**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Wednesday, November 2, 2016 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 Wednesday, November 2, 2016 at 9:00 am 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; Jason Brady with the Treasurer’s Office; Financial Education and ABLE Director Emma Willis; AR 529 Assistant Lana Davis; Legal Counsel John Peace with Dover Dixon Horne, PLLC; Dave Ponder with Ascensus College Savings; John Park with BlackRock; Mary Ryan, Christy Erickson & Kim Stockton (via Conference line) with Vanguard; Randy Milligan and Greg Walker with Thomas & Thomas.

Grant Wallace notified the press in compliance with the Freedom of Information Act.

Treasurer Milligan called the meeting to order at 9:03am. The minutes of the August 24, 2016 (Special Meeting) were approved with the motion made by Director Hopkins and seconded by Treasurer Milligan. The motion carried, and the minutes were approved.

John Peace, after meeting with the Director of Dept. of Finance, expressed that a Carry Forward Tax Provision, which would allow a tax deduction for contributions to a tuition savings account in the Arkansas Tax Deferred Tuition Savings Program to be carried forward to succeeding tax years, be introduced into legislation during the upcoming Legislative Session. This would allow families, if contributing more than the maximum deduction of $5,000 or $10,000 a year, to carry over the excess amount up to 4-years. Director Hopkins and Treasurer Milligan agreed and approved to pursue this in the next Legislative Session.

Randy Milligan with Thomas and Thomas gave an update on the FY 2016 GIFT College Investing Plan audit. There were no findings and it was a clean report. Greg Walker also with Thomas and Thomas updated that since the roll-out of additional share classes the I-shares audit required additional testing. They are still waiting on updated reports from BNY Mellon, and the final draft of the audit will be sent at a later date.

John Peace reported on the FY2016 budget. Total income from 7/1/16 to 9/30/16 was $101,472.88 All three administrative accounts totaled $1,126,384.40.

Presentations and updates were given by Cumulus (Sherry Lewis and Susan Ashcraft) and Mangan Holcomb Partners (Kristen Nicholson and Lauren Farabough). Treasurer Milligan presented a motion to the committee to extend the proposal provided by MHP for a 6 month contract (PR and Outreach $3,000 per month = $18,000 + Digital/Social Media $35,000) starting January 2017 for a total of $53,000. Director Hopkins seconded the motion and the contract was approved.

Grant Wallace presented the checks and invoices for approval and payment totaling $3,011.43, plus requested a pre-approval to order supplies for several marketing expenditures provided by MHP in the amount of $3,000. Director Hopkins made a motion to pay all invoices and approve other expenses as explained, Treasurer Milligan seconded and the list was approved.

Grant Wallace presented a partnership with EverFi to add financial education within the 529 Program. The curriculum software educates students K-12 on financial literacy, budgeting, money management and saving for the future. The contract would be for three years, 1st year $75,000, 2nd year $100,000 and 3rd year $100,000 for a total of $275,000.00.

Director Hopkins noted that the relationship between the duty and responsibility of the committee is to promote and oversee the Arkansas 529program. The first obligation of the committee is to make sure there is no to harm the 529 program, and/or the Treasurer’s Office. In following that objective, he asked John Peace, based upon what had been presented if he had any issues with the expenditure. Peace replied as long as the AR529 Program is part of the overall curriculum it is fine and would be considered a marketing expense.

Director Hopkins made a motion to approve the three year contract with EverFi, Treasurer Milligan seconded the motion and it was approved.

Mary Ryan and Kim Stockton with Vanguard highlighted a smoother glide path which would give account owners more options when choosing a portfolio. After review it was decided to table and allow for more information and discussion at a later date.

Dave Ponder reported as of 10/31/16 the GIFT plan assets are $336 million, contributions of $26.8 million, and qualified withdrawals year to date of $20.1 million. Funded accounts are 24,689, and the average funded account size is $13,610.00.

The I-shares assets under management as of 10/31/16 are $335,727,384, and funded accounts are 9,054. The average account size is $37,080.

John Park with BlackRock updated on the share class sales agreement. Their strategy is to expand the availability and get more firms on board to promote and sell the program. There are 140 Broker Dealer contracts and 425 RIA agreements in place and able to sell the plan.

The date for the 1st Quarter meeting 2017 will be determined and announced at a later time.

There being no further business, Treasurer Milligan moved to adjourn the meeting. Director Hopkins seconded, and the meeting adjourned at 10:32am.

Respectfully submitted,

Emma Willis, Director of 529 and Financial Education