INVITATION TO NEGOTIATE

Title: Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Issuer: Florida Prepaid College Board

ITN Number: ITN 19-01

Issue Date	January 30, 2019
Written Request for Clarification Deadline	February 11, 2019 12:00PM (ET)
Written Request for Clarification Response	February 13, 2019
Response Deadline	March 4, 2019 12:00PM (ET)
Anticipated Contract Effective Date	July 1, 2019

TABLE OF CONTENTS

1. INTRODUCTION

1.01 ABOUT THE FLORIDA PREPAID COLLEGE BOARD

The Florida Prepaid College Board (Board) administers two Qualified Tuition Programs for the State of Florida pursuant to Section 529 of the Internal Revenue Code: the Stanley G. Tate Florida Prepaid College (Prepaid) Program ($13.6 billion) and the Florida 529 Savings (Savings) Program ($600 million). The Prepaid Program allows Florida families to prepay the cost of college tuition, required fees, and dormitory housing at a state college or university in Florida at a price lower than the projected future cost of enrollment. The Savings Program allows families nationwide to invest for future higher education expenses.

In addition, Section 1009.986, Florida Statutes, provides that the Florida ABLE Savings Program (Florida ABLE) ($12 million) shall be operated through Florida ABLE, Inc., a direct support organization established by, and operated pursuant to a contract with the Board. Florida ABLE (marketed as ABLE United) is a new savings program for individuals with disabilities to save tax-free without affecting eligibility for federal benefits.

The Board, an agency of the State of Florida created by Section 1009.97, Florida Statutes, has seven members who establish policy and monitor performance for the Prepaid and Savings Programs. The Board is administratively housed within the State Board of Administration (SBA) but exercises its powers independently. The Board employs an administrative staff of 20.

The Board, acting with the approval of the State Board of Administration as required by Section 1009.973, F.S., has approved a Comprehensive Investment Plan (CIP) and investment guidelines for the Prepaid Program, Savings Program, and Florida ABLE Program. A copy of the CIPs and investment guidelines for the Programs are included as Appendix D, E and F.

For more information, please visit myfloridaprepaid.com and ABLEUnited.com.

1.02 PROCUREMENT OBJECTIVE

This Invitation to Negotiate (ITN) has been issued by the Board, pursuant to Section 287.057, Florida Statutes, to obtain written offers for investment consultant services (Responses) from qualified firms (Respondents) for the Board's Prepaid Program, Savings Program and Florida ABLE.

The Board intends to contract with at least one firm that will provide objective, third party advice and counsel that will enable the Board to make well-informed and well-educated decisions regarding the selection of investments for the Prepaid Program, Savings Program and Florida ABLE. Specifically, the consultant(s) will provide on-going investment consultant services, assist with investment manager searches, as well as assist and oversee changes to the plan design of the Prepaid Program, Savings Program and Florida ABLE.

1.03 MINIMUM QUALIFICATIONS FOR RESPONDENTS

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

1. Has 5 years, or more, of experience providing investment consulting services for institutional clients and/or public funds.
2. Agrees to provide the services as detailed in Section 3 and agrees to all other requirements as stated in the ITN.
3. Has its principal place of business and corporate charter located and registered in the United States.
4. Has not included Going Concern language in any of the previous three annual audit reports of the Respondent's financial statements.

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

2. SCHEDULE AND COMMUNICATIONS

2.01 SCHEDULE

The following schedule is set forth for informational and planning purposes. The Board reserves the right to modify this schedule as necessary to effectively administer this procurement.

Action	Date & Time	Location
Issue Date	January 30, 2019	
Written Request for Clarification Deadline	February 11, 2019 12:00PM (ET)	ITNinfo.Prepaid@MyFloridaPrepaid.com
Written Request for Clarification Response	February 13, 2019	
Response Deadline	March 4, 2019 12:00PM (ET)	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Response Opening*	March 4, 2019 2:00PM (ET)	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Evaluator Scoring Validation*	March 2019	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Negotiation Period	April 2019	
Negotiation Vote*	April 2019	1801 Hermitage Blvd., Suite 210 Tallahassee, FL 32308
Notice of Intended Award	April 2019	
Anticipated Contract Effective Date	July 1, 2019	

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

2.02 OFFICIAL NOTICES

All notices, addenda, revisions, decisions, intended decisions, and other information relating to this procurement will be electronically posted on the State of Florida Vendor Bid System (VBS) website. The Respondent is responsible for monitoring VBS. The Board does not guarantee information obtained from other sources.

Please visit: myflorida.com/apps/vbs/vbs_www.main_menu.
Agency: **State Board of Administration**
Title: **ITN 19-01**

2.03 COMMUNICATIONS AND RESTRICTIONS THEREOF

In accordance with Section 287.057, Florida Statutes, Respondents to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the 72-hour period following the agency posting the Notice of Intended Award, excluding Saturdays, Sundays, and state holidays, any employee or officer of the executive or legislative branch concerning any aspect of this solicitation, except in writing to the procurement officer or as provided in the solicitation documents. Violation of this provision may be grounds for rejecting a Response. The procurement officer for this procurement is:

Ashley Falls, ITN Administrator
Email: ITNinfo.Prepaid@MyFloridaPrepaid.com

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

3. DESCRIPTION OF SERVICES

3.01 SERVICES

The Board has determined that it is in its best interests to retain the services of an independent entity to provide investment consultant services.

The Respondent selected will establish and assume direct responsibility for proving investment consultant services.

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

On-going Investment Consultant Services:

For the Prepaid Plan, Investment Plan and Florida ABLE, the Respondent shall perform the below services within the requirements set forth in the contract:

a. **Collect and Validate Investment Performance** – Interface with the Board's investment custodians (currently, Northern Trust for Prepaid and Savings and Bank of New York Mellon for Florida ABLE) to obtain the information necessary to validate investment performance calculated by the Board's custodian.

b. **Create Performance Reporting** – Prepare and deliver timely separate monthly and quarterly reports (gross and net of fees where applicable) for the Prepaid Plan, Investment Plan and Florida ABLE with an appropriate market/economic overview.

c. **Evaluate Investment Manager Performance and Compliance** – Report with sufficient explanation to the Board on any investment manager failing to meet any performance objective provided for in the Board's Investment Guidelines or any similar successor document. And, review the Board's investment managers' disclosure of any non-compliance with the Comprehensive Investment Plans and report recommendations for corrective actions to the Board.

d. **Present to the Board** – Attend, present and answer questions in person at all meetings and workshops of the Board, the Board's investment committee and the Florida ABLE Board. Generally, the meetings and workshops for the Boards/committees are scheduled together for 1.5 days near then end of each quarter.

e. **Provide Consulting/Advisory Services** – Gain a thorough understanding of the Programs and, proactively and as requested, consult/advise by telephone, writing, and in person with the Board and its staff on various matters including, without limitation thereto:
   - Investment policy, including the Board's Comprehensive Investment Plans and Guidelines
   - Portfolio design, structure, asset classes, and benchmarks
   - Investment strategy
   - Investment risk
   - Asset allocation and rebalancing
   - Program structure and fees
   - Performance matters
   - Current investment managers
   - Selection of new investment managers.

f. **Provide Research** – Any of the Respondent's ongoing research, including topical papers, client memoranda or current issues for institutional investors made available to clients.

For the Prepaid Plan, the Respondent shall:

a. **Perform an Asset Liability Modeling Study** – An asset liability modeling study is performed every 5 years. The asset liability modeling study will provide a fundamental review of the strategic relationship between the overall investment strategy and the liabilities for which they serve.

b. **Construct a Custom Fixed Income Benchmark** – Assess and lead the construction of the fixed income customized benchmark, including calculation of the Option Adjusted Spread, for the Prepaid Plan using the appropriate liability profile as determined by the Prepaid Plan's actuary and Board.

For the Savings Plan and Florida ABLE the Respondent shall:

a. **Update Descriptions for Publications** – The Respondent shall work with the Board's investment managers to develop and periodically revise and update the information and descriptive statements concerning the investment portfolios and the investment strategies used for the investment portfolios and investment options for inclusion in any prospectus or disclosure booklets.

b. **Provide Performance Summaries** – Prepare the performance summary tables that are uploaded to the websites and provided with account statements to Account Owners.

Investment Manager Searches

The Board is required by Florida Statutes to competitively procure every investment manager and custodian/trustee. The Respondent shall provide assistance in the development of procurement requests and in the evaluation of respondents for up to 7 investment manager searches and 1 investment custodian/trustee search, during the initial term of the Contract. The Board retains the responsibility to select the investment managers and custodians/trustees. The same amount of searches will be provided during any renewal period. The Respondent shall perform the searches within the requirements set forth in the contract.

Special Consultation and Advisory Services:

As required by the Board, the Respondent must provide special consultation and advice to the Board regarding various unanticipated investment matters, not otherwise included within the Description of Services (e.g., an additional Asset Liability Modeling Study, an additional investment manager search, and the creation of a new Program). The Board and the Respondent shall agree upon the precise scope of these services and the estimated billable hours or fixed cost required to complete the assignment in writing prior to the Respondent beginning work on each project.

3.02 CONTRACT

The Board intends to enter into a written contract with the Respondent(s) that offers the best value to the Board for the services included in this solicitation, as determined by the Board. The contract will incorporate this solicitation and amendments thereof, the written requests for clarifications and the answers thereof, and the Response provided by the contracting Respondent, including any and all supplemental Responses as requested by the Board.

A copy of the contract, which details the responsibilities of the contracting Respondent(s), is provided as Appendix A. The Board reserves the right to modify this contract pursuant to the negotiations addressed herein.

If the language between this solicitation and the contract conflict with the terms of State of Florida General Contract Conditions (PUR 1000) or State of Florida General Instructions to Respondents (PUR 1001), incorporated herein by reference, this solicitation and the contract shall control.

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

4. RESPONSE

4.01 MANDATORY REQUIREMENTS

The Board has established certain mandatory requirements that must be included in a Response. The use of “shall”, “must”, or “will” (except to indicate simple futurity) indicates a mandatory requirement or condition. The words "should" or "may" indicate desirable attributes or conditions, but are permissive in nature. Deviation from, or omission of, such a desirable attribute will not by itself cause rejection of a Response.

Respondents who meet the minimum qualifications and that have satisfied the mandatory requirements will be considered; any Respondent who does not will be rejected.

4.02 RESPONSE FORMAT AND CONTENT

Respondents must provide the following information in the Written Response Packet which is included as Appendix B. Failure to comply with the instructions herein is sufficient cause to reject a Response.

The Written Response Packet includes the following forms:

Tab 1 – Invitation to Negotiate Acknowledgement
The Invitation to Negotiate Acknowledgment must be completed and signed by an officer or agent of the Respondent who is empowered to bind the Respondent in a contract. An executed acknowledgement, with the requested materials that follow, constitute an offer from the Respondent to provide the services detailed in this solicitation under the contractual terms provided herein.

Tab 2 – Minimum Qualifications
The Minimum Qualifications form represents a written attestation that the Respondent meets the minimum qualifications set forth in this solicitation.

Tab 3 – Organizational Experience
The Organizational Experience form collects information about the Respondent, the assigned team, and the relevant experience thereof.

Tab 4 – Reporting
The Reporting form collects information about the Respondents interfacing with the custodian and reporting capabilities.

Tab 5 – Consulting Services
The Consulting Services form collects information about the services the vendor provides such as consulting/advising on investment matters, performing asset liability studies, leading multiple managers, LDI benchmark construction and review and Investment Manager review, etc.

Tab 6 – Investment Manager Search Services
The Investment Manager Search Services tab collects information about the manager search services available.

TAB 7 – Pricing Schedule
The Pricing Schedule represents the price offered for the services set forth in this solicitation. The Respondent, if awarded the contract, will receive compensation under the contract resulting from this procurement based upon the agreed upon price contained in the Pricing Schedule.

The forms provided herein are made available in Microsoft Word on the Board's website for ease of completion. Responders must use the provided forms. Additional information may be added as appendixes to support the forms. However, primary consideration will be given to the information provided in the forms.

Please visit: myfloridaprepaid.com/who-we-are/about-the-board/board-reports-and-plans/.

4.03 DELIVERY

Responses must be complete on the date delivered. Additional information submitted after the Response, or separate from the Response, will not be considered unless specifically requested by the Board and only to the extent requested.

The Respondent is responsible for the timely and proper delivery. Responses that, for any reason, are not delivered timely will be retained by the Board but will not be considered.

Delivery to the Board

Each response shall be prepared simply and economically providing a straightforward and concise delineation of the Respondent's capabilities to satisfy the requirements of this procurement.

Each Respondent shall deliver the following:

1. Four (4) complete electronic copies of the Response on four (4) USB hard drives – one (1) copy per drive.
2. One (1) unbound original copy of the Response.
3. Four (4) bound copies of the Response. Fancy bindings and promotional material are not desired.

All Responses must be executed and submitted in a sealed package. The face of the package must contain the number and title of this solicitation and the date of the response. See Section 2 for delivery date, time, and address.

Responses received by facsimile, telephone, or email will be rejected.

4.04 CONFLICTS OF INTEREST

Any award hereunder will be subject to the provisions of Chapter 112, Florida Statutes. Respondents must disclose with their Response the name of any officer, director, or agent who is also an employee of the State of Florida, the Board, or any agency of the State of Florida. Respondents must disclose the name of any state employee who owns, directly or indirectly, interest of five percent or more in the Respondent. Respondents must disclose all investment products, annuities, mutual funds or other similar type savings plans that are marketed or sold by the Respondent, its proposed subcontractors or any Related Entity of the Respondent or any subcontractor, for other states as a part of a prepaid college fund or a college savings fund or for any Qualified Tuition Program.

4.05 RESPONSE TENURE

All Responses are valid for one hundred eighty (180) days from the due date. The period of time during which responses are valid will be tolled during the pendency of any proceeding related to any contract awarded pursuant to this procurement.

5. ITN PROCESS

5.01 OVERVIEW

This is a multi-phase competitive procurement process, pursuant to Section 287.057, Florida Statutes, whereby all Respondents shall receive fair and equal treatment. Respondents will not be eliminated from consideration until the posting of the Notice of Intended Award.

5.02 REQUESTS FOR CLARIFICATION

Prior to the request for clarification deadline, the Board will accept requests for clarification from prospective Respondents. Questions concerning the conditions and/or specifications of this procurement must be addressed in writing, using the Request for Clarification Form provided in Appendix C. Written requests for clarification delivered to the ITN Administrator in a proper and timely manner will receive a written answer communicated publically via VBS.

Requests for clarification and answers thereto shall be considered an addendum to, and an integral part of, this solicitation document.

5.03 MANDATORY REQUIREMENTS ASSESSMENT

Upon timely and proper receipt, each Response will be reviewed to determine whether the Respondent meets the minimum qualifications and satisfies mandatory requirements set forth in this solicitation. The Board reserves the right to determine which Responses meet the minimum criteria and the right to accept Responses that deviate in a minor or technical fashion.

This assessment is binary (pass/fail); there are no points awarded for meeting the minimum qualifications or satisfying the mandatory requirements. Respondents that do not meet the minimum qualifications or satisfy the mandatory requirements will be removed from consideration.

5.04 EVALUATION PHASE

Each Response for which the Respondent meets the minimum qualifications and satisfies the mandatory requirements will be evaluated, independently, by members of an Evaluation Team appointed by the Board.

Response Evaluation
The Evaluation Team will award points for each Response in the following areas:

Component	Maximum Points Awarded
Written Response: Organizational Experience (Tab 3)	15
Written Response: Reporting (Tab 4)	15
Written Response: Consulting Services (Tab 5)	30
Written Response: Investment Manager Search Services (Tab 6)	15
Written Response: Pricing Schedule (Tab 7)	25
Total	100

Pricing Schedule Evaluation
Each Pricing Schedule Response will be evaluated relative to the lowest responsive price offered based on the annual fee. Points will be awarded using the following formula:

(X/N) x P = Z; where:

X = Lowest Responsive Pricing Schedule;

N = Proposed Pricing Schedule;

P = Maximum Points Available

Z = Awarded Points

The calculated points awarded will be rounded to the nearest whole number. Decimal values less than 0.50 will be rounded down to the next whole number; decimal values greater than, or equal to, 0.50 will be rounded up to the next whole number. The minimum possible calculated points awarded will be 0.

<u>Ranking of Respondents and Selection of the Shortlist for Negotiation</u>

After the Evaluation Team has evaluated each Response independently, the individual scores will be aggregated to determine the total score for each Response. The Respondents will be ranked based on the total score for their Response and the Board will select the highest-ranked Respondents, within a competitive range, for negotiation (Shortlist).

The Board intends to select up to five (5) Respondents to the Shortlist. However, the Board reserves the right, after posting notice thereof, to expand the shortlist to include additional responsive Respondents for negotiation. The Board will provide individual notice to each Shortlist Respondent.

5.05 NEGOTIATION PHASE

The Board will appoint a Negotiation Team to conduct negotiations with the Shortlist Respondents. The Board intends to negotiate concurrently with the Shortlist Respondents; however, the Board may change the method of negotiation (e.g., concurrent versus by order of ranking) and evaluation criteria if it determines that to do such would be in the best interest of the Board.

When negotiations have been completed, the Board will award a contract to the responsive and responsible Respondent(s) that the Board determines will provide the best value to the Board. The Board will provide public notice of selection via Notice of Intended Award posted on VBS.

6. GENERAL INFORMATION

6.01 LEGAL REQUIREMENTS

Applicable provisions of all federal, state, county, and local laws, will govern development, submittal and evaluation of all Responses received hereto and will govern any and all claims and disputes that may arise between persons submitting a Response and the Board. Lack of knowledge by any Respondent will not constitute a cognizable defense against the legal effect thereof.

6.02 BOARD RIGHTS

The Board, in its sole discretion, may take any of the following actions and may determine the scope and manner of such actions, the Respondent(s) affected, and whether to provide concurrent public notice of such decision:

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

9. Decline to conduct further negotiations with any Respondent.
10. Reopen negotiations with any Respondent.
11. Require any or all Respondent(s) to provide a best and final offer.
12. Take any administrative steps deemed necessary to determine final award, including additional fact-finding, evaluation, or negotiation where necessary and consistent with the terms of this procurement.
13. Arrive at an agreement with any Respondent, finalize principal contract terms and terminate negotiations with any or all other Respondents, regardless of the status of, or scheduled negotiations with, such other Respondents.
14. The Board reserves the right to accept or reject any and all Responses and to award the contract in the best interests of the State of Florida.

6.03 PUBLIC ACCESS TO RECORDS

Responses to this solicitation shall result in the Respondent waiving any and all rights relating to confidentiality, or claims thereof, upon delivery to the Board. All electronic and written communications pertaining to this procurement, whether sent from or received by the Board, and all Responses including, without limitation, administrative information, proposed services/commodities, and price will be subject to disclosure after contract award as required under Chapter 119, Florida Statutes.

