

**Missouri Higher Education Savings Program
Minutes of the MO\$T Quarterly Board Meeting**

State Capitol Building, Senate Committee Room 1
Jefferson City, MO
September 12, 2006

CLOSED SESSION MINUTES

Board members present were Sarah Steelman, Rep. Sally Faith, Thomas Baumgardner, John Klebba, Rich Aubuchon (proxy for Mike Keathley), James Matchefts and Brian Grace (proxy for Greg Steinhoff). Staff present were Doug Gaston, Jane O'Toole and Mark Mathers of the State Treasurer's Office.

Item IV: MO\$T CD RFP

Mr. Klebba moved that the Board go into closed session to consider staff's report regarding the MO\$T CD RFP. Mr. Aubuchon seconded the motion, and the motion passed unanimously via roll call. The Board went into closed session at 1:05 p.m.

Ms. Steelman asked that Mr. Mathers review the evaluation process and recommendations of the evaluation panel for the CD Program Administrator RFP. Mr. Mathers reviewed the scope and background of the RFP process. Mr. Mathers explained that an evaluation committee composed of the Deputy State Treasurer, Director of Investments, Rep. Faith, the Assistant Commissioner of the Office of Administration Department and the Director of Purchasing reviewed the two proposals received from Upromise and Central Bank. The evaluation process included an interview with each firm and two rounds of follow-up questions for both bidders.

Mr. Mathers explained that the panel found flaws with both proposals, which he then summarized. Mr. Mathers explained that the Board had three basic options to consider: rejection of both proposals and the re-bidding of this project using a different approach; authorization to negotiate with one of the firms with conditions to be set by the evaluation committee and/or Board; and to seek a joint proposal from the firms with the idea of utilizing the strengths of each bidder. Mr. Mathers indicated that the third option was the State Treasurer's Office's recommendation.

There was discussion regarding this recommendation. Questions that were raised by Board members included the advisability of rejecting both proposals prior to soliciting a joint proposal, compensation, the length of time for the firms to respond, and subsequent steps should the firms be unable to prepare a joint proposal. Mr. Klebba had additional questions regarding the evaluation of Central Bank's proposal. Rep. Faith, Mr. Aubuchon and Mr. Gaston also shared their views and opinions on the proposals.

Ms. Steelman moved that staff is hereby instructed to seek a joint proposal with set criteria developed by the evaluation committee and Treasurer staff with the joint proposal due within 30 days. Mr. Grace seconded the motion, and the motion passed unanimously.

Mr. Aubuchon moved that the Board reconvene open session. Mr. Klebba seconded the motion and the motion passed unanimously by roll call. The Board reconvened the open meeting at 2:15 p.m.