



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

MINUTES of the meeting of the Local Authorities Pension Plan Corp. Board of Directors held on November 14, 2014 in the Local Authorities Pension Plan Board Room, Suite 1202, 10250 – 101st Street, Edmonton.

Board members

Present:

T. Agoto
D. Aldous
C. Good
G. Howell
N. Ketler
D. Sieben
L. Thompson
G. Walker
R. West
J. Whaley

Absent:

K. Balkwill
D. Sander

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

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

NEXT REGULAR BOARD MEETING SCHEDULED FOR: December 12, 2014



**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.
BOARD MEETING
INDEX OF MINUTES
NOVEMBER 14, 2014**

	Page #
1. IN CAMERA WITH THE INTERIM CEO	3
2. APPROVAL OF AGENDA.....	3
3. APPROVAL OF MINUTES.....	4
4. BUSINESS	3
4.1 Management’s Business Report	3
4.2 Government Update.....	3
4.3 De-Brief – Government Update	4
4.4.1 Next Gen Plan Rule Changes - Transfers	4,5,6
4.4.2 Next Gen Plan Rule Changes – Postponed Pensions.....	4&6
4.5 Annual SIP&G Certification.....	6&7
4.6 SCG De-Brief.....	7
4.7 Strategic Policies Review.....	7
CEO Search.....	7
4.8 Transitioning Governance Education Session	7
4.9 Governance Next Steps.....	8
4.10 AIMCo Q3 Reporting.....	8
4.11 Current Market Condition Update	8
4.12 Responsible Investment Update	8
5. INFORMATION ITEMS	
5.1 Board Correspondence.....	9
5.2 Conference/Calendar of Events.....	8
5.3 Other Information Items	8
5.4 Presentation Review	8



The Chair, T. Agoto declared the meeting to be regularly called and properly constituted for the transaction of business at 8:00am (10 members present).

1. IN-CAMERA WITH THE CEO

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

██████████, LAPP VP Stakeholder Relations, ██████████, LAPP VP Pension Policy and Funding and ██████████, LAPP Board Secretary joined the meeting at 8:25am.

2. APPROVAL OF AGENDA

MOTION AL14:11:01 That the Board of Directors approve the agenda.

Carried 10-0

3. APPROVAL OF MINUTES

MOTION AL14:11:02 That the minutes of October 16 & 17 be approved as amended.

Carried 10-0

4. BUSINESS

4.1 Management's Business Report

The LAPP Interim CEO advised that there had been discussion with ATBF regarding a skills matrix for Board recruitment and that a review of the reporting requirements required by the Mandate and Roles Document, as well as the development of a crisis management plan would be added to the 2015 Board Operations Work Plan. The LAPP VP Pension Policy and Funding updated the Board on the the APS Next Generation certification process. The LAPP VP Stakeholder Relations updated the Board on her progress on a communications strategy with APS.

MOTION AL14:11:03 That the report be received for information.

Carried 10-0

██████████, ATBF ADM, joined the meeting at 8:35am.

4.2 Government Update

The ATBF ADM updated the Board on the direction government is taking with pension reform. There were discussions about the Minister's mandate, a proposed December joint meeting with the Minister and key stakeholders including the four plan boards, the revised vision for public sector pensions, government's role on the proposed sponsor board, management of the plan through a transition in government, timelines, the LAPP Corp. 2015 budget submission, and the idea of a high level agreement with sponsors preceding any discussion about plan design.

██████████, ATBF ADM, left the meeting at 9:25am.

MOTION AL14:11:04 That the Board receive the report for information.

Carried 10-0

4.3 De-Brief – Government Update

The Board asked management to ensure they follow-up with ATBF staff on timelines.

MOTION AL14:11:05 That the Board receive the report for information.

Carried 10-0

4.4.1 APS Next Generation-Plan Rule Changes: Transfers

The LAPP VP Pension Policy and Funding provided a brief overview of the materials prepared for the Board. There was a brief discussion on the pricing of transfers, as well as the difference between codifying current practice and plan rule changes.

██████████, APS VP Pension Policy and Research, ██████████, APS Director Pension Policy and Rule Planning and ██████████, APS Senior Policy Analyst, joined the meeting at 9:50am.

The APS Director Pension Policy and Rule Planning, provided the presentation to the Board on Transfer Arrangements for LAPP. There were discussions about the reasons why the changes are being recommended, the timing impact of purchase amount of prior service, the assumptions used in the calculations, the ability of Next Generation to implement additional changes, the risk to plan members and APS on the taxable vs non-taxable payments of transfer excess to exiting members.

4.4.2 APS Next Generation-Plan Rule Changes: Postponed Pensions

The APS Director Pension Policy and Rule Planning provided an overview of the proposed amendments. There was discussion about CRA requirements, unintended consequences, and APS' processes set up the criteria and ensure compliance to the criteria for backdating.

██████████, APS VP Pension Policy and Research, ██████████, APS Director Pension Policy and Rule Planning and ██████████, APS Senior Policy Analyst, left the meeting at 11:15.

MOTION AL14:11:06 That the Board recommend the following to the Board of Trustees:

1.1 A recommendation to the Minister that the LAPP Regulation be amended **to codify the following existing administrative practices** in relation to reciprocal transfers and special portability transfers where LAPP is the exporting plan:

- a) The actuarial liability amount (available under a special portability transfer) and the commuted value amount (available under a reciprocal transfer) be calculated without backing-out prior service purchased on an actuarial reserve basis and/or leave service in respect of which a member has paid the employer share of contributions.
- b) The determination of the maximum amount that can be transferred, as well as any transfer excess that may be payable to a member, considers the normal termination

benefit to which the member would otherwise be entitled rather than a commuted value with excess contributions.

1.2 A recommendation to the Minister that the LAPP Regulation be amended **to codify the following existing administrative practices** in relation to reciprocal transfers and special portability transfers where LAPP is the importing plan:

- a) The purchase of periods of transfer shortfall service follows the existing methodology described in the LAPP Regulation for purchasing periods of prior service on an actuarial reserve basis.
- b) The treatment of periods of transfer shortfall service once purchased under LAPP match the treatment of purchased periods of prior service.

1.3 Its support for proposals submitted by Alberta Pensions Services Corporation (APS) for changes in relation to the Internal Transfer Agreement and associated provisions in the Legislative Provisions Regulation relating to:

- a) the calculation of the transfer amount for the purposes of determining the amount to be transferred where LAPP is the exporting plan and the accrual of interest;
- b) the submission of a transfer application; and
- c) rules pertaining to portability transfers to the extent that recommendations for amendments to the LAPP Regulation have been agreed-to under the above motions.

1.4 That the review of APS' proposals for changes in relation to the Internal Transfer Agreement and associated provisions in the Legislative Provisions Regulation relating to:

- a) the payment of transfer excess where LAPP is the exporting plan; and
 - b) the treatment of service once credited where LAPP is the importing plan,
- be postponed pending further analysis of plan provisions and related assumptions used in the pricing of plan benefits under all established transfer agreements.

1.5 That it:

- a) communicate to APS these recommendations for amendments to the LAPP Regulation and support for specific changes to the Internal Transfer Agreement and associated provisions in the Legislative Provisions Regulation in order that coding of the Next Generation system can be finalized as it relates to these particular items;
- b) advise APS that the Board has postponed its review of APS' other proposals for changes in relation to the Internal Transfer Agreement and associated provisions in the Legislative Provisions Regulation pending further analysis of plan provisions and related assumptions used in the pricing of plan benefits under all established transfer agreements; and



- c) provide a formal recommendation to the Minister following its consideration of all possible plan rule amendments as part of the APS Next Generation Plan Rule Changes Review.

Carried 10-0

MOTION AL14:11:07 That the Board recommend to the Board of Trustees a recommendation to the Minister that the LAPP Regulation be amended to provide that, in relation to reciprocal transfers and special portability transfers where LAPP is the exporting plan, any applicable transfer excess amounts be paid to the member in the form of a taxable cash refund.

Carried 8-2

Trustee West and Trustee Ketler against the motion.

MOTION AL14:11:08

1.1 That the Board recommend to the Board of Trustees a recommendation to the Minister that the LAPP Regulation be amended to remove the lump sum payment alternative available to postponed members and instead allow such members to backdate the pension commencement of their pension to the earliest date on which they would have been able to commence to receive an unreduced pension benefit, and that any such backdating shall be done at the discretion of the Minister (or delegate) subject to any restrictions set out by the Canada Revenue Agency.

1.2 That the Board recommend to the Board of Trustees that it:

- d) communicate to APS this recommendation for amendments to the LAPP Regulation in order that coding of the Next Generation system can be finalized as it relates to this particular item; and
- e) provide a formal recommendation to the Minister following its consideration of all possible plan rule amendments as part of the APS Next Generation Plan Rule Changes Review.

Carried 10-0

The Board of Directors recessed at 11:30am.

The Board of Directors reconvened at 11:35am.

4.5 Annual SIP&G Certification

The LAPP VP Investments provided a brief overview of the suggested changes to the SIP&G. There were discussions about currency, the AIMCo compliance certificate, hedge funds and industry compliance standards.

