

Brian Sandoval
Governor



Rob Boehmer
Program Coordinator

**Nevada Public Employees'
Deferred Compensation Program**

COMMITTEE
Scott Sisco, Chair
NDOC
Carlos Romo, Vice Chair
Retired
Brian L. Davie
LCB
Karen Oliver
GCB
Steve C. Woodbury
GOED
Shane Chesney
Senior Deputy Attorney General

**DEFERRED COMPENSATION COMMITTEE
QUARTERLY MEETING MINUTES FOR**

May 22, 2014

The quarterly meeting of the Deferred Compensation Committee was held on Thursday, May 22, 2014 at 9:00 a.m. in room 2135 of the Legislature Building, 401 S. Carson St., Carson City, Nevada. The meeting was held by videoconference from the Nevada Legislature Building to the Grant Sawyer Building, 555 E. Washington Ave., Suite 4406, Las Vegas, Nevada. Other attendees participated in person or by conference call.

A copy of this set of meeting minutes, including the agenda, the audio recording and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at: <http://defcomp.nv.gov/Meetings>.

COMMITTEE MEMBERS

Brian Davie
Karen Oliver (by phone)
Steve Woodbury
Carlos Romo, Vice Chair
Scott Sisco, Chair

OTHERS PRESENT

Bill Abramowicz, MassMutual	Brian Merrick, ING
Jim Barnes, Zeh Law Firm	Frank Picarelli, Segal Rogerscasey
Bishop Bastien, ING	Steve Platt, ING
Rob Boehmer, NDC Program Coordinator	Micah Salerno, NDC Admin Assistant
Shane Chesney, Senior Deputy Attorney General	Kimberlee Tarter, State Purchasing
Michael Hackett, MassMutual	Robert Trenerry, MassMutual
Amy Humphrey, MassMutual	Tom Verducci, MassMutual
Terri Laird, RPEN	Steve Watson, MassMutual

1. Call to Order/Roll Call

Chairman Scott Sisco called the quarterly meeting of the Nevada Deferred Compensation (NDC) Committee to order at 9:03 a.m., on Thursday, May 22, 2014. Mr. Rob Boehmer took roll and determined a quorum was present with Ms. Karen Oliver participating by phone. Mr. Boehmer indicated the meeting had been properly noticed and posted. Chair Sisco recognized those calling in to the meeting and noted that Vice Chair Romo would be arriving late or calling in.

2. Public Comment

Ms. Terri Laird with Retired Public Employees of Nevada (RPEN) provided testimony:

"My name is Terri Laird, Director of Membership and Chapter Service for the Retired Public Employees of Nevada, RPEN.

RPEN represents all retired public employees, and we currently have in excess of 9,000 dues paying members.

RPEN recognizes that deferred compensation is a voluntary retirement savings program designed to supplement retirement savings and pensions. Retirees in the program comprise a majority of deferred comp participants because of this. We want to thank the committee and appreciate the committee's oversight and accountability.

We have always supported having more than one vendor as the best way to meet the varying needs of the active and retired participants. It is also our contention that due to the differing needs of the members in the program the general account with its guaranteed rate of return is the preferred option by a considerable margin. Predictability and continuity are very important. We hope you will consider this as you move forward."

Chair Sisco commented for the record that as the Program was going through the bidding process there would not be any discussion regarding the RFP, but he noted that at a previous meeting the Committee voted to go with one vendor in the future. Chair Sisco asked Ms. Laird if there was a better way for the program to reach out to RPEN members.

Ms. Laird noted she would work with Mr. Boehmer to try and help that communication and offered to have the NDC newsletter posted on the RPEN website.

Mr. Steve Watson supported Ms. Laird as an RPEN member and remarked that they preferred having a choice but understood why the Committee was moving to one recordkeeper, but wanted to make the point that they liked choice in both recordkeeper and types of accounts. He thanked the Committee and believed the RFP would turn out well.

