
REVOLVING FUND PROCUREMENT POLICIES & PROCEDURES

Article I: External Asset Manager Selection & Opportunistic Investments Policies & Procedures

A. General

In order to preserve the independence and integrity of the New York State Common Retirement Fund (CRF or Fund) and to assist the State Comptroller in fulfilling his or her fiduciary duties, the State Comptroller, as Trustee of the Fund, has adopted the following policies and procedures for External Asset Manager Selection and Opportunistic Investments (Policy) with respect to the selection of external asset managers (Section B) and Opportunistic Investments (Section C) by the Fund in a fair and efficient manner, consistent with the Fund's best interests.¹

B. Selection of External Asset Managers

In the normal course, CRF retains external managers to manage assets. Such external managers may manage separate accounts, or may manage one or more fund of funds. Staff will identify potential external asset managers through a search process approved by the Deputy Comptroller for Pension Investments and Cash Management/Chief Investment Officer (CIO). Staff is responsible for establishing written procedures to identify and recommend managers consistent with such search process.

The process shall recognize that identification of external managers is continuous and dynamic. Ongoing monitoring and awareness of potential managers and observing them over time through different market environments provides staff with valuable information.

¹ Capitalized terms in these Policy Guidelines and Procedures not defined herein, but which are defined in the Procurement and Selection Manual, shall have the meaning ascribed to them in said Manual.

1. **Consultant-Assisted Search**

Typically, staff works with a consultant to identify and recommend managers. The selection of external asset managers through a consultant-assisted search shall be documented in writing, which shall include:

- a. **Initial Search Memorandum** – provides the rationale for the search and a summary of criteria that will be used to screen for the initial pool of candidates. It may be updated as necessary.
- b. **Selection Memorandum** – summarizes the selection process, provides a brief summary of each finalist and an evaluation of their strengths and weaknesses, sets forth the key factors that differentiated the recommended manager(s) from the other candidates. It may also include the selection of "high-interest" candidates for ongoing monitoring.
- c. **Consultant Recommendation** – similar to the Selection Memorandum, but prepared by the consultant assisting in the manager search. No external asset manager will be retained without a positive recommendation from both staff and the consultant.
- d. **Request for Revolving Fund Opinion** – a request to be submitted to the Division of Legal Services for an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL §§13(f) and 313(f) for payment of procurement expenditures.
- e. **Revolving Fund Opinion** – Upon receipt of a request, the Division of Legal Services will prepare such an opinion. Note a Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

2. **Other Competitive Process**

In selecting external asset managers CRF Staff may, in its discretion, conduct a different competitive process (i.e., not consultant-assisted) in order to prequalify and/or make a selection. If CRF engages in a competitive process with respect to the selection of external asset managers, staff will recommend a method to be used and provide the associated justification. Upon approval by the CIO, the method recommended by Staff will be followed. See Section G "Documentation Requirements of Competitive Process" for further details regarding required documentation.

C. Opportunistic Investments

The CRF enters into "opportunistic investments," including one-off investments that are brought to the CRF Staff by an investment manager and can only be sourced through that investment manager. Such investments may be available only for a set time period determined by the investment manager – i.e., during a fund-raising period – and at a set price also determined by the investment manager.

For example, investments in private equity funds, hedge funds and real estate funds would be deemed opportunistic investments. Opportunistic investments may also include public market products and niche strategies.

The management of the Fund recognizes that the identification of opportunistic investments, like the retention of external asset managers, is a continuous, dynamic investment process. Staff monitors and observes potential opportunistic investments over time and through different market environments. For the selection of any such investments, CRF Staff may conduct a competitive process in order to prequalify and/or make a selection.

However, Staff may select investments without engaging in a formal search. If Staff determines not to use a formal search, opportunistic investments will not be subject to this Policy; rather, they will be governed solely by the due diligence, documentation and approval criteria set out in the Fund's Investment Policy Statement.

If CRF Staff engages in a competitive process with respect to the selection of opportunistic investments, Staff will recommend the method to be used and provide the justification for use of the method. Upon approval by the CIO, the recommended method will be followed. See Section G "Documentation Requirements of Competitive Process" for further details.

