HALIFAX REGIONAL MUNICIPALITY
PENSION COMMITTEE
Monday, June 23, 2014
Duke Tower, 5251 Duke Street, 4th Floor Training Room
9:00 a.m. – 5:25 p.m.

MEMBERS:
Sheldon Harper, CUPE
Michael Lawlor, Retiree
R. Scott MacDonald (HRPA), Co-Chair *(left at 11:15 a.m.)*
Raymond MacKenzie, ATU
Roxanne MacLaurin, Management
Bill Moore, Management *(left at Noon)*
Jennifer Purdy, NSUPE
Gordon Roussel, Management
Mike Sampson, Management
Britt Wilson, Management, Co-Chair
Dan White, IAFF

ALTERNATES:
Andrew Bone, NSUPE
Stephen Bussey, IAFF
Rick Dexter, NUMEA
Jack Dragatis, ATU
Nigel Field, Retiree *(left at 1:00 p.m.)*
Melanie Gerrior, NSUPE
Sherry Hilchey, NUMEA
Dwayne Hodgson, HRPA
Greg Keefe, Management
Brian Leslie, Retiree
Ted Moore, IAFF
Jordon Taylor, CUPE

STAFF:
Terri Troy, CEO
Donna Bayers, Executive Assistant
Angela Rushton, Manager, Pension Services
Matt Leonard, Manager, Finance & Operations
Jeanette Huck, Pension Administrator *(left before lunch)*
Alex Longmire, Manager, Pension Investments *(left after lunch)*
Abbie Sui, Senior Investment Associate *(left after lunch)*

OTHERS:
Margaret Barry, Halifax Regional Library *(left at 2:15 p.m.)*
Anne Patterson, Halifax Regional School Board
Cathie O'Toole, Halifax Water
Gary McPherson, Halifax Water

REGRETS:
Audra Abbott, NUMEA

1. CALL TO ORDER

The meeting was called to order at 9:05 a.m. by the Co-Chair, Mr. Britt Wilson. An In-Camera meeting will be held at the end of the Pension Committee meeting to discuss CEO performance monitoring.

2. APPROVAL OF THE AGENDA, ADDITIONS, AND DELETIONS

Moved by Roxanne MacLaurin and Seconded by Raymond MacKenzie to approve the agenda as presented. Motion Put and Passed.

3. APPROVAL OF MINUTES – March 20, 2014

Moved by Roxanne MacLaurin and Seconded by Bill Moore to approve the March 20, 2014 minutes as presented. Motion Put and Passed.

4. BUSINESS ARISING FROM THE MINUTES

4.1 December 31, 2013 Actuarial Valuation, Aon Hewitt

Mr. Don Ireland of Aon Hewitt distributed and reviewed a Discussion Note on the Preliminary Valuation Results dated June 23, 2014.

The last actuarial valuation for the Halifax Regional Municipality Pension Plan (the "Plan") that was filed with the pension regulator was as at December 31, 2012. Given that the Plan was less than 85% funded at December 31, 2012, the Nova Scotia Pension Benefits Act and Regulations requires a valuation to be prepared as at December 31, 2013 and filed no later than December 31, 2014.

As per the Plan's provisions, should the Pension Committee determine that an increase in contribution rates is required, notice must be provided to participating employers and affected member groups at least 180 days prior to any such increase taking effect. This means that any contribution rate increases forthcoming from the December 31, 2013 valuation would need to be communicated to stakeholders no later than July 4, 2014 if they are to come into effect January 1, 2015.

The Discussion Note presented the preliminary results of the December 31, 2013 actuarial valuation and specifically illustrated:

- the Plan's going-concern position at December 31, 2013 based on an appropriate best estimate assumption basis at December 31, 2013;
- two alternative going-concern assumption bases with varying degrees of margin for the Pension Committee's consideration;
- the Plan's solvency position at December 31, 2013 based on the prescribed assumptions in effect at December 31, 2013;
- the Plan's minimum going-concern funding requirements; and
- the applicable increase, if any, on the Plan's going-concern contribution rate effective January 1, 2015 that would accompany each of the margin levels presented.

