

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
January 29, 2015

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Chairman Dan Schwartz, 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, January 29, 2015. 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.

Board members present:

Chairman Dan Schwartz – Las Vegas  
Bob Seale – Carson City  
Jamie Hullman – Via teleconference  
Ned Martin – Las Vegas  
Janet Murphy – Excused

Others present:

Grant Hewitt, Chief of Staff, Treasurer's Office  
Tara Hagan, Senior Deputy Treasurer - North  
Sheila Salehian, Senior Deputy Treasurer – South  
Linda J. English, GGMS, College Savings Deputy Treasurer  
Troy Watts, Marketing Coordinator, Treasurer's Office  
Shane Chesney, Nevada Attorney General's Office  
Amy Nelson, Opportunity Alliance  
Kellie George, United Federal Credit Union  
Lucy Powell, Financial Guidance Center  
Nancy Brown, Charles Schwab Bank  
Theresa Navarro, Washoe County School District  
Lauren Hulse, United Way of Northern Nevada  
Kristen McNeill, Washoe County School District

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 in both Carson City and Las Vegas.

1. Public Comment

Kellie George from United Federal Credit Union commented on the Nevada College Kick Start Program. She explained that she has personally seen the response and growth in the program as well as the change in the families. She thanked the Treasurer's Office for establishing this program.

Theresa Navarro, Navigator for WCSD, explained that she works directly with families and assists them in opening 529 accounts. She thanked the Treasurer's Office for giving families hope that their children will go to college.

Amy Nelson from the Opportunity Alliance mentioned that she believes the Nevada College Kick Start Program is essential for kindergarteners. This program teaches students about saving for college, and she mentioned that she is extremely thankful for the program.

Lucy Powell, Director of the Northern Nevada Financial Guidance Center, believes the CKS Program is essential for lower income families since it gives families an incentive to send their kids to college. Mrs. Powell read a letter from Dale Erquiaga, Nevada Superintendent of Public Instruction, in which he expressed his support for the Nevada College Kick Start Program. He mentioned that "for Nevadans to be ready for success in the 21<sup>st</sup> Century – the vision of the Department of Education – we need this kind of culture and support for young people".

Lauren Hulse from United Way of Northern Nevada expressed her support for early college savings.

Nancy Brown who represents Charles Schwab Bank explained that Charles Schwab Bank has invested over \$70,000 to the program directly and indirectly. She expressed her support and stated that they will continue to support the effort to continue the program.

Kristen McNeill, Chief of Staff of the Washoe County School District, thanked the Board of Directors as well as the Treasurer's Office for offering this opportunity to hundreds of students in the district. She mentioned that the program has been extremely helpful in extending opportunities to the families in her district. She read a letter from one of the parents who has benefited from the program.

Dan Schwartz responded that although his administration has had some questions about the Nevada College Kick Start Program, they are currently in the process of starting a marketing campaign called "Let's Go to College" in which they will embrace the multiple programs the Treasurer's Office offers.

There was no public comment in Las Vegas.

## Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of December 17, 2014.
3. For possible action: Board review and approval of the Fiscal Year 2014 annual audit of the Nevada Prepaid Tuition Program by Eide Bailly LLP. Kafoury, Armstrong & Co. joined Eide Bailly LLP on December 15, 2014.
4. For possible action: Board review and approval of the Fiscal Year 2014 annual report for the Nevada Prepaid Tuition Program.
5. For possible action: Board review and approval of the Supplement to the SSgA Upromise 529 Plan, Plan Description and Participation Agreement.
6. For possible action: Board review and approval of the Supplement to the USAA 529 College Savings Plan, Plan Description and Participation Agreement.
7. For possible action: Board review and approval of the Supplement to the Vanguard 529 College Savings Plan, Program Description.
8. For possible action: Board review and approval of the Supplement to the Putnam 529 For America Offering Statement.
9. For possible action: Board review and approval of the Putnam Marketing Plan.

Chairman Schwartz asked if the Board members wished to take out any items to discuss separately. Ned Martin mentioned that he wanted to pull out Agenda Item 4. Bob Seale wished to pull out Agenda Item 3.

3. For possible action: Board review and approval of the Fiscal Year 2014 annual audit of the Nevada Prepaid Tuition Program by Eide Bailly LLP. Kafoury, Armstrong & Co. joined Eide Bailly LLP on December 15, 2014.

Bob Seale had concerns with the financial statements in Agenda Item 3. He asked Dan Carter of Edie Bailly to explain the liabilities on page 7 of the financial statements. Mr. Seale noticed that there was an entry of \$5,000,000 for the savings endowment account and there was also an entry of \$5,048,740 due to the State of Nevada. Mr. Carter apologized and said that it was a mistake in the printing of the financial statements. According to Mr. Carter there is only one \$5,000,000 liability.

Bob Seale motioned to defer any action on this particular item until Edie Bailly provides the accurate financial statements. Ned Martin seconded the motion.

4. For possible action: Board review and approval of the Fiscal Year 2014 annual report for the Nevada Prepaid Tuition Program.

