



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD OF DIRECTORS
COMMITTEE OF THE WHOLE**

MINUTES of the meeting of the Alberta Local Authorities Pension Plan Corp. Board of Directors Committee of the Whole, held on May 25, 2018, in the Jasper Board Room, 5103 Windermere Blvd. SW, Edmonton.

Board members

Present:

T. Agoto - Chair
D. Sander – Vice-Chair
K. Balkwill
S. Bradshaw
B. Burton
T. Giesbrecht
P. Marsden
S. Odegard
S. Pusch
L. Thompson
R. West

Absent:

K. Craig
S. McGillivray
H. Rogers

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

██████████, President and CEO
██████████, Vice-President, Pension Policy and Funding
██████████, Vice-President, Stakeholder Relations and Communications
██████████, Manager, Quantitative Research and Analysis
██████████, Board Secretary

NEXT REGULAR BOARD MEETING SCHEDULED FOR: July 20, 2018



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD OF DIRECTORS
COMMITTEE OF THE WHOLE
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May 25, 2018**

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The Chair, T. Agoto, convened the Committee of the Whole Meeting at 8:15am on May 25, 2018 with 11 Board members present.

CONFLICT OF INTEREST DECLARATION

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

1. IN CAMERA WITH THE CEO

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

2. APPROVAL OF AGENDA

MOTION AL18:05:01 The Committee of the Whole recommends that the Board of Directors approve the agenda as amended.

Carried 11-0

3. APPROVAL OF MINUTES –March 16, 2018 and April 19, 2018

MOTION AL18:05:02 The Committee of the Whole recommends that the Board of Directors approve the minutes of the March 16 and April 19, 2018 meetings.

Carried 11-0

4. BUSINESS

4.1 Management’s Business Report

The ALAPP Corp. CEO provided an update on the ALAPP Corp., APS and AIMCo lease situation and his recent phone call with the ATBF ADM. The ALAPP Corp. VP Pension Policy and Funding provided an update regarding the Lloydminster Hospital LAPP participants.

MOTION AL18:05:03 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

4.2 Enterprise Risk Update

The ALAPP Corp. CEO provided an overview of the report to the Committee. The ALAPP Corp. Manager, Quantitative Research and Analysis advised on the top 10 risks facing the Plan, with 5 of the top risks relating to governance, 3 relating to reputation and 2 relating to funding and investments.

MOTION AL18:05:04 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

4.3 Calculation of Contribution Rates

The ALAPP Corp. VP Pension Policy and Funding provided an overview of the report to the



Committee. There was discussion about the history of the calculations, pension equity, the need to calculate contributions the same for all LAPP members and the improvements the standardization of calculations would make for year-end closing for employers.

MOTION AL18:05:05 The Committee of the Whole recommends:

- 1.1 That the Board endorse management's recommended employee and employer required contribution calculation methodology, which once implemented would be included as a component of the General Policy Guidelines (GPGs) on administration provided to Alberta Pensions Services Corporation (APS).
- 1.2 That management be directed to engage Plan stakeholders to educate them about the calculation methodology and discuss its proposed implementation timeline.

Carried 9-2
R. West and T. Agoto against the motion.

4.4 Annual Review of AIMCO

The ALAPP Corp. Manager, Quantitative Research and Analysis provided an overview of the report to the Committee.

██████████, Aon Associate Partner, joined the meeting at 9:35 am.

The Aon Associate Partner provided the annual review of AIMCo presentation. There was discussion about the focus of the review, the lack of an organization wide risk culture at AIMCo, the transition benchmarks, and the lack of leverage in the current benchmarks.

There was additional discussion about the need for a more pure mortgage benchmark, the clearly defined strategies within the Private Equities area at AIMCo and the challenges AIMCo has with recruitment and retention.

MOTION AL18:05:06 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

4.5 AIMCo Scorecard

The ALAPP CEO provided the proposed AIMCo scorecard, along with the rationale for the changes made, to the Committee. There was discussion about performance, portfolio, organization and alignment.

██████████, Aon Associate Partner, left the meeting at 10:50 am.

MOTION AL18:05:07 The Committee of the Whole recommends that an email poll be sent to the Board recommending that the Board approve the AIMCo Scorecard, which will subsequently be communicated to AIMCo and to the President of Treasury Board and Minister of Finance.

Carried 11-0

Note: E-mail poll was passed May 28, 2018.

■■■■■, left the meeting at 10:52 am.

4.6 Audit Committee Report

The Audit Committee Chair provided an overview of the report to the Committee. There was discussion about the discount rate used by Alberta Treasury Board and Finance when calculating the accounting financial position of the plan for 2017.

MOTION AL18:05:08 The Committee of the Whole recommends that: an email poll be sent to the Board of Directors recommending that:

- 1.1 the Board approve the ALAPP Corp. 2017 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 2017, in accordance with Canadian public sector accounting standards.
- 1.2 the Board receive the remainder of the report for information.

Carried 11-0

Note: E-mail poll was passed May 28, 2018.

4.7 HR&C Committee Report

The HR&C Committee Chair provided an overview of the report to the Committee.

MOTION AL 18:05:09 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

4.8 Board Governance Committee Report

The Board Governance Committee Chair provided an overview of the report to the Committee.

MOTION AL 18:05:10 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

4.9 SCG Debrief

The ALAPP Corp. VP Stakeholder Relations and Communications provided an overview of the report to the Committee. There was discussion about the two governance principles with different levels of agreement and the satisfaction level of the participants.

MOTION AL 18:05:11 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

The ALAPP Corp. Board of Directors Committee of the Whole recessed at 11:20pm.

The ALAPP Corp. Board of Directors Committee of the Whole reconvened at 11:27pm.



5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL18:05:12 The Committee of the Whole recommends the Board receives this report for information.

Carried 11-0

5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events.

MOTION AL18:05:13 The Committee of the Whole recommends the Board receives this report for information.

Carried 11-0

5.3 Presentation Review

The Board reviewed the presentations from Aon. There was general agreement on the quality of the Aon presentation.

4. BUSINESS CONTINUED

4.10 Governance Update

The ALAPP Corp. CEO provided an overview of the recent information he received regarding a potential proposal for LAPP self-governance. There was discussion about timelines, the engagement process, the concerns with the proposed plan, the lack of formal information provided about the proposed plan, how the proposed plan does not achieve most of the Board's goals for self-governance, the fiduciary responsibility of the Board, the plan for staff and what would be a preferable self-governance plan for LAPP.

MOTION AL 18:05:14 The Committee of the Whole recommends that the Board receives this report for information.

Carried 11-0

6. BOARD IN CAMERA

P. [REDACTED], and [REDACTED] left the meeting at 1:35pm.

[REDACTED] left the meeting at 1:45pm.

As the agenda was completed, the Chair declared the business of the meeting concluded at 1:50pm. (11 members present)

7. EDUCATION

7.1 Administrative Operations – APS Orientation and Tour

The ALAPP Corp. VP Pension Policy and Funding provided a presentation to the Committee about APS' Administrative Operations. Concluding the presentation, APS staff provided an



orientation and tour of the facility to the Committee members present.

{Original signed}

Chair
May 25, 2018

{Original signed}

Board Secretary