds	**-**	**20,216**	**-**	**20,216**
Short Term Investments	**-**	**6,371**	**-**	**6,371**
Cash	**295**	**-**	**-**	**295**
Total Investments	**$ 1,739**	**$ 48,428**	**$ -**	**$ 50,167**

		2015		
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Pooled Funds	$ -	$ 18,746	$ -	$ 18,746
Canadian Bonds	1,461	-	-	1,461
Fixed Income Pooled Funds	-	19,332	-	19,332
Short Term Investments	-	6,314	-	6,314
Cash	843	-	-	843
Total Investments	$ 2,304	$ 44,392	**$ -**	$ 46,696

There were no investments transferred between levels during 2016.

(in thousands of dollars)

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, 2014.

Aon Hewitt is the appointed actuary of the Plan. The actuarial value of disability obligations as of December 31, 2016 has been determined by extrapolating the figures from December 31, 2014, the date of the last actuarial valuation.

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	2016 Rate (%)	2015 Rate (%)
Inflation Rate	**2.2**	2.2
Discount Rate	**2.55**	2.55
Retirement Age	**65**	65
Rehabilitation Earnings Increase	**2.2**	2.2
Continuing in Year Claims Expense	**3.0**	3.0
Termination Rates	**Adjusted. 2004-2008 LTD termination study conducted by CIA**	**Adjusted. 2004-2008 LTD termination study conducted by CIA**

During 2016 the disability obligation increased by $2,677 (2015 – $8,877) as a result of the Plan's 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:

50 Basis Point Decrease/Increase	Approximate Effect on Disability Obligations $	%
Discount Rate	**+407/-384**	**-2.7/+2.8**
Inflation	**-243/+246**	**-1.7/+1.7**

NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars)

For the Year Ended December 31, 2016

6. Investment Income

		2016		2015
Cash and Short Term Investments	**$**	**96**	$	4
Bond Interest		**796**		788
Pooled Fund Distributions		**1,021**		1,579
Total	**$**	**1,913**	$	2,461

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 investment 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 pooled funds. 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 Administrative Board 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 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, 2016 would result in an increase/decrease of 9.5% (2015 – 9.5%) in the value of the portfolio.

(in thousands of dollars)

8. Investment Risk Management (continued)

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, 2016 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2016	2015
Canadian Bonds	**$ 1,444**	$ 1,461
Contributions Receivable	**114**	160
Accounts Receivable	**150**	4
Accrued Investment Income Receivable	**3**	3
Cash	**295**	843
Total	**$ 2,006**	$ 2,471

The Plan's Canadian Bonds consist of Government of Canada Bonds rated AAA.

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, 2016 a 1% increase/decrease in interest rates would result in a $1,340 (2015 – $1,289) 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.

(in thousands of dollars)

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

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following transactions with related parties are included in the financial statements:

Related Party Transactions		2016		2015
Accounts Receivable includes the following amounts due from:				
Möbius Benefit Administrators Inc.	**$**	**107**	$	-
Accounts Payable include the following amounts due to:				
City of Regina	**$**	**1**	$	271
Regina Civic Employees' Superannuation and Benefit Plan		**34**		23
Möbius Benefit Administrators Inc.		**60**		-
	$	95	$	294

Administration expenses include $304 (2015 — $ -) paid to Möbius Benefit Administrators Inc. and $63 (2015 — $219) paid to the City of Regina.

10. Administration Expenses

Administration Expenses		2016		2015
Other Administrative Expenses	**$**	**450**	$	286
Investment Manager Fees		**159**		152
Adjudication Services		**104**		154
Medical & Rehabilitation Services		**64**		73
Legal Services		**62**		36
Custodial and Portfolio Measurement Fees		**35**		38
Actuarial Services		**18**		26
Audit Services		**10**		10
Total	$	902	$	775

FA17-15

September 5, 2017

To: Members
Finance & Administration Committee

Re: 2017 Mid-Year Financial Report

RECOMMENDATION

That the 2017 Mid-Year Financial Report be forwarded to the September 25, 2017 meeting of City Council for information.

CONCLUSION

The Mid-Year Financial Report provides information regarding the City of Regina's (City) financial performance. This report provides a high level summary on how the City is performing in relation to its 2017 Operating and Capital Budgets. The report shows that the City is managing its operations and is forecast to be under budget for the 2017 fiscal year.

The 2017 businesses plan and budget approved by Council anticipated a level of funding required to provide the level of services established in the plan. The mid-year forecast reflects an estimated General Operating Surplus of $4 million (1.0% from budget). While the surplus is a result of many factors experienced in the first half of the year, the current forecast is mainly due to actions taken by the City to reduce costs aimed at meeting the financial challenge in the current year. The Utility Operating Surplus is forecast to be $4 million (3.0% from budget) and is mainly due to lower than anticipated costs as a result of the delayed start of the Hauled Wastewater Station.

BACKGROUND

The City of Regina is committed to providing transparent financial reporting on its operating and capital results. Appendix A is the first mid-year financial report that shows that the City is in a strong financial position to meet the operations objectives identified in the 2017 Budget and is projected to be in a positive position at yearend.

While the 2017 results appear to be headed in a positive manner, the fiscal pressure facing the City of Regina will continue to increase in the coming years. There are many issues that could threaten the stability and create future financial challenges. The City does not have sufficient and flexible revenue generating tools. Without new revenue sources, the City's ability to replace aging infrastructure and fund other long-term or major capital and utility expenditures can only be accomplished through the use of existing reserves, grants, increases to current revenue sources, and cost/service reductions.

There are a number of variables that can impact the yearend results that are not known at the end of June. It is about midway through the construction period for the City so any changes in weather conditions may influence the amount of work that is, or is not, completed by yearend. In addition items such as water main breaks and winter road maintenance costs can change from the mid-year forecasted numbers. It is important to leave some flexibility in the budget at mid-year to manage these risks.

The City of Regina will continue to look for new and innovative ways to continue to deliver its services and bridge the infrastructure gap while striving to remain one of the most affordable cities in Western Canada.

DISCUSSION

The 2017 mid-year report provides details on the current and projected operating and capital expenditures for both the General Fund and the Utility Fund. The City uses a conservative approach in forecasting revenues and expenditures.

Key highlights from the mid-year report include:

- Current general operating surplus is estimated at $4 million (1.0% from budget);
- Current utility operating surplus is estimated at $4 million (3.0% from budget);
- Projected general capital spend is $223 million (80% of available funding); and
- Projected utility capital spend is $80 million (54% of available funding).

The general operating surplus is a result of concerted efforts to reduce expenses. The utility operating surplus is due to lower than anticipated expenses tied to delayed implementation of the Hauled Wastewater Station and fewer water main breaks in the first half of the year.

RECOMMENDATION IMPLICATIONS

Financial Implications

The 2017 business plan approved by Council anticipates a level of funding required to provide the level of services established in the plan. Administration prepares and closely monitors the progress of achieving the annual business plan and as the corporation works toward delivering services to the community, a variance between the budgeted cost and the projected yearend cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors.

The forecast surplus is unaudited and is a projection of the expected results for the City of Regina. Yearend surpluses represent one-time funding and are transferred to the appropriate reserves at yearend. General Operating surpluses are transferred to the General Fund Reserve and Utility Operating surpluses to the Utility Reserve Fund.

It is important to look at the financial situation of the City of Regina in the longer term as well as the current year. The City of Regina has begun to use a long range financial model that shows the impacts of current decisions on future years. By analyzing the impacts of changes to the revenues and expenses, the City can ensure that it has the resources available to provide services to the citizens of Regina in a way that is efficient and effective not only today but into the future. As well, the implementation of MBN Canada benchmarking will allow the City to compare its performance to other municipalities across the country and assess its own trends over time.
The projected forecast at mid-year tends to vary from the final yearend results. This is largely due to external factors that influence revenues and expenses.

The current projected surplus includes a significant amount of one-time savings. These savings will need to be found again in the 2018 Budget. Once the 2017 fiscal year is closed, funds can be transferred to high priority projects or to reserves. This approach will allow the City of Regina to bridge the infrastructure gap that currently exists and ease the pressure for future mill rate increases to fund capital items. Since the surplus is primarily due to one-time savings, using this to reduce the mill rate needed to cover operating costs is not sustainable.

Environmental Implications

None related to this report.

Policy and/or Strategic Implications

The City of Regina mid-year report provides a point in time view of the City's financial projection. By providing public reporting of financial results, the City will improve transparency and financial accountability.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

None related to this report.

DELEGATED AUTHORITY

The recommendation to provide this information to City Council for informational purposes is within the Delegated Authority of the Finance and Administration Committee.

Respectfully submitted,

June Schultz, Director
Finance

Respectfully submitted,

Ian Rea
Chief Financial Officer

Report prepared by:
Trevor Black, Manager, Budget & Financial Services

APPENDIX A

2017 Mid-Year Financial Report

BACKGROUND

The mid-year report provides information regarding the City of Regina's (City) financial performance. This report provides a high level summary on how the City is performing in relation to its 2017 Operating and Capital Budgets. The report shows that the City is managing its operations and is forecast to be under budget for the 2017 fiscal year.

The 2017 businesses plan and budget approved by Council anticipated a level of funding required to provide the level of services established in the plan. The mid-year forecast reflects an estimated General Operating Surplus of $4 million (1.0% from budget). While the surplus is a result of many factors experienced in the first half of the year, the current forecast is mainly due to actions taken by the City to reduce costs aimed at meeting the financial challenge in the current year. The Utility Operating Surplus is forecast to be $4 million (3.0% from budget) and is mainly due to lower than anticipated costs as a result of the delayed start of the Hauled Wastewater Station.

While the mid-year 2017 fiscal results appear to be headed in a positive manner the fiscal pressure facing the City of Regina will continue to increase in the coming years. The City was able to manage the changes as a result of the 2017 Provincial Budget but the City will face increased financial constraints into 2018 and beyond. The City will continue to look for new and innovative ways to continue to deliver its services and bridge the infrastructure gap while remaining one of the most affordable cities in Western Canada.

The forecast surplus is unaudited and is a projection of the expected results for the City of Regina. Year end surpluses represent one-time funding and are transferred to the appropriate reserves at year end. General Operating surpluses are transferred to the General Fund Reserve and Utility Operating surpluses to the Utility Reserve Fund.

FINANCIAL FORECAST OVERVIEW

Throughout the year, Administration prepares and closely monitors the progress of achieving the annual business plan approved by Council. The information included in this report is the mid-year operating and financial forecast.

The 2017 business plan approved by Council anticipates a level of funding required to provide the level of services established in the plan. As the corporation works toward delivering services to the community, a variance between the budgeted cost and the projected year end cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors. These factors include, but are not limited to:

- New funding or revenues received during the year that were not anticipated at the time of developing the budget;
- Changes to the level of series provided;
- Staff vacancies;
- Price differences in supplies;
- Timing of implementing new initiatives or in capital construction.

General Operating Forecast Overview

The General Operating surplus is forecast to be $4 million. As describe below, revenues are projected to be on target and expenses are currently under budget due to a number of administrative initiatives that are resulting in on-going and one time cost savings in the current year.

Table 1: General Operating Financial Forecast (in $ thousands)

Financial Performance Measures June 30, 2017				
General Fund Forecast	Revenue	Expense	Surplus (Deficit)	% of Budget
	$ 436,308	$ 431,827	$ 4,481	1.0%

Operating Revenue

Table 2: General Operating Revenue Forecast (in $ thousands)

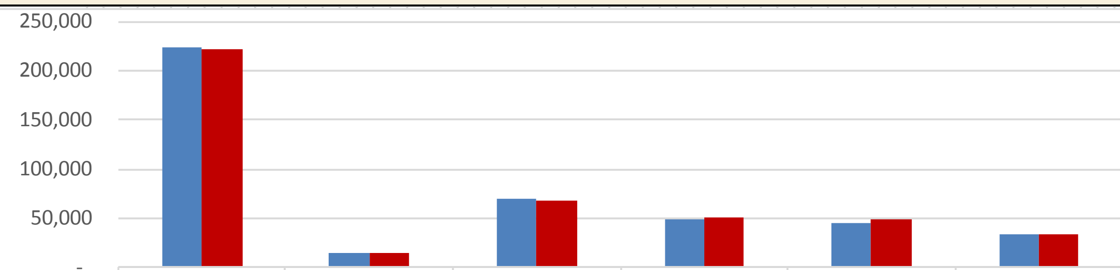
Financial Performance Measures June 30, 2017				
General Fund Revenue	Budget	Forecast	Variance	% of Budget
	$ 435,739	$ 436,308	$ 569	0.1%

About half of the General Operating revenue comes from property taxes, but the City also charges user fees, secures grants from other levels of government and collects revenues from a variety of smaller sources. The majority of the City services are financed by the General Operating revenue.

Revenues are currently tracking to be on target at $436 million and $559 thousand (0.1%) above the approved budget. Graph 1 below presents the revenue by category or source.

Graph 1: General Operating Revenue (in $ thousands)

Operating Revenue by Category - Budget vs Forecast



	Taxation	Licenses, Levies and Fines	Fees and Charges	Grants and Transfers	External (Inc. Interest & Bond Gain)	Allocation & Reserve Transfer
Budget	224,050	13,928	69,395	49,334	45,725	33,306
Forecast	222,686	13,943	68,250	50,274	48,133	33,021
Variance	-1,364	15	-1,145	940	2,408	-285
% of Budget	-0.6%	0.1%	-1.6%	1.9%	5.3%	-0.9%

Currently, revenue is forecast to be on target. Variations from budget is mainly due to increased interest income and grants from third parties.

Operating Expense

Table 3: General Operating Expense Forecast (in $ thousands)

Financial Performance Measures June 30, 2017				
General Fund Expense	Budget	Forecast	Variance	% of Budget
	$ 435,739	$ 431,827	$ 3,912	0.9%

General Operating expenses support the majority of the services provided by the City. Expenses are driven by controllable and uncontrollable factors. Some costs are driven by environmental factors such as the weather and their impact on the services, such as Winter Road Maintenance and are managed by the City by establishing reserves specifically for the purpose of supporting unanticipated costs in any given year.

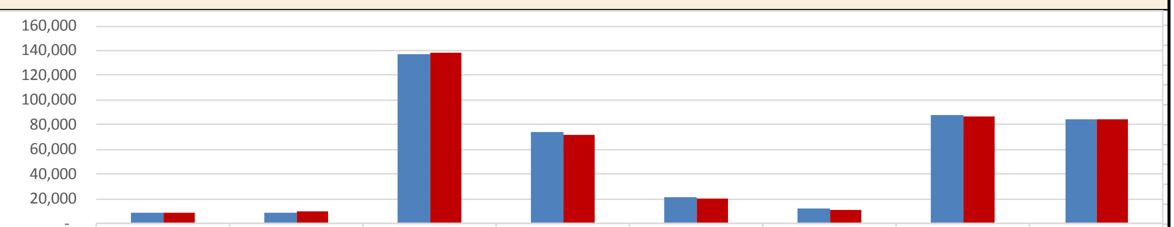
As part of the Amended 2017 Budget process, Administration recommended a number of cost saving measures to free up resources for various purposes. These included, but were not limited to:

- A moratorium on all non-essential out-of-province travel;
- A hiring freeze on all non-essential vacancies;
- Elimination of superior duty pay for out of scope employees; and
- A targeted reduction in the City's overall labour force through attrition.

These measures, along with others, have resulted in a projected $4 million in reduced costs for the current year. This is a 0.9% reduction from the approved budget. Graph 2 details the budget and forecast expenses by division.

Graph 2: General Operating Expense (in $ thousands)

General Expense by Division - Budget vs Forecast



	Mayor, City Mrg & Council	Community Investment	City Services	Transportation & Utilities	City Planning & Development	Organization & People	Corporate Services	Police
Budget	8,805	9,210	137,590	73,741	21,618	11,932	88,332	84,510
Forecast	8,682	9,270	138,385	71,769	20,489	11,506	87,215	84,510
Variance	-123	60	795	-1,972	-1,129	-426	-1,117	-
% of Budget	-1.4%	0.7%	0.6%	-2.7%	-5.2%	-3.6%	-1.3%	0.0%

Departments across the organization are finding opportunities to find one-time and ongoing savings to created financial flexibility. Some of the savings are one-time and driven by environmental factors such as snow removal. Ongoing savings will result in a reduction to future budget requirements.

Utility Operating Forecast Overview

The Utility Operating surplus is forecast to be $4 million. As described below, revenues are projected to be on target and expenses are currently under budget due to lower than anticipated costs as a result of a delay in the implementation of the Hauled Wastewater Station in the current year.

Table 4: Utility Operating Financial Forecast (in $ thousands)

Financial Performance Measures June 30, 2017				
Utility Fund Forecast	Revenue	Expense	Surplus (Deficit)	% of Budget
	$ 130,482	$ 126,521	$ 3,961	3.0%

Utility Revenue

Table 5: Utility Operating Revenue Forecast (in $ thousands)

Financial Performance Measures June 30, 2017				
Utility Fund Revenue	Budget	Forecast	Variance	% of Budget
	$ 130,676	$ 130,482	$ (194)	0.1%

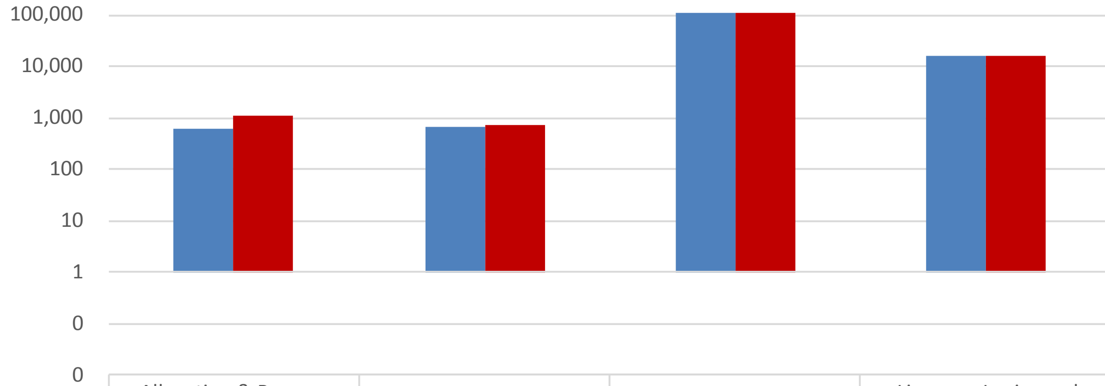
The Water and Sewer Utility provides water, wastewater and drainage services primarily to customers in Regina. It is operated on a full cost-recovery, user-pay basis. Revenues collected from customers account for the majority of the revenue (88%) with the remainder of the revenue being derived from licenses and levies.

