

Brian Sandoval
Governor



COMMITTEE

Rex Reed, Chair
NDOC

Brian L. Davie, Vice Chair
LCB

Karen Oliver
GCB

Scott K. Sisco
NDOT

Carrie L. Parker
Deputy Attorney General

Tara Hagan
Executive Officer

**Nevada Public Employees' Deferred
Compensation Program**

**DEFERRED COMPENSATION COMMITTEE
MEETING MINUTES FOR**

Wednesday February 29, 2012, 9:00 AM

The fourth quarterly meeting of the Nevada Deferred Compensation Committee was held on Wednesday, February 29, 2012, at 9:00 a.m. in Room 2134 of the Legislature Building, 401 S. Carson St., Carson City, NV. 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. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775.684.6835).

STAFF, BOARD, and ATTORNEY PRESENT:

Tara Hagan, Executive Officer
Jenny Potts, Secretary
Rex Reed, Chair
Brian Davie, Member
Karen Oliver, Member
Scott K. Sisco, Member
Cameron Vandenberg, Deputy Attorney General

OTHERS PRESENT:

Bill Abramowicz, Hartford
Lyra Ambrose, ING (by phone)
Jim Barnes, Retired
Bishop Bastien, ING
Lael Bellamy, ING (by phone)
John Borne, Nationwide
Roderick Crane, TIAA-CREF
John Crawford, Retired
Michael Hackett, Hartford
Terri Laird, RPEN
Michael McAtamney, TIAA-CREF
Brian Merrick, ING
Julie Miramontes, Nationwide
Kent Morris, Great West
Jeff Morrow, Hartford
Javier Obando, Great-West
Jake O'Shaughnessy, Arnerich Massena
Steve Platt, ING
Carlos Romo, Retired
Todd Theroux, Hartford

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Robert Trenerry, Hartford
Steve Watson, Hartford
Tom Verducci, Hartford

These minutes are a draft subject to approval by the Deferred Compensation Committee at the next regularly scheduled meeting. The agenda for this meeting was posted according to the Nevada Open Meeting Law and was sent to groups and individuals as requested.

I. COMMITTEE

A. Call to Order/Roll Call ([Audio: 00:01](#))

The 1st quarterly meeting of 2012 of the Deferred Compensation Committee was called to order by Chair Rex Reed at 9:02 am, February 29, 2012, in Room 2134 of the Legislature Building, 401 S. Carson St., Carson City, NV. Members Present: Chair Rex Reed, Mr. Brian Davie, Karen Oliver, Scott K. Sisco, and Deputy Attorney General (DAG) Carrie L. Parker.

Chair Rex Reed noted to the Committee that there is a possibility of a tie on a motion since there are four members present. He also stated that if there is a tie on a motion, that motion dies. Chair Reed also stated that there will be a closed meeting.

B. Public Comment ([Audio: 00:02](#))

Ms. Terri Laird addressed the Committee with a testimony from Mr. Martin Bibb, Executive Director of The Retired Public Employees of Nevada. (Please see [Exhibit D](#))

Chair Reed noted that the request for action on Mr. Bibb's request is not part of the agenda and the Committee cannot take action at this time.

Mr. Steve Watson spoke on behalf of RPEN. Mr. Watson noted that he supports Mr. Bibb's report. Mr. Watson also thanked retired Mr. Jim Barnes for his support while on the Committee.

C. Election of Committee Chair and Vice Chair ([Audio: 00:06](#))

Mr. Brian Davie nominated Chair Rex Reed to be Chair for the coming year.

Mr. Scott Sisco asked Chair Reed how long he has been Chair for the Committee. Chair Reed noted that this would be his second year.

Mr. Davie noted that he serviced as Chair for four consecutive years. He also noted that Chair Reed has done a great job serving as Chair. Mr. Davie emphasized that nominating a new committee member would not be fair due to the RFP process.

Motion made by Mr. Brian Davie to elect Mr. Rex Reed as Chair, seconded by Ms. Karen Oliver. Motion passed unanimously.

Mr. Sisco nominated Mr. Davie to be Vice Chair.