The mortality assumption used in the valuation (CPM 2014 Private with mortality improvements in accordance with CPM Scale B) is based on the most recent research on Canadian mortality levels conducted by the Canadian Institute of Actuaries. This research provides three broad-based mortality tables (public, private and consolidated) along with guidance for industry specific adjustments. Comparing the composition of the Plan's membership to these standard tables and suggested industry adjustments, Mr. Ireland concluded that the CPM 2014 Private table was most suitable for the Pension Committee to use.

Mr. Ireland reviewed the table on Page 3 of the Discussion Note – Summary of Going Concern Position as at December 31, 2013. He presented the Plan's going-concern position using a discount rate of 6.5% (Alternative 1), 6.25% (Alternative 2) and a Best Estimate of 6.7%. The going-concern assumptions and methods used were detailed in Appendix A to the Discussion Note.

Mr. Field asked if any studies were done on regional differences in mortality since people in the Maritimes tend not to live as long as people in other parts of the country? Mr. Field asked if this could be included in the mortality assumptions? Mr. Ireland replied that this was a valid observation but that regional differences are based on population. This does not carry through to pensioner groups as the healthier people are working and tend to relocate to healthier centers such as British Columbia. Therefore, these regional differences would not be valid for pensioner mortality. Mr. White added that the ideal data to use would be from the HRM Pension Plan's experience. He wondered if this could be researched to find out the ages of deceased pensioners of the HRM Pension Plan. Mr. Ireland replied that he would have reservations about the data which may not go back far enough. Mr. Ireland added that they are looking at doing a mortality study on a group of municipalities and comparing the results to the actual tables. However, the regional affect will not have that much of an impact on pensioner groups.

Mr. S. MacDonald asked if the public mortality table were used, what would the impact be? Mr. Ireland replied that the impact could be double if the public table had been used. Mr. S. MacDonald asked if there were any more actuarial reports or updates coming in the foreseeable future? Mr. Ireland replied he was not expecting any more.

Ms. Troy referred to Mr. Ireland's point on the demographic data adjustment indicated by Aon's Administrative team. Ms. Troy asked if the plan member data was solid? Mr. Ireland replied, yes, he is very confident with the data. Ms. Troy asked if Mercer's data was replicated for the last two valuations in 2009 and 2012? Mr. Ireland replied that the 2012 results should have been reflected in the 2012 valuation but otherwise he was comfortable with the data. The mortality rates and shift in demographics should not impact the Plan for future valuations until a new study is done.

Mr. Keefe asked if the mortality table's impact is larger for pensioners than for active members? Mr. Ireland replied that future improvements to life expectancy are built into the assumptions and these projected improvements will have a greater impact on active members.

Mr. Ireland reviewed the special payments related to the Plan's unfunded liability. As special contributions increase to pay for the deficit, the employee contribution rate increases relative to the cost of the benefits that are accruing. This increases the refund of member excess contributions upon termination of employment.

Ms. Troy clarified with Ms. Rushton that the last time contributions were increased was in 2006 to 10.36%. Ms. Rushton added that she is now seeing a large number of refunds in excess contributions for employees who are early on in their careers. They would have received a refund when contributions were 10.36% but now everything over and above that is being refunded as well.

Mr. White asked if there is a surplus, do we still have to make the special payments which are amortized over 15 years? Mr. Ireland replied, no, they would not have to be made. If the deficit decreases faster than expected, special payments would no longer be required.

Mr. Dexter asked if contribution rates for 2014 had only increased by 1.1%, would there be a lower service cost? Mr. Ireland replied, yes, but then the deficit would not be funded at the same rate.

Mr. Roussel asked what discount rate was being used for the best estimate? Mr. Ireland reviewed the best estimate assumption basis. It is based on a discount rate of 6.7%.

Ms. O'Toole asked if the smoothing adjustment for jointly sponsored plans is going to be eliminated under the new regulations next year? Mr. Ireland replied that his interpretation of the most recent draft regulations is that smoothing will be allowed for going concern purposes. Ms. O'Toole suggested that it does get eliminated for other defined benefit plans. Halifax Water's actuaries have told them that when the new regulations get proclaimed, the smoothing adjustment gets eliminated and they are no longer allowed to use this for solvency or going concern purposes. Halifax Water decided to eliminate the smoothing adjustment this year for both solvency and going concern. Mr. Ireland said that he would look into this and get back to the Committee. [Note: Subsequent to the meeting, Mr. Ireland confirmed that he does not see any reference in the proposed regulations that smoothing will be eliminated for going concern valuations.] If market value of assets instead of smoothing assets is used for HRMPP's going concern valuation, the funded status of the Plan would improve further. The smoothing adjustment allows the Plan to build in additional reserves for future years when investment returns may not be so robust.

