

**Maryland 529  
Board Meeting Minutes**

**February 23, 2023**

**9:30 AM – 1:00 PM**

**Held via: Video Conference**

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

Geoffrey Newman, Secretary of Higher  
Education's Designee, Interim Board  
Chair

Ellen Herbst, Chancellor of University  
System of Maryland's Designee,  
Secretary

Treasurer Dereck Davis, Maryland  
Treasurer

Brooke Lierman, Maryland Comptroller

Carol Beatty, Secretary of Maryland  
Department of Disabilities

Capathia P. Campbell

Joanna Pratt

**Board Members/Designees Absent**

Justin Dayhoff, Designee for the  
Superintendent of Maryland State  
Department of Education

Dave Erculiani

**Staff, Representatives and Guests**

Anthony Savia, Executive Director

Meghan Marek, Assistant Attorney General

Bette Ann Mobley, Director of ABLE

Michelle Winner, Director of Marketing

Maria Dodge, Director of Operations

Kelly Nelson, ABLE Outreach Manager

Kenethia Abdullah, Asst Director of Finance

Francesca Nelson, Marketing Outreach

Vern Shird, Procurement Manager

Patty Shreves, Legislative Liaison

Laura Atas, State Treasurer's Office

Meghan Schutz, State Treasurer's Office

S. Churchill, State Treasurer's Office

Dani DiPietro, Comptroller's Office

Erin Kolmansber, Nelson Mullins

Glenn Ross, Marquette Associates, Inc.

Dave McAvoy, T. Rowe Price

Diana Kendall, T. Rowe Price

Claire Whittington, Intuition

Sally Riefenstahl, Vestwell

James Balsan, Vestwell

Members of the Public

**Maryland 529 Board Meeting**

Mr. Newman opened the meeting at 9:33 AM.

In accordance with the Open Meetings Act, the meeting began with a statement summarizing the closed session held at the end January 30, 2023 Board meeting:

On January 30, 2023, the Maryland 529 Board voted unanimously, among those in attendance, to move into closed session at approximately 11:20 AM to hear advice of legal counsel and to discuss matters not subject to disclosure including personal financial information regarding specific accounts. Those in attendance for the closed session included Board Members: Geoff Newman, Ellen Herbst, Treasurer Dereck Davis, Comptroller Lierman, Secretary Beatty, Justin Dayhoff, Capathia Campbell and Dave Erculiani. Also in attendance were Anthony Savia, Laura Atas, Ben Seigel, Meghan Marek, Maria Dodge, and outside legal consultants: Brad Rustin, Brad Moody, Gina Greenwood, and Erin Kolmansberger.

During the meeting the Board voted to approve the minutes from the closed sessions held on December 1st, 8<sup>th</sup>, and 19th and heard advice of counsel with respect to responding to a Complaint under the Open Meetings Act and responses to account review reports. The closed session adjourned at approximately 12:10 PM.

- **Board Officer Nominations**

Ms. Herbst informed the Board that there was one nominee for each position: Geoff Newman for Board Chair, Dave Erculiani for Vice Chair and Ellen Herbst for Secretary. There being no discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED**, that the Board Officers for the upcoming year will be Geoff Newman - Board Chair, Dave Erculiani - Vice Chair and Ellen Herbst - Secretary.

- **Minutes**

Mr. Newman asked for comments on the minutes from the January 30, 2023 Board meeting's open session. There being none and upon motion duly made and seconded, it was

**RESOLVED**, that the minutes from the January 30, 2023 Board meeting's open session are hereby approved.

The vote was unanimous among those voting, with Joanna Pratt abstaining, as she was not at the meeting.

- **Audit & Governance ("A&G") Ethics Update**

Ms. Marek reminded the Board that the deadline for filing Ethics disclosures for 2022 is April 30, 2023. This is a requirement for both State Employees and Board Members. Receipts for submissions should be sent to Maria Dodge.

- **Investment Committee ("IC") Report**

Ms. Pratt reported that each plan was reviewed at the last Committee meeting and although 2022 was a challenging year for the market, the plans did relatively well. The Committee will continue to monitor the financial conditions of the plans and the market.