Mr. Davie stated that he would like to see a progression where the Vice Chair takes over the Chair position. He noted that he is willing to be Vice Chair for this year but would like a new member to step up as Vice Chair for the following year.

Mr. Sisco noted that he agrees with Mr. Davie about the progression of the Vice Chair to Chair, but that it is a complex Committee and he thinks a new member would like to get a feeling of the Committee before taking on such role.

Motion made by Mr. Scott K. Sisco to elect Mr. Brian Davie as Vice Chair, seconded by Chair Rex Reed. Motion passed unanimously.

- D. Approval of the minutes for the meeting on November 17, 2011 and meeting on December 13, 2011.* ([Audio: 00:12](#))

Motion made by Vice Chair Davie to approve the November 17, 2011 meeting minutes, seconded by Mr. Sisco. Motion passed unanimously.

Motion made by Vice Chair Davie to approve the December 13, 2011 meeting minutes, seconded by Chair Reed. Motion passed unanimously.

(Please see [Exhibit A-1](#) and [Exhibit A-1i](#))

- E. Meeting Dates ([Audio: 00:13](#))

Motion made by Mr. Sisco to accept the meeting dates as submitted or amended, seconded by Vice Chair Brian Davie. Motion passed unanimously.

(Please see [Exhibit A-2](#))

II. PROGRAM REPORT

- A. Plan Activity period as of 12/31/2011. ([Audio: 00:14](#))

Staff reported the plan activity for period ending December 31, 2011. Staff noted that the assets increased from the year 2010 to year 2011. Staff pointed out the slight increase is not due to market activity, but rather from the asset allocation of the account. Staff also noted that the cash flow has decreased. Staff indicated the reason for this decrease is due to the fact the retirees are no longer contributing and the new enrollees are not contributing the same amount to compensate for the loss. (Please see [Exhibit A-3](#), Pages 1-8)

Mr. Sisco thought the big issue with regards of the cash flow is that most of the retirees are putting their MSIs and COLAs into the Deferred Compensation. He noted that the new employees are not doing this.

- B. 2011 Annual Participant Fee and Provider Revenue Reconciliation Report ([Audio: 00:24](#))

Staff presented to the Committee the 2011 service provider fee reconciliation and review. (Please see [Exhibit A-3](#), Pages 9-12, [Exhibit A-4](#), [Exhibit A-4i](#), [Exhibit A-4j](#), [Exhibit A-4iii](#), [Exhibit A-4iv](#), [Exhibit A-4v](#), and [Exhibit A-4vi](#))

Vice Chair Davie noted that Hartford is indicating nothing in the General Account and that half of the money in the Plan has not generated any revenue. He asked Hartford how they received this calculation. Vice Chair Davie stated according to the information, Hartford did not make or loss any dollar amounts.

Staff noted on a General Account, it contractually notes what is in the contract and what percent is on the bid.

Vice Chair Davie noted that on the General Account is a proxy and if this is a proxy or something else.

Hartford Representative spoke with regards to the General Account. The Representative noted that they will need their pricing actuary to explain in detail and will get this information as soon as possible. ([Audio: 00:30](#))

Vice Chair Davie asked the Hartford Representative to get this information in writing. The Representative will follow up on getting this in writing. Staff noted it will work with Hartford and AM to get this information.

Mr. Sisco asked the Hartford Representative if the Hartford had no earning or if it was recorded to show that there were no earnings. The Representative noted they will need to have the actuary discuss this in detail.

Mr. Sisco asked Staff if they will do the same calculations with the RFP similar to the credit allowance that shows actual expenses. Staff indicated that this is how they would like to do the RFP process.

Vice Chair Davie noted during the RFP process last time, they did a lot of estimating of calculations. Vice Chair Davie also noted that it is important to have people on Staff.

C. Presentation and Discussion Regarding Vendor Internal Revenue Code (IRC) ([Audio: 00:11](#))

Per the request from Chair Rex Reed, this agenda item was removed.