Utility revenues are mainly the result of fees and charges paid by customers through a daily base rate and through a volume (usage) charge. Revenues are influenced by environmental factors and customers are able to reduce their costs by conserving water which will reduce revenues. The mid-year forecast shows that revenues are currently on target at $130 million and $194 thousand (0.1%) below the approved budget. Graph 3 presents the revenue by category or source.

Graph 3: Utility Operating Revenue (in $ thousands)

Utility Revenue by Category - Budget vs Forecast

*Note: Categories are not to scale.



	Allocation & Reserve Transfer	Claims & Interest	Fees and Charges	Licenses, Levies and Fines
Budget	607	667	113,418	15,984
Forecast	1,076	722	112,701	15,983
Variance	469	55	-717	-1
% of Budget	77.3%	8.2%	-0.6%	0.0%

Overall Utility revenues are on track and only slightly under budget due to a delay in the establishment of the Hauled Wastewater Station. It is anticipated that the Hauled Wastewater Station will be operational at the end of the Third Quarter.

Utility Expense

Table 6: Utility Operating Expense (in $ thousands)

Financial Performance Measures
June 30, 2017

Utility Fund Expense	Budget	Forecast	Variance	% of Budget
	$ 130,676	$ 126,521	$ 4,155	3.2%

Utility Operating expenses support the costs of a delivering services in four main service areas:

- Water Supply and Distribution: The system provides water for residential, institutional, commercial and industrial customers, as well as for fire protection.
- Wastewater Collection and Treatment: The wastewater system collects wastewater from all residential, institutional, commercial and industrial customers in the City and treats wastewater in accordance with the Provincial and Federal governments' environmental regulations and industrial standards.

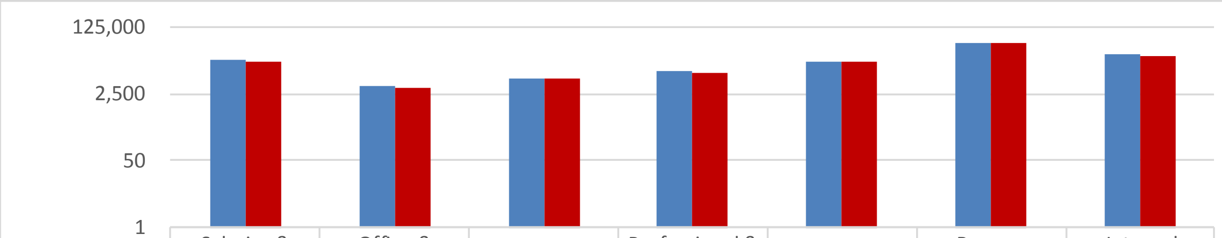
- Storm Water Collection and Flood Protection: The drainage system controls water runoff from rainfall and melting snow in and around the City.
- Customer Service: Customer service had two elements – Utility Billing (producing and collecting on utility billings) and Communications (being responsive to customer inquiries and needs).

Many factors influence the costs of delivering the utility services. The mid-year forecast currently reflects a $4 million (3.2%) savings in approved operating costs. The savings is mainly due to delays in the start of the Hauled Wastewater Station and fewer than anticipated water main breaks in the first half of the year. Graph 4 details the budget and forecast expenses by division.

Graph 4: Utility Operating Expense (in $ thousands)

Utility Expense by Division - Budget vs Forecast

***Note: Divisions are not to scale.**



	Salaries & Related Costs	Office & Admin	Debt Servicing	Professional & External	Utilities	Reserve Transfers	Internal Allocations
Budget	17,978	4,236	6,126	9,875	16,174	50,303	25,984
Forecast	17,521	3,776	6,126	8,495	16,380	50,303	23,920
Variance	-457	-460	-	-1,380	206	-	-2,064
% of Budget	-2.5%	-10.9%	0.0%	-14.0%	1.3%	0.0%	-7.9%

Expenses are currently budget as a result of decreases in water main breaks and delays in the launch of the hauled wastewater service resulting in lower costs to the City.

CAPITAL OVERVIEW

The delivery of services requires well maintained capital assets. The City continues to maintain and enhance its assets by prioritizing the investment in capital that will create improved services or service levels.

General Capital

The General capital budget is primarily focused on the renewal of infrastructure, a priority of the strategic plan and linked to *Design Regina: The Official Community Plan* priority of long-term financial viability.

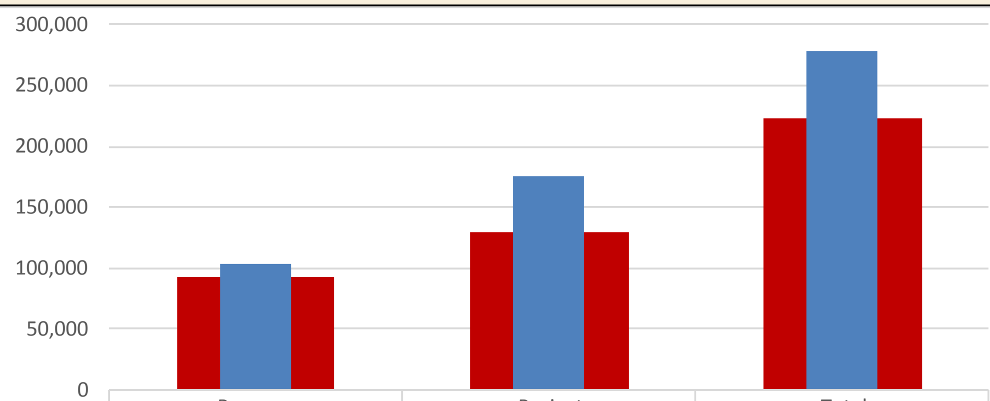
The Graph 5 details the City's capital spending in two categories. Capital programs are mainly ongoing programs that are designed to support the maintenance and renewal of assets to enhance and/or prolong their useful life. Capital projects are specific projects that are one-time costs, such as the cost of constructing a new asset.

The City's capital budget is a multi-year (five year) program comprised of an approved capital plan for the current year and a planned program for the succeeding four years. With the multi-year approach, some projects designed to be completed over a number of years resulting unspent capital funding at the end of the year that will be carried forward to the future year. As shown in the graph below, the City is continuing to complete a number of multi-year projects and utilizing the majority of the fund available.

Graph 5: General Capital (in $ thousands)

Financial Performance Measures
June 30, 2017

General Capital - Funding vs Forecast



	Program	Project	Total
Forecast Expenditures	92,473	130,032	222,505
Total Funding Available	103,888	175,082	278,970

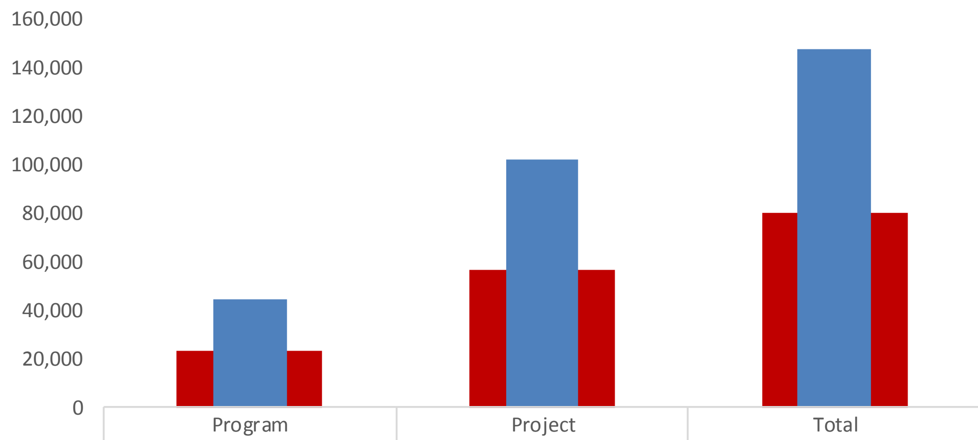
The City has seen a reduction in the amount of unspent capital funding in the last year, due to the completion of the New Mosaic Stadium. Unspent capital expenditures relate to multi-year projects and funding will be spent in future years. There are no significant variance on capital projects and programs currently under way at the City. There has been a significant increase in capital expenditures over the past 5 years in order to bridge the infrastructure gap faced by the City. Major initiatives include bridge and street infrastructure renewal, transit and civic fleet replacement, and land development.

Utility Capital

The Utility capital budget supports the delivery of the utility service through maintenance, renewal and replacements of a diverse infrastructure including water mains, storage reservoirs, pumping stations, building service connections, a wastewater treatment plant, wastewater and storm drainage sewers as well as drainage channels and creeks. The City is also a joint owner of the Buffalo Pound Water Treatment Plant with the City of Moose Jaw.

Graph 6: Utility Capital (in $ thousands)

Utility Capital - Funding vs Forecast



	Program	Project	Total
Forecast Expenditures	23,161	56,921	80,082
Total Funding Available*	45,037	102,677	147,714

Overall, all Utility Capital projects are on schedule and on budget. Areas of major investment include upgrades to the Buffalo Pound Water Treatment Plant, wastewater and water infrastructure renewal. There is a large amount of unspent capital funding in the utility capital plan due to the longer-term nature of the projects in the area.

CONCLUSION

The City of Regina is committed to financial accountability and transparency. This is the first mid-year report released by the organization. The results of this report show that the City is in a strong position to meet the operations objective identified in the 2017 Budget and is projected to be in a positive financial position at year end.

The surplus is a point in time projection of the year end results. There are a number of variables that could influence the surplus on both the operating and utility results that were not known at the time of the establishment of the mid-year forecast. Administration has used the best information available to predict the outcomes to the end of the year. Since preparing this forecast and report, new information has been received that will result in updated projections. This includes a record breaking number of water main breaks in August. In addition, as of June 30, 2017, the construction season was not yet completed.

As the year progresses, the results will change based on decisions made and uncontrollable factors such as weather that impact city operations. Administration will continue to monitor the financial situation to ensure funds are directed where they are needed most in order to continue to provide the services that citizens of Regina need. The projected surplus will be left in place to manage any of the potential changes. Once the 2017 fiscal year is closed funds can be transferred to high priority projects that need funding or to reserves. This approach will allow the City of Regina to bridge the infrastructure gap that currently exists and ease the pressure for future mill rate increases to fund capital items. Since the surplus is due to one-time savings using this to reduce the mill rate needed to cover operating costs is not sustainable. Administration is committed to continuing to improve on the reporting provided to City Council and the public in future reports.

FA17-16

September 5, 2017

To: Members
Finance & Administration Committee

Re: Request for Tax Exemptions on Subject Land within the Commercial Corridor

RECOMMENDATION

1. That the request by Industrial Properties Regina Limited for a change to the tax mitigation for seven properties be denied and the tax mitigation program outlined in reports CR14-57 Boundary Alteration - 2014 Property Tax Exemptions and CM17-4 Boundary Alteration - 2017 Property Tax Exemptions remain in place.

2. That this report be forwarded to the September 25, 2017 meeting of City Council for denial.

CONCLUSION

Industrial Properties Regina Limited (IPRL) has requested a change to the current City Council approved boundary alteration tax mitigation plan applied to seven properties, listed in Appendix A. Under the current City Council approved mitigation plan these properties receive a partial phased tax exemption each year from 2014-2017 but will be required to pay regular property taxation levels commencing in 2018. Under this plan, the properties are transitioning from 2013 rural municipal (RM) tax levels to the City of Regina's levels over a five-year period. In contrast to City Council approved mitigation plan, IPRL requests their properties be included in the 300,000 growth plan grouping for tax mitigation. The change would see these properties paying property tax similar to those paid in the RM of Sherwood for 2017 & 2018.

The subject lands meet the requirements of being commercial or industrial properties in the area identified as the commercial corridor and qualify for imminent development. Administration recommends that the request be denied and the current tax mitigation program outlined in reports CR14-57 Boundary Alteration - 2014 Property Tax Exemptions and CM17-4 Boundary Alteration - 2017 Property Tax Exemptions remain in place.

BACKGROUND

The City of Regina received a request to change the tax mitigation for certain lands absorbed into the City through boundary alteration, Appendix A. These lands are part of the commercial corridor and receiving tax mitigation as outlined in reports CR14-57 Boundary Alteration - 2014 Property Tax Exemptions and CM17-4 Boundary Alteration - 2017 Property Tax Exemptions. This tax mitigation is done through an annual annexation exemption bylaw that provides a percentage exemption for that tax year. The 2017 annual annexation tax exemption bylaw was passed on April 24, 2017. The request is to have their taxes remain at 2013 RM of Sherwood levels for five years, instead of having the City of Regina's levels phased-in over a five-year period.

This request states that, with implementing the Tower Crossing Secondary Plan, development of these properties is no longer imminent. IPRL states that the development and servicing of the properties cannot occur until larger parcels surrounding them are developed. The property owners further state these properties do not receive wastewater services and the levels of service they receive remain at the level of services provided in the RM.

In 2014, the City of Regina implemented a tax mitigation program for properties absorbed into the city boundary through the January 1, 2014 boundary alteration. The program is based on the growth plan in *Design Regina: The Official Community Plan Bylaw No. 2013-48* (Design Regina). These tax concessions are outlined in reports CM13-14 Reconsideration of 2013 Boundary Alteration, approved by City Council November 6, 2013, and CR14-57 Boundary Alteration - 2014 Property Tax Exemptions, approved by City Council May 26, 2014.

The program identifies three categories for tax mitigation:

Category	**Tax Mitigation**
Lands within the 300k Growth Plan of Design Regina.	▪ Five-year tax mitigation whereby the taxes would remain at RM levels for five years.
Lands beyond the 300k Growth Plan.	▪ Five-year tax mitigation, which may be extended to 10 and then 15 years. ▪ This recognized that longer-term growth areas would not be eligible for development and servicing under the growth plan and would remain as largely rural lands zoned as urban holdings for longer term.
Lands where the main property use is commercial and/or industrial (employment lands) in the area identified as the commercial corridor.	▪ Five-year tax mitigation, which phases in the City assessment and taxation levels on the commercial corridor, at a rate of 20% per year.

The area identified as the commercial corridor has properties on Dewdney Avenue (Appendix C) and Victoria Avenue East (Appendix D) where lands were partially developed at the time of the boundary alteration. This area was identified as ‘imminent development’ based on the existing development and requests received for development by the RM and landowners. ‘Imminent development’ means that development or redevelopment of these lands would not be subject to the restrictions of the Design Regina Growth Plan and may proceed on a case-by-case basis as proposals come forth.

Under the tax mitigation program, the lands in the commercial corridor would transition to City of Regina taxes and assessment over a five-year period, as of January 1, 2018. The level of mitigation applied to the lands will continue until the land is planned for development and will in general reflect the levels of services that the property is receiving. This mitigation also accounts for the number of ratepayers in this category who received the benefit of no longer paying the water surcharge.

The CM13-15 2013 Boundary Alteration Implementation report identified an amendment to Design Regina that included a phasing and financing plan for the lands that would be completed in 2015. The Tower Crossing Secondary Plan (the Secondary Plan) was approved by Bylaw 2015-52 on September 28, 2015. At the time, all the land owners in IPRL’s request were in support of the Secondary Plan. The Secondary Plan provides a policy framework for guiding the growth, development and servicing for the area east of the City of Regina, which includes part of the east commercial corridor. As such, these lands can proceed to develop.

<u>DISCUSSION</u>

There are currently 16 properties in the commercial corridor receiving tax mitigation for 2017 per bylaw 2017-18, which is consistent with report CR14-57 Boundary Alteration - 2014 Property Tax Exemptions and existing boundary alteration policy. In 2018, commercial corridor lands annexed on January 1, 2014 will be subject to the same taxation and assessment levels as all other commercial and industrial lands in the city of Regina. The properties in the commercial corridor currently receive municipal services in accordance with existing City of Regina policies. These properties do not receive wastewater services, nor do they pay for them. Water, sewer and storm drainage services are fully funded from utility rates.

The identified lands may proceed through the typical development process on a case-by-case basis in accordance with policy 14.20A of Design Regina. The lack of phasing restrictions on these lands makes them eligible for 'imminent development.'

In discussions with IPRL they would like to have the change applied to a total of seven properties (Appendix B). The total impact of changing the tax mitigation on these seven properties is shown below. The change in mitigation would result in additional forgone tax revenue for the City of Regina of $101,767 in 2017 and $130,755 in 2018. The total forgone levies for all taxing authorities would be $167,791 in 2017 and $227,071 in 2018.

Table 1 - Change in Levy if the Mitigation is Changed for These Seven Properties

	Municipal Levy		**Total Levy**	
	2017	**2018**	**2017**	**2018**
Levy - Current Mitigation	$ 226,246	$ 260,233	$ 356,974	$ 442,127
Levy - Requested Mitigation	$ 124,479	$ 129,458	$ 189,183	$ 215,056
Change in Levy	$ (101,767)	$ (130,775)	$ (167,791)	$ (227,071)

If the change is made for these seven properties, there are nine additional properties in the commercial corridor that could request similar treatment. Table 2 below shows the total tax implications of changing the tax mitigation on all the properties in the commercial corridor. The change in mitigation for all 16 properties would result in additional forgone levy for the City of Regina of $180,680 in 2017 and $231,633 in 2018. The total additional forgone levies for all taxing authorities would be $322,262 in 2017 and $414,395 in 2018.

