



**ALBERTA**  
**TREASURY BOARD AND FINANCE**

*President of the Treasury Board and Minister of Finance*  
*MLA, Spruce Grove – St. Albert*

AR 39896

**JAN 07 2014**

**Mr. Rod McDermand**  
**Chair**  
**Management Employees Pension Plan (MEPP)**  
**5103 Windermere Blvd SW**  
**Edmonton AB T6W 0S9**

**Dear Mr. McDermand:**

**Thank you for your December 13, 2013 letter enclosing the Management Employees Pension Board Mandate and Roles Document (MRD) for my signature.**

**Enclosed is a signed copy of the MRD. I would like to thank your Board and staff for your cooperation, hard work and input on the MRD. It can now be posted on your website.**

**Yours truly,**

**Original signed**

**~~Doug~~ Horner**  
**President of Treasury Board**  
**Minister of Finance**

**Enclosure**

**cc: Ms. Brenda Chisholm**  
**Plan Board Manager**  
**Alberta Pensions Services Corporation**

## **Management Employees Pension Board Mandate and Roles Document**

The Mandate and Roles Document (the "Document") for the Management Employees Pension Board (the "Board") has been jointly developed by the President of Treasury Board and Minister of Finance (the "Minister") and the Board and is consistent with the Public Agencies Governance Framework and will meet the requirements of the *Alberta Public Agencies Governance Act* when proclaimed.

### **1. Board Mandate**

The Management Employees Pension Plan ("MEPP") was originally established in 1972 as the Public Service Management Pension Plan for management employees of the Alberta government and approved agencies, boards and commissions. In 1993, new legislation was passed that split the plan into two separate plans: MEPP and the Public Service Management (Closed Membership) Pension Plan ("Closed Plan"). The latter plan holds the entitlements of former managers not in active service as of January 1, 1992. The Supplementary Retirement Plan for public service managers was established in 1999 to provide benefits to public service managers who participate in MEPP and whose annual salary exceeds the maximum yearly pensionable earnings allowed by MEPP.

The Board has legislated responsibilities for the Management Employees Pension Plan and some legislated responsibilities for the Public Service Management (Closed Membership) Pension Plan.

The mandate of the Board, as established under the *Public Sector Pension Plans Act* ("PSPPA"), Schedule 5, section 3, and Schedule 6 is to:

- 1.1 advise the Minister on any pension matter that is of interest to persons receiving or entitled in the future to receive benefits under the MEPP;
- 1.2 consult with the Minister with respect to:
  - 1.2.1 amending or repealing and replacing the *Management Employees Pension Plan Regulation* (the "Plan Rules"); including Plan Rules adjusting contribution rates to ensure that the MEPP is funded;
  - 1.2.2 conducting an actuarial valuation with respect to the MEPP;
  - 1.2.3 conducting an actuarial valuation with respect to the Closed Plan;
  - 1.2.4 changes proposed to the *Public Sector Pension Plans (Legislative Provisions) Regulation*;
  - 1.2.5 the cost to be charged for the administration of the MEPP; and
  - 1.2.6 the cost to be charged for the administration of the Closed Plan.
- 1.3 review administrative decisions for the MEPP and the Closed Plan in accordance with the delegation from the Minister;
- 1.4 set general policy guidelines such as the Statement of Investment Policy and Goals on the investment and management of the MEPP fund that it considers should be followed; and
- 1.5 set general policy guidelines on the administration of the MEPP that it considers should be followed.

## **2. Legislative Authority**

**2.1 The Board has responsibilities under, and is subject to the:**

- *Public Sector Pension Plans Act*
- *Public Sector Pension Plans (Legislative Provisions) Regulation (AR 365/93)*
- *Management Employees Pension Plan Regulation (AR 367/93)*
- Ministerial Authorization 05/94 and 01/95  
(Delegation from Minister to review administrative decisions)

**2.2 The Board is also subject to certain other legislation, orders, directives, and policies.**

**2.3 The Minister and the Board (and other parties, where appropriate) may in writing agree upon operational processes and practices, as needed.**

## **3. Roles and Responsibilities**

The Minister is the administrator of the MEPP and has delegated certain functions in relation to the administration of the MEPP to Alberta Pension Services Corporation ("APS") including support services to the Board as set out in the Pension Services Agreement.

