

**MINUTES OF THE
OREGON 529 COLLEGE SAVINGS BOARD
MEETING OF July 23, 2009**

Members Present: Ben Westlund, Chair
Lyn Hennion
Paul Kelly
Scott Sandbo
Carl Vance

Network Staff: Michael Parker, Executive Director
Stephanie Swetland, College Savings Specialist
Lynn Nagasako, Legal Counsel

Treasury Staff: Stacey Dycus, Office of the Treasurer
Curt Hartinger, Office of the Treasurer
Robert Johnson, Office of the Treasurer
Tom Lofton, Office of the Treasurer
Ben Mahon, Office of the Treasurer
James Sinks, Office of the Treasurer

Others Present: Peter Angus, UPromise, Inc.
Charlene Canale, MFS Investment Management
Doug Chittenden, TIAA-CREF
David Connelly, MFS Investment Management
Joe DelGrande, TIAA-CREF
Ed Ferko, Vanguard
Tim Findlay, TGF Productions, Inc.
Bill Finnegan, MFS Investment Management
Becky Gratsinger, RV Kuhns & Associates
Ryan Harvey, RV Kuhns & Associates
Kate Ives, OppenheimerFunds, Inc.
Susan Kay, MFS Investment Management
Brian McAndrews, TIAA-CREF
Corrie Oliva, RV Kuhns & Associates
Suzanne Pardington, The Oregonian
John Settle, Portland State University/Selection Committee
Bruce Sheinhaus, OppenheimerFunds, Inc.
Ben Taylor, RV Kuhns & Associates
Chris Werner, OppenheimerFunds, Inc. (by phone)

Chair Ben Westlund convened the meeting at 1:04 p.m.

Chair Westlund welcomed new Board member Paul Kelly, who will be serving on the 529 College Savings Board as Oregon's Higher Education Board representative.

Lyn Hennion moved to approve the minutes of the April 23, 2009 Board meeting, seconded by Carl Vance. All approved.

Becky Gratsinger, CEO of RV Kuhns & Associates (RVK), introduced the team that will be working with the 529 College Savings Network going forward in RVK's capacity as the Board's investment consultant. The team includes herself, Ryan Harvey, Corrie Oliva, and Ben Taylor. The focus of RVK's presentation was to provide an overview of the markets and an in-depth analysis of the performance of some of the individual funds in each of the Network's plans. The

Investment Performance Analysis report prepared by RVK contains all information discussed at the Board meeting and is a part of the Network's records for the meeting.

Ryan Harvey of RVK stated that the second quarter of 2009 was one of the best quarters for the stock market in several years. Risk-taking was rewarded during the quarter, with the riskiest assets being the most rewarded. Mr. Harvey gave a detailed overview of the performance of the different broad markets and their sector weights during the quarter and historically. He stated that as volatile as things have been in the United States, the U.S. Stock Market has outperformed approximately two-thirds of the developed stock markets around the world.

Corrie Oliva discussed the fund performance of the Network's plans, stating that overall the Program Managers did a great job during the quarter, keeping up with the market and having a majority of the funds outperform their benchmarks and peer groups. Only four funds underperformed their benchmark, although they still performed in line with the median funds in their respective peer groups. The four funds were MFS funds. The underperformance was due in part to the fact that some of the current market advance was on the back of lower quality stocks, so managers with higher quality portfolios trailed the benchmark. Also a factor was the differences in the asset allocation percentages of the portfolios when compared to the benchmark allocations. Ms. Oliva stated that the MFS asset allocation funds and Oppenheimer Years to College and blended portfolios outperformed their respective benchmarks.

