



Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL



Rhode Island State Investment Commission
Defined Contribution & Deferred Compensation Program Fee Analysis
and TIAA Investment Structure Review

June 26, 2019

Fiduciary Responsibilities

Today's Focus: Ensure Fees are Reasonable & Diversify Plan Assets



Fee Analysis

Summary of Findings and Recommendations

- The 401(a) and 457(b) Plans' investment management, recordkeeper and investment consultant fees have been documented and benchmarked as part of the Fee Analysis. The majority of the investment options' investment management fees are competitively priced. Recordkeeper fees have been appropriately benchmarked during the recordkeeper search and evaluation process that took place in 2017. Similarly, the investment consultant fee was benchmarked and negotiated during Rhode Island's investment consultant search in 2019.
- Capital Cities has identified areas for enhancement within the 457(b) Plans, while no changes are recommended for the 401(a) Plan's fee structure:

TIAA 457(b) Plan:

- **Recommendation: Rebate the TIAA Traditional revenue-sharing, to the *individual* participants who have this investment election, to provide a more equitable fee arrangement.**

Voya 457(b) Plan:

- **Recommendation: Transition to the least expensive share class of each investment option in order to provide a more equitable fee structure. Capital Cities will finalize investment manager recommendations and share classes/vehicles as part of the Plan's Investment Structure Evaluation.**

Fidelity 457(b) Plan:

- **Recommendation: Rebate revenue-sharing to *individual* participants who generate it to provide a more equitable fee arrangement.**

Note: SIC votes are required today for bolded recommendations outlined in blue above.

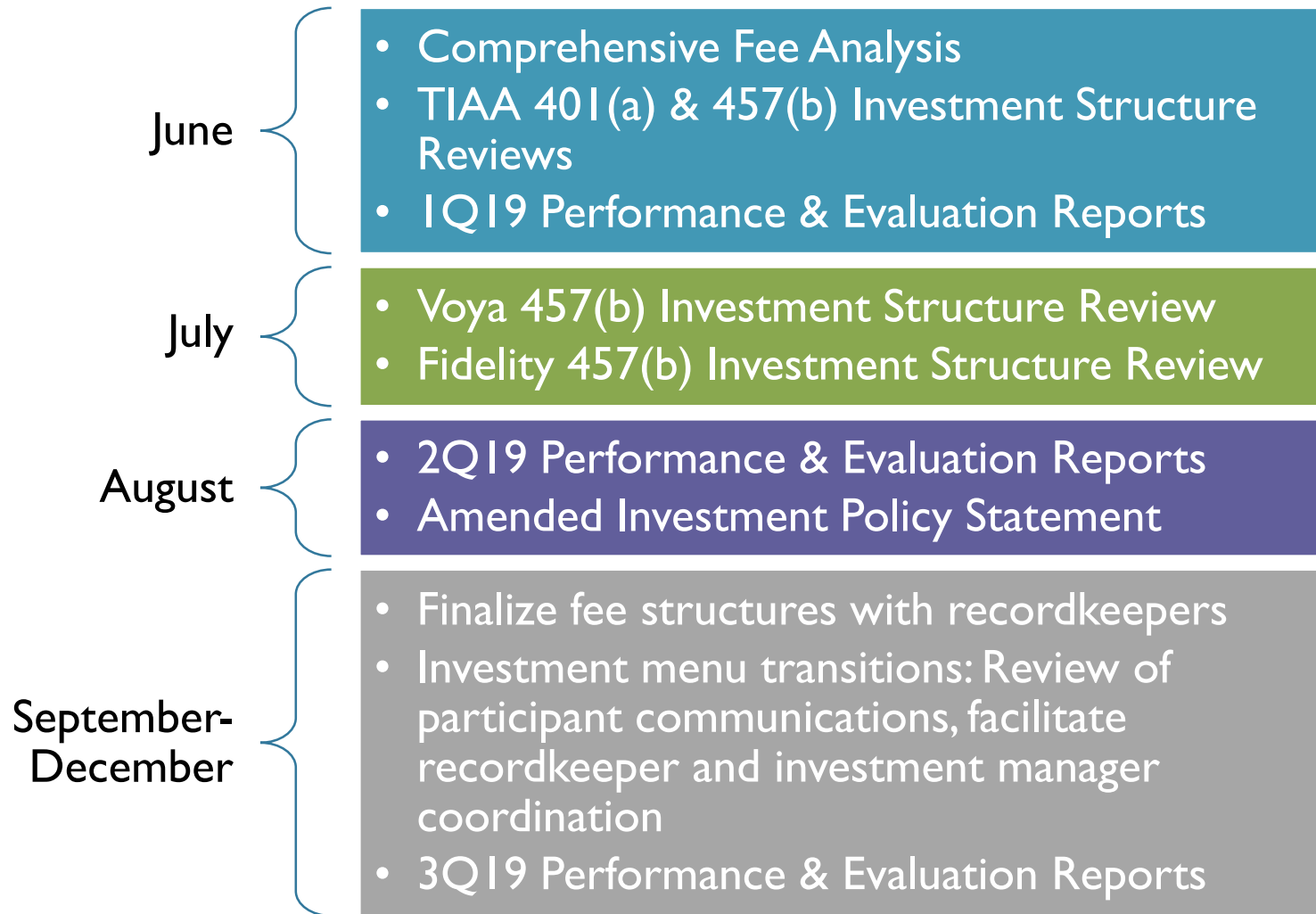
TIAA 401(a) and 457(b) Investment Structure Review

Summary of Findings and Recommendations

- The TIAA 401(a) and 457(b) Plans' investment menus follow best practices by: utilizing a proper default option (an age-appropriate Target Date Fund), offering a broad range of investment alternatives, and allowing participants to exercise control over their assets.
- **Tier I: Target Date Options:** The utilization and monitoring of the Vanguard Target Retirement Funds position the 401(a) and 457(b) Plans well relative to peers and within the context of the DOL's guidance.
- **Tier II Core Options:** The 401(a) and 457(b) Tier II Core Options offer exposure to each major asset class that allow participants to build their own diversified portfolio. Opportunities exist to enhance/consolidate some of the Plans' investment options:
 - **401(a) Plan Recommendations:** Simplify the International Equity Index options by offering one broadly diversified International Equity Index option (SSGA Global All Cap ex U.S. Index), while also reducing investment management fees. Simplify the Small and Mid Cap Equity Index options by offering one broadly diversified Small/Mid Cap Equity Index option (SSGA U.S. Small/Mid Cap Index), while also reducing investment management fees.
 - **457(b) Plan Recommendation:** Replace the current International Equity Index option with a more broadly diversified International Equity Index option (SSGA Global All Cap Equity ex U.S. Index), while also reducing the investment management expense.
- **Tier III Additional Options:** The 401(a) and 457(b) Tier III Additional Options are appropriate offerings that provide participants with further diversification opportunities.
- **Manager Due Diligence:** The majority of the investment options rank good to excellent from both a qualitative and performance standpoint, per the Investment Policy Statement guidelines. There has recently been significant fee compression in the passive investment management space, which provides opportunities to reduce fees:
 - **401(a) and 457(b) Plans' Recommendations:** Replace Vanguard Instl Index (0.035%) with SSGA S&P 500 Index (0.01%). Replace Vanguard Total Bond Mkt Index (0.035%) with SSGA US Bond Index (0.02%).

Note: SIC votes are required today for bolded recommendations outlined in blue above.

Proposed Timeline*



*Timeline is subject to recordkeeper and SIC availability.

Defined Contribution & Deferred Compensation Program Fee Analysis



Defined Contribution/Deferred Compensation Fees

Fee Overview

Types of Fees:

Investment Managers:

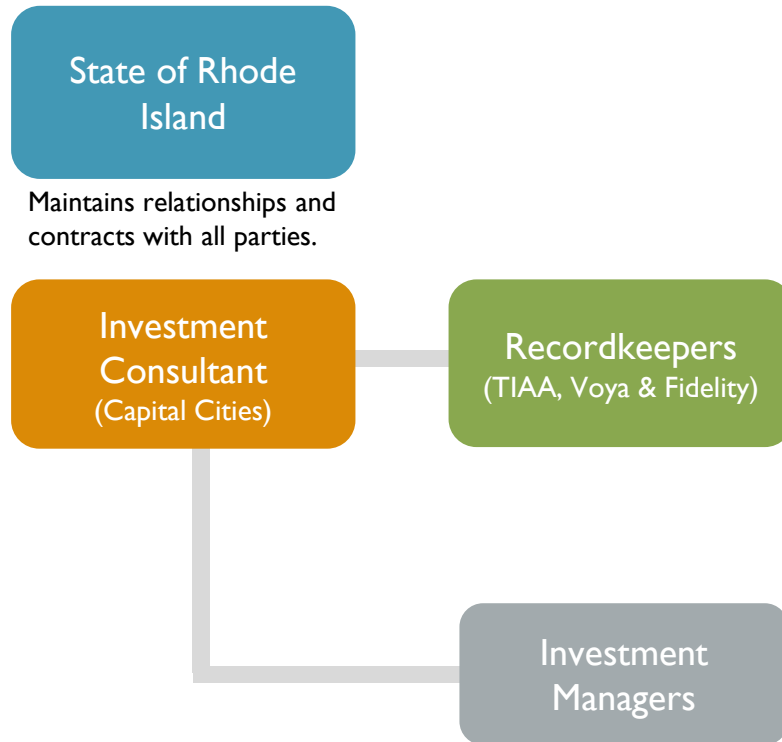
- Investment Managers manage assets on behalf of investors, including buying/selling securities
- Fees vary based on investment approach (e.g., asset class, active vs. passive, etc.)

Recordkeeper:

- Recordkeepers manage day-to-day operations, process participant transactions, etc.
- Fees vary based on Plan demographics (e.g., avg account balance, net asset flows, etc.)

Advisor/Consultant:

- Advisory services can include, but are not limited to: fee analyses, investment structure evaluations, investment policy statement development, investment manager searches and performance reporting
- Advisory fee structures vary based on services provided



Investment Management Fees

Transparent

- Investment management fees should be transparent for participants. While Rhode Island is not subject to ERISA, it is important to note that ERISA plan sponsors must comply with ERISA 404(a) (participant disclosure) requirements.

Least Expensive Share Class/Vehicle

- All investment options should reflect the least expensive share class or vehicle available on a net cost basis (taking into consideration revenue-sharing), if all factors are equal.

Reasonable Relative to Peers

- Each investment manager's fee should be benchmarked relative to a peer group of investment managers employing a similar style (where available).

Recordkeeper Fees

Transparent

- Recordkeeper fees should be transparent for participants. While Rhode Island is not subject to ERISA, it is important to note that ERISA plan sponsors must comply with ERISA 404(a) (participant disclosure) requirements and recordkeepers must comply with ERISA 408(b)(2) (provider disclosure) requirements.

Benchmarked & Negotiated

- Recordkeeper fees should be periodically benchmarked and negotiated by either conducting a recordkeeper survey or search that includes a profile that outlines the unique characteristics of the Plan and service requirements. Recordkeepers were last benchmarked by Rhode Island through a recordkeeper search in 2017.

Reasonable Relative to Peers

- Recordkeeper fees should be reasonable relative to peers and services provided.

Investment Consultant Fees

Transparent

- Capital Cities' annual fee, of \$105,000, is clearly stated within the investment consultant agreement. Capital Cities does not receive any additional compensation from the assets within the Plans.

Appropriate

- Capital Cities' service goes beyond simply providing quarterly performance measurement and evaluation reports. Custom projects are delivered to meet the Plans' needs. From fee analyses to investment structure evaluations, manager searches to recordkeeper evaluations, investment policy statement development to performance reporting, Capital Cities' fee was benchmarked and negotiated during Rhode Island's investment consultant search in 2019.

Objective

- Capital Cities is an independent, employee-owned firm with no affiliation with recordkeepers, banks or investment managers. Capital Cities serves as a fiduciary to the Plans. Capital Cities does not receive any compensation from the Plans beyond its stated fee.

Defined Contribution Program 401(a) Plan

Recordkeeper: TIAA

TIAA 401(a): Investment Management Fees

Monitoring of Investment Management Fees

- The TIAA 401(a) Plan's investment management fees are competitively priced relative to peers.
- PIMCO Real Return's "high" fee rating is due to PIMCO's disclosure of interest expense.*
- The Plan offers the least expensive share class and vehicle of each investment option, with the exception of Vanguard FTSE Social Index.
- The Plan will transition to the new Admiral share class of Vanguard FTSE Social Index (expense ratio: 14 bps) during the week of July 22nd.

Investment Option	Peer Group	Expense Ratio	Morningstar Fee Level
Vanguard Institutional Index	Large Cap Core	0.035%	Low
Vanguard FTSE Social Index	Large Cap Broad	0.18%	Low
Vanguard Mid Cap Index	Mid Cap Core	0.04%	Low
Vanguard Small Cap Index	Small Cap Core	0.04%	Low
Vanguard Emerging Market Stock Index	Emerging Markets	0.14%	Low
Schwab International Index	Developed Intl	0.06%	Low
Vanguard Target Retirement Funds	Target Date	0.07%	Low
PIMCO Real Return	TIPS	0.88% (0.45% excl. int. expense*)	High*
Vanguard Total Bond Market Index	Core Bond	0.035%	Low
TIAA Stable Value	Stable Value	0.43%	N/A

Legend:

Fund exhibits higher fee than peer group

* Interest expense is not paid to PIMCO and is a reflection of just one component of the broader strategy (the majority of interest expense is from forward settling transactions). PIMCO discloses interest expense in the prospectus and other materials due to a FINRA suggestion to PIMCO. Not all investment managers disclose interest expense. PIMCO Real Return's fee would rank "Average," if interest expense was excluded.

Note: A CIT version of PIMCO Real Return is available; however, the CIT's allowable investments are materially different than the mutual fund version.

TIAA 401(a): Administrative & Total Fees

Monitoring of Recordkeeper Fees

Manager	Style	3/31/19 Market	Inv Mgmt Fees		Revenue-Sharing	
		Value	(%)	(\$)	(%)	(\$)
Vanguard Institutional Index	Large Cap Core	\$29,881,199	0.035%	\$10,458	0.00%	\$0
Vanguard FTSE Social Index	Large Cap Broad	\$3,073,127	0.18%	\$5,532	0.00%	\$0
Vanguard Mid Cap Index	Mid Cap Core	\$11,490,253	0.04%	\$4,596	0.00%	\$0
Vanguard Small Cap Index	Small Cap Core	\$11,668,687	0.04%	\$4,667	0.00%	\$0
Vanguard Emerging Market Stock	Emerging Markets	\$7,220,686	0.14%	\$10,109	0.00%	\$0
Schwab International Index	Developed Intl	\$5,527,064	0.06%	\$3,316	0.00%	\$0
Vanguard Target Retirement 2065	Lifestyle	\$209,474	0.07%	\$147	0.00%	\$0
Vanguard Target Retirement 2060	Lifestyle	\$3,734,081	0.07%	\$2,614	0.00%	\$0
Vanguard Target Retirement 2055	Lifestyle	\$22,592,640	0.07%	\$15,815	0.00%	\$0
Vanguard Target Retirement 2050	Lifestyle	\$54,830,616	0.07%	\$38,381	0.00%	\$0
Vanguard Target Retirement 2045	Lifestyle	\$91,652,424	0.07%	\$64,157	0.00%	\$0
Vanguard Target Retirement 2040	Lifestyle	\$121,394,383	0.07%	\$84,976	0.00%	\$0
Vanguard Target Retirement 2035	Lifestyle	\$150,461,206	0.07%	\$105,323	0.00%	\$0
Vanguard Target Retirement 2030	Lifestyle	\$136,247,890	0.07%	\$95,374	0.00%	\$0
Vanguard Target Retirement 2025	Lifestyle	\$127,250,596	0.07%	\$89,075	0.00%	\$0
Vanguard Target Retirement 2020	Lifestyle	\$100,276,717	0.07%	\$70,194	0.00%	\$0
Vanguard Target Retirement 2015	Lifestyle	\$39,890,620	0.07%	\$27,923	0.00%	\$0
Vanguard Target Retirement Income	Lifestyle	\$11,011,997	0.07%	\$7,708	0.00%	\$0
PIMCO Real Return	Real Return	\$6,287,165	0.88%	\$55,327	0.00%	\$0
Vanguard Total Bond Market Index	Core Bond	\$6,949,941	0.035%	\$2,432	0.00%	\$0
TIAA Stable Value	Stable Value	\$13,881,776	0.43%	\$59,692	0.00%	\$0
		\$955,532,541	0.08%	\$757,817	0.00%	\$0

- The TIAA 401(a) annual administrative fee of \$40 is charged to participants with salaries greater than \$35,000/year.*
- The administrative fee equates to ~\$1,321,516/year, of which TIAA collects ~\$1,118,024, while Rhode Island retains ~\$203,492 to pay for Plan-related expenses.**
- The current total average fee per participant (avg. investment management expense + administrative fee) is ~22 basis points.

