

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
May 29, 2013

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Chairman Kate Marshall, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:03 a.m., on Wednesday, May 29, 2013. The meeting was held by conference call from the Nevada State Capitol, 101 North Carson Street, Guinn Room, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Present at the meeting were:

Board Members

Ned Martin  
Mike Torvinen  
Robert Seale  
Crystal Abba (via teleconference)  
Chairman Kate Marshall

Others Present

Tricia Brady, Upromise Investments  
Timothy Pi, Upromise Investments  
Kate Beauparlant, SSgA  
Kristi Mitchem, SSgA  
Mike Stevens, SSgA  
Bob Kennedy, SSgA  
John Heywood, Vanguard  
Dan Reyes, Vanguard  
Paul Fulmer, USAA  
Caroline Tucker, USAA  
Eric White, PCA  
Sheila Salehian, Senior Deputy Treasurer, Treasurer's Office - South  
Mark Mathers, Chief Deputy Treasurer  
Steve George, Chief of Staff, Treasurer's Office  
Linda English, GGMS, College Savings Deputy

Roll was taken and it was determined a quorum was present. Ms. Salehian indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law.

1. Public Comment.

Patricia Brady commented Happy 529 Day.

There were no further comments.

Consent Agenda

2. For possible action – For possible action – Board review and approval of the minutes of the College Savings Board of Trustees meetings of:
  - a.) February 27, 2013
  - b.) March 25, 2013
  - c.) April 3, 2013
3. For possible action – Board review and approval of the Upromise program manager’s report encompassing results for Vanguard, USAA, and SSgA Upromise 529 Plans for the quarter ended March 31, 2013
4. For possible action – Board review and approval of the Putnam 529 for America advisor sold program manager’s report for the quarter ended March 31, 2013.
5. For possible action – Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for quarter ended March 31, 2013 for the 529 College Savings Plans.

Mr. Bob Seale asked why the Board was doing a Complied Financial Statement rather than a full review.

Ms. Pattie Weed stated the Controller’s Office has to record the transactions and balances associated with the College Savings Plans of Nevada. All of the transactions are compiled together so they can all be presented to the Controller’s Office. A full quarterly review would be more costly.

Mr. Bob Seale stated he would like more detail in the fees being shown on the financial statement.

Mr. Bob Seale made a motion to approve Agenda Item 5. Mr. Mike Torvinen seconded the motion. The motion passed unanimously.

6. For possible action – Board review and approval of the performance report from Chicago Equity Partners, investment manager for the fixed- income portfolio of the Nevada Higher Education Trust Fund (Prepaid Tuition Program) for the quarter ended March 31, 2013.
7. For possible action – Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Callan Associates for the quarter ended March 31, 2013.

Agenda Item 5 was taken out of the Consent Agenda and into Individual Consideration. Mr. Ned Martin made a motion to approve Agenda Items 2 through 7 with the exception of Agenda Item 5. Mr. Bob Seale seconded the motion. Motion passed unanimously.

#### Discussion Agenda

8. For possible action – Receive report on the Nevada College Kick Start Program progress.

Mr. Steve George stated the school superintendents from all the districts openly supported College Kick Start. There will be about 3,000 students in the first pilot program. The measure of success will be how many parents open up a separate SSgA account and start making contributions to the account. The Treasurer's office has secured a \$20,000 grant from Charles Schwab Bank. It will be used for helping designated Title 1 schools in Washoe County become part of the pilot.

9. For possible action – Board review and approval of the Kenny C. Guinn Memorial Millennium Scholarship finalists, and the selection by the Board of the FY2014 winner(s).

The Treasurer's Office submitted SB102 which would allow two winners for the Kenny C. Guinn Memorial Millennium Scholarship, one in the north and one in the south. SB102 was passed by both the State Senate and the State Assembly.

Chairman Marshall stated Allysa Starkweather would be the winner from the South and would like to nominate Danielle Swanson for the North winner.

Ms. Crystal Abba made a motion to award Danielle Swanson for northern Nevada for the Kenny C. Guinn Memorial Millennium Scholarship. Mr. Bob Seale seconded the motion. The motion passed unanimously.

