



**STATE OF RHODE ISLAND
OFFICE OF THE GENERAL TREASURER**

**REQUEST FOR PROPOSALS AND
QUALIFICATIONS TO PROVIDE
529 Program Manager Services**

**The Office of the General Treasurer in Conjunction with
The State Investment Commission
50 Service Avenue
Warwick, RI 02886**

RFP Issued July 1, 2015

Proposals Due August 5, 2015

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SECTION I: GENERAL INFORMATION

PROGRAM OVERVIEW

The CollegeBound*fund*[®] (hereinafter referred to as the “Program”) was established in 1997 by the State of Rhode Island in accordance with Rhode Island General Laws § 16-57-6.1, to provide a college tuition savings program to allow persons to save money for the sole purpose of meeting qualified higher education expenses through contributions to individual participant accounts and the earnings thereon.

The Program is organized as a “qualified tuition program” in accordance with section 529 of the Internal Revenue Code of 1986, as amended. The Program’s purpose is to provide a vehicle to accumulate and grow assets to fund future college education expenses.

The Office of the General Treasurer (“Treasurer”), in conjunction with the ten-member State Investment Commission (“SIC”), chaired by the General Treasurer, determines the State’s investment policies. The SIC oversees about \$8 billion in assets for the Employees' Retirement System of Rhode Island as well as investments in the TIAA-CREF defined contribution plan, a 401 (a) program, and CollegeBound*baby*. It also sets policies for investments of the Other Post-Employment Benefits trust and the State’s 457 plans as well as the assets of the Program. The SIC works hand in hand with the Program Manager, its independent investment consultant, and other experts in various fields, to provide a high level of fiduciary oversight to ensure the Program is providing the best services to participants to assist them in college savings’ readiness.

PROGRAM MANAGER

AB Global, formerly known as AllianceBernstein, currently serves as the Program Manager. AB Global provides the following services as part of its duties:

- Investment management
- Administration
- Recordkeeping and transfer agency
- Reporting
- Legal and regulatory compliance
- Marketing and distribution nationally
- Direct-to-consumer marketing in Rhode Island
- Customer Service
- Thought leadership

The contract with AB Global dates back to 2000 and expires on June 30, 2016. For more information regarding the Program visit:

https://www.abglobal.com/abcom/product_center/abi_home/cbf/cbf_home.htm

ASSETS

The Program has been widely successful in attracting assets, especially out of state. As of December 31, 2014, assets in the Program stood at more than \$7.4 billion spread across approximately 411,000 account owners, resulting in an average participant balance of \$37,000 including beneficiary account balances, if

any. The following chart provides a breakdown of the assets within the Program at the end of the calendar year.

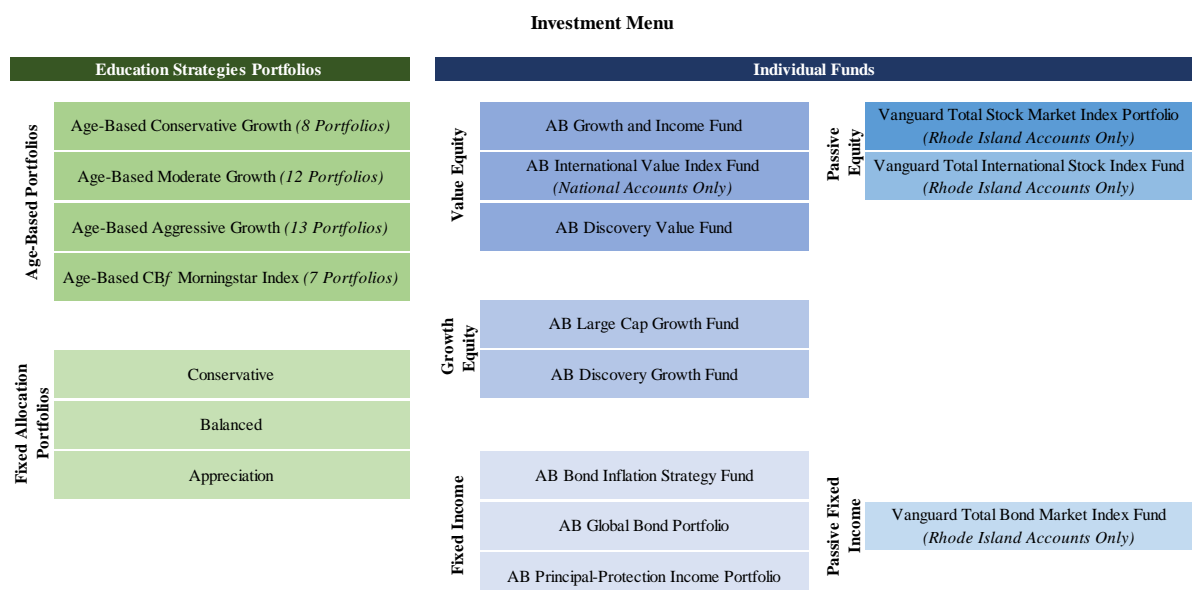
Fund	National Accounts Market Value	Rhode Island Accounts Market Value	Total Market Value	% of Program Assets
CBf Active Age-Based Portfolios	\$4,557,828,800	\$207,250,091	\$4,765,078,890	64.4%
<i>Aggressive Growth</i>	\$1,835,308,414	\$86,107,665	\$1,921,416,079	26.0%
<i>Moderate Growth</i>	\$2,688,996,697	\$119,321,298	\$2,808,317,996	37.9%
<i>Conservative Growth</i>	\$33,523,688	\$1,821,127	\$35,344,815	0.5%
CBf Morningstar Index Portfolios	\$8,426,787	\$933,601	\$9,360,388	0.1%
CBf Active Fixed Allocation Portfolios	\$1,467,637,596	\$48,735,088	\$1,516,372,684	20.5%
Individual Funds	\$1,017,441,844	\$92,704,221	\$1,110,146,066	15.0%
	\$7,051,335,027	\$349,623,001	\$7,400,958,028	100.0%

