

**Alberta Local Authorities Pension Plan Corp.
and
Local Authorities Pension Plan Board of Trustees
Mandate and Roles Document**

The Local Authorities Pension Plan (LAPP) is a pension plan for local authorities and other bodies as established under the *Public Sector Pension Plans Act*. The Mandate and Roles Document ("the Document") for Local Authorities Pension Plan Board of Trustees ("LAPP Board") and for the Alberta Local Authorities Pension Plan Corp. ("Corporation") has been jointly developed between the Minister of Treasury Board and Finance ("Minister"), the LAPP Board and the Corporation. The Document is consistent with the Public Agencies Governance Framework and will meet the requirements of the *Alberta Public Agencies Governance Act*, when proclaimed.

1. LAPP Board Mandate

The mandate of the LAPP Board of Trustees ("LAPP Board"), as established under the *Public Sector Pension Plans Act* ("PSPPA") Schedule 1 is to:

- 1.1 undertake an actuarial valuation at least every three years and make plan provisions by regulation adjusting current service contributions to ensure the LAPP is funded;
- 1.2 recommend to the Minister amending, or repealing and replacing the *Local Authorities Pension Plan Regulation* ("the Plan Rules");
- 1.3 set general policy guidelines on the investment and management of the LAPP Fund (i.e. Statement of Investment Policies and Goals) and on the administration of the LAPP;
- 1.4 review administrative decisions of Alberta Pensions Services Corporation with respect to LAPP in accordance with the delegation from the Minister;
- 1.5 to make recommendations to the Minister on the termination of the LAPP in accordance with the legislation;
- 1.6 participate in consultations with the Minister with respect to:
 - 1.6.1 the cost to be charged for the administration of the LAPP;
 - 1.6.2 changes proposed to the *Public Sector Pension Plans (Legislative Provisions) Regulation*; and
 - 1.6.3 the withdrawal of ineligible employers.

2. Corporation Mandate

The mandate of the Corporation, incorporated under the *Business Corporations Act* in December 2005, as delegated in writing by the Minister, is to:

- 2.1 provide support (i.e. assisting, facilitating, advising, analyzing, reviewing, researching and recommending) to the LAPP Board in fulfilling its legislative mandate; and
- 2.2 provide high-level strategic guidance of the LAPP.

3. Legislative Authority

- 3.1 The LAPP Board has responsibilities under, and is subject to the:
- *Public Sector Pension Plans Act*
 - *Public Sector Pension Plans (Legislative Provisions) Regulation* (AR 365/93)
 - *Local Authorities Pension Plan Regulation* (AR 366/93)
 - Ministerial Authorization 01/94 (delegation from Minister to review administrative decisions)
- 3.2 The Corporation has responsibilities under, and is subject to, the following: *Public Sector Pension Plans Act, Business Corporations Act, LAPP Delegation of Administration Functions made by the Minister, effective January 1, 2006 (as amended from time to time), Financial Administration Act, Government Accountability Act, Auditor General Act, Freedom of Information and Protection of Privacy Act, and the Income Tax Act* (Canada).
- 3.3 The LAPP Board and the board of the Corporation are also subject to certain other legislation, orders, directives, agreements, delegations and policies.
- 3.4 The Minister and the Corporation (and other parties, as appropriate) may in writing agree upon operational processes and practices, as needed.

4. Roles and Responsibilities

The government is responsible for the legislative, regulatory and policy frameworks in which the LAPP Board and the Corporation operate.

Minister

The Minister is the administrator of the LAPP and has delegated certain functions in relation to the administration of the LAPP to Alberta Pensions Services Corporation (“APS”) as set out in the LAPP Delegation of Administration Functions.

The Minister is responsible for investing the LAPP Fund in accordance with the general policy guidelines established by the LAPP Board and 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 LAPP fund.

- 4.1 The Minister:
- 4.1.1 is accountable to the Legislature for the activities and performance of the LAPP Board and the Corporation;
 - 4.1.2 reports to the Legislature on the affairs of the LAPP and Corporation and responds to questions regarding these agencies;
 - 4.1.3 may set policies that must be followed by the Corporation in carrying out its powers, duties and functions;
 - 4.1.4 shall hold all of the assets of the plan fund in trust for the sole purposes of providing benefits and meeting plan costs;
 - 4.1.5 shall have no claim to any of the assets of the plan fund;