Chair Westlund introduced the issue of transitioning the OppenheimerFunds 529 Plan assets over to the MFS 529 Savings Plan. Network Director Michael Parker stated that staff recommends that the Oppenheimer advisor-sold assets be moved, along with their accounts and administration, to the MFS plan. The recommendation is based on the fact that MFS has significantly lowered its fees in the past few years, including eliminating the 15 basis point administration fee. MFS has solid performance over a long track record, is committed to the college savings space, has added quality staff and is prepared to execute a seamless transition. MFS has done a transition in the past for the Network, when the Schoolhouse Capital Plan was discontinued and its assets were moved over to the MFS plan. Mr. Parker believes that moving the assets over to the MFS plan will be good for the Network and participants because it will simplify Oregon's college savings offerings to one advisor-sold program and one direct-sold program.

Bill Finnegan of MFS thanked the Board for its consideration and confidence in choosing MFS as the successor manager for the OppenheimerFunds 529 Plan assets. He stated that the challenge in performing the transfer will be to understand all of the associated costs that come with the transfer and making sure that the shareholders have the best experience possible in the process. MFS has contemplated some of the issues associated with the transfer. It would be predicated on what the agreements are in the existing contracts, of which MFS has no knowledge, and would require the cooperation of Oppenheimer in executing a seamless transaction.

Carl Vance inquired if the additional assets that MFS would acquire would allow them to reduce their fees further. Mr. Finnegan responded that MFS continually reviews the structure and asset base to see if expenses can be reduced. MFS recently removed its 15 basis point administration fee, and he doesn't know if the additional assets will provide enough of a benefit to reduce the underlying fund expenses. However, MFS will review it. Mr. Vance requested that during the review, MFS also determine price points where there would be an advantage to the MFS 529 program and fees could be reduced.

Chair Westlund moved to choose MFS as the new manager of the OppenheimerFunds 529 Plan assets by reading the following motion:

BE IT RESOLVED, THAT the Board hereby approves and authorizes the liquidation of the assets of the OppenheimerFunds 529 Plan and the transfer of the proceeds of such liquidation to the MFS 529 Savings Plan, such liquidation

and transfer to occur no later than the termination of the Program Management Agreement between the Board and OppenheimerFunds, Inc. and OppenheimerFunds Distributor, Inc., dated as of June 4, 2004.

BE IT FURTHER RESOLVED, THAT the Board hereby authorizes the Chair to do and perform such acts and things, including negotiation of the terms of the above-described liquidation and transfer, and to execute and deliver such documents, as may in his discretion be deemed reasonable, necessary or proper in order to carry into effect any of the provisions of these resolutions.

Lyn Hennion seconded the motion. All approved.

The evaluation committee that chose the two finalists from the six who bid to replace Oppenheimer as Program Manager for the Oregon College Savings Plan was asked to discuss the evaluation process. Members of the committee were Board member Carl Vance, John Settle, finance professor at Portland State University, Network Director Michael Parker, Tom Lofton and Ben Mahon of the Investment Division of the Office of the State Treasurer, and the RVK team.

Mr. Parker explained that the evaluation process took about three and a half months, and the proposals from the finalists kept improving as the committee drilled down very deep into them and negotiated with the finalists. Therefore, due to the work of the committee, the services that the Board will get are vastly improved over what was originally proposed. The committee was able to get increased investment flexibility, much lower fees, increased resources and commitment to get the word out to investors about the benefits of the 529 plan, a very solid line up of passively managed index options, and a commitment to provide additional resources to the Board, the State and its investors for outreach efforts statewide.

Ryan Harvey of RVK directed the Board's attention to a document prepared by RVK entitled "Timeline & Due Diligence Summary," which provides a summary of the process the evaluation committee went through in arriving at its selection of the two finalists. The document is part of the Network's records for this Board meeting.

The RVK team sat as one seat on the evaluation committee. Mr. Harvey explained the evaluation criteria for the written responses to the Request for Proposal (RFP):

- Firm background, reputation, experience and material legal events
- Quality and flexibility of investment choices the firm proposed
- Communication, investor education and customer service proposal
- Process for the transition and conversion
- Quality of the technology and website
- Fee proposal

Specific weights and scoring criteria were assigned to the RFP questions regarding the above evaluation criteria, and the original first responses were scored accordingly, which is how the first cut was made. Fidelity was excluded because it was determined that its plan structure was too inflexible for the Network. College Savings Bank was determined to have too little experience in the industry, insufficient technological capabilities, and an incompatible investment strategy. ValMark was deemed non-responsive, most prominently because it lacks control of its recordkeeping system.

