

Addendum No. 1

RFP # 18-10320-8275

Investment Consultant Services

Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:

QUESTIONS AND ANSWERS

Following are the answers to questions submitted in response to the above referenced RFP as of June 4, 2018. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

Proposer Questions		Pennsylvania Turnpike Commission (PTC)			
#	Page	Section	Section Description	Proposer Question	Commission Response
1.				Would you and the committee be opened to a Discretionary Manager (also known as an OCIO model) model as an alternative to the investment consultant model? SEI currently has more than 480 institutional clients in this model as more institutions (and government plans) adopt it as a better and more proactive solution than the consultant model.	The Trust will be pursuing a non-discretionary investment consultant.

2.			<p>Would the Trustees consider a response to the RFP employing a discretionary investment management or Outsourced Chief Investment Officer (OCIO) implementation approach to address the requested services?</p> <p><u>Background – Non-Discretionary v Discretionary (OCIO) Investment Management Consulting Solutions:</u> While a traditional advisory or ‘non-discretionary’ investment management consulting implementation by a plan sponsor would have the Trustees shoulder the responsibility for all 3 main elements of the mandate (investment policy, asset allocation and manager selection), the discretionary investment management or OCIO approach would typically divide roles and responsibilities in partnership with the Trustees.</p> <p>Specifically, within an OCIO Solution, the Trustees would maintain strategic control over the plan and its mandate by controlling in full the Investment Policy and Asset Allocation. The discretionary or OCIO partner would generally be responsible for the end-to-end implementation. For example oversight and accountability by a senior investment committee, all investment implementation or ‘front office’ tasks (investment manager selection and investment management), all supporting ‘middle office’ tasks (for example including: contractual support, ongoing public/private investments diligence, performance reporting, risk management) and ‘back office’ tasks (for example including: custodial support, cash management). In addition to the tailored investment management elements (front, middle and back office) there is a consulting support element responsible for example all tasks needed in support of Trustees including for example: initial policy and liability modeling (baseline), stress testing, performance and risk reporting, education and overall accountability for the investment portfolio.</p> <p>The OCIO fee structure may typically include both the full investment management described above (<i>front, middle and back office</i>) and consulting services to meet the needs of the Trustees, while the underlying sub-advisory (investment</p>	<p>The Trust will be pursuing a non-discretionary investment consultant.</p>
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				<p>manager) fees would remain separate as is typical in the non-discretionary investment consulting model.</p> <p>The question is would this discretionary or OCIO investment consulting implementation, generally described above, be accepted by the Trustees for review in response to and in consideration as a possible solution to address the specific needs detailed in the RFP.</p>	

All other terms, conditions and requirements of the original RFP dated May 29, 2018 remain unchanged unless modified by this Addendum.