

**HALIFAX REGIONAL MUNICIPALITY  
PENSION COMMITTEE MEETING  
Thursday, September 15, 2016  
World Trade and Convention Centre  
1800 Argyle Street, Halifax – Room 301  
9:00 a.m. – 3:40 p.m.**

MEMBERS: Andrew Bone, NSUPE  
Rick Dexter, NUMEA  
Sheldon Harper, CUPE  
Michael Lawlor, Retiree  
R. Scott MacDonald, HRP  
Raymond MacKenzie, ATU  
Louis de Montbrun, Management  
John Traves, Management  
Britt Wilson, Management  
Dan White, IAFF, Co-Chair

ALTERNATES: Jerry Blackwood, Management (*for Amanda Whitewood*)  
Stephen Bussey, IAFF  
Cameron Deacoff, NSUPE  
Sherry Hilchey, NUMEA  
Nigel Field, Retiree  
Melanie Gerrior, NSUPE  
Brian Leslie, Retiree (*left at noon*)  
Greg MacKay, NUMEA  
Ted Moore, IAFF  
Peter Nixon, HRP  
Jason Snow, HRP  
Dwayne Tattrie, CUPE  
Jordan Taylor, CUPE

STAFF: Terri Troy, CEO  
Donna Bayers, Executive Assistant  
Matt Leonard, Manager, Finance & Operations  
Lisa Tanner, Director, Plan Member Services  
Robert Kerr, Director, Actuarial Services  
Vishnu Mohanan, Manager, Private Investments  
Andrew Walker, Manager, Public Investments

OTHERS: Cathy Maddigan, Halifax Library  
Anne Patterson, Halifax Regional School Board

REGRETS: Bill Moore, Management, Co-Chair  
Amanda Whitewood, Management

OBSERVERS: John Hanrahan, NSUPE Local 2 Vice President  
Josh Mullins, NSUPE Local 2  
Nicholas Hart, NSUPE Local 14

An In Camera meeting was held from 9:00 to 10:00 a.m.

**1. CALL TO ORDER**

The meeting was called to order at 10:05 a.m. by the Co-Chair, Mr. Dan White. Mr. D. White introduced and welcomed observers, Mr. John Hanrahan, NSUPE Local 2 Vice President, Mr. Josh Mullins, NSUPE Local 2 and Mr. Nicholas Hart, NSUPE Local 14. Ms. Troy introduced new staff members, Mr. Andrew Walker, Manager, Public Investments and Mr. Vishnu Mohanan, Manager, Private Investments.

**2. APPROVAL OF THE AGENDA, ADDITIONS, AND DELETIONS**

*Moved by Ray MacKenzie and Seconded by Rick Dexter to approve the agenda as presented. Motion Put and Passed.*

**3. APPROVAL OF MINUTES – June 6, 2016**

*Moved by Scott MacDonald and Seconded by Louis de Montbrun to approve the June 6, 2016 minutes as presented. Motion Put and Passed.*

**4. CEO Update**

Ms. Troy provided a brief overview of the Q2 CEO Update which was distributed in the Pension Committee meeting package. An updated slide 2, “Plan Member Service” was distributed to reflect activity up to August 22, 2016. Additional slides 14-19, “What is ESG?” were also added to the end of the presentation. Ms. Bayers will put the updated presentation in the Committee section of the website.

The Pension Office was 80.5% compliant with service standards for Q2 2016. The combined service standard for Aon Hewitt and the Pension Office was 76.4%.

Ms. Troy gave an update on the removal of the portability option for retirement eligible members. Between January 29, 2016 and August 22, 2016, the Pension Office received 229 phone calls asking about this change. No new calls on this topic have been received since August 22, 2016. Between January 29, 2016 and September 14, 2016, the Pension Office received 143 requests for commuted value and pension estimates. Forty-seven of 143 (33%) plan members have put in their retirement notice. Three of the 47 have elected the monthly pension option. Thirty of 47 plan members elected the commuted value transfer. The total estimated commuted value of the 30 members was approximately \$22 million. Approximately \$13 million will be initially paid due to the solvency claw back.