Negotiations between the Board and Respondent are exempted from being held as public meetings by Section 286.0113(2)(a), Florida Statutes. In addition, strategy meetings held by Negotiation Team are also exempted by Section 286.0113(2)(a), Florida Statutes.

6.04 PROPERTY OF BOARD

All Responses become the property of the Board upon receipt and will not be returned to the Respondent. The Board has the right to use any and all ideas or adaptations of ideas contained in any Response received in for this solicitation. Selection or rejection of the Response will not affect this right. All Responses become public documents upon submission. All materials and data produced for the Board under the contract resulting from this solicitation will be owned by the Board unless otherwise agreed to in writing by the Board.

6.05 COST OF DEVELOPING AND SUBMITTING RESPONSES

Neither the Board nor the State of Florida is liable for any of the costs incurred by the Respondent in preparing and/or submitting a Response.

INVESTMENT CONSULTANT SERVICES AGREEMENT

This Investment Consultant Services Agreement (the "Agreement"), is entered into this __________ day of ______________________________, __________, by and between the FLORIDA PREPAID COLLEGE BOARD ("the Board"), an agency of the State of Florida, and ____ ("Contractor"), a corporation doing business under the laws of the State of ______________________________ and doing business in the State of Florida.

BACKGROUND

The Florida Prepaid College Board ("Board") administers two Qualified Tuition Programs for the State of Florida pursuant to Section 529 of the Internal Revenue Code: the Stanley G. Tate Florida Prepaid College Program ("Prepaid Program") and the Florida 529 Savings Program ("Savings Program"). The Prepaid Program allows Florida families to prepay the cost of college tuition, required fees, and dormitory housing at a state college or university in Florida at a price lower than the projected future cost of enrollment. The Savings Program allows families nationwide to invest for future higher education expenses.

In addition, Section 1009.986, Florida Statutes, provides that the Florida ABLE Savings Program (Florida ABLE) shall be operated through Florida ABLE, Inc., a direct support organization established by, and operated pursuant to a contract with the Board.

In consideration of the services to be performed and the payments to be made, together with the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. REPRESENTATIONS AND WARRANTIES

The Contractor represents and warrants that:

A. It is a corporation duly organized, validly existing, and in good standing under the laws of the United States and the State of ______________________________ and has the power and authority to carry on its business as now being conducted and has the power and authority to execute, deliver, and perform this Agreement; and

B. It is duly qualified and in good standing in such other states of the United States, as well as in such foreign countries or political subdivisions thereof, as is necessary to perform this Agreement; and

C. It has taken all actions necessary to authorize the execution, delivery, and performance of this Agreement, and this Agreement is a valid and binding obligation of the Contractor enforceable against it in accordance with its terms except as may be limited by federal and state laws affecting the rights of creditors generally and except as may be limited by legal or equitable remedies; and

D. It has made, obtained, and performed all other registrations, filings, approvals, authorizations, consents, licenses, or examinations required by any government or governmental authority, domestic or foreign, or required by any other person, corporation or other entity in order to execute, deliver, and perform this Agreement; and

E. To the best of the Contractor's knowledge, neither the execution, delivery, nor performance of this Agreement by the Contractor will violate any law, statute, order, rule, or regulation of, or judgment, order or decree by, any federal, state, local, or foreign court or governmental authority, domestic or foreign, to which the Contractor is subject nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which it is a party or by which it is bound.

F. It is lawfully organized and constituted under all federal, state and local laws, ordinances and other authorities of its domicile and is otherwise in full compliance with all legal requirements of its domicile.

G. It is possessed in the legal authority and capacity to enter into and perform this Agreement.

H. It has been duly authorized to operate and do business in all places where it will be required to conduct business under this Agreement; that it has obtained, at no cost to the State of Florida, all necessary licenses and permits required in connection with this Contract; and that it will fully comply with all laws, decrees, labor standards and regulations of its domicile and wherever performance occurs during the performance of this Agreement.

I. It has no present interest nor will acquire any interest which would conflict in any manner with the Contractor's duties and obligations under this Agreement.

2. SCOPE OF SERVICES

Pursuant to the authority of Section 1009.971(5)(d), Florida Statutes, the Contractor will serve as an investment consultant for the Prepaid Program, Savings Program and Florida ABLE. In this capacity, the Contractor will provide the following services:

A. **On-going Investment Consultant Services**:

For the Prepaid Program, Investment Program and Florida ABLE, the Contractor shall:

(i) Interface with the Board's investment custodians to obtain the information necessary to validate investment performance calculated by the Board's custodian and prepare the reports required pursuant to this Description of Services.

(ii) Prepare separate monthly reports (gross and net of fees where applicable) for the Prepaid Program, Investment Plan and Florida ABLE which will be delivered to Board offices within fifteen (15) days from the end of the prior month, and must contain, at a minimum:

1. Monthly, quarter to date, fiscal year to date, 1 year, 3 year, 5 year, and inception to date performance summary by investment manager, as compared to the benchmark.

2. Monthly, quarter to date, fiscal year to date, 1 year, 3 year, 5 year and inception to date performance summary by investment option, as compared to the benchmark (Investment Plan and Florida ABLE only).

3. Financial reconciliation by investment manager.

4. Asset distribution across investment managers/investment options.

(iii) Prepare a separate, comprehensive quarterly investment performance and analysis report (gross and net of fees where applicable) for the Prepaid Program, Investment Plan and Florida ABLE which will be delivered to Board offices within forty-five (45) days from the end of the prior calendar quarter, and must contain, at a minimum:

1. A review of the current market environment, including a summarization of the most recent events in the financial markets and a review of the performance of the major market indexes.

2. Total Fund analysis for total program, each asset class and individual managers (Asset Allocation, Peer Rankings, Return Attribution Analysis, etc.).

3. A review of the investment results in the context of their objectives and benchmarks, along with specific commentary on factors affecting performance.

4. Quarter, fiscal year to date, 1 year, 3 year, 5 year, and inception to date performance summary by investment manager, as compared to the benchmark.

5. Quarter, fiscal year to date, 1 year, 3 year, 5 year and inception to date performance summary by investment option, as compared to the benchmark (Investment Plan and Florida ABLE only).

6. Financial reconciliation by investment manager.

7. Fee analysis for each investment manager.

8. Executive Summary to be presented to Board members.

(iv) Attend all meetings and workshops of the Board, the Board's investment committee and the Florida ABLE Board. Participation in these meetings will be, at a minimum:

1. Make in-person presentations of the quarterly investment performance and analysis reports and other topics, as required by the Board.

2. Be generally prepared to comment on agenda items and to answer questions raised during those meetings and workshops.

(v) Consult by telephone and in person on an unlimited basis with the Board and its staff on matters of investment policy, portfolio design and structure, investment strategy, investment risk, asset allocation, program structure, current investment managers and the selection of new investment managers. Make the Contractor's collective knowledge, experience and research available to the Board and its staff on these and other investment related topics. In connection with such services and as required by the Board, the Contractor will provide written materials including presentations, report production and documentation.

(vi) Advise the Board and its staff orally and in writing on various matters related to the Board's investment portfolios and activities, including, without limitation thereto, performance matters, investment policy, portfolio design and structure, investment strategy, investment risk, asset allocation, program structure, current investment managers and the selection of new investment managers. If written advice is requested, then such written advice shall be limited to presentations, letters and/or memoranda that convey the essence of the Contractor's advice on a particular matter.

(vii) Review the Board's Comprehensive Investment Plans and Guidelines and other Board policies concerning investments and investment managers and advise the Board regarding any suggested changes or enhancements.

(viii) Make available to the Board and its staff all of the Contractor's ongoing research, including topical papers, client memoranda or current issues for institutional investors.

(ix) Stay informed about and have knowledge regarding, without limitation thereto, the Board's investment policies, the Board's asset allocation policies as well as portfolio rebalancing and asset allocation activity, benchmarks used for the Board's various investment portfolios and asset classes, rates of portfolio turnover and management fees for the Board's individual investment portfolios and investment managers to maintain an understanding of the investment structure for the Board's investment portfolios and the Trust Fund.

(x) On a monthly basis or as otherwise required by the Board, review the Board's investment managers' disclosure of any non-compliance with the Comprehensive Investment Plans and report recommendations for corrective actions to the Board.

(xi) On a quarterly basis, report to the Board on any investment manager failing to meet any performance objective provided for in the Board's Investment Guidelines or any similar successor document.

For the Prepaid Program the Contractor shall:

(i) The Contractor will conduct one asset liability modeling study of the Prepaid Program during the initial term of this procurement and, if this procurement is renewed, one asset liability modeling study during the term of the first renewal. The asset liability modeling study will provide a fundamental review of the strategic relationship between the overall investment program and the liabilities for which they serve. The focus will be to provide the Board with the information required to manage the risk associated with the Prepaid Program. It will relate the risk/reward trade-offs of various investment programs to the liabilities relative to interest rate risk and tuition inflation scenarios. The process will guide the Board to an investment structure which balances the objective of surplus growth with the concern for surplus volatility.

(ii) Assess the Prepaid Program custom fixed income benchmark and provide recommendations on changes, as needed.

(iii) Lead the construction of the fixed income customized benchmark for the Prepaid Program using the appropriate liability profile as determined by the Prepaid Program's actuary and Board.

(iv) Lead the construction of the Option Adjusted Spread (based on the Board's current asset allocation for the liability driven investment benchmark) and Treasury Spot Yield Curve figures (based on Treasuries in the liability driven investment benchmark) to be provided to the Board's Actuary for each actuarial run.

<u>For the Savings Program and Florida ABLE the Contractor shall:</u>

(i) The Contractor shall work with the Board's investment managers to develop and periodically revise and update the information and descriptive statements concerning the investment portfolios and the investment strategies used for the investment portfolios and investment options for inclusion in any prospectus or disclosure booklets. The Contractor is responsible for coordinating and overseeing this effort and for verifying the accuracy of the descriptions and information included within the prospectus or disclosure statement concerning the investment portfolios and the investment strategies used for the investment portfolios and investment options included. The Board may specify the requirements for such information (including compliance with the disclosure standards adopted by the College Savings Plan Network) or descriptive statements and the times when such information or statements must be submitted to the Board. Any such information and disclosure statements are subject to the prior written approval of the Board and the Board may require changes to the information or descriptive statements. The Board will work cooperatively with the Contractor to ensure the information and descriptive statements included in any prospectus or disclosure statement are accurate in all material respects and are not misleading.

(ii) Monthly, prepare the performance summary tables that are uploaded to the websites.

(iii) Annually, assess and provide recommendations on the Investment Plan and Florida ABLE investment option and fee structures.

(iv) Update the performance summary information for the Investment Plan which is provided with account statements to Investment Plan account owners.

B. **Investment manager searches**:

The Contractor shall provide not more than seven (7) investment manager searches and one (1) search for an investment custodian/trustee, during the initial term of this procurement. The same amount of searches will be provided during any renewal period. The investment manager searches shall include the following services:

(i) The Contractor shall assist the Board in developing procurement requests for selection of investment managers including the minimum criteria each Contractor should meet to be considered and the criteria that the Board will use to evaluate responsive proposals from prospective investment managers.

(ii) Regardless of the number of respondents to the Board's procurement requests for investment managers, the Contractor shall:

1. Perform quantitative and qualitative screenings of each respondent and prioritize them as Tier 1, 2 and 3 with Tier 1 being the highest recommended respondents. Include a summary with a description of the screening process and comments, conclusions and recommendations for each respondent.

2. Prepare a firm level overview of each respondent including, at a minimum: Firm history, key professionals with experience, asset structure (separate accounts, pooled, mutual funds), asset growth and assets under management by product.

3. Prepare a product overview for each respondent including, at a minimum: product history, key professionals with experience, asset growth, number of accounts by type (separate accounts, pooled, mutual funds), philosophy, research process, security selection, portfolio construction and sell discipline.

4. Prepare a comparison for each respondent's investment return data with the appropriate benchmark data for each of the time periods included in the procurement request.

5. Provide peer universe performance rankings of each respondent (produce floating bar charts for 1, 3, and 5 year periods as available

based on respondent-provided investment returns). Each respondent will be ranked relative to one another and against the relevant respondent's investment manager universe.

6. Provide risk statistics for each respondent versus the benchmark and peer universe. Examples include: alpha, sharpe ratio, standard deviation, downside risk, tracking error, beta, r-squared, up market capture and down market capture.

7. Provide portfolio characteristics for each respondent versus the benchmark and peer universe. Examples include: weighted market cap, sector allocation, credit quality allocation, number of holdings, and style.

8. Provide an assessment of how closely the respondent's proposed investment product fits with the proposed investment mandate.

9. At the Boards request, the Contractor shall participate in all site visits by the Board's staff for selected respondents in addition to any presentations respondents provide to the Board or the Board's staff.

C. Special Consultation and Advisory Services:

As required by the Board, the Contractor must provide special consultation and advice to the Board regarding various unanticipated investment matters, not otherwise included within these Description of Services. The Board and the Contractor shall agree upon the precise scope of these services and the estimated billable hours required to complete the assignment in writing prior to the Contractor beginning work on each project. Compensation paid to the Contractor for such services may not exceed a maximum of $50,000 per year.

D. Decision Making Authority:

During the performance by the Contractor of the services, the Board will retain and exercise all decision-making authority with respect to the management and administration of the Prepaid Program, Investment Program, Florida ABLE and the investments relating thereto.

E. Control and Reporting:

The Contractor shall perform the services under the direction and control of the Board. At a minimum, the Contractor's contract manager shall meet with the Executive Director, Deputy Executive Director or Director of Finance and Accounting each quarter for the purpose of reviewing progress and providing necessary guidance in solving problems which arise. Prior to each meeting, the Contractor shall submit brief, written summaries of progress which outline the work accomplished during the reporting period, work to be accomplished during the subsequent reporting period and real or anticipated problems/issues which should be brought to the attention of the Board.

F. All services provided under this Contract for the Prepaid Program, Savings Program and Florida ABLE shall be provided in accordance with the ITN. All provisions of the ITN, the Questions and Answers regarding the ITN, and the Contractor's Proposal submitted in response to the ITN are incorporated by reference and attached to this Contract as Restated Composite Exhibit "B". In the event of any conflict in the opinion of the Board, between any provision of this Contract and the ITN, the Questions and Answers regarding the ITN or the Contractor's Proposal, this Contract shall govern the conduct of the Board and the Contractor. In the event of any conflict, in the opinion of the Board, between the

ITN and the Contractor's Proposal, the ITN shall govern the conduct of the Board and the Contractor. In the event of any conflict in the opinion of the Board, between the ITN and the Questions and Answers regarding the ITN, the Questions and Answers regarding the ITN shall govern the conduct of the Board and the Contractor. In the event of any conflict, in the opinion of the Board, between Questions and Answers regarding the ITN and the Contractor's Proposal, the Questions and Answers regarding the ITN shall govern the conduct of the Board and the Contractor.

3. COVENANTS

The Contractor will immediately notify the Board (i) if it fails to comply with or will for any reason be unable to comply with any term, condition or provision of this Agreement; (ii) of any material change in the Contractor's partners, directors, or employees who exercise investment consultant services with respect to this Agreement or to any other material adverse change in the Contractor's condition, financial or otherwise, or in its business, corporate organization, or any such change which is or might be materially adverse to the Contractor; and (iii) following the occurrence of any happening or event which would cause any representation or warranty of the Contractor in Paragraph 1 hereof, to be no longer true and correct in all respects (assuming solely for the purpose of this covenant of notification that all such representations and warranties are deemed to be reiterated and brought down during each successive day during this Agreement) provided that nothing in the preceding sentence will detract from or modify any representation or warranty made by the Contractor in Paragraph 1 hereof.

4. CONSIDERATION

A. The compensation of the Contractor for its services hereunder will be calculated and paid in such manner as will be agreed upon, from time to time, by the Contractor and the Board in accordance with Exhibit "A" hereto. All out of pocket expenses of the Contractor, including without limitation, mailing and telephone expenses, travel expenses, salaries, and overhead costs, are to be paid for by the Contractor.

B. If the Contractor enters any agreement or contract with any other customer by which the Contractor agrees to provide equivalent services for a lower fee or price, or additional services for a comparable fee or price, the Contractor will provide written notice thereof to the Board within thirty (30) days of the date the Contractor enters such agreement or contract with another customer and will agree to amend the Agreement, resulting from the ITN to provide the equivalent fee or price or additional service to the Board.

5. NO ASSIGNMENTS

No assignment, transfer, or conveyance of this Agreement will be made by the Contractor without the prior written consent of the Board.

6. TERM OF CONTRACT

A. The duration of this Agreement shall be for five (5) years beginning ____, or such later date designated by the Board. It is the intent of the Board to review and define necessary services at the end of five (5) years. The Board reserves the option to renew the contract or any portion of the Agreement under the terms and conditions set forth in this ITN, or other such conditions as may be negotiated between the parties, for five (5) additional one (1) year periods. Renewal may be divided into increments or may be executed for a complete term. Renewal shall be contingent upon, among other things, availability of funds, continued need and satisfactory performance by the Contractor. Moreover, the contract is subject to an annual performance evaluation of the successful firm.

B. No provision for the automatic renewal or extension of this Agreement is effective. Any renewal or extension will be in writing and executed by both parties to this Agreement. If the Board elects to renew this Agreement, the Board may prepare and submit to the Contractor for execution a renewal agreement containing all of the then-existing terms of this Agreement (except for any additional renewal period), and the Contractor shall execute said renewal agreement without any amendment (except for amendments required to update the Agreement to comply with changes of law or regulatory requirements) and return it to the Board.

C. This Agreement will be subject to termination pursuant to Paragraph 23.

7. INDEPENDENT CONTRACTOR

A. The Board and Contractor represent that they are acting in their individual capacities and not as employees, partners, or associates of one another.

B. The Contractor will establish and assume direct responsibility for acting as the service provider for the Board in accordance with the provisions of the ITN. Accordingly, the Contractor shall designate a Contract Manager whose primary responsibility is to work with the Board staff in making certain that all contract terms are strictly observed. At any time during the term of the contract, the Board reserves the right to reject the Contractor's choice of Contract Manager and may terminate the contract if a Contract Manager acceptable to the Board cannot be made available by the Contractor.

8. INDEMNIFICATIONS

A. The Contractor will act as an independent contractor and not as an employee of the Board in the performance of the tasks and duties which are the subject of this contract. The Contractor shall be liable, and agrees to be liable for, and shall indemnify, defend, and hold the Board harmless from all claims, suits, judgments, or damages (including litigation costs and reasonable attorney's fees) arising from the Contractor's fraud, negligence or misconduct, or any subcontractor's fraud, negligence or misconduct, of the tasks and duties which are the subject of this Agreement, including, but not limited to:

(i) Obtaining consent of any nature whatsoever;

(ii) Protecting the Board against claims for the unauthorized use of name or likeness of any person, libel, slander, defamation, disparagement, piracy, plagiarism, unfair competition, idea misappropriation, infringement of copyright title, patent, slogan or other property rights and any invasion of the right of privacy. "Misconduct" shall mean any violation of Florida law, Board rules, or directives, state or federal securities laws and regulations implementing same, or the Board's Comprehensive Investment Plan; and

(iii) Actions arising under Chapter 119, F.S.

