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| Appendix B: Written Response Packet | |
| Solicitation Number: | ITN 18-01 |
| Title: | Fixed income investment management services designed to outperform the Bloomberg Barclays US Aggregate Bond Index |
| Issuer: | Florida Prepaid College Board  1801 Hermitage Boulevard, Suite 210  Tallahassee, FL 32308 |
| When completing this Written Response Packet, the Respondent should give clear, concise, and, where appropriate, quantifiable replies to all questions. The length of the Response is at the discretion of the Respondent; however, Responses are expected to be brief and to contain full and fair disclosure of essential elements without references to an appendix or attachment, unless otherwise requested.  This packet is made available in Microsoft Word on the Board’s website for ease of completion.  Please visit: [myfloridaprepaid.com/who-we-are/about-the-board/board-reports-and-plans/](http://www.myfloridaprepaid.com/who-we-are/about-the-board/board-reports-and-plans/). | |

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| TAB 1: Invitation to Negotiate Acknowlegement | |
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| This sheet and the accompanying negotiation documents constitute an offer from the Respondent to provide the services detailed in the solicitation under the contractual terms provided therein.  By completing this acknowledgment, I agree to abide by all conditions of this negotiation and certify that (1) I am authorized to sign this response and (2) that the offer complies with all requirements of the solicitation. | |
| Respondent (Firm): |  |
| Contact Person: |  |
| Address: |  |
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| Telephone: |  |
| E-Mail Address: |  |
| Authorized Signature: |  |
| Date: |  |
| Printed Name & Title: |  |

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| Tab 2: Minimum Qualifications | | | | | | | | | |
| Solicitation Number: | | ITN 18-01 | | | | | | | |
| Title: | | Fixed income investment management services designed to outperform the Bloomberg Barclays US Aggregate Bond Index | | | | | | | |
| Respondent: | |  | | | | | | | |
| The following represent minimum qualifications. A mark in a field indicates an affirmative response to the statement. Any Respondent that does not satisfy the criteria herein shall be rejected. | | | | | | | | | |
| EXPERIENCE | | | | | | |  |  | Yes/No |
| Respondents must affirmatively state, via written response, that the Respondent: | | | | | | | | | |
| Has $25 billion, or more, in fixed income assets under management (AUM) with at least $2 billion in Core Portfolios, as of March 31, 2018. | | | | | | |  |  |  |
| Has 5 years, or more, of experience managing Core Portfolios against the Benchmark, as of March 31, 2018. | | | | | | |  |  |  |
| Has positive gross performance versus the Benchmark for the rolling 3 and 5 year periods, as of March 31, 2018, for their Core Portfolio Composite. | | | | | | |  |  |  |
| Will charge an effective annual manager fee of 15 bps or less for $500 million AUM. | | | | | | |  |  |  |
| Will manage the assets in separate accounts. | | | | | | |  |  |  |
| Agrees to provide the services as detailed in Section 3 and agrees to all other requirements as stated in the ITN. | | | | | | |  |  |  |
| Agrees to accept and can enter into the Contract supplied in Appendix A. | | | | | | |  |  |  |
| Submitted product and organizational information into Callan Associates’ database no later than Noon (Eastern Time), June 15, 2018. | | | | | | |  |  |  |
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| STATUTORY REQUIREMENTS | | | | | | |  |  | Yes/No |
| Section 1009.971(5), Florida Statutes limits the type of entities that may be an investment manager for the Board. Please indicate whether the Respondent is one of the following: | | | | | | | | | |
| An authorized insurer as defined in Section 624.09, Florida Statutes. | | | | | | |  |  |  |
| A bank as defined in Section 658.12, Florida Statutes. | | | | | | |  |  |  |
| An association as defined in Section 665.012, Florida Statutes. | | | | | | |  |  |  |
| An authorized Securities and Exchange Commission investment adviser. | | | | | | |  |  |  |
| An investment company as defined in the Investment Company Act of 1940. | | | | | | |  |  |  |
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| STATUTORY REQUIREMENTS (Continued) | | | | | | |  |  | Yes/No |
| Please indicate whether the Respondent: | | | | | | |  |  |  |
| Has their principal place of business and corporate charter located and registered in the United States. | | | | | | |  |  |  |
| Agrees to meet the obligations of the Board to Qualified Beneficiaries if moneys in the Fund fail to offset the obligations of the Board as a result of imprudent investing by the Respondent. | | | | | | |  |  |  |
| Tab 3: Performance | | | | | | | | | |
| Solicitation Number: | | ITN 18-01 | | | | | | | |
| Title: | | Fixed income investment management services designed to outperform the Bloomberg Barclays US Aggregate Bond Index | | | | | | | |
| Respondent: | |  | | | | | | | |
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| **Performance** | | | | | | | | | | |
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| For you Core Composite Portfolio, please provide the following performance information for the 1, 3, and 5 year periods and since inception as of March 31, 2018: | | | | | | | | | | |
| Period | | Alpha | Tracking Error | Information Ratio |
| 1-Year | |  |  |  |
| 3-Year | |  |  |  |
| 5-Year | |  |  |  |
| Inception | |  |  |  |

The performance information will be considered in addition to the data provided to Callan Associates.

