

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
November 30, 2017**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on November 30, 2017 at the System Office in Las Vegas. Present were voting members: Michelle Kelley (Chair), Cheri Canfield (Nevada State College; “NSC”), Kent Ervin (University of Nevada, Reno; “UNR”), Bob Whitcomb (Western Nevada College; “WNC”), Jerry Lockhart (College of Southern Nevada; “CSN”), Jennifer Schultz (Desert Research Institute; “DRI”), Brad Summerhill (Faculty Senate Chair), Paul Thistle (University of Nevada, Las Vegas; “UNLV”), Pat La Putt (Business Center South; “BCS”), Migle Valunte (Business Center North; “BCN”), and, via video conference, Daniel Williams (Truckee Meadows Community College; “TMCC”). Voting member Scott Nielsen (Great Basin College; “GBC”) was unable to attend.

Attending the meeting by invitation was Jennifer Young of NSHE. Also attending the meeting by invitation were Daniel Pawlisch, Steve Shepherd, Joe Steen, and, via teleconference, Adrian Kurniadjaja and Eugene Lee of Aon Hewitt Investment Consulting (“AHIC”); Glenn Granz and Grady Smith of Dimensional Fund Advisors (“DFA”); and, Ben Lewis, Patty Harte, Tracy Eastman, Cindy Wilson, Michael Phung, Moira Meehan, Steve Kronheim, Seamus Ewing, Bob Murray, Len Govia, Bradley Berk, and Andrew Thurlow of TIAA.

Call to Order

The meeting was called to order at 9:05 a.m. by Kelley. She welcomes Jennifer Schultz from the Desert research Institute and informed that Committee that Schultz has replaced former Committee member Mark Bowers (DRI) as a Committee member. She introduced Young as new administrative support to the Committee and provided the Committee with an overview of the day’s agenda.

Approval of Minutes from August 18, 2017

The Committee reviewed the minutes from the previous Committee meeting held on August 18, 2017. Following discussion, the Committee approved the minutes as written.

DFA Manager Presentation

Granz and Smith joined the meeting and reviewed the contents of a previously distributed report titled, “Dimensional, Nevada System of Higher Education, November 30, 2017.” Referring to the report, they provided an overview of DFA as a firm and discussed equity and fixed income philosophies and processes, as well as characteristics of U.S. Large Cap Value and Inflation-Protected

Securities portfolios available within the Plans. The Committee considered the information presented and its impact to the Plans and their participants.

Granz and Smith were dismissed from the meeting.

Retirement Income Solutions Presentation

Shepherd joined the meeting via teleconference and reviewed the contents of a previously distributed report titled, "Overview of Retirement Plan Solutions in Defined Contribution Plans." Referencing the report, he provided background and an overview of various retirement income approaches, including potential in-plan and out-of-plan solutions for consideration in the Plans. LaPutt indicated that eligibility for NSHE retiree health insurance is dependent on a participant receiving funds from one of the Plans and that an out-of-plan solution may compromise such eligibility. The Committee discussed the potential of implementing longevity insurance and Kelley agreed to review with NSHE's Purchasing Department the possibility of conducting a Request for Information process; she will report back to the Committee.

Shepherd was dismissed from the meeting and Williams left the meeting.

Preparation for TIAA Presentation

Kelley led a discussion regarding TIAA's services. She indicated there have been concerns with participant Individual Advisory Services ("IAS") from TIAA in the North, including turnover of IAS representatives. Valunte provided details on recent representative turnover in the North, stating the transition process was not handled well, new advisors were not knowledgeable, and participants were concerned about upselling of products and requirements of IAS to transfer all assets and show statements from other vendors in order to receive advice. She said IAS has advised that they need all of a participant's assets to provide advice as they are a fiduciary for the advice. Valunte also noted concerns of a participant who received conflicting information from three different advisors as well as a report from one retiree participant that their Required Minimum Distribution process had taken over six months to complete. Valunte indicated she had addressed these service concerns with Michael Phung, Director of Wealth Management at IAS. Kelley also indicated that she had initiated discussions and had a meeting with IAS management, receiving generic responses and a demand for specific participant names from IAS and she is concerned that historically they have used this specific information to solve individual participant issues, rather than addressing the systematic problems/processes identified.

