



**West Virginia College Prepaid Tuition and Savings Program  
BOARD OF TRUSTEES TEAMS MEETING**

**January 29, 2021 11:00 AM  
MINUTES**

The Special Meeting of the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program was called to order by Treasurer Moore, Chair, on Friday, January 29, 2021 at 11:03 am. A silent roll call was taken, and a quorum was established. The following members were present: Treasurer Riley Moore, Chair, Ms. Phyllis Arnold, Dr. Bonny Copenhaver, Mr. Phillip Uy representing State Superintendent of Schools, Mr. Brian Weingart, and Ms. Terri Underhill-Rader. Dr. Daniel Anderson was unavailable for the meeting.

The following consultants and guests attended: Mr. Jeff Cohan, Mr. Chris Morvant, Ms. Justine Bartholomew, and Mr. Jørn Otte representing Hartford Funds; and, Mr. John Krimmel and Mr. Tim Fitzgerald representing NEPC, LLC - Program Investment Consultant; and, Mr. Dan Sherman of Sherman Actuarial Services.

The following WVSTO staff members attended: Deputy Treasurer Susan Basile; Mr. Dave Thomas; Mr. Greg Curry; Ms. Lynda King, Ms. Amy Hamilton; Ms. Sarah Canterbury; Ms. Lindsay Marchio; Mr. Karl Shanholtzer, Ms. Gina Joynes, Mr. Steve Bohman, and, Mr. Brian Bailey.

The Agenda consisted of the following:

Call to Order

Roll Call

- I. Review of recommendations for early closure of the Prepaid Tuition Trust and take action as necessary.

Adjournment

**Agenda Item I. Recommendations for Early Closure of Prepaid Tuition Trust**

Chair Moore presented the following four recommendations from the Audit and Finance Committee for the full Board's approval:

1. To adopt a finding that it is infeasible to pay approximately \$20,000 per month in operating fees and costs for remaining Prepaid tuition accounts and that the Board authorize the Chair of the Board to direct closure of the Trust Fund when appropriate and in accordance with applicable law.

As there were no questions of counsel on the Audit Committee's recommendation, a motion was made by Mr. Weingart to accept the recommendation and the motion was seconded by Ms. Arnold. Hearing no objections or further discussion, the Board was polled and the motion passed unanimously.

2. Authorize the Chair to direct the Board staff to administer a buyout of all remaining plan units whereby all account owners receive a lump sum final payment at the appropriate time for the remaining plan units using the same valuation and procedures used in the Prepaid buyout in April 2020.

As there were no questions of counsel on the Audit Committee's recommendation, a motion was made by Dr. Copenhaver to accept the proposal and seconded by Mr. Weingart. Hearing no objections or further discussion, the Board was polled and the motion passed unanimously.

3. Authorize the Chair to terminate the State Treasurer's Office contract with The Hartford to manage the Prepaid Tuition Plan when the management contract becomes unnecessary due to the termination of the Prepaid Tuition Trust Fund.

As there were no questions of counsel on the Audit Committee's recommendation, the motion was made by Mr. Weingart to accept the proposal and seconded by Dr. Copenhaver. Hearing no objections or further discussion, the Board was polled and the motion passed unanimously.

4. Authorize the Board's staff to direct the transfer of the Prepaid Tuition Trust escrow funds from the West Virginia Board of Treasury Investments (BTI) Short-Term Bond Fund to the BTI Money Market Pool for all proper purposes.

As there were no questions of counsel or the investment consultant on the Audit Committee's recommendation, the motion was made by Ms. Arnold to accept the proposal and was seconded by Mr. Weingart. Hearing no objections or further discussion, the Board was polled and the motion passed unanimously.

There being no further business, a motion to adjourn was made by Dr. Copenhaver and seconded by Mr. Weingart. The motion passed unanimously, and the meeting was adjourned at 11:15 AM.



Approved March 10, 2021  
Treasurer Riley Moore



# West Virginia College Prepaid Tuition and Savings Program

## West Virginia State Treasurer – Riley Moore



### Special Meetings via MICROSOFT TEAMS

#### Friday, January 29, 2021

#### **Audit & Finance Committee**

Time: 9:00 am

Treasurer Moore  
Phyllis Arnold  
Bonny Copenhaver  
Brian Weingart

#### **BOARD OF TRUSTEES**

Time: 11:00 am

Treasurer Moore  
Phyllis Arnold  
Bonny Copenhaver  
Phillip Uy for Superintendent Burch  
Terry Underhill Rader  
Brian Weingart

Not attending:

Dan Anderson

Bob Galloway - RESIGNED

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**Join on your computer or mobile app**

[Click here to join the meeting](#)

**Or call in (audio only)**

[+1 681-245-7133](#) Phone Conference ID: 243 992 334#

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# **Special Audit & Finance Committee Meeting**

Friday, January 29, 2021

9:00 am

Treasurer's Conference Room ~ 315 70<sup>th</sup> Street SE Charleston WV

## **Agenda**

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Review of recommendations for Prepaid Tuition Trust Plan closure and take action as necessary
- IV. Adjournment



## **Special Board Meeting**

Friday, January 29, 2021

11:00 am

Treasurer's Conference Room ~ 315 70<sup>th</sup> Street SE Charleston WV

### **Agenda**

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Review of recommendations for Prepaid Tuition Trust Plan closure and take action as necessary
- IV. Adjournment



NEPC, LLC

**To:** West Virginia Prepaid Tuition and College Savings Plan Board of Trustees  
**From:** Tim Fitzgerald and John Krimmel  
**Date:** January 27, 2021  
**Subject:** West Virginia Prepaid Tuition Trust Fund Early Termination

