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| Invitation To Negotiate | |
| Title: Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE | |
| Issuer: Florida Prepaid College Board  ITN Number: ITN 19-01 | |
| Issue Date | January 30, 2019 |
| Written Request for Clarification Deadline | February 11, 2019 12:00PM (ET) |
| Written Request for Clarification Response | February 13, 2019 |
| Response Deadline | March 4, 2019 12:00PM (ET) |
| Anticipated Contract Effective Date | July 1, 2019 |
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# Introduction

## About the Florida Prepaid College Board

The Florida Prepaid College Board (Board) administers two Qualified Tuition Programs for the State of Florida pursuant to Section 529 of the Internal Revenue Code: the Stanley G. Tate Florida Prepaid College (Prepaid) Program ($13.6 billion) and the Florida 529 Savings (Savings) Program ($600 million). The Prepaid Program allows Florida families to prepay the cost of college tuition, required fees, and dormitory housing at a state college or university in Florida at a price lower than the projected future cost of enrollment. The Savings Program allows families nationwide to invest for future higher education expenses.

In addition, Section 1009.986, Florida Statutes, provides that the Florida ABLE Savings Program (Florida ABLE) ($12 million) shall be operated through Florida ABLE, Inc., a direct support organization established by, and operated pursuant to a contract with the Board. Florida ABLE (marketed as ABLE United) is a new savings program for individuals with disabilities to save tax-free without affecting eligibility for federal benefits.

The Board, an agency of the State of Florida created by Section 1009.97, Florida Statutes, has seven members who establish policy and monitor performance for the Prepaid and Savings Programs. The Board is administratively housed within the State Board of Administration (SBA) but exercises its powers independently. The Board employs an administrative staff of 20.

The Board, acting with the approval of the State Board of Administration as required by Section 1009.973, F.S., has approved a Comprehensive Investment Plan (CIP) and investment guidelines for the Prepaid Program, Savings Program, and Florida ABLE Program. A copy of the CIPs and investment guidelines for the Programs are included as Appendix D, E and F.

For more information, please visit [myfloridaprepaid.com](http://www.myfloridaprepaid.com) and [ABLEUnited.com](http://www.ableunited.com).

## Procurement Objective

This Invitation to Negotiate (ITN) has been issued by the Board, pursuant to Section 287.057, Florida Statutes, to obtain written offers for investment consultant services (Responses) from qualified firms (Respondents) for the Board’s Prepaid Program, Savings Program and Florida ABLE.

The Board intends to contract with at least one firm that will provide objective, third party advice and counsel that will enable the Board to make well-informed and well-educated decisions regarding the selection of investments for the Prepaid Program, Savings Program and Florida ABLE. Specifically, the consultant(s) will provide on-going investment consultant services, assist with investment manager searches, as well as assist and oversee changes to the plan design of the Prepaid Program, Savings Program and Florida ABLE.

## Minimum Qualifications for Respondents

Respondents must affirmatively state, in writing, that the Respondent:

Has 5 years, or more, of experience providing investment consulting services for institutional clients and/or public funds.

Agrees to provide the services as detailed in Section 3 and agrees to all other requirements as stated in the ITN.

Has its principal place of business and corporate charter located and registered in the United States.

Has not included Going Concern language in any of the previous three annual audit reports of the Respondent’s financial statements.

**Any Respondent that does not satisfy the minimum criteria herein shall be rejected.**

# Schedule and Communications

## Schedule

The following schedule is set forth for informational and planning purposes. The Board reserves the right to modify this schedule as necessary to effectively administer this procurement.

|  |  |  |
| --- | --- | --- |
| Action | Date & Time | Location |
| Issue Date | January 30, 2019 |  |
| Written Request for Clarification Deadline | February 11, 2019  12:00PM (ET) | [ITNinfo.Prepaid@MyFloridaPrepaid.com](mailto:ITNinfo.Prepaid@MyFloridaPrepaid.com) |
| Written Request for Clarification Response | February 13, 2019 |  |
| Response Deadline | March 4, 2019  12:00PM (ET) | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Response Opening\* | March 4, 2019  2:00PM (ET) | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Evaluator Scoring Validation\* | March 2019 | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Negotiation Period | April 2019 |  |
| Negotiation Vote\* | April 2019 | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Notice of Intended Award | April 2019 |  |
| Anticipated Contract Effective Date | July 1, 2019 |  |

\* Indicates public meeting. Notice of public meetings will be posted in the Florida Administrative Register (FAR).

