



**CLINT ZWEIFEL**  
MISSOURI STATE TREASURER

**STATE TREASURER CLINT ZWEIFEL**  
**AND MISSOURI HIGHER EDUCATION SAVINGS PROGRAM BOARD**  
**REQUEST FOR PROPOSAL FOR PROGRAM MANAGER**  
**MISSOURI'S 529 COLLEGE SAVINGS PROGRAM**

<u>Schedule of Events</u>	<u>Date</u>
RFP Release	Friday, August 27, 2010
Written Questions Submitted	Monday, September 13, 2010
Proposal Deadline	Friday, October 8, 2010, 1pm CT
Bidder Presentations, if any	November 1 - 4, 2010
Evaluation Committee Recommendation	December 2010
Program Manager Selection	December 15, 2010

Submit Proposals to:

Clint Zweifel, State Treasurer, Harry S. Truman Building, 301 West High Street, Suite 780, Jefferson  
City, MO 65101 (573) 751-2411

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**I. PURPOSE**

State Treasurer Clint Zweifel (the “Treasurer”) and the Missouri Higher Education Savings Program Board (the “Board”) hereby seek proposals from qualified firms, organizations and/or a consortium of allied financial services institutions (referred to as the “Bidder”) to provide management services in connection with Missouri Saving for Tuition Program (“MOST” or the “Program”), the state’s qualified tuition program. Management services may be provided for the Program, the Direct Plan or the Advisor Plan, as the Plans are described below. The Bidder or Bidders selected pursuant to this Request for Proposals (the “RFP”) will enter into a contract for services (the “Contract”) and will be designated the “Program Manager” or the “Plan Manager” as applicable. If separate Bidders are selected for each of the Direct and the Advisor Plans, then separate Contracts will be executed for each Plan.

**II. BACKGROUND**

MOST was created pursuant to Sections 166.400 through 166.455 of the Missouri Revised Statutes, as amended and attached as **Exhibit A** (the “Act”), and was established and is maintained as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529” and the “Code”, respectively). In 1999, the Board engaged Tuition Financing Inc. (“TFI”) to serve as initial Program Manager for MOST, which at the start was only offered directly to the public. In 2002, the Board introduced advisor compensation to the Program, allowing investment advisors to receive front-end fees for their efforts to promote and market the Program. In 2005, the Board selected Upromise Investments Inc. (“Upromise”) to replace TFI as Program Manager for the Direct Plan and the Advisor Plan and the conversion occurred in June 2006. The term of the current Contract with Upromise expires at 11:59pm on June 5, 2011.

Program Description

As of June 30, 2010, the Program had combined assets of approximately \$1.4 billion across its Direct Plan and Advisor Plan. Upromise manages the day-to-day operations of the Program and makes policy recommendations to the Board. Vanguard and American Century Investments serve as investment managers for the Direct Plan. Upromise serves as the investment manager for the Advisor Plan, which includes underlying mutual funds from American Funds, American Century, Barclays Global Investors, Columbia Management, Franklin Templeton, The Hartford Mutual Funds, Legg Mason, PIMCO, Roosevelt Investment Group, T. Rowe Price, UMB Investment Advisors, and Van Kampen.

The table below summarizes MOST participation and growth since January 1, 2009:

<b>Plan</b>	<b>Accounts (12/31/08)</b>	<b>Accounts (6/30/10)</b>	<b>Assets (12/31/08)</b>	<b>Assets (6/30/10)</b>
<b>Direct</b>	104,797	110,420	\$1,008,814,729	\$1,287,085,218
<b>Advisor</b>	12,417	13,467	\$78,995,560	\$111,429,925
<b>Total</b>	<b>117,214</b>	<b>123,887</b>	<b>\$1,087,810,289</b>	<b>\$1,398,515,143</b>



An account in the Program can be opened with a minimum contribution of \$25 by check, money order, or electronic funds transfer from a checking or savings account. An account can also be opened with as little as \$15 per pay period through employee payroll deduction. A maximum of \$8,000 by an individual account owner (\$16,000 for a married couple filing jointly) in aggregate contributions *to accounts in any qualified tuition program* is deductible for Missouri state income tax purposes each year. Although there is no annual contribution limit, total contributions to all MOST accounts for any beneficiary may not exceed a lifetime account balance limit of \$235,000.

The current cost to participants in the Direct Plan is 0.55% (55 basis points) for Vanguard investments and a range of 0.55% to 1.58% for portfolios containing American Century funds or a blend of American Century and Vanguard funds. These costs include the asset-based fees for the underlying mutual funds and program management fees for Upromise. Neither the Treasurer nor the Board currently receives any portion of the fees paid by Program participants or any account setup fee. There are currently no sales charges, application, or annual fees for the Direct Plan.

The Direct Plan investment line-up encompasses three types of investment options (1) age-based options, (2) asset allocation options, and (3) individual mutual fund portfolios. Within the investment options, the Plan includes: three age-based alternatives (Aggressive, Moderate and Conservative), seven asset allocation choices (comprised of various funds that are weighted to create customized alternatives with varying degrees of equity and fixed-income exposures), and eight individual mutual fund choices (ranging from actively managed Equity Growth to Inflation Protection Securities Funds).

The Advisor Plan includes A and C Shares, with fees ranging from 0.69% to 1.46% for the A Shares and 1.44% to 2.21% for the C Shares. These fees include the asset-based fees associated with the underlying mutual funds, Program Management and annual service charges. The fees do not include upfront or deferred sales charges or applicable annual account maintenance fees (generally \$25 for accounts with assets less than \$25,000).

The Advisor Plan investment line-up includes seventeen stand-alone funds (each offered as a stand-alone 529 investment portfolio) and three asset allocation ETFs.

### Program Administration

The administration of the MOST Program is performed by the Missouri Higher Education Savings Program Board, which is composed of seven Board trustees. By law, the Treasurer serves as the chairman of the Board. The Board is responsible for establishing investment policies, strategies, and goals for the Program. The Treasurer's Director of Investments will monitor the growth of the Program's investments and provide an annual report to the Board documenting findings and recommendations. Other Board members include:

- The Commissioner of the Department of Higher Education
- The Commissioner of the Office of Administration
- The Director of the Department of Economic Development
- Two members knowledgeable in the areas of finance or the investment and management of public funds, one of whom is selected by the President Pro Tem of the State Senate and one by the Speaker of the House of Representatives to serve a term of four years.

- One person having experience in the area of banking or deposit investments appointed by the Governor to serve a term of four years

Duties of the Board include: the annual adoption of an asset allocation plan; the annual approval of the Direct Plan and Advisor Plan marketing plan; and a quarterly review of marketing and customer service operations and investment performance. The Treasurer coordinates and has final approval of marketing plans and initiatives, such as brochures and radio and TV campaigns, recommended by the Program Manager.

### Missouri Higher Education Deposit Program

In 2004, House Bill 959 authorized the Missouri Higher Education Deposit Program, as amended (the “Deposit Program”). The new law was codified as Sections 166.500 through 166.529 of the Missouri Revised Statutes (the “Deposit Act”) and is attached as **Exhibit B**. The Deposit Program was envisioned as a nonexclusive qualified tuition program alternative to MOST and not as a part of the current Program. Accordingly, this RFP does not include Program Management Services for the Deposit Program.

To date, the Deposit Program has not been launched. However, in April 2010, the US House of Representatives approved H.R. 4178, which essentially would reclassify investment options offered in the Deposit Program as “banking products”. The US Senate has not approved companion legislation but if it were to approve a similar bill, then the MOST Board could begin to work with Missouri banks on the implementation and execution of the Deposit Program.

When the Deposit Program is finally launched, it will include a distinct Deposit Program Manager, which will provide record-keeping and other account administration services. At this time, the Board expects that the selected Bidder for the Direct Plan (or the MOST Program if one Bidder is selected) will be responsible for aggregating all the Missouri qualified tuition programs, including the Direct Plan, the Advisor Plan and the Deposit Program.

### Tax Parity

Under current Missouri law, Missouri residents are able to invest in any Section 529 qualified tuition program from any state and receive the same State tax benefits as if they had invested in MOST. Due to this “tax parity”, it is critical that the MOST Program be as competitive as possible to avoid losing the assets of Missouri residents to competing plans.

## **III. SCOPE OF SERVICES**

The Scope of Services for each of the Advisor and the Direct Plans encompasses five (5) primary functional areas:

- Investment Management
- Marketing
- Distribution

- Account Administration
- Transition and Plan Implementation, if applicable

References to “Program” in this Scope of Services and throughout this RFP should be understood to mean either the Direct Plan and the Advisor Plan, or the applicable Plan for which a Bidder proposes to provide management services.

### Investment Management

1. The Board wishes to continue to operate a Direct Plan and an Advisor Plan. Bidders should clearly indicate in their proposal which investment options are provided for the Direct Plan versus the Advisor Plan. There should be distinctive elements between the Direct Plan and the Advisor Plan that suitably distinguish each Plan and justify any fee differential between them.
2. The Board seeks to promote investment choice and to provide Missouri residents with the most comprehensive investment options possible. Still, while the Board recognizes the importance of investment choices, it requires ease of understanding and clarity – particularly in the Direct Plan -- and is not willing to sacrifice simplicity for choice.
3. Each Bidder will propose investment options to appeal to a wide range of investors, and the Board will approve or reject the proposed options and modify the current Investment Policy Statement, which is available at [www.treasurer.mo.gov/Invest/MOST529InvestmentPolicy.pdf](http://www.treasurer.mo.gov/Invest/MOST529InvestmentPolicy.pdf) (the “Investment Policy”). The Program Manager will manage investments as a fiduciary for both the account owners and the Program, and in accordance with the Program’s Investment Policy. The Board may request modifications to the investment options included in the Program.
4. Bidders must provide aged-based alternatives for the Direct Plan. The Board would prefer actively managed and indexed investment choices but will not jeopardize clarity for more options. The Bidder also must provide a conservative investment option to appeal to the most risk adverse investors.
5. The Board will consider Bidder proposals with sole provider lineups or multiple fund families. The Board will also consider a Program that provides an “open architecture” option for the possible inclusion of mutual fund families or other investment options at a later date, subject to negotiation between the Treasurer and selected Bidder.
6. For the Advisor Plan, Bidders are strongly encouraged to provide different investment options than those included in the Direct Plan.
7. Bidders must possess the requisite knowledge and demonstrated previous experience in providing investment management services, including the ability to consistently deliver investment returns that meet or exceed their respective indexes in 3 - 5 year time periods. The investment performance of the Program Manager and funds or fund families provided by other members of the proposed consortium, if applicable, will be benchmarked against appropriate indices.

### Marketing

1. The Program Manager will develop, manage and fund marketing and promotion campaigns for the Direct Plan and the Advisor Plan, as applicable. Each campaign will be tailored for each Plan and designed to inform the public about the Plan and its benefits and to educate the public about the enrollment process. As appropriate and approved by the Treasurer and the Board, the Program Manager shall use a variety of marketing strategies and tactics to reach and inform the public about the Program. The Board anticipates that the marketing plans for each Plan will differ in strategy and tactics.
2. Annually, the Program Manager must submit marketing plans for the Direct Plan and Advisor Plan with approval of the Treasurer. The Treasurer and Board shall have complete and total approval of the Program Manager's marketing plans. After approval by the Board of the marketing plans, the Program Manager shall implement the approved marketing and promotional activities with final approval resting with the Treasurer.
3. The Program Manager must submit all materials to the Treasurer for final approval.
4. The Manager for the Direct Plan must maintain a website for the Program and Direct Plan. The Manager of the Advisor Plan, if different from the Direct Plan, will maintain the Advisor Plan site.
5. A national marketing campaign for the Advisor Plan is encouraged.

#### Distribution

1. The Program Manager will offer the Direct Plan directly to investors at a competitive cost via on-line enrollment and through a central mailing location.
2. The Direct Plan website must allow prospective account owners to order enrollment materials and sign up for certain payment methods.
3. Subject to the Treasurer's approval, the Program Manager also will enter into selling agreements for the Advisor Plan with Missouri, regional and national third-party distributors to provide for distribution through a wide range of professional financial advisors.

