



Regular Meeting

Item Number 19d – Open Session

Subject: Contracts Requiring Board Approval

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: September 14, 2023 – 0 minutes

Attachment(s): None

PowerPoint(s): None

Contracts Requiring Board Approval

The Teachers' Retirement Board delegation to the Chief Executive Officer requires that the board approve: all non-investment contracts with a cumulative value exceeding \$1,000,000; all non-competitive bid contracts with a cumulative value exceeding \$100,000; and any contract amendment exceeding 15% of the cumulative value previously approved by the board exceeding \$1,000,000. The contracts listed below meet these criteria:

NON-COMPETITIVE BIDS

1. Direct Mail Express LLC

Title:	Retirement Progress Reports Print and Mail
Contract Number:	TBD
Solicitation/Award Method:	NCB
Contract Term:	January 1, 2024 through December 31, 2026
Contract Amount:	\$751,500.00
Source of Funds:	Support Appropriation
Executive:	Teresa Schilling

PURPOSE

The original DME Delivers, LLC (formerly Direct Mail Express LLC) Non-Competitive Bid contract received board approval during the July 2017 Teachers' Retirement Board meeting, thus resulting in the award of a three-year contract with two, one-year options to extend, effective January 2, 2019. The options to extend the current agreement have been exhausted. The purpose

of this request is to execute a new Non-Competitive Bid contract in the amount of \$751,500.00 which is the projected cost for continued services. This new contract will be used to provide uninterrupted service for the print and mail contract for the Retirement Progress Reports.

SUMMARY

California Teachers' Retirement Law (Section 22309) requires that CalSTRS provide individual account statements to every active and inactive member of the Defined Benefit Program and all participants of the Cash Balance Benefit Program. CalSTRS satisfies this requirement by generating an annual account statement, the *Retirement Progress Report* (RPR). The law also states that members and participants can request a printed copy of their report, if desired.

The RPRs contains individualized and confidential information regarding the Defined Benefit Program, Defined Benefit Supplemental account, service credit, disability and one-time death benefits. It also includes beneficiary information and retirement estimate calculations. RPRs for the Cash Balance Benefit Program provide information about the total contributions and interest in a participant's account.

CalSTRS client data is confidential and there are strict requirements for data transmission and physical security to ensure that the information is handled according to CalSTRS' information security standards. The printing and mailing of the RPRs requires a print and mail Contractor that meets these requirements and that can also provide the print quality standards of other CalSTRS publications. In addition, code was written in the Pension Solution system with collaboration between the project and the Contractor, using existing requirements.

To continue utilizing a contract with DME Delivers, LLC would ensure continuity of service to our members. DME Delivers, LLC has extensive experience in producing and mailing CalSTRS RPRs and can continue with uninterrupted service to our members during the transition to Pension Solution. To change Contractors before this time introduces risk, as well as costly change orders.

AMENDMENTS

2. Linea Solutions, Inc.

Title:	Pension Solution Planning Consultants
Contract Number:	4400004261, A-1
Current Term:	April 1, 2023 through November 30, 2023
Proposed Term:	April 1, 2023 through June 30, 2025
Current Contract Amount:	\$ 865,280.00
Amendment Amount:	\$1,770,352.00
Proposed Contract Amount:	\$2,635,632.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval for a contract amendment with Linea Solutions, Inc. (Linea Solutions) to increase the contract by \$1,770,352.00 to continue providing project planning services for another nineteen (19) months through June 30, 2025, on the Pension Solution Project.

SUMMARY

In April 2023, CalSTRS entered into an agreement with Linea Solutions to provide Pension Solution Planning Consultants services. The original contract term was fairly short since the Pension Solution Project was still undergoing negotiations at that time, and there was uncertainty around the project schedule. Now that the Pension Solution Project has a better idea of when the project schedule will be extended to, this support agreement is being amended to extend the term accordingly.

Services include expert assistance in assessing the current business environment, preparing process change guides, aligning core functions with the new system capabilities, developing maps and materials to communicate the changes, providing expertise to minimize risk during the changes, and providing support to CalSTRS leadership to wisely transform and/or reorganize the business.

3. Ope Technology, LLC

Title:	User Acceptance Test Management Support Services
Contract Number:	4400003741, A-1
Current Term:	January 3, 2022 through January 2, 2024
Proposed Term:	January 3, 2022 through January 2, 2027
Current Contract Amount:	\$ 483,000.00
Amendment Amount:	\$ 724,500.00
Proposed Contract Amount:	\$1,207,500.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval for a contract amendment with Ope Technology, LLC (Ope Technology), to increase the contract by \$724,500.00 to continue providing testing support services for another 36 months through January 2, 2027, on the Pension Solution Project.

SUMMARY

In January 2022, CalSTRS entered into an agreement with Ope Technology to provide Project Management Support services in support of user acceptance testing. The original contract term is ending soon, but services are still needed. Now that the Pension Solution Project has a better idea

of when the project schedule will be extended to, this support agreement is being amended to extend the term accordingly.

Services include day-to-day direction to team members including monitoring and facilitating progress, managing issues and risks, ensuring product quality, communicating appropriate information to all stakeholders in a timely manner, actively managing and monitoring scope, schedule, and resources for various work streams and functional rollouts.

