

REQUEST FOR PROPOSALS
FOR
529 PROGRAM MANAGER SERVICES
THE ALABAMA HIGHER EDUCATION 529 FUND

Board of Trustees
Alabama Higher Education 529 Fund

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Proposal Due Date: October 26, 2009

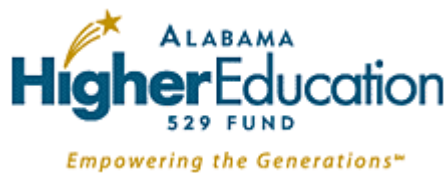


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I. INTRODUCTION

The Board of Trustees of the Alabama College Education Savings Plan which is known and marketed as the Alabama Higher Education 529 Fund (the “Board”), is requesting proposals from qualified financial service companies interested in providing a combination of services, including plan administration, customer service and recordkeeping, investment management, marketing and promotion, and, if necessary, transition management (collectively, the “Services”) for the Alabama Higher Education 529 Fund (the “Fund”), a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529” and the “Code”, respectively). The qualified financial services company responding to this Request for Proposals (the “RFP”) and ultimately selected by the Board as the most qualified proposer will serve as the Program Manager for the Fund. The Fund, an agency and instrumentality of the State, is established as one college savings alternative under §16-33C-1 through 13, Code of Alabama, as amended (“Alabama Code”).

The Alabama Code also established the Prepaid Affordable College Tuition Program (“PACT”) under Section 16-33C. The Board oversees the management of both the Fund and PACT, with day-to-day administration of each delegated to the State Treasurer. PACT and the Fund are administered independently of each other. This RFP does not seek any services for PACT, although it does request information relating to the aggregation of certain information required by Section 529.

The Fund today is managed and distributed by entities within Van Kampen Funds Inc. (collectively, “Van Kampen”). It includes four Unit Classes, which are offered directly to account owners or beneficiaries who live in Alabama (“Unit Class S”) or to Alabama and non-Alabama residents through professional financial advisors (“Unit Class A”, “Unit Class B” and “Unit Class C”). The Board specifically seeks to continue to offer the Fund directly to the public and through financial advisors but it is open to proposals that offer to do so through distinct direct-sold and advisor-sold savings plans (collectively the “Proposed Plan”) rather than in one savings plan through multiple unit classes. Those Proposers that offer only a direct-sold or only an advisor-sold plan should partner with a complementary financial services company.

Additionally, the Board specifically seeks a “turn-key” proposal. Consequently, it will not accept proposals that offer one or several, but not all Services. The Board will accept proposals that include several firms but each proposal must designate one lead Proposer who accepts responsibility for the provision of all the Services.

The Proposed Plan must be reasonably priced and should have a mix of investment options, ideally offered through a multi-management approach. However, if the Proposer offers only one fund manager for all investment options, the proposal should demonstrate why that design is in

the best interest of the Fund investors. The Proposed Plan should offer distinct investment options for direct-sold investors and advisor-sold investors. The Proposed Plan should also provide the highest quality customer service possible and a state-of-the-art platform for recordkeeping and administration. Additionally, the Board is interested in marketing efforts that seek to expand the number of accounts and assets under management attributable to Alabama residents. And finally, if the Board chooses a Proposer that requires a transition and conversion of existing Fund assets, then it seeks a firm with flawless experience with similarly sized transitions. Once the Board executes a Management Agreement with the successful Proposer, the Proposed Plan will be referred to as the “Program”.

The State Treasurer serves as Chairman of the Board, and in this capacity is issuing this RFP on behalf of the Board. Proposals are due by October 26, 2009 with an expected designation of a successful Proposer in January 2010. (See Section III for a more detailed list of dates and Section VIII for Requirements for submitting the proposal.) The new Program is expected to be available to investors as of July 1, 2010.

This RFP is issued in accordance with the requirements of Section 41-16-72(4), Code of Alabama, as amended. This RFP is not an offer to contract but seeks the submission of proposals from qualified, professional services firms that may form the basis for negotiation of a Management Agreement. The Board reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interest of the Alabama Higher Education 529 Fund.

The following is a list of pertinent and helpful information for Proposers.

- Section 529 of the Internal Revenue Code of 1986, as amended
- Alabama Code, §16-33C-1 through 13
- Alabama Treasury website, www.treasury.alabama.gov.
- Van Kampen Funds’ website, www.vankampen.com.

II. THE ALABAMA HIGHER EDUCATION 529 FUND - OVERVIEW

A. General

The Alabama Higher Education 529 Fund (the “Fund”) was launched in June 2001. In creating the Fund, the Alabama Legislature determined that the “advancement and improvement of higher education in the State of Alabama is a proper governmental function and purpose of the State of Alabama.” The Alabama Code further states that the programs created in or by the Fund were to “assist individuals in paying costs and expenses of attending colleges and universities and thereby encourage students to attend colleges and universities. In establishing the plan, it is further the intent of the Legislature to encourage timely financial planning for higher education.”

In accordance with the intent of the Legislature as codified in the Alabama Code, the Fund’s vision is to enable greater education opportunities for Alabama citizens by providing investment options that consistently lead the nation in meeting the increasing cost of higher education.

Van Kampen has served as the Fund’s Program Manager since the Fund launch in June 2001. The Fund currently offers Unit Classes directly to the public or with the assistance of professional financial advisors. To invest in the direct-sold Unit Class S, either the account owner or the beneficiary must be an Alabama resident. There is no residency requirement for the advisor-sold Unit Classes A, B or C. The Board would consider a proposal that offers the Fund through separate direct- and advisor-sold plans and that offers the advisor-sold plan nationally.

At the August 2009 Board meeting, the Board approved rebranding the Alabama Higher Education 529 Fund to *CollegeCounts 529 Fund*. Marketing as *CollegeCounts 529 Fund* begins in September 2009.

B. Relevant Statistics

Assets and Accounts

The charts on the next page provide summary information on assets and accounts in the Fund, including assets and accounts attributable to Alabama and non-Alabama investors. Please note that the number of accounts shown in each of the charts below includes all accounts that have been opened – even those accounts that are unfunded. (Each account is based on the number of participants/beneficiary relationships.)