*Salary is indexed.

**Rhode Island collects ~\$264,044 to pay for Plan-related expenses, including paying TIAA an annual fee of \$24/participant (~\$60,552/year) for those participants with salaries less than \$35,000/year*, based on TIAA's 4Q18 Fee Disclosure.

Deferred Compensation Program 457(b) Plans

Recordkeepers: TIAA, Fidelity & Voya

TIAA 457(b): Investment Management Fees

Monitoring of Investment Management Fees

- The TIAA 457(b) Plan's investment management fees are competitively priced relative to peers.
- PIMCO Total Return's "Above Average" fee rating is due to PIMCO's disclosure of interest expense.*
- The Plan offers the least expensive share and vehicle of each investment option, with the exception of Vanguard FTSE Social Index and PIMCO Total Return (see following page).
- The Plan will transition to the new Admiral share class of Vanguard FTSE Social Index (expense ratio: 14 bps) during the week of July 22nd.

Investment Option	Peer Group	Expense Ratio	Morningstar Fee Level
Vanguard Institutional Index	Large Cap Core	0.035%	Low
Vanguard FTSE Social Index	Large Cap Broad	0.18%	Low
Vanguard Mid Cap Index	Mid Cap Core	0.04%	Low
Vanguard Small Cap Index	Small Cap Core	0.04%	Low
American Funds EuroPacific Growth	Non-US Equity	0.49%	Low
Schwab International Index	Developed Intl	0.06%	Low
Vanguard Target Retirement Funds	Target Date	0.07%	Low
American Century Inflation Adjusted	TIPS	0.22%	Low
PIMCO Total Return	Core Plus	0.55% (0.46% excl. int. expense*)	Above Average*
Vanguard Total Bond Market Index	Core Bond	0.035%	Low
TIAA Traditional	Stable Value	0.49% (0.15% rev share)	N/A

Legend:
Fund exhibits higher fee than peer group

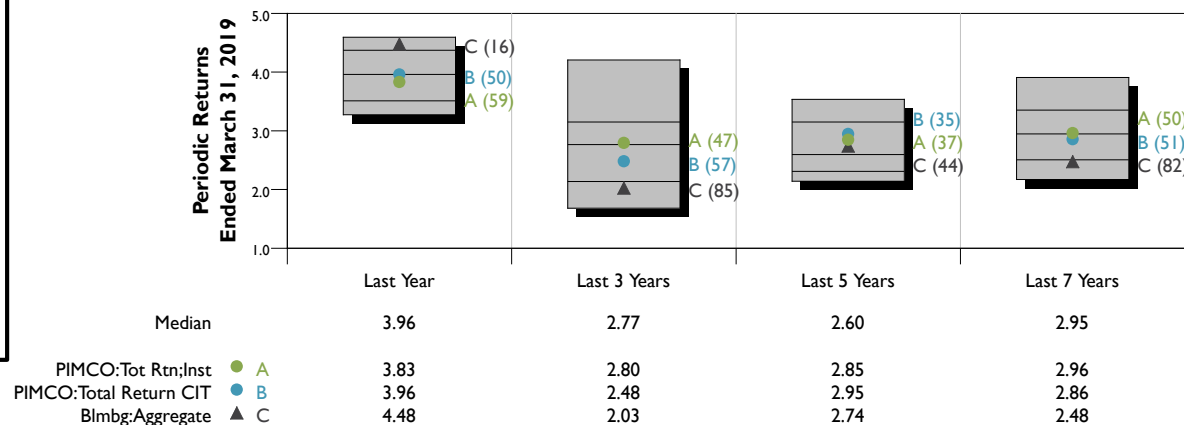
* Interest expense is not paid to PIMCO and is a reflection of just one component of the broader strategy (the majority of interest expense is from forward settling transactions). PIMCO discloses interest expense in the prospectus and other materials due to a FINRA suggestion to PIMCO. Not all investment managers disclose interest expense. PIMCO Total Return's fee would rank "Below Average" by Morningstar, if interest expense was excluded.

TIAA 457(b): Investment Management Fees

PIMCO Total Return—Vehicle Comparison

- PIMCO offers a Collective Investment Trust (“CIT”) vehicle of the Total Return Strategy at 10 basis points less than the mutual fund that is currently offered in the Plan.
- PIMCO’s Total Return CIT Fund has displayed mixed results relative to the mutual fund product.
- The collective investment trust vehicle has \$1.3 billion in assets compared to the mutual fund at \$65 billion.
- Maintaining the current mutual fund vehicle of PIMCO Total Return within the TIAA 457(b) Plan is appropriate based on current considerations.

Investment Option	Share Class/Vehicle	Expense Ratio	Revenue-Sharing	Net Cost
PIMCO Total Return (PTTRX)	Instl	0.55% (0.46% excl. int. expense*)	0.00%	0.55%
PIMCO Total Return	CIT	0.45%	0.00%	0.45%



* Interest expense is not paid to PIMCO and is a reflection of just one component of the broader strategy (the majority of interest expense is from forward settling transactions). PIMCO discloses interest expense in the prospectus and other materials due to a FINRA suggestion to PIMCO. Not all investment managers disclose interest expense.

TIAA 457(b): Administrative & Total Fees

Monitoring of Recordkeeper Fees

Manager	Style	3/31/19 Market Value	Inv Mgmt Fees (%)	Est. Inv Mgmt Fees (\$)	Revenue-Sharing (%)	Revenue-Sharing (\$)
Vanguard Institutional Index	Large Cap Core	\$9,944,293	0.035%	\$3,481	0.00%	\$0
Vanguard FTSE Social Index	Large Cap Broad	\$552,328	0.18%	\$994	0.00%	\$0
Vanguard Mid Cap Index	Mid Cap Core	\$5,187,022	0.04%	\$2,075	0.00%	\$0
Vanguard Small Cap Index	Small Cap Core	\$3,149,084	0.04%	\$1,260	0.00%	\$0
Schwab International Index	Developed Intl	\$281,178	0.06%	\$169	0.00%	\$0
American Funds EuroPacific Growth	Non-US Equity	\$1,589,521	0.49%	\$7,789	0.00%	\$0
Vanguard Target Retirement 2065	Lifestyle	\$1,560	0.07%	\$1	0.00%	\$0
Vanguard Target Retirement 2060	Lifestyle	\$6,428	0.07%	\$4	0.00%	\$0
Vanguard Target Retirement 2055	Lifestyle	\$12,349	0.07%	\$9	0.00%	\$0
Vanguard Target Retirement 2050	Lifestyle	\$86,124	0.07%	\$60	0.00%	\$0
Vanguard Target Retirement 2045	Lifestyle	\$86,047	0.07%	\$60	0.00%	\$0
Vanguard Target Retirement 2040	Lifestyle	\$39,179	0.07%	\$27	0.00%	\$0
Vanguard Target Retirement 2035	Lifestyle	\$258,037	0.07%	\$181	0.00%	\$0
Vanguard Target Retirement 2030	Lifestyle	\$634,457	0.07%	\$444	0.00%	\$0
Vanguard Target Retirement 2025	Lifestyle	\$117,280	0.07%	\$82	0.00%	\$0
Vanguard Target Retirement 2020	Lifestyle	\$629,662	0.07%	\$441	0.00%	\$0
Vanguard Target Retirement 2015	Lifestyle	\$19,762	0.07%	\$14	0.00%	\$0
Vanguard Target Retirement Income	Lifestyle	\$57,816	0.07%	\$40	0.00%	\$0
American Century Inflation Adjusted	TIPS	\$574,870	0.22%	\$1,265	0.00%	\$0
PIMCO Total Return	Core Plus	\$545,752	0.55%	\$3,002	0.00%	\$0
Vanguard Total Bond Market Index	Core Bond	\$204,996	0.035%	\$72	0.00%	\$0
TIAA Traditional	Stable Value	\$6,519,233	0.49%	\$31,944	0.15%	\$9,779
VALIC Fixed 1.5%	Guaranteed	\$34,873	0.00%	\$0	0.00%	\$0
VALIC Fixed 3.0%	Guaranteed	\$6,347,632	0.00%	\$0	0.00%	\$0
		\$36,879,482	0.14%	\$53,413	0.03%	\$9,779

- No administrative fee is charged to TIAA 457(b) participants with an annual salary greater than \$35,000 (given the 401(a) fee that is already assessed), while participants with salaries less than \$35,000 are charged a fee of \$32/year (given their 401(a) fee is waived).*
- The total administrative fee equates to ~\$7,648 annually.**
- The current total average fee per participant (avg. investment management expense + administrative fee) is ~14 basis points.
- The TIAA Traditional Fund provides revenue-sharing (~\$9,779/year).
- **Recommendation:** Rebate the TIAA Traditional revenue-sharing, to the *individual* participants who have this investment election, to provide a more equitable fee arrangement.

*Salary is indexed.

**Based on TIAA's 4Q18 Fee Disclosure.

Voya 457(b): Investment Management Fees

Monitoring of Investment Management Fees

Investment Option	Peer Group	Expense Ratio	Morningstar Fee Level
Voya U.S. Stock Index	Large Cap Core	0.27% (0.28% rev share*)	Low
Voya Growth and Income	Large Cap Broad	0.58% (0.30% rev share)	Below Average
Blackrock Equity Dividend	Large Cap Value	0.73% (0.25% rev share)	Average
Voya Large Cap Growth	Large Cap Growth	0.67% (0.30% rev share)	Below Average
Voya Russell Mid Cap Index	Mid Cap Core	0.41% (0.30% rev share)	Low
Principal Mid Cap Fund	Mid Cap Broad	0.85% (0.25% rev share)	Above Average**
Voya Russell Small Cap Index	Small Cap Core	0.46% (0.30% rev share)	Low
Voya Small Company	Small Cap Broad	0.90% (0.30% rev share)	Below Average
Voya Oppenheimer Global	Global	0.75% (0.36% rev share)	Below Average

Investment Option	Peer Group	Expense Ratio	Morningstar Fee Level
Voya International Index	Developed Intl	0.45% (0.30% rev share)	Low
American Funds EuroPacific Growth	Non-US Equity	0.84% (0.35% rev share)	Low
Voya T Rowe Price Capital Appreciation	Balanced	0.64% (0.28% rev share)	Below Average
Voya Solutions Portfolios	Target Date	0.68%-0.87% (0.32% rev share)	High**
PGIM High Yield Fund	High Yield	0.55% (0.25% rev share)	Low
PIMCO VIT Real Return Portfolio	TIPS	1.04% (0.35% rev share)	N/A--VIT Product
Voya Intermediate Bond	Core Plus Bond	0.55% (0.17% rev share)	Above Average**
Voya U.S. Bond Index	Core Bond	0.38% (0.32% rev share)	Below Average
Voya Fixed Account/ 457/401a Account	Guaranteed	0.00% (0.36% rev share*)	NA

Legend:

Fund exhibits higher fee than peer group

- The Voya 457(b) Plan's investment management fees are competitively priced relative to peers.
- "Above average" and "high" fee ratings for some of the investment options are due to the revenue-sharing arrangements (see following page).

* Provides a revenue-sharing amount higher than the stated expense ratio based on the selling agreement with Voya Investment Management.

** Principal Mid Cap Fund's fee would rank "Low," Voya Intermediate Bond's fee would rank "Below Average," and the Voya Solutions Portfolios' fees would rank "Below Average to Average," if revenue-sharing was excluded.

Voya 457(b): Investment Management Fees

Monitoring of Investment Management Fees

Investment Option	Share Class/Vehicle	Expense Ratio	Revenue-Sharing	Cost to Participant
American Funds EuroPacific Growth (REREX)	R4	0.83%	0.35%	0.83%
American Funds EuroPacific Growth (RERGX)	R6	0.49%	0.00%	0.49%
BlackRock Equity Dividend (MADVX)	Instl	0.73%	0.25%	0.73%
BlackRock Equity Dividend (MKDVX)	K	0.60%	0.00%	0.60%
Principal Mid Cap (PMBPX)	R5	0.85%	0.25%	0.85%
Principal Mid Cap (PMAQX)	R6	0.59%	0.00%	0.59%
PGIM High Yield (PHYZX)	Z	0.55%	0.25%	0.55%
PGIM High Yield (PHYQX)	R6	0.42%	0.00%	0.42%
PIMCO VIT Real Return (CIT)	CIT	1.04%	0.35%	1.04%
PIMCO Real Return (PRRIX)	Instl	0.88%	0.00%	0.88%

Legend
Current
Alternative

- Alternative share classes exist for some of the Voya 457(b) Plan investment options.
- The current Voya recordkeeping platform does not allow revenue-sharing to be rebated to the individual participants who generate it.
- Voya retains all revenue-sharing as a form of recordkeeper compensation (see following page).
- **Recommendation: Transition to the least expensive share class of each investment option in order to provide a more equitable fee structure. Capital Cities will finalize investment manager recommendations and share classes/vehicles as part of the Plan's Investment Structure Evaluation.**

