

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

NOTICE OF PUBLIC MEETING

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Thursday, January 29, 2015
10:00 a.m.

Meeting via videoconference at the following locations:

Grant Sawyer State Office Building
Governor's Conference Room -Suite 5100
555 E. Washington Avenue
Las Vegas, NV 89101

State Capitol Building
Guinn Meeting Room
101 North Carson Street
Carson City, NV 89701

Dial in access: 1-888-251-2909 Access Code 7399092

All items listed on this agenda are for discussion and action by the Board of Trustees unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

AGENDA

1. **Public Comment.** *Comments from the public are invited at this time prior to the commencement of possible action items. Because of time constraints, speakers must limit their comments to 3 minutes and are urged to avoid repetition of comments made by previous speakers. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.*

Consent Agenda

Consent Agenda - All matters in this sub-category are considered by the Board of Trustees to be routine and may be acted upon in one motion without discussion. Most agenda items are phrased for a positive action. However, the Board of Trustees may take other actions, such as hold, table, amend, etc.

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STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

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2. For possible action – Board review and approval of the minutes of the College Savings Board of Trustees meeting 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.

Discussion Items

10. Discussion Regarding Board Meeting Agenda Materials (Treasurer Schwartz, 10 minutes)
11. Provide Information on the Treasurer's investment initiatives which may affect the Prepaid Tuition Trust Fund (Tara Hagan, 10 minutes)
12. Discuss the Nevada College Kick Start program with the College Savings Board of Trustees. (Grant Hewitt, 10 minutes)

Comments

13. Staff Notes: Nevada Prepaid Tuition is open for enrollment. Thus far in the first two months we have enrolled 426 new families in the program.
14. Public Comment. *Comments from the public are invited at this time prior to the commencement of possible action items. Because of time constraints, speakers must limit their comments to 3 minutes and are urged to avoid repetition of comments made by previous speakers. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.*

Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual the board may refuse to consider public comment. See NRS 233B.126.

Items on the agenda may be taken out of the order presented at the discretion of the Chairman.
Items may be combined for consideration by the public body.
Items may be pulled or removed from the agenda at any time.

Notice of this meeting was posted at the following locations in Carson City, Nevada:

State Capitol Building, 1st & 2nd Floor & Basement, 101 North Carson Street
Nevada Legislative Building, 401 South Carson Street
Nevada State Library, 100 Stewart Street
Blasdel Building, 209 East Musser Street

Notice of this meeting was posted at the following location in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4600, Las Vegas, Nevada
1st Floor Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:

www.nevadatreasurer.gov

We are pleased to provide members of the public supporting material for the meeting as well as make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If supporting material or special arrangements for the meeting are required, please notify Sheila Salehian with the Office of the State Treasurer, 555 E Washington, Suite 4600, Las Vegas, NV 89101 or call (702) 486-3955 or fax your request to (702) 486-3246 as soon as possible. Materials will also be available at the Office of the State Treasurer, College Savings, 555 E. Washington Suite 4600, Las Vegas, NV 89101

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
December 17, 2014

Chairman Kate Marshall, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 1:00 p.m., on Thursday, December 17, 2014. 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 Kate Marshall – Carson City
Jamie Hullman – Carson City
Ned Martin – Las Vegas
Janet Murphy – Carson City
Bob Seale - Excused

Others present:

Dan Schwartz – Treasurer Elect
Mark Mathers – Chief Deputy Treasurer
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
Blanca Platt, Program Officer, Treasurer’s Office
Shane Chesney, Nevada Attorney General’s Office
Kate Beuparlant, SSgA
Eduardo Borges, SSgA
Dave Malone, SSgA
Joanna Damp, SSgA
Tricia Brady, Ascensus College Savings
Derek Delorenzo, Ascensus College Savings
Judy Minsk, Putnam Investments
Paul Fulmer, USAA
Caroline Tucker, USAA

Stewart Duffield, Vanguard
Tom Hewitt, Vanguard
Eric White, PCA
Grant Hewitt

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 public comments in Carson City or Las Vegas.

Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of October 23, 2014.
3. For possible action: Board review and approval of the Ascensus program manager's report encompassing results for Vanguard, USAA and SSgA Upromise 529 plans for the quarter ended September 30, 2014.
4. For possible action: Board review and approval of the Putnam 529 for America advisor sold program manager's report for the quarter ended September 30, 2014.
5. For possible action: Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for the quarter ended September 30, 2014.
6. For possible action: Board review and approval of the Ascensus Marketing Invoice for the SSgA Upromise 529 Plan for the quarter ended September 30, 2014, and approve the expenditures for inclusion in the non-cash marketing commitment budget as specified in Amendment #3 to the Upromise Agreement.
7. For possible action: Board review and approval of USAA's request for an extension of the February 28, 2015 implementation deadline for changes to the USAA College Savings Plan approved on September 9, 2014 and the resulting supplement to the USAA 529 College Savings Plan, Plan Description and Participation Agreement.
8. 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 High Education Trust Fund (Prepaid Tuition Program), for the quarter ended September 30, 2014.

9. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Callan Associates for the quarter ended September 30, 2014.

Chairman Marshall asked if the Board members wished to take out any items to discuss separately. Hearing none, Chairman Marshall asked if there was a motion to approve the consent items. Ned Martin motioned to approve the consent items. Janet Murphy seconded the motion. The motion passed unanimously.

Discussion Agenda

10. For possible action: Board authorization for staff to proceed with Ascensus to develop a contract amendment addressing certain situations involving college savings plans' managers.

Mr. Mark Mathers explained that the Nevada State Treasurer's office staff last month discovered news articles that discussed an investigation by the US Department of Justice and the Securities and Exchange Commission (SEC) regarding allegations concerning State Street and possible activity in the State of Ohio. Staff informed Ascensus of the news articles, but Ascensus was not aware of their content at the time. Staff reviewed the Direct Program Management Agreement with Ascensus and the tri-party SSgA Upromise 529 Operational Agreement with State Street and Ascensus; staff noticed there is no provision which clearly allows the Board to take action should the investment managers violate securities law or engage in criminal behavior that could impact the State's 529 plans. Mr. Mathers did indicate that there is such language in the state's agreement with Putnam.

Chairman Marshall clarified that this action would not only protect the State, but it would also protect the program and its customers. Janet Murphy asked if staff was trying to amend the contract to which Mark Mathers responded in the affirmative that they were trying to negotiate with Ascensus to amend the tri-party contract so the State has the ability to take action should they ever need to.

Janet Murphy motioned to approve Agenda Item 10. Ned Martin seconded the motion.

11. For possible action: Board review and approval of the annual investment presentation for the SSgA Upromise 529 Plan.

Kate Beauparlant, Senior Relationship Manager for State Street, announced that the annual investment results for the SSgA Upromise 529 plan would be presented as of June 30, 2014. She indicated that overall State Street Global Advisors has \$2.4 Trillion

in Assets under Management as of June 30, 2014. Also, there are \$411 Billion in Assets under Management in the Exchange Traded Funds Business as of June 30, 2014.

Eduardo Borges, Senior Portfolio Manager for State Street, explained that he will cover four segments, (1) the market outlook, (2) a quick review of the allocations for the portfolios, (3) the global performance as of June 30, 2014, and (4) a picture of the long-term capital plan. As far as GDP growth, over the last three years the growth overall has been below the average of 3.6%. Growth has been slow because of recent aggressive monetary policy of the central banks in the US, as well as Europe and in South America. Even though growth has been slow, corporate profits have been strong. Last year alone, profits grew by 7%. This year, it is estimated they will grow by 9%. There has really been a dislocation between profits and GDP growth. Even though equities have performed substantially better than bonds, it nevertheless brings uncertainties going into 2015. Valuations have been stable, however, in the US and emerging markets. Mr. Borges then moved into discussing College Date Portfolios. For one option, if a child has 18 years to college, it should be more focused on capital appreciation in the earlier years, and as the investment horizon shortens, the focus should be more on stability. SSgA has 10 asset classes in the portfolio to choose from, which are globally diversified. Mr. Borges then discussed the option of simply choosing aggressive and moderately based portfolios. Another option is to select ETFs themselves. Mr. Borges said that they also focus on tactical asset allocation. They have 70 portfolio managers worldwide to complement the models. They evaluate the models on a monthly basis.

As of June 30, 2014, total returns were in the double digits, with allocations in equities and REITs as well. Also as of June 30, 2014, the college date portfolio had a total return of 1.06% positive. The college date portfolio is a conservative approach. The allocation is 60% cash and 40% short term bonds, hence very low risk. On the other hand, with the most aggressive portfolio, the allocation is 22.63% bonds. Eduardo Borges then explained the differences between the Allocation Effect and the Selection Effect, and how they add value to the portfolio. Chairman Marshall asked about the Benchmark for the 2015 portfolio, if it is the correct Benchmark. Mr. Borges responded that it was the correct Benchmark; it's just more limited in its investing. Eric White from PCA clarified that all index funds will underperform by some degree due to the management fee, usually by less than 10 basis points, and SSgA's reports reflect that. Mr. Borges also informed the board that new laws with regards to institutional and retail clients that were created in 2011 and 2012 are now being implemented.

Eric White explained that PCA tends to be more conservative when it comes to a Global Growth Projection. In terms of the tactical asset allocation, PCA looks at it from the perspective of giving the manager the latitude of taking compensated risk and avoiding uncompensated risk, and realizing that you are paying them for the ability to do that. In terms of practice, tactical asset allocation has struggled over time. It's conceptually a good idea; however, managers have struggled to implement it well. In terms of the long-term plan, the IPS Guidelines state that all new products need to have three years'

worth of data in order to analyze their efficacy; SSgA has not reached the three years yet, so PCA has a limited life track record with which to review. PCA's suggestion is to wait for those three years before they review SSgA's performance. Mr. Borges agreed, but also stated that they have been using tactical asset allocation since 1989, and have been outperforming the Benchmark for the last 11 years.

Ned Martin motioned to approve the annual investment presentation. Jamie Hullman seconded the motion.

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 September 30, 2014.

Eric White of PCA gave a presentation of the funds that are on "Watch" status. From the previous quarter, there were 6 funds on "Watch" status: 3 from USAA, 2 from SSgA Upromise, 1 for Putnam, and nothing for Vanguard. Based on recent performance, PCA is recommending the removal of 3 of the funds from "Watch" status, which includes the USAA Growth and Income Fund, the USAA Emerging Markets Fund, and The SDPR S&P World ex-US ETF. The USAA Income Fund, the SPDR S&P International Small Cap ETF, and the Putnam International Capital Opportunities Fund will remain on "Watch" status.

Janet Murphy motioned to approve Agenda Item 12. Jamie Hullman seconded the motion.

13. Staff Notes: The Nevada Prepaid Tuition Program hosted a Prepaid Tuition Conference on November 14th, 2014 at the Innevation Center in Las Vegas. Nine prepaid program states attended the first annual conference.

Sheila Salehian briefed the Board about the Nevada Prepaid Tuition Mini Conference that was hosted by the Treasurer's Office. Ms. Salehian explained that it was held at the inNEVation Center in Las Vegas on November 14, 2014. 9 states participated in the conference, with 2 states who presented. Strategic Insight and Intuition College Savings partnered on the conference and presented as well. Also, The Goodway Group did a digital marketing presentation. The conference will happen annually going forward. Virginia College Savings will host the conference in 2015. Trends and best practices were discussed, including the Mississippi Plan that went through reopening a prepaid plan. There was an interesting discussion from the Florida prepaid plan in which they recently went through a legislative session that required them to give back \$200 Million in refunds to 15,000 families in the plan last year. Other items discussed were the challenges and opportunities of marketing prepaid plans with other college savings plans, as well as digital media best practices. Other marketing and social media ideas were discussed with regards to effectively promoting prepaid tuition plans.

Strategic Insight gave a presentation on the statistics of prepaid plans overall. Right now, there are \$22.5 Billion in Assets under Management across all prepaid plans nationwide. This represents 1 Million account holders.

Chairman Marshall acknowledged Tricia Brady, Stuart Duffield, Troy Watts and Alexandra Smith for their hard work and professionalism. Chairman Marshall also mentioned that the Nevada Prepaid Tuition program is currently 126% funded, the fact that the College Savings Plans are highly ranked, and recently the Washington Post ranked Nevada as #1 in the nation for college savings, and that the College Kick Start Program plays a big role in that ranking. 4 states have now sought to emulate the Nevada College Kick Start Program.

14. Public Comment

There were no public comments in Carson City.

Tricia Brady in Las Vegas thanked Chairman Marshall and sent best wishes to both her and Mark Mathers.

Treasurer-Elect Schwartz thanked Chairman Marshall for her stewardship during the last eight years.

There was no further business; thus, Chairman Marshall adjourned the meeting at 2:00 p.m.

Attest:

Sheila Salehian, Secretary to the Board

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 3
January 29, 2015

**Item: Fiscal Year 2014 Annual Audit of the Nevada
Higher Education Prepaid Tuition Trust Fund**

Recommendation:

**That the Board review and approve the FY 2014 Annual Audit
of the Nevada Higher Education Prepaid Tuition Trust Fund.**

Fiscal:
None.

Summary:

Pursuant to NRS 353B.180, the Board shall contract with a certified public accounting firm to perform an annual audit of the Nevada Higher Education Prepaid Tuition Trust Fund. Eide Bailly (formerly Kafoury, Armstrong & Co. Certified Public Accountants) was retained to prepare the FY 2014 Annual Audit.

Based on their findings, the auditor has provided an unqualified opinion that the financial statements prepared by management fairly represent the financial position of the Trust Fund in all material respects. The audit must be approved by the Board prior to inclusion in the Prepaid Tuition Program Fiscal Year 2014 Annual Report.

Dan Carter of Eide Bailly will be available to answer any questions.

Financial Statements

June 30, 2014

State of Nevada

Office of the State Treasurer

Higher Education Tuition Trust Fund

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
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June 30, 2014

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Independent Auditor's Report

To the Board of Trustees of the
Higher Education Tuition Trust Fund
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund, as of June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The 2013 basic financial statements of the Trust Fund were audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, whose report dated January 16, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2014, is consistent, in all material respects, with the audit financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.



Reno, Nevada
January 8, 2015

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year (FY) ended June 30, 2014.

FINANCIAL HIGHLIGHTS

The Trust Fund's financial position continued to significantly improve in Fiscal Year 2014.

- The Trust Fund's total assets grew by \$38,706,908 in FY 2014. This represents an increase of 20% from the prior year. These assets are used to pay tuition benefits on behalf of contracts purchased.
- The Trust Fund's total net position in FY2014 was \$43,479,931, which is an increase of \$28,027,048 from the prior year. The growth is primarily due to strong investment performance and continued increases in new contract sales.
- The Trust Fund's certified actuary reported that the funded status of the Prepaid Tuition Plan (the Plan) as of June 30, 2014 was 126.2%, utilizing an investment yield assumption of 6.25% per year. This represents a significant increase from the funded status of 111.6% as of June 30, 2013, and continues to be one of the highest funding ratios nationwide for a state prepaid tuition plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trust Fund's annual report. The Trust Fund's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements and a Compliance Section.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Trust Fund report information about the Trust Fund, which is considered an enterprise fund (proprietary fund type). Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Trust Fund's assets and liabilities and provides information about the nature and amount of its resources and the obligations to contract holders. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Trust Fund's operations over the past year, and can be used to determine whether the Trust Fund has successfully met all of its costs through its tuition contributions, along with other fees and charges for sales and services. The final statement is the Statement of Cash Flows, which is used to provide information about the Trust Fund's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

NET POSITION

Net position may serve over time as a useful indicator of financial position. In the case of the Trust Fund, the Trust Fund's position increased significantly, ending with net position of \$43,479,931.

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Managements Discussion and Analysis
June 30, 2014

The vast majority of the Trust Fund's assets, 82%, are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Position

	2014	2013
Assets		
Current and other assets	\$ 233,683,398	\$ 194,980,168
Net capital assets	125,168	121,490
Total Assets	233,808,566	195,101,658
Liabilities		
Current liabilities	21,134,868	14,702,204
Noncurrent liabilities	169,193,767	164,946,571
Total Liabilities	190,328,635	179,648,775
Net Position		
Net investment in capital assets	125,168	121,490
Unrestricted	43,354,763	15,331,393
Total Net Position	\$ 43,479,931	\$ 15,452,883

The Trust Fund's net position grew substantially in FY 2014, for the second year in a row. The net position increased from \$15,452,883 in FY 2013 to \$43,479,931 in FY 2014, an increase of \$28,027,048 or 181% over the prior fiscal year. This increase is primarily due to the Plan's strong investment performance in FY14, approximately 14.67%.

CHANGE IN NET POSITION

Higher Education Tuition Trust Fund Change in Net Position

	2014	2013
Operating Revenues		
Tuition contributions and other revenues	\$ 22,063,702	\$ 20,074,498
Operating Expenses		
Operating expenses before depreciation	21,307,462	25,068,601
Depreciation	17,822	15,343
Total Operating Expenses	21,325,284	25,083,944
Operating Income (Loss)	738,418	(5,009,446)

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Managements Discussion and Analysis
June 30, 2014

	2014	2013
Nonoperating revenues (expenses) and interest income	24,954,546	16,165,633
Contribution - State of Nevada College Savings Trust	2,334,084	1,923,290
Change in Net Position	28,027,048	13,079,477
Net Position, July 1	15,452,883	2,373,406
Net Position, June 30	\$ 43,479,931	\$ 15,452,883

Tuition contributions and other revenues in Fiscal Year 2014 increased by 10%, from \$20,074,498 in the prior fiscal year to \$22,063,702. The increase is mainly attributable to another record enrollment year. Enrollments in the Plan have consistently increased the last five fiscal years and rose an average of 25% over the last two fiscal years. New contracts rose from 411 in Fiscal Year 2009 to 1,270 in Fiscal Year 2014. Management believes this increase is attributable to expanded education and outreach of the Plan and a realization by participants of the value of a prepaid tuition plan in the face of continued rising tuition costs for public universities. Operating expenses for the Plan primarily consist of future tuition benefits, which are calculated to be \$18,914,376 on an accrued basis. Total operating expenses declined by roughly 15%, from \$25,083,944 in Fiscal Year 2013 to \$21,325,284 in Fiscal Year 2014. This is mainly due to a reduction in the tuition benefits expense, as a result of the Nevada System of Higher Education freezing tuition rates from Fiscal Year 2014 to Fiscal Year 2015, and increasing future tuition costs at a rate lower than previously anticipated. Both of these factors positively impacted the Prepaid Tuition Program.

The operating income (loss) above simply reflects the difference between contributions from new and continuing participants on a cash basis versus contract payments to educational institutions, which fulfills the purpose of the Plan, and other sundry costs. In Fiscal Year 2014, there was a significant improvement in the operating income, from a negative \$5,009,446 in Fiscal Year 2013 to \$738,418 in Fiscal Year 2014. The improvement was mainly due to the reduction in the tuition benefits expense, and the additional contributions received from the increase in contracts sold. On an actuarial basis, the Plan's funding ratio exceeds 126%, thus reflecting that total assets on an actuarial basis exceed total liabilities.

CAPITAL ASSET ADMINISTRATION

The Trust Fund's investment in capital assets as of June 30, 2014, amounts to \$125,168 (net of accumulated depreciation), which primarily consists of computer equipment. Information about the Trust Fund's capital assets can be found in Note 4 to the Trust Fund's financial statements.

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS

At the January 20, 2010 meeting of the Board of Trustees of the College Savings Plans of Nevada (the Board), the Board approved a loan from the State of Nevada College Savings Endowment Fund to the Trust in an amount of \$5,000,000. In May 2013, the Board approved a policy that required repayment of this loan once the Trust Fund reached a 120% funded status. Since the Prepaid Tuition's contracted actuary has calculated a 126.2% funding ratio as of June 30, 2014, repayment of the \$5 million loan is due in Fiscal Year 2015 and thus is recorded as a portion of current liabilities. The Board could decide later in Fiscal Year 2015 to phase that repayment over time depending on the investment return on the Plan's assets.

Aside from account owners' purchases of contracts, the primary source of revenue for the Plan is investment income. In Fiscal Year 2014, the Board maintained an asset allocation for the Plan that was recommended by its investment consultant, with a target allocation to domestic public equities of 57% and domestic fixed income securities of 43%. The Plan continued to invest in an equity portfolio with passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard and a fixed income portfolio with Chicago Equity Partners. The total return for the Plan's investment portfolio in Fiscal Year 2014, as calculated by the Plan's investment consultant, was 15.4%, well above the Plan's assumed return.

In July 2014, the Board re-reviewed projected returns for permissible asset classes and revised the asset allocation for the Plan to an allocation of 50% to domestic public equities, 30% to domestic fixed income, and 20% to covered calls. Based on a general inflation rate of 2.75% and revised 10-year capital market expectations for those asset classes, the Board-approved assumed rate of return of the Plan's investments is 6.3% based on analyses from its investment consultant. This assumed rate was used by the Board's actuary in computing the Plan's funded status of 126.2%. The Plan's investments are intended to provide broad exposure to the US equities and investment-grade fixed income markets. Therefore, projected returns are subject to the returns and volatility in the markets.

In addition to investment returns, on July 26, 2012 and again on July 29, 2014, the Board approved a long-term financial plan that included an annual transfer of \$1.82 million to the Trust Fund from the College Savings Endowment Fund. This represents a supplemental source of funding to the Plan in addition to future investment gains. The College Savings Endowment Fund also transfers funds to the Trust Fund to cover administrative costs of the State Treasurer's Office to administer and manage the Plan.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Trust Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, Nevada Prepaid Tuition Program, 555 E. Washington Ave., Suite 4600, Las Vegas, NV 89101.

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Net Position
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,304,420	\$ 1,668,443
Accounts receivable	-	575
Investment income receivable	418,700	442,188
Prepaid items	1,490	-
Due from State of Nevada	8,736	70,290
Tuition contributions receivable	8,924,543	7,282,815
Investments	191,919,850	160,605,978
Total current assets	203,577,739	170,070,289
Noncurrent Assets		
Capital assets, net	125,168	121,490
Other noncurrent assets:		
Tuition contributions receivable	30,105,659	24,909,879
Total noncurrent assets	30,230,827	25,031,369
Total assets	233,808,566	195,101,658
Liabilities		
Current Liabilities:		
Accounts payable	100,356	131,636
Accrued salaries and benefits	26,143	19,722
Due to State of Nevada	5,048,740	65,987
Due to other governments	-	32,912
Advance from State of Nevada General Fund - College		
Savings Endowment Account	5,000,000	-
Tuition benefits payable	15,959,629	14,451,947
Total current liabilities	26,134,868	14,702,204
Noncurrent Liabilities:		
Advance from State of Nevada General Fund - College		
Savings Endowment Account	-	5,000,000
Tuition benefits payable	169,193,767	159,946,571
Total noncurrent liabilities	169,193,767	164,946,571
Total liabilities	195,328,635	179,648,775
Net Position		
Net investment in capital assets	125,168	121,490
Unrestricted	38,354,763	15,331,393
Total net position	\$ 38,479,931	\$ 15,452,883

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Revenues, Expenses and
Changes in Net Position
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Operating Revenues		
Charges for sales and services	\$ 152,200	\$ 138,800
Tuition contributions	21,911,502	19,935,698
Total operating revenues	22,063,702	20,074,498
Operating Expenses		
Personnel costs	153,803	153,887
Contract and other administrative services	512,194	658,722
Tuition benefits expense	18,914,376	22,600,303
Refunds	1,727,089	1,655,689
Depreciation	17,822	15,343
Total operating expenses	21,325,284	25,083,944
Operating Income (Loss)	738,418	(5,009,446)
Nonoperating Revenues		
Interest, dividends and other investment income	3,062,789	3,472,790
Net increase in fair value of investments	21,891,757	12,692,843
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,334,084	1,923,290
Total nonoperating revenues	27,288,630	18,088,923
Change in Net Position	28,027,048	13,079,477
Net Position, July 1	15,452,883	2,373,406
Net Position, June 30	\$ 43,479,931	\$ 15,452,883

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Cash Flows
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Operating Activities		
Receipts for sales and services	\$ 152,775	\$ 138,225
Tuition contributions received	15,073,994	12,264,516
Payments to suppliers for good and services	4,466,431	(864,654)
Payments to employees	(147,382)	(159,221)
Payments for tuition benefits	(8,159,498)	(7,298,141)
Payments of refunds	(1,727,089)	(1,655,689)
Net Cash from Operating Activities	9,659,231	2,425,036
Financing Activities		
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,334,084	1,923,290
Investing Activities		
Proceeds from sales or maturities of investments	46,519,251	264,705,566
Purchase of investments	(55,941,366)	(284,428,804)
Interest, dividends and other investment income received	3,086,277	3,442,476
Purchases of capital assets	(21,500)	-
Net Cash used for Investing Activities	(6,357,338)	(16,280,762)
Net Change in Cash and Cash Equivalents	5,635,977	(11,932,436)
Cash and Cash Equivalents, Beginning of Year	1,668,443	13,600,879
Cash and Cash Equivalents, End of Year	\$ 7,304,420	\$ 1,668,443
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities		
Operating income (loss)	\$ 738,418	\$ (5,009,446)
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities		
Depreciation	17,822	15,343
Change in assets and liabilities:		
(Increase) decrease in due from State of Nevada	61,554	67,005
(Increase) decrease in accounts receivable	575	(575)
(Increase) decrease in prepaid items	(1,490)	-
(Increase) decrease in tuition contributions receivable	(6,837,508)	(7,671,182)
Increase (decrease) in accounts payable and accrued liabilities	(24,859)	(296,445)
Increase (decrease) in due to State of Nevada	4,982,753	32,767
Increase (decrease) in due to other governments	(32,912)	(14,593)
Increase (decrease) in tuition benefits payable	10,754,878	15,302,162
Total Adjustments	8,920,813	7,434,482
Net Cash from Operating Activities	\$ 9,659,231	\$ 2,425,036
Noncash Investing Activities		
Net increase in fair value of investments	\$ 21,891,757	\$ 12,692,843

Note 1 – Summary of Significant Accounting Policies

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity and Purpose

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, *Prepayment of Tuition at Institutions of Higher Learning*, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a five-member Board of Trustees (the Board).

The purpose of the Trust Fund's program is to provide a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has six years after the projected college entrance date to utilize the benefits of the contract. Exceptions are granted for military or religious service. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college.

The Trust Fund completed its sixteenth enrollment period on February 28, 2014 with 1,255 new enrollments. The Trust Fund also had 310 cancellations and 255 contracts completing benefits for a total enrollment of 11,130 at June 30, 2014. June 30, 2014. June 30, 2014. June 30, 2014. June 30, 2014.

Measurement Focus and Basis of Accounting

The Trust Fund is an enterprise fund (proprietary fund type) of the State of Nevada and thus is included in the State of Nevada's *Comprehensive Annual Financial Report*. The accompanying financial statements present only the Trust Fund and are not intended to present fairly the financial position of the State of Nevada, the changes in its financial position or its cash flows in conformity with GAAP.

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (with maturities of three months or less when purchased) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value. Such amounts include the Trust Fund's cash and investments pooled with the State Treasurer, and money market mutual funds.

Custodian and Transfer Agent

Wells Fargo Bank is the custodian and transfer agent for certain Trust Fund investments.

Investment Valuation and Income Recognition

Investments are reported at fair value as determined by quoted market prices. Fair value is the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investments are marked to market daily.

Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Dividends are recorded on the ex-dividend date.

Tuition Contributions Receivable

Tuition contributions receivable in the Trust Fund represents the actuarially determined present value of future installment payments anticipated from contract holders.

Capital Assets

Capital assets are recorded at cost and consist of assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated on a straight-line basis over estimated useful lives of four to ten years. The cost of repairs and maintenance that do not materially extend the life of an asset are not capitalized.

Tuition Benefits Payable

The Trust Fund records tuition benefits payable at the actuarial present value of its future tuition obligation, which is adjusted for the effects of projected tuition and fee increases and termination of contracts.

Equity Classifications

In the financial statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets after adding back the unspent portion of these borrowings.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors (including bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Accounting Changes

The Trust Fund implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year which changed classifications on the Statement of Net Position to include new categories for deferred outflows of resources and deferred inflows of resources. The Trust Fund did not have any deferred outflows of resources or deferred inflows of resources at June 30, 2014.

Note 2 – Compliance with Nevada Revised Statutes and Administrative Code

The Trust Fund conformed to all significant statutory constraints on its financial administration during the year.

Note 3 – Cash and Investments

The State Treasurer serves as the administrator to the Trust Fund. The Trust Fund's assets are managed in accordance with the Trust Fund's investment objectives and policies, as provided in Section 353B.160.1 of NRS. Authorized investments are as follows:

- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A mortgage-backed security that is issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- "AAA" rated collateralized mortgage obligations that are issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- "A" or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States;
- "A-1", "P-1", "F-1" or better rated commercial paper;
- "AAA" rated commercial mortgage-backed securities;
- "AAA" rated asset-backed securities financing credit cards, auto, manufactured housing, or student loans;
- "A" rated money-market mutual funds that meet the criteria set forth in statute;
- Common or preferred stock of corporations that have a total market value of not less than \$50,000,000; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust Fund's investment policies address interest rate risk by providing for an asset allocation plan that gives appropriate consideration to an average investment horizon of 3 to 18 years, while taking into consideration current and near-term liquidity needs.

As of June 30, 2014, the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

	Fair Value	Maturities, in Years			
		Less Than 1	1-5	6-10	Greater Than 10
Investments:					
Corporate notes	\$ 3,946,616	\$ 366,804	\$ 2,711,813	\$ 215,310	\$ 652,689
U.S. Agencies	36,273,435	-	12,967,252	131,387	23,174,796
U.S. Treasury notes	34,444,289	-	19,818,939	6,168,296	8,457,054
Cash equivalents:					
Money market mutual funds	229,963	229,963	-	-	-
	<u>\$74,894,303</u>	<u>\$ 596,767</u>	<u>\$35,498,004</u>	<u>\$ 6,514,993</u>	<u>\$ 32,284,539</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds representing cash and cash equivalents) as of June 30, 2014, were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale (at fair value):

	Fair Value	Credit Quality Ratings			
		AAA	AA	A	BBB
Investments:					
Corporate notes	\$ 3,946,616	\$285,299	\$ 1,141,958	\$ 2,428,907	\$ 90,452
U.S. Agencies	35,885,624	-	35,885,624	-	-
Cash equivalents:					
Money market mutual funds	229,963	229,963	-	-	-
	<u>\$40,062,203</u>	<u>\$515,262</u>	<u>\$37,027,582</u>	<u>\$ 2,428,907</u>	<u>\$ 90,452</u>

The ratings presented above may have differed if an equivalent national rating organization was utilized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At June 30, 2014, the following investments exceeded 5% of the Trust Fund’s total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corp – U.S. Agency Coupon Security	\$ 14,551,468	7.58%
Federal National Mortgage Association – Asset-Backed Mortgage Security	11,931,769	6.22%

Other Risk

The Trust Fund invests in various equity mutual funds, including at June 30, 2014, when equity mutual funds comprised approximately 61.02% of total investments. Equity mutual funds are exposed to other risks such as market risks. Due to the level of risk associated with equity mutual funds, it is at least reasonably possible that changes in the values of equity mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Pooled Cash and Investments

Of the \$2,304,420 cash and cash equivalents at June 30, 2014, \$2,074,457 represents the Trust Fund’s investment in the State of Nevada's external investment pool.

The Trust Fund is an internal participant in the external investment pool maintained by the Treasurer of the State of Nevada. The external investment pool is not registered with the SEC as an investment company. State of Nevada has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

The Trust Fund receives a prorated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Trust Fund. Instead, the Trust Fund owns a proportionate share of each investment, based on the Trust Fund’s participation percentage in the investment pool.

Custodial Credit Risk: The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

Interest Rate Risk: The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio’s total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill’s average over the previous three month period. (Rolling 90 day T-Bill).

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2014

As of June 30, 2014, the Trust Fund's investments held in the external investment pool are categorized as follows:

	Percentage Based on Fair Value	Maturities, in Years		
		Less Than 1	1-5	6-10
Investments:				
U.S. Treasury obligations	13.55%	4.75%	8.79%	0.00%
U.S. Agencies	51.08%	45.20%	5.88%	0.00%
Mutual Funds	3.67%	3.67%	0.00%	0.00%
Asset-backed securities	17.09%	8.51%	1.30%	7.28%
Corporate bonds and notes	7.98%	1.17%	6.81%	0.00%
Municipal Bonds	6.63%	1.94%	3.93%	0.75%
	100.00%			

Credit Risk: The State Treasurer's investment policy addresses credit risks. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Banker's Acceptances are rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as "A" or its equivalent, or better, Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as "AAA" or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as "AAA" or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

The State's investments held in the external investment pool as of June 30, 2014 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	AAA	AA	A	Unrated
Investments:				
U.S. agencies	0.00%	15.43%	84.06%	0.51%
Mutual Funds	100.00%	0.00%	0.00%	0.00%
Asset-backed securities	0.00%	50.20%	49.80%	0.00%
Corporate bonds and notes	0.00%	50.00%	42.93%	7.07%
Municipal bonds	0.00%	100.00%	0.00%	0.00%

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2014, the following investments exceeded 5% of the State of Nevada's investments in the external investment pool:

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2014

Federal Home Loan Bank	46.97%
Small Business Administration	8.58%

Securities Lending: NRS 355.155 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of the market value of the underlying securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2014.

Note 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets				
Computer equipment	\$ 161,874	\$ 21,500	\$ -	\$ 183,374
Less: Accumulated Depreciation	(40,384)	(17,822)	-	(58,206)
Capital Assets, Net	<u>\$ 121,490</u>	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ 125,168</u>

Note 5 – Noncurrent Liabilities

Tuition Benefits Payable:

Included in noncurrent liabilities is the Trust Fund's tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts.

APV of the Future Tuition Obligation	\$ 185,153,396
Net Position Available	\$ 228,633,327
Net Position as a Percentage of Tuition Benefits Obligation	123.48%

The following assumptions were used in the actuarial valuation:

- Investment Rates: The investment yield assumption is 6.25% per year, which decreased from the 6.75% per year assumption used in the FY13 actuarial report.
- Tuition Growth Assumptions:

	<u>Universities</u>	<u>Community Colleges</u>
2015-16	4.00%	4.00%
2016-17	4.00%	4.00%
2017-18	4.00%	4.00%
2018-19	4.00%	4.00%
2019-20 and later	6.00%	6.00%

Advance from the State of Nevada General Fund – College Savings Endowment Account:

Noncurrent liabilities include an advance from the State of Nevada’s General Fund – College Savings Endowment Account. On May 29, 2013 the Board approved a loan repayment policy. This policy requires payments in increments determined by the State Treasurer at the time the annual actuarial evaluation, approved by the Board at the end of each fiscal year, determines that the best estimate percentage of reserve of the Trust Fund is estimated to meet or exceed 120%. The payments are to equal half of the equivalent dollar amount of funding over 120%. Based on the actuarial evaluation amount of funding is over 120% as of June 30, 2014, the current portion of the advance is \$5,000,000 at June 30, 2014.

Changes in the Trust Fund’s noncurrent liabilities:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Tuition benefits payable	\$ 174,398,518	\$ 18,914,376	\$ (8,159,498)	\$ 185,153,396	\$ 15,959,629
Advance from State of Nevada General Fund – College Savings Endowment Account	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 179,398,518</u>	<u>\$ 18,914,376</u>	<u>\$ (8,159,498)</u>	<u>\$ 190,153,396</u>	<u>\$ 20,959,629</u>

Note 6 – Tuition Contributions and Tuition Benefits Expense

The tuition contributions of \$21,911,502 and the tuition benefits expense of \$18,914,376 on the Statement of Revenues, Expenses and Changes in Net Position represent the annual accrual of contributions and benefit expenses for the year ended June 30, 2014. June 30, 2014. June 30, 2014. June 30, 2014. June 30, 2014, as determined by the actuarial valuation and adjusted by the actual activity for the fiscal year.

Note 7 – Pension Plan and Other Post-Employment Benefits

Employees of the Trust Fund are employees of the State of Nevada and the Nevada Legislature created various plans to provide benefits to qualified employees of the State.

Pension Plan: The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014.

Other Post Employment Benefits (OPEB): The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees' Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014.

Note 8 – Risk Management

As with all governmental entities, the Trust Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Such losses, if any, are accounted for in the State of Nevada's various insurance funds. The Trust Fund is responsible for premium charges payable to the State of Nevada for coverage in the self-funded programs. There have been no material settlements related to the Trust Fund in any of the past three years.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of the
Higher Education Tuition Trust Fund
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2014June 30, 2014June 30, 2014June 30, 2014June 30, 2014, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements and have issued our report thereon dated January 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
January 8, 2015

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 4
January 29, 2015

**Item: 2014 Annual Report of the Nevada Higher Education
Prepaid Tuition Trust Fund**

Recommendation:

**That the Board review and approve the Annual Report of the
Nevada Higher Education Prepaid Tuition Trust Fund, per NRS
353B.170.**

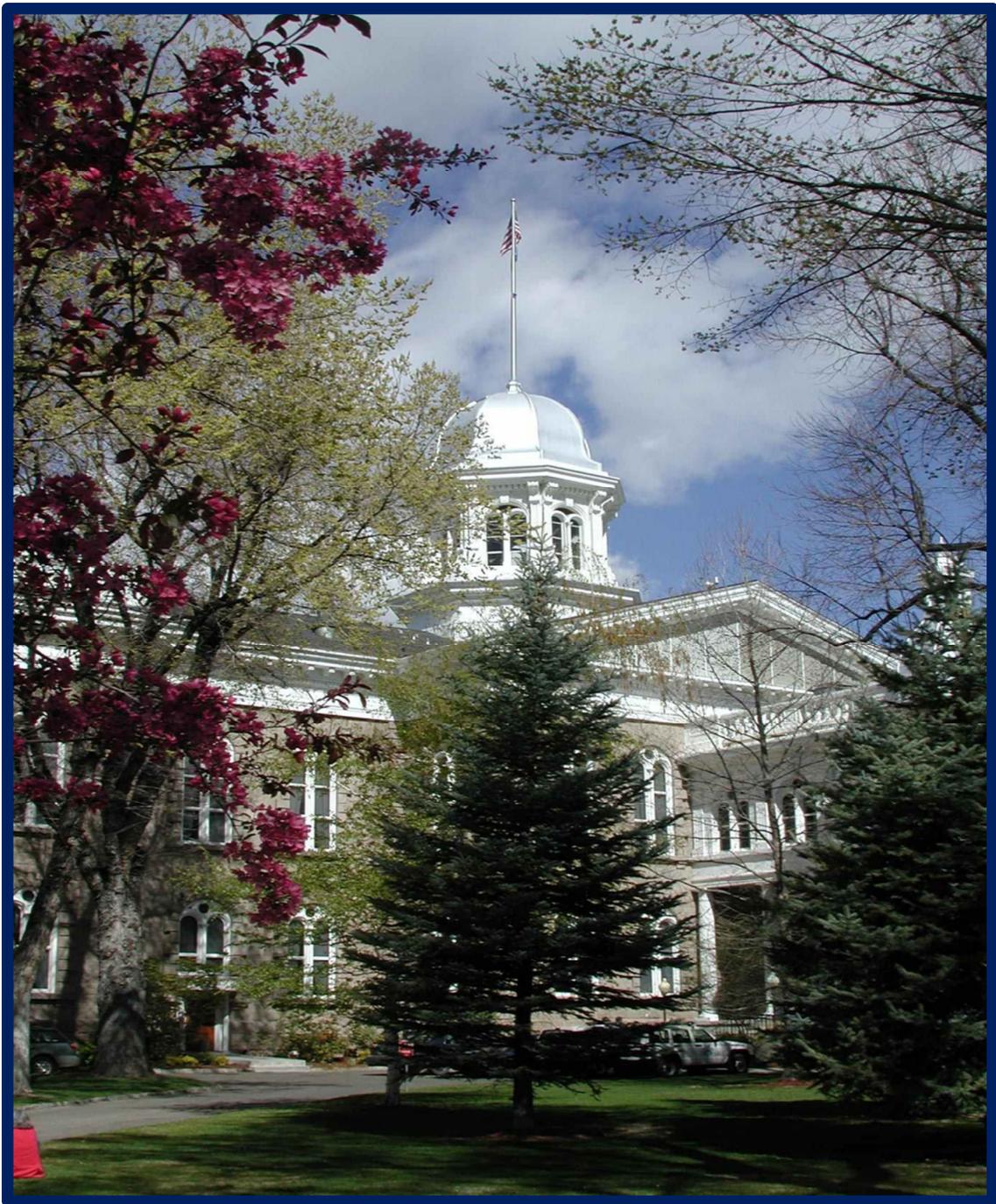
Fiscal: None.

Summary:

Under NRS 353B.170 the Board shall:

1. Prepare an annual report setting forth in appropriate detail an accounting of the Trust Fund and a description of the financial condition of the Trust Fund at the close of each fiscal year, including, without limitation, a statement of projected receipts, disbursements and operating costs of the Trust Fund.
2. Submit the report prepared pursuant to subsection 1 on or before March 31 of each year:
 - a) In odd-numbered years, to the Governor, the Senate Standing Committee on Finance and the Assembly Standing Committee on Ways and Means.
 - b) In even-numbered years, to the Governor and the Interim Finance Committee.

Attached, therefore, is the annual report of the Nevada Higher Education Prepaid Tuition Trust Fund as of June 30, 2014, prepared by State Treasurer staff. Sheila Salehian, Senior Deputy Treasurer for the Prepaid Tuition Program, will be present to answer any questions.



State of Nevada
Office of the State Treasurer
Dan Schwartz

Nevada Prepaid Tuition Program
Annual Report - Fiscal Year 2014

NVPrepaid.gov



Dan Schwartz
State Treasurer



**STATE OF NEVADA
OFFICE OF THE STATE TREASURER
NEVADA PREPAID TUITION PROGRAM**

February 1, 2015

The Honorable Brian Sandoval
Governor of the State of Nevada
Capitol Building
Carson City, NV 89701

Dear Governor Sandoval:

In accordance with Nevada Revised Statute 353B.170 and on behalf of the Board of Trustees of the College Savings Plans of Nevada, I respectfully submit the Nevada Prepaid Tuition Program (NPT) Annual Report for Fiscal Year 2014.

I encourage you to review the entire document. It presents a detailed analysis of the sixteenth annual year of enrollment and its financial underpinning. Fiscal Year 2014 saw an 11% increase in new NPT contracts over the previous fiscal year to 17,349 children. During FY 2014, more than \$194.6 million was invested in the program. NPT continues to be self-supporting, requiring no contribution from the State's General Fund. As of June 30, 2014, the funded ratio of the plan was 126.2% (one of the highest in the nation), using a conservative 6.25% discount rate to value the assets.

Needless to say, challenges remain. Enrollment in NPT is heavily concentrated in five counties and amongst certain socio-demographic groups. We must decide how and where to use our marketing resources. We must also think about how we integrate NPT and other college savings plans into the State's overall education objectives. How do we communicate to Nevada residents that if your son or daughter does not obtain a degree—at a 4 year institution, 2 year community college, or trade school—they will be forever trapped at the bottom of the social and economic ladder. It's as simple as that.

In closing, I am committed to improving the opportunities afforded to our high school youth as well as expanding the number of students who benefit from our prepaid tuition program. Your ongoing support of this worthwhile program is appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Schwartz".

Dan Schwartz
State Treasurer

**555 E. Washington Avenue
Suite 4600
Las Vegas, Nevada 89101
NVPrepaid.gov**



**(888) 477-2667 Toll Free
(702) 486-2025 Telephone
(702) 486-3246 Fax
PrepaidTuition@NevadaTreasurer.gov**

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EXECUTIVE SUMMARY

The purpose of the Nevada Prepaid Tuition Program (Program) is to provide a convenient and affordable way for Nevada families to save for college through a system that allows purchasers to lock in the cost of higher education credit hours today, for future use. The Nevada Prepaid Tuition Program allows parents, grandparents, extended family and friends to purchase a contract for a fixed amount of undergraduate credit hours for a child to use when they graduate from high school. The Program offers five tuition plans and three payment options. A purchaser enters into a contract by choosing a plan and a payment option for a specified beneficiary that meets their personal needs and budget. When the beneficiary enrolls in college, the Program will pay the contract benefits on their behalf directly to the institution. The contract benefits are based on in-state rates at Nevada public colleges, but can be used toward credit hour costs at any accredited public or private institution of higher education, either in-state or out-of-state.

The Program operates under Nevada Revised Statutes (NRS) Chapter 353B, which was adopted by the Nevada Legislature in 1997. The Program is administered by the Office of the State Treasurer under the direction of the Board of Trustees of the College Savings Plans of Nevada (Board). The Board consists of five members:

- * State Treasurer - Chair
- * Director of the Department of Administration or his/her designee
- * Chancellor of the Nevada System of Higher Education (NSHE) or his/her designee
- * Two members appointed by the Governor

In accordance with NRS 353B, the Board is required to contract with a certified actuary and a certified public accounting firm to perform an annual actuarial valuation and financial audit, respectively. For FY 2014, the Board was contracted with Gabriel Roeder Smith & Company to conduct the actuarial valuation study and with Eide Bailly LLP (formerly Kafoury, Armstrong & Co.) to conduct the annual audit of the accounts and records of the Program and the Board.

The Program also contracts and regularly meets with professional investment manager(s) and consultants to invest assets of the plan. The Board contracted with Chicago Equity Partners to manage the fixed income portfolio and passively managed large, mid, and small cap U.S. equity mutual funds with Vanguard. Callan Associates continued to perform investment oversight and reporting throughout Fiscal Year 2014. Investments were made in accordance with the Program's Investment Policy Statement approved by the Board.

FINANCIAL STABILITY

The Nevada Prepaid Tuition Program is not supported by the full faith and credit of the State of Nevada, nor is it guaranteed by the State's General Fund. The Board continuously evaluates and takes necessary measures to maintain the financial stability of the Program. To that end, in Fiscal Year 2014, the Board:

- ◆ Approved an annual transfer of \$1.82 million in funds from the College Savings Trust Fund to increase the actuarial soundness of the Program.
- ◆ Contracted with investment firms (Chicago Equity Partners/Vanguard) to provide professional investment services.

- ◆ Contracted with an investment consultant (Callan) to monitor investments and assist the Board.
- ◆ Expanded marketing and outreach to increase customer awareness and participation.

Those measures helped to make Fiscal Year 2014 another successful one, resulting in:

- ◆ A funded status of 126.2%.
- ◆ A return of 14.67% in the Program's investment portfolio.
- ◆ The number of new contract enrollments, 1270, once again increased compared to the prior fiscal year by almost 11% .

ENROLLMENT

The Fiscal Year 2014 enrollment period ran from December 1, 2013 to February 28, 2014, with newborns under the age of twelve months allowed to enroll in the program through June 30, 2014. The FY 2014 enrollment proved to be another successful one.

- ◆ There were 1,270 new enrollments, which was an increase of 10.9% from the prior enrollment year.
- ◆ The 4-year University Plan continued to be the most popular plan choice (56.85% of total accounts).
- ◆ The lump sum payment option grew slightly, from 27.07% in FY 13 to 30.24% in FY 14, and accounted for almost 1/3 of all contract payment plans.
- ◆ Newborns continue to make up the largest percentage (13.5%) of new enrollees in a single age group.

OBJECTIVES

The financial objectives of the Board have remained consistent:

- ◆ Require the fair value of the Program's investments and assets to be greater than or equal to the actuarial value of all obligations, including future tuition benefits and all future administrative expenses and liabilities associated with operating the Program.
- ◆ Establish an appropriate investment portfolio of assets to accumulate an amount sufficient to pay future tuition benefits and administrative expenses associated with all prepaid contracts.
- ◆ Establish contract plans and payment options that offer value and affordability for Nevada families.

CONTRACT PRICING

Prices for the Fiscal Year 2014 enrollment period were established taking into consideration four key factors:

- ◆ Future tuition increase assumptions at the Nevada System of Higher Education (NSHE).
- ◆ Assumed rate of return on investments.

- ◆ Methodology of allocating current and future administrative expenses of the Program.
- ◆ Historical utilization of credit hours by participants in the program.

Based on the above factors, in addition to the current funded status of the Program, and the continued annual transfer of \$1.82 million dollars from the College Savings Endowment account into the Nevada Prepaid Tuition Trust Fund, the Board was able to keep the pricing increases in FY 14 to a minimal amount.

BENEFIT USAGE

The Program's benefits can be used at any eligible educational institution nationwide upon the expected matriculation year of the beneficiary. The number of students using their benefits in the Nevada Prepaid Tuition Program continues to grow each year as early enrollees in the Program begin to reach college age.

- ◆ Roughly 2,645 students used their tuition benefits in FY 2014, an increase of 7.5% from the previous year.
- ◆ The Program paid \$8,159,498 in tuition benefits in FY 2014, an increase of 11.8% over the prior fiscal year.
- ◆ Nearly 67.3% of tuition benefits were paid to a Nevada school in FY 2014, down roughly 3.6% from the prior fiscal year. This resulted in the Program paying roughly \$5.49 million to the Nevada System of Higher Education Institutions.
- ◆ As of June 30, 2014, 1,729 students (an additional 19.9% from the prior fiscal year) have expended all their benefits to attend college.

Future objectives and strategies will include ongoing evaluation of the factors and assumptions used to set contract prices and the asset allocation of the Trust Fund portfolio to ensure its long-term financial viability.

SUMMARY OF ACTUARIAL VALUATION REPORT

The Board is required by NRS 353B.190 to contract with an independent certified actuary to perform an annual actuarial valuation of the Higher Education Tuition Trust Fund. The Board contracted with Gabriel Roeder Smith & Company (GRS) to perform the valuation for Fiscal Year 2014. The Actuarial Valuation Report prepared by GRS for Fiscal Year 2014 shows continued significant improvement in the financial position of the Higher Education Tuition Trust Fund and the Prepaid Tuition Program.

The substantial improvements seen during Fiscal Year 2014 include:

- ◆ The market value of assets grew by 20%, an increase of \$32,170,804 from the prior fiscal year.
- ◆ The stabilization reserve (surplus) increased by \$28,253,434, or 139% from the prior fiscal year. This increase was primarily due to a strong investment performance and a continued increase in new contract sales.
- ◆ The funded ratio, which represents the Program’s ability to meet its obligations and payout benefits for all current contracts, increased by 14.6% from 111.6% in Fiscal Year 2013 to 126.2% in Fiscal Year 2014. The increase in the funded status was mostly attributed to:
 - a. A market rate of return of 14.67%, which was more than double the assumed return of 6.25%.
 - b. The Board of Regents adopted and published tuition increase rates for the next four fiscal years that reflected lower than previously anticipated tuition increases.
 - c. Contract pricing that included a small margin
 - d. Increased number of Prepaid Tuition contracts sold.

SUMMARY OF VALUATION RESULTS		
Assets	Fiscal Year 2014	Fiscal Year 2013
Net Market Value of Assets	\$194,649,483	\$162,478,679
Present Value of Future Contract Payments	\$39,030,202	\$32,192,694
Total Value of Fund Assets	\$233,679,685	\$194,671,373
Liabilities		
Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses	\$185,153,396	\$174,398,518
Surplus	\$48,526,289	\$20,272,855
Funded Ratio	126.2%	111.6%

As a result of the Board’s asset allocation investment decisions, and contract pricing, the Program has been able to maintain its surplus and high funded ratio, in contrast to a number of other states’ prepaid tuition plans. This is critical since the Program is not supported or backed by the State’s general fund. The full actuarial valuation report is contained in Appendix A.

SUMMARY OF INDEPENDENT AUDITOR'S REPORT

NRS 353B.180 requires the Board to contract with an independent certified public accounting firm to perform an annual audit of accounts and records of the State Treasurer and the Board. The Board contracted with the independent auditing firm Eide Bailly, LLP (formerly Kafoury, Armstrong & Co.), which performed the audit on the Higher Education Tuition Trust Fund for Fiscal Year 2014, which ended on June 30, 2014.

For Fiscal Year 2014, the Trust Fund received a favorable unmodified opinion. Points of interest were:

- ◆ The Trust Fund continued to be classified as an enterprise fund of the State of Nevada and was included in the State of Nevada's *Comprehensive Annual Financial Report*.
- ◆ Total operating revenues increased by \$1,989,204 (roughly 10%), from the previous fiscal year, for a total of \$22,063,702.
- ◆ Total assets held were \$233,808,566. This was an increase of \$38,706,908 or 19% from the previous fiscal year.
- ◆ Total operating expenses declined by \$3,758,660 (17.6%) from the prior fiscal year, for a total of \$21,325,284.
- ◆ The total net position rose from \$15,452,883 to \$43,479,931, an increase of roughly 181%. This growth was primarily due to strong investment performance, a return of approximately 14.67%, and a continued increase in new contract sales.
- ◆ No deficiencies or material weakness in internal control over financial reporting were found or reported.

Higher Education Tuition Trust Fund Net Position

	2014	2013
Assets		
Current and other assets	\$ 233,683,398	\$ 194,980,168
Net capital assets	125,168	121,490
Total Assets	233,808,566	195,101,658
Liabilities		
Current liabilities	21,134,868	14,702,204
Noncurrent liabilities	169,193,767	164,946,571
Total Liabilities	190,328,635	179,648,775
Net Position		
Invested in capital assets	125,168	121,490
Unrestricted	43,354,763	15,331,393
Total Net Position	\$ 43,479,931	\$ 15,452,883

The financial statements of the Trust Fund have been prepared in conformance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to government agencies and standards accepted by the Governmental Accounting Standards Board (GASB).

The full auditor's report is contained in Appendix B.

SUMMARY OF INVESTMENT REPORTS

The Board contracts and works closely with both professional investment managers and investment consultants for the investment and management of assets held in the Higher Education Tuition Trust Fund. In Fiscal Year 2014, the Board contracted again with Chicago Equity Partners to manage the fixed income portfolio and passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard. The Board also maintained its contract with Callan as its investment consultant. Included in this annual report are the client report from Chicago Equity Partners and the performance review from Callan as of June 30, 2014.

For Fiscal Year 2014, the Board maintained the portfolio's asset allocation of 43% to fixed income and 57% to equities. The equities portion of the portfolio is further allocated to three separate funds: Large Cap, Mid Cap, and Small Cap.

Fund Market Values of Investments			
Target Allocation	Allocation	Fiscal Year 2014	Fiscal Year 2013
Large Cap	45%	\$92,656,106	\$73,956,073
Mid Cap	8%	\$16,498,268	\$13,106,505
Small Cap	4%	\$8,101,137	\$6,440,832
Fixed Income	43%	\$75,313,003	\$68,201,129
Total	100%	\$192,568,513	\$161,704,540

- ◆ The market value of assets grew to \$192,568,513 in Fiscal Year 2014, which was an increase of \$30,863,973, or 19% from the prior fiscal year.
- ◆ For the fiscal year ending June 30, 2014, the Program's portfolio had a 14.67% return, slightly underperforming its blended benchmark of 15.44%, but was still quite a bit higher than the Program's assumed rate of return of 6.25%.
- ◆ The Program's three-year investment return on an annualized basis was 11.10%.

Reports from Chicago Equity Partners and Callan are contained in appendix C.

SUMMARY OF ENROLLMENT STATISTICS

Various statistics are collected from the enrollment forms submitted by purchasers who enrolled children in the Program. This information is provided by purchasers on a strictly voluntary basis. The information has been collected and presented for Fiscal Year 2014 and in comparison to the previous fiscal year. Below are highlights of the information collected for the Fiscal Year 2014 enrollment.

- ◆ Of the five plan choices offered, the four-year university plan remains the most popular, with 56.85% of purchasers choosing this plan option. The two-year university plan followed with 17.56% popularity. The lump sum payment option was chosen by roughly 30.24% while the five-year and extended monthly installment payment options made up the other 69.76% of contracts purchased. Among new enrollees, 13.5% of the contract holders chose to make a down payment, lowering their monthly payments for the contract they purchased.
- ◆ Residents from Clark and Washoe counties remained the top purchasers in Fiscal Year 2014. Residents of Clark County purchased slightly more than half (52.44%) of the contracts, while residents of Washoe County purchased 31.97% of the contracts. Carson continued to be third with 4.33% of the contracts purchased.
- ◆ Newborns continued to account for the highest percentage of contracts (13.54%). Beneficiaries in first grade and third grade followed at 8.27% and 7.80%, respectively.
- ◆ A little over 50.00% of the beneficiaries were Caucasian, followed by Asians (15.98%), Hispanics (11.18%), African-Americans (4.88%), and Native Americans (1.57%).
- ◆ Parents continued to purchase the largest percentage of contracts (78.43%) for their children, followed by grandparents (14.09%).
- ◆ Participants with a bachelor's degree continued to purchase the largest percentage of contracts (31.81%), followed by those with a master's degree (20.79%).
- ◆ Purchasers with annual household incomes under \$50,000 represented 10.94% of the plans sold. Purchasers with annual household incomes ranging from \$50,000 to \$79,000 represented 16.93%, and those with an income level of \$80,000 or more represented slightly over half of the contracts purchased.
- ◆ Purchasers continued to indicate that Word of Mouth was the primary source of how they heard about the program (38.35%), followed by the Website(23.78%). Radio moved to third in FY 14, with 11.18%.

The complete collection of tables and charts are contained in Appendix D.

OUTREACH AND FUTURE DIRECTION

The Nevada State Treasurer's Office continues to offer a broad range of college savings options to help Nevadans prepare for future college costs. Office staff continues to work with public and private schools throughout the state, as well as through various professional groups and community events in disseminating college savings information throughout Nevada.

The Nevada Prepaid Tuition Program continued with a unique promotion in the 2014 enrollment period that awarded two participants with a Nevada Prepaid Tuition account of one full year at the university level or two years at a community college. One northern Nevada winner was recognized on a news segment on channel 8 in Reno on January 23, 2014, and one southern Nevada winner was recognized with a ceremony covered by channel 3 in Las Vegas on January 31, 2014.

In Fiscal Year 2014, staff continued to expand outreach efforts by partnering with schools throughout the state, and by communicating with Nevadans through numerous traditional and social media sources, including online banner advertising, facebook ads, online search engine marketing, among other avenues. Staff attended roughly 125 events throughout Nevada during FY 2014. These efforts resulted in an increase of approximately 11% in new enrollees from the prior fiscal year. With the recent recovery seen in the Nevada economy and the increased outreach efforts in educating families about the importance of saving for college, the potential for future growth in the Nevada Prepaid Tuition Program remains positive.

The Program continues to distribute outreach materials to elementary and middle schools statewide to promote the Program and to support its compatibility with the Governor Guinn Millennium Scholarship Program and other 529 college savings plans administered by the State Treasurer.



An online banner used during the 2014 enrollment period.



The Prepaid Tuition award is presented to the Dushoff family as the Southern Nevada contest winner of one year of free tuition on January 31, 2014.



A Prepaid Tuition booth display at the Parents' Expo Event from May 2014 in Las Vegas

APPENDIX A

ACTUARIAL VALUATION REPORT

**NEVADA PREPAID TUITION PROGRAM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2014**

October 14, 2014

Board of Trustees of the College Savings Plans of Nevada
Office of the State Treasurer
555 E. Washington Ave., Suite 4600
Las Vegas, NV 89101

Attention: Ms. Sheila A. Salehian, Senior Deputy Treasurer

Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2014

Dear Trustees:

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the “Program”) as of June 30, 2014. The purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2014.

This report presents the principal results of the actuarial valuation of the Program including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2014, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the Program’s Board and is intended for use by the Program’s Board and those designated or approved by the Program’s Board. This report may be provided to parties other than the Program’s Board only in its entirety and only with the permission of the Program’s Board. This report should not be relied on for any purpose other than the purpose described above.

The valuation results set forth in this report are based upon data and information, furnished by the Program, concerning Program benefits, financial transactions, and beneficiaries of the Program. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Program. Further, the data and information provided is through June 30, 2014, and does not reflect subsequent market changes.

