

**REGION OF QUEENS MUNICIPALITY  
REGULAR COUNCIL  
TUESDAY, SEPTEMBER 24, 2019  
9:10 A.M.**

**PRESENT:** Mayor David Dagley, Chair  
Councillor Kevin Muise  
Deputy Mayor Heather Kelly  
Councillor Brian Fralic  
Councillor Susan MacLeod  
Councillor Jack Fancy  
Councillor Raymond Fiske  
Councillor Gilbert Johnson  
Chris McNeill, CAO  
Christine Watson, Administrative Assistant – Planning & Development

**1.0 CALL TO ORDER:**

Mayor Dagley called the meeting to order at 9:10 a.m.

**2.0 CHANGES / APPROVAL OF AGENDA**

**It was moved by Councillor Fralic and seconded by Councillor Muise that the Agenda be approved as amended:**

**Move Item 14.2 to the next Council meeting.  
Add Item 14.3 Sound System.**

**MOTION CARRIED unanimously.**

**3.0 PRESENTATIONS**

**3.1 Branding Update – Tyler MacLeod, m5**

Mayor Dagley welcomed Tyler MacLeod, m5 to Council (copy of presentation attached to original set of Minutes).

Some highlights included:

- Project Objectives
  - Articulate and develop a new brand identity
- Public Engagement
  - Four community engagement sessions were held; Caledonia, Liverpool, Greenfield and Port Mouton
- Review of Brand identity components and Brand name considerations
- Brand name evaluation – Region of Queens Municipality
- Brand name conclusion – Brand name is not incorrect but that does not mean it is not putting you at a disadvantage.
  - A new brand name is recommended, but does not mean a change to the legal name of the municipality
- Brand name comparable – NS Trunk 30, which is Cabot Trail
- Logo considerations – components/colours, literal, trendiness, differentiation, simplicity and shelf life
- Logo Evaluation and Conclusions
  - A new logo is recommended
- Tagline considerations and evaluation
  - A new tagline is recommended

- Research and Public Engagement/Summary of Findings
  - Telephone survey of 400 Nova Scotians
  - 59% of Nova Scotians don't know anything about Queens County
  - Awareness and understanding is lowest among younger Nova Scotians
- Takeaways
  - We can expect support for the new brand if residents see how it can help attract residents, encourage business and drive visitation and must convey a sense that the community is welcoming
  - Agreement on Queens' strongest assets – natural beauty, friendly people, and opportunity
  - What are the top reasons to live in Queens County – beaches, friendly people, community
  - What are the top reasons to do business in Queens County – community, people, new opportunities
  - What are the top reasons to visit Queens County – beaches, history, friendly people
  - What does Queens County have to do better than anywhere else in Nova Scotia – beaches
  - What place or things is Queens' most recognizable icon – Carters Beach, Privateers, White Point, Keji
- Draft Brand Strategy
  - Evaluating
  - Components
  - Architecture
  - Pillars
  - Positioning
  - Personality
  - Promise
- Brand Summary
  - In Queens County, nature rewards its seekers with spectacular waterside beauty
- Next Steps
  - Agreement on whether to consider a new brand name
  - Agreement on the brand page
  - m5 to develop brand identity options

Mayor Dagley thanked Mr. MacLeod for his presentation.

#### **4.0 TABLING OF PETITIONS:**

There were no petitions to come before this meeting.

#### **5.0 PUBLIC QUESTION / COMMENT SESSION:**

Leon Robertson, 45 College Street, Liverpool – Mr. Robertson offered his opinion on the rezoning of the Lion's Hall, encouraging council to approve their request. He commented on the Trestle Trail reopening and enquired if it would remain open all winter. Mayor Dagley stated he understood from comments made by Brian Hatt, Rails to Trails Association, that they may have to shut for a period to do some work on the columns and addition work was needed before ATV's could use it.

Mr. Robertson offered his opinion under Item 14.3 – Sound System and encouraged that the issues be fixed.

**6.0 APPROVAL OF MINUTES:**

6.1 Council Minutes – September 10, 2019

**It was moved by Councillor Fiske and seconded by Deputy Mayor Kelly:**

**THAT the minutes of the Regular Council meeting held September 10, 2019 be approved as circulated.**

**MOTION CARRIED unanimously.**

**7.0 DANGEROUS OR UNSIGHTLY PREMISES:**

There were no items to come before this meeting.

**8.0 ECONOMIC DEVELOPMENT:**

8.1 Town Hall Arts & Cultural Centre RFP

**It was moved by Councillor MacLeod and seconded by Deputy Mayor Kelly:**

**THAT the Council of Region of Queens Municipality enter into a lease agreement with the Astor Theatre Society to operate the Town Hall Arts and Cultural Centre for a one-year term.**

Jenny Rockett, Director of Economic Development, provided background stating an RFP was issued in August 2019 with a deadline of August 30, 2019 to solicit the best overall proposal for the operation and management of the Town Hall Arts and Cultural Centre. The areas of operation within the building include the former Gallery and Office, Gorham Room, Art Exhibit Room, Volunteer Office as well as Common Workshop Area. Three submissions were received, Marilyn Kellough, Taryn Jollimore and Astor Theatre Society.

Based on the scores on the evaluation criteria, all had experience with business, arts and cultural. The Astor Theatre Society, already being a prominent tenant, are well-positioned to manage the building and offer new programming, events and rental opportunities. They indicated they had approximately 17,000 visitors this year.

**MOTION CARRIED unanimously.**

**9.0 CORPORATE SERVICES**

There were no items to come before this meeting.

**10.0 ENGINEERING & WORKS**

There were no items to come before this meeting.

## 11.0 FINANCE

### 11.1 Cost of Living Adjustment (COLA)

**It was moved by Councillor Muise and seconded by Councillor Fiske:**

**THAT the Council of Region of Queens Municipality approve a cost of living increase of 1.8% effective the thirteenth payroll of the 2019/2020 fiscal year, to all non-unionized, full-time and part-time employees excluding Hillsview Acres.**

Jennifer Keating-Hubley, Director of Finance, stated the Consumer Price Index (CPI) for Nova Scotia for July 2018 to July 2019 is 1.8%, and the Canada CPI is 2.0%. The budget included an estimate of 2.0%.

**MOTION CARRIED unanimously.**

## 12.0 RECREATION AND COMMUNITY FACILITIES

### 12.1 Community Investment Fund

**It was moved by Councillor Fancy:**

**THAT I hereby give notice of motion that at the next regular Council meeting scheduled for October 8, 2019, that I intend to bring forward the following motion for recission which was passed at a meeting held on May 14, 2019 meeting, and states as follows:**

**“THAT the Council of Region of Queens Municipality provide grant funding to Queens Community Dog Park Association in the amount of \$10,824.50 from 2019-2020 Community Investment Fund;**

**AND THAT the funding not be released until the Queens Community Dog Park Association provides satisfactory proof of its financial resources to complete the total project.”**

Mayor Dagley stated this item will be added to the agenda for the next Council meeting.

## 13.0 PLANNING

### 13.1 Rezone 128 Gorham Street/186 Church Street in Liverpool from Institutional (I1) to Downtown Commercial (C1)

**It was moved by Deputy Mayor Kelly and seconded by Councillor Fralic:**

**THAT the Council of the Region of Queens Municipality give second reading to bylaws respecting amendments to the Municipal Planning Strategy and Land Use Bylaw which sees the rezoning of PID #70024245 from Institutional (I1) to Downtown Commercial (C1).**

Mike MacLeod, Director of Planning and Development, provided background stating as per the Public Hearing, an application was received to rezone property identified as PID #70024245 and located at 128 Gorham Street/186 Church Street in Liverpool from Institutional (I1) to Downtown Commercial (C1). The owners of the property are in the process of selling and the prospective purchaser wishes to convert the building into a flower shop and a botanical garden. In order to accommodate this request, the property would have to be rezoned to Downtown Commercial (C1) as per the Land Use Bylaw.

The building, known as the Lion's Hall, was constructed in early 1970's for the use of the Girl Guide's and other purposes. Surrounding properties and uses include the Liverpool Curling Club, Trinity Anglican Church, Cook's Financial, etc. The property is already located in a fairly high traffic area so there should be minimal impact.

The Planning Advisory Committee reviewed the application and conducted a site inspection and feels rezoning to Downtown Commercial (C1) is a reasonable request and is in favour of the application.

**MOTION CARRIED unanimously.**

13.2 Sale of Municipal Lands, Caledonia

**It was moved by Councillor Johnson and seconded by Councillor Fiske:**

**THAT the Council of the Region of Queens Municipality declare the property identified as PID #70150677 as surplus to municipal needs;**

**AND THAT the Council of the Region of Queens Municipality enter into a purchase and sale agreement with George and Helen Uhlman for the sale of property identified as PID #70150677 and located on Highway 8 in Caledonia, for the purchase price of \$2,000.00 plus HST;**

**AND THAT all other costs associated with this land transaction be the responsibility of George and Helen Uhlman.**

Mr. MacLeod provided background stating an unsolicited request for the purchase of a parcel of municipal lands on Highway 8 in Caledonia which is adjacent to the Miriam Hunt Park was received. RQM Works Department currently maintains the property. This parcel of land is small, approximately 30' wide x 200' deep and has limited potential as a standalone parcel.

