

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

**August 25, 2016  
9:40 AM – 1:15 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  
Carol Beatty, Secretary of Disabilities  
Carol Coughlin  
Emily Hollis, Comptroller's Designee  
John Kenney  
Geoffrey Newman, Secretary of Higher  
Education's Designee  
Keith Persinger  
Pamela Purcell, Chancellor, University  
System of Maryland's Designee  
Steven Serra, Department of Education's  
Designee  
Dee Anna Sobczak  
Charles Tharp

Garret Halbach, Policy Analyst  
Lance Weiss, Gabriel Roeder Smith &  
Company  
Amy Williams, Gabriel Roeder Smith &  
Company  
Glenn Ross, Marquette Associates  
Kim DeDominicis, T. Rowe Price  
Investment Services, Inc.  
Vanessa Eluma, T. Rowe Price  
Investment Services, Inc.  
Audra Jones, T. Rowe Price Investment  
Services, Inc.

**Staff, Representatives and Guests**

Lauren Shipley, Executive Director  
Angeline Huffman, Chief Financial Officer  
Mary Christine Jackman, Interim Chief  
Investment Officer  
Michelle Winner, Public Relations Mgr.  
Joshua Fretz, Executive Administrator  
Bernadette Benik, Chief Deputy  
Treasurer  
Meghan Marek, Assistant Attorney  
General

## College Savings Plans of Maryland ("CSPM")

- Closed Session

Upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the CSPM Board moves into a closed session in accordance with §§3-305(b)(1), (7), (8), and (12) of the General Provisions Article of the Maryland Annotated Code to discuss personnel matters and related legal issues.

Mr. Fretz, Ms. Jackman and Mr. Halbach left the meeting at this time. The closed session concluded and the regular session of the meeting resumed. Mr. Fretz, Ms. Jackman and Mr. Halbach entered the meeting at this time.

Treasurer Kopp reported that no action was taken during the closed session.

- Approval of Minutes

Treasurer Kopp asked for comments on the minutes for the regular June 23, 2016 Board meeting. There being no comments or questions, and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the minutes for the June 23, 2016 Board meeting are hereby approved.

- Appointment of Board Committees

Having consulted with members of the Board, Treasurer Kopp announced the committee appointments as follows:

Administration and Personnel Committee: Geoff Newman – Committee Chair, Carol Beatty, Emily Hollis, Keith Persinger, Steve Serra and Dee Anna Sobczak

Audit and Finance Committee: John Kenney – Committee Chair, Carol Coughlin, Pam Purcell and Charles Tharp

- Executive Director's Report

Ms. Shipley presented the Executive Director's Report beginning with a discussion of the Prepaid College Trust's operations and summary of the benefits processed thus far for the Fall semester. She explained that the staff continues to work toward improving customer service and among recent accomplishments reported that benefits were being issued in approximately six days, down from the 10-11 days needed in previous years.

Ms. Shipley also reported that the Request for Proposal for the Maryland College Investment Plan Program Manager had been released on Wednesday, August 24<sup>th</sup>. Responses are due October 24<sup>th</sup> and oral presentations will be slotted for early November.

The Board engaged in discussion concerning the options for implementing an ABLE Program including contracting with another state's program or joining the multistate consortium. The Board asked counsel to begin reviewing the legal requirements for the various options.

Ms. Eluma and Ms. Jones entered the meeting at this time.

- Audit and Finance Committee Update

Mr. Weiss and Ms. Williams joined the meeting by phone at this time. Mr. Ross also joined the meeting.

Mr. Kenney opened the discussion with an overview of the Committee's review of the experience study conducted by GRS. Mr. Kenney, Treasurer Kopp and Ms. Shipley then reviewed for new Board members the assumptions used for evaluating the Trust's soundness and for setting annual contract prices. The Board had an in depth discussion of the GRS Report (Exhibit 4) and the recommended assumptions to be used for determining actuarial assumptions.

