POLICY REGARDING THE PROCUREMENT AND CONTRACTING OF GOODS AND SERVICES

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN AND FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

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Overview

Background

1) The Boards of Administration for the San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System (together, "Boards") are established pursuant to San José City Charter § 810 and San José Municipal Code ("SJMC") §§ 2.08.1000 and 2.08.1200. Under California Constitution, article XVI, § 17, the Boards are charged with the exclusive and sole authority over the actuarial, investment, legal, and benefit payment functions related to the administration of the retirement systems they respectively oversee.

2) SJMC §§ 3.28.155 and 3.36.385 grant the Boards authority to enter into contractual agreements for goods and services deemed necessary to carry out each board's duties and responsibilities for plan administration. Moreover, SJMC §§ 3.28.140 and 3.36.350 provide the Boards with rulemaking authority to govern plan administration.

3) The Office of Retirement Services ("ORS") provides staff services for the Boards to fulfill their duty to administer the retirement systems and performs other duties that the Boards request, as stated under SJMC § 2.04.3120.

Purpose

4) The purpose of this *Policy Regarding the Procurement and Contracting of Goods and Services* (the "Policy") is to establish the guidelines by which the Boards and ORS staff ("staff") will procure and contract for goods and services necessary for the Boards' administration of the retirement systems. A separate policy (*Policy Regarding the Oversight and Monitoring of Contractors*) establishes the guidelines by which the Boards and staff will effectively oversee and monitor the vendors of goods and services ("Contractors"). Investment Management Agreements are exempt from this Policy and will instead be governed by the CIO Charter and Investment Policy Statement.

5) Appendices 1 and 2 describe the roles and authorities respectively of the Board and staff related to this Policy; each section of this Policy describes the responsibilities of the Board, Chief Executive Officer ("CEO"), Chief Investment Officer ("CIO"), Deputy Director (collectively "Executives") and staff. To support the Policy's objectives, staff will also comply with any procedures related to the Policy (the "Procedures").

6) The Policy's objectives include:

   a) procuring goods and services in a manner that is efficient, transparent, economical, fair, and in compliance with all applicable laws;

   b) selecting a process for Contractor selection that reflects the importance and cost of the goods and services;

   c) establishing contracts related to the goods and services that are consistent with the fiduciary duty to the members and beneficiaries of the San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System (together, "Plans"); and

   d) clarifying authorities, roles, and responsibilities.

Goods and Services Governed by the City's Policies/Rules (<u>not</u> this Policy)

7) Contracts for goods and services procured pursuant to SJMC § 4.12. that (1) exceed the Competitive Procurement Threshold, as defined in SJMC § 4.12.210 A, and (2) are not covered under Paragraph 10 and 11 of this Policy, shall comply with the City's rules on procurement and contracting pursuant to SJMC §§ 4.12.001 *et seq* and not this Policy.

8) The following services, which are provided to the Boards and/or ORS by various City Departments (i.e., Finance, Human Resources, and Information Technology), will be governed by the City's rules and not this Policy:

   a) payroll and benefits related to ORS employees;

   b) information systems:

      i. email;

      ii. network services hardware; and

      iii. cybersecurity.

9) Appendix 6 has a checklist that ORS can use to support its compliance with the City's rules where compliance is required.

Goods and Professional Services Governed by this Policy

10) The professional services governed by this Policy relate to services to be provided by vendors who must be appointed by the Board, as required in the Board of Administration Charter ("Designated Service Providers"). The Designated Service Providers are:

   a) custodian;

   b) actuary;

   c) actuarial auditor;

   d) general investment consultant;

   e) proxy voting services;

   f) counsel;

   g) HR consultants (CEO-related projects);

   h) IT consultants (for contracts with a value over $50,000 per plan); and

   i) other vendors as the Board may determine in consultation with the CEO.

11) Other goods and services governed by this Policy include:

a) investment risk consultant;

b) pension administration system;

c) Critical Plan Administrative Functions (as defined in the Glossary), including but not limited to:

i. death audit services;

ii. Subscription Services (as defined in the Glossary);

iii. Board agenda management system;

iv. insurance brokerage services;

v. member locator services;

vi. disability independent medical examiner services;

vii. hosting services related to pension administration system; and

d) other vendors that meet the Threshold Amounts in Appendix 2.

