

Minutes of the Meeting of the College Savings Program Board

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

February 24, 2017
1:00 p.m.

MEMBERS PRESENT: *Derek Drummond, Rob Kieckhefer, Rob Kreibich (by phone), Scott Neitzel, Bill Oemichen, Rolf Wegenke, Kim Shaul, and Jim Zylstra.*

OTHERS PRESENT: *Annoesjka West, Callan Associates; Catherine Burdick, Jeremy Thiessen, Glenn Friedman, Traci Mitchell, Chris Lynch, and Shirley Yang, with TIAA-CREF; Paula Smith, Paul Zemsky, Mike DeFeo, Adriana Alvarez, and Josh Dennin with Voya Investment; Jay Risch, Michael Wolff, Dave Erdman, Jessica Fandrich, and Jim DiUlio.*

- I. **Call to Order and Roll Call** – Chair *Bill Oemichen* called the meeting to order at 1:10 p.m., with a quorum present. Introductions were made.
- II. **Approval of Agenda** – Without objection, approved. Staff reported that the meeting notice and agenda have been properly posted.
- III. **Approval of Minutes of September 20, 2016** Motion by *Neitzel* second by *Kieckhefer* to approve the minutes. Carried.
- IV. **Public Presentations** [if requested in advance] – none have been requested

V. Administrative Reports

- A. **Board Chair Comments** – *Oemichen* reviewed the lobbying law and reminded the Board on restrictions. Although we are not a rulemaking board, the rules do apply here as well under Chapter 13. At the next Board meeting in May, we will receive training on the state's open records law, including text conversations between members regarding Board business. *Neitzel* added that if anyone has questions to contact DOA's legal office or *DiUlio* as the program director.
- B. **Department of Administration** *Neitzel* shared the background rationale for the suggested move of the Program to the Department of Financial Institutions. As part of a larger review of government, he explained the efficiencies that would benefit the Program with the move. *Risch* added that he is enthusiastic about the proposal.
- C. **Program Director Comments** – *DiUlio* said that the process of moving the program to another agency has many moving parts that need to be addressed. Foremost are the legal underpinnings, to insure that the move meets regulatory standards and maintains the special tax-deferred status given to 529 programs. Another major consideration is staffing and support; the DOA has provided a range of support services that need to be replaced and in some cases improved.

He also shared that the Program in January surpassed \$3 billion in distributions since its onset 20 years ago, dollars that went to college and didn't have to be borrowed. In a recent conversation, Sarah Henriksen from Wells Fargo and program manager since Strong days, reports that her girls are now in high school and sends best wishes to the Board.

Since the last meeting, there have been no communications received, and no proxy votes.

At the federal level, there are a handful of proposed bills in development regarding 529 plans—employer matches, rollovers, flexibility with unused balances. More to come as the year develops, monitored by our membership in the College Savings Program Network (CSPN).

D. Manager Comments

Shirley Yang of TIAA-CREF and *Paula Smith* presented highlights of Edvest and Tomorrow's Scholar, for the fourth quarter. (refer to the presentation decks)

VI. Old Business none today

VII. New Business

- A. **Investment Committee Report - Review of Fourth Quarter Investments**
The market and economic activity for the preceding quarter was presented by Callan's *Annoesjka West*. She commented on the elections and the market's reaction to possible tax changes (see the Executive Summary) and detailed the performance of each plan's portfolios and underlying investment to benchmarks and peers.
- B. **Watch List update, recommendations** *Kieckhefer* said the committee had no additions or subtractions to the current Watch List.
- C. **Recommended 2017 adjustments for the plans** The Committee continued its discussion of adjustments to the underlying investment in both plans at this morning's meeting. Motion by Kieckhefer to make changes to the Tomorrow's Scholar plan as recommended by Voya. All aye, carried. The Committee will defer action to a later meeting regarding TIAA's recommendation for the Edvest plan.
- D. **Account limit** The recent report from the College Board and its measures of higher education costs was discussed. The maximum account balance a beneficiary may have in all Wisconsin 529 plans is adjusted annually, based on increases, if any, in the cost of tuition and fees for four-year private universities. College Board states that figure is now 3.2%. The current limit is now \$440,300. Motion by Kieckhefer, second by Wegenke to set the maximum limit at \$456,000, effective today. All aye, motion carried.

IX. Announcements – none

X. Adjournment — Motion by Zylstra second by Larson to adjourn. Carried. The meeting was adjourned at 3:05 p.m.