Upon motion duly made and seconded, it was unanimously,

**RESOLVED**, that the Board approves the four updated assumptions to be used to determine the Trust's actuarial soundness valuation as found in the GRS Report, including:

1. Decreasing the assumed investment return assumption from 7.00 percent to 6.30 percent;
2. Decreasing the fee increase assumption from 10.00 percent to 8.00 percent;
3. Increasing the bias load from 0.00 percent to 3.00 percent for Community College contracts; and
4. Decreasing the average bias load from 8.00 percent to 5.50 percent for University contracts.

Mr. Halbach, Mr. Weiss and Ms. Williams left the meeting at this time.

- College Affordability Act Implementation

Ms. Marek first updated the Board on the processing of IRS Form 1099-Qs. The PATH Act of 2015 revised a previous requirement that all annual 529 plan distributions be aggregated for each account holder on their Form 1099-Q. After discussion with counsel for T. Rowe Price, it was determined that multiple investment options held by one account holder could still be aggregated for purposes of the 1099-Q.



Ms. Marek then presented her memorandum on the State contribution program created by the College Affordability Act. In seeking to begin implementation of the new program, it was determined that the term “investment account” could be interpreted in multiple ways. The Board was asked to consider which potential reading of the term was correct. The Board determined that the legislation was not intended to allow current account holders to simply choose a new investment option for their current beneficiary and therefore be eligible for State contribution.

Upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves the interpretation that for purposes of the State Contribution Program, an investment account established after December 31, 2016 means an account opened with the Maryland College Investment Plan with a new account holder-beneficiary combination than existed prior to that date.

Ms. Winner entered the meeting at this time.

- Marketing Update

Ms. Winner presented Maryland 529's new logo to the Board.

- Maryland College Investment Plan

Ms. DeDominicis presented the Quarterly Investment Report. The Board discussed with Ms. DeDominicis the investment options, performance, and glidepaths. The Board requested that some information be presented displaying a risk-adjusted basis. Ms. DeDominicis agreed to present a more in-depth review of the glide path at her next appearance.

Ms. Jones presented the Plan's Monthly Report. She explained that contributions and new accounts are down somewhat for the month and that contributions tend to be higher in the third and fourth quarter. The Board engaged in some discussion with Ms. Jones on environmental, social and corporate governance (“ESG”) investing.

Ms. DeDominicis, Ms. Eluma, and Ms. Jones left the meeting at this time.

Ms. Huffman entered the meeting at this time.

- Maryland Prepaid College Trust

Mr. Ross presented the quarterly investment report for the Trust explaining the report and providing context of recent market conditions. The Board discussed current allocations and investment targets.

Mr. Ross left the meeting at this time.

Ms. Huffman presented a budget update explaining the variances in her report. The Board asked counsel to research and report on various options for liability coverage.

- New Business

Several Board Members requested briefing on the Board's decision in 2015 not to renew the Directors and Officers Liability Insurance. Specifically, they wanted to confirm coverage of public Board Members under the Maryland Tort Claims Act as well as liability limits.

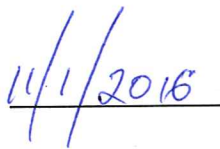
Treasurer Kopp asked if there were any further items to be addressed. There being no further business, and upon motion duly made and seconded, it was unanimously,

**RESOLVED**, that the meeting is hereby adjourned.

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

  
Geoff Newman  
Board Secretary

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

  
11/1/2016

#### EXHIBIT LIST

1. Agenda for the August 25, 2016 Regular Board Meeting
2. Draft Minutes for the June 23, 2016 Board Meeting
3. Executive Director's Report
4. GRS Actuarial Soundness Cost Impact of Assumptions and Pricing Analysis Report
5. Memorandum on State Contribution Program
6. T. Rowe Price Second Quarter 2016 Investment Report
7. T. Rowe Price July 2016 Monthly Report
8. Marquette July 2016 Report
9. Marquette Second Quarter 2016 Report
10. Marquette July 2016 Market Environment
11. Marquette Second Quarter 2016 Market Environment
12. Marquette MPCT Executive Summary
13. Budget Variance Report
14. FY 2016 Budget to Actual Comparison
15. Annual Operating Budget Management Report