3. For Possible Action – Approval of Committee meeting minutes from meetings of January 16-17, 2014 and February 19, 2014. ([Supporting Material pp. 4-22](#))

Chair Sisco questioned the wording on page 7 regarding insurance on the general funds.

Ms. Salerno indicated she had communicated with Mr. Picarelli and Mr. Trenerry and the minutes reflected their corrections and preference on wording.

Motion by Mr. Brian Davie to approve the January 16-17, 2014 minutes. Second by Mr. Steve Woodbury and motion passed unanimously (4-0).

There were no comments or changes on the February minutes.

Motion by Mr. Davie to approve the February 19, 2014 minutes, seconded by Mr. Woodbury. Motion carried unanimously (4-0).

4. For Possible Action – Receive and approve Program Coordinator’s Report of first quarter 2014. (Supporting Material pp. 23-40)

Mr. Boehmer presented his report starting with information on recordkeeper billing and 2013 revenue sharing.

Chair Sisco inquired about funding from previous years that was sitting with the recordkeeper(s) and asked if that was pulled back in.

Mr. Boehmer stated there was about \$30,000 from ING from last year and they had put a plan in place to recoup that throughout this year. The Plan billed \$22,500 for the first quarter and would do the same for the next quarter and then they would check the numbers as the year progressed and consider the shortfall with that.

Chair Sisco commented that the goal for the Program would be to be reconciled by year end including billing and refunds to participants before the new recordkeeper contract began.

Mr. Boehmer continued his report highlighting information on the Financial Audit Contract, the Compliance Audit, Newsletter format, Monthly Administration Reports, and webinars.

The Committee were in support of the new format for the quarterly newsletter and suggested dedicating one newsletter in the future for the recordkeeper transition. They also appreciated the new monthly reports provided by staff which gave concise information about the duties of the NDC office.

Motion by Mr. Woodbury to accept the Program Coordinator’s report. Second by Mr. Davie and motion carried unanimously (4-0).

5. For Possible Action – Receive and approve Investment Consultant’s review of first quarter reports from recordkeepers and performance of investment options. (Supporting Material pp. 41-192)

Mr. Picarelli presented his quarterly report on the first quarter (1Q) of 2014 commenting on financial market conditions from pages 1-19 of his Analysis of Investment Performance. Continuing on page 20 Mr. Picarelli offered the Executive Summary for 1Q ending March 31, 2014 showing the NDC Program total assets were \$670.1 million which was an increase of \$6.3 million or 1.0%. The majority of Plan assets, \$301.3 million, were invested in the Stable Value Funds representing \$273.8 million or 41% in the Hartford General Account and \$27.5 million or 4% in the ING Stable Value Account. The Target Date funds’ assets totaled \$65.2 million and accounted for approximately 10% of the total plan assets.

Comments were made by the Committee and Mr. Boehmer to encourage new participation and increase contributions for active employees. Mr. Boehmer would continue to work with Human Resources to get information about the Program in the new hire paperwork.

MassMutual assets totaled \$542.0 million, increasing \$3.3 million or 0.6% with 51% of those assets in the Hartford General Account and 4% in lifecycle funds. The MassMutual revenue on variable assets was still generating 12 basis points resulting in a 1 basis point gain of approximately \$26,000 of additional revenue.

ING assets totaled \$128.2 million, increasing \$3 million or 2.4% with 22% of assets in the Stable Value Fund and 35% in lifecycle funds. Their current revenue was projecting a 4 basis point shortfall of approximately \$51,000 which he and Mr. Boehmer would continue to evaluate to ensure they were on track for settling up at the end of the year.

Mr. Davie inquired if the general account with MassMutual was still the Hartford General Account or if it had changed to the MassMutual General Account.

Mr. Bill Abramowicz with MassMutual stated the assets moved from The Hartford to MassMutual as of January 1, 2013, so MassMutual was managing the money.

