

**Maryland 529  
Meeting Minutes**

**October 29, 2019  
9:35 AM – 1:00PM**

**Maryland 529  
217 E. Redwood Street, Suite 1350  
Baltimore, MD 21202**

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**Board Members/Designees Present**

Nancy K. Kopp, State Treasurer and Board  
Chair  
Geoffrey Newman, Secretary of Higher  
Education's Designee, and Board Vice Chair  
Carol Beatty, Secretary of Maryland  
Department of Disabilities  
Amalie Brandenburg, Superintendent of  
School's Designee  
Ellen Herbst, Chancellor of University System  
of Maryland's Designee  
Keith Persinger  
Joanna Pratt

**Board Members Present via Conference Call**

Carol Coughlin  
Peter Tsirigotis

**Board Members/Designees Absent**

Justin Hayes, Maryland Comptroller's  
Designee, and Board Secretary  
Dr. Lisa Weah

**Staff, Representatives and Guests**

Erin Layton, Executive Director and Interim-  
Director of Investments & Cash Management  
Bernadette Benik, Chief Deputy Treasurer  
Janaki Kannan, Director of Finance  
Michelle Winner, Director of Marketing &  
Public Relations  
Bette Ann Mobley, Director of ABLE  
Meghan Marek, Assistant Attorney General  
Maria Dodge, Executive Associate  
Sally Riefenstahl, BYN Mellon  
Glenn Ross, Marquette Associates  
Dave Smith, Marquette Associates  
Dave McAvoy, T. Rowe Price  
Christine Akins, T. Rowe Price  
Ian Klein, Legislative Analyst  
Tobi Hollander, SB & Company, LLC  
Monique Booker, SB & Company, LLC

**Maryland 529 Board Meeting**

Treasurer Kopp called the meeting to order at 9:35am.

- Approval of Minutes

Treasurer Kopp asked for comments on the minutes from the September 19, 2019 Board meeting. After discussion of revisions and, upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the minutes for the September 19, 2019 Board meeting are hereby approved, as amended.

- Board Chair's Items

Treasurer Kopp informed the Board that the Executive Director would give an update on the Morningstar rating and that the Office of Legislative Audit's ("OLA") report would be discussed later in the meeting.

Treasurer Kopp announced that the Board had chosen Ms. Layton to be the agency's permanent Executive Director and that after negotiations with Ms. Layton, and all necessary State approvals, she was happy to officially announce the appointment and extend her congratulations to Ms. Layton.

- Executive Director's Report

Ms. Layton presented the recommended enrollment dates for the Maryland Prepaid College Trust ("MPCT") from 12/1/19 through 5/31/20. She noted that in recent years the enrollment period had closed in April but the extension through May had proved fruitful.

Secretary Beatty entered the meeting.

After a discussion regarding the requested dates and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that upcoming enrollment period for MPCT will be from 12/1/19 through 5/31/20.

Ms. Layton noted that, as previously communicated out, the MCIP program maintained its Silver rating from Morningstar for the fourth year in a row.

Ms. Layton next discussed the Differential Tuition for Towson that had been approved by the Board of Regents earlier this year and which would begin being charged to certain students for the Spring 2020 semester.

Ms. Herbst was able to provide context and background explaining that over the last several years, tuition had increased by about 2%, but that there is a recognition that certain majors have a higher-cost, and in particular with respect to instructors' salaries. For Towson, they identified nursing, computer science and business economics as majors where costs justified an increase in tuition. Ms. Herbst noted that students currently enrolled in those majors will not see an increase and that this change will be phased in, applicable beginning Spring 2020 only to new students entering those majors.

Counsel noted that legal advice had been distributed to the Board from past circumstances where differential tuition was reviewed. Ms. Layton further noted that she had discussed the potential impact with the actuaries, and while the impact could not be quantified to specificity at this time, GRS Consulting had noted that the impact from differential tuition at College Park, with a larger student body, had been minimal.

After discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves MPCT payment of differential tuition at Towson University for the nursing, computer science and business economics majors.

Ms. Tobi Hollander entered the meeting.