Mr. Uhlman currently owns property across the road (former Credit Union). He is interested in utilizing his building for a food bank and possibly other commercial ventures and is unable to accommodate the required parking at present.

**MOTION CARRIED unanimously.**

**14.0 REPORTS**

14.1 Council Implementation Report

Councillor Fralic requested an update from January 8, 2019 re the Funding Application for the Lower Waterloo Upgrade. Chris McNeill, CAO, stated only approval letters are sent out to the applicants.

He enquired if the Purchase and Sale Agreement with Barry Falkenham dated July 23, 2019 was completed. Mr. McNeill stated, yes and the report would be updated to reflect this.

He further enquired to the status for the Mersey Branch Legion 38 for the placement of a field gun in Centennial Park dated May 8, 2018. Mayor Dagley stated a request was sent to Ottawa by the Legion and they are in the process of sourcing a gun.

Deputy Mayor Kelly enquired about the status of the Order for property located at 465 Highway 8 in Milton dated July 23, 2019. Mr. McNeill stated that work continues on the file.

She further enquired to the status of the Traffic Assessment on Old Falls Road dated July 23, 2019. Mr. McNeill stated the report will be updated to reflect that the issue has been referred to the Traffic Authority.

Councillors offered their opinion that they be provided more communication on the files as the information becomes available so they are more up-to-date.

14.2 Library Board Update – Councillor Fralic

Councillor Fralic requested this item be deferred to the next Council meeting.

14.3 Sound System

Councillor MacLeod offered her opinion, stating the sound system appears to be inadequate for what is needed. She stated she was aware that an additional microphone is on order and may increase the sound in the room. She further stated the audio portion is inaudible a lot of times and indicated that perhaps RQM IT staff can investigate improvements to the sound and audio. She enquired if CAO was aware of any sound systems in other Council Chambers he considered as reliable.

Mr. McNeill stated the only way to solve the problem would be to install a microphone at each desk and upgrade our system. Our IT person is a computer technician and therefore outside audio expertise would be required. Other things to consider may include have a podium for presenters, a microphone in the gallery, lapel mics, etc. all of which would require technical support.

Mayor Dagley stated our IT is looking at moving the present microphone at the presentation table and the installation of another one at the end of the table. An electrician is required for this installation and has not been available. The fans caused the feedback to the system this morning.

Councillor Fralic stated this conversation has been ongoing as long as he has been a Councillor and have had many complaints from residents and members from the gallery. He further stated he put forth a motion previously and is unaware of what was done.

Mr. McNeill stated he is unaware of what was done prior and no discussions have taken place since his arrival, and advised Councillors this issue can be added to the agenda for budget discussions and deliberations.

**15.0 IN-CAMERA ITEMS**

**It was moved by Councillor Fiske and seconded by Deputy Mayor Kelly that the proceedings go In-Camera at 10:55 a.m. to discuss the following:**

**15.1 Contract Negotiations**

**MOTION CARRIED unanimously.**

Mayor Dagley announced a 5 minute recess at 10:55 a.m.

Councillor Fiske left the meeting at 11:40 a.m.

**It was moved by Deputy Mayor Kelly and seconded by Councillor Fralic that the proceedings exit In-Camera at 12:30 p.m.**

**MOTION CARRIED unanimously.**

Mayor Dagley announced Council would recess until 1:30 p.m.

The meeting reconvened at 1:30 p.m. with Councillor Fancy and Councillor Fiske not in attendance.

### 3.2 Municipal Pension Plan Review – Eckler

Mayor Dagley welcomed Philip Churchill and Jennifer Urquhart, Eckler Pension Actuaries to present on the Nova Scotia Public Superannuation Pension Plan (PSSP) opportunity for employees of the RQM (copy of presentation attached to original set of Minutes).

Some highlights included:

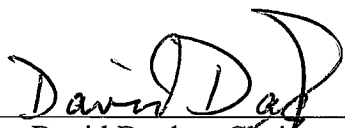
- Lower contribution rate for employer (less 1.4%) vs. remaining in the Region's current plan and face a rate increase as much as 1.6%. Presently Municipality rate is 9.8% of pay.
- Lower contribution rate for employees (less .04%) vs. remaining in the Region's current plan and face a rate increase. Presently employee rate of 8.8% of pay.
- Nova Scotia Pension Funding Reform – Changes are coming to the Nova Scotia Pension Benefits Act regarding funding pension plans. Applied to the December 31, 2018 valuation, contributions would need to increase by 1.6% of payroll.
- December 31, 2018 Valuation Results shows RQM's plan at \$12.2 million.
- Asset valuation estimates there are sufficient funds to buy in past years' service earning for employees. The employee benefits earned to date would be valued at less than currently accrued, but may be more by the time the employee reaches retirement date.
- No adverse effect on tax rate or additional costs associated with the transfer.
- RQM's plan is a traditional DB Plan guaranteed by the Region. The PSSP is governed by a Board of Trustees who have ultimate fiduciary responsibility for the plan and the day to day plan administration and investment management is handled by a full-time professional organization.
- Earliest unreduced retirement dates will improve with PSSP vs. inability to fund any plan improvements (60 with 2 years minimum employment).
- Future market changes (investment performance) or cost increases would only marginally affect the members of the PSSP, with 17,500+ active members. RQM's plan has 78 active members.
- The PSSP automatically indexes existing benefits when market performances allows. RQM's plan has received no indexing since inception.
- The PSSP earns pension benefits based on average five highest years' earnings vs. current plan earning a percentage of each year of service actual earnings.

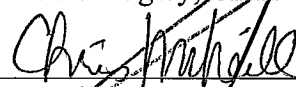
Information packages will be sent out to each employee and information sessions are scheduled.

### 16.0 ADJOURNMENT

**It was moved by Deputy Mayor Kelly and seconded by Councillor Fralic that the meeting be adjourned at 2:55 p.m.**

**MOTION CARRIED unanimously.**

  
\_\_\_\_\_  
Mayor David Dagley, Chair

  
\_\_\_\_\_  
Chris McNeill, CAO

  
\_\_\_\_\_  
Christine Watson, Administrative Assistant – Planning & Development

Date Approved: October 8, 2019



Region of Queens Municipality  
Brand Strategy  
Draft Recommendations

September 24, 2019

TheBigQ.ca

# Agenda

- **Recap of project background**
- **Brand assessment**
- **Insights arising from research and public engagement**
- **Brand strategy recommendations**

TheBigQ.ca



# Project objectives

- **Articulate and develop a new brand identity for the Region of Queens county that will:**
  - Help attract new residents and retain current ones
  - Help attract new visitors and increase repeat visits
  - Help attract new business investment
  - Increase civic pride and engagement
  - Create efficiencies in marketing and communications

TheBigQ.ca



# Project process & deliverables



TheBigQ.ca



# Public engagement

- Council and staff engagement sessions
- Four community engagement sessions (Caledonia, Liverpool, Greenfield, Port Mouton)
- Public survey: 225 responses
- Comment card drop box: 41 responses

TheBigQ.ca



# Brand Assessment

TheBigQ.ca

# Brand identity components

- Brand name
- Logo/wordmark
- Slogan/tagline

TheBigQ.ca



# Brand name considerations

- Descriptiveness
- Relevance to target audience
- Brand hierarchy
- Budget and how it affects name choice
- Pronunciation
- Differentiation
- Shelf life

TheBigQ.ca



## Brand name evaluation: Region of Queens Municipality

- **Descriptiveness:** Descriptive in so far as it communicates the name of the municipality. But does not tell the audience where it is, what it offers, or what it is like.
- **Relevance to target audience:** The name conveys no meaning for those without an existing connection to the county.
- **Brand hierarchy:** No issues.
- **Budget:** It costs less to market a literal brand name. RQM requires investment in telling the target audience both where it is and what makes it unique

TheBigQ.ca



## Brand name evaluation: Region of Queens Municipality

- **Pronunciation:** No issues.
- **Differentiation:** Technically differentiated. May be some confusion with Kings County NS or Queens counties in NB and PE.
- **Shelf life:** Queens is a timeless name and names of organizations and places should not change without a compelling reason. But do you have a compelling reason? Arguably you do.

TheBigQ.ca



# Brand name conclusions

Your brand name is not incorrect but that does not mean it is not putting you at a disadvantage.

You have lots to say and your brand identity gives you three places to say it: name, logo, tagline. Your name is the strongest lever you can pull and currently it is doing nothing to advance your cause: Region of Queens does not tell your audience where it is, what makes it unique or why the audience should care.

A new brand name is recommended.

Note: this does not mean a change to the legal name of the municipality.

TheBigQ.ca



# Brand name comparables

Santa Clara Valley

Triangle below Canal Street

NS Trunk 30

TheBigQ.ca



# Brand name comparables

Santa Clara Valley

Silicon Valley

Triangle below Canal Street

Tribeca

NS Trunk 30

Cabot Trail

TheBigQ.ca



# Logo considerations

- Number of 'moving parts' (components/colours)
- Literal versus figurative
- Trendiness
- Differentiation
- Simplicity
- Shelf life

TheBigQ.ca



# Logo evaluation



- **Number of 'moving parts':** The current logo has a lot of components: the Q, rivers, forest, ship, lighthouse.
- **Literal versus figurative:** High on the literal side. The name is clear, the symbols are clear.
- **Trendiness:** The logo's style is dated. More complex logos are more susceptible to becoming dated more quickly.

