



Regular Meeting

Item Number 13d – Open Session

Subject: Contracts Requiring Board Approval

Presenter(s): Lisa Blatnick

Item Type: Consent Action

Date & Time: June 9, 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:

AMENDMENTS

1. Sheppard Mullin Richter & Hampton LLP

Title:	Legal Counsel
Contract Number:	4400002734, A-5
Contract Term:	April 1, 2019 - December 31, 2022
Previous Contract Amount:	\$2,352,455.00
Amendment Amount:	\$ 500,000.00
Proposed Contract Amount:	\$2,852,455.00
Source of Funds:	Support Appropriation
Branch Executive:	Brian J. Bartow

PURPOSE

Staff requests board approval to increase the non-Investment funding authority for the current Sheppard Mullin Richter & Hampton LLP contract for external legal services by an additional \$908,455.00. This amount includes \$408,455.00 added for previous amendments and an additional \$500,000.00 for Amendment 5.

SUMMARY

The Office of the General Counsel uses Sheppard Mullin Richter & Hampton LLP to represent CalSTRS in various writ proceedings, superior court matters, and cases appealed to the Courts of Appeal. These cases involve sensitive legal matters, with complex liability and risk assessments and high financial values that may impact CalSTRS in various ways, including setting case precedence and impacting jurisprudence. Since this contract funding is added using both Investment-Continuous Appropriations as well as non-investment support appropriation, the contract is coming before the Board because the non-investment funding is over the \$1 million threshold.

2. Aspire HR, Inc.

Title:	SAP SuccessFactors Implementation Services
Contract Number:	4400003072 A-3
Current Term:	June 8, 2020 - August 31, 2021
Amendment Term:	June 8, 2020 - November 30, 2021
Contract Amount:	\$ 999,999.00
Amendment Amount:	\$ 50,000.00
Proposed Contract Amount:	\$1,049,999.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain / Lisa Blatnick

PURPOSE

Staff requests board approval to amend a contract with Aspire HR, Inc. (AHR) to extend the term of the services through November 2021 to align with the updated HR Link Project schedule. This amendment will add \$50,000.00 and bring the total cumulative contract amount to \$1,049,999.00.

SUMMARY

This amendment will accommodate extensions to the configuration and testing periods to align with the HR Link Project's updated schedule and add an additional data load so more complete and up-to-date data is used during testing to ensure that CalSTRS receives a quality deliverable. The project's current schedule go-live in July 2021 will shift to October 2021 with post-implementation support ending November 2021.

The contract was initially executed in June 2020 to engage a vendor team to implement the cloud-based SAP SuccessFactors Human Capital Management solution to automate several manual processes for CalSTRS in a phased approach. Since then, the CalSTRS project team has executed two additional amendments to this agreement. Amendment 1 authorized the AHR to complete the SAP replication work needed to successfully integrate BusinessDirect and SAP SuccessFactors. Amendment 2 authorized the expanded integrations/interfaces scope between the State Controller's Office's California Leave Accounting System and the CalSTRS HR Link solution.

3. Linea Solutions, Inc.

Title:	Enterprise Transition Planning Consulting Services
Contract Number:	4400003280 A-1
Current Term:	November 1, 2020 -July 31, 2021
Amendment Term:	November 1, 2020 - June 30, 2022
Contract Amount:	\$865,440.00
Amendment Amount:	\$1,057,760.00
Proposed Contract Amount:	\$1,923,200.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval to amend a contract with Linea Solutions, Inc. to extend the term of this agreement through June 2022 and add \$1,057,760.00 to allow the Enterprise Transition Planning consulting services to continue through the updated Transformation Readiness Project schedule.

SUMMARY

The contract was executed in November 2020 to engage a team of Enterprise Transition Planning consultants to provide 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 through system implementation and business transformation as a result of the Pension Solution Project.

4. Jones Lang LaSalle Americas Inc. (JLL)

Title:	Property Management Services
Contract Number:	4400002614 A-1
Term:	July 1, 2019 - June 30, 2029
Previous Contract Amount:	\$ 108,576,553.72
Amendment Amount	\$ 71,473,082.00
Total Contract Amount:	\$ 180,049,635.72
Source of Funds:	Support and Continuous Appropriations
Branch Executive:	Lisa Blatnick

PURPOSE

Staff requests board approval to amend the current contract with Jones Lang LaSalle Americas Inc. (JLL) to add an additional \$71,473,082.00 to the contract, for a new contract total of \$180,049,635.72. This amendment will cover property management costs for the additional 266,500 square feet associated with the Headquarters expansion, for a total of 675,500 square feet of office space associated with CalSTRS Headquarters Property.

SUMMARY

On May 9, 2019, the CalSTRS board approved staff to enter into a ten (10) year contract with JLL in the amount of \$108,576,553.72 for property management services pertaining to CalSTRS Headquarters Property, which consisted of the existing facility at 100 Waterfront Place, West Sacramento CA, 95605. The current contract includes language allowing CalSTRS to amend the contract to cover property management costs for the additional 266,500 square feet associated with Headquarters expansion (HQE), as well as the appropriate increase in operating expenses. The management fee of the Headquarters expansion will be calculated based on the management fee provided in the original contract. Property management services under this agreement pertain to CalSTRS Headquarters Property, which consists of buildings located at 100 and 200 Waterfront Place, West Sacramento CA, 95605.

JLL will manage, operate, maintain, and repair the Headquarters Property and on CalSTRS behalf, contract with all third parties to support the operations. JLL will follow CalSTRS’ established policies (including the Responsible Contractor Policy) and procedures to facilitate the efficient operation of the property in compliance with the contract.

The total contract amount of \$180,049,635.72 includes funding to pay for CalSTRS operating expenses and capital improvement projects for the facility until June 30, 2029. The capital improvement costs include one-time funding to prepare for 3rd party tenants and realign workspaces to meet CalSTRS ongoing operational needs. The annual funding changes for the amended contract will be included in CalSTRS baseline Operating Budget in each future fiscal year, which are presented to the board each November for review and approval. The breakdown of Amendment costs are itemized below:

Category	Total	Comments
Original Contract Amount	\$108,576,553.72	Amount approved by the Board in 2018 for a 10-year agreement.

Amendment Cost Breakdown

Category	Total	Comments
HQE JLL Salaries and Benefits Increase	\$4,393,692	Includes additional JLL staff to support expanded square footage
HQE JLL Management Fee Increase	\$945,708	\$.0342 X 266,500 sq. ft. including 3% increase each year
HQE Operating Expense Increase:	\$47,207,093	Based on FY 20/21 budget numbers with a 3% annual increase and contingency. The assumption is based on cost/square feet of

		current HQ; examples are janitorial services, security, and supplies
Third Party Tenant Improvement Allowances	\$11,918,340	One-time renovation allowance to 3rd party tenant at start of initial lease period.
Leasing Costs	\$7,008,249	One-time cost to lease 100 waterfront Place to 3 rd party including lease commission, costs to relocate staff and decommissioning CalSTRS infrastructure on tenant floors.
Total Amendment Amount		\$71,473,082
Total Contract Amount		\$180,049,635.72 (\$108,576,553.72+ \$71,473,082)

RECOMMENDATION

Staff recommends the approval of the above amendment requests.