

**Savings Board of Directors Board Meeting  
August 21, 2019  
MINUTES**

**Board Present:**

Chair John McMillan  
Mr. Jack Knight (phone)  
Mr. Edward Reifenberg  
Ms. Heidi Lee (phone)  
Dr. Ken Tucker  
Ms. Susan Tully  
Mr. Daniel Hughes  
Dr. Jim Purcell  
Mr. Ronald Stokes  
Ms. Sara Calhoun (phone)  
Mr. Jesse Skaggs for Lt. Gov. Ainsworth

**Board Absent:**

**Others Present:**

Ms. Daria Story, Assistant Treasurer  
Ms. Anita Kelley, Program Director  
Mr. Daniel Autrey, Deputy Treasurer  
Ms. Brittany Carter, External Affairs  
Mr. Jay Steinacher, Union Bank & Trust  
Ms. Cari Kaup, Union Bank & Trust  
Ms. Annoesjka West, Callan  
Mr. Todd Carabasi, Callan  
Mr. Rob Noe, Wilshire Associates  
Mr. John Nagle, Wilshire Associates  
Ms. Rachel Biar, Enable Savings Plan Alabama (phone)  
Ms. Deborah Goodkin, Enable Savings Plan Alabama (phone)

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 August 21, 2019.

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

Roll was taken with a quorum present.

Chair McMillan introduced new Board Member Susan Tully.

Chair McMillan presented the minutes of the June 12, 2019 board meeting. A motion for approval was made by Dr. Tucker, seconded by Mr. Reifenberg, with unanimous approval.

Chair McMillan called on Deborah Goodkin and Rachel Biar to present the quarterly report for the Enable Savings Plan. Ms. Goodkin presented numbers on the total assets and accounts. She stated that as of 06/30/19 there were \$1,054,420 in assets and 242 active accounts and showed the breakdown in which the assets have been invested and the investment returns. She presented information regarding account owner disability type. She also gave information on customer call service including speed to answer, abandonment rate and average call time. Ms. Goodkin gave information on the different events and speaking engagements that Enable staff had attended over the past quarter. The report was received as informational.

Chair McMillan called on Anita Kelley to give the program report. Ms. Kelley presented an update on marketing initiatives for the remainder of the year. She provided information on the budget for fiscal year 2019 and discussed a spreadsheet showing the Statement of Cash Flows for the scholarship program that showed the balance in the account was \$11,645,550 as of 06/30/2019. Ms. Kelley stated that the annual call with Morningstar would be held that afternoon at 1:00. The written report was received as informational.

Chair McMillan called on Jay Steinacher and Cari Kaup with Union Bank and Trust for the quarterly program report. Mr. Steinacher stated there were 94,325 active accounts with total assets in the plan of \$1.83 billion. This represents a 13.3% increase YTD. He stated the number of Alabama account holders is 56,768 with \$1.04 billion in plan assets. This is a 16.9% increase YTD and the first time Alabama assets reached the one-billion-dollar mark. Mr. Steinacher said YTD contributions were \$90.1 million of which rollover contributions were \$14.2 million. He stated that 68.4% of all Direct accounts and 72.1% of all Advisor accounts are invested in the age-based portfolios. He said the average age of the account owner is 50 years of age while the average age of the beneficiary is 13 and the average account size in the plan is \$21,188. Ms. Kaup provided detailed information on new account statistics, distributions and market values of the investments. She also presented information on the call center, web activities and grass roots efforts. The written report was received as informational.