Table 2 -Change in Levy if the Mitigation is Changed for All Commercial/Industrial Properties in the Commercial Corridor

	Municipal Levy		**Total Levy**	
	2017	**2018**	**2017**	**2018**
Levy - Current Mitigation	$ 377,401	$ 436,224	$ 650,708	$ 768,945

Levy - Requested Mitigation	$ 196,722	$ 204,590	$ 189,183	$ 354,550
Change in Levy	$ (180,680)	$ (231,633)	$ (322,362)	$ (414,395)

RECOMMENDATION IMPLICATIONS

Financial Implications

If the request for a change to the tax mitigation is denied, as recommended by Administration, there would be no financial implications.

If the request for a change is granted for the seven properties identified, the total forgone revenue would be $167,791 in 2017 and $227,071 in 2018. The City of Regina's share of forgone revenue would be $101,767 in 2017 and $130,775 in 2018. This additional mitigation was not considered in the 2017 budget and would be a variance to revenue for the City of Regina and the other taxing authorities.

If the tax mitigation change is granted, the City of Regina may receive similar requests from other commercial and industrial properties in the commercial corridor. These additional requests could result in further forgone revenue of $154,571 in 2017 and $187,324 in 2018. The City of Regina's share of these additional requests would be $78,913 in 2017 and $100,858 in 2018.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

Tax policy adopted in CR14-57 Boundary Alteration -2014 Property Tax Exemptions was written based on the principles outlined in CR13-14 Reconsideration of 2013 Boundary Alteration and Design Regina. The adoption of the Tower Crossing Secondary plan has not changed these principles. Commercial or industrial properties in the commercial corridor still qualify for imminent development, and the original tax mitigation policy still applies.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The owners addressed in the letter will be provided with a copy of this report prior to the Finance and Administration Committee and City Council meetings. They will also receive a copy of City Council's decision regarding this report.

Copies of the report will be provided to the Regina Public School Board, Regina Catholic School Board and the Regina Public Library Board.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

For

Deborah Bryden, Director
Assessment and Taxation

Respectfully submitted,

For

Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by: Tanya Mills, Manager Tax & Administration

INDUSTRIAL PROPERTIES REGINA LIMITED

SUITE 402-1916 DEWDNEY AVE

REGINA,SK S4R 1G9

PHONE: 306 347 0404 FAX: 306 347 0410

City Clerks Office

2476 Victoria Ave

Regina SK S4P 3C9

Dear Sir,

On behalf of property owners of smaller commercial parcels, in the Victoria East Commercial Corridor I would like to bring an issue to the attention of the Finance & Administration Committee and City Council for their consideration.

The issue is the fairness of the tax mitigation for the annexed properties in the Victoria Commercial Corridor.

The property owners who are concerned are

101118218 Saskatchewan Ltd. 4850 Victoria Ave East * Owned by Industrial Properties Regina Ltd

Bobcat of Regina Ltd. 5050 Victoria Ave East * Owned by Industrial Properties Regina Ltd.

Village RV 4150 Victoria Ave East

Young's Equipment 4000 Victoria Ave East

In 2013 these properties were annexed into the City of Regina. The annexation report CM 13-14 advised there would be tax mitigation so that land owners would not be negatively impacted. The report states the first principle of the tax mitigation is to "protect property owners, whose land is annexed into the City of Regina, from unreasonable financial hardship."

At the time of the annexation the commercial corridor was identified as "imminent" for development. This was the view at the time without the benefit of any servicing studies. Servicing studies have shown the need for major investment by landowners for servicing to proceed. The secondary plan has been completed and it shows the commercial corridor would only receive services after the large parcels of land to the north are serviced. The owners of the properties in the commercial corridor have no control over when land to the north proceeds with development. The properties on Victoria Service Road are serviced by a small water line that is not sufficient for any further development. The secondary plan also pointed out that there is not sufficient water pressure to support development and any development of a parcel would require a privately owned booster pump until an Eastern Water pressure Zone solution is in place.

The properties do not receive waste water services. The services remain at an Rural Municipality level while the taxes are moving to City levels. The secondary plan has the waste water services going in on

Argon Road and looping around to the service road meaning these properties would be the last to get services and only once the larger parcel land owners proceed with development.

Knowing the reality of the timeframe for re-development is not "imminent" but in reality a long way from being financially feasible and the smaller property owners really can not act without the larger land holders moving ahead these properties will continue to operate as rural type industrial properties for the foreseeable future. The increase in taxes without the opportunity to feasibility do any redevelopment has created financial hardship for these property owners. These properties will continue to be operated as rural type industrial properties for the foreseeable future and become uncompetitive when they are taxed at city rates with rural service levels.

The annexation mitigation provided differing exemptions for three groupings.

1. Properties in the commercial corridor identified as being in the "imminent development area," a five year phase-in of taxes
2. Properties within the 300,000 growth scenario, five year exemption
3. Properties beyond the 300,000 growth scenario a 15 year exemption.

With the benefit of now knowing that development is not imminent in the commercial corridor but likely will be after much of the land within in the 300,000 growth scenario is developed the policy seems to disadvantage the Commercial Corridor Properties.

We have met with Councillor Findura and Gerry Krismer, City Assessor who were very understanding of the situation and reviewed the assessment and helped us to understand the intent of the report providing the tax mitigation.

We are asking the Committee and Council to reconsider the tax phase-in and instead provide the same type of relief as other properties to provide a fair solution with the benefit of now understanding imminent development is not the reality the commercial corridor land owners face.

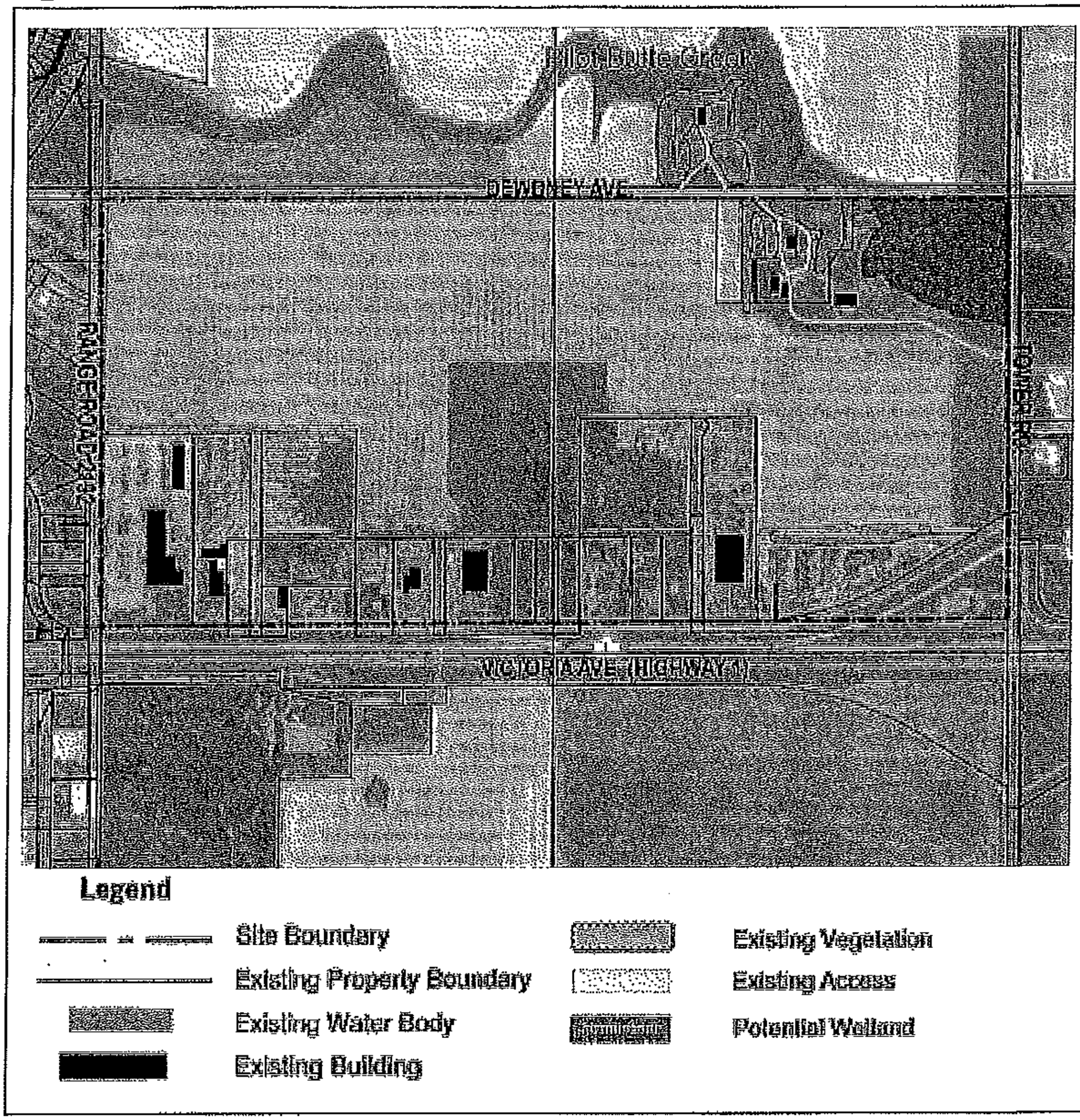
We are asking to receive the same tax exemption as the lands within the 300,000 growth scenario, of five years, to reflect the reality of development timeframes. This change would ensure that the tax exemption for annexed properties in the commercial corridor meets the stated objectives in the report, provides fairness, and most importantly protects the owners of property annexed into the City of Regina from unfair financial hardship which was the intention of City Council when the land was annexed.

We would be pleased to appear as a delegation to committee and Council to provide any further information that is needed.

Thank you for your consideration of this issue.

Sincerely, Dave Berber.

Figure 4: Natural Features

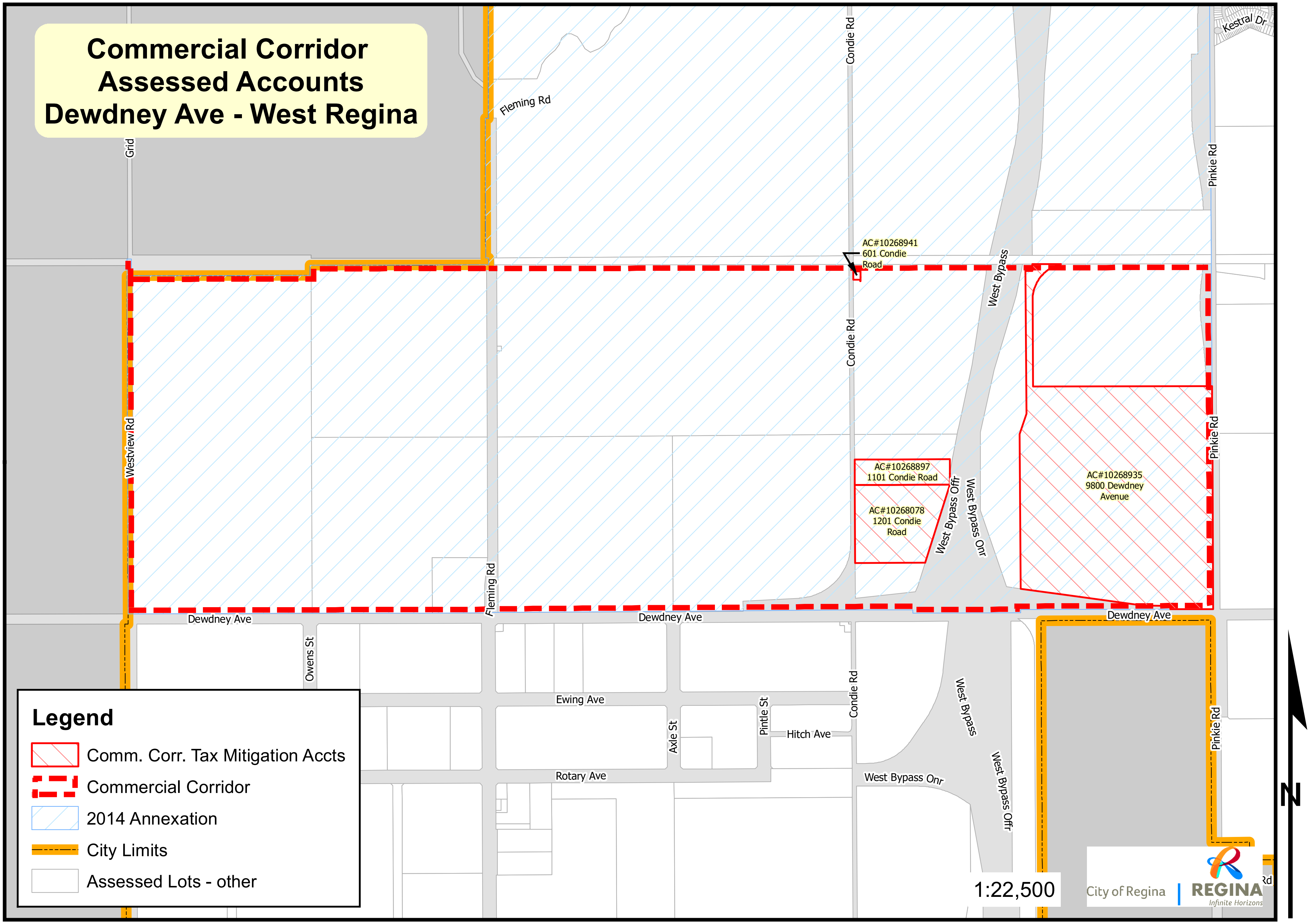


Appedix B : Impact of Mitigation Change

2017		Current Mitigation Phase In		Requested Mitigation 300K Calculations		Impact of Change	
Account	**Civic Address**	**Muni Levy**	**Total Levy**	**Muni Levy**	**Total Levy**	**Muni Levy**	**Total Levy**
Accounts Requesting Mitigation Change							
10268139	4200 E VICTORIA AVENUE	2,180	2,555	2,180	2,555	0	0
10268142	5050 E VICTORIA AVENUE	48,390	69,406	22,813	32,843	(25,577)	(36,563)
10268975	4150 E VICTORIA AVENUE	46,671	70,941	35,202	53,554	(11,469)	(17,387)
10268997	4000 E VICTORIA AVENUE	76,576	113,748	45,811	68,084	(30,765)	(45,664)
10269001	1701 KENNEDY STREET	11,599	26,555	2,068	4,704	(9,531)	(21,850)
10269032	1700 ZINKHAN STREET	14,784	32,351	2,422	5,148	(12,362)	(27,203)
10269034	4850 E VICTORIA AVENUE	26,046	41,418	13,984	22,295	(12,063)	(19,122)
Total		**226,246**	**356,974**	**124,479**	**189,183**	**(101,767)**	**(167,791)**
Additional Accounts in Commercial Corridor							
10268077	4001 E VICTORIA AVENUE	49,870	101,830	22,148	45,178	(27,722)	(56,652)
10268078	1201 CONDIE ROAD	10,200	18,380	2,914	5,338	(7,285)	(13,042)
10268140	4600 E VICTORIA AVENUE	14,461	22,107	7,123	10,913	(7,338)	(11,194)
10268141	4330 E VICTORIA AVENUE	7,255	11,739	2,679	4,343	(4,576)	(7,396)
10268143	4750 E VICTORIA AVENUE	31,446	49,065	18,238	28,494	(13,209)	(20,571)
10268897	1101 CONDIE ROAD	8,452	15,779	4,208	7,852	(4,244)	(7,927)
10268941	601 CONDIE ROAD	100	159	20	32	(80)	(128)
10268982	4500 E VICTORIA AVENUE	16,903	39,137	9,969	23,018	(6,934)	(16,118)
10269444	5200 E VICTORIA AVENUE	12,469	35,538	4,944	13,994	(7,525)	(21,543)
Total		**151,156**	**293,734**	**72,242**	**139,163**	**(78,913)**	**(154,571)**
Total Commercial Corridor		**377,401**	**650,708**	**196,722**	**328,346**	**(180,680)**	**(322,362)**

