

HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING
Thursday, December 10, 2020
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
Jerry Blackwood, Management
Mike Sampson, Management
Ray MacKenzie, ATU
R. Scott MacDonald, HRP
Dwayne Tattrie, CUPE
Andrew Bone, NSUPE
Greg MacKay, NUMEA
Mark Hartlen, Retiree

Alternates: Renée Towns, Management
Jason Snow, HRP
Steve Blackmore, CUPE
Steve Higgins, Management
Jack Dragatis, ATU
Jon Beer, HRP
Nicole Evenden, Management
Brian Leslie, Retiree
Scott Lillington, CUPE
Brett Hartlen, IAFF
Kenneth Wilson, ATU
Dan Axford, IAFF

Participating Employers: Anne Patterson, HRCE
Allan Campbell, Halifax Water
Cathy Maddigan, Halifax Public Libraries
Steve Vincent, Ocean View Continuing Care Centre

Staff: Robert Ritchie, CEO
Lisa Tanner, Director, Plan Member Services
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
Brandan Meagher, President, IAFF
Philip Churchill, Eckler
Mary Kate Archibald, Eckler

An In-Camera meeting was held on December 9th from 10:00 am – 11:00 am.

1. CALL TO ORDER

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

The Pension Committee was advised of the resignations of Andrew Bone, voting member for NSUPE and Cameron Deacoff, NSUPE alternate. Marlinda Mooney, NUNEA alternate has requested a leave of absence from the Committee.

Mr. Traves congratulated Mr. Bone on his retirement and thanked him for his service to the Committee and the Training & Education Sub-Committee. Mr. Bone noted that Melanie Gerrion has been appointed his replacement on an interim basis until NSUPE appoints a permanent replacement at their next meeting.

2. APPROVAL OF AGENDA

Moved by Dan White and seconded by Mike Sampson to approve the agenda as presented. Motion put and passed.

3. APPROVAL OF MINUTES, SEPTEMBER 24, 2020

Moved by Ray MacKenzie and seconded by Jane Fraser to approve the September 24, 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, third quarter investment results, and the investment markets.

5. GOVERNANCE REVIEW

5.1. Committee Self-Monitoring

5.1.1. Process

5.1.2. Performance

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

5.2. Governance Policy Review – Governance Process

- 5.2.1 Global Governance Commitment
- 5.2.2 Governing Style
- 5.2.3 Committee Job Description
- 5.2.4 Agenda Planning
- 5.2.5 Cost of Governance

Mr. White raised a point in relation to 5.2.2 - Governing Style, and asked if the wording of Article 3A where it states the 75% attendance criteria, was too restrictive for alternate members?

The Committee discussed the interpretation of this clause, and a general consensus was reached that the criteria was intended to apply to both voting members and alternates. The following amendment was put forth:

“Where any member, voting or alternate, does not attend at least 75% of Committee meetings during the past 12 months, the party appointing them will be asked to appoint someone else, unless the voting member or alternate has been excused by the Co-Chairs jointly.”

Moved by Dan White and seconded by Mike Sampson, to amend Article 3A of the Governing Style policy as noted above. Motion put and passed.

No further discussion items were brought forward.

Moved by Dan White and seconded by Britt Wilson to approve the above policies as amended. Motion put and passed.

5.3 Governance Policy Review – Committee-Management Delegation

- 5.3.1 Delegation of the CEO

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

Moved by Jane Fraser and seconded by Andrew Bone, to approve the above policy as presented. Motion put and passed.

5.4 Governance Policy Review – Executive Limitations – Monitoring Reports

- 5.4.1 Asset Protection
- 5.4.2 Investment
- 5.4.3 Communication and Support to the Committee

Mr. Traves asked the Committee if there were any points to discuss; no points were raised.

Moved by Andrew Bone and seconded by Ray MacKenzie, to approve the above policies as presented. Motion put and passed.

6. TRAINING AND EDUCATION UPDATE

6.1.1. Appointment of New T&E Sub-Committee Chair

In preparation for his retirement, Mr. Bone provided a brief overview of the responsibilities and duties of the Chair of the Training & Education Sub-Committee. Mr. Traves asked if there was anyone interested in stepping into the role of the Sub-Committee Chair – no volunteers were forthcoming. Mr. Traves suggested that Mr. Bone schedule a meeting with the other Sub-Committee members to discuss options.

6.1.2 Request for New T&E Sub-Committee Member

The current Sub-Committee membership was reviewed, and it was determined that the new member should be a representative from Management. Mr. Traves will take this back to Management for discussion.

