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Maryland 529  
Pre-Proposal Conference  
Maryland College Investment Plan Program Manager  
Solicitation Number R60R6400001

6 North Liberty Street  
8th Floor, Conference Room 6  
Baltimore, Maryland

September 7, 2016

- LAUREN SHIPLEY, Executive Director
- MEGHAN MAREK, Assistant Attorney General
- MICHELLE WINNER, Public Relations and Marketing Manager
- MARY CHRISTINE JACKMAN, Interim Chief Investment Officer

1 PRESENT FOR VENDORS:

2 TEJAN CRICHTON, Ascensus College Savings

3 KATE SNOW, Vanguard

4 CHRISTY ERICKSON, Vanguard

5 AUDRA JONES, T. Rowe Price Associates, Inc.

6 CAROL HEWITT, T. Rowe Price Associates, Inc.

7 VANESSA ELUMA, T. Rowe Price Associates, Inc.

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INDEX

Page

Presentation by Ms. Shipley

4

Questions and Answers

18



1 Plan and a College Savings Plan. We are also unique in  
2 that we are one of nine that are open to new  
3 participants. So it makes a unique position for us to  
4 cross-sell the two different plans, and we do market in  
5 that way. Every state's Prepaid Plan is a little bit  
6 different. The Maryland Prepaid College Trust can be  
7 used in or out of state. In addition, it's a semester-  
8 by-semester based program. And the Prepaid College Trust  
9 is intended to hedge against future tuition increases.

10           There is a legislative guarantee with the  
11 Prepaid College Trust as well. It's not an absolute  
12 guarantee. It's a moral obligation by the Legislature to  
13 ensure that if the Trust doesn't have enough money in a  
14 particular year to pay benefits, the Governor is required  
15 to put money in the State budget to pay benefits for that  
16 particular year. The legislature has final budget  
17 approval; that's the moral obligation.

18           The Prepaid College Trust pays benefits. If a  
19 student stays within State at a Maryland Public College,  
20 the Trust will pay the full in-State tuition and  
21 mandatory fees at that Maryland State school. If they go

1 to an out-of-state or private school, we look at all the  
2 students in the University of Maryland System at that  
3 time, take an average of their tuition, let them use the  
4 average at the out-of-state or private school.

5           So it's an equivalent Maryland benefit. Many  
6 times people think that they might be losing out if they  
7 go to a private or out-of-state school, but we do stress  
8 that it's still an equivalent Maryland benefit. They're  
9 still getting the benefit of what the tuition increase  
10 would have been in Maryland. It's is just very often  
11 that private or out-of-schools can cost more money.

12           Also, the plan's benefits are paid on a  
13 semester by semester basis. There are payment options  
14 and people can purchase anywhere from one semester on up  
15 to five years of university.

16           The Prepaid College Trust can also be used for  
17 other eligible expenses such as room and board, books, if  
18 there are scholarships, grants or tuition remission. So  
19 it does give people an overlap there. But the College  
20 Investment Plan, though, we say is a nice alternative.  
21 When we talk about the Prepaid, we often say that the

1 Prepaid is where we tell you how much to pay based on the  
2 age and grade of the student, but the College Investment  
3 Plan is where you tell us how much you can afford. The  
4 College Investment Plan right now has a minimum  
5 investment of \$25 a month from a bank account or a one-  
6 time \$250 to open an account. And as you're familiar  
7 with 529 plans, a savings plan can be used for eligible  
8 expenses across the country.

9           They dovetail nicely because the Prepaid Plan  
10 is mainly for tuition and mandatory fees unless there are  
11 scholarships. So, we often say that they play well  
12 together because you can use the College Investment Plan  
13 for the other eligible expenses such as books, room and  
14 board, and have the Prepaid cover the cost of tuition.  
15 So we do like to market both together as a whole. And we  
16 do have some enrollment kits in the back of the room.  
17 That's our full kit. A highlights brochure is part of  
18 the packet, plus the disclosures of the Plans.

19           And also, there is an on demand Webinar on our  
20 website if you did want to look at that. It's a  
21 presentation that we do online, but it is the same

1 presentation we do at events. And that's at our website,  
2 maryland529.com/webinars.

3           And at this point, I want to direct you to the  
4 Scope of Work in the RFP. You'll notice the total number  
5 of funded accounts and the total assets back to June 30,  
6 2012 are listed. So, I'm not going to go through them  
7 for you, but they are available for reference. I know  
8 that's an important piece for you to know just to -- as  
9 you go through and create your proposals.

