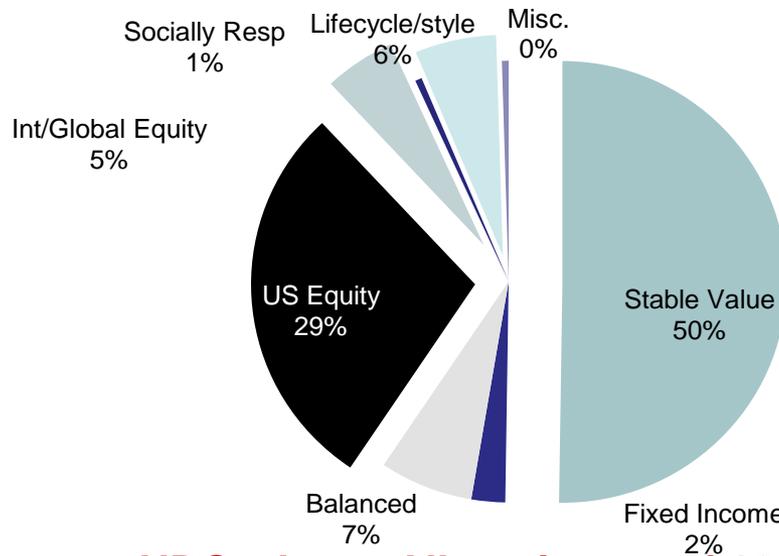
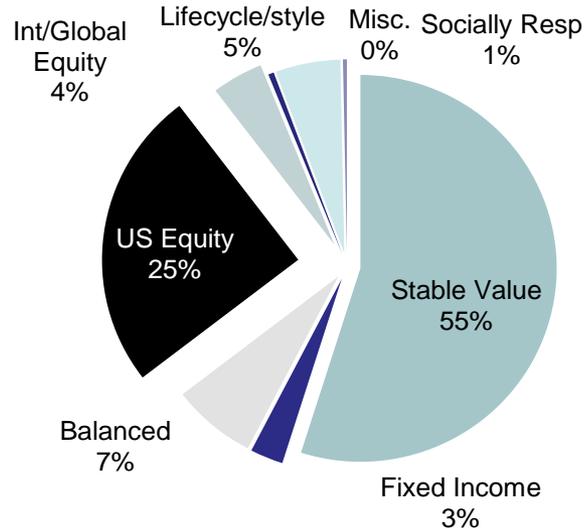


Nevada Deferred Compensation

NDC - Asset Allocation as of 12/31/09 \$479.7 Million



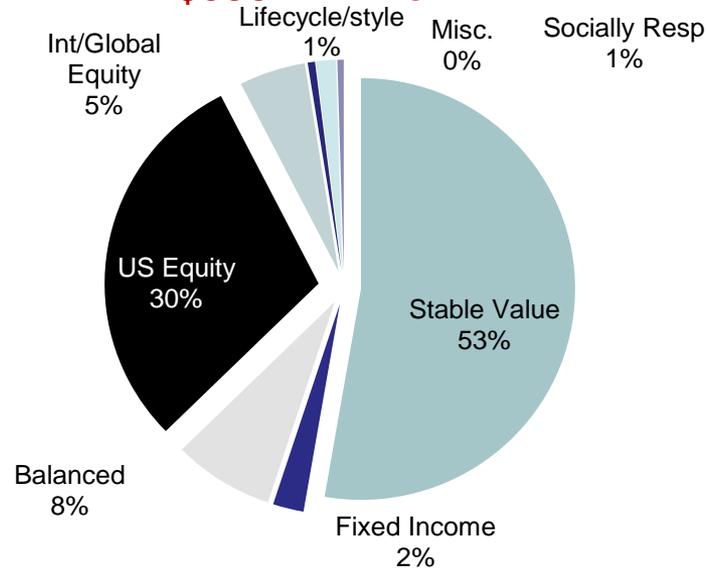
NDC - Asset Allocation as of 12/31/08 \$403.3 Million