There are currently no Actuarial Standards of Practice that specifically refer to prepaid tuition plans. We have followed the guidance from the Actuarial Standards of Practice on pensions due to their similar nature.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Program and the Program’s Board. We have not performed a detailed experience study but have performed some limited analyses on the assumptions. Based on our limited analyses, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations, and consequently for the Program.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report is not a recommendation to anyone to participate in the Program. GRS makes no representations or warranties to any person participating in or considering participation in the Program. Current and future participants should be aware that the promises of the Program will only be met if the assets of the Program are sufficient to pay its obligations.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Nevada Prepaid Tuition Program as of June 30, 2014.

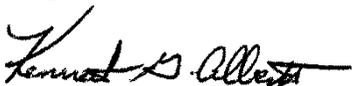
The term “sound” or “actuarially sound” is not explicitly defined in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (1) assets meet or exceed liabilities on the valuation date; or
- (2) assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s funding policy.

David Kausch is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

GRS is independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, FCA, MAAA

KG/DTK:sc

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SECTION A
EXECUTIVE SUMMARY

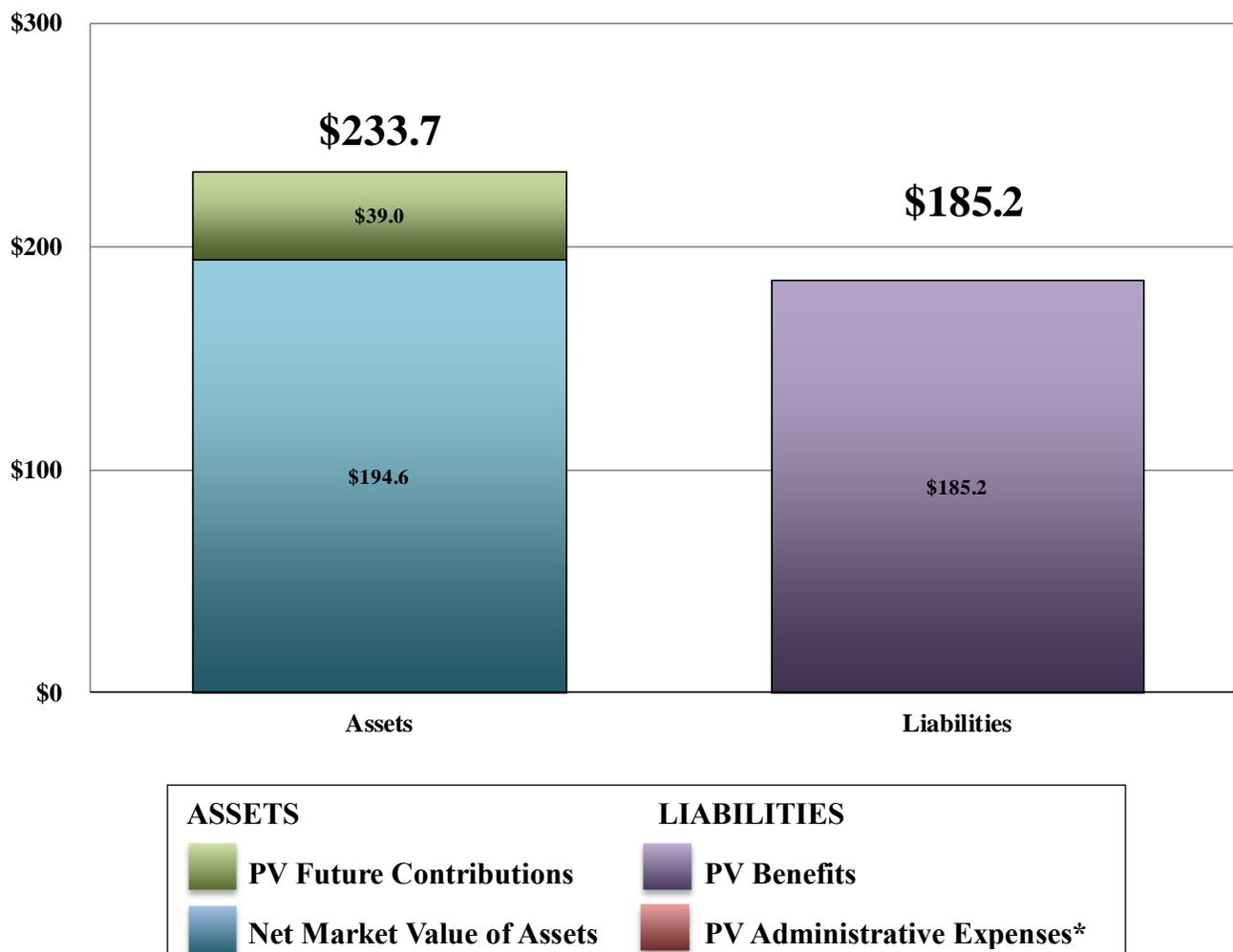
SUMMARY OF RESULTS

Principal Valuation Results

Valuation Date:	June 30, 2014
Membership Summary:	
Counts	
Contract Payments in Progress	3,482
Contract Payments Fully Paid	5,010
Delinquent in Contract Payments	398
Benefit Payments in Progress	2,406
Deferred Benefits	224
Total	11,520
 Average Years until Expected Enrollment if not yet in Payment Status	 7.9
Assets	
Net Market Value of Assets	\$ 194,649,483
Present Value of Future Contract Payments	\$ 39,030,202
Total	\$ 233,679,685
 Approximate Return on Assets for Year Ended June 30, 2014	 13.92%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses)	\$ 185,153,396
Surplus/(Deficit)	\$ 48,526,289
Funded Ratio	126.2%

SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2014

Nevada Prepaid Tuition Program (\$ in Millions)



**Present Value of Administrative Expenses is shown as zero assuming administrative expenses are paid from the College Savings Endowment Fund.*

FUNDED STATUS AS OF JUNE 30, 2014

	June 30, 2014
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$185,153,396
Market Value of Assets (Including the Present Value of Installment Contract Receivables)	\$233,679,685
Surplus/(Deficit) as of June 30, 2014	\$ 48,526,289

GAIN/(LOSS) SUMMARY

	Surplus/(Deficit)
(1.) Value at June 30, 2013	\$ 20,272,855
Contributions/Miscellaneous Income/Transfers	\$ 1,820,000
Benefit Payments/Refunds/Admin Expenses	\$ -
(2.) Interest on (1.) at Assumed Rate from Previous Valuation	\$ 1,323,066
(3.) New Enrollment Group#	\$ 1,453,328
(4.) Projected Value at June 30, 2013 [(1.) + (2.) + (3.)]	\$ 24,869,249
(5.) Change Due to:	
a. Investment Experience	\$ 14,711,896
b. Tuition/Fee Inflation and Other Experience	-
c. Change in Discount Rate	(5,425,589)
d. Change in Tuition Increase Assumption	17,082,556
e. Other Experience During Fiscal Year 2014@	(2,711,823)
(6.) Total [(5.)a. + (5.)b. + (5.)c. + (5.)d. + (5.)e.]	\$ 23,657,040
(7.) Actual Value at June 30, 2014 [(4.) + (6.)]	\$ 48,526,289

Determined before change in assumptions.

@ All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.

DISCUSSION

Actuarial Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2014.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2014, and compare such liabilities with the value of the assets associated with the Program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the member data, financial data, Program provisions, and actuarial assumptions and methods.

The actuarial standards do not define the term “sound” or “actuarially sound.” For purposes of this report we are defining this term to mean the following:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s funding policy.

Under this definition, the Program is actuarially sound, based on the actuarial assumptions used in this valuation.

Financial Status of Program

As of June 30, 2014, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is \$185.2 million. Fund assets as of June 30, 2014, including the market value of Program assets and the present value of installment contract receivables, are \$233.7 million.

The difference between the market value of assets of \$233.7 million and Program obligations of \$185.2 million represents a Program surplus of \$48.5 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2013, was \$20.3 million.

Under the approved assumptions, the Program is 126.2% funded and is expected to be able to pay benefits on behalf of all current contracts.

This surplus acts as a risk reserve to mitigate future experience losses.

Gain/Loss Analysis

The Program experienced an improvement in the funded status during the year ending June 30, 2014. This net gain was a combination of:

- A gain of \$17.1 million due to the change in future tuition increase assumptions – note, this change in assumptions was a direct result of the Board of Regents decision to adopt tuition increases for the next 4 years which were lower than we had previously assumed;
- Pricing that includes a margin (note the actual margin in the pricing was greater than the planned margin due to the Board of Regents decision discussed in the bullet above);
- \$1.8 million contribution from the Nevada College Savings Trust Fund (NCSTF);
- A market rate of return in excess of the expected 6.75%.

This first bullet could alternatively be considered a change in liabilities due to a change in actuarial assumptions. We have chosen to classify it as an experience gain since we changed the short term assumption (from 8% for the first two years and 6% for the next two years to 4% for the first four years) based on the Board of Regent's actual decision on tuition increases for the next four years. The long term tuition increase assumption was unchanged at 6% per year.

Assumption Changes

During the year, the Program Board lowered the assumed rate of investment return from 6.75% to 6.25%. This resulted in an increase in liabilities of approximately \$5.4 million. The only other change in assumptions was the change in the tuition increase assumption which is discussed under the gain/loss section above. All other assumptions are the same as used in the June 30, 2013 actuarial valuation.

Transfers from NCSTF

We understand that the Transfers from the NCSTF are continuing on an annual basis. However, that additional revenue was not included in the development of the funded status. If we recognized annual contributions from the NCSTF of \$1.8 million for each of the next 20 years, then the funded status would be 137.1% (see page G-8).

Benefit Provisions

We understand there were no changes in the Program provisions since the last actuarial valuation as of June 30, 2013.

Reconciliation of Funded Status Change

	<u>Surplus/(Deficit)</u>	<u>Funded %</u>
June 30, 2013	\$ 20,272,855	111.6%
NCSTF Contribution	\$ 1,820,000	1.0%
Interest at Assumed Return (6.75%)	\$ 1,323,066	0.7%
New Contract Experience	\$ 1,453,328	0.8%
Investment Gain (Return Above Assumption)	\$ 14,711,896	7.9%
Change in Investment Return Assumption (6.75% to 6.25%)	\$ (5,425,589)	-2.9%
Change in Tuition Incr. Assump. (from 8%, 8%, 6%, 6% to 4%, 4%, 4%, 4%)	\$ 17,082,556	9.2%
Other Experience	\$ (2,711,823)	-1.6%
Misc Change in %s due to Changing Denominator	N/A	-0.6%
June 30, 2014	<u>\$ 48,526,289</u>	<u>126.2%</u>

Repayment from the Trust Fund

We understand that the Board has adopted a policy to repay the NCSTF \$5 million once the funded status of the Program reaches 120%. The \$5 million will not be adjusted with interest and will be paid over time based on the formula adopted by the Board. This repayment has not been included in the liabilities of the Program or the development of the funded status. The cash flow projections in Section G show that we estimate repayment to occur in FY 2015 or FY 2016, since $\frac{1}{2}$ of the funding surplus on over 120% exceeds \$5 million ($126\% - 120\% = 6\%$; $\frac{1}{2} * 6\% = 3\%$; $3\% * \$185 \text{ million} = \5.5 million).

SECTION B
PROGRAM DESCRIPTION

SUMMARY OF PROGRAM DESCRIPTION EVALUATED JUNE 30, 2014

Purchasing Contracts – Contract holders may purchase contracts during an enrollment period for newborns to 9th graders. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- **University Plans**
 - 4-Year University (120 University Level Credit Hours)
 - 2-Year University (60 University Level Credit Hours)
 - 1-Year University (30 University Level Credit Hours)

- **Community College Plan**
 - 2-Year Community College (60 Community College Credit Hours)

- **University and Community College Plan**
 - 2-Year Community College & 2-Year University (60 Community College and 60 University Credit Hours)

Contract Payments – Contract holders may agree to pay their contracts off in a variety of ways:

- **Lump-Sum Payment** (Full Contract paid in full at time of enrollment to the Program)
- **5-Year Payments*** (60 monthly payments after purchase of contract)
- **Extended Payments*** (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)

** Members may also elect monthly payment options with an additional Down Payment made at the time of enrollment to the Program.*

Tuition Payments – When the beneficiary matriculates, the portion of tuition covered by the Program will be dependent on the school of which they attend and the plan they purchase. The program will pay the tuition (also known as registration fees) for all public Universities or Community Colleges in the state. If the beneficiary elects to attend a private or out-of-state University or Community College the Program will pay out the maximum amount that it would have paid to a Nevada school under the matching contract that was purchased.

Refunds – If a contract purchaser elects to withdraw from the plan, the amount refunded will be equal to the sum amount the purchaser has paid to the plan less any fees and/or interest the account has accrued.

SECTION C

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2014

	2014	2013
1 Number of Members		
a. Contract Payments in Progress	3,482	3,180
b. Contract Payments Fully Paid	5,010	4,890
c. Delinquent in Contract Payments	398	333
d. Benefit Payments in Progress	2,406	2,213
e. Deferred Benefits	224	235
f. Total	11,520	10,851
Average Years until Enrollment if Not Yet In Payment Status	7.9	7.7
2 Assets		
a. Market Value of Assets (in Trust)	\$ 194,649,483	\$ 162,478,679
b. PV Future Member Contributions	39,030,202	32,192,694
c. Total Market Value of Assets (MVA)	\$ 233,679,685	\$ 194,671,373
3 Actuarial Results		
Liabilities - Tuition and Fees	\$ 185,153,396	\$ 174,398,518
Liabilities - Present Value of Future Administrative Expenses	-	-
Liabilities Total	\$ 185,153,396	\$ 174,398,518
Surplus/(Deficit)	\$ 48,526,289	\$ 20,272,855
Funded Ratio	126.2%	111.6%

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2014 (CONCLUDED)

	After Assumption Changes	
	2014	2013
1 Assets		
a. Market Value of Assets (in Trust)	\$ 194,649,483	\$ 162,478,679
b. PVFMC* (Short Term) ^a	8,924,543	7,282,815
c. PVFMC* (Long Term) ^b	30,105,659	24,909,879
d. Total Market Value of Assets (MVA)	\$ 233,679,685	\$ 194,671,373
2 Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses		
a. Short Term ^a	\$ 15,959,629	\$ 14,451,947
b. Long Term ^b	169,193,767	159,946,571
c. Total	\$ 185,153,396	\$ 174,398,518
Surplus/(Deficit)	\$ 48,526,289	\$ 20,272,855
Funded Ratio	126.2%	111.6%

* Present Value of Future Member Contributions.

^a Present value of amounts in following year.

^b Present value of amounts after first year.

GAIN/(LOSS) SUMMARY

	Present Value of Benefits	PV Future Member Contributions	Market Value of Assets	Surplus/(Deficit)
(1.) Values at June 30, 2013	\$ 174,398,518	\$ 32,192,694	\$ 162,478,679	\$ 20,272,855
(2.) Contributions/Miscellaneous Income	\$ -	\$ (7,622,367)	\$ 9,442,367	\$ 1,820,000
(3.) Benefit Payments/Refunds/Admin Expenses	\$ (9,886,587)	\$ -	\$ (9,886,587)	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Rate from Previous Valuation	\$ 10,595,634	\$ 1,777,454	\$ 10,141,246	\$ 1,323,066
(5.) New Enrollment Group #	\$ 18,835,689	\$ 12,685,189	\$ 7,603,828	\$ 1,453,328
(6.) Projected Values at June 30, 2014 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 193,943,254	\$ 39,032,970	\$ 179,779,533	\$ 24,869,249
(7.) Change Due to:				
a. Investment Experience	\$ -	\$ -	\$ 14,711,896	\$ 14,711,896
b. Tuition/Fee Inflation and Other Experience	-	-	-	-
c. Change in Discount Rate	5,425,589	-	-	(5,425,589)
d. Change in Tuition Increase Assumption	(17,082,556)	-	-	17,082,556
e. Other Program Experience During Fiscal Year 2014*	2,867,109	(2,768)	158,054	(2,711,823)
(8.) Total [(5.)a. + (5.)b. + (5.)c. + (5.)d. + (5.)e.]	\$ (8,789,858)	\$ (2,768)	\$ 14,869,950	\$ 23,657,040
(9.) Actual Values at June 30, 2014 [(6.) + (8.)]	\$ 185,153,396	\$ 39,030,202	\$ 194,649,483	\$ 48,526,289

* Program Experience on Market Value of Assets reflects the differentiation in Market Value of Assets as provided by the Program.

Determined before change in assumptions.

SENSITIVITY TESTING RESULTS

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Nevada Prepaid Tuition Program. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 6.25% each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Program's results under alternative assumptions for future investment income and tuition increases, as follows:

1. Current valuation assumptions approved by the Program's Board (6.25% investment return, 6.0% long-term tuition increases for Universities and Community Colleges)
2. Tuition increases are 100 basis points higher/lower in each future year than assumed in this year's soundness valuation.
3. The investment return is 100 basis points higher/lower in each future year than assumed in this year's soundness valuation.
4. Tuition increases are 100 basis points higher and the investment return is 100 basis points lower in each future year than assumed in this year's soundness valuation.
5. Tuition increases are 100 basis points lower and the investment return is 100 basis points higher in each future year than assumed in this year's soundness valuation.

The summary of impact of each of these scenarios on the principal valuation results is presented on the following page. See Section G for detailed projection results of each scenario.

SENSITIVITY TESTING RESULTS (CONT.)

\$ in Millions

	Current Valuation Assumptions (G-1)	Assumed Tuition Increases +100 Basis Points (G-2)	Assumed Tuition Increases -100 Basis Points (G-3)	Assumed Investment Return +100 Basis Points (G-4)	Assumed Investment Return -100 Basis Points (G-5)	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-6)	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-7)
Assumed Investment Return	6.25%	6.25%	6.25%	7.25%	5.25%	5.25%	7.25%
Assumed Long-Term Tuition Increases	6.00%	7.00%	5.00%	6.00%	6.00%	7.00%	5.00%
Assets							
a. Market Value of Assets (in Trust)	\$194.6	\$194.6	\$194.6	\$194.6	\$194.6	\$194.6	\$194.6
b. PV Future Member Contributions	39.0	39.0	39.0	37.8	40.4	40.4	37.8
c. Total Market Value of Assets (MVA)	\$233.6	\$233.6	\$233.6	\$232.4	\$235.0	\$235.0	\$232.4
Actuarial Results							
Liabilities - Tuition and Fees	\$185.2	\$191.2	\$179.5	\$173.8	\$197.9	\$204.7	\$168.8
Liabilities - PV of Future Admin. Expenses	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Liabilities Total	\$185.2	\$191.2	\$179.5	\$173.8	\$197.9	\$204.7	\$168.8
Surplus/(Deficit)	\$ 48.4	\$ 42.4	\$ 54.1	\$ 58.6	\$ 37.1	\$ 30.3	\$ 63.6
Funded Ratio	126.2%	122.2%	130.2%	133.8%	118.8%	114.8%	137.7%
Difference From Results based on Current Assumptions							
Surplus	\$ 0.0	\$ (6.0)	\$ 5.7	\$ 10.2	\$(11.3)	\$(18.1)	\$ 15.2
Funded Ratio	0.0%	(4.1)%	4.0%	7.6%	(7.4)%	(11.4)%	11.4%

Numbers may not match schedules in Section G due to rounding.

SECTION D
FUND ASSETS

STATEMENT OF PROGRAM ASSETS (AT MARKET VALUE)

**Nevada Prepaid Tuition Program
Statement of Program Net Assets
Year Ended June 30, 2014**

1. Cash and cash equivalents	\$	2,249,641
2. Investments		
a. Fixed income	\$	74,504,497
b. Property and equipment		103,668
c. Equity mutual funds		79,433,699
d. Other Investments		38,059,074
Total investments	\$	<u>192,100,938</u>
3. Receivables	\$	423,586
4. Liabilities		
a. Accounts payable	\$	\$108,821
b. Accrued liability		(695)
c. Other liability		16,556
Total liabilities	\$	<u>\$124,682</u>
5. Net assets = (1) + (2) + (3) - (4)	\$	<u><u>194,649,483</u></u>

RECONCILIATION OF PROGRAM ASSETS

Nevada Prepaid Tuition Program
Statement of Changes in Program Net Assets
Twelve Month Period Ended June 30, 2014

1. Value of Assets at Beginning of Year	\$ 162,478,679
2. Changes During Year	
a. Additions	
(1) Investment Income	\$ 24,973,185
(2) Contract Payments	15,073,995
(3) Administration Fees	152,200
(4) Transfers from Endowment Account	2,334,084
Total Additions = (1) + (2) + (3) + (4)	<u>\$ 42,533,464</u>
b. Deductions	
(1) Tuition Payments	\$ 8,159,498
(2) Refunds	1,727,089
(3) Administration Expenses	514,084
(4) Investment Expenses	120,042
Total Deductions = (1) + (2)	<u>\$ 10,520,713</u>
Net Increases (Decreases) During Year = a - b	<u>\$ 32,012,751</u>
3. Value of Assets at End of Year = 1 + 2	\$ 194,491,430
4. Purchased Interest	\$ -
5. Net Value of Assets at End of Year = 3 + 4	<u>\$ 194,491,430</u> *

** Annual audit of assets for Fiscal Year 2014 not yet complete. Total Net Value of Assets may not match page D-1. Reflects assets as reported by the Program. Difference does not have a significant effect on valuation results.*

SECTION E
PARTICIPANT DATA

MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2014

Projected Enrollment Year	Type of Contract					Total	
	4 Yr. Univ	2 Yr. Univ	1 Yr. Univ	2+2	2 Yr. Comm. Coll		
2002	6	-	-	1	-	7	0.06%
2003	20	-	-	4	2	26	0.23%
2004	38	-	-	8	3	49	0.43%
2005	62	2	-	5	1	70	0.61%
2006	83	-	-	18	6	107	0.93%
2007	92	3	-	24	3	122	1.06%
2008	131	3	-	23	12	169	1.47%
2009	179	5	-	36	5	225	1.95%
2010	294	10	-	43	6	353	3.06%
2011	431	9	-	61	15	516	4.48%
2012	489	17	-	48	22	576	5.00%
2013	515	20	-	47	26	608	5.28%
2014	524	40	9	55	19	647	5.62%
2015	567	33	6	60	39	705	6.12%
2016	612	45	12	64	33	766	6.65%
2017	575	60	6	82	43	766	6.65%
2018	610	55	9	69	47	790	6.86%
2019	543	57	12	58	40	710	6.16%
2020	363	69	14	63	45	554	4.81%
2021	389	61	13	55	53	571	4.96%
2022	366	50	19	46	45	526	4.57%
2023	296	47	13	46	37	439	3.81%
2024	257	53	21	52	35	418	3.63%
2025	241	47	14	43	31	376	3.26%
2026	216	44	12	26	24	322	2.80%
2027	169	29	11	27	15	251	2.18%
2028	143	28	5	16	29	221	1.92%
2029	149	30	12	23	20	234	2.03%
2030	154	27	10	19	19	229	1.99%
2031	113	25	3	11	15	167	1.45%
Total	8,627	869	201	1,133	690	11,520	
	74.89%	7.54%	1.74%	9.84%	5.99%	100.00%	

MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2014

Contract Payment Type	Type of Contract					Total
	4 Yr. Univ	2 Yr. Univ	1 Yr. Univ	2+2	2 Yr. Comm. Coll	
Lump Sum	\$ 2,997	\$ 240	\$ 75	\$ 268	\$ 145	\$3,725 32.34%
5-Year Payments	3,071	254	71	356	259	4,011 34.82%
Extended Payments	2,559	375	55	509	286	3,784 32.85%
Total	8,627	869	201	1,133	690	11,520
	74.89%	7.54%	1.74%	9.84%	5.99%	100.00%

SECTION F
METHODS & ASSUMPTIONS

VALUATION METHODS AND ASSUMPTIONS

Assumed Rate of Return, Net of Investment Fees: 6.25%

Assumed Rate of Tuition Increases:

Year	University	Community College
2015-2016	4%	4%
2016-2017	4%	4%
2017-2018	4%	4%
2018-2019	4%	4%
2019-2020+	6%	6%

Utilization of Credits* – Benefit payments are based on the following schedule in accordance with the type of Contract and the expected Payout Year.

Type of Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year
Four Year Contracts	20%	20%	20%	20%	15%	5%
Two Year Contracts	40%	40%	15%	5%	0%	0%
One Year Contracts	100%	0%	0%	0%	0%	0%

* *Liabilities are modeled assuming two payments per year (one in mid-September, one in mid-February) for beneficiaries who have matriculated.*

Refunds: Accumulated contract payments to plan without interest. Withdrawal rates at the beginning of each year are based on the following schedule in accordance with the type of contract purchased.

Years of Payment Since Purchase	Lump Sum	Five-Year Payments	Extended Payments
1-3	0.50%	3.00%	5.00%
4	0.50%	1.25%	3.50%
5	0.50%	1.20%	2.00%
6+	0.50%	0.50%	0.50%

VALUATION METHODS AND ASSUMPTIONS (CONCLUDED)

Election of Program Changes:	None.
Election of Change of Beneficiary:	None.
Liability Adjustments for Administrative Expenses:	None. Administrative expenses are paid from outside the trust.
Contract Terms:	No changes in contract terms are assumed, once initiated.
Pricing Methodology:	Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption.
Timing of Tuition Payments#:	Once per year at beginning of year.
Timing of Refunds:	At the end of the month the member withdraws from the plan.
Weighted Average Tuition (WAT) for the 2014/2015 Academic Year:	
○ 4-Year College:	\$5,745.00
○ 2-Year College:	\$2,535.00
Bias Load:	None

Note: Since all the covered in-state 4-year colleges and universities charge the same tuition and all the covered in-state two year colleges charge the same tuition, the WAT is simply the rate of tuition and fees. If the covered colleges and universities begin to charge different rates of tuition in the future, a WAT (averaging) calculation will be performed and a bias load may be necessary.

GRS models liabilities assuming two payments per year (one in the fall, one in the winter) for beneficiaries who have matriculated.

SECTION G
PROJECTION RESULTS

**Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 Valuation Results**

Input	
Valuation	
Assumed Rate of Investment Return	6.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$185,153,396
Present Value of Future Contract Payments	\$39,030,202
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(48,526,289)
Funded Status	126.21%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	6.25%	n/a	n/a	\$ 194,649,483	\$ 15,959,629	-	-	\$ 8,924,543	126.2%
2016	6.25%	4.00%	4.00%	199,340,297	16,953,678	\$ 5,000,000	-	7,452,562	128.7%
2017	6.25%	4.00%	4.00%	196,391,629	18,427,438	-	-	6,556,454	128.6%
2018	6.25%	4.00%	4.00%	196,053,186	19,053,235	-	-	5,401,645	132.0%
2019	6.25%	4.00%	4.00%	193,801,696	18,930,774	-	-	4,038,200	136.2%
2020	6.25%	6.00%	6.00%	190,090,942	18,464,910	-	-	2,944,446	141.3%
2021	6.25%	6.00%	6.00%	185,481,132	18,366,189	-	-	2,556,761	147.4%
2022	6.25%	6.00%	6.00%	180,276,186	18,027,279	-	-	2,191,606	154.9%
2023	6.25%	6.00%	6.00%	174,718,045	17,302,503	-	-	1,858,503	164.5%
2024	6.25%	6.00%	6.00%	169,228,674	15,937,192	-	-	1,567,201	176.4%
2025	6.25%	6.00%	6.00%	164,537,350	14,793,451	-	-	1,266,159	191.1%
2026	6.25%	6.00%	6.00%	160,448,187	13,973,239	-	-	962,180	209.5%
2027	6.25%	6.00%	6.00%	156,651,948	13,204,509	-	-	761,794	233.4%
2028	6.25%	6.00%	6.00%	153,222,311	12,024,629	-	-	582,821	265.5%
2029	6.25%	6.00%	6.00%	150,641,784	10,870,865	-	-	447,635	308.6%
2030	6.25%	6.00%	6.00%	148,982,214	10,187,901	-	-	274,305	368.0%
2031	6.25%	6.00%	6.00%	147,760,407	9,588,642	-	-	127,447	457.8%
2032	6.25%	6.00%	6.00%	146,942,912	8,757,854	-	-	16,479	608.8%
2033	6.25%	6.00%	6.00%	146,839,132	6,881,477	-	-	483	898.5%
2034	6.25%	6.00%	6.00%	148,705,522	5,129,247	-	-	-	1479.1%
2035	6.25%	6.00%	6.00%	152,549,793	3,379,382	-	-	-	2915.7%
2036	6.25%	6.00%	6.00%	158,493,561	1,606,899	-	-	-	8051.8%
2037	6.25%	6.00%	6.00%	166,692,078	384,111	-	-	-	43396.9%

* Beginning of year.

Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 Tuition Increases +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$191,175,779
Present Value of Future Contract Payments	\$39,030,202
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(42,503,906)
Funded Status	122.23%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	6.25%	n/a	n/a	\$ 194,649,483	\$ 15,959,629	-	-	\$ 8,924,543	122.2%
2016	6.25%	4.00%	4.00%	199,340,297	16,953,678	\$ 2,608,908	-	7,452,562	124.3%
2017	6.25%	4.00%	4.00%	198,932,164	18,427,438	\$ 2,391,092	-	6,556,454	125.1%
2018	6.25%	4.00%	4.00%	196,211,969	19,053,235	-	-	5,401,645	126.5%
2019	6.25%	4.00%	4.00%	193,970,403	18,930,774	-	-	4,038,200	129.9%
2020	6.25%	7.00%	7.00%	190,270,194	18,635,978	-	-	2,944,446	133.8%
2021	6.25%	7.00%	7.00%	185,489,828	18,708,688	-	-	2,556,761	138.5%
2022	6.25%	7.00%	7.00%	179,921,520	18,534,791	-	-	2,191,606	144.4%
2023	6.25%	7.00%	7.00%	173,801,981	17,956,020	-	-	1,858,503	151.7%
2024	6.25%	7.00%	7.00%	167,560,994	16,693,846	-	-	1,567,201	160.9%
2025	6.25%	7.00%	7.00%	161,961,496	15,641,306	-	-	1,266,159	172.1%
2026	6.25%	7.00%	7.00%	156,810,496	14,913,489	-	-	962,180	186.1%
2027	6.25%	7.00%	7.00%	151,787,886	14,226,386	-	-	761,794	204.2%
2028	6.25%	7.00%	7.00%	146,968,499	13,077,693	-	-	582,821	228.5%
2029	6.25%	7.00%	7.00%	142,878,229	11,934,852	-	-	447,635	260.9%
2030	6.25%	7.00%	7.00%	139,602,950	11,291,985	-	-	274,305	305.4%
2031	6.25%	7.00%	7.00%	136,621,849	10,730,048	-	-	127,447	372.6%
2032	6.25%	7.00%	7.00%	133,895,451	9,894,617	-	-	16,479	485.2%
2033	6.25%	7.00%	7.00%	131,768,394	7,848,237	-	-	483	700.4%
2034	6.25%	7.00%	7.00%	131,665,681	5,905,032	-	-	-	1130.2%
2035	6.25%	7.00%	7.00%	133,620,689	3,927,208	-	-	-	2189.0%
2036	6.25%	7.00%	7.00%	137,799,323	1,885,008	-	-	-	5957.4%
2037	6.25%	7.00%	7.00%	144,408,960	454,840	-	-	-	31749.4%

* Beginning of year.

Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 Tuition Increases -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$179,547,257
Present Value of Future Contract Payments	\$39,030,202
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(54,132,428)
Funded Status	130.15%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	6.25%	n/a	n/a	\$ 194,649,483	\$ 15,959,629	-	-	\$ 8,924,543	130.1%
2016	6.25%	4.00%	4.00%	199,340,297	16,953,678	\$ 5,000,000	-	7,452,562	133.1%
2017	6.25%	4.00%	4.00%	196,391,629	18,427,438	-	-	6,556,454	133.5%
2018	6.25%	4.00%	4.00%	196,053,186	19,053,235	-	-	5,401,645	137.6%
2019	6.25%	4.00%	4.00%	193,801,696	18,930,774	-	-	4,038,200	142.8%
2020	6.25%	5.00%	5.00%	190,090,942	18,293,843	-	-	2,944,446	149.1%
2021	6.25%	5.00%	5.00%	185,662,892	18,026,906	-	-	2,556,761	156.8%
2022	6.25%	5.00%	5.00%	180,829,794	17,529,253	-	-	2,191,606	166.3%
2023	6.25%	5.00%	5.00%	175,835,405	16,667,223	-	-	1,858,503	178.4%
2024	6.25%	5.00%	5.00%	171,090,854	15,208,559	-	-	1,567,201	193.6%
2025	6.25%	5.00%	5.00%	167,290,090	13,984,660	-	-	1,266,159	212.4%
2026	6.25%	5.00%	5.00%	164,232,314	13,084,731	-	-	962,180	235.9%
2027	6.25%	5.00%	5.00%	161,616,624	12,247,931	-	-	761,794	266.7%
2028	6.25%	5.00%	5.00%	159,513,642	11,048,114	-	-	582,821	308.3%
2029	6.25%	5.00%	5.00%	158,363,872	9,893,484	-	-	447,635	364.3%
2030	6.25%	5.00%	5.00%	158,225,400	9,183,208	-	-	274,305	441.6%
2031	6.25%	5.00%	5.00%	158,648,778	8,559,738	-	-	127,447	559.0%
2032	6.25%	5.00%	5.00%	159,605,017	7,742,756	-	-	16,479	756.9%
2033	6.25%	5.00%	5.00%	161,371,161	6,026,291	-	-	483	1138.0%
2034	6.25%	5.00%	5.00%	165,054,437	4,449,438	-	-	-	1905.1%
2035	6.25%	5.00%	5.00%	170,642,812	2,903,837	-	-	-	3810.7%
2036	6.25%	5.00%	5.00%	178,222,661	1,367,751	-	-	-	10655.7%
2037	6.25%	5.00%	5.00%	187,908,342	323,861	-	-	-	58021.4%

* Beginning of year.

Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	7.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	7.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$173,752,339
Present Value of Future Contract Payments	\$37,769,396
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(58,666,540)
Funded Status	133.76%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	7.25%	n/a	n/a	\$ 194,649,483	\$ 15,897,256	-	-	\$ 8,882,840	133.8%
2016	7.25%	4.00%	4.00%	201,238,608	16,887,396	\$ 5,000,000	-	7,417,736	137.2%
2017	7.25%	4.00%	4.00%	200,309,697	18,355,539	-	-	6,525,817	138.0%
2018	7.25%	4.00%	4.00%	202,144,772	18,979,054	-	-	5,376,404	142.8%
2019	7.25%	4.00%	4.00%	202,211,426	18,857,184	-	-	4,019,330	148.8%
2020	7.25%	6.00%	6.00%	200,958,156	18,393,199	-	-	2,930,687	156.0%
2021	7.25%	6.00%	6.00%	198,944,077	18,294,887	-	-	2,544,814	164.6%
2022	7.25%	6.00%	6.00%	196,475,570	17,957,317	-	-	2,181,365	175.5%
2023	7.25%	6.00%	6.00%	193,800,340	17,235,374	-	-	1,849,819	189.2%
2024	7.25%	6.00%	6.00%	191,349,857	15,875,371	-	-	1,559,878	206.6%
2025	7.25%	6.00%	6.00%	189,869,355	14,736,081	-	-	1,260,243	227.9%
2026	7.25%	6.00%	6.00%	189,182,046	13,919,067	-	-	957,684	254.7%
2027	7.25%	6.00%	6.00%	188,996,661	13,153,333	-	-	758,234	289.7%
2028	7.25%	6.00%	6.00%	189,405,176	11,978,038	-	-	580,098	337.0%
2029	7.25%	6.00%	6.00%	190,912,760	10,828,753	-	-	445,543	400.6%
2030	7.25%	6.00%	6.00%	193,617,943	10,148,449	-	-	273,023	488.5%
2031	7.25%	6.00%	6.00%	197,063,849	9,551,527	-	-	126,851	621.9%
2032	7.25%	6.00%	6.00%	201,243,014	8,723,967	-	-	16,402	846.9%
2033	7.25%	6.00%	6.00%	206,494,268	6,854,851	-	-	481	1280.0%
2034	7.25%	6.00%	6.00%	214,113,791	5,109,401	-	-	-	2151.9%
2035	7.25%	6.00%	6.00%	224,157,208	3,366,307	-	-	-	4317.8%
2036	7.25%	6.00%	6.00%	236,798,241	1,600,682	-	-	-	12097.3%
2037	7.25%	6.00%	6.00%	252,249,383	382,624	-	-	-	65926.1%

* Beginning of year.

Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$197,863,806
Present Value of Future Contract Payments	\$40,382,115
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(37,167,793)
Funded Status	118.78%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	5.25%	n/a	n/a	\$ 194,649,483	\$ 16,022,899	-	-	\$ 8,966,840	118.8%
2016	5.25%	4.00%	4.00%	197,442,078	17,020,914	-	-	7,487,882	120.4%
2017	5.25%	4.00%	4.00%	197,774,271	18,500,371	\$ 506,805	-	6,587,528	122.4%
2018	5.25%	4.00%	4.00%	195,085,741	19,128,483	2,735,612	-	5,427,246	124.6%
2019	5.25%	4.00%	4.00%	188,027,958	19,005,423	1,757,583	-	4,057,338	125.9%
2020	5.25%	6.00%	6.00%	180,316,710	18,537,653	-	-	2,958,400	128.1%
2021	5.25%	6.00%	6.00%	173,386,174	18,438,517	-	-	2,568,879	132.1%
2022	5.25%	6.00%	6.00%	165,786,154	18,098,248	-	-	2,201,993	136.9%
2023	5.25%	6.00%	6.00%	157,759,118	17,370,598	-	-	1,867,312	143.0%
2024	5.25%	6.00%	6.00%	149,724,262	15,999,903	-	-	1,574,628	150.7%
2025	5.25%	6.00%	6.00%	142,402,184	14,851,648	-	-	1,272,160	160.0%
2026	5.25%	6.00%	6.00%	135,585,888	14,028,191	-	-	966,740	171.6%
2027	5.25%	6.00%	6.00%	128,956,971	13,256,421	-	-	765,405	186.7%
2028	5.25%	6.00%	6.00%	122,580,417	12,071,892	-	-	585,584	206.9%
2029	5.25%	6.00%	6.00%	116,926,549	10,913,584	-	-	449,757	233.9%
2030	5.25%	6.00%	6.00%	112,052,016	10,227,921	-	-	275,605	270.9%
2031	5.25%	6.00%	6.00%	107,459,934	9,626,292	-	-	128,051	326.8%
2032	5.25%	6.00%	6.00%	103,104,682	8,792,230	-	-	16,557	420.4%
2033	5.25%	6.00%	6.00%	99,281,283	6,908,486	-	-	485	599.5%
2034	5.25%	6.00%	6.00%	97,222,879	5,149,379	-	-	-	956.9%
2035	5.25%	6.00%	6.00%	96,907,359	3,392,646	-	-	-	1837.6%
2036	5.25%	6.00%	6.00%	98,424,236	1,613,206	-	-	-	4972.0%
2037	5.25%	6.00%	6.00%	101,893,609	385,618	-	-	-	26423.4%

* Beginning of year.

Nevada Pre-Paid Tuition Program

Projection Based on June 30, 2014 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$204,684,362
Present Value of Future Contract Payments	\$40,382,115
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(30,347,236)
Funded Status	114.83%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actual Tuition Comm. Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	5.25%	n/a	n/a	\$ 194,649,483	\$ 16,022,899	-	-	\$ 8,966,840	114.8%
2016	5.25%	4.00%	4.00%	197,442,078	17,020,914	-	-	7,487,882	116.1%
2017	5.25%	4.00%	4.00%	197,774,271	18,500,371	-	-	6,587,528	117.6%
2018	5.25%	4.00%	4.00%	195,619,153	19,128,483	-	-	5,427,246	119.5%
2019	5.25%	4.00%	4.00%	191,468,606	19,005,423	-	-	4,057,338	121.8%
2020	5.25%	7.00%	7.00%	185,787,848	18,709,392	\$ 1,846,030	-	2,958,400	124.5%
2021	5.25%	7.00%	7.00%	177,020,845	18,782,361	3,153,970	-	2,568,879	126.4%
2022	5.25%	7.00%	7.00%	165,930,197	18,607,752	-	-	2,201,993	127.8%
2023	5.25%	7.00%	7.00%	157,374,470	18,026,680	-	-	1,867,312	132.2%
2024	5.25%	7.00%	7.00%	148,628,894	16,759,527	-	-	1,574,628	137.7%
2025	5.25%	7.00%	7.00%	140,449,805	15,702,830	-	-	1,272,160	144.3%
2026	5.25%	7.00%	7.00%	132,635,140	14,972,131	-	-	966,740	152.5%
2027	5.25%	7.00%	7.00%	124,857,811	14,282,309	-	-	765,405	163.2%
2028	5.25%	7.00%	7.00%	117,186,304	13,129,089	-	-	585,584	177.4%
2029	5.25%	7.00%	7.00%	110,136,545	11,981,747	-	-	449,757	196.3%
2030	5.25%	7.00%	7.00%	103,781,294	11,336,338	-	-	275,605	222.2%
2031	5.25%	7.00%	7.00%	97,588,390	10,772,177	-	-	128,051	261.2%
2032	5.25%	7.00%	7.00%	91,508,838	9,933,454	-	-	16,557	326.3%
2033	5.25%	7.00%	7.00%	85,875,517	7,879,040	-	-	485	450.4%
2034	5.25%	7.00%	7.00%	82,091,803	5,928,209	-	-	-	697.2%
2035	5.25%	7.00%	7.00%	80,162,183	3,942,622	-	-	-	1302.8%
2036	5.25%	7.00%	7.00%	80,221,088	1,892,406	-	-	-	3448.5%
2037	5.25%	7.00%	7.00%	82,440,937	456,625	-	-	-	18054.4%

* Beginning of year.

Nevada Pre-Paid Tuition Program

Projection Based on June 30, 2014 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	7.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	7.25%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of future tuition and fees	\$168,782,124
Present Value of Future Contract Payments	\$37,769,396
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(63,636,755)
Funded Status	137.70%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actual Tuition Increase for Comm. Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	7.25%	n/a	n/a	\$ 194,649,483	\$ 15,897,256	-	-	\$ 8,882,840	137.7%
2016	7.25%	4.00%	4.00%	201,238,608	16,887,396	\$ 5,000,000	-	7,417,736	141.6%
2017	7.25%	4.00%	4.00%	200,309,697	18,355,539	-	-	6,525,817	143.0%
2018	7.25%	4.00%	4.00%	202,144,772	18,979,054	-	-	5,376,404	148.7%
2019	7.25%	4.00%	4.00%	202,211,426	18,857,184	-	-	4,019,330	155.7%
2020	7.25%	5.00%	5.00%	200,958,156	18,222,794	-	-	2,930,687	164.4%
2021	7.25%	5.00%	5.00%	199,126,837	17,956,916	-	-	2,544,814	174.9%
2022	7.25%	5.00%	5.00%	197,034,053	17,461,218	-	-	2,181,365	188.1%
2023	7.25%	5.00%	5.00%	194,931,379	16,602,551	-	-	1,849,819	204.9%
2024	7.25%	5.00%	5.00%	193,241,598	15,149,557	-	-	1,559,878	226.2%
2025	7.25%	5.00%	5.00%	192,676,683	13,930,419	-	-	1,260,243	252.6%
2026	7.25%	5.00%	5.00%	193,056,979	13,033,997	-	-	957,684	285.8%
2027	7.25%	5.00%	5.00%	194,101,765	12,200,457	-	-	758,234	329.5%
2028	7.25%	5.00%	5.00%	195,902,359	11,005,300	-	-	580,098	388.6%
2029	7.25%	5.00%	5.00%	198,924,250	9,855,153	-	-	445,543	468.6%
2030	7.25%	5.00%	5.00%	203,254,452	9,147,644	-	-	273,023	579.4%
2031	7.25%	5.00%	5.00%	208,472,369	8,526,604	-	-	126,851	748.0%
2032	7.25%	5.00%	5.00%	214,577,881	7,712,796	-	-	16,402	1033.4%
2033	7.25%	5.00%	5.00%	221,880,395	6,002,975	-	-	481	1585.0%
2034	7.25%	5.00%	5.00%	231,529,049	4,432,222	-	-	-	2700.0%
2035	7.25%	5.00%	5.00%	243,561,347	2,892,602	-	-	-	5481.4%
2036	7.25%	5.00%	5.00%	258,117,229	1,362,459	-	-	-	15518.8%
2037	7.25%	5.00%	5.00%	275,369,491	322,608	-	-	-	85357.4%

* Beginning of year.

Nevada Pre-Paid Tuition Program
Projection Based on June 30, 2014 with \$1.8 Million Contribution from NCSTF

Input	
Valuation	
Assumed Rate of Investment Return	6.25%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.25%
Annual Contribution from NCSTF	1,800,000

Estimated Valuation Results	
Present Value of future tuition and fees	\$185,153,396
Present Value of Future Contract Payments	\$39,030,202
June 30, 2014 Assets	\$194,649,483
Unfunded Liability	\$(48,526,289)
Funded Status	126.21%
Year insolvent	Never
Adjusted Funded Status #	137.14%

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Repayment of Endowment Fund	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2015	6.25%	n/a	n/a	\$ 194,649,483	\$ 15,959,629	-	1,800,000	\$ 8,924,543	126.2%
2016	6.25%	4.00%	4.00%	201,140,297	16,953,678	\$ 5,000,000	1,800,000	7,452,562	129.7%
2017	6.25%	4.00%	4.00%	200,104,129	18,427,438	-	1,800,000	6,556,454	130.7%
2018	6.25%	4.00%	4.00%	201,797,717	19,053,235	-	1,800,000	5,401,645	135.5%
2019	6.25%	4.00%	4.00%	201,705,260	18,930,774	-	1,800,000	4,038,200	141.3%
2020	6.25%	6.00%	6.00%	200,288,479	18,464,910	-	1,800,000	2,944,446	148.4%
2021	6.25%	6.00%	6.00%	198,116,016	18,366,189	-	1,800,000	2,556,761	156.8%
2022	6.25%	6.00%	6.00%	195,500,750	18,027,279	-	1,800,000	2,191,606	167.4%
2023	6.25%	6.00%	6.00%	192,694,144	17,302,503	-	1,800,000	1,858,503	180.7%
2024	6.25%	6.00%	6.00%	190,128,278	15,937,192	-	1,800,000	1,567,201	197.6%
2025	6.25%	6.00%	6.00%	188,543,180	14,793,451	-	1,800,000	1,266,159	218.3%
2026	6.25%	6.00%	6.00%	187,754,381	13,973,239	-	1,800,000	962,180	244.5%
2027	6.25%	6.00%	6.00%	187,464,780	13,204,509	-	1,800,000	761,794	278.7%
2028	6.25%	6.00%	6.00%	187,760,945	12,024,629	-	1,800,000	582,821	324.9%
2029	6.25%	6.00%	6.00%	189,139,083	10,870,865	-	1,800,000	447,635	387.1%
2030	6.25%	6.00%	6.00%	191,685,594	10,187,901	-	1,800,000	274,305	473.2%
2031	6.25%	6.00%	6.00%	194,932,747	9,588,642	-	1,800,000	127,447	603.8%
2032	6.25%	6.00%	6.00%	198,863,524	8,757,854	-	1,800,000	16,479	823.9%
2033	6.25%	6.00%	6.00%	203,804,783	6,881,477	-	1,800,000	483	1247.0%
2034	6.25%	6.00%	6.00%	211,031,526	5,129,247	-	1,800,000	-	2099.1%
2035	6.25%	6.00%	6.00%	220,571,171	3,379,382	-	-	-	4215.8%
2036	6.25%	6.00%	6.00%	230,766,276	1,606,899	-	-	-	11723.5%
2037	6.25%	6.00%	6.00%	243,481,838	384,111	-	-	-	63388.5%

* Beginning of year.

Includes PV of contributions from NCSTF for next 20 years (through 2034).

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

Financial Statements
June 30, 2014

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund

DRAFT

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DRAFT



Independent Auditor's Report

To the Board of Trustees of the
Higher Education Tuition Trust Fund
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund, as of June 30, 2014, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The 2013 basic financial statements of the Trust Fund were audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, whose report dated January 16, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2014, is consistent, in all material respects, with the audit financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January X, 2015, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.

Reno, Nevada
January X, 2015

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year (FY) ended June 30, 2014.

FINANCIAL HIGHLIGHTS

The Trust Fund's financial position continued to significantly improve in Fiscal Year 2014.

- The Trust Fund's total assets grew by \$38,706,908 in FY 2014. This represents an increase of 20% from the prior year. These assets are used to pay tuition benefits on behalf of contracts purchased.
- The Trust Fund's total net position in FY2014 was \$43,479,931, which is an increase of \$28,027,048 from the prior year. The growth is primarily due to strong investment performance and continued increases in new contract sales.
- The Trust Fund's certified actuary reported that the funded status of the Prepaid Tuition Plan (the Plan) as of June 30, 2014 was 126.2%. This represents a significant increase from the funded status of 111.6% as of June 30, 2013, and continues to be one of the highest funding ratios nationwide for a state prepaid tuition plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trust Fund's annual report. The Trust Fund's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements and a Compliance Section.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Trust Fund report information about the Trust Fund, which is considered an enterprise fund (proprietary fund type). Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Trust Fund's assets and liabilities and provides information about the nature and amount of its resources and the obligations to contract holders. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Trust Fund's operations over the past year, and can be used to determine whether the Trust Fund has successfully met all of its costs through its tuition contributions, along with other fees and charges for sales and services. The final statement is the Statement of Cash Flows, which is used to provide information about the Trust Fund's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

NET POSITION

Net position may serve over time as a useful indicator of financial position. In the case of the Trust Fund, the Trust Fund's position increased significantly, ending with net position of \$43,479,931.

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June 30, 2014

The vast majority of the Trust Fund's assets, 82%, are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Position

	2014	2013
Assets		
Current and other assets	\$ 233,683,398	\$ 194,980,168
Net capital assets	125,168	121,490
Total Assets	233,808,566	195,101,658
Liabilities		
Current liabilities	21,134,868	14,702,204
Noncurrent liabilities	169,193,767	164,946,571
Total Liabilities	190,328,635	179,648,775
Net Position		
Net investment in capital assets	125,168	121,490
Unrestricted	43,354,763	15,331,393
Total Net Position	\$ 43,479,931	\$ 15,452,883

The Trust Fund's net position grew substantially in FY 2014, for the second year in a row. The net position increased from \$15,452,883 in FY 2013 to \$43,479,931 in FY 2014, an increase of \$28,027,048 or 181% over the prior fiscal year. This increase is primarily due to the Plan's strong investment performance in FY14, approximately 14.67%.

CHANGE IN NET POSITION

Higher Education Tuition Trust Fund Change in Net Position

	2014	2013
Operating Revenues		
Tuition contributions and other revenues	\$ 22,063,702	\$ 20,074,498
Operating Expenses		
Operating expenses before depreciation	21,307,462	25,068,601
Depreciation	17,822	15,343
Total Operating Expenses	21,325,284	25,083,944
Operating Income (Loss)	738,418	(5,009,446)

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Managements Discussion and Analysis
June 30, 2014

	2014	2013
Nonoperating revenues (expenses) and interest income	24,954,546	16,165,633
Contribution - State of Nevada College Savings Trust	2,334,084	1,923,290
Change in Net Position	28,027,048	13,079,477
Net Position, July 1	15,452,883	2,373,406
Net Position, June 30	\$ 43,479,931	\$ 15,452,883

Tuition contributions and other revenues in Fiscal Year 2014 increased by 10%, from \$20,074,498 in the prior fiscal year to \$22,063,702. The increase is mainly attributable to another record enrollment year. Enrollments in the Plan have consistently increased the last five fiscal years and rose an average of 25% over the last two fiscal years. New contracts rose from 411 in Fiscal Year 2009 to 1,270 in Fiscal Year 2014. Management believes this increase is attributable to expanded education and outreach of the Plan and a realization by participants of the value of a prepaid tuition plan in the face of continued rising tuition costs for public universities. Operating expenses for the Plan primarily consist of future tuition benefits, which are calculated to be \$18,914,376 on an accrued basis. Total operating expenses declined by roughly 15%, from \$25,083,944 in Fiscal Year 2013 to \$21,325,284 in Fiscal Year 2014. This is mainly due to a reduction in the tuition benefits expense, as a result of the Nevada System of Higher Education freezing tuition rates from Fiscal Year 2014 to Fiscal Year 2015, and increasing future tuition costs at a rate lower than previously anticipated. Both of these factors positively impacted the Prepaid Tuition Program.

The operating income (loss) above simply reflects the difference between contributions from new and continuing participants on a cash basis versus contract payments to educational institutions, which fulfills the purpose of the Plan, and other sundry costs. In Fiscal Year 2014, there was a significant improvement in the operating income, from a negative \$5,009,446 in Fiscal Year 2013 to \$738,418 in Fiscal Year 2014. The improvement was mainly due to the reduction in the tuition benefits expense, and the additional contributions received from the increase in contracts sold. On an actuarial basis, the Plan's funding ratio exceeds 126%, thus reflecting that total assets on an actuarial basis exceed total liabilities.

CAPITAL ASSET ADMINISTRATION

The Trust Fund's investment in capital assets as of June 30, 2014, amounts to \$125,168 (net of accumulated depreciation), which primarily consists of computer equipment. Information about the Trust Fund's capital assets can be found in Note 4 to the Trust Fund's financial statements.

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS

At the January 20, 2010 meeting of the Board of Trustees of the College Savings Plans of Nevada (the Board), the Board approved a loan from the State of Nevada College Savings Endowment Fund to the Trust in an amount of \$5,000,000. In May 2013, the Board approved a policy that required repayment of this loan once the Trust Fund reached a 120% funded status. Since the Prepaid Tuition's contracted actuary has calculated a 126.2% funding ratio as of June 30, 2014, repayment of the \$5 million loan is due in Fiscal Year 2015 and thus is recorded as a portion of current liabilities. The Board could decide later in Fiscal Year 2015 to phase that repayment over time depending on the investment return on the Plan's assets.

Aside from account owners' purchases of contracts, the primary source of revenue for the Plan is investment income. In Fiscal Year 2014, the Board maintained an asset allocation for the Plan that was recommended by its investment consultant, with a target allocation to domestic public equities of 57% and domestic fixed income securities of 43%. The Plan continued to invest in an equity portfolio with passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard and a fixed income portfolio with Chicago Equity Partners. The total return for the Plan's investment portfolio in Fiscal Year 2014, as calculated by the Plan's investment consultant, was 15.4%, well above the Plan's assumed return.

In July 2014, the Board re-reviewed projected returns for permissible asset classes and revised the asset allocation for the Plan to an allocation of 50% to domestic public equities, 30% to domestic fixed income, and 20% to covered calls. Based on a general inflation rate of 2.75% and revised 10-year capital market expectations for those asset classes, the Board-approved assumed rate of return of the Plan's investments is 6.3% based on analyses from its investment consultant. This assumed rate was used by the Board's actuary in computing the Plan's funded status of 126.2%. The Plan's investments are intended to provide broad exposure to the US equities and investment-grade fixed income markets. Therefore, projected returns are subject to the returns and volatility in the markets.

In addition to investment returns, on July 26, 2012 and again on July 29, 2014, the Board approved a long-term financial plan that included an annual transfer of \$1.82 million to the Trust Fund from the College Savings Endowment Fund. This represents a supplemental source of funding to the Plan in addition to future investment gains. The College Savings Endowment Fund also transfers funds to the Trust Fund to cover administrative costs of the State Treasurer's Office to administer and manage the Plan.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Trust Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, Nevada Prepaid Tuition Program, 555 E. Washington Ave., Suite 4600, Las Vegas, NV 89101.

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Net Position
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,304,420	\$ 1,668,443
Accounts receivable	-	575
Investment income receivable	418,700	442,188
Prepaid items	1,490	-
Due from State of Nevada	8,736	70,290
Tuition contributions receivable	8,924,543	7,282,815
Investments	191,919,850	160,605,978
Total current assets	203,577,739	170,070,289
Noncurrent Assets		
Capital assets, net	125,168	121,490
Other noncurrent assets:		
Tuition contributions receivable	30,105,659	24,909,879
Total noncurrent assets	30,230,827	25,031,369
	233,808,566	195,101,658
Liabilities		
Current Liabilities:		
Accounts payable	100,356	131,636
Accrued salaries and benefits	26,143	19,722
Due to State of Nevada	48,740	65,987
Due to other governments	-	32,912
Advance from State of Nevada General Fund - College		
Savings Endowment Account	5,000,000	-
Tuition benefits payable	15,959,629	14,451,947
Total current liabilities	21,134,868	14,702,204
Noncurrent Liabilities:		
Advance from State of Nevada General Fund - College		
Savings Endowment Account	-	5,000,000
Tuition benefits payable	169,193,767	159,946,571
Total noncurrent liabilities	169,193,767	164,946,571
	190,328,635	179,648,775
Net Position		
Net investment in capital assets	125,168	121,490
Unrestricted	43,354,763	15,331,393
Total net position	\$ 43,479,931	\$ 15,452,883

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Revenues, Expenses and
Changes in Net Position
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Operating Revenues		
Charges for sales and services	\$ 152,200	\$ 138,800
Tuition contributions	21,911,502	19,935,698
Total operating revenues	22,063,702	20,074,498
Operating Expenses		
Personnel costs	153,803	153,887
Contract and other administrative services	512,194	658,722
Tuition benefits expense	18,914,376	22,600,303
Refunds	1,727,089	1,655,689
Depreciation	17,822	15,343
Total operating expenses	21,325,284	25,083,944
Operating Income (Loss)	738,418	(5,009,446)
Nonoperating Revenues		
Interest, dividends and other investment income	3,062,789	3,472,790
Net increase in fair value of investments	21,891,757	12,692,843
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,334,084	1,923,290
Total nonoperating revenues	27,288,630	18,088,923
Change in Net Position	28,027,048	13,079,477
Net Position, July 1	15,452,883	2,373,406
Net Position, June 30	\$ 43,479,931	\$ 15,452,883

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Cash Flows
Year Ended June 30, 2014
(with comparative amounts for June 30, 2013)

	2014	2013
Operating Activities		
Receipts for sales and services	\$ 152,775	\$ 138,225
Tuition contributions received	15,073,994	12,264,516
Payments to suppliers for good and services	(533,569)	(864,654)
Payments to employees	(147,382)	(159,221)
Payments for tuition benefits	(8,159,498)	(7,298,141)
Payments of refunds	(1,727,089)	(1,655,689)
Net Cash from Operating Activities	4,659,231	2,425,036
Noncapital Financing Activities		
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,334,084	1,923,290
Investing Activities		
Proceeds from sales or maturities of investments	46,519,251	264,705,566
Purchase of investments	(55,941,366)	(284,428,804)
Interest, dividends and other investment income received	3,086,277	3,442,476
Purchases of capital assets	(21,500)	-
Net Cash used for Investing Activities	(6,357,338)	(16,280,762)
Net Change in Cash and Cash Equivalents	635,977	(11,932,436)
Cash and Cash Equivalents, Beginning of Year	1,668,443	13,600,879
Cash and Cash Equivalents, End of Year	\$ 2,304,420	\$ 1,668,443
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities		
Operating income (loss)	\$ 738,418	\$ (5,009,446)
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities		
Depreciation	17,822	15,343
Change in assets and liabilities:		
Due from State of Nevada	61,554	67,005
Accounts receivable	575	(575)
Prepaid items	(1,490)	-
Tuition contributions receivable	(6,837,508)	(7,671,182)
Accounts payable and accrued liabilities	(24,859)	(296,445)
Due to State of Nevada	(17,247)	32,767
Due to other governments	(32,912)	(14,593)
Tuition benefits payable	10,754,878	15,302,162
Total Adjustments	3,920,813	7,434,482
Net Cash from Operating Activities	\$ 4,659,231	\$ 2,425,036
Noncash Investing Activities		
Net increase in fair value of investments	\$ 21,891,757	\$ 12,692,843

Note 1 – Summary of Significant Accounting Policies

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity and Purpose

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, *Prepayment of Tuition at Institutions of Higher Learning*, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a five-member Board of Trustees (the Board).

The purpose of the Trust Fund's program is to provide a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has six years after the projected college entrance date to utilize the benefits of the contract. Exceptions are granted for military or religious service. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college.