INVESTMENT MENU

The Program's investment menu is comprehensive, offering Education Strategies Portfolios (Age-Based and Fixed Allocation Portfolios) and Individual Funds:

- ❑ **Age-Based Portfolios** offer participants diversified portfolios that become more conservative over time as the beneficiary nears college age. The Age-Based Portfolios are offered through a series of three actively managed tracks based on risk tolerance and one passively managed track based on Morningstar's 529 College Savings Moderate Index.
- ❑ **Fixed Allocation Portfolios** offer participants three diversified Portfolios based on risk tolerance. The strategic asset allocation of these Portfolios remains static over time.
- ❑ **Individual Funds** offer participants stand-alone Funds that are designed to provide the basic building blocks to create a diversified portfolio, along with the opportunity for exposure to some specialized asset classes for further diversification.

The following graphic highlights the Education Strategies Portfolios and Individuals Funds currently offered to participants.



SECTION II: PURPOSE OF RFP

PURPOSE OF RFP

The Treasurer is seeking a partner to serve as program manager for the State's tuition savings program set forth in Rhode Island General Laws § 16-57-6.1. This program is available to Rhode Islanders as well as national participants alike. Potential program managers are encouraged to demonstrate their program management capabilities as well as their firm's investment management experience.

ISSUING OFFICER, CONTACTS AND LOBBYING

The Treasurer, in conjunction with the State Investment Commission, the executive director of the Rhode Island Student Loan Authority and the commissioner of Postsecondary Education, is issuing this RFP. The Issuing Officer identified below is the sole point of contact regarding this RFP. No contacts with any other employee of the Office of the General Treasurer, members of the SIC board, or state officials are permitted with respect to this RFP, any proposals submitted in response to the RFP, or the contract to be awarded pursuant to this RFP. This prohibition applies from the date of release of this RFP until the date a contract is executed, unless otherwise requested by the Issuing Officer. This prohibition includes, but is not limited to, any lobbying efforts directed at state legislators or any state officer or employee who might reasonably be considered to have influence over the process and final outcome.

The Issuing Officer for this RFP is:

Jeffrey Padwa
Deputy Treasurer / General Counsel
Rhode Island Office of the General Treasurer
Rhode Island Statehouse
82 Smith Street, Suite 102
Providence, RI 02903
(401) 222-4780
Jpadwa@treasury.ri.gov

Transmittal letters for any proposal submitted in response to this RFP should designate one person employed by the party responding to this RFP ("Respondent"), who is authorized to contact the Issuing Officer on behalf of the Respondent. Unless otherwise requested by the Issuing Officer, from the date of issuance of this RFP until the date a contract is executed, only such authorized contact person should contact the Issuing Officer with respect to this RFP, any proposal submitted in response to the RFP or the contract to be awarded under the RFP on behalf of the Respondent. Without limiting the foregoing one-contact provision, persons who are not employees of the Respondent shall not contact the Issuing Officer on behalf of the Respondent with respect to this RFP, any proposal submitted in response to the RFP or the contract to be awarded under this RFP unless requested to do so by the Issuing Officer.

Violations of this one-contact provision may result in immediate disqualification from this and any future business opportunities with the Treasurer and/or the SIC.

PERIOD OF CONTRACT

The term of this contract shall be for a period of five (5) years with one or more options to extend for no more than ten (10) additional years to be determined during contract negotiations.

SECTION III: SCOPE OF WORK

SCOPE OF WORK

Scope of Work required by a Program Manager, includes, but is not limited to:

- A. Legal and Regulatory Compliance
- B. Program Administration and Recordkeeping Services
- C. Investment Management
- D. Marketing and Distribution
- E. Customer Service

MINIMUM QUALIFICATIONS

In order to be considered for selection, the following minimum qualifications must be met.

