

**MINUTES OF THE
OREGON 529 SAVINGS BOARD
MEETING OF February 15, 2018**

Members Present: Tobias Read, Chair
Brent Wilder

Members Present by Phone: Sydney Shook
Jennifer Geller

Members Absent: Melissa Ceron

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

Treasury Staff: Darren Bond, Deputy Treasurer
Lisa Massena, Executive Director, OregonSaves
Kim Olson, Policy Director
James Sinks, Communications Director
Susan Wilson, Chief Audit Executive

Others Present: Kerry Alexander, TFI
Ali Battalia, eROI
Jim Balsan, BNY Mellon
Tim Findlay, TGF Productions, Inc.
Ryan Fitzgerald, Sellwood Consulting
Kathleen Griffin, TIAA
Ryan Harvey, Sellwood Consulting
Chris Lynch, TIAA
Douglas Magnolia, BNY Mellon
Anthony Poto, MFS
Chelsea Power, BNY Mellon
Kevin Raymond, Sellwood Consulting
Jeremy Thiessen, TIAA
Vivian Tsai, TIAA
Cara Unger, eROI

The meeting was called to order at 1:05 p.m. by Chair Tobias Read.

Agenda Item 1 – Review and approval of the January 24, 2018 minutes of the Oregon 529 Savings Board Meeting (ACTION ITEM)

MOTION: Board Member Brent Wilder moved to approve the January 25, 2018 minutes, seconded by Board Member Sydney Shook. All approved.

Agenda Item 2 – Managing Director’s Report

Network Managing Director David Bell explained to the Board the process of today’s meeting including the way they would be hearing the new Data Program Reports. Michael Parker will be giving an update on the transition with the Oregon College Savings Plan, Sellwood Consulting will be reporting on the new set of Investments and Glidepath, and eROI will give a presentation on their Digital Marketing campaign. The Board will begin to see monthly reports from staff, since there is a lot of information the Board will need to be updated on in between Board meetings.

Agenda Item 3 – Transition Update (INFORMATION ITEM)

Michael Parker, Network Executive Director, and Doug Magnolia of BNY Mellon gave an update on the transition for the Oregon College Savings Plan. Mr. Parker does not see any difficulties with the transition and staff will make sure to communicate with account owners to familiarize them with the new site and limit disruption as much as possible, to ensure a smooth transition.

Mr. Magnolia informed the Board that BNY Mellon has been working with TIAA on the conversion and does not see any challenges. Staff expects most questions to come from participants regarding investments for account holders. Staff is preparing the TIAA call center, BNY Mellon call center and OST staff to make sure everyone delivers the same message. BNY Mellon’s target date for the conversion is the first week in July.

Agenda Item 4 – Glidepath and Investment Changes (INFORMATION ITEM)

Ryan Harvey and Kevin Raymond from Sellwood Consulting gave a verbal update on what they will be doing in terms of the transition on the investment side. Sellwood Consulting has received endorsement from Vanguard to use all their funds.

The VOYA Floating Rate Bond Fund has been a source of underperformance. There is a need to monitor an additional manager, and Sellwood would like to streamline the portfolio by removing that one manager. They are also looking at the TIAA Social Choice Fund, designed for participants who want to invest their money with a socially responsible mandate. Sellwood is working with BNY Mellon on a timeline when they would need all the investment-related items finalized so the July 1 deadline is met. The Plan’s investment policy statement will need to be updated. Sellwood will redline the document, work with staff to make sure they are comfortable with it and bring to the Board for a recommended new Investment Policy Statement.

Agenda Item 5 – 2017 Annual Performance Report (INFORMATION ITEM)

Ryan Harvey and Kevin Raymond of Sellwood Consulting presented their yearly in-depth performance review of the Oregon College Savings Plan, the MFS 529 Savings Plan (MFS), and the ABLE plans, 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. Market events that drove performance during 2017 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 OCSP, MFS, and ABLE plans were presented to the Board.

Agenda Item 6 – Market Analysis (INFORMATION ITEM) (1:10.46)

Cara Unger and Ali Battaglia of eROI gave a presentation of their Digital Marketing and how it will support the Oregon College Savings Plan’s vision. Ms. Unger walked the Board through one profiles journey, the LIP, lower income parents, using visibility, engagement, conversion, and retention. There was discussion on the emails eROI sent to account owners, and Chair Read asked that the Board be added to the emails so they can see what is being sent. A copy of the eROI presentation is part of the Network’s records for this Board meeting.

Agenda 7 – Quarterly Update (INFORMATION ITEM)

Michael Parker updated the Board on the tax bill of 2017 that Congress passed and the President signed, and how it aligns with Oregon's tax laws regarding 529 plans. This legislation allows participants in a 529 plan to withdraw money for K-12 expenses and get the tax free growth at the federal level, but it appears that the Oregon Legislature is deciding not to give the same benefit on the state side. Federally, the growth on the earnings will be tax free and account owners won't pay the 10% federal penalty. On the state side, account holders will not be able to take the state tax deduction and will be required to pay taxes on any of the earnings when withdrawals are used for K-12 expenses.

David Bell presented highlights from the new Program Manager Data Report for the Oregon College Savings Plan, the MFS 529 Savings Plan, and all ABLE plans, a copy of which is part of the Network's records for this meeting.

No public comment

The meeting was adjourned at 3:21 p.m.