10           I also want to touch on the description or the  
11 relationship between the Program Manager and Maryland  
12 529. The staff of Maryland 529 administers all of the  
13 aspects of the Prepaid College Trust and oversees and  
14 administers the Board's contract with the College  
15 Investment Program Plan Manager. So,  
16 in-house we do all of the processing of benefits payments  
17 for the Prepaid Plan, all of the back end processing  
18 that's needed there; and then we work with our current  
19 Program Manager on the College Investment Plan. And we  
20 look at it as a partnership. Many states who just have a  
21 savings plans will let the Program Manager manage all

1 aspects of the plan. We do not take a hands off approach  
2 in Maryland. We do try to continue to have conversations  
3 with our Program Manager about status updates, and new  
4 features and benefits we might consider. The program  
5 manager is expected to present to the Board at least four  
6 times a year. And as a team, we have quarterly meetings  
7 with the Program Manager outside of the Board meetings to  
8 talk about different aspects of the plans; customer  
9 service, service levels, trends that we're seeing. So we  
10 do like the continued communication. We view it as a  
11 partnership, especially because both plans succeed if we  
12 work together. As I mentioned, both plans do play off of  
13 each other nicely. And so if both plans succeed, we  
14 succeed as an agency.

15           And I also want to mention that the Program  
16 Manager's Investment Team does work with the 529 Board to  
17 adhere to the Board's Investment Policy. So, there is an  
18 Investment Policy that the Board creates. I think this  
19 is pretty standard. But, the Board does work with an  
20 investment advisor. Currently it's Marquette Associates  
21 out of Chicago. And it is expected that Program Manager

1 works with the Board's Investment Advisor.

2           Next thing to mention is the Marketing Team.  
3 Obviously, marketing is a big component of this Program  
4 Manager RFP. The Marketing Team does include  
5 representatives from Maryland 529 as well as the Program  
6 Manager. Also, we do have an advertising agency of  
7 record -- currently that is Weber Shandwick. This is the  
8 second year of their contract. It's renewable each year  
9 assuming that they still continue to perform and succeed  
10 for the Plan. There is an opportunity for renewal for  
11 one more year, and then we would have to go out for bid  
12 next year. We do try to keep that contract short-term  
13 because with advertising agencies a lot can change.  
14 Renewals are a reward for success, but we also have the  
15 opportunity to move on if needed. So, there are  
16 different players involved with the marketing.

17           And the marketing plan and the budget are  
18 approved by the 529 Board annually in June. There is a  
19 full marketing report presented in June along with the  
20 new budget for the upcoming fiscal year. We do have a  
21 fiscal year that runs from July 1st to June 30th, so

1 that's the main reason why we do that at the end of June  
2 in anticipation of that new fiscal year.

3           Also too, the Marketing Team has had weekly  
4 meetings with the Program Manager and the advertising  
5 agency. Mainly they are calls, but if there's a need to  
6 have more discussions, have postmortems about different  
7 campaigns, then it may necessitate in person. But I  
8 would say that 75 percent now are calls. So the Marketing  
9 Team does have communication consistently with both the  
10 Program Manager as well as the advertising agency.

11           And the way that the budget has worked for the  
12 current Program Manager is they have generally paid 80  
13 percent of the marketing expenses, and the Prepaid has  
14 paid 20 percent of the marketing expenses. And this is  
15 based on the asset split. Right now we have about 80  
16 percent of our assets in the College Investment Plan, and  
17 about 20 percent of our assets in the Prepaid College  
18 Trust.

19           So, then just a couple of comments that I want  
20 to make in regards to the RFP. As you know, a common  
21 question is, why is the contract up for bid? And the

1 answer is, the current contract with the incumbent has  
2 expired, and by law we're required to go out and rebid  
3 the contract.

4           The term of the new contract as you may have  
5 read, is seven years with two, two-year renewals. The  
6 Board certainly believes that T. Rowe Price has performed  
7 in a competent and reliable manner. It's really a matter  
8 of the rebid process. Certainly if T. Rowe Price rebid,  
9 the Board welcomes that opportunity. But a big component  
10 of the competitive bid process is the 529 industry has  
11 dramatically changed over the past seven to eight years,  
12 and the Board feels that there's an opportunity to have  
13 some new features and benefits to the Plan. The Board is  
14 committed to providing the best possible plan to Maryland  
15 families, and believes that this competitive process  
16 really helps with that.

17           Also, it's very important for you to read the entire  
18 RFP. I know it's not a best seller. It's certainly dry  
19 in some parts, but there is a lot of important  
20 information in there. Especially, each state has  
21 different regulations when it comes to these requests for

1 proposals. So please take the time to read all the  
2 sections, and make sure that you have looked at it. And  
3 there's no substitute for reading the RFP. You really  
4 want to make sure that you have it clear. It outlines  
5 all that's required to submit the proposal; also the  
6 specific technical and financial requirements and  
7 evaluation requirements as well.

