

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 Retired
Karen Oliver
GCB
Steve C. Woodbury
GOED

Shane Chesney
Senior Deputy Attorney General

**DEFERRED COMPENSATION COMMITTEE
SPECIAL MEETING MINUTES FOR**

December 29, 2014

The special meeting of the Deferred Compensation Committee was held on Monday, December 29, 2014, at 8:30 a.m. in the Board Room of the Nevada State Library and Archives Building, 100 N. Stewart St., Carson City, Nevada. Some attendees participated in person or by conference call.

A copy of this set of meeting minutes, 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 present

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

Others present

Jim Barnes, Zeh Law Firm	Frank Picarelli, Segal Rogerscasey
Bishop Bastien, Voya Financial	Steve Platt, Voya Financial
Rob Boehmer, NDC Program Coordinator	Micah Salerno, NDC Admin Assistant
Shane Chesney, Senior Deputy Attorney General	Trudy Stanford, Retired
Kent Ervin, Participant	Robert Trenerry, MassMutual

1. Call to Order/Roll Call

Chairman Scott Sisco called the special meeting of the Nevada Deferred Compensation (NDC) Committee to order at 8:32 a.m., on Monday, December 29, 2014. Mr. Rob Boehmer took roll and determined a quorum was present. Mr. Woodbury was excused. Mr. Boehmer confirmed the meeting was properly noticed and posted.

2. Public Comment

Dr. Kent Ervin, active participant, believed the program was in a good place moving forward to the single vendor. He commented on the mapping proposal and that the Vanguard Target date funds only appeared in 10 year intervals and wondered if the 5 year increments would be added later. Page 126 of the pdf of meeting materials from the NDC website indicated the Voya fixed account was the default, but he thought the Vanguard Target funds were the default. Dr. Ervin also asked how the general or fixed account holders were contributing to the NDC administrative cost. ([Supporting Material](#))

3. For Possible Action – Approve amending existing Hartford/MassMutual Contract for additional time, up to March 1, 2015, while they transition the accounts, assets, and participant data to Voya Financial with the amended contract to terminate by March 1, 2015, or as soon as Voya Financial has received and is able to verify all of the assets and participant data files.

Chair Sisco noted that agenda items 3 and 4 would be addressed together.

4. For Possible Action – Approve contract amendment to new Voya Financial contract approved by the Nevada Board of Examiners on November 12, 2014 to reflect the delay in being able to fully implement the contract until MassMutual is able to transfer participant assets and data files to Voya Financial.

Chair Sisco explained that because of the delay with getting the new contract approved, the transition would not be complete by December 31, 2014. DAG Chesney worked with MassMutual and Voya in preparing amendments to clarify that the terms of the existing MassMutual contract would be in place until March 1, 2015, and the Voya contract would not be able to be fully implemented until MassMutual was able to transfer the participant assets and data files to Voya. These amendments needed to be extended before December 31, 2014.

Motion by Vice Chair Romo to approve agenda items 3 and 4, second by Mr. Davie.

Mr. Davie questioned why there were different dates on the MassMutual letter and the amendment and wondered which date was valid.

DAG Chesney indicated that the amendment stated March 1, 2015, and they would be bound by that date.

Vote on motion was 4-0 and passed unanimously.

5. For Possible Action – Approve contract extension to the existing contract held by Segal Rogerscasey due to expire on March 31, 2015. The current contract provides an option for the NDC Committee to extend it for an additional two-year term. The proposed contract amendment would allow for a two year contract extension with a \$20,000 reduction of investment consultant fees over the extended timeframe.

Chair Sisco stated the contract with Segal Rogerscasey was due to expire on March 31, 2015, but it allowed a two-year extension. Mr. Picarelli agreed to discount the rate on the contract by \$20,000 per year because of the change to one recordkeeper.

Motion by Vice Chair Romo to approve the contract extension with Segal Rogerscasey. Second by Mr. Davie, motion passed unanimously, 4-0.

6. For Possible Action – Approve modified Fund Line-up and Mapping proposal presented by Investment Consultant, Frank Picarelli of Segal Rogerscasey. The new fund Line-Up was voted upon and approved by the NDC Committee at the November 4th Quarterly Committee meeting contingent upon being able to provide the necessary revenue to meet the pricing in the new Voya Financial contract and the NDC Program Administration.