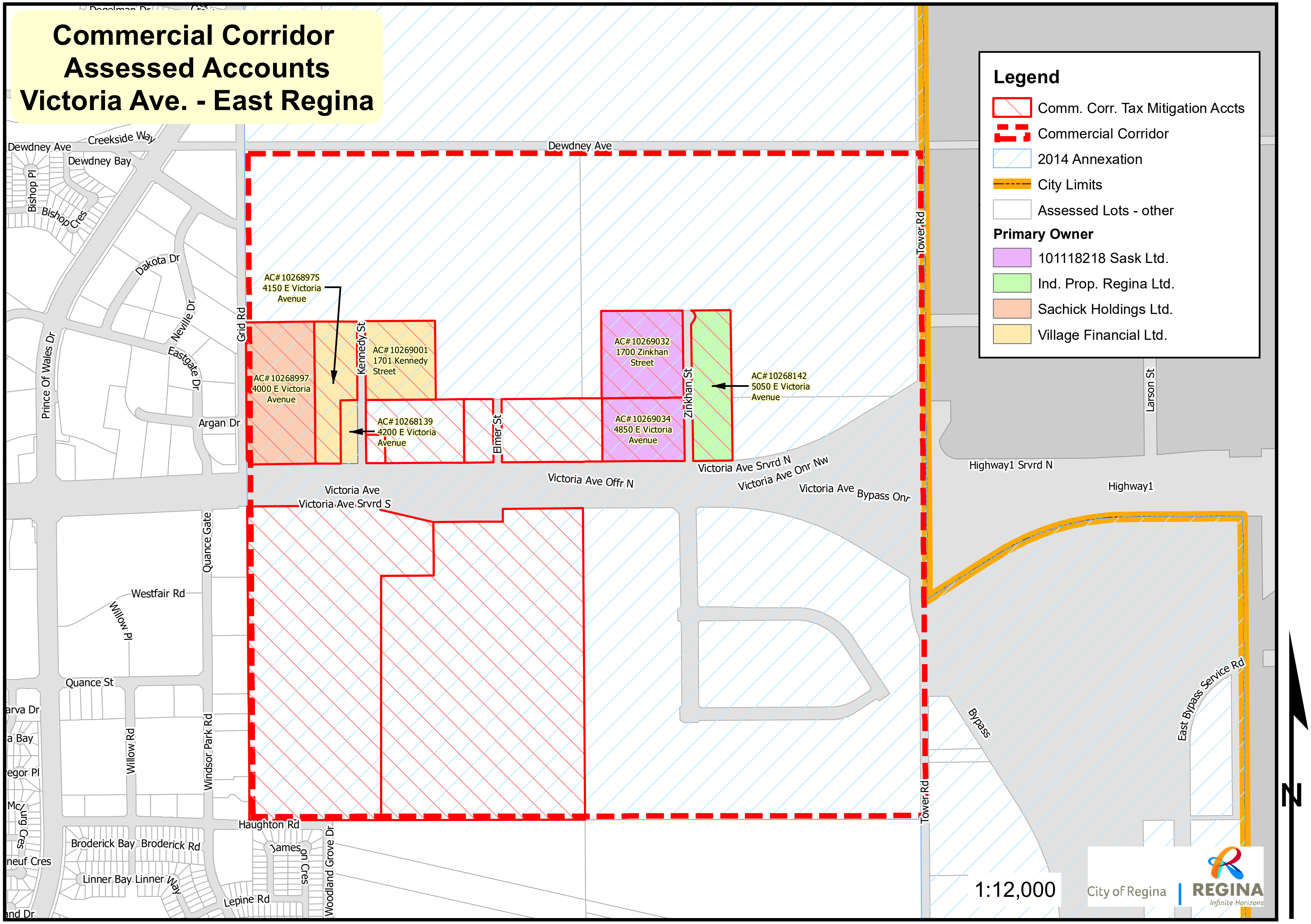
2018		Current Mitigation Phase In		Requested Mitigation 300K Calculations		Impact of Change	
Account	**Civic Address**	**Muni Levy**	**Total Levy**	**Muni Levy**	**Total Levy**	**Muni Levy**	**Total Levy**
Accounts Requesting Mitigation Change							
10268139	4200 E VICTORIA AVENUE	2,267	3,387	2,267	3,387	(0)	(0)
10268142	5050 E VICTORIA AVENUE	57,344	94,111	23,725	38,498	(33,619)	(55,613)
10268975	4150 E VICTORIA AVENUE	52,157	87,123	36,610	60,843	(15,548)	(26,280)
10268997	4000 E VICTORIA AVENUE	83,646	138,161	47,644	78,376	(36,002)	(59,785)
10269001	1701 KENNEDY STREET	14,540	28,942	2,151	4,353	(12,390)	(24,589)
10269032	1700 ZINKHAN STREET	18,597	36,255	2,519	4,918	(16,077)	(31,337)
10269034	4850 E VICTORIA AVENUE	31,682	54,148	14,543	24,680	(17,139)	(29,467)
Total		**260,233**	**442,127**	**129,458**	**215,056**	**(130,775)**	**(227,071)**
Additional Accounts in Commercial Corridor							
10268077	4001 E VICTORIA AVENUE	57,069	108,504	23,034	44,023	(34,036)	(64,482)
10268078	1201 CONDIE ROAD	12,345	22,173	3,031	5,490	(9,313)	(16,684)
10268140	4600 E VICTORIA AVENUE	16,947	28,467	7,407	12,349	(9,540)	(16,118)
10268141	4330 E VICTORIA AVENUE	8,735	15,023	2,786	4,764	(5,949)	(10,258)
10268143	4750 E VICTORIA AVENUE	36,137	61,117	18,967	31,897	(17,170)	(29,220)
10268897	1101 CONDIE ROAD	9,894	18,046	4,377	7,999	(5,517)	(10,047)
10268941	601 CONDIE ROAD	125	214	21	35	(104)	(178)
10268982	4500 E VICTORIA AVENUE	19,745	39,808	10,367	21,156	(9,378)	(18,651)
10269444	5200 E VICTORIA AVENUE	14,993	33,466	5,142	11,781	(9,852)	(21,684)
Total		**175,990**	**326,818**	**75,132**	**139,494**	**(100,858)**	**(187,324)**
Total Commercial Corridor		**436,224**	**768,945**	**204,590**	**354,550**	**(231,633)**	**(414,395)**

Appendix C



O:\RA\Requests\CityAssessor\CommCorrWest.mxd

Appendix D



O:\RA\Requests\CityAssessor\CommCorrEast.mxd

FA17-17

September 5, 2017

To: Members
Finance & Administration Committee

Re: Heritage Building Rehabilitation Program (17-HBRP-01) St. Mathew's Anglican Church

RECOMMENDATION

1. That a cash grant for the property known as St. Matthew's Anglican Church, located at 2165 Winnipeg Street, be approved in an amount equal to the lesser of:

    a) 50 per cent of eligible costs for the work described in Appendix C; or

    b) $30,000.

2. That the provision of the cash grant be subject to a grant agreement with the following conditions:

    a) That the property possesses and retains its formal designation as a Municipal Heritage Property in accordance with *The Heritage Property Act*.

    b) That the property owner submit detailed written documentation of payments made for the actual costs incurred (i.e. itemized invoices and receipts) in the completion of the identified conservation work as described in Appendix C.

    c) That work completed and invoices submitted by December 15, 2017, would be eligible for the cash grant for up to 50 per cent of the cost of approved work to a maximum of $30,000.

3. That the City Solicitor be instructed to prepare the necessary agreement and authorizing bylaw for the cash grant as detailed in this report.

4. That this report be forwarded to the September 25, 2017 meeting of City Council for approval.

CONCLUSION

The owner of the Municipal Heritage Property known as St. Matthew's Anglican Church at 2165 Winnipeg Street has requested a cash grant to assist in recovering costs associated with conserving the structural integrity of the building.

The proposed work will ensure the continued existence of a designated Municipal Heritage

Property that is of historic, architectural and spiritual value and a prominent landmark in the Heritage Neighbourhood. The cash grant provided under the Heritage Building Rehabilitation Program will make it feasible for the property owner to conserve this significant heritage building. Under most circumstances, a property tax exemption is provided under the program. However, in cases where the property is exempt from paying property taxes (i.e. churches), the program allows a cash grant as an incentive for conservation.

The Administration has determined that the work proposed is eligible for assistance under the Heritage Building Rehabilitation Program. A cash grant agreement between the City and the property owner will secure the City's interests in ensuring the building is properly conserved and maintained. The work will involve the conservation of the masonry arches, a key component of the structure of the building.

BACKGROUND

The Heritage Building Rehabilitation Program was approved by City Council on August 25, 2014 (CR14-100). The types of work that may be eligible for assistance are:

- Professional architectural or engineering services.
- Façade improvements, including conservation of original building elements, cleaning of surfaces and removal of materials that do not contribute to the heritage value.
- Structural stabilization.
- Improvements required to meet the *National Building Code of Canada* or City of Regina bylaw requirements, including the repair or upgrading of mechanical and electrical systems.
- Improvements to energy efficiency (i.e. windows, insulation).
- Conservation of significant or rare character-defining interiors or interior elements.

Financial assistance can be provided equivalent to the lesser of:

- Fifty per cent of eligible work costs, that is, expenses incurred to restore or conserve architecturally significant elements of the building or structure, to extend its effective life, and/or to ensure its structural integrity.
- Subject to the availability of funds, a cash grant of up to $50,000 may be provided for tax exempt properties but is limited to a maximum of 50 per cent of eligible conservation work costs.

Cosmetic improvements, regular maintenance and new additions are not eligible for assistance.

In general, cash grants can be provided in the same fiscal year as City Council's approval of assistance and completion of all approved work items, in accordance with any performance guidelines and/or time schedules that may be negotiated between the City and the property owner.

DISCUSSION

City Council approved *Bylaw No. 2005-49* (Appendix B), which designated the property as Municipal Heritage Property on June 20, 2005. St. Matthew's Anglican Church was designed by the architectural firm of Clemesha and Portnall and constructed between 1915 and 1926. The building is in an unadorned version of the Gothic Revival style. The red brick façade with stone accents complement the impressive stained glass windows. The church is a local landmark and significant contributor to the historical continuity and character of the Heritage Neighbourhood.

Conservation Work

The owners have planned for extensive conservation work on the building to stabilize the foundation and load-bearing walls over a period of years, as needed and as finances are available, as detailed in the Conservation Plan attached as Appendix C. Previous work concentrated on improving drainage around the building, repairing eaves troughs and drain pipes, adding downspouts to weeping tiles and stabilizing the north and south walls of the church with anchoring rods. The cost of this work was partially subsidized by a grant from the Saskatchewan Heritage Foundation.

In spring 2017, an engineering consulting firm noted significant movement of the arches that form part of the load bearing walls and also support some of the stained glass windows (Page 14 of Appendix C), which require immediate attention. The conservation work proposed includes:

- Removing the damaged brick arch segments.
- Hoarding and shoring to ensure the existing structure is stable during reconstruction.
- Salvaging and reusing the existing brick. If new bricks are required, they will match the existing as much as possible and be located near the top of the wall.
- Mortar will match the existing in texture, colour and strength.
- Workers will have experience in clay brick masonry construction and will be supervised by a mason with expertise in historic masonry repair.

Eligible Costs

Two estimates were received from companies with experience in historic masonry work. The estimates are for $84,000 and $29,500. The lower bid did not include engineering services and material testing costs so was not considered to be a complete estimate. Based on the cost estimate of $84,000 and the financial assistance criteria in the Heritage Building Rehabilitation Program, the Administration has determined that the owners of St. Matthew's Anglican Church are eligible for up to $30,000. Thirty thousand dollars is the value of the cash grant available for 2017. The exact amount of the grant to be disbursed will be based on the actual cost of the conservation work as identified in submitted invoices.

RECOMMENDATION IMPLICATIONS

Financial Implications

Section 28(a) of *The Heritage Property Act* enables City Council to provide grants to any person, organization, agency, association or institution with respect to a heritage property. The *Heritage Incentive Policy* approved by City Council on August 25, 2014, established a cash grant to a maximum of $50,000. This policy replaced the *Municipal Incentive Policy for the Preservation of Heritage Properties*, which was initially adopted in 1991 and amended in 2001.

The financial assistance criteria in the *Heritage Incentive Policy* requires that the value of the cash grant be less than 50 per cent of the estimated total project cost. The estimated total cost of the approved work is estimated at $84,000 (exclusive of taxes). Therefore, the value of the work to be done would quality for a cash grant to a maximum of $42, (exclusive of taxes). However, only $30,000 is available under the Heritage Building Rehabilitation Program in 2017. As such, the Administration recommends that a $30,000 grant be approved by Council.

The 2017 Operating Budget includes $30,000 for cash grants allocated to the Heritage Building Rehabilitation Program. The Administration does not anticipate any other applications for cash grants prior to the start of this year's construction season and supports full expenditure of these funds in 2017. The final value of the cash grant provided will be based on receipts submitted for actual work completed.

Environmental Implications

The conservation work proposed will ensure the building continues to be used and maintained. The work will ensure the structural integrity of the building is retained.

Policy and/or Strategic Implications

Conservation of St. Matthew's Anglican Church meets the following policies of *Design Regina: The Official Community Plan Bylaw No. 2013-48*:

Section D5: Land Use and Built Environment

Goal 6 - Built Form and Urban Design

7.38 Consider impacts of alterations, development, and/or public realm improvements on or adjacent to an historic place to ensure its heritage value is conserved.

Section D8: Culture

Goal 1 - Support Cultural Development and Cultural Heritage

10.1 Build partnerships and work collaboratively with community groups, other levels of government, and the private and voluntary sectors to encourage cultural development opportunities and conserve historic places.

10.4 Protect, conserve and maintain historic places in accordance with the *Standards and Guidelines for the Conservation of Historic Places in Canada* and any other guidelines adopted by City Council.

10.5 Encourage owners to protect historic places through good stewardship and voluntarily designating their property for listing on the Heritage Property Register.

10.11 Leverage and expand funding, financial incentive programs and other means of support to advance cultural development, cultural resources and conservation of historic places.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The property owners and Heritage Regina will receive a copy of this report for information.

DELEGATED AUTHORITY

Applications for assistance under the Heritage Building Rehabilitation Program must be approved by City Council.

Respectfully submitted,

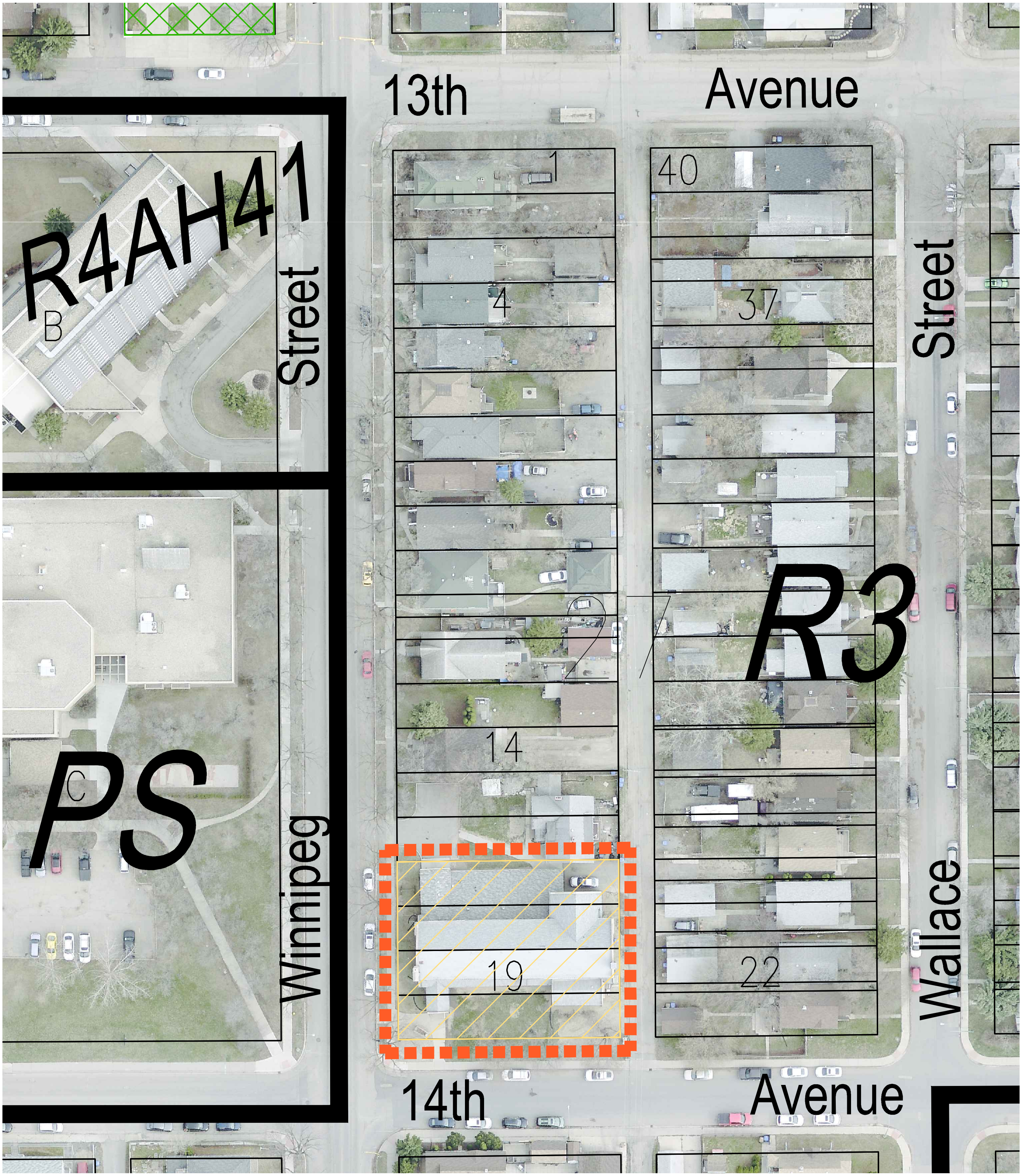
Louise Folk, Director
Development Services

Respectfully submitted,

Diana Hawryluk, Executive Director
City Planning & Development

Report prepared by:
Sue Luchuck, Senior City Planner

Appendix A-1



Subject Property

Municipal Heritage Property

Heritage Holding Bylaw Listed

Date of Photography : 2016

Project 17-HBRP-01

Civic Address/Subdivision 2165 Winnipeg Street / Broders Annex
Lot 17 to 20 Block 27 Reg Plan DV270

Appendix A-2

Subject Property

Municipal Heritage Property

Heritage Holding Bylaw Listed

Date of Photography: 2016

N

Project 17-HBRP-01

Civic Address/Subdivision 2165 Winnipeg Street / Broders Annex
Lot 17 to 20 Block 27 Reg Plan DV270

Appendix B

BYLAW NO. 2005-49

THE DESIGNATION OF CERTAIN FEATURES OF
ST. MATTHEW'S ANGLICAN CHURCH
AS MUNICIPAL HERITAGE PROPERTY BYLAW

THE COUNCIL OF THE CITY OF REGINA ENACTS AS FOLLOWS:

1 The authority for this Bylaw is sections 12 and 13 of *The Heritage Property Act.*

2 Subject to section 4, certain features of the property known as St. Matthew's Anglican Church, situated at 2165 Winnipeg Street, Regina, Saskatchewan, legally described as:

Lots 17 to 20
Blk/Par 27
Plan DV 270

are designated as Municipal Heritage Property.

