

529
Board Meeting Minutes
OPEN SESSION
GoToMeeting Video Conference

February 23, 2021

9:30 AM – 11:45 AM

<https://global.gotomeeting.com/join/153596677>

Board Members/Designees Present via Conference Call

Nancy K. Kopp, State Treasurer and Board Chair
Geoffrey Newman, Secretary of Higher Education's Designee and Board Vice-Chair
Justin Hayes, Maryland Comptroller's Designee and Board Secretary
Ellen Herbst, Chancellor of University System of Maryland's Designee
Carol Beatty, Secretary of Maryland Department of Disabilities
Sam Gallo
Jessica McClain
Joanna Pratt

Staff, Representatives and Guests

Erin Layton, Executive Director
Bernadette Benik, Chief Deputy Treasurer
Dan Rambert, Director of Investments & Cash Management
Janaki Kannan, Director of Finance
Bette Ann Mobley, Director of ABLE
Meghan Marek, Assistant Attorney General
Michelle Winner, Director of Marketing
Maria Dodge, Executive Assistant
Glenn Ross, Marquette Associates
Dave McAvoy, T. Rowe Price
Christine Akins, T. Rowe Price
Sally Reinfenstahl, BNY Mellon
John Cuilwik, BNY Mellon
James Balsan, BYN Mellon

Board Members Absent

Amalie Brandenburg, Superintendent of School's Designee
Peter Tsigotis
Dr. Lisa Weah

Maryland 529 Board Meeting

Treasurer Kopp called the meeting to order at 9:34 AM.

The December minutes will be circulated to the Board for review and the vote will occur at the April meeting. Next, Treasurer Kopp reminded members to complete their required Ethics Filing by the April 30th deadline.

Ms. Layton then informed the Board she had received two nominations for Board positions. One nomination was for the existing members to continue. A second nomination was received for Peter Tsigotis to serve as Vice Chair, but politely declined being nominated at this time.

There being no further discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board Officers for the year are: Treasurer Nancy Kopp – Board Chair, Geoff Newman – Board Vice-Chair, and Justin Hayes – Board Secretary.

The Board then completed the Board Evaluation with open discussion of each question. The overall opinion was that there had been improvements in all areas from number of meetings, to materials being provided in advance and in enough detail for the members. The Treasurer suggested that we keep these questions fresh and available throughout the year and the Board can reflect on them as the work continues.

ABLE

Meghan Marek reviewed the summary of key changes to the ABLE Disclosure Statement. After further discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approved the ABLE Disclosure Statement as presented.

Justin Hayes entered the meeting at this time.

Next, Sally Reinfenstahl, BNY Mellon, gave highlights from the fourth quarter program performance for Maryland ABLE.

Audit & Governance Committee Report

Ellen Herbst introduced the recommendation from the Audit and Governance Committee for a procurement of a new annual auditor. Ms. Layton added that after the Audit and Governance Committee a few weeks prior, she and Ms. Kannan collaborated with Ms. McClain to clarify the language within the scope and the final product is before the Board now for vote.

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

RESOLVED, that the Board approved the scope of services to be procured for the annual auditor.

APF Committee Report

The Administration, Personnel and Finance Committee Chair was not in attendance so Mr. Newman asked Ms. Layton to provide the Committee report.

Ms. Layton recapped that a few weeks prior the Committee had reviewed the Committee Charter, received a presentation from Ms. Kannan on various financial updates, received a status update on the open positions in the Agency, reviewed the MPCT Program Manager Transition and that the Committee had three recommendations for the Board today. Ms. Layton also provided an update on USPS mailing delays and the proactive steps the Agency had taken in response to the issue. Ms. Marek provided a legal update, and Ms. Layton provided an update on the website redesign and confirmed that the “Box Project” had finally been closed out after the transfer of funds.

Ms. Layton presented the Committee’s recommendation that a contract amendment to the MPCT Program Management contract be approved. Part of the new Program Manager’s responsibilities include scanning historic MPCT documents currently in storage. The number of documents to be scanned was estimated by the agency and the Contractor bid a flat rate. After the start of the project, where several boxes proved to have twice the estimated number of documents, the Program

Manager requested a reconsideration of the pricing for the project. After discussions with the Program Manager and counsel, Ms. Layton received the Committee's approval of a contract amendment. The revised cost and proposal is detailed in the exhibit.

There being no further discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approve the contract amendment for the historic document scanning project within the MPCT Program Manager contract.

Ms. Layton then turned the Board to Exhibit 5B, which details the MPCT Business Rule changes as recommended by the APF Committee. She explained that as the Agency moves forward with the transition, the foundational rules are being reviewed and in some cases updated and those changes need to be approved at this time in order for the new Program Manager to code its recordkeeping system. Typically changes to the Prepaid Program are reviewed annually in October, but given the timeline for the transition, the Committee is requesting the changes listed here be approved, as well as a change to the Committee's authority to make such Program decisions without first coming to the full Board.

