

**POLICY NUMBER:** 2.00.230**EFFECTIVE DATE:** 11/19/20**TITLE:** Service Provider**SUPERSEDES:** 9/15/05**BOARD ADOPTED:** 11/19/20**REVIEWED:**

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**INTRODUCTION**

This policy is intended to establish general guidelines and authorities for the selection and retention of Washington State Investment Board (WSIB) service providers. Specific and detailed selection criteria will be established in investment and other policies of the Board or at the time a search or procurement process is initiated.

**ROLES AND RESPONSIBILITIES**

The role of the Board or designated Committees with respect to the selection of service providers is to:

1. Establish appropriate policies to help ensure prudent and sound selection decisions are made.
2. Monitor compliance with established policies.
3. Approve, in consultation with the Executive Director and where appropriate consultants, the appointment of the following service providers ("Named Service Providers"):
  - a) The recommendation to the State Treasurer for the custodian bank.
  - b) Investment managers.
  - c) Investment consultants.
  - d) The financial auditor.
  - e) Other named service providers as may be determined necessary by the Board.

Unless the Board determines otherwise, the Executive Director will be responsible for appointing other service providers and for informing the Board of such appointments when they are material or significant.

The Executive Director will coordinate all search, procurement and due diligence activities, in conjunction with staff, consultants, and other external experts.

For Named Service Providers, the Executive Director will provide the Board or designated Committee with, at a minimum:

1. A description of the due diligence activities undertaken.
2. The recommended candidate or a list of recommended candidates, as well as an analysis of each candidate.
3. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the service provider in question throughout the term of the engagement.

**Named Service Providers**

The Board or a Committee may interview recommended candidates prior to the Board making a final selection decision. Unless otherwise directed, the Board delegates the responsibility to conduct interviews to the Executive Director, who will recommend a candidate for ratification by the Board.

The Executive Director will provide the Board or appropriate Committee with periodic reports on the status of all search and procurements.

A quiet period will begin:

1. Upon the issuance of a formal search or procurement that may result in the appointment of a new service provider.
2. When the Board deems it is in the best interest of the WSIB to require that, for a limited period of time, communications between Board members and specified service providers be restricted to Board and Committee meetings only.

Staff will notify the Board upon initiation of a quiet period and will provide a description of the service providers or types of service providers to which it applies. During quiet periods, Board members shall not communicate with potential service providers or with an existing service provider on matters pertaining to the procurement, except during Board or Committee meetings.

Board members shall exercise particular discretion when considering other communication with affected service providers. For example, Board members should generally not meet with specified service providers for social or entertainment purposes. Exceptions may be made in the case of conferences or other industry events, during which Board members may socialize with affected service providers in open, group social settings such as receptions and luncheons, provided they do not discuss matters pertaining to the procurement process.

A quiet period will cease:

1. When a service provider has been appointed by the Board or the search or procurement process has otherwise ended.
2. When the quiet period has ended by action of the Board.
3. When otherwise determined by action of the Board.

**Contracts**

The Executive Director shall negotiate and execute all contracts for service providers, subject to review by the Legal Services Unit.

The Executive Director is authorized to act on behalf of the Board to terminate contracts upon notification to the Board Chair (or Vice Chair if the Chair's absence, or Committee Chair if neither the Board Chair or Vice Chair are available) and will report any action to the Board.

**Monitoring and Reporting**

All service providers will be subject to regular and appropriate performance monitoring and periodic reviews by staff, as appropriate, throughout the terms of their contracts. Criteria for review will be set forth in each contract.

The Executive Director will report regularly to the Board on monitoring efforts and significant developments involving Named Service Providers, identifying and reporting, in a timely manner, any material issues or actions taken.

All monitoring and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of the WSIB, such requirements will prevail.

The Executive Director or consultant, as appropriate, will report in a timely manner to the Board any material failures by Named Service Providers to comply with the terms of their contracts.

**POLICY REVIEW**

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

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