#### Account Administration

1. The Program Manager must possess the requisite knowledge and demonstrated experience in administering investment accounts, subject to IRS regulations.
2. The Program Manager will manage the Program in compliance with the Code, applicable federal and state laws and regulations, including the Act, and the Contract. The Program Manager will agree to process all account activity on a timely basis, and provide state-of-the-art record keeping and exemplary customer service in accordance with terms and standards set forth in the Contract.
3. The Program Manager shall administer the individual accounts and shall provide detailed and accurate individual record keeping for each account owner.
4. The Program Manager shall mail and make available electronically account statements and reports detailing all activity in the individual account to the account owner at least quarterly and within five

- (5) business days after the end of the activity reporting period. The Board reserves the right to request more frequent reporting.
5. The Program Manager shall disburse funds to account beneficiaries according to established procedures and legal requirements, including the distribution of aggregated IRS Form 1099Q reports and any other forms required by law for withdrawals.
  6. For each person enrolled, the Program Manager shall deposit the funds by Midnight within one Banking Day into an individual account and must maintain such account in compliance with State of Missouri and federal statutes. If the Program Manager does not deposit the funds by the Midnight deadline, the Program Manager shall credit each individual account with an amount equal to one day's interest for each Banking Day that the Program Manager does not deposit the funds. (Banking Day and Midnight deadline shall be as defined in Article 4, Part 1, 400.4-104 (3) and (10) in the Missouri Revised Statutes.)
  7. The Program Manager shall provide support services for account owners and a toll-free phone number for the Program.
  8. The Program Manager shall develop a team to coordinate communication, deliverables, and progress between the Treasurer, the Board and the Program Manager. The team must have the advanced communication (oral and written), organizational, and management skills to service the Program. The Treasurer reserves the right to approve or not approve any team structure and members of that team as deemed necessary.
  9. The Program Manager must attend all Board meetings unless otherwise notified by the Treasurer. The Program Manager also must respond to the need for telephone consultation within an 8-hour period or less if needed.
  10. Upon request, the Program Manager shall provide the Treasurer access to all files, records, documents and data pertaining to the Program that are in its possession and control regardless of how that information is stored.
  11. The Program Manager must keep and protect the confidentiality of participant personal information, including identification numbers or codes and account codes and account access numbers or codes in accordance with all applicable federal and State of Missouri laws.
  12. The Program Manager shall provide monthly reports to the Treasurer indicating the number of new accounts and assets for that month and currently in existence, all relevant investment performance results, and other Program administration and marketing information prescribed by the Treasurer or Board. The Treasurer or Board may require changes to the reports at anytime. The Program Manager also will provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, the quarterly performance of all investments, and such other information as the Treasurer or Board requests.
  13. If the Board selects distinct Bidders to provide services to each of the Direct and the Advisor Plans, it expects aggregation services to be provided by the Manager of the Direct Plan unless a cost differential indicates otherwise.

### Transition and Plan Implementation, if necessary

1. The Program Manager must provide a detailed timetable for the conversion of existing accounts and assets so that the conversion is complete no later than 11:59 p.m. on June 5, 2011 or another date that is agreed upon by the Treasurer and the Board. This timetable will include a thorough communications strategy for account owners and for advisors who offer the Advisor Plan
2. The Program Manager must provide an investment mapping strategy that demonstrates the similarity of the pre- and post-conversion investments.
3. The Program Manager will be required to ensure that assets are continuously invested throughout the conversion and may be required to engage an outside specialist to reconcile cash, NAVS and investment mapping, or to otherwise ensure a smooth transfer of assets between underlying mutual funds.

## **IV. PROPOSALS**

The Board will continue to operate a Direct Plan and an Advisor Plan, and will accept proposals from Bidders to manage either the Direct Plan, the Advisor Plan or the Program overall. Ease of administration would argue for one Program Manager so Bidders are encouraged to consider business partnerships to meet all of the Board's goals but will not be penalized for proposing to provide management services for just one Plan. Additionally, the Board reserves the right to select different Bidders for each component, subject to negotiation with each firm.

The key objective for the Treasurer and the Board will be to provide a Program that offers Missouri residents compelling investment choices at extremely attractive fees while still providing first-class customer service. In light of the tax parity rules in Missouri, the Treasurer and the Board also seek reassurance as to the on-going competitiveness of the Program for Missouri residents. Tax parity presents an opportunity to maintain a leading position among 529 plans nationwide – the Treasurer and the Board seek a Program Manager partner that is equally committed to that goal.

The Treasurer provides staff time to the Board and the Program but it does not have a dedicated, full-time manager for MOST. Consequently, administration and marketing of the Program is the responsibility of the Program Manager selected via this RFP. Bidders should take this into account preparing their proposals.

The Bidder or Bidders selected pursuant to this RFP will act as Program Manager(s) with guidance and direction provided by the Treasurer. As Program Manager(s), the selected Bidder(s) will take actions to ensure overall compliance with Section 529 of the Code and the Act. This RFP is being issued pursuant to and in accordance with the Act. No moneys have been or will be budgeted or appropriated for the Program by the Treasurer, the Board or any other part of the State of Missouri.

The Board will accept proposals from consortia. Any consortium submitting a proposal must clearly identify each entity in the consortium, which services will be performed by each entity and the single entity which will sign the Contract for all services as Program Manager and thus be responsible for the delivery of services and otherwise for ensuring that all terms of the Contract are satisfied.

The term of the Contract for Services pursuant to this RFP will be five (5) years and will run through June 6, 2016. SECTION IX – GENERAL INFORMATION AND CONTRACT PROVISIONS includes certain provisions to be included in the Contract. The Bidder's cover letter (see Section V – PROPOSAL SUBMISSION PROCEDURE) should explain in detail any objections to the provisions in this Section, proposing specific alternative language for the Treasurer's consideration.

The Contract will incorporate this RFP, including any amendments, written responses to questions, the Bidder's proposal, and any final clarifications or offers made by the Bidder. In the event of an inconsistency between the Contract, this RFP or the Bidder's proposal (as clarified and supplanted, the "Proposal"), the order in which the provisions of these documents shall prevail will be the Contract, this RFP (as amended and clarified by written questions), and the Bidder's Proposal.

#### V. PROPOSAL SUBMISSION PROCEDURE

Proposals must be completed, signed and returned (with all necessary attachments) to Clint Zweifel, State Treasurer, Harry S. Truman Building, 301 West High Street, Suite 780, Jefferson City, MO 65101 by **1 p.m. Central Time, on Friday, October 8, 2010.**

**BIDDERS SHOULD BE AWARE THAT, ALTHOUGH THERE ARE LIMITED EXCEPTIONS, PROPOSALS BECOME PUBLIC RECORD UNDER MISSOURI LAW. THUS THE TREASURER AND THE BOARD WILL DEEM ALL PROPOSALS DELIVERED TO BE PUBLIC DOCUMENTS UPON EXECUTION OF A CONTRACT OR REJECTION OF ALL BIDS.**

##### Submission of Written Questions

Bidders should submit written questions regarding the RFP and any part of the solicitation, evaluation and negotiation processes in connection with the selection of a Program Manager. Written questions must be emailed to the Treasurer at [MOSTRFP@treasurer.mo.gov](mailto:MOSTRFP@treasurer.mo.gov) by **Monday, September 13, 2010**. Answers to all questions submitted will be emailed to Bidders by Monday, September 20, 2010.

##### Submission of Proposal

The response must include sixteen (16) printed copies, including the original printed document. An electronic copy must also be submitted via email to [MOSTRFP@treasurer.mo.gov](mailto:MOSTRFP@treasurer.mo.gov). The original Proposal must be marked "ORIGINAL COPY". ***Responses must be delivered directly to the Treasurer by the October 8, 2010, deadline of 1 p.m. Central Time.*** All copies must include the attachments indicated in Section VIII – INFORMATION REQUIRED IN PROPOSAL.

Each Proposal must include the following:

- A cover letter including clear, unambiguous acceptance of the contract provisions set forth in SECTION IX or proposed alternative language (see SECTION IV – PROPOSALS). The cover letter must be signed by the professional authorized to submit the Proposal on behalf of the Bidder.
- Answers to the specific questions set forth in Section VIII – INFORMATION REQUIRED IN PROPOSAL.
- All **Attachments**, which are specified on **Attachment 1**, a checklist for the Proposal (see

## **Exhibit C).**

### Presentation of Supporting Evidence

A Bidder, if requested, must be prepared to present evidence of experience, ability, service resources, and financial standing necessary to satisfactorily meet the requirements set forth or implied in this RFP or applicable law or to support its Proposal.

### Late Submissions

**A proposal shall be considered late if received at any time after 1 p.m. Central Time, Friday, October 8, 2010.** Proposals received after the specified time **WILL NOT** be given further consideration. It is the Bidder's responsibility to ensure timely delivery of mailed materials.

## **VI. EVALUATION OF PROPOSALS**

Each written Proposal will be evaluated by the Treasurer based upon the answers to the required questions. A Bidder may be required to give an oral presentation at the Treasurer's or Board's discretion. A final recommendation will be made to the Board, which will then have the power to accept the Proposal and to direct the Treasurer to negotiate a Contract with the Bidder. If the Board selects different Managers for the Direct and the Advisor Plans, it expects to enter into separate Contracts for each Plan. In addition, the following will be considered in the evaluation:

- The Bidder's understanding of the Program and its purpose and scope, as evidenced by the proposed approach and proposed level of effort
- Experience in the 529 Industry
- Financial stability
- Competence of personnel

**Bidders are not to contact the Treasurer or his employees or consultants, employees of other State agencies, members of the General Assembly, or any members of the Board concerning this RFP during the procurement and evaluation process. Such contact may cause the Bidder's Proposal to be rejected.**

## **VII. MANDATORY REQUIREMENTS**

All of the following items must be initialed by an authorized representative of the Bidder, indicating the Bidder's agreement to perform the mandatory requirements as stated and the Bidder's understanding of the Program's operations and the expectations of the Program Manager. However, a Bidder may asterisk an item (\*) and document an alternative solution to the requirement. If such an alternative solution is as cost effective and meets the same needs as the current system, the Bidder will be considered to have accepted the mandatory requirement. **The initialed Mandatory Requirements must be included as Attachment 2 to the Bidder's submission. Failure to comply may be cause for rejection of the Bidder's Proposal.**

### Minimum Program Manager Qualifications

- \_\_\_\_\_ a. The Bidder and all members of the Bidder's consortium providing investment management services including mutual funds or other securities must have at least five (5) years experience in the asset management or investment management field, with at least \$1 billion in funds under management in each of the last five (5) years.
- \_\_\_\_\_ b. The Bidder must be rated by two or more Nationally Recognized Statistical Rating Organizations (NRSRO's) within the three highest rating categories for financial condition.
- \_\_\_\_\_ c. Bidder must be a registered investment advisor or exempt from registration.

#### Operating Requirements

- \_\_\_\_\_ a. The Program Manager shall develop, market, implement, administer, and manage the Program on behalf of the Board in compliance with State and federal law and in accordance with the provisions and requirements of this RFP.
- \_\_\_\_\_ b. The Program Manager shall perform all services under the direction of and to the sole satisfaction of the Board with an ultimate goal of encouraging families to save for post-secondary education costs.

#### Transition and Planning Requirements

- \_\_\_\_\_ a. By no later than fourteen (14) calendar days after the effective date of the Contract, the Program Manager shall meet with the Treasurer and shall finalize the work plan for development and implementation of the Program and the associated transition, if one is required, from the Board's current Program Manager.
- \_\_\_\_\_ b. The work plan shall, at a minimum, include and address the information contained in the final Proposal submitted in response to this RFP and the following documentation:
  - Rules, regulations, policies, procedures necessary for implementation and steps/actions and responsible party (ies) necessary to affect such rules, etc.
  - Efforts required by the Program Manager, the Treasurer, and personnel from other entities or providers.
  - Time periods that will be affected, including projected implementation date, federal time limitations, proposed data submission schedules, etc.
  - All other information needed by the Treasurer in order to determine planned actions and responsibilities.
- \_\_\_\_\_ c. The Program Manager shall agree and understand that the Treasurer shall have the right to modify, require changes, and/or to require additional elaboration to the work plan as deemed necessary in order to insure a comprehensive understanding of the Program and planned activities for its implementation.
- \_\_\_\_\_ d. The Program Manager shall not proceed with performance of any services until the work plan is approved by the Treasurer. After approval by the Treasurer of the work

plan, the Program Manager shall perform the services required in accordance with the approved work plan.

- \_\_\_\_\_ e. The Program Manager shall agree and understand that performance of services and implementation of the Program in accordance with the approved work plan is an essential function of the Treasurer and is considered critical to the efficient operation of Board. However, the amount of actual damages that will be realized as a result of the Program Manager's failure to comply with the work plan is difficult to establish until final approval of the work plan. Therefore, after final approval by the Treasurer of the work plan, the Program Manager and the Treasurer shall mutually agree upon liquidated damages that shall apply for each requirement in the work plan.
- \_\_\_\_\_ f. In the event that the Program Manager is unable to or does not comply with a requirement in the work plan, the Program Manager shall be assessed the agreed upon amount of liquidated damages and shall agree that the amount of liquidated damages assessed shall be reasonable and fair under the circumstances.
- \_\_\_\_\_ g. The Program Manager shall further agree and understand that such liquidated damages shall be paid directly to the Board.
- \_\_\_\_\_ h. During the provisioning of services, if the Program Manager or the Treasurer determines that any part of the work plan requires changes or modifications, the Program Manager must submit documentation to the Treasurer, in writing, regarding the changes necessary. Any such changes must have the written approval of the Treasurer prior to performance by the Program Manager.

