



**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 November 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 (by phone)
- K. Balkwill
- S. Bradshaw
- K. Craig
- T. Giesbrecht
- S. McGillivray
- S. Pusch
- H. Rogers
- L. Thompson
- R. West
- J. Whaley

**Absent:**

- P. Marsden

**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: December 15, 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 November 17, 2017 with 12 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**

\_\_\_\_\_ joined the meeting at 8:05 am.

### **2. APPROVAL OF AGENDA**

**MOTION AL17:11:01** That the Board of Directors accept the agenda.

**Carried 12-0**

### **3. APPROVAL OF MINUTES – October 20, 2017**

**MOTION AL17:11:02** That the Board of Directors accept the minutes of the October 20, 2017 meeting as amended.

**Carried 12-0**

### **4. BUSINESS**

#### **4.1 Management's Business Report**

The ALAPP Corp. CEO provided an update to the Board on the recent meeting between ALAPP Corp, ATBF and APS. He also updated the Board on Bill 27, the *Conflicts of Interest Amendment Act*, and the impact it would have on ALAPP Corp. The Board Chair provided an update on the Government Nominee interviews in which he participated. The ALAPP Corp. VP, Pension Policy and Funding provided an update on the strikes and lock-out situation, the status of the General Policy Guidelines on administration of the Plan and the annualized contribution calculation concern.

*T. Giesbrecht left the meeting at 8:35am.*

There was discussion about the current cost of benefits, the timelines required if self-governance proceeds, the postponement of the ASC meeting and the expectations the Board has of the ASC.

**MOTION AL17:11:03** That the Board receives this report for information.

**Carried 11-0**

#### **4.2 Audit Committee Report**

The Audit Committee Chair provided an overview of the report to the Board. There was discussion about the reporting from APS.

**MOTION AL17:11:04** That the Board approve the amended 2017 ALAPP Corp. Audit Plan.

**Carried 11-0**

## 4.3 Board Governance Committee Report

The Board Governance Committee Chair provided an overview of the report to the Board. There was discussion about the Retiree nominee election process.

**MOTION AL17:11:05** That the Board approve the following recommendations from the Board Governance Committee:

- 1.1.1 The Board's annual self-evaluation process for 2018 be conducted on a similar timeline as in 2017, such that the results can be presented and discussed at the Board's July 2018 meeting (or, if applicable, at a Board retreat occurring in the summer months).
- 1.1.2 The process continue to contain elements specifically geared at reviewing and evaluating each of (i) the Board itself, and (ii) organizational elements for ALAPP Corp.
- 1.1.3 A more comprehensive organizational review be conducted in 2018 as contemplated in the Board's 10-year master planning calendar.
- 1.1.4 That management engage ██████████ of Hope Learning Systems to facilitate the 2018 Board self-evaluation process.
- 1.2 That the following four Board education topics be organized by management in 2018:
  - Investment Management – Role of the Board
  - Administrative Operations – Role of the Board
  - Trust and Pension Law
  - Pension Plan Governance – History and the Future
- 1.3 That the Board Chair write the Minister again, requesting the current Retiree nominee on the Board be appointed for an additional two years, citing his history and knowledge, which may be required if the Plan moves to self-governance.

**Carried 11-0**

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

## 4.4 Mercer Foreign Real Estate Benchmark Review

The ALAPP Corp. VP, Investment Policy and Risk Management provided a brief introduction to the report and presentation. The Mercer Partner provided the presentation to the Board.

There was discussion about the introduction of new leverage, the steps to adding a new asset class, if pool restructuring would have to take place, what benchmark should be used to assess AIMCo's foreign real estate strategy, how much LAPP should allocate to foreign real estate, how foreign currency exposure would be addressed and hedging.

██████████, Mercer Partner, left the meeting at 9:55am.

**MOTION AL17:11:06** That:

- the Board adopts the new benchmark for the Foreign Real Estate Pool (FREP), the Global Region MSCI/IPD Quarterly Property Index Equally Weighted (in CAD), acknowledging the addition of foreign real estate assets as a separate asset class in the LAPP SIP&G and directs management to prepare necessary revisions to the SIP&G for review and approval at the Board's December 2017 meeting in conjunction with the annual SIP&G review;
- the allocation to foreign real estate be implemented on an unhedged basis; and
- the policy weight allocations between Canadian real estate and foreign real estate be set by the Board during the upcoming SIP&G review at the Board's December 2017 meeting and management be directed to prepare necessary revisions to the SIP&G for review and approval by the Board at that time.

