

**REQUEST FOR PROPOSALS
FOR
529 PROGRAM MANAGER SERVICES**

**COLLEGECOUNTS 529 FUND
STATE TREASURER OF ALABAMA**

**Release Date: March 11, 2019
Proposal Due Date: April 26, 2019**

BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT COMPLIANCE

The Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§§31-13-1 et. seq, Code of Alabama, 1975 as amended by Act 2012-491) regulates illegal immigration in the State of Alabama. All contracts with the State or a political subdivision thereof must comply with that law.

For the purposes of this RFP and any responding Proposal, the following sections of that law impose specific requirements: Section 9(a) of the Act provides “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees, the business entity or employer shall not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.”

Section 9(b) of the Act requires “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees within the State of Alabama, the business entity or employer shall provide documentation establishing that the business entity or employer is enrolled in the E-Verify program.”

As provided in the Act a “**business entity**” is *any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit* and an “**employer**” is defined as *any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.*

A Proposal must include a statement that the Proposer has knowledge of this law and is in compliance. Before a contract is signed, the Contractor awarded the contract must submit a Certificate of Compliance using the form at Exhibit D to this RFP and, unless exempt because it has no employees in the State of Alabama, a complete copy of the Memorandum of Understanding issued by the United States Department of Homeland Security upon enrollment in the E-Verify Program. E-Verify enrollment can be accomplished at the website of the United States Department of Homeland Security at <http://www.uscis.gov>.

See Section 10 for additional language required by Section 9(k) of the Act to be included in the contract.

Rev.5-14-13

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1. Overview

The Board of Trustees (the “Board”) of the Alabama College Education Savings Program (“ACES”), marketed as CollegeCounts, Alabama’s 529 Fund, is requesting proposals from interested qualified firms to serve as Program Manager for the CollegeCounts 529 Fund Direct Plan and the CollegeCounts 529 Fund Advisor Plan (the “Direct Plan” and “Advisor Plan,” respectively and collectively the “Program”). The Program is a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529” and the “Code,” respectively), and established under Section 16-33C-1 through 13, Code of Alabama, as amended (the “Act” and the “Alabama Code,” respectively).

The Board seeks a Program Manager that will be a partner in its commitment to provide the highest quality Program possible for families saving for college. Specifically, the Program Manager must work with the Board and Staff to develop and offer a sophisticated Program that includes a breadth of investment options consisting of best of breed, low-cost underlying funds. To that end, the Board is interested in proposals that present open-architecture investment options and strategies.

The Program Manager should also provide the highest quality customer service possible and a state-of-the-art platform for recordkeeping and administration. Additionally, the Board seeks a partner that will implement robust marketing campaigns with the goals of growing Alabama accounts. And finally, should the need for a conversion arise, the Board seeks a firm with flawless transition experience.

The responding firm (the “Proposer”) must provide all required Program Manager services, including program administration and compliance, customer service and recordkeeping, investment management, marketing and distribution and, if necessary, transition and implementation (collectively, the “Services”) as specified in Section 4. Scope of Services of this Request for Proposals (“RFP”). The Board will not accept proposals that offer one or several, but not all Services. The Board will accept proposals that include several firms, but each proposal must designate one lead Proposer that accepts responsibility for the provision of all the Services. The Proposer ultimately selected by the Board will serve as the Program Manager for the Program.

The Board intends to execute a Program Management Agreement (the “Management Agreement”) for an initial term of seven years and an optional three-year renewal with a maximum term of ten years. The initial term is expected to commence on July 1, 2020.

As the Chairman of the Board, the Treasurer of Alabama (the “Treasurer”) is issuing this RFP. Proposals are due by 5:00 p.m. CT on April 26, 2019. See Section 6 for requirements for submitting the proposal and Section 7 for a more detailed Proposal Timeline.

This RFP is issued in accordance with the requirements of Section 41-16-72(4), Code of Alabama (1975). This RFP is not an offer to contract but seeks the submission of proposals from qualified, professional services firms that may form the basis for negotiation of a Management Agreement. *The Board reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interest of the Program.*

2. Background of the Program

The Program is a qualified tuition program launched in 2001 pursuant to Section 529 and the Act. In creating the Program, the Alabama Legislature determined that the “advancement and improvement of higher education in the State of Alabama is a proper governmental function and purpose of the State of Alabama.” In establishing the Program, it is “further the intent of the Legislature to encourage timely financial planning for higher education.” Accordingly, the Program’s vision is to enable greater education opportunities for Alabama citizens by providing investment options that consistently lead the nation in meeting the increasing cost of higher education.

The Board acts as Trustee for the fiduciary trust fund created under the Act to hold the assets of the Program (the “Trust Fund”) and it is responsible for overall administration of the Program. The Board has delegated day-to-day administration of the Program to the Treasurer, who also serves as Chairman of the Board.

For Alabama state income tax purposes, an individual Alabama taxpayer may deduct up to \$5,000 in Program contributions per year. This deduction is increased up to \$10,000 for married taxpayers filing a joint return where both taxpayers make such contributions. Note, this deduction can only be claimed by Alabama residents investing in the Program; residents investing in any other 529 plan may not claim this deduction.

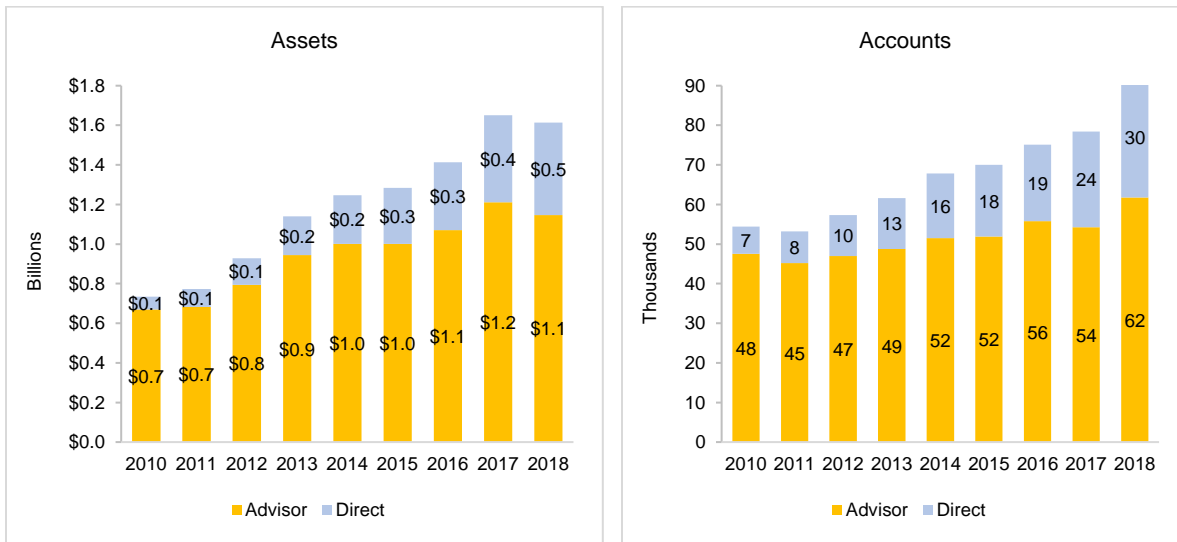
Additionally, investments in the Program are exempt from the claims of creditors and are not subject to attachment, garnishment, or any other legal or equitable processes or by operation of law to pay any debt or liability of any contributor, account owner or beneficiary.

