



**LOCAL AUTHORITIES PENSION PLAN CORP.  
COMMITTEE OF THE WHOLE**

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Committee of the Whole, held on November 15, 2013 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101<sup>st</sup> Street, Edmonton.

**Board members**

**Present:**

- T. Agoto
- D. Aldous
- K. Balkwill
- C. Good
- G. Howell
- N. Ketter
- D. Sieben
- M. Mahar
- R. Matheson
- L. Thompson
- R. West

**Absent:**

- S. Gould
- J. Whaley
- G. Walker

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

- [REDACTED], CEO
- [REDACTED], Vice-President, Investments
- [REDACTED], Vice-President, Stakeholder Relations
- [REDACTED], Vice-President, Pension Policy and Funding
- [REDACTED], Board Secretary

**NEXT REGULAR BOARD MEETING SCHEDULED FOR: December 13, 2013**

**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.  
COMMITTEE OF THE WHOLE  
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October 18, 2013**

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Because there was not a quorum present, the Chair, G. Howell, convened the meeting as a Committee of the Whole at 8:05 AM

*S. Gould, G. Walker and J. Whaley absent at meeting on November 15, 2013.*

## 1. IN-CAMERA WITH THE CEO

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

██████████, APS CEO ██████████, APS VP Policy and Research ██████████, Deloitte Senior Manager, ██████████, ██████████, ██████████, ██████████ and ██████████ joined the meeting at 8:10am.

## 2. APPROVAL OF AGENDA

**MOTION AL13:11:01** The Committee of the Whole recommends that the Board of Directors approve the agenda.

**Carried 11-0**

## 3. APPROVAL OF MINUTES

**MOTION AL13:11:02** The Committee of the Whole recommends that the Board of Directors approve the minutes of October 18, 2013.

**Carried 11-0**

## 4. BUSINESS

### 4.1 APS CEO: Strategic Plan and Customer Service

The APS CEO provided an update to the Committee on APS costs, client satisfaction and risk mitigation. She advised that costs are going up as membership is increasing as well as there are more premium service members. She also advised the Committee that APS employee satisfaction has risen from 35% to 72% in the last few years.

There were discussions about employee push back on the Next Generation project, management development, employer compliance, the ability of the Next Generation project to mine data, operational costs, and amortization of the project.

**MOTION AL13:11:03** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 11-0**

### 4.2 Next Generation Risk Management Assessment

The Deloitte Senior Manager advised the Committee of the role of the independent auditor on the Next Generation project. He advised that six broad categories are assessed through each review: 1) governance and ownership; 2) risk management; 3) delivery management;

4) resource management; 5) vendor contract and relationship management; and 6) change management/business unit impact.

There were discussions about the role of the Auditor General's audit, performance management, project completion, and LAPP Board assurance.

██████████, APS CEO, ██████████, APS VP Policy and Research and ██████████, Deloitte Senior Manager left the meeting at 9:25am

**MOTION AL13:11:04** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 11-0**

██████████, ATBF ADM, and ██████████, ATBF Executive Director joined the meeting at 9:30am.

#### **4.4 Sustainability Update**

The ATBF ADM reviewed the ATBF Public Sector Pension Plan Sustainability External Work Plan- Nov 8, 2013, and requested that LAPP staff be permitted by the Board to provide assistance with analysis. He assured the Board that ALAPP staff would not be asked to provide any policy recommendations, and any communications products would be the product of ATBF: not LAPP staff or the Board.

There were discussions about macro policy, micro policy, timelines, legislation and regulations, and communication process to ensure LAPP members are receiving the facts regarding the proposed changes to the plan.

There was concern expressed that, as LAPP staff are included in every category in the government work plan, their professional integrity could be compromised for the future sponsor board.

There was additional discussion on Employer Withdrawal, the expectation of employer submissions to government, COLA, and contribution rate caps, termination benefits.

██████████, ATBF ADM, and ██████████, ATBF Executive Director left the meeting at 10:15am.

#### **4.3 APS De-Brief**

There was discussion about the information that will be available from the Next Generation system: the data mining ability, reporting and validity of part time staff, auditing of employers and deliverables. There was additional discussion about employer compliance enforcement.

The LAPP VP Pension Policy and Funding advised that a "wish list" had been sent to APS previously advising of what LAPP would like to see the Next Generation system be able to accomplish, and that employer data had been on the list. She also advised that she would follow up with APS on the enforcement of employer compliance.

There was a discussion regarding the APS CEO's statement that the LAPP Board's representative on the APS Board should be reporting back to the LAPP Board about APS Board business. The LAPP Board's APS Board member, Trustee Mahar, was directed to clarify confidentiality rules at his APS Orientation and report back to the LAPP Board's December meeting on APS Board business as permitted.

#### 4.4 Sustainability Update Continued

The LAPP CEO advised that direction would be required from the Board on two issues:

- 1) whether the Board wishes to make any recommendation to government on other plan design issues not addressed in the government's proposal, such as termination benefits; and
- 2) whether the Board supports LAPP staff assisting ATBF in its sustainability work plan.

She advised that LAPP staff would like to be involved within the parameters described.

There was discussion about the Board providing a recommendation on other changes that could be done, the value of the new plan, a heat map for Enterprise Risk Management, the initiation of the sustainability discussion over a year ago, potential risks to the plan from the proposed changes, the Board's lack of engagement in the process, and whether the Board has an obligation to respond regarding potential risks to the plan.

