

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

December 2, 2013
1:00 p.m.

MEMBERS PRESENT: *Ken Johnson (phone), Rob Kieckhefer, Bill Oemichen, Kimberly Shaul, Wendy Wink (for Rolf Wegenke), John Wheeler, Steve Wildeck.*

OTHERS PRESENT: *Annoesjka West, Callan Associates; Catherine Burdick, Kerry Alexander, Ed Mihallo, all with TIAA-CREF; Paula Smith, Brian Griggs (by phone), Andy Schlueter (by phone), with ING US Investment; Michael Wolff, DOA;), and Jim DiUlio.*

I. Call to Order and Roll Call –Chair *Oemichen* called the meeting to order at 1:05 p.m. with a quorum present. (See above for attendance.)

II. Approval of Agenda –Motion by *Wink*, second by *Shaul* to approve the agenda. Motion carried. Staff reported that the meeting agenda has been properly posted.

III. Approval of Minutes of August 19, 2013 Minutes were reviewed. Motion by *Wink*, second by *Johnson* to approve the minutes. Carried.

IV. Public Presentations [if requested in advance] – *Oemichen* noted that an email was received this morning on the Edvest system addressed to “Dear Meeting Hosts.” The comments do not refer to college savings, and since there is no one here who claims it and there was no request for a reply, it will be held in the event the writer shows up at a subsequent meeting.

V. Administrative Reports

A. Board Chair Comments – *Oemichen* reminded the group that SB389/AB491 is working through the legislature. He also reminded Board Members to take advantage of conferences, workshops and other events related our duties. Third, he thanked *DiUlio* for the work during the past year with the transition to new program management along with the added duties. *Oemichen* also led a short discussion on moving to an electronic format for meetings, such as iPads. Staff will research.

B. Department of Administration Comments - *Wolff* related the DOA origins of the program and the history with program managers and the period when some functions were based at the State Treasurers office. He also explained the legal and regulatory underpinnings of the investments offered to the public.

C. Program Director Comments – *DiUlio* began his remarks with the SEC exempting members of board such as ours from the Muni Advisor rule. As initially proposed, it would have required appointed members to register as if they were full-time

securities professionals. The first quarter financials show front-loading of some expenses. There were no proxy votes this quarter.

He then explained the details of the current bills working through the state legislature to enhance our plans, SB 389/AB491. While there are some tax benefits for savers, the most significant part clarifies the status of accounts during bankruptcy proceedings. When it passes, it will put Wisconsin's laws in agreement with current federal law. In federal news, we will be partnering again with the Chicago Fed for Money Smart Week activities. The Consumer Financial Protection Bureau held a hearing in Madison On September 25 regarding college loans. We had the opportunity to present testimony regarding savings to Director Cordray. And Congress is on hold, but its committees are looking at consolidating credits and deductions related to college expenses, more to come.

The recent national 529 conference sponsored by Strategic Insight was very good, *DiUlio* reported, covering mostly current issues in operations and regulation. It was held in Orlando in the same hotel with an investment conference attended by *Kieckhefer*, both sponsored by the same parent company.

And *DiUlio* said that he has agreed to serve another two-year term on the Executive Board of the College Savings Plan Network. The benefits of regular contact with other state and industry leaders is valuable, especially for programs like ours with limited state staff.

- D. 1. Manager Comments** – *Kerry Alexander* opened his comments with broad Edvest plan details and said there were very high withdrawals recently, most likely due to mature accounts and the start of college. Efforts to attract accounts with younger beneficiaries will be a priority in the coming year. He then reviewed selected highlights of data for the quarter. *Catherine Burdick* then presented the marketing update, introducing the animated apple character that is currently appearing in year-end promotion. She also reviewed other media data. *Paula Smith* then reviewed the Tomorrow's Scholar activities for the quarter. Interest within the advisor community continues to build and the call centers are geared-up for the year-end rush.

VI. Old Business – Audit for FY2013 – the project was complicated, with the transition happening mid-year, but all activities are on track

VII. New Business

- A. **Investment Committee report from the committee's earlier meeting today**, *Johnson* reviewed the role of the committee, taking additional analysis and conversations with investment managers and working with the independent consultant. *West* then presented Callan's market summary for the quarter and then the detail of each plan's investment portfolios.
- B. **Watch list** None recommended at this time
- C. **Recommendations for adjustments to the asset allocations and underlying funds for both plans** – *Johnson* said there will be action items following presentations by TIAA-CREF and ING explaining their recommendations for the

coming year. Ed Mihallo then presented the Edvest changes and Brian Griggs did the same for Tomorrow's Scholar (details are in the Investment Committee minutes)

Motion by the Investment Committee to accept TIAA-CREF's recommendations for adjusting the Edvest portfolios. Carried, all ayes.

Motion by the Investment Committee to accept ING Investment's recommendations for adjusting the Tomorrow's Scholar portfolios. Carried, all ayes.

- D. National conference opportunities for Board members – a short discussion was held, talking about local and national meetings. The program has encouraged Board members to attend these meeting to gain better understanding of 529 and to network with others.

IX. Announcements – The next meeting will be February 4 or 17.

X. Adjournment — Motion by *Wink*, second by *Wheeler* to adjourn. Carried. The meeting was adjourned at 3:25 p.m.