D. Due Diligence

Consistent with the fiduciary obligations of the Comptroller, a due diligence review will be conducted prior to committing any fiduciary funds. The due diligence review will include any appropriate background checks, financial integrity reviews, litigation assessments, and all other steps necessary to comply with the due diligence obligations of the Comptroller.

E. Participation by Certain Groups as Asset Managers and Service Providers

The CRF is committed to certifying firms that are owned (or substantially owned and/or operated) by minorities and women (Minority and Women Owned Business Enterprises or MWBE) and reporting annually the number of such firms and the value of the assets those firms manage for the CRF across the entire portfolio. Accordingly, managers and other financial or related service providers will be required to provide such information to the CRF. In addition, managers and other financial or related service providers may be required to provide information on participation by other groups that the CRF may determine to certify or report on, such as firms that are owned (or substantially owned and/or operated) by service-disabled veterans (Service- Disabled Veteran-Owned Businesses or SDVOB).

F. Procurement and Selection Manual

The Procurement and Selection Manual (the "Manual") will describe available options and processes relating to the retention of external asset managers.² If a competitive process is used, such options may include Requests for Proposals (RFPs), Requests for Proposals by Invitation (RFPis), Invitations for Bid (IFBs), Searches (including consultant-assisted searches) and Requests for Information (RFIs). The Manual describes available options and outlines the associated procedures relating to each option. In the case of procurement of services, where competitive bidding options are normally indicated, the Manual also provides for certain circumstances when such options may not be appropriate – e.g., sole and single sourcing, emergency situations and discretionary thresholds.

The Manual is a guide to implementing procurements for services and selection of external managers in a fair and efficient manner. It permits CRF Staff to engage in options outside of the Policy, however, where Staff believes it would be in the best interest of the Fund to do so. Therefore, the various options and requirements outlined in the Manual may be amended as needed without Comptroller approval provided that they remain consistent with the requirements contained in this Policy. Any such changes must be documented and approved by the CIO.

G. Restrictions on Communications

Where a competitive process is undertaken, proposers shall only contact the person(s) designated in the procurement solicitation. During the "restricted period," as defined below, no proposer initiated contact with any OSC or CRF Staff shall be permitted regarding a procurement, except with the designated contact person(s). This prohibition applies to any oral, written or electronic communication under circumstances where a reasonable person would infer that the communication was intended to influence this procurement. "Restricted period" means the period of time commencing with the earliest written notice, advertisement, or solicitation of a RFP, IFB, or solicitation of proposals, or any other method for soliciting a response from proposers intending to result in a procurement contract with the CRF, and ending with the final contract award by the CRF.

All proposers will be required to disclose any prior findings of non-responsibility by the CRF for violations of any of the requirements described in this section, and any findings of non-responsibility by any New York State governmental entity, made within the last four years.

A finding that a Proposer violated the requirements of this section (e.g., initiated an impermissible contact during the restricted period or failed to disclose a prior finding of non-responsibility) may be grounds for a determination that the Proposer is non-responsible and therefore ineligible for the contract award. A second violation within four (4) years may result in a determination of ineligibility to propose on CRF contracts for four years.

² The Manual details procedures relating to investments to the extent that staff, in its discretion, chooses to use a competitive method with respect to such investment. Nothing in these Policy Guidelines and Procedures or in the Manual will be interpreted to require any formal search or competitive process with respect to opportunistic investments.

H. Documentation Requirements of Competitive Processes

Where CRF uses a competitive process in the selection of external asset managers or investments,³ the following will apply:

Statement of Work/Scope

Each competitive procurement for an investment management services or investment selection must begin with the development of a statement of work/scope that defines the services and or investment to be procured.

Selection Method

Each such competitive procurement must identify the procurement process to be used (e.g. RFP, IFB, RFP by invitation). The selection of the procurement process must be accompanied by a related justification and CIO approval.

Evaluation Plans

Each competitive procurement for investment management services or investment selection must have an evaluation plan in place before proposals are received and opened. The evaluation plan must:

1. Identify the members of the evaluation committee and the evaluation coordinator;
2. Set forth the criteria of review and scoring;
3. Set forth the relative weight attached to the technical and cost evaluations, if applicable; and
4. Set forth the basis for costs- i.e., whether costs are capped; whether costs are subject to negotiation.