Ms. O'Toole also asked about the margin percentage of best estimate liabilities and what is the normal range? Mr. Ireland replied that the normal range in 2008-2009 was 5% but now with the lifts in the market, it is 10–12 ½% for public plans that do not fund for solvency. With the one time negative adjustment to incorporate changes to the mortality assumptions, pension plans may take a one time hit to margins and start building them up again.

Mr. B. Moore asked what would the margin look like if market value of assets was used instead of including the $35 million reserve (smoothing adjustment)? Mr. Ireland replied that it would be about 5%.

Mr. Field asked Ms. Troy if the warning signs are there now for another financial crisis like 2008? Ms. Troy replied that there will always be volatility associated with equity markets.

However, there is more stability with respect to the banks in the global financial system due to higher capital reserves.

Mr. B. Wilson commented that these issues are not in the Committee's control. He added that the benefits are in the Committee's control.

Mr. Ireland referred to Page 4 of the Discussion Note – Summary of Solvency Position as at December 31, 2013. There is no longer a need to fund for solvency. An annual valuation report is required when solvency is below 85%.

Mr. Ireland reviewed Appendix A – Summary of Actuarial Assumptions for Going Concern.

He referred to the proportion of non-retired members with a spouse at retirement or pre-retirement death which is 85%. Ms. Rushton asked if this was based on experience? Mr. Ireland replied that currently it is about 84 ½%. Ms. Rushton asked if the spouse passes away before the member, would this have any impact on the Plan's liabilities? Mr. Ireland replied that he feels that this would not really have much of an impact.

Mr. Ireland reviewed Appendix A – Summary of Actuarial Assumptions for Solvency.

The new mortality assumptions have not been reflected in the solvency assumptions. This may happen sometime next year. Ms. O'Toole asked if the magnitude of the mortality change would be about the same on the solvency calculation as it was on the going concern calculation? Mr. Ireland replied that he did not expect it to be the same. 50% of solvency is valued based on what the insurance companies are charging. This would just affect active members who would get a lump sum value in accordance with the commuted value calculation.

Mr. Ireland reviewed the membership statistics in Appendix C.

Mr. Wilson stated that the Committee needs to decide on what discount rate to use. A discount rate of 6.50% is defensible with the smoothing adjustment included or excluded. A discount rate of 6.25% would generate a contribution rate increase of 1.1% each for employees and employers or an equivalent reduction in benefits assuming smoothed assets are used. If market value of assets is used, contribution rates would increase by approximately 0.55% each for employees and employers. Ms. Troy asked if the Committee chose the best estimate with an additional liability for adverse deviation, would this be a different presentation style and replace the other two options? Mr. Ireland replied that you could move to best estimate plus explicit margin. Mr. Wilson added that the Committee would be deciding on the level of margin to be used.

Motion:

Moved by Mike Lawlor and Seconded by Ray MacKenzie to adopt a 6.5% discount rate as illustrated in Alternative 1. Motion Put and Passed.

Ms. O'Toole suggested in the future, consideration should be given to having a separate meeting to discuss assumptions in advance of a meeting to set the discount rate.

Ms. Troy added that this is not feasible without a change to the Plan Text regarding the 180 day notice to plan members regarding a contribution rate increase. To discuss assumptions, the Committee needs to know actual experience in order to compare the two. Aon Hewitt gets updated plan member data by March 31st of each year. Then Aon Hewitt reviews the data and conducts tests. It is challenging to have this done plus estimated valuation results in time for the June Committee meeting. Based on the updated plan member data that Mr. Ireland presented, going concern assumptions continue to be in line with actual data.

Mr. Bone asked if a study could be done on the regional differences in mortality and if this could be easily achieved? Mr. Ireland replied that this would be very time consuming and he does not recommend it.

Mr. Bone asked based on the new mortality numbers, do we have something to establish our Plan's experience? Mr. Ireland replied that in each valuation report, actual experience is compared to assumptions.

5. GOVERNANCE REVIEW

5.1 Committee Self-Monitoring STANDING ITEM (Committee)

- Process
- Performance

The Committee reviewed and made no changes.

