**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Thursday, August 20, 2015 at 9:00am

Arkansas State Capitol Treasurer’s Conference Room, Suite 220

State Capitol Building, Little Rock, AR 72201

A meeting of the Arkansas Section 529 Plan Review Committee (“Committee”) was held on Wednesday, August 20, 2015 at 9:00am in the Arkansas State Capitol Treasurer’s Conference Room, Suite 220, Little Rock, AR 72201, and via telephone conference line. Present at the meeting were Committee Chairman, State Treasurer Dennis Milligan; Dr. Brett Powell with the Arkansas Department of Higher Education; Director George Hopkins of the Arkansas Teacher Retirement System; AR 529 College Investing Plan Executive Director Beth Anne Rankin of the Treasurer’s Office; AR 529 College Investing Plan Executive Assistant and Emma Willis of the Treasurer’s Office; Communications Director Grant Wallace of the Treasurer’s Office; Legal Counsel John Peace of Dover Dixon Horne, PLLC; Zeke James with Vanguard; and Dave Ponder with Ascensus College Savings via telephone conference call.

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

Treasurer Milligan called the meeting to order at 9:01am. The minutes of June 2, 2015 (2nd Quarter) meeting were approved with the motion made by Director Brett Powell and seconded by Director George Hopkins. The motion carried, and the minutes were approved.

Beth Anne reported on the Marketing and the Calendar of Events by highlighting the 2015 marketing outreaches including the two state-wide radio media campaigns (paid for by the Ascensus marketing commitment), the end-of-year direct mail postcard piece, the social media twitter account (internally managed by Beth Anne), the ASU College Sports Kick-for-College/Shoot-for-College events and the new slimline brochure. She also presented four potential marketing ideas including a potential newborn initiative, various event sponsorships, a possible cap on Aspiring Scholars Matching Grant (in order to have a more predictable annual budget) and a move toward an overall reduction in plan fees.

Beth Anne announced that after the official 75-County drawing on Monday, August 10th, all 75 county winners had been contacted and had verbally accepted the $529 award. The second step is for the winners to each open their GIFT Arkansas 529 account, so Beth Anne and Emma will be staying in contact with the winners to help them through the process.

Grant Wallace presented an overview of the upcoming 75-County Winners event at the Capitol on Wednesday, September 16th to celebrate the 75-County Winners and to observe College Savings Month. He outlined the schedule for the day and the media outreach that will occur following the event with individual press releases for each county. He also mentioned the joint media effort with Ascensus for College Savings Month.

John Peace presented for approval the Ascensus Supplemental Amendment No. 5, which is a technical support amendment regarding document production. Director Hopkins moved to approve the amendment and Dr. Powell seconded the motion. Without further discussion, the motion carried, and Amendment No. 5 was approved.

John Peace then presented for approval the BlackRock contract and marketing modification amendment. He provided a brief history of their request to seek relief from the current national annual marketing commitment in order to build out the new class share as previously discussed. The four new commitments from BlackRock included a) Doubling the annual marketing commitment in Arkansas from $100,000 to $200,000; b) Offer Share classes (completion date will be mutually agreed upon by Ascensus and BlackRock but likely March 2016); c) Pay the State of Arkansas $150,000 annually ($750,000 total) to further promote college savings; and d) Extend the contract through December 2019. Director Hopkins moved to approve the modification, and Dr. Powell seconded the motion. The motion carried and the request was approved.

John Peace presented an overview of the annual budget (already approved by the Committee in June), highlighting the new system of budget management where the overall account balances and line item balances will be handled and monitored by his office.

Beth Anne presented the list of Invoices and Checks to be written, including three pre-approved items (Expenses for the September 16th 75-County Winners event at the Capitol, the end-of-year direct mail piece and potential conference exhibit booths). Director Hopkins moved to approve the list of invoices and check expenditures, and the motion was seconded by Dr. Powell. The motion carried, and the list of invoices and checks were approved.

Additionally, Director Hopkins made a motion to allow the 529 staff to spend up to the amount budgeted in both travel and marketing, if needed, prior to the quarterly committee meetings. Seconded by the Treasurer, the motion carried and it was approved.

Grant Wallace provided the Committee with an update regarding ABLE. He outlined the next steps which will be a deeper analysis of the number of potential ABLE accounts as well as the structure and blueprint of the overall platform. The committee will be comprised of the Treasurer, a representative from DHS and a representative from Rehabilitation Services.

Grant provided an update regarding Rep. Sabin’s state legislation for state employees to be able to implement direct deposit for the GIFT AR 529 accounts. Grant is coordinating with DFA to ensure the necessary steps have been taken to launch this initiative in January 2016.

Dave Ponder presented the Ascensus College Savings update. He reported that assets were over $319 million at the end of July 2015, with strong inflows YTD. Funded accounts have reached 23,000, and the average funded account size is $13,829. Dave mentioned new account owners will be receiving a welcome letter from the state office, a new outreach. The iShares assets are over $289 million as of July 31, 2015 and include 7,849 accounts.

Zeke James with Vanguard then presented an overview of Vanguard’s economic and market outlook, the Arkansas GIFT College Investing Plan portfolio performance and allocation, and the underlying fund performance, and the fund details. He reminded the committee that (as previously approved) two new funds will be added on August 31, 2015: Total International Bond Fund and the short-term inflation protected securities fund.

The 4th Quarter meeting is scheduled for Tuesday, November 17, 2015 at 9:00am.

There being no further business, the 3rd Quarter meeting was adjourned at 9:51am.

Respectfully submitted,

Beth Anne Rankin, Executive Director

Arkansas 529 College Investing Plans