



Brian Sandoval, *Governor*

COMMITTEE

Karen Oliver, *Chair, GCB*
Brian L. Davie, *Vice Chair, LCB*
Carlos Romo, *Retired*
Scott Sisco, *NDOC*
Steve C. Woodbury, *GOED*

STAFF

Rob Boehmer, *Program Coordinator*
Micah Salerno, *Administrative Assistant*

Shane Chesney, *Senior Deputy Attorney General*

DEFERRED COMPENSATION COMMITTEE QUARTERLY MEETING MINUTES

February 18, 2015

The quarterly meeting of the Deferred Compensation Committee was held on Wednesday, February 18, 2015, at 9:00 a.m. in the Guinn Room of the Capitol Building, 101 N. Carson Street, Carson City, Nevada. Attendees participated in person or by conference call.

A copy of meeting material including 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/2015>.

COMMITTEE MEMBERS

Carlos Romo
Scott Sisco
Steve Woodbury
Brian Davie, *Vice Chair*
Karen Oliver, *Chair*

OTHERS PRESENT

Jim Barnes, *Zeh Law*
Bishop Bastien, *Voya*
Rob Boehmer, *NDC Program Coordinator*
Shane Chesney, *Sr. Deputy Attorney General*
Merrill Desrosiers, *Voya*
Michael Hackett, *MassMutual*
Dianna Patane, *Voya*

Frank Picarelli, *Segal Rogerscasey*
Steve Platt, *Voya*
Thomas Rey, *CliftonLarsonAllen*
Micah Salerno, *NDC Admin. Assistant*
Robert Trenerry, *MassMutual*
Melanie Walker, *Segal Rogerscasey*

1. Call to Order/Roll Call

Chairman Scott Sisco called the quarterly meeting of the Nevada Deferred Compensation (NDC) Committee to order at 9:06 a.m. on Wednesday, February 18, 2015. Mr. Rob Boehmer took roll, determined a quorum was present, and confirmed the meeting was properly noticed.

2. Public Comment

None

3. For Possible Action – Approval of Committee meeting minutes from November 4, 2014.

No comments or changes on the minutes.

Motion by Vice Chair Romo to approve the minutes, second by Mr. Davie. Motion passed unanimously, 5-0.

4. For Possible Action – Per NRS 287.330, 1. The Committee shall: (a) At its first meeting each year, designate one of its members to serve as Chair of the Committee for a term of 1 year or until the chair's successor has been designated. Additionally, the Committee will designate a Vice Chair.

Chairman Sisco indicated he did not have the time to commit to being Chair and he also was aware that Vice Chair Romo and Mr. Woodbury would not be able to serve as Chair at this time.

Motion by Chair Sisco to nominate Ms. Oliver as the Chair and Mr. Davie for Vice Chair. Vice Chair Romo seconded the motion.

After some discussion the Committee agreed the nominations were acceptable.

Vote on motion was unanimous, 5-0.

The Committee rearranged seating so Ms. Oliver could take over as Chair and Mr. Davie as Vice Chair.

5. For Possible Action – Receive, discuss, and approve Program Coordinator's Report of fourth quarter 2014, review and discuss NDC budget sent to the Legislature, discuss proposed NDC Annual Administration Plan for 2015, and discuss Program Coordinator's annual performance evaluation. ([Supporting Material, pp. 18-45](#))

Mr. Boehmer presented his report addressing the NDC Budget and the possibility of testifying for the Legislative session.

Vice Chair Davie questioned how the Attorney General's cost allocation was determined and also inquired if there was any slack in the budget to provide the Program Coordinator an increase in salary.

Mr. Sisco did not believe it was fair to consider increasing the salary for the Program Coordinator since the Governor had not submitted a request for other unclassified employees to receive a raise.

Vice Chair Davie commented that merit increases were reinstated so they could consider that.

Mr. Woodbury stated the position was set in statute for a maximum salary and the Committee had the flexibility to set it anywhere in that range. He believed that Mr. Boehmer had performed well and brought a lot of experience to the position and should consider giving him a raise. He proposed doing an informal survey of other Programs of similar size to see what a reasonable salary was.

DAG Chesney indicated the Committee could give direction from the Chair to do a study.

