
Meeting Minutes

Board of Directors

September 28, 2018

Time: 9:00 am – 12:00 pm

Attendees

Jimmy MacAlpine, Greg Keefe, Darren Bruckschwaiger, Clifford Hood, Mike Dolter, Jane Fraser, Connie Nolan, Alex Morrison

Regrets

Betty MacDonald

Staff Attendees

Kathy Gillis, Meredith Buchanan, Russ Adams, Kim Ashizawa, Grace Chitate, Tracy Williams

The Chair advised that Michele McKenzie has resigned from the Board (due to work commitments/schedule) and read her letter of resignation. Michele has offered to help the Board on a voluntary basis if at anytime required.

1. Review of Agenda

The draft agenda was reviewed.

**Moved by Jane Fraser, seconded by Mike Dolter the draft agenda be accepted.
Motion carried.**

2. Review of Minutes

The draft minutes of June 22, 2018 were reviewed.

Moved by Connie Nolan, seconded by Darren Bruckschwaiger the draft minutes be accepted. Motion carried.

3. **Committee Meetings Update**

Audit, Risk and Finance Committee

Mike Dolter, Audit, Risk and Finance Chair provided the Board with an update from the September 6, 2018 meeting.

Q1 Financials

- Audit Risk & Finance Committee reviewed the quarterly financial statements for the first quarter ended June 30, 2018. The Corporation's financial operations are on target and there are no factors indicating that overall financial results will vary significantly from budget.
- During the first quarter \$46,412 was transferred from the Special Operating Reserve as a budget offset in keeping with the approved 2018/19 budget.
- Investment performance during the quarter was positive, and we closed the quarter with unrealized gains due to market appreciation.
- Funding of obligations for Employee future benefits (Health plans, Service awards, SERP) are within the threshold (90% to 110% of full funding) stipulated in the approved Investment policy. The level of funding as of June 30 increased to 97% (was 96% March 31).
- The Corporation closed the 1st quarter with a positive balance of \$117K. It was noted that full actuarial valuations are completed every 3 years and the next full actuarial valuation is for the year ending March 31, 2019. The results of the actuarial valuations and investment performance will affect the final balance on the Operating Fund at year-end.

Quarterly Investment Report

- The Committee reviewed the Investment report for the quarter ended June 30, 2018. The investments are held in compliance with the approved investment policy and the investment performance for the quarter is within the market benchmarks.

Travel & Expense Disclosure Framework

The framework for annual disclosure of travel expenses on PVSC's website was adopted by the Committee. Commencing 2017/18 financial year, the Corporation will disclose detailed reporting of Board and Executive expenses (i.e. those accountable for governance of the organization and those in authority for operational management and budget expenditures.) Expenses relating to other staff will be disclosed in aggregate expense categories.

2019/20 Budget

The Committee reviewed the proposed budget for 2019/20 presented by staff and adopted a recommended budget scenario for the Board's approval, which will be reviewed and discussed as per agenda item 4.

Moved by Mike Dolter, seconded by Clifford Hood the Audit, Risk and Finance Committee update be accepted. Motion carried.

Governance & Human Resources Committee

Greg Keefe, Governance & HR Committee Chair, provided an update from the September 6, 2018 meeting (it was noted most of the items are in the CEO's report or updates will be given as per the Board's agenda).

Drug & Alcohol Policy

The Board of Director Code of Conduct has been updated to include a section regarding "Substance Abuse Free Workplace". Board members will be asked to sign the updated Code of Conduct.

Strategy Update

The Board Chair and CEO met with the Minister for Department of Municipal Affairs (DMA) for an introductory meeting. The Department is willing to meet and discuss the legislation matter for creation of a subsidiary (and wants to include the President & Executive Director of the Nova Scotia Federation of Municipalities (NSFM) in the meeting). A letter has been sent to DMA requesting that meeting.

IPTI Partnership (International Property Tax Institute)

In late 2017 PVSC and IPTI began preliminary discussions about a potential partnership to deliver advisory and assessment services to clients world-wide. A draft Cooperation MOU has been created by PVSC for IPTI's review.

CDA (Canadian Directors of Assessment) National Collaboration

Kathy and other leaders of the property assessment authorities across Canada have discussed formalizing a national collaboration initiative to work on common issues, using the same methodology. PVSC has drafted a proposal for consideration by the CDA for the establishment of a National Centre of Excellence on delivering a service nationally to train a team, with PVSC leading.

Succession Planning

An *in-camera* succession planning discussion for the CEO position was held.

Artificial Intelligence (AI)

An internal AI strategy was reviewed by the Committee which will be shared with the Board. The Committee also reviewed an AI abstract statement for the NSFAM fall conference brochure which will form part of PVSC presentation at the conference.

Board Recruitment

The Governance Committee recommended changes and approved the Board Skills Matrix, and the Board Recruitment Process appendices as per the Recruitment and Appointment Committee Terms of Reference. The Recruitment and Appointment Committee held its first meeting.

Moved by Greg Keefe, seconded by Clifford Hood the Governance and Human Resources Committee update be accepted. Motion carried.

