

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING

Thursday, September 21, 2023

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

Board members present:

Chairman Treasurer Zach Conine
Michael Rankin
Donna Stanfel
Lisa Cano Burkhead
Natasha Kephart on behalf of Robin Hager

Others present:

Kirsten Van Ry, Chief of Staff
Tya Mathis-Coleman, Deputy – College Savings
Kevin Doty, Deputy Attorney General
Blanca Platt, Treasurer's Office
Ariel Luke, Treasurer's Office
Itzel Fausto, Treasurer's Office
Judy Minsk, Putnam Investments
Jonathan Schreiber, Putnam Investments
Kay Cesarani, Meketa Investment Group
Kevin McLaughlin, Meketa Investment Group
Nikki Williams, Wealthfront
Fang, Wealthfront
Thomas Hewitt, Ascensus
Johnny Saldana, Ascensus
Michelle Cardone, Ascensus
Nikhil Sudan, Victory Capital
Mannik Dhillon, Victory Capital
Lance Humphrey, Victory Capital
Caroline Churchill, Victory Capital
Shan Dagli, Victory Capital
Randi Ussey, Victory Capital
Jessica Campbell, Victory Capital
Jennifer Fuentes, Victory Capital
Brian Gikes, JP Morgan
Douglas Polak, JP Morgan
Tricia Scarlata, JP Morgan
Liz Farrell, JP Morgan

Kris Adrian, JP Morgan
Christy Miller, Vanguard
Chris Catanese
William Bishop
KC Simon
Bo Fick
Heather Bedont

1. Roll Call

Chairman Treasurer Conine called the meeting to order at 10:00 am, and determined a quorum was present. He noted their newest board member Michael Rankin from the Governor's Finance Office replacing Robin Hager who's moved to NSHE. However, Member Hager has agreed to be their NSHE representative in the link of Andrew Clinger moving to UNR.

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 June 23, 2023.
- 4. For possible action to approve:** the Ascensus program manager's report encompassing results for Vanguard, USAA, SSgA Upromise, and Wealthfront 529 plans for the quarter ended June 30, 2023.
- 5. For possible action to approve:** the Putnam 529 for America program manager's report for the quarter ended June 30, 2023.
- 6. For possible action to approve:** the Nevada Prepaid Tuition Program activity report for the quarter ended June 30, 2023.

Motion to approve the Consent Agenda from Member Stanfel and a second from Treasurer Conine. Motion passed unanimously.

Discussion Agenda

- 7. For discussion:** Putnam Investments presentation on the 2023 investment review for the Putnam 529 For America Plan.

Director of Investment Strategies Judy Minsk with Putnam Investments began with the presentation starting on page 84. She provided an overview of the five (5) differentiators of the plan. She noted they have strong relationships with hundreds of broker dealers nationwide and

through those selling agreements they are able to distribute through advisors. These advisors support these clients by educating them and setting up a plan specific to their needs. In terms of benefits, they don't charge an annual fee for Nevada residents. They offer an easy scholarship plan to obtain a one-time award of \$100 for Nevada residents that have had an established account for at least one year and with a minimum \$1,000 balance. She stated they are very proud of the customer service that Putnam offers through the plan. For three (3) decades, Putnam has earned a DALBAR Service Award for outstanding service for their shareholders. She noted they have ranked #1 of 24 advisor-sold plans for the 3-year performance ending March 31st by a third-party company called savingforcollege.com*. She noted they have a wide range of investment options for their clients in terms of choosing best suits them.

