



Agenda Item 2

December 16, 2014

ITEM NAME: Retirement Policy Federal Representative Request for Proposal (RFP 2014-7187) – Interview of Finalists and Intent to Award

PROGRAM: Legislation

ITEM TYPE: Action

RECOMMENDATION

Staff recommends the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) interview the Finalists and score and rank the Finalists and award the contract for the Retirement Policy Federal Representative under RFP No. 2014-7187 to the Finalist with the highest combined score, subject to negotiations and the satisfaction of all requirements.

EXECUTIVE SUMMARY

The purpose of this item is for the Board to interview the Finalists for the Retirement Policy Federal Representative (Retirement Representative) contract.

STRATEGIC PLAN

This agenda item supports Goal C of the 2012-17 Strategic Plan because the Federal Representatives are key components 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 closed on November 18, 2014. The three RFPs were advertised in both the print and online versions of the Washington Post, The Hill Newspaper, and CQ-Roll Call. In addition, staff sent the announcement of the RFPs to a list of approximately 50 lobbyist firms that had been contacted for the previous Federal RFP. The federal representation contract with Lussier Gregor Vienna and Associates was extended until no later than June 30, 2015.

Generally speaking, the Retirement Representative is responsible for assisting CalPERS with monitoring and analyzing legislative, regulatory and other possible actions that may affect our members and stakeholders at the federal level. This includes strategic advice, message crafting, and especially message delivery. This

work has included taxation issues that could impact CalPERS's qualified plan status with the Internal Revenue Service, accounting issues and standards with the Governmental Accounting Standards Board, federal Retirement Security legislation with Congress, and policy and regulatory issues with the Administration.

As such, strong experience within and access to bipartisan and diverse levels of Congress are critically important qualifications for the Retirement Representative. Equally important, though, is similar experience with and access to high-level officials in the Executive Branch.

In the coming years, CalPERS expects to work on a number of regulatory and legislative issues surrounding retirement security proposals. These may include possible public pension or social security reforms, tax reforms impacting the treatment, disclosure and transparency of public pension contributions, and the definition of governmental plans.

The final filing date for the Retirement Representative RFP was September 12, 2014, and seven 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 initial 150 technical points would advance to the next phase of the evaluation process. Three of the seven firms submitting proposals met that threshold.

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

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).

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

	Retirement Policy Federal Representative				
Current Rank	Proposer	Fee Proposal Score	Technical Proposal Score	Staff Interview Score	Total Score
1	Lussier Group/Williams and Jensen (JV)	300	120	33	453
2	K&L Gates	167	132	41	340
3	Alston Bird	172	111	39	322

ANALYSIS

In November 2014, the Finance and Administration Committee selected the three finalists for interview.

Each firm will have up to 30 minutes before the Board (10 minutes for a presentation and up to 20 minutes for questions and answers).

Generally, upon completion of the interviews, the Board will score the Finalists using the “trimmed average” scoring methodology set forth in the RFP. The final interview score of each Finalist will be combined with the Finalist’s Technical and Fee Proposal scores, and the Finalists will then be ranked from highest to lowest. The distribution of maximum possible points is as follows:

- Technical Proposal: 200 points maximum (includes staff interview, worth up to 50 points)
- Fee Proposal: 300 points maximum
- Board Interview: 500 points maximum

Total Combined Retirement Representative Score: 1000 points maximum

Background information on the Finalist firms, as well as on the interview process, will be uploaded for the Board with the Full Board meeting agenda materials. Binders with the hard copy will be available to the Members at the meeting itself.

BUDGET AND FISCAL IMPACTS

Upon successful award and execution of a contract for the Retirement 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 a Retirement Representative will provide CalPERS with a voice and presence in Washington D.C. with regard to retirement policy issues.
- The Retirement 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.

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