- **Maryland College Investment Program ("MPIC") Update**

Mr. McAvoy, T. Rowe Price ("TRP") reported that although 2022 was a challenging year, MCIP experienced relatively healthy growth. TRP will continue to look at market trends going forward.

Ms. Shutz and S. Churchill joined the meeting at approximately 9:40 AM.

Mr. McAvoy reviewed the Plan's outperformance compared to other states and attributed that success to 80% of the assets being in the enrollment portfolios that are professionally managed and somewhat insulated as they get closer to maturity. MCIP ended the year with approximately \$7.9B

in assets, which is the second highest ever, only behind 2021. He reported that benefit distributions have returned to normal. He also reported that there were about 6,700 new accounts, which is a 29% decreased year over year, but that unique account holder grew by 4%, which indicates that Marylanders are trusting the program. The decrease in new accounts is likely attributable to the narrowing of State Contribution Program, by legislation, to better target the intended recipients.

Ms. Riefenstahl joined the meeting at approximately 9:44 AM.

T. Rowe Price is optimistic for 2023 and they see their technology as a strength with 90% of account holders using the web to advance their service experience. He noted that the State Contribution Program is the strongest in the nation with 40,000 families having taken advantage of \$43M in benefits. This year's early applications are showing a 20% increase year over year.

- **Maryland College Prepaid Program (“MPCT”) Update**

Ms. Whittington, Intuition College Savings Solutions (“ICSS”), presented the fourth quarter report noting that this is the first month of open enrollment and that future reports will have yearly comparisons as the first full year is now complete.

Mr. Balsan joined the meeting at approximately 9:56 AM.

Distributions and refunds were in line with what was expected, and online customer engagement has leveled out. There were about 400 new accounts during the quarter.

- **ABLE Program Update**

Ms. Mobley reported that the Age Adjustment Act passed, which will moved the age of onset from 26 to 46 beginning January 1, 2026. She noted that yesterday was Disability Day in Annapolis. Kelly Nelson and Teresa Herbert, along with her son Jesse, delivered thank you cards to the representatives. The day included a reading of the Senate Bill bringing Maryland in compliance with Federal ABLE Guidelines and Ms. Nelson was there to answer questions. The House Bill will be read on February 28<sup>th</sup>.

Ms. Kendall joined the meeting at approximately 9:54 AM.

Ms. Mobley recently attended a National Saving Plan Network event with Social Security, which was successful and shows the need to continue to expand that relationship.

Ms. Riefenstahl, Vestwell, summarized the December 31, 2022, quarterly ABLE report noting that there were 220 new accounts with about \$53M in assets under management (“AUM”) with the year-end gifting being a major source of program funding. The Plan is following the pattern of previous quarters even with less outreach, which was lessened while waiting for the passing of the pending bills. Vestwell continues to work on the zero balance accounts.

Mr. Nzouankeu joined the meeting at approximately 9:58 AM.

Ms. Mobley noted that Ms. Nelson has had an overwhelming number of opportunities during this period to reach the general population. Ms. Riefenstahl reported that there has been less activity pertaining to contributions and distributions, which is attributed to the economic conditions. Participation has remained steady across all funds. Account distributions across the state remain steady with entities choosing the more conservative cash option. Ms. Riefenstahl indicated that Ms. Mobley has pioneered the ALR program, and other states are looking to follow suit. Despite the increasing holiday volume, the average speed of customer service calls has remained steady despite continued recruitment difficulties. Vestwell will be rolling out a new software to improve the process, wherein the calls will be scored.

Mr. Balsan, Vestwell, supplied the Prepaid Card Funding Project update, providing background and noting that implementation has been completed. He described the calculation formula and noted that only 9 bsp are needed to cover the operation costs with any federal increases going directly to account holders. They will continue to evaluation on a regular basis, but the expected fund requirements expect to remain about the same depending on the number of cards. There was a discussion pertaining to the reason behind the project, which is a result of increased federal rates of return with no increase to operating costs, allowing funds to be returned to account holders.