III. INVESTMENT REPORT

A. Search for actively and passively managed small-mid investment options to consolidate the following: ([Audio: 00:39](#))

| | |
|-----------------------------------|------------------------------------|
| CRM Mid Cap Value | Munder Mid Cap Core Growth |
| Columbia Small Cap Value | Hartford Small Company |
| Hartford Mid Cap Columbia | Mid Cap Value Opportunity |
| Oppenheimer Main Street Small/Mid | Wells Fargo Advantage Small Cap |
| SSgA Mid Cap Core Growth | Lazard US Mid Cap Equity Portfolio |
| Vanguard Small Cap Index | Keeley Small Cap Value |
| Columbia Acorn | Baron Growth |
| Vanguard Mid Cap Index | |

Staff discussed the fund consolidations and why it would be feasible. (Please see [Exhibit A-3](#), Pages 13-19, [Exhibit A-6](#), and [Exhibit A-7i](#), Pages 1-41)

Arnerich Massena Representative discussed the search for actively and passively managed small-mid investments. The AM Representative noted that consistency across the providers is key. The Representative also stated that ease of participant use, potential lower investment costs, and streamlined fiduciary oversight is important. ([Audio: 00:43](#))

Chair Reed noted, if we are to go from 3 funds to 1 fund that would mean less reviews on the funds. Chair Reed asked the AM Representative if the costs in the contract will go down if they have less funds to review. The Representative stated that the costs will stay the same.

Mr. Sisco noted that the active small value is 2.5% part of the program and asked if it is a larger part of the program, would AM make the same recommendations on the small value. The Representative noted that less funds is better.

Vice Chair Davie noted that there have been many fund searches in this category because of style drift. He indicated that he is looking forward to combining the funds.

Mr. Sisco asked why there was a similar motion in the past and why it took so long to get the fund searches finalized. Vice Chair Davie noted that the level of expertise was not available in the past and Planning Sessions were not organized.

Staff indicated that the industry is moving and it is more common to have a combination of small-mid fund.

Vice Chair Davie stated that it wasn't until Mercer was the Plan's consultant when the Plan started to break down the funds. He noted that in the past, the funds were not broken down and analyzed.

Chair Reed indicated that he had some concerns. He noted that this is a Plan to supplement the participant's retirement and it is their choice. Chair Reed asked at one point when the Committee restricts choices, will it keep people from making their own choices and instead directing their choices. Secondly, Chair Reed would like to provide other options to the individuals and does not see that there will be other options added. He asked if there will be a reduction, he would like to see additional choices on the platform.

Vice Chair Davie noted that he agrees with Chair Rex on adding more choices, however, he stated that he does not see the Plan restricting choices. He indicated that the Plan is trying to get quality choices for the participants.

Mr. Sisco noted that even though the Committee is consolidating the funds, there are still multiple options in the Plan. Mr. Sisco stated that he was one of the participants who got confused with the many funds. He agreed with simplifying the funds and saw this as a positive move.

Chair Reed stated that there are several different types of investors. He indicated that it is nice to have a breath of selection. Chair Reed noted if this comes up again, he would like to see, in an addition to consolidation, a span of choices.

Vice Chair Davie noted that on the watch list, these funds are the problem funds. He stated that the participant is getting a choice, but they are currently not good choices.

Mr. Sisco pointed out that making this decision should not make the job easier, but to make sure this issue does not happen again. Vice Chair Davie stated that he categorized these funds as "problem funds" because the funds have not improved and he would like the participants to have good choices.

The AM Representative stated that more options and more choices will result in more change. The Representative noted the Plan will need a common philosophy. The Representative also noted that if there are more funds, some are going to underperform.

The AM Representative requested to consolidate the CRM Mid Cap Value Fund, Columbia Small Cap Value, Columbia Mid Cap Value Fund, and the Wells Fargo Advantage Special Small Cap Fund.

The AM Representative indicated that there were some teams that underperformed with outflows. The Representative also stated that the Small-Mid Cap team is intact and that the news is not a positive to a potential negative for a firm in this strategy.

