

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
KEY SERVICE PROVIDER
PERFORMANCE EVALUATION POLICY
ADOPTED: July 9, 2008
AMENDED: September 8, 2010

I. PURPOSE

The management of Marin County Employees' Retirement Association ("MCERA") is vested in the Board of Retirement (the "Board"). The Board may engage key service providers, including, but not limited to, retained actuary, auditor, custodian, investment consultant, and legal counsel (each a "Key Service Provider"). In doing so, the Board is responsible for monitoring the performance of the Key Service Providers. Performing periodic performance evaluations of the Key Service Provider assists the Board in its monitoring responsibilities. Performance review is, however, inherently an ongoing process, which should give consideration to the criteria enumerated in this Policy; it being understood that the Board is not bound by any one criteria, as the Key Service Provider serves at the pleasure of the Board. Therefore, this Policy is intended to provide guidelines for evaluating the Key Service Provider's performance; however, the Board reserves the right to emphasize any matter or criteria it deems significant to the Key Service Provider's overall performance evaluation.

II. ASSUMPTIONS

Monitoring the performance of the Key Service Provider on a regular basis and performing periodic evaluations of the Key Service Provider is an important duty of the Board. The process of preparing a performance evaluation is designed to include the active participation of the Retirement Administrator and all trustees who have observed the Key Service Provider's performance during the period under review.

III. POLICY GUIDELINES

1. Evaluation Criteria

In determining performance criteria to be incorporated in the Key Service Provider's performance evaluation, the following guidelines may be observed:

- i) To the extent possible, the criteria should be objective in nature.

- ii) The criteria may address the Key Service Provider's performance in meeting stated expectations of the Board. On a periodic basis, for example, every three to five years, the Board will define, with the assistance of the Retirement Administrator, the stated expectations for the Key Service Provider that are critical to advancing MCERA's objectives, which may include, but is not limited to, the criteria set forth below.
- iii) The criteria used to evaluate the Key Service Provider's performance may consider the following:

Vision and Strategy: Does the Key Service Provider understand and contribute to the achievement of MCERA's vision and strategy and does it understand MCERA's strengths, challenges, and opportunities? Does the Key Service Provider anticipate future trends and issues and their implications and develop innovative responses to these trends and issues?

Communication: Does the Key Service Provider communicate appropriately and effectively and in a timely manner with MCERA Board and staff? Has the Key Service Provider built good working relationships with staff?

Technical Expertise and Accuracy: Does the Key Service Provider demonstrate depth and breadth of technical expertise and effectively make decisions and perform duties for MCERA based on technical knowledge? Does the Key Service Provider's work product have a high degree of accuracy and reliability?

Judgment and Decision Making: Does the Key Service Provider generate insightful, innovative and practical solutions to complex or unusual problems through the use

of critical thinking and judgment; effectively balancing risk in decision making and recommendations?

Responsiveness and Timeliness: Does the Key Service Provider perform routine duties and special requests in a timely manner?

- iv) The criteria may also provide an overall evaluation rating as well as an opportunity for the Board to suggest specific ways in which the Key Service Provider may improve performance in the future.

2. **Evaluation Timetable**

- a) At least every three to five years, the Retirement Administrator and the Board will discuss and confirm the stated expectations of each Key Service Provider for the period under review. These expectations will be memorialized in writing, kept by the Retirement Administrator and incorporated into the evaluation of the Key Service Provider's performance.
- b) As needed, the Board, in consultation with the Retirement Administrator, may conduct a mid-term informal performance review and may discuss with the Key Service Provider the need for changes to any stated expectation as it deems necessary or desirable.
- c) During a regular Board meeting of the year that the performance evaluation is performed, the Retirement Administrator will provide all trustees with an evaluation of the Key Service Provider's performance for the Key Service Provider under review.
- e) Trustees may also complete their own evaluation of the Key Service Provider's performance and forward them to the Retirement Administrator no later than two weeks prior to the scheduled performance review.
- f) The completed Key Service Provider's performance evaluation will be compiled and summarized by the Retirement Administrator and presented to the Board. Copies of the summary and, to the extent requested, the completed Key Service Provider's performance evaluations, may be

provided to the trustees at least one week prior to the Board meeting at which the scheduled performance review will be performed.

- g) The Key Service Provider may have an opportunity to present and discuss the performance evaluation with the Board at the meeting at which the scheduled performance review will be performed.

4. **Transition**

Throughout the above process, the Retirement Administrator will establish and maintain a file containing a record of all relevant activities involving the Key Service Provider's evaluation process, completed individual performance evaluations, the summary of the performance evaluations, and any other information relevant to the Key Service Provider's performance during the period in question.

IV. POLICY REVIEW

This policy shall be reviewed by the Board at least every three (3) years to ensure that it remains relevant and appropriate.

V. POLICY HISTORY

This policy was adopted by the Board on July 9, 2008. This policy was amended by the Board on September 8, 2010.

VI. SECRETARY'S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify the amendment of this Policy.

Dated: _____, 2010

Retirement Administrator