



Minutes of the Ohio Tuition Trust Authority Investment Board Regular Meeting

OTTA Investment Board Meeting – Thursday, February 17th, 2022
Room 1960, 77 South High St, Columbus, OH 43215

CALL TO ORDER: 10:00 AM

Chairman Jim Benson brought the meeting to order.

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

BOARD MEMBERS PRESENT:

Executive Investment Board Members: Jim Benson, Charles See, Matt Kirby, Jack Green, Bill Elliott, Ann Womer-Benjamin.

Legislative Investment Board Members: Representative Tom Young, Senator Sandra Williams, Representative Catherine Ingram.

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; Elizabeth Yassenoff, In-House Counsel; Jeff Fogel, Staff Attorney; Nancy Braun, Executive Administrative Assistant; Mark Smith, OH-TECH.

Others present: Julia Ward, Vanguard; Steven DiGirolamo, Wilshire; Adam Schickling, Vanguard (attended virtually).

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

Mr. Benson asked for any questions or comments on the OTTA Investment Board minutes of the November 18th, 2021, meeting. There were none. Mr. Benson called for a vote to approve the minutes. Representative Young made a motion to approve. The motion was seconded by

Bill Elliott. A voice vote was taken. Ann Womer Benjamin abstained. The motion was approved.

BOARD MEMBER RESOLUTIONS OF RECOGNITION

Mr. Benson recognized board members Jack Green and Matt Kirby for their service on the OTTA Investment Board. Ms. Yassenoff presented the Resolutions of Recognition FY22-02 and FY22-03. Mr. Benson called for a vote to approve the Resolutions of Recognition as presented by Ms. Yassenoff, OTTA in-house counsel. Charles See made the motion, which was seconded by Representative Young. A voice vote was taken. The resolutions passed unanimously. Mr. Benson acknowledged and thanked Mr. Green and Mr. Kirby for their service on the board.

ADVISOR PLAN INVESTMENTS

Mr. Steve DiGirolamo of Wilshire reviewed the changes that will occur in the Advisor Plan as presented by Tarun Garg, BlackRock, during the November board meeting. BlackRock recommended replacing two funds due to underperformance. Both replacements offer a lower expense ratio and a higher overall Morningstar rating. In addition, BlackRock recommended adding a new fund as a stand-alone option in the plan fund line-up. The new fund has a strong performance history, lower than peer average expense ratio, and a high Morningstar rating. Mr. DiGirolamo then provided the specifics of the changes and walked the board through the recommendations. Discussion ensued. Mr. Benson asked Ms. Good if plan participants get notifications of changes. Ms. Good stated all documents go out updated. Mr. Benson asked for clarification of the changes made to the Advisor Plan Investment Policy. Ms. Good stated the changes are minor and involve outdated language. Mr. Benson called for a vote on resolution FY22-04. Ann Womer Benjamin made the motion, which was seconded by Representative Young. A roll call vote was taken. The resolution passed unanimously.

DIRECT PLAN INVESTMENTS

Mr. DiGirolamo reminded the board that during the past few meetings it has been shared that Wilshire was in the process of completing a review of the Advantage Age Based Portfolio asset allocation and underlying fund review. Ms. Good stated that Wilshire has completed their review and recommends adding two new funds: Vanguard Emerging Markets Select Stock Fund and DFA Global Real Estate Fund. Mr. DiGirolamo provided the specifics of the recommended changes to the AABP Funds Glidepath and shared that the result of the process is a diversified, very low turnover portfolio. The two new funds are low cost investment options that allow the AABP customer to gain exposure to both EM Markets and REITS and the addition of these two underlying funds provides further diversification within the AABP. Ms. Good stated edits to the Direct Plan Investment Policy were made to incorporate the above AABP changes as well as bring the Investment Policy in line with current oversight practices and that these changes will be rolled out in the summer if the board approves. Discussion ensued. Mr. Benson asked for clarification on Wilshire's role to ensure they are acting as advisors to the board. Mr. DiGirolamo stated he is a board consultant and acts on behalf of the board. Changes in portfolios are pitched to him and he pushes back as needed for the board. Mr. Benson asked if he had any relationships with the funds' managers. Mr. DiGirolamo responded that his relationships were only in clients' portfolios. Mr. Benson asked for a vote on resolution FY22-05. Representative Young made the motion and Ann Womer Benjamin seconded. A roll call vote was taken. The resolution passed unanimously.