Ms. Layton gave an update on the negotiations with the Department of Information and Technology (“DoIT”) regarding IT support. The Agency has received pricing, but there are still details to be worked out and additional explanations needed from DoIT.

With respect to additional personnel resources within the State to assist with Banner problems, Ms. Layton explained that Ms. Kannan had met with a prior employee of DoIT’s, who is now at Department of Juvenile Services (“DJS”), and it was determined that the person is not able to assist Maryland 529 with its Banner needs. After discussion about Banner support needs, Mr. Newman suggested that the Agency look for an independent contractor to assist until Maryland 529 converts to a new system. Ms. Herbst indicated that she would check with her resources to see if they had any suggestions for support.

Ms. Layton explained that using the statement of work provided by DoIT, it would take approximately five-six months for the Agency to procure new computers for staff in order to complete the required Windows update needed by the beginning of 2020. Based on that timeline, Ms. Layton is working with the State Treasurer’s Office, rather than DoIT, to secure the hardware and software.

As requested at a previous meeting, Ms. Layton presented rollover data to the Board, which reflects that a majority of rollovers are going to the Maryland College Investment Plan (“MCIP”). Ms. Layton indicated that the Agency will continue to look for trends in future data.

Ms. Layton briefed the Board that there will be two interviews for the Compliance & Audit Manager on Friday, November 1, 2019 and that Ms. Coughlin will be the Board representative on the interview panel.

- SB& Company, LLC

Ms. Booker introduced Ms. Hollander to present the SB & Company, LLC (“SB”) annual audit report. Ms. Hollander provided an overview of the process and the subsequent recommendations that SB is making to Maryland 529.

The first recommendation is that the Agency continue to search for a new vendor to replace the outdated Banner recordkeeping system. The second recommendation is the new system, when obtained, should be able to provide an audit trail. Ms. Hollander also indicated that all of the prior year recommendations have been implemented.

Ms. Hollander then provided a summary of the Financial Statement Highlights including the ABLE program. The Board inquired as to why the State funding provided to the ABLE program thus far was not listed as a liability. According to the enabling legislation for the Maryland ABLE Program, the start-up funding provided the State would need to be repaid in the future. Ms. Booker responded that the

\$642,000 liability is not reflected at this time. The Board noted that while repayment terms had not been established, the funding should be recorded by the agency and appropriately tracked.

Ms. Booker left the meeting at this time.

- Investment Committee Report

Ms. Layton presented the GRS Pricing Scenarios report along with the Investment Committee's recommendation that Scenario No. 3, which would keep MPCT contract prices the same as the previous year, be approved by the Board. After discussion about the recommendation and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approve Pricing Scenarios No. 3 from the GRS report.

- Maryland 529 Annual Report

Ms. Winner presented Maryland 529's Annual Report to the Board for approval. After discussion of a few minor edits to be made, and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approved Maryland 529's Annual Report, as presented subject a few minor edits noted by Ms. Layton.

- Maryland 529 Enrollment Kit

Ms. Winner next presented the MPCT and MCIP Disclosure Statements and accompanying Highlights Brochure, (altogether "the Enrollment Kit") for approval. Ms. Winner discussed the material changes to the Disclosures and Ms. Marek summarized some of the non-substantive changes.

After discussion regarding the changes to the Enrollment Kit, and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approved the Enrollment Kits for both the MPCT and the MCIP for 2019-2020.

- ABLE Annual Report

Ms. Mobley presented Maryland ABLE's Annual Report to the Board for approval. After a brief discussion of a few minor edits to be made, and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves the Annual Report for the Maryland ABLE Program as presented subject a few minor edits.

- ABLE Update

Ms. Mobley and Ms. Riefenstahl, BYN Mellon, briefed the Board on ABLE's quarterly report. Ms. Mobley extended an invitation to the Board to attend a national ABLE celebration taking place in Washington, D.C. Ms. Mobley explained that ABLE is working on ideas to increase revenue and marketing and is working on an RFP for a program manager.

Ms. Riefenstahl summarized the quarterly report which illustrated that ABLE currently has 1,597 funded accounts and assets in the amount of \$9.35M, as of 9/30/19. During the discussion regarding account data, Treasurer Kopp requested quarter over quarter numbers as well as year over year, if possible. Ms. Mobley indicated that they are also working on year over year numbers now that data is becoming available.

