



**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 March 17, 2017, in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101<sup>st</sup> Street, Edmonton.

**Board members**

**Present:**

- D. Sander - Chair
- T. Agoto - Vice-Chair
- S. Bradshaw
- B. Burton
- K. Craig – by phone
- P. Marsden
- S. Pusch
- H. Rogers
- L. Thompson
- R. West
- J. Whaley

**Absent:**

- K. Balkwill

**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: April 28, 2017**



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.  
BOARD MEETING  
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D. Sander, Chair convened the Board of Directors Meeting at 8:00am on March 17, 2017 with 9 Board members present.

*Absent at start of meeting: K. Balkwill, T. Agoto and K. Craig.*

## 1. IN CAMERA WITH THE CEO

*T. Agoto and K. Craig. Joined the meeting at 8:10am.*

████████████████████ and ██████████ joined the meeting 8:25am.

## CONFLICT OF INTEREST DECLARATION

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

## 2. APPROVAL OF AGENDA

**MOTION AL17:02:01** That the Board of Directors accept the agenda.

**Carried 11-0**

## 3. APPROVAL OF MINUTES – February 24, 2017

**MOTION AL17:02:02** That the Board of Directors accept the minutes of the February 24, 2017 Committee of the Whole meeting.

**Carried 11-0**

## 4. BUSINESS

### 4.1 Committee of the Whole Report

The Board reviewed the report.

**MOTION AL17:02:03** That the Board of Directors approve the following recommendations:

**MOTION AL17:02:01** The Committee of the Whole recommends that the Board of Directors accept the agenda.

**MOTION AL17:02:02** The Committee of the Whole recommends that the Board of Directors accept the minutes of the December 16, 2016 meeting.

**MOTION AL17:02:03** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:04** The Committee of the Whole recommends that the Board of Directors direct management to prepare a letter to the Minister advising of the Board's concerns with the recent changes to the AIMCo Regulation.

**MOTION AL17:02:05** The Committee of the Whole recommends that the Board of Directors receive this report for information.



**MOTION AL17:02:06** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:07** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:08** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:09** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:010** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:011** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:012** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**MOTION AL17:02:013** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 11-0**

## **4.2 Management's Business Report**

Management presented the report to the Board. There was discussion about the \$19,000 budget reduction resulting from the changes to employer contributions to MEPP, the letter received from the Minister regarding the Plan Rule recommendation change in regards to shortened life expectancy, the upcoming APS Strategic Planning, the recent Joint Chairs meeting, the gaps in employer reporting and the membership survey request to APS.

**MOTION AL17:02:04** That the Board receives this report for information.

**Carried 11-0**

## **4.3 2016 Board Self Evaluation Outcomes**

The ALAPP Corp. CEO provided an overview of the report to the Board. There was discussion about generative conversations, Board education and the Board Self-Evaluation process.

**MOTION AL17:02:05** That the Board refer to the Board Governance Committee for further consideration potential changes to:

- 1.1.1. the Board Education Policy, in respect of learning and mentoring programs for new Board members; and
- 1.1.2. the process and timing of the Board's annual self-evaluation.

**Carried 11-0**



**MOTION AL17:02:06** That the Board receives the remainder of this report for information.

**Carried 11-0**

#### **4.4 2017 Committee Membership**

The Board reviewed the report.

**MOTION AL17:02:07** That the Board approve the Board Committee membership for 2017 as follows:

**Audit Committee:** John Whaley, Richard West, Heather Rogers, Peter Marsden and Kim Craig

**Board Governance Committee:** Terry Agoto, Richard West, Barb Burton, Steve Bradshaw and Kim Craig

**Human Resources & Compensation Committee:** Liz Thompson, Ken Balkwill, Peter Marsden, Barb Burton and Shelly Pusch

**Carried 11-0**

#### **4.5 Corporate Matters**

The Board reviewed the report.

**MOTION AL17:02:08** That the following persons are hereby appointed as the officers of the corporation to hold the offices set out opposite their respective names during the pleasure of the Board:

<b>Name of Officer</b>	<b>Position Held</b>
<b>Darren Sander</b>	<b>Chair</b>
<b>Terry Agoto</b>	<b>Vice-Chair</b>
<b>Christopher Brown</b>	<b>President &amp; Chief Executive Officer</b>
<b>Phil Rivard</b>	<b>Vice-President, Pension Policy &amp; Funding</b>
<b>Gosia Talanczuk</b>	<b>Vice President, Investment Policy and Risk Management</b>
<b>Sheri Wright</b>	<b>Vice-President, Stakeholder Relations and Communications</b>

That the Board approve the updated indemnity for former and current Directors and authorize the Chair and Vice Chair to execute the indemnity on behalf of the Corporation.

**Carried 11-0**

#### **4.6 2017 Government Relations Plan**

The VP Stakeholder Relations and Communications provided an overview of the report.



**MOTION AL17:02:09** That the Board approves the 2017 Government Relations Plan.

**Carried 11-0**

██████████, Mercer Partner and ██████████, Mercer Actuary joined the meeting at 9:25am.

#### **4.7 2016 Actuarial Assumptions and Methods**

The Mercer Partner provided a presentation on asset smoothing. There was discussion about best rate of return and refining the current smoothing method. The Mercer Actuary provided a presentation to the Board on the 2016 Actuarial Assumptions. There was discussion about current salaries, liability proxy, the margin rate, active management calculations, contribution rates, market risk and intergenerational transfer.

