



Brian Sandoval, Governor

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Micah Salerno, Administrative Assistant

Shane Chesney, Senior Deputy Attorney General

NOTICE OF PUBLIC MEETING

NEVADA PUBLIC EMPLOYEES' DEFERRED COMPENSATION COMMITTEE

Thursday, January 14, 2016
9:15 am**

***NOTE: This meeting will begin at the specific time listed above or following the conclusion of the prior meeting the Nevada Public Employees' Deferred Compensation Committee will be conducting.*

NOTE: Persons may attend the meeting and provide testimony in person or through a conference call conducted at the following location. If you would like to participate in the meeting by conference call, please email deferredcomp@defcomp.nv.gov for the conference call number and access code.

Governor's Office of Economic Development
808 W. Nye Lane
Conference Room
Carson City, Nevada 89701

Below is an agenda of all items to be considered. All items which are potential action items are noted as such. Items on the agenda may be taken out of order, combined for consideration, or removed from the agenda at any time at the discretion of the Committee.

AGENDA

1. Call to Order/Roll Call
2. Public Comment. *Comments from the public are invited at this time prior to the commencement of possible action items. The Committee reserves the right to limit the amount of time that will be allowed for each individual to speak and may place reasonable restrictions on the manner of public comment. The Committee is precluded from acting on items raised during Public Comment that are not on the agenda. Public comment pursuant to this item should be limited to items listed on the agenda.*
3. Informational Item- Receive Annual Fiduciary Training- Presented by Frank Picarelli of Segal Rogerscasey- 30-45 minutes
4. Informational Item- Receive Annual Open Meeting Law Training- Presented by DAG, Shane Chesney- 30 minutes

5. For Possible Action- Fee Leveling presentation and discussion- Presented by Frank Picarelli of Segal Rogerscasey
6. For Possible Action- Investment Option Plan Review:
 - a. Discuss any proposed line-up changes; addition/deletion of asset classes or investment options- Presented by Frank Picarelli of Segal Rogerscasey
7. For Possible Action- Receive, discuss, and approve proposed Small Inactive Account phase-out multi-step process
8. For Possible Action- Discuss any proposed amendments to:
 - a. Investment Policy Statement
 - b. 457(b) Plan Document
 - c. FICA Plan Document
 - d. Administrative Manual
 - e. SAM Manual
9. For Possible Action- Discuss any proposed legislation action for the 79th Legislative Session (2017)
 - a. Building the FY2018/2019 budget
 - b. Auto Enrollment
 - c. Auto Escalation
 - d. Statute changes
 - i. Possibility of having one seat on the Committee be from a representative of a Political Sub-Division in the Plan
10. For Possible Action- Receive and discuss Marketing/Education Administrative Plan for 2016:
 - a. Participant Satisfaction Survey
 - b. Review overall Plan Participation
 - i. Report on 2015 vs. 2014 participation
 - ii. Plan to increase participation in 2016
 - c. Retiree Financial Education Days (March/April/May 2016 timeframe)
 - d. National Save for Retirement Week- State of Nevada Financial Education Days (October 2016)
 - e. Program Marketing emphasis for 2016
 - f. Beneficiary Data Plan for 2016
 - g. Marketing to Political Sub-Divisions/Alliance Partners
 - h. Increasing Participation in NSHE
11. For Possible Action- Discuss frequency of conducting Compliance and Financial Audits within the Program
 - a. Per the existing contracts, we are due to conduct a financial audit of FY2015, and a bi-annual compliance audit.
 - b. How extensive should the sampling be?
 - c. Should the Program consider conducting an additional Financial Audit given the Mass Mutual misappropriation of TMFPD contributions?
12. For Possible Action- Contract terminations to consider and discuss plan to create and send out an RFP:
 - a. CliftonLarsonAllen Financial Audit Contract- expires 12/2016. This current contract includes completing FY2015 audit which will be billed/paid in FY2017.
 - b. Segal Rogerscasey Investment Consultant Contract- expires 03/31/2017. This contract is currently on a two year contract extension.

13. For Possible Action- Discuss Program Evaluations:
 - a. Program Coordinator
 - b. Mandatory Vendor Rating Evaluations:
 - i. Investment Consultant/Compliance Audit Contractor (Segal Rogerscasey)
 - ii. Financial Audit Contractor (CliftonLarsonAllen)
 - iii. Recordkeeper (Voya)

14. For Possible Action- Discuss NAGDCA and Institutional Investor Participation in 2016

Comments/Updates

15. Committee Members
16. Investment Consultant
17. Sr. Deputy Attorney General
18. Recordkeeper
19. Staff
20. Public Comment. *The Committee reserves the right to limit the amount of time that will be allowed for each individual to speak. The Committee is precluded from acting on items raised during Public Comment that are not on the agenda. Public comment pursuant to this item may be on any topic, principally those related to the Nevada Deferred Compensation Program.*
21. Adjournment

Prior to the commencement and conclusion of a contested case or a quasi-judicial proceeding that may affect the due process rights of an individual the Committee may refuse to consider public comment. See *NRS 233B.126*.

Notice of this meeting was posted at the following locations in Carson City, Nevada:

Nevada State Library and Archives, 100 Stewart Street
Blasdel Building, 209 E. Musser Street
Capitol Building, 101 N. Carson Street
Legislative Building, 401 S. Carson Street

Notice of this meeting was posted at the following locations in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 E. Washington Avenue
Fax to Capitol Police – (702) 486-2012

Notice of this meeting was posted on the following website:

<http://defcomp.nv.gov/>
<https://notice.nv.gov/>

We are pleased to make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If special arrangements for the meeting are required, please notify the Deferred Compensation office at 100 North Stewart Street, Suite 210, Carson City, Nevada, at least one working day before the meeting or call (775) 684-3397 or you can fax your request to (775) 684-3399.

Nevada Public Employees' Deferred Compensation Program

Fiduciary Responsibilities and Plan Governance

Frank J. Picarelli, Senior Vice President

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Today's Session Includes

- Who are plan fiduciaries
- Plan governance structure
- Fiduciary responsibilities & best practices
- Legislative/Regulatory/ERISA Program

Who is a Fiduciary?

➤ Anyone who:

- Has discretionary authority over plan investments
- Exercises any control over plan assets
- Gives investment advice for compensation

➤ Examples:

- Plan Sponsor, Plan Committee, and Registered Investment Advisors or Brokers (if investment advice provided)

Who is not a Fiduciary?

- Any one who performs administrative functions but does not have authority for discretionary decisions:
- Examples:
 - The following are generally not considered fiduciary activities:
 - Applying established rules
 - Preparing communication material
 - Receiving contributions and applying them to accounts

Functional Analysis

- Did you, or a predecessor, participate in the decision to:
 - Offer the plan
 - Select the plan type
 - Choose investment options
- Observation:
 - You don't have to make decisions to be a fiduciary; just having the authority to do so makes you one

Functional Analysis

- Are you on a Committee or Board that reviews:
 - the plan
 - its provisions
 - its investment options
- Observation:
 - Advising or recommending actions may also be a fiduciary function

Functional Analysis

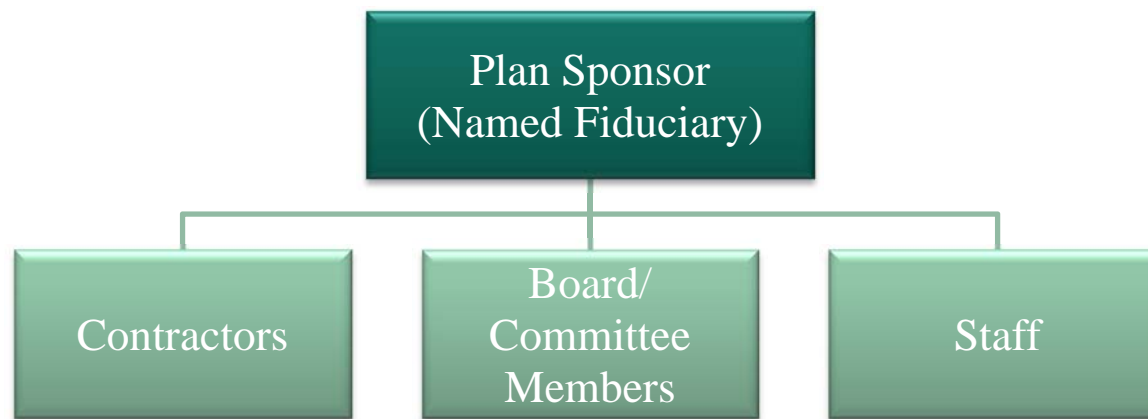
➤ Do you have responsibility to:

- choose or evaluate service providers
- bind employer through contracts
- establish policies and procedures and/or make exceptions to these rules

➤ Observation:

- Contracting out all services, functions and/or decisions does not remove you from your fiduciary

Fiduciary Tree



Plan Governance

- The plan sponsor (employer) is the ultimate fiduciary
- Fiduciaries may be appointed or elected
 - Members of Boards or Plan Committees
- If appointed, decisions must be prudent and take into consideration position/abilities of individuals or contractors

Plan Governance

- Certain activities/responsibilities may be delegated
- Plan sponsor, Committee or Board, is responsible to ensure delegated actions and activity are
 - handled appropriately, and
 - in accordance with fiduciary duties, plan documents and governing laws

Fiduciary Duties

- Act solely in the interest of plan participants and beneficiaries
 - Duty loyalty
 - May not engage in “self-dealing,” acts that serve personal or business interests

Fiduciary Duties

- Maintain the plan and its assets for exclusive purpose of providing benefits
 - Exclusive benefit rule; primary plan purpose is to provide retirement benefits for participants and beneficiaries
- Example:
 - Expenses paid from plan assets must be for the benefit of participants and beneficiaries

Fiduciary Duties

- Act with care, skill, prudence and diligence as a prudent person would in similar circumstances
 - Prudent person rule
 - Investment decisions are often elevated to prudent “expert” rule
- Example:
 - When selecting and monitoring investments, it may be necessary to hire expert services to advise decision makers

Fiduciary Duties

- Diversify plan's assets to minimize risk unless it is clearly prudent to do otherwise
- Example:
 - You should provide suitable, diversified investment choices, and adequate investment education, to enable participants to make decisions that will minimize their investment risk

Fiduciary Duties

- Act in accordance with the plan documents and governing instruments
- Example:
 - Fiduciaries must make sure that the plan document and trust agreements are amended to comply with any changes in federal/state laws and applicable regulations

Document...Document...Document

Fiduciaries must document:

- Monitoring activities, actions and decisions
- Meeting minutes and rationale for any decisions and actions
- Process to select and monitor outside contractors and service providers

Fiduciary Best Practices

- Hold Committee meetings
- Maintain documentation of actions and meeting minutes
- Establish written procedures and policies (investment policy)
- Outsource when experience and expertise is needed

Assistance to Oversee Responsibilities

- To meet fiduciary duties, it may be necessary to contract with outside experts
- Types of services that are often outsourced include:
 - Record keeping and investments
 - Consultant review of plan design/features
 - Audits

Fiduciary Responsibility

What responsibilities are imposed on all fiduciaries?

The Prudent Person Rule. ERISA requires that a fiduciary discharge his/her duties:
“with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use.”

The Exclusive Benefit Rule. ERISA requires that a fiduciary discharge its duties:
“solely in the interest of participants and beneficiaries” and “for the purpose of providing benefits and defraying the reasonable expenses of administering the plan.”

The Investment Diversification Rule. ERISA requires fiduciaries to:
“diversify the investments of the plan assets so as to minimize risk of large losses, unless it is clearly imprudent to do so.”

The Plan Document Rule. ERISA requires that a fiduciary discharge its duties:
“in accordance with the documents governing the plan insofar as such documents are consistent with ERISA.”

Fiduciary Responsibility

ERISA Section 404(c)

Understanding Section 404(c)

- Under Section 404(c) plan fiduciary will not be held responsible for any losses resulting from participants' direction of investment of assets in their account.
- To take advantage of section 404(c), the plan must satisfy certain operational and disclosure requirements. The basic requirements are:
 - The plan must offer a “broad range” of investment options (at least three) with materially different risk and return profiles.
 - Participants must be able to change investments with a frequency appropriate in light of the volatility of the investments.
 - Participants must be provided certain specific information intended to permit them “to make informed decisions.” Some of this information has to be provided automatically and some only at the request of the participant.

Fiduciary Responsibility

Fee Disclosure

Fiduciary-Level Fee Disclosure – ERISA 408(b)(2)

- ERISA Section 408(b)(2) relates to annual disclosure of fees by service providers to plan fiduciaries. Covered service providers need to comply with the regulation for all contracts or arrangements.

Participant-Level Fee Disclosure – ERISA 404(a)(5)

- ERISA Section 404(a) requires plan fiduciaries to disclose certain plan, fee and investment-related information to participants and beneficiaries in participant-directed defined contribution plans that are subject to ERISA. The initial disclosures are required to be furnished no later than 60 days after the applicability date (the first day of the first plan year) and annually thereafter.

Fiduciary Responsibility

Retirement Plan Committee Meeting Content

General Review

- Approval of prior meeting's minutes
- Review prior meeting's action items and report on progress
- Provide commentary on current events in the investment/retirement industry
- Provide legislative updates
- Review participant communication and education programs

Plan Activity Review

- Analyze changes in plan asset levels and attribution
- Review plan asset activity
- Review participant demographics and plan engagement
- Determine areas of educational need and/or plan design enhancements

Fiduciary Responsibility

Retirement Plan Committee Meeting Content

Economic Summary

- Review of activity in domestic and foreign markets
- Review of returns for various domestic, foreign and fixed income asset classes
- Provide market observations and commentary

Investment Fund Performance Analysis

- Review plan level fund and contribution asset allocations
- Review fund performance and risk measures vs. benchmarks and peer groups
- Review fund expenses
- Assess fund performance and attributes vs. Investment Policy Statement criteria
- Provide fund recommendations: Additions, Replacements, Watch List
- Provide manager and analyst commentary

What is an Investment Policy?

- Guides all decisions about the Plan's investment options
- More plans recognizing the need for an established policy

What Should It Say?

- Clarify responsibilities of parties
- Identify types of investments to be offered, selection criteria and processes
- Define how funds will be monitored, replaced, or removed

This Policy Is Not Static!

- Periodically review and update
- Document should evolve as plan and industry evolves

Fiduciary Responsibility

The Importance of Benchmarking

Investment Monitoring & Benchmarking

- Evaluate funds available using policies and procedures described in the Investment Policy Statement
- Use implemented qualitative and quantitative guidelines to assess current funds as well as fund recommendations

Fee Monitoring & Benchmarking

- Review participant and investment fees for transparency and competitiveness
- Benchmark fees with market and industry averages for plan size
- Annual fee review and disclosure of all administrative and investment fees

Vendor Management

- Monitor service delivery and the availability of service enhancements
- Assess and benchmark recordkeeping fees regularly
- Periodically conduct Request for Proposal/Due Diligence

Fiduciary Responsibility

The Participant Experience

Employee Education and Communication

- Encourage and support participation in the plan
- Continually strive to enhance employee knowledge and awareness
- Foster plan engagement through regular education programs and targeted communications
- Maximize salary deferral rates
- Optimize asset allocation
- Help employees set savings goals and retirement objectives

The background of the slide is a textured, aged parchment map. In the upper right corner, there is a detailed compass rose with a golden star-like center and blue and white directional markers. The letters 'E', 'S', and 'W' are visible in a stylized font. The map features various contour lines and geographical outlines. The title is centered in a bold, white, sans-serif font.

BASICS OF IMPROVING AND MANAGING YOUR 457 PLAN

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Segal Rogerscasey

Topics For Discussion

- Plan Governance and Oversight
- Consolidate Record Keeping (*accomplished*)
- Enrollment Strategies
- Contribution Strategies
- Roth 457 Feature (*accomplished*)
- Open Architecture (*accomplished*)
- Fee Disclosure/Transparency
- Qualified Default Investment Alternatives (QDIA)
- Targeted Marketing and Communications
- Participant Loans (*accomplished*)
- Self-Directed Brokerage Option
- Integrated Retirement Benefits
- Investment Advisory Services
- Benchmarking/Auditing
- Political SubDivisions

Plan Governance & Oversight

- 457 Plan Document
 - Custom/Updated in 2015
- Legislative Updates
 - Responsible Party
- Fiduciary Training
 - Board Policy – travel, gifts, attendance at conferences

Consolidate Record Keeping

- Ease of Administration
- Reduced Cost – Leverage assets for favorable pricing
- Improved Communications/ Education
- Simplify Participant Decision Making Process
- Plan Consolidated to one vendor in 2015



Enrollment Strategies

- Automatic Enrollment (If allowed)
- Retroactive Enrollment (for existing non-participating employees)
- On-Line Enrollment



Contribution Strategies

- Automatic Increase (plan level)
- Automatic Escalation (participant level)
- Automatic Rebalancing
- Employer Match (401(a) vs. 457)

CONTRIBUTE

Roth 457 Feature

- Post Tax Contributions
- Earnings Tax Free After Five Years
- Rollover to Roth IRA or in-plan Roth conversion



Open Architecture

- “Best in Class” Investment Options
- Diversification of Investment Offerings
- Use of Custom/Institutional Funds
- Target Date Funds
 - Appropriate Glide Path/ Diversification
- Stable Value Option
 - General vs. Separate Account
- Lifetime Income
 - Within Plan vs. Outside Plan



Fee Disclosure/Transparency

➤ Plan Sponsor/Participant

- Education and understanding of service provider fees and expenses
- Type of Fees
 - Participant fees
 - Fund expenses
 - Transaction fees
 - Service Provider revenue sharing
 - Recordkeeping administration
 - Investment advice
 - Loans
 - Managed accounts
- Fund Performance



Qualified Default Investment Alternatives (QDIA)

Safe Harbor [ERISA §404(c)]

- Target Date/Lifestyle
- Balanced Funds
- Managed Accounts



Targeted Marketing and Communications

- Webinars
- Targeted Web/E-mail Messaging
- Multimedia Presentations
- On-site Education
- Educational Mailers

Investment Advisory Services

- Automated (Guidance)
- On-Line Assistance
- Personal Investment Advice



Benchmarking/Audit

- Competitive Pricing/Revenue Sharing
- Compliance Review (documentation, operations and transactions)
- Surveys
- Conduct a Formal Search

2016 NEVADA DEFERRED COMPENSATION COMMITTEE OPEN MEETING LAW TRAINING

NDC Planning Meeting

January 2016

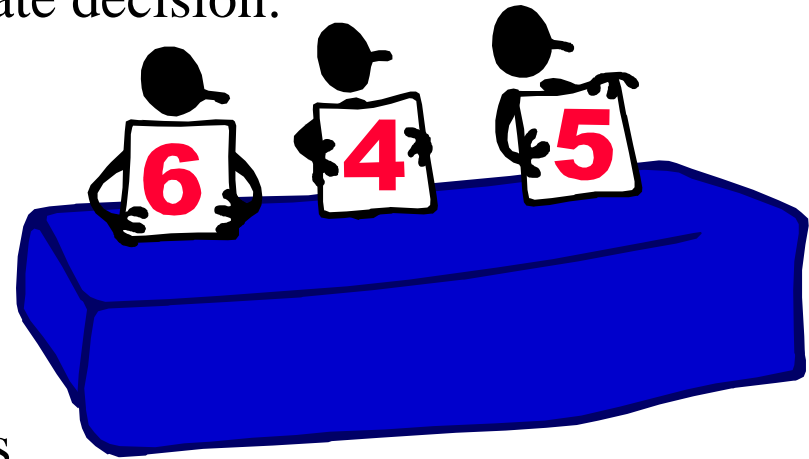
What is a Meeting?

Three requirements:

- 1. **Quorum** of members of a public body;
...and either, or both:
- **Deliberation** amongst the quorum toward a decision, or:
- **Action:** which means making a decision, commitment or promise; (NRS 241.015(1)) over a matter within the public body's supervision, jurisdiction, control or advisory power.

Critical Definitions to understanding **how** public Bodies conduct business

- **Deliberation** is now legislatively defined. It means: “collectively to examine, weigh and reflect upon the reasons for or against the action. The term includes, without limitation, the collective discussion, or exchange of facts preliminary to the ultimate decision.”
- **Action** means voting:
 - (See Manual, section 5.01)
 - includes promise or commitment;
 - But no secret ballots or secret promises
 - Action is an affirmative vote by a majority of the members during a public meeting; there is a difference between elected body and appointed body requirements for action.



Agenda **Basic** Rule

“Clear and Complete” rule

NRS 241.020(2)(c)(1)

- Cornerstone of OML
- Nevada S.Ct.: *Sandoval v. Bd. Of Regents*, 119 Nev. 148 (2003);
- *Rejected the so-called “germane” standard.*
- *Agenda topics must be specific to alert the public to topics that will be discussed.*

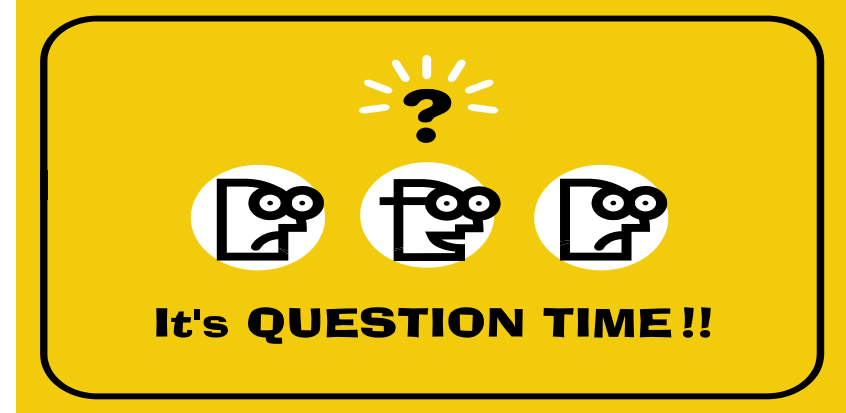


The agenda: “Is it clear and complete” ??



- Does the agenda item provide complete list of topics scheduled for consideration by the public body?
- Related matters to a agenda topic may not be discussed or the public body may have strayed from the agenda.
- Sandoval v. Bd. Of Regents, 119 Nev. 148
- AG’s Manual sec. 7.02 and 7.03

Are these items “clear and complete?”



- Many public bodies have used the following phrase on their agenda:
“.... and all matters related thereto.”
- How about an agenda item announcing negotiations on a new city franchise agreement for waste disposal. In part it stated: “.... [public body will] address general issues relating to the upcoming franchise renewal for waste disposal, including **special provisions for inclusion in a new franchise agreement(s).**” [see next slide for result]

No! After investigation it was determined **not to be clear and complete.**



Review of meeting video showed a motion had been made to direct staff to include mandatory trash service as a part of the bidding process for franchise agreement renewal or perhaps obtaining new services from other contractors.

- ✓ **“higher degree of specificity is needed when the subject to be debated is of special or significant interest to the public.”**
Sandoval v. Board of Regents of the University and Community College System of Nevada, 119 Nev. 148, 154-155, 67 P.3d 902, 905-906 (2003).
- ✓ *We found that the matter of mandatory trash pickup and billing issues were of a significant interest to the public. The agenda item was not clear and complete. Public body “cured” violation at next meeting.*

Another important Public Meeting Basic rule

Stick to the Agenda: Members and/or counsel must prevent public body discussion from wandering to related topics;

Example: Board of Regents agenda item:

"Review state, federal statutes, regulations, case law and policies that govern the release of materials, documents, and reports to the public."

So far, so good. But ...[next slide]

Board strayed from topic despite warning from counsel!



- Board discussed details of a Nevada Division of Investigation report into an incident on the UNLV campus; Board criticized the UNLV police department, and commented on the impact of drug use on campus among other items of discussion. Counsel warned the Board that they were straying from the agenda on several occasions.
- Supreme Court opinion said: Agenda did not inform public that these matters would be topic of discussion.
- Court rejected the “germane” standard for agenda items.
- *Sandoval v. Board of Regents of the University and Community College System of Nevada*, 119 Nev. 148 (2003).