Voya 457(b): Administrative & Total Fees

Monitoring of Recordkeeper Fees

Manager	Style	3/31/19 Market Value	Inv Mgmt Fees (%)	Inv Mgmt Fees (\$)	Revenue-Sharing (%)	Revenue-Sharing (\$)	Voya Administration Fee (%)	Voya Administration Fee (\$)	Total Expense (%)	Total Expense (\$)
Voya U.S. Stock Index	Large Cap Core	\$9,018,193	0.27%	\$24,349	0.28%	\$25,251	0.15%	\$13,527	0.42%	\$37,876
Voya Growth and Income	Large Cap Broad	\$26,563,785	0.58%	\$154,070	0.30%	\$79,691	0.15%	\$39,846	0.73%	\$193,916
Blackrock Equity Dividend	Large Cap Value	\$3,971,892	0.73%	\$28,995	0.25%	\$9,930	0.15%	\$5,958	0.88%	\$34,953
Voya Large Cap Growth	Large Cap Growth	\$11,770,426	0.67%	\$78,862	0.30%	\$35,311	0.15%	\$17,656	0.82%	\$96,517
Voya Russell Mid Cap Index	Mid Cap Core	\$1,346,033	0.40%	\$5,384	0.30%	\$4,038	0.15%	\$2,019	0.55%	\$7,403
Principal Mid Cap Fund	Mid Cap Broad	\$10,729,762	0.85%	\$91,203	0.25%	\$26,824	0.15%	\$16,095	1.00%	\$107,298
Voya Russell Small Cap Index	Small Cap Core	\$1,374,629	0.45%	\$6,186	0.30%	\$4,124	0.15%	\$2,062	0.60%	\$8,248
Voya Small Company	Small Cap Broad	\$7,585,318	0.89%	\$67,509	0.30%	\$22,756	0.15%	\$11,378	1.04%	\$78,887
Voya Oppenheimer Global	Global	\$7,226,972	0.75%	\$54,202	0.36%	\$26,017	0.15%	\$10,840	0.90%	\$65,043
Voya International Index	International	\$410,510	0.45%	\$1,847	0.30%	\$1,232	0.15%	\$616	0.60%	\$2,463
American Funds EuroPacific Growth	Non-US Equity	\$5,979,457	0.83%	\$49,629	0.35%	\$20,928	0.15%	\$8,969	0.98%	\$58,599
Voya T Rowe Price Capital	Balanced	\$8,723,429	0.64%	\$55,830	0.28%	\$24,426	0.15%	\$13,085	0.79%	\$68,915
Voya Solution 2060 Portfolio	Target Date	\$1,975	0.87%	\$17	0.32%	\$6	0.15%	\$3	1.02%	\$20
Voya Solution 2055 Portfolio	Target Date	\$463,879	0.86%	\$3,989	0.32%	\$1,484	0.15%	\$696	1.01%	\$4,685
Voya Solution 2050 Portfolio	Target Date	\$1,666	0.86%	\$14	0.32%	\$5	0.15%	\$2	1.01%	\$17
Voya Solution 2045 Portfolio	Target Date	\$901,210	0.86%	\$7,750	0.32%	\$2,884	0.15%	\$1,352	1.01%	\$9,102
Voya Solution 2040 Portfolio	Target Date	\$245	0.83%	\$2	0.32%	\$1	0.15%	\$0	0.98%	\$2
Voya Solution 2035 Portfolio	Target Date	\$996,136	0.83%	\$8,268	0.32%	\$3,188	0.15%	\$1,494	0.98%	\$9,762
Voya Solution 2030 Portfolio	Target Date	\$535	0.79%	\$4	0.32%	\$2	0.15%	\$1	0.94%	\$5
Voya Solution 2025 Portfolio	Target Date	\$857,201	0.78%	\$6,686	0.32%	\$2,743	0.15%	\$1,286	0.93%	\$7,972
Voya Solution 2020 Portfolio	Target Date	\$0	0.72%	\$0	0.32%	\$0	0.15%	\$0	0.87%	\$0
Voya Solution Income Portfolio	Target Date	\$397,228	0.68%	\$2,701	0.32%	\$1,271	0.15%	\$596	0.83%	\$3,297
PGIM High Yield Fund	High Yield	\$541,213	0.55%	\$2,977	0.25%	\$1,353	0.15%	\$812	0.70%	\$3,788
PIMCO VIT Real Return Portfolio	TIPS	\$389,024	1.04%	\$4,046	0.35%	\$1,362	0.15%	\$584	1.19%	\$4,629
Voya Intermediate Bond	Core Plus Bond	\$7,210,499	0.55%	\$39,658	0.17%	\$12,258	0.15%	\$10,816	0.70%	\$50,473
Voya U.S. Bond Index	Core Bond	\$570,111	0.40%	\$2,280	0.32%	\$1,824	0.15%	\$855	0.55%	\$3,136
Voya Fixed Account	Guaranteed	\$71,971,525	0.00%	\$0	0.36%	\$259,097	0.00%	\$0	0.36%	\$259,097
Voya Fixed Account 457/401 II A	Guaranteed	\$6,542,622	0.00%	\$0	0.36%	\$23,553	0.00%	\$0	0.36%	\$23,553
Voya Long-Term Guaranteed	Guaranteed	\$25,667	0.00%	\$0	0.36%	\$92	0.00%	\$0	0.36%	\$92
		\$185,571,139	0.38%	\$696,461	0.32%	\$591,652	0.09%	\$160,547	0.61%	\$1,139,751

- The Voya 457(b) Plan charges an administrative fee of 15 bps on all *variable* assets in the Plan and collects ~32 bps in revenue-sharing from the Plan's investment options, totaling ~41 bps (or ~\$752,199)/year.
- The current total average fee per participant (avg. investment management expense + administrative fee) is ~46 basis points.
- Voya's required revenue (administrative + revenue-sharing) is 44 bps. The breakdown of this compensation will be addressed as part of the Plan's Investment Structure Evaluation.

Fidelity 457(b): Investment Management Fees

Monitoring of Investment Management Fees

- The Fidelity 457(b) Plan's investment management fees are competitively priced relative to peers.
- "Above average" and "high" fee ratings for some of the investment options are due to revenue-sharing arrangements and PIMCO's disclosure of interest expense.*
- The Plan offers the least expensive share classes/vehicles on a net cost basis, with the exception of Vanguard FTSE Social Index and PIMCO Total Return (see following page).
- **Recommendation: Move to the new Admiral share class of Vanguard FTSE Social Index (VFTAX) at 14 bps.**

Investment Option	Peer Group	Expense Ratio	Morningstar Fee Level
Fidelity 500 Index	Large Cap Core	0.015%	Low
Fidelity Large Cap Stock	Large Cap Broad	0.67% (0.35% rev share)	Below Average
Vanguard FTSE Social Index	Large Cap Broad	0.18%	Low
Invesco Diversified Dividend	Large Cap Value	0.42%	Low
Fidelity Contrafund	Large Cap Growth	0.73% (0.20% rev share)	Above Average**
Fidelity Mid Cap Index	Mid Cap Core	0.025%	Low
Fidelity Small Cap Index	Small Cap Core	0.025%	Low
Fidelity Low-Priced Stock	Total Domestic Equity	0.53% (0.20% rev share)	Low
Fidelity International Index	Developed Intl	0.045%	Low
Harbor International	Developed Intl	0.77% (0.10% rev share)	Below Average
Fidelity Freedom Funds	Target Date	0.42%-0.65% (0.20% rev share)	Range From Average to High**
PIMCO Total Return	Core Plus Bond	0.55% (0.46% excl. int. expense*)	Above Average*
Fidelity US Bond Index	Core Bond	0.025%	Low
T Rowe Price Stable Value	Stable Value	0.30%	N/A

Legend:

Fund exhibits higher fee than peer group

* Interest expense is not paid to PIMCO and is a reflection of just one component of the broader strategy (the majority of interest expense is from forward settling transactions). PIMCO discloses interest expense in the prospectus and other materials due to a FINRA suggestion to PIMCO. Not all investment managers disclose interest expense. PIMCO Total Return's fee would rank "Below Average" by Morningstar, if interest expense was excluded.

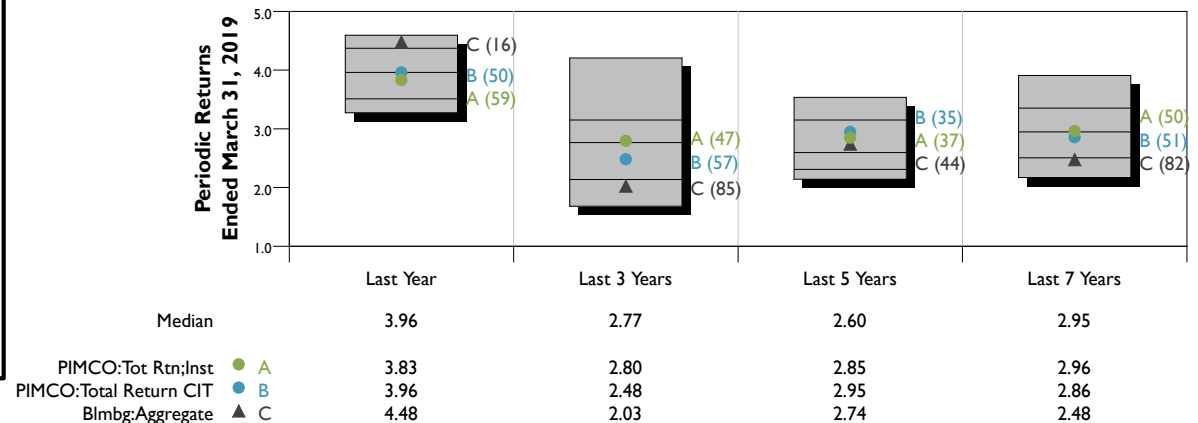
** Fidelity Contrafund's fee would rank "Below Average," while the Fidelity Freedom Funds' fees would rank "Below Average to Average," if revenue-sharing was excluded.

Fidelity 457(b): Investment Management Fees

PIMCO Total Return—Vehicle Comparison

- PIMCO offers a Collective Investment Trust (“CIT”) vehicle of the Total Return Strategy at 10 basis points less than the mutual fund that is currently offered in the Plan.
- PIMCO’s Total Return CIT Fund has displayed mixed results relative to the mutual fund product.
- The collective investment trust vehicle has \$1.3 billion in assets compared to the mutual fund at \$65 billion.
- Maintaining the current mutual fund vehicle of PIMCO Total Return within the Fidelity 457(b) Plan is appropriate based on current considerations.

Investment Option	Share Class/Vehicle	Expense Ratio	Revenue-Sharing	
			Sharing	Net Cost
PIMCO Total Return (PTTRX)	Instl	0.55% (0.46% excl. int. expense*)	0.00%	0.55%
PIMCO Total Return	CIT	0.45%	0.00%	0.45%



* Interest expense is not paid to PIMCO and is a reflection of just one component of the broader strategy (the majority of interest expense is from forward settling transactions). PIMCO discloses interest expense in the prospectus and other materials due to a FINRA suggestion to PIMCO. Not all investment managers disclose interest expense.

Fidelity 457(b): Revenue-Sharing

Monitoring of Revenue-Sharing

Manager	Style	3/31/19 Market Value	Inv Mgmt Fees (%)	Inv Mgmt Fees (\$)	Revenue- Sharing (%)	Revenue- Sharing (\$)	Net Expense (%)	Net Expense (\$)
Fidelity 500 Index	Large Cap Core	\$12,179,492	0.015%	\$1,827	0.00%	\$0	0.015%	\$1,827
Fidelity Large Cap Stock	Large Cap Broad	\$8,298,344	0.67%	\$55,599	0.35%	\$29,044	0.32%	\$26,555
Vanguard FTSE Social Index	Large Cap Broad	\$445,966	0.18%	\$803	0.00%	\$0	0.18%	\$803
Invesco Diversified Dividend	Large Cap Value	\$2,363,981	0.42%	\$9,929	0.00%	\$0	0.42%	\$9,929
Fidelity Contrafund	Large Cap Growth	\$36,068,817	0.73%	\$263,302	0.20%	\$72,138	0.53%	\$191,165
Fidelity Mid Cap Index	Mid Cap Core	\$2,064,723	0.025%	\$516	0.00%	\$0	0.03%	\$516
Fidelity Small Cap Index	Small Cap Core	\$1,891,902	0.025%	\$473	0.00%	\$0	0.03%	\$473
Fidelity Low Priced Stock	Total Equity	\$9,788,191	0.53%	\$51,877	0.20%	\$19,576	0.33%	\$32,301
Fidelity International Index	International	\$2,604,593	0.045%	\$1,172	0.00%	\$0	0.05%	\$1,172
Harbor International	International	\$3,814,485	0.77%	\$29,372	0.10%	\$3,814	0.67%	\$25,557
Fidelity Freedom 2060	Target Date	\$70,066	0.65%	\$455	0.20%	\$140	0.45%	\$315
Fidelity Freedom 2055	Target Date	\$641,137	0.65%	\$4,167	0.20%	\$1,282	0.45%	\$2,885
Fidelity Freedom 2050	Target Date	\$319,144	0.65%	\$2,074	0.20%	\$638	0.45%	\$1,436
Fidelity Freedom 2045	Target Date	\$1,096,480	0.65%	\$7,127	0.20%	\$2,193	0.45%	\$4,934
Fidelity Freedom 2040	Target Date	\$1,431,266	0.65%	\$9,303	0.20%	\$2,863	0.45%	\$6,441
Fidelity Freedom 2035	Target Date	\$2,992,963	0.64%	\$19,155	0.20%	\$5,986	0.44%	\$13,169
Fidelity Freedom 2030	Target Date	\$12,931,204	0.61%	\$78,880	0.20%	\$25,862	0.41%	\$53,018
Fidelity Freedom 2025	Target Date	\$3,763,563	0.57%	\$21,452	0.20%	\$7,527	0.37%	\$13,925
Fidelity Freedom 2020	Target Date	\$15,800,266	0.54%	\$85,321	0.20%	\$31,601	0.34%	\$53,721
Fidelity Freedom 2015	Target Date	\$2,042,591	0.50%	\$10,213	0.20%	\$4,085	0.30%	\$6,128
Fidelity Freedom 2010	Target Date	\$3,567,971	0.46%	\$16,413	0.20%	\$7,136	0.26%	\$9,277
Fidelity Freedom 2005	Target Date	\$357,008	0.43%	\$1,535	0.20%	\$714	0.23%	\$821
Fidelity Freedom Income	Target Date	\$1,627,297	0.42%	\$6,835	0.20%	\$3,255	0.22%	\$3,580
PIMCO Total Return	Core Plus Bond	\$6,998,424	0.55%	\$38,491	0.00%	\$0	0.55%	\$38,491
Fidelity US Bond Index	Core Bond	\$1,618,247	0.025%	\$405	0.00%	\$0	0.03%	\$405
T Rowe Price Stable Value	Stable Value	\$6,403,026	0.30%	\$19,209	0.00%	\$0	0.30%	\$19,209
Brokerage Link	NA	\$12,699,081	0.00%	\$0	0.00%	\$0	0.00%	\$0
		\$153,880,229	0.48%	\$735,907	0.14%	\$217,855	0.34%	\$518,052

- The Fidelity 457(b) Plan's annual investment management fees total ~0.48% (~\$735,907); however, ~0.14% (~\$217,855) is rebated, through revenue-sharing, to *all* participants to offset *total* Plan expenses.
- **Recommendation:** Rebate revenue-sharing to *individual* participants who generate it to provide a more equitable fee arrangement.

Fidelity 457(b): Administrative & Total Fees

Monitoring of Recordkeeper Fees

Manager	Style	3/31/19 Market Value	Inv Mgmt Fees		Revenue-Sharing		Fidelity	Fidelity	Total Expense	Total Expense
			(%)	(\$)	(%)	(\$)	Administration Fee (%)	Administration Fee (\$)	(%)	(\$)
Fidelity 500 Index	Large Cap Core	\$12,179,492	0.015%	\$1,827	0.00%	\$0	0.10%	\$12,179	0.12%	\$14,006
Fidelity Large Cap Stock	Large Cap Broad	\$8,298,344	0.67%	\$55,599	0.35%	\$29,044	0.10%	\$8,298	0.42%	\$34,853
Vanguard FTSE Social Index	Large Cap Broad	\$445,966	0.18%	\$803	0.00%	\$0	0.10%	\$446	0.28%	\$1,249
Invesco Diversified Dividend	Large Cap Value	\$2,363,981	0.42%	\$9,929	0.00%	\$0	0.10%	\$2,364	0.52%	\$12,293
Fidelity Contrafund	Large Cap Growth	\$36,068,817	0.73%	\$263,302	0.20%	\$72,138	0.10%	\$36,069	0.63%	\$227,234
Fidelity Mid Cap Index	Mid Cap Core	\$2,064,723	0.025%	\$516	0.00%	\$0	0.10%	\$2,065	0.13%	\$2,581
Fidelity Small Cap Index	Small Cap Core	\$1,891,902	0.025%	\$473	0.00%	\$0	0.10%	\$1,892	0.13%	\$2,365
Fidelity Low Priced Stock	Total Equity	\$9,788,191	0.53%	\$51,877	0.20%	\$19,576	0.10%	\$9,788	0.43%	\$42,089
Fidelity International Index	International	\$2,604,593	0.045%	\$1,172	0.00%	\$0	0.10%	\$2,605	0.15%	\$3,777
Harbor International	International	\$3,814,485	0.77%	\$29,372	0.10%	\$3,814	0.10%	\$3,814	0.77%	\$29,372
Fidelity Freedom 2060	Target Date	\$70,066	0.65%	\$455	0.20%	\$140	0.10%	\$70	0.55%	\$385
Fidelity Freedom 2055	Target Date	\$641,137	0.65%	\$4,167	0.20%	\$1,282	0.10%	\$641	0.55%	\$3,526
Fidelity Freedom 2050	Target Date	\$319,144	0.65%	\$2,074	0.20%	\$638	0.10%	\$319	0.55%	\$1,755
Fidelity Freedom 2045	Target Date	\$1,096,480	0.65%	\$7,127	0.20%	\$2,193	0.10%	\$1,096	0.55%	\$6,031
Fidelity Freedom 2040	Target Date	\$1,431,266	0.65%	\$9,303	0.20%	\$2,863	0.10%	\$1,431	0.55%	\$7,872
Fidelity Freedom 2035	Target Date	\$2,992,963	0.64%	\$19,155	0.20%	\$5,986	0.10%	\$2,993	0.54%	\$16,162
Fidelity Freedom 2030	Target Date	\$12,931,204	0.61%	\$78,880	0.20%	\$25,862	0.10%	\$12,931	0.51%	\$65,949
Fidelity Freedom 2025	Target Date	\$3,763,563	0.57%	\$21,452	0.20%	\$7,527	0.10%	\$3,764	0.47%	\$17,689
Fidelity Freedom 2020	Target Date	\$15,800,266	0.54%	\$85,321	0.20%	\$31,601	0.10%	\$15,800	0.44%	\$69,521
Fidelity Freedom 2015	Target Date	\$2,042,591	0.50%	\$10,213	0.20%	\$4,085	0.10%	\$2,043	0.40%	\$8,170
Fidelity Freedom 2010	Target Date	\$3,567,971	0.46%	\$16,413	0.20%	\$7,136	0.10%	\$3,568	0.36%	\$12,845
Fidelity Freedom 2005	Target Date	\$357,008	0.43%	\$1,535	0.20%	\$714	0.10%	\$357	0.33%	\$1,178
Fidelity Freedom Income	Target Date	\$1,627,297	0.42%	\$6,835	0.20%	\$3,255	0.10%	\$1,627	0.32%	\$5,207
PIMCO Total Return	Core Plus Bond	\$6,998,424	0.55%	\$38,491	0.00%	\$0	0.10%	\$6,998	0.65%	\$45,490
Fidelity US Bond Index	Core Bond	\$1,618,247	0.025%	\$405	0.00%	\$0	0.10%	\$1,618	0.13%	\$2,023
T Rowe Price Stable Value	Stable Value	\$6,403,026	0.30%	\$19,209	0.00%	\$0	0.10%	\$6,403	0.40%	\$25,612
Brokerage Link	NA	\$12,699,081	0.00%	\$0	0.00%	\$0	0.10%	\$12,699	0.10%	\$12,699
		\$153,880,229	0.48%	\$735,907	0.14%	\$217,855	0.10%	\$153,880	0.44%	\$671,932

- The Fidelity 457(b) Plan collects an administrative fee of 10 bps on all assets in the Plan, which totals ~\$153,880/year.
- The current total average fee per participant (avg. investment management expense – revenue-sharing + administrative fee) is ~44 basis points.