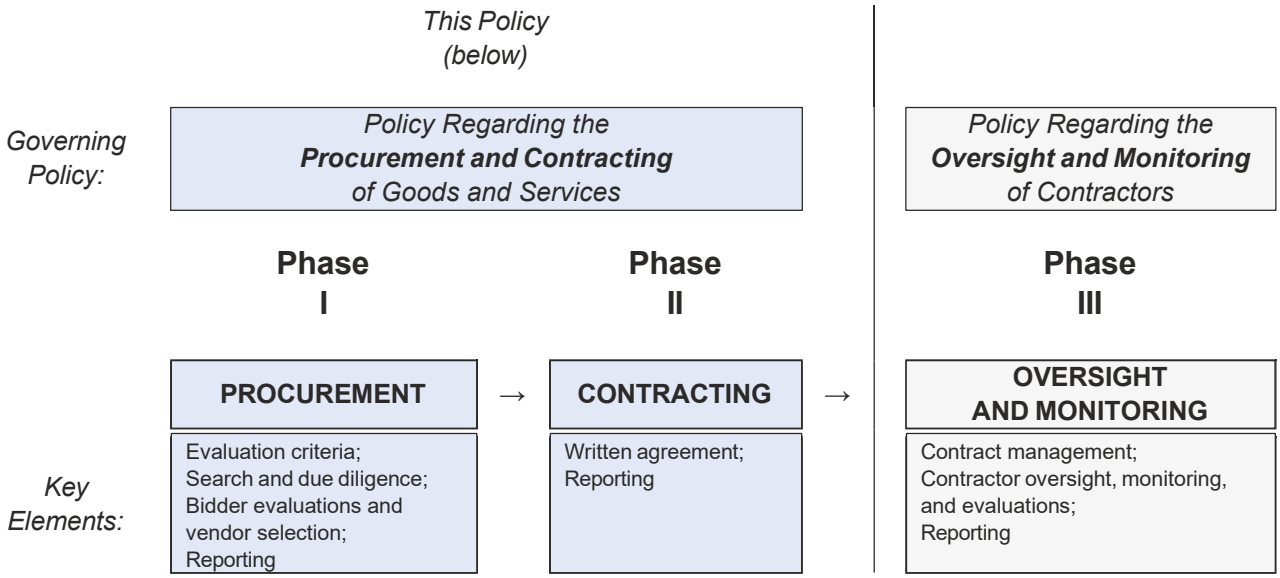
Process Overview

12) This Policy covers the first two, of three, phases depicted below in the process related to the:

a) procurement of goods and services subject to this Policy;

b) contracting of goods and services subject to this Policy; and

c) oversight and monitoring of Contractors of goods and services.



A. Procurement

General Process Overview

13) The procurement phase is depicted below, along with the role of the Board, various Board committees, and others involved in this phase. Appendix 1 describes the roles of the Board and others more broadly. Key responsibilities in the process are defined below.

a) **Identify candidates:** Identify qualified candidates who also satisfy all minimum qualifications (e.g., insurance requirements, etc.).

b) **Evaluate finalists:** Evaluate each qualified candidate (e.g., complete a rating sheet) using the evaluation criteria (specified in advance) after completing the appropriate due diligence (which may include interviewing finalists).

c) **Appoint/terminate:** Board directs the CEO to negotiate and execute a contract, or terminate an existing contract, as the case may be.

Appoint (including termination) → **R**ecommend (appointment/termination) | **E**valuate Finalists | **I**dentify Candidates → Conduct **D**ue Diligence

Goods and Services	Internal								External
	BD	AC	JAHC	IC	JPC	CEO	CIO	S	GIC
AUDIT AND ACTUARIAL									
Financial Auditor	A							R^EID	
Accountants (Special Investigations by AC)	A	REI D							
Actuary	A		RE+					R^ID	
Actuarial Auditor	A		RE+					R^ID	
INVESTMENTS									
Custodian	A			R			R*	EID	EID
General Investment Consultant	A			R~EI			R*	EID	
Investment Risk Consultant	A			R~EI			R*	EID	
Proxy Voting Services	A			R~E			R*	EID	
LEGAL & HUMAN RESOURCES									
Counsel	A		(REI)#					(REI)#D	
HR Consultants (CEO-related projects)	A				RE			ID	
OPERATIONS									
IT Consultants (contracts > $50,000)	A					R		EID	
Other Vendors (determined by Board)	A	*Based on the goods or services, considering the roles and responsibilities above*							

	Internal and Counsel	
Committees	BD	Board
	AC	Audit Committee
	JAHC	Joint Ad Hoc Committee
	IC	Investment Committee
	JPC	Joint Personnel Committee
Individuals	CEO	
	CIO	
	S	Staff

External	
GIC	General Investment Consultant

A	***A**ppoint/Terminate*
R	***R**ecommend Appointment/Termination*
E	***E**valuate Finalists*
I	***I**dentify Candidates*
D	*Conduct **D**ue Diligence*

Notes:
^: Staff recommends to Joint Ad Hoc Committee or Board (as the case may be)
+: Board or Joint Ad Hoc Committee
*: CIO advises IC
~: IC recommends to Board
#: Staff &/or Joint Ad Hoc Committee

Request for Information Process

14) A Request for Information may precede a Request for Proposals ("RFP") or other search process to find interested vendors of goods and services, clearly identifying the needs or goods and services sought.

15) A Request for Information should contain, at a minimum:
   a) a description of the goods and services being requested;
   b) term of a potential contract;
   c) deadline for submitting a response to the Request for Information; and
   d) contact information for responding to the Request for Information.

Procurement Processes

16) Appendix 2 describes the procurement process to be used, which depends on the contractor type or Contract Value. Appendix 2 also describes the contracting authorities of the Board, CEO, Responsible Executive, Responsible Employee, and others.