OPENNESS IS THE
NORM,
NOT THE EXCEPTION;

The OML is:

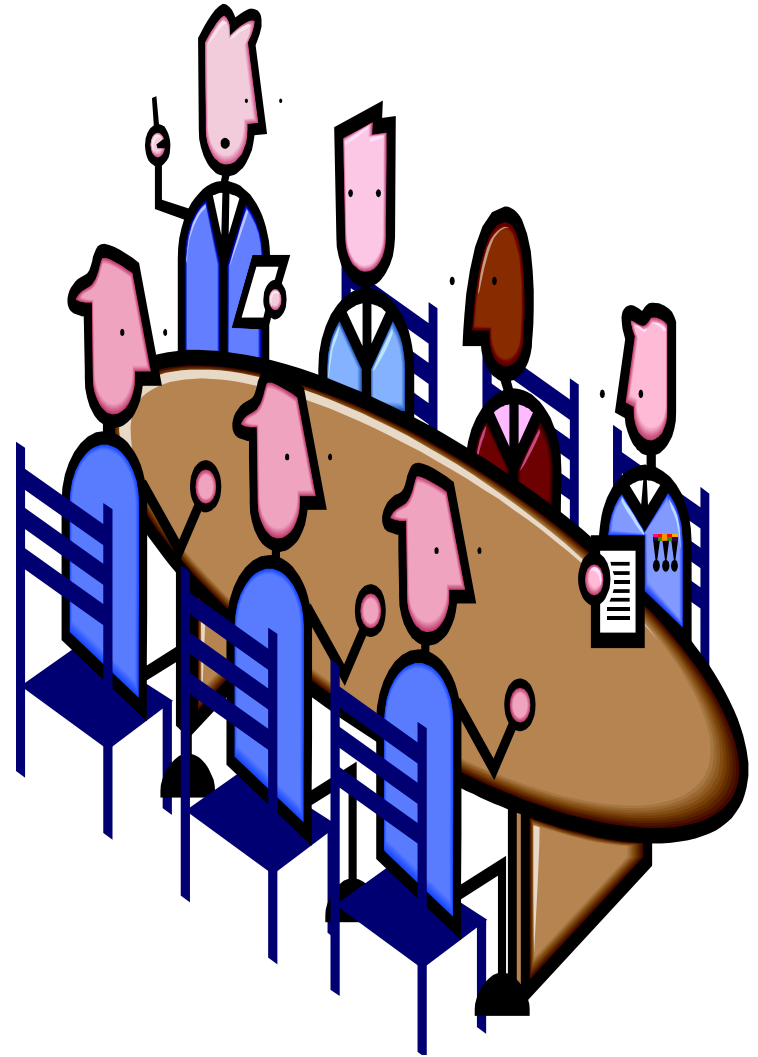
“...for the public benefit
and should be liberally
construed and broadly
interpreted to
promote openness in
government.”

*Dewey v. Redevelopment
Agency of City of Reno,
119 Nev. 87, 94 (2003)*



...But, the *Dewey Court* also said:

- OML does not prohibit every private discussion of a public issue by members of public body or even forbid lobbying for votes, but;
- ...a **quorum** must **not** be involved.
- see: ***McKay v. Bd of County Commissioners, (103 Nev. 490: 1987)*** *members of public bodies may discuss matters with colleagues, but the “OML only prohibits collective deliberations or actions where a quorum is present.”*

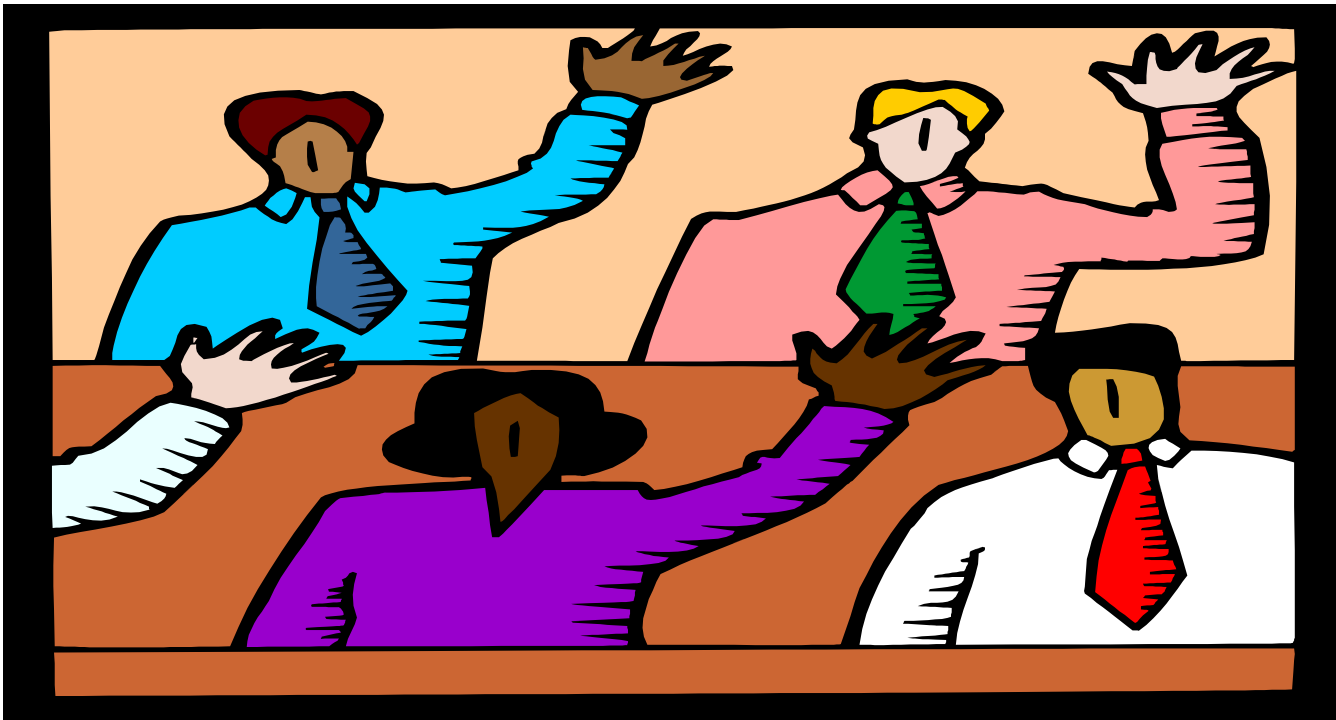


Serial communication amongst a quorum of a public body is prohibited!



Committee or no committee:

- AG's Manual states: "...to the extent that a group is appointed by a public body and is given the task of making decisions for or recommendations to the public body, the group would be governed by the Open Meeting Law."



“Committees/subcommittees/... or any subsidiary thereof.” So, No matter what name it is known by,

- ... It may be a sub-committee. If a **recommendation to a parent body** is more than **mere fact-finding** because the sub-committee has to choose or accept options, or decide to accept certain facts while rejecting others, or if it has to make any type of **choice** in order to create a **recommendation**, then it has participated in the decision-making process and is subject to the OML. (unless specifically exempted by statute.)
- OML Manual: section 3.04

1st Amendment: public comment restrictions;

A public body may:

- restrict public speakers to the subjects within the body's supervision, control, jurisdiction or advisory power;
- limit public comment if the "speech becomes irrelevant or repetitious."
- apply reasonable time limitations to public comment,
- and it may limit caustic personal attacks by a speaker.
- **...But a public body may not limit public comment based disagreement with "viewpoint" of the speaker.**
- **NRS 241.020(2)(d)(3)(VII).**

Public comment pitfalls



- Halting a citizen's comment based on belief defamation is occurring.
- Halting comment based on viewpoint of speaker.
- Halting critical comment of public official,
- But ... comment can be stopped if it strays from scope of agenda topic; or if an actual disturbance occurs.

OML:

A short member's primer for protecting
your private and public
communications on electronic devices

Are you a public officer serving on a public
body whether appointed or elected?

OML issue:

How safe from public disclosure are your private emails, texts, twitter feeds or any other communication in which public business is discussed or conducted? Whether on a publicly owned smart phone or a publicly owned electronic device.

D.R. Partners v. Board of County Commissioners (Clark)

- LVRJ sought to compel Clark county to disclose billing statements that documented county officials use of publicly owned cell phones.
- Redacted records were released.
- R.J. filed petition for mandamus to compel release of unredacted records.
- S.Ct. found that Clark county failed to provide court with a particularized evidentiary showing that would have allowed a balancing of interests test. Court reversed trial court and ordered release of unredacted billing records. *D.R. Partners v. Board of County Commissioners*, 116 Nev. 616(2000).

Reno Newspapers v. Sheriff

- Nev. Supreme Court determined that the identity of the holder of a concealed firearms permit is a public record, and it also included records of any post permit investigation, suspension, or revocation. This issue obviously raised the issue of personal privacy.
- Court noted governmental interests under balancing test is more narrowly interpreted by virtue of 2007 legislative amendments. Conversely open and accessible government must be more liberally interpreted. State's burden is heavier now. It must prove that its interest in non-disclosure "clearly outweighs the public's right of access."
- *Reno Newspapers v. Sheriff*, 126 Nev. ___, (2010)

Reno Newspapers v. Jim Gibbons

- Newspaper filed petition for writ of mandamus for access to Gov. Gibbon's emails while he was in office.
- Court began its opinion from presumption that all government generated records are open to disclosure.
- Disclosure is subject to statutory provision of confidentiality;
- Absent provision of confidentiality then balancing of interests applies.

Reno Newspapers v. Jim Gibbons

- 104 emails were identified.
- Court reversed and remanded to trial court with instructions to review a specially prepared log that described each email. Trial court Judge was instructed to apply the balancing test to each requested email. *Reno Newspapers Inc. v. Jim Gibbons*, --- P.3d ---, 2011 WL 6268856 (Nev.); 127 Nev. Adv. Op. 79

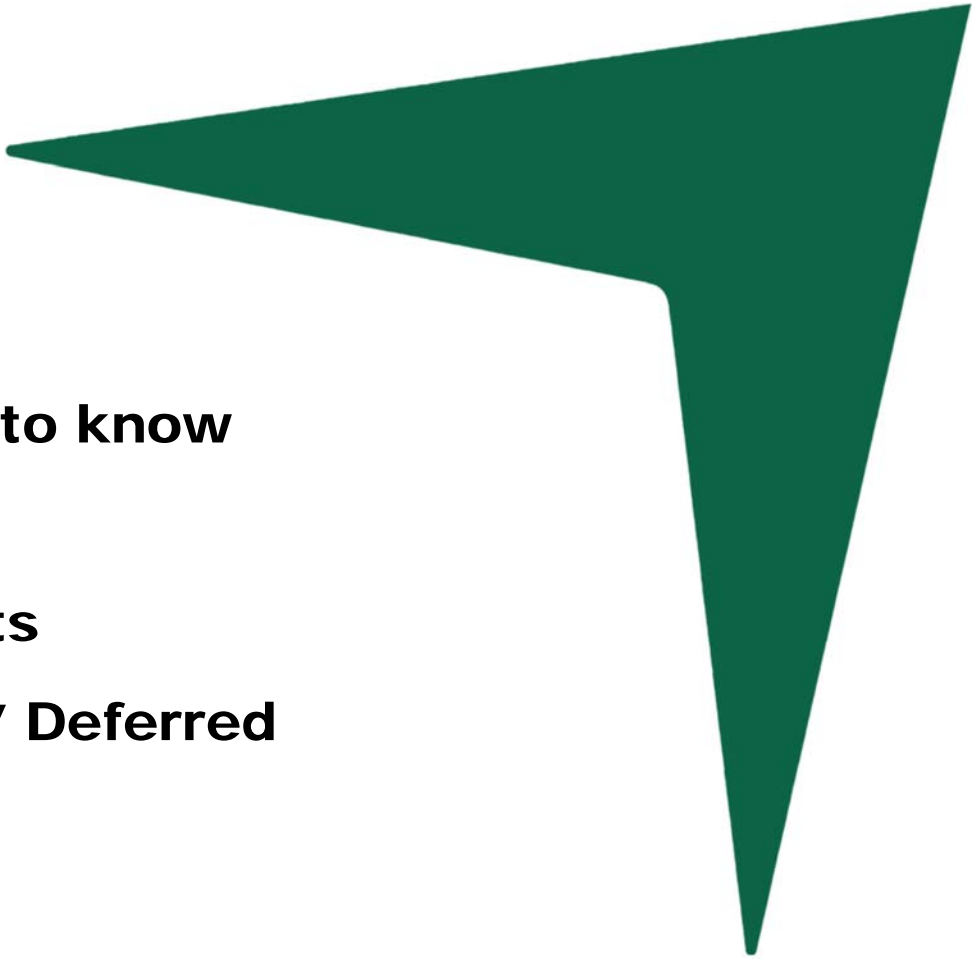
QUESTIONS OR COMMENTS?

**Nevada Public Employees'
Deferred Compensation Plan**

Fee Structure Analysis

January 2016

Frank Picarelli
Senior Vice President

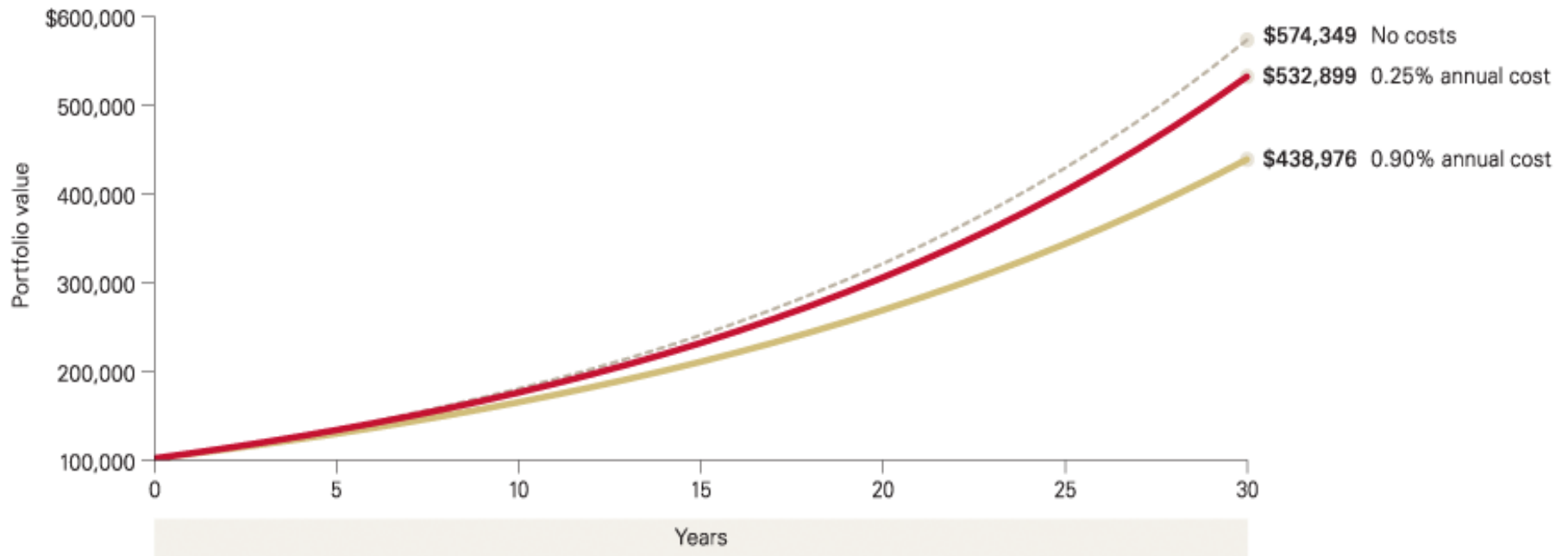
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1. Why are fees important
 2. What Plan Sponsors need to know
 3. Types of expenses
 4. Fee payment arrangements
 5. Nevada Public Employees' Deferred Compensation Plan

Why Fees are Important

- Fees are one of the biggest detractors from overall investment returns and directly impact participants' retirement savings
- A focus for the Department of Labor
 - Several recent lawsuits on plan sponsors not being proactive in validating expenses

The long-term impact of investment costs on portfolio balances

Assuming a starting balance of \$100,000 and a yearly return of 6%, which is reinvested



Source: Vanguard

What Plan Sponsors need to know

- Plan Sponsors should understand how much the service provider requires for plan administration services.
 - From where is the service provider receiving money? Is the provider receiving more than its requirement? If yes, where is the excess going? Is there an budget/Plan expense account?
- Plan Sponsors should understand alternative fee structure. It is a flat dollar, percentage of assets or a combination?
 - If percentage of assets, how is this charged/communicated? Is it transparent to the plan sponsor and participants?
- All plan level and participant expenses should be reviewed on a regular basis.
 - Are there opportunities to lower investment management expenses?
 - Have plan demographics/design changed, which could lower administrative expenses?
- Is the current fee arrangement equitable for all participants?
 - Address the concept of fee equalization
 - Are investors in index funds paying any of the administrative expenses?

Expenses in a deferred compensation plan are tied to all aspects of the recordkeeper's turnkey services and participant outcomes

Fee Allocation Methods

- Paid by the participants

- Asset-based
- Per-participants

- Implicit (not visible paid by fund revenue sharing)
- Explicit (visible)

Types of Plan Expenses

- Investment management
- Recordkeeping
 - Recordkeeping/Administration
 - Custodial trustee
 - Compliance/regulatory
 - Communication & education
 - Participant Services
 - Voice Response System
 - 1-800 call center
 - Website (including retirement planning tools and basic guidance)
 - Field service representatives
- Individual services
 - Self-directed brokerage
 - Managed accounts / Advisory
 - Loans (initiation & maintenance), QDROs, etc.
 - Transaction requests
- Staff/budget/
- Legal
- Audit
- Consulting
 - Plan design
 - Investment

Investment management fees are the largest cost to participants

Who Pays What

➤ Investment costs

- Paid by participants

➤ Administrative costs

- Paid by participants in government markets

➤ Individual services

- Paid by participants who elect the option/service: Loans, managed accounts, self-directed brokerage
- Managed Accounts
- Loan Administration
- Self-Directed Brokerage Services
- Retirement Income – Secured Foundations

➤ Other

- Plan expense account is established, the Plan pays for outside services, auditor, investment consultant, staff, Committee education or enhance participant communications

Methods

➤ Investments

- Investment management fees for the Plan's

➤ Per participant dollar charge (e.g. \$45/year/participant)

- Flat dollar amount paid by each participant; typically charged to participant accounts quarterly
- If change in number of accounts or market assets per head fee will have to be adjusted

➤ Asset base fee (e.g. 0.08bps)

- Asset based fee paid by each participant; typically charged to participant accounts quarterly

➤ Revenue sharing

- Negotiated amount between a mutual fund company and recordkeeper. It is part of a mutual fund's expense ratio and is used to help pay for a plan's administrative services and fund Plan expenses

➤ Administrative charge

- Fee charged on top of an investment's expenses that goes entirely to plan administration example Vanguard wrap fees

➤ Administration budget

- Cost with all administrative expenses to run the Plan

Most common method all expenses paid by the fund revenue sharing with recent shift to fee equalization approach

Fee Payment Arrangements

- **Revenue sharing:** Participants pay a weighted average of revenue sharing from the investment options
 - Simple
 - Participants may pay different amounts
 - Invisible to participants
 - Investment line-up connected to administration; “best” investment may not meet revenue requirements
- **Per participant dollar:** Participants pay a flat dollar fee (e.g. \$11.25/quarter)
 - Simple
 - Participants all pay the same amount
 - Seen as an explicit charge to participant accounts
 - Larger percentage of assets for participants with small balances
 - Unbundling of investment line-up with administration
- **Per participant basis points:** Participant pay fixed basis point fee (e.g. 0.082%)
 - Simple
 - Participants all pay the same percentage of account
 - Seen as an explicit charge to participant accounts
 - Larger dollar amount for participants as asset balances increase
 - Generally unbundles investment line-up with administration
- **Combination:**
 - More complex
 - Tries to address potential shortcomings of previous options

Revenue sharing has traditionally been the most common method of paying administrative expenses.

Nevada Public Employees' Deferred Compensation Plan

Revenue Sharing Analysis for Total Plan

As of September 30, 2015

Fund Name	Ticker	Asset Class	Plan Assets 9/30/2015	Mutual Fund Expense Ratio	Mutual Fund Total Expense Ratio \$	Revenue Sharing	Revenue Sharing \$
Voya Fixed Account	n/a	Stable Value	\$ 299,964,358	0.00%	\$ -	0.00%	\$ -
Vanguard Total Bond Market Index I	VBPIX	Core Fixed Income	\$ 12,796,132	0.07%	\$ 8,957	0.00%	\$ -
Voya T. Rowe Price Cap Apprec Port I	ITRIX	Balanced	\$ 7,444,515	0.64%	\$ 47,645	0.28%	\$ 20,845
Invesco Equity & Income R5	ACEKX	Balanced	\$ 31,158,866	0.49%	\$ 152,678	0.10%	\$ 31,159
Allianz NFJ Dividend Value Instl	NFJEX	Large Cap Value	\$ 3,521,016	0.70%	\$ 24,647	0.10%	\$ 3,521
American Beacon Large Cap Value	AADEX	Large Cap Value	\$ 12,853,992	0.59%	\$ 75,839	0.00%	\$ -
Vanguard Institutional Index I	VINIX	Large Cap Core (passive)	\$ 56,851,477	0.04%	\$ 22,741	0.00%	\$ -
Parnassus Equity Income - Inv	PRBLX	Socially Conscious	\$ 6,588,820	0.87%	\$ 57,323	0.40%	\$ 26,355
American Funds Growth Fund of Amer R3	RGACX	Large Cap Growth	\$ 6,701,244	0.98%	\$ 65,672	0.65%	\$ 43,558
T Rowe Price Growth Stock Fund	PRGFX	Large Cap Growth	\$ 28,412,073	0.69%	\$ 196,043	0.15%	\$ 42,618
Fidelity Contrafund	FCNTX	Large Cap Growth	\$ 4,853,239	0.64%	\$ 31,061	0.25%	\$ 12,133
Hartford Mid Cap HLS	HBMCX	Mid Cap Blend	\$ 43,641,056	0.95%	\$ 418,954	0.30%	\$ 130,923
Oppenheimer Main Street Mid Cap Fund	OPMYX	SMID Blend	\$ 23,430,587	0.86%	\$ 201,503	0.25%	\$ 58,576
Vanguard Extended Market Idx I	VIEIX	SMID Blend	\$ 14,053,428	0.08%	\$ 11,243	0.00%	\$ -
Goldman Sachs Small/Mid Cap Growth	GSMAX	SMID Growth	\$ 13,608,991	1.30%	\$ 181,000	0.55%	\$ 74,849
Vanguard Developed Markets Index Instl	VTMNX	International Equity	\$ 9,960,309	0.07%	\$ 6,972	0.00%	\$ -
Dodge & Cox International Stock	DODFX	International Equity w/EM	\$ 5,301,926	0.64%	\$ 33,932	0.10%	\$ 5,302
Franklin Mutual Global Discovery Fund	TEDIX	Global Equity	\$ 12,671,227	1.29%	\$ 163,459	0.55%	\$ 69,692
Vanguard Target Retirement Income Inv	VTINX	Lifecycle	\$ 7,150,765	0.22%	\$ 15,732	0.06%	\$ 4,290
Vanguard Target Retirement 2015 Inv	VTXVX	Lifecycle	\$ 22,098,143	0.22%	\$ 48,616	0.06%	\$ 13,259
Vanguard Target Retirement 2025 Inv	VTTVX	Lifecycle	\$ 13,985,372	0.23%	\$ 32,166	0.06%	\$ 8,391
Vanguard Target Retirement 2035 Inv	VTTHX	Lifecycle	\$ 21,390,652	0.24%	\$ 51,338	0.06%	\$ 12,834
Vanguard Target Retirement 2045 Inv	VTIVX	Lifecycle	\$ 4,970,164	0.24%	\$ 11,928	0.06%	\$ 2,982
Vanguard Target Retirement 2055 Inv	VFFVX	Lifecycle	\$ 329,718	0.24%	\$ 791	0.06%	\$ 198
TD Ameritrade SDBA	N/A	Brokerage account	\$ 2,634,921	0.00%	\$ -	0.08%	\$ 2,028
TOTALS			\$ 666,272,991		\$ 1,860,240		\$ 563,515

All Funds	
Average Expense Ratio ¹	0.54%
Weighted Average Variable Expense Ratio ¹	0.51%
Weighted Average Variable Revenue Share ¹	0.154%
¹ Does not include Stable Value or Brokerage Account	
Voya Contract Requirements: 0.08% on variable assets	\$ 293,047
Plan Administration Costs: 0.07% on variable assets	\$ 276,845
Total Revenue Required: 0.15% on variable assets	\$ 549,463

Nevada Public Employees' Deferred Compensation Plan

Asset Allocation Summary: Total All Plans

Fund	September 30, 2015	
	Assets	% of Total Assets
Voya Fixed Account	\$ 299,964,358	45.0%
Vanguard Total Bond Market Index I	\$ 12,796,132	1.9%
Voya T. Rowe Price Cap Apprec Port I	\$ 7,444,515	1.1%
Invesco Equity & Income R5	\$ 31,158,866	4.7%
Allianz NFJ Dividend Value Instl	\$ 3,521,016	0.5%
American Beacon Large Cap Value	\$ 12,853,992	1.9%
Vanguard Institutional Index I	\$ 56,851,477	8.5%
Parnassus Equity Income - Inv	\$ 6,588,820	1.0%
American Funds Growth Fund of Amer R3	\$ 6,701,244	1.0%
T Rowe Price Growth Stock Fund	\$ 28,412,073	4.3%
Fidelity Contrafund	\$ 4,853,239	0.7%
Hartford Mid Cap HLS	\$ 43,641,056	6.6%
Oppenheimer Main Street Mid Cap Fund	\$ 23,430,587	3.5%
Vanguard Extended Market Idx I	\$ 14,053,428	2.1%
Goldman Sachs Small/Mid Cap Growth	\$ 13,608,991	2.0%
Vanguard Developed Markets Index Instl	\$ 9,960,309	1.5%
Dodge & Cox International Stock	\$ 5,301,926	0.8%
Franklin Mutual Global Discovery Fund A	\$ 12,671,227	1.9%
Vanguard Target Retirement Income Inv	\$ 7,150,765	1.1%
Vanguard Target Retirement 2015 Inv	\$ 22,098,143	3.3%
Vanguard Target Retirement 2025 Inv	\$ 13,985,372	2.1%
Vanguard Target Retirement 2035 Inv	\$ 21,390,652	3.2%
Vanguard Target Retirement 2045 Inv	\$ 4,970,164	0.7%
Vanguard Target Retirement 2055 Inv	\$ 329,718	0.0%
TD Ameritrade SDBA	\$ 2,534,921	0.4%
Total	\$ 666,272,991	100.0%

