

**SERVICE AGREEMENTS AND CONTRACTS ARE IN WRITING, AND DO NOT CONTAIN PROVISIONS THAT CONFLICT WITH FIDUCIARY STANDARDS OF CARE.**

An Investment Steward is required to prudently manage investment decisions, and should seek assistance from outside professionals such as Investment Advisors and Investment Managers if the Steward lacks the requisite knowledge (assuming trust documents permit the delegation of investment responsibilities).

The Steward should take reasonable steps to protect the portfolio from losses, and to avoid misunderstandings when hiring such professionals. Therefore, Stewards should reduce any agreement of substance to writing in order to define the scope of the parties' duties and responsibilities, to ensure that the portfolio is managed in accordance with the written documents that govern the investment strategy, and to confirm that the parties have a clear, mutual understanding of their roles and responsibilities.

### Substantiation

#### Employee Retirement Income Security Act of 1974 [ERISA]

§3(14)(B) and (38)(C); §3(38)(C); §402(c)(2); §403(a)(2); §404(a)(1); §408(b)(2)

##### *Case Law*

*Liss v. Smith*, 991 F. Supp. 278 (S.D.N.Y. 1998); *Whitfield v. Tomasso*, 682 F. Supp. 1287, 9 E.B.C. 2438 (E.D.N.Y. 1988)

##### *Other*

Interpretive Bulletin 94-2, 29 C.F.R. §2509.94-2

#### Uniform Prudent Investor Act [UPIA]

§2(a); §5; §7; §9(a)(2)

#### Uniform Prudent Management of Institutional Funds Act [UPMIFA]

§3(b); §3(c); §5(a)

#### Management of Public Employee Retirement Systems Act [MPERS]

§5(a)(2); §6(b)(2); §7

### CRITERIA

- 1.4.1 Service providers fully disclose, in writing, compensation arrangements and affiliations involved in each engagement, as well as their fiduciary status.
- 1.4.2 Agreements and contracts are periodically reviewed to ensure consistency with the needs of the managed assets.
- 1.4.3 Agreements and contracts are periodically reviewed by legal counsel.
- 1.4.4 Consideration is given to putting vendor contracts back out for bid every three years.