



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

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Board of Directors held on October 18, 2013 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

- T. Agoto
- D. Aldous
- K. Balkwill
- C. Good
- G. Howell
- N. Ketler
- D. Sieben
- M. Mahar
- R. Matheson
- G. Walker
- R. West

Absent:

- S. Gould
- L. Thompson
- J. Whaley

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: November 15, 2013



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
 BOARD MEETING
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 October 18, 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.

S. Gould, L. Thompson and J. Whaley absent at beginning of meeting on October 18, 2013.

1. IN-CAMERA WITH THE CEO

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

2. APPROVAL OF AGENDA

██████████, Mercer Actuary, ██████████, ██████████, ██████████ and ██████████ joined the meeting at 8:10am.

MOTION AL13:10:01 That the agenda be approved.

Carried 11-0

3. APPROVAL OF MINUTES

MOTION AL13:10:02 That the minutes of September 19 & 20, 2013 be approved.

Carried 11-0

4. BUSINESS

4.1 Private Equity 2014

The LAPP VP Investments provided a brief overview of the presentation the AIMCo Head of Private Equity will be presenting today. The private equity program has undergone considerable change and this would be an opportunity for the Board to meet the new head of the private equity team and to find out where he sees the program development going forward.

██████████, AIMCo VP Client Relations, ██████████, AIMCo Head of Private Investments, ██████████, AIMCo Head of Private Equity, and ██████████, AIMCo Principal Infrastructure Investments, joined the meeting at 8:15am.

The AIMCo Head of Private Equity presented the AIMCo Private Investment Review.

There were discussions about the AIMCo private equity team, current targets, maturity of funds, returns vs benchmarks, geographic focus, and media exposure to investments.

The AIMCo Principal, Infrastructure Investments, presented the AIMCo Infrastructure and Timber update to the Board.

There was discussion about the number of opportunities AIMCo has to invest in infrastructure.

██████████, AIMCo Head of Private Investments, ██████████, AIMCo Head of Private Equity, and ██████████, AIMCo Principal Infrastructure Investments, left the meeting at 10:00am.



MOTION AL13:10:03 That the Board receive this report for information.

Carried 11-0

██████████, AIMCo Chief Risk Officer, joined the meeting at 10:05am.

4.2 AIMCo Risk Presentation

The AIMCo Chief Risk Officer presented the AIMCo Updated Risk Limits to the Board.

There was discussion on risk tolerance, Surplus at Risk (SaR) zones, allocation decisions, leverage in AIMCo's risk system and the alignment of risk.

MOTION AL13:10:04 That the Board receive the report for information.

Carried 11-0

4.3 AIMCo Scorecard

The LAPP VP Investments advised the Board of the changes to the scorecard and the reasoning behind the changes. The Mercer Actuary advised that he agreed with the changes.

There was discussion about the need to leave room for improvement, the need for a defined endpoint and the Board's ownership of the scorecard.

MOTION AL13:10:05 That the AIMCo Balanced Scorecard be approved and communicated to AIMCo and the Minister of Finance.

Carried 11-0

██████████, Mercer Actuary left the meeting at 11:05am.

4.4 2014 Investment Plan

The Board reviewed the report.

There was discussion that the strategic focus of the Board may change and that there may be an opportunity for more AIMCo presentations to the Board in the coming year.

MOTION AL13:10:06 That the Board approve the 2014 Investment Plan.

Carried 11-0

4.5 2014 Communication and Stakeholder Relations Development Plans

The LAPP VP, Stakeholder Relations advised that we are currently in an information vacuum, which means that the Board is unable to be proactive in its communications. Without the government's work plan, communications with members is delayed.

There were discussions about the current 5 year plan and the timeline for budget requirements.

MOTION AL13:10:07 That the Board table the 2014 Stakeholder Relations Plan and the 2014 Communications Plan until the November Board of Directors meeting.

Carried 11-0

4.7 Update on Sustainability

There were discussions about employer withdrawal, contribution rate caps, the position of the Board, and the timeline to provide input to government on the Sponsor Group make-up.

██████████, ATBF ADM, joined the meeting at 1:00pm.

The ATBF ADM updated the Board on the status of the government work plan and the on-going communication strategy.

The Board asked the ATBF ADM a series of questions related to the governments proposed pension plan changes.

