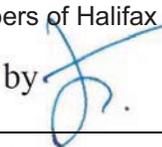




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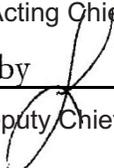
**Item No. 14.1.2**  
**Halifax Regional Council**  
**January 12, 2016**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:**

\_\_\_\_\_  
John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

\_\_\_\_\_  
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** December 16, 2015

**SUBJECT:** HRM Pension Plan (HRMPP) Amendment

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### **ORIGIN**

In November 2011, the HRM Pension Plan Committee approved a recommendation to amend the HRM Pension Plan text to create a stipulation that members of the HRM Pension Plan Committee must abide by the Committee's Code of Conduct.

In accordance with the governing plan document, any changes to the Committee's responsibilities as recommended by the Committee must be approved by HRM's five unions (ATU Local 508, CUPE Local 108, HRP, IAFF Local 268 and NSUPE Local 13) and HRM Council.

### **LEGISLATIVE AUTHORITY**

**Charter section 55(2):** (2) The Council shall establish a pension plan to provide pensions for full-time employees in such manner as the Council shall, by policy, determine.

### **RECOMMENDATION**

It is recommended that Halifax Regional Council approve the HRM Pension Plan changes as recommended by the HRM Pension Plan Committee, a copy of which is included with this report as Attachment 1.

## **BACKGROUND**

In 2010 the HRM Pension Committee determined that, upon advice from the Committee's legal counsel, the plan text should be amended to ensure that all Committee members abide by the Committee's Code of Conduct.

As part of governance best practice, the Committee annually requires that all voting members and alternates sign the Code of Conduct. However, the Committee's legal advisor indicated that there was no requirement in the governing Plan text for members to abide by the Code of Conduct. As a result the Committee had no legal recourse in the event that a voting member or alternate did not abide by the Code.

Voting members and alternates are appointed by each of the five participating Unions and HRM Administration via the CAO. The Committee has no control or input into these appointments.

To address this gap, the Committee approved an amendment to require compliance with the Code of Conduct. At the time the amendment was made, the Committee did not realize that it required the approval of the five participating Unions and Council to make this amendment. This was raised to the Committee's attention earlier in 2015. As a result, the Amendment has been ratified by the membership of the five participating Unions and is now brought forward for Council's approval.

## **DISCUSSION**

The HRM Pension Plan Committee Code of Conduct (attached) outlines the expectations for the behaviour and conduct of Voting members and Alternates. It covers many areas including conflict of interest, acting in good faith, and confidentiality. Having a functional Code of Conduct is a governance best practice for pension boards and is consistent with the fundamental responsibilities of fiduciaries.

The recommended Amendment creates an appropriate alignment between the Code of Conduct and the authority of the Committee to protect the interests of the plan members and sponsors as fiduciaries. It is recommended that Council approve the Amendment.

## **FINANCIAL IMPLICATIONS**

There are no financial implications related to this amendment.

## **COMMUNITY ENGAGEMENT**

N/A

## **ATTACHMENTS**

Attachment 1 - November 24, 2011 Amendment.

Attachment 2 - HRM Pension Plan Committee Member's Code of Conduct.

If the report is released to the public, a copy can be obtained by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Britt Wilson, Manager, Total Compensation, Human Resources, 902.490.5099

Approved by: \_\_\_\_\_  
Catherine Mullally, Director, Human Resources, 902.490.7239

Approved by: \_\_\_\_\_  
Martin Ward, Acting Director, Legal Services and Risk Management, 902.490.4219

Financial Approved by: \_\_\_\_\_  
Amanda Whitewood, Director, Finance and Information Technology/CFO, 902.490.6308

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Original Signed

***Amendment 2011-01***  
***to the***  
***Halifax Regional Municipality***  
***Pension Plan***

**WHEREAS** the Halifax Regional Municipality Pension Committee (“Committee”) administers the Halifax Regional Municipality Pension Plan (“Plan”); and

**WHEREAS** the Committee has reserved the right to amend the Plan and now wishes to do so;

**NOW THEREFORE IT IS HEREBY RESOLVED** that, effective November 24, 2011, the Plan is amended as set out below:

1. Section 6 – Administration, is amended by deleting Section 6.01, and replacing it as follows:

“6.01 **Joint Committee**

The Halifax Regional Municipality Pension Committee (“Committee”) consists of 12 persons each of whom are Members of the Plan designated as follows:

- (a) Five persons designated by the Municipality,
- (b) One person designated by each of the respective unions representing Plan Members employed in the following bargaining units:
  - transit workers
  - inside workers
  - outside workers
  - police service personnel
  - fire service personnel

Notwithstanding the foregoing, should a union cease to be a bargaining agent for the respective Employee group, the person designated by that union shall cease to be a member of the Committee.