Mr. Dexter asked for clarification on the amount of time given to make a decision on the pension option. He understood that this time had already ended. Ms. Tanner explained that plan members had to retire by July 31, 2016 in order to exercise the commuted value option. Forty-seven members decided to retire and have received their forms. Fourteen of these members that have retired have not yet decided if they will take a monthly pension or the commuted value option. They have up to six months to decide.

Mr. Hanrahan asked if Pension Office staff noticed an increase in the number of members exercising the commuted value option since the Pension Committee removed this option? Ms. Troy replied, yes.

As of August 22, 2016, the year to date return of the Master Trust was 1.5%. As at September 14, 2016 the year to date rate of return had increased to 1.8%. The estimated minimum rate of return needed for 2016 is -5.3% in order to prevent a contribution rate increase assuming pension liabilities grow in line with assumptions. Ms. Troy reviewed the investment activity for 2016. As at August 22, 2016, the Plan's asset mix was 38.4% Equities, 24.3% Fixed Income, and 37.3% private investments.

Ms. Troy provided an overview of Brexit and noted that during June 2016, Mr. Dexter emailed Ms. Troy about the impact Brexit had on the Plan? Ms. Troy noted that the Master Trust went down by 1% but quickly recovered the next day.

Ms. Troy provided an update on the Plan's liquidity in response to Mr. B. Wilson's request to keep the Committee updated on liquidity. Ms. Troy summarized that the Plan has ample liquidity and can increase returns by being a provider of liquidity.

Mr. de Montbrun asked if the liquidity profile was an estimate until the end of the year and how does this differ from where we actually are today? Ms. Troy explained the only key differences are the timing of the projected private investment sales and the benefit payments does not yet include the recent commuted value elections. Year to date, there have been \$116.4 million in actual private investments sales. There are projected to be another \$54.6 million in private sales by the end of the year.

In response to Mr. Bussey's prior request, Ms. Troy provided an update on realized private investments, the gain on the sale of those investments and their returns. Ms. Troy reported that the private investment portfolio is exceeding expectations.

As requested by the Committee, an update was provided on sample Canadian Plans' asset mix ranges. The chart was condensed into equities, private investments and cash/fixed income. Ms. Troy noted the trend by pension plan to increase their allocation to alternative investments and private investments. HRMPP's asset mix range is comparable to other public sector pension plans.

Ms. Troy provided an update on environmental and social governance (ESG) as some members have recently attended conferences on this subject. Ms. Troy stated that all SIP&P's need to include a proxy voting policy. When common shares are held in a company, this entitles the

shareholder to one vote per share. When there is a company meeting and there is voting regarding mergers or executive compensation for example, the Pension Plan's investment managers' will vote on the Plan's behalf or use an independent service to do so. Ms. Troy reported that the majority of the Plan's managers factor ESG into their respective investment processes.

Mr. Mackay asked if there was any direction in our SIP&P which states how we should be voting at shareholder meetings? Ms. Troy replied that the investment managers are directed to vote in the best interests of the Plan. Results of the proxy voting are reviewed. For best practices and better governance, some managers delegate this responsibility to an independent firm that specializes in proxy voting. Ms. Troy proposed reviewing the proxy voting section of the SIPP at the December Committee meeting and reviewing the results of the proxy voting process used by the Plan's investment managers.

## **5. GOVERNANCE REVIEW**

### **5.1 Committee Self-Monitoring STANDING ITEM (Committee)**

- Process
- Performance

Mr. B. Wilson asked what is the Committee's view on having the final actuarial valuation report available for review earlier than September? Any changes to this report would need to be effective January 1, 2017 which is a short timeline. Mr. D. White added that the preliminary valuation report was presented at the June meeting which gave a good idea of the results. He agreed that the timeline may need to be adjusted. Mr. Dexter commented that the problem was getting the data from employers on time. Mr. B. Wilson would like to see a more proactive approach by the Committee when reviewing valuation assumptions/results.

