

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
October 17, 2013

Chairman Kate Marshall, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, October 17, 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 (Excused)
Robert Seale
Crystal Abba, Nevada System of Higher Education (Excused)
Chairman Kate Marshall

Others Present

Tricia Brady, Upromise Investments
Lisa Connor, Upromise Investments
John Heywood, Vanguard
Stewart Duffield, Vanguard
Sheila Salehian, Senior Deputy Treasurer - South
Mark Mathers, Chief Deputy Treasurer, Treasurer's Office
Linda English, GGMS, College Savings Deputy, Treasurer's Office
Troy Watts, Marketing Coordinator, Treasurer's Office
Blanca Platt, Program Officer, Treasurer's Office
Tara Hagan, Senior Deputy Treasurer – North
Jenna Weisenthal, Treasurer's Office

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 was no public comment in Carson City or Las Vegas.

Consent Agenda

2. For possible action – Board review and approval of the minutes of the College Savings Board of Trustees meeting of:
 - a. August 29, 2013
 - b. September 10, 2013
 - c. September 20, 2013
3. For possible action: Board review and approval of the 2014 Nevada Prepaid Tuition Program fee schedule.
4. For possible action: Board review and approval of the 2014 Nevada Prepaid Tuition Master Agreement.
5. For possible action: Board review and approval of the FY 2013 actuarial valuation study of the Nevada Higher Education Prepaid Tuition Trust Fund and Prepaid Tuition Program pursuant to NRS 353B.190, and approve their filing with the Nevada State Controller’s Office.
6. For possible action: Board review and approval of the 2013 Audited Financial Statements for the Putnam 529 for America, Vanguard 529 Plan, SSqA Upromise 529 Plan, and the USAA College Savings Plan, and approve their filing with the Nevada State Controller’s Office.
7. For possible action: Board review and approval of the Nevada Comprehensive Investment Plan and Investment Policy Statement for the Nevada Higher Education Prepaid Tuition Trust Fund.
8. For possible action: Board review and approval of the Investment Policy Statement for the Nevada College Savings Program.

Mr. Ned Martin made a motion to approve Agenda Items 2-8. Mr. Bob Seale seconded the motion. Motion passed unanimously.

Discussion Agenda

9. For possible action: Board review and approval of Vanguard’s fee reduction proposal.

Mr. John Heywood gave the Board some history on the Vanguard 529 Plan. Over the last five years, the growth rate has been 18.6%. This has outpaced the other 10

leading 529 Plans, which growth rate has been 9.2%. Morningstar, in their last rankings, rated the Vanguard 529 Plan as a Gold Plan. New ratings from Morningstar come out the week of the 21st. Mr. Stewart Duffield stated the proposal as reducing price from 25 basis points to 21 basis points for the aged-based, and a range of 21 to 50 for all the other investments in the plan. In terms of dollars and sense, it's a 16% reduction, and an amount of about \$3.5 Million on an annual basis being given back to the plan in aggregate. Mr. Duffield also stated, as part two of the proposal, when the plan reaches \$10 Billion (AUM are at about \$8.6 Billion today), the plan will reduce the age based options from 21 basis points down to 19 basis points. It is estimated that part two of the plan will go into effect sometime at the end of 2014. The plan brings in roughly \$800 Million in net cash flow a year. The new fees will go into effect October 31, 2013.

Treasurer Marshall asked Staff to comment of the Vanguard 529 Fee Reduction Proposal. Mr. Mark Mathers stated Staff has expressed concerns about maintaining parity with New York State's 529 Plan.

Mr. Bob Seale asked why there is a difference between New York and Nevada. Mr. John Heywood stated the New York contract is a fixed price, long term contract. By statute, the New York Plan has no international investments. The Vanguard 529 Plan is growing more rapidly than the New York Plan.

Mr. Ned Martin asked Mr. John Heywood to reconcile the basis points. Mr. John Heywood stated all the portfolios in the New York Plan are 17 basis points fixed for a 7 year contract. As for the Nevada contract, Treasurer Marshall stated right now the State of Nevada does not have the ability to go out to market and engage in the competition that works so well in a capitalist society. Mr. John Heywood stated the plan's underlying principle is to run it on an "at cost" basis.

The Board and Vanguard had a discussion about the possibilities of utilizing excess revenues for further marketing the plan in Nevada. Mr. Duffield agreed to look into that and bring that back to the board at a later date.

Mr. Bob Seale made a motion to approve Vanguard's Fee Reduction Proposal. Mr. Ned Martin seconded the motion. Treasurer Marshall thanked Mr. Stewart Duffield for all his hard work with the State. Motion passed unanimously.

10. For possible action: Board review and approval of a supplement to update the Vanguard program description document.

Mr. Stewart Duffield stated that Vanguard removed the Total International Bond Index and the Price Fee Reduction was added to the table. The supplement should be mailed out on 10/29/13 for a fee reduction effective date of 10/31/13. Treasurer Marshall

asked how the Total International Bond was progressing. Mr. John Heywood stated the Bond is doing well.

Mr. Bob Seale made a motion to approve the supplement to update Vanguard's program description document. Mr. Ned Martin seconded the motion. Mr. Bob Seale expressed his appreciation to Vanguard and asked Vanguard to continue to make strides to continue growth in Nevada. Mr. John Heywood thanked the Treasurer's Office staff and stated Vanguard is just as enthusiastic as the Board to continue growth in Nevada. Motion passed unanimously.

Comments

11. Staff Notes.

Ms. Linda English stated there are 3,480 student accounts thus far in the College Kick Start program. The Northern Rural Tour was very successful. Treasurer Marshall and the Treasurer's Office staff will be conducting the Southern Rural Tour October 21st through October 24th, 2013. College Kick Start has been well received throughout the participating schools.

Treasurer Marshall stated there are programs opening to offer more funding to the College Kick Start Program, such as the Charles Schwab grant for selected Title I schools in Washoe County, and the Andre Agassi school funded by Meadows Bank.

12. Public Comment.

There was no public comment in Carson City, Las Vegas, or on the conference line.

As there was no further business, Chair Marshall adjourned the Board meeting at 10:39 a.m.

Attest:



Sheila Salehian, Secretary to the Board