Notwithstanding Section 6.01(e), where the bargaining agent is replaced in its entirety by a bargaining agent not already represented on the Committee, the respective Employee group shall designate a single representative who shall become a member of the Committee.

- (c) One person designated by the Non-Union Municipality Employees Association (NUMEA),
- (d) One person who shall be designated by the Committee in the following manner:
  - (i) At the first annual Committee meeting, a Committee member may nominate any person or persons from among the retired employees of the Municipality or Former Municipality;
  - (ii) The Committee members shall vote and a majority agreement with the majority including at least one vote from a Committee member from each of Sections 6.01(a), (b), and (c) above, shall be required for a person to be designated;
- (e) an additional member or members, representing groups not already represented in Sections 6.01(a), (b), and (c), which may be added to the Committee upon unanimous agreement of the Committee members as described in Sections 6.01 (a), (b), and (c)

Notwithstanding the foregoing, all persons designated by any of the parties authorized to appoint members to the Committee (hereinafter "Authorized Parties") shall comply with any Code of Conduct prescribed by the Committee.

Failure to accept and comply with the Code of Conduct shall result in the refusal to permit the proposed member to take a position or to allow a current member to continue to be a voting member or an alternate member. If a designated person is not permitted to serve as a voting member or alternate member, the Authorized Party shall designate a new member to fill the applicable positions.”

We, the undersigned, do hereby certify that the foregoing amendment is adopted on this 24<sup>th</sup> day of November, 2011.

Original Signed

Original Signed

Name

Name

Co-Chair

Co-Chair

Title

Title

## Halifax Regional Municipality Pension Committee Governance Policies

**POLICY TYPE: GOVERNANCE PROCESS****Review Date: June 18, 2015****POLICY TITLE: COMMITTEE MEMBERS' CODE OF CONDUCT**

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Background & Procedures:

The conduct of the Committee significantly impacts the lives of the employees and pensioners of Halifax Regional Municipality and participating employers who are dependent on pensions for their retirement income. Consequently, it is critical that pension plans are overseen by a strong, well functioning governing body in accordance with fundamental ethical principles of honesty, integrity, independence, fairness, openness and competence.

This Policy will apply to the Committee and Alternates, collectively referred to as (“Members”).

The Code of Conduct forms the foundation and relationship between the HRM Pension Plan and each Member. Every new Member to the Committee agrees that there is nothing in their personal history which would reasonably be seen to be in violation of this Code of Conduct. Each Member agrees that upon appointment, the new Member will provide all relevant information to the Co-Chairs of the Committee which, in the opinion of the Co-Chairs, is necessary to ensure that the terms of the Code of Conduct will be met in the future.

Each potential Member shall sign this Code of Conduct upon appointment failing which they shall not be permitted to act as a Committee Member.

Any Member who determines that they may not be in compliance with the Code of Conduct shall immediately advise the Co-Chairs in writing of the situation.

In the event that the Co-Chairs of the Committee, acting jointly, determine that there is a situation of non-compliance of the Code of Conduct which may reasonably be determined to negatively impact the Plan, the Co-Chairs shall discuss the matter with the Member. If, in the view of the Co-Chairs, the Member ought not to accept the appointment or continue to serve as a Member and if the Member does not agree to resign the appointment, the Co-Chairs shall bring the matter to the Committee in an in-camera meeting.

The Committee shall have the absolute discretion to refuse to permit the Member to act as a Committee Member when, after hearing from the Member, the Committee is satisfied that the Member is not in compliance with the Code of Conduct and believes that continued participation by the Member could reasonably be seen to negatively impact the Plan. In the event the Committee refuses to permit the Member to act as a Committee Member, the Co-chairs shall notify the party that designated the Member. The party may designate a new Member.

Code of Conduct:

The Committee and Members commit to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Committee members and alternates.

