

**Maryland 529
FINAL MEETING MINUTES**

**December 21, 2017
1:00 PM – 2:00 PM**

Conference Call: 1-866-247-6034

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
Justin Hayes, Maryland Comptroller's Designee
Keith Persinger
Pamela Purcell, Chancellor of University System of Maryland's Designee
Charles Tharp
Peter Tsirigotis (by phone)

Staff, Representatives and Guests

Erin Layton, Interim-Executive Director and Director of Investments and Cash Management
Bernadette Benik, Deputy Treasurer
Meghan Marek, Assistant Attorney General
Monique Booker, SB & Company

Board Members/Designees Absent

Dr. Lisa Weah

Maryland 529

Treasurer Kopp called the meeting to order.

- MPCT Audit

Ms. Booker reviewed the annual financial statements of the Maryland Prepaid College Trust. She explained that SB & Company was prepared to issue an unmodified opinion on the financial statements. She went to explain, however, that while they received full cooperation from management, they did find deficiencies in internal controls over the financial reporting and recommended certain improvements.

Ms. Booker reported that the turnover of personnel in the controller position and accounting staff position led to delays in the reconciliation and reporting of the MPCT's

financial position. SB & Company recommended hiring staff of the appropriate skill level and to create formal, written, monthly and year-end closing processes.

The second recommendation concerned a \$3.3 million restricted balance for administrative expenses. The MPCT has recorded a restricted balance for many years at the suggestion of the auditor prior to SB& Company. The reserve represents a year's worth of operating expenses. As the Trust has matured and now holds adequate reserves, these restricted funds are no longer viewed as necessary and SB & Company recommends the Board consider removing the restriction.

- Annual Report and Summary

Ms. Layton reviewed the Annual Report with the Board. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that Board adopts the 2017 Maryland 529 Annual Report.

Ms. Layton reviewed the Annual Report Summary with the Board. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that Board adopts the 2017 Maryland 529 Annual Report Summary.

- Tax Reform Update

Ms. Marek presented her memorandum to the Board discussing the federal tax reform passed by Congress. She highlighted last minute revisions such as the removing of homeschooling costs from the 529 expansion as well as subtle revisions to the 529 to ABLE rollovers and ABLE to Work sections that could have an impact on implementation efforts.

Ms. Marek also explained that the reforms would require updates to the MCIP and MPCT Disclosure Statements and that the Board would likely be asked to hold a special meeting in January to review and approve those disclosure updates.

- Record Keeping Software Transition

Ms. Layton updated the Board on the efforts to contract with an outside company to provide tech support for the Banner recordkeeping system on an as-needed basis as well as her ongoing conversations with states that currently utilize or recently transitioned from the Banner system.

The Board next discussed the request by Rolka Loubé to reconsider its decision to terminate its contract with the company to transition recordkeeping systems. Ms. Layton recommended that the agency continue its in-depth review of the agency's technological needs and consideration of all potential options.

The Board concurred with Ms. Layton's assessment.

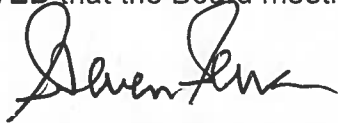
- Strategic Planning

Ms. Layton reported to the Board that she was working with Ms. Coughlin to lay the framework for a 529 landscape review. With recent changes in federal law, the funding status of the Prepaid Trust and the agency's review of its information technology systems, the Board is interested in having thoughtful conversations regarding strategic planning for the agency's future. An overview of the industry at large will provide the groundwork for those conversations.

There being no further business and upon motion duly made and seconded, it was

RESOLVED that the Board meeting is adjourned at approximately 2:00 pm.

Approved:



Steve Serra
Board Secretary

Date:

2/23/18

EXHIBIT LIST

1. Board Meeting Agenda 12.21.17
2. SB & Company Presentation
3. SB & Company Opinion for MCIP
4. SB & Company Opinion for MPCT
5. MPCT Annual Report
6. Annual Report Summary
7. Full Annual Report (MPCT and MCIP)
8. Memorandum on Tax Bill