1. The Respondent has a minimum of five (5) years of experience with Section 529 plans or defined contribution/other participant-directed plans that require the same or similar services to those described in the Scope of Services set forth in this RFP.
2. The Respondent has a minimum of \$50 Billion in assets under management, recordkeeping, and/or program management and has sufficient capital to assume responsibility of, and providing ongoing services to, the Program.
3. Once selected, the Respondent will be qualified with the Secretary of State to conduct business in the State of Rhode Island and the qualification must be kept current throughout the term of the Agreement.
4. The Respondent must maintain all applicable federal licenses and registrations necessary to conduct a financial services business. The Respondent and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
5. The Respondent is rated by two or more nationally recognized rating services with the three highest rating categories for financial condition and overall performance. If the Respondent is privately held and/or has not been rated by a nationally recognized rating service, then the Respondent will be expected to describe any alternative financial condition and operational performances that it believes will be helpful in considering or satisfying the minimum qualifications of the Respondent.
6. Once selected, the Respondent will carry a fidelity bond, errors and omissions insurance or comparable instruments to cover negligent acts or omissions.
7. The Respondent complies with all applicable Global Investment Performance Standards (“GIPS”). If the Respondent complies with another similar rating agency, please provide explanation.
8. The Respondent currently complies with all College Savings Plan Network (“CSPN”) 10 Disclosure Principles.

9. Once selected, the Respondent 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 Rhode Island account.
10. The Respondent has a company policy and practice of equal opportunity and non-discrimination based on race, creed or gender.

The Respondent has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Respondent an unqualified candidate.

INFORMATION REQUESTED

Organization and History

1. Provide the name, title, address, e-mail address, and telephone number of the individual responsible for responding to this request.
2. Please describe your organization providing comment on the following:
 - a. Business background, organizational history (including year founded) and ownership structure.
 - b. An overview of your organization and list all major business lines.
 - c. What percent of revenue is derived from 529 services?
 - d. What percent of revenue is derived from defined contribution programs and/or other participant-directed services?
 - e. Is your firm Minority Business Enterprise (MBE)/ Women Business Enterprise (WBE) certified? Please identify the percentage of MBE/WBE employed.
3. Provide an organizational chart of your 529, defined contribution program management, or other participant-directed operations. Indicate the number of employees you have in each functional area of your program management operations and the location in which program management services are provided.
4. How many years has your company offered 529, defined contribution program management, or other participant-directed services?
5. Does your company have any pending agreements to merge or sell your company or any of its units? Does your firm have any pending agreements to acquire another company in the 529 business?
6. Indicate which plans and associated assets under supervision you act as a “bundled” program manager versus which plans you provide component services within the table below:

529	
Bundled Program Manager	
Component Services:	
Legal & Regulatory Compliance	
Program Administrative & Recordkeeping Services	

Investment Management	
Marketing & Distribution	
Customer Service	

7. Indicate the total number of defined contribution plans/other participant-directed plans and 529 plan assets in which you have provided program management services over the last five years. Please differentiate if any of those plans are 529 plans.

Year	#of Defined Contribution Plans	Total Assets (\$)	# of 529 Plans	Total Assets (\$)
2014				
2013				
2012				
2011				
2010				

8. Detail the public plans in which you currently provide 529, defined contribution program management, or other participant-directed services, including the program name, length of contract, number of account owners and current assets.

State	Program Name	Length of Contract	Number of Account Owners	Current Assets

9. a. If you have no other 529 clients would you agree to be the exclusive provider for the state of Rhode Island's 529 program? What advantages would being the exclusive provider bring to the State of Rhode Island?
b. If you have other 529 clients, how would you handle the competition to attract assets between the different plans you manage?
10. Disclose any termination for cause from any 529 or defined contribution / other participant direct plan contract in the past three years. Cite background of the contract, reason for termination, and remedies the respondent has employed to preclude similar circumstances from reoccurring.
11. Provide a list of any subcontractors that your firm plans to utilize in performing the services required. Indicate the contractual relationship and/or affiliation with the subcontractor(s). Detail the services to be provided by subcontractor(s) and how your firm monitors those services. Do you require licenses or insurance of your subcontractors?
12. Provide audited financial statements for the last two fiscal years for your firm and any subcontractor(s).
13. Provide the most recent credit rating from a nationally recognized ratings agency for your firm and subcontractor(s) if you have publicly traded debt.

14. Provide three references in which your firm provides similar services as requested in this RFP. Include entity name, contact name, phone number and email address. Provide a short description of the services you provide and the length of the contract.
15. Detail any potential conflicts of interest you foresee by providing the services outlined in this RFP. Please identify the actions that would be taken to avoid any conflict(s) of interest.
16. Please describe your internal advisor service capabilities. Is the function a separate entity? How many employees and advisors service your clients and how many total assets are under advisement as of December 31, 2014? If you have no advisor capabilities will you subcontract out that service? If so, is there a particular firm you subcontract with? Please have the subcontractor directly respond to this RFP or file a joint RFP.
17. Do you have any formal relationships with outside advisors? If so, how many relationships and on what platform(s)? Do you have any omnibus capabilities with them?
18. If your firm has relationships with external registered investment advisors, please provide references to three. Include entity name, contact name, phone number and email address. Provide a short description of the services they provide and the length of the contract.

