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Nevada Public Employees'
Deferred Compensation Program

DEFERRED COMPENSATION COMMITTEE
MINUTES FOR CLOSED MEETING
Thursday, July 12, 2012

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.

CHAIRMAN REED: The time is now 3:30 pm we, we meaning the Deferred Compensation Committee, on July 12, is in closed session. We are currently waiting for Mr. O'Shaughnessy to join us by telephone. Mr. O'Shaughnessy are you out there? I think I just heard a telephone come in.

JAKE O'SHAUGHNESSY: Hi this is Jake O'Shaughnessy and Karl Hausafus with Arnerich Massena.

CHAIRMAN REED: Welcome both, I appreciate you being here with us, thank you.

JAKE O'SHAUGHNESSY: Thank you, it's our pleasure.

CHAIRMAN REED: Jake why don't you go ahead and start. I thank you again for all the work you have done on this.

JAKE O'SHAUGHNESSY: Certainly, it's my pleasure and I'm hoping each of you were able to receive both a memorandum we put together and then some information, summary information, about the bids and the pricing. Does everybody have that?

SCOTT SISCO: We got it an hour or maybe two hours before the meeting. Haven't had a chance to look at it myself.

JAKE O'SHAUGHNESSY: Okay. Part of this is, Scott you had asked before at our last meeting there, to get pricing from all the providers in maybe a more digestible way. So this is our attempt at doing that. So you will see a summary page which should be available in the public session. That is the intent, to put this information out into the public. On the summary page you'll see the current rates. The current under a sole provider scenario is essentially blended by weighting the Hartford portion and the ING portion. Again ING current pricing at 35 basis points and Hartford current pricing at 23 basis points.

Now, we are using the average bids amongst the four finalists in order to produce information which will be available to the public. So, you know that, again, we can't provide specific information out there on any particular provider's bids, but in working with Carrie (Parker) we did determine that the averages could be produced. So again, the intent is to put this summary information out there in the public along with the memorandum. So in the open architecture structure you will see on top, obviously open architecture record keeping is going to be more expensive because there is no subsidization due to the general account and things of that nature. So you see the average of the four bidders for a sole provider, even in an open architecture construct at 0.286 percent. So hopefully everybody is there with that number. You see the Hartford portion being 0.305 percent.

CHAIRMAN REED: Hey Jake, I believe Ms. Parker has a question or a comment.

DAG CARRIE PARKER: I just wanted to make sure everyone is on the same page because they are all titled the same. I think that Jake is working on the handout that was provided to the public that in the left hand column you will see "Current and Average Bid." Does everyone see that one? It's not the one that breaks out the four bidders, that's where we are, that's all.

JAKE O'SHAUGHNESSY: Thank you Carrie. I apologize I can't see everybody following along there.

SCOTT SISCO: Carrie which one did you send us earlier, because I wasn't able to print it?

DAG CARRIE PARKER: The one I sent was the average one and that's the one the public has.

SCOTT SISCO: I went over and it picked it up off the table earlier.

CHAIRMAN REED: Please proceed Mr. O'Shaughnessy.

JAKE O'SHAUGHNESSY: Okay, so we have the averages there, this going out to the public. The long and the short here is that you will notice the sole provider averages, whether you're looking at open architecture or proprietary, is lower than both the Hartford or the ING offering. We can walk through the memorandum and I'm happy to address any particular points or considerations, but the long and the short of the recommendation from Arnerich Massena is that whether you're looking at an open architecture or a bid with a proprietary fund like a General Account, there are benefits to all participants and even increased benefit available to participants in the ING portion by consolidating the programs down to a sole provider. The numbers, in order of magnitude, again just using the averages, you can see those boiled down to on the right side under the column "Additional Cost above Sole Provider." If you were to go down the path of an open architecture mandate, the savings by averaging those bids and going to a sole provider, would be $288,873. If you were to maintain a proprietary construct and continue to run with a General Account the savings, based on these average bids would be $246,897.

CHAIRMAN REED: Mr. O'Shaughnessy, those are annual savings right?

JAKE O'SHAUGHNESSY: That is correct.

CHAIRMAN REED: So a five year contract would be close to, or over a million dollars, wouldn't it?

JAKE O'SHAUGHNESSY: Correct, well over that.

SCOTT SISCO: Jake, is that based on you having both providers selling exactly the same thing? Or is that based on each of the two providers being given a different line-up? Because clearly, it would cost us more if we gave them both the exact same stock to sell because they are going to give us less of a value for it. But if they are each selling a different line-up it wouldn't come to the same results.

JAKE O'SHAUGHNESSY: This is completely agnostic of any investments, other than the general account.

CHAIRMAN REED: For the benefit of the Committee members, independent of Jake, not knowing he was doing that, I did the same thing and came to roughly the same conclusions. Please proceed Mr. O'Shaughnessy.

JAKE O'SHAUGHNESSY: So again, the bottom line is that we think these cost savings are in the best interest of participants and our strong recommendation is for the Committee to consolidate to a sole provider in order to provide these savings to participants.

CHAIRMAN REED: Mr. O'Shaughnessy, I would like to suspend the conversation for just a minute or two. Thank you.

JAKE O'SHAUGHNESSY: Okay.

CHAIRMAN REED: Mr. O'Shaughnessy and Mr. Davie I would like to inform you that Mr. Sisco has left the room we are to proceed without him. So Mr. O'Shaughnessy I have just put that on the record and I would ask that you please proceed.

JAKE O'SHAUGHNESSY: Okay. So once again, according to our analysis, there are significant cost savings available, based on the averages of the bids based on consolidating from a dual to single provider and again that is the recommendation of Arnerich Massena. If we continue on with the data and the numbers here available, we'll begin to examine the specific bids. Again, this is information not available to the public and should only be available to the members of the Committee.

CHAIRMAN REED: Mr. O'Shaughnessy I apologize for interrupting, I would like to inform you and Mr. Davie that Mr. Sisco has joined us again, thank you.

JAKE O'SHAUGHNESSY: So stepping back, savings available when you use the averages by consolidating to a sole provider. As we move to the next page, we will begin to examine the specific bids which were put forth by the four finalists and you will see here again this is information not available to the public at this point in time. On page one we are going to look at open architecture, on the next page we are going to look at the proprietary fund bids. Again, for now, this consideration and this analysis is completely agnostic of any investments and has nothing to do with the investment choice other than the General Account which in the proprietary structure would be maintaining a General Account, under the open architecture structure would be completely agnostic to investments.

CHAIRMAN REED: Mr. O'Shaughnessy, this is Rex Reed again. I'm going to ask what you would prefer. Dr. Romo would like to ask you a question. Would you rather go through your whole presentation then take questions, or do you want them as you go along?

JAKE O'SHAUGHNESSY: I would prefer as we go along if that pleasures the Committee.

CHAIRMAN REED: Okay, then Dr. Romo please proceed.

CARLOS ROMO: Thank you Jake, on the one we were just discussing, the one that was given out to the public with the averages and everything else. It's obvious that Hartford and ING haven't had the opportunity to rebut. I'm just wondering if they would take exception to what you did here and what we have before us. Obviously I hope they wouldn't but I just want to be sure that they either had the opportunity or what they would say about that, if anything. Do you know?

JAKE O'SHAUGHNESSY: I would hesitate to speculate how the Hartford or ING would respond, I apologize.

CHAIRMAN REED: Nor can we have any of them respond. We can't show this to the other bidders, that's the problem we are going to have, because that would be a violation of confidentiality.

CARLOS ROMO: This, Mr. Chairman is the one that is handed out to the public, the public averages.

CHAIRMAN REED: Well they can comment during public comment if they would like.

CARLOS ROMO: Then they have the opportunity, that's all I wanted to be sure. Thank you.

CHAIRMAN REED: Mr. Sisco you had a question?

SCOTT SISCO: Jake, please understand, only getting this file just an hour and half or whatever before, or getting these now and the other file just before the meeting, obviously there is not time to look at it. I'm not understanding because my analysis of it shows, as a sole provider, that Hartford comes in at [redacted] basis points, ING at [redacted], Great West at [redacted] and Nationwide at [redacted]. In open architecture, one provider, Hartford comes in at [redacted], ING comes in at [redacted], Great West comes in at [redacted], and Nationwide at [redacted] basis points. Then one of the things I guess I would ask you is are you taking in to account the fact that Hartford has made the statement in their bid that they are charging [redacted] on the people in the General Account so that takes those costs way down. I'm just not seeing an apples to apples comparison here. Again having this right here right now and not having the time to analyze this data makes it almost an impossible task.

