

**Missouri Higher Education Savings Program  
Minutes of the MOST Quarterly Board Meeting**

State Capitol Building, Senate Committee Room 1  
Jefferson City, MO  
June 14, 2005

**Item I: Call to Order**

Chairperson Steelman called the meeting to order at 10:00 a.m.

**Item II: Roll Call**

Board members present were Sarah Steelman, Thomas Baumgardner, John Klebba, Gregory Fitch, and Randy Allen (proxy for Mike Keathley). Other attendees included:

- Jim Matchefts of the Department of Higher Education
- Doug Gaston, Mark Hughes, Jane Dudeck, Jane O'Toole and Mark Mathers of the State Treasurer's Office
- Mary Lehman, Deana Riley and Judy-Beth Tyler of TIAA-CREF
- Marshall Wilson of Husch & Eppenberger
- Max Cook and Wade Nash of the Missouri Bankers Association
- Eric McClure, Commissioner of Finance

**Item III: Approval of Minutes**

Mr. Klebba moved the minutes from the March 15, 2005 meeting be approved. Mr. Baumgardner seconded the motion, and the motion passed.

Mr. Allen moved the minutes from the April 22, 2005 meeting be approved. Mr. Klebba seconded the motion, and the motion passed.

**Item IV: Update on MOST RFP**

Ms. Steelman gave an update on the Request for Proposal (RFP) for the MOST program. Ms. Steelman mentioned that the State's consultant, Andrea Feirstein, had spoken to different investment firms and also had several conversations with the State Treasurer's Office regarding firms' level of interest, the provision of additional fund choices, greater emphasis on the Advisor option and improved marketing. Ms. Steelman and Mr. Mathers also reviewed the timeline drafted by Andrea Feirstein with the Board. Ms. Steelman indicated that the State would like to have a draft of the RFP completed within three (3) weeks.

Mr. Klebba asked that Ms. Feirstein prepare a report of her thoughts on 529 plans and the State's position.

Ms. Steelman indicated that a special meeting of the Missouri Higher Education Savings Board would probably be necessary to approve the RFP. Also, Ms. Steelman

inquired whether there were volunteers for a subcommittee to review the RFP along with State Treasurer's Office staff. Mr. Allen and Mr. Fitch volunteered to sit on this subcommittee.

**Item V: Update on Certificate of Deposit (CD) RFP**

Mr. Mathers gave a brief update on the meetings and progress to date on the 529 CD RFP. Mr. Mathers mentioned a conference call between the State's consultant and members of the CD Subcommittee as well as the Missouri Bankers Association after this meeting to discuss regulatory issues.

**Item VI: Update on 529-related Legislation**

Ms. Steelman gave an update on the final outcome of 529-related legislation this session. None of the proposed bills involving a modification of the tax deduction or other proposed changes were passed by the legislature. However, an interim committee was created to review the tax deduction issue.

**Item VII: Review of TIAA-CREF Quarterly Report**

Ms. Lehman reviewed TIAA-CREF's quarterly report. During 2005-Q1, there were \$59 million in total contributions. Ms. Lehman also reviewed the investment performance of the investment options and marketing activities. Ms. Lehman mentioned that a second full-time representative for the MOST plan was recently hired.

Ms. Lehman also announced that on March 17, 2005, TIAA-CREF increased its advisory fees for its non-index funds. On May 31, 2005, a letter was mailed to Treasurer Steelman informing her of the upcoming proxy vote for this change. Proxy materials will not be mailed to individual account owners. Ms. Lehman stated that she could not answer questions whether TIAA-CREF was proposing an increase to the 65 basis point fee for any or all MOST options at this time. Ms. Lehman indicated that Mr. Philip Rollock would discuss this issue in the future with the State Treasurer's Office.

Ms Deana Riley gave an update on the Advisor plan. She indicated that there are two on-the-ground regional consultants working with the Advisor program. She indicated that there are 240 investment advisors in the State that have a selling agreement with TIAA-CREF for the MOST program and that there were 1,000 calls per week related to the Advisor plan. Ms. Riley mentioned that Wachovia was recently added to the Advisor program.

**Item VII: Adjournment**

Mr. Klebba moved to adjourn the meeting of the Missouri Higher Education Savings Board at 11:00 a.m. Mr. Allen seconded the motion. Motion passed.