

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
October 29, 2015

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, October 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 – Carson City
Jamie Hullman – Carson City
Janet Murphy – Carson City
Ned Martin – Las Vegas
Bob Seale – Las Vegas

Others present:

Grant Hewitt, Chief of Staff, Treasurer's Office
Tara Hagan, Chief Deputy Treasurer, Treasurer's Office
Linda J. English, Deputy Treasurer for College Savings
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy
Shane Chesney, Nevada Attorney General's Office
Blanca Platt, Program Officer, Treasurer's Office
Troy Watts, Marketing Coordinator, Treasurer's Office
James Canup, Hirschler Fleischer
Tricia Brady, Ascensus College Savings
Lisa Connor, Ascensus College Savings
Ardie Hollingsworth, Ascensus College Savings
Megan Bedera, Amplify Relations
David Kausch, Gabriel Roeder Smith & Company

Roll was taken, and it was determined a quorum was present. Ms. English 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

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

Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of September 24, 2015.
3. For possible action: That the Board review and approve an expenditure report for the SSgA Upromise 529 Plan for the quarter ended September 30, 2015.
4. For possible action: Board review and approval of a supplement to the USAA 529 College Savings Plan Program description to notify current and prospective participants of changes to investments and fees effective January 1, 2016.
5. For possible action: Board review and approval meeting dates for 2016.
6. For possible action: Board consent to the assignment of the agreement between Ascensus Investment Advisors, LLC and Genstar Capital Management, LLC and Aquiline Capital Partners, LLC.
7. For possible action: Board review and approval of the 2015 Audited Financial Statements for the Putnam 529 for America, Vanguard 529 Plan, SSgA Upromise 529 Plan, and the USAA College Savings Plan, and approve their filing with the Nevada State Controller's Office
8. For possible action: Board review and approval of a supplement to the Putnam 529 for America Offering Statement to include the new contract expiration date and the waiver of the Board fee for participants who are Nevada residents.
9. For possible action: Board review and approval of the FY 2016 Nevada Prepaid Tuition Master Agreement.

Bob Seale asked to pull Agenda Item 9 from the Consent Agenda. Ned Martin motioned to approve Items 2 through 8. Bob Seale seconded the motion.

9. For possible action: Board review and approval of the FY 2016 Nevada Prepaid Tuition Master Agreement.

Bob Seale asked about the lump sum payments options for the Prepaid Tuition in which he noticed that the difference between a newborn contract and a contract for a 13 year old was only \$1,000, and he wanted to know why that was. Sheila Salehian explained that the difference is due to the time value of money and the return they are expecting to receive. Mr. Seale's concern was that this was not a good return to which Mr. Martin

responded that the return is not what is important in a Prepaid Plan. He commented that the plan he bought for his own children was originally worth \$7,000 but due to tuition increases, his plan is now valued at \$23,000.

Bob motioned to approve Agenda Item 9. Ned Martin seconded the motion.

Discussion Agenda

10. For possible action: Board review and approval of the FY 2015 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.

Sheila Salehian explained that the actuarial report has calculated that the funded ratio is up to 127.9% from last year's funded ratio of 126%. David Kaush and Ken Alberts from Gabriel Roeder Smith presented the actuarial report, and they explained that there are 3,679 contract payments in progress, 4,979 contracts fully paid and 410 delinquent contracts. The rate of return on actuarial value of assets for the year ended June 30, 2015 was 5.96%. Bob Seale noticed that Market Value was different than the Actuarial Value of Assets, and he wanted to know why that was. Mr. Alberts responded that the actual Actuarial Value of Assets was listed on a different page. He explained that the difference Mr. Seale noticed was calculated in the present value of contracts that are being paid out. Mr. Seale also asked if the future contract payments include an allowance for non-payment of contracts. Mr. Alberts responded that that's included in the liability. If a person forfeited their payments, it would come out as a wash. Treasurer Schwartz wanted to know what the purpose of the smoothing was. Ken Alberts answered that the smoothing eliminates the drastic increasing and decreasing volatility in the markets and without the smoothing the funded ratio would be 126.8%. This smoothing method was adapted by the Board in the Funding Policy Guideline document.

