

HALIFAX REGIONAL MUNICIPALITY
PENSION COMMITTEE MEETING
Thursday, September 26, 2019
Casino Nova Scotia, Compass Room
1983 Upper Water Street, Halifax, NS
9:00 am – 3:15 pm

MEMBERS:

Dan White, IAFF, Co-Chair
John Traves, Management, Co-Chair (left at 12:00pm)
Andrew Bone, NSUPE
Britt Wilson, Management
Dwayne Tattrie, CUPE 108
Greg MacKay, NUMEA
Jerry Blackwood, Management (left at 1:15pm)
Mark Hartlen, Retiree
Mike Sampson, Management
R. Scott MacDonald, HRP

ALTERNATES:

Brett Hartlen, IAFF
Cameron Deacoff, NSUPE
Dan Axford, IAFF
Jack Dragatis, ATU (acting for Ray MacKenzie)
Jason Snow, HRP
Marlinda Mooney, NUMEA
Steve Blackmore, CUPE 108

PARTICIPATING EMPLOYERS:

Allan Campbell, Halifax Water
Anne Patterson, HRCE
Cathy Maddigan, HPL
Steve Vincent, Oceanview

STAFF:

Rob Ritchie, CEO
Darin Eddy, Director, Public Markets
Lisa Tanner, Director, Plan Member Services
Mark Whidden, Director, Pension Management
Matt Leonard, Director, Finance & Operations
Melissa White, Executive Assistant
Vishnu Mohanan, Manager, Private Investments

GUESTS:

Brendan Meagher, President, IAFF
Dee Vipond, NSUPE Local 13
Joseph Kaiser, President NSUPE Local 13
Jon Beer, HRP
Joe Triff, IAFF
Ted Moore, IAFF
Philip Churchill, Eckler
Ken Luce, BlackRock
Julie Ducharme, BlackRock

An In-Camera Meeting was held from 9am to 10am.

1. CALL TO ORDER

The meeting was called to order at 10:16am by Mr. White. Mr. White informed the Committee about the resignation of Louis de Montbrun (Management, voting), Melanie Gerrior (NSUPE, alternate), Ted Moore (IAFF, alternate) and Stephen Bussey (IAFF, alternate) from the Committee and the retirement of Gordon Roussel (Management, alternate). Mr. White thanked Mr. Roussel for his many years of service to the Committee. Mr. White then introduced two new IAFF alternates (Dan Axford and Brett Hartlen) and announced that Jerry Blackwood has been appointed a Management voting representative by the CAO.

2. APPROVAL AGENDA

Moved by Mr. Bone and seconded by Mr. Wilson to approve the agenda as presented. Motion Put and Passed.

3. APPROVAL OF MINUTES – June 13, 2019

Moved by Mr. Blackwood and seconded by Mr. Traves to approve the June 13, 2019 minutes as presented. Motion Put and Passed.

4. CEO UPDATE

Mr. Ritchie presented to the Committee the CEO Update. He provided an update on Plan Member Service, an overview of investment performance for the second quarter, then provided an overview of the Public Equity Portfolio.

Mr. Deacoff asked about Environmental, Social and Governance (ESG) factors and their impact on the Pension Plan's investments. Mr. Ritchie said that this is a very relevant topic and that the Pension Office would provide the Committee with updates at one or more future Committee Meetings.

5. GOVERNANCE REVIEW

5.1. Committee Self-Monitoring

5.1.1. Process

5.1.2. Performance

Mr. White stated that the Committee is awaiting a response from the Superintendent on Plan Amendment 2019-01.

Mr. Deacoff stated that he felt there was an opportunity for a new policy to be considered around ESG. Mr. White said that this is something the Committee could discuss at future meetings.

5.2. Governance Policy Review

5.2.1. Global Governance-Management Connection

5.2.2. Unity of Control

5.2.3. Accountability of the CEO

There was discussion around the wording and accuracy of article 3 in the Accountability of the CEO policy. It was agreed that the Co-Chairs and the CEO would review the policy wording and come back to the Committee with any changes for approval.

Moved by Mr. Bone and seconded by Mr. Dragatis to approve the policies as presented. Motion Put and Passed.

