

**MINUTES OF THE  
OREGON 529 SAVINGS BOARD  
MEETING OF February 16, 2017**

Members Present: Jennifer Cooperman  
Tobias Read  
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: Darren Bond, Deputy Treasurer  
Karl Cheng, Investment Officer  
Tom Lofton, Investment Officer  
Jennifer Peet, Legal Counsel  
James Sinks, Communications Director

Others Present: Kerry Alexander, TIAA  
Janet Byrd, Neighborhood Partnerships  
Kathy Griffin, TIAA  
Ryan Harvey, Sellwood Consulting  
Douglas Magnolia, BNY Mellon  
Anthony Poto, MFS  
Kevin Raymond, Sellwood Consulting  
Jill Winsor, Neighborhood Partnerships

The meeting was called to order at 1:08 p.m. by Chair Jennifer Cooperman.

Board Member Tobias Read moved to approve the November 17, 2016 minutes, seconded by Board Member Brent Wilder. All approved.

Network Director Michael Parker provided the Board with a legislative update. Treasurer Read continues to push the bill proposing a \$100 tax credit for lower income investors and that the 529 tax deduction be expanded to per beneficiary per year, as well as a bill that would allow anyone on state public assistance to have a 529 plan without jeopardizing their benefits. Senator Gelser will be introducing a bill to protect ABLE assets upon the death of the beneficiary from Medicaid claw back. The reasoning for this is that the money in most ABLE accounts comes from a number of different funders, including parents, relatives and friends.

Outreach Director John Valley gave a recap of the current progress of the second year of the Be College Ready program. The program was expanded from the original 5 pilot school districts to 15 school districts for this school year, and it will be offered statewide for the 2017-18 school year. Mr. Valley also explained the new partnership with the Kaiser Permanente's Sunnyside Hospital in Clackamas County. The hospital is giving parents of new babies a postcard that they can submit to the Network requesting Oregon College Savings Plan (OCSP) information.

Outreach Director David Bell updated the Board regarding the launch of the Oregon ABLE and ABLE for All plans in December, 2016. The launch events for the Oregon ABLE plan were successful, and people who attended were very interested in learning more about the plan. Working with Oregon's disability

groups has been key, as they are excited about the Plan and have been actively sharing it with the people they serve. Developing relationships with disability groups in states that choose to partner with us in the ABLER for All plan will be a key factor in getting the word out to people with disabilities in those states as well. Kaellen Hessel explained the social media marketing she has been doing through Facebook, explaining the messaging and other topics that have been highlighted in posts to the page. The audiences she has targeted are adults with disabilities and families of children with disabilities.

Ryan Harvey and Kevin Raymond of Sellwood Consulting presented their yearly in-depth performance review of both the Oregon College Savings Plan and the MFS 529 Savings Plan (MFS), a copy of which is part of the Network's records for this meeting. The point of the in-depth review is to provide the Board with information that allows them to review all plans and options, as well as portfolio manager changes and fund changes. A review of the ABLER plans will also be provided in the future when those plans have been in place long enough to generate performance information. The portfolios in the OCSP Age-Based Option performed in the same order as the amount of risk in each portfolio, which is by design and a good sign that the portfolios are properly constructed. The target risk and balanced options, active/diversified options and index options all performed as expected based on market conditions. All portfolio manager changes in the OCSP funds were reviewed, and none were cause for concern at the time of the Board meeting. All MFS portfolios performed as expected based on the funds that comprise them. There were three portfolio manager changes in the MFS portfolios, and none were cause for concern. Market events that drove performance during 2016 were discussed, including an explanation of why different sectors of the market reacted as they did to those events. An in-depth explanation of the performance of each portfolio in both the OCSP and MFS plan was presented to the Board. Of note, all but one of the MFS equity funds underperformed in the year, with most of the underperformance occurring in the fourth quarter of 2016 after the presidential election. The performance during that one quarter dragged the since inception returns for the funds down below their benchmarks for the year. In general, the funds outperformed during the first half of the year and underperformed during the second half. The performance is consistent with the MFS investment strategy and not concerning at this time.

Anthony Poto of MFS presented the fourth quarter report for the MFS plan, a copy of which is part of the Network's records for this meeting. Mr. Poto highlighted account and beneficiary increases from the third to fourth quarter, as well as Oregon assets by county. Approximately 75% of all Oregon counties increased assets in the quarter. Total assets, contributions and distributions were highlighted, as well as the top states for sales and the firms that are making those sales. As a firm, MFS is doing well, with 2016 being its best year in terms of sales during its 92 years in business. MFS ranks in the top 2% in terms of flows out of about 800 complexes that are reviewed. MFS was net positive in 2016, while most of its competition experienced negative outflows.

Kerry Alexander of TFI presented the fourth quarter report for the Oregon College Savings Plan, a copy of which is part of the Network's records for this meeting. Assets in the plan increased by 14.6% over the same quarter in 2015, from \$1.2 billion to \$1.415 billion. Accounts grew 7.8% over the prior year, and contributions for 2016 were just under \$190 million. There were higher contributions and higher redemptions from the same time last year, although over 90% of the redemptions were for qualified withdrawals. Net contributions increased by 29.5%, and average account size has grown to over \$15,000.

Doug Magnolia of BNY Mellon presented a review on the ABLER plans, which had only been open to the public since December 6, 2016. BNY has received great feedback from participants and the market at large. BNY was able to make near real-time tweaks to the platform on 12/12 and 12/21/16 based on participant and team feedback. Some major functionalities that will be added are a pre-paid card in March, 2017, a gifting function in April and contribution BOTS targeted for May. Contribution BOTS are interesting and behavioral ways to get people to engage with the program and contribute on a more habitual and regular basis. Mr. Magnolia provided statistics regarding plan participants and how they have been investing in the plan during its first few weeks of operation.

Jill Winsor and Janet Byrd of Neighborhood Partnerships gave a presentation during the public comment portion of the agenda. Their vision is to make sure that all Oregonians are encouraged and supported to

save at every key moment across their lifespan. Neighborhood Partnerships feels that Children's Savings Accounts is the way to do that. The plan that Neighborhood Partnerships is designing is called the Oregon Bright Futures plan. The plan was explained to the Board. It is envisioned that the state will automatically seed an account for every child in Oregon as part of the proposal. A bill will be dropped in the legislature and, if it passes, the proposal is that a phased implementation in a few counties would be done in 2018 and then go statewide in 2019.

The meeting was adjourned at 3.58 p.m.