- 4.1.6 shall invest the assets of the LAPP fund in accordance with the general policy guidelines set out in the LAPP Board's Statement of Investment Policies and Guidelines;
- 4.1.7 shall follow any general policy guidelines established by the LAPP Board on the administration of the LAPP;
- 4.1.8 after consulting the LAPP Board, shall charge the LAPP fund each fiscal year for the services provided by APS in relation to LAPP;
- 4.1.9 is authorized to collect employment information from, and disclose it to, the specific LAPP participants or former participants to whom the information relates, participating employers and the LAPP Board;
- 4.1.10 provides written reports to the LAPP on the administration of the LAPP fund and investment management of the LAPP fund;
- 4.1.11 is responsible for preparing the annual financial statements in respect of the LAPP;
- 4.1.12 may recommend to the Lieutenant Governor in Council, after receiving a recommendation from the LAPP Board, amending or repealing and replacing the Plan Rules;
- 4.1.13 may recommend to the Lieutenant Governor in Council, after consulting the LAPP Board, amendments to the *Public Sector Pension Plans (Legislative Provisions) Regulation*
- 4.1.14 may establish portability arrangements, after consulting the LAPP Board, between the LAPP and another public sector pension plan;
- 4.1.15 recommends to the Lieutenant Governor in Council the appointment of LAPP Board members in accordance with the Public Sector Pension Plans Act;
- 4.1.16 appoints directors to the board of the Corporation in accordance with the Unanimous Shareholder Agreement;
- 4.1.17 monitors whether the LAPP Board and the Corporation are acting within their respective mandates and achieving their objectives;
- 4.1.18 considers the advice of the LAPP Board in monitoring the services provided by APS and AIMCo;
- 4.1.19 considers and may respond to any concerns, risks, opportunities or strategic considerations raised by the LAPP Board in relation to the LAPP;
- 4.1.20 approves the Corporation's annual budget;
- 4.1.21 advises the LAPP Board and the Corporation respecting any government policies applicable to the boards or its activities or operations;
- 4.1.22 after consulting the LAPP Board determines the withdrawal of ineligible employers;
- 4.1.23 when appropriate, ensures that material developments and significant emergent issues that may affect LAPP or the Corporation are brought to the attention of the chair of the LAPP Board or chief executive officer ("CEO") of the Corporation on a timely basis;

- 4.1.24 when appropriate, seeks advice or information from the CEO (on behalf of the LAPP Board or the Corporation) and ensures that communication channels are available for the CEO to consult with the Minister;
- 4.1.25 determines the remuneration of each director of the Corporation in accordance with any applicable legislation and the Unanimous Shareholder Agreement; and
- 4.1.26 conducts a review at least every seven years of the LAPP Board and the Corporation's mandate and purpose consistent with the Public Agencies Governance Framework and the requirements of the Alberta Public Agencies Governance Act, once proclaimed.
- 4.1.27 shall, in the event of lawsuits brought by third parties in relation to LAPP;
 - 4.1.27.1 where the lawsuit is brought against any of APS, the Minister or the Government to Alberta as well as the LAPP Board or the Corporation or any members of the LAPP Board or the board of the Corporation, coordinate and if necessary direct the defence of the lawsuit;
 - 4.1.27.2 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
 - 4.1.27.3 have a right of approval over any settlement of the lawsuit.

The Department of Treasury Board and Finance

- 4.2 The Department supports the Minister in fulfillment of the Minister's roles, as required by the Minister, including but not limited to:
 - 4.2.1 consult with the LAPP Board or the Corporation on all proposed legislative and regulatory changes, and related policy initiatives;
 - 4.2.2 consult the LAPP Board on financial reporting;
 - 4.2.3 coordinate, as appropriate, with the LAPP Board and the Corporation on matters relating to the recruitment and appointment of members to the respective boards; and
 - 4.2.4 provide the mechanism to allow the Corporation's costs (to the maximum of the annual approved budget) to be reimbursed from the LAPP fund.

