

**Nevada System of Higher Education (“NSHE”)  
Minutes of  
Retirement Plan Advisory Committee Meeting  
December 1, 2017**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on December 1, 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”), 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, Brad Summerhill (Faculty Senate Chair) and 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 and Joe Steen of Aon Hewitt Investment Consulting (“AHIC”).

**Call to Order**

The meeting was called to order at 8:00 a.m. by Kelley. She provided the Committee with an overview of the day’s agenda.

**Approval of Minutes from November 30, 2017**

Review of minutes from the previous Committee meeting held on November 30, 2017 was deferred, pending drafting of those minutes.

**Stable Value Manager Search**

Pawlisch led the Committee in a continued discussion from the November 30, 2017 meeting, reviewing a previously distributed report titled “Nevada System of Higher Education, November 30, 2017, Stable Value Investment Manager Search.” He discussed the potential to add a collective trust stable value fund to the Retirement Plan Alternative (“RPA”), noting that collective trust funds are not available to 403(b) plans. Pawlisch discussed the possibility of customizing a stable value fund fact sheet for participant communications and he agreed to follow up regarding support that may be available to assist in drafting such a fact sheet. After thorough discussion, and based on information contained in the report, the Committee approved the addition of the T. Rowe Price Stable Value Common Trust Fund Class A to the RPA.

**U.S. Socially Responsible Investing Search**

Pawlich reviewed the contents of a previously distributed report titled "Nevada System of Higher Education, November 30, 2017, U.S. Socially Responsible Investment Manager Search." After thorough discussion, and based on information contained in the report, the Committee agreed to add the Vanguard FTSE Social Index Fund (VFTSX) to the Plans' in conjunction with other fund changes decided above and at the November 30, 2017 Committee meeting.

### **Participant Investment Advice and Model Portfolios**

Pawlich agreed to follow up with TIAA and the Committee regarding the impact of the above-noted fund changes to the Morningstar-Ibbotson model portfolios used to deliver participant investment advice. The Committee discussed the potential to conduct an RFP process for an independent participant investment advice provider, separate from the Plans' recordkeeper, and agreed to table further discussion until a later date.

### **Executive Officer Report**

Kelley distributed a three-page handout, the first page of which was titled "RPAC Honoring Commitment to Colleagues." She reviewed the first page, providing a summary of the Committee's recent fee reduction, investment monitoring, and vendor consolidation activities, as well as outlining future vendor consolidations and considerations.

Kelley continued on to pages 2 and 3 of the document, reviewing 401(a) RPA and 403(b) Investment Line-up Fees & Expenses, respectively, based on changes implemented as of October 1, 2017.

Kelley indicated that TIAA had spent a lot of time preparing for the November 30, 2017 Committee meeting and she believes they are working to be supportive on the Institutional Retirement Services side.

Summerhill left the meeting.

### **Staff Reports**

Valunte provided an update for the North. She commented on TIAA's IAS services, indicating there has been mixed participant feedback for Bradlee and that she is at capacity. She is hoping the new advisor will be viewed more positively. Valunte indicated she is actively communicating with participants and will monitor progress regarding concerns about IAS representative pushing products. Kelley suggested directing participants to financial consultants with TIAA's Institutional Retirement Services group, versus IAS advisors. The Committee discussed the potential to conduct participant satisfaction surveys and agreed to consider doing so for the entire population, as well as for participants using TIAA financial consultants and IAS advisors, respectively, by consultant/advisor name, and for non-TIAA wealth management representatives. Kelley agreed to follow-up on the request.

La Putt provided an update for the South. She updated the Committee on the Workday implementation, indicating there have been problems with the transmission of files and wires with TIAA, regulatory limits for the Plans have required updating, with the 415(m) remaining to be updated. She indicated that some participants were confused and made errors in their deferral elections when percentage elections were added as an alternative to dollar elections. She explained there have also been issues with participants working at and receiving paychecks from two institutions; they must make percentage deferral elections, versus dollar elections, in order to have deductions from both Plans, versus only one.

### **Tax Cuts and Jobs Act Update**

Referencing a previously distributed document titled "Nevada System of higher Education, Third Quarter 2017 Discussion Guide, December 1, 2017" ("Discussion Guide"), Steen led a discussion regarding the background and status of the proposed Tax and Jobs Cuts Act of 2017. The Committee considered the information and its potential impact to the Plans and their participants.

### **Quarterly Investment Review**

Pawlisch referred to the previously distributed report titled Discussion Guide and commented on the current state of the overall economy, the domestic and international equity markets, and the fixed income markets. He provided an update on the Plans' asset allocation, contribution and transfer activity, 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 (IPS). Pawlisch noted that the implementation of lower cost Vanguard Retirement Trust I fund share classes went into effect for the RPA in October 2017.

Kelley raised discussion regarding an IRS Private Letter Ruling being pursued by University of California to allow collective trust funds in a 403(b) plan. Pawlisch indicated he was not aware of any other institutions using such an approach and he agreed to research if any additional information may be available.

After thorough discussion and review of the materials provided, the Committee agreed to place the Laudus Mondrian Emerging Markets Equity Fund on the "orange-level watch" list, noting that the Committee decided on November 30, 2017 to terminate the fund and to map the assets and investment elections to the Plans' existing Vanguard Emerging Markets Index fund.

Pawlisch distributed a handout titled "Total Plan Top Twenty Contributions As of September 30, 2017," which he commented included rollovers, whereas a similar Discussion Guide page did not. The Committee agreed they would like to see both versions in future reports.

Pawlich reviewed Morningstar-Ibbotson model portfolios in the Discussion Guide. He explained that the "Ex-TIAA" portfolios are the shadow portfolios which are used by the Morningstar-Ibbotson advice tool if a participant already is over-exposed to TIAA Traditional. He distributed a two-page handout titled "Morningstar Model Portfolios," with respective pages for RCP Performance and Static Allocation Performance. He noted that the pages were updates to correct Discussion Guide pages 33 and 35, respectively, due to errors in manual calculations that have since been corrected and which will be automatically calculated going forward. Pawlich then reviewed and discussed manager updates in the Discussion Guide.

Ervin left the meeting.

Continuing in the Discussion Guide, Pawlich reviewed an Investment Fee Transparency illustration and advised that the Plans' investment management fees appear to be in line with peers by respective asset class.

Kelley commented that the next Committee meeting is scheduled to be held via video conference on February 16, 2018. The following meeting is scheduled to be held in Elko, NV on May 23 and 24, 2018.

There being no further business before the Committee, the meeting was adjourned at 11:55 a.m.

Minutes approved:



Michelle Kelley, RPA Executive Officer



Date Signed

Reviewed by:



Nicholas G. Vaskov, Vice Chancellor for Legal Affairs



Date Signed