3 The reasons for the designation are as follows:

(a) Designed by the architectural firm of Clemesha and Portnall and constructed between 1915 and 1926 the property is described as a late and unadorned version of the Gothic Revival style. The red brick façade with stone accents complement the impressive stained glass windows that accent the exterior.

(b) George Broder donated the land where the church now sits. He moved to Regina in 1886 and operated a dairy farm on land east of the town, later to be known as Broder's Annex. He also built the Broder Building (Medical and Dental Building) and owned the Champlain Hotel Building.

(c) The structure is a local landmark and significant contributor to the historical continuity and existing character of the area.

4 The designation in section 2 shall apply specifically to the exterior of the original structure.

Approved as to form this _____ day of
__________, 200__.

City Solicitor

5 This Bylaw comes into force on the day of passage.

READ A FIRST TIME THIS 20th DAY OF June 2005.

READ A SECOND TIME THIS 20th DAY OF June 2005.

READ A THIRD TIME AND PASSED THIS 20th DAY OF June 2005.

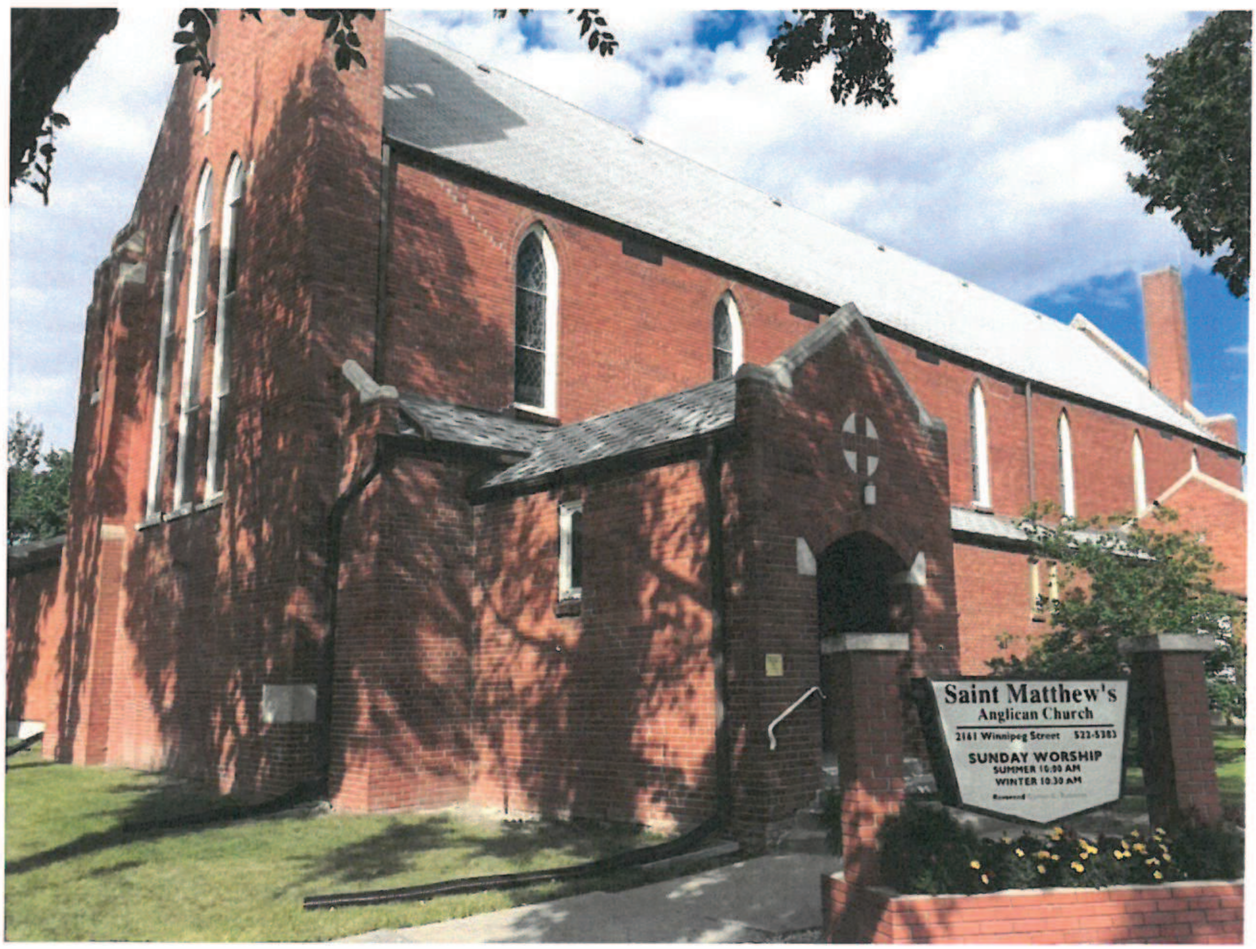
P. FIACCO	R.M. MARKEWICH
Mayor	City Clerk (SEAL)
	CERTIFIED A TRUE COPY
	City Clerk

Appendix C

CONSERVATION PLAN

ST. MATTHEW ANGLICAN CHURCH PROPERTY - REGINA

The impressive red brick church facade with stone accents complement the distinctive stained glass windows that accent the exterior. The structure is a local landmark and significant contributor to the historical continuity and existing character of the area.



ST. MATTHEW ANGLICAN CHURCH

Our Mission

The members of St. Matthew Anglican Church are committed to our journey of restoration, rehabilitation, preservation and sustainable growth by contributing spiritual strength and service to the community thus bringing people into a deeper relationship with God.

Vision for Restoration & Growth Potential

St. Matthew Anglican Church will be fully restored, and through worship and call to mission will be enhanced with growth potential being achieved through creative community outreach partnerships and new adaptive approaches in worship and service delivery.

Principles for Restoration

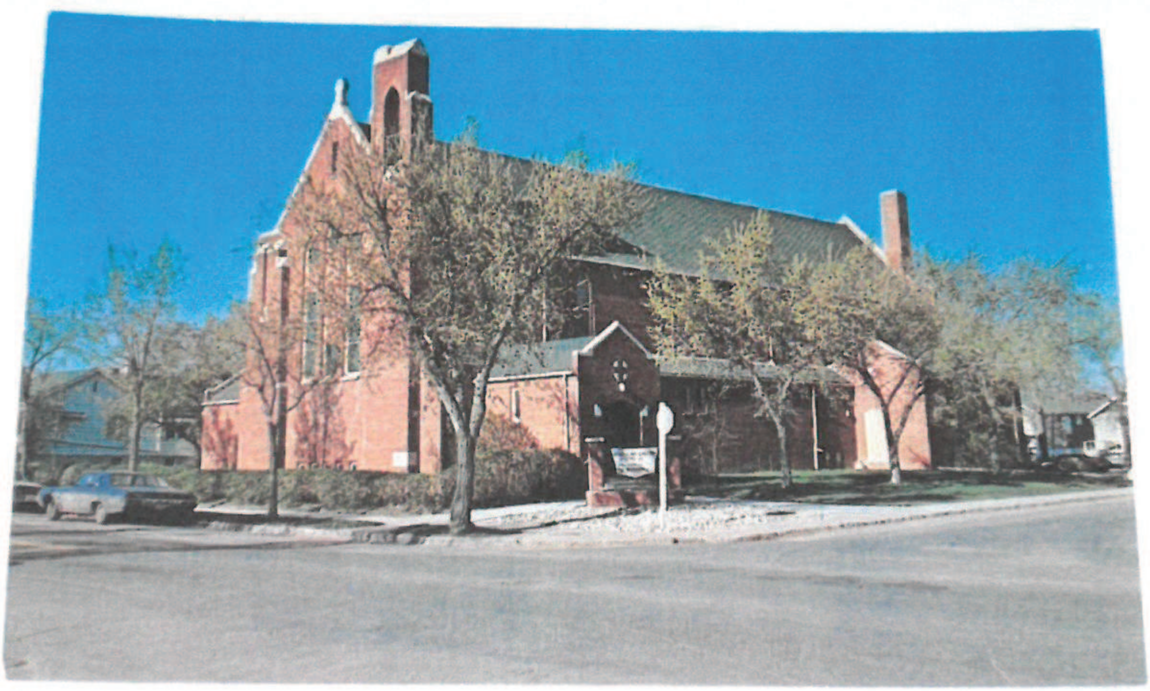
1. Preservation of a historical landmark that is safe for the users of this heritage property
2. Expand the community focus of the parish through delivery of outreach programming
3. Enhance the profile of the parish within the Diocese for the betterment of the community
4. Create new and leverage existing partnerships to maximize usage
5. Ensure that all restoration work is in compliance with Codes, Standards and Guidelines for the Conservation of Historic Places in Canada

1.0 St. Matthew Anglican Church Property

1.1 Existing Conditions

The property site consists of St. Matthew Anglican Church and the rectory house. The property the church occupies is legally described as Lots 17 to 20, Blk/Par 27, Plan DV 270, situated at 2165 Winnipeg Street. The church is described as a late and unadorned version of the Gothic Revival style. The interior is built cathedral style with a lower hall/basement area - total usable space is 5,307 square feet.

The church property was designated a Municipal Heritage Property on June 20, 2005, City of Regina #2005-49. The structure is described in the municipal designation as "a local landmark and significant contributor to the historical continuity and existing character of the area".



ST. MATTHEW ANGLICAN CHURCH

2161 WINNIPEG STREET, REGINA

The rectory is located at 2161 Winnipeg Street, on Plan DV 270 Block: 27 Lot: 15/16 - lot size 6,240 square feet. Living space of the rectory house on two floors (with an unfinished basement) is 1,754 square feet.

The rectory house was built in 1913. The rectory is assessed property tax on their portion of the site and also on the lane ways. The church was completed in 1926. The church is exempt from paying property taxes.

THE RECTORY HOUSE

ST. MATTHEW ANGLICAN CHURCH

1.1.1 Location, Space, Surrounding Buildings and Frontages

The property site is in a mature residential area at the corner of Winnipeg Street and 14th Avenue - across the street from the Regina Senior Citizens Centre and is within walking distance to the Regina General Hospital and the Core Ritchie Neighborhood Centre.

The property is landscaped open space, lawn and flowers. The rectory house is set back on the lot and the lane way is fenced for privacy. The site has paved surface parking for three handicapped designated spaces off Winnipeg Street. There are two designated parking spaces on the lane way close to 14th Avenue - one for the rectory house and the second for the church. Users of the church facilities park on the adjacent streets. The church building is accessible with designated washroom and elevator conveyance lift.

Frontage of the church and rectory are both on Winnipeg. Entrance to the church on the south side is along 14th Avenue; and on the north side off Winnipeg Street for both of the buildings.

The impressive red brick church facade with stone accents complement the distinctive stained glass windows that accent the exterior. The structure is a local landmark and significant contributor to the historical continuity and existing character of the area.

1.2 Heritage / Historical Significance

The origin of St. Matthew Anglican Church began with a small 20 foot by 30 foot wood frame structure in the middle of farmland owned by George Broder. He donated that land and built the original church so that his daughter could teach her beloved Sunday School. Sadly Grace became ill and died, however, the fellowship continued. The little white structure called Grace Church was consecrated in her memory in 1910. The original Grace Church building became the church hall. In 1913 the rectory house that stands today, was built immediately south of Grace Church.

George Broder moved to Regina in 1886; was a land developer and operated a dairy farm on land east of the town later to be known as Broder's Annex. He also built the Broder Building (Medical and Dental Building) and owned the Chaplain Hotel Building. Broder Street is named after him which is close to St. Matthew Church.

Mr. Broder donated the land and materials for the existing church. The well known Regina architect firm Clemesha and Portnall, was retained to draw plans for the new church and in 1915, a 'basement church' was built on the corner of Winnipeg Street and 14th Avenue. The cost was about $20,000 and it was consecrated on Christmas Day, 1921. At that time the decision was made to change the name to St. Matthew Anglican Church. The original Grace Church building became the church hall.

For historical purposes, it is important to note that the much sought after prominent architect, Frank Portnall, also designed and supervised the building of Knox Metropolitan Church, First Presbyterian Church on 14th Avenue and Albert Street, St. Andrews United Church as well the buildings that incorporated the former Qu'Appelle Diocese property along many blocks of College Avenue through to Broad Street.

By the end of World War 1 – many lives around the world had been lost. A rich and interesting part of our history is an anonymous generous English mother who chose to commemorate the life of her only son killed in the war by donating the funds to complete the construction of the super structure for St. Matthew's over the existing basement church. At the specific request of the anonymous donor a top of the line organ pipe system, worthy of the building, was installed.

St. Matthew Anglican Church as we know it today, was consecrated on October 13th, 1926. Mr. Stanley Attenborough of London, England, our generous benefactor's solicitor from London, represented her at the dedication.

To commemorate the Broder family, the Grace Broder Chapel area was designed and built into the south side of the new building. In 1961, the three surviving sister of Grace Broder; Mrs. (Mabel) Taylor (Taylor Field is named for her late husband Piffles), Mrs. (Essie) Radway (Radway Lumber) and Mrs. (Elizabeth) MacPherson (her husband was a prominent lawyer in Regina) paid for the refurbishing of the Chapel which is known in perpetuity as the Grace Broder Memorial Chapel. The Chapel is used for worship, spiritual meetings and bible studies on a regular basis.

1.3 Site Analysis

1.3.1 Existing Buildings

The rectory house was built in 1913. Over the years a number of upgrades have been made to the house. In 2015 a two year plan was developed with approximately $23,000 invested to refurbish the house. In 2016 the roof and eave troughs were replaced at a further cost of $10,000. Through special appeal to parishioners approximate 30 per cent of the cost was received through donations. The balance was paid through the general maintenance budget.

St. Matthew Anglican Church began as a wood structure called Grace Church. Around 1915 a 'basement church' was built on the corner of Winnipeg Street and 14th Avenue. It was consecrated in 1921 and renamed St. Matthew Anglican Church. In 1926, St. Matthew, as we know it today, was completed and furnished. The original Grace Church building became the lower church hall. To commemorate the Broder family, the Grace Broder Chapel area was designed and built into the south side of the new church building.

In 1980, an addition was constructed on the north side of the church building. The addition included meeting, program and Sunday School space; accessible washroom, furnace room and two person conveyance lift. The north wall of the addition is supported by grade beams and piles. A portion of the original brick foundation wall was reinforced with concrete at the time of the 1980 addition.

1.3.2 The Bell Tower

From a heritage perspective, the bell tower on the west side of the church building is the most distinctive exterior element of the property. (The bell tower is referenced in both the 2007 and 2014 J.C. Kenyon Engineering reports .)

The picture of the bell tower (photo 1) in the February 2014 J.C. Kenyon Engineering report shows the cathedral style of architecture. It has an unique feature with the West Window of Three Gothic panels with glass window inserts as it sits on the corner of Winnipeg Street - a very busy thoroughfare of the neighborhood.

Photo 8 of that same report, shows the bell tower tilt toward the west and photo 13 compares the change between 2007 and 2014. From the ground it was not possible to determine if the bell tower is cracked and if so, to what extent. The bell itself is in good repair; however, the wooden framing does need replacement.

While the bell tower is used now only on special occasions, more investigation needs to be undertaken to determine the amount of work required for the bell tower to be fully restored and fully operational.

The Conservation Plan assumes restoration of the Bell Tower.

Photo 1: Bell Tower

Photo 8: Bell Tower tilts toward the west

Photo 13: Comparison of Bell Tower between 2007 (left) and 2014 (right)

1.3.3 The Chimney Tower

The chimney tower at the east side of the church building is referenced in the February 2014 J.C. Kenyon report and noted "as tilting more towards the west since the 2007 Kenyon report" (see photo 14 comparison). Further the report states that "from the ground it was not possible to determine if the tower is cracked" and/or to what extent.

More investigation is required to determine the extent of the movement and benchmark survey work is being undertaken to identify and monitor movement.

Photo 14: Comparison of chimney between 2007 (left) and 2014 (right)

1.3.4 Open Space & Redevelopment

The site is landscaped around both the church building and rectory home. There is little opportunity for additional development of open space on the property as currently configured.

1.3.5 Assessment of Conservation Needs & Restoration Activities

Two engineering studies by J.C. Kenyon Engineering Inc., have been undertaken (copies attached); the first in 2007 and the second in 2014. Based on the engineering recommendations in the 2014 report, Mr. Charlie Pirie of CAP Masonry Inc. was hired as a heritage masonry consultant. A copy of the CAP Masonry Inc. report of February 16, 2015, is attached. The three reports formed the platform for the St. Matthew Anglican Church Restoration and Sustainability Program (attached) with the overall priority focused on the heritage value of the building, stabilization, and the ongoing safety of the users of the church.

Information from the J.C. Kenyon Engineering reports states that the original building is constructed with brick walls supported on concrete footings. The floor of the basement was constructed as a grade supported slab. The asphalt roof of the church is constructed with wood framed arches supported on brick columns that are located approximately three feet inside from the foundation walls.

It is noted in the various studies that there are differences between the as-built church and the original construction drawings; of particular note is that some of the columns located on the basement plan of the original construction drawings do not exist. A steel beam is in place to span the width of the basement in lieu of the extra interior columns. As well, the existing basement floor is approximately three feet lower than that shown on the original drawings.

Buttresses ending just below the main roof eaves (not part of the as-built) would have added considerable strength and stability to the walls. It is noted that the walls of St. Matthew are bearing a considerable load from the large roof. The past consultant reports indicate that the aforementioned building modifications likely happened at time of construction.