TIAA-CREF, Upromise and Union Bank & Trust (UBT) advanced to the second stage of the evaluation process. Prior to meeting with them for in-person presentations, additional due diligence, research and negotiation took place. Research included surveying every listed reference for each firm, clarifying the precise process for the asset transition, clarifying how customer service needs would be met, the process for investment oversight and the degree of investment flexibility, website functionality and customizability on both the administrative and

investor sides, and the philosophy, flexibility and content of each firm's approach to educating and communicating the benefits of the Plan to Oregonians.

TIAA-CREF, Upromise and UBT each gave two-hour presentations to the evaluation committee. They were asked to answer questions about their firm, experience and key professionals, give demonstrations of their communication materials and investor education capabilities, and provide additional details about the transition plan, investment management and flexibility, administration and customer service, and pricing proposal. Each firm was also requested to give a live website demonstration.

Ben Taylor of RVK provided a summary of UBT. The firm came in just slightly as the highest-cost provider. It is an experienced 529 provider, but has only one advisor-sold and one direct-sold plan. UBT has no proprietary fund requirements, which provides great flexibility and is very appealing, and it offered one of the highest investor education budgets, including a dedicated, full-time representative based in Oregon. However, the website was the least customizable of any, and the service capabilities were significantly less robust. There is no voice response system for participants wanting to call in and check on their accounts after hours. No direct-sold references were obtained, as UBT's only direct-sold plan (Nebraska) is seeking proposals for plan administration services. This is due to the fact that Nebraska's contract will be expiring.

UBT was eliminated because it was determined that there was a significant business risk for a smaller operation in the 529 industry, given the fact that its primary partner in the direct-sold space may be moving to another provider. There was concern that service levels will decline if Nebraska chooses a different provider.

Mr. Taylor summarized the TIAA-CREF proposal. The firm proposed the lowest overall cost and offers substantial freedom for investment flexibility with no requirement for proprietary actively managed funds. TIAA-CREF provides complete fee transparency to participants and proposed the highest communication and investor education commitment of all proposals, including a dedicated, licensed, full-time representative based in Oregon. TIAA-CREF has strong references, utilizes a well known and widely used outsourced record keeper and call center operator (BFDS), has a highly flexible website, and proposed a transition plan with which the evaluation committee was comfortable.

Mr. Taylor summarized the Upromise/Vanguard proposal. A unitary fee structure was proposed, which means that each investment option fee would be the same and would not vary in relation to the underlying investment option unless a threshold amount was exceeded. This fee structure diminishes the ease of providing total fee transparency to investors. Non-proprietary investment options would include a plan administration fee of 35 basis points. There is no requirement for actively managed funds. Upromise/Vanguard utilizes an integrated systems approach, with a capable website and very strong, high quality recordkeeping system. However, it restricts the ability of the Board to direct those activities for communicating the Plan because most of the functionality is integrated into the system. Upromise/Vanguard's proposal for communication and investor education is significantly less than what would be received from TIAA-CREF. The committee felt that there would be some inflexibility that may cause some difficulty moving forward with planned communication. The Upromise/Vanguard transition team is very strong, as they have conducted more transitions than any other provider in the 529 marketplace. The website is the most customizable of all proposals and one of the most capable. Upromise/Vanguard has strong references.

Doug Chittenden of TIAA-CREF gave a half-hour presentation to the Board. A bound copy of the presentation is a part of the Network's records for this Board meeting. Topics discussed were the services available for marketing the program, proposed program design and fund lineup, account servicing and pricing.

