

BOARD RESPONSE TO WRITTEN REQUESTS FOR CLARIFICATION

RELATING TO:

INVITATION TO NEGOTIATE  
FOR

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

#19-03

May 16, 2019

Florida Prepaid College Board  
1801 Hermitage Blvd., Suite 210  
Tallahassee, Florida 32308  
(850) 488-8514

Memorandum

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To: Prospective Respondents, ITN #19-03

From: Florida Prepaid College Board

Date: May 16, 2019

Subject: Board Response to Written Requests for Clarification relating to ITN #19-03  
 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

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Any questions concerning conditions and specifications of this ITN must be addressed in the form of written questions submitted by Respondents pursuant to the schedule in Section 2.01.

Company Name: Newton Investment Management  
 (North America) Limited

Question	ITN Section	ITN Page	Question/Comment
1.	Appendix B, Tab 2	Appendix B, page 2	Minimum requirement 1 states that the respondent must currently provide commingled products to at least one 529 savings plan. Can an investment manager satisfy this minimum qualification requirement by providing investment management services via a 40 Act mutual fund to a state-sponsored savers plan which operates much the same as a 529 plan with a plan administrator and individual participant accounts?
Answer: The minimum requirement is specific to 529 savings plans.			

Question	ITN Section	ITN Page	Question/Comment
2.	Appendix B, Tab 2	Appendix B, page 2	Minimum requirement 2 states that the respondent must agree to enter into a contract substantially in form with Appendix A. Could you please confirm whether a mutual fund would be an acceptable investment vehicle option for this proposal? If a mutual fund would be acceptable, is the Florida Prepaid College Board willing to recognize the prospectus as the governing document for the strategy and make reasonable accommodations where the IMA may vary from the prospectus?
Answer: Mutual funds are acceptable investment vehicle options. The Board may consider signing enrollment or other similar agreements for mutual funds or other commingled products if determined necessary and approved by our legal team.			

Company Name: Mackay Shields LLC

Question	ITN Section	ITN Page	Question/Comment
1.	1.02	1	Will Separate accounts investment options be considered as an investment product option?
Answer: The ITN is for commingled investment products only.			

Question	ITN Section	ITN Page	Question/Comment
2.	3.02	3	In addition to signing Appendix A – Investment Management Agreement, will Florida Prepaid College Board also signed the fund Investment Management Agreement or subscription document for a commingled vehicle?
Answer: The Board may consider signing enrollment or other similar agreements for mutual funds or other commingled products if determined necessary and approved by our legal team.			

Question	ITN Section	ITN Page	Question/Comment
3.	3.01	3	Will Florida Prepaid College Board accept a flat fee structure instead of an expense ratio structure?
Answer: The fees structure should be the amount assessed to the participants within the product. The Board will not pay any additional fees.			

Company Name: Nuveen

Question	ITN Section	ITN Page	Question/Comment
1.	Appendix A Sec 1	N/A	Could you please elaborate on the role and responsibilities expected from the investment manager as defined in Appendix A-Investment Management Agreement, Section 1. Services, A. Representations and Warranties, Paragraph 2?
Answer: The services are limited to managing the investment products being offered.			

Question	ITN Section	ITN Page	Question/Comment
2.	N/A	N/A	Will the responses be emailed back to us or will it be posted to the State of Florida Vendor Bid System (VBS ) website? If posted to the VBS, could you please provide instructions on how to access the Invitation to Negotiate- ITN 19-03 on the VBS website?
Answer: Answers will be posted to the Florida Prepaid College Board website as well as the VBS website. If you would like to register for the state of Florida Vendor Information Portal, please use the link below.			
<a href="https://vendor.myfloridamarketplace.com/vms-web/spring/login;jsessionid=516CFBB4D87293C755CD3D469774BC67.jvm1?execution=e1s1">https://vendor.myfloridamarketplace.com/vms-web/spring/login;jsessionid=516CFBB4D87293C755CD3D469774BC67.jvm1?execution=e1s1</a>			
<a href="https://www.myfloridaprepaid.com/about-us/board-reports/">https://www.myfloridaprepaid.com/about-us/board-reports/</a>			

Company Name: Vanguard Group, Inc.

Question	ITN Section	ITN Page	Question/Comment
1.	Appendix A	Page 1	The ITN seems to imply that there will also be an investment advisor/fiduciary relationship. Is the Board expecting that the Respondent would provide investment advice, portfolio construction advice, or other services that would include some additional standard of care?
Answer: The ITN is for access to commingled investment products only. The Board and the Board's Investment Consultant will determine the portfolio construction and select products that provide the best value to the Board.			

Question	ITN Section	ITN Page	Question/Comment
2.	Invitation to Negotiate	Page 1 (and through all documents)	Please provide a clear definition of "commingled investment products." Section 1.02 Procurement Objective appears to define "commingled products" as including but not limited to "mutual funds, exchange traded funds and collective trusts (Responses) from qualified firms (Respondents)." For example, is the Board looking for only products, portfolio recommendations, Separately Managed Account, etc.?
Answer: The ITN is for access to commingled investment products only. The Board and the Board's Investment Consultant will determine the portfolio construction and select products that provide the best value to the Board.			

Question	ITN Section	ITN Page	Question/Comment
3.	Appendix B – Tab 6	Page 9	For questions 1 and 2-when discussing "the Respondent's Commingled products" is that referring to the products we are to list in Appendix D (Tab 5) or ALL products the Respondent have available?
Answer: All products the Respondent has available.			

Company Name: AllianceBernstein LP

Question	ITN Section	ITN Page	Question/Comment
1.	N/A	N/A	Would you accept a CIT for a commingled fund?
Answer: Section 1.02 of the ITN provides that commingled products include, but not be limited to, mutual funds, exchange traded funds and collective trusts.			

Question	ITN Section	ITN Page	Question/Comment
2.	N/A	N/A	Will you accept less than five-year performance track record for a US Mutual Fund?
Answer: Tab 5: The ITN requires 5 year performance information. If a Respondent does not offer a requested product with at least 5 years of performance, please leave that product blank.			

Company Name: BlackRock, Inc.

Question	ITN Section	ITN Page	Question/Comment
1.	Tab 1	P.1.	<p>Does the minimum qualification requirement of "Currently providing commingled products to at least one 529 savings plan" refer to a given fund/strategy, or at the firm (Blackrock) level? I assume at the firm level, but we want to confirm. If at the strategy level, two clarifying questions:</p> <p>With '40 mutual funds, we often do not have lookthrough into the entire investor base, and may not be able to confirm if the strategy currently has 529 plan investors. If we are unable to confirm this, can we still proceed with proposing this fund? Or will need to provide evidence that there are 529 investors in a specific strategy?</p> <p>If proposing collective trust funds for the Prepaid Program, do we need to demonstrate there are 529 investors in that specific fund and share class?</p>
<p>Answer: The minimum qualification requirement of providing commingled products to at least one 529 savings plan is at the firm level.</p>			

Question	ITN Section	ITN Page	Question/Comment
2.	Appendix D	N/A	<p>If we are proposing different vehicles for the prepaid plan vs. savings plan, would it be best to create a separate tab in appendix D for each plan?</p>
<p>Answer: The ITN is for access to each selected respondents suite of commingled investment products. Please provide only one product in Appendix D for each asset category.</p>			

Question	ITN Section	ITN Page	Question/Comment
3.	Appendix D	N/A	<p>For the ESG option, are your looking for equity or FI? Domestic or Global?</p>
<p>Answer: For purposes of the ITN, please limit ESG options to doemestic equity products.</p>			