

### **Introduction**

The Board of Trustees has delegated a significant amount of responsibility to the Executive Director. In order to meet its fiduciary responsibility to be prudent in making such a delegation, the Board recognizes that it has a duty to carefully monitor and evaluate the Executive Director it has hired.

Good governance is important to the Board and, therefore, it has adopted this policy in order to evaluate the Executive Director. The Board acknowledges that the process and criteria outlined below are unique to the Executive Director position and may not necessarily be the same as the process and criteria used for other staff of MPERS.

### **Board Participation**

All board members shall participate in the evaluation by completing an evaluation form and are encouraged to further discuss and refine their views during an executive session meeting. The Board may call upon the Executive Director to participate in any portion of the executive session meeting. Exception: a new trustee may abstain from the evaluation process (except that he/she shall attend any sessions where the Executive Director's evaluation is discussed) until such time as the trustee has been a member for four months.

### **Frequency and Timing**

The evaluation will take place annually, typically in the month of September. The Executive Director's first evaluation will take place approximately six months after initial hire and then annually after that. The Board may undertake more frequent evaluations, if warranted. The Executive Director's first evaluation after initial hire will be informal in nature, and the Board Chair (or board designee) may prescribe the process for such evaluation.

The performance evaluation will typically address activities, events and accomplishments that took place during the most recently completed fiscal year.

### **Evaluation Criteria**

The criteria to be used in the evaluation of performance will be those vital signs, duties, and responsibilities upon which the Board and the Executive Director mutually agree. The criteria will be documented in the *Executive Director Performance Evaluation* form, or other form as appropriate, prior to the commencement of the evaluation period so that the Executive Director understands what is expected for the upcoming year. The evaluation criteria may be supplemented when appropriate and necessary, with specific initiatives, projects or professional development objectives that have been developed by the Board and the Executive Director, and which are also to be stated in writing. During the annual budget process, the Budget Committee shall consider and revise the evaluation criteria for the upcoming year, as necessary. The Board shall approve any changes to the evaluation criteria during a meeting before the beginning of the new fiscal year.

### **Executive Director Input**

The Executive Director will provide a written summary to the Board Chair (or board designee, including a consultant should one be deemed appropriate by the Board), that corresponds to the evaluation criteria and any specific initiatives, projects or professional development objectives. The Executive Director may also include a statement of any additional noteworthy accomplishments.

## **Executive Team Input**

With little to no direct interaction with the daily functioning of the MPERS administrative operations, it is challenging, if not impossible, for the Board to assess certain aspects of the Executive Director's activities and performance. Prior to the completion of the Executive Director Evaluation Form, the Chair and Vice Chair shall meet with members of the Executive Team (i.e., Assistant Executive Director, General Counsel, Chief Financial Officer, and Chief Investment Officer) and solicit feedback to formulate a view of the Director's performance. At the discretion of the Chair, the Chair may designate other trustees, up to and including the full board, to perform this action. This meeting shall focus on assessing qualitative factors like organizational development, which includes factors such as effective deployment of staff, recruits/maintains qualified staff, encourages teamwork, maintains staff morale, etc.

## **Procedure**

### **Evaluation Form**

The Board Chair (or board designee) will be responsible for the distribution of the evaluation form and the Executive Director's written summary to each trustee and the collection and tabulation of the completed evaluation forms prior to an executive session meeting. The Board Chair (or board designee, including a consultant should one be deemed appropriate by the Board) will conduct or oversee the ministerial duties to prepare, send, collect and tabulate the evaluation forms and schedule conference calls or necessary meetings to facilitate the evaluation.

All trustee comments and scores provided in the evaluation form will be anonymous, but any negative scores, i.e., any score below the midpoint, must be accompanied by supporting comments or details in order to be included in the tabulation of results.

### **Consensus**

The Board recognizes how confusing it can be to send mixed messages to the Executive Director. In order to act as a cohesive governing body and "speak in one voice," the Board will strive to reach consensus about the evaluation ratings and messages. In this regard, the results of the evaluation survey that are individually completed by each trustee will be tabulated and averaged to arrive at a consensus. However, to assure full communication, the individual scores and trustee comments presented on the evaluation forms will also be reported, but in an anonymous manner. The individual comments and views may also be discussed in executive session, including discussion with the Executive Director.

### **Communication**

The Board Chair and Vice Chair will meet with the Executive Director soon after the executive session to deliver the outcome of the evaluation, which shall be in writing. The purpose of having both board officers involved is to ensure accuracy in expressing the Board's collective view. The Executive Director shall not be provided the results of the evaluation until after they have been discussed by the Board in executive session. The Executive Director shall be provided an opportunity to address the Board in an executive session regarding his or her final evaluation results, or submit a written response to the Board to be kept as an attachment with the written evaluation results.

### **Confidentiality**

The discussions held during the executive session are to be kept confidential among those who attend the session. The written evaluation results are not public records. They will be kept in the confidential personnel file of the Executive Director, in accordance with state law.

**Compensation Determinations**

The evaluation results may impact the Executive Director's compensation. Therefore, the annual review and determination of the Executive Director's compensation will be decided at the same time as the evaluation.

**Legal Advice**

If the Board should ever need legal advice in connection with the evaluation process, it will seek counsel from the General Counsel. If conflicts of interest exist with that counsel, the Board will seek outside counsel, in accordance with law and its usual practice.