B. The Contractor will notify the Board in writing immediately of any claim or suit against the Contractor arising from or related to the Contractor's tasks and duties which are the subject of this Agreement. The Contractor shall not settle, compromise, mediate, agree to dismiss, or voluntarily agree to the entry of any judgment, temporary injunction or permanent injunction, in any claim or suit against the Contractor arising from or related to the Contractor's tasks and duties which are the subject of this contract without the prior written authorization of the Board. Nothing in this Agreement authorizes the Contractor to waive the Board's immunity from suit under the Eleventh Amendment to the United States Constitution.

C. The provisions of this Paragraph shall survive the termination of this Agreement.

D. Federal and state securities laws may impose liabilities under certain circumstances on investment advisers, managers or fiduciaries who act in good faith, and nothing herein shall constitute a waiver or limitation of any right that the Board may have under any such federal or state securities laws.

9. PERSONNEL

The Board may interview the personnel assigned by the Contractor to perform the services required under this Agreement. The Board may require the replacement of any personnel of the Contractor believed to be unable to carry out the responsibilities of the contract at any time. The Contractor shall warrant that personnel assigned to perform tasks under the Agreement will not be replaced or reassigned except as is reasonably necessary.

10. MODIFICATION OF CONTRACT

This Agreement represents the entire agreement of the parties. Any alterations, variations, changes, modifications or waivers of provisions of this Agreement will only be valid when they have been reduced to writing, duly signed by each of the parties hereto, and attached to the original of this Agreement.

11. SUBCONTRACTOR

The Contractor may enter into written subcontracts for performance of its duties under this Agreement. All subcontractors will be subject to the prior written approval of the Board. The Board may disapprove any subcontractor if such disapproval would be in the best interests of the Board. The Board may inspect and acquire any of the subcontract documents executed between the Contractor and any subcontractor. No subcontract which the Contractor enters into with respect to performance under this Agreement will in any way relieve the Contractor of any responsibility for performance of duties stipulated in this Agreement. The Board reserves the right to communicate directly with any subcontractor's Project Manager regarding performance of tasks required under this Agreement.

12. OWNERSHIP OF MATERIALS

All materials and data produced for the Board under this Agreement will be owned by the Board unless otherwise agreed to in writing by the Board.

13. APPROVAL OF WORK

A. All work produced for distribution by the Contractor that includes reference to the Board, Prepaid Program, Savings Program or Florida ABLE must be approved in advance in writing by the Board or the Board's representative.

B. Each phase of the services provided by the Contractor will require the approval of the Board or the Board's representative.

C. The Board reserves the right, in its own best interests, to unilaterally modify, reject, cancel or stop any and all plans, schedules or work in progress.

D. Notwithstanding "prior approval" requirements which may be reserved to the Board under this Agreement and Part IV, Chapter 1009, Florida Statutes, such requirement does not relieve or mitigate Contractor's ultimate responsibility for ensuring and guaranteeing the quality and timeliness of work and services to be provided under this Agreement. The Contractor is solely responsible for performing the services specified herein to the satisfaction of the Board.

14. TAXES

The Board bears no responsibility for the payment of any federal, state, or local taxes which become payable by the Contractor or its subcontractor as the result of this Agreement.

15. PUBLIC ACCESS TO RECORDS AND CONFIDENTIALITY

A. Section 1009.981(6), Florida Statutes, provides that all information that identifies the benefactors or qualified beneficiaries of any participation agreement and s. 1009.98(6), Florida Statutes, provides that all information that identifies the purchasers or beneficiaries of any advance payment contract, is not subject to the provisions of s. 119.07(1), Florida Statutes, the Public Records Law. All other documents, papers, letters, or other materials relating to this Contract that are made or received by the Trustee in conjunction with the Contract, and which are required by law to be maintained, will be available for public access and for audit purposes for a period of three (3) years after the expiration of the Contract. Said records will also be maintained per Chapter 119 and other applicable Florida Statutes. The provisions of this Paragraph shall survive the termination of this Agreement.

B. The Contractor agrees not to use or disclose any information concerning a recipient of services under this Contract for any purpose not in conformity with state and federal law or regulations except upon written consent of the recipient, or his responsible parent or guardian when authorized by law, if applicable.

C. If the Contractor has access to confidential information in order to fulfill Contractor's obligations under this Contract, Contractor agrees to abide by all applicable Board Information Technology Security procedures and policies. Contractor (including its employees, sub-contractors, agents, or any other individuals to whom Contractor exposes confidential information obtained under this Contract), shall not store, or allow to be stored, any confidential information on any portable storage media (e.g., laptops, thumb drives, hard drives, etc.) or peripheral device with the capacity to hold information. Failure to strictly comply with this provision shall constitute a breach of contract.

D. The Contractor shall notify the Board in writing of any disclosure of unsecured confidential information of Board by Contractor, its employees, agents or representatives which is not in compliance with the terms of the Contract (of which it becomes aware). The Contractor also shall report to Board any Security Incidents of which it becomes aware, including those incidents reported to Contractor by its sub-contractors or agents. For purposes of this Contract, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of Board information in Contractor's possession or electronic interference with Board operations; however, random attempts at access shall not be considered a security incident. The Contractor shall make a report to the Agency not more than seven (7) business days after Contractor learns of such use or disclosure. The Contractor's report shall identify, to the extent known: (i) the nature of the unauthorized use or disclosure, (ii) the confidential information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what the Contractor has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action the Contractor has taken or shall take to prevent future similar unauthorized use or disclosure.

16. WAIVER

Failure of either party to this Agreement to object to or to take affirmative action with respect to any conduct of the other which is in violation of the terms of this Agreement will not be construed as a waiver of the violation or breach, or of any future violation or breach.

17. GENERAL CONDITIONS

A. The Board may cancel this Agreement if the Contractor refuses to allow public access to any documents, papers, letters, or other materials subject to the provisions of Chapter 119, Florida Statute, and made or received by the Contractor in conjunction with the Agreement.

B. The Board will operate the Florida Prepaid College Plan in compliance with the requirements of s. 529 of the Internal Revenue Code and the federal securities laws.

C. Notwithstanding "prior approval" requirements which may be reserved to the Board under this Agreement and Part IV, Chapter 1009, Florida Statutes, such requirement does not relieve or mitigate Contractor’s ultimate responsibility for ensuring and guaranteeing the quality and timeliness of work and services to be provided under this Agreement. The Contractor is solely responsible for performing the services specified herein to the satisfaction of the Board.

D. The Board reserves the right, in its own best interests, to unilaterally modify, reject, cancel or stop any and all plans, schedules or work in progress.

E. The Contractor shall not initiate any communication with any member of the Board, on any matter related to this Contract or related to the duties of the Board under Part IV, Chapter 1009, Florida Statutes, or any successor statute, or which in any way relate to the Contractor's activities. Except at publicly noticed meetings of the Board or any of its committees, all communication by the Contractor directed to the Board, or any member of the Board, shall only be sent to the Executive Director of the Board who will forward same to the Board or to the appropriate member. If the Contractor receives any communication from any member of the Board, the Contractor shall notify the Executive Director of the Board immediately, and shall take no further action on any matter related to this Contract or any other matter related to the duties of the Board under Part IV, Chapter 1009, Florida Statutes, or any successor statute, until advised by the Executive Director.

F. Throughout the term of the Agreement, the Contractor shall comply with all applicable federal, state and local laws, regulations, rules or ordinances, as amended from time to time, including, but not limited to, s. 529 of the Internal Revenue Code, any federal regulations relating to qualified state tuition programs, applicable Florida laws, including without limitation Part IV, Chapter 1009, Florida Statutes, all administrative rules adopted by the Board, and the securities laws of the United States and the State of Florida. If during the course of the Agreement these laws, regulations, rules or ordinances are amended, the Contractor shall revise its services as necessary to preserve such compliance at no additional cost to the Board.

G. The Board reserves the right to inspect the Contractor's facilities at any time with prior notice.

H. All references in the Contract to ss. 1009.97, 1009.971, 1009.972, 1009.98, or 1009.983, Florida Statutes, includes all successor statutes thereto.

18. AUDIT OF CONTROL PROCEDURES

The Board shall have the right to audit or inspect the Contractor's, and any subcontractors', procedures and financial and accounting records, including, but not limited to, records, reports, and documents and such other supporting evidence necessary to verify compliance with the terms of this Agreement, using Board employees, its designees or other state agencies as provided by law. The Contractor shall include a provision substantially similar to the preceding sentence in all agreements between the Contractor and its subcontractors that are related to or for the provision of goods or services under this Agreement. If the Board exercises its right to audit, the Contractor and its subcontractors shall provide the Board or its auditors, adequate and appropriate work space as well as access to photocopy machines and the right to interview current employees and contact information for former employees. The provisions of this Paragraph shall survive the termination of this Agreement.

19. INVOICES

Any invoices submitted by the Contractor seeking payment for services rendered under the terms of this Contract will be submitted to the Board in sufficient detail to ensure proper pre-audit and post-audit thereof.

20. INTENT

The parties agree that time is of the essence in undertaking the provisions of this Agreement and mutually express their good faith in the execution of its terms.

21. INTERPRETATION, VENUE AND DISPUTE RESOLUTION

A. The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of Florida. This Agreement shall be subject to the rules of the Florida Prepaid College Board.

B. The sole and exclusive manner of resolution of all claims, disputes or controversies related to or arising under or from this Agreement shall be pursuant to Rules 19B-14.001, 19B-14.002, 19B-14.003, Florida Administrative Code, as amended from time to time.

C. Any and all litigation arising under this Agreement shall be instituted in accordance with subparagraph (b) in Leon County, Florida. All appeals shall be to the First District Court of Appeals of the State of Florida.

D. Any dispute concerning performance of the Contract shall be decided by the Board's designated contract manager, who shall reduce the decision to writing and serve a copy on the Contractor. The decision shall be final and conclusive unless within twenty one (21) days from the date of receipt, the Contractor files with the Board a petition for administrative hearing. The Board’s decision on the petition shall be final, subject to the Contractor’s right to review pursuant to Chapter 120 of the Florida Statutes. Exhaustion of administrative remedies is an absolute condition precedent to the Contractor's ability to pursue any other form of dispute resolution; provided, however, that the parties may employ the alternative dispute resolution procedures outlined in Chapter 120.

E. The provisions of this Paragraph shall survive the termination of this Agreement.

22. INSOLVENCY OF THE CONTRACTOR

A. In the event the Contractor files for protection or reorganization or a petition for involuntary bankruptcy is filed against the Contractor, under the United States Bankruptcy Code, the Board may determine that it will require certain periodic financial reports and certain operational reports from the Contractor. The Contractor shall supply said reports as requested by the Board.

B. Notwithstanding Paragraph 6.A., if the Contractor files for protection or reorganization or a petition for involuntary bankruptcy is filed against the Contractor, under the

United States Bankruptcy Code, during the term of the contract, the term of this Agreement shall automatically convert to a single one-year contract terminating on the next June 30, after the bankruptcy petition is filed. In such event, the Board shall have the option to renew the Agreement or any portion of this Agreement in accordance with this Agreement or such conditions as may be negotiated between the parties for a number of one-year Agreement extensions which shall be equal to the number five minus the number of years remaining under the term of the Agreement pursuant to Paragraph 6.A., prior to the filing of the bankruptcy petition. Each such one-year Agreement renewal shall be contingent upon, among other things, availability of funds, continued need, and satisfactory performance by the Contractor. Such Agreement extensions shall be subject to an annual performance evaluation of the Contractor.

23. TERMINATION

A. The continuation of this Agreement shall be contingent upon the satisfactory performance and evaluation of the Contractor by the Board. The Board may terminate this Agreement or any part of this Agreement, without penalty or cost to the Board, at its convenience and such termination will be effective at such time as is determined by the Board. If both parties agree, this Agreement or any part of this Agreement resulting from the ITN may be terminated on an agreed date prior to the end of this Agreement without penalty to either party. In the event of termination, the Contractor shall provide to the Board all materials produced in connection with this Agreement within 10 days of notice of termination.

24. DISPSITION OF FILES ON TERMINATION

Upon termination of this Agreement, the Contractor shall, in accordance with the regulations of the Securities and Exchange Commission, retain all reports, files and other tangible materials held by the Contractor that contain data or other information relating to the Board. If the Board should so request, the Contractor shall provide the Board with copies of any or all such materials retained by the Contractor. The Contractor covenants and agrees that the Contractor shall not disclose any such information related to the Board or provide copies of such materials related to the Board to any third party except as such disclosure or provision may be required by the regulations promulgated by the Securities and Exchange Commission or upon the specific direction and request of the Board. The provision of this paragraph shall survive the termination of this Agreement.

25. BOARD AUTHORITY

This Agreement and all payments provided herein are subject to the provisions of Part IV, Chapter 1009, Florida Statutes, or any successor statute, and the rules of the Board. All references in this Agreement to Part IV, Chapter 1009, Florida Statutes, include all successor statutes.

26. ANNUAL APPROPRIATIONS

Performance by the Board under this Agreement will be subject to and contingent upon the availability of monies lawfully appropriated to the Board and applicable for the purposes of this Agreement.

27. SERVABILITY

If any provisions of this Agreement are held invalid or unenforceable, such invalidity or unenforceability will not affect any other provisions, and this Agreement will be construed and enforced as if such provisions had not been included.

28. TITLES

All titles, headings or captions respecting the sections or paragraphs of this Agreement are for convenience of reference only, and will not be construed as a part or limitation of those provisions to which they refer.

29. FORM ADV

The Board acknowledges receipt of the Contractor's disclosure statement Form ADV, Part II, more than 48 hours prior to the date of the execution of this Agreement.

30. CONTRACTOR'S INVESTMENT MANAGER CLIENT LISTING DISCLOSURE

The Board acknowledges receipt of the Contractor's disclosure list of investment manager clients no later than the date of receipt of the execution of this Agreement.

31. NOTICES

All notices, requests, instructions, other advice, or documents required hereunder will be in writing and delivered personally or mailed by first class mail, postage prepaid, as follows:

If to the Board:	Kevin Thompson, Executive Director 1801 Hermitage Blvd., Suite 210, Tallahassee, Florida 32308 Telephone: (850) 488-8514 Facsimile: (850) 488-3555
With a copy to:	GrayRobinson, P.A. Attention: Jason Unger, Esquire 301 Bronough Street, Suite 600, Tallahassee, Florida 32301 Telephone: (850) 577-9090 Facsimile: (850) 222-3494
If to the Contractor:	________________________________ ________________________________ ________________________________ ________________________________ ________________________________
With a copy to:	________________________________ ________________________________ ________________________________ ________________________________ ________________________________

IN WITNESS THEREOF, the parties have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized on the day and year first above written.

FLORIDA PREPAID COLLEGE BOARD

By: ______________________________

Its: Executive Director

____

Attested to by

____

Witness

IN WITNESS THEREOF, the parties have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized on the day and year first above written.

____

____ By: ____

Attested to by Its: ____

____

Witness

APPENDIX B: WRITTEN RESPONSE PACKET

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE
Issuer:	Florida Prepaid College Board 1801 Hermitage Boulevard, Suite 210 Tallahassee, FL 32308

When completing this Written Response Packet, the Respondent should give clear, concise, and, where appropriate, quantifiable replies to all questions. The length of the Response is at the discretion of the Respondent; however, Responses are expected to be brief and to contain full and fair disclosure of essential elements without references to an appendix or attachment, unless otherwise requested. For questions that request examples, the incumbent respondent should provide examples from clients other than the Board as available and appropriate.

This packet is made available in Microsoft Word on the Board's website for ease of completion.
Please visit: myfloridaprepaid.com/who-we-are/about-the-board/board-reports-and-plans/.

TAB 1: INVITATION TO NEGOTIATE ACKNOWLEGEMENT

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE
Issuer:	Florida Prepaid College Board 1801 Hermitage Boulevard, Suite 210 Tallahassee, FL 32308

This sheet and the accompanying negotiation documents constitute an offer from the Respondent to provide the services detailed in the solicitation under the contractual terms provided therein.

By completing this acknowledgment, I agree to abide by all conditions of this negotiation and certify that (1) I am authorized to sign this response and (2) that the offer complies with all requirements of the solicitation.

Respondent (Firm): ______________________________

Contact Person: ______________________________

Address: ______________________________

____

Telephone: ______________________________

E-Mail Address: ______________________________

Authorized Signature: ______________________________

Date: ______________________________

Printed Name & Title: ______________________________

TAB 2: MINIMUM QUALIFICATIONS

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ______________________________

The following represent minimum qualifications. A mark in a field indicates an affirmative response to the statement. Any Respondent that does not satisfy the criteria herein shall be rejected.

EXPERIENCE	Yes/No
Respondents must affirmatively state, via written response, that the Respondent:	
Has 5 years, or more, of experience providing investment consulting services for institutional clients and/or public funds.	__________
Agrees to provide the services as detailed in Section 3 and agrees to all other requirements as stated in the ITN.	__________
Has its principal place of business and corporate charter located and registered in the United States.	__________
Has not included Going Concern language in any of the previous three annual audit reports of the Respondent's financial statements.	__________

TAB 3: ORGANIZATIONAL EXPERIENCE

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ______________________________

Organization Overview

1. Introduce the organization by providing a brief overview of:
   a. History,
   b. Amount of U.S. institutional assets under advisement,
   c. Number of investment managers maintained in the Respondent's database,
   d. Services provided,
   e. Ownership structure,
   f. Organization changes (i.e., mergers, acquisitions, key personnel changes, etc.) that are in process or have occurred over the last three years.

2. Describe your investment consultant experience related to qualified tuition/ABLE programs, institutional entities, and/or public entities that utilize significant allocations to intermediate and/or long duration fixed income investments including but not limited to: years, size and number of clients. Please provide the name, portfolio size and contact information for at least three clients that the Respondent provides such consulting services for. The Board may contact these individuals during due diligence efforts.

3. Describe your investment consultant experience related to qualified tuition/ABLE programs, institutional entities, and/or public entities that offer investment options to their stakeholders including but not limited to: years, size and number of clients. Please provide the name, portfolio size and contact information for at least three clients that the Respondent provides such consulting services for. The Board may contact these individuals during due diligence efforts.

4. Provide the number and assets under advisement, by year, of clients added and removed (i.e., terminations and non-renewals) during the past five years with appropriate commentary.

5. What percentage of revenue does investment consulting services represent for the Respondent? Please describe all other services offered by the Respondent that represent at least 5% of revenue and discuss what policies are in place to address any potential conflicts of interest.

6. Describe your experience in performing asset liability modeling studies including but not limited to the number of studies completed in the last 5 years.

