



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

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Board of Directors held on March 21, 2014 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

T. Agoto
K. Balkwill
C. Good
G. Howell
N. Ketler
R. Matheson
M. Mahar
D. Sander
D. Sieben
L. Thompson
G. Walker
R. West
J. Whaley

Absent:

D. Aldous

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: April 25, 2014

**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
 BOARD MEETING
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 March 21, 2014**

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

D. Aldous, D. Sieben and J. Whaley absent at start of the meeting on March 21, 2014.

1. IN-CAMERA WITH THE CEO

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

2. APPROVAL OF AGENDA

██████████, ADM ATBF, ██████████, Executive Director, ATBF, ██████████, ██████████, ██████████ and ██████████ joined the meeting at 8:25am.

MOTION AL14:03:01 The Committee of the Whole recommends that the Board of Directors approve the agenda.

Carried 11-0

4. BUSINESS

4.3 Pension Reform Update – Next Steps

The ADM, ATBF, provided a brief overview of government’s timeline since the February 24, 2014 announcement by the Minister. He advised that staff are preparing the enabling legislation ready to be passed in the spring Legislature session. He also updated the Board on the government’s role in the upcoming sponsor discussions which will start later this spring. The ATBF Executive Director advised that the new *EPPA* will be in force in the next couple of months and it is important that sponsors are aware of the *EPPA* rules.

There were discussions about the timeline for the sponsor discussions, the government information on the LAPP website, the Minister’s role as the LAPP Trustee, the government’s planned changes to plan design, the Board’s role in keeping members informed, the recommendations in the Auditor General’s report, the value of the plan, intergenerational inequities, timeline for Employer Withdrawal policy, timeline for the IMA and the need to complete and approve the MRD.

Discussion continues on page 4.

██████████, ADM ATBF, ██████████, Executive Director, ATBF, left the meeting at 9:10am.

3. APPROVAL OF MINUTES

MOTION AL14:03:02 The Committee of the Whole recommends that the Board of Directors approve the minutes of February 13 & 14, 2014.

Carried 11-0

4.2 Auditor General’s Report

There was discussion about the recommendations contained within the Auditor General’s Report.

MOTION AL14:03:03 The Committee of the Whole recommends that the Board of Directors direct the LAPP VP, Pension Policy and Funding to report back to the board outlining how LAPP could get the information on the various forms of employment, including employer participation policies and participation rates, in order to address the risk associated with the different employment forms.

Carried 11-0

4.3 Pension Reform Update – Next Steps – Continued from page 3

There was discussion about the CEO making presentations to stakeholders.

J. Whaley joined the meeting at 10:10am.

BOARD OF DIRECTORS MEETING STARTED

There was additional discussion about the need to keep members informed, the upcoming newsletter to members, what the spring legislation may contain, and the need to do costings on the government's planned changes as they will impact the upcoming valuation.

MOTION AL14:03:03 That the Board direct management to obtain actuarial costings of the government's plan design and updated member impact analysis.

Carried 9-4

M. Mahar, T. Agoto, N. Ketler and R. West opposed.

D. Sieben joined the meeting at 10:50am.

MOTION AL14:03:04 That the Board Chair write to Alberta Pensions Services Corporation to request (1) information regarding the impact of the government's plan design changes on the delivery of the Next Generation system as this relates to established milestones; and (2) a discussion regarding an appropriate cost allocation formula for additional work required specifically as a result of the government's plan design.

Carried 13-0

Committee of the Whole Review

The Board reviewed the motions from the Committee of the Whole meeting on March 21, 2014.

MOTION AL14:03:05 That the Board approve the following recommendations made by the Committee of the Whole at the March 21, 2014 meeting:

2. APPROVAL OF AGENDA

That the Board of Directors approve the agenda.

Carried 13-0

3. APPROVAL OF MINUTES

That the Board of Directors approve the minutes of February 13 &14, 2014.

Carried 13-0

4.2 Auditor General's Report

That the Board of Directors direct the LAPP VP, Pension Policy and Funding to report back to the board outlining how LAPP could get the information on the various forms of employment to address the risk associated with the different employment forms..