Mr. Bone asked when was this information finalized? Ms. Troy replied that Mr. Koo presented the preliminary valuation at the June 2016 meeting. A complete review of the data was then finalized by AON Hewitt and the final report was received the day before the Pension Committee package was sent out. Mr. de Montbrun suggested looking at various assumptions earlier in the year, after the investment results are known but before the actual liabilities are known.

Mr. Field added that he has never seen any material differences in the preliminary valuation report and the final report over the years. Mr. Deacoff suggested looking at the process that leads to the availability of data to make it more efficient. Mr. D. White added that the asset return is usually known at the March meeting. Ms. Troy mentioned that a preliminary return is known January 1<sup>st</sup>. He suggested coming to the June meeting prepared to deal with any changes to the Plan.

Mr. Scott MacDonald commented that the practice of having the In Camera meeting prior to the regular meetings should continue. There were a number of Committee members who attended the June Annual General meeting but he would like to see more in attendance.

**5.2 Governance Policy Review – Committee-Management Delegation (Committee)****(a) Global Governance-Management Connection**

Mr. Field asked if this policy was being followed? Mr. de Montbrun commented that as chair of the Audit Subcommittee, he sometimes asks for information from the Pension Office. The Committee did not see a problem with this. Ms. Troy asked to be copied on these emails. The Committee made no changes to this policy.

**(b) Unity of Control**

Mr. Traves asked if only officially passed motions of the Committee are binding on the CEO, where does this leave the Co-Chairs? Mr. D. White replied that he will discuss with Mr. B. Moore and report back to the Committee. The Committee made no changes to this policy.

**(c) Accountability of the CEO**

Mr. Traves suggested that perhaps No. 2 should be changed to say “any feedback will go through the CEO.” Mr. B. Wilson interpreted No. 1 to mean there would never be a binding instruction to staff but only to the CEO. Mr. D. White will have a discussion with Mr. B. Moore. The Committee made no changes to this policy.

Mr. Field asked if these policies were going to be rewritten? Mr. D. White will discuss with Mr. B. Moore and will report back to the Committee the next time the policies are discussed.

***Moved by John Traves and Seconded by Scott MacDonald to accept the policies as presented, subject to review. Motion Put and Passed.***

**5.3 Governance Policy Review – Executive Limitations – Monitoring Reports (T. Troy)****(a) Financial Condition and Activities**

The CEO is in compliance with this Executive Limitation. Unaudited operating costs (excluding investment management fees, custody expenses, and Committee expenses) were 20 bp. This is below the maximum of 28 bp. Unaudited total expenses were 46 bp. Investment management expenses and custody expenses were 24 bp and Committee expenses were 2 bp.

Active Management Fees less Index Fees = 0.14% - 0.09% = 0.05%. Investment return of the Master Trust less the investment return of the Policy Benchmark = 9.52% - 6.25% = 3.27% annualized for the 4 year period ending June 30, 2016. Test Met: 0.05% < 3.27%. We are getting value from actively managing the Master Trust’s pension assets.

The annual pension administration expense per plan member will be calculated and provided at the March 2017 meeting.

Monthly pension contributions outstanding as of June 2016 were received by August 12, 2016 except for an amount owing from Lake District Recreation Association. This amount has since been collected. Mr. de Montbrun asked how quickly after

June 30<sup>th</sup> would the bulk of the pension contributions been received. Mr. Leonard replied within the first two weeks of July.

Mr. Bone asked if there is a report that tracks expenses year to year? Ms. Troy replied that five years are tracked and shown in the annual reports.

(b) Service Providers

The CEO is in compliance with this Executive Limitation. The September 2015-August 2016 report shows the activity related to hiring new service providers or adding to existing mandates. Over this period, negotiations have led to one-time estimated unrealized cost savings of \$2,738,037, annual cost savings of \$771,110 and one-time cost savings of \$45,522. Since 2006, the cumulative operating cost savings presented at the most recent annual general meeting were about \$22 million. On average, this works out to be about \$2 million in cost savings per year.

