



## Agenda Item 8b

February 18, 2014

**ITEM NAME:** Contract Administration: General Pension Consultant Services  
Spring-Fed Pool – Term Extension

**PROGRAM:** Total Fund

**ITEM TYPE:** Independent Oversight – Action

### **RECOMMENDATION**

Approve a one-year extension for the General Pension Spring-Fed Pool to allow for the continuation of services through June 30, 2015.

### **EXECUTIVE SUMMARY**

Staff is requesting the Investment Committee (IC) approve a one-year term extension for the General Pension Spring-Fed Pool for the continuation of services.

### **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 General Pension Spring-Fed Pool supports CalPERS mitigation of investment and operational risks by ensuring the continuation of services.

### **INVESTMENT BELIEFS**

This item supports CalPERS Investment Belief 10: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives. Approval of the one-year extension of the General Pension Spring-Fed Pool supports the Target Operating Model initiatives and the Investment Office (INVO) Roadmap objectives, allowing for sufficient time and staff resources to fully evaluate and re-engineer the scope of work for a new General Pension Spring-Fed Pool Request for Proposal (RFP).

### **BACKGROUND**

The General Pension Spring-Fed Pool was established in July 2009 through the competitive selection process. The purpose of establishing the General Pension Spring-Fed Pool was to provide special project services related to:

- General investment analysis and research
- Organizational and structural analysis of investment industry firms
- Performance analysis and benchmarks
- Asset allocation
- Risk management and risk budgeting

- General pension specialty consulting for specialized asset types and classes, custody, investment operations structures and processes

Per Board Resolution No. 92-04B-4 (Attachment 1), all CalPERS contracts for goods and/or services can be no more than a five-year period unless otherwise extended by the Board. The General Pension Spring-Fed Pool will reach the end of its contracted five-year term on June 30, 2014.

### **ANALYSIS**

Staff is requesting to extend the term of the General Pension Spring-Fed Pool to allow for the continuation of existing services provided under the current pool of vendors.

This term extension will provide additional time to explore and develop a scope of services for a new RFP that is more aligned with the Investment Office Roadmap Strategic Objectives and ensures the Investment Office continues access to qualified vendors to support these objectives. Staff plans to return to the IC for approval to initiate a new RFP in the spring of 2014.

### **BUDGET AND FISCAL IMPACTS**

The proposed extension of the Spring-Fed Pool through Fiscal Year (FY) 2014-15 would not pose any additional budgetary impact.

The fiscal impact of this extension was included in the *FY 2013-14 Annual Budget Proposal*.

### **BENEFITS/RISKS**

Approval of a one-year extension of the General Pension Spring-Fed Pool will support the continuation of services through June 30, 2015. This will also accommodate the typical RFP development timeline. Failure to approve the one-year extension may cause an interruption of services to Investment Office and the IC.

### **ATTACHMENTS**

Attachment 1 – Board Resolution No. 92-04B-4

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CAROL MOODY  
Interim Chief Operating Investment Officer