

**Property Valuation Services Corporation
Board of Directors
Minutes
November 28, 2008**

Attendees

Lloyd P. Hines	Debbie Kampen
Mervin Hartlen	Darren Bruckschwaiger
Russell Walker	Ken Simpson
Trudy LeBlanc	Carroll Publicover
Bobby McNeil	

Regrets

Greg Keefe
John Prall

Staff Attendees

Kathy Gillis, Russ Adams, Tracy Williams

1. Agenda

- The draft agenda was reviewed. A discussion on the recent HRM tax pamphlet was added to the agenda
Moved by C. Publicover, seconded by B. McNeil that the agenda be accepted. Motion carried.

2. Minutes

- The draft Minutes of October 31, 2008 were reviewed.
Moved by M. Hartlen, seconded by T. LeBlanc that the Minutes be accepted. Motion carried.

3. Business Arising

Deputy Minister re-assignment

K. Gillis advised that Greg Keefe has been re-assigned as Deputy Minister of Treasury & Policy Board. The Board noted the dedication that he had to the Board and the assistance he gave in making the PVSC a reality. The Board noted it will miss his presence but wishes him well in this move to a very senior role within government.

The former Assistant Deputy Minister Kevin Malloy has been promoted to Deputy Minister of SNSMR and will therefore join the PVSC Board. Arrangements will be made to brief the new Deputy.

HST

Mark Singer of Grant Thornton has not heard back from CRA as yet regarding the high level meetings between CRA and Federal Finance that was scheduled on November 26th. He has drafted the letter to CRA requesting an answer on PVSC's HST status within thirty days and advising the PVSC will proceed with its legal options if an answer isn't forthcoming. If there is no word today from CRA regarding the deliberations of the meeting on November 26th this letter will be sent.

K. Gillis noted that Greg Keefe will follow up with the NS Deputy Minister of Finance Vicki Harnish on her letter indicating the Province supports the PVSC on this issue to determine if there are tangible means of receiving this support.

The next Federation of Canadian Municipalities (FCM) meeting is in March and it was suggested that this issue could be raised at that meeting, perhaps by UNSM representatives. The issue is broader than the PVSC in that partner arrangements between municipalities for joint ventures for such things as waste disposal may be affected by a CRA decision on HST status for entities other than singular municipalities performing municipal work. The Board noted the UNSM should be briefed on this so that it may carry the concerns forward to the FCM.

Moved by T. LeBlanc, seconded by R. Walker, that PVSC write a letter to the UNSM Board outlining the HST issue and possible corollary implications on other municipal enterprises and partnerships. The letter will be copied to the Minister of SNSMR and the CAO's. Motion carried.

4. Reports from Committees

Audit & Finance Committee

2008/09 2nd Quarter Financials

The Audit & Finance Committee reviewed the 2nd quarter financial report which includes a forecast for the year end expenditures versus the budget. In regards to revenue, there will cost recovery revenue in 2008/09 of approximately \$56K to the PVSC for work to provide statistical information to Stats Canada and CRA, along with assessment valuation for First Nations property. On the expenditure side, management has adjusted activities and not filled a number of vacant position during the year to compensate for the additional HST expenditures. The costs associated with the head office and Dartmouth office consolidations occur in 2008/09 while funds of \$254K were carried over from 2007/08.

There will be an amortization expense starting this year for the iasWorld asset. It is PVSC's position that, given the nature of the asset as a vendor support repository of data system, it can be amortized over ten years. Staff are discussing the amortization allowance assumptions with the external auditor with further information and descriptions from the vendor. With this amortization assumption on a cash basis the forecast is an over expenditure of \$27K from the budget of \$15.81M. This will be offset from the funds carried over from prior year for the office move expenditures.

Draft 2009/10 Budget

R. Adams reviewed the discussions at the Audit & Finance Committee on the draft 2009/10 budget. The Committee reviewed the "SWOT" analysis discussed with the Board at the October meeting as the context of setting the corporate priorities for the coming year. One of the most significant external factors is the HST status and the probability that it will not be resolved quickly and perhaps not in the PVSC's favour. Therefore the budget has been constructed on the assumption that the PVSC will not be able to recover HST next year.

To accommodate this reality, 11 vacant positions will not be filled or funded. In order to maintain core operational abilities 4 positions will be filled in addition to

the current 153 staffed positions. These adjustments keep the salary and benefits expenditure essentially flat year over year.

Other budget adjustments have been made in light of operational experience regarding travel expenditures, IT support and services, and professional and consulting services required. An amount of \$195K has been allocated to support the corporate priorities of the Service Delivery Model, Client Engagement, Readiness Audit support, HR initiatives, IT business model and business improvement and development.

A reduction of \$129K has been realized as a result of the move of the Port Hawkesbury office to smaller and less expensive space along with rationalization of leased space in two other offices.

On a cash flow basis, before the additional HST costs, the core budget funded from the municipal units has a modest increase of 1.3% year over year from \$15.81M to \$16.02M in 2009/10. The allowance for total unrecoverable HST is an additional \$420K or 2.7% increase year over year. This is a total funding requirement in 2009/10 from the Municipalities of \$16.443M, which is a 4% increase year over year.

On an accrual basis, the amortization of assets is an operating expense and therefore total expenditures will be \$16.862 M. Amortization is not a cash expenditure but does impact the balance sheet of the organization. The majority of amortization is for the iasWorld, which, on a ten year basis is \$448K per year.

