

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

State Capitol Building, House Hearing Room 6
Jefferson City, MO
December 30, 2005

CLOSED SESSION MINUTES

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

- Jim Matchefts of the Department of Higher Education
- Doug Gaston, Jane O'Toole and Mark Mathers of the State Treasurer's Office

Item I: MO\$T RFP

Rep. Faith moved that the Board go into closed session to consider staff's report regarding the MO\$T RFP. Mr. Aubuchon seconded the motion, and the motion passed. The Board went into closed session at 10:00 a.m.

Ms. Steelman asked that Mr. Mathers update the Board on action taken by staff since the last Board meeting on December 13, 2005. Mr. Mathers reviewed the best and final offers (BAFO's) submitted by Upromise-American Century and Upromise-Vanguard explaining the differences in the firms' fees, static options and Advisor Plan options.

Ms. Steelman compared how each of the offers addressed her intended goals for the state's 529 program including maintaining low costs, improving fund performance, strengthening the Advisor program, increasing participation, improving the ability of low and middle income residents to participate and utilizing Missouri-based entities. Based on this review, Ms. Steelman recommended approval of the final Upromise-Vanguard proposal as modified.

There was further discussion regarding the proposals and contract to be negotiated. Mr. McClure requested that Treasurer staff obtain financial statements for Upromise Inc., the parent company of Upromise Investments, and that the contract negotiated between the state and Upromise shall include a requirement that Upromise provides financial statements for both Upromise Inc. and Upromise Investments on an ongoing basis. Mr. Fitch raised issues about the status of the contract being negotiated including items regarding penalties or liquidated damages for failing to execute a transition by the indicated timelines. Mr. Gaston responded that the contract would include such a clause. Mr. Mathers indicated that Treasurer staff intended to execute the contract with the program administrator during the transition phase and that such a process is fairly typical for 529 transitions.

Rep. Faith made a motion to award the contract with Upromise-Vanguard with the direction that staff shall proceed to ensure that the contract includes a requirement for financial statements for both Upromise Inc. and Upromise Investments to be provided on

an ongoing basis, for penalties for failure to execute a transition by the indicated timelines and an assignment clause for change in management. Mr. Aubuchon seconded the motion, and the motion passed unanimously by roll call vote.

Mr. Aubuchon moved to adjourn the meeting of the Missouri Higher Education Savings Board at 11:35 a.m. Rep. Faith seconded the motion. Motion passed.