The Trust Fund completed its sixteenth enrollment period on February 28, 2014 with 1,255 new enrollments. The Trust Fund also had 310 cancellations and 255 contracts completing benefits for a total enrollment of 11,130 at June 30, 2014.

Measurement Focus and Basis of Accounting

The Trust Fund is an enterprise fund (proprietary fund type) of the State of Nevada and thus is included in the State of Nevada's *Comprehensive Annual Financial Report*. The accompanying financial statements present only the Trust Fund and are not intended to present fairly the financial position of the State of Nevada, the changes in its financial position or its cash flows in conformity with GAAP.

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (with maturities of three months or less when purchased) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value. Such amounts include the Trust Fund's cash and investments pooled with the State Treasurer, and money market mutual funds.

Custodian and Transfer Agent

Wells Fargo Bank is the custodian and transfer agent for certain Trust Fund investments.

Investment Valuation and Income Recognition

Investments are reported at fair value as determined by quoted market prices. Fair value is the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investments are marked to market daily.

Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Dividends are recorded on the ex-dividend date.

Tuition Contributions Receivable

Tuition contributions receivable in the Trust Fund represents the actuarially determined present value of future installment payments anticipated from contract holders.

Capital Assets

Capital assets are recorded at cost and consist of assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated on a straight-line basis over estimated useful lives of four to ten years. The cost of repairs and maintenance that do not materially extend the life of an asset are not capitalized.

Tuition Benefits Payable

The Trust Fund records tuition benefits payable at the actuarial present value of its future tuition obligation, which is adjusted for the effects of projected tuition and fee increases and termination of contracts.

Equity Classifications

In the financial statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets after adding back the unspent portion of these borrowings.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors (including bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Accounting Changes

The Trust Fund implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year which changed classifications on the Statement of Net Position to include new categories for deferred outflows of resources and deferred inflows of resources. The Trust Fund did not have any deferred outflows of resources or deferred inflows of resources at June 30, 2014.

Note 2 – Compliance with Nevada Revised Statutes and Administrative Code

The Trust Fund conformed to all significant statutory constraints on its financial administration during the year.

Note 3 – Cash and Investments

The State Treasurer serves as the administrator to the Trust Fund. The Trust Fund's assets are managed in accordance with the Trust Fund's investment objectives and policies, as provided in Section 353B.160.1 of NRS. Authorized investments are as follows:

- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A mortgage-backed security that is issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- "AAA" rated collateralized mortgage obligations that are issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- "A" or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States;
- "A-1", "P-1", "F-1" or better rated commercial paper;
- "AAA" rated commercial mortgage-backed securities;
- "AAA" rated asset-backed securities financing credit cards, auto, manufactured housing, or student loans;
- "A" rated money-market mutual funds that meet the criteria set forth in statute;
- Common or preferred stock of corporations that have a total market value of not less than \$50,000,000; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust Fund's investment policies address interest rate risk by providing for an asset allocation plan that gives appropriate consideration to an average investment horizon of 3 to 18 years, while taking into consideration current and near-term liquidity needs.

As of June 30, 2014 the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

	Fair Value	Maturities, in Years			
		Less Than 1	1-5	6-10	Greater Than 10
Investments:					
Corporate notes	\$ 3,946,616	\$ 366,804	\$ 2,711,813	\$ 215,310	\$ 652,689
U.S. Agencies	36,273,435	-	12,967,252	131,387	23,174,796
U.S. Treasury notes	34,444,289	-	19,818,939	6,168,296	8,457,054
Cash equivalents:					
Money market mutual funds	229,963	229,963	-	-	-
	<u>\$74,894,303</u>	<u>\$ 596,767</u>	<u>\$35,498,004</u>	<u>\$ 6,514,993</u>	<u>\$ 32,284,539</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds representing cash and cash equivalents) as of June 30, 2014 were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale (at fair value):

	Fair Value	Credit Quality Ratings			
		AAA	AA	A	BBB
Investments:					
Corporate notes	\$ 3,946,616	\$285,299	\$ 1,141,958	\$ 2,428,907	\$ 90,452
U.S. Agencies	35,885,624	-	35,885,624	-	-
Cash equivalents:					
Money market mutual funds	229,963	229,963	-	-	-
	<u>\$40,062,203</u>	<u>\$515,262</u>	<u>\$37,027,582</u>	<u>\$ 2,428,907</u>	<u>\$ 90,452</u>

The ratings presented above may have differed if an equivalent national rating organization was utilized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At June 30, 2014, the following investments exceeded 5% of the Trust Fund’s total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corp – U.S. Agency Coupon Security	\$ 14,551,468	7.58%
Federal National Mortgage Association – Asset-Backed Mortgage Security	11,931,769	6.22%

Other Risk

The Trust Fund invests in various equity mutual funds, including at June 30, 2014 when equity mutual funds comprised approximately 61.02% of total investments. Equity mutual funds are exposed to other risks such as market risks. Due to the level of risk associated with equity mutual funds, it is at least reasonably possible that changes in the values of equity mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Pooled Cash and Investments

Of the \$2,304,420 cash and cash equivalents at June 30, 2014, \$2,074,457 represents the Trust Fund’s investment in the State of Nevada’s external investment pool.

The Trust Fund is an internal participant in the external investment pool maintained by the Treasurer of the State of Nevada. The external investment pool is not registered with the SEC as an investment company. State of Nevada has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

The Trust Fund receives a prorated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Trust Fund. Instead, the Trust Fund owns a proportionate share of each investment, based on the Trust Fund’s participation percentage in the investment pool.

Custodial Credit Risk: The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

Interest Rate Risk: The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio’s total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill’s average over the previous three month period. (Rolling 90 day T-Bill).

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2014

As of June 30, 2014, the Trust Fund's investments held in the external investment pool are categorized as follows:

	Percentage Based on Fair Value	Maturities, in Years		
		Less Than 1	1-5	6-10
Investments:				
U.S. Treasury obligations	13.55%	4.75%	8.79%	0.00%
U.S. Agencies	51.08%	45.20%	5.88%	0.00%
Mutual Funds	3.67%	3.67%	0.00%	0.00%
Asset-backed securities	17.09%	8.51%	1.30%	7.28%
Corporate bonds and notes	7.98%	1.17%	6.81%	0.00%
Municipal Bonds	6.63%	1.94%	3.93%	0.75%
	100.00%			

Credit Risk: The State Treasurer's investment policy addresses credit risks. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Banker's Acceptances are rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as "A" or its equivalent, or better, Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as "AAA" or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as "AAA" or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

The State's investments held in the external investment pool as of June 30, 2014 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	AAA	AA	A	Unrated
Investments:				
U.S. agencies	0.00%	15.43%	84.06%	0.51%
Mutual Funds	100.00%	0.00%	0.00%	0.00%
Asset-backed securities	0.00%	50.20%	49.80%	0.00%
Corporate bonds and notes	0.00%	50.00%	42.93%	7.07%
Municipal bonds	0.00%	100.00%	0.00%	0.00%

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2014, the following investments exceeded 5% of the State of Nevada's investments in the external investment pool:

Federal Home Loan Bank	46.97%
Small Business Administration	8.58%

Securities Lending: NRS 355.155 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of the market value of the underlying securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2014.

Note 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets				
Computer equipment	\$ 161,874	\$ 21,500	\$ -	\$ 183,374
Less: Accumulated Depreciation	(40,384)	(17,822)	-	(58,206)
Capital Assets, Net	<u>\$ 121,490</u>	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ 125,168</u>

Note 5 – Noncurrent Liabilities

Tuition Benefits Payable:

Included in noncurrent liabilities is the Trust Fund’s tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts.

APV of the Future Tuition Obligation	\$ 185,153,396
Net Position Available	\$ 228,633,327
Net Position as a Percentage of Tuition Benefits Obligation	123.48%

The following assumptions were used in the actuarial valuation:

- Investment Rates: The investment yield assumption is 6.25% per year, which decreased from the 6.75% per year assumption used in the FY13 actuarial report.
- Tuition Growth Assumptions:

	<u>Universities</u>	<u>Community Colleges</u>
2015-16	4.00%	4.00%
2016-17	4.00%	4.00%
2017-18	4.00%	4.00%
2018-19	4.00%	4.00%
2019-20 and later	6.00%	6.00%

Advance from the State of Nevada General Fund – College Savings Endowment Account:

Noncurrent liabilities include an advance from the State of Nevada’s General Fund – College Savings Endowment Account. On May 29, 2013 the Board approved a loan repayment policy. This policy requires payments in increments determined by the State Treasurer at the time the annual actuarial evaluation, approved by the Board at the end of each fiscal year, determines that the best estimate percentage of reserve of the Trust Fund is estimated to meet or exceed 120%. The payments are to equal half of the equivalent dollar amount of funding over 120%. Based on the actuarial evaluation amount of funding is over 120% as of June 30, 2014, the current portion of the advance is \$5,000,000 at June 30, 2014.

Changes in the Trust Fund’s noncurrent liabilities:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Tuition benefits payable	\$ 174,398,518	\$ 18,914,376	\$ (8,159,498)	\$ 185,153,396	\$ 15,959,629
Advance from State of Nevada General Fund – College Savings Endowment Account	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 179,398,518</u>	<u>\$ 18,914,376</u>	<u>\$ (8,159,498)</u>	<u>\$ 190,153,396</u>	<u>\$ 20,959,629</u>

Note 6 – Tuition Contributions and Tuition Benefits Expense

The tuition contributions of \$21,911,502 and the tuition benefits expense of \$18,914,376 on the Statement of Revenues, Expenses and Changes in Net Position represent the annual accrual of contributions and benefit expenses for the year ended June 30, 2014 as determined by the actuarial valuation and adjusted by the actual activity for the fiscal year.

Note 7 – Pension Plan and Other Post-Employment Benefits

Employees of the Trust Fund are employees of the State of Nevada and the Nevada Legislature created various plans to provide benefits to qualified employees of the State.

Pension Plan: The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2014.

Other Post Employment Benefits (OPEB): The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees' Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2014.

Note 8 – Risk Management

As with all governmental entities, the Trust Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Such losses, if any, are accounted for in the State of Nevada's various insurance funds. The Trust Fund is responsible for premium charges payable to the State of Nevada for coverage in the self-funded programs. There have been no material settlements related to the Trust Fund in any of the past three years.



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of the
Higher Education Tuition Trust Fund
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements and have issued our report thereon dated January X, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reno, Nevada
January X, 2015

DRAFT

APPENDIX C

CHICAGO EQUITY PARTNERS REPORT AND CALLAN PERFORMANCE REVIEW



State of Nevada- Higher
Education Pre- Paid
Tuition Program

Q2 2014



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Clients are our Top Priority

Corporations

- AAA Allied Group, Inc.
- Advocate Health Care
- Allina Health System
- Blue Cross/Blue Shield of MA
- BryanLGH Health System
- CHS Insurance, Ltd.
- Consolidated Edison
- DTE Energy
- HealthEast Care System
- HealthPartners Insurance Company
- John Bean Technologies Corporation
- Marriott International, Inc.
- National Basketball Association
- Navistar, Inc.
- NorthShore University HealthSystem
- Rush University Medical Center
- Schnuck Markets
- The Sherwin Williams Company
- Tempel Steel
- ThedaCare Operating Fund
- Union Carbide Employees' Pension Plan
- United Airlines
- United Technologies Corporation
- University Hospitals Health System
- Walgreen Company
- The Wooster Brush Company

Endowments & Foundations

- Archdiocese of Hartford
- The Batchelor Foundation
- Bush Foundation
- Catholic Theological Union
- Children's Care Foundation
- DePaul University
- Diocese of Joliet
- Diocese of Palm Beach
- Diocese of Saginaw
- Dominican Sisters of Kenosha
- Elks National Foundation
- Friends Fiduciary Corporation
- Gottlieb Memorial Foundation

- The Hall-Perrine Foundation
- Iowa Board of Regents
- LaRabida Children's Hospital
- Lloyd A. Fry Foundation
- Mennonite Education Agency
- Michigan Catholic Conference
- Misericordia Home Endowment
- Moose Foundation
- Northwest Women's Religious Investment Trust
- Oklahoma Medical Research Foundation
- Purdue University
- The Regents of the University of Colorado
- Rosalind Franklin University of Medicine and Science
- Sisters of St. Casimir
- Sisters of Saint Dominic
- Sisters of Saint Francis of Assisi
- The Smith Center for the Performing Arts
- SSM International Finance
- St. Mary's College of California
- St. Procopius Abbey
- Wallace H. Coulter Foundation

Public Funds

- Association of Washington Cities
- BETA Healthcare Group
- California State Teachers' Retirement System
- The Chicago Housing Authority
- City of Miami General Employees' and Sanitation Employees' Retirement Trust
- City of Springfield Police Pension Fund
- Commonwealth of Massachusetts Deferred Compensation Plan
- Cook County Employees' Annuity and Benefit Fund
- Firemen's Annuity and Benefit Fund of Chicago
- Illinois State Board of Investment
- Intergovernmental Risk Management Agency
- Knox County Retirement System
- Lake Forest Police Pension Fund
- Los Angeles Fire & Police Pension System
- Nevada Higher Education Pre-paid Tuition Program
- New Orleans (LA) Sewerage & Water Board Pension
- Park Employees' Annuity & Benefit Fund of Chicago
- Puerto Rico Government Employees and Judiciary Retirement Systems

- Puerto Rico Government Teachers Retirement System
- Public School Retirement System of the City of St. Louis
- Retirement Plan for CTA Employees
- State Universities Retirement System of Illinois
- WorkSafeNB

Taft-Hartley

- Bakery Drivers & Salesman Local 194 & Industry Pension Fund
- Chicago Area I.B. Of T. Benefit Trust Funds
- Chicago Regional Council of Carpenters Millmen Pension Fund
- Des Moines Iron Workers Local 67
- District #9 I.A.M.A.W. Pension Trust
- I.B.E.W. Local #728 Pension Trust Fund
- I.B.E.W. Local #9 and Outside Contractors Pension Fund
- Midwest Operating Engineers' Welfare Fund
- North Central Illinois Laborers Health & Welfare Fund
- Northwestern Ohio Plumbers and Pipefitters Pension Plan
- NYC Local 237 International Brotherhood of Teamsters
- Painters and Allied Trades District Council #35 Trust Funds
- Sheet Metal Workers Local #98 Pension Fund
- Teamsters Local #705 Pension and Health & Welfare Funds
- Uniformed Firefighter's Association (NYC)

Mutual Funds / Subadvisory

- Bank of Hawaii
- First Midwest Bank
- AMG Funds
- Northern Lights Variable Trust

The above client list is a representative sample of clients with assets of \$5,000,000 or greater under management who have given us permission to use their name by Chicago Equity Partners as of June 30, 2014. It is not known whether the listed clients approve or disapprove of Chicago Equity Partners or the advisory services provided.

CEP Fixed Income Team

CEP's Fixed Income team, led by Chief Investment Officer-Fixed Income, Michael Millhouse, CFA, employs an accomplished team of industry leading investment professionals who have spent an average of 14 years working together.



- ▶ Portfolio construction
- ▶ Risk control



- ▶ Model research and development
- ▶ Study academic and industry trends



- ▶ Company specific analysis
- ▶ Sector specific analysis

	Years with Firm	Years in Industry		Years with Firm	Years in Industry		Years with Firm	Years in Industry
Michael J. Millhouse, CFA CIO- Fixed Income	10	37	Keith Gustafson, CFA Partner, Managing Director	17	24	Robert H. Kramer, CFA, CPA Founder, Managing Director	25	27
Curt Mitchell, CFA Partner, Managing Director	10	28	Patricia Halper, CFA Partner, Managing Director	16	17	Michael Lawrence, CFA Director	16	25
Michael Budd Managing Director	25	34	George Gao, CFA Director	9	20	Martin Morris, CFA Director	20	20
Christopher Ashbee, CFA, FRM Director	4	11	Abhay Munot Director	2	3	William Murray, CFA Director	20	23
Tina Krauskopf Director, Trading	8	33	AVERAGE	11	16	James Palermo, CFA Director	22	30
Kenny Kwan Associate	4	24				AVERAGE	21	25
AVERAGE	10	28						

June 30, 2014

Fixed Income Investment Philosophy



We believe the role of fixed income is to provide income, stability, and to reduce overall portfolio risk.

- ▶ Risk control is the essence of fixed income management
- ▶ Build diversified portfolios with an income advantage to produce consistent returns
- ▶ Excess returns are available in the high-quality, non-Treasury sectors
- ▶ Independent research focusing on sector allocation and security selection is critical to portfolio construction
- ▶ Disciplined decision making in core competencies is vital to positive portfolio returns
- ▶ Construct portfolios for each client customized to their specific needs

Fixed Income Investment Process

We combine multiple strategies in areas where we have repeatedly demonstrated skill to produce consistent excess returns.

- Market conditions analysis
- Yield curve forecasts corporate profits
- Credit, mortgage and agency return patterns differ
- Establish credit and quality



- Model based on fundamental inputs
- Industry analysts provide insight
- Early warning sign of trouble

- Emphasize non-Treasuries
- Use lower quality opportunistically
- Controlled duration
- Consistent returns with limited risk

Implementation and Review

- Minimize unintended risk
- Overlay excess return strategies
- Electronic trading/pre-trade compliance
- Risk management / scenario analyses
- Performance attribution/timely feedback
- Qualitative overlay/experienced team

- Credit cycle analysis
- Identify extreme environments
- Benefit from return to normal
- Duration + / - 10% of index

Investment Mandate: Permissible Investments

Security Type	PERMISSIBLE INVESTMENTS			NRS 353B.160.2 Reference
	Maximum Allocation*	Minimum Credit Quality **	Other Purchase Restrictions	
FIXED INCOME SECURITIES				
US Treasury bonds, notes or other obligations	N/A	None	None, may include TIPS	(d)
US Agency securities Bonds, notes, and debentures	N/A	None	May only be issued by FFCB, FHLB, FHLMC, GNMA or FNMA. May include zero coupon or discounted securities.	(e)
US Agency mortgage-backed securities (MBS)	N/A	None	May only be issued by FHLMC, GNMA or FNMA	(e)
US Agency collateralized mortgage obligations (CMO's)	N/A	"AAA" by at least two NRSRO's	May only be issued by FHLMC, GNMA or FNMA. IO's, PO's and CDO's are prohibited.	(g)
Municipal bonds, notes or other obligations	N/A	None	Only issued by State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada.	(a)
Corporate Bonds	50%	"A" by at least two NRSRO's	Only issued by or existing under US law, including US subsidiaries of foreign corporations Convertible issues, structured notes and surplus notes are prohibited. Up to 10% of Yankee corporates Up to 5% of 144(a) securities	(b)
Commercial Paper	N/A	Top tier (min. A-1, P-1, F-1) by two NRSRO's	Only issued by or existing under US law, including US subsidiaries of foreign corporations	(c)
Non-Agency Commercial Mortgage-Backed Securities (CMBS)	10%	"AAA" by at least two NRSRO's	None	(h)
Asset-backed Securities (ABS)	5%	"AAA" by at least two NRSRO's	Only ABS financing credit cards, auto, manufactured housing, student loans	(h)
Money-market Mutual Funds	20% of Trust Fund assets	"A" by at least two NRSRO's	Must be registered with SEC May only invest in securities issued by US Treasury or US Agencies or repurchase agreements collateralized by the same	(i)

NOTE: For non-US Treasury and non-Agency securities, the maximum allocation per issuer is 3%.

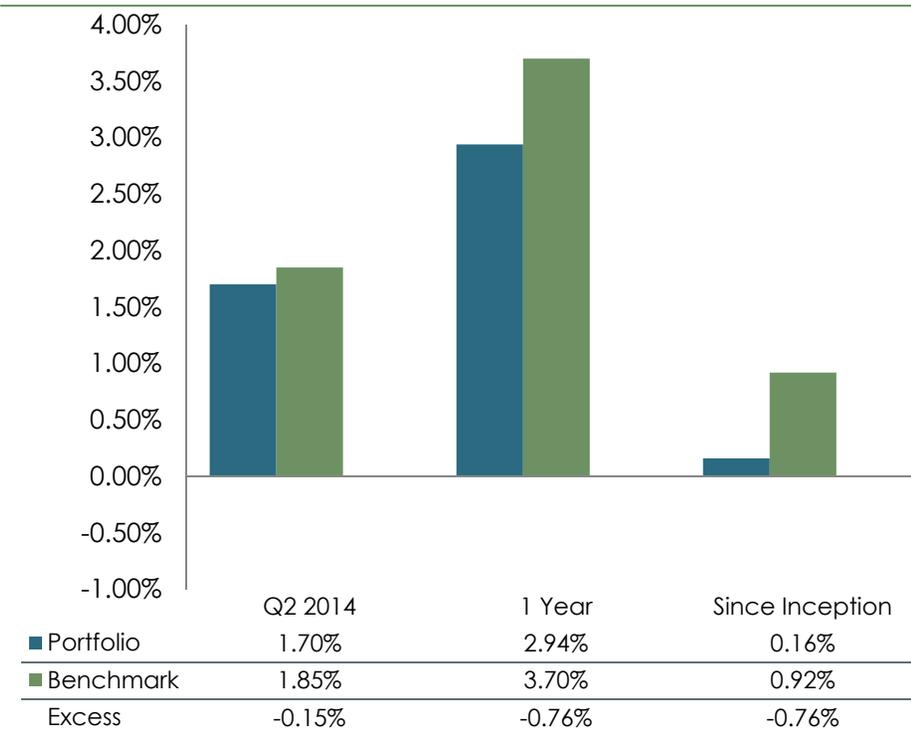
* When allocation limits or maximum allowances are referenced above, these apply to the total book value of fixed income securities unless otherwise noted.

** Currently, the State of Nevada accepts ratings from only Moody's, Standard & Poor's and Fitch.

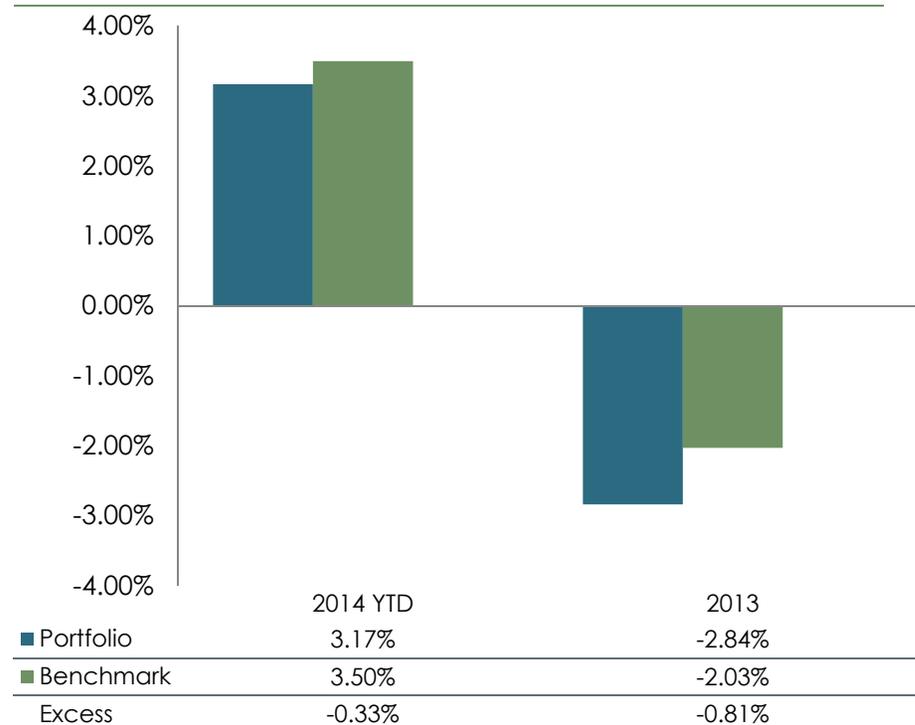
Portfolio Performance

Portfolio market value: \$75,312,272

*Annualized Returns for periods ending 6/30/14



Calendar Year Returns



Performance results are gross of fees. Periods over one year are annualized.

Performance start date: December 31, 2012

*Time weighted and year-to-date returns for periods ending June 30, 2014

■ State of Nevada - Higher Education Pre-Paid Tuition Program
 ■ Barclays Aggregate A or Better

Core Fixed Income Excess Return – Long Term Consistent Results

Core Fixed Income Vs. Barclays Capital Aggregate

Rolling 3 year gross returns since inception (Q1 1996)*



See attached disclosure in the Appendix. Supplemental information offered is in addition to our performance presentation data and disclosures. Past performance is not indicative of future results.
* Data is since inception through 6/30/14.

Sector Allocation Decisions: 2006-Present

This chart depicts US Corporate Investment Grade OAS over time and our portfolio's relative corporate weighting vs. the benchmark. Our only periods of underperformance are when investors are "reaching for yield."

JUNE 2006 – MOVE TO UNDERWEIGHT

REASON: Treasury Curve Inverts, Valuations expensive
RESULT: The portfolios slightly underperformed in 2006 as yields continued to grind tighter, but the early decision paid off greatly in 2007-2008.

DECEMBER 2008 – MOVE TO OVERWEIGHT

REASON: Curve steepens, Valuations attractive
RESULT: The portfolios outperformed 2009-2010 as OAS declined dramatically

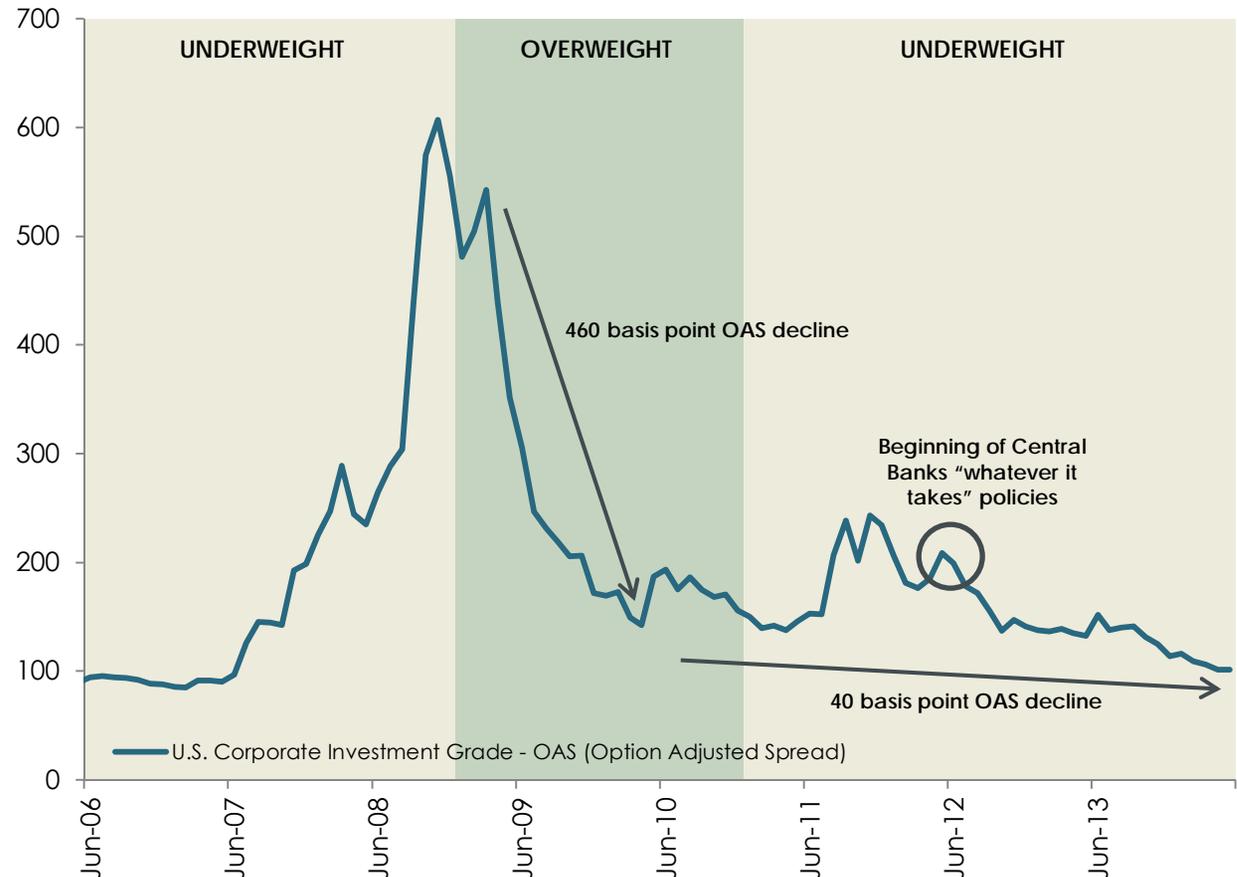
DECEMBER 2010 – MOVE TO UNDERWEIGHT

REASON: Valuations and Fundamentals Diverge
RESULT: Early success during 2011 and 2012 risk flares. Once the Central Banks made the decision to "do whatever it takes", our defensive position underperformed as risk assets outperformed. We remained defensive given the fundamental outlook and underestimated the impact of the last round of Quantitative Easing. Portfolios outperformed in 2011 and underperformed in 2012 and 2013.

CURRENT POSITIONING – UNDERWEIGHT

REASON: Fundamentals remain weak, Fed Tapering, Valuations priced to perfection. We are very well positioned for an increase in volatility, which we think is likely.

RESULT: TBD



Our disciplined sector allocation decision process has been successful over full market cycles. We remain defensive on credit, and given the history of market volatility and our expertise, we will take advantage of opportunities as we have successfully done in the past.

Investment Strategy and Portfolio Positioning

We remain defensive on credit

- Uncertainty remains over the sustainability of an economic recovery without continued government support.
- Given the recent history of market volatility, we will take advantage of opportunities as they present themselves.

Corporate holdings are focused on defensive industries

- Quality, industry, capital structure and liquidity spreads have compressed to unsustainable levels.
- Recent LBO and shareholder enhancement initiatives have led to concerns about negative event risk.
- Large capitalization, high quality industrials and utilities have been emphasized.
- Underweights include banks, foreign, and lower quality issues.

Government agencies provide income and stability

- Agencies are overweighted to provide additional yield and liquidity.

Duration / Yield Curve

- Portfolio duration and maturity distributions are similar to benchmark levels.

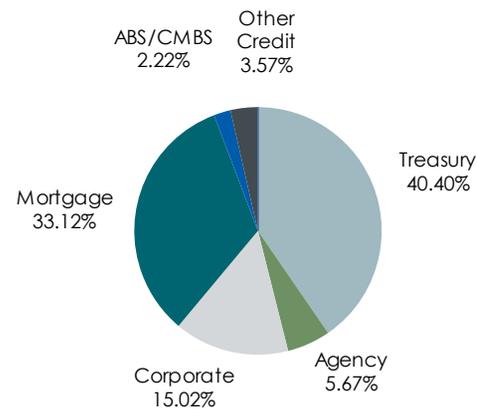
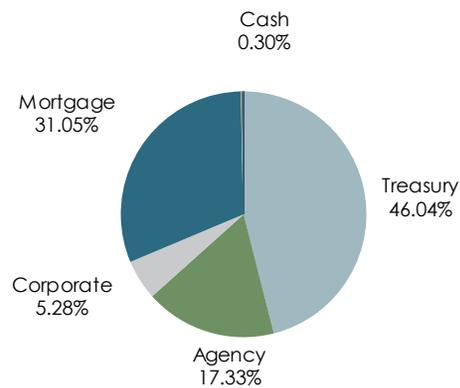
We are well-positioned for an increase in volatility.

Portfolio Characteristics as of June 30, 2014

State of Nevada - Higher Education Pre-Paid Tuition Program

Barclays Aggregate A or Better

Exposure



Sector	+/-
Treasury	5.64%
Agency	11.66%
Corporate	-9.74%
Mortgage	-2.07%
ABS/CMBS	-2.22%
Other Credit	-3.57%
Cash	0.30%

State of Nevada - Higher Education Pre-Paid Tuition Program

Barclays Aggregate A or Better

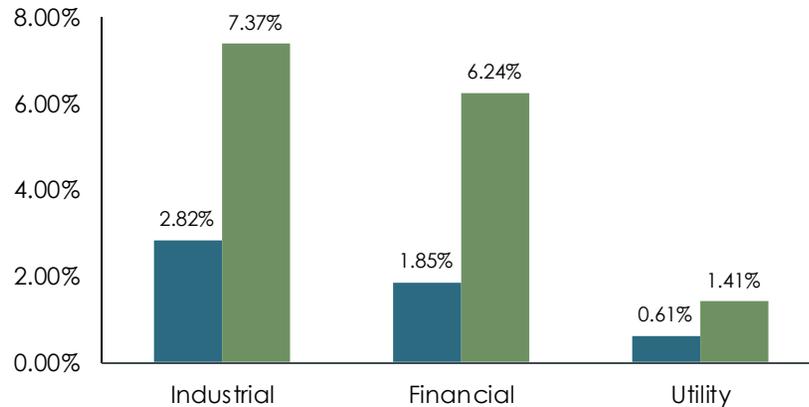
Exposure

Yield-to-Maturity	1.87%	1.90%	Similar
Duration	5.18	4.93	+ / - 10%
Non-Treasury Sectors	53.96%	59.60%	Overweight
Average Quality	Aaa	Aa1	Similar
Number Of Issues	97	5,652	Well-diversified

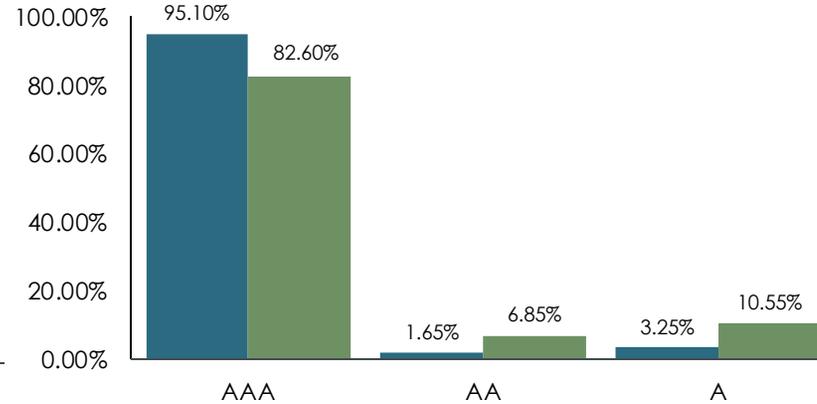
Other Credit category includes Local Authorities, Sovereigns, and Supranationals.

Portfolio Characteristics as of June 30, 2014

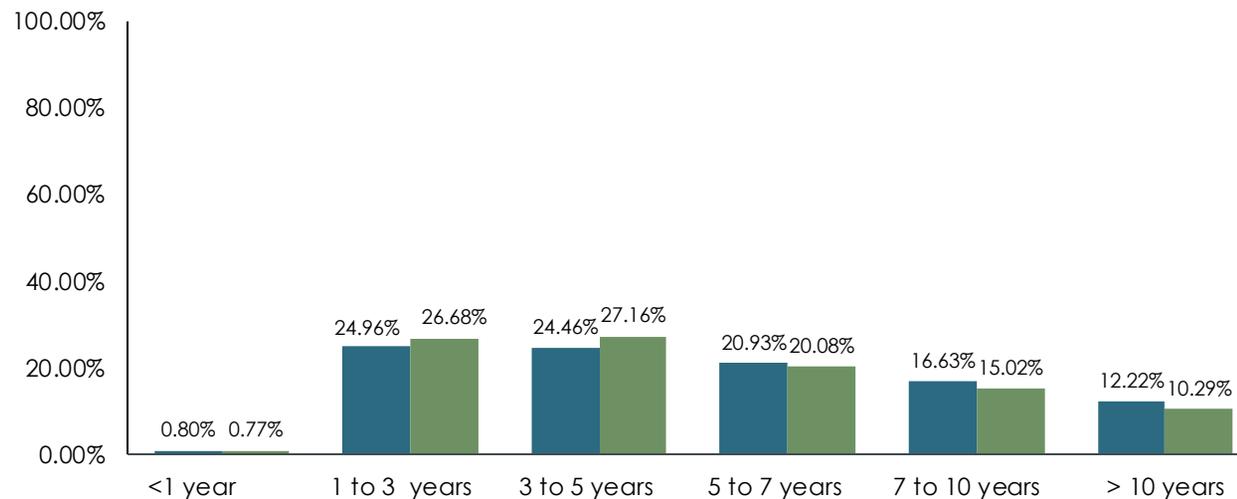
Corporate Distribution



Quality Distribution*



Maturity Distribution

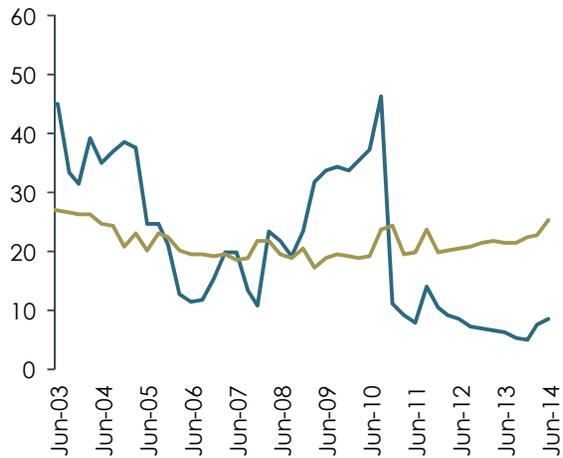


■ State of Nevada - Higher Education Pre-Paid Tuition Program
 ■ Barclays Aggregate A or Better

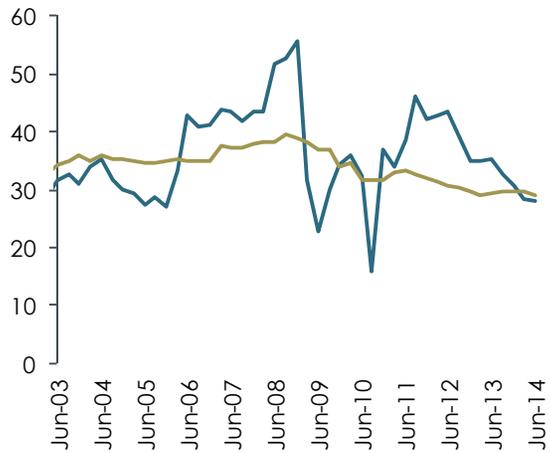
*U.S. Government and Agency securities are currently classified as AAA.

Historical Sector Allocation

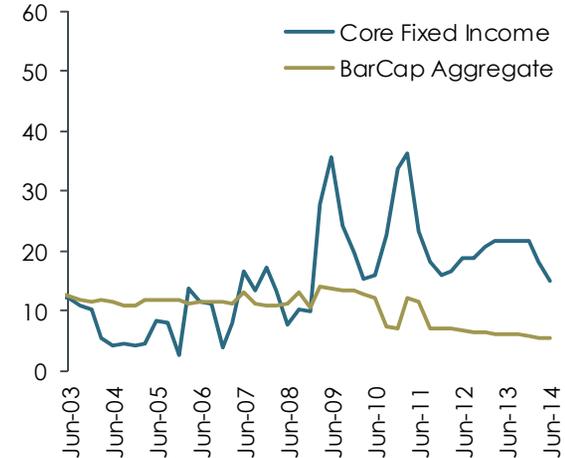
Corporates



Mortgage Backed



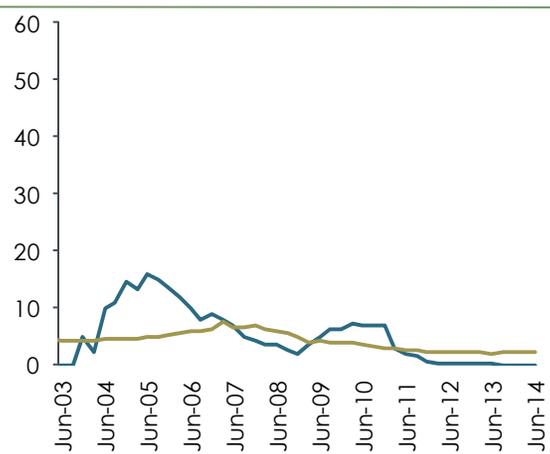
Agencies



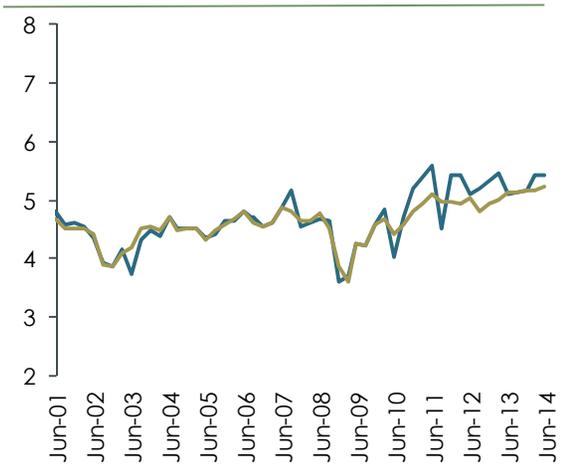
Treasuries



ABS / CMBS



Effective Duration



Based on quarterly holdings of the Core Fixed Income composite as of June 30, 2014 in Wilshire. Data is provided on a market value basis. No inference should be made regarding the profitability of owning these securities. This supplemental data is provided in addition to our Performance Presentation disclosure.

Bond Market Review and Outlook

Fundamentals

- ▶ Q1 GDP growth was a dismal -2.9%.
- ▶ The much anticipated bounce in Q2 does not seem to be materializing as expected.
- ▶ The Fed, IMF, and World Bank have all recently cut 2014 growth forecasts.
- ▶ Income gains and consumer spending have both been weak.
- ▶ The mortgage rate increase of last year has negatively impacted the housing market.
- ▶ Geopolitical risks and concerns about the impact on energy prices are rising.

Policy

- ▶ The Federal Reserve continues to taper Quantitative Easing, with a completion date expected this fall.
- ▶ This reduction in liquidity provided by the Fed can be considered a tightening of monetary policy.
- ▶ Policymakers may be growing concerned about excessive risk-taking in financial markets.
- ▶ Periods of monetary tightening have negatively impacted risk assets in the past.
- ▶ Restrained fiscal policy will continue to affect government spending levels and growth.

Valuations

- ▶ The “reach for yield” has created concerns about credit market overheating.
- ▶ Corporate bond spreads have limited tightening potential.
- ▶ Agency mortgage spreads are fully valued due to the extremely low level of volatility.

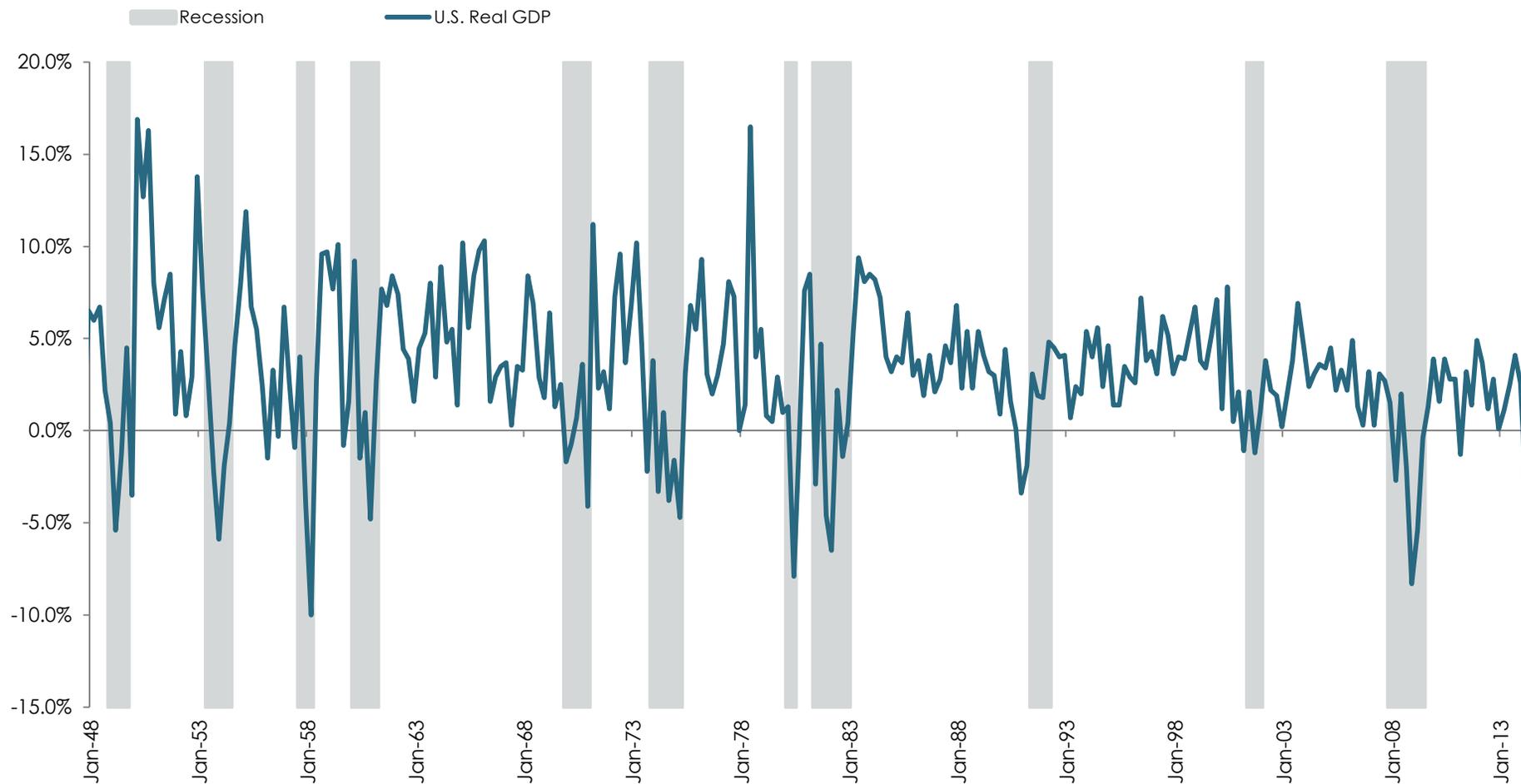
Rates

- ▶ The Fed’s emphasis on forward guidance and slower growth have eased concerns about rising rates.

Weak fundamentals, the end of QE, and rich valuations are likely to lead to underperformance of risk assets.

U.S. Real GDP Growth (Quarter-over-Quarter Annualized %)

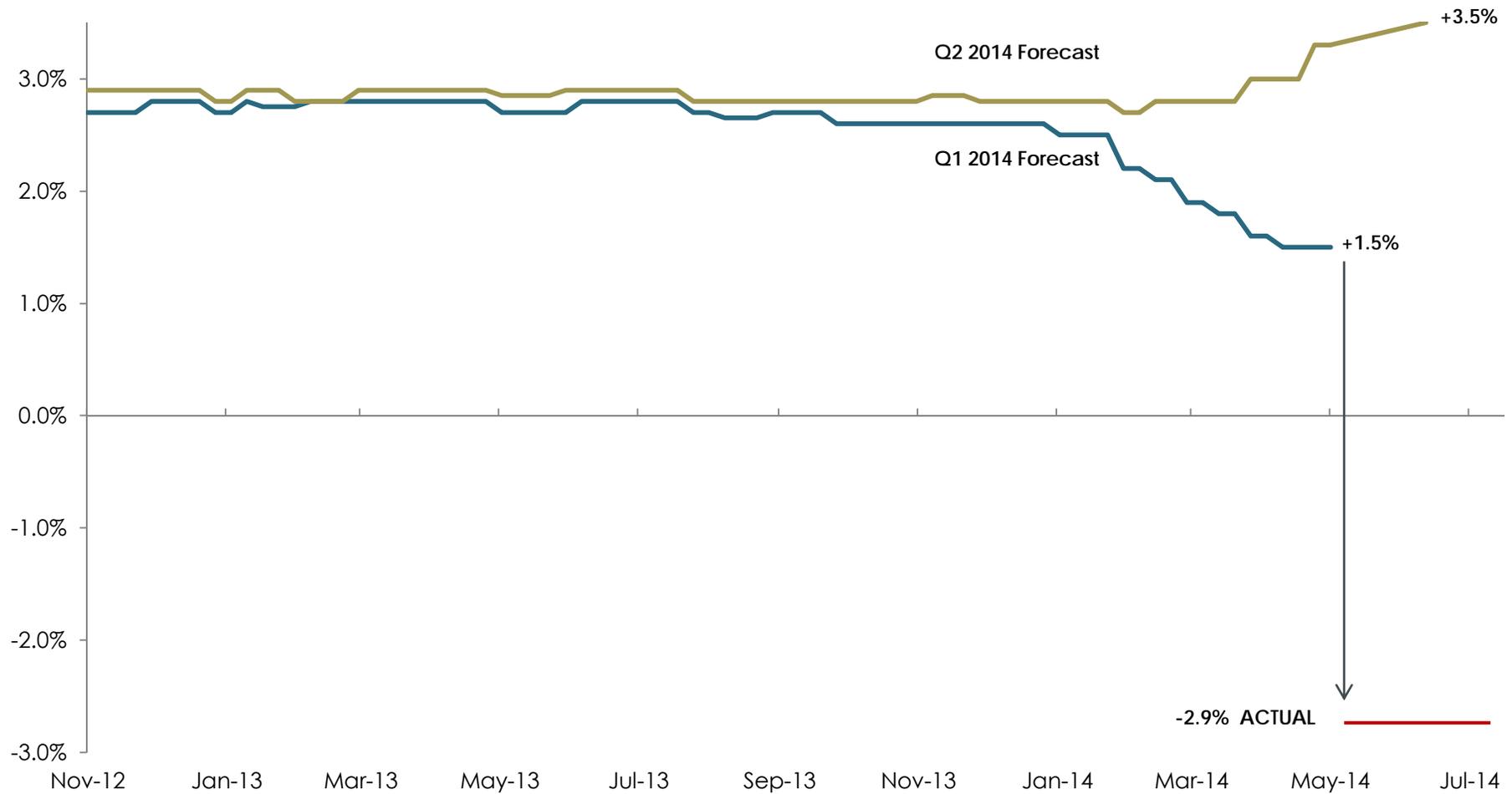
In 67 years, there has not been a quarter of economic growth this negative outside of a recession.



Source: Bloomberg

U.S. Real GDP Forecasts vs. Actual

The market remains too optimistic about growth prospects.



Source: Bloomberg Median US Real GDP Forecast versus actual

Year-over-Year Percent Change in Housing Sales by Price Range

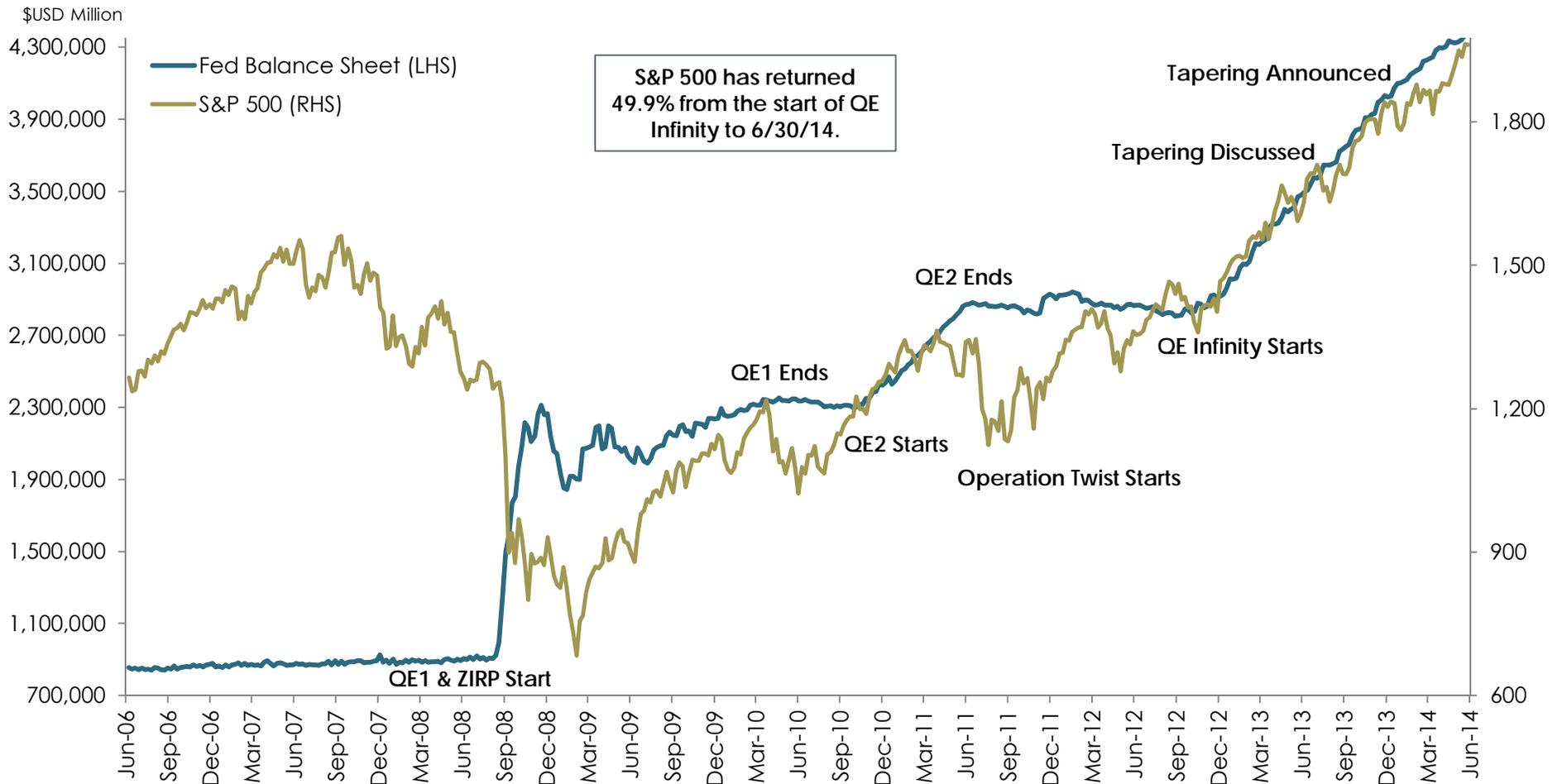
Limited income growth, higher rates, and tight lending standards have reduced housing activity, except for the highest priced homes.



Source: National Association of Realtors, Bloomberg

Fed Policy

Quantitative Easing has driven the valuation of risk assets higher



Source: Bloomberg

10 Year Treasury Yield with and without Quantitative Easing

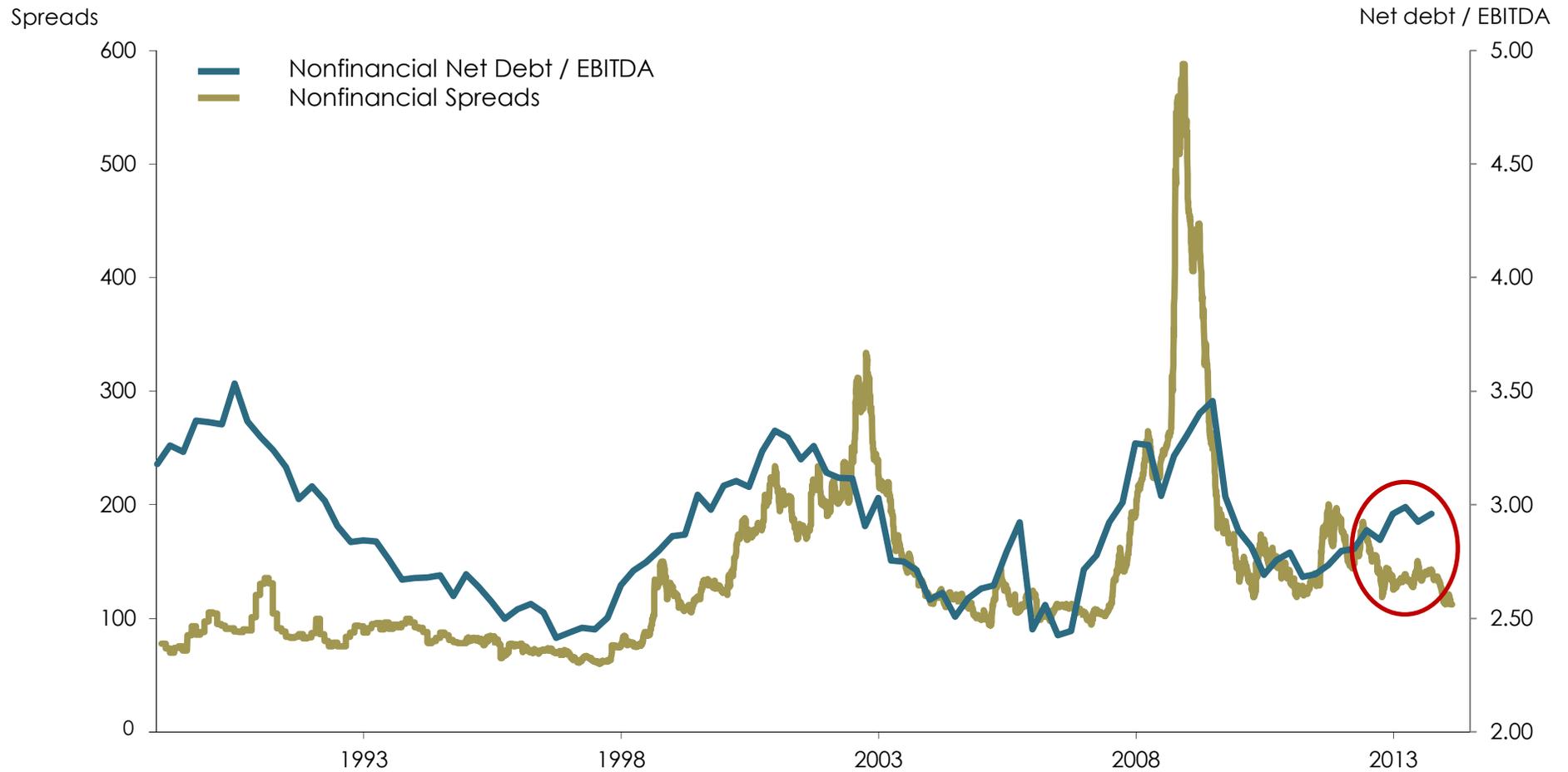
The correlation between rates and QE is counterintuitive.



Source: Federal Reserve

Corporate Leverage vs. Corporate Spreads

Valuations have disconnected from fundamentals in the corporate bond market.