VANGUARD ANNUAL PRESENTATION

Julia Ward, Senior Relationship Manager Education Savings with Vanguard, began Vanguard's annual update by stating they continue to advance their mission and put their clients first. She then explained that the Education Savings department within Vanguard is supported by a diverse and talented team of internal investment business experts, similar to other all-in-one fund products such as Target Retirement Funds. Vanguard's Education Savings Service Models provide tiered offerings to suit the needs of plan sponsors. Ms. Ward shared as of December 31, 2021, these offerings totaled \$169B Assets Under Management (AUM) and were available in 37 states comprising 40 college savings plans. Vanguard products comprise 56% of direct-distributed 529 market share and 529 assets in Vanguard have more than doubled in the last five years. Industry trends over the last year show glide paths are predominant in 529 plans with age based moving to target enrollment. Ms. Ward asked Mr. Adam Schickling, Senior Economist Investment Strategy Group with Vanguard, to share the global scenario. Ms. Ward asked for questions. Discussion ensued. Mr. Benson asked about portfolio performance. Ms. Ward shared that overall portfolios have performed as expected over the past year and continue to rebalance as needed. Mr. Benson then asked how benchmarks are determined. Mr. DiGirolamo responded the process is straight-forward as Vanguard has their own benchmarks. There were no further questions. Mr. Benson thanked Ms. Ward and Mr. Schickling for their presentation.

WILSHIRE 2021 4Q OTTA BOARD EXECUTIVE SUMMARY

Mr. DiGirolamo of Wilshire provided an update on the Direct and Advisor Plan performance. He started by saying diversification within the investment options is paying off during current stock market volatility. Mr. DiGirolamo walked the investment board through the investment performance charts for the enrollment-date funds, age-based funds, risk-based funds, and individual funds. All funds showed positive performance for the quarter and the year, even with the volatility shown in the fourth quarter as a result of multiple factors including supply chain issues and inflation. Mr. DiGirolamo stated this performance is a result of the current glide path working well with our funds vs. peers. He shared that Wilshire will re-evaluate the 529 landscape this year. Mr. Benson asked about our rankings within the 529 landscape. Mr. DiGirolamo explained the rankings show where our risk is versus our peers in 529 plans and that Wilshire has data from all 529 plans in the landscape. This is the data Wilshire uses to develop a glide path. There were no further questions.

EXECUTIVE DIRECTOR UPDATE

OTTA Executive Director Tim Gorrell started his report by sharing that all components and partners of OTTA continue to aggressively pursue and meet agency goals of 10% growth. As of December 31st, 2021, Ohio remains the nation's seventh largest sponsor of 529 plans with total Assets Under Management (AUM) at \$16.6 billion. This does not include the \$89.0 million in customer value in the Guaranteed Plan, which brings overall customer assets in Ohio plans to \$16.7 billion. The total 529 industry assets under management (AUM) increased 5.0% from the previous quarter. Ohio's change in AUM quarter over quarter, at an increase of 4.8%, slightly lower than the industry average. Industry AUM increased year over year by 13.5%;

Ohio's year over year AUM change slightly lower at 12.8%. A strong asset base makes it possible to keep administrative costs to a minimum as a percentage of assets.

Mr. Gorrell and Ms. Yassenoff will be attending the NAST Conference in Washington D,C, in March and have scheduled multiple visits with Ohio legislators to share information on Ohio's 529 Plan.

Mr. Gorrell reminded the board that financial disclosure filings are due May 17 and ethics training for the new calendar year needs to be completed by each board member.

OTTA's ad agency, Fahlgren, has been invited to the Addy awards for work done on our web page. Mr. Gorrell will share the results at the next board meeting.

March 17-21 are the scheduled dates for the TEP conversion and communications have gone out to participants.

The next board meeting is scheduled for May 19th as listed in the Executive Director's memo.

Mr. Gorrell concluded his report and expressed gratitude to Mr. Green and Mr. Kirby for their time on the board.

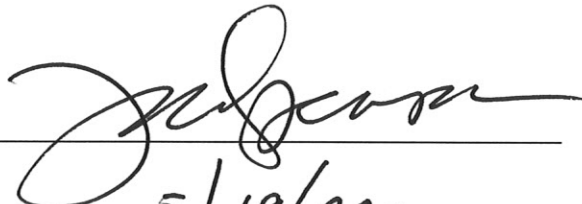
There was no new business to report.

Mr. Benson asked for a motion to adjourn. Mr. Elliott made the motion and Ann Womer Benjamin seconded the motion. A voice vote was taken. The meeting adjourned at 11:40 AM.

Signed by:

Print name: _____

Date: _____



5/19/22