



**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 April 28, 2017, in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

- T. Agoto, Vice-Chair - via phone call
- K. Balkwill
- S. Bradshaw
- B. Burton
- K. Craig
- P. Marsden
- S. Pusch
- H. Rogers
- L. Thompson
- R. West
- J. Whaley

Absent:

- D. Sander - Chair

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

- ██████████, President and CEO
- ██████████, Vice-President, Stakeholder Relations and Communications
- ██████████, Vice-President, Investment Policy and Risk Management
- ██████████, Vice-President, Pension Policy and Funding
- ██████████, Board Secretary

NEXT REGULAR BOARD MEETING SCHEDULED FOR: July 21, 2017



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD MEETING
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APRIL 28, 2017**

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As neither the Chair, nor Vice-Chair were in person attending the meeting (Vice-Chair on the phone), the Board Secretary convened the meeting at 8:00am and called an election for a Chair to preside over the meeting as per section 3.21 (3b), of the Board Member Handbook.

P. Marsden nominated K. Balkwill. K. Balkwill accepted the nomination. No other nominations were submitted.

MOTION AL17:04:01 That K. Balkwill be elected as Chair to preside over the April 28, 2017 Board meeting.

Carried 11-0

K. Balkwill assumed the chair.

Absent at start of meeting: D. Sander.

████████████████████ left the meeting at 8:02am.

1. IN CAMERA WITH THE CEO

████████████████████ joined the meeting at 8:05am.

CONFLICT OF INTEREST DECLARATION

The Chair asked if any Board member had any conflicts of interest to declare. Hearing none, the meeting commenced. P. Marsden stated he may have a conflict during agenda item 4.12 – APS Strategic Planning. He would decide at that time if there was conflict of interest.

2. APPROVAL OF AGENDA

MOTION AL17:04:02 That the Board of Directors accept the agenda.

Carried 11-0

3. APPROVAL OF MINUTES – March 17, 2017

MOTION AL17:04:03 That the Board of Directors accept the minutes of the March 17, 2017 meeting.

Carried 11-0

4. BUSINESS

4.1 Management’s Business Report

The ALAPP Corp. CEO provided an update to the Board on the APS CEO search, the departure of the Executive VP of Private Investments at AIMCo, the meeting with the Deputy Minister of Treasury Board and Finance and the departure of ██████████, Mercer Partner, from Mercer.



There was discussion about the importance of clients being involved in the APS CEO search, the options provided by Mercer and the expiring contracts for Actuarial and Investment Consulting services.

The Board directed management to prepare a letter from the Chair regarding the importance of the client view in the upcoming APS CEO search.

MOTION AL17:04:04 That the Board receives this report for information.

Carried 11-0

4.2 Audit Committee Report

The Audit Committee Chair provided an overview of the April 7, 2017 Audit Committee meeting, including the discussion with the Auditor General and the APS cost overrun.

MOTION AL17:04:05 That the Board approve the amended ALAPP Corp. 2016 financial statements as fairly presenting in all material respects the financial position of the Corporation and the results of its operations and changes in financial position for the year ending 2016, in accordance with the Canadian public sector accounting standards.

Carried 11-0

There was discussion regarding page 53 of the LAPP financial statements and if the changes made in the Corporation's financial statements should be carried over into the Plan's financial statements.

MOTION AL17:04:06 That the Board receives this report for information.

Carried 11-0

4.3 HR&C Committee Report

The HR&C Committee Chair provided an overview of the report to the Board. There was discussion about the behavioural competencies and the RFP requests.

MOTION AL17:04:07 That the Board adopt the proposed Exit Interview Policy.

Carried 11-0

MOTION AL17:04:08 That the Board approve additional funds to a maximum of \$25,000 and approve conducting an RFP to a) retain a firm to assist the Committee with the Triennial Compensation Review, and b) retain a firm to assist the Committee in revising the CEO Evaluation Policy to include behavioral competencies.

Carried 11-0

MOTION AL17:04:09 That the Board approve the revised CEO Evaluation Policy.

Carried 11-0

██████████, Mercer Partner joined the meeting at 9:15am. ██████████, Mercer Researcher, joined the meeting by phone at 9:15am.

4.4 Annual Review of AIMCo

The ALAPP Corp. VP Investment Policy and Risk Management, provided a brief overview of the history of the report. The Mercer Partner presented the Mercer review of AIMCo to the Board. There was discussion about the equity exposure of certain investments in real estate, external fund managers, client satisfaction, the improved reporting from AIMCo, Repo's as leverage and the impact of leverage on return.

MOTION AL17:04:10 That the Board receives this report for information.

Carried 11-0

██████████, Mercer Researcher, left the meeting at 10:00am.

4.5 AIMCo Scorecard

The ALAPP Corp. VP Investment Policy and Risk Management, provided an overview of the proposed scorecard to the Board. There was discussion about performance, risk, and the use of leverage.

