



## LOCAL AUTHORITIES PENSION PLAN BOARD OF TRUSTEES

MINUTES of the meeting of the Local Authorities Pension Plan Board of Trustees held on October 20, 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  
K. Balkwill  
S. Bradshaw  
K. Craig  
T. Giesbrecht  
P. Marsden  
S. McGillivray  
S. Pusch  
H. Rogers  
L. Thompson  
R. West  
J. Whaley

#### Absent:

#### ALAPP Corp. 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

The Chair, D. Sander, declared the meeting to be regularly called and properly constituted for the transaction of business at 2:10pm with 13 Board of Trustees members present.

#### 1. APPROVAL OF AGENDA

**MOTION L17:10:01** That the agenda be approved.

**Carried 13-0**

#### 2. APPROVAL OF MINUTES

**MOTION L17:10:02** That the minutes of the July 21, 2017 meeting be approved.

**Carried 13-0**



### 3. BUSINESS

#### 3.1 2016 Actuarial Valuation

The Board of Trustees reviewed the recommendations from the Board of Directors.

**MOTION L17:10:03** That the Board of Trustees:

1. Direct the actuary to finalize the valuation results based on the following:
  - A. Adopting the actuary's best estimate demographic assumptions, which are unchanged from the preceding 2015 actuarial valuation;
  - B. Adopting the actuary's updated best estimate economic assumptions, which are the same economic assumptions used in the 2015 actuarial valuation with the exception of:
    - a. An increase in the net investment return assumption from 5.95% to 6.30%;
    - b. A decrease in the expected base salary increase assumption from 2.75% for 2017 and 2018 and 3.00% thereafter, to 2.00% for 2017 and 2018 and 3.00% thereafter, both with additional and unchanged age-based merit and promotional increases layered on top of the base; and
    - c. A reduction in the interest rates assumed to be applicable for future commuted value payments to reflect the reduction in the prescribed interest rates now applicable for December 31, 2016 terminations;
  - C. Increasing the Plan's margin from 70 basis points (bps) to 100 bps, which, in combination with the change in the net investment return assumption, results in an increase in the net discount rate assumption from 5.25% to 5.30%;
  - D. Adopting the actuary's recommended change in asset smoothing method to smooth all investment gains and losses over five years; and
  - E. Maintaining the cost methodology used in the 2015 actuarial valuation; and
  - F. Reducing both employer and employee contribution rates by 1.00% effective January 1, 2018.
2. Direct the actuary to file the 2016 valuation with the Canada Revenue Agency (CRA), meaning that the next valuation required will be as at December 31, 2019.
3. Direct ALAPP Corp. management to advise stakeholders of the above, and highlight that the Board will undertake a Long Term Funding Strategy review in 2017 and the 2017 Actuarial Valuation to determine 2019 contribution rates.
4. Direct ALAPP Corp. management to initiate the process pursuant to section 5(2) of Schedule 1 (Act Schedule) to the Public Sector Pension Plans Act (Alberta) (Act) for the preparation and filing of a Regulation, to be signed by the Chair of the Board of Trustees, with the Registrar of Regulations, to effect the contribution rate change for 2018 approved in item 1.F and to work with Alberta Pensions Services Corporation to effect implementation of the contribution rate change by January 1, 2018.
5. In the event that the filing of the Regulation referred to in item 4 is not accepted by the Registrar of Regulations, or written rejection of the applicability of the filing of the Regulation in reliance on section 5(2) of the Act Schedule is otherwise received from government, prior to the date determined by the Chair and Vice Chair to be necessary for the contribution rate change to be implemented for January 1, 2018:

- A. Make a recommendation to the Minister to amend the LAPP Regulation pursuant to section 4 of the Act Schedule, to effect the contribution rate change for 2018 approved in item 1.F, on the basis that such amendment is recommended if and only if the amendment to the LAPP Regulation shall be approved by Order in Council effective, and capable of being implemented, as of January 1, 2018; and
- B. Make such recommendation in item 5.A only on a without prejudice basis expressly reserving to the Board of Trustees the right to assert an interpretation of section 5(2) of the Act Schedule which does not require the Board to make a recommendation under section 4 of the Act Schedule to effect a change to contribution rates for the Plan.

**Carried 13-0**

The Board Chair declared the meeting adjourned at 2:15pm. (13 members present).



Chair  
October 20, 2017

Board Secretary