|  |  |
| --- | --- |
| Invitation To Negotiate | |
| Title: Commingled Investment product Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan, the Florida ABLE Program and the Florida Prepaid College Foundation | |
| Issuer: Florida Prepaid College Board  ITN Number: ITN 19-03 | |
| Issue Date | May 8, 2019 |
| Written Request for Clarification Deadline | May 15, 2019 12:00PM (ET) |
| Written Request for Clarification Response | May 17, 2019 |
| Response Deadline | May 31, 2019 12:00PM (ET) |
| Anticipated Notice of Intended Award | June 2019 |
|  | |

Table of Contents

[1. Introduction 1](#_Toc518548867)

[1.01 About the Florida Prepaid College Board 1](#_Toc518548868)

[1.02 Procurement Objective 1](#_Toc518548869)

[1.03 Minimum Qualifications for Respondents 1](#_Toc518548870)

[2. Schedule and Communications 2](#_Toc518548871)

[2.01 Schedule 2](#_Toc518548872)

[2.02 Official Notices 2](#_Toc518548873)

[2.03 Communications and Restrictions Thereof 3](#_Toc518548874)

[3. Description of Services 3](#_Toc518548875)

[3.01 Services 3](#_Toc518548876)

[3.02 Contract 4](#_Toc518548877)

[4. Response 4](#_Toc518548878)

[4.01 Mandatory Requirements 4](#_Toc518548879)

[4.02 Response Format and Content 4](#_Toc518548880)

[4.03 Delivery 5](#_Toc518548881)

[4.04 Conflicts of Interest 5](#_Toc518548882)

[4.05 Response Tenure 6](#_Toc518548883)

[5. ITN Process 6](#_Toc518548884)

[5.01 Overview 6](#_Toc518548885)

[5.02 Requests for Clarification 6](#_Toc518548886)

[5.03 Mandatory Requirements Assessment 6](#_Toc518548887)

[5.04 Evaluation Phase 7](#_Toc518548888)

[5.05 Negotiation Phase 7](#_Toc518548889)

[6. General Information 8](#_Toc518548890)

[6.01 Legal Requirements 8](#_Toc518548891)

[6.02 Board Rights 8](#_Toc518548892)

[6.03 Public Access to Records 9](#_Toc518548893)

[6.04 Property of Board 9](#_Toc518548894)

[6.05 Cost of Developing and Submitting Responses 9](#_Toc518548895)

# 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.

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.

Section 1009.986, Florida Statutes, provides that the Florida ABLE Savings Program (Florida ABLE) ($12 million) shall be operates through Florida ABLE, Inc., a direct support organization of 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.

Section 1009.983, Florida Statutes, creates the Florida Prepaid College Foundation (Foundation) to administer the Florida Prepaid Tuition Scholarship Program ($20 million). The Florida Prepaid Tuition Scholarship Program is established to provide economically disadvantaged youth with prepaid postsecondary tuition scholarships.

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

## 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 commingled investment option services, to include but not be limited to mutual funds, exchange traded funds and collective trusts (Responses) from qualified firms (Respondents) to be utilized by the Board’s Prepaid Program, Savings Program, Florida ABLE and the Foundation.

The Board intends to contract with one or more Respondents (but does not anticipate contracting with more than four) that will provide the Board’s Prepaid Program, Savings Program, Florida ABLE and the Foundation access to their active and passive commingled offerings, as each Program may need from time to time.

When selecting a commingled product for a specific asset class, the Board will review each contracted Respondent’s options and make a selection based on the best value to the Board. This procurement is for access to the Respondent’s commingled product offerings. No funds are guaranteed under this procurement.

## Minimum Qualifications for Respondents

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

Currently provides commingled products to at least one 529 savings plan.

Agrees to enter into a contract substantially in form with Appendix A.

Acknowledges their understanding that this procurement provides access to the Respondent’s suite of commingled products and the Board may be contracting with multiple Respondents. The selection of specific commingled products will be from each selected Respondent’s offerings and based on best value to the Board. No funds are guaranteed.

Agrees that the only allowable fees are the expense ratios associated with each product. No additional fees will be paid by the Board.