8           And, as you know, all responses in your  
9 technical proposal are important, but please do look at  
10 the evaluation criteria. The Board has made a note that  
11 the following are important: expense ratios, marketing  
12 contribution, management fee share, simplicity, and  
13 record keeping. So every aspect of your proposal is  
14 important, but there is a stress on those.

15           Also, on page 35 of the Scope of Work in the RFP  
16 there is a mention of a new State program that allows  
17 Maryland families an opportunity to receive a State  
18 matching grant contribution. We're very excited about  
19 this. It's a great opportunity. The legislature has put  
20 aside \$5 million for new accounts in the College  
21 Investment Plan starting on January 1st, and people with

1 lower income levels can make a minimum contribution of  
2 \$25, and the State will match that up to \$250. The  
3 details of the program are page 35. Also, the particular  
4 program details are listed on page 29.

5           We are working through the implementation at  
6 this point. The application process is not due to start  
7 until January 1<sup>st</sup> and we're still working through the  
8 details. So, unfortunately, what is listed in the RFP is  
9 really the information that we have at the time. If we  
10 can provide additional information before the end of the  
11 procurement process, we'll certainly let you know. But  
12 we're not trying to hide anything there. It's really a  
13 matter of working through the implementation of a new  
14 program at this point.

15           Also, I do want to mention that the overall  
16 Minority Business Enterprise (MBE) goal for this  
17 procurement is two percent. The current Program Manager  
18 is meeting that mainly through marketing relationships  
19 and, we do intend to achieve the two percent knowing that  
20 it is achieved currently. And the percent is based on  
21 the fees retained by the Program Manager. So the two

1 percent is based on the program management fee, the  
2 enrollment fee, and also the account maintenance fee.

3           And keep in mind too that this is a  
4 subcontractor participation goal. So if your firm  
5 happens to be a registered MBE and is selected as prime  
6 contractor, a portion of the work that you do can count  
7 towards fulfilling up to 50 percent of the MBE goal. So  
8 that's just something to mention there. And all of the  
9 details of that MBE program are listed in Attachment D  
10 and beyond in the back of the RFP. Again, there are a  
11 lot of nuances to that. Certainly many times we see in  
12 the RFP process, firms not completing the MBE section  
13 correctly or completely, and that can be an issue in  
14 regards to your proposal. We would hate to see your  
15 proposal be not susceptible of an award due to an MBE  
16 oversight.

17           Also, the financial proposal, beginning on page  
18 124 of the RFP, does have embedded Excel files. So do  
19 yourself a favor, double click on those, and just fill in  
20 the columns that you need to. There are calculations in  
21 there. It will save you time in completing the

1 attachment, and also will help reduce any calculation  
2 errors. To avoid any math mishaps, make sure that you do  
3 try to use those Excel tables when you do your proposal.  
4 And that's in the Word file.

5           Also, I do want to mention that this  
6 solicitation is for the College Investment Plan Program  
7 Manager only. There has been approval from the  
8 legislature for an ABLE Program for the State as well as  
9 an Advisor-sold Plan. This RFP does not include those.  
10 Any programs that would be developed would be in separate  
11 RFPs. So we do just want to mention that.

12           Also, any questions should be sent to the  
13 Procurement Officer listed in the RFP on the summary  
14 page, and we're going to do our best to respond to those  
15 questions as quickly as possible. Thank you for  
16 providing your contact information so we can go ahead and  
17 let you know when those questions are available. We're  
18 going to maintain them on the web page that you may have  
19 noticed at the beginning of the proposal, which was the  
20 **maryland529.com/rfp**. But we will send you notification  
21 when those are available to be able to be downloaded.

1           We did not put specific deadlines for when the  
2 questions need to be received except, obviously,  
3 reasonable time before the proposals are due to make sure  
4 that we can turn around and answer those questions.  
5 Questions are requested to be submitted at least five (5)  
6 days prior to the Proposal due date. The Procurement  
7 Officer, based on the availability of time to research  
8 and communicate an answer, shall decide whether an answer  
9 can be given before the Proposal due date. We know that  
10 this is a very large RFP in terms of volume and the  
11 questions that we're asking. So we realize that they may  
12 come in waves. So please, feel free to ask questions.  
13 We'll do our best to turn those around as quickly as  
14 possible. And, obviously, we will answer those to the  
15 best we can, but sometimes we are limited in terms of the  
16 information that we can provide.

17           Also I do want to mention, I think you're all aware  
18 of this, but the submission deadline is October 24th at  
19 2 p.m., local time. It is a hard deadline. So if you  
20 have someone who is delivering your RFP such as a  
21 courier, you want to make sure that their instructions

1 are clear that it needs to arrive by 2 p.m. We have,  
2 unfortunately, experienced people showing up five minutes  
3 late, and due to procurement law, we're unable to accept  
4 those proposals and do need to send them back. So if you  
5 do use someone else, please make sure you do have that  
6 time in consideration.

