



Regular Meeting

Item Number 15d – Open Session

Subject: Contracts Requiring Board Approval – Revised

Presenter(s): Melissa Norcia

Item Type: Consent Action

Date & Time: January 28, 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:

AMENDMENTS

1. Deloitte Consulting, LLP

Title:	BusinessDirect Managed Services
Contract Number:	4400002571, A-6
Current Term:	March 1, 2019 - February 28, 2022
Amendment Term:	March 1, 2019 - February 29, 2024
Contract Amount:	\$16,936,001.00 (previous board approved amount)
Amendment Amount:	\$ 1,396,998.90
Proposed Contract Amount:	\$18,332,999.90
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval to amend a contract with Deloitte Consulting, LLP to increase the previous board approved amount of \$16,936,001.00 by \$1,396,998.90 for a new total of \$18,332,990.90 to continue the maintenance and operations support services for the BusinessDirect system for two additional years.

SUMMARY

The BusinessDirect system relies primarily on SAP technology and incorporates the functionality essential to maintain CalSTRS financial and management needs at the highest level of integrity and efficiency. BusinessDirect provides CalSTRS with one comprehensive system for the tracking and reporting of activities as diverse as budgeting, procurement, asset management, contract processing, business partner relationship management, account payable, account receivable, travel and expense processing and financial reporting.

The contract was initially executed in March 2019 with Deloitte Consulting, LLP to provide the maintenance and operations support services for one year. Since then, CalSTRS has amended the agreement to exercise our options to extend the contract term for two additional years (Years 2 and 3) to continue the services and added work authorizations for additional BusinessDirect enhancements and upgrades.

This new amendment will extend the contract term through the final two years (Years 4 and 5) left on this agreement to continue the maintenance and operations support services. Approval of this request will ensure continuous expertise and services required to maintain and operate the BusinessDirect system to the level required to meet the ongoing financial needs for CalSTRS business.

2. Montague DeRose and Associates, LLC

Title:	Bond Financing Municipal Advisory Services
Contract Number:	4400003070, A-1
Original Term:	May 1, 2020 - April 30, 2023
Proposed Term:	May 1, 2020 - December 31, 2023
Contract Amount:	\$ 95,000.00
Amendment Amount:	\$ 80,000.00
Proposed Contract Amount:	\$175,000.00
Source of Funds:	Continuous Appropriation
Solicitation/Award Method:	Non-Competitive Bid
Branch Executive:	Julie Underwood

PURPOSE

In connection with CalSTRS efforts to secure the additional bond financing for the additional costs to complete the Headquarters Expansion Project (HQE Project) and presuming board approval to move

forward with bond financing in item #9, Staff requests board approval of the contract amendment for our Municipal Advisor which increases the contract amount and extends the contract term.

SUMMARY

In November 2018, the board approved the construction of an expansion to CalSTRS' West Sacramento headquarters (HQE Project) using bond financing at a cost not to exceed \$300 million, excluding the cost of financing. In December 2019, CalSTRS issued tax-exempt lease-revenue green bonds (Series 2019 Bonds) through a conduit issuer, the California Infrastructure and Economic Development Bank (IBank).

The construction of the project commenced in the fall of 2019 and was scheduled to be substantially completed by July 2022. However, due to the impacts of the COVID-19 pandemic and certain delays in obtaining architectural permits, the substantial completion date has been moved to the middle of fiscal year 2022-23. The HQE Project team estimates the additional cost arising from the delays will not exceed \$18.5M. CalSTRS is exploring the possibility of issuing additional bonds to finance the additional cost and in anticipation of issuing these bonds, we will need the expertise of a municipal bond advisor to assist with certain specialized tasks and advise CalSTRS as we evaluate various decisions throughout the debt issuance process.

Montague DeRose and Associates, LLC (MDA) served as our Municipal Advisor for the issuance of the Series 2019 Bonds and currently provides general municipal advisory and dissemination agent services. As our Municipal Advisor for the issuance of the additional bonds needed to complete the HQE, MDA will provide advice to CalSTRS on the best practices for the sale of the bonds and coordinate all elements of the bond sale from inception to closing, including advising CalSTRS on the preferred method of selling the bonds (competitive or negotiated). In addition, the contractor will advise CalSTRS on marketing the bonds, assist with presentations to rating agencies, schedule the timing of the bond sale, help decide on the bond structure and call provisions, set bid requirements, prepare, or review the Official Statement, and participate in due diligence calls to satisfy the informational needs of the prospective investors. Given their knowledge of CalSTRS, the Series 2019 Bonds financing and the current plans to finance the HQE Project cost overruns, MDA is best positioned to perform these services.

3. CGI Technologies and Solutions Inc.

Title:	Data Validation Analysts
Contract Number:	4400003015, A-2
Current Term:	April 15, 2020 - February 14, 2022
Amendment Term:	April 15, 2020 - April 14, 2023
Contract Amount:	\$ 950,400.00
Amendment Amount:	\$ 518,400.00
Proposed Contract Amount:	\$1,468,800.00
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests board approval to amend a contract with CGI Technologies and Solutions, Inc., to extend the term of this agreement through April 14, 2023 and add \$518,400.00. This will allow the Data Validation Analyst services to continue supporting efforts in validating, verifying, and reconciling with data converted from CalSTRS legacy pension administration system, START and other sources. This agreement is a separate contract from the main Pension Solution implementation agreement with CGI.

SUMMARY

The contract was initially executed in April 2020 to engage two Data Validation Analysts to provide professional expertise in reconciling converted data, between mainframe and SQL databases and perform defect analysis and reporting.

As part of this effort, the data validation analysts will be assisting one or more projects and programs/ teams within CalSTRS to create various types of reports using the legacy data and target systems. The Analysts work closely with different program areas within CalSTRS to run and facilitate Join Application Development (JAD) sessions for the development of data validation reports to provide evidence that various record counts and balances at summary and detailed level, between source and target systems, match to ensure any requirements identified by different CalSTRS business areas for the development of these reports are met.

NON-COMPETITIVE BID (NCB)

1. Ground Floor Advisors

Title:	Outreach Consultant
Contract Number:	TBD
Contract Term:	February 1, 2022 – January 31, 2023
Contract Amount:	\$180,000.00
Source of Funds:	Support Appropriation
Branch Executive:	Lisa Blatnick

PURPOSE

Staff requests board approval for CalSTRS to engage with Ground Floor Advisors a uniquely experienced public affairs and community outreach consultant to serve at the pleasure of the Board and work collaboratively with staff. Ground Floor Advisors will provide CalSTRS with the strategic advising and implementation support necessary to conduct education and outreach to community organizations on CalSTRS' Path to Net Zero initiative, to identify and leverage the voices of thought leaders, and to explore developing a meaningful public engagement framework for member participation.

BACKGROUND

CalSTRS, as with many defined benefit plans, has been guided by financial experts on a path towards becoming fully funded again over the next few years. CalSTRS' exposure to traditional fossil fuel companies is only through investments in passive indexes. We are committed to a net zero carbon future, and, acting as a coalition builder with stakeholders, intend to influence global policy.

Ground Floor Advisors will assist CalSTRS and the board by working with the CalSTRS team to help expand the Path to Net Zero communications roadmap and amplify its message to stakeholders, community leaders, organizations, and partners. The goal is to establish a clear understanding of CalSTRS mission and commitment to a fossil free economy.

As part of this broader communications and community outreach strategy, Ground Floor Advisors will explore an approach for direct member engagement that empowers individuals from across the spectrum and activates them as participants.

RECOMMENDATION

Staff recommends the approval of the above NCB and amendment requests.