

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
PROCUREMENT OF PRODUCTS AND SERVICES POLICY**

Adopted: October 7, 2015  
Amended: 09/29/16

**I. PURPOSE**

This policy is intended to establish guidelines by which the Contra Costa County Employees' Association (CCCERA) will acquire products and services.

**II. OBJECTIVES**

- A. The objectives of the Procurement of Products and Services Policy are to ensure that:
  - 1. The acquisition of products and services is made in the best interests of CCCERA, its members and beneficiaries.
  - 2. The process of selecting providers is diligent, fair and open.
  - 3. Quality products and services are obtained at reasonable cost.

**III. APPLICABLE LAW**

The CCCERA Board has plenary authority and fiduciary responsibility for the administration of the CCCERA system. (California Constitution, Article XVI, Sec. 17.) In addition, the Board is the governing body of CCCERA, an independent district and the direct employer of all its staff, effective January 1, 2015. (Senate Bill 673, Statutes 2014, Chapter 244; Government Code Section 31522.9 and 31468.) The Board has the authority to delegate administrative responsibility to CCCERA personnel to carry out the necessary work of the board. (Government Code Section 31522.9.)

**IV. POLICY**

- A. The general role of the Chief Executive Officer in the selection of service providers requiring Board approval is to provide sound research and analysis concerning potential service providers, to develop clear and appropriate screening criteria, and to recommend candidates for appointment by the Board.
- B. In accordance with its fiduciary duty, the general role of the Board in the selection process is to determine that the recommendations and accompanying analysis provided by the Chief Executive Officer have been prepared with the requisite level of skill, diligence and care, and reflect the mission and goals of CCCERA; and to exercise its best judgment as to the service providers that will assist the Board in carrying out its fiduciary responsibilities.

C. Service providers shall be divided into two broad categories: Core service providers and non-core service providers. Core service providers include, but are not limited to:

1. The actuary;
2. The auditor;
3. The custodian bank;
4. General and specialty investment consultants;
5. Investment managers and vehicles;
6. Fiduciary counsel;
7. Labor and Employment legal counsel;
8. Chief labor negotiator;
9. Employee benefits insurance; and
10. Other service providers, where the cost of providing the service sought is expected to exceed \$50,000 in total or where the term of the contract exceeds five years.

D. Non-core service providers include, but are not limited to:

1. Ad hoc consultants; and
2. Information technology services

E. Selection Guidelines

1. All service providers shall be selected in the best interests of CCCERA, its members and beneficiaries.
2. The selection of all service providers shall be subject to a level of due diligence that is appropriate to the materiality of the service in question.
3. Contracts or similar arrangements clearly defining the terms and scope of engagement and CCCERA's expectations shall be established for all service providers engaged by CCCERA.
4. All service providers engaged by CCCERA shall be subject to periodic review in accordance with CCCERA's Professional Consultant Evaluation Policy. The frequency and depth of such reviews shall be commensurate with the materiality of the services provided.
5. The Chief Executive Officer shall present annually to the Board a multi-year time-line depicting all scheduled performance of CCCERA service providers, and will report to the Board annually on progress achieved.

F. Core Service Providers

1. The search for a core service provider shall generally be initiated by an action of the Board, acting on its own initiative or on the recommendation of the Chief Executive Officer.
2. The Chief Executive Officer, with the assistance of staff, consultants and advisors as appropriate, shall develop appropriate selection criteria to ensure

that all candidates are accorded a fair and thorough review. Such criteria may include, but are not limited to:

- a. Provider experience and track record;
  - b. Quality of individuals assigned to work with and provide service to CCCERA;
  - c. Ability to communicate successfully with the Board and staff;
  - d. Client references;
  - e. Costs;
  - f. Sound business and ethical practices;
  - g. Liability coverage; and
  - h. CCCERA satisfaction with past service, in the case of incumbent providers.
3. The Chief Executive Officer shall provide the Board with periodic reports on the status of all search processes.
  4. Except as stated in Par. 9 below, based on the selection criteria, the Chief Executive Officer shall select a short list of potential candidates. The Chief Executive Officer shall interview the short-listed candidates and may conduct due diligence visits in order to identify the most suitable candidate(s). The Chief Executive Officer will inform the Board of the interview schedule and invite Board members to participate as appropriate.
  5. The Chief Executive Officer shall prepare a report and recommendation for the Board which will include:
    - a. The criteria used to select potential candidates;
    - b. A list of candidates that were considered; and
    - c. A recommendation as to the candidate(s) who would best fulfill the needs identified by CCCERA, and the rationale behind the recommendation.
  6. The Board shall consider the analysis and recommendation of the Chief Executive Officer. In reviewing the recommendation, the Board shall determine that the recommendations and accompanying analysis provided by the Chief Executive Officer have been prepared with the requisite level of skill, diligence and care, and reflect the mission and goals of the CCCERA. In the event the Board is not satisfied with the analysis or the search process undertaken, the Board may direct the Chief Executive Officer to address any areas of concern regarding the analysis or the search process. Once such additional efforts are complete, the Chief Executive Officer shall resubmit a recommendation.
  7. The Board may, at its option, interview the Chief Executive Officer's recommended candidate(s) and any other candidates that were considered.
  8. Following the actions described in Pars. 6 and 7, above, the Board shall proceed to vote on the selection of service providers. The Board shall exercise its best judgment as to the service providers that will assist the Board in carrying out its fiduciary responsibilities.

9. With regard to the selection of the Board's Fiduciary Counsel, the selection and recommendation process detailed in Pars. 2-7 above shall be conducted jointly by one or more Board members appointed by majority vote of the full Board for that purpose and the Chief Executive Officer.

#### G. Guidelines for the Use of Requests for Proposal

1. Requests for proposal (RFP) shall generally be used in searching for service providers where the project is material in scope or financial costs.
2. All CCCERA RFPs shall clearly state that contracts will not necessarily be awarded to the lowest bidder.
3. When an RFP is issued, CCCERA shall ensure that all candidates are provided with identical information and requirements. Candidates shall have the opportunity to request additional information during the process and such additional information shall be made available publicly on CCCERA's website in advance of to the deadline for responding to the RFP.

#### H. Quiet Periods

1. The Board and/or the Chief Executive Officer shall declare a "quiet" (black-out) period when initiating a Core Service Provider search process.
2. During quiet periods, Board members shall not communicate with service providers known to the Board or staff as likely candidates in the search on matters pertaining to CCCERA, except during open and public Board meetings. Furthermore, during quiet periods, individual Board members or groups of Board members will not meet with such service providers for entertainment or social purposes. Exceptions may be made in the case of industry conferences such as SACRS, where CCCERA Board members may socialize with specified service providers during open social events that are also attended by Trustees or staff of other systems, provided CCCERA Board members do not discuss matters pertaining to CCCERA business.
3. For the purpose of quiet periods, prohibited communications include those conducted through telephone conversations, letters, e-mails, and social media.
4. Quiet periods will cease when the subject contract becomes effective or the search process is otherwise concluded or suspended by the Board.
5. CCCERA service providers shall be provided with a copy of these quiet period provisions.
6. All RFPs shall include reference to these quiet period provisions; require that prospective service providers comply with its provisions during the selection process; and advise prospective service providers that violation of these quiet period provisions shall require their disqualification from consideration.

#### I. Non-Core Service Providers

The Chief Executive Officer may engage non-core service providers for up to a total contract value of \$50,000 without the prior approval of the Board, provided that the cost

of the service does not exceed the amount allocated of such service in the CCCERA's annual budget. The Chief Executive Officer shall notify the Board of the engagement of service providers with a cost \$10,000 or more at the next following regular meeting of the Board.

J. Contracts for the Procurement of Products

Contracts for the procurement of products shall be divided into two basis categories: Contracts requiring an expenditure of \$50,000 or less and those requiring an expenditure of more than \$50,000. The Chief Executive Officer has the authority to enter into contracts requiring an expenditure of \$50,000 or less without Board authorization. Contracts requiring an expenditure in excess of \$50,000 require Board approval.

K. Exceptions to Expenditure Limit

The acquisition of certain operational services is an exception to the \$50,000 limit. These services include the acquisition of insurance (except employee benefits insurance) and physical and data security measures at CCCERA. In addition, renewals of services with long standing non-core service providers are included.

L. Publication

These Guidelines and Policy shall be made a part of the Board's official policies and shall be prominently posted to the CCCERA internet website.

M. Review

These Guidelines and Policy shall be subject to Board review within one year following their initial adoption by the Board, and thereafter, not less than every three years.