

HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING
Thursday, June 9, 2022
Microsoft Teams Meeting
9:00 am – 12:30 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
Jon Beer, 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
R. Scott MacDonald, HRP

Participating Employers: Cathy Maddigan, Halifax Public Libraries
Heather Britten, Halifax Water
Allie McKay, HRCE

Staff: Robert Ritchie, CEO
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
Daniel Hashem, Investment Analyst, Private Markets
Krista Tinslay, Executive Assistant

Guests: Joe Kaiser, President, NSUPE 13
Kimberly Scheelar, NSUPE 14
Philip Churchill, Eckler
Mary Kate Archibald, Eckler
Rosalie Vendette, Quinn & Partners
Tim Robinson, Quinn & Partners
Carey Blair, KPMG

An In-Camera meeting was held on June 8, 2022 from 11:00 am – 12:00 pm.

1. CALL TO ORDER

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

Mr. Traves reviewed the changes to the HRM Pension Committee membership and welcomed Jon Beer to the Voting group.

2. APPROVAL OF AGENDA

Mr. Traves asked if any additions needed to be made to the agenda. Mr. Ritchie added a discussion item on Commuted Value Payment Estimates under Item 13, Other Business. Mr. Bone requested that an item be added under Item 7, Training & Education Update, for an upcoming Training & Education Sub-Committee meeting.

Moved by Mike Sampson, and seconded by Ray MacKenzie, to approve the agenda as amended. Motion put and passed.

3. APPROVAL OF MINUTES, March 31, 2022

Moved by Jon Beer, and seconded by Melanie Gerrior, to approve the March 31, 2022 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 current state of the investment markets.

Mr. Eddy reviewed the Public Fixed Income portfolio and provided information on recent changes within the portfolio.

No further discussion items were brought forward.

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. 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 for reviewing 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 2021 Draft Audited Financial Statements

Mr. Carey Blair from KPMG LLP joined the meeting and provided a high level overview of the audit process for the year ended December 31, 2021 for the HRM Master Trust and HRM Pension Plan. An Audit Sub-Committee meeting was held on May 18, 2022, to discuss the financial statements in detail.

No other discussion items were brought forward.

6.2. Recommendation to approve the 2021 Audited Financial Statements

On behalf of the Audit Sub-Committee, Mr. Blackwood recommended that the Pension Committee approve the December 31, 2021 draft audited financial statements of the HRM Master Trust and the HRM Pension Plan.

Moved by Jerry Blackwood, and seconded by Britt Wilson, to approve the December 31, 2021 draft audited financial statements as presented and recommended by the Audit Sub-Committee. Motion put and passed.

7. TRAINING & EDUCATION UPDATE

7.1. Expense Policy Review

On behalf of the Training & Education Sub-Committee, Mr. Bone presented a few minor changes to the Expense Policy, including an update to the per kilometre rate.

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

7.2. Training & Education Budget

Mr. Bone reviewed the Training & Education Budget to date and reported that in person training requests have recently increased, and a number of Committee members will be attending upcoming IFEBP and ACPM events. He encouraged all Committee members to continue to focus on their training.

7.3. Training & Education Sub-Committee

Mr. Bone noted that the Training & Education Sub-Committee will be holding their annual meeting in June to review Committee member training records.

Mr. Bone brought to the Committee's attention that there is a requirement for a certain number of Voting Members to have a level of Advanced Financial and Investment education and that this requirement is currently not being met. This item will be added to the agenda for discussion at the Sub-Committee meeting. The Sub-Committee will also review the list of upcoming training opportunities and encourages Committee members to do the same.

Mr. Bone asked if the Committee had any other items for review and/or discussion.

No further discussion items were brought forward.

8. PLAN MEMBER SERVICES UPDATE

8.1. Report on Service Standards – Q1 2022

Ms. Tanner presented the Service Standards report for Q1 2022 to the Committee. Ms. Tanner noted that as expected, calculations were trending very high for the quarter due to a large number of terminations processed. Service standards were 99.7% for the quarter, with only one calculation being processed one day later than the standard.

9. PENSION UPDATE

9.1. Preliminary Actuarial Valuation Results as at December 31, 2021

Mr. Churchill from Eckler presented the results of the Preliminary Actuarial Valuation as at December 31, 2021. Mr. Churchill noted that there were no significant differences from the preliminary estimates presented during the March 31, 2022 Committee meeting and that there were no going concern assumptions changes recommended for the December 31, 2021 valuation.

Moved by Melanie Gerrior and seconded by Mike Sampson, to advise Eckler to prepare the Actuarial Valuation based on the assumptions presented as at December 31, 2021. Motion put and passed.

9.2. Target Margin Discussion

Mr. Churchill presented information on the Pension Plan's progress towards a 10% target margin by 2028 and noted that the Plan is currently on track to meet that target. However, Mr. Churchill did note that there is significantly volatility in the investment markets right now which may impact the course and that the Committee needs to continue to monitor the Plan's progression to 10%.

No further discussion items were brought forward.

Mr. Traves asked Mr. Churchill on his opinion in respect of providing members Commuted Value Estimates. Mr. Churchill indicated they he is generally opposed to this idea as the estimates can vary significantly from actual termination values.

10. EDUCATION SESSION – Environmental, Social & Governance (ESG)

Ms. Boyd welcomed Rosalie Vendette and Tim Robinson from Quinn & Partners to present to the Committee information on ESG, and the progress the HRM Pension Office has made in incorporating ESG practices into their investment strategies. Mr. Robinson also introduced the concepts of a Responsible Investment (RI) policy and an RI Roadmap which Ms. Boyd discusses in further detail in agenda item no. 11.

The Committee thanked Quinn & Partners for their presentation.

11. ESG – RESPONSIBLE INVESTMENT POLICY & ESG ROADMAP DISCUSSION

Ms. Boyd reviewed the draft Responsible Investment Policy and the roadmap that has been developed.

Mr. Sampson asked if the Responsible Investment policy is in the name of the HRM Pension Plan or the Master Trust and asked how the Halifax Water pension plan plays a part.

Ms. Boyd responded saying that the policy will be in the name of the HRM Pension Plan and that discussions will be held with Halifax Water at a later date.

Next steps are for the RI policy to be reviewed and approved by the Pension Committee at the September meeting.

12. ENTERPRISE RISK MANAGEMENT UPDATE

This item was deferred to the September Committee meeting.

13. OTHER BUSINESS

13.1. Commuted Value Payment Estimates

Mr. White noted that in 2016, the HRM Pension Plan removed the option for retirement eligible members to receive the Commuted Value transfer option upon retirement (or upon termination if the member is retirement eligible). Recently there have been a few requests by non retirement eligible members for an estimate of their lump sum commuted value termination benefit but current HRM Pension Plan policy is not to provide commuted value termination estimates.

Ms. Boyd presented to the Committee some of the methods by which these estimates could be provided and the pros and cons of providing members with a commuted value payment estimate and noted that the Pension Plan's practice of not providing termination estimates is consistent with other Provincial plans (the Province, Teachers and Health Employees).

Discussion was held by the Committee and consensus was reached that the Plan will continue with its policy to not provide commuted value termination estimates unless a Committee member requests the item be revisited at the September meeting.

No further business was brought forward. The next Committee meeting is scheduled for September 22, 2022, and the Annual General Meeting for June 13, 2022.

14. ADJOURNMENT

Moved by Dan White to adjourn the meeting at 1:05 pm. Meeting adjourned.

A handwritten signature in blue ink, appearing to read 'John Traves', is written above a horizontal line.

John Traves, Co-Chair