#### Performance Requirements

- \_\_\_\_\_ a. The Program Manager shall develop a Procedure Manual and must obtain the approval of the Treasurer at various stages in the development of the Procedure Manual as specified in the approval requirements stated below. The Procedure Manual must be divided into three (3) sections with each section containing all procedures and requirements for: (1) the Program Manager, (2) the Board, and (3) the participants in the Program.
- \_\_\_\_\_ b. The Program Manager shall develop and conduct a marketing plan to inform the public about the Program. The marketing plan will be approved by the Treasurer and Board, and strategically and tactically implemented with the approval of the Treasurer.
- \_\_\_\_\_ d. The Program Manager will develop and implement a plan, with the approval of the Treasurer, to clearly and concisely communicate all Program fees. This information will be updated and accurately available at all times on the Program's website.
- \_\_\_\_\_ e. All vendors producing marketing materials are subject to approval by the Treasurer.
- \_\_\_\_\_ f. Any third-party marketing services and all marketing material production shall be done through companies maintaining physical office space in Missouri.

- \_\_\_\_\_ g. The Treasurer reserves the right to approve all third-party contractors used in the development or implementation of the marketing plan.
- \_\_\_\_\_ h. By no later than the date approved by the Treasurer in the work plan, the Program Manager shall begin accepting applications and processing them in a timely manner thereby enrolling the public in the Program.
- \_\_\_\_\_ i. For each person enrolled, the Program Manager shall deposit the funds within one Banking Day by the Midnight deadline into an individual account and must maintain such account in compliance with State and federal statutes. If the Program Manager does not deposit the funds by the Midnight deadline, the Program Manager shall credit each individual account owner's account with an amount equal to one day's interest for each Banking Day that the Program Manager does not deposit the funds. (Banking Day and midnight deadline shall be as defined in Article 4, Part 1, 400.4-104 (3) and (10) in the Missouri Revised Statutes.)
- \_\_\_\_\_ j. The Program Manager shall administer the individual accounts and shall provide detailed and accurate individual record keeping for each account owner. The Program Manager shall mail, or e-mail if the account owner opts-in, account statements and reports detailing all activity in the individual account to the account owner according to the schedule and frequency approved by the Board. Such schedule must be at least quarterly and must be by no later than five (5) business days after the end of the activity-reporting period.
- \_\_\_\_\_ k. The Program Manager shall accept individual account deposits from account owners anytime.
- \_\_\_\_\_ l. The Program Manager shall disburse funds to account beneficiaries according to established procedures.
- \_\_\_\_\_ m. The Program Manager shall submit monthly and quarterly reports to the Treasurer that detail all activities of the Program for the reporting period. Such reports shall include all financial transactions including deposits and disbursements during the reporting period. The monthly reports shall detail the information "in total" and shall be submitted by no later than ten (10) business days after the end of the month. The quarterly reports shall detail the information by individual account and shall be submitted by no later than ten (10) business days after the end of the quarter.
- \_\_\_\_\_ n. Also on a monthly basis, the Program Manager shall submit a report to the Treasurer that documents all investment activity including investment strategies and investment vehicles occurring during the monthly reporting period.
- \_\_\_\_\_ o. In addition to the reports specifically required herein, the Program Manager must provide additional financial and analytical reports as deemed necessary by the Treasurer.
- \_\_\_\_\_ p. The Program Manager shall provide continual and ongoing management and administration of the Program including ongoing marketing, administration, account

service, management of funds, etc.

- \_\_\_\_\_q. The Program Manager shall maintain the Procedure Manual in an up-to-date and current status.
- \_\_\_\_\_r. The Program Manager shall keep abreast of any changing economic trends, changes to the laws or regulations, revised statutes, rules, etc., and shall update the Program, Treasurer, Board and Procedure Manual accordingly.
- \_\_\_\_\_s. The Program Manager must obtain the approval of the Board of any changes to the Program prior to implementation of such changes.
- \_\_\_\_\_t. The Program Manager shall continually provide training to the Board and Treasurer in order that such personnel have current knowledge of the Program, on the use and operation of any equipment, software, or systems provided or used per the Contract, and on the activity of the investment fund.

#### Financial Requirements

- \_\_\_\_\_ a. The Program Manager shall agree and understand that the Board, the Treasurer and the State of Missouri shall not be obligated for any payment or reimbursement whatsoever to the Program Manager under the terms of the Contract.
- \_\_\_\_\_ b. The Program Manager shall agree and understand that its proposed compensation shall be as specified under Cost Proposal in SECTION VIII of the RFP.
- \_\_\_\_\_ c. If basis point pricing is proposed, then the Program Manager's fees shall be deducted on a quarterly basis based on the average daily market value of the applicable Portfolios each quarter.
- \_\_\_\_\_ d. If annual account fees are included in the Cost Proposal in SECTION VIII of the RFP, then the Program Manager shall deduct the stated fixed fee from each account on an annual basis each December.
- \_\_\_\_\_ e. Other than compensation to the Program Manager as stated herein, no other payments or reimbursements shall be made to the Program Manager for any reason whatsoever.
- \_\_\_\_\_ f. The Program Manager shall be responsible for all costs of transition, if one is required, from the current Program Manager.

#### Other Requirements

- \_\_\_\_\_ a. The Program Manager shall develop a team to coordinate communication, deliverables, and progression between the Treasurer, the Board and the Program Manager. The team must have the advanced communication (oral and written), organizational, and management skills to service the Program. The Treasurer reserves the right to approve or not approve any development team structure and members of that team as deemed necessary.

- \_\_\_\_\_ b. The Program Manager must maintain financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified by the Treasurer and Board. These records must be made available at all reasonable times to the Board and/or its designees and the Missouri State Auditor during the Contract period and any renewal period thereof, and for the length of time specified below for maintaining contract records after final expiration of the Contract.
- \_\_\_\_\_ c. The Program Manager shall maintain books, records, documents, systems, and other evidence pertaining to the administrative costs and expenses of the Contract to the extent and in such detail as shall properly reflect all revenues, all net costs, direct and apportioned, and other costs and expenses of the Contract.
- \_\_\_\_\_ d. The Program Manager shall agree that unless the Treasurer or Board specifies in writing a shorter period of time, the Program Manager shall preserve and make all Program documents available to the Treasurer, the Board or to any State agency so requesting it at any time for up to six (6) years after termination of the Contract.
- \_\_\_\_\_ e. The Program Manager shall provide options and proposed funding for a matching grant program and scholarship program.
- \_\_\_\_\_ f. The Program Manager shall agree in the Contract to fee reductions based on future asset and account growth or it shall commit to fee reductions in the future to ensure the continued competitiveness of the Direct Plan for Missouri residents, including the commitment to continuously charge fees that are in the lowest 20% of all 529 direct-sold plans.
- \_\_\_\_\_ g. The Program Manager's shall include a marketing budget based upon the term of the Contract or an annual sum that shall not include any marketing expenditures associated with rewards programs or marketing efforts not resulting from the budget controlled by the Board and Treasurer.
- \_\_\_\_\_ h. The Program Manager shall provide a plan for moving existing Missouri-based account owners in competing 529 Programs managed by the Program Manager to the Direct Plan and Advisor Plan, as applicable.
- \_\_\_\_\_ i. The Program Manager shall provide a marketing strategy to distinguish the Advisor Plan and Direct Plan from each other, if recommended and agreed upon by Treasurer.

## **VIII. INFORMATION REQUIRED IN PROPOSAL**

Bidders must provide clear and complete written responses to each of the following questions. Responses must be numbered in the same manner as the individual questions and will be used in evaluating each Bidder's proposed method of performance. Where applicable, answer "yes" or "no". **Failure to comply may result in rejection of the Bidder's proposal.**

## Executive Summary

Provide a broad overview of your firm, the experience and background of those who would be assigned to the management of the Program and the services you intend to provide to the Board. Most importantly, discuss the distinguishing characteristics of your firm and your bid, and the reasons why your firm should be selected to perform the functions for which it has responded.

**Please limit the Executive Summary to three (3) pages.**

## General Information

1. Please state whether the Bidder is proposing to provide management services for (a) the Direct Plan only, (b) the Advisor Plan only, or (c) both the Direct and the Advisor Plans. If the response is for both Plans, then please also indicate whether the Bidder would agree to serve as Manager for only one Plan and specify that Plan.
2. Discuss the history of the Bidder's organization, ownership and capital structure and lines of business. The Bidder must provide copies of its audited financial statements for the past three (3) years (as **Attachment 3**) as well as the most recent annual report and all SEC filings for the last complete fiscal year, and filings for the current fiscal year, if any. If applicable, please also provide copies of the most recent audited financial statements for all proposed subcontractors in the same **Attachment 3**.
3. Please provide the short-term and senior unsecured debt (long-term) ratings from Standard & Poor's and Moody's Investors Service or equivalent from a Nationally Recognized Statistical Ratings Organization ("NRSRO") for the Bidder, any subcontractor or any related entity of the Bidder.

NOTE: The term "related entity" means any partnership, corporation, limited partnership, limited liability company, joint venture, association or other entity owned by the Bidder, which owns the Bidder, in which the Bidder owns a financial interest of five percent or more, or which owns a financial interest of five percent or more in the Bidder.

4. For the Direct Plan and Advisor Plan, if a consortium of companies is proposed, list each entity, their area of responsibility, and reporting relationships. Please explicitly identify the entity that will serve as the Contract party, as well as all affiliates, subsidiaries and other entities that will provide services to meet the requirements of this RFP. Provide a chart showing the legal arrangements among all the entities that will combine to provide the services requested in this RFP. If the Contract party is not a parent entity, please indicate your willingness to provide a parent guarantee or propose a suitable alternative to ensure performance of the services to be provided pursuant to the Contract (the successful Bidder will be responsible for all costs associated with the services provided by subcontractors and will be liable for any negligence or misconduct by the subcontractors).
5. Describe the Bidder's procedures for compliance with MSRB regulations.
6. What, if any, significant organizational changes (i.e., mergers, acquisitions, business concerns, etc.) have occurred since January 1, 2007?

7. No portion of the Contract shall be handled outside of the United States. Can the Bidder comply with that?
8. Describe how the Bidder would perform services in Missouri, by listing the task and the name and office location of the individual(s) who will be responsible for the proposed services, and the percentage of that individual's time dedicated to the assigned responsibility.
9. State whether there are any past or pending regulatory restrictions, consent orders, stipulations or litigation to which the Bidder, any subcontractor, any related entity of the Bidder or any subcontractor, or any of their principals, owners, directors or officers, has ever been a party that would affect its ability to provide the required services or which alleges any unfair, illegal or unethical business practice. If so, provide a detailed description of each.
10. State whether any officers, principals, owners, directors and all proposed contract employees or any subcontractor that will provide investment services, customer services, records administration services, and marketing services have ever been convicted of a felony, had adjudication of guilt withheld as to any felony, or plead no contest to any felony. If so, a detailed description of each incident must be included.
11. State whether any penalties, fines or liquidated damages have ever been imposed against the Bidder, any subcontractors or any related entity of the Bidder or any subcontractor, including, without limitation thereto, those associated with any contract for services entered into by the Bidder, any subcontractor, or any related entity of the Bidder or any subcontractor, since January 1, 2007. If so, provide a detailed description of each such incident, including the amount of the penalty, fine or liquidated damages imposed.
12. State whether the Bidder or any subcontractor or any related entity of the Bidder or any subcontractor has ever been involved in any threatened, pending, settled or adjudicated litigation with any qualified tuition program. If so, a detailed description of each action must be provided.
13. State whether the Bidder or any subcontractor or any related entity of the Bidder or any subcontractor has ever been or is currently aware of or has reason to believe it is or will be the subject of an audit or inquiry by the Internal Revenue Service, the Securities Exchange Commission (including FINRA and the MSRB), by a Missouri regulatory or investigative agency or by any other federal or state regulatory or investigative agency in connection with its mutual fund business or a qualified tuition program. If so, provide a detailed description of each.
14. Has the investment firm, or any related entity, or any owner, officer, director, principal, or management level employee of the investment firm been involved in an enforcement action by or had an audit inquiry from the Securities Exchange Commission or any other governmental (local, state, or federal) regulatory agency, or been named a defendant in litigation where there was an allegation of violation of fiduciary responsibility? If yes to either question, explain in detail.
15. Has the investment firm, the Bidder, any related entity, a parent company, an affiliate, subsidiary, or any affiliated mutual or commingled fund been subject to any enforcement action or investigation by, or entered into settlements or is party to litigation with, or been subject to any audits or

regulatory or investigative inquiries by, the IRS, the SEC, FINRA or a state regulatory or investigative agency in connection with mutual fund, investment management or college savings businesses (including market timing, late trading, collusion with third parties, preferential fund family treatment, or a failure to supervise sales professionals) at any time since January 1, 2007?