Legal and Regulatory Compliance

1. Identify any pending or threatened investigations by the U.S. Securities and Exchange Commission, any state attorney general or securities commissioner, and any other regulatory body and any pending litigation asserting illegal or unlawful conduct of firm, or any of firm's directors, officers or (other) employees. Have there been any such investigations or litigation over the past five (5) years? If so, please describe the current status of any pending investigation or litigation and the results of any concluded investigation or litigation. Disclosure should include enough information to allow assessment of the relevance of any such investigation or proceeding to the ability to provide the described services.
2. Discuss your experience and your subcontractor's experience with providing legal and regulatory compliance support to 529 programs. Specifically address the following topics:
 - a. Development of program description and amendments thereto;
 - b. Regulatory filings;
 - c. Review of sales literature;
 - d. Review of distribution agreements;
 - e. Support with audits;
 - f. Interpretation of legislation and regulation; and,
 - g. Compliance with Code Section 529 and applicable regulations, rulings and other authorities.
3. Discuss how your firm would update the Office of the General Treasurer with regards to legal and regulatory compliance matters as it relates to the 529 industry.
4. Will the investment consulting firm contractually agree to be a "fiduciary" to the 529 Plan?
5. Describe the types of insurance coverage your firm maintains as it relates to the 529 or defined contribution services you offer (e.g. Errors and Omissions, Directors and Officers, Fiduciary

Liability, Cyber liability/and or data security insurance, etc.). Provide the names of carriers and the amounts of the coverage. Attach current certificates of insurance in effect.

Program Administration and Recordkeeping Services

1. What 529 or defined contribution administrative/recordkeeping system does your firm currently use? Describe it.
2. Detail the number of 529 programs, account owners, asset size and trading volume in which your firm provides program administration and recordkeeping services. How long has your firm been providing these services?
3. Was the administrative/recordkeeping system initially purchased from an outside vendor? If yes, from whom?
4. How long has the system been used?
5. When was the last update to the system and what were the key enhancements made?
6. Is your firm going through any system conversions or major changes now or in the next three years? If so, please describe and give the schedule. What effect will this have on the Program?
7. Describe the process in which your firm accepts new enrollments, maintains accounts, changes investment elections (based on the requests of account owners or advisors), posts contributions (including rollovers), and executes distributions in an accurate and timely manner. Speak to each of these functions from both a paper-based and electronic basis.
8. Describe the standard report package that you would provide to the Program (Provide samples of these reports). When are these reports available? Please speak to the accuracy and comprehensiveness of these reports. What is the transmittal method? Do you have the capability to deliver statements electronically?
9. Describe your standard participant level statements and documents. Provide samples. What is the transmittal method? Do you have the capability to deliver statements electronically (with account owner approval)?
10. Describe any customized or ad hoc reporting capabilities.
11. Describe your firm's ability to unitize assets, particularly the daily calculation of a net asset value and portfolio accounting for the Age-Based portfolios and any other custom investment option(s) you propose for the Program.
12. Describe your process and systems for performance measurement. Is the data separate or linked directly with your accounting system?
13. Can you provide monthly, quarterly, and annual performance calculated gross and net of fees? Please describe if performance is GIPS compliant.

14. Can you produce custom benchmarks, particularly for Age-Based portfolios? Explain.
15. Will your firm act as the custodian or would you recommend a third-party custodian? If a third-party custodian is proposed, please provide details.
16. Describe any real-time reporting/viewing capabilities of your online system.
17. Discuss your disaster recovery policy and procedures. When were the most recent tests done?
18. Describe your firm's policies and procedures regarding data encryption, cyber security and other measures to prevent unauthorized access or fraud.
19. Would you have the capabilities, and would you agree to be the program manager and record keeper, for the Achieving a Better Life Experience Act (ABLE), which became federal law in December 2014 and was passed by both chambers of the Rhode Island General Assembly this year?

Investment Management

1. Describe the breadth of your investment management platform/offerings.
2. Do you propose an open or closed architecture, or some combination? Are there any requirements with regards to proprietary funds being utilized?
3. Describe your firm's approach to Age-Based portfolios. Discuss your firm's recommended number of portfolios and glide paths and the process in which your team develops and recommends Age-Based portfolios and glide paths. Detail the construction of each portfolio, types of strategies (asset class/manager style) and managers (including ticker if applicable) utilized the allocation to each. Indicate whether you recommend passive investment management, active investment management or a combination of both. Be sure to detail the overall asset allocation of each portfolio. Describe the process you would use for rebalancing, including the frequency. Provide, where applicable data in Excel.
4. Describe your firm's approach to Fixed Allocation portfolios. Discuss your firm's recommended number of Fixed Allocation portfolios. Detail the construction of each portfolio, types of strategies (asset class/manager style) and managers (including ticker if applicable) utilized and the allocation to each. Indicate whether you recommend passive investment management, active investment management or a combination of both. Be sure to detail the overall asset allocation of each portfolio. Describe the process you would use for rebalancing, including the frequency. Provide, where applicable data in Excel.
5. Describe your firm's approach to Individual funds. Discuss your firm's recommended number of Individual funds. Detail the types of strategies (asset class/manager style) and managers (including ticker if applicable) recommended. Indicate whether you recommend passive investment management, active investment management or a combination of both. Provide, where applicable data in Excel.
6. Outline your firm's proposal for mapping of the current investment options to your recommended line-up. Please use the table provided below.

