**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday, November 14, 2017 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 Tuesday, November 14, 2017 at 9:00am in the Victory Building Conference Room, Suite 275. Present at the meeting were Treasurer Dennis Milligan; Director George Hopkins of the Arkansas Teacher Retirement System; Grant Wallace with the Treasurer’s Office; Director of 529 Programs and Financial Education Emma Willis; AR 529 Assistant Chris Scott; Jonathan Coleman, serving as the voting representative for Dr. Markham with the Arkansas Department of Higher Education; Dave Ponder with Ascensus College Savings; John Peace with Dover Dixon Horne; John Park with BlackRock; Mary Ryan with Vanguard.

The press was notified in compliance with the Freedom of Information Act.

Treasurer Milligan called the meeting to order at 9:03 am and asked for a motion to approve the minutes of both the August 15th , 2017 (Third Quarter) meeting as well as the August 29th (Special) meeting, Director George Hopkins moved for motion, Jonathan Coleman seconded the motion, and the minutes were approved.

Kristen Vandaveer Nicholson with marketing firm MHP made a presentation highlighting marketing efforts so far this fiscal year. Kristen went on to detail business objectives and communications objectives which include: drive to the website, increase engagement on social media, and increase community outreach/engagement. Community engagements highlighted were the CALS Summer Read to Succeed, CALS End of Summer Bash, and Downton Bentonville First Friday Back to School Special. The report on social media included a recap of our Facebook page (4,390 likes, 2,716,349 impressions, 37,695 post engagements, 19,405 link clicks) as well as a recap of contests that were held, statistics on Facebook click to web ads, Facebook promoted posts, search engine marketing, Gmail, and digital increases were also shared. Kristen also detailed the soft launch of the Gift of College gift cards.

George Hopkins mentioned that he trusts the 529 staff to make the right decisions regarding marketing. Treasurer Dennis Milligan echoed these comments adding that marketing efforts so far looked good, and has yielded great success.

Melita Lewis with the Bank of the Ozarks made a banking services proposal presentation to the board highlighting recommended account types, recommended services, corporate credit cards, trust services, and pricing.

Grant stated that he had asked Emma to explore allocating some of our funds in higher earning checking accounts. Grant stated that they were pleased with the higher basis points that were being offered. Grant asked for a motion to engage in public funds interest checking and opened the topic to discussion. Treasurer Milligan stated that while he liked what he heard, he wanted input to any down sides that the board may see.

George Hopkins stated that he liked that it is an Arkansas bank, he was also pleased with the basis points rate, and that we were building funds. Upon conclusion of the presentation George Hopkins again stated that he trusts the staff of the 529 program to make the appropriate decision, based on our experience.

Director Hopkins made a motion to authorize staff to engage with banks to place money in all collateralized and CDRS as appropriate based upon staff’s view of the liquidity cash flow administrative needs. Johnathan Coleman seconded the motion and the motion was passed through a verbal vote.

John Peace reported on the cash flow, showing the income for the first four months of the year. He stated that the biggest expenses were EverFi and Gift of College.

Treasurer Milligan asked for a motion to approve the Cash Flow report. Johnathan Coleman moved to approve, George Hopkins seconded the motion, and the motion was passed through a verbal vote.

Grant Wallace presented the Checks and Invoices on behalf of Emma. He also discussed the checks and invoices that had to be paid prior to the meeting, mainly promotional items, travel expenses, and our sponsorship for Our House’s Resilient Family Award.

George Hopkins moved to ratify the paid expenses and approve payment of remaining items. Jonathan Coleman seconded the motion, and the motion passed through a verbal vote.

Grant Wallace made a presentation to develop a mobile application for the 529 Program. The web app development group, Standing Rock Consulting, presented an agreement capped at $14,050. This agreement would include identifying the stakeholders, going through all processes, working with Ascensus and what the app would need, look like, and our return on the investment before coming to board to ask for it to go live.

George Hopkins moved to approve the engagement as presented, Johnathan Coleman seconded the motion, and the motion carried thorough a verbal vote.

Mary Ryan with Vanguard made a report highlighting the Portfolio and underlying fund performance, Vanguard’s economic market outlook, and underlying fund details. Specifically, Mary stated that she was pleased to say that the markets continued to be kind to us. The aggressive growth portfolios year to date return was up over 16%, with the one year return up 18.43%. More conservative portfolio’s returns were slightly less at 5.6%. Vanguards total international stock index fund the year to date return was over 21.5%. The bond markets showed more muted returns at 3.2% year to date. Mary also touched on changes the last three years, specifically changes to the direct plan, adding international bonds, resulting in more exposure. The Smooth Glide path is getting set up for June of 2018.

John Park then made a report on the iShares Plan, specifically trying to expand availability, to focus on driving future growth in 2018, broaden iShares plan availability, marketing to support iShares 529 plan, what’s happening with the iShares 529 Plan in Arkansas, and investment options. The plan has been expanding from a distribution perspective, just shy of $400 million. Conversations continue with distribution partner to have the plan available at as many firms as possible, specifically Merrill Lynch, LTL, and Morgan Stanley. John stated that an email campaign was sent out to the 33,000 advisors that sell the plan and received a good response rate. John stated that the plan assets have gone up over 10% since the last meeting, added 3 new firms, they have gone from 147 to 171 financial advisors.

Dave Ponder with Ascensus College Savings stated that while he had to jump off the line to board a flight, he had sent copies of his presentation and for the members of the committee to reach out to him if they had any questions.

The date for the 1st Quarter meeting of 2018 will be February 7th, 2017 at 9:00am.

There being no further business, Treasurer Milligan moved to adjourn the meeting and the meeting adjourned at 10:10am.

Respectfully submitted,

Emma Willis, Director of 529 Programs and Financial Education