Nevada Deferred Compensation

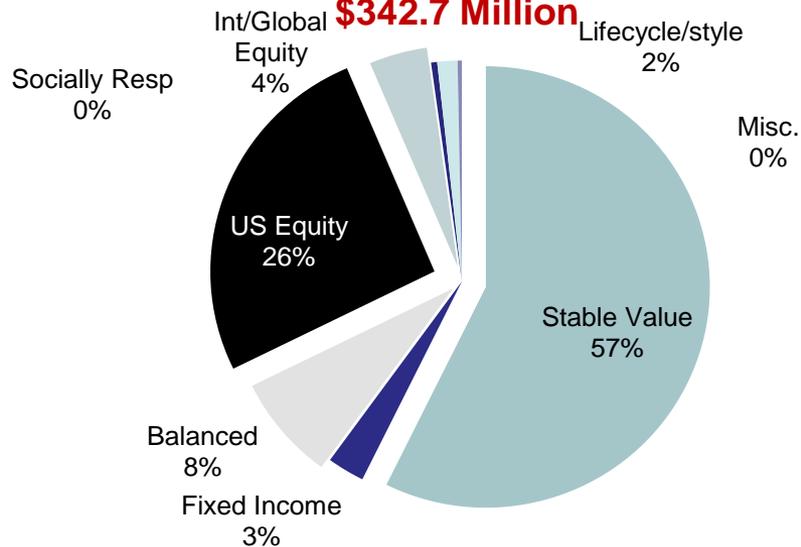
Hartford - Asset Allocation as of 12/31/09

\$393.7 Million



Hartford - Asset Allocation as of 12/31/08

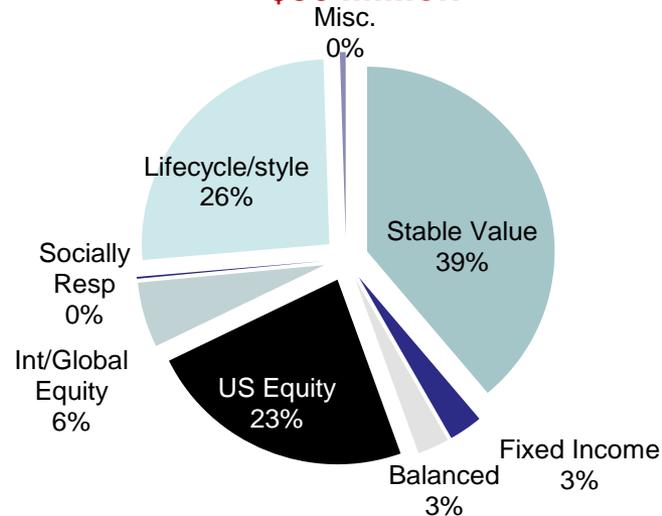
\$342.7 Million



Nevada Deferred Compensation

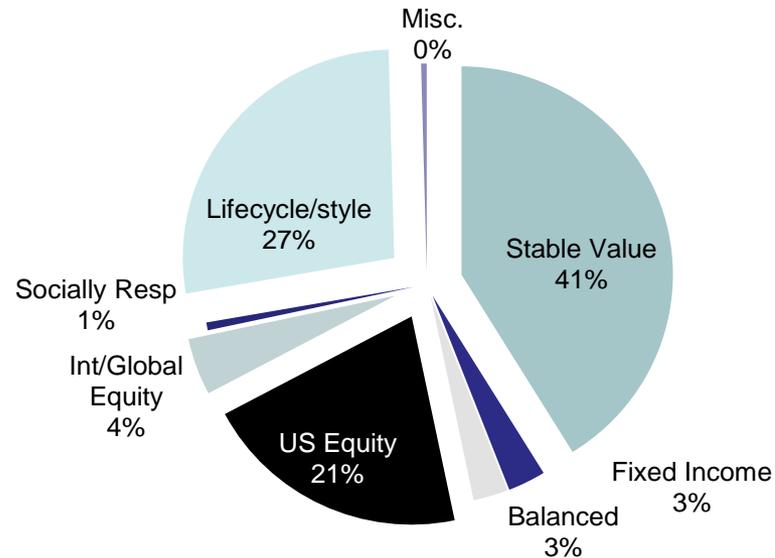
ING- Asset Allocation as of 12/31/09

\$86 Million



ING- Asset Allocation as of 12/31/08

\$60.6 Million



Total Contribution Comparison

Year	TOTAL
2008	\$49,104,144*
2009	\$46,632,345*

✓ 5 % decrease in 2009 total plan contributions

*Contribution amounts include new monies only

Total Plan Activity

	Total Contributions	Market Activity	Net Gain/Loss
2009	\$46.6 million	\$29.8 million	\$76.4 million
2008	\$49.1 million	-\$72.1 million	-\$20.9 million
2007	\$51.8 million	\$22.7 million	\$74.5 million

Nevada Deferred Compensation

	2008 Total	2009 Total	% Change	
Total Participants	12,985	13,035		0.4%
New Participants	1,045	671		36%
Increases in Contributions	1,890	1,419		25%
Individual Mtg with Reps	7,855	8,499		8 %
Group Enrollment Meetings	824	766		7%
Unforeseen Emergencies (Total \$)	\$321,774	\$464,409		44%