Chair Westlund asked for more information regarding the Oregon-based consultant that TIAA-CREF is proposing. Mr. Chittenden responded that TIAA-CREF believes that it's important to

have someone accessible to participants who is licensed to speak with them about securities. A local person is also good for employer-based outreach and to interface with the Network's staff to better understand the Board's needs. This person would also travel around the state to make people aware of the program.

Lyn Hennion inquired what the additional cost would be if the previously approved sustainable investment option or any other third-party fund is added to TIAA-CREF's proposed program. Mr. Chittenden explained that the cost of bringing a third-party fund onboard will be borne by TIAA-CREF. The fee charged to investors would be 25 basis points netted against any revenue share that the third-party fund may or may not choose to make available to TIAA-CREF.

In response to Ms. Hennion's inquiry regarding account fees, Mr. Chittenden stated that there will be no additional account fees, whether a participant is in Oregon or out of state.

Mr. Vance asked that Mr. Chittenden explain why TIAA-CREF lost the California and New York contracts a few years back. Mr. Chittenden stated that although he wasn't part of the business when that occurred, it is his perception that the firm rested on its laurels, and the loss of those programs was a wakeup call that the clients' needs weren't being met. Mr. Chittenden came into TIAA-CREF after those contracts were lost, after spending 25 years in other parts of the firm. He was asked to evaluate the 529 business and determine if the firm should stay in it or get out. It was determined that, in keeping with the firm's mission, it should remain in the 529 business and reinvest in it. Other TIAA-CREF veterans were brought in, candid conversations took place with the firm's existing clients to determine how the firm was doing, and the last three years have been spent working very hard to recommit the firm to education savings. The result has been that TIAA-CREF has been able to get renewals from some of their existing clients in a very competitive environment.

Peter Angus of Upromise and Ed Ferko of Vanguard gave a half-hour presentation to the Board for Upromise/Vanguard. A bound copy of the presentation is a part of the Network's records for this Board meeting. Topics discussed were the approach to program management and marketing the program, proposed investment lineup, and account servicing and pricing.

In response to an inquiry by Paul Kelly, Mr. Angus further explained the Upromise rewards service. Participating Oregon residents would have their rewards automatically swept directly into their 529 plan if Upromise/Vanguard were chosen as the new Program Manager. The average sweep is \$65 per account each quarter, and 85 percent of the people who link to their 529 plan sweep significantly more than what their annual expenses are for the plan.

In response to Ms. Hennion's question regarding how often Vanguard rebalances its portfolios, Mr. Ferko stated that it is done on an as-needed basis. For example, when wild swings were occurring in the market, Vanguard rebalanced the portfolios on a daily basis.

Ms. Hennion inquired if there would be an account fee for either in-state or out-of-state account holders under the Upromise/Vanguard proposal. There will not.

Chair Westlund requested that the evaluation committee present its recommendation for the new Program Manager for the Oregon College Savings Plan. Becky Gratsinger of RVK referred to a memorandum distributed to the Board from the evaluation committee. The memorandum recommends the hiring of TIAA-CREF as the plan administrator for the Oregon College Savings Plan, and Ms. Gratsinger explained the factors which lead the committee to this decision. A copy of the memorandum is included at the end of these minutes.

There was discussion regarding the decision-making process, in which it was revealed that initially the committee votes were equally divided between TIAA-CREF and Upromise/Vanguard. When asked why that changed, Tom Lofton of the Investment Division of the Treasurer's Office stated that what changed for him was comfort with the transition capabilities of TIAA-CREF. He felt that TIAA-CREF had offered the State of Oregon the greatest transparency and flexibility from

the beginning, but the Upromise/Vanguard administrative services platform was extremely strong. He wanted to be sure that the transition and customer service issues through the transition would be handled properly and felt it was important for the evaluation committee to vet that out. He also felt TIAA-CREF was clear and upfront when asked for changes or modifications by the committee, while it was more difficult to get clear answers from Upromise/Vanguard.

