

**MINUTES OF THE  
OREGON 529 SAVINGS BOARD  
MEETING OF July 25, 2016**

Members Present: Peter Angstadt  
Darren Bond  
Torre Chisholm  
Jennifer Cooperman  
Brent Wilder

Network Staff: David Bell, Outreach Director  
David Elott, Legal Counsel  
Kaellen Hessel, Communications Coordinator  
Michael Parker, Executive Director  
Stephanie Swetland, Plan Specialist  
John Valley, Outreach Director

Treasury Staff: Paola Nealon, Investment Officer  
Jennifer Peet, Legal Counsel  
James Sinks, Communications Director

Others Present: Phil Falivene, BNY Mellon  
Tim Findlay, TGF Productions, Inc.  
Kathy Griffin, TIAA  
Ryan Harvey, Sellwood Consulting  
Douglas Magnolia, BNY Mellon  
Jennifer O'Neill, BNY Mellon  
Kevin Raymond, Sellwood Consulting  
Doug Zanger, TGF Productions, Inc.

The meeting was called to order at 12:59 p.m. by Chair Jennifer Cooperman.

Board Member Peter Angstadt moved to approve the May 19, 2016 minutes, seconded by Board Member Torre Chisholm. All approved.

Network Outreach Director David Bell provided an industry update to the Board regarding ABLE programs. Ohio, Tennessee, Nebraska and Florida launched plans in June, 2016. Florida's plan is only available to Florida residents. Virginia will be launching fairly soon, though no date has been set, and the "Consortium" of Alaska, Illinois, Iowa, Kansas, Minnesota, Missouri, Nevada, Pennsylvania and Rhode Island is planning to launch around the first quarter in 2017.

Network Executive Director Michael Parker explained the plan structure envisioned for the ABLE plans sponsored by Oregon. It will be a three-tiered structure, with the Oregon ABLE Savings Plan offered to Oregon residents, ABLE for All offered nationally, and a third option available for states to purchase through Oregon and brand as their own. All three plans will have the same platform and back end, but pricing will be different between the three plans. Marketing for states choosing to brand the plan as their own will be the responsibility of those states. The Board will have full control of the investment options and structure of the plans. Board decisions will only need to be made once to encompass all three plan options, since each of the three options is the same plan on the back end, just offered through a different channel.

Mr. Parker explained the process that Network staff has gone through to identify possible program managers for the ABLE plan. An RFI was issued to the five providers known to be offering ABLE plan

services in the country: Ascensus, BNY Mellon, Intuition, TIAA and TrueLink. Interviews were done and onsite visits were made to TrueLink and BNY Mellon, the top two choices. Points of evaluation included program fees, onboarding costs, wrap-around services, understanding of the unique constituency of ABLE plans, the firm's stability and financial soundness and its long-term commitment to ABLE. Flexibility of investment options was also important, since no one has used ABLE plans before and it will take a while to figure out the best mix of funds for the plans.

Doug Magnolia of BNY Mellon gave a presentation to the Board regarding the qualifications of the firm to operate an ABLE plan. A copy of the presentation is part of the Network's records for this Board meeting. BNY Mellon is the oldest bank in the U.S., with close to \$30 trillion assets under management. Mr. Magnolia spoke about BNY's investment services, client base and mutual fund servicing, which has \$2.6 trillion in assets in their recordkeeping platform. He stated that, given BNY's global responsibilities, it is equipped and prepared 24/7 to deal with pandemics and disaster recovery. BNY would use an online investment service called sumday that allows real-time account opening and account management, as well as the ability to research the funds in the plan and other plan-specific information. Participants would be able to choose how they'd be using the account (transactional, short-term savings or longer-term savings), which can help with investment choices. BNY is already providing investment management services for advisor-led plans in the 529 space, so basically only the front end will need to be adjusted for the ABLE plans. BNY believes that ABLE is important overall for the country, and they'd love to be part of a national plan.

When asked about fee structure, Mr. Parker stated that although the exact numbers weren't currently known, any plan offered through BNY would be very competitive within the ABLE marketplace and will have a flat fee that isn't asset based. The goal will be to get to scale as soon as possible to reduce overall fees. The target national number to get to scale would be 1.5% of the individuals using SSI.

The BNY Mellon representatives left the room so the Board could discuss its decision. Mr. Parker reiterated that he and Mr. Bell had had long conversations with BNY regarding service, since any firm can put together a set of mutual funds and record keep, but ABLE plans will require much more customer service than 529 plans do. The BNY system is very modular and easily customizable, with features that can be turned off and on or modified to meet the ABLE constituency. Mr. Bell noted that he had been very skeptical going into the onsite meeting with BNY, but came away feeling quite differently. The people that will be working with the ABLE plan are very passionate, and some of them have stories similar to the ABLE constituency. The group is also very nimble and can change direction quickly if needed. More importantly, the BNY group that manages the call center had thought far beyond the concerns Mr. Bell had and also has a more solid and in-depth training process than any other provider. The National Disability Institute will be working with BNY to train the call center reps, and the call center will be dedicated exclusively to the ABLE plan. Regarding the investment options in the plan, Ryan Harvey of Sellwood Consulting stated that the vision is to offer a set of passive diversified portfolios at various points along the risk spectrum. The plan will have a truly open architecture with no restrictions on which funds can be used in it.

Mr. Parker explained to the Board that they will be voting on the service provider in this meeting, and the funds will be voted on at a later meeting. The recommendation was as follows:

Oregon 529 Savings Network staff and Sellwood Consulting jointly recommend the Board authorize contract negotiation with BNY Mellon to serve as the program manager for the ABLE plans.

Mr. Angstadt moved to approve, seconded by Mr. Chisholm. All approved.

The meeting was adjourned at 2:45 p.m.