

**Maryland 529
MEETING MINUTES**

**August 31, 2017
9:30 AM – 1:00 PM**

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

Board Members/Designees Present

Nancy K. Kopp, State Treasurer and
Board Chair
Geoffrey Newman, Secretary of Higher
Education's Designee
Steven Serra, Superintendent of
School's Designee
Carol Beatty, Secretary of Maryland
Department of Disabilities
Carol Coughlin
Andrew Friedson, Comptroller of
Maryland's Designee
Keith Persinger
Pamela Purcell, Chancellor of University
System of Maryland's Designee
Charles Tharp
Dr. Lisa Weah

Board Members/Designees Absent
Dee Anna Sobczak

Staff, Representatives and Guests

Lauren Shipley, Executive Director
Bernadette Benik, Deputy
Treasurer
Erin Layton, Director of Investments and
Cash Management
Bette Ann Mobley, Director of Maryland
ABLE
Meghan Marek, Assistant Attorney
General
Dave Smith, Marquette Associates
Glenn Ross, Marquette Associates
Christine Akins, T. Rowe Price
Investment Services, Inc.
Amy Mathis, T. Rowe Price
Investment Services, Inc.
Garret T. Halbach, MD Department of
Legislative Services
Justin Hayes, Director of State and
Community Outreach for Maryland
Comptroller

Maryland 529

• Approval of Minutes

Treasurer Kopp asked for comments on the minutes for the regular June 22, 2017 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 June 22, 2017 Board meeting are hereby approved.

Treasurer Kopp asked for comments on the minutes for the Board call that occurred on August 9, 2017 and for comments the closed session minutes also from August 9, 2017. The Board discussed correction needed in the attendance and tie of each meeting.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes for the open and closed sessions that occurred on August 9, 2017 Board call are hereby approved pending technical corrections.

Counsel announced that during the August 9, 2017 closed session, the Board had discussed the negotiations for an ABLE Program Manager and had voted for Maryland 529 to proceed with negotiations with Ohio for an intergovernmental agreement.

- Executive Director's Report

Ms. Shipley gave a summary of the monthly Executive Director's report that was provided as part of the meeting materials including a review of the College Affordability Act application process. The Board discussed college affordability and current free-college efforts throughout the State and the potential impact on the 529 college savings plans.

Ms. Shipley next discussed the Corporate Press, Inc. contract renewal and noted that the renewal is the same price as last year and that this is the third, of four, one-year renewal options allowed with the contract.

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

RESOLVED, that the Board approves renewal of the Corporate Press fulfillment and mailing services contract which will take effect on November 1, 2017.

- Closed Session

RESOLVED, that the Maryland 529 Board moves into a closed session in accordance with Maryland Code, General Provisions §§ 3-305(b)(1), (7), (13) & (14) to discuss a staff resignation, receive advice of counsel and discuss confidential commercial information relating to the ABLE Program Manager negotiations.

Erin Layton, Betty Anne Mobley, Dave Smith, Glenn Ross, Christine Akins, Amy Mathis, and Garret T. Halbach left the meeting at this time.

The closed session concluded and the regular session of the meeting resumed. Erin Layton, Dave Smith, Glenn Ross, Christine Akins, Amy Mathis, and entered the meeting at this time.

During the closed session, the Board had discussed, and received advice of counsel with regard to, web instruction tuition at the University of Baltimore ("UB"). UB is charging full-time students an additional \$41 per credit hour for courses taught through web instruction. It was announced the during the closed session the Board voted as follows:

Upon motion duly made and seconded, it was

RESOLVED, that the web instruction tuition at the University of Baltimore be covered by the Maryland Prepaid College Trust contract and for a Board member to engage the Board of Regents and universities on the importance of including the Prepaid Trust in conversations on higher education costs and nomenclature.

Treasurer Kopp and Secretary Beatty voted against the motion.

ABLE Special Committee Update

It was also announced that during the closed session, the Board had discussed updates on the ABLE Program Manager negotiations. After hearing the relevant updates, the Board vote in closed session was as follows:

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the recommendation of the ABLE Committee to approve the intergovernmental cooperative purchasing agreement with the State of Oregon and implementation agreement with Sundry Administration, LLC for program management services and for the agency to seek final approval of such from the Board of Public Works.

Ms. Shipley then introduced the recommendation of the RFP Evaluation Committee regarding the implementation of new recordkeeping system for the Maryland Prepaid College Trust. She noted that the winning bidder, Rolka Loube, was ranked first in the technical and financial proposals. She also explained that the former executive for the Pennsylvania 529 programs was working with Rolka Loube and would be leading the project.

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

RESOLVED, that the Board approves the agency contracting with Rolka Loube to implement a new recordkeeping system and for the agency to seek final approval of such from the Board of Public Works.

- Board Chairman's Items

Treasurer Kopp made the announcement that Andrew Friedson would be stepping down from his role with the Comptroller's office, and therefore as designee to the Board,

effective August 31, 2017. Treasurer Kopp thanked Mr. Friedson for his contribution and dedication to the Maryland 529 over the years. Mr. Friedson introduced his replacement Justin Hayes, Director of State and Community Outreach.

