**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Thursday, February 28, 2019 at 9:00am

Victory Building Conference Room, Suite 275 -- Little Rock, AR 72201

A meeting of the Arkansas Section 529 Plan Review Committee (“Committee”) was held on Thursday, February 28, 2019 at 9:00am in the Victory Building Conference Room, Suite 275. Present at the meeting were Grant Wallace, Chief Deputy Treasurer; Treasurer of State Dennis Milligan; Clint Rhoden, Director of the Arkansas Teacher Retirement System; Director of 529 Programs and Financial Education Emma Willis; AR 529 Assistant Chris Scott; Dave Ponder with Ascensus College Savings; John Peace with Dover Dixon Horne; John Park with BlackRock; Mary Ryan with Vanguard; Greg Walker and Pattie Weed with Landmark (formerly known as Thomas and Thomas).

Treasurer Milligan introduced and welcome to the board, Clint Rhoden, the newly appointed Director of the Arkansas Teacher Retirement System.

Treasurer Milligan recognized a quorum and called the meeting to order at 9:00 am. He asked for a motion to approve the minutes of the November 6th, 2018 meeting, Clint Rhoden moved to approve, Treasurer Milligan seconded the motion, and the minutes were approved.

Emma Willis presented checks and invoices for the fourth quarter of fiscal year 2019 for approval. Clint Rhoden moved to approve, Treasurer Milligan seconded the motion, and the checks and invoices were approved.

Emma also reported that in order to add Clint as an authorized signatory on the administrative accounts, a motion had to be presented and passed by the board. Treasurer Milligan moved to approve adding Mr. Rhoden as a signatory on all 529 bank accounts, Clint Rhoden seconded the motion, and the motion was approved.

John Peace with Dover Dixon Horne reported on the budget, noting the ending balance of the Southern account was $447,323.70, the ending balance of the First Security account was $101,263.10, and that the Bank of the Ozarks account had been closed, with funds being transferred to the Southern account. Treasurer Milligan moved to approve the budget report, Clint Rhoden seconded the motion, and the report was approved.

Emma Willis made a report on Invite Education, a platform that allows parents to see their college savings funds in action and actually be able to see where their accounts sit today, and what they will be needing in the future to help pay for the secondary education expenses. Emma stated that, as an example a family has a four-year-old today, it would be able to project, based off the current amount of savings, what future funds would be needed. She explained that it also gave the opportunity to try to fill out a FASFA application. Emma explained that this would be a collaborative effort between the Arkansas Student Loan Authority, the Arkansas Department of Higher Education, the Arkansas Department of Education, the State Treasurer’s office, and the Arkansas 529 office. Grant asked that the board consider a year one contribution of $15,000. Clint Rhoden moved to approve a year one contribution of $15,000, Treasurer Milligan seconded the motion, and the motion was approved. It was clarified that this sum would come from next year’s fiscal budget.

Emma Willis concluded her reporting discussing the Five Star Promise, a CSA based initiative. Emma explained that funding is now being sought for this, and that there was a draft proposal for the grant, and that next week it will be determined what would come of this, and when the start date would be. The promise is now a part of their strategic plans moving ahead the next three years, as well as the Northwest Arkansas Council moving to adopt it to their own as well. The key piece in this would be education attainment, reduction of student loan debt, and moving towards creating a career pipeline for area employers. Area employers see this as an opportunity to invest in the kids in their community and hope to retain some of that talent, moving them through our state universities, and back into the arms of employers. Treasurer Milligan acknowledged Emma’s hard work with the 5 Star Promise over the past seven months, stating “This should be the building blocks, and be able to help in other areas of the state. We appreciate your time and effort helping to carry out part of my passion”.

A report on the Ascensus College Savings was presented by Dave Ponder which detailed assets, contributions, withdrawals, funded accounts, average funded account size, iShares 529 assets, U-gift and U-promise. Dave stated since the market volatility in his last presentation that the market had started to see a course correction. As of the end of January, the total GIFT assets under management were $407,119,608. The presentation also reflected $46.3 million in year to date contributions, 28,217 funded accounts, with an average account size of $14,428. Dave also reported on the iShares Plan, stating that there was $423,882,466 in assets, 12,325 funded accounts, and an average account size of $35,852.

John Park then made a report on the iShares Plan. The iShares report went on to highlight broadening iShares plan availability, product structure and price review, as well as marketing strategy. John went on to say that there are now 47 firms and 267 Financial Advisors selling the iShares plan in Arkansas.

Greg Walker and Pattie Weed with Landmark made a report on the audit of the iShares 529 plan. Pattie explained their auditing procedures, sample size, and processes, which result in an unmodified opinion. She stated that they noticed that the iShares plan does not have an investment policy. Pattie explained that this helps course-correct asset allocation targets. Pattie concluded that with the assets under management continuing to grow, they recommend starting to think about implementing an investment policy. She stated that it was a clean audit and recommended setting an investment policy. Treasurer Milligan stated that the board would certainly take those comments under advisement.

Mary Ryan with Vanguard made an audit report highlighting the Portfolio and underlying fund performance, Vanguard’s economic market outlook, and underlying fund details. Mary went on to echo David’s comments on market correction and that markets will always go up and down and that is why the portfolios were structured the way they are to protect the account owner. She stated that this is key as the beneficiary becomes older.

The date for the 2nd Quarter meeting of 2019 will be determined later.

There being no further business, Treasurer Milligan moved to adjourn the meeting and the meeting adjourned at 9:45am.

Respectfully submitted,

Emma Willis, Director of 529 Programs and Financial Education