JAKE O'SHAUGHNESSY: I understand and this is informational for now. To get to your specific questions, so you know, step back, the part about Nationwide at [redacted] basis points. Nationwide sent in a revised bid because the [redacted] basis points did not reflect the administrative reimbursement they had agreed to. So the appropriate number for Nationwide is [redacted] percent because they revised the bid. We sent an email back out saying we want you to confirm that you have included the assumed administrative reimbursement to come back and they did not in the original bid.

SCOTT SISCO: Okay and I remember that now. Did that change the sole provider basis point from [redacted]?

JAKE O'SHAUGHNESSY: Yes it did. It was about [redacted] basis points on both of those bids, adjusted up for Nationwide. Your question about the Hartford is a very, very good one. If you look at the last page here where we are looking at the five year proprietary funds, if you step down you'll notice under a sole provider contract, the Hartford's number here is [redacted] basis points. As Mr. Sisco alluded to, Hartford offered a [redacted] basis point bid only on what they call "variable assets" or assets not in the General Account. If you were just to use sort of a "back of the envelope calculation" and assume half of the assets are in the General Account, [redacted] basis points on half of the assets. The other providers provided a quote for the entire assets, so in order to get an apples to apples comparison, the Hartford's number, if you maintain the general account with the Hartford, should be [redacted] basis points. Does everybody see that number there?

SCOTT SISCO: You got exactly what I was getting to. Obviously at that point that makes them a heck of a deal they are offering us.

JAKE O'SHAUGHNESSY: That's right. The caveat with the Hartford though, if you are on that page, you'll notice they bid [redacted] basis point for their assets and they bid [redacted] basis points for the ING assets. This really gets to what, in my opinion, is the biggest benefit the Committee as fiduciaries could provide to this plan, which is to look at the bids in this ING portion. If you maintain dual providers, other than the Hartford, everybody is going to increase those costs to the participants. So as a result of this process if you maintain a dual provider, according to these bids as they sit, the fees may actually increase for a significant portion of the population. So I think that speaks again to the benefits of consolidating to a sole provider.

SCOTT SISCO: I guess I would disagree, Jake. You say a significant portion of the population and again, what we keep hearing from is the participants that are in the General Account want to keep the General Account. That's the significant portion of the population so obviously it's not going to increase for them they are going to get a pretty good deal out of this. Again, if people want to stay with the smaller company or ING, this is where I was disagreeing with you the last time on whether it's a tax or not a tax. If they choose to stay with ING or choose to stay with a smaller company that's up to them and they may do so because they like the options. They may be paying a higher fee but getting better earnings on the offerings of that particular company. Right?

JAKE O'SHAUGHNESSY: Well, I respectfully disagree. ING can offer every single fund that the Hartford can offer. I don't see any additional investment benefit to offering the 2 platforms.

SCOTT SISCO: ING can offer the Hartford's General Account?

JAKE O'SHAUGHNESSY: No, but if you were to consolidate to a sole provider, which were the Hartford then those participants could access the Hartford General Account.

SCOTT SISCO: Again, since we are having the discussion and we are slowly getting into the discussion about single versus dual, I guess I have some concerns about putting all of our eggs in one basket because what happens if Hartford does sell to somebody and we don't like who they sell to. It would be a lot easier for us to transition at that point in time by having a secondary provider than just one. Look how long this is taking us to get to where we need to be -- it's a year process.

JAKE O'SHAUGHNESSY: I would disagree again. If the Hartford is sold you would not necessarily simply drop those assets on your other provider, it would be best practice to go out and do a brand new RFP altogether and check the market. Just looking at one particular provider is not saying that you have, in my opinion, done your duty to make sure you have provided the best market offering to your participants.

CHAIRMAN REED: If there are no other questions, Mr. O'Shaughnessy would you please proceed. It doesn't look like there are. Mr. Davie, are you ok?

BRIAN DAVIE: Yes

CHAIRMAN REED: Mr. O'Shaughnessy please proceed.

JAKE O'SHAUGHNESSY: So getting back, if we flip back one page; you know you saw the summary which is the averages that is going out to the public. The next two pages are simply the individual bids broken out between an open architecture approach and the proprietary funds approach. I have not included the bids for this analysis here which do not include the on-site service days. I'd be happy to explore that further if it were of the Committee's interest. But my assumption based on kind of how the flow and the direction of things have been going is that the on-site days is of interest to the Committee.