Kelley raised a concern about recent New York Times articles regarding TIAA's services and compensation structure for its representatives. Steen provided an overview of the articles and TIAA's responses related to the bonus compensation structure for its representatives, which is based on varying tiers of compensation depending on the types of products and services on which participants are educated and referred. The Committee considered the information and its potential impact to the Plans and its participants.

The Committee agreed to address the above-noted topics with TIAA when they deliver their update later in the meeting.

TIAA Update Presentation

Lewis, Harte, Eastman, Wilson, Phung, Meehan, Kronheim, Ewing, Murray, Govia, Berk, and Thurlow of TIAA joined the meeting. Eastman led a discussion of a previously distributed document titled "Nevada System of Higher Education's RPAC Meeting November 30, 2017." She reviewed the agenda for the presentation. Lewis and Harte provided an overview of TIAA's organizational and service team structure. Harte provided a staffing update regarding TIAA resources assigned to NSHE. Ervin inquired why IAS didn't report up through the rest of TIAA management and Lewis explained that IAS is a separate retail group, including Wealth Management Advisors, with a separate profit/loss accounting structure from TIAA Institutional Retirement Services.

Phung reviewed IAS participant utilization statistics noted in the report. LaPutt asked and Phung agreed to follow up with the number of unique participant interactions, versus the number of total meetings. Phung indicated that since the inception of IAS in 2012, approximately \$365 million of assets from the NSHE participant population moved to TIAA, an estimated \$199 million of which went into the Plans. Kelley asked about assets flowing out of the Plans and to where it is going. Phung agreed to follow up regarding the sources of participant assets transferred to and from TIAA.

Phung provided a recruiting and staffing update for the Reno area and said the market was challenging, but IAS was training a new hire. He indicated IAS plans to add one more advisor in Las Vegas in 2018. Kelley raised concerns about recent advisor turnover and Phung indicated IAS's turnover is lower than industry peers. Phung summarized non-solicitation and non-disparagement agreements applicable to advisors following severance from employment and stated they were standard provisions in the industry and that IAS monitors and tracks compliance when advisors leave IAS. Phung discussed IAS advisor compensation, indicating that it is competitive and fair as compared to that of other financial services firms.

Valunte raised a concern about participants not getting advice from IAS advisors if not provided with all asset information, including non-TIAA assets. Kelley raised concerns about IAS transparency and accountability. Lewis said he would follow-up with detailed IAS reporting on advisory and product activity in and outside the Plans. Phung asked for specific participant names regarding concerns noted and Valunte stated that, when names have historically been provided, rebuttals and excuses are given, rather than solutions. Kelley confirmed that there appear to be systemic issues that are not being addressed. Lewis stated that he would follow up regarding systemic issues.

Ervin stated that this is the first time he was aware that IAS is a retail operation, separate from TIAA Institutional, and was previously told it was part of the overall TIAA service. Pawlisch asked if the IAS could be turned off for the Plans and Lewis indicated that it could, however, at the risk of participants going to non-TIAA/IAS wealth management advisors, possibly being encouraged to take distributions/rollovers from the Plans.

Wilson provided a financial consultant organizational and staffing update. She indicated that TIAA financial consultants also have non-compete and non-disclosure/disparagement agreements, like IAS advisors. She reviewed participant utilization statistics and noted low usage of video conference capabilities. Kelley agreed to work with Wilson and Michelle Buckalew at TIAA regarding potential communication approaches.

