

**HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING**  
**Thursday, March 31, 2022**  
**Microsoft Teams Meeting**  
**9:00 am – 12:50 pm**

**Members:** John Traves, Management, Co-Chair  
Dan White, IAFF, Co-Chair  
Britt Wilson, Management  
Mike Sampson, Management  
Ray MacKenzie, ATU  
Melanie Gerrior, NSUPE  
Jerry Blackwood, Management  
Steve Blackmore, CUPE  
Renée Towns, Management  
Greg MacKay, NUMEA  
R. Scott MacDonald, HRP  
Mark Hartlen, Retiree

**Alternates:** Jason Snow, HRP  
Andrew Bone, Retiree  
Brett Hartlen, IAFF  
Patricio Garcia, ATU  
Mark Voisin, CUPE  
Jamy-Ellen Klenavic, NSUPE  
Mike Matheson, NUMEA  
Vicki Robertson, Management  
Scott Chetwynd, CUPE  
Jason Colville, ATU  
Brian Leslie, Retiree  
John MacPherson, Management  
Dan Axford, IAFF  
Jon Beer, HRP

**Participating Employers:** Cathy Maddigan, Halifax Public Libraries  
Allan Campbell, Halifax Water  
Angela Martell, HRCE  
Steve Vincent, Ocean View Continuing Care

**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  
Kimberly Scheelar, NSUPE 14  
Philip Churchill, Eckler  
Mary Kate Archibald, Eckler

An In-Camera meeting was held on March 30, 2022 from 11:00 am – 12:00 pm.

**1. CALL TO ORDER**

Mr. White called the meeting to order at 9:02 am.

Mr. White reviewed the changes to the HRM Pension Committee membership. Mr. White recognized the retirement of Anne Patterson, the participating employer representative for HRCE, and wished her well. The Committee welcomed newly appointed alternate members for Management, John MacPherson, CUPE Local 108, Mark Voisin and a new participating employer representative from HRCE, Angela Martell.

**2. APPROVAL OF AGENDA**

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

***Moved by John Traves, and seconded by Ray MacKenzie, to approve the agenda as presented. Motion put and passed.***

**3. APPROVAL OF MINUTES, December 9, 2021**

***Moved by Melanie Gerrior, and seconded by Ray MacKenzie, to approve the December 9, 2021 minutes as presented. Motion put and passed.***

**3.1 Business arising from the minutes - Long Term Planning Update**

Mr. White reported that further to the December 9, 2021 meeting of the HRM Pension Committee, a meeting with union representatives had taken place to discuss potential updates to the Funding Policy. Mr. White noted that there is an interest in making improvements to the Funding Policy. It will be a project that is undertaken if all parties agree to it.

**4. CEO UPDATE**

**4.1. Q4 Update**

Mr. Ritchie presented the CEO Update to the Committee. He provided updates on Pension Office operations, Plan Member Services, 4<sup>th</sup> quarter investment results, and the overall investment markets.

As well, Mr. Ritchie provided a high level overview of current ESG initiatives undertaken by the Pension Office, as well as a status update on Private Market Alternatives.

Discussion ensued surrounding the Russia-Ukraine conflict and the impact it may have on the Pension Plan, interest rates, and investment returns. Mr. Ritchie noted the Pension Plan itself has very limited direct exposure to companies that derive revenues in Russia and Ukraine. He also noted that historically, markets have rebounded fairly quickly after such events, and impacts may be reflected more in the supply and cost of commodities and any second order impacts this has on capital markets.

#### **4.2 2021 Results & 2022 Initiatives**

Mr. Ritchie presented a summary of the performance of the Pension Office during the 2021 year, and reviewed initiatives and projects that have been identified for 2022.

### **5. GOVERNANCE REVIEW**

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

- 5.1.1. Process
- 5.1.2. Performance

#### **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

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

- 5.3.1. Monitoring CEO Performance

#### **5.4. Ends**

- 5.4.1. ENDS Statement

#### **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. White 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.

Mr. White asked that the Pension Plan Office follow up with any Committee member who has not yet submitted a signed Code of Conduct for 2022.

No further discussion items were brought forward.

## **6. TRAINING & EDUCATION UPDATE**

### **6.1. Training & Education Policy**

On behalf of the Training & Education Sub-Committee, Mr. Bone reported that several minor wording changes had been made to the Training & Education Policy, along with the removal of the Trustee Development Program as a core introductory program. Humber College no longer offers this program, leaving the Foundations of Trust Management Standards (FTMS) provided by the International Foundation of Employee Benefit Plans as the only core mandatory program for Committee members.

***Moved by Ray MacKenzie, and seconded by Melanie Gerrior, to approve the changes to the Training and Education Policy as presented. Motion put and passed.***

### **6.2. Training & Education Budget**

Mr. Bone reviewed the Training & Education Budget to date and encouraged all Committee members to continue to take advantage of any online opportunities they may find of interest and to start looking at in-person conferences.

Mr. Bone asked for clarification on the current status of out-of-province travel for HRM employees and inquired as to whether the lifting of restrictions meant the return to in-person conference attendance. Mr. Traves said he will check on this and report back to the Committee.

Mr. Bone mentioned that the Training & Education Sub-Committee will be meeting soon to develop a plan to provide the Committee with more training opportunities.

No further discussion items were brought forward.

## **7. PLAN MEMBER SERVICES UPDATE**

### **7.1. Report on Service Standards – Q4 2021**

Ms. Tanner presented the Service Standards report for Q4 2021 to the Committee. Ms. Tanner noted that as expected, a large number of calculations were performed in Q4, mostly terminations, with service standards at 100% quarter over quarter.

