

Minutes of the Ohio Tuition Trust Authority

SPECIAL MEETING OF THE EXECUTIVE COMMITTEE FOR THE PURPOSE OF NEW BOARD MEMBER ORIENTATION

January 21, 2015
35 E. Chestnut Street, 8th Floor OTTA Conference Room,
Columbus, Ohio 43215

BOARD MEMBERS PRESENT

Executive Board Members: Eric Braun, Vineeta Jindal and Dave Kosanovic.

OTHERS PRESENT

Ohio Tuition Trust Authority (OTTA) Staff: Paul Paeglis, Executive Director; Trisha Good, CFO/CIO; and Elizabeth Yassenoff, In-House Counsel. Dave Kemp, Director of Customer Service & Operations; Beverly Martin, Director of Marketing; and Brent Templeton, Interim Chief Technology Officer joined the meeting in progress.

The meeting was properly noticed in accordance with provisions of Ohio Administrative Code § 3334-1-02, adopted in accordance with Section 111.15 of the Ohio Revised Code.

MEETING STARTED

Mr. Paul Paeglis welcomed the three new board members at 9:00 am. Ms. Elizabeth Yassenoff explaining that with three members of the Executive Committee present for the new board member orientation and the vacancies within the Executive Committee, a quorum of the Executive Committee was present and the meeting constituted a public meeting. Therefore a public meeting notice was posted and minutes would be taken during the meeting and need to be approved by the Executive Committee and presented to the Board at the next regularly scheduled Board meeting.

AGENCY OVERVIEW

Mr. Paeglis provided a presentation containing agency overview information to the board members. The information included the agency mission, vision and guiding principles. An overview of the CollegeAdvantage program and the three plans, Direct, Advisor and Guaranteed Savings was provided. Mr. Paeglis presented the national landscape of 529 plans and how the CollegeAdvantage plans fit into the landscape in terms of assets under management, Morningstar ratings and SavingforCollege.com ratings. Additional information was presented on typical ways American people saving for college expenses. National contribution and distribution trends were then compared to OTTA's program contribution and distributions. Mr. Paeglis reviewed the specific options, fees, number of accounts and other relevant statistics within the Direct Plan and Advisor Plans. There was a brief discussion of the Advisor Plan when Putnam and BlackRock were both managers following a question from Mr. Braun regarding why Putnam was terminated.

Mr. Paeglis went on to provide details on the Guaranteed Savings Plan including a brief history from inception of the plan in 1989 to the suspension of sales in 2003. Information was provided to the Board members on the Weighted Average Tuition (WAT) History and growth of WAT. Additionally, investment performance information was provided to the members. Mr. Paeglis discussed the actuarial status of the Guaranteed Savings Plan over time along with the distribution expectations and the cash status of the plan. Details on the distribution of the age of the current beneficiaries were presented. Mr. Paeglis shared the steps the agency has taken to minimize risk to the state including 1) requiring account owners with beneficiaries 28 and older to rollover or withdraw

their balances, 2) requiring account owners with fewer than 5 units or credits and no activity within the last 3 years to rollover or withdraw their balances (implementation in process), and 3) eliminating the reduction in value for customers that withdraw units or credits when the beneficiaries are under the age of 18 if the agency determines the plan is actuarially sound. Mr. Paeglis concluded his presentation by sharing further options that could be considered to further reduce or eliminate the risk of the Guaranteed Savings Plan to the state of Ohio.

REVIEW OF GOVERNING LAW AND BOARD BYLAWS

Ms. Yassenoff provided an overview of the Governing Laws which OTTA and CollegeAdvantage are required to follow. This includes IRC Section 529, Ohio Revised Code Section 3334 and related Sections and Ohio Administrative Code Rules. Ms. Yassenoff also provided an overview of the Ohio Ethic Laws and the Board members' responsibilities related thereto. Mr. Kosanovic and Ms. Jindal each asked a clarification question regarding financial disclosure and potential conflicts of interest, and discussion ensued. Ms. Yassenoff concluded by presenting information on the current Board Bylaws.

REVIEW OF INVESTMENT POLICIES

Ms. Good provided an overview of each of the four separate investment policies adopted by the Board which set guidelines for investments within the Direct Plan, Advantage Age-Based Option, Advisor Plan and the Guaranteed Savings Plan. The overview included the roles and responsibilities of the Board, OTTA staff, Investment Managers and Investment Consultants. In addition, Ms. Good discussed the Governance section of each investment policy which covers the selection process, hiring, monitoring and termination of all investment managers.

TYPICAL VOTING ITEMS

Ms. Good provided an overview of the typical voting items the OTTA board has historically voted on including, but not limited to board organizational issues, adoption of various investment policies and related items (hire/fire of investment managers/options and asset allocation decisions), approval of major investment related contracts, items related to the annual actuarial valuation on the Guaranteed Savings Plan, and approval of administrative rules.

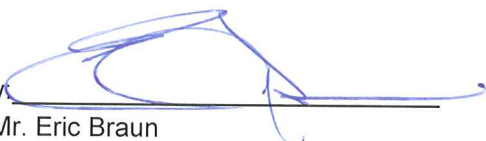
AGENCY DEPARTMENT OVERVIEWS

Ms. Good provided an overview of the Finance and Investment Department and its responsibilities. Mr. Brent Templeton provided an overview of the Data Management and IT Department, Mr. Dave Kemp provided an overview of the Customer Service and Operations Department and Ms. Beverly Martin provided an overview of the Marketing Department. Mr. Kosanovic asked whether OTTA has had any pressing concerns regarding data security breach, and a discussion ensued.


CONCLUSION

The meeting concluded at 12:30 p.m.

Signed by:


Mr. Eric Braun
Executive Committee Chairman

Witnessed by:


Mr. Paul Paeglis
Executive Director

Date:

2-19-15

Date:

2-19-15