TheBigQ.ca



# Logo evaluation



- **Differentiation:** The Q and the number of elements within make the logo highly differentiated. No issues here.
- **Simplicity:** The logo is complex, it would be difficult to recreate from memory.
- **Shelf life:** The current logo does not stand the test of time. At minimum an update is required to modernize the logo.

TheBigQ.ca



# Logo conclusions



There are compelling reasons to change your logo. While it is unique and differentiated, it is complex which makes it less recognizable and memorable. There is an opportunity to craft a logo that conveys a single-minded idea about the region.

A new logo is recommended.

TheBigQ.ca



# Tagline considerations

- Descriptiveness
- Uniqueness
- Memorability
- Connection to brand
- Shelf life

TheBigQ.ca



# Tagline evaluation: *Escape the Usual*

- **Descriptiveness:** Not descriptive. The tagline tells you what Queens is *not* but the audience is left to draw their own conclusions about what the county actually offers.
- **Uniqueness:** Not unique. Could be applied to many locations as well as many other products or services (hotels, coffee, chocolate, etc.)
- **Memorability:** Short and simple. No issues here.
- **Connection to brand:** Unclear what the connection to brand might be.
- **Shelf life:** Nothing trendy or time-sensitive in the tagline. Would have an indefinite shelf life.

TheBigQ.ca



## Tagline conclusions

Overall the tagline is not hurting the brand: it's not saying anything wrong. It's simply a missed opportunity to tell the audience something more, specifically about Queens County.

A new tagline is recommended.

TheBigQ.ca



# Brand identity recommendations

- **New brand name:** Evoke the region's best feature(s) and/or location
- **New logo:** Simplified, nod to region's most iconic visuals
- **New tagline:** Speak to the reason to live/work/visit, expressed with the personality/attitude of the people

TheBigQ.ca



## Research and Public Engagement: Summary of Findings

TheBigQ.ca

# Awareness & understanding of Queens County is low

**A majority (59%) of Nova Scotians  
don't know anything about Queens County**

TheBigQ.ca



## When thinking of Nova Scotia's Queens County, what comes to mind?

- Telephone survey of 400 Nova Scotians
  - 166: HRM
  - 180: Rest of mainland NS
  - 54: Cape Breton
- 197: Male
- 203: Female
- Age breakdown mirrors NS demographics

TheBigQ.ca



Don't know	27%	Beaches	8%
Nothing	20%	Liverpool	5%
Don't know where it is	12%	Rural/scenic	4%
<b>Subtotal</b>	<b>59%</b>	Fishing/aquaculture	4%
		Paper mill/Pulp/Forestry	3%
		Annapolis/The Valley	3%
		South Shore	3%
		Farming/Agriculture	2%
		Kejimikujik	2%
		Lunenburg	2%
		All other mentions	17%

TheBigQ.ca



## Awareness & understanding is lowest among younger Nova Scotians

Percentage of people saying "Nothing," "Don't know" or "Don't know where it is."

- Age 55+: 54%
- Age 35-54: 55%
- Age 18-34: 74%

TheBigQ.ca



# Takeaways

- There is little “equity” in the current brand
- That status quo is not an option

TheBigQ.ca



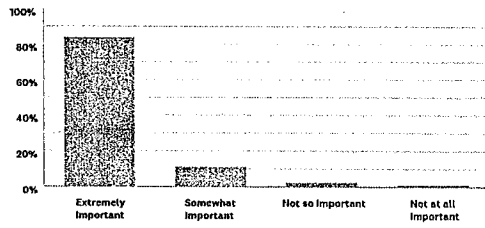
# Queens residents understand what's at stake

A majority of survey respondents believe it is extremely important to attract new residents, businesses and visitors

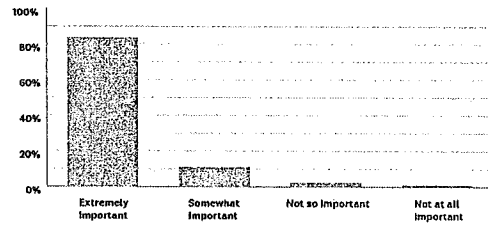
TheBigQ.ca



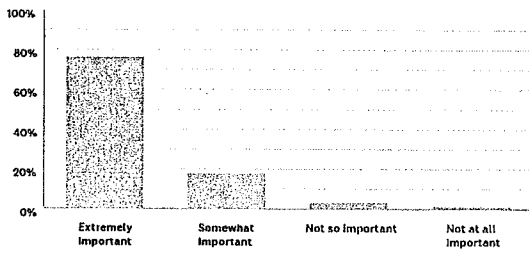
How important is it to attract new businesses to Queens County?



How important is it to attract new businesses to Queens County?



How important is it to attract more visitors to Queens County?



TheBigQ.ca



# Takeaways

- We can expect support for the new brand if residents see how it can help attract residents, encourage business, and drive visitation

TheBigQ.ca



# There is recognition of the need to appear welcoming

TheBigQ.ca



## Q: To attract more residents, businesses and visitors we need to be seen to be more:

progressive attract focus show new ideas Inclusive open new ideas looking support  
provide Want advertising change Open new business friendly Tourists  
community Thriving welcoming younger need  
young families businesses thinking Open may  
new  
people come Accepting us business need seen  
Open minded something shopping idea Open change Youthful supportive  
working things residents will inviting

- Welcoming
- Accepting
- Friendly
- Open/open-minded

TheBigQ.ca



# Takeaways

- The brand **MUST** convey a sense that the community is welcoming
- How the brand behaves will be more important than what the brand says

TheBigQ.ca



There is general—but  
not unanimous—agreement on  
Queens' strongest assets:

- Natural beauty
- Friendly people
- Opportunity

TheBigQ.ca



## What are the top reasons to LIVE in Queens County?

interesting Liverpool affordable nice sense community Pleasant Queens forests close  
Quality  
prices lifestyle fresh air life Great place raise town Astor Theatre beauty  
safe community Place climate Quiet parks ocean enjoy friendly live  
great family friendly people small people  
small town beaches peaceful community real estate  
beautiful opportunities good Nice beaches hospital  
Weather beaches schools access natural beauty safety scenery  
slower paced safe Queens County area year round history shops lots amazing life  
good schools home much pace traffic Beautiful scenery nature

TheBigQ.ca

## What are the top reasons to DO BUSINESS in Queens County?

Lower costs competition potential gaps filling Buildings time growing reason now real estate sure  
offer access support see support local much Community support area town things  
low Queens Halifax lack work bring Will Plus residents bridgewater shop  
market good Well community nice people retail  
business Liverpool need quality life Lots new  
opportunities great local inexpensive think Supportive  
new business one want may come away Jobs central taxes looking work  
many Queens County place reasonable attract economy available right services close s  
people Queens need work space big growth shop local move

TheBigQ.ca

## What are the top reasons to VISIT Queens County?

festivals offer amazing needs arts take beaches lakes hiking unique opportunities natural  
lived friendly camping scenery beaches nice place S weather see Liverpool tourists  
events scenery Nice beauty visit Lots activities great many  
friendly people restaurants history stay  
beaches much beautiful Nature good experiences  
museums lakes natural beauty white sand beaches people hotels  
Beautiful beaches scenic places visit Queens food peaceful Parks heritage  
interesting come places stay also areas businesses culture relaxed Keji well ocean NS  
Friendliness

TheBigQ.ca

There is stronger agreement when  
Queens residents have to choose a  
single, strongest asset.

TheBigQ.ca



What does Queens County have or do better than anywhere else in Nova Scotia?

know Come new province need amazing beautiful clean business anywhere one  
special events thing welcoming coastline better time need great  
Quality life beaches sell people Privateers days  
friendly lots community white sand beaches make Queens  
nothing times place Queens County many love find wonderful  
best beaches Liverpool Nova Scotia Host beautiful beaches support day

TheBigQ.ca



It's a four-way showdown over Queens' most iconic place or thing.

- Beaches
- Kejimkujik
- White Point
- Privateers

TheBigQ.ca



What place or thing is Queens' most recognizable icon?

Word cloud containing various terms related to Queens, with several terms circled in white:

- Fort Point National Park
- Point Beach Resor
- museum
- Liverpool think
- Carters Beach
- lighthouse
- will
- Hank Snow
- beautiful
- Keji Perkins
- Privateers
- Mersey River
- beaches
- Astor Theatre
- White Point
- Kejimkujik National Park
- White Point Beach
- Summerville Beach
- Privateer Days
- hank snow museum
- Perkins house
- festivals
- history
- Lodge one s
- White Point Lodge
- Place icon

TheBigQ.ca



Draft Brand Strategy

TheBigQ.ca

# Evaluating Strategy

- **Available:** The recommended positioning cannot be occupied or indistinguishable from a competitor
- **Deliverable:** The recommended positioning has to be authentic. We can't make it up. Queens must be able to deliver on it.
- **Salient:** The recommended positioning must be important in the target audience's decision-making criteria
- **Interesting:** Nobody pays attention if what you have to say is not interesting

TheBigQ.ca



# Brand Strategy Components

- **Brand Architecture**
- **Brand Pillars**
- **Brand Positioning**
- **Brand Personality**
- **Brand Promise**

TheBigQ.ca



# Brand Architecture

## **The relationships between the master brand and any sub-brands**

- Branded house: All branded touchpoints will use the master brand created as part of this process.