Mr. Boehmer suggested it would be beneficial to have Mr. Picarelli help with that research and possibly bring that information to the May meeting. He also noted that he provided an evaluation form for the Committee to use in evaluating his performance.

Mr. Picarelli stated they had a good listing of State plans and he could compare that information as well as information from NAGDCA.

Mr. Sisco stated he would not support a pay increase because they were a Governor appointed Committee.

Mr. Boehmer continued his report noting that NDC received \$65,000 reimbursement from Voya for RFP services.

Mr. Bastien stated that the \$65,000 was for the recordkeeping search and was separate from the \$427,000 for Plan expenses.

Mr. Boehmer gave an update on the transition process.

Mr. Bastien remarked that a confirmation statement would be going out in the following week and would include instructions on how to set up online account access and update beneficiary information.

Mr. Boehmer explained there had been weekly conference calls with the Voya transition team to address any issues that arose, answer questions, and review upcoming items. He also commented that a few Alliance Partners had FICA participants but did not have a signed FICA Agreement with the Program and staff was working to correct that. There was an issue with Voya not sending out transition information to a large amount of FICA participants from NSHE, but they addressed it once they were made aware of the problem.

Mr. Picarelli stated they should clean up the FICA accounts that were inactive and had small balances.

Mr. Bastien commented it was good practice for the Plan to clean up the small accounts and it would streamline the number of accounts being record kept in the Plan.

Mr. Boehmer and Mr. Picarelli would get data from the FICA accounts and work to clean those up and bring a proposal to the Committee to take action at the May meeting.

Mr. Boehmer concluded his report commenting on the Compliance Audit, Financial Audit, Newsletter details, and the employee evaluation which he hoped to have on the May agenda.

Motion by Dr. Romo to approve the Program Coordinator's report. Second by Vice Chair Davie, motion carried unanimously, 5-0.

6. For Possible Action – Presentation of Final Financial Audit Report presented by Thomas Rey of CliftonLarsonAllen. ([Supporting Material, pp. 46-79](#))

Mr. Thomas Rey reviewed the Financial Audit of the June 30, 2013 statement noting they identified "Significant Deficiencies" according to IRS guidelines. Mr. Rey and the Committee discussed the "deficiencies" at length as well as the Management Response prepared by Mr. Boehmer.

Ms. Walker indicated there would be no future issues with the IRS for being in compliance if nothing was changed. The only risk was if a participant's account was not whole.

Mr. Sisco recommended they modify the Management Response with more description explaining the Program used cash based accounting and that steps were taken to insure that participants' funds were accurately collected from payroll centers and invested into the appropriate funds.

Motion by Mr. Sisco to accept the Nevada Deferred Compensation Plan Financial Statements Audit Report and the FICA Alternative Statements Audit Report from CliftonLarsonAllen and direct the Program Coordinator to rework and send out the Management response to those reports. Motion seconded by Dr. Romo and vote passed unanimously, 5-0.

7. For Possible Action – Presentation of Final Compliance Audit Report and proposed Plan Document changes presented by Melanie Walker of Segal Rogerscasey. ([Supporting Material, pp. 80-95](#))

Ms. Walker presented a summary of the findings from the Compliance Audit including ten areas of consideration and suggestion of Plan Document changes. The “first of the month rule” applied to any deferral and were to be processed on the first pay period of the month following the month the form was submitted.

Mr. Boehmer indicated they would need to develop a communication piece, like a fact sheet, that explains the process and provide that to all the payroll centers. There would also need to be information communicated to the participants so they could plan ahead for their deferral changes.

Ms. Walker reviewed the other items on her report and indicated she would provide wording to Mr. Boehmer for Plan Document changes.

Motion by Dr. Romo to accept the final report of the 2013 Compliance Audit done by Segal, with direction for the Program Coordinator to work a draft of Plan Document changes proposed by Ms. Walker. Motion seconded by Mr. Woodbury and carried unanimously, 5-0.

Break for 30 minute lunch.

Chair Oliver called the meeting back to order at 12:50 p.m.