17) The permitted procurement methods include:
   a) Sole Source[1];
   b) Invitation for Bid ("IFB");
   c) RFP;
   d) Request for Qualifications; and
   e) Small Purchase Process ("SPP").

a) Sole Source

18) A Sole Source approach is permitted when:
   a) a competitive process will not likely yield a viable alternative to a known vendor; or
   b) important goods or services are urgently needed, a competitive process will not be timely, and a known Contractor exists; or
   c) the vendor's goods or services are required for proper operation or function to match other goods or services with respect to the repair or expansion or completion of a system or program already in use by ORS, including, but not limited to, technology purchases required to achieve interoperability with existing hardware, software, systems, or programs.[2]

b) Invitation for Bid

19) An IFB will be used when multiple bidders are available and willing to bid and procurement needs can be stated in detail, with precision, or where goods or services are standardized.

c) Request for Proposals

20) RFPs will be used in most circumstances where the Contract Value exceeds the Threshold Amount in Appendix 2.

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[1] The City Policy No. 5.1.4 shall apply to supplies, materials, and equipment for ORS, but this Policy's provisions on "Sole Source" shall apply to professional services and critical plan administration services/goods governed under this Policy.

[2] Source: SJMC § 4.12.240(B)(2)

21) An RFP will be used where the goods or services cannot be stated with specificity (such as Professional Services) or where a number of different types of professional goods or services are required.

d) Request for Qualifications

22) A Request for Qualifications will be used where:
   a) the available specifications or description of the goods, projects, or services are not sufficiently complete without further technical evaluations and discussions with potential Contractors; or
   b) the needs of the Plans/ORS are best met by having one or more Pre-Qualified Contractors within a designated field of work.

e) Small Purchase Process

23) For Small Purchases (as defined in the Glossary), the procurement process for goods or services will be based on a less formal process resulting in a minimum of one written or oral quote from a qualified source. Appendix 2 establishes the dollar amount ("Small Purchase Amount") and contracting authorities where a less formal process may be applied.

24) Where the Contract Value is between the Small Purchase Amount and the Threshold Amount, the selection of Contractors will be based on a less formal competitive process resulting in a minimum number of quotes from qualified sources if they can be reasonably identified.

Common Responsibilities for All Competitive Processes

25) The table below summarizes the responsibilities that are **common** to all competitive processes during the procurement phase (i.e., prior to contracting).

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
1. Notify the Board(s) when a procurement process (and Quiet Period) starts and is expected to end in order to limit communications with current and prospective vendors.		●					
2. Support the CEO in notifying appropriate staff when a procurement process (and Quiet Period) starts and is expected to end.						●	
3. Select the procurement process, consistent with requirements in Appendix 2.		●	●				
4. Review the IFB, RFP, or Request for Qualifications selected by the Responsible Executive and confirm that the procurement process meets the requirements in Appendix 2.						●	
5. Assist the CEO, Responsible Executive, Responsible Employee, and Contract Administrator in preparing RFPs and other solicitations when requested.							●
6. Conduct a search to ensure that bidders: a. meet all minimum qualifications in the solicitation document; and					●		

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
b. meet all other standards which, in the exercise of sound business judgment, are required of the Contractor.							
7. Reflect the mandatory requirements outlined in Appendix 4 and the appropriate ORS contract template into the solicitation documents (e.g., RFP).						●	
8. Assist the Contract Administrator in developing necessary and preferred terms and conditions as well as contract templates.							●
9. Assemble, manage, and distribute all contract solicitations as well as responses to those solicitations (e.g., bidders' responses to RFP).						●	
10. Ensure due diligence is completed in accordance with this Policy and the Procedures.						●	
11. Document the reason(s) for disqualifying a bidder and forward the document to the Responsible Employee for confirmation.						●	
12. Evaluate the candidate(s) recommended for appointment* * *If a committee evaluates the candidates, the committee will recommend to the Board the appointment of the Designated Service Provider. If the Board evaluates the candidates, the Board itself will decide on the appointment.*		●	●				
13. Assist the Responsible Executive and/or Responsible Employee with the selection of Contractors and negotiation of contractual terms.						●	
14. Appoint the Designated Service Provider.	●						
15. Select Contractors or recommend that the CEO select Contractors if the CEO has the authority.		●					
16. Approve the purchase of goods or services for which the staff member is responsible.		●	●				

Unique Responsibilities Depending on the Procurement Process

26) The table below summarizes the responsibilities that are **unique** to a particular procurement process (i.e., Sole Source, IFB, etc.) during the procurement phase (i.e., prior to contracting).