**Carried 11-0**

#### **4.6 AIMCo Responsible Investment Review**

The ALAPP Corp. VP, Investment Policy and Risk Management, provided an overview of the report to the Board.

██████████, AIMCo Director of Responsible Investment, ██████████, AIMCo Director, Client Relations and ██████████, AIMCo Analyst, Client Analytics and Reporting joined the meeting at 10:00am.

The AIMCo Director of Responsible Investment provided a presentation to the Board.

*T. Giesbrecht joined the meeting at 10:20am.*

There was discussion about the gap in communications regarding the Plan's climate change standards and the rationale and principles for proxy voting.

**MOTION AL17:11:07** That the Board receives this report for information.

**Carried 12-0**

#### **4.5 SCG Debrief**

The ALAPP Corp. VP, Stakeholder Relations and Communications provided an overview of the report to the Board. There was discussion about the questions posed to the Board, building out the governance models information previously shared with the SCG and the need to validate the Board's position on the governance structure believed to be the most acceptable.

**MOTION AL17:11:08** That the Board receives this report for information.

**Carried 12-0**

#### **4.7 Actuarial and Investment Consultant RFP Outcomes**

The ALAPP Corp. VP, Pension Policy and Funding provided an overview of the process used to review, interview and choose the recommended consultant. There was discussion about the contract process and the highlights of the interviews.



**MOTION AL17:11:09** That Aon Hewitt be engaged as both the actuarial and investment consultant effective January 1, 2018 pursuant to the recommendation of the Selection Committee, subject to the negotiation of satisfactory engagement terms as determined in the discretion of the CEO of ALAPP Corp.

**Carried 12-0**

#### **4.8 APS Pre-Brief**

The ALAPP Corp. VP, Pension Policy and Funding provided an overview of the reporting being provided by APS. There was discussion about the 5 key objectives identified in the APS Strategic Plan, the budget information provided and the outcomes for the strategies identified.

**MOTION AL 17:11:10** That the Board receives this report for information.

**Carried 12-0**

██████████, APS CEO, ██████████, APS CFO, ██████████, APS Executive Director, Strategic Stakeholder Relations and ██████████, APS Executive Director, Strategic Initiatives, joined the meeting at 11:25am.

#### **4.8 APS Strategic Business Plan and Budget**

APS CEO was introduced and he provided an overview of his outlook on the service APS should be providing as well as commitments for improved service from APS. The APS Executive Director, Strategic Initiatives provided a presentation to the Board on the APS 2018 – 2020 Strategic Plan and 2018 Business Plan. There was discussion about accountability at APS, the implementation of the 5 key objectives, the need for role clarity, and the continuance of files on microfiche.

The APS CFO provided the APS budget information to the Board. There was discussion about the flat line budget proposed for 2018.

*K. Balkwill left the meeting at 12:10pm.*

**MOTION AL 17:11:11** That the Board receives this report for information.

**Carried 11-0**

██████████, APS CEO, ██████████, APS CFO, ██████████, APS Executive Director, Strategic Stakeholder Relations and ██████████, APS Executive Director, Strategic Initiatives, left the meeting at 12:15pm.

*K. Balkwill joined the meeting at 12:20:pm.*

#### **4.10 Education Session: Financial Risk Management**

The ALAPP Corp. VP, Investment Policy and Risk Management provided the Financial Risk Management presentation to the Board.

**MOTION AL 17:11:12** That the Board receives this report for information.

**Carried 12-0**

## 5. INFORMATION ITEMS

### 5.1 Board Correspondence

The Board reviewed the most recent correspondence.

**MOTION AL17:11:13** That the Board receives this report for information.

**Carried 12-0**

### 5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events.

**MOTION AL17:11:14** That the Board receives this report for information.

**Carried 12-0**

### 5.3 Presentation Review

The Board reviewed the presentations by Mercer, AIMCo and APS.

\_\_\_\_\_ left the meeting at 2:40pm.

## 6. Board In-Camera

\_\_\_\_\_ left the meeting at 2:45pm

As the agenda was completed, the Chair declared the meeting adjourned at 3:00pm.

\_\_\_\_\_  
Chair  
November 17, 2017

\_\_\_\_\_  
Board Secretary