



**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 20, 2016 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

- T. Agoto, Vice-Chair
- K. Balkwill
- S. Bradshaw
- B. Burton
- K. Craig
- P. Marsden
- D. Sieben
- L. Thompson
- G. Walker
- R. West
- J. Whaley

Absent:

- D. Sander - Chair

ALAPP Corp. 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

- ██████████, Mercer Partner
- ██████████, Mercer Partner
- ██████████, Mercer Principal

NEXT REGULAR BOARD MEETING SCHEDULED FOR: July 15, 2016



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD MEETING
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As the Chair was absent, T. Agoto, Vice-Chair assumed the chair, and convened the meeting at 8:00am on May 20, 2016, with 11 Board members present.

D. Sander absent

1. IN CAMERA WITH THE CEO

██████████, ██████████, ██████████ and ██████████ joined the meeting at 8:20am.

2. CONFLICT OF INTEREST DECLARATION

The Chair asked if any Board member had any conflicts of interest to declare. Trustee Walker advised that as a member of the APS Board, he would have a conflict with item 5.14 – Request for Information and that he would recuse himself from the discussion and decision.

3. APPROVAL OF AGENDA

A request was made to move items 5.14 – Request for Information and 5.15- Lease Update to immediately following item 5.1 – Management’s Business Report.

MOTION AL16:05:01 That the Board of Directors accept the agenda as amended.

Carried 11-0

4. APPROVAL OF MINUTES

MOTION AL16:05:02 That the Board of Directors accept the minutes of the April 21 and 22, 2016 meeting.

Carried 11-0

5. BUSINESS

5.1 Management’s Business Report

The Board reviewed the report. There was discussion about the possibility of AIMCo expanding the mandate to include agriculture, more specifically dairy, within the new renewable resource pool.

MOTION AL16:05:03 That the Board receives this report for information.

Carried 11-0

G. Walker left the meeting at 8:30am.

5.14 Request for Information

The ALAPP Corp. VP, Pension Policy and Funding, provided a brief overview of the request.

MOTION AL16:05:04 That the Board approves the release of the information requested.

Carried 10-0

G. Walker joined the meeting at 8:37am.



5.15 Lease Update

The ALAPP Corp. CEO provided an update to the Board on the current status of the lease agreement. There was discussion about the end date and the offered lease price.

MOTION AL16:05:05 That the Board authorizes the CEO to enter into a lease expansion and extension to October 31, 2019 of the existing premises at HSBC Bank Place at a rate of up to \$20/sq. ft., with an early termination penalty of up to three (3) months plus unamortized leasing and renovation costs.

Carried 11-0

██████████, Mercer Partner and ██████████, Mercer Principal joined the meeting at 8:45am.

5.2 2015 Actuarial Assumptions

The ALAPP Corp. VP, Pension Policy and Funding, provided an overview of the actuarial valuation process and the purpose of the Mercer presentation. The Mercer Principal provided a presentation to the Board. There was discussion about demographic assumptions, margin and discount rates, the Board's policy of doing the valuation every year as opposed to every three years as permitted by the *Income Tax Act*, merit and promotion assumptions, smoothing of investment gains and losses and Board member expectations on salaries and inflation rates.

MOTION AL16:05:06

1.1 That the actuary be directed to prepare preliminary actuarial valuation results as at December 31, 2015 using methods and assumptions consistent with the 2014 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.

1.2 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

██████████, Mercer Partner and ██████████, Mercer Principal left the meeting at 11:00am.

5.3 Board Operations Committee Report

The Board reviewed the recommendation made by the Board Operations Committee.

MOTION AL16:05:07 That the Board of Directors approve Hope Learning Systems as the provider for the 2016 Board Evaluation, with the provider incorporating the questions from the Agency Governance Secretariat Evaluation Templates and the approved LAPP Board Self-Evaluation questions into that process.

Carried 11-0



5.4 ABC Review Update

The Board discussed this item during their initial in-camera session.

MOTION AL16:05:08 That the Board receives this report for information.

Carried 11-0

5.5 LAPP Renewal (Pension Reform)

The ALAPP Corp. CEO updated the Board on recent updates to the LAPP Renewal process.

MOTION AL16:05:09 That the Board receives this report for information.

Carried 11-0

5.6 2017 Board Schedule

The ALAPP Corp. CEO provided the Board with the rationale behind the three 2017 calendar options presented to the Board. There was discussion about reporting requirements.

MOTION AL 16:05:09 That the Board approves Option 3 as the LAPP Board and Committee meeting schedule for 2017.

Carried 9-2

5.7 Management/ Out-of-Scope Position Description

The Board reviewed the position description provided.

MOTION AL16:05:10 That the Board approve the Management / Out-of-Scope Nominee Position Description for posting.

Carried 11-0

██████████, Mercer Partner joined the meeting at 11:40am.

5.8 ALM Target Variable, Asset Classes and Assumptions

The ALAPP Corp. VP Investments, provided an overview of the report. The Mercer Partner provided a presentation to the Board on asset classes and capital market assumptions. There was discussion about agriculture exposure through timberland, opportunistic investments, target variable thresholds and value added assumptions.

MOTION AL16:05:11

1.1 That the Board approve contribution rates as the target variable of the ALM study as recommended.

1.2 That the Board approves the asset classes to be used in the ALM study as recommended.



1.3 That the Board approves the assumptions to be used in the ALM study as recommended.

Carried 11-0

5.9 AIMCo Pre-Brief

The ALAPP Corp. VP Investments provided an overview of AIMCo's items on the agenda.

MOTION AL16:05:12 That the Board receives this report for information.

Carried 11-0

■■■■■, AIMCo Director Client Relations, ■■■■■, AIMCo Senior VP, Fixed Income and ■■■■■, AIMCo Senior VP, Real Estate, joined the meeting at 1:15pm.

5.10 Investment Review: Fixed Income

The AIMCo Senior VP, Fixed Income, provided a presentation to the Board. There was discussion about understanding risk around private investments, valuation of the assets and the private investment pool.

MOTION AL16:05:13 That the Board receives this report for information.

Carried 11-0

5.11 Investment Review: Real Estate

The AIMCo Senior VP, Real Estate, provided a presentation to the Board. There was discussion about the investment model, the increase in staffing and the move into the Latin American market.

MOTION AL16:05:14 That the Board receives this report for information.

Carried 11-0

■■■■■, AIMCo Director Client Relations, ■■■■■, AIMCo Senior VP, Fixed Income and ■■■■■, AIMCo Senior VP, Real Estate, left the meeting at 2:30pm.

5.12 Annual Review of AIMCo

The Mercer Partner provided a presentation to the Board. There was discussion about the senior staff turnover at AIMCo, the diversity of risk in the pools and the wave of hiring.

MOTION AL16:05:15 That the Board receives this report for information.

Carried 11-0

5.13 AIMCo Debrief

The Board discussed the presentations provided by AIMCo.

MOTION AL16:05:16 That the Board receives this report for information.

Carried 11-0

