



## RETIREMENT BOARD POLICY AND REFERENCE MANUAL

<b>SUBJECT:</b> <b>PROFESSIONAL SERVICE CONTRACTS</b>	<b>Section:</b> 2-2 <b>Date Adopted/Revised:</b> 2/8/2012
<b>SYSTEM(S):</b> JOINT	<b>Approved:</b>  Retirement Administrator

### PURPOSE

In order to foster confidence in the integrity of the Retirement Boards as they carry out their fiduciary duties on behalf of plan participants and beneficiaries, the Retirement Boards hereby establish this Policy for selecting consultants providing professional services to the Retirement Boards.

### POLICY

The Policies and Procedures set out here are intended:

1. To affirm that the interests of plan participants and beneficiaries are paramount;
2. To demonstrate that the Retirement Boards in the exercise of the public trust, act independently and impartially in their judgment when taking action on the selection of Professional consultants to the Boards.

For purposes of this policy, the term “professional consultants” primarily refers to those persons who have specialized education and considerable experience in a specific field. Examples of professional consultants include actuarial services, legal services, custodial services, investment management services, investment consulting services and computer related services.

Professional consultant services are of a professional nature, and selection of consultants are not usually feasible by means of competitive bidding. A professional consultant must be individually selected for a specific service with due regard for the fees to be paid, but also with particular regard for the experience of the consultant, special knowledge of the subject matter, ability to perform the services in the time allowed, record of success on similar assignments, and their ability to provide valuable services in discussions, presentations and coordination related to the assignment.

The purpose of this Policy is, therefore, to establish certain guidelines for the selection of these consultants, to the end that the Retirement Boards shall obtain the most highly qualified and competent consultants who would be able to provide the Boards with the best professional services at the lowest total cost consistent with quality of services.

### **Criteria for Selection**

The following factors will be considered and evaluated in selecting a professional consultant:

3. Educational background of the consultant or consulting firm;
4. An experience record of the consultant or firm;
5. A demonstrated record of success by the consultant on work previously performed for the Boards or similar work performed for other clients;
6. Individuals within the consultant's organization who will have direct charge of work;
7. Whether the consultant has adequate staff to perform the work within the time allowance;
8. The ability of the consultant to make effective public presentations of the report as may be required;
9. The ability of the consultant to work effectively with the Boards and retirement staff;
10. Where appropriate, whether the consultant has adequate knowledge of the local conditions and the systems;
11. Whether the consultant has experienced, capable, and acceptable resource personnel that may be pertinent to the assignment;
12. Demonstrated continuing interest by the consultant in the assignment and the success of the Retirement Systems;
13. The record of the consultant in keeping costs within budgets and estimates.

### **Selection Process**

The Retirement Boards shall authorize all agreements for professional services, with the exceptions listed below. The Retirement Boards shall interview and meet with interested consultants prior to approving a contract with a specific consultant. For interviews to hire portfolio managers, the Retirement Boards shall conduct the interviews at a duly noticed meeting of the Retirement Boards. To the extent possible and feasible, a Request for Proposal/Qualifications process will be used for such selection.

The Retirement Administrator is authorized to maintain files of names and brochures of the various consultants who have expressed a general interest in doing work for the Retirement Systems, and to use such files for the purpose of mailing inquiries to various consultants as to their interest in specific services.

### **Fees and Contract**

Upon recommendation to the Retirement Boards, the fee for the service shall be negotiated. If a mutually satisfactory fee cannot be agreed on, negotiations shall be terminated; thereupon, another consultant shall be selected and fee negotiations undertaken.

A mutually satisfactory written contract shall form the basis of retaining a specific consultant, and such contracts shall be reviewed and approved as to form by the Board's legal counsel and staff and then presented to the Boards along with their recommendation.

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1. *Adopted 4/14/1999*
  2. *Amended Selection Process, revised 12/12/2007.*
  3. *Amended deleting Committee structure, revised 2/8/2012.*