Accounts and Assets and Percent Change from Prior Year

Date	Assets (in millions)	% Change Prior Year	Accounts	% Change Prior Year	Avg. Account Size	% Change Prior Year
12/31/2002	\$32.8		5,339		\$6,145.10	
12/31/2003	\$152.4	364.59%	19,875	272.26%	\$7,669.18	24.80%
12/31/2004	\$323.3	112.10%	39,507	98.78%	\$8,183.19	6.70%
12/30/2005	\$450.0	39.21%	50,835	28.67%	\$8,853.29	8.19%
12/29/2006	\$579.9	28.86%	58,007	14.11%	\$9,997.92	12.93%
12/31/2007	\$695.2	19.88%	64,238	10.74%	\$10,822.78	8.25%
12/31/2008	\$527.8	-24.09%	67,991	5.84%	\$7,762.09	-28.28%
6/30/2009	\$569.6	-13.6%	61,787	-7.50%	\$9,219.00	-18.7%

Accounts and Assets Data as of June 30, 2009

	Alabama Direct	Alabama Advisor	Non-Alabama	Total
Assets (millions)	\$34.6	\$41.3	\$493.7	\$569.6
Accounts	5,248	5,757	50,782	61,787

Customer Service

The following chart provides monthly summary information on call center volumes over the last two years. This information does not distinguish between calls from Alabama residents and others.

Call Volume Statistics

Month	Calls	Month	Calls
7/1/2007	2,593	7/1/2008	3,077
8/1/2007	2,697	8/1/2008	2,789
9/1/2007	1,953	9/1/2008	2,226
10/1/2007	2,241	10/1/2008	2,581
11/1/2007	1,847	11/1/2008	1,580
12/1/2007	2,076	12/1/2008	2,276
1/1/2008	2,910	1/1/2009	2,613
2/1/2008	2,314	2/1/2009	1,922
3/1/2008	2,239	3/1/2009	2,158
4/1/2008	2,701	4/1/2009	1,972
5/1/2008	2,509	5/1/2009	1,697
6/1/2008	2,195	6/1/2009	2,118

C. Current Program Information

Information on the Fund is available in the current Program Disclosure Statement and Account Agreement, which is on the Fund website at

www.alabama529.com/pdf/529disclosurestatement.pdf.

Additional information on the various investment options currently offered is available on the Van Kampen website at www.vankampen.com/Products/529Portfolios.

The current Management Agreement is available on the Treasury website at www.treasury.alabama.gov (click Request For Proposals). This is provided for **informational purposes only** and is not intended to be used as a basis for the management agreement to be negotiated as a result of this RFP.

III. GENERAL INFORMATION AND REQUIREMENTS

A. Purpose

Alabama seeks a Program Manager that will be a partner in its commitment to provide the highest quality program possible for families saving for college. Proposers are encouraged to articulate their experience and commitment to the college savings industry generally and to Alabama specifically.

B. Minimum Qualifications

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

1. The Proposer has been in business for at least 5 years conducting similar services as described in this RFP.
2. The Proposer has a minimum of \$5 Billion in assets under management and has sufficient capital to assume responsibility of and provide ongoing services to the Program.
3. Once selected, the Proposer will be qualified with the Secretary of State to conduct business in the State of Alabama and the qualification must be kept current throughout the term of the Management Agreement. (To download the form for a “Certificate of Existence”, access www.sos.state.al.us, corporations division, or call 334-242-5324 to request the form.)
4. The Proposer and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
5. The Proposer is rated by two or more nationally recognized rating services with the three highest rating categories for financial condition and overall performance. If the Proposer is privately held and/or has not been rated by a nationally recognized rating service, the Proposer must describe the circumstances under which such ratings have not been conducted. The Proposer should also describe any alternative financial condition and operational performance measures that it believes will be helpful in considering the minimum qualifications of the Proposer.
6. Once selected, the Proposer will carry a fidelity bond, errors and omissions insurance or comparable instruments to cover negligent acts or omissions.
7. The Proposer complies with all applicable Global Investment Performance Standards (“GIPS”). If the Proposer complies with another similar rating agency, please explain.
8. The Proposer currently complies with all College Savings Plan Network (“CSPN”)

Disclosure Principles.

9. Once selected, the Proposer will maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Alabama account.
10. The Proposer has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
11. The Proposer attests that all workers providing the services described in this RFP are either citizens of the United States or are in proper and legal immigration status that authorizes them to be employed for pay within the United States.

C. Management Agreement

All duties of the Program Manager shall be set forth in a Management Agreement between the Program Manager and the Board. The Management Agreement will incorporate reference to the requirements of the RFP, the Program Manager's response to the RFP, and any subsequent revisions to or modifications of the Program Manager's proposal as negotiated by the Board or its designee.

The expected term of the Management Agreement will be for at least a five year period with a renewable option for up to five additional years. State law prohibits the Board from agreeing to (1) indemnify the Manager; (2) waive the right for jury trial; (3) grant a security interest; or (4) binding arbitration. Additionally, it is mandatory that Alabama laws apply to the performance of the Management Agreement and that jurisdiction and venue be in Montgomery, Alabama for state and federal courts.

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

D. Proposer Responsibilities

The Proposer must agree to provide the services as required in Sections IV, V and VI and agrees to answer all questions in this RFP. The Proposer understands that other services may be negotiated. All subcontracts are to be identified and roles must be completely disclosed. No change in or additional subcontractor can be used without permission of the Board during the term of the Management Agreement.

E. Program Manager and Program Compensation

The Program Manager will be compensated directly from the assets invested in the Program trust, and compensation for the Program Manager will be limited to what is proposed in Section VII of this RFP, as that may be later modified through negotiations with the Board or its

designee.

The Program currently receives 0.10% (10 basis points) on assets invested in Unit Classes A, B and C and it expects to continue to receive compensation on assets invested through advisors.

The Program currently does not receive compensation on assets in the direct-sold Unit Class S. With regard to future Program compensation from assets that will be direct-sold in a new Program, Proposer is asked to propose the structure that will be most beneficial to the Program and to investors, whether that is basis points to be charged on assets or a fixed payment to be paid by the Program Manager.

