



Agenda Item 5a

April 15, 2013

ITEM NAME: Board Investment Consultant Request for Proposal – Infrastructure Program

PROGRAM: Real Assets – Infrastructure

ITEM TYPE: Independent Oversight – Action

RECOMMENDATION

Approve the statement of Services to be Performed and the initiation of competitive selection process for the Board Investment Consultant Request for Proposal – Infrastructure Program (RFP).

EXECUTIVE SUMMARY

This agenda item outlines information regarding the initiation of the RFP.

Per Resolution No. 92-04B-4, staff requests approval from the Investment Committee to release a request for proposal to procure a new contract for the Infrastructure Board Investment Consultant for a term of up to five years. Contracted services will be inclusive of specialized professional assistance regarding strategy and policy analysis, performance analysis and monitoring, and independent advisory services to the Investment Committee.

STRATEGIC PLAN

This agenda supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. The approval of the statement of Services to be Performed (Attachment 1) and the use of the competitive selection process supports CalPERS mitigation of investment and operational risks.

BACKGROUND

The Infrastructure Board Investment Consultant provides specialized professional assistance regarding strategy and policy analysis, performance analysis and monitoring, and independent advisory services to the Investment Committee.

The current Infrastructure Board Investment Consultant, Meketa Investment Group, Inc. (Meketa) has served in this role since December 2009.

In December 2009, Meketa was engaged through a Letter of Engagement to serve as the Infrastructure Board Investment Consultant. On February 13, 2012, the Investment Committee approved an extension of the current contract to March 1, 2014. Currently, Meketa is serving as the Infrastructure Board Consultant at an annual cost of \$106,250.

The contract term with Meketa is March 2, 2009, and is scheduled to terminate on March 1, 2014.

Resolution No. 92-04B-4, Contracts & Procurement of Goods and Services – Contract Duration requires that all contracts and/or services be no more than five years. However, the resolution provides the provision for the Board to consider an additional option to utilize a longer contract term if it is in the best interest of the members and beneficiaries.

ANALYSIS

Upon approval by the Investment Committee, the RFP will be released May 2013, and staff anticipates a contract could then be executed by February 2014. This RFP will reflect an updated statement of Services to be Performed (Attachment 1) as identified in the Role of the Private Asset Class Board Investment Consultants Policy.

The competitive selection process for the Infrastructure Board Investment Consultant is anticipated to take approximately 10 months from the time of release to full execution of the resulting contract.

Key steps and anticipated dates are as follows:

Date	Key Activity
May 2013	RFP release
July 2013	Staff evaluates and scores technical and fee proposals
September 2013	Staff presents finalists to the Investment Committee for consideration
October 2013	Investment Committee conducts oral interview and selects finalist for contract award
November 2013 - January 2014	Contract negotiations and preparation
February 2014	Contract execution

BENEFITS/RISKS

Approving the initiation of the competitive bidding process for the Board Investment Consultant (Infrastructure Program) will minimize any interruptions to the provision of critical consultant services as outlined in the Role of Private Asset Class Board Investment Consultants Policy.

Failure to initiate the competitive bidding process may result in contracting delays and interruption of key services.

ATTACHMENTS

Attachment 1 – The statement of Services to be Performed

CAROL MOODY
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Investment Compliance and Operational Risk

JANINE GUILLOT
Chief Operating Investment Officer