



# Investment Committee Agenda Item 5c

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**February 19, 2019**

**Item Name:** Contract Administration: Assignment of Asset Class and Board Consultant Contracts

**Program:** Investment Office

**Item Type:** Action Consent

### Recommendation

1. As a result of Pension Consulting Alliance’s (PCA) upcoming merger with Meketa Investment Group, Inc. (Meketa), approve and accept the consent for assignment of all PCA Board Consulting Contracts to Meketa.
2. Authorize staff to contract with Meketa to assume the responsibilities of the Back-up to the Primary General Pension Investment Board Consultant and the Real Estate Board Investment Consultant.

<b>Contract No.</b>	<b>Consultant</b>	<b>Consulting Role</b>	<b>Expiration</b>
2015-7609	Pension Consulting Alliance, LLC	Back-up to Primary General Pension Investment Board Consultant	June 30, 2020
2016-8262	Pension Consulting Alliance, LLC	IC Consultant for Real Estate	March 31, 2022

### Executive Summary

The purpose of this agenda item is to approve the consent for assignment of all PCA consulting contracts to Meketa as the Back-up to the Primary General Pension Investment Board Consultant and Private Asset Class Board Investment Consultant for Real Estate to the Investment Committee (the “Committee”).

### Strategic Plan

This agenda item supports Strategic Plan Goal A – Improve the long-term pension and health benefit sustainability. The firm acting as the Primary General Pension Investment Board Consultant (back-up) and Real Estate Consultant will provide the Committee with general

pension (back-up) advice and recommendations on the Real Estate Program, which plays an integral role in the success and sustainability of the Total fund.

### **Investment Beliefs**

This agenda item supports CalPERS' Investment Belief 10, that strong processes, teamwork and deep resources are needed to achieve CalPERS goals and objectives, including strong governance.

### **Background**

PCA will be completing a merger with Meketa that is expected to close around the first quarter of 2019. The Investment Advisers Act of 1940 and PCA's contracts with CalPERS require PCA to obtain consent for the assignment of all current PCA contracts to Meketa.

### **Analysis**

The Board currently has two active PCA contracts. PCA serves as Back-up to the General Pension Investment Board Consultant (Wilshire) and as the Private Asset Class Board Investment Consultant for Real Estate. Staff recommends the Board approve and accept the assignment of all current PCA contracts to Meketa. If the Board agrees, staff would complete a consent for assignment for these two Board consulting contracts and future work performed would be undertaken by Meketa.

Meketa is an established firm with experienced staff and already serves as the Private Equity and Infrastructure Board Investment Consultant for the Board.

### **Budget and Fiscal Impacts**

There are no budget or fiscal impacts to this action. As a result of the consent to assignment, Meketa would retain the contract values currently stated in the two PCA contracts. Please see below for the current contract values and approximate annual cost.

<b>Contract No.</b>	<b>Consultant</b>	<b>Consulting Role</b>	<b>Expiration</b>	<b>Contract Value</b>	<b>Approximate Annual Cost</b>
2015-7709	Pension Consulting Alliance, LLC	Back up to Primary General Pension Investment Board Consultant	June 30, 2020	Undefined	\$150,000
2016-8262	Pension Consulting Alliance, LLC	Real Estate	March 31, 2022	\$6,000,000	\$1,200,000

## **Benefits and Risks**

The Back-up to the General Pension Investment Board Consultant (Wilshire) and the Private Asset Class Board Investment Consultant for Real Estate supports the Committee in meeting its obligations to manage the System as a fiduciary and provide members and beneficiaries with benefits, as required by law. It is important to have a firm in place to ensure continuity in the management of the Real Estate Program and to support the Primary General Pension Investment Board Consultant to minimize any interruptions in the provision of critical services to support the Committee and staff in fulfilling their fiduciary duties.

## **Attachments**

Attachment 1 – Pension Consulting Alliance, LLC Letter requesting Consent to Assign Contracts from Pension Consulting Alliance, LLC to Meketa Investment Group, Inc.

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