

# Meeting Minutes

## Board of Directors

September 24, 2021

Time: 9:00 am – 12:00 pm

Location: Go-To-Meeting (virtual)

### Attendees

Greg Keefe, Joe Feeney, Doug Boyd, Bobby McNeil, Chuck Faulkner, Connie Nolan, Juanita Spencer, Laurie Murley

### Regrets

Darren Bruckschwaiger, Mike Dolter

### Staff Attendees

Kathy Gillis, Russ Adams, Hugh Fraser, Kim Ashizawa, Tracy Williams

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## 1. Review of Agenda

The draft agenda was reviewed and amended to have Item 8, PVSC Hackathon presentation, added to the Stakeholder Relations Committee (v. Board) agenda.

**Moved by Joe Feeney, seconded by Connie Nolan the agenda be accepted as amended. Motion carried.**

## 2. Review of Minutes

The draft minutes of June 25, 2021 were reviewed.

**Moved by Chuck Faulkner, seconded by Connie Nolan the minutes of June 25, 2021 be accepted. Motion carried.**

As follow-up from the minutes, the cyber security training provided to PVSC staff can not be provided in the same manner to the Board. However, the body of the training can be made available on the Board's SharePoint site, details will be forthcoming in the near future.

### 3. Committee Meetings Update

Greg Keefe provided the Audit, Risk & Finance Committee update from the September 9, 2021 meeting on behalf of Mike Dolter, Chair.

#### (a) Quarter 1 (Q1) Financials

At the Committee meeting staff reviewed the Q1 (April 1-June 30, 2021) results and projections for year-end compared to budget, which will be updated each quarter.

- 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 \$215K, staff noted this will fluctuate by year end given exposure to markets.
- On the expenditure side some areas of under/over expenditure of note relative to budget for the quarter and projected by year end were reviewed:
  - Staff salaries are underspent for the quarter with a projection to be 96% spent versus budget, which is \$340K underspent by fiscal year end. This is largely due to vacancies from retirements, or leaves.
  - IT operations are projected to be \$85K over budget at year end as additional IT infrastructure service support has been added for machine intelligence and cybersecurity through contract with the service provider Bulletproof.
  - Professional fees are projected to be significantly under spent by year end by \$435K. The budget has an allowance of \$500k for external legal services in defense of the Assessment Roll, anticipating there could be significant commercial appeals related to Covid issues in certain commercial sectors. This has not occurred due to the timing of the base date for the 2021 valuations. Staff noted this could be a 2022/23 issue (to be discussed as part of the 2022-23 budget discussion and presentation).
  - There is an increase in expenditures for the Roadmap and New Website strategic projects by \$600K, however this is offset by the transfer of \$600K funding from the Technology Advancement Fund approved by the Board.
- At this point staff have projected an overall under expenditure to the budget by fiscal year-end of \$859K, noting that this may still be significantly impacted through the remainder of the fiscal year.

(b) Investment Report

- Both funds continue to perform well at, or exceeding, benchmark with the Non-Pension Benefits Fund returning 3.86% for the quarter and 12.85% one year (June 2020-June 2021), and the Technology Advancement Fund returning 3.03% for Q1 and 7.20% one-year return.
- The employee benefit liabilities as at June 30, 2021 was \$5.618M versus the Non-Pension Fund, which offsets these liabilities, of \$6.846M. Thus, the fund is 122% funded, representing \$1.228M over liabilities. The Audit, Risk and Finance Committee reviewed the policy of funding boundaries of 90%-110% of liabilities and decided that, as the Covid pandemic continues with associated uncertainty, it is prudent to hold the investment level for now. This will be monitored and reviewed again at the next ARF Committee meeting.

(c) Risk Update

The Risk Registry was reviewed with the Committee and four additional items were noted that are being followed for development of mitigation strategies:

*Internal Risk:*

- Management Continuity/Succession – Continue developing People Strategy and focus on core subject matter expertise

*External Risks:*

- Commercial Appeals – Quality review of valuations, continue funds available in fiscal 2022/2023 for legal expertise.
- New Provincial Government with new tax on non-residents – Continue close communication with Dept. of Municipal Affairs and seek meeting with new Minister and Deputy as soon as available.
- HRM Commercial Averaging – Continue close communication with key HRM staff and reminder of roles in terms of taxation versus assessment.

(d) Draft 2022-23 Fiscal Budget

The proposed draft budget for 2022-23 was reviewed with the Committee.

- Last fall when the current (2021-22) budget was approved the projection for 2022-23 was a 0% increase year over year. However, given the strong balance sheet holding the Special Operating Fund and Technology Advancement Fund, along with operating efficiencies stemming from the work from home model and technology support, staff presented a 2022-23 budget change of -1% year over year.

The proposed charge to the municipalities for 2022-23 is \$17.532M, which is \$147K less than current year budget. The projection for both fiscal 2023-24 and 2024-25 is 0% increase.

- This budget incorporates core operating costs, including staffing 4 assessor positions, HR/finance support and IT Data Base Analyst position, and an allowance for external support in the event of increased challenge to the Assessment Roll (Covid issues).
- As recommended by management, the Committee agreed that rather than include funding for potential strategic projects in the operational budget, PVSC should utilize the Special Operating Fund and Tech Advancement Fund on a case-by-case authorized by the Board.