Halifax Regional Municipality Pension Committee Governance Policies

1. Members must have loyalty to the ownership, unconflicted by loyalties to staff, other organizations, and any personal interest as a Plan Member.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.

A. Members must act in good faith and in the best interest of Plan Members using prudence and reasonable care that a person of ordinary prudence would exercise in dealing with the property of another person.

If a Voting Member or Alternate Member is charged with a criminal offense, the Member shall not be permitted to vote on any Pension Committee matters until such time as the criminal charge has been finally determined. In the interim, an Alternate or new voting Member may assume the voting Member's duties if applicable.

If a Member who has been appointed to the Committee has, in the past, been charged and convicted of a criminal offence, which can reasonably be seen to negatively impact the operation of the Plan, the Member will not be permitted to serve as a Voting Member. The matter shall be determined in accordance with the Code of Conduct.

B. There will be no self-dealing or business by a Member with the organization. Members must maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their trustworthiness. Members will annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict. In determining whether or not a real or perceived conflict of interest exists, Members should consider whether a reasonably well-informed person would conclude that the above actions might affect the exercise of the Members' fiduciary duties.

C. When the Committee is to decide upon an issue, about which a Member has an unavoidable conflict of interest, that Member shall absent herself or himself without comment from not only the vote, but also from the deliberation.

D. Members will not use their Committee position or access to the Committee to obtain employment in the organization for themselves, family members, or close associates. Should a Member apply for employment, he or she must first resign from its role as Member.

3. Members may not attempt to exercise individual authority over the organization.
  - A. Members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Committee authorized.
  - B. Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Member to speak for the Committee except to repeat explicitly stated Committee decisions. For further guidance on dealing with the media, please refer to "Procedures For Dealing With The Media."

- C. Except for participation in Committee deliberation about whether the CEO has achieved any reasonable interpretation of Committee policy, Members will not express individual judgments of performance of employees of the CEO.
4. Members will respect the confidentiality appropriate to issues of a sensitive nature including participant and beneficiary information, contract agreements with the Plan's suppliers, pension office staff human resource related information, and any information that could cause the Plan financial risk. Such obligation continues indefinitely, even after the Member is no longer affiliated with the Plan. Any contents discussed in In-Camera sessions are issues of a sensitive nature. A meeting will be held In-Camera if the subject matter of the meeting contains confidential information, including, but not limited to:
- (a) the security of the assets of the HRM pension plan;
  - (b) personal matters about any identifiable individual, including any plan member, including applicable beneficiaries; Committee member or alternate; or staff employed in the HRM Pension Plan Office;
  - (c) commercially sensitive business matters, including matters subject to confidentiality agreements with third parties;
  - (d) labour relations, personnel matters and employee compensation;
  - (e) legal strategies reviewed or used to defend the Plan, Committee, individual Committee members, alternates, representatives of a participating employer, and/or staff employed in the HRM Pension Office regarding litigation or potential litigation;
  - (f) the receiving of advice that is subject to privilege, including communications necessary for that purpose, or
  - (g) any information that if disclosed could cause harm to the HRM Pension Plan; a plan member, including applicable beneficiaries; HRM Pension Committee, alternate, or staff employed in the HRM Pension Plan Office.

For further guidance on dealing with sensitive matters, please refer to the Committee's "Procedures for In-Camera meetings."

5. Members will be properly prepared for Committee meetings and deliberation and will act with skill, competence, diligence in the discharge of this responsibility.
6. Members will support the legitimacy and authority of Committee decisions, irrespective of the Member's personal position on the issue by:
- dealing fairly, objectively, and impartially with all participants and beneficiaries matters;
  - taking actions that are consistent with the established ENDS Statement and supporting policies;

Halifax Regional Municipality Pension Committee Governance Policies

- abiding by all applicable laws, rules and regulations, including the Plan Text;
  - reviewing on a regular basis the efficiency and effectiveness of the Plan's success in meeting its goals.
7. The Committee shall communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner. All official communications to plan members will be sourced from the HRM Pension Office.
8. On an annual basis, Members will confirm that they have read and understand the Code of Conduct and they have abided by it by signing or re-signing the Code of Conduct.

**I have read and understand the Code of Conduct and will abide by it.**

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

*Reviewed and approved June 18, 2015*