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
a) Sole Source							
1. Write a report describing the unique characteristics of the situation, the known Contractor, whether the Board/ORS has contracted with this Contractor within the last five years, sound justification for a sole source approach and explanation of how prices or fees compare to the general market for comparable goods or services.					●		
2. Approve or deny, in writing, the request to use a sole source approach. * *When the CEO is the Responsible Executive, the Board Chair and Vice-Chair will either approve or deny the request to use a sole source approach.*	*	●					
b) IFB							
3. Review bids and evaluate price, delivery, payment terms, and compliance with technical standards by a minimum of three staff members to identify the bidder who provides the best value.		●	●				
4. Select the proposal that provides the best value.		●	●				
c) RFP							
5. Select the proposal that best meets the needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP.		●	●				
b) IFB, c) RFP, or d) Request for Qualifications							
6. Arrange for notices that invite response to RFP, Request for Qualifications, or IFB solicitations. a. Notices shall include a description of the goods or services to be purchased, the place where the proposal form, specifications and other information may be obtained, and the time and place where responses will be received, if applicable. b. Notices shall be published in one (1) or both of the following manners: i. in a relevant publication (e.g., *Pensions & Investments*), at least once; or ii. as a posting on the City's website on a web page designated for such postings for a period of time which the Responsible Employee deems reasonable.					●	●	
7. Arrange to post the responses to potential bidders' questions related to the search on the City's bidding system.						●	

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
8. Review bids and recommend finalists, using best efforts to include at least: a. three (3) ORS employees in the review; b. one (1) representative from an ORS division other than the one that has authority over the contract; and c. one (1) ORS employee where external expertise is used to review the bids.		●	●				
e) SPP							
9. For Small Purchases, obtain quotes from such means as websites, email, catalogs, price lists, and letters.					●		
10. Where the Contract Value is between the Small Purchase Amount and the Threshold Amount, select a vendor from: a. at least three qualified sources* where the Contract Value is at least 50% of the Threshold Amount but less than the Threshold Amount; and b. a minimum of one written or oral quote from a qualified source where the Contract Value exceeds the Small Purchase Amount but is less than 50% of the Threshold Amount. * *If three qualified sources cannot be reasonably identified, the Responsible **Executive** (not the Responsible **Employee**) may authorize the use of a selected vendor based on the best interest and needs of the Plans.*		●	●				

Exceptions

27) In cases where an IFB, RFP, or Request for Qualifications is required, but the Responsible Executive deems the defined procurement process will not be of benefit, the Responsible Executive or designee will provide a report to the CEO in writing, detailing the reasons why the required procurement process is not beneficial along with a description of an alternative procurement process that does not restrict open and fair competition to be used.

28) The CEO must approve in writing the alternative procurement process prior to selecting a Contractor.

Quiet Period

29) During vendor evaluation periods, trustees shall not communicate with the specified vendors, except during board meetings or committee meetings; nor shall they accept meals, travel, hotel, or other types of gifts from the specified vendors. Notwithstanding the above, trustees who need to communicate with such vendors for reasons unrelated to the business of the Plans agree to disclose such need to their respective Board beforehand. If circumstances do not permit timely disclosure to the Board, the trustee shall provide disclosure of the intended communication to the CEO and to the Chair or Vice-Chair.

30) During evaluation periods, staff may communicate with the vendors in question only in the context of normal ongoing business or due diligence.

B. Contracting

Written Agreements

31) A Written Agreement is required when:

   a) goods purchased have a value greater than the Small Purchase Amount in Appendix 2; or

   b) services are valued over the Small Purchase Amount and the delivery of the services will span a duration of more than one year.

32) Contracts shall not be split or separated to avoid approval by the Board, bypass competitive procurement requirements, or otherwise evade the provisions of this Policy.

33) Master Services Agreements will be used with specific scopes of work developed on an as-needed basis in contracts arising from a Request for Qualifications.

34) All contracts subject to this Policy shall be entered with the relevant Board as the party to the contract pursuant to SJMC §§ 3.28.155 & 3.36.385.

Approval and Execution

35) Before entering into a contract covered by this Policy, the Plans must have available funds in the current year's budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.

36) Upon completion of negotiations, the Responsible Executive or Board will approve the contract, consistent with the authorities in Appendix 2.

37) Contracts will be routed to the Responsible Executive for signature. The submission will include a certification by both the Contract Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of this Policy.

38) After the Responsible Executive signs the contract it will be routed for additional signature(s) when required.

Contract Amendments

39) Contract amendments that increase the Contract Value are permissible if:
   a) the need for goods or services could not be accurately projected and the increase does not justify rebidding; or
   b) to cover goods or services already provided in the scope of work or additional goods or services similar to those already provided in the scope of work set forth in the contract; or
   c) special economic factors justify a contract increase; or
   d) an Emergency (as defined in the Glossary) exists which does not permit rebidding.

40) If a contract amendment is determined to be in the best interest of the Boards and will exceed any limitations, justification must be documented and CEO approval is required.

41) Contract amendments have the signature requirements of the Total Contract Value for the purpose of determining signing authority. (Total Contract Value is defined in the Glossary.)

42) A full due diligence review is not required for Contract amendments.

Contracts with Designated Service Providers and Other Contractors

43) The table below summarizes the responsibilities in the contracting phase related to contracts with Designated Service Providers and other contractors.