Passive Investment Management

Passive Investment Management Fees

Fee Comparison

Passive Options	Current Investment Options					
	TIAA 401(a) and 457(b)		Voya 457(b)		Fidelity 457 (b)	
S&P 500 Index	Vanguard Institutional Index	0.035%	Voya US Stock Index	0.27%	Fidelity 500 Index	0.015%
Benchmark	S&P 500		S&P 500		S&P 500	
Social Index	Vanguard FTSE Social Index	0.18%	---	---	Vanguard FTSE Social Index	0.18%
Benchmark	FTSE 4Good US Select		---		FTSE 4Good US Select	
Mid Cap Index	Vanguard Mid Cap Index	0.04%	Voya Russell Mid Cap Index	0.40%	Fidelity Mid Cap Index	0.025%
Benchmark	CRSP US Mid Cap		Russell Midcap		Russell Midcap	
Small Cap Index	Vanguard Small Cap Index	0.04%	Voya Russell Small Cap Index	0.45%	Fidelity Small Cap Index	0.025%
Benchmark	CRSP US Small Cap		Russell 2000		Russell 2000	
Emerging Market Index	Vanguard Emerging Market	0.14%	---	---	---	---
Benchmark	FTSE Emerging Markets		---		---	
International Equity Index	Schwab International Index	0.06%	Voya International Index	0.45%	Fidelity International Index	0.045%
Benchmark	MSCI EAFE		MSCI EAFE		MSCI EAFE	
Bond Index	Vanguard Total Bond Index	0.035%	Voya US Bond Index	0.40%	Fidelity US Bond Index	0.025%
Benchmark	Barclays Aggregate Float Adj		Barclays Aggregate		Barclays Aggregate	

- There has recently been significant fee compression in the passive investment management space, which provides opportunities to reduce passive investment management fees.
- Capital Cities will finalize recommendations for passive investment options as part of each Plan's Investment Structure Evaluation.

Managed Account Services



Managed Account Services

Fee Comparison

	TIAA 457(b)	Voya 457(b)	Fidelity 457(b)
3/31/19 Market Value	\$206,203	\$539,936	\$2,535,249
3/31/19 Participants	3	18	86
Managed Accounts Fee	30 basis points	50 basis points	50 basis points on first \$100,000; 45 basis points on next \$150,000; 30 basis points \$250,000+

- Managed Account Services are a discretionary solution for participants, including ongoing management, monitoring and rebalancing of their portfolios, based on their unique situation and retirement needs (e.g., risk tolerance, outside assets, etc.).
- Managed Account Services are only charged to participants in the 457(b) Plans who elect to utilize the product.
- Managed Account Services currently represent minimal revenue to the Rhode Island recordkeepers, given the low utilization among participants.
- Capital Cities will continue monitoring the Managed Account Services' utilization and fees and report any significant findings.

TIAA 401(a) & 457(b) Investment Structure Review



Investment Structure Framework

Confirming the Current Investment Structure

Are the TIAA 401(a) and 457(b) Plans' investment menus:



Designed to meet ERISA 404(c) and Qualified Default Investment Alternative (QDIA) regulations?*



Providing an investment solution for each type of investor?



Offering an appropriate number of investments that provides sufficient diversification opportunity while minimizing participant confusion?



Appropriate in light of the current industry trends and regulations?



Meeting the SIC's unique objectives?

*While Rhode Island is not subject to ERISA, Capital Cities utilizes ERISA guidelines as a framework for best practices.

Defined Contribution Program TIAA 401 (a) Plan


TIAA 401(a) Plan

Asset Breakdown as of March 31, 2019

Investment Option	Style	Market Value	% of Plan Assets	# of Participants
Vanguard Target Retirement 2065	Target Date	\$209,474	0.0%	60
Vanguard Target Retirement 2060	Target Date	\$3,734,081	0.4%	1,018
Vanguard Target Retirement 2055	Target Date	\$22,592,640	2.4%	2,701
Vanguard Target Retirement 2050	Target Date	\$54,830,616	5.7%	3,499
Vanguard Target Retirement 2045	Target Date	\$91,652,424	9.6%	4,030
Vanguard Target Retirement 2040	Target Date	\$121,394,383	12.7%	4,399
Vanguard Target Retirement 2035	Target Date	\$150,461,206	15.7%	5,519
Vanguard Target Retirement 2030	Target Date	\$136,247,890	14.3%	6,004
Vanguard Target Retirement 2025	Target Date	\$127,250,596	13.3%	6,055
Vanguard Target Retirement 2020	Target Date	\$100,276,717	10.5%	4,786
Vanguard Target Retirement 2015	Target Date	\$39,890,620	4.2%	2,165
Vanguard Target Retirement Income	Target Date	\$11,011,997	1.2%	767
		\$859,552,644	90.0%	
Vanguard Instl Index	Large Cap Core	\$29,881,199	3.1%	2,417
Vanguard FTSE Social Index	Large Cap Broad	\$3,073,127	0.3%	460
Vanguard Mid Cap Index	Mid Cap Core	\$11,490,253	1.2%	2,032
Vanguard Small Cap Index	Small Cap Core	\$11,668,687	1.2%	2,080
Schwab International Index	Developed Intl	\$7,220,686	0.8%	1,411
Vanguard Emerging Market Stock Index	Emerging Markets	\$5,527,064	0.6%	1,536
PIMCO Real Return	TIPS	\$6,287,165	0.7%	1,168
Vanguard Total Bond Market Index	Core Bond	\$6,949,941	0.7%	1,185
TIAA Stable Value	Stable Value	\$13,881,776	1.5%	1,296
		\$95,979,897	10.0%	
		\$955,532,541	100.0%	

TIAA 401(a) Plan Investment Menu

Investment Menu Overview

Investment Menu			
Risk Spectrum	Tier I. Target Date Options	Tier II. Core Options	Tier III. Additional Options
Conservative  Aggressive	Vanguard Target Retire Income Trust I	TIAA Stable Value	PIMCO Real Return
	Vanguard Target Retire 2015 Trust I	Vanguard Total Bond Market Index	Vanguard FTSE Social Index
	Vanguard Target Retire 2020 Trust I	Vanguard Institutional Index	Vanguard Emerging Mkts Stock Index
	Vanguard Target Retire 2025 Trust I	Schwab International Index	
	Vanguard Target Retire 2030 Trust I	Vanguard Mid Cap Index	
	Vanguard Target Retire 2035 Trust I	Vanguard Small-Cap Index	
	Vanguard Target Retire 2040 Trust I		
	Vanguard Target Retire 2045 Trust I		
	Vanguard Target Retire 2050 Trust I		
	Vanguard Target Retire 2055 Trust I		
	Vanguard Target Retire 2060 Trust I		
	Vanguard Target Retire 2065 Trust I		

The TIAA 401(a) Plan's investment menu follows best practices by: utilizing a proper default option (an age-appropriate Target Date Fund), offering a broad range of investment alternatives, and allowing participants to exercise control over their assets.

Tier I: Target Date Funds

Target Date Funds' Review

Target Date Funds:

- Provide participants with an “Allocate It For Me” solution — a pre-diversified portfolio
- Automatically allocate to more conservative asset classes over time (glide path)
- Are offered in five-year increments to best meet participant demographics
- Are designed to correspond to the year a participant intends to retire
- Serve as the 401(a) Plan’s default option, meaning that Rhode Island invests a participant’s assets in an age-appropriate Target Date Fund in the absence of investment direction from a participant

Tier I. Target Date Options

Vanguard Target Retire Income Trust I

Vanguard Target Retire 2015 Trust I

Vanguard Target Retire 2020 Trust I

Vanguard Target Retire 2025 Trust I

Vanguard Target Retire 2030 Trust I

Vanguard Target Retire 2035 Trust I

Vanguard Target Retire 2040 Trust I

Vanguard Target Retire 2045 Trust I

Vanguard Target Retire 2050 Trust I

Vanguard Target Retire 2055 Trust I

Vanguard Target Retire 2060 Trust I

Vanguard Target Retire 2065 Trust I

Tier I: Target Date Funds

Best Practices for Fiduciaries

Today's review of the Target Date Funds is being conducted within the context of the Department of Labor's best practices for Plan fiduciaries.

Department of Labor's Tips for Fiduciaries

The DOL issued “**Target Date Retirement Funds - Tips for ERISA Plan Fiduciaries**” in 2013, which includes the following guidance, among other items:

- ✓ Establish a process for comparing and selecting target date funds.
- ✓ Establish a process for the periodic review of selected target date funds.
- ✓ Understand the funds' investments – the allocation in different asset classes (stocks, bonds, cash), individual investments and how these will change over time.
- ✓ Review the funds' fees and investment expenses.
- ✓ Inquire about whether custom or non-proprietary target date funds would be a better fit for the Plan.
- ✓ Take advantage of available sources of information to evaluate the target date funds and recommendations received regarding the target date funds' selection.
- ✓ Document the process.

Note: While Rhode Island is not subject to ERISA, Capital Cities utilizes ERISA guidelines as a framework for best practices.

Tier I: Target Date Funds

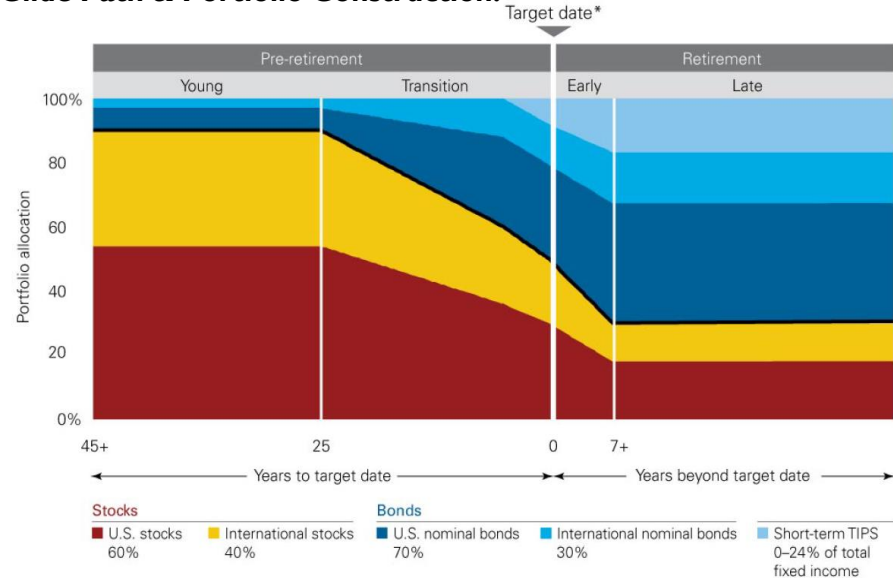
Vanguard Target Retirement Funds' Review

- Passive approach with broad market exposure to major asset classes.
- Simplistic and strategic construction relative to peers.
- Automatically becomes more conservative over time until landing at a static asset allocation seven years post-retirement.
- Near Morningstar industry average asset allocation.
- Performance closely tied to the Funds' benchmarks.
- Very inexpensive fees (0.07%) relative to peers given passive construction and the utilization of a collective investment trust vehicle.**
- The utilization and monitoring of the Vanguard Target Retirement Funds position the 401(a) Plan well relative to peers and within the context of the DOL's guidance.

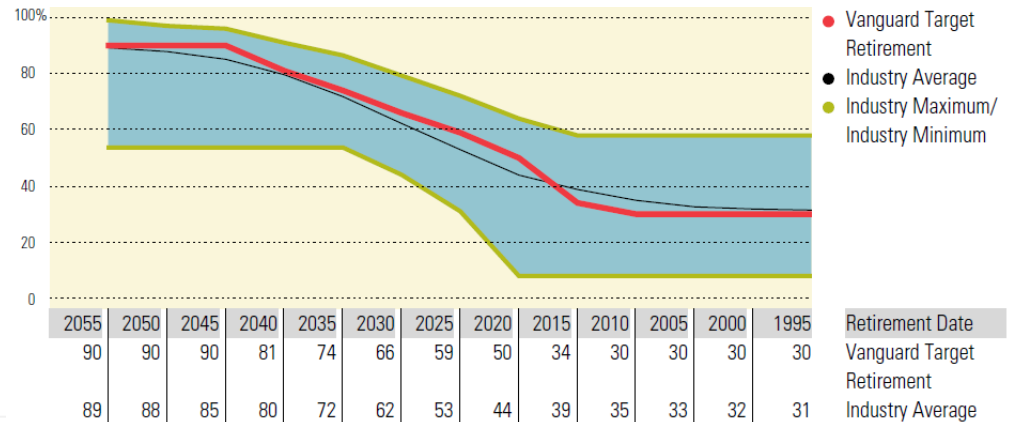
* Assumes retirement age of 65, source: Vanguard

**Morningstar Fee Level: Low

Glide Path & Portfolio Construction:

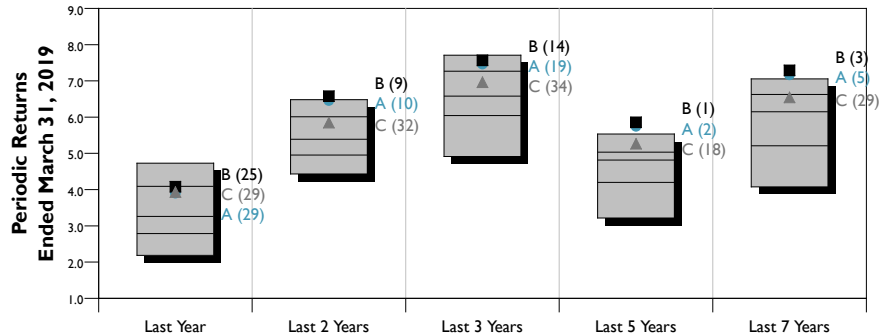


Morningstar Glide Path Peer Comparison:

