

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
September 22, 2016

Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, September 22, 2016. The meeting was held by conference call from the Guinn Room in the Capitol Building, 101 N. Carson Street, 2nd Floor Chambers, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Las Vegas
Janet Murphy – Carson City
Jamie Hullman – Carson City

Others present:

Tara Hagan, Chief Deputy Treasurer, Treasurer's Office
Grant Hewitt, Chief of Staff, Treasurer's Office
Linda J. English, Senior Deputy Treasurer – South
Budd Milazzo, Senior Deputy Treasurer – North
Holly Primka, Treasurer's Office – North
Nicolette Johnston, Treasurer's Office - North
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy
Shane Chesney, Nevada Attorney General's Office
Eric White, Pension Consulting Alliance
Alissa Robertson, Amplify Relations
Megan Bedera, Amplify Relations
Chris Smith, USAA
Ardie Hollingsworth, Ascensus College Savings
Tom Hewitt, Vanguard
Blanca Platt, Treasurer's Office
Judy Minsk, Putnam Investments
Brendon Murray, Putnam Investments
Richard Polsinello, Putnam Investments
Brian Irvine, Dickinson Wright
Sue Serewicz, Ascensus
Steve Dombrower, Ascensus

Roll was taken, and it was determined a quorum was present. Ms. English indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law in both Carson City and Las Vegas.

1. Public Comment

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

Consent Agenda

2. For possible action: Board review and approval of the minutes of the College Savings Board of Trustees meeting of July 14, 2016.
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 June 30, 2016.
4. For possible action: Board review and approval of the Putnam 529 for America program manager's report for the quarter ended June 30, 2016.
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 June 30, 2016.
6. For possible action: Board consent to a contract extension of the USAA Private Label Agreement between USAA and Ascensus Broker Dealer, Inc.
7. For possible action: Board review and approval of a supplement to the USAA 529 College Savings Plan Description and Participation Agreement to notice participants of the removal of the USAA Real Return Fund from certain investment options.
8. For possible action: Board review and approval of Amendment 4 to the SSGA Upromise 529 Operational Agreement to reflect the transition of the SSGA 2015 College Portfolio into the SSGA College Today Portfolio and the lowering of the minimum contribution amount through the Automatic Investment Program; and the resulting supplement to the SSGA Upromise 529 Plan Description and Participation Agreement to notice participants of such changes.
9. For possible action: Board review and approval of the Chicago Equity Contract extension.
10. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016.

11. For possible action: Board to receive an update on "Let's Go to College! Nevada Saves" from Amplify Relations.
12. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program Description and Master Agreement.
13. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program fee schedule.

Jamie Hullman asked to pull Agenda Item #10 from the Consent Agenda

Janet Murphy motioned to approve the Consent Agenda of items 2, 3, 4, 5, 6, 7, 8, 9, 11, 12 and 13. Jamie Hullman seconded the motion. Motion passed unanimously.

Mr. Hullman requested to discuss Agenda Item #10. He noted that on page 5 of the Prepaid Tuition Trust Fund performance report from Pension Consulting Alliance (PCA) that the performance is good but that the fixed income portion of the portfolio managed by Chicago Equity Partners continues to lag its stated benchmark and suggested that the Board monitor the underperformance.

Eric White with PCA provided insight into the manager's process and the current fixed income market environment. He stated that although the performance has lagged he remains confident in the firm's ability to manage the fixed income portion of the portfolio.

Treasurer Schwartz suggested that we invite the firm to present to the Board in either October or December.

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

Discussion Agenda

14. Board to receive an update regarding the previously approved settlement agreement with Treasury Solutions Holdings, Inc.

Brian Irvine attorney with Dickinson Wright Law Firm gave an update regarding the settlement agreement with Treasury Solutions Holdings Inc. In August 2011, Treasury Solutions Holdings, Inc. filed a lawsuit against the College Savings Board seeking to recover various fees which they believed they were entitled to pursuant to a 2001 agreement. The Board agreed to settle the lawsuit in 2014 and the settlement terms were that the Board agreed to pay Treasury Solutions a total amount of \$850,000. Those funds were to be disbursed based on the outcome of various contingencies

related to a lawsuit between Treasury Solutions, UPromise and Vanguard. In February 2015, Treasury Solutions settled its claims against Vanguard for \$150,000 which was well below the threshold so half of the settlement money that the Board paid was released to Treasury Solutions. More recently, over this summer, Treasury Solutions settled the rest of its claims against the UPromise entities for \$510,000 which was also below the \$850,000 threshold. The remaining funds that the Board paid in settlement were released to Treasury Solutions and that settlement is now complete and both cases, UPromise and Vanguard, have now been dismissed and concluded. The settlement has been fully performed and this Board should consider the dispute resolved with no additional action necessary.

15. 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 ending June 30, 2016. (Eric White – 10 min.)

Eric White with PCA presented the Investment Monitoring report, specifically the funds which were on the "Watchlist" for underperformance versus the appropriate benchmark.

Treasurer Schwartz asked if Eric had any insight into how the assets were re-allocated for the two Putnam funds and asked how to handle the Putnam Income fund if it has not been performing to expectation.

Eric White noted that the Putnam International Capital Opportunities fund was mapped into the MFS Institutional International Equity Fund and the Putnam Voyager Fund was merged into the Putnam Growth Opportunities fund. Mr. White explained that PCA will continue to monitor the performance of the Putman Income fund closely and report to the Board at its December meeting.

Janet Murphy motioned to approve the Investment Monitoring Report. Jamie Hullman seconded the motion. Motion passed unanimously.

16. For possible action: Board review and approval of the annual investment presentation for Putnam 529 for America.

- a. Putnam Presentation (Judy Minsk and others –Putnam– 20 min.)
- b. PCA's Commentary (Eric White, PCA – 10 min.)

Judy Minsk and Brendon Murray from Putnam Investments presented its annual investment review to the Board. The firm was not recommending any enhancements or amendments to its investment line-up or age-based option.

Treasurer Schwartz questioned why valuations are an issue.

Mr. Murray stated that Putnam is looking for cheaper stocks which would tend to outperform more expensive stocks overtime and during the recent time period expensive stocks, such as Facebook, Amazon and Google have dominated the market. He noted that the model tends to select stocks that are much less expensive and over the last six months the stocks have stabilized and valuations have come down or at least are more normalized.

Treasurer Schwartz questioned why Putnam Income Fund is underperforming and if Putnam expects to make changes to correct the underperformance.

Richard Polsinello stated that over the last year the fixed income market has been volatile and the fund was positioned with shorten duration and have simply been wrong in our market assumptions. He noted that for the rest of the year the fund has focused on duration expectations more in line with the market which has helped the recent performance.

Treasurer Schwartz requested a report on the Putnam Income Fund and suggested provide Putnam provide an update in six months to the Board.

Jamie Hullman motioned to approve the Putnam Annual Investment Review. Janet Murphy seconded the motion. Motion passed unanimously.

17. Staff Notes

Staff provided updates on financial literacy and college savings outreach incentives.

18. Public Comment

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

Meeting adjourned at 11:14am.

Attest:



Linda English, Secretary to the Board