8. For Possible Action – Receive and approve Investment consultant’s review of fourth quarter reports from Recordkeepers and performance of investment options. ([Analysis of Investment Performance](#))

Mr. Picarelli presented some high points of his quarterly report for the fourth quarter (4Q) of 2014 commenting on financial market conditions from pages 1-20. On page 21 he continued with the Executive Summary for 4Q ending December 31, 2014, showing the NDC Plan assets totaled \$688 million which was an increase of \$6.8 million or 1.0% during the quarter. The majority of Plan assets, \$299.9 million, were invested in the Stable Value Funds representing \$270.8 million (39.4%) in the Hartford General Account and \$29.2 million (4.2%) in the ING Stable Value Account. The Target Date funds’ assets totaled \$73 million and accounted for approximately 11% of the total plan assets.

MassMutual assets totaled \$551.2 million, increasing \$1.0 million or 0.2% with 49.1% of those assets in the Hartford General Account and 4% in the lifecycle funds. The revenue on variable assets with MassMutual was still generating 12 basis points resulting in a 1 basis point gain of approximately \$27,817 of additional revenue for the quarter.

Voya assets totaled \$136.8 million, increasing \$5.8 million or 4.2% with 21.3% of assets in the Stable Value Fund and 35.8% in lifecycle funds. The current revenue was still projecting a shortfall of 5 basis points on the required revenue, approximately \$68,406, which should be covered by the \$90,000 credit allowance.

Mr. Picarelli reviewed the funds in the lineup and commented on which ones would be removed on the next report due to the revised lineup with the Voya Contract. He also noted that the Voya Fixed Account would be covered under the Nevada Insurance Guaranty Association up to \$200,000.

Motion by Dr. Romo to approve the Analysis of Investment Performance of 2015 by Segal Rogerscasey. Motion was seconded by Mr. Woodbury and the vote was unanimous, 5-0.

9. For Possible Action – Receive and approve the Investment Consultant’s Fund Watch list for the fourth quarter ending December 31, 2014. (Supporting Material, pg. 125)

Mr. Picarelli explained with the new lineup that the only fund left on the watch list was the American Funds Growth Fund of America because of the five year number.

Motion by Dr. Romo to approve the watch list. Second by Vice Chair Davie, the motion passed unanimously, 5-0.

10. For Possible Action – Receive and approve plan activity and administrative update from MassMutual for fourth quarter ending December 31, 2014. (Supporting Material, pp. 250-263)

Mr. Trenerry confirmed that the transition was complete for MassMutual. He thanked the Committee and participants for the incredible relationship over the past 27 years.

Motion by Dr. Romo to accept the MassMutual report, second by Mr. Woodbury. Motion carried unanimously.

11. For Possible Action – Receive and approve plan activity and administrative update from Voya Financial for fourth quarter ending December 31, 2014, and receive Recordkeeper Transition update.

Mr. Bastien noted that the amount covered by the Nevada Insurance Guaranty Association was now \$300,000, but wanted the Committee to know that Voya could not put any information in their materials related to that. He also clarified FICA numbers and stated that there were a total of approximately 17,600 accounts under \$1,000 and out of those roughly 15,000 accounts were not active.

Mr. Bastien commented on the transition process and stated that during the six weeks Voya tried to do everything they could to address any problems that arose. Voya was fully staffed with new reps, five total, and Dianna in the main office. They held a total of 259 groups meetings with 1,467 attendees and 1,106 one on one meetings and had 214 enrollments. They had already collected 974 beneficiary forms and would continue to collect those. Voya still had two weeks of transition meetings to provide information and answer questions. The next phase would include the branding and website changes. Finally, Mr. Bastien stated that S & P raised the ratings for Voya from A- to A.

Dr. Romo commented on the age base of the fixed account. He also wanted to see a breakout of how many people applied for Unforeseen Emergencies and how many are approved.

Motion to accept the Voya report by Dr. Romo, seconded by Vice Chair Davie. Vote on the motion was unanimous, 5-0.

12. For Possible Action – Receive and review Voya Financials proposed Re-Branding options the NDC Committee requested at the January 21, 2015 planning meeting for Committee decision and approval.

Mr. Bastien reviewed the discussion from the Planning Meeting on the new logo, color scheme, and an option of tag lines to be used. After conversation among the Committee they suggested “Your journey to and through retirement” as the tag line.

Motion by Dr. Romo to approve “Your journey to and through retirement.” as the tag line. Second by Mr. Sisco, motion passed unanimously, 5-0.

13. For Possible Action – Review, discuss, and approve Plan Document Changes/Revisions for:

a. Addition of Loan Provision

Mr. Boehmer indicated they needed to have wording for the Loan Provision in the Plan Document in order to roll out the program.

