

# Minutes of the Meeting Of the College Savings Program Board

Held in the MacArthur Conference Room, Tenth Floor  
Department of Administration Building  
101 E. Wilson Street; Madison, Wisconsin

November 14, 2011  
1:00 p.m.

MEMBERS PRESENT: *Paul Adamski, Ken Johnson, Bill Oemichen [by phone], Pat Sheehy [by phone], Wendy Wink for Rolf Wegenke, Jim Zylstra.*

MEMBERS EXCUSED: *Durcan*

OTHERS PRESENT: *Michael Wolff, DOA [by phone]; Shane Martwick, Tom Biwer, Laura Wilkinson, and Sarah Henriksen, all of Wells Fargo Funds; Annoesjka West and Karen McKechnie, Callan Associates; Yelena Radich (Sen. Darling's Office), and Jim DiUlio.*

**I. Call to Order and Roll Call** – Today we welcome Jim Zylstra to the meeting, representing the Wisconsin Technical College System. Also, Wendy Wink is here for WAICU. The meeting was called to order with a quorum at 1:01 p.m. by Board Chair *Oemichen*. (See above for attendance.)

**II. Approval of Agenda** - Staff reported that the meeting agenda was properly posted for the public. The Chair asked for approval of the Agenda. Motion by *Adamski*, second by *Wink* to approve. Motion passed unanimously by voice vote.

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

**IV. Approval of Minutes** – **The** Board's minutes of August 15 and October 19 were presented. A correction to August 15—*Johnson* was absent, not both absent and present as indicated. Motion by *Johnson*, second by *Zylstra* to approve as corrected. Motion passed unanimously by voice vote.

## **V. Administrative Reports**

**A. Board Chair Comments** – *Oemichen* apologized for not being there in person while at other meetings in Minnesota. He expressed his thanks for the Governor's reappointment and confirmation by the Senate to another term on the Board.

**B. Department of Administration** – None today.

**C. Program Director Comments** – There have been no proxy votes to report since the last meeting. Referring to the data and charts, *DiUlio* reported that the last fiscal year ended well for the program, with increases in assets and accounts. With regard to the revenues and expenditures, some of the expenditures are estimated due to the change in agencies and account numbering. DOA accounting staff is working with us to develop a better system, and all appears to be in line with previous years.

Benefit fairs and other outreach events have covered by staff and Wells Fargo and more are scheduled. We decided to not continue our promotion with Wisconsin

Badger Sports, both radio and arena events. A substantial increase in cost with difficult to measure benefits was behind that decision. *Adamski* asked about measuring effectiveness of the Badger radio. *DiUlio* said we will continue to look more closely at returning to statewide radio, but with better ways to measure success.

Upcoming events include presenting at the state's 400-member college financial aids officers conference and the state school board (WASB) convention January 2012 in Milwaukee.

Morningstar just came out with their annual 529 plan ratings and Wisconsin, as most other states, remained in the same positions/rankings as last year. We were disappointed, given what seemed to be better interviews and questions by Morningstar's evaluators. Savingforcollege.com continues to give both the *EdVest* and *Tomorrow's Scholar* plans high marks, based on their formulas. That may cancel negative reactions due to Morningstar. *Johnson* added that our new consultants from Callan keep an independent database for 529 plans, providing another objective reference. *Adamski* raised the idea of us having some sort of responsibility to react or refute misstatements that could cause backlash to college savings. *Adamski* and *Oemichen* asked *DiUlio* to talk with other states, research and report back to the Board.

On the federal level, the MSRB is close to deciding if 'access equals delivery' will be applied to 529 plans. It would allow broader electronic information. On hold is the additional registration and reporting burden for volunteer board members that concerned us last year; public response to the proposal may result in modification or dropping the requirement. Here in Wisconsin, the Department of Revenue recently wrote clarifying language for grandparents, aunts, and uncles to contribute to a non-owned 529 account and also receive the state tax consideration. We are also working with the Department of Financial Institutions to promote 'Money Smart Week' in April, a nationwide financial literacy promotion co-sponsored with the Federal Reserve Bank of Chicago.