No sub-brands will be required.

TheBigQ.ca



# Brand Pillars

## **The handful of attributes that represent what Queens County offers and what make it unique**

- Beaches
- Rivers and Lakes
- Friendly, welcoming people
- Sense of community

TheBigQ.ca



# Brand Positioning

## How we want people to think of Queens County

- For people looking to forge their own path, Queens County offers a chance to live, work and play in a natural paradise created by Nova Scotia's most stunning beaches, rivers and lakes.

TheBigQ.ca



# Brand Personality

- **Confident:** the brand is assertive and self-assured without needing to be loud or boastful.
- **Collegial:** the brand is warm and friendly but, more importantly, the brand promotes a spirit of comradery and shared responsibility
- **Progressive:** the brand favours new ideas and innovation
- **Enterprising:** the brand champions initiative and resourcefulness

TheBigQ.ca



# Brand Promise

**The one thing Queens County will always deliver:**

- In Queens County, nature rewards its seekers with spectacular waterside beauty

TheBigQ.ca



# Brand Page Summary

Brand Architecture

Branded house

Brand Pillars

Beaches • Rivers & Lakes • Friendly, welcoming community • Sense of community

Brand Positioning

For people looking to forge their own path, Queens County offers a chance to live, work and play in a natural paradise created by Nova Scotia's most stunning beaches, rivers and lakes.

Brand Personality

Confident • Collegial • Progressive • Enterprising

Brand Promise

In Queens County, nature rewards its seekers with spectacular waterside beauty

TheBigQ.ca



# Next steps

- Agreement on whether to consider a new brand name
- Agreement on the brand page
- m5 to develop brand identity options

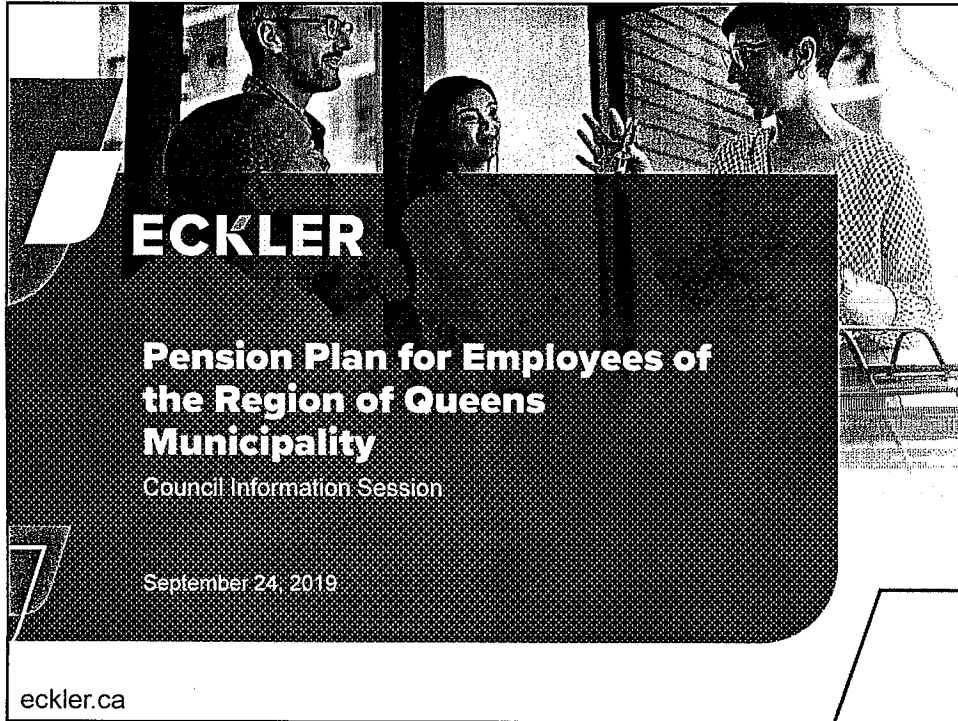
TheBigQ.ca



# Thank you

TheBigQ.ca





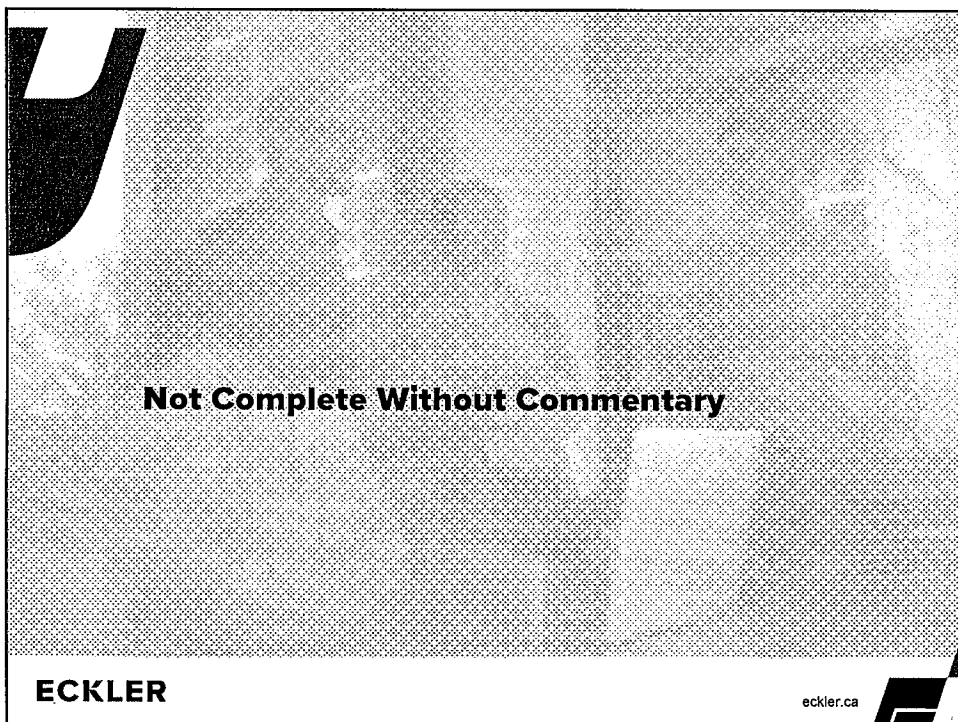
**ECKLER**

**Pension Plan for Employees of  
the Region of Queens  
Municipality**

Council Information Session

September 24, 2019

eckler.ca



**Not Complete Without Commentary**

**ECKLER**

eckler.ca

## **Agenda**

- Actuarial Valuation at December 31, 2018
  - Nova Scotia Pension Funding Reform
- Nova Scotia Public Service Superannuation Plan Opportunity

**ECKLER**

eckler.ca

2

**Actuarial Valuation  
as at December 31, 2018**

**ECKLER**

eckler.ca

3

### **“Rate Stability” Funding Policy**

- Effective January 1, 2009 (11<sup>th</sup> year!)
  - Employee rate: 8.8% of pay
  - Municipality rate: 9.8% of pay
  - Total rate: 18.6% of pay
- Goals of stable contribution rate
  - Build in enough to cushion cost volatility
  - Pay down any deficit faster than minimum required amortization
  - Use surplus for improvements in future

**ECKLER**

eckler.ca

4

### **December 31, 2018 Valuation Results**

- Balance sheet highlights
  - Market value of assets: \$12.2 million
  - Actuarial liabilities: \$12.2 million
  - Fully funded on market value basis
  - Actuarial techniques allow us to report an going-concern funding excess of \$245,400 as at December 31, 2018
- Funding requirements
  - Cost of benefits earned & expense provision total 17.6% of payroll (compared to total contributions of 18.6%)
  - Current contributions are sufficient to meet minimum funding requirements
- Next valuation: December 31, 2019

**ECKLER**

eckler.ca

5

### **Rate Stability for the next 10 years?**

- Not much “extra” left in the stability rate
  - 1% buffer can cover about a \$300,000 deficit
- Not much “margin” in the discount rate assumption
  - A 0.25% reduction in the discount rate increases liabilities by \$360,000 and service cost by 0.7% of payroll
- We can defer investment losses via smoothing
  
- The actuarial techniques impact the timing of when a deficit needs to be funded, doesn't change the fact that there is a deficit

**ECKLER**

eckler.ca

6


### **Nova Scotia Pension Funding Reform**

- Changes are coming to the Nova Scotia Pension Benefits Act regarding funding pension plans
  - Details of the process to date and of the proposed changes can be found in Appendix C
- The funding framework as it has been proposed is expected to increase the Municipality's minimum required contribution
- Applied to the December 31, 2018 valuation, contributions would need to increase by 1.6% of payroll
- Stability in the contribution rate would be eliminated
  - No “extra” contribution remaining to absorb increases

**ECKLER**

eckler.ca


7



**Nova Scotia Public Service  
Superannuation Plan (PSSP) Opportunity**

**ECKLER**

eckler.ca 8



**Objectives for PSSP discussion today**

- Education on the PSSP
- Review the difference in contributions and benefits
- Review how the PSSP accepts transfers
- Is it financially feasible to transfer?
- Next steps

**ECKLER**

eckler.ca 9

## Queens Plan

- Traditional DB Plan guaranteed by the Region of Queens Municipality
  - Ultimate responsibility of the municipality to meet promised pensions
- Subject to PBA minimum funding requirements
  - Solvency funding exemption
  - Funding rules are changing
- "Rate Stability" strategy employed since 2009
  - Current contribution rates are:
    - 8.8% for employees
    - 9.8% of payroll for the municipality
- Limited flexibility to enhance benefits (e.g., inflation protection)
  - PBA requirements including solvency exemption limitations (fully fund any benefit improvement)
  - Basic nature of pension deal (i.e., any benefit improvement is permanent)

**ECKLER**

eckler.ca

10

## Queens DB Plan Key Challenges

- For Plan Members
  - Attaining more benefits under existing structure
  - Reasonable contribution rates
- For Employer
  - Managing the financial risk and responsibility of being a traditional DB Plan sponsor and guarantor
  - Managing the plan governance and administration responsibilities
- Feasibility and sustainability of a DB plan for a municipality of your size?