Chair McMillan called on Rob Noe and John Nagle of Wilshire Associates for the investment performance report. Mr. Nagle provided commentary on the economy including the U.S. and international equity markets, as well as, the fixed income, real estate and commodity markets and noted that the Wilshire Total Market Index was up 18.66% YTD. Mr. Noe provided a summary of the individual fund portfolios for both the Direct and Advisor Plans and discussed fund performance compared to the relative benchmarks. Mr. Noe highlighted the weak relative performance of the T. Rowe Price Large-Cap Growth fund and the strong relative performance of the DFA U.S. Small Cap Value fund, the Dodge & Cox International Stock fund and the DFA U.S. Large Cap Value fund and noted all other funds performed well or in line with their respective benchmark. In terms of the Advisor Plan, Mr. Noe noted the weak relative performance of the Templeton International Bond fund and the T. Rowe Price Large Cap Growth fund and the strong relative performance of the William Blair Small Cap Value fund, the Neuberger Berman Int'l Large Cap fund and the T. Rowe Price QM US Small-Cap Growth Equity fund and stated that all other funds performed well or in line with their respective benchmark. The written report was received as informational.

Chair McMillan called on Annoesjka West and Todd Carabasi with Callan to present the consultant's report. Mr. Carabasi stated that American Century Investments (Advisor Plan) recently had a senior portfolio manager change effective May 24, 2019. Both Callan and Wilshire stated that this change in management does not cause concern. Ms. West discussed the Watch List and stated that there are no recommendations for additions or removals from the current Watch List at this time. She said all funds currently on the Watch List are recommended to remain at this time which include BlackRock Inflation-protection Bond Fund, DFA U.S. Small Cap Value Fund, Dodge & Cox International Stock Fund, Touchstone High yield Fund, American Century Equity Growth Fund and the William Blair Small Cap Value Fund. A motion to approve the Watch List recommendations was made by Mr. Hughes, seconded by Dr. Purcell, with unanimous approval.

Ms. West presented proposed updates to the Statement of Investment Policy that included updating the glide paths of the Age-Based portfolios in both the Direct and Advisor Plans as well as updating the list of Investment Managers to reflect approvals recently made by the Board. A motion to approve the updated Statement of Investment Policy was made by Dr. Tucker, seconded by Mr. Hughes, with unanimous approval.

Chair McMillan noted that a Morningstar article was included in the Board package.

Chair McMillan called on Jay Steinacher and Cari Kaup to present their proposal for Program Manager Services. Mr. Steinacher presented information on the assets and leadership of Union Bank and Trust as well as customer service standards and accomplishments. He asked Mr. Noe to present information on Wilshire regarding manager research, selection and evaluation processes and the investment lineup. Ms. Kaup presented the marketing approach as well as commitment. She stated that Union Bank & Trust would commit a total of \$850,000.00 over a 10-year contract with two 529 Field Representatives supporting the Program throughout Alabama. Mr. Steinacher presented the proposed Program Management Fee. The proposal showed the fee for the Direct Plan would be .18% and .22% for the Advisor Plan based on current assets. He proposed that with a ten-year contract, Union Bank and Trust would provide the next tiered pricing of .17% for the Direct Plan and .21% for the Advisor Plan plus an additional annual marketing enhancement of \$100,000.00 to assist with the national campaign. Union Bank and Trust and Wilshire were excused from the meeting. Callan presented a fee study comparing the CollegeCounts Administrative Fee to other 529 Plans. Ms. West stated that with the new proposed Program Manager Fees, the all-in-fee would be reduced 31bps which is still higher than the median and average plan and that this was mostly due to the state fee (10bps) being higher than the average (7bps) and median (7bps) state fee. She stated that lowering the state fee to 7bps would put the all-in-fee on par with the average all-in-fee. After thorough discussion by the Board regarding the presentation by Union Bank and Trust, Chair McMillan presented a proposed resolution for consideration. A motion to approve the resolution selecting Union Bank and Trust as the Program Manager for a ten-year contract was made by Mr. Hughes, seconded by Mr. Reifenberg, with unanimous approval. After additional discussion, a motion was made to lower the State Administration fee from .10% to .07% by Mr. Hughes, seconded by Dr. Tucker, with unanimous approval.

There being no further business, a motion to adjourn was made by Mr. Hughes, seconded by Dr. Tucker, with unanimous approval. The meeting adjourned at 11:20 a.m.

---

Anita Kelley, Director

---

John McMillan, Chair