



# Regular Meeting

## Item Number 15d – Open Session

**Subject:** Contracts Requiring Board Approval

**Presenter(s):** Lisa Blatnick

**Item Type:** Consent Action

**Date & Time:** September 2, 2021 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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### 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. K&H Printers-Lithographers, Inc. (dba Integrity Voting Systems)

Title:	Election Services
Contract Number:	440000xxxx
Solicitation Method:	RFP
Solicitation Number:	5000001791
Term:	October 1, 2021 - September 30, 2028
Total Contract Amount:	\$1,398,700.00
Source of Funds:	Support
Branch Executive:	Teresa Schilling

### PURPOSE

Staff requests approval to enter into a seven-year contract with K&H Printers-Lithographers, Inc. (dba Integrity Voting Systems), which will administer CalSTRS board elections for three active member seats on the Teachers' Retirement Board. The vendor will provide election services using

a blended method including mail ballot, interactive voice response (telephone voting) and internet voting for (1) the 2023 election, (2) the 2027 election, and (3) any special elections if needed through June 30, 2028. The contract total for two board elections is \$1,398,700.00.

### **SUMMARY**

On January 21, 2021, CalSTRS issued a Request for Proposal (RFP) for election services. CalSTRS received only one proposal. After a review of the single vendor using a formal interview and reference checks, a Notice of Intent to Award was issued on June 3, 2021 to K&H Printers-Lithographers, Inc. (dba Integrity Voting Systems). Even though there was only one proposal, the vendor clearly demonstrated they were capable of handling our Teachers' Retirement Board Elections. They have extensive experience holding blended elections on a large scale for public and private organizations within California. In addition to having a long history of utilizing paper ballot elections, the vendor also has a proprietary internet voting system mechanism that will allow CalSTRS the flexibility to conduct our elections in a flexible and cost-effective manner.

K&H Printers-Lithographers, Inc. (dba Integrity Voting Systems), will provide elections services such as: designing and preparing candidate statements booklets and ballots, implementing and operating an internet voting system, operating a telephone voting system, implementing a customer service toll-free line, and tallying votes under the observation of the CalSTRS Election Coordinator and the public.

CalSTRS will hold elections for three active board member seats in 2023 and in 2027. The cost for the 2023 election is \$799,350.00 and the cost for the 2027 election is \$599,350.00. The total cost for two board elections (2023 and 2027) is \$1,398,700.00.

### **AMENDMENTS**

#### **2. Direct Mail Express Delivers, LLC**

Title:	Direct Mail Express Delivers, LLC
Contract Number:	4400002103
Solicitation/Award Method:	NCB
Contract Term:	January 2, 2019 - December 31, 2021
Proposed Term:	January 2, 2019 - December 31, 2023
Contract Amount:	\$485,995.14
Amendment Amount:	\$448,497.01
Proposed Amount:	\$934,492.15
Source of Funds:	Support Appropriation
Executive:	Teresa Schilling

### **PURPOSE**

The original Direct Mail Express Delivers, LLC Non-Competitive Bid request received board approval during the July 2017 TRB meeting, thus resulting in the award of a three-year contract

with two, one-year options to extend. The purpose of this request is to amend the contract to extend the term by the optional two years and increase the contract amount by \$448,497.01 which is the projected cost for continued services. The additional two years will serve as a transitional strategy that will allow Direct Mail Express (DME) to continue the production, assembly and mailing of CalSTRS annual Retirement Progress Reports with uninterrupted service to our members until the launch of Pension Solution. Production, assembly and mailing of the RPRs consist of the following:

- Receive variable data files via secured web-based interface with industry-leading administration tools that allow CalSTRS to deploy and audit data transmissions according to the exact standards set by CalSTRS Information Security Office.
- Have the data transfer rate and network capacity to handle up to 5.5 gigabytes of uncompressed data at one time within industry standards associated with high-volume, highly sensitive data.
- Utilize data loss prevention practices to avert data from being “leaked” out of the DME’s location or boundaries for unauthorized use.
- Possess a combination of at least three variable data presses for redundancy, backup and workflow in one print location to produce the RPRs. All presses must meet the specifications for acceptable print quality.
- Use a continuous one-pass digital printing process.
- Test and validate transfer of data from CalSTRS to DME via secure website, or other secure method according to the standards set by CalSTRS Information Security Office.
- Electronically merge raw data with InDesign template files.
- Perform simulated test and live production with data.
- Submit all proofs, simulated test data prints and initial production prints to CalSTRS and obtain written approval from CalSTRS prior to initiating or continuing the next phase of test or production.
- Conduct a minimum of three tests using simulated data to confirm production accuracy.
- Provide sample RPRs containing dummy data to be used for presentation to the Teacher’s Retirement Board meetings.
- Complete production, assembly and mailing in accordance with CalSTRS delivery schedule.
- Use 2D or 3D barcodes that must appear adjacent to the member’s name and address in compliance with U.S. Postal Service guidelines.
- Perform quality control measures using Electronic Work Instructions, Quality Control Logs and Production Sign-offs.
- Execute “Live Pulls” of production RPRs, pulling at least 1 of every 500 throughout the production print run and sent to CalSTRS for approval.
- Ensure that a member’s report remains intact throughout the bindery process. When assembling and collating, an automated bindery and quality control system must be used to ensure that one member’s report is not missing any pages or collated with another member’s report.
- Identifies documents that become partially destroyed due to equipment malfunction during any part of the finishing process so they can be reproduced in a timely manner.

- Certify destruct or shred all damaged, mutilated or illegible reports immediately after they are discovered; these reports must be remanufactured, and replacements mailed within the required schedule.
- In addition to automated systems, manual systems of quality control will be utilized. Examples include such things as work instructions, quality control logs and production sign-offs. DME shall keep a record that can track all statements during the production run. Copies of this shall be provided to CalSTRS with live pulls. This will enable both CalSTRS and DME to quickly establish where a problem may have occurred and to remedy the situation in a timely manner.

### **SUMMARY**

CalSTRS RPRs provide individual information to members regarding their Defined Benefit, Defined Benefit Supplemental and Cash Balance accounts including service credit, disability and one time death benefit, special messages, and career stage messages. For active members 45 years and older, retirement estimate calculations are also provided. These customized annual member statements contain personal identification information which includes, but is not limited to, member name, address, account number, year of birth, and confidential financial data.

Starting in 2014, CalSTRS began delivering the RPRs online through its secure member website, unless a member requested to receive a hardcopy by mail. The first year approximately 18,000 members requested hardcopies. The number of requests has increased annually while the current number is approximately 84,500.

DME holds the current RPR print and mail contract which expires December 2021. In order to write an accurate Scope of Work for a new contract, the specifications must be known to document what we need, the nature of the data that the vendor will receive, the extent of the testing required and our desired end product. This information will not be available before the current contract expires.

The execution of an amendment will allow DME to produce, and mail requested RPRs with uninterrupted service to our members during the transition to Pension Solution. In the meantime, the new requirements gathered will be finalized and a Scope of Work for a new contract can be written. To change vendors before the details of the new system are finalized could put the project, the production of the reports, and potentially the member's confidential data at risk. To continue utilizing a contract with DME would ensure continuity in service for our members.

### 3. Hogan Lovells US LLP

Title:	Federal Representative
Contract No.	4400001691 A-2
Term:	January 1, 2017 - December 31, 2022
Contract Amount:	\$1,244,800.00
Amendment Amount:	\$ 251,000.00
Proposed Amount:	\$1,495,800.00

Source of Funds:

Branch Executive:

Support

Teresa Schilling

**PURPOSE**

Staff requests approval to amend the Hogan Lovells US LLP contract for a one-year extension with an increase of \$251,000.00 for a new contract total of \$1,495,800.00 and an extension to the contract term until December 31, 2022. In November of 2016 the board approved a five-year contract in the amount of \$1,255,800.00. Amendment A-1 deducted \$11,000.00 from the original contract amount of \$1,255,800.00, leaving the contract total as \$1,244,800.00.

**SUMMARY**

Hogan Lovells US LLP began providing federal lobbyist services to CalSTRS in 2017 and will continue to provide services, including assisting in the development and implementation of strategies to prevent or accomplish the enactment of laws or regulations of interest or concern to CalSTRS as either an administrator of a public pension plan or investor, as well as advocating on behalf of the board before congressional committees, administrative agencies and executive, agency or congressional staff. Also included in the scope were evaluating the implications of proposed federal and state legislation in relation to federal issues, providing written testimony and preparing letters to notify appropriate congressional and executive branch representatives of CalSTRS position on federal issues, and coordinating with lobbyists representing other public pension plans and organizations on strategy. The solicitation provided for a contract of up to seven years. This amendment will allow for the sixth year of this contract.

**RECOMMENDATION**

Staff recommends the board approve the above contract and amendments.