Currently, Union Bank & Trust Company (“UBT”) serves as Program Manager for the entire Program, including the Direct Plan, which is distributed directly to the public, and the Advisor Plan, which is offered through professional financial advisors. The Program is offered nationally.

The following table provides summary information on Program assets and accounts as of December 31, 2018:

| | Assets | Accounts |
|---------------------|------------------------|-----------------|
| Direct Plan | \$465,766,155 | 30,301 |
| Advisor Plan | \$1,147,153,750 | 61,788 |
| Total | \$1,612,919,905 | 92,089 |

The following charts show the growth of Program assets and accounts since December 31, 2010:



Additional information about the Program, including the Program Overview & Statistics report for the period ending December 31, 2018 can be found on the Treasurer’s website under CollegeCounts 529 Board Meeting Materials: <http://treasury.alabama.gov/collegecounts/>.

In 2006, the Alabama Legislature created the ACES Opportunity Enhancement Fund for the purpose of enhancing and providing higher education opportunities and programs as the Board deemed necessary and appropriate. A portion of the State Administrative Fee, as well as other funding, has been deposited in this Fund since that time. In 2012, the Board established a scholarship program to utilize these funds to provide assistance for Alabama students who have financial need and enroll in an Alabama post-secondary institution. The award, \$2,000 to \$4,000 per student, is paid during the recipient’s freshman year only. In Fall 2018, \$1,026,000 was awarded.

The current Program Manager opens individual accounts for each of the scholarship recipients each year, disburses funds upon invoicing to the appropriate college or university for fall and spring term, and mails a 1099Q to each recipient.

The Alabama Code also established the Prepaid Affordable College Tuition Program (“PACT”). The Program and PACT are administered independently of each other under separate Boards, with day-to-day administration of each delegated to the Treasurer. In 2015, pursuant to Section 529A of the Code, the Alabama Legislature established a qualified ABLE program, which is also administered by the Board. The Alabama ABLE program, which is marketed as “Enable Savings Alabama,” is offered to Alabama residents through a partnership with the Enable Savings Plan offered by the State of Nebraska. This RFP does not seek any services for PACT or for Enable Savings Alabama.

3. Minimum Qualifications

In order to be considered for selection, the following minimum qualifications must be met. You must complete and attach to your response Exhibit C, documenting that these qualifications will be met by the Program Manager and, as applicable, all partners and subcontractors. The Proposer has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Proposer an unqualified candidate.

- a. The Proposer has been in business for at least five (5) years conducting similar services as described in Section 4 of this RFP, as of December 31, 2018.
- b. The Proposer includes investment manager(s) with at least five (5) years of experience managing asset allocation portfolios and a minimum of \$5 Billion in assets under management.
- c. The Proposer has sufficient capital to assume responsibility of and provide ongoing Services to the Program.
- d. The Proposer will comply with all state regulations to conduct business in the State of Alabama and will register with the Secretary of State, if applicable. For more information, visit the Secretary of State website at www.sos.state.al.us and click Business Services/Corporations.
- e. The Proposer and its personnel have all authorizations, permits, licenses and certifications as may be required under federal, state or local law to perform the Services when it submits a response to the RFP.
- f. The Proposer will carry general liability insurance, errors and omissions insurance and cyber-liability insurance or comparable coverage for negligent acts or omissions in a form acceptable to the Board in accordance with applicable law.
- g. The Proposer will comply with the College Savings Plans Network (“CSPN”) Disclosure Principles and will continue to do so throughout the term of the Agreement.
- h. The Proposer will maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Program.
- i. The Proposer will comply with *The Beason-Hammon Taxpayer and Citizen Protection Act*, and it has a policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.

4. Scope of Services

The Program Manager is expected to provide a turn-key operation including Program Administration and Compliance, Customer Service and Recordkeeping, Investment Management and Marketing and Distribution services, as set forth below (collectively, the “Services”).

A. Program Administration and Compliance

The Board is seeking a partner who will maintain an open flow of communication and provide necessary reporting to ensure the Board meets its fiduciary responsibilities to the Program. The Program Manager shall provide all administrative and fund management services needed for the effective operation of the Program in compliance with all applicable federal and state laws, requirements and regulations.

- a. Manage the Program in compliance with Section 529 and all other applicable state and federal statutes, rules and regulations, including those promulgated by the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”).
- b. Monitor for changes in legal and regulatory environment that may materially affect the Program, advise the Board on those changes, and make recommendations for amendments or supplements to Program offering materials.
- c. Administer and operate the Program in accordance with rules and regulations adopted by the Board.
- d. Have a formal privacy policy in place that adheres to the most stringent privacy policy standards in the industry including state and federal standards that protect the confidentiality of account information.
- e. Report contributions, distributions and any other Program activity as may be required to be reported to the Internal Revenue Service (the “IRS”), the SEC, the MSRB or any other federal, state or local agency of competent jurisdiction; or to CSPN or other entity as directed by the Treasurer.
- f. Submit data or other information required to maintain applicable Program information on the CSPN website on a timely basis.
- g. Act as custodian of Program assets and provide custodial, fund administration and fund accounting services.
- h. Create and produce all applicable Program documents, including enrollment and account maintenance forms and offering documents, with the approval of the Treasurer and in compliance with all state and federal regulations, and in compliance with the CSPN Disclosure Principles as currently written and as may be modified in the future, and general Section 529 or mutual fund best practices. Materials shall be available online and in print.
- i. Provide the Board with reports on all aspects of the Program as will be specified in the Management Agreement and other ad hoc reports that may be requested. For a sample report, please refer to the CollegeCounts Third Quarter report included under “College Counts 529 Board Meeting Materials, 11/28/2018 Meeting, Item 2.A.2 Plan Overview & Statistics,” which is provided on the Treasurer’s website: <http://treasury.alabama.gov/collegecounts/>.
- j. Attend quarterly Board meetings and prepare and deliver quarterly reports on the Program and Program activities.
- k. With approval from the Board, the Program Manager shall (a) prepare governmental financial statements; and (b) engage a certified public accounting firm of national reputation to conduct an annual audit of the financial statements of the Program in accordance with generally accepted auditing standards and practices. An annual SOC 1 and SOC2 Type 2 report will also be required of any applicable service provider. These audits will be provided at no expense to the Program or the Board by January 31st. The Program operates on a September 30 Fiscal Year basis.
- l. Implement a fraud prevention program.

B. Customer Service and Recordkeeping

The Program Manager shall provide excellent customer service support and recordkeeping services for account owners, beneficiaries, prospective account owners and interested parties in accordance with all federal and state laws, requirements and regulations, and in compliance with at least the minimum Performance Standards that will be negotiated and included in the Program Management Agreement.

Recordkeeping

- a. Provide recordkeeping services in accordance with Program rules, regulations and procedures as established jointly between the Board and the Program Manager.
- b. Generate and mail all applicable tax reports, including 1099Qs to the appropriate recipients.
- c. Maintain responsibility for applicable Program correspondence including, but not limited to, confirmation statements, quarterly and annual statements, and make available current account information when requested.
- d. Maintain recordkeeping of employer plan accounts.
- e. Maintain recordkeeping of omnibus subaccounts held by broker dealers.
- f. Maintain recordkeeping and assist in the administration of the CollegeCounts Scholarship Program.
- g. Work with the Board to develop a robust and user-friendly gifting platform with the goal of growing Alabama accounts.
- h. If applicable, provide a seamless transition of account information and processes for account owners, as applicable.