Chair Sisco commented that after the discussion on the fund line-up at the November meeting, Mr. Picarelli needed to make a couple of changes to meet the revenue sharing requirements for the Voya contract.

Mr. Picarelli stated that in order to hit the revenue goals of 8 basis points on variable funds and to project enough in the administrative budget, they needed to come up with variable funds providing at least 15 basis points. They looked at the lineup and different scenarios and noted that the Vanguard Target funds, which were currently wrapped on the Voya side by 19 basis points, would be wrapped by 6 basis points in the new contract. The ratios were very competitive and going forward with one vendor there should be more diversification. The lifecycle funds were very popular on the Voya side and they should continue to grow, so if they retained a wrap of 6 basis points the investment management fees would average about 22 basis points for the Vanguard funds. The Vanguard funds would be kept in increments of 10 years and they were not planning to add all of the individual series at this stage.

Chair Sisco inquired if there was any revenue sharing or fees related to the general account.

Mr. Picarelli explained by having a general account it helped the Program by allowing the variable funds. The general account was a spread product which gave a strong rate backed by a strong institution. Variable funds and lifecycle funds helped pay for the Program in addition to the general account. The general account participants would not see an explicit fee but would receive a guaranteed net crediting rate.

Chair Sisco noted that a large wave of retirements were coming within the State and asked if a lot of those participants transferred out of the variable funds and into the general account if the revenue sharing fees would need to be increased to cover the cost of the Plan.

Mr. Picarelli commented that was a risk. They could look at moving toward a fee leveling type of program where all participants pay an explicit fee regardless of what fund(s) they were in.

Mr. Picarelli stated they had hoped to eliminate American Growth Fund of America in the large cap growth space, but the fund performance had turned around and the revenue sharing it generated helped to meet the requirement. Additionally they would be adding the Goldman Sachs fund, but they were not able to get the lower expense ratio. Once the fund began to grow they may have the opportunity to get a lower share class. They would continue to monitor the fund lineup during the course of the year and with the minor modifications presented today, they were able to retain the lineup that was presented in November.

Motion by Mr. Davie to approve the revised fund lineup, second by Vice Chair Romo. Vote passed unanimously, 4-0.

Comments/Updates

7. Committee Members

Vice Chair Romo asked if a letter had gone out from Voya to MassMutual participants.

Mr. Boehmer stated that a formal notification was mailing out from Voya on December 31, 2014. The transition newsletter would outline all the parameters of the transition, provide information on the new fund lineup, and where the transition meetings would take place throughout January and February, 2015. An email notification had been sent to all the payroll centers notifying them of the transition and working with them to be onboard for the transition timeline.

Chair Sisco asked if participants would be notified of the blackout period.

Mr. Boehmer confirmed that the transition newsletter would line out when the blackout timeframe would be and instruct participants on what they could or could not do during that transition time. The blackout only applied to the MassMutual accounts transitioning over to Voya.

Mr. Platt noted that the assets from the ING Stable Value fund did transition to the Voya Fixed account on December 19, 2014, so the first part of the transition had begun. He also commented that participants would be notified of dates of the transition, blackout, and when they would be able to view their Voya account online. They would also be provided with instructions on how to set up their online account with Voya.

Mr. Boehmer noted that all MassMutual participants would have to declare their beneficiary.

Mr. Platt confirmed that MassMutual would not be transferring over the beneficiary information so those participants would be notified often through the year of the need to update their beneficiary information. They could do this online, over the phone with a customer service representative, or on a paper form.

Mr. Bastien stated the data in the recordkeeping system was not compatible to transfer from MassMutual so they were recommending all participants to update their beneficiary. They would remind participants in their first quarter statements and they could run a report after 6 months to identify who had not updated their beneficiary.

Chair Sisco commented that there should be a reminder in each newsletter for people to make sure their information was up to date.

8. Investment Consultant

No comment.

9. Staff Updates

No comments.

10. Public Comment

No comments.

11. Adjournment

Motion by Vice Chair Romo and seconded by Mr. Davie to adjourn the meeting. Motion carried unanimously, 4-0.

The meeting was adjourned at 9:06 a.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant