

**Maryland 529  
Board Meeting Minutes**

**June 23, 2022**

**9:40 AM – 1:00 PM**

**Held via: Zoom Video Conference**

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

Peter Tsirigotis, Board Chair  
Ellen Herbst, Chancellor of University  
System of Maryland's Designee, Secretary  
Carol Beatty, Secretary of Maryland  
Department of Disabilities  
Treasurer Dereck Davis, State Treasurer  
Laura Atas, Designee for the State Treasurer  
Justin Dayhoff, Designee for the  
Superintendent of Maryland State  
Department of Education  
Sam Gallo  
Jessica McClain  
Joanna Pratt

**Board Members/Designees Absence**

Geoffrey Newman, Secretary of Higher  
Education's Designee, Board Vice-Chair  
Justin Hayes, Maryland Comptroller's  
Designee  
Capathia P. Campbell

**Staff, Representatives and Guests**

Erin Layton, Executive Director  
Bernadette Benik, Interim 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, Administrator  
Meghan Schultz, Treasurer's Office  
Glenn Ross, Marquette Associates, Inc.  
Diana Kendall, T. Rowe Price  
Dave McAvoy, T. Rowe Price  
Michelle Palmer, T. Rowe Price  
Sally Riefenstahl, BNY Mellon/Vestwell  
Mary Rubenis, BYN Mellon/Vestwell  
Heather Chisholm, Intuition  
Maria Padin, Intuition  
Pat Galley, Intuition

**Maryland 529 Board Meeting**

Mr. Tsirigotis called the meeting to order at 9:40 AM.

• **Approval of Minutes**

Mr. Tsirigotis asked for comments on the minutes from the April 28, 2022 Board meeting's open session. There being none and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the minutes for the April 28, 2022 Board meeting's open session are hereby approved.

Mr. Tsirigotis asked for comments on the minutes from the May 19, 2022 Board meeting's open session. There being none and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the minutes for the May 19, 2022 Board meeting's open session are hereby approved.

- **Board Chair**

Mr. Tsirigotis informed the Board that this is Mr. Gallo's last meeting as a Board Member and thanked him for his service. Mr. Tsirigotis also noted that this is Ms. Layton's last meeting, as she is leaving Maryland 529, and he thanked her for her service. He also announced that Ms. Benik has accepted the position as Interim Executive Director.

- **Administration, Personnel & Finance Committee Report**

Ms. Herbst reported the Executive Director position has been posted and that she will send a copy to everyone. She presented the list of upcoming contract renewals for discussion, if needed, as the renewals are part of the Delegation of Authority already in place. Ms. Layton noted the marketing contract renewal for the Hatcher firm will go before the Board of Public Works ("BPW") in August.

- **Audit & Governance Committee Report**

Ms. McClain reported that there are two Board members who have not confirmed that they submitted their Financial Disclosure filing receipts and that they will be contacted directly regarding their submissions.

Ms. Pratt joined the meeting.

Ms. McClain also reported that the Audit & Governance Committee met in May and are working through their Charter, as well as the other Committee Charters, and will continue the discussions in July. One discussion point raised is whether the general programmatic oversight, which is currently the responsibility of the Board as a whole, should remain with the Board or be delegated to one of the existing Committees or a new Committee. There was discussion on the issue that included a suggestion that a detailed flowchart for Maryland 529 be developed so the Board has a tool for how the programs work and can see where any breakdowns occur.

Ms. Kannan indicated that BPW approved the new auditor, UHY, yesterday and the auditor will present at the next Audit & Governance Committee meeting on July 14, 2022.

- **Marketing Updates**

Ms. Winner presented the marketing updates for the college saving programs noting the strong performance in the first half of the fiscal year, which slowed in the second half due to the volatile market and resulting in a growth in beneficiaries, contributions and funded accounts against the benchmarks. The decreases in enrollment may be due to the brief blackout to enrollment during the transition to Intuition and over the last few weeks the enrollment gap has narrowed and the total expected 4% decrease is below the national average of 5%.

Mr. Muscante, Ms. Rubenis and Ms. Riefenstahl joined the meeting.

Ms. Winner reported that the decrease in the State Contribution Program applications is probably attributable to the guardrails put in place in most recent General Assembly sessions. Ms. Winner summarized the marketing effort successes from from this year. She presented the ongoing marketing plan, which includes building brand equity, prospect acquisition, deepening account holder relationships and engaging underserved communities. Ms. Winner then presented the 2022-2023 proposed budget highlights. Mr. Tsirigotis suggested that offering some continuing education opportunities to the CPA community may present some marketing opportunities as they can pass the benefits of the programs onto their clients.

Ms. Mobley presented the ABLE summary noting that the assets under management (“AUM”), as of today are \$48.2M, which puts ABLE in the top tier along with the larger California and Stable Programs. Outreach has connected with 4,000 people and the ALR Program is continuing to grow. Ms. Mobley reviewed the ABLE to Work numbers and the Pre-paid card results. She noted that people are choosing the investment options and 22% of account holders handling their own accounts. Ms. Mobley summarized the year’s achievements including exceeding account holder growth by 5% and AUM by 9%. They are still working on translations for the Spanish speaking community.

Revisions to the ABLE program continue to be discussed at the federal level. As of yesterday, the ABLE Age Adjustment Act goals were inserted into the EARN Act with a new potential implementation date of 2026. On the marketing side, Hatcher is helping to expand the program’s marketing with a focus on employer outreach. Ms. Mobley highlighted the FY23 goals which include getting feedback from the disability community on the new IRS regulations allowing more people to be able to manage accounts. That will allow ABLE to determine where to put its support and focus on the issue. She reviewed the general Marketing Budget for FY22.

Ms. Schultz and Ms. Chisholm joined the meeting.

- **Program Updates**

Mr. McAvoy discussed the status of the MCIP with the Board. He noted that the investment market had presented challenges with the S&P down 21% since January and seven months of market losses. Despite this, the overall health of the program is in a positive place with nearly 5,000 accounts added in May. State Contribution Program applications are down 26% but he reiterated that the decrease is due to changes in the program instituted by the General Assembly to ensure that the program is working as intended.

Ms. Chisholm presented the Intuition Summary of the MPCT noting that this is the first full reporting quarter. During that time, ICSS completed the account reconciliation clean-up implemented post-conversion of over 1,000 accounts. She noted that the customers have embraced the conversion with online registrations being up 80% from the last quarter. She reviewed the contribution and benefit claims as well as the distributions and refunds. Ms. Chisholm reported there has been success with Account Holders being able to get all their requests in at once and that a large number of rollovers have been to MCIP. She also reported that Intuition has met all of the performance standards for this quarter.

Ms. Riefenstahl introduced Ms. Rubenis as the newest member of her team and summarized the quarterly report for ABLE for the period ending March 31, 2022. As of today, there were 4,776 accounts with \$48.3M in AUM. There has been an increase in funded accounts, contributions and distributions with some account liquidation. Rollovers continue to be strong and ABLE to Work, which is set to sunset in 2025, is third largest in the programs that track that information. Other programs are requesting information on how we capture that data. Ms. Riefenstahl reported that 25% of the prepaid cards are not being used and they are working with Ms. Mobley to potentially notify account holders that they will be closed if not utilized. A zero-balance process may need to be implemented after accounts are at zero for some period of time in order to clean up the database. There has been growth across the State with ALRs continuing to be the story. As of today there are 1,715 ALR accounts with \$13.5M AUM. She noted that customer service volumes are still high, but there has been a large improvement over last quarter.

- **Executive Director Updates**

Ms. Layton presented her report noting the attached project and procurement activity list. She reported that the Agency is currently setting up an interview for the Assistant Director of Finance position, as a candidate was not found in the last round of recruitment. Ms. Layton noted that there was a meeting with the Department of Information Technology last week regarding the transition to their Enterprise system with a new target date of July 14, 2022.