LAPP Board

- 4.3 The LAPP Board:
 - 4.3.1 is accountable to the Minister for its activities and performance;
 - 4.3.2 makes rules respecting the calling of and the conduct of business at its meetings, subject to constraints by or under applicable legislation;
 - 4.3.3 identifies appropriate business processes to assist in fulfilling its mandate;
 - 4.3.4 elects a Chair and Vice-Chair for a two-year term rotating the positions between employer and employee nominees;

- 4.4.5 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;
- 4.3.6 establishes and administers a code of conduct and ethics governing the conduct of the LAPP Board (including its Chair) and ensures that the LAPP Board has ongoing, appropriate, and effective processes for ensuring adherence to the code;
- 4.3.7 provides an orientation process, training and ongoing development opportunities for LAPP Board members;
- 4.3.8 ensures that the LAPP Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the LAPP Board, its committees, individual LAPP Board members and the Chair;
- 4.3.9 oversees compliance with all relevant policies, procedures and standards by which the LAPP Board operates, and ensures that the LAPP Board operates at all times in compliance with all applicable laws and regulations;
- 4.3.10 develops mechanisms to communicate with the Minister;
- 4.3.11 establishes a higher cost-of-living adjustment if the LAPP meets the legislated minimum funding and solvency requirements;
- 4.3.12 reviews the performance reports provided by APS on the administration of the LAPP and by AIMCo on the investment management of the LAPP fund;
- 4.3.13 making recommendations and decisions, providing and receiving reports, and consulting with the Minister on employer withdrawals;
- 4.3.14 ensures, when appropriate, that all material developments and significant emergent issues related to the LAPP Board and the delivery of its mandate are disclosed to the Minister on a timely basis;
- 4.3.15 sets general policy guidelines such as the Statement of Investment Policies and Guidelines, after consulting AIMCO, on the investment and management of the LAPP fund;
- 4.3.16 sets general policy guidelines, after consulting APS, on the administration of the LAPP;
- 4.3.17 reviews administrative decisions for the LAPP;
- 4.3.18 responds to the Minister on those matters on which the Minister is required to consult the LAPP Board;
- 4.3.19 is authorized to collect information from, and disclose it to the specific LAPP participants or former participants to whom the information relates, participating employers and the Minister; and
- 4.3.20 shall consult the Minister prior to issuing a news release or otherwise initiating communication with the news media.

Board of Directors for the Corporation

4.4 The corporate Board:

- 4.4.1 is responsible for the governance of the Corporation and overseeing the management of its business and affairs and directs and oversees the Corporation's operations, subject to constraints by or under applicable legislation or constating documents;

- 4.4.2 is accountable to the Minister for the performance of the Corporation;
- 4.4.3 prior to each calendar year, provide to the Minister for approval, a detailed annual budget;
- 4.4.4 establishes and monitors the LAPP strategic plan, corporate business plan, and performance results of the Corporation;
- 4.4.5 establishes and administers a code of conduct and ethics governing the conduct of the Board (including its Chair) and the Corporation's employees, and assures itself on a regular basis that the Corporation has an ongoing, appropriate, and effective process for ensuring adherence to the code;
- 4.4.6 oversees, on a regular basis, compliance with all relevant policies, procedures, and standards by which the Corporation operates and assures itself that the Corporation operates at all times in compliance with the applicable laws and regulations;
- 4.4.7 ensures that the board of directors, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the board, its committees, individual directors and the Chair;
- 4.4.8 establishes such committees as it considers necessary to carry out its duties and ensures there is a written mandate of each committee is approved and reviewed annually;
- 4.4.9 provides an orientation process, and establishes an education plan for the LAPP Board including training and ongoing development opportunities for directors;
- 4.4.10 appoints the CEO, sets the CEO's compensation and responsibilities, monitors and evaluates the CEO's performance;
- 4.4.11 establishes and annually reviews the CEO succession plan, and assures itself, on a regular basis, that the CEO maintains an updated succession plan for the Corporation's staff;
- 4.4.12 identifies appropriate governance policies and processes to assist the Corporation in fulfilling its mandate,
- 4.4.13 ensures that all material developments and significant emergent issues related to the Corporation and the delivery of its mandate are disclosed to the Minister on a timely basis;
- 4.4.14 reviews and approves all accountability documents, as described in section 5 of this Document;
- 4.4.15 notifies the Minister of a vacancy for the position of CEO;
- 4.4.16 identifies for the Minister's consideration any concerns, risks, opportunities or strategic considerations in relation to administration of the LAPP or the investment of the LAPP Fund;
- 4.4.17 communicates with plan members and stakeholders regarding matters within the mandate of the Corporation and the LAPP Board;
- 4.4.18 consults with APS with respect to the Board's mass communications to members and stakeholders;
- 4.4.19 provides advice to the Minister on the services provided by APS in relation to the administration of the LAPP and on the investment management services provided by AIMCo ;