		Proposed Replacement			
Investment Option	Style	Investment Option	Style	Vehicle Type	Ticker (if applicable)
Education Strategies: Age-Based Portfolios					
Aggr Growth-Before 1984	Age-Based				
Aggr Growth-1984-1986	Age-Based				
Aggr Growth-Before 1987 (RI shares)	Age-Based				
Aggr Growth-1987-1989	Age-Based				
Aggr Growth-1990-1992	Age-Based				
Aggr Growth-1993-1995	Age-Based				
Aggr Growth-1996-1998	Age-Based				
Aggr Growth-1999-2001	Age-Based				
Aggr Growth-2002-2004	Age-Based				
Aggr Growth-2005-2007	Age-Based				
Aggr Growth-2008-2010	Age-Based				

Aggr Growth-2011-2013	Age-Based				
Aggr Growth-2014-2016	Age-Based				
Mod Growth-Before 1984	Age-Based				
Mod Growth-1984-1986	Age-Based				
Mod Growth-1987-1989	Age-Based				
Mod Growth-1990-1992	Age-Based				
Mod Growth-1993-1995	Age-Based				
Mod Growth-1996-1998	Age-Based				
Mod Growth-1999-2001	Age-Based				
Mod Growth-2002-2004	Age-Based				
Mod Growth-2005-2007	Age-Based				
Mod Growth-2008-2010	Age-Based				
Mod Growth-2011-2013	Age-Based				
Mod Growth-2014-2016	Age-Based				
Cons Growth -Before 1996	Age-Based				
Cons Growth -1996-1998	Age-Based				
Cons Growth -1999-2001	Age-Based				
Cons Growth -2002-2004	Age-Based				
Cons Growth -2005-2007	Age-Based				
Cons Growth -2008-2010	Age-Based				
Cons Growth -2011-2013	Age-Based				
Cons Growth -2014-2016	Age-Based				
CBf Morningstar Index-Before 1999	Age-Based				
CBf Morningstar Index-1999-2001	Age-Based				
CBf Morningstar Index-2002-2004	Age-Based				
CBf Morningstar Index-2005-2007	Age-Based				
CBf Morningstar Index-2008-2010	Age-Based				
CBf Morningstar Index-2011-2013	Age-Based				
CBf Morningstar Index-2014-2016	Age-Based				
Education Strategies: Fixed Allocation Portfolios					
Appreciation Portfolio	Fixed Allocation				
Balanced Portfolio	Fixed Allocation				
Conservative Portfolio	Fixed Allocation				
Individual Funds					
Vanguard Total Stock Market Index (Rhode Island Accounts Only)	Total Domestic Equity				
AB Growth & Income	Large Cap Value				
AB Large Cap Growth	Large Cap				

	Growth				
AB Discovery Value	SMID Value				
AB Discovery Growth	SMID Growth				
AB International Value Index (National Accounts Only)	International Value Index				
Vanguard Total International Stock Index (Rhode Island Accounts Only)	Total International Equity				
AB Bond Inflation	TIPS				
AB Global Bond	Global Bond				
Vanguard Total Bond Market Index (Rhode Island Accounts Only)	Core Bond Index				
AB Principal-Protection Inc.	Stable Value				

7. Detail any additional options (outside of what is included in the chart above) that you propose to be added to the line-up, including name of the investment option, manager style, and ticker (if applicable).
8. Please attach an Excel spreadsheet (not Adobe or read only) with quarterly results for the last 40 calendar quarters or since inception (whichever is shorter) for any separate account products proposed. Please enter performance data as a number rather than a percent (for instance, 1.05% should simply be entered as 1.05).
9. Describe your firm's due diligence process for recommending investment managers to the Program. Provide an example of when you recommended the addition of an investment manager and the removal of an investment manager to a 529 program, or alternatively a defined contribution or other participant-directed program (if available). Detail the qualitative and quantitative factors utilized to make these recommendations.
10. Describe the process and timing should the Program want to replace an investment option given qualitative and/or quantitative issues. Detail the ability to utilize non-proprietary funds should your firm not offer a suitable replacement option.
11. Describe your firm's willingness to work with the Program's independent investment consultant on all matters related to the Program, including portfolio construction/glide path, and investment line-up.
12. What is your philosophy on providing separate lineups for those who invest through advisors and those who invest directly? How many funds do you recommend having in each lineup and in what asset classes?