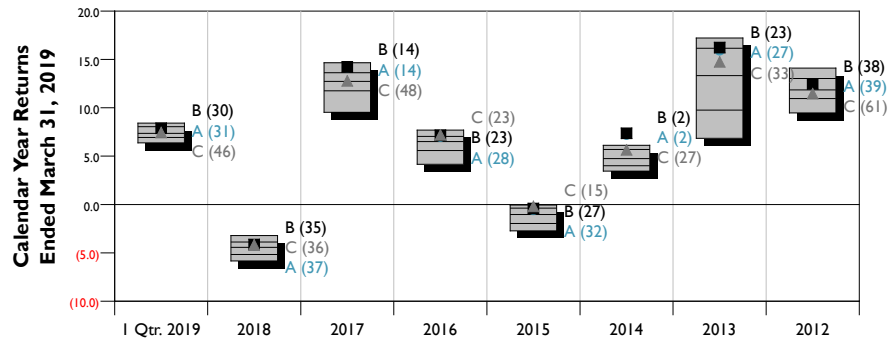


Target Date Funds' Comparison

2020 Fund Performance and Risk Comparison

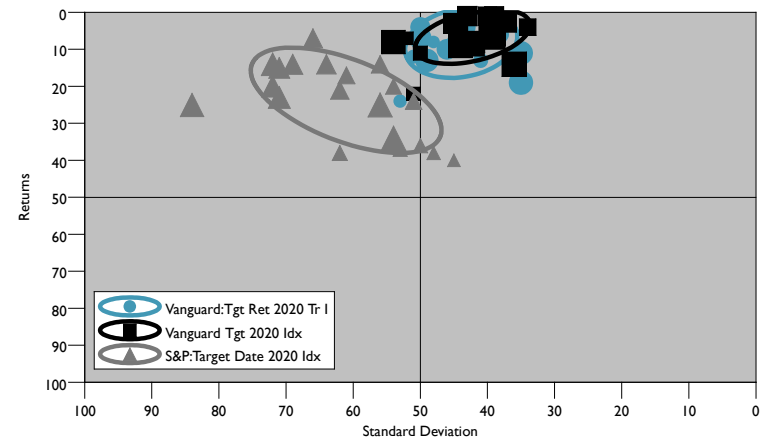


	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
Median	3.26	5.39	6.58	4.81	6.15
Vanguard: Tgt Ret 2020 Tr I (A)	3.90	6.46	7.46	5.75	7.17
Vanguard Tgt 2020 Idx (B)	4.08	6.58	7.57	5.86	7.29
S&P: Target Date 2020 Idx (C)	3.94	5.85	6.97	5.27	6.55



	I Qtr. 2019	2018	2017	2016	2015	2014	2013	2012
Median	7.36	(4.42)	12.73	6.51	(1.03)	4.74	13.33	11.84
Vanguard: Tgt Ret 2020 Tr I (A)	7.87	(4.18)	14.18	7.03	(0.54)	7.22	15.96	12.47
Vanguard Tgt 2020 Idx (B)	7.88	(4.13)	14.23	7.16	(0.40)	7.38	16.24	12.48
S&P: Target Date 2020 Idx (C)	7.45	(4.16)	12.80	7.22	(0.19)	5.67	14.76	11.48

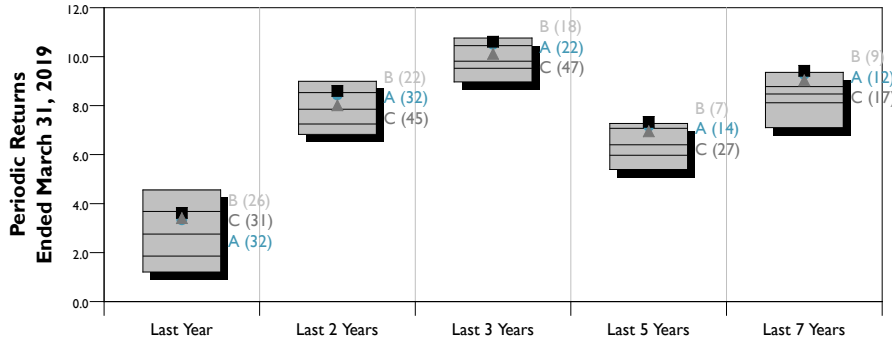
Rolling 12 Quarter Scatter Chart for 5 Years Ended March 31, 2019



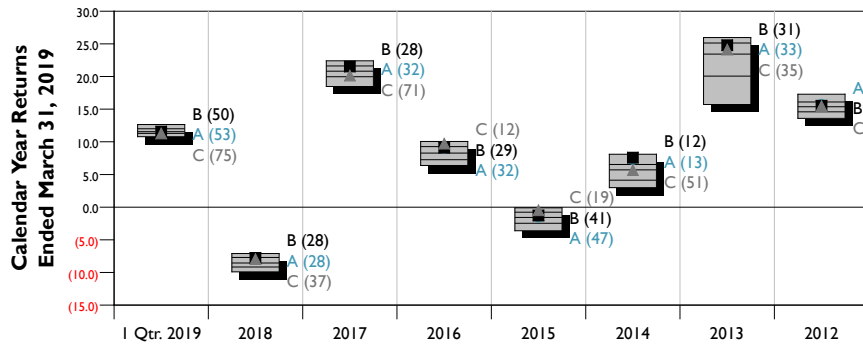
Vanguard 2020 has provided higher returns, while taking slightly more risk, relative to its peers.

Target Date Funds' Comparison

2050 Fund Performance and Risk Comparison

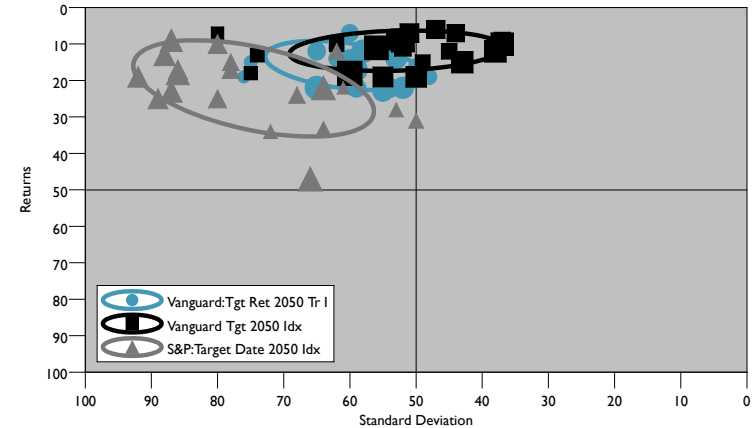


	Median	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
Vanguard:Tgt Ret 2050 Tr I	● A	3.34	8.44	10.51	7.16	9.28
Vanguard Tgt 2050 Idx	■ B	3.63	8.60	10.62	7.34	9.43
S&P:Target Date 2050 Idx	▲ C	3.41	8.02	10.12	6.95	9.04



	Median	1 Qtr. 2019	2018	2017	2016	2015	2014	2013	2012
Vanguard:Tgt Ret 2050 Tr I	● A	11.52	(7.82)	21.48	8.96	(1.52)	7.29	24.52	15.76
Vanguard Tgt 2050 Idx	■ B	11.57	(7.77)	21.55	9.12	(1.26)	7.60	24.80	15.55
S&P:Target Date 2050 Idx	▲ C	11.28	(7.94)	20.17	9.74	(0.46)	5.68	24.13	15.49

Rolling 12 Quarter Scatter Chart for 5 Years Ended March 31, 2019



Vanguard 2050 has posted stronger returns, while generally taking lower risk, than its peers.

Tier II Core and Tier III Additional Options

Core and Additional Options' Review

	Style:	TIAA 401(a) Investment Option(s):	% of Plan Assets:	
Fixed Income	Capital Preservation	TIAA Stable Value	1.5%	
	Core Fixed Income	Vanguard Total Bond Market Index	0.7%	
	Real Return/TIPS	PIMCO Real Return	0.7%	
Equity	Large Cap Equity	Vanguard Institutional Index	3.1%	
	Socially Responsible Equity	Vanguard FTSE Social Index	0.3%	
	International Equity	Schwab International Index	0.8%	
		Vanguard Emerging Mkts Stock Index	0.6%	
	Small/Mid Cap Equity	Vanguard Mid Cap Index	1.2%	
		Vanguard Small Cap Index	1.2%	

Legend:

Tier II Core Options

Tier III Additional Options

- The TIAA 401(a) Tiers II and III Options offer exposure to each major asset class, allowing participants to build their own broadly diversified portfolios or express a particular bias within their portfolios.
- Opportunities exist to consolidate the International and Small/Mid Cap Equity investment options (see following pages).

Tier II Core and Tier III Additional Options

Simplifying the Investment Menu—International Equity

Schwab International Index

- Tracks the MSCI EAFE Index
- Provides passive exposure to developed equity markets outside of the U.S.
- Mutual Fund (SWISX)
- Expense Ratio: 0.06%

Vanguard Emerging Markets Index

- Tracks the FTSE Emerging Markets All Cap China A Inclusion Index
- Provides passive exposure to large, mid and small cap stocks in emerging markets
- Mutual Fund (VEMAX)
- Expense Ratio: 0.14%

Recommended: SSGA Global All Cap Equity ex U.S. Index

- Tracks the MSCI ACWI ex-US IMI Index
- Provides exposure to large, mid and small cap stocks across developed and emerging markets, excluding the U.S.
- Collective Investment Trust Class II
- Expense: 0.045%

Legend:

Tier II Core Options

Tier III Additional Options

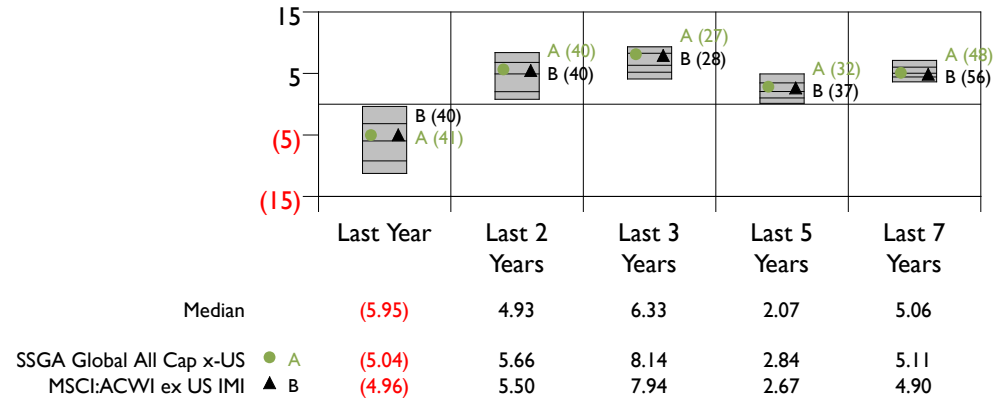
- **Recommendation:** Simplify the International Equity Index options by offering one broadly diversified International Equity Index option (SSGA Global All Cap ex U.S. Index), while also reducing investment management fees.

Tier II Core and Tier III Additional Options

Simplifying the Investment Menu—International Equity

Organization	State Street Global Advisors
Product Name	Global ex US All Cap
Product Inception Date	04/30/10
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index	MSCI ACWI ex-US IMI Index
Index Description	The MSCI ACWI ex US Investable Market Index (IMI) captures large, mid and small cap stocks across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries. With 6,149 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.
Assets In Product	\$31.8 Billion
Vehicle Type	Collective Investment Trust (Class II)
Total Expense Ratio	4.5 bps

Returns for Periods Ended March 31, 2019
Group: Callan Non US Equity Mutual Funds



Rolling 4 Quarter Tracking Error Relative To MSCI:ACWI ex US IMI for 6 Years Ended March 31, 2019



Tier II Core and Tier III Additional Options

Simplifying the Investment Menu—Small/Mid Equity

Vanguard Mid Cap Index

- Tracks the CRSP US Mid Cap Index
- Provides passive exposure to U.S. mid cap stocks
- Mutual Fund (VMCIX)
- Expense Ratio: 0.04%

Vanguard Small Cap Index

- Tracks the CRSP US Small Cap Index
- Provides passive exposure to U.S. small cap stocks
- Mutual Fund (VSCIX)
- Expense Ratio: 0.04%

Recommended: SSGA U.S. Small/Mid Cap Index

- Tracks the Russell Small Cap Completeness Index
- Provides exposure to small and mid cap stocks in the U.S.
- Collective Investment Trust Class II
- Expense: 0.02%

Legend:

Tier II Core Options

Tier III Additional Options

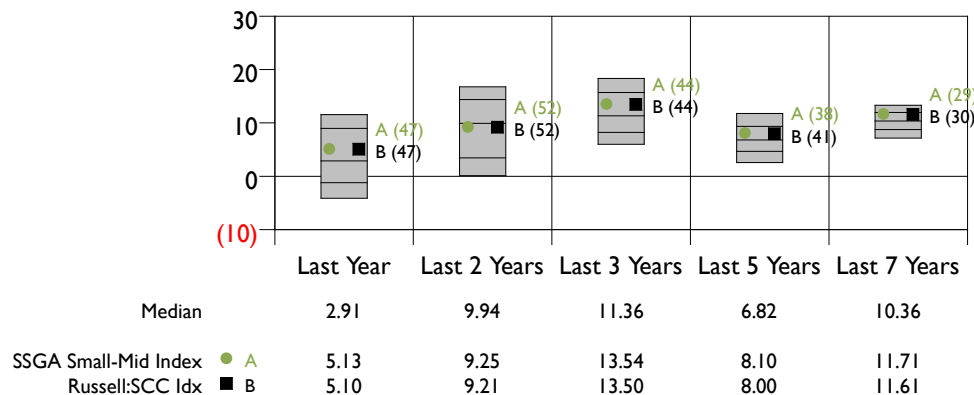
- **Recommendation:** Simplify the Small and Mid Cap Equity Index options by offering one broadly diversified Small/Mid Cap Equity Index option (SSGA U.S. Small/Mid Cap Index), while also reducing investment management fees.

Tier II Core and Tier III Additional Options

Simplifying the Investment Menu—Small/Mid Equity

Organization	State Street Global Advisors
Product Name	U.S. Small/Mid Cap Index
Product Inception Date	08/31/97
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index	Russell Small Cap Completeness Index
Index Description	The Fund seeks to mirror the holdings, portfolio characteristics and performance of the Russell Small Cap Completeness Index. The Russell Small Cap Completeness Index is a market capitalization weighted index comprised of the Russell 3000 stocks not included in the S&P 500 Index.
Assets In Product	\$30.9 Billion
Vehicle Type	Collective Investment Trust (Class II)
Total Expense Ratio	2.0 bps

Returns for Periods Ended March 31, 2019
Group: Callan Small/MidCap Broad Mutual Funds