The Minister is responsible for investing the MEPP fund after taking into consideration the general policy guidelines established by the Board and the applicable provisions of the *Employment Pension Plans Act*. The Minister has entered into an Investment Management Agreement with Alberta Investment Management Corporation ("AIMCo") to provide investment management services to the Minister with respect to the MEPP fund.

### **The Minister**

**3.1 The Minister:**

- 3.1.1 is accountable to the Legislature for the activities and performance of the Board;**
- 3.1.2 after consulting the Board, shall charge the MEPP fund each fiscal year for the services provided by APS;**
- 3.1.3 after consulting the Board, determines employers eligible to participate in the MEPP;**
- 3.1.4 is authorized to collect employment information from, and disclose it to, the specific MEPP participants or former participants to whom the information relates, participating employers, and the Board;**
- 3.1.5 in consultation with the Board, shall have an actuarial valuation of the MEPP and Closed Plan performed, and a report on that valuation prepared, by the plan's actuary at least once every three years;**
- 3.1.6 will recommend to the Lieutenant Governor in Council, based on the recommendations of the actuary for the MEPP, after consulting with the Board, adjustments to either or both employer and employee current service contribution rates;**
- 3.1.7 is responsible for preparing the annual financial statements in respect of the MEPP;**

- 3.1.8 may recommend to the Lieutenant Governor in Council, after consulting the Board:
  - 3.1.8.1 amending or repealing and replacing of the Plan Rules; and
  - 3.1.8.2 amendments to the *Public Sector Pension Plans (Legislative Provisions) Regulation*;
- 3.1.9 may establish portability arrangements, after consulting the Board, between the MEPP and another public sector pension plan;
- 3.1.10 invests the assets of the MEPP Fund after taking into consideration the general policy guidelines as set out in the Board's Statement of Investment Policy and Goals including any interim or transitional investment policies or guidelines;
- 3.1.11 shall administer the MEPP after taking into consideration the general policy guidelines on the administration established by the Board;
- 3.1.12 recommends the appointment of Board members to the Lieutenant Governor in Council, in accordance with the *Public Sector Pension Plans Act*;
- 3.1.13 monitors whether the Board is acting within its mandate and achieving its objectives;
- 3.1.14 considers the advice of the Board with respect to the services provided by APS and AIMCo;
- 3.1.15 considers and may respond to any concerns, risks, opportunities or strategic considerations raised by the Board in relation to the MEPP;
- 3.1.16 when appropriate, ensures that material developments and significant emergent issues that may affect the MEPP are brought to the attention of the Board chair (the "Chair") on a timely basis;
- 3.1.17 advises the Board respecting any government policies applicable to the Board or its activities or operations;
- 3.1.18 conducts a review at least every seven years of the Board's mandate and purpose consistent with the Public Agencies Governance Framework and the requirements of the *Alberta Public Agencies Governance Act*, when proclaimed; and
- 3.1.19 shall, in the event of lawsuits brought by third parties in relation to MEPP:
  - 3.1.19.1 where the lawsuit is brought against any of APS, the Minister or the Government of Alberta as well as the Board or any members of the Board, coordinate and if necessary direct the defence of the lawsuit;
  - 3.1.19.2 where the lawsuit is brought against any of APS, the Minister or the Government of Alberta, but not against the Board or any members of the Board, keep the Board informed regarding the defence of the lawsuit; and
  - 3.1.19.3 have a right of approval over any settlement of the lawsuit.

## **The Department of Treasury Board and Finance (“the Department”)**

### **3.2 The Department supports the Minister in fulfillment of the Minister’s roles, as required by the Minister, including but not limited to:**

- 3.2.1 consult the Board on all proposed legislative and regulatory changes and related policy initiatives;**
- 3.2.2 consult the Board on financial reporting;**
- 3.2.3 coordinate with the Board on matters related to the appointment of Board members; and**
- 3.2.4 reviewing, evaluating and providing input into the proposed budget for Board specific costs.**

