

Minutes of the Meeting of the College Savings Program Board

Held in the State Treasurer's Conference Room, Third Floor
1 South Pinckney Street
Madison, Wisconsin

October 9, 2009
10:00 a.m.

MEMBERS PRESENT: *Sheehy (by phone), Wegenke, Oemichen (by phone), Adamski, Darling, Cook, Sass, Johnson (by phone), Plale*

MEMBERS ABSENT: *Rosen, Durcan*

OTHERS PRESENT: Marty Olle and Wes Stefonek, EDVEST Program; Michael Wolff, DOA; Sarah Henriksen (by phone) and Shane Martwick, Wells Fargo Funds Management; Jason Stein, Wisconsin State Journal; Chris Pegelow and Jessica Pautzke, Treasurer's Office.

I. Call to Order and Roll Call – The meeting was called to order at approximately 10:00 a.m. by Board Chair *Darling*. (See above for attendance.)

II. Approval of Agenda - The Chair asked for approval of the Agenda, which was unanimously approved by voice vote.

III. Public Presentations - None were requested.

IV. Approval of Minutes for May 11, 2009 Meeting – *Olle* suggested several edits to the draft minutes previously distributed to the Board, and it was moved by *Wegenke* and seconded by *Cook* that the minutes of the May 11, 2009 Board meeting be approved as amended. Motion passed unanimously by voice vote.

V. Administrative Reports

- A. Board Chair Comments** – *Darling* welcomed former Director Marty Olle, who is serving as Special Advisor to the program until a new Director is hired. She praised the program for weathering the recent financial storm and praised Paul Adamski for his continuing efforts in getting a Certificate of Deposit investment option in place so that conservative investors can feel comfortable in this volatile market.
- B. State Treasurer Comments** – *Sass* stated that with the departure of Director Megan Perkins, she was successful getting Marty Olle to return as a part-time advisor until the new Director is on board. Wes Stefonek, who served as an EdVest intern last year, has joined the EdVest staff part-time to work on marketing and outreach activities until permanent staff are hired. This year's coloring, essay and video contests have been launched and winners will be announced in November and January.
- C. Program Director Comments** – *Olle* said he has been spending time on the marketing and outreach activities previously scheduled for this period, as well as

completing the procurement process for investment advisory services to the board. DOA procurement has authorized a three month extension of the current contract to prevent any gap in services that might otherwise occur.

- D. Manager [Wells Fargo] Comments** – *Henriksen* summarized the year-end marketing campaign for 2009. They will utilize the same image used earlier this year and are using the same TV ad used last year, for continuity and brand awareness. She discussed the calendar, timelines and budget for the key activities. They will use more radio, billboards and on-line ads this year and less newspaper. Additional discussion of marketing is expected in the November board meeting. The board discussed the need for continuing education for adults and that this may be an opportunity for future marketing.

VI. Old Business - none.

VII. New Business

- A. Fee Reductions for Edvest and tomorrow's scholar Money Market Portfolios** – *Henriksen* said that Wells Fargo is requesting to reduce the fees for financial advisor-sold shares of the EdVest and *tomorrow's scholar* money market portfolios. This request is based on feedback from financial advisors and a review of other advisor-sold 529 plans. 7600 accounts will be affected by this reduction and over \$250,000 will be saved by investors. *Plale moved, and Oemichen seconded, to eliminate the sales charge on Class A and C shares of the money market fund portfolios and reduce the Class C trailing commissions to 0.25%.* The motion passed unanimously.
- B. Investment Committee Update** – *Johnson* said the Investment Committee has met with four fund managers to date, and the meetings have been informative and useful. The committee is also looking at the range of investment options in the program and whether they are still appropriate and comprehensive. Evaluation Associates is working with the committee to further develop investment policy and performance data in this area and will be bringing information to the board in the near future. It will include a policy statement covering the goals and objectives of the range of options offered by the program.
- C. Marketing Committee Update** – *Sheehy* reported to the Board on the August meeting of the Marketing Committee. Three main objectives include 1) year-round marketing initiatives 2) increasing the range of marketing activities [billboards, Milwaukee zoo sponsorship and on-line venues] and 3) identifying the key target markets [families with younger kids, lifelong learners, financial advisors]. They are also looking at expenditures by geographics.
- E. Discussion of Program Director Vacancy** – *Darling* initiated discussion by stating the importance of the Director position now that the program has grown to over \$2 billion in assets. *Wolff* stated that his office [Capital Finance] at DOA has responsibility over state-issued securities, and EdVest program investments are considered municipal [state] securities. Therefore, he needs to see that the new director has knowledge of securities, public finance, disclosure rules, etc. *Sass* stated she looks forward to the Board's involvement in selecting a new director and that *Ken Johnson* will be on the committee to screen applicants. The Treasurer's office has been working with the Office of State Employment Relations [OSER] to finalize the position description [board members asked to see the position description]. *Oemichen* asked if they can expect a director by the end of the year [*Sass* said she is optimistic] and what the salary range will be. *Wolff* said he has checked on this and that the minimum start is \$45,100, the mid-level for the salary is \$74,100 and the maximum is \$103,300. OSER would have to approve anything

over \$74,100. Some board members felt comfortable that in the current environment this range is appropriate.

Discussion ensued regarding the statutory involvement of the Department of Administration, the State Treasurer's Office and the Board in the program. The responsibilities of each party and the difficulty of balancing and coordinating all parties were illustrated.

Johnson predicted that the demands on the Director will be slanted more towards financial as the program continues to grow and the issues become more complex. *Sass* said if the new Director has strong financial skills, she may restructure the program's second position to cover more of the marketing and outreach activities.

Wegenke thanked the Chair for giving the board this opportunity to provide input into this important issue.

VIII. Adjournment — The Chair adjourned the meeting at approximately 11:30 a.m. upon a motion by *Wegenke*, seconded by *Plale* and passed by unanimous voice vote.