



**LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD OF DIRECTORS**

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Board of Directors held on June 21, 2013 in the Alberta Pension Services Jasper Board Room, 5103 Windermere Blvd SW, Edmonton.

Board members

Present:

D. Aldous
K. Balkwill
G. Howell
N. Ketter
L. Murray
D. Sieben
G. Walker
L. Thompson
M. Mahar
R. West
R. Matheson
J. Whaley

Absent:

C. Good
S. Gould

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

██████████, CEO
 ██████████, Vice-President, Investments
 ██████████, Vice-President, Stakeholder Relations
 ██████████, Vice-President, Pension Policy and Funding
 ██████████, Board Secretary

NEXT REGULAR BOARD MEETING SCHEDULED FOR: July 19, 2013



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD MEETING
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June 21, 2013**

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The Chair, G. Howell, declared the meeting to be regularly called and properly constituted for the transaction of business at 8:05 a.m.

The APS VP of Member Services provided the facility information as well as the emergency rendezvous point.

█ ██████████ █ ██████████ and ██████████ left the meeting at 8:05am.

1. IN-CAMERA WITH THE CEO

The meeting started with an in-camera with the CEO.

2. APPROVAL OF AGENDA

█ ██████████ and ██████████ joined the meeting at 8:10am.

MOTION AL13:06:01 That the agenda be approved.

Carried 12-0

3. APPROVAL OF MINUTES

MOTION AL13:06:02 That the minutes of May 16, 2013 be approved as amended.

Carried 12-0

4. BUSINESS

4.1 Governance and Plan Sustainability

The LAPP CEO provided a summary of the June 20, 2013 meeting with the Minister, LAPP Chair, LAPP Vice Chair and LAPP CEO. She advised that they discussed the 2012 Annual Strategy and Risk Report, the March Sustainability Submission and that the Minister agreed to provide a letter to the Board advising that governance and sustainability will be reviewed concurrently, but that if one of the processes gets held up, it will not hold up the other process.

There was additional discussion on the timelines once the Minister's vision is presented, that a task force would be able to respond quicker than the Board, communications strategy, transparency, and employer engagement.

The discussion continued later in the meeting.

██████████, ADM ATBF, ██████████, Executive Director, ATBF, joined the meeting at 8:30am.



4.1.1 Government Update

The ADM, ATBF, opened the discussion by informing the Board that the timelines have not been set yet, and that the Plan Boards are considered the major stakeholders for information.

There was discussion on terminology, co-ordination between government and the Plan Boards, the need for healthy discussion, employer engagement, the current political will, current and future contribution rates, the complexities of the current governance structure, employer withdrawal provisions, the current role of the SCG Ad Hoc Committee, and the need to have the right people at the right table at the right time.

The ADM, ATBF, also advised the Board that there were no recommendations or changes to ALAPP Corp. as per the outcome of the Results Based Budgeting review. He reiterated his statement that he saw the Board as the body that government would be taking recommendations from and that he views the SCG Ad Hoc committee as a committee of the Board.

██████████, ADM ATBF ██████████, Executive Director, ATBF, left the meeting at 9:20am.

MOTION AL13:06:03 That the Board receive the report for information.

Carried 12-0

4.1 Governance and Plan Sustainability – continued

D. Sieben and K. Balkwill left the meeting at 9:30am.

There was discussion on the task force members, heat maps, 50/50 cost sharing, and the pension promise.

K. Balkwill joined the meeting at 9:40am.

The VP, Stakeholder Relations advised the Board that the intent is to have the Ad Hoc Committee discuss the new role and Terms of Reference.

There was additional discussion on the Task Force membership, decision making ability, Terms of Reference and funding. There will be six members and a quorum of four.

MOTION AL13:06:04 That the Board approve the ad hoc Governance and Plan Sustainability Task Force Terms of Reference as amended.

Carried 11-0

MOTION AL13:06:05 That the Board appoint the LAPP Chair, Vice Chair, Trustee Mahar, Trustee Ketler, Trustee Aldous and Trustee Walker to the GPS Task Force.

Carried 11-0



4.1.2 Consultation

The VP, Stakeholder Relations provided a brief overview of the draft Terms of Reference for the Stakeholder Ad Hoc Advisory Committee on Governance and Plan Sustainability.

There was discussion on the inclusion of ATBF at the table, the terms of reference and government allowance for Ad Hoc travel.

MOTION AL13:06:06 That the Board approve the amended Terms of Reference for the Stakeholder Ad Hoc Advisory Committee on GPS.

Carried 11-0

4.1.4 Funding and Investment

The VP, Investments provided an overview of the Funding Strategy White Paper as a discussion tool for stakeholders.

There was discussion on the process for engagement, current service cost, longevity risks, funded status, amortization, interest rates, discount rates, inflation, and CPP changes.

MOTION AL13:06:07 That the Board release the amended Funding Strategy White Paper to the GPS Advisory Committee and Alberta Treasury Board and Finance.

Carried 11-0

██████████, Mercer Actuary and ██████████, Mercer Actuary OTPP, joined the meeting at 11:00am.

4.1.5 Ontario Teachers Experience

The OTPP Mercer Actuary delivered a presentation on the need for pension plans to evolve, which included information on interest rate challenges, aging population, increasing life expectancy, maturing pension plans and global market uncertainty.

He also advised on what is happening elsewhere in Canada, including the private sector movement to DC plans, the public sector plan changes of conditional cola, early retirement provisions, increased cost sharing and focus on generational equity.