## Official Notices

All notices, addenda, revisions, decisions, intended decisions, and other information relating to this procurement will be electronically posted on the State of Florida Vendor Bid System (VBS) website. The Respondent is responsible for monitoring VBS. The Board does not guarantee information obtained from other sources.

Please visit: [myflorida.com/apps/vbs/vbs\_www.main\_menu](file:///\\fsbavfile\goeke_brandon\01_Templates\myflorida.com\apps\vbs\vbs_www.main_menu).   
Agency: **State Board of Administration**Title: **ITN 19-01**

## Communications and Restrictions Thereof

In accordance with Section 287.057, Florida Statutes, Respondents to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the 72-hour period following the agency posting the Notice of Intended Award, excluding Saturdays, Sundays, and state holidays, any employee or officer of the executive or legislative branch concerning any aspect of this solicitation, except in writing to the procurement officer or as provided in the solicitation documents. Violation of this provision may be grounds for rejecting a Response. The procurement officer for this procurement is:

Ashley Falls, ITN Administrator   
Email: ITNinfo.Prepaid@MyFloridaPrepaid.com

The Board is the only entity authorized to issue news releases relating to this procurement and any resulting contract.

# Description of Services

## Services

The Board has determined that it is in its best interests to retain the services of an independent entity to provide investment consultant services.

The Respondent selected will establish and assume direct responsibility for proving investment consultant services.

Pursuant to a written contract resulting from this procurement, the Respondent(s) selected shall:

On-going Investment Consultant Services:

For the Prepaid Plan, Investment Plan and Florida ABLE, the Respondent shall perform the below services within the requirements set forth in the contract:

1. **Collect and Validate Investment Performance** – Interface with the Board’s investment custodians (currently, Northern Trust for Prepaid and Savings and Bank of New York Mellon for Florida ABLE) to obtain the information necessary to validate investment performance calculated by the Board’s custodian.
2. **Create Performance Reporting** – Prepare and deliver timely separate monthly and quarterly reports (gross and net of fees where applicable) for the Prepaid Plan, Investment Plan and Florida ABLE with an appropriate market/economic overview.
3. **Evaluate Investment Manager Performance and Compliance** – Report with sufficient explanation to the Board on any investment manager failing to meet any performance objective provided for in the Board’s Investment Guidelines or any similar successor document. And, review the Board’s investment managers’ disclosure of any non-compliance with the Comprehensive Investment Plans and report recommendations for corrective actions to the Board.
4. **Present to the Board** – Attend, present and answer questions in person at all meetings and workshops of the Board, the Board’s investment committee and the Florida ABLE Board. Generally, the meetings and workshops for the Boards/committees are scheduled together for 1.5 days near then end of each quarter.
5. **Provide Consulting/Advisory Services** – Gain a thorough understanding of the Programs and, proactively and as requested, consult/advise by telephone, writing, and in person with the Board and its staff on various matters including, without limitation thereto:
   * Investment policy, including the Board’s Comprehensive Investment Plans and Guidelines
   * Portfolio design, structure, asset classes, and benchmarks
   * Investment strategy
   * Investment risk
   * Asset allocation and rebalancing
   * Program structure and fees
   * Performance matters
   * Current investment managers
   * Selection of new investment managers.
6. **Provide Research** – Any of the Respondent’s ongoing research, including topical papers, client memoranda or current issues for institutional investors made available to clients.

For the Prepaid Plan, the Respondent shall:

* 1. **Perform an Asset Liability Modeling Study** – An asset liability modeling study is performed every 5 years. The asset liability modeling study will provide a fundamental review of the strategic relationship between the overall investment strategy and the liabilities for which they serve.
  2. **Construct a Custom Fixed Income Benchmark** – Assess and lead the construction of the fixed income customized benchmark, including calculation of the Option Adjusted Spread, for the Prepaid Plan using the appropriate liability profile as determined by the Prepaid Plan’s actuary and Board.

