

## Sole Source Justification Approval Form

The objective of this form is to capture all relevant documentation to assist in the source justification review process. This form must be completed electronically and submitted with all relevant documentation for review and approval. Sole Source Justification Approval Forms will be posted to PSERS public website in accordance with Title 62 §106.1 and §515.

### SECTION A

<b>Requesting Office</b>	Public School Employees' Retirement System		
<b>Description</b>	Benchmarking and Reporting of costs, returns, risk and peer analysis of PSERS pensions and investments.		
<input type="checkbox"/> <b>Material</b>			
<input checked="" type="checkbox"/> <b>Services</b>			
<b>Delivery/service location</b>	5 North 5 <sup>th</sup> Street Harrisburg, PA 17101		
<b>SAP Vendor #</b>	550239	<b>Est Total Value \$</b>	\$396,000.00
<b>Vendor</b>	CEM Benchmarking		
<b>Vendor Address</b>	372 Bay Street, Suite 1000, Toronto, Ontario, M5H 2W9		
<b>Contact Name</b>		<b>Email</b>	
<b>Telephone #</b>		<b>Fax #</b>	
<b>Start Date</b>	9/1/2024	<b>End Date</b>	8/31/2027

### SECTION B

<b>Check the appropriate reason(s) for this source justification.</b>	
<input checked="" type="checkbox"/>	<b>1. Sole Source.</b> Only known source – Not available from another supplier. Title 62. § 515. (a) (1)
<input type="checkbox"/>	<b>2. Exempt (Law).</b> A federal or state statute or regulation exempts the procurement from the competitive procedure. Any applicable information precluding the procurement from competitive procedures must be attached. Title 62. § 515. (a) (2)
<input type="checkbox"/>	<b>3. Feasibility.</b> Clearly not feasible to award the contract on a competitive basis. Title 62. § 515. (a) (4)
<input type="checkbox"/>	<b>4. Best Interest.</b> Clearly in the best interest of the Commonwealth. Title 62. § 515. (a) (10)
<input type="checkbox"/>	<b>5. Professional Expert/ Expert Witness.</b> Title 62. § 515. (a) (6)
<input type="checkbox"/>	<b>6. Single Source (Material/Repair/Maintenance).</b> Material or service MUST be compatible with existing equipment. Documentation must be provided by the manufacturer. Title 62. § 515. (a) (7)
<input type="checkbox"/>	<b>7. Investment Managers/ Advisors.</b> Title 62. § 515. (a) (8)

Sole source procurements that use above justifications 1 - 4 are required to be posted to PSERS public website for seven (7) days prior to approval. Within seven (7) days of approval, the form must be posted for at least thirty (30) days. Justifications 5-7 do not require posting.

**SECTION C**

<p><b>1.</b></p>	<p><b>Describe the unique features of this procurement that prohibit a competitive environment. If applicable, attach a Statement of Work (“SOW”).</b></p>	<p>CEM has a long history of providing public and private systems with insights into their pension administration cost and service levels. By analyzing and quantifying the services we provide to our members and the cost constraints associated with our administration, CEM helps us understand the value of the services we provide to our members relative to the cost. CEM does this by comparing us to our most relevant peers, their global clients and our own results over time, using standardized metrics, allowing an apples-to-apples comparison.</p> <p>CEM has provided fund sponsors with valuable insights into their investment return, cost, risk and liabilities since 1990. What sets CEM apart is their comprehensive analysis of investment management costs. Their unique global benchmarking database includes over 350 public and private sector funds from Australia Canada, Denmark, Korea, Finland, France, Ireland, the Netherlands, New Zealand, Norway, Sweden, the United Kingdom and the United States. Funds range from \$20 million to over \$735 billion in size and represent nearly \$12 trillion in total assets. The annual benchmarking process begins with completing a comprehensive survey about investment holdings performance and cost. All participants receive a report that compares cost and return performance relative to the universe and an in-depth peer-based benchmarking report. Analysis provides an independent, objective, multi-year review of PSERS fund's overall investment performance, risk and costs compared to a customized peer group and the universe.</p>
<p><b>2.</b></p>	<p><b>Document and attach the research that has been conducted to date to verify the supplier is the only known source?</b></p>	<p>Inquired with peer organizations and searched the internet for other benchmarking service providers and found none. The goal is to be compared against our peers using standardized metrics. About 10 peers use CEM Benchmarking. We are unaware of any other provider that uses data from our peers and standard, time-tested metrics.</p>
<p><b>3.</b></p>	<p><b>How has the material or service been procured in the past? Please provide previous source justifications, contracts and POs.</b></p>	<p>Past PO’s have been issued to this vendor via sole source.</p>
<p><b>4.</b></p>	<p><b>If this is an upgrade, addition, alteration, etc., to an earlier procurement, please describe in detail.</b></p>	<p>This procurement is a consolidation of previously separate benchmarking report procurements resulting in a discounted rate from previous years.</p>

5.	<b>What are the consequences of not approving this procurement?</b>	PSERS does not have the expertise, time, staff, or access to other pension systems and their data as would be required to conduct such a benchmark survey and analysis. Understanding how we compare in terms of cost effectiveness in the context of our peers and in the context of the services we provide is key to doing that, as is keeping abreast of industry best practices and having a strong peer network available to us.
6.	<b>If timing is a factor, what is the time factor and why?</b>	N/A
7.	<b>List any other information relevant to the acquisition of this procurement here or as an attachment.</b>	New PO will be multi-year contract merging Pension and Investment benchmarking which will result in an overall 10% discount in savings during the period of the PO.
8.	<b>For requests &gt; \$100,000, has the supplier signed cost or pricing data certification and is the pricing breakdown attached?</b>	Pension Admin: \$59,000 per year Investments: \$44,000 per year Defined Contribution: \$29,000 per year

## SECTION D

### Form Submitter

<b>Name</b>	Denise Holliday	<b>Title</b>	Procurement Specialist 2
<b>Telephone #</b>	717-441-0018	<b>Email</b>	ra-psprocurement@pa.gov
<b>Signature</b>		<b>Date</b>	

This form must be signed by the PSERS Executive Director, their Designee or other individual authorized by the Board of the Public School Employees' Retirement System. Approving Authority signature connotes approval of the source justification and the cost or pricing data certification.

### Approving Authority

<b>Name</b>		<b>Title</b>	
<b>Signature</b>		<b>Date</b>	

The printed names or electronic representations of signatures appearing on this form shall constitute signatures of those individuals. No handwritten signatures shall be required for this form to be considered "signed" by those individuals whose names appear in the signature section.