

**Nevada System of Higher Education (“NSHE”)
Minutes of
Special Retirement Plan Advisory Committee Meeting
March 4, 2016**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on March 4, 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), Pat La Putt (Business Center South “BCS”), Paul Thistle (University of Nevada, Las Vegas “UNLV”), Carla Henson (Retiree), Cheri Canfield (Nevada State College “NSC”), Jerry Lockhart (College of Southern Nevada “CSN”), 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), Scott Nielsen (Great Basin College, “GBC”), and Robert Whitcomb (Western Nevada College “WNC”).

Attending the meeting by invitation were Daniel Pawlisch and Leon Kung of Aon Hewitt Investment Consulting (“AHIC”). David Swallow of AHIC joined the meeting via teleconference.

Call to Order

The meeting was called to order at 9:00 a.m. by Kelley.

The meeting started with introductions from all of the attendees.

Approval of Minutes from December 18, 2015

The Committee reviewed the minutes from the previous special Committee meeting held on December 18, 2015. Thistle made a motion to approve the minutes. Lockhart seconded. Motion was approved by the Committee.

Staff Reports

Kelley asked the Committee if there was any opposition to posting the full quarterly Discussion Guides to the NSHE website. Following a thorough discussion, the Committee concluded that it would be in the best interest of the Plans’ participants and beneficiaries to provide access to the full document. Kelley led a discussion on the upcoming transition from the Vanguard Prime Money Market Fund to the Vanguard Federal Money Market Fund on April 2, 2016. She noted the issues and effects the transition may have on participants in the Plans. Kelley also reintroduced the topic of mapping legacy assets from the frozen vendors to TIAA. Kelley recommended starting with the American Century assets given their lower asset size, number of participants, and the ability to map assets “in-kind” into the Plan’s self-directed window. The Committee discussed participant communication options. It was agreed that a 90 day communication window comprised of three separate communications sent to participants at 30 day

intervals would be ideal. It was also recommended that a personal outreach campaign be incorporated into the communication strategy, including outbound phone calls and emails. La Putt emphasized the importance of having participants take an active role in moving their legacy assets. Following a thorough discussion, Ervin made a motion to approve the mapping of legacy American Century assets. Thistle seconded. Motion was approved by the Committee. Kelley, La Putt, and Valunte will work with representatives from TIAA to develop a communications and mapping strategy to commence on August 1, 2016. An update will be provided at the May RPAC Meeting.

La Putt provided an update on one-on-one meetings in the South, noting that participation was down. La Putt is working with Maggie Dehn from TIAA to address the issue. La Putt is also working with TIAA to coordinate several on campus seminars. Kelley detailed her attendance at a recent State of Nevada Deferred Compensation meeting and the potential for developing a combination presentation that addresses the value of voluntary savings with VOYA. Valunte expressed concerns with working closer to VOYA given the poor customer service participants historically received.

Valunte noted that a few participants in the North had reached out to her regarding the money market transition. She also indicated that she received no questions regarding TIAA's recent name change from TIAA-CREF to TIAA. One-on-one meetings in the North remain filled.

Quarterly Investment Review

Pawlisch reviewed the previously distributed report entitled "Nevada System of Higher Education Fourth Quarter 2015 Discussion Guide." Pawlisch commented on the current state of the overall economy, the domestic and international equity markets, and the fixed income markets.

Kung led a discussion in regards to the Plans' watch list. 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 agreed to accept AHIC's recommendation to keep the Neuberger Berman High Income Fund on the "watch" list and add the T. Rowe Price Large Cap Growth Fund and the Laudus Mondrian Emerging Markets Fund to the "watch" list.

Pawlisch noted that the fee for the Vanguard Trust in the 401(a) plan moved from 11 basis points (bps) to 8 bps on January 1, 2016. Kelley questioned the ability for Vanguard to continue to lower fees in light of the "whistle blower" lawsuit and the firm's agreement to pay back taxes to the State of Texas. Pawlisch noted that Vanguard believes the suit is without merit and is vigorously defending itself. In addition, AHIC does not have information that suggests any imminent risk or anticipate an outcome that would trigger liquidation exposure for Vanguard. AHIC is continuing to monitor the situation closely and will notify the Committee of any new developments.

Kung informed the Committee of several changes to the Investment Policy Committee and the Global Stock Investment Policy Committees at Dodge & Cox. Kung noted that AHIC recommends no action be taken by the Committee as a result of the changes as the investment team contains a large number of high quality, experienced, and tenured individuals.

Kung then informed the Committee of an upcoming portfolio manager change for the T. Rowe Price Institutional Large Cap Growth Fund. Effective January 1, 2017, portfolio manager Rob Sharps will be stepping down to assume the role of Co-Head of Global Equity for the firm. Mr. Sharps is being succeeded by Taymour Tamaddon. Mr. Tamaddon is currently the portfolio manager for the Health Sciences Equity strategy and leader for the firm's healthcare sector team. Kung noted that AHIC has downgraded the Fund's rating from "Buy" to "In Review" as a result of the change. AHIC is meeting with Sharps and Tamaddon in the coming months and will continue to monitor the portfolio manager transition closely and notify the Committee of any new developments.

Lastly, Kung informed the Committee that William Blair received a SEC Wells Notice. Given that the Notice is related to a non-public investigation, both Williams Blair and the SEC are unable to provide additional details. However, Kung noted that the firm believes the investigation relates to administrative fees paid on N and I shares and does not involve the investment management operations of the firm. AHIC is continuing to monitor the situation closely but did not recommend any action on the part of the Committee at this time.

Ervin expressed concern with the poor performance of the Laudus Mondrian Emerging Markets Fund and inquired whether alternative emerging market equity managers should be considered. Following a thorough discussion, the Committee agreed that it would be in the best interest of the Plans' participants and beneficiaries to initiate a competitive review. The results of which would be reviewed at the May RPAC Meeting. Thistle made a motion to conduct a competitive review for an actively managed emerging market equity fund option. Whitcomb seconded. Motion was approved by the Committee.

After thorough discussion and based on the materials provided, the Committee concluded that it would be in the best interest of the Plans' participants and beneficiaries to make no additional changes to the Plans' investment line-up at this time.

Legacy Fund Monitoring

Pawlisch reviewed the previously distributed report entitled "Legacy Defined Contribution Plan Review." He highlighted the significant amount of legacy funds on the "watch" list due to both quantitative and qualitative reasons. Kelley informed the Committee that the full report will be posted to the NSHE website for participant viewing. In addition, she will work with each of the legacy vendors to have those fund options with a zero balance removed from the Plans.

Fiduciary Review

Swallow provided an overview of the quarterly Legal & Compliance Update. He highlighted the Department of Labor's (DOL) recent guidance on economically targeted investments. Swallow also updated the Committee on the current fiduciary environment. He noted that the U.S. Department of Labor has been very active and highlighted a few noteworthy suites. The Committee discussed the information presented and the impact on the Plans.

Other Business

Pawlisch led a discussion of the on the Plans investment performance for the month of January 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.