## **The Board**

### **3.3 The Board:**

- 3.3.1 is accountable to the Minister for its activities and performance;**
- 3.3.2 sets general policy guidelines such as the Statement of Investment Policy and Goals, after consulting AIMCo, on the investment and management of the MEPP fund;**
- 3.3.3 may set general policy guidelines, after consulting APS, on the administration of the MEPP;**
- 3.3.4 makes rules respecting the calling of and the conduct of business at its meetings, subject to constraints by or under applicable legislation;**
- 3.3.5 identifies appropriate business processes to assist in fulfilling its mandate;**
- 3.3.6 establishes such committees as it considers necessary to carry out its duties, and ensures that a written mandate of each committee is approved and reviewed annually;**
- 3.3.7 establishes and administers a code of conduct and ethics governing the conduct of the Board (including its Chair) and ensures that the Board has an ongoing, appropriate, and effective process for ensuring adherence to the code.**
- 3.3.8 provides an orientation process, training and ongoing development opportunities for Board members;**
- 3.3.9 ensures that the Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the Board, its committees, and Board members including the Chair;**
- 3.3.10 oversees compliance with all relevant policies, procedures and standards by which the Board operates, and ensures that the Board operates at all times in compliance with all applicable laws and regulations;**
- 3.3.11 develops mechanisms to communicate with the Minister on items of mutual concern;**
- 3.3.12 annually prepares a three-year business plan after consulting with APS, in respect to the Board’s duties and responsibilities;**
- 3.3.13 reviews the performance reports provided by APS on the administration of MEPP and by AIMCo on the investment management of the MEPP fund;**

- 3.3.14** no later than October, after consulting with APS, provides the Department with its proposed budget for Board specific costs in respect of the next calendar year;
- 3.3.15** identifies for the Minister's consideration any risks, opportunities, or strategic considerations in relation to the administration or the investment of the MEPP Fund;
- 3.3.16** ensures, when appropriate, that all material developments and significant emergent issues related to the Board and the delivery of its Mandate are disclosed to the Minister on a timely basis;
- 3.3.17** communicates with plan members and stakeholders regarding matters within the Board's mandate;
- 3.3.18** consults with APS with respect to mass communications (e.g. Board newsletter) to members or to stakeholders;
- 3.3.19** provides advice to the Minister on the services provided by APS in relation to the administration of the MEPP and on the investment management services provided by AIMCo;
- 3.3.20** monitors the financial performance of the Board in relation to the budget for Board specific costs;
- 3.3.21** reviews the audit plan put forward by the Office of the Auditor General and participates in consultations pertaining to the MEPP financial statements;
- 3.3.22** provides information for inclusion in the MEPP Annual Report, describing the Board's governance practices including discussion and analysis from the Board's perspective;
- 3.3.23** reviews administrative decisions for the MEPP and the Closed Plan;
- 3.3.24** responds to the Minister on those matters on which the Minister is required to consult the Board;
- 3.3.25** shall consult the Minister prior to issuing a news release or otherwise initiating communication with the news media;
- 3.3.26** shall, in the event of lawsuits brought by third parties in relation to MEPP:
  - 3.3.26.1** where the lawsuit is brought against the Board or any members of the Board as well as any of APS, the Minister or the Government of Alberta, work with the Minister to coordinate the defence of the lawsuit; and
  - 3.3.26.2** where the lawsuit is brought against the Board or any members of the Board but not against any of APS, the Minister or the Government of Alberta, keep the Minister and APS informed regarding the defence of the lawsuit, and present to the Minister for approval any proposed settlement of the lawsuit; and
- 3.3.27** shall advise the Minister upon becoming aware of any threat by a third party to initiate legal proceedings of any kind in relation to MEPP.

## **Chair**

### **3.4 The Chair:**

- 3.4.1 with direction from the Board, represents the Board and its interests in dealing with the Minister or the Deputy Minister, stakeholders and the community;
- 3.4.2 provides leadership for the Board, effectively facilitates the work of the Board, and plans and manages the Board meetings;
- 3.4.3 when appropriate, provides the Minister with updates on the Board's operations and informs the Minister regarding emergent issues;
- 3.4.4 ensures that the Board and its committees have opportunities to meet;
- 3.4.5 ensures that the Board conducts an annual evaluation of the performance of the Board and individual Board members' performance including the Chair; and
- 3.4.6 administers the Code of Conduct and Ethics for the Board, and ensures that conflict of interest matters are addressed by the Board.