Mr. de Montbrun asked if these savings are due to our ability to negotiate? Ms. Troy replied that this comes from experience, knowing providers and good relationships.

(c) Investment

The CEO is in compliance with this Executive Limitation. The investment strategy was in compliance with the SIP&P as at June 30, 2016. Ms. Troy reviewed the Asset Mix min-max ranges, the top 10 holdings by book value and the top 3 Canadian Government holdings by book value.

Mr. Bussey referred to the allowable asset mix ranges for equities and fixed income and asked if this was restrictive? Should there be greater flexibility? Ms. Troy replied the ranges are fine for now.

The average credit rating was A, above investment grade. All investment managers reported that they were in compliance with the investment management agreements.

Mr. de Montbrun referred to No. 3 and asked if HRM debt includes Halifax Water debt? Ms. Troy will clarify for the next quarterly report.

(d) Communication and Support to the Committee

The CEO is in compliance with this Executive Limitation except where bolded in the report. Forty-five percent of the 2015 annual member statements were completed by June 30, 2016. By July 4, 2016, 93% had been completed and by July 8, 2016, 96% had been completed. There were 80 member statements left to complete as at August 19, 2016.

Ms. Troy reported that Aon said that they could complete 100 percent of the annual statements on time if the clean employer data was received earlier than February 28<sup>th</sup>. Next year, the Pension Office will attempt to get clean annual data earlier than February 28<sup>th</sup>.

A check for \$16,000 was received by the Pension Office on September 9, 2016 for an overpayment to a former member who had completed a reciprocal transfer out of the HRM Pension Plan. Approximately, \$7,800 will be recovered from Canadian Revenue Agency for the tax portion.

The audit of 2015 calculations performed by Aon is going ahead by Mr. Kerr. The goal is to have this completed by Q2 2017. Filed amendments and Plan Text changes have been approved by the Superintendent. Ms. Troy reviewed the key personnel changes in the Pension Office.

A letter from Ron Pink was sent to a member of the Harbour City Homes Board of Directors on June 9, 2016 regarding full time and part time employees who were not members of the Plan. Ms. Tanner and Ms. Troy will be having a conference call with Mr. Pink to discuss next steps.

The updated regulatory check list was attached to the Communication and Support to the Committee report.

*Moved by Ray MacKenzie and Seconded by Rick Dexter to approve the above monitoring reports as presented. Motion Put and Passed.*

## **6. BUSINESS ARISING FROM THE MINUTES**

### **6.1 2015 Preliminary Actuarial Valuation**

Mr. D. White introduced Mr. James Koo, Partner and Actuary, Aon Hewitt.

The final results for the December 31, 2015 Actuarial Valuation were distributed in the Pension Committee package. Mr. Koo reported no significant changes from the preliminary report issued to the Committee in June 2016. Mr. Koo stated the discount rate decreased to 6.50% from 6.55%. There were no other assumption changes. The final going concern results were slightly better at 89.6% funded ratio versus 89.4% reported in June. The final solvency valuation results were marginally lower at 60.0% transfer ratio versus 60.1% reported in June.

Aon's model assumes standard fees payable for alternative asset classes. HRMPP has materially lower fees in its private portfolio (approximately 0.8% lower than standard fees). By taking this into account, Aon's estimated long term rate of return assumption for the Plan's asset mix is 6.83%, which provides a margin of 33% over the 6.50% discount rate. This is in addition to the \$95 million margin for future low or negative returns on investments.

Mr. B. Wilson asked would it be useful if the Committee decided on a discount rate assumption for next year now? Mr. Koo replied that this would depend on how well the investments do. If the discount rate is lowered, the current service cost as well as liabilities will go up. It would be better to see what the results are before committing to a certain discount rate. Aon's models may change in January 2017. Ms. Troy asked Mr. Koo when will he know best estimate based on Aon's models? Mr. Koo replied that this is updated every quarter so this could be checked to see what the models' are now. Mr. B. Wilson asked if we could get the best estimate number in

early Q1 of 2017? This would give the Committee a better understanding of what the margin room is on the discount rate in March. Mr. Koo replied, yes.

