



## Agenda Item 3d

June 11, 2012

**ITEM NAME:** Primary Pension Consultant – Contract Extension

**PROGRAM:** Total Fund

**ITEM TYPE:** Independent Oversight – Consent Action

### **RECOMMENDATION**

Approve a one year extension for Contract No. 2010-5543, for Wilshire Associates, Inc., to continue serving as the Board's Primary Pension Consultant through June 30, 2014.

### **EXECUTIVE SUMMARY**

This agenda item seeks approval to extend Contract No. 2010-5543 for one additional year for Wilshire Associates, Inc. (Wilshire), who currently serves as the Board's Primary Pension Consultant. Staff is bringing this request to the Investment Committee one year prior to the initial expiration date of the contract, June 30, 2013. Approval of this request will result in a contract extension for service to the Investment Committee through June 30, 2014.

### **BACKGROUND**

Since 1983, the Board has selected Wilshire as its Primary Pension Consultant through successive competitive selection processes.

The Investment Committee considers Board Consultant contracts one year prior to expiration so a determination can be made to either extend the contract or release a Request for Proposal. The initial term of Wilshire's contract is set to expire June 30, 2013. The contract includes an option to extend for two successive one-year periods, through June 30, 2015. At this time, staff is requesting the Investment Committee consider their option to extend this contract for one additional year. The cost of the one-year extension, based on fees negotiated at the onset of the contract, is \$3.3 million.

### **ANALYSIS**

In conjunction with the approval of the Role of Private Asset Class Board Investment Consultants Policy, the Investment Committee suggested a review of the role of the Primary Pension Consultant. Staff plans to review the role of the Primary Pension Consultant as part of the next Request for Proposal for these services. This would provide a structured process for reviewing the role and will include Board involvement in the process. One alternative to extending Wilshire's contract now would be for the Investment Committee to issue a Request for Proposal to solicit for a new Primary

Pension Consultant. This would allow the Investment Committee to evaluate the role of the Primary Pension Consultant and the desired cost and scope of services. This would be a significant project, and staff does not view it as a high priority at this time, given other Investment Office Roadmap initiatives.

Another option is to extend Wilshire's current contract for two years, since the full allowable term of the contract is through June 30, 2015. Staff believes that because of the relatively significant cost of this contract, which is approximately 10.3% of the annual Investment Office consultant spend of \$32.3 million, the Board should retain the option to solicit for these services in one year.

**BENEFITS/RISKS**

Extending Wilshire's existing contract as the Primary Pension Consultant will ensure uninterrupted service to the Board.

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