Nevada Public Employees' Deferred Compensation Plan

State of Nevada Deferred Compensation Plan
Lowest Share
September 30, 2015

Fund Name	09/30/2015	Current Expense Ratio	Current Revenue Sharing	Lowest Expense Ratio	Revenue Sharing	Flat Wrap Fee	Total New Fee	Fees
Voya Fixed Account	\$ 299,964,358	0.00%	0.00%	0.00%	0.00%	0.082%	0.082%	\$245,971
Vanguard Total Bond Market Index	\$ 12,796,132	0.07%	0.00%	0.07%	0.00%	0.082%	0.152%	\$10,493
Voya T. Rowe Price Cap Apprec Port I	\$ 7,444,515	0.64%	0.28%	0.64%	0.28%	0.082%	0.442%	\$6,105
Invesco Equity & Income R5	\$ 31,158,866	0.49%	0.10%	0.38%	0.00%	0.082%	0.462%	\$25,550
Allianz NFJ Dividend Value Instl	\$ 3,521,016	0.70%	0.10%	0.66%	0.00%	0.082%	0.742%	\$2,887
American Beacon Large Cap Value	\$ 12,853,992	0.59%	0.00%	0.59%	0.00%	0.082%	0.672%	\$10,540
Vanguard Institutional Index I	\$ 56,851,477	0.04%	0.00%	0.04%	0.00%	0.082%	0.122%	\$46,618
Parnassus Equity Income - Inv	\$ 6,588,820	0.87%	0.40%	0.67%	0.10%	0.082%	0.652%	\$5,403
American Funds Growth Fund of Amer R3	\$ 6,701,244	0.98%	0.65%	0.33%	0.00%	0.082%	0.412%	\$5,495
T. Rowe Price Growth Stock Fund	\$ 28,412,073	0.69%	0.15%	0.53%	0.00%	0.082%	0.612%	\$23,298
Fidelity Contrafund	\$ 4,853,239	0.64%	0.25%	0.64%	0.10%	0.082%	0.622%	\$3,980
Hartford Mid Cap HLS	\$ 43,641,056	0.95%	0.30%	0.70%	0.05%	0.082%	0.732%	\$35,786
Oppenheimer Main Street Mid Cap Fund	\$ 23,430,587	0.86%	0.25%	0.66%	0.00%	0.082%	0.742%	\$19,213
Vanguard Extended Market Indx I	\$ 14,053,428	0.08%	0.00%	0.08%	0.00%	0.082%	0.162%	\$11,524
Goldman Sachs Small/Mid Cap Fund	\$ 13,608,991	1.30%	0.55%	0.91%	0.00%	0.082%	0.992%	\$11,159
Vanguard Developed Markets Index Instl	\$ 9,960,309	0.07%	0.00%	0.07%	0.00%	0.082%	0.152%	\$8,167
Dodge & Cox International Stock	\$ 5,301,926	0.64%	0.10%	0.64%	0.10%	0.082%	0.622%	\$4,348
Franklin Mutual Global Discovery Fund	\$ 12,671,227	1.29%	0.55%	0.85%	0.00%	0.082%	0.932%	\$10,390
Vanguard Target Retirement Income Inv	\$ 7,150,765	0.22%	0.06%	0.16%	0.00%	0.082%	0.242%	\$5,864
Vanguard Target Retirement 2015 Inv	\$ 22,098,143	0.22%	0.06%	0.16%	0.00%	0.082%	0.242%	\$18,120
Vanguard Target Retirement 2025 Inv	\$ 13,985,372	0.23%	0.06%	0.17%	0.00%	0.082%	0.252%	\$11,468
Vanguard Target Retirement 2035 Inv	\$ 21,390,652	0.24%	0.06%	0.18%	0.00%	0.082%	0.262%	\$17,540
Vanguard Target Retirement 2045 Inv	\$ 4,970,164	0.24%	0.06%	0.18%	0.00%	0.082%	0.262%	\$4,076
Vanguard Target Retirement 2055 Inv	\$ 329,718	0.24%	0.06%	0.18%	0.00%	0.082%	0.262%	\$270
TD Ameritrade SDBA	\$ 2,534,921	0.00%	0.08%	0.00%	0.00%	0.082%	0.082%	\$2,079
Totals	\$ 666,272,991							\$545,661

* Empower required to obtain agreement

** To confirm with Empower

New Lineup	Fees
Average Expense Ratio New Fees	0.455% Voya Fee 0.08%
Plan Revenue Requirement	0.150% Voya Fee (\$) \$ 291,019
Number of participants	12,354 Plan Fee 0.07%
	Plan Fee 254,642
	Total \$ 545,661

Nevada Public Employees' Deferred Compensation Plan

State of Nevada Deferred Compensation Plan

Per Head

September 30, 2015

Fund Name	09/30/2015	Mutual Fund Expense Ratio	Per Participant \$99 Fee
Voya Fixed Account	\$ 299,964,358	0.00%	\$45
Vanguard Total Bond Market Index	\$ 12,796,132	0.07%	\$45
Voya T. Rowe Price Cap Apprec Port I	\$ 7,444,515	0.64%	\$45
Invesco Equity & Income R5	\$ 31,158,866	0.49%	\$45
Allianz NFJ Dividend Value Instl	\$ 3,521,016	0.70%	\$45
American Beacon Large Cap Value	\$ 12,853,992	0.59%	\$45
Vanguard Institutional Index I	\$ 56,851,477	0.04%	\$45
Parnassus Equity Income - Inv	\$ 6,588,820	0.87%	\$45
American Funds Growth Fund of Amer R3	\$ 6,701,244	0.98%	\$45
T. Rowe Price Growth Stock Fund	\$ 28,412,073	0.69%	\$45
Fidelity Contrafund	\$ 4,853,239	0.64%	\$45
Hartford Mid Cap HLS	\$ 43,641,056	0.96%	\$45
Oppenheimer Main Street Mid Cap Fund	\$ 23,430,587	0.86%	\$45
Vanguard Extended Market Indx I	\$ 14,053,428	0.08%	\$45
Goldman Sachs Small/Mid Cap Fund	\$ 13,608,991	1.33%	\$45
Vanguard Developed Markets Index Instl	\$ 9,960,309	0.07%	\$45
Dodge & Cox International Stock	\$ 5,301,926	0.64%	\$45
Franklin Mutual Global Discovery Fund	\$ 12,671,227	1.29%	\$45
Vanguard Target Retirement Income Inv	\$ 7,150,765	0.22%	\$45
Vanguard Target Retirement 2015 Inv	\$ 22,098,143	0.22%	\$45
Vanguard Target Retirement 2025 Inv	\$ 13,985,372	0.23%	\$45
Vanguard Target Retirement 2035 Inv	\$ 21,390,652	0.24%	\$45
Vanguard Target Retirement 2045 Inv	\$ 4,970,164	0.24%	\$45
Vanguard Target Retirement 2055 Inv	\$ 329,718	0.24%	\$45
TD Ameritrade SDBA	\$ 2,534,921	0.00%	\$45
Totals	\$ 666,272,991		

Current Lineup		Fees	
Average Expense Ratio	0.514%	Voya Fee	0.08%
Plan Revenue Requirement	0.150%	Voya Fee (\$)	\$ 291,019
Total Revenue (\$)	\$ 555,930	Plan Expenses	0.07%
Number of participants	12,354	Plan Expenses (\$)	\$ 254,642
Per participant recordkeeping cost	\$ 45.00	Total	\$ 545,661

Nevada Public Employees' Deferred Compensation Plan

State of Nevada Deferred Compensation Plan

Fee and Revenue Sharing Disclosure

September 30, 2015

Fund Name	09/30/2015	Current Fee	Total New Fee
Voya Fixed Account	\$ 299,964,358	0.00%	0.082%
Vanguard Total Bond Market Index	\$ 12,796,132	0.07%	0.152%
Voya T. Rowe Price Cap Apprec Port I	\$ 7,444,515	0.64%	0.442%
Invesco Equity & Income R5	\$ 31,158,866	0.49%	0.462%
Allianz NFJ Dividend Value Instl	\$ 3,521,016	0.70%	0.742%
American Beacon Large Cap Value	\$ 12,853,992	0.59%	0.672%
Vanguard Institutional Index I	\$ 56,851,477	0.04%	0.122%
Parnassus Equity Income - Inv	\$ 6,588,820	0.87%	0.652%
American Funds Growth Fund of Amer R3	\$ 6,701,244	0.98%	0.412%
T. Rowe Price Growth Stock Fund	\$ 28,412,073	0.69%	0.612%
Fidelity Contrafund	\$ 4,853,239	0.64%	0.622%
Hartford Mid Cap HLS	\$ 43,641,056	0.95%	0.732%
Oppenheimer Main Street Mid Cap Fund	\$ 23,430,587	0.86%	0.742%
Vanguard Extended Market Indx I	\$ 14,053,428	0.08%	0.162%
Goldman Sachs Small/Mid Cap Fund	\$ 13,608,991	1.30%	0.992%
Vanguard Developed Markets Index Instl	\$ 9,960,309	0.07%	0.152%
Dodge & Cox International Stock	\$ 5,301,926	0.64%	0.622%
Franklin Mutual Global Discovery Fund	\$ 12,671,227	1.29%	0.932%
Vanguard Target Retirement Income Inv	\$ 7,150,765	0.22%	0.242%
Vanguard Target Retirement 2015 Inv	\$ 22,098,143	0.22%	0.242%
Vanguard Target Retirement 2025 Inv	\$ 13,985,372	0.23%	0.252%
Vanguard Target Retirement 2035 Inv	\$ 21,390,652	0.24%	0.262%
Vanguard Target Retirement 2045 Inv	\$ 4,970,164	0.24%	0.262%
Vanguard Target Retirement 2055 Inv	\$ 329,718	0.24%	0.262%
TD Ameritrade SDBA	\$ 2,534,921	0.00%	0.000%
Totals	\$ 666,272,991		

* Empower required to obtain agreement

** To confirm with Empower

Current Lineup	
Average Current Fee	0.512%
Average New Fee	0.451%

Which Model?

Which Model: Percentage of Assets or Fixed Dollar?

- Asset-based fees impact small accounts less, big accounts more
- Dollar-based fees seem very high to new enrollees, but are attractive to high-balance participants
- A combination of per head charge and asset-based fee

Challenges for Explicit Fee Model

- Participant communications and explanation
- Reporting of fees and credits on the participant statements
- Not all investments are available in a “Zero Revenue Share” mode
- Low cost index funds, participant higher fees investment management plus the asset based fee i.e., Vanguard S&P Index Fund 0.04bps to 0.122bps

Advantages for Explicit Fee Model

- Investment decisions are separated from fee and revenue decisions
- All participants can pay the same rate or dollar amount for admin services
- Full transparency and disclosure
- Revenue generated by the Plan is much more easily adjusted in the future

Inherent weaknesses with revenue sharing used to pay administrative fees

- Not equitable
- Not transparent
- Changes to investment options affect vendor revenue



Fee Comparison to Peer Groups

Mutual Fund Name	Net Expense Ratio	Peer Group*	Number of Funds in Peer Group	Peer Group Fee Distribution*	Peer Group Median	Above or Below Median
Voya Fixed Account	0.00%	Stable Value				
Vanguard Total Bond Market Index I	0.07%	Core Fixed Income	64	0.00% - 0.98%	0.50%	Below
Voya T. Rowe Price Cap Apprec Port I	0.64%	Balanced	29	0.23% - 0.98%	0.50%	Above
Invesco Equity & Income R5	0.49%	Balanced	29	0.23% -1.10%	0.80%	Below
Allianz NFJ Dividend Value Instl	0.70%	Large Cap Value	182	0.00%- 1.51%	0.80%	Below
American Beacon Large Cap Value	0.59%	Large Cap Value	182	0.00%- 1.51%	0.80%	Below
Vanguard Institutional Index I	0.04%	Large Cap Core (passive)	123	0.04% - 1.25%	0.13%	Below
Parnassus Equity Income - Inv	0.87%	Socially Conscious				
American Funds Growth Fund of Amer R3	0.98%	Large Cap Growth	167	0.20%- 2.03%	0.83%	Above
T. Rowe Price Growth Stock Fund	0.69%	Large Cap Growth	167	0.20%- 2.03%	0.83%	Below
Fidelity Contrafund	0.64%	Large Cap Growth	167	0.20%- 2.03%	0.83%	Below
Hartford Mid Cap HLS	0.96%	Mid Cap Blend	175	0.29%- 1.45%	0.95%	Above
Oppenheimer Main Street Mid Cap Fund	0.86%	SMID Blend	81	0.37%- 1.50%	1.00%	Below
Vanguard Extended Market Indx I	0.08%	SMID Blend	81	0.37%- 1.50%	1.00%	Below
Goldman Sachs Small/Mid Cap Growth	1.33%	SMID Growth	30	0.63%- 1.50%	0.99%	Above
Vanguard Developed Markets Index Instl	0.07%	International Equity	176	0.06%- 1.50%	0.76%	Below
Dodge&Cox International Stock	0.64%	International Equity w/ EM	167	0.29%-1.72%	0.99%	Below
Franklin Mutual Global Discovery Fund	1.29%	Global Equity	315	0.41%- 1.87%	1.00%	Above
Vanguard Target Retirement Income Inv	0.22%	Lifecycle	14	0.10%- 0.69%	0.42%	Below
Vanguard Target Retirement 2015 Inv	0.22%	Lifecycle	17	0.15%- 0.76%	0.53%	Below
Vanguard Target Retirement 2025 Inv	0.23%	Lifecycle	20	0.10%- 0.84%	0.62%	Below
Vanguard Target Retirement 2035 Inv	0.24%	Lifecycle	18	0.08%- 0.87%	0.55%	Below
Vanguard Target Retirement 2045 Inv	0.24%	Lifecycle	19	0.08%-0.90%	0.67%	Below
Vanguard Target Retirement 2055 Inv	0.24%	Lifecycle	16	0.05%-0.83%	0.48%	Below
TD Ameritrade SDBA	0.00%	Brokerage account				

Nevada Public Employees' Deferred Compensation Program Proposed Fund Structure

Frank J. Picarelli, Senior Vice President

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Investment Overview

- **Stability** – investments in fixed income instruments that provide preservation of capital and consistent returns.
- **Income** – investments in fixed income securities which provide higher investment income and moderate potential for appreciation.
- **Growth & Income** – investments which seek a combination of capital appreciation and investment income from the overall portfolio.
- **Growth of Capital** – investments which emphasize long-term capital appreciation and investment income from the overall portfolio.
- **Aggressive Growth** – investments which focus on maximizing long-term appreciation.
- **Total Return** – investments which utilize multiple asset classes (e.g. stocks and bonds) in overall portfolio structure
- **Sector Funds** . investments in specific markets and industries (technology, health care, real estate)
- **Alternatives** inflation hedging, opportunistic , tactical GTAA Funds

Types of Investments by Asset Class

Fixed Income Funds

- Stability
 - Short Term
 - Intermediate Term
 - Long Term
- By Credit Quality
 - High
 - Medium
 - Low
- By Sector
 - Government
 - Corporate
 - Mortgage Backed
 - Core
- Active vs. Passive

Equity Funds

- By Capitalization
 - Large
 - Mid
 - Small
- By Investment Style
 - Value
 - Core
 - Growth
- By Market
 - Domestic
 - Foreign/International
 - World
 - Emerging Markets
- Active vs. Passive

Investment Structure

Voya

STYLE

	Value	Blend	Growth
Large	American Beacon Large Cap Value Inv Allianz NFJ Dividend Value	Vanguard Institutional Index (passive)	T. Rowe Price Growth Stock American Funds Growth Fund of America R3 Fidelity Contrafund
Medium		Hartford Mid Cap HLS	-
SMID		Vanguard Extended Market Index (passive) Oppenheimer Main St Small & Mid Cap Y	Goldman Sachs Small/Mid Cap Growth

Additional Asset Categories within Investment Line-up

<u>Fixed Income/Stable Value</u> Voya Fixed Account	<u>International Equity</u> Vanguard Developed Markets Index (passive)	<u>Target Date/Lifecycle Funds</u> Vanguard Target Retirement Income Inv Vanguard Target Retirement 2015 Inv Vanguard Target Retirement 2025 Inv Vanguard Target Retirement 2035 Inv Vanguard Target Retirement 2045 Inv Vanguard Target Retirement 2055 Inv
<u>Fixed Income/Bond</u> Vanguard Total Bond Market Index	<u>International Eq (w/ Emerging Markets exposure)</u> Dodge & Cox International Stock	-
<u>Balanced</u> Invesco Van Kampen Equity & Income R5 Voya T. Rowe Price Cap Apprec Port I	<u>Global Equity</u> Franklin Mutual Global Discovery A	<u>Self Directed Brokerage</u> TD Ameritrade SDBA
<u>Socially Responsive Equity</u> Parnassus Equity Income		

Asset Allocation Summary

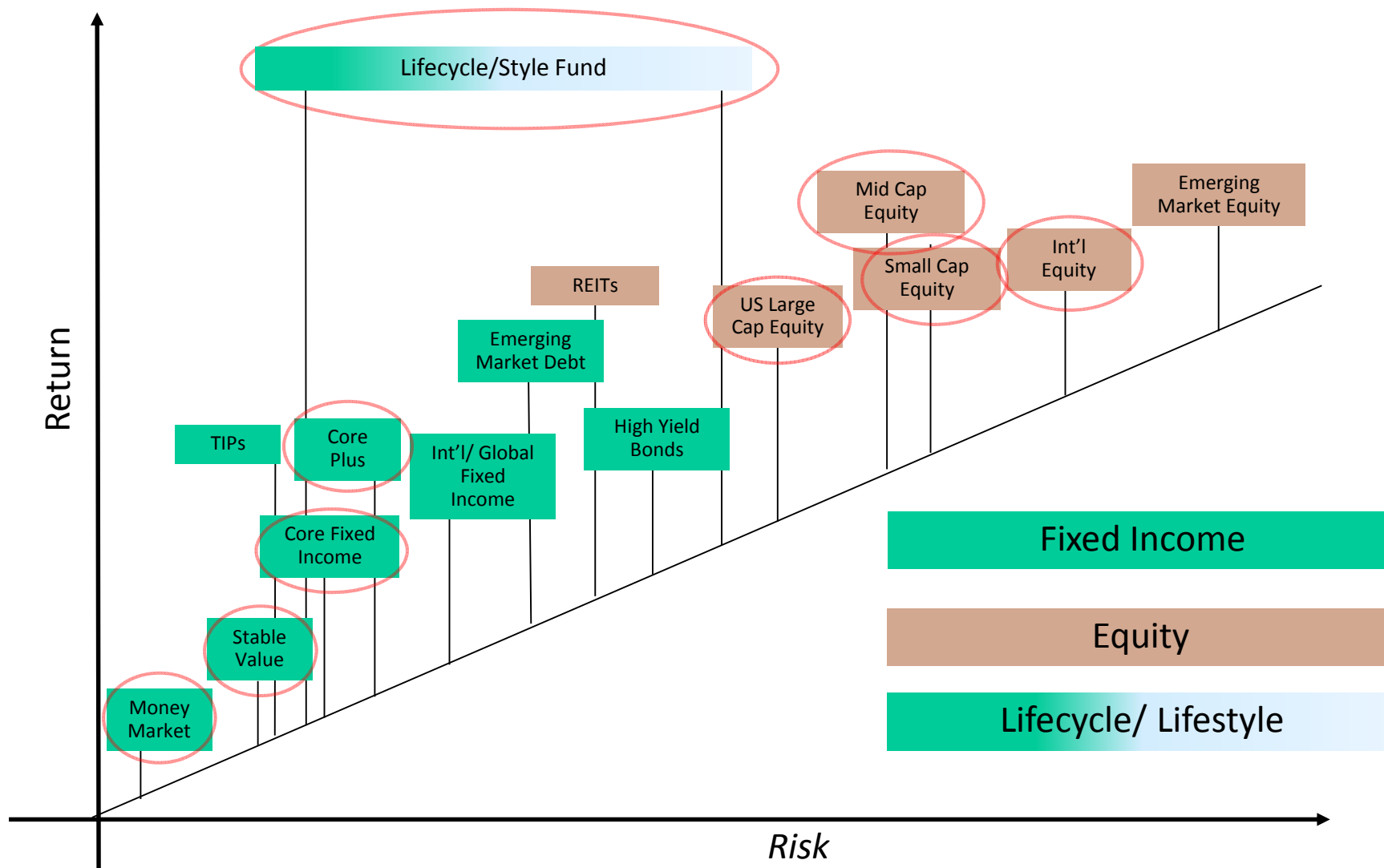
Total All Plans

Fund	September 30, 2015	
	Assets	% of Total Assets
Voya Fixed Account	\$ 299,964,358	45.0%
Vanguard Total Bond Market Index I	\$ 12,796,132	1.9%
Voya T. Rowe Price Cap Apprec Port I	\$ 7,444,515	1.1%
Invesco Equity & Income R5	\$ 31,158,866	4.7%
Allianz NFJ Dividend Value Instl	\$ 3,521,016	0.5%
American Beacon Large Cap Value	\$ 12,853,992	1.9%
Vanguard Institutional Index I	\$ 56,851,477	8.5%
Parnassus Equity Income - Inv	\$ 6,588,820	1.0%
American Funds Growth Fund of Amer R3	\$ 6,701,244	1.0%
T Rowe Price Growth Stock Fund	\$ 28,412,073	4.3%
Fidelity Contrafund	\$ 4,853,239	0.7%
Hartford Mid Cap HLS	\$ 43,641,056	6.6%
Oppenheimer Main Street Mid Cap Fund	\$ 23,430,587	3.5%
Vanguard Extended Market Idx I	\$ 14,053,428	2.1%
Goldman Sachs Small/Mid Cap Growth	\$ 13,608,991	2.0%
Vanguard Developed Markets Index Instl	\$ 9,960,309	1.5%
Dodge & Cox International Stock	\$ 5,301,926	0.8%
Franklin Mutual Global Discovery Fund A	\$ 12,671,227	1.9%
Vanguard Target Retirement Income Inv	\$ 7,150,765	1.1%
Vanguard Target Retirement 2015 Inv	\$ 22,098,143	3.3%
Vanguard Target Retirement 2025 Inv	\$ 13,985,372	2.1%
Vanguard Target Retirement 2035 Inv	\$ 21,390,652	3.2%
Vanguard Target Retirement 2045 Inv	\$ 4,970,164	0.7%
Vanguard Target Retirement 2055 Inv	\$ 329,718	0.0%
TD Ameritrade SDBA	\$ 2,534,921	0.4%
Total	\$ 666,272,991	100.0%

2015 Q3 Savings Plan Performance Review: Market Conditions

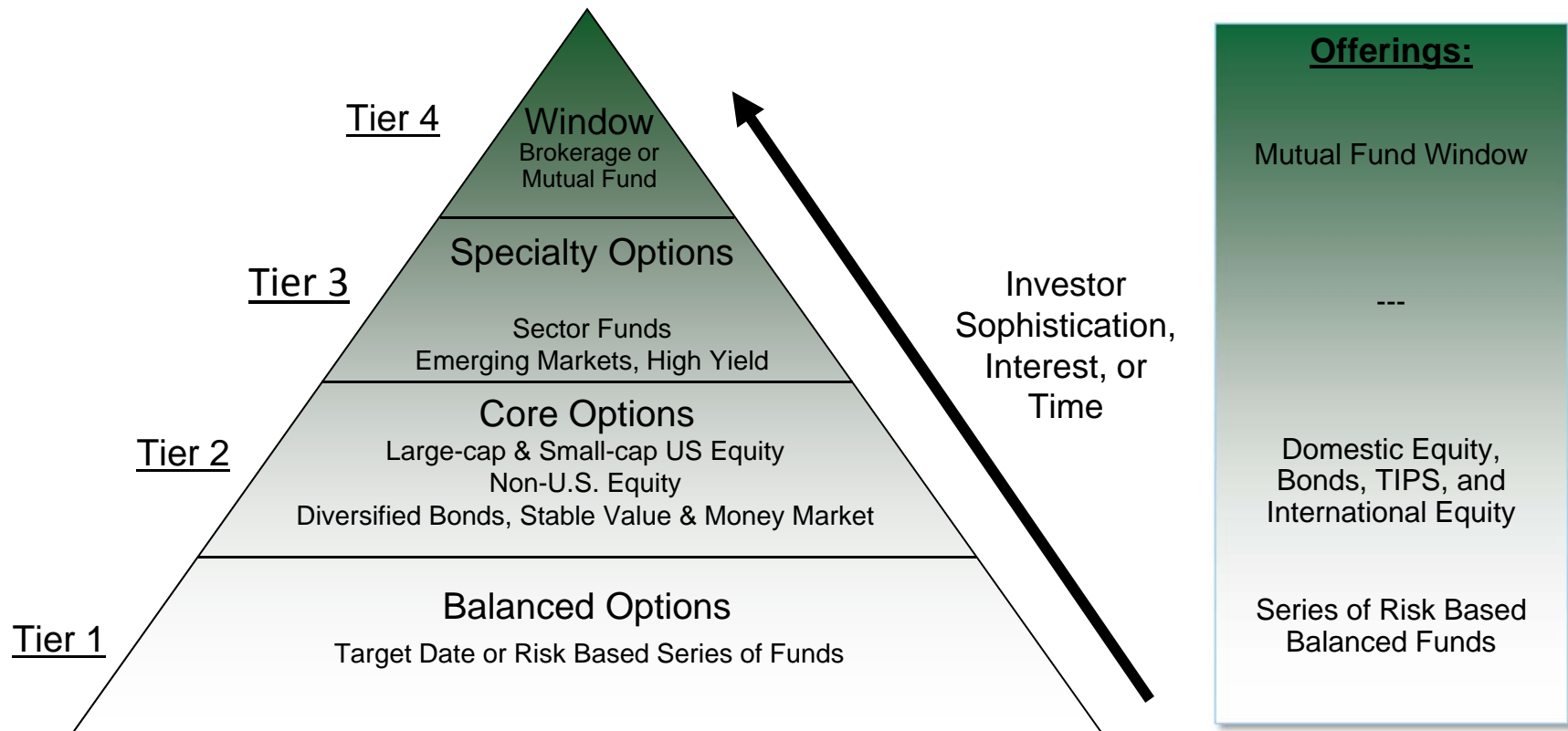
Style	Index	3Q 2015	YTD Return	2014
Large Cap Growth	Russell 1000 Growth	-5.29%	-1.54%	13.05%
Large Cap Value	Russell 1000 Value	-8.40%	-8.96%	13.45%
Small Cap Growth	Russell 2000 Growth	-13.06%	-5.47%	5.60%
Small Cap Growth	Russell 2000 Value	-10.73%	-10.06%	4.22%
Broad	Russell 3000	-7.25%	-5.47%	12.56%
International	MSCI EAFE (net)	-10.23%	-5.28%	-4.90%
Emerging Markets	MSCI Emerging Markets (net)	-17.90%	-15.47%	-2.19%
Fixed Income	Barclays Aggregate	1.23%	1.13%	5.97%

Investment Options



Investment options should span the risk return spectrum and most asset classes should be represented. Risk/return spectrum not drawn to scale.