Basis for Award

Each competitive procurement for investment management services or investment selection must document the basis for the award.

³ If the method is a Consultant Assisted search, the requirements of Section B(i) rather than the requirements of Section F "Documentation Requirements of Competitive Process" apply. If the procurement is for investment related products or consultant services that are not investments or investment management services, the procurement is governed by Article II of this Policy.

Revolving Fund Opinion

Each competitive procurement for investment management services or investment selection must include a Request for Revolving Fund Opinion, issued by the CIO, or the Director of Operations for Pension Investment and Cash Management (PICM) or other designee, and submitted to the Division of Legal Services, requesting an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL §§13(f) and 313(f) for payment of procurement expenditures. Upon receipt of a request, Legal Services will prepare such an opinion. Following contract execution, a copy of the executed contract and other supporting documentation shall be submitted to Legal Services for preparation of the finalized Revolving Fund Opinion, which shall identify the contract entity to be paid. Note: a Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

Due Diligence

Each competitive procurement for investment management services or investment selection must document all due diligence efforts.

Additional Requirements

The Manual may set forth additional requirements.

I. Expenditure Approval

Staff will obtain the necessary approvals to expend moneys for Services prior to final execution of the contract.

J. Fiduciary Responsibility and Discretion Preserved

Nothing in this Policy or the Manual or in any procedures relating to this Policy or contained in the Manual shall impede or be construed to impede the exercise of the fiduciary duty of the Comptroller and staff.

Article II: Services Requiring Immediate Payment Policies and Procedures

A. General

In order to preserve the independence and integrity of the New York State and Local Employees Retirement System and the New York State and Local Police and Fire System (collectively referred to as "NYSLRS") and to assist the State Comptroller in fulfilling his or her duties as Trustee, and consequently the fiduciary, of the Common Retirement Fund (CRF or the Fund), the State Comptroller has established formal policies and procedures (Policy) with respect to the procurement of certain services and products (Services) eligible for immediate payment pursuant to Retirement and Social Security Law (RSSL) §13(f): (i) such expenses as may necessarily be incurred in acquiring, servicing and foreclosing mortgages and in acquiring, managing and protecting investments (See Section B); (ii) all pensions, annuities and other benefits (See Section C); (iii) special expenditures reimbursed by the state and participating employers (See Section D); and (iv) legal services, when such legal services are in furtherance of meeting the Comptroller's fiduciary obligations associated with §13(f) of the RSSL (See Section E).

This Policy formalizes the procurement policies and procedures previously used by NYSLRS and CRF (collectively referred to as the "Retirement System") for procurement of Services when payments are made from the Revolving Fund, in accordance with RSSL §13(f). Also, in keeping with past practices, such procurements shall be conducted by the Retirement System in a fair and efficient manner, consistent with the best interests of the Retirement System.

The Retirement System recognizes that competition among providers can produce a more favorable result and that, in some cases, procurement of Services from more than a single provider is preferable. Therefore, consistent with the fiduciary responsibilities of the Comptroller, the Retirement System will utilize the most competitive procurement method practicable for each procurement that exceeds the Discretionary Threshold; recognizing, however, that, based upon the nature of the procurement and fiduciary obligations, some other method may be more appropriate. The Retirement System will qualify and select providers on a reasoned basis, balancing the considerations relevant to the procurement, such as the nature of Services being procured, the timeframe for selection, the universe of potential providers, past experience, available information about potential providers, and the cost.

B. Procurement of Services as may be Necessary in Acquiring, Servicing and Foreclosing Mortgages, and in Acquiring, Managing and Protecting Investments RSSL §13(f)(2)

To meet the fiduciary obligations of the Comptroller, the Retirement System may employ the Services of external companies as may necessarily be incurred in acquiring, servicing and foreclosing mortgages and in acquiring, managing and protecting investments. Such Services may include the services of external persons such as investment consultants for various purposes, including, without limitation, asset allocation studies, development of investment strategies, manager selection, identification and/or evaluation of investment opportunities, due diligence on investment opportunities, performance reviews, audit services and specialized expertise.

Additionally, such Services may include the purchase of investment related products, such as investment tracking software and subscriptions to various research products.