7. Describe your investment consultant experience working with boards and presenting at public meetings.

Proposed Contract Modifications, Regulatory Restrictions, Litigation and Conflicts of Interest

8. Indicate whether the Respondent agrees to accept and enter into the Contract in Appendix A. If not, provide the revisions required for the Respondent to enter a contract with the Board. Additional, provide any proposed revisions the Respondent would like the Board to consider.

9. State whether or not there are any past or pending regulatory restrictions, consent orders, stipulations or litigation to which the Respondent, any subcontractor, any Related Entity of the Respondent or any subcontractor, or any of their principals, owners, directors or officers, has ever been a party that would affect its or their ability to provide the required services or which alleges any unfair, illegal or unethical business practice. If so, a detailed description of each must be provided.

10. State whether or not any penalties, fines or liquidated damages have been imposed against the Respondent, any subcontractors or any Related Entity of the Respondent or any subcontractor, including without limitation thereto, those associated with any contract for services entered into by the Respondent, any subcontractor, or any Related Entity of the Respondent or any subcontractor, within the past five (5) years. If so, a detailed description of each such incident, including the amount of the penalty, fine, or liquidated damages imposed, must be included in the Response.

11. State whether or not the Respondent or any subcontractor has ever been involved in any litigation with any Qualified Tuition or ABLE Plan. If so, a detailed description of each lawsuit must be provided.

12. State whether or not the Respondent or any Related Entity has ever been contacted by any regulatory body (federal, state or industry) regarding any potentially illegal, non-compliant, unethical or improper activities involving the Respondent, any Related Entity, or any of the employees of the Respondent or any Related Entity. If so, a detailed description must be provided that indicates whether your firm or any Related Entity conducted an investigation of those matters.

13. Confirm that the Respondent has not been placed on the convicted vendor list and that it will comply with the provisions of s. 287.133, F.S. Section 287.133(2)(a), F.S., which provides:

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.

14. Confirm that the Respondent has not been placed on the discriminatory vendor list and that it will comply with the provisions of s. 287.134(2)(a), F.S. which provides that:

An entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity.

15. Pursuant to the provisions of Chapter 112, F.S., Respondents must disclose with their Response the name of any officer, director, or agent who is also an employee of the State of Florida, the Board, or any State agency. Respondents must disclose the name of any state employee who owns, directly or indirectly, interest of five percent or more in the Respondent. Respondents must disclose all investment products, annuities, mutual funds or other similar type savings plans that are marketed or sold by the Respondent or its proposed subcontractors for other states as a part of a prepaid college fund or a college savings fund.

TAB 4: REPORTING

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ____

Performance Validation and Reporting

1. The Respondent will interface with the Board's custodian bank (currently Northern Trust) to receive a data feed of transactions and performance information. The Respondent will validate the performance data, work with the custodian bank on any discrepancies and certify to the Board the performance's accuracy.

   Describe, how you interface with custodian banks, validate performance data and resolve discrepancies.

2. Describe your performance reporting system, the type of information available (peer and benchmark comparisons, attribution, risk measures, etc.) and how you would perform quality assurance on Board specific reports. Provide examples of reports similar to our required monthly and quarterly reports.

3. Describe any additional reporting the Respondent provides (examples: weekly/monthly market commentary, periodic investment manager reviews/assessments, etc.). Provide examples as appropriate.

4. Describe your investment consultant experience related to qualified tuition programs, institutional entities, and/or public entities that you provide performance reporting to including, but not limited to: estimated years, assets under advisement and number of clients.

TAB 5: CONSULTING SERVICES

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ____________________

Consulting Services

Firm

1. Describe the structure of the team that will be servicing this relationship and what access the Board will have to each of the team members. Discuss the Respondent's philosophy regarding the assignment, cross-training, and potential rotation/overlapping of assigned team members. Provide bios for each team member proposed for servicing this relationship and the number of clients each team member is associated with.

2. Describe the strengths of the Respondent and highlight unique philosophies, resources and services. Provide examples of the specialized individuals that may be relevant to the Board's Programs.

Asset Liability Modeling

3. What are the benefits of performing an asset liability modeling study? Discuss the appropriate focus for a liability modeling study.

4. Describe your methodology/process for performing asset liability modeling studies and provide a recent sample of an asset liability modeling study report prepared by the Respondent. The client name and confidential information can be redacted.

Liability Driven Investing

5. Describe your investment consultant experience related to qualified tuition programs, institutional entities, and/or public entities that utilize a liability driven investment strategy including but not limited to: years, total assets under advisement and number of clients. In addition, provide the name, portfolio size and contact information for at least three clients that the Respondent provides such consulting services for. The Board may contact these individuals during due diligence efforts.

6. The Board currently has a liability benchmark for the Prepaid Program of 76% Treasuries, 14% Corporates and 10% MBS that reconstitutes annually. What are the important considerations needed to develop and monitor a liability driven benchmark? How often should the benchmark be reconstituted?

7. The Board is evaluating the reduction or removal of MBS from the benchmark. What considerations and recommendations would you provide the Board regarding using MBS in a liability benchmark?

8. The Board's Investment Consultant works with the liability driven investing managers on topics such as components of the benchmark (e.g., Treasuries, corporates, MBS), securities in the benchmark (e.g., Principal or Interest Treasury STRIPS) and duration of the benchmarks (e.g., incorporate intermediate or long-term corporate benchmarks). Describe your process for bringing together the best ideas from your team, the Board and multiple investment managers and getting to a formal recommendation.

Investments

9. The Board has Comprehensive Investment Plans (CIP) and Guidelines for the Prepaid Program, Savings Program and Florida ABLE. How do you determine if a CIP and/or guideline is appropriate for a client? Are there any updates to our current CIPs or Guidelines that you would recommend?

10. If an investment becomes non-compliant with the CIP and/or Guidelines, what considerations would you make in developing an opinion on if the Board should hold or sell the investment?

11. The Board has performance objectives within the Guidelines. For an investment manager failing to meet the performance objectives, what are important considerations you would make to be able to recommend to either terminate the manager or continue monitoring their performance (e.g., a watch list)? Provide actual examples with explanation of your philosophy/reasoning.

Research

12. Describe the types of research that the Respondent conducts/purchases, how it is made available to clients, how often, and for what fee, in any.

13. Describe the Respondent's technical and research capabilities, including analytical tools and processes and the extent to which outside research sources are used.

TAB 6: INVESTMENT MANAGER SEARCH SERVICES

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ____________________

Investment Manager Search Services

1. Describe your methodology for investment manager searches and the timeframe needed to perform analysis of responding Firms. Provide a sample copy of a recent investment manager search report.

2. Describe experience related to qualified tuition programs, institutional entities, and/or public entities that utilize your investment manager search services including but not limited to: estimated years, assets under advisement and number of clients.

3. What qualitative and quantitative considerations would you use in ranking investment managers or custodian banks?

4. What are the most important considerations when hiring: a) an investment manager; and b) a custodian bank?

TAB 7: PRICING SCHEDULE

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE

Respondent: ______________________________

Please supply your proposed fee schedule:

On-going Investment Consultant Annual Fee

Annual Fee:

Special Consultation and Advisory Services Hourly Fee

Fees for special advisory and consultative services shall be expressed as a dollar amount per hour of work for each type of position that the Contractor might use to provide such services to the Board, when and if such services are requested by the Board. Prior to beginning work on each project, the Board and the Contractor must agree in writing upon the precise scope of any such services and the estimated number of billable hours required to complete the assignment. Compensation paid to the Contractor for such special consultative and advisory services will not exceed a maximum of Fifty Thousand Dollars ($50,000) per year.

Please list each proposed position type and the hourly rate for each position. In addition, for additional Manager/Custodian Searches and Asset Liability Modeling Studies, please provide a total fee:

Position Type	Hourly Rate

An Additional Manager/Custodian Search	An Additional Asset Liability Model
$	$

APPENDIX C: REQUEST FOR CLARIFICATION

Solicitation Number:	ITN 19-01
Title:	Investment Consultant Services for the Stanley G. Tate Florida Prepaid College Program, Florida 529 Savings Plan and Florida ABLE
Issuer:	Florida Prepaid College Board 1801 Hermitage Boulevard, Suite 210 Tallahassee FL 32308

Respondent: ______________________________

No.	ITN Section	ITN Page	Question / Comment
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Authorized Signature: ______________________________

Date: ______________________________

Printed Name & Title: ______________________________

COMPREHENSIVE INVESTMENT PLAN
STANLEY G. TATE FLORIDA PREPAID COLLEGE PROGRAM

Effective Date: December 5, 2018

I. OVERVIEW

The Stanley G. Tate Florida Prepaid College Program (Program) was created pursuant to Section 1009.98, Florida Statutes, to provide a medium through which the cost of enrollment in a state postsecondary institution may be paid in advance at a rate lower than the projected corresponding cost at the time of actual enrollment. Payments are combined and invested in a manner that yields, at a minimum, sufficient earnings to generate the difference between the prepaid amount and the cost of enrollment. Program funds are held in the Florida Prepaid College Trust Fund (Fund), established by Section 1009.972, Florida Statutes, within the State Board or Administration. The Fund may be invested pursuant to Section 215.47, Florida Statutes. Pursuant to Section 1009.972(4), Florida Statutes, the Fund is exempt from the investment requirements of Section 17.57.

II. GOVERNANCE

The Program is administered by the Florida Prepaid College Board (Board) which was created pursuant to Section 1009.97, Florida Statutes.

In accordance with Section 1009.973, Florida Statutes, the Board has established this Comprehensive Investment Plan (CIP), subject to approval by the State Board of Administration. This CIP formally documents the investment policy and strategies employed by the Board to meet the projected Program liabilities.

The Board has the necessary powers and duties to carry out the provisions of Section 1009.97, Florida Statutes. This includes, but is not limited to, the responsibility to administer the Program in an actuarially sound manner to defray its obligations and invest funds not required for immediate disbursement in accordance with this CIP. The Board may delegate responsibility for administration of this CIP to a committee of the Board or to a person duly chosen by the Board.

The Executive Director serves at the pleasure of the Board as the chief administrative and operational officer of the Board. The Executive Director is responsible for managing and executing the investment and debt responsibilities of the Board. This includes developing and implementing Investment Guidelines, as approved by the Board, which reflect the goals and objectives of this CIP.

III. CONTRACTUAL RELATIONSHIPS

The Executive Director shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

Pursuant to Section 1009.971, Florida Statutes, the Board solicits proposals and contracts for investment consultant, trustee, and investment management services. The Board also contracts for actuarial services. There may be more than one provider for each service; their respective responsibilities are summarized below.

<u>Actuary</u>

The Actuary shall perform periodic valuations of the Program to determine actuarial soundness and provide projections for future asset and liability patterns. The Actuary also conducts special experience and other Program studies to support Program valuation assumptions and policy considerations.

Investment Consultant

The Investment Consultant shall review the performance of the Investment Managers and advise the Board on investment management, performance matters, portfolio design and structure, asset allocation issues, and investment policy, including the contents of this CIP and the Investment Guidelines.

Trustee

The Trustee is responsible for the safekeeping of Program investment assets and management of the securities lending program.

Pursuant to Section 1009.971(5)(c), the Trustee shall agree to meet the obligations of the Board to qualified beneficiaries if moneys in the Fund fail to offset the obligations of the Board as a result of imprudent selection or supervision of investment programs by the Trustee.

Investment Managers

The Board will hire duly qualified investment managers to carry out the daily investment responsibilities. Investment Managers will have investment discretion as to security selection within the requirements expressed in the CIP and Investment Guidelines.

The Investment Managers shall invest Program assets, as specified by the Board, with care, skill, prudence, and diligence. This includes promptly voting all proxies solicited in connection with securities under the investment manager's supervision and maintaining detailed records of the voting of proxies and related actions. The Investment Manager shall evidence superior performance while maintaining strict compliance with all applicable provisions of law and may exercise discretion within the bounds of this CIP and the Investment Guidelines.

Pursuant to Section 1009.971(5)(d), the Investment Manager shall:

- Be limited to authorized insurers as defined in Section 624.09, banks as defined in Section 658.12, associations as defined in Section 665.012, authorized Securities and Exchange Commission investment advisers, and investment companies as defined in the Investment Company Act of 1940.
- Have their principal place of business and corporate charter located and registered in the United States.
- Agree to meet the obligations of the Board to qualified beneficiaries if moneys in the Fund fail to offset the obligations of the Board as a result of imprudent investing by the Investment Manager.

IV. CONFLICTS OF INTEREST

The Board, its designees, and any service provider operating on behalf of the Board has a duty and obligation to disclose conflicts of interest. The Board shall require timely and sufficient disclosure of conflicts of interest that may exist between the Board, service providers, potential service providers, investments, potential investments, and other entities or transactions.

The Investment Consultant and the Trustee shall annually certify that no conflicts of interest exist relative to the services provided for the Program.

V. INVESTMENT OBJECTIVE AND STRATEGY

The principal objective of the Fund is to meet the projected liability obligations of the Program while earning incremental income on the funds that exceed the liabilities. To achieve this, the Fund is divided into two segments: Liability and Actuarial Reserve.

The liability segment employs a liability driven investment strategy that (1) mitigates the risk of funding status deficiency and (2) maintains appropriate liquidity to address projected Program liability cash flows.

The actuarial reserve segment is invested to seek incremental yield within appropriate risk levels.

VI. INVESTMENT GOALS

To support the Fund objective, the Board has established the following investment goals, listed in order of priority.

Safety
The primary investment priority is to position the Program to meet future liabilities. The Fund shall be maintained with sufficient diversification among security issues and market sectors such that the performance of one security or sector will not have an excessive impact on the Fund.

Liquidity
Program investments must provide adequate liquidity to meet the future liabilities of the Program. Consideration will be given to investment maturities, investment income, and fund receipts.

Yield
After meeting safety and liquidity requirements, the Board aims to maximize investment returns within appropriate levels of risk.

VII. COMPREHENSIVE INVESTMENT PLAN

The Comprehensive Investment Plan (CIP) includes the investment policies utilized by the Board in its administration of the Program. Investment policies included in the CIP provide direction intended to set the framework for the Program's investments. Per Section 1009.973, Florida Statutes, the CIP is subject to the approval of the State Board of Administration.

VIII. INVESTMENT GUIDELINES

Investment Guidelines are intended to set forth the specific investment strategies, limitations and targets necessary to implement the CIP. Investment Guidelines are subject to the approval of the Board.

IX. ASSET/LIABILITY STUDY

An asset/liability study shall be conducted at least once every five years. The asset/liability study will provide a fundamental review of the strategic relationship between the overall investment program and the liabilities for which they serve. The focus will be to provide the Board with the information required to manage the risk associated with the Prepaid Plan. It will relate the risk/reward trade-offs of various investment programs to the liabilities relative to the interest rate risk and tuition inflation scenarios. The process will guide the Board to an investment structure which balances the objective of surplus growth with the concern for surplus volatility.

X. ASSET ALLOCATION

Asset allocation refers to the strategic deployment of assets among investment types. Assets are allocated to Fund Segments to meet the primary investment goal of positioning the Fund to meet future liabilities.

The board may maintain up to 5% of the Funds balance in cash for operating purposes. The cash shall be invested in 2a7 (actual or like) money market vehicles such as Florida Prime or an equivalent sweep vehicle provided by the Trustee.

The remaining funds shall be allocated as follows:

Fund Segment	Allocation
Liability Segment	100% of Net Actuary projected Program liabilities
Actuarial Reserve Segment	Remaining funds

XI. LIABILITY SEGMENT

The Liability Segment is established to match participant payments and future investment returns with Program liabilities as projected by the Actuary. The segment allocation shall not be less than future Program liabilities, net of projected participant payments.

The Liability Segment shall utilize an immunized fixed income investment strategy which is reconstituted periodically using the liability profile determined by the Actuary.

Authorized investment vehicles for the Liability Segment:

Cash or Cash Equivalent – Maximum allocation 10% of the Liability Segment

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government
4. Commercial paper of prime quality
    - Must be rated the highest letter and numerical rating provided by at least two nationally recognized rating service

Obligations of the United States Treasury or Agencies – Maximum allocation 100% of the Liability Segment

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)
4. Agencies of the United States Government
    - Not restricted to full-faith and credit obligations

Municipal securities – Maximum allocation of 20% of the Liability Segment

1. General Obligation or Revenue bonds
    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Build America Bonds (BABs) are permitted, but limited to 10% of the Liability Segment
    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Corporate debt obligations – Maximum allocation of 40% of the Liability Segment

1. Registered Bonds
    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

- Convertible securities are not permitted

2. 144(a) securities (with and without registration rights) are permitted
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities – Maximum allocation of 20% of the Liability Segment

1. United States Agency Mortgage backed securities
2. Privately Issued Mortgage Backed securities
   - Includes but is not limited to real estate mortgage investment conduits
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Mortgage To Be Announced (TBA) securities
   - Requires a cash equivalent set aside for future settlement of the forward agreement

Other Collateralized Securities – Maximum allocation of 10% of the Liability Segment

1. Asset-backed securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Commercial Mortgage Backed Securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Foreign Debt Securities – Maximum allocation of 10% of the Liability Segment

1. Supranational Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Sovereign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Foreign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Commingled Investment Funds

1. Exchange Traded Funds (ETF's) traded on domestic exchanges
   - Primarily invested in authorized investment vehicles for the Liability Segment
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
2. Commingled investment funds and mutual funds
   - Primarily invested in authorized investment vehicles for the Liability Segment

- Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement

Derivatives

1. The following uses of derivatives are authorized:
   - Substitute for physical securities
   - Duration management
   - Risk control

The Program does not engage in short selling of securities.

The Board approves the target allocation for the Liability Segment. Target allocations and benchmarks are set forth in the Investment Guidelines.

Securities included in an approved benchmark that are not specifically identified above are authorized with a limit of 2% above the benchmark weighting.

XII. ACTUARIAL RESERVE SEGMENT

Any amount in the Fund that exceeds the Liability Segment is the Actuarial Reserve Segment. The Actuarial Reserve Segment is invested to seek incremental yield within appropriate risk levels based on how the Program is operating. Items to consider are market conditions, tuition pricing, product offerings, etc.

<u>Authorized investment vehicles for the Actuarial Reserve Segment</u>:

Cash or Cash Equivalent

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government
4. Commercial paper of prime quality
   - Must be rated the highest letter and numerical rating provided by at least two nationally recognized rating service

Obligations of the United States Treasury or Agencies

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)
4. Agencies of the United States Government without restriction to full-faith and credit obligations

Municipal securities

1. General Obligation or Revenue bonds.
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

2. Build America Bonds (BABs) are permitted, but limited to 10% of the Liability Segment
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Corporate debt obligations

1. Registered Bonds
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. 144(a) securities (with and without registration rights) are permitted
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities

1. United States Agency Mortgage backed securities
2. Privately Issued Mortgage Backed securities
   - Includes but is not limited to real estate mortgage investment conduits
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Mortgage To Be Announced (TBA) securities.
   - Requires a cash equivalent set aside for future settlement of the forward agreement

Other Collateralized Securities

1. Asset-backed securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Commercial Mortgage Backed Securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Foreign Debt Securities

1. Supranational Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Sovereign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Foreign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Common Stock

1. Domestic Equities
   - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets
2. American Depositary Receipts
   - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets
3. Foreign Equities
   - Foreign-domiciled companies traded on domestic or non-U.S. exchanges, including over-the-counter markets

Commingled Investment Funds

1. Exchange Traded Funds (ETF's) traded on domestic exchanges,
   - Primarily invested in authorized investment vehicles for the Actuarial Reserve Segment
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
2. Commingled investment funds and mutual funds
   - Primarily invested in authorized investment vehicles for the Actuarial Reserve Segment
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement

Derivatives

1. The following uses of derivatives are authorized:
   - Substitute for physical securities
   - Duration management
   - Risk control
   - Foreign currency hedging

The Program does not engage in short selling of securities.