Investment Review Design Structure: Tiered Approach



Executive Summary

The State's Deferred Compensation Program offers 18 investment options plus a series of Lifecycle and Lifestyle Funds. Segal Rogerscasey reviewed the Program and compared it to the Plan Sponsor Council of America 57th Annual Survey. The recommendations herein are based on industry standards, industry trends and suggestions based on what Segal Rogerscasey believes will benefit the participants in the Program.

The trend, particularly for larger plans, is to simplify investment menus through consolidation of investment options as plan sponsors have come to the realization that participants often make sub-optimal choices if given too many options. In our opinion, the ideal core line-up should at a minimum provide one capital preservation, two fixed income, six equity, and one inflation protection option. Through the history of the Program the overall asset allocation has not significantly changed with 45% of the assets invested in the Stable Value Fund and very small utilization among the variable funds.

In determining an appropriate investment structure, which means identifying the appropriate number and type of investment strategies, it is important to consider the following:

- *Plan philosophies and objectives*
- *The participant base and its unique needs*
- *The existing structure*
- *Fees*
- *Perspective on what peer plans are doing*

The challenge for the plan sponsor is to develop an investment program that provides enough choices for a diverse participant base without overwhelming that base of investors.

We believe the Program under the new single source service provider offers a simple investment menu, which is easy for participants to understand, and is a common structure across governmental deferred compensation Plans. The Program has an appropriate number of investment options that is in line with industry standards and has most of the basic tiers covered.

- Target date funds remain the most popular offerings in participant directed savings plans .
- Stable value fund has been utilized more than any other option 6,016 maintain an account balance in the fund and 2,293 are 100 percent invested in the Fund. 40% asset allocation in stable value is within industry standards per NAGDCA

Executive Summary

- The Program lineup offers five passive options across equities, bonds, international and asset allocation funds. Industry standard is to offer at least one passive option (S&P 500 Index).
- With the transition to a single service provider the Plan does not offer an active mid cap/ small cap value option as the only missing equity asset class. As a result, Segal Rogerscasey recommends the Committee consider adding an active mid-cap value or SMID cap value investment option.
- The Program offers two balanced options, opportunity to consolidate to a single best in class option or map to asset allocation fund
- The Program offers an international index, large cap international option and a global equity option. While this makes sense from a portfolio construction point of view, participants allocate very small amounts of assets to these options. There are also concerns that participants will chase returns in introducing new assets classes. Therefore, Segal Rogerscasey does not recommend making any changes in this category of offerings. The Program does not offer an emerging markets equity standalone option. However, Dodge & Cox international option has exposure to emerging markets companies.

Executive Summary

- Commodities is an asset class that we do not tend to see offered in a Defined Contribution plan, given that as a stand-alone product, it has very high volatility and, in most cases, participants do not understand the underlying investments and risks associated with this asset class. Participants can be exposed to commodities through the self-directed brokerage. Segal Rogerscasey does not recommend adding a Commodities option or a specific sector related fund .
- The Program currently does not offer a Treasury Inflation Protected Securities (TIPS) standalone option. It is becoming more popular to offer inflation protection options within a Defined Contribution plan. Based on Committee discussion Segal Rogerscasey can provide options for consideration.
- Participants should receive education on the importance of diversification and the potential risks associated with making certain investments choices. On site and managed account services should be utilized on an annual basis to participants detailing how to diversify their portfolio. Committee along with VOYA should ensure that a communication piece discussing diversification is distributed to participants at least annually.
- Under separate cover we have prepared a presentation on Global Tactical Asset Allocation Funds for Committee considerations

Investment Structure Overview

When reviewing a Defined Contribution (“DC”) plan investment lineup, it is important to assess the following criteria to ensure that the investments offered are appropriate given the plan sponsor mission and demographics. In certain instances, consolidating an expansive and potentially confusing investment menu of options through formal review and evaluation may make things easier for plan participants. Offering new asset classes to improve diversification should be considered. Considerations include:

- **Number of options** – an appropriate number that will allow participants to broadly diversify their portfolios, without overwhelming participants.
- **Types of options** - While all asset classes should be considered, some may not be appropriate for a Deferred Compensation plan for volatility or liquidity reasons.
- Investment options should be **tiered** to help participants with varying investment skill and knowledge build an appropriate portfolio based on their specific risk tolerance and objectives.
- Participants should be able to **reasonably understand** the return and risk characteristics of each investment option.
- Investment options should be **of institutional quality** and have a consistent style.

Investment Solutions

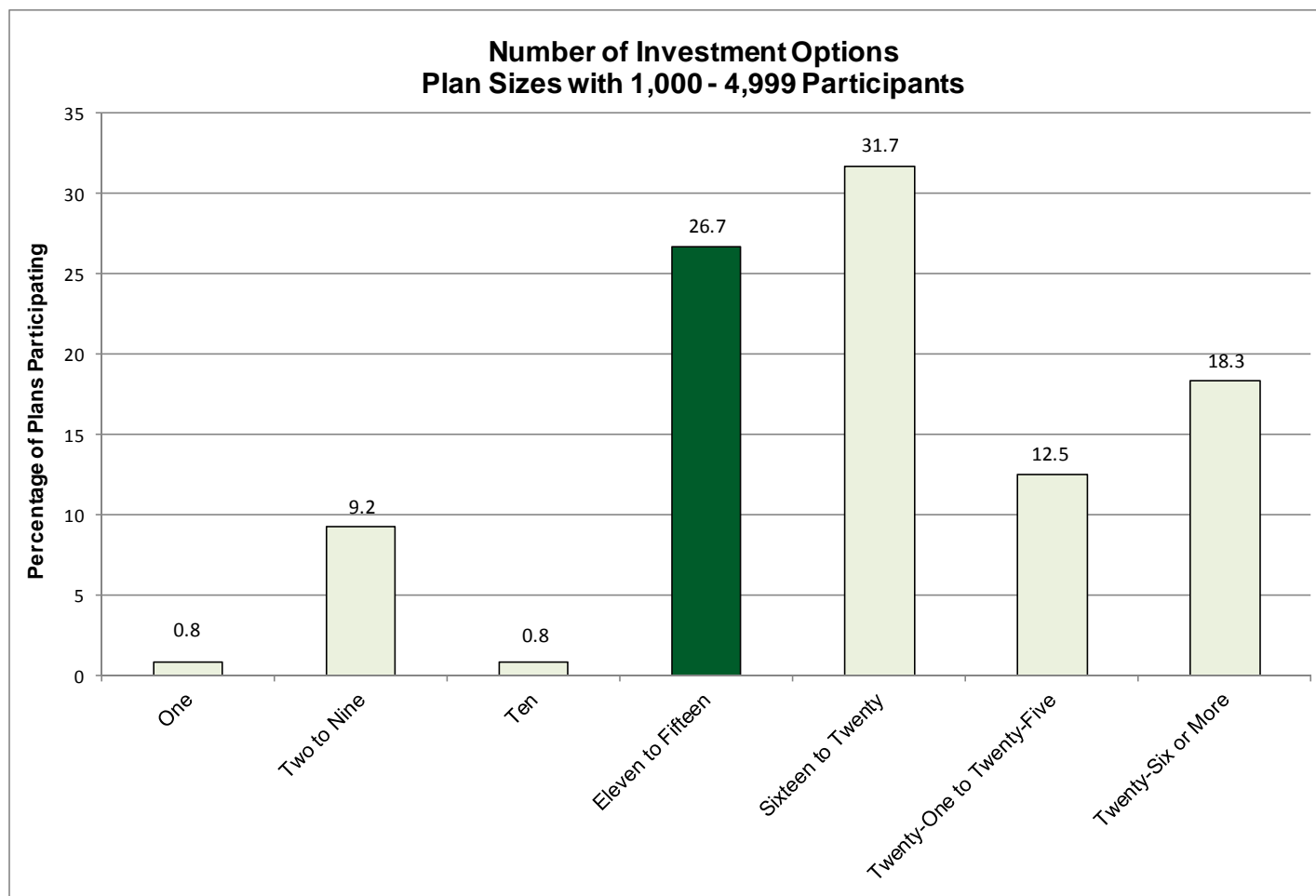
The industry believes that the majority of participants are not investors and need investment solutions. Therefore, plan sponsors discuss which of the solutions mentioned below make sense for their participant demographics.

- Advice
- Managed Accounts
- Series of balanced funds
- Target Date Funds
- Retirement income solutions

Number of Investment Options

Defined Contribution plans offer on average 19 investment options in its investment menu. The State Plans currently offer 18 core investment options plus the lifestyle and lifecycle options.

The trend is to simplify and reduce the number of investment options. Ten to twenty years ago, plan sponsors thought that having more choices was better. However, too many choices in front of participants confuses them and causes inertia based on behavioral research.



Note: A series of risk based balance funds or target date funds are counted as one option.
Adapted from PSCA 57th Annual Survey

Asset Classes to Consider

Asset Class	Currently in the Plans	Comments
Stable Value	Yes	Popular option –
Core Bonds	Yes	Popular option - investment-grade debt securities (those of medium and high quality)
Core Plus Bonds	No	Riskier than Core Bonds due to the exposure to high yield, emerging markets debt and international bonds
TIPs	No	Current income and inflation hedge
High Yield Bonds	No	Return enhancer and diversifier
International or Global Bonds	No	Diversifier
Emerging Market Debt	No	Return enhancer and diversifier
U.S. Equities	Yes	Capital growth
Int'l Equities	Yes	Capital growth and diversification
Global Equities	Yes	Capital growth and diversification
Emerging Market Equities	No	Return enhancer and diversifier
REITs	No	Return enhancer, diversifier, inflation hedge
Private Real Estate	No	Return enhancer and diversifier, illiquid. Not broadly used in DC plans
Private Equity	No	Return enhancer and diversifier, illiquid. Not broadly used in DC plans
Hedge Funds	No	Return enhancer and diversifier, liquidity concerns. Not broadly used in DC plans.

U.S. Fixed Income Options Options

Inflation-Linked Bonds (TIPS)

Within fixed income, the Program has no inflation protection investment options. Inflation-Linked bonds (TIPS) are a special type of Treasury note or bond that offers protection from inflation. As with other Treasuries, when you buy an inflation-linked bond you can receive interest payments every six months, which is continuously adjusted for inflation.

- Advantages:
 - » High credit quality
 - » Principal and interest are protected against inflation
 - » Accrued principal value is higher than its face value
- Disadvantages:
 - » Principal could decline during deflation
 - » Could have higher volatility than intermediate core fixed income

Qualified Default Investment Alternatives (“QDIA”)

- The QDIA is intended to encourage the investment of employee assets in an appropriate vehicle for long-term retirement savings. Generally, QDIAs are target maturity funds (e.g., lifecycle or target date funds) or balanced funds (e.g., risk based lifestyle funds).
- The most common default investment option is a target date fund.
- For the same participants size, 51.5% of the companies offer a target date with a glide path “through retirement”.
- Additionally, the management of target date funds for plans with similar participants size, tend to be actively managed (63.6%)

Advantages of Target Date Funds:

- Risk adjusts automatically as participant ages
- Participant can adjust risk level by investing in an earlier or later dated target date fund
- Multiple solutions, not just a couple in balanced portfolio
- Actively managed TDFs typically have greater asset class diversification
- A better QDIA option than a series of balanced funds
- Easier to understand

Concerns with Target Date Funds:

- Grouping all investors by age (similar issue for risk based funds)
- Implying an adequate retirement if participant invests in TDF
- Implementation issues

Investment Structure by Fund Type and Structure for All Plans

Fund Type	Investment Fund Structure				
	Mutual Fund	Co-Mingled	Insurance Account	ETF	Separately Managed Account
Alternative Asset Class	81.8%	2.3%	2.3%	0.0%	13.6%
Balanced Fund/Asset Allocation	83.0%	6.3%	0.9%	0.0%	9.8%
Bond-Actively Managed, Domestic	83.7%	3.3%	1.4%	0.4%	11.2%
Bond-Indexed, Domestic	82.2%	10.3%	1.1%	0.0%	6.3%
Bond, International	90.3%	1.1%	1.1%	0.0%	7.5%
TIPS	83.1%	10.8%	1.5%	0.0%	4.6%
Cash Equivalents (CD/Money Market)	81.8%	3.9%	3.2%	0.0%	4.6%
Company Stock	30.5%	5.1%	0.0%	1.7%	62.7%
Emerging Markets	88.0%	3.8%	0.8%	0.0%	6.8%
Equity-Actively Managed, Domestic	80.0%	7.2%	1.3%	0.0%	11.6%
Equity-Actively Managed, International/Global	86.2%	3.1%	1.0%	0.0%	9.4%
Equity-Indexed, Domestic	80.4%	12.0%	1.1%	0.0%	6.5%
Equity-Indexed, International/Global	79.3%	12.4%	1.4%	0.0%	6.9%
Real Estate Fund	82.6%	0.9%	3.5%	0.0%	7.4%
Sector Fund(s) (Other than Real Estate)	81.8%	2.3%	2.3%	2.3%	11.4%
Stable Value Fund	43.8%	17.1%	12.9%	0.5%	25.8%
Target Retirement Date/Lifecycle Funds	75.5%	13.5%	0.8%	0.0%	10.2%
Target Risk/Lifestyle Funds	66.0%	16.0%	6.0%	0.0%	12.0%
Other	52.9%	14.7%	14.7%	2.9%	14.7%



Global Tactical Asset Allocation (GTAA)

Investing Overview

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Global Tactical Asset Allocation (GTAA) Overview

Definition:

- Global Tactical Asset Allocation (GTAA) is an investment strategy that attempts to exploit short-term market inefficiencies or long-term market trends across the global investable universe.
- GTAA managers typically aim to provide asset diversification and downside protection through a tactical, multi-asset portfolio approach, investing across equities, fixed-income, commodities, currencies, and real estate.

Objective:

- Depending on the style of the GTAA manager, the objective will either be a relative outperformance above a traditional balanced benchmark (i.e. 60% MSCI World/40% Citi WGBI), inflation benchmark (i.e. CPI + 3-5%) or an absolute return target (i.e. Treasury Bills + 5%).

GTAA Evolution and Universe:

- GTAA investing evolved from tactical asset allocation (TAA), which emerged in the 1970s to take advantage of performance across asset classes, typically shifting between stocks, bonds and cash. As global markets matured, TAA managers began adding country allocation decisions within and across asset classes, in addition to traditional asset class timing, thereby creating a global TAA investment approach, or GTAA.

¹ Segal Rogerscasey using GTAA manager data from eVestment Analytics as of December 31, 2011

GTAA Investment Styles

Segal Rogerscasey has identified the following main GTAA investment styles:

Directional Strategies:

- Directional GTAA managers express views on a particular market or markets, often resulting in a tilt towards one asset class, such as equities, fixed-income, commodities or real estate. Depending on the manager's tilt, the volatility will follow accordingly.

Blend Strategies:

- Balanced GTAA managers focus on a traditional blended portfolio across equities and fixed-income investments, with lower allocations to other asset classes such as real estate. The volatility target is often between fixed-income and equity market volatility (9.0%-15% average annualized volatility)

Completion Strategies:

- Completion GTAA managers provide exposure to assets not found in a traditional 60/40 portfolio, such as emerging markets debt or Treasury inflation-protected securities (TIPS). Completion strategies may be *alternative focused* with more exposure to non-traditional or alternative asset classes, such as hedge funds and private equity, or *inflation-focused*, with more exposure to commodities, real estate and TIPS.

Risk-Parity Managers:

- While not a sub-category of GTAA, risk-parity are often compared to GTAA managers as each attempt to provide downside protection through a multi-asset portfolio. However, Risk-Parity managers attempt to balance portfolios across risk, rather than across asset allocation. This often results in a portfolio with lower allocations to higher risk assets (equities) and higher allocations to lower risk assets (fixed-income), with leverage typically utilized to bring the portfolio up to a desired volatility (typically below 10% annualized).

Portfolio Application: Benefits and Considerations

Benefits:

- GTAA is a satellite investment strategy that can quickly implement investment ideas to help tilt a portfolio for near-term opportunities or to preserve capital during market declines.
- Provides smaller investors access to asset classes and markets without the limitation of high account minimums.
- Alternative to Hedge Funds of Funds, Global Macro Funds and other more illiquid strategies:
 - Enhanced transparency and use of publicly traded instruments.
 - Lower fees and higher liquidity.
 - Added layer of regulatory requirements for funds in a mutual fund structure.
 - GTAA offering is typically part of a larger investment management firm reducing due diligence time needed as compared to unregulated or hedge fund structures.

Considerations:

- GTAA strategies not a perfect substitute for more illiquid alternatives:
 - May still exhibit a higher level of market correlation compared to hedge funds of funds or global macro.
 - Given use of highly liquid, public instruments, alpha generation capability may be smaller than alternative funds who can include more opportunistic or concentrated investment ideas.

GTAA: Typical Structure and Terms

Investment Structure:

- **Liquidity:** GTAA managers typically offer daily to monthly liquidity, depending on the manager's method of implementation.
- **Structure:** Mutual Fund, Separately Managed Account and/or Commingled Fund.
- **Fees:**
 - GTAA managers typically charge an asset-based flat management fee, ranging from 0.25% to 1.50%, though fees may vary manager to manager.
 - Performance fees are generally not charged.

Segal Rogerscasey: GTAA Due Diligence

Initial questions to consider for GTAA inclusion, for example:

- Desire for inflation protection? → Completion (Inflation) GTAA strategy may be appropriate
- Lower-volatility plan diversifier? → Fixed-Income Replacement or GTAA Blend strategy may be appropriate
- Exposure to alternative asset classes/investment styles? → Completion (Alternative) GTAA strategy may be appropriate

Key Items to Focus On When Choosing A GTAA Manager:

➤ Qualitative Assessment:

- Investment philosophy, micro and macro decision making process
- Manager and team experience
- Areas of Investment and asset class exposure
- Implementation – Fund of Fund structure, use of ETFs, stocks, bonds, etc.

➤ Quantitative Assessment:

- Performance measures: Excess Returns and Risk, Manager Consistency, Ratios (Sharpe, IR, etc.), etc.

➤ Risk Management:

- Concentration limits (net shorts, illiquid securities, and leverage), margin requirements
- Frequency and strategy of rebalancing
- Counterparties Utilized and Process of Maintaining An Approved Vendor List
- Derivative usage (Hedging or Alpha Generation)
- Liquidity and Fees
- Legal document review

Nevada Public Employees' Deferred Compensation Program

Retirement Income Products

Frank J. Picarelli, Senior Vice President

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Background/Overview



Defined Contribution Plans are becoming the key replacement income plan for retirees

- How do Plan Sponsors make defined contribution plans more effective?
 - Does the current DC approach prepare participants to manage their savings in order to generate lifetime income?
 - How to emphasize not only savings but making savings last?
- Employee surveys show they are seeking the appearance of a pension-like guarantee
- There is an increased interest in “annuity-like” options to replace the features once offered by traditional pension plans

Background / Overview



“Left on their own, DC participants do not gravitate to a retirement income product. They need education.”

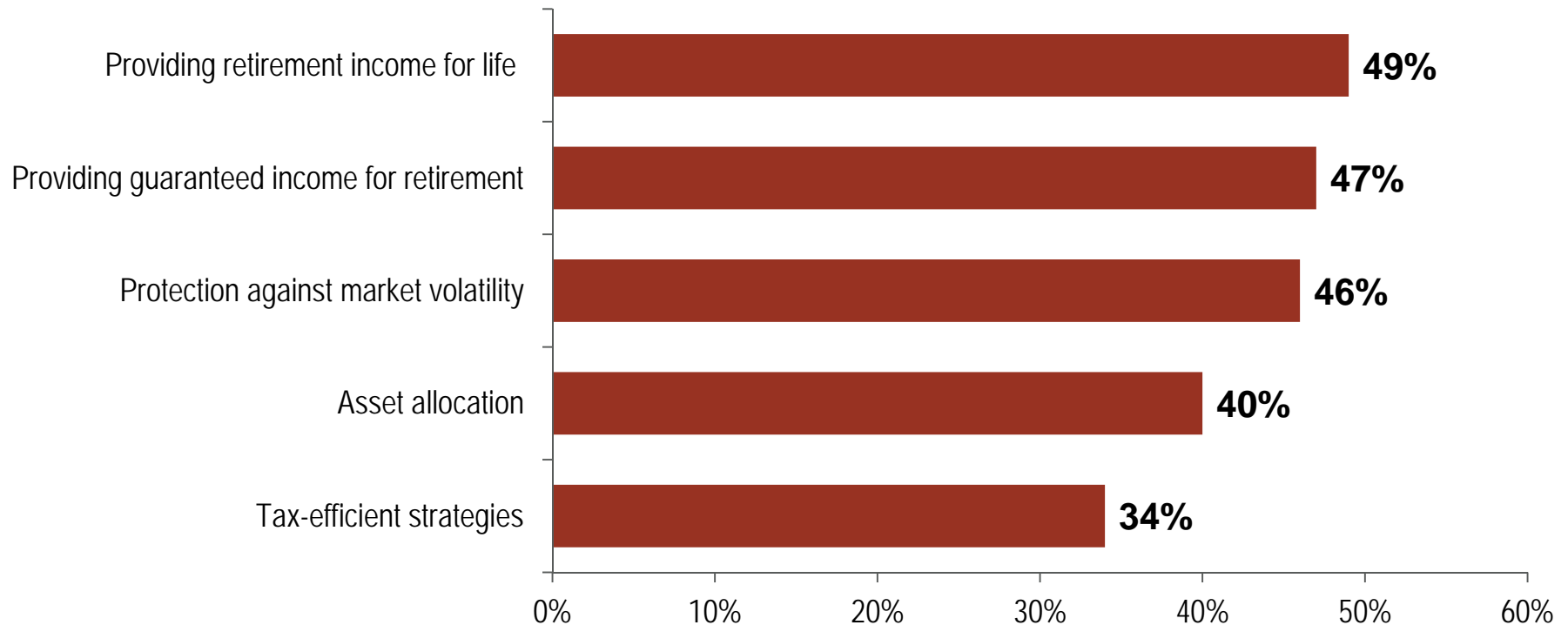
“Response to DOL survey show: participant confusion about annuities, prices and fine print, legal issues and fiduciary responsibility are impediments to offering lifetime income options.”

Plan Sponsors today should be asking:

- What kind of products are out there?
- What are pros/cons of each?
- Does it make sense for our employee base? Is there demand?
- How would we structure education and implement into the program?

