

Agreement between Milwaukee City and Edvest

This Agreement is entered into this ____ day of _____, 2018, by and between the City of Milwaukee, a Wisconsin municipal corporation, (the "City") and Edvest, a tax-advantaged 529 savings plan administered by the State of Wisconsin, ("Edvest"), (collectively, "the Parties"), relating to the Fund My Future Milwaukee ("FMFM") Program.

WHEREAS, FMFM is organized as a Children's Savings Account program City to help fund future post-high school education expenses for children. As its initial savings account, the City will establish a non-person entity 529 account with the Edvest college savings plan to be commonly called the community account; and

WHEREAS, Edvest is a qualified tuition program allowed under 26 USC 529, and administered by the State of Wisconsin, ("State"). Funds are held by the State in a private purpose trust, but separate from all other state funds. The plan receives an annual independent financial audit (currently done by PricewaterhouseCoopers) and its report is included in the State's annual CAFR; and

WHEREAS, the invested savings for all FMFM beneficiary children will be held together in one account, as permitted for entity 529 accounts owned by governments, agencies, or 501(c)(3) organizations. The account's beneficiaries are not named until funds are withdrawn for qualified education expenses; and

WHEREAS, the State contracts with TIAA-CREF Tuition Financing Inc. to operate the Edvest plan. The State is the administrator and issuer of the municipal fund securities offered by the plan; and

WHEREAS, the Parties wish to enter into this Agreement for the purposes specified herein;

NOW THEREFORE, the Parties do hereby agree as follows:

Account

1. The City will open and own one Community Account for all investable funds, and may designate agents or persons to act on its behalf.
2. Recordkeeping of the Community Account's allocation to each student will be the responsibility City and the FMFM Fiscal Agent, (currently, the United Way of Greater Milwaukee & Waukesha County (or any successor Fiscal Agent), using existing unique student numbers from educational agencies. This identifying system address concerns regarding privacy.
3. Edvest will utilize only one Community Account, owned by the City. Records of the beneficiary children are kept by the City, and Edvest will not receive any identifiable student or family data. However, at the time of withdrawals for educational expenses, the student's name and Social Security Number will be required by Edvest for federal reporting purposes.
4. The City will control FMFM's data, and the entities that may access or share it.
5. To open the Community Account, the City will complete the Edvest Entity Account Application form, including naming authorized representatives, and government ID information required by federal law.

Account Operations

1. The City, as with any 529 Account Owner, will always maintains total control of the account, including investment choices, designating beneficiaries, withdrawals, and liquidation of the account for any reason.
2. The City will designate a Program Manager to be the point of contact to Edvest operations, and can then direct investment changes, designate beneficiaries, make withdrawals, liquidation, and other duties. However, actions must be approved by the City's Director of the Department of Administration.
3. Access to the City's Edvest account will be via secure internet, telephone, or mail by authorized persons will be determined by the City.
4. The City will designate a Fiscal Agent to receive duplicate copies of deposits, withdrawals and quarterly statements of account. The City can designate that the Fiscal Agent will also have secure access to the account via internet, telephone or mail.

Investments

1. All of the Edvest investment choices (currently 17), in any combination, are available to FMFM. However, the initial investment choice for the Community Account will be Edvest's Principal Plus portfolio, an insured investment, currently yielding 1.45% in 2018. The portfolio's rate is set annually, with a 1.00% guaranteed rate.
2. The City will annually review investments.

Account Contributions

1. The Fiscal Agent will make third-party contributions to the account as grants, gifts and donations are received and are consistent with the City's Agreement with the Fiscal Agent.
2. City and the Fiscal Agent will develop policies and procedures for donations. The City as Account Owner assumes control of these funds, when received, as a one-way gift from the contributor.

Account Withdrawals

1. The first withdrawals will take place at least 10 years after the execution of this Agreement, but the current rules will likely apply. FMFM will comply with all relevant regulations regarding withdraws. Checks will be written or electronic transfers made to the educational institutions on behalf of the students.

Communication with Student/s Families

1. The FMFM manager will develop a process to communicate with families participating in FMFM. These messages will include pre-college planning, budgeting, investing, and other topics. Edvest will be able to provide some content from its current library.
2. On at least an annual basis, the FMFM manager will also report amounts invested in the program's community account on behalf of their children. This will be a responsibility of the City and not of Edvest.
3. The FMFM and Edvest will explore a cost-efficient system to link private individual 529 accounts (with the parent or guardian's permission) to the related portion of dollars invested for that child in FMFM, for a combined report. This will not be operational during the first years of the program.

City as Account Owner

1. The City as FMFM is the owner of the assets in the entity (community) 529 account; designated amounts in the account on behalf of any person continue to belong to FMFM until an authorized withdrawal.
2. As such, FMFM assets under current law are not considered in determination for individual student financial aid, disability benefits, or mean-tested benefits. In addition, individuals do not have a claim to funds within the FMFM account, nor may they be used as collateral for loans, claimed on tax returns, or subject to lien.
3. The City and FMFM may liquidate the Edvest account at any time, including a rollover of assets to another 529 plan. But if the destination is a non-529 account or if used for nonqualified (educational) purposes, penalties and taxes may apply. Consult with tax professionals.

Miscellaneous

1. The Wisconsin Public Records Law shall apply to this Agreement.
2. Milwaukee Code of Ordinances with respect to Conflicts of Interest shall apply to this Agreement.
3. Milwaukee Code of Ordinances with respect to anti-discrimination shall apply to this Agreement.

For the City:

Sharon Robinson
Director, Department of Administration

Martin Matson
Comptroller

Kathryn Z. Block
Assistant City Attorney
as to Content, Form, and Execution

For Edvest:

