

**Nevada System of Higher Education (“NSHE”)
Minutes of
Retirement Plan Advisory Committee Meeting
September 1, 2015**

The Retirement Plan Advisory Committee (“Committee”), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plans (“Plans”), met on September 1, 2015 (via video conference) at the System Office in Las Vegas and Reno, Western Nevada College, Carson City and Great Basin College, Elko. Present were voting members: Michelle Kelley (Chair), Pat La Putt (Business Center South “BCS”), Paul Thistle (University of Nevada, Las Vegas “UNLV”), Kent Ervin (University of Nevada Reno, “UNR”), Brad Summerhill (Faculty Senate Chair), Mark Bowers (Desert Research Institute “DRI”), Robert Whitcomb (Western Nevada College “WNC”), Scott Nielsen (Great Basin College “GBC”), and Migle Valunte (Business Center North “BCN”).

Attending the meeting by invitation were Daniel Pawlisch and Leon Kung of Aon Hewitt Investment Consulting (“AHIC”).

Call to Order

The meeting was called to order at 1:15 p.m. by Kelley.

Kelley announced that Scott Nielsen, Director, Student Financial Services & Veterans Affairs, replaced George Kleeb as the Committee representative for Great Basin College. Nielsen provided an overview of his background. Kelley also noted that the Committee representative position for Nevada State College remained vacant.

Thistle requested that he no longer be sent hard copies of the materials.

Approval of Minutes from May 7, 2015

The Committee reviewed the minutes from the previous regularly scheduled Committee meeting held on May 15, 2015. During a brief discussion, La Putt requested corrections to the titles of Kelley, Harte, and Jensen. Thistle made a motion to approve the minutes as amended. La Putt seconded. Motion was unanimously approved by the Committee.

Staff Reports

Kelley updated the Committee on the progress of the settlement agreement with TIAA-CREF regarding the CREF R3 share class transition. She indicated that TIAA-CREF’s settlement offer reflected a reasonable compromise between the two parties. The monies will be credited to legacy TIAA-CREF account holders. As part of the agreement, Kelley also indicated that TIAA-CREF will be covering the System’s legal fees associated with reviewing the agreement. The agreement should be signed within the next six to eight weeks.

Kelley also updated the Committee on the status of various communication campaigns. TIAA-CREF will soon be sending a customized beneficiary letter to encourage participants to update their primary beneficiary within the 401(a) Plan. Another campaign will provide basic education on investments (i.e., diversification, increase contributions, etc.) and encourage participants to consolidate their monies to the Plans. The overall campaign will consist of five weekly e-mails commencing in September. Kelley indicated that the TIAA-CREF email server will be used to distribute these communications and to measure their success. Participants will also receive a post card through their respective mail rooms in October regarding NSHE's Retirement Week. Kelley also noted that TIAA-CREF is now able to incorporate a modest amount of semi-customization within its Welcome Kits.

Lastly, Kelley updated the Committee on a recent meeting with Michael Burke from VALIC. She noted that the NSHE specific Rollover-Transfer Out form had been reinstated by VALIC. In addition, she was continuing to work with VALIC on various follow-up items, including VALIC Financial Advisors appearing on campus during seminars hosted by NSHE's current service provider and participants complaining about being moved into products that have surrender charges.

La Putt noted that while there was a modest decrease in participant loan requests at BCS, the overall number of requests was still of concern. La Putt also referenced her involvement with the Workday implementation. She noted that participants would be able to enter their voluntary contributions in percentages or in a fixed dollar amount (previously only fixed) and set-up their beneficiaries on Workday. Ervin inquired if current beneficiaries could be moved from TIAA-CREF to Workday. La Putt indicated that participants would need to input their beneficiary data directly into Workday.

Valunte noted that UNR was working to improve attendance at its allotted one-on-one meetings. It is also focusing on participant communication and has scheduled a woman-to-woman financial workshop in October. Pawlisch asked Valunte if she had seen any changes in the behavior of VALIC's representative following their meeting with Michael Burke. Valunte indicated that it was too early to tell.

Investment Update

Pawlisch reviewed the previously distributed report titled "Nevada System of Higher Education Second Quarter 2015 Performance Review.". He commented on the current state of the overall economy, the domestic and international equity markets, and the fixed income markets. Mr. Pawlisch also reviewed the watch list for the target date funds in the 401(a) and 403(b) Plans. He shared that there were no target date funds on the watch list and noted that the Vanguard Trust II suite would be moving from 11 basis points (bps) to 8 bps in January 2016. He continued reviewing the watch list status of the remaining "core" funds, noting that two funds were on watch; the Neuberger Berman High Income Bond Fund (Orange) and Laudus Mondrian Emerging Markets Fund (Yellow). He also noted that the PIMCO Total Return Fund was upgraded from "Qualified" to "Buy" during the quarter following review by AHIC's Global Investment Manager (GIM) research team.

Kung provided an update on the performance of the individual managers in the investment line-up, highlighting those funds that underperformed during the quarter. He also informed the Committee of the retirement announcement of T. Rowe Price's CEO and President, Jim Kennedy and his replacement Bill Stromberg, Head of Global Equity and Global Equity Research. He noted that AHIC did not have any concerns with the transition and is confident in Mr. Stromberg's ability to take on the role as CEO and President.

La Putt inquired whether the Committee should review the Neuberger Berman High Income Bond Fund at the next regularly scheduled Committee meeting given the high probability the Fund will be on the watch list with a Red designated next quarter. Pawlisch suggested providing the Committee with a competitive review of the Neuberger Berman High Income Bond Fund at the November Committee meeting. He also noted that AHIC would be bringing forward alternative money market fund options for consideration in light of upcoming regulatory changes with institutional money market funds. Kelley noted the benefit and desire to review the Plans' investment structure once a year to determine if the types of investment options currently being offered to participants remains appropriate. Pawlisch indicated that he would provide the Committee with an investment structure review at the November Committee meeting.

Pawlisch reviewed the Plans' top 20 contributed funds during the quarter. It was noted that the TIAA Traditional was now the most contributed fund with \$0.12 out of every dollar going to this option. La Putt requested for contributions to be broken out between the RC and RCP contracts. Thistle expressed his concerns over the lack of participant communication regarding the "lock-up" term associated with TIAA Traditional. Kelley inquired as to what percent of the contributions are from Ibbotson versus contributions from stand-alone participants. Pawlisch indicated that he would provide this detail to the Committee following the meeting.

Pawlisch reviewed the performance of the Ibbotson Model Portfolios. All questions were answered to the satisfaction of the Committee.

Other Business

Pawlisch asked if there were any questions regarding the July Performance Update. The Committee had no questions. Pawlisch indicated that he would provide the August Performance Update as soon as it is available.

Kelley updated the Committee in regards to the transfer of legacy assets from T. Rowe Price and American Century to the current Plans. Kelley noted her intent to bring forward a plan for consideration at the November Committee meeting.

Kelley indicated a preference for inviting investment personnel from TIAA-CREF who focus on investment line-up architecture and Ibbotson's Model Portfolios to the November meeting given that there are no administrative items to cover. Following a brief discussion, the Committee unanimously agreed.

There being no further business before the Committee, the meeting was adjourned at 3:15 p.m.