



Agenda Item 5a

September 15, 2015

ITEM NAME: Contracts Administration: Real Estate Board Investment Consultant RFP Initiation

PROGRAM: Real Assets

ITEM TYPE: Independent Oversight – Action

RECOMMENDATION

Approve the statement of Services to be Provided (Attachment 1), Evaluation Process (Attachment 2), Evaluation Sheet (Attachment 3), and the initiation of the Request for Proposal (RFP) process for the Real Estate Board Investment Consultant.

EXECUTIVE SUMMARY

Staff requests Investment Committee (Committee) approval to release RFP No. 2015 - 8014, Real Estate Board Investment Consultant Services, in order to procure a new contract for the Real Estate Board Investment Consultant for a term of up to five (5) years.

The Role of Private Asset Class Board Investment Consultants as described in the Total Fund Investment Policy (Attachment 4) has been provided as a reference.

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization.

INVESTMENT BELIEFS

This item supports CalPERS Investment Belief 4 that long-term value creation requires effective management of three forms of capital: financial, physical and human.

BACKGROUND

The primary role of the Real Estate Board Investment Consultant is to provide professional assistance regarding strategy and policy analysis, performance analysis and monitoring, and independent advisory services to the IC.

Pension Consulting Alliance, LLC (PCA) was selected as the first Real Estate Board Investment Consultant and has since remained in the position through successive RFPs and contract awards. The current contract with PCA commenced on April 1, 2012, and is scheduled to terminate on March 31, 2017. In order to select a Real Estate Board Investment Consultant, award and execute a new contract prior to this

expiration date, staff will issue a RFP, subsequent to Committee approval of the attachments provided with this item.

ANALYSIS

Investment Office staff developed the RFP, specifically the Services to be Provided, to align with CalPERS Investment Beliefs, and to provide sufficient services to the Committee.

The Services to be Provided include:

- Strategy and Policy Analysis
- Performance Analysis and Monitoring
- Independent Advisor to the Committee
- Special Projects

Upon approval by the Committee, the RFP will be released in the fall of 2015. Upon receipt of the proposals, firms will be assessed against a robust Minimum Qualifications review. Firms that have satisfied the Minimum Qualifications will follow the process described in the Proposal Evaluation Process and advance to the Technical Proposal Evaluation phase, where staff will evaluate the proposals and may receive guidance and oversight from two members of the Investment Committee. Proposals that pass the Technical Proposal Evaluation will advance to the Fee Proposal Evaluation phase. Once staff scores the Fee Proposals, the Board will determine the finalists who will be interviewed by the Investment Committee.

The Investment Committee will conduct oral interviews of the finalists and score proposals as detailed in the Proposal Evaluation Process. At a subsequent Board meeting, the Board will award the contract to the candidate receiving the highest overall score, and the Notice of Award will be issued.

Staff anticipate a contract to be executed by August 2016, a total of 10 months from the point of the RFP release to full execution of the resulting contract.

Key activities and anticipated dates are as follows:

Date	Key Activity
October 2015	RFP release
November – March 2015	Staff evaluates and scores technical and fee proposals
April 2016	Staff presents finalists to the Investment Committee for consideration
May 2016	Committee conducts oral interview and selects finalist for contract award
June – July 2016	Contract negotiations and preparation
August 2016	Contract execution

BUDGET AND FISCAL IMPACTS

The current Real Estate Board Investment Consultant contract has a total contract cost of approximately \$5.7 million.

The term of the contract resulting from this RFP, will be five years. As required by the CalPERS Board of Administration Contract Activity Reporting Policy, this RFP was reported to the Finance and Administration Committee.

BENEFITS/RISKS

Approving the initiation of the RFP for the Real Estate Board Investment Consultant will minimize any interruptions to the provision of critical consultant services as outlined in the Total Fund Investment Policy.

ATTACHMENTS

- Attachment 1 – Services to be Provided
- Attachment 2 – Evaluation Process
- Attachment 3 – Evaluation Sheet
- Attachment 4 – Total Fund Investment Policy Section X Role of Private Asset Class Board Investment Consultants

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