4. Budget Approval

Staff gave an overview of the budget context as per the approved 2018/19 budget and the projected increases. The budget strategy for the next three years and the plan to deal with the increased pressures were presented. The proposed draft 2019/20 budget of \$17,695.392 was presented. Significant budget changes, strategic priorities and those being carried forward were highlighted. The capital budget was reviewed as well as a summary of budget assumptions. The proposed 2019/20 budget along with the forecasts for the next two years were reviewed.

Moved by Mike Dolter, seconded by Darren Bruckschwaiger the proposed 2019/20 budget of \$17,695.392 as presented with the forecasts for the next two years be accepted. Motion carried.

The next steps will include presenting the budget to the NSFAM at the annual fall conference (November 2018).

5. Board Self-Assessment

As approved by the Governance Committee, Kim Ashizawa indicated a Skills Matrix will be created for the Board. To determine skill areas/gaps Board members are being asked to complete a self-assessment evaluation via a survey. The survey will be emailed to Board members on October 1, 2018 and once the results are received (one-week turnaround), staff will complete a gap analysis and a posting will be created to cover identified gaps.

6. Board Recruitment – Update

Jimmy MacAlpine advised the Recruitment and Appointment Committee met on September 19, 2018; the Committee attendees included Mike Dolter and Alain Muise who represented the Association of Municipal Administrators (AMA),

Geoff Stewart and Wayne Mason represented the NSF, and Greg Keefe and Jimmy on behalf of PVSC. The Committee reviewed PVSC's strategy, legislative changes, terms of reference for the Recruitment and Appointment Committee, current/upcoming Board vacancies, and the recruitment process and timelines. The Committee agreed upon an interview hiring panel (rather than the whole committee) that will include Greg Keefe, Wayne Mason, and Alain Muise. The recruitment process will begin once the PVSC Board has completed the Self-Assessment. The Committee will meet again in November to review and short list candidates, and interviews will be in early December. In addition, the Committee reappointed for a second, four-year, term Jane Fraser, Mike Dolter, and Greg Keefe.

7. **Artificial Intelligence Strategy**

Further to the update in the CEO Report, Kathy Gillis indicated more recently that she, Meredith Buchanan, and Carlos Resendes, along with a few other PVSC staff, attended the International Association of Assessing Officers (IAAO) conference held in Minnesota. PVSC has had the opportunity to present the last couple of years and this year, building on the conference theme, Mapping the Way to Innovation, Ashley Wu and Mark Farrow did an excellent presenting on Direct Sales Approach and the use of AI as a predictive modelling tool.

In advance of the conference PVSC, through IPTI, connected with Bob Gloudemans and PVSC also had the opportunity to host a discussion on AI, what we called an AI Pop-up, facilitated by Bob Gloudemans, a world renown expert in the field of mass appraisal, and mass appraisal model building. The session was attended by a wide variety of approximately 30 participants, and the discussion centered around the evolution of the assessment industry and the adoption of AI as a recognized practice (a more advanced alternative to standard multiple regression analysis (MRA) to predict market value). PVSC recognizes the need to continue to socialize the concept of AI with the property assessment community.

Kathy pointed out the current IAAO standard on Automated Valuation Models (AMV) is somewhat outdated and limited and requires expanding. While at the IAAO conference, PVSC met with the Chair of the AVM standard who indicated they are looking to create a taskforce to look at the standard. PVSC has written letter to the IAAO seeking to be part of the taskforce.

In terms of next steps, the Executive Team will regroup on the AI strategy; debrief with IPTI and B. Gloudemans; and, continue to socialize the concept with staff and municipal clients.

Action: Have Ashley Wu provide an overview/explanation of artificial intelligence to the Board.

8. CEO Report

- (a) Cannabis – Kathy noted, as per the Governance Committee update, the Board’s Code of Conduct has been updated to include a section regarding “Substance Abuse Free Workplace” to addresses cannabis in the workplace, and the same will apply for the code of conduct for staff.

A jurisdictional scan has been completed pertaining to the assessment and classification of cannabis facilities. Nova Scotia currently has three licenced producers for the cultivation of cannabis. All properties are assessed on the 2018 assessment roll as commercial as the buildings were vacant warehouses at the time of the closing of the roll for 2018. PVSC is currently looking at policy to determine how the properties will be assessed for the 2019 assessment roll. Kathy indicated the Province (Dept. of Municipal Affairs) is being kept current.

- (b) Blockchain in Commercial Real Estate – Staff will be arranging a meeting to meet with a representative to gain a better understanding of the information and the technology.
- (c) CDA Centre of Excellence - A conference call meeting will be held with most of the assessment jurisdictions (later today) to discuss their interest in the Centre of Excellence national collaboration initiative, the MOU signing, and their financial commitment and will report back.
- (d) In terms of the IPTI partnership, the MOU should be finalized by next week and IPTI will take it to their Board next month for approval. Kathy noted that IPTI pursues a lot of international work and that a conference will be held in Slovenia next June (2019) which may be of interest to PVSC. She also pointed out that PVSC may want to have an executive member on IPTI’s Board.
- (e) Work from Home – With most staff now working from home, a Work-from-Home Effectiveness project has been established to support the transition and staff engagement has been built into the phases of the project through surveys, facilitated exercises and training.
- (f) Facilities – Dartmouth office renovations will be completed the end of October.

9. In Camera

No matters were identified for recording purposes following the *in camera*.

Meeting Adjourned