



Service Provider Policy

I. Purpose

The purpose of the Service Provider Policy (Policy) is to establish the Board of Retirement's (Board) practice for selection and retention of Board Approved Service Providers and General Service Providers.

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 contracted by the Board to provide services to ACERA, 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 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 for issues other than fiduciary questions. Fiduciary counsel is retained under the direction of the Board pursuant to the Fiduciary Counsel Retention Policy.
- E. "Product Providers" refers to providers that supply fungible or disposable products and supplies. Suppliers who provide hardware and/or equipment to ACERA through

contracts which include a maintenance and support services component are Product Providers for those contracts that have an annual cost equal to or less than \$25,000.00.

- 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. “Software Providers” refers to service providers that supply computer software, software licenses and software maintenance and support services which are not available from satisfactory alternative sources as determined by the Chief Executive Officer and have estimated annual costs under the delegated contracting authority provided to the Chief Executive Officer in section IV.C.1.a. of this Policy.
- H. “Temporary Employment Services Providers” refers to service providers that ACERA contracts with to supply temporary staffing.
- I. “Contract” is defined to include contracts, amended and restated contracts, amendments to contracts, and addenda.
- J. “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.
- K. “Project” is defined as a Board approved project for a certain some of money that will be delegated to Staff to monitor and implement and which will often require contracting with General Service Providers.

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, Software Providers, and Temporary Employment Service Providers, as defined above.
- C. Staff shall establish guidelines and procedures for the selection and retention of Legal Service Providers, Product Providers, Software 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 may discuss, participate in or vote on a Board Approved Service Provider or General Service Provider Contract if a conflict of interest exists pursuant to the applicable conflict of interest laws, regulations, and policies.
- 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. Should the Board decide to issue an RFP, the following steps provide guidance. Prior to conducting a search for a Board Approved Service Provider, the 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 is deemed most appropriate and cost effective in the particular circumstances and that addresses such issues as:
 - 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.
 - 3) Whether a Request for Proposal (RFP), or a variation thereof, is to be used with supporting rationale, and if so; a copy of the proposed RFP will be attached for information purposes; and
 - 4) Such other information that the Staff believes may assist the Board of Retirement 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 of Retirement or a

designated committee of the Board of Retirement 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 presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - 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

- i. General Service Providers will be selected and contracted with as follows:
 - a. If the Estimated Annual Cost of the proposed Contract is less than \$50,000, the Chief Executive Officer or Designee may select and contract with the Provider;
 - b. If the Estimated Annual Cost of the proposed Contract is \$50,000 through and including \$100,000, the Chief Executive Officer 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 over \$100,000, Staff will inform the Board of Retirement of this proposed Contract. The Board of Retirement 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, should the Board approve the cost allocation for a Project and the Project requires contracts with the same or different service providers to support its implementation, the CEO or the CEO's delegate can approve all the contracts required to implement the Project, regardless of the contract's Estimated Annual Cost, so long as the value of all the contracts for the Project do not exceed the Board's original cost allocation for the Project.

The CEO or CEO's delegate cannot approve any contracts that exceed the Board's original cost allocation.

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. Preferred Contract Terms

1. ACERA will not contract with the same Board Approved Service Provider or General Service Provider for more than five (5) consecutive years without Board Approval.
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 thirty (30) days notice, with or without cause.
3. All Contracts with a Service Provider that is a "consultant" as that term is defined under 2 CCR §§18701(a)(2) or 18702.2 shall require that the Service Provider file a statement of economic interests (Fair Political Practices Commission Form 700) as required under ACERA's Conflict of Interest Code.

V. Policy Review

The Governance Committees shall review the Service Provider Policy at least every three (3) years to ensure that it remains relevant and appropriate.

VI. Policy History

- A. This policy was adopted by the Board of Retirement at its September 29, 2004, Board Offsite Retreat.
- B. The Board reviewed and amended on November 9, 2017¹.

¹ The Board of Retirement 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.