

**Maryland 529
Final Meeting Minutes**

**July 30, 2019
10:00 AM – 12:30 PM**

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

Board Members/Designees Present

Nancy K. Kopp, State Treasurer and Board
Chair
Pamela Purcell, Chancellor of University
System of Maryland's Designee
Justin Hayes, Maryland Comptroller's Designee
Keith Persinger

**Board Members/Designees Present
By Telephone**

Geoffrey Newman, Secretary of Higher
Education's Designee
Carol Beatty, Secretary of Maryland
Department of Disabilities
Peter Tsirigotis
Dr. Lisa Weah

Board Members/Designees Absent

Amalie Brandenburg, Superintendent of
School's Designee
Carol Coughlin

Staff, Representatives and Guests

Stephen McGowan, Executive Director
Bernadette Benik, Chief Deputy Treasurer
Erin Layton, Director of Investments and Cash
Management
Janaki Kannan, Director of Finance
Sherry Parks, Director of Operations
Meghan Marek, Assistant Attorney
General
Maria Dodge, Executive Associate
Dave McAvoy, T. Rowe Price Investment
Services, Inc.

Maryland 529 Board Meeting

Treasurer Kopp called the meeting to order at 10:00 am.

- Approval of Minutes

Treasurer Kopp requested updates on several projects that were referenced in the June 6, 2019 Board meeting minutes.

Ms. Marek informed the Board that she was working with T. Rowe Price to compile background materials on the most-recent State Contribution application period to brief bill sponsors on recent anomalies. Mr. Newman reported that he was still confirming community college tuition and mandatory fees. And Mr. McGowan confirmed that the Task Order Request for Proposal ("TORFP") that will be presented later in the meeting will encompass desk manual and work flows.

Ms. Purcell offered to share a meeting minute format that her organization is currently using to track action items from previous meetings.

Treasurer Kopp asked for any additional comments on the minutes from the June 6, 2019 Board meeting. Hearing none and upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes for the June 6, 2019 Board meeting are hereby approved.

- Board Chair Report

Treasurer Kopp informed the Board that Mr. Persinger will not be able to serve as Secretary to the Board, but Mr. Hayes has volunteered to fill the role.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that Justin Hayes will be Secretary to the Board.

Mr. McGowan introduced Sherry Parks, the Agency's new Director of Operations, to the Board.

- Audit and Governance Report

Mr. McGowan presented the draft TORFP, which includes the workflow mapping for the Prepaid Trust, Banner Review, and workflow mapping for accounting purposes to the Board. There was discussion regarding some additional technical corrections and formatting from counsel but that the work items requested were not expected to change substantively.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the recommendation of the Committee to issue the TORFP with the understanding that there will be some non-substantive changes for the purpose of clarifying details for the potential vendors and that approval from Department of Budget and Management ("DBM") will be required..

Mr. Tsirigotis advised the Board that the Audit and Governance Committee met with the SB & Company ("SB") and will be meeting with them again as their audit report is completed. He reported that SB & Company was specifically asked about whether it had documentation related to MPCT workflows and they responded in the affirmative. The Committee asked for that documentation to be provided to the agency. Mr. McGowan noted that had not received the documentation and that he had repeated the request to SB & Company.

- Administration, Personnel and Finance Committee Report

Ms. Purcell recommended to the Board that the Audit/Compliance Manager position description be approved. There was discussion about the process for reclassification of an existing position to the Audit/Compliance Manager and reporting lines.

Ms. Purcell also requested that the Board approve the Organizational Chart, which reflects current positions and reporting lines.

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

RESOLVED, that Board approves the Organizational Chart.

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

RESOLVED, that Board approves the creation of the Audit/Compliance Manager position.

- Investment Committee

Ms. Layton reported that the Trust's investments yielded a one-year return of 5.7%, falling short of its overall benchmark of 6.3%. She noted, however, that the individual managers had met their own benchmarks.

