

MINUTES OF THE MEETING
Arkansas Section 529 Plan Review Committee

Thursday, September 14, 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 Thursday, September 14, 2023, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Arkansas Treasurer of State Larry Walther; Stephen Bright, Chief of Staff; Eric Munson, Chief Deputy Treasurer; Mark White, Executive Director of Arkansas Teacher Retirement System; Dr. Ken Warden, Commissioner of Arkansas Division of Higher Education; Fran Jansen, Director of 529 Programs and Financial Education; Chris Scott, Manager, 529 Programs; Thomas Hewitt 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.

Treasurer Walther called the meeting to order at 10:02 AM.

Following introductions, Treasurer Walther asked for a motion to approve the meeting minutes from June 27, 2023. Mark White moved for approval, Dr. Ken Warden seconded the motion, and the minutes were approved.

Fran Jansen then gave the director's report, highlighting recent radio marketing, a partnership with the Little Rock Zoo, and a campaign centered on recurring contributions. She also highlighted sponsoring a teacher's conference hosted by Economics Arkansas, meetings with state agencies, attending benefits fairs, and the upcoming 2023 conference of the Arkansas Society for Human Resources.

Next, Fran asked for a motion to add Treasurer Walther as an authorized signer on the 529 committee's administrative bank account and remove Stephen Bright from his status as temporary signer. Dr. Warden made a motion for approval, Director White seconded the motion, and the motion to update signatories was approved.

Fran then presented checks and invoices paid during Q1 FY 2024 for approval. Director White moved to approve, Dr. Warden seconded the motion, and the checks and invoices were approved.

Next, Fran provided an update to the committee on seeking a new marketing firm. She explained that when former Treasurer Lowery took office, he had expressed interest in hiring the Communications Group. She stated that even though constitutional offices are not required to issue an RFP, the Treasury staff still wanted to consider other firms that realistically could manage the 529 account within budget. To that end, Communications Group, Brand Catalyst and Ghidotti Communications were invited to present and did so in August. After thorough consideration and conversation, the Treasury staff consensus was to award the 529 marketing account to Communications Group. Fran explained that factors contributing to this decision were Communications Group's well-researched and well-developed proposal with various options, the firm's experience working with more than 40 state government programs and understanding the challenges of promoting the 529 plan.

Treasurer Walther then asked for a motion to approve the Treasury staff's recommendation to award the 529 marketing account to Communications Group. Dr. Warden made a motion for approval, Director White seconded the motion, and the motion was passed.

Fran then presented the proposed budget for the remainder of fiscal year 2024. She highlighted that while there was a proposed increase in marketing expenditures, the removal of some programming and technology expenditures going forward provided access to previously committed funds. Director White made a motion to approve the budget for the remainder of fiscal year 2024, Dr. Warden seconded the motion, and the motion was passed.

Next, John Peace provided the committee with a budget report for fiscal year 2024 thus far, reporting that from July 1 to August 31, income had come in at \$119,172.83, and expenses paid totaled \$101,377.04. He closed by reporting that the administrative accounts balance as of August 31 totaled \$335,392.47.

Fran then briefly introduced Tom Hewitt with Ascensus College Savings, the interim replacement for previous relationship manager, David Ponder, who had retired. Tom 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 August 31, the Brighter Future Direct Plan assets under management were \$559,537,303. He noted that the direct plan received \$38 million in year-to-date contributions, year-to-date withdrawals were at \$37.1 million, and there was a total of 34,474 funded accounts, with an average account size of \$16,045. Tom also reported on the Brighter Future Advisor Plan, stating that as of August 31, there was \$677 million in total assets under management, and 17,008 funded accounts, with an average account size of \$39,809.

Next, Amanda White reported on Vanguard's 529 industry trends, market outlooks, and portfolio performance. She mentioned that the equity markets were positive for the second quarter in July and that the US economy had exceeded Vanguard growth expectations for the quarter, and that they did not predict any Fed interest rate decreases until the second half of 2024. For portfolio performance, Amanda stated that the products and underlying funds performed as expected and that equity and mixed portfolios with both stocks and bonds were positive for the year, as opposed to what was seen in 2022.

John Park from Blackrock provided a brief history on the working relationship of the Brighter Future Advisor Plans before discussing product structure, and the investment options within the advisor plan. Highlighting Arkansas-owned accounts, John reported that there were 462 financial advisors offering the plan in Arkansas and currently 4,076 Arkansas-owned accounts with an average account size of \$17,853.

For new business, Fran proposed November 30 for the next quarterly meeting.

There being no further business, Treasurer Walther adjourned the meeting at 11:28 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education