

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
October 20, 2016

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Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:02 a.m., on Thursday, October 20, 2016. The meeting was held by conference call from the 2<sup>nd</sup> floor chambers in the Laxalt Building, 401 N. Carson Street, 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  
Ned Martin – Las Vegas  
Bob Seale – Carson City  
Janet Murphy – Carson City  
Jamie Hullman – Carson City

Others present:

Grant Hewitt, Chief of Staff, Treasurer's Office  
Tara Hagan, Chief Deputy Treasurer  
Linda J. English, Senior Deputy Treasurer – South  
Budd Milazzo, Senior Deputy Treasurer – North  
Holly Primka, Treasurer's Office – North  
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy  
Blanca Platt, Treasurer's Office – South  
Brett Jay, Treasurer's Office - South  
Shane Chesney, Nevada Attorney General's Office  
Tara Villalobos, Women's Money  
Gina Robinson, Women's Money – Telephone  
Maggie McDunna, Women's Money - Telephone  
Christy Erickson, Vanguard  
Kim Slakton, Vanguard  
Scott Donaldson, Vanguard  
Tom Hewitt, Vanguard  
Toia Chin, Vanguard - Telephone  
Sue Serewicz, Ascensus  
Ardie Hollingsworth, Ascensus  
Ashley Johnson, Wealthfront

Bennett Surajat, Wealthfront  
Barry Malinowski, Wealthfront  
Linda Ruegsegger, Chicago Equity Partners– Telephone  
Pattie Weed, Thomas & Thomas – Telephone  
Ken Alberts, GRS – Telephone  
James Clark, Putnam – Telephone  
Judy Minsk, Putnam – Telephone  
Chris Smith, Putnam – Telephone  
Nick Chingris, Putnam – Telephone  
James Canup, Hirschler Fleischer– Telephone  
Jacob Rose, PWC – Telephone  
Philip Minor, USAA – Telephone  
Eric White, PCA - Telephone

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.

**Linda English** stated that the agenda was posted according to open meeting law; However, for the record she noted that after the original meeting materials were distributed and posted on Friday, October 14, the memo on Agenda Item 3 and the attachment for Agenda Item 8 were updated and were redistributed and posted online on October 19<sup>th</sup>.

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 September 22, 2016.
3. For possible action: Board review and approval of the amended FY18-19 Biennium Budget funding request for College Kick Start.
4. For possible action: Board review and approval of the 2016 Audited Financial Statements for the Putnam 529 for America, Vanguard 529 Plan, SSGA Upromise 529 Plan, and the USAA College Savings Plan, and approve their filing with the Nevada State Controller's Office.
5. For possible action: Board review and approval of Board meeting dates for 2017.

6. For possible action: Board review and approval of the contract amendment with Pension Consulting Alliance to include investment review and monitoring of the Wealthfront 529 College Savings Plans.
7. For possible action: Board review and approval of amendments to Nevada Administrative Code 353B.645 and LCB File No. R148-16 which relates to the Nevada Savings Program and revises provisions in relation to matching contributions made by an employer to the account of an employee.
8. For possible action: Board review and approval of amendments to Nevada Administrative Code 353B.090, 140, 310 and 350 and LCB File No. 118-16 which includes various amendments to the Nevada Higher Education Prepaid Tuition Trust Fund.

Janet Murphy asked to pull Agenda Item 3 from the Consent Agenda. Bob Seale asked to pull Agenda Item 4.

**Ned Martin motioned to approve the Consent Agenda, items 2, 5, 6, 7 & 8. Jamie Hullman seconded the motion. Motion passed unanimously.**

Janet Murphy commented on Agenda Item 3 asked staff to walk through the changes to the methodology that was previously presented to the Board. She asked if the increase in budget dollars is related to the previously approved changes that the Board has already approved with the Kick Start Program.

Staff went over the spreadsheets and explained that "late starts" are causing the \$213,000 increase to the budget.

**Janet Murphy motioned to approve the Agenda Item 3. Bob Seale seconded the motion. Motion passed unanimously.**

Bob Seale commented on Agenda Item 4 and asked that someone from Thomas & Thomas explain what "accrued investment income" meant on page 24 of the SSGA Upromise Plan financials.

Pattie Weed from Thomas and Thomas explained that they are dividends that have been declared but have not yet been paid into the plan.

**Bob Seale motioned to approve the Agenda Item 4. Ned Martin seconded the motion. Motion passed unanimously.**

#### Discussion Agenda

9. Board to receive an update regarding the launch of the Wealthfront 529 College Savings Plan.

Ashley Johnson with Wealthfront presented to the Trustees of the College Savings Board, a demo of the new product.

**Treasurer Schwartz** asked if the participants could submit a digital signature or are participants required to print the form, sign and send it in.

Ashley Johnson explained that currently the participant will have to print the signature page, sign it, and send it in but that they are working on getting that function more automated.

**Bob Seale** inquired about how many states Wealthfront is in.

Grant Hewitt responded that the Wealthfront plan is sold nationwide, but it is sponsored by the Nevada College Savings Board. There is no other state sponsored Wealthfront plan anywhere else in the country.

**Ned Martin** questioned how the customer service/administration side of the product is working and asked what is the biggest risk of the launch.