Next, Ms. Layton reported that Committee discussed potential changes to Morningstar's evaluation process and that the agency would work with T. Rowe Price to monitor implementation of any new developments from the ratings agency. The Board next discussed the current actuarial assumptions for the MPCT with respect to investment return, and tuition and fee increases. The Committee's recommendation to the Board is to keep the current assumptions in place with the understanding that the actuary will soon be conducting an experience study of the program, and that the results of the study will be before the Board prior to setting next year's assumptions.

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

RESOLVED that the actuarial assumptions with respect to investment return, tuition increases and fee increases will remain the same as last year.

Ms. Layton briefed the Board on the three fund managers that are currently on the watch list. She presented the recommendation supported by herself, Marquette and the Investment Committee recommendation to remove Symphony's Bay City Senior Loan Fund and Aberdeen be removed from the list and that UBS Trumbull remains on the watch list adding performance as an issue, in addition to professional turnover.

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

RESOLVED, that Symphony and Aberdeen be removed from the watch list and that USB Trumbull remain on the watch list adding performance, in addition, to professional turnover as reasons for being on the list.

The next Investment Committee Meeting is scheduled for October 24, 2019.

- MCIP-Plan Disclosure Statement Supplement

Mr. McAvoy requested the Board approve the draft Plan Disclosure Statement Supplement changing the name of the Portfolio for College to Portfolio for Education.

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

RESOLVED, that the Board approve the Plan Disclosure Statement Supplement changing the name of Portfolio for College to Portfolio for Education Today.

- Executive Director's Report

Mr. McGowan gave his report to the Board. The Board asked about the outstanding check balance. Ms. Kannan reported that none of the checks were over 90-days old, and that prior to implementing the expiration of checks, the agency conducted a campaign to reach out to account holders with older uncashed checks.

Treasurer Kopp offered to share some of the Treasurer's Office cybersecurity training with Maryland 529, if it would benefit the Agency. Ms. Marek reminded the Board that if Maryland 529 utilized the Treasurer's Office training, it would need to update its notice of cybersecurity training compliance with the Secretary of DoIT.

Mr. McGowan informed the Board that the office Lease has been approved by the Board of Public Works and should be effective in September 2019.

With respect to the agency's IT needs, Mr. McGowan reported that he is still working with DoIT for its provision of IT services. Treasurer Kopp requested that Mr. McGowan make sure that the Treasurer's Office IT group be part of the process as they are currently providing the IT support.

The Board asked that, if possible, the rollover report be updated to include totals for rollovers within the Maryland 529 programs and to separately report rollovers to other state's programs.

Mr. McGowan then gave an update on the ABLE program which currently has 1,477 account holders and \$8.5 million in AUM. There was discussion the customer satisfaction survey results.

Mr. McGowan summarized his request that Board approve the recommendation to award the Marketing Services and Public Relations Contract to The Hatcher Group.

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

RESOLVED the Board approved the Award of the Marketing Services and Public Relations contract to The Hatcher Group.

- Legal

Ms. Marek requested the agenda item regarding an Account Holder Issue be addressed at a future Board meeting to allow her to review additional background.

- New Business

Treasurer Kopp asked if there were any new business to be addressed by the Board. There was no new business to be discussed.

- 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)(1) to discuss personnel matters related to performance review of an employee reporting to the Board.

Mr. Stephen McGowan, Mr. Dave McAvoy, Ms. Erin Layton, Ms. Janaki Kannan, Ms. Sherry Parks and Ms. Maria Dodge left the meeting.

The closed session concluded and the regular session of the meeting resumed. Upon reopening, it was reported that the Board had concluded its evaluation and reported its evaluation to the relevant personnel.

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

RESOLVED, that the Board meeting is adjourned at 11:45 am.

Approved: Nancy K Kopp
Treasurer Nancy Kopp, Chair

Date: 9/23/19

Exhibit List

- 1B. Minutes from the June 6, 2019 Board Meeting
- 3A. Task Order Request for Proposal
- 3B. Organizational Chart
- 3C. GRS – Review of Soundness Assumptions
Investment Committee Report – Distributed at Meeting
- 4. MCIP Plan Disclosure Statement Supplement
- 6A. Executive Director’s Report
- 6B. Maryland 529 Marketing Contract Award