

MONITORING AND REPORTING POLICY

BACKGROUND AND PURPOSE

- 1) In keeping with the duty of the Board to oversee the activities and performance of KCERA, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the routine reports it is to receive on a regular basis.

GUIDELINES

- 2) The Board shall be provided with the routine reports outlined in Appendix 1 with a frequency also set out in Appendix 1. The Board may be provided other ad hoc reports as determined by Management or as directed by the Board.
- 3) Requests for the Board to be provided additional routine reports on a regular basis shall require board approval and an amendment to Appendix 1 of this policy.

POLICY REVIEW AND HISTORY

- 4) This policy shall be reviewed at least every five years.
- 5) This policy was:
 - a) Adopted by the Board on July 13, 2005.
 - b) Amended on September 26, 2007; August 26, 2009; December 12, 2012; April 13, 2016; October 10, 2018; March 11, 2020; February 10, 2021; August 11, 2021; and April 13, 2022.

APPENDIX 1

GOVERNANCE

Report Name	Frequency	Prepared By	Description
1. Board Performance Evaluation	Annually	Governance Consultant	Summarizes the results of the Board's performance self-evaluation, including follow-up actions.
2. Chief Executive Officer Evaluation	Annually	Admin. Committee	Summarizes the performance assessment of the Chief Executive Officer.
3. Annual Governance Report	Annually	Governance Consultant	A summary confirmation of compliance with governance policies of the Board.
4. Trustee Education Report	Semi-Annually	Chief Executive Officer and Governance Consultant	Summarizes the activities of the Board with respect to education, including trustee compliance with the Board Education policy. Will be posted to the KCERA website as required by law.
5. Service Provider Evaluations	Periodically ¹	Varies according to provider	Where feasible, performance evaluations of key service providers will be performed by staff or outside experts.

INVESTMENTS AND FUNDING

Report Name	Frequency	Prepared By	Description
6. Investments Reports	Monthly (consent agenda)	Chief Executive Officer	Report showing KCERA asset allocation, cash flow position, and investment fees for the month.
7. Investment Performance	Quarterly	Investment Consultant	Report on investment performance for total fund, for each asset class, and by investment manager. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.), and seeks to identify sources of returns.
8. Investment Manager Compliance	Annually	Investment Managers	Affirmation by investment managers that they are investing the plan assets in accordance with their mandate, investment agreement, regulatory requirements, and KCERA policy.

¹ See the *Service Provider Evaluation Policy* for details on the time frame.

Report Name	Frequency	Prepared By	Description
9. Trading Cost Analysis	Every 3 years	3 rd party provider	Analysis of trading costs of manager accounts.
10. Report of the CIO	Monthly	CIO	Report on the status of the portfolio.
11. Proxy Voting	Annually	Chief Executive Officer	Confirms compliance with the Board's Proxy Voting Policy, and summarizes how KCERA exercised its voting rights in public companies.
12. Securities Lending	Monthly (consent agenda)	Custodian	Summary of KCERA's securities lending activities, including additional income earned, collateral received, and risk factors impacting collateral.
13. Class Action Securities Litigation and Proceeds Report	Quarterly (consent agenda)	Custodian	Summary of securities litigation class actions filed and of the proceeds received.
14. Actuarial Valuation	Annually	Actuary	Summarizes the results of the actuarial valuation for KCERA, together with any recommendations.
15. Asset/Liability Study	Every 3-5 years	Investment Consultant	A study of the relationship between KCERA's assets and liabilities.
16. Actuarial Experience Study	Every 3 years	Actuary	Review of appropriateness of long-term economic assumptions (e.g. investment return, wage & price inflation) and demographic assumptions (e.g. disability/mortality rates).
17. Actuarial Audit	Every 3-5 years**	3 rd party actuary	An independent review of the validity of the analyses and methodologies used in preparing KCERA's actuarial valuation.

** And/or when a significant benefit or assumption change is adopted. A change in actuaries, however, shall satisfy the requirement for an actuarial audit.

ADMINISTRATION AND OPERATIONS

Report Name	Frequency	Prepared By	Description
18. Benefits & Activities Report	Monthly (consent agenda)	Chief Executive Officer	Report on a) members retired from service, deceased retirees, and deceased active members; and b) production statistics concerning member service activities.
19. Service Retirement Application Approvals Report	At the next public meeting of the Board after retirement	Chief Executive Officer	Report on service retirement applications approved by the Chief Executive Officer. (§31670)
20. Strategic/ Business Plan Status	Annually	Chief Executive Officer	Summarizes the status of each initiative contained in business plan.
21. Budget Variance	Monthly (consent agenda)	Chief Executive Officer	Compares actual spending to the operating budget, including explanations for material variances.
22. External Financial Audit	Annually	Auditor	Confirms that the financial statements present fairly, in all material respects, the financial status of KCERA, in accordance with generally accepted accounting principles.
23. Annual Comprehensive Financial Report (ACFR)	Annually	Chief Executive Officer	Reviews the operations and activities of KCERA during the last fiscal year. The financial statements shall be part of the ACFR and indicate the financial position of KCERA
24. Cost Effectiveness	Annually	Chief Executive Officer	Reporting on cost effectiveness will include: <ul style="list-style-type: none"> • KCERA's administrative costs in relation to the limits set out in the Act (i.e. the 21 basis point limit); and • Excerpt from the Annual Comprehensive Financial Report detailing all investment costs incurred by KCERA.
25. Report of the Chief Executive Officer	Monthly	Chief Executive Officer	Update on all significant activities occurring within KCERA.

Report Name	Frequency	Prepared By	Description
26. Report of the Chief Legal Officer	Monthly	Chief Legal Officer	Update on significant litigation, potential litigation, and on changes or potential changes to legislation affecting KCERA; updates on lawsuits involving the other 37 Act Systems.
27. Corrections of Errors in Benefit Payments	At least annually	Chief Executive Officer	A summary of corrections made to benefit payments exceeding \$500.
28. Due Diligence Schedule	At least annually (consent agenda)	Chief Executive Officer	A three-year schedule of on-site due diligence visits of KCERA's service providers, as required by the Due Diligence & Service Provider Selection Policy.
29. Due Diligence Report	After each due diligence visit (consent agenda)	Investment Consultant or Chief Executive Officer	A report on each due diligence visit, undertaken by staff and/or the investment consultant, of KCERA's key service providers.
30. Reports on internal controls	Annually	Auditor or Chief Executive Officer	Update on KCERA financial and operational internal controls, including any significant changes and improvements to such over the year.
31. Disabilities Report	Monthly (consent agenda)	Chief Executive Officer	Report of current disability retirement applications and appeals of KCERA board decisions.