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

RESOLVED, that the Board approves the Prepaid program changes listed in the exhibit and the Board approves delegating authority to the APF Committee for the specific purpose of reviewing and approving additional MPCT changes brought forth by the Agency as the Program transitions to the new Program Manager.

Ms. Layton will keep the Board informed of these proposals and approvals as they occur. All of the changes will be captured in one large MPCT Disclosure update to occur later this year. The changes will not be effective until the Disclosure Update is issued.

Investment Committee Report

Joanna Pratt, Committee Chair, discussed the two recommendations that came out of the Investment Committee meeting a few weeks earlier. The first recommendation was to add the Vanguard Social Index fund to the investment lineup for MCIP investors. The second recommendation from the Committee was to approve the hiring of two new infrastructure managers to the MPCT portfolio.

Ms. Layton discussed the rationale behind the pricing in the recommendation and clarified for the Board that the funds to be used for the start-up costs to add a non-T. Rowe fund to the MCIP line-up would come from the operating surplus and not Trust assets.

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

RESOLVED, that the Board approves the addition of the Vanguard FTSE Social Index I to the investment lineup for the MCIP and the Board approves the setup costs be incurred by the Agency.

Ms. Layton then discussed the recommendation before the Board to fund two new infrastructure investment managers as the Agency looks to complete the asset allocation changes previously approved.

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

RESOLVED, that the Board approves IFM Global and J.P. Morgan Asset Management Infrastructure Investments Fund as program managers for the 5% infrastructure asset allocation within the MPCT.

MCIP Update

Dave McAvoy, T. Rowe Price, gave an overview of the operations of the MCIP Program. He then reviewed the summary of changes being requested to update the MCIP Disclosure Statement.

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

RESOLVED, that the Board approves MCIP Disclosure Statement updates as presented.

Executive Director's Report

Ms. Layton discussed several items from her report. She noted that the Agency had been notified by BNY of attempted fraud involving the opening, or attempted opening, of MD ABLE accounts with stolen identities. She added that additional discussion on this topic would occur in the closed session.

She updated the Board that she had previously reported that the Investment Adviser procurement was being handled by STO, but now that work had been moved to the Agency. She explained that the Agency is expecting a new Procurement Officer to begin on February 24th and that this contract will be a top priority and they will do everything they can to maintain the timeline.

Ms. Layton was happy to report that the office refresh had finally begun after almost a year and a half of conversations with DGS and the building manager.

Next Ms. Layton wanted to bring to the attention of the Board two specific account holder complaints regarding the mail delivery delays as a result of the USPS. Ms. Layton informed the account holders of the upcoming changes later this year with the new Program Manager whereby electronic payments will be the primary method of distribution. The account holders were appreciative of the changes but wanted the Board to be aware of their frustrations. Ms. Layton reminded the Board that this topic had been discussed previously and that the Agency was being proactive by reaching out to schools to notify them of the delays, offering letters to confirm distribution and paying for any late fees an account holder might incur because of the delivery delays.

The Board moved into closed session at 10:50 am to receive updates on the confidential draft report of the forensic auditor, to hear an account holder appeal that included personal financial information of the account holder not subject to public disclosure, to discuss the attempted opening of fraudulent ABLE accounts, and to seek advice of counsel on same. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board move into closed session in order to discuss topics not subject to the Open Meetings Act and to seek advice of counsel.

The Board meeting returned to open session at 11:45 AM.

Ms. Marek reported that during the closed session, the Board:

- Denied an account holder's request to waive the ten-year period in which Prepaid Trust benefits must be used;
- Discussed an account holder's complaints about the value of their accounts and received advice of counsel on same;
- Discussed the draft forensic report and made notes of factual errors to be corrected; and
- Received an update on attempted fraud with respect to the opening of MD ABLE accounts.

At 11:46 AM, and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Maryland 529 Board meeting is adjourned.

Approved:  Date: 05/03/2021
Justin Hayes, Board Secretary

Exhibit List

- 1A – 2021-02 Board Meeting Agenda
- 2 – Board Position Nominations
- 2A – Board Self-Evaluation (FY 2021)
- 3A1 – MD ABLE Disclosure Booklet Key Changes
- 3A2 – MD ABLE Disclosure Booklet (Clean Copy)
- 3B – MD ABLE Board Report
- 4 – Scope for Annual Audit
- 5A – Box Scanning Project
- 5B – Summary of APF Recommendations to Board on Proposed MPCT Program Changes
- 6A1 – Investment Committee Recommendations
- 6A2 – ESG Passive Option Side by Side Comparison (Marquette)
- 6A3 – MPCT Infrastructure Manager Recommendations
- 7A – MCIP Board Report Feb 2021
- 7A1 – MCIP 2020 Summary (TRP)
- 7B – MCIP April 2021 PDS Supp_Board Portal 2.16.21
- 8A – Executive Director's Report
- 8B – MD 529 Project List (2021.02.12)
- 8C – Master Contract List (2021.02.12)