Call Center

- a. Maintain a comprehensive call center located in the United States, staffed with a sufficient number of call center representatives who are licensed or registered in accordance with applicable law.
- b. Maintain toll free telephone number(s) for the Program, with representatives available from 7 a.m. to 6 p.m. CT on Business Days.
- c. Enable Program prospects to obtain or request enrollment materials online or through the call center.
- d. Work with account owners and advisors to facilitate account services.
- e. Have a method to identify, track and report on all call interactions with an account owner or advisor, including the time and date of a call, the identity of the call center representative who spoke with the caller, the reason for the call, and the call's resolution.

Customer Service

- a. Act as the first and main point of contact for all account owners or advisors.
- b. Maintain the ability to receive mail, at a minimum, each day the New York Stock Exchange and US Postal Service are open for business, through a PO Box whose location is mutually acceptable to the Board and the Program Manager.
- c. Maintain a unique address for overnight mail.
- d. Establish and maintain accounts, collect payments, process withdrawals on a daily basis, and provide accurate, easy to understand confirmation, quarterly and annual account statements and other customer communications.
- e. Maintain the ability to receive contributions via mail, ACH, direct deposit, payroll deduction, NSCC and through a gifting platform.
- f. Allow account owners to request withdrawals via telephone, online and mail.
- g. Maintain robust quality control procedures to minimize error rates.
- h. Ensure the confidentiality and privacy of all prospects, account owners and beneficiaries, as applicable.
- i. Manage all incoming and outgoing correspondence for the Program.
- j. Provide access to enrollment materials through an automated fulfillment system.
- k. Evaluate customer satisfaction on a regular basis and provide results to the Board in a timely manner.

Self-Servicing Website

- a. Provide, maintain and update separate websites for the Direct and Advisor Plans ensuring that each website is specifically planned, designed and search-engine optimized.
- b. Provide stringent security and password protocols.
- c. Permit a secure online account opening process, which allows prospective account owners to start, save and complete enrollment process, and includes the ability to contribute when enrolling online.
- d. Provide ability to view all accounts owned by the same account owner from a single log-on organized by beneficiary.
- e. Permit account owners to perform the following transactions online, at a minimum:
 - i. Contribute online from a variety of sources
 - ii. Add or change systematic purchases
 - iii. Request duplicate statements
 - iv. View account assets, investment performance and registration information
 - v. View quarterly statements, annual statements and confirmation statements
 - vi. View year-to-date contributions and transactions
 - vii. Change mailing address

C. Investment Management

The Program Manager will manage investments as a fiduciary for the Board, account owners and beneficiaries in accordance with the Program's Investment Policy Statement ("IPS") and the Management Agreement.

- a. Develop and recommend, for Board approval, investment options with fee structures that appeal to a wide range of investors with various risk tolerance levels and contribution levels.
- b. Develop and recommend, for Board approval, an appropriate asset allocation strategy for each age- or risk-based portfolio.
- c. Monitor the performance of each portfolio and underlying investment in accordance with monitoring standards adopted by the Board and make recommendations to the Board on the findings of the monitoring.
- d. Recommend investment funds to the Board for consideration when existing investment funds need to be replaced or when there is a need for additional investment options.
- e. Enable meetings between the Board and portfolio/underlying fund managers (or their direct staff) as may be appropriate to review, at a minimum, market conditions, strategy and investment performance.
- f. Collaborate with the Board's investment consultant as needed on investment-related issues for the Programs.
- g. Use institutional share classes where available and lowest cost share classes in all other cases. Regularly review the fee structures in place to ensure that the Program provides competitive fees.

D. Marketing and Distribution

The Program Manager will develop and implement a marketing strategy that will provide the broadest visibility across potential investors particularly within Alabama.

- a. Develop all promotional materials, subject to the Treasurer's approval, and assure compliance with all applicable laws relating to such materials.

- b. Provide professional or financial resources to market the Program to employers, community groups and financial advisors within Alabama, and provide other in-State marketing assistance with the goal of increasing participation by Alabama residents as determined by the Board.
- c. Engage an in-State marketing firm to assist with the marketing of the Direct Plan.
- d. Develop and execute a multi-year marketing plan dedicated to the promotion of the Program in Alabama and nationwide, subject to the Treasurer's approval.
- e. Develop and maintain applicable websites to provide current Plan information.
- f. Organize and manage a marketing outreach campaign to low- and moderate-income residents of Alabama, subject to the Treasurer's approval.
- g. Execute selling agreements with broker dealer firms, registered investment advisors, and other financial service providers that currently offer the Plan and expand the sales and distribution channels within Alabama and nationally.
- h. Develop benchmarks and research to measure the effectiveness of outreach efforts, marketing initiatives, activities and literature.

E. Transition and Implementation (if applicable)

In the event of a conversion, the new Program Manager will provide transition-related services.

- a. Develop a detailed timeline for conversion of assets.
- b. Provide a detailed communication plan to ensure timely communications to existing account owners during a transition period.
- c. Provide a seamless transition of account information and processes for account owners.
- d. Reconcile cash and NAVs to ensure all assets are accounted for prior to and after conversion.
- e. Provide resources, as necessary, to ensure that current assets are continuously invested throughout the conversion and implementation process.
- f. Engage a transition manager at its expense if required by the Board.
- g. Take all steps necessary to achieve a transition date that is agreed upon by the Board and the Program Manager.

5. Fees

The proposal must state the fees charged for the Services in Exhibit B, Proposed Fees. Any charge not included in the Proposed Fees in Exhibit B will not be allowed during the term of the Management Agreement.

6. Proposal Required Information

Proposals should be prepared in as concise a manner as possible, demonstrating the Proposer's ability to satisfy the requirements of this RFP. To expedite the evaluation of proposals, responses to this RFP must include the following in the order presented:

a. Transmittal Letter

A signed Transmittal Letter must include the name of Proposer, business location, mailing address, telephone number and email address of the Proposer's primary contact along with a written statement indicating that the Proposer has read and accepts the RFP terms and conditions and is capable of providing the Services outlined in Section 4.

b. Exhibit A, RFP Response

Proposers are encouraged to articulate their experience and commitment to the college savings industry generally and to Alabama specifically. The RFP Response must address all items in Exhibit A in the exact order presented. The RFP Response should restate each Question responded to. Proposers are also encouraged to use double-sided copies in order to reduce the paper required for your total response.

c. Exhibit B, Proposed Fees

d. Exhibit C, Minimum Qualifications

e. Exhibit D, Certificate of Compliance

f. Exhibit E, Disclosure Statement

g. Appendices

Requested samples or other supporting information outlined in Exhibit A must be provided in clearly labeled Appendices.

7. Submission of Proposals

Issuing Office

The State Treasurer is issuing the RFP on behalf of the Board.

Office of State Treasurer John McMillan
Alabama State Capitol
600 Dexter Avenue, Suite S106
Montgomery, Alabama 36104
Phone: 334-242-7501

Proposal Timeline

The Board intends to select the Program Manager in November 2019 with the requirement that the selected Proposer assume the responsibilities set forth in this RFP on or before July 1, 2020. The Board reserves the right to modify the dates at its discretion.

