

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
KEY SERVICE PROVIDER
PERFORMANCE EVALUATION POLICY**

ADOPTED: July 9, 2008

AMENDED: September 8, 2010

REVIEWED: July 10, 2013

REVIEWED: May 4, 2016

AMENDED IN FULL: December 12, 2018

REVIEWED: November 3, 2021

I. PURPOSE

1. In keeping with good fiduciary practice, MCERA recognizes the need to ensure mechanisms exist for regularly evaluating the performance of its service providers. This policy sets out various guidelines intended to facilitate evaluations.
2. While MCERA shall exercise prudence and care in overseeing all of its service providers, this policy applies to those service providers which MCERA deems to be “Key Service Providers”. These include:
 - The consulting actuary
 - The external auditor
 - The investment consultant
 - The custodian
 - The legal counsel
 - The Disability Medical Advisor
3. Investment managers shall be evaluated according to investment policies and guidelines developed by MCERA and its investment consultants.

II. ASSUMPTIONS

1. MCERA’s Key Service Providers provide expert services and advice. Accordingly, overseeing such service providers is complex and requires a combination of subjective and objective methods.
2. Management shall be responsible for determining the most effective and appropriate combination of methods for evaluating Key Service Providers, and shall regularly advise the Finance and Risk Management Committee regarding any issues.
3. Notwithstanding anything contained herein, the frequency of service provider evaluations shall be subject to the limitations of staff time and resources.

III. POLICY GUIDELINES

Subjective Evaluation Methods

1. Key service providers shall periodically be evaluated on the basis of subjective criteria such as responsiveness, communications, quality of advice, and service quality.
2. MCERA Management may use surveys, discussion guides, or other tools it deems appropriate to help conduct such evaluations. The Retirement Administrator shall determine which staff members shall participate in the evaluation of each service provider.
3. It is expected that some of MCERA's Key Service Providers will occasionally administer their own proprietary surveys to assess their clients' satisfaction levels. In such cases, MCERA Management may elect to participate in the service provider's survey and may consider the results of such an assessment as part of the Service Provider's periodic evaluation.
4. The Board Chair and the Retirement Administrator may meet with the service provider to review evaluations and discuss any actions that may arise from the evaluation. Committee chairs may also participate in the meetings as set out below:
 - a. Review of Investment Consultant – Investment Committee Chair
 - b. Review of Actuary – Finance and Risk Management Committee Chair
 - c. Review of Auditor – Audit Committee Chair
 - d. Review of Custodian – Finance and Risk Management Committee Chair
 - e. Review of Disability Medical Advisor – Finance and Risk Management Committee Chair

Objective Evaluations

1. In addition to subjective evaluations, Management may undertake objective evaluations of Key Service Providers as appropriate, and will inform the Board of its findings.
2. Objective evaluations of Key Service Providers may address issues including, but not limited to, technical proficiency, accuracy, cost effectiveness, and independence. Where feasible, such evaluations may involve assistance from independent third-party experts.
3. Methods for evaluating technical proficiency may include, but are not limited to, the following:
 - a. Periodically retaining an actuarial auditor to audit the actuarial methods and accuracy of the consulting actuary;
 - b. Periodically reviewing peer assessments of the financial auditor; and
 - c. Obtaining independent evaluations of the investment consultant and the custodian.

4. Management will periodically evaluate the independence and objectivity of Key Service Providers by requesting that Key Service Providers:
 - a. Disclose actual or potential conflicts of interest;
 - b. Indicate compliance with industry or regulatory standards or guidelines concerning conflicts of interest (e.g. the guidelines for independence set out by the U.S. Securities and Exchange Commission concerning investment consultants¹); or
 - c. Disclose any other information that may indicate an impediment to the service provider's objectivity.

Requests for Proposals (RFP) for Current Service Providers

1. All relationships with Key Service Providers will be formally reviewed from time-to-time to determine whether an RFP or other suitable undertaking should be initiated to confirm the suitability of the current relationship or to seek an alternative supplier. The timing of such reviews will be staggered to reflect available time and resources within MCERA, but should generally occur approximately every six years. In each case, following such reviews, Management will provide a recommendation to the Board as to whether an RFP or other undertaking should be initiated.
2. Notwithstanding anything contained herein, the Board or a committee of the Board may initiate a review of a MCERA service provider at any time.

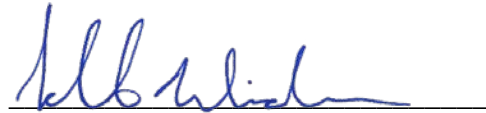
IV. POLICY REVIEW

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

V. CERTIFICATE

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

Dated: November 3, 2021



Retirement Administrator

¹ U.S. Securities and Exchange Commission, Selecting & Monitoring Pension Consultants: Tips for Plan Fiduciaries.