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
Routine Items and Non-Routine Items							
1. For contracts relating to Routine and Non-Routine Items, any Board authorization of the expenditure may be acquired through either the budgeting process or the annual business plans.					●		
2. Approve Contracts or purchase orders for Routine Items, provided funds are available in the budget, including any Board approved amendments to the budget.		●					
Review and Renewal							
3. Assess the continued appropriateness and cost-effectiveness of the Contractor at least six months before the expiration of the contract term. * *Board's assessment is for Designated Service Providers only.*	●*	●	●				
4. Direct the Responsible Employee to: a. conduct a search upon i) direction of the Board following the review of the performance of the Designated Service Provider or ii) upon recommendation of the Responsible Executive for Contracts above the Threshold Amount; b. extend the term of the contract up to the maximum total term permitted; or c. determine that the goods or services are no longer necessary.		●	●				
5. Prior to conducting a search **<u>for a Designated Service Provider</u>**, present a written summary to the Board or representative Board committee, which includes: a. the type of goods or service provider being sought and the supporting rationale; b. the objectives and selection criteria and their relative importance; c. an estimated timeline for completion of the search; d. a description of the search methodology to be used (e.g., RFP); e. the due diligence to be undertaken, including any planned site visits; f. the role of any consultant who will assist with the search; and		●					

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
g. such other information that the CEO believes may assist the Board in better understanding the search process.							
6. After selecting a Contractor, develop (subject to the approval of the Responsible Employee and in consultation with Counsel) the required and preferred terms and conditions to be included in contracts.						●	
7. Negotiate contract terms and conditions.					●		
8. Negotiate a final contract with the selected Designated Service Provider, consistent with the terms of the contract solicitation, this Policy, and any other direction from the Board*. * *If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, the CEO may recommend to the Board that the Board select an alternate bidder for the Designated Service Provider.* 9.		●					
10. Verify Contractor's certificates of insurance comply with the contract requirements.						●	
11. Assist the Responsible Employee and Contract Administrator in the negotiation of contractual terms and conditions when requested.							●
12. Review contracts before execution for compliance with legal requirements and to provide a risk assessment, including renewal documents.							●
13. Route contracts to the CEO for signature. The submission will include a certification by both the Contract Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of the Policy.						●	
14. Route contracts for other signatures, when required, after the CEO signs the contract.						●	
15. Ensure contracts comply with the signature requirements in Appendix 2 and contract parameters in Appendix 5.						●	
16. Execute contract, consistent with the contracting authorities in Appendix 2.		●					

C. Other Policies

Protest Regarding Procurement Decision

44) Any protest regarding procurement decisions under this Policy shall comply with the City's rules as stated in SJMC §§ 4.12.410 to 4.12.460 using the Threshold Amount in this Policy ($50,000) rather than the Informal Procurement Threshold, as defined in SJMC §§ 4.12.028.

45) Protests of decisions regarding procurements having a value equal to or less than the Threshold Amount may be governed by procedures promulgated by the CEO.

Reporting to the Board

46) The table below summarizes the reporting responsibilities to the Board.

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
1. Support the CEO in notifying appropriate staff and/or Board when a procurement process (and Quiet Period) starts and is expected to end.						●	
2. Report to the Board: a. all contracts entered into by the CEO in a timely manner (per the CEO Charter's paragraph 37); and b. all Sole Source contracts (whether approved by the CEO or the Board Chair and Vice-Chair, regardless of Contract Value) at its next regular meeting.		●					
3. Provide the Board (or a designated committee of the Board): a. with periodic reports on the status of all search processes involving Designated Service Providers;		●					
b. upon completion of the analysis and due diligence involved in a search process for a Designed Service Provider, a written report containing, at a minimum: i. a description of the due diligence activities undertaken; ii. the recommended finalist(s) and analysis of the recommendation; iii. confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred; iv. a description of performance expectations and the proper time horizon for evaluation of results; v. a bid (pricing) summary with annotations regarding differentiating features; and		●					

Responsibilities	Board	CEO	CIO	DD	Resp. Employee	Contract Admin.	Counsel
vi. a description of the expected performance monitoring and reporting efforts to be carried out with respect to the Designated Service Provider throughout the term of the contract, including the reporting to be provided to the Board.							
4. Inform the Board of the general contract terms and conditions that have been negotiated with Designated Service Providers upon completion of negotiations.		●					
5. Report promptly to the Board any failures by a Designated Service Provider to comply with the terms of their contract.		●					
6. At least annually, provide the Board a schedule of the contracts with Designated Service Providers due for renewal and those whose terms will expire in the coming year.		●					
7. Report regularly and in a timely fashion to the Board on all monitoring efforts involving Designated Service Providers, identifying any material issues and actions taken in response.		●					
8. Summarize and report to the Board the performance reviews of Designated Service Providers when they have been completed.		●					

Other Reporting

47) If a contract governed by this Policy is needed as the result of an Emergency, notification of the goods or services needed will be made to the Responsible Employee or to the Board whose authorization is normally required for such contract as soon as practicable.

Training

48) The Deputy Director will oversee a training program for Executives and staff who are involved in the procurement and contracting of goods and services or the oversight and monitoring of Contractors. The purpose of this training is to ensure that Executives and staff are aware of, and understand, their roles and responsibilities related to this Policy, the Procedures, and applicable City rules related to the procurement and contracting of goods and services governed by the City's rules.

49) The Deputy Director will make general training available to:

a) Executives and staff:

i. not less frequently than every two years; or

ii. when there are material changes in this Policy, the Procedures, or other circumstances that would warrant more frequent training (e.g., material and/or frequent breaches of this Policy and/or the Procedures); and

b) new employees involved in the procurement and contracting of goods and services or the oversight and evaluation of Contractors within three months of their employment start dates.