The following chart shows the estimated timeline for the Program Manager selection process:

| Key Event | Date |
|-------------------------------------------------|----------------------------|
| RFP Issued | March 11, 2019 |
| Written Questions Due | March 29, 2019 5 p.m. CT |
| Answers Provided, no later than | April 15, 2019 |
| Proposal Responses Due | April 26, 2019 5 p.m. CT |
| Interviews Announced | June 13, 2019 |
| Interviews (if applicable) | July – August 2019 |
| Selection of Successful Proposer, no later than | November 20, 2019 |
| Program Launch / Conversion | No later than July 1, 2020 |

This timeline may be adjusted depending on the number of responses received. If it is necessary to amend this RFP, the Board will post any amendments to the relevant procurement pages of the Treasurer’s website at <http://treasury.alabama.gov/requests-for-proposal>.

Questions and Inquiries

The sole point of contact for purposes of this RFP is Anita Kelley, Director, Savings Programs. Any questions or inquiries should be emailed to anita.kelley@treasury.alabama.gov. Questions submitted after that date may not be answered. Responses to all submitted questions will be posted on the Treasurer's website at <http://treasury.alabama.gov/requests-for-proposal> on or about April 15, 2019. Any oral communications shall be considered unofficial and nonbinding on the Board.

The Board reserves the right to request and consider requested supplements to proposals or to particular proposals after the deadline for initial proposals, until such time as a Management Agreement with a Proposer is finalized.

Deadline and Delivery Instructions

All Proposals must be submitted at the following address no later than 5 p.m. CT on April 26, 2019.

Attention: Brittany Matthews
Office of State Treasurer John McMillan
Alabama State Capitol
600 Dexter Avenue, Suite S106
Montgomery, Alabama 36104
(334) 242-7501

Provide one (1) original proposal plus four (4) copies to facilitate the response evaluation process. Please provide one (1) copy of the complete Appendix. In addition, please provide an electronic copy of the response via email or USB data storage device to Brittany.Matthews@treasury.alabama.gov for retention purposes. If your response includes confidential trade secrets or proprietary information, also send an electronic version with those sections redacted in the event a public information request for your response is received (see Section 12, Public Information).

The Board will not consider proposals received after the date and time specified herein. Please note that emailing the electronic copy of your proposal alone by the stated deadline will not be sufficient. You must submit the hard copies of your proposal by the 5 p.m. CT deadline in order to be considered in the final evaluation. It is the responsibility of each Proposer to ensure that its proposal is timely delivered and received by the Treasurer. The Board will not assume responsibility for late delivery by the US Postal Service, a commercial courier service or any other method of delivery selected by the Proposer.

Proposer Responsibilities

By submission of a Response, the Proposer agrees to provide the Services specified in Section 4. The Proposer must answer all Questions in this RFP. The Proposer understands that other services may be negotiated. All subcontractors are to be identified, with roles completely disclosed. No change in or additional subcontractor(s) can be used without permission of the Board during the term of the Management Agreement.

Additionally, the Proposer must agree that a proposal submitted in response to this RFP is a firm and binding offer, valid for one year after the due date for Proposals or the due date for the receipt of a best and final offer, whichever falls later.

Rejection of all Proposals

The Board reserves the right to reject any or all proposals and/or to solicit additional proposals if it is determined to be fiscally advantageous to the Program or otherwise in its best interests.

8. Efforts to Influence Selection Process Prohibited

The integrity of the RFP process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP response made by Proposers, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Board, its consultants or Treasury Staff will be grounds for immediate elimination from the selection process.

9. Board Liability

The Board shall have no liability whatsoever to any Proposer or subcontractor of a Proposer for any expenses or losses incurred by such entity or entities in responding to this RFP or, if such proposal is accepted, in the negotiation and preparation of the subsequent Management Agreement, whether or not such Agreement is executed. The Proposer shall indemnify and hold the Board harmless from any claim, suit, damage or other liability, including costs and attorney's fees, occasioned by the Proposer's failure to perform an obligation under the terms of this RFP, the Proposer's proposal and any subsequent agreement.

10. Evaluation and Selection

Evaluation Factors

The Board will consider a variety of factors in its evaluation, including the thoroughness of the written responses to Questions included in Exhibit A and Exhibit B of this RFP. Incomplete responses or responses that fail to address the essence of the Question posed will be deemed to be indicative of the service to be provided as Program Manager. Other factors in the Board's evaluation will be the Proposer's financial stability and integrity, its experience in the college savings market, a sound record of investment strategies and performance, and flexibility in fees – particularly in its commitment to adjust fees as the Program grows. The Board will also consider each Proposer's commitment to work to enhance the savings opportunities provided by the Program to the broadest possible spectrum of Alabama families. To this end, the Board will consider each Proposer's demonstrated willingness to work to actively and aggressively promote the Program across the State and nationwide.

In its sole discretion, the Board will select the Proposer it determines to be fully qualified and best suited among those submitting proposals to best meet the needs of the Program in a cost-effective manner. The following table shows the maximum number of points that can be awarded for each evaluation factor that will be used in reviewing the proposals:

| Factor | Maximum Points |
|----------------------------------------------|-----------------------|
| Background and Organization | 10 |
| Program Administration and Compliance | 5 |
| Customer Service and Recordkeeping | 20 |
| Investment Management | 20 |
| Marketing and Distribution | 20 |
| Transition and Implementation, if applicable | 5 |
| Proposed Fees | 20 |
| Total | 100 |

Selection

All proposals timely received will be reviewed and evaluated by Treasury Staff and the Board in consultation with independent advisors engaged to assist the Board and Staff. The Board will evaluate each Proposer on the basis of the initial response to this RFP as that response may be amended by further clarifications required by the Board.

After the review and evaluation of the proposals, the Board may conduct interviews in July or August 2019.

11. Contract Terms and Conditions

All duties of the Program Manager shall be set forth in the Management Agreement as negotiated between the Program Manager and the Board. The initial term is expected to be seven years with an optional three-year renewal. At a minimum, the Management Agreement will include the contractual provisions set forth below:

In compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§31-13-9(k), Code of Alabama, 1975, as amended):

“By signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.”

In compliance with Act 2016-312, §1. (§41-16-5, Code of Alabama, 1975, as amended):

“The contractor hereby certifies that it is not currently engaged in and will not engage in the boycott of a person or entity based in or doing business with a jurisdiction with Which this state can enjoy open trade.”

Other contractual provisions more specifically applicable to the Program will be included in the Management Agreement, including:

- Prior Board approval of investment strategies and firms, marketing plans, subcontractors, relationship management personnel, communications and any legal or regulatory actions or requests that could affect the Program
- Approval process for initial investments and subsequent recommendations
- Approval process for initial marketing plan and subsequent annual marketing plans
- Standard of Care and compliance with the Program Manager's response, applicable law and regulations, CSPN Disclosure Principles, and notification of the Board of certain legal events involving the Program
- Term and Termination
- Liability and Indemnification
- Parent Guaranty or adequate performance guarantees (e.g., Letter of Credit, Surety Bond or other arrangements satisfactory to the Board)
- Systems, disaster recovery and privacy provisions
- Administrative performance criteria
- Obligations of the Program Manager for (and cost allocation) for the transition of assets at the termination of the Management Agreement
- Program Manager reporting obligations on various services: investment, marketing, and administrative
- Any additional provisions reasonably requested by the Board

Each Proposer is charged with knowledge that there are certain terms standard to most commercial contracts in private sector use which the Board is prevented by law and policy from accepting. These include (1) indemnification and hold harmless of the vendor or third parties, (2) choice of law and venue other than the State of Alabama, (3) methods of dispute resolution other than negotiation and non-binding mediation, (4) waivers of subrogation and other rights against third parties, and (5) some provisions limiting damages to the cost of goods or services.

