

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
September 24, 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 September 24, 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”), Zarah Gayrama-Borines (Nevada State College; “NSC”), Scott Nielsen (Great Basin College; “GBC”), Jennifer Schultz (Desert Research Institute; “DRI”), 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.

Committee members Liliana “Lily” Magana (Business Center South; “BCS”) and Jerry Lockhart (College of Southern Nevada; “CSN”) were unable to attend.

Attending the meeting by invitation were Dan Pawlisch, Leon Kung, and Teresa Kruse of Aon Investments USA Inc. (“Aon”); along with Kimberly Wayne and Matthew Ko of T. Rowe Price and Ray Bellucci, Dana Marlowe, Alexis Kane, Angela Kahrman, Bob Murray, Deidre Hykal, Sherry Farrand, Matthew Rice, and Abby Larson of TIAA.

Call to Order

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

Approval of Minutes from June 1, 2021

The Committee reviewed and approved the minutes from the previous Committee meeting held on June 1, 2021.

Quarterly Investment Review

Kung led a discussion regarding the contents of a previously distributed report titled “Nevada System of Higher Education Second Quarter 2021 Discussion Guide (Discussion Guide).” A document titled “Nevada System of Higher Education Second Quarter 2021 Investment Review” was also previously distributed for the Committee’s reference. Kung reviewed the current state of the overall economy, the domestic and international equity markets, and the bond markets during the Second Quarter of 2021. Kung also discussed the Plans’ asset allocation and participant contribution and transfer activity. Ervin requested that the NSHE Revenue Credit Accounts be added to the Plans’ asset allocation. During the course of Kung’s review, he noted and discussed 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 a thorough discussion and review of the materials provided, the Committee agreed to remove the T. Rowe Price Stable Value Common Trust Fund from the watch list. The Committee further agreed to add the William Blair Small/Mid Cap Growth Fund to the watch list with a "yellow-level" status.

Thistle expressed concerns regarding the peer group rankings for the shorter-dated Vanguard Target Retirement Funds. Pawlisch indicated the conservative positioning of Vanguard's glide path relative to peers was the primary driver of these rankings. After a thorough discussion, Kelley requested that Pawlisch provide a Target Date Fund Review at the November Committee meeting.

Kung reviewed the Plans' Annual Investment Fee Monitoring & Transparency, noting that the fees for all investments were reasonable relative to the medians of the applicable peer groups. Kung also reviewed the Plans' Morningstar Model Portfolios' allocations and performance as of June 30, 2021.

Kung provided a firm update for T. Rowe Price and a recent announcement of personnel changes.

Kung led a discussion regarding the contents of a previously distributed report titled "Nevada System of Higher Education August 31, 2021 Monthly Investment Review."

After a 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.

Schultz joined the meeting at 10:00 a.m.

Participant Fee Review

Ervin led a discussion regarding the contents of a previously distributed report titled "RPAC Fee Discussion." Ervin reviewed the Plans' historical recordkeeping and administrative fee structures and proposed alternative fee structures for the Committee's consideration. He noted TIAA's technical capabilities for charging participant fees was limited on the legacy assets due to those assets being held in individual contracts. However, the majority of assets are now held in the RC/RCP contracts (\$2.8 billion in the RC/RCP contracts versus \$1.5 billion in legacy contracts). He noted that any new fee structure would likely become effective for the First Quarter of 2022 (assessed on the last business day of March 2022).

Following thorough discussion of the relevant factors, including the impact to participants, Summerhill made a motion to recommend to NSHE's Chief General Counsel that the participant administration and recordkeeping fee be changed to a hybrid structure.

The recommended hybrid approach is as follows:

- For assets in RC/RCP contracts (those created and funded on or after January 1, 2014) each unique participant will be charged a flat fee of \$12.00/year, plus an asset-based fee of 0.0282%/year on balances up to \$300,000 (assessed pro-rata on a quarterly basis).

- For the legacy TIAA contracts (those that were created and funded prior to December 30, 2014, and the owner of the contract has chosen not to move the funds into the new retirement contracts), each participant will be charged an asset-based fee of 0.0282%/year on all assets (no cap and fees charged pro-rata quarterly).

The motion was seconded by Bob Whitcomb and passed unanimously.

It was noted that participants who still hold assets in legacy contracts can transfer their balances into the RC/RCP contracts at their discretion (subject to any funding vehicle restrictions).

Recordkeeping RFP Discussion

Kruse joined the meeting at 11:15 a.m.

