



LOCAL AUTHORITIES PENSION PLAN BOARD OF TRUSTEES

MINUTES of the meeting of the Local Authorities Pension Plan Board of Trustees held on July 15, 2016 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

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

Absent:

S. Bradshaw

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

The Chair, D. Sander, declared the meeting to be regularly called and properly constituted for the transaction of business at 10:15am.

1. APPROVAL OF AGENDA

MOTION L16:07:01 That the agenda be approved.

Carried 11-0

2. APPROVAL OF MINUTES

MOTION L16:07:02 That the minutes of the December 18, 2015 meeting be approved.

Carried 11-0



3. BUSINESS

3.1 2015 Actuarial Valuation

The Board of Trustees reviewed the recommendation from the Board of Directors

MOTION L16:07:03 That the Board of Trustees:

1. Directs the actuary to finalize the valuation results based on the following:
 - A. Maintaining the cost and smoothing methodologies used in the 2014 actuarial valuation;
 - B. Maintaining the demographic assumptions used in the 2014 actuarial valuation;
 - C. Adopting the economic assumptions used in the 2014 actuarial valuation, with the exception of the inflation assumption (reduced to 2.0% per year) and the real wage growth assumption (reduced to 2.75% for three years, and 3.0% per year thereafter, plus age-based merit and promotion scale), which also result in decreases in the YMPE increase assumption (reduced to 3.0% per year) and COLA assumption (reduced to 1.20% per year);
 - D. Reducing the discount rate to 5.25% from 5.50%, which reflects a decrease in margin to approximately 70 basis points (bps) from 80 bps primarily as a result of a decrease in expected long term asset returns (and a small adjustment to reflect smoothing reserves) to 5.95% from 6.3%; and
 - E. Maintaining contribution rates and applying the accelerated funding towards the oldest unfunded liability payments first, such that contribution rates will not be adjusted on January 1, 2017 or, at this time, January 1, 2018, recognizing that 2018 contribution rates may be adjusted based on results of the 2016 actuarial valuation.
2. Directs the actuary to file the 2015 valuation with the Canada Revenue Agency, meaning that contribution rates will not be adjusted on January 1, 2017 or, at this time, January 1, 2018, and that the next valuation required will be as at December 31, 2018.
3. Directs ALAPP Corp. management to advise stakeholders of the above.

Carried 11-0

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Trustee Walker left the meeting at 10:45am, due to a potential conflict with item 3.3

3.3 Request for Appeal

The ALAPP Corp. VP, Pension Policy and Funding provided an overview of the report. There was discussion about the nature of the request, the actions of APS and the Ministerial Authorization from the Minister.

MOTION L16:07:05 That ALAPP Corp. writes to the appellants, copied to APS, to (1) outline the limitation of the Board's authority under the Ministerial Authorization; and (2) refer the appellants to the process outlined by APS' counsel.

Carried 9-1

Trustee West voted against the motion.

Trustee Walker joined the meeting at 11:00am

3.4 APS Board Nomination

The ALAPP Corp. CEO provided a brief overview of the report. There was discussion about the different options presented and the need to have LAPP representation on the APS Board.

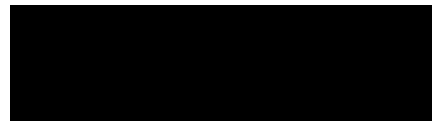
MOTION L16:07:05 That Terry Agoto be nominated as the LAPP representative to the APS Board of Directors for a term of no less than two (2) years.

Carried 11-0

The Board Chair declared the meeting adjourned at 11:15 am. (11 members present).



Chair
July 15, 2016



Board Secretary