So I think in the spirit of focusing in on which pricing scenario we want to pursue in the finalist presentations, if you continue the RFP, our strong suggestion is to sort of narrow your focus in to say "we want the on-site service days" that's going to allow you to eliminate a couple of scenarios right off the bat. Do you want to focus on a 3 or a 5-year agreement? We would probably argue that you should lean on a 5-year agreement because you are going to be able to negotiate lower rates. In light of that I think you can whittle the bids down to 5-year with on-site days and then the determination is really open architecture or a general/fixed account.

So if the Committee were to say "we are in agreement that we want to move to a sole provider" or if the committee comes out and says "we want to have a dual provider." Our recommendation is to move to a single provider -- it allows you to really focus on these two scenarios we have presented here. The 5-year open architecture with on-site, the 5-year proprietary fund with on-site, such that when you're in the finalist presentations you are thinking in your mind, do we want the general account or not, and then do we want sole provider or dual provider. If we can decide that today it will allow you to really focus in on that finalist presentation in order to achieve the optimal outcome.

CHAIRMAN REED: Are there any questions? Mr. O'Shaughnesssy it sounded like you were done. I apologize; I should have asked you first.

JAKE O'SHAUGHNESSY: Yes I was thank you.

CHAIRMAN REED: Okay, any questions? Dr. Romo.

CARLOS ROMO: Mr. O'Shaughnessy in your discussion you haven't at all mentioned the Stable Value fund. Is that a factor anywhere that we are talking about here?

JAKE O'SHAUGHNESSY: The ING Stable Value fund?

CARLOS ROMO: Yes

JAKE O'SHAUGHNESSY: No it is not. That fund is actually managed by Galliard and the majority of recordkeepers can recordkeep that same fund. I believe it is the case that any one of your four finalists could pick up that fund as-is and maintain it.

CARLOS ROMO: So we would have a stable value account and a general interest bearing guaranteed account?

JAKE O'SHAUGHNESSY: No, pardon me. If you were to choose the Hartford in a sole provider construct, our suggestion would be to take away the stable value fund, map those assets to the General Account. You cannot have both those funds in there because a Stable Value fund deems a General Account what's called a "competing option." They will not allow you to have both, generally. If you were to map from ING over to Hartford and consolidate, the stable value assets would go into the General Account.

CARLOS ROMO: I recall you and I discussed that, thanks for clarifying that. I was just asking again because I wanted to be sure I understood it. Thank you.

JAKE O'SHAUGHNESSY: Yes, good question.

CHAIRMAN REED: Any other questions? Mr. Sisco.

SCOTT SISCO: Jake, one other analysis that I did, and tell me if I'm looking at the right thing here. The way I see it is Hartford, in looking at costs, Hartford is listed at [redacted] million, ING at [redacted] million, Great West at [redacted] million and Nationwide at [redacted] million and again I have a feeling that number was before their changes. Earnings though, Hartford has a guaranteed earnings in there with the [redacted] percent and then the [redacted] percent for the year following of [redacted] million, Nationwide guaranteed is [redacted] million because they are only offering it for the final three quarters or final quarter or whatever of fiscal year 2012. So net I have Hartford at an earnings of [redacted] million to the program, a negative for ING of [redacted] million, a negative for Great West of [redacted] million and a positive for Nationwide of [redacted] million and again I probably didn't go back and get the updated prices for Nationwide so that [redacted] million is probably lower or in to the negative for Nationwide. Am I correct there?

JAKE O'SHAUGHNESSY: I must apologize, I could not follow clearly enough. Perhaps you could send some of the numbers. I think I get a sense of maybe where you were trying to go of netting out the costs versus the guaranteed rate. But I don't think I have the figures laid out for me well enough to determine to answer that question directly as to whether or not that's correct.

SCOTT SISCO: I'm having the same problem with the charts that I just got, but okay, thank you.

CHAIRMAN REED: Mr. O'Shaughnessy this is Rex Reed for the record. If you look at the General Account, I'm kind of curious, is it really fair to make the comparison when the Hartford is saying the General Account has [redacted]? Because obviously they should have [redacted], they should have some sort of [redacted] out of that general fund and they are not necessarily [redacted] it.

