

## Compensation Consulting Services Solicitation

### Proposed scope of work

Compensation Committee consultants will serve at the direction of the board or its designee providing independent expertise on executive and investment compensation. Selected contractors will be expected to provide consultation, education and advice on compensation strategies and provide formal presentations and recommendations in public meetings to assist the Teachers' Retirement Board's Compensation Committee with its responsibilities to ensure compensation policies, philosophy and rationale remain appropriate and relevant. Services provided by the Compensation Committee consultants may include but are not limited to the following work components:

1. Provide consultation on Compensation Policy, design and structure:
  - A. Attend the Teachers' Retirement Board's Compensation Committee meetings as requested by the Compensation Committee Chair or Vice Chair.
  - B. Review Compensation Committee materials and provide comments and advice to committee members on the materials and committee agenda items.
  - C. Recommend changes to compensation design, structure and policies based on industry trends or as requested by the committee, including but not limited to:
    - i. Provide independent advice to Compensation Committee members on the labor market benchmarks (compensation comparator groups) and results of salary and incentive studies, incentive program components and policies, and other compensation related studies and research provided by staff and outside compensation consultants.
    - ii. Review incentive criteria, performance metrics and benchmarks and make recommendations for implementation.
    - iii. Conduct and facilitate education sessions with the Compensation Committee on compensation related topics.
    - iv. Provide advice and recommendations for compensation packages for the Chief Executive Officer, Chief Investment Officer and other executive and investment management positions as requested by the Board or the Compensation Committee.
    - v. Review emerging or potential risks related to the compensation program, including an awareness of state budget impacts and union environment, and make recommendations to the Compensation Committee for mitigation.

2. Using the approved labor market benchmarks, review relevant survey data and if necessary conduct market surveys to assemble appropriate supporting labor market data for, but not limited to, the following positions: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, System Actuary, Chief Investment Officer, Deputy Chief Investment Officer, Senior Investment Directors, Investment Directors, Senior Portfolio Managers, Portfolio Managers, Associate Portfolio Managers and other executive or investment management positions requested by the committee. Make recommendations for salary ranges and/or incentive opportunity levels for new or existing classifications.
3. Review and validate the accuracy of incentive award calculations and confirmation of trigger events. Provide independent verification of the accuracy of the quantitative components of plan participants' incentive awards based on incentive criteria published in the board's compensation policy's Administrative Procedures and investment returns provided by the external master custodian.
4. Conduct organizational needs assessments and/or job analyses for proposed new executive or investment management classifications or for the revision of existing classifications.
5. Review performance evaluation processes and appraisal tools used for the assessment of the Chief Executive Officer, Chief Investment Officer and other executive and investment management positions and provide advice and recommendations as requested by the board or the Compensation Committee.
6. Make recommendations for executive and investment management succession planning and implementation.