16. Please provide five references from qualified tuition plans for the Bidder and, if applicable, for each Subcontractor that will provide services under the Contract and that are otherwise identified in the response to Question 4 above. Please include name, title, phone and e-mail address for each reference. If a Subcontractor does not have five references from qualified tuition plans, please provide other references and explain why those non-qualified tuition plan references are adequate substitutes.

### Investment Management

1. Please confirm that the Bidder has been actively engaged in the investment advisory business for at least five years prior the date of this Proposal. Please summarize the Bidder's history as a registered investment advisor or, if it is exempt from registration, the basis for its exemption.
2. Is the investment firm, its parent or affiliate, a registered broker/dealer? If yes, does the firm trade in securities with this parent or affiliate? Describe policies in place to prevent any conflict of interest. Describe any negative impact these policies may have on the Bidder's ability to manage assets, and steps the firm has taken to mitigate those.
3. Are any ownership or corporate governance changes planned or anticipated by the investment firm in the next 24 months? If so, describe.
4. Please list all current relationships with 529 plans. If the Bidder has no 529 experience, then please list current relationships with institutional defined contribution plans with assets in excess of \$250 million. Specify the annual assets under management for the applicable relationship, the investment funds utilized, and the term of the engagement.
5. Please indicate clearly which 529 plans and institutional defined contribution relationships in the immediately preceding question have been won or acquired since January 1, 2007.
6. Please also list any 529 plans or institutional defined contribution relationships terminated or closed since January 1, 2007 and indicate why.
7. Please identify and provide the resume of the professional at the investment firm who will be assigned overall responsibility (i.e., the 529 Portfolio Manager) for the Program. How often would this person be available to the Treasurer and Board meetings?
8. Since January 1, 2007, has there been turnover of the investment managers for any of the underlying mutual funds proposed? Describe the investment firm's succession procedures if the investment professionals should leave the firm or change responsibilities within the firm.
9. Please complete the table provided in **Exhibit D**, showing every investment option proposed for each of the Direct and the Advisor Plans, as applicable to the Bidder's response. The investment

options should be divided across age-based, asset allocation and individual mutual fund portfolios. There is no limit on the number of investment options that may be proposed. **Exhibit D** will become **Attachment 4** to the Bidder's response.

10. Please complete the two tables provided in **Exhibit E** for each underlying mutual fund the Bidder proposes to include in the investment options identified in the response to Question 9 immediately above. **Exhibit D** will become **Attachment 5** to the Bidder's response. For each fund included in **Attachment 5** and its indicated benchmark, the Bidder should also include a disc with an Excel spreadsheet showing the monthly total returns from January 1, 2008 through June 30, 2010 as well as the 5-year and 10-year total returns for the periods from January 1, 2005, and January 1, 2000, respectively, through December 31, 2010. If the Bidder is proposing separately managed or other non-registered underlying investments, then **Attachment 5** should be completed with similar monthly return information for the investment and for the benchmark against which the performance is measured.

Please also include in **Attachment 6** the most recent prospectus for each Fund.

11. Please indicate whether of the underlying funds (or other investment vehicles) included in the response to Question 10 immediately above have experienced net cash outflows of 20% or more over the two-year period from July 1, 2008 through June 30, 2010). The Bidder should elaborate on why these outflows may have occurred.
12. Please identify a guaranteed or conservative option for risk adverse investors and, if applicable, explain the rate-setting process that will be used to set the rate initially and re-set the rate in the future.
13. To enhance marketability of the Program, the Board is interested in offering a diversified group of investment managers. Would the Bidder agree to diversification and, if so, is there a maximum number or percentage of unaffiliated investment managers the Bidder would propose? If the Bidder does not agree that multiple investment managers are beneficial, please explain how to otherwise enhance the Program's marketability through investment options.
14. If the Bidder is proposing to provide management services to both the Direct and the Advisor Plans, please indicate how the Bidder will differentiate the proposed investment products in each Plan.
15. Describe in detail what data, information, and advice the Bidder proposes to provide the Treasurer and Board in analyzing and interpreting the investment results of the Program and recommending changes to funds over the course of the Contract and offering investment advisory services.
16. Please identify the proxy rights the Board will have on any underlying mutual funds included in the investment options to be offered in MOST. How and when will the Board be notified of any proxies?

### Marketing

1. Understanding that choices and low costs are the Program's main goals, describe the Bidder's overall marketing plan for the Direct Plan and the Advisor Plan. How would you educate current

and prospective participants about the existence of new and different investment options in each, if applicable?

2. What support will be provided to brokers marketing the Advisor Plan?
3. Describe the resources other than financial that the Bidder will provide the Program for purposes of in-State and / or national marketing. Please be specific in terms of the field support that will be available within Missouri to market the Program to employers, financial professionals and community groups.
4. Explain how the Bidder will measure the success of its marketing efforts and report that to the Treasurer and the Board.
5. Please indicate the Bidder's position on whether marketing materials should be submitted to FINRA when such review is not otherwise required. Please explain how much time this would build into the schedule for approval of marketing materials.
6. Please specify the Bidder's annual marketing commitment to the Direct Plan in Missouri and the Advisor Plan nationwide for each of the five (5) years of the Contract (each a "Contract Year"). Allowable marketing expenditures are limited to the actual costs associated with the acquisition of new accounts and contributions to existing accounts, which would exclude, for example, administrative expenditures (such as general overhead, personnel or other allocated expenses) or maintenance expenses such as costs for program disclosure updates and other administrative communications. Allowable marketing expenditures for the Direct Plan would include literature development, Program promotion, advertising, and other Missouri marketing expenses approved by the Treasurer on behalf of the Board.

Please note that the Bidder will be expected to spend the entirety of each marketing commitment in each Contract Year. If marketing dollars remain unspent at the end of any Year, the Bidder will credit the unspent monies to the applicable Plan at the end of the Contract Year for use in the Plan the following Year.

7. Describe other qualified tuition programs for which the Bidder has marketing responsibility. Will the Bidder agree not to market these programs in Missouri?
8. Describe any commitments or restrictions which would limit the Bidder's ability to offer or market the Program in states other than Missouri.
9. Please list the other qualified tuition programs for which the Bidder has selling or distribution agreements. Please indicate the annual sales of those programs by the Bidder's sales force in Missouri.
10. Please describe the Bidder's experience with third-party distribution, including customized account forms, access to account information, commission payment procedures, and general technical support provided.
11. Please indicate what financial and professional support, if any, the Bidder will provide to the Treasurer and the Board to enhance efforts to provide scholarships and / or matching grants to

moderate and low-income Missouri residents.

### Distribution

1. Describe the distribution network(s) the Bidder intends to utilize to sell the MOST Program.
2. If the Bidder relies on third-party distribution, provide the number of internal and external wholesalers, their geographic assignments, and the target distribution channels. Include details on the Bidder's coverage in Missouri. What changes/additions, if any, would the Bidder make if it is selected as Program Manager?
3. If the Bidder relies on third party distribution, list in table form the top ten distributors, gross sales by distributor, and, if available, the percentage of total firm sales. Please also include the approximate number of registered representatives or advisors at each distributor (within Missouri and nationwide).
4. If the Bidder utilizes captive distribution, describe your wholesaling force, the total size of the sales force, the geographic distribution, and the general product mix of the Bidder's clients. Include details on coverage in Missouri. What changes/additions, if any, would the Bidder make if it is selected as Program Manager?

### Account Administration

1. Indicate whether account administration and record keeping will be performed internally by the Bidder or assigned to a Subcontractor. Describe the Bidder's or Subcontractor's experience in college savings or individual participant account administration and record keeping, including the number of years that service has been provided, the number of accounts for which the Bidder is currently responsible, the frequency and volume of individual transactions that are processed on a daily or other periodic basis, and the approximate dollar value of such accounts.
2. How will the entity responsible for record keeping above interface with the eventual administrator of the proposed Missouri Higher Education Deposit Program?
3. Describe the Bidder's federal tax compliance procedures for maximum contributions and withdrawal aggregation. How will the Bidder coordinate its tax compliance procedures with the proposed Missouri Higher Education Deposit Program?
4. Describe the Bidder's or Subcontractor's technical environment, including hardware, application and database software, communications equipment, and system security.
5. Describe the Bidder's or Subcontractor's disaster recovery plan, including backup procedures, alternate operating facilities, hardware and software replacement, and testing.
6. Describe the Bidder's or Subcontractor's account opening processes. Describe the enrollment and payment options available for participants to make initial and subsequent contributions. Please include minimum amounts for initial and ongoing contributions.
7. Does the Bidder offer enrollment through the workplace? If so, please indicate whether payroll

contributions are processed through payroll deduction or clearinghouse transactions, and provide the number of programs, the total number of participants, the total number of accounts by process. Please also indicate whether payroll deduction is available to all workplaces or whether a size threshold applies for such processing. Would the employer pay any costs associated with offering the Program?

8. Has a SAS 70 or any other performance audit been completed for the Bidder's or Subcontractor's operations? If so, please provide a copy of the latest audit report in **Attachment 7**. If not, state whether the Bidder is willing to provide a SAS 70 at its cost within the first year of the Contract.
9. Describe the Bidder's or Subcontractor's procedures to ensure confidentiality of participant records.
10. Describe the systems, interfaces, and tracking mechanisms that will be utilized for fulfillment requests.
11. How will the Bidder ensure the Treasurer and the Board have access to the files and data stored on its computers or other systems relating to the Program?
12. Describe any on-line information or reporting capabilities the Bidder will make available to the Treasurer or the Board, including format, media, and frequency.
13. Describe the systems and interfaces Program customer service staff will utilize to research or query customer accounts, if any. Describe what the Bidder can provide for Program account owners, the Treasurer and the Board to dynamically access real time account information via the Internet.
14. Describe the Internet tools the Bidder will make available to Direct Plan customers for planning, communications and account access.
15. Describe what input the Treasurer and the Board will have on the customer service-oriented components of the Bidder's website.
16. Describe the types, frequency and mode of customer reports or statements to be provided by the Bidder. Please describe whether the customer will have access to account information other than account reports or statements. Provide examples of any participant or beneficiary statements, preferably for a 529 plan, in **Attachment 8** to the Proposal.
17. Describe the Bidder's or assigned Subcontractor's ability to retain and retrieve participant documents and correspondence, as well as history of customer contacts and other communications.
18. Describe the Bidder's customer service center operations, including location, hours of operation, staff size and experience with qualified tuition programs, training programs, and monitoring of staff for quality service.
19. What are the Bidder's customer service standards? Please describe any significant changes in customer service quality, processes, training or procedures over the last two years. How does the Bidder plan to measure and report compliance with or deviations from its customer service standards? In what way and with what frequency will the Bidder monitor customer service satisfaction?

20. Describe the problem management and escalation procedures the Bidder will follow in connection with the Program. How and when will complaints be resolved and how will these be reported to the Treasurer and the Board?
21. Provide an example of the type of report that would be provided to the Board on a quarterly basis summarizing investment performance, marketing efforts, customer service performance, etc. as **Attachment 9**.
22. If the Bidder is proposing to provide management services for the Direct or the Advisor Plan only, what steps will it take to comply with the aggregation requirements of Section 529?

#### Transition and Plan Implementation

1. Describe the procedures and processes necessary to implement the Program, noting particularly any transition issues. Include an Implementation Plan as **Attachment 10** showing the specific steps, milestones and responsibilities from Contract award to launch of the Program. The Bidder must include in this Plan tasks required for the establishment and maintenance of accounts, as well as all aspects of customer service to existing and prospective Program account owners.
2. Describe the Bidder's experience since January 1, 2007, if any, with 529 plan conversions. If the Bidder does not have conversion experience with a 529 plan, then please provide relevant experience with another defined contribution plan.
3. Please indicate the Bidder's ability to complete a conversion on or before 11:59pm on June 5, 2011, assuming a Contract award by December 15, 2010. What could delay a conversion in this timeframe?
4. Please provide an investment conversion table showing comparable investment options and asset mapping. What informational materials would the Bidder provide to existing Program account owners during the transition to explain the impending changes?
5. Please identify the legal counsel the Bidder will engage, if any, to assist with Contract matters, disclosure materials, and regulatory compliance reviews.
6. Please identify the Missouri entity the Bidder intends to engage for assistance with Missouri legislative issues that may arise during the course of the Contract.
7. What dedicated resources (personnel, equipment, training, etc.), procedures and controls will the Bidder provide or recommend in the conversion period to ensure a successful and timely conversion? What customer service will the Bidder provide during the transition (e.g., a toll-free telephone number, etc.)?
8. Describe the Treasurer's responsibilities and the resources required during this process.
9. Is the Bidder currently involved in, or planning any major system changes, acquisitions, or conversions? Please explain your plans and include the potential impact to the Treasurer and this contract.