4. Visionary Integration Professionals, LLC

Title:	Project Scheduler Services
Contract Number:	4400003740, A1
Current Term:	December 1, 2021 through November 30, 2023
Proposed Term:	December 1, 2021 through November 30, 2026
Current Contract Amount:	\$ 504,000.00
Amendment Amount:	\$ 756,000.00
Proposed Contract Amount:	\$1,260,000.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval for a contract amendment with Visionary Integration Professionals, LLC (VIP) to increase the contract by \$756,000.00 to continue providing project scheduling services for another 36 months through November 30, 2026, on the Pension Solution Project.

SUMMARY

In December 2021, CalSTRS entered into an agreement with VIP to provide Project Scheduler services. The original contract term is ending soon, but services are still needed. Now that the Pension Solution Project has a better idea of when the project schedule will be extended to, this support agreement is being amended to extend the term accordingly.

Services include developing, maintaining, and reporting on the Pension Solution project schedule and managing CalSTRS project schedules from initiation through close-out, including post-implementation evaluation and review.

5. Cox, Castle, & Nicholson, LLP

Title: Outside Legal Counsel
Contract Number: 4400000048, A-11
Contract Term: November 30, 2009 through June 30, 2024
Current Contract Amount: \$40,080,000.00
Amendment Amount: \$ 1,088,000.00
Proposed Contract Amount: \$41,168,000.00
Source of Funds: Support Appropriation (\$30,000.00) and Continuous Appropriation (\$1,058,000.00)
Branch Executive: Brian J. Bartow

PURPOSE

Staff requests board approval to amend the contract for Cox, Castle, & Nicholson by adding \$30,000.00 in support appropriation and \$1,058,000.00 in continuous appropriation. Funding is being encumbered for Facilities Management business needs related to CalSTRS Member Service Centers and HQ leasing opportunities. Cox, Castle, & Nicholson services are predominately used on the investment portfolio.

SUMMARY

The Contractor shall provide highly specialized legal advice and consultation on the preparation and execution of tenant leases.

6. Morgan, Lewis & Bockius LLP

Title: Outside Legal Counsel
Contract Number: 4400000261, A-9
Contract Term: December 9, 2010 through December 31, 2023
Proposed Contract Term: December 9, 2010 through December 31, 2025
Current Contract Amount: \$9,153,000.00
Amendment Amount: \$ 100,000.00
Proposed Contract Amount: \$9,253,000.00
Source of Funds: Support Appropriation
Branch Executive: Brian J. Bartow

PURPOSE

Staff requests Board approval to amend the contract for Morgan, Lewis & Bockius LLP by adding \$100,000.00 in support appropriation for the Office of the General Counsel. This additional funding is associated with, but not limited to, investment advice, tax advice, and representation in litigation matters or any other matters under the direction of the General Counsel.

SUMMARY

The Contractor shall provide legal consultation, advice, and representation on various legal issues pertaining to CalSTRS. This shall include but not be limited to, investment advice, tax advice, and representation in litigation matters, or any other legal matters as directed by the General Counsel.

7. Sheppard Mullin Richter & Hampton, LLP

Title:	Legal Services
Contract Number:	4400002734, A-9
Contract Term:	April 1, 2019 through December 31, 2025
Current Contract Amount:	\$5,012,455.00
Amendment Amount:	\$1,000,000.00
Proposed Contract Amount:	\$6,012,455.00
Source of Funds:	Support Appropriation
Branch Executive:	Brian J. Bartow

PURPOSE

Staff requests board approval to amend the contract for Sheppard Mullin Richter & Hampton, LLP to add \$1,000,000.00 in support appropriation for a new contract total of \$6,012,455.00 to cover the costs associated with litigation matters.

SUMMARY

The Contractor shall provide highly specialized legal services as well as representation and advice in complex legal matters, including but not limited to, litigation.

8. Weaver and Tidwell, LLP

Title:	Audits and Consulting Services
Contract Number:	4400003562

Term:	June 30, 2021 through June 29, 2024
Current Contract Amount:	\$2,642,200.00
Amendment Amount:	Not to exceed \$1,250,000.00
Proposed Contract Amount:	Not to Exceed \$3,892,200.00
Source of Funds:	Support/Continuous Appropriation
Branch Executive:	Lisa Blatnick

PURPOSE

Staff requests approval to amend the contract for Audit Services’ external Contractor, Weaver and Tidwell, LLP (Weaver) to add an additional amount not to exceed \$1,050,000.00 effective September 12, 2023. This amendment will assist Audit Services in completing its board-approved Audit Plans specific to audits and consulting services.

SUMMARY

Audit Services provides independent, objective audit assurance and consulting services designed to add value and improve CalSTRS’ operations. Audit Services’ objective is to determine whether CalSTRS risk management, internal controls, and governance processes, as designed and represented by management, are adequate, effective, and implemented. Audit Services contracts with qualified firms, including Weaver, are to assist in performing investment and information technology audits.

Audit Services audit plans includes investment and information technology audits that require specialized knowledge and require Audit Services to engage a contractor to perform audit services. To procure these services if awarded, Audit Services requires approval from the board to increase the amount of our existing contract. In addition, Audit Services extends the use of its contract with Weaver in support of the organizational initiatives, such as Enterprise Compliance and Risk Management activities and the Pension Solution Project.