In Attendance:
Board members: Jon Satre (Chair), Lynne Egan, John Driscoll, Mick Robinson, Paul Christofferson
On phone: Todd Buchanan (Board member)
Public: Gil Johnson (College Savings Bank, CSB), Dan Davenport (CSB), Jason Thielman (CSB)
GSL/OCHE Staff: Cathy Swift (Office of the Commissioner of Higher Education, OCHE), Bruce Marks, Robin Graham, Sue Mohr, Sheila Newlun

1. Introductions:
Intros were done. Jon welcomed Mick Robinson as the new Committee Member. Cathy Swift joined during Agenda Item #2, Paul Christofferson joined during Agenda #3. Lynne Motioned: to approve the minutes from the last meeting, John seconded. Vote: all in favor, none-opposed.

2. College Savings Bank and Pacific Life updates (see CSB printouts):
- Final report is due in May
- National accounts have picked up
- Impressive number of new accounts overall especially considering the current market, although total assets under management is down due to the economy
- Many people are looking for stability in their investments, and are finding the products appealing, in particular the InvestorSure CD
- Many new deposits are at the end of the year, to take advantage of tax benefits
- Only one InvestorSure investor chose to take advantage of the early withdraw option so far
- Handouts include a comparison of other States products. They are almost all down in value
- Jon – how is CSB faring in this market and will they be affected like CitiBank and Bank of America?
- Gil – CSB has been profitable the past 3 of the last 4 years (thru 2007). The bank ratios are well capitalized, and the Bank’s liquidity is in fine shape. CSB will provide documents to committee members.
- Bruce – in this current market, how has the Bank’s strategy adjusted?
- Gil – no longer owns Treasury Inflation Protection Bonds (TIP’s), no one is bidding on Corporate Bonds right now due to liquidity restraints, and CSB tracks this market value monthly. Regulators require 5% Tier 1 Capital. CSB currently has 5 ½%. Regulators require 10% Risk Based Capital to remain well capitalized, CSB has 21%. Regulators limit exposure to any single issuer to a percentage of the Bank’s total capital, which in CSB’s case is $5 million.
- MFESP investors are protected by FDIC up to $250,000 through December 31, 2009. A couple of investors are above those limits. CSB contacts them to alert them of the situation and determine if an account restructure is possible to obtain full coverage.
Todd – Does CSB have a 3 year plan?
Gil – the 3 year outlook is not yet prepared, however, CSB expects to use the same strategies they have in the past, although they probably will not be investing additional funds in Corporate Bonds or Student Loans. He anticipates the plan will assume a continuation of Government guaranteed products. Market conditions will effect the plan.
Todd – how much does our business mean to CSB and what other States or Products do they deal with?
Gil – Montana’s business is a big part of their portfolio (about $240 million is invested in College CD and approximately $100 million of that is from Montana investors). The only 529 programs they manage are for Arizona and Montana. Many other states are also interested in the CD, due to its growing popularity in this market.
Pacific Life’s Annual report is also scheduled for May
Handouts also include a list of CSB Marketing efforts, discussion;
  o Jon – still need to find a way to attract the lower income investor
  o John – likes the billboards, everyone sees them
  o Discretionary income will come from tax rebates, energy savings programs, stimulus packages, and we should reach out to potential investors early in the year when this income may be available
  o Dan – CSB is planning to send a mailing out to Montanans as tax refunds come out, and any possible stimulus payments

3. Status of partnering with the Utah Education Savings Plan (UESP):
  Sue – in August this committee approved to move forward with exploring this option. Sue, Dan and Cathy have been working on it.
  Cathy – due to FESP Legislation, we could not move forward because it appeared that we could not contract directly with another State. A couple days ago, this issue was brought up with some Legislators, and they seemed very interested in pursuing this option. The Committee sounds interested proposing an amendment. Mick Robinson, Sheila Stearns, Robin Graham and Sue Mohr will meet to discuss this issue, and come up with additional information to provide to the Legislator.
  Jon – are there any other issues that may need to be dealt with?
  Cathy – it appears this is the only hold up right now
  Jon – Thanks to everyone working on the project, it sounds like a positive option for the MFESP.

4. Request for Proposal (RFP) discussion/vote to extend CSB contract:
  During the last meeting of this Committee, it was decided to delay the RFP process and evaluate progress with the UESP partnership.
  CSB’s contract is up for renewal and the Board of Regents have their next meeting in March.
  Jon – doesn’t want to take the RFP completely off the table for future consideration, but does feel that the CSB contract needs to be extended.
  Todd agrees
  It should also be noted that MFESP can add Program Managers at any time, in addition to CSB

Motion by Todd: To extend the CSB contract for another 2 years.
Seconded: by John
Discussion: does not preclude doing an RFP in the future, even while under contract
Vote: all in favor, none opposed
Action: Will be recommended to the Board of Regents and their next meeting.

5. Discussion/vote to add 1 year and 3 year CD options:
- Dan – these options were implemented in Arizona in April 2008, and have seen tremendous results so far.
- Minimum $500 investment, but can send smaller payments until they have enough to purchase the CD
- Accumulator account is paying out 25 basis points
- Jon – sounds like a good idea to add these products

Motion by Lynne: To add 1 year and 3 year CD’s to the investments MFESP offers.
Seconded: by Paul
Discussion: none
Vote: all in favor, none opposed

6. Changes to 529 rules based on action taken by Congress in December (see printout of email sent to Gil):
- For investment year 2009 only – investors may make 2 changes in investment strategy per year (was only 1 per year)
- This helps investors to stay more fluid as the market changes

7. 2009 Legislative Report (see handout of Bills that might affect MFESP):
- HB185 Hearing was last week – Sue and Robin attended.
- Representative Barrett asked MFESP to respond to handout, this information will be shared with the committee once finalized
- Bruce – the questions include some incorrect information, how can we correct the information without looking like a proponent or opponent?
- Mick – Provide the facts as requested, trying not to sound biased either way
- Paul – if this bill passes, will we have information telling us how many investors are taking advantage of it?
- Sue – once it leaves the State we can’t track that information, although it is auditable via tax returns
- LC0797 Draft just came out today (included in handouts), haven’t read yet
- Sue will keep the Committee updated of any major changes throughout the Legislative session

8. MGSLP additional updates:
- Sue has been traveling to 529 Conferences – she gave overview of some of the topics of those Conferences.
- Lynne – maybe this program can be included in the Financial Literacy pilot program that Carol Juneau is working on?
- Model Portfolio – Pacific Life fared well compared to other funds, almost all are down across the board.
- Jon – are we getting complaints from investors?
➢ Sue – not right now, this downturn is affecting the entire market
➢ Jon – made his contribution through the bank by Credit card recently, his transaction was handled very professionally, and it all went very smooth.
➢ 2008/2009 outlook – very difficult to predict due to market volatility.

Next meeting to be scheduled sometime after the Regent Meeting in May.

**Adjourned:** 1:55 p.m.