Staff Recommendation

Before engaging external Services, Staff must make a determination that such Services are required by the Retirement System and that internal resources cannot meet the need. Staff must obtain approval to proceed with the procurement process from the head of the division seeking the procurement of such Services, who shall be the Deputy Comptroller for Retirement Services, the Deputy Comptroller for Pension Investments and Cash Management and the Counsel to the Comptroller ("Counsel") (hereinafter collectively referred to as the "DCs") or the Executive Deputy Comptroller for the New York State and Local Retirement System (hereinafter "EDC"). Where the procurement is initiated by Staff of the Division of Retirement Services, the approval of the EDC will also be obtained.

To obtain such approval(s) the Staff must make a recommendation to the appropriate DC and/or EDC: (i) detailing the scope of the services required; (ii) time frame in which the Services must be procured by and the duration for which such Services will be needed for; (iii) stating the reasons why the services cannot be provided internally; and (iv) explaining why such Services are necessary for the immediate payment of acquiring, servicing and foreclosing mortgages or in acquiring, managing and protecting investments. In addition, the Staff and the designated Procurement Officer shall recommend the procurement method along with a justification for use of such procurement method.

Approval by the First Deputy Comptroller & Notice to Other DCs

To ensure procurement efficiency and to ensure consistency with the fiduciary obligations of the Comptroller, if the appropriate DC and/or the EDC approves the procurement, the DC and/or the EDC shall request approval to proceed with the procurement and provide a summary of the following information to the First Deputy Comptroller (i) the Services being procured, (ii) the Staff recommendation, (iii) the Staff and Procurement Officer's procurement method recommendation, and (iv) the DC and/or EDC approval(s). Approval by the First Deputy Comptroller does not constitute an opinion as to the legality of utilizing the Revolving Fund for the payment of procurement expenditures. Notice of the request and the summary will be provided to the other DCs and the EDC.

Procurement Record

Staff will create a Procurement Record, which shall include the Staff recommendation and the applicable DC and/or EDC approval(s), as well as the approval of the First Deputy Comptroller. The Procurement Record for each procurement, regardless of the procurement method followed, shall also document the decisions made during the procurement and award process and related justifications. See Section H, "Documentation Requirements" for additional detail.

Request for Revolving Fund Opinion

The EDC, the appropriate DC or a designated Assistant Comptroller, will prepare, with the assistance of the Procurement Officer, a request to the Division of Legal Services for an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL §§13(f) and 313(f) for payment of such procurement expenditures. Upon receipt of a request, Legal Services will prepare such an opinion. Following contract execution, a copy of the executed contract and other supporting documentation shall be submitted to Legal Services for preparation of the finalized Revolving Fund Opinion, which shall identify the contract entity to be paid. A Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

Procurement Procedures

Once the procurement method has been approved, the applicable procurement method procedures will be followed for such procurement.

Due Diligence

Consistent with the fiduciary obligations of the Comptroller, a due diligence review will be conducted prior to committing any fiduciary funds. The due diligence review will include any appropriate background checks, financial integrity reviews, litigation assessments, and all other steps necessary to comply with the due diligence obligations of the Comptroller.

Participation By Certain Groups As Asset Managers And Service Providers

The CRF is committed to certifying firms that are owned (or substantially owned and/or operated) by minorities and women (Minority and Women Owned Business Enterprises or MWBE) and reporting annually the number of such firms and the value of the assets those firms manage for the CRF across the entire portfolio. Accordingly, managers and other financial or related service providers will be required to provide such information to the CRF. In addition, managers and other financial or related service providers may be required to provide information on participation by other groups that the CRF may determine to certify or report on, such as firms that are owned (or substantially owned and/or operated) by service-disabled veterans (Service- Disabled Veteran-Owned Businesses or SDVOB).

Discretionary Threshold

Consistent with the fiduciary obligations of the Comptroller, any procurement of Services or products where the total expenditures under the contract do not exceed fifty thousand dollars (\$50,000) during any consecutive twelve (12) month period, may, at the discretion of the DC or EDC, be made without the need for a formal competitive procurement process. However, staff must include in the Procurement Record documentation substantiating and explaining (i) the need for the product or service, (ii) why the product or service cannot be provided internally, (iii) that the product or service provider meets the Retirement System's need and (iv) the cost of such product or service is reasonable. Note that the monetary threshold may change as authorized by the Comptroller.

