



Brian Sandoval, *Governor*

*COMMITTEE*  
Steve C. Woodbury, *Chair, GOED*  
Mark Stevens, *Vice Chair, Retired*  
Audrey Brooks-Scott, *DCNR*  
Kent Ervin, *NSHE*  
Karen Oliver, *GCB*

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

Shane Chesney, *Senior Deputy Attorney General*

## DEFERRED COMPENSATION COMMITTEE QUARTERLY MEETING MINUTES

May 25, 2016

The quarterly meeting of the Deferred Compensation Committee was held on Wednesday, May 25, 2016, at 9:00 a.m. in room 2134 of the Legislature Building, 401 South Carson Street, Carson City, Nevada. Attendees participated in person, by videoconference, or by teleconference.

A copy of meeting material including this set of meeting minutes, the agenda, the video recording and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at: <http://defcomp.nv.gov/Meetings/2016>.

### COMMITTEE MEMBERS

Audrey Brooks-Scott  
Kent Ervin  
Karen Oliver  
Mark Stevens, *Vice Chair*  
Steve Woodbury, *Chair*

### OTHERS PRESENT

Bishop Bastien, *Voya*  
Rob Boehmer, *NDC Program Coordinator*  
Shane Chesney, *Sr. Deputy Attorney General*  
Brian Davie, *Participant*

Shelley Fredrick, *Voya*  
Dianna Patane, *Voya*  
Frank Picarelli, *Segal Rogerscasey*  
Micah Salerno, *NDC Admin. Assistant*

### 1. Call to Order/Roll Call

Chair Steve Woodbury called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:00 a.m. on Wednesday, May 25, 2016.

Mr. Rob Boehmer took roll, determined a quorum was present, and confirmed the meeting was properly noticed and posted.

Chair Woodbury recognized those calling in by telephone.

### 2. Public Comment

Mr. Brian Davie congratulated Mr. Woodbury on serving as the new chair. He appreciated the recent survey and newsletters and wished everyone the best.

3. For Possible Action – Approval of Committee meeting minutes from meeting held on February 25, 2016.

There were no comments or changes on the meeting minutes.

**Motion by Vice Chair Stevens to approve the minutes, second by Ms. Oliver. Motion passed unanimously, 5-0.**

4. For Possible Action – Receive and approve Program Coordinator’s Report of first quarter 2016.

Mr. Boehmer reviewed his report including a budget and revenue review. He noted that the first quarterly statement included the reimbursement to qualifying participants. The Retiree Financial Wellness Fair was scheduled for the first week in June and the seminars would be posted to the NDC website after the event.

CliftonLarsenAllen (CLA) started the scheduled FY2015 Financial Audit. They agreed to include a sampling of MassMutual data to check for other errors like the Truckee Meadows Fire Protection District within the framework of the existing contract, if it did not take too many extra hours. CLA commented that it would be appropriate to do a sampling of five other entities to cover the fiduciary responsibility of the Committee and Program.

Chair Woodbury believed that was a reasonable solution.

Mr. Boehmer discussed the annual survey results.

Dr. Ervin commented that the response rate was great. He noted the satisfaction results and suggested looking at the Voya customer service telephone service because of the lower number. Overall satisfaction of the Plan was 69% and a good goal might be to get more of the numbers around 2/3 satisfaction.

Chair Woodbury felt the survey data provided a good benchmark for future surveys. He was pleased that 75% thought the number of funds available in the Plan was just right.

Mr. Boehmer finished up by covering the Bill Draft Requests that had been submitted regarding auto enrollment/escalation and having a Committee spot be held by a representative from a political subdivision.

Mr. Boehmer and Mr. Picarelli stated they would be closely monitoring the fees for variable funds that provide the revenue for Program Administration.

**Motion by Dr. Ervin to accept the Program Coordinator report. Second by Vice Chair Stevens, motion carried unanimously, 5-0.**

5. For Possible Action – Receive and approve Investment Consultant’s review of report from Recordkeeper, performance of investment options, and Fund Watch list for the first quarter ending March 31, 2016.