Nevada Deferred Compensation

Performance Indicators	FY 10 Actual (as of Dec. 31, 2009)	FY 10 Goal
Total Participants*	10,587	11,429
Participation Rate*	31%	39%
Percent of funds with top ratings (4-5 stars) - Actively Managed Funds Only	62%	75%
Average Annual Costs to Participants**	0.67%	0.68%
Percent of Customers' Calls to providers answered within 20 seconds	90.7% Hartford 83.5% ING	80%
Total Plan Assets*	\$386 million	\$ 393 million

* Does not include alliance partner data

7

** Does not include guaranteed accounts

2009 Fee Reconciliation

- Department of Labor (DOL) Guidelines
- Annual Report and Analysis
- Plan Administrative Fees
 - Directly Deducted
 - “Revenue Sharing”
- Credit Allowances

Nevada Deferred Compensation

2009 Actual - ING

0.303% or \$154,945 Variable Funds

0.40% or \$137,777 Stable Value

0.34% or \$292,722 Total

ING Contract

0.30% Variable Funds

0.40% Stable Value Fund

0.35% Total

Nevada Deferred Compensation

2009 Actual - Hartford

0.223% or \$423,786 Variable Funds

0.15% or \$311,245 Stable Value

0.184% or \$735,031 Total

Hartford Contract*

0.28% Variable Funds

0.15% General Account/Stable Value

0.231% Total

*Assumes executed amendment

2009 Credit Allowance

Hartford

\$412,000 Contractual amount

\$310,685 Plan expenses

\$101,314 owed to Participants

ING

\$90,000 Contractual amount

\$62,529 Plan expenses

\$27,470 owed to Participants

Recommended Motion

- Direct Staff to work with Hartford to immediately secure the fully executed contract amendment approved by the Committee within 30 days. Failure to successfully execute the amendment will result in a requirement to comply with the original contract and payment of excess revenue to the Plan for 2008 and 2009

Guaranteed Option Rate Changes

Guaranteed Crediting Rates until 2012

The negotiated annual crediting rates for each provider's guaranteed options are as follows:

<u>HARTFORD</u>	
<u>Calendar Year</u>	<u>Annualized Credited Rate</u>
2009	5.00%
2010	4.75%
2011	4.00%
2012	4.00%

<u>ING</u>	
<u>Calendar Year</u>	<u>Annualized Credited Rate</u>
2009	4.75%
2010	3.00%
2011	3.00%
2012	3.00%

Provider Request for Information (RFI)

- Why?
 - Deteriorating Provider Credit Concerns
 - Questioned Safety of Stable Value/Guaranteed Options
- Other Providers Weathered Economic Crisis
- Viable Stable Value Options

Stable Value/Guaranteed Option Discussions

- Stable value review in June 2009
 - ✓ Discussed current options
 - ✓ Pros and Cons
 - ✓ Key features
- We concluded better options available for Plan
- Discuss template for moving forward

Concerns with ING Stabilizer Fund

- Performance Issues
- Investment Manager Changes
- Exit Provisions

Proposed New Option

- Option Currently Available on ING platform
- ING Stable Value Fund (Galliard)
 - Reduces Liquidity Risk – End of Contract
 - Reduces Credit/Default Risk – Multiple Insurance Providers
 - Improves Diversification – Multiple Investment Managers
 - (Continued) Transparency
 - Fee Reduction

Recommended Motion

- Motion to eliminate the ING Stabilizer Fund when the market to book value reaches 100% and select the ING Stable Value Fund

Target Date Fund Update

- **ING Solution Portfolios**
 - Removed effective Feb 19th
- **SSgA Target Date Funds**
 - Hartford no suitable replacement
- **ING Custom Funds**
 - Potential stable value change

Recommended Motion

- Direct Staff to work with Mercer and Hartford to add the Vanguard Target Date Funds to its platform in a reasonable timeframe

Fund Watch List Approval

- Van Kampen Equity & Income: Add to Watch
- Mutual Global Discovery Fund: Add to Watch
- Lazard U.S. Mid Cap Equity: Remain on Watch
- Oppenheimer Main Street Small Cap: Remain on Watch
- Hartford General Account: Remain on Watch
- ING Stabilizer Fund: Remain on Watch/Replace
- AllianceBernstein International Value: Remain on Watch
- Evergreen Special Value: Remove from Watch

