

**HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING**  
**Thursday, March 25, 2021**  
**Microsoft Teams Meeting**  
**9:00 am – 12:30 pm**

- Members:** Dan White, IAFF, Co-Chair  
John Traves, Management, Co-Chair  
Britt Wilson, Management  
Jane Fraser, Management  
Mike Sampson, Management  
Ray MacKenzie, ATU  
R. Scott MacDonald, HRP  
Dwayne Tattrie, CUPE  
Melanie Gerrior, NSUPE  
Greg MacKay, NUMEA  
Mark Hartlen, Retiree
- Alternates:** Renée Towns, Management (acting for Jerry Blackwood)  
Jason Snow, HRP  
Steve Blackmore, CUPE  
Steve Higgins, Management  
Jack Dragatis, ATU  
Bonnie Baldwin-Sheaves, NSUPE  
Nicole Evenden, Management  
Brian Leslie, Retiree  
Andrew Bone, Retiree  
Brett Hartlen, IAFF  
Dan Axford, IAFF
- Participating Employers:** Laura Ingles, HRCE  
Cathy Maddigan, Halifax Public Libraries  
Steve Vincent, Ocean View Continuing Care Centre
- Staff:** Robert Ritchie, CEO  
Mark Whidden, Director, Pension Management  
Matt Leonard, Director, Finance & Operations  
Darin Eddy, Director, Public Markets  
Vishnu Mohanan, Director, Private Investments  
Paula Boyd, Director & Chief Pension Officer  
Krista Tinslay, Executive Assistant
- Guests:** Joe Kaiser, President, NSUPE 13  
Philip Churchill, Eckler  
Mary Kate Archibald, Eckler

An In-Camera meeting was held on March 24<sup>th</sup> from 2:30 pm – 3:30 pm.

## **1. CALL TO ORDER**

Mr. White called the meeting to order at 9:05 am.

The Pension Committee was advised of the appointments of Melanie Gerrior as voting member for NSUPE, and Bonnie Baldwin-Sheaves, NSUPE alternate.

Mr. White noted that a request had been received from Andrew Bone to join the HRM Pension Committee as a Retiree alternate member. Where the Retirees do not have an organized group to appoint members to sit on the Committee, he is seeking a motion from the Committee to formalize the appointment.

***Moved by Mike Sampson and seconded by Jane Fraser to appoint Andrew Bone to the HRM Pension Committee as an alternate for the Retirees. Motion put and passed.***

## **2. APPROVAL OF AGENDA**

Mr. White added an information only item under agenda item no. 5.5. Governance Policy Review – Executive Limitations in relation to the Compensation and Benefits policy.

***Moved by Ray MacKenzie and seconded by Jane Fraser to approve the agenda as amended. Motion put and passed.***

## **3. APPROVAL OF MINUTES, DECEMBER 10, 2020**

***Moved by Ray MacKenzie and seconded by Dwayne Tattrie to approve the December 10, 2020 minutes as presented. Motion put and passed.***

## **4. CEO UPDATE**

Mr. Ritchie presented the CEO Update to the Committee. He provided updates on Pension Office operations, Plan Member Services, fourth quarter investment results, and the investment markets.

## **5. GOVERNANCE REVIEW**

### **5.1. Committee Self-Monitoring**

5.1.1. Process

5.1.2. Performance

Mr. White asked the Committee if there were any points to discuss, no points were raised.

## **5.2. Governance Policy Review – Governance Process**

- 5.2.1. Chief Governance Officer's Role
- 5.2.2. Committee Members' Code of Conduct/Privacy Policy

Mr. White noted that Committee members are required to review the Privacy Policy and sign the Code of Conduct documents on an annual basis, a copy of which will be emailed to members following this meeting. All Committee members should review the policy and submit signed copies of the Code of Conduct to the Pension Plan Office at their earliest convenience.

## **5.3. Governance Policy Review – Committee-Management Delegation**

- 5.3.1. Monitoring CEO Performance

## **5.4. Ends**

- 5.4.1. Ends Statement

Mr. White asked the Committee if there were any points to discuss on the policies presented in 5.2, 5.3 and 5.4, no points were raised.

***Moved by Britt Wilson and seconded by Ray MacKenzie, to approve the above policies as presented. Motion put and passed.***

## **5.5. Governance Policy Review – Executive Limitations**

- 5.5.1. Global Executive Constraint
- 5.5.2. Treatment of Plan Members
- 5.5.3. Treatment of Staff
- 5.5.4. Financial Condition and Activities
- 5.5.5. Investment
- 5.5.6. Communication and Support to the Committee

Mr. Leonard reviewed the policies with the Committee and confirmed that the CEO was in compliance with each of the executive limitations.