F. Proposal Timeline

The Board intends to select the Program Manager in January 2010 with the requirement that the selected Proposer be prepared to assume the responsibilities set forth in this RFP in conjunction with the termination of the Management Agreement with Van Kampen, if applicable, and as otherwise agreed upon by the Board. At this time, conversion is expected to be on or about July 1, 2010. The Board reserves the right to modify the dates at its discretion.

The following estimated timeline, although subject to change, indicates our best estimates regarding the Program Manager selection process:

RFP Issued	September 2, 2009
Written Questions Due from Proposers	September 23, 2009
Answers Provided by Board	October 5, 2009
Proposal Responses Due	October 26, 2009
Interviews with Proposers ¹	December / January
Selection of Successful Proposer	January 2010
Program Launch / Conversion	No later than July 1, 2010

¹ Interviews will be at the Board's discretion.

IV. SCOPE OF SERVICES

The Program Manager is expected to provide a turn-key operation including the following required services:

- Program Administration
- Customer Service and Recordkeeping
- Investment Management
- Marketing and Distribution
- Transition and Implementation

For each service identified above, your RFP response must take into consideration the *Scope of Responsibilities* set forth in each subsection below and then respond to each and every question included under *Questions*. See Section VIII for further information regarding the required format of your response. Please also note that each Service component outlined in this Section IV will apply to direct- and advisor-sold plans within the Proposed Plan.

A. Program Administration

The Board is seeking a partner who will maintain an open flow of communication and provide necessary reporting to ensure the Board meets its fiduciary responsibilities to the Fund.

Scope of Responsibilities:

- Manage the Program in compliance with Section 529, and all other applicable statutes, rules and regulations; monitor for changes in legal and regulatory environment that may materially affect the Program; make recommendations for amendments or supplements to Program offering materials.
- Administer and operate the Program in accordance with rules and regulations adopted by the Board and drafted with the assistance of the Program Manager.
- Prepare an account agreement, program disclosure statement, and all other enrollment materials satisfactory to the Board and in compliance with state and federal regulations.
- Provide the Board with monthly reports on all aspects of the Program at such times as will be specified in the Management Agreement and other ad hoc reports that may be requested.
- Attend quarterly Board meetings and prepare and deliver quarterly reports on the Program and Program activities for the direct-sold and advisor-sold plans.

Questions:

- a. Provide samples of all administrative reports that you propose to provide and indicate what reports or information will be provided monthly, quarterly or both, and which

will be provided to the Board, to staff or to both. These reports should be included in Appendix B to your response.

- b. List all other reports, including the types of data and frequency that you believe are necessary to keep the Board apprised of the progress of the Program.
- c. Identify the information Board's staff will be able to obtain via a secure web site, including format and the frequency of access to information as well as any limitations on access to such information.

B. Customer Service and Recordkeeping

Subject to oversight by the Board, the Program Manager shall provide services necessary for excellent customer service and meet all federal and state laws, requirements and regulations.

1. General Requirements

Scope of Responsibilities:

- Provide customer servicing and recordkeeping services in accordance with Program rules, regulations and procedures as established jointly between the Board and the Program Manager. Ensure compliance with all federal, state and local rules and regulations impacting 529 college savings.
- Report contributions, distributions, and any other Program activity, including reporting on the relevant IRS Form 1099Q, as may be required to be reported by the IRS, SEC, MSRB or any other federal, state or local agency of competent jurisdiction.
- Comply with the minimum Performance Standards as outlined in Exhibit A of this RFP.

Questions:

- a. Describe the procedures to respond to verbal, written and/or online inquiries or complaints about the Program including forms, timetables and tracking methods.
- b. Describe in detail the ways in which you will ensure privacy and confidentiality of account owners and prospects including any laws that you adhere to. This answer must encompass communications over the phone, online and via the mail and must include a detailed description as to how you secure your workplace.
- c. Describe your training process for new employees including call customer service representatives (call center and processing staff) and others. Do these individuals have professional licenses? Please describe retention rates and the average term of employment for your customer service representatives.

2. Call Center

Scope of Responsibilities:

- Maintain a comprehensive call center located in the USA and staffed with a sufficient number of telephone consultants who are licensed or registered in accordance with

applicable law.

- Maintain a toll free telephone number, with representatives available from 8 AM to 7 PM CST, on business days.
- Enable prospects and customers to obtain enrollment materials through an electronic feed or direct input into a fulfillment vendor's system.
- Work with account owners and advisors over the phone to service their accounts including, at a minimum, contribute to and maintain their accounts.
- Record all calls.
- Maintain a voice response unit ("VRU") to enable customers to obtain information (such as account assets and daily portfolio prices) and self-service (such as order fulfillment kits and forms, and contribute) without the need to talk to a customer service representative.
- Have a method to identify and then track and report on all call interactions with an account owner or advisor which would include the time and date of a call, the call center representative who spoke with the caller, the reason for the call, and the resolution of the inquiry or transaction.
- Maintain a database of all prospects that could be used for reporting and tracking purposes including name, address, number of children and how the caller heard about the program.
- Comply with the minimum Performance Standards as outlined in Exhibit A of this RFP.

Questions:

- a. Currently, the toll free number for customer service is 866-529-2228. Please describe your capability to continue to use this toll-free phone number. Any costs associated with moving to this number will be absorbed by the Proposer.
- b. Describe the process and system(s) used for handling incoming customer telephone calls. Include, at a minimum:
 - i. The routing and tracking of customer calls, including any queuing of calls by type
 - ii. Options to speak to live representatives, and ability to leave messages for return calls
 - iii. The role of any automated VRU, including its use in routing calls
 - iv. How the VRU will handle prospects
 - v. Method to request enrollment kits and forms through the VRU.
- c. Where will the call center be located and describe how you plan to oversee the call center.
- d. Describe the process that a call center representative will use to handle customer feedback or complaints as well as any escalation processes.
- e. Describe how you will handle peak volume periods.

- f. Describe how messages will be recorded and the ability to change messages in emergencies or as desired.
- g. For any program for which you currently are a Program Manager for similar services as described in this RFP, provide 12 months worth of call center statistics for abandonment rate, average talk time, and percent of calls answered within 20 seconds (if other call answered statistics are available, please provide them).