## **Vice-Chair**

### **3.5 The Vice-Chair:**

- 3.5.1 administers the Code of Conduct and Ethics in relation to the Chair; and
- 3.5.2 performs all the duties of the Chair in the absence or disability of the Chair.

## **4. Board Reporting Requirements**

- 4.1 The Chair will provide the following documents to the Minister after approval by the Board:
  - 4.1.1 business plan;
  - 4.1.2 an annual summary of the Board's activities related to its mandate and business plan; and
  - 4.1.3 actuarial valuation reports (including any interim reports)

## **5. Recruitment and Appointment of Board Members**

- 5.1 A total of seven Board members will be appointed pursuant to section 3 of Schedule 5 of the *Public Sector Pension Plan (Legislative Provisions) Regulation*. Board members are nominated by the Government (three members), employees or organizations representing employees (three members), and the Public Service Commissioner (one non-voting member) and appointed by the Lieutenant Governor in Council.
- 5.2 The recruitment process for members of the Board will align with the Public Agencies Governance Framework and will also meet the requirements of section 13 of the *Alberta Public Agencies Governance Act*, when proclaimed. The Chair will provide the Minister with the Boards:
  - 5.2.1 Code of Conduct and Ethics;
  - 5.2.2 the required competencies and the targeted skills identified from the Board's skills matrix assessment; and
  - 5.2.3 recommendations for re-appointment based on Board member evaluations.
- 5.3 Board members and committee members will be remunerated in accordance with the Public Sector Pension Plans (Legislative Provisions) Regulation.
- 5.4 Further information on the recruitment process for nominations is provided in the attached Appendix.

## **6. Administration**

### **6.1 Review of the Mandate and Roles Document**

- 6.1.1 This Document shall be in effect for not more than three years from the latest date this Document is signed by the Minister and the Chair. It must be renewed or revised within three years.

### **6.2 Transparency**

- 6.2.1 A signed copy of this Document will be filed with the Agency Governance Secretariat. In support of the principle of transparency, this Document is available to the public on the MEPP website at [www.mepp.ca](http://www.mepp.ca).

### **6.3 Periodic Agency Review**

- 6.3.1 A review of the Board's mandate and purpose will be carried out by the Minister in accordance with the review process developed in consultation with the Agency Governance Secretariat.

### **6.4 Transition**

- 6.4.1 In this Document, "Minister" means at any time the Minister responsible for the Board, and "Department" shall be construed as that Minister's Department.

Original signed

\_\_\_\_\_  
Rod McDermand  
Chair  
Management Employees Pension Board

Dec 13, 2013  
Date:

Original signed

\_\_\_\_\_  
The Honourable Doug Horner  
President of Treasury Board and  
Minister of Finance

Jan 7/14  
Date



## **Board Member Recruitment Process**

### **1. Board Member Terms**

- a) Members are appointed for terms of up to four years, with the potential for re-appointment based on satisfactory performance. Appointments may be for shorter terms to balance member continuity and renewal.
- b) Board member terms are consistent with the Public Agencies Governance Framework and will meet the requirements of the *Alberta Public Agencies Governance Act*, when proclaimed. A Board member may serve a maximum of 12 consecutive years.

### **2. Board Members Nominated by the Government, Employees/Organizations Representing Employees**

- a) The recruitment of members nominated by the Government will be led by the Department. To ensure impartiality and objectivity, government nominees cannot be members of MEPP or the Closed Plan, or currently entitled to receive a future benefit under MEPP.
- b) For recruitment of members nominated by employees or organizations representing employees, applications will be solicited from employees participating in MEPP, through a competitive process arranged by the Department, in consultation with the Board.
- c) Recruitment will use the Board's competency matrix to identify the skills and knowledge required of potential Board members.
- d) Any vacancy will be advertised on the Government of Alberta website and the Management Employees Pension Plan website.
- e) The interview committee (the "Committee") will consist of at least one representative from each of the Department and the Board.
- f) Conflict of interest and other screening will be completed before suitable candidate(s) is submitted to the Minister.
- g) The Committee will forward the names of qualified candidates to the Minister.

#### **2.1 Board Member Nominated by the Public Service Commissioner**

- a) The Public Service Commissioner will nominate a non-voting member.

### **3. Reappointment of a Board Member**

- a) Where a Board member is eligible for reappointment, the Chair will indicate in writing to the Minister whether the Board supports the reappointment.