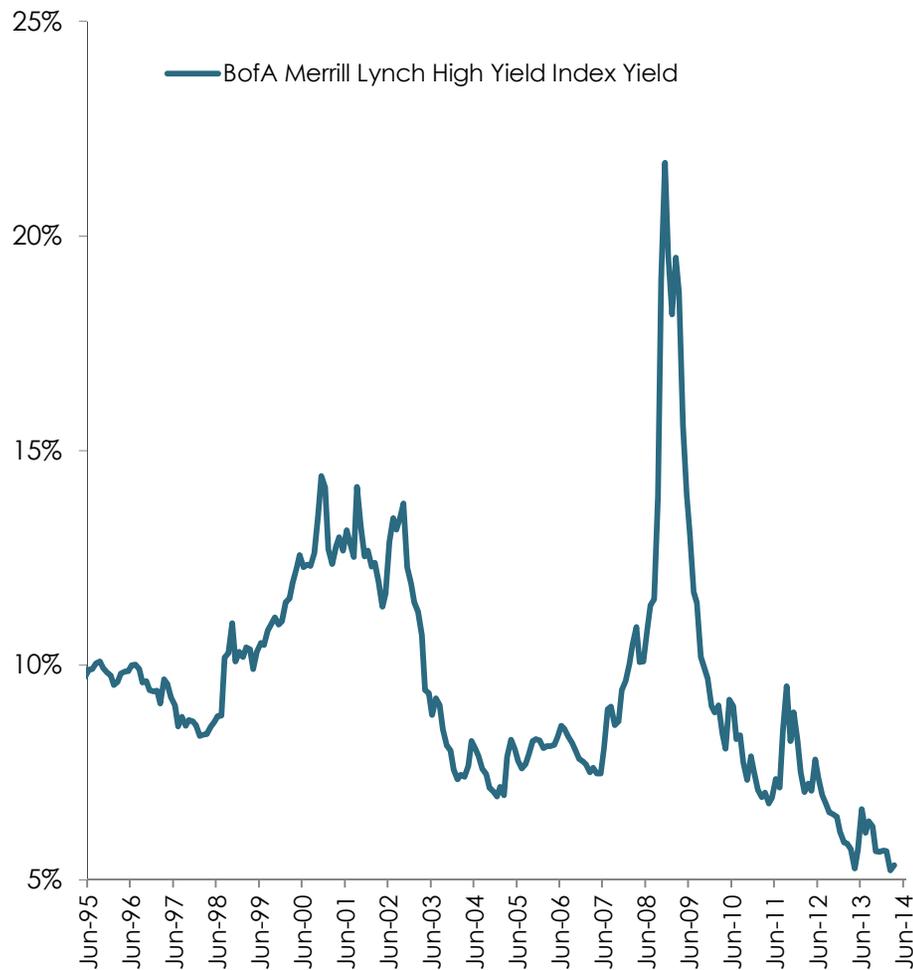


Source: Citigroup, Barclays, and Federal Reserve

The Reach for Yield

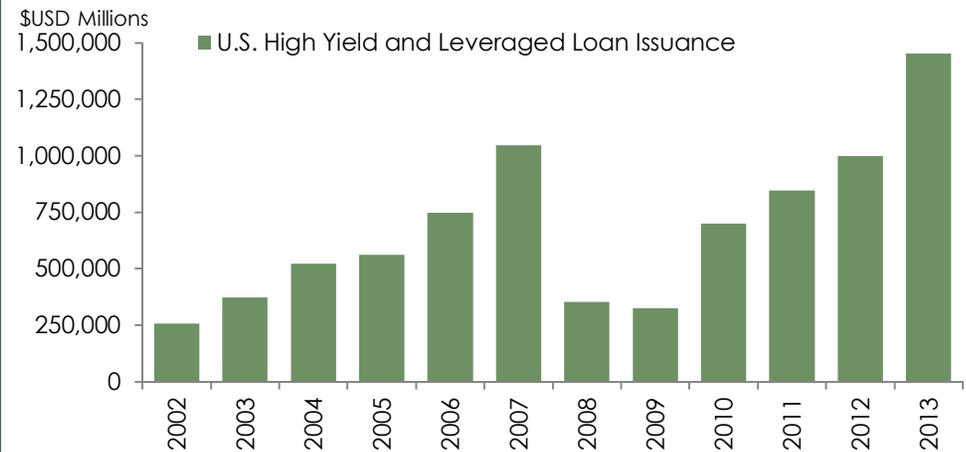
The high yield bond and leveraged loan markets are good barometers of overall credit conditions.

High yield bonds are near their all time low yields



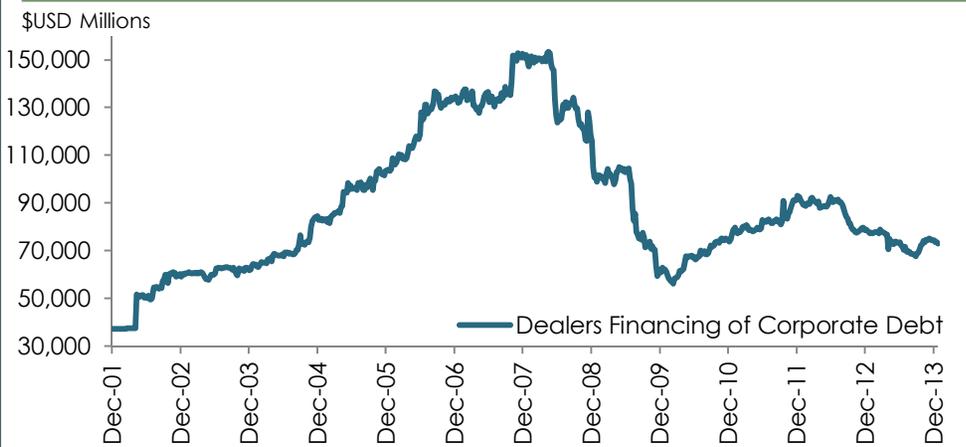
Source: Bank of America Merrill Lynch and Bloomberg

High yield and leveraged loan issuance has grown rapidly



Source: Bloomberg

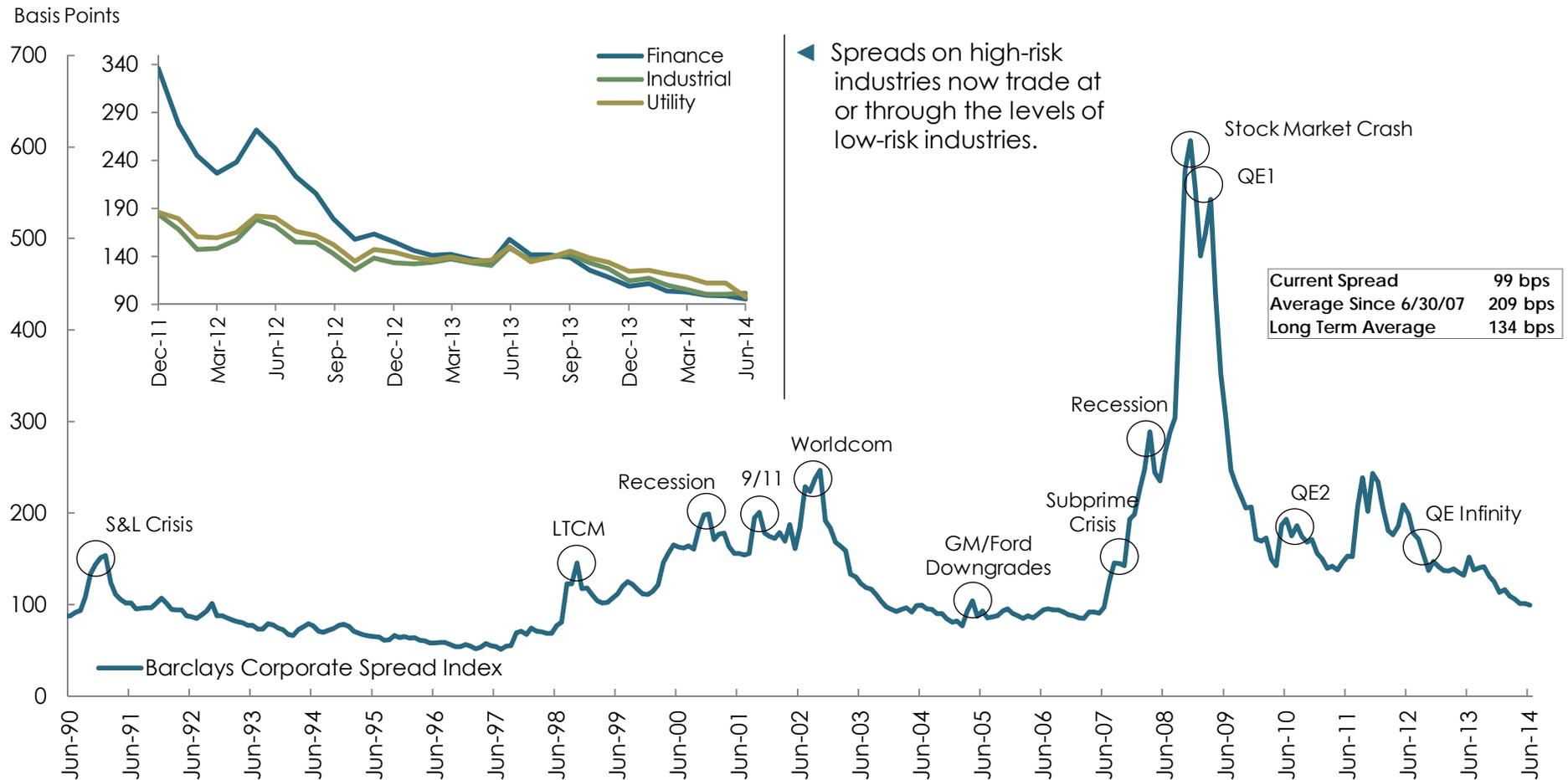
Dealers balance sheets have contracted creating potential liquidity issues



Source: Federal Reserve and Bloomberg

Corporate Spreads

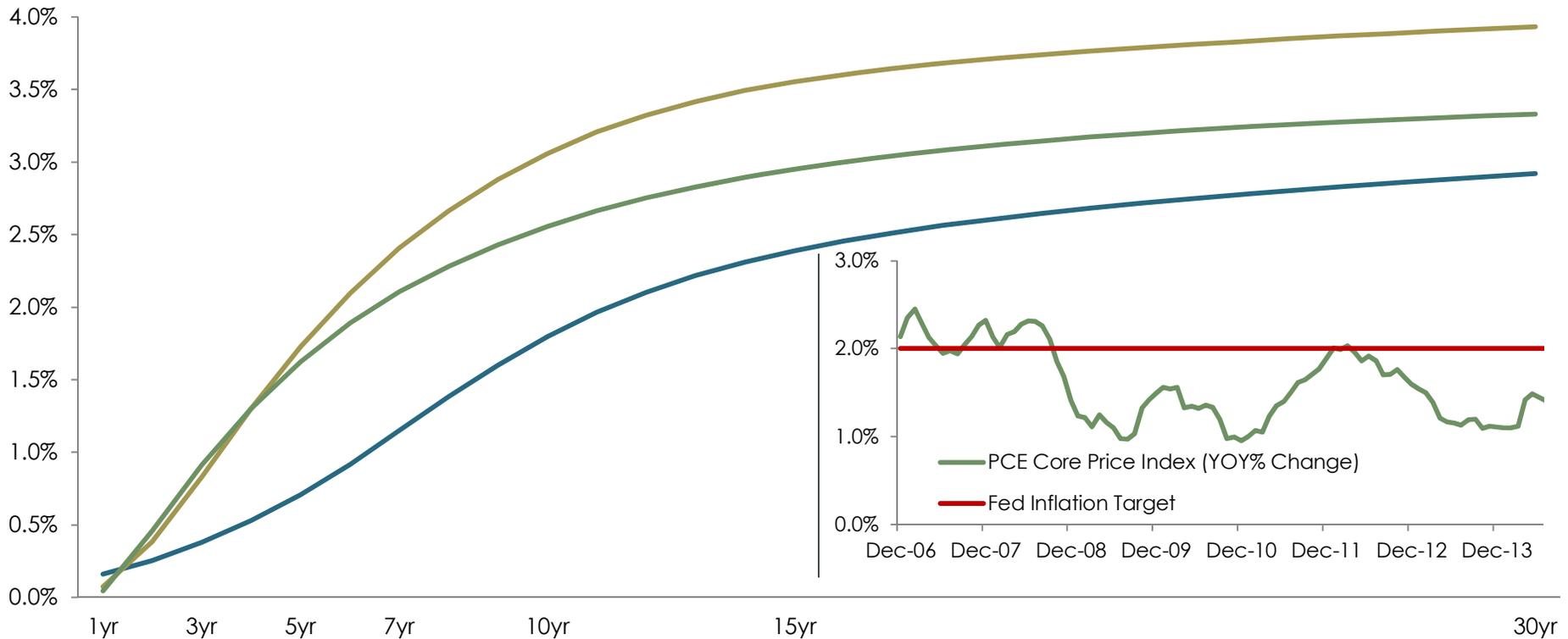
Investment Grade Corporate Spreads do not Adequately Compensate Investors for Global Risks



Source: Barclays

Interest Rates

An emphasis on forward rate guidance by the Fed and inflation below their target have eased concerns about rising rates.



	1 Year	3 Year	5 Year	10 Year	30 Year
12/31/12 —	0.16%	0.38%	0.71%	1.80%	2.92%
12/31/13 —	0.07%	0.83%	1.73%	3.06%	3.93%
6/30/14 —	0.04%	0.91%	1.62%	2.59%	3.33%

Source: Bloomberg

Chicago Equity Partners
PORTFOLIO APPRAISAL
STATE OF NEVADA- HIGHER EDUCATION PRE-PAID TUITION PROGRAM
WF ACCOUNT NUMBER: 12209046
June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Yield
CORPORATE FINANCIAL								
340,000	AMERICAN EXPRESS CR CORP MTNBE 2.750% Due 09-15-15	103.30	351,237.00	102.61	348,904.94	0.4	9,350.00	0.5
35,000	GENERAL ELEC CAP CORP 6.750% Due 03-15-32	129.39	45,286.91	131.91	46,170.56	0.0	2,362.50	4.1
200,000	GENERAL ELEC CAP CORP MTN BE 2.900% Due 01-09-17	104.73	209,472.00	104.60	209,208.80	0.2	5,800.00	1.0
160,000	GENERAL ELEC CAP CORP MTN BE 1.000% Due 01-08-16	100.82	161,324.80	100.71	161,148.00	0.2	1,600.00	0.5
200,000	U S BANCORP MTNS BK ENT 2.200% Due 04-25-19	100.00	200,017.10	100.91	201,839.80	0.2	4,400.00	1.9
90,000	WELLS FARGO & COMPANY 3.750% Due 10-01-14	102.92	92,631.17	100.86	90,774.90	0.1	3,375.00	0.3
320,000	WELLS FARGO CO MTN BE 1.250% Due 07-20-16	100.86	322,758.40	100.86	322,762.56	0.4	4,000.00	0.8
	Accrued Interest				10,440.20	0.0		
			1,382,727.38		1,391,249.77	1.8	30,887.50	1.0
CORPORATE INDUSTRIAL								
80,000	BURLINGTN NORTH SANTA FE 4.700% Due 10-01-19	111.51	89,215.20	113.06	90,452.32	0.1	3,760.00	2.0

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230,000	CATERPILLAR FINL SVCS MTNS BE 1.000% Due 11-25-16	100.58	231,340.90	100.41	230,956.34	0.3	2,300.00	0.8
115,000	COCA COLA CO 1.800% Due 09-01-16	102.93	118,371.41	102.34	117,700.54	0.1	2,070.00	0.7
175,000	COLGATE PALMOLIVE CO MTNS BE 1.750% Due 03-15-19	99.86	174,755.00	99.73	174,529.25	0.2	3,062.50	1.8
270,000	CONOCOPHILLIPS 4.600% Due 01-15-15	104.86	283,148.35	102.23	276,028.83	0.3	12,420.00	0.4
195,000	DISNEY WALT CO MTNS BE 1.350% Due 08-16-16	101.70	198,330.60	101.29	197,522.71	0.2	2,632.50	0.7
285,000	EXXON MOBIL CORP 0.921% Due 03-15-17	100.06	285,179.45	100.10	285,298.68	0.3	2,624.85	0.8
112,000	INTERNATIONAL BUSINESS MACHS 4.000% Due 06-20-42	100.56	112,629.00	96.09	107,624.94	0.1	4,480.00	4.2
70,000	MCDONALD'S CORP 6.300% Due 10-15-37	140.89	98,623.23	129.23	90,464.92	0.1	4,410.00	4.3
170,000	MEDTRONIC INC 0.875% Due 02-27-17	99.88	169,801.10	99.63	169,378.14	0.2	1,487.50	1.0
115,000	PEPSICO INC 2.500% Due 05-10-16	104.22	119,853.78	103.49	119,015.91	0.1	2,875.00	0.6
70,000	PFIZER INC 6.200% Due 03-15-19	123.22	86,255.83	118.71	83,097.35	0.1	4,340.00	2.0
70,000	UNITED PARCEL SERVICE 6.200% Due 01-15-38	137.02	95,915.79	130.25	91,177.10	0.1	4,340.00	4.1

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55,000	WAL-MART STORES INC 6.500% Due 08-15-37 Accrued Interest	141.12	77,617.95	132.91	73,102.92	0.0	3,575.00	4.2
					16,968.08	0.0		
			2,141,037.59		2,123,318.05	2.8	54,377.35	1.5
CORPORATE UTILITY								
65,000	CONS EDISON CO OF NY 6.750% Due 04-01-38	144.07	93,648.99	134.40	87,361.82	0.1	4,387.50	4.4
135,000	GEORGIA POWER COMPANY 5.400% Due 06-01-40	122.72	165,682.22	116.13	156,786.16	0.2	7,290.00	4.3
200,000	TRANSCANADA CORP 3.800% Due 10-01-20 Accrued Interest	111.53	223,071.16	107.65	215,310.00	0.2	7,600.00	2.4
					3,604.37	0.0		
			482,402.37		463,062.36	0.6	19,277.50	3.4
AGENCY								
2,245,000	FANNIE MAE 5.375% Due 07-15-16	113.08	2,538,692.71	109.81	2,465,331.03	3.2	120,668.75	0.5
1,100,000	FANNIE MAE 5.375% Due 06-12-17	116.72	1,283,953.09	112.96	1,242,601.80	1.6	59,125.00	0.9
2,210,000	FEDERAL HOME LN MTG CORP 2.500% Due 05-27-16	104.92	2,318,855.21	103.72	2,292,234.10	3.0	55,250.00	0.5
950,000	FEDERAL HOME LN MTG CORP 1.000% Due 06-29-17	100.12	951,216.00	100.21	952,055.80	1.2	9,500.00	0.9

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1,340,000	FEDERAL NATL MTG ASSN 5.000% Due 05-11-17	115.06	1,541,866.42	111.59	1,495,366.30	1.9	67,000.00	0.8
300,000	FEDERAL NATL MTG ASSN 0.375% Due 12-21-15	100.24	300,730.20	100.10	300,326.40	0.3	1,125.00	0.3
300,000	FEDERAL NATL MTG ASSN 0.375% Due 07-05-16	99.83	299,511.60	99.52	298,586.40	0.3	1,125.00	0.6
2,335,000	FREDDIE MAC 4.750% Due 11-17-15	108.89	2,542,731.19	106.09	2,477,306.57	3.2	110,912.50	0.3
1,300,000	FREDDIE MAC 3.750% Due 03-27-19 Accrued Interest	109.66	1,425,604.33	109.90	1,428,711.70	1.8	48,750.00	1.5
					100,204.96	0.1		
			13,203,160.75		13,052,725.07	17.3	473,456.25	0.7
FHLMC								
170,622.94	FG A90856 5.000% Due 01-01-40	101.08	172,470.98	112.94	192,716.90	0.2	8,531.14	2.2
115,889.91	FG A93140 5.000% Due 07-01-40	102.02	118,234.06	111.22	128,902.02	0.1	5,794.49	2.5
0.00	FG B10931 4.500% Due 11-01-18	100.03	0.00	106.06	0.00	0.0	0.00	0.7
575,710.71	FG C09004 3.500% Due 07-01-42	102.43	589,743.66	102.92	592,527.22	0.7	20,149.87	3.1
1,011,829.66	FG C09022 3.000% Due 01-01-43	103.90	1,051,298.22	98.76	999,313.32	1.3	30,354.88	3.1
181,305.64	FG C09029 3.000% Due 03-01-43	102.39	185,651.47	98.76	179,062.89	0.2	5,439.16	3.1
60,456.59	FG C90798 5.500% Due 02-01-24	100.21	60,584.90	111.74	67,554.19	0.0	3,325.11	1.1

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1,319,353.95	FG G08528 3.000% Due 04-01-43	103.84	1,370,101.93	98.76	1,303,033.54	1.7	39,580.61	3.1
2,098,235.59	FG G08554 3.500% Due 10-01-43	100.62	2,111,349.56	102.92	2,159,525.05	2.8	73,438.24	3.1
1,359,945.02	FG G08577 4.000% Due 03-01-44	103.92	1,413,386.61	106.08	1,442,656.87	1.9	54,397.80	3.0
360,269.56	FG G18472 2.500% Due 07-01-28	100.67	362,690.12	101.61	366,073.50	0.4	9,006.73	2.2
176,750.22	FG G18484 3.000% Due 10-01-28	103.68	183,267.89	103.77	183,429.61	0.2	5,302.50	2.2
1,016,973.21	FG G18492 3.000% Due 01-01-29	103.26	1,050,183.73	103.77	1,055,404.62	1.4	30,509.19	2.2
325,637.04	FG J14785 4.000% Due 03-01-26	107.71	350,772.15	107.04	348,568.40	0.4	13,025.48	2.1
1,848,906.07	FG Q11220 3.500% Due 09-01-42	105.50	1,950,739.98	102.92	1,902,912.61	2.5	64,711.71	3.1
776,311.38	FHLMC PC GOLD COMB 30 4.500% Due 02-01-39	108.06	838,901.07	108.25	840,395.89	1.1	34,934.01	2.8
294,203.01	FHLMC PC GOLD COMB 30 4.000% Due 01-01-44 Accrued Interest	104.14	306,384.85	106.08	312,096.44	0.4	11,768.12	3.0
			12,115,761.24		12,108,362.25	16.0	410,269.12	2.9
FNMA								
56,907.60	FN 255160 5.500% Due 03-01-24	100.23	57,039.13	112.16	63,832.68	0.0	3,129.91	1.0
94,314.95	FN 255706 5.500% Due 05-01-35	102.45	96,632.16	112.34	105,958.13	0.1	5,187.32	2.1
19.13	FN 725423 5.500% Due 05-01-34	99.64	19.06	112.44	21.50	0.0	1.05	2.0

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92,909.66	FN 745418 5.500% Due 04-01-36	106.24	98,714.81	111.94	104,008.64	0.1	5,110.03	1.9
26,145.21	FN 763600 5.500% Due 01-01-34	100.20	26,199.63	112.37	29,381.46	0.0	1,437.98	2.1
103,438.86	FN 826305 5.000% Due 07-01-35	99.00	102,414.60	111.18	115,009.53	0.1	5,171.94	1.8
57,594.80	FN 845088 5.500% Due 12-01-35	99.59	57,363.44	112.09	64,558.58	0.0	3,167.71	2.1
0.00	FN 881601 6.000% Due 02-01-36	101.11	0.00	112.52	0.00	0.0	0.00	2.0
1,263,398.46	FN 889657 4.500% Due 09-01-37	106.36	1,343,853.08	108.63	1,372,492.91	1.8	56,852.93	2.1
0.00	FN 929633 6.000% Due 06-01-38	100.08	0.00	112.52	0.00	0.0	0.00	2.0
69,225.43	FN 931528 5.000% Due 07-01-39	100.64	69,672.62	111.50	77,187.73	0.1	3,461.27	2.3
116,014.62	FN 931618 5.000% Due 07-01-39	100.70	116,829.07	112.49	130,511.80	0.1	5,800.73	2.1
0.00	FN 962276 6.000% Due 03-01-38	100.08	0.00	112.52	0.00	0.0	0.00	2.0
205,447.05	FN AA2950 5.000% Due 04-01-39	101.03	207,583.16	112.91	231,984.64	0.3	10,272.35	2.0
76,466.31	FN AA5878 5.000% Due 07-01-39	100.70	77,003.12	111.86	85,535.97	0.1	3,823.31	2.3
422,651.18	FN AB2083 4.000% Due 01-01-41	100.62	425,300.58	106.27	449,180.99	0.5	16,906.04	2.9
620,347.56	FN AB2172 4.000% Due 02-01-41	100.59	624,030.62	106.27	659,286.77	0.8	24,813.90	3.0
1,207,068.30	FN AB9461 3.000% Due 05-01-43	102.99	1,243,208.29	98.90	1,193,850.90	1.5	36,212.04	3.1
72,011.34	FN AD4384 5.500% Due 05-01-40	102.50	73,816.72	111.87	80,565.56	0.1	3,960.62	2.7

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285,535.23	FN AD6374 5.000% Due 05-01-40	111.24	317,657.95	111.27	317,726.48	0.4	14,276.76	2.5
758,360.58	FN AH1111 4.000% Due 12-01-40	100.58	762,766.98	106.27	805,962.87	1.0	30,334.42	2.9
629,232.29	FN AJ1441 3.500% Due 09-01-26	105.45	663,545.11	106.10	667,665.80	0.8	22,023.13	1.9
652,004.21	FN AL0215 4.500% Due 04-01-41	107.12	698,459.52	108.51	707,535.41	0.9	29,340.18	2.9
406,437.73	FN AL1319 4.500% Due 10-01-41	108.24	439,968.84	108.34	440,354.96	0.5	18,289.69	2.9
500,247.73	FN AL5157 4.000% Due 10-01-41	105.90	529,793.62	106.27	531,648.28	0.7	20,009.90	2.9
891,014.67	FN AT2062 2.500% Due 04-01-28	100.67	897,001.18	101.71	906,277.75	1.2	22,275.36	2.1
560,395.68	FN At2722 3.000% Due 05-01-43	98.49	551,989.75	98.90	554,259.35	0.7	16,811.87	3.1
269,780.50	FN MA0498 5.500% Due 07-01-40	102.66	276,976.31	112.05	302,313.33	0.4	14,837.92	2.6
775,071.22	FNMA PASS-THRU LNG 30 YEAR 5.000% Due 07-01-40 Accrued Interest	110.93	859,844.63	111.19	861,840.44	1.1	38,753.56	2.5
					33,403.38	0.0		
			10,617,684.07		10,892,355.99	14.4	412,262.03	2.6
GNMA								
142,476.00	GN 604338 5.000% Due 05-15-33	99.39	141,616.36	110.96	158,102.76	0.2	7,123.80	2.3
83,365.58	GN 604790 5.000% Due 11-15-33	99.39	82,858.47	110.97	92,510.78	0.1	4,168.27	2.4
110,339.73	GN 605461 5.000% Due 06-15-34	99.90	110,229.69	110.96	122,440.68	0.1	5,516.98	2.3

Chicago Equity Partners
PORTFOLIO APPRAISAL
STATE OF NEVADA- HIGHER EDUCATION PRE-PAID TUITION PROGRAM
WF ACCOUNT NUMBER: 12209046
June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Yield
0.03	GN 626791 6.000% Due 04-15-35	100.17	0.03	112.47	0.03	0.0	0.00	2.7
13,737.20	GN 780047 9.000% Due 12-15-17 Accrued Interest	100.35	13,785.33	107.41	14,755.95	0.0	1,236.34	1.1
			<u>348,489.90</u>		<u>1,503.78</u> 389,314.01	<u>0.0</u> 0.5	<u>18,045.41</u>	<u>2.3</u>
TREASURY								
2,100,000	UNITED STATES TREAS BDS 6.250% Due 05-15-30	135.50	2,845,531.15	142.12	2,984,625.00	3.9	131,250.00	2.9
2,475,000	UNITED STATES TREAS BDS 4.750% Due 02-15-41	130.34	3,226,035.46	127.06	3,144,796.87	4.1	117,562.50	3.2
1,185,000	UNITED STATES TREAS BDS 2.750% Due 08-15-42	86.06	1,019,852.38	89.43	1,059,834.37	1.4	32,587.50	3.3
1,500,000	UNITED STATES TREAS NTS 4.750% Due 08-15-17	112.81	1,692,251.11	111.77	1,676,601.00	2.2	71,250.00	0.9
2,695,000	UNITED STATES TREAS NTS 3.125% Due 05-15-21	108.33	2,919,599.10	106.75	2,877,122.71	3.8	84,218.75	2.0
750,000	UNITED STATES TREAS NTS 1.500% Due 07-31-16	102.07	765,529.85	102.07	765,585.75	1.0	11,250.00	0.4
3,400,000	UNITED STATES TREAS NTS 0.625% Due 08-31-17	98.85	3,361,230.14	98.90	3,362,810.80	4.4	21,250.00	0.9
1,835,000	UNITED STATES TREAS NTS 0.250% Due 09-15-15	99.97	1,834,567.20	100.10	1,836,864.36	2.4	4,587.50	0.1

Chicago Equity Partners
PORTFOLIO APPRAISAL
STATE OF NEVADA- HIGHER EDUCATION PRE-PAID TUITION PROGRAM
WF ACCOUNT NUMBER: 12209046
June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Yield
1,125,000	UNITED STATES TREAS NTS 0.750% Due 12-31-17	98.75	1,110,950.04	98.73	1,110,762.00	1.4	8,437.50	1.1
4,610,000	UNITED STATES TREAS NTS 0.750% Due 03-31-18	97.84	4,510,443.07	98.25	4,529,325.00	6.0	34,575.00	1.2
2,250,000	UNITED STATES TREAS NTS 0.500% Due 06-15-16	100.01	2,250,446.99	100.12	2,252,812.50	2.9	11,250.00	0.4
790,000	UNITED STATES TREAS NTS 2.500% Due 08-15-23	97.39	769,418.16	100.59	794,691.02	1.0	19,750.00	2.4
2,500,000	UNITED STATES TREAS NTS 2.500% Due 05-15-24	99.86	2,496,523.83	99.85	2,496,485.00	3.3	62,500.00	2.5
1,215,000	US TREASURY N/B 3.500% Due 02-15-39	108.72	1,320,986.33	104.34	1,267,777.17	1.6	42,525.00	3.2
3,895,000	US TREASURY N/B 3.625% Due 02-15-20 Accrued Interest	114.17	4,447,253.52	109.99	4,284,195.70	5.6	141,193.75	1.7
			34,570,618.35		217,632.51 34,661,921.78	0.2 46.0	794,187.50	1.7
CASH AND EQUIVALENTS								
General Classification								
	MONEY MARKET FUND		229,962.83		229,962.83	0.3	45.99	0.0
			229,962.83		229,962.83	0.3	45.99	0.0
TOTAL PORTFOLIO			75,091,844.50		75,312,272.14	100.0	2,212,808.66	1.8

Introduction to Chicago Equity Partners

Experience

- ▶ 25 year history of institutionally-focused investment management across equities and fixed income
- ▶ Total of 42 employees with an average professional-level tenure at Chicago Equity Partners of 16 years
- ▶ \$10.5 billion in assets under management for more than 100 institutional clients around the world

Discipline

- ▶ Focus on clearly-defined and process-oriented strategies which are repeatable and scalable
- ▶ Deliberate approach to taking investment risks for which we believe we will be appropriately compensated
- ▶ Long-standing commitment to continued innovation in our investment approach

Partnership

- ▶ Entire business platform built around delivering targeted solutions for sophisticated investors: We work with our clients to meet their investment objectives
- ▶ Exceptional level of client service
- ▶ Robust operational platform following industry best practices is the cornerstone of our long-term stability



Annual Performance Disclosure

Core Fixed Income

Year	Firm AUM (Mil)	Comp Assets	% Firm AUM	# Accts	Comp Return	Bnmk Return	Comp Dispersion	Comp St Dev (3yr)	Bnmk St Dev (3yr)
2013	9,986	1751	18%	34	-2.81%	-2.03%	0.1%	3.14%	2.71%
2012	9,558	1,650	17%	37	2.84%	4.22%	0.1%	2.88%	2.38%
2011	8,565	1,883	22%	37	9.25%	7.84%	0.1%	3.08%	2.78%
2010	7,798	1,510	19%	29	6.81%	6.54%	0.2%	4.64%	4.17%
2009	7,577	681	9%	16	6.33%	5.94%	0.1%	4.63%	4.12%
2008	6,608	153	2%	8	9.36%	5.24%	0.0%	4.54%	3.98%
2007	11,433	293	3%	8	7.64%	6.96%	0.1%	2.95%	2.78%
2006	11,957	256	2%	8	3.90%	4.33%	N.A.	3.25%	3.22%
2005	10,464	198	2%	≤ 5	2.77%	2.43%	N.A.	3.86%	4.08%
2004	7,888	115	1%	≤ 5	4.47%	4.34%	N.A.	4.06%	4.29%
2003	6,806	113	2%	≤ 5	4.19%	4.08%	N.A.	3.98%	4.20%
2002	4,640	150	3%	≤ 5	10.99%	10.26%	N.A.	3.35%	3.36%
2001	6,779	155	2%	≤ 5	8.39%	8.40%	N.A.	3.31%	3.35%
2000	8,374	189	2%	≤ 5	11.89%	11.56%	N.A.	2.91%	3.01%
1999	9,957	29	< 1%	≤ 5	-0.98%	-0.83%	N.A.	3.08%	3.20%
1998	8,432	32	< 1%	≤ 5	9.13%	8.64%	N.A.	3.51%	3.52%
1997	4,752	34	< 1%	≤ 5	9.78%	9.60%	N.A.		
1996	2,760	39	1%	≤ 5	3.30%	3.60%	N.A.		

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Core Fixed Income Composite contains fully discretionary portfolios and for comparison purposes is measured against the Barclays Capital Aggregate Index. The Core Fixed Income Composite expectations are as follows: tracking error 100-125 basis points, sales turnover 50-150% annually, and number of holdings ranging from 75-150. The minimum portfolio size for this composite is \$1 million.

Chicago Equity Partners, LLC is a registered investment adviser. Prior to April 1, 2000, the firm was a part of Bank of America N.T. and S.A., a wholly owned subsidiary of BankAmerica Corporation. . In May 2000, senior management purchased the firm from BankAmerica Corporation and operated as an independent entity until December 2006. In December 2006, Affiliated Managers Group, Inc. (NYSE * AMG) purchased a majority equity stake in Chicago Equity Partners, LLC. CEP investment professionals remained with the firm following the AMG purchase. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary portfolios under management, including those portfolios no longer with the firm. Beginning July 1, 2002, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash flow over 10% of the portfolio market value. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Prior to January 1, 2005 balanced portfolio segments were included in this composite and performance reflects required total segment plus cash returns where cash was allocated pro-rata based on beginning market values for each month. Chicago Equity Partners' policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The fee schedule for fixed income strategies is as follows: 25 basis points on the first \$25 million, 20 basis points on the next \$75 million, and 15 basis points thereafter.

The creation date for the Core Fixed Income Composite is January 1, 2000. Chicago Equity Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Chicago Equity Partners, LLC has been independently verified for the periods January 1, 1989 through September 30, 2012. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Core Fixed Income Composite has been examined for the periods January 1, 1996 through September 30, 2012. The verification and performance examination reports are available upon request.

Contact Information

Today's Presenters

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Last updated 7.7.14

Callan



August 2014

Nevada State Treasurer's Office

Second Quarter 2014 –
Performance Review

Gordon Weightman, CFA
Vice President

Executive Summary

Quarter Ended June 30, 2014

- In the quarter, the Total Fund returned 3.6%, 3 basis points ahead of the benchmark.
 - For the last 6-1/2 years ended June 30, 2014, the Total Fund returned 7.6% per annum, 0.4% ahead of the benchmark.
- The U.S. equity composite returned 4.9% this quarter, which was 1 basis point behind the policy weighted benchmark.
- The U.S. fixed income portfolio managed by Chicago Equity returned 1.7% this quarter trailing its benchmark by 15 basis points.

Asset Distribution & Actual Allocation vs. Benchmark Target

	June 30, 2014					March 31, 2014		
	Market Value	Weight	Target	Net New Inv .	Inv . Return	Market Value	Weight	Target
Domestic Equity	\$117,255,511	60.89%	57.00%	\$2,266,300	\$5,391,030	\$109,598,181	60.47%	57.00%
Vanguard Institutional Index Fund	92,656,106	48.12%	45.00%	1,790,377	4,548,455	86,317,274	47.63%	45.00%
Vanguard S&P Mid Cap 400 Index	16,498,268	8.57%	8.00%	317,282	678,961	15,502,025	8.55%	8.00%
Vanguard S&P Small Cap 600 Index	8,101,137	4.21%	4.00%	158,641	163,613	7,778,882	4.29%	4.00%
Domestic Fixed Income	\$75,313,003	39.11%	43.00%	\$2,437,723	\$1,234,394	\$71,640,886	39.53%	43.00%
Chicago Equity Core Fixed Income	75,313,003	39.11%	43.00%	2,437,723	1,234,394	71,640,886	39.53%	43.00%
Total Fund	\$192,568,513	100.0%	100.0%	\$4,704,023	\$6,625,424	\$181,239,067	100.0%	100.0%

- The market value of total assets rose \$11.3M (investment gain of \$6.6M plus net inflows of \$4.7M).

Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equities	117,256	60.9%	57.0%	3.9%	7,491
Domestic Fixed Income	75,313	39.1%	43.0%	(3.9%)	(7,491)
Total	192,569	100.0%	100.0%		

- In relation to respective targets, equity was overweight by 3.9% and fixed income was underweight by 3.9%.

Asset allocation excludes cash.

Investment Returns

Quarter Ended June 30, 2014

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years
Domestic Equity	4.87%	24.70%	16.17%	19.84%	8.35%
- Domestic Equity Benchmark (1)	4.88%	24.78%	15.93%	19.77%	7.97%
Excess Return	(0.01%)	(0.08%)	0.24%	0.07%	0.37%
Vanguard Institutional Index Fund	5.23%	24.56%	-	-	-
- S&P 500 Index	5.23%	24.61%	16.58%	18.83%	6.87%
Excess Return	(0.01%)	(0.05%)	-	-	-
Vanguard S&P Mid Cap 400 Index	4.32%	25.16%	-	-	-
- S&P Mid Cap 400 Index	4.33%	25.24%	15.26%	21.67%	9.87%
Excess Return	(0.01%)	(0.08%)	-	-	-
Vanguard S&P Small Cap 600 Index	2.05%	25.40%	-	-	-
- S&P 600 Small Cap Index	2.07%	25.54%	16.81%	21.98%	10.14%
Excess Return	(0.02%)	(0.14%)	-	-	-
Domestic Fixed Income	1.71%	2.95%	3.25%	4.68%	4.62%
- Fixed Income Benchmark (2)	1.86%	3.73%	3.26%	4.53%	4.59%
Excess Return	(0.15%)	(0.78%)	(0.01%)	0.14%	0.04%
Chicago Equity Core Fixed Income	1.71%	2.95%	-	-	-
- Barclays Aggregate ex Baa	1.86%	3.73%	3.26%	4.38%	4.51%
Excess Return	(0.15%)	(0.78%)	-	-	-
Total Fund	3.62%	15.35%	11.10%	13.47%	7.64%
- Total Fund Benchmark*	3.59%	15.44%	10.94%	13.39%	7.28%
Excess Return	0.03%	(0.09%)	0.17%	0.08%	0.36%

*Current Quarter Target = 45% S&P 500, 43% BC Agg ex Baa, 8% S&P 400 and 4% S&P 600

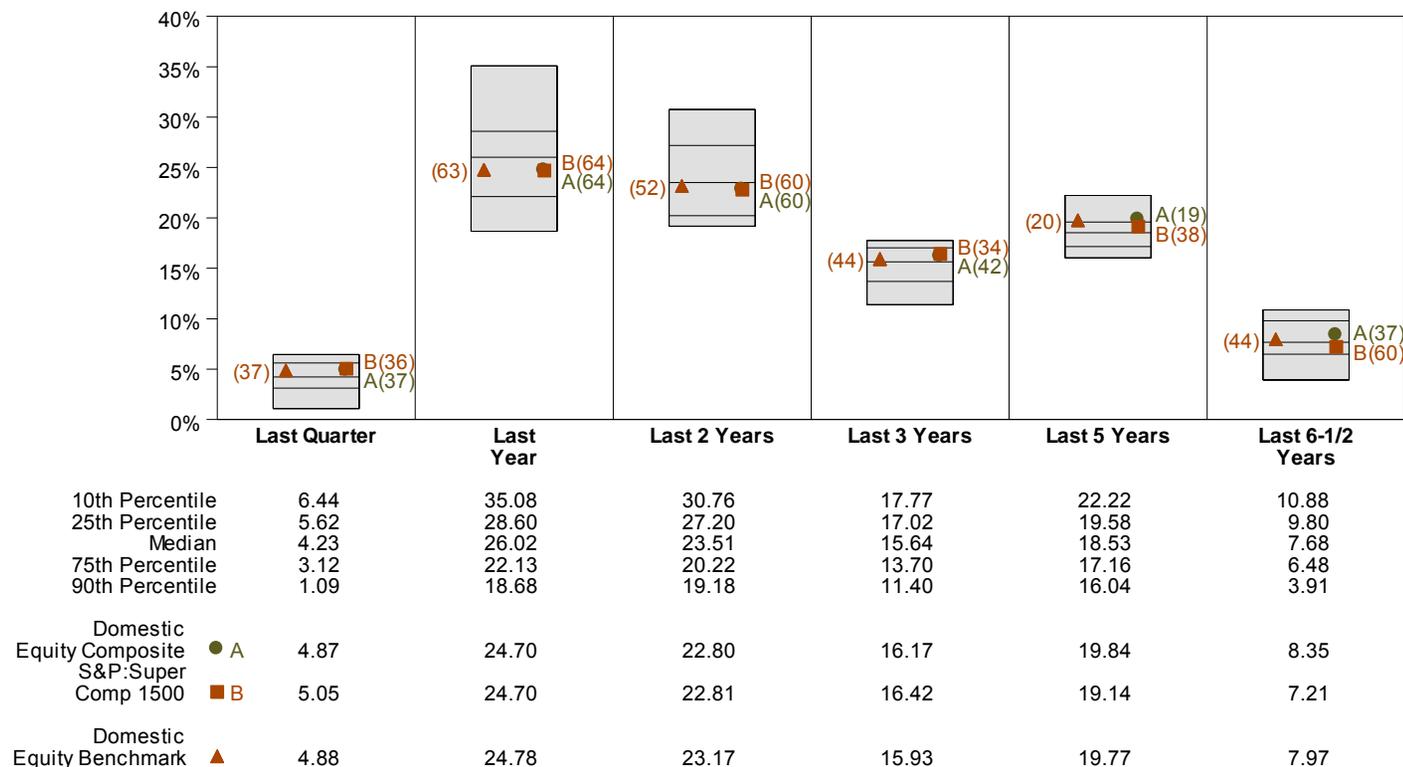
(1) 79% S&P 500, 14% S&P 400, 7% S&P 600 from 10/1/11 forward. 60% S&P 500, 20% S&P 400 and 20% S&P 600 prior.

(2) Inception through June 2010: BC U.S. Aggregate Bond Index; July 2010 to present: BC U.S. Aggregate A or Better Index.

U.S. Equity Returns

Quarter Ended June 30, 2014

Performance vs CAI All Cap: Broad (Gross)



- In the quarter, the domestic equity composite trailed the broad market benchmark and marginally trailed the domestic equity benchmark. The composite ranks better than median for periods 3 years and longer.

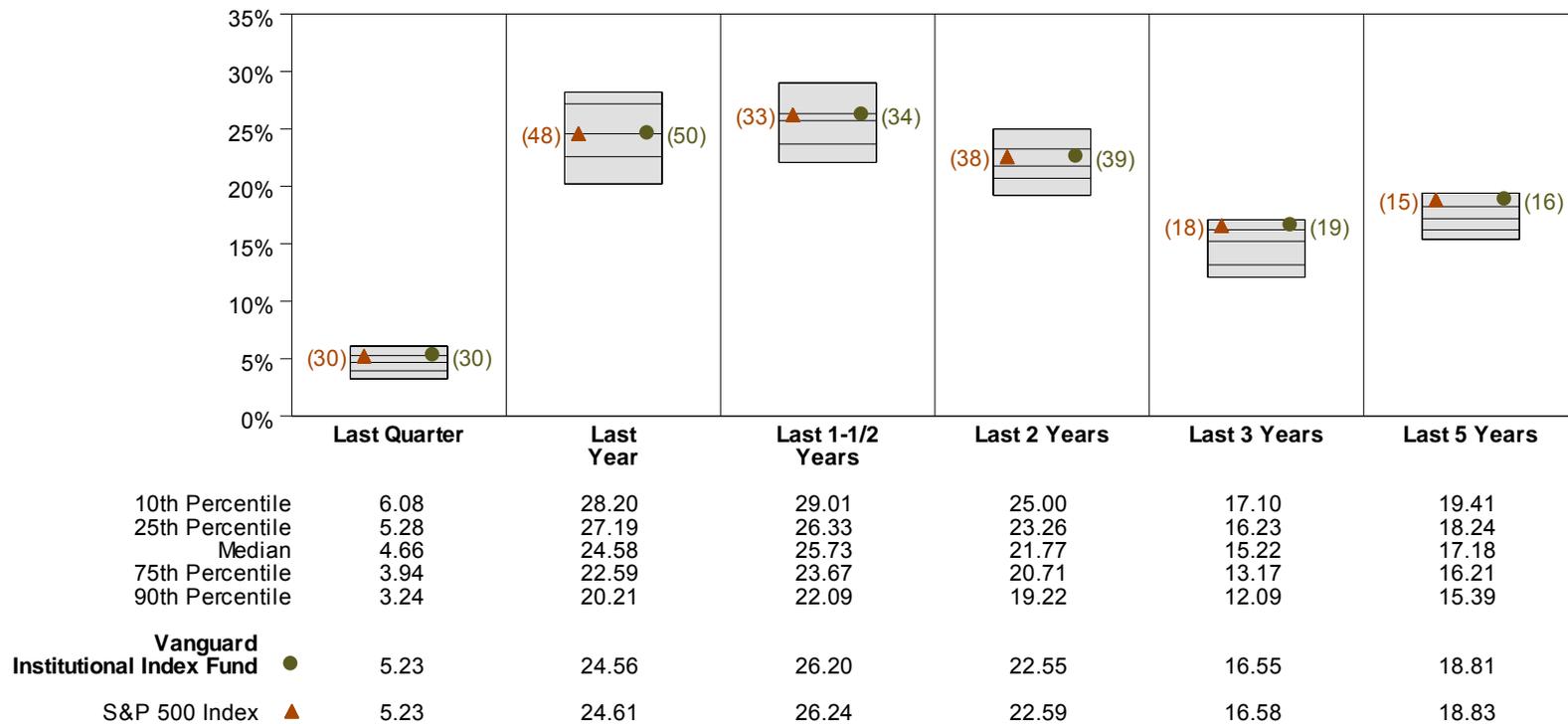
Index Definition

The Domestic Equity Benchmark consists of 60% S&P 500, 20% S&P 400, 20% S&P 600 through September 30, 2011 and 79% S&P 500, 14% S&P 400, 7% S&P 600 thereafter.

Large Cap Equity Returns

Quarter Ended June 30, 2014

Performance vs CAI MF - Core Equity Style (Net)

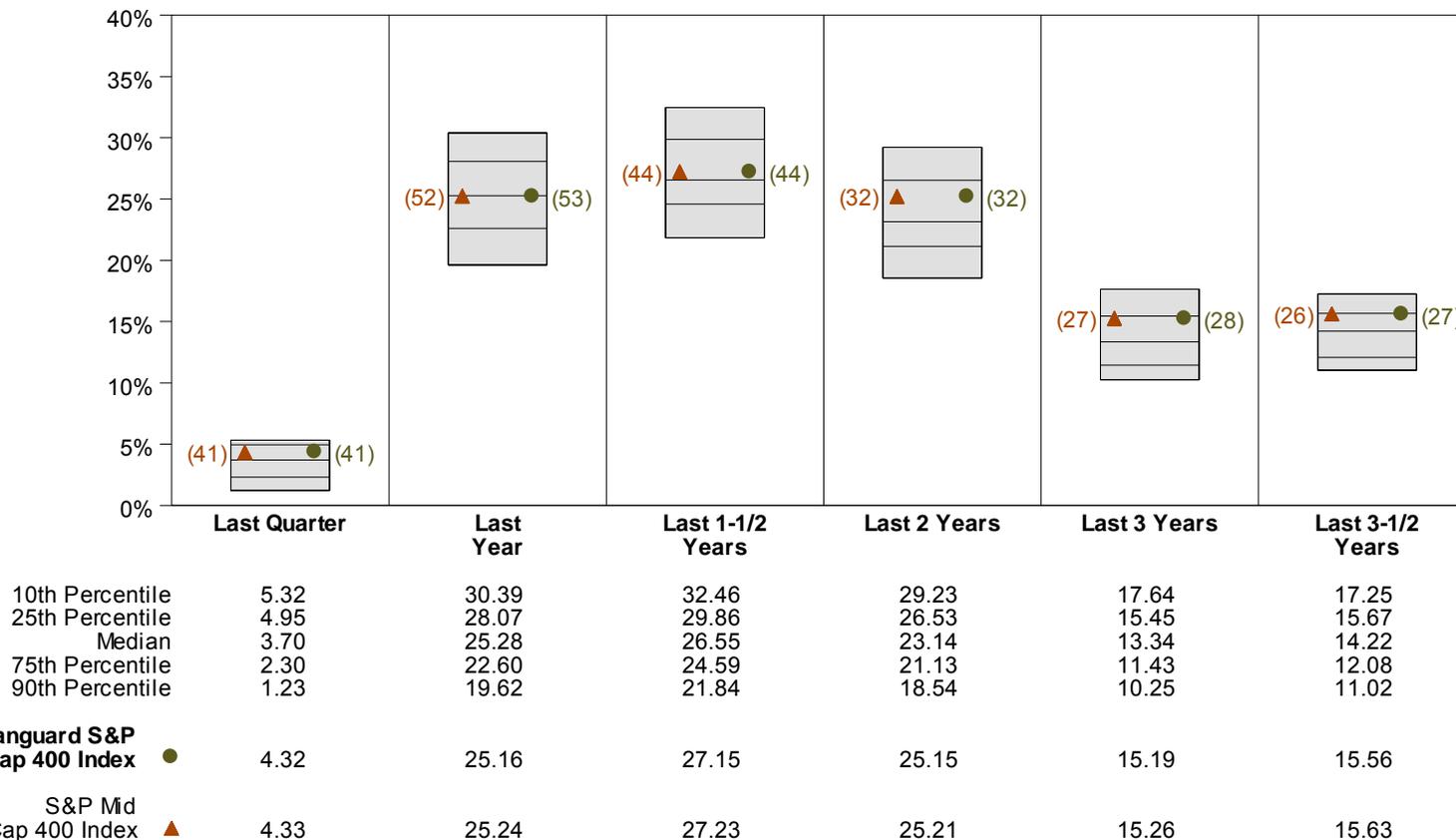


- This is the sixth full quarter of performance for the Vanguard S&P 500 mutual fund in the Program. Longer performance history reflects the mutual fund in which the Program is now invested.

Mid Cap Equity Returns

Quarter Ended June 30, 2014

Performance vs CAI MF - Mid Cap Broad Style (Net)

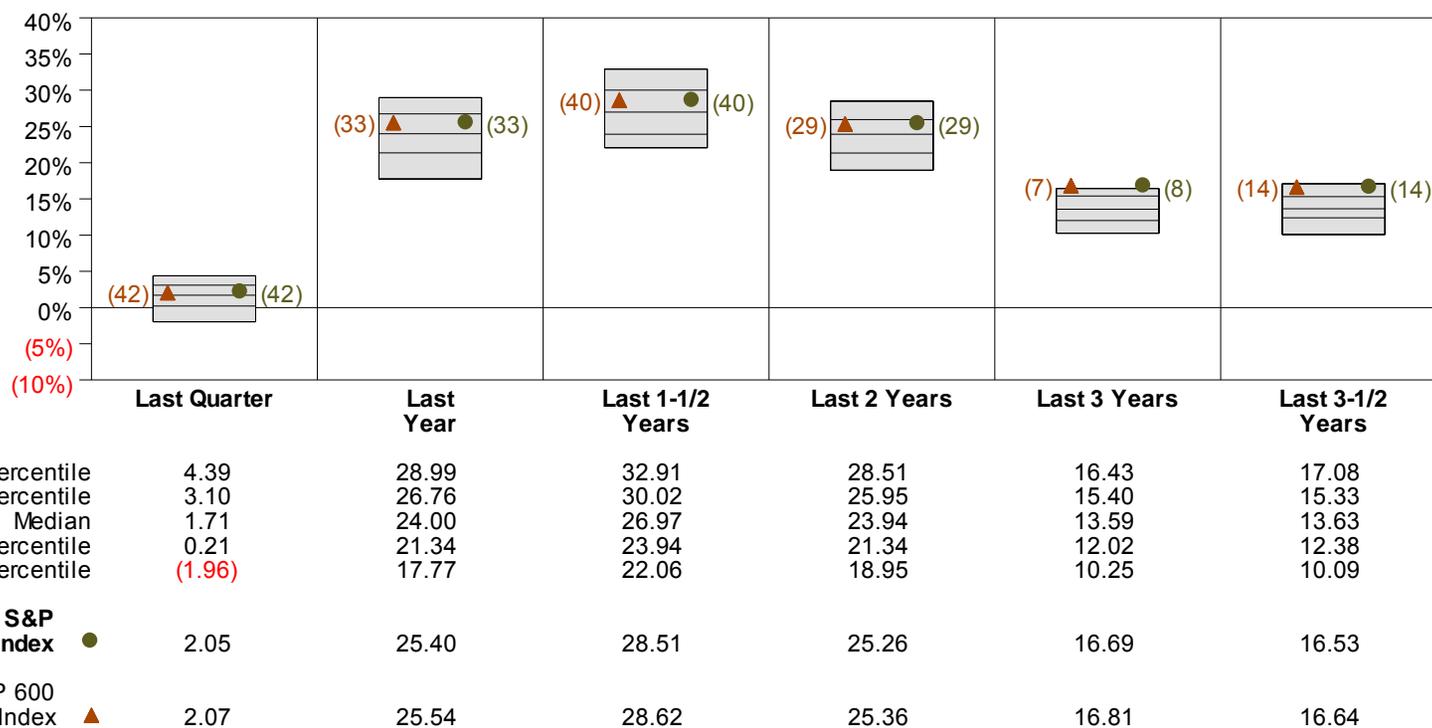


- This is the sixth full quarter of performance for the Vanguard S&P 400 mutual fund in the Program. Longer performance history reflects the mutual fund in which the Program is now invested.

Small Cap Equity Returns

Quarter Ended June 30, 2014

Performance vs CAI MF - Small Cap Broad Style (Net)

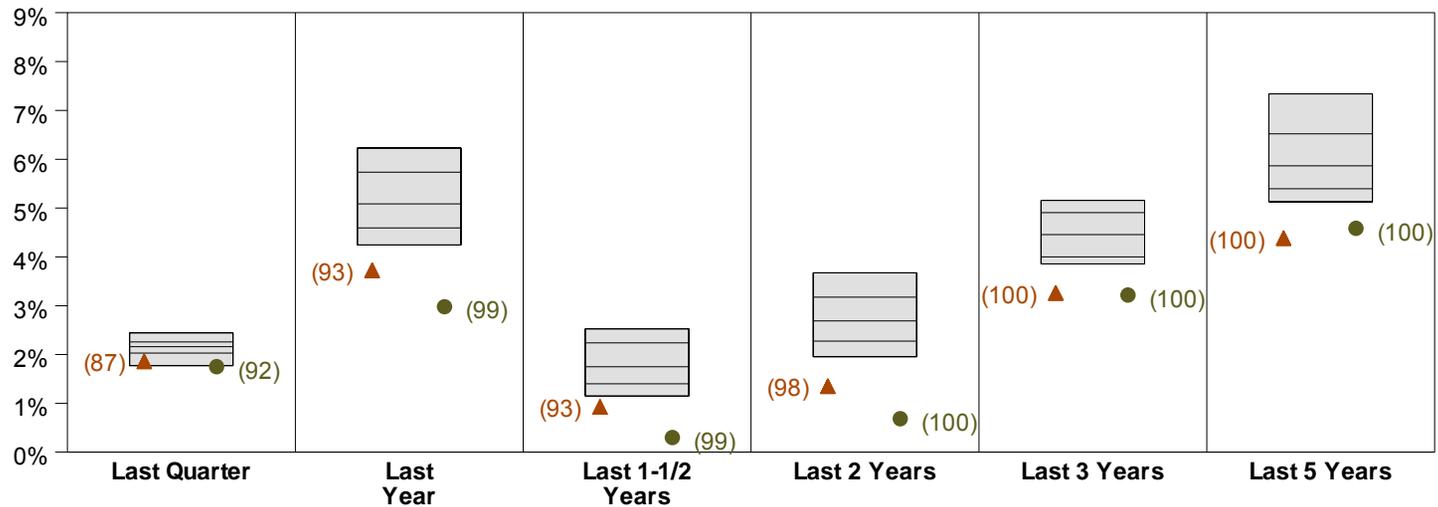


- This is the sixth full quarter of performance for the Vanguard S&P 600 mutual fund in the Program. Longer performance history reflects the mutual fund in which the Program is now invested.

Fixed Income Returns

Quarter Ended June 30, 2014

Performance vs CAI Core Bond Fixed-Inc Style (Gross)



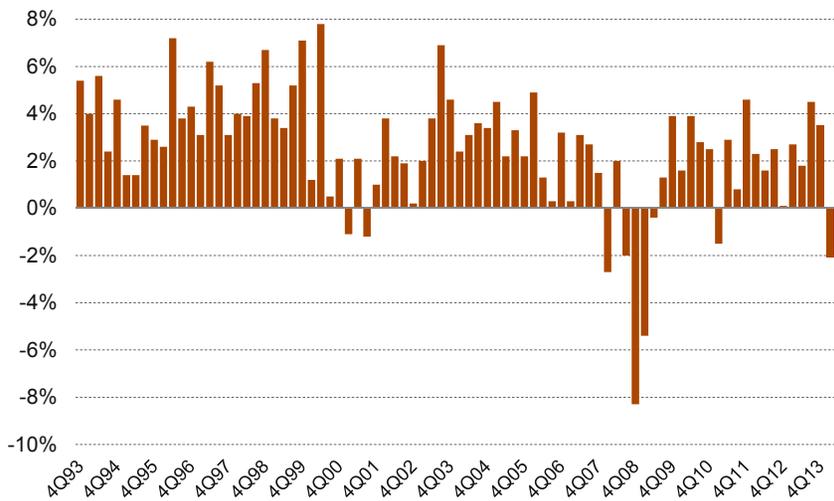
10th Percentile	2.44	6.23	2.52	3.68	5.16	7.34
25th Percentile	2.26	5.73	2.24	3.17	4.91	6.52
Median	2.16	5.09	1.75	2.69	4.46	5.87
75th Percentile	2.03	4.59	1.40	2.27	4.00	5.39
90th Percentile	1.77	4.24	1.15	1.95	3.86	5.13
Chicago Equity Core Fixed Income ●	1.71	2.95	0.27	0.65	3.18	4.54
Barclays Aggregate ex Baa ▲	1.86	3.73	0.93	1.35	3.26	4.38

- This is the sixth full quarter of performance for the Chicago Equity fixed income portfolio. Returns prior to January 1, 2013 are manager reported composite results.

U.S. Economy

Periods Ending June 30, 2014

Quarterly Real GDP Growth (20 Years)*



Source: Bureau of Economic Analysis

Federal Reserve Summary of Economic Projections

Fed's June 2014 Forecasts*

Percent	2014	2015	2016	Long Run
Change in real GDP, Q4 to Q4	2.2	3.1	2.8	2.2
Unemployment Rate, Q4	6.1	5.6	5.3	5.4
PCE Inflation, Q4 to Q4	1.6	1.8	1.8	2.0
Federal Funds Rate, end of year	0.25	1.13	2.50	3.75

Source: Federal Reserve, FactSet, J.P. Morgan Asset Management.

*Forecasts of 16 FOMC participants, midpoints of central tendency except for federal funds rate which is a median estimate

- Fed continued to taper bond purchases by an additional \$10B to \$35B/month in July.
- 2nd quarter GDP was 4.0%; the 1st quarter GDP was revised to -2.1%.
- June headline & core CPI increased over the trailing year by 2.1% and 1.9%, respectively.
- The unemployment rate declined from last quarter to 6.1%. Unemployment was 6.7% at the end of 2013 and 7.6% in June 2013
- Labor market shows strength with addition of 230,000 jobs on average each month of 2014.