Mr. Picarelli asked if his report should indicate the name to be MassMutual General Account and Mr. Abramowicz confirmed that was correct.

Mr. Picarelli remarked that on the last report (4Q 2013) there was an error with the Vanguard Small Cap Index fund being included with one of the alliance partners but it was not actually part of the current line-up. The current report was still showing \$13 as an ending balance but it would be resolved on the next quarterly report.

Mr. Trenerry explained that the Vanguard Small Cap was an investment in the plan at one time. In July of 2012 a change was made, the assets were mapped, and the fund was closed. In October of 2012 a transaction was reversed at Central Lyon County Fire and since the investment was closed they had to reopen it for the reverse. Human error accounted for the fund not being closed after the correction was completed. In October 2013 a participant with Central Lyon County Fire chose to have a percentage of payroll deduction go to the Vanguard Small Cap. Once MassMutual discovered the error in January 2014 they contacted the participant, reversed the transaction, the participant was made whole, and the investment was closed. The money was transferred and although there was a dividend of \$13 from the first quarter that was reversed and would show up as clear in the next quarter report. Mr. Trenerry indicated MassMutual added a quality check to their process to eliminate this type of error in the future.

Mr. Picarelli concluded his report reviewing the asset allocation, plan contributions, and fund performance from pages 32-54. He noted he would change the individual fund listing to be in alphabetical order on future reports.

Motion by Mr. Davie to accept the Investment Consultant quarterly report of first quarter 2014, second by Mr. Woodbury. The vote passed unanimously (3-0). Ms. Oliver did not vote on this motion.

6. For Possible Action – Receive and approve the Investment Consultant’s Fund Watch list for the first quarter ending March 31, 2014. ([Supporting Material pg. 69](#))

Mr. Picarelli referred to page 27 of his report and recommended retaining all funds on the Watch List from last quarter.

FUND	RECOMMENDATION
American Funds Growth Fund of America (ING)	Remain on Watch
Keeley Small Cap Value Fund (ING)	Remain on Watch

Hartford Small Company Fund HLS (MassMutual)	Remain on Watch
Victory Diversified Stock Fund (MassMutual)	Remain on Watch
Oppenheimer Main St Small & Mid Cap Fund (MassMutual)	Remain on Watch
American Funds Capital World Growth & Income (ING)	Remain on Watch
Lord Abbett Value Opportunities Fund (MM & ING)	Remain on Watch
Columbia Acorn Fund (ING)	Remain on Watch

Motion by Mr. Woodbury to accept and approve the Watch List, second by Mr. Davie. Motion carried unanimously (4-0).

7. For Possible Action – Receive and approve plan activity and administrative update from ING for first quarter ending March 31, 2014.

Mr. Bishop Bastien gave a brief transition update on ING changing to Voya. He remarked that a secondary offering had been completed with ING Group that reduced their ownership of ING U.S. to below 50%. ING Group would continue to sell off shares with a goal of ownership under 25% by the end of 2016. A mailing was sent out to all account holders regarding the transition process of the name change. By September 1, 2014, ING Retirement Services would become Voya Retirement Services which would complete the process.

Vice Chairman Carlos Romo arrived at the meeting.

Mr. Brian Merrick and Mr. Steve Platt presented the first quarter 2014 report from ING. ([Supporting Material pp. 193-204](#))

Motion by Mr. Davie to accept the quarterly report from ING. Second by Vice Chair Romo the motion carried unanimously (5-0).

8. For Possible Action – Receive and approve plan activity and administrative update from MassMutual for first quarter ending March 31, 2014.

Mr. Trenerry presented the first quarter 2014 report from MassMutual. ([Supporting Material pp. 205-218](#))

Motion by Vice Chair Romo to accept the MassMutual report and seconded by Mr. Davie. Motion passed unanimously (5-0).

9. For Possible Action – Committee to discuss and potentially vote on new Alliance Plan Contract for Nevada Occupational Safety and Health Review Board.

