



**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 May 22, 2015 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

T. Agoto
D. Aldous
K. Balkwill
C. Good
N. Ketler
D. Sander
D. Sieben
L. Thompson
G. Walker
R. West

Absent:

J. Whaley
G. Howell

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: July 17, 2015



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD MEETING
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May 22, 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 8:05am on May 22, 2015.

G. Howell, D. Sieben and J. Whaley absent at commencement of the May 22, 2015 meeting.

1. IN-CAMERA WITH THE CEO

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

██████, ██████, ██████ and ██████ joined the meeting at 8:30am.

2. APPROVAL OF AGENDA

MOTION AC15:03:01 The Committee of the Whole recommends that the Board of Directors accept the agenda as amended.

Carried 10-0

3. APPROVAL OF MINUTES

MOTION AC 15:03:01 The Committee of the Whole recommends that the Board of Directors accept the minutes of March 19 & 20, 2015.

Carried 10-0

4. BUSINESS

4.1 Management's Business Report

The ALAPP CEO provided a brief overview of the report. There was discussion about the ALAPP Corp. budget, the GOA appointee to the Board, the recent Joint Chairs meeting, the upcoming meeting with the public sector pension plan actuaries, AIMCO Q1 reporting and the APS telephone service metrics.

D. Sieben joined the meeting at 8:35am.

THE COMMITTEE OF THE WHOLE ADJOURNED AND THE BOARD OF DIRECTORS MEETING CONVENED.

MOTION AL15:05:01 That the Board of Directors receives this report for information.

Carried 11-0

4.1.2 Committee of the Whole Motions

APPROVAL OF AGENDA

MOTION AL15:05:02 That the Board of Directors accept the agenda as amended.

Carried 11-0



APPROVAL OF MINUTES

MOTION AL 15:05:03 That the Board of Directors accept the minutes of March 19 & 20, 2015.

Carried 11-0

4.2 LAPP Renewal / Election Implications

The ALAPP CEO provided a brief overview of the report.

The Board directed management to prepare LAPP-specific correspondence to the new Minister, once appointed, from the Chair and CEO, outlining relevant history, status and issues from the LAPP perspective.

MOTION AL 15:05:04 That the Board receive the report for information

Carried 11-0

4.3 Audit Committee Report

The Audit Committee Chair provided an overview of the report.

MOTION AL 15:05:05 That the Board receive the report for information

Carried 11-0

4.4 ALAPP Corp. 2014 Financial Statement

The Board reviewed the report.

MOTION AL 15:05:06 That the Board approve the ALAPP Corp. 2014 financial statements as fairly presenting in all material respects the financial position of the Corp. and the results of its operations and changes in financial position for the year ending 2014, in accordance with generally accepted accounting principles.

Carried 11-0

4.5 2016 Board Schedule

The Board reviewed the report.

MOTION AL 15:05:07 That the Board approve the LAPP Board and Committee Meeting schedule for 2016.

Carried 11-0

4.6 Board Recruitment Matrix

The Board reviewed the report. There was discussion about potential gaps, moving targets for new appointments and the importance level ratings.

MOTION AL 15:05:08 That the Board approve the aggregated Board Recruitment Skills Matrix to be sent to Alberta Treasury Board and Finance, by the Board Chair, in accordance with the Mandate and Roles Document and that the approved Board Recruitment Skills Matrix be sent back to the Board Operations Committee for further review at their next meeting.

Carried 10-1

4.7 Asset Consulting Contract

The ALAPP VP, Investments provided a brief overview of the requirements and best practice for contracting. There was discussion about the costs involved, the legislated requirements and the timing.

MOTION AL 15:05:09 That the Board defer conducting an RFP for Asset Consulting Services and authorize management to negotiate an extension of the current Mercer contract for up to two years.

Carried 11-0

██████████, Mercer Partner, joined the meeting at 10:25am

4.8 2014 Actuarial Valuation: Assumptions

The Mercer Partner provided a presentation to the Board. There was discussion about stress testing, the long term funding strategy, funding targets, smoothing, commuted values, other plan comparators, changes to salaries and payroll growth and discount rates.

MOTION AL 15:05:10 That the actuary be directed to prepare preliminary actuarial valuation results as at December 31, 2014 using economic and demographic assumptions consistent with the 2013 actuarial valuation, updated as necessary based on additional information raised and discussed with the actuary, and based on the range of discount rates recommended by management.

MOTION AL 15:05:11 That management be directed to work with the actuary to determine economic and demographic sensitivities and stress tests to be presented along with the actuarial valuation results.

Carried 11-0

4.9 Funding Objectives and Strategies

The ALAPP CEO provided a brief overview of the report. There was discussion about good governance, the current funding strategy, understanding and communicating risk, assets vs liabilities, the impact on the members, the depth of the direction provided to AIMCo and the LAPP risk tolerance.