The Board approves the target allocation for the Actuarial Reserve Segment. Target allocations and benchmarks are set forth in the Investment Guidelines.

Securities included in an approved benchmark that are not specifically identified above are authorized with a limit of 2% above the benchmark weighting.

XIII. ALLOCATION MONITORING AND REBALANCING

The Board shall review the Segment and Security Type allocations not less than quarterly. The Board shall adopt guidelines for rebalancing the Segment and Security Types in the Investment Guidelines.

XIV. COMPLIANCE

At a minimum, each Investment Manager shall certify compliance with this CIP and the Investment Guidelines at least quarterly. In the event of noncompliance, exceptions shall be reported to the Board with proposed actions to bring the portfolio into compliance.

XV. NON-COMPLIANT INVESTMENTS

Any investment that is not in compliance with the CIP and/or Guidelines at the time of purchase must be sold immediately. Any loss on the sale will be the responsibility of the Investment Manager.

Investments that are in compliance with the CIP and/or Guidelines at time of purchase but fall out of compliance due to a rating downgrade are not required to be immediately sold. The Investment Manager must notify the Board of such securities within 10 days of the downgrade. If an Investment Manager believes that it is in the best interest of the Board to hold the security, the Investment Manager can present a recommendation to hold the investment along with justification in writing to the Board.

If determined to be in the best interest of the Board, downgraded securities can be required to be sold immediately.

XVI. PERFORMANCE MEASUREMENT

The Investment Consultant shall calculate official performance results for the Board monthly, pursuant to the recommended guidelines of the CFA Institute, currently Global Investment Performance Standards (GIPS), where applicable, and in accordance with the Investment Guidelines.

XVII. REPORTING

The Executive Director shall create, or cause to be created, quarterly reports for the Board of investment matters including, but not limited to, investment management, investment performance, asset allocation, and rebalancing.

XVIII. SECURITIES LENDING

The Board may loan one or more securities held in the Fund. Loans must be collateralized at no less than 102% of the market value of the borrowed securities or 105% if the borrowed securities and collateral are denominated in different currencies. Collateral shall be obtained at the time the transaction is executed and maintained throughout the term of the loan. At no time, shall the market value of collateral be less than the market value of the loan.

<u>Authorized non-cash collateral:</u>

1. Obligations issued or guaranteed by the U.S. Government or its agencies

<u>Authorized investment vehicles for reinvestment of cash collateral</u>:

Cash or Cash Equivalent

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Repurchase agreements with the following collateral types:
    - Obligations of the United States Treasury or agencies of the United States Government
    - Equity securities

- corporate bonds
- Commercial paper and certificates of deposit

4. Commercial paper of prime quality
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category
5. Asset-backed commercial paper
    - Excludes structured investment vehicles, extendable commercial notes and liquidity notes
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

Obligations of the United States Treasury or Agencies

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)
4. Agencies of the United States Government
    - Not restricted to full-faith and credit obligations

Municipal securities

1. General Obligation or Revenue bonds
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher
2. Build America Bonds (BABs) are permitted, but limited to 10% of the cash collateral
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher

Short Term Corporate debt obligations

1. Registered Bonds
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category
2. 144(a) securities (with and without registration rights) are permitted
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

Short Term Foreign Debt Securities

1. Supranational Debt Obligations

- Must be dollar-denominated and registered with the SEC
- Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

2. Sovereign Debt Obligations

- Must be dollar-denominated and registered with the SEC
- Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

3. Foreign Debt Obligations

- Must be dollar-denominated and registered with the SEC
- Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

INVESTMENT GUIDELINES
STANLEY G. TATE FLORIDA PREPAID COLLEGE PROGRAM

Effective Date: December 5, 2018

I. OVERVIEW

The Florida Prepaid College Board (Board) has established the following Investment Guidelines to support implementation of the policy and strategy set forth in the Comprehensive Investment Plan (CIP) for the Stanley G. Tate Florida Prepaid College Program (Program). The Investment Guidelines are maintained with the CIP but they are managed separately by the Board to allow for timely response to market conditions and environmental factors that may affect the Program.

II. ASSET ALLOCATION TARGET

Where applicable, the Board has established target allocations within the fund segments. The allocation may deviate from the target allocation, within the allowable range(s) provided in the CIP.

Liability Segment

The Liability Segment represents the total liability obligations (including benefits, cancellation refunds and other expenses) less the present value of projected future premium contributions as calculated by the Actuary.

The target security type allocation for the Liability Segment of the Fund and the related benchmarks are as follows:

Security Type	Current Allocation	Range*	Long-Term Target Allocation	Benchmark Index
U.S. Government Backed Securities	76%	56 – 96%	60%	Policy weighted by security selection
Investment Grade Corporate Bonds	14%	4 – 24%	30%	Bloomberg Barclays U.S. Intermediate Corporate/ Bloomberg Barclays U.S. Long Corporate
Mortgage Backed Securities	10%	0 – 20%	10%	Bloomberg Barclays U.S. MBS

* Actively managed portfolios are authorized to be +/- 10% for Investment Grade Corporate Bonds and Mortgage Backed Securities.

The target allocation above represents an allocation to be achieved over time. Currently, the allocation is overweight U.S. Government Backed Securities and underweight Investment Grade Corporate Bonds. The Board will direct the transition to the target based on factors including, but not limited to: (1) plan prices, (2) anticipated tuition and fee inflation, (3) the strength of the actuarial reserve, and (4) plan sales.

Performance of the Liability Segment is evaluated against a custom target-weighted blend of the benchmarks for each security type in the segment. The custom benchmark is developed to replicate the behavior of the Program liabilities; thus, mitigating volatility in the funding status.

Actuarial Reserve Segment

The target Security Type allocations for the Actuarial Reserve Segment of the Fund and the related benchmarks are as follows:

Security Type	Target Allocation	Benchmark Index
Fixed Income		
Fixed Income	30%	Liability Segment Custom Benchmark
Domestic Equity		
Large Cap Growth Equity	7%	Russell 1000 Growth
Large Cap Value Equity	7%	Russell 1000 Value
Large Cap Core Equity	28%	S&P 500
Mid Cap Equity	7%	S&P Mid Cap 400
Small Cap Equity	7%	Russell 2000
International Equity		
International Equity	14%	MSCI EAFE

At least quarterly, the Board shall review the target allocations.

Each Security Type has a range of +/- 5% relative to its target allocation. In order to maintain the target allocation for each Security Type, the allocation shall be monitored monthly and rebalanced to the target when the allowable ranges are exceeded. The allocation should be brought back into compliance within five business days.

Performance of the Actuarial Reserve Segment will be evaluated at the Security Type level against the benchmark for each security type.

III. EXCESS RETURN AND TRACKING ERROR TARGETS

Each Investment Manager has established gross excess return and ex post tracking error targets.

Liability Segment

Investment Manager	Excess Return Target	Tracking Error Target
Neuberger Berman	20 bps	50 bps
Standish	20 bps	50 bps
Northern Trust	0 bps	10 bps

Actuarial Reserve Segment

Security Type	Investment Manager	Excess Return Target	Tracking Error Target
Fixed Income			
Fixed Income	Columbia	50 bps	100 bps
Domestic Equity			
Large Cap Growth Equity	BMO	150 bps	500 bps
Large Cap Value Equity	QMA	100 bps	400 bps
Large Cap Core Equity	AB	0 bps	25 bps
Mid Cap Equity	Boston Company	300 bps	700 bps
Small Cap Equity	Fiduciary	200 bps	700 bps
International Equity			
International Equity	PanAgora	100 bps	325 bps

IV. ALLOCATION MONITORING AND REBALANCING

The Board shall review the Segment and Security Type allocations not less than quarterly. At least annually, the Board shall review and consider rebalancing of the Segment allocation between the Liability and Actuarial Reserve Segments. In addition, the Board may transfer funds between Investment Managers to maintain a reasonable and appropriate distribution of funds.

V. LIABILITY SEGMENT GUIDLINES

Objective

The investment objective of the Liability Segment is to immunize the liabilities of the Program by structuring the assets in such a way that the value of the Program's assets increase/decrease in conjunction with increases/decreases in the value of the liabilities.

Benchmark

Performance of the Liability Segment is evaluated against a custom benchmark consisting of a weighted blend of the benchmarks for the security types in the segment. Section II of these guidelines provide the individual security types and benchmarks.

Allocation

The portfolio is expected to be fully invested at all times, relying on the Investment Manager's ability to generate return primarily through security selection, sector rotation and/or curve positioning, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5% of the portfolio, excluding amounts held as collateral for mortgage to be announced securities.

The portfolio is expected to be invested in securities within the benchmark. However, active management strategies are allowed to invest in out-of-benchmark authorized investment vehicles, as limited below.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Investment Manager

The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Authorized investment vehicles for the portfolio:

Cash or Cash Equivalent – Maximum allocation 5% of the portfolio

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government
4. Commercial paper of prime quality
    - Must be rated the highest letter and numerical rating provided by at least two nationally recognized rating service

Obligations of the United States Treasury or Agencies – Maximum allocation 100% of the portfolio

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities

3. Treasury Inflation Protection Securities (TIPS)

4. Agencies of the United States Government

    - Not restricted to full-faith and credit obligations

Municipal securities – Maximum allocation of 20% of the portfolio

1. General Obligation or Revenue bonds

    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher

2. Build America Bonds (BABs) are permitted, but limited to 10% of the portfolio

    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher

Corporate debt obligations – Maximum allocation of 40% of the portfolio

1. Registered Bonds

    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
    - Convertible securities are not permitted

2. 144(a) securities (with and without registration rights) are permitted, but limited to 10% of the portfolio

    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities – Maximum allocation of 20% of the portfolio

1. United States Agency Mortgage backed securities

2. Privately Issued Mortgage Backed securities

    - Includes but is not limited to and real estate mortgage investment conduits
    - Must be rated AAA/Aaa by at least one nationally recognized rating service
    - Sub-prime mortgage backed securities are not permitted
    - Alt-A mortgage backed securities are not permitted

3. Mortgage To Be Announced (TBA) securities

    - Require a cash equivalent set aside for future settlement of the forward agreement

Other Collateralized Securities – Maximum allocation of 10% of the portfolio

1. Asset-backed and commercial mortgage backed securities

    - Must be rated AA/Aa by at least one nationally recognized rating service

Foreign Debt Securities – Maximum allocation of 10% of the portfolio

1. Supranational Debt Obligations, Sovereign Debt Obligations, Foreign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one U.S. nationally recognized rating services A-/A3 or higher

Commingled Investment Funds

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Traded on domestic exchanges
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities, duration management or risk control
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity
   - Stabilize and enhance portfolio returns
   - Lower transaction costs, including market impact costs
   - Reduction in the time required to change the mix of the portfolio
3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained from the Board

Other Restrictions

Maximum investment in the securities of any issuer, except Obligations of the United States Treasury or Agencies, is 2% of the portfolio.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the custom benchmark for the Liability Segment.

<u>Passive Management</u>

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than one-tenth of one year (0.10 years).
4. Tracking error to the benchmark shall be less than 10 basis points.
5. The average credit quality rating must equal the benchmark.

Active Management

1. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than one-half of one year (0.50 years).
2. Tracking Error to the benchmark shall be less than 70 bps.
3. Aggregate investment in obligations of the United States Treasury and Agencies shall not be less than 50% of the portfolio.
4. The average credit quality rating cannot be more than one letter rating below the benchmark.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment Manager performance will be evaluated using the following metrics by investment strategy.

Passive Management

Passive investment strategies will be assessed on a gross of fee basis.

1. Rolling gross performance shall meet the benchmark for the 3 and 5 year periods.
2. Tracking error shall not exceed 10 bps for the rolling 3 and 5 year periods.

Active Management

Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target for the rolling 3 and 5 year periods.
3. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 3 and 5 year periods.
4. Tracking error targets shall be set for each Investment Manager. Investment Managers shall meet or be less than their tracking error target for the rolling 3 and 5 year periods.
5. Tracking error shall not exceed 70 bps for the rolling 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management

- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the board as to any action the Board should take. Investment Managers serve at the pleasure of the Board and may be terminated or have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

VI. ACTUARIAL RESERVE SEGMENT - FIXED INCOME GUIDLINES

Objective

The investment objective for this Segment is to bring broad exposure to the fixed income market and assist in limiting actuarial reserve volatility.

Benchmark

Section II of these guidelines provide the benchmark for this Segment.

Investment Manager

The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation

The portfolio is expected to be fully invested at all times, relying on the Investment Manager's ability to generate return primarily through security selection, sector rotation and/or curve positioning, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5% of the portfolio, excluding amounts held as collateral for mortgage to be announced securities.

The portfolio is expected to be invested in securities within the benchmark. However, active management strategies are allowed to invest in out-of-benchmark authorized investment vehicles, as limited below.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for the portfolio:

Cash or Cash Equivalent – Maximum allocation 5% of the portfolio

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government
4. Commercial paper of prime quality
   - Must be rated the highest letter and numerical rating provided by at least two nationally recognized rating service

Obligations of the United States Treasury or Agencies – Maximum allocation 100% of the portfolio

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)

4. Agencies of the United States Government
    - Not restricted to full-faith and credit obligations

Municipal securities – Maximum allocation of 20% of the portfolio

1. General Obligation or Revenue bonds.
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher
2. Build America Bonds (BABs) are permitted, but limited to 10% of the portfolio
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher

Corporate debt obligations – Maximum allocation of 70% of the portfolio

1. Registered Bonds
    - Rated by at least one nationally recognized rating services BBB-/Baa3 or higher
    - Convertible securities are not permitted
2. 144(a) securities (with and without registration rights) are permitted
    - Must be rated by at least One nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities – Maximum allocation of 50% of the portfolio

1. United States Agency Mortgage backed securities
2. Privately Issued Mortgage Backed securities
    - Includes but is not limited to real estate mortgage investment conduits
    - Must be rated AAA/Aaa by at least one nationally recognized rating service
    - Sub-prime mortgage backed securities are not permitted
    - Alt-A mortgage backed securities are not permitted
3. Mortgage To Be Announced (TBA) securities
    - Require a cash equivalent set aside for future settlement of the forward agreement

Other Collateralized Securities – Maximum allocation of 20% of the portfolio

1. Asset-backed and commercial mortgage backed securities
    - Must be rated AA/Aa by at least one nationally recognized rating service

Foreign Debt Securities – Maximum allocation of 10% of the portfolio

1. Supranational Debt Obligations, Sovereign Debt Obligations and Foreign Debt Obligations
    - Must be dollar-denominated
    - Must be rated by at least one U.S. nationally recognized rating services A-/A3 or higher

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Traded on domestic exchanges
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities, duration management or risk control
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity
   - Stabilize and enhance portfolio returns
   - Lower transaction costs, including market impact costs
   - Reduction in the time required to change the mix of the portfolio
3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained by the Board

Other Restrictions

Maximum investment in the securities of any issuer, except Obligations of the United States Treasury or Agencies, is 2% of the portfolio.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

<u>Passive Management</u>

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than one-tenth of one year (0.10 years).
4. Tracking error to the benchmark shall be less than 10 basis points.
5. Average credit quality rating must equal the benchmark.

<u>Active Management</u>

1. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than 20% of benchmark duration.
2. Tracking Error to the benchmark shall be less than 300 bps.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment manager performance will be evaluated using the following metrics by investment strategy.

<u>Passive Management</u>
Passive investment strategies will be assessed on a gross of fee basis.

1. Rolling gross performance shall meet the benchmark for the 3 and 5 year periods.
2. Tracking error shall not exceed 10 bps for the rolling 3 and 5 year periods.

<u>Active Management</u>
Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target for the rolling 3 and 5 year periods.
3. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 3 and 5 year periods.
4. Tracking error targets shall be set for each Investment Manager. Investment Managers shall meet or be less than their tracking error target for the rolling 3 and 5 year periods.
5. Tracking error shall not exceed 300 bps for the rolling 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the board as to any action the Board should take. Investment Managers serve at the pleasure of the Board and may be terminated or have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

VII. ACTUARIAL RESERVE SEGMENT – DOMESTIC EQUITY GUIDELINES

Objective
The investment objective shall be to provide broad exposure to the domestic equity market for companies that offer the best combination of earnings, growth and valuation.

Benchmark
Section II of these guidelines provide the domestic equity mandates and related benchmarks.

Investment Manager
The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation
The portfolio is expected to be fully invested at all times, relying on the Investment Manager's ability to generate return through security and/or sector selection, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5%.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for the portfolio:

Common Stock – Maximum allocation of 100% of the portfolio

1. Domestic Equities and American Depositary Receipts
    - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
    - Traded on domestic exchanges
    - Primarily invested in authorized investment vehicles provided in this Guideline
    - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
    - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities or control risk
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity
   - Stabilize and enhance portfolio returns
   - Lower transaction costs, including market impact costs
   - Reduction in the time required to change the mix of the portfolio
3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained by the Board

Other Restrictions

Maximum investment in any security is the greater of 5% of the portfolio or 2% greater than the benchmark weight.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

<u>Passive Management</u>

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Tracking Error to the benchmark shall be equal to or less than 25 bps.

<u>Active Management</u>

1. Tracking Error to the benchmark shall be equal to or less than the tracking error target.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment Manager performance will be evaluated using the following metrics by investment strategy.

<u>Passive Management</u>

Passive investment strategies will be assessed on a gross of fee basis:

1. Rolling performance shall meet the benchmark for the 3 and 5 year periods.
2. Beta, as calculated using monthly data, shall not be less than 0.98 and not more than 1.02 relative to the benchmark over any 3 year rolling period.
3. Annualized tracking error to the benchmark shall be less than 25 basis points.

Active Management

Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Rolling gross performance shall rank above the median of a peer universe managing similar portfolios in a similar style for the 3 and 5 year periods.
3. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target, gross of fees, for the rolling 3 and 5 year periods.
4. Alpha, calculated in accordance to the Jensen methodology, shall be positive, net of fees for the 3 and 5 year periods.
5. Tracking error targets shall be set for each Investment Manager. Investment Managers shall not exceed their tracking error target for the rolling 3 and 5 year periods.
6. The coefficient of determination (or R-squared) relative to the benchmark, calculated using monthly data, shall not be less than 0.80 for the 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the Board as to any action the Board should take. Additionally, Investment Managers serve at the pleasure of the Board and may have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

VIII. ACTUARIAL RESERVE SEGMENT – INTERNATIONAL EQUITY GUIDELINES

Objective
The investment objective shall be to provide exposure to companies in developed markets outside of the United States.

