

## **EVALUATION PERIOD POLICY**

### **INTRODUCTION**

- 1) The Board has established this Evaluation Policy to help ensure that decisions involving the selection, retention, or termination of KCERA service providers are consistent with fiduciary standards of conduct, that all service providers being considered by KCERA are treated fairly, and that KCERA trustees are not subjected to inappropriate influence by service providers.

### **GUIDELINES**

- 2) The Board shall institute an “evaluation period” when the Board, a Board committee, or the Chief Executive Officer believes it is prudent to limit communications between current or prospective service providers so as to promote fair and objective decisions regarding the selection or retention of a KCERA service provider. Examples of situations that *may* call for an evaluation period to be instituted include, but are not limited, to the following:
  - a) A request for proposals (RFP) has been issued by KCERA or a short list of candidate firms has been identified for consideration by KCERA, whichever occurs first;
  - b) Material concerns have been identified about the performance and continued suitability of a KCERA service provider; and
  - c) The Board otherwise deems it to be in the best interest of KCERA and its members and beneficiaries to do so.
- 3) The use of evaluation periods shall normally be limited to investment managers and partners, investment consultants, legal counsel, and actuarial firms. The Board may, however, initiate an evaluation period for any other service providers as circumstances warrant.
- 4) Evaluation periods shall normally be instituted at a board meeting, and written notification shall be issued to all trustees not present at said meeting. An evaluation period may also be instituted between board meetings at the discretion of the Chief Executive Officer or a committee of the Board, subject to ratification by the Board at its next meeting. The Chief Executive Officer or Chief Legal Officer shall provide

written notification to all trustees of all evaluation periods instituted by the Chief Executive Officer or by a committee as soon as possible, and trustees shall comply with the evaluation period restrictions upon receipt of such notification.

- 5) The initiation of an evaluation period, and the service providers or types of service providers to which it applies, shall be specified in the minutes of the board meeting at which it was approved or ratified by the Board.
- 6) During evaluation periods, trustees shall not communicate with the specified service providers, except during board meetings, committee meetings, or KCERA-authorized due diligence visits; nor shall they accept meals, travel, hotel, or other types of gifts from the specified service providers. Notwithstanding the above, Trustees who need to communicate with such service providers for reasons unrelated to KCERA business agree to disclose such need to the Board beforehand. If circumstances do not permit timely disclosure to the Board, the trustee shall provide disclosure of the intended communication to the Chief Executive Officer and to the Chair or Vice-Chair.
- 7) During evaluation periods, KCERA staff may communicate with the service providers in question only in the context of normal ongoing business or due diligence. Face-to-face meetings between staff and the service providers in question shall take place in normal office settings.
- 8) Nothing in this policy shall limit a service provider currently engaged by KCERA from participating in meetings and communications with the KCERA Board, its committees, and staff that are required for the service provider to effectively conduct business and provide services under the existing engagement.
- 9) Evaluation periods shall cease:
  - a) When a service provider has been appointed by the Board, or when the search process in question is otherwise ended; or
  - b) When the evaluation period is otherwise ended by action of the Board.
- 10) All requests for proposals or similar documents issued by KCERA shall incorporate this policy.
- 11) Service providers that breach this policy may be terminated by KCERA or disqualified from consideration in a search process. Board members who breach this policy may be sanctioned in accordance with the KCERA Code of Conduct.



### **POLICY REVIEW AND HISTORY**

- 12) This policy shall be reviewed at least every five years.
- 13) This policy was:
  - a) Adopted by the Board on December 12, 2012.
  - b) Amended on April 13, 2016; March 11, 2020; August 11, 2021; and April 13, 2022.