Compliance Certification

50) Employees will:

a) comply with this Policy and any related Procedures;

b) participate in training required under this Policy; and

c) certify, in writing, their compliance with this Policy and the related Procedures annually.

Compliance Breaches

51) If there is a failure to comply with this Policy ("breach"):

a) the CEO and Deputy Director will be notified immediately; and

b) if the CEO or Deputy Director determine the breach is material, the breach will be reported to the Board Chairs immediately.

52) Any notifications of a breach in this Policy will include a timely explanation of the reason(s) for the breach, corrective action(s) that have been taken or will be taken, as well as the timing of any such action(s).

Policy Review and History

53) The Board shall review this Policy at least every five years.

54) The Board of the Federated City Employees' Retirement System adopted this Policy: January 2025.

55) The Board of the San Jose Police and Fire Department Retirement Plan adopted this Policy: January 2025.

56) This policy was reviewed and amended xxx for Police and Fire Department Retirement Plan and January 2025 for Federated City Employees' Retirement System.

57) This policy was reviewed and an amendment was made to Section C – *Other Policies, Subsection Protest Regarding Procurement Decision* paragraph 44 in October 2026 for both the Police and Fire Department Retirement Plan (10/21/2026) and Federated City Employees' Retirement System (10/22/2026).

Appendix 1. Roles

The roles of the Board, various committees, and others are summarized below.

The Board:

- establishes appropriate policies to ensure vendor selection decisions are prudent and sound;
- authorizes staff to execute contracts with Designated Service Providers;
- selects and terminates Designated Service Providers; and
- approves contract term extensions that do not require a new competitive procurement process.

The CEO, as stated in the CEO Charter:

- ensures all necessary due diligence is performed by staff or advisors in connection with vendors to be appointed by the Board and that the Board is provided staff recommendations concerning such appointments;
- selects and appoints all vendors for which the Board has not retained selection or appointing authority, ensuring all appropriate due diligence is performed in connection with such decisions;
- executes contracts; and
- supervises and directs all vendors on a regular basis.

The CEO also:

- approves the purchase of goods and services for which the CEO is responsible under this Policy; and
- keeps the Board apprised of contract actions as necessary.

The CIO, as stated in the CIO Charter:

- conducts or oversees all due diligence associated with vendors involved in the investment of Plan assets including, but not limited to, investment managers (public and private markets), the custodian, and investment consultants;
- recommends the appointment and termination of custodians, investment consultants, and investment managers to the Investment Committee and the Board for approval; and
- advises the CEO, the Board, and Counsel with respect to the needs of the Investment Division for legal services.

The Responsible **Executive** (❶) or Responsible **Employee** (❷) (if the role is re-assigned):

Role	Responsible Executive	Responsible Employee
• ensures that budget authority exists for the goods or services;	❶	❷
• selects the procurement process to be used (e.g., RFP) and participates in the preparation of the solicitation documents;	❶	
• keeps the CEO apprised of all significant contract actions for which the Responsible Executive or Responsible Employee is responsible;	❶	❷
• negotiates terms and conditions of contracts for the purchase of goods and services for which the Responsible Executive or Responsible Employee is responsible;	❶	❷
• approves the purchase of goods and services for which the Responsible Executive is responsible under the Policy; and	❶	
• binds or commits the Plan for the purchase of goods or services as set forth in this Policy, except in an Emergency and as may be otherwise authorized by the Board.	❶	

The Deputy Director makes training available to staff who have responsibility for:

- the procurement and contracting of goods and services; and/or
- the oversight and monitoring of Contractors.

The Contract Administrator:

- assists the Responsible Executive with the selection of Contractors and negotiation of contractual terms;
- manages the Contractor files and any contract management systems;
- maintains appropriate contract and solicitations templates in consultation with Counsel;
- monitors the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitations;
- supports the CEO in reporting to the Board on matters related to the procurement and contracting of goods and services; and
- coordinates and oversees the periodic evaluations of Contractors' performance.

Counsel:

- reviews contracts before execution;
- assists the CEO, Responsible Executive, Responsible Employee, and Contract Administrator in preparing RFPs and other solicitations when requested;
- assists the Responsible Executive, Responsible Employee, and Contract Administrator in the negotiation of contractual terms and conditions when requested;
- assists the Contract Administrator in developing necessary and preferred terms and conditions and contract templates; and
- reviews renewal documents.

Appendix 2. Procurement Processes and Contracting Authorities

Contracting authorities depend on the search process, which depends on the contractor type and Contract Value*, are summarized below. (Contract Value is defined in the Glossary.)

Contractor Type or Contract Value	Procurement Processes					Contracting Authorities	
	a)	b)	c)	d)	e)	Approve Contract	Sign Contract
	Sole Source	IFB	RFP	Request for Qualifications	SPP		
Sole Source	●					Board	CEO*
Designated Service Provider		●	●			Board	CEO*
> $50,000 ("Threshold Amount")		●	●	●		CEO	CEO*
$10,000 - $50,000		●	●	●		Responsible Executive	CEO*
< $10,000 ("Small Purchase Amount")					●	Responsible Executive or Designee	CEO*

* CEO, on behalf of the Board.

