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# Meeting Minutes

## Board of Directors

**December 3, 2021**

Time: 9:00 am – 12:00 pm

Location: Dartmouth PVSC Office

### Attendees

Greg Keefe, Joe Feeney, Doug Boyd, Bobby McNeil, Chuck Faulkner, Connie Nolan, Mike Dolter

### Regrets

Juanita Spencer, Laurie Murley, Darren Bruckschwaiger (leave of absence)

### Staff Attendees

Kathy Gillis, Russ Adams, Kim Ashizawa, Rebecca Vorstermans, Junqiu Gao, Tracy Williams

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## 1. Review of Agenda

The draft agenda was reviewed.

**Moved by Joe Feeney, seconded by Mike Dolter the agenda be accepted. Motion carried.**

## 2. Review of Minutes

The draft minutes of September 24, 2021 were reviewed.

**Moved by Mike Dolter, seconded by Connie Nolan the minutes of September 24, 2021 be accepted. Motion carried.**

## 3. Committee Meetings Update

### Audit, Risk and Finance (ARF) Committee

The Committee Chair, Mike Dolter, provided the ARF update from the October 21, 2021 meeting.

(a) Quarter 2 (Q2) Financials

At the Committee meeting staff reviewed the Q2 (July 1-Sept 30, 2021) results noting no significant change since the last quarter in the projection of a yearend surplus of \$859K compared to budget. This of course may vary depending on things such as investment return and year end actuarial valuation of liabilities.

The following was noted:

- Revenue during the quarter from the municipalities was complete as budgeted and projected to be on target by year end.
- There was an unrealized gain on investments of \$64K during the quarter totaling \$279K year to date as PVSC continued positive returns in investments.
- Projected year end salary expenditure, the single largest portion of the budget, continues to be 96% spent versus budget, which is \$340K underspent by fiscal year end. This is largely due to vacancies from retirements, or leaves. A number of assessor positions have recently been posted and will be filled by the end of the quarter.
- Inflation is impacting some expenditures – most notably printing assessment notices because of paper, ink, and transportation cost increases. It is probable that there will be an increase in postage costs in 2022. PVSC fortunately has contracts in place for most major costs the next few years (rent, IT services) and a collective agreement till 2025 so expenditures won't be materially impacted in the short term. Future budget consideration will need to be given, however, if inflation remains high over several years.

(b) Investment Report

The Non-Pension Benefits Fund returned 1.11% for the quarter and 10.42% for one year (Sept 2020-Sept 2021), and the Technology Advancement Fund returned 0.42% for Q2 and 5.17% one-year return. Fixed income market returns have been lower in the quarter with rising inflation concerns and potential interest rate increase (inverse relationship to bond market). The Tech Advancement Fund asset class mix has a greater percentage of fixed income hence the lower return than the other fund. Equity markets had positive returns during the quarter but have slowed and are more variable with the continuation of the pandemic, supply chain and inflation concerns impacting the market.

Staff reported that as of September 30<sup>th</sup> the fund to cover retiree future benefits (non-pension) had a balance of just under \$7M versus a liability of \$5.6M. Thus, the fund is 125% funded with a surplus of \$1.4M. The Committee discussed timing of trimming the fund to align with the 110% maximum funded position in the Investment Policy.

It was agreed that, given the current market uncertainty and potential market downturn, not to withdraw from the fund at this time. The investment manager Jarislowsky Fraser will be invited to an ARF Committee meeting possibly in January 2022 to discuss the portfolio and asset mix strategy for context to consider the funded status.

(c) Risk Update

Staff noted the following items that are being followed for development of mitigation strategies:

*External Risks:*

- Covid 19 Impact – The PVSC draft policy will be in line with the provincial policy requiring vaccinations and will be released after the province officially releases its policy.
- New Provincial Government with new tax on non-residents - PVSC will continue to engage with government to be aware of any changes proposed.

*Internal Risk:*

- People – retention – The recent recruitment drive for assessors has highlighted that there is limited pipeline of people with both experience and certification in the niche of mass appraisal assessment. PVSC is attracting people with potential, but a mechanism is needed to retain them while they gain the experience and work towards certification. Staff provided the Committee with a summary of the challenges and a proposed recommendation regarding an Assessor Candidate training (ACT) two-year pilot program - to retain 4 candidates for a training and certification stream before hiring as qualified assessors, and to use the Special Operating Reserve (SOR) as a mitigation strategy so it isn't an added budget cost charged to Municipalities. The ACT pilot program was recommended by the ARF Committee to the Board to adopt the program. The Board (via electronic vote) approved the recommended pilot program and that the SOR fund the program cost of \$800K (approximately \$100K per candidate per year). The Board authorized release of \$100K from the segregated fund in the current fiscal year (2021-22) to start the program, with staff evaluating and periodically reporting on progress of the pilot with continuation or expansion of the program, and that a further Board motion be made in April 2022 to release \$400K from the segregated fund for fiscal 2022-23 program expenditure, and another in September 2022 to release the remaining \$300K for fiscal 2023-24 when the fiscal 2023-24 budget is approved.