Meehan and Kronheim facilitated a discussion regarding new Department of Labor Fiduciary Rules. They explained Best Interest Contract Exemption ("BICE") rules, which have been delayed until July 1, 2019, and Kronheim confirmed that TIAA is a fiduciary for participant distribution and rollover recommendations. Meehan reviewed TIAA's approaches and processes for dealing with BICE standards. Pawlisch asked if participant account statements from other providers are required for TIAA to provide investment or savings advice and Meehan indicated that was not necessary and participants can only get investment advice using Morningstar Ibbotson as the advice engine. Kelley inquired whether contract exchanges to TIAA from another vendor are subject to BICE and Meehan and Kronheim confirmed this is case. Summerhill asked for data regarding TIAA's Central Team Review process related to participant distribution/rollover recommendations, specifically how recommendations are accepted or rejected. Pawlisch asked about the tool used for systematic withdrawal estimates and Wilson stated the results were straight time value of money estimates based on assumed interest rates.

Steen raised a discussion regarding the compensation structure for TIAA/IAS representatives. Lewis indicated that financial consultants would not receive increased compensation if participants annuitize or based on funds or products used, however, referrals to other TIAA divisions are considered in determining bonus compensation, as are new enrollments, contributions, and account consolidations. The IAS compensation structure was discussed and Lewis indicated he would follow-up with more details.

Murray led a discussion regarding TIAA's administrative/recordkeeping fees. He reviewed per capita and pro rata fee approaches, reviewing examples of each. He explained a new TIAA fee equalization approach planned for 2018, wherein revenue credits may be allocated to participants at a fund level for legacy contract assets.

Kelley asked if an alternative dollar per participant recordkeeping fee arrangement may be implemented solely considering the newer RC/RCP contracts and Murray responded the TIAA would price the entire relationship considering all Plans. Ervin asked if a basis point fee could be implemented for the legacy contract assets, while implementing a dollar per participant fee for the newer RC/RCP contracts and Murray indicated that TIAA could do so. Ervin inquired as to if a basis point fee could be implemented up to a dollar per participant maximum and Murray responded that TIAA could not provide such an arrangement. Murray responded to a question from Ervin that TIAA could administer an arrangement wherein dollar per participant fees are not assessed to participants below a certain low balance threshold level.

Govia led a discussion regarding Morningstar-Ibbotson model portfolios used to deliver participant investment advice. He reviewed the model portfolios with the Committee and Kronheim explained that TIAA is a fiduciary for the advice delivered using the computer-based model portfolios pursuant to the Sun America ruling. The Committee discussed the information provided and its impact on the Plans' participants and the Committee.

Lewis, Harte, Eastman, Wilson, Phung, Meehan, Kronheim, Ewing, Murray, Govia, Berk, and Thurlow of TIAA were dismissed from the meeting.

Emerging Markets Manager Search

Pawlisch and Kurniadaja reviewed the contents of a previously distributed report titled "Nevada System of Higher Education, November 30, 2017, Emerging Markets Manager Search." Pawlisch also distributed and discussed a three-page, untitled "watch list" document for the Plans' Emerging Markets, Stable Value, and Socially Responsible searches, respectively; Pawlisch addressed the Plans' current Laudus Mondrian Emerging Markets Equity Fund. After thorough discussion, and based upon information contained in the reports, the Committee agreed to terminate the Plans' existing Laudus Mondrian Emerging Markets Equity Fund and to map the assets and investment elections to the Plans' existing Vanguard Emerging Markets Stock Index Fund, as soon as administratively feasible and following appropriate notice to participants. Kelley agreed to work with TIAA on the implementing the change, which she estimated would take 12 to 16 weeks, as well as in preparing participant communications.

Stable Value Manager Search

Pawlisch and Lee began a review of a previously distributed report titled "Nevada System of Higher Education, November 30, 2017, Stable Value Investment Manager Search." The Committee discussed the materials presented and agreed to defer action until the next Committee meeting.

There being no further business before the Committee, the meeting was adjourned at 5:10 p.m.

Minutes approved:

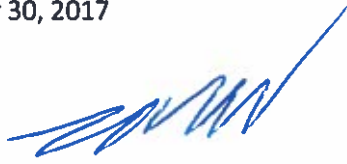

Michelle Kelley, RPA Executive Officer

2/16/18
Date Signed

Reviewed by:

November 30, 2017

Page 6



Nicholas G. Vaskov, Vice Chancellor for Legal Affairs

3-5-18

Date Signed