Appendix 3. Permitted Delegations of Authority

Some of the delegations of authority that are permitted under this Policy are summarized in the table below, where ❶ represents the individual or group from whom an authority may be delegated and ❷ is the individual or group to whom the authority is delegated.

All permitted delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

Delegation of Authority	Board	CEO or CIO*	DD	Resp. Employee	Contract Admin.	Designee	Counsel
Answer questions from any bidder or potential bidder					❶	❷	
Negotiate terms and conditions of contract		❶				❷	
Bind or commit the Plans for the purchase of goods or services as set forth in this Policy, except in an Emergency and as may be otherwise authorized by the Board		❶				❷	
Approve check requests, invoices and/or purchase requisitions		❶				❷	
Review performance of Contractors	❶	❷					
		❶	❷				

* Applies where either the CEO or CIO has the authority.
(Generally, the CIO has authority over investment-related goods and services.)

Appendix 4. Mandatory Procurement Requirements and/or Parameters

The mandatory requirements in IFBs, RFPs, and Request for Qualifications are summarized below.

Item	Parameter and/or Requirement
Minimum period for submitting bids	Fifteen (15) business days from the date the RFP, IFB, or Request for Qualifications is issued
Minimum period for potential bidders to submit written questions related to a search	Five (5) business days from the date the RFP, IFB, or Request for Qualifications is issued
Maximum period to provide written responses to questions submitted by potential bidders	Three (3) business days from the date questions were submitted
Minimum qualifications for candidates	Insurance (e.g., types, minimum coverages, indemnities), based on an assessment of risk

Appendix 5. Contract Parameters and/or Requirements

The contract parameters and/or requirements are summarized below.

Contract Feature	Parameter and/or Requirement
Maximum initial contract term	Six (6) years
Contract term extension	Board must approve any contract term extension beyond the above maximum contract term that do not require a new competitive procurement process.
Contract Value increases	Contract Value may be increased up to fifteen percent (15%) of the original Contract Value or $100,000 ($50,000 for each plan), whichever is less. For contracts that span multiple years, the Total Contract Value may be increased up to fifteen percent (15%) or $200,000 ($100,000 for each plan), whichever is less.
Minimum review frequency of Designated Service Providers	Three (3) years
Minimum review frequency of ongoing subscriptions or licenses	Six (6) years
Evergreen clause[5]	Prohibited
Service Level Agreement ("SLA")	SLAs are to be included in Written Agreements related to: • services provided by Designated Service Providers, unless an exception is granted by the Board; and • service contracts whose Contract Value exceeds the Threshold Amount.

[5] An evergreen clause in an agreement relates to the automatic renewal of the agreement for some period of time unless one party to the agreement provides the other party with notice before the end of the current term that it does not wish to renew the term of the agreement.

Appendix 6. Checklist for Complying with the City's Rules

The checklist below summarizes the process for complying with the City's rules related to contracts for goods or non- professional/non-critical administrative function services that exceed the City's Competitive Procurement Threshold.

The Contract Administrator will update the Checklist to reflect any changes in the City's rules, including the Competitive Procurement Threshold (e.g., $10,000 as of December 31, 2023).

Checklist	City	CEO	DD	Resp. Exec.	Contract Admin.	Accounting	Counsel
1. ORS notifies the City's Purchasing Department.		`		●			
2. The City's Purchasing Department provides ORS with a list of information to provide.	●						
3. ORS provides the information and requested documentation.				●	●		
4. **ORS** posts the solicitation request (e.g., RFP) to the City's Bidding System if the City's Purchasing Department is satisfied with the materials submitted by ORS.				●	●		
5. ORS contacts potential vendors to direct them to the City's Bidding System to apply.				●	●		
6. Search process starts and due diligence is completed.				●	●		
7. Vendor is selected. (If a contract involves IT, contract must be cleared by the City's Central IT Department and get approval first.)				●			
8. ORS' Counsel drafts contract.							●
9. Contract is signed by all parties and sent to the City Clerk's Office.				●			
10. The City Clerk's Office uploads contract to FMS.	●						
11. ORS' Accounting Division puts money in FMS for the contract and fees will be deducted from the FMS posted amount.						●	

Appendix 7. Acknowledgement of Understanding of the Policy

I, Print Name, acknowledge that I have received and will review the **POLICY REGARDING THE PROCUREMENT AND CONTRACTING OF GOODS AND SERVICES** ("the Policy") which is available at this link [insert link].

I understand that:

- the Policy contains important information on the required, permitted, and prohibited rules, policies, and practices regarding the procurement and contracting of goods and services;
- it is my responsibility to familiarize myself with the Policy; and
- it is my responsibility to adhere to and abide by the terms and conditions set forth in the Policy, and that violation of the Policy may result in disciplinary action.