6.1.3 T&E Budget Update

Mr. Bone reported that spending levels were down in 2020, because of COVID-19 and the current travel and meeting restrictions. This is likely to continue well into 2021. Most pension organizations have now switched to virtual learning and Committee members are encouraged to participate in these virtual programs where possible. A schedule of training and education events for 2021 is being prepared by the Pension Office and will be forwarded to the Committee when available.

The appointment of the Sub-Committee Chair and the new Sub-Committee member was deferred to the next meeting of the Pension Committee.

7. PLAN MEMBER SERVICES UPDATE

7.1.1. Report on Service Standards, Q3 2020

Ms. Tanner presented the Service Standard Reports for Q3. In Q3 there were a total of 175 calculations processed, with 98.9% completed within the service standards. This was an increase from 97.1% in the previous quarter.

8. CO-CHAIR UPDATE

8.1.1. Term of Dan White Expires December 31, 2020

Mr. Bone nominated Dan White to continue as Co-Chair. There were no other nominations. Mr. White accepted the nomination.

Moved by Andrew Bone and seconded by Ray MacKenzie to renew Dan White's position as Co-Chair for another term. Motion put and passed.

9. LONG TERM PLANNING UPDATE

Mr. Churchill from Eckler provided the Committee with an update on the Long Term Planning (LTP) project.

The LTP Committee has met twice since the last Pension Committee meeting in September. At these meetings, the LTP Committee reviewed additional Plan design scenarios and the resulting key financial metrics and looked at member impact summaries.

Ms. Archibald from Eckler then reviewed a proposed Plan design that the LTP Committee put forth to the Pension Committee for consideration and possible approval. She reviewed the changes to the key financial metrics based on this proposal.

The proposal and corresponding motion were then discussed at length by the Pension Committee.

Mr. Traves noted that the LTP Committee has done everything it can to reach this point, and feedback is now required from the Sponsors.

Moved by Britt Wilson and seconded by Jane Fraser, to accept the proposal put forth by the Long Term Planning Committee as presented.

Further discussion of the motion ensued. Mr. Traves noted that feedback had been received from the Union Presidents. At yesterday's in-camera meeting, the voting members of the Pension Committee discussed the feedback received and the need to engage a facilitator to assist in the discussions between the Unions and Management.

Moved by Dan White and seconded by Mike Sampson to defer the decision on the proposal and engage a facilitator to assist with further discussions between the Unions and Management. Motion to defer put and passed.

10. ASSET LIABILITY MODELLING STUDY

Ms. Archibald from Eckler presented the results of the Asset Liability Modelling (ALM) study to the Committee. She provided background and details on the ALM process and noted that the study was conducted concurrently with the analysis used in the LTP project.

The study noted that the current target asset mix performs well and is consistent with the 'optimal' risky asset allocation supported by the analysis. It also supports the current 40% target allocation to alternatives (private debt, private equity, infrastructure and real estate). The suggested changes to the current target asset allocation include a 5% increase in public equities and a 5% decrease in public fixed income.

Mr. Ritchie thanked Eckler for their work on the ALM study and noted that the Pension Office will conduct ALM studies on a regular basis, as committed to in the DB SIPP. He then reviewed the action items from the study which included a reduction in the fixed income target and an increase in the equity target; a continued commitment to work towards a 40% target weight in private investments; and updating certain investment performance benchmarks. Mr. Ritchie also discussed the possibility of exploring liquid alternatives and leverage at the Plan level in 2021.

Mr. Snow requested clarification on whether the proposed weighting changes would have an impact on the maneuverability within the investment categories – Mr. Ritchie noted that the changes allow for enough liquidity to manage tactical maneuvers when required.

11. DB SIPP ANNUAL APPROVAL

Mr. Eddy reviewed the proposed changes to the DB Statement of Investment Policies and Procedures (SIPP), which are intended to bring the DB SIPP in line with the results of the ALM study. The major changes to the DB SIPP include the addition of investment beliefs; a change in asset allocation (5% increase in public equities and a 5% decrease in public fixed income); and certain investment performance benchmark updates.

Mr. White asked if minimum or maximum limits should be placed on the sub-categories within the asset class allocations. Mr. Eddy noted that this is something that can be revisited in a future iteration of the DB SIPP. The most important thing right now is to ensure the Plan is on target with the percentages for the main asset class categories.

Moved by Dan White and seconded by Andrew Bone, to approve the DB SIPP dated December 10, 2020 as presented. Motion put and passed.

12. OTHER BUSINESS

No further business was brought forward.

13. ADJOURNMENT

Moved by Ray MacKenzie to adjourn the meeting at 12:30pm. Meeting adjourned.



John Traves, Co-Chair