SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
VENDOR SELECTION POLICY

I. PURPOSE

The Vendor Selection Policy establishes guidelines and authorities for the appointment of vendors by SDCERA.

II. VENDORS APPOINTED BY THE BOARD

A. The Board is responsible for appointing the following vendors:

1. The actuarial consultant;
2. The independent auditor;
3. Fiduciary counsel;
4. The general investment consultant; and
5. The investment custodian.

B. The Chief Executive Officer will present a work plan to the Board containing a description of the selection process deemed most appropriate and cost effective in the circumstances, including:

1. Whether a search consultant will be used;
2. The due diligence efforts to be undertaken (for example, site visits and reference checks);
3. Evaluation criteria; and
4. What type of RFP, or other solicitation, will be used.

C. The Chief Executive Officer will provide the Board with periodic reports on the status of the selection process.

D. Upon completion of the analysis and due diligence involved in the selection process, the Chief Executive Officer will provide the Board with a list of candidates to be interviewed by the Board and a scoring tool and interview guide suggesting questions trustees may wish to ask candidates.

E. Prior to commencing interviews, all finalist candidates shall disclose in writing:

1. Any personal or business relationship with any trustee, SDCERA staff member, or SDCERA vendor, or confirm that no such relationships exists; and
2. Any campaign contributions in excess of $250 made to any member of the Board of Retirement within the previous 12 months. Under Government Code section 84308, a “contribution” does not include a contribution for a Board of Retirement election.

3. Candidates shall confirm that they have not paid and will not pay, directly or indirectly, any compensation to any SDCERA Board or staff member or any third party for purposes of obtaining an engagement with SDCERA.

F. The Board will institute a “quiet period” when it deems it in the best interest of SDCERA to require that, for a limited period of time, communications between trustees and candidates pursuant to this Section be restricted to board and committee meetings only. During quiet periods, trustees shall not communicate with candidates on matters pertaining to SDCERA, except during board or committee meetings. Trustees who need to communicate with such candidates for reasons unrelated to SDCERA business shall disclose such need in writing to the Chief Executive Officer and the Board prior to undertaking such communications. Disclosure to the Board shall be made at a meeting of the Board. If timely disclosure to the Board is not possible, the trustee shall disclose, in writing, the intended communication to the Chief Executive Officer and the Board Chair, or, if the trustee in question is the Chair, the Vice-Chair. The Chief Executive Officer shall distribute the written disclosure to the Board.

G. Contracts with Board-appointed vendors shall be for a term of up to five years with an option to extend the contract for an additional five year term. A selection process shall be conducted at least every 10 years for Board-appointed vendors. Contracts will include a provision permitting SDCERA to terminate without cause with sufficient written notice.

III. VENDORS APPOINTED BY THE CHIEF EXECUTIVE OFFICER

A. The Chief Executive Officer is solely responsible for appointing vendors other than vendors appointed by the Board. The Chief Executive Officer shall inform the Board of appointments as an information item at the next Board meeting after any such appointments. Details to be provided to the Board include the name of the firm or individual hired the general scope of their contract, including the fee arrangement.
B. Vendors appointed by the Chief Executive Officer will be selected and contracted with as follows:

1. If the estimated annual cost of the contract is $200,000 or less, the Chief Executive Officer may determine whether to sole source, select from a list of candidates pre-qualified by staff, or issue an RFP or other solicitation;

2. If the estimated annual cost of the contract is over $200,000, the Chief Executive Officer will issue an RFP or other solicitation and obtain Board approval before selecting the vendor;

3. Notwithstanding any other provision of this Policy, services provided by the County of San Diego (“County”), any County agency, services procured through contracts between the County and an outside vendor and services procured through other participating government agency contract terms, services or master pricing agreements may be approved by the Chief Executive Officer without issuing an RFP.

C. Where an RFP is issued, a copy of the RFP shall be provided to the Board.

IV. CONFLICTS OF INTEREST

A. Trustees, senior management, and investment staff shall not make personal investments that could reasonably be expected to create a conflict, as defined by State law, (Gov. Code §1090, §81000 et. seq.) between their private interests and their official duties or a conflict with their fiduciary duties under the California Constitution.

B. Trustees shall disclose to the Board any investment made with an investment manager of SDCERA, on behalf of themselves, a family member, business partner, or client. Such disclosure shall be made at the next board meeting after the investment is made.

C. Senior management and investment staff shall disclose to the Chief Executive Officer any investment made with an investment manager of SDCERA on behalf of themselves, a family member, business partner, or client. Such disclosure shall be made within 48 hours of making the investment. The Chief Executive Officer shall report such disclosures to the Board at its next meeting.

D. Trustees shall disclose to the Board any relationship with an existing or proposed vendor of SDCERA in which the trustee, a family member, business partner, or client has received, currently receives, or expects to receive, directly or indirectly, any financial remuneration from the vendor. Such disclosure shall be made at the next board meeting after the relationship is established. Similarly, senior management shall
disclose any relationships they have with a vendor of SDCERA to the Chief Executive Officer within 48 hours of the relationship being established; the Chief Executive Officer shall report such disclosures to the Board at its next meeting.

E. SDCERA will not retain for a period of 12 months following their separation from SDCERA service:

1. Firms employing former SDCERA trustees or senior management; or

2. Firms in which former SDCERA trustees or senior management directly or indirectly own a controlling interest.

V. MONITORING AND REPORTING

A. All Board-appointed vendors will be subject to regular performance monitoring by staff, and periodic reviews throughout the term of their contracts. Criteria for review may include performance, staff satisfaction, competitiveness of fees, and/or quality of reporting.

1. The Chief Executive Officer will report annually to the Board on monitoring efforts involving Board-appointed vendors, identifying in a timely manner any material failures by vendors to comply with the terms of their contract or applicable guidelines, along with any actions taken by staff.

2. All Board-appointed vendors shall be issued a letter each year by the Chief Legal Officer requiring that they disclose, in writing, all meetings and communications with any member of the Board outside board or committee meetings during the year. Vendors shall not be required to disclose normal social meetings or communications that may occur at conferences.

B. All other vendors will be subject to performance reviews by staff, as necessary and appropriate.

C. All monitoring and reporting provisions in this policy are minimum requirements. If more stringent requirements are established in other policies of SDCERA, such requirements will prevail.

REVIEW

This policy shall be reviewed by the Board at least every three (3) years and may be amended at any time.
HISTORY

April 1, 2004  Adopted, effective July 1, 2004
April 6, 2006  Revised, effective immediately
December 3, 2009  Reviewed
April 5, 2012  Revised, effective immediately
December 3, 2015  Revised, effective immediately
June 20, 2019  Revised, effective immediately