Participant Concerns

Percent of DC participants seeking advice on the following topics:



Source: Winning the Retirement Race During Economic Uncertainty: 2009 Retirement Consumer Survey- McKinsey&Company

Background / Overview

2010—Focus on Lifetime Income Solutions

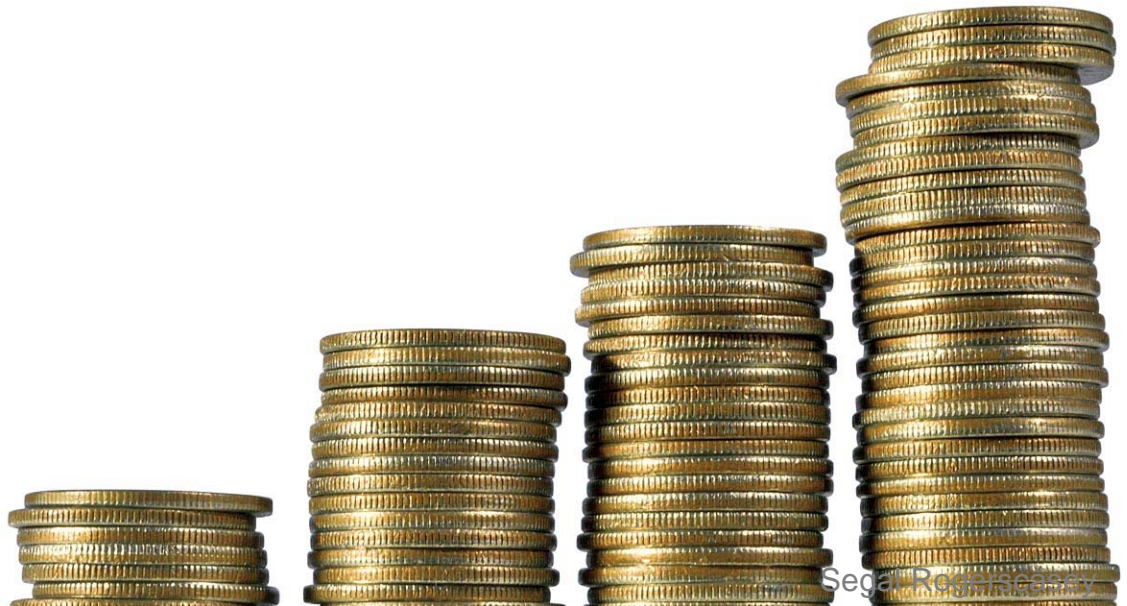
- **February 2010:** DOL issues RFI and states “Recent reports by the Government Accountability Office (GAO) and the Department of Labor’s (DOL) ERISA Advisory Council, employee counsel, employers, general public and industry have documented the **risk of employees not having adequate income during retirement.**”
 - 700 companies responded to DOL RFI containing 39 questions
 - DOL states the RFI explores whether and how to enhance retirement security for employees, and was designed to obtain focused commentary to help determine what, if any, the next steps should be
- **June 2010:** US Senator Herb Kohl, hearing about lifetime income options in retirement plan
- **September 2010:** American Society of Pension Professionals and Actuaries (ASPPA) testifies for joint hearing of the US Dept of Treasury and US Dept of Labor’s Employee Benefit Security Administration (EBSA)



Utilization of Annuities and Lifetime Income Options

Adoption Rate

- Prudential IncomeFlex (2006 inception)
 - 1,978 Plans with \$19.5B in assets adopted
 - 18,953 employees on the path to secure retirement, \$77MM in assets
 - 7,516 who have locked in a protected amount of \$343MM
- Towers and Watson Survey on “annuity-type” options
 - 20% to 25% of database (1,400 large employers) are offering
 - 2007 survey -10% of 5,000 employees covered by DC Plan expected to receive portion of their income in an annuity
- Callan Associates Survey (2007)
 - Annuities imbedded in plan 2007



Regulatory Guidance and Other Concerns

Primary barrier to the availability of lifetime solution funds centers on **fiduciary liability, issuer solvency, cost and portability**

- Fiduciary Liability: to date there are no regulatory guidance or safe-harbor provisions for Plan Sponsors for selection of Lifetime Income Options
 - Current guidance on Annuity selection DOL Interpretive Bulletin 95-1 “outlines how to choose annuity if terminating a DB plan”
 - PPA DC safe-harbor rules for selection “in addition to ongoing due diligence, make sure the provider is going to live up to its promise to deliver the benefits”
 - The Department of Labor 29 CFR §2550.404a-4, 73 Fed. Reg. 5847 “provide a safe-harbor for fiduciaries in selecting an annuity provider so long as certain requirements are met”
- Current safe-harbor provisions. A fiduciary must:
 - Engage in an objective, thorough and analytical search for the purpose of identifying and selecting providers from which to purchase annuities
 - Consider information sufficient to assess the ability of the annuity provider to make all future payments under the annuity contract
 - Consider the cost of the contract in relation to the benefits and administrative services provided.
 - Conclude that, at the time of the selection, (a) the annuity provider is financially able to make all future payments under the annuity contract, and (b) the cost of the contract is reasonable in relation to the benefits and administrative services to be provided under the contract



Regulatory Guidance and Other Concerns *continued*



- **Issuer solvency:** How to evaluate, monitor, frequency and duration
- **Cost:** Fees average 1% – 1.5% in addition to underlying investment expenses
- **Portability Concerns:** Evaluate the issues associated with changing service providers

Traditional Annuities

- Irrevocable election, cannot change or access any portion of the account balance
- Beneficiary elections are limited to spouse
- Assets leave the Plan, thus reducing benefits associated with obtaining favorable pricing.
- Participants will have to shop marketplace to identify an insurance company to provide product.

In-Plan Guaranteed Income Products

	MetLife	The Hartford	Great-West	Prudential
Equity Participation	No	No	Yes	Yes
Nature of guarantee structure	Fixed Income	Fixed Income	% of benefit base	% of benefit base
Form of guarantee	Minimum Rate	Minimum Rate	High Watermark	High Watermark
Income guarantee applies during:	Accumulation and Distribution	Accumulation and Distribution	Accumulation and Distribution	Accumulation and Distribution
Payment guaranteed for life	Yes	Yes	Yes	Yes
COLA Options Available	Yes	Yes	No	No
Annuitization required	Yes	Yes	No	No
Availability of account value	Accumulation	Accumulation	Accumulation and Distribution	Accumulation and Distribution
Fees for guarantees	Implicit	Implicit	Explicit	Explicit
Total Fees	Not defined	Not defined	147-174bps	159-194 bps
Portability	QPDA	QPDA	Successor Record Keeper	IRA

*ICMA, has developed an alliance arrangement with Prudential.

In Plan Product Features

- In-plan solution to the annuitization of a participant account balances
- Guaranteed income for life regardless of the markets' performance
- Provides equity and bond exposure to guard against inflation risk
- Participant has access to cash value and can change election to opt out at any time
- Product utilizes a high watermark that is established once a year on the anniversary of the transition into the product
- Participants have the ability to withdraw from the option without a penalty and obtain the market value of their account
- Lifetime income protection even if the market value of the original accounts has gone to zero
- Product is made available only to participants who elect. It's offered as an additional service, to help participants in their retirement decision making process.
- Beneficiary not limited to spouse.

PIMCO

Annual Survey of Defined Contribution Trends

- Deferred income annuities (out of plan) systematic withdrawal, and managed payout solutions ranked the highest in terms of expected growth.
- Primary concerns with offering in-plan annuity products include
 - Portability concerns
 - Insufficient government support
 - Operational complexity
 - Cost
 - Lack of liquidity and control.

There are two small account cash out provisions:

1. The participant wants to withdraw, but is still employed:
 - a. Account balance less than \$5,000
 - b. No contributions have been made in 2 years.
 - c. No prior distributions under the small account rule.
2. An eligible 457 plan may provide for a distribution of all or a portion of a participant's benefit if the following requirements are satisfied:
 - a. The account balance is not more than \$1,000.
 - b. The participant has terminated employment.

Currently the administrative manual combines both provisions.

If the committee chooses to cash out small accounts, the following 3 provisions have to be met:

- a. The account balance is not more than \$1,000.
- b. The participant has terminated employment.
- c. No contributions in 2 years.

- If the requirement for no contributions within 2 years is removed, it would allow the committee to push out small accounts for anyone no longer employed, which means they are no longer contributing.
- If the committee would like to process small account cash outs on a bi-annual basis, Voya could schedule those around the end of the university semesters, December 31st and June 30th.
- University system is currently implementing a new payroll system that will automatically update Voya of termination dates.

Small Account Cash Out

Voluntary Plan	With Provision	Without Provision
State	97	266
Alliance	7	22
NSHE	2	4
Total	106	292

FICA	With Provision	Without Provision
Combined	295	1,026

Term dates are being updated daily.

Totals are as of December 31, 2015.

5. In a position designated by law as a major non-tenured policy making or advisory position, or a policy making or advisory position which ordinarily does not require more than 8 hours per week;
6. As a client in a facility conducted for the purpose of carrying out a program of rehabilitation for persons whose earning capacity is impaired by age or physical or mental deficiency;
7. As part of an unemployment work-relief or work-training program; or
8. As an inmate of a custodial or penal institution.

3708 Unemployment Compensation Assessment

State law provides that State agencies may reimburse the Unemployment Compensation Fund for all benefits paid on behalf of the State for former employees in lieu of making quarterly contributions. The State has chosen the reimbursement method.

In order to provide enough money to reimburse the Unemployment Compensation Fund, each agency will be assessed a percentage of projected gross salaries each year.

3710 Benefits

All questions concerning benefits should be directed to the Department of Employment, Training and Rehabilitation, Division of Employment Security, Benefits Section at 775-684-0420 in Carson City.

3800 Deferred Compensation

3802 Authority

The State of Nevada and the Board of Regents of the Nevada System of Higher Education are authorized by law to agree with any of their employees to defer compensation due to them in accordance with the program authorized by 26 U.S.C 401(a), 401(k), 403(b) or 457 and approved by the Deferred Compensation Committee.

The Board of Regents can agree with any of its employees to defer compensation authorized by 26 U.S.C. 403(b) without Committee approval. According to the plan, the employer shall withhold the amount of compensation that an employee has directed the employer to defer.

The employer may invest the withheld money in any investment approved by the Committee on Deferred Compensation.

All compensation amounts deferred pursuant to the program, all property and rights purchased with those amounts and all income attributable to those amounts remain solely the property or rights of the

State of Nevada or the Nevada System of Higher Education, subject only to the claims of general creditors, until made available to the participants in the program or their beneficiaries. (NRS 287.320)

3804 Deferred Compensation Committee

The Governor is authorized to appoint a committee to administer the Deferred Compensation Program. The committee's responsibilities include:

1. Creation of an appropriate fund for administration of money and other assets resulting from compensation deferred under the program;
2. With the approval of the Governor, delegation to one or more State agencies or institutions of the Nevada System of Higher Education, the responsibility for administering the program for their respective employees including:
 - a. Collection of deferred compensation;
 - b. Transmittal of money collected to depositories within the State designated by the Committee;
 - c. Payment of deferred compensation to participating employees;
3. Contracting with a private person, incorporation, institution or other entity directly or through a State agency or institution of the Nevada System of Higher Education, for services necessary to the administration of the plan including without limitation:
 - a. Consolidated billing;
 - b. The keeping of records for each participating employee in the program;
 - c. The purchase, control and safeguarding of assets;
 - d. Programs for communication with employees; and
 - e. Administration coordination for the program.

The Committee and individual members are not liable for any decision relating to investments if the Committee has:

1. Obtained the advice of qualified counsel in investments;
2. Established proper objectives and policies relating to investments; and
3. Discharged its duties regarding the decision:
 - a. Solely in the interest of the participants in the program; and
 - b. With the care, skill, prudence and diligence test that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.
4. Selected at least one Record Keeper that will provide record keeping services for the program.
5. Solicited proposals from qualified Record Keepers at least once every five years.

3806 Deferrals of Compensation; Deductions from Payroll; Limitations

Compensation may be withheld or deducted from payroll in accordance with the agreement between the employer and participating employee. The amount of compensation set aside by the employer under the

program during any calendar year may not exceed the amount authorized by 26 U.S.C. 401(a), 401(k), 403(b) or 457.

3808 Federal Requirements

No program becomes effective and no deferral may be made until the program meets the requirements of 26 U.S.C 401(a) and 457 for eligibility. Income deferred during a period in which no income tax is imposed by the State or political subdivision may not be taxed when paid to the employee.

3810 Program in Addition to Retirement or Pension Program

The Deferred Compensation Program must be established in addition to other retirement, pension or benefit systems established by the State or Nevada System of Higher Education and does not supersede, make inoperative, or reduce benefits provided by the Public Employees' Retirement System or by any other retirement, pension or benefit program established by law.

3811 FICA Alternative Plan

All State of Nevada employees hired after December 31, 2003 who are ineligible for participation in the Public Employees' Retirement System must participate in the plan sponsored FICA Alternative Plan. Each affected employee upon employment must select a Record Keeper to administer his sponsored FICA Alternative Plan if the program contracts with more than one Record Keeper.

All State of Nevada employees hired before January 1, 2004 who are ineligible for participation in the Public Employees' Retirement System may participate in the plan sponsored FICA Alternative Plan. Each affected employee must select a Record Keeper to administer his sponsored FICA Alternative Plan prior to participation if the program contracts with more than one Record Keeper.

3812 Use of Appropriated Money Forbidden

No State money may be spent on the administration of the program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:

1. Members and staff of the Committee; and
2. Employees of the State agency or institution of the Nevada System of Higher Education selected to administer the program.

3814 Administration

The Committee on Deferred Compensation has selected Record Keepers for the program. Further information can be obtained from each payroll center.

MEMO

To: Rob Boehmer
cc: Frank Picarelli

Fr: M. Bishop Bastien - Vice President – Tax Exempt Markets
Date: December 15, 2015

Re: Review of Auto Enrollment Impact

As requested, the following details provide the State of Nevada with the impact that auto enrollment may have upon the participation rates of individuals within bargaining units opting to utilize this feature.

Plan “A” Overview

Plan A is located in the Pacific Northwest and is a large primarily urban county. The County itself encompasses several metropolitan areas. Plan A has utilized a 457 deferred compensation plan since 1984 and currently has roughly \$400mm in total plan assets. The workforce is rather diverse and currently Plan A employs a total of 5,400 employees. All but a small portion of the workforce is represented by a number of local bargaining units. Total employee participation for Plan A has historically run in the mid 60% range overall.

Local “B” Desired Increased Plan Participation

While the plan has enjoyed an overall participation rate higher than the national average, Plan A was concerned that one of its largest bargaining units – Local B – had historically experienced plan participation below the plan and national averages. Additionally, Local B had historically hired the largest number of employees from year to year and represented the largest single block of employees. However, this group of employees still had the lowest level of participation in the plan.

Local B’s representative to Plan A’s deferred compensation committee sought to find ways in which the overall participation for this group of employees could be increased. Included in the discussion was the implementation of an auto enrollment feature for his bargaining unit. After an exploration of the option, the opt-out provisions and the work necessary to implement this provision, Plan A’s deferred compensation committee amended its plan document to allow for the inclusion of an auto enrollment feature. A copy of the text used to amend the plan’s plan document is attached for your review.

Once the plan document was amended, Local B worked with the County to add an auto enrollment provision to their existing collective bargaining agreement.

Local B’s Collective Bargaining Agreement

All new hires to Local B are automatically enrolled in the 457 deferred compensation plan with a deferral rate of one percent (1%) of the employee’s base pay amount. All contributions made through auto enrollment are directed to the age appropriate target date fund within the plan. There is not currently an auto escalation feature of this amount on an annual basis. As such, employees must individually increase their contribution rates as desired.

Additionally, Voya Financial handles all of the notification requirements of the auto enrollment process including the advance notice of enrollment in the plan which outlines the deferral amount at the time of enrollment and the direction of all investments to the selected investment option. Additionally, Voya’s notification includes details

regarding the distribution options available to the enrolled participants and the ability of the employee to opt-out of the plan if desired.

Annual Results of Auto Enrollment

Auto enrollment was fully executed by the fall of 2012 in Plan A for all newly hired Local B employees. As such, 2013 is the first full year in which data is available for this participant group. The results of auto enrollment for Local B new hires are as follows:

	<i>Calendar Year - 2013</i>	<i>Calendar Year - 2014</i>	<i>Year to Date 2015</i>
Total new hires	224	291	24
Total employees opting out of enrollment	10	5	0
Total employees remaining enrolled	168	223	20
Percentage of those remaining enrolled	0.75%	0.76%	0.83%

Based upon the results of Local B, several other bargaining units within Plan A are exploring the use of auto enrollment to increase their employee participation in the 457 plan. To date no further action has been taken by these bargaining units.

Sample Plan Document Language Relating to Automatic Plan Enrollment in the Plan

Automatic Enrollment in the Plan

(a) **Collective Bargaining Agreement Requiring Automatic Enrollment.**

(1) If the County and a labor organization representing a unit of County employees agree in collective bargaining, the Eligible Employees in such bargaining unit will be automatically deemed to have executed a Participation Agreement. With respect to then currently Eligible Employees such deemed executed Participation Agreement will be effective commencing with the payroll period designated in such collective bargaining agreement. If no payroll period is designated in the collective bargaining agreement, the Participation Agreement will be effective the first payroll period after the effective date of such collective bargaining agreement.

(2) New Eligible Employees who are covered by such a collective bargaining agreement will be automatically deemed to have executed a Participation Agreement effective for the first payroll period in which they could complete a Participation Agreement, unless another date is specified in the applicable collective bargaining agreement.

(3) Notwithstanding the preceding in this Section XXX, the deemed executed Participation Agreement will not be effective prior to the time described in the required notice described in XXX.

(b) **Advance Notice.** An Eligible Employee will be provided the required advance notice of automatic enrollment pursuant to Section XXX, including the amount of contributions that will be made, the employee's right to elect to not have automatic contributions made, a description of how the contributions will be invested, and when such contributions may be distributed. The notice shall be provided within a reasonable period before each Plan Year or before such other time when the automatic provision will first become applicable to an Eligible Employee.

(c) **Opting Out of Automatic Enrollment.** A Participant shall have the right to opt out of automatic enrollment at any time by completing a Participation Agreement or by providing written notice of the election to not have any amount withheld from his or her Compensation.

(d) **Deferral Amount.** The amount deferred from an Eligible Employee's Compensation shall be the amount specified in the applicable collective bargaining agreement, provided that the requirements of Section XXX are satisfied, including the requirement that the percentage of pay deferred will be uniform for employees with the same years of employment, and the applicable minimum and maximum deferral percentages.

State	18-34	35-50	51-69	70+	Total
Not Contributing	45	300	563	48	956
Contributing	902	2620	2385	48	5955
Average Monthly Contribution	\$ 114.83	\$ 285.52	\$ 482.33	\$ 625.33	\$ 377.00
Average Account Balance	\$ 4,569.65	\$ 24,641.32	\$ 68,418.51	\$ 98,529.33	\$ 49,039.70
Termed	155	571	1856	669	3251

Alliance Partners	18-34	35-50	51-69	70+	Total
Not Contributing	29	160	314	9	512
Contributing	269	731	545	3	1548
Average Monthly Contribution	\$ 215.34	\$ 393.25	\$ 1,823.14	\$ 865.39	\$ 824.28
Average Account Balance	\$ 8,771.60	\$ 38,146.43	\$ 87,716.96	\$ 94,428.96	\$ 57,265.99
Termed	14	79	273	94	460

NSHE	18-34	35-50	51-69	70+	Total
Not Contributing	9	52	112	8	181
Contributing	33	123	199	15	370
Average Monthly Contribution	\$ 588.86	\$ 675.31	\$ 1,075.18	\$ 1,694.86	\$ 1,008.55
Average Account Balance	\$ 8,221.84	\$ 46,021.47	\$ 93,409.74	\$ 103,360.70	\$ 62,753.44
Termed	3	7	47	17	74

Total	18-34	35-50	51-69	70+	Total
Not Contributing	83	512	989	65	1649
Contributing	1204	3474	3129	66	7873
Average Monthly Contribution	\$ 306.34	\$ 451.36	\$ 1,126.88	\$ 1,061.86	\$ 736.61
Average Account Balance	\$ 7,187.70	\$ 36,269.74	\$ 83,181.74	\$ 98,773.00	\$ 56,353.04
Termed	172	657	2176	780	3785

**DRAFT Nevada Deferred Compensation Program
Participant Survey**

[Send survey link to current NDC 457/Voya account holders]

- 1. Do you currently have a balance in a Nevada Deferred Compensation (NDC) Program 457 retirement plan account (with Voya Financial)?**
- a. Yes
 - b. No
 - c. Don't know or not sure

[If Q1 answer is a, continue. If b or c, end survey with statement that survey is intended for current participants in the NDC 457 plan, with option to go back to Q1]

- 2. About how long have you had a 457 retirement account with the Nevada Deferred Compensation Program (currently with Voya Financial, formerly Hartford, MassMutual, or ING)?**
- a. Less than one year
 - b. 1 to 5 years
 - c. 6 to 10 years
 - d. 10 to 15 years
 - e. More than 15 years
 - f. Don't know or not sure
- 3. Are you currently? (please select most applicable answer):**
- a. An active employee and contributing regularly to the NDC 457 plan.
 - b. An active employee but not contributing currently to the NDC 457 plan.
 - c. Currently employed by an employer that does not offer the NDC 457 plan
 - d. Not currently employed
 - e. Retired
 - f. Beneficiary of the contributor to the NDC 457 plan
 - g. Prefer not to answer

[ask Q4 only if answer to Q3 was "b"]

- 4. Why are you not currently making voluntary contributions to the NDC 457 plan? (check all that apply)**
- a. Short of funds each pay period
 - b. Didn't get around to re-enrolling
 - c. Saving for retirement elsewhere
 - d. Have sufficient funds saved for retirement
 - e. Expect to continue working and never retire
 - f. Other spending priorities: [open field]
 - g. Other savings priorities: [open field]

5. Do you receive or expect to receive retirement or pension income from any sources other than your NDC 457 plan account? (Check all that apply)

- a. Yes, Nevada Public Employees' Retirement System (PERS)
- b. Yes, Social Security
- c. Yes, NSHE Retirement Program (currently TIAA-CREF)
- d. Yes, State of Nevada FICA Alternative Plan
- e. Yes, other pension
- f. Yes, other retirement accounts (e.g., 401a, 401k, 403b, 457, or IRAs)
- g. Don't know or not sure.

****The following questions will help the NDC Program Committee and Administration assess participant satisfaction of the NDC contracted Recordkeeper- *Voya Financial*:**

6. Please indicate your level of dissatisfaction or satisfaction regarding the following aspects of participant service from *Voya Financial* for your Nevada Deferred Compensation 457 plan account.

1 = very dissatisfied

2 = somewhat dissatisfied

3 = neither satisfied nor dissatisfied

4 = somewhat satisfied

5 = very satisfied

n/a = does not apply or unable to judge

- a. Availability of Voya representatives
- b. Interactions with Voya representatives
- c. Telephone customer service when calling Voya
- d. Ease of managing my account on the Voya website
- e. Help with making investment selections
- f. Retirement planning assistance
- g. Quarterly statements
- h. Newsletters and mailings
- i. Overall client service from Voya

7. Please provide any additional comments or suggestions about service from Voya Financial.
[open comment field, optional]

****The following questions will help the NDC Program Committee and Administration assess the participant satisfaction of the Nevada Deferred Compensation Administrative Staff:**

- 8. Please indicate your level of dissatisfaction or satisfaction regarding the following aspects of participant service from the *NDC Administrative Staff* for your Nevada Deferred Compensation 457 plan account.**

1 = very dissatisfied

2 = somewhat dissatisfied

3 = neither satisfied nor dissatisfied

4 = somewhat satisfied

5 = very satisfied

n/a = does not apply or unable to judge

- a. Availability of NDC Administrative Staff
- b. Accessibility of the NDC Office
- c. Interactions with NDC Administrative Staff
- d. Telephone customer service when calling the NDC Administrative Office
- e. Ease of accessing information on the NDC website
- f. Retirement planning education
- g. NDC newsletter (The Deferred Word)
- h. Overall participant service from the NDC Staff

- 9. Please provide any additional comments or suggestions about service from NDC Staff.**

[open comment field, optional]

****The following questions will help the NDC Program Committee and Administration assess participant satisfaction of the investment options offered through the Nevada Deferred Compensation 457 plan:**

- 10. Please indicate your level of dissatisfaction or satisfaction with the following aspects of the investment options offered through the Nevada Deferred Compensation 457 retirement plan.**

1 = very dissatisfied

2 = somewhat dissatisfied

3 = neither satisfied nor dissatisfied

4 = somewhat satisfied

5 = very satisfied

n/a = does not apply or unable to judge

- a. Choices of investment options
- b. Investment option performance
- c. Investment option expenses
- d. Safety of my assets
- e. Overall satisfaction with investment options

- 11. What are the most important factors that influenced your choice of investment options within the NDC 457 plan? *Select all that apply.***

- a. Default option
- b. Investment fund performance
- c. Low expenses
- d. Prior experience with particular investment company
- e. Reputation of the investment management company
- f. Suggested by a friend, family member, or colleague
- g. Suggested by my independent financial advisor
- h. Suggested by Voya (formerly ING) representative
- i. Suggested by Hartford or MassMutual representative
- j. Other [open field]

12. Please indicate the importance to you of having access to investment options with the following management strategies:

1 = not at all important

2 = only slightly important

3 = moderately important

4 = very important

5 = most important

n/a = does not apply or unable to judge

- a. Managed target date retirement funds that become more conservative as retirement is approached
- b. Passively managed index mutual funds that aim to match market performance of basic asset classes at low cost
- c. Actively managed mutual funds of various risk profiles and investment styles that aim to exceed market performance but may have higher fees and volatility
- d. Both passively and actively managed mutual funds for a given investment category
- e. Stable value investment option with a guaranteed minimum interest rate
- f. Self-directed brokerage window that gives you access to thousands of mutual funds from hundreds of mutual fund companies

13. Please provide any additional comments or suggestions below about the investment options in the NDC 457 plan.

[open comment field, optional]

****The following questions will help the NDC Program Committee and Administration assess participant satisfaction with Nevada Deferred Compensation 457 plan overall:**

14. Please indicate your level of dissatisfaction or satisfaction with the following aspects of the Nevada Deferred Compensation Program as a whole.