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| Tab 4: Organizational Experience | |
| Solicitation Number: | ITN 18-01 |
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| Respondent: |  |
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| **Organization Overview** | |
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| 1. Please introduce the organization by providing a brief overview of:    1. History,    2. Services provided,    3. Ownership structure,    4. Assets Under Management by asset class    5. Organization changes (i.e., mergers, acquisitions, key personnel changes, etc.) that are in process or have occurred over the last three years. | |
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| 1. Please provide the name, mandate size and contact information for at least three representative Core Portfolio clients. The Board may contact these individuals during due diligence efforts. | |
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| **Experience managing fixed income investment portfolios designed to outperform the Bloomberg Barclays US Aggregate Bond Index** | |
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| 1. Please describe your investment experience managing fixed income investment portfolios designed to outperform the Bloomberg Barclays US Aggregate Bond Index including but not limited to: years, number of clients and AUM. | |
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| 1. Please describe the organizational structure and personnel dedicated to Core Portfolio clients.   Please attach an organizational chart and biographies of key personnel performing Core Portfolio services. For this purpose, key personnel includes investment officers, portfolio managers, and analysts. Please indicate whether this group is considered fully staffed and identify those individuals that will be assigned to the Board’s portfolio (team). | |
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| 1. Please describe the technical and research capabilities, including analytical tools and processes, of the team and the extent to which outside research sources are used. | |
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| 1. How will the team incorporate working with the Board and investment advisor appointed by the Board to provide ideas and feedback on investment strategy enhancements? | |
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| 1. Please describe any suggested modifications to the Board’s current and proposed [Comprehensive Investment Plans](http://www.itppv.com/documents/pdf/comprehensive-investment-plan/comprehensive-investment-plan-prepaid.pdf). | |
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| **Compliance** | |
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| 1. Please describe how the organization manages compliance and provide an organizational chart showing where compliance responsibility resides as well as the reporting flow, escalation, and resolution of compliance violations. | |
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| 1. Please describe how quantitative and qualitative contractual guidelines are implemented and reviewed. | |
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| 1. Describe any compliance monitoring issues that the Board’s current and proposed Comprehensive Investment Plans may cause your compliance section. Also, suggest changes to the Comprehensive Investment Plans that could resolve any issues. | |
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| **Regulatory Restrictions, Litigation and Conflicts of Interest** | |
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| 1. Please state whether or not there are any past or pending regulatory restrictions, consent orders, stipulations or litigation to which the Respondent, any subcontractor, any Related Entity of the Respondent or any subcontractor, or any of their principals, owners, directors or officers, has ever been a party that would affect its or their ability to provide the required services or which alleges any unfair, illegal or unethical business practice. If so, a detailed description of each must be provided. | |
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| 1. Please state whether or not any officers, principals, owners, directors and all proposed contract employees of the Respondent or any subcontractor that will provide services related to this product have been convicted of, or have plead guilty or nolo contendere to, any felony, regardless of whether adjudication of guilt was withheld. If so, a detailed description of each incident must be included. | |
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| 1. Please state whether or not any penalties, fines or liquidated damages have been imposed against the Respondent, any subcontractors or any Related Entity of the Respondent or any subcontractor, including without limitation thereto, those associated with any contract for services entered into by the Respondent, any subcontractor, or any Related Entity of the Respondent or any subcontractor, within the past five (5) years. If so, a detailed description of each such incident, including the amount of the penalty, fine, or liquidated damages imposed, must be included in the Response. | |
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| 1. Please state whether or not the Respondent or any subcontractor has ever been involved in any litigation with any Qualified Tuition Plan. If so, a detailed description of each lawsuit must be provided. | |