Benchmark
Section II of these guidelines provide the benchmark for this mandate.

Investment Manager
The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation
The portfolio is expected to be fully invested at all times, relying on the manager's ability to generate return through security and/or sector selection, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5%.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for this mandate:

Common Stock – Maximum allocation of 100% of the portfolio

1. Foreign Equities
   - Foreign-domiciled companies traded on domestic or non-U.S. exchanges, including over-the-counter markets
   - Securities domiciled, incorporated, or traded in a benchmark country

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities, control risk or foreign currency hedging
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity

- Stabilize and enhance portfolio returns
- Lower transaction costs, including market impact costs
- Reduction in the time required to change the mix of the portfolio

3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained by the Board

Other Restrictions

Maximum investment in any security is the greater of 5% of the portfolio or 2% greater than the benchmark weight.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

Passive Management

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Tracking Error to the benchmark shall be equal to or less than 25 bps.

Active Management

1. Tracking Error to the benchmark shall be equal to or less than the tracking error target.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment manager performance will be evaluated using the following metrics by investment strategy.

Passive Management

Passive investment strategies will be assessed on a gross of fee basis:

1. Rolling performance shall meet the benchmark for the 3 and 5 year periods.
2. Beta, as calculated using monthly data, shall not be less than 0.98 and not more than 1.02 relative to the benchmark over any 3 year rolling period.
3. Annualized tracking error to the benchmark shall be less than 25 basis points.

Active Management

Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Rolling gross performance shall rank above the median of a peer universe managing similar portfolios in a similar style for the 3 and 5 year periods.
3. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target, gross of fees, for the rolling 3 and 5 year periods.

4. Alpha, calculated in accordance to the Jensen methodology, shall be positive, net of fees for the 3 and 5 year periods.

5. Tracking error targets shall be set for each Investment Manager. Investment Managers shall not exceed their tracking error target for the rolling 3 and 5 year periods.

6. The coefficient of determination (or R-squared) relative to the benchmark, calculated using monthly data, shall not be less than 0.80 for the 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the Board as to any action the Board should take. Additionally, Investment Managers serve at the pleasure of the Board and may have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

IX. SECURITIES LENDING GUIDELINES

Mandate
The selected Investment Manager(s) shall not exceed the authority provided within this guideline for the mandate. All references to percentages refer to the market value of funds provided to the Investment Manager under this mandate.

Objective
The investment objective shall be to provide additional income from loaning securities to third parties and reinvesting the cash collateral similar to 2a7 like money market funds.

Benchmark
The performance for the securities lending program shall be measured against the 91 day Treasury Bill Index.

Investment Manager
The Investment Managers' authority is limited to these guidelines for securities lending. All references to portfolio in these guidelines refer to the cash collateral received by the Investment Manager under this mandate.

Allocation
The portfolio is expected to be fully invested at all times, relying on the manager's ability to generate return through security and/or sector selection, not timing of market movements.

The use of margin is prohibited.

Authorized investment vehicles for this portfolio:

Cash or Cash Equivalent

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Repurchase agreements with the following collateral types and levels:
    - Obligations of the United States Treasury or agencies of the United States Government at 102%
    - Equity securities included in the S&P 500, Russell 1000 or Russell 3000 at a minimum of 105%
    - Investment grade Corporate bonds at a minimum of 105%
    - Commercial paper and certificates of deposits with a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category at a minimum of 102%
4. Commercial paper of prime quality
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category
5. Asset-backed commercial paper

- Excludes structured investment vehicles, extendable commercial notes and liquidity notes
- Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

Obligations of the United States Treasury or Agencies

1. United States Treasury bonds and notes
2. Agencies of the United States Government
    - Not restricted to full-faith and credit obligations

Short Term Corporate debt obligations

1. Registered Bonds
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category
2. 144(a) securities (with and without registration rights)
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

Short Term Foreign Debt Securities

1. Supranational Debt Obligations, Sovereign Debt Obligations, Foreign Debt Obligations
    - Must be dollar-denominated and registered with the SEC
    - Must have a short term rating in the highest rating category by at least two nationally recognized rating services, or if only rated by one nationally recognized rating service, rated in the highest rating category

Other Restrictions

1. A maximum of 30% of the portfolio may be with a single borrower.
2. A maximum of 40% of the Fund may be on loan.
3. The dollar-weighted average portfolio life maturity must be 120 days or less.
4. A maximum maturity for all investments must be less than 397 days, except for variable rate United States Treasury or agencies of the United States Government securities, which shall be less than 762 days.
5. Floating and variable rate securities must have interest rates that reset at least every 97 days.
6. A minimum of 20% of the portfolio must be available each business day.
7. The rate sensitivity of the portfolio will be limited to 60 days.
8. Commercial paper, asset-backed commercial paper, certificates of deposit and time deposits must have a maturity date or demand feature not exceeding 13 months from the date of purchase.

9. Fixed rate securities must have a maturity date or demand feature not exceeding 13 months from the date of purchase.
10. A maximum of 10% of the portfolio may be invested with any one counterparty in repurchase agreements collateralized by securities other than United States Treasury or agencies of the United States Government securities.
11. A maximum of 25% of the portfolio may be invested with any one counterparty in repurchase agreements collateralized by United States Treasury or agencies of the United States Government securities.
12. Excluding overnight securities, a maximum of 40% of the portfolio may be invested in the same industry.
13. A maximum of 5% of the portfolio may be invested in any one issuer, except securities backed by the United States Treasury or agencies of the United States Government.
14. No more than 35% of the portfolio may be in repurchase agreements collateralized by securities other than those issued by the United States Treasury or agencies of the United States Government and no more than 10% of the portfolio may be in each individual type of collateral other than United States Treasury or agencies of the United States Government securities.
15. A maximum of 10% of the portfolio may be invested in a single money market fund.
16. Residual cash balances shall not be subject to diversification limits.

Performance

Investment manager performance shall be evaluated using the following metric:

1. Rolling net performance shall exceed the benchmark for the 1 and 3 year periods.

If an Investment Manager fails to meet any of these performance requirements, the Investment Consultant will review the situation and make a recommendation to the Board as to any action the Board should take. Additionally, Investment Managers serve at the pleasure of the Board and may have their funds reduced at the Board’s discretion due to any qualitative or quantitative factor listed or not listed above.

COMPREHENSIVE INVESTMENT PLAN
FLORIDA COLLEGE SAVINGS PROGRAM

Effective Date: December 5, 2018

I. OVERVIEW

The Florida College Savings Program (“Savings Program” or “Program”) is a program created to provide a medium through which families and individuals may save for qualified educational expenses. The Savings Program is intended to be an alternative to the Prepaid Program, though participants in the Savings Program do have the option to enroll a qualified beneficiary in the Savings Program, the Prepaid Program, or both.

II. GOVERNANCE

The Program is administered by the Florida Prepaid College Board which was created pursuant to Section 1009.981 of the Florida Statutes.

In accordance with Section 1009.973, Florida Statutes, the Board has established this Comprehensive Investment Plan (CIP), subject to approval by the State Board of Administration. This CIP formally documents the investment policy and strategies employed by the Board to meet the projected Program liabilities.

The Board has the necessary powers and duties to carry out the provisions of Section 1009.97, Florida Statutes. The Board may delegate responsibility for administration of this CIP to a committee of the Board or to a person duly chosen by the Board.

The Executive Director serves at the pleasure of the Board as the chief administrative and operational officer of the Board. The Executive Director is responsible for managing and executing the investment and debt responsibilities of the Board. This includes developing and implementing Investment Guidelines, as approved by the Board, which reflect the goals and objectives of this CIP.

III. CONTRACTUAL RELATIONSHIPS

The Executive Director shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

Pursuant to Section 1009.971, Florida Statutes, the Board solicits proposals and contracts for investment consultant, trustee, and investment management services. There may be more than one provider for each service; their respective responsibilities are summarized below.

<u>Investment Consultant</u>

The Investment Consultant shall review the performance of the Investment Managers and advise the Board on investment management, performance matters, portfolio design and structure, asset allocation issues, and investment policy, including the contents of this CIP and the Investment Guidelines.

<u>Trustee</u>

The Trustee is responsible for the safekeeping of Program investment assets. Pursuant to Section 1009.971(5)(c), the Trustee shall agree to meet the obligations of the Board to qualified beneficiaries if moneys in the Fund fail to offset the obligations of the Board as a result of imprudent selection or supervision of investment programs by the Trustee.

Investment Managers

The Board will hire duly qualified investment managers to carry out the daily investment responsibilities. Investment Managers will have investment discretion as to security selection within the requirements expressed in the CIP and Investment Guidelines.

The Investment Managers shall invest Program assets, as specified by the Board, with care, skill, prudence, and diligence. This includes promptly voting all proxies solicited in connection with securities under the investment manager's supervision and maintaining detailed records of the voting of proxies and related actions. The Investment Manager shall evidence superior performance while maintaining strict compliance with all applicable provisions of law and may exercise discretion within the bounds of this CIP and the Investment Guidelines.

Pursuant to Section 1009.971(5)(d), the Investment Manager shall:

- Be limited to authorized insurers as defined in Section 624.09, banks as defined in Section 658.12, associations as defined in Section 665.012, authorized Securities and Exchange Commission investment advisers, and investment companies as defined in the Investment Company Act of 1940.
- Have their principal place of business and corporate charter located and registered in the United States.
- Agree to meet the obligations of the Board to qualified beneficiaries if moneys in the Fund fail to offset the obligations of the Board as a result of imprudent investing by the Investment Manager.

IV. CONFLICTS OF INTEREST

The Board, its designees, and any service provider operating on behalf of the Board has a duty and obligation to disclose conflicts of interest. The Board shall require timely and sufficient disclosure of conflicts of interest that may exist between the Board, service providers, potential service providers, investments, potential investments, and other entities or transactions.

The Investment Consultant and the Trustee shall annually certify that no conflicts of interest exist relative to the services provided for the Program.

V. INVESTMENT OBJECTIVE AND STRATEGY

The principal objective of the Program is to enable Account Owners to contribute funds that are combined and invested to pay the subsequent higher education expenses of a Beneficiary.

The investment strategy is for the Board to provide a sufficient range of investment options for Account Owners, with various investment knowledge and risk, return, and cost objectives, to save for future college expenses.

VI. COMPREHENSIVE INVESTMENT PLAN

The Comprehensive Investment Plan (CIP) includes the investment policies utilized by the Board in its administration of the Program. Investment policies included in the CIP provide direction intended to set the framework for the Program's investments. Per Section 1009.973, Florida Statutes, the CIP is subject to the approval of the State Board of Administration.

VII. INVESTMENT GUIDELINES

Investment Guidelines are intended to set forth the specific investment strategies, limitations and targets necessary to implement the CIP. Investment Guidelines are subject to the approval of the Board.

VIII. AUTORIZED INVESTMENTS

Cash or Cash Equivalent

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government.
4. Commercial paper of prime quality
   - Rated the highest letter and numerical rating provided by at least two nationally recognized rating service.

Obligations of the United States Treasury or Agencies

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)
4. Agencies of the United States Government
   - Not restricted to full-faith and credit obligations

Municipal securities

1. General Obligation or Revenue bonds
   - Rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Build America Bonds (BABs)
   - Rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Corporate debt obligations

1. Registered Bonds
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
   - Convertible securities are not permitted
2. 144(a) securities (with and without registration rights)
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities

1. United States Agency Mortgage backed securities
2. Privately Issued Mortgage Backed securities
   - Includes but is not limited to real estate mortgage investment conduits
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Mortgage To Be Announced (TBA) securities

- Require a cash equivalent set aside for future settlement of the forward agreement

Other Collateralized Securities

1. Asset-backed securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Commercial Mortgage Backed Securities
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Foreign Debt Securities

1. Supranational Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. Sovereign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
3. Foreign Debt Obligations
   - Must be dollar-denominated
   - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Commingled Investment Funds

1. Exchange Traded Funds (ETF's) traded on domestic exchanges,
   - Primarily invested in authorized investment vehicles for the Investment Option
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
2. Commingled investment funds and mutual funds
   - Primarily invested in authorized investment vehicles for the Investment Option
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement

Common Stock

1. Domestic Equities
   - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets
2. American Depositary Receipts
   - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets
3. Foreign Equities

- Foreign-domiciled companies traded on domestic or non-U.S. exchanges, including over-the-counter markets

Derivatives

1. The following uses of derivatives are authorized:
   - Substitute for physical securities
   - Duration management
   - Risk control
   - Foreign currency hedging

The Program does not engage in short selling of securities.

The Board approves the target allocations for the Program. Target allocations and benchmarks are set forth in the Investment Guidelines.

Securities included in an approved benchmark that are not specifically identified above are authorized with a limit of 2% above the benchmark weighting.

IX. COMPLIANCE

At a minimum, each Investment Manager shall certify compliance with this CIP and the Investment Guidelines at least quarterly. In the event of noncompliance, exceptions shall be reported to the Board with proposed actions to bring the portfolio into compliance.

X. NON-COMPLIANT INVESTMENTS

Any investment that is not in compliance with the CIP and/or Guidelines at the time of purchase must be sold immediately. Any loss on the sale will be the responsibility of the Investment Manager.

Investments that are in compliance with the CIP and/or Guidelines at time of purchase but fall out of compliance due to a rating downgrade are not required to be immediately sold. The Investment Manager must notify the Board of such securities within 10 days of the downgrade. If an Investment Manager believes that it is in the best interest of the Board to hold the security, the Investment Manager can present a recommendation to hold the investment along with justification in writing to the Board. The Board will review each request and approve or deny them. Requests can be subject to further Board review and any point after approval.

If determined to be in the best interest of the Board, downgraded securities can be required to be sold immediately.

XI. PERFORMANCE MEASUREMENT

The Investment Consultant shall calculate official performance results for the Board monthly, pursuant to the recommended guidelines of the CFA Institute, currently Global Investment Performance Standards (GIPS), where applicable, and in accordance with the Investment Guidelines.

XII. REPORTING

The Executive Director shall create, or cause to be created, quarterly reports for the Board of investment matters including, but not limited to, investment management, investment performance, asset allocation, and rebalancing.

INVESTMENT GUIDELINES
FLORIDA COLLEGE SAVINGS PROGRAM

Effective Date: December 5, 2018

I. OVERVIEW

The Florida Prepaid College Board (Board) has established the following Investment Guidelines to support implementation of the policy and strategy set forth in the Comprehensive Investment Plan (CIP) for the Florida College Savings Program (Program). The Investment Guidelines are maintained with the CIP but they are managed separately by the Board to allow for timely response to market conditions and environmental factors that may affect the Program.

II. ASSET CLASS OPTIONS AND BENCHMARKS

The Board has approved the following Asset Class options and related benchmarks:

Asset Class	Benchmark
Money Market	3-Month Treasury Bill
Fixed Income	Bloomberg Barclays Aggregate Bond Index
Large Cap Growth	Russell 1000 Growth
Large Cap Value	Russell 1000 Value
Large Cap Core	S&P 500
Mid Cap	S&P Mid Cap 400
Small Cap	Russell 2000
International	MSCI EAFE
Equity Option	Weighted on pro-rata share of benchmarks for included Asset Classes
Balanced Option	Weighted on pro-rata share of benchmarks for included Asset Classes
Age Based Option	Weighted on pro-rata share of benchmarks for included Asset Classes

III. EQUITY AND BALANCED OPTION ASSET CLASS ALLOCATION

The Board has established the following asset class allocation ranges and targets for the investment choices. The allocation may deviate from the target allocation, only within the allowable range(s).

Equity Option	Target Allocation	Allowable Range
Large Cap Growth	20%	17% - 23%
Large Cap Value	20%	17% - 23%
Large Cap Core	20%	17% - 23%
Mid Cap	10%	8% - 12%
Small Cap	10%	8% - 12%
International	20%	17% - 23%
Balanced Option		
Equity Option	50%	48% - 52%
Fixed Income Asset Class	50%	48% - 52%

In order to maintain the target for each respective option, the asset class allocation shall be monitored monthly and rebalanced to the target when the allowable ranges are exceeded. The portfolio should be brought back into compliance within five business days.

IV. AGE BASED OPTION ASSET CLASS ALLOCATON

The Board has established the following Age Brackets, Years to Enrollment, target allocations and allowable ranges. The allocation may deviate from the target allocation, within the allowable range(s). As the age brackets move closer the enrollment, the asset class allocation shall become more conservative.

Age Bracket	Years to Enrollment	Targeted Equity Allocation	Allowable Equity Range	Targeted Fixed Income Allocation	Allowable Fixed Income Range
0 – 4 years	14 or more years	100%	98 - 100%	0%	0 – 2%
5 – 8 years	10 – 13 years	75%	73 – 77%	25%	23 – 27%
9 – 12 years	6 – 9 years	50%	48 – 52%	50%	48 – 52%
13 – 15 years	3 – 5 years	25%	23 – 27%	75 %	73 – 77 %
Age 16 & above	0 – 2 years	0%	0 – 2%	100%	98 - 100%

Beneficiary account balances shall be moved to the next age bracket on the day following their birthdate during which they reach the age of the first year of each bracket. Accounts established based on the year's to enrollment option will move to the next age bracket on the day following the beneficiaries birthdate when their projected enrollment year is 13, 9, 5 and 2 years from enrollment in college.

V. INVESTMENT OPTION FEES

The Board has approved the following fees for the Investment Options:

Fund Option	Fee		Portfolio Option	Fee
Money Market	0 bps		Equity Option	68 bps
Fixed Income	75 bps		Balanced Option	71 bps
Large Cap Growth	75 bps		Age Based (Age 0-4)	68 bps
Large Cap Value	75 bps		Age Based (Age 5-8)	70 bps
Large Cap Core	39 bps		Age Based (Age 9-12)	71 bps
Mid Cap	75 bps		Age Based (Age 13-15)	73 bps
Small Cap	75 bps		Age Based (Age 16+)	75 bps
International	75 bps			

VI. EXCESS RETURN AND TRACKING ERROR TARGETS

Each Investment Manager, other than the Investment Manager for the money market portfolio, has the following established gross excess return and ex post tracking error targets:

Security Type	Investment Manager	Excess Return	Tracking Error Target
Fixed Income			
Fixed Income	Columbia	50 bps	100 bps
Domestic Equity			
Large Cap Growth Equity	BMO	150 bps	500 bps
Large Cap Value Equity	QMA	100 bps	400 bps
Large Cap Core Equity	AB	0 bps	25 bps
Mid Cap Equity	Boston Company	300 bps	700 bps
Small Cap Equity	Fiduciary	200 bps	700 bps
International Equity			
International Equity	PanAgora	100 bps	325 bps

VII. MONEY MARKET GUIDELINES

Objective

The objective of the money market portfolio is to provide participants with a capital preservation option for saving for college expenses. It is expected that this option will be used by those participants with a short horizon to matriculation or with little appetite for short term investment volatility.