Asset Class Performance

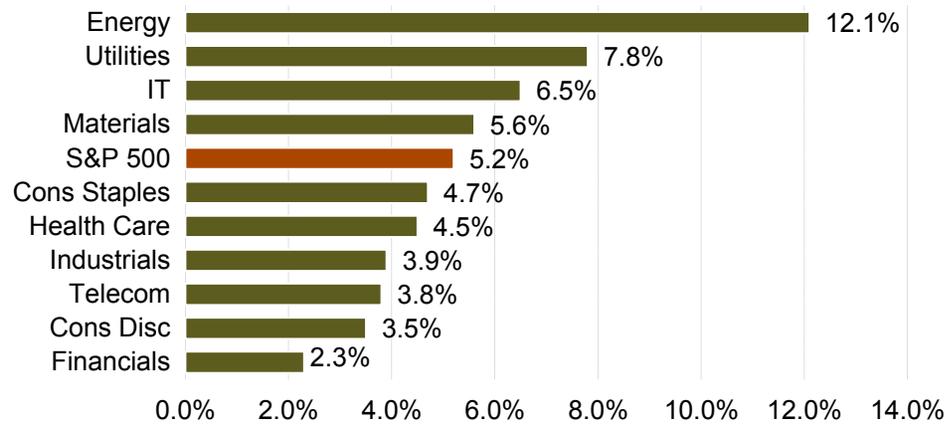
**Periodic Table of Investment Returns
for Periods Ended June 30, 2014**

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
S&P:500 5.2%	S&P:600 Small Cap 25.5%	S&P:600 Small Cap 16.8%	S&P:600 Small Cap 22.0%	S&P:400 Mid Cap 10.5%
S&P:400 Mid Cap 4.3%	S&P:400 Mid Cap 25.2%	S&P:500 16.6%	S&P:400 Mid Cap 21.7%	S&P:600 Small Cap 9.9%
MSCI:EAFE US\$ 4.1%	S&P:500 24.6%	S&P:400 Mid Cap 15.3%	S&P:500 18.8%	S&P:500 7.8%
S&P:600 Small Cap 2.1%	MSCI:EAFE US\$ 23.6%	MSCI:EAFE US\$ 8.1%	MSCI:EAFE US\$ 11.8%	MSCI:EAFE US\$ 6.9%
Barclays:Aggr ex Baa 1.9%	Barclays:Aggr ex Baa 3.7%	Barclays:Aggr ex Baa 3.3%	Barclays:Aggr ex Baa 4.4%	Barclays:Aggr ex Baa 4.7%
3 Month T-Bill 0.0%	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	3 Month T-Bill 1.6%

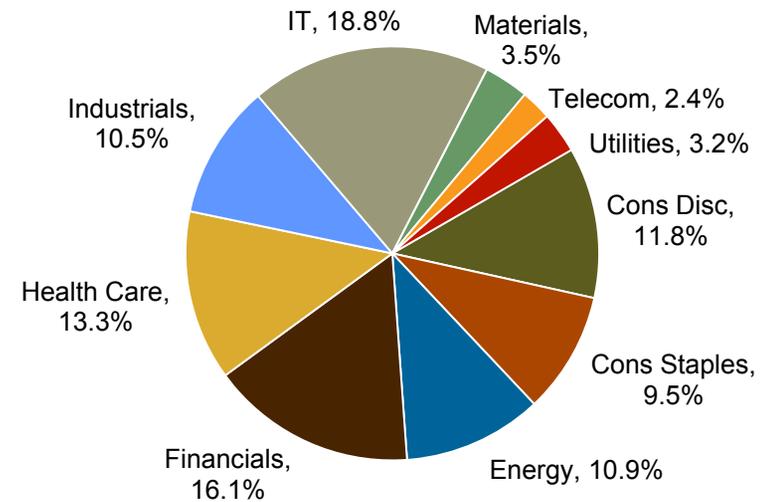
Large Cap Sector Performance

Quarter Ended June 30, 2014

S&P 500 Sector Returns



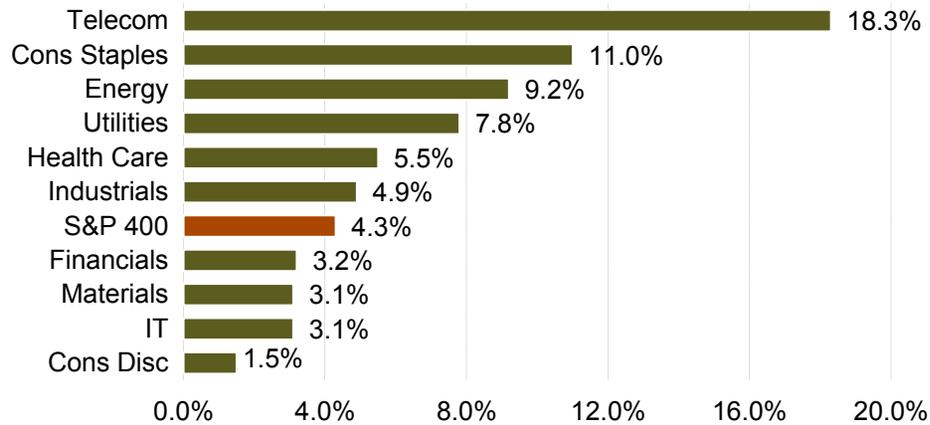
S&P 500 Sector Allocation



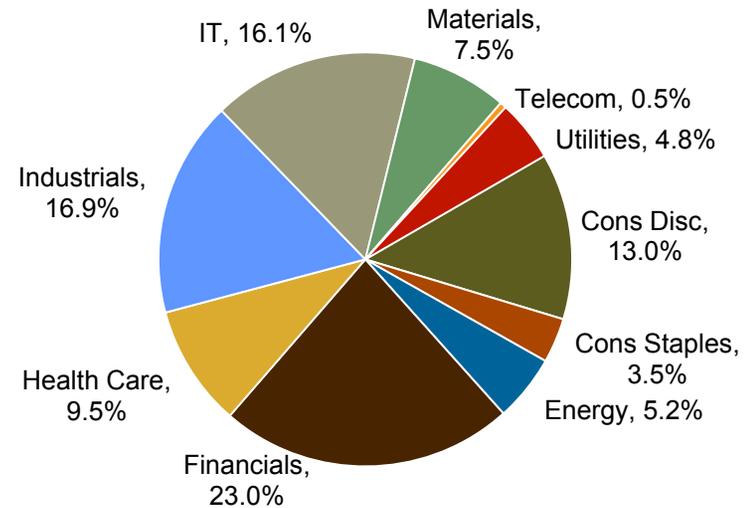
Mid Cap Sector Performance

Quarter Ended June 30, 2014

S&P 400 Sector Returns



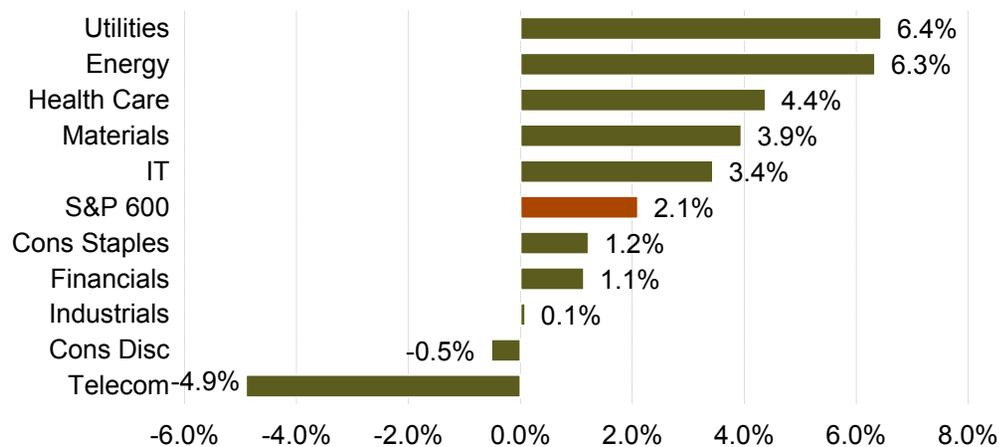
S&P 400 Sector Allocation



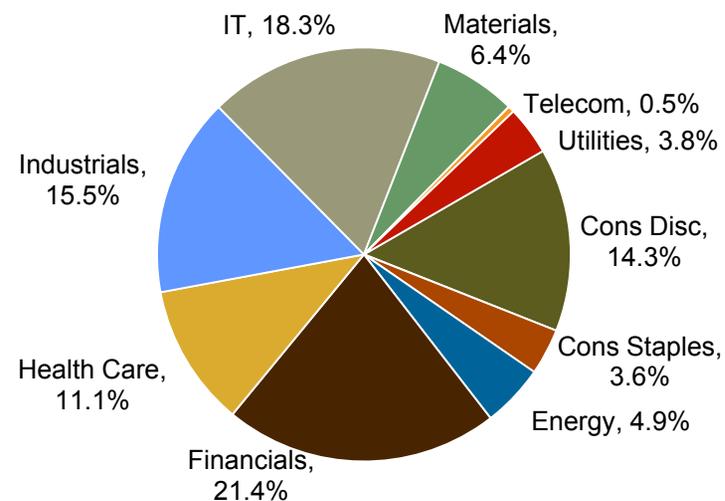
Small Cap Sector Performance

Quarter Ended June 30, 2014

S&P 600 Sector Returns



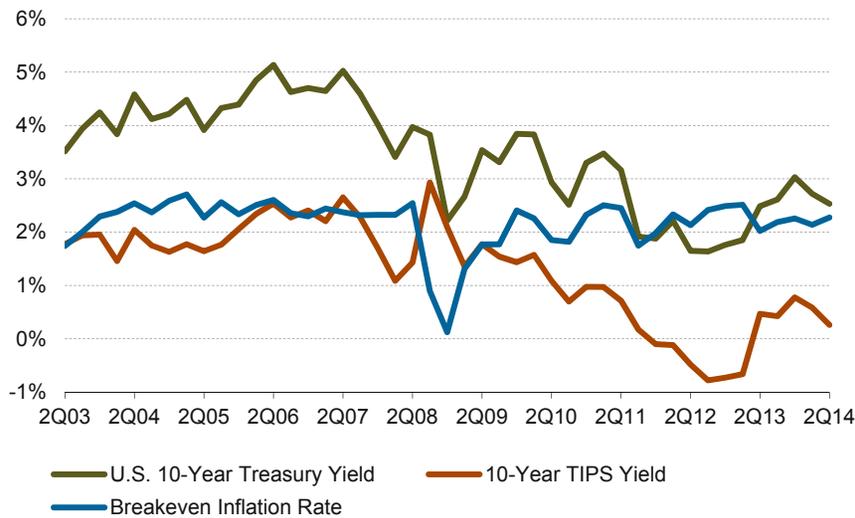
S&P 600 Sector Allocation



Yield Curve Changes

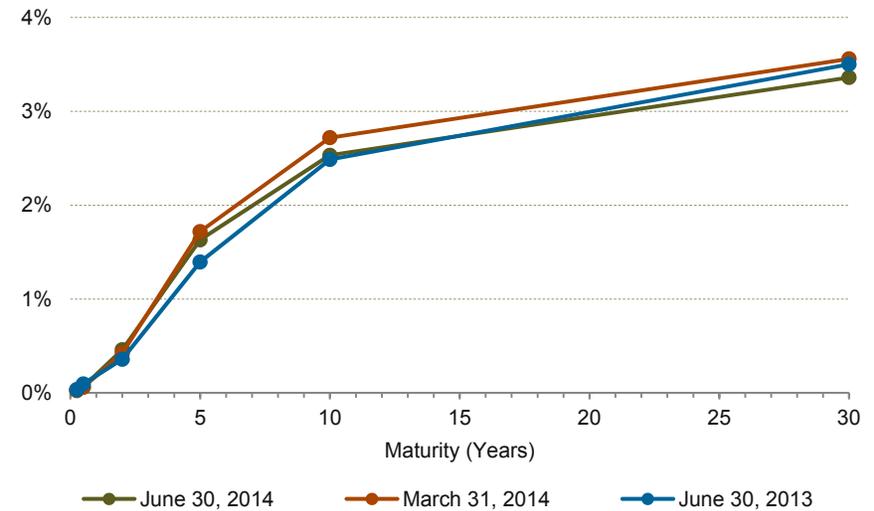
Periods Ending June 30, 2014

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



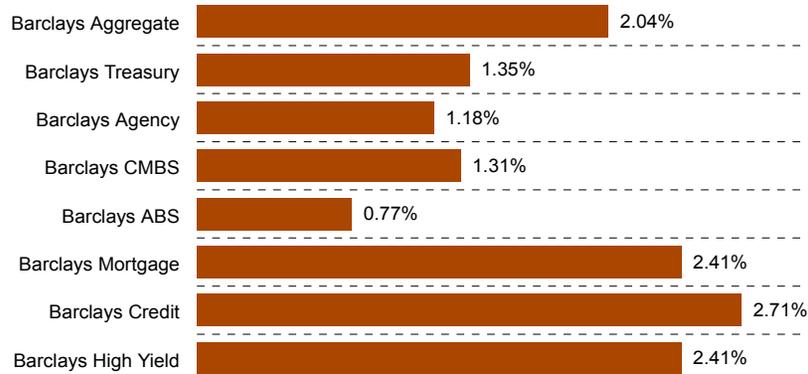
Source: Bloomberg

- A flattening of the yield curve helped long-term treasury returns.
- The ten-year treasury yield declined 19 basis points from last quarter ending at 2.53%.
- TIPS returned 3.8% in the quarter, exceeding the Aggregate (+2.0%).

Total Rates of Return by Bond Sector

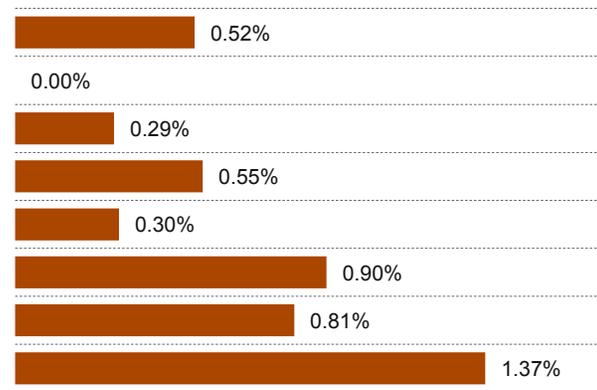
Periods Ending June 30, 2014

Absolute Returns

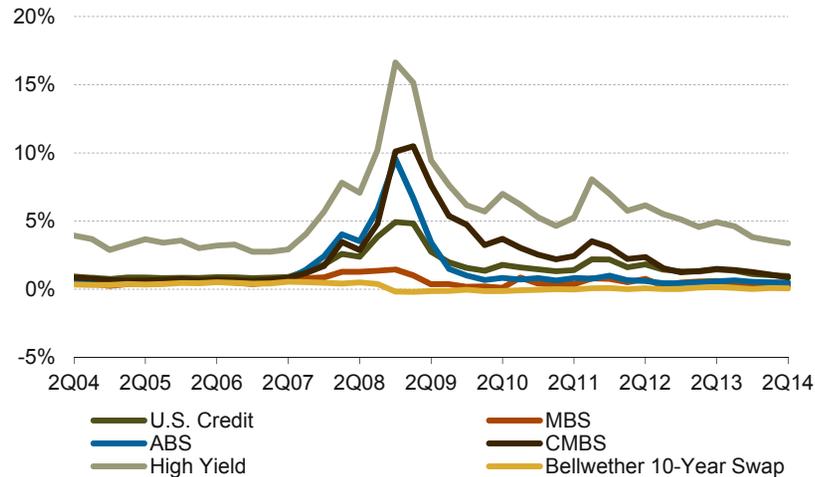


Source: Barclays

Excess Return versus Like-Duration Treasuries



Effective Yield Over Treasuries



Source: Barclays

Bond Market Returns

Quarter Ended June 30, 2014

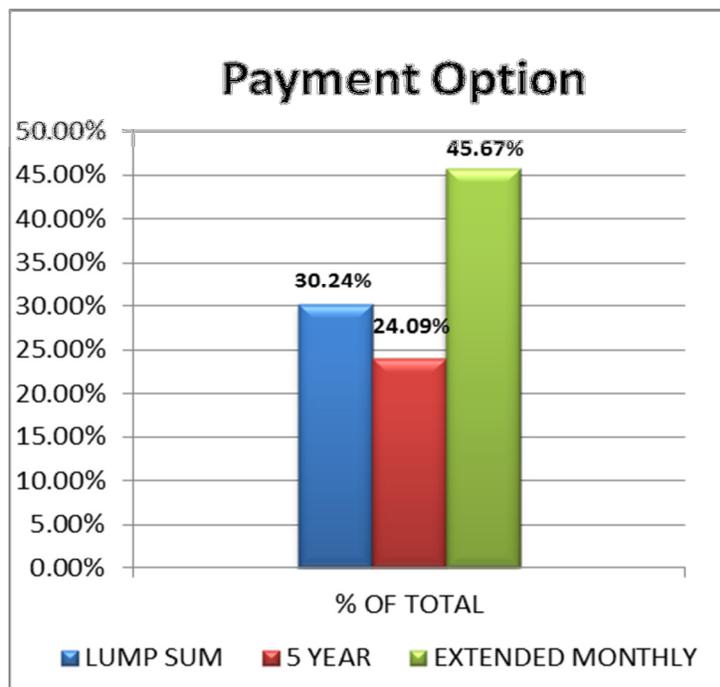
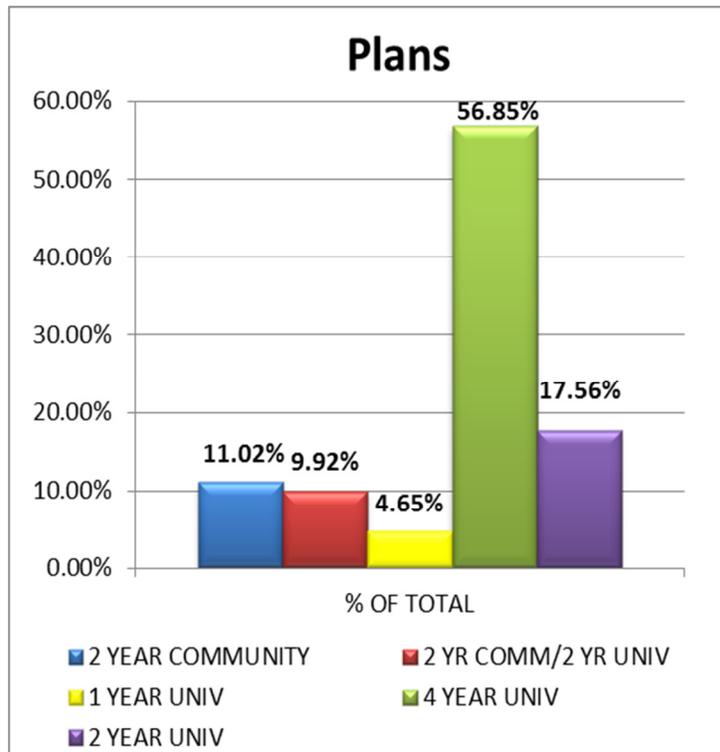
	Last Quarter	Last Year	Last 3 Years
Barclays:Aggr ex Baa	1.86	3.73	3.26
Barclays:Govt Index	1.34	2.08	2.88
Barclays:Mortgage Idx	2.41	4.66	2.80
Barclays:Corp ex Baa Idx	2.27	6.46	5.42
Barclays:Asset Backed Idx	0.77	1.80	2.44

APPENDIX D

ENROLLMENT STATISTICAL CHARTS

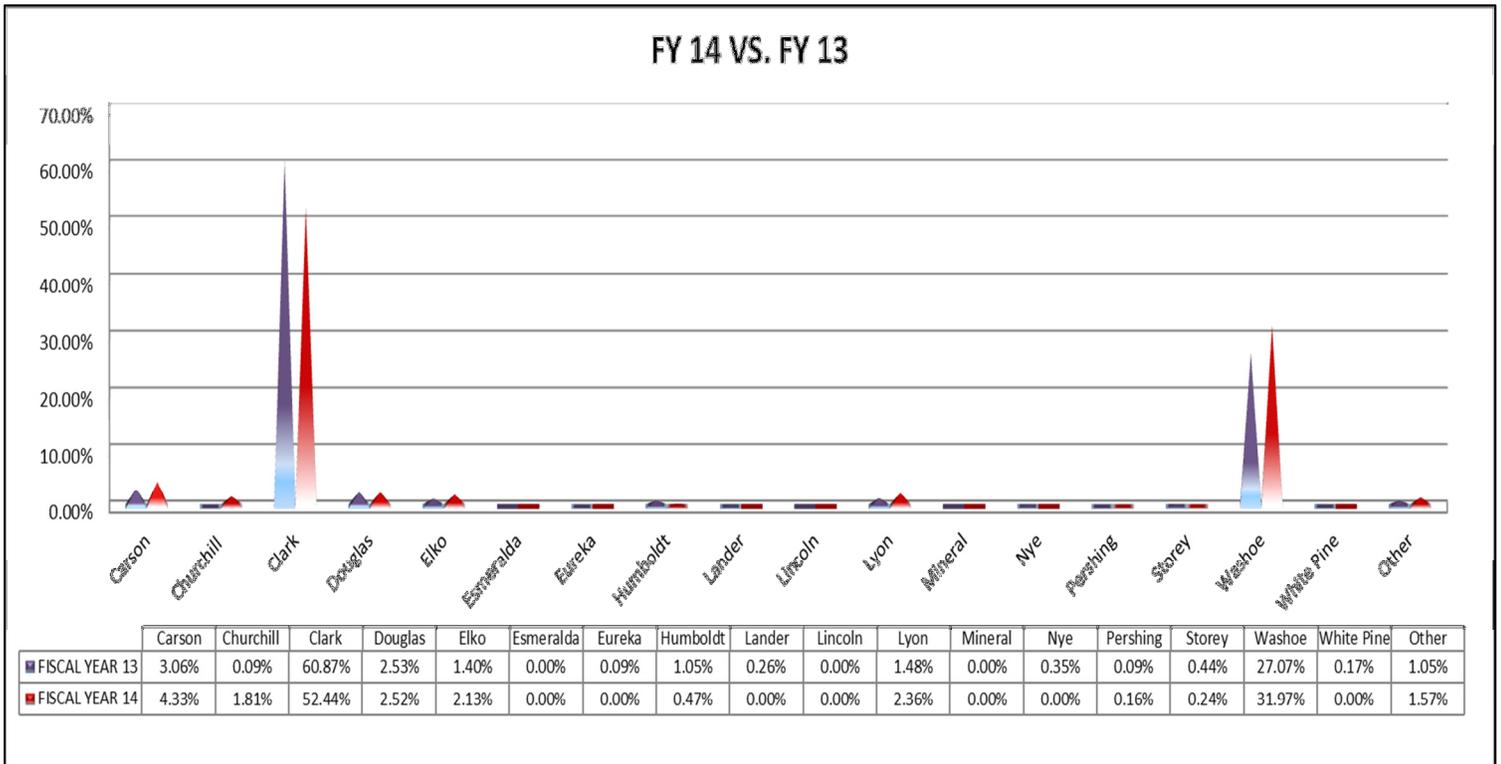
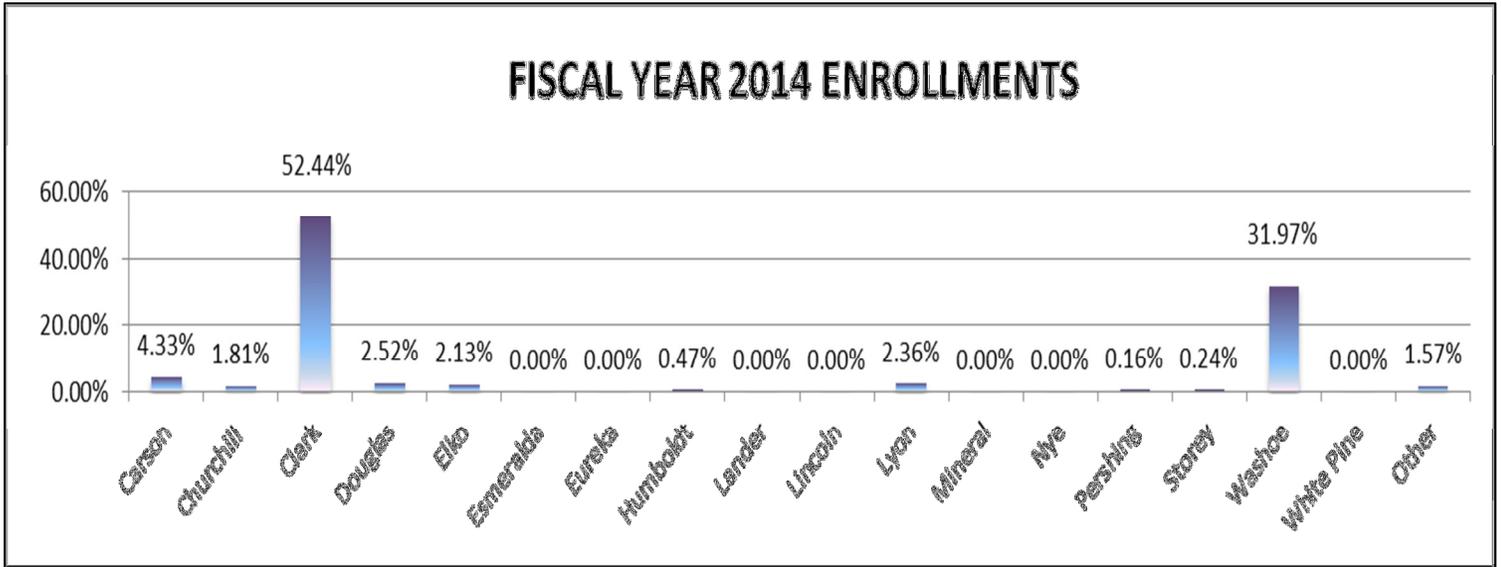
NEW ENROLLMENTS FISCAL YEAR 2014

PLAN	TOTAL	% OF TOTAL
2 YEAR COMMUNITY		
LUMP SUM	22	
5 YEAR	51	
EXTENDED	67	
	140	11.02%
2 YR COMM/2 YR UNIV		
LUMP SUM	24	
5 YEAR	22	
EXTENDED	80	
	126	9.92%
1 YEAR UNIV		
LUMP SUM	22	
5 YEAR	8	
EXTENDED	29	
	59	4.65%
4 YEAR UNIV		
LUMP SUM	253	
5 YEAR	175	
EXTENDED	294	
	722	56.85%
2 YEAR UNIV		
LUMP SUM	63	
5 YEAR	50	
EXTENDED	110	
	223	17.56%
TOTAL ENROLLMENT FORMS	1,270	100.00%

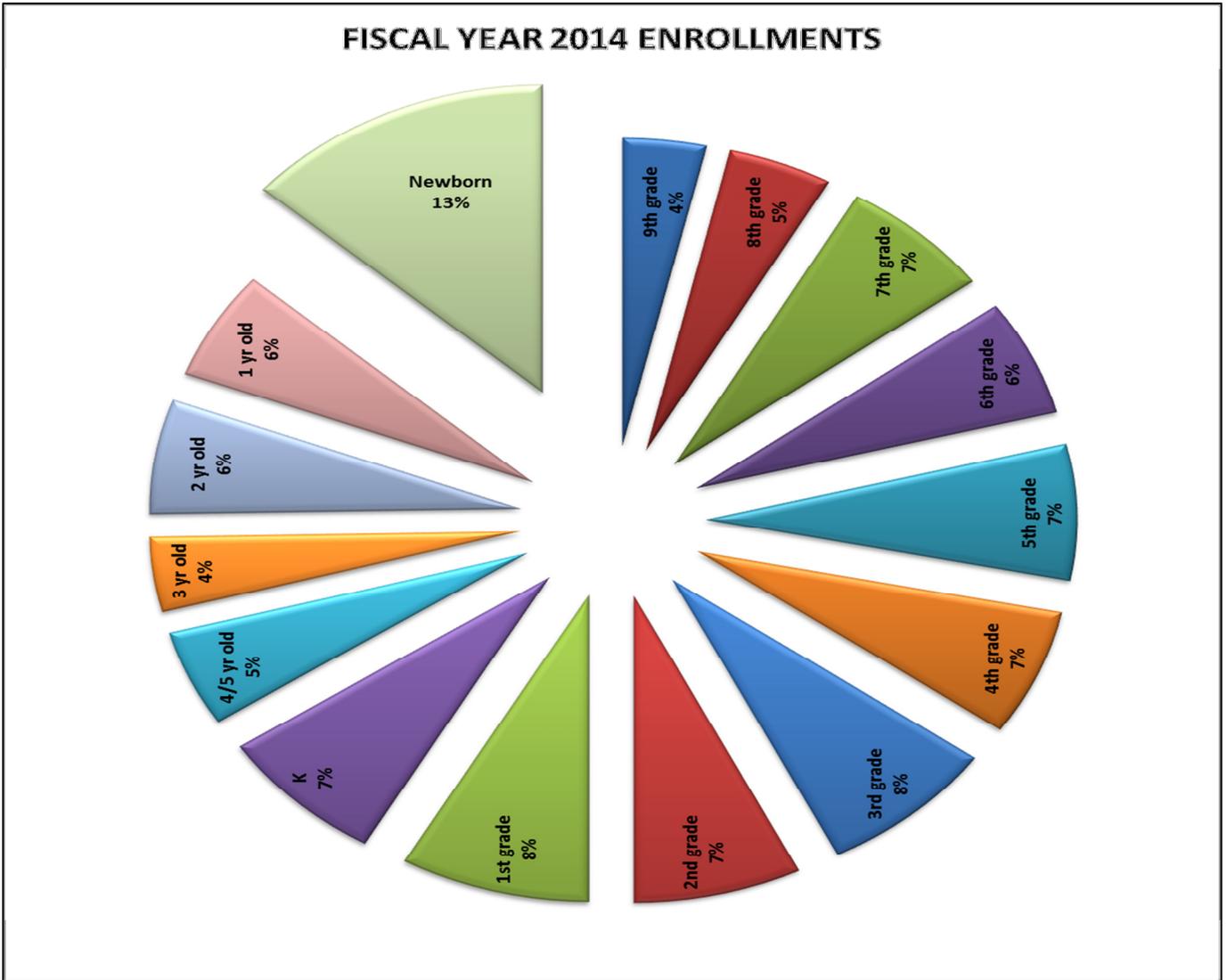


PAYMENT OPTION	TOTAL	% OF TOTAL
LUMP SUM	384	30.24%
5 YEAR	306	24.09%
EXTENDED MONTHLY	580	45.67%
TOTAL ENROLLMENT	1,270	100.00%

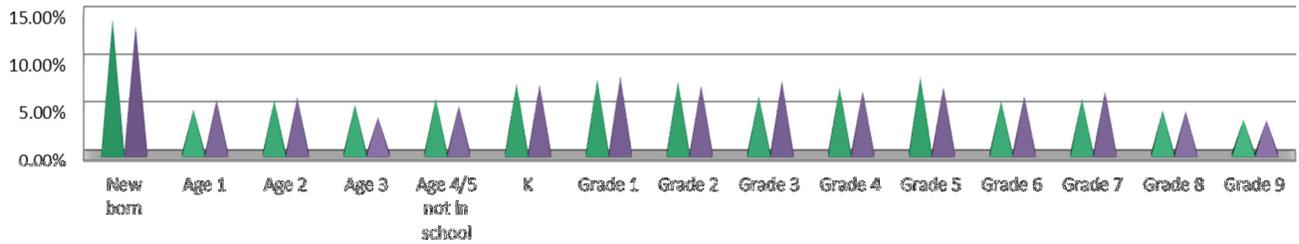
CONTRACTS BY COUNTY



BENEFICIARY'S AGE/GRADE

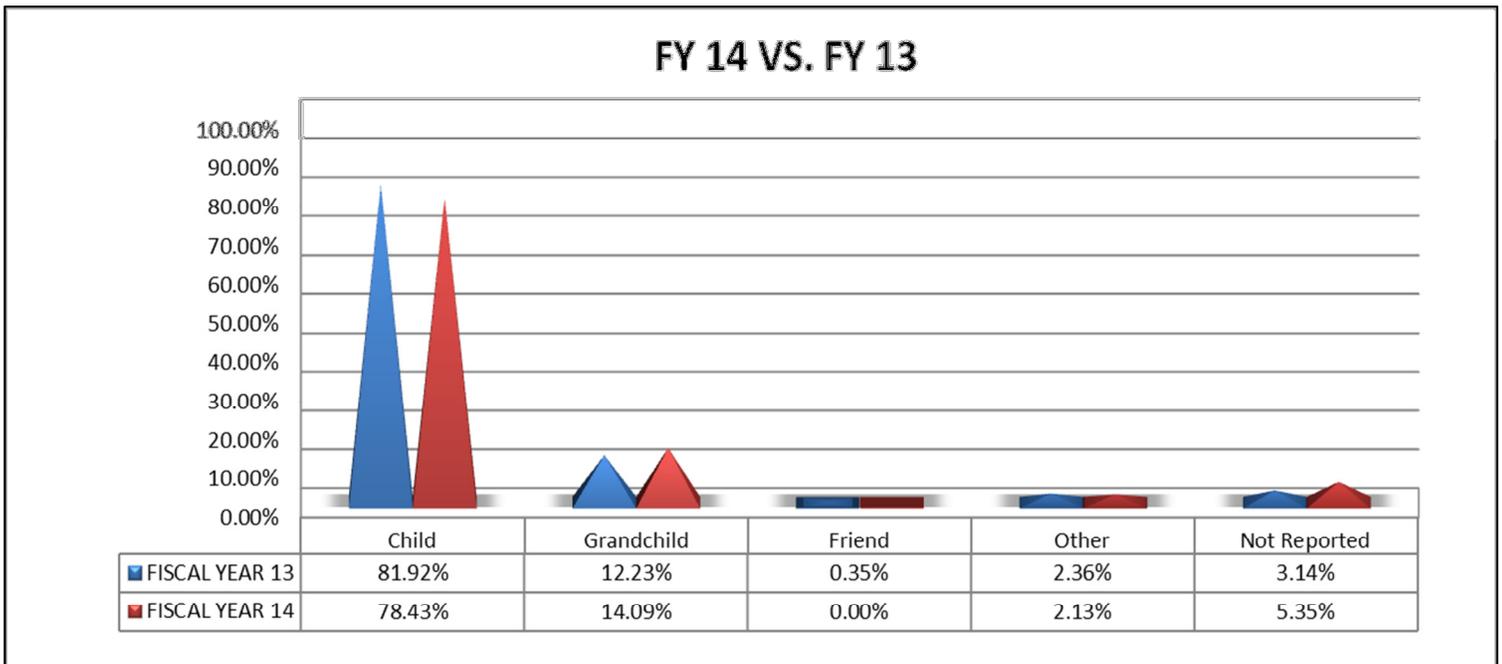
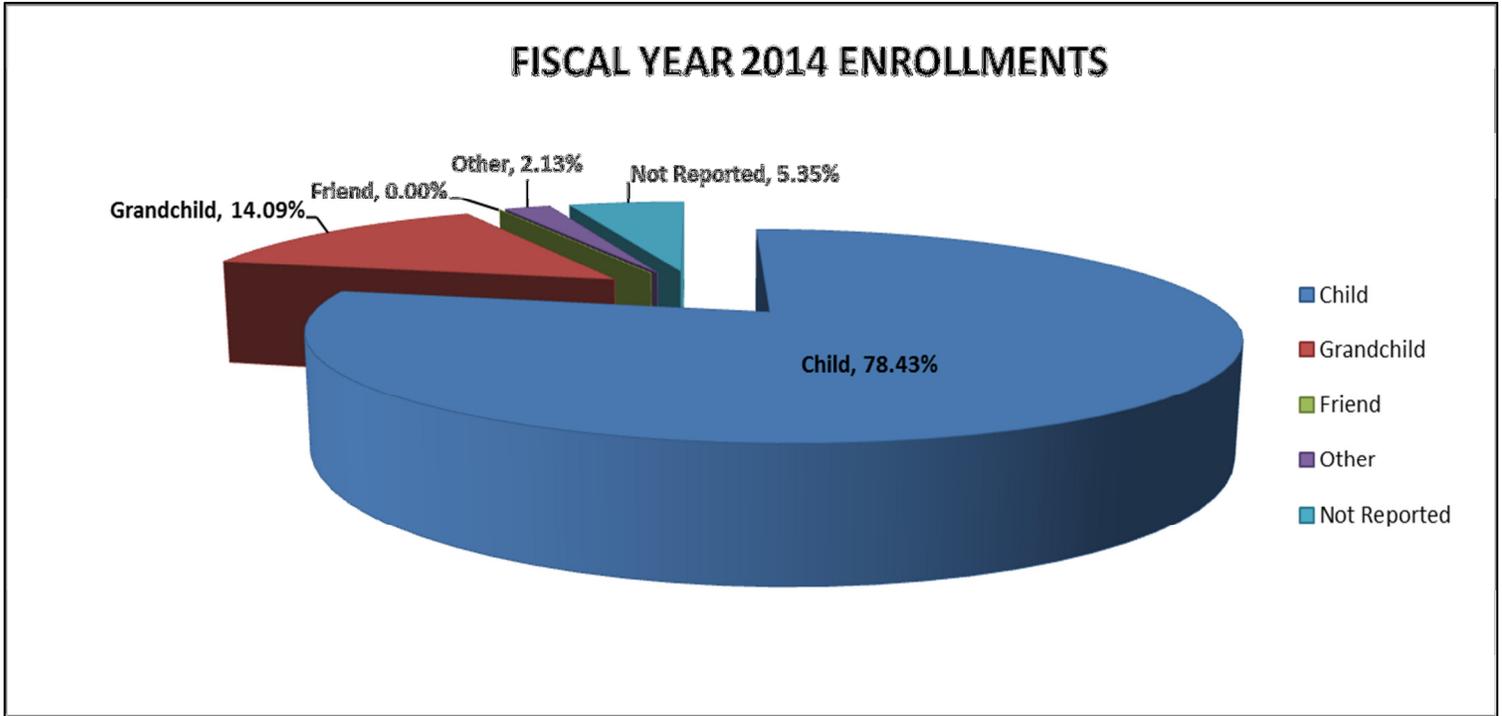


FY 14 VS. FY 13



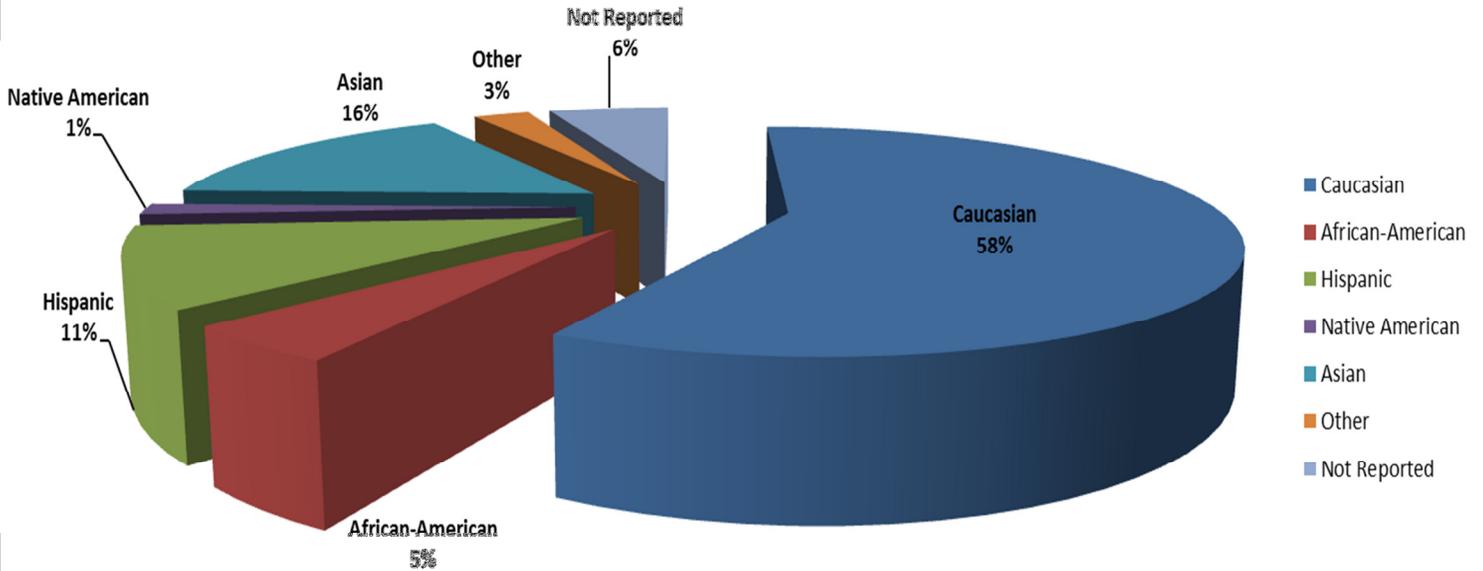
	New born	Age 1	Age 2	Age 3	Age 4/5 not in school	K	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9
■ FISCAL YEAR 2013	14.24%	4.72%	5.68%	5.24%	5.85%	7.51%	7.95%	7.69%	6.11%	7.07%	8.21%	5.59%	5.85%	4.63%	3.67%
■ FISCAL YEAR 2014	13.54%	5.75%	5.98%	3.94%	5.12%	7.40%	8.27%	7.32%	7.80%	6.69%	7.17%	6.14%	6.69%	4.57%	3.62%

BENEFICIARY'S RELATIONSHIP TO PURCHASER

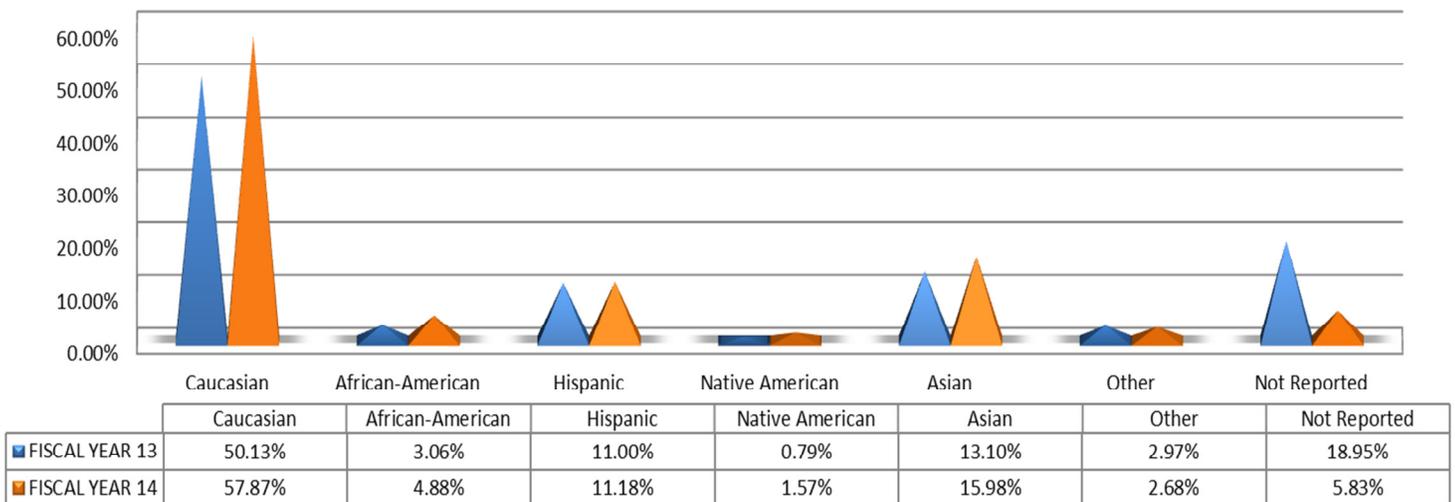


RACE OF BENEFICIARY

FISCAL YEAR 2014 ENROLLMENTS

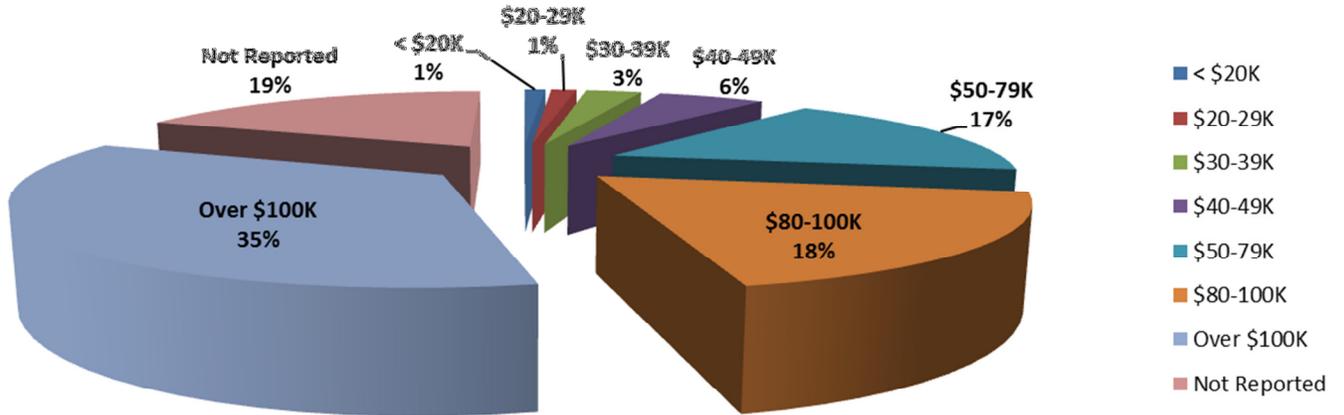


FY 14 VS. FY 13

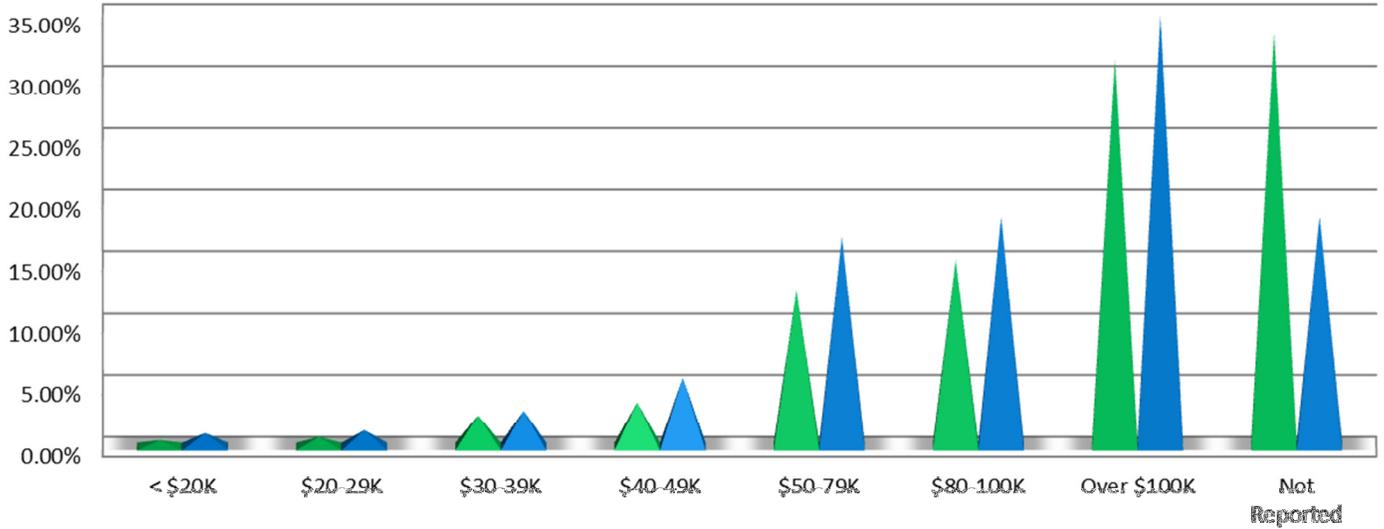


PURCHASER'S INCOME LEVEL

FISCAL YEAR 14 ENROLLMENTS

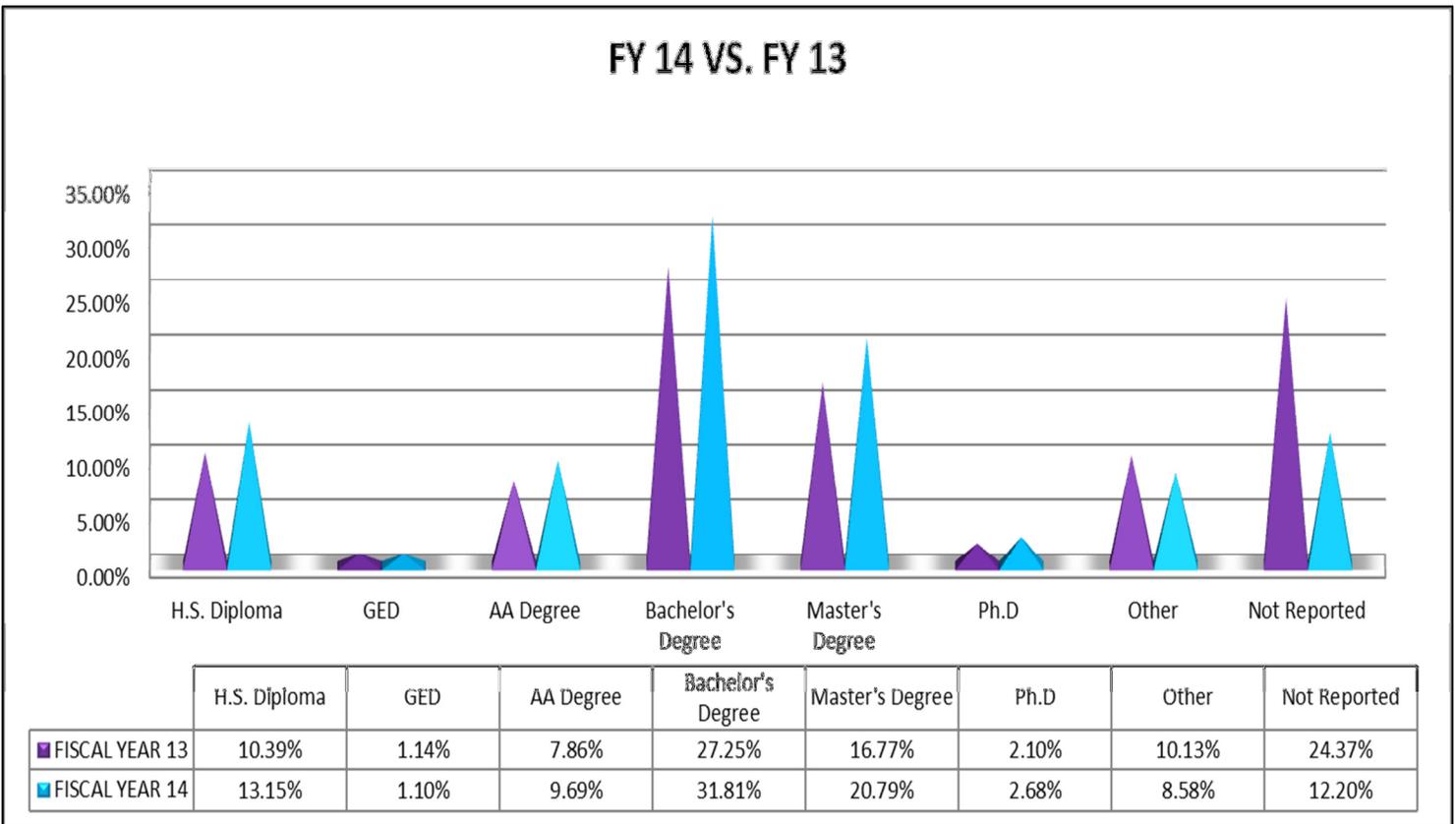
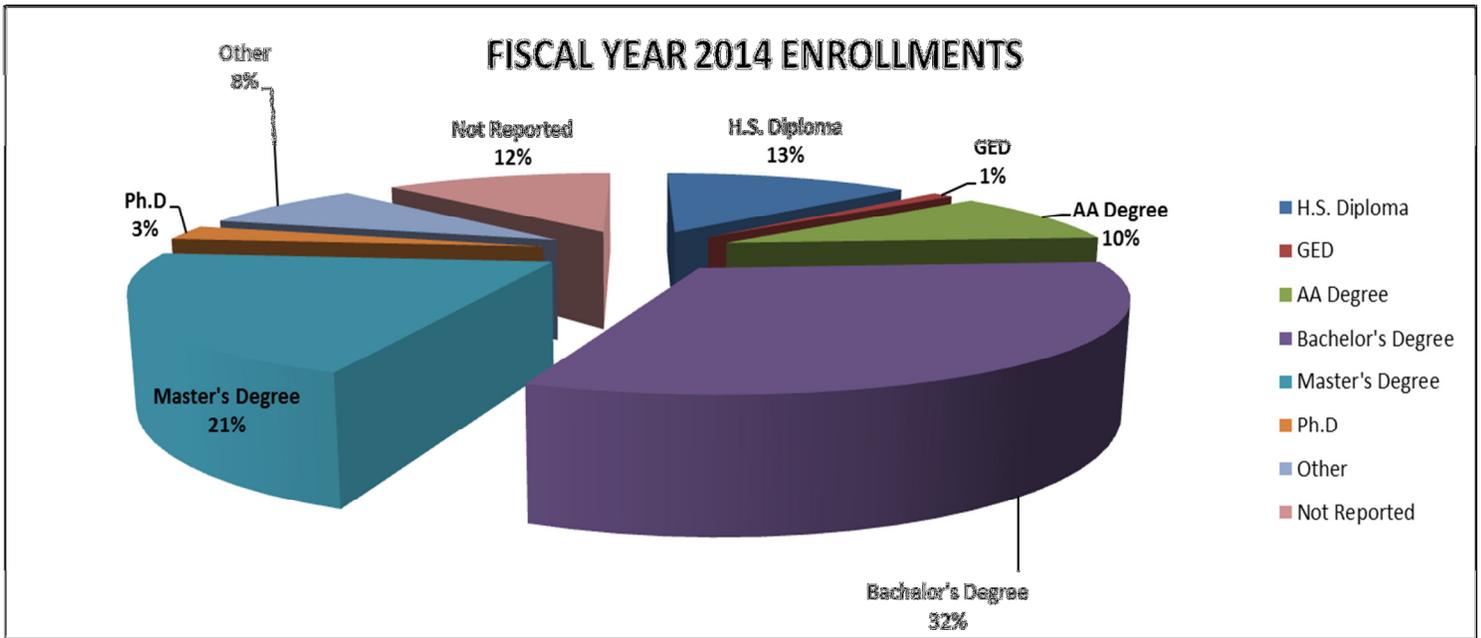


FY 14 VS. FY 13



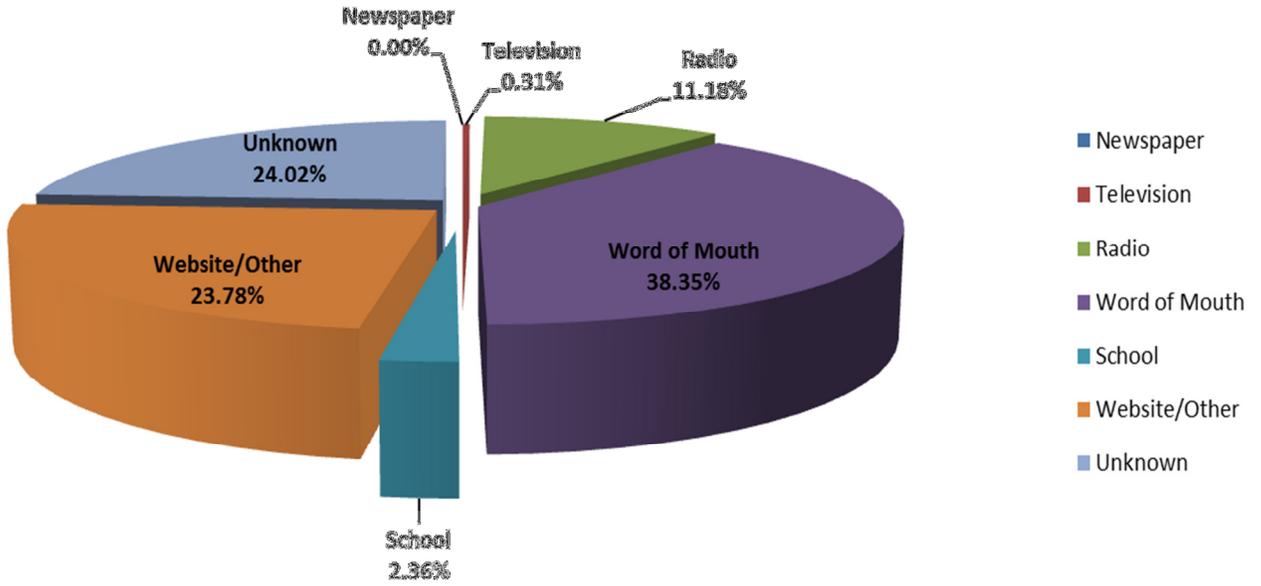
	< \$20K	\$20-29K	\$30-39K	\$40-49K	\$50-79K	\$80-100K	Over \$100K	Not Reported
■ FISCAL YEAR 13	0.52%	0.79%	2.53%	3.58%	12.66%	15.11%	31.35%	33.45%
■ FISCAL YEAR 14	1.10%	1.34%	2.91%	5.59%	16.93%	18.58%	34.88%	18.66%

PURCHASER'S EDUCATION LEVEL

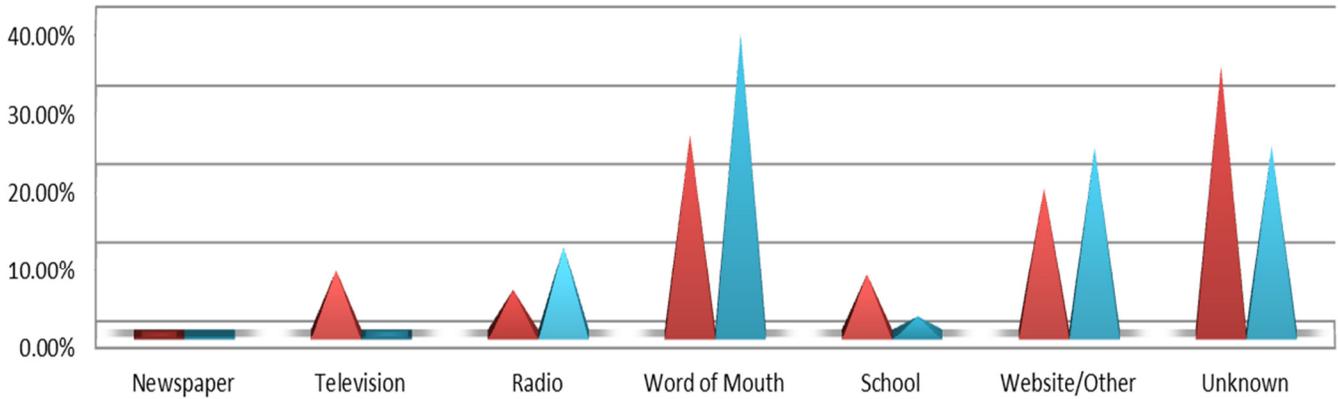


REFERRAL SOURCE

FISCAL YEAR 2014 ENROLLMENTS



FY 14 VS. FY 13



	Newspaper	Television	Radio	Word of Mouth	School	Website/Other	Unknown
FISCAL YEAR 13	0.17%	8.12%	5.68%	25.41%	7.60%	18.78%	34.24%
FISCAL YEAR 14	0.00%	0.31%	11.18%	38.35%	2.36%	23.78%	24.02%

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 5
January 29, 2015

Item: Supplement to the SSgA Upromise 529 Plan, Plan Description and Participation Agreement Recommendation:

That the Board review and approve the supplement to the SSgA Upromise 529 Plan Plan Description and Participation Agreement per NRS 353B.370; or direct staff as appropriate.

Fiscal:
None.

Summary:

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the SSgA Upromise 529 Plan Plan Description and Participation Agreement issued April 2012, updates the document to include:

- 1) The official change of name from Upromise Investments, Inc. and Upromise Investment Advisors, LLC to Ascensus Broker Dealer Services, Inc. and Ascensus Investment Advisors, LLC, respectively.
- 2) Updated fee, performance, example of investment cost chart and asset allocations as of December 31, 2014.
- 3) The ability for participants to change investment direction two times a calendar year.

Patricia Brady of Ascensus College Savings will be available to answer questions regarding this item.

**SUPPLEMENT DATED JANUARY 2015 TO THE
SSgA UPROMISE 529 PLAN
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT
DATED APRIL 16, 2012, as supplemented**

This Supplement describes important changes affecting the SSgA Upromise 529 Plan. Unless otherwise indicated, capitalized terms have the same meaning as those in the Plan Description.

Annual investment change limits

Under the recently enacted federal law known as the Achieving a Better Life Experience Act of 2014 or the "ABLE Act of 2014", you will be permitted to change the investment option for all or a portion of the assets in your account for any reason up to two times during each calendar year beginning in 2015. Accordingly, all references to the once per calendar year restriction found throughout this Plan Description and Participation Agreement should be changed to twice per calendar year.

