

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
June 1, 2021**

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 June 1, 2021 via video conference. Present were voting members: Michelle Kelley (Chair), 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”), Mingle 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 Zarah Gayrama-Borines (Nevada State College; “NSC”) and Jerry Lockhart (College of Southern Nevada; “CSN”) were unable to attend.

Attending the meeting by invitation were Dan Pawlisch 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 February 23, 2021

The Committee reviewed and approved the minutes from the previous Committee meeting held on February 23, 2021.

Executive Officer Report

Kelley reported participant financial advice sessions continue to be conducted by TIAA on a remote basis and that participant attendance continued to be buoyed by the Retirement Planning week from February, with TIAA indicating that they were averaging an 80% uptake which is significantly greater than past years. She noted that TIAA is advertising for two new financial advisor positions, one in the South and one in the North, and plans to be fully staffed by September. Kelley reported that TIAA has added a new national Investment Advisory Center (IAC) as an additional resource. The IAC sits between the on-site financial consultants and the individual advisory services (wealth management). The advisors within the IAC would be fully licensed and credentialed (the same as wealth managers) and have more tools available to them than the on-site financial consultants (such as being able to run Advice). The IAC has its own reporting structure but would work closely with the TIAA NSHE team. TIAA has hired 150 representatives to staff the IAC. Kelley discussed the concerns she raised with TIAA about the new service, including needing to better understand the criteria for being referred to the IAC (specifically

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which NSHE participants were going to be swept into the new service model), wanting to review the communication plans and timeline, a request that TIAA provide a bio, credentials and TIAA longevity for each of the advisers staffing in the center. Additionally, due to the complexity of the NSHE retirement program generally, Kelley asked whether NSHE had the option of opting out of this new service until it was more mature, and/or if NSHE could have a dedicated service team within the center (like the dedicated team within the National Contact Center). TIAA committed to halt the implementation of this new service to the NSHE Plans until they had provided answers to the questions Kelley raised and provided the requested information. The Committee discussed the service and some members expressed concern that this new approach may undercut the progress NSHE has made to ensure a personalized and plan specific experience for participants. Kelley indicated she would provide another update at the September meeting.

Kelley advised the Committee that due to sizeable asset growth, the Plans transitioned to the lower cost Institutional share class of the Vanguard FTSE Social Index Fund following appropriate notice to participants.

Kelley led a discussion regarding the Plans' fees for participants with small account balances. She noted that there are approximately 1,000 accounts with less than \$100 and 500 accounts with less than \$1. After discussion, Kelley agreed to work with committee member Ervin, Pawlisch and representatives from TIAA to review fee assessment options for the Plans, including alternatives for addressing small balance accounts. Kelley will report back to the Committee at the next regularly scheduled meeting.

Kelley updated the Committee on recent beneficiary distribution issues with TIAA. She indicated that representatives from TIAA had provided incorrect advice relating to the Secure Act's effect on beneficiary distributions for governmental plans. The beneficiaries in questions had sought assistance from Kelley, and the matters had been resolved appropriately. Kelley also noted that TIAA has provided updated guidance to its customer service representatives that more appropriately explains the impact of the beneficiary provisions on governmental plans within the SECURE Act. Kelley also informed the Committee that she was working with Ice Miller, LLP, NSHE's outside counsel, to manage a contested beneficiary election.

Staff Reports

North

Valunte discussed TIAA's staffing of financial advisors, noting that TIAA is not fully staffed in the North and is seeking to fill positions. She discussed upcoming retirement contribution rate changes.

South

Magana advised that there has been significant activity with participants preparing for retirement. TIAA has been allowed to conduct monthly drop-in sessions, mainly for new hires. Magana noted a recent issue where a beneficiary designation was not updated by a participant and discussed initiating a potential communication campaign.

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The Committee discussed the PEBP Long Term Disability (LTD) benefit being discontinued on June 30, 2021 and potential opportunities for employees to obtain coverage on a voluntary basis via the Public Employees' Benefit Program. Kelley reminded the Committee that Section 10.02(b) of the RPA Plan allows participants to access the employer portion of the mandatory plan via annuitization if they terminate employment and are less than 55 years of age (and actively contributed to the Plan for five or more years). Kelley indicated that this provision may become more important to employees with the discontinuation of the LTD.

Quarterly Investment Review

Pawlisch led a discussion regarding the contents of a previously distributed report titled "Nevada System of Higher Education First Quarter 2021 Discussion Guide (Discussion Guide)." A document titled "Nevada System of Higher Education First Quarter 2021 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 first quarter of 2021. The Committee discussed cryptocurrency and Pawlisch agreed to find a resource to present as an education topic at the next regularly scheduled Committee meeting.

Pawlisch discussed the Plans' asset allocation and participant contribution and transfer activity. During his review, 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 William Blair Small/Mid Cap Growth Fund was removed from "yellow-level" watch list status. The Committee further agreed that the T. Rowe Price Stable Value Common Trust Fund be placed on "red-level" watch status and requested that Mr. Pawlisch conduct a manager search for potential alternatives. Mr. Pawlisch agreed to present the results at the next regularly scheduled Committee meeting.

The Committee discussed peer group benchmarks for the Vanguard Target Retirement Funds. After discussion, the Committee agreed to remove the Trust I and II alternative share classes as benchmarks and to add a median return target date fund peer group benchmark.

Pawlisch reviewed the Plans' Annual Investment Fee Monitoring & Transparency and the Morningstar Model Portfolios' allocations and performance as of March 31, 2021.

Pawlisch provided a manager update for the MFS International Value Fund, noting a growth style trending. After discussion, the Committee requested that Mr. Pawlisch provide a competitive review at the next regularly scheduled Committee meeting and propose alternatives for the Plans' foreign equity fund structure. Pawlisch agreed to do so and indicated he will review the Plans' Investment Policy Statement at the next meeting.

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, other than noted above, to the Plans' investment lineup at this time.

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Legacy Defined Contribution Plan Review

Kelley noted that a previously distributed document titled "Nevada System of Higher Education Fourth Quarter 2020 Legacy Defined Contribution Plan Review" was provided for informational purposes with information updated from a report delivered at the prior meeting.

Other Business

Kelley indicated she will work on scheduling the next Committee meeting for a date in September 2021 and she summarized topics for the meeting. She noted the meeting will be held in person in Las Vegas.

Adjournment

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



Michelle Kelley, Director Retirement Plan Administration

9/24/2021

Date Signed

Reviewed by:



Joe Reynolds, NSHE Chief General Counsel

12/16/2021

Date Signed