MOTION AL 15:05:12 That the Board receive this report for information.

Carried 11-0

4.10 Investment Tools for Managing Risk

The ALAPP VP, Investments provided an overview of the report. There was discussion about risk, delegation, and the low interest rate environment.

MOTION AL 15:05:13 That the Board receive the report for information.

Carried 11-0

██████████, Mercer Partner, left the meeting at 12:10pm.

D. Sieben left the meeting at 12:40pm

THE BOARD OF DIRECTORS MEETING ADJOURNED AND THE COMMITTEE OF THE WHOLE RE-CONVENED.

4.11 Communications Report

The ALAPP VP, Stakeholder Relations provided a brief overview of the report. There was discussion about the rebranding of the pensioner portal and the trilateral approach to making pensions well understood by members.

MOTION AL 15:05:14 The Committee of the Whole recommends that the Board receive this report for information.

Carried 10-0

4.12 Draft 2014 Annual Report

A revised copy of the annual report narrative was handed out to Board members. The ALAPP VP Stakeholder relations advised that as the report had been written prior to the election, the narrative had been updated to reflect the change in government.

MOTION AL 15:05:15 The Committee of the Whole recommends that the Board approve the 2014 Annual Report Narrative as amended.

Carried 10-0

██████████, Mercer Partner, joined the meeting at 1:30pm.

██████████ left the meeting at 1:30pm.

4.13 AIMCo Pre-brief

The ALAPP VP, Investments provided a brief overview of the reports to be presented. There was discussion about rub points, signals to rebalance, SIMCORP and foreign real estate.

██████████, AIMCo CIO, ██████████, AIMCo Chief Client Relations and Legal Officer, and ██████████, AIMCo Director, Client Relations, joined the meeting at 1:50pm.

4.14 AIMCO Benchmarking

The AIMCo CIO provided a presentation to the Board on infrastructure and timberland benchmarking.

There was discussion about a split in the benchmark, liquidity premium, the 450 bps increment to inflation and banking.

██████████, AIMCo Sr. VP Real Estate, joined the meeting at 2:15pm.

4.15 AIMCo Real Estate Review

The AIMCo Sr. VP Real Estate, provided a presentation to the Board. There was discussion about the "new normal", the cost of domestic vs foreign, the tax implications on foreign real estate, leverage and additional staffing for the investment team.

██████████, AIMCo CIO, ██████████, AIMCo Chief Client Relations and Legal Officer, ██████████, AIMCo Sr. VP Real Estate and ██████████, AIMCo Director, Client Relations, left the meeting at 2:50pm.

MOTION AL 15:05:16 The Committee of the Whole recommends that the Board accept the recommendations for items 4.13, 4.14 and 4.15.

Carried 10-0

4.16 Annual Review of AIMCo

The Mercer Partner provided a brief overview of what he perceived should be highlighted for the Board's attention in the Mercer report. There was discussion about process, key developments in AIMCo's business and risk management, SIMCORP capability, the upcoming AIMCo Scorecard review and the Minister's risk report.

MOTION AL 15:05:17 The Committee of the Whole recommends that the Board of Directors receive this report for information.

Carried 10-0

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL 15:05:18 The Committee of the Whole recommends that the Board Correspondence be received for information.

Carried 10-0

5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events. There was a request that Board members attending the ICD education sessions be compensated for the preparation time required for the courses.

Trustee Ketler and Trustee Thompson requested to attend the 2015 Canadian Investment Institute Conference, which will be held out of province.

Trustee Walker requested to attend the ICPM Board Effectiveness Program, which is held out of province.

MOTION AL 15:05:19 The Committee of the Whole recommends that the Board approve remuneration for up to 8 hours of preparation time to those Board members attending the ICD Education Courses.

Carried 10-0

MOTION AL 15:05:20 The Committee of the Whole recommends that the Board of Directors approve up to two Board members to attend the 2015 Canadian Investment Institute Conference.

Carried 10-0

MOTION AL 15:05:21 The Committee of the Whole recommends that the Board of Directors approve one Board member to attend the ICPM Board Effectiveness Program.

Carried 10-0

MOTION AL 15:05:22 The Committee of the Whole recommends that the Conferences/Calendar of Events report be received for information.

Carried 10-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL 15:05:23 The Committee of the Whole recommends that the Board receive this report for information.

Carried 11-0

5.4 Presentation Review

The Board reviewed the presentations provided today. There was appreciation expressed that the presenters did not go through every slide, which left more time for questions and discussion.

6. Board In-Camera

The Board went in camera at 4:00 p.m.

██████████, ██████████, and ██████████ left the meeting at 4:00pm.

██████████ left the meeting at 4:02pm.

As the agenda was completed, the Chair declared the meeting adjourned at 4:05pm.

Chair

May 22, 2015

Board Secretary