
Meeting Minutes

Board of Directors

June 15, 2022

Time: 9:00 am – 10:00 am

Location: Oak Island Inn

Attendees

Greg Keefe, Joe Feeney, Doug Boyd, Bobby McNeil, Chuck Faulkner, Connie Nolan, Mike Dolter, Laurie Murley, Darren Bruckschwaiger, Juanita Spencer (by phone)

Regrets

Rachel Jones

Staff Attendees

Kathy Gillis, Russ Adams, Kim Ashizawa

1. Review of Agenda

The draft agenda was reviewed, there were no additions or deletions

2. Review of Minutes

The draft minutes of April 8, 2022 were reviewed. It was noted by G. Keefe, that the nomination of the new PVSC Board Chair and V. Chair was missing from the minutes. Staff will correct this omission.

Moved by J. Feeney, seconded by C. Faulkner the minutes of April 8, 2022 be accepted with the addition as noted above. Motion carried.

3. Committee Meetings Update

Governance & Human Resources Committee – May 27, 2022

B. McNeil provided an update from the May 27, 2022 meeting. Meeting was attended by all members of the Committee and several items were discussed at the meeting.

(a) Election of Committee Chair

With the new Board Chair/Vice appointments and new committee membership appointments, Bobby McNeil was recommended and agreed to be the Chair of the Governance & HR Committee.

(b) Governance & HR Committee Terms of Reference

The Terms of Reference were reviewed and will be revised to include committee members names. Action item to include names of all committee members in an appendix to the Terms of Reference.

(c) Change Management – External Consultant Engagement

Julia Inglis of Mara Consulting was introduced to the Committee.

Julia will create a change management strategy to help prepare the organization for the various levels of leadership change (CEO replacement, recruitment of Director of Assessment, VP of Technology), and assist with Board renewal & effectiveness.

Julia has worked in the IT and Business Transformation field for many years, mainly in org. change management, project mgmt. and communication, and is currently the Practice Lead for the People-Centre Transformation Practice of Mara Consulting. She also has an HR background and has worked on IT projects with PVSC in the past.

The Committee received an overview of the key initiatives requiring change management and/or the HR strategy support from Julia.

(d) Board Renewal & Effectiveness – Retreat Plan & Independent Recruitment

The Committee received an overview of the Board Retreat agenda and the objective of a go forward plan of what the Board will work on in the next year.

All Board positions have now been filled except for the independent position (Greg Keefe's term ends of Oct. 31, 2022). The Governance Committee members were asked to advise of any viable options and staff provided an article from the ICD (Institute of Corporate Directors) that provides some perspective on board composition and diversity.

Audit Risk & Finance Committee Update, June 2 & June 10, 2022

As this is the final year of M. Dolter's second term on the PVSC Board, a new chair was appointed at the June 2, 2022 meeting for the Audit Risk & Finance Committee. D. Boyd will now be the Chair and provided the Committee updates from the meetings on June 2nd and June 10th, 2022.

The Audit Risk & Finance Committee Terms of Reference (ToR) were reviewed at this meeting for the benefit of the two new members on the committee, D. Bruckschwaiger and L. Murley. Action item to include the member names in an appendix to the ToR.

Preliminary 2021-22 Year End Financials

The Committee reviewed the draft Consolidated Financial Statements for March 31, 2022. A breakdown of the under/over expenditures to budget, and Road Map projects and ACT expenditure highlights, were reviewed.

COVID-19 restrictions have been in place for the second year in a row causing continued adjustments in the work environment. However, PVSC has maintained a high level of operations with a work from home model and delivering on the core business. PVSC has leveraged Machine Learning to analyze COVID impacts on markets, progressed the Road Map projects by updating the iasWorld, implementing the Activity Centre, SharePoint, website development, and implementation of cybersecurity recommendations.

There have also been challenges with vacancies (retirements, staff on leave, etc.), and it was noted that with the successful implementation of the Assessor Candidate Training (ACT) pilot program, PVSC is bringing on new and talented assessors to compensate for these personnel challenges.

PVSC has a year-end operating surplus. Revenues are as budgeted. Some expenses for 2021-2022 were under underspent versus budget in the key areas of:

- Salaries & Benefits at 6.5% due to retirements & vacancies.
- Professional Fees at 71%, a budgeted allowance for anticipated legal support of appeals regarding COVID restrictions for 2021-22 was not required.
- Travel is down by 48% due to COVID restrictions although there was some degree of travel for inspections in the fall.
- Leases are down 12% - closed Wolfville & Tusket offices.

Discussion regarding the travel line item:

Question as to whether the lower travel due to COVID restrictions has resulted in a backlog of work and is PVSC required to catch up with that work. PVSC has responded well to these challenges, using Pictometry (areal oblique photography) and other desktop tools to review and gather data. It was noted that while Pictometry is an essential tool to note and pickup external changes, this tool does not allow assessors to view any internal changes to properties, and field work will be required.

As well it was noted that new tools coming out of the Business Intelligence Team, lead by A. Wu, have been very advantageous in creating efficiencies and enriching the inspection program. PVSC has also updated field safety guidelines for staff.

The Board agreed that while there has been a reduction in travel during the two years of COVID restrictions, it is important to maintain the budget for this line item.