5.2 Governance Policy Review – Governance Process – (Committee)

(a) Committee Principles
The Committee reviewed and made no changes to this policy.

(b) Committee Structure
The Committee reviewed and made no changes to this policy.

(c) Cost of Governance
The Committee reviewed and made no changes to this policy.

5.3 Current Governance Policy Quarterly Review Timetable

The Committee reviewed and made no changes to the timetable.

Moved by Dan White and Seconded by Ray MacKenzie to approve the above policies as presented. Motion Put and Passed.

5.4 Governance Policy Review – Executive Limitations – Monitoring Reports (T. Troy)

(a) Interim CEO Succession

The CEO is in compliance with the limitations associated with this policy. There are no changes since the last report. Ms. Troy reviewed the key contacts for the Pension Office.

(b) Asset Protection

The CEO is in compliance with this Executive Limitation. Ms. Troy reported on the current insurance coverage for the Pension Office. Aon Hewitt has indemnified HRM Pension Plan for $10 million worth of liability for any direct or third party damages claimed under or pursuant to the Aon Hewitt and HRM Pension Plan Agreement. For YTD 2014, Aon Hewitt reimbursed the Plan $28 related to two pension overpayments. Aon Hewitt continues not to meet Pension Office expectations related to errors and non-compliance with the Plan Text and related legislation. A fee rebate was received in 2013 related to poor customer service in 2012. The Pension Office is currently negotiating an additional rebate related to poor service in 2013. The contract with Aon can be cancelled at any time but a fee will apply if the contract is terminated prior to July 2016. Alternate options are being explored in the event service does not improve.

Mr. Field asked if the data issues Mr. Ireland had mentioned were Aon Hewitt's mistakes? Ms. Troy replied, yes.

Beginning in March 2014, final pension calculations are being processed by the Pension Office (with the exception of complex cases). These were previously done by Aon Hewitt. Calculations are reviewed by a second person before payments are processed.

A pensioner audit was completed in 2013. Pension payments from Northern Trust are also compared to Aon Hewitt's records on an annual basis to ensure continued accuracy.

Deloitte, the Plan's external auditor, recently completed an external audit of the Plan's and Master Trust's financial statements in May 2014 and reported that no deficiencies were found.

The Pension Office compares total contributions received by Northern Trust to those reported by the employers on the year-end reports sent to Aon Hewitt. Any discrepancies are investigated.

(c) Investment

The CEO is in compliance with the limitations associated with this policy. The investment strategy was in compliance with the SIP&P as at March 31, 2014. The Asset Mix was within min-max ranges. Ms. Troy reviewed the Top 10 Holdings by Book Value, excluding exempt Canadian Government Bonds and the Top 3 Canadian Government Holdings by Book Value.

Average credit rating for the fixed income portfolio was A, above investment grade. All investment managers reported that they were in compliance with the Investment Management Agreements (IMA).

Mr. Field asked about the return on bonds? Ms. Troy reported that as of two days ago the YTD return on the bond portfolio is approximately 5.1%, 8.7% for equities and 2.1% for minimum target return. The minimum target return portfolio return gets updated every quarter but is delayed by one quarter since the investments are private investments. The 2.1% return is a conservative number and does not yet reflect the upward movements in the equity markets.

(d) Communication and Support to the Committee
The CEO is in compliance with the limitations associated with this policy. Item 1F remains outstanding. To be discussed In-Camera.

Recent media coverage about the affordability of pension plans has been included in the Consent Agenda item.

All Pension Office staff have signed the Code of Conduct. All Committee members have signed the Code of Conduct. All but one Alternate have signed the Code of Conduct.

Moved by Ray MacKenzie and Seconded by Jennifer Purdy to approve the above policies as presented. Motion Put and Passed.

6. BUSINESS ARISING FROM THE MINUTES

6.1 Code of Conduct

At the last Pension Committee meeting, Mr. Traves referred to Paragraph 6 of the Code of Conduct Policy regarding, “The Committee shall have the absolute discretion to refuse to accept the appointment of a new Member…” He asked if this was consistent with the Plan Text? The Committee decided to bring this topic back at the next meeting.

