

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

State Capitol Building, Senate Committee Room 2
Jefferson City, MO
December 13, 2005

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

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

- Jim Matchefts of the Department of Higher Education
- Doug Gaston, Jane Dudeck, Mark Hughes, Jane O'Toole and Mark Mathers of the State Treasurer's Office
- Mary Lehman and Brenda Griebert, TIAA-CREF
- Marshall Wilson, Husch & Eppenberger
- Mike Dahlmeyer

Item I: Approval of Minutes

Mr. Baumgardner noted a change to the September 7, 2005 minutes to correct the time of adjournment to 2:00 p.m. Mr. Klebba moved the amended minutes from the September 7, 2005 meeting be approved. Mr. Fitch seconded the motion, and the motion passed.

Item II: MOST RFP

Mr. Baumgardner moved that the Board go into closed session to consider staff's report regarding the MOST RFP. Mr. Klebba seconded the motion, and the motion passed. The Board went into closed session at 10:05 a.m.

The Board reconvened the open meeting at 11:05 a.m.

Item III: Approval of 529 CD RFP

Ms. Steelman explained that Mr. Mathers, M. O'Toole and a subcommittee had worked on preparing the Request for Proposals (RFP) for the 529 CD product. Mr. Mathers explained that the model used in developing the RFP was a decentralized, multi-bank model where qualifying banks in the state would be able to issue their own 529-qualified CD's at their own terms and rates rather than a one-bank model such as Ohio and other states are using. Thus, Mr. Mathers reiterated that the scope of services for this RFP consists primarily of record-keeping services, rather than the selection of a bank(s) to issue CD's. All banks meeting certain qualifying criteria as recommended by the

record keeper selected and approved by the Board would thus presumably be able to issue 529-qualified CD's.

Mr. Mathers then reviewed the major policy issues or options that are addressed in the RFP, along with staff's recommendations, for the Board to consider. These issues were identified in a memorandum e-mailed to the Board the previous week and include: marketing, financial strength, the eligibility criteria for banks issuing CD's, the available means for compensation for the record keeper and a proposed approach to achieve regulatory approval.

Mr. Klebba noted that he had several minor wording changes to the RFP that he could review with Treasurer staff after the Board meeting. Mr. McClure indicated that based on the eligibility criteria noted in the RFP, there were approximately 500 banks in the state that would qualify, rather than the approximately 300 banks indicated in the RFP.

Mr. Mathers recommended that that the Board consider delaying the release of the RFP until January to allow better coordination with the program administrator for the MOST program. Since the award of the MOST program administrator is scheduled to be announced prior to December 31st, shortly after that date staff could obtain the computer file layout and other technical requirements from the selected firm and incorporate these into the CD RFP. Ms. Steelman inquired what date in January would be satisfactory to the Board. Mr. Mathers indicated staff would seek this information soon after the award and announcement of a program administrator, but a date no later than January 31st would be preferable.

Mr. Mathers also noted that the time period for bidders was an open issue for the Board. He noted that bidders for the MOST RFP were given two months, but that this was an item of discussion that the CD subcommittee formed by the Board had debated. Ms. Steelman indicated she was likely to defer to Mr. Klebba's recommendation. Mr. Klebba indicated that he felt three months was an appropriate response period.

Mr. Klebba moved to approve the CD RFP with the changes noted by Mr. McClure and Mr. Klebba with a bid period of three months and with the RFP to be released at a date no later than January 31, 2006. Mr. Aubuchon seconded the motion and the motion passed.

Item IV: 2005-3rd Quarter Report by TIAA-CREF

Ms. Lehman reviewed the Third Quarter report prepared by TIAA-CREF for the Board, noting a new page in the Investment Performance section for the 100% Equity option. Ms. Lehman also reviewed account activity and other information in the report.

Items V and VI: Asset Allocation Study and Marketing Plan

Ms. Steelman noted that staff had received these reports on Friday, December 9th and therefore had not had adequate time to review the documents. She recommended that the Board consider these plans at a later date.

Item VII: Adjournment

Mr. Klebba moved to adjourn the meeting of the Missouri Higher Education Savings Board at 12:05 p.m. Mr. Aubuchon seconded the motion. Motion passed.