Ms. Riefenstahl presented the year-end report noting that ABLE celebrated its 5<sup>th</sup> anniversary in November. Balances as of December 31, 2022 were: 5,155 funded accounts, \$56M AUM and an average account balance of \$10.8K. Annual contributions were up in 2021 due to the stimulus and ABLE to Work. Distributions are down compared to 2021, which will be monitored for trends. Contributions and Distributions were down 6% during calendar year 2022, but were up from the previous two quarters. The percentage of distributions increased with the AUM remaining constant. Even during COVID people continued to contribution to the ABLE to Work programs with the beneficiary ages ranging from 14 to 82. Gifting remained on a seasonal trend. Vestwell is looking at what they can do to increase gifting at other times of the year. The cash option continues to have the highest AUM percentage with most investments being in the moderate range. Unique accounts by age are still led by the 21-40 range (41%). Accounts in the Eastern region have increased due to the concentrated outreach. The \$10.8K average account balance includes 70% of accounts being higher than the national average with 128 unique accounts being from out of state. They will work on getting specific state numbers. Ms. Riefenstahl reviewed the ALR success since 2019 and focused on the growth in those accounts. They are eager to see how the new hierarchy impacts these numbers. The Vestwell move has provided greater flexibility with the first phase of entity registration automation being launched and providing for a more streamlined process with less errors. Ms. Mobley noted that Vestwell has been very responsive.

- **Executive Director & Budget Update**

Mr. Savia reported that he would like to sit down with all three Program managers to look at how reports are presented and structured. He would like to move to a more consistent format to prevent the need to realign each one for the annual report and for more ease in following the presentations.

Ms. Riefenstahl, Mr. Balsan and Mr. Nzouankeu left the meeting at approximately 10:25 AM.

As promised at the October 2022 meeting, Mr. Savia provided a budget update. All three programs are reported on one budget report, which includes revenue, expenses, historical data, current year

data and projected 2024 numbers. Except for the \$300K in state appropriations, all other revenue comes from fees. The budget goes through the system, but the agency is self-sufficient. The total budget is about \$5.5M and the personnel expenses to date, which include benefits, are down due to vacancies in key positions. Adjustments will be made as needed.

Mr. Savia provided an update on MPCT noting that the request for manual reports is at 678 with 431 manual calculations having been delivered to account holders. There are 247 accounts remaining to be manually reviewed. These include approximately 80 accounts that have some type of anomaly, which will require research that could be pre-transition to ICSS. The balance of requests has been received in February and that data is being ran now. They are working on revising responses/communications to account holders to set realistic expectations as to when individual numbers will be available. He reported that account holders are copying others on their emails and the Agency can only respond to the account holder and not those copied on the emails due to account security. Therefore, when they respond to an email that includes legislators, they cannot respond to the legislator. They are sending a separate communication to the legislator letting them know that there is a response going to the account holder. Mr. Savia noted that the Agency is in support of the workgroup that is being contemplated by legislators.

Mr. Savia would like to thank Senate Zucker for SB343, the ABLE Account Establishment Bill, and Ms. Herbst and Jesse for attending the Annapolis event. He would also like to thank Ms. Nelson for answering questions at the hearing.

- **Legal Update**

Ms. Marek reported that the abandoned property opinion is circulating around the Attorney General's office and will hopefully be finalized soon.

- **Closed Session**

Mr. Newman read a statement to move into closed session. There being no discussion regarding the statement and upon motion duly made and seconded, it was unanimously

**RESOLVED** that the Board move into closed session to discuss matters exempt from the Open Meetings Act, including obtaining advice of counsel on responding to document requests under the Public Information Act, to review and approve minutes from the last closed session of the Board and matters otherwise not subject to disclosure under law.


Approved:  Date: 4/24/23  
Ellen Herbst, Board Secretary

Exhibit:

- |                                    |                                |
|------------------------------------|--------------------------------|
| 1- Agenda                          | 5B- MPCT Quarterly Report      |
| 2A- Minutes Open Session (1/30/23) | 5C1- ABLE Quarterly Report     |
| 5A- MCIP Quarterly Report          | 5C1A-ABLE Prepaid Card Funding |

5C2- ABLE Year End Report  
6A- Budget Update