**Moved by Doug Boyd, seconded by Joe Feeney the Audit, Risk and Finance Committee update be accepted. Motion carried.**

#### Governance Committee Update

Joe Feeney, Governance Committee Chair provided an update.

- The Governance Committee met on October 22, 2021 and November 18, 2021 and discussed board evolution and governance review. A further discussion was held amongst Committee members only at the November meeting on Board development facilitated by the Board Chair who took the Committee through a copy of what has been provided with the Board meeting package. All of this is being brought to the Board to gain input/thoughts on next steps and direction to respond back to the consultant on the proposal. As per the meeting agenda, this will be discussed further in-camera.

#### Strategy and Stakeholder Relations Committee

Bobby McNeil is currently the interim Chair for the Stakeholder Committee (he noted Darren Bruckschwaiger is hoping to return in January 2022) and provided an update from the November 18, 2021 meeting.

- The two new Board members, Laurie Murley & Rachel Jones, have joined the Strategy Committee.
- Staff provided an overview and history of the Stakeholder Com. and the organization's strategy, and an overview of the new Strategic Plan approved earlier this year consisting of 3 areas of focus (NS Assessment Roll (Core), NS Municipal Decision Support (Value-add), and For-Profit Service Offerings).
- The Committee reviewed and agreed with the revised terms of reference (that were previously focused on commercialization).
- The Com. received an overview presentation from staff on a Hackathon held by PVSC in September 2021. The initiative was data driven and included staff from the Data Science Team, the Business, Stakeholder, and Operations/IT side. It was an exercise where staff were presented with a problem/opportunity and had to provide info, results, and a solution.
- Staff provided an update on stakeholder outreach over the last number of months.
- The Committee will have a planning discussion at the next meeting.

**Moved by Bobby McNeil, seconded by Doug Boyd the Strategy Committee update be accepted. Motion carried.**

**Moved by Bobby McNeil, seconded by Chuck Faulkner the Strategy and Stakeholder Relations Committee revised Terms of Reference be accepted. Motion carried.**

**4. CEO Q3 Report (October 1, 2021-December 31, 2021)**

Kathy Gillis highlighted:

- Roll changes are required to be completed today (December 3, 2021) and will start the process to finalize the information for filing of the Roll.
- Due to supply chain issues, we are encountering one with regard to paper and envelopes being more expensive for Income and Expense.
- Department of Municipal Affairs and Housing has asked for an early Assessment Roll Briefing on December 8<sup>th</sup> with the CEO & Board Chair (v. the usual early January timeframe).
- In terms of risks:
  - o Its possible government may introduce a non-resident tax in the spring legislature.
  - o HRM Council passed a motion for commercial averaging (averaging commercial values over three years), that will now go to the province.
  - o There are outstanding 2021 appeals (non-compliance) – starting to see COVID appeal issues now – commercial agents must comply or lose their right to appeal. There are 40 URB (agent & PVSC) appeals pertaining to this that are valued at \$250\*M (mostly within HRM, and they are aware).
  - o PSA (Halifax Port Authority) has a \$50M appeal and have gone to government that PVSC has a wrong value on it.
- Technology Roadmap project is moving along.
- Hiring is going well – we are seeing good candidates. The ACT program will begin in January 2022.
- PVSC will be participating/presenting to international commonwealth at an upcoming virtual Conference of Valuation Agencies (CoVA), Dec 7-9th – Rebecca will be presenting with the Netherlands, and Kathy with Australia.
- In terms of stakeholder relations, we will be conducting outreach to municipalities (so there are no surprises).
- Met last week to do some planning – starting to put some junior staff in senior roles.

**5. COVID Market Analysis**

Rebecca Vorstermans introduced Junqiu Gao from the Data Science Team and they provided a presentation on COVID market analysis. Rebecca gave a background overview and Junqiu a high-level overview of the market model for prediction and provided residential sales volume & Price results, as well as permit volumes and deed transfer tax results. Rebecca noted the Data Science team will continue doing

market analysis for different purposes, i.e., policy, sectors, rural areas, etc., and exploration of accessible, real-time insights.

**6. Governance Plan (*in camera*)**

For recording purposes, the Board agreed not to engage an external consultant in the governance review.

**Meeting Adjourned**