DAG Chesney noted the Plan Document could be amended every meeting if needed, but stated they should start with standard language and make changes and as things arose.

Mr. Sisco had concerns about the default timing. He also believed that they had decided that someone taking a loan could not continue their regular contribution.

Mr. Sisco suggested they table the discussion for a later meeting so they could take the time to review the information.

Mr. Picarelli suggested Mr. Boehmer send the language to Ms. Walker and she would review it for no charge.

Dr. Romo questioned if Alliance Partners could participate in the Loan Program.

Mr. Boehmer indicated that only State of Nevada employees were eligible. NSHE and other Alliance Partners could not participate. They would have to execute information sharing agreements with NSHE and the other partners because some of them offer other programs with loan programs.

Mr. Bastien stated they could be in line to roll out the loans on June 1, 2015 once the Committee takes action.

No motion was taken, the discussion was tabled for a later date.

b. Addition of Disputed Beneficiary Provision

Mr. Boehmer commented that DAG Chesney recommended the language be added since there was nothing currently in the Plan Document about disputed beneficiaries.

Motion by Dr. Romo to accept the provision as written on the Disputed Beneficiary Provision, second by Vice Chair Davie. Motion passed, 4-1 with Mr. Sisco voting against.

14. For Possible Action – Review and approve Interlocal Agreement renewals executed by all existing Alliance Partners.

Mr. Boehmer reviewed the Alliance Partner list and changes made to the agreement.

The Committee wanted to see the number of employees as well as how many participants each Alliance Partner had.

Motion by Mr. Woodbury to approve the renewals as listed and language changes of the Interlocal Agreement, pending DAG Chesney checking on legally being allowed to contract with no end date. Motion seconded by Vice Chair Davie and passed 4-1 with Mr. Sisco voting against.

15. For Possible Action – Authorize NDC Administration to send a discontinuance notification to Alliance Partners that do not execute and return the new Interlocal Contract/Agreement, or at least provide communication that the agreement is being or has been executed.
Mr. Sisco stated the Committee should make the decision to send a discontinuance.

No action was taken.

16. For Possible Action – Receive and approve new Interlocal Agreement with the Incline Village Crystal Bay Visitors Bureau.
Motion by Dr. Romo to accept the Incline Village Crystal Bay Visitors Bureau as part of the Program. Second by Chair Oliver, vote passed unanimously.

The Committee requested to have Mr. Picarelli provide information on if the Alliance Partners add extra work and cost to the Plan.

17. For Possible Action – Review Institutional Investor conference events and NAGDCA Conference dates, decide on if the committee desires to send representation, and decide on what members will attend each.
Mr. Boehmer summarized the upcoming events for Institutional Investor and NAGDCA. Institutional Investor agreed to sponsor two delegates from NDC to attend each of the conferences in 2015.

The Committee was in favor of opportunities for education and training. Mr. Sisco and Vice Chair Davie could not attend during the Legislative session. Mr. Woodbury preferred to attend NAGDCA.

Motion by Mr. Woodbury to send Chair Oliver and Mr. Boehmer to the April Institutional Investor Forum, send Mr. Sisco, Mr. Woodbury, and Mr. Boehmer to NAGDCA, and pending availability of Committee members and staff send one or two to the Institutional Investor Symposium in September if expenses are covered. Motion seconded by Dr. Romo, vote passed unanimously.

The Committee would decide on other meetings later.

18. Committee Members
Dr. Romo announced he was moving to Oregon so this was his last meeting. He appreciated working with everyone and thanked them all for the great work they had done.

Chair Oliver valued Dr. Romo's contribution. She really enjoyed working with him and was sad to see him go.

Vice Chair Davie was pleased to have served with Dr. Romo. He appreciated his service to the Committee and the valuable contributions he made.

Mr. Sisco was grateful for the relationship with Dr. Romo and having served with him on the Committee, he would be missed.

19. Investment Consultant

No comments.

20. Recordkeeper(s)

No comments.

21. Staff Updates

No comments.

22. Public Comment

No comments.

23. Adjournment

Motion by Dr. Romo to adjourn, second by Chair Oliver. Motion passed unanimously.

The meeting was adjourned at 3:09 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant