

**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT is made effective this 14<sup>th</sup> day of November, 2014

**BETWEEN:**

**ALBERTA LOCAL AUTHORITIES PENSION PLAN CORP.**  
(the "Corporation")

- and -

**CHRISTOPHER A. BROWN** (the "Executive")

(collectively referred to as the "Parties")

**RECITALS:**

- A. WHEREAS the Corporation is responsible for providing strategic support to the Board of Trustees of the Local Authorities Pension Plan ("LAPP"), and guidance to LAPP's primary service providers, including Alberta Pensions Services Corporation ("APS") who manage all benefit administration duties for LAPP, and Alberta Investment Management Corporation ("AIMCo") who implement the Board's investment policies;
- B. AND WHEREAS the Corporation wishes to retain the services of the Executive and the Executive wishes to be retained by, the Corporation upon the terms and conditions specified herein;
- C. AND WHEREAS the Corporation and the Executive desire to enter into a written agreement which contains the agreed upon terms and conditions of his continued employment;

**NOW THEREFORE**, in consideration of the material advantages accruing to both the Executive and the Corporation, the Parties agree as follows:

**1. DEFINITIONS**

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings set forth in this Section 1:

- 1.1 "Agreement"** means this Agreement as may be amended from time to time by mutual written agreement of the Parties;

- 1.2 "Base Salary" has the meaning ascribed thereto in Section 4;
- 1.3 "Benefit Plans" has the meaning ascribed thereto in Section 6;
- 1.4 "Board" means the board of directors of the Corporation;
- 1.5 "Confidential Information" has the meaning ascribed thereto in Section 12.2;
- 1.6 "Incentive Pay" means the annual incentive payment as described in Section 5.
- 1.7 "Intellectual Property" has the meaning ascribed thereto in Section 12.3;
- 1.8 "Separation Package" has the meaning ascribed thereto in Section 11.2;

## 2. DUTIES AND RESPONSIBILITIES

### 2.1 Position

The Executive will be employed by the Corporation as the President and Chief Executive Officer ("CEO") of the Corporation. The Executive will undertake those duties, responsibilities and reporting requirements which are ordinarily expected of a President and CEO, and as may from time to time be assigned by the Board, or by any person or committee designated by the Board. The Executive acknowledges that, to the extent that the Executive serves as a director of the Corporation, the Executive shall do so without further remuneration.

### 2.2 Corporation Policies and Code of Conduct

The Executive agrees to follow and be bound by the Corporation's policies and code of conduct, and acknowledges that the Corporation may, from time to time, amend the terms of its policies and code of conduct. The Corporation shall provide written notice to the Executive of any such amendments.

### 2.3 Full Time and Attention

The Executive shall devote his full working time and attention and shall exert best efforts, knowledge, skill and energy to the performance of the Executive's duties with the Corporation. The Executive will not, without obtaining the prior written consent of the Corporation, assume any other employment or engage in any other business or occupation or become a director, officer, employee, agent or consultant for any other company, firm or individual while in the service of the Corporation. The parties acknowledge that as of the date of this Agreement, Executive is a member of [REDACTED]

### 2.4 Travel

The Executive's duties will be performed from the Corporation's offices in Edmonton but the Executive shall be available, within reason, for such business related travel as may be required for the purposes of carrying out the Executive's duties and responsibilities.

**3. TERM OF EMPLOYMENT**

The Executive's employment under this Agreement will commence on January 5, 2015 ("the Start Date") and will continue until otherwise terminated in accordance with the provisions of this Agreement.

**4. BASE SALARY**

The Executive will be paid an annual salary of \$240,000 payable monthly in arrears, and subject to adjustments from time to time in accordance with the Corporation's practices (the "Base Salary").

**5. INCENTIVE PAY**

The Executive will be eligible for annual Incentive Pay, targeted for 2015 at 20% of the Base Salary for the year for which it is payable, minimum of 0% to a maximum of 25% of that Base Salary. Targets for subsequent years will be set by the Board in consultation with the Executive, and communicated to the Executive, no later than the end of December of the prior year. The annual Incentive Pay will be calculated and paid out in accordance with the Corporation's Compensation Policy, as it may be amended from time to time.

**6. BENEFITS**

The Executive will be eligible to enrol in the Corporation's group health and welfare benefit plans which are offered to other employees of the Corporation at the Executive's level (the "Benefit Plans"), subject to the terms and conditions set out in the Benefit Plans' policies. The amount of the Executive's contributions and the Corporation's contributions to the Benefit Plans shall be in accordance with the Benefits Plans. Copies of the current Benefit Plans are available and will be provided upon request. Some Benefit Plans may include compulsory employee participation and employee contributions at levels determined by the Corporation. The Corporation reserves the right to change the Benefit Plans from time to time, provided the new benefits are superior or reasonably comparable to the prior benefits. The Executive acknowledges that any changes to the Benefit Plans made in accordance with the preceding sentence will not constitute a constructive dismissal or termination of the Executive's employment with the Corporation.

**7. VACATION**

The Executive's annual vacation entitlement will be in accordance with the Corporation's policy as amended from time to time, provided that the Executive will accrue no less than 30 days (6 weeks) of vacation entitlement per year. Vacation pay will be calculated and paid according to the Corporation's policies, as they may be amended from time to time. The Executive shall be entitled to carry over to the next year up to 15 days of unused vacation entitlement provided, however, that the total number of accrued vacation days will never exceed 45 days. Any unused

vacation days which cannot be carried over in accordance with the terms of this Agreement will be paid out to the Executive at the end of the applicable year.

## **8. PERQUISITES AND EXPENSES**

### **8.1 Reimbursement of Expenses**

The Corporation will reimburse the Executive for any reasonable and necessary out-of-pocket expenses incurred in the course of performing his employment duties. Reimbursement will be conditional upon the Executive providing an itemized account and receipts, in accordance with the Corporation's expense policy, as it may exist from time to time.

### **8.2 Indemnity**

The Corporation hereby indemnifies and saves harmless the Executive and his heirs and legal representatives against all costs, judgments, fines, charges, fees, expenses and other amounts, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Executive in respect of any civil, criminal or administrative action or proceeding to which the Executive is made a party by reason of being, or having been a director, officer or employee of the Corporation if:

- (a) the Executive acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that may give rise to a fine or other monetary penalty, the Executive had reasonable grounds for believing that his conduct, or any conduct of any director, officer or employee which gave rise to the action or proceeding was lawful.

The Executive shall be covered by the Directors and Officers insurance applicable to directors, officers and employees of the Corporation. The Corporation further agrees to fund the legal fees and other expenses reasonably incurred by the Executive in respect of any civil, criminal or administrative action or proceeding to which the Executive is made a party by reason of being, or having been, a director, officer or employee of the Corporation unless such legal fees and other expenses are covered by the terms of any Directors and Officers Insurance.

### **8.3 Parking**

The Corporation will provide to the Executive, free of charge, an indoor parking stall in the building his office is located in, as long as such parking is available. For greater certainty in the case of this perquisite, any taxation owed by the Executive on this perquisite will be the responsibility of the Executive.

### **8.4 Car allowance**

The Corporation will pay to the Executive a car allowance benefit of no less than \$7500.00 annually, payable in monthly instalments.

## **8.5 Memberships**

Upon approval of the Board, the Corporation will pay on behalf of the Executive or reimburse the Executive for the costs of the Executive's membership in professional and industry organizations necessary or appropriate for the nature of the Executive's employment duties, including (without limitation) membership in the Law Society of Alberta.

## **8.6 Conferences and Continuing Education**

The Executive shall be entitled to attend, at the Corporation's expense, such conferences, seminars or professional development programs as may be approved in accordance with the Corporation's policies as may exist from time to time.

## **9. PENSION**

The Executive will participate in the Government of Alberta's Management Employees Pension Plan and the MEPP Supplemental Retirement Plan, with contributions being made in accordance with the terms of those plans. In the event that the Corporation shall cease to be eligible to have its employees, including the Executive, participate in such plans, the Corporation will make alternate arrangements for the Executive to participate in pension and supplemental pension plans providing equivalent benefits to the plans referred to above.

## **10. ANNUAL REVIEW**

The Executive and a representative of the Board will meet no later than December of every year that this Agreement is in force to evaluate his performance. After this meeting, this representative of the Board and the Executive will meet to discuss compensation and benefits expectations for the coming year. Base Salary and all other elements of compensation will be reviewed by the Board thereafter, and any adjustments to compensation, including Base Salary and the annual Incentive Pay target for the coming year, will be communicated to the Executive on or before December 31st of that year. Base Salary increases will be effective January 1<sup>st</sup> of any given year. Increases in Base Salary or other elements of compensation (if any) will be at the sole discretion of the Board. The Board will also conduct a comprehensive market-based review of the Executive's compensation not less frequently than every three years.

The Corporation and the Executive acknowledge and agree that in the event of a substantial change in the size, scope, ownership or control of the Corporation or its business, the parties will re-evaluate the compensation of the Executive in light of the changed circumstances.

## **11. TERMINATION OF EMPLOYMENT**

### **11.1 Termination Without Notice by the Corporation**

This Agreement and the Executive's employment with the Corporation may be terminated, without the Corporation being obligated to provide the Executive with advance notice of termination or pay in lieu of such notice, whether under contract, statute, common law or otherwise if:



- (a) The Executive's employment is terminated for just cause, as that term is defined at common law.
- (b) The Executive dies. The Executive or the Executive's estate will not be entitled to receive any further compensation or benefits pursuant to the terms of this Agreement other than those which have accrued up to the date of the Executive's death and those death benefits which may be payable in accordance with applicable insurance policies. For greater certainty, the Executive's estate will be entitled to receive the annual Incentive Pay the Executive would have received for the year in which he died had he continued to be employed, prorated based on the total number of days the Executive was employed during the year for which the Incentive Pay is payable.

#### **11.2 Termination without Cause by the Corporation**

- (a) **Separation Package** - The Corporation may terminate the Executive's employment at any time, without cause and without prior notice, by providing the Executive with a separation package in the form of a lump sum payment equal to:
  - (i) One months' Base Salary per consecutive month of employment, up to a maximum of eighteen months' Base Salary, at the rate the Executive was entitled to at the date of termination with the minimum lump sum payment being six months; and
  - (ii) An amount equal to (A) the annual Incentive Pay the Executive would have received for the year in which he was terminated had he continued to be employed, prorated based on the total number of days the Executive was employed during the year for which the annual Incentive Pay is payable, plus (B) the annual average of the Incentive Pay received by the Executive over the most recent three-year period prior to the year in which the date of termination occurs, prorated based on the number of months calculated for purposes of Section 11.2(a)(i); and
  - (iii) The Separation Package, with the exception of the amount in Section 11.2(a)(ii), shall be paid in full within 30 days of the termination of the Executive's employment. The amount in Section 11.2(a)(ii) shall be paid out at the same time as the next annual Incentive Pay awards for other executive employees of the Corporation are or would be, in the normal course consistent with the Corporation's past practice, paid out.
  - (iv) **Continuation of Certain Benefits** - As part of the Separation Package, the Executive's group health and welfare benefits (with the exception of short and long term disability coverage) will be continued for the lesser of the number of months for which he is paid severance, the date the Executive commences receiving retirement benefits under the pension plan described in Section 9, and the date the Executive becomes eligible to receive group health and welfare coverage (by virtue of new employment or otherwise). Continued coverage pursuant to the aforementioned benefit plans will be conditional on the Executive satisfying the terms and

conditions required by the relevant group health and welfare benefit programs. In the event that the Executive is not eligible to receive such benefits in accordance with such plans, there shall be no additional compensation to the Executive in respect of the absence of such benefits.

