

Brian Sandoval
Governor

Reba Coombs
Program Coordinator



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NDOT
Carlos Romo, Vice Chair
Retired
Brian L. Davie
LCB
Karen Oliver
GCB
Steve C. Woodbury
GOED

Shane Chesney
Senior Deputy Attorney General

**Nevada Public Employees'
Deferred Compensation Program**

**DEFERRED COMPENSATION COMMITTEE
PLANNING MEETING MINUTES FOR
Wednesday, January 30, 2013**

The special meeting of the Deferred Compensation Committee was held on Wednesday, January 30, 2013 at 10:30 a.m. in the Commission Meeting room of the Paul Laxalt Building, 401 N. Carson St., Carson City, Nevada.

A copy of this set of meeting minutes, including the agenda, the audio recording and other substantive exhibits, is available on the Nevada Deferred Compensation (NDC) website at:
http://defcomp.state.nv.us/NDC_MinutesMeetings.htm.

BOARD MEMBERS

Brian Davie
Karen Oliver
Steve Woodbury
Carlos Romo, Vice Chair
Scott Sisco, Chair

OTHERS PRESENT:

Bill Abramowicz, MassMutual
Lyra Ambrose, ING (by phone)
Jim Barnes, CR Zeh Law
Bishop Bastien, ING
Diane Brittell, MassMutual (by phone)
Shane Chesney, Senior Deputy Attorney General
Reba Coombs, NDC Program Coordinator
Jake Honea, MassMutual
Brian Merrick, ING
Frank Picarelli, Segal Rogerscasey
Micah Salerno, NDC Admin Assistant
Todd Theroux, MassMutual
Robert Trenerry, MassMutual
Steve Watson
Eric Wietsma, MassMutual

1. Call to Order/Roll Call

Chairman Scott Sisco called the planning meeting to order at 10:33 a.m. Ms. Reba Coombs took roll and determined a quorum was present and confirmed the meeting was properly noticed.

Ms. Coombs went over the outline of the meeting and noted the Planning Meeting was an informal meeting to discuss topics of interest to the Committee. There were no action items as it was for information and discussion only.

2. Public Comment

No public comment.

3. Loan Provision

This agenda item was taken out of order due to time constraints of attendees.

4. General Account and Stable Value Account

This agenda item was taken out of order due to time constraints. Mr. Picarelli provided information on the risks, lack of transparency and trust status on the General Account noting the assets were backed by the insurance company but would be subject to creditors if the company went bankrupt. He also commented on the safety and transparency of a Stable Value Account. Mr. Picarelli suggested they get a MassMutual product manager to explain the products and features of the General Account and provide education on the spread and how it works. Additionally MassMutual could put together a communication piece to send to participants on how the General Account works and the functionality of it so they were aware and educated.

A lengthy discussion ensued between Mr. Picarelli, the Committee, Ms. Coombs, and various representatives from MassMutual and ING.

Loan Provision

Following the General Account and Stable Value Account discussion Ms. Coombs presented an overview of the requirements and considerations that go along with a loan program. Mr. Picarelli provided additional details on managing a loan program.

During the conversation it was pointed out that adding a loan feature to the Plan would increase the workload on staff due to the necessity of monitoring the IRS limits, processing paperwork, and checking to see if participants were using both providers for loans. If repayment were done through payroll deduction there would be an added cost to audit the payroll centers as well as greater difficulty tracking loans with all the governmental partners. This option would not be available to retirees. Staff could be inundated with requests for loans when the option became available.

Chair Sisco struggled with this item because he did not see a way to offer the loans without the costs associated with monitoring the loans being paid by all participants.

Mr. Woodbury felt this feature was counterproductive because the Plan served as a way to save for retirement. Since there was a provision for unforeseen emergency withdrawal already in place, he did not see a need for the option of a loan.

Mr. Davie did not believe he would vote to add the loan provision to the Plan because there was a provision in place for hardships, it was contrary to the purpose of the Program, and it would cause additional work for staff. He believed they should put this item on a future agenda for the Committee to vote to either dismiss the idea or approve it so they could move forward.

The dialogue ended with the decision to put this item on a future agenda for the Committee to vote on. Chair Sisco asked Ms. Coombs to look into an option for a third party to oversee the monitoring of the loans and the fees that would incur. He also asked the providers to look at their other plans and see how many had a loan option and how long it had been in place along with any other facts and figures that could be helpful.