MOTION AL14:11:09 That the Statement of Investment Policy and Goals be amended as follows:

- Section 3.5 – Update fixed income indices to their new names
- Section 3.5 – Widen range for Universe and Long bonds to be more symmetrical



Section 5.3.3 – Update funded status
Section 5.3.4 – Update SaR ranges
Section 5.3.4 – Correct font

Carried 10-0

MOTION AL14:11:10 That management follow up on the issues arising from the certification of hedge funds, including definition and treatment and report back to the Board at the December 12, 2014 Board meeting.

Carried 10-0

4.6 SCG De-brief

The Board reviewed the report. There was discussion about having a third party provide a governance presentation to the Stakeholder Consultation Group and providing a summary of the meeting on the website as there were no follow-up questions for the Board to respond to.

MOTION AL14:11:09 That the Board receive the report for information.

Carried 10-0

4.7 Strategic Policies Review

The Board reviewed the report.

MOTION AL14:11:10 That the Board receive the report for information,

Carried 10-0

The Board had a brief discussion about the CEO search.

MOTION AL14:11:11 That the position of CEO of LAPP Corp. be offered to [REDACTED] effective January 5, 2015.

Carried 10-0

[REDACTED], Osler Partner, and [REDACTED], Osler Partner joined the meeting at 1:05pm.

4.8 Transitioning Governance Education Session

[REDACTED], Osler Partner, provided the Transitioning Governance presentation to the Board. There were discussions about risk management, division of power, joint governance, ways to persuade participation in governance discussions and communication.

[REDACTED], Board Secretary left the meeting at 2:10pm.

MOTION AL14:11:12 That the Board receive the report for information.

Carried 10-0

[REDACTED], Osler Partner, and [REDACTED], Osler Partner left the meeting at 2:20pm.



4.9 Governance Next Steps

The Board reviewed the report.

MOTION AL14:11:13 That staff proceed to collaborate with ATBF staff on how to move ahead on governance issues, including the issues of sponsorship composition and trusteeship composition.

Carried 10-0

MOTION AL14:11:14 That the Board request the Minister to write APS authorizing a survey of all LAPP employers to determine how many LAPP members are represented by unions/associations and which unions/associations represent them.

Carried 10-0

4.10 AIMCo Q3 Investment Report

The LAPP VP Investments provided a brief overview.

MOTION AL14:11:15 That the Board receive the report for information.

Carried 10-0

██████████, AIMCo Executive VP of Public Market Investments, ██████████, AIMCo Senior Manager Responsible Investment, ██████████, AIMCo Chief Client Relations and Legal Counsel, and ██████████ AIMCo Director Client Relations joined the meeting at 3:00pm.

4.11 Current Market Update

The AIMCo Executive VP of Public Market Investments provided the market overview presentation to the Board. There was discussion about the current price of oil, interest rate trends and credit spreads.

██████████, AIMCo Executive VP of Public Market Investments left the meeting at 3:25pm.

MOTION AL14:11:16 That the Board receive the report for information.

Carried 10-0

4.12 Responsible Investment Update

The AIMCo Senior Manager for Responsible Investment provided the responsible investing at AIMCo presentation. There was discussion about the LAPP SIP&G and how AIMCo determines areas to focus on.

██████████, AIMCo Senior Manager Responsible Investment ██████████, AIMCo Chief Client Relations and Legal Counsel, and ██████████, AIMCo Director Client Relations left the meeting at 3:55pm.

MOTION AL14:11:17 That the Board receive the report for information.

Carried 10-0

5. INFORMATION ITEMS

5.1 Board Correspondence

The Board reviewed the most recent correspondence.

MOTION AL14:11:18 That the Board of Directors receive the Correspondence report for information.

Carried 11-0

5.2 Conferences/Calendar of Events

The Committee reviewed the Conferences and Calendar of Events. The Board requested the 2015 Conference list to come forward.

MOTION AL14:11:19 That the Board of Directors receive the Conferences/Calendar of Events report for information.

Carried 11-0

5.3 Other Information Items

The Board reviewed the other information items.

MOTION AL14:11:20 That the Board of Directors receive the Other Information Items report for information.

Carried 11-0


5.4 Presentation Review

The Board reviewed the presentation provided.

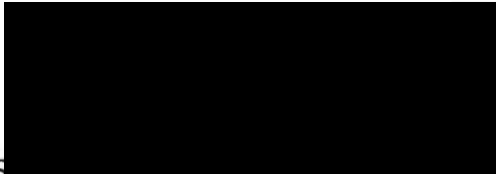
 and  left the meeting at 4:05.

6. Board In-Camera

The Board went in camera with the Interim CEO at 3:45pm.

 left the meeting at 4:07

As the agenda was completed, the Chair declared the meeting adjourned at 4:12pm. (10 members present)



Chair

November 14, 2014



Board Secretary