**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday February 7, 2017 at 10:00am

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, February 7, 2017 at 10:00 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; Director of 529 Programs and Financial Education Emma Willis; AR 529 Assistant Lana Davis; Stacy Peterson with the Treasurer’s Office; Legal Counsel John Peace with Dover Dixon Horne, PLLC; Jonathan Coleman, serving as the voting representative for Dr. Markham with the Arkansas Department of Higher Education; Dave Ponder with Ascensus College Savings; John Park with BlackRock; Mary Ryan 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 10:00am. The minutes of the November 2, 2016 were approved with the motion made by Director Hopkins and seconded by Treasurer Milligan. The motion carried, and the minutes were approved.

Emma Willis reported that HB1020 Bill will be introduced in a few weeks which would allow all newborns in the state of Arkansas be eligible for up to a $100 child savings account based on available funds. The source of funding would come from the lottery scholarship dollars.

She also updated the Carry Forward Tax Provision is in draft form which allows families, if exceeding the $5,000 per person amount during a tax year, to carry forward that tax deduction for up to 4-years.

John Peace and Emma Willis will continue working with DFA to make changes, for the next tax year, to simplify the Tax form of the AR529 contributions.

Emma Willis gave an update on the Aspiring Scholars Matching Grant (ASMG) payout totals for this year, which totaled $74,923.00. One hundred thirteen (113) accounts will receive 1 to 1 matches and 59 accounts will receive 2 to 1 matches. There have been two advisory council members appointed. We are still waiting on the Governor’s office to appoint a member.

John Peace reported on the budget. As of 1/31/17 all three administrative accounts totaled $1,303,103.74.

Total income was $386,558.12 which includes the $150,000.00 pay out from BlackRock.

Randy Milligan with Thomas and Thomas gave an update on the FY 2016 iShares audit. There were no findings and it was a clean report.

Grant Wallace presented the checks and invoices for approval. Director Hopkins made a motion to pay all invoices as explained, Mr. Coleman seconded and the list was approved.

Emma Willis requested an increase in the budget for FY2017 by an additional $40,000.00. Director Hopkins made a motion to amend the budget, Mr. Coleman seconded and the motion was approved. Director Hopkins made an additional motion to approve the extra $40,000.00 as presented with the flexibility to spend the money as needed. Mr. Coleman seconded and the motion was approved.

Mary Ryan reported year to date the returns on investments are up 9.15%. She requested to continue looking at the smoother glide path option which gives account owners more options when choosing a portfolio.

John Park with BlackRock reported they are continuing to expand and receiving more agreements to sell the share class program. They have already received approval from Edward Jones and UBS and are waiting to confirm Morgan Stanley and Merrill Lynch.

Dave Ponder reported the AR529 Trust is at $700 million. GIFT plan assets at the end of year 2016 are $342,858,120.00 (9% increase), contributions of $42,902,019.00, and withdrawals/rollovers/fees totaled $32,382,070.00. Funded accounts are 24,881 (up 1,100 from 2015), and the average funded account size is $13,779.00. Upromise rewards linked accounts 3,868 for a total amount of $1,292,218.00. UGift activity increased by 56.6% with a total of $2,170,407.00.

The date for the 2nd Quarter meeting 2017 will be April 11, 2017 at 9:00am.

There being no further business, Treasurer Milligan moved to adjourn the meeting. Director Hopkins seconded, and the meeting adjourned at 10:54.

Respectfully submitted,

Emma Willis, Director of 529 Programs and Financial Education