Upon expiration or termination of the Management Agreement, all files, tapes, manuals, documents and information held by the Program Manager in connection with the performance of the Services described in this RFP shall be turned over to the Board or its designee in a commercially usable format prescribed by the Board.

12. Public Information

All responses received will be subject to the Alabama Open Records Act, §36-12-40, Code of Alabama and may be subject to public disclosure upon request. The Open Records Act is remedial and should therefore be liberally construed in favor of the public. The Alabama Trade Secrets Act is §8-27-1 through §8-27-6, Code of Alabama. Responders are cautioned to be familiar with these statutes. The burden is on the one asserting the trade secret to show that the information sought to be protected meets the definition of a Trade Secret as defined by the Act.

Any RFP response submitted that contains confidential trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire bid proposal as confidential is not acceptable unless the Proposer

enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

The owner of the confidential information shall indemnify and hold the State of Alabama, the Treasury Staff and Board members harmless from all costs or expenses, including but not limited to attorney fees and expenses related to litigation concerning disclosure of said information and documents.

EXHIBIT A – RFP RESPONSE

For each Question below, your RFP Response must take into consideration the Scope of Services set forth in Section 4 of this RFP. Each Question in this Exhibit A applies to both the Direct and Advisor Plan, unless stated otherwise. For responses in this Exhibit A “you” and “your” mean all of the following as applicable to each question: 1) the Proposer; and 2) any entity with which the Proposer is partnering or subcontracting, to provide any of the Services.

Part I. Proposer Background and Organization

1. Please confirm that the entity submitting the response to this RFP will be the same to execute the Management Agreement. If the entity submitting the bid is not a parent company, please indicate whether the parent company will guarantee or propose a suitable alternative (e.g., Letter of Credit, Surety Bond or an alternative approved by the Board) to ensure performance of the Services.
2. Please include (a) the most recent Annual Report, (b) any regulatory filings for the current fiscal year, and (c) the audited financial statements for the last two fiscal years for the contracting party (include as Appendix 1 to your response).
3. List all subcontractors, partners or affiliates that will perform the Services required in Section 4 of this RFP, including any applicable registrations (e.g., registered broker-dealer, transfer agent, investment adviser, etc.). Please identify the Services to be provided by each entity and confirm that the Proposer will be responsible for all costs associated with these Services and for any negligence or misconduct in the delivery of Services.
4. Provide an organizational chart showing all key personnel who will be responsible for all aspects of the Program. Please include a brief resume for each individual specifying location and functional areas of responsibility.
5. Outline any recent or pending changes in the Proposer’s organization, corporate structure or location of facilities.
6. Please complete the following table, as applicable, as of December 31, 2018 for each qualified tuition program (“QTP”) for which the Proposer has served as Program Manager or service provider. If the Proposer does not have previous experience with QTPs, please respond to this question with similar experience that would enable you to satisfy the Minimum Qualifications set forth in Section 3 of this RFP.

| Program | Contract Term | Service Provided | Total Managed | | Total Converted | |
|---------|---------------|------------------|---------------|----------|-----------------|----------|
| | | | AUMs | Accounts | AUMs | Accounts |
| | | | | | | |
| | | | | | | |
| | | | | | | |

7. Please indicate whether the Proposer is a member of these or similar trade organizations: National Association of State Treasurers, College Savings Foundation, Investment Company Institute or Securities Industry and Financial Markets Association.
8. Describe your willingness and ability to support, including monetarily, a national campaign to heighten awareness of 529 plans.
9. With respect to the Proposer, any related entity, or any subcontractors, partners or affiliates it plans to engage, please indicate whether any principals, owners, directors, officers or employees have been the subject of any of the following since January 1, 2014 (answer “yes” or “no” and, if the answer is “yes”, please provide a full explanation of the circumstances

surrounding it including the status or ultimate disposition). For purposes of the following questions, the term "related entity" means any partnership, joint venture, sub-contractual relationship, and all other direct or indirect affiliations of the Proposer, entities that own the Proposer, and subsidiaries of the Proposer that could, in any reasonable capacity, affect the Program or Services. The Board may reject a Proposal due to any disclosure or conflict of interest (potential or actual) that is material in the sole discretion of the Board.

- a. Any past or pending regulatory restrictions, consent orders, stipulations or agreements arising from any regulatory or judicial proceeding that would apply to the delivery of any of the types of services required by this RFP.
 - b. Any criminal action brought under either federal or state law or any conviction or plea in a case stemming from a felony indictment under federal or state law. Any such action, conviction, or plea must be disclosed.
 - c. Any pending regulatory proceedings, litigation or investigations involving alleged or actual unfair, illegal or unethical business practice, or any such regulatory proceedings or litigation commenced or in process at any time after January 1, 2014.
 - d. Any penalties, fines or contractual damages imposed since January 1, 2014, or any settlement amounts paid since January 1, 2014 in any class action litigation or regulatory matter.
 - e. Any pending settled or adjudicated litigation, or any settled claim, or any currently threatened litigation, with or concerning any qualified tuition program or participant therein.
 - f. Any pending, settled or adjudicated litigation, enforcement or disciplinary action or investigation, arbitration, audits, or regulatory or investigative inquiries (collectively "Proceedings") by the US Attorney General, IRS, the SEC, the New York Stock Exchange, FINRA or any other governmental, state regulatory or investigative agency, in connection with the Proposer's business(es) or any proposed subcontractor relevant to any of the types of services proposed in this RFP (e.g., mutual fund, investment management, underwriting, third-party administration, custody) at any time after January 1, 2014. The response should include any such Proceedings arising from such businesses, including without limitation, underwriting, underwriting practices or management, the purchase, sale or distribution of taxable or tax-exempt municipal securities or other municipal securities obligations, market timing, late trading, collusion with third parties, preferential fund family treatment, directed brokerage payments or other sales practices, or a failure to supervise sales professionals.
 - g. Any litigation alleging the violation of fiduciary responsibility at any time after January 1, 2014.
 - h. Any breach at any time after January 1, 2014 in the privacy of confidential information about customers or, in the case of qualified tuition programs, account owners or beneficiaries.
 - i. Any claims, disputes, litigations or other legal proceedings involving the State of Alabama or any of its agencies, or has been involved, any time after January 1, 2014.
 - j. Any business relationships, that may be construed to be potential or actual conflicts of interest. The Proposer will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform the Board of the nature, implications and potential consequences of each conflict and must include an explanation of how the Contractor addresses, or intends to manage or mitigate, each conflict.
10. Provide at least three references that the Board may contact to confirm your qualifications to serve as Program Manager using the following table.

| Name | Reference 1 | Reference 2 | Reference 3 |
|------------------------|-------------|-------------|-------------|
| Title | | | |
| Agency or Company | | | |
| Office Phone | | | |
| Email Address | | | |
| Services Provided | | | |
| Length of Relationship | | | |

The Board reserves the right to contact any person or entity it believes prudent in order to inquire about the Proposer.