Carried 13-0

4.1 Committee of the Whole

MOTION AL14:03:06 That the Board approve the following recommendations made by the Committee of the Whole at the February 14, 2014 meeting:

3.7 AIMCo Public Equity Report:

That the Board of Directors receive this report for information.

3.8 AIMCo Top Down Investment Report:

That the Board of Directors receive this report for information.

3.9 AIMCo Debrief:

That the Board of Directors receive this report for information.

Carried 13-0

██████████, APS VP Policy and Research, and ██████████, APS Director of Corporate Reporting, joined the meeting at 11:10am

4.6 APS Q4 Reporting

The APS VP Policy and Research provided the Board with the APS Q4 Presentation.

D. Sieben left the meeting at 11:15am

There was discussion about providing the Board with breakout numbers for member counselling specific to LAPP, the policy regarding optional service costings that are sent out late, the Next Generation roll-out to employers, reporting on CV pay-outs, Tier II costs, and the wording of pension calculators statements for part-time employees.

MOTION AL14:03:07 That the Board receive the following APS Q4 2013 reports for information:

- LAPP Quarterly Services Report
- LAPP Statement of Pension Plan Transactions
- LAPP Plan Financial Information

Carried 12-0

██████████, APS VP Policy and Research, and ██████████, APS Director of Corporate Reporting, left the meeting at 11:40am

4.3 Pension Reform Update – Next Steps – Continued from page 4

There was discussion about providing the Minister with a recommendation for principles that should apply to the selection of sponsors for a jointly governed LAPP.

D. Sieben joined the meeting at 11:50am.

MOTION AL14:03:07 That the Board table the recommendation that the Board provide the Minister with a recommendation for principles that should apply to the selection of sponsors for a jointly governed LAPP to a future Board meeting

Carried 13-0

4.7 APS De-Brief

The Board discussed the presentation by APS.

MOTION AL14:03:08 That the Board receive the report for information

Carried 13-0

4.9 AIMCo Pre-Discussion

██████████, *Mercer Principal, joined the meeting at 12:10pm*

The VP Investments advised the Board that the AIMCo Investment Report and the Board's questions, comments and concerns would feed directly into the balanced scorecard.

The Mercer Principal reviewed the questions and concerns Mercer had arising from the 2013 APS Q4 Investment Report, as well as providing a brief commentary on the following areas of the report: Investment Performance, Investment Strategy, Investment Developments, Asset Allocation, Funded Ratio Change, Risk, Cost, Fixed Income Performance, Equities Performance and Private Markets Performance.

MOTION AL14:03:09 That the Board receive the report for information

Carried 13-0

██████████, *AIMCo Associate General Counsel,* ██████████, *AIMCo VP Client Relations joined the meeting at 1:15pm*

4.10 2013 AIMCo Q4 Investment Report

The AIMCo VP Client Relations gave the Investment Performance Review presentation to the Board.

There was discussion about the new private equity pool, venture capital losses, the public investment strategy, some new hires and the opening of the London office.

D. Sieben left the meeting at 1:45pm

The AIMCo Associate General Counsel provided a brief update on the AIMCo Business Plan. There was discussion about active VAR, changes to the AIMCo Board, AIMCo succession planning, AIMCo's in-house milestones, and the sale of Precision Drilling.

██████████, AIMCo Associate General Counsel, ██████████, AIMCo VP Client Relations left the meeting at 2:10pm

MOTION AL14:03:10 That the Board receive the report for information

Carried 12-0

4.11 AIMCo De-Brief

There was discussion about the earlier reporting by AIMCo, Canadian Real Estate Markets, the value of high conviction investments, and the need to review interim benchmarks.

MOTION AL 14:03:11 That this report be received for information.

Carried 12-0

4.4 Stakeholder Consultation Group Meeting Agenda and Materials

The LAPP VP Stakeholder Relations provided a brief overview of the request from the SCG Employee Representatives that prompted a revised agenda for the Board's review and approval.

There were discussions about the Board's role in the SCG meetings.