Jamie Hullman motioned to approve Agenda Item 10. Janet Murphy seconded the motion.

11. For possible action: Board review and approval of the International Association of Working Mothers contract to provide four Women's Money Conferences in 2016.

Sheila Salehian explained that since 2012, the State Treasurer's Office has approved contracts with The International Association of Working Mothers to coordinate and conduct financial literacy conferences for women of all ages in Nevada. The State Treasurer's Office wishes to continue with the relationship and also expand the conferences to veterans and seniors.

12. For possible action: Board review and approval of the Community Counseling of Southern Nevada (DBA Financial Guidance Center) contract to provide two financial literacy conferences for Senior Citizens and two financial literacy conferences to Military/Veterans in 2016.

Jamie Hullman asked to see the marketing materials presented at the conferences to see how it relates to the College Savings Board. Ms. Salehian explained that at the conferences, a staff member from the Treasurer's Office does a presentation on the different college savings plans that the Treasurer's Office offers. Treasurer Schwartz added that he has been impressed with this portion of the State Treasurer's Office. Janet Murphy asked for a comparison between both contracts since one is for \$95,000 and the other is for \$72,500. Sheila Salehian responded that the difference is that they don't have a track record for the Veterans and seniors' conference since this is going to be the first year, therefore the additional sponsorships are not anticipated by the Financial Guidance Center, as well as the attendance requirements are lower.

Jamie Hullman motioned to approve this Item. Janet Murphy seconded the motion.

13. For possible action: Board review and approval of the updated contract with Abbi Agency and Amplify Relations.

Grant Hewitt updated the Board about the contract with Abbi Agency which has now been terminated using the 30-day termination notice. The Treasurer's Office and Abbi Agency have mutually agreed that the contract should be terminated as a matter of convenience for both parties. The contract with Abbi Agency was not to exceed \$200,000 and \$18,000 was paid to the Abbi Agency for the work they had done. The Treasurer's Office has amended its contract with Amplify Relations, and they have since taken over the social media and web design portion of the umbrella marketing campaign.

Ned Martin motioned to approve Agenda Item 13. Bob Seale seconded the motion.

14. For possible action: Board to receive an update on "Let's Go to College! Nevada Saves" from Amply Relations.

Megan Bedera, Vice President of Amplify Relations, presented a report on the umbrella education and outreach activities conducted by her firm. She explained that the goal of the campaign is to increase awareness in Nevada about the college savings programs offered by the State Treasurer's Office. Amplify Relation's strategy is to bring children into the conversation so they can start thinking about college and the careers they want to pursue. Since the campaign began in August 2015, two television ads have launched as well as a new website. The bus tour has contacted 4,184 students and 272 teachers as of October 19, 2015. The television ads are airing in local channels, Cartoon Network

as well as channels aimed to mothers since their aim is to reach families. Grant Hewitt added that cost benefit analysis showed that the marketing efforts are costing approximately \$10 per students.

The bus tour with Sage attended 15 elementary schools and other businesses in Nevada to promote the College Savings Programs. The tour reached approximately 4,184 students and 4,000 Nevadans.

Jamie Hullman commented that he was very impressed with the quality of the products.

15. Staff Notes

Linda English informed the Board that the State Treasurer's Office awarded 20 \$529 scholarship accounts to celebrate College Savings Month. A total of 1,094 entries were received. Over 8,000 College Kick Start Piggy Bank Kits were distributed to approximately 120 schools.

Linda English stated that 423 applications were received during the open enrollment period of the Silver State Matching Grant Program.

Sheila Salehian mentioned that the Nevada Prepaid Tuition program will open its 2015 enrollment period on November 1, 2015, and it will conclude on March 31, 2016. She also noted that the College Savings Board is sponsoring several financial literacy conferences for Women, Veterans, seniors and Latina Women over the next several months.

16. Public Comment

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

Meeting adjourned at 10:45 AM

Attest:

A handwritten signature in cursive script, appearing to read "Linda English", is written over a horizontal line.

Linda English, Secretary to the Board