3. Customer Servicing

Scope of Responsibilities:

- Maintain the ability to receive mail, at a minimum each day the stock market is open for business, through a PO Box whose location is mutually acceptable to the Board and the Program Manager.
- Maintain a unique address for overnight mail.
- Establish and maintain accounts, collect payments, process distributions, and process all account activity on a daily basis, and provide accurate, easy to understand transaction confirmation, quarterly account statements and other customer communications with the Program brand.
- Establish and maintain payroll deduction and direct deposit procedures.
- Maintain robust quality control procedures to minimize error rates.
- Ensure the confidentiality and privacy of all prospects, account owners and beneficiaries.
- Comply with the minimum Performance Standards as outlined in Exhibit A of this RFP.

Questions:

- a. Describe any previous experience with providing customer servicing for a 529 program and indicate whether dedicated customer servicing staff will be assigned to the Alabama Program. Where is the customer servicing center located?
- b. Describe your account opening processes, including the payment options available for account owners to make initial and subsequent contributions. List your plan for providing and processing applications through (a) retail outlets, (b) telephone, (c) email, and (d) the Internet.
- c. Describe how your firm processes contributions, including how deposits are made, the timing of the deposit into a trust account (and the type of deposit account that will be maintained), and the timing of posting the contribution to the account owner's account.
- d. Describe the systems and processes used to route and track all customer inquiries, customer requests, and items awaiting resolution. Elaborate on your process for tracking multiple inquiries and communications from an individual account owner and for retrieving earlier correspondence or communications with that account owner.

- e. Do you offer communications to the account owner via email? If so, do you have a specific tracking system? What is your turn-around time?
- f. Do you offer account enrollment through the workplace? If so, please describe how contributions are processed (i.e., through payroll deduction or clearinghouse transactions), and provide the number of programs using workplace enrollment, the total number of participants, the total number of accounts by process and the monthly average contribution.
- g. Is there a size threshold for payroll deduction? Would you require an employer to pay any costs associated with offering the Program through payroll deduction?
- h. Provide samples of customer communications, including account statements, confirmations, email, and distribution checks for Programs currently managed by your firm in Appendix C. Please indicate how communications can be customized for Alabama.

4. Self-Servicing Web Site

Scope of Responsibilities:

- Provide state of the art security and password protocol.
- Provide ability to view all accounts owned by the same account owner from a single log-on.
- Permit secure online account opening process which includes the ability to contribute at the time of enrolling online.
- Provide online viewing of account assets, transactions and registration information.
- Permit account owners to, at a minimum, contribute online, add or change systematic purchases, add or change banking information, order duplicate statements (or view them online) and change addresses.

Questions:

- a. Describe in detail your online account opening process. Include a description of your firm's use of electronic signatures for account opening or other transactions.
- b. Describe how secure web technology is used to make account information available to account owners and any limitations on the hours when such information is available.
- c. Describe your security methods in use for protecting personal identifying data and account owner financial information obtained via on-line account opening or account inquiries.
- d. Provide a complete outline of the services you will make available on the self-servicing section of the Web Site. Provide examples if you currently manage a 529 program.
- e. What interactive account information or other tools would be available via the web?

C. Investment Management

Scope of Responsibilities:

- Develop and recommend investment portfolios, underlying funds, and fee structures to appeal to a wide range of investors with various risk tolerance levels and contribution levels.
- Develop and recommend an asset allocation by investment sector for each age-based portfolio and each fixed portfolio, if applicable.
- Monitor the performance of each portfolio and underlying fund in accordance with monitoring standards agreed upon between the Program Manager and Board, and make recommendations to the Board on the findings of the monitoring.
- Act as custodian of Program assets and provide custodial, fund administration and fund accounting services.
- Enable meetings between the Board and portfolio/underlying fund managers (or their direct staff) as may be appropriate.

Questions:

- a. Please identify the investment options you proposed to offer in each of the direct-sold and advisor-sold plans. The options you propose at a minimum should include the following:
 - i. Age-based or risk-based
 - ii. Static asset allocation
 - iii. Individual asset classes or individual mutual funds
 - iv. Any others you recommend
- b. For the options included in your response to “a.” immediately above, please distinguish between passive and active options and in the case of age-based or risk-based options and for static asset allocation options, the percentages allocated by asset class.
- c. Please complete the following table for each underlying mutual fund that you propose to include in any of the age-based or risk-based option, static asset allocation or as an individual mutual fund investment option which you have identified in your response to “a”. above.

Fund Name	As Applicable	As Applicable	As Applicable
Ticker			
Asset Class			
Benchmark			

Fund Name	As Applicable	As Applicable	As Applicable
Share Class of the Fund to be used			
Total Annual Share Class Fees			
September 30, 2009 Lipper Ranking			
Most Recent Morningstar Rating			
Portfolio Manager(s)			

For each of the funds listed above, please include in Appendix D to your response an Excel spreadsheet and a disc showing five years of monthly returns on a net basis as well as five years of monthly returns for each fund's respective benchmark.

- d. If the underlying investments you are proposing are all from the same family of funds, would you be willing to include funds and/or other underlying investments from other fund families at the start of the Program and would you consider substituting non-proprietary funds in the future? Is there a maximum number or percentage you set for funds from non-affiliated investment managers?
- e. If the underlying investments you are proposing are from non-affiliated investment managers, please explain the choices you have made and why.
- f. What proxy rights will Alabama have with respect to the underlying funds proposed for the Program? How and when would we be notified of such proxies?
- g. Please describe how you designed the asset allocation for the age-based or risk-based investment options you have proposed. Please also indicate if your approach to asset allocation has changed in response to 2008 market performance.
- h. Please describe how and when you will rebalance assets in age-based or risk-based portfolios?
- i. For age-based or risk-based options and static asset allocations proposed, please provide the benchmark and peer group against which performance will be measured.
- j. If you have proposed a stable value, guaranteed or cash option, please describe in detail the structure of the offering and, to the extent applicable, its current yield. If your proposed investments do not include a guaranteed or other conservative option, please explain how your investment strategy meets the needs of conservative investors. If you are not able to offer a conservative investment option (including an FDIC-insured option), please indicate your willingness to work with a financial institution that would do so, with consideration to a financial institution located in Alabama.

