

Procurement Policy - Revisions approved at the June 13, 2017 NHRS Board meeting.

I. Purpose and Intent

To comply with the fiduciary duty of prudence and to operate efficiently the Board of Trustees (Board) has developed this procurement policy to obtain equipment, furnishings, supplies (“goods”) and services needed by the New Hampshire Retirement System (“NHRS” or “System”). The Board’s overall intention is to effectively manage expenses, promote fairness and competition among vendors and service providers, and to also be flexible enough to address any unique circumstances that arise during the course of business. This policy does not cover contracts for investment management and custodial services, which are governed by the Investment Manual.

II. General Policy

A. Board Responsibilities. The Board will utilize the annual Trust Fund budget process and the Biennial Statutory Budget process to establish and fund the requisite expenditures for the administration of the System. The authority to make expenditures in accordance with these budgets is delegated to the Executive Director, subject to the criteria outlined in this Policy. Any initial contractual expenditure for goods or services in excess of \$25,000 on an annualized basis, or an amendment or addendum to an existing contract that provides for additional goods or services that were not included in the initial expenditure, in excess of \$25,000 on an annualized basis, must be approved by the Board in advance. Except as provided in Sections, C, D, and E below, competitive bidding will be utilized. The Board, at its discretion, may require the use of either a formal Request for Proposal (RFP) or Request for Information (RFI) to solicit proposals, taking into consideration the amount of the expenditure, the complexity or materiality of the goods or services to be contracted for and any other facts or circumstances it deems to be relevant. In all instances, an RFP process will be utilized for legal, audit and actuarial services.

In limited instances the Board may authorize the use of sole sourcing as provided for in this policy. At the Board’s request, the Executive Director will oversee the development of the RFP, RFI, or sole sourcing memorandum to initiate the procurement and to ensure that the best decision is made with respect to cost, quality, timeliness or such other applicable criteria considered to be relevant or material.

The Board and/or staff will develop criteria and identify potential vendors or providers for the procurement. Staff will perform research and due diligence on behalf of the Board as directed. The Board may elect to meet with goods or service providers, or forego such meetings and select goods or service providers based upon the recommendations from staff. The Board will vote to approve these recommendations during a regularly scheduled Board meeting.

In cases of renewal terms offered in initial contracts in excess of \$25,000 on an annualized basis, the Executive Director or designee shall inform the Board of the

exercise of such renewal, preferably in advance of the renewal date, but no later than the month after the renewal occurs.

B. Executive Director Responsibilities. The Executive Director has the responsibility to develop and administer procurement procedures that are consistent with the Board's policies. Those procedures shall be fully documented and will detail specifics on documentation, contract negotiation, and contract requirements. The procedures will be made available for any Board member to view at any time.

The Board of Trustees authorizes the Executive Director to contract for the initial expenditure or the renewal of goods or services for NHRS up to the amount of \$25,000 per contract on an annualized basis, or an amendment or addendum to an existing contract up to the amount of \$25,000 on an annualized basis that provides for additional goods or services that were not included in the initial contract, without prior Board approval, with an annual cap on such contracts of \$100,000 per fiscal year. The Executive Director will inform the Board of such contracts at its next regularly scheduled meeting.

In procuring goods and services for NHRS, the Executive Director is expected to use competitive bidding and to undertake reasonable due diligence, including:

- Investigating alternative goods and service providers;
- Ensuring fees or costs are reasonable;
- Negotiating the best possible fee;
- Checking references of goods and service providers;
- Seeking legal review by the Chief Legal Officer of all contracts;
- Confirming that the funding for the expenditure is available in the Budget;
- Forwarding the completed contract documentation to Finance for recording;
and
- Maintaining appropriate documentation of the process used for purchasing goods and services.

C. Small Contracts. An initial contract, a renewal of an existing contract, or an amendment or addendum to an existing contract that provides for additional goods or services that were not included in the initial contract, for an estimated dollar value of \$5,000 or less on an annualized basis, may be made without obtaining competitive pricing if the Executive Director deems that to be reasonable. All efforts will be made to ensure small contracts are awarded in an equitable and fair manner. The Executive Director will inform the Board of such contracts at its next regularly scheduled meeting.

D. Sole Sourcing. There may be some instances where sole source procurement is optimal for certain contracts, including amendments, addendums, or renewals to existing contracts. Sole sourcing is appropriate when it can be demonstrated that the services or goods being sought are unique in nature or if there is a compelling economic or operational justification for selecting a specific firm, vendor or service provider. In these instances, the Executive Director will document for the Board the reasons for the sole source procurement. This documentation will include a description of the services or

goods, the estimated cost, a determination that the estimated costs are fair and reasonable and the supporting rationale for recommending a specific firm, vendor or service provider. The Board shall approve any initial sole source procurement, as well as any amendment or addendum to an existing contract that provides for additional goods or services that were not included in the initial contract, over \$10,000 on an annualized basis at a regularly scheduled meeting. The Executive Director will inform the Board of sole source contracts, including renewals, amendments, or addendums to existing contracts for \$10,000 or less on an annualized basis at the next regularly scheduled meeting following the decision to enter into such a contract. In addition, the Executive Director will inform the Board of any renewal of sole source contracts over \$10,000 on an annualized basis, preferably in advance of the effective date, but no later than the month after the effective date.

E. Emergency Procurement. The Executive Director is authorized to make emergency procurements of up to \$25,000 to address emergency conditions. Emergency conditions are those that if not immediately addressed could negatively affect the continuation of the System's functions, the preservation and protection of persons or property, or the best interests of members and beneficiaries. The Executive Director shall immediately advise the Board Chair in such instances and the Board shall ratify any such emergency procurement at its next regularly scheduled meeting. For emergency procurements of over \$25,000, the Board must approve the procurement in advance at either a special or regularly scheduled meeting. In either instance, the Executive Director shall prepare written justification for the emergency procurement for the Board's consideration. Emergency procurements are not included in the Executive Director's \$25,000 per contract cap or the \$100,000 cumulative annual contract cap.

F. Policy Compliance. As part of the Executive Director's annual performance evaluation, the Board will assess the Executive Director's compliance with this policy.