C. Procurement of Services for the Immediate Payment of All Pensions, Annuities and Other Benefits RSSL §13(f)(1)

To meet the fiduciary obligations of the Comptroller, the Retirement System may obtain products and employ the Services of external companies as appropriate and necessary, in order to comply with the requirements, duties and obligations involved in the payment of all pensions, annuities and other benefits (RSSL §13[f][1]). Examples include banking and other payment-related services and payment-related products, such as forms (e.g. 1099 forms) and accounting software necessary to track payments of pensions, annuities and other benefits.

Staff Recommendation

Before engaging external Services for the Retirement System, Staff must make a determination that such Services are required by the Retirement System and that internal resources cannot meet the need. Staff must obtain approval to proceed with the procurement process from the DC overseeing the division seeking the procurement of such Services or the EDC. Where the procurement is initiated by Staff of the Division of Retirement Services, the approval of the EDC will also be obtained.

To obtain such approvals, the Staff must make a recommendation to the appropriate DC and/or the EDC: (i) detailing the scope of the Services required; (ii) time frame in which the Services must be procured by and the duration such Services will be needed for; (iii) stating the reasons why the Services cannot be provided internally; and (iv) explaining why such Services are necessary for the immediate payment of pensions, annuities and other benefits. In addition, the Staff and the designated Procurement Officer shall recommend the procurement method along with a justification for use of such procurement method.

Approval by the First Deputy Comptroller & Notice to Other DCs

To ensure procurement efficiency and to ensure consistency with the fiduciary obligations of the Comptroller, if the appropriate DC and/or the EDC approves the procurement, the DC and/or the EDC shall request approval to proceed with the procurement and provide a summary of the following information to the First Deputy Comptroller (i) the Services being procured, (ii) the Staff recommendation, (iii) the Staff and Procurement Officer's procurement method recommendation, and (iv) the EDC and/or DC approval. Approval by the First Deputy Comptroller does not constitute an opinion as to the legality of utilizing the Revolving Fund for the payment of procurement expenditures. Notice of the request and the summary will be provided to the other DCs and the EDC.

Procurement Record

Staff will create a Procurement Record, which shall include the Staff recommendation and the applicable DC and/or EDC approval(s), as well as the approval of the First Deputy Comptroller. The Procurement Record for each procurement, regardless of the procurement method followed, shall also document the decisions made during the procurement and award process and related justifications. See Section H, "Documentation Requirements" for additional detail.

Request for Revolving Fund Opinion

The EDC, the appropriate DC, or a designated Assistant Comptroller thereof, will prepare, with the assistance of the Procurement Officer, a request to the Division of Legal Services for an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL §§13(f) and 313(f) for payment of procurement expenditures. Upon receipt of a request, Legal Services will prepare such an opinion. Following contract execution, a copy of the executed contract and other supporting documentation shall be submitted to Legal Services for preparation of the finalized Revolving Fund Opinion, which shall identify the contract entity to be paid. A Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

Procurement Procedures

Once the procurement method has been approved, the applicable procurement method procedures will be followed for such procurement.

Due Diligence

Consistent with the fiduciary obligations of the Comptroller, a due diligence review will be conducted prior to committing any fiduciary funds. The due diligence review will include any appropriate background checks, financial integrity reviews, litigation assessments, and all other steps necessary to comply with the due diligence obligations of the Comptroller.

Participation By Certain Groups As Asset Managers And Service Providers

The CRF is committed to certifying firms that are owned (or substantially owned and/or operated) by minorities and women (Minority and Women Owned Business Enterprises or MWBE) and reporting annually the number of such firms and the value of the assets those firms manage for the CRF across the entire portfolio. Accordingly, managers and other financial or related service providers will be required to provide such information to the CRF. In addition, managers and other financial or related service providers may be required to provide information on participation by other groups that the CRF may determine to certify or report on, such as firms that are owned (or substantially owned and/or operated) by service-disabled veterans (Service- Disabled Veteran-Owned Businesses or SDVOB).