Senior Investment Director Jonathan Schreiber with their Global Asset Allocation Team at Putnam provided an overview of the investment options. He began with page 85 of the materials noting that the Age-based Portfolios are the most popular option in the plan as these are strategies that automatically adjust their allocation as the beneficiary approaches college age. The strategies start with a higher allocation to stocks before reducing that in favor of bonds and cash when approaching college spending. The reason for that is to put those earliest contributions to work more aggressively to take advantage of compounding over a longer period of time but as they approach that target date then they want to be invested more conservatively to reduce volatility in those portfolios, reduce the variability of outcome, and reduce risk. He noted they manage glidepaths across a variety of different strategies and they pride themselves on managing the right risk at the right time. He reviewed the Goal-based Portfolios on page 86 which is the second most popular plan. They offer three (3) globally diversified portfolios which are Balanced, Growth, and Aggressive Growth. They have access to asset classes such as stocks, bonds, and cash. These portfolios are actively managed and keep the same allocation mix, regardless of the child's age. He went over page 87 showing the results and performance on the Age-based and Goal-based strategies. The strategies posted overall positive results for the one-year period as of June 2023. He noted a few positive contributors to performance. Security selection within quantitative U.S. Large Cap Core Equity enhanced results. Core Fixed-Income and High Yield Fixed-Income strategies were also positive contributors. He also noted some detractors, however, they are able to make dynamic allocation decisions and calls. He reviewed that the equity market strength they've seen this year has been driven by AI enthusiasm such as Amazon, Tesla, Microsoft, Apple, etc. whereas the rest of the stock market has been flat. He noted they have continued to see multiple macro indicators that are pointing to a weaker economic environment and there also continues to be risk with central bank policy focused on inflation. He expressed that the Global Asset Allocation team has long been a believer in diversifying portfolios by combining stocks and bonds to manage volatility and stabilize returns. Age-based strategies are a popular solution which can greatly benefit those investors. He concluded stating that their team always has the ability to adjust allocations tactically. This aspect of the asset allocation strategy enables them to shift or reduce risk. They can also focus on securities they feel would provide the best reward given the market environment. Ms. Minsk noted there is an appendix with complete performance reviews within all the plan and all options along with additional information to refer to.

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

8. For discussion: Wealthfront presentation on the 2023 investment review for the Wealthfront 529 College Savings Plan.

Nikki Williams with Wealthfront introduced Fang who is on their Data Scientist Team, and she is filling in for their Senior Investment Director. She reviewed the investment performance across asset class for the last quarter and last year as of June 2023. Across asset classes in their 529 Plan, they see bonds have been lagging due to inflation and rising interest rates. However, the higher yield could mean higher expected bond returns going forward. Across the equity sections they have outperformed, with some low spots within the Emerging Markets Bond and REITs. She noted overall the performance was lagging with bond asset class results but equities in general outperformed.

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

9. For discussion: Update regarding JP Morgan SSGA Transition.

Head of Education Savings Tricia Scarlata with JP Morgan Asset Management began the presentation and introduced Douglas Polak who is the Investment Specialist for Nevada's Future Path 529 Plan. Ms. Scarlata expressed their initial focus was to be sure that the existing clients in the plan transitioned to JP Morgan seamlessly and ensure communication. Their next goal is moving into the launch phase by starting internally making sure their sales force is aware of the plan and how they built it. They have trained about 1,000 folks internally on the plan to ensure they are getting through every salesperson whether internal or external. They are also ensuring they are getting with Chase to know about the product and full force selling it. She expressed that their marketing team has done a phenomenal job at communicating the launch to each firm once they approve and sign on with them. Once that occurs, they ensure they deploy launch communication stream of emails to advisors at that firm which happens weekly. Every time they get a launch on board, they execute on it by sending a launch email and series of communications to ensure that all the advisors at that firm are well aware of Future Path. She stated that next month they will be doing a national webcast to all advisors at all firms that have selling agreements. She noted they did a huge Chase promotion in August through that month where they did a webcast that was zoomed to over 3,000,000 Chase customers. She encouraged all to go to JPMorganfunds.com and look at their education planning solutions where you will see that Future Path has a life of its own showing several pages on the website that discuss the plan and the benefits. They did a press release, several social media posts, and also have the national webcast on October 26th about their new offering.

Mr. Polak noted he is part of JP Morgan and is known as Multi-asset Investors where similar to Putnam, most balanced portfolios run through this team including their target dates and 529 offerings. He noted they had these portfolios from June 26th through June 30th. He thanked Chris at Ascensus with the terrific coordination across teams to ensure everything went smoothly. He reviewed you can expect diversified portfolios from JP Morgan with ranging approximately 70% passive. They were able to add some active management where they may change the risk profile depending on market conditions and have put in active strategies with high conviction. To enhance the return in lower risk they can adjust the portfolio mix or the underlying managers outperforming their benchmarks. They do believe that interest rates are going to be held high for longer and they are constantly thinking about the best placement of assets during this period. They are pleased with markets after June through August for the coming quarter as they were defensively positioned and

preserved investment capital there. He concluded by welcoming feedback. There were no questions or comments from members.

