



# *Service Provider Policy*

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## I. Purpose

The purpose of the Service Provider Policy (Policy) is to establish the Board of Retirement's (Board) practices for selection and retention of Board Approved Service Providers and General Service Providers, as those terms are defined herein.

## II. Definitions

- A. "Board Approved Service Providers" refers to those service providers that only the Board has the authority to appoint regardless of the Estimated Annual Cost as defined below. These include: Actuary, External Auditor, Custodian Bank, and Actuarial Auditor.
- B. "General Service Providers" refers to any business or individual retained by the Board to provide services to ACERA (including software providers), other than Investment Service Providers, Legal Service Providers, Product Providers, Temporary Employment Service Providers, and Government Providers, as those terms are defined herein.
- C. "Investment Service Providers" refers to Investment Consultants, Investment Managers, or any individuals or businesses that provide investment-related services or products. The process for appointment of Investment Service Providers is set forth in ACERA's investment policies and guidelines.
- D. "Legal Service Providers" refers to service providers that provide legal counsel, litigation support, investigative services and mediation services to ACERA. The process for engagement of Legal Service Providers is set forth in the Board's Outside Counsel Policy.
- E. "Product Providers" refers to providers that supply products for ACERA's normal business needs (e.g., office supplies, furniture, computer hardware, etc.).
- F. "Government Providers" refers to those county and state agencies that ACERA contracts with to obtain services. Such county and state agencies include, but are not limited to: Alameda County Registrar of Voters, Alameda County Human Resources Center, Alameda County Counsel's Office, and Alameda County Lakeside Group. "Government Provider" contracts include inter-agency agreements designed to clarify roles and

responsibilities between the various county agencies (i.e., 401(h) Inter-Agency Agreements with Participating Employers.)

- G. “Temporary Employment Services Providers” refers to service providers that ACERA contracts with to supply temporary staffing.
- H. “Contract” includes contracts, amended and restated contracts, amendments to contracts, and addenda.
- I. “Estimated Annual Cost” of a Contract is the value of the Contract divided by the term (in years) of the Contract, based on a calendar year. Where there are multiple Contracts between ACERA and the same entity or a closely related subsidiary during a given calendar year, the “Estimated Annual Cost” is the combined value of the multiple Contracts.
- J. “Project” is a Board-approved project for a specified amount of money that will be delegated to Staff to monitor and implement.

### III. Scope

- A. This Policy applies to Board Approved Service Providers and General Service Providers, as defined above.
- B. This Policy does not apply to Investment Service Providers, Legal Service Providers, Product Providers, Government Providers and Temporary Employment Service Providers, as defined above.
- C. The CEO is delegated authority over the selection and retention of Product Providers, Government Providers and Temporary Employment Service Providers.

### IV. Policy Guidelines

- A. General Guidelines
  - 1. The selection and retention of Board Approved Service Providers and General Service Providers will be made in the best interests of the members and beneficiaries of ACERA, in keeping with the fiduciary responsibilities of the Board and Staff.

2. The selection of Board Approved Service Providers and General Service Providers will reflect a level of rigor that is commensurate with the importance and materiality of the service in question. The selection shall be efficient, diligent, transparent, economical and fair.
  3. ACERA will consider as broad a universe of qualified service providers that is practical and reasonable given budgetary, staffing, time, and other relevant constraints.
  4. Oral contracts are prohibited.
  5. No Board member or Staff member may participate in any way in the selection of a Board Approved Service Provider or General Service Provider Contract (or any other Contract) if a conflict of interest exists pursuant to applicable conflict of interest laws, regulations, and Board policies. A Board or Staff member with any such conflict of interest must disclose that conflict of interest to the Chief Counsel, so that the Chief Counsel can ensure compliance with all conflict of interest laws.
- B. Selection of Board Approved Service Providers
1. The Board selects and contracts with Board Approved Service Providers. The Board may determine whether to issue a Request for Information (RFI), a Request for Proposal (RFP), or select based upon Staff recommendation or sole source options.
  2. If the Board decides to issue an RFP, the following steps provide guidance. Prior to conducting a search for a Board Approved Service Provider, Staff will present a written summary to the Board, which shall include:
    - a. The type of service provider being sought and the supporting rationale;
    - b. The objectives and selection criteria and their relative importance;
    - c. An estimated timeline for completion of the search process; and
    - d. A description of the search methodology that Staff deems most appropriate and cost effective under the particular circumstances, including:
      - 1) Whether a consultant is to be used in the search process;
      - 2) The due diligence efforts to be undertaken, including such efforts as site visits or reference checks. A copy of any criteria and weights to be used will be attached for information purposes.

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- 3) A copy of the proposed RFP; and
      - 4) Such other information that the Staff believes may assist the Board in better understanding the search process.
    3. Staff will provide the Board or a designated committee of the Board with periodic reports on the status of all search processes involving Board Approved Service Providers.
    4. Upon completion of the analysis and due diligence involved in a search process for a Board Approved Service Provider, Staff will provide the Board or a designated committee of the Board with a report containing, at a minimum:
      - a. A description of the search activities undertaken;
      - b. A list of finalist candidates and analysis concerning the candidates;
      - c. Confirmation of compliance with the objectives, selection criteria and search methodology that were presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred; and
      - d. A description of performance expectations.
    5. The Board, or a committee of the Board, will interview candidates recommended for appointment as Board Approved Service Providers.
  - C. Selection of General Service Providers
    1. General Service Providers will be selected and contracted with as follows:
      - a. If the Estimated Annual Cost of the proposed Contract is less than \$75,000, the CEO or Designee may select and contract with the Provider;
      - b. If the Estimated Annual Cost of the proposed Contract is between \$75,000 and \$150,000, the CEO may select and contract with the Provider, with the Board Chair's written approval;
      - c. If the Estimated Annual Cost of the proposed Contract is more than \$150,000, the Board must approve ACERA's involvement in the Contract. In doing so the Board may issue an RFP, but is not required to do so.

- d. In lieu of applying (a)–(c) above, if the Board approves the total cost allocation for a Project, the CEO or the CEO’s designee can approve all contracts required to implement the Project, so long as the value of all the contracts for the Project do not exceed the Board’s original cost allocation for the Project.

#### D. Monitoring

The CEO and/or appropriate Staff will monitor the performance and services provided by all Board Approved Service Providers and General Service Providers.

#### E. Contract Terms

1. ACERA will not contract with the same Board Approved Service Provider or General Service Provider for more than five consecutive years without Board approval of a longer term.
2. Except where business practices prohibit, all Contracts covered by this policy will provide that the CEO or the Board may terminate the Contract upon 30-day notice, with or without cause.
3. Contracts must require the filing of statements of economic interests (Fair Political Practices Commission Form 700) when such filings are required by ACERA’s Conflict of Interest Code.

#### V. Policy Review

The Governance Committees shall review the Service Provider Policy at least every three years to ensure that it remains relevant and appropriate.

#### VI. Policy History

- A. This policy was adopted by the Board at its September 29, 2004, Board Offsite Retreat.
- B. The Board reviewed and amended on December 17, 2020.<sup>1</sup>

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<sup>1</sup> The Board adopted this policy at its September 29, 2004, Board Offsite Retreat. The Board reviewed and amended the policy on August 16, 2007; June 17, 2010; August 18, 2011; December 15, 2011; March 21, 2013; December 19, 2013; December 17, 2015; and November 9, 2017.