Discretionary Threshold

Consistent with the fiduciary obligations of the Comptroller, any procurement of Services or products where the total expenditures under the contract do not exceed fifty thousand dollars (\$50,000) during any consecutive twelve (12) month period, may, at the discretion of the DC or the EDC, be made without the need for a formal competitive procurement process. However, staff must include in the Procurement Record documentation substantiating and explaining (i) the need for the product or service, (ii) why the product or service cannot be provided internally, (iii) that the product or service provider meets the Retirement System's need and (iv) the cost of such product or service is reasonable. Note that the monetary threshold may change as authorized by the Comptroller.

D. Procurement of Such Special Expenditures for which the Retirement System will be Paid by the State or a Participating Employer RSSL 13(1)(3)

To meet the fiduciary obligations of the Comptroller, the Retirement System may obtain the Services of external companies for such special expenditures for which the Retirement System will be paid by the State or a participating employer, including, for example, large scale capital projects like the redesign of the electronic information system. The Retirement System may also purchase related products, such as those necessary to track benefit payments.

Staff Recommendation

Before engaging external Services for the Retirement System, Staff must make a determination that such Services are required by the Retirement System and that internal resources cannot meet the need. Staff must obtain approval to proceed with the procurement process from the DC overseeing the division seeking the procurement of such Services or the EDC. Where the procurement is initiated by Staff of the Division of Retirement Services, the approval of the EDC will also be obtained.

To obtain such approval(s), the Staff must make a recommendation to the appropriate DC and/or the EDC: (i) detailing the scope of the Services required; (ii) time frame in which the Services must be procured by and the duration such Services will be needed for; (iii) stating the reasons why the Services cannot be provided internally; (iv) explaining why such Services are necessary for the immediate payment of such special expenditures for which the Retirement System will be paid by the State or a participating employer; and (v) the anticipated repayment period. In addition, the Staff and the designated Procurement Officer shall recommend the procurement method along with a justification for use of such procurement method.

Approval by the First Deputy Comptroller & Notice to Other DCs

To ensure procurement efficiency and to ensure consistency with the fiduciary obligations of the Comptroller, if the appropriate DC and/or the EDC approves the procurement, the DC and/or EDC shall request approval to proceed with the procurement and provide a summary of the following information to the First Deputy Comptroller (i) the Services being procured, (ii) the Staff recommendation, (iii) the Staff and Procurement Officer's procurement method recommendation, and (iv) the DC and/or EDC approval(s). Approval by the First Deputy Comptroller does not constitute an opinion as to the legality of utilizing the Revolving Fund for the payment of procurement expenditures. Notice of the request and the summary will be provided to the other DCs and the EDC.

Procurement Record

Staff will create a Procurement Record, which shall include the Staff recommendation and the applicable DC and/or EDC approval(s), as well as the approval of the First Deputy Comptroller. The Procurement Record for each procurement, regardless of the procurement method followed, shall also document the decisions made during the procurement and award process and related justifications. See Section H, "Documentation Requirements" for additional detail.

Request for Revolving Fund Opinion

The EDC, the appropriate DC, or a designated Assistant Comptroller thereof, will prepare, with the assistance of the Procurement Officer, a request to the Division of Legal Services for an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL § § 13(f) and 313(f) for payment of procurement expenditures. Upon receipt of a request, Legal Services will prepare such an opinion. Following contract execution, a copy of the executed contract and other supporting documentation shall be submitted to Legal Services for preparation of the finalized Revolving Fund Opinion, which shall identify the contract entity to be paid. A Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

Procurement Procedures

Once the procurement method has been approved, the applicable procurement method procedures will be followed for such procurement.

Due Diligence

Consistent with the fiduciary obligations of the Comptroller, a due diligence review will be conducted prior to committing any fiduciary funds. The due diligence review will include any appropriate background checks, financial integrity reviews, litigation assessments, and all other steps necessary to comply with the due diligence obligations of the Comptroller.

Participation By Certain Groups As Asset Managers And Service Providers

The CRF is committed to certifying firms that are owned (or substantially owned and/or operated) by minorities and women (Minority and Women Owned Business Enterprises or MWBE) and reporting annually the number of such firms and the value of the assets those firms manage for the CRF across the entire portfolio. Accordingly, managers and other financial or related service providers will be required to provide such information to the CRF. In addition, managers and other financial or related service providers may be required to provide information on participation by other groups that the CRF may determine to certify or report on, such as firms that are owned (or substantially owned and/or operated) by service-disabled veterans (Service- Disabled Veteran-Owned Businesses or SDVOB).