**ECKLER**

eckler.ca

11

## Key Highlights of Analysis

- Different benefit structure
  - Detail provided in Appendix A
- PSSP transfer would swap current 2% "year-by-year" accrual plan with 1.3% / 2% final average earnings plan
  - Pre-retirement indexing (final average plan)
- Potential enhancements under PSSP
  - Unreduced pension at age 60 / Rule 80/85
  - Bridge pension to age 65
  - Potential for post-retirement indexing
- Impact on current contributions:
  - Lower contributions for most employees
    - Higher income employees contribute more than under Queens rules
  - Lower contributions for the municipality

**ECKLER**

eckler.ca

12

## PSSP Approach

- The PSSP is the pension plan for provincial civil servants and employees of various provincial agencies, boards, and commissions
  - Other employers in the "broader public sector" have joined or are considering participation
- Governed by a Board of Trustees who have ultimate fiduciary responsibility for the plan
  - Transitioned from Minister of Finance
- Day to day plan administration and investment management handled by a full-time professional organization: Nova Scotia Pension Services Corporation
- Plan design has moved from a traditional employer sponsored DB plan to a jointly trusted target benefit type plan

**ECKLER**

eckler.ca

13

## **PSSP Approach to Benefit**

- Nature of risk / reward of PSSP
  - Plan design targets a defined benefit, but Trustees have the ability to improve benefits if there is a surplus and to adjust contributions and benefits if there is a deficit (subject to constraints contained in governing legislation)
  - Contribution rates have some stability built in (greater than cost of benefits accrued)
  - Trustees can ask for more from employees and employer if contributions are not sufficient to extinguish deficit over 10 years
    - Current contributions could absorb a deficit of about 6.2% of plan assets

**ECKLER**

eckler.ca

14

## **Well-Defined Funding and Benefits Policy**

- When plan has a funding excess
  - Trustees have the ability to provide indexing and/or improve benefits/reduce contributions
- When plan is in deficit recovery
  - Current contribution rates can cover some level of deficit
  - Otherwise, Trustees have the ability to adjust contributions and benefits (subject to constraints contained in governing legislation)
  - Trustees can't reduce accrued pensions
- Achieves the risk sharing and flexibility to provide long term sustainability

**ECKLER**

eckler.ca

15

### **Queens vs PSSP: Plan Management**

- Positives (of PSSP)
  - Economies of scale given size of plan
    - Investment opportunities not available to smaller plans
    - Plan expenses lower as a percentage of assets, more of each dollar going to member benefits
  - Dedicated plan administration corporation
- Positives (of Queens Plan)
  - Employer controls of all aspects of plan management

**ECKLER**

eckler.ca

16

### **PSSP Approach – Active membership**

- One of the Trustee goals is to increase the active membership of the plan; looking for other plans to join with to meet this goal
- Provincial Government supporting transfers by legislation
  - the “University Pension Plan Transfer Act” enacted in 2015
  - the “Municipal and Other Authorities Pension Plan Transfer Act” enacted in late 2016

**ECKLER**

eckler.ca

17

## PSSP Approach – Active membership

- Plans that have already transferred:
  - Sherbrooke Village Restoration Commission
  - South Shore Public Libraries
  - Cape Breton University (partial)
  - Acadia University
  - Université Sainte-Anne
  - University of King's College
  - Halifax Harbour Bridges
  - Cape Breton Regional Municipality
  - Riverview Enhanced Living
  - Municipality of County of Pictou
  - Village of Bible Hill
- Others are reviewing

**ECKLER**

eckler.ca

18

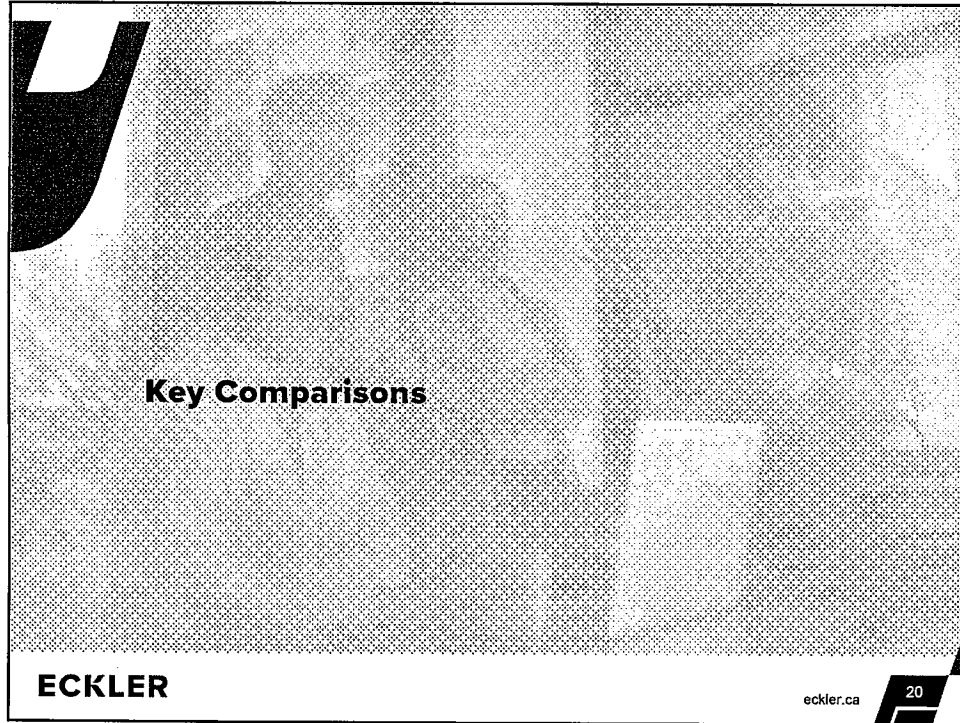
## Key Issues for Consideration

- Different benefit and contribution structure
- Current plan affordability and rate stability?
- Administration by professional third party organization
- Feasibility and sustainability of a DB plan for a municipality of your size?
- Pensions removed from collective bargaining
- Additional contributions can be mandated by Trustee from both members and employer
- Benefits can be adjusted downwards if funded ratio has deteriorated
  - Accrued benefits are protected

**ECKLER**

eckler.ca

19



## Key Comparisons

**ECKLER**

eckler.ca 20

## Queens and PSSP Comparators

	Queens	PSSP
Valuation Date	December 31, 2018	December 31, 2018
Market Value of Assets	\$12.2 million	\$6.3 billion
Estimated Pensionable Payroll	\$3,700,000	\$1,171,000,000
Solvency/Wind-up Status	Underfunded due to low interest rates Solvency Exemption	n/a
Funded ratio*	100%	98% (over 100% at March 31)
Active & LTD Members	78	17,458
Pensioners & Others	34	17,181

\* On a market value basis. Note different funding and benefits policies and actuarial assumptions

**ECKLER**

eckler.ca 21

## Required Contributions

	Queens	PSSP
Employee contributions	8.8% of earnings	8.4% of earnings up to the YMPE (\$57,400 in 2019) and 10.9% on excess
Employer contributions	9.8% of earnings (as rate stability approach) plus additional if in deficit	Match employee contribution
Estimated total employer contributions (assuming payroll of \$3.7 million)	\$362,600	\$321,000

- For a member earning \$45,000, member contributions would decrease by \$180 per year