Kruse reviewed the section within the Discussion Guide titled "Recordkeeper RFP Discussion". Kruse provided an overview of the vendor search process, evaluation criteria, and sample timeline noting the effect they may have on the Plans and the Committee. After a thorough discussion and review of the materials provided, the Committee agreed to discuss a potential recommendation to the Chancellor at the next regularly scheduled meeting.

Kruse left the meeting at 11:45 a.m.

Gayrama-Borines left the meeting at 11:45 a.m.

Kung left the meeting at 11:45 a.m.

Cryptocurrency Review

Wayne and Ko joined the meeting at 12:30 p.m.

Referring to a previously distributed article titled "Cryptocurrencies May Transform Capital Markets," Wayne and Ko led a discussion regarding the contents of article noting the potential effect cryptocurrencies, including Bitcoin, could have on the Plans and the Committee.

Ko and Wayne left the meeting at 1:15 p.m.

Preparation for TIAA Presentation

Kelley provided an update noting that her relationship with TIAA has been working well. She noted Kane's transition to relationship manager has been positive and TIAA's cooperative spirit for the virtual retirement weeks has been instrumental in their success. Whitcomb indicated his recent experience with TIAA's new wealth manager in the North has been favorable.

TIAA Update

Bellucci, Marlowe, Kane, Kahrmann, Murray, Hykal, Farrand, Rice, and Larson joined the meeting at 1:45 p.m.

Referring to a previously distributed presentation titled “Nevada System of Higher Education Retirement Plan Advisor Committee Meeting September 24, 2021,” Kane provided an overview of the topics representatives from TIAA would address and discussed several new additions to the NSHE service team.

Bellucci provided an operations update highlighting TIAA’s new president and CEO Thasunda Brown Duckett along with the firm’s efforts regarding diversity and inclusion and cybersecurity.

Kane provided an update regarding employee engagement. She detailed the various communications and resources TIAA provided to support the February 2021 virtual retirement week.

Bellucci, Kahrmann, and Hykal provided an update regarding settlements with the New York Attorney General and the SEC that cover controls, disclosures, and communications relating to recommendations made between January 2012 and March 2018 to individual participants to open TIAA Portfolio Advisor managed accounts with assets from TIAA-administered retirement plans. Hykal noted that TIAA will be communicating directly with any participants affected by the settlements and addressing any questions or concerns they may have. Kahrmann discussed the settlement remediation timeline along with the enhancements TIAA has made to its training materials and various disclosures. Bellucci described changes to TIAA’s advisor compensation model, intended to reduce the potential for conflicts of interest by eliminating differential compensation between managed accounts and in plan solution. He also discussed the various compensation components for Wealth Management Advisors, illustrating the key components including salary, award compensation, and a qualitative scorecard.

Murray reviewed the Plans’ historical recordkeeping and administrative fee structures and described the adjustments that were made as of June 30, 2021. Murray also discussed TIAA’s capabilities to support various fee structures for participants in the current RC/RCP contracts and legacy contracts. Ervin inquired if combining the North and South plans on TIAA’s recordkeeping system would benefit participants in multiple plans by reducing fees. Murray indicated he would research the situation and respond to Kelley.

Farrand and Rice introduced TIAA’s Investment and Advisory Center (IAC). Farrand discussed the proposed NSHE team and service model. Rice noted the various resources available to “meet employees where they are” and how participants would be directed to the IAC. Kelley indicated that she needed to receive the previously requested biographies, credentials, and communication timeline/plan before the services goes live in January 2022.

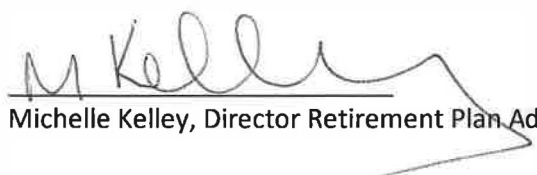
Bellucci, Marlowe, Kane, Kahrmann, Murray, Hykal, Farrand, Rice, and Larson left the meeting at 4:00 p.m.

Other Business

Kelley discussed agenda topics for the November 2021 Committee meeting. Valunte requested additional information on the compensation philosophy for each of the participant facing personnel at TIAA, including those in the call center/financial consultants/wealth managers/IAC along with a breakdown detailing their average compensation. Valunte also asked to review a copy of the written disclosure participants are provided when a TIAA representative changes roles.

Adjournment

There being no further business before the Committee, the meeting adjourned at 4:30 p.m.



Michelle Kelley, Director Retirement Plan Administration

11/12/2021
Date Signed

Reviewed by:



Joe Reynolds, NSHE Chief General Counsel

12/16/2021
Date Signed