- 4.4.20 monitors the financial performance of the Corporation in relation to the approved budget;
- 4.4.21 provides input into the audit plan put forward by the Office of the Auditor General and participates in consultations pertaining to the LAPP financial statements;
- 4.4.22 advises the Minister on any pension matter that is of interest to those entitled to benefits under the LAPP;
- 4.4.23 makes representations to governments regarding pension laws and regulations;
- 4.4.24 shall consult the Minister prior to issuing a news release or otherwise initiating communication with the news media

Chair LAPP Board and Board of Directors for the Corporation

4.5 The Chair:

- 4.5.1 with direction from the Board, represents the Board and its interests in dealing with the Minister, Deputy Minister, and stakeholders;
- 4.5.2 provides leadership for the Board, effectively facilitates the work of the Board, and plans and manages the Board meetings;
- 4.5.3 when appropriate, provides the Minister with updates on the Board's operations and informs the Minister regarding emergent issues;
- 4.5.4 ensures that the Board and its committees have opportunities to meet including opportunities to meet independent of management;
- 4.5.5 ensures that the Board discharges its oversight of the Corporation;
- 4.5.6 ensures that the Board conducts an annual evaluation of its performance, the work of individual board members and the performance of the CEO; and
- 4.5.7 administers the code of conduct and ethics for the Board, and ensures that conflict of interest matters are addressed by the Board.

Vice Chair LAPP Board and the Board of Directors for the Corporation

4.6 The Vice-Chair:

- 4.6.1 administers the code of conduct and ethics in relation to the Chair, and
- 4.6.2 performs all of the duties of the Chair in the absence or disability of the Chair.

Chief Executive Officer (CEO)

4.7 The CEO for the Corporation:

- 4.7.1 shall take direction from and report to the Board of Directors;
- 4.7.2 is responsible for:
 - 4.7.2.1 the day-to-day management including staffing of the Corporation;
 - 4.7.2.2 preparing a strategic plan, corporate business plan and communication plan for approval by the Board of Directors, in consultation with APS and AIMCo, in respect of the duties and responsibilities of the LAPP Board and the board of the Corporation;
 - 4.7.2.3 implementing an education plan for members of the LAPP Board;

- 4.7.2.4 providing the required support and services to enable the board of the Corporation and the LAPP Board to fulfill its mandate and governance responsibilities;
- 4.7.2.6 ensuring that services are being delivered within the respective mandates, standards and policies of the Corporation and LAPP Board and the approved budget;
- 4.7.2.7 consulting and communicating with stakeholders regarding the LAPP;
- 4.7.2.8 publishing an annual report for the LAPP and working with the Board of Directors to prepare the accountability documents under section 5 of this Document;
- 4.7.2.9 maintaining effective communications with the Chair, the Minister's representatives and stakeholders, as appropriate; and
- 4.7.2.10 acts as the formal spokesperson for the Corporation in all matters, other than those that are Board related.

5. ACCOUNTABILITY DOCUMENTS

- 5.1 The Chair will provide the following documents annually to the Minister after approval by the Board of Directors:
 - 5.1.1 strategic plan;
 - 5.1.2 annual budget;
 - 5.1.3 LAPP Board annual report, with financial statements and may include management discussion and analysis;
 - 5.1.4 auditors' report prepared by the Office of the Auditor General;
 - 5.1.5 annual summary of the LAPP Board and the Board of Directors activities related to their respective mandates and the strategic plan; and
 - 5.1.6 actuarial valuation reports (including interim reports, if any).

6. RECRUITMENT AND APPOINTMENT - LAPP BOARD

- 6.1 A total of 14 board members will be appointed pursuant to section 3 of Schedule 1 of the *Public Sector Pension Plans (Legislative Provisions) Regulation*.
- 6.2 Board members are nominated in accordance with section 3, Schedule 1 of the *Public Sector Pension Plans (Legislative Provisions) Regulation*.
- 6.3 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. Further information on the recruitment process for nominations is provided in the attached Appendix.
- 6.4 The Chair will provide the Minister with the LAPP Board's:
 - 6.4.1 Ethics and Conduct Policy;
 - 6.4.2 Conflict of Interest Policy; and
 - 6.4.3 required competencies and the targeted skills identified from the board's most recent skills matrix assessment.

- 6.5 Board and committee members will be remunerated in accordance with the Public Sector Pension Plans (Legislative Provisions) Regulation.
- 6.6 Board members are paid travelling and living expenses in accordance with the *Public Service Subsistence, Travel and Moving Expenses Regulation* under the *Public Service Act*.