The Board discussed whether or not this amortization should be funded in 2009/10. It was recognized that over the longer term it is preferable for the organization to have at least partial funding to replace the iasWorld at some point in the future. However, given the HST issue it is appropriate not to overburden the municipalities at this time. Should the PVSC receive a favourable HST ruling consideration may be given to utilizing a portion of the budget as an offset reserve for the amortization. It was noted that the PVSC does have the option of borrowing so future capital expenditures may be funded in that manner.

Moved by T. LeBlanc, seconded by K. Simpson, that the Board of Directors accept the recommendation of the Audit & Finance Corporation and approve the cash budget of \$16.433 M for purposes of billing the municipal units. A communication shall follow to the Municipalities advising of the budget and the HST issue. Motion carried.

The Board thanked staff for the work to produce the budget.

Amortization Policy

As noted, staff has drafted an amortization policy for the various forms of capital assets. The external auditor is being consulted and this will be brought back to the Audit & Finance Committee for further discussion.

Investment Policy

The Committee directed staff to obtain external expertise to assist in constructing

an investment policy suitable for the investment of the Long Service Awards and Post Retirement Health Benefits funds. The policy is the necessary first step before selecting an investment manager.

HRM Tax Pamphlet

It was noted that HRM recently distributed a pamphlet explaining the various expenditures to which tax dollars are allocated. K. Simpson pointed out that the pamphlet describes assessment service as a “provincial” cost, which is not correct as it is now the responsibility of the municipalities through the PVSC. Staff noted that on several occasions this has been communicated to finance staff at HRM.

Moved by K. Simpson, seconded by R. Walker that the Chair write a letter to the CAO and Council of HRM reminding them that assessment service is now a municipal responsibility through the PVSC. Motion carried.

Governance Committee

Board Appointments

K. Gillis reported that Greg Keefe has advised that SNSMR’s review of the legislation notes extension of Board terms are not possible through Ministerial regulation. Therefore the new Board appointments will be effective December 1, 2008. K. Simpson advised the UNSM Board will make the appointments at its December 5th meeting.

CEO Evaluation Process

The Committee recommends the Board utilize the proposed CEO evaluation form for the evaluation from December 2007 to end of November 2008. The Governance Committee will then work on a process that is more completely integrated with the corporate plan and business cycle. It will follow the fiscal period of April through to end of March. The goal is to have the new process in place as of April 2009.

Members are asked to complete the form and send it to the Chair or return it at the December meeting. The Chair will then compile the results and bring forward for discussion at a future meeting. It was noted that as L. Hines is completing his term on the Board at the end of November, a new Chair will need to be elected at the December meeting. The Vice-Chair may or may not be re-appointed and therefore it was agreed the other member of the Governance Committee, B. McNeil, will chair the meeting for the purposes of electing a new PVSC Board Chair.

Moved by R. Walker, seconded by B. McNeil, that the Board adopt the Governance Committee recommendation for CEO evaluation process and that the member of the Governance Committee chair the December meeting for purposes of electing a new Board chair. Motion carried.

PVSC Pension Plans

K. Gillis informed the Board that the NSGEU is bringing forth a policy grievance

concerning the exclusion of non-designated staff (those not previously employed as civil servants and designated by the Minister to PVSC on April 1, 2008) from the Provincial pension plan. It is the NSGEU's position that the current collective agreement supersedes the PVSC legislation. K. Gillis noted that the exclusion was done on the advice of the Public Service Commission (PSC) and in fact the PVSC has no authority over the Provincial pension plan. She noted that G. Keefe will be following up on this issue with the PSC to determine if other means of resolution are possible.

Committee Membership

The Chair will be leaving at the end of November and there may be other appointments to the Board. Therefore the membership of the three standing committees needs to be reviewed. The Board directed staff to bring forward a recommendation of committee membership at the December meeting, which follows the UNSM appointment process, for the Board's consideration.

5. New Business

Legislation Change

The fall sitting of the Legislature approved several legislation changes affecting assessment. A Private Members' Bill was passed that requires a five year history of property value be included in the annual assessment notice. The Bill received Royal Assent but is not in effect until proclaimed. It is the PVSC understands that it will not be proclaimed for the 2009 assessment notices which are to be mailed in January.

Bill 230, another Private Members' Bill, was introduced to apply the CAP on the taxable assessed value to all property that is residential premises as defined by the Residential Tenancies Act. Essentially, this Bill extends CAP to rental apartment buildings. PVSC has sent a letter to the Minister and the opposition leaders noting the operation issues that this would cause. The Minister of SNSMR has spoken in the House against extending the CAP in this manner. At this time the Bill has not progressed to second reading.

6. CEO Report

K. Gillis noted the following:

- The Assessment Roll closes the end of the first week in December to allow for quality assurance prior to filing with the Municipalities the end of December.
- Lloyd MacLellan and other senior Operational staff will brief municipalities that are impacted by significant changes in the Roll prior to its release as a courtesy 'heads up'.
- Client Services Staff will meet with the Municipal units to discuss the consideration of streamlining the appeal process and other issues related to the communication of the Roll.

It was suggested PVSC staff contact MU's to ask if they can include a note about the PVSC Assessment Notices in their municipal newsletters. This could also be sent to the UNSM for its website.

7. Other

Board and Committee meeting dates for 2009 were distributed. The Board meetings will fall on the last Friday of the month and committees will be held on the Thursday afternoon on a rotating basis. Additional committee meetings may be required depending on pending business.

Last meeting of the Chair

L. Hines thanked the Board for its support during his tenure as Chair. While he will miss the Board he noted he is proud of its accomplishment in steering the creation of the PVSC over the last few years.

The Board thanked and acknowledged Lloyd Hines for his tremendous work as Chair during the formative years of the organization.

**Meeting Adjourned
Next Meeting – Fri., December 19, 2008**