

MINUTES OF THE MEETING
Arkansas Section 529 Plan Review Committee

Tuesday, June 27, 2023, 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, June 27, 2023, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Eric Munson, Chief Deputy Treasurer (Designee for Treasurer of State Mark Lowery); Heather McKim, Chief of Public Affairs for Treasurer Lowery; Rod Graves, serving as proxy for the Arkansas Teacher Retirement System; Fran Jansen, Director of 529 Programs and Financial Education; Chris Scott, Manager, 529 Programs; Dave Ponder with Ascensus College Savings; John Peace with Wright, Lindsey & Jennings LLP; John Park with BlackRock; and Amanda White with Vanguard.

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

Eric Munson recognized a quorum and called the meeting to order at 9:58 AM.

Eric then asked for a motion to approve the meeting minutes from March 7, 2023. Rod Graves moved for approval, Eric seconded the motion, and the minutes were approved.

Fran Jansen then gave the director's report, highlighting her recent television appearances on Channels 7 and 11 to promote a June incentive campaign that provides a \$25 deposit for the first 100 account owners who established recurring contributions. Fran also informed the committee that she and Chris had been meeting with human resource personnel at various state agencies to inform/remind them that the 529 plan is a payroll direct deposit option for their employees. She indicated that many of the agencies asked her and Chris to come back during open enrollment fairs in the fall. Fran also mentioned that Chris would be attending a statewide human resources conference in Fort Smith in October. Chris closed by briefing the committee on the Treasury Management Training Symposium that he attended in Portland in June.

Next, Fran presented for approval checks and invoices paid during Q4 FY 2023. Rod Graves moved to approve, Eric Munson seconded the motion, and the checks and invoices were approved.

Fran then presented for approval an extension to the committee's agreement with Vines/Brookshire to continue providing marketing services until the end of this calendar year. She informed the committee that she had invited other marketing agencies to submit a proposal for contracting 529 marketing services beginning in January 2024. Fran indicated that she would inform the committee in September of the office's recommendation for a new agency. Rod Graves moved to extend the Vines/Brookshire contract, Eric Munson seconded the motion, and the motion was approved.

John Peace then presented for annual review the Investment Policy Statement. He briefly reviewed the purpose, objectives, responsibilities, and policies as they currently are and suggested no revisions be made. Rod Graves moved to extend the use of the current Investment Policy Statement, Eric Munson seconded the motion, and the motion was approved.

Next, John provided the committee with a budget report for fiscal year 2023. He advised that due to recent market conditions, income fell roughly \$34,000 below the projected amount, expenses came in nearly \$17,000 under budget, and that as of June 15, there was \$317,507 in the combined administrative accounts.

Dave Ponder then reported on assets, contributions, withdrawals, funded accounts, average funded account size, Advisor Plan 529 assets, U-gift, and U-promise. He stated that as of May 31, the Brighter Future Direct Plan assets under management were \$550,263,587. He noted that the direct plan received \$25 million in year-to-date contributions, year-to-date withdrawals were at \$16.5 million, there was a total of 34,293 funded accounts, with an average account size of \$16,045.

Dave also reported on the Brighter Future Advisor Plan, stating that as of May 31, there was \$658 million in total assets under management, and 16,967 funded accounts, with an average account size of \$38,799.

Next, Amanda White reported on Vanguard's 529 industry trends, market outlooks, and portfolio performance. She mentioned that information technology and consumer discretionary were continuing to bounce back after 2022, due in part to advances in AI technology. Amanda also said that bond markets were up slightly from Q1 2023 but were still strained because of the rapid increase in interest rates. For portfolio performance, Amanda stated that the underlying funds performed as expected with one-month, three-month, and year-to-date all positive.

Reporting on the Brighter Future Advisor plans, John Park provided market commentary regarding inflation, resilient job growth, the possibility of more interest rate hikes from the Federal Reserve System, and fixed-income performance. Highlighting Arkansas-owned accounts, John reported that there were 461 financial advisors offering the plan in Arkansas and currently 3,950 Arkansas-owned accounts with an average account size of \$17,388.

For new business, Fran proposed September 12th for the next quarterly meeting.

There being no further business, Eric Munson adjourned the meeting at 10:52 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education