



Investment Committee

Item Number 9 – Open Session

Subject: Real Estate Consultant Request for Proposal

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: May 5, 2022 – 0 minutes

Attachment(s): Attachment 1 - Real Estate Board Consultant RFP
Attachment 2 - Resolution

PowerPoint(s): None

PURPOSE

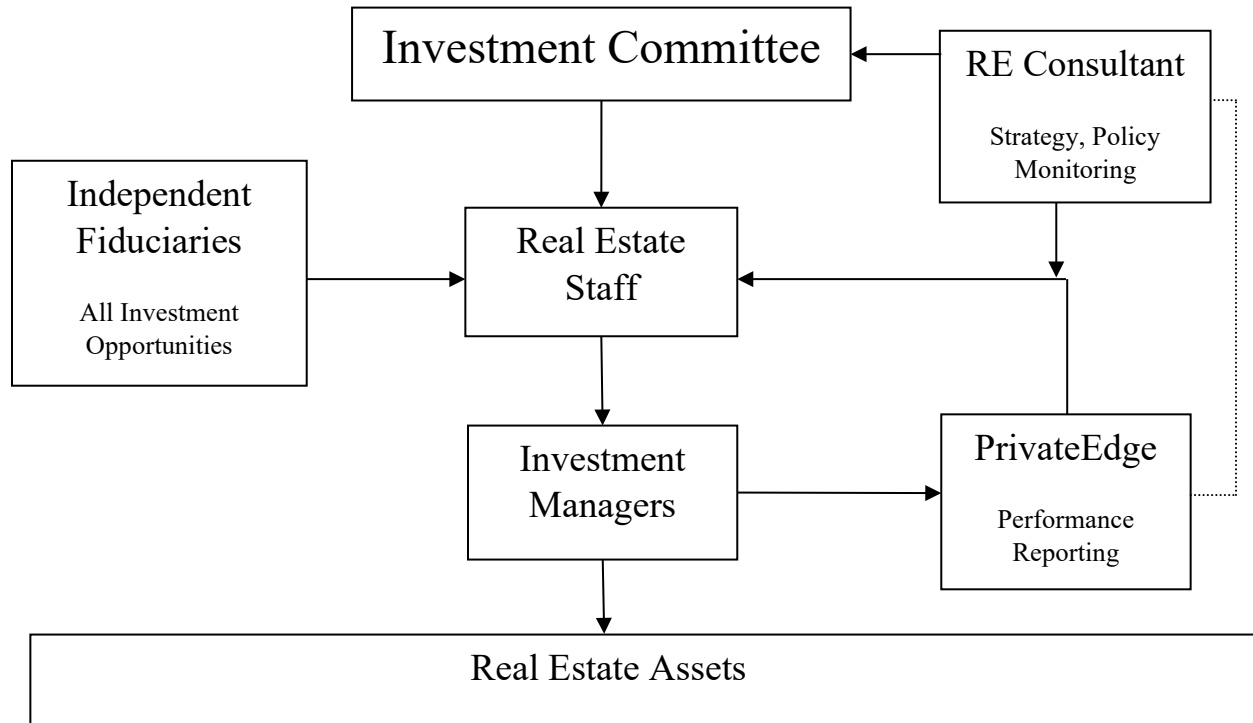
The current board policy is to retain a specialty consultant to assist the Investment Committee in the oversight of the Real Estate (RE) asset class. The current contract for these services with RCLCO Fund Advisors, LLC expires on January 14, 2023.

Staff is seeking approval of the attached scope of services and timeline, authorizing the issuance of a Request for Proposal (RFP). The RFP will seek to establish a contract with the consultant commencing some time during the first quarter of 2023.

DISCUSSION/SUMMARY

The role of the RE Consultant is to work for the Investment Committee and with the staff in providing expertise and advice on investment policies, practices and strategies related to the RE program, as well as keep the Investment Committee apprised of trends and conditions in the real estate industry. The key role of the RE Consultant is to monitor and evaluate the performance of the RE program.

The following diagram depicts the role of the consultant, working with CalSTRS staff and for the Board, in the areas of strategy, policy, and monitoring of portfolio returns. The chart also indicates that selection of investment opportunities falls to staff, with assistance from independent fiduciaries.



We are initiating this process now to ensure that a new contract is in place prior to the expiration of the current agreement.

RECOMMENDATION

Staff recommends that the Investment Committee approve the attached Real Estate Board Consultant RFP and Resolution authorizing the issuance of an RFP and select two Committee members to conduct the finalist interviews. Once approved, Investment staff and the Procurement staff will commence publishing the RFP and post it on the internet for wide visibility. Depending upon the volume of responses, staff will screen the applications down to three finalists for the Investment Committee representatives to interview. If a single top firm cannot be determined, then entire Investment Committee can conduct another finalist interview. Please see below for an estimated timeline.

- June– Administer RFP
- October – Finalist Interviews and selection of a potential successful bidder, subject to the Investment Committee acceptance and negotiation of final terms and conditions.

The renewed contract is set to be completed during the first quarter of 2023, pending adherence to this schedule.