Signature

Date

Glossary of Terms

Bidding System	The portal used by bidders to submit their proposals in response to a procurement process for goods or services.
Boards	The Boards of Administration for the San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System.
Checklist	A list of things to be checked or done in the Procedures to reduce the risk of non-compliance (e.g., with a requirement in this Policy, the Procedures, or a City rule related to the procurement and contracting of goods and services).
City	The City of San Jose.
Competitive Procurement Threshold	The dollar amount set by the City that determines the procurement method to be followed when compliance is required with the City's rules rather than this Policy.
Contract Administrator	An ORS employee responsible for contract administration.
Contract Value	The value of a contract that the Plans will be obligated to pay for in one year under the terms of the contract.
Contractor	Provider of goods or services to the Boards.
Counsel	The Plans' outside counsel.
Critical Plan Administrative Functions	Services which are critical to the Plans and which are covered under this Policy.
Designated Service Provider	A service provider who must be appointed by the Boards as required in the Board of Administration Charter.
Emergency	Any circumstance that would interfere with the Plans' ability to meet their fiduciary obligations, threaten the health and safety of staff, or compromise the Plans' legal rights or remedies.
Executives	The CEO, Chief Investment Officer, or Deputy Director.
General Investment Consultant	A consultant providing a variety of services to institutional investors, including but not limited to, periodic asset allocation studies.
IFB	See Invitation for Bid.
Investment Committee	A committee of the Board.
Investment Management Agreements	Agreements that govern asset management services provided by third party asset managers engaged by institutional investors.
Investment Risk Consultant	A consultant providing investment-related risk measurement and/or risk management services to institutional investors.
Invitation for Bid (IFB)	A solicitation used when multiple bidders are available and willing to bid and procurement needs can be stated in detail, with precision, or where goods or services are standardized.
Master Services Agreement	A contract for goods or services to be provided on an as-needed basis or which may govern future transactions with a vendor.
Non-Routine Items	Expenses that are not regularly purchased or budgeted on an annual basis.
ORS	The Office of Retirement Services.
Plans	The San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System.
Policy	This policy (i.e., *Policy Regarding the Procurement and Contracting of Goods and Services*).
Pre-Qualified Contractors	Contractors that have been evaluated and selected by the Plans/ORS and passed a due diligence review.
Procedures	The procedures approved by the CEO (not the Board) that support the implementation of this Policy.

Professional Services	Services which are advisory in nature and/or which generally require the use of professional judgement to support decision-making. These include, but are not limited to, services provided by: • general investment consultants; • investment risk consultant; and consultants engaged to support the procurement of goods and services.
Quiet Period	The period of time when communication is restricted with potential vendors (e.g., once a procurement process starts related to goods or services).
Request for Information	A solicitation used when there no intention to award a contract, but where information is needed for planning purposes where such information may relate to price, delivery, other market information, or vendor capabilities. Responses to requests for information notices are not offers and cannot be accepted to form a binding contract.
Request for Qualifications	A solicitation that describes the goods, projects, or services required and solicits qualifications from potential Contractors for purposes of evaluating those qualifications for screening, pre-qualifying, or for an award of a contract.
Responsible Executive	The Executive who manages the budget category for the funds being committed under the contract. For greater clarity, the Responsible Executive may be the CEO or CIO (depending on the goods or services).
Responsible Employee	The ORS employee who has been assigned one or more responsibilities under the Policy related to the procurement and contracting of goods and services. For greater clarity, the Responsible Employee is the Responsible Executive when responsibilities under the Policy are **not** delegated to a Responsible Employee.
RFP	Request for proposals.
Routine Items	Expenses that are regularly budgeted on an annual basis, including but are not limited to: • office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, software and cloud services; and • general services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building, and equipment, printing, Board elections, computer consulting, software licenses, messenger services, catering, etc.
Service Level Agreement (SLA)	An agreement that describes the level of service expected from a Contractor which may include metrics by which service quality is measured and any remedies or penalties if agreed-on service levels are not be achieved.
SLA	See Service Level Agreement.
Small Purchase	A purchase of goods or services whose value is low.
Small Purchase Amount	The dollar amount that determines the procurement method to be followed related to goods and services that are governed by this Policy.
Small Purchase Process (SPP)	A solicitation process to be followed where the Contract Value is relatively low and a less formal competitive process is acceptable.
SPP	See Small Purchase Process.
Staff	Employees of the Office of Retirement Services.

Subscription Services	Services that allow the subscriber to access information, including but not limited to, capital market news, data, and analytics.
Threshold Amount	The dollar amount that determines the procurement method to be followed related to goods and services that are governed by this Policy.
Total Contract Value	The sum of all Contract Values that, when the contract is entered, is anticipated to be the amount the Plans/ORS will be obligated to pay over the entire term of the contract.
Unilateral Contracts	Contracts that are used to pay for critical, ongoing services provided by exclusive entities that will not sign a Plan-written contract. The following are permissible Unilateral Contracts: • utility services: electric, gas, water, and telephone; • cable/Satellite companies; • US Postal Service; and • memberships in associations formed for a purpose directly related to the primary work of the Plan/ORS.
Vendor	A potential Contractor (provider of goods or services to the Boards).
Written Agreement	A document that is a legally binding contract between the Plans/ORS and another party regarding the buying and selling of goods or services. Examples include but are not limited to: a contract, sale or lease agreement, bill of sale, purchase order, or memorandum of understanding.