Ned Martin congratulated all those involved in the Prepaid Tuition Program since the program is now 126.2% funded. He mentioned that this is a wonderful place to be for a fund that is not backed by the General Fund. Dan Schwartz responded that he would like the trust to be 200% funded. Bob Seale added that he can remember a time when the program was first introduced, and he mentioned that originally there was a significant amount of negativity towards the idea of creating this fund. Therefore, he also wanted to congratulate those involved with the program.

Ned Martin motioned to approve the rest of the consent agenda. Bob Seale seconded the motion.

Discussion Agenda

10. Discussion Regarding Board Meeting Agenda Materials.

Treasurer Schwartz led the discussion to hear the Board's thoughts on whether or not the board binders should continue to be printed. He explained that the estimated cost of producing the binders is over \$10,000. Richard Foreman, IT Professional for the Treasurer's Office, explained that it currently takes a day and a half to assemble the board books; therefore, by providing a PDF version of the books, not only will it be cost efficient, but it will also make the State Treasurer's Office more efficient with their time. He stated that these PDF can be opened on tablets, laptops and smartphones.

Ned Martin mentioned that he was okay with this proposal. Bob Seale commented that with the current electronic version he finds it inconvenient to flip back and forth between various sections. Jamie Hullman expressed that he likes the idea of having bookmarks on the PDF file.

The Board decided to continue printing one or two hard copies of the Board book for those members who prefer having a hard copy. Going forward, the State Treasurer's Office will also provide the Board book as a single PDF file.

11. Provide Information on the Treasurer's investment initiatives which may affect the Prepaid Tuition Trust Fund.

Tara Hagan updated the Board on the investment initiatives. The State Treasurer's Office is currently reviewing all of the investments in the State's portfolios under the Treasurer's authority. The first initiative is the release of an Institutional Investment Manager Request for Proposal. This RFP is to seek outside managers for the State's investment portfolios, including the Prepaid Tuition Fund. Chicago Equity Partners currently manages the fixed income piece. Vanguard currently manages the equity piece. This RFP was released on January 20 and will close on February 17. The STO Staff will provide the results at the next College Savings Board meeting. Ned Martin

asked if the intent was to keep the contract with Chicago Equity and Vanguard. Ms. Hagan responded that the contract with Chicago Equity ends in October 2016; however, this RFP is just a means to measure the performance. Treasurer Schwartz mentioned that the current basis points of 3-8 are unacceptable, and he would like the benchmark to be at 2 basis points.

The second investment initiative is Bill Draft Request (BDR) 857 which was submitted by Assemblywoman Seaman which makes various changes relating to financial governmental administration. The purpose of this BDR is to eliminate inconsistencies in the State's investment statutes. This will expand the asset classes in which Prepaid Tuition can invest in. Dan Schwartz commented that the intent is to modernize the structure of the Treasurer's Office and one way of doing that is by standardizing the asset allocations across the different funds. Bob Seale mentioned that he fully supports this, but he also urged caution with the various classes that are available. He stated that the primary responsibility of the investing should be safety long before yield and liquidity.

12. Discuss the Nevada College Kick Start program with the College Savings Board of Trustees.

Grant Hewitt, Chief of Staff for the Treasurer's Office, stated that the Nevada College Kick Start program is currently being evaluated. They understand the importance of creating a culture of going to college. The creation of an umbrella program to market all of the college savings programs is being considered. Dan Schwartz clarified that the objective is to get every kid in Nevada to go to college and to do so the goal is to get them enrolled in either a 529 account or in the Prepaid Tuition Program.

Jamie Hullman commented that the Nevada College Kick Start program is a great way to plant the seed. He also mentioned that the Treasurer's Office should not target people by geographic location but rather by income, specifically lower income students. Ned Martin added that College Kick Start is a worthy program, yet it did not go far enough. The Board recognized the need of a culture of education, but unfortunately it takes 13 years to see if the program is effective or not.

Putnam Investments added that it might be beneficial to get programs like Teach for America involved. Grant Hewitt also explained that they are contemplating the idea of creating a tax credit for employers who establish a matching program for their employees. This would essentially create an incentive for employers.

13. Staff Notes

Linda English highlighted the success of the Silver State Matching Grant Program. She explained that when the program was created, they only received 40 applications, yet this year they received 414 applications. Ms. English mentioned that within the next couple of meetings, she will be coming to the board to request additional matching

grant funds for 2015 so that we do not have to deny matching grant money to qualified applicants because of a fund shortage.

Sheila Salehian shared that Prepaid Tuition is in its Open Enrollment Period, and they have signed up 450 families already. She also mentioned that the Treasurer's Office just completed a contest in which two participants with a Nevada Prepaid Tuition account were awarded one full year at the university level or two years at a community college. The winner from the South was a 5 year old and the winner from the North was a 13 year old. This contest, in its 3<sup>rd</sup> year, has been a huge success.

14. Public Comment

There were no public comments in Carson City or Las Vegas.

There was no further business; thus, Chairman Schwartz adjourned the meeting at 11:00 a.m.

Attest:

A handwritten signature in cursive script, reading "Sheila Salehian", is written over a horizontal line.

Sheila Salehian, Secretary to the Board