- (b) **Outplacement Counselling** – In the event of a termination under this Article 11.2, the Executive will be entitled to outplacement counselling services suitable for an employee at an Executive level.
- (c) **Termination by Reason of Disability** - If the Executive is unable by virtue of a physical or psychological disability to perform substantially all of the Executive's employment related duties for a period of more than 180 consecutive days during any 365 day period, the Corporation may terminate the Executive's employment by paying him one-half of the amounts set out in Article 11.2(a) above, as well as continuation of the Executive's benefits pursuant to Article 11.2(a).

### **11.3 Termination with Notice by the Executive**

- (a) The Executive may resign upon giving a minimum of 60 days' advance written notice to the Corporation. The Executive will not be entitled to receive any further compensation or benefits whatsoever, other than those which have accrued up to the Executive's last day of active service with the Corporation, with the exception that the Executive will be entitled to receive the amount described in Article 11.2(a)(ii) above.

### **11.4 Separation Package Deemed Reasonable and Sufficient**

- (a) In consideration of the Separation Package provided herein, and prior to receiving the Separation Package, the Executive shall sign a full release acceptable to the Corporation and the Executive, each acting reasonably. The Executive acknowledges that the Separation Package provided pursuant to this Agreement supersedes and replaces any and all rights to reasonable notice of termination that the Executive might otherwise be entitled to at common law. The Executive agrees that the payments include all amounts owing for termination and/or severance pay under any contract, statute, common law or otherwise. In the event that any statute which applies to this Agreement provides for notice, or pay in lieu of notice, or severance greater than that contemplated by the Agreement, it is the intention of the parties that such statutorily mandated minimum requirements be paid in the place of the Separation Package set out herein.
- (b) The Executive agrees not to disclose the terms or the nature of the Separation Package save and except to the Executive's spouse (if applicable), legal and financial advisors, and as may be required by law.

### **11.5 Actions Required Upon Termination**

In the event the Executive's employment is terminated for any reason, the Executive will resign effective the same date from any office or directorship held with the Corporation. All equipment, documents or any other materials of any kind created or used by the Executive in the course of

employment, or otherwise furnished by the Corporation or its customers, clients, suppliers, distributors, employees, or consultants and in the Executive's possession or control, shall be surrendered to the Corporation, in good condition, promptly upon the Executive's termination of employment, irrespective of the time, manner or cause of termination. Provided, however, that the Executive is entitled to retain all personal documents or other materials pertaining to his employment with the Corporation, such as his wage, compensation and benefits documents.

## **12. EMPLOYEE COVENANTS**

### **12.1 Acknowledgement**

The Executive acknowledges that he is in a fiduciary relationship and position of trust with the Corporation. In the course of employment with the Corporation, the Executive will maintain close working relationships with the advisors, suppliers, distributors, consultants, agents and employees of the Corporation and the LAPP's primary service providers, including APS and AIMCo, as well as the Government of Alberta Department of Treasury Board and Finance. Due to the sensitive nature of the Executive's position and the special access that the Executive will have to confidential and sensitive information, the Executive will be in a position to irreparably harm the Corporation, or those parties mentioned above, should the Executive (either during the Executive's term of employment with the Corporation, or subsequent to the termination of such employment) make use of or disclose this information other than in the course of his employment duties. The Executive acknowledges that the unauthorized use or disclosure of such information could irreparably damage the Corporation's interests, and those parties mentioned above.

### **12.2 Confidential Information**

During the course of the Executive's employment with the Corporation, the Executive will have access to and be entrusted with confidential information relating to the Corporation, its advisors, suppliers, distributors, consultants, agents and employees, the LAPP's primary service providers (including APS and AIMCo), the Government of Alberta Department of Treasury Board and Finance, and employees who participate in the LAPP (the "Confidential Information"), the particulars of which, if disclosed to the general public, could be detrimental to the best interests of the Corporation, or any of the parties mentioned above. The Executive, therefore, agrees that the Confidential Information is the exclusive property of the Corporation, and that while employed by the Corporation and at all times thereafter, the Executive will not, other than in the course of his duties as Executive, (a) reveal, disclose or make known any Confidential Information to any person, or (b) use the Confidential Information. Provided, however, that the Executive may reveal, disclose, make known or use Confidential Information if he is given express written authority by the Board to do so, or is compelled by a court or administrative body of competent jurisdiction to do so.

