

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
September 20, 2013

Chairman Kate Marshall, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 9:00 a.m., on Friday, September 20, 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 4600, 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 (excused)
Crystal Abba, Nevada System of Higher Education
Chairman Kate Marshall

Others Present

Sheila Salehian, Deputy Treasurer, College Savings
Mark Mathers, Chief Deputy Treasurer
Steve George, Chief of Staff, Treasurer's Office
Linda English, GGMS, College Savings
Mark Gardberg, Lionel Sawyer & Collins

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.

There were no comments in Las Vegas or Carson City.

Discussion Agenda

2. For possible action – Board review and approval of a settlement offer from Upromise, Inc. and amendments to the Direct Program Management Agreement.

Mr. Brian Irvine, with Gordon Silver, stated the recommendation that the Board of Trustees of the College Savings Plans of Nevada enter into a settlement agreement with Upromise, Inc. and Sallie Mae, and that the board amend the direct program management agreement between the Board and Upromise Investments, Inc. The Board, Upromise, and Upromise Investments, Inc. are party to a contract to services of independent contractor as supplemented by the Direct Program Management Agreement, which two contracts form a single contract which was executed on March 5, 2002. Mr. Irvine stated he will henceforth refer to this as the UPromise Agreement.

Mr. Irvine stated that on August 22, 2006, SLM Corporation, which is known as Sallie Mae, acquired Upromise Inc. and UPromise Investments. The Upromise Agreement has been amended five times. He indicated that the Board has recently retained the services of Ernst & Young to perform a books and records of the college savings plans, pursuant to the Upromise agreement. The inspection and audit has commenced and remains ongoing. Mr. Irvine proceeded to give the terms of the settlement agreement, which is subject to the closing of the sale of Upromise Investments, Inc. to Ascensus, Inc. He gave terms as follows; first, the Board would agree to release Upromise, Upromise Investments, Inc., and Sallie Mae, from liability related to the Upromise agreement, including claims related to the passage of amendment #2 to the Direct Program Management Agreement, with the exception of items discovered by the current records inspection being conducted.

The Board would furthermore agree to release Upromise, Upromise Investments, Inc., and Sallie Mae, from liability related to the Treasury Solutions/Nevada Litigation, including any potential third party claims that the State could assert against UPromise. Mr. Irvine went on to say that the Board would agree that for 24 months from and after the sale of Upromise Investments, Inc. to Ascensus, Inc., that neither Upromise Investments, Inc. nor the Board shall directly or indirectly demand the renegotiation, amendment, or modification of any of the terms of the Upromise Agreement, including fee structure. Upon the sale of Upromise Investments, Inc. to Ascensus, Upromise would assign to Upromise Investments, Inc. all of its duties, responsibilities, interest, and rights under the UPromise Agreement.

He said the Board would approve the assumption of duties and responsibilities of Upromise under the Upromise Agreement, to Upromise Investments, Inc., and would release UPromise from all Upromise obligations under the agreement that accrue from and after the sale to Ascensus. Upromise Investments, Inc. would provide the Board with an executed copy of the marketing agreement as it relates to the Nevada College

Savings Program along with any and all amendments to the marketing agreement. The marketing agreement shall be provided to the Board no later than the date of the close of the sale transaction to Ascensus. Upromise Investments, Inc. shall provide for the use of the Upromise name and logo in connection with the SSgA UPromise 529 Plan for a period of no less than 5 years from the sale of Ascensus. Mr. Irvine also stated that any and all other obligations in the Upromise Agreement that have not specifically been mentioned would remain in place and be in full force and in effect.

Furthermore, Mr. Irvine stated, the records inspection currently being conducted by Ernst & Young would continue and conclude to completion. The Board would receive payment of \$4 Million from Upromise, Inc. The Board would also have the option of waiving the \$3 Million liquidity requirement that's currently in the Upromise Agreement, in exchange for an additional payment from UPromise, Inc. of \$1 Million. Mr. Irvine recommends that the Board exercise this option, which means the Board would receive a total of \$5 Million. These funds, Mr. Irvine said, shall only be used to market the Nevada College Savings Program, and to supplement the administration and marketing efforts of the Nevada Prepaid Tuition Program, and go to other fees and expenses related.

Mr. Ned Martin made a motion to approve the settlement between the State of Nevada College Savings Board and Upromise. Mr. Mike Torvinen seconded the motion. Motion passed unanimously.

Comments

3. 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 9:16 a.m.

Attest:



Sheila Salehian, Secretary to the Board