JAKE O'SHAUGHNESSY: The way you know, frankly, in a non-technical term, it's all smoke and mirrors anyway. You never know what the cost is of a General Account, it's completely opaque. You put the money in to the Hartford, you get a crediting rate back, you really don't know much more than that. So, I apologize if that is a very blunt answer, but frankly, whatever fee number Hartford put out would be somewhat phantom.

CHAIRMAN REED: I have another question about this whole process. Is it, if I remember correctly, Hartford, were they the only one that said that their contract would request the ability to [redacted]

JAKE O'SHAUGHNESSY: The Hartford was unique in this bid in that they bid actually, what you're seeing here, [redacted]. So they did not commit to these numbers being the [redacted]

CHAIRMAN REED: Thank you and I just want to mention to the Committee members when we get to the point of the agenda where we discuss these things, that information is not public, we cannot bring that up during the discussion. However, it will be made public after a provider is chosen and if we are sued, that information will be made available. Are there any other question? Mr. Davie I've been leaving you out, I'm sorry. When I look to my right and left I should remember to look up to you as well.

BRIAN DAVIE: I don't really have any questions, I think what Jake has presented is pretty straightforward and he's our investment consultant. He's out there in the marketplace and basically, bottom line to me it looks like if we keep two providers, we are imposing a severe penalty of $1.4 million over the next five years on those participants who make a choice for the smaller provider or recordkeeper. That's just not fair, we should not be doing that, we should not be creating that kind of choice because choice is not the issue here anymore. It was an issue years ago when we, that's why we called them providers, because they provided investment options. Now with open architecture we can choose anything out there, the best, hopefully we will start picking the best that's out there and provide better options to the participants.

The whole argument about if they go bankrupt or whatever, that's a good argument for why we should not be in a General Account because that money is not in trust. If that money is in some of the other options that our investment consultant has provided, like at the last meeting, there are comparable options out there that would be in trust that would not be subject to a company going bankrupt. This focus on the companies and their options and choices, I don't understand why...

CHAIRMAN REED: Mr. Davie, you are beginning to deliberate now.

BRIAN DAVIE: I apologize, I'll stop. I think the important point here that Jake is bringing to us is the severe penalty if we keep the two providers.

CHAIRMAN REED: Okay, are there any other questions. Mr. Davie, I'm sorry, Mr. O'Shaughnessy did you want to proceed on any other items that we have on the agenda that would be appropriate for an open meeting discussion?

JAKE O'SHAUGHNESSY: Hold one moment. I think we have addressed most everything here as far as the single versus dual that we wanted to talk about. I didn't know, and if this isn't the appropriate forum, if we wanted to sort of flush out the idea of one versus two providers further here, or if that's done in another avenue. But that's going to be another piece which is part and parcel to this decision to consolidate down from one to two. Frankly some of the things we've seen have indicated that one was a possibility but, you know, we think that it is important to get a legal opinion as to the viability of moving to one provider here.

CHAIRMAN REED: As I think about it and after talking to Ms. Parker, that might be more appropriate in an open meeting. That discussion might be appropriate in an open meeting. Unless, again I caution the Committee members some of this information is confidential. I know we are all human, we make slip-ups now and then but just try to remember that, in the back of your mind, that if it's in the RFP and it's specific to a bidder, it's confidential, we shouldn't use it during our deliberations. Anybody else? Mr. Sisco.

SCOTT SISCO: I just wanted to say this here because I not going to be able to say it later, I believe I have to allude to it, unless somehow or other it's brought out. As I am reading the bids, the current bidding has only one specific offering of a guarantee and it's a [redacted] million net guarantee from Hartford. Also Hartford is only [redacted]. That's an amazing bid, it really is. Like I say, you look at that in line with the fact that our participants... ok gotcha, went too far.

CHAIRMAN REED: Thank you. Dr. Romo anything? Ms. Oliver?

CARLOS ROMO: Just a question. On these two handouts, you said they are confidential; I just wanted to continue to be sure that's the case? The last two we just got, just now, they are confidential proprietary to us?

CHAIRMAN REED: Yes as long as it itemizes each individual bidder we have got to stay away from it.

CARLOS ROMO: Thank you.

CHAIRMAN REED: When I say it, I'm sorry, we have to stay away from the information that's tied to specific bidders during our deliberations and I believe Ms. Parker might want to say something about that.

