

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
August 19, 2016**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on August 19, 2016 (via video conference) at the System Office in Las Vegas, Reno, and Great Basin College in Elko. Present were voting members: Michelle Kelley (Chair), Paul Thistle (University of Nevada, Las Vegas; “UNLV”), Cheri Canfield (Nevada State College; “NSC”), Bob Whitcomb (Western Nevada College; “WNC”), Kent Ervin (University of Nevada, Reno; “UNR”), Daniel Williams (Truckee Meadows Community College; “TMCC”), Mark Bowers (Desert Research Institute; “DRI”), Migle Valunte (Business Center North; “BCN”), Brad Summerhill (Faculty Senate Chair), and Scott Nielsen (Great Basin College; “GBC”).

Attending the meeting by invitation were Eileen Biosi, Secretary to the Committee (NSHE System Administration); and Daniel Pawlisch and Leon Kung of Aon Hewitt Investment Consulting (“AHIC”).

Call to Order

The meeting was called to order at 8:35 a.m. by Kelley.

Approval of Minutes from May 20, 2016

The Committee reviewed the minutes from the previous Committee meeting held on March 20, 2016. Whitcomb made a motion to approve the minutes and Canfield seconded. The motion carried.

Executive Officer Report

Kelley informed the Committee that the Vanguard Target Retirement Fund change to the “institutional” share class occurred on June 29, 2016. She noted the transition occurred without error and with little participant inquiry.

Kelley provided an update on the loan sweep from the money market fund to the participants’ allocation on file at TIAA. Participants did not have to take action.

Kelley updated the Committee on the American Century mapping. She noted that the mapping was on track for the October roll-out and the first communications were sent out two weeks prior to the meeting. Out of thirty two active participants, she received one call inquiring about the move. She noted that there were approximately one hundred terminated participants within the 401(a) plan. The assets will be mapped to the participants preferred allocation on file at TIAA, or the appropriate target date fund if they do not have an allocation on file. She noted that the 403(b) assets at

American Century are under individual contracts and thus will not be mapped to TIAA unless participants direct otherwise. Regarding the individual contracts, Ervin asked about the number of active and terminated employees. Kelley indicated she would bring that information to the next meeting.

Staff Reports

Valunte informed the Committee that she had received calls from two employees in response to the recent communication regarding Roth accounts and that she had referred the participants to the TIAA Financial Advisors.

Valunte also commented on recent TIAA on-site visits and noted that participants viewed the Wealth Managers favorably.

403(b) Fee Litigation

Kelley updated the Committee on recent 403(b) fee litigation that has appeared in numerous news articles. She noted that the Chair and Vice Chair of the Board of Regents have expressed concerns and interest in the recent litigation.

Pawlisch informed the Committee of the litigations and cited examples similar to NSHE. He noted NSHE's transition from a multi-recordkeeper to a single vendor platform in 2013 was conducted in a diligent manner. Ervin asked what position NSHE was in. Kelley explained that while NSHE is non-ERISA plan, fiduciary standards are held at the state and federal levels. She noted NSHE will seek outside legal counsel to assist in reviewing any potential liabilities. Ervin recommended the Committee continue with its diligent processes. Kelley recommended that during the next strategic planning session, the Committee should revisit how participant fees are charged and ensure that the current method is still the most advantageous to all participants.

Quarterly Investment Review

Pawlisch reviewed the previously distributed report entitled "Nevada System of Higher Education Second Quarter 2016 Discussion Guide." He commented on the current state of the overall economy, the domestic and international equity markets, and the fixed income markets.

Referring to Section 2 of Attachment 1, Kung provided an update on the Plans' asset allocation and manager performance. He noted and discussed situations in which there were exceptions to, or comments on, the targeted performance, company structure, or other relevant aspects of the funds offered against the Plans' Investment Policy Statement. After discussion and review of the materials provided, the Committee members agreed to the following.

Maintain on the “watch” list:

- Neuberger Berman High Income Fund
- T. Rowe Price Institutional Large Cap Growth Fund
- PIMCO Total Return Fund
- DFA U.S. Targeted Value Fund

The Committee collectively requested AHIC to conduct a competitive review for the PIMCO Total Return Fund. Kelley asked AHIC to provide additional detail on recent redemptions made from the PIMCO Total Return Fund.

The Committee members agreed to AHIC’s recommendation to conduct a competitive review for the Neuberger Berman High Income Fund at the November Committee meeting as part of the ongoing due diligence process. The review will compare the Fund’s positioning, historical performance, fees, etc. to other viable candidates.

Referring to Sections 4, 5, and 6 of Attachment 1, Kung reviewed the following flash reports entitled:

- “PIMCO – Total Return Fund Increases High Yield Maximum Allowance to 20%”
- “Pacific Investment Management Company – Chief Executive Officer Appointment”
- “T. Rowe Price Group, Inc. Proxy voting errors related to the 2013 leveraged buyout of Dell, Inc.”
- “Harding Loevner – Co-CIO Announcement”

Kung presented the information and led a discussion of the issues noted and the effect they may have on the Plans and the Committee.

Other Business

Pawlisch led a discussion of the on the Plans investment performance for the month of July 2016. The Committee discussed the information presented and the impact on the Plans.

There being no further imminent business before the Committee, the meeting was adjourned at 12:00 p.m.