- 5.5.7. Compensation and Benefits

Mr. White confirmed that the Compensation and Benefits policy was reviewed and approved as presented at the March 24<sup>th</sup> In-Camera meeting

Mr. White asked the Committee if there were any points to discuss on the policies presented; no points were raised.

***Moved by Scott MacDonald and seconded by John Traves, to approve the above policies as presented. Motion put and passed.***

## **6. PENSION UPDATE**

### **6.1.1. Preliminary Valuation, Discount Rate, Margin Discussion and Filing Strategy**

Mr. Churchill from Eckler presented the preliminary extrapolation of the December 31, 2019 results to December 31, 2020. Mr. Churchill reported that changes to the Nova Scotia *Pension Benefits Act* means that plans exempt from solvency funding only have to file actuarial valuations every three years, so the HRM Pension Plan is not obligated to file a valuation to December 31, 2020. However, if a plan exempt from solvency funding has a solvency concerns ratio that is less than 85% and is not filing a formal valuation report, the plan must file a cost certificate prior to March 31<sup>st</sup>.

Where the HRM Pension Plan's solvency concerns ratio is less than 85%, a Cost Certificate is required to be filed if a full valuation is not filed.

Per Mr. Churchill, the Cost Certificate provides information on the current status of the plan but does not change the funding requirements. However, the certificate is based on the actuarial assumptions appropriate for the effective date of the Cost Certificate – so we will need to take a look at the December 31, 2020 market conditions and update the going concern discount rate, if necessary, to the assumptions that would be appropriate for that date.

Mr. Churchill reviewed the preliminary results with the Committee.

Mr. White requested clarification on the smoothing process used in the Actuarial Value of Assets – Mr. Churchill and Ms. Archibald explained that when you look at market value of assets compared to the actuarial asset value, the adjustment for smoothing pulls down the actuarial value of assets.

In summary, Eckler is suggesting two changes in the Going Concern assumptions used for the December 31, 2020 valuation:

1. Increase the Discount Rate from 6.25% to 6.45%
2. Increase the Provision for Adverse Deviation (PfAD) from 5.45% to 7.00%

Mr. Churchill then provided an update on the Committee's Target Margin goal of 10% by 2028.

The current 24.6% total contribution rate could fund a margin of approximately 8.6% on both current service and liabilities.

Mr. Churchill reviewed the projected Solvency/Hypothetical Wind-Up results, which incorporate the new standards on calculating transfer values from the Canadian Institute of Actuaries, as well as the updated assumptions as at December 31, 2020.

In conclusion, Mr. Churchill reiterated that the HRM Pension Plan is not required to file a formal valuation as at December 31, 2020, but performing the valuation would provide up to date information on the financial position of the Plan, identify trends emerging in the data, confirm that the current contributions will be acceptable for an additional 12 months, and it's also good governance practice.

***It was moved by Scott MacDonald and seconded by John Traves for Eckler to advise the Nova Scotia Superintendent of Pensions that the HRM Pension Plan will be filing an Actuarial Valuation to December 31, 2020, and therefore will not be filing a Cost Certificate.***

Discussion ensued as to whether the motion should be amended to recommend the usage of the updated discount and PfAD rates as presented in the extrapolated data. It was recommended by Mr. Churchill that the valuation process be prepared using the assumptions as presented at December 31, 2020, and then a decision to file the valuation can be made when the results are presented in June.

***It was further moved by Scott MacDonald and seconded by John Traves, to advise Eckler to prepare the Actuarial Valuation based on the assumptions presented as at December 31, 2020. Motion put and passed.***

No further discussion items were brought forward.

#### **6.1.2. Long Term Planning Update**

Ms. Boyd provided an update on the Long Term Planning process. Following discussions at the December Committee meeting, the services of Murray Gold, a partner at Koskie Minsky were retained in order to facilitate discussions with each of the Unions' and employer's leadership teams.

To date, preliminary conversations with the 5 voting Union Committee members have been conducted. Meetings are currently being scheduled with the Unions' and employer's leadership . Once those meetings are concluded, Mr. Gold will prepare a summary of findings and suggested next steps to be presented to the Committee.

No further discussion items were brought forward.

### **7. TRAINING & EDUCATION UPDATE**

#### **7.1.1. Request for new T&E Sub-Committee Member**

Mr. White noted that there was a vacancy on the Training and Education Sub-Committee and asked for a volunteer. Mr. Bone expressed an interest.