DAG CARRIE PARKER: I talked with Jeff Menicucci who is the DAG for Purchasing and he did say that if we proceed with the finalist presentations next week, when they come in, anything that they say in their presentations, they have waived the confidentiality. So I would assume that in their presentations they are going to talk pricing and basis points and then you would be able to deliberate about those. So at this time they are still confidential and these may come out next week if we proceed with presentations. As far as the chart with the averages, that's public and when we come back in if you want to talk about averages, that's fine.

JAKE O'SHAUGHNESSY: Chairman Reed may we make one final comment?

CHAIRMAN REED: Of course Mr. O'Shaughnessy please proceed.

KARL HAUSAFUS: Actually it's Karl Hausafus again for the record. I was just going to bring up two quick things. One, I pulled your existing contract with the Hartford it does provide for termination both with and without cause and essentially it's section 4 and section 10 of that contract. Section 10 outlines the termination provisions as an open provision that just says it's terminable without cause. Section 4 essentially says if it's terminated without cause then it requires a 30-day notice. So the existing contract has a 30-day opt out, were it to be assumed.

JAKE O'SHAUGHNESSY: Is everybody clear on that point?

CHAIRMAN REED: I know I am. Anybody have questions about that? Mr. Sisco seems to have a question or a comment.

SCOTT SISCO: Is that the Committee's ability to terminate it without cause with the 30 days? Or can Hartford?

KARL HAUSAFUS: Both sides.

SCOTT SISCO: Both sides okay thank you.

KARL HAUSAFUS: It doesn't mean that they would use it but I just wanted to clarify that since it was brought up and we can clarify it on the record also. The other part was, this would be something for Ms. Parker, and I'm not sure she would be prepared to answer that now or maybe it needs to be looked in to. When I had taken a look at the statutes and the regs it looked to me like NRS 287.330 authorized one provider and then the reg was NAC 287.710 allows you to use one provider. Actually, let's see is that the right one? I don't have it front of me now, but both the regs and the statutes that I saw as applied to the Deferred Compensation plan, not as applies to PERS, but the one specific to the Deferred Compensation plan appear to me to provide you the ability to use one provider. If you use two plans I remember there being a provision that you have to use two different providers for those plans but that's different than the record-keeping and providing that we are talking about.

SCOTT SISCO: Mr. Chairman

CHAIRMAN REED: Mr. Sisco

SCOTT SISCO: I'm sorry, NAC 287.730 *Appointment of subcommittee to review proposals* specifically says "select two or more of the applicants for appointment as administers and providers." How are you saying that that allows for one?

KARL HAUSAFUS: You are saying 287.330?

SCOTT SISCO: 287.730 item 2C.

KARL HAUSAFUS: I'm looking at statute 287.330 which authorizes ones. Hold on, I'll pull it up.

SCOTT SISCO: 287.330, what is that? It that PERS?

KARL HAUSAFUS: I'm looking at 287.710 which says one person may be selected to serve. "The Committee will select administrators and providers for the Program. One person may be selected to serve in both capacities. The Committee will contract with more than two providers if it deems it necessary to offer the participants in the Program superior investment options." That's NAC 287.710 sub 1.

SCOTT SISCO: Look at 287.730, item number 2 section C.

KARL HAUSAFUS: 287.730, which one.

SCOTT SISCO: Item 2 C

KARL HAUSAFUS: It just says the chair shall call a general meeting to select two or more of the applicants for appointment as administrators or providers. What I just read you in .710 says that you can select one and says that you will contract with more than two providers if you deem it necessary to provide superior investment options. It doesn't require you to contract with two or more, it allows you to contract with two or more if you deem it essentially in the best interest of the participants because you are going to provide them superior investment options.

SCOTT SISCO: So we have a "may" and a "must" in conflict, is what you are saying?

KARL HAUSAFUS: Well we have .710 which says you can do this and we have .730 that says if you do this you will follow a general meeting. That's the way I look at it, but Carrie would need to comment on that. That's why I just wanted to bring this up this seems more in the realm of something that Ms. Parker will need to address for you, rather than something from us. I just gave you my interpretation of it.

CHAIRMAN REED: Thank you I appreciate the input on that. Do any of the committee members have additional questions? Hearing none, it is now, according to the clock on the wall, approximately 4:06pm, July 12. I will close the closed session and reopen the open session but I will also go in to recess for 10 minutes to give people an opportunity to stretch their legs.