7           So at this point, I have not received any  
8 written questions yet. I know that there's a lot of  
9 information and information to review. So I don't have  
10 any written questions to provide you answers to, but I do  
11 want to give the opportunity for those of you in  
12 attendance to ask questions.

13           MR. CRICHTON: Will you provide a marketing  
14 budget for the last previous three years at any point in  
15 time?

16           MS. SHIPLEY: We can.

17           MR. CRICHTON: Okay.

18           MS. SHIPLEY: And you may have noticed out on  
19 the web page that the most recent marketing plan is  
20 available. That was what was presented to the Board this  
21 last June.

1           What else?

2           MS. JONES: Lauren, the RFP mentions the SOC 2  
3 audits need to be submitted on an annual basis, but from  
4 my reading it doesn't refer if that's fiscal year or  
5 annual year or is that --

6           MS. SHIPLEY: We'll have to look into that.

7           MS. JONES: Okay.

8           MS. SHIPLEY: I believe it would be from the  
9 contract date, but we will confirm --

10          MS. JONES: Okay.

11          MR. CRICHTON: I think you might already have  
12 this answer, but what record keeping platform does the  
13 Plan current reside on?

14          MS. SHIPLEY: It's currently on Banner.

15          MR. CRICHTON: Banner. Okay.

16          MS. SHIPLEY: There is a little bit of  
17 information in the RFP. The Program Manager is not  
18 required to use Banner. Whatever record keeping system  
19 that you have is certainly something that you can use,  
20 but we do use a shared database for both plans. So the  
21 information would have to be available from a shared

1 database standpoint, and must integrated with whatever  
2 the Prepaid uses, but we don't require you to use Banner.

3 MR. CRICHTON: Okay.

4 MS. SHIPLEY: What else?

5 MR. CRICHTON: You're probably going to provide  
6 this later on, but in-flows, out-flows.

7 MS. SHIPLEY: For money?

8 MR. CRICHTON: Yes.

9 MS. SHIPLEY: So I think that you're going to  
10 see a lot of the information on page 29, but --

11 MR. CRICHTON: Okay.

12 MS. SHIPLEY: -- distribution information is  
13 not there. So we can certainly provide any distribution  
14 information.

15 MR. CRICHTON: Yeah, that would be excellent.

16 MS. SNOW: Are there any interest from the  
17 State standpoint using CDA accounts?

18 MS. SHIPLEY: That's really a theoretical  
19 question that, unfortunately, I couldn't answer what the  
20 thought process is. The Matching Grant Program really  
21 was, I think, the answer to that at this point, and, what

1 comes up in the future, I'm not really sure.

2 MS. SNOW: Thank you.

3 MS. ELUMA: So, Lauren, there were throughout  
4 the RFP statements along with questions. Do you want us  
5 to acknowledge the statements or just focus on addressing  
6 the questions as well?

7 MS. SHIPLEY: If it gives context to the  
8 section or the questions, I think it's worthwhile to add  
9 that. Obviously, we're most interested in the answers to  
10 the questions, but if it helps us to be able to get  
11 through your proposal in an easier fashion, I think it  
12 makes sense. We don't want to make anything more  
13 difficult for anyone. I know that this is certainly a  
14 large proposal to respond to. But, anything that you can  
15 help in terms of reading your proposal obviously helps  
16 the Evaluation Committee.

17 MR. CRICHTON: Another question.

18 MS. SHIPLEY: Yes.

19 MR. CRICHTON: Who owns the rights of the  
20 current website?

21 MS. SHIPLEY: The Maryland 529 Agency owns the

1 rights. We work with the Program Manager to develop it  
2 and design it. But the rights are owned by Maryland 529  
3 Agency.

4  
5 This does not limit your opportunity to ask questions. I  
6 know that a lot of you have not had a chance to really do  
7 a deep dive into the RFP. So, I certainly can take a few  
8 more minutes here to answer any further questions, and  
9 then you do have the opportunity to submit them as well.

10           If no one has any additional questions at this  
11 time, we certainly appreciate your time. Obviously that  
12 was streamlined and very efficient in terms of the  
13 information. If you do have questions, which I  
14 anticipate you do, please provide them to the Procurement  
15 Officer listed on the summary page. We'll do our best to  
16 get back to you as soon as possible with those questions.  
17 And as mentioned, we'll communicate with you when those  
18 are available online.

19           If no one has anything else, thank you for  
20 coming. (Whereupon, the Pre-Proposal Conference  
21 concluded at 10:33 a.m., on September 7, 2016.)

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