- k. Describe why you have or have not proposed different investment options for the direct and advisor customer.
- l. Please identify the share or unit classes you propose to offer through advisors, fee-based advisors and registered investment advisors.
- m. Please list all new institutional defined contribution relationships (including 529 plans) won or acquired by your firm (or by the investment managers included in your RFP) since January 1, 2006. As of September 30, 2009, please specify the annual assets under management for each relationship, the investment funds utilized, and the term of the engagement. If applicable, identify if the 529 plan is a direct- or advisor-sold plan. Please also list institutional defined contribution relationships (including 529 plans) terminated or closed since January 1, 2006 and explain why.
- n. Please indicate any proposed underlying funds or other investment vehicles included in the investment options that have experienced net cash outflows of 20% or more in the 15 months ended September 30, 2009 (July 1, 2008 through September 30, 2009). Please elaborate on your reasons why this may have occurred.
- o. If your selection will result in a conversion of assets from Van Kampen, please list the investment options to which existing investments will be mapped.
- p. What do you propose as the minimum initial investment and the minimum subsequent investment in the Program? Please specify whether different minimum initial and subsequent investments apply to (i) the direct-sold plan, (ii) the advisor-sold plan, or (iii) accounts with automatic contributions.

D. Marketing and Distribution

Manager shall furnish marketing services for the Program, with approval by the Board.

Scope of Responsibilities:

- Develop all promotional materials, subject to the Board's approval, and assure compliance with all applicable laws relating to such materials.
- Develop and execute a multi-year marketing plan dedicated to the promotion of the Program in Alabama.
- Develop and provide information and promotional materials on an Internet website that is updated and maintained to provide current information.
- Organize and manage a marketing outreach campaign, including to low and moderate income residents of Alabama.
- Budget and furnish monies and professional marketing resources to fund marketing efforts within Alabama.
- Develop benchmarks and research to measure the effectiveness of outreach efforts.
- Comply with the fulfillment minimum Performance Standards as outlined in Exhibit A of this RFP.
- Distribute the Program across the broadest audience possible, particularly in Alabama.

Questions:

- a. Provide your marketing strategy for the advisor-sold and direct-sold plans.
- b. Describe the process for evaluating the success of your marketing efforts. Do you have benchmarks to assess the success of marketing campaigns? If so, please describe.
- c. Van Kampen currently contracts with an Alabama marketing firm, Red Square, to develop and place media, print, and for creative design. This campaign will be introduced in the Fall of 2009 and has high potential to be used for many years. Alabama is interested in continuing this relationship or a similar relationship with an Alabama firm, for marketing initiatives. Please describe your opinion and describe any obstacles.
- d. Describe the professional resources you will provide to assist Alabama in marketing to employers, community groups, and technical audiences (e.g., CPAs, certified financial planners, and attorneys). Please be clear about your willingness to make joint presentations to promote the Program at various events.
- e. Specify your firm's annual marketing commitment to the direct-sold plan for the initial five-year term of the Management Agreement. The direct-sold marketing commitment may be applied to marketing expenses incurred for in-State literature development, in-State program promotion, in-State advertising, and other in-State marketing expenses as approved by the Board. Please note that salaries for your firm's employees and costs associated with the design and maintenance of the Program's website are not expected to be included in the in-State marketing budget. If you view this differently, please explain why. Any amounts not expended in one year will remain available in the next year. Van Kampen currently commits \$500,000 annually for in-State marketing.
- f. Van Kampen currently has a separate unspecified amount budgeted for national marketing for advisors. Describe your suggested marketing plan for the advisor-sold plan.
- g. Describe your annual marketing process and timeline for developing an annual budget and marketing plan. The marketing budget will contain a degree of detail mutually agreed acceptable between parties.
- h. Does your firm have a retail presence in Alabama? If so, please provide the specific locations, and indicate whether there are any plans to expand in Alabama. If not, please describe how you currently market 529 or other products and services in Alabama and how you would establish a presence for the benefit of Alabama residents.
- i. Do you have a corporate client program in place through which you will market to Alabama-based employees?
- j. Please confirm that you will not cross-market any non-529 products to Alabama's current or past participants without prior approval (which Alabama may withhold

- without reason).
- k. If your firm manages a Qualified Tuition Plan (a “QTP”) for another state, how will you differentiate for prospective customers our Program from the other(s) that you manage?
 - l. If your firm manages more than one QTP, would you agree to try to direct future contributions from account owners in the other QTPs for which you serve as program manager who are, or whose beneficiaries are, Alabama residents, to our Program? Would you agree to direct new contributors who are, or whose beneficiaries are, Alabama residents to our Program? Would you agree to direct new contributors generally to our Program?
 - m. How will you market our Program to make it more accessible to Alabama families including low and moderate income families?
 - n. Please provide your firm’s performance standards for fulfillment, including the number of days between receiving and processing the request for materials received by email, mail or over the phone.
 - o. Explain how you track fulfillment orders that have not resulted in an account opening. Please provide a plan for the lead generation process and follow up to result in an account opening.
 - p. Would you consider offering this Program as your national 529 program? If not, what would prevent you from doing so?
 - q. Explain any initiatives your firm has been involved with grant/scholarship programs, and your interest in starting a grant/scholarship program in Alabama. What would be your firm’s commitment to this type program?
 - r. Please provide samples of web pages, marketing material and cross marketing material for plans (or similar plans) currently managed, or list a website address from which these can be viewed.
 - s. Explain your proposal for Program information to be available from the Treasurer’s website that would be specific to the Alabama Program. Who would be responsible for the creation and maintenance of that portion of the Treasurer’s website?
 - t. Please provide the number and location of wholesalers in your firm who cover the State. How many Alabama-based broker-dealers or other distribution agents do they normally reach in Alabama and nationwide?
 - u. Will your firm require a new selling agreement with broker-dealers and other distribution agents before distributing the Alabama Program or will your current selling agreement cover 529 products?

E. Transition and Implementation

The following is required in the event of a transition of services to a new Program Manager.