In June 2015, the Saskatchewan Heritage Foundation (SHF) approved a Built Heritage Grant of $25,000 for St. Matthew as a matching grant. The eligible work approved was:

- Stabilization with anchoring rods on the north and south walls in the main church
- Reconfigure the roof top bathroom vent pipe to eliminate ice damming
- Repair existing eaves troughs and drain pipes to better control water/moisture run-off
- Coupled downspouts to weeping tile and entrenched the weeping tile; added 100 feet of weeping tile for better water drainage
- Brought in yellow clay to level and cover weeping tile ensuring appropriate fill and grade level and drainage away from foundation

The work as approved under the SHF project was completed and the required claim documentation material was submitted for approval and payment.

Looking ahead, in 2015 the leadership of St. Matthew's met with representatives of J.C. Kenyon Engineering and CAP Masonry to discuss priorities for Phase 2 - 2016. On October 2, 2015 a meeting was held with Russ Renneberg of W. & R. Foundation Specialists Ltd. to discuss "a go forward process in order to determine the present day condition of the structure accurately and to come up with a schedule and cost estimate for work required". A proposal dated October 15, 2015 was received from the foundation and engineering specialists.

On January 15, 2016 a meeting was held with representatives from Saskatchewan Heritage Foundation, (SHF), W. & R. Foundation Specialists, Clifton Associates and J.C. Kenyon Engineering to further define the approach, the team and the estimated costs for our Phase 2 approach of St. Matthew Anglican Church's Restoration and Sustainability Program.

As a result, the March 1, 2016 SHF application for $35,400 in funding (to be matched) for the critical next step in the long term plan for stabilization was submitted. While the project met the SHF criteria, the application was not approved. We understand there was an abundance of applications received for that grant intake period.

In June 2016 representatives of J.C. Kenyon and Midwest Surveys met to discuss proceeding with a smaller scale project to resubmit as the next-steps for the stabilization as follows:

- Benchmark surveying
- Excavation and forensic investigation
- Geotechnical investigation

The October 1, 2016 application to SHF for the implementation of these critical next steps in the long term plan was estimated at $47,710 with a grant request of $22,000. However, the Provincial Government froze all grant funding and this program was placed under review. As the benchmark surveying is critical to the future determination of building movement, Midwest Surveys was contracted to proceed with this work.

During a walk through inspection in May 2017 more brick movement was noted by J.C. Kenyon Engineering under two of the arches from the west on the south side under two of the stained glass windows. It was noted that the bottom course of brick was no longer in compression and that the mortar joints had become loose (reference February 14, 2014 J.C. Kenyon report and photos #4 and #11).

J.C. Kenyon Engineering worked with the heritage stone mason Charlie Pirie on a temporary solution which consisted of wooden support arches built with 2 by 6 lumber beneath the two brick arches. Centre four studs are double-studs. The arch was made of 3/4 inch fir plywood that is cut to shape. There are four plies of plywood in the arches which is closed off to traffic for safety of users. This temporary solution was completed within a week of the discovery.

The repair of the two brick arches was unplanned for and outside of the long term plan; however, it requires immediate action and is the recommended scope of work described in this application for funding. (following photos of required repairs)

1.3.5 ...... **Restoration** - cont'd

Photo 4: Gap observed beneath stained glass window

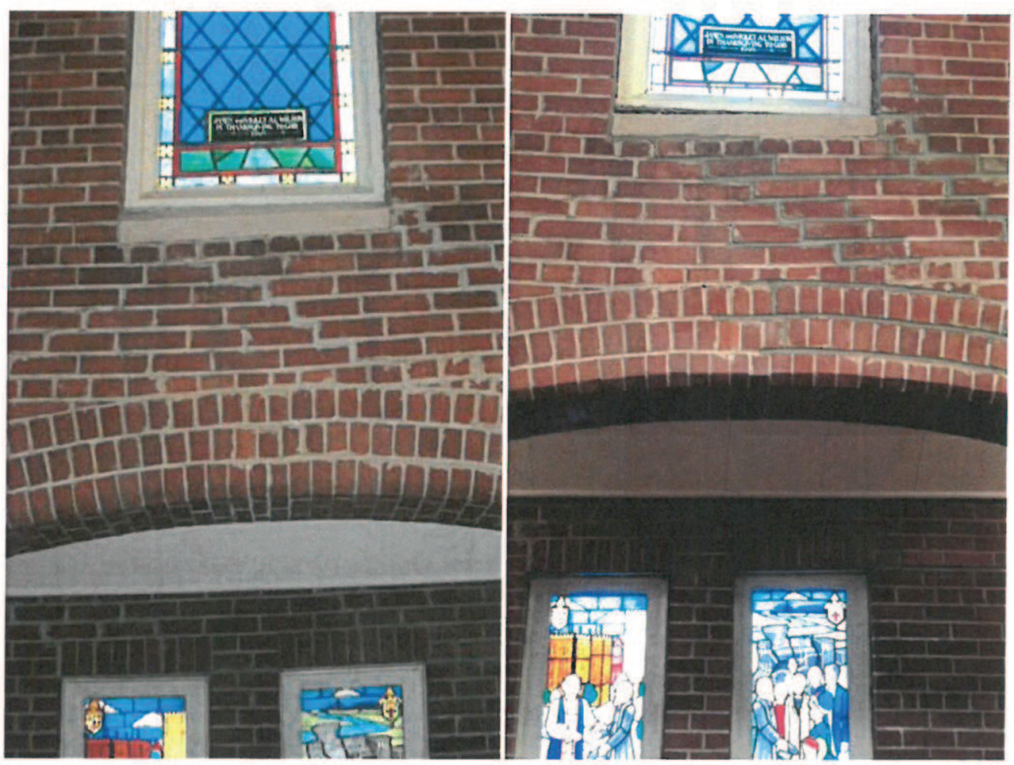
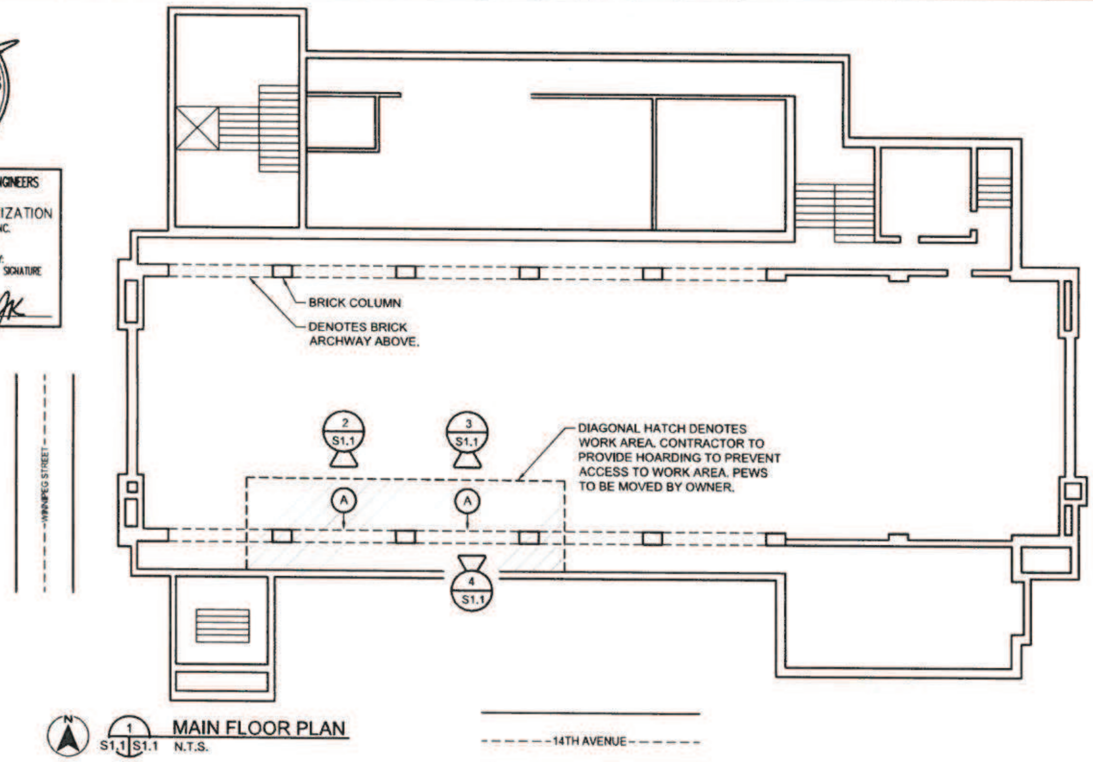


Photo 11: Comparison between 2007 (left) and 2014 (right)

PROFESSIONAL ENGINEER B.J.L. TAYLOR MEMBER 21381 17 07 05 YR. MN. DAY SASKATCHEWAN

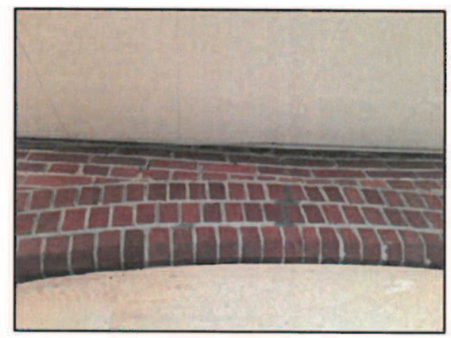
ASSOCIATION OF PROFESSIONAL ENGINEERS OF SASKATCHEWAN
CERTIFICATE OF AUTHORIZATION
J. C. KENYON ENGINEERING INC.
NUMBER C794
PERMISSION TO CONSULT HELD BY:
DISCIPLINE SASK. REG. No. SIGNATURE
STRUCTURAL 5214 JK



1 S1.1 S1.1 MAIN FLOOR PLAN N.T.S.

2 S1.1 S1.1 PHOTO N.T.S.

3 S1.1 S1.1 PHOTO N.T.S.



4 S1.1 S1.1 PHOTO N.T.S.

NOTES

(A) DENOTES LOCATION BRICK REPAIR OF ARCHWAY.

2 / S1.1 — INDICATES PHOTO NUMBER. — INDICATES PAGE NUMBER LOCATION. — INDICATES VIEWPOINT OF CAMERA.

SCOPE OF WORK

1. THE CONTRACTOR SHALL REMOVE AND REPAIR THE CLAY ARCHES TO THE EXTENT SHOWN ON S1.1.
2. THE CONTRACTOR SHALL PROVIDE HOARDING AND SHORING AS REQUIRED TO MAINTAIN A SAFE WORK ENVIRONMENT AND TO ENSURE THE EXISTING STRUCTURE IS STABLE DURING CONSTRUCTION.
3. THE EXISTING BRICK SHALL BE SALVAGED AND REUSED. IF ADDITIONAL BRICKS ARE REQUIRED THE CONTRACTOR SHALL PROVIDE A SAMPLE MATCHING THE EXISTING FOR APPROVAL BY THE OWNER. NEW BRICKS SHALL BE INSTALLED ON THE OUTSIDE FACE NEAR THE TOP OF THE WALL.

GENERAL NOTES

1. GENERAL SPECIFICATIONS: NATIONAL BUILDING CODE OF CANADA, 2010.
2. TYPICAL DETAILS APPLY THROUGHOUT, UNLESS NOTED OTHERWISE.
3. ALL DIMENSIONS ARE IN FEET AND INCHES, UNLESS NOTED OTHERWISE.

SAFETY

1. OBSERVE AND ENFORCE CONSTRUCTION SAFETY MEASURES REQUIRED BY THE NATIONAL BUILDING CODE OF CANADA, OCCUPATIONAL HEALTH AND SAFETY, AND MUNICIPAL STATUES AND AUTHORITIES.

MASONRY

1. DESIGN AND CONSTRUCTION TO CSA S304.1-04.
2. THE MORTAR SHALL MATCH THE EXISTING MORTAR IN TEXTURE, COLOR AND STRENGTH.
3. THE CONTRACTOR SHALL PROVIDE THE PROPOSED MIX PROPORTIONS TO THE OWNER FOR APPROVAL BY THE CONSULTANT PRIOR TO PROCEEDING WITH THE WORK. IF MORTAR ANALYSIS WAS CONDUCTED TO DETERMINE THE MIX PROPORTIONS, A COPY OF THE MORTAR ANALYSIS REPORT SHALL BE SUBMITTED TO THE OWNER.
4. CURING PROCEDURE SHALL BE SUITABLE FOR THE MORTAR TYPE. WHERE LIME BASED MORTARS ARE REQUIRED A MINIMUM MOIST CURE TIME OF 7 DAYS IS REQUIRED. WHERE CEMENT IS INCLUDED IN THE MIX, THE MORTAR SHALL HAVE A MINIMUM MOIST CURE TIME OF 3 DAYS.
5. WORKERS SHALL BE EXPERIENCED AND TRAINED IN CLAY BRICK MASONRY CONSTRUCTION AND CONSTRUCTION OF MASONRY ARCHES.
6. WORKERS SHALL BE SUPERVISED AT ALL TIMES BY A MASON WITH A MINIMUM OF 10 YEARS OF EXPERIENCE IN HISTORIC MASONRY REPAIR.

EXISTING CONSTRUCTION

1. ALL INFORMATION CONCERNING EXISTING CONSTRUCTION HAS BEEN TAKEN FROM ORIGINAL DRAWINGS AND SITE MEASUREMENTS. CONTRACTOR TO CONFIRM ALL DIMENSIONS AND SITE CONDITIONS PRIOR TO COMMENCING CONSTRUCTION. IF EXISTING CONDITIONS DIFFER SIGNIFICANTLY CONTACT CONSULTANT IMMEDIATELY.
2. ALL EXISTING CONSTRUCTION ALTERED OR DAMAGED DURING THE COURSE OF THE WORK IS TO BE MADE GOOD TO MATCH.

DEMOLITION

1. CONFORM TO MUNICIPAL AND PROVINCIAL SAFETY REGULATIONS GOVERNING BUILDING CONSTRUCTION AND DEMOLITION.
2. ANY SCAFFOLDING TO BE USED DURING DEMOLITION IS TO BE STAMPED BY A PROFESSIONAL ENGINEER LICENSED TO PRACTICE IN THE PROVINCE OF SASKATCHEWAN.
3. VERIFY THAT ALL RELATED SERVICES HAVE BEEN DISCONNECTED BEFORE DEMOLITION WORK STARTS.
4. REVIEW METHOD OF DEMOLITION WITH THE CONSULTANT BEFORE PROCEEDING.
5. REPAIR ALL DEMOLITION PERFORMED IN EXCESS OF THAT INDICATED OR REQUIRED, TO THE APPROVAL OF THE CONSULTANT AND AT NO COST TO THE OWNER.

CLEANING

1. THE JOB SITE SHALL BE CLEAN AND ORDERLY AT ALL TIMES. ADJACENT WALLS AND FURNITURE SHALL BE PROTECTED. IF DAMAGED, THE CONTRACTOR IS RESPONSIBLE TO REPAIR OR REPLACE THE DAMAGED ITEMS TO THE SATISFACTION OF THE CLIENT.

JCK
JC KENYON ENGINEERING INC.
STRUCTURAL ENGINEERING CONSULTANTS

PROJECT TITLE
ST. MATTHEW'S CHURCH - ARCH REPAIR

DRAWING TITLE
MAIN FLOOR PLAN, PHOTOS, GENERAL NOTES

DRAWN	CHECKED	SCALE	DATE	JOB NUMBER	DWG NO.	REVISION
RAW	BJLT	N.T.S.	17.07.05	156-17	S1.1	0

FA17-18

September 5, 2017

To: Members
Finance & Administration Committee

Re: Annual Debt Report

RECOMMENDATION

That this report be forwarded to the September 25, 2017 City Council meeting for information.

CONCLUSION

The Annual Debt Report (Appendix A) provides information regarding the City of Regina's (City) debt profile. This report describes the selected indicators used to inform debt-related decisions which can identify areas that require enhanced and careful monitoring, if necessary. The debt report also shows the methods in which the City's consolidated debt is assessed to arrive at a decision of its reasonableness and affordability as of December 31, 2016. The report shows that the City is in a strong, stable financial position as it relates to debt. All benchmarks and targets that are modelled after best practices have been maintained and are projected to be maintained for 2017.

The City received an AA+ credit rating with a stable outlook from the rating agency Standard & Poor's in May 2017. This rating along with comparisons to other cities and the performance ratio indicators used in this report, shows that the City is in a sound position as it relates to current and future debt projections. While debt has increased in recent years due to investments in large capital projects (New Stadium, the Wastewater Treatment Plant (WWTP)), the thoughtful and planned approach taken by the City has allowed for a continued balance on financial measures. The current debt limit for the City is $450 million. Currently, the City of Regina is using 65% of its debt limit with limited increases planned over the next five years.

BACKGROUND

The City's Debt Management Policy (administration policy) requires the Director of Finance to provide an annual report to Council on the status of City debt in the context of its debt limit and debt ratios to help determine the reasonability and affordability of debt. The Annual Debt Report is included as Appendix A and indicates the City continues to have results within the identified targets and benchmarks putting it in a solid and strong position for future financial viability and success.

DISCUSSION

The Annual Debt Report provides details on the current and projected debt of the City. With work already completed on the City's Financial Policies Framework, planned and sustainable debt issuances continue to be maintained. The City uses a conservative approach in issuing debt and will continue to mainly reserve debt for large capital projects, such as the Stadium, WWTP, and the Buffalo Pound Water Treatment Plant Electrical Upgrade Project which is expected to be presented for Council's approval in September. The City's consistent and strong credit rating of AA+ with a stable outlook, reflects a strong commitment by the City to prudent fiscal planning through positive budgetary performance as well as strong financial management.

Key highlights from the debt report include:

- The total debt outstanding for 2016 is $293.5 million (65% of debt limit);
- The projected debt for 2017 is $320.1 million (71% of debt limit); and
- All financial ratios fall within policy targets at current and projected debt levels.