5. Open Architecture

Mr. Picarelli explained about open architecture.

6. Plan Document Updates

Mr. Picarelli and Ms. Coombs would work together on reviewing the regular and FICA plan documents making sure to address the language on beneficiary designation.

7. Regulatory Updates

Chair Sisco quoted NAC 287.715

NAC 287.715 Administrators and providers: Bases for selection. ([NRS 287.330](#)) The Committee will base its selection, as applicable, of administrators and providers on:

1. The criteria set forth in [NAC 287.720](#);
 2. The answers to the questionnaire provided pursuant to [NAC 287.725](#);
 3. Any interviews conducted by the Committee;
 4. The variety and quality of any investment options offered to participants; and
 5. The projected costs submitted by each applicant.
- ➔ The Committee will not select an applicant who submits the least expensive proposal if another applicant is better qualified.

NAC 287.720 Administrators and providers: Criteria for selection. ([NRS 287.330](#)) In selecting an applicant, the Committee will consider:

1. The experience of the applicant in providing services to deferred compensation and similar programs and the rate of return of any investments offered by the applicant;
2. The amount of money the applicant is currently managing and the general financial condition of the applicant;
3. Whether the applicant is qualified to do business in this State; and
4. Whether the applicant employs a sufficient number of employees and possesses sufficient equipment to offer timely and efficient communication and service to the participants in the Program.

Mr. Davie noted the regulations were adopted in 1991 so some of the language was out of date.

Chair Sisco commented that some of the wording needed to be changed both to update the language and to give the most flexibility to the Committee. He was concerned with NAC 287.715 items 4 and 5 as well as the difference in wording on NAC 287.370 2(c) and NRS 287.330 3(d)

Ms. Coombs stated it was a lengthy process to get the regulations updated with many steps involved.

The Committee and DAG should review the statutes and regulations and send suggestions of wording and/or recommendations for changes to Ms. Coombs. The changes should be in place by the end of 2013 so everything would be ready for the next recordkeeper RFP.

8. Fiduciary Duties of Committee

Mr. Picarelli addressed the responsibility his company held in fiduciary responsibility. The Committee and representatives from ING and MassMutual discussed other aspects of fiduciary responsibility.

Mr. Davie suggested that in the distant future it would be best to have the NDC Plan become part of PERS. There were a lot of complications to this idea but looking forward it would benefit participants.

9. Financial Audit

Ms. Coombs noted there was no current contract for a financial audit and there were no statutory requirements to do a financial audit.

DAG Chesney commented that an RFP might not be needed for this service and would check in to that.

The Committee recommended to do the financial audit every other year and asked Ms. Coombs to check the cost with Clifton Gunderson since they were the company who did the last financial audit. This should be put as an action item on a future agenda to decide if they would choose to use this service and how frequently it would be done.

10. Communication Plan

Ms. Coombs noted this section covered many ideas for communication including participant educational seminars, financial education days, newsletters and provider updates.

Vice Chair Romo wanted to be sure the retirees were included in educational seminars.

Mr. Davie believed it was important to get the newsletter on a regular quarterly schedule so participants would be informed of new information in a timely manner.

Mr. Trenerry remarked that there was a retirement education seminar held in the past for people who were close to retirement or already retired.

11. Evaluations

Ms. Coombs remarked that in the past the Committee had a regular schedule for evaluating staff, recordkeepers and investment consultant. These evaluations gave the Committee a chance to focus on those people and to provide feedback and direction using the job description for staff and criteria from the contract to analyze the performance of the providers and investment consultant.

The Committee proposed to add this to an agenda for review and to set up evaluations possibly at the November quarterly meeting.

12. Legislative Updates

Ms. Coombs reported that the Deferred Compensation budget was not scheduled to go before the legislature because there were no major enhancements or general fund dollars.

The Committee encouraged Ms. Coombs to do a legislative search for deferred compensation on a regular basis.

Comments/Updates

13. Investment Consultant/Providers

No comments.

14. Sr. Deputy Attorney General

No comment.

15. Committee Members

Confirmed next meeting was February 20, 2013.

Chair Sisco verified that Vice Chair Romo and Ms. Coombs would start working on the new investment consultant contract.

16. Staff

No comment.

17. Public Comment

No comment.

18. Adjournment

The meeting was adjourned at 2:12 pm.

Respectfully Submitted,

Micah Salerno
Administrative Assistant