**ECKLER**

eckler.ca

22

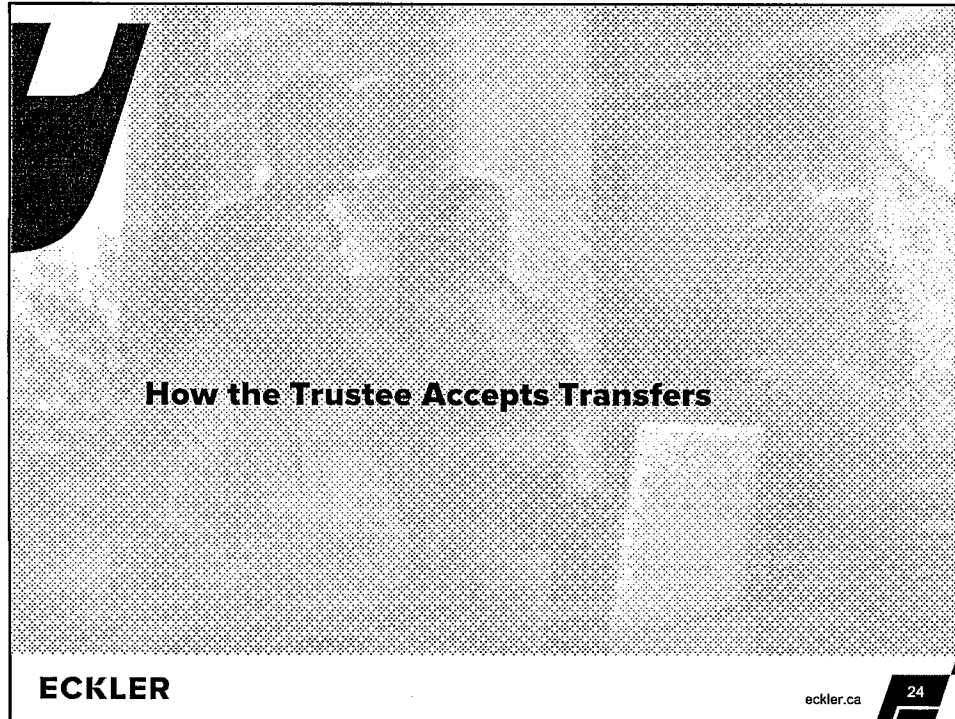
## Queens vs PSSP: Contributions

- PSSP
  - Total contributions are in excess of current service cost (rate stability)
  - Total cost of benefits approximately 12.8% of payroll vs contribution total of 17.6% of payroll
  - 4.8% of payroll difference can absorb demographic changes and some deficit recovery
  - Any change to funding is shared 50%/50% between employee and employer
  - Not subject to PBA funding requirements
- Queens
  - Contributions slightly in excess of current service cost (1.0% in 2019)
  - If total contributions are insufficient to meet minimum requirements, employer contributions will increase
  - Employee contribution change subject to collective bargaining
  - Expect minimum contribution requirement to increase with NS funding reform

**ECKLER**

eckler.ca

23



**How the Trustee Accepts Transfers**

- PSSP Trustees will determine process to transfer assets and liabilities
  - Key principle for Trustees is that a transfer-in must be cost neutral to the current members of the PSSP
  - Funded ratio of PSSP after the transfer cannot be less than funded ratio of PSSP immediately before the transfer
  - All costs related to the transfer are paid by incoming plan
- Transfer "pensionable service" rather than pension accrued under Region of Queens formula
  - Accrued pensions for active members will be a different amount under the terms of the PSSP compared to the Queens plan design
  - Transfer agreement can provide a minimum benefit with respect to the transferred service equal to the pension accrued in the predecessor plan (i.e., the accrued pension that appears on the member's annual pension statement, or another minimum)

**ECKLER**

eckler.ca 25

This slide contains a bulleted list of key principles and processes for PSSP trustees regarding transfers. The text is left-aligned.

## How the Trustee Accepts Transfers

- Trustees may accept transfer of pensioners and deferred pensioners
  - Pensions in pay will be transferred in full and subject to PSSP indexing
    - Form of pension will be maintained (i.e., guarantee / joint and survivor percentage)
  - Deferred pensions will be payable under terms of PSSP, at PSSP retirement date (i.e., age 60)
- Assets from the Queens plan will be transferred to the PSSP to support the liabilities
- Amount of assets required will be based on the amount of service transferred and the cost of this service, as determined by the PSSP Trustees

**ECKLER**

eckler.ca

26

## Examples – Transfer of Service

**ECKLER**

eckler.ca

27

### Impact on Accrued Pensions – Service Transfer

- Why are accrued pensions lower at time of conversion?
  - PSSP formula is 1.3% up to the final average YMPE
  - Region of Queens formula is 2.0% on all earnings
    - 65% of accrual rate
  - Pensions lower for members whose salaries have remained relatively flat
- The accrued pension amounts are not comparable because they vary based upon the following:
  - PSSP has automatic improvement in past service benefits through final average design
  - Different early retirement rules
  - Bridge benefit payable to age 65
  - Post-retirement indexing available

**ECKLER**

eckler.ca

28

### Observations (based on 2017 member data)

- Initial accrued pensions are lower on transition for 67 out of 70 active members, higher for 3 members
  - The minimum benefit provision in the transfer agreement would mean no-one receives less than their accrued Queens pension amount in respect of their Queens pensionable service
- The average reduction in accrued pension on transition is 25% of current Queens accrued pension
  - Some less than 25%, some more
  - It will take 10 years on average for members to catch up
- PSSP Extras
  - PSSP early retirement rules provide more opportunities
  - Bridge benefit payable to age 65
  - Post-retirement indexing available

**ECKLER**

eckler.ca

29

**Example 1**

John Smith – at date of transfer

Age 60 with 15 years of service

**Pension amounts at date of transfer:**

Region of Queens pension at transfer: \$13,400

PSSP pension at transfer: \$9,848

FAE = \$50,500

Pension =  $[1.3\% \times 50,500 \times 15]$ **ECKLER**

eckler.ca

30

**Example 1 continued**

John Smith

**Assumed retirement at age 60:**

Queens pension: \$13,400

PSSP Pension: \$9,848

Plus: bridge to age 65: \$5,302

Total PSSP amount payable to age 65: \$15,150

Total PSSP amount payable from age 65: \$13,400

**ECKLER**

eckler.ca

31

**Example 2**

Jane Brown – at date of transfer

Age 45 with 15 years of service

**Pension amounts at date of transfer:**

Region of Queens pension at transfer:	\$13,400
PSSP pension at transfer:	\$9,848
FAE = \$50,500	
Pension = [1.3% x 50,500 x 15]	
PSSP bridge to 65 at transfer:	\$5,302
FAE = \$50,500	
Pension = [0.7% x 50,500 x 15]	

**ECKLER**

eckler.ca

32

**Example 2 continued**

Jane Brown

**Assumed retirement at age 60:**

Queens pension for years prior to transfer:	\$13,400
PSSP Pension:	\$14,254
assumes 2.5% salary increase to age 60	
FAE = \$73,100, FAYMPE = \$79,600	
Pension = [1.3% x 73,100 x 15]	
<u>Plus:</u> bridge to age 65:	\$7,676
Total PSSP amount payable to age 65:	\$21,930
Total PSSP amount payable from age 65:	\$14,254

**ECKLER**

eckler.ca

33

## How Would a Guarantee Work?

Pension payable at Age 60 for service to transfer date	From Queens Plan	From PSSP	
		Pre-65	Pst-65
John Smith	\$13,400	\$15,150	\$9,848
Jane Brown	\$13,400	\$21,930	\$14,254

This amount guaranteed at a dollar amount (i.e., 100% of accrued) Region of Queens Pension

- John Smith lifetime pension cannot be lower than \$13,400
- No guarantee applicable for Jane Brown

**ECKLER**

eckler.ca

34

## Financial Feasibility

35

**ECKLER**

eckler.ca

## Financial Feasibility

- Pension Services Corporation provided feasibility assessment based on membership data at December 31, 2018
  - Recall that the key metric PSSP Trustees use to price a new group joining is that the funded ratio of the PSSP after the transfer must equal the PSSP prior to the transfer (cost neutral to existing PSSP members)
  - Using the results of the December 31, 2018 valuation of the PSSP and the funded ratio of the PSSP as at that date, the transfer is feasible
    - One year of credited service in Queens plan equals one year of credited service in PSSP
    - Benefits earned under Queens plan fully protected
      - Pension earned under PSSP on transferred service never less than Queens pension accrued to transfer
    - Surplus assets in Queens plan following transfer approximately \$875,000

**ECKLER**

eckler.ca

36

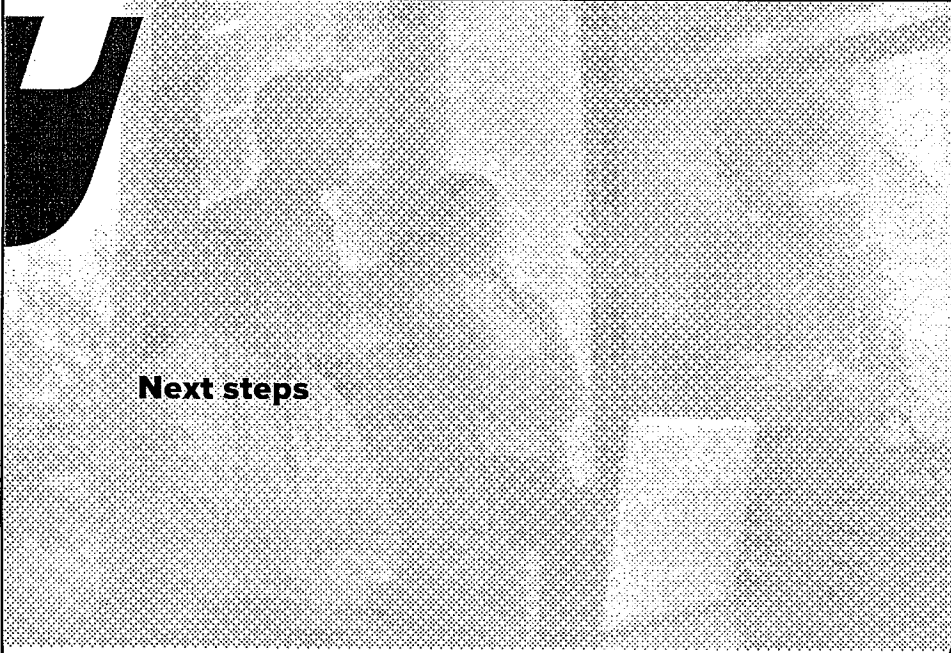
## Financial Feasibility

- Feasibility assessment does not include impact of expenses that may be incurred in any transition
  - All PSSP expenses related to transition (legal, actuarial, admin) would be charged to Queens
  - Queens expenses are not included (legal, actuarial)
  - Could be \$100,000+ in total
- The final cost will be based on the PSSP funded ratio as at the transfer date
  - Any divergence in return on PSSP fund vs Queens fund will impact the funded ratio
  - PSSP also follows a "contribution rate stability" approach
    - All other things equal, extra contributions result in about a 1% improvement in funded ratio each year
- Excess funding likely sufficient to cover off expenses and funded ratio changes

