

# INVITATION TO NEGOTIATE

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Title: International Equity Portfolio Investment Management Services

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Issuer: Florida Prepaid College Board

ITN Number: ITN 21-01

Issue Date	February 3, 2021
Written Request for Clarification Deadline	February 15, 2021 - 12:00PM (ET)
Written Request for Clarification Response	February 17, 2021
Response Deadline	March 15, 2021 - 12:00PM (ET)
Anticipated Contract Effective Date	July 1, 2021

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# 1. INTRODUCTION

## 1.01 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 and the Florida 529 Savings (Savings) Program. 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.

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

## 1.02 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 services (Responses) from qualified firms (Respondents) to manage an international equity investment portfolio designed to outperform the MSCI All Country World ex-U.S. Index.

The Board intends to contract with up to two firms that employ an active management style to achieve excess returns, over the Benchmark.

The Board anticipates that the selected Respondent(s) will be assigned \$250 - \$550 million in assets by the Prepaid Program. While no specific funds will be provided by the Savings Program, the resulting contract will provide for future opportunities.

## 1.03 MINIMUM QUALIFICATIONS FOR RESPONDENTS

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

1. Has \$5 billion, or more, in firm-wide assets under management (AUM), as of December 31, 2020.
2. Has \$3 billion, or more, in institutional AUM for international equity investments, as of December 31, 2020.
3. Has 5 years, or more, of experience managing international equity investments.
4. Has completed the eVestment Alliance database for the proposed strategy prior to Response submission.
5. Will manage the assets in a separate account or a Collective Investment Trust that would accept Section 529, I.R.C. assets.
6. Agrees to provide the services as detailed in Section 3 and agrees to all other requirements as stated in the ITN.

Pursuant to Section 1009.971(5)(d), Florida Statutes, the Respondent shall:

1. Be an authorized insurer as defined in Section 624.09, bank as defined in Section 658.12, association as defined in Section 665.012, authorized Securities and Exchange Commission investment adviser, or investment company as defined in the Investment Company Act of 1940.
2. Have its principal place of business and corporate charter located and registered in the United States.

3. Agree to meet the obligations of the Board to qualified beneficiaries if moneys in the Florida Prepaid College Trust Fund (Fund) fail to offset the obligations of the Board due to imprudent investing by the Respondent.

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

## 2. SCHEDULE AND COMMUNICATIONS

### 2.01 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	February 3, 2021	
Written Request for Clarification Deadline	February 15, 2021 12:00PM (ET)	<a href="mailto:ITNinfo.Prepaid@MyFloridaPrepaid.com">ITNinfo.Prepaid@MyFloridaPrepaid.com</a>
Written Request for Clarification Response	February 17, 2021	
Response Deadline	March 15, 2021 12:00PM (ET)	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Response Opening*	March 15, 2021 2:00PM (ET)	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Evaluator Scoring Validation*	March - April 2021	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Negotiation Period	April - May 2021	
Negotiation Vote*	May 2021	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Notice of Intended Award	May 2021	
Anticipated Contract Effective Date	July 1, 2021	

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

### 2.02 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](http://myflorida.com/apps/vbs/vbs_www.main_menu).

Agency: **State Board of Administration**

Title: **ITN 21-01**

### 2.03 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. Communications and questions should be directed to the procurement officer as directed below:

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

## 3. DESCRIPTION OF SERVICES

### 3.01 SERVICES

The Respondent(s) selected will establish and assume direct responsibility for managing an international equity investment portfolio. The Board anticipates that the selected Respondent(s) will be assigned \$250 - \$550 million in assets by the Prepaid Program. While no specific funds will be provided by the Savings Program, the resulting contract will provide for future opportunities. Please note: the Board does not guarantee any minimum or maximum market value at any time or in any year.