For the Savings Plan and Florida ABLE the Respondent shall:

1. **Update Descriptions for Publications** – The Respondent shall work with the Board’s investment managers to develop and periodically revise and update the information and descriptive statements concerning the investment portfolios and the investment strategies used for the investment portfolios and investment options for inclusion in any prospectus or disclosure booklets.
2. **Provide Performance Summaries** – Prepare the performance summary tables that are uploaded to the websites and provided with account statements to Account Owners.

Investment Manager Searches

The Board is required by Florida Statutes to competitively procure every investment manager and custodian/trustee. The Respondent shall provide assistance in the development of procurement requests and in the evaluation of respondents for up to 7 investment manager searches and 1 investment custodian/trustee search, during the initial term of the Contract. The Board retains the responsibility to select the investment managers and custodians/trustees. The same amount of searches will be provided during any renewal period. The Respondent shall perform the searches within the requirements set forth in the contract.

Special Consultation and Advisory Services:

As required by the Board, the Respondent must provide special consultation and advice to the Board regarding various unanticipated investment matters, not otherwise included within the Description of Services (e.g., an additional Asset Liability Modeling Study, an additional investment manager search, and the creation of a new Program). The Board and the Respondent shall agree upon the precise scope of these services and the estimated billable hours or fixed cost required to complete the assignment in writing prior to the Respondent beginning work on each project.

## Contract

The Board intends to enter into a written contract with the Respondent(s) that offers the best value to the Board for the services included in this solicitation, as determined by the Board. The contract will incorporate this solicitation and amendments thereof, the written requests for clarifications and the answers thereof, and the Response provided by the contracting Respondent, including any and all supplemental Responses as requested by the Board.

A copy of the contract, which details the responsibilities of the contracting Respondent(s), is provided as Appendix A. The Board reserves the right to modify this contract pursuant to the negotiations addressed herein.

If the language between this solicitation and the contract conflict with the terms of State of Florida General Contract Conditions ([PUR 1000](https://www.dms.myflorida.com/content/download/2933/11777/PUR_1000_General_Contract_Conditions.pdf)) or State of Florida General Instructions to Respondents ([PUR 1001](https://www.dms.myflorida.com/content/download/2934/11780/1001.pdf)), incorporated herein by reference, this solicitation and the contract shall control.

Failure to meet any contractual obligations may result in cancellation of any award.

# Response

## Mandatory Requirements

The Board has established certain mandatory requirements that must be included in a Response. The use of “shall”, “must”, or “will” (except to indicate simple futurity) indicates a mandatory requirement or condition. The words "should" or "may" indicate desirable attributes or conditions, but are permissive in nature. Deviation from, or omission of, such a desirable attribute will not by itself cause rejection of a Response.

Respondents who meet the minimum qualifications and that have satisfied the mandatory requirements will be considered; any Respondent who does not will be rejected.

## Response Format and Content

Respondents must provide the following information in the Written Response Packet which is included as Appendix B. Failure to comply with the instructions herein is sufficient cause to reject a Response.

The Written Response Packet includes the following forms:

Tab 1 – Invitation to Negotiate Acknowledgement

The Invitation to Negotiate Acknowledgment must be completed and signed by an officer or agent of the Respondent who is empowered to bind the Respondent in a contract. An executed acknowledgement, with the requested materials that follow, constitute an offer from the Respondent to provide the services detailed in this solicitation under the contractual terms provided herein.

Tab 2 – Minimum Qualifications

The Minimum Qualifications form represents a written attestation that the Respondent meets the minimum qualifications set forth in this solicitation.

Tab 3 – Organizational Experience

The Organizational Experience form collects information about the Respondent, the assigned team, and the relevant experience thereof.

Tab 4 – Reporting

The Reporting form collects information about the Respondents interfacing with the custodian and reporting capabilities.

Tab 5 – Consulting Services

The Consulting Services form collects information about the services the vendor provides such as consulting/advising on investment matters, performing asset liability studies, leading multiple managers, LDI benchmark construction and review and Investment Manager review, etc.

Tab 6 – Investment Manager Search Services

The Investment Manager Search Services tab collects information about the manager search services available.