An overview of the draft 2022-23 budget will be provided to the Board for consideration of the Audit, Risk & Finance Committee recommendation to approve the budget as presented.

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

#### **4. 2022-2023 Budget Approval**

Russ Adams provided an overview of the draft budget.

##### Current Environment

- The current year budget of \$17,872,335 (a 1% reduction from prior year), trends and considerations (i.e., spending below budget to date for salaries – there are vacancies due to retirements, LTD leaves but planning to hire four assessor positions, HR/Finance support and IT support; Travel forecast is under budget due to COVID impacts continuing; External professional legal fees under budget but there's potential need for external support for the 2022 Roll; Wolfville and Tusket office closing (announced to date to staff & municipal units only); and, an increase in expenditures due to the IT contract extension with Bulletproof and the Strategic Roadmap & new Website projects).

##### Current Context/Reserves

- The budget is built around core items (in terms of what is billed to municipalities). As discussed with the Audit, Risk and Finance Committee rather than include funding for strategic initiatives in the operational budget, management suggested PVSC utilize the Special Operating Fund and Tech Advancement Fund on a case-by-case basis authorized by the Board. This will allow for current stable billing and use of Reserves appropriately.

## 2022-23 Budget – MU Billed

- The proposed draft 2022-23 budget amount is \$17,532,046, which is a 1% reduction in Municipal funding year over year and is approximately \$147K less than last year.
- Detailed Operational budget changes, the three-year Capital Budget & Cost Recovery Budget projections, Forecasts for 2023-24 & 2024-25, and risks to budget assumptions were also reviewed. In addition, a summary overview of PVSC's budget from fiscal 2009-10 to 2022-23 was presented for information purposes.

In terms of next steps, the Audit, Risk and Finance Committee recommended the Board approve the 2022-23 Budget and Forecasts for fiscal 2023-24 and 2024-25, and as well approve future strategic development projects be funded utilizing the Technology Advancement and Special Operating Reserves on a case-by-case basis as recommended by management.

Board members discussed potentially developing a policy/liability descriptive on Reserves (for clarity purposes for municipalities).

**Action: Staff to add for discussion and follow-up the development of a policy/liabilities descriptive (identifying risks) for municipalities to the Audit, Risk and Finance Committee's agenda.**

**Moved by Bobby McNeil, seconded by Connie Nolan that as recommended by the Audit, Risk and Finance Committee, the 2022-23 Budget of \$17,732,046, the Forecasts for 2023-24 & 2024-25, and future strategic development projects utilize the Technology and Special Operating Reserves, on a case-by-case basis as recommended by management be approved and accepted by the Board. Motion carried.**

## **5. Stakeholder Relations Update**

- In terms of a stakeholder and engagement update, Hugh Fraser indicated PVSC recently met with the Nova Scotia Federation of Municipalities (NSFM), and Halifax Regional Municipality (HRM) senior team and provided a "weather" report on what's happening in terms of a preliminary picture pertaining to the 2022 assessment roll (a no surprises approach).
- Have upcoming meetings with the Association of Municipal Administrators

(AMA) and with the Dept. of Municipal Affairs and Housing's new Deputy Minister. Hugh noted there may be an opportunity for collaboration with Housing beyond the traditional relationship (i.e., data scientists).

- Ongoing communication and relationships building with municipalities, hotel association, etc. Again, following the same model as last year. providing information and no surprises.

## **6. Post-COVID Plan**

Kathy Gillis advised the organization will continue to maintain mask wearing (even with Phase 5), staff feel safe so will keep the status quo and stick to business right now. A decision has not been made on a vaccine mandate – staff attended a webinar by Stewart McKelvey. The Nova Scotia Government Employees Union (NSGEU) has a consultation process – we are not creating a policy right now. This item is on the risk registry, continue to work with the OHS & Wellness Committee, and it's on the radar daily to keep up to date on what the Province is doing. For now, staying with the current mandate – office closed and mask wearing.

## **7. CEO Report**

- Honouring Sept 30<sup>th</sup> Truth & Reconciliation Day – staff will have that day off.
- Building out coaching and development plans for staff and succession planning.
- Data Science Team along with other staff from the Business, Stakeholder, and Operations/IT side took part in a PVSC Hackathon – it was well done. The hackathon was unique for PVSC. Rod Tremblay who was part of the winning team will present the winning submission (Rural population expansion) and the discuss the ideas and activities at the Stakeholder Committee. The Data Science Team continues to work on market trending, analysis with assessors, dashboard, etc.
- With the new government meetings are being scheduled with Deputy Minister Paul LaFleche and Associate Deputy Minister Mark Peck.
- Have met with some stakeholders pertaining to the reassessment.
- HRM seems to be moving forward with the commercial assessment averaging piece for the end of next year fiscal period – have been clear on what PVSC can do/provide.
- CPI is tracking about 4%.
- Lake Pisiquid (Windsor area) – may be added to risks. Essentially, the lake is not a lake anymore. Apparently, a stakeholder group/other has been established. There is work for PVSC to do on this prior to year-end. This is not a Board issue but brought forward as an information piece.

## **8. In Camera**

An in-camera was not held.

**Meeting Adjourned**