There was discussion on governance issues, the ability to track false retirements, using conditional cola, the costs of determining benefits, communication of plan changes in other regions, reactions to the New Brunswick changes, notice periods, and transparency.

D. Sieben joined the meeting at 11:45am.

MOTION AL13:06:08 That the Board receive the report for information.

Carried 12-0

██████████, Mercer Actuary and ██████████, Mercer Actuary OTPP, left the meeting at 11:55am.



4.1.6 Plan Design

The VP, Pension Policy and Funding provided an update of the status of the work being undertaken relating to the plan design portion of the governance and sustainability initiative.

There was discussion on the APS statement regarding implementation, notice periods, the scope of the behaviour analysis and the difference between ad hoc and conditional cola.

G. Walker left the meeting at 12:05pm.

MOTION AL13:06:09 That Management share information on plan design transition planning with the Advisory Committee and with Alberta Treasury Board and Finance in July prior to being reviewed by the Board.

Carried 11–0

G. Walker joined the meeting at 12:10pm.

4.1.3 Governance

The LAPP CEO provided a brief review of the Board's Governance Principles, and the draft discussion proposal for self-governance. She also advised of the six main issues to be considered when reviewing governance: enabling, regulatory and transfer documents; sponsor's role; board of trustee's role; government's role; plan rules; and relationships with service providers.

There was discussion about the support of the five cortex principles, and the original basis for the current cost sharing model, and conflict of interest reporting. There was additional discussion about the six elements of an ideal governance structure and the Board decided to delete #6: "Cost sharing between members and employers should be equal" on the basis that the Labour Coalition is opposed to changing the current 1% differential in contribution rates.

MOTION AL 13:06:10 That the Board endorse the amended LAPP Governance Principles.

Carried 11-1

MOTION AL 13:06:11 That the Board share with the Advisory Committee and with Alberta Treasury and Finance Officials the following amended documents for further discussion:

- LAPP Governance Principles
- Environmental Scan: Governance
- Environmental Scan: Cost Sharing
- LAPP Self Governance List of Issues to be Considered
- Draft LAPP Self Governance Proposal

Carried 12-0

4.2 AIMCo Risk Presentation

The AIMCo Risk Presentation has been moved to the next Board of Directors meeting on July 19, 2013.



4.3 Advocacy Update

The VP, Stakeholder Relations provided a brief overview of the LAPP Strategic Advocacy Plan first approved by the Board in November 2012.

There was discussion about the need to update the website, educating members on plan benefits, and employer communication.

MOTION AL 13:06:12 That the Board approve the updated LAPP Strategic Advocacy Plan and approve the proposed “Advocacy Statement” for the LAPP website as amended.

Carried 12-0

4.4 Division of Pension on Marriage Breakdown

The VP, Pension Policy and Funding provided an overview of the proposed new rules for division of pension on marriage breakdown.

MOTION AL 13:06:13 That the Board recommend to the LAPP Board of Trustees a response to Alberta Treasury Board and Finance (ATBF) indicating support for the following:

- (1) Having rules related to the division of pension on marriage breakdown that are generally similar between Alberta private sector pension plans and LAPP.
- (2) Implementing changes with a delayed effective date so that they can be implemented under the new Alberta Pensions Services Corporation administration system.
- (3) Investigating the feasibility of charging fees for marriage breakdown calculations.
- (4) Ensuring the Plan does not lose as this relates to the adjustment of the member’s share resulting from the changes in the calculation of “total entitlement” for immediate division.
- (5) Having past service purchases treated the same for marriage breakdown total entitlement commuted value calculations as for member terminations.

Carried 10-2

L. Murray opposed.

4.5 Vice Chair Appointment

MOTION AL 13:06:114 That an ad hoc Nominating Committee be struck to canvas Board members for interest in the position of Vice Chair to replace the resigning Vice-Chair for the remainder of 2013.

Carried 11-1

Trustee Balkwill will be the ad hoc Nominating Committee member.



4.6 APS Board Appointment

MOTION AL 13:06:15 That the Board nominate an APS Board member to replace the resigning Vice-Chair at the July Board meeting after the new Vice-Chair is elected.

Carried 12-0

4.7 Management Business Report

The LAPP CEO advised the Board that APAGA has been proclaimed, so the Mandate and Roles document will need to be in place before September 12, 2013. Therefore it will be brought forward to the next Board Meeting.

MOTION AL 13:06:16 That this report be received for information.

Carried 12-0

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the correspondence for May 2013.

MOTION AL13:06:17 That the Board Correspondence be received for information.

Carried 12-0

5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events. L. Murray requested he be able to attend the ACPM conference in September.

MOTION AL13:06:18 That the Conferences/Calendar of Events be received for information and that L. Murray attend the ACPM conference in September.

Carried 12-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL13:06:19 That the other information items be received for information.

Carried 12-0

5.4 Presentation Review

The Board reviewed the presentations provided today.

6. Board In-Camera

The Board went in camera at 2:15 p.m.

█, █, and █ left the meeting at 2:15 pm.

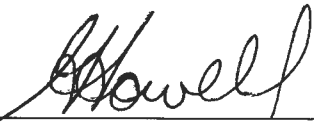
█ left the meeting at 2:18 pm.

As the agenda was completed, the Chair declared the meeting adjourned at 2:20 p.m. for the purpose of breaking and Board Members going on the APS Call Centre Tour.

4.8 APS Call Centre Tour

The Board Members toured the APS Call Centre, which included the following three areas:

- Live Calls – where Board Members listened to actual calls
- Quality Assurance – call recording, review, feedback/coaching
- Managing in “real time”



Chair
June 21, 2013



Board Secretary