D. Sieben joined the meeting at 2:40pm

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

MOTION AL 14:03:12 That the Board approve the proposed presentation materials and revised agenda for the March 28, 2014 Stakeholder Consultation Group (SCG) meeting.

Carried 13-0

4.12 Capital Environmental Scan

The Report was tabled to the April 25, 2014 meeting.

██████████, Mercer Principal, left the meeting at 2:55pm

4.5 Revised Strategic and Business Plans

The Board reviewed the revised Strategic Plan and revised Business Plan. They suggested some word changes.

MOTION AL 14:03:13 That the Board approve revised 2012-2016 Strategic Plan and revised 2014 Business Plan as amended.

Carried 13-0

The Board reviewed the revised Strategic Communications Plan.

R. Matheson left the meeting at 3:20pm

The Board discussed the use of the word “proposed” in communications in relation to the government’s plan design changes so as not to appear that the Board is endorsing the changes.

C. Good left the meeting at 3:25pm

MOTION AL 14:03:14 That the Board approve the revised 2012-2016 Strategic Communications Plan as amended.

Carried 11-0

R. Matheson and C. Good joined the meeting at 3:30pm

D. Sieben left the meeting at 3:30pm

There was discussion about the timing of the newsletter to members in relation to Legislation being passed and the message from the Chair in the newsletter.

MOTION AL 14:03:15 That the VP Stakeholder Relations prepare the newsletter using the word “proposed” when advising of plan design changes, and with a message from the Chair.

Carried 12-0

The Board reviewed the revised Strategic Stakeholder Relations Plan.

They suggested some word changes, including adding the word “proposed” in relations to any plan design changes.

D. Sieben joined the meeting at 3:45pm
R. Matheson left the meeting at 3:45pm

MOTION AL 14:03:14 That the Board approve the revised 2012-2016 Stakeholder Relations Plan as amended.

Carried 12-0

4.8 Edmonton Lab Services

Two Board members have a conflict and would leave the room for the discussion and vote, which would lead to not having quorum, the item was tabled to the April 25, 2014 Board meeting.

R. Matheson joined the meeting at 3:50 pm

4.13 Mandate and Roles Document

The Board reviewed the current MRD as well as the ATBF’s comments from earlier in the meeting.

MOTION AL 14:03:15 That the document be tabled to a later Board meeting.

Failed 6-7

MOTION AL 14:03:16 That the Board Chair execute the LAPP Board of Trustees and LAPP Corporation Mandate and Roles Document Draft v5 September 2012 with amendments to s.4.1 to reflect the Minister's obligations under the PSPPA Schedule 1, s &(1)(3).

Carried 7-6

T. Agoto, K. Balkwill, N. Kettler, M. Mahar, R. West and L. Thompson against the motion.

4.11 Management Business Report

There was discussion about privacy issues relating to salary disclosure.

MOTION AL 14:03:17 That this report be received for information.

Carried 13-0

K. Balkwill left the meeting at 4:05pm

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL14:03:18 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.

MOTION AL14:03:19 That the Conferences/Calendar of Events be received for information.

Carried 12-0

MOTION AL14:03:20 That Trustee Howell attend the Milken conference and the Board will cover airfare and hotel for him.

Carried 12-0

MOTION AL14:03:21 That up to five Board Members can attend the ACPM conference in September.

Carried 12-0

MOTION AL14:03:22 That up to two Board Members can attend the CPBI Forum in Boston on May 26 & 27, 2014.

Carried 12-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL14:03:23 That the Other Information Items be received for information.

Carried 12-0

5.4 Presentation Review

MOTION AL14:03:23 That the Board receive the report for information

Carried 12-0

The Board of Directors meeting recessed at 4:12pm

The Board of Directors meeting reconvened 4:17pm

6. Board In-Camera

The Board went in camera at 4:17pm.

D. Sander, J. Whaley, [REDACTED], and [REDACTED] left the meeting at 4:17pm.

[REDACTED] left the meeting at 4:19 pm.

As the agenda was completed, the Chair declared the meeting adjourned at 4:21pm.

[REDACTED]

Chair
March 21, 2014

[REDACTED]

Board Secretary