### **7.2 Report on Service Standards – Calendar Year**

Ms. Tanner presented the Service Standards report for the year 2021. The overall service standards compliance was 99.7%, compared to 97.7% in 2020 and 99.5% in 2019.

Ms. Tanner performed a low level analysis on the 2019, 2020 and 2021 Retirement and Termination trends for certain groups such as Transit, Fire and Police. No significant trend was discovered.

### **7.3 Annual Update**

Ms. Tanner presented information on the 2021 Plan Member Satisfaction Survey results. She was pleased to note that ratings continue to be “Excellent”, and that survey response rates have improved. The use of Survey Monkey to send out electronic surveys and follow up has contributed to the increase in the response rate.

Member information sessions continue to be held virtually, and registration has been comparable to the in-person format used in the past.

Member usage of the Pension Plan website has also increased, which has been attributed to an increase in members requesting electronic communications, and therefore requiring a login to access their Annual Statements on the Employee Self Service section of the website.

## **8. ENTERPRISE RISK MANAGEMENT UPDATE**

Mr. Whidden provided an update on the Enterprise Risk Management initiative that was undertaken by the Pension Office in 2021. Five risks were identified to be reviewed during 2021, and results of the risk analysis for three of those - Valuation Assumptions, Governance, and Liquidity were presented at the December Committee meeting. Mr. Whidden presented the information on the results from the review of two more risks – Cybersecurity and Overall Market risks.

## **9. EDUCATION SESSION – INTEREST RATE IMPACTS ON DEFINED BENEFIT PLANS**

Ms. Boyd presented information and provided examples on how interest rates impact a Pension Plan in a going-concern environment.

## **10. PENSION UPDATE**

Ms. Archibald from Eckler presented the preliminary extrapolation of the results to December 31, 2021. Ms. Archibald 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. Where the HRM Pension Plan’s solvency ratio is less than 85%, a Cost Certificate is required to be filed each year if a full valuation is not filed.

Ms. Archibald reviewed the preliminary results with the Committee. There were no changes made to the assumptions used in the December 31, 2020 valuation.

Mr. Churchill encouraged the Committee to look at the Funding Policy, which should include clear direction on what steps to take, and under which conditions to take those steps in order to increase the funded position of the Plan to meet the 10% margin target. Eckler agreed to provide the Committee with a calculation of the progress made toward the 10% margin target at the June meeting.

Mr. MacDonald asked for clarification on what factors contributed to the increase in the funded position of the Plan. Mr. Churchill and Ms. Archibald confirmed that the combination of ~~increased~~ contributions in excess of service cost and investment returns realized in 2021 resulted in the increased funded position.

Discussion ensued as it relates to the Mortality assumption, and whether the CIA private industry standard from 2014 is the best formula to use for the HRM Pension Plan. Ms. Archibald noted that there may be other tools available that would better fit the Pension Plan member data. Eckler will work with the Pension Office to review the Mortality assumption for next year's valuation.

Ms. Archibald reported that the last Actuarial Valuation for the HRM Pension Plan was filed to December 31, 2020, so there is no obligation to file a valuation to December 31, 2021. However, 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.

***Moved by Scott MacDonald and seconded by Ray MacKenzie, to advise Eckler to prepare the Actuarial Valuation based on the assumptions presented as at December 31, 2021.***

Mr. Sampson asked for clarification on whether the Superintendent of Pensions could direct a plan to perform an Actuarial Valuation based on the information presented on a Cost Certificate. Mr. Churchill noted that while the Superintendent would have that authority, it wouldn't necessarily be in response to the estimates reported on a Cost Certificate, but more based on organizational and/or governance concerns.

Mr. Wilson asked for clarification on timing of a Cost Certificate versus a full Valuation. Ms. Archibald and Mr. Churchill confirmed that if the Committee decides to file a full Valuation report, the Superintendent's office will be informed to not expect the Cost Certificate.

No further discussion items were brought forward.

***Motion put and passed.***

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

Mr. Whidden provided an update on two Defined Contribution (DC) legacy plans that the Committee is responsible for administering.

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.

No further discussion items were brought forward.

***Moved by Mike Sampson and seconded by Britt Wilson, to approve the DC SIPP dated March 31, 2022 as presented. Motion put and passed.***

**12. TERM OF JOHN TRAVES AS CO-CHAIR EXPIRES JUNE 8, 2022**

Mr. White asked if Mr. Traves would like to continue as Co-Chair; and Mr. Traves agreed. There were no other nominations.

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

**13. COMMITTEE MEETING FORMAT – REVIEW OF SURVEY RESULTS**

Mr. Ritchie reviewed the results of the recent survey of Committee members in regard to the format of upcoming Committee meetings. Following the results of the survey, it was proposed that the June meeting be held virtually, with the format for September and December to be revisited in June. Further, it is being proposed that the 2021 Annual General Meeting be held virtually.

No further discussion items were brought forward.

*Moved by John Traves, and seconded by Ray MacKenzie, to accept the meeting format proposals as presented. Motion put and passed.*

**14. OTHER BUSINESS**

No further business was brought forward. The next Committee meeting is scheduled for June 9, 2022, and the Annual General Meeting for June 13, 2022.

**15. ADJOURNMENT**

*Moved by Melanie Gerrior to adjourn the meeting at 12:50 pm. Meeting adjourned.*



Dan White, Co-Chair