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FEBRUARY 07, 2017

AGENDA ITEM 05  
ACTION ITEM

CALIFORNIA ABLE ACT BOARD

*Resolution No. 2017-01: Resolution of the California ABLE Act Board Relating to the Approval to Issue a Request for Proposals for Investment Consultant Services*

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***Action Recommended***

Adopt Resolution No. 2017-01 authorizing the Executive Director to issue a Request for Proposals (RFP) for Investment Consultant Services.

***Background***

The task of developing and implementing a savings program is complex work that requires a high level of knowledge and expertise with respect to the investments industry and the laws to which it is subject. The California ABLE Act Board (Board) has limited staff resources. For these reasons, staff is recommending procuring the services of a qualified investment consultant to provide the Board with assistance in its role as fiduciary to the California ABLE Program Trust (Trust). The investment consultant would assist the Board with (i) creating the statement of investment policy and monitoring criteria for the Trust, (ii) evaluating program administrator and investment manager (program manager) proposals, and (iii) monitoring the investment performance of the program manager.

A summary of the draft RFP attached to this memo is provided below.

***Scope of Services***

The following scope of services details the Board's expectations for an investment consultant. These investment consultant services include the following:

- Under the direction of the Board or its designee, analyze and evaluate asset allocation plans for the Trust based on the expected use of accounts by eligible beneficiaries as well as risk reduction.
- Create and regularly review an investment policy statement and monitoring procedures.
- Participate in the development of the program manager request for proposals, and assist the Board with evaluation of the proposals.

- Advise the Board or its designee on which data should be reported quarterly by the program and/or investment manager(s).
- Review and analyze the investment performance of the program and/or investment manager(s) of the Trust using criteria adopted by the Board. Periodically, there may be additional evaluations comparing Program investment performance and fees to the performance of national and/or other state 529A plans.
- Conduct monthly monitoring and provide quarterly evaluations of the Trust that compare monthly investment results to appropriate indices and Board policies, including compliance by the program manager(s) to these policies, and provide evaluations to the Board or its designee within 10 business days of receiving the data from the program manager(s).
- Provide assistance to the Board in understanding various investment vehicles and the investment market generally. This may include providing training seminars to the Board and its staff, as necessary, on rates of return, investment products, strategies or other fundamental concepts of investing.
- Inform the Board or its designee in the event of significant changes in the investment climate or market conditions that could affect Trust investments.
- Provide general advice, counsel, and recommendations on a variety of investment related matters regarding the Trust including investment personnel, investment strategy, investment portfolio addition or division, as well as overall investment health of the program and/or investment manager(s), other 529A vendors, and 529A industry issues and trends.
- Work with the Board's consultants and program and/or investment manager(s) as needed.
- Attend or otherwise participate in all Board meetings unless notified otherwise by the Board. It is anticipated that the Board will meet approximately once every month.
- Be available to consult with Board members and the Executive Director from 8am to 5pm Pacific Time, Monday through Friday.
- Respond to the need for telephone consultation within a 24-hour period and be available for meetings with the Board with no greater than 10 days' notice.

### ***Minimum Qualifications***

Bidders must certify that they meet the following minimum qualifications:

- Bidder must have been actively providing advice on investment options for at least the last five years. Investment expertise must include knowledge and experience in a wide range of investment vehicles.
- Bidder must have been providing consultation to or on behalf of individuals or governmental agencies that have been investing funds totaling at least \$1 billion.
- Bidder must agree in writing to serve as fiduciary with respect to its work.
- Bidder may not during the term of a contract that may be executed pursuant to this RFP have a contractual or other business relationship with any program management services contractor that provides services for the Trust or any investment manager directing funds in the Program portfolio, either on its own or in partnership, with other entities. Ownership of an ABLE account does not constitute a business relationship for the purposes of this minimum qualification.
- Must be qualified to do business in the State of California. If awarded the contract, Bidder must be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State. If awarded the contract, Bidder must also be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State for any subcontractor identified as personnel under "Qualifications and Experience", Section D.
- Bidder must hold and maintain all licenses and registrations required by applicable federal and state laws for businesses offering investment and municipal advisory services. All such licenses and registrations must be current and in good standing.

***Proposed Timeline/Schedule of Activities***

Date	Action
February 10, 2017	RFP available to Prospective Bidders
February 16, 2017 – 2pm PT	Deadline to Submit any Written Questions
February 22, 2017	Answers to Written Questions
March 6, 2017 – 4pm PT	Deadline to Submit Proposals
March 13, 2017	Notice of Intent to Award Contract
March 20, 2017	Proposed Contract Award Date
April 3, 2017	Proposed Contract Start Date (pending DGS approval)

***Evaluation and Scoring***

All proposals will be reviewed by an evaluation committee. The initial review of the proposals will confirm that all information has been submitted in conformity with the requirements of this RFP. The absence of required information will cause a proposal to be deemed nonresponsive and may result in the proposal's disqualification.

Responsive proposals will then be scored according to criteria herein. The scored categories and the corresponding weighting of each scored category is as follows:

<b>Scored Category</b>	<b>Weighting</b>
Bidder's Background and Personnel Information	30 points
Experience in Investment Consulting	40 points
Cost	30 points
<b>Total Possible Points</b>	<b>100 points</b>

***Attachments***

- Attachment #1- Resolution No. 2017-01
- Attachment #2- Draft RFP No. ABLE06-16 Request for Proposals for Investment Consultant Services