

Nevada System of Higher Education ("NSHE")
Minutes of
Retirement Plan Advisory Committee Meeting
August 16, 2019

The Retirement Plan Advisory Committee ("Committee"), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans ("Plans"), met on August 16, 2019 at the System Administration Office in Las Vegas, NV. Present were voting members: Michelle Kelley (Chair), Paul Thistle (University of Nevada, Las Vegas; "UNLV"), Liliana "Lily" Magana (Business Center South; "BCS"), Jerry Lockhart (College of Southern Nevada; "CSN"), Kent Ervin (University of Nevada, Reno; "UNR"), Migle Valunte (Business Center North; "BCN"), Jennifer Schultz (Desert Research Institute; "DRI"), Brad Summerhill (Faculty Senate Chairs), Amy Cavanaugh (Truckee Meadows Community College; "TMCC"), Bob Whitcomb (Western Nevada College; WNC), Daniel Williams (Retiree), and Scott Nielsen (Great Basin College; "GBC") all being voting members of the Committee.

Voting Committee members Zarah Gayrama-Borines (Nevada State College; "NSC") was unable to attend.

Attending the meeting by invitation were Dan Pawlisch, Leon Kung and, via teleconference, Joe Steen of Aon Hewitt Investment Consulting ("AHIC").

Call to Order

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

Approval of Minutes from May 22 and 23, 2019

The Committee reviewed the minutes from the previous Committee meetings held on May 22 and 23, 2019. Following discussion, the Committee approved the minutes as written.

Executive Officer Report

Kelley provided an update on the recent investment advisor Request for Proposal ("RFP") process. She indicated that finalist interviews were conducted on May 21, 2019, with Thistle, Valunte, Whitcomb, and herself serving as the members of the RFP evaluation team. Based upon the content of the RFP responses and finalist interviews, and subject to NSHE procurement guidelines, Kelley stated that AHIC was retained as the ongoing investment advisor to the Committee.

Kelley updated the Committee on the change to the participant "opt-in" marketing approach with TIAA. She noted that TIAA introduced a new consent form for use with participants effective July 1, 2019. She noted a few glitches in the process, including the provision of the form electronically without an advisor being present to provide an explanation of the purpose of form. Kelley will continue working with TIAA on the process and will keep the Committee informed on progress with the new protocol.

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Staff Reports

South

Magana informed the Committee that participants have been receiving emails from financial advisor groups who have no affiliation with NSHE or the NSHE Retirement Plans. She is working to block and cease this email activity.

Magana indicated that there has been an issue with the TIAA portal not applying the Plans' rules correctly. Specifically, the portal has been declining distribution requests for participants having less than five-years of service. Magana is working with TIAA to address the issue.

Mr. Whitcomb and Mr. Williams joined the meeting.

Magana updated the Committee on an uptick in the number of 403(b) Plan hardship requests by participants, indicating that there were six requests in the last calendar quarter; one participant requested three unique hardship distributions.

Magana indicated that she was working with representatives from TIAA on arranging participant retirement presentations at various campuses in the South.

North

Valunte stated that new hire orientations were going well. She noted that the Workday onboarding experience has been streamlined regarding PERS verification and automation of PERS rate indicators.

Valunte indicated there have been issues with the TIAA portal wherein TIAA applies 45% versus 50% of a participant's account balance for calculation of eligible loan amounts. Kelley stated that only the participant portion is allowed, and the 45% allocation has to do with the loan being collateralized, which is the current method for funding the loans. Kelley will follow-up with representatives from TIAA on changing loans to TIAA's Retirement Plan Loans, which are not collateralized, and thus allow 50% of the participants account to be used to fund a loan.

Valunte noted that she, Kelley, and Magana will be attending TIAA's Investment Advisory Service ("IAS") summit next week in Las Vegas. Kelly stated that this is the second summit that has been conducted. It is an important forum for benefits managers to share feedback with those representatives from TIAA and IAS serving the Plans.

Quarterly Investment Review

Pawlisch led a discussion regarding the contents of a previously distributed a report titled "Nevada System of Higher Education Second Quarter 2019 Discussion Guide." A document titled "Nevada System of Higher Education Second Quarter 2019 Investment Review," was also previously distributed for the Committee's reference. Pawlisch commented on the current state of the overall economy, the domestic and international equity markets, and the fixed income markets during the second quarter of 2019.

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Continuing his review, Pawlisch discussed the Plans' asset allocation, contributions by fund, and participant transfer activity. He noted 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 thorough discussion and review of the materials provided, the Committee agreed that the American Century High Income Fund and the DFA U.S. Targeted Value Fund be maintained on "yellow" watch list status. The Dodge & Cox Global Stock Fund was placed on "orange-level" watch list status.

Pawlisch reviewed the Annual Fee Monitoring & Transparency report as of June 30, 2019 and he reviewed the performance and asset allocation of the Morningstar advice model portfolios offered by TIAA.

Pawlisch referenced a previously distributed document titled "Nevada System of Higher Education July 31, 2019 Monthly Investment Review." He provided an update on investment performance in the Plans as of July 31, 2019.

Pawlisch reviewed the contents of a report titled "Nevada System of Higher Education Additional Participant Analytics." Kelley noted that Pawlisch created the report as a follow up to the Committee's request at the last meeting. After discussion, the Committee agreed to further consider the document and provide feedback to Kelley. Once the feedback is shared with Kelley, Pawlisch will adjust the report for the Committee's consideration at a later date.

After thorough discussion and review of the materials provided, the Committee agreed, in the best interest of the Plans' participants and beneficiaries, to make no changes to the Plans' investment lineup at this time.

Investment Structure Review

Kelley noted that a UNLV participant filed a FINRA complaint during the last investment restructuring because their money market assets had been mapped to the Plan's default investment option, a target date fund based on the participant's date of birth. She confirmed that the participant received multiple notices of the change in a timely fashion. FINRA provided a response to the participant and the case has been closed.

Referencing the contents of the Nevada System of Higher Education Second Quarter 2019 Discussion Guide, Mr. Pawlisch led the Committee in a discussion of the asset classes, types, and number of funds currently offered in the Plans. After discussion, the Committee agreed to consider AHIC's investment restructuring recommendations further.

The Committee requested and Pawlisch agreed that AHIC would provide an International Bond Manager search report at the next meeting.

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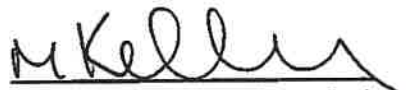
Other Business

Ervin initiated a discussion regarding recent legislative issues.

Pawlisch and Steen provided an update on recent changes in SEC rules, considerations of the proposed SECURE Act pending in Congress, and results of recent higher education litigation settlement activity. The Committee considered the information presented and its potential impact to the Plans and their participants.

Adjournment

There being no further business before the Committee, the meeting adjourned at 11:20 a.m.



Michelle Kelley, Director of Retirement Plan Administration

11/21/2019

Date Signed

Reviewed by:



Joe Reynolds, NSHE General Counsel

2-4-20

Date Signed