

## Addendum No. 2

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 15, 2018. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

Proposer Questions			Pennsylvania Turnpike Commission Retiree Medical Trust (PTC)			
#	Page	Section	Section Description	Proposer Question	Commission Response	
1.	2	I-4B	Scope of Services	Please provide the average number of in person meetings for past three years.	The Trustees anticipate 4 meetings per year.	
2.	11	II-1F	Approach	Can you please clarify the Note? In particular are you requesting an asset allocation be completed as soon as practical following commencement of contract?	Yes	
3.	N/A	N/A	Description of Benefits	Can you please provide additional information than what was in the appendix to describe the plan benefits and liability? Can you provide projected cash flows/claim payments?	The Trust will provide additional information to the selected Investment Consultant.	

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4.	N/A	N/A	Description of Current Investments	Can you please provide further information on the current investment lineup, including number of strategies in place today?	The Trust will provide additional information to the selected Investment Consultant.	
5.	N/A	N/A	Description of Current Investments	Are there any changes to the investment lineup in process or to be completed in the next few months?	No	
6.	N/A	N/A	Description of Benefits	Are there any changes to the benefit design or actuarial methods/assumptions in process or to be completed in the next few months?	Yes	
7.	N/A	N/A	General Information	What is the current fee arrangement?	The current Consultant is being paid a fixed annual fee of \$105,000 that is inclusive of all travel and expenses for the current contract year.	
8.	N/A	N/A	General Information	Why have you chosen to put this out to bid at this point in time?	The contract expires in 2018.	
9.	N/A	N/A	General Information	Can you elaborate further on the plan governance structure? Does the Commission have authority to make all decisions or is there another level for approvals?	Decisions for the Trust are made by the Trustees.	
10.	2	I-4B	Scope of Services	Should an asset/liability study be part of the scope of services?	An asset/liability study is not a requirement of this RFP. If a proposer deems this to be a pertinent service, they provide as an Investment Consultant they may detail that in their proposal.	

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11	11-12	II-1 K, H  Also Appendix F Pages 5-9, 11, 12		Would it be possible to know the managers the Trust is currently using? Are you able to provide both the product and the asset amount per mandate? Would it be possible to provide a copy of the most recent or last quarterly performance review detailing manager mandates and performance?	The Trust will provide this information to the selected Investment Consultant.
12	12	II-1 K Also Appendix F Page 5		Are there any managers that are currently underperforming or on watch? Will any actions regarding these managers take place in the near future?	Specific investments, performance and adjustments will be reviewed with the selected Investment Consultant.
13	11	II-1 H Also Appendix F page 9		The IPS allows for special situation investing. Does the Commission have any such investments on the horizon?	The Trustees will review investment initiatives with the selected Investment Consultant.
14	11	II-1 H Also Appendix F page 12		Are there any specific investing initiatives i.e. minority investments, ESG investing- that the Commission wants to undertake in the near future? Or any public mandates the commission will have to comply with?	The Trustees will review investment initiatives with the selected Investment Consultant.
15	N/A	Insurance Coverage	Network Security & Privacy Liability	We currently have \$1M in Cyber Security Insurance. Is the \$2M requirement hard and fast or could that be adjusted should we be awarded a contract?	Contract negotiations, including insurance specifications, will commence upon award of contract.

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16				Regarding the written performance report requirement of 15 days after quarter end, how soon after quarter end is the custodian bank data available?	Please see Part I-4 B of the RFP.
17				Is a requirement of "20 business days after bank data is available" acceptable for full written quarterly reports?	Please see Part I-4 B of the RFP.
18				The RFP asks for monthly performance reports. What is the timing requirement for those?	Please see Part I-4 B of the RFP.
19				Who is the custodian bank? Does the bank provide online access to their data?	PNC Bank is the Custodian Bank; Yes.
20				Is a list of current investment managers available?	The Trust will provide this information to the selected Investment Consultant.
21	2	I-4	Problem Statement General Description	What is the name of your current investment consultant?	Conduent HR Consulting, LLC
22				How many years have they provided the Trust with investment consulting services?	Approximately 3 years.
23				Is the current vendor eligible to submit a bid in response to this RFP?	Yes

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24.				What are the reasons these services are put out to bid? Is it expiration of the contract? Or other reasons? If applicable, please describe other reasons.	Please see answer to question 8.
25.	3	I-4	Problem Statement B. Requested Services	What is the location of the meetings the new consultant is expected to attend?	Pennsylvania Turnpike Central Administration Building 700 S. Eisenhower Blvd. Middletown, PA 17057
26.	12	II-2	Diverse Business (DB) Requirements (Appendix D)	Is there a Diverse Business (DB) company participating in the current contract? If Yes, can you provide a brief description of their services and the percentage or dollar amount of their annual fee?	No
27.	13	II-3	Cost Submittal	Can the Trust provide us a dollar amount of the fee that was paid to the current consultant over the last two years?	Please see answer to question 7.
28.		Appendix E	Note 2 Plan Description and Contribution Information	Will the selected consultant be able to identify and transfer assets to a new custodian if the costs are equal or less?	No. Custodial Services are not part of this request.
29.		Appendix E	Note 4 Cash and Cash Equivalents and Investments	Please provide ticker symbols (if applicable), the name of the manager and the asset classes.	The trust will provide this information to the selected Investment Consultant.
30.				Please provide the market value of each investment manager.	The trust will provide this information to the selected Investment Consultant.
31.				How many fund manager searches and replacements were conducted over the last two years?	The trust will provide this information to the selected Investment Consultant.

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32				What prompted your desire to conduct a search at this time?	Please see answer to question 8
33				Who is the current consultant? Is the current consultant being considered as part of this process?	Please see answer to question 21 & 23
34				What are the annual fees for the existing contract that the Board is paying to its current consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?	Please see answer to question 7
35				Do you have any specific issues in regard to your current consultant?	No
36				What do you think is the single most important characteristic of an investment consulting firm?	Please see RFP requirements
37				In addition to the 4 meetings per year, would you expect additional meetings throughout the year?	Yes
38				When was the last time the Trust performed a liability-based asset allocation study? What is the funded status of the Trust? What are the assumed/target rates of return for the Trust?	The trust will provide this information to the selected Investment Consultant.

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39				Do you have a separate alternative assets consultant?	No
40				Do you currently use fund of funds or direct funds for your alternative investments?	Currently we are using fund of funds.
41				Do you anticipate making any changes to the asset allocation of the Trust? Are you considering any new asset classes?	Please see answer to question 2
42				What is the most important investment issue your Trust is currently facing?	Please see answer to question 36
43				Would there be interest in discretionary (OCIO) services, where management of the assets are delegated to the consultant?	No
44	11	II-1 F	Technical Submittal	After significant contributions have improved funding, what level of contributions do you expect in future years?	The trust will provide this information to the selected Investment Consultant.
45	11	II-1 F	Technical Submittal	Do you plan on maintaining the current 6.5% discount and expected return?	The trust will provide this information to the selected Investment Consultant.

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46	11	II-1 F	Technical Submittal	Do you have any liquidity constraints/targets?	The trust will provide this information to the selected Investment Consultant.
47	11	II-1 F	Technical Submittal	Can you share the latest investment policy and performance reports?	Please see the RFP for the Investment Policy. The trust will provide the Performance Reports to the selected Investment Consultant.
48	11	II-1 F	Technical Submittal	Can you share the anticipated cash outflows and liability duration?	The trust will provide additional information to the selected Investment Consultant.

All other terms, conditions and requirements of the original RFP dated May 29, 2018 and Addendum #1 remain unchanged unless modified by this Addendum.