Chair Reed noted that a majority of the participant span the normal distribution of risk aversion. Chair Reed asked the AM Representative, since they concentrate on principle retention, does it serve those on the tail end of the distribution who are willing to take risks and increase their return by putting their choices to something that is selected based on the idea of preserving capital. Chair Reed asked AM if they are offering what the participant wants. The AM Representative noted if there are a segment of the population, a more aggressive concentration in hiring alpha generating managers, this would not be servicing this type of constituency.

The AM Representative noted that Lord Abbett would be a good fit.

Mr. Sisco noted that the AM Representative explained that AllianceBernstein was on the top and that it was looked down on. The Representative indicated they are looking at the true top 5 managers because they are high risk. The Representative also indicated the layoffs at AllianceBernstein are not a good indication and recommend that it be replaced with Lord Abbett.

Staff asked the AM Representative, since the Keeley fund is in the ING core space, were there any concerns with regards to mapping in ERISA standards to a SMID value. The Representative indicated it would take Keeley out of the equation.

Chair Reed asked AM Representative what they will do with regards to the Keeley fund, will it be reviewed separately. Staff noted that it is a two step process and anticipate bringing this to the June meeting with the Small Mid Core space and Small Mid Growth.

Motion made by Vice Chair Davie to direct Staff to work with AM and the service providers to consolidate the SSgA Mid Cap Index, Vanguard Small Cap Index and Vanguard Mid Cap Index into the Vanguard Extended Index Fund, seconded by Mr. Sisco. Motion passed unanimously.

Motion made by Vice Chair Davie to direct Staff to work with AM and the service providers to consolidate the CRM Mid Cap Value Fund, Columbia Small Cap Value, Columbia Mid Cap Value Fund, and the Wells Fargo Advantage Special Small Cap Fund into the Lord Abbett Value Opportunities Fund, seconded by Chair Reed. Motion passed unanimously.

B. Investment Offering Review presentation by Arnerich Massena and Staff ([Audio: 01:40](#))

The Arnerich Massena Representative presented the quarterly performance review of the Deferred Compensation Program investment options for the period ending December 31, 2011. (Please see [Exhibit A-7](#), Pages 1-27, 93-103)

The AM Representative noted that the fees will be mandated in ERISA.

Vice Chair Davie stated that with regards to plans that apply under ERISA, this is the best practice to apply to the 457 Plan. The Representative also noted that there are 2 components of the ERISA; one is a requirement to report to the Plan sponsor and the second is that it needs to be sent to the participants.

Vice Chair Davie asked the AM Representative to include comparison information with regards to fees in the reports. The Representative stated that they will start including the comparison information on the fees with regards to the Plan vs. Universe.

Mr. Sisco asked the AM Representative the chart on page 7, what will it look like since voting on the consolidation of the Small-Mid Funds. The Representative explained, according to the Tier groups on page 8, that the Small-Mid will be reduced by 4 names and a new fund will come into the picture.

Mr. Sisco also asked how this will affect the participants, if the participant will get a notice of these changes. The AM Representative noted that it gives a 30 day notice before any fund action is taken.

Vice Chair Davie noted that the expense ratios are below average according to the AM chart. He also noted that last quarter there were some funds that were above average. Vice Chair Davie asked the AM Representative how useful the chart is. The Representative noted that it is a different universe, AM is tracking the MorningStar universe of funds where as Mercer was tracking a proprietary universe. Vice Chair Davie stated that this should be consistent.

Staff noted that Mercer was utilizing their information with institutional expenses, which means they were more in line with expenses in the plan. Staff stated that AM is using retail expenses, which are much larger than what is in the Plan. Staff also stated that they will work with AM to see if there is a way to get more relative to the Plan against peers vs. retail.

Vice Chair Davie stated it would be helpful to know how to compare the expenses with other plans. The AM Representative noted that they will start including this information.

The AM Representative discussed the watch list to the Committee. ([Audio: 02:22](#))

Mr. Sisco noted once it shows a strong showing of a ten year period, would this be of a concern. The AM Representative noted that it is a concern and indicated that there would be a heightened level of due diligence by putting it on watch.