Name changes for Upromise Investments, Inc., Upromise Investment Advisors, LLC. and Upromise Investments Recordkeeping Services, LLC.

On December 2, 2013, Ascensus, Inc. acquired Upromise Investments, Inc. and its affiliates Upromise Investment Advisors, LLC. and Upromise Investments Recordkeeping Services, LLC. (the "Upromise Entities").

Effective May 14, 2014, the names of the Upromise Entities related to the SSgA Upromise 529 Plan have changed as follows:

Prior Entity Name	New Entity Name
Upromise Investments, Inc.	Ascensus Broker Dealer Services, Inc.
Upromise Investment Advisors, LLC.	Ascensus Investment Advisors, LLC.

Each reference to a Prior Entity Name in the Plan Description and Participation Agreement is hereby replaced with its corresponding New Entity Name. Each reference to the term "Upromise Investments" as it is used to describe the Upromise Entities and their affiliates is hereby replaced with the term "Ascensus College Savings." Upromise, Inc., which is not affiliated with the Ascensus College Savings companies, continues to offer the Upromise Service under the name "Upromise" as described in the Plan Description and Participation Agreement and supplements thereto.

The following replaces the fee tables on page 21 and 22 and the information under the heading "Example of Investment Costs in Each Investment Option" on page 23, and in the Supplement dated October 2013:

Portfolios	ANNUAL ASSET-BASED PLAN FEE					ADDITIONAL INVESTOR EXPENSE
	Investment Services Fee ¹	Program Management Fee	Tactical Asset Allocation Fee	State Fee	Annual Asset-Based Plan Fee ²	Annual Account Maintenance Fee ³
Risk-Based Portfolios						
SSgA Aggressive Portfolio	0.25%	0.22%	0.09%	0.02%	0.58%	\$20
SSgA Moderate Portfolio	0.19%	0.22%	0.09%	0.02%	0.52%	\$20
SSgA Conservative Portfolio	0.13%	0.22%	0.09%	0.02%	0.46%	\$20
College Date Portfolios						
SSgA College 2030 Portfolio	0.22%	0.22%	0.09%	0.02%	0.55%	\$20
SSgA College 2027 Portfolio	0.21%	0.22%	0.09%	0.02%	0.54%	\$20
SSgA College 2024 Portfolio	0.19%	0.22%	0.09%	0.02%	0.52%	\$20
SSgA College 2021 Portfolio	0.17%	0.22%	0.09%	0.02%	0.50%	\$20
SSgA College 2018 Portfolio	0.15%	0.22%	0.09%	0.02%	0.48%	\$20
SSgA College 2015 Portfolio	0.13%	0.22%	0.09%	0.02%	0.46%	\$20
SSgA College Today Portfolio	0.12%	0.22%	0.09%	0.02%	0.45%	\$20

¹ Underlying Investment Expenses as of December 31, 2014. Source: SSgA

² Includes Investment Services Fee, Program Management Fee, Tactical Asset Allocation Fee (if applicable), and State Fee. This total is assessed against assets over the course of the year and does not include the \$20 Annual Account Maintenance Fee. The following "Example of Investment Costs" table shows the approximate cost of investing in each of the Plan's Portfolios over 1-,3-,5-, and 10-year periods and the effect of paying the \$20 Annual Account Maintenance Fee.

³ The Annual Account Maintenance Fee is charged annually to an account during the month in which the anniversary date of the opening of the account occurs; beginning 12 months after an account is opened. The Annual Account Maintenance Fee will be waived if: (i) either the Account Owner or the designated beneficiary has a Nevada permanent address or Nevada mailing address on file with the Plan; or (ii) the Account Owner is invested in the Savings Portfolio at the time the Annual Account Maintenance Fee is assessed.

Portfolios	ANNUAL ASSET-BASED PLAN FEE				ADDITIONAL INVESTOR EXPENSE
	Investment Services Fee ¹	Program Management Fee	State Fee	Annual Asset-Based Plan Fee ²	Annual Account Maintenance Fee ³
Static Portfolios					
SPDR S&P 500 ETF Trust Portfolio	0.11% ⁵	0.22%	0.02%	0.35%	\$20
SPDR S&P MidCap 400 ETF Trust Portfolio	0.25%	0.22%	0.02%	0.49%	\$20
SPDR S&P 600 Small Cap ETF Portfolio	0.20% ⁷	0.22%	0.02%	0.44%	\$20
SPDR S&P World ex-US ETF Portfolio	0.34%	0.22%	0.02%	0.58%	\$20
SPDR S&P International Small Cap ETF Portfolio	0.59%	0.22%	0.02%	0.83%	\$20
SPDR S&P Emerging Markets ETF Portfolio	0.59%	0.22%	0.02%	0.83%	\$20
SPDR S&P Emerging Markets Small Cap ETF Portfolio	0.65%	0.22%	0.02%	0.89%	\$20
SPDR Dow Jones REIT ETF Portfolio	0.25% ⁷	0.22%	0.02%	0.49%	\$20
SPDR Dow Jones International Real Estate ETF Portfolio	0.59%	0.22%	0.02%	0.83%	\$20
SPDR Barclays Aggregate Bond ETF Portfolio	0.15% ^{6,7}	0.22%	0.02%	0.39%	\$20

SPDR Barclays TIPS ETF Portfolio	0.19% ⁷	0.22%	0.02%	0.43%	\$20
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	0.50% ⁷	0.22%	0.02%	0.74%	\$20
SPDR Barclays High Yield Bond ETF Portfolio	0.40% ⁷	0.22%	0.02%	0.64%	\$20
SPDR Barclays Short Term Corporate Bond ETF Portfolio	0.13% ⁷	0.22%	0.02%	0.37%	\$20
SPDR Barclays 1-3 Month T-Bill ETF Portfolio	0.14% ⁷	0.22%	0.02%	0.38%	\$20
Savings Portfolio					
Savings Portfolio	0.00%	0.27% ⁴	0.02%	0.29%	\$20

¹ Underlying Investment Expenses as of December 31, 2014. Source: SSgA

² Includes Investment Services Fee, Program Management Fee, and State Fee. This total is assessed against assets over the course of the year and does not include the \$20 Annual Account Maintenance Fee. The following "Example of Investment Costs" table shows the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5-, and 10-year periods and the effect of paying the \$20 Annual Account Maintenance Fee.

³ The Annual Account Maintenance Fee is charged annually to an account during the month in which the anniversary date of the opening of the account occurs; beginning 12 months after an account is opened. The Annual Account Maintenance Fee will be waived if: (i) either the Account Owner or the designated beneficiary has a Nevada permanent address or Nevada mailing address on file with the Plan; or (ii) the Account Owner is invested in the Savings Portfolio at the time the Annual Account Maintenance Fee is assessed.

⁴ The Savings Portfolio's Program Management Fee may be voluntarily waived in an effort to maintain a net yield of 0.00%.

⁵ Until February 1, 2015, State Street Bank and Trust Company, the trustee of the SPDR S&P 500 ETF Trust has agreed to waive a portion of its fee to the extent operating expenses exceed 0.0945%. After February 1, 2015, the trustee may discontinue this fee waiver. Therefore, there is no guarantee that the SPDR S&P 500 ETF Trust's ordinary operating expenses will not exceed 0.0945% of the SPDR S&P 500 ETF Trust's daily net asset value.

⁶ SSgA Funds Management, Inc., the Adviser of SPDR Barclays Aggregate Bond ETF has contractually agreed to waive the advisory fee and reimburse certain expenses, until October 31, 2015, so that the Net Annual Fund Operating Expenses of the Fund will be limited to 0.1345% of the Fund's average daily net assets before application of any extraordinary expenses or acquired fund fees and expenses. The contractual fee waiver does not provide for the recoupment by the Adviser of any fees the Adviser previously waived. The Adviser may continue the waiver from year to year, but there is no guarantee that the Adviser will do so and after October 31, 2015, the waiver may be cancelled or modified at any time.

⁷ Each Fund has adopted a Distribution and Service Plan in accordance with Rule 12b-1 under the 1940 Act pursuant to which payments at an annual rate (based on average daily net assets) of up to 0.25% of the Fund's average daily net assets may be made for the sale and distribution of its Shares. No payments pursuant to the Distribution and Service Plan will be made through at least October 31, 2015. Additionally, the implementation of any such payments would have to be approved by the Fund's Board of Trustees prior to implementation.

	Expense with \$20 Annual Account Fee				Expense without \$20 Annual Account Fee			
	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Portfolios								
SSgA Aggressive Portfolio	\$79	\$245	\$423	\$920	\$59	\$186	\$324	\$726
SSgA Moderate Portfolio	\$73	\$226	\$390	\$847	\$53	\$167	\$291	\$653
SSgA Conservative Portfolio	\$67	\$207	\$357	\$774	\$47	\$148	\$258	\$579
SSgA College 2030 Portfolio	\$76	\$236	\$406	\$884	\$56	\$176	\$307	\$689
SSgA College 2027 Portfolio	\$75	\$233	\$401	\$871	\$55	\$173	\$302	\$677
SSgA College 2024 Portfolio	\$73	\$226	\$390	\$847	\$53	\$167	\$291	\$653
SSgA College 2021 Portfolio	\$71	\$220	\$379	\$823	\$51	\$160	\$280	\$628
SSgA College 2018 Portfolio	\$69	\$214	\$368	\$799	\$49	\$154	\$269	\$604
SSgA College 2015 Portfolio	\$67	\$207	\$357	\$774	\$47	\$148	\$258	\$579
SSgA College Today Portfolio	\$66	\$204	\$351	\$762	\$46	\$144	\$252	\$567
SPDR S&P 500 ETF Trust Portfolio	\$56	\$172	\$296	\$640	\$36	\$113	\$197	\$443
SPDR S&P MidCap 400 ETF Trust Portfolio	\$70	\$217	\$373	\$811	\$50	\$157	\$274	\$616
SPDR S&P 600 Small Cap ETF Portfolio	\$65	\$201	\$346	\$750	\$45	\$141	\$246	\$555
SPDR S&P World ex-US ETF Portfolio	\$79	\$245	\$423	\$920	\$59	\$186	\$324	\$726
SPDR S&P International Small Cap ETF Portfolio	\$105	\$324	\$559	\$1,217	\$85	\$265	\$460	\$1,025
SPDR S&P Emerging Markets ETF Portfolio	\$105	\$324	\$559	\$1,217	\$85	\$265	\$460	\$1,025
SPDR S&P Emerging Markets Small Cap ETF Portfolio	\$111	\$343	\$591	\$1,287	\$91	\$284	\$493	\$1,096
SPDR Dow Jones REIT ETF Portfolio	\$70	\$217	\$373	\$811	\$50	\$157	\$274	\$616
SPDR Dow Jones International Real Estate ETF Portfolio	\$105	\$324	\$559	\$1,217	\$85	\$265	\$460	\$1,025
SPDR Barclays Aggregate Bond ETF Portfolio	\$60	\$185	\$318	\$689	\$40	\$125	\$219	\$493
SPDR Barclays TIPS ETF Portfolio	\$64	\$198	\$340	\$738	\$44	\$138	\$241	\$542
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	\$96	\$296	\$510	\$1,111	\$76	\$237	\$411	\$918
SPDR Barclays High Yield Bond ETF Portfolio	\$85	\$264	\$455	\$992	\$65	\$205	\$357	\$798
SPDR Barclays Short-Term Corporate Bond ETF Portfolio	\$58	\$179	\$307	\$664	\$38	\$119	\$208	\$468
SPDR Barclays 1-3 Month T-Bill ETF Portfolio	\$59	\$182	\$312	\$676	\$39	\$122	\$213	\$480
Savings Portfolio	\$50	\$153	\$262	\$565	\$30	\$93	\$163	\$368

The following replaces the section entitled "Historical Investment Performance" on page A-6 of the Plan Description as supplemented April 2013 and October 2013:

The following table presents the Average Annual Total Returns for each Portfolio as of December 31, 2014. The Plan's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The following Average Annual Total Returns reflect past performance net of the Annual-Based Plan Fee, but do not reflect the deduction of the \$20 Annual Account Maintenance Fee.

The Portfolio performance information represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so investors' Trust interests, when sold, may be worth more or less than their original cost.

For performance data current to the most recent month-end, which may be higher or lower than that cited, visit the Plan's website at www.ssga.upromise529.com or call the Plan at 1-800-587-7305.

Performance information for the Portfolios should not be viewed as a prediction of future performance of any particular Portfolio. Moreover, in view of anticipated periodic revisions of allocations and possible changes in the Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any Underlying Investment. You can request a copy of the current prospectus, statement of additional information, or the most recent semiannual or annual report of any Underlying Investment, other than the Sallie Mae HYSAs, by visiting SSgA's website at www.spdrs.com or by calling 866-967-2776.

AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2014*

NAME	1 YEAR	3 YEAR	SINCE INCEPTION	INCEPTION DATE
SSgA Aggressive Portfolio	7.45%	--	13.21%	4/16/2012
SSgA Moderate Portfolio	7.16%	--	8.37%	4/16/2012
SSgA Conservative Portfolio	1.09%	--	0.84%	4/16/2012
SSgA College 2030 Portfolio	7.42%	--	11.61%	4/16/2012
SSgA College 2027 Portfolio	7.55%	--	10.93%	4/16/2012
SSgA College 2024 Portfolio	7.43%	--	9.30%	4/16/2012
SSgA College 2021 Portfolio	6.68%	--	7.40%	4/16/2012
SSgA College 2018 Portfolio	4.32%	--	4.76%	4/16/2012
SSgA College 2015 Portfolio	1.98%	--	1.21%	4/16/2012
SSgA College Today Portfolio	0.10%	--	0.52%	4/16/2012
SPDR S&P 500 ETF Trust Portfolio	12.82%	--	17.56%	4/16/2012
SPDR S&P MidCap 400 ETF Trust Portfolio	8.83%	--	16.28%	4/16/2012
SPDR S&P 600 Small Cap ETF Portfolio	5.45%	--	17.56%	4/16/2012
SPDR S&P World ex-US ETF Portfolio	-5.59%	--	6.97%	4/16/2012
SPDR S&P International Small Cap ETF Portfolio	-7.80%	--	5.17%	4/16/2012
SPDR S&P Emerging Markets ETF Portfolio	-0.29%	--	0.63%	4/16/2012
SPDR S&P Emerging Markets Small Cap ETF Portfolio	-2.04%	--	2.00%	4/16/2012
SPDR Dow Jones REIT ETF Portfolio	30.46%	--	12.49%	4/16/2012
SPDR Dow Jones International Real Estate ETF Portfolio	4.02%	--	9.20%	4/16/2012
SPDR Barclays Aggregate Bond ETF Portfolio	5.70%	--	2.07%	4/16/2012
SPDR Barclays TIPS ETF Portfolio	4.05%	--	-0.86%	4/16/2012
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	-0.50%	--	0.04%	4/16/2012
SPDR Barclays High Yield Bond ETF Portfolio	0.53%	--	5.10%	4/16/2012
SPDR Barclays Short Term Corporate Bond ETF Portfolio	0.59%	--	0.99%	4/16/2012
SPDR Barclays 1-3 Month T-Bill ETF Portfolio	-0.50%	--	-0.52%	4/16/2012
Savings Portfolio	0.59%	0.59%	0.66%	10/18/2010

*The performance data shown represents past performance. Past performance—especially short-term past performance—is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' units, when sold, may be worth more or less than their original cost.

The following replaces the paragraphs entitled "Childhood Years:" and "Pre-Teen Years:" on page A-2:

Childhood Years:

In general, a long time horizon will indicate the opportunity to focus on capital appreciation and shifting the risk to a more moderate level. As a result, it will allow for a higher allocation to stock and real estate investments. For example, for designated beneficiaries with approximately 16 years until college, the SSgA College 2030 Portfolio may be a good fit given its combined allocation to stock and real estate investments of approximately 77% and an allocation to bond investments of approximately 23%.

Pre-Teen Years:

As the designated beneficiary ages and his or her investment horizon becomes shorter, the Portfolio still maintains the capital appreciation focus in order to seek to grow the assets, while shifting to a more moderate level. As a result, the allocation to stocks and real estate investments declines while the allocation to bonds investments increases to reflect the more conservative risk stance. For example, the SSgA College 2021 Portfolio currently has an allocation to stock and real estate investments of approximately 35% and an allocation to bond and money market investments of approximately 65%.

The following replaces the tables under the heading "Current Strategic Allocations For Each College Date and Risk-Based Portfolio" on pages A-4 and A-5:

The below table provides the approximate current allocations of the Underlying Investments for each College Date Portfolio.

*As of December 31, 2014

Underlying Investment (Underlying Investment Ticker)	SSgA College 2030 Portfolio	SSgA College 2027 Portfolio	SSgA College 2024 Portfolio	SSgA College 2021 Portfolio	SSgA College 2018 Portfolio	SSgA College 2015 Portfolio	SSgA College Today Portfolio
SPDR S&P 500 ETF Trust (SPY)	36.25%	32.58%	26.33%	19.34%	5.67%	N/A	N/A
SPDR S&P MidCap 400 ETF Trust (MDY)	3.66%	2.83%	2.00%	1.25%	0.33%	N/A	N/A
SPDR S&P 600 Small Cap ETF (SLY)	3.66%	2.83%	2.00%	1.25%	0.33%	N/A	N/A
Total US Equity	43.57%	38.24%	30.33%	21.84%	6.33%	0.00%	0.00%
SPDR Dow Jones REIT ETF (RWR)	7.00%	6.34%	5.50%	4.75%	1.50%	N/A	N/A
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Total Real Estate	7.00%	6.34%	5.50%	4.75%	1.50%	0.00%	0.00%
SPDR S&P World ex-US ETF (GWL)	17.66%	14.33%	10.33%	6.33%	1.67%	N/A	N/A
SPDR S&P International Small Cap ETF (GWL)	0.75%	0.59%	0.50%	0.34%	0.08%	N/A	N/A
SPDR S&P Emerging Markets ETF (GMM)	7.66%	5.50%	3.34%	1.75%	0.42%	N/A	N/A
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Total International & EM Equity	26.07%	20.42%	14.17%	8.42%	2.17%	0.00%	0.00%
Total Equity & Real Estate	76.64%	65.00%	50.00%	35.01%	10.00%	0.00%	0.00%
SPDR Barclays Aggregate Bond ETF (LAG)	16.86%	26.50%	36.20%	39.51%	45.25%	29.34%	0.00%
SPDR Barclays TIPS ETF (IPE)	5.00%	7.34%	9.50%	10.00%	6.66%	1.66%	0.00%
SPDR DB International Government Inflation- Protected Bond ETF (WIP)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	1.50%	1.16%	0.84%	0.41%	0.09%	0.00%	0.00%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	0.00%	0.00%	0.00%	6.67%	25.66%	34.50%	40.00%
Total Fixed Income	23.36%	35.00%	46.54%	56.59%	77.66%	65.50%	40.00%
State Street Institutional Liquid Reserves Fund (SSIXX)	0.00%	0.00%	3.46%	8.40%	12.34%	34.50%	60.00%
Total Money Market	0.00%	0.00%	3.46%	8.40%	12.34%	34.50%	60.00%
Total Portfolio	100.00%						

The below table provides the approximate current allocations of the Underlying Investments for each Risk-Based Portfolio.

*As of December 31, 2014

Underlying Investment (Underlying Investment Ticker)	SSgA Conservative Portfolio	SSgA Moderate Portfolio	SSgA Aggressive Portfolio
SPDR S&P 500 ETF Trust (SPY)	N/A	25.50%	45.00%
SPDR S&P MidCap 400 ETF Trust (MDY)	N/A	2.00%	5.00%
SPDR S&P 600 Small Cap ETF (SLY)	N/A	2.00%	5.00%
Total US Equity	0.00%	29.50%	55.00%
SPDR Dow Jones REIT ETF (RWR)	N/A	5.50%	8.00%
SPDR Dow Jones International Real Estate ETF (RWX)	N/A	0.00%	0.00%
Total Real Estate	0.00%	5.50%	8.00%
SPDR S&P World ex-US ETF (GWL)	N/A	11.00%	24.00%
SPDR S&P International Small Cap ETF (GWX)	N/A	0.50%	1.00%
SPDR S&P Emerging Markets ETF (GMM)	N/A	3.50%	12.00%
SPDR S&P Emerging Markets Small Cap (EWX)	N/A	0.00%	0.00%
Total International & EM Equity	0.00%	15.00%	37.00%
Total Equity & Real Estate	0.00%	50.00%	100.00%
SPDR Barclays Aggregate Bond ETF (LAG)	20.00%	35.25%	0.00%
SPDR Barclays TIPS ETF (IPE)	0.00%	10.00%	0.00%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%	0.00%	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	0.00%	0.75%	0.00%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	35.00%	0.00%	0.00%
Total Fixed Income	55.00%	46.00%	0.00%
State Street Institutional Liquid Reserves Fund (SSIXX)	45.00%	4.00%	0.00%
Total Money Market	45.00%	4.00%	0.00%
Total Portfolio	100.00%	100.00%	100.00%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2015 Portfolio on page A-7:

Investment Strategy

The assets of the College 2015 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international nominal and inflation-protected fixed-income securities, and money market securities. The Portfolio typically allocates approximately 65% of its assets to Underlying Investments investing primarily in fixed-income securities, and approximately 35% of its assets to Underlying Investments investing primarily in money market securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Fixed Income	65.50%
SPDR Barclays Aggregate Bond ETF (LAG)	29.34%
SPDR Barclays TIPS ETF (IPE)	1.66%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	0.00%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	34.50%
Cash	34.50%
State Street Institutional Liquid Reserves Fund (SSIXX)	34.50%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2018 Portfolio on page A-8:

Investment Strategy

The assets of the College 2018 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international equity securities, domestic and international real estate investment trusts ("REIT"), domestic and international nominal and inflation-protected fixed income securities and money market securities. The Portfolio typically allocates approximately 8% of its assets to Underlying Investments investing primarily in equity securities, approximately 2% of its assets to Underlying Investments investing primarily in real estate securities, approximately 78% of its assets to Underlying Investments investing primarily in fixed-income securities, and approximately 12% of its assets to Underlying Investments investing primarily in money market securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Equity	8.50%
SPDR S&P 500 ETF Trust (SPY)	5.67%
SPDR S&P MidCap 400 ETF Trust (MDY)	0.33%
SPDR S&P 600 Small Cap ETF (SLY)	0.33%
SPDR S&P World ex-US ETF (GWL)	1.67%
SPDR S&P International Small Cap ETF (GWX)	0.08%
SPDR S&P Emerging Markets ETF (GMM)	0.42%
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%
Global REITs	1.50%
SPDR Dow Jones REIT ETF (RWR)	1.50%
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%
Global Fixed Income	77.66%
SPDR Barclays Aggregate Bond ETF (LAG)	45.25%
SPDR Barclays TIPS ETF (IPE)	6.66%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	0.09%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	25.66%
Cash	12.34%
State Street Institutional Liquid Reserves Fund (SSIXX)	12.34%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2021 Portfolio on page A-9:

Investment Strategy

The assets of the College 2021 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international equity securities, domestic and international real estate investment trusts ("REIT"), domestic and international nominal and inflation-protected fixed income securities, and money market securities. The Portfolio typically allocates approximately 30% of its assets to Underlying Investments investing primarily in equity securities, approximately 5% of its assets to Underlying Investments investing primarily in real estate securities, approximately 57% of its assets to Underlying Investments investing primarily in fixed-income securities, and approximately 8% of its assets to Underlying Investments investing primarily in money market securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Equity	30.26%
SPDR S&P 500 ETF Trust (SPY)	19.34%
SPDR S&P MidCap 400 ETF Trust (MDY)	1.25%
SPDR S&P 600 Small Cap ETF (SLY)	1.25%
SPDR S&P World ex-US ETF (GWL)	6.33%
SPDR S&P International Small Cap ETF (GWS)	0.34%
SPDR S&P Emerging Markets ETF (GMM)	1.75%
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%
Global REITs	4.75%
SPDR Dow Jones REIT ETF (RWR)	4.75%
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%
Global Fixed Income	56.59%
SPDR Barclays Aggregate Bond ETF (LAG)	39.51%
SPDR Barclays TIPS ETF (IPE)	10.00%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	0.41%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	6.67%
Cash	8.40%
State Street Institutional Liquid Reserves Fund (SSIXX)	8.40%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2024 Portfolio on page A-10:

Investment Strategy

The assets of the College 2024 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international equity securities, domestic and international real estate investment trusts ("REIT"), domestic and international nominal and inflation-protected fixed income securities, and money market securities. The Portfolio typically allocates approximately 44% of its assets to Underlying Investments investing primarily in equity securities, approximately 6% of its assets to Underlying Investments investing primarily in real estate securities, approximately 47% of its assets to Underlying Investments investing primarily in fixed-income securities, and approximately 3% of its assets to Underlying Investments investing primarily in money market securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Equity	44.50%
SPDR S&P 500 ETF Trust (SPY)	26.33%
SPDR S&P MidCap 400 ETF Trust (MDY)	2.00%
SPDR S&P 600 Small Cap ETF (SLY)	2.00%
SPDR S&P World ex-US ETF (GWL)	10.33%
SPDR S&P International Small Cap ETF (GWS)	0.50%
SPDR S&P Emerging Markets ETF (GMM)	3.34%
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%
Global REITs	5.50%
SPDR Dow Jones REIT ETF (RWR)	5.50%
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%
Global Fixed Income	46.54%
SPDR Barclays Aggregate Bond ETF (LAG)	36.20%
SPDR Barclays TIPS ETF (IPE)	9.50%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	0.84%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	0.00%
Cash	3.46%
State Street Institutional Liquid Reserves Fund (SSIXX)	3.46%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2027 Portfolio on page A-11:

Investment Strategy

The assets of the College 2027 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international equity securities, domestic and international real estate investment trusts ("REIT"), domestic and international nominal and inflation-protected fixed income securities, and money market securities. The Portfolio typically allocates approximately 59% of its assets to Underlying Investments investing primarily in equity securities, approximately 6% of its assets to Underlying Investments investing primarily in real estate securities, and approximately 35% of its assets to Underlying Investments investing primarily in fixed-income securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Equity	58.66%
SPDR S&P 500 ETF Trust (SPY)	32.58%
SPDR S&P MidCap 400 ETF Trust (MDY)	2.83%
SPDR S&P 600 Small Cap ETF (SLY)	2.83%
SPDR S&P World ex-US ETF (GWL)	14.33%
SPDR S&P International Small Cap ETF (GWL)	0.59%
SPDR S&P Emerging Markets ETF (GMM)	5.50%
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%
Global REITs	6.34%
SPDR Dow Jones REIT ETF (RWR)	6.34%
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%
Global Fixed Income	35.00%
SPDR Barclays Aggregate Bond ETF (LAG)	26.50%
SPDR Barclays TIPS ETF (IPE)	7.34%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	1.16%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	0.00%
Cash	0.00%
State Street Institutional Liquid Reserves Fund (SSIXX)	0.00%

The following replaces the first paragraph and the table under the heading "Investment Strategy" for the SSgA College 2030 Portfolio on page A-12:

Investment Strategy

The assets of the College 2030 portfolio are invested among underlying exchange traded funds and mutual funds ("Underlying Investments") that provide exposures to domestic and international equity securities, domestic and international real estate investment trusts ("REIT"), domestic and international nominal and inflation-protected fixed-income securities, and money market securities. The Portfolio typically allocates approximately 70% of its assets to Underlying Investments investing primarily in equity securities, approximately 7.0% of its assets to Underlying Investments investing primarily in real estate securities, and approximately 23% of its assets to Underlying Investments investing primarily in fixed-income securities, though these percentages can vary based on SSgA's tactical asset allocation decisions.

The percentage of the Portfolio's assets currently allocated to each Underlying Investment is as follows:

Exchange Traded Funds	Normal Weights
Global Equity	69.64%
SPDR S&P 500 ETF Trust (SPY)	36.25%
SPDR S&P MidCap 400 ETF Trust (MDY)	3.66%
SPDR S&P 600 Small Cap ETF (SLY)	3.66%
SPDR S&P World ex-US ETF (GWL)	17.66%
SPDR S&P International Small Cap ETF (GWW)	0.75%
SPDR S&P Emerging Markets ETF (GMM)	7.66%
SPDR S&P Emerging Markets Small Cap (EWX)	0.00%
Global REITs	7.00%
SPDR Dow Jones REIT ETF (RWR)	7.00%
SPDR Dow Jones International Real Estate ETF (RWX)	0.00%
Global Fixed Income	23.36%
SPDR Barclays Aggregate Bond ETF (LAG)	16.86%
SPDR Barclays TIPS ETF (IPE)	5.00%
SPDR DB International Government Inflation-Protected Bond ETF (WIP)	0.00%
SPDR Barclays High Yield Bond ETF (JNK)	1.50%
SPDR Barclays Short Term Corporate Bond ETF (SCPB)	0.00%
Cash	0.00%
State Street Institutional Liquid Reserves Fund (SSIXX)	0.00%

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 6
January 29, 2015

**Item: Supplement to the USAA 529 College Savings Plan,
Plan Description and Participation Agreement
Recommendation:**

**That the Board review and approve the supplement to the
USAA 529 College Savings Plan, Plan Description and
Participation Agreement per NRS 353B.370; or direct staff as
appropriate.**

Fiscal:
None.

Summary:
Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the USAA 529 College Savings Plan, Plan Description and Participation Agreement issued August 2013, updates the document to reflect the ability for participants to change investment direction two times a calendar year.

Caroline Tucker of USAA will be available to answer questions regarding this item.



**SUPPLEMENT DATED FEBRUARY 2015
TO THE
USAA 529 COLLEGE SAVINGS PLAN™
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT
DATED AUGUST 2013**

Please file this Supplement to the USAA 529 COLLEGE SAVINGS PLAN™ Plan Description and Participation Agreement (Plan Description) with your records. All defined terms used in this Supplement have the same meanings as in the Plan Description, unless otherwise specified.

Annual investment change limits

Under the recently enacted federal law known as the Achieving a Better Life Experience Act of 2014 or the “ABLE Act of 2014,” you will be permitted to change the investment option for all or a portion of the assets in your account for any reason up to two times during each calendar year beginning in 2015. Accordingly, all references to the once per calendar year restriction found throughout this Plan Description and Participation Agreement should be changed to twice per calendar year.

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THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 7
January 29, 2015

**Item: Supplement to the Vanguard 529 College Savings
Plan Program Description:**

That the Board review and approve the supplement to the Vanguard 529 College Savings Plan Program Description per NRS 353B.370; or direct staff as appropriate.

Fiscal:
None.

Summary:
Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the Vanguard 529 College Savings Program Description dated November 2014, updates the document to reflect the ability for participants to change investment direction two times a calendar year.

Tom Hewitt of Vanguard will be available to answer questions regarding this item.



**SUPPLEMENT DATED FEBRUARY 2015 TO
THE VANGUARD 529 COLLEGE SAVINGS PLAN
PROGRAM DESCRIPTION DATED NOVEMBER 2014**

Please keep this Supplement, which describes important changes, with your other College Savings Plan documents.

Annual investment change limits

Under the recently enacted federal law known as the Achieving a Better Life Experience Act of 2014 or the "ABLE Act of 2014", you will be permitted to change the investment option for all or a portion of the assets in your account for any reason up to two times during each calendar year beginning in 2015. Accordingly, all references to the once per calendar year restriction found throughout this Program Description should be changed to twice per calendar year.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 8
January 29, 2015

**Item: Supplement to Putnam 529 for American Offering
Statement Recommendation:**

**That the Board review and approve the supplement to the
Putnam 529 for America Offering Statement per NRS
353B.370; or direct staff as appropriate.**

Fiscal:
None.

Summary:
Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the Putnam 529 for America Offering Statement dated September 12, 2014, updates the document to reflect the ability for participants to change investment direction two times a calendar year.

Judy Minsk of Putnam Investments will be available to answer questions regarding this item.



Offering
Statement
Supplement
January __, 2015

Putnam 529 for AmericaSM Supplement to the Offering Statement dated September 12, 2014

CHANGES TO THE PERMISSIBLE FREQUENCY OF INVESTMENT REALLOCATIONS BY ACCOUNT OWNER.

Federal legislation that became effective January 1, 2015 has increased from once to twice per calendar year the number of times that an Account Owner may reallocate existing Account assets among Investment Options.

a. The following revisions to the Offering Statement reflect the above change:

1. The section entitled "BASIC QUESTIONS AND ANSWERS – Investing in the Plan – CAN I CHANGE THE INVESTMENT OPTIONS FOR MY ACCOUNT?" on page 10 is revised to read as follows:

CAN I CHANGE THE INVESTMENT OPTIONS FOR MY ACCOUNT?

Each time a contribution is made to your Account, the contributor can elect how such contribution should be allocated among the Investment Options. However, existing assets in your Account may only be reallocated to one or more other Investment Option(s) twice every calendar year or whenever you change the Account's Beneficiary. Reallocations between Investment Options may result in an increase in expenses. Additionally, you may participate in the Plan's systematic reallocation plan, which permits you to direct a contribution to any Investment Option and then subsequently automatically reallocate the contribution to other Investment Options. Certain restrictions apply. See "CHANGES TO AN ACCOUNT – Systematic Reallocations."

2. The section entitled "RISK FACTORS – LIMITED EXCHANGES" on page 40 is revised to read as follows:

LIMITED EXCHANGES

Under federal tax law governing the Plan, you may change or reallocate investments in your Account twice per calendar year and, in addition, in connection with a change of the Beneficiary. As a result, you will have limited ability to move investments from one Investment Option to another (including limited ability to alter or terminate systematic reallocation instructions) should your investment views or situation change. (See "CHANGES TO AN ACCOUNT.")

3. The section entitled "CHANGES TO AN ACCOUNT – Reallocation among Investment Options for Amounts in Your Account" on page 66 is revised to read as follows:

Reallocation among Investment Options for Amounts in Your Account

Twice per calendar year, you can reallocate the assets in your Account among the available Investment Options. In order to facilitate this change or reallocation, you must complete the appropriate forms and follow the instructions provided by the Plan Administrator. When reallocating among Investment Options, you can choose from all of the Investment Options offered in the Plan.

For purposes of the twice per year calendar year limit on reallocation of Account assets (i) any reallocation of assets in an account you own for the same Beneficiary in the Direct-Sold Plans will be considered a reallocation of Account assets, (ii) any transfer of assets in your Account to an account you own for the same Beneficiary in the Direct-Sold Plans will be considered a reallocation of Account assets and (iii) any transfer of assets to your Account from an account you own for the same Beneficiary in the Direct-Sold Plans or the Prepaid Plan, or among accounts you own for the same Beneficiary in the Direct-Sold Plans, or between accounts you own in the Direct-Sold Plans and the Prepaid Plan for the same Beneficiary, will be considered a reallocation of Account assets.

4. The section entitled "CHANGES TO AN ACCOUNT – Systematic Reallocations" on pages 66-67 is revised to read as follows:

Systematic Reallocations

When making a new contribution to an existing Account, you may elect to utilize dollar cost averaging principles and implement a systematic reallocation program when you make the new contribution. You may also elect to implement a systematic reallocation program, without a new contribution, to existing Account assets. When you authorize a systematic reallocation program, you direct that the entire balance of the contribution initially be invested in any Investment Option and then subsequently reallocated automatically from that Investment Option on a monthly, quarterly, semi-annual or annual basis, commencing on a date selected by you, to one or more other Investment Option(s) specified by you. In addition, because under federal tax law governing the Plan you may change or reallocate investments in your account twice per calendar year or in connection with a change of Beneficiary on the Account (see "CHANGES TO AN ACCOUNT – Changing a Beneficiary"), implementing a systematic reallocation program has certain restrictions, some of which are highlighted below.

- If you establish a systematic reallocation program on an Account application when making an initial investment to the new Account, the systematic reallocation instructions can be altered or terminated a maximum of two times in a calendar year. This twice per calendar year limit includes both non-systematic reallocations and the alteration or termination of systematic reallocations. For this purpose, all non-systematic reallocations and alteration or termination of systematic reallocations that occur on the same date count as one reallocation. Accordingly, any non-systematic reallocations that have taken place in the Account on a particular date during that calendar year will reduce the number of permitted alterations or terminations of systematic reallocation instructions by one, and any alteration or termination on a particular date of systematic reallocations will reduce the number of permitted of non-systematic reallocations by one.
- If you establish a systematic reallocation program when you make a new contribution to a new Investment Option not already established for the Account, the systematic reallocation instructions can then be altered or terminated twice in a calendar year. This twice per calendar year limit includes both non-systematic reallocations and the alteration or termination of systematic reallocations, as described above.
- If you establish a systematic reallocation program when you make a new contribution to an existing Investment Option that has already been established for the Account, you will have utilized one of your two permitted reallocations during a given calendar year. If you have already used your two permitted reallocations for a given year, you will not be permitted to implement systematic reallocations for an existing Investment Option within an existing Account until the following calendar year.
- Implementing a systematic reallocation program to existing Account assets will also be considered one of your two permitted reallocations per year. If you have already used your two permitted reallocations for a given year, you will not be permitted to implement a systematic reallocation for existing Account assets until the following calendar year.

In order to make systematic reallocations as described above, you must direct the change on a form available from the Plan Administrator.

5. Any other reference in the Offering Statement to the number of times that an Account Owner may reallocate existing Account assets among Investment Options without changing the Account's Beneficiary is revised from once per calendar year to twice per calendar year, effective January 1, 2015.

b. Section 3 of the Participation Agreement is amended by updating and replacing the following paragraph, appearing on page 82, to read as follows:

Each contribution made to an Account will be allocated to the Investment Option, or among the Investment Options, in accordance with the directions provided by the contributor. The allocation of a subsequent contribution may be changed at the time of such contribution. Additionally, an Account Owner may reallocate the assets in an Account to one or more other Investment Option(s) twice every calendar year (determined as described in the Offering Statement) or whenever the Account's Beneficiary is changed. Account Owners may also participate in a systematic reallocation program, subject to the limitations described in the Offering Statement.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 9
January 29, 2015

Item: Advisor Sold Marketing Plan - Putnam 529 for America

Recommendation:

That the Board receive a report and approve the FY 2015 Marketing Plan for Putnam 529 for America and delegate to the Treasurer's Office the approval of materials contained within the plan including all brochures, press materials, forms, telephone and media scripts, and other materials required to market and sell the Plan that are described in the FY 2015 Marketing Plan, or provide appropriate direction.

Fiscal:

None by this action.

Summary:

Under NRS 353B.370, the Board must approve all marketing materials for the Nevada College Savings Program. In addition, the Board must have an approved annual marketing plan, describing all brochures, press materials, forms, telephone, media scripts, and other materials required for the marketing and selling of the Plan.

Judy Minsk and Nancy Hancock from Putnam Investments will be available to answer questions. In order to expedite materials and distribution, the Board is requested to delegate to the Treasurer's Office the authority to approve individual materials within the marketing plan. Once the Board has approved the Plan, staff will bring regular quarterly reports on progress as appropriate.

Putnam 529 for America Marketing Plan FY 2015

A world of investing.™



Presentation to the Board of Trustees
of the College Savings Plans of Nevada

Not FDIC
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May Lose
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No Bank
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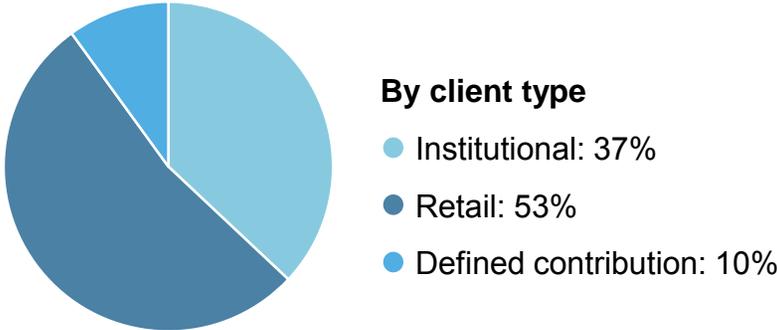
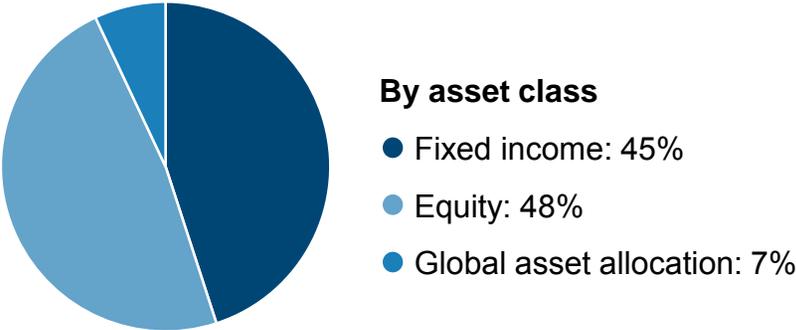
Agenda

- Overview
- Review FYE 2014 marketing plan
 - Initiatives
 - Results
- Present FYE 2015 marketing initiatives
- Budget commitment

Putnam Investments is proud to partner with Nevada to offer college savings resources

- A diversified, global asset manager with over 75 years of experience
- Deep resources across all disciplines
- The ability to be very nimble in the markets where we invest
- A collaborative culture that actively promotes cross-functional and cross-asset-class communication

\$157B assets under management



All data as of 9/30/14. Total assets and client type figures include subsidiary PanAgora Asset Management. Asset class figures are Putnam only.

Putnam 529 for America is an established, highly rated plan

- Total sales for FYE June 30, 2014: \$50M
- 18,306 funded accounts
- \$19K average account size
- 3,490 producing advisors since inception
- 435 executed firm selling agreements
- Ranked #3 of 28 advisor-sold plans for 3-year performance at NAV as of 6/30/14 by savingforcollege.com
- Rated 4.5 of 5 “caps” by savingforcollege.com based on performance, cost, features, and reliability
- Maintains “neutral” rating by Morningstar

As of 6/30/14.

Putnam 529 plan asset growth once again outpaced the overall industry and advisor-sold plan market

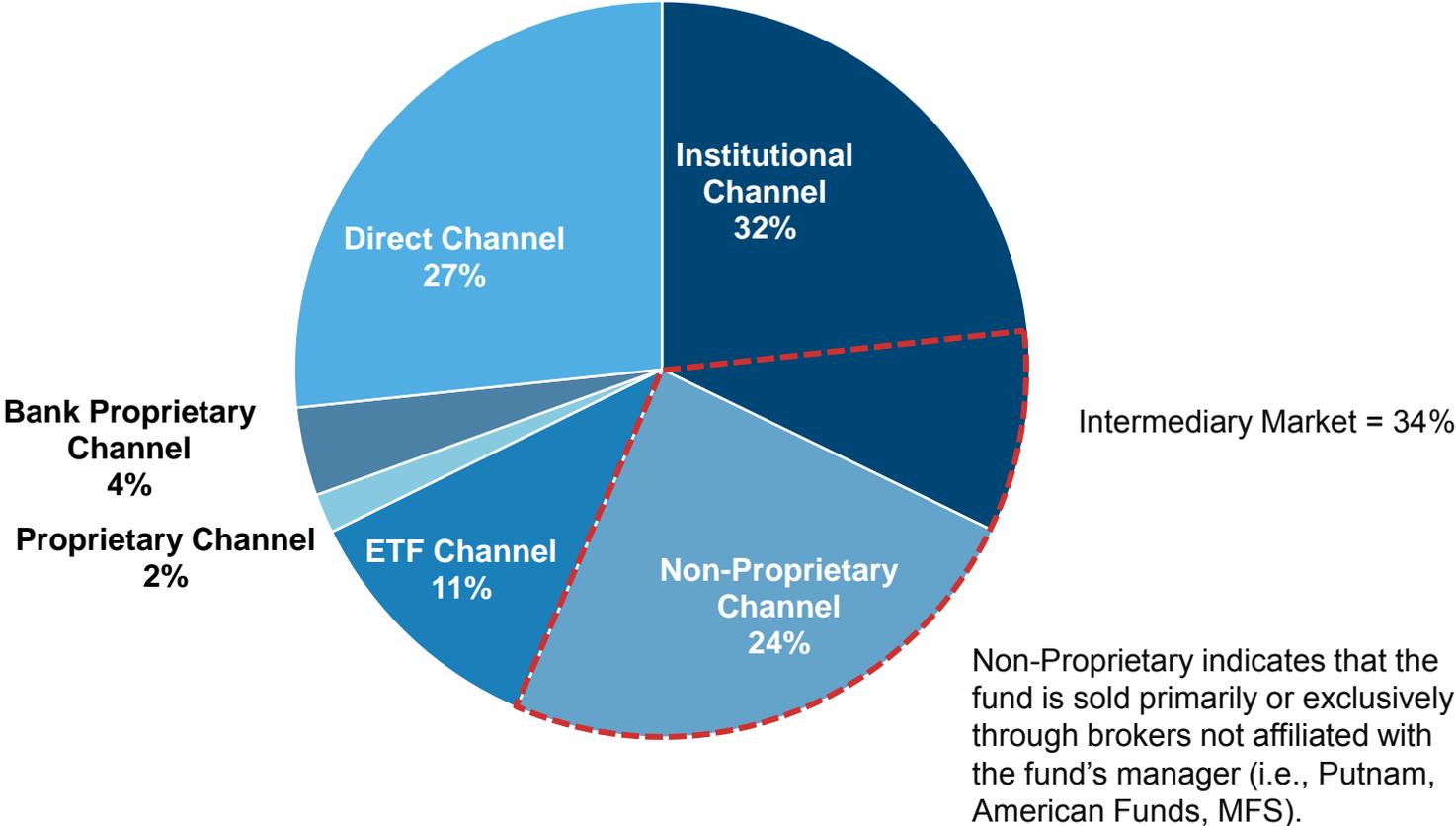
	Year-over-year asset growth as of June 30, 2014
Industry	20% increase
Advisor-sold 529 plan average	19% increase
Direct-sold 529 plan average	21% increase
Putnam	22% increase
Mutual funds /ETF	21% increase

Source: SI Q2 2014 529 Data Report.

For use with the Board of Trustees of the College Savings Plans of Nevada only. Not for public distribution.
291679 11/14

We support the role of advisors helping clients save for education

Distribution channel descriptions (% assets)



Data includes index funds and ETFs.
Source: Strategic Insight Simfund, 2014.

Top 529 selling firms are in line with Putnam's overall business

Firm Name	529 Sales FYE Jun 2014	6/30/14 Assets
UBS Financial Services	\$3,982,848	\$17,080,758
Ameriprise Financial Services	3,590,061	20,588,600
LPL Financial	2,716,472	24,256,155
Morgan Stanley Smith Barney	2,471,764	18,780,209
Wells Fargo Advisors (WBS)	2,225,952	6,479,662
United Planners' Financial Services	1,779,829	5,510,865
Merrill Lynch Pierce Fenner & Smith	1,527,911	55,240,632
CCO Investment Services Corp.	1,317,997	5,949,324
Wells Fargo Advisors Fin Network	1,244,734	5,489,419
Cetera Advisor Networks	1,163,485	7,550,859

Putnam heightened visibility for college savings during FY 2014

- Advocated for American families through industry conferences, increased public relations, and opportunistic social media posts
- Lobbied as part of a coalition to help American's keep saving incentives: "Another Penny Saved"
- As part of Envestnet Institute pilot, posted the only college savings material to this new financial advisor education portal
- Offered continuing education credit to attract advisor attendance to Wealth Management presentations that included college savings topics
- Championed employer match with innovative plan sponsor solutions and reporting
- Replaced calculators on websites with new, mobile-friendly tools
- Leveraged Putnam corporate initiatives to benefit college savings

Promoting Putnam 529 for America: Back-to-school season 2013

- Campaign: Follow up with advisors from 529 awareness campaign
 - Existing producers
 - Web prospects
 - Tax parity states
- Web banners: shareholder and advisor sites
- Wealth Management Center blogs
- Tweets on college savings



Putnam 529 for America

It's never too early to learn how to save for the future.

The Moonjar Moneybox is a great way to teach children how to save, spend, and share. It's like a piggy bank — only better! Of course, it's also important for adults to save for the future. And a 529 college savings plan from Putnam Investments is a tax-smart way to do it.

For more information on how to save for college, contact your financial advisor or visit putnam.com/529.

Putnam INVESTMENTS

Putnam INVESTMENTS FINANCIAL ADVISOR

Home Funds Our Perspective Client Planning Tools Business Building

Share E-mail this Add To My Putnam

Home > Business Building > Wealth Management Center

Three reasons why 529 plans remain popular
Bill Cass

The back-to-school season can be a good time to talk about college savings. As many parents would attest, before you realize it, back to school means back to college.

Putnam Investments @PutnamToday 30 Aug

Back to school and one year closer to college. Do you have a #collegesaving plan? bit.ly/13RTfzU

Expand

Putnam Investments @PutnamToday 23 Aug

@EdNCES: cost of tuition, room and board at public colleges rose 42% from 2000-2010. 1.usa.gov/1bD2rNO

Expand Reply Retweet Favorite More

Promoting Putnam 529 for America: Gift giving and year-end planning 2013

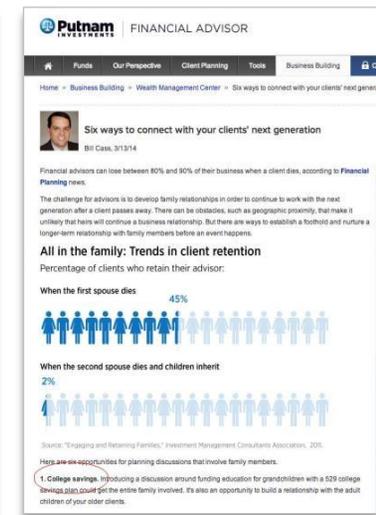
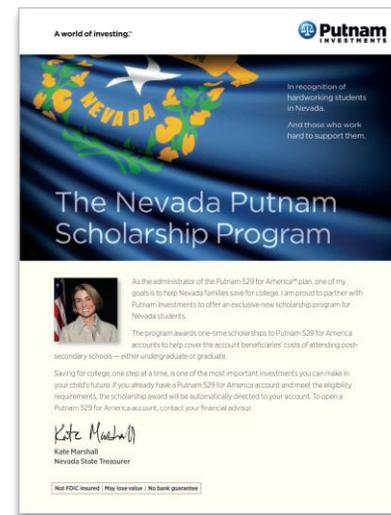
- Campaign: Direct mail with gift-giving and year-end planning resources
 - Existing producers
 - Web prospects
 - Respondents to back-to-school campaign
- Web banners: shareholder and advisor sites
- Opportunistic, state-specific targeted campaign
- Tweets on college savings



The changing 529 landscape

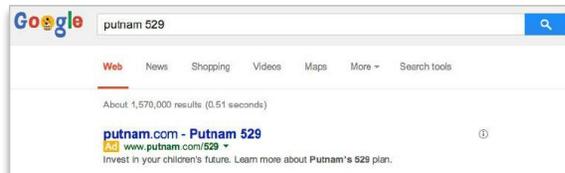
Promoting Putnam 529 for America: Tax season 2014

- Annual updates on core materials
- Campaign: Launched Nevada/Putnam Scholarship program
 - Nevada customers and advisors
 - National advisors from surrounding states or with NV clients
 - Brochure, letters
 - Internal training
- Tax season promotion on web
- New mobile-friendly 529 calculator
- Sponsored Nevada Women's Money Conferences
- Blogs on Wealth Management Center



Promoting Putnam 529 for America: 529 awareness 2014

- Web banners
- LinkedIn content sharing by Putnam wholesalers
- Tweets
- Blogs
- Targeted emails
- Paid search




Putnam 529 for America
Since offering an advisor-sold 529 plan over a decade ago, we have helped families across America build their futures.

Reach: 9,000+




529 Plan - Putnam Investments
Since offering an advisor-sold 529 plan over a decade ago, we have helped families across America build their futures. Discover the Putnam 529 for America.

Reach: 4,500+




Putnam 529 for America
Since offering an advisor-sold 529 plan over a decade ago, we have helped families across America build their futures.

Reach: 15,000+



Tackling the rising cost of higher education



Nearly 20 million Americans attend college each year, and, of those, nearly 60% borrow annually to help cover costs, according to The College Board. As a financial advisor, you know that planning for college should begin as early as possible.

College Savings Day is May 29 — the perfect time to remind your clients that it's never too early to start. When reviewing your client needs, consider Putnam 529 for America.

Investment choice
The plan provides a range of age-based, goal-based, and individual fund options — including Putnam Absolute Return funds — from Putnam and other fund families.

Special pricing and service
You may receive a dealer reallocation for NAV rollovers from other 529 plans. Our 529 specialists will take care of forms and assist in tracking rollovers from other providers.

Estate tax benefits
The potential tax benefits may be particularly attractive for grandparents.

For more on tackling the rising costs of college, visit our [Wealth Management blog](#). For more information and college planning resources, visit our [Advisor website](#). Please contact me if there is anything I can do to help you serve your clients.

Your Wholesaler
Ryan Thomas
317-450-4172
ryan.thomas@putnam.com

Your Internal Wholesaler
Matt Nawrocki
978-974-3146
mattnew.nawrocki@putnam.com



Tackling the rising costs of higher education
By Cass, 5/15/14

Nearly 20 million Americans attend college each year, and, of those, nearly 60% borrow annually to help cover costs. While many may borrow to pay for tuition, there are challenges associated with debt that may be particularly difficult for students seeking a job after graduation.

The Federal Reserve notes that there is roughly \$1 trillion in total outstanding student loan debt in the United States. The average debt load for the class of 2012 was \$29,400 — up from an average of \$28,000 in 2011. These numbers continue to increase due to the rising cost of college.

In addition, tuition inflation compared with general inflation is substantially higher. According to The College Board, the average tuition increase in the 2013-2014 academic year was 3.8% at private colleges and 2.8% at public universities.

College costs are rising
Four years of tuition and fees

You may also be interested in:

1. Inflation sensitivity, wages are a wild card
2. Rate sensitivity poses more risk than equity prices
3. Election brings some clarity, but does nothing
4. Higher rates are unlikely to deter conventional
5. Central banks pose risk, although interest rates

College costs can require a substantial amount of savings and planning should begin as early as possible. Advisors can help savers understand the benefits of different savings vehicles, such as a 529 plan, and investment strategies that can help them navigate through the financial and process and tackle post-graduate student loans.

Measuring results: Seasonal campaigns resulted in high levels of engagement

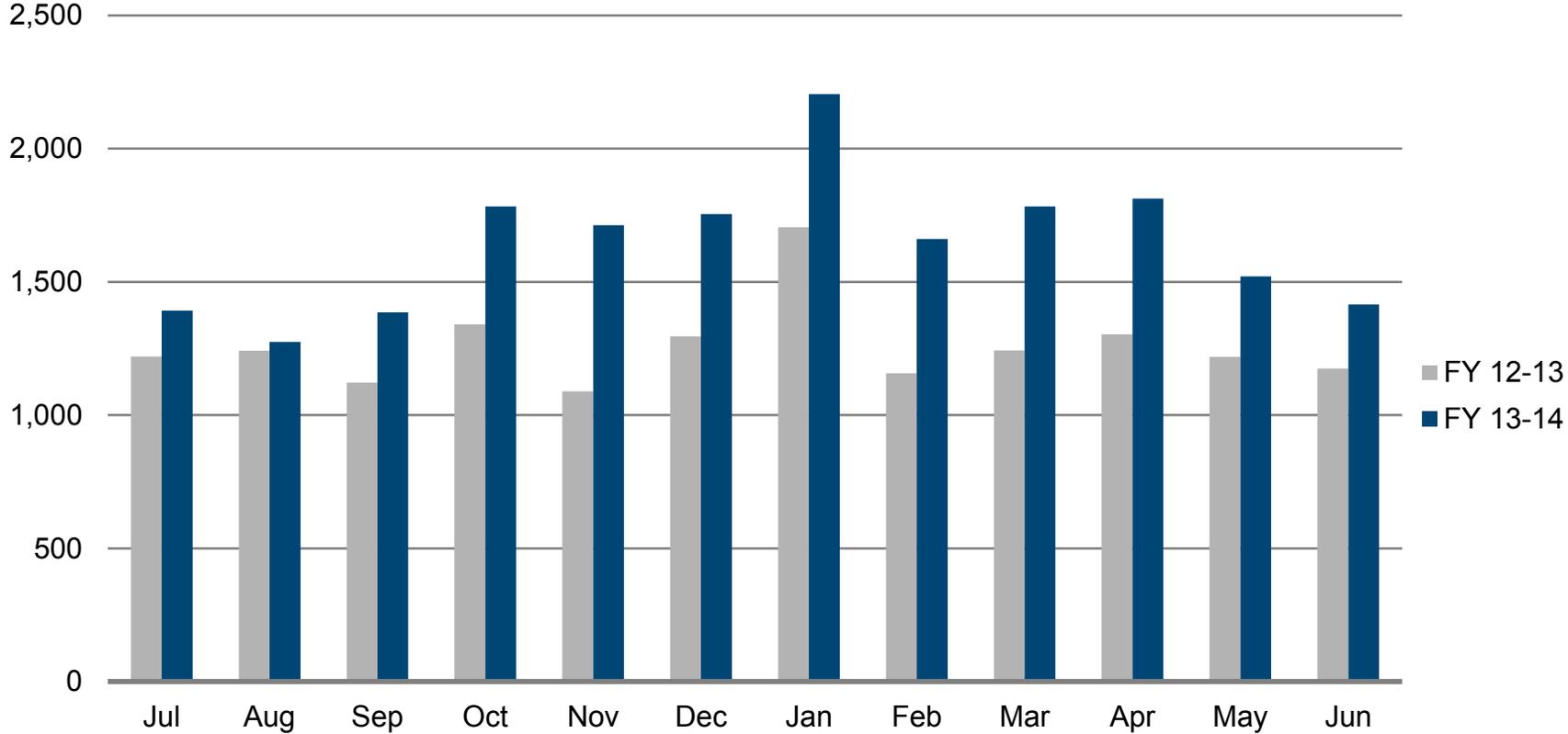
Campaign	Channel	% engagement*
Back-to-school customized mailing — producers	Direct	45%
Gift-giving mailing — prospects	Direct	3

Campaign	Channel	% engagement [†]
State-specific 529 opportunity	Email	22%
529 Awareness NAV	Email	22
529 Awareness non-NAV	Email	21

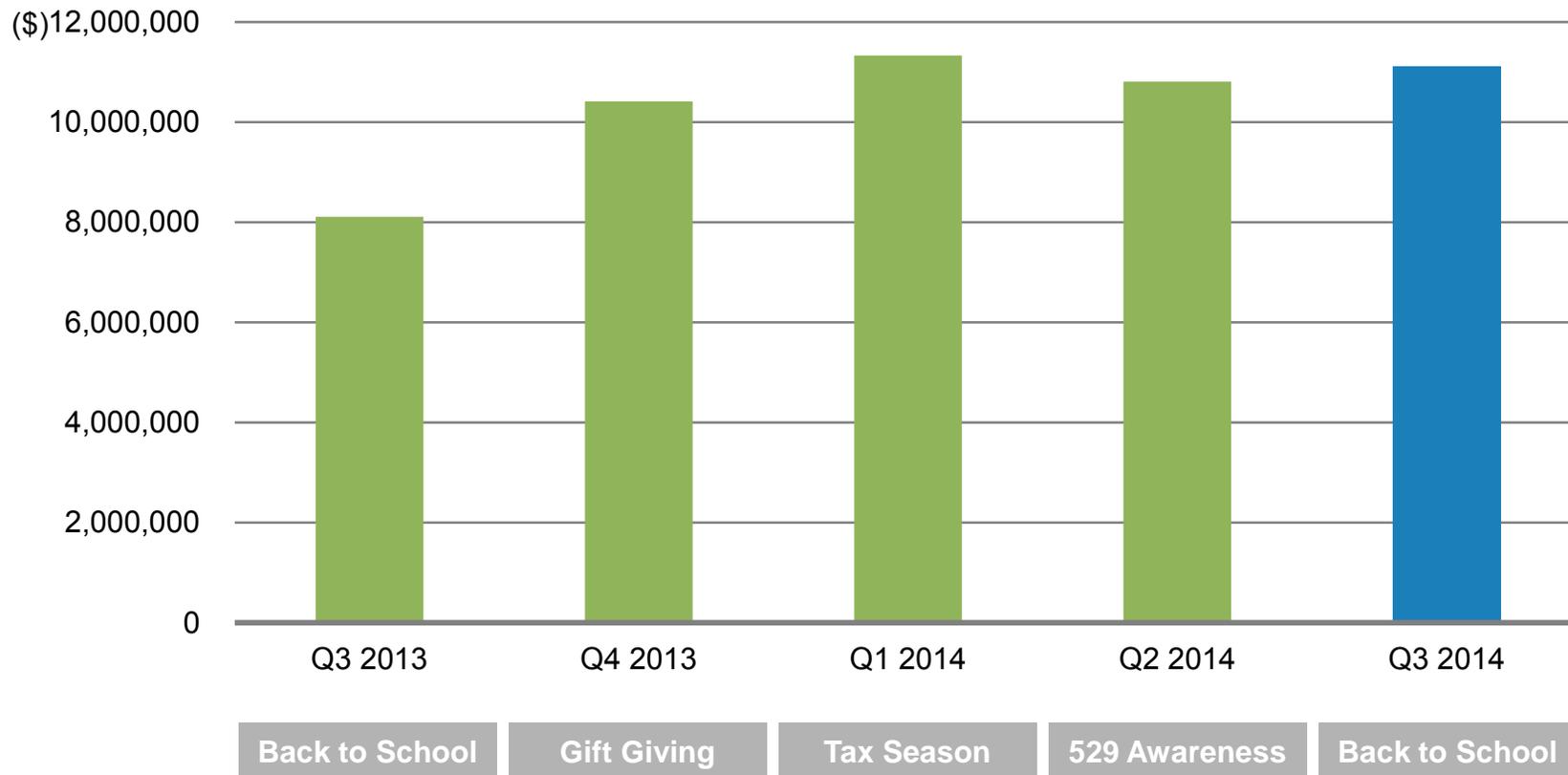
* In-person contact.