- D. Manager [Wells Fargo] Comments** – *Sarah Henriksen* asked to address the Board on a confidential matter. Chair *Oemichen* stated that a motion would be in order to go into closed session under subsection s.19.85, specifically "(1)(e) Deliberating of negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session."

Motion by *Adamski*, second by *Johnson* to go to closed session. Roll call vote: *Adamski, Johnson, Oemichen, Sheehy, Wink, Zylstra*, all voting aye. At 1:35 p.m. the meeting goes into closed session with Board members, along with *Henriksen, Wolff*, and *DiUlio* with the Board's consent. Others attending have left the room. *Henriksen* remained until 1:40 p.m.

The meeting came out of closed session at 1:55 p.m. Motion by *Adamski*, second by *Sheehy* to exit the closed session. Roll call vote: *Adamski, Johnson, Oemichen, Sheehy, Wink, Zylstra*, all voting aye.

## **VI. Old Business** – Deferred to later in the meeting.

## **VII. New Business**

- A. Investment Committee** In consideration of flight schedules for the Callan representatives, the consensus was for the Investment Committee report to be next.

Johnson related the highlights of today's earlier Committee meeting, including Callan's initial reporting work. He also asked them for a review of our current investment policy statement and watch list process, to be reported back next quarter. A concern raised at the meeting was the small amount of non-domestic equities available to accounts. *Annoesjka West* went through the executive report with the Board, a summary of the earlier reports at the Committee meeting. She detailed the various data points on their charts and graphs. The group felt that the format and level of detail was understandable.

**D. Resuming Program Manager Report (section V)** *Shane Martwick* began his remarks by announcing that Sage Scholars has extended its bonus accrual rate through 2012. This bonus program allows credit toward tuition at many colleges, based on 529 account balances; the rate had been 5%, but now at 10% with the extension. And Bankers Bank has extended their fee reduction for the bank CD placements through the end of the year. Reporting back from this summer's Board meeting: The policy change to allow rollovers among 529 accounts at NAV (and eliminating a second sales charge) has not been fully implemented. There are operational issues with some broker dealers that need to be resolved. Service trends continue on track and seasonal outreach activities are in progress.

*Laura Wilkinson* then outlined the plan for 2011 year-end advertising. The mix of media has changed year to year, based on customer response. Their research shows the highest motivator is the \$3,000 annual state tax benefit, and the bulk of the marketing flows from that. EdVest awareness and a sense of urgency drive this effort. The year, we have committed \$425,000 or about \$100,000 more than last year for Wisconsin's media markets. She and the media buyer have scheduled time and space buys based on experiences and outlined in the handout. A new channel this year is directed at webpages called up by state residents, to supplement statewide commercial radio stations. Envelope stuffers will be included with state payroll this month, and nearly half a million state tax refunds will carry the stuffer throughout the year. She then detailed the segments and objectives of the plan. A review of the year-end activities and results will be presented at the February Board meeting.

**VI. (delayed) Old Business** – *DiUlio* reported that the required activities following the program's 2010-11 financial audit are complete. The report has been posted on MSRB's EMMA website and its distribution to account owners was within the required timeline. Thanks to all who help make it work smoothly.

**VII. B. Marketing and Outreach Committee** – *Sheehy* related earlier conversations with *DiUlio* regarding our outreach efforts, looking at how other states handle outreach. More research to come, along with Board discussion. He said he would like to be part of the effort, but would like to step aside as chair and asked other Board members to consider taking the assignment.

**C. 2012 Meeting schedule** – to continue at next meeting.

**VIII. Other Announcements** – The next meeting of the Board will be Monday, February 13, 2012, and the Investment Committee will meet earlier in the day. Both meetings will take place at the DOA Building, 101 E. Wilson Street in Madison.

**IX. Adjournment** — Motion to adjourn the meeting by *Adamski* second by *Johnson*. Motion passed unanimously by voice vote. Adjourn at 3:05 p.m.