

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

**September 29, 2016
9:30 AM – 1:00 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
Charles Tharp

Board Members/Designees Absent

Dee Anna Sobczak

Staff, Representatives and Guests

Lauren Shipley, Executive Director
Angeline Huffman, Chief Financial Officer
Mary Christine Jackman, Interim Chief Investment Officer
Joshua Fretz, Executive Administrator
Bernadette Benik, Chief Deputy Treasurer
Meghan Marek, Assistant Attorney General
Garret Halbach, Policy Analyst
Lance Weiss, Gabriel Roeder Smith & Company
Amy Williams, Gabriel Roeder Smith & Company
Glenn Ross, Marquette Associates
David Smith, Marquette Associates
Tom Kazmierczak, T. Rowe Price Investment Services, Inc.
Vanessa Eluma, T. Rowe Price Investment Services, Inc.
Audra Jones, T. Rowe Price Investment Services, Inc.

College Savings Plans of Maryland ("CSPM")

- Approval of Minutes

Treasurer Kopp asked for comments on the minutes for the regular August 25, 2016 Board meeting. Ms. Coughlin requested that the minutes be updated to include the discussion about Directors and Officers Insurance. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes for the August 25, 2016 Board meeting are hereby approved as amended.

- Board Chairman's Items

Treasurer Kopp introduced the idea of the Board designating one of its members to work with the Executive Director and counsel to monitor the Board's observance of its responsibilities. The Treasurer nominated Ms. Coughlin to be the Compliance Officer for the Board. Upon motion duly made and seconded, it was unanimously

RESOLVED, that Ms. Coughlin will be the Compliance Officer for the Board.

Treasurer Kopp then nominated Mr. Newman to be the Board Vice Chair. Upon motion duly made and seconded, it was unanimously

RESOLVED, that Mr. Newman will be the Board Vice Chair.

Treasurer Kopp then nominated Mr. Serra to be Secretary of the Board. Upon motion duly made and seconded, it was unanimously

RESOLVED, that Mr. Serra will be the Secretary of the Board.

In a discussion about account holder appeals, it was determined that such appeals will be handled by Ms. Shipley, unless the appeal raises issues requiring interpretive guidance from the Board, and be disclosed in the Executive Director's Report. Ms. Marek stated that she will review the bylaws and recommend any changes that may be necessary to reflect the Board's decision.

- 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 calls received, emails received, and benefits processed thus far for the Fall semester. She explained that similar numbers are not available from past years for comparison because this data has just started being tracked.

Ms. Shipley also reported that the Board portal should be available within a few weeks and Board email addresses are functional. She stated that the MCIP meeting with Morningstar seemed to go well and ratings will be available in late October.

Ms. Shipley then explained that the current contract term with the fulfillment and mailing services vendor (Corporate Press, Inc.) ends on October 31, 2016. She requested approval for the second of four one-year renewal terms at a cost of \$24,152. After discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED, that the contract for Corporate Press, Inc. is renewed for the second of four one-year renewal terms at a cost of \$24,152.

Ms. Shipley concluded by giving an update on the ABLE Act implementation. She described the progress being made in other states with regards to program managers and launch dates.

- Administration and Personnel Committee Update

Mr. Newman updated the Board on the items discussed at the 9/28/16 Administration and Personnel Committee meeting. He explained that the Committee was reviewing its Charter and the Bylaws for revision. Mr. Newman also brief the Board on the Committee's initial review of the Executive Director's organization plan and reported that the Committee recommends contracting the IT group in the Treasurer's Office to assist with two items - the transition to a new record keeping system and the implementation of electronic check writing services. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the IT group in the Treasurer's Office will be contracted to provide networking service administration, consultation on large IT projects and provide electronic check writing services.

Mr. Newman then discussed the changes to the position description for the Chief Investment Officer, newly titled as the Director of Investment and Cash Management. He distributed a red-line version of the MS22 Position Description and the Recruitment Announcement. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the changes to the MS22 Position Description for the Director of Investment and Cash Management are approved and that the position should be reposted for recruitment.

Mr. Newman stated that the next Committee meeting will be held on October 20, 2016 at 9:30am.

- Marquette Associates – Maryland Prepaid College Trust

Ms. Williams and Mr. Weiss entered the meeting at this time.

Mr. Ross and Mr. Smith reviewed Marquette's Market Environment Report for August 2016. They also discussed Marquette's Flash Report that detailed the portfolio summary of the Maryland Prepaid College Trust.

- Gabriel, Roeder, Smith & Company – Maryland Prepaid College Trust

Ms. Williams and Mr. Weiss discussed GRS's valuation report based on the assumptions approved at the last Board meeting. They reported a funded ratio of

133.3% as of June 30, 2016. In addition, they discussed valuation scenarios of other State's plans and what items can impact soundness and should be monitored if there is long-term trend. Upon motion duly made and seconded, it was unanimously

RESOLVED, that GRS's Actuarial Soundness Valuation Report is approved.

Ms. Williams and Mr. Weiss then reviewed GRS's pricing analysis. They suggested that different price increases could be used for different beneficiary age groups since the pricing load is not consistent across ages. They also described the pricing analysis from last year. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that GRS's Pricing Analysis will look at three scenarios for price increases – increases needed to keep the load the same as the prior year, increases that are the same as the prior year's price increases, and graduated increases based on the beneficiary's age.

Ms. Williams and Mr. Weiss also advised continuing to maintain consistent assumptions between Soundness and Pricing. They stated that the pricing results will be sent prior to the October Board meeting.

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

- T. Rowe Price – Maryland College Investment Plan

Mr. Kazmierczak reviewed the T. Rowe Price August 2016 Monthly Report. He also provided an update on the 1099Q filing issue explaining that the issue cannot be negotiated and settled as the IRS has not assessed T. Rowe Price a penalty for the late filing in early 2015 of required documents. PricewaterhouseCoopers is advising T. Rowe Price on the issue, and the IRS has until the end of October to assess a penalty for the late filing of the 1099Qs.

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

- Legal Update

Ms. Marek discussed the Maryland Tort Claims Act and Directors and Officers Insurance coverage of the Board. She also provided an update on the Open Meetings Act.

Treasurer Kopp recognized that it is Ms. Hollis's last meeting and thanked her for her service to the Board.

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: _____


Steven Serra
Board Secretary

Date: _____

11/7/16

EXHIBIT LIST

1. Agenda for the September 29, 2016 Regular Board Meeting
2. Draft Minutes for the August 25, 2016 Board Meeting
3. Executive Director's Report
4. MS22 Position Description for Director of Investments and Cash Management
5. Recruitment Announcement for Director of Investments and Cash Management
6. Marquette August 2016 Market Environment
7. Marquette August 2016 Flash Report
8. GRS Actuarial Soundness Valuation Report as of June 30, 2016
9. T. Rowe Price August 2016 Monthly Report
10. MPCT Banking and Investments Memo
11. Current Investment Holdings of the MPCT