

**Maryland 529
Board Meeting Minutes
OPEN SESSION
December 16, 2021
9:30 AM – 1:00 PM**

**Location: 217 E. Redwood Street, Suite 1350, Baltimore MD 21202 and
Via Zoom Meeting**

**Board Members/Designees Present or via
Zoom Meeting**

Nancy K. Kopp, State Treasurer and Board
Chair
Geoffrey Newman, Secretary of Higher
Education's Designee and Board Vice-
Chair
Justin Hayes, Maryland Comptroller's
Designee and Board Secretary
Carol Beatty, Secretary of Maryland
Department of Disabilities
Ellen Herbst, Chancellor of University
System of Maryland's Designee
Sam Gallo
Joanna Pratt
Peter Tsirigotis

Board Members/Designees Absent

Mohammed Choudhury, Superintendent of
Maryland State Department of Education
Jessica McClain
Dr. Lisa Weah

Staff, Representatives and Guests

Dereck Davis, State Treasurer-elect
Erin Layton, Executive Director
Janaki Kannan, Director of Finance
Michelle Winner, Director of Marketing
Bette Ann Mobley, Director of ABLE
Dan Rambert, Director of Investments &
Cash Management
Meghan Marek, Assistant Attorney General
Maria Dodge, Executive Assistant
Glenn Ross, Marquette Associates, Inc.
Dave McAvoy, T. Rowe Price
Diana Kendall, T. Rowe Price
Sally Riefenstahl, BNY Mellon
Alexandra Cataldo, BYN Mellon
Uzma Malik-Dorman, Mitchell Titus
Scott Shoop, Mitchell Titus
Venkanna Alkunta, Mitchell Titus

Maryland 529 Board Meeting

Mr. Newman called the meeting to order at 9:45 AM.

• **Approval of Minutes**

Mr. Newman asked for comments on the minutes from the open session of the November 18, 2021 Board meeting. There being none and upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes from the open session of the November 18, 2021 Board meeting are hereby approved.

- **Maryland ABLE Financial Statement Audit**

Ms. Malik-Dorman, Mitchell Titus (“MT”), presented the results of the Maryland ABLE FY2021 audit, which included a clean and unmodified opinion. MT reported the full cooperation of management and found no misstatements. She described the audit approach, procedures and findings (none). MT received a signed representation letter from management and found no matters of non-compliance. There was no additional discussion.

Treasurer Kopp and Justin Hayes joined the meeting and Ms. Malik-Dorman, Mr. Shoop and Ms. Alkunta left the meeting.

- **Maryland ABLE Annual Report**

Ms. Mobley provided background for Maryland ABLE (“ABLE”) and its development since 2017, noting 53% of the account holders are in the cash option. She explained that the annual report reflects continued growth of the entity program and that Maryland ABLE is one of the 10 largest programs in the country even with a smaller population. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the 2021 Maryland ABLE Annual Report subject to incorporation of the audit information that was presented at this meeting.

Ms. Riefenstahl, BNY, presented the Annual ABLE Program Review noting that, as of the end of November, there was \$41.5M in assets under management (“AUM”). Contributions and distributions had increased over prior years with the national trend being the same. The ABLE to Work program’s contribution uptick may be a result of people returning to work with numbers doubling year over year for the quarter ending June 30. Ms. Mobley noted that ABLE is working with Hatcher to develop marketing to increase gifting outside the holiday season.

Ms. Riefenstahl reported that the new Fixed Income investment option launched December 1 and that there are three participants utilizing the fund so far.

Ms. Riefenstahl and Ms. Cataldo left the meeting.

- **Board Chair Items**

Treasurer Kopp introduced the Board to Treasurer-elect Davis. She noted that he had been a member and chaired a major legislative committee for 20 years. Treasurer Kopp noted that the Prepaid Trust’s transition to a Program Manager has been a long time in coming and overall it is very good news for the Agency and the Program. Treasurer Kopp thanked the Board members for their assistance and dedication, with special note to Mr. Newman who has been on the Board for many years. Board members introduced themselves to the Treasurer-elect and explained their position on the Board.

Mr. Newman reported that through the Governor’s recent VaxU lottery, twenty MD529 accounts were awarded to young people that received the COVID vaccination.

- **MD529 Annual Report Summary**

Ms. Winner presented the Annual Report Summary noting that this document is created as a simpler, more condensed version of the Annual Report (that was approved in October). As of the end of the fiscal year, the Prepaid Trust had \$1.3B in AUM with 30,955 accounts, a funding status of 161.4% and new contracts were up by 13% year over year. Ms. Winner noted that the Investment Plan had contributions of \$816M, \$8.6B in investments, 254,049 beneficiaries and an average account size of \$23,541.

There being no additional discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the 2021 Annual Summary Report.