10. For possible action – Board review and approval of the SSgA RIA Channel 2013 Marketing Plan.

Mr. Bob Kennedy stated SSgA's initially created RIA targeted materials and used the existing websites. SSgA has continually gone to the press with announcements. The engagement rate was 1.32%, which would be modest. SSgA went through the database to find out who was interested in the information. SSgA found they were not connecting with the audience SSgA normally talks to through the two campaign processes. SSgA found they are able to get audience interest but are having difficulty getting actual engagement and activity. SSgA wants to broaden and refine their RIA reach. SSgA will continue to do direct marketing to the RIAs. SSgA will need to add specific information about the 529 program to the website.

Mr. Mike Stevens stated that they have about 20 people every day who are squaring off RIA firms. It's a \$2 Trillion dollar market, growing at about 16% a year. Mr. Stevens stated that each sales person out in the field has about \$500 Billion in their region, and each works with about 150 RIA firms. Mr. Stevens said the new plan is a way to build new relationships.

Mr. Ned Martin made the motion to approve the SSgA RIA Channel 2013 Marketing Plan. Mr. Bob Seale seconded the motion. The motion passed unanimously.

11. For possible action – Board review and approval of changes to the Vanguard 529 Plan Age-based Glide Path

Mr. John Heywood and Mr. Dan Reyes presented three different ideas in creating control groups with the Board to enhance communications and recognize potential impact. Mr. Heywood stated Vanguard believes option three would best benefit the program.

Mr. Mark Mathers stated recommendation number three would be asking the account owner if they were sure they wanted to move forward with the plan. Mr. Mathers stated there is potential to confuse account owners. Staff feels recommendation number one will be more straightforward for account owners.

The Board members would like to talk with Staff to understand more about the analysis Staff has gone through.

There was no action taken on this Agenda Item. Staff will work with Vanguard to better identify the cost and complexity issues with going forward with item one.

12. For possible action – Board review and approval of the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ended March 31, 2013.

Mr. Eric White stated the USAA Aggressive Growth Fund is currently on the Watch List. The fund has continually lagged the bench mark. PCA recommends a replacement of the fund. Mr. Timothy Pi, investments for Upromise, stated Upromise agrees with the recommendations from PCA. USAA agrees with the recommendations from PCA.

USAA Value Fund and USAA Income Stock Fund have fallen below the criteria. Mr. White stated this is normal for these funds and PCA would be concerned if the funds were out performing at this point.

The Putnam Voyager Fund has returned 23% in the past 18 months.

Mr. Ned Martin made a motion to approve the Nevada College Savings Plans Investment Monitoring Report. Mr. Bob Seale seconded the motion. The motion passed unanimously.

13. For possible action – Board review and approval of the contract with Ernst & Young to perform an audit of Upromise Investments, Inc., and budget authority in FY2014 of \$100,000 associated with the contract.

Mr. Mark Mathers stated Ernst and Young's contract would not exceed \$118,125.00. The Treasurer's Office is asking for the contracted to be approved and a transfer of \$100,000 from the College Savings endowment fund to the operating account to cover the cost.

Mr. Bob Seale made the motion to approve the contract with Ernst & Young and the transfer of \$100,000 from the College Savings endowment fund to the operating account. Mr. Mike Torvinen seconded the motion. The motion passed unanimously.

14. For possible action – Board review and approval of the Prepaid Tuition loan repayment policy.

Chairman Marshall stated one payment option for the Prepaid Tuition Loan would be once Prepaid Tuition reaches 120% funded the Board would require a loan repayment every fiscal year equal to the amount of funding over 120%. The other option is once Prepaid Tuition reaches a total of 120% the Treasurer's Office would provide a payment every fiscal year of half the total equivalent dollar amount which would build cushion into the fund, in case of market volatility.

The Board decided option number two was the best payment plan.

Mr. Bob Seale made a motion to approve the Prepaid Tuition Loan Repayment Policy. Mr. Mike Torvinen seconded the motion. The motion passed unanimously.

Comments

15. Staff Notes.

There were no comments from the Board members or Staff.

16. Public Comment.

There was no public comment in Las Vegas or Carson City.

As there was no further business, Chairman Marshall adjourned the Board meeting at 12:57 p.m.

Attest:



Sheila Salehian, Secretary to the Board