

**Maryland 529
Board Meeting Minutes
OPEN SESSION**

Held via Video Conference

**February 23, 2022
9:30 AM – 1:00 PM**

**Board Members/Designees Present via
Conference Call**

Geoffrey Newman, Secretary of Higher
Education's Designee, Acting Chair
Justin Hayes, Maryland Comptroller's
Designee and Board Secretary
Carol Beatty, Secretary of Maryland
Department of Disabilities
Dereck Davis, State Treasurer
Ellen Herbst, Chancellor of University
System of Maryland's Designee
Justin Dayhoff, Superintendent of
Maryland State Department of Education's
Designee
Sam Gallo
Jessica McClain
Joanna Pratt
Peter Tsirigotis

Staff, Representatives and Guests

Erin Layton, Executive Director
Janaki Kannan, Director of Finance
Bette Ann Mobley, Director of ABLE
Dan Rambert, Director of Investments &
Cash Management
Michelle Winner, Director of Marketing
Meghan Marek, Assistant Attorney General
Maria Dodge, Executive Assistant
Laura Atas, State Treasurer's Office
Cissy Blasi, State Treasurer's Office
Glenn Ross, Marquette Associates, Inc.
Diana Kendall, T. Rowe Price
Dave McAvoy, T. Rowe Price
James Balsan, BNY Mellon
Alexandra Dazzo, Vestwell
Heather Chisholm, Intuition
Claire Whittington, Intuition
James Nolan, Account Holder

Maryland 529 Board Meeting

Mr. Newman called the meeting to order at 9:30 AM.

- **Approval of Minutes**

Mr. Newman asked for comments on the minutes from the December 16, 2021 Board meeting's open session. There being no discussion, other than a technical correction, and upon motion duly made and seconded, it was unanimously

RESOLVED, that the minutes for the December 16, 2021 Board meeting's open session are hereby approved, subject to a technical correction.

- **Bylaws Review**

Ms. Layton presented the Board Bylaws for review and updates. There was a discussion that the number of meetings should remain at six, but should be reviewed at the end of the year for a potential change.

Treasurer Davis and Mr. Dayhoff joined the meeting.

There was a discussion on virtual meetings and committee and board schedules for the upcoming year. It was recommended that the Administration Personnel & Finance Committee review the proposed revisions to the MS-22 for the Executive Director and Director of Investments & Cash Management and to make any recommended updates to the Board.

- **Interim Board Chair Items**

Mr. Newman welcomed Treasurer Davis, in his official capacity as a member of the Board. He also welcomed Justin Dayhoff, Assistant Superintendent of Financial Planning, Operations, and Strategy for Maryland State Department of Education (“MSDE”), as the MSDE designee for Superintendent Choudhury.

- **Audit & Governance (“A&G”) Committee Report**

Ms. Herbst thanked the A&G Committee for the thorough review of the Committee Charter. The Committee will be recommending changes to the Charter at a future meeting. She reminded the other Committees that they should also conduct the required reviews to their Charter.

Ms. Herbst reported that nominations and election for the Board Chair, Vice-Chair and Secretary will take place at this meeting. One nomination for each position has been received and Committee Chairs will be appointed by the new Chair sometime after the election.

Ms. Herbst informed the Board that the nomination for the Chair is Mr. Tsirigotis. There being no discussion or additional nominations, and upon motion duly made and seconded with Mr. Tsirigotis abstaining, it was unanimously

RESOLVED, that the Board approves Peter Tsirigotis, as Board Chairperson, for the upcoming year.

Ms. Herbst informed the Board that the nomination for the Vice-Chair is Mr. Newman. There being no discussion or additional nominations, and upon motion duly made and seconded with Mr. Newman abstaining, it was unanimously

RESOLVED, that the Board approves Geoff Newman, as Vice-Chairperson, for the upcoming year.

Ms. Herbst informed the Board that the nomination for the Secretary is herself. There being no discussion or additional nominations. and upon motion duly made and seconded, with Ms. Herbst abstaining, it was unanimously

RESOLVED, that the Board approves Ellen Herbst, as Board Secretary, for the upcoming year.

Congratulations were made to new Board Officers and it was discussed that the new officer positions will go into effect at the end of today's meeting.

Ms. Layton provided an update to the Auditor Request for Proposal noting that the bid responses are being reviewed by the Evaluation Committee and that a final recommendation will be presented at the April meeting.

Mr. Dayhoff left the meeting.

- **Investment Committee Report**

Ms. Pratt reported that she has discussed with Mr. Rambert the method the Committee will use for its self-evaluation, which will be her having a conversation with individual Committee members and then a group discussion.

Ms. Pratt asked T. Rowe Price ("TRP") to present the recommendation to add U.S. Structured Research Equity Strategy ("SRS"). Mr. McAvoy explained that in July 2020 TRP proposed a number of changes that have been implemented to create opportunities for returns. Since then the Large Cap Core fund manager has retired and although their team has confidence in the new fund manager, it would prefer to pause on that building block and add SRS to assist with driving returns. They will continue to monitor the Large Cap Core and may come back to that based on results. There being no discussion and, upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the addition of U.S. Structure Research Equity Strategy as a building block.

The Disclosure Statement will also be updated to reflect the addition of SRS, the fee reduction and the addition of TRP's wholly owned subsidiary. Mr. McAvoy reported that the target delivery date for the Disclosure Statement is April 1, with monies beginning to flow in May, because the Board of Public Works ("BPW") will need to approve the fee reduction. Ms. Layton explained that Board's previously approved fee reduction needs BPW approval since the contract change is greater than \$50K. There being no discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board approves the addition of U.S. Structure Research Equity Strategy as a building block in the MCIP, as well as the Disclosure Statement updates discussed.