1 = very dissatisfied

2 = somewhat dissatisfied

3 = neither satisfied nor dissatisfied

4 = somewhat satisfied

5 = very satisfied

n/a = does not apply or unable to judge

- a. Information provided about choosing investment options
- b. Information provided about retirement planning
- c. Ease of enrollment
- d. Ease of changing current contributions levels or amounts
- e. Overall program expenses and fees
- f. Overall satisfaction with the Nevada Deferred Compensation Program

15. *Keeping in mind that features and services may present a cost to the plan, please provide guidance to the NDC Program by rating the importance to you of the following plan service features or goals:*

1 = not at all important

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- a. Workshops on retirement investment and planning
- b. Online advice for selecting investment options
- c. Online financial and retirement planning tools
- d. Ability to change contribution levels online
- e. Option for automatic future increases in contributions to meet a projected retirement goal
- f. Individual counseling from a Voya representative
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- i. Newsletter from NDC with information about the plans, investing, and retirement issues
- j. Periodic "check-up" of my progress toward funding my retirement
- k. Annual summary statement of my investment contributions, performance, and expenses
- l. Guidance for selection of retirement income/annuity options
- m. Professional management of my investment portfolio

16. Do you have additional comments or suggestions about any aspect of the Nevada Deferred Compensation 457 retirement program?

[Open comment field]

17. Please provide some information about yourself to help the NDC Program gauge the needs of various participants:

[answers are optional]

i. What is your age?

- i.** 24 years or less
- ii.** 25 to 34 years
- iii.** 35 to 44 years
- iv.** 45 to 54 years
- v.** 55 to 64 years
- vi.** 65 to 74 years
- vii.** 75 years or more

j. Your total assets in the NDC 457 plan are approximately:

- i.** \$5,000 or less
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- iv.** \$25,001 to \$50,000
- v.** \$50,001 to \$100,000
- vi.** \$100,001 to \$250,000
- vii.** \$250,001 or more
- viii.** Don't know
- ix.** Prefer not to answer

k. How would you rate your knowledge of investing for retirement?

- i.** Expert
- ii.** Very knowledgeable
- iii.** Knowledgeable
- iv.** Limited knowledge
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- i.** State of Nevada department or agency
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m. Your primary residence is in:

- i. Carson City
- ii. Clark County
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18. Thank you for taking our survey! For further information about the Nevada Deferred Compensation Program, please go to <http://defcomp.nv.gov>.

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m. Your primary residence is in:

- i. Carson City
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CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada
Acting By and Through Its

NEVADA PUBLIC EMPLOYEE'S DEFERRED COMPENSATION PROGRAM

Agency Contact: Scott K. Sisco, Chair
100 North Stewart Street, Suite 210
Carson City, NV 89701-210
Phone: (775) 684-3397

and

CLIFTONLARSONALLEN LLP

Contact Person: Thomas R. Rey, CPA
9515 Deereco Road, Suite 500
Timonium, MD 21093
Phone: (410) 453-0900

WHEREAS, NRS 333.700 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners, services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307. "Independent Contractor" means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract. "Fiscal Year" is defined as the period beginning July 1 and ending June 30 of the following year. "Current State Employee" means a person who is an employee of an agency of the State. "Former State Employee" means a person who was an employee of any agency of the State at any time within the preceding 24 months.

3. CONTRACT TERM. This Contract shall be effective from January 1, 2014 subject to Board of Examiners' approval to December 31, 2016 unless sooner terminated by either party as specified in paragraph ten (10).

4. NOTICE. Unless otherwise specified, termination shall not be effective until 30 calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified above.

5. INCORPORATED DOCUMENTS. The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA: SCOPE OF WORK;
ATTACHMENT BB: INSURANCE SCHEDULE; and
ATTACHMENT CC: CONTRACTOR'S PROPOSAL

A Contractor's Attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract.

6. CONSIDERATION. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost **not to exceed \$25,000 per year to include all costs associated with the annual audit including travel with total cost of contract not to exceed \$50,000 for the term of the contract. Payable in the amount of \$8,333.33 at the opening of the audit each year, with the balance of \$16,667.67 to be paid upon receipt and approval by the Committee of the completed audit within the year immediately following the closed year being audited.** The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

7. ASSENT. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.

8. BILLING SUBMISSION: TIMELINESS. The parties agree that timeliness of billing is of the essence to the contract and recognize that the State is on a fiscal year. All billings for dates of service prior to July 1 must be submitted to the State no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject the Contractor to an administrative fee not to exceed one hundred dollars (\$100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the State of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to the Contractor.

9. INSPECTION & AUDIT.

a. Books and Records. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.

b. Inspection & Audit. Contractor agrees subject to professional requirements of independence that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant state agency or its contracted examiners, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this paragraph.

c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the State, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. CONTRACT TERMINATION.

a. Termination Without Cause. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties, or unilaterally by either party without cause.

b. State Termination for Non-appropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the Contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

c. Cause Termination for Default or Breach. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

i. If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

ii. If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

- iii. If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
- iv. If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or
- v. If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
- vi. If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.

d. Time to Correct. Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in paragraph four (4), and the subsequent failure of the defaulting party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

e. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:

- i. The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
- ii. Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;
- iii. Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;
- iv. Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with paragraph twenty-one (21).

11. REMEDIES. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include, without limitation, one hundred and twenty-five dollars (\$125.00) per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that the Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.

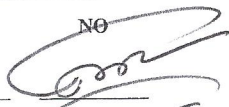

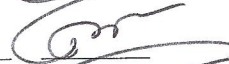
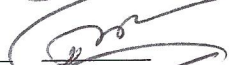


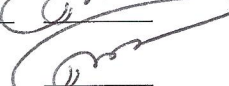
12. LIMITED LIABILITY. The State will not waive and intends to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed one hundred and fifty percent (150%) of the contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.

13. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

14. INDEMNIFICATION. To the fullest extent permitted by law Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents.

15. INDEPENDENT CONTRACTOR. Contractor is associated with the State only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for the State whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to:

(1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the State; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, nor representatives shall be considered employees, agents, or representatives of the State. The State and Contractor shall evaluate the nature of services and the term of the Contract negotiated in order to determine "independent contractor" status, and shall monitor the work relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

		<u>Contractor's Initials</u>	
		YES	NO
1.	Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work?		
2.	Will the Contracting Agency be providing training to the independent contractor?		
3.	Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses?		
4.	Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada?		
5.	Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, part-time, or of short duration)?		
6.	Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform?		
7.	Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State?		

16. INSURANCE SCHEDULE. Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the State, must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in Attachment BB, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

The Contractor shall not commence work before:

- 1) Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
- 2) The State has approved the insurance policies provided by the Contractor.

Prior approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

Insurance Coverage: The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in Attachment BB, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until:

1. Final acceptance by the State of the completion of this Contract; or
2. Such time as the insurance is no longer required by the State under the terms of this Contract;

Whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of, and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

General Requirements:

- a. **Additional Insured:** By endorsement to Contractor's general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
- b. **Waiver of Subrogation:** Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307, for losses arising from work/materials/equipment performed or provided by or on behalf of the Contractor.
- c. **Cross-Liability:** All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
- d. **Deductibles and Self-Insured Retentions:** Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed fifty thousand dollars (\$50,000.00) per occurrence, unless otherwise approved by the Risk Management Division.
- e. **Policy Cancellation:** Except for ten (10) days notice for non-payment of premium, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by certified mailed to the address shown on page one (1) of this contract:
- f. **Approved Insurer:** Each insurance policy shall be:
 - 1) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
 - 2) Currently rated by A.M. Best as "A-VII" or better.

Evidence of Insurance:

Prior to the start of any Work, Contractor must provide the following documents to the contracting State agency:

1) **Certificate of Insurance:** The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized insurer to bind coverage on its behalf. The state project/contract number; description and contract effective dates shall be noted on the certificate, and upon renewal of the policies listed Contractor shall furnish the State with replacement certificates as described within Insurance Coverage, section noted above.

Mail all required insurance documents to the State Contracting Agency identified on page one of the contract.

2) **Additional Insured Endorsement:** An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85) , signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per General Requirements, subsection a above.

3) **Schedule of Underlying Insurance Policies:** If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.

Review and Approval: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its subcontractors, employees or agents to the State or others, and shall be in addition to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.

18. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

19. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written consent of the State.

21. STATE OWNERSHIP OF PROPRIETARY INFORMATION. Any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under the Contract), or any other documents or drawings, prepared or in the course of preparation by Contractor (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of the State and all such materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract. Contractor shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Contractor's obligations under this Contract without the prior written consent of the State. Notwithstanding the foregoing, the State shall have no proprietary interest in any materials licensed for use by the State that are subject to patent, trademark or copyright protection.

22. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

23. CONFIDENTIALITY. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract

24. FEDERAL FUNDING. In the event federal funds are used for payment of all or part of this Contract:

- a. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.
- b. Contractor and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.
- c. Contractor and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)

25. LOBBYING. The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

- a. Any federal, state, county or local agency, legislature, commission, counsel or board;
- b. Any federal, state, county or local legislator, commission member, counsel member, board member, or other elected official; or
- c. Any officer or employee of any federal, state, county or local agency; legislature, commission, counsel or board.

26. WARRANTIES.

- a. General Warranty. Contractor warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed

the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.

b. System Compliance. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State.

27. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.

28. NOTIFICATION OF UTILIZATION OF CURRENT OR FORMER STATE EMPLOYEES. Contractor has disclosed to the State all persons that the Contractor will utilize to perform services under this Contract who are Current State Employees or Former State Employees. Contractor will not utilize any of its employees who are Current State Employees or Former State Employees to perform services under this contract without first notifying the Contracting Agency of the identity of such persons and the services that each such person will perform, and receiving from the Contracting Agency approval for the use of such persons.


29. ASSIGNMENT OF ANTITRUST CLAIMS. Contractor irrevocably assigns to the State any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of state of Nevada or federal antitrust laws in connection with any goods or services provided to the Contractor for the purpose of carrying out the Contractor's obligations under this Contract, including, at the State's option, the right to control any such litigation on such claim for relief or cause of action. Contractor shall require any subcontractors hired to perform any of Contractor's obligations under this Contract to irrevocably assign to the State, as third party beneficiary, any right, title or interest that has accrued or which may accrue in the future by reason of any violation of state of Nevada or federal antitrust laws in connection with any goods or services provided to the subcontractor for the purpose of carrying out the subcontractor's obligations to the Contractor in pursuance of this Contract, including, at the State's option, the right to control any such litigation on such claim or relief or cause of action.

30. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict of laws that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of the First Judicial District Court, Carson City, Nevada for enforcement of this Contract.

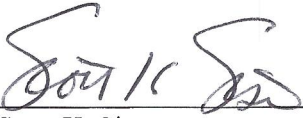
31. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

CLIFTONLARSONALLEN LLP

 12.9.13
Independent Contractor's Signature Date
Partner
Title

NEVADA PUBLIC EMPLOYEE'S DEFERRED COMPENSATION PROGRAM


 12/18/13
Scott K. Sisco Date
Chairman, Public Employees Def. Comp. Program
Title

Signature - Board of Examiners

APPROVED BY BOARD OF EXAMINERS

Approved as to form by:

On _____
(Date)


Deputy Attorney General for Attorney General

On 12/18/13
(Date)

Attachment AA

Scope of Work

Clifton Larson Allen LLP (CLA) is to audit the financial records of the Nevada Public Employees Deferred Compensation Plan. This process is to be performed with acceptable auditory standards. CLA is to provide a written report, of their findings, recommendations and certification that the assets held in the custodial accounts established with the Program's service providers are in proof with the total assets record-kept by service providers.

CLA is to provide a reconciliation of payroll contributions from no less than five payroll centers, the State will approve the payroll locations of each annual audit.

The fees and contract provisions are not contingent in completing an audit from year to year as the State has sole discretion for determining the audit periods and frequency.

Any adjustments to scope of the audit must be fully authorized and approved by the State prior to any action.

As part of the audit CLA is to audit the net asset change, appreciation/depreciation, contributions/ distributions and audit the interest rates of the Stable Value funds.

CLA is to provide a work plan with each audit review documenting timeline for audit completion.

Work shall at all times, be subject to Committee/Program Coordinator's review and approval.

CLA is to prepare formal report and present its findings to the Committee

ATTACHMENT BB
INSURANCE SCHEDULE

Standard Professional Service Contracts

INDEMNIFICATION CLAUSE:

Contractor shall indemnify, hold harmless and, not excluding the State's right to participate, defend the State, its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against all liabilities, claims, actions, damages, losses, and expenses including without limitation reasonable attorneys' fees and costs, (hereinafter referred to collectively as "claims") for bodily injury or personal injury including death, or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State.

INSURANCE REQUIREMENTS:

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, his agents, representatives, employees or subcontractors and Contractor is free to purchase additional insurance as may be determined necessary.

- A. **MINIMUM SCOPE AND LIMITS OF INSURANCE:** Contractor shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

1. **Commercial General Liability – Occurrence Form**

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

• General Aggregate	\$2,000,000
• Products – Completed Operations Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Each Occurrence	\$1,000,000

- a. The policy shall be endorsed to include the following additional insured language: "The State of Nevada shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Contractor".

2. **Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$100,000
Disease – Each Employee	\$100,000
Disease – Policy Limit	\$500,000

- a. Policy shall contain a waiver of subrogation against the State of Nevada.
- b. This requirement shall not apply when a contractor or subcontractor is exempt under N.R.S., **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

3. **Professional Liability (Errors and Omissions Liability)**

The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

- a. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

B. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where the State of Nevada, Department (Division) of Corrections is named as an additional insured, the State of Nevada shall be an additional insured to the full limits of liability purchased by the Contractor even if those limits of liability are in excess of those required by this Contract.
2. The Contractor's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

C. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the State, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to (Contract Manager P.O. Box 7011 Carson City NV 89701).

D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Nevada and with an "A.M. Best" rating of not less than A-VII. The State in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

E. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State with certificates of insurance (ACORD form or equivalent approved by the State) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the State before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract or to provide evidence of renewal is a material breach of contract.

All certificates required by this Contract shall be sent directly to (Scott K. Sisco, Chief; Nevada Public Employee's Deferred Compensation Program, 100 North Stewart Street, Suite 201, Carson City, NV 89701-210). The State project/contract number and project description shall be noted on the certificate of insurance. The State reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATES RISK MANAGEMENT DIVISION.**

- F. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as additional insureds under its policies or Contractor shall furnish to the State separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- G. **APPROVAL:** Any modification or variation from the insurance requirements in this Contract shall be made by the Risk Management Division or the Attorney General's Office, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

CLIFTON LARSON ALLEN LLP

Independent Contractor's Signature

12.9.13

Date

PARTNER

Independent's Contractor's Title

NEVADA PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

Scott K. Sisco, Chair

Date



CliftonLarsonAllen

CliftonLarsonAllen LLP
Timonium Corporate Center
9515 Deereco Road, Suite 500
Timonium, MD 21093
410-453-0900 | fax 410-453-0914
www.cliftonlarsonallen.com

September 11, 2013

Ms. Reba Coombs
Program Coordinator
Nevada Public Employees' Deferred Compensation Program
100 North Stewart Street, Suite 210
Carson City, Nevada 89701-4213

Reference: Request for Information (RFI)- Public Accounting Firms to Conduct an Audit

Dear Ms. Coombs:

In response to the above referenced RFI and subsequent telephone conversation with Francis Picarelli of the Segal Rogerscasey, CliftonLarsonAllen LLP (CLA) is enclosing our understanding and related fee quote to conduct a financial statement audit of the Nevada Employees' Deferred Compensation Program (the Program).

CLA understands the Program's audit engagement will consist of an audit of the Voluntary Deferred Compensation Program and the FICA-Alternative Plan. Our proposed services will include the following:

Financial Audit

CLA will audit the records of the Plan in accordance with generally accepted auditing standards (the Financial Audit). CLA will express an opinion as to whether or not the Program records accurately reflect the financial position of the Program. Our audit will include the reconciliation of payroll contributions from no less than 5 payroll centers. We will also include any findings of misstatements due to error, fraud, or other reasons that would cause the financial records to not be an accurate representation of the financial condition of the Program.

Proposed Fee

Our proposed total all-inclusive not to exceed fee for fiscal year 2012 is \$25,000. Please note that these are **firm-fixed fees** and include out-of-pocket costs associated with the engagement such as local travel, reports, filing fees, travel, clerical, printing, postage, etc. We understand that clients do not want fee surprises; our fee and billing practices reflect this understanding.

The fee is not contingent that we complete the audit on a year-to-year arrangement. The proposed services can be done at the discretion of the State at any time periods at a fee of 25k and that the 25k is guaranteed for next three-year period and that any request for audits after the third audit year will be subject to CPI adjustment or rate increase of no more than 3 percent. In addition, any adjustment to the scope of original services would require a fee adjustment based on the scope of services requested and any fee modifications would have to be in writing and approved by the State.



An independent member of Nexia International

CLA believes we are the best qualified to perform the Program's financial statement audit. You can depend on CLA for several uncommon advantages:


- ***We Know You.*** The professionals assigned to this proposal are members of our National Public Pension Team. Our Public Pension Team has one of the largest governmental retirement plan practices in the nation and the professionals who will serve the Program currently audit and provide consulting services to some of the largest governmental retirement plans nationwide. We are confident that our extensive experience serving similar government retirement entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA the best qualified candidate to continue to fulfill the scope of the engagement. We currently provide similar services to approximately 20 state deferred compensation programs and are, by far, the leader in the accounting industry when it comes to servicing clients similar to the Program. Finally, we previously provided the same services to the Program and are intimate with the deliverables and what it takes to provide a timely and impactful work product.
- ***Specialized Professionals.*** The key personnel assigned to this engagement focus almost exclusively on governmental retirement plans. The knowledge gained from specializing in this unique niche enables our professionals to provide extraordinary service to our governmental retirement plan clients coupled with methodologies which enhance efficiencies and quality.
- ***Credibility, reputation, and resources of a top-10 firm without sacrificing the small-firm touch.*** Public service organizations are the backbone of our economy and our practice at CLA. We have renewed and deepened our commitment to you at a level most other firms reserve for the world's largest for-profit enterprises.
- ***Value and affordability.*** We believe we can continue to provide you with the right allocation of resources to minimize costs. We understand that the Program's Board of Trustees may not elect to have a financial statement audit performed annually. However, if audits are performed annually in conjunction with fiduciary best practices, we are committed to maintaining our fee quote noted above adjusted periodically only for inflation and/or adjustments to scope of services.

We are confident that our technical approach, insight and resources will result in unparalleled service to the Program.

As a Partner of CLA, I offer my personal commitment to continue providing the Program with the best resources and services available. If you have any need to talk to me at any time, please contact me at 888-778-9588 or via email at thomas.rey@claconnect.com.

Sincerely,

CliftonLarsonAllen LLP



Thomas R. Rey, CPA
Partner

#24

CONTRACT SUMMARY

(This form must accompany all contracts submitted to the Board of Examiners (BOE) for review and approval)

I. DESCRIPTION OF CONTRACT

1. Contract Number: 14100

Amendment Number: 2

Agency Name: DEFERRED COMPENSATION

Agency Code: 920

Appropriation Unit: 1017-04

Is budget authority available?: Yes

If "No" please explain: Not Applicable

Legal Entity Name: SEGAL ADVISORS INC DBA

Contractor Name: SEGAL ADVISORS INC DBA

Address: SEGAL ROGERCASEY

333 W 34TH ST

City/State/Zip: NEW YORK, NY 10001-2402

Contact/Phone: 212/251-5452

Vendor No.: T29031233

NV Business ID: NV20121521837

To what State Fiscal Year(s) will the contract be charged? 2013-2017

What is the source of funds that will be used to pay the contractor? Indicate the percentage of each funding source if the contractor will be paid by multiple funding sources.

General Funds	0.00 %	Fees	0.00 %
Federal Funds	0.00 %	Bonds	0.00 %
Highway Funds	0.00 %	X Other funding	100.00 % Vendor Reimbursements

2. Contract start date:

a. Effective upon Board of Examiner's approval? No or b. other effective date 04/09/2013

Anticipated BOE meeting date 03/2015

Retroactive? No

If "Yes", please explain

Not Applicable

RECEIVED

3. Previously Approved Termination Date: 03/31/2017

Contract term: 3 years and 357 days

FEB 03 2015

4. Type of contract: Contract

Contract description: Investment Advisory

DEPARTMENT OF ADMINISTRATION
OFFICE OF THE DIRECTOR
BUDGET DIVISION

5. Purpose of contract:

This is the second amendment to the original contract, which provides ongoing investment consulting services, quarterly investment performance reviews, capital market research, conduct fund searches and recommendations, education to board members and staff on economic and capital market environment, compliance audit, assistance with plan administration, and development and advice regarding a plan provider request for proposal. This amendment increases the maximum amount from \$258,000 to \$411,000 due to the continued need for these services.

6. CONTRACT AMENDMENT

1. The maximum amount of the original contract:	\$258,000.00	BOE
2. Total amount of any previous contract amendments:	\$0.00	Amend #1 Clerk
3. Amount of current contract amendment:	\$153,000.00	Amend #2 BOE
4. New maximum contract amount:	\$411,000.00	

II. JUSTIFICATION

7. What conditions require that this work be done?

The committee oversees over \$589 million of participant defined contribution retirement funds and the adviser is a contractual co-fiduciary who provides investment and regulatory expertise to assist the committee in fulfilling its fiduciary duties

8. Explain why State employees in your agency or other State agencies are not able to do this work:

Lack of required level of knowledge and expertise.

9. Were quotes or proposals solicited? Yes

Was the solicitation (RFP) done by the Purchasing Division? No

a. List the names of vendors that were solicited to submit proposals (include at least three):

b. Solicitation Waiver: **Not Applicable**

c. Why was this contractor chosen in preference to other?

This vendor had the highest overall score during the evaluation process by the Committee.

d. Last bid date: 01/01/2013 Anticipated re-bid date: 01/01/2015

10. Does the contract contain any IT components? No

III. OTHER INFORMATION

11. a. Is the contractor a current employee of the State of Nevada or will the contracted services be performed by a current employee of the State of Nevada?

No

b. Was the contractor formerly employed by the State of Nevada within the last 24 months or will the contracted services be performed by someone formerly employed by the State of Nevada within the last 24 months?

No

c. Is the contractor employed by any of Nevada's political subdivisions or by any other government?

No If "Yes", please explain

Not Applicable

12. Has the contractor ever been engaged under contract by any State agency?

Yes If "Yes", specify when and for which agency and indicate if the quality of service provided to the identified agency has been verified as satisfactory:

2012, Deferred Compensation, service satisfactory.

13. Is the contractor currently involved in litigation with the State of Nevada?

No If "Yes", please provide details of the litigation and facts supporting approval of the contract:

Not Applicable

14. The contractor is registered with the Nevada Secretary of State's Office as a:

Foreign Corporation

15. a. Is the Contractor Name the same as the legal Entity Name?

Yes

16. a. Does the contractor have a current Nevada State Business License (SBL)?

Yes

17. a. Is the legal entity active and in good standing with the Nevada Secretary of State's Office?

