
MEMORANDUM

To: The Oregon 529 College Savings Board

From: The Oregon College Savings Plan RFP Evaluation Committee (Carl Vance, Michael Parker, Ben Mahon, Tom Lofton, John Settle, and R.V. Kuhns & Associates)

Subject: Recommendation to the Board and Summary of the Provider Selection Process

Date: July 23, 2009

Recommendation

After completing a thorough, exhaustive due diligence process beginning in April, the evaluation committee has unanimously voted to recommend that the Board select TIAA-CREF as the plan administrator for the Oregon College Savings Plan (direct-sold only). This recommendation is contingent upon successful contract negotiations inclusive of the terms outlined in communications with the evaluation committee..

The committee believes this recommendation is a product of a comprehensive selection process. There are several factors that are particularly salient to the recommendation. These include, but are not limited to:

- TIAA-CREF provided the proposal with the lowest average total cost – a weighted average cost of approximately 0.52%, inclusive of all investment, plan administrator, and state administrative fees.
- TIAA-CREF will provide complete fee transparency and disclosure to investors.
- TIAA-CREF will provide a high degree of investment flexibility – requiring only that the age-based options be constructed with TIAA-CREF index funds, and that all indexes offered for which TIAA-CREF has a fund offering be proprietary.
- TIAA-CREF will provide non-proprietary (third-party) funds and actively managed funds at the Board's discretion.
- TIAA-CREF will provide no less than \$500,000 annually to support the Board's investor education and public awareness campaigns.
- TIAA-CREF is one of the most experienced plan administrators in the 529 plan marketplace, and reference checks were positive.
- TIAA-CREF has shown itself to be extremely responsive to the requests of the evaluation committee, providing prompt and appropriate responses as requested.

Process Summary

After a competitive bid process, the Board retained R.V. Kuhns & Associates in April of this year to provide investment consulting services to the Oregon 529 College Savings Network, including assistance with the selection of a new plan administrator for the Oregon College Savings Plan.

In order to evaluate the proposals, an evaluation committee was created. The committee included Michael Parker (Executive Director of the Network), Carl Vance (Network Board Member), Tom Lofton (Investment Officer, Office of the State Treasurer), Ben Mahon (Investment Officer, Office of the State Treasurer), John Settle (Finance professor at Portland State University), and the investment consulting team at R.V. Kuhns & Associates.

Prior to receiving the proposals, an evaluation and scoring methodology was agreed upon by the members of the committee, which was used throughout the process. Members of the committee further committed to provide their scores and evaluations separately to ensure a completely unbiased and fair process.

PROPOSALS RECEIVED

Six proposals were received and scored. The respondents were:

- College Savings Bank
- Fidelity Investments
- TIAA-CREF
- Union Bank & Trust
- Upromise Investments & The Vanguard Group
- ValMark Advisers

The initial scores of the written proposals revealed a clear consensus that Fidelity, College Savings Bank, and ValMark Advisers should be excluded from further consideration in the process.

A series of detailed follow-up questions were sent to the remaining three proposers, and each was invited to present their services in person to the Evaluation Committee. After these presentations, several more rounds of additional questions were posed to the three providers. The final result of these investigations – which included comprehensive reference checks – was a decision to unanimously recommend TIAA-CREF for selection.