- **Maryland College Investment Plan (“MCIP”) Update**

Mr. McAvoy, TRP, introduced Ms. Kendall, who is the new head of college savings at TRP. Ms. Kendall provided her background and her excitement at working with the Board and Agency in the future.

Mr. McAvoy reported that the trends for the calendar year show an awareness of the program amongst Marylanders. He attributed the awareness to a strong collaborative effort with digital marketing. There were \$65M in contributions in October and \$651M year to date, which is 25% over the first 10 months of 2020. There were \$20M in payouts in October and \$475M year to date, which is 30% higher than 2020.

Mr. McAvoy presented the updates to the Investment Plan’s Disclosure Statement, which announces the ESG option for early 2022. There being no discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the MCIP Disclosure Statement supplement reflecting the addition of an ESG investment option.

Mr. McAvoy reported that the SCP’s fourth year was a success in assisting under-served communities. More information for 2021 will be available at the end of the year, but \$10.9M has been funded for approximately 24K awards, which is a 12% increase over last year. The program has continued to increase in size even with the legislative streamlining of the rules.

- **Executive Director Update**

Ms. Kannan presented the financial update for the Maryland Prepaid College Trust (“MPCT”) noting that for the 2021 enrollment, new contracts and contributions were in line with 2020 numbers. The July-October 2021 distributions were 38% higher than the same period 2021, due primarily to rollovers into MCIP, which may be due to the new change in rollover calculations.

There was a discussion of the benefits of the Investment Plan versus the Prepaid Trust and the continuation of the Prepaid Trust that has been addressed over the years, usually when the investment market is doing well and there is an increase in rollovers to the MCIP. These discussions have also included how well the MPCT does when the market is doing poorly. It was noted that some states have eliminated their prepaid plans. Ms. Layton noted that once the transition is settled, she intends to have further discussions around restructuring the program(s) to accommodate the way people are now utilizing higher education and to allow for more flexibility in how funds are used.

Ms. Kannan summarized the budget update for ABLE noting that revenue includes both account and program manager fees. Pertaining to expenses, marketing funds will be spent in the first half of 2022 on printed materials and the audit invoice is still pending.

Ms. Layton requested that Board Members communicate any problems with proposed 2022 Board and/or Committee meeting dates by the end of the year, so the 2022 meetings can be set.

Ms. Layton reported that she has finally received the Statement of Work from the Department of Information Technology (“DoIT”) for the service migration to DoIT. After a discussion regarding moving IT needs to DoIT and the suggestion that Ms. Layton confirm the service level agreement terms, and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the Statement of Work from DoIT for Maryland 529’s IT service migration.

Ms. Layton presented the current Project Tracker including the handful of Board of Public Work items that will be due in the next year.

Ms. Layton reported that the transition has gone well with only a handful of questions or comments, which are being sent to Intuition whenever possible as they are handling the account holder customer service. There have been a few calculation issues, but unlike the Banner system, they can be tracked and fixed. Everything is being documented in detail on all actions taken and the most impacted people are those using benefits right now with those account holders being the priority. To date, out of the 32K open and 30K closed accounts, there are only about 30 accounts where account holders have escalated complaints to management.

Ms. Marek provided an update related to the Disclosure Statement that was approved in October. There were a few typographical issues corrected. The first being to change the term tax advisor to tax professional and the second being the elimination of a section of calculations that was listed twice.

- **Closed Session**

Ms. Marek requested that the Board move into Closed Session to discuss matters not subject to the Open Meetings Act, including a recommendation on a contract claim. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves moving into Closed Session to discuss matters not subject to the Open Meetings Act, including a recommendation on a contract claim.

The Board resumed the open session of the meeting at 12:10 PM.

Ms. Marek summarized that in closed session the Board was provided an update on a contract claim and a recommendation to deny the claim. After discussion, the Board approved the recommendation and voted to deny the contract claim.

Mr. Newman asked the Board to consider nominations for the Board Chair, the Vice Chair and Secretary. Ms. Herbst indicated that as Chair of the Audit and Governance Committee, she delegates authority to Ms. Layton to gather the nominations.

Mr. Newman, personally and on behalf of the Board, thanked Treasurer Kopp for her service to the State and to the Board for many years.

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

RESOLVED, that the Maryland 529 Board meeting is adjourned at 12:15 PM.

Approved: Justin H. Hayes Date: 3-21-22
Justin Hayes, Board Secretary

Exhibit List

- 1A- Agenda
- 1B- 11/18/21 Meeting Minutes (Open)
- 3A- ABLE Annual Report
- 4A- MD529 Annual Report Summary
- 5A- MCIP Board Report
- 5B- MCIP Disclosure Statement Supplement
- 6A- Financial & Budget Review
- 6B- 2022 Proposed Meeting Date
- 6C- DoIT Draft SOW – MD529 Enterprise Services
- 6D1- MD529 Project List
- 6D2- MD529 Procurement List