Mr. Harvey of RVK explained that three things changed from the point where the committee was tied in its votes. First, TIAA-CREF completely revised its transition plan, which originally would have caused participants to be out of the market for a day during the transition. The committee was very comfortable with the revised plan. Second, the committee heard from TIAA-CREF's California reference, which is a contract that had terminated, and the comments were very positive. Lastly, in an effort to negotiate with the providers and bring both TIAA-CREF and Upromise/Vanguard to similar offerings, it was communicated to Upromise that their budget for the investor education could be improved. Upromise did not respond with a satisfactory answer.

After some discussion by the Board, Chair Westlund made the following motion:

BE IT RESOLVED, THAT the Board hereby authorizes the hiring of TIAA-CREF as program manager for the Oregon College Savings Plan who will be responsible for administration, record keeping, investment management, disclosure, and legal compliance for the Oregon College Savings Plan.

BE IT FURTHER RESOLVED, THAT the Board hereby authorizes the Chair to do and perform such acts and things, including but not limited to negotiation of terms of a program management agreement, and to execute and deliver such documents, as may in his discretion be deemed reasonable, necessary or proper in order to carry into effect any of the provisions of these resolutions.

The motion was seconded by Carl Vance. A roll call vote was taken, and the motion was approved unanimously.

Susan Kay presented the MFS quarterly report, a copy of which is part of the Network's record for this Board meeting. She covered the asset and plan growth, mentioned that MFS is using the fact that it has been named by Barron's as a top-5 fund family over a 1-, 5-, and 10-year period in its sales approach with advisors, and the advertising and advisor awareness campaigns MFS is conducting.

Dave Connelly of MFS spoke about the performance of the MFS funds, stating that RVK had already given a commendable review of the capital markets and performance. He commented that the quarter was broadly positive for the investment markets and was a period where the fear trade that had previously gripped the markets was continuing to unwind. Investors were beginning to move from more defensive investments to more aggressive investments, and equities were broadly positive. Riskier investments were rewarded during the quarter, and overall portfolio returns were strong.

Bruce Sheinhaus and Chris Werner (by phone) presented the OppenheimerFunds quarterly report. Mr. Sheinhaus stated that positive growth continues to take place in the Oregon College Savings Plan with minimal marketing efforts. Investments were moving from the Money Market Portfolio back into other investment options as people were becoming more confident in the direction of the market.

Chris Werner stated that all twelve of the Oregon College Savings Plan portfolios outperformed their benchmarks during the second quarter, and 75 percent of them outperformed year-to-date benchmarks. The index portfolios were tracking their benchmarks. Slight underperformance in the Vanguard Total International Stock Index Portfolio was due to exposure in emerging markets, and would be expected given the current market trends. Six of the seven OppenheimerFunds

529 Plan portfolios outperformed their benchmarks during the second quarter, and five of the seven outperformed year-to-date benchmarks.

Chair Westlund adjourned the meeting at 5:10 p.m.

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.

INDIVIDUAL PROPOSAL SUMMARIES

TIAA-CREF

- Requires the use of TIAA-CREF mutual funds for all index options for which TIAA-CREF offers a suitable index product. All age-based options must be comprised of TIAA-CREF index funds.
- Open architecture outside of indexes and the age-based options.
- Complete fee disclosure and transparency.
- Plan administrator fees are 25 basis points (0.25%) and State administrative fees are 10 basis points (0.10%). Each plan investment option will therefore charge a fee of 35 basis points (0.35%), plus the expense ratio of the mutual fund, or the weighted average expense ratio of a blended option¹.
- TIAA-CREF will provide \$500,000 annually to support the Board's investor education and public awareness campaigns, as well as a commitment to hire a full-time, licensed investor education representative dedicated to helping Oregonians save for college.
- Recordkeeping is outsourced to BFDS, the same recordkeeper used by MFS for the advisor-sold plan currently.
- Customer service and call center service responsibilities will be divided between TIAA-CREF and BFDS staff.
- TIAA-CREF has expressed a willingness to offer socially responsible investment options on the investment menu, as well as to explore opportunities to provide a guaranteed product, CD, or other FDIC pass-through investment option, as desired by the Board.