E. Procurement of Legal Services

To meet the fiduciary obligations of the Comptroller, the Retirement System may employ the Services of external Attorneys and Law Firms in the course of protecting the assets of the Retirement System, including the Fund (e.g. investment related legal services and litigation services). The Retirement System may also purchase related products, such as securities litigation tracking and electronic discovery software products.

Staff Recommendation

Before engaging external legal Services for the Retirement System, Legal Services Staff must make a determination in consultation with the EDC and/or the DC who has requested, or whose program area will utilize, such legal Services that such Services are required by the Retirement System and that internal resources cannot meet the need. Staff must obtain approval to proceed with the procurement process from the Counsel. To obtain such approval the Staff must make a recommendation to the Counsel: (i) detailing the scope of the Services required; (ii) indicating the time frame in which the Services must be procured by and the duration such Services are anticipated to be needed; (iii) stating the reasons why the Services cannot be provided internally; and (iv) explaining why such Services are necessary. In addition, the Staff and the designated Procurement Officer shall recommend the procurement method along with a justification therefor.

Approval by First Deputy Comptroller and Notice to Other DCs

To ensure procurement efficiency, if the Counsel approves the procurement, then Counsel shall provide a request for approval to proceed with the procurement to the First Deputy Comptroller and a summary of the following information to all other DCs and the EDC (i) the Services being procured, (ii) the Staff recommendation, (iii) the Staff and Procurement Officer's procurement method recommendation, and (iv) the approval.

Procurement Record

Staff will create a Procurement Record, which shall include the Staff recommendation, the Counsel and First Deputy Comptroller approvals. The Procurement Record for each procurement, regardless of the procurement method followed, shall also document the decisions made during the procurement and award process and justifications therefor. See Section H, "Documentation Requirements" for additional detail.

Request for Revolving Fund Opinion

If the procurement is approved by the First Deputy Comptroller, Staff designated by Counsel will prepare, with the assistance of the Procurement Officer, a request to the Division of Legal Services for an opinion regarding the legality of utilizing the Revolving Fund provided by RSSL §§13(E) and 313(E) for payment of procurement expenditures. Upon receipt of a request, Legal Services will prepare such an opinion. Following contract execution, a copy of the executed contract and other supporting documentation shall be submitted to Legal Services for preparation of the finalized Revolving Fund Opinion, which shall identify the contract entity to be paid. A Revolving Fund Opinion does not constitute a review of or an opinion on the appropriateness of the procurement or the amount of the expenditure, or any other aspect of the procurement or procurement method.

Procurement Procedures

Once the procurement method is approved by the First Deputy Comptroller, the applicable procurement method procedures will be followed for such procurement.

Due Diligence

Consistent with the fiduciary obligations of the Comptroller, a due diligence review will be conducted prior to committing any fiduciary funds. The due diligence review will include any appropriate background checks, financial integrity reviews, litigation assessments, and all other steps necessary to comply with the due diligence obligations of the Comptroller.

Participation By Certain Groups As Asset Managers And Service Providers

The CRF is committed to certifying firms that are owned (or substantially owned and/or operated) by minorities and women (Minority and Women Owned Business Enterprises or MWBE) and reporting annually the number of such firms and the value of the assets those firms manage for the CRF across the entire portfolio. Accordingly, managers and other financial or related service providers will be required to provide such information to the CRF. In addition, managers and other financial or related service providers may be required to provide information on participation by other groups that the CRF may determine to certify or report on, such as firms that are owned (or substantially owned and/or operated) by service-disabled veterans (Service- Disabled Veteran-Owned Businesses or SDVOB).

Discretionary Threshold

Consistent with the fiduciary obligations of the Comptroller, any procurement of Services or products where the total expenditures under the contract do not exceed fifty thousand dollars (\$50,000) during any consecutive twelve (12) month period, may, at the discretion of the Counsel, be made without the need for a formal competitive procurement process. However, staff must include in the Procurement Record documentation substantiating and explaining (i) the need for the product or service, (ii) why the product or service cannot be provided internally, (iii) that the product or service provider meets the Retirement System's need and (iv) the cost of such product or service is reasonable. Note that the monetary threshold may change as authorized by the Comptroller.

