

**Savings Board of Directors Board Meeting
August 24, 2022
MINUTES**

Board Present:

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

Board Absent:

Lt. Gov. Ainsworth
Mr. Daniel Hughes
Ms. Heidi Lee

Others Present:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Ms. Kayla Bankston, Treasury
Mr. Chad Wright, Unclaimed Property Director
Mr. Jay Steinacher, Union Bank & Trust
Ms. Cari Kaup, Union Bank & Trust
Ms. Annoesjka West, Callan
Ms. Paola Juarez, Callan - virtual
Mr. Rob Noe, Wilshire Associates
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 August 24, 2022, 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 August 24, 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 06/30/22 there were \$1,868,808 assets under management, 458 funded accounts, and \$38,709 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. The report was received as informational.
- C. Vestwell State Savings Name Change
 1. Ms. Kelley reviewed an amendment to the Vestwell Program Management Agreement that changes all references, obligations, and responsibilities set forth in the Agreement from Sundry Administration, LLC to Vestwell State Savings, LLC.
 2. A motion to approve the name change from Sundry Administration, LLC to Vestwell State Savings, LLC was made by Dr. Purcell, seconded by Dr. Tucker, with unanimous approval.

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 2022 FY budget. She discussed a spreadsheet showing the Statement of Cash Flows for the scholarship program that showed the balance in the account was \$13,734,712 as of 06/30/22. Ms. Kelley stated that there were 342 qualified entries for the 529 Day Giveaway and 29 random winners were drawn. She presented information on the Scholarship and stated that 264 students received awards for this year. 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 111,656 active accounts with total assets in the plan of \$2.2 billion. This represents a 9.9% decrease for the first quarter and a 13.80% decrease YTD. She stated the number of Alabama account holders is 71,478 with \$1.42 billion in plan assets. This is a 9.7% decrease for the quarter and 12.9% decrease YTD. Mr. Steinacher said YTD contributions were \$59.9 million of which rollover contributions were \$4.7 million. Ms. Kaup also provided additional information on contribution, withdrawal, and investment change activity.

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 and John Nagle 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 06/30/22 as well as 07/31/22. 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 negative absolute performance with conservative portfolios performing in line with their benchmarks and outperformance of the benchmark for the more aggressive portfolios. Fixed income managers underperformed, active U.S. equity managers saw mixed performance, and active international equities managers had strong performance. He highlighted outperformers Dodge & Cox International, Vanguard Explorer and DFA Small Cap Value and underperformer T. Rowe Price Large Cap Growth and PGIM Total Return Bond Fund. Regarding the Advisor Plan, he stated that target portfolios had negative absolute performance with all portfolios modestly underperforming their benchmarks. Active fixed income managers underperformed, active U.S. equity managers saw mixed relative performance, and active international equity managers also saw mixed relative performance, while real estate managers outperformed. Mr. Noe highlighted outperformers T. Rowe Price QM Small Cap Growth, DFA Real Estate, and DFA International Small Company and underperformers T. Rowe Price Large Cap Growth and PGIM Total Return Bond Fund. The written report was received as informational.
4. Callan Consultant's Report - Chair Boozer called on Annoesjka West and Paola Juarez with Callan to present the consultant's report. Ms. West reviewed a Manager/Product Update regarding Allianz Global Investors. She stated Allianz agreed to settle with the SEC and the Department of Justice for more than \$1 billion, and together with its parent, Allianz SE, over \$5 billion in restitution to its clients invested in its Structured Alpha Strategies. This fund is not included in the current CollegeCounts investment lineup. Furthermore, Callan does not expect this announcement to directly affect PIMCO and its ability to manage assets for clients. PIMCO operates its business separately and autonomously from Allianz SE and its other subsidiaries. Ms. West presented the Watch List and stated Callan has no recommendations for any funds to be added to the list at this time. Callan does recommend that the Dodge & Cox International Stock Fund (Direct Plan) be removed from the Watch List. Over the trailing three-year period, the fund ranks in the 15th percentile of peers and has outperformed the MSCI EAFE Index by 2.45%. She said Callan recommends Northern Trust Small Cap Value Fund (Advisor Plan-Underlying Fund) (Direct Plan) remain on the Watch List.

B. Decision Items

1. Approval of the Watch List Recommendations - A motion to approve the Watch List presented by Callan was made by Dr. Purcell, seconded by Mr. Reifenberg, with unanimous approval.
2. Chair Boozer called on Ms. Kelley to review the proposed payout for the 2023-24 Scholarship Program, as calculated using the Board's approved method adopted at the May 16, 2018 Board meeting. A motion was made by Mr. Reifenberg to approve the resolution authorizing up to \$1,331,857 to be distributed in scholarships for the 2023-24 academic year. Dr. Tucker seconded the motion, with unanimous approval.

C. Informational Items

1. Morningstar Interview – Chair Boozer stated that the annual interview with Morningstar will be held on September 8.
2. Ms. Kelley stated that the contract with ISTS expires on 09/30/22, and staff is working with ISTS to execute another contract. ISTS has developed the current scholarship database structure and provides maintenance and support.

There being no further business, a motion to adjourn was made by Dr. Tucker, seconded by Mr. Reifenberg, with unanimous approval. The meeting adjourned at 10:10 a.m.

Anita Kelley, Director

Young Boozer, Chair