11. Please provide proof of ratings by two or more nationally recognized rating services within the three highest rating categories for financial condition and overall performance. If the Proposer is not rated, then please provide information that demonstrates the Proposer's financial condition to fulfill the Services throughout this engagement.

Part II. Program Administration and Compliance

1. Describe the Proposer's procedures for compliance with:
 - a. Section 529, applicable IRS and SEC regulations and MSRB Rules
 - b. Alabama laws and regulations, including the Beason-Hammon Alabama Taxpayer and Citizen Protection Act
 - c. CSPN Disclosure Principles
 - d. Industry best practices
2. List the administrative reports that you propose to provide including the types of data and frequency necessary to keep the Board and Staff apprised of the progress of the Program. Samples of these reports should be included in Appendix 2 to your response.
3. Identify the banking institution you will use to process contributions and withdrawals.
4. Provide copies of the most recent SOC1 and SOC2 Type 2 reports covering the activities of the applicable Services to the Program under the proposal. In addition, list any substantive issues raised in these reports and steps taken to address such issues. If your response includes subcontractors, please describe your oversight and risk management procedures to ensure each subcontractor's operating effectiveness with respect to Controls Over Financial Reporting as well as Trust Services Principles. To the extent the Proposer or its applicable subcontractor(s) do not have either of the SOC1 or SOC2 Type 2 reports, please explain why and describe the Proposer's plans and timing to provide such information in the future.
5. Has the Proposer implemented a cyber security plan? If so, please provide a detailed description of the plan.
6. At termination, what costs and expenses would be bore by the Program?

Part III. Customer Service and Recordkeeping

1. Describe the recordkeeping systems, database software and system security that would be used for the Program.
2. Provide the following information with respect to data backup procedures:
 - a. Detailed description of your daily backup procedures
 - b. Description of your business continuity, business recovery and disaster control plans including the location of any disaster recovery facilities
 - c. The testing schedule and the date you last performed a disaster recovery test
3. Describe how you modify your operating system for enhancements mandated by changes in applicable rules and regulations, or to improve customer service and operational efficiencies. Would you absorb the costs of all such changes?

4. What do you propose as the minimum initial and subsequent investments in the Program? Please specify whether different minimum initial and subsequent investments apply to accounts with automatic contributions.
5. Do you offer account enrollment through the workplace? If so, please describe how contributions are processed (i.e., through payroll deduction or clearinghouse transactions), and provide the number of programs using workplace enrollment, the total number of participants, the total number of accounts by process and the monthly average contribution.
6. Is there a size threshold for payroll deduction? Would you require an employer to pay any costs associated with offering the Program through payroll deduction?
7. Explain any grant/scholarship programs your firm has been involved with and indicate your ability to assist with the recordkeeping of the existing CollegeCounts Scholarship Program.
8. Provide a complete outline of your process for facilitating third-party contributions through a gifting platform.
9. Where is your United States-based customer service center located and how many customer service representatives work there? How do you handle peak volume periods?
10. Currently, the toll-free number for customer service is 866-529-2228. Please confirm your ability to continue to use this toll-free phone number at your expense.
11. Describe the process used to handle incoming customer calls. Specify, does a live representative answer the call, and if not, how you provide call routing to speak to live representatives and the ability to leave messages for return calls.
12. How many customer service representatives will be specifically dedicated to this Program?
13. Describe your training process for customer service representatives (call center and processing staff) and others. Do these individuals have professional licenses?
14. Describe the systems and processes used to route, track and respond to all customer inquiries, requests, complaints and items awaiting resolution.
15. Provide samples of customer communications, such as account statements, confirmations, email and distribution checks for programs currently managed by the Proposer in Appendix 3. Please indicate how communications can be customized for each of the Plans in the Program.
16. Describe any previous experience providing customer service for a QTP (or similar retail program) and indicate whether dedicated customer service staff will be assigned to the Program.
17. Use the following table to provide 12 months of call center statistics for any program for which you currently provide services similar to those described in this RFP.

| Month and Year | Abandonment Rate | Average Talk Time | Percent Answered within 20 seconds | Other statistics |
|----------------|------------------|-------------------|------------------------------------|------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

18. Provide the past 12-month statistic for the following, if applicable:
 - a. Number of days to process a new account
 - b. Number of days to process 99% of withdrawal requests
 - c. Maximum time the system was not available during peak hours (7am-6pm), and during non-peak hours
 - d. Number of days to fulfill customer requests for information
 - e. Percent of contribution by check processed within one business day
19. Describe your security methods in use for protecting personal identifying data and account

- owner financial information obtained via online account opening or account inquiries.
20. Provide a complete outline of the services you will make available on the self-servicing section of the website. Provide examples if you currently manage a 529 program.
 21. Provide your suggested minimum Performance Standards to be included in the Management Agreement.

Part IV. Investment Management

1. Please provide the investment options you propose for the Direct Plan and the Advisor Plan. You must propose at least one age-based option for each Plan.
2. For each investment option listed above, please provide the following information, as applicable, for each underlying investment. For each age-based and risk-based portfolio please also provide the weighted average expense ratio and blended benchmark. Note, a weighted average investment expense must be provided for each age-band within an age-based track.

| Underlying Fund or Strategy | Direct or Advisor Plan | In Investment Option | Asset Class | Share Class | Ticker | Expense Ratio | Benchmark | AUM | Morningstar Rating |
|-----------------------------|------------------------|----------------------|-------------|-------------|--------|---------------|-----------|-----|--------------------|
| | | | | | | | | | |
| | | | | | | | | | |

3. If you are proposing different investment options for the two Plans, can you please provide your rationale for doing so?
4. If you propose a stable value, guaranteed or cash option, please describe in detail the structure of the offering and the current yield as well as the liquidity provisions.
5. If you propose to include a bank product or other FDIC-insured investment option, indicate information regarding this product.
6. Please provide monthly historical performance net-of-fees as of (12/31/2018) for each of the proposed underlying investments and their corresponding benchmarks for the last 5 years. This data should be provided in a separate Excel file.
7. For the age-based options, please provide a detailed description of the glidepath and asset allocation for each of the age-based portfolios. Are you proposing the same glidepath and asset allocation for the Direct and Advisor Plans? Please discuss the rationale and approach for glidepath development of the age-based options.
8. For the risk-based options, please provide a detailed description of the asset allocation for each of the options. Are you proposing the same asset allocation for the Direct and Advisor Plans? Please discuss rationale and approach for asset allocation development of risk-based-options.
9. Discuss the team within your organization that is responsible for setting the glidepath and determining the asset allocation of the age-based and risk-based portfolios. Describe the portfolio monitoring process including the monitoring frequency and analytical tools used. How frequently do you anticipate formally reviewing the glidepath and asset allocation with the Board?
10. Please describe your approach for rebalancing the age-based and risk-based portfolios.
11. Discuss your use of passively and/or actively-managed investments in constructing the proposed investment options for each Plan.
12. Are the underlying investment funds proprietary, non-proprietary or a mix of both? If you use proprietary funds, are there certain investments that are required to be proprietary? Is there a certain percent of the assets that are required to be invested in the proprietary funds?