Ashley Johnson stated they have a highly qualified customer support team who are very well versed on the product and will be available to respond to customers' needs and stated that they don't see any risk in launching the program. They feel very confident with all the internal testing has been completed to ensure the launch's success.

**Bob Seale** asked who the custodian will be on the product.

Grant Hewitt answered that the custodian will be BNY Mellon through Ascensus College Savings.

10. For possible action: Board review and approval of the FY 2015 actuarial valuation study of the Nevada Higher Education Prepaid Tuition Trust Fund and Prepaid Tuition Program pursuant to NRS 353B.190, and approve their filing with the Nevada State Controller's Office.

**Linda English** made a correction to the wording on Agenda Item 10 stating there was a typo and it should read FY 2016 not FY 2015.

Ken Alberts summarized the FY 2016 actuarial valuation study for the Trustees.

**Treasurer Schwartz** questioned why the annual benefit payouts are less than expected over the last several valuations.

Ken Alberts explained that the number of kids who are using their benefits right out of college seem to be decreasing compared to the utilization study that was completed a few years back. He noted that it may be time to do another analysis on the utilization

trends in the near future to ensure the assumptions and actuals are aligned more closely in future annual reports.

**Ned Martin** questioned if this is the Board's last year for the \$1.82 million stabilization contribution to Prepaid Tuition from the Endowment Fund.

Ken Alberts said it was his understanding that it was the last year.

**Ned Martin motioned to approve the FY16 actuarial valuation study. Jamie Hullman seconded the motion. Motion passed unanimously.**

11. For possible action: Board receive an update on the contract with International Working Mother's and provide direction to staff regarding enhancing the Women's Money conferences in Fiscal Year 2017.

Grant Hewitt asked for direction from the Board to allow the Treasurer's office to devise a plan regarding supporting alternative financial literacy programs in lieu of conducting the Women's Money conferences in FY17 and requested staff present the plan at the December 2016 Board meeting.

Staff explained that the current contract with Women's Money will expire on November 6, 2016, but they will continue to work with the vendor and provide any updates to the Board, as it relates to FY18. Staff noted that the Treasurer and staff want to reduce the amount the Board pays for the conferences, seek additional sponsorship funds which will begin to make the conferences more self-sustaining over the next several years.

Gina Robison Billups explained that she was happy to hear that staff is still working with her group toward contract resolutions. She noted the importance of continuing down the path of providing quality conferences to Nevada residents and to making the already successful conferences even more successful in the future.

Grant Hewitt thanked Women's Money staff for coming to the meeting and stated that the last information received by Women's Money on Monday, did not give staff enough time to review and bring the information to the Board for this meeting.

Treasurer Schwartz noted that over the past 5 years, they have spent over half a million dollars on the conferences while Gina and Women's Money have done a spectacular job on the conferences, there are 2.8 million people in Nevada and 432,000 students and reaching 2,000-3,000 people is still a relatively small number. Treasurer Schwartz noted that the office is sincere about the need to deliver financial literacy but has a fiduciary responsibility and wants to reposition the conferences to be self-sustaining.

**Ned Martin** asked staff to expand more regarding the contract and the need for additional transparency in regard to revenues and expenditures associated with the conferences.

Staff explained that it is working toward a contract which is more transparent and aligned with other contracts from an invoicing perspective. In addition, staff noted the desire to better understand the amount the Board contributes versus other sponsorships. Staff stated it has not yet received the level of detail it needs to fully understand the level of support compared to the actual conference expenditures.

Gina Robison Billups explained that due to timing of the conferences that they had not fully paid all of the invoices yet and her accountant is working on completing the analysis and providing it to the State of Nevada.

Treasurer Schwartz stated that he would be more comfortable coming back to the Board with specific staff recommendations regarding future financial literacy efforts and plans. He noted that no monies will be spent until the staff presents the Board with detailed recommendations, and that the contract with Women's Money will expire November 6, 2016.

**Ned Martin motioned to approve a special Board meeting in November 2016, by conference call, for the Treasurer's office to present a detailed plan to the Board on how financial literacy money will be spent in FY 17. Janet Murphy seconded the motion. Motion passed unanimously.**

12. For possible action: Board review and approve Vanguard Investment Changes
- a. Smoothing the current glidepath for the age-based investment options
  - b. Adding the Vanguard Total International Bond Fund

Vanguard presented two investment enhancements to the Board. The enhancements included the use of a smoother glidepath for age-based options and a more diversified lineup with the addition of the Vanguard Total International Bond Fund.

**Ned Martin** asked Vanguard to explain the hedge and what exactly is hedged.

Scott Donaldson explained all non-dollar exposures are hedged with forward/future currency contracts. He noted that this allows Vanguard to lock in a currency price which helps mitigate losses while also reducing any potential upside due to currency fluctuations. Ned Martin asked if they hedge the principle or just hedge the returns.

Scott Donaldson noted that the currency fluctuations are being hedged.

**Ned Martin motioned to approve the Vanguard Investment Changes. Jamie Hullman seconded the motion. Motion passed unanimously.**

13. Public Comment

No public comment in Carson City, NV; no public comment in Las Vegas, NV; and no public comment on conference call.

Meeting adjourned at 11:37am.

Attest:

  
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Linda English, Secretary to the Board