



Regular Meeting

Item Number 7d – Open Session

Subject: Contracts Requiring Board Approval

Presenter(s): Melissa Norcia

Item Type: Consent Action

Date & Time: March 4, 2022 – 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:

INTERAGENCY AGREEMENT (IAA)

1. State Controller's Office (SCO)

Title:	Member Payment Processing
Contract Number:	TBD
Term:	July 1, 2022 – June 30, 2025
Contract Amount:	\$ 6,300,000.00
Source of Funds:	Support Appropriation
Branch Executive:	Julie Underwood

PURPOSE

Staff requests board approval to renew an interagency agreement with the SCO the amount of \$6,300,000.00 (over 3 fiscal years) for services to process member payments. The SCO is responsible for accountability and disbursement of the state's financial resources, including our member payments.

SUMMARY

The SCO processes printing and mailing of CalSTRS' member payments. This service includes processing the monthly and quarterly allowance roll runs, refunds, replacement benefits (IRC415), cash balance annuities (CB), one-time payments and related direct warrant advices. Costs associated with processing member payments are billed per payment and the SCO provides a detailed monthly billing statement.

AMENDMENTS

2. MAXIMUS Human Services, Inc.

Title:	Independent Verification and Validation Services
Contract Number:	4400003340, A-1
Current Term:	January 30, 2021 through March 31, 2022
Amendment Term:	January 30, 2021 through January 29, 2024
Contract Amount:	\$1,517,741.28
Amendment Amount:	\$2,969,650.98
Proposed Contract Amount:	\$4,487,392.26
Source of Funds:	Support Appropriation
Branch Executive:	Lisa Blatnick

PURPOSE

Staff requests board approval to amend the contract with MAXIMUS Human Services, Inc. to increase the contract by \$2,969,650.98 to continue Independent Verification and Validation (IV&V) services on the Pension Solution Project through January 2024.

SUMMARY

CalSTRS is in the process of replacing multiple legacy systems with a new pension administration system, a project known as Pension Solution. Due to the complexity and critical nature of this project, CalSTRS requires the services of an IV&V firm to perform all applicable IV&V tasks and activities in accordance with the Institute of Electrical and Electronics Engineers (IEEE) Standard 1012 and perform all technical IV&V assessments and activities throughout the project lifecycle to help ensure a successful project outcome; provide an objective assessment of all products and processes throughout the project software development lifecycle to ensure the project is following industry best practices; and facilitate early detection, documentation and correction of errors and improve management insight into issues and risks before they become problems that could impede the progress and quality of the development effort. MAXIMUS Human Services, Inc. brings on a team of 5 full-time resources from a variety of different subject matter areas to accomplish IV&V activities.

The Pension Solution project is in the process of working with the solution implementor to solidify the project schedule extension. It is crucial to maintain the continuity of IV&V services to ensure

the solution implementation meets the quality expectations and standards and fulfills all contractual requirements.

The current contract was executed in January 2021 with MAXIMUS Human Services, Inc. to provide IV&V services to align with the previous Pension Solution project timeline. This new amendment will extend the contract term through the optional 22 months left on this agreement to continue the services required for the project. Under a prior contract, MAXIMUS Human Services, Inc. provided IV&V services on the Pension Solution project from January 2016 through December 2020.

3. Grant Thornton Public Sector LLC (previously known as Grant Thornton, LLP)

Title:	Independent Project Oversight Consultant Services
Contract Number:	4400002752, A-2
Current Term:	August 1, 2019 through May 31, 2022
Amendment Term:	August 1, 2019 through May 31, 2023
Contract Amount:	\$1,964,645.00
Amendment Amount:	\$641,777.06
Proposed Contract Amount:	\$2,606,422.06
Source of Funds:	Support Appropriation
Branch Executive:	Cassandra Lichnock

PURPOSE

Staff requests board approval to amend a contract with Grant Thornton Public Section LLC to increase the contract by \$641,777.06 to continue Independent Project Oversight Consultant (IPOC) services on the Pension Solution Project through May 2023.

SUMMARY

CalSTRS is in the process of replacing multiple legacy systems with a new pension administration system, a project known as Pension Solution. Due to the complexity and critical nature of this project, CalSTRS requires the services of an IPOC firm to serve as the board's consultant on the Pension Solution project, providing an independent perspective on system implementation processes and practices. Specifically, IPOC focuses on project management process compliance and risk reporting, as well as cost and schedule compliance. IPOC's objective is to independently mitigate project management risk through evaluating project processes and by reporting to a higher organizational level than the project. Grant Thornton Public Sector LLC brings on a small team of 1 full-time and additional part-time resources as needed to accomplish IPOC activities.

The Pension Solution project is in the process of working with the solution implementor to solidify the project schedule extension. It is crucial to maintain the continuity of IPOC services to ensure ongoing compliance with project management processes and risk reporting.

The current contract was executed in August 2019 originally with Grant Thornton, LLP and has since been updated to Grant Thornton Public Sector LLC to provide IPOC services to align with the previous Pension Solution project timeline. This new amendment will extend the contract term through an optional 12 months to continue the services required for the project. Under a prior contract, Grant Thornton, LLP provided IPOC services on the Pension Solution project from November 2011 through August 2019.

4. Pillsbury Winthrop Shaw Pittman, LLP

Title:	Outside Litigation Services
Contract Number:	4400001742, A-7
Term:	August 1, 2016 – June 30, 2023
Contract Amount:	\$ 1,535,000.00
Amendment Amount:	\$ 600,000.00
Proposed Contract Amount:	\$ 2,135,000.00
Previous Amendments:	\$ 1,265,000.00 (Board Approved – May 9, 2019)
Source of Funds:	Support Appropriation
Branch Executive:	Brian J. Bartow

PURPOSE

Staff requests board approval to increase the contract for Pillsbury Winthrop Shaw Pittman, LLP by \$870,000 for a new contract total of \$2,135,000. This amount includes \$270,000 added for previous amendments and an additional \$600,000. The additional funding is associated with referring additional legal case work to outside counsel.

SUMMARY

The Office of the General Counsel engaged Pillsbury Winthrop Shaw Pittman LLP in August of 2016 to provide legal consultation, advice, and representation to CalSTRS on various legal issues. The continued increase in workload related to litigation, along with the need to meet service levels to both our members and our internal clients is requiring the additional use of specialized outside litigation counsel. This amount is intended to cover the current and projected workload and accounts for the rising costs of outside counsel.

RECOMMENDATION

Staff recommends the approval of the above Interagency Agreement and amendment requests.