



## Agenda Item 5a

August 19, 2013

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

**PROGRAM:** Total Fund

**ITEM TYPE:** Independent Oversight – Action

### **RECOMMENDATION**

Approve a one-year extension for Contract No. 2010-5543 for Wilshire Associates, Inc., (Wilshire) to continue serving as the Board's Primary Pension Consultant through June 30, 2015.

### **EXECUTIVE SUMMARY**

Staff is requesting the Investment Committee (IC) approve the extension of the contract approximately one year prior to the expiration date. Approval of this request will result in a contract extension for continued services to the IC through June 30, 2015.

### **STRATEGIC PLAN**

This item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Approval of the one year extension of the contract supports CalPERS mitigation of investment and operational risks by ensuring the continuation of services to the IC, as specified in the contract, and as outlined in the *Role of the Private Asset Class Consultant Policy* (Attachment 1).

### **BACKGROUND**

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

The initial term of the current contract with Wilshire was from July 1, 2010 to June 30, 2013, with two successive one-year extension periods through June 30, 2015.

Typically, the IC reviews 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 (RFP). On June 11, 2012, the IC exercised the option to utilize the initial extension period of the contract through June 30, 2014.

**ANALYSIS**

At this time, staff is requesting the IC consider their option to extend the contract for an additional one-year period to June 30, 2015. The current contract Statement of Work is included for reference as Attachment 2.

An RFP will be required to procure a new contract for a Primary Pension Consultant should the IC elect to continue to seek these services beyond June 30, 2015. Staff will return to the IC in 2014 with the option to initiate an RFP.

**BUDGET AND FISCAL IMPACTS**

The cost for FY 2012-13, based on fees negotiated at the onset of the contract is \$3.3 million. The one-year extension for Wilshire to continue serving as the Primary Pension Consultant, based on the graduated rate sheet, will be \$3.3 million.

The fiscal impact of this one year extension was included in the *FY 2013-14 Annual Budget Proposal* and reported to the Finance and Administration Committee during the April 2013 meeting.

**BENEFITS/RISKS**

Extending Wilshire's existing contract as the Primary Pension Consultant will ensure uninterrupted service to the IC through June 30, 2015. Failure to approve the extension of the contract may result in an interruption of services to the IC.

Attachment 1 – Statement of Investment Policy for Role of the Private Asset Class  
Board Investment Consultants

Attachment 2 – Agreement No. 2010-5543, Statement of Work

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CAROL MOODY  
Interim Chief Operating Investment Officer