Fiduciary Presentation

- Review Federal Guidelines
 - ✓ Department of Labor (DOL) Brochure
- Review State Guidelines
 - ✓ Nevada Board and Commission Manual created by the Office of Attorney General
 - ✓ Discuss Open Meeting Law

Key Principles

- Exclusive Benefit Rule
- Prudent Expert Standard
 - Investments
 - Decision Making
- Diversification of Plan investments
- Reasonable Plan Expenses

Mitigating Fiduciary Risk

- Decision-Making
 - Document
 - Staff and Investment Consultant
- Compliance with Open Meeting Law
- Sufficient information for participants to make informed decisions
- ‘Broad’ range of investments

Nevada Board and Commissions Manual

- **Role of Member**
 - Decisions must be for benefit of participant/beneficiary
 - Inquires directed to Staff
 - Details of board activity should not be released until public

Open Meeting Law

- Must comply with Open Meeting Law
- Very Few Exceptions
- Consider Agenda Items
- Consider Serial Communications or “Walking Quorums”

Liability and Litigation

- Actions not taken in good faith may subject Board and individual members to liability
- Entitled to Indemnification by State
- Maintain Objectivity
- Act with 'due care'

When in doubt...

- Ask Legal Counsel



Staff Performance Review

- Process
- General Categories of Review
 - Operations Management
 - Committee Business Management
 - Contractual Relationship Management
 - Investment Management
 - Legislative Management

2009 Executive Officer Review

- Key Accomplishments/Successes
- Challenges
- Compensation

2009 Provider Review

- Performance Indicators
- Contract Clarifications
- Administrative Service Guarantees
- Successes/Challenges

2009 Investment Consultant Review

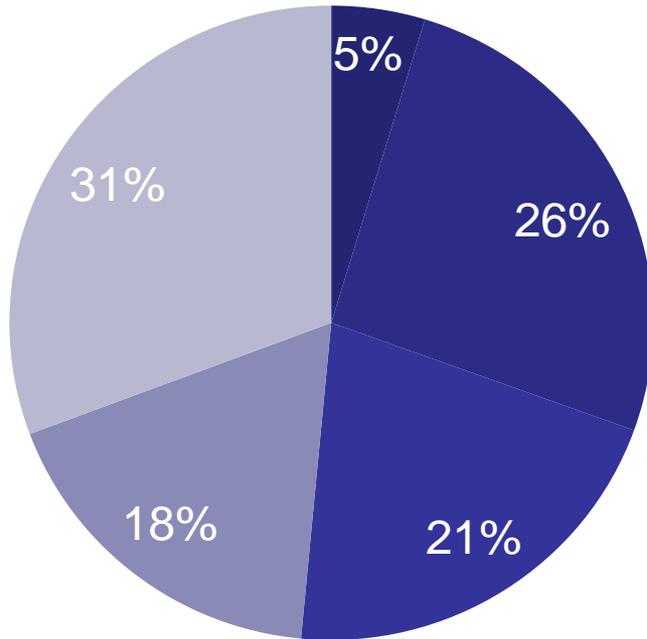
- Roles and Responsibilities
- Successes/Challenges
- Department of Labor Questionnaire

Participation Survey

- Mailed in 3Q 2009 with Participant Statement of Account
- Electronic version Distributed Via E-mail
- Over 13,000 Participants
- 2,300 Completed Surveys