Mr. Boehmer stated that the Nevada Occupational Safety and Health Review Board recently contacted the NDC office and requested to become an alliance partner with the Program. ([Supporting Material pp. 219-224](#))

Motion by Vice Chair Romo to approve the request to add the Nevada Occupational Safety and Health Review Board to the Program. Second by Mr. Davie the motion passed unanimously (5-0).

10. For Possible Action – Committee Member Woodbury to present information on classifications and recommendations for position level and class for the possibility of creating a State of Nevada employee administrative assistant position.

During the Planning meeting in January there was discussion to consider making the current NDC support staff position a State of Nevada Administrative position.

Mr. Woodbury spoke with State of Nevada Division of Human Resource Management and looked at the unclassified positions. If they decided to proceed the Committee would need to decide if the position should be unclassified or classified.

Chair Sisco suggested unclassified may be more flexible.

Mr. Woodbury believed that they could create a half time position in either classified or unclassified.

Chair Sisco believed it may be an easier road if it was created as an unclassified position as an administrative assistant. It would be more flexible for setting the salary and hours.

Motion by Mr. Woodbury to proceed and direct staff to work through the budget process to create an unclassified position, to do an analysis of what the position would be in classified service, and to set the wage based on Administrative Assistant 3 pay rate on a 75% FTE and allow staff through the budget process to proceed with a classified position as well. Second by Mr. Davie, motion carried unanimously (5-0).

11. For Possible Action – Establish upcoming Committee Meeting Dates for August and November quarterly meetings. ([Supporting Material, pg. 225](#))

Mr. Boehmer indicated the Committee needed to establish upcoming meeting dates for the August and November quarterly meetings.

Mr. Picarelli requested the August meeting to be on the 13th.

A discussion ensued with the Committee and Mr. Picarelli regarding upcoming meetings concerning the recordkeeper RFP. They decided to take a break and contact Purchasing for assistance.

Chair Sisco stated that Ms. Kimberly Tarter from Purchasing would be joining the meeting so they would come back to that agenda item when she arrived.

12. For Possible Action- Discussion about Institutional Investor offering NDC an invitation to attend their Defined Contribution Symposium in Half Moon Bay, California. ([Supporting Material, pp. 226-237](#))

Mr. Boehmer explained the invitation to the Institutional Investor Symposium noting that two Committee members could attend. He stated it was not a marketing type of conference but was very educational. The travel, lodging, and food costs were all covered by Institutional Investors.

Ms. Oliver remarked that her experience at the Symposium she attended was very positive. She appreciated the small size and felt it was better to exchange ideas and share information. It was very conducive to learning because everything was well planned and they had excellent speakers. She recommended it and believed they should take advantage of it while it was offered.

Chair Sisco inquired what Institutional Investors was getting out of paying for people to attend their conferences.

Mr. Boehmer stated the sponsors were getting to meet executive level people from the different plans so they get to find out what was going on, get to associate and network with those people.

Chair Sisco referred to the NAGDCA conference to review who would be attending. Mr. Boehmer and Ms. Oliver would attend NAGDCA with funding for one more to attend. He also suggested having DAG Mr. Chesney attend for more education.

The Committee and DAG Chesney wanted to ensure there was no conflict in accepting the invitation and agreed to have the Ethics Commission provide an advisory opinion.

DAG Chesney indicated he would put in a request for the Attorney General's office to cover expenses for him to attend NAGDCA.

Chair Sisco indicated he would like to attend the Institutional Investors Symposium.

Motion by Mr. Woodbury to authorize sending Mr. Woodbury, Vice Chairman Romo, or Chairman Sisco to the Institutional Investor Symposium or NAGDCA, contingent upon DAG Chesney going to NAGDCA and contingent upon the Advisory Opinion from Ethics Commission. Second by Vice Chair Romo, motion carried unanimously (5-0).