MOTION AL17:04:11 That the Board approves the AIMCo Scorecard, which will, subsequently, be communicated to AIMCo and the Minister of Finance.

Carried 11-0

██████████, Mercer Partner, left the meeting at 10:30am.

██████████, ATBF Acting Executive Director, Pension Policy and ██████████, ATBF Pension Policy Advisor joined the meeting at 10:40am.

4.8 Government update

The ATBF Pension Policy Advisor provided a presentation to the Board on the development of the ATBF system-wide risk management framework for the Alberta public sector pension system. There was discussion about who controls the risks, the plan for addressing the risks, the need to focus on the results, not just the project, how the risks will be measured, the estimated completion date and the need for the Trustee of the Plan to respond to the identified risks.

MOTION AL17:04:12 That the Board receives this report for information.

Carried 11-0

██████████, ATBF Acting Executive Director, Pension Policy and ██████████, ATBF Pension Policy Advisor left the meeting at 11:15am.

4.6 SCG Debrief

The ALAPP Corp. VP Stakeholder Relations and Communications provided an overview of the report to the Board. Management was directed to prepare responses to the questions from the SCG for review and approval by the Chair and Vice-Chair.

MOTION AL17:04:13 That the Board receives this report for information.

Carried 11-0



4.7 Sponsor Advisory Process

The ALAPP Corp. VP Stakeholder Relations and Communications provided an overview and some background information to the Board. There was discussion about the Terms of Reference, the role of the proposed committee, and costs associated with the creation of the committee.

R. West left the meeting at 12:25pm.

MOTION AL17:04:14 That the Board approve the development of an Advisory Stakeholder Committee (**ASC**) for LAPP, with the purpose of formalizing a role for stakeholder input and feedback within the Board's current governance framework.

Carried 10-0

R. West joined the meeting at 12:28pm.

MOTION AL17:04:15 That the Board approve the amended ASC Terms of Reference for consultation with ASC members.

Carried 11-0

T. Agoto and H. Rogers left the meeting at 12:30pm.

The Board meeting adjourned and the Committee of the Whole meeting commenced.

4.9 Enterprise Risk Update

The ALAPP Corp. VP Investment Policy and Risk Management provided an overview of the report to the Board.

MOTION AL 17:04:16 The Committee of the Whole recommends that the Board receives this report for information.

Carried 9-0

4.11 Risk Appetite Statement

The ALAPP Corp. VP Investment Policy and Risk Management provided an overview of the report to the Committee. There was discussion about the funding status, if the document will be fluid, if the Minister will respond and identifying the passive risk holders.

MOTION AL 17:04:17 The Committee of the Whole recommends that the Board receives this report for information.

Carried 9-0

4.10 Education Session: Pension Plan Governance

The ALAPP Corp. CEO provided the presentation to the Committee.

H. Rogers joined the meeting at 2:25pm.

The Committee of the Whole adjourned and the Board meeting resumed.



MOTION AL 17:04:18 That the Board receives this report for information.

Carried 10-0

██████████, APS Executive Director, Strategic Initiatives, joined the meeting at 2:35pm.

4.12 APS Strategic Planning

The APS Executive Director, Strategic Initiatives, provided a brief presentation to the Board on the upcoming APS strategic planning process.

██████████, APS Executive Director, Strategic Initiatives, left the meeting at 3:05pm.

There was discussion about performance metrics, the current mission statement of APS, the measurable achievements of the new Compass system, alignment and customer service.

Management was directed to prepare a letter advising APS of the Board's expectations and how to stay the administrator of choice.

No conflict of interest was declared.

MOTION AL 17:04:19 That the Board receives this report for information.

Carried 10-0

4.13 Asset Class Review

The ALAPP Corp. VP Investment Policy and Risk Management provided an overview of the reports to the Board.

██████████, AIMCo Director, Client Relations, ██████████, AIMCo Executive VP, Fixed Income, ██████████, AIMCo Senior VP Real Estate, ██████████, AIMCo Director, Real Estate, and ██████████, AIMCo Analyst, joined the meeting at 3:20pm.

4.13.1 Asset Class Review: Fixed Income

The AIMCo Executive VP, Fixed Income, provided an overview presentation to the Board. There was discussion about leverage, Repo's, the risk calculation, and reporting on leverage.

4.13.1 Asset Class Review: Real Estate

The AIMCo Senior VP, Real Estate, provided an overview presentation to the Board. There was discussion about the investment appetite and benchmarks.

██████████, AIMCo Director, Client Relations, ██████████, AIMCo Executive VP, Fixed Income, ██████████, AIMCo Senior VP Real Estate, ██████████, AIMCo Director, Real Estate, and ██████████, AIMCo Analyst left the meeting at 4:25pm.

MOTION AL 17:04:20 That the Board receive agenda item 4.13.1 for information.

Carried 10-0

MOTION AL 17:04:21 That the Board receive agenda item 4.13.2 for information.

Carried 10-0

4.14 Committee of the Whole

