

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

State Capitol Building, Senate Lounge
Jefferson City, MO
December 13, 2006

CLOSED SESSION MINUTES

Board members present were Sarah Steelman, Rep. Sally Faith, Thomas Baumgardner, John Klebba, Valerie Norman (proxy for Mike Keathley) 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: MOST CD RFP

Mr. Baumgardner moved that the Board go into closed session to consider staff's report regarding the MOST CD RFP. Rep. Faith seconded the motion, and the motion passed unanimously via roll call. The Board went into closed session at 1:35 p.m.

Ms. Steelman asked that Mr. Mathers update the Board on the progress of the 529 CD RFP. Mr. Mathers noted that at the last Board meeting, staff was instructed to seek a joint proposal from Upromise and Central Bank based on set criteria with a joint proposal due within 30 days. Mr. Mathers reported that the two firms agreed to jointly propose operating the MOST CD program and responded by the deadline of October 31st. He then distributed a summary of the conditions submitted to the firms and their response. Mr. Mathers reviewed the areas of legal representation, the pilot program, compliance, the program name, and compensation.

Mr. Mathers noted one issue regarding the proposed termination clause. Upromise expressed concerns about different terms for the MOST contract and the contract for CD record-keeping services. As a result, based on discussions with the firms, the State Treasurer's Office recommends a clause allowing Upromise to exit the CD record-keeping services contract if it is not retained as the MOST program manager. Upromise agreed to this clause. Also, as clarification, if the CD product is determined by federal authorities to be a municipal security and thus subject to MSRB guidelines, the parties had a right to terminate the contract. Mr. Mathers noted this made sense since if this product was not determined to be a deposit product, the nature of the program would be altered to an extent that it would require reconsideration by the Board.

There was discussion about the pilot program. Rep. Faith asked who would determine the banks participating in the pilot. Mr. Mathers explained that the list would be developed by the bidders and consist of different sized banks (based on assets) but subject to approval by the State.

Mr. Baumgardner asked whether the fees would be assessed on a per-branch basis. Mr. Mathers responded that the annual and initial start-up fees would be assessed per bank as registered with the FFIEC or state, not based on the number of branches.

Ms. Steelman indicated that staff was seeking authorization to enter into negotiations with the firms and that a contract would then be presented to the Board for

award. Mr. Mathers indicated that staff felt it could conclude negotiations and present a contract by the Board's next quarterly meeting. Mr. Klebba requested that Board members be provided with a draft of the contract prior to the Board meeting and with sufficient time to allow Board members to review and provide suggestions to staff.

Mr. Klebba made a motion to authorize Treasurer staff to negotiate with Upromise and Central Bank and present a contract to the Board at the next quarterly meeting based on the parameters presented to the Board and with time for the Board to review a draft contract. Rep. Faith seconded the motion and the motion passed unanimously by roll call vote.

Mr. Klebba also noted that he understood at the last meeting that a report was to be made within 30 days to the Board on the joint proposal and that such a report had not been received. He expressed his belief that there should be follow through on such matters.

Mr. Grace 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.