There was additional discussion about the concern about LAPP Staff's reputation after working for the government, the optics of LAPP staff being involved with the government proposal creating the potential to taint their future careers with LAPP, and the benefits of having LAPP staff participate in the process.

**MOTION AL13:11:05** The Committee of the Whole recommends that the Board of Directors support LAPP Corp. staff being constructively engaged in the ATBF work plan within the parameters discussed.

**Carried 9-2**

R. West and T. Agoto recorded against the motion.

██████████, Mercer Investment Consultant ██████████, AIMCo VP Client Relations, and ██████████, AIMCo Senior Manager Responsible Investment joined the meeting at 11:35am.

#### 4.11 Responsible Investing

The AIMCo Senior Manager Responsible Investment provided an overview to the Committee on responsible investing at AIMCo. She advised of the drivers for responsible investment, AIMCo's responsible investing strategy, the United Nations Principles for Responsible Investment (UNPRI), explained proxy voting and the proxy voting process, and shareholder engagement.

There were discussions about corporate governance, AIMCo's negative screens and exclusions, and say on pay voting.

██████████, AIMCo VP Client Relations, and ██████████; AIMCo Senior Manager Responsible Investment left the meeting at 12:15pm.

**MOTION AL13:11:06** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 11-0**

#### **4.12 AIMCo Presentation De-Brief**

There were discussions about proxy voting, government interference in investing, engagement, and who does the engagement with companies on ESG issues.

*T. Agoto left the meeting at 1:00pm.*

The Committee of the Whole recessed at 1:00pm.

The Committee of the Whole reconvened at 1:10pm.

#### **4.14 Q3 Investment Report**

The LAPP VP Investments updated the Committee on the IMA discussions, funding and market risk, the information needs of the Board, and the need for a venture capital discussion.

The Mercer Investment Consultant advised the Committee that he has no real concerns with the Q3 investment report except as noted in the Mercer Quarterly letter.

██████████, Mercer Investment Consultant left the meeting at 1:30pm.

**MOTION AL 13:11:07** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **4.4 Sustainability Update**

**MOTION AL 13:11:08** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **4.5 Sustainability De-Brief**

The Committee continued the discussion regarding whether the Board should make recommendations, such as termination benefits. There was discussion on the expectations of government for the Board to recommend additional changes to the plan while not commenting on the current proposal, the concern that it would be a waste of the Board's time in promoting additional changes to the plan, the opposite concern that the commuted value issue has not been addressed and the unyielding position of some of the sponsor bodies.

*T. Agoto joined the meeting at 1:45pm.*

*D. Sieben left the meeting at 1:50pm.*

There was additional discussion on whether the Board has an obligation to analyse the government's proposal, the unions need to deal with governance first and plan design second, and the concern of some that the consequences of the proposal should be explained to the members by the Board.

The Committee meeting took a break in order to allow the five union nominees to caucus in a separate room. Upon return there was further discussion about whether the government proposal creates a risk to the plan and whether the Board should analyse those potential risks. On the basis of the lack of consensus and the lack of quorum, the motion was tabled to next month.

**MOTION AL 13:11:09** The Committee of the Whole recommends this topic be tabled to the December 12, 2013 Board of Directors meeting.

**Carried 10-0**

#### **4.6 Strategic Policies Review**

The Board reviewed the report.

**MOTION AL 13:11:10** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **4.7 SCG De-Brief and Action List**

The VP Stakeholder Relations updated the Committee on the October 25, 2013 Stakeholder Consultation Group (SCG) meeting. She advised that the next scheduled SCG meeting is in March 2014, but is contingent on government announcements.

**MOTION AL 13:11:11** The Committee of the Whole recommends that the Board of Directors approve for distribution to the Stakeholder Consultation Group (SCG) and for posting to the LAPP website, draft responses to questions submitted at the October 25, 2013 SCG meeting.

**Carried 10-0**

#### **4.8 2014 Board and Committee Work Plan**

The Committee reviewed the report.

**MOTION AL 13:11:12** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **4.9 Nomination Committee**

**MOTION AL 13:11:13** The Committee of the Whole recommends that the Board of Directors nominate G. Howell, G. Walker and C. Good to the nomination committee.

**Carried 10-0**

#### **4.10 Management's Business Report**

The Committee reviewed the report.

**MOTION AL 13:11:14** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **4.13 Annual SIP&G P Implementation and Certification**

Item moved to Board of Trustees meeting.

### **5. INFORMATION ITEMS**

#### **5.1 Board Correspondence**

The Board reviewed the most recent correspondence.

**MOTION AL13:11:15** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **5.2 Conferences/Calendar of Events**

The Board reviewed the Conferences and Calendar of Events.

**MOTION AL13:11:16** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

**MOTION AL13:11:18** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**

#### **5.3 Other Information Items**

The Board reviewed the other information items.

**MOTION AL13:11:19** The Committee of the Whole recommends that the Board of Directors receive this report for information.

**Carried 10-0**



**5.4 Presentation Review**

The Board reviewed the presentations provided today.

**6. Board In-Camera**

The Board went in camera at 2:45 p.m.

█ ███, ████, ████, and ████ left the meeting at 2:45pm.

████ left the meeting at 2:50pm.

As the agenda was completed, the Chair declared the meeting adjourned at 2:50 p.m.

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████████████████████

Chair  
November 15, 2013

████████████████████

Board Secretary