

**UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY
BOARD OF DIRECTORS MEETING
MINUTES**

**Utah Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, UT 84101-1248**

June 22, 2023

Members Present

Mr. Arthur Newell, Chair
Ms. Lori Chillingworth
Ms. Lisa-Michele Church
Mr. Palmer DePaulis
Mr. John Lunt
Dr. Stephen Nadauld
Commissioner Woolstenhulme

Mr. Troy Runnells
Mr. Jeff Sebok
Mr. Paul Smith
Ms. Kerry Stack
Mr. Nate Talley
Ms. Mollie Weisman
Mr. Randy Willardsen
Ms. Jessica Williamson

Staff Present

Ms. Camille Anthony
Mr. Robbie Beckstead
Mr. Greg Dyer
Mr. Richard Ellis
Ms. Michelle Hansen
Mr. Todd Mortensen
Mr. Michael Nemelka
Mr. Ryan Nilsen
Ms. Stephanie Norman
Ms. Kristie Pederson
Ms. Alison Adams-Perlac

Others Present

Mr. James Duffy
CAPTRUST
Mr. Robert Deere
Dimensional Fund Advisors
Mr. Todd Erskine
Dimensional Fund Advisors
Mr. Kevin Olsen
Assistant Attorney General
Ms. Emily Wrightson
CAPTRUST

Chair Newell called the meeting to order at 10:01 a.m. and declared the presence of a quorum.

TAB 1 – Information and Consent Items

TAB 1.1 - UHEAA Update

Mr. Ellis provided status updates on the Complete Student Loan Portfolio, the Loan Guarantee Program, and the Student Loan Portfolio. The chair moved to agenda item TAB 1.3 - Resolutions of Appreciation.

TAB 1.3 - Resolutions of Appreciation

It was moved by Ms. Church and seconded by Dr. Nadauld to approve the resolution of appreciation for Michelle Hansen, UHEAA Manager for Claims Review. The motion carried unanimously.

It was moved by Dr. Nadauld and seconded by Ms. Church to approve the resolution of appreciation for Michael Nemelka, UHEAA Senior Director for Operations. The motion carried unanimously.

It was moved by Ms. Church and seconded by Dr. Nadauld to approve the resolution of appreciation for Kerry Stack, UHEAA Accounting Manager. The motion carried unanimously.

TAB 1.2 - UHEAA Funds Transfer

It was moved by Ms. Church and seconded by Ms. Chillingworth to transfer the remaining UHEAA funds from LLP and LGP to Office of the Commissioner of Higher Education ("OCHE") prior to June 30, 2023, and the Commissioner's office report back to the UHEAA Board on the expenditures. The motion carried unanimously.

TAB 1.4 - Minutes of the March 9, 2023, Meeting

It was moved by Commissioner Woolstenhulme and seconded by Ms. Church to approve the minutes for the UHEAA Board of Directors meeting held on March 9, 2023. The motion carried unanimously.

TAB 1.5 - Audit Committee Report

Mr. Lunt summarized the results of the NETSPI Breach and Attack Simulation Test. Mr. Lunt noted five internal audits were closed. Mr. Ellis indicated the Audit Committee Charter, and the Internal Audit Activity Charter were approved in the Audit Committee Meeting. No action was taken.

TAB 1.6 - UHEAA and my529 Investment Reports

Mr. Runnells reviewed UHEAA Investment Reports and my529 Investment Reports for February through April 2023. Ms. Church requested for the UHEAA Investment Reports for May, June and July 2023 be provided to the board. Mr. Ellis indicated that the July 2023 report will be a zero balance because the remaining UHEAA funds will be transferred to OCHE before then.

It was moved by Mr. DePaulis and seconded by Commissioner Woolstenhulme to approve the investment reports as presented. The motion carried unanimously.

TAB 1.7 - my529 Investment Policy Statements Amendments

Mr. Mortensen discussed the changes made to the my529 Investment Policy Statements. Ms. Church asked Mr. Mortensen to expand on the addition of setting range bands around the Strategic Asset Allocations for the Target Enrollment Date portfolios. Mr. Mortensen explained that discussions related to the timing and size of allocation changes within the +/- 5% band

range, whether to deviate from or return to allocations designated by the governing glide path, will be decided by my529 staff in consultation with CAPTRUST and the Investment Advisory Committee ("IAC"). Staff with assistance from CAPTRUST and the IAC will manage and monitor when deviations are made to the glide path allocations. Mr. Ellis added that it would be rare situations that these tactical changes would occur.

It was moved by Ms. Chillingworth and seconded by Mr. DePaulis to approve the my529 Investment Policy Statement – Program Fund as presented. The motion carried unanimously.

It was moved by Dr. Nadauld and seconded by Commissioner Woolstenhulme to approve the my529 Investment Policy Statement – Endowment Fund as presented. The motion carried unanimously.

TAB 1.8 - my529 Policy - Procurement

Mr. Dyer highlighted changes to the procurement policy.

It was moved by Ms. Chillingworth and seconded by Ms. Church to approve the my529 Policy – Procurement as presented. The motion carried unanimously.

TAB 1.9 - my529 Strategic Plan

Mr. Ellis reviewed the my529 Roadmap presented in the board packet.

TAB 1.10 - my529 Executive Director's Report

Mr. Ellis provided an update on my529 highlighting the things in his board memorandum contained in the board packet.

TAB 1.11 - my529 Information Report

Mr. Ellis reviewed the report. The staff provided statuses for the strategic projects that were off-track. The board discussed the drop in new accounts in FY2023 and the maturing of the 529 industry.

TAB 2 - Report from Dimensional Fund Advisors

Chair Newell recognized the Dimensional Fund Advisors' ("DFA") representatives, Mr. Erskine and Mr. Deere, and turned the time over to them. The DFA representatives presented a DFA overview, highlighted its fixed income investment and equity investment philosophy, and an investment review. The board discussed the DFA funds on the my529 watchlist.

TAB 3 - Report from CAPTRUST

Chair Newell welcomed the CAPTRUST consultants: Mr. Duffy and Ms. Wrightson. CAPTRUST presented the Investment Program Analysis for Q1, 2023. The board discussed the underlying investment funds on the watchlist and the fund removal process.

TAB 4 - FY2024 my529 Operating Budget

Mr. Ellis and Mr. Runnells presented the proposed FY2024 my529 operating budget. The board discussed the appropriateness of a fee reduction and the importance of investing in information security and staff. Mr. Runnells noted the budget was made with a conservative assumption of an \$18 billion average assets under management in the Program Fund and added my529 budgeted for contingencies as a buffer for any unforeseen expenses or situations.

It was moved by Commissioner Woolstenhulme and seconded by Ms. Chillingworth to approve the FY2024 my529 operating budget including an Administrative Asset Fee reduction by one basis point for all investment options except the Fixed Income option effective July 1, 2023.

TAB 5 – UBHE Update

Commissioner Woolstenhulme discussed the restructuring of the Utah Board of Higher Education (“UBHE”). Ms. Church asked for Chair Newell and Mr. Ellis to meet with the new UBHE chair to discuss the fiduciary duties and the governance model of my529. Ms. Church provided a handout, “Annual Report of the Utah Board of Higher Education, 2022-2023.”

Chair Newell indicated the next meeting is on September 28, 2023, and adjourned the meeting at 12:42 p.m.



Executive Director, my529 and UHEAA

September 28, 2023

Date