



# Regular Meeting

## Item Number 8e – Open Session

**Subject:** Contracts Requiring Board Approval

**Presenter(s):** Lisa Blatnick

**Item Type:** Consent Action

**Date & Time:** March 5, 2021 – 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:

### CONTRACTS

#### 1. Vendor To Be Determined

Title:	Microsoft Enterprise Licenses
Solicitation Number:	To Be Determined
Contract Number:	To Be Determined
Term:	April 1, 2021 through March 31, 2024
Total Contract Amount:	Up to \$6,600,000
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

**PURPOSE**

Staff request board approval to award a three (3) year contract to provide Microsoft software licenses for the enterprise. CalSTRS staff uses various Microsoft software products in conducting daily business activities. This purchase order ensures CalSTRS’ continued license to use the required Microsoft products.

**SUMMARY**

The Purchase Order for Microsoft enterprise software licenses, currently held by Crayon Software Experts LLC, will expire on March 31, 2021. CalSTRS staff will request quotes from vendors authorized to provide Microsoft enterprise software licenses to California State governmental entities under a leveraged procurement model. The total contract amount includes the ability to adjust for potential increases in licenses during the term of the purchase order.

**RECOMMENDATION**

Staff recommends the approval of this request so that CalSTRS can maintain and add Microsoft licenses as needed to meet business needs.

**INFORMATIONAL ITEM**

**NCB:**

1. BLX Group, LLC

Title:	Arbitrage Rebate Compliance Services
Contract Number:	4400003360
Term:	January 1, 2021 – June 30, 2023
Total Contract Amount:	\$6,000.00
Source of Funds:	Support Appropriation
Branch Executive:	Julie Underwood

**PURPOSE**

To notify the board of the contract agreement with BLX Group, LLC to provide Arbitrage Rebate Compliance Services. The request was approved by the CalSTRS’ CEO under his delegation using a non-competitive agreement process.

## **SUMMARY**

At the November 2018 meeting, the board approved the Headquarters Expansion (HQE) Project along with approval to finance the construction with tax-exempt lease revenue bonds. On December 19, 2019, we finalized and signed all bond documents, closed the transaction and received the \$340,588,071.75 in bond proceeds. The bonds mature over the next 30 years. Now that CalSTRS has issued the bonds, we have selected a consultant to assist us with arbitrage rebate compliance.

Arbitrage refers to the excess interest income that issuers may earn through investing tax-exempt bond proceeds in higher yielding taxable securities. Section 148 of the Internal Revenue Code of 1986, referred to as the Arbitrage Regulations, permits a tax-exempt issuer to earn arbitrage only in specified circumstances, and in most cases requires certain arbitrage earnings to be paid, or “rebated”, to the U.S. Treasury. Although the IRS requires that the calculations are performed no later than 5 years after the bonds were issued, the tax certificate for the bonds we issued requires the calculations be performed after each bond year (December 19) for the first 5 years and then every 5 years afterwards. The tax certificate also states that CalSTRS will complete the calculations within 55 days after the close of each relevant bond year. Because of the complexity of the calculations and the specialized knowledge needed to perform the work, it was imperative that we procure a specialized vendor to perform these services.