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

10. For discussion and possible action: USAA 529 Distinguished Valor Matching Grant Program eligibility updates.

Head of Education Savings Scott Kefer at Victory Capital presented this agenda item. He referred to page 105 of the materials. He noted that their team continues to focus on ways to improve outcomes to help families achieve their education goals. He noted that within the last few years, those efforts have been focused on the investment side where the team presents to the Board and the Board approves enhancements to the overall plan such as their glidepath, changes to the fund line-up, or an alternative income solution. These changes have helped the plan bring down fees and improve investment performance. Their results both absolute and relative to peers have been functions of some of these changes that the Board has approved. He noted they are looking to improve their efforts on how to reach more members specifically members of the military and their families. He stated that the Distinguished Valor Matching Grant Program is designed to assist military members in the State of Nevada. They are requesting the Boards approval of enhancements indicated to ease the eligibility requirements to make it more available. The first enhancement would be to ease the military status requirement by eliminating the Purple Heart and replacing it with Honorably Served status to make it eligible for members that are in active duty or who have honorably served. The second area of criteria they want to ease is the adjusted gross income requirement as it currently stands for members who apply with less than \$95,000. They propose raising that limit to \$150,000. They also propose to not limit beneficiary requirements to the child of the account owner but allowing any child under the age of 13 be eligible to be the beneficiary in order to receive this grant. Mr. Kefer noted that they have plans to expand their marketing efforts to raise awareness of this grant on the Nellis Air Force Base website, as well as email and social campaigns.

Member Rankin inquired about where the \$150,000 match comes from.
Mr. Kefer confirmed that they provide that funding.

Treasurer Conine inquired whether anyone would be excluded from this that would fall into the first set of conditions but wouldn't fall under the second set of requirements. He asked perhaps if someone received a Purple Heart but wasn't honorably discharged would they be excluded by these changes.

Mr. Kefer stated it would be a rare circumstance if someone was awarded a Purple Heart but was dishonorably discharged. He noted that if someone were to get dishonorably discharged they would most likely not be eligible for the Purple Heart Award.

Treasurer Conine asked how many individuals are currently in this grant program.
Mr. Kefer verified that they have (53) fifty-three currently enrolled.

Motion to approve the agenda item from Member Stanfel and a second from Member Rankin. Motion passed unanimously.

11. For discussion and possible action: the Nevada Prepaid Tuition Investment Monitoring Report prepared by Meketa Investment Group for the quarter ended June 30, 2023.

Kay Cesarani with Meketa presented the Prepaid Tuition Investment Monitoring Report for the quarter ending June 30, 2023. She began the presentation on page 108 of the materials. She noted the portfolio ended the quarter with \$392 million which was an increase of \$19.3 million. She reviewed the fund performed well on both the gross and net of fees basis, outperforming its policy benchmark across all time-periods. She noted on page 111 you can see how the portfolio is structured versus its target allocation or policy benchmark. She stated that everything is in line with its policy benchmark with the exception of Cash which has less than 1% and there are slight deviations in Large Cap Equity and Fixed Income. She referenced back to page 110 which lists all the managers that are in the program. All performed in line for the passively managed funds whereas Garcia Hamilton slightly underperformed due to their longer duration. The Covered Calls portfolio did real well outperforming by 1.2%.

Treasurer Conine acknowledged Nevada Prepaid Tuition's 25th Anniversary this year and is excited to share these results as they continue to help Nevadans plan, save, and pay for college using their programs.

Motion to approve the agenda item from Member Stanfel and a second from Member Kephart. Motion passed unanimously.

12. For discussion and possible action: the Nevada 529 College Savings Plans Investment Monitoring Report prepared by Meketa Investment Group for the quarter ended June 30, 2023.

Ms. Cesarani provided an overview of the 529 College Savings Plans Investment Report for the quarter ending June 30, 2023. She began with page 118 and reviewed that they look at all the underlying funds that are utilized in each of the different programs where they are currently reporting on (4) four of the programs. Since JP Morgan is new, they will add it back into their report in the next quarter and should have the analysis of that portfolio next time around. She reviewed that they look at the performance within the short-, medium- and long-term criteria where they have performance thresholds based on benchmarks or have a certain percentage of underperformance for an asset class and would be placed on caution or watch if it is in there for 6-months in a consecutive order. Passive funds are evaluated based on their tracking error versus the performance, versus the benchmark. She noted that there are two funds on the watch list which are the Growth Fund and the STAR Fund. She reviewed page 119 of the materials showing the USAA Program has strong performance and the Putnam Program has about 64% of funds in positive or acceptable status. She reviewed page 119 showing the Wealthfront Program have 89% of funds in positive or acceptable status.