† Percent that opened email.

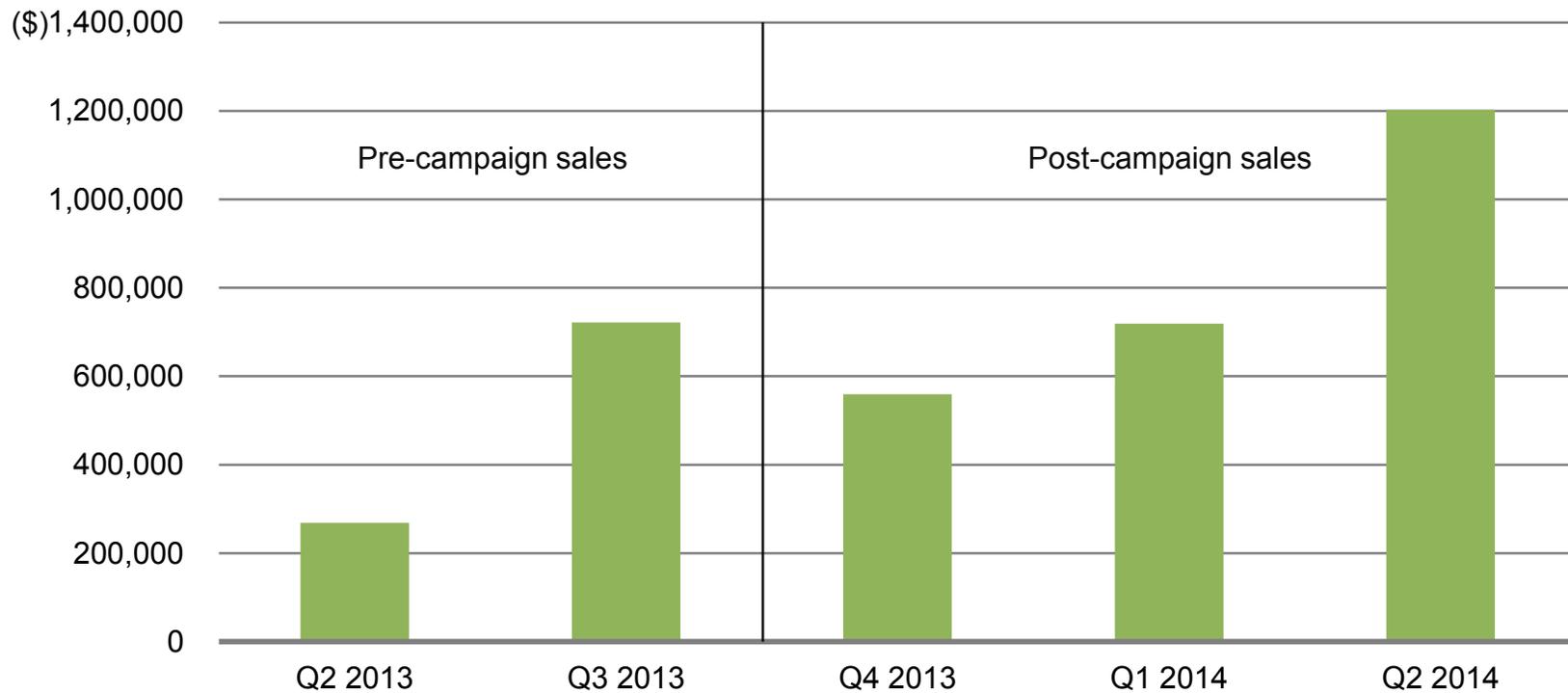
Measuring the results: Year-over-year web traffic showed healthy growth — 29% increase in number of visits



Lump-sum contributions show campaign impact



State-specific opportunistic campaign: Sales trajectory



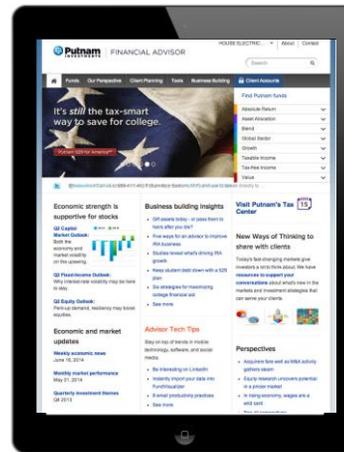
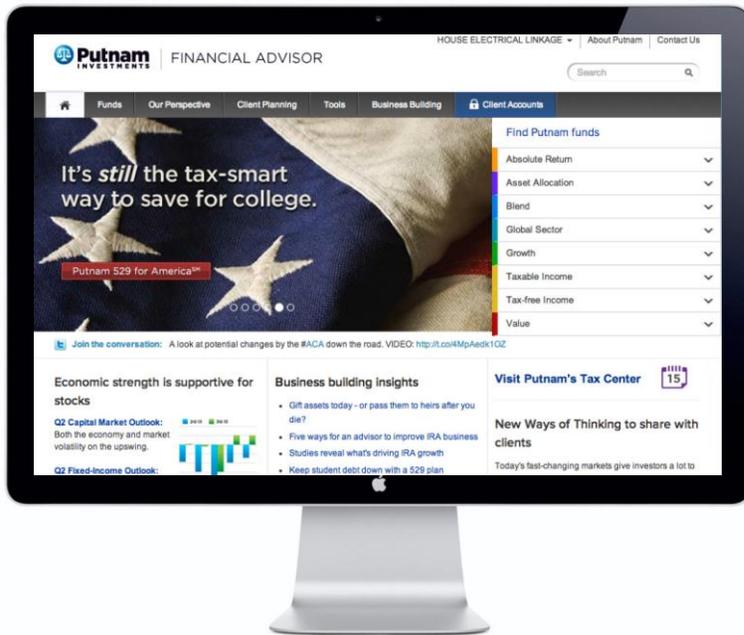
FY 2015 marketing themes



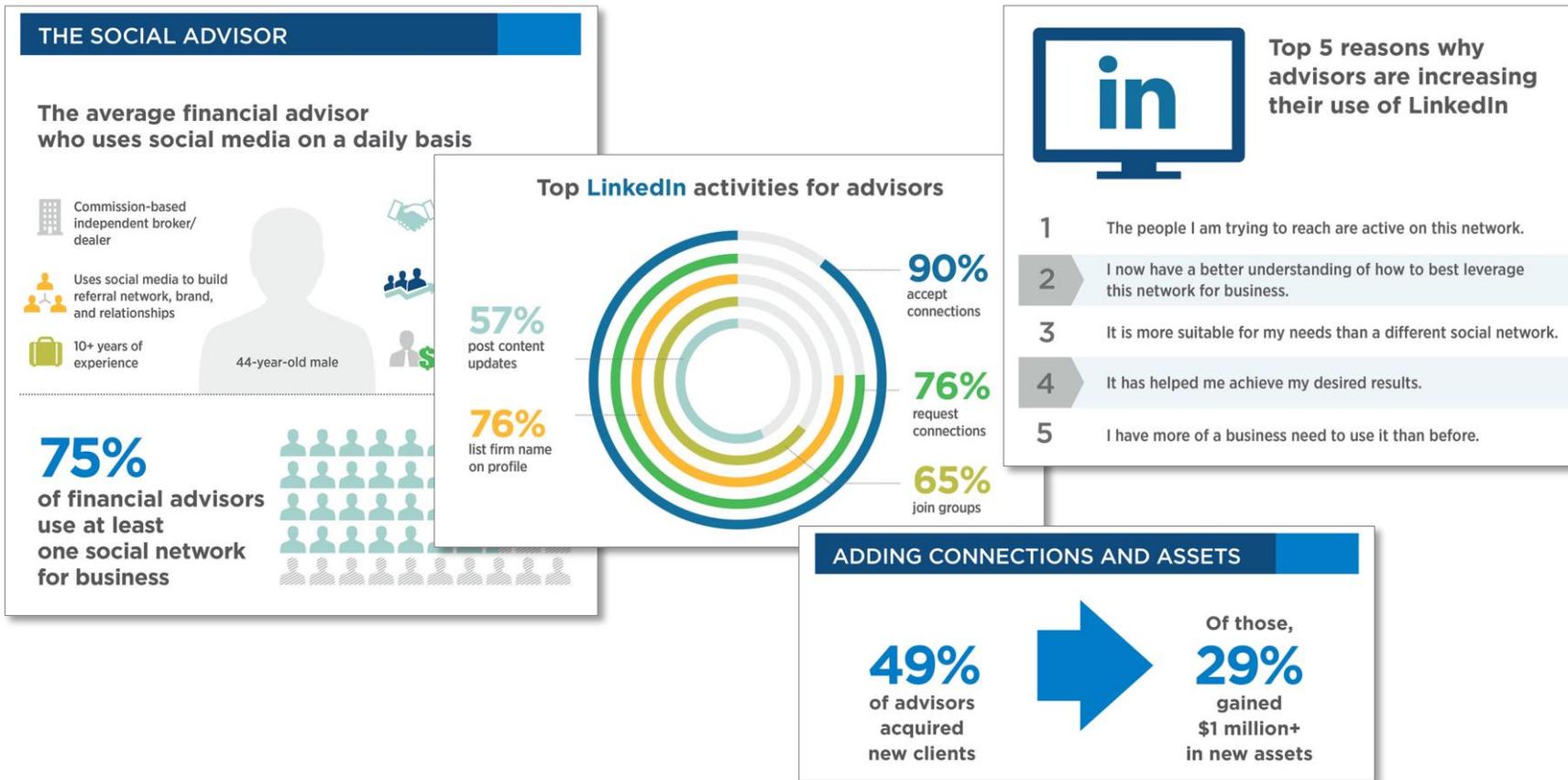
Customers live in an “always on” world



Putnam's websites: responsive design



Key trends: Financial advisors' use of social media



Putnam Investments Survey of Financial Advisors and Social Media (2013) conducted in partnership with FTI Consulting Notes: Survey conducted by FTI Consulting in July 2013 among 408 U.S.-based financial advisors.

Data sources: FTI Consulting financial advisor panel and Harris Interactive.

Leading the industry in social media



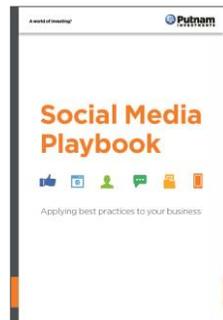
#1 Putnam social media tops kasina ranking

- 1 Putnam Investments
- 2 Wells Fargo Asset Mgmt.
- 3 Vanguard
- 4 American Century
- 5 Franklin Templeton



Bob Reynolds selected to become a LinkedIn Influencer

- Elite group of thought leaders
- Essays on leadership, business, personal stories
- “My Bet’s on America” initial post received 10,000 views and generated over 75 comments in 2 weeks



Putnam ranked top asset manager on social media by Corporate Insight

kasina surveyed 28 asset managers and insurers, conducted interviews with senior managers at selected firms, and evaluated the social media initiatives of 47 firms with kasina’s proprietary methodology in March 2014.

Corporate Insight’s report on Social Business Building, published in March 2014, examines resources provided by asset managers for financial advisors to help them leverage social media and other technologies in their practices. Corporate Insight examined and graded eighteen firms for how they explain technologies like social media and mobile computing platforms to advisors and how best to use them with clients.

The power of social selling for 529

SOCIAL SELLING

Consistent delivery of relevant information on college savings results in \$500K allocation – without a face-to-face meeting

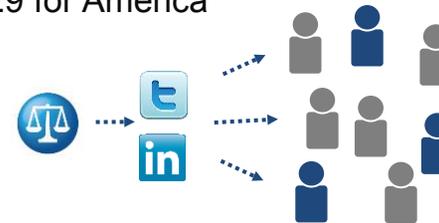


LinkedIn



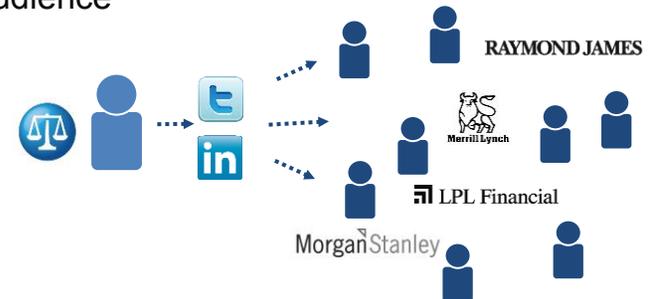
VOICE OF ONE

Corporate level promotion reaches a broad audience including investors and advisors, providing broad understanding of Putnam 529 for America



VOICE OF MANY

Providing content to sales team, 529 message is amplified by 100+ voices and reaches a more targeted financial advisor audience



Wealth management capabilities

- Investor education white papers
- Continuing education presentations for financial advisors
- Client seminars
- National and regional firm conferences
- Wholesaler territory travel and meetings
- Conference calls and webinars
- Wealth Management Center
– Putnamwealthmanagement.com

The screenshot shows a web page for Putnam Investments' Wealth Management blog. At the top, there's a navigation bar with the Putnam logo and the text 'More blogs from Putnam: Wealth Management'. The main heading is 'Wealth Management' with the subtitle 'Preserving and enhancing wealth for the future'. Below this is a paragraph of introductory text: 'The most value a financial advisor can provide to clients is informed advice and solutions about how best to manage their wealth. Clients need help with complex financial planning matters such as efficient wealth transfer, tax and inflation risk, and sustainable income in retirement. Financial-planning experts Bill Cass and Chris Hennessey weigh in each week with a range of insights, tips, and legislative updates. We hope you join the conversation, too. See commenting guidelines for details.' To the right of the text is a search bar and a 'Subscribe' button with the Putnam logo. Below the main text, there are two dropdown menus for 'Posts by Category' and 'or Type', both set to 'All'. On the left side, there is an 'About the Authors' section with two entries: William Cass, CFP® (Director of Wealth Management Programs) and Chris Hennessey (Lawyer and CPA, Faculty Director). On the right side, there is a 'Wealth Management resources' section with a list of links: College Savings, Estate and Wealth Transfer, Insurance/Risk Management, Investments, Retirement/Income, and Taxes. At the bottom right, there is a 'Latest videos' section.



529 Marketing Plan for 2015: Core strategies

- **Deepen both advisor and resident penetration in Nevada**

- Promote incentive program
- Partner with Treasurer’s Office
 - Financial literacy programs
 - Community outreach and events
- Target NV businesses for employer plan opportunities

- **Broaden national distribution using advanced segmentation strategies**

- Target reps with track record of selling Putnam 529 for America; focus on key states
- Use Putnam proprietary Marketing Data Base to expand prospecting among non-producing advisors who have “producer” profiles and who show high affinity for Putnam’s 529 individual investment options
- Work with service team to augment lead generation and enhance follow-up
 - Advisors who deal direct with Putnam (outside normal wholesaler model)
 - Advisors of clients with other savings vehicles (UGMAs, IRAs, etc.)
- Harness the potential multiplier effect of corporate 529 relationships

- **Concentrate marketing activity during peak interest periods**

- Heighten presence during three concentrated flights of activity
 - February/March, to coincide with tax season
 - Late August/early September, to coincide with back-to-school focus on educational planning
 - November, to coincide with gift-giving season
- Develop college savings infographic to support advisor-client engagement on 529 topics

- **Leverage extensive Putnam marketing resources and opportunities**

- “Piggyback” on Putnam Wealth Management initiatives; particular focus on high-potential grandparent segment
- Activate social, gaining increased visibility from Putnam’s broad appeal
- Enhance search presence during peak interest periods
- Craft strong mix of paid and owned opportunities to extend presence beyond typical paid activity

Channel allocation: \$50K total investment

Advertising — 60%

- One half-page ad *Investment News*; 529-focused editorial
- Steady paid search presence w/ surge spending seasonally. Hot categories in search; manage closely
- Seasonal digital advertising, core advisor sites and 529 content



Social — 30%

- Seasonal stream of content focused on 529
- Paid social promotion to enhance reach and drive engagement
- Paid promotion of Putnam content in 529 editorial across web
- Build and link to 529 infographic



Segmentation — 10%

- Expand prospecting efforts in Nevada
- Harness power of corporate and independent advisor relationships
- Mine data for high-potential targets
- Flight email campaigns aligned with seasonal topics
- Test subject lines and calls to action to enhance response

Putnam 529 - putnam.com
 Ad www.putnam.com/529
 A 529 college savings plan designed to help build your child's future.
 Advisor Access: 529 Plans Putnam 529 Growth Investment Options Absolute Return Funds

Putnam Investments @PutnamToday · Sep 4
 Grandparent-owned 529 assets do not figure into #FAFSA calculations for financial aid.
bit.ly/1orda1J

Putnam Investments shared a link.
 May 22
 May is CollegeSavings Month. Our College Savings Calculator can help you estimate costs.



https://www.putnam.com/individual/college-savings/college-savings-calculator/?mlgy=1003001142&mc=001465150v
 Since offering an advisor-led 529 plan over a decade ago, we have helped families across America build their futures.



FY 2015 calendar

Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	Jun
-----	-----	------	-----	-----	-----	-----	-----	-----	-------	-----	-----



- Back-to-school advisor outreach
- Seasonal social media support



- Gift-giving advisor outreach
- Seasonal social media support
- Savingforcollege conference
- Putnam employee workshops/benefits fairs focus on 529
- Q4 advisor conference call: year-end planning ideas
- Internal training at wholesaler meetings/internal sessions
- Select seasonal digital advertising



- Tax season advisor outreach
- NV Women's Money Conference — Reno
- Seasonal social media support
- Introduce 529 infographic
- Targeted print advertising
- Select seasonal digital advertising



- 529 awareness advisor outreach
- Seasonal social media support
- Host Q2 advisor conference call/video
- NV Women's Money Conference — Las Vegas
- Select seasonal digital advertising
- New England Revolution sponsorship events



- Execute call outs, emails, direct mail campaigns by segment
- Develop white papers and NV-specific presentation
- Utilize Hennessey/Cass for calls and meetings
- Plan NV-specific meeting opportunities in partnership with Treasurer's Office

Summary



Accomplishments

- Omni-channel (digital and in-person) ecosystem is in place, accumulating quality data, changing behavior based on initial insights
- Putnam 529 for America is fully integrated into strategy as part of holistic sales approach to financial advisors

Looking ahead

- Continue to leverage campaign infrastructure and wholesaler force to keep Putnam 529 for America top-of-mind for advisors
- Anticipate and pursue market-driven opportunities
- Regularly scrutinize statistics to link activity and results
- Continually evaluate additional vehicles for highlighting Putnam 529 for America (e.g., Nevada-specific opportunities, conferences)





Putnam
INVESTMENTS

A world
of investing.™

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 10
January 29, 2015

**Item: Discussion of the College Savings Board Printed
Materials**

Recommendation:

**That the Board discuss the current policy of printing all
agenda materials for Board Members**

Fiscal:

None by this action.

Summary:

Treasurer Schwartz will lead a discussion to hear the Board's thoughts on changing current policy of printing all board materials.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 11
January 29, 2015

Item: Provide Information on the Treasurer's investment initiatives which could affect the Prepaid Tuition Trust Fund

Please note this is an informational item only.

Summary:

Treasurer Schwartz wants to apprise the Board of his investment initiatives which have the potential to affect the Prepaid Tuition Trust Fund. The first initiative is the release of an Institutional Investment Manager Request for Proposal (RFP). This RFP (attached) was released on Tuesday, January 20, 2015.

The purpose of the RFP is to seek outside managers for the State's investment portfolios, including the Prepaid Trust Fund. Although both the Prepaid Trust Fund and NVEST are currently under contract with investment managers, the RFP provides the ability to review the performance of our existing managers, in addition to seeking new managers for the portfolios which are currently managed in the Treasurer's office. The RFP includes the following State portfolios:

- State General Fund (~\$1.7 billion)
- Local Government Pooled Investment Fund (~\$446 million)
- Local Government Pooled Long-Term Investment Account (~\$245 million)
- Permanent School Fund (~\$302 million)
- Pre-paid Tuition Trust Fund (~\$202 million)

The Treasurer and Staff will provide an update on the RFP process at the March 11, 2015 meeting. Please note any potential changes in investment management or allocations must be approved by the College Savings Board of Trustees, including any changes to the Investment Policy Statement.

The second investment initiative is Bill Draft Request (BDR) 857 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.

The State's investment statutes are somewhat outdated and in many cases, inconsistent. Thus, the permissible asset classes authorized for the State's General Portfolio, Local Government Pooled Investment Program (LGIP), Local Government Pooled Long-term Investment Account (NVEST), Permanent School Fund (PSF), NVEST program and Prepaid Tuition Plan vary from each other. As an example, State Treasurer staff managing the LGIP can invest in tax-exempt bonds issued by the Las Vegas Valley Water District or any water district in Nevada, but that same investment staff cannot buy the same bonds for the General Portfolio or Prepaid Tuition Plan portfolio.

The BDR specific to the State's Prepaid Tuition Plan (NRS 353B.160) expands the asset classes which are commonly allowed in similar types of portfolios. These include foreign stocks, foreign bonds, and commodity funds. Expansion of the permissible list of asset classes to be more consistent with a modern sophisticated institutional portfolio, is warranted. The specific changes to the statutes would include the list below.

- Removal of statutes NRS 353B.160, subsection (e) (1) through (5) which limits the types of bond, note, debenture or other security issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States.

- Strike the current NRS 353B.160 (f) which allows for investment in Student Loan Marketing Association and add a statute which allows for investments in repurchase agreements which are allowed in the General Portfolio, LGIP, and NVEST portfolios.
- Modify NRS 353B.160 (m) to include exchange traded funds in addition to mutual funds.
- Add the additional statutes NRS 353B.160 (n) – (q):
 - (n) Mutual funds, exchange traded funds or common trust funds that invest in common or preferred stock of a corporation created by or existing under the laws of foreign countries in developed or emerging markets.
 - (o) Mutual funds, exchange traded funds or common trust funds that invest in sovereign bonds of foreign nations in in developed or emerging markets, corporate bonds of a corporation created by or existing under the laws of the foreign countries in developed or emerging markets, or both.
 - (p) Mutual funds, exchange traded funds or common trust funds that invest in commodities or natural resources or both.
 - (q) The limited partnerships or limited-liability companies described in NRS 355.280.

The Treasurer and Staff will continue to update the Board on this BDR.

Tara Hagan, Senior Deputy Treasurer, will be present to answer any questions.

State of Nevada
Nevada Office of State Treasurer
101 N. Carson Street, Suite 4
Carson City, NV 89701



Brian Sandoval
Governor

Dan Schwartz
State Treasurer

The Office of the Nevada
State Treasurer

Request for Proposal: 15-001

For

Institutional Investment Manager

Release Date: **Tuesday, January 20, 2015**

Deadline for Submission & Opening Date/Time: **February 17, 2015 @ 2:00PM**

Refer to Section 14, RFP Timeline for the complete RFP schedule

For additional information, please contact:

Anne Lara

Office of the Nevada State Treasurer

101 N. Carson Street, Suite 4

Carson City, NV 89701

Phone: 775-684-5600

Email address: ahlara@nevadatreasurer.gov

(TTY for Deaf and Hard of Hearing: 1-800-326-6868

Ask the relay agent to dial: 1-775-684-0171/V.)

Refer to Section 14 for instructions on submitting proposals

VENDOR INFORMATION SHEET FOR RFP 15-001

Vendor Must:

- A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 will be used for development of the contract;
- B) Type or print responses; and
- C) Include this Vendor Information Sheet in Tab III of the Technical Proposal.

V1	Company Name	
----	--------------	--

V2	Street Address	
----	----------------	--

V3	City, State, ZIP	
----	------------------	--

V4	Telephone Number	
	Area Code:	Number:

V5	Facsimile Number	
	Area Code:	Number:

V6	Toll Free Number	
	Area Code:	Number:

V7	<i>Contact Person for Questions / Contract Negotiations, including address if different than above</i>	
	Name:	
	Title:	
	Address:	
	Email Address:	

V8	Telephone Number for Contact Person	
	Area Code:	Number:

V9	Facsimile Number for Contact Person	
	Area Code:	Number:

V10	<i>Name of Individual Authorized to Bind the Organization</i>	
	Name:	Title:

V11	<i>Signature (Individual must be legally authorized to bind the vendor per NRS 333.337)</i>	
	Signature:	Date:

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A Request for Proposal (RFP) process is different from an Invitation to Bid. The State expects vendors to propose creative, competitive solutions to the agency's stated problem or need, as specified below. Vendors' technical exceptions and/or assumptions should be clearly stated in *Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP*. Vendors' cost exceptions and/or assumptions should be clearly stated in *Attachment J, Cost Proposal Certification of Compliance with Terms and Conditions of RFP*. Exceptions and/or assumptions will be considered during the evaluation process; however, vendors must be specific. Nonspecific exceptions or assumptions may not be considered. The State reserves the right to limit the Scope of Work prior to award, if deemed in the best interest of the State per NRS 333.350(1).

Prospective vendors are advised to review Nevada's ethical standards requirements, including but not limited to, NRS 281A and the Governor's Proclamation, which can be found on the Purchasing Division's website (<http://purchasing.state.nv.us>).

1. **PROJECT OVERVIEW**

The Nevada State Treasurer in accordance with his responsibilities to administer the State Fund (General Portfolio), the Local Government Investment Pool (LGIP), the Local Government Pooled Long-Term Investment Account (NVEST), the Permanent School Fund (PSF), the Nevada Pre-paid College Tuition Trust Fund (PPCT), is issuing a Request for Proposal (RFP) from qualified firms to provide institutional investment management services. The Investment Manager(s) will directly manage the various portfolios, and will work closely with any advisors, the State Treasurer and Investment Deputy to monitor the portfolio with the goal of meeting or beating assigned benchmarks. Please note the assets listed below for all Portfolios are as of December 31, 2014 and are subject to change. These services consist of the investment and management of the following:

State General Fund Portfolio

The State General Fund Portfolio is the operating fund with the State's immediate and longer term obligations. Investments must be made within the permitted investments set forth in NRS 355.140 and further made per the adopted General Fund Investment Policy (Investment Policy) located in this document as *Attachment L*. On December 31, 2014, the portfolio had a par value of approximately \$1,700,000,000 (See *Attachment K* for holdings details.). This Fund will be segregated into the following sub-portfolios:

- **Short-term or Cash Portfolio** with approximately \$500 million in assets. This sub-portfolio provides the primary liquidity to meet the day-to-day cash flow needs of the State. This sub-portfolio is primarily invested in securities with maturities shorter than 9 months.
- **Medium-term Portfolio** with approximately \$500 million in assets. This sub-portfolio provides secondary liquidity and matches intermediate and longer term liabilities. This sub-portfolio is primarily invested in securities with maturities from 9 months to 3 years.
- **Long-term Portfolio** with approximately \$700 million in assets. This sub-portfolio is primarily invested in securities with maturities from 3 – 10 years.

The Treasurer reserves the right to change allocations and asset amounts amongst these General Fund sub-Portfolios.

Local Government Investment Pool (LGIP)

The LGIP was established as an alternative investment program (authorized in Nevada Revised Statutes (NRS) 355.167) to be utilized by State of Nevada local governments for their public monies. Any local government, as defined by NRS 354.474, may utilize the LGIP for purposes of investment

Investment must be made within the permitted investments set forth in NRS 355.170 and NRS 355.171, and further made per the adopted LGIP Investment Policy (Investment Policy) located in this document as *Attachment L*. On December 31, 2014, the portfolio had a par value of approximately \$446,000,000 (See Attachment K for holdings details.).

Local Government Pooled Long-Term Investment Account (NVEST)

Local Government Pooled Long-Term Investment Account (NVEST), pursuant to Nevada Revised Statutes (NRS) 355.165(1), is requesting responses from qualified firms to invest NVEST monies for local governments in the State. Investments must comply with the NVEST Investment Policy (Investment Policy), which is located in the appendix to this document as *Attachment L*. The Investment Policy establishes the guidelines that govern the investment activities of the State Treasurer and investment managers with regard to the management of NVEST in accordance with NRS 355.165, 355.167, and 355.170. The Treasurer is currently under contract with three institutional fixed income managers for NVEST; these contracts are set to expire on September 30, 2015.

NVEST is an investment program designed to manage local government monies which are not required for immediate cash flow purposes. Any local government, as defined in NRS 354.474 may apply to the State Treasurer to request participation in NVEST. The State Treasurer may establish one or more accounts for identified investments made for and allocated to specific participating local governments. Each account is managed according to preferred security selection, and against an agreed-upon benchmark. The minimum account size is currently an initial investment of \$5,000,000.00.

As of December 31, 2014, there are nine (9) individual NVEST accounts, with a total par value of approximately \$245 million. The size of accounts ranges from \$5 million to \$95 million. These accounts and their holdings are shown as an appendix to this document as *Attachment K*. Accounts may be added or liquidated throughout the duration of the contract.

Permanent School Fund (PSF)

Article 11, Section 3 of the Constitution of the State of Nevada provides that all estates that escheat to the state; proceeds from the sale of lands given or bequeathed under this section; and fines collected under the penal laws of the state shall be pledged for educational purposes only, and shall not be transferred to any other funds for other uses. The 1956 special session of the Legislature enacted Chapter 32, which provided for the creation of the PSF to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution. The PSF is classified as a permanent fund in accordance with Governmental Accounting Standards Board Statement No. 34. This designation ensures that the corpus of the PSF will be preserved. All earnings on the PSF's assets are transferred to the Distributive School Account of the General

Fund that apportions it among the several school districts of the state, in accordance with state statutes.

On December 31, 2014, the portfolio had a par value of approximately \$302,000,000 of which \$50 million is earmarked for private equity investments. Investment must be made within the permitted investments set forth in NRS 355.060, and further made per the adopted PSF Investment Policy (Investment Policy) located in this document as *Attachment L*.

The PSF is currently invested entirely in fixed income securities with the exception of the private equity investments. The Treasurer now wishes to invest a portion of the PSF in public equities, which is allowable by Nevada law, in order to maintain a balanced portfolio consisting of fixed income, public equity, and private equity investments. Selection of an investment manager to invest the public equity portfolio of the PSF and the fixed income portion of the PSF will be made through this RFP.

Prepaid Tuition Program

The Prepaid Fund holds the assets of contract purchasers who have enrolled in the Nevada Higher Education Prepaid Tuition Program (Program), which was approved by the state of Nevada Legislature during the 1997 biennial session (NRS Chapter 353B, College Savings Plans of Nevada).

The Program's investment policy was approved by the Board of Trustees of the College Savings Plans of Nevada (Board) and is available in *Attachment L*. Current assets under management in the Prepaid Fund as of December 31, 2014, are approximately \$202 million. The Program is currently under contract with Chicago Equity Partners for the fixed income portion of the Fund. The contract with Chicago Equity Partners is set to expire on October 31, 2016. The Plan has investments in four institutional mutual funds, three with Vanguard and one with Glenmede. Please see *Attachment K* for detailed holding and asset information.

The Board approves pricing for the prepaid tuition contracts before each annual open enrollment period. The pricing schedule considers the tuition increases at the Nevada System of Higher Education (NSHE), the annual projected investment earnings rate, which is currently assumed at a 6.30% rate of return on investments, net of investment management fees, over the life of the contracts. This adopted pricing schedule is considered sufficient to compensate for anticipated tuition rate increases, the investment earnings, administrative expenses, and a stabilization reserve fund.

The asset allocation for the equities portion of the Prepaid Fund is set in the Investment Policy Statement for the Prepaid Fund, which is included as *Attachment L*. The current asset allocation for the Prepaid Fund is:

US Equities	Target Allocation	Policy Benchmark
Large Capitalization Stocks	39%	S&P 500 Index
Mid-Capitalization Stocks	7%	S&P Midcap 400 Index
Small Capitalization Stocks	4%	S&P Small Cap 600 Index
Total Equities	50%	
Covered Calls	20%	CBOE BXM Index

US Fixed Income	Target Allocation	
Core Bonds	30%	Barclays Capital U.S. Aggregate A or Better Index
Total Fund	100%	

The total equity allocation benchmark is: 79% S&P 500 Index, 14% S&P 400 Index, and 7% S&P 600 Index. Currently, the allocation monitoring is completed by Treasurer staff.

Respondents to this RFP may propose to manage only the public equity, fixed income in one or more Portfolios or only certain fixed income asset classes. The Treasurer may select via this RFP either one firm to manage the public equity and fixed income portfolios or multiple firms for various asset classes or for specific portfolios. By responding to this RFP, respondents acknowledge receipt of the applicable Investment Policies and accordingly, accept responsibility in complying with them. Please note the intent of the Treasurer is not to limit or restrict vendor's responses but rather provide maximum flexibility for the Treasurer.

Copies of all Investment Portfolios are included in Attachment K

Copies of all Investment Policies are included in Attachment L.

The State Treasurer will administer the contract(s) resulting from this RFP with the exception of the PPCT. The PPCT is governed by the Nevada College Savings Board of which the Treasurer is the Chair. The resulting contract(s) will be for an initial contract term of four (4) years, subject to a year over year review, as agreed to by both parties and in the best interest of the State. The term of the contract is anticipated to commence May 11, 2015, subject to Board of Examiners approval, and expire May 30, 2019.

2. ACRONYMS/DEFINITIONS

For the purposes of this RFP, the following acronyms/definitions will be used:

Acronym	Description
ABS	Asset Backed Securities
Anti-Money Laundering Laws	Those laws, rules, regulations, orders and sanctions, state and federal, criminal and civil, that (a) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (b) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotic dealers of otherwise engaged in activities contrary to the interests of the United States; (c) require identification and documentation of the parties with whom a financial institution conducts business; or (d) designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the United States Presidential Executive Order Number 13224 on Terrorism Financing (September 23, 2001) (hereafter, Executive Order), the Patriot Act, the Bank Secrecy Act, Public Law No. 91-508, 84 Stat. 1305 (1970), the Trading with the Enemy Act, 50 U.S.C. Appl. 1 et seq., the International Emergency Economics Powers Act, 50 U.S.C. Section 1701 et seq., and the sanction regulations promulgated pursuant thereto by OFAC, as well as laws relating to prevention and detection of money

Acronym	Description
	laundering in 18 U.S.C. Sections 1956 and 1957, as amended.
<i>AUM</i>	Assets Under Management
<i>Assumption</i>	An idea or belief that something will happen or occur without proof. An idea or belief taken for granted without proof of occurrence.
<i>Awarded Vendor</i>	The organization/individual that is awarded and has an approved contract with the State of Nevada for the services identified in this RFP.
<i>BOE</i>	State of Nevada Board of Examiners
<i>CMO</i>	Collateralized Mortgage Obligations
<i>Confidential Information</i>	Any information relating to the amount or source of any income, profits, losses or expenditures of a person, including data relating to cost or price submitted in support of a bid or proposal. The term does not include the amount of a bid or proposal. Refer NRS 333.020(5) (b).
<i>Contract Approval Date</i>	The date the State of Nevada Board of Examiners officially approves and accepts all contract language, terms and conditions as negotiated between the State and the successful vendor.
<i>Contract Award Date</i>	The date when vendors are notified that a contract has been successfully negotiated, executed and is awaiting approval of the Board of Examiners.
<i>Contractor</i>	The company or organization that has an approved contract with the State of Nevada for services identified in this RFP. The contractor has full responsibility for coordinating and controlling all aspects of the contract, including support to be provided by any subcontractor(s). The contractor will be the sole point of contact with the State relative to contract performance.
<i>Cross Reference</i>	A reference from one document/section to another document/section containing related material.
<i>Customer</i>	Department, Division or Agency of the State of Nevada.
<i>Division/Agency</i>	The Division/Agency requesting services as identified in this RFP.
<i>Evaluation Committee</i>	An independent committee comprised of a majority of State officers or employees established to evaluate and score proposals submitted in response to the RFP pursuant to NRS 333.335.
<i>Exception</i>	A formal objection taken to any statement/requirement identified within the RFP.
<i>General Portfolio</i>	The investment portfolio which encompasses the General Fund and additional state operating funds.

Acronym	Description
<i>Goods</i>	The term “goods” as used in this RFP has the meaning ascribed to it in NRS §104.2105(1) and includes, without limitation, “supplies”, “materials”, “equipment”, and “commodities”, as those terms are used in NRS Chapter 333.
<i>Key Personnel</i>	Vendor staff responsible for oversight of work during the life of the project and for deliverables.
<i>LCB</i>	Legislative Counsel Bureau
<i>LGIP</i>	The Local Government Investment Pool.
<i>LOI</i>	Letter of Intent - notification of the State’s intent to award a contract to a vendor, pending successful negotiations; all information remains confidential until the issuance of the formal notice of award.
<i>May</i>	Indicates something that is recommended but not mandatory. If the vendor fails to provide recommended information, the State may, at its sole option, ask the vendor to provide the information or evaluate the proposal without the information.
<i>MBS</i>	Mortgage Backed Securities
<i>Must</i>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.
<i>NAC</i>	Nevada Administrative Code –All applicable NAC documentation may be reviewed via the internet at: www.leg.state.nv.us .
<i>NOA</i>	Notice of Award – formal notification of the State’s decision to award a contract, pending Board of Examiners’ approval of said contract, any non-confidential information becomes available upon written request.
<i>NRS</i>	Nevada Revised Statutes – All applicable NRS documentation may be reviewed via the internet at: www.leg.state.nv.us .
<i>Pacific Time (PT)</i>	Unless otherwise stated, all references to time in this RFP and any subsequent contract are understood to be Pacific Time.
<i>Patriot Act</i>	The USA PATRIOT Act of 2001, Public Law No. 107-56, together with all laws rules, regulations and orders issued in connection therewith.
<i>PPCT</i>	The Nevada Pre-Paid College Tuition Program.
<i>Prohibited Person</i>	Any person or entity: (a) listed in the Annex to, or otherwise subject to the provision of the Executive Order, (b) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of the Executive Order, (c) with whom Vendor is prohibited from dealing or otherwise engaging in any

Acronym	Description
	transaction by any terrorism or money laundering law, including the Executive Order, (d) who commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order, (e) that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Department of the Treasury, Office of Foreign Assets Control at its official website or other official publication of such list, or (f) who is an Affiliate of a person or entity listed above.
<i>PSF</i>	The Permanent School Fund.
<i>Proprietary Information</i>	Any trade secret or confidential business information that is contained in a bid or proposal submitted on a particular contract. (Refer to NRS 333.020 (5) (a).
<i>Public Record</i>	All books and public records of a governmental entity, the contents of which are not otherwise declared by law to be confidential must be open to inspection by any person and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. (Refer to NRS 333.333 and NRS 600A.030 [5]).
<i>Redacted</i>	The process of removing confidential or proprietary information from a document prior to release of information to others.
<i>RFP</i>	Request for Proposal - a written statement which sets forth the requirements and specifications of a contract to be awarded by competitive selection as defined in NRS 333.020(8).
<i>Shall</i>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.
<i>Should</i>	Indicates something that is recommended but not mandatory. If the vendor fails to provide recommended information, the State may, at its sole option, ask the vendor to provide the information or evaluate the proposal without the information.
<i>State</i>	The State of Nevada and any agency identified herein.
<i>State Treasurer</i>	Office of the State Treasurer
<i>Subcontractor</i>	Third party, not directly employed by the contractor, who will provide services identified in this RFP. This does not include third parties who provide support or incidental services to the contractor.
<i>Trade Secret</i>	Information, including, without limitation, a formula, pattern, compilation, program, device, method, technique, product, system, process, design, prototype, procedure, computer programming instruction or code that: derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by

Acronym	Description
	the public or any other person who can obtain commercial or economic value from its disclosure or use; and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
<i>User</i>	Department, Division, Agency or County of the State of Nevada.
<i>Vendor</i>	Organization/individual submitting a proposal in response to this RFP.
<i>Will</i>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.

STATE OBSERVED HOLIDAYS

The State observes the holidays noted in the following table. When January 1st, July 4th, November 11th or December 25th falls on Saturday, the preceding Friday is observed as the legal holiday. If these days fall on Sunday, the following Monday is the observed holiday.

Holiday	Day Observed
New Year's Day	January 1
Martin Luther King Jr.'s Birthday	Third Monday in January
Presidents' Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Nevada Day	Last Friday in October
Veterans' Day	November 11
Thanksgiving Day	Fourth Thursday in November
Family Day	Friday following the Fourth Thursday in November
Christmas Day	December 25

3. SCOPE OF WORK

Minimum Qualifications

- 3.1 The Vendor must be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940; or a bank or trust company which is organized and operating, or licensed to operate in the United States under federal or state law
- 3.2 The Vendor must agree to act as a fiduciary with respect to all State Portfolios.
- 3.3 The Vendor must have a five-year performance track record for the types of securities included in the vendor's proposal. This track record may include programs with a similar strategy.

- 3.4 The Vendor must have a total of at least \$1 billion AUM of fixed income, governmental (state and/or local government) operating funds, and equities.
- 3.5 The Vendor must have at least five years of experience managing the types of securities included in the vendor's proposal.
- 3.6 The Vendor must be registered to conduct business in the State, or become duly qualified to do business in the State as a foreign business entity, before a contract can be executed.
- 3.7 The Vendor must have at least three (3) public institution clients with total market-valued assets (in custody) per client of \$200 million or greater.
- 3.8 The Vendor must have the following minimum credit rating from at least one of the following nationally recognized statistical rating organizations (NRSRO's): "A-" or equivalent from either Moody's, Standard & Poor's, Fitch or Egan-Jones or "B-" from Kroll Ratings Service.
- 3.9 Material exceptions to the State's contract (Attachment C) especially, but not exclusively, the indemnification language in paragraphs 14, 16, and Attachment BB could result in the rejection of your firm's response. Submit any exceptions, including the insurance limits to the Contract Form (Attachment C) as part of this RFP.

Please verify your compliance with Items 3.1.1 through 3.1.9 by signing below.

Signature and Title

Required Services for Contract

DAILY

- a. Invest the Portfolios on a discretionary basis within the parameters of applicable Nevada Revised Statutes, the State's Investment Policy, and TREASURER'S direction.
- b. Monitor and send trade/transaction settlement information to the State's custodian.
- c. Send the TREASURER trade/transaction tickets, security descriptions, and investment accounting information for all purchases, sells, maturities, calls, and interest transactions. *Please note this must be an automated process which is sent by either close of business the same day or by 10AM the following day.*
- d. Provide TREASURER with a brief explanation/justification of buys and sells which are considered exceptions to the daily norm.
- e. Monitor credit exposure and risk of Portfolios, and immediately contact via telephone the Treasurer to report material events which affect any of the Portfolios.

- f. Be available to answer questions of TREASURER or other State staff as needed.

WEEKLY

- a. Provide TREASURER with a one-page portfolio analysis report for all Portfolios.
- b. Provide TREASURER a summary economic and market update report.

MONTHLY

- a. Provide TREASURER with a summary Monthly Investment Report for all Portfolios for distribution and posting on the State Treasurer's website.
- b. Provide TREASURER a Monthly Compliance Report which verifies each Portfolio's compliance with Nevada Revised Statutes and the State's Investment Policies.
- c. Provide TREASURER a Monthly Detail Report for the TREASURER for each portfolio. The Monthly Detail Report is a comprehensive investment, analytic, and performance report.
- d. Reconcile the MANAGER'S investment accounting system to custodian's audited monthly reports for each Portfolio. Reconcile reports of any separate Investment Managers to State's custodian.
- e. Provide Portfolio earning reports which include interest received, realized gain/losses, amortization, and accretion to TREASURER for Investment Pool's monthly interest allocation report.
- f. Be available to meet with the TREASURER to discuss the State's investment program, including investment strategy and performance, economic and market conditions, cash flow information, and other investment related information.
- g. Provide firm's approved list of providers used for commercial paper, negotiable certificate of deposit, asset-backed securities, corporate bond issuers, and repurchase agreement counterparties.
- h. Provide a monthly stress test for each Portfolio which provides the value of the portfolio utilizing interest rate changes +/- 50 basis points, 100 basis points, and 200 basis points.

QUARTERLY

- 1. Compile separate Quarterly Detail Reports for the TREASURER for the different portfolios. The Quarterly Detail Report is a comprehensive investment, analytic, and performance report.
- 2. Provide detailed billing information which allows the TREASURER to easily identify and verify the calculation of the fees charged for services rendered.

ANNUALLY

- a. Respond to inquiries from Internal and External auditors to assist the TREASURER in the completion of the State's Comprehensive Annual Financial Report.
- b. Assist the TREASURER with any necessary Investment Policy changes.
- c. Provide a list of approved broker/dealers (annually and when changes occur).
- d. Provide most recent SEC Form ADV Part 2.

AD HOC

- a. Serve as a general resource to TREASURER and other State staff for information and training.
- b. Assist in presentations to rating agencies.
- c. Assist in analyzing proposed Nevada legislative bills which many have a potential impact on the State's investments.
- d. Prepare special analyses and reports as requested by the TREASURER.

4. CERTIFICATION

By inclusion and execution of the statement provided in Attachment B of this RFP, each proposal shall certify that:

- 4.1 The selection of the firm will not result in any current or potential, real or perceived conflict of interest. Alternately, should any potential or existing conflict be known by the firm, the proposal shall specify the party with whom the conflict exists or might arise, the nature of the conflict and whether the firm would step aside or resign from that engagement or representation creating the conflict.
- 4.2 The proposal is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a proposal for the same services, and is in all respects fair and without collusion or fraud.
- 4.3 The firm (and the agents, officers, principals and professional employees thereof) has not and will not participate in any prohibited business solicitation communication.*
 - 4.3.1 *"Prohibited business solicitation communication" means a written or verbal communication which occurs during a selection period between a State Treasurer's Office employee and any person or entity submitting a proposal for Institutional Investment Management or between a State Employee and a person who is not a State employee regarding the merits of any investment management... or whether the evaluating committee should elect or retain the investment manager... "with certain exceptions". The selection period for this RFP begins February 18, 2015 and will continue until the State Treasurer selects its vendor.

4.4 Please indicate if for the term of this agreement, the company and its affiliates (i) shall not be a prohibited person; and (ii) shall be in full compliance with all applicable orders, rules, regulations and recommendations promulgated under or in connection with Anti-Money laundering laws and with the Patriot Act to the same extent required by covered financial institutions which are defined in 31 CFR 103.193(a)(3). If not, please explain.

5. RESPONDENT QUESTIONS

5.1.1 All Vendors must include a two-page executive summary of your proposal.

5.1.2 Firm Background and Other Information

5.1.2.1 Describe the organization and ownership of the firm. Has your firm experienced a material change in organizational structure, ownership or management during the past three years? If so, please describe.

5.1.2.2 Provide the location of the office where the State’s Investments will be managed.

5.1.2.3 Provide the location of the office of the individual who will be the primary contact.

5.1.2.4 Describe any current or past Securities and Exchange Commission censure or litigation involving your organization, any officer, or employee during the past three years.

5.1.2.5 Describe in detail the types of accounts managed by your firm (corporate, pension, high net worth, endowment/foundation, government).

5.1.2.6 Provide a list of the vendor’s fixed-income governmental clients that are located in Nevada.

5.1.2.7 Describe the firm’s compliance with SEC Rule 204A-1 (Code of Ethics).

5.1.2.8 Describe your firm’s business continuity plan.

5.1.2.9 Provide a copy of SEC Form ADV Part 1 and 2.

5.1.2.10 List the firm’s AUM (in millions) in the following categories:

Type	Amount (Public Accounts)*	Amount (Other Institutions)
U.S. Treasuries		
Agencies		
ABS		
MBS		
Corporates		
Other Fixed Income		
CMOs		
Equity		

5.2 Personnel

- 5.2.1 Provide name and contact information of the firm's primary portfolio manager who will be assigned to the State.
- 5.2.2 Provide name and contact information of the firm's primary client service representative who will be assigned to the State.
- 5.2.3 Provide an organizational chart which shows the key individuals (listing names, titles, and areas of responsibilities) who will provide investment management, research, compliance, reporting, and credit analysis. Provide brief biographical information for each of these key individuals.

5.3 **Investment Philosophy and Process**

- 5.3.1 Briefly describe your firm's investment management philosophy.
- 5.3.2 What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?
- 5.3.3 Describe how your firm evaluates and monitors broker/dealers. Provide the most recent list of the firm's approved broker/dealers.
- 5.3.4 Describe your firm's portfolio management approach. Are portfolios managed by an individual or a team?
- 5.3.5 Describe your procedures used to ensure that investments comply with Nevada Revised Statutes, Investment Policies, and TREASURER's direction.
- 5.3.6 Describe your firm's research capabilities as they would pertain to the State's authorized investments.
- 5.3.7 Describe your firm's credit analysis and monitoring process.
- 5.3.8 Propose a benchmark for each portfolio and provide a strategy for managing the portfolio(s) to ensure meeting and/or exceeding the benchmark. Please provide your firm's proposed excess return range over a full market cycle, if applicable. Please note for PSF and PPCT you will need custom benchmarks to accommodate the various asset classes.
- 5.3.9 Describe your firm's process for purchasing large block trades for various clients (i.e. one large trade which is allocated accordingly to various separate accounts for various clients). Explain how this benefits your clients, if applicable.
- 5.3.10 Describe your firm's experience in developing custom benchmarks for both Book Rate of Return and Total Rate of Return for portfolios.
- 5.3.11 Describe your methodology and calculation of Book Rate of Return.
- 5.3.12 Describe your methodology and calculation of Total Return.
- 5.3.13 Describe your firm's trading methodology to obtain the best price.

5.4 Performance Measurement

- 5.4.1 Describe your portfolio performance by specific fixed income asset type and duration and/or equity type for the types of securities included in the vendor's proposal.
- 5.4.2 Provide an Excel file with quarterly performance history since inception through December 31, 2014.
- 5.4.3 Provide past investment returns for one, three and five-year periods ended December 31, 2014 for similar portfolios your firm manages for the types of securities included in the vendor's proposal. Provide this information both gross and net of fees. Please compare to the proper industry standard benchmark and include the Merrill 1-5 year Treasury Index.
- 5.4.4 Provide a comparison of investment returns between the vendor's aggregate fixed-income portfolio and a) the Merrill 1-3 Year Treasury Index, and b) the Merrill 1-5 Year Treasury Index for the prior three (3) years ending December 31, 2014. If the vendor does not use these benchmarks, provide the requested information against the vendor's selected benchmark which compares closest to those above.
- 5.4.5 Describe your ability to create customized performance reports.
- 5.4.6 Is there an additional fee for calculating performance and/or the customization of performance reports? If yes, the fee should be included in the ***Attachment I - Cost Schedule***.
- 5.4.7 Do you partner with, or have access to investment performance software? If so, is that a service that you offer your clients? If so, is there a separate fee for this service? If yes, the fee should be included in the ***Attachment I - Cost Schedule***.

5.5 Compliance

- 5.5.1 The TREASURER desires to maintain the Portfolios in the Treasurer's custodial and safekeeping accounts with its securities custodian (BNYM). Confirm that investment management services can be performed under this arrangement. If an alternative arrangement is preferred, describe the arrangement and why it is preferable.
- 5.5.2 What internal guidelines or risk management tools are in place to ensure compliance with applicable Nevada state and federal laws and the Investment Policy?

5.6 Reporting

- 5.6.1 Provide a sample of daily, monthly, quarterly and annual investment reports.
- 5.6.2 Is the vendor GIPS (Global Investment Performance Standards) compliant in its reporting? If no, explain all non-compliance issues.

- 5.6.3 Provide samples of the vendor's standard reports. At a minimum, include a detailed list of holdings, and a monthly or quarterly performance report. Are reports available on the Internet?
- 5.6.4 Are reports produced from an in-house proprietary system or from an outside source? Discuss any enhancements which provide improved reporting capabilities.
- 5.6.5 Provide a sample of the firm's most recent reports on Economic Indicators, Market Conditions, Investment Analysis/Strategy, and or other newsletters/reports.

5.7 **System Capabilities**

- 5.7.1 Describe the hardware and software systems used for documenting and recording investment transactions.
- 5.7.2 Does the system use dedicated hardware? If not, describe the priority given to the investment accounting system versus other systems sharing the same hardware.
- 5.7.3 Describe any major changes and/or upgrades planned for the system. Will you require modification on your client side?
- 5.7.4 Describe technical support available.

5.8 **Disaster Recovery System**

- 5.8.1 Describe your disaster recovery system in the event of a catastrophic event or emergency.
- 5.8.2 How is the State Treasurer notified if there is a "disruption of service"?
- 5.8.3 How often is your disaster recovery procedures tested?
- 5.8.4 Discuss the most recent test and the results.
- 5.8.5 Do you maintain a "hot" backup site(s)? If so, describe its capabilities.
- 5.8.6 How long does it take to begin processing at the backup site(s)?
- 5.8.7 Have disaster recovery services ever been employed for a real disaster? If so, explain the situation and results.

5.9 **Other Services**

- 5.9.1 Describe any other services or unique advantages you will provide for the State's accounts if selected.
- 5.9.2 If you have an investment advisory agreement that you would like the State to consider, it must be included with your response.

6. COMPANY BACKGROUND AND REFERENCES

6.1 VENDOR INFORMATION

6.2 Vendors must provide a company profile in the table format below.

Question	Response
Company name:	
Ownership (sole proprietor, partnership, etc.):	
State of incorporation:	
Date of incorporation:	
# of years in business:	
List of top officers:	
Location of company headquarters:	
Location(s) of the company offices:	
Location(s) of the office that will provide the services described in this RFP:	
Number of employees locally with the expertise to support the requirements identified in this RFP:	
Number of employees nationally with the expertise to support the requirements in this RFP:	
Location(s) from which employees will be assigned for this project:	

6.3 Please be advised, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state must register with the State of Nevada, Secretary of State’s Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

6.4 The selected vendor, prior to doing business in the State of Nevada, must be appropriately licensed by the State of Nevada, Secretary of State’s Office pursuant to NRS76. Information regarding the Nevada Business License can be located at <http://sos.state.nv.us>.

Question	Response
Nevada Business License Number:	
Legal Entity Name:	

Is “Legal Entity Name” the same name as vendor is doing business as?

Yes		No	
-----	--	----	--

If “No”, provide explanation.

6.5 Vendors are cautioned that some services may contain licensing requirement(s). Vendors shall be proactive in verification of these requirements prior to proposal submittal. Proposals that do not contain the requisite licensure may be deemed non-responsive.

6.5.1 Has the vendor ever been engaged under contract by any State of Nevada agency?

Yes		No	
-----	--	----	--

If “Yes”, complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

Question	Response
Name of State agency:	
State agency contact name:	
Dates when services were performed:	
Type of duties performed:	
Total dollar value of the contract:	

6.5.1 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?

Yes		No	
-----	--	----	--

If “Yes”, please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person will be performing or producing the services which you will be contracted to provide under this contract, you must disclose the identity of each such person in your response to this RFP, and specify the services that each person will be expected to perform.

6.5.2 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor’s ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP must also be disclosed.

Does any of the above apply to your company?

Yes		No	
-----	--	----	--

If “Yes”, please provide the following information. Table can be duplicated for each issue being identified.

Question	Response	
Date of alleged contract failure or breach:		
Parties involved:		
Description of the contract failure, contract breach, or litigation, including the products or services involved:		
Amount in controversy:		
Resolution or current status of the dispute:		
If the matter has resulted in a court case:	Court	Case Number
Status of the litigation:		

- 6.6 Vendors must review the insurance requirements specified in **Attachment E, Insurance Schedule** for RFP 15-001. Does your organization currently have or will your organization be able to provide the insurance requirements as specified in **Attachment E**.

Yes		No	
-----	--	----	--

Any exceptions and/or assumptions to the insurance requirements **must** be identified on **Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions** of RFP. Exceptions and/or assumptions will be taken into consideration as part of the evaluation process; however, vendors must be specific. If vendors do not specify any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

Upon contract award, the successful vendor must provide the **Certificate of Insurance** identifying the coverage as specified in **Attachment E, Insurance Schedule** for RFP 15-001.

- 6.7 Company background/history and why vendor is qualified to provide the services described in this RFP. Limit response to no more than five (5) pages.
- 6.8 Length of time vendor has been providing services described in this RFP to the public and/or private sector. Please provide a brief description.

- 6.9 Provide the number of your organization's clients as categorized in the following matrix; report aggregate values of their total assets under custody in \$ millions for periods specified:

Total Clients		
Period	Total Number Of Clients	Asset Value/\$MM
2010		
2011		
2012		
2013		
2014		

Public Fund Clients Only		
Period	Total Number Of Clients	Asset Value/\$MM
2010		
2011		
2012		
2013		
2014		

- 6.10 Provide the number of public client accounts, gained by your firm or lost to another institutional manager for the periods listed in the following matrix; report corresponding market values in \$ millions as of initiation date for clients gained and termination date for clients lost.

Total Public Clients Only				
Period	# of Clients Gained	\$MM – Clients Gained	# of Clients Lost	\$MM – Clients Lost
2010				
2011				
2012				
2013				
2014				

6.11 Audit and Risk

6.11.1 Describe your internal and external audit functions. Do you perform an SSAE 16 exam? If so, please describe.

6.11.2 Does your firm maintain a code of ethics?

6.11.3 Does your organization have an independent operation risk management function that is responsible for the design and implementation of your organization's operational risk management framework?

6.12 Financial information and documentation to be included in **Part III, Confidential Financial Information** of vendor’s response in accordance with **Part III – Confidential Financial Information**.

6.12.1 Federal Tax Identification Number

6.12.2 Provide copies of the last two years’ audited financial statements and audit opinion.

6.12.3 What is the nature and size of any “off balance sheet items” in your annual report and what are the three critical areas that pose the most at risk exposure to the bank?

7. SUBCONTRACTOR INFORMATION

7.1 Does this proposal include the use of subcontractors?

Yes		No	
-----	--	----	--

If “Yes”, vendor must:

7.2 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor will perform services.

7.2.1 If any tasks are to be completed by subcontractor(s), vendors must:

7.2.1.1 Describe the relevant contractual arrangements;

7.2.1.2 Describe how the work of any subcontractor(s) will be supervised, channels of communication will be maintained and compliance with contract terms assured; and

7.2.1.3 Describe your previous experience with subcontractor(s).

7.3 Vendors must describe the methodology, processes and tools utilized for:

7.3.1 Selecting and qualifying appropriate subcontractors for the project/contract;

7.3.2 Ensuring subcontractor compliance with the overall performance objectives for the project;

7.3.3 Ensuring that subcontractor deliverables meet the quality objectives of the project/contract; and

7.3.4 Providing proof of payment to any subcontractor(s) used for this project/contract, if requested by the State. Proposal should include a plan by which, at the State’s request, the State will be notified of such payments.