Mr. B. Wilson introduced Mr. Ron Pink to speak to this issue. The Plan Text says that both the municipality and the unions can designate individuals as Committee members. The Committee cannot refuse to accept the appointment but can refuse to allow a member to sit if they violate the Code of Conduct. Mr. Pink stated that this is not in conflict with the Plan Text. The Code of Conduct was reviewed and discussed in November 2011and this statement was added. Each member must sign off on the Code of Conduct once per year. At the same time, it was discussed amending the Plan Text to provide explicit authority to the Committee to establish a Code of Conduct.

Mr. T. Moore asked how would you stop someone from sitting? Mr. Pink replied that they could be on the Committee but would not be able to vote.

Mr. B. Wilson referred to Item 7.04 of the Plan Text where this relates to the rights and responsibilities of the Committee. The Plan Text states that any changes to the Plan Text that impacts rights and responsibilities of the Committee must be approved by the Municipality and each of the bargaining units. Ms. Troy suggested reviewing this amendment along with other administrative changes to the Plan Text that Angela Rushton would suggest at the next Pension Committee meeting.

6.2 Committee Education and Training Budget

In Ms. Abbott's absence, Mr. White reported that 56% of the Training and Education budget has been spent to date. This includes two people attending ATMS in October. Mr. White added that the Committee is on track for training.

6.3 Update – Plan Expense Policy

Mr. B. Wilson updated the Committee since the last meeting where various aspects of the Plan Expense Policy were discussed relating to travel and claiming of expenses.

The Pension Committee's Travel Expense Policy states that receipts are required for all meals that are not provided at a conference, subject to a maximum of $65. The per diem part of the HRM's Travel Expense Policy was not adopted based on prior legal advice received from Mr. Ron Pink. He advised the Pension Committee that they should submit receipts for all meal expenses to ensure that no member of the Committee is unjustly enriched from the per diem policy.

Some Committee members have expressed difficulty in obtaining receipts for travel expenses in some instances. The two Co-Chairs have discussed this issue. Mr. Wilson explained that each member is a fiduciary and responsible for adhering to the policy. Mr. Wilson asked the Committee if they would like to adopt the per diem part of the HRM Expense Policy?

Mr. Field added that a per diem makes sense as long as meals provided by conferences are taken into account. Mr. Wilson also added that a receipt can still be submitted but another option would be to use the per diem rate if receipts were not submitted. Mr. Bussey felt that receipts for meals should still be submitted. Mr. White would like to see a limit for meals but not a per diem.

Ms. Barry added that with the HRM Expense Policy, the same option must be used for all trip expenses; you can choose the per diem or attach receipts when submitting a travel claim.

Moved by Bill Moore and Seconded by Gordon Roussel that the HRM Expense Policy for per diems be adopted. Motion Put and Passed.

7. NEW BUSINESS

7.1 Summary Review of 2013 Draft Audited Financial Statements

Mr. Matt Leonard introduced Mr. Brian Black, Senior Manager at Deloitte. The Audit Subcommittee met with the Pension Office and Deloitte on May 26, 2014 to review the draft financial statements and the audit findings report. The Audit Subcommittee recommended to the Pension Committee to approve the draft audited financial statements for the HRM Pension Plan and the HRM Master Trust as presented at December 31, 2013. Deloitte supports the recommendation of the Audit Subcommittee. There are no unresolved matters with either financial statement. After approval by the Pension Committee, Deloitte will sign the audit report.

Mr. White referred to Page 4 of the HRM Pension Plan Financial Statements. He asked why the amount that employees contributed went up and the amount that employers contributed went down?

Ms. Rushton responded to this question. There are many types of contributions going into the Plan such as employee/employer contributions and transfers from other plans. The transfers from other plans shown are buybacks. Reciprocal transfers are not included in the transfers from other plans but instead were included in the employee contributions. Reciprocal transfer amounts were higher for 2013 compared to 2012 and this accounts for the majority of the difference. Going forward, these will be separated so they will not affect the difference in employee/employer contributions. Employer contributions have gone down significantly due to fewer contributions being received from the employer with respect to disabled employees whose pension contributions are waived. Optional contributions from members on police extra duty earnings may have had some impact as well.

Mr. Roussel referred to Page 13 under "Obligations for Pension Benefits." The rate of return used for 2013 was 7.27%. The actuarial valuation uses a much lower discount rate. Mr. Black explained that in discussions with management, there was a margin of conservatism built into the rate used for valuation purposes. For financial statement purposes, it was determined that 7.27% would be the correct rate to use as it removes the margin of conservatism in accordance with accounting standards.