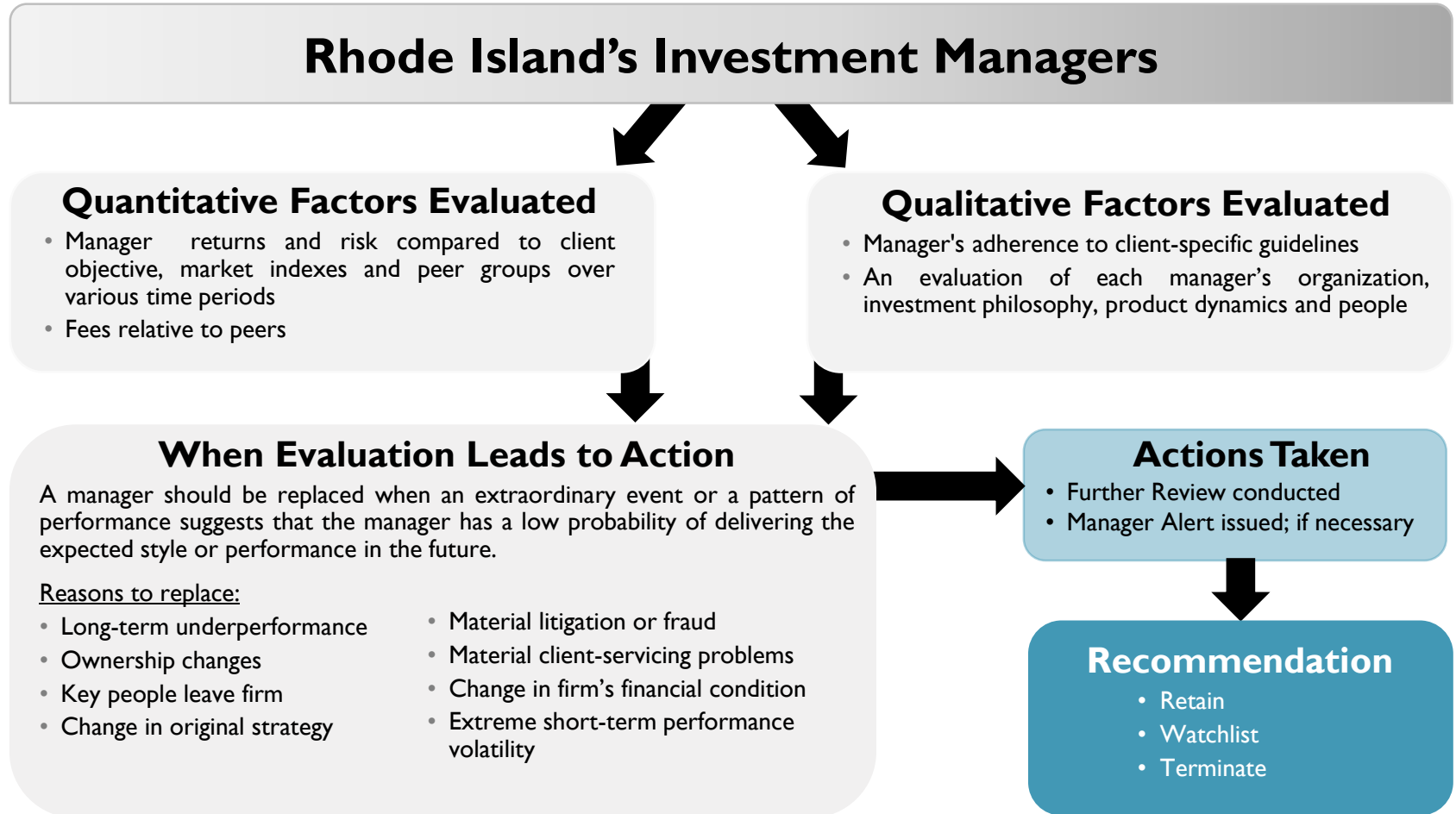


Rolling 4 Quarter Tracking Error Relative To Russell:SCC Idx
for 6 Years Ended March 31, 2019



Investment Manager Reviews

Comprehensive Ongoing Monitoring



TIAA 401 (a) Plan's Manager Due Diligence

Stoplight Grid Summary

Criteria	Vanguard Tgt Retirement Funds	Vanguard Inst Index	Vanguard FTSE Social Index	Vanguard Mid Cap Index	Vanguard Small Cap Index	Schwab International Index	Vanguard Emerging Market Stock Index	PIMCO Real Return	Vanguard Total Bond Market Index	TIAA Stable Value
Qualitative Review	●	●	●	●	●	●	●	●	●	●
Long Term Performance (5-Yr)	●	●	●	●	●	●	●	●	●	●
Short-Term Performance (3-Yr)	●	●	●	●	●	●	●	●	●	●
Fee	●	● *	● **	● ***	● ***	● ***	● ***	●	● *	●

Legend	
●	Everything is good to excellent in this area
●	Caution is warranted but action is not required at this time
WL	Watchlist Status
●	Action is recommended or is being taken (as applicable)

- The majority of the investment options rank good to excellent from both a qualitative and performance standpoint, per the Investment Policy Statement guidelines.
 - Capital Cities is currently monitoring the PIMCO Real Return Fund given a recent personnel change. Effective February 28th, Jeremie Banet, co-Portfolio Manager, retired. Mihir Worah, who has led the Real Return Team and the Fund since 2007, remained on the Strategy. As a result of Banet's retirement, PIMCO has added several resources to the team.
- There has recently been significant fee compression in the passive investment management space, which provides opportunities to reduce passive investment management fees (see pages 40-43 and 46-47).
- The Plan will transition to the new Admiral share class of Vanguard FTSE Social Index, during the week of July 22nd, which will reduce this Fund's fee by 4 bps.**

* Red stoplight is addressed on pages 46-47.

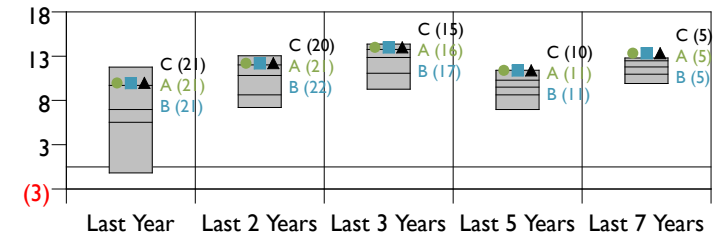
*** Red stoplight has been addressed as part of the Investment Structure Review pages 40-43.

Tier II: S&P 500 Index Recommendation

Grid & Performance

Organization	State Street Global Advisors
Product Name	S&P 500 Index
Product Inception Date	02/29/96
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index Description	The Funds seek to mirror the holdings, portfolio characteristics and performance of the S&P 500 Index. The S&P 500 Index is market capitalization index based on the 500 largest U.S. companies listed on the NYSE or NASDAQ. The components and their weights are determined by S&P Dow Jones Indices.
Assets In Product	\$483.8 Billion
Vehicle Type	Collective Investment Trust (Class II)
Total Expense Ratio	1.3 bps (Effective 8/1/19: 1.0 bp)

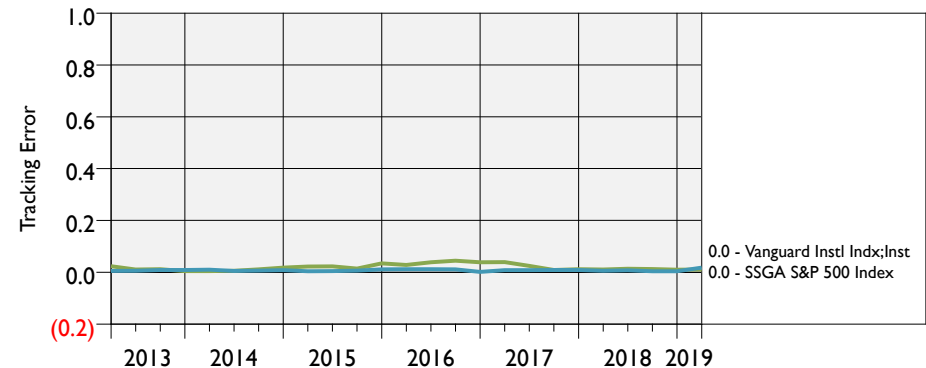
Returns for Periods Ended March 31, 2019
Group: Callan Large Cap Core Mutual Funds



Median

	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
SSGA S&P 500 Index	9.48	11.71	13.50	10.90	12.85
Vanguard Instl Indx;Inst	9.47	11.69	13.48	10.88	12.82
S&P:500	9.50	11.72	13.51	10.91	12.85

Rolling 4 Quarter Tracking Error Relative To S&P:500
for 6 Years Ended March 31, 2019



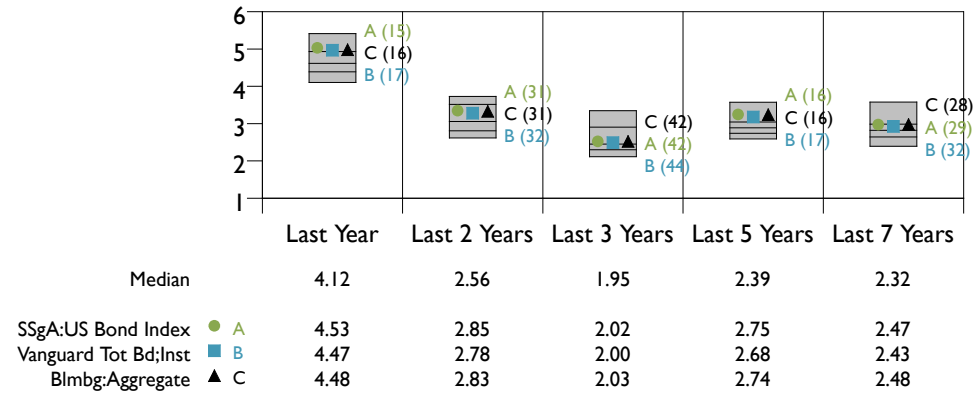
▪ **Recommendation: Replace Vanguard Instl Index (0.035%) with SSGA S&P 500 Index (0.01%).**

Tier II: Core Bond Index Recommendation

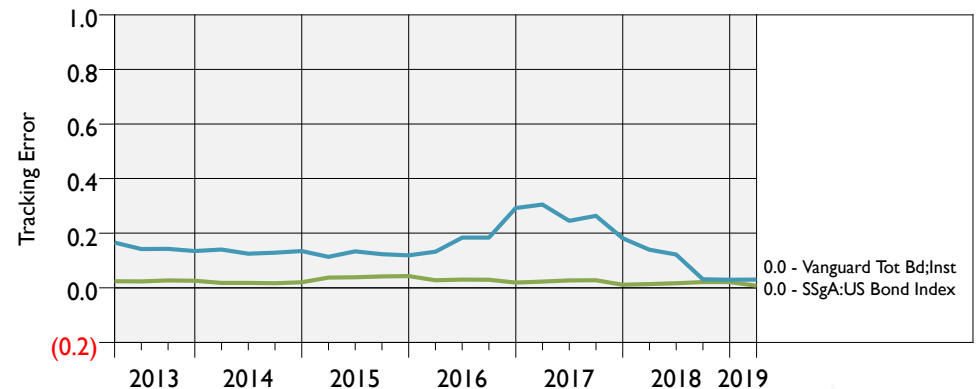
Grid & Performance

Organization	State Street Global Advisors
Product Name	US Bond Index
Product Inception Date	04/01/96
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index	Bloomberg Barclays Aggregate Bond Index
Index Description	The index provides a measure of the performance of the U.S. dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage-backed securities and asset-backed securities that are publicly for sale in the United States.
Assets In Product	\$52.2 Billion
Vehicle Type	Collective Investment Trust (Class XIV)
Total Expense Ratio	2.0 bps

Returns for Periods Ended March 31, 2019
Group: Callan Core Bond Mutual Funds



Rolling 4 Quarter Tracking Error Relative To Blmbg:Aggregate
for 6 Years Ended March 31, 2019



▪ **Recommendation: Replace Vanguard Total Bond Mkt Index (0.035%) with SSGA US Bond Index (0.02%).**

Deferred Compensation Program TIAA 457(b) Plan



TIAA 457(b) Plan

Asset Breakdown as of March 31, 2019

Investment Option	Style	Market Value	% of Plan Assets	# of Participants
Vanguard Target Retirement 2065	Target Date	\$1,560	0.0%	1
Vanguard Target Retirement 2060	Target Date	\$6,428	0.0%	10
Vanguard Target Retirement 2055	Target Date	\$12,349	0.0%	21
Vanguard Target Retirement 2050	Target Date	\$86,124	0.2%	28
Vanguard Target Retirement 2045	Target Date	\$86,047	0.2%	19
Vanguard Target Retirement 2040	Target Date	\$39,179	0.1%	23
Vanguard Target Retirement 2035	Target Date	\$258,037	0.7%	28
Vanguard Target Retirement 2030	Target Date	\$634,457	1.7%	62
Vanguard Target Retirement 2025	Target Date	\$117,280	0.3%	33
Vanguard Target Retirement 2020	Target Date	\$629,662	1.7%	24
Vanguard Target Retirement 2015	Target Date	\$19,762	0.1%	6
Vanguard Target Retirement Income	Target Date	\$57,816	0.2%	5
		\$1,948,700	5.3%	
Vanguard Instl Index	Large Cap Core	\$9,944,293	27.0%	398
Vanguard FTSE Social Index	Large Cap Broad	\$552,328	1.5%	45
Vanguard Mid Cap Index	Mid Cap Core	\$5,187,022	14.1%	333
Vanguard Small Cap Index	Small Cap Core	\$3,149,084	8.5%	249
Schwab International Index	Developed International	\$281,178	0.8%	24
American Funds EuroPacific Growth	Non-US Equity	\$1,589,521	4.3%	206
American Century Inflation Adjusted	TIPS	\$574,870	1.6%	152
PIMCO Total Return	Core Plus	\$545,752	1.5%	101
Vanguard Total Bond Market Index	Core Bond	\$204,996	0.6%	18
TIAA Traditional	Stable Value	\$6,519,233	17.7%	474
VALIC Fixed 1.5%	Guaranteed	\$34,873	0.1%	30
VALIC Fixed 3.0%	Guaranteed	\$6,347,632	17.2%	381
		\$34,930,782	94.7%	
		\$36,879,482	100.0%	

Note: The fifth and final distribution from VALIC should occur on or about 10/10/2021.

TIAA 457(b) Plan Investment Menu

Investment Menu Overview

Investment Menu				
Risk Spectrum	Tier I. Target Date Options	Tier II. Core Options	Tier III. Additional Options	Tier IV. Self-Directed Brokerage Account
Conservative	Vanguard Target Retire Income Trust I	TIAA Traditional	American Century Inf-Adjusted Bond	SDBA Mutual Fund Only Window
	Vanguard Target Retire 2015 Trust I	Vanguard Total Bond Market Index	PIMCO Total Return	
	Vanguard Target Retire 2020 Trust I	Vanguard Institutional Index	Vanguard FTSE Social Index	
	Vanguard Target Retire 2025 Trust I	Schwab International Index	American Funds EuroPacific Growth	
	Vanguard Target Retire 2030 Trust I	Vanguard Mid Cap Index		
	Vanguard Target Retire 2035 Trust I	Vanguard Small-Cap Index		
	Vanguard Target Retire 2040 Trust I			
	Vanguard Target Retire 2045 Trust I			
	Vanguard Target Retire 2050 Trust I			
	Vanguard Target Retire 2055 Trust I			
	Vanguard Target Retire 2060 Trust I			
Aggressive	Vanguard Target Retire 2065 Trust I			

The TIAA 457(b) Plan's investment menu follows best practices by: utilizing a proper default option (an age-appropriate Target Date Fund), offering a broad range of investment alternatives, and allowing participants to exercise control over their assets.

Tier I: Target Date Funds

Target Date Funds' Review

Target Date Funds:

- Provide participants with an “Allocate It For Me” solution — a pre-diversified portfolio
- Automatically allocate to more conservative asset classes over time (glide path)
- Are offered in five-year increments to best meet participant demographics
- Are designed to correspond to the year a participant intends to retire
- Serve as the 457(b) Plan’s default option, meaning that Rhode Island invests a participant’s assets in an age-appropriate Target Date Fund in the absence of investment direction from a participant

Tier I. Target Date Options

Vanguard Target Retire Income Trust I

Vanguard Target Retire 2015 Trust I

Vanguard Target Retire 2020 Trust I

Vanguard Target Retire 2025 Trust I

Vanguard Target Retire 2030 Trust I

Vanguard Target Retire 2035 Trust I

Vanguard Target Retire 2040 Trust I

Vanguard Target Retire 2045 Trust I

Vanguard Target Retire 2050 Trust I

Vanguard Target Retire 2055 Trust I

Vanguard Target Retire 2060 Trust I

Vanguard Target Retire 2065 Trust I

Tier I: Target Date Funds

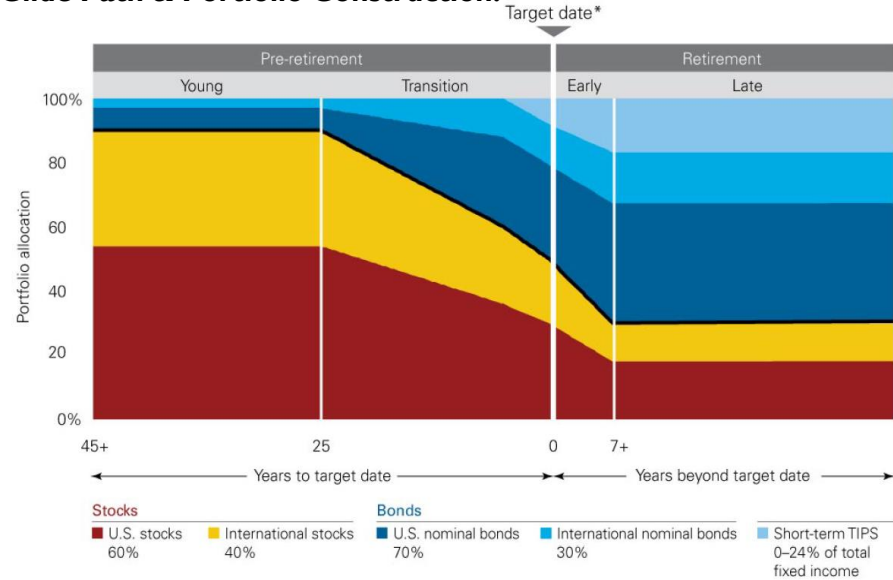
Vanguard Target Retirement Funds' Review

- Passive approach with broad market exposure to major asset classes.
- Simplistic and strategic construction relative to peers.
- Automatically becomes more conservative over time until landing at a static asset allocation seven years post-retirement.
- Near Morningstar industry average asset allocation.
- Performance closely tied to the Funds' benchmarks.
- Very inexpensive fees (0.07%) relative to peers given passive construction and the utilization of a collective investment trust vehicle.**
- The utilization and monitoring of the Vanguard Target Retirement Funds position the 457(b) Plan well relative to peers and within the context of the DOL's guidance.