Marketing & Distribution

1. Describe your or your sub-contractors' marketing capabilities, including the expertise and personnel dedicated to 529 marketing efforts. Discuss which personnel will be assigned to the Program and whether these individuals would be dedicated to the Program. Please provide a brief bio for each individual.
2. Describe your firm's marketing strategy to distribute the Program nationally, including advisor outreach and education, sales collateral, advertising, and selling tools.
3. Describe your philosophy around state administration fees and other benefits for state sponsors of 529 plans.
4. Describe your firm's marketing strategy for Rhode Island residents, including efforts such as radio, television, transit and outdoor advertising, direct mail, special collateral, and local events and outreach.
5. Describe your firm's marketing strategy for teaming up with Rhode Island employers.
6. Does your firm plan to staff personnel or open up an office in the state of Rhode Island to assist with marketing efforts? If so, please describe.
7. Discuss the success of your marketing efforts from both a national and state-level perspective for your firm's other 529 or defined contribution plans to which you provide program management services (if applicable).
8. If your firm provides (or plans to provide in the future) program management services to other states, describe how you would differentiate the Program from other state programs. Does your firm have any agreements with other states that would prevent your firm from marketing the Program on a national basis?
9. Discuss how your firm would involve and coordinate the Office of the General Treasurer in the development, refinement and approval of your firm's marketing objectives, campaigns and materials.
10. Describe your experience and willingness to work with outside rating agencies of 529 programs, including Morningstar and Savingforcollege.com.
11. Discuss whether your firm has a brokerage arm and whether those advisors would be exclusive to the Program.
12. Describe your firm's ability to develop and maintain a website dedicated to the Program. Highlight the key features you would propose as part of the website. Provide the website addresses for other 529 or defined contribution programs to which you currently provide these services.
13. What steps have you taken to streamline and make it easy for potential clients to open an account in other 529 or defined contribution plans?
14. If applicable, do your other 529 clients have generous tax incentives? If so, how much does this play into marketing and/or your clients' decision making process?
15. Describe your firm's approach regarding marketing to non-English speakers.

Customer Service

1. Discuss which personnel will be assigned to the Program with respect to client service and day-to-day interaction with the Office of the General Treasurer. Please provide a brief bio for each individual.
2. Describe your willingness to attend meetings with the Office of the General Treasurer and SIC to provide updates on the Program.
3. Discuss how your firm would involve and coordinate with the Office of the General Treasurer in customer service-related matters.
4. Describe your 529 or defined contribution customer service expertise.
5. Outline your firm's process for responding to inquiries and complaints made by advisors and account owners.
6. Describe your firm's call center staff, including the number of individuals and their location. Are these individuals dedicated to 529 programs? Would the Program have a dedicated call center or would this call center provide services to your entire firms 529 or defined contribution programs?
7. Describe your firm's call center performance statistics and the volume to which your firm's call center can accommodate. What is the contingency plan if the Program's call volume exceeds the call center's ability?
8. How do you monitor customer satisfaction, including with the state, advisor community and account owners?
9. Detail the training program in place to keep customer service personnel updated on the Program, changes, and regulatory matters.
10. Describe your firm's capabilities to provide customer service in languages other than English.
11. What Rhode Island presence does your firm currently have and what impact would you have on the Rhode Island economy if your firm is awarded the bid? Will there be a Rhode Island office or call center for participants?

Transition and Conversion

1. Provide a detailed task list and schedule on how you will approach the conversion process if necessary, including actions required on the part of the Office of the General Treasurer and the time-frame to complete each task. Clearly describe the conversion process: who is responsible for coordinating activities, who must participate, what activities must occur? Will you hire an outside consultant to manage the conversion or do you have the capabilities internally? Detail the type and amount of resources required from the Office of the General Treasurer. Please assume a live date of July 1, 2016.
2. What dedicated resources (personnel, training, etc.), procedures, and controls will you provide or recommend in the transition/conversion period to ensure that the conversion process is completed successfully in a timely and accurate manner?

3. How do you process transactions which are pending during the transition/conversion period?
4. Describe the process for transferring securities and appropriate files.
5. Will there be any “blackout” period? If so, for how long?
6. How do you ensure a smooth hand-off from the conversion team to the ongoing service team?

SECTION IV: PROPOSED FEE

PROPOSED FEE

Please provide all fee details in a sealed envelope separate from the rest of your RFP response. This will be reviewed separately as part of the final evaluation.

1. Detail all fees associated with your proposal, including the expenses outlined below. Indicate whether these fees assume any exclusivity from you or Rhode Island.
 - A. Investment Management- complete the attached Investment Management worksheet
 - B. Program Management
 - C. Enrollment
 - D. Account Maintenance
 - E. Service-Based
2. Detail any other fees (beyond those described in the previous question) that your firm plans to collect as a result of the Program.
3. Describe any additional fees or required revenue associated with utilizing non-proprietary funds.
4. Describe your philosophy regarding the share class (es)/vehicle(s) you propose to utilize in the Program. For instance, how does your firm make sure to always utilize the least expensive share class and vehicle for all investment options offered?
5. Describe whether program management expense is an explicit charge.
6. Please provide your proposed breakpoint fee reductions with respect to program management expenses. For instance, do you anticipate lowering program management expenses as assets grow in the Program?
7. Describe whether your firm plans to waive any expenses for certain account owners, and if so by how much and in what circumstances (i.e. fee waived for Rhode Island residents).
8. Will you utilize any incentive based or community savings models to encourage savings?
9. Will you agree to continue a version of the CollegeBound*baby* program, where Rhode Island babies receive \$100 at birth if they “check a box” while in the hospital or if they open account before they reach one year of age? Would you be willing to expand that program to provide further incentives to save for college? If so, how?
10. With respect to the advisor-sold assets, detail the maximum initial sales charge and distribution and marketing fee for each share class of your proposed investment options.
11. What level and methodology would you propose for a state administrative fee to meet the goals of maximizing revenue for Rhode Island (to be used for scholarships) and to remain competitive as a national offering? Would you guarantee a floor revenue amount? At what level?
12. How do you ensure each fee component of the Program remains competitive?

