

**College Savings Plans of Maryland Board
FINAL MEETING MINUTES**

**March 17, 2016
9:30 AM – 1:45 PM**

**College Savings Plans of Maryland
217 E. Redwood Street, Suite 1350
Baltimore, MD 21202**

Board Members/Designees Present

Nancy K. Kopp, State Treasurer and Board Chair
Helene Grady, Board Vice Chair
Emily Hollis, Comptroller's Designee (via phone)
Pamela Purcell, Chancellor, University System of Maryland's Designee
Geoffrey Newman, Secretary of Higher Education's Designee
Steven Serra, Department of Education's Designee
John Kenney
Russell Kelley
Charles Tharp

Staff, Representatives and Guests

Lauren Shipley, Executive Director
Jessica Papaleonti
Mary Christine Jackman
Joshua Fretz
Bernadette Benik, Chief Deputy Treasurer
Meghan Marek, Assistant Attorney General
Audra Jones, T. Rowe Price Investment Services, Inc.
Renee Anderson, T. Rowe Price Investment Services, Inc.
Paul Viera, Earnest Partners
Chris Fitze, Earnest Partners
Andrew Kronschnabel, Logan Circle Partners
Brian Funk, Logan Circle Partners
Daniel Perullo, Logan Circle Partners
Michael Collins, Prudential
Robert Felice, Prudential
David Zee, Wilshire Associates, Inc.
Calvin Born, Wilshire Associates, Inc.

College Savings Plans of Maryland ("CSPM")

- Approval of Minutes

Treasurer Kopp asked for comments on the revised minutes for the regular December 10, 2015 Board meeting, the revised minutes for the December 23, 2015 Board conference call, and the minutes for the February 25, 2016 Board meeting. There being no further comments or questions, and upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes for the December 10, 2015 Board meeting, the December 23, 2015 Board conference call, and the February 25, 2016 Board meeting are hereby approved.

- Executive Director's Report

Ms. Shipley presented the Executive Director's Report including an update on the GRS Experience Study and the ongoing legislative session. Ms. Shipley reviewed the Prepaid Trust banking and investments, noting that \$20 million was moved from Navellier to Vanguard Total Bond Market Index last week.

Ms. Shipley also discussed the March 7 release of the RFP for investment advisory services, submissions for which are due April 1. Additionally, she provided a draft timeline for the MCIP program manager RFP, tentatively scheduled for release July 1, 2016.

Ms. Shipley updated the Board on the current Calls Plus contract and stated that it expires on 5/4/16. She requested an extension to the contract to provide flexibility for the transition away from Calls Plus, reminding the Board it can be terminated for convenience as necessary.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the extension of the Calls Plus contract for another six months from 5/4/16.

Ms. Shipley then addressed the number of MPCT enrollments for 2015. She stated that a Chrome / Firefox security update, which prevented online account opening until CSMP systems could be modified to operate with the update, caused a drop in enrollment numbers. She recommended an extension of the enrollment period to May 2. After discussion of the agency's hardware and software capabilities, and

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the extension of the MPCT enrollment period to May 2.

- CFO Search Update

Mr. Kenney updated the Board on the interviews conducted and presented Interview Committee's recommendation for the position of CFO.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that an offer will be extended to the Interview Committee's preferred candidate for the position of CFO.

- MCIP Monthly Report

Ms. Jones discussed the MCIP Mid-Year Highlights and the Monthly Report.

Ms. Jones and Ms. Anderson left the meeting at this time.

Mr. Kelley entered the meeting at this time.

- MPCT Fixed Income Manager Overview

Mr. Zee and Mr. Born updated the Board on the three managers that would be presenting. Treasurer Kopp inquired about the methodology used by Wilshire to select the proposed fixed income managers. Mr. Zee discussed the six pillars of the evaluation that were considered and Wilshire believes these managers to be three of the top companies in the core fixed income sector. Wilshire's analysis, also, analyzed how the investment firms would integrate with each other to meet the goals of the Board.

- Earnest Partners Presentation

Mr. Viera and Mr. Fitze entered the meeting at this time.

Mr. Viera presented an overview of the firm, highlighted Earnest Partners' employee owned structure and discussed their asset base of approximately \$20 billion. Mr. Fitze went on to described the company's investment process and detailed the performance of their portfolio over several different time periods.

Mr. Tharp asked who the Board's contact person would be if Earnest Partners is hired. Mr. Viera stated that Mr. Fitze would be the Board's point of contact. Mr. Viera also explained their fee structure, but indicated it could be flexible. The fee typically charged is 20 basis points for assets of this size.

Mr. Viera and Mr. Fitze left the meeting at this time.

- Logan Circle Partners Presentation

Mr. Kronschnabel, Mr. Funk, and Mr. Perullo entered the meeting at this time.

Mr. Perullo described the firm's organizational structure and indicated some of their fixed income clients. He stated that Logan Circle has 197 portfolios totaling \$31.2 billion in assets under management.

Mr. Kronschnabel detailed their investment philosophy and discussed the performance of the portfolio relative to the benchmark. In response to a question from Mr. Tharp, he stated that he would be the Board's contact person at Logan Circle should the firm be

hired. He also said that the fee would be around 20 basis points for the investment size.

Mr. Kronschnabel, Mr. Funk, and Mr. Perullo left the meeting at this time.

- Prudential Fixed Income Presentation

Mr. Collins and Mr. Felice entered the meeting at this time.

Mr. Felice discussed the company's market presence and illustrated the breakdown of their \$575 billion in assets under management between market sectors. Mr. Collins described Prudential's investment team and explained the company's current views of today's economic market. In response to a question from Mr. Tharp, he stated that he would be the Board's contact person at Prudential should the firm be hired.

Mr. Felice said that Prudential's fee is 30 basis points on the first \$50 million, and 28 basis points on the next \$100 million.

Mr. Collins and Mr. Felice left the meeting at this time.

- Wilshire Review

In response to a request from the Board, Mr. Born agreed that Wilshire will develop a report that compared fees and investment scenarios for the current fixed income manager, Income Research and Management, the three fund managers the Board heard from today, and a passive management option.

Treasurer Kopp asked if there were any further items to be addressed. There being no further business, and upon motion duly made and seconded, it was unanimously,

RESOLVED, that the meeting is hereby adjourned.



Approved: _____

Lauren Shipley
Executive Director – for Board Secretary

Date: _____06/21/2016_____

EXHIBIT LIST

1. Agenda for the March 17, 2016 Regular Board Meeting
2. Revised Draft Minutes for the December 10, 2015 Board Meeting
3. Revised Draft Minutes for the December 23, 2015 Board Conference Call
4. Draft Minutes for the February 25, 2016 Board Meeting
5. Executive Director's Report
6. Maryland College Investment Plan
 - a. Mid-Year Highlights – T. Rowe Price
 - b. Monthly Report for February 2016 – T. Rowe Price
7. Maryland Prepaid College Trust
 - a. Helpful Questions To Ask – Wilshire
 - b. Earnest Partners Presentation
 - c. Logan Circle Partners Presentation
 - d. Prudential Fixed Income Presentation
8. CSPM Banking and MPCT Investments