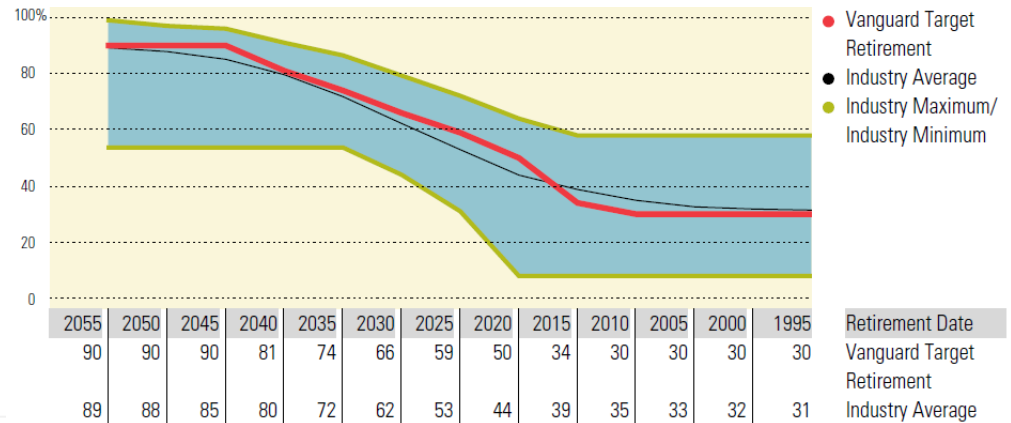
* Assumes retirement age of 65, source: Vanguard

**Morningstar Fee Level: Low

Glide Path & Portfolio Construction:

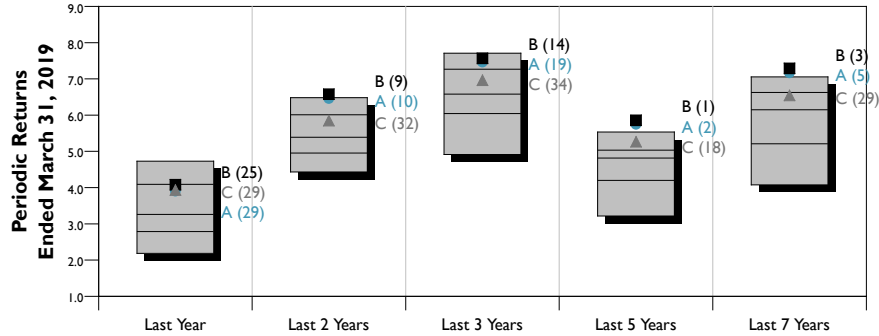


Morningstar Glide Path Peer Comparison:

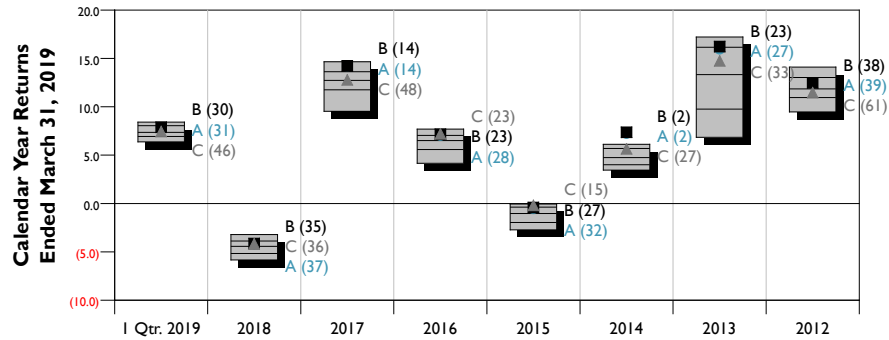


Target Date Funds' Comparison

2020 Fund Performance and Risk Comparison

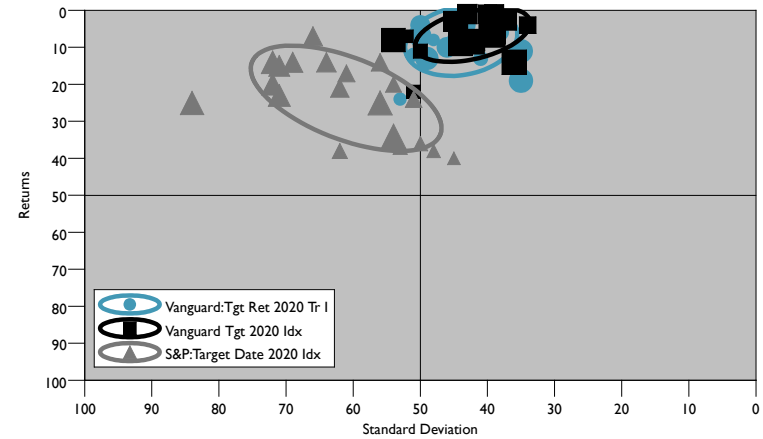


	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
Median	3.26	5.39	6.58	4.81	6.15
Vanguard: Tgt Ret 2020 Tr I (A)	3.90	6.46	7.46	5.75	7.17
Vanguard Tgt 2020 Idx (B)	4.08	6.58	7.57	5.86	7.29
S&P: Target Date 2020 Idx (C)	3.94	5.85	6.97	5.27	6.55



	I Qtr. 2019	2018	2017	2016	2015	2014	2013	2012
Median	7.36	(4.42)	12.73	6.51	(1.03)	4.74	13.33	11.84
Vanguard: Tgt Ret 2020 Tr I (A)	7.87	(4.18)	14.18	7.03	(0.54)	7.22	15.96	12.47
Vanguard Tgt 2020 Idx (B)	7.88	(4.13)	14.23	7.16	(0.40)	7.38	16.24	12.48
S&P: Target Date 2020 Idx (C)	7.45	(4.16)	12.80	7.22	(0.19)	5.67	14.76	11.48

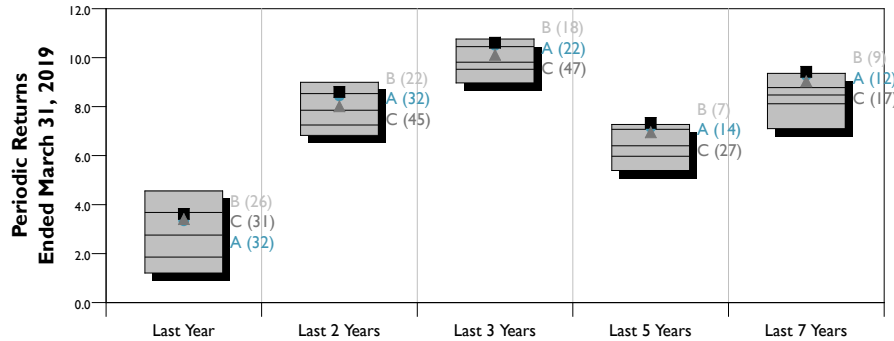
Rolling 12 Quarter Scatter Chart for 5 Years Ended March 31, 2019



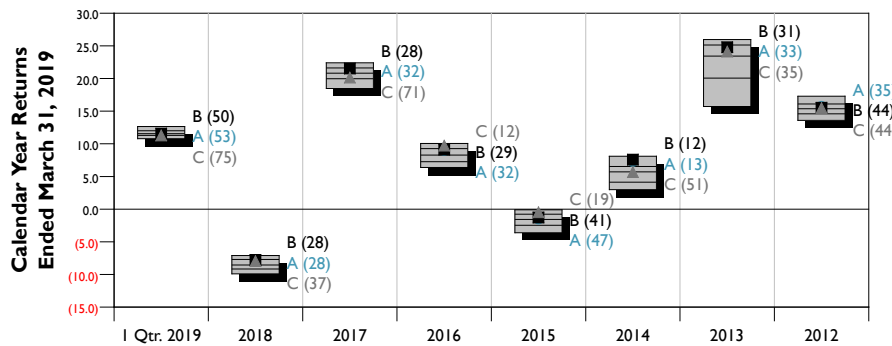
Vanguard 2020 has provided higher returns, while taking slightly more risk, relative to its peers.

Target Date Funds' Comparison

2050 Fund Performance and Risk Comparison

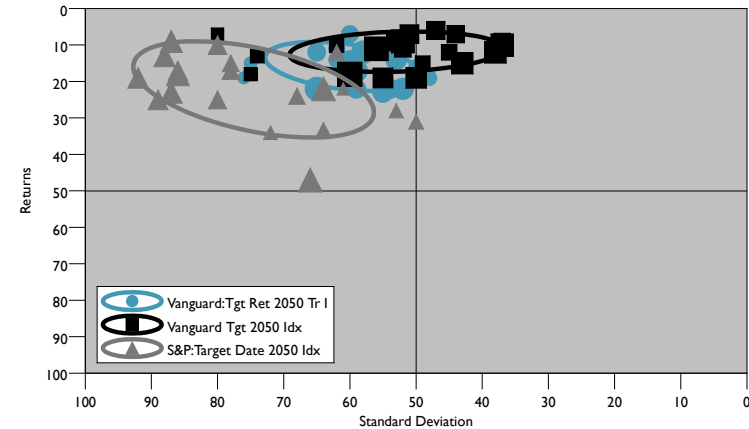


Median	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
Vanguard:Tgt Ret 2050 Tr I	3.34	8.44	10.51	7.16	9.28
Vanguard Tgt 2050 Idx	3.63	8.60	10.62	7.34	9.43
S&P:Target Date 2050 Idx	3.41	8.02	10.12	6.95	9.04



Median	1 Qtr. 2019	2018	2017	2016	2015	2014	2013	2012
Vanguard:Tgt Ret 2050 Tr I	11.52	7.82	21.48	8.96	1.52	7.29	24.52	15.76
Vanguard Tgt 2050 Idx	11.57	7.77	21.55	9.12	1.26	7.60	24.80	15.55
S&P:Target Date 2050 Idx	11.28	7.94	20.17	9.74	0.46	5.68	24.13	15.49

Rolling 12 Quarter Scatter Chart for 5 Years Ended March 31, 2019



Vanguard 2050 has posted stronger returns, while generally taking lower risk, than its peers.

Tier II Core and Tier III Additional Options

Core and Additional Options' Review

	Style:	TIAA 457(b) Investment Option(s):	% of Plan Assets:	
Fixed Income	Capital Preservation	TIAA Traditional	17.7%	
	Core Fixed Income	Vanguard Total Bond Market Index	0.6%	
	Core Plus Fixed Income	PIMCO Total Return	1.5%	
	Real Return/TIPS	American Century Infl Adjusted Bond	1.6%	
Equity	Large Cap Equity	Vanguard Institutional Index	27.0%	
	Socially Responsible Equity	Vanguard FTSE Social Index	1.5%	
	International Equity	Schwab International Index	0.8%	
		American Funds EuroPacific Growth	4.3%	
	Small/Mid Cap Equity	Vanguard Mid Cap Index	14.1%	
		Vanguard Small Cap Index	8.5%	

Legend:

Tier II Core Options

Tier III Additional Options

- The TIAA 457(b) Tier II Core Options offer exposure to each major asset class, primarily through passive investment management, that allow participants to build their own diversified portfolio.
 - An opportunity exists to enhance the International Equity option (see following pages).
 - While the Small/Mid Cap Equity options could be simplified, participant disruption would be significant (23% of assets).
- The Plan's Tier III Additional Options are appropriate offerings that provide further diversification opportunities with actively managed options (Core Plus Fixed Income, Real Return/TIPS and International Equity) along with a passively managed Socially Responsible Equity Fund (Vanguard FTSE Social Index).

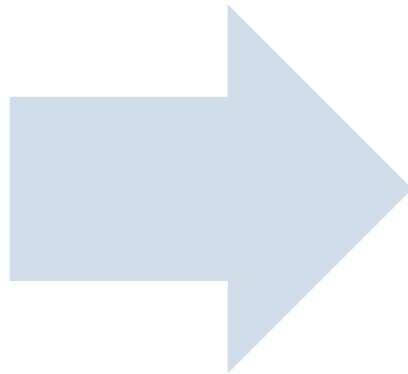
Tier II Core and Tier III Additional Options

Enhancing the Tier II International Equity Option

Current:

Schwab International Index

- Tracks the MSCI EAFE Index
- Provides passive exposure to developed equity markets outside of the U.S.
- Mutual Fund (SWISX)
- Expense Ratio: 0.06%



Recommended:

SSGA Global All Cap Equity ex U.S. Index

- Tracks the MSCI ACWI ex-US IMI Index
- Provides exposure to large, mid and small cap stocks across developed and emerging markets, excluding the U.S.
- Collective Investment Trust Class II
- Expense: 0.045%

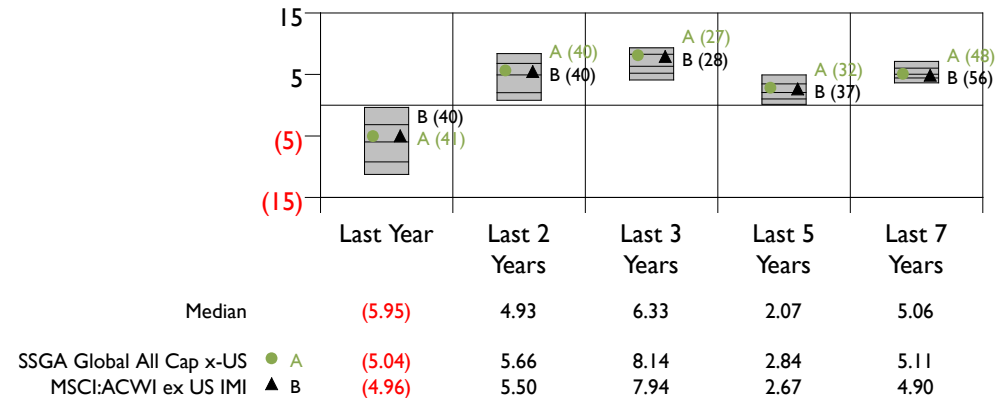
▪ **Recommendation:** Replace the current International Equity Index option with a more broadly diversified International Equity Index option (SSGA Global All Cap Equity ex U.S. Index), while also reducing the investment management expense.

Tier II Core and Tier III Additional Options

Simplifying the Investment Menu—International Equity

Organization	State Street Global Advisors
Product Name	Global ex US All Cap
Product Inception Date	04/30/10
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index	MSCI ACWI ex-US IMI Index
Index Description	The MSCI ACWI ex US Investable Market Index (IMI) captures large, mid and small cap stocks across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries. With 6,149 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.
Assets In Product	\$31.8 Billion
Vehicle Type	Collective Investment Trust (Class II)
Total Expense Ratio	4.5 bps

Returns for Periods Ended March 31, 2019
Group: Callan Non US Equity Mutual Funds



Rolling 4 Quarter Tracking Error Relative To MSCI:ACWI ex US IMI
for 6 Years Ended March 31, 2019



Tier IV: Self-Directed Brokerage

Self-Directed Brokerage Accounts (SDBA) Considerations

Evaluating Factors for Plan Sponsors:



Is the proposed provider qualified to offer the brokerage window service?



