

**Savings Board of Directors Board Meeting
February 22, 2023
MINUTES**

Board Present:

Chair Young Boozer – in person
Ms. Calhoun for Mr. Jimmy Baker – virtual
Mr. Edward Reifenberg – virtual
Mr. Jack Knight – in person
Ms. Susan Tully – virtual
Mr. Ronald Stokes – in person
Ms. Dee Woodham – in person
Mr. Daniel Hughes - virtual
Dr. Ken Tucker – in person
Dr. Jim Purcell – in person

Board Absent:

Lt. Gov. Ainsworth

Others Present:

Ms. Daria Story, Deputy Treasurer – in person
Mr. Chad Wright, Assistant Treasurer – in person
Ms. Anita Kelley, Program Director – in person
Ms. Kayla Bankston, Treasury – in person
Mr. Jay Steinacher, Union Bank & Trust – in person
Ms. Cari Kaup, Union Bank & Trust – in person
Ms. Annoesjka West, Callan- in person
Ms. Paola Juarez, Callan - virtual
Mr. Rob Noe, Wilshire Associates - virtual
Mr. John Nagle, Wilshire Associates - virtual
Ms. Sally Riefenstahl, Vestwell - virtual
Mr. Daniel Nzouankeu, Vestwell - virtual

Pursuant to written and public notice, the meeting of the Savings Board of Directors was held in the RSA Union Conference Room in Montgomery, AL on February 22, 2023, with participation also allowed by electronic means in accordance with §16-33C-4 (f), Code of Alabama, as amended.

The meeting was called to order by Chair Boozer at 9:00 a.m.

Roll was taken with a quorum present.

- I. Chair Boozer presented the minutes of the November 16, 2022 Board meeting. A motion for approval was made by Dr. Tucker, seconded by Dr. Purcell, with unanimous approval.

II. ABLE

- A. Vestwell Quarterly Report - Chair Boozer called on Sally Riefenstahl and Daniel Nzouankeu to present the quarterly ABLE report. Ms. Riefenstahl stated that as of 12/31/22 there were \$2,346,849 assets under management, 558 funded accounts, and \$6,731 in rollover contributions for this quarter. She discussed demographic information regarding the beneficiaries and reported on call center operations and statistics.
- B. Program Report - Ms. Kelley provided investment information for the program and gave an update on marketing efforts and program activities from the past quarter and upcoming events that she will attend. Treasurer Boozer spoke on the National Association of State Treasurer's Legislative Conference in DC that he and Ms. Kelley attended the previous week. The passage of the ABLE Age Adjustment Act and additional improvements to ABLE plans were discussed with the Alabama Representatives and Senators. The report was received as informational.

III. CollegeCounts 529

A. Quarterly Reports

- 1. Program Report - Chair Boozer called on Anita Kelley to give the program report for CollegeCounts. She provided information on the budget. She discussed a spreadsheet showing the Statement of Cash Flows for the scholarship program that showed the balance in the account was \$13,741,127 as of 12/31/22. She gave an update on upcoming activities that Chair Boozer will be attending to promote CollegeCounts. She also gave an update on scholarship applications. The written report was received as informational.
- 2. Union Bank and Trust Plan Overview & Statistics - Chair Boozer called on Jay Steinacher and Cari Kaup with Union Bank and Trust for the quarterly program report. Ms. Kaup stated there were 113,426 active accounts with total assets in the plan of \$2.163 billion. This represents a 6.1% increase for the quarter and a 13.9% decrease YTD. She stated the number of Alabama account holders is 72,668 with \$1.45 billion in plan assets. This is a 7.4% increase for the quarter and 11.2% decrease YTD. Ms. Kaup said YTD contributions were \$213.6 million of which rollover contributions were \$21.5 million. Ms. Kaup provided detailed information on assets, accounts, investments, contributions, and withdrawals. She discussed call center statistics, and the most common topics account holders and advisors are contacting the call center. The written report was received as informational.
- 3. Wilshire Investment Performance - Chair Boozer called on Rob Noe of Wilshire Associates to review the investment performance report. Mr. Noe

provided commentary on the economy including the U.S. and international equity markets, as well as the fixed income, real estate, and commodity markets as of 12/31/22 as well as 01/31/23. He provided the quarterly performance summary of individual fund portfolios for both the Direct and Advisor Plans and discussed fund performance. He stated that the target portfolios for the Direct Plan had positive absolute performance. Fixed income managers had mixed performance, active U.S. equity managers saw mostly favorable relative performance, and active international equities managers underperformed. He highlighted outperformers DFA Small Cap Value, Vanguard Explorer, and DFA Large Cap Value Funds and underperformers Dodge & Cox International Stock and T. Rowe Price Large Cap Growth Funds. Regarding the Advisor Plan, he stated that target portfolios had positive absolute performance. Active fixed income managers, active U.S. equity managers, and active international equity managers had mixed relative performance. Mr. Noe highlighted outperformers Vanguard Emerging Markets Select Stock, T. Rowe Price QM Small Cap Growth, and DFA International Small Company Funds, and underperformers T. Rowe Price Small Cap Value and Neuberger Berman International Large Cap Funds. He also highlighted YTD fund performance for both plans stating that Dodge & Cox International and DFA Small Cap Value have outperformed while Neuberger Berman International and T. Rowe Price Large-Cap Growth Funds have underperformed. Mr. Noe discussed the upcoming retirements among leadership in PGIM Fixed Income. He stated that Wilshire does not consider this a concern at this time. The written report was received as informational.

4. Callan Consultant's Report – Chair Boozer called on Annoesjka West with Callan to present the Consultant's Report. Ms. West reviewed a Manager/Product update regarding PGIM Fixed Income and the announcement of three retirements and appointments which will take place over the next 12 months across senior leadership, multi-sector, and U.S. investment grade credit teams. Ms. West stated that in Callan's opinion, the retirements will represent key departures from the firm, but they do not warrant immediate action. The firm's depth, strong culture, and consistent investment process mitigate concerns related to impacted strategies.
- B. Decision Item – Approval of Watch List Recommendations - Ms. West presented the Watch List and stated Callan has no recommendations for any new funds to be added or funds be removed from the current List. She said that Callan recommends the Northern Trust Small Cap Value (Advisor Plan – underlying fund) and T. Rowe Price Balanced Fund (Advisor and Direct Plans) remain on the Watch List. A motion to approve the Watch List as presented was made by Dr. Tucker, seconded by Mr. Knight, with unanimous approval.

C. Informational Items

1. 529 Rollover to Roth IRA – Mr. Steinacher reviewed the recent provision included in the SECURE 2.0 Act of 2022 which will allow for 529 account funds to be transferred to a ROTH IRA free of any tax, penalty, or applicable income limits. He stated that this will be available in 2024 and outlined what transfers will qualify.
 2. CollegeCounts Annual Audit - Mr. Steinacher said the annual audit by BKD was performed and completed for FY 2022 and no exceptions were found. The Board received the audit as informational.
 3. Statement of Economic Interest Forms – Ms. Kelley stated that the Economic Interest Forms are due by 04/30/23.
- IV. There being no further business, a motion to adjourn was made by Mr. Knight, seconded by Mr. Stokes with unanimous approval. The meeting adjourned at 10:09 a.m.

Anita Kelley, Director

Young Boozer, Chair