

Minutes of the Meeting
Of the
College Savings Program Board

Held at the State of Wisconsin Department of Administration Building
101 E. Wilson Street, St. Croix Room; Madison, Wisconsin

May 18, 2015
1:00 p.m.

MEMBERS PRESENT: *Ken Johnson, Kim Shaul, Jim Zylstra, Pat Sheehy (by phone) Doug Hoerr (by phone), Alberta Darling (by phone), and Rolf Wegenke.*

OTHERS PRESENT: *Annoesjka West, Callan Associates; Catherine Burdick, Jeremy Thiessen, Shirley Yang, all with TIAA-CREF; Paula Smith, Andy Schlueter (by phone), Josh Denin (by phone) with Voya Investment; and Jim DiUlio.*

- I. Call to Order and Roll Call** – *Ken Johnson*, presiding at the request of Chair *Bill Oemichen* who was called away. Meeting to order at 1:05 p.m., roll call determined a quorum was not present and will wait for later arrivals.

In the interim, *Wegenke* asked about how the program determines the maximum account limit. *DiUlio* replied that it is not specified in Statute, but was last addressed administratively by the Board and the State Treasurer nearly 10 years ago. *Wegenke* suggested that using a national measure of college costs, such as the College Board's reports could be used. Further, a process to evaluate periodically or 'set and forget' could be developed.

A current effort is underway within DOA to reach a consensus on an increase from the present limit of \$330,000 per beneficiary.

- II. Approval of Agenda** – The agenda was agreed to, and staff reported that the meeting agenda has been properly posted.

Quorum: Sen Darling joins the meeting by phone at 1:15, establishing a quorum.

- III. Approval of Minutes of February 20, 2015** Motion by *Kieckhefer*, second by *Zylstra* to approve the minutes. Carried.

- IV. Public Presentations** [if requested in advance] – none requested, none at meeting

V. Administrative Reports

A. Board Chair Comments – none today

B. Department of Administration and

C. Program Director Comments –

DiUlio reported some recent changes at DOA; the Capital Finance Director resigned recently and on a temporary basis, the program will report to the Executive Budget Director. There are also briefing meetings scheduled with the new DOA Secretary and Deputy. Moving to the expenses report, we are well within budget as we approach the end of the year, and the accounting delays are catching up. Regarding communications, we participated with Janesville High School students doing a government project. There were some routine proxies voted in support of management recommendations for DFA funds held in the Edvest plan. He then reported highlights of last week's national NAST/CSPN conference held in Kansas City, including financial media, regulators, and states sharing marketing ideas. Prior to the conference, *DiUlio* visited the Edvest recordkeeping and processing center of Boston Financial Data Services (BFDS), also in Kansas City. The due diligence visit also included listening to customer calls, and meeting with BFDS IT staff.

HR 529 passed the House last year, and the Senate counterpart is moving through the committee process. This is the bill to allow computers as qualified expenses, along with some technical corrections. December's ABLE legislation for disability savings accounts is prompting some discussion among the states regarding implementation and rules. There is a proposed bill circulating in the Wisconsin legislature to allow these accounts here. More details as things develop.

D. Manager Comments

Paula Smith of Voya Investments began with the Tomorrow's Scholar report and said that first quarter sales showed a 38 percent improvement from first quarter 2014, the majority from the targeted states. Corporate media campaigns are underway, and internal staff members dedicated to 529 have been added. Morgan Stanley continues to be our largest distributor nationwide, along with Edward Jones, LPL, and Voya Financial Advisors. Print and other collateral materials

Shirley Yang began the TIAA-CREF/Edvest report. Early reports show some success with the tax deadline moving to April 15. Beneficiaries by age group remain stable, meaning we are replacing accounts, especially those in the younger groups. The long-term effect is stability and not having to deal with spurts of redemptions. *Catherine Burdick* added information about outreach and marketing activities. At the halfway mark of the year, there have been three campaigns running generating leads. Social media continues to expand, and will incorporate video blogs later this year.

E. Morningstar visit

Yang reported on an introductory visit on April 27 with *DiUlio* to meet with the new Morningstar 529 plan analysts in Chicago. This is in advance of our formal interviews and allowed us to talk about governance, investment process, and recent legislative changes.

VI. Old Business none today

VII. New Business

A. **Investment Committee Report** *Johnson* commented on a report prepared by *Thiessen* for the Committee regarding some suggestions for combining some of the Edvest portfolios. *Thiessen* explained the reasoning for dropping the selections to something more in line with other plans and also suggested paths to reallocate the passive and active multifund participants. More work will be done for discussion at the August meeting. Reaction at the Investment Committee was positive. *Shaul* asked about the impact on fees or cost savings and *Johnson* replied that was a concern of the Committee as well.

- i. **Review of First Quarter investments** *Annoesjka West* reviewed the quarter's economic report and performance of the investment portfolios and underlying investments. (see the Investment Committee minutes and Callan's Executive Summary.)

IX. Announcements – The next meeting will be August 17, and will include a Lunch and Learn session.

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