Mr. Ireland added that Aon's best estimate was 6.7%. The financial statements are prepared in accordance with management's best estimate which is 7.27%. Best estimate is an opinion and can vary across the spectrum. The fundamental difference between the two numbers is largely due to extra value that management feels can be extracted through their active management process. For actuarial standard purposes, the actuary has to look at the assets being invested passively and expecting that managers would only outperform to the extent that they would be able to cover their fees. This is what the actuary bases the best estimate on.

Ms. O'Toole asked if management is responsible for the estimates for the Pension Plan and not the auditors? Mr. Ireland replied that this was correct. However, accounting standards require that any actuarial margin for conservatism be removed and that returns from active management be included.

Mr. Roussel asked if the actuarial discount rate takes added value returns into consideration? Mr. Ireland replied only to the extent that it is needed to cover active investment manager expenses.

Mr. White asked why a discount rate on an accounting basis was being used and was this something new? Mr. Black replied that from Deloitte's perspective, they are comfortable with the 7.27% discount rate and they have carried out their responsibilities with generally accepted auditing standards which rely on the actuary's report.

Mr. Ireland replied that you have to understand the purpose of the numbers. Funding is one purpose to determine what employees/employers are being charged for the benefits being earned. There is an actuarial discount rate set for this purpose. This is different than the financial statements for the Pension Plan where accounting standards need to be followed.

Ms. Troy asked Mr. Ireland to comment on the accounting rate not being the same as the discount rate in terms of industry standard? Mr. Ireland replied that in the accounting standards over the past five years, there has been a much greater drive to record the financial statements on a best estimate basis.

7.2 Recommendation to approve 2013 Audited Financial Statements

Moved by Ray MacKenzie and Seconded by Gordon Roussel to approve the draft audited financial statements for the HRM Pension Plan and the HRM Master Trust for the year ending December 31, 2013 as presented at the June 23, 2014 Pension Committee meeting. Motion Put and Passed.

7.3 Recommendation to approve revised DB SIP&P

Ms. Troy referred to Page 4, Item 2.2. This item has been amended to conform to Section 11.01 of the Plan Text and Amendment 2013-01 approved by the Committee on March 21, 2013 and approved by the Superintendent of Pensions on July 23, 2013. Mr. B. Moore noted that the word "to" should be added after "limited" in Item 2.2. In Item 2.4, "with a few exceptions" was added at the end of the first sentence as not all Plans are shared on a 50/50 basis by active members and employers participating in the Plan.

On Page 6, Item 3.8, a line was added regarding liquidity. In 2013, the Fund needed to earn only $14 million or approximately 1% on assets to ensure that the fund's cash flow paid for pension benefits and expenses.

Mr. Field asked if there was a time when there was a negative cash flow as far as contributions to outgoing pensioners? Ms. Troy reported that since 2006, pension contributions have been enough to pay pension payments. Interest income has been used to pay expenses.

On Page 8, Item 3.20 was added to note an administrative change. During Quarter 1 of 2014, the names of the Fund's underlying indices were changed from DEX Universe Bond Index and DEX Long Government Bond Index to FTSE TMX Canada Universe Bond Index and FTSE TMX Canada Long Government Bond Index as a result of a business reorganization of the index providers.

Moved by Bill Moore and Seconded by Mike Lawlor to approve the changes to the SIP&P as presented. Motion Put and Passed.

7.4 Education Session: Chuck Winograd, Senior Management Partner, Elm Park Capital Management

Ms. Troy introduced Mr. Chuck Winograd, Senior Managing Partner of Elm Park Capital Management. Mr. Winograd retired from RBC Capital Markets on December 31, 2008 where he was Chairman and CEO of RBC Capital Markets and Group Head, Global Capital Markets.