The current condition of the City's assets presents a potential significant risk which, if not mitigated appropriately, could increase the reliance on debt financing in the future. In the absence of thorough asset condition information, there is a risk that one or more assets could deteriorate or even fail, resulting in a reduction in service levels to citizens and the need to take on unplanned debt to address the failure.

To address this risk, additional information is being collected through Asset Management Plans and numerous Master Plans are being created to establish a planned and sustainable approach to address deficiencies. In comparison to its peers across the Prairie Provinces, the City of Regina is in a good position relative to the management of its debt. While debt has increased over the last two years, this has been consistent with the plan for funding major capital projects.

RECOMMENDATION IMPLICATIONS

Financial Implications

The analysis completed by Administration and presented in the attached report confirms that all debt issuances and obligations are affordable and allow the City to meet its current and future needs as per the criteria identified in the Debt Management Policy. The repayment of external debt and the related interest costs are budgeted for in the annual operating budget of the Utility and General Operating Funds. The external financing requirements for the Utility Fund are accommodated within the long-term utility financial model and funded through water rates. As debt is planned for General Capital requirements, the resulting principal and interest payments are included in future operating budgets.

It is important to note that this report does not result in any new debt being issued or approved. As new debt is considered in the future, it will require City Council approval. For each new debt issue, Administration will review and analyze the financial capacity to service new debt as part of the decision making process. Also, it is important to note that City Council always retains the ability to adjust mill rates and utility rates to accommodate new debt servicing requirements from time to time.

Environmental Implications

None related to this report.

Policy and/or Strategic Implications

Debt management provides a long-term view of the City's debt, with a focus on addressing the future funding requirements of the City of Regina. It responds directly to the "Achieve long-term financial viability" Community Priority and Financial Policies section in *Design Regina: The Official Community Plan* (OCP), and is intended to ensure the City can deliver on all the Community Priorities in a financially responsible way.

Periodic reviews of debt levels and related policies are required to ensure the City's debt is effectively managed. The current Debt Management Policy and other financial policies were recently reviewed and updated in conjunction with the development of a long range financial plan for the City.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

None related to this report.

DELEGATED AUTHORITY

This report will be forwarded to the September 25, 2017 meeting of City Council as an informational item to fulfil the requirement of the City's Debt Management Policy.

Respectfully submitted,	Respectfully submitted,
June Schultz, Director Finance	Ian Rea Chief Financial Officer

Report prepared by:
Sherry Geng, Policy & Risk Management Branch

APPENDIX A

2017 Annual Debt Report

Contact: June Schultz, Director of Finance

Prepared By: Sherry Geng, Policy & Risk Management Branch

BACKGROUND

The City of Regina maintains and follows a Chief Financial Officer approved Debt Management Policy with authority under section 25 (k) & (l) of the *Regina Administration Bylaw, Bylaw No. 2003-69*. The Debt Management Policy provides formal guidance regarding authorities, debt structural features, target debt ratios and other conditions and strategies related to the use of debt. This policy reinforces the commitment by the City to manage its financial affairs in a manner that will minimize risk and ensure transparency while still meeting the capital needs of the city.

In addition, the City's Financial Policies Framework establishes proper and effective financial management and control to the day-to-day activities of the City. It sets out principles and benchmarks to help guide administration in making recommendations to Council on decisions related to debt issuance. The framework, which is being used as the foundation in the development of the long range financial plan, will place the City's finances on a sound and sustainable footing so that financial, service and infrastructure standards can be met without resorting to unplanned or excessive increase in rates, fees and service charges or disruptive cuts in services.

DEBT OVERVIEW

The City funds a variety of programs and services as well as invests in infrastructure to support these programs and services. While programs and services are funded from revenues generated through property taxes, user fees and grants from other levels of governments, investments in capital assets are funded from reserves, development charges and debt.

The City uses a traditional approach in issuing debt. Debt is not issued for ongoing operating expenditures but is mainly reserved for large projects, such as the stadium and waste water treatment plant. In this way, the City maintains the overall objective of the use of debt to:

- Smooth the effect of spending decisions on property taxation and user fees;
- Finance unexpected/emergency spending requirements; and
- Enhance liquidity

To date, these strategies have benefited the City by providing consistently strong credit ratings. Positive and strong credit ratings, as determined by credit rating agencies reflect the City's debt management ability and provide the following benefits:

- Facilitate borrowing and competitive rates for the City;
- Enable more access to debt; and
- Provide increased negotiating power with lenders.

Various strategies are employed to assess the trends, costs and affordability associated with the current and projected debt including the use of policies, established debt limits and ongoing monitoring of various ratios. Debt ratios are often used to assess a governmental unit's debt burden and debt trends. The affordability of debt is examined annually using the City's debt limit and four measures, including:

1) Municipal Debt per Household
2) Debt Interest Payment Ratio
3) Debt Service Ratio
4) Tax-and-Rate Supported Debt Ratio

Typically, the City borrows simple types of debt with fixed term and fixed scheduled payments, similar to a mortgage. In securing debt, the City tries to find the most favourable interest rate and negotiates the loan period.

The Cities Act specifies that The Saskatchewan Municipal Board (SMB) has the authority to establish a debt limit a city may incur. City Council has the authority to issue debt within this limit as per *The Cities Act*.

The analysis contained in the report is based on consolidated financial information and includes the following entities: City of Regina, Regina Downtown Business Improvement District, Regina Public Library, Economic Development Regina, Regina's Warehouse Business Improvement District, Buffalo Pound Water Treatment Corporation and Regina Exhibition Association Limited (REAL).

ANALYSIS

CREDIT RATING

Standard & Poor's (S&P) affirmed the City's credit rating of AA+ with a stable outlook in May 2017. In affirming the City's credit rating, S&P identified the following strengths:

- A solid economic base, grounded by a large public-sector presence, and strong financial management practices bolster the ratings while institutions remain broadly supportive
- A growing assessment base supports revenue growth, while moderating capital expenditures are expected to keep debt burden manageable
- Very predictable and well-balanced institutional framework
- Strong financial management with capable and experience administration

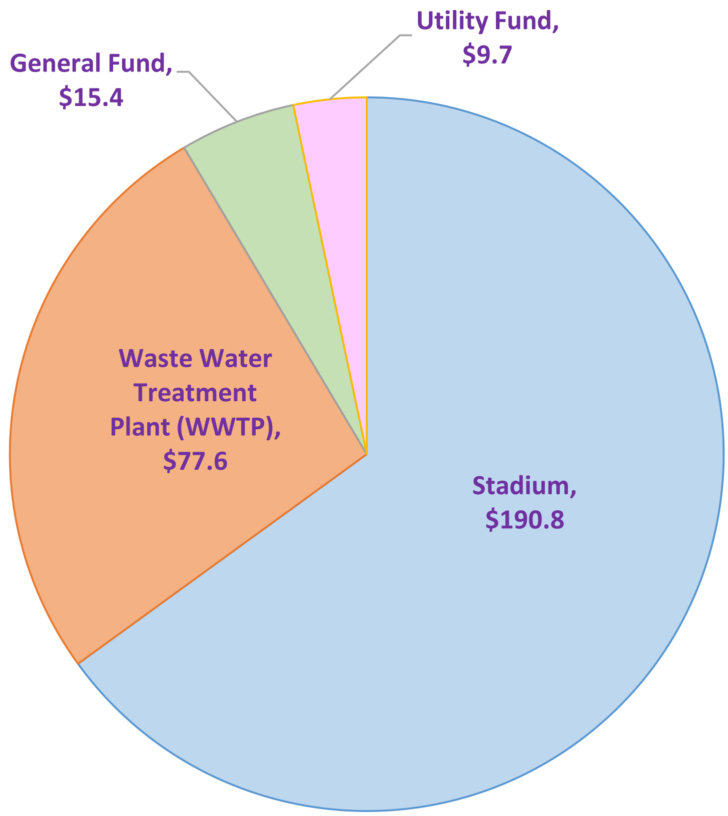
A credit rating of AA+ is considered very high and signals that the City is a low credit risk. Therefore, access to capital markets and favourable interest rates would be relatively more available to the City compared to organizations with lower credit ratings.

S&P noted that the City's credit rating could decrease if there is material erosion in Regina's economy that could result in much lower revenue, pushing after-capital balances into sustained deficits and necessitating debt borrowing to finance capital expenditures, or an increase in the tax-supported debt burden to more than 60% of consolidated operating revenues. Currently the City's tax-supported debt burden peaked in 2016 at $293.5 million, or 39% of consolidated operating revenue.

DEBT LIMIT AND DEBT BALANCE

The City's current debt limit approved by SMB is $450 million. As of December 2016, the total outstanding debt for the City was $293.5 million. This debt is made up of multiple issuances relating to general and utility capital funding, major projects funding and debt of subsidiaries. There was no new debt issued in 2016.

Graph 1: 2016 Consolidated Debt by Type (in $ millions)

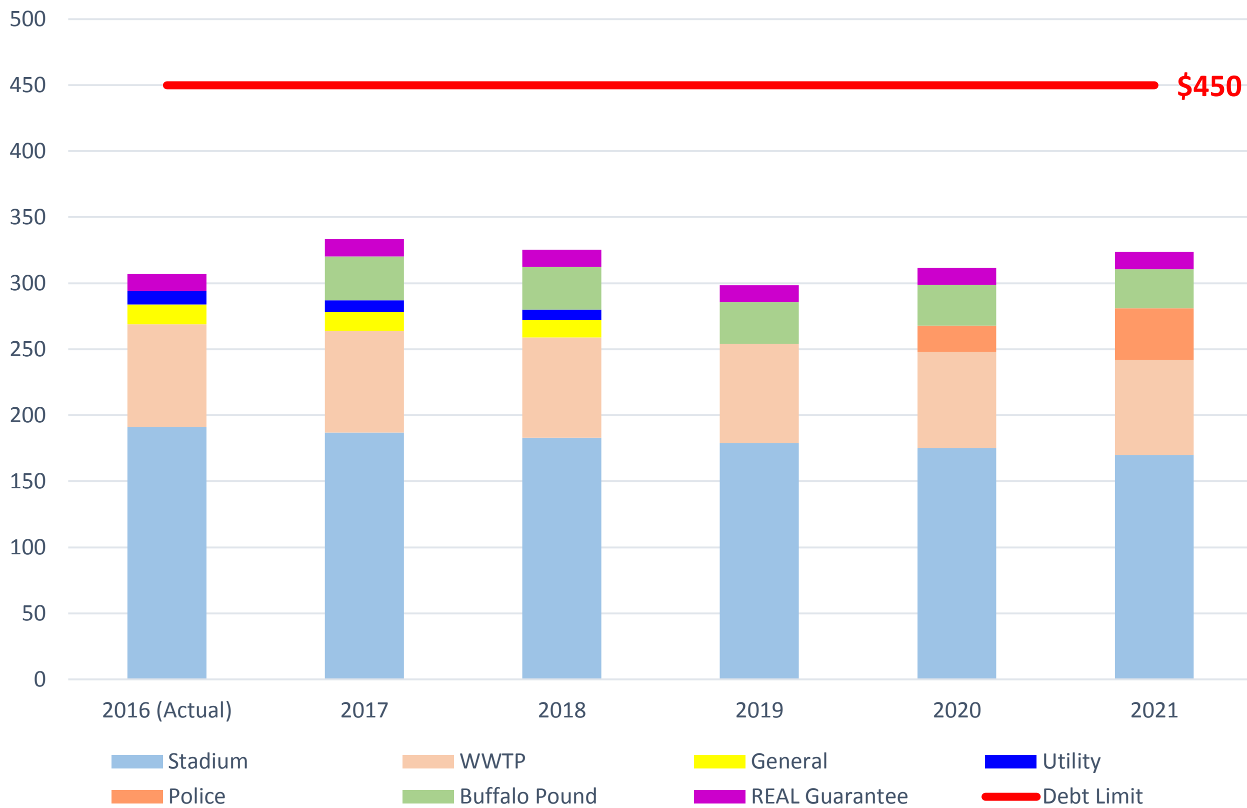


DEBT PROJECTION

The graph below shows the current level of debt and the projected debt out to 2021 while being cognisant of our debt limit. The increases in the five year projection include assumed debt amounts related to the Buffalo Pound Water Treatment Plant Electrical Upgrade Project (note: expected to be presented for Council's approval in September) and construction of a new Regina Police Services Headquarters.

The debt balance is expected to peak in 2017 at $320.1 million with the increase being primarily attributed to the Buffalo Pound Water Treatment Plant Electrical Upgrade Project. This will put the City at 71% of the debt limit used in 2017, if the project is funded by debt.

Graph 2: Consolidated Debt Projection for 2017-2021 ($ in millions)



In March 2015, Council granted approval to REAL to issue up to $13.0 million in debt (CR15-23). At the end of 2016, REAL had less than 1% of this amount outstanding. However, this guarantee does count against the City's debt limit, therefore, the entire guarantee amount has been added as a place holder. If REAL was to fully utilize their approved debt, the City would be using 74% of its debt limit, or $333 million in 2017.

In addition to the absolute level of debt, debt servicing (the annual principal and interest payments on debt) is an important indicator for the City. It illustrates the extent to which past borrowing decisions present a constraint on a City's ability to meet its financial and service commitments in the current period. Generally low debt servicing costs provide municipalities with an increased financial flexibility since they are not encumbered by fixed financial obligations.

City of Regina Debt Service Cost	2016	2015	2014	2013	2012
Principal	$5,972	$5,830	$5,158	$4,350	$8,350
Interest	$9,118	$9,342	$9,076	$3,383	$3,547
Total	**$15,090**	**$15,172**	**$14,234**	**$7,733**	**$11,897**

The table above shows that, from 2012 through 2016, the City of Regina's debt service costs are increasing. It means that the City has increased borrowing payments to meet its financial and service commitments. This will eventually have an effect on its flexibility because once a City borrows; its first commitment must be to service its debt. While it has been increasing, the Debt Servicing to Total Revenue Ratio is still below the benchmark of 5% as noted later in this report.

MUNICIPAL DEBT PER HOUSEHOLD

The total debt per household measure is simply a way of describing the City's debt relative to the size of the community. It is not reflective of the amount residential taxpayers will be required to contribute toward repayment of debt principal.

In the past few years, the City has taken on debt to fund a number of large capital projects. The City has and continues to be conservative in the issuance of debt and the debt level has historically compared favourably to those of other Western Canadian cities.

Regina's municipal debt per household averaged around $1,000 during 2011-2013. Starting in 2014, the issuance of the stadium debt has brought the ratio up to $2,975 in 2015. The increase in debt for the waste water treatment plant has increased the ratio to $3,149 in 2016. The chart below compares the City's debt per household from 2011-2016 to that of other cities in the prairies.

Graph 3: Municipal Debt per Household Comparison ($ in thousands)

DEBT INTEREST PAYMENT RATIO

Calculation: Consolidated Debt Interest / Consolidated Revenues

The debt interest payment ratio (financial flexibility) measures the percentage of the City's total revenue that is used for debt interest payments. It is a measure of the degree to which an organization can change its debt and still meet its existing financial and service obligations. The more an organization uses revenues to meet the interest costs of past borrowing, the less that will be available for current program spending.

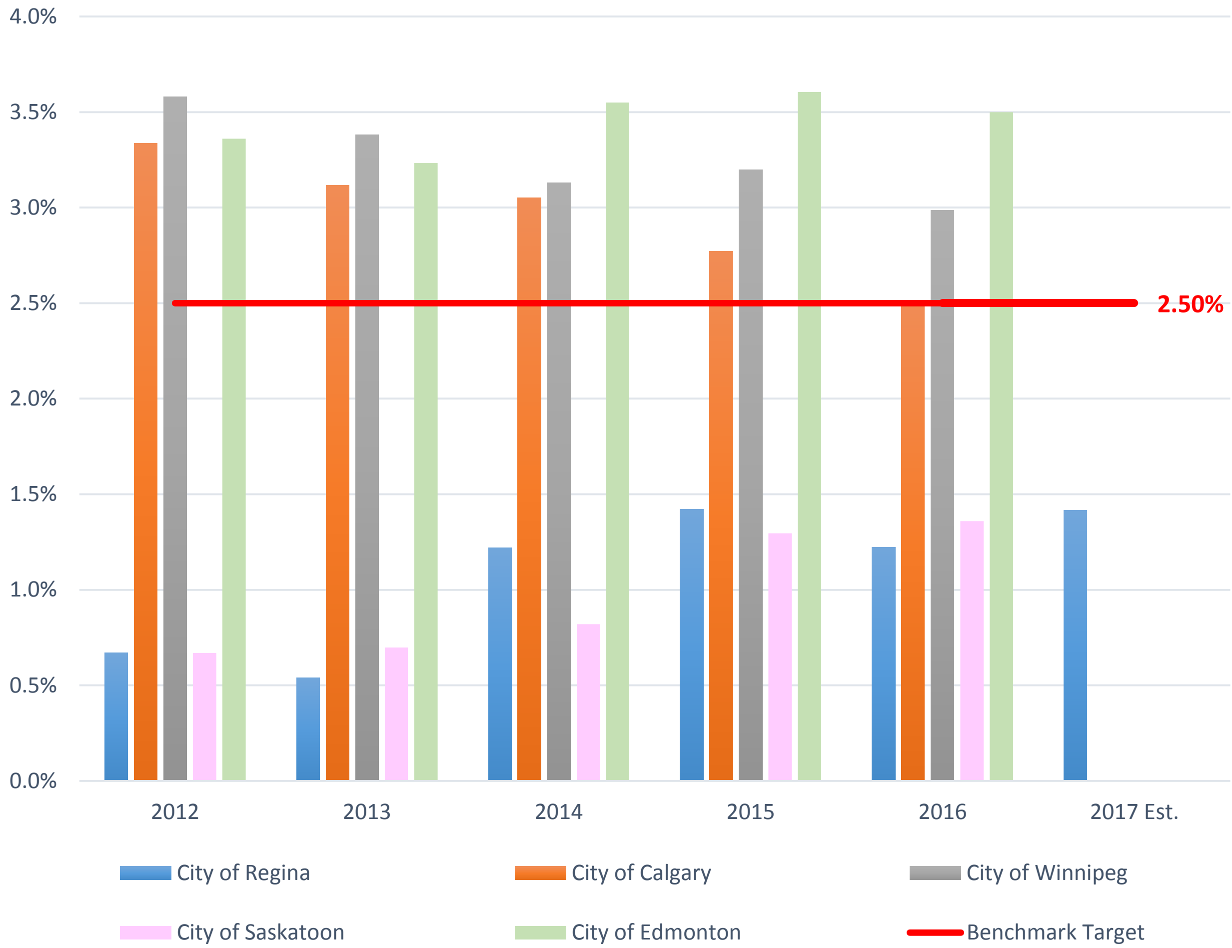
This ratio is an indicator used by S&P, with a benchmark of 0% - 5% being the desirable range. Through the City's debt management policy, a target of 2.5% or less has been set and is being used for monitoring, reporting and future debt considerations. The City's debt interest payment ratio has remained stable over the past several years at levels between 0.5% - 1.4%.