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

1. Establish separate accounts for each Program (unless proposing a Collective Investment Trust), consisting of publicly traded international equity securities complying with applicable state and federal statutes.
2. Deliver an international equity investment product of high quality and sufficiently diversified by issue as is prudent. In addition, the product must comply with the Board's Comprehensive Investment Plan and Investment Guidelines, as provided in appendix D. **Please note**: The current Investment Guidelines are designed for the portfolio to be benchmarked against the MSCI EAFE Index. The Board is changing the benchmark to the **MSCI All Country World ex-U.S. Index** for this ITN. In addition, the Investment Guidelines will be enhanced to allow for active management against the new benchmark, based on discussions with the successful Respondent and the Board's Investment Consultant.
3. Achieve excess returns through active management.
4. Prepare written monthly, quarterly, and fiscal year-end reports in a format as required by the Board. Monthly reports shall be provided not later than fifteen (15) days after the last day of the month which is the subject of the report; quarterly reports shall be provided not later than thirty (30) days after the last day of the quarter which is the subject of the report.
5. Present reports to the Board, quarterly and as requested, to review performance of the portfolio, modifications to investment strategy, and changes to investment personnel.
6. Make available to the Board's Investment Consultant, any information necessary for the conduct of its responsibilities for the Board.

### 3.02 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](#)) or State of Florida General Instructions to Respondents ([PUR 1001](#)), incorporated herein by reference, this solicitation and the contract shall control.

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

## 4. RESPONSE

### 4.01 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.

### 4.02 RESPONSE FORMAT AND CONTENT

Respondents must provide the following information in the form/format specified. Failure to comply with the instructions herein is sufficient cause to reject a Response.

There are two primary components of a Response: (1) completing the eVestment Alliance database for the proposed strategy prior to Response submission (information as of December 31, 2020) and (2) the Written Response Packet included herein as Appendix B. 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 and the relevant experience thereof.

#### Tab 4 – Investment Team, Philosophy, and Strategy

The Investment Team, Philosophy, and Strategy form collects information about the assigned team, philosophy, and strategy offered, including benchmark construction, management, and portfolio risk and return.

#### Tab 5 - Performance

The Performance form collects performance information about the Respondent international equity investment portfolio.

#### TAB 6 – 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://myfloridaprepaid.com/who-we-are/about-the-board/board-reports-and-plans/).

#### 4.03 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:

1. Two (2) complete electronic copies of the Response on two (2) USB hard drives (one (1) copy per drive).

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.**

#### 4.04 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.

#### 4.05 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.

## 5. ITN PROCESS

#### 5.01 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.

## 5.02 REQUESTS FOR CLARIFICATION

Prior to the Response 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.

## 5.03 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.

## 5.04 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
Organizational Experience (Tab 3)	25
Investment Team, Philosophy, Strategy, and Performance (Tabs 4 and 5)	50
Pricing Schedule (Tab 6)	25
Total	100

The Evaluation Team may consider information received from Aon, the Board's Investment Consultant. Aon may provide information relating to historical performance, portfolio attributes, and the experience, background, and staffing of the Respondent. Any information provided by Aon will be based on the Response to this solicitation and information possessed by Aon through its normal course of business. Aon will not make evaluation decisions for the Board.

### Pricing Schedule Evaluation

Each Pricing Schedule Response will be evaluated relative to the lowest responsive price offered based on a portfolio balance of \$250 million (15 Points) and \$500 million (10 Points). Points will be awarded using the following formula:

$(X/N) \times P = Z$ ; 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.

### **5.05 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.

## **6. GENERAL INFORMATION**

### **6.01 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.

### **6.02 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:

1. Modify this solicitation, after posting notice thereof.
2. Review and rely on relevant information contained in a Response.
3. Change the members of the Evaluation Team and/or Negotiation Team.
4. Request supplemental Responses from a Respondent.
5. Contact previous clients of a Respondent, as identified by the Respondent, to inquire about the Respondent's ability to deliver on the services offered.
6. Expand the Shortlist, after posting notice thereof, to include additional responsive Respondents.
7. Require any or all Respondent(s) to address services, prices, or conditions offered by any other Respondent.
8. Schedule additional negotiating sessions with any or all Respondent(s).

9. Decline to conduct further negotiations with any Respondent.
10. Reopen negotiations with any Respondent.
11. Require any or all Respondent(s) to provide a best and final offer.
12. 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.
13. 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.
14. 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.

### **6.03 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.

### **6.04 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.

### **6.05 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.