13. Describe your manager/fund selection process for the underlying funds of the age-based and risk-based portfolios. Do you have a separate team dedicated to manager research? If not, who is responsible for investment manager/fund selection?
14. Describe your risk management oversight and the integration of risk management across your organization. Detail the reporting chain for the risk team when issues are identified. Describe the role of senior management in risk management and the establishment of formal risk limits for the portfolios being offered.
15. The Board maintains a manager watch list for the Program. Please describe your flexibility around replacing underlying investments when there is an interest from the Board to remove a fund, particularly if it is a proprietary fund.
16. What are the main reasons that your investment approach will help the Program be successful in Alabama and nationally?
17. What proxy rights will the Board have with respect to the underlying funds? How and when would the Board be notified of such proxies?
18. Indicate if any of the investment funds you propose to be utilized in the Program have experienced a net cash outflow of 20% or higher over the last 12-months as of December 31, 2018.
19. What is your viewpoint on the Morningstar 529 Plan ratings and what is your strategy for maintaining or improving the current ratings?

Part V. Marketing and Distribution

1. Provide your marketing and distribution strategy for the Program.
2. Describe the professional or financial resources you will provide for dedicated field representatives to assist in marketing to employers, community groups, and technical audiences. Would the Proposer offer the Board the choice of field reps being employees of the State or employees of the Proposer? If the field representatives are employees of the Proposer, what licensing requirements will they have?
3. UBT currently contracts with an Alabama marketing firm, BIG Communications, for Direct Plan creative design and media placement. The Board is interested in continuing this or a similar relationship with an Alabama firm. Describe your willingness to do so or any obstacles you foresee.
4. Complete the following table showing the Proposer’s annual marketing commitment to the Program for the expected 10-year term of the Management Agreement:

| Marketing Commitment | | |
|----------------------|-------------|--------------|
| Year | Direct Plan | Advisor Plan |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

Please note that the annual marketing commitments are not to be applied to overhead or to other costs attributable to the administration or maintenance of the Program (e.g., printing of information for account owners). Any amounts not expended in one year will remain available over the term of the Management Agreement.

- Complete the following table showing the Proposer’s projected yearly growth rates for assets and accounts.

| Projection of Growth Rates | | | | |
|----------------------------|-------------|----------|--------------|----------|
| | Direct Plan | | Advisor Plan | |
| Year | AUMs | Accounts | AUMs | Accounts |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |

- Provide samples of web pages, marketing material for 529 plans (or similar plans) currently managed by the Proposer or list a website address from which these can be viewed.
- How would you use the gifting platform described in your response to Question 8 under Customer Service and Recordkeeping to promote growth in Alabama accounts?
- How will you make the Program more accessible to Alabama families including low- and moderate-income families?
- Does the Proposer have a retail presence in Alabama? If so, provide the specific locations, and indicate whether there are any plans to expand in Alabama. If not, describe how you currently market 529 or other consumer-facing products and services in Alabama.
- Confirm that you will not cross-market any non-529 products to Alabama’s current account owners, contributors, or beneficiaries without prior approval from the Board (which the Board may withhold without reason).
- If the Proposer manages a QTP for another state, how will you differentiate the Program for prospective customers from the other(s) that you manage?
- Provide the number and location of wholesalers in the Proposer’s firm who cover Alabama. How many broker-dealers or other distribution agents do they reach in Alabama and nationwide?
- How many selling agreements does the Proposer currently have? Will the Proposer require a new selling agreement with broker-dealers and other distribution agents before distributing the Advisor Plan or will your current selling agreement cover 529 products?
- Describe the process for evaluating the success of your marketing efforts. Do you have benchmarks to assess the success of marketing campaigns? If so, please describe.

Part VI. Transition and Implementation (if applicable)

- Provide a detailed transition implementation schedule to successfully transition to a new Program Manager, as applicable, by July 1, 2020.
- Are there any transition issues in particular that could delay an orderly transition from UBT to your firm?
- How would you communicate transition issues and news with existing account owners? What is the appropriate timetable for communications with existing account owners?
- Describe the procedures you will follow to ensure that current assets are continuously invested throughout a transition to ensure a smooth transfer of assets that does not result in losses to the Program or its account owners.
- Complete the table below to show the mapping of current Portfolios to new Portfolios in each Plan. Add as many rows as necessary. Additionally, please restate the investment expenses provided in your response to Question 2 under Part IV, Investment Management for each proposed Portfolio.

| DIRECT PLAN: Mapping of Investment Portfolios | | |
|------------------------------------------------------|----------------------|---------------------------|
| Current Portfolio | New Portfolio | Investment Expense |
| Age-Based Aggressive: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Age-Based Moderate: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Age-Based Conservative: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Fund 100 | | |
| Fund 80 | | |
| Fund 60 | | |
| Fund 40 | | |
| Fund 20 | | |
| Fixed Income Fund | | |
| DFA U.S. Large Cap Value | | |
| T. Rowe Price Large-Cap Growth | | |
| Vanguard 500 Index | | |
| Vanguard Growth Index | | |
| Vanguard Total Stock Market Index | | |
| Vanguard Value Index | | |
| Vanguard Mid-Cap Index | | |
| Vanguard Extended Market Index | | |
| DFA U.S. Small Cap Value | | |
| Vanguard Explorer | | |
| Vanguard Small-Cap Index | | |
| Vanguard Small-Cap Growth Index | | |
| Vanguard Small-Cap Value Index | | |
| Dodge & Cox International Stock | | |
| Vanguard Total International Stock Index | | |
| Vanguard Real Estate Index | | |
| T. Rowe Price Balanced | | |

| DIRECT PLAN: Mapping of Investment Portfolios | | |
|-----------------------------------------------------------------|----------------------|---------------------------|
| Current Portfolio | New Portfolio | Investment Expense |
| Fidelity Advisor Investment Grade Bond | | |
| MainStay Total Return Bond | | |
| PIMCO Short-Term | | |
| Vanguard Inflation-Protected Securities | | |
| Vanguard Short-Term Bond Index | | |
| Vanguard Short-Term Inflation-Protected Securities Index | | |
| Vanguard Total Bond Market Index | | |
| Vanguard Prime Money Market | | |

| ADVISOR PLAN: Mapping of Investment Portfolios | | |
|-------------------------------------------------------|----------------------|---------------------------|
| Current Portfolio | New Portfolio | Investment Expense |
| Age-Based Aggressive: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Age-Based Moderate: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Age-Based Conservative: | | |
| Ages 0-2 | | |
| Ages 3-5 | | |
| Ages 6-8 | | |
| Ages 9-10 | | |
| Ages 11-12 | | |
| Ages 13-14 | | |
| Ages 15-16 | | |
| Ages 17-18 | | |
| Ages 19+ | | |
| Fund 100 | | |
| Fund 80 | | |
| Fund 60 | | |
| Fund 40 | | |
| Fund 20 | | |
| Fixed Income Fund | | |
| American Century Equity Growth | | |
| DFA U.S. Large Cap Value | | |
| Northern Funds Stock Index | | |
| T. Rowe Price Large-Cap Growth | | |
| Northern Funds Mid Cap Index | | |

| ADVISOR PLAN: Mapping of Investment Portfolios | | |
|-----------------------------------------------------------|----------------------|---------------------------|
| Current Portfolio | New Portfolio | Investment Expense |
| Northern Funds Small Cap Index | | |
| T. Rowe Price QM U.S. Small-Cap Growth Equity | | |
| William Blair Small Cap Value | | |
| DFA International Small Company | | |
| Lazard Emerging Markets Equity | | |
| Neuberger Berman International Select | | |
| Northern Funds International Equity Index | | |
| T. Rowe Price Real Estate | | |
| Voya Global Real Estate | | |
| Credit Suisse Commodity Return Strategy | | |
| American Century Short Duration Inflation Protection Bond | | |
| BlackRock Inflation Protected Bond | | |
| Fidelity Advisor Investment Grade Bond | | |
| MainStay Total Return Bond | | |
| Northern Funds Bond Index | | |
| PIMCO Short-Term | | |
| Templeton International Bond | | |
| Touchstone High Yield | | |
| State Street U.S. Government Money Market | | |

