

HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING

Thursday, June 10, 2021

Microsoft Teams Meeting

9:00 am – 12:30 pm

- Members:** John Traves, Management, Co-Chair
Dan White, IAFF, Co-Chair
Britt Wilson, Management
Jane Fraser, Management
Mike Sampson, Management
Ray MacKenzie, ATU
R. Scott MacDonald, HRP
Melanie Gerrior, NSUPE
Greg MacKay, NUMEA
Mark Hartlen, Retiree
Dwayne Tattrie, CUPE
Jerry Blackwood, Management
- Alternates:** Renée Towns, Management
Jason Snow, HRP
Steve Blackmore, CUPE
Jack Dragatis, ATU
Brian Leslie, Retiree
Andrew Bone, Retiree
Brett Hartlen, IAFF
Dan Axford, IAFF
Jon Beer, HRP
- Participating Employers:** Anne Patterson, HRCE
Cathy Maddigan, Halifax Public Libraries
Steve Vincent, Ocean View Continuing Care Centre
Allan Campbell, HRM Water
- 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
Lisa Tanner, Director, Plan Member Services
Krista Tinslay, Executive Assistant
- Guests:** Joe Kaiser, President, NSUPE 13
Philip Churchill, Eckler
Mary Kate Archibald, Eckler
Carey Blair, KPMG

An In-Camera meeting was held on June 9th from 1:00 pm – 2:00 pm.

1. CALL TO ORDER

Mr. Traves called the meeting to order at 9:03 am.

Mr. Traves reviewed the following changes to the HRM Pension Committee membership:

- Nicole Evenden, Alternate for Management – Leave of absence (maternity leave) as of July 1st.
- Jane Fraser, Management Voting Member – Retirement as at June 30th. Renee Towns will be appointed as Voting Member for Management.
- Scott Lillington, Alternate for CUPE, Local 108 – resignation as at May 27th. An appointment to replace Mr. Lillington is expected from CUPE shortly.
- Steve Higgins, Alternate for Management – Retirement as of July 16th. Vickie Robertson has been appointed as an Alternate for Management.

The formal appointments of Ms. Towns and Ms. Robertson will be forwarded to the Pension Office by the CAO's office.

The Committee thanked Ms. Fraser, Mr. Lillington and Mr. Higgins for their service to the Committee.

2. APPROVAL OF AGENDA

Mr. Traves asked if any additions needed to be made to the agenda; no points were raised.

Moved by Dan White, and seconded by Ray MacKenzie, to approve the agenda as presented. Motion put and passed.

3. APPROVAL OF MINUTES, March 25, 2021

Moved by Mike Sampson, and seconded by Ray MacKenzie, to approve the March 25, 2021 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, 1st quarter investment results, and the overall investment markets.

5. GOVERNANCE REVIEW

5.1. Committee Self-Monitoring

5.1.1. Process

5.1.2. Performance

5.2. Governance Policy Review

- 5.2.1. Committee Principles
- 5.2.2. Committee Structure

5.3. Current Governance Policy Quarterly Review Timetable

5.4. Governance Policy Review – Executive Limitations

- 5.4.1. Interim CEO Succession
- 5.4.2. Asset Protection
- 5.4.3. Investment
- 5.4.4. Communication and Support to the Committee

Mr. Traves noted that the Committee is responsible to review these policies on a regular basis; however, no changes to the policies are being suggested at this time.

No further discussion items were brought forward.

6. ANNUAL FINANCIAL STATEMENTS

6.1. Review of 2020 Draft Audited Financial Statements

Mr. Carey Blair from KPMG LLP joined the meeting and provided an overview of the audit process for the year ended December 31, 2020 for the HRM Master Trust and HRM Pension Plan. All findings were reported to the Audit Subcommittee at a meeting on May 19th, and no further items have been identified subsequent to that meeting.

No discussion items were brought forward.

6.2. Recommendation to approve the 2020 Audited Financial Statements

On behalf of the Audit Subcommittee, Mr. MacDonald recommended that the Pension Committee approve the December 31, 2020 draft audited financial statements of the HRM Master Trust and the HRM Pension Plan.

Moved by Scott MacDonald, and seconded by Mike Sampson, to approve the December 31, 2020 draft audited financial statements as presented and recommended by the Audit Subcommittee. Motion put and passed.

7. TRAINING & EDUCATION UPDATE

7.1. Expense Policy Review

Mr. Bone noted changes were being suggested to the Expense Policy, as it relates to the Remuneration of Committee Members section of the policy.

Mr. White reported that discussions were held at the In-Camera meeting relating to Remuneration of Committee Members for situations such as being asked to testify in a court hearing on Committee matters. It was agreed at the In-Camera meeting that the amount of remuneration be reviewed as circumstances arise, rather than setting an amount and then reviewing that amount on an annual basis.