Ms. Layton requested that the Board clarify its intent in the Disclosure Statement as to why a Beneficiary can have up to seven years of tuition, but an account holder can only have five years. Ms. Marek confirmed that there was no legal reason to have these different restrictions, which may have originally been connected to the number of income deductions available.

Mr. Gallo left the meeting.

After discussion that the average number of years to get a degree is six and whether or not there was any concern regarding the number of years to be allowed and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that a beneficiary can have up to seven years of tuition on their behalf and each account holder can have up to seven years purchased on a single account.

It was noted that the Delegation of Authority allows the Agency to update the Disclosure Statement without bring that language back to the Board for approval provided the changes are straightforward and counsel has approved.

Ms. Layton presented the Maryland Universities and Colleges 2022-23 Tuition and Fees, as approved by the Board of Regents and the community colleges, subject to a few final submissions, to determine if these are the amounts that the Board would like to approve as the payment base for the Prepaid program or would they like to determine a different amount for the upcoming year. She reminded the Board that once this is approved, the numbers are used to determine the annual Weighted Average Tuition (“WAT”) calculation. She noted that the University of Maryland Global Campus has a low number of Maryland residents (36%) compared to other institutions. There was discussion that approval of these numbers creates the

basis for payments over the next year and whether or not GRS uses the actual enrollment numbers or estimated enrollments numbers and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves the use of Tuition and Fees presented, as the basis for calculating what the Prepaid Trust will pay for Tuition and Fees for the upcoming year.

As a result of the discussions, the Board requests that the staff go back to GRS for clarification of the calculation GRS uses for the WAT and to confirm that GRS is following the Disclosure Statement in their calculation process.

Ms. Layton presented draft Certificates of Incumbency for approval. The drafts remove Ms. Layton as a signatory and add Ellen Herbst. There being no discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves the presented Certification of Incumbency removing Erin Layton and adding Ellen Herbst as a signatory.

Ms. Layton reminded that Board that the Delegation of Authority for the hiring and firing of investment managers was delegated to Erin Layton and Dan Rambert due to their investment experience. With her leaving, she would like to know if the Board would like to keep that delegation in place or return it to the Board until there is a permanent Executive Director in place and that person's experience can be evaluated. After discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board approves revising the Delegation of Authority to provide that the Investment Committee make recommendations to the Board for approval of the hiring and/or firing of any investment managers.

Mr. Tsirigotis noted that he would like to have the September 2022 Board meeting in person if circumstances allow.

- **Closed Session (12:30pm)**

Upon motion to move to closed session to discuss items not subject to the Open Meetings Act and to seek legal advice of counsel on specific account holder and calculation of benefits issues, it was it was unanimously


**RESOLVED**, that the Board move into closed session to discuss items not subject to the Open Meetings Act and to seek legal advice of counsel on specific account holder and calculation of benefits issues.

Ms. Marek reported that in closed session, the Board discussed the status of correcting the minimum benefit calculation and its application of to specific accounts. The Board obtained legal advice on the same.

The Board also expressed its disappointment in the program manager options, which may be discussed at a future meeting.

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

**RESOLVED**, that the meeting be adjourned at 12:57 PM.

Approved:  Date: October 18, 2022  
Ellen Herbst, Board Secretary

Exhibits:

- 1A- Agenda
- 1A1- 4/28/22 Open Session Minutes
- 1A2- 4/28/22 Closed Session Minutes
- 1A3 – 5/19/22 Open Session Minutes
- 5A- MCIP Report – March 2022
- 5B- MPCT Report
- 5C- Maryland ABLE Board Report-3Q
- 6A- Executive Director’s Report
- 6A1- Maryland 529 Project Report
- 6A2- Maryland 529 Procurement List
- 6B1- Tuition & Fees Proposed for 22-23
- 6B2- FY2023 Schedule of Tuition & Mandatory Fees
- 6C- Certificate of Incumbency