

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
February 14, 2020**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on February 14, 2020 at Desert Research Institute in Reno, NV. Present were voting members: Michelle Kelley (Chair), Jennifer Schultz (Desert Research Institute; “DRI”), Amy Cavanaugh (Truckee Meadows Community College; “TMCC”), Migle Valunte (Business Center North; “BCN”), Brad Summerhill (Faculty Senate Chairs), and Daniel Williams (Retiree), and via video conference, Kent Ervin (University of Nevada, Reno; “UNR”), Zarah Gayrama-Borines (Nevada State College; “NSC”), Liliana “Lily” Magana (Business Center South; “BCS”), Paul Thistle (University of Nevada, Las Vegas; “UNLV”), and Scott Nielsen (Great Basin College; “GBC”), all being voting members of the Committee.

Voting Committee members Jerry Lockhart (College of Southern Nevada; “CSN”) and Bob Whitcomb (Western Nevada College; WNC) were unable to attend.

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

Call to Order

The meeting was called to order at 9:05 a.m. by Kelley.

Approval of Minutes from November 21, 2019 and November 22, 2019

The Committee reviewed and approved the minutes from the previous Committee meetings held on November 21, 2019 and November 22, 2019.

Executive Officer Report

Kelley indicated that the Vanguard Total International Bond Index Fund Admiral Shares Fund previously approved by the Committee is scheduled to be added to the Plans’ investment menus on March 16, 2020. She also updated the Committee that the 403(b) Plan was amended effective January 1, 2020 to allow for in-plan Roth conversions. A single communication was sent to participants notifying them of these changes.

Kelley provided an update on the correction of Required Minimum Distributions (“RMDs”) from the Retirement Plan Alternative (“RPA”, 401(a) plan). She indicated that letters were sent to approximately 200 participants in late January 2020 notifying them they would be receiving an RMD from the RPA on February 26, 2020. Participants have 30 days to contest the distribution. Kelley also provided the Committee with information on RMD administration, participant communications, and trends, noting a

need to educate departments regarding the requirement that participants be employed on December 31st of each year to avoid a required distribution from the RPA. Kelley indicated that outside legal counsel, Ice Miller, has been working to finalize the Voluntary Correction Program (VCP) filing for submission to the Internal Revenue Service, which is anticipated to be a one-year process. TIAA has agreed to pay the fees associated with the VCP filing.

Kelley provided an update on NSHE's relationship with TIAA. She indicated that recent meetings and calls with TIAA management have yielded a positive response from TIAA intended to improve service. She also indicated that TIAA proposed a reduction in their administrative recordkeeping fee to \$44 per unique participant per year for implementation October 1, 2020. TIAA's recordkeeping fees would still be subject to a maximum fee threshold calculation. Kelley noted that AHIC is conducting a Live Fee Benchmarking analysis to help determine if TIAA's updated administrative fees represent what comparable plans are currently paying in the marketplace. The results will be presented at the May 2020 Committee meeting.

Kelley indicated that representatives from TIAA will be invited to attend the May 2020 Committee meeting.

Staff Reports

North

Valunte discussed a recent meeting with TIAA leadership where they were introduced to TIAA's new director of the Individual Advisory Services ("IAS") for NSHE's wealth management team. Valunte also reported a recent issue with a Roth conversion for a participant. While TIAA offered some resolutions to the participant due to communication issues, this was not sufficient to resolve the participant's financial damages created by this transaction. Representatives from TIAA later came back and confirmed they had mishandled the transaction and were working to reverse the conversion and resolve financial impact to the participant. Valunte also noted that TIAA's IAS wealth management advisors work on a regional basis based upon a participant's location. Once a participant moves outside of Nevada, they are reassigned to an advisor in their local area or central Denver office. Valunte raised concerns that participants are serviced by advisors without long standing relationships and who are not familiar with NSHE retirement plans. She also indicated that participants are forming close relationships with the individuals who sit behind the wealth managers and process transactions.

Valunte discussed a recent TIAA webinar about participant retirement options. She noted that participant feedback indicated that the webinar was too basic, primarily addressed annuities and did not cover other plan distribution options. Valunte asked if there was a way to review TIAA's presentations before they are given. Kelley stated that she is working with representatives from TIAA regarding outreach to participants age 50+ and the need for increased education regarding retirement preparation and distribution options.

Kelley indicated there will be a discussion regarding the recently passed SECURE Act at the May 2020 Committee meeting. In addition, representatives from TIAA will be asked to address retirement income

projections, including how TIAA's Income Illustrator will work, and how TIAA-CREF's proprietary annuity products are incorporated into these projections.

South

Magana discussed a recent loan requested by a participant. She noted that TIAA's Compliance Coordinator tool indicated that the participant had never previously defaulted on a loan so NSHE could approve the loan. However, it was later determined that the participant defaulted on a loan with AIG/VALIC. Magana noted that TIAA's Compliance Coordinator tool should have captured the previous default and the new loan should not have been approved. Valunte indicated that there are two separate tabs within TIAA's Compliance Coordinator tool which may be causing problems with correctly gathering data to approve loans. Magana indicated there were 309 loans processed in 2019. Kelley indicated that TIAA is researching the issue.

Quarterly Investment Review

Pawlisch led a discussion regarding the contents of a previously distributed report titled "Nevada System of Higher Education Fourth Quarter 2019 Discussion Guide (Discussion Guide)." A document titled "Nevada System of Higher Education Fourth 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 fourth quarter of 2019.

Kung 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 "orange-level" watch list status. In addition, the Committee agreed that the Dodge & Cox Global Stock Fund be placed on "red-level" watch list status.

Kung reviewed the Annual Fee Monitoring & Transparency report as of December 31, 2019, discussing investment management fees and revenue sharing amounts for the Plans' funds.

Kung referenced a previously distributed document titled "Nevada System of Higher Education January 31, 2020 Monthly Investment Review." He provided an update on investment performance in the Plans as of January 31, 2020.

Global Equity Competitive Search

During the November 22, 2019 meeting, the Committee requested that AHIC perform a manager search to identify a potential replacement for the Dodge & Cox Global Stock Fund. Pawlisch introduced Weber who led a discussion of a previously distributed reports titled "Global Equity Competitive Search" and "Global Equity Candidate Watch list." He discussed the manager candidates contained in the reports.

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After thorough discussion, and based upon information contained in the report, Williams made a motion to have AHIC come back to the Committee with additional manager search candidates that include actively managed core global equity options, along with a passively managed option. The motion was seconded by Valunte. Pawlisch agreed to provide an updated search report with the requested fund candidates at the May 2020 Committee meeting.

After thorough discussion and review of the materials provided in the Quarterly Investment Review and Global Equity Search presentations, 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.

Adjournment

There being no further business before the Committee, the meeting adjourned at 11:50 a.m.


Michelle Kelley, Director, Retirement Plan Administration

2/18/2020
Date Signed

Reviewed by:


Joe Reynolds, NSHE General Counsel

2-27-20
Date Signed