Moved by Andrew Bone, and seconded by Ray MacKenzie, to approve the Expense policy as amended. Motion put and passed.

7.2 Training & Education Budget Update

Mr. Bone reviewed the Training & Education Budget to date and noted that spending on training and education is down. The Training & Education Subcommittee encourages all committee members to take advantage of any online opportunities they may find of interest.

Mr. Bone reported that the Training & Education Subcommittee has expressed concern that Committee members were not receiving sufficient training and education during the pandemic. The Subcommittee met and discussed providing all Committee members with membership access to the International Foundation of Employee Benefit Plans.

On behalf of the Training and Education Subcommittee, it was moved by Andrew Bone, and seconded by Dan White, that all Committee Members be provided membership in the International Foundation of Employee Benefit Plans for the remainder of 2021, the cost of which will be allocated to the Training and Education Budget.

Mr. Sampson requested clarification on the motion, as to whether the membership would be extended to all voting and alternate members. Mr. Bone confirmed that the recommendation from the Training & Education Subcommittee was meant to include all voting and alternate members.

Mr. White and Mr. Leonard noted that the HRM Pension Plan currently holds a group membership to IFEBP, so there are a number of Committee Members that already have a membership.

Mr. Traves suggested that if any Committee members do not wish to be provided access to an IFEBP membership, they make Ms. Tinslay at the Pension Office aware of that.

No further discussion items were brought forward.

Motion put and passed.

Mr. Traves asked the Pension Office to make the necessary arrangements with IFEBP.

8. PLAN MEMBER SERVICE UPDATE

8.1. Reports on Service Standards – Q1 2021

Ms. Tanner presented the Service Standards report for Q1 2021 to the Committee. The overall service standards compliance was 98.7% compared to 94.8% in Q1 2020.

No further discussion items were brought forward.

9. COMMITTEE SURVEY RESULTS

Ms. Boyd reported on the results of the two recent surveys conducted with the members of the Pension Committee.

The first survey was focused on education, and 5 topics of education were identified as being of interest to the Committee. These topics will be presented at future Committee meetings and will also form part of the Annual Education Session to be held at the end of October.

The second survey was focused more on how the Pension Plan Office was doing in terms of providing information, reporting, education and other items to the Pension Committee. Information from that survey will be used to help guide the Pension Plan Office in planning future activities for the Committee.

Mr. Bone suggested including a section in future All Points Bulletin on upcoming training opportunities. Mr. Whidden will incorporate that suggestion into the future All Points Bulletin.

In addition, Mr. Bone encouraged Committee members to reach out to the Training & Education Subcommittee for advice on fulfilling any training and education requirements.

10. EDUCATION SESSION – The Actuarial Valuation Process

This is the second in a series of education sessions being presented to the Pension Committee. Today's topic is Actuarial Valuation Outputs and Processes.

Ms. Boyd and Mr. Whidden provided an overview of the Actuarial Valuation process, concepts and key outputs.

Committee members are encouraged to contact Ms. Boyd or Mr. Whidden with questions on the Actuarial Valuation process, or if they would like more in-depth information during a future session.

11. PENSION UPDATE

11.1 2020 Preliminary Actuarial Valuation

Mr. Churchill from Eckler presented the results of the Preliminary Actuarial Valuation as at December 31, 2020. Mr. Churchill noted that there were nominal differences from the preliminary information presented during the March 25, 2021 Committee meeting but results were generally as expected.

Further to direction provided in March, two changes in the Going-Concern assumptions were used to produce the results:

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%

Valuation results showed a going-concern deficit of \$136 million and a funded ratio of 94.1%.

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 provides up to date information on the financial position of the Plan, identifies trends emerging in the data, confirms that the current contributions will be acceptable for an additional 12 months, and it's also good governance practice.

Moved by Scott MacDonald, and seconded by Ray MacKenzie, to accept the assumptions as presented in the Preliminary Actuarial Valuation as at December 31, 2020 and advise Eckler to move forward with drafting the final report. Motion put and passed.

Eckler also indicated a new CRA waiver form was required to be filed. The current waiver expires December 31, 2021.

11.2 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 HRM. These meetings have taken place, and Mr. Gold has prepared a report.

A meeting of the Long-Term Planning Committee has been scheduled for June 25th, where Mr. Gold will present the summary of findings and assist in determining next steps.

12. OTHER BUSINESS

No further business was brought forward.

13. DATE OF NEXT MEETINGS

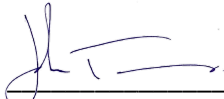
AGM, June 14, 2021 – Microsoft Teams Meeting

Regular Meeting – September 23, 2021

Regular Meeting – December 9, 2021

14. ADJOURNMENT

Moved by Jane Fraser to adjourn the meeting at 12:20 pm. Meeting adjourned.



John Traves, Co-Chair