Staff stated the reason the Hartford Mid Cap was put on watch is because of a manager change. Staff noted every time there is a manager change, the fund is put on the watch list.

C. Fund Watch List Approval ([Audio: 02:33](#))

(Please see [Exhibit A-3](#), Page 20 and [Exhibit A-7](#), Pages 10-16)

| | |
|---------------------------------------|-----------------|
| Hartford Mid Cap | Remain on Watch |
| American Funds Growth Fund of America | Remain on Watch |
| Lazard U.S. Mid Cap Equity Income | Remain on Watch |
| Oppenheimer Main Street Small Cap | Remain on Watch |
| Mutual Global Discovery | Remain on Watch |
| Munder Mid Cap Growth Fund | Remain on Watch |
| Keeley Small Cap Value Fund | Remain on Watch |

Motion made by Chair Reed to approve the Committee Fund Watch List as submitted or amended, seconded by Vice Chair Davie. Motion passed unanimously.

IV. ADMINISTRATION

A. Discussion Regarding Provider Request for Proposal (RFP) and Approval of final RFP ([Audio: 02:34](#))

The Committee entered into a closed session for this agenda item to discuss the RFP category weighting factors, per NRS 333.335(4).

Mr. Sisco noted his concern with regards to the letter from the Retired Public Employees Group. He would have liked to know the RPEN's concerns so that it can be addressed during the RFP process.

Staff noted that this is the beginning of the process and the RFP is slated to go out in March. The Committee will then review the bids.

Mr. Sisco asked Staff to provide a response to RPEN to request comments regarding the RFP.

Vice Chair Davie indicated that the letter from RPEN asked for questions on the RFP. He noted that the RFP process is confidential per statutes and the Committee cannot answer questions at this time.

Chair Reed noted that RPEN's concern is the fact that the retiree spot is still vacant on the Committee. Chair Reed indicated that the Committee will still need to continue.

DAG Carrie L. Parker indicated that there should be no communication via email, phone or person to discuss the RFP among the Committee and the providers, or anyone who is directly involved with the RFP scoring. DAG Carrie Parker noted any direct communication would be grounds to disqualification. ([Audio: 02:46](#))

Motion made by Vice Chair Davie to approve the Service Provider RFP as submitted or amended, seconded by Mr. Sisco. Motion passed unanimously.

B. Discussion Regarding Biennium Budget 2012-2013 Priorities and possible Budgetary Amendments. ([Audio: 02:40](#))

Staff presented the travel costs to the Committee. Staff requested to amend the motion to include travel for this meeting. (Please see [Exhibit A-9](#))

Mr. Sisco asked Staff if the money is in the executive budget. Staff noted that it has the authority. Mr. Sisco also asked what it costs per share per dollar to do the operations. Staff stated that budget for the plan in the year of 2008 was presented and it showed personnel and office related budgets were excluded.

Chair Reed asked Staff to put this on the next agenda. Staff noted it will provide this to the Committee via email. Mr. Sisco noted he would like to have it done quarterly as well. Staff recommended that this is done annually. Mr. Sisco requested that this is added on next agenda at the next meeting.

Vice Chair Davie asked to refrain from voting on the motion since it directly affects him.

Chair Reed pointed out that he thought it wasn't right to have Vice Chair Davie to travel on his own cost and asked to have this motion to be put on the agenda.

Motion made by Chair Reed to pay for all costs associated with Mr. Davie's travel to Carson City for NDC meetings for the remainder of the biennium, to include current meeting, and direct Staff to work with Risk Management and the retired member to ensure worker's compensation coverage is attained, seconded by Ms. Oliver. Motion passed 3-1, due to Vice Chair Brian Davie's request to refrain from voting.

C. Hartford Request Contract Amendments for Nevada Guaranty Coverage ([Audio: 02:47](#))

Staff discussed the Assembly Bill 74, which was passed during the 2011 Legislature and signed by Governor Sandoval. (See [Exhibit A-3](#), Pages 23-27, [Exhibit A-10](#), and [Exhibit A-10i](#))

Staff indicated in order to extend coverage, the Plan will need be move to a group annuity. Staff stated the difference between group annuity versus group funding is the liability to the Committee. Staff noted if assets are annuitized, the monies are still in the Plan even though it is owned by the insurance company and the Committee stays as the fiduciary.

