



Agenda Item 6b

November 18, 2014

ITEM NAME: Investment Policy Federal Representative: Selection of Finalists for Interview

PROGRAM: Legislation

ITEM TYPE: Action

RECOMMENDATION

Approve staff's recommendation that the Board select the top two proposers for the Investments Policy Federal Representative (Investments Representative) as Finalists for interviews with the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) in December 2014.

EXECUTIVE SUMMARY

The purpose of this item is to prepare the Board to interview Finalists for the Investments Representative contract in December 2014.

STRATEGIC PLAN

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

BACKGROUND

In May 2014, the Board directed staff to develop and launch three policy-specific Request for Proposals (RFP) for federal policy representation, and an RFP to create a spring-fed pool of federal consultants to provide additional support to meet new, increased, or otherwise unanticipated federal consulting needs. The first three RFPs were launched in early August, closing in mid-September, and the pool RFP is currently open. The federal representation contract with Lussier Gregor Vienna and Associates was extended until no later than June 30, 2015.

ANALYSIS

The final filing date for the Investments Representative RFP (RFP 2014-7186) was September 12, 2014, and six proposals were received. An Evaluation Committee met to discuss the reviewers' impressions and evaluations of the Technical Proposals, and awarded a single score by consensus for each Technical Proposal. The RFP specified that only proposals that were awarded at least 105 of the 150 technical points would advance to the next phase of the evaluation process. Two of the six firms submitting proposals met that threshold.

Points awarded for the Fee Proposals submitted by the proposers 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).

Included in the technical evaluation this year is a staff interview, worth up to 50 points. Staff interviewed the two candidates via conference call, asking both firms to respond to a set of questions, and developed a consensus score.

The following chart summarizes the ranking of the two Investments Representative proposers, based on their combined Technical Proposal, Staff Interview and the Fee Proposal scores.

Investments Policy Federal Representative						
Current Rank	Proposer	Fee Proposal Score	Staff Interview Score	Technical Proposal Score	DVBE Preference Points	Total Score
1	DLA Piper	300	25	117	50	492
2	K&L Gates	244	44	138	---	426

BUDGET AND FISCAL IMPACTS

Upon successful award and execution of a contract for the Investments Representative services specified in the RFP, CalPERS will have federal representative services from a qualified firm in the Washington, D.C. area. The annual cost for these services is subject to negotiation, based on the fee proposal submitted by the successful proposer.

BENEFITS/RISKS

- Contracting with an Investments Representative will provide CalPERS with a voice and presence in Washington D.C. with regard to investment policy issues.
- The Investments Representative will provide critical information, updates and analyses for the Board’s consideration in the direction of CalPERS policy and operations.

- The new Congress will convene at the beginning of 2015. Delays in the interviews and contract negotiations could delay CalPERS development of relationships with new members of Congress and/or interrupt the continued engagement on policy matters of importance to CalPERS.

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning

CHERYL EASON
Chief Financial Officer