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## Recommendation

NEPC recommends that the Board terminate the West Virginia Prepaid Tuition Trust Fund (WV PTF) in September 2021, approximately 10 months earlier than the final program termination date of June 30, 2022. Remaining prepaid account holders shall receive final payment for all units remaining in their prepaid plan accounts on or about September 30, 2021. Further, NEPC recommends that the WV PTF Staff be authorized to take all necessary actions to complete the program termination, including but not limited to, directing when funds should be transferred from the West Virginia Board of Treasury Investments (BTI) Short-Term Bond Fund to the BTI Money Market Fund for all proper purposes and terminating The Hartford's contract pertaining to its management of the Prepaid Tuition Plan on behalf of the West Virginia State Treasurer's Office, as this is necessary to permit The Hartford to terminate the services of the third-party vendor administering the Plan.

## Background

According to West Virginia Code §18-30-6, the Prepaid Tuition Trust Fund shall continue in existence until terminated by the Legislature as it determines or by the Board upon determining that continued operation is infeasible. It is NEPC's belief that the administrative cost associated with record keeping the remaining contracts is cost prohibitive and impracticable on a go forward basis.

## Discussion

Over the past year, the Board has had several discussions relating to an acceleration of the final program termination date. In 2019, a buyout option was presented to contract holders offering an early payout for their remaining units at \$4808.00 per unit. This successful endeavor resulted with fewer contracts remaining in the program. Early program termination would be beneficial on several levels. First, administrative costs incurred for recordkeeping services would be eliminated earlier than scheduled saving the State significant dollars. Second, the program currently enjoys a surplus of assets when including the Escrow balances. Incurring continuing costs to operate the Plan now that adequate funding is available to make final payment of \$4,808.00 per unit to remaining account owners is imprudent, making continued operation of the Plan infeasible. Finally, returning greater surplus assets to the General Revenue Fund, earlier than anticipated, would be a positive development for the State.

We believe that WV PTF Staff should be afforded discretion to work with the program manager, The Hartford, the West Virginia Board of Trustees (WV BTI), or any other entity to facilitate program termination.

We look forward to discussing our recommendation with the Audit & Finance Committee and Board of Trustees during their scheduled meetings on January 29, 2021.

**Intuition Cost**

**Intuition monthly charge for any services rendered until contract terminated**                    \$            20,000

<b>Payments January 1, 2021 thru January 31, 2023:</b>	<b>All Accounts Paid Sept. 30, 2021</b>	<b>All Accounts Paid June 30, 2022</b>
Jan-21	\$ 20,000	\$ 20,000
Feb-21	\$ 20,000	\$ 20,000
Mar-21	\$ 20,000	\$ 20,000
Apr-21	\$ 20,000	\$ 20,000
May-21	\$ 20,000	\$ 20,000
Jun-21	\$ 20,000	\$ 20,000
Jul-21	\$ 20,000	\$ 20,000
Aug-21	\$ 20,000	\$ 20,000
Sep-21	\$ 20,000	\$ 20,000
Oct-21	\$ 20,000	\$ 20,000
Nov-21	\$ 20,000	\$ 20,000
Dec-21	\$ 20,000	\$ 20,000
Jan-22	\$ 20,000	\$ 20,000
Feb-22	\$ 20,000	\$ 20,000
Mar-22	\$ -	\$ 20,000
Apr-22	\$ -	\$ 20,000
May-22	\$ -	\$ 20,000
Jun-22	\$ -	\$ 20,000
Jul-22	\$ -	\$ 20,000
Aug-22	\$ -	\$ 20,000
Sep-22	\$ -	\$ 20,000
Oct-22	\$ -	\$ 20,000
Nov-22	\$ -	\$ 20,000
Dec-22	\$ -	\$ 20,000
Jan-23	\$ -	\$ 20,000
Feb-23	\$ -	\$ 20,000
<b>Total Payments</b>	<b>\$ 280,000</b>	<b>\$ 520,000</b>

**Estimated Intuition Cost Savings If All Accounts Paid Out In Sept. 2021**                    \$            240,000

West Virginia College Prepaid Tuition and Savings Program  
Cash Flow Projection  
October 1, 2020 thru September 30, 2021

Line No.		Column (A)
		September 30, 2021 Payout of All Semester Units Remaining At Buyout Offer Rate - \$4,808 Per Unit
1	Funds Available As of October 1, 2020:	
2	Money Market Account Held At The West Virginia Board of Treasury Investments (BTI)	\$ 4,470,742
3	Escrow Account With BTI	27,559,511
4	SunTrust Bank Account	1,513,550
5	<u>Total Funds Available As of October 1, 2020</u>	<u>\$ 33,543,803</u>
6	Funds Pay Out For The Period October 1, 2020 thru September 30, 2021:	
7	Pay Out For All Semester Units At Current CTV Prior To September 30, 2021	\$ 5,119,208
8	Pay Out For All Semester Units (1,563 Units) Remaining At September 30, 2021	7,514,904
9	<u>Total Funds Pay Out For The Period October 1, 2020 Thru September 30, 2021</u>	<u>\$ 12,634,112</u>
10	<u>Funds Remaining In The Escrow Account With BTI After All Account Owners Have Been Paid</u>	<u>\$ 20,909,691</u>

Notes:

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The investments at the WVBTI will earn interest until funds in the investments are depleted. The amount of interest earned is minimal and is not included in the funds available as shown above.