Staff noted the current contracts state if the provider's credit ratings decline, they will need to report that to the Committee within 60 days. Staff also noted that the Committee did implement the credit rating floor system. Staff stated if the credit rating moves below the credit line, then the Committee would convene and take action.

Vice Chair Davie asked if we do approve the contract changes to make it a group annuity contract, would this be a "blanket" change to everyone in the General Account or would each individual have to go to Hartford and change their to annuity. Staff noted that this would be a "blanket" change to everyone and this is an amendment to the current Hartford contract.

The Hartford Representative noted what they are trying to accomplish with the Hartford General Account, is to stay focused on what Hartford can do to benefit the participant. The Representative noted that the coverage is not in place right now. The Representative did indicate that they want to provide additional benefit to the participants who do invest in the fixed account. ([Audio: 2:55](#))

Mr. Sisco asked the Hartford Representative how much the safe guard on the general account is. Mr. Sisco also asked when the safe guard triggers in, what the options will be and what would be done about it. Staff noted that the credit ratings have been the same for about 24 months. Staff also indicated that there have been some positive movements on the credit ratings. Staff also noted that the credit ratings have been a stable outlook with no further

declines in the ratings. Staff added that it would have to convene the Committee and look at other options and may have to move the amount to a different type of account.

Chair Reed stated that it can be a permissive law and not a mandatory law.

Vice Chair Davie noted that the law went into effect on October 1, 2011 and is still not active because the paperwork is with the insurance division. Vice Chair Davie asked if a participant is in the general account and does decide to take out an annuity when they retire, is the Committee still fiduciary responsible. The Hartford Representative did not have an answer to this at this time. The Representative noted it is still part of the Plan and it doesn't change a great deal.

Staff noted if a participant is in a regular distribution, those distributions are still assets in the Plan. Staff also noted if the Plan moves to a different provider, those assets will come over to the new administrator. Staff indicated that under group annuity, they are owned by the insurance company. Staff also noted that since it is still under group annuity, you are still responsible for it.

D. Executive Officer Annual Performance Review ([Audio: 03:04](#))

Chair Reed noted that he has the highest regard with Staff. (Please see [Exhibit A-3](#), Pages 28-29, [Exhibit A-11](#), and [Exhibit A-11i](#))

Mr. Sisco indicated that he was not comfortable voting because he doesn't have background experience. He would like to sustain from voting and asked DAG if it is OK to vote without any experience. DAG Parker noted that Mr. Sisco can make an informed decision based on the materials submitted.

Ms. Oliver noted that she is comfortable to vote based on the quality of materials submitted by Staff.

Mr. Sisco noted that the manual was excellent and is comfortable.

Vice Chair Davie praised the Executive Officer on her work and also thanked the Executive Officer with the help of returning monies back to the participants accounts. Vice Chair Davie also noted that the Executive Officer is part of the NAGDCA board.

Chair Reed noted that the Plan has received recognition due to the Executive Officer's hard work. Chair Reed also thanked Ms. Potts for her work.

Staff thanked Ms. Potts for her work as well.

Motion made by Chair Reed to approve the Executive Officer performance review as submitted or amended, seconded by Vice Chair Davie. Motion passed unanimously.

E. Provider Annual Performance Review ([Audio: 03:09](#))

Staff discussed the provider annual performance review. Staff stated it would like to work with the providers to work on the articles for the newsletter. Staff would like the articles to be more relevant to the participants. Staff noted that this is an informational item only. (Please see [Exhibit A-3](#), Pages 30-31, [Exhibit A-12](#), and [Exhibit A-12i](#))

Vice Chair Davie reinforced the issue with the newsletter and commented that the newsletter is free advertising for the providers. He also stated that some of the pages are redundant and recommended more creativity from the providers.