13. Please disclose the fee structure you pay your advisors. Do you believe this is competitive with other plans and for participants?
14. If Rhode Island could offer a longer contract would that change your pricing model? If so, how long would the contract need to be and how would it change the model?
15. Are you willing to sign an exclusive agreement with Rhode Island? If so how would it change your pricing? If Rhode Island signed an exclusive agreement with you, how would that change your fees?

NEGOTIATE FEES AND BEST AND FINAL OFFERS (BAFO)

Fees are a material element in awarding the contract pursuant to this RFP. The Treasurer and/or his agents reserve the right to negotiate fees and request best and final offers. Fees, however, are only one of several factors used to evaluate proposals and the Treasurer and/or SIC may rely on factors other than the lowest level of fees in awarding the contract pursuant to this RFP.

SECTION V: Selection Process

SCHEDULE

RFP Issued	July 1, 2015
Deadline for proposers to submit questions	July 17, 2015
Response to questions	July 24, 2015
<i>RFP Responses due</i>	August 5, 2015
Evaluations/interviews/site visits	August-September, 2015
Program manager selection	September-October 2015
Contract negotiations and drafting	October-November 2015
Conversion process (If necessary)	November-June 2016
Program re-launch/launch	July 1, 2016

Respondents' Questions

If Respondents have any questions, they should submit their questions using the online portal at <http://www.treasury.ri.gov/rfp-calendar/rfps/529-program-manager/> no later than 4:00 P.M. Eastern on July 17, 2015. All questions will be aggregated and posted publically on the RFP section of www.treasury.ri.gov. Treasury staff will not answer questions verbally or individually during the RFP process.

Proposal Submission

Respondents should submit two (2) electronic copies: (1) in PDF format and (1) MS Word format to the online portal at <http://www.treasury.ri.gov/rfp-calendar/rfps/529-program-manager/> no later than 4:00 P.M. Eastern on August 5, 2015. Please submit fee information in a completely separate file labeled clearly as "(Firm Name's) Fee Proposal." Proposals received after that deadline will not be considered. Telephoned or faxed submissions will not be considered. If you have any IT issues please contact Chris Cate at 401-462-7659.

PROPOSAL FORMAT

Proposals should be prepared in a concise manner, delineating the respondent's capabilities to satisfy the requirements of this RFP. In order to expedite the evaluation of proposals, it is essential that Respondents follow the format and instructions contained herein. Proposals must include substantial evidence of the Respondent's commitment and ability to undertake the services required and outlined in this RFP.

The Treasurer and/or SIC reserves the right to request and consider supplements to proposals or to particular proposals after the deadline for initial proposals, until such time as a contract with a particular Respondent is finalized.

EVALUATION OF RESPONSES

The Program Manager will be selected based upon an assessment of the Respondent's ability to provide the services as described above and the Respondent's proposal. The selection process will consider the relevant experience of the respondent, the strength of the proposal, the demonstrated ability and willingness of the Respondent to structure the best possible delivery of services, and the cost of the proposed services.

During the evaluation process the Treasurer and/or the SIC staff reserve the right to request additional information or clarification from those submitting responses. Respondents may be asked to participate in a telephonic interview, an in-person interview in Rhode Island or an on-site visit at the Respondent's place of business.

The RFP does not commit the Treasurer and/or the SIC to make any selection or to pay any costs incurred in the preparation of the responses or attendance at interviews and the Treasurer and/or SIC in their sole discretion, reserve the right to accept or reject any or all responses received as a result of this RFP, to waive any nonconformity with the provisions hereof, to negotiate with any qualified source, or to cancel this RFP, in part or in its entirety. All proposals shall become the property of the Treasurer and/or SIC and shall be subject to public records request under Rhode Island General Laws § 38-2-1 et seq. (Rhode Island Access to Public Records Act, hereinafter "APRA").

Evaluation Criteria

The criteria for evaluation and weight assigned to each are summarized below.

- | | |
|---|------------------|
| A. Organizational Characteristics | 20 points |
| <ul style="list-style-type: none">1. Organizational Stability2. 529/Defined Contribution/Participant-Directed Experience2. Service Team3. Call Center4. Legal and Regulatory Compliance Support5. ABLE and incentive model implementation (CollegeBound<i>baby</i>) | |
| B. Program Administration and Recordkeeping Services | 20 points |
| <ul style="list-style-type: none">1. Experience2. Administrative/Recordkeeping System3. Reporting Capabilities4. Performance Measurement Capabilities5. Unitization Capabilities6. Use of Sub-Contractors7. Data Security8. Transition Plan | |
| C. Investment Management | 20 points |
| <ul style="list-style-type: none">1. Breadth of Platform and Investment Offering Flexibility2. Investment Philosophy3. Proposed Age-Based Portfolios and Glide paths4. Proposed Fixed Allocation Portfolios and Construction5. Proposed Individual Funds6. Investment Mapping Proposal | |
| D. Marketing and Distribution | 20 points |

