

UTAH EDUCATION SAVINGS BOARD OF TRUSTEES
MINUTES OF THE JUNE 12, 2025, MEETING

Zions Bancorporation's Building
Capitol View Room, 18th Floor
One South Main Street
Salt Lake City, Utah 84133

Trustees Present

Mr. Arthur Newell, Chair
Ms. Lisa-Michele Church, Vice Chair
Ms. Lori Chillingworth
Mr. Palmer DePaulis
Mr. Richard K. Ellis
Dr. Stephen Nadauld

Mr. Todd Mortensen
Mr. Ryan Nilsen
Ms. Kristie Pederson
Mr. Troy Runnells
Mr. Paul Smith
Ms. Mollie Weisman
Mr. Randall Willardsen

Staff Present

Mr. Mark M. Cain, Executive Director
Ms. Alison Adams
Ms. Camille Anthony
Ms. Dorothy Bailey
Mr. Robbie Beckstead
Mr. Greg Dyer

Others Present

Mr. James Duffy, CAPTRUST
Ms. Cheri Landgren, Banking Consultant
Mr. Michael Sanders, CAPTRUST
Mr. Jeremy Shaw, Assistant Attorney General
Ms. Emily Wrightson, CAPTRUST

Chair Newell called the Utah Education Savings Board of Trustees ("the board" or "UESB") meeting to order at approximately 10 a.m. Chair Newell declared the presence of a quorum, noting Mr. DePaulis is attending the meeting remotely. Mr. Lunt is excused from the meeting.

Chair Newell welcomed Mr. Ellis to the board as its newest member. Chair Newell announced that it is Vice Chair Church's last board meeting. He expressed gratitude for her years of dedicated service.

TAB 1 – UESB meeting minutes

It was moved by Dr. Nadauld and seconded by Vice Chair Church to approve the minutes for the Utah Education Savings Board of Trustees meeting and workshop held on March 19, 2025. The motion carried unanimously.

TAB 2 – UESB Bylaws

Mr. Cain noted that in a recent internal review of the bylaws, executive staff determined that minor and/or clarifying changes were needed. He highlighted the bylaws and their associated changes.

It was moved by Mr. DePaulis and seconded by Mr. Ellis to approve the UESB Bylaws as presented with an amendment to change the Uniform Prudent Investor Act reference to the Utah Money Management Act. The motion carried unanimously.

TAB 3 – Audit Committee report

Dr. Nadauld summarized the Audit Committee meeting. He discussed the quarterly information security report and concluded that the Audit Committee feels confident in my529's information security program and team. Dr. Nadauld reviewed the internal audit report and stated the importance of the internal audit function. It was noted that the internal auditors are Certified Internal Auditors. Ms. Chillingworth added that in the Audit Committee meeting, they reviewed and approved the Audit Committee and the my529 Internal Audit charters. She indicated that the charter states that the internal auditors are independent, meaning that they report directly to the Audit Committee and the board instead of the executive director.

It was moved by Vice Chair Church and seconded by Mr. Ellis to approve the Audit Committee report as presented. The motion carried unanimously.

TAB 4 – my529 Executive Director's report

Mr. Cain discussed the transition and training period as the new executive director of my529. He stated that he spent five weeks working with Mr. Ellis prior to his retirement. He said that he has met with the asset managers, custodial bank consultants, key vendors and stakeholders, members of the organization, and attended various industry conferences. He added that he will continue to build upon the values, priorities and organizational goals, along with looking at ways my529 leadership can best serve the account owners.

Mr. Cain discussed the recent market volatility that occurred at the beginning of April. He highlighted the importance of educating account owners on how the glidepath is structured and built for all seasons. He indicated that my529 did not see a significant increase in option changes. He said that currently, total assets under management are \$26.7 billion, with over 590,000 total accounts.

Mr. Cain stated that my529 sponsors the Olene S. Walker Transition to Adult Living Scholarship and noted that the student recipients are transitioning out of foster care systems with limited support or are refugees that are first generation students. He said that eight recipients graduated from their respective programs.

Vice Chair Church requested that my529 leadership add more stretch goals to the strategic plan.

TAB 5 – Reports and Information

Chair Newell turned over the time to Mr. Runnells, who reviewed the most recent my529 investment reports with the board.

The board discussed the recent market volatility. Chair Newell inquired if there was an increase in phone calls from account owners and how my529 leadership prepares the call center staff to answer questions. Mr. Runnells responded that the call center did not see a significant increase in phone calls during that time and added that my529 leadership provides talking points to the call center. The board noted the importance of consistent internal messaging along with additional training for the call center. Mr. Ellis noted that the account owner Net Promoter Score (AONPS) decreased for Q2 2025 and indicated that there is a correlation with market performance and AONPS. The board stated that it is important to continually educate account owners on how the portfolios are structured and how they are designed for these types of situations.

It was moved by Ms. Chillingworth and seconded by Dr. Nadauld to approve the my529 investment reports for February 2025, March 2025, and April 2025, as presented. The motion carried unanimously.