Cost Proposal

1. Please complete the following Program Management Fee and Total Investment Option Fee charts showing the proposed fee structure for each investment option included in the **Direct Plan**. Please note that fees will remain in effect for the duration of the Services Contract.

Investment Option (bidder to specify)	Components of Program Management Fee				Total Program Management Fee
	Administrative Costs	Investment Management	Marketing	Customer Service	
Age-Based					
Asset Allocation					
Individual Mutual Fund					

Investment Option (Bidder to specify)	Fund Expenses <sup>1</sup>	Program Management Fee <sup>2</sup>	Other Fees (specify)	Total Investment Option Fees
Age-Based (provide each age-band)				
Asset Allocation				
Individual Mutual Fund				

<sup>1</sup> Provide weighted expenses for each age-band within Age-Based Options and for each Asset Allocation Option.

<sup>2</sup> This column should match the "Total Program Management Fee" shown in the table immediately above.

2. Will any of the fees included in the response to Question 1 immediately above decrease as assets increase or upon some other factors? If so, identify which fees, the levels at which decreases occur or the factors which would cause decreases, and by how much.
3. Please complete the following charts showing the annual asset-based fees for all proposed investment options included in the Advisor Plan.

Investment Option (bidder to specify)	Components of Program Management Fee				Total Program Management Fee
	Administrative Costs	Investment Management	Marketing	Customer Service	
Age-Based					
Asset Allocation					
Individual Mutual Fund					

Share Class (Bidder to specify)	Underlying Fund Expenses <sup>1</sup>	Program Manager Fee <sup>2</sup>	Annual Trail <sup>3</sup>	Other Fees (if applicable)	Total Annual Fees
A					
B <sup>2</sup>					
C					
Fee-Based Advisors					
Other (specify)					

<sup>1</sup> Provide Underlying Fund Expenses for all proposed investment options; weighted average expenses should be included for the Age-Based and Asset Allocation Options

<sup>2</sup> This should match the Total Program Management Fees shown in the chart immediately above.

<sup>3</sup> If the Bidder is proposing B Shares, please indicate the exact year in which B Shares convert to A Shares for purposes of the Annual Trail.

- Please indicate whether breakpoints apply to the Program Manager Fee or Other Fees included in the chart above.
- Please include in the following chart the Upfront Loads and or the CDSCs that apply to the Share Classes included in the response to Question 3 immediately above. Please indicate the levels at which breakpoints apply to the Upfront Loads as well as the annual changes in CDSCs, if applicable.

Share Class (Bidder to specify)	Upfront Load (%)	CDSC (%)
A		
B		
C		
Fee-Based Advisors		
Other (specify)		

- Please provide a table showing the selling commission and on-going fees to be paid for sales of interests in the Advisor Plan.
- The Bidder must identify any additional charges that may arise in connection with the Direct or the

Advisor Plan, as applicable. Note that any fees or expenses not identified in the Bidder's response will not be considered during Contract negotiations.

8. If the Bidder is proposing to provide services in connection with both the Direct and the Advisor Plans, will the Bidder agree to provide services for just one Plan if requested by the Board? If so, would the Bidder be willing to provide services for either the Direct Plan or the Advisor Plan or is there a preference for one over the other? And, if the Bidder were selected to provide services for just one Plan, how would the proposed fees included above change, if at all?

## **IX. GENERAL INFORMATION AND CONTRACT PROVISIONS**

### **Reservation of Rights**

1. The Board reserves the right, in its sole discretion, to accept or reject any proposals, in whole or part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with any or all qualified bidders in any manner necessary to serve the best interests of the State of Missouri. The Board also reserves the right, in its sole discretion, to award a Contract based on the written proposals received without prior discussions or negotiations.
2. In the event that only one (1) proposal is received in response to this RFP, the Board reserves the right to cancel the RFP process or to negotiate the terms and conditions, including the price, as proposed in the sole bidder's proposal. In addition, as part of such negotiations, the Board or Treasurer reserves the right to require supporting cost, pricing and other data from the Bidder in order to determine the reasonableness and acceptability of the proposal.
3. The Contract between the Board and the successful Bidder awarded the Contract shall consist of this RFP, including any amendments, written responses to questions, and the Bidder's proposal. In the event of an inconsistency between the Contract, this RFP or the Bidder's proposal, the order in which the provisions of these documents shall prevail will be the Contract, this RFP (as amended and clarified by written questions), and the Bidder's proposal. These documents shall collectively be referred to as the "Contract." In the event of a conflict between the RFP and the Bidder's proposal above, the provisions and requirements set forth and/or referenced in this RFP shall govern. However, the Treasurer reserves the right to clarify any contractual relationship in writing with the concurrence of the Manager, and such clarification shall govern in case of conflict with the applicable requirements stated in the RFP or successful bidder's response. In all other matters not affected by the written clarification, if any, this RFP shall govern.
4. The Treasurer reserves the right to negotiate with the Program Manager for changes in services or additional service items, subject to mutual agreement. Any such amendments shall be agreed upon in writing as described immediately below.

Any change in the Contract must be accomplished by a formal written Amendment signed and approved by and between the duly authorized representatives of the Program Manager and the Treasurer. Any amendment to the Contract shall (a) specify an effective date; (b) specify any increases or decreases in the amount of the Program Manager's compensation, if applicable; (c) describe changes, if any, to the provisions of the Contract; (d) be entitled as an "Amendment"; and

(e) be signed by the parties identified in the preceding sentence. The Program Manager's expressly and explicitly understands and agrees that no other method and/or no other document, including correspondence, acts, and oral communications by or from any person, shall be used or construed as an amendment to the Contract.

5. It is understood that in certain situations the Program Manager may utilize the services of related financial institutions (i.e., banks within the same holding company as the Program Manager) in performing certain services required under the Contract. In all such situations, the Program Manager retains sole, direct and primary responsibility for securing the required contractual performance from such related institution as well as sole, direct and primary responsibility for assuring that all contractual provisions, including all applicable legal, financial and eligibility requirements are continuously met by such related institution. All rights and remedies vested in the Treasurer and Board by this contract apply with equal force and effect to the Program Manager's related institution. Conversely, all rights and remedies vested in the Program Manager by this contract rest solely with the Program Manager and not the related institution. The Program Manager agrees to indemnify, save and hold the Treasurer and Board harmless from any expense, liability or payment arising out of the actions of a related institution pursuant to the Contract or made by a related institution as a result of the Contract.
6. Except where specifically noted, the Board anticipates entering into a Contract which will run through June 6, 2015. Contract amendments may provide for extension beyond the stated Contract period, subject to mutual agreement.
7. If, in the sole discretion of the Board or Treasurer, the Board or Treasurer concludes the Program Manager has substantially defaulted in any manner in performing any of the Contractual terms and conditions, and such default is not cured by the next Banking Day after notice of such default is given to the Program Manager, the Board or Treasurer may immediately terminate the Contract and withdraw all State of Missouri funds on deposit with the Program Manager.
8. The Board or Treasurer may cancel the Contract, in whole or in part, at any time for a breach of any Contract obligation. Should the Board or Treasurer exercise its right to cancel the Contract for such a reason, the cancellation shall become effective on the date specified in a written notice of cancellation sent to Program Manager.
9. The Board or Treasurer reserves the right to terminate the Contract, in whole or in part, at any time, for the convenience of the State of Missouri, without penalty or recourse, by giving written notice to the Program Manager at least 120 days prior to the effective date of such termination. In the event of termination pursuant to this paragraph, all documents, data, reports, supplies, and accomplishments prepared, furnished or completed by the Manager pursuant to the terms of the Contract shall, at the option of the Board or Treasurer, become property of the Board. The Program Manager shall be entitled to receive just and equitable compensation for the work completed pursuant to the Contract prior to the effective date of termination.
10. The Program Manager further agrees and understands that any payment due under the terms of the Contract shall be made by the Board only (a) after the successful completion of all requirements set

forth in the Contract; and (b) after approval and acceptance by the Board of the Program Manager's performance, services and/or supplies required by the terms of the Contract.

11. No provision in this RFP or in the Program Manager's proposal shall be construed, expressly or impliedly, as a waiver by the Board or Treasurer of any existing or future right and/or remedy available by law in the event of any claim of default or breach of Contract.
12. Any written notice to the Program Manager shall be deemed sufficient when presented to an authorized employee of the Manager at its address as listed on the signature page of the Contract, or deposited in the United States mail, postage prepaid, and addressed to the Program Manager at its address as listed on the signature page of the Contract, or at such address as the Program Manager may have requested in writing.

#### Liability and Responsibility

1. The Program Manager shall be liable to the Board or Treasurer for any loss of funds as a result of the Program Manager's failure to properly execute a Contract obligation when such error is within the Program Manager's control. This includes system and/or processing downtime that is not restored in a timely manner.
2. The Program Manager shall agree that it will hold the Board or Treasurer harmless from any third-party claims for damage resulting from any act or omission on the Program Manager's part.
3. The Program Manager shall be deemed to have exercised ordinary care if it has followed established procedures agreed to by contract in executing a transfer. The Program Manager agrees it shall be deemed not to have exercised ordinary care if it has deviated from these procedures without prior written authorization from the Board or Treasurer.

#### Records, Access and Confidentiality

1. The Program Manager shall maintain financial and accounting records and supporting evidence pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified by the Board.
2. All such reports, records, tapes, files or other materials developed or acquired by the Program Manager as a specified requirement of the Contract shall become property of the Board.
3. The Program Manager shall permit reasonable access by the Board or Treasurer during the Contract period and any extension periods, and for an eighteen (18) month period beyond the end of the Contract, for purposes of performing audit procedures relating to any aspect of the services provided by the Program Manager to the Board or Treasurer in connection with the Contract.
4. Any and all information supporting the Contract and any and all tapes, files and data files maintained by the Program Manager for such purpose shall be provided to the Board or Treasurer, or a designated Board or Treasurer representative, at no cost to the Board or Treasurer or designated representative, upon request by the Board or Treasurer, at the end of the Contract.
5. In addition to the reports specifically required by the Contract, the Program Manager must provide,

for an agreed price, additional financial and analytical reports as the Board or Treasurer may request.

6. The Board or Treasurer reserves the right to reject or request changes in all reports, systems, on-line inquiry features, and all other procedures.
7. If the Board requests a service be performed on a specific day, and that day is not a Banking Day, the Program Manager must provide the service on the next Banking Day, unless otherwise indicated by the Board or by mutual agreement between the Program Manager and the Board.
8. The Program Manager shall maintain complete confidentiality of all records relating to services performed under the Contract in accordance with state and federal laws, rules and regulations. No list, report or other materials generated from data covered under the Contract may be disclosed or transferred by Program Manager to any other person or entity.

#### Compliance with Applicable Laws

1. The Contract shall be construed according to the laws of the State of Missouri.
2. The Program Manager shall comply with all local, state and federal laws and regulations related to the performance of the Contract, to the extent that the same may be applicable, and must be registered with and maintain good standing with the Missouri Secretary of State and Department of Economic Development, Division of Finance, and/or any other Missouri State office or agency, as may be required by law or regulation.
3. The Program Manager represents itself to be an independent Program Manager offering such services to the general public and shall not represent itself or its employees to be an employee of the State of Missouri. The Program Manager shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, minimum wage requirements, overtime, etc., and agrees to indemnify, save, and hold the State of Missouri, its officers, agents, and employees harmless from and against, any and all loss, cost (including attorney fees), and damage of any kind related to such matters.
4. In connection with the furnishing of supplies or performance of work under the Contract, the Program Manager agrees to comply with the Fair Labor Standard Act, Davis Bacon Prevailing Wage, Fair Employment Practices, Equal Employment Opportunity Act, the Americans With Disabilities Act (ADA), and all other applicable federal and state laws, regulations, and executive orders to the extent that the same may be applicable and further agrees to insert the foregoing provision in all subcontracts awarded hereunder. This includes all requirements under § 285.530, RSMo, and Program Manager must affirm the its enrollment and participation in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are to work in connection with the services requested herein. The Program Manager should complete the applicable portions of **Attachment 11**, Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization. The applicable portions of **Attachment 11** can be found in **Exhibit F** and must be submitted prior to execution of the Contract.
5. Contractors with the State of Missouri must comply with Article XIII of Executive Order #87-6

pertaining to discrimination and affirmative action. (The Executive Order may be viewed at [http://www.sos.mo.gov/library/reference/orders/1987/eo1987\\_006.asp](http://www.sos.mo.gov/library/reference/orders/1987/eo1987_006.asp)). Failure to comply may result in appropriate action including cancellation of the contract resulting from this RFP.