Benchmark

Section II of these guidelines provide the benchmark for this portfolio.

Investment Manager

The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Authorized investment vehicles for the portfolio:

Money Market Funds – 2a7 (actual or like) money market funds

Performance

Investment manager performance shall be evaluated using the following metrics on a net of fee basis:

1. Rolling net performance shall exceed the benchmark for the 1 and 3 year periods.
2. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 1 and 3 year periods.

If an Investment Manager fails to meet any of these performance requirements, the Investment Consultant will review the situation and make a recommendation to the board as to any action the Board should take. Investment Managers serve at the pleasure of the Board and may be terminated or have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

VIII. FIXED INCOME GUIDELINES

Objective

The objective of the fixed income portfolio is to provide participants with a low risk, low volatility option for saving for college expenses. It is expected that this option will be used by those participants with a short horizon to matriculation or with little appetite for short term investment volatility.

Benchmark

Section II of these guidelines provide the benchmark for this portfolio.

Investment Manager

The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation

The portfolio is expected to be fully invested at all times, relying on the Investment Manager's ability to generate return primarily through security selection, sector rotation and/or curve positioning, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5% of the portfolio, excluding amounts held as collateral for mortgage to be announced securities.

The portfolio is expected to be invested in securities within the benchmark. However, active management strategies are allowed to invest in out-of-benchmark authorized investment vehicles, as limited below.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for the portfolio:

Cash or Cash Equivalent – Maximum allocation 5% of the portfolio

1. Deposit accounts and certificates of deposit in banks
2. 2a7 (actual or like) money market funds
3. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government.
4. Commercial paper of prime quality
    - Must be rated the highest letter and numerical rating provided by at least two nationally recognized rating service

Obligations of the United States Treasury or Agencies – Maximum allocation 100% of the portfolio

1. United States Treasury bonds and notes
2. Interest and principal strips of Treasury securities
3. Treasury Inflation Protection Securities (TIPS)

4. Agencies of the United States Government
    - Not restricted to full-faith and credit obligations

Municipal securities – Maximum allocation of 20% of the portfolio

1. General Obligation or Revenue bonds
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher
2. Build America Bonds (BABs) are permitted, but limited to 10% of the portfolio
    - Must be rated by at least two nationally recognized rating services A-/A3 or higher. If rated by only one nationally recognized rating service, then the rating must be AA-/Aa3 or higher

Corporate debt obligations – Maximum allocation of 70% of the portfolio

1. Registered Bonds
    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher
2. 144(a) securities (with and without registration rights) are permitted
    - Must be rated by at least one nationally recognized rating services BBB-/Baa3 or higher

Residential Mortgage Backed Securities – Maximum allocation of 50% of the portfolio

1. United States Agency Mortgage backed securities
2. Privately Issued Mortgage Backed securities
    - Includes but is not limited to real estate mortgage investment conduits
    - Must be rated AAA/Aaa by at least one nationally recognized rating service
    - Sub-prime mortgage backed securities are not permitted
    - Alt-A mortgage backed securities are not permitted
3. Mortgage To Be Announced (TBA) securities
    - Require a cash equivalent set aside for future settlement of the forward agreement.

Other Collateralized Securities – Maximum allocation of 20% of the portfolio

1. Asset-backed and commercial mortgage backed securities
    - Must be rated AA/Aa by at least one nationally recognized rating service

Foreign Debt Securities – Maximum allocation of 10% of the portfolio

1. Supranational Debt Obligations, Sovereign Debt Obligations and Foreign Debt Obligations
    - Must be dollar-denominated
    - Must be rated by at least one U.S. nationally recognized rating services A-/A3 or higher

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Traded on domestic exchanges
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities, duration management or risk control
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity
   - Stabilize and enhance portfolio returns
   - Lower transaction costs, including market impact costs
   - Reduction in the time required to change the mix of the portfolio
3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained from the Board

Other Restrictions

Maximum investment in the securities of any issuer, except Obligations of the United States Treasury or Agencies, is 2% of the portfolio.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

<u>Passive Management</u>

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than one-tenth of one year (0.10 years).
4. Tracking error to the benchmark shall be less than 10 basis points.
5. Average credit quality rating must equal the benchmark.

<u>Active Management</u>

1. Total duration, as calculated by the manager's preferred pricing source, shall not differ from benchmark duration, plus or minus, by more than 20% of the benchmark duration.
2. Tracking Error to the benchmark shall be less than 300 bps.
3. Credit quality rating cannot be more than one letter rating below the benchmark.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment manager performance will be evaluated using the following metrics by investment strategy.

<u>Passive Management</u>
Passive investment strategies will be assessed on a gross of fee basis.

1. Rolling gross performance shall meet the benchmark for the 3 and 5 year periods.

2. Tracking error shall not exceed 10 bps for the rolling 3 and 5 year periods.

<u>Active Management</u>
Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.

2. Performance shall rank at or above the median when compared to a universe of peers managing similar portfolios for the 3 and 5 year periods.

3. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target for the rolling 3 and 5 year periods.

4. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 3 and 5 year periods.

5. Tracking error targets shall be set for each Investment Manager. Investment Managers shall not exceed their tracking error target for the rolling 3 and 5 year periods.

6. Tracking error shall not exceed 300 bps for the rolling 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the board as to any action the Board should take. Investment Managers serve at the pleasure of the Board and may be terminated or have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

IX. DOMESTIC EQUITY GUIDELINES

Objective
Provide participants an opportunity for meaningful growth of capital over a long investment horizon through participation in equity investments.

Benchmark
Section II of these guidelines provide the domestic equity options and related benchmarks.

Investment Manager
The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation
The portfolio is expected to be fully invested at all times, relying on the Investment Manager's ability to generate return through security and/or sector selection, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5%.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for the portfolio:

Common Stock – Maximum allocation of 100% of the portfolio

1. Domestic Equities and American Depositary Receipts
   - Traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets
   - Has at least three years of publically available operating history

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Traded on domestic exchanges
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities or control risk

2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity
   - Stabilize and enhance portfolio returns
   - Lower transaction costs, including market impact costs
   - Reduction in the time required to change the mix of the portfolio
3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained by the Board

Other Restrictions

Maximum investment in any security is the greater of 5% of the portfolio or 2% greater than the benchmark weight.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

Passive Management

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Tracking Error to the benchmark shall be equal to or less than 25 bps.

Active Management

1. Tracking Error to the benchmark shall be equal to or less than the tracking error target.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment Manager performance will be evaluated using the following metrics by investment strategy.

Passive Management

Passive investment strategies will be assessed on a gross of fee basis:

1. Rolling performance shall meet the benchmark for the 3 and 5 year periods.
2. Beta, as calculated using monthly data, shall not be less than 0.98 and not more than 1.02 relative to the benchmark over any 3 year rolling period.
3. Annualized tracking error to the benchmark shall be less than 25 basis points.

Active Management

Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Rolling gross performance shall rank above the median of a peer universe managing similar portfolios in a similar style for the 3 and 5 year periods.

3. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target for the rolling 3 and 5 year periods.
4. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 3 and 5 year periods.
5. Tracking error targets shall be set for each Investment Manager. Investment Managers shall not exceed their tracking error target for the rolling 3 and 5 year periods.
6. The coefficient of determination (or R-squared) relative to the benchmark, calculated using monthly data, shall not be less than 0.80 for the 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the Board as to any action the Board should take. Additionally, Investment Managers serve at the pleasure of the Board and may have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

X. INTERNATIONAL EQUITY GUIDELINES

Objective
Provide participants an opportunity for meaningful growth of capital over a long investment horizon through participation in equity investments.

Benchmark
Section II of these guidelines provide the benchmark for this mandate.

Investment Manager
The Board may hire multiple Investment Managers for this mandate. Investment Managers will be selected as a result of a competitive procurement process. Selected Investment Managers' authority is limited to these guidelines for this mandate. All references to portfolio in these guidelines refer to the market value of funds provided to each Investment Manager under this mandate.

Allocation
The portfolio is expected to be fully invested at all times, relying on the manager's ability to generate return through security and/or sector selection, not timing of market movements. However, cash holdings may represent an integral part of an Investment Manager's desired portfolio structure. Therefore, for these purposes the Investment Manager shall be allowed to maintain a maximum cash position of 5%.

The use of margin is prohibited except as may be required in the use of approved Derivatives.

Asset allocation shall be determined based on the average position over any three month time period and shall operate within the following constraints set forth herein.

Authorized investment vehicles for this mandate:

Common Stock – Maximum allocation of 100% of the portfolio

1. Foreign Equities
   - Foreign-domiciled companies traded on domestic or non-U.S. exchanges, including over-the-counter markets
   - Securities domiciled, incorporated, or traded in a benchmark country

Commingled Investment Funds – Maximum allocation of 100% of the portfolio

1. Exchange Traded Funds (ETF's), commingled investment funds and mutual funds
   - Primarily invested in authorized investment vehicles provided in this Guideline
   - Compliance and monitoring shall be reviewed relative to the commingled investment funds' prospectus or participation agreement
   - Before a Commingled Investment Fund is used by an Investment Manager, approval must be obtained by the Board

Derivatives

1. Derivatives shall only be used to substitute for physical securities, control risk or foreign currency hedging.
2. Derivative strategies must demonstrate one or more of the following benefits:
   - Increase liquidity

- Stabilize and enhance portfolio returns
- Lower transaction costs, including market impact costs
- Reduction in the time required to change the mix of the portfolio

3. Before a Derivative strategy is used by an Investment Manager, approval must be obtained by the Board.

Other Restrictions

Maximum investment in any security is the greater of 5% of the portfolio or 2% greater than the benchmark weight.

Active and Passive management is permitted. Passive strategies shall replicate the returns of the benchmark.

Passive Management

1. Only securities eligible for inclusion in the benchmark indices are permitted.
2. Sector allocation shall be made consistent with the benchmark sector weights.
3. Tracking Error to the benchmark shall be equal to or less than 25 basis points.

Active Management

1. Tracking Error to the benchmark shall be equal to or less than the tracking error target.

Performance

The Board may elect to employ multiple investment managers with complementary investment skills and/or styles. As part of this structure, managers are hired for their expected contribution to the overall portfolio performance over the various market cycles based on their style, stated strategy and asset mix. As a result, non-performance information is also considered in the evaluation process.

Investment manager performance will be evaluated using the following metrics by investment strategy.

Passive Management

Passive investment strategies will be assessed on a gross of fee basis:

1. Rolling performance shall meet the benchmark for the 3 and 5 year periods.
2. Beta, as calculated using monthly data, shall not be less than 0.98 and not more than 1.02 relative to the benchmark over any 3 year rolling period.
3. Annualized tracking error to the benchmark shall be less than 25 basis points.

Active Management

Active investment strategies will be assessed on a gross and net of fee basis. Further, while 3 and 5 year periods are used to assess performance, the Board may consider longer time periods as part of the assessment.

1. Rolling net performance shall exceed the benchmark for the 3 and 5 year periods.
2. Rolling gross performance shall rank above the median of a peer universe managing similar portfolios in a similar style for the 3 and 5 year periods.
3. Excess return targets shall be set for each Investment Manager. Investment Managers shall meet or exceed their excess return target for the rolling 3 and 5 year periods.

4. Rolling Alpha, calculated in accordance to the Jensen methodology, shall be positive for the 3 and 5 year periods.

5. Tracking error targets shall be set for each Investment Manager. Investment Managers shall not exceed their tracking error target for the rolling 3 and 5 year periods.

6. The coefficient of determination (or R-squared) relative to the benchmark, calculated using monthly data, shall not be less than 0.80 for the 3 and 5 year periods.

In addition to the objectives listed above, other quantitative criteria should be considered with a focus on the interpretation of results. These criteria include risk metrics (e.g. standard deviation, downside risk, beta) and risk-adjusted performance metrics (e.g. Sharpe ratio, Treynor ratio, information ratio, excess return ratio).

Several non-performance factors may prompt the Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation to the Board as to any action the Board should take. Additionally, Investment Managers serve at the pleasure of the Board and may have their funds reduced at the Board's discretion due to any qualitative or quantitative factor listed or not listed above.

Florida ABLE, Inc.
Comprehensive Investment Plan
for the
Florida ABLE Program
March 20, 2018

AUTHORITY

Florida ABLE, Inc. is a direct support organization of the Florida Prepaid College Board. All investments made under this Comprehensive Investment Plan ("CIP") are made under the authority granted Florida ABLE, Inc. ("Corporation") by the Florida Prepaid College Board and Sections 1009.985 - .988, Florida Statutes.

PURPOSE

The CIP for the Florida ABLE Program ("Program") serves as the primary statement of the Corporation's investment policy regarding their statutory responsibilities and authority to establish and operate a savings plan for participants in the Program. The Program provides a medium through which eligible families and individuals may save private funds to help persons with disabilities cover costs that support their health, independence and quality of life. The Program is administered by the Corporation which was created pursuant to Section 1009.986, Florida Statutes.

ABLE CORPORATION RESPONSIBILITIES

The Corporation has the authority and responsibility to:

- Establish and maintain the CIP for the Program in accordance with state and federal law.
- Approve investment managers for the Program in accordance with the CIP.
- Request the Florida Prepaid College Board to solicit proposals, to contract or subcontract, or to amend contractual service agreements for the benefit of the Program.
- Review the investment options and fees for the Program on a periodic basis.
- Review periodically the performance of investment managers/investment options.
- Ensure that investment policies of the Corporation are strictly followed and that investment procedures are in place and properly followed.
- Utilize the services of a professional investment consultant for advice in the pursuit of investment objectives.

FLORIDA PREPAID COLLEGE BOARD RESPONSIBILITIES

The Florida Prepaid College Board has the authority and responsibility to:

- Approve the CIP, and any changes thereto, for the Program.
- Respond to requests from the Corporation made in accordance with the provisions of the CIP.
- Solicit proposals, to contract or subcontract or to amend contractual service agreements of the Florida Prepaid College Board for the benefit of the Program.

INVESTMENT OBJECTIVES

The Program shall seek the following objectives:

- Offer a diversified mix of investment options that span the risk-return spectrum and give participants the opportunity to accumulate savings to maintain health, independence and quality of life.
- Offer investment options that avoid excessive risk, have a prudent degree of diversification relative to broad market indices and provide a long-term rate of return that seek to achieve or exceed the returns on comparable market benchmark indices.
- Offer participants meaningful, independent control over the assets in their account with the opportunity to:
    - Obtain sufficient information about their account and investment alternatives to make informed investment decisions;
    - Direct contributions and account balances between approved investment options with a frequency that is consistent with state and federal law, as applicable;
    - Remove monies from an account without undue delay or penalties, subject to the contract and all applicable laws governing the operation of the Program.

INVESTMENT MANAGER RESPONSIBILITIES

Investment managers are responsible for following the provisions of this CIP. However, notwithstanding any provisions to the contrary, with regard to commingled/mutual funds the specific duties and responsibilities of each investment manager are to manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective prospectuses, participation agreements or other governing documents (e.g., Investment Management Agreement).

Managers should be responsive to the Corporation, Executive Director and/or investment consultant and provide information as necessary for monitoring the performance of the Program.

INVESTMENT OPTIONS

The number and range of investment options offered to Program participants will be reviewed by the Corporation periodically. The decision to offer additional options will take into account the growth of the Program, industry trends, administrative feasibility, diversification and costs associated with adding options. Permitted investment vehicles for any of the investment options include, but are not limited to a separately managed account, a pooled or commingled account, or a mutual fund.

If the Florida Prepaid College Board utilizes the same investment option as the Program, then the Program will use the Florida Prepaid College Board's investment manager for that investment option unless the Florida Prepaid College Board approves otherwise in advance. Specific commingled/mutual funds offered by the Program must also be approved in advance by the Florida Prepaid College Board.

The Corporation has authorized the following investment options that may be offered to Program participants:

Option 1 – a balanced “conservative” investment option which will consist of a 40/50/10 blend of equity, fixed income, and cash. The target allocation will utilize U.S. equity (Option 6), international equity (Option 7), fixed income (Option 5) and capital preservation (Option 4). Option 1 will be rebalanced to the targeted asset mix on a periodic basis, according to the parameters outlined in the rebalancing section of this CIP.

Option 2 – a balanced “moderate” investment option which will consist of a 60/40 blend of equity and fixed income. The target allocation will utilize U.S. equity (Option 6), international equity (Option 7) and fixed income (Option 5). Option 2 will be rebalanced to the targeted asset mix on a periodic basis, according to the parameters outlined in the rebalancing section of this CIP.

Option 3 – a balanced “growth” investment option which will consist of an 80/20 blend of equity and fixed income. The target allocation will utilize U.S. equity (Option 6), international equity (Option 7) and fixed income (Option 5). Option 3 will be rebalanced to the targeted asset mix on a periodic basis, according to the parameters outlined in the rebalancing section of this CIP.

Option 4 – a capital preservation investment option designed to provide exposure to liquid short-term fixed income instruments.

Option 5 – a fixed income investment option designed to track the broad domestic bond market.

Option 6 – a U.S. equities investment option designed to track the broad U.S. equities market.

Option 7 - an international equities investment option designed to provide exposure to international equities in developed markets.

Option 8 – A Federal Deposit Insurance Corporation (FDIC) insured savings account option designed to provide protection of Principal.

REPORTING

The Executive Director will cause monthly flash reports and detailed quarterly reports of the investment performance for each investment option to be prepared for review by the Corporation and the Florida Prepaid College Board.

Investment results for each investment option will be reported each quarter for the most recent completed quarter, calendar year-to-date, most recent twelve month period and cumulatively from inception showing returns relative to appropriate market benchmarks. Returns will be reported on a time weighted basis. At a minimum, the report will contain the following items:

1. Performance Measurement and Attribution

   - Performance of each investment option relative to its stated benchmark will be reported.

   - The performance of each underlying sub-portfolio will be reported relative to its stated benchmark.

- An attribution analysis of each investment option and sub-portfolio will be provided.
  - Fixed income attribution will include effects of changes in interest rates, sector and quality decisions and reinvestment rate.
  - Equity attribution will include such factors as sector and industry weights, beta, company size, yield and growth in earnings.
  - The attribution analysis will also account for any deviations in asset class or style weights from the targeted portfolio weights.

- Returns for each manager will also be evaluated on a risk-adjusted basis.

2. Qualitative Issues

- Ownership changes (e.g. key people "cash out")
- Departure of key investment professionals
- Changes in the decision-making process
- Changes in investment philosophy
- Involvement in material litigation or fraud

3. Compliance and Monitoring

- The allocation of each investment option will be reported to ensure allocation guidelines are met.