7.4 Provide the same information for any proposed subcontractors as requested in **Section 6.1, Vendor Information**.

- 7.5 Business references as specified in *Section 8, Business References* must be provided for any proposed subcontractors.
- 7.6 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.
- 7.7 Vendor must notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in Section 7, Subcontractor Information. The vendor must receive agency approval prior to subcontractor commencing work.

8. BUSINESS REFERENCES

- 8.1 Vendors should provide a minimum of three (3) business references from similar projects performed for private, state and/or large local government clients within the last five (5) years.
- 8.2 Vendors must provide the following information for every business reference provided by the vendor and/or subcontractor:

The “Company Name” must be the name of the proposing vendor or the vendor’s proposed subcontractor.

Reference #:			
Company Name:			
<i>Identify role company will have for this RFP project (Check appropriate role below):</i>			
	VENDOR		SUBCONTRACTOR
Project Name:			
Primary Contact Information			
Name:			
Street Address:			
City, State, Zip			
Phone, including area code:			
Facsimile, including area code:			
Email address:			
Alternate Contact Information			
Name:			
Street Address:			
City, State, Zip			
Phone, including area code:			
Facsimile, including area code:			
Email address:			
Project Information			
Brief description of the project/contract and description of services performed, including technical environment (i.e., software			

applications, data communications, etc.) if applicable:	
Original Project/Contract Start Date:	
Original Project/Contract End Date:	
Original Project/Contract Value:	
Final Project/Contract Date:	
Was project/contract completed in time originally allotted, and if not, why not?	
Was project/contract completed within or under the original budget/cost proposal, and if not, why not?	

Vendors must also submit *Attachment F, Reference Questionnaire* to the business references that are identified in *Section 8*.

The company identified as the business references must submit the Reference Questionnaire directly to the Anne Lara.

It is the vendor’s responsibility to ensure that completed forms are received by the Anne Lara on or before the deadline as specified in *Section 14, RFP Timeline* for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor’s score in the evaluation process.

The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

9. VENDOR STAFF RESUMES

A resume must be completed for each proposed key personnel responsible for performance under any contract resulting from this RFP per *Attachment G, Proposed Staff Resume*.

10. COST

Vendors must provide the detail for all costs/fees associated with investment management for all portfolios. A Cost Matrix is included as Attachment I - Cost Schedule.

10.1 Option 1 (Preferred):

Vendors may provide pricing based on a specific number of basis points that are applied to assets under management (AUM). Vendors may quote basis points pricing using either a fixed price or sliding scale based on AUM.

10.2 Option 2:

Vendors may provide detailed fixed prices for all costs associated with the responsibilities and related services.

11. FINANCIAL

BILLING

The State does not issue payment prior to receipt of goods or services.

The State may choose in the future to pay for certain costs such as Bloomberg license fees or portfolio accounting systems via its investment management vendor. These costs will be considered pass-through costs with no mark-up from the selected vendor.

12. **PAYMENT**

A fee statement showing the calculation of the fee must be provided to the State Treasurer's Office prior to receipt of payment. The Treasurer will authorize the securities custodian to remit payment to the vendor. This fee statement is subject to audit by the State

13. **PRE-PROPOSAL CONFERENCE**

A pre-proposal conference regarding this Request for Proposal will be held **Wednesday, February 4 at 10AM in Carson City, Nevada at the State Capitol, Guinn Media Room, 101 N. Carson Street, with video conference to the Grant Sawyer Building, Governor's Conference Room, and 555 E. Washington Ave., Las Vegas, Nevada.** Vendors are advised to bring a copy of the RFP to the pre-proposal conference.

All potential Vendors are encouraged to attend the Pre-Proposal Conference as it will be used as the forum for questions, communications, and discussions regarding the RFP. The vendor should become familiar with the RFP and develop all questions prior to the conference in order to ask questions and otherwise participate in the public communications regarding this RFP.

13.1 PRE-PROPOSAL COMMUNICATION

Prior to the Pre-Proposal Conference, Vendors must submit any communications and/or questions regarding the RFP in writing, as instructed below. Such prior communication will provide the State with insight into areas of the RFP which will be brought up for discussion during the conference and which may require clarification

The deadline for submitting questions is as specified in ***Section 14, RFP TIMELINE***.

Any changes to the RFP as a result of discussions from the Pre-Proposal Conference will be accomplished as an Amendment to the RFP. Questions and answers from the pre-conference will be posted to the STO website, in accordance with the RFP timeline below.

14. **RFP TIMELINE**

The following represents the proposed timeline for this project. All times stated are Pacific Time (PT). These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time. The State also reserves the right to forego vendor presentations and select vendor(s) based on the written proposals submitted.

Task	Date/Time
Pre-Proposal Questions Due from Vendors	January 27, 2015
Pre-Proposal Conference	February 4, 2015
Answers from Pre-Proposal Conference	February 11, 2015
Deadline for submittal of Reference Questionnaires	February 15, 2015 @ 2:00PM
Deadline for submission and opening of proposals	February 17, 2015 @ 2:00PM
Evaluation period (approximate time frame)	February 18 – March 3, 2015
Vendor Presentations including software demos (approximate time frame)	March 10 - 12, 2015
Issue Letter of Intent (approximate time frame)	March 13, 2015
Negotiation Period	March 13 – March 31, 2015
Deliver Contract and Issue Notice of Award	April 7, 2015
Board of Examiner’s Meeting	May 12, 2015
Contract Effective Date	May 12, 2015

PROPOSAL SUBMISSION REQUIREMENTS, FORMAT AND CONTENT

15. GENERAL SUBMISSION REQUIREMENTS

Vendors’ proposals must be packaged and submitted in counterparts; therefore, vendors must pay close attention to the submission requirements. Proposals will have a technical response, which may be composed of two (2) parts in the event a vendor determines that a portion of their technical response qualifies as “confidential” as defined within *Section 2, Acronyms/Definitions*.

If complete responses cannot be provided without referencing confidential information, such confidential information must be provided in accordance with *Part I B – Confidential Technical, Part III Confidential Financial Information*. Specific references made to the tab, page, section and/or paragraph where the confidential information can be located must be identified on *Attachment A, Confidentiality and Certification of Indemnification* and comply with the requirements stated in *Confidentiality of Proposals*.

The remaining section is the Cost Proposal. Vendors may submit their proposal broken out into the three (3) sections required, or four (4) sections if confidential technical information is included, in a single box or package for shipping purposes.

The required CDs must contain information as specified in *this document*.

Detailed instructions on proposal submission and packaging follows and vendors must submit their proposals as identified in the following sections. Proposals and CDs that do not comply with the following requirements may be deemed non-responsive and rejected at the State’s discretion.

All information is to be completed as requested.

Each section within the technical proposal and cost proposal must be separated by clearly marked tabs with the appropriate section number and title as specified.

- i. Although it is a public opening, only the names of the vendors submitting proposals will be announced per NRS 333.335(6). Technical and cost details about proposals submitted will not be disclosed. Assistance for handicapped, blind or hearing-impaired persons who wish to attend the RFP opening is available. If special arrangements are necessary, please notify Anne Lara as soon as possible and at least two (2) days in advance of the opening.
 - ii. If discrepancies are found between two (2) or more copies of the proposal, the master copy will provide the basis for resolving such discrepancies. If one (1) copy of the proposal is not clearly marked "MASTER," the State may reject the proposal. However, the State may at its sole option, select one (1) copy to be used as the master.
 - iii. For ease of evaluation, the proposal must be presented in a format that corresponds to and references sections outlined within this RFP and must be presented in the same order. Written responses must be in *bold/italics* and placed immediately following the applicable RFP question, statement and/or section. Exceptions/assumptions to this may be considered during the evaluation process.
 - iv. Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.
1. Unnecessarily elaborate responses beyond what is sufficient to present a complete and effective response to this RFP are not desired and may be construed as an indication of the proposer's lack of environmental and cost consciousness. Unless specifically requested in this RFP, elaborate artwork, corporate brochures, lengthy narratives, expensive paper, specialized binding, and other extraneous presentation materials are neither necessary nor desired.
 2. The State of Nevada, in its continuing efforts to reduce solid waste and to further recycling efforts requests that proposals, to the extent possible and practical:
 3. Be submitted on recycled paper;
 4. Not include pages of unnecessary advertising;
 5. Be printed on both sides of each sheet of paper; and
 6. Be contained in re-usable binders or binder clips as opposed to spiral or glued bindings.
- v. For purposes of addressing questions concerning this RFP, the sole contact will be the Anne Lara as specified on Page 1 of this RFP. Upon issuance of this RFP, other employees and representatives of the agencies identified in the RFP will not answer questions or otherwise discuss the contents of this RFP with any

prospective vendors or their representatives. Failure to observe this restriction may result in disqualification of any subsequent proposal per NAC 333.155(3). This restriction does not preclude discussions between affected parties for the purpose of conducting business unrelated to this procurement.

vi. Any vendor who believes proposal requirements or specifications are unnecessarily restrictive or limit competition may submit a request for administrative review, in writing, to Anne Lara. To be considered, a request for review must be received no later than the deadline for submission of questions.

1. Anne Lara in conjunction with the Purchasing Division shall promptly respond in writing to each written review request, and where appropriate, issue all revisions, substitutions or clarifications through a written amendment to the RFP.

2. Administrative review of technical or contractual requirements shall include the reason for the request, supported by factual information, and any proposed changes to the requirements.

vii. If a vendor changes any material RFP language, vendor’s response may be deemed non-responsive per NRS 333.311.

16. PART 1 A – TECHNICAL PROPOSAL

1.1 The technical proposal must include:

17. One (1) original marked “MASTER”; and

1.1.1 Four (4) identical copies.

1.2 The technical proposal must not include confidential technical information (refer to Part I B, Confidential Technical) or cost and/or pricing information. Cost and/or pricing information contained in the technical proposal may cause the proposal to be rejected.

1.3 Format and Content

Tab I – Title Page

The title page must include the following:

Part I A – Technical Proposal	
RFP Title:	Institutional Investment Manager
RFP:	15-001
Vendor Name:	
Address:	
Proposal Opening Date:	February 17, 2015
Proposal Opening Time:	2:00 PM

Tab II – Table of Contents

18. **An accurate and updated table of contents must be provided.**

Tab III – Vendor Information Sheet

The vendor information sheet completed with an original signature by an individual authorized to bind the organization must be included in this tab.

Tab IV – State Documents

The State documents tab must include the following:

- A. The signature page from all amendments with an original signature by an individual authorized to bind the organization.
- B. Attachment A – Confidentiality and Certification of Indemnification with an original signature by an individual authorized to bind the organization.
- C. Attachment C – Vendor Certifications with an original signature by an individual authorized to bind the organization.
- D. Copies of applicable certifications and/or licenses.

Tab V - Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP

- E. *Attachment B* with an original signature by an individual authorized to bind the organization must be included in this tab.
- F. If the exception and/or assumption require a change in the terms or wording of any section of the RFP, the contract, or any incorporated documents, vendors *must* provide the specific language that is being proposed on *Attachment B*.
- G. Only technical exceptions and/or assumptions should be identified on *Attachment B*.
- H. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. If vendors do not specify any exceptions and/or assumptions in detail at the time of proposal submission, the State will NOT consider any additional exceptions and/or assumptions during negotiations.

Tab VI – Section 3 – Scope of Work

Vendors must place their written response(s) in *bold/italics* immediately following the applicable RFP question, statement and/or section.

Tab VII– Section 4 – Company Background and References

Vendors must place their written response(s) in *bold/italics* immediately following the applicable RFP question, statement and/or section. This section must also include the requested information in *Section 7, Subcontractor Information*, if applicable.

Tab VIII – Attachment G – Proposed Staff Resume

- I. Vendors must include all proposed staff resumes per *Section 9, Vendor Staff Resumes* in this section.
- J. This section should also include any subcontractor proposed staff resumes, if applicable.

Tab IX – Other Informational Material

Vendors must include any other applicable reference material in this section clearly cross referenced with the proposal.

19. PART I B – CONFIDENTIAL TECHNICAL PROPOSAL

Vendors only need to submit Part I B if the proposal includes any confidential technical information (*Refer to Attachment A, Confidentiality and Certification of Indemnification*).

The confidential technical proposal must include:

- One (1) original marked “MASTER”; and**
- Five (5) identical copies.**

Format and Content

Tab I – Title Page

The title page must include the following:

Part I B – Confidential Technical Proposal	
RFP Title:	Institutional Investment Manager
RFP:	15-001
Vendor Name:	
Address:	
Proposal Opening Date:	February 17, 2015
Proposal Opening Time:	2:00 PM

Tabs – Confidential Technical

Vendors must have tabs in the confidential technical information that cross reference back to the technical proposal, as applicable.

20. **PART II – COST PROPOSAL**

The cost proposal must include:

One (1) original marked “MASTER”; and

Five (5) identical copies.

The cost proposal must not be marked “confidential”. Only information that is deemed proprietary per NRS 333.020(5)(a) may be marked as “confidential”.

Format and Content

Tab I – Title Page

The title page must include the following:

Part II – Cost Proposal	
RFP Title:	Institutional Investment Manager
RFP:	15-001
Vendor Name:	
Address:	
Proposal Opening Date:	February 17, 2015
Proposal Opening Time:	2:00 PM

Tab II – Cost Proposal

Vendor’s response for the cost proposal must be included in this tab.

Tab III – Attachment J, Cost Proposal Certification of Compliance with Terms and Conditions of RFP

- K. **Attachment J** with an original signature by an individual authorized to bind the organization must be included in this tab.
- L. In order for any cost exceptions and/or assumptions to be considered, vendors **must** provide the specific language that is being proposed in **Attachment J**.
- M. Only cost exceptions and/or assumptions should be identified on **Attachment J**.
- N. **Do not restate** the technical exceptions and/or assumptions on this form.
- O. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. If vendors do not specify any exceptions and/or assumptions in detail at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

21. PART III – CONFIDENTIAL FINANCIAL INFORMATION

The confidential financial information part must include:

One (1) original marked “MASTER”; and

One (1) identical copy.

Format and Content

Tab I – Title Page

The title page must include the following:

Part III – Confidential Financial Information	
RFP Title:	Institutional Investment Manager
RFP:	15-001
Vendor Name:	
Address:	
Proposal Opening Date:	February 17, 2015
Proposal Opening Time:	2:00 PM

Tab II – Financial Information and Documentation

Vendors must place the information required per *Section 4.1.11* in this tab.

22. CONFIDENTIALITY OF PROPOSALS

As a potential contractor of a public entity, vendors are advised that full disclosure is required by law.

Vendors are required to submit written documentation in accordance with *Attachment A, Confidentiality and Certification of Indemnification* demonstrating the material within the proposal marked “confidential” conforms to NRS §333.333, which states “Only specific parts of the proposal may be labeled a “trade secret” as defined in NRS §600A.030(5)”. NRS 600A.030 Definitions. As used in this chapter, unless the context otherwise requires:

1. “Improper means” includes, without limitation:
 - (a) Theft;
 - (b) Bribery;
 - (c) Misrepresentation;
 - (d) Willful breach or willful inducement of a breach of a duty to maintain secrecy;
 - (e) Willful breach or willful inducement of a breach of a duty imposed by common law, statute, contract, license, protective order or other court or administrative order; and
 - (f) Espionage through electronic or other means.
2. “Misappropriation” means:
 - (a) Acquisition of the trade secret of another by a person by improper means;

(b) Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(c) Disclosure or use of a trade secret of another without express or implied consent by a person who:

(1) Used improper means to acquire knowledge of the trade secret;

(2) At the time of disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was:

(I) Derived from or through a person who had used improper means to acquire it;

(II) Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

(III) Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

(3) Before a material change of his or her position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

3. "Owner" means the person who holds legal or equitable title to a trade secret.

4. "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

5. "Trade secret" means information, including, without limitation, a formula, pattern, compilation, program, device, method, technique, product, system, process, design, prototype, procedure, computer programming instruction or code that:

(a) Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other persons who can obtain commercial or economic value from its disclosure or use; and

(b) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(Added to NRS by 1987, 20; A 1993, 2802; 1999, 2101)

Not conforming to these requirements will cause your proposal to be deemed non-compliant and will not be accepted by the State of Nevada.

Vendors acknowledge that material not marked as "confidential" will become public record upon contract award.

The required CDs must contain the following:

One (1) "Master" CD with an exact duplicate of the technical and cost proposal contents only.

P. The electronic files must follow the format and content section for the technical and cost proposal.

Q. The CD must be packaged in a case and clearly labeled as follows:

Master CD	
RFP Title:	Institutional Investment Manager
RFP No:	15-001
Vendor Name:	

Master CD	
Contents:	Part IA – Technical Proposal Part IB – Confidential Technical Proposal Part II – Cost Proposal

One (1) “Public Records CD” which must include the technical and cost proposal contents to be used for public records requests.

- R. This CD **must not** contain any confidential or proprietary information.
- S. The electronic files must follow the format and content section for the redacted versions of the technical and cost proposal.
- T. All electronic files ***must*** be saved in “PDF” format, with one file named Part IA – Technical Proposal and one (1) file named part II – Cost Proposal.
- U. The CD must be packaged in a case and clearly labeled as follows:

Public Records CD	
RFP Title:	Institutional Investment Manager
RFP No:	15-001
Vendor Name:	
Contents:	Part IA – Technical Proposal for Public Records Request Part II – Cost Proposal for Public Records Request

The Public Records submitted on the CD will be posted to the STO Website upon the Notice of Award.

It is the vendor’s responsibility to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation.

Failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by release of said information.

23. PROPOSAL PACKAGING

If the separately sealed technical and cost proposals as well as confidential technical information and financial documentation, marked as required, are enclosed in another container for mailing purposes, the outermost container must fully describe the contents of the package and be clearly marked as follows:

Vendors are encouraged to utilize the copy/paste feature of word processing software to replicate these labels for ease and accuracy of proposal packaging.

Anne Lara
Office of the Nevada State Treasurer
101 N. Carson Street, Suite 4

Carson City, NV 89701	
RFP:	15-001
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR'S NAME:	

Proposals must be received at the address referenced below no later than the date and time specified in Section 14, RFP Timeline. Proposals that do not arrive by proposal opening time and date will not be accepted. Vendors may submit their proposal any time prior to the above stated deadline.

The State will not be held responsible for proposal envelopes mishandled as a result of the envelope not being properly prepared.

Email, facsimile, or telephone proposals will NOT be considered; however, at the State's discretion, the proposal may be submitted all or in part on electronic media, as requested within the RFP document. Proposal may be modified by email, facsimile, or written notice provided such notice is received prior to the opening of the proposals.

The technical proposal shall be submitted to the State in a sealed package and be clearly marked as follows:

Anne Lara Office of the Nevada State Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701	
RFP:	15-001
PROPOSAL COMPONENT:	PART I A – TECHNICAL PROPOSAL
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR'S NAME:	

If applicable, confidential technical information shall be submitted to the State in a sealed package and be clearly marked as follows:

Anne Lara Office of the Nevada State Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701	
RFP:	15-001
PROPOSAL COMPONENT:	PART I B – CONFIDENTIAL TECHNICAL PROPOSAL
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR'S NAME:	

The cost proposal shall be submitted to the State in a sealed package and be clearly marked as follows:

Anne Lara Office of the Nevada State Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701	
RFP:	15-001
PROPOSAL COMPONENT:	PART II – COST PROPOSAL
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR’S NAME:	

Confidential financial information shall be submitted to the State in a sealed package and be clearly marked as follows:

Anne Lara Office of the Nevada State Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701	
RFP:	15-001
PROPOSAL COMPONENT:	PART III - CONFIDENTIAL FINANCIAL INFORMATION
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR’S NAME:	

The CDs shall be submitted to the State in a sealed package and be clearly marked as follows:

Anne Lara Office of the Nevada State Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701	
RFP:	15-001
PROPOSAL COMPONENT:	CDs
PROPOSAL OPENING DATE:	February 17, 2015
PROPOSAL OPENING TIME:	2:00 PM
FOR:	Institutional Investment Manager
VENDOR’S NAME:	

PROPOSAL EVALUATION AND AWARD PROCESS

The information in this section does not need to be returned with the vendor’s proposal.

- 24. **Proposals shall be consistently evaluated and scored in accordance with NRS 333.335(3) based upon the following criteria:**

- Demonstrated competence
- Experience in performance of comparable engagements
- Conformance with the terms of this RFP
- Expertise and availability of key personnel
- Cost

Presentations

Following the evaluation and scoring process specified above, the State may require vendors to make a presentation of their proposal to the evaluation committee or other State staff, as applicable.

The State, at its option, may limit participation in vendor presentations up to the four (4) highest ranking vendors.

The State reserves the right to forego vendor presentations and select vendor(s) based on the written proposals submitted.

The following will be scored on a pass/fail basis.

Financial stability

Proposals shall be kept confidential until a contract is awarded.

- 25.** The evaluation committee may also contact the references provided in response to the Section identified as Company Background and References; contact any vendor to clarify any response; contact any current users of a vendor's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed pertinent to the evaluation process. The evaluation committee shall not be obligated to accept the lowest priced proposal, but shall make an award in the best interests of the State of Nevada per NRS 333.335(5).
- 26.** Each vendor must include in its proposal a complete disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigations pending which involves the vendor or in which the vendor has been judged guilty or liable. Failure to comply with the terms of this provision may disqualify any proposal. The State reserves the right to reject any proposal based upon the vendor's prior history with the State or with any other party, which documents, without limitation, unsatisfactory performance, adversarial or contentious demeanor, significant failure(s) to meet contract milestones or other contractual failures. See generally, NRS 333.335.
- 27.** Clarification discussions may, at the State's sole option, be conducted with vendors who submit proposals determined to be acceptable and competitive per NAC 333.165. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and/or written revisions of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no

disclosure of any information derived from proposals submitted by competing vendors. Any modifications made to the original proposal during the best and final negotiations will be included as part of the contract.

28. A Notification of Intent to Award shall be issued in accordance with NAC 333.170. Any award is contingent upon the successful negotiation of final contract terms and upon approval of the Board of Examiners, when required. Negotiations shall be confidential and not subject to disclosure to competing vendors unless and until an agreement is reached. If contract negotiations cannot be concluded successfully, the State upon written notice to all vendors may negotiate a contract with the next highest scoring vendor or withdraw the RFP.
29. Any contract resulting from this RFP shall not be effective unless and until approved by the Nevada State Board of Examiners (NRS 333.700).

TERMS AND CONDITIONS

30. PROCUREMENT AND PROPOSAL TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal. However, if vendors have any exceptions and/or assumptions to any of the terms and conditions in this section, they **MUST** identify in detail their exceptions and/or assumptions on ***Attachment B, Technical Proposal Certification of Compliance***. In order for any exceptions and/or assumptions to be considered they **MUST** be documented in ***Attachment B***. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline.

This procurement is being conducted in accordance with NRS Chapter 333 and NAC Chapter 333.

The State reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the award of a contract pursuant hereto, if it is in the best interest of the State to do so.

The State reserves the right to waive informalities and minor irregularities in proposals received.

The failure to separately package and clearly mark *Part I B and Part III* – which contains confidential information, trade secrets and/or proprietary information, shall constitute a complete waiver of any and all claims for damages caused by release of the information by the State.

Proposals must include any and all proposed terms and conditions, including, without limitation, written warranties, maintenance/service agreements, license agreements and lease purchase agreements. The omission of these documents renders a proposal non-responsive.

The State reserves the right to reject any or all proposals received prior to contract award (NRS 333.350).

The State shall not be obligated to accept the lowest priced proposal, but will make an award in the best interests of the State of Nevada after all factors have been evaluated (NRS 333.335).

Any irregularities or lack of clarity in the RFP should be brought to the Anne Lara's attention as soon as possible so that corrective addenda may be furnished to prospective vendors.

A description of how any and all services and/or equipment will be used to meet the requirements of this RFP shall be given, in detail, along with any additional informational documents that are appropriately marked.

Alterations, modifications or variations to a proposal may not be considered unless authorized by the RFP or by addendum or amendment.

Proposals which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of this contract, may be rejected.

Proposals from employees of the State of Nevada will be considered in as much as they do not conflict with the State Administrative Manual, NRS Chapter 281 and NRS Chapter 284.

Proposals may be withdrawn by written or facsimile notice received prior to the proposal opening time. Withdrawals received after the proposal opening time will not be considered except as authorized by NRS 333.350(3).

Prices offered by vendors in their proposals are an irrevocable offer for the term of the contract and any contract extensions. The awarded vendor agrees to provide the purchased services at the costs, rates and fees as set forth in their proposal in response to this RFP. No other costs, rates or fees shall be payable to the awarded vendor for implementation of their proposal.

The State is not liable for any costs incurred by vendors prior to entering into a formal contract. Costs of developing the proposal or any other such expenses incurred by the vendor in responding to the RFP, are entirely the responsibility of the vendor, and shall not be reimbursed in any manner by the State.

Proposals submitted per proposal submission requirements become the property of the State, selection or rejection does not affect this right; proposals will be returned only at the State's option and at the vendor's request and expense. The masters of the technical proposal, confidential technical proposal, cost proposal and confidential financial information of each response shall be retained for official files.

The Nevada Attorney General will not render any type of legal opinion regarding this transaction.

Any unsuccessful vendor may file an appeal in strict compliance with NRS 333.370 and Chapter 333 of the Nevada Administrative Code.

31. CONTRACT TERMS AND CONDITIONS

*The information in this section does not need to be returned with the vendor's proposal. However, if vendors have any exceptions and/or assumptions to any of the terms and conditions in this section, they MUST identify in detail their exceptions and/or assumptions on **Attachment B, Technical Proposal Certification of Compliance**. In order for any exceptions and/or assumptions to be considered they MUST be documented in **Attachment B**. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline.*

The awarded vendor will be the sole point of contract responsibility. The State will look solely to the awarded vendor for the performance of all contractual obligations which may result from an award based on this RFP, and the awarded vendor shall not be relieved for the non-performance of any or all subcontractors.

The awarded vendor must maintain, for the duration of its contract, insurance coverage as set forth in the Insurance Schedule of the contract form appended to this RFP. Work on the contract shall not begin until after the awarded vendor has submitted acceptable evidence of the required insurance coverage. Failure to maintain any required insurance coverage or acceptable alternative method of insurance will be deemed a breach of contract.

The State will not be liable for Federal, State, or Local excise taxes per NRS 372.325.

Attachment B and Attachment J of this RFP shall constitute an agreement to all terms and conditions specified in the RFP, except such terms and conditions that the vendor expressly excludes. Exceptions and assumptions will be taken into consideration as part of the evaluation process; however, vendors must be specific. If vendors do not specify any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

The State reserves the right to negotiate final contract terms with any vendor selected per NAC 333.170. The contract between the parties will consist of the RFP together with any modifications thereto, and the awarded vendor's proposal, together with any modifications and clarifications thereto that are submitted at the request of the State during the evaluation and negotiation process. In the event of any conflict or contradiction between or among these documents, the documents shall control in the following order of precedence: the final executed contract, any modifications and clarifications to the awarded vendor's proposal, the RFP, and the awarded vendor's proposal. Specific exceptions to this general rule may be noted in the final executed contract.

Local governments (as defined in NRS 332.015) are intended third party beneficiaries of any contract resulting from this RFP and any local government may join or use any contract resulting from this RFP subject to all terms and conditions thereof pursuant to NRS 332.195. The State is not liable for the obligations of any local government which joins or uses any contract resulting from this RFP.

Any person who requests or receives a Federal contract, grant, loan or cooperative agreement shall file with the using agency a certification that the person making the

declaration has not made, and will not make, any payment prohibited by subsection (a) of 31 U.S.C. 1352.

Pursuant to NRS Chapter 613 in connection with the performance of work under this contract, the contractor agrees not to unlawfully discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation or age, including, without limitation, with regard to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including, without limitation apprenticeship.

The contractor further agrees to insert this provision in all subcontracts, hereunder, except subcontracts for standard commercial supplies or raw materials.

32. **PROJECT TERMS AND CONDITIONS**

*The information in this section does not need to be returned with the vendor's proposal. However, if vendors have any exceptions and/or assumptions to any of the terms and conditions in this section, they MUST identify in detail their exceptions and/or assumptions on **Attachment B, Technical Proposal Certification of Compliance**. In order for any exceptions and/or assumptions to be considered they MUST be documented in **Attachment B**. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline.*

Award of Related Contracts

The State may undertake or award supplemental contracts for work related to this project or any portion thereof. The contractor shall be bound to cooperate fully with such other contractors and the State in all cases.

All subcontractors shall be required to abide by this provision as a condition of the contract between the subcontractor and the prime contractor.

Right to Publish

All requests for the publication or release of any information pertaining to this RFP and any subsequent contract must be in writing and sent to the State Treasurer or designee.

No announcement concerning the award of a contract as a result of this RFP can be made without prior written approval of the State Treasurer or designee.

As a result of the selection of the contractor to supply the requested services, the State is neither endorsing nor suggesting the contractor is the best or only solution.

The contractor shall not use, in its external advertising, marketing programs, or other promotional efforts, any data, pictures or other representation of any State facility, except with the specific advance written authorization of the State Treasurer or designee.

Throughout the term of the contract, the contractor must secure the written approval of the

State prior to the release of any information pertaining to work or activities covered by the contract.

Protection of Sensitive Information

Protection of sensitive information will include the following:

Sensitive information in existing legacy applications will encrypt data as is practical.

Confidential Personal Data will be encrypted whenever possible.

Sensitive Data will be encrypted in all newly developed applications.

Liability and Responsibility

The vendor shall be liable to the State Treasurer for any loss of funds as a result of the vendor's failure to properly execute a Contract obligation when such error is within the vendor's control. This includes system and/or processing downtime that is not restored in a timely manner.

The vendor agrees that it will indemnify and hold the State Treasurer harmless from any third party claims for damage resulting from any negligent act or omission or willful misconduct on the part of the vendor or on the part of any subcontractor or other person employed by or under the supervision of the vendor.

The vendor shall be deemed to have exercised ordinary care if the vendor has followed established procedures agreed to under the Contract in executing a transfer. The vendor agrees that it shall be deemed not to have exercised ordinary care if it has deviated from these established procedures agreed to under the Contract.

SUBMISSION CHECKLIST

This checklist is provided for vendor's convenience only and identifies documents that must be submitted with each package in order to be considered responsive. Any proposals received without these requisite documents may be deemed non-responsive and not considered for contract award.

Part I A– Technical Proposal Submission Requirements		Completed
Required number of Technical Proposals per submission requirements		
Tab I	Title Page	
Tab II	Table of Contents	
Tab III	Vendor Information Sheet	
Tab IV	State Documents	
Tab V	Attachment B – Technical Proposal Certification of Compliance with Terms and Conditions of RFP	
Tab VI	Section 3 – Scope of Work	
Tab VII	Section 6 – Company Background and References	
Tab VIII	Attachment G – Proposed Staff Resume(s)	
Tab IX	Other Information Material	
Part I B – Confidential Technical Submission Requirements		
Required number of Confidential Technical Proposals per submission requirements		
Tab I	Title Page	
Tabs	Appropriate tabs and information that cross reference back to the technical proposal	
Part II – Cost Proposal Submission Requirements		
Required number of Cost Proposals per submission requirements		
Tab I	Title Page	
Tab II	Cost Proposal	
Tab III	Attachment J - Cost Proposal Certification of Compliance with Terms and Conditions of RFP	
Part III – Confidential Financial Information Submission Requirements		
Required number of Confidential Financial Proposals per submission requirements		
Tab I	Title Page	
Tab II	Financial Information and Documentation	
CDs Required		
One (1)	Master CD with the technical and cost proposal contents only	
One (1)	Public Records CD with the technical and cost proposal contents only	
Reference Questionnaire Reminders		
Send out Reference Forms for Vendor (with Part A completed)		
Send out Reference Forms for proposed Subcontractors (with Part A and Part B completed, if applicable)		

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked “confidential” in their entirety, or those in which a significant portion of the submitted proposal is marked “confidential” **will not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a “trade secret” as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors’ technical and cost proposals become public information.

In accordance with the Submittal Instructions of this RFP, vendors are requested to submit confidential information in separate binders marked “**Part I B Confidential Technical**” and “**Part III Confidential Financial**”.

The State will not be responsible for any information contained within the proposal. Should vendors not comply with the labeling and packing requirements, proposals will be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that will be in an open meeting format, the proposals will remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act will constitute a complete waiver and all submitted information will become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information as defined in *Section 2 “ACRONYMS/DEFINITIONS.”*

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part I B – Confidential Technical Information			
YES		NO	
Justification for Confidential Status			

A Public Records CD has been included for the Technical and Cost Proposal			
YES		NO	

Part III – Confidential Financial Information			
YES		NO	
Justification for Confidential Status			

Company Name

Signature

Print Name

Date

This document must be submitted in Tab IV of vendor’s technical proposal

**ATTACHMENT B – TECHNICAL PROPOSAL CERTIFICATION OF COMPLIANCE
WITH TERMS AND CONDITIONS OF RFP**

I have read, understand and agree to comply with *all* the terms and conditions specified in this Request for Proposal.

YES _____ I agree to comply with the terms and conditions specified in this RFP.

NO _____ I do not agree to comply with the terms and conditions specified in this RFP.

If the exception and/or assumption require a change in the terms in any section of the RFP, the contract, or any incorporated documents, vendors *must* provide the specific language that is being proposed in the tables below. If vendors do not specify in detail any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

Company Name

Signature

Print Name

Date

Vendors MUST use the following format. Attach additional sheets if necessary.

EXCEPTION SUMMARY FORM

EXCEPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	EXCEPTION (Complete detail regarding exceptions must be identified)

ASSUMPTION SUMMARY FORM

ASSUMPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be identified)

This document must be submitted in Tab V of vendor’s technical proposal

ATTACHMENT C – VENDOR CERTIFICATIONS

Vendor agrees and will comply with the following:

- (1) Any and all prices that may be charged under the terms of the contract do not and will not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.
- (2) All proposed capabilities can be demonstrated by the vendor.
- (3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.
- (4) All proposal terms, including prices, will remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, will remain in effect throughout the contract negotiation process.
- (5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals must be made in good faith and without collusion.
- (6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion must be in writing and included in the proposal at the time of submission.
- (7) Each vendor must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict should be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest will automatically result in the disqualification of a vendor’s proposal. An award will not be made where a conflict of interest exists. The State will determine whether a conflict of interest exists and whether it may reflect negatively on the State’s selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.
- (8) All employees assigned to the project are authorized to work in this country.
- (9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.
- (10) The company has a written policy regarding compliance for maintaining a drug-free workplace.
- (11) Vendor understands and acknowledges that the representations within their proposal are material and important, and will be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.
- (12) Vendor must certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.
- (13) The proposal must be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Vendor Company Name

Vendor Signature

Print Name

Date

This document must be submitted in Tab IV of vendor’s technical proposal

ATTACHMENT D – CONTRACT FORM

The following State Contract Form is provided as a courtesy to vendors interested in responding to this RFP. Please review the terms and conditions in this form, as this is the standard contract used by the State for all services of independent contractors. It is not necessary for vendors to complete the Contract Form with their proposal.

If exceptions and/or assumptions require a change to the Contract Form, vendors *must* provide the specific language that is being proposed on ***Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP.***

Please pay particular attention to the insurance requirements, as specified in ***Paragraph 16 of the embedded contract and Attachment E, Insurance Schedule for RFP 15-001.***



ATTACHMENT D -
CONTRACT FORM.doc

To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT E – INSURANCE SCHEDULE FOR RFP 15-001

The following Insurance Schedule is provided as a courtesy to vendors interested in responding to this RFP. Please review the terms and conditions in the Insurance Schedule, as this is the standard insurance schedule used by the State for all services of independent contractors.

If exceptions and/or assumptions require a change to the Insurance Schedule, vendors **must** provide the specific language that is being proposed on ***Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP.***



ATTACHMENT E -
INSURANCE SCHEDULE

To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT F – REFERENCE QUESTIONNAIRE

The State of Nevada, as a part of the RFP process, requires proposing vendors to submit business references as required within this document. The purpose of these references is to document the experience relevant to the scope of work and provide assistance in the evaluation process.

INSTRUCTIONS TO PROPOSING VENDOR	
1.	Proposing vendor or vendor’s proposed subcontractor MUST complete Part A and/or Part B of the Reference Questionnaire.
2.	Proposing vendor MUST send the Reference Questionnaire to EACH business reference listed for completion of Part D, Part E and Part F.
3.	Business reference is requested to submit the completed Reference Questionnaire via email or facsimile to: contract State of Nevada, State Treasurer’s Office Subject: RFP 15-001 Attention: Anne Lara Email: ahlara@nevadatreasurer.gov Fax: 775-684-5675 Please reference the RFP number in the subject line of the email or on the fax.
4.	The completed Reference Questionnaire MUST be received <i>no later than 2:00 PM PT on February 15, 2015</i>
5.	Business references are NOT to return the Reference Questionnaire to the Proposer (Vendor).
6.	In addition to the Reference Questionnaire, the State may contact any and all business references by phone for further clarification, if necessary.
7.	Questions regarding the Reference Questionnaire or process should be directed to the individual identified on the RFP cover page.
8.	Reference Questionnaires not received, or not complete, may adversely affect the vendor’s score in the evaluation process.



ATTACHMENT F -
REFERENCE QUESTIOI

To open the document, double click on the icon.

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please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT G – PROPOSED STAFF RESUME

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff using the State format.



ATTACHMENT G -
PROPOSED STAFF RE

To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT H – STATE OF NEVADA REGISTRATION SUBSTITUTE IRS FORM W-9

The completed form must be included in *Tab II, Financial Information and Documentation* of the *Part III – Confidential Financial Information* proposal submittal.



KTLVEN-05
Registration.doc

To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT I – COST SCHEDULE

Vendors must provide the detail for all costs/fees associated with securities custody services using the attached Cost Schedule. Please note both tabs must be completed and include; if Alt. Pricing is not applicable; please indicate as such. The completed form must be included in **Tab II, Cost Proposal** of the **Part II – Cost Proposal** submittal.



Investment RFP Cost
Spreadsheet.xlsx

To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

**ATTACHMENT J – COST PROPOSAL CERTIFICATION OF COMPLIANCE
WITH TERMS AND CONDITIONS OF RFP**

I have read, understand and agree to comply with *all* the terms and conditions specified in this Request for Proposal.

YES _____ I agree to comply with the terms and conditions specified in this RFP.

NO _____ I do not agree to comply with the terms and conditions specified in this RFP.

If the exception and/or assumption require a change in the terms in any section of the RFP, the contract, or any incorporated documents, vendors *must* provide the specific language that is being proposed in the tables below. If vendors do not specify in detail any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

Note: Only cost exceptions and/or assumptions should be identified on this attachment. Do not restate the technical exceptions and/or assumptions on this attachment.

Company Name

Signature

Print Name

Date

Vendors MUST use the following format. Attach additional sheets if necessary.

EXCEPTION SUMMARY FORM

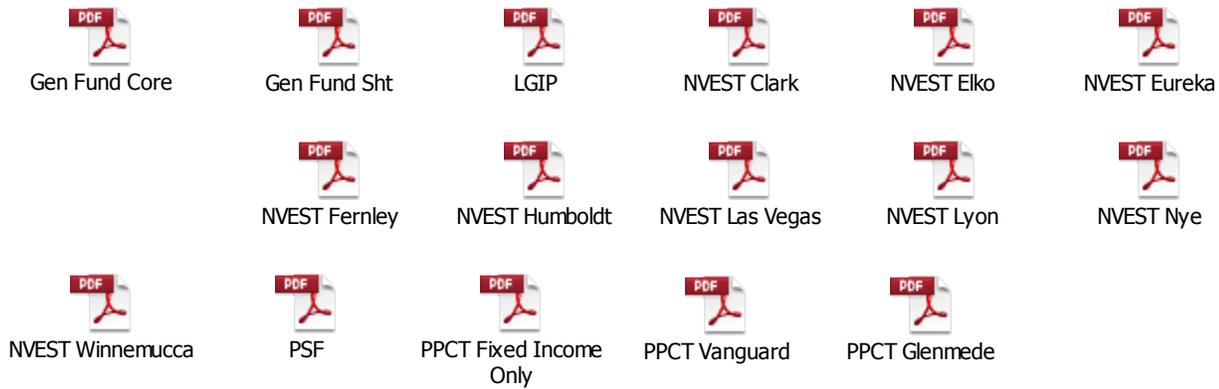
EXCEPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	EXCEPTION (Complete detail regarding exceptions must be identified)

ASSUMPTION SUMMARY FORM

ASSUMPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be identified)

**This document must be submitted in Tab III of vendor’s cost proposal.
This form MUST NOT be included in the technical proposal.**

ATTACHMENT K – INVESTMENT PORTFOLIOS



To open the document, double click on the icon.

*If you are unable to access the above inserted file
once you have doubled clicked on the icon,
please contact Anne Lara at
ahlara@nevadatreasurer.gov for an emailed copy.*

ATTACHMENT L – INVESTMENT POLICIES



ATTACHMENT L - GF
POLICY.pdf



ATTACHMENT L -
LGIP POLICY.pdf



ATTACHMENT L -
NVEST POLICY.pdf



Attachment L PPCT
Policy



ATTACHMENT L - PSF
POLICY.pdf

To open the document, double click on the icon.

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THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 12
January 29, 2015

Item: Discussion of the Nevada College Kick Start Program

Recommendation:

That the Board discuss the Nevada College Kick Start Program.

Fiscal:

None by this action.

Summary:

At the February 27, 2013 College Savings Board Meeting, the Board agreed to move forward on implementing the Nevada College Kick Start Program. The Program uses a portion of program manager fees to open Kick Start college savings accounts with an initial deposit of \$50 for public kindergarten students in Nevada. The Program originally launched in 13 rural counties, as well as in seven Title I Washoe County School District schools and the Andre Agassi College Preparatory Academy in Las Vegas.

At the November 21, 2013, College Savings Board Meeting, the Board agreed to expand the program statewide. Since that time, the program has benefitted from school district buy-in, high parent interest, statewide media coverage, and an overall general interest from the community.

Grant Hewitt will lead a discussion to hear the Board's thoughts on the Program.

Staff Updates
January 29, 2015

1. **Prepaid Tuition Open Enrollment Marketing.** Since November 2014, staff has engaged several marketing approaches to promote the 2015 Open Enrollment Period for the Nevada Prepaid Tuition Program. Some of these approaches have included online advertising, public radio announcements, and school event and community event sponsorships such as “The Nutcracker” and Opportunity Village’s “Magical Forest”. This month, Nevada Prepaid Tuition was promoted at the Lifetime Fitness Center Open House in Summerlin, the 2015 Cookie Kickoff at the Girl Scouts of Southern Nevada, and the Las Vegas Chamber of Commerce Preview 2015 event. In addition to the activities and campaigns listed below, over 400,000 Prepaid Tuition marketing brochures were distributed to all elementary and middle schools throughout the state. The graph below shows the **418** Nevada Prepaid Tuition Contracts that have been sold since enrollment started December 1st, marking a **3.2%** increase in contracts sold as compared to the same time in January 2014:

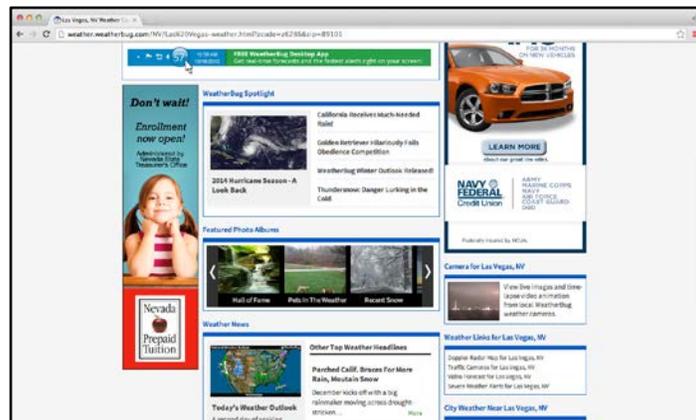
Prepaid Tuition Year Over Year Comparison				
December	314	172	-142	-45.2%
January	2014	2015*	YOY	YOY %
1	2	9	7	350.0%
2	5	12	7	140.0%
3	2	7	5	250.0%
4	3	8	5	166.7%
5	1	10	9	900.0%
6	6	8	2	33.3%
7	5	8	3	60.0%
8	5	10	5	100.0%
9	7	11	4	57.1%
10	2	5	3	150.0%
11	7	12	5	71.4%
12	5	9	4	80.0%
13	3	21	18	600.0%
14	3	33	30	1000.0%
15	8	69	61	762.5%
16	13	4	-9	-69.2%
17	1	4	3	300.0%
18	6	3	-3	-50.0%
19	7	3	-4	-57.1%
January	91	246	155	170.3%
Total YTD	405	418	13	3.2%
* 2015 includes Pending Verification and Paper Enrollment Totals				

Prepaid Tuition Year Over Year Comparison				
Tuition Plan Type	2014	2015	YOY	YOY %
1 Year University Plan	10	27	17	170.0%
2 Year Community College Plan	24	41	17	70.8%
2 Year University Plan	57	40	-17	-29.8%
4 Year University Plan	225	269	44	19.6%
Community College Plus University Plan	43	41	-2	-4.7%
Total	359	418	59	16.4%

2. **Nevada Prepaid Tuition Contest.** The treasurer’s office just completed a contest during the first half of the open enrollment period for prepaid tuition that will award two participants with a Nevada Prepaid Tuition account of one full year at the university level or two years at a community college. The contest ended January 15, 2015. One winner will be chosen each from northern Nevada and Southern Nevada. The winners will be announced at the January 29th College Savings Board Meeting. The total number of entries for the contest statewide was **398**.

3. **Online Display Banner Ads - Goodway.** For this open enrollment period, staff has been working with the Goodway Group to display prepaid tuition banner ads served on popular websites that Nevadans frequent. In December and through January 15th, ads were served that promoted our prepaid tuition contest, and for the remainder of the open enrollment period, ads have been focusing on reminding viewers that the open enrollment period ends February 28th. During the month of December, for example, there were a total of 1,545,986 display impressions, 170,760 Facebook impressions and 1,147 clicks generated. The month ended with 999 activities and an eCPA of \$5.67. Of those total activities, 566 of them were on the enrollment portal of the NVPrepaid.gov website

Prepaid Tuition Display Ad Placement Sample



4. **Public Radio Sponsorships.** During open enrollment, prepaid tuition is sponsoring segments of air time on public radio stations KNPR in Las Vegas and KUNR in Reno to further promote the Nevada Prepaid Tuition program. Below is a sampling of the spots that are airing on the stations:

1) SUPPORT FOR NEVADA PUBLIC RADIO COMES FROM THE COLLEGE SAVINGS BOARD OF NEVADA. COMMITTED TO KEEPING COLLEGE AFFORDABLE: NEVADA'S "PREPAID TUITION" PROGRAM LOCKS IN TOMORROW'S TUITION, AT TODAY'S PRICES. LEARN MORE AT N-V PREPAID.GOV

2) SUPPORT FOR NEVADA PUBLIC RADIO COMES FROM THE COLLEGE SAVINGS BOARD OF NEVADA. NEVADA'S "PREPAID TUITION" PROGRAM CAN BE USED NATIONWIDE AT ELIGIBLE HIGHER EDUCATION INSTITUTIONS. ENROLLMENT FOR INFANTS THROUGH 9TH GRADE IS NOW AVAILABLE. LEARN MORE AT N-V PREPAID.GOV.

5. **Email Blasts.** During open enrollment, staff has been sending out email blasts to organizations and municipalities throughout Nevada to promote prepaid tuition. Earlier this month, an email was sent to all state employees reminding them that the contest was ending on January 15th. Emails have also been sent out to organizations such as the Nevada Association of Counties, the Nevada Service Employees International Union, the Nevada Bankers Association, the Girl Scouts of Southern Nevada, and to city and county municipalities across the state. Another email will be sent out to all state agencies and employees in a few weeks to remind them of the February 28th deadline for prepaid tuition.

6. **Matching Grants.** 414 applications were received for the Silver State Matching Grant Program during the 2014 open enrollment period. 377 applications were approved. The chart below shows the year-over-year results of the program since its inception in FY 2010:

Silver State Matching Grant Program FY10 to FY14

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY2013</u>	<u>FY2014</u>
Applications Received	42	90	128	255	414
Approved Applications	34	80	112	236	377

% Approved	81%	89%	88%	93%	91%
Matching Funds Paid Out	\$8,363.51	\$22,343.49	\$30,889.47	\$67,283.37	\$93,419.42
% Received Apps Increase Over Previous Year	N/A	114%	42%	99%	62%
% Approved Apps Increase Over Previous Year	N/A	135%	40%	111%	60%

The 2014 Open Enrollment Period for the USAA Matching Grant Program ended on December 15th. 26 applications were approved for the program during the open enrollment period.

7. **Nevada Women’s Money Conferences.** The Treasurer’s Office will once again be the title sponsor for two upcoming Nevada Women’s Money Conferences in Reno and Las Vegas, which will be officially presented by the Board of Trustees of the College Savings Plans of Nevada, and organized by the International Association of Working Mothers. The Reno Conference will occur on February 28, 2015 at the Siena Hotel and Casino. The Las Vegas conference will be held on April 18, 2015 at the Texas Station Hotel & Casino.

8. **Financial Fitness Update.** We are continuing to partner with the Andson Foundation in supporting financial literacy in targeted schools in the Clark County School District (CCSD). Due to classroom scheduling issues and increased core curriculum requirements, the original schools of Bridger Middle School, Chaparral High School, and Rancho High School were replaced with Rhodes Elementary, Cowan Jr. / Sr. High School, and Western High School. Specifically, for the Cowan and Deseret Oasis Sponsorships, Andson is providing nine in-class financial literacy lessons for students, as well as providing FAFSA workshops, and providing all curriculum and take home materials. Testing information will be provided as it becomes available.

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

FOR IMMEDIATE RELEASE

DATE: January 15, 2015

CONTACT: Sheila Salehian, Senior Deputy Treasurer (702) 486-3955
Email to: sasalehian@nevadatreasurer.gov

**NEVADA'S PREPAID TUITION PROGRAM:
GUESS WHO'S GOING TO SCHOOL?**



Carson City—State Treasurer Dan Schwartz and the Board of Trustees of the College Savings Plans of Nevada remind Nevada parents who purchase a Prepaid Tuition contract before January 15, 2015, **TODAY**, automatically will be entered into a random drawing to win a year of free tuition to be used when their children enroll in university or community college.

Nevada's No. 1 Citizen—Governor Brian Sandoval—paid \$6,500 and \$6,800 to purchase two contracts for his children in 1998. Today, those contracts are worth \$23,000 each in Prepaid Tuition Program benefits for his kids. **Wow!**

What's to lose? Nevada's published college tuition rate increases equate to 17% in the next four years. The increase in value is not taxed when used to pay tuition expenses..

The contest closes **TONIGHT!** But if you miss the deadline, you can still get all the other benefits until February 28, when open enrollment closes.

Call the Nevada Prepaid Tuition Program at (702) 486-2025 or toll free at 1-888-477-2667 to speak with an authorized State counselor. Or go to: NVPrepaid.gov. Online registration makes the process quick and easy.

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

Website: NevadaTreasurer.gov

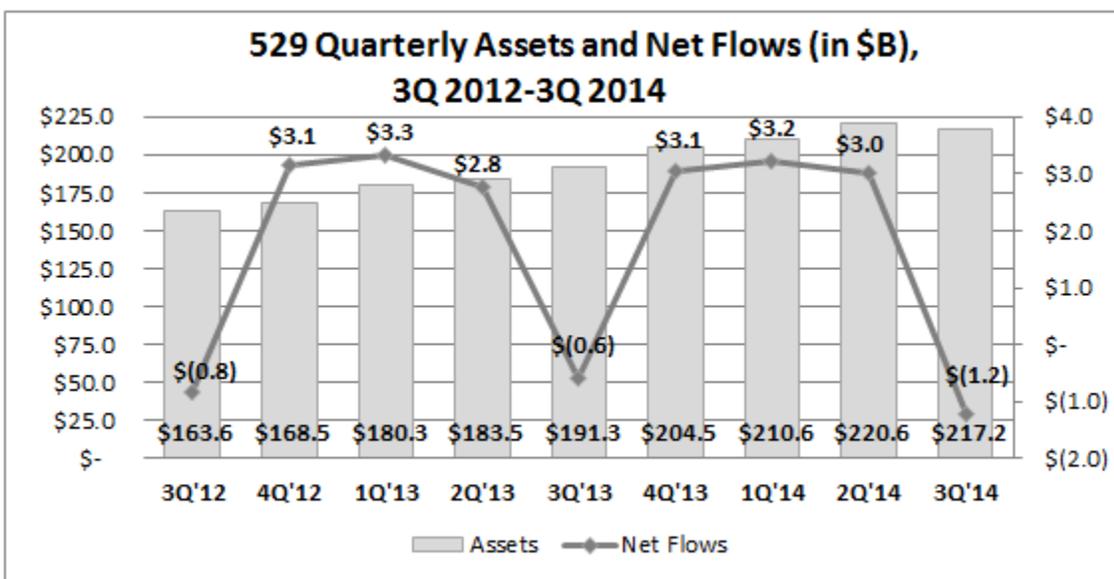
E-mail: StateTreasurer@NevadaTreasurer.gov

529 College Savings

3Q 2014 529 College Savings Plan Data Highlights

Families are Successfully Using 529 Savings Plans

Total 529 savings plan assets were an estimated \$217.2 billion as of 3Q 2014, reflecting a 1.5% decrease from 2Q 2014 assets of \$220.6 billion and a 13.5% increase from 3Q 2013 assets of \$191.3 billion. In contrast to other products, long-term mutual fund and ETF assets (excluding fund-of-fund affiliated) decreased 1.0% over the past quarter from \$13,542 billion to \$13,401 billion and increased 12.9% over the past year from \$11,869 billion. Estimated 529 net outflows were \$1.20 billion in 3Q 2014 compared to net outflows of \$0.60 billion in 3Q 2013.



Source: Strategic Insight

The graph above provides 529 savings plan industry assets and net flows for the last nine quarters. This chart reflects year-over-year highs in assets under management and therefore investor usage of 529 plans. 529 savings plans have successfully helped families to save and to effectively save in a smart and tax-advantaged manner for their higher education goals. Estimated 529 net outflows (contributions minus withdrawals) were \$1.20 billion in 3Q 2014 compared to net outflows of \$0.60 billion in 3Q 2013 which reflects that investors are successfully using 529 plans for their intended purpose of savings and spending their savings on QHEE (qualified higher education expenses).

From an industry asset level perspective, 529 saving plans continue to reach year-over-year highs. Therefore investor interest in 529 plans and saving for education in a tax-efficient manner continues to rise, and especially as part of year-end tax planning.

3Q 2014 529 College Savings Plan Data Highlights

The charts below provide data on the **Top 10 529 Savings Plans by 3Q 2014 Assets** and the **Top 5 529 Program Managers by 3Q 2014 Asset**.

Top-10 529 Plans by 3Q 2014 Assets (in \$B)										
Rank	State	Program Name	Primary	Program Manager	Assets			% Change	% Change	Market Share
			Distributor	(Administrator)	3Q 2013	2Q 2014	3Q 2014	3Q 2014	1 Year	(of Est. Total)
1	VA	CollegeAmerica	American Funds	American Funds	\$41.1	\$47.6	\$46.8	-1.6%	14.0%	21.5%
2	NY	New York's College Savings Program - Direct	Vanguard	Ascensus C.S.	\$13.6	\$16.0	\$15.8	-1.1%	16.2%	7.3%
3	NV	The Vanguard 529 Savings Plan	Vanguard	Ascensus C.S.	\$8.7	\$10.4	\$10.4	-0.1%	20.3%	4.8%
4	NH	UNIQUE College Investing Plan	Fidelity	Fidelity	\$8.6	\$9.7	\$9.5	-2.0%	10.9%	4.4%
5	ME	NextGen College Investing Program - Advisor	Merrill Lynch	Merrill Lynch	\$7.0	\$7.9	\$7.8	-2.1%	10.3%	3.6%
6	RI	CollegeBoundfund	AllianceBernstein	AllianceBernstein	\$7.5	\$7.8	\$7.5	-4.6%	-0.5%	3.4%
7	UT	Utah Educational Savings Plan Trust (UESP)	State of Utah	State of Utah	\$6.2	\$7.2	\$7.4	3.6%	20.8%	3.4%
8	CA	ScholarShare College Savings Plan	TIAA-CREF	TIAA-CREF	\$5.3	\$6.0	\$6.0	-1.1%	13.3%	2.7%
9	MA	U.Fund College Investing Plan	Fidelity	Fidelity	\$4.3	\$4.8	\$4.7	-2.5%	9.6%	2.2%
10	OH	BlackRock CollegeAdvantage 529 Plan	BlackRock	BlackRock	\$4.2	\$4.7	\$4.6	-2.2%	9.2%	2.1%
Totals					\$191.3	\$220.6	\$217.2	-1.5%	13.5%	

Source: Strategic Insight

Top-5 529 Plan Program Managers by 3Q 2014 Assets (in \$B)								
Rank	Program Manager (Administrator)	State(s)	Assets			% Change	% Change	Market Share
			3Q 2013	2Q 2014	3Q 2014	3Q 2014	1 Year	(of Est. Total)
1	American Funds	VA	\$41.1	\$47.6	\$46.8	-1.6%	14.0%	21.5%
2	Ascensus College Savings	10 States	\$38.9	\$46.0	\$45.5	-1.0%	16.9%	20.9%
3	TIAA-CREF	11 states	\$17.4	\$20.0	\$19.7	-1.5%	13.7%	9.1%
4	Fidelity	AZ, DE, MA, NH	\$13.7	\$15.5	\$15.1	-2.1%	10.6%	7.0%
5	T. Rowe Price	AK, MD	\$9.1	\$10.5	\$10.3	-1.7%	13.7%	4.7%
<i>Top 5 Total</i>			\$120.0	\$139.5	\$137.4	-1.5%	14.5%	63.3%
Totals			\$191.3	\$220.6	\$217.2	-1.5%	13.5%	

Source: Strategic Insight

Strategic Insight

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For information on any 529 College Savings related products, please e-mail pcurley@sionline.com or call 617-399-5621. Copyright © 2014 by Strategic Insight. All rights reserved.

529 Prepaid Plans

3Q 2014 529 Prepaid Plan Data Highlights

Highlights: Total 529 prepaid plan assets were an estimated \$23.2 billion as of 3Q 2014 compared to \$23.7 billion in 2Q 2014 and \$22.4 billion in 3Q 2013. When analyzing only the open 529 prepaid plans, assets decreased 2.0% in 3Q 2014 and increased 5.6% since 3Q 2013. The total number of active accounts for 529 prepaid plans was 1,365,203 which reflects a 0.71% increase since 3Q 2013, while open 529 prepaid plans increased by 2.9% during that time period.

Of the 16 prepaid plans that provided the specific data components in 3Q 2014, gross contributions (or new contributions) were a total of \$0.28 billion. Net sales are defined as gross contributions minus gross distributions. The 3Q 2014 net sales were negative \$0.34 billion, and so are reported as net outflows of \$0.34 billion.

In comparison to other dedicated college savings investment options, total 529 savings plan assets were an estimated \$217.2 billion as of 3Q 2014, reflecting a 1.5% decrease from 2Q 2014 assets of \$220.6 billion and a 13.5% increase from 3Q 2013 assets of \$191.3 billion. The total number of active accounts for 529 college savings plans increased 4.6% from 3Q 2013 to 3Q 2014. In comparison to other investment products, long-term mutual fund and ETF assets (excluding fund-of-fund affiliated) decreased 1.0% over the past quarter from \$13,542 billion to \$13,401 billion and increased 12.9% over the past year from \$11,869 billion.

Methodology: Strategic Insight 529 data is based on primary information provided by asset managers and state agencies only. Strategic Insight collects information directly for 16 out of 19 529 Prepaid Plans captured in this report. Strategic Insight reported the same assets under management and total active account data in 3Q 2014 as previously reported for the Maryland Prepaid College Trust, Michigan Education Trust (MET) and Texas Tuition Promise Fund.

Strategic Insight

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