6. The Bidder understands and acknowledges that upon execution of the Contract or rejection of all proposals, all information submitted in response to this Request for Proposal is considered an open record under Missouri law and will be made available in response to all public information requests.
7. The Bidder understands that under Missouri's Uniform Disposition of the Unclaimed Property Act, all property held by the program administrator will be presumed abandoned if the account is inactive for five years. All abandoned property is then placed in Missouri's Abandoned Fund Account and held in perpetuity until the original owner or the appropriate heir submits a claim for the abandoned funds.

#### Assumption of Liability, Insurance, and Indemnification

1. The Program Manager shall be responsible for any and all injury or damage as a result of any service rendered under the terms and conditions of the Contract. In addition to the liability imposed upon the Program Manager for personal injury, bodily injury (including death) or property damage suffered as a result of the Program Manager performance under the Contract, the Program Manager assumes the obligation to save the State of Missouri, including its agencies, employees, and assigns, from every expense, liability or payment arising out of such negligent act. The Program Manager also agrees to hold the State of Missouri, including its agencies, employees, and assigns, harmless for any negligent act or omission committed by any subcontractor or other person employed by or under the supervision of the Program Manager under the terms of the Contract.
2. The Program Manager shall maintain adequate liability insurance to protect the State of Missouri, its agencies, its employees, its assigns, its clients, and the general public against any loss, damage, and/or expense related to its performance under the Contract. The insurance coverage shall include, but shall not necessarily be limited to, general liability, errors and omissions, professional liability, etc. Written evidence of the insurance coverage shall be provided by the Program Manager to the Board. The evidence of insurance shall include, but shall not necessarily be limited to: effective dates of coverage; limits of liability; insurers' names; policy numbers; endorsement by representatives of the insurance company; etc. Evidence of self-insurance coverage or of another alternate risk financing mechanism may be utilized, provided that such coverage is verifiable and irrevocably reliable. The evidence of insurance coverage must be submitted before or upon award of the Contract. In the event the insurance coverage is in any way changed, the Board shall be notified immediately.

#### Associated Costs

1. The Board will not reimburse any Bidder responding to this RFP for costs incurred in preparing documentation, making presentations, or any other costs incurred as a result of this RFP.
2. Any equipment installation, software or data file conversions, or any other costs associated with start-up and implementation shall be the responsibility of the Program Manager.

### Replacement Equipment & Training

1. If requested by the Treasurer, the Program Manager shall upgrade any software provided under the Contract. In addition, the Program Manager shall provide the training and user manuals necessary to effectuate the replacement or conversion of software.
2. As requested by the Treasurer, the Program Manager shall provide periodic training or retraining of the Treasurer's staff, or, when appropriate, personnel of other state agencies, in the use and operation of the equipment, software, or systems provided under the Contract at no cost to the Board or Treasurer.
3. In the event that the Program Manager's systems or any of its components are rendered permanently inoperative, the Program Manager must have the capability to reconstruct necessary data files and operate on replacement equipment within one (1) business day of any disaster.

### Substitution of Personnel

The Board's agreement to the Contract is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) as identified and/or described in the Program Manager's proposal. Therefore, the Program Manager agrees that no substitution of such specific individuals shall be made without the prior written notification to and approval by the Treasurer. The Program Manager further agrees that any substitution made pursuant to this paragraph must be equal or better than originally proposed and that the notification of a substitution shall not be construed as an acceptance by the Treasurer of the substitution's performance potential.

### Review of Services

The Treasurer will conduct quarterly service reviews with the Program Manager. Such reviews will include a review of the quality of services and discussion of any specific concerns of the Treasurer or the Program Manager, and will be documented in a mutually agreed upon format.

### Assignment

The Program Manager shall not assign any interest in the Contract nor transfer any interest, whatsoever, in the same (whether by assignment or notation) without prior written consent of the Board.

### Conflict of Interest

The Program Manager covenants that it presently has no interest and shall not acquire any interest, directly or indirectly, which would conflict in any manner or degree with the performance of the services hereunder. The Program Manager further covenants that no person having any such known interest shall be employed by the Program Manager or conveyed an interest, directly or indirectly, in the Contract.

### Estimated Volumes

Any statistics or estimates of workload provided in this RFP are for informational purposes only and do not imply that they accurately represent expected future activity.

## **X. COMPENSATION**

### Method of Compensation

1. The Program Manager will be compensated for its services under the Contract solely through fees collected from account owners, consistent with the responses included under Cost Proposal in SECTION VIII of this RFP.
2. The Program Manager will not be entitled to additional compensation for the costs of preparing its Proposal or the costs of transition and implementation.

### Pricing

1. The Bidder must complete the Questions included under Cost Proposal in SECTION VIII of this RFP. Any pricing involved in providing required services must be reflected in the responses there under. Any costs not specified in the Bidder's Proposal will not be considered.
2. Any cost and/or pricing data submitted or related to the Bidder's Proposal shall be subject to evaluation if deemed by the Treasurer to be in the best interests of the State of Missouri.

### Price Adjustments

1. All prices included in the Proposal are effective for the entire term of the Contract, unless otherwise specified below.

## **XI. EXHIBITS**

- A. Revised Missouri Statutes, Sections 166.400 through 166.455 (the "Act")
- B. Revised Missouri Statutes, Sections 166.500 through 166.529 (the "Deposit Act")
- C. Attachment 1 (To be used by Bidders for Submission of Proposal)
- D. Proposed Investment Options
- E. Underlying Fund Information
- F. Business Certification and E-Verify Participation (to be completed by Program Manager in connection with execution of Contract)

## EXHIBIT A

### Revised Missouri Statutes, Sections 166.400 through 166.455 MISSOURI HIGHER EDUCATION SAVINGS PROGRAM

#### ➡166.400. Citation

Sections 166.400 to [166.455](#) shall be known and may be cited as the "Missouri Higher Education Savings Program".

#### ➡166.410. Definitions

As used in [sections 166.400](#) to [166.455](#), except where the context clearly requires another interpretation, the following terms mean:

- (1) "Beneficiary", any individual designated by a participation agreement to benefit from payments for qualified higher education expenses at an eligible educational institution;
- (2) "Benefits", the payment of qualified higher education expenses on behalf of a beneficiary from a savings account during the beneficiary's attendance at an eligible educational institution;
- (3) "Board", the Missouri higher education savings program board established in [section 166.415](#);
- (4) "Eligible educational institution", an institution of postsecondary education as defined in [Section 529\(e\)\(5\) of the Internal Revenue Code](#);
- (5) "Financial institution", a bank, insurance company or registered investment company;
- (6) "Internal Revenue Code", the Internal Revenue Code of 1986, as amended;
- (7) "Missouri higher education savings program" or "savings program", the program created pursuant to [sections 166.400](#) to [166.455](#);
- (8) "Participant", a person who has entered into a participation agreement pursuant to [sections 166.400](#) to [166.455](#) for the advance payment of qualified higher education expenses on behalf of a beneficiary;
- (9) "Participation agreement", an agreement between a participant and the board pursuant to and conforming with the requirements of [sections 166.400](#) to [166.455](#); and
- (10) "Qualified higher education expenses", the qualified costs of tuition and fees and other expenses for attendance at an eligible educational institution, as defined in [Section 529\(e\)\(3\) of the Internal Revenue Code](#), as amended.

#### ➡166.415. Creation—Missouri higher education savings board--members--powers and authority--organization--vote necessary for action--meetings--investment of funds--conflicts of interest

1. There is hereby created the "Missouri Higher Education Savings Program". The program shall be administered by the Missouri higher education savings program board which shall consist of the Missouri state treasurer who shall serve as chairman, the commissioner of the department of higher education, the commissioner of the office of administration, the director of the department of economic

development, two persons having demonstrable experience and knowledge in the areas of finance or the investment and management of public funds, one of whom is selected by the president pro tem of the senate and one of whom is selected by the speaker of the house of representatives, and one person having demonstrable experience and knowledge in the area of banking or deposit rate determination and placement of depository certificates of deposit or other deposit investments. Such member shall be appointed by the governor with the advice and consent of the senate. The three appointed members shall be appointed to serve for terms of four years from the date of appointment, or until their successors shall have been appointed and shall have qualified. The members of the board shall be subject to the conflict of interest provisions of [section 105.452, RSMo](#). Any member who violates the conflict of interest provisions shall be removed from the board. In order to establish and administer the savings program, the board, in addition to its other powers and authority, shall have the power and authority to:

(1) Develop and implement the Missouri higher education savings program and, notwithstanding any provision of [sections 166.400 to 166.455](#) to the contrary, the savings programs and services consistent with the purposes and objectives of [sections 166.400 to 166.455](#);

(2) Promulgate reasonable rules and regulations and establish policies and procedures to implement [sections 166.400 to 166.455](#), to permit the savings program to qualify as a "qualified state tuition program" pursuant to [Section 529 of the Internal Revenue Code](#) and to ensure the savings program's compliance with all applicable laws;

(3) Develop and implement educational programs and related informational materials for participants, either directly or through a contractual arrangement with a financial institution for investment services, and their families, including special programs and materials to inform families with young children regarding methods for financing education and training beyond high school;

(4) Enter into agreements with any financial institution, the state or any federal or other agency or entity as required for the operation of the savings program pursuant to [sections 166.400 to 166.455](#);

(5) Enter into participation agreements with participants;

(6) Accept any grants, gifts, legislative appropriations, and other moneys from the state, any unit of federal, state, or local government or any other person, firm, partnership, or corporation for deposit to the account of the savings program;

(7) Invest the funds received from participants in appropriate investment instruments to achieve long-term total return through a combination of capital appreciation and current income;

(8) Make appropriate payments and distributions on behalf of beneficiaries pursuant to participation agreements;

(9) Make refunds to participants upon the termination of participation agreements pursuant to the provisions, limitations, and restrictions set forth in [sections 166.400 to 166.455](#) and the rules adopted by the board;

(10) Make provision for the payment of costs of administration and operation of the savings program;

(11) Effectuate and carry out all the powers granted by [sections 166.400 to 166.455](#), and have all other powers necessary to carry out and effectuate the purposes, objectives and provisions of [sections 166.400 to 166.455](#) pertaining to the savings program; and

(12) Procure insurance, guarantees or other protections against any loss in connection with the assets or activities of the savings program.

1 Any member of the board may designate a proxy for that member who will enjoy the full voting privileges of that member for the one meeting so specified by that member. No more than three proxies shall be considered members of the board for the purpose of establishing a quorum.

2 Four members of the board shall constitute a quorum. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the board. No action shall be taken by the board except upon the affirmative vote of a majority of the members present.

3 The board shall meet within the State of Missouri at the time set at a previously scheduled meeting or by the request of any four members of the board. Notice of the meeting shall be delivered to all other trustees in person or by depositing notice in a United States post office in a properly stamped and addressed envelope not less than six days prior to the date fixed for the

meeting. The board may meet at any time by unanimous mutual consent. There shall be at least one meeting in each quarter.

1 The funds shall be invested only in those investments which a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, as provided in [section 105.688, RSMo](#). The board may delegate to duly appointed investment counselors authority to act in place of the board in the investment and reinvestment of all or part of the moneys and may also delegate to such counselors the authority to act in place of the board in the holding, purchasing, selling, assigning, transferring or disposing of any or all of the securities and investments in which such moneys shall have been invested, as well as the proceeds of such investments and such moneys. Such investment counselors shall be registered as investment advisors with the United States Securities and Exchange Commission. In exercising or delegating its investment powers and authority, members of the board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. No member of the board shall be liable for any action taken or omitted with respect to the exercise of, or delegation of, these powers and authority if such member shall have discharged the duties of his or her position in good faith and with that degree of diligence, care and skill which a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

2 No investment transaction authorized by the board shall be handled by any company or firm in which a member of the board has a substantial interest, nor shall any member of the board profit directly or indirectly from any such investment.

3 No trustee or employee of the savings program shall receive any gain or profit from any funds or transaction of the savings program. Any trustee, employee or agent of the savings program accepting any gratuity or compensation for the purpose of influencing such trustee's, employee's or agent's action with respect to the investment or management of the funds of the savings program shall thereby forfeit the office and in addition thereto be subject to the penalties prescribed for bribery.