- **Program Updates**

Mr. Hayes, Mr. Balsan, Ms. Atas and Ms. Blasi joined the meeting.

Maryland College Investment Plan ("MCIP")

Mr. McAvoy summarized the 4th quarter report for the MCIP noting that families continued to save and invest in 2021. As of December 31, the Plan was just shy of \$9B, pulling back slightly since then. Mr. McAvoy reported monthly distributions were \$115M with year over year growth at 25% while normally year-over-year December distributions increase in the 10-15% range.

Initial contributions have increased exceeding \$3,600, which is an 11% spike year over year. He reported GoTuition, the gifting portal, had a 17% increase year over year with \$8.5M in 2021 contributions.

Maryland Prepaid College Trust

Ms. Chisholm, Intuition, provided the first report for Maryland Prepaid College Trust (“MPCT”) since the transition noting that some of the data is still being reviewed. The clean-up of identified issues at transition is 95% complete and she expects that over the next two years there will be a number of enhancements, including the ACH roll out later this year. The data reflects over 31k active accounts with 589 new accounts in the first month of enrollment. Total contributions have been approximately \$9M. There have been approximately \$11M in benefit claims, more than \$3M in qualified refunds and a little less than \$1M in non-qualified distributions, which is consistent with 2020 numbers. Ms. Chisholm noted that about 30% of customer service calls were related to benefit claims, which she believes will begin to decrease as the transition to new processes continues and the spring semester season slows.

Ms. Chisolm explained the Agreed Upon Procedures (“AUP”) Engagement is in process. The scope of the AUP is the converted data over the period of November 9, 2021 to June 30, 2022, and it is scheduled to be completed this summer. Periods after June 30, 2022 will be picked up in the next SOC2 audit.

Maryland ABLE

Ms. Dazzo, Vestwell, summarized the ABLE quarterly report, noting growth in the Assets Under Management (“AUM”) with total assets closing at \$44.1M at the end of 2021 and \$45.9M today and ~4,500 open accounts. She reviewed the rollover, gifting and prepaid card growth statistics and noted the prepaid card activity. Contributions increased by 16% in the quarter, which was a 55% increase year over year. Distributions decreased by 3% for the quarter but increased 78% over same quarter last year. The introduction of the ABLE Fixed Income Fund saw \$47K in assets. ABLE now has 33 ALR agencies with a 14% increase to the AUM during the quarter and cash option maintaining the largest allocation of account holder funds.

Mr. Balsan reported that Sundry has been acquired by Vestwell with BNY Mellon being an equity shareholder in Vestwell. BNY Mellon will continue to run operations and Vestwell will act as the Program Manager. All Sundry employees that worked on Maryland ABLE matters are now Vestwell employees and they are in the process of adding more staff. This change will not mean any changes for ABLE as BNY and Vestwell will continue to provide the same services.

- **Executive Director Update**

Ms. Layton summarized the Prepaid Rebate/Pricing Rollback Project. She reported that there was still some work to be done by Intuition before this project can be started and she currently expects the cleanup projects to be completed by June 2022. This aligns with the actuary evaluation this summer and it will give a better picture of the situation for any decision making on the funding status. There was discussion that contract prices could be lowered this year without a rollback and then the rollback could be a separate conversation, as it could take 6-18 months to implement. The costs would be about \$25K for the GRS review and the cost for

Intuition will depend on the complexity of the rollback. There was discussion that this was the project plan and that information will be added and reported as it is available.

Ms. Winner reported that the Website redesign is in the last stages and they are hoping to launch in April. They have extended the contract with Towson University through June 2022, in case there are any issues with the rollout.

Ms. Layton asked for approval to update the Certificate of Incumbency to have it issued on the current Treasurer's letterhead with no changes to the authorized signatures. There being no discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, approves Certificate of Incumbency being re-issued on the Treasurer Davis' letterhead with no changes to the authorized signatures.

Ms. Layton requested approval to extend the GRS actuary contract six months, until the end of the year, to finish this year evaluation and then a new Request for Proposal will be issued. There was a discussion that an experience study, which was built into the current contract does not need to be done this year. Ms. Kannan and Mr. Shird are working with GRS to determine what funding would be left over, in theory, as the study was part of the overall pricing and not a specifically priced item. Even if there were funds left over from the study there would still be a need for additional funds for the extension. There being no discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, the Board approves an extension of the contract with GRS for an additional six months to conduct one more evaluation.

- **Closed Session**

There was a request to move into closed session to discuss a specific account holder's request for a waiver of certain fees, which subject concerns personal financial information that is not subject to the Open Meetings Act. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board move into closed session to discuss a specific account holder's request that is not subject to the Open Meetings Act.

The Board returned to open session and Ms. Marek reported that in closed session, the Board heard and discussed matters related to a specific account holder. The Board has denied the requested in-person meeting, but will review the account issue further, having requested additional information from staff. After the additional review, a response will be sent to the account holder with a determination.

Mr. Newman noted that Committee assignments will be made by the new Chair after this meeting. Ms. Herbst thanked Mr. Newman for acting as the interim Board Chair.

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 11:30 AM.


Approved:  Date: 5/2/2022
Ellen Herbst, Secretary to the Board

Exhibit List

- 1A- Agenda
- 1B- 12/16/21 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