

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING

Thursday, February 23rd, 2023

The meeting was held virtually for all board members and participants.

Board members present:

Chairman Treasurer Zach Conine
Andrew Clinger
Robin Hager
Donna Stanfel – excused
Lisa Cano Burkhead

Others present:

Lori Hoover, Chief Deputy Treasurer
Tya Mathis-Coleman, Deputy – College Savings
Steven Hale, Deputy – Investments
Greg D. Ott, Attorney General
Blanca Platt, Treasurer's Office
Troy Watts, Treasurer's Office
Jamille Walton, Treasurer's Office
Itzel Fausto, Treasurer's Office
Kevin McLaughlin, Meketa Investment Group Inc.
Eric White, Meketa Investment Group Inc.
Thomas Hewitt, Ascensus
Erica Norton, Ascensus
Judy Minsk, Putnam Investments
James Sparks, GRS Consulting
Jamal Adora, GRS Consulting
Nikhil Sudan, Victory Capital
Mannik Dhillon, Victory Capital
Lance Humphrey, Victory Capital
Caroline Churchill, Victory Capital
Shan Dagli, Victory Capital
Jennifer Fuentes, Victory Capital
Matt Kurimay, Vanguard
Mike Squier, Vanguard
Kurt Shlicker, Eide Bailly
Nielsine Sherk, Eide Bailly
Dan Cahill, SSGA
Zavier Dodge, Wealthfront
Nikki Williams, Wealthfront

1. Roll Call

Chairman Treasurer Conine called the meeting to order at 10:00 am, and determined a quorum was present. Member Stanfel was excused and there is a new Board member Lisa Cano Burkhead.

2. Public Comment.

There was no public comment.

Consent Agenda

- 3. For possible action to approve:** the minutes of the College Savings Board of Trustees meeting of December 15, 2022.
- 4. For discussion and possible action:** the Ascensus program manager's report encompassing results for Vanguard, USAA, SSgA Upromise, and Wealthfront 529 plans for the quarter ended December 31, 2022.
- 5. For discussion and possible action:** the Putnam 529 for America program manager's report for the quarter ended December 31, 2022.
- 6. For discussion and possible action:** the Nevada Prepaid Tuition Program activity report for the quarter ended December 31, 2022.
- 7. For possible action to approve:** the Prepaid Tuition Program annual actuarial valuation report as of June 30, 2022.

Member Cano Burkhead abstained from the minutes as she was not present at the December 15, 2022, meeting. Motion to approve the Consent Agenda from Member Clinger and a second by Member Hager. Motion passed unanimously.

Discussion Agenda

- 8. For discussion:** Staff update regarding JP Morgan SSGA Transition.

Deputy Treasurer of College Savings Tya Mathis-Coleman provided a brief update of the JP Morgan SSGA Transition. She noted on February 17th, JP Morgan and Ascensus provided the first draft of the proposed agreement to the Treasurer's Office. They are currently planning for conversion to take place in June of 2023. She noted that JP Morgan and Ascensus teams are meeting weekly to finalize the projects scope and overall project plan while the Treasurer's office staff is meeting bi-weekly with partner project teams.

This is an informational item only and therefore did not require a vote of the members.

9. For discussion and possible action: Nevada Prepaid Tuition Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ending December 31, 2022.

Eric White with Meketa presented the Prepaid Tuition Investment Report for the quarter ending December 31, 2022. He started with page 128 in the materials noting overall it was a challenging year given the capital market performance as diversification broke down within the fixed-income market. He noted the comparison in historical fixed-income markets and stated it was the worst performance in its benchmark history. He noted it was the first time it has decreased by more than 3% in the calendar year. Looking at equities it was the worst decline since 2008 and looking at the history of the stock and bond market, it is the 4th time in history that they have gone down together since the 1930s. This led to a difficult time with a balanced portfolio and suffered greater than 14% loss for the one-year period which brought the value in the overall portfolio down by about \$62 million to end the year with \$305 million. He stated that relative to what was reported in the 3rd quarter, the portfolio is up almost 6% which led to better performance in the 4th quarter. He went over the breakdown of segments in the portfolio where equities performed strongly in the 4th quarter up by 8% which was driven by mid-cap and small-cap exposure. Fixed Income had outperformed for the one-year period but was still down 11% which is a hard decline. He reviewed Covered Calls did well and was up 6% for the one-year period.

Treasurer Conine thanked Mr. White and stated that the Prepaid Tuition Fund is still solvent. He asked if there are any other similar programs that have done things from a portfolio construction to make last year less rocky or if the combination of bonds and equities going down at the same time make it difficult to avoid the impairment.

Mr. White stated there aren't many asset classes that these types of portfolios have access to. He noted he is not aware of any plan that has private equity or private real estate which are two asset classes that buffer the storm but are priced on appraisal and not market value.

Motion to approve this agenda item from Member Cano Burkhead and a second from Member Clinger. Motion passed unanimously.

10. For discussion and possible action: Nevada 529 College Savings Plans Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ending December 31, 2022.

Mr. White presented the presented the Investment Monitoring Report for the 529 College Savings Plan for the quarter ending on December 31, 2022. He noted they prepared a larger packet of the performance report for the Board to read on their own and have also prepared the Watch list which dials in on the funds that are not meeting expectations. He reviewed the Watch list showing the Putnam Income Fund. He noted that this fund focuses on sectors within the fixed-income market which are exposed to the economic environment. This exposure causes the fund to underperform. As the market and economy moves forward, this fund should continue to produce market-competitive returns. It is performing as expected and will be highly dependent on the market environment therefore they recommend to continue to watch it. He went over the two funds under the Vanguard program that are actively managed. He noted the US Growth Fund has struggled mildly over the one-year period. He reviewed the benchmark weight and noted the fund underperformed about 10% and continued to struggle. He noted this could be an asset class issue

within this challenging environment and questions whether active management is a solution long-term. He reviewed the STAR Fund and noted the US Growth Fund was the main contributing factor for the underperformance. He went over the International Inflation-Protective Bond ETF which has only a few funds but provides good exposure to the market and shall remain on watch until the transition with JP Morgan takes place. He noted as the market moves forward and the economy maintains itself relative to expectations, they anticipate the funds should continue to produce market competitive returns.

Motion to approve this agenda item from Member Cano Burkhead and a second from Member Hager. Motion passed unanimously.

11. For discussion and possible action: Board review and approval of the Fiscal Year 2022 Annual Report for the Nevada Prepaid Tuition Program.

Blanca Platt with the Treasurer's Office reviewed that the Annual Report for the Prepaid Tuition is in line with the previous years as far as enrollment and statistics. The report includes the Actuarial Valuation and the summary of the Investment and Auditor's reports.

Motion to approve this agenda item from Member Clinger and a second from Member Cano Burkhead. Motion passed unanimously.

12. For possible action to approve: Board review and approval of the Fiscal Year 2022 Annual Audit of the Nevada Prepaid Tuition Program by Eide Bailly, LLP.

Treasurer Conine noted the audit report is in the materials to review and stated there are no material changes. He reviewed the finding regarding the labeling of assets as restricted versus unrestricted, noting there was a difference on how they are labeled but no difference on how they're accounted for.

Motion to approve this agenda item from Member Clinger and a second from Member Hager. Motion passed unanimously.

13. Public Comment.

There was no public comment.

14. ADJOURNMENT.

Meeting adjourned at 10:30 am.