

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

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Board of Directors held on March 19 and 20, 2015 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present March 19/15:

T. Agoto
K. Balkwill - phone
C. Good
G. Howell
P. Marsden
D. Sander
L. Thompson
G. Walker
R. West

Absent:

J. Whaley
D. Aldous
D. Sieben
N. Ketler

Present March 20/15:

T. Agoto
D. Aldous - phone
K. Balkwill - phone
C. Good
G. Howell
P. Marsden
D. Sander
D. Sieben
L. Thompson
G. Walker
R. West
J. Whaley

Absent:

N. Ketler

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

██████████, President and CEO
██████████, Vice-President, Investments
██████████, Vice-President, Stakeholder Relations
██████████, Vice-President, Pension Policy and Funding
██████████, Board Secretary

NEXT REGULAR BOARD MEETING SCHEDULED FOR: May 22, 2015

**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
 BOARD MEETING
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 March 19 & 20, 2015**

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6.	BOARD IN CAMERA	

Because there was not a quorum present, the Chair, T. Agoto, convened the meeting as a Committee of the Whole at 1:00pm on March 19, 2015.

D. Aldous, N. Ketter, D. Sieben and J. Whaley absent at commencement of the March 19, 2015 meeting.

1. IN-CAMERA WITH THE CEO

The meeting started with an in-camera with the CEO.

██████████, Mercer Consultant ██████████, ██████████ and ██████████ joined the meeting at 1:05pm.

4. BUSINESS

4.1 AIMCo Fixed Income Review

The ALAPP VP, Investments provided a brief overview of the report. There was discussion about staffing, private mortgage and debt and loan pools and opportunistic investment benchmarks.

██████████, AIMCo CIO, ██████████, AIMCO Senior VP Fixed Income and ██████████, AIMCo Director of Client Relations joined the meeting at 1:15pm.

The AIMCo CIO provided an update to the Board on tactical asset allocation and currency hedging.

The AIMCo Senior VP, Fixed Income, provided a presentation to the Board on the LAPP fixed income investments. There was discussion about the AIMCo credit team, transparency, the risk system at AIMCo, and adding value. There was a brief discussion about mortgages and private debt and loan investments.

MOTION AL15:03:01 The Committee of the Whole recommends the Board of Directors receives this report for information.

Carried 9-0

██████████, AIMCo CIO, ██████████, AIMCO Senior VP Fixed Income and ██████████, AIMCo Director of Client Relations left the meeting at 2:30pm.

4.2 Education: Currency Case Study

The Committee of the Whole recessed at 2:30pm for an education session until 4:15pm.

██████████, Mercer Consultant, left the meeting at 4:15pm.

The meeting reconvened with quorum at 8:00am March 20, 2015.

N. Ketter and K. Balkwill absent at resumption of the meeting.

The Board started with an in-camera session with the CEO.

██████████, ██████████, ██████████ and ██████████ joined the meeting at 8:15am.

2. APPROVAL OF AGENDA

MOTION AL15:03:02 That the agenda be approved.

Carried 11-0

3. APPROVAL OF MINUTES

MOTION AL15:03:03 That the minutes of the February 20, 2015 meeting be approved.

Carried 11-0

4.1 AIMCo Fixed Income Review – Committee of the Whole

MOTION AL15:03:04 That the Board receive the report for information.

Carried 11-0

4.3 Management's Business Report

There was discussion about employer withdrawal and the process plan expected soon from ATBF.

MOTION AL15:03:05 That the Board receive the report for information

Carried 11-0

4.4 HR & C Committee Report

The Board reviewed the report. There was discussion about the LAPP Board committee membership.

MOTION AL15:03:06 That the Board receive the report for information.

Carried 11-0

4.5 Board Operations Committee Report

The Board reviewed the report. There was a discussion on the draft recruitment matrix.

MOTION AL15:03:07:

1.1 That the Board approve retaining Jim Beaubien of Hope Learning Systems, to coordinate the 2015 Board Evaluation, with the Chair, Vice-Chair and CEO to provide direction to Mr. Beaubien prior to the start of the evaluations.

1.2 That the Board approve the amended LAPP Individual Board Member Self-Assessment form for 2015.

1.3 That the Board approve the Board Recruitment Skills Matrix , that it be sent to Board members for completion and that management compile the data and bring it forward to the May Board meeting for review.

1.4 That the Board approve the housekeeping amendments to the Board Handbook Policies.

Carried 11-0

4.6 2015 Environmental Scan

The ALAPP VP, Investments presented the 2015 Environmental Scan to the Board. There was discussion about the challenges facing the plan, the recent price of oil, stress testing, interest rates, understanding risk and risk tolerance and the four risk mitigation factors the Board has: discount rate, smoothing, margin and investments

MOTION AL15:03:08 That the Board receive this report for information

Carried 11-0

4.7 APS Pre-Brief

The ALAPP VP, Pension Policy and Funding advised of upcoming meetings with APS on service levels and plan provisions and pricing. There was discussion about the comfort level on reporting and alignment.

MOTION AL15:03:09 That the Board receive the report for information.

Carried 11-0

██████████, APS Chief Financial Officer, and ██████████, APS Chief Pensions Officer, joined the meeting at 10:25am

4.8 APS Corporate Update

The APS Chief Financial Officer provided an update to the Board on the recent structural changes within the APS organization arising from budget reduction requirements. There was discussion whether more change would be coming and how the key positions would be filled.

The APS Chief Pensions Officer provided an update to the Board on the APS business plan and budget. There was discussion about service delivery, client solutions, development of service standards, communications concerns, leadership development and alignment with the LAPP Board.