Yes

18. Agency Field Contract Monitor:

19. Contract Status:

Contract Approvals:

Approval Level	User	Signature Date
Budget Account Approval	csweeney	01/27/2015 14:56:54 PM
Division Approval	csweeney	01/27/2015 14:56:59 PM
Department Approval	csweeney	01/27/2015 14:57:03 PM
Contract Manager Approval	csweeney	02/03/2015 10:53:24 AM

AMENDMENT #2 TO CONTRACT

Between the State of Nevada
Acting By and Through Its

Nevada Public Employees Deferred Compensation Program
100 North Stewart Street, Suite 210
Carson City, Nevada 89701
Tel: (775) 684-3397 • Fax: (775) 684-3399

and

Segal Advisors, Inc. d/b/a Segal Rogerscasey
333 West 34 Street
New York, New York 10001
(212) 251-5900 • Fax: (212) 251-5290

1. **AMENDMENTS.** For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original contract dated April 9, 2013, and Amendment #1 dated December 29, 2014 attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

A. This is the second amendment to the original contract which provides ongoing investment consulting services, which includes quarterly investment performance reviews, capital market research, conduct fund searches and make recommendations, education of board members and staff on economic and capital market environment, a compliance audit, assistance with plan administration, and development and advice regarding a plan provider request for proposal. This amendment increases the maximum amount from \$258,000 to \$411,000 due to the extension of the contract in Amendment #1 to March 31, 2017.

Current Contract Language:

6. **CONSIDERATION.** The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost outlined in the SCOPE OF WORK. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

Amended Contract Language:

6. **CONSIDERATION.** The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost outlined in the SCOPE OF WORK with the total Contract not to exceed **\$411,000**. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

2. **INCORPORATED DOCUMENTS.** Exhibit A (Original Contract and Amendment #1) is attached hereto, incorporated by reference herein and made a part of this amended contract.

3. **REQUIRED APPROVAL.** This amendment to the original contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this amendment to the original contract to be signed and intend to be legally bound thereby.

Luigi Pinelli SVP 02/02/2015 Senior Vice President
Independent Contractor's Signature Date Independent Contractor's Title

Frank Piccinelli
Printed Name

Scott H. Shaw 2/3/15
State Signature Date

Chairman
Title

James P. Linn
Signature - Board of Examiners

APPROVED BY BOARD OF EXAMINERS

On 3-10-15
(Date)

Approved as to form by:

[Signature]
Deputy Attorney General for Attorney General

On 02/02/15
(Date)

EXHIBIT A
ORIGINAL CONTRACT and AMENDMENT 1

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada
Acting By and Through Its

Nevada Public Employees Deferred Compensation Program
100 North Stewart Street, Suite 210
Carson City, Nevada 89701
(775) 684-3397 Fax: (775) 684-3399

and

Segal Advisors, Inc, d/b/a Segal Rogerscasey
333 West 34th Street
New York, New York 10001
(212) 251-5900 Fax: (212) 251-5290

WHEREAS, NRS 333.700 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners, services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307. "Independent Contractor" means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract. "Fiscal Year" is defined as the period beginning July 1 and ending June 30 of the following year. "Current State Employee" means a person who is an employee of an agency of the State. "Former State Employee" means a person who was an employee of any agency of the State at any time within the preceding 24 months.

3. CONTRACT TERM. This Contract shall be effective from April 9, 2013, subject to Board of Examiner's approval (anticipated to be April 9, 2013), to March 31, 2015, unless sooner terminated by either party as specified in paragraph ten (10). The contract term may be extended by an additional two (2) year period if an agreement can be reached by both parties prior to March 31, 2015.

4. NOTICE. Unless otherwise specified, termination shall not be effective until thirty (30) calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified above.

5. INCORPORATED DOCUMENTS. The parties agree that the scope of work shall be specifically described. This contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA:	REQUEST FOR PROPOSAL;
ATTACHMENT BB:	INSURANCE SCHEDULE; and
ATTACHMENT CC:	SCOPE OF WORK

A Contractor's Attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract.

6. CONSIDERATION. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost outlined in the SCOPE OF WORK. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

7. ASSENT. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.

8. TIMELINESS OF BILLING SUBMISSION. The parties agree that timeliness of billing is of the essence to the contract and recognize that the State is on a fiscal year. All billings must be received by the State within thirty (30) days of termination of this Contract.

9. INSPECTION & AUDIT.

a. Books and Records. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.

b. Inspection & Audit. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant state agency or its contracted examiners, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this paragraph.

c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained for a minimum three (3) years and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the State, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. CONTRACT TERMINATION.

a. Termination Without Cause. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties, or unilaterally by either party without cause.

b. State Termination for Non-appropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or

any date specified therein) if for any reason the Contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

c. Cause Termination for Default or Breach. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

- i. If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or
- ii. If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
- iii. If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
- iv. If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or
- v. If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
- vi. If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.

d. Time to Correct. Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in paragraph four (4), and the subsequent failure of the defaulting party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

e. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:

- i. The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
- ii. Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;
- iii. Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;
- iv. Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with paragraph twenty-one (21).

11. REMEDIES. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include, without limitation, one hundred and twenty-five dollars (\$125.00) per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190.

12. LIMITED LIABILITY. The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed one hundred and fifty percent (150%) of the contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.

13. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

14. INDEMNIFICATION. To the fullest extent permitted by law Contractor shall indemnify, hold harmless and defend the State from and against that portion of any liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs resulting from the negligent or willful acts or omissions of Contractor, its officers, employees and agents.

15. INDEPENDENT CONTRACTOR. Contractor is associated with the State only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for the State whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to: (1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the State; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, nor representatives shall be considered employees, agents, or representatives of the State. The State and Contractor shall evaluate the nature of services and the term of the Contract negotiated in order to determine "independent contractor" status, and shall monitor the work relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

		<u>Contractor's Initials</u>	
		YES	NO
1.	Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work?	_____	<u>JP</u>
2.	Will the Contracting Agency be providing training to the independent contractor?	_____	<u>JP</u>
3.	Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses?	_____	<u>JP</u>
4.	Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada?	_____	<u>JP</u>
5.	Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, part-time, or of short duration)?	_____	<u>JP</u>
6.	Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform?	_____	<u>JP</u>
7.	Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State?	_____	<u>JP</u>

16. **INSURANCE SCHEDULE**. Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the State, must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in Attachment BB, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

The Contractor shall not commence work before:

1. Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
2. The State has approved the insurance policies provided by the Contractor.

Prior approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

Insurance Coverage: The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in Attachment BB, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until:

1. Final acceptance by the State of the completion of this Contract; or
2. Such time as the insurance is no longer required by the State under the terms of this Contract; whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of, and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance before or upon the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

General Requirements:

- a. **Additional Insured**: By endorsement to Contractor's general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
- b. **Waiver of Subrogation**: Each insurance policy (other than Professional Liability) shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307, for losses arising from work/materials/equipment performed or provided by or on behalf of the Contractor.
- c. **Cross-Liability**: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
- d. **Deductibles and Self-Insured Retentions**: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention.
- e. **Policy Cancellation**: Contractor shall provide thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, if any required policy is to be cancelled, non-renewed, or if coverage and/or limits are to be reduced or materially altered. Such notice shall be sent by certified mail to the address shown on page 1 of this Contract:
- f. **Approved Insurer**: Each insurance policy shall be:
 - i. Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
 - ii. Currently rated by A.M. Best as "A-VII" or better.

Evidence of Insurance:

Prior to the start of any Work, Contractor must provide the following documents to the contracting State agency:

1. Certificate of Insurance: The Accord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized insurer to bind coverage on its behalf. The state project/contract number; description and contract effective dates shall be noted on the certificate, and upon renewal of the policies listed. Contractor shall furnish the State with replacement certificates as described within Insurance Coverage, section noted above.

**Mail all required insurance documents to the
State Contracting Agency identified on page one of the contract.**

2. Additional Insured Endorsement: A "who is insured" endorsement, signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per General Requirements, subsection a. above..

3. Schedule of Underlying Insurance Policies: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.

Review and Approval: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its sub-contractors, employees or agents to the State or others, and shall be in addition to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.

18. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

19. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written consent of the State.

21. STATE OWNERSHIP OF DELIVERABLES. Except to the extent that they incorporate Contractor's proprietary software, know-how, techniques, methodologies and report formats (collectively, "Contractor's Proprietary Information"), all documents, data, and other tangible materials authored or prepared and delivered by Contractor to the State under the terms of this Contract (collectively, the "Deliverables"), are the sole and exclusive property of the State, once paid for by the State. To the extent that Contractor's Proprietary Information is incorporated into such Deliverables, the State shall have a perpetual, nonexclusive,

worldwide, royalty-free license to use, copy, and modify Contractor's Proprietary Information as part of the Deliverables internally and for their intended purpose.

22. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

23. CONFIDENTIALITY. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract

24. FEDERAL FUNDING. In the event federal funds are used for payment of all or part of this Contract:

a. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

b. Contractor and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

c. Contractor and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions).

25. LOBBYING. The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

a. Any federal, state, county or local agency, legislature, commission, counsel or board;

b. Any federal, state, county or local legislator, commission member, counsel member, board member, or other elected official; or

c. Any officer or employee of any federal, state, county or local agency; legislature, commission, counsel or board.

26. WARRANTIES.

a. General Warranty. Contractor warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.

b. System Compliance. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State. This warranty includes, without limitation, century recognition, calculations that accommodate same century and multi-century formulas and data values and date data interface values that reflect the century.

27. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners

and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.

28. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of the First Judicial District Court, Carson City, Nevada for enforcement of this Contract.

29. CONFLICTS OF INTEREST/CODE OF ETHICS. Contractor has provided the State with its written brochure (Form ADV Part 2), which includes disclosure about its potential conflicts of interest, including information about material financial, referral or other relationships or arrangements that may create a conflict of interest for Contractor. If, during the term of this Contract, Contractor selects or recommends any investment manager or other service provider for the State where there exists a compensation or business relationship or arrangement between such investment manager or service provider and Contractor, Contractor will disclose such relationship and any conflicts that may be created.

Contractor has adopted a written code of ethics and other policies and procedures designed to avoid violations of the Advisers Act. A copy of the code of ethics and other policies will be provided to the State upon request.

30. REGISTRATION. Contractor is registered with the Securities and Exchange Commission (SEC) as an investment adviser pursuant to the Advisers Act, and files a disclosure statement, Form ADV Part 1, with the SEC. In addition, Contractor maintains a brochure that contains information required by Form ADV Part 2. The State acknowledges receipt of the brochure and, if applicable, brochure supplements, from Contractor before or at the time of entering into this Contract. Annually, within 120 days after the end of Contractor's fiscal year, and without charge, if there are material changes to Contractor's brochure since the last annual updating amendment thereto, Contractor will deliver to the State: (i) its current brochure; or (ii) a summary of material changes to the brochure that offers to provide the current brochure, and that includes additional information about obtaining the brochure and about Contractor generally.

31. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.



Segal Advisors, Inc. d/b/a/ Segal Rogerscasey
Frank Picarelli, Vice President

2/18/2013

Date



Nevada Deferred Compensation Program

2/20/2013

Date Title Chairman



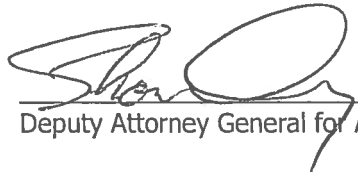
Signature - Board of Examiners

APPROVED BY BOARD OF EXAMINERS

On 4-9-13

(Date)

Approved as to form by:



Deputy Attorney General for Attorney General

On 2/20/13

(Date)

ATTACHMENT AA

Brian Sandoval
Governor

Reba Coombs
Program Coordinator



Nevada Public Employees' Deferred Compensation Program

COMMITTEE
Scott Sisco, Chair
NDOT
Carlos Romo, Vice Chair
Retired
Brian L. Davie
LCB
Karen Oliver
GCB
Steve C. Woodbury
DTCA

Shane Chesney
Senior Deputy Attorney General

SUBJECT: Amendment No. 1 to Request for Proposal for Investment Consulting Services

DATE OF AMENDMENT: December 19, 2012

DATE OF RFP RELEASE: November 30, 2012

DATE AND TIME OF OPENING: Monday, January 7, 2013, 3:00 p.m.

AGENCY CONTACT: Reba Coombs, Program Coordinator

The following shall be a part of the RFP for Investment Consulting Services. If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

6. SCOPE OF SERVICES

The Consultant is expected to provide the following:

A. Investment selection, measurement, monitoring, and reporting.

1. Does your firm accept fiduciary responsibility for its role as an investment consultant for the Program? Explain your role as a fiduciary.
2. Is your firm registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisors Act of 1940?

7. SUBMISSION CONDITIONS

13. SUBMISSION REQUIREMENTS

Each bidder must submit a total of **seven (7)** bound copies and **one (1)** electronic version (can be submitted on a compact disk, flash drive, or other similar medium) by **3:00 p.m. Pacific Daylight Time Monday, January 7, 2013** in accordance with the following:

One original copy marked "Master" and six (6) identical copies to:

Reba Coombs, Program Coordinator
Nevada Public Employees Deferred Compensation Program
100 North Stewart Street, Suite 210
Carson City, Nevada 89701-4213
rebacoombs@defcomp.nv.gov
T: (775) 684-3397 F: (775) 684-3399

ALL ELSE REMAINS THE SAME

Vendor shall sign and return this amendment with proposal submitted.

NAME OF VENDOR _____

AUTHORIZED SIGNATURE _____

TITLE _____ DATE _____



NEVADA PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM

Request for Proposal for Investment Consulting Services

REQUEST FOR PROPOSAL DISTRIBUTION:	November 30, 2012
DEADLINE FOR SUBMITTING QUESTIONS:	December 17, 2012, at 4:00pm Pacific Time
DEADLINE FOR SUBMISSION AND OPENING DATE & TIME:	January 7, 2013 at 4:00pm Pacific Time

The actual RFP document consists of 20 pages.

**A copy of this Request for Proposal (RFP) may be obtained
by any of the following methods:**

1. E-mail us at rebacoombs@defcomp.nv.gov and request a copy of the RFP be forwarded to you. Please include your company name, address, contact name, phone number and email address.
2. Retrieve the document from our website at: <http://defcomp.state.nv.us/>
3. Contact us at Nevada State Library & Archives Building
100 North Stewart Street, Suite 210, Carson City, Nevada 89701
Telephone (775) 684-3397 Fax (775) 684-3399

TABLE OF CONTENTS

	<u>PAGE</u>
1. Purpose/Objective	3
2. Background	3
3. Schedule of Events	4
4. Minimum Qualifications	4
5. Proposal Information Required	4
6. Scope of Services	5
7. Submission of Conditions	6
8. Contractual Requirements	6
9. Insurance Requirements	6
10. Proposal Evaluations	6
11. Confidentiality	7
12. Written Questions and Answers	7
13. Submission Requirements	7

Attachment A Certification of Compliance with Terms and Conditions of RFP

Attachment B Contract Form

1. PURPOSE/OBJECTIVE

The Nevada Public Employees' Deferred Compensation Program (Program) is seeking competitive proposals from qualified consulting firms (Consultant) to enter into a contract to assist and advise the Program in fulfilling its fiduciary duties beginning April 1, 2013, and ending March 31, 2015. The contract term may be extended by an additional two year period if an agreement can be reached by both parties prior to March 31, 2015. The consulting services will include, but are not limited to, the following areas: quarterly performance measurement and plan reporting, compliance review every other year, investment option addition/replacements, record keeping scenarios (i.e., potential for third-party administration, participant communication, education and fee structuring). In addition, the Program is seeking assistance with its provider search, as the current provider contracts are anticipated to expire December 31, 2014. This Consultant will assist the Program and staff in evaluation of the Provider proposals. Upon selection of the successful bidder(s), the Consultant will assist the Program in the negotiation of the contract(s).

2. BACKGROUND

Nevada Revised Statutes (NRS) 287.250, et seq., provides an Internal Revenue Code Section 457 non-qualified Deferred Compensation Program to the State's employees. The Program is administered by a Program Coordinator under the governance and direction of a five-member Committee appointed by the Governor. The Program is currently serviced under a dual provider arrangement with Hartford and ING. As of September 30, 2012, total Plan assets were valued at \$584 million, with Hartford maintaining \$476 million in assets and ING maintaining \$107 million. Political subdivisions of the State (a city, county, or other local unit) may adopt the terms of the Program through a joinder agreement. The assets of the 33 participating local government groups total approximately \$119 million and are included in the above asset total.

Nevada has approximately 15,940 government employees throughout the State. All regular full-time and part-time employees are eligible to participate. The Deferred Compensation Plan also is made available to all employees of the Nevada System of Higher Education. Approximately 14,290 additional employees in this group potentially have the option of participating in the 457 Deferred Compensation Plan.

Currently, the Plan has approximately 15,309 participants in the full-time Program, including 7,382 who are actively contributing.

A FICA Alternative Plan is offered to those part-time and temporary employees who are not eligible for the Public Employees' retirement benefit program. This Plan is also administered by Hartford and ING. Total FICA Plan assets as of September 30, 2012 were \$19 million with Hartford maintaining \$15 million of those assets and ING \$3.9 million. This amount is in addition to the 457 Plan assets in the State's Program.

For more information regarding the Nevada Deferred Compensation Program, including the Plan Document, Investment Policy Statement, and other references, please visit the Program website at www.defcomp.state.nv.us.

3. SCHEDULE OF EVENTS

The following schedule of events represents the Program's best estimate of the schedule that shall be followed. Unless otherwise specified, the time of day for the following events shall be between 8:00 am and 5:00 pm Pacific Daylight Time. The Program reserves the right, at its sole discretion, to adjust this schedule as it deems necessary.

Event Description	Date
RFP Issued	November 30, 2012
Deadline for Submitting Questions	December 17, 2012
Answers to all Questions Available on	December 26, 2012
Proposals Due	January 7, 2013
Selection Process – RFP Review Phase	January 8, 2013
Selection/Finalist Presentation (if needed)	January 29, 2013
Completion of Final Contract	February 18, 2013
Final Contract to Board of Examiners	March 12, 2013
Implementation Begins	April 1, 2013

4. MINIMUM QUALIFICATIONS

The Consultant must be a firm capable of serving as investment consultant for a Deferred Compensation 457(b) Plan and must have experience with clients with plan assets of at least \$300 million.

Bidder must provide verification substantiating the ability to meet this requirement. Firms not meeting this requirement will not receive further consideration.

5. PROPOSAL INFORMATION REQUIRED

Firms desiring consideration should fully respond to the following items:

A. Firm Organization

1. Provide the name of the organization and its address, telephone number, and fax number. Provide the name and a biography on all key staff persons who will work on the Program's account.
2. Describe any citations your firm has received within the last ten years by federal or state regulators for violations of any state or federal law or regulation.
3. Describe any litigation involving the business of your firm with relation to its deferred compensation or defined contribution services in the past ten years. Exclude routine matters involving participants and beneficiaries that do not reflect on the performance of your agreement.

4. Provide a copy of the organization's Nevada business license or acknowledge that a Nevada business license (and foreign corporation registration, if required) must be obtained prior to or at the time of Contract execution.
5. Provide three references of public sector clients of comparable size to the Program which your firm provides 457(b) investment and compliance consulting. Include a contact name, title, and phone number.

6. SCOPE OF SERVICES

The Program seeks to obtain Plan Consulting Services through this RFP. The Program reserves the right to include any, all, or none of the listed items or services in any consultant agreement resulting from this Request for Proposal process. The Consultant is expected to provide the following:

A. Investment selection, measurement, monitoring, and reporting.

1. Provide an annual review of the Investment Policy Statement.
2. Ensure well defined procedures in the Investment Policy Statement are in place for the review, maintenance, and monitoring of investment funds.
3. Measure, monitor, and report quarterly performance of investments against industry benchmarks and peer group indices. Present quarterly performance reports to the Committee and staff.
4. Recommend elimination/addition of investment options as appropriate.
5. Recommend elimination/addition of Program providers as appropriate.
6. Keep staff/Committee abreast of industry trends.
7. Monitor and provide independent alerts to impending risks that may impact providers, fund manager and fund performance.
8. Evaluate new investment opportunities upon request.
9. Attend quarterly State of Nevada Deferred Compensation Committee meetings and its annual strategic planning session.
10. Conduct fund searches.
11. Analyze, summarize, and communicate general market trends.

B. General Plan Consulting

1. Conduct a compliance review of the plan documents/procedures every other year, beginning in 2013.
2. Provide general advice and assistance regarding the current communication and enrollment materials.
3. Assist with an action plan to resolve any administrative issues or deficiencies that may require a solution.
4. Provide recommendations to ensure fulfilling fiduciary responsibilities.

C. Fees

1. Describe the fees associated with the services required.
2. Describe any relationship with mutual fund vendors and any revenue reimbursements received from the mutual fund vendors.

D. Other

1. Provide a sample of a quarterly performance report.

2. Provide the scoring/evaluation criteria used to monitor, add, or remove investment options.
 3. Provide any other reports that may be beneficial to the Plan and its participants.
 4. Describe any ad hoc reporting capabilities.
 5. Describe the resources used to monitor investment performance.
 6. Describe average consultant-to-client ratio for clients of our size.
- E. Assist Program with all aspects of provider search, including but not limited to appropriate plan design, creation of RFP, evaluation of third-party administration, if appropriate, bid evaluation and contract negotiation.
- F. Other non-routine items as requested by staff.

7. SUBMISSION CONDITIONS

Proposals must meet the Program's minimum requirements and may be rejected if they are conditional or incomplete. The Program reserves the right to reject any or all proposals, to allow a submitter to clarify or cure any defect in their submission, or to elect not to award any contract as a result of this competitive evaluation/selection process. Firms submitting proposals must agree to the following conditions and indicate this agreement in their submission to the Program.

8. CONTRACTUAL REQUIREMENTS

Any Consultant selected through this process will be required to agree to the standard Program contract stipulations. Execution of Attachment A of this RFP shall constitute an agreement to all terms and conditions specified in the RFP, including, without limitation, the Attachment B contract form and all terms and conditions therein, except such terms and conditions that the vendor expressly excludes. Exceptions will be taken into consideration as part of the evaluation process.

9. INSURANCE REQUIREMENTS

The selected Consultant must maintain, for the duration of the contract, insurance coverages as set forth in the Insurance Schedule of the contract form appended to this RFP. Work on the contract shall not begin until after the awarded vendor has submitted acceptable evidence of the required insurance coverages.

10. PROPOSAL EVALUATIONS

All written submissions that conform to the requirements outlined in this Request for Proposal will be reviewed and evaluated by a panel of the Program's choosing. The Program, in its sole discretion, reserves the right to interview any, all, or none of the Consultants submitting qualifications. The Program may skip the interview phase and directly enter into service agreement negotiations with any submitter determined by the Program to be the best qualified Consultant based solely on written responses received pursuant to this RFP process.

The Consultant will be selected based on:

1. Responses to the specific points outlined in the Request for Proposal;
2. Experience in providing similar deferred compensation consulting services;
3. Information gathered from the references;
4. Responses to interview questions, if applicable; and
5. Costs or fees for services identified.

Based upon the above criteria, the panel will recommend to the State of Nevada Deferred Compensation Plan Committee the firm that it judges to be the most highly qualified. The Program will enter into an agreement with the selected Consultant, unless the selected Consultant and the Program are unable to reach mutually agreeable contract terms. If mutually agreeable contract terms cannot be reached, the Program may award the agreement to another Consultant.

11. CONFIDENTIALITY

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **will not** be accepted by the Program. Only specific parts of the proposal may be labeled a "trade secret" as defined in NRS §600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful bidders' proposals become public information. Proposals which contain confidential information must be clearly labeled to ensure the information is not made public. Bidders are requested to submit confidential information in six separate envelopes or binders marked "**confidential**."

The Program will not be responsible for any information contained within the proposal should vendors not comply with the labeling and packaging submission requirements, proposal will be released as submitted. There may be public discussion regarding the submitted proposal—including confidential information—that will be in an open meeting format.

12. WRITTEN QUESTIONS AND ANSWERS

In lieu of a pre-proposal conference, the Program will accept and respond to questions and/or comments regarding this RFP in writing, received either by email or facsimile, and according to the SCHEDULE OF EVENTS listed above. Vendors must provide their company name, address, phone number, email address, fax number, and contact person when submitting questions. All questions and/or comments will be addressed in writing and responses emailed or faxed to prospective vendors. Questions and/or comments should be directed to the Program Coordinator using the contact information listed in the SUBMISSION REQUIREMENTS section below.

13. SUBMISSION REQUIREMENTS

Each bidder must submit a total of **six (6)** bound copies and **two (2)** electronic (can be submitted on a compact disk, flash drive, or other similar medium) copies by

3:00 p.m. Pacific Daylight Time Monday, January 7, 2013 in accordance with the following:

One original copy marked "Master" and five (5) identical copies to:

Reba Coombs, Program Coordinator
Nevada Public Employees Deferred Compensation Program
100 North Stewart Street, Suite 210
Carson City, Nevada 89701-4213
rebacoombs@defcomp.nv.gov
T: (775) 684-3397 F: (775) 684-3399

Other than submitting written questions and/or comments and proposals as outlined above, there should be no communication, either in person, in writing, or by phone and email between any proposer and any (1) Deferred Compensation Committee Member; (2) Program Staff; (3) Program advisors; (4) elected officials or their staff members; or (5) any other person in position to influence the decision of the Committee Members at any time during the RFP process, and until NDC makes its decision, except at a time specified for the pre-bid question process and oral presentations by selected proposers. Direct communication in an attempt to influence the awarding of the RFP shall be considered grounds for disqualification.

