

**MINUTES OF THE
OREGON 529 SAVINGS BOARD
MEETING OF May 18, 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, 529 Plan Specialist

Treasury Staff: Darren Bond, Deputy Treasurer
Wil Hiles, Investment Officer
Tom Lofton, Investment Officer
Jennifer Peet, Legal Counsel
James Sinks, Communications Director

Others Present: Kerry Alexander, TIAA
Melissa Ceron (by phone)
Tim Findlay, TGF Productions, Inc.
Kathy Griffin, TIAA
Justin Hansen, MFS
Ryan Harvey, Sellwood Consulting
Alisha Langford, Palleadio Group
Chris Lynch, TIAA
Douglas Magnolia, BNY Mellon
Anthony Poto, MFS
Kevin Raymond, Sellwood Consulting
Jeremy Thiessen, TIAA
Vivian Tsai, TIAA
Katie Walther, TGF Productions, Inc.

The meeting was called to order at 1:32 p.m. by Chair Jennifer Cooperman.

Treasurer Read moved to approve the February 16, 2017 minutes, seconded by Board Member Brent Wilder. All approved.

Network Director Michael Parker provided the Board with a legislative update. The bill that will protect Medicaid dollars from recapture from the state upon the death of an ABLE beneficiary has passed through the Senate and is expected to pass the House as well. The bill that will protect assets in a 529 plan when a person is on state benefits isn't currently moving, but is expected to in the future. The tax bill that would allow for a \$100 tax credit for lower income investors, move the state tax deduction to a per beneficiary deduction and allow for an employer tax credit when an employer contributes to an employee's 529 plan is currently in committee, and the outcome will be determined by what happens with the final state budget. If the budget needs to be cut statewide, the bill will most likely die. Mr. Parker is also confident that the biennial budget requested for the 529 Network will be moving forward.

Mr. Parker informed the Board that MFS is nearing the end of their 15-year contract with the state, so Mr. Parker will be working with the Network's legal team to extend the contract. The contract extension will

be presented to the Board for approval in either the September or November 2017 meeting, as the contract expires on December 31, 2017.

Outreach Director David Bell updated the Board regarding the Be College Ready program. He noted that in the 15 school districts that participated in the program for the current school year, new accounts have increased by 19% and contributions have increased by almost 30%. Beginning in the 2017-18 school year the program will be offered statewide, and the focus will be on identifying contacts within the school communities who will advocate for the program. Mr. Bell also provided an update on outreach for the ABLE program, explaining that efforts are currently focused mainly on building relationships with the disability community and earning the trust of people with disabilities, since saving wasn't something they were able to do prior to the passage of ABLE legislation.

Mr. Parker explained that the TGF Productions (TGF) contract needed to be renewed. A copy of the contract is part of the records for this Board meeting. Tim Findlay of TGF has worked with the Network promoting the Oregon College Savings Plan (OCSP) since its inception. He has a very good understanding of the plan and what works best to promote it, which is valuable to the Network. Mr. Parker explained the changes to the contract: a 15% commission on any media or advertising expenditures, an hourly rate of \$125 per hour for work performed by TGF outside of media buys, and an annual maximum compensation of \$250,000 per year. The contract is at will and can be terminated upon 30 days notice. Mr. Parker recommended that the Board approve the contract.

Mr. Wilder moved to approve the TGF Productions, Inc. contract as presented in the Board book of the May 18, 2017 Board meeting, seconded by Treasurer Read. All approved.

The next agenda items were regarding the ABLE partner state contracts and delegation of authority. Mr. Parker was very happy to announce that the state of Washington has selected the Oregon ABLE Savings Plan to be its partner. Washington is hoping to launch their ABLE plan on July 1, 2017. The partnership will bring fees down because of the increase in assets and accounts. When Washington comes onto the system, the fee for an Oregon ABLE Savings Plan account will drop from \$45/year to \$35/year. There is no real cost to the Network, other than the time required to build relationships and work with state representatives to enter into a partnership agreement.

An interstate agreement must be signed with the state of Washington. Also, staff is requesting authorization from the Board to seek out like-minded states to partner with Oregon. Signing of contracts will be done by the Board. Mr. Bell explained that partner states will literally be able to stand up their own plans, but still be part of a collaboration where ideas and best practices are shared to help them get up and going faster, utilizing all that the partnering states have learned and perhaps some templates along the way. Partner states won't be required to put out an RFP because they will be doing an interstate agreement with Oregon. Regarding the delegation of authority, staff is basically requesting the opportunity to explore partnering options with other states, begin the process, and bring their findings back to the Board. Each Board member stated that they are comfortable with this. The Washington contract wasn't quite finalized, so a Board meeting by phone will be scheduled when it is ready to be approved.

Mr. Parker informed the Board that the BNY Mellon contract needs to be slightly amended to allow for the state partnerships. Network Counsel Jennifer Peet explained that the annual fee provision is part of the contract instead of Schedule 6, which is an attachment to the contract that outlines the fee dollar amounts. Since the Board has previously authorized Mr. Parker to negotiate fees without coming back to the Board for approval, the actual fee amounts needed to be moved to the fee schedule. Amendment #1 to the BNY Mellon contract does that. Treasurer Read moved to approve Amendment #1 as written to the BNY contract, seconded by Brent Wilder. All approved.

Kathy Griffin of TIAA and Tim Findlay of TGF Productions presented the OCSP marketing report to the Board, a copy of which is part of the TIAA quarterly report and included in the Network's records for this meeting.

Ryan Harvey and Kevin Raymond of Sellwood Consulting presented the first quarter performance report, a copy of which is part of the Network's records for this meeting. Overall, the performance in almost all of the OCSP portfolios was positive for the quarter. Mr. Harvey noted that for all performance periods shown for the different plans, the market environment was one in which risk was rewarded. Since MFS tends to be a little more aggressive than the peer group and the benchmarks, the returns in the MFS were very good for the most part. Mr. Harvey also provided the first performance review of the ABLE plan since its inception in December, 2016. As of the end of the first quarter, there was approximately \$1.2 million in the plan, and the assets were split almost equally between the cash option and the investment options. Returns were all positive, and the funds are performing as expected.

Doug Magnolia of BNY Mellon (BNY) presented the first quarter review of the ABLE plans, a copy of which is part of the Network's records for this meeting. A pre-paid card will be launching in June, and a gifting platform will be coming online in August.

Anthony Poto and Justin Hansen of MFS presented the first quarter report for the MFS plan, a copy of which is part of the Network's records for this meeting.

Kerry Alexander of TIAA presented the first quarter report for the OCSP, a copy of which is part of the Network's records for this meeting.

The meeting was adjourned at 4:50 p.m.