TAB 6 – Report from CAPTRUST

Chair Newell welcomed the CAPTRUST representatives, Mr. Duffy, Mr. Sanders, and Ms. Wrightson. The CAPTRUST representatives presented the Investment Program Analysis for Q1 2025. Ms. Wrightson provided an executive summary of the report. She stated that the Target Enrollment Date portfolios lagged peers during the first quarter, with two of the twelve vintages outperforming their respective category averages. Portfolios with higher equity exposure underperformed as U.S. markets sold off; however, portfolios closer to enrollment or enrolled had a positive return despite the market volatility. She concluded the executive summary by noting that the PIMCO Interest Income Fund's gross crediting rate increased from 2.97% to 3.39% from last quarter's end.

Mr. Duffy provided a market overview, stating that global equities started the year off strong but ended the quarter on a cautious note due to policy rhetoric. He continued by noting that in Q1 2025, U.S. Small Cap Stocks and U.S. Large Cap Stocks were down due to tariff uncertainty.

Mr. Duffy highlighted the performance of the Target Enrollment Date portfolios for Q1 2025 and indicated two out of twelve vintages outperformed the respective category averages. He said the glidepaths with higher equity exposure relative to peers caused the front and middle of the glidepath to underperform. Mr. Duffy indicated that accounts that are either enrolled or closest to enrollment outperformed peers and the index because of lower equity exposure and capital preservation investments.

Mr. Duffy provided an economic outlook on the macro headwinds and tailwinds.

Mr. Duffy noted that as of March 31, 2025, the PIMCO Interest Income Fund market-to-contract value ratio is 96.1%, up from 94.6% in the previous quarter.

Mr. Duffy reviewed the Q1 2025 scorecard for the underlying investments, stating overall, the underlying investments are in good standing. He pointed out that the Vanguard International Growth fund has a score of 84 and indicated that the score is expected to drop down in the coming quarters because 2020 is rolling off the five-year performance, which was an incredibly strong year for this fund and its strategy.

TAB 7 – Report from my529’s banking consultant

Chair Newell welcomed Ms. Landgren and turned over the time to her. Ms. Landgren highlighted her responsibilities as the banking consultant. She provided a history on the reasons for adding a FDIC-Insured investment option and stated that the funds and accounts are held by my529 in a trust at Sallie Mae Bank and U.S. Bank. She noted that it is FDIC-Insured at the account owner level. She discussed the overall health, liquidity, capital and performance of the two banks. She noted that Sallie Mae Bank loan volume is slightly lower compared to previous years because of the decrease in college enrollment and their student loan volume considering the economy. However, Sallie Mae Bank has been able to manage it well. She concluded her presentation by stating both banks are performing well.

Mr. Ellis asked if there is any concern about deposit concentration risk with Sallie Mae Bank because my529 being 11% of its deposits. Ms. Landgren responded that it is something the board and staff should consider if a third bank is needed. Ms. Chillingworth expressed concerns about Sallie Mae because of the uncertainty about the student loan environment and asked for a conversation about diversifying in an upcoming board meeting. The board requested to review the possibility of adding a third bank.

TAB 8 – FY 2026 my529 Operating Budget

Mr. Cain presented the proposed FY 2026 my529 operating budget to the board. He reviewed the flow of funds for the my529 trust. Mr. Cain noted the budget was built on a conservative assumption of \$21 billion average assets under management in the Program Fund, which allows for a 20% market correction. Mr. Cain proposed an Administrative Asset Fee reduction for the Customized investment options of one basis point. He noted that the increase in assets under management and system efficiencies for the Customized options overtime supports this reduction. Mr. Ellis asked what the dollar equivalent is for the one basis point reduction for the Customized investment options. Mr. Cain responded that it is approximately \$700,000. He highlighted the expenditure side of the budget for FY 2026.

It was moved by Dr. Nadauld and seconded by Vice Chair Church to approve the FY 2026 my529 operating budget including an Administrative Asset Fee reduction by one basis point for the Customized options effective July 1, 2025. The motion passed unanimously.

TAB 9 – Closed Session

It was moved by Vice Chair Church and seconded by Ms. Chillingworth to convene in closed session for the purpose of discussing fiduciary or commercial information as authorized in Utah Code Section 52-4-205. The motion carried unanimously.

It was moved by Mr. Ellis and seconded by Vice Chair Church to reconvene the Utah Education Savings Board of Trustees in open session. The motion carried unanimously.

TAB 10 – DFA Five-Year Global Fixed Income

Mr. Mortensen indicated that the DFA Five-Year Global Fixed Income fund (DFGBX) has been on the watch list for several years due to its underperformance versus its peers. After extensive research and analysis, it was decided to keep the fund and remove the replacement status recommendation. He noted that my529 and CAPTRUST will continue to monitor the fund. He concluded, stating that my529 decided to change the name of the single-fund portfolio that uses DFGBX as its underlying investment to my529 Variable Five-Year Global Fixed Income, which better reflects the fund's variable duration strategy.

TAB 11 – Other items

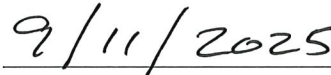
Chair Newell noted that if anyone has recommendations for the upcoming vacant seat to send them to him or Mr. Cain.

Chair Newell noted that the next UESB meeting is scheduled for September 11, 2025.

The meeting was adjourned at 12:35 p.m.



Executive Director, my529



Date