Areas of over expenditure (versus the budget) include:

- IT Operations at 6.5% due to an increase in service provider costs
- Printing & Postage 9% (vendor increase in supplies & service).
- External Administrative Services 70% for increased temporary staffing support.
- Consulting Services 79% for the Technology Road Map (Activity Centre, etc.) and Website Renewal – funding via Special Operating Reserve (SOR).
- URB 22% (three-year rolling average); and,
- Staff Training 90% - training for the ACT program.

The impacts of the full actuarial valuation of liabilities for the Post-Retirement Health Plan, Service Awards, and SERP, done every 3rd year, were reviewed. The actuarial valuation adjustment is a reduction in liability largely due to changes in discount rate caused by rising interest rates, and changes in benefit growth assumptions.

This year, as per the advice from Grant Thornton, under the Accounting Standards for Non-Profit Organization (ASNPO) 3463 standards the actuarial revaluation has been recognized directly in net assets, rather than on the Statement of Operations as presented in prior years.

The excess revenue over expense, actuarial valuation adjustment, unrealized post retirement gains, minus investment in capital assets (net of deferred capital contributions) has resulted in a net transfer to the Special Operating Reserve (SOR).

Action Item: The Board agreed with the Committee direction to staff, for transparency purposes, to define for future budgets a broader description/definition of the SOR so that it encompasses all the dimensions of the fund for the Committees review.

The Audit, Risk and Finance Committee recommends the Board approve to transfer from the Operating Fund to the Special Operating Reserve.

A motion to the PVSC Board to transfer from the Operating Fund to the Special Operating Reserve was moved by R. McNeil and seconded by L. Murley. Motion approved.

The Committee reviewed the 4th quarter Investment Report. The Non-Pension Benefits Fund position at Mar. 31 versus at Dec.31 with a -8.47% return over the quarter. The Tech Fund performance was -7.94% for the quarter. The Committee noted it is still confident in the investment manager's sector investment philosophy to underweight volatile sectors such as materials, that may affect short term returns but in the long-term result in more stable returns.

PVSC Memorial Scholarship

Staff held initial conversations with the Nova Scotia Community College Foundation regarding how a memorial scholarship fund may be established, and with PVSC's investor Jarislowsky Fraser on how to establish a segregated fund. The Committee directed staff to draft Terms of Reference for the scholarship (how it will be administered, awarded, and funded) for consideration.

Risk Update

Staff are developing a Government Relations Strategy as a mitigation to risks of government policy developments as seen in the non-resident tax issues, and affordable housing responses. PVSC is scheduled to meet with the Deputy Minister of DMAH to brief him on assessment requirements of various types of affordable/subsidized housing.

CEO K. Gillis provided an update to the Board on this meeting, informing the Board that this meeting had been postponed.

Regarding OH&S risk around staff safety while in the field, a new field safety policy and protocols have been refreshed for today's societal context. During the June 10th, 2022 Audit Risk & Finance Committee meeting Katrina Beach and Alex Martin of Grant Thornton presented the Fiscal 2022 Financial Audit. It is an unconditional audit, which means that in all material respects, the consolidated financial statements present fairly the financial position of the corporation as of March 31, 2022.

There were no adjustments or uncorrected misstatements through the audit. They described the presentation of the actuarial adjustments directly through the net assets rather than within the consolidated statement of operations. This is in keeping with the accounting standards for not-for-profit entities. It does not ultimately change fund balances but minimize significant fluctuations in the operating statement that are not operational in nature.

Grant Thornton did not identify any reportable observations regarding internal financial controls. They did note as with other small entities, PVSC should review segregation of financial duties. Staff are reviewing policies for approval of inter-fund transfers before the presentation of the reports by the auditors, however the timing challenge to do so is recognized. They encouraged further documentation on the purpose and planned future use of internally restricted funds. There have not been any accounting or auditing standards change impacting PVSC.

The Audit, Risk and Finance Committee recommended the Board of Directors approve and adopted the Audit Financial Statements for the year ended March 31, 2022.

A motion was made by M. Dolter and seconded by L. Murley, that the Board approve the 2021-2022 Audited Financials. Motion carried.

4. PVSC 2021-2022 Annual Report Approval

The Board congratulated PVSC on the successful completion of the 2021-2022 Annual Report.

A motion was made by D. Bruckschwaiger, seconded by C. Nolan, that the 2021-2022 Annual Report be approved. Motion carried.

5. Q1 CEO Report

The CEO reviewed the Q1 Report with the Board, highlighting staffing updates. D. Penny, currently the Director of Roll & Data Maintenance, will be replacing L. MacLeod when he retires later this year. The CEO spoke of how she is confident in the skills and abilities of this individual to carry out the duties of the Director of Assessment for PVSC.

Also noted that PVSC was successful in recruiting and hiring Ms. Carolyn MacKenzie as the new VP of Technology. The CEO is confident that Ms. MacKenzie will be a great fit and a valuable member of the Executive Team. She brings a lot of enthusiasm and skill and the ability to innovate. The CEO feels that the new VP of Technology, combined with the existing skill sets in the Business Intelligence team, will be a powerful lever for the future of PVSC.

6. In Camera

The Chair provided a verbal report pertaining to a personal matter that was well received by the Board.

In Camera session concluded and the meeting moved back to open session. Bobby McNeil moved “that the Chair continue discussions with the CEO with regard to personal matters and provide a report on the outcome at next Governance & HR Committee Meeting”. Motion seconded by Greg Keefe, passed unanimously.

Meeting Adjourned