

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
August 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 August 14, 2020 via video conference. Present were voting members: Michelle Kelley (Chair), Zarah Gayrama-Borines (Nevada State College; “NSC”), Amy Cavanaugh (Truckee Meadows Community College; “TMCC”), Kent Ervin (University of Nevada, Reno; “UNR”), Liliana “Lily” Magana (Business Center South; “BCS”), Scott Nielsen (Great Basin College; “GBC”), Brad Summerhill (Faculty Senate Chairs), Paul Thistle (University of Nevada, Las Vegas; “UNLV”), Migle Valunte (Business Center North; “BCN”), Bob Whitcomb (Western Nevada College; WNC), and Daniel Williams (Retiree), all being voting members of the Committee.

Voting Committee members Jerry Lockhart (College of Southern Nevada; “CSN”) and Jennifer Schultz (Desert Research Institute; “DRI”) were unable to attend.

Attending the meeting by invitation were Kim Dawes of UNLV; and Dan Pawlisch, Leon Kung, and Joe Steen of Aon Investments USA (“Aon”).

Call to Order

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

Approval of Minutes from May 18, 2020

The Committee reviewed and approved the minutes from the previous Committee meeting held on May 18, 2020.

Executive Officer Report

Kelley updated the Committee on contract and fee negotiations with the Plans’ recordkeeper, TIAA. She indicated that, following negotiations, TIAA’s contract is now in place and was extended through December 31, 2022, with a \$44 per participant fee component, a 2.056 basis point fee allocation, and a \$741,517 fee cap effective July 1, 2020 through June 30, 2021, and renewing for the period July 1, 2021 through December 31, 2022 based on the per participant fee component. She indicated that NSHE is lowering its administrative fee allocation to 1.4 basis points. Kelley stated participant notices regarding the new fee allocations are being sent on August 20, 2020.

Kelley said she spoke with Ray Bellucci from TIAA regarding the impact of TIAA’s recent voluntary separation program and was advised that Brad Tucker and Seamus Ewing will be accepting the voluntary separation offer and leaving the NSHE service team effective December 31, 2020. Financial Consultants Domingo Belen and Mike Kent have also been approved for the package and will also be leaving TIAA. Bellucci will be opening recruitments for these vacancies and will involve NSHE in interviewing new financial consultant candidates. Kelley indicated TIAA has reorganized and Chandler Mercer will be stepping off the NSHE service team; effective January 1, 2021, a new director-level position, filled by Dana Marlowe, will be implemented to oversee both the financial consultants and Individual Advisory

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Services (“IAS”) wealth management advisors. Ray Bellucci will provide an update on TIAA’s organization and service team at the November 2020 Committee meeting.

Kelley said she has been in discussion with TIAA regarding a new functionality that would allow participants to manage their investments by source (Roth and non-Roth). TIAA is testing the new functionality on NSHE data in a test environment before implementation to ensure a smooth rollout. TIAA are targeting the weekend of 9/18 to go live with the new functionality and will alert participants to the availability in October 2020. Kelley will update the Committee at the November 2020 meeting.

Kelley indicated she has seen 403(b) Plan participants take Coronavirus Related Distributions (CRDs) from Roth source monies, which is not advantageous to the participants. She has pursued the issue with TIAA and TIAA has implemented a hierarchy for phone transactions to initiate transactions from pre-tax sources first and is addressing initiating the hierarchy for online transactions. TIAA will contact participants to determine if they want any previously taken CRDs to be recharacterized.

Staff Reports

North

Valunte noted high activity with employee retirements and buyouts. She indicated there have been issues with TIAA’s Plan Focus sponsor website access and distribution requests were not being processed timely. TIAA is working to fix.

Valunte discussed there have been issues with collecting NSHE loan fees since only taking paper checks and that Magana had assisted with processing via credit card machine. Valunte and Magana are working to implement a payroll deduction payment option going forward.

South

Magana indicated she has had issues with employees who elected a phased retirement option from NSHE looking to cancel their elections and she is reviewing the issues with UNLV’s Provost.

Magana discussed that approximately one to two participants per month ask for CRDs or Coronavirus Related Loans (CRLs) to be offered via the 401(a) RPA Plan. Kelley indicated the IRS has not issued guidance related to the eligibility of CRDs or CRLs from Money Purchase Plans, and that without further guidance regarding the question of eligibility, the 401(a) Retirement Plan Alternative is not an eligible plan under the law.

