

# Minutes of the Meeting Of the College Savings Program Board

Held at the State of Wisconsin Investment Board (SWIB) Building  
101 E. Wilson Street, Second Floor; Madison, Wisconsin

November 12, 2012  
1:00 p.m.

MEMBERS PRESENT: *Paul Adamski, Alberta Darling, Debbie Durcan, Ken Johnson Rob Kieckhefer, Pat Sheehy (by phone), Jim Zylstra.*

OTHERS PRESENT: *Michael Wolff, DOA; Annoesjka West, Callan Associates; Yelena Radich (Sen. Darling's Office), Catherine Burdick, Joe Del Grande, and Kerry Alexander, TIAA-CREF; Lynda Graham and Lori Krogh, (both by phone) KPMG, LLP; and Jim DiUlio.*

**I. Call to Order and Roll Call** – With Chair *Oemichen* absent on business and Vice-Chair *Sheehy* (via phone) unsure if he could attend the entire meeting, Board Secretary *DiUlio* chaired the meeting. The meeting start was delayed due to telephone connection problems to the for the audit report guests. A quorum is present and the meeting was called to order at 1:10 p.m. by *DiUlio*. (See above for attendance.)

**II. Approval of Agenda** - Staff reported that the meeting agenda was properly posted for the public. Agenda items were approved, and all agreed to place item VII.B, the program's annual audit report next, as a courtesy to the KPMG staff on the phone.

### **Presentation of the program's FY2012 audit report.**

KPMG's *Lynda Graham*, lead engagement partner, and *Lori Krough*, audit manager, presented the highlights of their work. They audited the twelve Edvest plan and seven Tomorrow's Scholar plan portfolios. As a result, they report no material internal control weaknesses, no audit adjustments or uncorrected misstatements, and no difficulties in dealing with management. They issue an unqualified opinion on the portfolios' financial statements, as has been the case for a number of years. They also indicated that the staff at the related Wells Fargo and BFDS companies were very cooperative with their assistance. KPMG will begin work shortly on the transition activities between program managers, an engagement suggested by the Legislative Audit Bureau and the State Controller.

The Board members had no objections, and thanked KPMG for their assistance. Motion by Adamski, second by Sheehy to accept the 2012 Audit Report for the program. Carried. This program audit process moves along to the staff at DOA and the Legislature.

The remaining meeting agenda resumed:

**III. Public Presentations** – There were none requested.

**IV. Approval of Minutes** – The minutes of the previous two meetings, May 14 and August 13, 2012, were reviewed. Motion by Zylstra, second by Durcan to approve the minutes of both meetings. Carried.

## **V. Administrative Reports**

**A. Board Chair Comments** – None

**B. Department of Administration** – *Wolff* briefly commented on the completion of the program manager contract process and transition activities from Wells Fargo Funds Management to TIAA-CREF TFI and ING Investment Management.

**C. Program Director Comments** – Due to the lengthy presentation to follow from the program manager, *DiUlio* briefly reported on financials, although a number of transition expenses are yet to be billed. This will be the last set (3Q) of Wells Fargo charts, and a longer recap will be produced later for comparison purposes. There were no proxy votes for any of the investments, through the third quarter and also to the transition date.

A number of outreach events are scheduled into the new year. Morningstar and Savingforcollege.com have updated their websites with preliminary information about the new investment lineups; more details will likely follow with a few months of performance data to report. Among many state 529 administrators, there are concerns about gift ‘aggregators,’ those who collect gift money on behalf of parents with 529 accounts, but have no relationship to the plans. Concerns about permitted charges and providing disclosure are being discussed.

**D. Manager [TIAA-CREF Tuition Financing Inc.] Comments** – *Kerry Alexander*, our TFI relationship manager introduced *Catherine Burdick*, who will be our Wisconsin-based Edvest Marketing Manager and *Joe Del Grande*, who directed the complex Wisconsin transition operation for TIAA-CREF. *Del Grande* went through a detailed story of the planning over the summer and the smooth execution of the account transfers over a few days. Their contingency plans worked well, as the large storms caused market delays, and problems elsewhere, but all proceeded as expected. *Burdick* shared her marketing plans for the rest of 2012. In a change from previous practice with Wells Fargo, there will now be a number of marketing campaigns throughout the year, tied to various events. The thought is to move from a tax benefit message to broader messages about saving and planning for college. A 2013 plan will be presented at the February meeting

As part of the transition communication, electronic statement delivery was encouraged and all current e-document account owners were asked to change their passwords for security. So far, only about 10,000 e-deliveries are setup. *Kieckhefer* suggested that a large number of password resets could create a pinch-point with end of year transactions. *TFI staff* said they would monitor that traffic.

Phone calls to the plans’ public numbers for the initial two weeks total 7,000 for Edvest and 6,000 for Tomorrow’s Scholar, as expected. *Del Grande* added that the call volume that comes earlier in the morning is heavier than other states they serve. Initial reports from the phone reps say “Wisconsin people are so polite.”

**VI. Old Business** – None

**VII. New Business**

- A. **Investment Committee** The committee reviewed the almost final performance numbers for the previous versions of both plans. Although the underlying investments have changed, *Johnson* reported that the Watch List process was discussed this morning and two more funds were added for performance reasons to the four put on the list in May 2012. The Board approved the Committee's recommendation to issue a final Watch List for the six funds.

*Annoesjka West* reported very good investment performance in most categories in her Callan Executive Summary. The housing market has bottomed out and job numbers are better. All sectors of the equity markets, both domestic and international, along with fixed income markets are doing well in 2012.

**IX. Announcements** – The next meeting will be February 11, 2103, with the remaining meeting for the year to be determined.

**X. Adjournment** — Motion by Durcan, by Johnson to adjourn. Carried. The meeting was adjourned at 2:45 p.m.