F. Annual Participant Survey ([Audio: 03:16](#))

Staff presented the 2012 annual participant survey. Staff indicated that there were over 2400 completed surveys. Staff noted that the demographics of 45 yrs and younger is not responding and that Staff would like to engage with the 45 yr age participants. Staff also noted that 52% of the participants did not want the loan provision. (Please see [Exhibit A-3](#), Pages 32-36, [Exhibit A-13](#), and [Exhibit A-13i](#))

Vice Chair Davie noted that survey research expertise is important. He is wondering in the future if there is a less expensive way to get this information, such as through the university system, in order to get better answers to the question.

Chair Reed stated that he was surprised by the number of people who did not want the loan provision and thinks we should revisit this issue.

G. Update Regarding Previously Reported Administrative Issues ([Audio: 03:21](#))

Staff addressed the provider's administrative issues. (Please see [Exhibit A-14](#))

The ING Representative discussed the letters mailed out to participants containing social security numbers. The Representative noted that this was an administrative error on their part and recognized what has occurred. The Representative stated that they have since inserted a code in the place of the social security numbers. The Representative indicated that when the information was retrieved, the system pulled the old recorded address instead of the new address on file. They stated that they fixed the program to keep this from happening again. They also noted that they sent out another letter of apology and informed that they will provide credit servicing to the participants affected.

Vice Chair Davie asked the ING Representative if there was a possible way to change the account numbers to a different number instead of using the social security numbers. The ING Representative stated the system does not label social security numbers, which is why it was not detected.

The ING Representative stated that the industry is working on trying to keep the social security numbers from being on the accounts. The Representative also stated that having different systems working together; it is difficult for them to communicate together without the social security numbers. The Representative also noted they are working on masking the information. They will need to use the social security numbers to keep from making mistakes in record keeping.

Staff noted all issues with Hartford have been resolved. Staff did note there was confusion with the Hartford forms with regards to rollovers versus transfers.

The Hartford Representative stated that the form is correct. The Representative noted when a participant transfers between providers within the state; they are not able to take distributions out. They indicated when the participant rollovers the monies from another 457 account into the Plan, then they are able to do a distribution.

Chair Reed noted to Hartford that there was confusion with paperwork and asked if they have resolved this. The Hartford Representative indicated that they have resolved this issue.

Staff noted the definition of plan to plan transfer bucket means it allows the participant to touch the monies; with a plan to plan rollover the participant cannot touch the monies.

The Hartford Representative noted withdrawal restrictions on money sources.

V. RATIFICATION AGENDA* ([Audio: 03:35](#))

Staff presented the ratification agenda. (Please see [Exhibit A-15](#), [Exhibit A-15i](#), and [Exhibit A-15ii](#))

Chair Reed noted on page 1 of 5 of the Summary Plan Document that he would like to add the wording “annual amount of \$1700” in the Contributing to the Plan section.

Motion made by Mr. Sisco to approve the ratification agenda items as submitted or amended, seconded by Vice Chair Davie. Motion passed unanimously.

VI. CURRENT BUDGET INFORMATION ([Audio: 03:37](#))

Staff provided the current budget information. Staff noted that this is an informational item only. (Please see [Exhibit A-16](#))

VII. COMMENTS ([Audio: 03:38](#))

A. Investment Consultant/Service Vendors:

- The Hartford Representative discussed corporate issues to the Committee.

Mr. Sisco asked the Representative what they plan on doing to prevent the leakage. The Representative stated that it is a partnership and they are creating a relationship with the participant. Mr. Sisco also asked the Hartford Representative if they have a relationship with the participants on the programs.

Staff noted that it does a retirement seminar. Staff noted that it will do a better job of getting to the folks who are close to retiring.

Vice Chair Davie asked the Representative if there is a best investment option, why the providers do not provide this option. The Representative noted if you supply the same investment, then the Committee will need to determine if the fees should be the same. Chair Reed noted that there is no way to pick the best fund.

Vice Chair Davie stated that reports indicated support groups and it was not reflected in the most recent reports. Vice Chair Davie noted that he does not understand the information that was given and would like Hartford to summarize. The Representative stated that they will start doing this and will follow up with Staff.