Scope of Responsibilities:

- Develop a detailed investor communication plan for a transition and conversion

- including retention strategy and monthly reporting of results.
- Develop a detailed timeline for conversion of assets.
 - The Program Manager will recommend to the Board an investment mapping strategy which will be approved by an investment advisor who will be paid for by the Program Manager.
 - The Program Manager will reconcile cash and NAVs to ensure all assets are accounted for prior to and after conversion.
 - The Program Manager will be required to provide resources as necessary to ensure that current assets are continuously invested throughout the conversion and implementation process and may be required to hire a transition manager at its expense to ensure a smooth transfer of assets from the existing underlying funds.
 - The Program Manager will take all steps necessary to achieve a transition date that is agreed upon by the Board and the Program Manager.

Questions:

- a. Has your firm completed any conversions of 529 college savings plans as a Program Manager? If so, please indicate the following:
 - Name of the plan
 - Date of conversion
 - Time period between your selection as Program Manager and the conversion
 - Assets and accounts eligible for conversion
 - Assets and accounts actually converted
 - Assets and accounts raised since the conversion through September 30, 2009
- b. Describe your dedicated transition team for 529 plan conversions. Please identify the team including roles and responsibilities.
- c. Describe the procedures you will follow to ensure that current assets are continuously invested throughout a transition to ensure a smooth transfer of assets that does not result in losses to the program or its account owners. Will you use the services of a transition manager? If so, please identify the firm or entity you plan on using?
- d. How would you communicate transition issues and news with existing account owners? What is the appropriate timetable for communications with existing account owners?
- e. Please describe any additional procedures or processes necessary for a transition from the existing Program Manager to a new Program Manager that are not already outlined in your responses above.
- f. If your proposal does not include an offer of B Shares, how will you address the issues that may arise regarding the current Unit Class B Shares outstanding?
- g. The current Management Agreement ends in June 2010. Please provide a timetable showing the steps and activities from execution of the new Management Agreement to conversion and launch of the Program. If your firm is unable to execute a

conversion on or about July 1, 2010, please explain why and indicate the date by which you expect a conversion to be complete.

- h. Are there any transition issues in particular that could delay an orderly transition from one Program Manager to another?

V. EXPERIENCE AND STAFFING

A. Experience

1. Complete the following table regarding each college savings plan for which your firm currently serves as Program Manager. Please add additional columns if you serve as program manager for more than one college savings plan.

	Plan Name
Date Service Began	
Date Contract Expires	
Total Assets and Accounts as of 9/30/09 for Advisor Plan	
Total Assets and Accounts as of 9/30/09 for Direct Plan	
Assets and Accounts owned by Alabama residents as of 9/30/09 – Advisor Plan	
Assets and Accounts owned by Alabama residents as of 9/30/09 – Direct Plan	

2. If your firm does not have previous experience with Qualified Tuition Plans, please respond to this question with similar experience that would also enable you to satisfy Number 1 of the Minimum Qualifications set forth in Appendix A of this RFP.

B. Key Personnel

Provide the following information for all key personnel responsible for all aspects of the Program.

1. Organizational Chart
2. Brief resumes for each individual, including location and functional areas of responsibility

C. Subcontractors

List all subcontractors that will be used in performing the Services required in this RFP, including any applicable registrations of such subcontractors (e.g., registered broker-dealer, transfer agent, investment adviser, etc.) and, whether such subcontractors are affiliated with your firm. Please identify the scope of services to be provided by each subcontractor and confirm that your firm will be responsible for all costs associated with these services and for any negligence or misconduct in the delivery of services.

D. Organization

1. Provide an overview of your organization including organizational and capital structure, ownership and affiliations. Please include the most recent Annual Report for your firm and any regulatory filings for the current fiscal year (Appendix E).
2. Identify the corporate entity within your organization that will execute the Management Agreement. Please include the audited financial statements for the last two fiscal years for this entity (Appendix F). Please note that it is the Board's expectation that the parent company of any Proposer that is part of a holding company structure would either execute the Management Agreement or guarantee performance by the executing subsidiary. If the Proposer does not include the parent company as a party to the Management Agreement, please indicate whether the parent company will guarantee the Proposer's performance.
3. Outline any recent or pending changes in your firm's organization, corporate structure or location of facilities.
4. Provide copies of the opinion letter delivered in connection with your firm's last SAS 70 report or the SAS 70 for the applicable subcontractors in your RFP (Appendix G). Please explain any findings in the past three years.
5. Provide the name of your counsel to be used in negotiating the Management Agreement and in rendering opinions requested by it. Specify if you are planning to use in-house counsel.
6. Please identify any independent contractors or outside consultants engaged by your firm in connection with your response to this RFP.
7. Please indicate whether your firm is a member of these or similar trade organizations: CSPN, NAST, CSF, ICI and SIFMA.
8. With respect to your firm or any subcontractors you plan to engage, please indicate whether your firm, any subcontractor, or any of their respective principals, owners, directors, officers or employees have been the subject of any of the following (answer "yes" or "no" and, if the answer is "yes", please provide additional information and resolution) since January 1, 2006:
 - Any past or pending regulatory restrictions, consent orders, stipulations or agreements arising from any regulatory or judicial proceeding that would apply to the delivery of any of the Services.
 - Any pending regulatory proceedings, litigation or investigations involving alleged or actual unfair, illegal or unethical business practice, or any such regulatory proceedings or litigation commenced or in process at any time after January 1, 2006?
 - Any penalties, fines or contractual damages imposed since January 1, 2006, or any settlement amounts paid since January 1, 2006 in any class action litigation or regulatory matter.
 - Any pending, settled or adjudicated litigation, or any settled claim, or any

currently threatened litigation, with or concerning any qualified tuition program or participant therein?