Mr. Picarelli reviewed the financial markets on pages 2-20 from his Analysis of Investment Performance Report for first quarter 2016. The executive summary from page 23 showed the Voluntary Plan assets were at \$681.3 million which was an increase of \$441,000 over the quarter. The FICA Plan had \$33.2 million so the total Plan assets were \$714.5 million. The loan program

was continuing to grow with 179 issued to date. Majority of Plan assets were invested in the Stable Value Fund representing \$306 million (44.9%) followed by Target date funds at \$72.77 million (11%).

Dr. Ervin commented on the small cap value fund box being empty (page 24).

Mr. Picarelli noted they would address the empty buckets after the large cap fund search was completed.

Mr. Picarelli continued reviewing his report including the Watch List from page 27, revenue sharing analysis on page 32, plan activity and asset allocation starting on page 33. He noted he would add a footnote to show the number of political subdivisions in the Program.

FUND	RECOMMENDATION
American Funds Growth Fund of America	Remain on Watch
Allianz NFJ Dividend Value	Remain on Watch
Franklin Mutual Global Discovery	Remain on Watch

Dr. Ervin remarked it would be of interest to report the number of payroll centers/feeds for each of the Plans on a future report.

Page 50 showed FICA Plan Activity but the numbers did not reflect the small, inactive account cash out which happened in April when over 17,000 accounts were cashed out. Page 51 of the report showed the number of participants invested by fund.

Chair Woodbury asked for a column to be added to see the percentage of one-funders by fund along with the number.

Ms. Patane noted that information was in the Voya Plan Review.

Mr. Picarelli concluded his report covering the fund information from pages 56 – 59.

**Motion by Vice Chair Stevens to accept the Analysis of Investment Performance report from Mr. Picarelli, second by Ms. Brooks-Scott. Motion passed unanimously, 5-0.**

6. For Possible Action – Receive, discuss, and potentially take action on fee leveling presentation and comparison data presented by Frank Picarelli of Segal Rogerscasey, per instruction and guidance given by the Committee at the January 14, 2016 Strategic Planning meeting and February 25, 2016 Quarterly Committee meeting.

Mr. Picarelli explained the different options that could be considered if the Committee chose to change the current fee structure of the NDC Plan. He reviewed three scenarios: Flat Percentage Fee, Annual per Participant Cost, and a Hybrid model. A long discussion ensued between the Committee, Mr. Picarelli, Mr. Boehmer, and Mr. Bastien. The Committee agreed they wanted to dig deeper before moving forward.

Mr. Picarelli recommended looking at communication material of plans that had already gone through a similar change to set up a strategy for the future.

The Committee suggested putting an article in the newsletter explaining the current fee structure and possible options the Committee was considering.

Mr. Bastien stated Voya would need at least 6 months to build a strategy for implementing this type of change.

Continued discussion on the three scenarios brought up many questions and all of the Committee wanted more time to be educated before making a decision, but they did not want to wait until the next RFP.

Chair Woodbury proposed comparing the Hybrid and Flat Percentage models at the August meeting with pros and cons of each, to get a preliminary plan. They could also get extra information from the NAGDCA Conference in September and then make a final decision at the November quarterly meeting for implementation in July of 2017.

Dr. Ervin added to Chair Woodbury's proposal and wanted to see a communication plan and examples of how participant statements would look. He asked Mr. Picarelli to show how they could get to zero or minimal revenue sharing so they might not have to do reimbursements back to participants.

No motion was taken on this agenda item.

7. For Possible Action – Receive, discuss, and potentially take action on potential Large-Cap Value investment fund search and/or consolidation presented by contracted Investment Consultant, Frank Picarelli of Segal Rogerscasey.

Mr. Picarelli reviewed the problem of the Allianz NFJ Dividend Value large cap fund. The fund had \$3.7 million dollars invested with 583 participants maintaining account balances. He researched funds for replacement and the candidates were LSV Conservative Value Equity, MFS Value, Touchstone Value, and American Beacon Large Cap Value Fund (incumbent fund). The decision needed to be made whether to replace Allianz and continue to keep two (2) funds or to consolidate and only have one large cap fund in the bucket.

After hearing Mr. Picarelli's review of the fund candidates the Committee was in favor of consolidating to one fund.