#### ◆166.420. Savings program participation agreements

1. The board may enter into savings program participation agreements with participants on behalf of beneficiaries pursuant to the provisions of [sections 166.400 to 166.455](#), including the following terms and conditions:

(1) A participation agreement shall stipulate the terms and conditions of the savings program in which the participant makes contributions;

(2) A participation agreement shall specify the method for calculating the return on the contribution made by the participant;

(3) The execution of a participation agreement by the board shall not guarantee that the beneficiary named in any participation agreement will be admitted to an eligible educational institution, be allowed to continue to attend an eligible educational institution after having been admitted or will graduate from an eligible educational institution;

(4) A participation agreement shall clearly and prominently disclose to participants the risk associated with depositing moneys with the board;

(5) Participation agreements shall be organized and presented in a way and with language that

is easily understandable by the general public; and

(6) A participation agreement shall clearly and prominently disclose to participants the existence of any load charge or similar charge assessed against the accounts of the participants for administration or services.

1 The board shall establish the maximum amount which may be contributed annually by a participant with respect to a beneficiary.

2 The board shall establish a total contribution limit for savings accounts established under the savings program with respect to a beneficiary to permit the savings program to qualify as a "qualified state tuition program" pursuant to [Section 529 of the Internal Revenue Code](#). No contribution may be made to a savings account for a beneficiary if it would cause the balance of all savings accounts of the beneficiary to exceed the total contribution limit established by the board. The board may establish other requirements that it deems appropriate to provide adequate safeguards to prevent contributions on behalf of a beneficiary from exceeding what is necessary to provide for the qualified higher education expenses of the beneficiary.

3 The board shall establish the minimum length of time that contributions and earnings must be held by the savings program to qualify pursuant to [section](#)

[166.435](#). Any contributions or earnings that are withdrawn or distributed from a savings account prior to the expiration of the minimum length of time, as established by the board, shall be subject to a penalty pursuant to [section](#) [166.430](#).

#### ➡**166.425. Payments by participants--deposits--investments--use of funds**

All money paid by a participant in connection with participation agreements shall be deposited as received and shall be promptly invested by the board. Contributions and earnings thereon accumulated on behalf of participants in the savings program may be used, as provided in the participation agreement, for qualified higher education expenses.

#### ➡**166.430. Cancellation of participation agreement and return of funds**

Any participant may cancel a participation agreement at will. The board shall impose a penalty equal to or greater than ten percent of the earnings of an account for any distribution that is not:

- (1) Used exclusively for qualified higher education expenses of the designated beneficiary;
- (2) Made because of death or disability of the designated beneficiary;
- (3) Made because of the receipt of scholarship by the designated beneficiary;
- (4) A rollover distribution, as defined in [Section 529\(c\)\(3\)\(C\)\(i\) of the Internal Revenue Code](#); or
- (5) Held in the fund for the minimum length of time established by the board.

#### ➡**166.435. Income tax exemptions**

1. Notwithstanding any law to the contrary, the assets of the savings program held by the board and the assets of any deposit program authorized in [section](#) [166.500](#) and qualified pursuant to [Section 529 of the Internal Revenue Code](#) and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from the savings program or deposit program shall not be subject to state income tax imposed pursuant to chapter 143, RSMo, and shall be eligible for any benefits provided in accordance with [Section 529 of the Internal Revenue Code](#). The exemption from taxation pursuant to this section shall

apply only to assets and income maintained, accrued, or expended pursuant to the requirements of the savings program established pursuant to [sections 166.400 to 166.455](#), and the deposit program established pursuant to [section 166.500 to 166.529](#), and Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions made to the savings program held by the board and the deposit program up to and including eight thousand dollars for the participant taxpayer shall be subtracted in determining Missouri adjusted gross income pursuant to [section 143.121, RSMo](#).

1 If any deductible contributions to or earnings from any such program referred to in this section are distributed and not used to pay qualified higher education expenses or are not held for the minimum length of time established by the appropriate Missouri state authority, the amount so distributed shall be added to the Missouri adjusted gross income of the participant, or, if the participant is not living, the beneficiary.

2 The provisions of this section shall apply to tax years beginning on or after January 1, 1999, and the provisions of this section with regard to [sections](#)

[166.500 to 166.529](#) shall apply to tax years beginning on or after January 1, 2004.

#### ➡ **166.440. Assets of saving program**

The assets of the savings program shall at all times be preserved, invested and expended only for the purposes set forth in this section and in accordance with the participation agreements, and no property rights therein shall exist in favor of the state.

#### ➡ **166.445. Rules**

Any rule or portion of a rule, as that term is defined in [section 536.010, RSMo](#), that is promulgated under the authority delegated in [sections 166.400 to 166.455](#) shall become effective only if it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to August 28, 1998, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to August 28, 1998, if it fully complied with the provisions of chapter 536, RSMo. [Sections 166.400 to 166.455](#) and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 1998, shall be invalid and void.

#### ➡ **166.450. Semiannual review of financial status, investment policy, and participation rate--annual report--public disclosure**

The director of investment of the state treasurer's office shall, on a semiannual basis, review the financial status and investment policy of the program as well as the participation rate in the program. The director of investment shall also review the continued viability of the program and the administration of the program by the board. The director of investment shall report the findings annually to the board, which shall subsequently disclose such findings at a public meeting.

➡ **166.455. Classification of deposits and expenditures**

Money accruing to and deposited in individual savings accounts shall not be part of "total state revenues" as defined in [sections 17](#) and [18 of article X of the Constitution of the state of Missouri](#) and the expenditure of such revenues shall not be an expense of state government under [section 20 of article X of the Constitution of the state of Missouri](#).

➡ **166.456. Confidentiality of information**

All personally identifiable information concerning participants and beneficiaries of accounts established within the Missouri higher education savings program pursuant to [sections 166.400](#) to 166.456 shall be confidential, and any disclosure of such information shall be restricted to purposes directly connected with the administration of the program.

## EXHIBIT B

### Revised Missouri Statutes, Sections 166.500 through 166.529 MISSOURI HIGHER EDUCATION DEPOSIT PROGRAM

#### ➡166.500. Citation of law.

Sections 166.500 to [166.529](#) shall be known and may be cited as the "Missouri Higher Education Deposit Program".

#### ➡166.501. Program established as alternative to Missouri higher education savings program

Notwithstanding the provisions of [sections 166.400](#) to [166.456](#) to the contrary, the higher education deposit program is established as a nonexclusive alternative to the Missouri higher education savings program, and any participant may elect to participate in both programs subject to aggregate Missouri program limitations.

#### ➡166.502. Definitions

As used in [sections 166.500](#) to [166.529](#), except where the context clearly requires another interpretation, the following terms mean:

- (1) **"Beneficiary"**, any individual designated by a participation agreement to benefit from payments for qualified higher education expenses at an eligible educational institution;
- (2) **"Benefits"**, the payment of qualified higher education expenses on behalf of a beneficiary from a deposit account during the beneficiary's attendance at an eligible educational institution;
- (3) **"Board"**, the Missouri higher education savings program board established in [section 166.415](#);
- (4) **"Eligible educational institution"**, an institution of postsecondary education as defined in [Section 529\(e\)\(5\) of the Internal Revenue Code](#);
- (5) **"Financial institution"**, a depository institution and any intermediary that brokers certificates of deposits;
- (6) **"Internal Revenue Code"**, the Internal Revenue Code of 1986, as amended;
- (7) **"Missouri higher education deposit program"** or **"deposit program"**, the program created pursuant to [sections 166.500](#) to [166.529](#);
- (8) **"Participant"**, a person who has entered into a participation agreement pursuant to [sections 166.500](#) to [166.529](#) for the advance payment of qualified higher education expenses on behalf of a beneficiary;
- (9) **"Participation agreement"**, an agreement between a participant and the board pursuant to and conforming with the requirements of [sections 166.500](#) to [166.529](#);
- (10) **"Qualified higher education expenses"**, the qualified costs of tuition and fees and other expenses for attendance at an eligible educational institution, as defined in [Section 529\(e\)\(3\) of the Internal Revenue Code of 1986](#), as amended.

#### ➡166.505. Program created, Missouri higher education savings program board to

## **administer, powers and duties--investment of funds**

1 There is hereby created the "Missouri Higher Education Deposit Program". The program shall be administered by the Missouri higher education savings program board.

2 In order to establish and administer the deposit program, the board, in addition to its other powers and authority, shall have the power and authority to:

(1) Develop and implement the Missouri higher education deposit program and, notwithstanding any provision of [sections 166.500 to 166.529](#) to the contrary, the deposit programs and services consistent with the purposes and objectives of [sections 166.500 to 166.529](#);

(2) Promulgate reasonable rules and regulations and establish policies and procedures to implement [sections 166.500 to 166.529](#), to permit the deposit program to qualify as a qualified state tuition program pursuant to [Section 529 of the Internal Revenue Code](#) and to ensure the deposit program's compliance with all applicable laws;

(3) Develop and implement educational programs and related informational materials for participants, either directly or through a contractual arrangement with a financial institution or other entities for deposit educational services, and their families, including special programs and materials to inform families with children of various ages regarding methods for financing education and training beyond high school;

(4) Enter into an agreement with any financial institution, entity, or business clearinghouse for the operation of the deposit program pursuant to [sections](#)

[166.500 to 166.556](#); providing however, that such institution, entity, or clearinghouse shall be a private for-profit or not-for-profit entity and not a government agency. No more than one board member may have a direct interest in such institution, entity, or clearinghouse. Such institution, entity, or clearinghouse shall implement the board's policies and administer the program for the board and with electing depository institutions and others;

(5) Enter into participation agreements with participants;

(6) Accept any grants, gifts, legislative appropriations, and other moneys from the state, any unit of federal, state, or local government or any other person, firm, partnership, or corporation for deposit to the account of the deposit program;

(7) Invest the funds received from participants in appropriate investment instruments to be held by depository institutions or directly deposit such funds in depository institutions as provided by the board and elected by the participants;

(8) Make appropriate payments and distributions on behalf of beneficiaries pursuant to participation agreements;

(9) Make refunds to participants upon the termination of participation agreements pursuant to the provisions, limitations, and restrictions set forth in [sections 166.500 to 166.529](#) and the rules adopted by the board;

(10) Make provision for the payment of costs of administration and operation of the deposit program;

(11) Effectuate and carry out all the powers granted by [sections 166.500 to 166.529](#), and have all other powers necessary to carry out and effectuate the purposes, objectives, and provisions of [sections 166.500 to 166.529](#) pertaining to the deposit program;

(12) Procure insurance, guarantees, or other protections against any loss in connection with the assets or activities of the deposit program, as the members in their best judgment deem necessary;

(13) To both adopt and implement various methods of transferring money by electronic means to efficiently transfer funds to depository institutions for deposit, and in addition or in the alternative, to allow funds to be transferred by agent agreements, assignment, or otherwise, provided such transfer occurs within two business days;

(14) To both adopt and implement methods and policies designed to obtain the maximum insurance of such funds for each participant permitted and provided for by the Federal Deposit Insurance Corporation, or any other federal agency insuring deposits, and taking into consideration the law and regulation promulgated by such federal agencies for deposit insurance.

1 The funds shall be invested only in those investments which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, as provided in [section 105.688, RSMo](#), as a means to hold funds until they are placed in a Missouri depository institution as a deposit. The board may delegate to duly appointed representatives of financial institutions authority to act in place of the board in the investment and reinvestment of all or part of the moneys and may also delegate to such representatives the authority to act in place of the board in the holding, purchasing, selling, assigning, transferring, or disposing of any or all of the investments in which such moneys shall have been invested, as well as the proceeds of such investments and such moneys, however, such investments shall be limited to certificates of deposit and other deposits in federally insured depository institutions. Such representatives shall be registered as "qualified student deposit advisors on [section 529](#) plans" with the board and such board shall, by rule, develop and administer qualification tests from time to time to provide representatives the opportunity to qualify for this program. In exercising or delegating its investment powers and authority, members of the board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. No member of the board shall be liable for any action taken or omitted with respect to the exercise of, or delegation of, these powers and authority if such member shall have discharged the duties of his or her position in good faith and with that degree of diligence, care, and skill which a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

2 No board member or employee of the deposit program shall personally receive any gain or profit from any funds or transaction of the deposit program as a result of his or her membership on the board. Any board member, employee, or agent of the deposit program accepting any gratuity or compensation for the purpose of influencing such board member's, employee's, or agent's action with respect to choice of intermediary, including any financial institution, entity, or clearinghouse, for the funds of the deposit program shall thereby forfeit the office and in addition thereto be subject to the penalties prescribed for bribery. However, a board member who is regularly employed directly or indirectly by a financial institution may state that institution's interest and absent himself or herself from voting.