13. For Possible Action- Discussion regarding Institutional Investor's invitation requesting for Rob Boehmer to serve on their Advisory Board and attend their Summit in New York, New York. (Supporting Material pp. 238-249)

Mr. Boehmer stated that Institutional Investor's had invited him to serve on their Advisory Board. He noted his participation would require two to three conference calls and attendance at their Defined Contribution Summit in New York, New York on November 18-19, 2014 where he would be a panel speaker or lead a workshop.

Chair Sisco asked about the time requirements, workload issues with the recordkeeper transition, and if Mr. Boehmer believed he understood the Nevada Program enough to represent it well.

Mr. Boehmer believed he would represent Nevada and did not see a problem with the workload.

Motion by Mr. Davie to authorize Mr. Boehmer to pursue the advisory position with Institutional Investor's contingent upon a favorable return opinion from the Ethics Commission. Second by Vice Chair Romo and passed unanimously (5-0).

11. Return to agenda item 11.

Ms. Kimberlee Tarter with State Purchasing summarized the upcoming events surrounding the Recordkeeper RFP. June 12, 2014 would be the Evaluation Committee meeting, June 20, 2014 was the finalist presentation with the "best and final offers" where the outcome would lead to a decision based on the highest scoring vendor. After the June 20th meeting the NDC Committee would need to decide when they would become involved to give the Chair and Evaluation Committee authorization to move forward with the highest scoring vendor. The meeting on June 20th would not be a public meeting. Ms. Tarter presented two courses of action: first would have the NDC Committee meeting right after the June 20th meeting, authorizing Purchasing to move forward and enter into negotiations and pending successful negotiations authorize the NDC Chair to execute the contract and move forward to the Board of Examiners (BOE). The second path would be to have Purchasing do the negotiations and once they were concluded and they had the contract executed by the vendor they would submit the proposed contract before the NDC Committee and seek approval for the Evaluation Committee to move forward with the contract to BOE and approve the NDC Chair to execute the contract. If negotiations were not successful the Committee had two options: they could rescind the intent to award to the highest scorer and reissue to the second highest scorer and begin negotiations with approval from the NDC Committee to move forward, or the procurement could be cancelled. By regulation there was a very specific and defined process to follow in how they went about entering into negotiations. The negotiations would be confidential, but the name of the company was not.

The Committee, Ms. Tarter, DAG Chesney, and Mr. Picarelli discussed several options for meeting after the June 20th finalist presentations and decided to schedule a meeting on Monday, June 23, 2014 at 9:00am.

Mr. Picarelli stated they needed to start working on the transition in September. He would begin working on the lineup which the vendor would need by October. This would require a meeting from the NDC Committee to approve the new lineup.

Ms. Tarter noted that the executed contract may not make the August BOE meeting because it would have to be submitted by July 8, 2014 so it would not be approved until the September BOE.

Motion by Mr. Woodbury to schedule meetings on June 23, 2014 at 9:00 am, August 13, 2014 at 9:00 am, and November 13, 2014 at 9:00 am. Second by Mr. Davie the motion passed unanimously (5-0).

Comments/Updates

14. Committee Members

Mr. Davie announced that he would be retiring in early July. His intent was to send a letter to the Governor asking if he could serve the remainder of his term.

Mr. Woodbury congratulated Mr. Davie on his retirement and also thanked staff for their work.

Vice Chair Romo also congratulated Mr. Davie and commented on an article from Plan Sponsor magazine.

Chair Sisco offered congratulations to Mr. Davie and also commented how pleased he was with how things were operating and thanked staff for their hard work.

15. Investment Consultant

Mr. Picarelli congratulated Mr. Davie.

16. Recordkeeper(s)

No comments.

17. Staff Updates

Mr. Boehmer thanked the recordkeepers for their cooperation and assistance.

18. Public Comment

No comment.

19. Adjournment

The meeting was adjourned at 1:13 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant