HALIFAX REGIONAL MUNICIPALITY
PENSION COMMITTEE MEETING
Thursday, December 1, 2016
World Trade and Convention Centre
1800 Argyle Street, Halifax – Room 301
9:00 a.m. – 4:00 p.m.

MEMBERS: Andrew Bone, NSUPE
Rick Dexter, NUMEA
Sheldon Harper, CUPE
Michael Lawlor, Retiree
R. Scott MacDonald, HRPA
Raymond MacKenzie, ATU
Louis de Montbrun, Management
Bill Moore, Management, Co-Chair *(left at 2:45 p.m.)*
John Traves, Management
Dan White, IAFF, Co-Chair
Amanda Whitewood, Management

ALTERNATES: Stephen Bussey, IAFF
Cameron Deacoff, NSUPE
Jack Dragatis, ATU
Sherry Hilchey, NUMEA
Melanie Gerrior, NSUPE
Greg MacKay, NUMEA
Roxanne MacLaurin, Management
Ted Moore, IAFF
Peter Nixon, HRPA
Gordon Roussel, Management
Jason Snow, HRPA
Dwayne Tattrie, CUPE
Jordan Taylor, CUPE

PARTICIPATING EMPLOYERS: Cathy Maddigan, Halifax Library
Anne Patterson, Halifax Regional School Board
Allan Campbell, Halifax Water

STAFF: Terri Troy, CEO
Donna Bayers, Executive Assistant
Matt Leonard, Manager, Finance & Operations
Lisa Tanner, Director, Plan Member Services
Angela Himmelman, Manager, Plan Member Services
Robert Kerr, Director, Actuarial Services
Vishnu Mohanan, Manager, Private Investments *(afternoon)*
Andrew Walker, Manager, Public Investments *(afternoon)*

OTHERS: Sean Connelly, Employee Insights Director, Willis Towers Watson
Philip Churchill, Principal, Eckler Consultants

REGRETS: Britt Wilson, Management

OBSERVERS: John Hanrahan, NSUPE Local 2 Vice President
Claudia MacFarlane, NSUPE Local 14 President

An In Camera meeting was held from 9:00 to 10:00 a.m.

1. CALL TO ORDER

The meeting was called to order at 10:05 a.m. by the Co-Chair, Mr. Bill Moore. Mr. Moore asked all attendees to introduce themselves.

2. APPROVAL OF THE AGENDA, ADDITIONS, AND DELETIONS

Moved by Ray MacKenzie and Seconded by Rick Dexter to approve the agenda as presented. Motion Put and Passed.

3. APPROVAL OF MINUTES – September 15, 2016

Moved by Scott MacDonald and Seconded by Ray MacKenzie to approve the September 15, 2016 minutes as presented. Motion Put and Passed.

4. Plan Member Survey Results

Mr. B. Moore introduced Mr. Sean Connelly, Employee Insights Director, Willis Towers Watson. A copy of the Findings Report was distributed to the Committee. Mr. Connelly provided a project overview and key findings to the Committee. The findings of this survey are consistent with those of the plan member survey conducted in 2009.

Focus groups were set up to test the survey prior to sending out. Three survey versions were created to accommodate Non-PSO, PSO with Rule of 75 and PSO with Rule of 80. Seven pension components were tested using the conjoint methodology: Pension Formula Earnings Averaging Period, Pension Formula (accrual rate), Maximum Pension Limit, Normal Retirement Age, eligibility for Earliest Unreduced Retirement Pension, Surviving Spouse Pension, and Post-Retirement Indexation. The survey also included traditional direct questions regarding how members value their current pension plan and communication materials received from their employer or Pension Committee. The majority of members were invited to participate in the survey via email. Members without an email address were invited to participate via a postcard mailed to their home. Of the more than 5,700 invited members, just under 1,200 surveys were completed for an overall response rate of 20% which is slightly lower than the 24% response rate from the 2009 study. Some members expressed difficulty completing the survey due to the nature of the content, while others commented that the survey was well designed and thorough.

Respondents stated that the current pension benefits package is strongly valued by members and they don't want changes. Changing the pension formula earnings period from Best Three Years to an averaging period over ones' entire career is the least desired change, followed by a reduced pension formula. Increasing member contribution rates by up to 1.25% (non-PSO)/1.10% (PSO) and indexation (target 60% of cost of living increases) have the least negative impact on member value. The majority of respondents felt they had a good overall understanding of their pension benefits. Only 14% of respondents felt otherwise. The majority of respondents are confident in their ability to access pension information. Only 8% of respondents felt otherwise. 26% of respondents feel their employer could improve pension communications, whereas 15% feel that the Pension Committee can improve pension communications. PSO 80 members have the strongest understanding of their pension benefits and ability to access pension information, followed by PSO 75. The strongest preferred method of communication is email.

Mr. Dragatis referred to the point regarding the survivor pension of 66 2/3% being the least-valued feature when respondents were asked directly. He asked if there was any way of knowing who responded to this question? Were they single? Mr. Connelly replied, no, this could be a single person or a married person.

Ms. Troy referred to the point about indexing and possibly members not understanding that this was an increase in benefits. She asked if members may have understood but felt that this could be expensive? Mr. Connelly did not believe this to be the case because overall there was very little sensitivity to contribution increases or decreases.

Mr. Dexter referred to previous discussions where plan members have reached their ability to accept further contribution increases. He asked if this survey shows that this is not the case? Mr. Connelly replied that the survey shows that the respondents are willing to increase contribution rates further.

Mr. Deacoff asked if the direct or indirect information stream was valued more highly than the other? Mr. Connelly replied that he values the indirect more but both need to be considered.

Mr. Connelly reviewed the findings unique to the non-PSO, PSO 75 and PSO 80 groups. The greatest opportunity for consideration (greatest reduction in contribution rate and minimal negative impact on member perception) is within the earliest unreduced retirement component.

- The non-PSO group favoured no early retirement reduction if:
    - age 60; or Rule of 80 with a minimum age of 55.
- The PSO 75 group favoured no early retirement reduction if:
    - age 60; or Rule of 75 with a minimum age of 55.
- The PSO 80 group favoured no early retirement reduction if:
    - age 60, or Rule of 80 with a minimum age of 55; or
    - age 60, or Rule of 84 with no minimum age; or
    - age 60, or Rule of 85 with no minimum age.

Mr. Connelly reviewed the response rates by key demographic groups. He is confident that the data reflects what members are thinking overall.

Mr. Connelly showed the isolated impact on member value for each pension level tested. Mr. Dragatis asked what were the options for the question regarding “Pension increases after retirement: 60%”? Mr. Connelly replied there were two options. The first one was a pension increase to reflect a portion of the increase in the cost of living (inflation) if the affordability test is met. The second is the target increase of 60% of increase in cost of living (inflation). This was meant to be an enhancement; however, members did not see it that way.

Mr. Connelly reviewed comparisons of various portfolios for consideration. None of these showed a stronger preference for any kind of change versus the current state. Mr. Connelly reviewed the traditional survey item results. The survey found that asking members directly rather than indirectly could have a slightly different answer than when compared to choices using the conjoint survey method.

Mr. Bone asked what was the walk away rate on the surveys started but not completed? Mr. Connelly replied that he did not have this information with him. Mr. Bone added that feedback received from NSUPE members was that the survey was far too complicated and that they did not trust the design methodology. Mr. Connelly replied there was nothing in the design to trick anyone. It was all mathematical. Mr. Bone felt that with the many different education levels amongst the NSUPE members, the survey did not consider the average person which could be the reason for a higher walk away rate. Mr. Connelly replied that this also came up with the focus groups. It is hard to explain these features without some level of complexity. It was hoped the pop-up explanations would help but in some cases they would make the survey longer to complete if you used this feature a lot. The survey was meant to be a 20 minute survey.

Mr. D. White added that he did not finish the survey the first time but was able to come back to complete it. He suggested communicating this to members at the beginning. This was communicated to members within the instructions section of the survey.

Mr. Dexter suggested using a short form/long form survey. Mr. Connelly replied that this could be done but there could be a problem with the PSO populations since they are small compared to the Non-PSO. Using this method could take away the statistical ability to represent this group. This could be something to consider for the Non-PSO population.

Mr. B. Moore thanked Mr. Connelly on behalf of the Committee for presenting this report.

5. GOVERANCE REVIEW

5.1 Committee Self-Monitoring STANDING ITEM (Committee)

- Process
- Performance

Mr. Bussey asked when the Committee will receive the governance report from Ron Pink? Mr. B. Moore replied Mr. Pink will be presenting the report on December 13, 2016 from 9:00 a.m. – 1:00 p.m. The report will be for information only at this time. The invitation is open to others outside of the Committee. Mr. Bussey asked if the Committee has any obligation to take Mr. Pink’s advice? Mr. B. Moore replied that Mr. Pink will be providing information from the report and is not considered legal advice. Mr. Nixon asked if the Committee could receive the report prior to the December 13th meeting? Mr. B. Moore replied that he would check with Mr. Pink.

5.2 Governance Policy Review – Governance Process (Committee)

(a) Global Governance Commitment
(b) Governing Style
(c) Committee Job Description
(d) Agenda Planning

There were no changes to these policies.

Moved by Rick Dexter and Seconded by John Traves to accept the above policies as presented. Mr. Traves made a friendly amendment to also include 5.3, and 5.4 policies in this motion. Mr. Dexter agreed.

5.3 Governance Policy Review – Committee-Management Delegation (Committee)

(a) Delegation of the CEO

There were no changes to this policy.

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

(a) Asset Protection
The CEO is in compliance with the limitations associated with this policy. Mr. Bussey asked why there was an increase from $79,000 to $119,500 in insurance coverage for the Pension Office? Ms. Troy replied that additional assets such as computers and work stations have been purchased and need to be protected. Ms. Troy reviewed 6.11A Indemnification of Committee clause from the HRM Pension Plan Text. This was in response to a question from Mr. Field at the June meeting. Ms. Troy asked if the Committee would like the Pension Office to obtain quotes on fiduciary liability and/or errors & omissions insurance? Mr. Deacoff asked if a legal opinion should be obtained on whether the existing terms of the Plan Text of the indemnification of staff and members of the Committee is sufficient to cover any issues that might arise? Mr. Traves added that the question should be if you are going to indemnify, should the Committee pay for this on their own or should insurance be purchased to cover the cost of indemnification? Generally, most corporations would buy insurance to cover this for directors and officers. Mr. Hanrahan asked what is the current situation? Ms. Troy replied that currently indemnification is covered by the Plan. The Committee decided they would like the Pension Office to obtain a quote. Ms. Troy said the Pension Office will also research other plans and see what they have in place.

(b) Investment
The investment strategy was in compliance with the SIP&P as at September 30, 2016.

(c) Communication and Support to the Committee
The CEO is in compliance with the limitations associated with this policy.

Moved by Rick Dexter and Seconded by John Traves to accept 5.2, 5.3 and 5.4 as presented. Motion Put and Passed.

6. CEO Update

Ms. Troy provided an overview of the Q3 CEO Update which was distributed in the Pension Committee meeting package.

The Pension Office was 86.8% compliant with service standards for Q3 2016. The combined service standard for Aon Hewitt and the Pension Office was 84.8%. The Pension Office is now doing the vast majority of transactions.

Ms. Troy gave an update on the removal of the portability option for retirement eligible members. The number of calls or requests has not changed since the last quarterly update. Of the 143 who asked for a commuted value estimate, 49 (37%) put in their retirement notice, 10 of the 49 elected the monthly pension option, 38 of the 49 elected the commuted value transfer (total estimated CV value was $29.2 million; amount paid to date has been $17.9 million). One member's election is still pending. Ms. Tanner added that the Pension Office will most likely contact this person soon.

As of November 10, 2016, the year to date return of the Master Trust was 3.5%. As of close of business, November 30, 2016, the rate of return had increased to 3.7%. The estimated minimum rate of return needed for 2016 is -5.3% in order to prevent a contribution rate increase assuming pension liabilities grow in line with assumptions. Ms. Troy reviewed the investment activity for 2016. As at November 10, 2016, the Plan's asset mix was 38.4% Equities, 23.2% Fixed Income, and 38.4% private investments.

Ms. Troy reviewed the estimated liquidity chart for 2016. There are no liquidity issues. In Q3 2016, the private investment portfolio generated realized gains of $20.4mm CAD from three private equity investments. Ms. Troy reviewed the policy uncertainties related to the outcome of the US election and impact on US and CAD interest rates. The Master Trust's returns increased from 3.2% before the election to 3.5% post-election, primarily due to higher stock market returns. Mr. Bussey asked what are the bond rates right now? Ms. Troy replied the 30 year Canada bond rate is 2.16% and the 10 year rate is 1.58%. Mr. Bussey asked what would be the impact to the Plan if interest rates increase? Ms. Troy referred to the scenario analysis on slide 6. If CAD interest rates rise 1%, it is estimated that the Master Trust's return would decrease by -1.84% as a result of looking at this change in isolation. Mr. Bussey asked if the US interest rates go up 3-4%, would Canadian rates do the same? Ms. Troy replied, not immediately since there is usually a lag.

In response to a question brought forward at the last meeting by Mr. de Montbrun, the HRM Master Trust restricts investment in Halifax debt. Halifax debt does not include Halifax Water debt. Both HRM and Halifax Water borrow individually via the Nova Scotia Municipal Finance Corporation.

Mr. D. White asked if it was a good time for active management of the Plan's fixed income portfolio in view of rising interest rates? Ms. Troy replied, yes, in general active management is always preferred in fixed income mandates because you want to protect your downside.

7. BUSINESS ARISING FROM THE MINUTES

7.1 Reports on Q3 Service Standards

Ms. Tanner reviewed the Service Standard Report for Q3 2016 which was distributed in the package. She was pleased to report that service standards improved in Q3. The Pension Office met the service standards in 86.8% of the 152 transactions processed in house compared to 80.5% in Q2. Overall, combined AON/Pension Office results have improved from 76% in Q2 to 85% in Q3. In Q3, the Pension Office completed 94% of the calculations in house. Comparatively, in the calendar year 2015, the Pension Office completed 87% of the calculations in house. Some challenges in Q3 were due to the Pension Office continuing to process the non-standard calculations that have normally been completed by Aon, such as recalculations for deferred members, terminations for members that have passed their retirement eligibility date and some terminations involving reciprocal transfers. These impacted all nine of the late terminations that fell behind the service standards for Q3. These calculations simply take longer to process because there is more work involved in manually inputting data into spreadsheets or doing mail merges, or manually updating Word/PDF documents. There is also a more rigorous peer review for the non-standard calculations. So far in Q4, all of the 7 non-standard calculations have been completed on time. The other challenge in Q3 was the continued additional work related to the removal of the Commuted Value portability option. In July, there was an additional 12 commuted value estimates. These usually take an average of 15 days to complete but in Q3 they were completed in an average of 6.1 days. In September, there was additional work in order for the lump sum payments to be made for those who chose the commuted value option. Two new staff have been added to the pension administration team and continue to be trained. This should not have an impact in Q4 but did have an impact in Q3. Seven post retirement death letters were late in Q3. Six of these members had no further benefit remaining. There was no interruption in the pension payment for the other member. Given all of this, the Pension Office was able to maintain the average service days within the service standard for all but the post retirement death letters. The service standard for these is 10 days but they were completed in an average of 10.8 days. Ms. Tanner was pleased to report that for October and November 2016, only 3 out of the 145 calculations were late. So far in Q4, the service standards have been brought up to a 98% success rate.

Mr. Bussey congratulated Ms. Tanner and her team on doing a fantastic job overall despite the challenges. Mr. Bussey asked what caused AON to exceed its timelines for the 10 transactions it completed in Q3? Ms. Tanner replied that these were all non-standard calculations that the Pension Office is now doing.

Mr. T. Moore asked if the 10 day turnaround for termination statements is too restrictive? Ms. Tanner replied that 10 days is aggressive for the non-standard calculations. Ten days is good for the calculations that are programmed in the Aon system. For the non-standard calculations done in the Pension Office, 15 days would be better.

Mr. Dexter asked if there could be a separate line in the chart for non-standard calculations. Ms. Tanner replied, yes, the automated and non-automated calculations can be separated. Mr. Dexter asked what is left that Aon is doing? Ms. Tanner replied that Aon is doing the service purchase calculations and the reciprocal transfers. There are a number of different types of costings that need to be done to determine these. The Pension Office does not currently have the ability to do these calculations but hopes to be able to do this in 2017. Ms. Troy asked if 10 days for automated and 15 days for non-automated terminations would be sufficient? Ms. Tanner replied, yes. Mr. B. Moore asked if these were generally accepted market time periods? Ms. Tanner replied that in her experience, these time periods are reasonable. Ten days to do a package manually may not be reasonable. Mr. B. Moore asked if the Committee has ever approved these standards? The Committee asked that this be researched in prior minutes to see if this has ever been done. If not, the Committee would like the Pension Office to bring this back for approval at the next meeting.

Mr. Bussey asked if the Pension Office was following up on the 5% penalty for Aon Hewitt? Ms. Tanner replied, yes. Mr. de Montbrun asked if the Pension Office should have the systems in place to take on the non-standard calculations so that they can be completed in 10 days? Mr. Kerr replied that Aon holds the database for our pension plan. The Pension Office does not have the same kind of access to the database as Aon. The Pension Office must look up the information for the particular individual and key it into the spreadsheet. This could increase the possibility of error and would need a more rigorous review. Mr. de Montbrun asked if the Pension Office is taking on more non-standard calculations, should the systems not be in place? Ms. Troy replied that the Pension Office has invested in getting a new system in house but it will take time to ensure that clean data is loaded and the calculations are programmed accurately for all the transaction types we process. The new system will run parallel to Aon's system and there could be a two year transition period. If this is successful, all calculations will be automated.

7.2 Governance Update

Mr. D. White reported a special meeting will be held on December 13, 2016 at the WTCC from 9:00 a.m. – 1:00 p.m. This is an information meeting only and no decisions will be made at this meeting. There will be a seating capacity of approximately 50 people.

7.3 Review of Discount Rate Model/Projected Funded Status

Ms. Troy introduced Philip Churchill, a consulting actuary with Eckler in Halifax. Mr. Churchill will be providing presentations on "Trends in Pension Plan Funding" and "CPP Reform" after Mr. Kerr's update on projected funded status.

Mr. Kerr provided a presentation on the projected actuarial valuation results at December 31, 2016. This is in response to the Committee's request for advance insight into the range of outcomes for the next actuarial valuation. The conclusion drawn from this analysis is if the current expectation of 3% net rate of return holds, current contribution rates are most likely sufficient to cover contribution requirements for 2017. There may be room for a lower discount rate while maintaining some cushion in the aggregate contribution rate. Mr. Kerr will update these numbers for the Q1 2017 Committee meeting using final asset information. Mr. Bussey asked if the present rate of return takes into account the year end valuations of the alternative investments? Ms. Troy replied, no. The investment managers looking after the private investments are asked for their best estimate of value at year end and these estimates are usually received by the end of January to enable Northern Trust to close the financial records at year end. This may provide an additional 0.35-0.50% to the return.

Mr. Kerr estimated that the market value of assets would be $1,634,476,000 assuming a 3% net rate of return assumption which is in line with 2016 year to date experience. This results in a smoothed value of $1,618,742,000 as not all gains are realized immediately. Mr. Kerr reviewed the estimated 2017 funding requirements which show a funding cushion in the contribution rate. The aggregate combined contribution rate of 24.4% is expected to exceed the required contribution rate of 22.6% by 1.8%. Mr. Kerr reviewed the anticipated accuracy of projected results from the last six valuations which cover 12 years from 2004 to 2015. He concluded that these last six actuarial valuations have shown a very accurate picture of the Plan's experience.

At a previous Committee meeting, Mr. Koo, the Plan's external actuary, was asked to update AON's best estimate return assumption for the asset mix of the HRM Pension Plan. Mr. Koo responded that he would prefer to do this in Q1 2017 because interest rates have risen significantly since the US election.

Trends in Pension Plan Funding – Philip Churchill

Mr. Churchill discussed trends in pension plan funding across the country, regulatory change and how this may impact the HRM Pension Plan if Nova Scotia adopts new pension rules being discussed in other provinces such as Ontario, Quebec, and Alberta. The presentation was included in the Pension Committee package.

CPP Reform – Philip Churchill

The presentation was included in the Committee meeting package. Bill C-26 was introduced in Parliament on October 6, 2016. It reflects amendments to various statutes required to implement the CPP agreement reached on June 20, 2016. There is no immediate impact on the HRM Pension Plan. It will take 40 years after 2026 for a person to fully benefit from the CPP enhancements.

Mr. Dexter asked whether the incremental enhancement to CPP could be integrated into the HRM Pension Plan to reduce liability in the HRM Pension Plan. Mr. Churchill replied, yes, the Plan could be amended to integrate with just the second piece.

7.4 Review of Proxy Voting Process

Mr. MacKay asked for more information on proxy voting at the last meeting. Ms. Troy explained as per our SIP&P, the investment managers vote proxies in the best interest of the HRM Pension Plan. When an investment manager is hired, an investment management contract is signed to state that in addition to the guidelines given to them, they must also adhere to the SIP&P. Shareholders have voting rights related to the number of stocks they hold in a company. One stock equals one vote. Shareholders have the right to vote at a company's AGM or other meeting. Ms. Troy reviewed typical examples of shareholder votes. Mr. Traves asked who decides what is in the best interests of the HRM Pension Plan? Ms. Troy replied, the investment manager.

7.5 Committee Education and Training Feedback and Budget

Mr. Bone reported that approximately $60,000 of the allotted $123,000 training budget has been spent to date. Approximately $6,000.00 in expenses is still outstanding. This is relatively consistent with previous years. Mr. Bone encouraged members to take advantage of training opportunities.