What is the quality of the provider's service?



Are the fees reasonable?

TIAA SDBA Overview:

- Mutual Fund Only Window
- Transaction Fee Funds: \$35 for buys and sells. Recurring contributions do not get charged.
- No Transaction Fee Funds: \$0 for buys and sells if held for more than three months. \$50 fee if sold within three months of buying.

- The TIAA SDBA allows participants to invest outside of the 457(b) Plan's investment menu.
- Currently, there are no participants in Rhode Island's 457(b) Plan who are utilizing TIAA's SDBA option.

TIAA 457(b) Plan's Manager Due Diligence

Stoplight Grid Summary

Criteria	Vanguard Tgt Retirement Funds	Vanguard Inst Index	Vanguard FTSE Social Index	Vanguard Mid Cap Index	Vanguard Small Cap Index	Schwab International Index	American Funds EuroPacific Growth	American Century Infl-Adjusted Bond	PIMCO Total Return	Vanguard Total Bond Market Index	TIAA Traditional
Qualitative Review	●	●	●	●	●	●	●	●	●	●	●
Long Term Performance (5-Yr)	●	●	●	●	●	●	●	●	●	●	●
Short-Term Performance (3-Yr)	●	●	●	●	●	●	●	●	●	●	●
Fee	●	●*	●**	●	●	●***	●	●	●	●*	●

Legend	
●	Everything is good to excellent in this area
●	Caution is warranted but action is not required at this time
WL	Watchlist Status
●	Action is recommended or is being taken (as applicable)

- All of the investment options rank good to excellent from both a qualitative and performance standpoint, per the Investment Policy Statement guidelines.
- There has recently been significant fee compression in the passive investment management space, which provides opportunities to reduce passive investment management fees (see pages 56-57 and 60-61).
- The Plan will transition to the new Admiral share class of Vanguard FTSE Social Index, during the week of July 22nd, which will reduce this Fund's fee by 4 bps.**

* Red stoplight is addressed on pages 60-61.

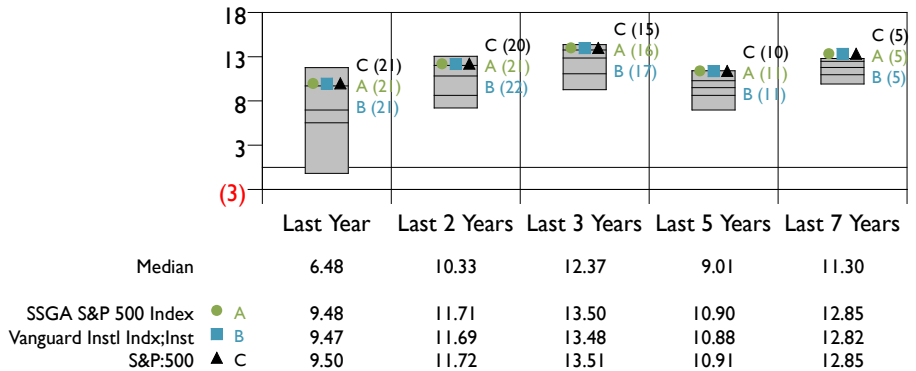
*** Red stoplight has been addressed as part of the Investment Structure Review pages 56-57.

Tier II: S&P 500 Index Recommendation

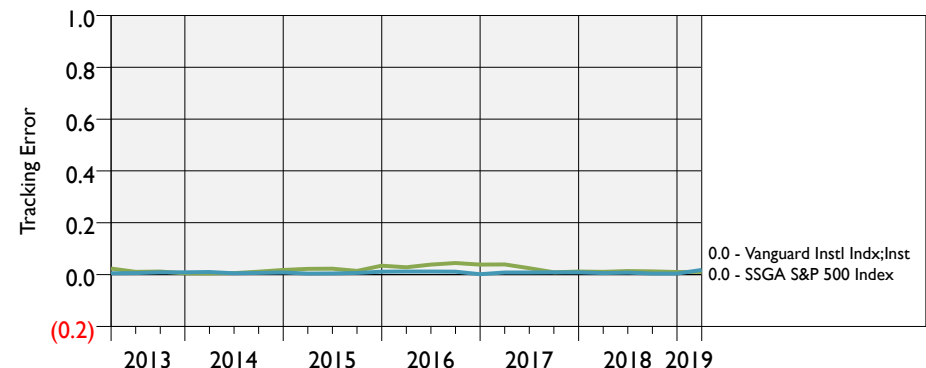
Grid & Performance

Organization	State Street Global Advisors
Product Name	S&P 500 Index
Product Inception Date	02/29/96
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index Description	The Funds seek to mirror the holdings, portfolio characteristics and performance of the S&P 500 Index. The S&P 500 Index is market capitalization index based on the 500 largest U.S. companies listed on the NYSE or NASDAQ. The components and their weights are determined by S&P Dow Jones Indices.
Assets In Product	\$483.8 Billion
Vehicle Type	Collective Investment Trust (Class II)
Total Expense Ratio	1.3 bps (Effective 8/1/19: 1.0 bp)

Returns for Periods Ended March 31, 2019
Group: Callan Large Cap Core Mutual Funds



Rolling 4 Quarter Tracking Error Relative To S&P:500
for 6 Years Ended March 31, 2019



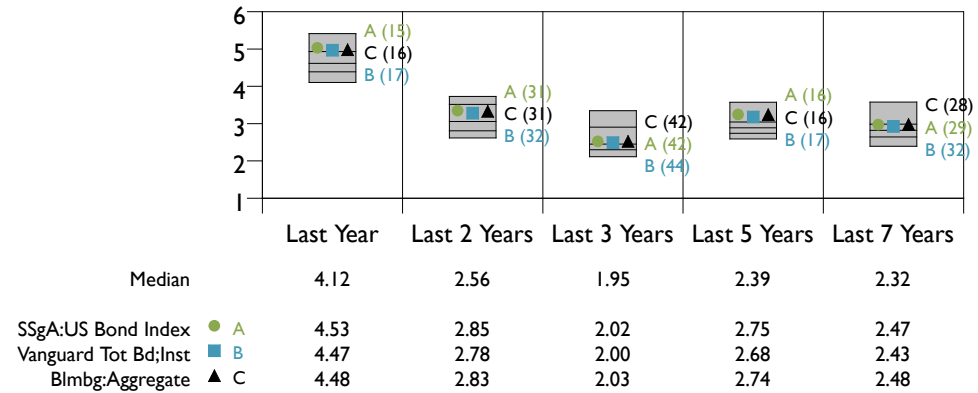
▪ **Recommendation: Replace Vanguard Instl Index (0.035%) with SSGA S&P 500 Index (0.01%).**

Tier II: Core Bond Index Recommendation

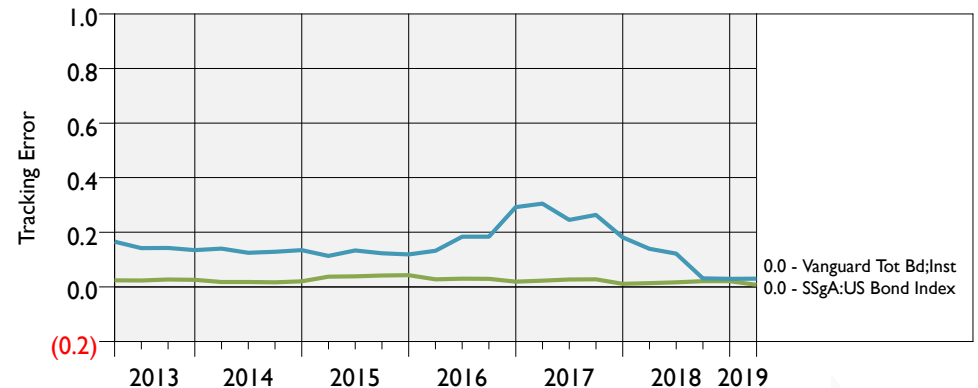
Grid & Performance

Organization	State Street Global Advisors
Product Name	US Bond Index
Product Inception Date	04/01/96
Ownership Structure	State Street Global Advisors Trust Company is a wholly owned subsidiary of State Street Bank and Trust which is a wholly owned subsidiary of State Street Corporation, a publicly listed company (NYSE: STT). State Street Global Advisors is the world's third largest asset manager with over \$2.8 trillion in assets under management.
Index	Bloomberg Barclays Aggregate Bond Index
Index Description	The index provides a measure of the performance of the U.S. dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage-backed securities and asset-backed securities that are publicly for sale in the United States.
Assets In Product	\$52.2 Billion
Vehicle Type	Collective Investment Trust (Class XIV)
Total Expense Ratio	2.0 bps

Returns for Periods Ended March 31, 2019
Group: Callan Core Bond Mutual Funds



Rolling 4 Quarter Tracking Error Relative To Blmbg:Aggregate
for 6 Years Ended March 31, 2019



▪ **Recommendation: Replace Vanguard Total Bond Mkt Index (0.035%) with SSGA US Bond Index (0.02%).**

APPENDIX



Capital Preservation Comparisons

Grids

Organization	TIAA	TIAA
Product Name	TIAA Stable Value	TIAA Traditional
Stable Value Inception Date	2010	1918
Ownership Structure	TIAA is a stock U.S. life insurance company organized under New York law that operates without profit in accordance with the terms of its charter. All outstanding stock of TIAA is held by the TIAA Board of Overseers.	
Firm Information	TIAA is a Fortune 100 diversified financial services organization that includes a retirement plan business serving institutions in the academic, research, medical, cultural and government fields; a retail financial services business serving individuals; and a global asset management business serving individual and institutional investors and advisors.	
Investment Philosophy	The Fund seeks capital preservation and income.	The TIAA Traditional Annuity is a guaranteed annuity account backed by the claims-paying ability of TIAA. It guarantees participant's principal and a contractually specified minimum interest rate, plus it offers the opportunity for additional amounts in excess of this guaranteed rate. These additional amounts are declared on a year-by-year basis by the TIAA Board of Trustees.
Investment Process	The Separate Account, used as the first line of collateral supporting contract guarantees, is managed and maintained by TIAA. The Separate Account investment strategy is similar to that of TIAA's General Account, but has a shorter maturity profile and a single-A credit quality. The Separate Account's strategy subscribes to both a buy and hold investment approach that seeks predictable income flows to support competitively attractive returns compared with competing annuity products and products with an active management investment approach. Assets are not marked to market but are rather accounted for at book value.	The TIAA General Account invests in a broadly diversified portfolio that incorporates a number of steps. First is a determination of the appropriate asset profile and allocation in relation to General Account liabilities. Next, allocation decisions within broader asset class categories and sectors are made in consideration of prevailing market conditions and perceived opportunities, with primary input from TIAA's investment management teams. Finally, selection of individual securities, with the objective of realizing superior risk-adjusted returns within each market sector or security type, is carried out by portfolio management teams with support from centralized teams of in-house research analysts.
Portfolio Construction	The assets are managed in accordance with internally approved authorizations and investment guidelines. Senior management may make periodic updates to these limits as market conditions and opportunities warrant but all recommended changes to these limits must be formally approved by applicable TIAA governance committees. Separate account collateral portfolio guidelines: Minimum weighted portfolio quality of single A-; Maximum weighted average portfolio duration of 5 years; At time of purchase all non-structured investments must have a maximum maturity not to exceed ten years; At the time of purchase all structured investments must have a duration not to exceed seven years; Up to 5% in cash, cash equivalents, and short-term public securities. Eligible Investments: U.S. dollar denominated debt securities; Obligations of the U.S. government, its agencies and instrumentalities; Public and 144A corporate securities and obligations; Public and 144A municipal securities (U.S. Only); Public and 144A structured securities (U.S. Only); Supranational and sovereign debt obligations; Private Placements rated BBB or better; Commercial mortgages (U.S. Only) rated BBB or better; Derivatives (governed by internal TIAA derivatives use policy); Not more than 5% can be invested in a single issuer; Not more than 15% may be rated below investment-grade.	
Manager Diversification	All assets are managed by TIAA.	All assets are managed by TIAA.
Wrap Provider Diversification	Separate Account Collateral Portfolio backed by TIAA's General Account.	TIAA's General Account supports TIAA Traditional's guarantees. Based on TIAA's claims-paying ability.
Key Professionals	The collateral portfolios supporting TIAA's insurance obligations are managed by large teams within Nuveen Equities & Fixed Income headed by Bill Huffman. There are extensive teams of portfolio managers, research analysts and traders who have roles and responsibilities related to the various portfolios. Nick Lolis is the lead for the TIAA General Account (and the separate account supporting TIAA Stable Value) on all investment matters related to portfolios managed by the TIAA group of companies.	
Financial Strength	As of March 31, 2019, the TIAA General Account has Net Capital and Surplus of \$38.4 billion and Financial Strength Ratings of: Aa1, AA+, A++, and AAA.	
Crediting Rate Declared	January 1st and July 1st	March 1st
Minimum Crediting Rate	1%-3%. Current: 1.5% (as of January 1st)	1%-3%. Current: 1.3% (as of March 1st)
Current Net Crediting Rate	2.2% (as of January 1st)	Monthly reset for contributions. June 2019: rate of 3.0% through March 1, 2020.
Discontinuance Provision	Within 90 days of discontinuance date or two years from discontinuance date (0.75% crediting rate reduction applies during two-year period). Avg Annualized Return over last 2-year time period with discontinuance provisions applied: 2.05% - 0.75% = 1.30% (as of March 31, 2019).	Paid in 60 monthly installments without any surrender charge. 90 day advanced notice required from institution.
Vehicle	Group Annuity Contract	Group Annuity Contract
Expense	0.43%	Spread-based--Explicit Fee: 0.00%

Passive Elimination Matrix

Qualitative and Quantitative Evaluation

	Name of firm	Product	Notes
S&P 500			
1	Northern Trust	S&P 500 Index	Operational ease with SSGA (Same fee)
2	Fidelity	500 Index Fund	Price (1.5 bps); Not available on TIAA platform
3	BlackRock	Equity Index Strategy	Price (1.77 bps)
4	Schwab	S&P 500 Index Fund	Price (2 bps)
5	State Street	S&P 500 Index Strategy	Price (1 bp)
6	Vanguard	Institutional Index Fund	Price (3.5 bps)
US Mid Cap			
1	Fidelity	Mid Cap Index	Price (2.5 bps); Not available on TIAA platform
2	Vanguard	Mid Cap Index	Price (4 bps)
3	Schwab	U.S. Mid Cap Index	Price (4 bps); Operational ease with Vanguard
4	State Street	S&P Mid Cap Index	Performance relative to Vanguard
US Small Cap			
1	Fidelity	Small Cap Index	Price (2.5 bps); Not available on TIAA platform
2	Vanguard	Small Cap Index	Price (4 bps)
3	Schwab	Small Cap Index	Price (4 bps)
4	State Street	Small Cap Index	Performance relative to Vanguard
US Small/Mid Cap			
1	Northern Trust	DJ US Completion Index	Price (7 bps)
2	Fidelity	Extended Market Index Fund	Price (4.5 bps); Not available on TIAA platform
3	BlackRock	Extended Equity Market Strategy	Price (3.63 bps)
4	State Street	Russell Small Cap Completeness Index Strategy	Price (2 bps)
5	Vanguard	Extended Market Index Fund	Price (6 bps)
Broad Non-US Stock Market			
1	Northern Trust	ACWI ex US IMI	Price (15 bps)
2	Fidelity	Total International Index Fund	Price (6 bps); Not available on TIAA platform
3	State Street	MSCI ACWI ex-US IMI Index Strategy	Price (4.5 bps)
4	BlackRock	MSCI ACWI ex-US Index Strategy	Price (6.99 bps)
5	Vanguard	Total International Stock Market Index Fund	Price (8 bps)
Broad Bond Market			
1	State Street	US Bond Market Index Strategy	Price (0.02%)
2	Vanguard	Total Bond Market Index	Price (3.5 bps)
3	Fidelity	U.S. Bond Index	Price (2.5 bps); Not available on TIAA platform
4	Schwab	U.S. Aggregate Bond	Price (4 bps)
5	iShares	U.S. Aggregate Bond	Price (5 bps)

Legend:

Finalist