

SOURCE JUSTIFICATION FORM

Bureau of Procurement

The objective of this form is to capture all relevant documentation an Agency may have to assist the Department of General Services ("DGS"), Bureau of Procurement, in expediting the source justification review process. This form must be completed electronically, signed, and submitted with all relevant documentation to DGS. If a question is neither mandatory nor applicable, please indicate "N/A". Please use standard terminology and define acronyms.

SECTION A

1. Agency Name:	Public School Employees Retirement System		
2. Procurement Description: This description will appear on the eMarketplace website for public viewing	STP provides daily investment accounting and technology services for investment transactions and holdings for all of PSERS' public market investments. These services help PSERS to maintain an accounting book of record (ABOR) that is independent from the accounting records provided by PSERS' custodian bank.		
Materials Description:			
Services Description:	Investment Accounting and Reconciliation System and Services		
3. Materials Shopping Cart # or Services SPR#	Estimated Cost:	\$1,000,001 - \$5M	
	Initial Contract Term:	3 years	
	Renewals:	2 - (1) year	
4. Supplier - Name:	STP INVESTMENT SERVICES LLC		
Full Address:	44 W GAY ST STE 300 WEST CHESTER PA 19380-3058		
Contact Name:	Dan Schlossberg		
Telephone:	610-363-568	FAX:	
E-mail:	dschlossberg@stpis.com		
SRM Supplier #:	519110		
5. Delivery or service location:	5 N 5th Street Harrisburg PA 17101		

SECTION B

<input type="checkbox"/> 1. Sole Source: Only known source - Not available from another supplier.
<input type="checkbox"/> 2. Material/Repair/Maintenance: Material or service MUST be compatible with existing equipment. Documentation must be provided from the manufacturer.
<input type="checkbox"/> 3. Used Equipment: Value set by 2 independent 3rd party appraisals.
<input checked="" type="checkbox"/> 4. Professional Expert: Describe in detail in Section C.
<input type="checkbox"/> 5. Exempt (Law): 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.
<input type="checkbox"/> 6. Feasibility: Clearly not feasible to award the contract on a competitive basis.

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SECTION C

1. Describe the unique features of this procurement that prohibit a competitive environment. If applicable, attach a Statement of Work ("SOW").

STP provides daily investment accounting and technology services for investment transactions and holdings for all of PSERS' public market investments. These services help PSERS to maintain an accounting book of record (ABOR) that is independent from the accounting records provided by PSERS' custodian bank. PSERS does not have sufficient staff resources nor a viable application to internally maintain an independent ABOR for its large and diverse investment portfolio in excess of \$70 billion without support from STP. Accounting for and maintaining a proper system of internal controls for the investment portfolio is an integral part of PSERS' fiduciary responsibility to prudently manage the assets of the fund.

Services provided by STP are also needed to maintain compatibility with our existing internal control and accounting systems. STP provides a combination of accounting and technology services that complements the services and strengths provided by PSERS' staff. PSERS is able to outsource functions that are difficult for PSERS' staff to maintain such as trade interface with our investment managers, security master file maintenance, information technology application support services, and other pertinent functions. Yet, PSERS still retains responsibility for the overall investment internal control structure and reconciliation process.

2. Document and attach the research that has been conducted to date to verify the supplier is the only known source.

Over the last thirty years, PSERS and STP have worked closely to refine and customize the STP accounting software to meet PSERS' specific needs to build an independent ABOR. Relationships have been built with numerous vendors. Many customized reports have been developed and placed into production. PSERS has developed and maintains a customized general ledger within the ABOR software. The time and cost required to recreate the level of customization with another vendor would be unacceptable in meeting PSERS' timeliness requirements and budget constraints. STP was hired by the PA Treasury department in 1992 to provide investment-auditing services during a bank conversion and was hired by PSERS later that year to provide financial reporting services. STP currently maintains 30 years of h

3. Does the supplier utilize distributors, dealers, resellers, etc.? If "Yes," please identify.

No

4. Are there compatibility requirements or compliance requirements with a warranty or service agreement? If "Yes," please explain.

As stated above under #2, PSERS leverages compatibility between STP and other vendors in meeting the specific needs of our ABOR.

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5. How has the material or service been procured in the past? Please provide previous source justifications, contracts, & PO's for this material or service.

In July 2000, PSERS began an extensive project to research the investment accounting systems and application service providers available in the marketplace and issued a Request-For-Information (RFI) in April 2001. Because of a research project conducted in the latter part of 2000 and the RFI issued in April 2001, PSERS was able to determine that STP was the only vendor that could customize its accounting, reconciliation and technology services to match the needs of PSERS' existing accounting and internal control procedures. As a result, PSERS entered into a sole source contract with STP effective August 1, 2002, 2007, 2012 and again in 2017. Additionally, the following conclusions were reached:

a. STP maintains 30 years of PSERS' historical data and as such PSERS would not incur signif

6. If procured through the IT ITQ process, please provide original \$ amount and contract period of order. Is this the final phase of the project?

N/A

7. If this is an upgrade, addition, alteration, etc., to an earlier procurement, please describe in detail.

N/A

8. What are the consequences of not approving this procurement?

PSERS utilizes the products and services of STP to maintain an independent accounting book of record and to maintain an effective level of internal controls over the large majority of the investment activity of its \$70 billion complex and diverse investment portfolio. Without STP services, PSERS would not be able to maintain a proper system of internal controls or its independent accounting book of record.

9. If timing is a factor, what is the time factor and why?

Accounting for and maintaining a proper system of internal controls for its investment portfolio is an integral part of PSERS' fiduciary responsibility to prudently manage the assets of the Fund.

PSERS's current sole source contract with STP (PO4300565800) expires on November 30, 2022.

10. List any other information relevant to the acquisition of this procurement here or as an attachment.

PSERS recently executed the final remaining three-month extension on the existing sole source contract through the end of February 2023.

11. For requests > \$100,000, has the supplier signed cost or pricing data certification and is the pricing breakdown attached?

Yes

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SECTION D

IMPORTANT*: The printed names on this form shall constitute the signatures of these individuals. Agencies must insure that these individuals review the completed form and give their consent to apply their printed name on this form. No handwritten signatures shall be required in order for the form to be considered "signed" by those individuals whose names appear in the signature section of the form.

Shopping Cart Contact Person (Person whom DGS will contact regarding the Shopping Cart):

Name:	Cathy Gusler	P-Group:	HP1-7200 PS AD	Date:	1/24/2023
Title:	Procurement Specialist	Telephone:		Fax:	

Agency Contact Person: Person in your agency that DGS can contact for additional information, etc.

Name:	Cathy Gusler	Title:	Procurement Specialist	Date:	1/24/2023
Telephone:		Fax:		Email:	cgusler@pa.gov

Approving Authority (Agency Head or Deputy reviewing and approving this request): Approving Authority connotes approval of the source justification and the cost or pricing data certification.

Name:	<i>Terrill J Sanchez</i>	Title:	Executive Director, PSERS	Date:	1/24/2023
Telephone:		Fax:			

Additional Approvals (if required by Agency):

Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
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