### **12.3 Intellectual Property**

- (a) All worldwide rights, title and interest in any and all advances, computer programs, concepts, compositions, data, database technologies, designs, discoveries, domain names, drawings, formulae, ideas, improvements, integrated circuit typographies, inventions, know-how, mask works, sketches, software, practices, research



materials, trade-secrets, patents, trade-marks, copyright works and any other intellectual property (whether registrable or not) produced, made, composed, written, performed, or designed by the Executive, either alone or jointly with others, in the course of the Executive's employment with the Corporation and in any way relating to the business of the Corporation (the "Intellectual Property"), shall vest in and be the exclusive property of the Corporation. Provided, however, that information and other property which would not constitute intellectual property at common law, will not constitute Intellectual Property in this Agreement.

- (b) Both during the term of this Agreement and following termination of employment with the Corporation, the Executive will fully and promptly disclose to the Corporation, complete details of any Intellectual Property right arising in connection with the Executive's employment, with the intention that the Corporation shall have full knowledge and ownership of the working and practical applications of such right.
- (c) At the expense of the Corporation, the Executive will co-operate in executing all necessary deeds and documents and shall co-operate in all other such acts and things as the Corporation may reasonably require in order to vest such Intellectual Property rights in the name of the Corporation.
- (d) The Executive hereby waives any and all author's, moral, and proprietary rights that the Executive may now or in the future have in any Intellectual Property developed in the course of the Executive's employment with the Corporation.
- (e) The Corporation shall have the sole and exclusive ownership of and right of control over any and all Confidential Information and Intellectual Property.

#### **12.4 Covenants Survive Termination of Agreement**

It is expressly agreed by the parties hereto that the covenants contained in Article 12 of this Agreement shall survive the termination of this Agreement for any reason.

### **13. GENERAL**

#### **13.1 Severability**

If any provision of this Agreement or its application to either Party or circumstance is restricted, prohibited or unenforceable, the provision shall be ineffective only to the extent of the restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

#### **13.2 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties and sets out all the covenants, promises, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersedes and replaces all prior agreements, understandings, negotiations and discussions, whether oral or written,

pre-contractual, or otherwise. There are no covenants, promises, representations, conditions or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

**13.3 Amendments to be in writing**

This Agreement may be amended at any time by written agreement of the parties.

**13.4 Enforcement**

All covenants, provisions and restrictions contained in this Agreement, and without limitation, the covenants, provisions and restrictions contained in Section 13 are reasonable and valid, and the Executive hereby waives all defences to the strict enforcement of such covenants, provisions and restrictions by the Corporation. Section 13 shall survive the termination of this Agreement.

**13.5** This Agreement shall be construed according to the laws of the Province of Alberta.

**13.6** All disputes concerning or arising from this Agreement, including but not limited to the enforcement and interpretation thereof, shall be referred to arbitration for resolution in accordance with provisions of Alberta's *Arbitration Act*, R.S.A. c. A-43, as revised and amended.

**13.7** This Agreement shall bind the Executive and his heirs, executors, administrators and personal representatives, and the Corporation, and its successors and assigns.

**13.8** The Parties acknowledge that they have had the opportunity to seek independent legal advice and enter into this Agreement with full knowledge and understanding of their respective legal rights.

**IN WITNESS OF WHICH** the Parties have duly executed this Agreement.

) **ALBERTA LOCAL AUTHORITIES**  
) **PENSION PLAN**

Per: \_\_\_\_\_

Name: Name

Title: Title

I/We have the authority to bind the corporation

[Redacted signature area]

Witness

[Redacted signature area]

**CHRISTOPHER A. BROWN**