TAB 7 – Pricing Schedule

The Pricing Schedule represents the price offered for the services set forth in this solicitation. The Respondent, if awarded the contract, will receive compensation under the contract resulting from this procurement based upon the agreed upon price contained in the Pricing Schedule.

The forms provided herein are made available in Microsoft Word on the Board’s website for ease of completion. Responders must use the provided forms. Additional information may be added as appendixes to support the forms. However, primary consideration will be given to the information provided in the forms.

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/).

## Delivery

Responses must be complete on the date delivered. Additional information submitted after the Response, or separate from the Response, will not be considered unless specifically requested by the Board and only to the extent requested.

The Respondent is responsible for the timely and proper delivery. Responses that, for any reason, are not delivered timely will be retained by the Board but will not be considered.

Delivery to the Board

Each response shall be prepared simply and economically providing a straightforward and concise delineation of the Respondent’s capabilities to satisfy the requirements of this procurement.

Each Respondent shall deliver the following:

Four (4) complete electronic copies of the Response on four (4) USB hard drives – one (1) copy per drive.

One (1) unbound original copy of the Response.

Four (4) bound copies of the Response. Fancy bindings and promotional material are not desired.

All Responses must be executed and submitted in a sealed package. The face of the package must contain the number and title of this solicitation and the date of the response. See Section 2 for delivery date, time, and address.

**Responses received by facsimile, telephone, or email will be rejected.**

## Conflicts of Interest

Any award hereunder will be subject to the provisions of Chapter 112, Florida Statutes. 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 agency of the State of Florida. 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, its proposed subcontractors or any Related Entity of the Respondent or any subcontractor, for other states as a part of a prepaid college fund or a college savings fund or for any Qualified Tuition Program.

## Response Tenure

All Responses are valid for one hundred eighty (180) days from the due date. The period of time during which responses are valid will be tolled during the pendency of any proceeding related to any contract awarded pursuant to this procurement.

# ITN Process

## Overview

This is a multi-phase competitive procurement process, pursuant to Section 287.057, Florida Statutes, whereby all Respondents shall receive fair and equal treatment. Respondents will not be eliminated from consideration until the posting of the Notice of Intended Award.

## Requests for Clarification

Prior to the request for clarification deadline, the Board will accept requests for clarification from prospective Respondents. Questions concerning the conditions and/or specifications of this procurement must be addressed in writing, using the Request for Clarification Form provided in Appendix C. Written requests for clarification delivered to the ITN Administrator in a proper and timely manner will receive a written answer communicated publically via VBS.

Requests for clarification and answers thereto shall be considered an addendum to, and an integral part of, this solicitation document.

## Mandatory Requirements Assessment

Upon timely and proper receipt, each Response will be reviewed to determine whether the Respondent meets the minimum qualifications and satisfies mandatory requirements set forth in this solicitation. The Board reserves the right to determine which Responses meet the minimum criteria and the right to accept Responses that deviate in a minor or technical fashion.

This assessment is binary (pass/fail); there are no points awarded for meeting the minimum qualifications or satisfying the mandatory requirements. Respondents that do not meet the minimum qualifications or satisfy the mandatory requirements will be removed from consideration.

## Evaluation Phase

Each Response for which the Respondent meets the minimum qualifications and satisfies the mandatory requirements will be evaluated, independently, by members of an Evaluation Team appointed by the Board.

Response Evaluation

The Evaluation Team will award points for each Response in the following areas:

|  |  |
| --- | --- |
| Component | Maximum Points Awarded |
| Written Response: Organizational Experience (Tab 3) | 15 |
| Written Response: Reporting (Tab 4) | 15 |
| Written Response: Consulting Services (Tab 5) | 30 |
| Written Response: Investment Manager Search Services (Tab 6) | 15 |
| Written Response: Pricing Schedule (Tab 7) | 25 |
| Total | 100 |

Pricing Schedule Evaluation

Each Pricing Schedule Response will be evaluated relative to the lowest responsive price offered based on the annual fee. Points will be awarded using the following formula:

(X/N) x P = Z; where:

X = Lowest Responsive Pricing Schedule;

N = Proposed Pricing Schedule;

P = Maximum Points Available

Z = Awarded Points

The calculated points awarded will be rounded to the nearest whole number. Decimal values less than 0.50 will be rounded down to the next whole number; decimal values greater than, or equal to, 0.50 will be rounded up to the next whole number. The minimum possible calculated points awarded will be 0.