1. Marketing Expertise
2. Marketing Objectives and Strategy
 - a. National
 - b. Rhode Island Residents
 - c. Rhode Island Employers
 - d. Outside Ratings Agencies
3. Website Development and Maintenance

E. Fees

20 points

1. Overall Cost
2. Investment Management Fees
3. Program Management Expenses
 - a. Program Management
 - b. Enrollment
 - c. Account Maintenance
 - d. Service-Based/Other
4. Proposed Distribution/Servicing Fee

Other Considerations and Restrictions

Restrictions on Gifts

State ethics laws restrict gifts which may be given or received by employees and directors and requires certain individuals to disclose information concerning their activities with State government. Respondents are responsible to determine the applicability of these laws to their activities and to comply with the requirements. In addition, it is a felony offense to bribe or attempt to bribe a public official.

Non-Discrimination

All proposals shall be considered on the basis of their merit in accordance with the criteria specified herein and shall not exclude any person, firm, or other entity, from consideration on the grounds of sex, race, color, or national origin. Likewise, it is required that all Respondents have established non-discrimination policies, including policies, which prohibit discrimination in the selection of subcontractors. Respondents shall represent and warrant in their responses to this RFP that they do not discriminate on the basis of sex, race, color, or national origin, including but not limited to their selection of subcontractors.

State Code of Ethics

The State of Rhode Island and Treasurer are committed to maintaining the highest standards of ethics in the awarding of contracts. In accordance therewith, all Respondent's should be familiar with and abide by the State Code of Ethics, as set forth in Rhode Island General Laws §36-14-1 *et. seq.*, and any additional regulations as provided on the State Ethics Commission website <http://www.ethics.ri.gov/code/>.

Confidentiality Requirements

The staff members that are assigned by the successful Respondent to this Program – be they employees of the Respondent, sub-contractors to the Respondent, or employees of sub-contractors – may be required to sign a non-disclosure statement.

The Treasurer and/or SIC shall treat all documents submitted by a Respondent in connection with this RFP as public records after awarding the contract pursuant to this RFP, unless the Respondent properly requests that documents submitted by it be treated as non-public at the time of submission. The release of

public records is governed by Rhode Island General Laws §38-2-1 et seq. (“APRA”). Respondents are encouraged to familiarize themselves with this law before submitting a proposal.

Any request by Respondents that records submitted by them be exempt from being considered public record must be included in the transmittal letter with the Respondents’ proposal. In addition, Respondents must enumerate the specific grounds upon which the APRA or other applicable law supports treatment of the documents as exempt from being considered a public record, and further, the factual basis, if any, upon which they rely in asserting that the documents should be exempt. Any request for treating records submitted as being exempt must also include: the name, address, and telephone number of the person authorized by the Respondent to respond to any inquiries by the Treasurer and/or SIC with regard to such an assertion.

Any proposals submitted which contain non-public records must be conspicuously marked on the outside as containing non-public information, and each page upon which non-public information appears must be conspicuously marked as containing non-public information. Identification of the entire proposal as being non-public records may be deemed non-responsive and may disqualify the Respondent.

If the Respondent designates any portion of the proposal as being a non-public record, the Respondent must submit one (1) copy of the proposal from which the non-public record is deleted or redacted. This copy shall be submitted in addition to the number of copies requested in Section V of this RFP. The non-public records must be excised in such a way as to allow the public to determine the general nature of the information redacted and retain as much of the proposal as possible.

The Treasurer and/or SIC will treat the records marked as non-public as being confidential information to the extent such information is determined confidential under the APRA or other applicable law or by a court of competent jurisdiction. The Respondent’s failure to request records submitted as being non-public records will be deemed as a waiver of any right to confidentiality, which the Respondent may have had.

By submitting a proposal, Respondent agrees that the Treasurer and/or SIC may reproduce Respondent’s proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. Respondent consents to such reproduction by submitting a proposal and further warrants that such reproduction does not violate its rights or the rights of any third parties. The Treasurer and/or SIC shall have the right to use ideas or adaptations of ideas that are presented in proposals.

Placement Agent Disclosure Certificate

It is the Treasurer’s policy to prohibit the use of placement agents with respect to work performed for the Treasurer and/or SIC, and to require disclosure regarding vendors use of placement agents in other aspects of their business.

Code of Conduct Investor Pledge

The Treasurer has a strict policy with regard to political contributions and the adherence to the rules and laws drafted by the Securities and Exchange Commission (SEC), including the Investment Advisers Act of 1940 CFR Part 275, Rule 206(4)-5 and the Municipal Securities Rulemaking Board (MSRB), including Rule G-37. The successful Respondent will be required to comply with said policy and to complete and sign an appropriate disclosure statement.

Transparency in Government Agreement

The Treasurer and the SIC recently adopted policies addressing transparency in government. The transparency in government agreement can be found at <http://investments.treasury.ri.gov/investment-philosophy/>.

The placement agent disclosure certificate, the code of conduct investor pledge can be referenced at: <http://data.treasury.ri.gov/dataset/investment-manager-and-consultant-policies-and-pledges>.

All forms will be required to be signed upon engagement, where applicable.