- Asset holdings will be reported to ensure investments are being made only in authorized securities and investment vehicles.

- Each manager will certify *monthly* that their portfolio is in compliance with the terms of this CIP and their specific investment mandate, as well as any applicable prospectus and Statement of Additional Information. Any exceptions to policy will be noted and a statement provided indicating the steps to be taken to bring the portfolio back into compliance with the policy.

- Each manager will be monitored based upon the performance objectives as outlined in this CIP.

- For each investment option which is implemented using a commingled/mutual fund, the manager will submit to the Corporation for approval any proposed changes to the prospectus or other governing documents in advance of making the changes.

- Each manager shall immediately disclose to the Corporation in writing any instance which a member of the investment manager's Board of Directors, an officer of the investment management firm, or a member of the portfolio management staff is also a member of the Board of Directors, an officer of, or a significant shareholder of 5% or more in stocks of a company in which they propose to invest the Corporation's funds. In addition, the Corporation's investment consultant and the trustee/custodian shall annually certify that no conflicts of interest exist with respect to the services they provide to the Program and shall annually provide the Corporation with a copy of the firm's policy governing conflicts of interest. The requirements of this paragraph do not apply with respect to the common stock of the manager responsible for investment of the U.S. equities investment option (or the common stock of the manager's holding company) when the manager's common stock (or that of its holding company) is included in the Russell 3000, or another recognized broad market index; provided that, prior to the initial purchase of the manager's common stock (or that of its holding company), the manager notifies the Corporation in writing that the manager's common stock (or that of its holding company) is included or has been included, in the Russell 3000.

AUTHORIZED INVESTMENT VEHICLES

Funds managed by the Program may be placed in the following accounts or investments:

1. Deposit accounts and certificates of deposit in banks.

2. Obligations of the United States Treasury.

3. Obligations of agencies of the United States Government (not restricted to full faith and credit obligations).

4. Commercial paper of prime quality of the highest letter and numerical rating established by a nationally recognized rating service.

5. Bankers' acceptances that are accepted by a member bank of the Federal Reserve System.

6. Corporate debt obligations, preferred stock, mortgage and asset-backed securities, provided the obligations meet the minimum credit criteria set forth elsewhere in this CIP.

7. Institutional investment products including fixed annuities, variable annuities and guaranteed insurance contracts that are obligations of United States insurance companies.

8. Common and preferred stocks traded on domestic exchanges, including over-the-counter markets and recognized third and fourth markets.

9. Common stock of foreign-domiciled companies traded on non-U.S. exchanges including over-the-counter markets.

10. Collateralized repurchase agreements for which the underlying securities are obligations of the United States Treasury or agencies of the United States Government.

11. Commingled investment funds and mutual funds.

12. American Depository Receipts and Yankee bonds (including sovereign bonds issued in USD).

13. Municipal Bonds issued or guaranteed by U.S. local, city and state governments and agencies including Build America Bonds (BABs).

14. Exchange Traded Funds (ETFs), traded on domestic exchanges, so long as consistent with the investment mandate, and guidelines.

15. Mortgage TBAs ("To Be Announced") securities. These securities require an equivalent amount of cash equivalents set aside for future settlement of the forward agreement.

16. Derivatives: In general, the following uses of derivatives are approved for portfolio management purposes, although specific written permission must be granted to each manager on a case-by-case basis in formal written account guidelines.

    - Substitute for physical
    - Duration management
    - Risk control

    Before a derivative security or derivative strategy is used by an investment manager, one or more of the following benefits must be demonstrated to the Board:

    - Increased liquidity.
    - Stabilized and enhanced portfolio returns.
    - Lower transaction costs, including market impact costs.
    - Reduction in the time required to change the mix of the portfolio.

    Before any such derivative strategy is used by an investment manager, written permission for such use must be obtained from the Executive Director of the Program. However, in recognition of the balances that may exist in the early stages of the ABLE Program, the use of derivatives for portfolio management purposes will be permissive during the first twelve months of the launch of the ABLE Program.

PROHIBITED INVESTMENT VEHICLES AND GENERAL INVESTMENT RESTRICTIONS

1. Assets may not be invested in the securities of any foreign-domiciled entities, except to the extent those securities are registered in the United States and traded on one of the domestic exchanges or markets, and otherwise meet the limitations of this comprehensive investment plan, with the exception of the international equities investment option.

2. Short selling of securities is prohibited.

3. Maximum investment in the securities of any issuer, except U.S. Treasury or Agency or repurchase agreements collateralized by U.S. Treasury or Agency securities, is the greater of 5% of the market value of the fund, or 2% greater than the appropriate benchmark weight.

4. Debt obligations and preferred stock may not be rated less than BAA/BBB. Rating from each service must meet or exceed the required rating. (As established by two nationally recognized rating services.)

5. The following derivative strategies and derivative instruments are considered inappropriate and therefore not permitted for use in the managing of assets for the Florida ABLE Program:

- Derivatives used for speculative purposes.
- Derivatives that leverage the account (except as described in the section on leverage).
- Commodity options, swaps or other derivatives based on commodities.

INVESTMENT MANAGER SELECTION AND EVALUATION

Appropriate selection criteria will be used in the process of selecting investment managers/funds. Though not exhaustive, below is a list of considerations:

- Impact on asset class diversification. The characteristics of the potential investment option(s) relative to the characteristics of the existing options will be evaluated to determine the impact on participants' ability to diversify within a risk/reward spectrum.

- Adherence to designated style.

- Reasonable and competitive expense levels.

- Investment performance characteristics. Funds will have a record of performing well compared to peer groups and relevant published market indices. A minimum of a three year performance history is desirable for the assessment of manager skill.

The performance of each investment option will be evaluated in the context of its role in the array of options offered to Program participants. The Corporation shall evaluate investment performance over a sufficient time horizon, and in the context of the prevailing market environment, in order to properly assess the investment manager's success or failure. In general, a three- to five-year time horizon will be used to evaluate a manager's attainment of agreed-upon goals. On an interim basis, portfolio risk and investment performance will be monitored continually to ensure that the management of Program assets remains consistent with the style and objective for each investment option.

At a minimum, investment manager reviews will include a quarterly quantitative performance review conducted by the Program's consultant. Specific evaluation criteria are stated in the investment guidelines that have been individually prepared for each investment option pursuant to its specific role in the Program. As necessary, the evaluation may also include an annual site visit to review each portfolio manager's operations.

REBALANCING

In order to maintain the level of risk the Corporation has established, the asset class allocation within Option 1, Option 2 and Option 3 will be monitored monthly and rebalanced to the specified target when the allowable ranges are exceeded. The portfolio should be brought back into compliance within five business days. The following ranges will apply:

Option 1 – Balanced Conservative Allocation	Targeted Weight	Allowable Range
Capital Preservation (Option 4)	10%	5% -- 15%
Fixed Income (Option 5)	50%	45% – 55%
Broad Market U.S. Equity (Option 6)	30%	25% – 35%

International Equity (Option 7)	10%	5% -- 15%

Option 2 – Balanced Moderate Allocation	Targeted Weight	Allowable Range
Fixed Income (Option 5)	40%	35% – 45%
Broad Market U.S. Equity (Option 6)	45%	40% – 50%
International Equity (Option 7)	15%	10% -- 20%

Option 3 – Balanced Growth Allocation	Targeted Weight	Allowable Range
Fixed Income (Option 5)	20%	15% – 25%
Broad Market U.S. Equity (Option 6)	55%	50% – 60%
International Equity (Option 7)	25%	20% -- 30%

IMPLEMENTATION

All assets invested for the Program by the investment managers after the adoption of this CIP shall conform to this CIP, as amended from time to time.

The following portfolio-specific guidelines have been established to:

1. Ensure that the managers continually adhere to all regulations administered by any regulatory authority charged with oversight responsibility.

2. Limit the Program's exposure to unintended risks.

3. Ensure that each investment option adheres to its specific objectives.

4. Communicate objective, reasonable criteria of the Corporation's expectations to the managers.

The following sections contain the investment guidelines and policies for each option of the Program.

OPTION 1
BALANCED CONSERVATIVE ALLOCATION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the balanced conservative investment option is to provide participants with the opportunity to generate current income with low to moderate opportunities for long-term capital growth.

ASSET ALLOCATION

The balanced conservative investment option will be a blend of cash (Option 4), fixed income (Option 5), U.S. equity (Option 6) and international equity (Option 7) and is expected to be fully invested at all times. Allocations to the underlying fixed income, equity and cash portfolios will be rebalanced periodically according to the rebalancing guidelines specified in the rebalancing section of this CIP.

INVESTMENT GUIDELINES

The investment guidelines under Option 4, Option 5, Option 6 and Option 7 will apply to each respective portion of Option 1.

PERFORMANCE OBJECTIVES

The performance objectives specified in Option 4, Option 5, Option 6 and Option 7 will apply to each respective portion of Option 1.

OPTION 2
BALANCED MODERATE ALLOCATION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the balanced moderate investment option is to provide participants with an opportunity to generate both long-term capital growth and income.

ASSET ALLOCATION

The balanced moderate investment option will be a blend of fixed income (Option 5), U.S. equities (Option 6) and international equity (Option 7) and is expected to be fully invested at all times. Allocations to the underlying fixed income and equity portfolios will be rebalanced periodically according to the rebalancing guidelines specified the rebalancing section of this CIP.

INVESTMENT GUIDELINES

The investment guidelines under Option 5, Option 6 and Option 7 will apply to each respective portion of Option 2.

PERFORMANCE OBJECTIVES

The performance objectives specified in Option 5, Option 6 and Option 7 will apply to each respective portion of Option 2.

OPTION 3
BALANCED GROWTH ALLOCATION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the balanced growth investment option is to provide participants with opportunities for long-term capital growth with less consideration being given to current income.

ASSET ALLOCATION

The balanced growth investment option will be a blend of fixed income (Option 5), U.S. equities (Option 6) and international equity (Option 7) and is expected to be fully invested at all times. Allocations to the underlying fixed income, U.S. equity and international equity portfolios will be rebalanced periodically according to the rebalancing guidelines specified in the rebalancing section of this CIP.

INVESTMENT GUIDELINES

The investment guidelines under Option 5, Option 6 and Option 7, will apply to each respective portion of Option 3.

PERFORMANCE OBJECTIVES

The performance objectives specified in Option 5, Option 6 and Option 7 will apply to each respective portion of Option 3.

OPTION 4
CAPITAL PRESERVATION OPTION
INVESTMENT GUIDELINES

OBJECTIVE

The capital preservation option seeks income consistent with liquidity, interest income and capital preservation. The capital preservation investment option will be actively managed and will primarily invest in high quality, liquid, short-term instruments to control credit risk and interest rate sensitivity.

ASSET ALLOCATION

The portfolio is expected to be invested at all times.

INVESTMENT GUIDELINES

The capital preservation option may invest in highly liquid money market instruments and fixed income securities with maturities not to exceed two years. The average portfolio maturity is not to exceed 6 months, notwithstanding the objective of preservation of capital. The minimum rating criteria for securities to be purchased in this paper are A1/P1 or an equivalent rating by two nationally recognized rating services.

PERFORMANCE OBJECTIVES

The performance of the capital preservation investment option shall be reviewed against a composite 91 Day Treasury Bills index and a universe of other prime money market funds. The fund is expected to maintain a net asset value (NAV) of $1/share.

OPTION 5
FIXED INCOME OPTION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the fixed income option is to provide participants with exposure to the broad fixed income market.

ASSET ALLOCATION

The portfolio is expected to be fully invested at all times. However, cash holdings may represent an integral part of the manager's desired portfolio structure. Therefore, for purposes of this constraint, cash will be defined as securities with a duration of less than three months and the manager shall be allowed a maximum cash position of not more than five percent.

INVESTMENT GUIDELINES

- Fixed income investments will be made only in dollar-denominated securities traded in domestic markets.

- The portfolio shall maintain a coefficient of determination (R^2) to the Barclays Capital Aggregate Index of not less than .90 over any rolling five-year time horizon calculated using monthly data.

RESTRICTED INVESTMENTS

Use of margin is prohibited except as may be required in the use of futures, options and swaps.

Other than futures, options and swaps, the use of derivative securities that have not been specifically approved by the Corporation is prohibited.

Convertible securities shall not be considered for investment.

PERFORMANCE OBJECTIVES

Manager performance shall be reviewed relative to the Barclays Capital Aggregate Index over any three- to five-year period, taking into consideration the following:
<u>Passive Managers</u>

- For passive managers, the manager’s performance, gross of fees, is expected to meet the Barclays Capital Aggregate Index.

- Tracking error measures the standard deviation of the differences between an investment manager's return and the index return. A low tracking error indicates that the manager's performance is closely tracking the performance of the index. In meeting the objectives set forth in these guidelines, the manager shall maintain an annualized tracking error to the index of less than 15 basis points.

Active Managers

- For active managers, the manager's performance, net of fees, is expected to exceed the Barclays Capital Aggregate Index, taking into consideration the degree of risk.

- The active manager's performance is expected to rank at or above the median when compared to a universe of its peers managing similar portfolios and following a similar investment style.

- The effectiveness of the manager's duration, sector and security allocations will be reviewed to determine if the manager has demonstrated, on a total return basis, the ability to add value above the Index.

- The portfolio shall maintain at all times a duration of no less than 75% and no greater than 125% of the index duration.

OPTION 6
U.S. EQUITIES OPTION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the U.S. equities investment option is to provide participants an opportunity for meaningful growth of capital over a long investment horizon through participation in the broad U.S. equities market.

ASSET ALLOCATION

The portfolio is expected to be fully invested at all times, relying on the manager's ability to generate return through the selection of securities and not through the timing of market movements. Therefore, during these time periods the manager shall be allowed to maintain a maximum cash position of not more than five percent.

INVESTMENT GUIDELINES

1. The manager shall be permitted to invest in any securities which are a part of the Russell 3000 index, without regard for the constraint within this policy prohibiting or restricting the ownership of companies with less than a 3 year publicly available operating history. If the manager's common stock (or the common stock of the manager's holding company) is included in the Russell 3000, the manager is permitted to purchase, retain and sell the manager's common stock (or the common stock of the manager's holding company), consistent with the other requirements, guidelines, restrictions and performance objectives applicable to this portfolio and the reporting requirements imposed on managers.

2. The manager shall be permitted to invest in any securities which are a part of the Russell 3000, without regard for the preference within this policy for investments to be made in United States based corporations. There shall be no limit on the percent of the portfolio held in American Depository Receipts, provided those same companies are included in the Russell 3000 as American Depository Receipts.

3. The manager may temporarily invest in companies outside of the index in the case of additions or deletions, with the goal of minimizing tracking error and/or reducing trading costs.

RESTRICTED INVESTMENTS

1. The use of futures will be permitted subject to the restrictions imposed in the "Authorized Investment Vehicles" section.

2. Use of margin is prohibited except as may be required in the use of futures.

3. Convertible securities shall not be allowed for investment purposes.

PERFORMANCE OBJECTIVES

Manager performance shall be reviewed relative to the Russell 3000 Index, or other agreed-upon investible benchmark over any three to five year period, taking into consideration the following:

Passive Managers

- A passive manager's performance, gross of fees, is expected to meet the Russell 3000 Index, or other agreed-upon investible benchmark representing the broad U.S. equity market.

- The beta of the portfolio over any two year rolling time period and calculated using monthly data shall not be less than .98 or greater than 1.02.

- Tracking error measures the standard deviation of the differences between an investment manager's return and the index return. A low tracking error indicates that the manager's performance is closely tracking the performance of the index. In meeting the objectives set forth in these guidelines, the manager shall maintain an annualized tracking error to the index of less than 25 basis points.

Active Managers

- An active manager's performance, net of fees, is expected to exceed the Russell 3000 Index, or other agreed-upon investible benchmark representing the broad U.S. equity market.

- The active manager's performance is expected to rank at or above the median when compared to a universe of its peers managing similar portfolios and following a similar investment style.

OPTION 7
INTERNATIONAL EQUITIES OPTION
INVESTMENT GUIDELINES

OBJECTIVE

The objective of the international equities investment option is to provide participants an opportunity for meaningful growth of capital over a long investment horizon through participation in international equities in developed markets.

ASSET ALLOCATION

The portfolio is expected to be fully invested at all times, relying on the manager's ability to generate return through the selection of securities and not through the timing of market movements. Therefore, during these time periods the manager shall be allowed to maintain a maximum cash position of not more than five percent.

INVESTMENT GUIDELINES

1. The Board prefers the manager to invest only in equity securities that have a publicly available operating history of at least three years. However, the manager can invest up to five percent of the portfolio in initial public offerings that have been spun off by a company for which there is adequate history of audited financial statements. If, through spin-offs or other activities of the companies held, the portfolio exceeds five percent of holdings with less than three years operating history, the manager will bring the portfolio into compliance within a six-month period.

2. The coefficient of determination (R^2) measures the percentage of total market-related risk that an investment manager has undertaken. Therefore, the manager shall maintain a coefficient of determination to the MSCI EAFE Index of not less than .80 over any rolling five-year time horizon calculated using monthly data.

3. Equity investments shall be made only in securities domiciled outside of the United States. Country classification of a security will be based upon the country of domicile, not based on the country in which the security is listed or traded.

RESTRICTED INVESTMENTS

1. The use of currency futures and currency forwards will be permitted subject to the restrictions imposed in the "Authorized Investment Vehicles" section.

2. Use of options, futures, forwards or any other types of derivative securities that are not used for currency hedging purposes are prohibited.

3. Use of margin is prohibited except as may be required in the use of currency futures or forwards.

PERFORMANCE OBJECTIVES

Manager performance shall be reviewed relative to the MSCI EAFE Index, over any three or more year period of time, taking into consideration the following:

Passive Managers

- A passive manager's performance, gross of fees, is expected to meet the MSCI EAFE Index, or other investible benchmark representing the broad developed international equity markets.

- The beta of the portfolio relative to the index over any two year rolling time period and calculated using monthly data shall not be less than .98 or greater than 1.02.

- Tracking error measures the standard deviation of the differences between an investment manager's return and the index return. A low tracking error indicates that the manager's performance is closely tracking the performance of the index. In meeting the objectives set forth in these guidelines, the manager shall maintain an annualized tracking error to the index, of less than 35 basis points.

Active Managers

- The manager's performance, net of fees, is expected to exceed the MSCI EAFE Index or other investible benchmark representing the broad developed international equities market, taking into consideration the degree of risk.

- The manager's performance is expected to rank at or above the median when compared to a universe of its peers managing similar portfolios and following a similar investment style.

OPTION 8
FDIC INSURED SAVINGS ACCOUNT OPTION

OBJECTIVE

The FDIC insured savings account option is intended to operate as individual savings accounts. Funds will be placed on deposit in the account holders name and will earn the disclosed interest rate. Deposit amounts will be protected under FDIC insurance up to $250,000 per account.

PERFORMANCE OBJECTIVES

The FDIC insured savings account option is intended to provide a competitive savings account rate.