Magana indicated there had been an issue where an employee requested a loan and TIAA stopped the transaction due to suspected fraudulent activity. However, TIAA failed to notify the participant and later indicated the loan had been put on hold due to the participant not properly authenticating themselves. Magana stated better communication is needed from TIAA when these types of events occur.

Magana noted continuing issues with TIAA’s Plan Focus sponsor website related to employees with five years of service. She is working on a resolution with TIAA.

Other Business

Kelley led a discussion regarding cybersecurity. She noted that Jennifer Schultz at DRI has reported a high number of fraudulent unemployment benefit claims for DRI employees and retirees. The unemployment claims have been reported to the relevant authorities, however in working through the issue and communicating with employees and retirees, questions had come up regarding retirement account security. TIAA provided DRI with a cybersecurity flyer for participants on their protections and available methods to authenticate participant access to the Plans. Kelley discussed dual-factor participant account authentication capabilities and noted there were no NSHE Plan participants impacted by fraudulent account access, but enhanced security procedures could be put in place if the Committee agreed it was necessary. Committee members expressed concern about changing the authentication process for all participants as it could cause frustration, however suggested that as a first step TIAA could push dual-factor authentication, which is voluntary. Kelley indicated that she will reach out to TIAA to push additional communications out to participants who have not elected dual-factor authentication. She will update the Committee at the November meeting.

Kelley discussed potential November Committee meeting topics. The Committee agreed to have Aon present investment structure and investment manager recommendations for further consideration at the November meeting.

The Committee discussed revisiting administrative fee methodologies for the Plans for future recordkeeper contracts. Kelley will pursue with TIAA and will report back to the Committee at the November meeting.

Kelley led a discussion regarding TIAA participant education sessions and the Committee agreed that all education seminars should continue to be vetted to ensure that they are educational in nature, relevant to the NSHE population and clearly not marketing of TIAA products and services unrelated to the retirement plans.

Ervin, Gayrama-Borines, Magana, and Summerhill led a discussion of recent issues with campus level phishing attempts via email from unauthorized parties, attempting to solicit participants for services and personal data, noting that campus Human Resources (HR) and System Computing Services (SCS) Departments have been notified of the activity. Magana indicated she has pursued the issue with SCS who, if given the email address that the phishing is coming from, can block the address and also report on any employees who might have opened the email for follow-up. Kelley advised everyone to continue reporting such activity to SCS and their campus HR departments, and to copy her when reporting.

Magana left the meeting.

Quarterly Investment Review

Pawlisch led a discussion regarding the contents of a previously distributed report titled "Nevada System of Higher Education Second Quarter 2020 Discussion Guide (Discussion Guide)." A document titled "Nevada System of Higher Education Second Quarter 2020 Investment Review" was also previously distributed for the Committee's reference. Pawlisch commented on the current state of the overall

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economy, the domestic and international equity markets, and the fixed income markets during the second quarter of 2020.

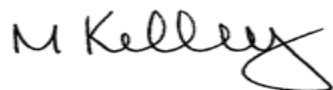
Kung discussed the Plans' asset allocation and noted situations in which there were exceptions to, or comments on, the targeted performance, company structure, or other relevant aspects of the funds offered against the Plans' Investment Policy Statement. After thorough discussion and review of the materials provided, the Committee agreed that the Vanguard Federal Money Market fund be placed on "yellow-level" watch status, the T. Rowe Price Stable Value Common Trust Fund A be maintained on "yellow-level" watch status, and the American Century High Income Fund be maintained on "red-level" watch status. The Committee agreed to remove the DFA U.S. Targeted Value Fund and the Dodge & Cox Global Stock Fund from "red-level" watch list status. The Committee agreed to consider having Aon conduct a manager searches for the American Century High Income Fund for presentation at the November Committee meeting should performance not improve. The Committee agreed to consider passively-managed fund offerings as part of Aon's investment structure review for the November meeting and Pawlisch agreed to include.

Pawlisch reviewed the Plans' participant contribution and transfer activity, the Annual Investment Fee Monitoring & Transparency, and the Morningstar Model Portfolios' allocations and performance as of June 30, 2020.

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.

Adjournment

There being no further business before the Committee, the meeting adjourned at 12:10 p.m.



Michelle Kelley, Director Retirement Plan Administration

11/13/2020

Date Signed

Reviewed by:

/s/ Joseph C. Reynolds

Joe Reynolds, NSHE Chief General Counsel

11/18.20

Date Signed