



Minutes of the Ohio Tuition Trust Authority Investment Board Regular Meeting

OTTA Investment Board Meeting – Thursday, February 13, 2020
77 S. High Street, West B&C conference Room, 31st Floor
CALL TO ORDER: 10:01 a.m.

Ms. Nancy Braun conducted a roll call and announced a quorum was present.

BOARD MEMBERS PRESENT:

Executive Investment Board Members: James Benson, Michelle Chavanne (Chancellor's Designee); Matthew Kirby, and David Kosanovic

Legislative Investment Board Members: Representative John Rogers, Senator Steve Wilson, Senator Sandra Williams, and Representative Jay Edwards

Ohio Tuition Trust Authority (OTTA) Staff: Tim Gorrell, Executive Director; Trisha Good, CFO/CIO; Dave Kemp, Director of Customer Service and Operations; Shreekanth Chutkay, Director of Information Technology; Ben Gibbons, Director of Marketing; Judy Cunningham, Community Outreach and Public Relations Manager; Nancy Braun, Executive Administrative Assistant; Amy Lyle, Communications Coordinator; and Mark Smith, Oh-Tech

Others present: Stephen DiGirolamo, Wilshire; Kristine Hayes, Legal Counsel, Office of the Ohio Attorney General; Jessica Voltolini, Ice Miller; Mary Ryan and Christy Erickson, Vanguard; and Mike Bibilos, Ascensus

This meeting was properly noticed in accordance with the provisions of Ohio Administrative Code §3334-1-02, adopted in accordance with Section 111.1.15 of the Ohio Revised Code.

APPROVAL OF MINUTES

Chairperson James Benson asked for any questions or comments on the OTTA Investment Board minutes of the November 14, 2019, meeting. There were none. Mr. Benson called for a vote to approve the minutes. Senator Steve Wilson made a motion to approve. The motion was seconded by Representative John Rogers. A voice vote was taken. The motion was approved.

VANGUARD ANNUAL PRESENTATION

Ms. Mary Ryan, Vanguard Senior Relations Manager of Ohio's 529 Plan, and Ms. Christy Erickson, Vanguard's Head of the State Relations Team, provided Vanguard's annual update to the board. They shared that Vanguard's Education Savings Group is supported by a diverse team of internal investment and business experts with service offerings tiered to meet the needs of plan sponsors. Ms. Ryan shared as of December 31, 2019, Vanguard manages over \$122B for 37 college savings plans, 7 prepaid tuition plans, and 9 ABLE plans in 38 states. Vanguard's service model for Ohio's 529 is based on investment methodology and portfolio accounting. Mr. Benson asked for examples of ways in which they keep up with the industry and how they look at price structuring. They stated that Vanguard uses a holistic research approach with oversight, monitoring and review which focuses on long-term risk reward at low cost. Discussion ensued.

Ms. Trisha Good presented a summary of the review process for the Vanguard contract and identified the major contract terms which include a five-year contract term and the option to renew for one additional five year period, which is in alignment with the Professional Service Policy approved by the Board in February, 2017. Mr. Benson called for a vote to approve the Vanguard contract. Senator Wilson made a motion to approve. The motion was seconded by Mr. David Kosanovic. A unanimous voice vote was taken. The motion was approved.

ASCENSUS UPDATE

Mr. Mike Bibilos, Relationship Manager for College Savings Plans with Ascensus, provided an overview of the Ascensus 529 footprint as an industry leader. In plan administration for Direct, Advisor-sold and Prepaid 529 plans, Ascensus has over 4.9 million accounts, administers \$128 billion in assets, and provides services for 22 states and the District of Columbia. Ascensus is a technology leader and 529 innovator whose in-house technology team developed the Unite platform and Ugift, the industry's first integrated gifting platform with over \$1 billion in 529 gifts. Ascensus provides a flexible service model with full 529 program management, recordkeeping, and transfer agent services. Mr. Benson asked if there were any questions. Discussion ensued.