6. Will you use the services of a transition manager? If so, identify the firm or entity you plan on using.

EXHIBIT B – PROPOSED FEES

The Board will consider proposed fees for all Services for the Direct and Advisor Plans. The Board will use the responses to (i) Question 2 in Part IV, Investment Management, (ii) Question 5 in Part IV, Transition and Implementation (both in Exhibit A), and (iii) Question 1 of this Exhibit B below to compare proposed costs. Any administrative or investment fees not included in your responses to Exhibits A and B will not be eligible to be charged.

1. Complete the following chart to show Share Classes to be offered and applicable fees. Please be clear to indicate if you are offering a Share Class specifically for fee-based advisors. Indicate whether fees differ by investment option. Include additional fees related to Share Classes, if any. If it is not self-explanatory, provide a written explanation of each fee.

| Fees | Direct Plan | Advisor Plan | | |
|-----------------------------------------------|-------------|--------------|----------|-------|
| | | A Shares | C Shares | Other |
| Program Management Fee | | | | |
| Annual Service Fee | | | | |
| Initial Sales Charge | | | | |
| Deferred Sales Charge | | | | |
| Year of Conversion to A Shares, if applicable | | | | |
| Other Fees (specify) | | | | |

2. Currently, the State Administrative Fee is 0% for the Direct Plan and 0.10% for the Advisor Plan. Please provide the range of other Program’s Administrative Fees managed by your firm. What affect do you believe this fee has in regard to the promotion and sales of the Advisor sold product? What affect do you believe this fee has in regard to Morningstar?
3. Indicate whether the Program Management Fees you have included in Question 1 will be reduced as the asset base increases and provide the exact break-points for those Fees. Also, indicate the basis for the breakpoints (e.g., assets by Plan or by Program).
4. Indicate whether any other fees will decrease as assets or account increase, including the Initial Sales Charges associated with A Shares.
5. Provide a table showing the Initial Sales Charges and Annual Service Fees that will be paid to the financial advisors who sell interests in the Advisor Plan.
6. If you are proposing Annual Account Fees, specify any exceptions or waivers to the Fees.
7. Indicate whether your proposal includes a “most-favored-nations” provision.
8. Specify any additional charges in connection with your proposal to provide the services. Any fees or expenses not identified in this Exhibit B will not be considered.
9. If you currently receive fees from the managers of underlying investments, identify those fees. If you have proposed non-proprietary underlying investments, do you expect to receive fees from those managers? Will you consider sharing any fees received with the Board or otherwise using them to offset the cost of the Program?
10. In what instances would fees be reduced during the term of the Management Agreement?

EXHIBIT C - MINIMUM QUALIFICATIONS

Please provide an explanation for “NO” responses.

- a. The Proposer has been in business for at least five (5) years conducting similar services as described in Section 4 of this RFP, as of December 31, 2018.
_____ Yes _____ No
- b. The Proposer includes investment manager(s) with at least five (5) years of experience managing asset allocation portfolios and a minimum of \$5 Billion in assets under management
_____ Yes _____ No
- c. The Proposer has sufficient capital to assume responsibility of and provide ongoing Services to the Program.
_____ Yes _____ No
- d. The Proposer will comply with all state regulations to conduct business in the State of Alabama and will register with the Secretary of State, if applicable. For more information, visit the Secretary of State website at www.sos.state.al.us and click Business Services/Corporations.
_____ Yes _____ No
- e. The Proposer and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the Services when it submits a response to the RFP.
_____ Yes _____ No
- f. The Proposer selected will carry general liability insurance, errors and omissions insurance, and cyber-liability insurance or comparable coverage for negligent acts or omissions in a form acceptable to the Board in accordance with applicable law.
_____ Yes _____ No
- g. The Proposer will comply with the current CSPN Disclosure Principles and will continue to do so throughout the term of the Agreement.
_____ Yes _____ No
- h. The Proposer will maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Program.
_____ Yes _____ No
- i. The Proposer will comply with *The Beason-Hammon Taxpayer and Citizen Protection Act*, and it has a policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
_____ Yes _____ No

EXHIBIT D - CERTIFICATE OF COMPLIANCE

State of _____
County of _____

CERTIFICATE OF COMPLIANCE WITH THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535, as amended by ACT 2012-491)

DATE: _____

RE Contract/Grant/Incentive (describe by number or subject):

_____ by and between
_____ (Contractor/Grantee) and
_____ (State Agency, Department or Public Entity)

The undersigned hereby certifies to the State of Alabama as follows:

1. The undersigned holds the position of _____ with the Contractor/Grantee named above, and is authorized to provide representations set out in this Certificate as the official and binding act of that entity, and has knowledge of the provisions of THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535 of the Alabama Legislature, as amended by ACT 2012-491) which is described herein as "the Act."

2. Using the following definitions from Section 3 of the Act, select and initial either (a) or (b), below, to describe the Contractor/Grantee's business structure.

BUSINESS ENTITY. Any person or group of persons employing one or more persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit.

a. Self-employed individuals, business entities filing articles of incorporation, partnerships, limited partnerships, limited liability companies, foreign corporations, foreign limited partnerships, and foreign limited liability companies authorized to transact business in this state, business trusts, and any business entity that registers with the Secretary of State.

b. Any business entity that possesses a business license, permit, certificate, approval, registration, charter, or similar form of authorization issued by the state, any business entity that is exempt by law from obtaining such a business license, and any business entity that is operating unlawfully without a business license.

EMPLOYER. Any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.

_____ (a) Contractor/Grantee is a business entity or employer as those terms are defined in Section 3.
_____ (b) Contractor/Grantee is not a business entity or employer as those terms are defined in Section 3.

2. As of the date of this Certificate, the Contractor/Grantee does not knowingly employ an unauthorized alien within the State of Alabama and hereafter it will not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.

4. The Contractor/Grantee is enrolled in E-Verify unless it is not eligible to enroll because of the rules of that program or other factors beyond its control.

Certified this _____ day of _____ 20____

Name of Contractor/Grantee/Recipient

By: _____

Its _____

The above Certification was signed in my presence by the person whose name appears above, on this _____ day of _____ 20____.

WITNESS: _____

Printed Name of Witness

EXHIBIT E – DISCLOSURE STATEMENT

All proposals submitted in response to this RFP must include one original Disclosure Statement as required by Section 41-16-82, et seq., Code of Alabama (1975). Information and instructions regarding the Disclosure Statement may be found on the State of Alabama Attorney General's website at <https://ago.alabama.gov/Form>. The Disclosure Statement is available at <https://ago.alabama.gov/Documents/File-AL-Vendor-Disclosure-Statement.pdf>.