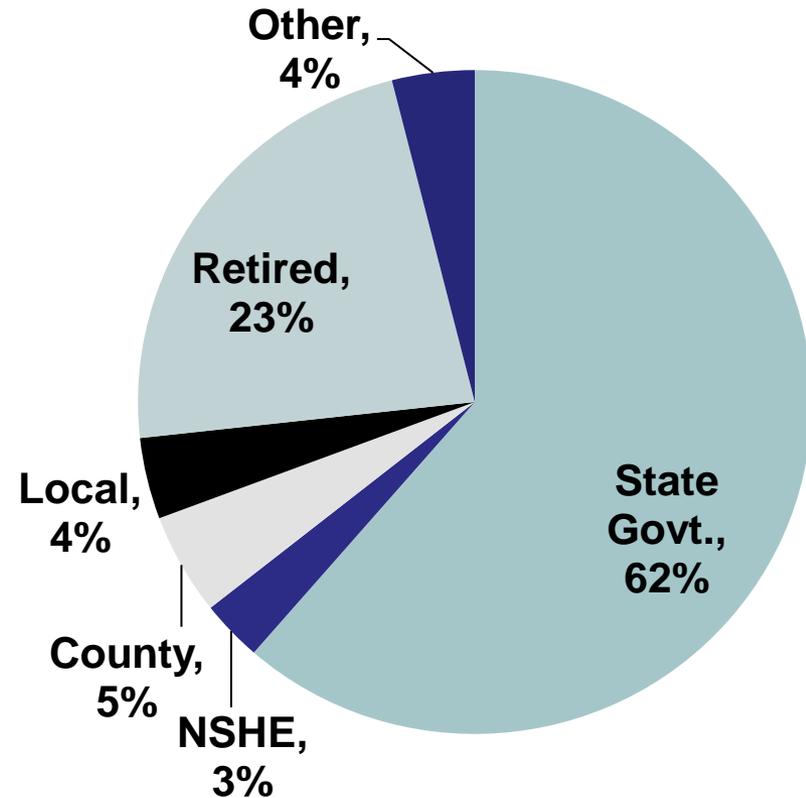
Nevada Deferred Compensation

NDC Participation



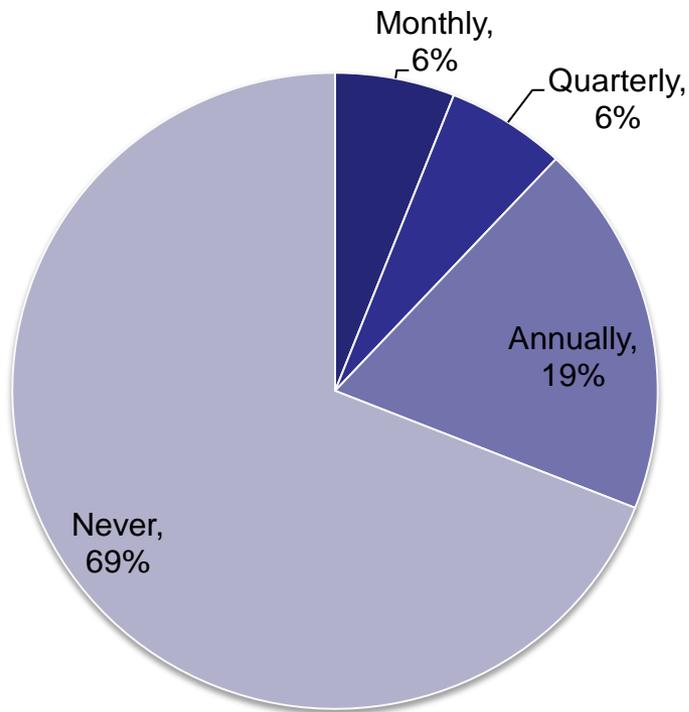
- Less than 1 year
- 1-5 yrs
- 6-10 yrs
- 11-15 yrs
- More than 15 yrs

Employer

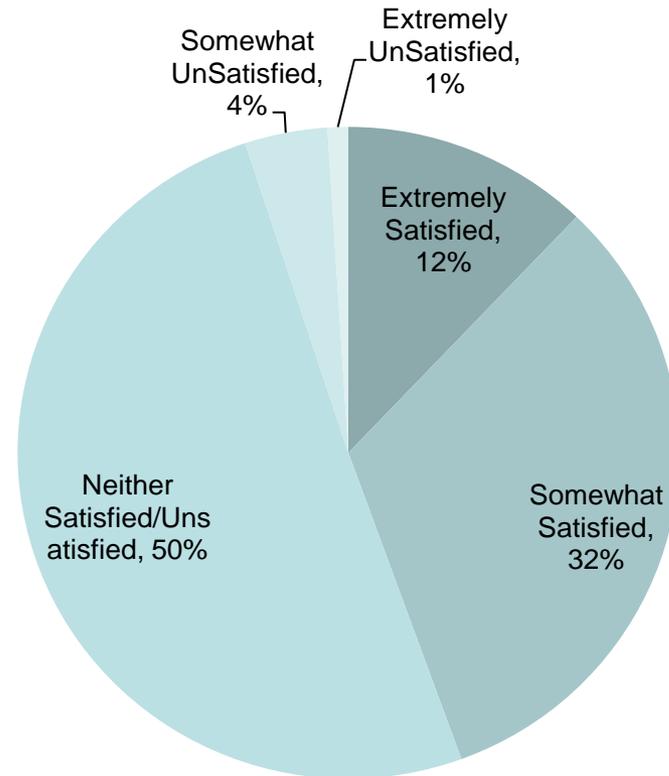


Nevada Deferred Compensation

Access NDC Website



NDC Newsletter Satisfaction



Conclusions

- Important tool for Program/Committee
- Continue Communication Efforts
- Further Clarify Committee's Governance Role