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 | May 8, 2019 |  |
| Written Request for Clarification Deadline | May 15, 2019  12:00PM (ET) | [ITNinfo.Prepaid@MyFloridaPrepaid.com](mailto:ITNinfo.Prepaid@MyFloridaPrepaid.com) |
| Written Request for Clarification Response | May 17, 2019 |  |
| Response Deadline | May 31, 2019  12:00PM (ET) | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Response Opening\* | May 31, 2019  2:00PM (ET) | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Evaluator Scoring Validation\* | June 2019 | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Negotiation Period | June 2019 |  |
| Negotiation Vote\* | June 2019 | 1801 Hermitage Blvd., Suite 210  Tallahassee, FL 32308 |
| Notice of Intended Award | June 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 19-03**

## Communications and Restrictions Thereof

In accordance with Section 287.057, Florida Statutes, Respondents to this procurement or persons acting on their behalf may not contact, between the release of the procurement 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 procurement, except in writing to the procurement officer or as provided in the procurement documents. Violation of this provision may be grounds for rejecting a Response. The procurement officer for this procurement is:

Kelia Wilkins, 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 Respondent(s) with whom the Board enters into an agreement, pursuant to this procurement, shall perform comprehensive investment management services utilizing commingled investment products including, but not limited to, mutual funds, exchange traded funds and collective trusts. The Board may utilize commingled investment products employing an active or passive management style, for one or more of the investment classes utilized by the Prepaid Program, Savings Program, Florida ABLE and the Foundation. Services shall include but may not be limited to:

Serve as an agent of the Board to manage and invest assets at the discretion of the Board.

Provide access to commingled investment vehicles available to the Board for investment of any amount, in any available vehicle, on any trading day at the discretion of the Board.

Provide expense ratios and net of expense investment performance for monthly, quarterly and/or annual statements.

Allow approved logos, trademarks and disclosure materials be included in marketing materials created by the Board.

Upon request, and for a negotiated fee, make presentations to the Florida Prepaid College Board on investment topics including, but not limited to: strategy, mechanics, environment, performance and projections.

## 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 procurement, as determined by the Board. The contract will incorporate this procurement 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 procurement 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 procurement 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 procurement 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 procurement.

Tab 3 – Organization

The Organizational Experience form collects information about the Respondent’s experience and products.

Tab 4 – Relationship with the Board

The Relationship with the Board form collects information about how the Respondent will interface with the Board’s custodian bank in addition to the Respondent’s reporting capabilities, share classes, revenue sharing and the Board’s use of the Respondent’s name and logo.

Tab 5 – Commingled Products

The Commingled Products form collects performance and fee information relating to Respondent mutual funds for specific asset classes.

Tab 6 – Marketability

The Marketability form collects information relating to the Respondent’s relationships with other 529 plans, product ratings and investment strategies.

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 procurement 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 procurement 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 procurement. 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 |
| Organization (Tab 3) | 10 |
| Relationship with the Board (Tab 4) | 20 |
| Commingled Products (Tab 5)  Expense Ratio  -Tier I  -Tier II  Performance  -Tier I  -Tier II | 15  5  20  10 |
| Marketability (Tab 6) | 20 |
| Total | 100 |

Commingled Products Evaluation

Each commingled product response will be evaluated on the products expense ratio and performance.

**Expense ratio** - evaluation will be relative to the lowest responsive expense ratios. A maximum of 20 Points will be awarded (15 for Tier 1 Funds + 5 For Tier II funds). Points will be awarded using the following formula:

Tier I Funds

For each asset class

(X/N) x P = Z; T = (Asset Class 1 Z + Asset Class 2 Z + Asset Class 3 Z + Asset Class 4 Z)/4, where:

X = Lowest Responsive Expense Ratio;

N = Proposed Expense Ratio;

P = Maximum Points Available (15)

Z = Asset Class Points

T = Awarded points

Tier II Funds

For each asset class that includes a response

(X/N) x P = Z; T = (Addition of Z for each asset class in response)/number of asset classes in response, where :

X = Lowest Responsive Expense Ratio;

N = Proposed Expense Ratio;

P = Maximum Points Available (5)

Z = Asset Class Points

T = Awarded Points

**Performance** - evaluation will be relative to the highest responsive performance. A maximum of 30 Points will be awarded (20 for Tier 1 Funds + 10 For Tier II funds). Points will be awarded using the following formula:

Tier I Funds

For each asset class

(X/N) x P = Z; T = (Asset Class 1 Z + Asset Class 2 Z + Asset Class 3 Z + Asset Class 4 Z)/4, where:

X = Highest Responsive Performance;

N = Proposed Performance;

P = Maximum Points Available (20)

Z = Asset Class Points

T = Awarded points

Tier II Funds

For each asset class that includes a response

(X/N) x P = Z; T = (Addition of Z for each asset class in response)/number of asset classes in response, where :

X = Highest Responsive Performance;

N = Proposed Performance;

P = Maximum Points Available (10)

Z = Asset Class Points

T = 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 procurement, 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 procurement 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 procurement. 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 procurement 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.