



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.  
BOARD OF DIRECTORS**

MINUTES of the meeting of the Alberta Local Authorities Pension Plan Corp. Board of Directors held on October 19, 2018, at Suite 2000, 10130 103 Street, Edmonton.

**Board members**

**Present:**

- T. Agoto - Chair
- D. Sander – Vice-Chair
- K. Balkwill
- S. Bradshaw
- B. Burton
- K. Craig
- T. Giesbrecht
- P. Marsden
- S. McGillivray
- S. Odegard
- S. Pusch
- H. Rogers
- L. Thompson
- R. West

**Staff/Board Advisors (Present at the request of the Board):**

- [REDACTED], President and CEO
- [REDACTED], Vice-President, Pension Policy and Funding (**PPF**)
- [REDACTED], Vice-President, Investment Policy and Risk Management (**IPRM**)
- [REDACTED], Vice-President, Stakeholder Relations and Communications (**SRC**)
- [REDACTED], Board Secretary

**NEXT REGULAR BOARD MEETING SCHEDULED FOR: December 14, 2018**



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.  
BOARD OF DIRECTORS  
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The Chair, T. Agoto, convened the Board of Directors meeting at 8:00am on October 19, 2018 with 14 Board members present.

## **CONFLICT OF INTEREST DECLARATION**

The Chair asked if any Board member had any conflicts of interest to declare. Hearing none, the meeting commenced.

### **1. IN CAMERA WITH THE CEO**

██████████, ██████████, ██████████, and ██████████ joined the meeting at 8:35 am.

### **2. APPROVAL OF AGENDA**

**MOTION AL18:10:01** That the Board of Directors approve the agenda.

**Carried 14-0**

### **3. APPROVAL OF MINUTES –September 28, 2018**

**MOTION AL18:10:02** That the Board of Directors approve the minutes of the September 28, 2018 Board of Directors meeting.

**Carried 14-0**

### **4. BUSINESS**

#### **4.1 Management's Business Report**

The ALAPP Corp. CEO provided an update on the contribution rate setting authority issue. There was discussion about the most recent investment report and the current long bond yields vs commuted value pay-outs.

**MOTION AL18:10:03** That the Board meeting scheduled for November 16, 2018 be cancelled.

**Carried 14-0**

**MOTION AL18:10:04** That the Board receives this report for information.

**Carried 14-0**

#### **4.2 LAPP Leverage Report**

The ALAPP Corp. VP IPRM provided an overview of the report to the Board. There was a brief discussion about proper accounting and disclosure.

██████████, AIMCo Chief Investment Officer, ██████████, AIMCo Chief Risk Officer, ██████████, AIMCo Chief Client and Stakeholder Relations Officer, and ██████████, AIMCo Director, Client Relations joined the meeting at 8:50am.

The AIMCo Chief Risk Officer and Chief Investment Officer provided the leverage presentation to the Board. There was discussion about the Board's view on the use of leverage, how to measure the effectiveness of the use of leverage and the use of leverage in the Repo program, fixed income and real estate portfolio.



██████████, AIMCo Chief Investment Officer, ██████████, AIMCo Chief Risk Officer, ██████████, AIMCo Chief Client and Stakeholder Relations Officer, and ██████████, AIMCo Director, Client Relations left the meeting at 9:40am.

**MOTION AL18:10:05** That the Board receives this report for information.

**Carried 14-0**

#### **4.3 Cost Effectiveness Review of AIMCo**

The ALAPP Corp. VP IPRM provided an overview of the report. There was discussion about the cost of internal strategies and hedge funds.

**MOTION AL18:10:06** That the Board receives this report for information.

**Carried 14-0**

#### **4.4 AIMCo Scorecard Update**

The ALAPP Corp. VP IPRM provided an overview of the report and updated scorecard. There was discussion about the long-term performance of AIMCo.

**MOTION AL18:10:07** That the Board approve the AIMCo Scorecard as amended, which will subsequently be communicated to AIMCo's CEO and the President of Treasury Board and Minister of Finance.

**Carried 14-0**

#### **4.5 Enterprise Risk Update**

The ALAPP Corp. VP IPRM provided an overview of the report and the updated ERM Framework. There was discussion about employer withdrawal risk.

**MOTION AL18:10:08** That the Board receives this report for information.

**Carried 14-0**

#### **4.6 Annual Strategy and Risk Report**

The ALAPP Corp. CEO provided an overview of the report to the Minister, highlighting the work the Board has done on risk management, as well as the inherent risk arising due to the potential change in LAPP governance.

**MOTION AL 18:09:09** That the Board approve the Annual Strategy and Risk Report for transmission to the Minister of Finance in the form recommended.

**Carried 14-0**

#### **4.7 2019 ALAPP Corp. Interim Budget and Business Planning**

The ALAPP Corp. CEO provided an overview and rationale behind the requested interim budget.

