

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
November 13, 2020**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met pursuant to notice on November 13, 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”), Jennifer Schultz (Desert Research Institute; “DRI”), 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”), and Bob Whitcomb (Western Nevada College; WNC) all being voting members of the Committee.

Voting Committee member Daniel Williams (Retiree) , and Jerry Lockhart (College of Southern Nevada; “CSN”) were unable to attend.

Attending the meeting by invitation were Dan Pawlisch, Leon Kung, and Joe Steen of Aon Investments USA (“Aon”) along with Ray Bellucci, Dana Marlowe, Seamus Ewing, Stephanie Mishak, Alexis Kane, Bob Murray, and Bill Brown of TIAA.

Call to Order

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

Approval of Minutes from August 14, 2020

The Committee reviewed and approved the minutes from the previous Committee meeting held on August 14, 2020.

Executive Officer Report

Kelley updated the Committee on recent changes to the TIAA service team. She explained that Seamus Ewing, Brad Tucker, and two Financial Consultants and were leaving TIAA as a result of the Voluntary Separation Program.

Kelley informed the Committee that the Plan was served a compliance audit notification from the IRS regarding a 2016 plan remediation. A response to the notification is due by November 17, 2020. Kelley indicated she was working to respond to the notification in a timely manner.

Kelley informed the Committee of two processing errors recently perpetrated by TIAA.

1. Morningstar Advice: Participants that utilize the portfolio manager program were provided with correct advice information when requested on their own or with a Financial Consultant. However, the implementation of the advice was implemented incorrectly by TIAA. Representatives from TIAA have indicated that the underlying cause of the issue has been corrected and any participant adversely impacted will be made whole.
2. CREF Annuity Remediation: Calculations for annuitizations and post-retirement settlements were calculated incorrectly (calculated to the 2nd decimal place and should have been to the 4th decimal place). Of the 845 participants receiving retirement income, 225 were negatively impacted by the error with an average correction of \$117 for earnings on lost income. TIAA allowed participants to keep any overage they were paid. Kelley noted that participants are required to move assets out of the NSHE plans for annuitization.

Staff Reports

North

Valunte indicated that TIAA representatives had organized a “Meet and Greet” with the new service team. She indicated there have been continued issues with TIAA’s Plan Focus System, which is timing out frequently and there is an inability to see records in process. Magana confirmed the same issues. Valunte noted that Tyler from TIAA is aware of the issues.

Valunte noted that payroll deductions for the \$50 NSHE loan fee are now being processed using DocuSign.

South

Magana is working with NSHE’s payroll office to allow the \$50 NSHE loan fee to be paid via payroll deduction or via credit card.

Magana indicated she has experienced poor service from TIAA representatives. Issues are related to a lack of communication during the transition of responsibilities to different service team members and from extended out of office periods. Magana also noted an issue where a TIAA representative told a participant they could apply for an incorrect amount for a primary residence loan. Magana indicated that TIAA did not look at the documentation when reviewing loan documentation. Kelley indicated that she would follow-up with representatives from TIAA to ensure that participants were given accurate information regarding lending limits and required documentation.

Magana noted that she requested a report from TIAA listing 415(m) plan participants in order to review participant termination dates on file. She wants to ensure TIAA’s records are up to date based on NSHE’s records so distributions may be processed properly.

TIAA Update

Bellucci, Marlowe, Ewing, Mishak, Kane, Murray, and Brown joined the meeting.

Referencing a document titled “Nevada System of Higher Education, Retirement Plan Advisory Committee Meeting, November 13, 2020,” Bellucci provided staffing updates and introduced Marlowe, as Territory Market Leader, Mishak as Senior Director, Advisory & Financial Consulting. He noted the process for identifying a Relationship Manager for NSHE remains ongoing. Additionally, Bellucci updated the Committee regarding TIAA’s current organization structure and the makeup of the West Regional Structure that services NSHE.

Brown reviewed the recent Morningstar Advice Program error. He noted the error was due the mistreatment of TIAA Traditional as “outside assets” and applied the entire advice allocation to a participant’s assets not allocated to TIAA Traditional. Additionally, participants with multiple tax sources were incorrectly allocated as the advice applied only to a participant’s primary tax treatment election. Bellucci noted the advice error was reflected as a failure under NSHE’s Service Level Agreement.

Bellucci reviewed the CREF Annuity remediation income error. He noted that the error was due to system software changes in the calculation of income from variable accounts.

Kane updated the Committee on participant engagement and reviewed attendance numbers, advice sessions, and feedback responses. Kane agreed to provide quarterly updates on participant engagement to NSHE Staff.

Murray reviewed TIAA’s recordkeeper fee history for NSHE. Murray explained the considerations for various price and fee models along with different allocation strategies. He noted that a new tiered fee structure for recordkeeping services would be available January 2021. Murray agreed to confirm TIAA’s ability to apply basis points per tier.

Bellucci, Marlowe, Ewing, Mishak, Kane, Murray, and Brown left the meeting.

Other Business

Kelley discussed member preferences for forming a sub-committee to review TIAA’s recordkeeper fee options in greater detail. Members would work with Pawlisch from Aon and Murray from TIAA. Kelley indicated she would follow up on the formation of the sub-committee at a subsequent meeting.

Quarterly Investment Review

Pawlisch led a discussion regarding the contents of a previously distributed report titled “Nevada System of Higher Education Third Quarter 2020 Discussion Guide (Discussion Guide).” A document titled “Nevada System of Higher Education Third 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 third 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 T. Rowe Price Stable Value Common Trust Fund A be placed on "orange-level" watch status. The Committee also agreed to remove the DFA U.S. Targeted Value Fund and the Vanguard Federal Money Market Fund from "yellow-level" watch list status and American Century High Income Fund from "red-level" watch status.

Kung reviewed a flash report titled "William Blair Investment Management, LLC – Small Cap Growth Portfolio Management Team Change" and its impact on the Plan.

Ervin requested a holdings-based analysis for MFS International Value. Mr. Pawlisch agreed to work with Aon's Global Investment Management Research Team and present the results at a future meeting.

Kung reviewed the Plans' participant contribution and transfer activity, the Annual Investment Fee Monitoring & Transparency, and the Morningstar Model Portfolios' allocations and performance as of September 30, 2020. Pawlisch agreed to work with Morningstar and Financial Engines to determine the optimal number of asset classes for a managed accounts portfolio. He will present the results at a future meeting.

Investment Structure Discussion

Pawlisch reviewed the Plans' current investment structure and discussed alternative investment structures. 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 4:00 p.m.



Michelle Kelley, Director Retirement Plan Administration

2/23/2021
Date Signed

Reviewed by:

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/s/ Joseph C. Reynolds

Joe Reynolds, NSHE Chief General Counsel

6.18.21

Date Signed

