

Procurement Policy - Revisions approved at the September 12, 2023 NHRS Board meeting.

I. Purpose and Intent

This Policy is intended to comply with the fiduciary duty of prudence of the Board of Trustees (Board) with respect to the procurement of goods and services for NHRS. The Board's overall intention is to effectively manage expenses, promote fairness and competition among vendors and service providers, and to be flexible to address any unique circumstances that arise during the course of business exigencies. This policy does not cover contracts for investment managers which are governed by the Investment Manual.

II. General Policy

A. Board Responsibilities. The Board has the authority to approve contracts for goods and services that are within established budgets and has delegated to the Executive Director the authority to approve certain contracts without prior approval as provided below.

Competitive bids are generally required, and the Board has delegated to staff the responsibility to seek and review such bids; and, to make recommendations to the Board, as required. The Board, in its discretion or upon recommendation of staff, 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, custodial, investment consultant and actuarial services. In limited instances the use of sole sourcing is permitted as provided for in this policy.

The Board has delegated to staff the responsibility to develop Contract Administration Procedures for identifying vendors and negotiating vendor contracts, renewals and terminations. All contracts must be reviewed and approved in accordance with the Contract Administration Procedures, unless expressly excepted therein.

B. Executive Director Delegation and Responsibilities. The Board of Trustees delegates to the Executive Director the authority to approve contracts for initial expenditures of goods or services for NHRS up to the amount of \$50,000 per contract on an annualized basis, or any amendment or addendum to an existing contract up to the amount of \$50,000 on an annualized basis that provides for additional goods or services that were not included in the initial contract, without prior Board approval. The renewal of a contract under preexisting terms and pricing does not require Board approval. The Executive Director will inform the Board of the approval of such contracts at its next regularly scheduled meeting. Amounts for Small Contracts and Emergency Procurements are not included in these limits.

C. Small Contracts. An initial contract, or a renewal, amendment or addendum to an

existing contract that provides for cost, or additional goods or services that were not included in the initial contract, for an estimated dollar value of \$7,500 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. Small contracts are not included in the Executive Director's \$50,000 per contract cap.

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. Sole source contracts are subject to the dollar limits on authority as herein provided.

E. Emergency Procurement. The Executive Director is authorized to make emergency procurements of up to \$100,000 to address emergency conditions. Emergency conditions are those that if not immediately addressed could negatively affect the continuation of NHRS'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. 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 \$50,000 per contract cap or the \$200,000 cumulative annual contract cap.