Mr. Koo reviewed the gains/losses since December 31, 2014. There was a slight gain in salaries. Aon made some data adjustments to the codes for PSO and Rule of 75 since the preliminary results. These were not flagged and have been verified that these members are PSO or Rule of 75. This affected about 300 people.

Mr. Koo will report back again in January 2017 to show the models in terms of best estimates. Mr. Dexter asked if moving from a 6.5% to 6.25% discount rate would increase liabilities? Mr. Koo replied, yes.

Mr. Bussey asked what affect would altering the salary assumptions have? Mr. Koo referred to slide 8 and 15. Most of these assumptions are long term but there may be room for some adjustment. Salaries usually go up higher than inflation. If the inflation rate were lowered to 2%, this would automatically lower the salary increase assumption to 2.75%. Mr. Bussey asked what affect would changing salary assumptions to 2% per year have on liabilities? Mr. Koo replied for a short term assumption, the impact would be small. If you changed the salary assumption from 3% to 2%, it would be approximately 1% of the active liability. If the long term assumption were changed, this would create more impact. Mr. de Montbrun asked in comparison to the other plans, are they at a 3% salary assumption as well? Mr. Koo replied that we are comparable. The ones with 2% inflation could be slightly lower. Mr. B. Wilson asked if the volatility in the salary assumption on gain/loss is really a symptom of having to do annual valuations? Mr. Koo replied, yes.

Mr. de Montbrun referred to the asset smoothing number of \$95 million in gains. He asked if this number is expected to go down? Mr. Koo replied as long as there are high returns, this will continue to increase. Ms. Troy asked, knowing where we are now, and knowing that 2011's low return will drop out of the calculation, shouldn't the reserve increase? Mr. Koo replied this would be fairly easy to model.

Mr. B. Wilson asked the Committee if they would like to entertain a motion to decrease the discount rate for next year. Mr. Koo will provide some preliminary estimates on different discount rates once the asset returns are known next year. Mr. S. MacDonald added that a 6.35% discount rate might be reasonable.

Mr. de Montbrun asked if there was a way to get an estimate before Aon comes back? Ms. Troy replied that this is possible. From the asset perspective, she has the estimated year to date return each day. Mr. Dexter asked when does the first special payment end? Mr. Kerr replied at the end of 2024.

The Committee agreed to look at a model for decreasing the discount rate at the December Pension Committee meeting.

***Moved by Britt Wilson and Seconded by Scott MacDonald to approve the Actuarial Valuation at December 31, 2015 as presented. Motion Put and Passed.***

Ms. Troy added that the valuation will be filed with the Superintendent before the September 30, 2016 deadline.

Mr. Bussey asked about the \$94 million asset smoothing values that are now in place. Is this a margin in the Plan right now? Mr. Koo replied that this is not a permanent margin. Having a smoothing method gives the Committee time to react. It is a way to deal with volatile assets. Mr. Bussey asked if the goal of margin is to provide for bad years? Mr. Koo replied that this is a smoothing mechanism and we should not assume that this will always be there. Mr. Bussey added that this is a margin that could be brought in at any time. Mr. Koo replied this asset margin will be brought in next year.

## **6.2 Reports on Q2 Service Standards**

Ms. Tanner reviewed the Service Standard Report for Q2 2016 which was distributed in the package. Although the results are lower than normal, Ms. Tanner reported that she is pleased considering some of the extenuating circumstances that occurred in Q2. In Q2, the Pension Office met the service standards in 80.5% of the 133 transactions processed.

During Q2, the Pension Office played a bigger role in doing the non-standard types of calculations. In order to do this, Word templates had to be created for all the special packages, such as prior plan and retiring deferred members. Excel spreadsheets also had to be developed in order to do the calculations. Member data was also being manually entered into the packages, which takes some time. The Pension Office is working on creating merges to complete the non-standard packages quicker, and the staff are becoming more efficient in the processes.