- Any enforcement actions by the IRS, the SEC, FINRA, or a state regulatory or investigative agency including the Attorney General in connection with mutual fund, investment management or college savings businesses (including market timing, late trading, collusion with third parties, preferential fund family treatment, or a failure to supervise sales professionals) or any audits or regulatory or investigative inquiries by the IRS, the SEC, FINRA, or a state regulatory or investigative agency at any time after January 1, 2006?
 - Any litigation alleging the violation of fiduciary responsibility at any time after January 1, 2006?
 - Any breach at any time after January 1, 2006 in the privacy of confidential information about customers or, in the case of qualified tuition programs, account owners or beneficiaries.
9. Provide details of any claims, disputes, litigations or other legal proceedings where your firm is involved with the State of Alabama or any of its agencies, or has been involved, any time after January 1, 2006.
 10. Provide three references for Program Manager Services or services similar to those contemplated in this RFP that the Board may contact to confirm your qualifications to serve as Program Manager (include name, title, office phone, email address, services provided, and length of relationship).
 11. Do you foresee any conflicts of interest that may arise during the course of this engagement? If so, please describe. What steps would you take to avoid any conflicts?
 12. Please provide a copy of the most current Program Description for each QTP that your firm manages, if applicable (Appendix H).

VI. OTHER REQUIREMENTS

A. Compliance with Laws and Best Practices

Describe your firm's procedures for compliance with:

1. Federal laws and regulations, including Section 529, applicable SEC regulations, and MSRB Rules
2. Alabama State laws and regulations
3. Industry best practices

B. Systems

1. Provide a general description of your firm's information systems that would be utilized in connection with the program.
2. Describe how you modify your operating system for enhancements mandated by changes in applicable rules and regulations developed in response to competitive industry trends, or to improve customer service and operational efficiencies. Would you absorb the costs of all such changes?

C. Business Continuity

The Program Manager shall maintain adequate data backup procedures, and the ability to recreate on a daily basis all data stored on tape, disk, or other medium. Provide the following:

- A detailed description of your daily backup procedures
- A description of your business continuity, business recovery and disaster control plans including the location of any disaster recovery facilities.
- Your firm's testing schedule and the date you last performed a disaster recovery test?

D. Audit

The Program Manager shall cause a certified public accounting firm of national reputation to conduct an annual audit of Program administrative and investment activities in accordance with generally accepted auditing standards and practices. An annual SAS 70s also will be required. Please confirm that you will provide these audits at no expense to the Program, the Trust or the Board.

E. Other Considerations

1. Indicate what, if any, additional "value-added" services your firm offers or has access to in order to attract new investors. Please demonstrate how the "value-added" service you offer has made a difference to another QTP or to college savings in general
2. Use this opportunity to highlight any additional benefits or advantages that your firm offers as Program Manager that have not otherwise have been demonstrated in your response to this RFP.

VII. PROPOSED FEES

A. Fee Proposal

1. Complete the following chart to include all applicable Share Classes and fees to be charged. Indicate whether fees differ according to the investment option and also adjust the Share structure to be what your firm proposes to offer. Please be clear to indicate if you are offering a Share Class specifically for fee-based advisors. Include the fees we have listed, and add additional fees if proposed. Provide a written description and explanation of each fee.

Fees	Direct Sold Plan	Share Class A	Share Class B	Share Class C	Other
Program Management Fee					
Alabama Administration Fee					
Initial Sales Charge					
Deferred Sales Charge					
On-Going Service Fees (trails)					
Annual Account Fee					
Other					

2. Please indicate whether the Program Management Fees you have specified above will be reduced as the asset base increases and provide the exact break-points for those fees. Also indicate if any other fees will decrease as assets increase, including the Initial Sales Charges typically associated with A Shares.

3. If you propose to offer B Shares, please indicate when B Shares convert to A Shares for purposes of the On-Going Service Fees.

4. Please provide a table showing the selling commission and on-going fees that will be paid to the financial advisors who sell interests in the Program.

B. Additional Charges

Specify any additional charges that may arise in connection with the Program. Also note that any fees or expenses not included in your proposal will not be considered during Management Agreement negotiations.

C. Revenue Disclosure

If you currently receive fees from fund managers that you include in multi-manager 529 programs, please identify those fees. If you are proposing a multi-manager investment structure, do you expect to receive fees from participating fund families and will you consider sharing those fees with the Board or otherwise using them to offset the cost of the Program?

VIII. PROPOSAL SUBMISSION

Proposals should be prepared in as concise a manner as possible, demonstrating the Proposer's ability to satisfy the requirements of this RFP. In order to expedite the evaluation of proposals, each Proposer must follow the format and instructions contained in this RFP.

A. Proposal Format

Responses to this RFP must include:

1. Transmittal Letter

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

2. Alabama Disclosure Statement.

All proposals submitted in response to this RFP must include one original Disclosure Statement as required by Section 41-16-82, et seq., Code of Alabama (1975). Copies of the Disclosure Statement, and information, may be downloaded from the State of Alabama Attorney General's web site at www.ago.alabama.gov/publications.com. The completed Alabama Disclosure Statement should be placed directly behind the Transmittal Letter.

3. Technical Proposal

The Technical Proposal must address all items in Sections IV, V and VI in the exact same order as presented in this RFP. The Technical Proposal should restate the Question at the top of the first page of the response to it. Proposers are also encouraged to use double-sided copies in order to reduce the paper required for your total response.

4. Financial Proposal

The Financial Proposal must address all items in Section VII.

5. Appendices

A. Minimum Qualification Statement

B. Samples of administrative reports

C. Samples of customer communications

D. Investment information, including prospectuses, and monthly returns on an Excel spreadsheet and on a CD

E. Annual Report

F. Audited financial statements (if not otherwise included in the Annual Report)

G. Copy of most recent SAS70 opinion letter or its equivalent

H. Disclosure Document for current Qualified Tuition Plans for which your firm serves as Program Manager

Requested samples or other supporting information must be provided in clearly labeled Appendices in the order indicated above. The Technical Proposal and the Financial Proposal should be in separate sealed envelopes and clearly marked including the Proposer's name.

B. Questions and Inquiries

The sole point of contact for purposes of this RFP is Brenda Emfinger. Any questions or inquiries should be emailed to Brenda.emfinger@treasury.alabama.gov. All inquiries should be submitted in writing by September 23, 2009. Questions submitted after that date may not be answered. Responses to all submitted questions will be posted on the Treasurer's website at www.treasury.alabama.gov under RFP on or about October 5, 2009. Proposers may email Ms. Emfinger on or after that date if the answers have not yet been posted. Any oral communications shall be considered unofficial and nonbinding on the Board

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

C. Deadline and Delivery Instructions

Proposals must be received at the following address no later than 5 p.m. CT on October 26, 2009. Provide the original plus five (6) complete copies, one full copy on a CD, and ten (10) copies without the Appendices A-H. You must also email the electronic copy of the response to alatreas@treasury.alabama.gov for retention purposes.