***Moved by Britt Wilson and seconded by Scott MacDonald, to appoint Andrew Bone to the Training and Education Sub-Committee. Motion put and passed.***

### **7.1.2. Appointment of T&E Sub-Committee Chair**

Mr. White noted that the Chair position on the Training and Education Sub-Committee is currently vacant and asked if there were any current members of the Sub-Committee that would be interested in taking on that role. Mr. Bone expressed an interest. No further nominations were received.

***Moved by Mike Sampson and seconded by Ray MacKenzie, to appoint Andrew Bone as Chair of the Training and Education Sub-Committee. Motion put and passed.***

### **7.1.3. Annual Training and Education Policy Review**

Mr. White presented the Training and Education Policy for review – one change was identified in the instructions to access the Pension Committee login section of the HRM Pension Plan website.

***Moved by Scott MacDonald and seconded by Britt Wilson to approve the amended Training and Education Policy. Motion put and passed.***

### **7.1.4. T&E Budget Update**

The current 2021 Training and Education Budget expenditures were presented for review. Mr. White noted that the spending on training & education is down due to the pandemic. He is hopeful that some of the pension organizations will return to live conferences by the end of the year.

Mr. Bone noted that more internal training opportunities may need to be offered to Committee members. He suggested that the T&E Sub-Committee first discuss this item and then further discussions can be had with the Pension Office. Mr. White noted that there are many online sessions available, many of them at no cost, and he encouraged all Committee members to explore those opportunities.

No further discussion items were brought forward.

## **8. PLAN MEMBER SERVICE UPDATE**

### **8.1.1. Reports on Service Standards – Q4 2020**

### **8.1.2. Reports on Service Standards – Calendar Year**

### **8.1.3. Annual Report**

Ms. Boyd presented the Plan Member Service update and provided an overview of both Q4 and 2020 overall service standard results. She also provided results of the Plan Member Satisfaction surveys, small deferred and non-vested projects, annual pensioner audit, pension information sessions and Employee Self Service analytics.

No further discussion items were brought forward.

## **9. ANNUAL APPROVAL OF DC SIPP**

Mr. Whidden provided an update on 2 Defined Contribution (DC) legacy plans administered by the HRM Pension Plan. There are currently 48 members in these DC plans.

A formal DC Statement of Investment Policies & Procedures (SIPP) is not required to be filed with the Regulator, but it remains good practice to have the document in place and keep it up to date for the members that hold account balances.

Mr. Sampson asked how the plans would wind-up, or how long would the plans remain active? Mr. Whidden noted that the Pension Committee is the administrator of the plans, and the Committee can decide to wind-up the plans or let them naturally wind themselves down.

No further discussion items were brought forward.

***Moved by Britt Wilson and seconded by Mike Sampson, to approve the DC SIPP dated March 25, 2021 as presented. Motion put and passed.***

## **10. TERM OF JOHN TRAVES AS CO-CHAIR, expires June 8, 2021**

Mr. Wilson nominated John Traves to continue as Co-Chair. There were no other nominations. Mr. Traves accepted the nomination.

***Moved by Britt Wilson and seconded by Mike Sampson to renew John Traves's position as Co-Chair for another term. Motion put and passed.***

## **11. EDUCATION SESSION – Key Pension Plan Risks**

Ms. Boyd noted that the HRM Pension Office will be presenting education sessions at future Committee meetings on topics and issues that will be beneficial to both the Committee and the Pension Plan Office. A short survey will be sent out to the Committee members, with a variety of subject matters in order to gather information on those topics that may be of interest.

Today's topic is centered around some of the Key Risk areas that have been identified, not only for the HRM Pension Plan, but other Pension Plans as well.

Ms. Boyd and Mr. Whidden provided an overview of the thought process that went into identifying the risk categories, the risks that fit into those categories, and the tools that can be used to mitigate those risks.

Committee members are encouraged to contact Ms. Boyd or Mr. Whidden to discuss risks or issues that may not have been included in the information presented.

No further discussion items were brought forward.

**12. OTHER BUSINESS**

No further business was brought forward.

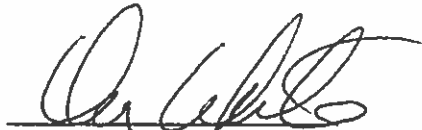
**13. DATE OF NEXT MEETINGS**

Regular Meeting, June 10, 2021 – Microsoft Teams Meeting

AGM, June 14, 2021 – Microsoft Teams Meeting

**14. ADJOURNMENT**

*Moved by Ray MacKenzie to adjourn the meeting at 12:14 pm. Meeting adjourned.*

A handwritten signature in black ink, appearing to read 'Dan White', written over a horizontal line.

Dan White, Co-Chair