Mr. Winograd talked about:

- The Global Financial Crisis of 2008
- Simplifying the Story of Canadian Financial Institutions in his Career
- The Canadian Banks and How They Compare Globally
- Canada in Context of The Global Economy – Is it too Resource Dependent?
- Why He Decided to Launch Elm Park

7.5 Q1 2014 Report on Service Standards

Ms. Rushton reviewed the report on Service Standards – Q1 2014 which was requested by the Committee last year. Service standards are the turnaround times from which a request is received in the Pension Office to when the information is sent to the member. The table shows the turnaround times for transactions done by Aon Hewitt and those done by the Pension Office. Transactions done by Aon Hewitt are completed within the standards between 60.0%- 66.7% of the time, which is not acceptable. The Pension Office is working with Aon Hewitt to improve this rating. The Pension Office is within 100% of the standard for several transactions such as marriage breakdown statements and termination statements. One pension estimate out of 37 missed the deadline. The only transactions processed by the Pension Office which did not consistently meet the service standard were service purchase statements, which are very complex. Aon Hewitt completes the calculation for the cost of a member to purchase service. This information has been late being returned to the Pension Office. When this information is received, it needs to be customized into a service purchase statement for the member. Some processes in the Pension Office have been automated to try to improve this turnaround time. Ms. Rushton reported that this should be on track by the 3rd quarter.

Mr. Roussel asked why did the Pension Office take over the termination statements? Ms. Rushton replied that this was to increase control over the quality and turnaround time. The HRM Pension Office began processing termination statements in March 2014. These are being completed in approximately 4 days now and were taking 10 days when they were being processed by Aon Hewitt. Ms. Rushton added that the contract with Aon Hewitt was updated to reflect this change.

Mr. White asked about the 20 day standard for the service purchase statements and asked if the average turnaround time was still within the 20 days? Ms. Rushton replied that this is correct.

7.6 Term of Scott MacDonald as Co-Chair expires May 1, 2014

Mr. Scott MacDonald's term as Union Co-Chair expired on May 1, 2014. Mr. MacDonald agreed to accept another term as Union Co-Chair.

The Committee confirmed that the Pension Plan Text states that Co-Chair terms are one year terms only.

Moved by Ray MacKenzie and Seconded by Mike Lawlor to renew Mr. Scott MacDonald's term as Union Co-Chair on the Pension Committee for one year until May 1, 2015. Motion Put and Passed.

7.7 Term of Britt Wilson as Co-Chair expires September 1, 2014
Mr. Britt Wilson's term as Management Co-Chair expires on September 1, 2014. Mr. Wilson agreed to accept another term as Management Co-Chair. Mr. Wilson stepped out of the room and Mr. Roussel continued as Acting Co-Chair.

Moved by Gordon Roussel and Seconded by Mike Sampson to renew Mr. Britt Wilson's term as Co-Chair on the Pension Committee for one year until September 1, 2015. Motion was Withdrawn by Mr. Roussel.

Bill Moore expressed interest in this position and was also nominated. Mr. Moore accepted this nomination. The Committee voted on the two nominations.

Motion:

The Committee voted and made the motion to appoint Bill Moore as Management Co-Chair for a period of one year from September 1, 2014 until September 1, 2015. Motion Put and Passed.

The Committee thanked Mr. Wilson for his time as Co-Chair of the Pension Committee.

7.8 Appointment of New ASC Member
Mr. Roussel reported that Ray MacKenzie has resigned from the Audit Subcommittee as of May 2014. Mr. Roussel thanked Mr. MacKenzie on behalf of the Pension Committee for his contribution and valuable input on the subcommittee. Three members on the Audit Subcommittee are required to be Voting Members. Mr. MacKenzie was a Voting Member. Mr. Roussel asked for nominations from the Committee. Ms. Jennifer Purdy expressed interest in being on the Audit Subcommittee.

Moved by Ray MacKenzie and Seconded by Bill Moore to appoint Jennifer Purdy as the new Voting Member of the Audit Subcommittee. Motion Put and Passed.

8. OTHER BUSINESS
Mr. Wilson reported that Ms. Bayers has approximately 20 parking passes available for Metro Park for tomorrow's Education Session.

The Committee decided they would continue to use the HRM HR Training room for Committee meetings. It was asked if the room could be reconfigured to improve sound quality.

Mr. Wilson reminded the Committee of the Annual General Meeting taking place tomorrow in the Helen Creighton Room of the Alderney Gate Library in Dartmouth.

8. DATE OF NEXT MEETING – October 9, 2014

9. ADJOURNMENT

Moved by Ray MacKenzie to adjourn the meeting at 3:00 p.m. Motion Put and Passed.

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Britt Wilson, Co-Chair