3 Depository institutions originating the deposit program shall be the agent of the board and offer terms for certificates of deposit and other deposits in such program as permitted by the board, subject to a uniform interest rate disclosure as defined in federal regulations of the Board of Governors of the Federal Reserve System, specifically Federal Reserve Regulation DD, as amended from time to time. The board shall establish various deposit opportunities based on amounts deposited and length of time held that are uniformly available to all depository institutions that elect to participate in the program, and the various categories of fixed or variable rates shall be the only interest rates available under this program. A depository institution that originates the deposit as agent for the board and participates in the program shall receive back and continue to hold the certificate of deposit or other deposit, provided such depository institution continues to comply with requirements and regulations prescribed by

the board. Such deposit and certificate of deposit shall be titled in the name of the clearing entity for the benefit of the participant, and shall be insured as permitted by any agency of the federal government that insures deposits in depository institutions. Any depository institution or intermediary that fails to comply with these provisions shall forfeit its right to participate in this program; provided however, the board shall be the sole and exclusive judge of compliance except as otherwise provided by provisions in [Section 529 of the Internal Revenue Code](#) and the Internal Revenue Service enforcement of such section.

➡ **166.508. Deposit program participation agreements, terms and conditions--**

## contribution limits--minimum holding time for contributions

1. The board may enter into deposit program participation agreements with participants on behalf of beneficiaries pursuant to the provisions of [sections 166.500 to 166.529](#), including the following terms and conditions:

(1) A participation agreement shall stipulate the terms and conditions of the deposit program in which the participant makes contributions;

(2) A participation agreement shall specify the method for calculating the return on the contribution made by the participant as otherwise provided in [sections](#)

[166.500 to 166.529](#);

(3) The execution of a participation agreement by the board shall not guarantee that the beneficiary named in any participation agreement will be admitted to an eligible educational institution, be allowed to continue to attend an eligible educational institution after having been admitted or will graduate from an eligible educational institution;

(4) A participation agreement shall disclose to participants the risk associated with depositing moneys with the board, including information on federal insured deposit availability and coverage and penalties for withdrawal before the deposit has matured;

(5) Participation agreements shall be organized and presented in a way and with language that is easily understandable by the general public; and

(6) A participation agreement shall clearly and prominently disclose to participants the existence of any fee or similar charge assessed against the accounts of the participants for administration or services.

1 The board shall establish the maximum amount which may be contributed annually by a participant with respect to a beneficiary.

2 The board shall establish a total contribution limit for deposit accounts established under the deposit program with respect to a beneficiary to permit the deposit program to qualify as a qualified state tuition program pursuant to [Section 529 of the Internal Revenue Code](#). No contribution may be made to a deposit account for a beneficiary if it would cause the balance of all deposit accounts of the beneficiary to exceed the total contribution limit established by the board. The board may establish other requirements that it deems appropriate to provide adequate safeguards to prevent contributions on behalf of a beneficiary from exceeding what is necessary to provide for the qualified higher education expenses of the beneficiary.

3 The board shall establish the minimum length of time that contributions and earnings must be held by the deposit program to qualify pursuant to [section](#)

[166.435](#). Any contributions or earnings that are withdrawn or distributed from a deposit account prior to the expiration of the minimum length of time, as established by the board, shall be subject to a penalty pursuant to [section](#) [166.514](#).

### ◆166.511. Prompt investment of moneys paid by participation agreements, use of moneys

All money paid by a participant in connection with participation agreements shall be deposited as

received and shall be promptly invested by the board or may be directly deposited by the board's agents. Contributions and earnings thereon accumulated on behalf of participants in the deposit program may be used, as provided in the participation agreement, for qualified higher education expenses.

#### ➡166.514. Cancellation of agreements, penalty

Any participant may cancel a participation agreement at will. The board shall impose a penalty equal to or greater than ten percent of the earnings of an account for any distribution that is not:

- (1) Used exclusively for qualified higher education expenses of the designated beneficiary;
- (2) Made because of death or disability of the designated beneficiary;
- (3) Made because of the receipt of scholarship by the designated beneficiary;
- (4) A rollover distribution, as defined in [Section 529\(c\)\(3\)\(C\)\(i\) of the Internal Revenue Code](#); or
- (5) Held in the fund for the minimum length of time established by the board.

#### ➡166.517. Assets used for program purposes only

The assets of the deposit program shall at all times be preserved, invested, and expended only for the purposes set forth in this section and in accordance with the participation agreements, and no property rights therein shall exist in favor of the state.

#### ➡166.520. Rulemaking authority

Any rule or portion of a rule, as that term is defined in [section 536.010, RSMo](#), that is promulgated pursuant to [sections 166.500](#) to [166.556](#) shall become effective only if it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to August 28, 2004, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to August 28, 2004, if it fully complied with the provisions of chapter 536, RSMo. [Sections 166.500](#) to [166.556](#) and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2004, shall be invalid and void.

#### ➡166.523. Review of program by state auditor, when

The Missouri state auditor shall, on a semiannual basis, review the financial status and investment policy of the program as well as the participation rate in the program. The auditor shall also review the continued viability of the program and the administration of the program by the board. The auditor shall report the findings annually to the board, which shall subsequently disclose such findings at a public meeting.

#### ➡166.526. Program moneys not part of state revenues

Money accruing to and deposited in individual deposit accounts shall not be part of total state revenues as defined in [sections 17](#) and [18, article X, Constitution of Missouri](#), and the expenditure of such

revenues shall not be an expense of state government under [section 20, article X, Constitution of Missouri](#).

➡ **166.529. Confidentiality requirements**

All personally identifiable information concerning participants and beneficiaries of accounts established within the Missouri higher education deposit program pursuant to [sections 166.500](#) to 166.529 shall be confidential, and any disclosure of such information shall be restricted to purposes directly connected with the administration of the program.

➡ **166.532. Sunset provision**

Pursuant to [section 23.253, RSMo](#), of the Missouri Sunset Act:

(1) The provisions of the new program authorized under [sections 166.500](#) to [166.557](#) shall automatically sunset six years after August 28, 2004, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under [sections 166.500](#) to 166.532 shall automatically sunset twelve years after the effective date of the reauthorization of [sections 166.500](#) to 166.532; and

(3) [Sections 166.500](#) to 166.532 shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under [sections 166.500](#) to 166.532 is sunset.

**EXHIBIT C**  
**Attachment 1 – Required Attachment Check List**  
**(To be used by Bidders for Submission of Proposal)**

A complete Proposal will include the items identified below. Complete this checklist to confirm the items in your Proposal. Place a check mark or “X” next to each item that you are submitting to the SIB. For your proposal to be responsive, all required attachments must be returned. **RETURN THIS CHECKLIST WITH YOUR PROPOSAL PACKAGE.**

<u>ATTACHMENT</u>	<u>ATTACHMENT NAME / DESCRIPTION</u>	<u>INCLUDED</u>
1	Required Attachment Check List (this <b>Exhibit C</b> )	_____
2	Mandatory Requirements	_____
3	Audited Financial Statements for Bidder and Subcontractors, if applicable	_____
4	Proposed Investment Options ( <b>Exhibit D</b> )	_____
5	Underlying Fund Information, including Return Information ( <b>Exhibit E</b> )	_____
6	Mutual Fund Prospectuses	_____
7	SAS 70 Audit Report	_____
8	Sample of Account Statements	_____
9	Sample of Quarterly 529 Program Report to Board	_____
10	Implementation Plan	_____
11	E-Verify Business Entity Certification ( <b>Exhibit F</b> )	Due at Contract Execution

**EXHIBIT D**  
**Attachment 4 -- Proposed Investment Options**

Investment Option (Bidder to specify)	Type of Option <sup>1</sup>	Age-Band <sup>2</sup>	Asset Allocation %	Passive or Active

<sup>1</sup> This should indicate age-based, asset allocation, individual mutual fund, or other

<sup>2</sup> As applicable to Age-Based Investment Options

**EXHIBIT E**  
**Attachment 5 – Underlying Fund Information**

**General Information for Each Underlying Fund**

<b>Fund Name</b>	<b>Complete for Each Fund</b>	<b>Complete for Each Fund</b>
<b>Ticker</b>		
<b>For Advisor or Direct Plan?</b>		
<b>Passive or Active Management?</b>		
<b>Asset Class</b>		
<b>Style Category</b>		
<b>Market Cap Focus</b>		
<b>Geographic Focus</b>		
<b>Benchmark</b>		
<b>Morningstar Rating</b>		
<b>Lipper Ranking</b>		
<b>Inception Date</b>		
<b>Total Assets</b>		
<b>Portfolio Manager</b>		
<b>Share Class to be used in MOST</b>		

**EXHIBIT E**  
**Attachment 5 – Underlying Fund Information, Continued**

**Total Return Information for Each Underlying Fund**

Underlying Fund	1/2008	2/2008	Etc.	5/2010	6/2010	5-Year	10-Year
Fund Name	<p>The Bidder must provide a table showing monthly total returns for each underlying fund and its benchmark from January 2008 through June 2010 (1/1/2008 – 6/30/2010) and the 5-year and 10-year total returns from January 2005 and January 2010 through December 31, 2009, respectively.</p> <p>The Bidder must include a disc with the Excel spreadsheet showing this data.</p>						
Benchmark							
Etc.							
Etc.							

**EXHIBIT F**  
**Business Entity Certification, Enrollment Documentation,**  
**and Affidavit of Work Authorization**

**BUSINESS ENTITY CERTIFICATION:**

**The Bidder must certify their current business status by completing either Box A or Box B on this Attachment.**

**Business entity**, as defined in section 285.525, RSMo pertaining to section 285.530, RSMo is any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood. The term “**business entity**” shall include but not be limited to self-employed individuals, partnerships, corporations, contractors, and subcontractors. The term “**business entity**” shall include any business entity that possesses a business permit, license, or tax certificate issued by the state, any business entity that is exempt by law from obtaining such a business permit, and any business entity that is operating unlawfully without such a business permit. The term “**business entity**” shall not include a self-employed individual with no employees or entities utilizing the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

Note: Regarding governmental entities, business entity includes Missouri schools, Missouri universities, out of state agencies, out of state schools, out of state universities, and political subdivisions. A business entity does not include Missouri state agencies and federal government entities.

**BOX A – CURRENTLY NOT A BUSINESS ENTITY**

I certify that \_\_\_\_\_ (Company/Individual Name) **DOES NOT CURRENTLY MEET** the definition of a business entity, as defined in section 285.525, RSMo pertaining to section 285.530, RSMo as stated above, because: (check the applicable business status that applies below)

- I am a self-employed individual with no employees; **OR**
- The company that I represent utilizes the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

I certify that I am not an alien unlawfully present in the United States and if \_\_\_\_\_ (Company/Individual Name) is awarded a contract for the services requested herein under “2009 RFP for Depository Services” and if the business status changes during the life of the contract to become a business entity as defined in section 285.525, RSMo pertaining to section 285.530, RSMo then, prior to the performance of any services as a business entity, \_\_\_\_\_ (Company/Individual Name) agrees to complete Box B, comply with the requirements stated in Box B and provide the Division of Purchasing and Materials Management with all documentation required in Box B of this Appendix.

\_\_\_\_\_

ATTACHMENT 13, continued

**BOX B – CURRENT BUSINESS ENTITY STATUS**

I certify that \_\_\_\_\_ (Business Entity Name) **MEETS** the definition of a business entity as defined in section 285.525, RSMo pertaining to section 285.530, RSMo as stated above.

\_\_\_\_\_  
Authorized Business Entity  
Representative's Name

\_\_\_\_\_  
Authorized Business Entity  
Representative's Signature

(Please Print)

\_\_\_\_\_  
Business Entity Name

\_\_\_\_\_  
Date

As a business entity, the Bidder must perform/provide the following. The Bidder should check each to verify completion/submission:

Enroll and participate in the E-Verify federal work authorization program (Website: [http://www.dhs.gov/xprevprot/programs/gc\\_1185221678150.shtm](http://www.dhs.gov/xprevprot/programs/gc_1185221678150.shtm); Phone: 888-464-4218; Email: [e-verify@dhs.gov](mailto:e-verify@dhs.gov)) with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services required herein; AND

Provide documentation affirming said company's/individual's enrollment and participation in the E-Verify federal work authorization program. Documentation shall include a page from the E-Verify Memorandum of Understanding (MOU) listing the Bidder's name and the MOU signature page completed and signed, at minimum, by the Bidder and the Department of Homeland Security – Verification Division; (if the signature

