

The Board of Trustees of the West Virginia College and Jumpstart Savings Programs Special Meeting Minutes

May 18, 2022

The Special Meeting of the Board of Trustees of the West Virginia College and Jumpstart Savings Programs (Board) was called to order by Treasurer Moore, Chair, on Wednesday, May 18, 2022 at 10:04 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. Chris Heller; Ms. Marguerite Horvath; Ms. Terri Underhill-Rader; Mr. Phillip Uy; Mr. Brian Weingart; and Mr. Justin Williams. Dr. Anderson and Patrick Smith were not present.

The following WVSTO staff members attended: Mr. Stephen Bohman, Ms. Sarah Canterbury; Mr. Greg Curry, Ms. Amy Hamilton, Ms. Gina Joynes, Ms. Lynda King, Ms. Lindsay Marchio; Ms. Phyllis Mease; Mr. Karl Shanholtzer; Ms. Amy Willard; and Ms. Carly Williams.

The Agenda consisted of the following:

Call to Order – Silent Roll Call

- I. Consideration of proposed legislative rules for the Jumpstart Savings Program
- II. Consideration of a contractual agreement for banking services for the Jumpstart Savings Program

Adjournment

Agenda Item I. Consideration of proposed legislative rules for the Jumpstart Savings Program

The first order of business was the consideration of the emergency legislative rules for the Jumpstart Savings Program, as recommended by the staff of the West Virginia State Treasurer's Office. The chair recognized General Counsel, Sarah Canterbury, to give an overview of the recommended legislative rules.

Ms. Canterbury gave a summary review of each section of the proposed emergency legislative rules:

- Section 1 of the rule sets forth the statutory authority for the rule, the scope of the rule, and sunsets the rule in 2028.
- Section 2 of the rule defines terms used in the rule.
- Section 3 addresses the Program Trust's status under certain securities and tax laws.
 - The section clarifies that the Trust is a public instrumentality of West Virginia and that the Trust will be administered in a manner to qualify for federal securities law exemptions.
 - The section requires the Board to file any federal tax returns required on behalf of the trust and states that the Board may take deductions on behalf of the trust.
 - Finally, the section allows the Board to adopt reinvestment strategies and take any actions necessary to avoid double taxation of trust assets.
- Section 4 addresses eligibility to participate in the program.
- Section 5 reiterates the statutory requirements for an individual to open an account. The rule requires an account owner to be a natural person.
- Section 6 addresses the Ignite Incentive Program.

- Ignite Incentive is the name that the emergency rule assigns to the statutory program by which the Treasurer may deposit \$100 into an account if the beneficiary is under 18 or recently enrolled in a qualifying apprenticeship or educational program.
- The rule makes clear that a beneficiary can only receive the \$100 deposit one time, regardless of how many accounts are opened in his or her name.
- Section 7 authorizes the Board to refuse to open an account in certain circumstances, including when the account owner has failed to meet account opening or program requirements, or when there is credible evidence of fraud or other illegal activity by the account owner.
- Section 8 outlines who may be an account's designated beneficiary. A designated beneficiary must be a natural person and an account may only have one designated beneficiary.
- Section 9 addresses a change in designated beneficiary. An account owner may change the designated beneficiary to a member of the previous beneficiary's immediate family.
- Section 10 permits an account owner to designate a successor owner to be named upon the account owner's death and allows an account owner to be changed pursuant to a court order. Ms. Canterbury noted a minor correction from the version circulated to the members in advance of the meeting and noted that the correction should be considered part of the recommended rules being considered by the Board.
- Section 11 addresses termination of an account. An account owner may terminate an account at any time. The section also authorizes the Board to suspend or terminate an account upon credible evidence of fraud, violation or program terms, or unlawful activity by the account owner.
- Section 12 reiterates the statutory authorization for the Board to charge administrative fees to accounts.
- Section 13 provides that the Board may adopt investment strategies for the Trust and details the Board's authority. The section limits the investment direction that an account owner may exercise to selecting from a limited menu of portfolio options.
- Section 14 addresses account contributions and includes requirements for rollover contributions, as well as matching contributions by employers.
- Section 15 addresses account distributions and requires an account owner to authorize and receive an account distribution.
- Section 16 addresses qualified expenses, or those expenditures of distribution funds that entitle a participant to a decreasing state tax modification. The rule reiterates the statutory definition of a qualified expense and lists specific examples of qualified expenses.
- Section 17 specifies that the Board must maintain separate records and accounting for each account. The section also requires an annual report, quarterly account statements, and sets forth statutory audit requirements.
- Section 18 provides that all personally identifying program information is confidential.

After Ms. Canterbury's presentation, the Board members were given time to ask questions and recommend changes. As there were no rejoinders, Mr. Williams moved to approve the recommended emergency legislative rules for the Jumpstart Savings Program and to authorize the State Treasurer's Office to file the rules with the Secretary of State. Mr. Weingart seconded the motion and, as there was no discussion, the Chair polled the members, and the motion was carried.

Agenda Item II. Consideration of a contractual agreement for banking services for the Jumpstart Savings Program

The next order of business on the agenda was the consideration of a contractual agreement for banking services for the Jumpstart Savings Program.

Mr. Williams made a motion to enter Executive Session as provided in West Virginia Code, Chapter 6, Article 9A, Section (4), Subsection (b), Subdivisions (9) and (12), to discuss matters involving commercial competition and matters subject to attorney client privilege. The motion was seconded by Mr. Weingart, the members were polled, and the motion carried.

The Board entered Executive Session at 10:18 am and concluded the Executive Session at 10:31.

The Chair called the open meeting back to order and declared that no action was taken by the Board during the Executive Session. A quorum was maintained.

Mr. Heller made a motion to authorize the Treasurer to select a vendor and enter a contract with a selected vendor for banking services for the Jumpstart Savings Program and the motion was seconded by Mr. Williams. As there was no discussion, the Chair polled the members, and the motion was carried.

Adjournment

The next regular meeting of the Board is scheduled for June 8, 2022. On a sad note, the Treasurer shared the death of co-worker Dave Thomas and asked for a moment of silence. Ms. Arnold suggested a letter be written to the family expressing the Board's sympathy. The Treasurer whole heartedly agreed.

As there was no further business, the Chair asked for a motion to adjourn. Mr. Williams moved for adjournment and the motion was seconded by Mr. Weingart. The members were polled, and the motion carried. The Chair declared the meeting adjourned at 10:34 am.

Prepared by Lynda King
Approved June 8, 2022

Submitted by:


Treasurer Riley Moore
Board of Trustees Chair