Upromise/Vanguard

- Requires the use of Vanguard investment options for the age-based options and all indexes. Although originally proposed to be an all-passive investment menu, in addition to a money-market fund, the proposal was updated to allow other investment options on a case by case basis.
- Upromise has expressed a willingness to offer socially responsible investment options on the investment menu, as well as to explore opportunities to provide a guaranteed product, CD, or other FDIC-insured pass-through investment option, as desired by the Board.
- Limited open-architecture for outside investment products, outside of indexes and the age-based options.
- In lieu of fee transparency, Upromise requires that all options adopt a unitary price across every investment option. The initial proposal included a price for all investments – inclusive of all fees – of 60 basis points (0.60%). If a non-Vanguard fund were added to the plan, Upromise would include a plan administrator fee of 35 basis points (0.35%), plus ten basis points for the State administrative fee, in addition to the expense ratio of the investment option.
- The investor education budget would vary with the length of the contract proposed. The final offer with a five-year contract term included a commitment of \$225,000 annually to the Board in the first year of the contract, as well as a commitment to hire a full-time investor education representative. In subsequent years the commitment would reduce to \$150,000 annually, with a

¹ If the cheapest mutual fund option available includes revenue-sharing paid to the plan administrator, TIAA-CREF will reduce their plan administrator fee by that amount for that option, resulting in a level compensation amount to TIAA-CREF of 25 basis points.

COLA provision. In addition, Upromise offers a series of marketing services to all plans that they will continue to direct, valued by Upromise at approximately \$222,000 annually.

- Recordkeeping for the plan would be conducted by Upromise's Unite system.
- All customer service and call center operations would be offered by Upromise employees, who are 100% dedicated to servicing 529 plans.
- Upromise has expressed a willingness to offer socially responsible investment options on the investment menu, as well as to explore opportunities to provide a guaranteed product, CD, or other FDIC pass-through investment option, as desired by the Board.

Union Bank & Trust

- Union Bank & Trust proposed the only completely open architecture investment structure, with no required investment options whatsoever.
- Union Bank & Trust would disclose 100% of all fees.
- Program management fees would be 42 basis points (0.42%) for all blended portfolios, 37 basis points (0.37%) for all unblended mutual funds, and 32 basis points (0.32%) for any money market option, in addition to the State's administrative fee, and the costs of the underlying investments.
- The investor education budget will be \$450,000 annually, as well as a commitment to hire a full-time investor education representative.
- Union Bank & Trust does not employ a call center or automated voice system. All calls are handled during business hours, and calls are routed directly to bank staff.
- Recordkeeping would be provided on the same system currently utilized by Oppenheimer.
- Union Bank & Trust has expressed a willingness to offer socially responsible investment options on the investment menu, as well as to explore opportunities to provide a guaranteed product, CD, or other FDIC pass-through investment option, as desired by the Board.
- Union Bank & Trust was eliminated from further consideration due to substantial enterprise risk caused by the fact that the bank's only other direct-sold 529 plan is currently seeking plan administration services through an RFP process. Union Bank & Trust indicated that if the Nebraska plan were to select another administrator, it would need to reduce staff significantly.

SUMMARY COMMENTS

The plan administrator search process has produced two proposals – from TIAA-CREF and Upromise/Vanguard – that will provide the Oregon 529 College Savings Network with the services of an experienced, highly capable plan administrator. Critically, the providers that will present their services to the Board only have proprietary requirements related to very high-quality index options. Neither of the proposals includes any required active options. Combined with the increased oversight and due diligence to be conducted by State staff and R.V. Kuhns Associates, these plan structures promise to substantially improve the risk management of the Network.