Ms. Good presented a summary of the review process for the Ascensus contract and identified the major contract terms which include a five-year contract term and the option to renew for one additional five year period. Mr. Benson called for a vote to approve the Ascensus contract. Senator Sandra Williams made a motion to approve. The motion was seconded by Mr. Matt Kirby. A unanimous voice vote was taken. The motion was approved.

Senator Wilson thanked the OTTA staff for a very clean and clear contract process.

EXECUTIVE DIRECTOR UPDATE

OTTA Executive Director Tim Gorrell started his report with the announcement that as of December 31, 2019, Ohio's 529 Plan had \$12.8 billion in Assets under Management (AUM). He then stated that Ohio's Direct 529 Plan is ranked sixth nationally and the Advisor Plan is ranked fifth nationally for AUM. Savingforcollege.com, an industry-trusted informational website, continues to rank Ohio's Direct 529 Plan as first in the nation for five- and 10-year investment performance and in the top five in the nation for one- and three-year investment performance.

Legislative: Mr. Gorrell shared legislative updates regarding Ohio House Bill 193 and companion Ohio Senate Bill 125 to "Expand tax deduction for 529 educational savings plan", commonly referred to as tax parity. House Bill 193 is still in the House Ways and Means Committee but Senate Bill 125 has moved on to the Senate Rules and Reference Committee. Mr. Gorrell stated OTTA is following the bills closely and will continue to keep the board apprised of new developments.

President Trump signed the SECURE Act into law on December 20, 2019. This law includes provisions that allow 529 withdrawals to pay for certain expenses associated with apprenticeship programs as well as principal and interest on certain qualified education loans for 529 beneficiaries on accounts.

NAST Conference: Mr. Gorrell recently attended the NAST Legislative Conference in Washington D. C. The common theme centered on FASFA and employer matching. Mr. Gorrell was encouraged that 529 was included in conversation.

Mr. Gorrell reminded the board of required ethics training and shared the dates for the upcoming 529 Conference to be held in Orlando, Florida September 24-26, 2020.

INVESTMENT CONSULTANT REPORTS

Variable Savings Plan Investment Update:

Direct Plan Performance

Steve DiGirolomo, Wilshire Associates, provided an update on the Direct Plan performance. Mr. DiGirolomo walked the investment board through the investment performance charts for the enrollment-date funds, age-based funds, risk-based funds, and individual funds. He stated every fund over the time period showed positive gain with the more aggressive funds out-performing others.

BlackRock Advisor Plan

Mr. DiGirolamo next discussed BlackRock Advisor Plan performance with the investment board. In the enrollment date funds, five out of seven funds performed in the top 50% of the Morningstar Universe.

Fifth Third Rate Update

Mr. DiGirolamo shared a banking products comparison against average savings and CD rates offered through Ohio financial institutions. This demonstrated that Fifth Third continues to offer CollegeAdvantage account owners a competitive interest rate that provides a premium over similar financial institutions in Ohio. There were no concerns as returns are justifiable based on the current market. Mr. Benson asked if there were any questions. There were none.

NEW BUSINESS

Mr. Benson asked if there was any new business to discuss. There was none.

PUBLIC PARTICIPATION

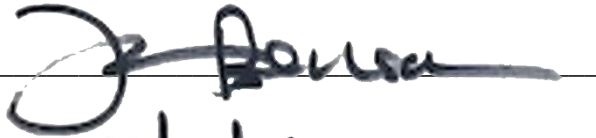
Mr. Benson asked if there was any public participation. There was none.

ADJOURN

Mr. Benson called for a vote to adjourn the meeting. Mr. David Kosanovic made a motion to adjourn. The motion was seconded by Representative John Rogers. A unanimous voice vote was taken. The meeting was adjourned at 12:11 p.m.

Signed by:

Print name: _____



Date: _____

5/14/20