**Motion by Ms. Brooks-Scott to approve the MFS Value as the new fund choice and to consolidate the Allianz NFJ and American Beacon Large Cap Value Fund into the MFS Value, second by Chair Woodbury. Motion passed unanimously, 5-0.**

8. For Possible Action – Receive and approve plan activity, administrative update, beneficiary data report, small inactive account report summary, and service report from contracted recordkeeper's Dianna Patane of Voya Financial for first quarter ending March 31, 2016.

Ms. Patane covered items from the Voya first quarter report including information on the Voya Fixed Account, rollovers, loans, and distributions. She also provided an update on beneficiary data and the small account cash out

**Motion by Ms. Oliver to accept the Voya report. Second by Dr. Ervin, motion carried unanimously, 5-0.**

9. Informational Item – Receive regulation amendment update from DAG Shane Chesney regarding clarifying authority of the Committee to approve political subdivisions participation in the NDC Program(s).

DAG Chesney gave a brief update on the regulation amendment stating that it passed the Legislative Commission, was filed by the Secretary of State, and was now in effect. The Committee had explicit authority to enter into Interlocal agreements with political subdivisions.

10. For Possible Action – Receive, discuss and potentially approve Interlocal Contract for existing Political Subdivision – Tahoe Douglas Fire Protection District. This action was tabled pending the Committee amending existing Regulation to establish clear authority of the committee to approve and allow political sub-divisions to participate in both the Voluntary 457(b) and FICA Alternative Program(s).

Mr. Boehmer explained that the entity was currently participating in the voluntary 457(b) Plan but wanted to be able to participate in the FICA Plan as well for their seasonal employees.

**Motion by Vice Chair Stevens to accept Interlocal agreement for Tahoe Douglas Fire Protection District. Second by Ms. Brooks-Scott, motion carried unanimously, 5-0.**

11. For Possible Action – Receive, discuss, and approve Interlocal Contracts for new Political Subdivision(s):

- a. City of Fernley
- b. White Pine County Tourism and Recreation Board
- c. White Pine County
- d. Nevada State Board of Funeral and Cemetery Services

Mr. Boehmer reviewed the four new entities that were interested in joining the NDC Program.

**Motion by Chair Woodbury to accept the four entities as listed in agenda item 11 as new political subdivisions, second by Vice Chair Stevens. Vote passed unanimously, 5-0.**

12. For Possible Action – Review, discuss, and decide what Committee members along with the Program Coordinator will attend the annual NAGDCA Conference being held in Denver, Colorado, September 18-21, 2016. Additionally, decide on if the NDC Committee would like to send the NDC Program Coordinator and a NDC Committee Member to the Institutional Investor Symposium in Half Moon Bay, California on September 8-9, 2016.

**Motion by Ms. Oliver to have Mr. Boehmer, Chair Woodbury, and Vice Chair Stevens attend the NAGDCA Conference and Mr. Boehmer and Vice Chair Stevens attend the Institutional Investors Symposium. Second by Dr. Ervin, vote passed unanimously, 5-0.**

13. For Possible Action – Confirm upcoming scheduled meeting dates and schedule November 2016 date.

After discussion, Tuesday, November 29, 2016 was chosen as the meeting date.

## Comments/Updates

### 14. Committee Members

No comments.

### 15. Investment Consultant

No comment.

### 16. Recordkeeper

No comment.

### 17. Staff Updates

Mr. Boehmer suggested they look into the Pension & Investments conference that was held during the summer. This would give Dr. Ervin, or other members who were not available to attend some of the other conferences due to schedule conflicts, an opportunity for education.

The Committee all agreed that would be a good opportunity as they appreciated any access to education.

Mr. Boehmer would look into the conference and present information at the next meeting so they could budget for that in the next biennium.

Mr. Boehmer went on to explain a form for FICA employees that was required by the IRS. He was seeking guidance if the Program was responsible for having a copy of those forms on file as the Pension Paying Agency.

DAG Chesney stated he would look into that and give his opinion.

### 18. Public Comment

No comment.

### 19. Adjournment

The meeting was adjourned at 1:39 p.m.

Respectfully submitted,

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Micah Salerno  
NDC Administrative Assistant