

MINUTES OF THE MEETING
Arkansas Section 529 Plan Review Committee

Tuesday, March 8, 2022, at 10:00 AM
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, March 8, 2022, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Treasurer of State Dennis Milligan; Clint Rhoden, Director of the Arkansas Teacher Retirement System; Alisha Lewis, serving as proxy for Arkansas Department of Higher Education; Grant Wallace, Chief Deputy Treasurer; Fran Jansen, Director of 529 Programs and Financial Education; Chris Scott, Manager, AR 529 Programs; Stacy Peterson, Communications Director for the State Treasurer’s office; Dave Ponder with Ascensus College Savings; John Peace with Wright, Lindsey & Jennings LLP; John Park with BlackRock; Julia Ward with Vanguard; and, Greg Walker with Landmark CPAs.

Treasurer Milligan called the meeting to order at 10:01 AM.

The Treasurer then asked for a motion to approve the meeting minutes from November 16, 2021, and December 15, 2021. Clint Rhoden moved for approval, Alisha Lewis seconded the motion, and the minutes were approved.

Fran Jansen gave the director’s report. She highlighted the rebranding of the 529 plan name to the “Arkansas Brighter Future 529 Plan.” She encouraged the committee to visit the new website and noted there is a re-direct from the old website. She mentioned that a media kit will be sent to targeted local news stations that will include a pre-packaged story, talking points, a timeline of the Brighter Future Plan, and branded sunglasses. Fran also shared a one-page AR 529 ad created for the Arkansas Business Publishing Group’s ‘Next Money’ magazine and said that new television commercials were also being developed.

Grant proposed an amended budget for fiscal year 2022, explaining that it reflects the unwinding of the relationship with Central 25. He reminded the committee that the separation agreement includes three payments for app developments and enhancements that had already been made. The payment schedule was as follows; \$60,000 was paid January 15, 2022; \$60,000 is due July 15, 2022; and \$35,000 will be due January 15, 2023. Clint Rhoden moved for approval, Alisha Lewis seconded the motion, and the amended budget was approved.

Fran formally presented for approval checks and invoices paid during third quarter of fiscal year 2022. Alisha Lewis moved to approve, Clint Rhoden seconded the motion, and the checks and invoices were approved.

John Peace reported on the budget for fiscal year 2022 as of February 28. He stated that as of February 28th, the income was a little over \$487,000, and that expenses came in at about \$540,000 year to date. John noted that the administrative accounts had a combined balance of \$125,000.

Dave Ponder reported on assets, contributions, withdrawals, funded accounts, average funded account size, Advisor Plan 529 assets, U-gift and U-promise. Dave noted that many account owners were still contributing automatically. He stated that as of March 8, the Brighter Future Direct Plan assets under management were \$564,325,768. He noted that the direct plan received \$12.66 million in year-to-date contributions, had a total of 33,223 funded accounts, with an average account size of \$16,986. Dave also reported on the Brighter Future Advisor Plan, stating there was nearly \$667 million in total assets under management, 16,128 funded accounts, with an average account size of \$41,355, bringing the total of assets under management to \$1,231,305,495.

Next, Julia Ward reported on 529 industry trends, economic influences and forecasts, and portfolio performance. She advised that major trends included progressive smooth glide paths, price compressions, and other options that some states are choosing to add to their current portfolio options. Julia reported that already-turbulent economic conditions resulted in Vanguard lowering their US economy growth projections from 4% to 3.5% for 2022. Julia also reported that portfolio performance in general continued as expected. Treasurer Milligan inquired about any

potential Russian exposure that our portfolios may have and Julia advised that while the exposure was minimal (lower than one percent) they will divest when they are able to as the securities were not currently trading.

John Park reported on Arkansas-owned Brighter Future Advisor Plans, stating that assets had grown by about \$71 million since the end of 2020; the total number of financial advisors offering the plan in Arkansas has grown to 409 advisors, and that there were currently 3,598 Arkansas-owned accounts with an average account size of \$19,851. Regarding the Russian invasion of Ukraine, John advised that it would impact commodities and inflation due to changes in the energy markets. Regarding portfolio exposure, he advised that it was minimal and that on February 28 suspended purchases of all Russian securities. They will exit existing investments when securities begin trading.

Greg Walker from Landmark presented June 30 audit reports on the Direct and Advisor sold plans. He noted there were no issues during the testing and that primary focus was given to activities in December of 2020 when multiple duties and functions of the Vanguard group were transferred to the Northern Trust Corporation. In summary, Greg stated that there were clean opinions issued on both the plans.

Next, John Peace reported on amending the 529 program rules, stating that the changes had been approved by the Governor's Office, that the public comment period closed February 14 with no comments received, and that he will present before the legislative rules committee, likely in April.

There being no further business, Treasurer Milligan adjourned the meeting at 10:52 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education