Additional work was required as a result of removing the portability option for retirement eligible members. There was an increase in the number of calls related to this which were very lengthy, sometimes up to 30 minutes. For comparison, a typical call usually lasts about 5-10 minutes. There was also an increase in the number of in person member meetings, which were also lengthy due to the topic being covered. Results for members who asked for both a pension and commuted value estimate, are not reflected in this report. Pension Office staff completed 91 commuted value estimates in Q2. These take longer to complete compared to a normal pension estimate, and these estimates were prioritized over other requests due to the fact that members had a relatively short period of time in which to make a retirement decision if they wanted to exercise the commuted value option. For comparison, during the same period last year there were only 22 commuted value estimates.

The Pension Office also saw an increase in the number of retirement packages prepared. In Q2, 73 retirement packages were prepared, compared to only 24 prepared over the same period last year. This number is also not included in the service standard report.

The Pension Office lost a key administrator in the office in May. This person was responsible for doing the pension estimates, commuted value estimates, past service purchases and reciprocal transfers. She was also able to help other staff with their work. Two new additional staff members have been hired and are doing very well. The Pension Office is spending the time necessary to train these two staff members in order for them to start working independently.

There is also one key staff person on maternity leave expected back at the end of November 2016.

In light of all these considerations, if you look at the average service days in the report, the Pension Office is within all of them except the pension estimates, which was exceeded by only a half day on average.

Many staff worked on their own time at home in order to get these calculations done in a reasonable time. There may be a slight improvement in Q3. By Q4, we should see results returning to normal.

Mr. Bussey commented that 80.5% is fantastic given the workload of the Pension Office. With regard to Aon's work, he asked if the standards are unrealistic? Mr. Waldock of Aon Hewitt responded that this is a combination of two things. When the data is received, there is no hold button if there is a problem with data or a calculation. The biggest issue is being under staffed. New staff have been hired and are being trained and new processes are in place. By the end of Q3, the standard levels should be better.

Mr. de Montbrun asked for clarification in terms of the work performed within the Pension Office. Ms. Tanner replied three staff members worked at home on their own time, nights and weekends to get packages prepared, peer reviewed and sent. Due to the volume of work, this had to be done to even come up with the 80% service standard.

Ms. Hilchey asked if members are giving the appropriate notice of retirement? Ms. Tanner replied that this is a rather unusual time right now. Currently, the Pension Office is not receiving enough notice. This means that the work has to be done quickly. Ms. Hilchey would like to see something sent to employees to remind them of the appropriate notice period. Mr. B. Wilson added that this information is on the HRM website, however, there is no legislation related to this. Ms. Tanner added that at this particular time, a lot of members did not give three months' notice. Sometimes it was one to two days or a few weeks' notice.

Ms. Hilchey asked if there was a good turnout at the last Pension Information Session on August 25, 2016? Ms. Tanner replied that the numbers were not as good as previous sessions. Normally, attendance is usually 60-70 people. Another session is being held in October. Retirement notice is discussed at these sessions.

### **6.3 Update – Plan Member Survey**

An updated time line for the Plan Member Survey was distributed at the meeting. Ms. Troy reported that the online survey should be programmed by September 19, 2016. A focus group has been set up with at least two members from each of the Participating Employers, and four members from HRM and HRSB. Four members from each union have also been asked to participate. A link will be sent to the focus group to test the survey. Once the feedback is received, it will be incorporated and the revised survey will be sent to the Pension Committee for review/testing. The survey should be completed by October 11 and go live to plan members during October 17-28<sup>th</sup>. The team from Willis Towers Watson will attend the December Pension

Committee meeting to present the results. The differences from the last survey is that this one will be solely electronic and costing is included with the features.