7.6 Training and Education Policy

A redlined version of the revised policy was distributed in the Committee package. Mr. Bone explained that the policy has been reorganized for better clarity. At the last meeting, the Committee discussed briefly borrowing against the next year's budget if needed and what would happen at the end of the year if there was a surplus. At the end of the year, the Training and Education Subcommittee would meet and make a determination on whether or not these balances would be erased. Mr. Dexter asked if there is no surplus at the end of the year, would this be charged to your budget? Mr. Bone replied there is usually a surplus but this does not mean members should take more training than they should. The Training and Education Subcommittee would make a recommendation to the Co-Chairs at the end of the year. Mr. Bussey asked who determines if the debt is erased or carried forward? Mr. Bone referred to (v) on Page 6 of the revised policy which states that if there is a surplus in the training budget at the end of the year, the Subcommittee may recommend to the Co-Chairs any variation be partially or fully paid for out of the budget for the year being reviewed. Mr. Traves asked if the final decision would come from the Co-Chairs or from the Voting Members? Mr. B. Moore replied, the Co-Chairs. Mr. B. Moore clarified there would be no year to year transfer. Mr. Traves suggested adding, "to the Co-Chairs" after "recommend" in (v) Individual Training and Education Budget, Page 6. Ms. MacLaurin asked if there is a surplus at the end of the year, what would be the criteria that the Training and Education Subcommittee would use for not granting a recommendation? Mr. Bone replied this could be if a member tries to double up on their training if they are not going to be available the next year or for small amounts or unique circumstances. Mr. Traves asked if there should be a limit? Mr. D. White replied that the Training and Education Subcommittee is not in the habit of discouraging training. It would depend on the circumstances. Mr. D. White did not feel there should be a limit. Mr. Bone added that the goal is to try to stay within your budget if possible. The Training and Education Subcommittee reviews each request for deviation prior to recommending to the Co-Chairs.

Moved by John Traves and Seconded by Scott MacDonald to approve the Training and Education Policy as presented including the additional wording in part (v) under Individual Training and Education Budget. Motion Put and Passed.

8. <u>NEW BUSINESS</u>

8.1 Term of Dan White as Co-Chair expires December 31, 2016

Mr. MacKenzie nominated Dan White to continue as co-chair. Mike Lawlor seconded that nomination. There were no other nominations. Mr. White accepted the nomination.

Moved by Ray MacKenzie and Seconded by Mike Lawlor to appoint Dan White to continue as Co-Chair until December 31, 2017. Motion Put and passed.

Mr. D. White took over as Chair at 2:45 p.m. when Mr. B. Moore left the meeting.

8.2 Annual Approval of DB SIPP

There is a requirement as per pension legislation to review the DB SIPP at least annually. Ms. Troy referred to an administrative change on Page 5, No. 3.4. The going concern discount rate went from 6.55% to 6.50% as confirmed by the Committee in September 2016.

Moved by John Traves and Seconded by Scott MacDonald to approve the adoption of the DB SIPP as revised. Motion Put and Passed.

8.3 Annual Approval of DC SIPP

Ms. Tanner reported that Manulife has confirmed there were no changes to the DC SIPP.

Mr. S. MacDonald asked how many members are left in the DC Plan? Ms. Tanner replied approximately 40 but most are deferred with only four active members left in the Plan. The DC Plan has approximately $1.1 million in net assets.

Moved by Scott MacDonald and Seconded by John Traves that the DC SIPP has been reviewed. Motion Put and Passed.

8.4 Appointment of Auditor for the 2016-2020 Pension Plan and Master Trust Audits

Mr. de Montbrun reported that the Audit Subcommittee requested quotes from five accounting firms for the Pension Plan and Master Trust audits. Three firms responded. KPMG's quote was less than the other quotes received. The Audit Subcommittee recommends that KPMG be appointed for the 2016-2020 Pension Plan and Master Trust Audits.

Ms. MacLaurin asked if there is an issue with the current auditor? Mr. de Montbrun replied that audits have become quite standard and there is no issue with changing auditor's year over year. Mr. Traves added that from a governance perspective, it is good to have a change of auditors from time to time.

Moved by Rick Dexter and Seconded by Scott MacDonald to appoint KPMG as the auditors for the HRM Pension Plan and Master Trust for the 2016-2020 period. Motion Put and Passed.

9. OTHER BUSINESS

There was no other business.

10. <u>DATE OF NEXT MEETING</u> – March 23, 2017

11. <u>ADJOURNMENT</u>

Moved by John Traves and Seconded by Ray MacKenzie to adjourn the meeting at 2:50 p.m.

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Bill Moore, Co-Chair