



SRPS

MARYLAND STATE RETIREMENT
and PENSION SYSTEM

**Maryland State Retirement and Pension System
Board Governance Policy Manual
Service Provider Selection Policy**

Establish guidelines by which service providers will be selected and retained.

ROLES AND RESPONSIBILITIES

1. The role of the Board with respect to the selection of service providers is to:
 - a. Ensure appropriate policies and processes are in place to assist the Board and staff in making prudent and sound selection decisions in accordance with applicable State procurement laws;
 - b. Monitor compliance with such policies and processes; and
 - c. Select and/or ratify the hiring and termination of the following key service providers:
 - i. Actuary;
 - ii. General investment consultant;
 - iii. Consultants retained in connection with Board or System governance, or for human resource and other non-investment related matters pertaining to the Executive Director and Chief Investment Officer;
 - iv. Actuarial auditor;
 - v. Optional Retirement Program vendors; and
 - vi. Custodial bank.
2. Except for investment-related service providers and custodial banking, it is the function of the Executive Director and staff to:

- a. Perform search, evaluation and due diligence activities for the selection of all service providers, provide a summary of each procurement and recommendations to the Board, as appropriate, and monitor the work of each service provider; and
 - b. Appoint and terminate all service providers other than key service providers.
3. With respect to investment-related service providers and custodial banking, it is the function of the Chief Investment Officer to:
 - a. Perform search, evaluation and due diligence activities for the selection of all service providers, provide a summary of each procurement and recommendations to the Board, as appropriate, and monitor the work of each service provider;
 - b. Conduct all exempt procurements in accordance with the General Procurement Policies and Procedures adopted by the Board pursuant to State Finance and Procurement Art., § 12-401, set forth in the Investment Policy Manual; and
 - c. Appoint and terminate all service providers other than key service providers and corporate governance consultants selected by the Corporate Governance and Securities Litigation Committee.

GENERAL GUIDELINES

4. All service providers shall be subject to a level of due diligence that reflects a level of rigor that is commensurate with the importance and materiality of the service in question.
5. The Executive Director, Chief Investment Officer or their designee shall consider as broad a universe of qualified service providers as is practical and reasonable given budgetary, staffing, time and other relevant constraints in accordance with state procurement law.

KEY SERVICE PROVIDER GUIDELINES

6. Prior to conducting a search for a key service provider, the Executive Director, Chief Investment Officer, or their designee, as appropriate, shall present a work plan to the Board or a designated committee of the Board that, at a minimum, contains the following:

- a. The type of service provider being sought and why;
 - b. The objectives to be met and selection criteria to be used and their relative importance;
 - c. An estimated timeline for completion of the search process; and
 - d. A brief description of the search methodology.
7. The Executive Director, Chief Investment Officer, or their designee shall provide the Board or a designated committee of the Board with periodic reports on the status of all search processes involving key service providers.
 8. For those key service provider procurements exempt from State procurement law, the Executive Director or Chief Investment Officer shall attempt to submit at least two candidates to the Board for consideration and possible interviews.
 9. When candidates are submitted to the Board for consideration, the Executive Director or his or her designee shall provide a report to the Board or a designated committee of the Board, containing at a minimum:
 - a. The recommended service provider(s) and the rationale for the recommendation;
 - b. Confirmation that the Executive Director, Chief Investment Officer, or their designee complied with the work plan or an explanation of any deviations from the work plan;
 - c. A summary of the findings; and
 - d. Identification of the contract monitor.

CONTRACTS, MONITORING AND REPORTING

10. The Executive Director, Chief Investment Officer, or their designee, as appropriate, shall negotiate all agreements in connection with service providers retained by or on behalf of the System.
11. The Executive Director, or the Executive Director's designee as permitted by § 21-118(e) of the State Personnel and Pensions Article, shall execute all agreements in connection with service providers retained by or on behalf of the System. All contracts shall be reviewed by counsel as to form and legal sufficiency prior to execution, as required by law. The Executive Director shall inform the Board of all major contracts, including those that require Board of

Public Works approval.

12. All service providers shall be subject to regular monitoring of performance and periodic reviews, as appropriate, throughout the term of their contracts by the assigned contract monitor. Criteria for review may include, among others, performance expectations, service quality, and timeliness of deliverables.
13. The Executive Director or Chief Investment Officer, as appropriate, shall report regularly to the Board any material issues regarding contract performance or a change in key personnel with respect to key service providers.
14. All reporting and monitoring provisions contained in this policy serve as minimum requirements. If more stringent requirements have been established, either by applicable law or within other policies of the Agency, such requirements shall prevail.

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- c. Summary of Changes:

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