- The ING Representative noted that their focus to communicate with the retirees is to discuss the value of the Plan. The Representative also noted that they are doing inbound calls to pre-retirees.
- Arnerich Massena did not have any comments.

B. Deputy Attorney General thanked the board for working with her.

C. Committee Members:

- Mr. Sisco thanked the Committee for the extra time to review the materials.
- Chair Reed formally thanked Mr. Jim Barnes for his hard work on the board. Chair Reed also reminded the Committee to not discuss the RFP.

D. Staff had nothing to report.

VIII. Public Comments ([Audio: 04:07](#))

No public comments

IX. ADJOURNMENT

The meeting was adjourned at 2:40 PM.

Respectfully Submitted:

Jenny Potts
Administrative Assistant

Approved by:

Tara Hagan
Executive Officer

LIST OF EXHIBITS

- Exhibit A-1: Staff booklet, Tab I-C, Meeting Minutes for November 17, 2011
- Exhibit A-1i: Staff booklet, Tab I-C, Meeting Minutes for December 13, 2011
- Exhibit A-2: Staff booklet, Tab I-E, Meeting Dates
- Exhibit A-3: Staff Presentation, Pages 1-36
- Exhibit A-4: Staff booklet, Tab II-B, 2011 Service Provider Fee Reconciliation and Review
- Exhibit A-4j: Attachment A, NDC Staff Calculations for 2011 Provider Revenue, Hartford.
- Exhibit A-4ii: Attachment B, NDC Staff Calculations for 2011 Provider Revenue, ING.
- Exhibit A-4iii: Attachment C, State of Nevada total Revenue Calculations.
- Exhibit A-4iv: Attachment D
- Exhibit A-4v: Attachment E, 2011 Provider Questionnaire
- Exhibit A-4vi: Attachment F, 2011 Provider Questionnaire
- Exhibit A-5: Staff booklet, Tab II-C, Discussion Regarding Vendor/Service Provider Compliance with Plan Enrollments.
- Exhibit A-5j: Letter from CliftonLarsonAllen
- Exhibit A-6: Staff booklet, Tab III-A, Actively and Passively Managed Small-Mid Investment Options Search to Consolidate Funds.
- Exhibit A-7: Americh Massena Report dated fourth Quarter 2011 for period ending December 31, 2011, entitled *Performance Review*
- Exhibit A-7i: Americh Massena Report dated February 2012, entitled *Small-Mid Index and Small-Mid Value Fund Searches*.
- Exhibit A-9: Staff booklet, Tab IV-B, Discussion Regarding Biennium Budget 2012-13
- Exhibit A-10: Staff booklet, Tab IV-C, Hartford Requested Contract Amendments for Nevada Guaranty Coverage
- Exhibit A-10i: Attachment A, Current Administrator Credit Ratings and Committee's Established Trigger Points
- Exhibit A-11: Staff booklet, Tab IV-D, 2011 Staff Performance Review
- Exhibit A-11i: Letters and Emails regarding Executive Officer's performance

- Exhibit A-12: Staff booklet, Tab IV-E, Provider Annual Performance Review
- Exhibit A-12i: Attachment A, Nevada DCP 4th Q 2011 Service Standard Summary
Attachment B, ING Administrative Services Agreement Performance Standards Review
- Exhibit A-13: Staff booklet, Tab IV-F, 2011 Annual Participant Survey
- Exhibit A-13i: NDC Survey
- Exhibit A-14: Staff booklet, Tab IV-G, Update on Service Providers' Administrative Issues
- Exhibit A-15: Staff booklet, Tab V-A, Plan Summary Documents
- Exhibit A-15i: Summary Plan Document
Exhibit A-15ii: FICA Summary Plan Document
- Exhibit A-16: Staff booklet, Tab IV, Current Budget Information
- Exhibit B: Hartford Quarterly handout
- Exhibit C: ING Quarterly handout
- Exhibit D: Is the testimony from participant Mr. Martin Bibb, Executive Director for RPEN.