F. Procurement and Selection Manual

The Procurement and Selection Manual (the "Manual") describes standard options and processes relating to the procurement of Services. If a competitive process is used, such options may include RFPs, RFPIs, IFBs, and RFIs. The Manual describes the standard options and outlines the related procedures. The Manual also provides for certain circumstances when formal competitive procurement options may not be appropriate (e.g., sole source, single source and emergency situations and purchases below the Discretionary Threshold).

The Manual is meant to be a guide to implementing procurements for Services in a fair and efficient manner. However, when it is necessary to meet the fiduciary obligations of the Comptroller, the appropriate DC can, in writing, waive the standard procurement process, providing a rationale for using the alternate process (e.g. the nature of the procurement and/or fiduciary obligation of the Comptroller). Where the procurement is initiated by Staff of the Division of Retirement Services, the approval of the EDC will also be required for such a waiver. Such writing shall be preserved in the procurement record. Once approved by the Comptroller, any subsequent changes to this Policy or the Manual must be approved by the Comptroller.

G. Restrictions on Communications for Competitive Procurements

Where a competitive process is undertaken, proposers shall only contact the person(s) designated in the procurement solicitation. During the "restricted period," as defined below, no Proposer initiated contact with any OSC or Retirement System Staff shall be permitted regarding a procurement, except with the designated contact person(s). This prohibition applies to any oral, written or electronic communication under circumstances where a reasonable person would infer that the communication was intended to influence the procurement. "Restricted period" means the period of time commencing with the earliest written notice, advertisement, or solicitation of a RFP, IFB, or solicitation of proposals, or any other method for soliciting a response from proposers intending to result in a procurement contract with the Retirement System and ending with the final contract award by the Retirement System.

All proposers will be required to disclose any prior findings of non-responsibility by the Retirement System for violations of any of the requirements described in this section, and any findings of non-responsibility by any New York State governmental entity, made within the last four years.

A finding that a Proposer violated the requirements of this section (e.g., initiated impermissible contact during the restricted period or failed to disclose a prior finding of non-responsibility) may be grounds for a determination that the Proposer is non-responsible and therefore ineligible for the contract award. A second violation within four (4) years may result in a determination of ineligibility to propose on Retirement System contracts for four years.

H. Documentation Requirements

Statement of Need

Before engaging external Services, Staff must make a determination that such Services are required by the Retirement System and that internal resources cannot meet the need.

Selection Method

Each procurement for Services must identify the procurement process to be used (e.g. RFP, IFB, RFP by invitation). The selection of the procurement process must be accompanied by a related justification and the appropriate DC and/or EDC approval.

Documentation of Alternate Procurement Process

When the standard procurement process is waived, signed documentation setting forth the rationale for utilizing an alternate procurement method.

Evaluation Plans

Where the Retirement System uses a competitive process for Revolving Fund procurements, each procurement for Services process must have an evaluation plan in place before proposals are received. The evaluation plan must:

1. Identify the members of the evaluation committee and the evaluation coordinator;
2. Set forth the criteria of review and scoring;
3. Set forth the relative weight attached to the technical and cost evaluations, if applicable; and
4. Set forth the basis for costs (i.e., whether costs are capped; whether costs are subject to negotiation).

Basis for Award

Where the Retirement System uses a competitive process for Revolving Fund procurements, each procurement for Services or competitive investment/selection process must document the basis for the award.

Revolving Fund Opinion

Each procurement shall include the request for a Revolving Fund Opinion and the Revolving Fund Opinion authorizing use of the Revolving Fund to pay for the Services.

Due Diligence

Each procurement shall include all materials used to satisfy the Comptroller's due diligence obligations, including any appropriate background checks, financial integrity reviews, and/or litigation assessments.

Additional Requirements

The Manual may contain additional requirements.

I. Expenditure Approval

Staff will obtain the necessary approvals to expend moneys for Services prior to final execution of the contract.

J. Fiduciary Responsibility and Discretion Preserved

Nothing in this Policy or the Manual or in any procedures relating to this Policy or contained in the Manual shall impede or be construed to impede the exercise of the fiduciary duty of the Comptroller and staff.