#### **6.4 Committee Education and Training Feedback and Budget**

Mr. Bone reported that so far we are under budget compared with previous years. He encouraged members to attend training in Q4. Some members attended FTMS and ATMS in Halifax in July. There are several conferences coming up in November such as the Lancaster House Pension Conference, CAIP West and the International Foundation Annual Conference. There are also opportunities to attend FTMS and ATMS at the beginning of this conference. Mr. Bone reported he attended the International Foundation Canadian Pension and Benefits Conference last year and was very impressed by the scale of the conference. Mr. D. White encouraged voting members who have not reached their financial literacy investment level to do so.

#### **6.5 HRM Pension Committee Annual Education Day, October 20, 2016**

Mr. Bone reported that the agenda is basically the same as previous years. Some additional information has been added on active and passive investing. A calendar invite has been sent out. The Education Session is mandatory for new members. All other members may attend for a refresher. Participating Employers are also welcome to attend.

#### **6.6 Training and Education Policy**

An updated copy of the Training and Education Policy was distributed at the meeting. Mr. Bone said there was a commitment at the last meeting to revise the policy to make it easier to understand. The information is mainly the same but reorganized.

Some alternates have requested to attend certain conferences but the individual budget allocation does not cover the cost. Mr. Bone suggests that alternates be able to combine with the next year's budget automatically. Mr. MacKenzie asked if there is money left over in the total overall budget, why do members have to withdraw from next year? Mr. Bone replied that this would be difficult administratively. Mr. de Montbrun also suggested looking at the overall budget remaining when members go over their budget. Mr. Field added that he would like to attend training at the Wharton School but it is unlikely two year's budget would cover the cost. Mr. Bussey suggested banking previous year's budgets if not used. Mr. B. Wilson added the reason for individual budgets in the beginning was to set parameters. He suggests allowing some latitude. If the overall spent for the year in the third quarter is going to breach the overall limit, an approval requirement should be required at that time. Mr. de Montburn asked if FTMS and ATMS are part of the annual allocation? Mr. Bone replied that certain training is covered by the Plan automatically in the general allocation. This is FTMS, ATMS, Co-Chair training at Rotman School, and one introductory investment course. For voting members, one advanced investment course also will not be paid for out of individual budgets. You must pass the course exam to obtain funding from the general training budget. In addition to this allocation, voting members and alternates are given individual allotments. Mr. Bone asked that this item be deferred to the next meeting. He will revise the policy based on comments discussed today and provide a black lined version for the Committee to review at the December 1, 2016 meeting.

**6.7 Update – Short Term Disability Issue**

Mr. B. Wilson reported since the last meeting, HRM has been working with IBM on a reconfiguration of their pension accumulation module for SAP to fix not only the short term disability issue but also to change the pay period waiver function to measure the daily rate.

However, because of the way it has to be configured, it needs to start on the first pay of the year in 2017. In the meantime, these are being flagged as they come through the payroll system. Mr. D. White asked if the Plan Text needs to be modified to accommodate this? Mr. B. Wilson replied, no. Mr. Wilson will confirm at the December meeting whether he anticipates any delays.

**6.8 Governance Update**

Mr. D. White reported that Mr. Ron Pink was not able to attend this meeting to give an update on the governance structure study. Mr. D. White would like to defer the update to a special meeting between now and December 1<sup>st</sup> or the December 1<sup>st</sup> meeting. Mr. D. White suggested a Wednesday possibly the day before the Education Session or the week following. Mr. Nixon asked if a copy of the report will be available prior to the meeting? Mr. D. White replied that he was uncertain but he would check. Mr. D. White will discuss with Mr. B. Moore and Mr. Pink to set a date.

**7. NEW BUSINESS****7.1 Education Session:**

Ms. Troy introduced Mr. Carl Bang, President, Sun Life Institutional Investments (Canada) Inc. Mr. Bang presented an education session on Private Debt. A copy of the presentation was distributed to the Committee at the meeting.

**8. OTHER BUSINESS**

There was no other business.

**9. DATE OF NEXT MEETING – December 1, 2016****10. ADJOURNMENT**

Britt Wilson moved to adjourn the meeting at 3:05 p.m.

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Dan White, Co-Chair