
Meeting Minutes

Meeting: Board of Directors

Date: June 25, 2015

Attendees

Jimmy MacAlpine, Russell Walker, Michele McKenzie, Kevin Saccary, Betty MacDonald, Raymond Tynes, Alex Morrison, Brian Cullen

Regrets

Amanda Whitewood, Doug Sabeau

Staff Attendees

Kathy Gillis, Dwayne Phillips, Meredith Buchanan, Russ Adams, Grace Chitate, Tracy Williams

Other Attendees

Michael Kelly & Kim Bustin, Mara Consulting

The Chair, Jimmy MacAlpine, called the meeting to order.

1. Review of Agenda

The draft agenda was reviewed for any additions or deletions.

**Moved by Russell Walker, seconded by Raymond Tynes that the agenda be accepted.
Motion carried.**

2. Review of the Minutes

The draft minutes of April 24, 2015 were reviewed.

**Moved by Kevin Saccary, seconded by Russell Walker that the Minutes be accepted.
Motion carried.**

3. Enterprise Risk Management (ERM)

Russ Adams, VP Enterprise Risk and Quality Services, provided a high level overview of ERM initiative and the approach, reviewed the project team org chart, and gave an update on the progress to date. Russ also noted the ERM Policy will be reviewed with the Board (at today's meeting) for approval, and the risk appetite reviewed as well.

Kim Bustin, who has been working with PVSC on the ERM initiative is a consultant with Mara Consulting and a Chartered Professional Accountant with background and experience in risk management, was introduced to the Board.

Ms. Bustin reviewed, described and discussed the following with the Board:

- Two key terms – Risk/Risk Management & Enterprise Risk Management and what they mean.
- The four key aspects of the ERM program which include the ERM Policy, Governance, Communication & Training, and the Framework (processes and tools).
- Risk Management in terms of an internal and external context
 - PVSC's risk management organizational context (internal) includes items such as strategic objectives, business/operations plans, operational processes & policies, financial, people, technology, etc.
 - The external risk management context would include stakeholders, laws & regulations, customers, political/government, etc.
- The two main categories of risk – Strategic Risk (a risk event in the internal or external environment that may affect achievement of strategic objectives/strategic plan), and Operational Risk (a risk event normally internal to the organization that may affect the achievement of operational goals or internal processes).
- Explained the risk profile and the risk appetite & tolerance levels.
- An overview of the risk management process was outlined. In addition to the role of the Board in risk management, and ERM oversight.

A Board member commented that the ERM program seems like a huge undertaking and asked what the human resources were. Kathy Gillis indicated that with the recent organizational changes and stretch assignments PVSC has bits and pieces already, this process is to formalize it. She also pointed out that all resources in the organization will have a part to play – all staff will receive an understanding of risk so that “risks” are not left to one person or lead.

- The ERM Policy and its objectives, policy statement, scope, ERM program components, and the accountabilities & responsibilities of the Board, the Audit, Risk, and Finance Committee, the CEO, Corporate Executive Team, Corporate Leadership Team, the ERM Program Lead, and All Staff were reviewed.

Board members identified that the ERM components will require an educational component and a reporting component.

Moved by Kevin Saccary, seconded by Alex Morrison that the Enterprise Risk Management Policy be accepted. Motion carried.

Moved by Michele McKenzie, seconded by Kevin Saccary that the role of the Audit & Finance Committee in relation to the Enterprise Risk Management Program be accepted. Motion carried.

Moved by Betty MacDonald, seconded by Kevin Saccary that the Audit & Finance Committee be changed to the Audit, Risk, and Finance Committee be accepted. Motion carried.

Action: Staff to bring back to the Board (risks) information (high level – i.e. themes/categories) from the operational workshops.

Michael Kelly presented the following:

- The draft Risk Appetite Criteria Chart describing PVSC's appetite towards risk taking (using a scale from risk averse to risk taking). The appetite risk level, impact areas, risk tolerance, and summary risk appetite statements were reviewed in detail.
- The Next Steps were reviewed which include continue the development of the ERM strategy and framework (process and tools), a Board discussion regarding risk appetite and tolerance, conduct an enterprise risk assessment following the defined process (obtain the Board's input), and present the Principal Risk Report to the Board.

Moved by Raymond Tynes, seconded by Russell Walker that the Risk Appetite Criteria Chart, as well as the Next Steps be accepted. Motion carried.