**ECKLER**

eckler.ca

37



**Next steps**

**ECKLER**

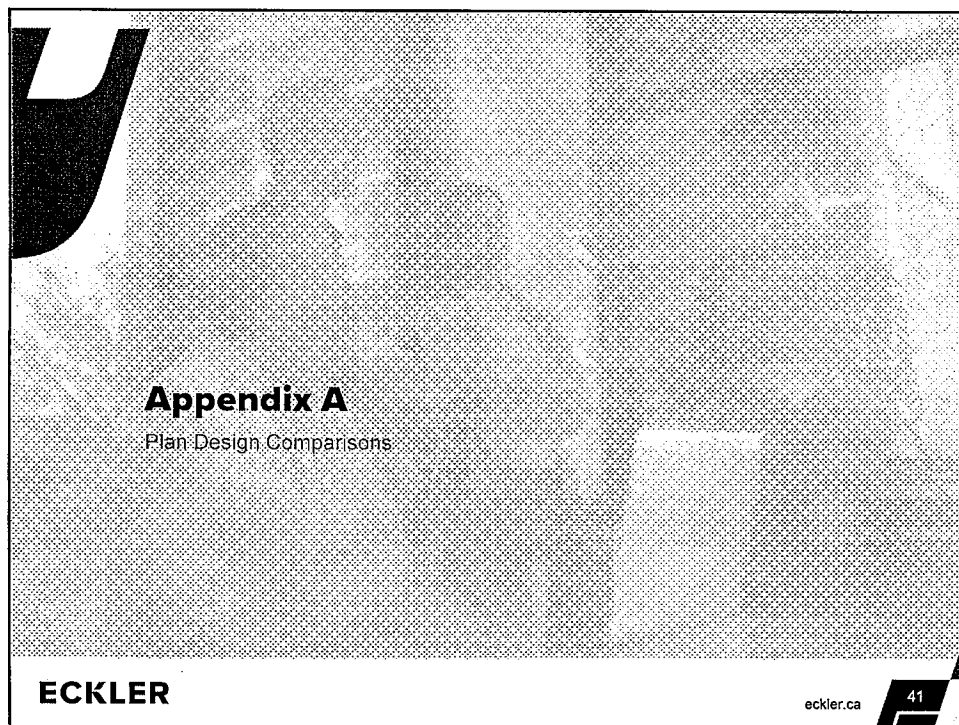
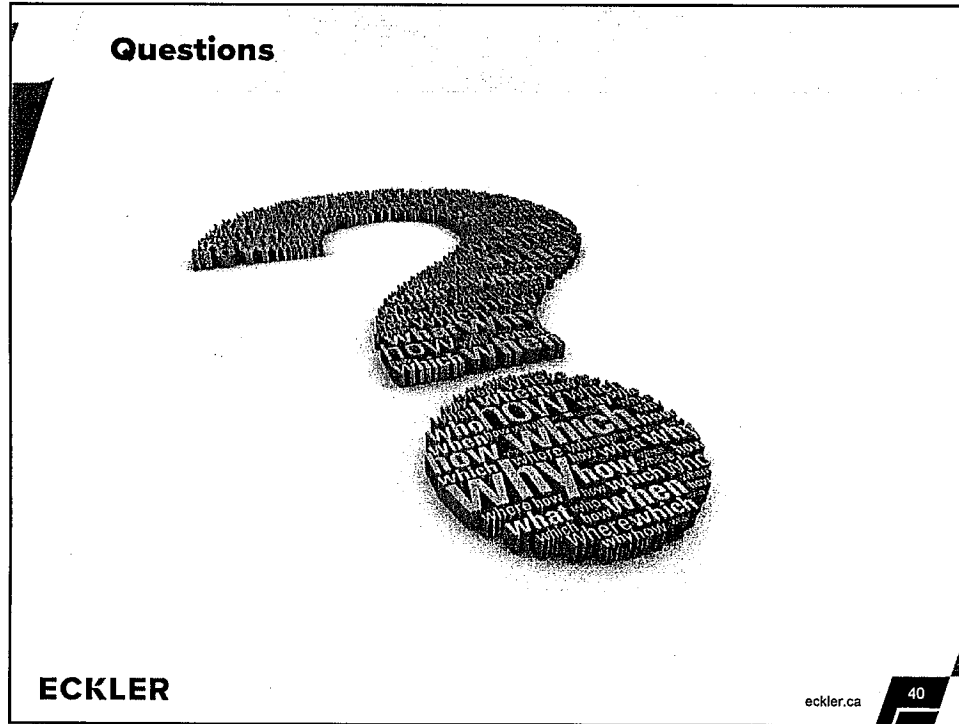
eckler.ca 38

**Moving Forward?**

- Legislative requirements to move forward
  - Support of the majority of plan members (active, deferred and retirees) by vote
  - Negotiate a transfer agreement between PSSP Trustee and the Region of Queens
    - Not much of a "negotiation" as Trustee has a template they will want to use
- Other?
  - Communication with plan members
  - Information sessions?
  - Timing of vote
  - Support of union leadership very helpful
  - Collective agreement requirements?

**ECKLER**

eckler.ca 39



## Inflation Protection

	Queens	PSSP
Pre-retirement indexing of benefits	Currently Ad-hoc Through base year upgrades from surplus or additional funding  (Most recent base year upgrade was January 1, 2000)	Automatic Through <u>final average earnings</u> design
Post-retirement indexing of benefits	Ad-hoc No history	Automatic Based on financial position of plan (subject to Trustee approval)

**Indexing: PSSP superior in ability to provide.**

Ad-hoc Queens upgrades must either be funded or allocated from plan surplus and are subject to PBA requirements. Current solvency position impairs ability to provide improvement as does full guarantee structure of the plan.

**ECKLER**

eckler.ca

42

## Early Retirement

	Queens	PSSP
If commenced employment prior to April 6, 2010	Age 55, subject to reduction	<ul style="list-style-type: none"> <li>▪ Age 55 with 2 years of service (subject to possible reduction)</li> <li>▪ Age 50 if age + service equal 80, no reduction</li> </ul>
If commenced employment on or after April 6, 2010	Age 55, subject to reduction	<ul style="list-style-type: none"> <li>▪ Age 55 with 2 years of service (subject to possible reduction)</li> <li>▪ Age 55 if age + service equal 85, no reduction</li> </ul>
Age 60 Unreduced Eligibility	Most members: Age 60 with 15 years of service  Grandfathered members: Age 60	Age 60 with 2 years of service
Years of service	Most members: n/a  Grandfathered members: Unreduced retirement upon attainment of 30 years of service	Unreduced retirement upon attainment of 35 years of service

**Early Retirement Provisions: Improvement for most Plan members.**

**ECKLER**

eckler.ca

43

## Retirement Benefits

	Queens	PSSP
Benefit Formula	Current: Year by Year accrual	Best 5 Year's Average Earnings
Lifetime pension amount	Service after 31-Dec-1999: 2% of earnings Service up to 1-Jan-2000: 2% of 1999 earnings	1.3% of Best 5 up to average YMPE plus 2% of Best 5 in excess, multiplied by credited service
Bridging amount (additional pension to age 65)	N/A	0.7% of Best 5 up to average YMPE, multiplied by credited service
Early retirement pension if don't meet unreduced early retirement rule	Pension reduced by 6%* per year from age 65 (*3% per year for grandfathered members)	Pension and bridge reduced by 6% per year from <u>projected unreduced retirement date</u> (assuming no further service)
Credited Service	No cap on credited service	Credited service limited to 35 years

Retirement Benefits: Key benefit issue.