Attention: Treasurer Kay Ivey
Alabama State Capitol
600 Dexter Avenue
Montgomery, Alabama 36104
Phone: 334-242-7523

Please note that emailing the electronic copy of your proposal alone by the stated 5pm CT deadline on October 26 will not be sufficient. You must submit the hard copies of your proposal by the 5pm CT deadline in order to be considered in the final evaluation. It is the responsibility of each Proposer to ensure that its proposal is timely delivered and received by the Treasurer on time. The Board will not consider proposals received after 5pm CT on October 26 and assumes no responsibility for late delivery by the U.S. Mail, a commercial courier service, or any other method of delivery selected by your firm.

D. Rejection of all Proposals

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

E. Efforts to Influence Selection Process Prohibited

The integrity of the Request for Proposals process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP Response made by Proposers, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Treasurer, Board members, Treasury staff or independent advisors to the Board will be grounds for immediate elimination from the selection process. The sole point of contact is Brenda Emfinger.

F. Public Information

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

Any RFP response submitted that contains confidential, trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire Proposal as confidential is not acceptable unless the Firm enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

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

G. Board Liability

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

IX. EVALUATION AND SELECTION

A. Evaluation Factors

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

B. Selection

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

After the review and evaluation of the proposals, the Board may conduct interviews. Finalists chosen for interviews, if any, will be notified by Ms. Emfinger. The Board will not reimburse Proposers for any costs associated with the preparation or submittal of any proposal, for any travel and/or per diem expenses incurred in any presentations of such proposals, or for costs associated with the execution of the Management Agreement.

The Board will select the Program Manager the Board determines, in their sole discretion, to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors.

EXHIBIT A - PERFORMANCE STANDARDS

The Proposer will be expected to meet at a minimum the following performance standards (this list is not necessarily inclusive):

A. Call Center

- i. Abandonment Rate – less than 2%
- ii. Percent of Calls Answered within 20 seconds – 90%

B. Customer Correspondence

- i. Financial Correspondence – 99% answered within 2 business days of receipt
- ii. Non-Financial Correspondence 99% answered within 7 business days of receipt.

B. Check Deposit Processing

- i. Accuracy of Posting Payment – 99% accurately posted to a matching account with the correct amount and with the day of receipt's trade date
- ii. Check Posting Timeliness – 99% posted to the account within one day of check receipt

C. Confirmations, Statements, Tax Reporting

- i. Daily Confirmations – 99% mailed within 5 business days of transaction date
- ii. Monthly, Quarterly and Year-End Account Owner Statements – 99% mailed within 7 business days of approval
- iii. Tax Reporting – 99% of federal tax reports mailed within 31 days of year-end
- iv. Accuracy of Confirmations, Statements and Tax Reports – 99% issued accurately

D. Fulfillment

- i. 95% of enrollment kits that are requested online, in writing, or through a phone operator are mailed within 5 days of receiving request; 100% are mailed within 7 days.
- ii. 90% of enrollment kits requested on the VRU are mailed within 5 days of receiving request; 100% are mailed within 10 days.

E. System Availability

- i. System (servers, call centers, databases and other essential operational systems) will not be unavailable for more 30 minutes per month during the peak hours of 8:00 a.m. to 7:00 p.m. CT, Monday to Friday (not including New York Stock Exchange Holidays).
- ii. Systems will not be down for more than 4 off-peak hours during any month unless the Board is notified and the Program Manager provides an estimate of down time

F. On-Line Enrollment

- i. 96% of accounts opened online are processed accurately
- ii. 95% of accounts opened online are processed on day of receipt of online application; 100% are processed within 2 days

G. New Account Processing

- i. 97% of new accounts are opened accurately
- ii. 98% of new accounts are processed on the day the application or payment is received as long as the application or payment is received in good order before the close of New York Stock Exchange trading (applications and payments received in good order after the close of Stock Exchange trading will be processed on the second day after receipt).

H. Withdrawals

- i. 98% of withdrawals are completed accurately
- ii. 95% of withdrawals are processed on the day the withdrawal request is received
- iii. 100% of withdrawal requests are processed within 3 days of the request being received

APPENDIX A – MINIMUM QUALIFICATIONS

Please provide an explanation for “NO” responses.

1. The Proposer has been in business for at least 5 years conducting similar services as described in this RFP. _____ Yes _____ No
2. The Proposer has a minimum of \$5 Billion in assets under management and has sufficient capital to assume responsibility of and provide ongoing services to the Program. _____ Yes _____ No
3. Once selected, the Proposer will be qualified with the Secretary of State to conduct business in the State of Alabama and the qualification must be kept current throughout the term of the Management Agreement. (To download the form for a “Certificate of Existence”, access www.sos.state.al.us, corporations division, or call 334-242-5324 to request the form.) _____ Yes _____ No
4. The Proposer and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP. _____ Yes _____ No
5. The Proposer is rated by two or more nationally recognized rating services with the three highest rating categories for financial condition and overall performance, If the Proposer is privately held and/or has not been rated by a nationally recognized rating service, the Proposer must describe the circumstances under which such ratings have not been conducted. The Proposer shall also describe any alternative financial condition and operational performance measures that it believes will be helpful in considering the minimum qualifications of the Proposer.
6. Once selected, the Proposer will carry a fidelity bond, errors and omissions insurance or comparable instruments to cover negligent acts or omissions. _____ Yes _____ No
7. The Proposer complies with all applicable Global Investment Performance Standards (“GIPS”). If other the Proposer complies with another similar rating agency, please explain. _____ Yes _____ No
8. The Proposer complies with all current College Savings Plan Network (“CSPN”) Disclosure Principles. _____ Yes _____ No
9. The Proposer maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Alabama account. _____ Yes _____ No
10. The Proposer has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender. _____ Yes _____ No
11. The Proposer attests that all workers providing the services described in this RFP are either citizens of the United States or are in proper and legal immigration status that authorizes them to be employed for pay within the United States. _____ Yes _____ No