**MOTION AL 18:09:10** That the Board supports Management's 2019 approach to business planning and approves the 2019 ALAPP Corp. Interim Budget at \$581,550.

**Carried 14-0**



#### 4.8 Board Governance Committee Report

The Committee Chair provided an overview of the report and reviewed the recommendations for the Board.

**MOTION AL 18:09:11** That the Board of Directors approve the revised Meeting Procedures – ALAPP Corp. Board of Directors;

that (1) the ALAPP Corp. President & Chief Executive Officer (CEO) be permitted to hold a dual capacity with the ATC while employed by ALAPP Corp., (2) the Board Chair be authorized to execute any documentation necessary for such purpose, and (3) the Board recognize the CEO's authority to grant similar approval to other ALAPP Corp. employees as may be necessary or desirable in furtherance of the governance transition for LAPP;

that any current Board members not being appointed to the new Sponsor Board or Board of Directors of LAPP's new administrator/ trustee corporation, receive a recognition gift in the amount of \$50 x years of service (to a maximum of \$500) as per the policy, at the December Board meeting; and

that the Board of Directors approve the minutes of the October 5, 2018 Board Governance Committee.

**Carried 14-0**

#### 4.10 APS Strategic Plan, Business Plan and Budget

The ALAPP Corp. VP PPF provided an overview of the report and presentation to the Board.

██████████, APS CEO; ██████████, APS CFO; ██████████ APS VP Pension Services and ██████████, APS Executive Director, joined the meeting at 11:20am.

The APS CEO provided introductions and a high level overview of the strategic plan for APS. The APS VP Pensions Services provided the APS 2019-2021 Business Plan presentation. The APS CFO provided the APS budget considerations to the Board. There was discussion about analytics, accountability, client satisfaction and employer compliance.

**MOTION AL 18:09:12** That the Board receives this report for information.

**Carried 14-0**

██████████, APS CEO; ██████████, APS CFO; ██████████, APS VP Pension Services and ██████████ APS Executive Director, left the meeting at 12:00pm.

H. Rogers left the meeting at 12:00pm.

██████████, Aon Partner and ██████████, Aon Partner, joined the meeting at 1:00pm.

#### 4.11 Long Term Funding Policy Development

The Aon Partners provided a high level presentation on the *Employment Pension Plans Act (EPPA)* Funding Policy requirements. There was a brief discussion about intergenerational equity.

██████████, Aon Partner and ██████████, Aon Partner, left the meeting at 1:30pm.

**MOTION AL 18:09:13** That the Board receives this report for information.

**Carried 13-0**

*K. Balkwill left the meeting at 1:33pm.*

## **4.9 2019 Contribution Rate Reduction Process**

The ALAPP Corp. VP PPF, provided an overview of the report and the history behind contribution rate changes.

**MOTION AL 18:09:14** That the Board of Directors recommend that the Board of Trustees file a Plan amendment pursuant to its authority under Section 5(2) of Schedule 1 of the *Public Sector Pension Plans Act* to reduce the Plan's required member and employer contribution rate by 1%, having effect for all payroll period pay dates occurring on or after January 1, 2019.

**Carried 12-0**

*K. Balkwill joined the meeting at 1:42pm.*

## **4.12 Contribution Rate Integration with YMPE Policy Review**

The ALAPP Corp. VP PPF, provided an overview of the report. There was discussion about the technical aspect of meeting the policy requirements in its current form.

**MOTION AL 18:09:15** That the Board of Directors recommend that the Board of Trustees approves the revised Contribution Rate Integration with YMPE policy.

**Carried 13-0**

**The Board of Directors meeting recessed at 1:45pm.**

**The Board of Directors meeting re-convened at 1:48pm.**

## **5. INFORMATION ITEMS**

### **5.1 Board Correspondence**

The Board reviewed the most recent correspondence.

**MOTION AL18:10:16** That the Board receives this report for information.

**Carried 13-0**

### **5.2 Conferences/Calendar of Events**

The Board reviewed the Conferences and Calendar of Events.

**MOTION AL18:10:17** That the Board receives this report for information.

**Carried 13-0**

### **5.3 Presentation Review**

The Board reviewed the presentations from AIMCo, APS and Aon.

## **6. BOARD IN CAMERA**

██████, ██████, ██████, and ██████ left the meeting at 1:50pm.

██████ left the meeting at 1:55pm.

██████ joined the meeting at 2:15pm.

██████ joined the meeting at 2:25pm.

**MOTION AL18:10:18** That the Chair and Vice-Chair prepare and approve a cover letter to accompany the Annual Strategy and Risk Report on behalf of the Board of Directors.

**Carried 13-0**

As the agenda was completed, the Chair declared the meeting adjourned at 2:28pm.

████████████████████  
\_\_\_\_\_  
Ch

October 19, 2018

████████████████████  
\_\_\_\_\_  
Board Secretary