#### **MOTION AL17:02:10**

1.1 That the actuary be directed to prepare preliminary actuarial funding valuation results as at December 31, 2016 using methods and assumptions consistent with the December 31, 2015 actuarial valuation, as updated based on the actuary's recommendations and the decisions of the Board related to the actuary's report and presentation.

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.

1.3 That management be directed to work with the actuary to develop a new asset smoothing method to be presented along with the actuarial valuation results.

**Carried 11-0**

██████████, Mercer Partner and ██████████, Mercer Actuary left the meeting at 10:55am.

#### **4.8 AIMCo Pre-Brief**

The VP Investment Policy and Risk Management provided an overview up the upcoming AIMCo reports.

**MOTION AL17:02:11** That the Board receives this report for information.

**Carried 11-0**

██████████, AIMCo CEO, ██████████, AIMCo Senior VP, Client Relations, ██████████, AIMCo Director, Client Relations and ██████████ AIMCo Analyst, Client Relations, joined the meeting at 11:10am.

#### **4.9 AIMCo Business Plan**

The AIMCo CEO provided an overview of the presentation to the Board. There was discussion about performance, areas for improvement, active management, the AIMCo client survey and the ongoing search for the CFO.

**MOTION AL 17:03:12** That the Board receives this report for information.

**Carried 11-0**



#### 4.10 AIMCO Q4 Reporting

The AIMCO Director, Client Relations, provided an overview of the report to the Board. The AIMCo Analyst provided some additional information on infrastructure targets.

**MOTION AL 17:03:13** That the Board receives this report for information.

**Carried 11-0**

██████████, AIMCo CEO, ██████████, AIMCo Senior VP, Client Relations, ██████████, AIMCo Director, Client Relations and ██████████, AIMCo Analyst, Client Relations, left the meeting at 12:30pm.

#### 4.11 AIMCO Debrief

The Board reviewed the information provided by AIMCo. There was discussion about performance costs, the multiple AIMCo staff coming to present, the AIMCo culture and the current Senior Executive Team.

**MOTION AL 17:03:14** That the Board receives this report for information.

**Carried 11-0**

██████████, APS Director, Pension Policy and Business Plan Ruling and ██████████, APS Executive Director, Strategic Stakeholder Relations joined the meeting at 1:35pm.

#### 4.12 APS Plan Rule Amendments

The VP Pension Policy and Funding provided a brief overview of the report. The APS, Director, Pension Policy and Business Plan Ruling provided an overview of the requested plan rule amendments. There was discussion about keeping the Plan consistent with the EPPA, any cost implications to the Plan and the current procedure for buy-back notices.

██████████, APS Director, Pension Policy and Business Plan Ruling and ██████████, APS Executive Director, Strategic Stakeholder Relations left the meeting at 2:00pm.

#### **MOTION AL 17:03:15**

1.1. That the Board support the APS recommendation and make a recommendation to the Board of Trustees to make a recommendation to the Minister to amend the LAPP Regulation to change the latest pensionable service date from the federally legislated latest pension commencement date (December 31st of the calendar year in which an individual attains 71 years of age) to the day immediately preceding the federally legislated latest pension commencement date.

1.2. That the Board support the APS recommendation and make a recommendation to the Board of Trustees to make a recommendation to the Minister to amend the LAPP Regulation in respect of the thresholds applying to the financing of service buybacks which were last established over 20 years ago, whereby the minimum monthly payment would be increased from \$50 to \$75 and the minimum purchase cost qualifying for financing would be increased from \$500 to \$750.

1.3. That the Board support the APS recommendation and make a recommendation to the Board of Trustees to make a recommendation to the Minister to amend the LAPP



Regulation in respect of the time period provided to members to elect a buyback of service on a contribution basis related to a qualifying period of leave without salary, whereby the deadline would be extended by eight months from April 30th of the year following the year in which the member returned from the period of leave to December 31st of such year.

**Carried 11-0**

The Board of Directors meeting recessed at 2:05pm.

The Board of Directors meeting resumed at 2:25pm.

#### **4.13 Sponsor Advisory Process**

The VP Stakeholder Relations and Communications provided the history behind the Board's ad hoc stakeholder committees. There was discussion about timeline, selection process, the communications plan, the risks, how to get employers involved and accountability to the members.

*S. Bradshaw left the meeting at 3:00pm.*

**MOTION AL 17:03:16** That the Board receives this report for information.

**Carried 10-0**

*S. Bradshaw joined the meeting at 3:05pm.*

#### **4.14 Website Survey**

The VP Stakeholder Relations and Communications provided an overview of the report to the Board. The Board was extremely complimentary on the excellent job done on the new website.

**MOTION AL 17:03:17** That the Board receives this report for information.

**Carried 11-0**

#### **4.15 LAPP Renewal**

The ALAPP Corp. CEO provided an overview of the report to the Board.

**MOTION AL 17:03:18** That the Board receives this report for information.

**Carried 11-0**

### **5. INFORMATION ITEMS**

#### **5.1 Board Correspondence**

The Board reviewed the most recent correspondence.

**MOTION AL17:02:19** That the Board receives this report for information.

**Carried 11-0**



