

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

State Capitol Building, Senate Committee Room 1
Jefferson City, MO
June 14, 2006

Item I: Call to Order

Chairperson Steelman called the meeting to order at 1:30 p.m.

Item II: Roll Call

Board members present were Sarah Steelman, Rep. Sally Faith, Thomas Baumgardner, Rich AuBuchon (proxy for Mike Keathley), John Klebba and Eric McClure (proxy for Greg Steinhoff). Other attendees included:

- Doug Gaston, Mark Hughes, Jane O'Toole and Mark Mathers of the State Treasurer's Office
- James Polinsky of Vanguard
- Jim Fadule, Liz Robinson and Donna Lee of Upromise

Item III: Approval of Minutes

Mr. Klebba moved the minutes from the March 20, 2006 and April 4, 2006 meetings be approved. Ms. Faith seconded the motion, and the motion passed.

Item IV: Review of Conversion

A review of the conversion of the MOST program from TIAA-CREF to Upromise on June 2nd through 6th was provided by Mr. Fadule and Ms. Robinson of Upromise and Mr. Polinsky of Vanguard. Topics covered included the transition of the Direct Plan, Advisor Plan, phone contact and marketing efforts. Mr. Fadule also reviewed the marketing efforts made with Ed Jones and AG Edwards on the Advisor program. Ms. Robinson also informed the Board that two seminar representatives had been hired and introduced one of them, Donna Lee, to the Board.

Ms. Steelman inquired about the average wait time for customers. Mr. Polinsky responded that the average time was 18 seconds and that Vanguard sets a goal of responding within 20 seconds. Mr. Fadule added that there is a Service Level Agreement in place that the State has which mandates these types of requirements. Ms. Faith inquired about how Upromise made contact with employers in the state to conduct outreach. Ms. Robinson responded that Upromise received a list from TIAA-CREF and also is developing a list of these companies themselves, as well as receiving inquiries via the website.

Mr. Fadule discussed efforts to partner with Schnucks, Deerbergs, Associated Grocers, Wal-Mart, Walgreens and Starbuck's.

Mr. Fadule then updated the Board on the proposed acquisition of Upromise by the SLM Corporation ("Sallie Mae") stating that the transaction is expected to close this summer. Mr. Fadule gave assurances regarding the continued independence of Upromise and the separate branding of Upromise. Mr. McClure inquired about the structural relationship between SLM, Upromise Inc. and Upromise Investments Inc. Mr. Fadule indicated he would follow up to clarify that. Mr. McClure stated he believes it is important for Treasurer staff to review Upromise's financial statements prior to the acquisition, and he also requested that the Board receive in writing that the parent guarantee will be the responsibility of SLM.

Item V: Rescission of Guaranteed Option Account Administrative Fee

Ms. Steelman explained that the issue of cost reimbursement for the servicing of the Guaranteed Option accounts had been resolved between Upromise and TIAA-CREF and that it was no longer necessary to impose an administrative fee on Guaranteed Option accounts. Ms. Steelman therefore asked for a motion to rescind the fee adopted by the Board on April 4th. Ms. Faith moved to rescind the fee. Mr. AuBuchon seconded the motion. Mr. McClure abstained. The motion passed 5-0 with one abstention.

Item VI: Status Update of MOST RFP CD

Mr. Mathers indicated that the State had received proposals on the CD RFP from Upromise and Central Bank. Mr. Mathers explained that staff was working with their consultant to develop an evaluation scoring system and interview questions. Mr. Mathers explained that the Treasurer's Office was looking for volunteers to sit on the evaluation panel with Treasurer staff. Ms. Faith and Mr. AuBuchon volunteered, and Mr. AuBuchon also indicated he would check the availability of Mr. Miluski. There was discussion regarding the timing of interviews and selection of a firm.

Item VII: Quarterly TIAA-CREF Report

Mr. Mathers briefly noted some of the trends regarding redemptions and new accounts for the first quarter of 2006 and discussed investment performance.

Item VIII: Adjournment

Mr. AuBuchon moved to adjourn the meeting of the Missouri Higher Education Savings Board at 2:45 p.m. Ms. Faith seconded the motion. Motion passed.