Ms. Coughlin then presented a new Board meeting schedule which would reduce the number of meeting held each from year from seven to five. She explained the process of reviewing compliance items and seeking to find more efficiencies in the number of meetings held and in the Board agendas to allow for additional strategic discussion by the Board.

Treasurer Kopp thanked Ms. Coughlin, Ms. Purcell and counsel for their work and noted that the first change in the Board's schedule would occur following the Board's annual meeting in February at which the Board would be approving its meetings for the calendar year.

- Maryland College Investment Plan

Ms. Akins introduced Ms. Mathis as the new senior relationship manager at T. Rowe Price for the Maryland 529 Plan. Ms. Akins also announced that Céline Dufétel will be replacing Ken Moreland, CFO for T. Rowe Price, effective December 31, 2017. Ms. Akins then reviewed the monthly report. Ms. Akins also discussed the launch of the gifting platform, beginning September 19, 2017.

Ms. Akins then discussed the pricing option recommendation, which was proposed by T. Rowe Price among several options in response to the Board's request to offer lower-fee options for MCIP participants. The Board noted that this had been discussed at length with staff throughout the summer and such discussion culminated with a thorough presentation to the Audit and Finance Committee two weeks prior.

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

RESOLVED, that the Board approves the addition of three standalone investment indexes in the investment line-up with T. Rowe Price for the Maryland College Investment Plan.

- Audit and Finance Committee Update

Prior to beginning the Audit and Finance review, Ms. Shipley requested an approval to expand Marquette Associates role and contract with Maryland 529 to now include the oversight of ABLE's investment options.

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

RESOLVED, that the Board approves the expansions of the Marquette Associates contract to also include oversight of the ABLE investment options.

Ms. Shipley also noted that an additional meeting for the ABLE sub-committee would be upcoming and that the Board would be notified of the official launch date of the ABLE program once it was confirmed.

Mr. Ross reviewed his memo on the US Small Cap Equity search and requested approval to terminate TS&W and to engage Kayne Anderson Rudnick. The Board discussed the recommendation in comparison with the other firms under consideration.

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

RESOLVED, that the Board approves the termination of TS&W from the Maryland Prepaid College Trust portfolio.

and

RESOLVED, that the Board approves the hiring of Kanye Anderson and Rudnick in the Maryland Prepaid College Trust portfolio.

Next, Mr. Ross recommended a list of temporary passive management strategies, in response to a Board request, should the firing of a current manager need to occur prior to a replacement being determined. Ms. Layton agreed with having the options approved and available but commented that this would be a very unusual circumstance and would be used in rare cases. The recommended process would involve purchasing ETFs through the MPCT Custodian until a permanent replacement was found. Ms. Layton also requested the approval to custody the current seven mutual funds at the Custodian as well.

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

RESOLVED, that the Board approves the six passive investment strategies recommended by Marquette for use in the event a permanent replacement investment manager has not been identified and a swift transfer of assets is deemed prudent and necessary.

and

RESOLVED, that the Board approves moving the custody of the Maryland Prepaid College Trust mutual funds to the custodian bank, and for the agency to seek such a contract amendment through the Treasurer's office, which procures the custodial banking services.

Finally, Mr. Smith, Marquette Associates, reviewed economic markets conditions and then highlighted the FY 2017 ending performance for both the Prepaid Trust and the College Investment Plan.

- Administration and Personnel Committee Update

Mr. Newman updated the Board that there had not been any meetings of the Administration & Personnel Committee. He noted that he met with Ms. Shipley to provide feedback on her review and that the Board needed to convene a closed session for a final closing of the process.

- Closed Session

RESOLVED, that the Maryland 529 Board moves into a closed session in accordance with §§3-305(b)(1) of the General Provisions Article of the Maryland Annotated Code to discuss the evaluation of the Executive Director.

Ms. Layton, Mr. Smith, Mr. Ross, Ms. Akins, Ms. Mathis, and Ms. Shipley left the meeting at this time.

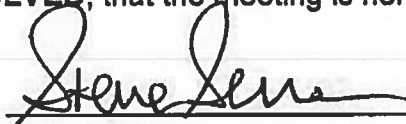
Upon completion of the closed session, it was reported that the Board had agreed that the Board Chair and Mr. Newman would present the Board's comments to the Executive Director.

- New Business

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:



Steve Serra
Board Secretary

Date:

8/7/18

EXHIBIT LIST

1. Agenda for the August 31, 2017 Regular Board Meeting
2. Draft Minutes for the June 22, 2017 Board Meeting
3. Draft Minutes for the August 9, 2017 Board Call (open session)
4. Draft Minutes for the August 9, 2017 Board Call (closed session)
5. Executive Director's Report
6. Annual Meeting Schedule Proposal
7. MD 529 Prepaid Trust Recordkeeping RFP Evaluation Summary
8. T. Rowe Price July Board Report

9. T. Rowe Price MD 529 Pricing Options
10. Audit & Finance Committee Report
11. Marquette US Small Cap Memo and Search Materials
12. Marquette Temporary Passive Strategies Memo
13. MD 529 Memo - Mutual Fund Custody Request
14. Marquette 2Q17 Market Update
15. Marquette 2Q17 and July 17 MPCT Performance
16. Marquette 2Q17 MCIP Performance