This ratio increased to 1.42% in 2015 due to the WWTP construction, and decreased slightly to 1.22% in 2016. It is projected to be 1.42% in 2017, primarily due to the increased annual debt interest payment of WWTP construction, but still below the target.

	2012	**2013**	**2014**	**2015**	**2016**	**Est. 2017**
Debt Interest Payment Ratio	0.67%	0.54%	1.22%	1.42%	1.22%	1.42%

Graph 4 below indicates that the City has a low debt interest payment ratio in comparison to other prairie cities, with the City of Saskatoon only having a lower ratio since new debt relating to the stadium and WWTP construction came online. Several factors influence this ratio such as interest rate(s) payable and consolidated municipal revenue levels.

Graph 4: Debt Interest Payment Ratio Comparison



DEBT SERVICE RATIO

Calculation: Consolidated Debt Interest & Principal Payments / Consolidated Revenue

The debt service ratio measures the percentage of revenue which is required to cover debt servicing costs (interest and principal payments). This ratio indicates the amount of total revenue that is being used to service the municipality's debt. A high debt servicing ratio indicates that there is less revenue available for providing services.

This is a key indicator used by S&P when assessing the overall debt burden of a municipality. A ratio in excess of 10% is seen to be where debt servicing costs tend to crowd other operating priorities out of the budget. Through the City's debt management policy, a target of 5% or less has been set and will be used for monitoring, reporting and future debt considerations.

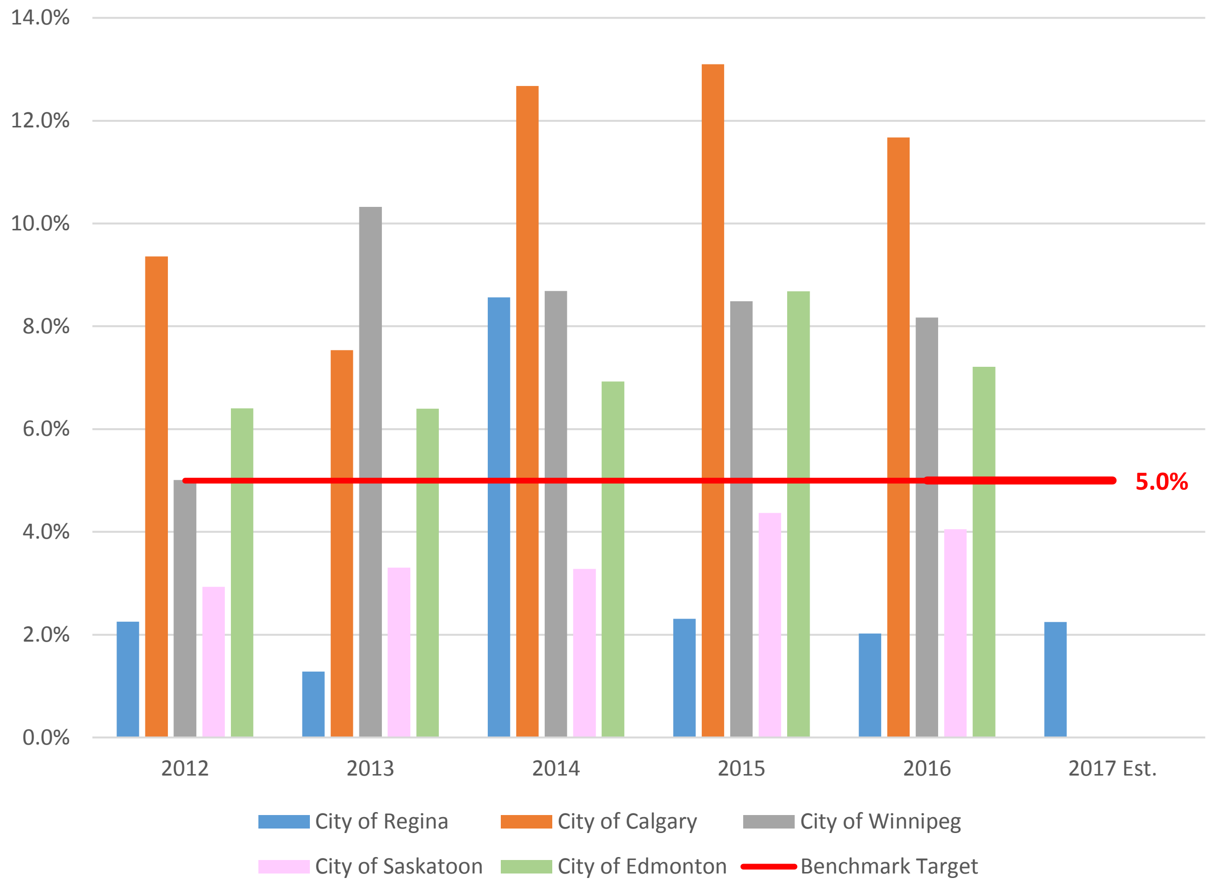
The City of Regina's debt service ratio was 2.02% at December 31, 2016. From 2012-2013 the ratio fluctuated slightly in the range of 1.3% - 2.5% with a large spike in 2014 at 8.56% due to a $43.2 million balloon payment[1] on Utility debt. This spike did not affect the credit rating analysis as it is an infrequent occurrence. The ratio is projected to increase in 2017 at 2.25%, primarily due to the increased annual debt payment related to WWTP construction.

	2012	**2013**	**2014**	**2015**	**2016**	**Est. 2017**
Debt Service Ratio	2.25%	1.28%	8.56%	2.31%	2.02%	2.25%

Compared to other prairie cities, the City of Regina debt service ratio is lower as presented in graph 5 below, and expected to remain below the 5% target set in policy. Several factors influence this ratio such as the term of debt obligations, interest rate(s) payable and consolidated municipal revenue levels.

[1] A repayment of the outstanding principal sum made at the end of a loan period, interest only having been paid to that point.

Graph 5: Debt Service Ratio Comparison



TAX AND RATE SUPPORTED DEBT RATIO

Calculation: Consolidated Debt / Consolidated Revenue

The tax and rate supported debt ratio is used to assess the amount of debt that is repaid with consolidated operating revenues that are not dedicated to a specific project or fund. This is a key relevant measure of the City's debt affordability because typically debt service costs are funded out of the general operating budget and thus compete directly with other public services for scarce dollars.

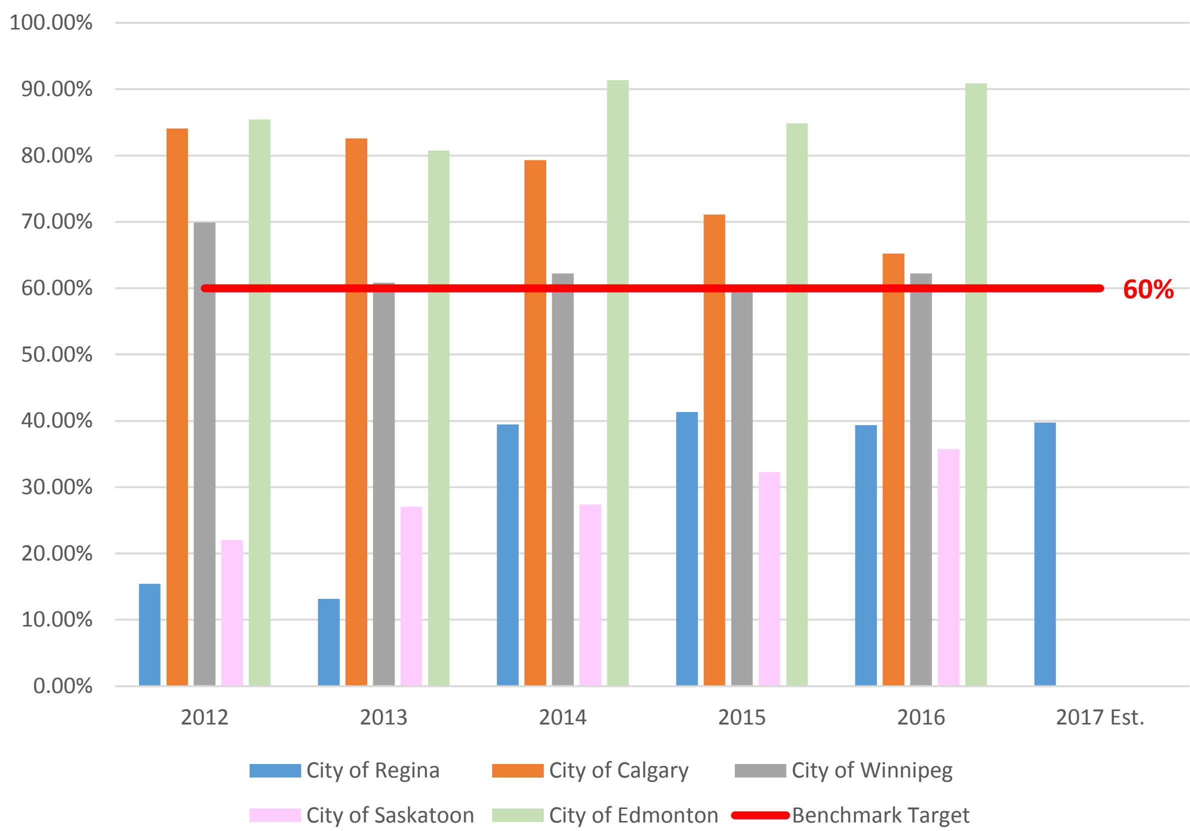
As a key indicator used by S&P, a ratio in the range of 30-60% is considered moderate in the overall debt assessment of a municipality. Through the City's debt management policy, a target of 60% or less has been set and will be used for monitoring, reporting and future debt considerations. At above 60% S&P may consider reducing the current rating.

The City saw a spike in 2015 to 41.31%, up from the prior range of 13.16% - 39.44% which is consistent with the increase in debt that came online for the construction of the new stadium and WWTP. The ratio decreased slightly to 39.36% in 2016 for the City, and is projected to increase slightly at 39.75% in 2017. The City's ratio sits in a reasonable spot in relation to the range identified by S&P and below the policy target.

	2012	**2013**	**2014**	**2015**	**2016**	**Est. 2017**
Tax-and-Rate Supported Debt Ratio	15.43%	13.16%	39.44%	41.31%	39.36%	39.75%

As presented in graph 6 below, the City of Regina has the second lowest tax and rate supported debt ratio in comparison to other prairie cities for 2012-2016. This ratio can be impacted largely by consolidated municipal revenue levels.

Graph 6: Tax and Rate Supported Debt Ratio Comparison



CONCLUSION

The City of Regina is well within the range of established targets, which are modelled after best practices. The City continues to manage debt through strong financial policies that emphasize long range financial management. These policies are also supported by the development of various asset management and financial models that enable the City to analyze the effects of decisions with a focus on long term financial health and the ability to sustain existing programs and services. This approach demonstrates a commitment to long term planning and fiscal management.

FA17-19

September 5, 2017

To: Members
Finance & Administration Committee

Re: Donation of Memorabilia from Stadium at Taylor Field to Saskatchewan Sports Hall of Fame

RECOMMENDATION

1. That the Chief Financial Officer (CFO) be delegated the authority to approve the donation of Memorabilia from the Stadium at Taylor Field to Saskatchewan Sports Hall of Fame (SSHF).

2. That this report be forwarded to the September 25, 2017 meeting of City Council for approval.

CONCLUSION

With the demolition of the Stadium at Taylor Field approaching, the SSHF submitted a request to the City of Regina (City) for the donation of various memorabilia items. The request of SSHF is to collect artifacts from the Stadium at Taylor Field that will be used in future displays to tell the story of the Saskatchewan Roughriders Football Club (SRFC), Taylor Field and connect future visitors with our past.

The City's Administration is recommending the donation of Memorabilia items as listed in Appendix A.

BACKGROUND

The Saskatchewan Sports Hall of Fame, a local non-profit organization, was founded in 1966 to honour Saskatchewan athletes and for the preservation of sport heritage in our province. Their collection has over 505 inductees from 51 different sports and 144 communities across Saskatchewan and maintains more than 14,000 memorabilia items.

The SSHF is looking to help preserve and protect items from the Stadium at Taylor Field as it has been a part of the sports culture within Saskatchewan for approximately 107 years, although, it has had a few name changes in that time.

The SSHF officially requested in a letter dated July 20, 2017 (Appendix A) the donation of various items from the Stadium at Taylor field to preserve and protect our legacy.

The donation falls within the *Surplus Asset Disposal Policy*, as a direct transfer that requires City

Council approval.

DISCUSSION

In 2016, the City celebrated the history of Mosaic Stadium at Taylor Field in its final Farewell Season as home to the Saskatchewan Roughriders. All assets that were not being repurposed at other City facilities were made available for sale through an on-line auction, allowing residents and fans the opportunity to take home a piece of century-old history. Proceeds of the sale will help to offset the costs of decommissioning and demolition.

The SSHF is the official repository of SRFC. The SSHF considers it their duty to collect artifacts vital to the history of the team and protect them for future generations of researchers, visitors and fans. The Stadium at Taylor Field has also been a nexus point for people of Regina for decades and that legacy must also be preserved, protected and represented.

The SSHF will be utilizing the donated items in their displays to help educate visitors about the history and legacy that was held at the Stadium at Taylor Field. By donating these items, we are not only giving back to Regina as a community, but to the entire province.

RECOMMENDATION IMPLICATIONS

Financial Implications

The market value of the donated assets and internal labour costs to remove the assets are estimated at no more than $2,000.00.

Environmental Implications

There are no environmental implications associated with this request.

Policy and/or Strategic Implications

The Saskatchewan Sports Hall of Fame donation request falls within the City of Regina's Community Priorities of Embrace Built Heritage and invest in Arts, Culture, Sport and Recreation, which is found in *Design Regina: The Official Community Plan (OCP) Bylaw 2013-48.*

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The decision of the Finance and Administration Committee and City Council will be communicated to the Saskatchewan Sports Hall of Fame.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

Jill Hargrove, Director
Facilities Management Services

Respectfully submitted,

Ian Rea
Chief Financial Officer

Report prepared by: Jill Hargrove, Director

APPENDIX A

SASKATCHEWAN SPORTS HALL OF FAME

July 20, 2017

To the members of Regina City Council,

Re: Donation of Items from Taylor Field at Mosaic Field to the Saskatchewan Sports Hall of Fame

The Saskatchewan Sports Hall of Fame (SSHF) was founded in 1966 for the preservation of sport heritage in our province. Today, we have 505 inductees from 51 sports representing 144 communities from across our province and our collection contains more than 14,000 items.

The SSHF would be thrilled to add the following items from old Mosaic Stadium to our collection:

- One seat back of each colour from the field
- Visiting teams locker and locker box
- Signage from around the stadium
- Desk from press box
- Numbered section of the turf
- Photographs of the demolition
- Bricks from the stadium
- Any other items of historical significance that the city deems worthy of permanent preservation

The SSHF is the official repository of Saskatchewan Roughriders. It's our duty to collect artifacts vital to the history of the team and protect them for future generations of researchers, visitors and fans. Mosaic Stadium has also been a nexus point for people of Regina for decades and that legacy must also be preserved, protected and represented.

Saskatchewan Roughriders players, coaches and teams are well represented in the SSHF. The requested items will be used to enhance our current displays and help to educate our visitor about Taylor Field at Mosaic Stadium and the Saskatchewan Roughriders in future exhibits.

Saskatchewan Sports Hall of Fame
2205 Victoria Avenue Regina, Saskatchewan S4P 0S4
Phone: 306.780.9232 Fax: 306.780.9427 E-mail: sshfm@sasktel.net

SASKATCHEWAN
SPORTS
HALL OF FAME

It's hard to imagine today, but one day Taylor Field at Mosaic Stadium will be just a memory and the only way to connect to it will be with physical objects. After the dispersal auction these artifacts will spread across the province, and the world, into private collections never to be seen again by the public. Once this happens it will be nearly impossible for the SSHF to collect artifacts from Taylor Field at Mosaic Stadium. We need to have these pieces in the collection of the SSHF so that we can tell the stories of Saskatchewan's favourite team as fully and completely as possible and make that all important connection to our visitors.

Thank you for your time and consideration,

Brock Gerrard

Brock Gerrard
Curator
Saskatchewan Sports Hall of Fame

Saskatchewan Sports Hall of Fame
2205 Victoria Avenue Regina, Saskatchewan S4P 0S4
Phone: 306.780.9232 Fax: 306.780.9427 E-mail: sshfm@sasktel.net