

SOLE SOURCE PROCUREMENT CHECKLIST

Department: Treasury

Contractor: Ludovic Phalippou Ph.D.

Agency Purchase Requisition No. _____

A) Reason(s) for Sole Source Procurement:

- Only a single contractor is capable of providing the service.
 - Only known source; similar services/commodities are not available from another contractor.
 - Service must be compatible with existing equipment.
- A federal or state statute or federal regulation exempts the service from the competitive procedure and there is appropriate justification to do so.
- It is clearly not feasible to award the contract for services on a competitive basis.
- The services are to be provided by attorneys or litigation consultants selected by the Department.
- The services are to be provided by expert witnesses.
- The services involve the repair, modification or calibration of equipment, and they are to be performed by the manufacturer of the equipment or by the manufacturer's authorized dealer, provided the contracting officer determines that bidding is not appropriate under the circumstances.
- The contract is for financial or investment experts to be used and selected by the Department.
- The contract for services is in the best interest of the Commonwealth.

B) Briefly describe the supply or service item you are requesting and its function

The State Treasurer is vice-chair of the Public Pension Management and Asset Investment Review Commission ("Commission") as established in Act 5 of 2017. The Act establishes the Commission's duties which include but are not limited: the study of the performance of current investment strategies of SERS and PSERS; costs and benefits of investment strategies; study alternative future investment strategies. The State Treasurer has retained a financial and investment expert to assist him and the Department in performing his duties on the commission as well as the Department's oversight responsibilities with the two pension funds.

The State Treasurer has hired Ludovic Phalippou, Ph.D. Associate Professor of Finance, Said Business School at Oxford University to develop a methodology for analyzing private equity investment expenses, fees, and performance; review the analysis and deliver a presentation summarizing such analysis.

Further, Dr. Phalippou has also been hired to provide instructional courses to Treasury staff and invited guests on private equity. These courses are not only meant to satisfy some of the Act 5 Educational Requirements that the State Treasurer and his designees have related to sitting on the Boards of Trustees of SERS and PSERS, but also go to educating Treasury Department officials and staff in line with their fiduciary obligations in relation to Commonwealth investing. The retention of financial and investment experts are exempt from competitive bidding under 62 Pa.C.S.A. § 515(a)(9).

C) Describe the unique features/compatibility of the supply, service or construction item that precludes competitive procurement.

n/a

D) What research has been done to verify the contractor as the only known source?

n/a

E) Does the contractor have any distributors, dealers, resellers, etc., that sell the supply, service, or construction item?

No.

F) Must this supply, service or construction item be compatible with present inventory/equipment or in compliance with a manufacturer's warranty or existing service agreement? If yes, please explain.

No.

G) If this is an initial procurement, what are the future consequences of the procurement? That is, once this procurement is approved and processed, what additional upgrades/additions/supplies/services/construction, etc., are anticipated/projected over the useful life of this item?

The Commission's report to the Governor and General Assembly is due six months after its initial meeting and the Commission sunsets 60 days after the report is delivered so there will be no further need for Dr. Phalippou under this contract. 71 Pa.C.S. § 5958 Further, educational instruction must also be given by the end of the year.

G) If this is an upgrade/addition/alteration, etc., to an existing service? How was the original service procured (sole source or competitive)? What additional, related, sole source procurements have occurred since the initial procurement? Please identify the previous purchase order or contract number(s).

n/a

H) How has this service been procured in the past? (Competitive sealed bidding, competitive sealed proposals, sole source, other). Please provide document numbers.

n/a

J) What are the consequences of not procuring this specific supply or service item?

Private equity is large component of the investment portfolios for SERS and PSERS. If Treasury fails to procure a private equity expert, which Dr. Phalippou widely recognized as, then the Commission's analysis would be incomplete.

K) How long has the agency known that the supply or service was needed, and why wasn't the contract process started earlier?

n/a

L) If timing is a factor, who established the time frame and why?

Yes, there is a statutory deadline within 71 Pa.C.S. § 5958 for the Commission to act – 6 months from its first meeting, which was held on May 31, 2018.

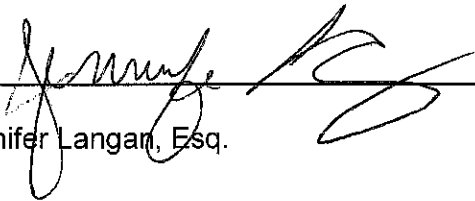
M) What are the consequences of not procuring this specific service within the established time frame?

n/a

N) List any other information relevant to the acquisition of this service.

n/a

Name of person completing the justification (Requesting Bureau/Office)

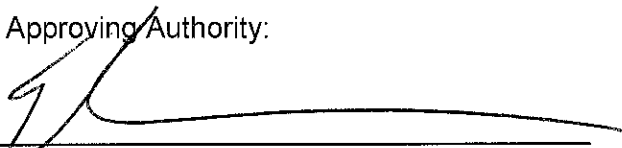


Jennifer Langan, Esq.


Deputy Chief Counsel
Title

Date: 7/3/18 Phone No. 717-787-2465

Signature of Approving Authority:



Comptroller/Designee


_____ 8-7-18

Agency Head or Designee

All sole source procurements are to be submitted to the Bureau of Support Services, and approved by the Comptroller and Deputy State Treasurer for Law and Administration.

If an item is not applicable, indicate that it is not applicable.