Ms. Mobley and Ms. Riefenstahl left the meeting at this time.

- T. Rowe Price

Mr. McAvoy briefed the Board on the follow-up data gathered pertaining to the State Contribution Program, as had been requested by the Board at the September meeting. Mr. McAvoy briefed the Board on one example of a family filing dozens of State Contribution applications. While an outlying example, it did expose a characteristic of the program, as currently designed under the enabling legislation that permits one person to file a large number of applications.

After a discussion of the data and how the issue should be addressed, the Board noted that it was a policy decision to be reported to the General Assembly in the appropriate manner and for that body to make any programmatic changes it determines advisable to reflect State policy.

Staff was then directed to seek full-funding for all qualified applicants, which would necessitate a request to the Department of Budget and Management which passes the funding to the agency through the Maryland Higher Education Commission ("MHEC"). The Board instructed staff to include information from the data presented by T. Rowe Price with the request for funding. Ms. Layton will also include the information in the annual report to the legislators that is due 12/1/2019.

Mr. McAvoy then summarized the MCIP highlights to the Board. During the discussion of the presentation, Ms. Pratt asked about the program's fees being high. Ms. Akins responded that T. Rowe Price is looking at the fees and that they focus on performance net of fees and the comparison of that number to peers with the conclusion that the MCIP tends to outperform other programs.

Ms. Akins informed the Board of a data privacy issue due to a coding error that could potentially affect four individuals. The issue has been resolved, T. Rowe Price is monitoring the accounts, and there has been no suspicious activity. T. Rowe Price is in the process of notifying the account holders and offering them identity theft protection over the next year as well as reporting the issue, as required, to the Attorney General's office.

- Legal Update

Ms. Meghan Marek presented the Unclaimed Property memo to the Board and informed the Board that the Agency is not holding any checks that, at this time, would be considered abandoned property under State law.

Ms. Marek also presented a draft Board Communication Policy for review and approval. After a discussion of the draft policy and a reminder about Board communications potentially being subject to the Open Meetings Act and/or a Public Information Act request, it was decided to have everyone review the policy and discuss at its next meeting.

Ms. Coughlin left the meeting at this time.

- Closed Session

Upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Maryland 529 Board moves into a closed session in accordance with Maryland Code, General Provisions §§ 3-305(b) to discuss the OLA report which contains information not subject to the Open Meetings Act.

Ms. Winner, Ms. Dodge, Mr. Ross, Mr. Smith, Mr. McAvoy, Ms. Akins, Mr. Klein and Ms. Hollander left the meeting.

The closed session concluded and the regular session of the meeting resumed.

It was announced that during the closed session the Board discussed the confidential draft report from the Office of Legislative Auditors, staff's recent meeting with the auditors, and the agency's response to the Audit Report.

With there being no further business, upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board meeting is adjourned at 1:00 pm.

Approved: \_\_\_\_\_

Justin Hayes, Board Secretary

Date: \_\_\_\_\_

11/21/19

## Exhibit List

- 1A – Agenda
- 1B – Minutes from the 9/19/19 Board Meeting
- 3 – SB & Company, LLC Report
- 4B1 – GRS Pricing Scenarios
- 4B2 – GRS Actuarial Certification Letter – MPCT - 2019
- 5A1 – Maryland 529 Annual Report
- 5A2 - Maryland 529 Highlights

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- 5B1 - MD529 Annual Report - Summary of Modifications
- 5B2 - MPCT Disclosures
- 5B3 – MCIP Disclosures
- 5C – ABLE Annual Report
- 6 – ABLE Update
- 7 – State Contribution Follow Up Data
- 8A1 – Executive Director’s Report
- 8B1 – Towson’s Tuition Differential
- 8B2 - Advice Letter Differential Pricing – 2015 Historic Memo
- 8B3 – Differential Tuition White Paper – Historic
- 8B4 – Web Instruction Tuition Memo – Historic
- 8B5 – Minutes – Open Session – 8/31/17
- 9A – AG Memo on Unclaimed Property
- 9B – Maryland 529 Communication Policy