Ranking of Respondents and Selection of the Shortlist for Negotiation

After the Evaluation Team has evaluated each Response independently, the individual scores will be aggregated to determine the total score for each Response. The Respondents will be ranked based on the total score for their Response and the Board will select the highest-ranked Respondents, within a competitive range, for negotiation (Shortlist).

The Board intends to select up to five (5) Respondents to the Shortlist. However, the Board reserves the right, after posting notice thereof, to expand the shortlist to include additional responsive Respondents for negotiation. The Board will provide individual notice to each Shortlist Respondent.

## Negotiation Phase

The Board will appoint a Negotiation Team to conduct negotiations with the Shortlist Respondents. The Board intends to negotiate concurrently with the Shortlist Respondents; however, the Board may change the method of negotiation (e.g., concurrent versus by order of ranking) and evaluation criteria if it determines that to do such would be in the best interest of the Board.

When negotiations have been completed, the Board will award a contract to the responsive and responsible Respondent(s) that the Board determines will provide the best value to the Board. The Board will provide public notice of selection via Notice of Intended Award posted on VBS.

# General Information

## Legal Requirements

Applicable provisions of all federal, state, county, and local laws, will govern development, submittal and evaluation of all Responses received hereto and will govern any and all claims and disputes that may arise between persons submitting a Response and the Board. Lack of knowledge by any Respondent will not constitute a cognizable defense against the legal effect thereof.

## Board Rights

The Board, in its sole discretion, may take any of the following actions and may determine the scope and manner of such actions, the Respondent(s) affected, and whether to provide concurrent public notice of such decision:

Modify this solicitation, after posting notice thereof.

Review and rely on relevant information contained in a Response.

Change the members of the Evaluation Team and/or Negotiation Team.

Request supplemental Responses from a Respondent.

Contact previous clients of a Respondent, as identified by the Respondent, to inquire about the Respondent’s ability to deliver on the services offered.

Expand the Shortlist, after posting notice thereof, to include additional responsive Respondents.

Require any or all Respondent(s) to address services, prices, or conditions offered by any other Respondent.

Schedule additional negotiating sessions with any or all Respondent(s).

Decline to conduct further negotiations with any Respondent.

Reopen negotiations with any Respondent.

Require any or all Respondent(s) to provide a best and final offer.

Take any administrative steps deemed necessary to determine final award, including additional fact-finding, evaluation, or negotiation where necessary and consistent with the terms of this procurement.

Arrive at an agreement with any Respondent, finalize principal contract terms and terminate negotiations with any or all other Respondents, regardless of the status of, or scheduled negotiations with, such other Respondents.

The Board reserves the right to accept or reject any and all Responses and to award the contract in the best interests of the State of Florida.

## Public Access to Records

Responses to this solicitation shall result in the Respondent waiving any and all rights relating to confidentiality, or claims thereof, upon delivery to the Board. All electronic and written communications pertaining to this procurement, whether sent from or received by the Board, and all Responses including, without limitation, administrative information, proposed services/commodities, and price will be subject to disclosure after contract award as required under Chapter 119, Florida Statutes.

Negotiations between the Board and Respondent are exempted from being held as public meetings by Section 286.0113(2)(a), Florida Statutes. In addition, strategy meetings held by Negotiation Team are also exempted by Section 286.0113(2)(a), Florida Statutes.

## Property of Board

All Responses become the property of the Board upon receipt and will not be returned to the Respondent. The Board has the right to use any and all ideas or adaptations of ideas contained in any Response received in for this solicitation. Selection or rejection of the Response will not affect this right. All Responses become public documents upon submission. All materials and data produced for the Board under the contract resulting from this solicitation will be owned by the Board unless otherwise agreed to in writing by the Board.

## Cost of Developing and Submitting Responses

Neither the Board nor the State of Florida is liable for any of the costs incurred by the Respondent in preparing and/or submitting a Response.