MOTION AL15:03:10 That the Board receive this report for information.

Carried 11-0

4.9 APS Next Generation Update

The APS Chief Pensions and Chief Financial Officers advised of the status of the Next Generation Project. There was discussion about the delay in the project, internal project oversight, the role of the APS Corporate Board's third party advisor, the upcoming blackout period, reporting concerns and structuring of the contract and performance measures with provider.

██████████, APS Director Corporate Communications, ██████████, APS Manager IT Infrastructure and ██████████, APS Business Systems Analyst, joined the meeting at 11:45am.

The Board was presented with a demonstration of the new pensioner portal, which is scheduled to go live in a week. There was discussion about the member identification number, updates and security.

██████████, APS Director Corporate Communications, ██████████, APS Manager IT Infrastructure and ██████████, APS Business Systems Analyst, left the meeting at 12:10pm.

There was additional discussion about functionality, LAPP branding and ALAPP involvement in communication projects. APS committed to having further conversations with ALAPP Corp. about LAPP specific branding.

MOTION AL15:03:11 That the Board receive this report for information.

Carried 11-0

4.10 APS Q4 Reporting

The APS Chief Pensions Officer reviewed the APS Q4 reports with the Board. There was discussion about some declining service metrics, a new telephony system and the unresolved issues identified within the Q4 report.

The Board requested an update from APS on the unresolved issues at its next Board meeting.

MOTION AL15:03:12 That the Board receive the report for information.

Carried 11-0

██████████, APS Chief Financial Officer, and ██████████, APS Chief Pensions Officer left the meeting at 12:35pm.

J. Whaley left the meeting at 12:35pm

K. Balkwill joined the meeting at 1:00pm

4.11 APS De-brief

There was discussion about the Next Generation project delay and oversight. The Board requested management confirm its request for the APS Corporate Board's third party advisor to attend an upcoming Audit Committee meeting to discuss their oversight of the project. There was additional discussion about APS' lack of alignment with the Board regarding communications, reporting and development of business plans, certification and testing of the new system and the Board's preference that the APS CEO to attend Board meetings in person rather than by teleconference.

MOTION AL15:03:13 The Board directs the Board Chair to correspond with the APS Board Chair on strategic concerns the LAPP Board has. The Board directs the ALAPP CEO to correspond with the APS CEO on outstanding items and report back to the Board at the May 22, 2015 meeting.

Carried 11-0

██████████, Mercer Consultant, joined the meeting at 1:20pm.

4.12 AIMCo Pre-brief

The ALAPP VP, Investments provided a brief overview of the reports to be presented.

██████████, AIMCo CEO, ██████████, AIMCo Chief Client Relations and Legal Officer, and ██████████, AIMCo Director, Client Relations, joined the meeting at 1:25pm.

4.14 AIMCO Business Plan

The AIMCo Chief Client Relations and Legal Officer provided the AIMCo business plan presentation to the Board.

The AIMCo CEO presented his strategic priorities to the Board. There was discussion about the change to performance-oriented success drivers, the multi-year strategic performance view, client satisfaction, alignment on benchmarks, risk tolerance levels, the view of the current governance structure, transparency, maximizing returns on a risk adjusted basis and the current captive client relationship.

4.13 AIMCo Q4 Reporting

The Board reviewed the report. There was discussion about the real estate strategy, overlay, benchmarks, the structural changes within AIMCo, macro investing strategy and a truth and reconciliation look at AIMCo Innovations.

G. Howell left the meeting at 2:45pm.

██████████, AIMCo CEO, ██████████, AIMCo CIO, ██████████, AIMCo Chief Client Relations and Legal Officer, and ██████████, AIMCo Director, Client Relations, left the meeting at 2:50pm

R. West left the meeting at 2:50pm

MOTION AL15:03:14 That the Board receive the reports for items 4.12, 4.13 and 4.14 for information.

Carried 9-0

4.15 AIMCo Scorecard

There was discussion about transparency and AIMCo Innovations.

R. West joined the meeting at 2:55pm

G. Howell joined the meeting at 3:00pm.

There was additional discussion about performance, value added, and benchmarks.

MOTION AL15:03:15 That the AIMCo Balanced Scorecard be approved and communicated to AIMCo and the Minister of Finance.

Carried 11-0

4.16 LAPP Renewal

The ALAPP CEO provided an update on the renewal process to date. There was discussion about the LAPP website updates, the continued meetings with ATBF and the trilateral communications strategy.

G. Howell left the meeting at 3:30pm.

There was additional discussion about key messages for Board members.

The ALAPP CEO provided a presentation on governance concepts to the Board.

K. Balkwill left the meeting at 3:50pm.

MOTION AL15:03:16 That the Board receive the report for information.

Carried 9-0

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL15:03:17 That the Board Correspondence be received for information.

Carried 9-0

5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events.

MOTION AL15:03:18 That the Conferences/Calendar of Events report be received for information.

Carried 9-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL15:03:19 That the Other Information Items be received for information.

Carried 9-0

C. Good left the meeting at 4:05pm

5.4 Presentation Review

The Board reviewed the presentations provided today. There was appreciation expressed for the format of the education session, the disappointment that the APS CEO was not able to present to the Board, and the appreciation of AIMCo's honesty with the Board.

6. Board In-Camera

The Board went in camera at 4:20 p.m.

_____, _____, _____, and _____ left the meeting at 4:20pm.

C. Brown left the meeting at 4:25pm.

As the agenda was completed, the Chair declared the meeting adjourned at 4:30pm.

Chair
March 19 & 20, 2015

Board Secretary