

MEMORANDUM

TO: Investment Committee, CalSTRS
FROM: Stephen McCourt, Allan Emkin, Mika Malone, Eric White, Stephanie Sorg,
Meketa Investment Group
CC: Christopher Ailman
DATE: November 3, 2022
RE: Concurrence Memo – Investment Procurement Policy

Summary & Recommendation

In October 2022, Staff provided Meketa with a draft of the new Investment Procurement Policy under the recently passed Assembly Bill 539. We were also provided a copy of the Assembly Bill and the Executive Summary put together by Staff. ***After evaluating Staff's proposed Policy, Meketa concurs with Staff's proposed Procurement Policy and recommends that the Board approve it, subject to any desired modifications.***

Discussion

This proposed policy is created with the intention of streamlining the process of procuring investment vendors, which currently can take well over a year, on average. By creating a structure that continuously monitors investment vendors in the marketplace, investment staff should be able to take advantage of new opportunities more efficiently.

Staff proposes utilizing six competitive elements to monitor the marketplace and select vendors efficiently, including keeping a database updated, posting all decisions to hire managers or advisors publicly, and creating a process for monitoring vendors internally. Importantly, Staff outlines a goal of maintaining a transparent process for vendors and the public. Once this policy is approved, Staff will begin the process of creating a new procurement process and procurement guidelines and controls. Some of the reasons outlined for moving to this more streamlined process include a potential for cost and time savings, a broader pool of applicants with a simpler process for participation, and reduced complexity both internally and externally.

Meketa has reviewed the new procurement policy and concurs with Staff's proposed policy and supports the next steps of developing internal guidelines and procedures to implement this new policy effectively in the future.

If you have any questions, please feel free to contact us at (760) 795-3450.

MLM/SPM/jls