4. Update from Committees

Audit & Finance Committee

The Chair of the Audit & Finance Committee, Russell Walker, provided an update to the Board as a result of the meeting held on June 24, 2015.

(a) Audit Report

- The Audit Report was presented to the Committee by Grant Thornton Auditors – Katrina Beach and Ryan Morse. There were no misstatements to report; disclosure was updated in the financial statements; there were no new significant accounting policies or alternative accounting policies; significant transactions occurred in the sense of a transfer to Reserves from Operations of which the transactions were vouched to approval in the Corporation's minutes; the investment plans have been valued by a third party actuary – Grant Thornton has performed analysis surrounding the calculation for its reasonableness and comparability with other valuations performed on plans similar in nature; and, there were no findings of fraud or illegal acts.

- In Grant Thornton’s opinion, the Financial Statements present fairly, in all material respects, the financial position of PVSC as at March 31, 2015, and the results of its operations and its cash flows for the year ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

(b) Investment Manager

- A formal review of the Investment Manager performance, particularly as it relates to the Employee Future Benefits and Technology Funds is required every five years.
- In accordance with the policy, a performance review of Jarislowsky Fraser Limited (JFL) will be conducted by Plenus, the same company that completes our actuarial valuations, by October 2015.
- Performance will be compared to relevant market indices and a peer group of investment managers and will analyze factors including:
 - Fund returns compared to peer groups and benchmarks;
 - Whether the Investment Manager has provided positive solid returns given the level of risk the Manager has taken on the funds; and,
 - The adequacy of documented investment processes, compliance and control procedures regarding money management.

Findings from the review will be presented to the Committee.

Moved by Russell Walker, seconded by Jimmy MacAlpine that the Audit & Finance Committee update be accepted. Motion carried.

Governance Committee

The Chair of the Governance Committee, Jimmy MacAlpine, provided an update to the Board as a result of the meeting held on June 17, 2015.

(a) Board Recruitment

The Governance Committee reviewed the current Board competency inventory, and the expressions of interest applications submitted for current Board vacancies (UNSM (Union of Nova Scotia Municipalities) Town, AMA (Association of Municipal Administrators) Town, & AMA Regional representatives).

To assist with the review phase of the process, All PVSC Board members were asked to complete an online assessment of skills and competencies. From the responses received from all Board members, a current Board inventory has been compiled (a copy of the inventory was provided to the Board members).

Knightsbridge Robertson Surette provided the Committee with a summary of the recruitment process – a communication was sent out to the respective UNSM and AMA memberships in late May, calling for expressions of interest for consideration for current and future PVSC Board positions. A briefing packet and application was provided to those who expressed interest. The call for interest will be issued twice annually. No official closing date for current vacancies was listed on the call for interest so the Governance Committee asked that a communication be sent to the UNSM and AMA

membership to inform them of the timeline. Upon review, Knightsbridge will provide the applicant summary to the PVSC Board for ratification and then provided to the UNSM Board for their August meeting.

Moved by Jimmy MacAlpine, seconded by Raymond Tynes that the Governance Committee update be accepted. Motion carried.

The Board suggested that a representative from Knightsbridge be present, along with the PVSC Board Chair, at the UNSM Board meeting (August 21st) in the event there are questions.

Action: Staff to arrange a Board meeting (which can be held by phone) for some time between July 22nd and August 20th, pertaining to the applicant summary ratification.

5. Annual Report

PVSC's draft Annual Report (April 1, 2014–March 31, 2015) was reviewed – comments and corrections were noted.

It was suggested that going forward Board members be engaged more in the annual review process.

Moved by Kevin Saccary, seconded by Raymond Tynes that the Annual Report for April 1, 2014-March 31, 2015 be accepted, with amendments. Motion carried.

Since the Annual Report has been approved and will be adjusted and finalized as per the noted amendments, the Board (conference call) meeting currently scheduled for July 17, 2015 will no longer be required and will be cancelled.

6. CEO Report (Q4 & 1)

Kathy Gillis reviewed the enhanced report which provides status and progress of initiatives. It suggested to perhaps add – what's changed since setting the strategy, how has the landscape changed (especially in terms of risk management), & red flags.

7. In-camera

An *in-camera* session was held, however there were no discussion points to note.

Meeting adjourned