1. Did our October 1st letter accurately capture the Board's role going forward? Yes, although the ADM advised he is reserving the opportunity to have additional conversations about the Board's role during transition.
2. Is the work plan ready and if not, when will we see it and can he provide any information at this point regarding his request to utilize LAPP Corp. resources? The ADM advised that he would hopefully be able to have the work plan available for the November 15th Board meeting.
3. Does he see it as the Board's role to provide input on the contribution rate cap after the Minister has received stakeholder input? The ADM advised he would like to utilize the pension expertise represented by the LAPP Board as an entity which would have information as well as from individual Board and staff members. The proposed spring legislation would be enabling legislation, not the legislation that would set the cap.
4. Does he see it as our role to conduct integrated funding policy stochastic modelling in 2014? Yes, and the ATBF actuary would be available to work with Mercer on the modelling.
5. Would he support a moratorium on employer withdrawals during the transition period? No, although government is aware of the risk to the plan of employer withdrawal and it will be addressed through the work plan.
6. When will discussions on the Pension Services Agreement commence? Not sure of the exact start date, but the work needs to be done.



7. Will the LAPP Board be included in consultations on the *Employment Pension Plan Regulations*? The Board will be consulted regarding rules relating to “jointly sponsored” plans, but consultations relating to exemptions required for a self-governed LAPP (e.g. solvency funding) will be done primarily with sponsors.

There was discussion on the requested input to the forming of the sponsor board, the resources required to ensure progress on the plan changes, c/v pay-outs, employer intentions to the proposed changes, and the fact that no core benefit changes have been proposed.

██████████, ATBF ADM, left the meeting at 2:10pm.

There was additional discussion about the long standing position of the Board on employer withdrawal.

R. Matheson left the meeting at 2:15pm.

MOTION AL13:10:08 That the Board write to the ATBF ADM confirming the discussion at the October 18, 2013 meeting.

Carried 10–0

4.6 2014 LAPP Corp. Business Plan and Budget.

The Board reviewed the report.

R. Matheson joined the meeting at 2:25pm.

██████████ left the meeting at 2:25pm.

There were discussions about Board Education, the LAPP Corp. current lease, the current 5 year strategic plan and the time lines for the budget.

MOTION AL 13:10:09 That the Board supports Management’s amended 2014 Business Plan and approves the 2014 LAPP Budget at \$3,102,00.00.

Carried 11-0

4.8 SCG Meeting Materials

The Board reviewed the October 25, 2013 meeting materials. There was discussion about the change of location and if the materials should be shared beforehand.

MOTION AL 13:10:10 That the Board approve the presentation materials for the October 25, 2013 meeting of the Stakeholder Consultation Group.

Carried 11-0

4.9 Board Operations Committee Report



The Board reviewed the report. There was a discussion about the timing of the proposed workshop.

MOTION AL 13:10:11. That the Board approve the following Board Education topics organized by Management in 2014:

- Investment Management (2 sessions)
- Actuarial Science
- Trust and Pension Law

Carried 11-0

MOTION AL 13:10:12 That the Board approve a workshop/retreat be held in 2014 as a combined educational/interim strategy and strategic planning session to address governance and transitional issues related to the potential move to self-governance in 2016

Carried 11-0

MOTION AL 13:10:13 That the Board of Directors approve the amended Board's Terms of Reference, Committee Policy, Board Appointments, and the Compliance Certificate in the Ethics and Conduct Policy all be amended; and that the Committee Terms of Reference: Stakeholder Ad Hoc Advisory Committee on Governance and Plan Sustainability be repealed.

Carried 11-0

4.10 Items from Human Resources and Compensation Committee

The Board reviewed the report.

MOTION AL 13:10:14 That the Board receive the report for information.

Carried 11-0

4.11 Management Business Report

The Board reviewed the report.

The LAPP CEO advised the Board of an upcoming appeal hearing. She also updated the Board as to her on-going conversations with the Ombudsman about a previous appeal case.

MOTION AL 13:10:15 That the Board receive the report for information.

Carried 11-0

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL13:10:16 That the Board receive the report for information.

Carried 11-0

5.2 Conferences/Calendar of Events

The Board reviewed the Conferences and Calendar of Events.

MOTION AL13:10:17 That Trustee Howell attend the Mercer Conference in Vancouver in October.

Carried 11-0

MOTION AL13:10:18 That the Board receive the report for information.

Carried 11-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL13:10:19 That the Board receive the report for information.

Carried 11-0

5.4 Presentation Review

The Board reviewed the presentations provided today. The suggestion was made that when AIMCo presents to the Board, a debrief should be scheduled afterwards.

6. Board In-Camera

The Board went in camera at 3:10 p.m.

■ ■ ■ ■ ; ■ ■ ■ ■ ; and ■ ■ ■ ■ left the meeting at 3:10pm.

■ ■ ■ ■ left the meeting at 3:12 pm.

As the agenda was completed, the Chair declared the meeting adjourned at 3:45 p.m.

[Redacted Signature]

[Redacted Signature]

Chair
October 18, 2013

Board Secretary