5.3. Governance Policy Review – Executive Limitations

5.3.1. Financial Condition and Activities

5.3.2. Service Providers

5.3.3. Investment

5.3.4. Communication and Support to the Committee

Mr. Leonard reviewed the Financial Condition and Activities policy and mentioned that the Pension Office is currently reviewing the benchmark for operating expenses and will report back to the Committee in March of 2020 with any findings.

Ms. Tanner reviewed the Communication and Support to the Committee policy and reported that the annual pensioner audit process went very well this year, starting in mid-May and ending in mid-July. In years past, the process has taken in excess of six months to complete, but this year it was finished in 2 months due to taking a more proactive approach.

An update was provided to the Regulatory Filing Requirements – CRA has confirmed receipt of Plan Amendment 2019-01.

Moved by Mr. MacDonald and seconded by Mr. MacKay to approve the policies as presented. Motion Put and Passed.

6. COMMITTEE TRAINING AND EDUCATION UPDATE

6.1. Budget Update

Mr. Bone informed the Committee that the Training & Education Sub-Committee met and reviewed the training history for each of the Committee members and will be sending a letter to each member outlining suggested next steps with regards to their training and education.

6.2. Expense Policy Update

The Training & Education Sub-Committee met to discuss the current per diems and allowances for meals, which have not changed since 2007 and recommended to the Committee that they be increased. The Sub-Committee also recommended that expenses for bottled water be reimbursed with receipts. It was also noted that since the Pension Office no longer provides phone cards that should a member wish to purchase a phone card while traveling, this would be reimbursed as well.

The Committee discussed these recommendations and HRM's current expense reimbursement policy. Mr. Traves said that he would speak with HRM to see if HRM's policy was changing. It was agreed that no changes would be made to the Expense Policy at this time.

6.3. Request for New Training & Education Sub-Committee Member

The sub-committee currently does not have a representative from Management. Mr. Traves said he would check with Management and come back to the Committee with a recommendation.

7. PLAN MEMBER SERVICES UPDATE

Ms. Tanner provided the Committee with an update on Plan Member Services. She reviewed the Service Standard Report for Q2 2019 and highlighted that 99.6% of the calculations were completed within the service standards.

8. 2018 ACTUARIAL VALUATION

Mr. Philip Churchill, Principal for Eckler, joined the meeting. Mr. Churchill recapped the Actuarial Valuation results for December 31, 2018 and stated that there were no changes to the results since they were presented at the June 13, 2019 Committee meeting.

Moved by Mr. Sampson and seconded by Mr. MacDonald to accept and file the December 31, 2018 Valuation Report as presented. Motion Put and Passed.

9. LONG-TERM PLANNING UPDATE

Mr. White provided an update on the work that the Long-Term Planning Group has been working on. Mr. White highlighted some of the major issues facing the Plan including a maturing membership base, capital market expectations, the financial state of the Plan and provincial funding reform.

The Long-Term Planning Group has worked with Eckler to develop a model that projects the expected evolution of the pension plan into the future. The group has been comparing the results of these projections against a set of targets they have developed. The Plan, as currently designed, does not meet the targets. Mr. White then covered the available levers that exist to help the Plan meet the group's targets. Once the revised provincial funding regulations are finalized the Long-Term Planning Group will incorporate them into their model and develop a plan to move forward with this project

10. EDUCATION SESSION – Innovations in Active Equity Asset Management

Mr. Eddy introduced Mr. Ken Luce and Ms. Julie Ducharme from BlackRock. Ms. Ducharme gave the Committee a presentation on how technology is transforming active investment management.

11. OTHER BUSINESS

11.1. Request for a New Audit Sub-Committee Member

Mr. White asked the Committee for a volunteer to join the Audit Sub-Committee. Mr. Traves said he would check with Management and come back to the Committee with a recommendation.

11.2. Appointment of a New Chair for the Audit Sub-Committee

Mr. White noted that with Mr. de Montbrun's resignation, a new Chair needed to be appointed for the Audit Sub-Committee.

Moved by Mr. MacDonald and seconded by Mr. Sampson that Jerry Blackwood be appointed Chair of the Audit Sub-Committee. Motion put and passed.

12. DATE OF NEXT MEETING

December 5 – Compass Room, Casino Nova Scotia

13. ADJOURNMENT

Moved by Mr. MacDonald and seconded by Mr. Sampson to adjourn the HRM Pension Committee meeting at 3:15pm. Motion Put and Passed.

Dan White, Co-Chair