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| 1. Please state whether or not the Respondent or any Related Entity has ever been contacted by any regulatory body (federal, state or industry) regarding any potentially illegal, non-compliant, unethical or improper activities involving the Respondent, any Related Entity, or any of the employees of the Respondent or any Related Entity. If so, a detailed description must be provided that indicates whether your firm or any Related Entity conducted an investigation of those matters. | |
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| 1. Please confirm that the Respondent has not been placed on the convicted vendor list and that it will comply with the provisions of s. 287.133, F.S. Section 287.133(2)(a), F.S., which provides:   *A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.* | |
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| 1. Please confirm that the Respondent has not been placed on the discriminatory vendor list and that it will comply with the provisions of s. 287.134(2)(a), F.S. which provides that:   *An entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity.* | |
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| 1. Pursuant to the provisions of Chapter 112, F.S., Respondents must disclose with their Response the name of any officer, director, or agent who is also an employee of the State of Florida, the Board, or any State agency. Respondents must disclose the name of any state employee who owns, directly or indirectly, interest of five percent or more in the Respondent. Respondents must disclose all investment products, annuities, mutual funds or other similar type savings plans that are marketed or sold by the Respondent or its proposed subcontractors for other states as a part of a prepaid college fund or a college savings fund. | |
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| Tab 5: Investment Philosophy and Strategy | |
| Solicitation Number: | ITN 18-01 |
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| Respondent: |  |
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| **Philosophy and Strategy** | |
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| 1. Please describe the organization’s philosophy/strategy for managing Core Portfolios designed to outperform the Bloomberg Barclays US Aggregate Bond Index. | |
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| 1. Please describe your security review and selection process / criteria. | |
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| 1. Describe the organization’s Alpha and Tracking Error targets, how you manage them and why they are appropriate for Core Portfolios. | |
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| Tab 6: Audits and Financial Information | |
| Solicitation Number: | ITN 18-01 |
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| Respondent: |  |
| The Respondent shall provide complete copies of each audited financial statement **electronically** for the most recent three (3) year period, or other evidence that clearly indicates the Respondent’s financial history, current financial strength, and capital adequacy to provide the services required in this procurement.  To the extent that written explanation is required, please use the space below. | |
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| The respondent shall indicate if any of the previous 3 audit reports included any Qualified Opinion or Going Concern language. If so, please describe in the space below. | |
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| Tab 7: Pricing Schedule | | | | | |
| Solicitation Number: | | ITN 18-01 | | | |
| Title: | | Fixed income investment management services designed to outperform the Bloomberg Barclays US Aggregate Bond Index | | | |
| Respondent: | |  | | | |
| Please supply your proposed fee schedule:   |  | | --- | |  |   In addition, please provide **effective annual fees** for the following funding amounts. Please note that your response will be scored based on these effective fees.  **Annual Fee** | | | | | |
| $200 Million  Effective Fee: |  | | Basis points |  |  |
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| $500 Million  Effective Fee: |  | | Basis points |  |  |
|  | | | | | |
| $1 Billion  Effective Fee: |  | | Basis points |  |  |
| **Calculation of compensation** | | | | | |
| The fee due will be determined quarterly in accordance with the rates set forth above in the fee schedule and the formula below, based on the market value of the assets held in the portfolio as determined by the custodian appointed by the Board, on the last business day of the quarter being billed. The fee shall be calculated on a prorata basis for the portfolio to reflect the periods of time such assets were under direct supervision during the billing period.  The formula utilized in calculating this proration is shown below and calculated on a settlement date basis using actual, rather than standard, days.  Quarterly Fee =  [(Portfolio Market Value on Last Day of Quarter – Adjustment for Contributions + Adjustment for Withdrawals) x (Flat Rate Fee) x (Number of Days in Preceding Quarter / Number of Days in Year)]  Adjustment for Contributions=  [Contribution Amount x  ((Number of Days from Beginning of Quarter to Date of Contribution) / Number of Days in Quarter))]  Adjustment for Withdrawals =  [Withdrawal Amount x  ((Number of Days from Beginning of Quarter to Date of Contribution) / Number of Days in Quarter))] | | | | | |