7. APPOINTMENT - BOARD OF DIRECTORS FOR THE CORPORATION

- 7.1 Pursuant to the Unanimous Shareholder Agreement, all individuals constituting the LAPP Board shall constitute the board of directors of the Corporation.
- 7.2 Directors will receive no remuneration as all meetings of the directors of the Corporation shall be deemed to concurrently be meetings of the LAPP Board.

8. LEGAL AND REGULATORY MATTERS

- 8.1 The LAPP Board and the Board of Directors shall, in the event of lawsuits brought by third parties in relation to LAPP:
- 8.1.1 where the lawsuit is brought against the LAPP Board or any members of the LAPP Board as well as any of APS, the Corporation, the Minister or the Government of Alberta, work with the Minister to coordinate the defence of the lawsuit; and
- 8.1.2 where the lawsuit is brought against the LAPP Board or any members of the LAPP Board but not against any of APS, the Corporation, 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.
- 8.2 shall advise the Minister upon becoming aware of any threat by a third party to initiate legal proceedings of any kind in relation to LAPP.

9. ADMINISTRATION

- 9.1 Review of Mandate and Roles Document
- This Document shall be in effect for not more than three years from the latest date this Document is signed by the Minister and Chair. It must be renewed or revised within three years
- 9.2 Transparency
- 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 LAPP's website at <http://www.lapp.ca>.
- 9.3 Periodic Agency Review
- A review of the respective mandates and purpose of the LAPP Board and the Corporation will be carried out by the Minister in accordance with the review process developed in consultation with the Agency Governance Secretariat.

10. CORPORATE MATTERS

Having regard to the nature of Alberta Local Authorities Pension Plan Corp. as a corporation incorporated under and governed by the *Business Corporations Act* (Alberta), the Corporation and the Minister or his designate will comply with the requirements of the *Business Corporations Act* (Alberta) governing annual meetings of shareholders.

11. TRANSITION

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

SIGNED By:

Original signed

Minister
Treasury Board and Finance

Date

May 15/14

Original signed

Chair
LAPP Board

Date

April 14, 2014

Original signed

Chair, Board of Directors

Date

April 14, 2014

LAPP 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. Board members are appointed by Order-in-Council.
- (b) A board member may serve a maximum of 12 consecutive years. Board member terms are consistent with the Alberta Public Agencies Framework and will meet the requirements of the *Alberta Public Agencies Governance Act*, when proclaimed.

2. Board Member Nominated by the Government

- (a) The Department will determine the process that will be used for selecting a nominee.
- (b) Recruitment will take into consideration the LAPP Board's competency matrix identifying the skills and knowledge requirement of board members.

3. Board Members Nominated by Employees/Organizations Representing Employees

- (a) Excluding the management and out-of-scope nominee, the Minister will write to the nominating stakeholders providing them with the LAPP Board's competency matrix and requesting that they provide the names of qualified candidates.
- (b) The nominating stakeholder will lead the recruitment process.
- (c) The nominating stakeholder will take into consideration the LAPP Board's competency matrix identifying the skills and knowledge required of board members.
- (d) The nominating stakeholders will forward the names of qualified candidates to the Minister.
- (e) For the management and out-of-scope nominee, the Board of Directors will establish the competitive search process and ensure that potential candidates are provided with the LAPP Board's competency matrix. The Chair of the board of the Corporation will forward the names of qualified candidates to the Minister.

4. Board Members Nominated by Employers/Organizations Representing Employers

- (a) The Minister will write to the nominating stakeholders providing them with the LAPP Board's competency matrix and requesting that they provide the names of qualified candidates.
- (b) The nominating stakeholder will lead the recruitment process.
- (c) The nominating stakeholder will take into consideration the LAPP Board's competency matrix identifying the skills and knowledge required of board members.
- (d) The nominating stakeholders will forward the names of qualified candidates to the Minister.

5. Board Member Nominated by Former Employees/Representative Organization

- (a) The Board of Directors will establish the competitive search process and ensure that potential candidates are provided with the LAPP Board's competency matrix. The CEO will forward the names of qualified candidates to the Minister.

6. Reappointment of a Board Member

- (a) Where a board member (including the Chair) is eligible for reappointment, the nominating stakeholder will be asked if they wish to have the board member serve another term. If so, the

Chair (or the Vice-Chair) will be requested to indicate in writing to the Minister whether the LAPP Board supports the reappointment.

- (b) Where the management and out-of-scope or retire nominee is eligible for reappointment, the Chair will be requested to indicate in writing to the Minister whether the LAPP Board supports the reappointment.