Kevin Mclaughlin with Meketa provided an overview of the Watch Memo on page 140. He noted that the Putnam Income and the Putnam Large Growth funds are still on watch. The Vanguard US Growth Admiral Fund is also on watch, and they are recommending that the Vanguard STAR Fund be removed from watch. He showed on page 141 the Putnam Income fund is on watch through its rolling 12-month excess return being below -.75%. The fund has been on watch for 12-months and

in that time period it underperformed its benchmark by -1.1%, and therefore recommend this fund remain on watch status. He went over the Putnam Large Growth fund on page 142 showing the relative performance falling below -1.50% within its rolling 36-month excess return. He noted that this fund has only been on watch for about 3 months and in that time-period has outperformed its benchmark by 2.2%. However, they must see the strong performance continue for a couple more months before they can recommend removing from the watch status. Therefore, they recommend it remains on watch. Within the Vanguard 529 Plan the Vanguard US Growth Admiral Fund remains on watch status through to its 36-month excess return being below -1.5% for 18 consecutive months. In that same time-period, the fund has underperformed its benchmark by -8.6%. Over the most recent quarter, the fund did exhibit a positive quarter where it outperformed its benchmark by 50 basis points. However, they must see this continue to improve before they can remove it from the watch status similar to the Putnam Large Growth Fund. Lastly, they are recommending the Vanguard Star Fund to be removed from watch as the fund's short- and medium-term performance are now above their respective thresholds. Additionally, over the trailing 1-year period the fund has outperformed its benchmark by 70 basis points and there has been a positive trend in performance which is why they are recommending it be removed from watch.

Motion to approve the agenda item from Member Stanfel and a second from Member Rankin. Motion passed unanimously.

- 13. For discussion and possible action:** Nevada Prepaid Tuition Contract Pricing and Fee Schedule, including approval of an incentive initiative in recognition of the Program's 25th anniversary for a cost not to exceed \$75,000 to be paid by the Trust Fund.

Tya Mathis-Coleman Deputy Treasurer of College Savings presented this agenda item starting with page 146 of the materials. She expressed that their team is very excited to be celebrating 25 years of Nevada Prepaid Tuition during this year's open enrollment period. Their campaign this year will be a rest easy message to give Nevadan families the peace of mind knowing that their child's tuition is paid for should they enroll in Nevada Prepaid Tuition. During this open enrollment period, November 1st through April 15th they will have two giveaways. The first randomly selected winner will be a contract holder that is currently enrolled with an active prepaid account. The purchaser will be refunded not to exceed an amount of \$40,000. She expressed that they are excited to award this prize during the 25th anniversary to thank those families who made the significant financial commitment to invest in their child's future. The second giveaway will be awarded to a brand-new account owner for someone who signs up this open enrollment period. They will conduct a random drawing of all new enrollees on April 15th, 2024. She stated that the winner will get an account depending on the age and grade of their child not to exceed \$30,000. The entire campaign will not exceed \$75,000 and the monies are being used in the trust fund. She noted that the marketing campaign will begin in late October and open enrollment will start on November the 1st. The College Savings Division will also be hosting and attending 25 community events in 25 days in celebration of the Nevada Prepaid Tuition anniversary.

Treasurer Conine thanked Mrs. Mathis-Coleman, Blanca Platt, and their entire team for putting this program together. They challenged to come up with a way they can get Prepaid Tuition back to the forefront of everyone's mind as it's been a successful program.

Motion to approve the agenda item from Member Rankin and a second from Member Stanfel. Motion passed unanimously.

14. For discussion and possible action: Nevada Prepaid Tuition 2024 Master Agreement and Program Description.

Mrs. Mathis-Coleman presented the Prepaid Tuition Master Agreement updated version included in the meeting materials. There have been no changes on the agreement itself, just edits updating the dates and pricings for this enrollment period.

Treasurer Conine confirmed that all they updated were the dates such as the year to 2024.

Motion to approve the agenda item from Member Stanfel and a second from Member Rankin. Motion passed unanimously.

15. For discussion and possible action: Investment Policy Statement for the Nevada 529 Plans updates.

Chief of Staff Kirsten Van Ry provided a brief overview of this agenda item noting in the materials there is a red-lined and a clean version of the Board's Investment Policy Statement for the Nevada 529 Plans. She noted that the document was last updated in 2018 and for this review they went through and made minor changes to the policy.

Motion to approve the agenda item from Member Stanfel and a second from Member Rankin. Motion passed unanimously.

16. Public Comment.

There was no public comment.

17. ADJOURNMENT.

Meeting adjourned at 11:00 am.