

**Maryland 529
FINAL MEETING MINUTES**

**May 25, 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
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 (via phone)
Dee Anna Sobczak
Charles Tharp
Dr. Lisa Weah

Staff, Representatives and Guests

Lauren Shipley, Executive Director
Erin Layton, Director of Investments and Cash Management
Meghan Marek, Assistant Attorney General
Dave Smith, Marquette Associates
Glenn Ross, Marquette Associates
Wayne Park, T. Rowe Price Investment Services, Inc.
Christine Akins, T. Rowe Price Investment Services, Inc.
Sara Ismart, T. Rowe Price Investment Services, Inc.
Audra Jones, T. Rowe Price Investment Services, Inc.
Garret T. Halbach, MD Department of Legislative Services

Board Members/Designees Absent

Geoffrey Newman, Secretary of Higher Education's Designee

Maryland 529

- Approval of Minutes

Treasurer Kopp asked for comments on the minutes for the regular March 30, 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 March 30, 2017 Board meeting are hereby approved.

- ABLE Special Committee Update

Lauren Shipley gave an update on the RFP Evaluation Committee and introduced the new Director of ABLE, Bette Anne Mobley, who will now be working with Lori Markland, Community Relations Manager. Ms. Shipley also briefed the Board on the ABLE discussion held as part of the National Association of State Treasurers' ("NAST") Treasury Management Training Symposium. She explained how plans are progressing across the country and the status of current federal legislation that may affect the programs.

The next ABLE Committee meeting is June 2, 2017.

- Maryland College Investment Plan

Christine Akins re-introduced Wayne Park, the head of Individual Investor Services and noted his presence at the meeting. Ms. Akins also gave a T. Rowe Price update and monthly report stating that they are on track relative to the goals outlined in the 2017 marketing plan

She reported Maryland 529 assets are over \$5 billion. New beneficiaries are up year over year as well as contributions, which are up 5%. The average beneficiary age is now 4 years old, down from 5 years old.

Dr. Weah entered the meeting at this time.

The Board discussed 529 industry trends, and how the Maryland 529 plans compare to certain key point of interest. Among the trends discussed, Ms. Shipley informed the Board that the agency has seen more MPCT customers purchasing one and two-year plans as opposed to four-year plans.

- Audit and Finance Committee Update

Keith Persinger and Carol Coughlin entered the meeting at this time.

Dave Smith and Glenn Ross, Marquette Associates, gave a market update and commentary on the Prepaid College Trust Investments and MCIP. They reported that plans had benefitted from a favorable first quarter in the markets overall and results are positive.

The Board reviewed the Maryland Prepaid College Trust Investment Policy Statement, which provides the guidelines for the prepaid trust with regard to management and investment allocations. Noteworthy changes include:

1. A change to the Total Fund benchmark to be reflective of the broader investment options available.

2. Adjusted benchmark for one manager (TS&W) that reflects the style and strategy they have been hired to implement.
3. Clarification to portfolio rebalancing practices.
4. Enhancing the current practice where managers will continue to vote proxies.
5. Changing the wording to be more clear and specific as it relates to manager concentration.

The Board discussed the revisions including whether the benchmark for the Fixed Income asset class, the Barclay's Aggregate Bond Index, was too easy a target. Mr. Ross noted that it is not an easy benchmark and further explained that the total plan benchmark is recommended to show whether the Board's overall investment policy is additive.

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

RESOLVED, that the Board approves the new Maryland Prepaid College Trust Investment Policy Statement.

The board discussed the revisions to the Audit and Finance Committee Charter. .

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

RESOLVED, that the Board approves the Audit and Finance Committee Charter.

- Closed Session

RESOLVED, that the Maryland 529 Board moves into a closed session in accordance with §§3-305(b)(13) and (14) of the General Provisions Article of the Maryland Annotated Code to discuss confidential financial information of a proposal for actuarial services and contract negotiations.

Erin Layton, Anya Tapé, Dave Smith, Glenn Ross, Wayne Park, Christine Akins, Audra Jones, Sarah Ismart, and Garret T. Halbach left the meeting at this time. The closed session concluded and the regular session of the meeting resumed. Erin Layton, Anya Tapé, Dave Smith, Glenn Ross, Wayne Park, Christine Akins, Audra Jones, and Sarah Ismart entered the meeting at this time.

Upon completion of the closed session, it was reported that the Board took no actions during the closed session.

The Board then discussed the recommendation that GRS Consulting be chosen as the winning bid for actuarial services. Their team's extensive experience, proprietary software and internal quality review procedures made their proposal very strong.

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

RESOLVED, that the Board approves GRS Consulting as the provider for Actuarial Services .

- Executive Director's Report

Ms. Shipley introduced Steven Bass, Director of Budget and Fiscal Administration, and Pamela Perez, Director of Operations. She also announced that there are two new additions to the Prepaid College Trust Operations team, Elizabeth Burrell and Sharon James.

Ms. Shipley discussed the NAST Treasury Management Symposium and trends that were discussed. Relevant to the prepaid plans, she reported that enrollment has been flat or down across most plans. The MPCT enrollment ended on April 24, 2017 and results show that there was higher enrollment than 2016, with new accounts totaling 1,447. The Board discussed the need to understand the market and think strategically about plan options and pricing. Moving forward, they will work with the Executive Director to develop key performance indicators.

Updating the Board on several ongoing issues, Ms. Shipley reported that options for D&O insurance will be presented to the Board at the June Board meeting, and that the ABLE Special Committee was scheduled to meet and discuss its role moving forward.

Concerning MPCT investments, Ms. Layton reported that all manager portfolios are currently in allowable ranges relative to the asset allocation policy and the portfolio market value was approximately \$1.012 billion at the close of business on May 16, 2017.

The Board discussed the marketing firm's performance to date and the request to approve the second renewal with Weber Shandwick for the period June 24, 2017- June 23, 2018.

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

RESOLVED, that the Board approves the second renewal with Weber Shandwick.

- Board Chairman Items


Treasure Kopp announced that the Board would initiate the Executive Director's annual performance review.

She also informed the Board that she had asked Carol Coughlin and Pam Purcell to work on Board governance issues including improving Committee roles and reporting. They would also be reviewing the year-in-the-life of the 529 programs to find efficiencies in the meeting schedules.

The Treasurer also discussed roles the Board may play in helping to promote the Plans, specifically noting Dr. Weah's willingness to work with Maryland 529 marketing team.

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: 9/14/17

EXHIBIT LIST

1. Agenda for the May 25, 2017 Regular Board Meeting
2. Draft Minutes for the March 30, 2017 Board Meeting
3. T. Rowe Price Monthly Report
4. Market Update and Commentary
5. Investment Policy Statement
6. IPS Brochure
7. Executive Director's Report