**ECKLER**

eckler.ca

44

## Appendix B

Governance / Structure of  
Public Service Superannuation Plan

**ECKLER**

eckler.ca

45

## Structure of PSSP

- The PSSP is exempt from the provisions of the Nova Scotia Pension Benefits Act, instead it is governed by its own legislation: Nova Scotia Public Service Superannuation Act ("PSSA")
  - Not subject to Pension Benefits Act
  - Not subject to any statutory limitations on benefit changes
    - Currently, with PBA solvency exemption, benefit improvements cannot be provided while plan has a solvency deficit unless full cost of improvement is immediately funded
    - For Queens plan, this means no base year improvements for the foreseeable future without additional funding

**ECKLER**

eckler.ca

46

## Structure of PSSP

- PSSP Trustee Inc. ("PSSPTI") is the Trustee of the PSSP and is responsible to oversee the administration and investment management of the plan and fund
  - 13 Directors of PSSPTI
    - 6 appointed by the Nova Scotia Government (as employer)
    - 3 appointed by NSGEU
    - 1 appointed by CUPE
    - 1 appointed by Retiree Association
    - 1 appointed by non-bargaining employees
    - Independent Chair
- Target benefit plan with prescriptive actions based on plan's funded status

**ECKLER**

eckler.ca

47

### Structure of PSSP

- Act requires Trustee to review financial position of the plan every 5 years (2015 was one of the years) to determine cost of living adjustments for the next 5 years and any other adjustments to contribution rates or benefits

Funded Ratio at Review Date	Trustee Action
96% - 100%	Increase contribution rates by up to 1% for each employer and employees to achieve 100% funding over next 10 years
90% - 96%	Increase contributions by amount necessary to achieve 100% funding over next 10 years (if maximum rate permitted under Income Tax Act reached, must adjust plan eligibility and benefits to meet target)
Less than 90%	Increase contributions to at least the amount necessary to achieve full funding over 10 years if the funded ratio were 90% and adjust plan eligibility and benefits to achieve 100% funding over next 10 years

**ECKLER**

eckler.ca

48

### Structure of PSSP

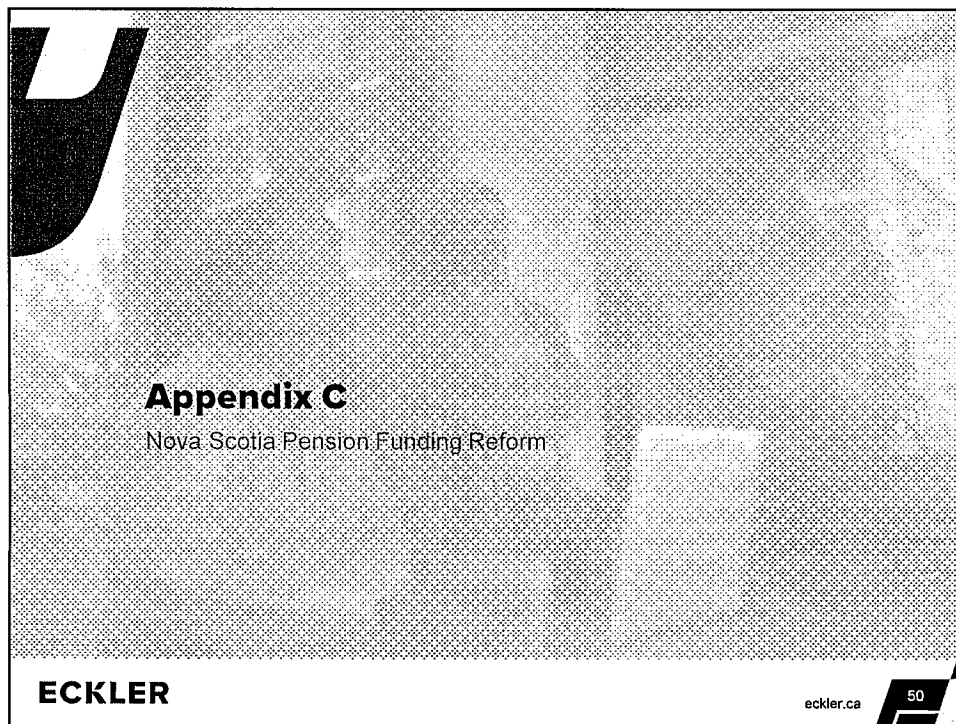
- Act requires Trustee to review financial position of the plan every 5 years (2015 was one of the years) to determine cost of living adjustments for the next 5 years and any other adjustments to contribution rates or benefits

Funded Ratio at Review Date	Trustee Action
100% - 110%	Use a portion of the surplus to fund a strategic reserve; remainder can be used to provide pensioner indexing at a fixed rate over next 5 years (rate can not exceed 50% of change in CPI)
110% - 120%	Use at least 50% of surplus to fund a strategic reserve; use at least 50% of remainder for pensioner indexing at a fixed rate (not to exceed change in CPI) over next 5 years; and rest to modify contributions and/or benefits
Greater than 120%	Similar to when funded ratio is between 110% and 120%: combination of strategic reserve, pensioner indexing and modification of contributions/benefits

**ECKLER**

eckler.ca

49



**Appendix C**  
Nova Scotia Pension Funding Reform

**ECKLER**

eckler.ca 50

**Nova Scotia Pension Funding Reform**

- September 2017: Superintendent of Pensions issued a consultation paper on potential changes to the funding rules for Nova Scotia registered pension plans
  - Feedback by November 2017
- April 2018: releases another paper summarizing feedback received from stakeholders
  - Met with a number of stakeholders following release
- March 2019: changes to Pension Benefits Act were made
  - The changes set the stage for changes to Regulations (which would include the detailed funding rules)
- May 2019: releases paper outlining proposed changes to Regulations
  - Stakeholders had until June 21 to provide feedback on specific questions

**ECKLER**

eckler.ca 51

## Changes to Pension Benefits Act

- The Act outlines the broad funding requirements, whereas the Regulations contain the details
- 2019 changes to the Act included
  - Introduction of concept of "Reserve Accounts"
  - Removal of limit on use of Letters of Credit to fund solvency deficits
  - Statutory discharge for annuity "buy-outs"

**ECKLER**

eckler.ca

52

## Proposed Changes to Regulations

- Permanent solvency relief for plans subject to solvency funding
  - Fund to 85% of solvency liabilities
  - Requires consent of plan beneficiaries (less than one-third object)
- Plans currently exempt from solvency funding would continue to be solvency exempt
- Enhanced going-concern funding for all plans (including solvency-exempt plans)
  - Going-concern deficiencies funded over 10 years vs 15 years
  - Special payments consolidated and re-amortized after each valuation
  - Provision for Adverse Deviation (PfAD) must be established
    - Applied to plan liabilities, but not service cost
  - Strengthen restrictions on contribution holidays
    - Plan must be 110% funded on both going-concern (including PfAD) and solvency bases before contribution holiday can be taken

**ECKLER**

Looking for input on 110% level

eckler.ca

53

### Proposed Changes to Regulations (PfAD)

- Provision for Adverse Deviation is an explicit margin for conservatism added to the plan's "best estimate liabilities"
  - Remove implicit margin in discount rate (0.20% in the Queens' 2018 valuation) and replace with explicit margin
- Two options under consideration
  - Option 1: two-dimensional grid which considers the percentage of plan assets invested in variable securities (i.e. non-fixed income) and a measure of interest rate risk
  - Option 2: one-dimension based on the percentage of plan assets invested in variable securities
- Potential a second component for plans using an "aggressive" best estimate discount rate – likely not an issue for Queens

ECKLER

eckler.ca

54

### Proposed Funding Rules – Impact on 2018 Results

	December 31, 2018 Current Funding Rules (Discount Rate: 5.50%)	December 31, 2018 Enhanced Going-Concern (Discount Rate 5.70%)
Market value of assets	\$12,169,100	\$12,169,100
Smoothing component	\$408,000	-
Contributions in transit	\$51,800	\$51,800
<b>Total going concern assets:</b>	<b>\$12,628,900</b>	<b>\$12,220,900</b>
Active members including LTD	\$6,730,300	\$6,568,400
Retirees and survivors	\$5,259,900	\$5,160,900
Deferred pensioners	\$222,200	\$213,000
Provision for Adverse Deviation (10%)	N/A	\$1,194,200
<b>Total liabilities:</b>	<b>\$12,212,400</b>	<b>\$13,136,500</b>
<b>Going concern excess / (shortfall)</b>		
- without smoothing	\$8,500	(\$915,600)
Going concern excess / (shortfall) - with smoothing	\$416,500	

While there is no indication that smoothing will not be allowed under the proposed funding rules, it has been removed from the example to get a true picture of the shortfall under the proposed rules.

ECKLER

eckler.ca

55

### Proposed Funding Rules – Impact on 2018 Results

	December 31, 2018 Current Funding Rules (Discount Rate: 5.50%)		December 31, 2018 Enhanced Going-Concern (Discount Rate 5.70%)	
	% of payroll	\$	% of payroll	\$
Member contributions	8.8%	323,800	8.8%	323,800
Municipality contributions	9.8%	360,600	9.8%	360,600
<b>Total contributions</b>	<b>18.6%</b>	<b>684,400</b>	<b>18.6%</b>	<b>684,400</b>
Total service cost	(17.2%)	(631,200)	(16.6%)	(612,100)
Provision for pre-funded expenses	(0.4%)	(15,000)	(0.4%)	(15,000)
Minimum special payment (10 year amortization)			(3.2%)	(119,500)
Rate stability extra/ contribution shortfall	1.0%	38,200	(1.6%)	(62,200)

\* Based on \$3.7 million payroll

**ECKLER**

eckler.ca

56