Finance & Administration Committee

California Public Employees' Retirement System

Agenda Item 6a

March 18, 2014

ITEM NAME: Request for Proposal (RFP) for Legislative Representative: Finalists Selection

PROGRAM: Legislation

ITEM TYPE: Action

RECOMMENDATION:
1) Approve staff's recommendation that the Board select the top three proposers for the Federal Principal Legislative Representative (the "Principal Representative") as Finalists for interviews with the CalPERS Board of Administration (the "Board") in April 2014; and
2) Approve the award of contracts to all three proposers for the Spring-Fed Pool, unless one of such firms is awarded the contract for the Principal Representative, in which case, approve the use of contracts to the other two proposers for the Spring-Fed Pool.

EXECUTIVE SUMMARY
The purpose of this item is twofold: (i) for the Committee to select the Finalists to be interviewed by the Board for the Principal Representative contract; and (ii) to update the Committee about the proposers to be awarded contracts for the Spring-Fed Pool. The Board interviews will be scheduled for the April 2014 Board meeting.

STRATEGIC PLAN
This agenda item supports Goal C of the 2012-17 Strategic Plan because a Principal Representative is a key component to CalPERS ability to engage in national policy development to enhance the long-term sustainability and effectiveness of our programs.

BACKGROUND
It is critical for CalPERS to have a constant presence in Washington from a representative who understands the "big picture" issues impacting public pension funds, is able to gather intelligence and respond to events on short notice. The Board's current Federal Legislative Representative regularly organizes meetings and events with legislators, policy-makers and other key players in Washington on behalf of Board members and senior staff, as well as developing policy strategies and recommendations. The current contract for the CalPERS Federal Legislative Representative will expire on June 30, 2014.

CalPERS also plans to establish a Spring-Fed Pool of consultants to perform specialized or focused services, as assigned, to supplement the services of the Board's Principal Representative. These firms may be asked to provide limited, but highly-focused, services related to CalPERS efforts to stay informed and engage on matters involving banking and finance policy, health policy, public pensions and corporate governance, among others, and to build coalitions and improve outreach.

In September 2013, the Board approved a Request for Proposal ("RFP") to solicit proposals from qualified firms to provide federal legislative representative services as the Principal Representative to CalPERS for four years, commencing on July 1, 2014. In the same RFP, CalPERS also requested proposals from firms wishing to be included in a new Spring-Fed Pool for highly-specialized, but limited, federal legislative representative services, for the same four-year period.

The RFP (No. 2013-6815) was released on October 18, 2013. CalPERS advertised the RFP in the *Washington Post* and several other publications targeting congressional and federal legislative advocates in an effort to cast a wide net within the legislative community. In addition to posting the RFP online on the CalPERS eBusiness website, CalPERS also reached out to numerous firms to inform them about the upcoming RFP to encourage participation.

CalPERS received six proposals by the December 2013 final filing date. Two proposals were submitted solely for consideration for the Principal Representative, one proposal was submitted solely for the Spring-Fed Pool, and the remaining three proposals wished to be considered for both.

ANALYSIS

In December 2013, the Chief Executive Officer appointed a four-member Evaluation Committee, comprised of representatives from the Legal Office; External Affairs; Benefits, Programs, Policy and Planning; and the Investment Office, with technical assistance from Governmental Affairs and the Operations Services Support Divisions. Each member of the Evaluation Committee independently evaluated the proposers' Technical Proposals.

In January 2014, the Evaluation Committee met to discuss the reviewers' impressions and evaluations of the Technical Proposals. The Evaluation Committee then awarded a single score by consensus for each Technical Proposal. The Evaluation Committee received guidance and oversight from two Governance Committee board members.

Points awarded for the Fee Proposals submitted by the proposers for both the Principal Representative contract and the Spring-Fed Pool were computed in accordance with the specifications of the RFP. The RFP specified that the highest scoring proposal(s) after the Technical Proposal and Fee Proposal scores were combined, as determined by CalPERS, would be considered the Finalist(s).

The following chart summarizes the ranking of the Principal Representative proposers based on their combined Technical Proposal and Fee Proposal scores. One proposer did not meet the Minimum Qualifications of the RFP and was disqualified from consideration for both the Principal Representative and Spring-Fed Pool. The summary below is provided to assist the Committee in selecting the proposers who will be designated as Finalists for the Principal Representative, and invited to interview with the Board.

Federal Principal Representative				
Current Rank	**Proposer**	**Total Score**	**Fee Proposal Score**	**Technical Proposal Score**
1	Wexler|Walker	423	300	123
2	Lussier, Gregor, Vienna and Associates	255	103	152
3	Alston and Bird	224	90	134
4	Brownstein, Hyatt, Farber, Schreck	190	83	107

With regard to the proposers for the Spring-Fed Pool, the following chart summarizes the ranking of the proposers based on their combined Technical Proposal and the Fee Proposal scores.

Federal Representative Spring-Fed Pool				
Current Rank	**Proposer**	**Total Score**	**Fee Proposal Score**	**Technical Proposal Score**
1	Wexler|Walker	382	150	232
2	Alston & Bird	324	50	274
3	Williams and Jensen	314	82	231

Wexler|Walker, Alston & Bird, and Williams and Jensen are eligible to be awarded contracts for the Spring-Fed Pool, pending approval of the Board, verification of compliance with the Disabled Veteran Business Enterprise Contract Participation Goal requirements of the RFP, and the successful negotiation of contracts. In accordance with the RFP, the proposer selected as the Principal Representative will

not be awarded a contract for the Spring-Fed Pool, if the proposer applied for both the Principal Representative and the Spring-Fed Pool.

BUDGET AND FISCAL IMPACTS
Upon successful award and execution of a contract for the Principal Representative services specified in the RFP, CalPERS will continue to have federal legislative representative services from a qualified firm in the Washington, DC area. The cost for these services will be determined based on the fee proposal submitted by the successful proposer.

Costs associated with the Spring-Fed Pool consultants will vary based on the fee proposals submitted by the proposers, and whether CalPERS determines the need to engage one or more of the firms for specific projects. No costs will be incurred until a letter of engagement has been completed.

BENEFITS/RISKS
- Contracting with a Principal Representative will provide CalPERS with a consistent voice and presence in Washington, DC, as well as critical information, updates and analyses for the Board's consideration in the direction of CalPERS policy and operations.
- Creation of the Spring-Fed Pool will further enable CalPERS to respond to new or highly specialized policy and governmental relations needs in a timely and cost-effective manner, as appropriate.

ATTACHMENTS
n/a

DANNY BROWN
Chief
Office of Governmental Affairs

ROBERT UDALL GLAZIER
Deputy Executive Officer
External Affairs Branch