NOTICE TO PROPOSERS

There may be one or more amendments to this proposal solicitation. If your company desires to receive copies or notices of any such amendments, you must provide the information requested below to Reba Coombs by e-mail at rebacoombs@defcomp.nv.gov. It is the responsibility of the bidder to check this website for updates and/or further information as it may apply to the entire process – www.defcomp.state.nv.us.

Company Name:	
Mailing Address:	
Phone Number:	
Fax Number:	
Contact Person:	
E-mail Address:	

Send amendments by (check one): ☐ Fax
☐ E-mail

Any alterations to the document made by the proposer may be grounds for rejection of proposal, cancellation of any subsequent award, or any other legal remedies available to the State of Nevada.

**ATTACHMENT A
CERTIFICATION OF COMPLIANCE WITH
TERMS AND CONDITIONS OF RFP**

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act will constitute a complete waiver and all submitted information will become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

I have read, understand and agree to comply with the terms and conditions specified in this Request for Proposal.

Checking "YES" indicates acceptance of all terms and conditions, while checking "NO" denotes non-acceptance and vendor's exceptions should be detailed below. In order for any exceptions to be considered they **MUST** be documented.

YES _____ I agree.

NO _____ Exceptions below:

Date _____

SIGNATURE _____
Primary Vendor

PRINT NAME _____
Primary Vendor

EXCEPTION SUMMARY FORM

RFP SECTION NUMBER	RFP PAGE NUMBER	EXCEPTION (PROVIDE A DETAILED EXPLANATION)

Attach additional sheets if necessary. Please use this format.

ATTACHMENT BB

INSURANCE SCHEDULE

INDEMNIFICATION CLAUSE:

Financial Consultant agrees to faithfully discharge the duties herein set forth and shall indemnify, hold harmless and, not excluding the State's right to participate, defend the State, its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against all liabilities, claims, actions, damages, losses, and expenses including without limitation reasonable attorneys' fees and costs, (hereinafter referred to collectively as "claims") from and against any and all claims resulting from the acts, omissions and negligent conduct of Financial Consultant or any of its owners, officers, directors, agents, employees or subcontractors with respect to the Financial Consultant's Scope of Work. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of the Financial Consultant to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Financial Consultant from and against any and all claims. It is agreed that Financial Consultant will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Financial Consultant agrees to waive all rights of subrogation against the State, its officers, officials, agents and employees for losses arising from the work performed by the Financial Consultant for the State.

INSURANCE REQUIREMENTS:

Financial Consultant and subcontractors, if any, shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Financial Consultant, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The State in no way warrants that the minimum limits contained herein are sufficient to protect the Financial Consultant from liabilities that might arise out of the performance of the work under this Agreement by the Financial Consultant, his agents, representatives, employees or subcontractors and Financial Consultant is free to purchase additional insurance as may be determined necessary.

- A. **MINIMUM SCOPE AND LIMITS OF INSURANCE:** Financial Consultant shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

- | | |
|---|-------------|
| • General Aggregate | \$2,000,000 |
| • Products – Completed Operations Aggregate | \$1,000,000 |
| • Personal and Advertising Injury | \$1,000,000 |
| • Each Occurrence | \$1,000,000 |

- a. The policy shall be endorsed to include the following additional insured language:
"The State of Nevada shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Financial Consultant".

2. **Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$100,000
Disease – Each Employee	\$100,000
Disease – Policy Limit	\$500,000

- a. Policy shall contain a waiver of subrogation against the State of Nevada.
- b. This requirement shall not apply when a contractor or subcontractor is exempt under N.R.S., **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

3. **Professional Liability (Errors and Omissions Liability)**

The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.

Each Claim	\$10,000,000
Annual Aggregate	\$10,000,000

- a. In the event that the professional liability insurance required by this Agreement is written on a claims-made basis, Financial Consultant warrants that any retroactive date under the policy shall precede the effective date of this Agreement; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years from the time work under this Agreement is completed.

B. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where the State of Nevada is named as an additional insured, the State of Nevada shall be an additional insured to the full limits of liability purchased by the Financial Consultant even if those limits of liability are in excess of those required by this Agreement.
2. The Financial Consultant's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

C. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the State, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to Public Employees Deferred Compensation Program, 100 North Stewart Street, Suite 210, Carson City, Nevada 89701-4213.

D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Nevada and with an "A.M. Best" rating of not less

than A-VII. The State in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

- E. **VERIFICATION OF COVERAGE:** Financial Consultant shall furnish the State with certificates of insurance (ACORD form or equivalent approved by the State) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

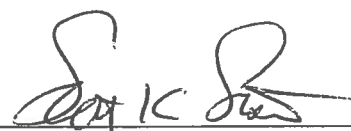
All certificates and any required endorsement shall be sent directly to Public Employees Deferred Compensation Program, 100 North Stewart Street, Suite 210, Carson City, Nevada 89701-4213. The State project/contract number and project description shall be noted on the certificate of insurance. The State reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATES RISK MANAGEMENT DIVISION.**

- F. **APPROVAL:** Any modification or variation from the insurance requirements in this Agreement shall be made by the Attorney General's Office or the Risk Manager, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.


Independent Contractor's Signature

2/10/2013 Vice President
Date Title


Signature- State of Nevada

2/20/2013 Chairman
Date Title

ATTACHMENT CC

SCOPE OF WORK

Nevada Public Employees 457(b) Deferred Compensation Program

Section 1 - Description of Segal Rogerscasey responsibilities

Investment Advisory Services

- Provide an annual review of the Investment Policy Statement.
- Ensure well defined procedures in the Investment Policy Statement are in place for the review, maintenance, and monitoring of investment funds.
- Measure, monitor, and report quarterly performance of investments against industry benchmarks and peer group indices. Present quarterly performance reports to the Committee and staff.
- Recommend elimination/addition of investment options as appropriate.
- Recommend elimination/addition of Program providers as appropriate.
- Keep staff/Committee abreast of industry trends.
- Monitor and provide independent alerts to impending risks that may impact providers, fund manager and fund performance.
- Evaluate new investment opportunities upon request.
- Attend quarterly State of Nevada Deferred Compensation Committee meetings and its annual strategic planning session.
- Conduct fund searches.
- Analyze, summarize, and communicate general market trends.
- Provide committee and staff education and training to assist in oversight of the program
- Provide administration monitoring and reports on Program activity

Compliance Review

- Conduct a compliance review of the plan documents/procedures every other year, beginning in 2013.
- Provide general advice and assistance regarding the current communication and enrollment materials.
- Assist with an action plan to resolve any administrative issues or deficiencies that may require a solution.
- Provide recommendations to ensure fulfilling fiduciary responsibilities.

Plan Administration (Plan Provider RFP)

- Provide input and advice regarding Plan Design
- RFP development and review and scoring of responses
- Provide evaluation of providers
- Assist with contract and fee negotiations
- Transition support services

Projects Which May Fall Outside Scope of Current Retainer

- Customized Third Party Communication Services
- Extensive Review of Provider/Record Keeper
- Extensive Review of Investment Manager or Option

Section 2 - Estimated period of time over which work will be performed

The term of the services provided under this contract shall commence on April 9, 2013 and shall expire two (2) years later, unless terminated earlier by mutual written agreement of the Program and Segal Rogerscasey with thirty (30) day notice. This contract may be extended for two (2) years upon mutual written consent of the Program and Segal Rogerscasey at the annual rates described in Section 3 below.

Section 3 - Compensation/Fees

Investment Advisory Services: \$82,500 to be billed either monthly at the rate of \$6,875 or quarterly at the rate of \$20,625.

Provider RFP Search: \$65,000 per RFP project.

- Billed in full upon completion of project.
- If more than ten (10) vendors are to be evaluated, fee for each additional vendor \$8,000.
- Segal Rogerscasey agrees to review project responsibilities with Program Coordinator every three months to identify duties conducted by Program Staff versus Segal Rogerscasey to determine if any unused funds exist. Unused funds may be used for another project identified during the course of the contract.

Compliance Review: \$28,000 every two years, commencing 2013; billed in full upon completion of project.

Travel and expenses: Included in expenses above.

Section 4 - Other Contractual Requirements

- Segal Rogerscasey will provide the necessary insurance schedules to the Program Officer prior to April 1, 2013 and annually thereafter, as appropriate.

AMENDMENT #1 TO CONTRACT

Between the State of Nevada
Acting By and Through Its

Nevada Public Employees Deferred Compensation Program
100 N Stewart Street, Suite 201
Carson City, NV 89701

and

Segal Advisors, Inc.
d/b/a Segal Rogerscasey
333 West 34th Street
New York, New York 10001
212.251.5900

1. AMENDMENTS. All provisions of the original contract NUMBER 14100 dated February 20, 2013, remain in full force and effect with the exception of the following:

A. Extension of contract term and modification of terms of notice.

B. Revised Compensation /Fees.

Current Contract Language:

3. CONTRACT TERM. This contract shall be effective from April 9, 2013 to March 31, 2015, unless sooner terminated by either party as specified in paragraph (10).

4. NOTICE. Unless otherwise specified, termination shall not be effective until 30 calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, posted prepaid on the date posted, and addressed to the other party at the address specified above.

Attachment CC - COMPENSATION/FEES

Investment Advisors Services \$82,500 to be billed either monthly at the rate of \$6,875 or quarterly at the rate of \$20,625.

Amended Contract Language:

3. CONTRACT TERM. This contract amendment shall be effective from April 1, 2015 to ~~March 31, 2017~~, unless sooner terminated by either party as specified in paragraph (10)

4. NOTICE. Unless otherwise specified, termination shall be effective immediately upon written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, posted prepaid on the date posted, and addressed to the other party at the address specified above.

Attachment CC - COMPENSATION/ FEES. Investment Advisory Services \$62,500 to be billed either monthly at a rate of \$5,208.33, or quarterly at a rate of \$15,625; Travel and expenses included.

2. INCORPORATED DOCUMENTS. Exhibit A (Original Contract) is attached hereto, incorporated by reference herein and made a part of this amended contract.

3. REQUIRED APPROVAL. This amendment to the original contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this amendment to the original contract to be signed and intend to be legally bound thereby.

Frank Pennelli

12/24/14

Independent Contractor's Signature

Date

Senior Vice President

Independent's Contractor's Title

Signature

Date

Signature

Date

Title

Title

Scott Everett

for Julia Teska

Signature - Board of Examiners

APPROVED BY BOARD OF EXAMINERS

On

12/29/14

(Date)

Approved as to form by

Shan A.

Deputy Attorney General for Attorney General

On

12/29/14

(Date)

guaranteed for any given plan year, the Recordkeepers will remit payment of the remaining amount 60 days following the end of the plan year at the direction of the Nevada Deferred Compensation Staff. Unused plan expenses will be credited to participant accounts proportionately based on their end of the year (December 31) account balance. Participants whose credit is less than \$10 will not receive any unused plan expenses; rather these monies will be distributed to the other eligible participants whose credit is greater than \$10 in the same manner described above.

Article VII

Roles, Responsibilities and Duties

7.1 - Committee

The Committee is responsible to meet on a quarterly basis and conduct its business in accordance with the mission and primary goals as outlined in Article I of this document, along with the applicable state laws and federal requirements for the Plan. In order to discharge their fiduciary duties, members of the Committee are responsible for preparing for and participating in meetings of the Committee.

7.2 - Staff

Staff is responsible for the daily administration of the Program. The Program Coordinator is responsible for the following:

- Operations management, including but not limited to the day to day oversight; employer relations; budget oversight; and customer service.
- Committee business management, including but not limited to preparation of agendas and meeting materials.
- Contractual relationship management, including but not limited to Administrator and investment management oversight and legislative management.

The Program Coordinator, under the direction and discretion of the Committee, may contract with an independent employment company to employ a part-time or temporary administrative assistant to assist with meeting preparation, transcription of minutes, processing participant change forms, and other duties as assigned by the Program Coordinator or the Committee on an as needed basis.

7.3 – Program Coordinator’s Review Process

The Committee will conduct a performance review annually at the scheduled meeting closest to the hiring anniversary date of the Program Coordinator. The Committee will also review and approve any potential compensation changes based on current level as well as legislative action as it relates to all state employees.

7.4 - Legal Counsel

The Attorney General’s Office provides legal counsel to the Committee. The Deputy Attorney General assigned to the Program is responsible for reviewing all contracts and

VENDOR PERFORMANCE RATING (VPR) MANUAL

INTRODUCTION

This reference manual is designed to provide general guidance and direction. It is recognized that there may be exceptions to any rule. As these exceptions arise, the reference manual can be revised, subject to approval by the Administrator of the Nevada State Purchasing Division. This reference manual is not a substitute for good judgment or common sense.

Regarding information and instructions for contract entry, please visit the Budget Division's online tutorial at: <http://kaizen.dop-ad.state.nv.us/moodle/> or contact your Department of Administration Budget Analyst at (775) 684-0222.

TABLE OF CONTENTS

INTRODUCTION	1
TABLE OF CONTENTS.....	2
CONTRACT DATABASE AND VENDOR PERFORMANCE RATING.....	3
VENDOR RATING WORKSHEET	4
VENDOR PERFORMANCE RATING ON-LINE FORM.....	6
LETTER TO VENDOR - BELOW STANDARD	7
LETTER TO VENDOR - ABOVE STANDARD.....	9
QUESTIONS AND SUPPORT	10

VENDOR PERFORMANCE RATING POLICIES AND PROCEDURES MANUAL

- I. Purpose: To establish uniform policies and procedures for entering performance ratings for vendors who provide goods and services to the State of Nevada pursuant to NRS Chapter 333.
- II. Scope: These policies and procedures apply to all vendors doing business with the State of Nevada pursuant to NRS Chapter 333. Vendor Performance Ratings (VPR) will be entered into a central database where information will be available for review by state agencies and the public.
- III. Responsibility: It is the responsibility of the Certified Contract Manager to understand the policies and procedures contained herein.

If there are any questions or concerns relative to the policies or procedures, it is the responsibility of the Certified Contract Manager to contact the Nevada State Purchasing Division for guidance.
- IV. Rating Information:
 - A. The first VPR will be completed six months after the contract start date or upon contract termination, whichever comes first.
 - B. Subsequent VPRs are to be completed annually.
 - C. Database queries are available for viewing in the central database.

VENDOR RATING WORKSHEET

- I. **Purpose:** The Vendor Rating Worksheet (VRW) is designed to provide Contract Managers/Monitors with a worksheet used to collect necessary information on the performance of vendors. Each category and rating will be defined to help familiarize Contract Managers/Monitors with the criteria upon which vendors will be evaluated.
- II. **Scope:** This procedure applies to all vendors who do business with the State of Nevada pursuant to NRS Chapter 333.
- III. **Responsibility:** It shall be the responsibility of the Certified Contract Manager to enter all Vendor Performance Ratings into the central database accurately and in a timely manner based upon the documented performance of the vendor. The completed worksheet and supporting documentation must be maintained in the agency contract folder.
- IV. **Definitions:**

Vendor shall be defined as a contractor or supplier who is contractually obligated to supply goods or services to the State of Nevada.

Overall Rating shall be defined as the average score based upon ratings received within the six categories listed below.

Standard: A vendor who has received an overall score between 1.75-2.25.

Below Standard: A vendor who has received an overall score less than 1.75.

Above Standard: A vendor who has received an overall score above 2.25.

Category Definitions are as follows:

Customer Service: degree of responsiveness provided by the vendor to an agency's request for assistance.

Timeliness: degree to which the vendor supplied product or service within the time frames identified/specified in the contract/scope of work.

Quality: degree to which the vendor's product or service meets or exceeds standards set forth in the contract/scope of work.

Technology: the level to which the vendor utilizes current technologies to deliver and support products and services as specified in the contract/scope of work.

Flexibility: adaptability of vendor to adjust to the State of Nevada's changing needs.

Pricing: the level to which the vendor adheres to the pricing structure outlined or specified in the contract/scope of work and provides clear and comprehensive invoices.

Rating Definitions are as follows:

1=Below Standard: Vendor performance regarding the terms and conditions of the contract/scope of work has been less than standard/satisfactory. **Support documentation is required.**

2=Standard: Vendor has met the specifications/requirements of the contract/scope of work.

3=Above Standard: Vendor performance regarding the terms and conditions of the contract/scope of work has been more than standard/satisfactory. **Support documentation is required.**

*****Please note: Support documentation is required to be submitted to Nevada State Purchasing when the average score for the overall rating of any vendor is other than Standard.*****

V. Procedure:

Completing the Vendor Rating Worksheet (VRW):

- A. Certified Contract Managers or Agency Contract Field Monitors download VRW from the Nevada State Purchasing website <http://purchasing.state.nv.us>.
- B. Contract Manager/Monitor completes the VRW. In the event an *individual category* is below standard, it is strongly recommended that the Contract Manager/Monitor file supporting documentation in the agency folder. Support documentation is required when the average overall rating is either above or below standard and must be submitted to Nevada State Purchasing.
- C. Contract Manager/Monitor provides the VRW and any required documentation to the Certified Contract Manager for entry into the central database. It is recommended that the completed VRW and any supporting documentation be filed in agency contract folder.

VENDOR PERFORMANCE RATING ENTRY TO THE CENTRAL DATABASE

- I. Purpose: Contract Manager shall enter and transfer information from your VRW into the central database.
- II. Scope: This procedure applies to all vendors who do business with the State of Nevada pursuant to NRS Chapter 333.
- III. Responsibility: It shall be the responsibility of the Certified Contract Manager to enter all information into the central database. It will be the Certified Contract Manager's responsibility to ensure that the agency has back-up documentation to support any single category(s) rating of below or above standard. Support documentation for any *overall* rating of below or above standard must be provided to Nevada State Purchasing.
- IV. Vendor Performance Rating Information:

VPR information will be entered into the central database from the VRW. Upon successful review, the data will be accepted into the system by Nevada State Purchasing.
- V. Procedure:
 - A. Certified Contract Manager accesses the central database, logs on to the system and selects Enter/Modify Vendor Performance Ratings.
 - B. Certified Contract Manager transfers data from VRW to the on-line Vendor Performance Rating Data Entry Form and submits. It is strongly recommended when the individual ratings within the defined categories are either above or below standard the agency maintain support documentation in their contract file. When the average score for the **overall** rating is either above or below standard, the Certified Contract Manager is required to forward backup documentation to Nevada State Purchasing.
 - C. Contract Manager/Monitor files VRW and any supporting documentation into agency contract folder.

LETTER TO VENDOR - BELOW STANDARD

- I. Purpose: The Below Standard Letter to Vendor is used to notify a vendor of their overall below standard rating with the State of Nevada.
- II. Scope: This procedure applies to all vendors who do business with the State of Nevada pursuant to NRS Chapter 333.
- III. Responsibility: The Nevada State Purchasing Administrator will be responsible for the evaluation and decision making process to determine whether or not a Below Standard letter will be issued. If, after reviewing an agency's support documentation, the Administrator does not concur with the agency, the rating will be adjusted to standard. If, after review, the rating is determined to be below standard, the below standard letter will be completed and sent to the vendor by Nevada State Purchasing. The VPR will be considered "pending" for 30 calendar days. During this 30-day time frame, the vendor has the option to request, review and dispute the rating. If the 30-day time frame elapses and no review requests are received, the below standard rating will apply. However, if the vendor does make the request and supplies contradictory documentation to the State of Nevada, the Purchasing Administrator will review all paperwork supplied by both the State of Nevada and the vendor and will render a decision.
- IV. Procedure:
 - A. Certified Contract Manager completes the on-line VPR and submits the information to the central database.
 - B. Certified Contract Manager or Using Agency Contract Monitor supplies Nevada State Purchasing with back-up documentation indicating an overall below standard rating.
 - C. Nevada State Purchasing Administrator reviews the back up documentation presented to determine if the documentation supports the overall below standard rating.
 - D. Nevada State Purchasing notifies the Certified Contract Manager of the Administrator's determination.
 - E. If the overall rating is determined to be standard, Nevada State Purchasing will adjust the rating. Nevada State Purchasing will send a Standard Letter to the vendor and will forward a copy to the Certified Contract Manager. The Contract Manager shall retain a copy of the letter in the vendor contract folder.
 - F. If the overall rating is below standard Nevada State Purchasing will send the vendor a Below Standard Letter. Nevada State Purchasing will schedule a

meeting with the Certified Contract Manager and the vendor either in person or via teleconference to discuss a plan for improvement.

Note: Upon request, the Certified Contract Manager must provide the vendor with the documentation that was used to support the rating.

If the vendor provides documentation to support a change in the rating, the Nevada State Purchasing Administrator will review all information and make a final determination.

- G. If the overall rating is determined to be standard, Nevada State Purchasing will adjust the rating.
- H. If the overall rating is determined to be below standard, the rating will stand and be accepted into the central database system.

LETTER TO VENDOR - ABOVE STANDARD

- I. Purpose: The Above Standard Letter to Vendor is used to notify a vendor of their overall above standard rating with the State of Nevada.
- II. Scope: This procedure applies to all vendors who do business with the State of Nevada pursuant to NRS Chapter 333.
- III. Responsibility: The Nevada State Purchasing Administrator will be responsible for the evaluation and decision making process to determine whether or not the Above Standard letter will be issued. Your VPR will be considered "pending" for 30 calendar days and will not be accepted into the central database. During this 30-day time frame, the Administrator will review all paperwork submitted by the Certified Contract Manager supporting the overall above standard rating. If the Administrator does not concur with the agency, the rating will be adjusted to standard. If the overall rating is determined to be above standard, Nevada State Purchasing will send the Above Standard letter to the vendor and will forward a copy to the using agency Certified Contract Manager. The Certified Contract Manager or Using Agency Contract Monitor shall retain a copy in the vendor contract folder.
- IV. Procedure:
 - A. Certified Contract Manager completes the on-line VPR and submits the information.
 - B. Certified Contract Manager supplies Nevada State Purchasing with back-up documentation supporting an overall above standard rating.
 - C. Nevada State Purchasing Administrator reviews the back-up documentation presented to determine if the documentation supports the overall above standard rating.
 - D. Nevada State Purchasing notifies the Certified Contract Manager of the Administrator's determination.
 - E. If the overall rating is determined to be above standard, Nevada State Purchasing will accept the rating into the central database. Nevada State Purchasing will send the Above Standard letter to the vendor and a copy will be forwarded to the using agency Certified Contract Manager, which shall be retained in the vendor contract folder.

**QUESTIONS AND SUPPORT
REGARDING VENDOR PERFORMANCE RATINGS**

**Nevada State Purchasing Division
515 East Musser Street, Suite 300
Carson City, NV 89701
(775) 684-0170
(775) 684-0188 FAX**

**Cindy Stoeffler, Program Officer
cstoeffler@purchasing.state.nv.us**

(775) 684-0173

VENDOR RATING WORKSHEET

Agency Name: _____

Vendor: _____

Contract Monitor/Rater: _____

Date of Rating: _____

Document Number: _____

Signature/Notes: _____

Default is standard. If category being rated is not applicable the vendor score defaults to standard.

Rating Categories	Below Standard	Standard	Above Standard
Customer Services			
Timeliness			
Quality			
Technology			
Flexibility			
Pricing			

OVERALL RATING: _____

Any rating other than standard requires explanation and documentation.

COMMENTS:

Category Definitions

CUSTOMER SERVICE: degree of responsiveness provided by the contractor/supplier to an agencies request for assistance

TIMELINESS: degree to which the contractor supplied product or service within the time frames identified/specified in the contract/scope of work

QUALITY: degree to which a product or service meets or exceeds standards set forth in the contract/scope of work

TECHNOLOGY: the level to which the contractor/supplier utilizes current technologies to deliver and support products and services as specified in the contract/scope of work

FLEXIBILITY: adaptability of contractor/supplier to adjust to the State's changing needs

PRICING: the level to which the contractor/supplier adheres to the pricing structure outlined or specified in the contract/scope of work

Rating Definitions

1=Below Standard: Vendor performance regarding the terms and conditions of the contract/scope of work has been less than standard/satisfactory. Support documentation is required (**overall score of less than 1.75**).

2=Standard: Vendor has met all specifications/requirements of the contract/scope of work (**overall score of 1.75-2.25**).

3=Above Standard: Vendor performance regarding the terms and conditions of the contract/scope of work has been more than standard/satisfactory. Support documentation is required (**overall score above 2.25**).



Meetings and Educational Conferences

2016
January 14, 2016 Planning Session Governor's Office of Economic Development 808 West Nye Lane, Conference Room Carson City, Nevada
February 25, 2016 Quarterly Meeting Legislature Building 401 S. Carson St., Room 2134 Carson City, Nevada
April 28-29-2016 Institutional Investor Defined Contribution Forum Chicago, Illinois
May 25, 2016 Quarterly Meeting Legislature Building 401 S. Carson St., Room 2134 Carson City, Nevada
August 2016 Quarterly Meeting Location TBD Carson City, Nevada
September 8-9, 2016 Institutional Investor Defined Contribution Symposium Half Moon Bay, California
September 18-21, 2016 National Association of Governmental Deferred Compensation Administrators (NAGDCA) National Conference Denver, Colorado
November 15-16, 2016 Institutional Investor Defined Contribution Summit New York, New York
November 2016 Quarterly Meeting Location TBD Carson City, Nevada