



STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

**PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM**

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**DEFERRED COMPENSATION COMMITTEE  
QUARTERLY MEETING MINUTES**

June 17, 2020

The quarterly meeting of the Deferred Compensation Committee was held on Wednesday, June 17, 2020, at 8:30 a.m. by video conference and teleconference.

A copy of meeting material including this set of meeting minutes, the agenda, and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at:  
<http://defcomp.nv.gov/Meetings/2020>.

**COMMITTEE MEMBERS**

Kent Ervin  
Matt Kruse  
Debbie Bowman, Vice Chair

**OTHERS PRESENT**

Bishop Bastien, Voya  
Rob Boehmer, NDC Executive Officer  
Denise Chapman, Hyas Group  
Rasch Cousineau, Hyas Group  
Scott Darcy, Voya

Matt Morganroth, Hyas Group  
Dianna Patane, Voya  
Henna Rasul, Sr. Deputy Attorney General  
Micah Salerno, NDC Admin. Assistant

1. **Call to Order/Roll Call**

Vice Chairwoman Bowman called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 8:36 a.m. on Wednesday, June 17, 2020.

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

Vice Chair Bowman welcomed the Hyas Group as the new Investment Consultant company.

2. **Public Comment**

No public comment.

3. **For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for public meeting held on April 13, 2020.**

**Motion by Dr. Ervin to approve the minutes from April 13, 2020, second by Mr. Kruse. Motion passed unanimously, 3-0.**

**Steve Sisolak**  
*Governor*

**Laura E. Freed**  
*Director*

**Colleen Murphy**  
*Deputy Director*

**Rob Boehmer**  
*Executive Officer*

4. Informational Item- For Possible Action- Receive and discuss Annual Committee and Administrative Staff Training.

Mr. Rasch Cousineau with Hyas Group provided fiduciary training.

Senior Deputy Attorney General (DAG) Henna Rasul reviewed the Open Meeting Law/Board and Commissions Training.

5. For Possible Action- Receive, discuss, and approve Executive Officer's Report of first quarter 2020.

Mr. Boehmer presented his report speaking on the FY2020 budget status. Budget cuts were in process so the projection column would likely be under \$400,000. The FY2021 budget would be shown at the next meeting. Expenses would go down once the budget was approved.

Dr. Ervin asked if the \$424,000 projected revenue would be lower and asked to see what the actual projections would be. He also asked what budget cuts were submitted to Governor's Finance Office (GFO).

Mr. Boehmer noted some of the proposed budget cuts included employee furloughs starting in July and continuing with one day per month and freezes on step increases. Specific cuts for the NDC budget included Out of State Travel, office computers would not be replaced in the coming year, and In State Travel would be reduced. Operating and Personnel categories would show the largest cuts. Budget cuts for NDC would not assist the State because no general funds were used for the agency, but the perception was that all agencies should follow recommended budget cuts.

Mr. Boehmer continued his report speaking on revenue tracking under the new cost structure, the FICA ledger, Administrative Account ledger, and quarterly plan activity and data report. Political subdivision update: City of North Las Vegas was in a holding pattern while they went out to bid for an investment consultant; Lincoln County had a board meeting Monday and voted to join the NDC Plan, the contract would be up for vote later on the agenda; and Lander County had contacted him for information. In conclusion, Mr. Boehmer gave a brief status report of the Financial Audit for FY19. He was pleased with the work with the new auditor, Casey Neilon. FY20 audit will be started soon after the completion of the FY19 audit.

**Motion by Mr. Kruse to approve the Executive Officer's report. Second by Dr. Ervin, motion passed unanimously, 3-0.**

Vice Chair Bowman called a five-minute break.

6. 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, 2020.

Mr. Rasch Cousineau provided the first quarter 2020 performance report including commentary on market conditions and economy as well as COVID impacts. The Plan Data Review starting on page 9 showed participants' allocation to Stable Value at 41% and Target Date Funds at 19% which helped neutralize some of the market volatility. The total voluntary Plan assets were at \$796.5 million and the FICA Plan had \$45.6 million. In reviewing the current fund lineup and based on the current Investment Policy Statement (IPS), one fund was on watch, T. Rowe Price Growth Stock, due to it trailing the Benchmark and Peer Group for the 5-year period. He had some suggestions for changes to the IPS to allow a transparent and actionable process. For the next meeting Hyas Group would provide a comparison of the current NDC IPS to an updated/proposed Hyas Group

IPS. The Committee could review the differences and determine the most appropriate IPS for the Plans going forward.

Dr. Ervin liked the color coding in the report and the layout of page 9. He agreed they needed to update the IPS and asked if they could add some bullet points as to why funds were underperforming.

Mr. Cousineau continued his report covering Fee and Revenue Analysis noting the current weighted expense ratio for the full-time Plans was 0.373% which was lower than the NAGDCA average of 0.460%. The ratio was expected to decrease in the next quarter as two higher-cost funds were replaced by lower-cost Index Funds.

Mr. Kruse asked if the performance numbers could be expanded to 15 years of data.

**Motion by Dr. Ervin to approve the Investment Consultant report. Second by Mr. Kruse, motion carried unanimously, 3-0.**

7. For Possible Action- Conduct annual review and discussion of current NDC governing documents and plan design. Committee may recommend any amendments or changes to the following:

- a. Investment Policy Statement (IPS)

Mr. Boehmer noted there were some changes due to the SECURE and CARES Acts that would need to be incorporated.

Dr. Ervin and Mr. Kruse wanted to hear from Hyas Group and have the Committee review at a future meeting.

Mr. Boehmer agreed it was good plan to have Hyas Group come to the next meeting with the current and proposed documents and then they could incorporate all changes into the Nevada document.

**Motion by Mr. Kruse to direct Hyas Group staff to bring a side-by-side comparison to the next meeting. Second by Dr. Ervin, motion passed unanimously, 3-0.**

- b. 457(b) Plan Document

Mr. Boehmer commented that the voluntary Plan Document and FICA Plan documents would likely have the same changes and could include optional provisions from the SECURE Act.

Dr. Ervin and Mr. Kruse were hesitant to take action on any new items that could allow leakage so wanted to hold off until they got additional information.

Mr. Bastien stated the plan documents needed to be updated to reflect the current age of 72 for a required minimum distribution (RMD).

Mr. Boehmer would work with Voya and Hyas Group to update the Plan Document as appropriate, incorporating SECURE Act and CARES Act provisions as necessary. Hyas Group would provide a SECURE Act overview at the next meeting specifically noting the provisions that other Hyas Group clients had adopted.

**Motion by Dr. Ervin to update the current changes and have staff, Investment Consultant, and Recordkeeper bring back additional information to make future decisions. Second by Mr. Kruse, motion passed unanimously, 3-0.**

d. Administrative Manual

Mr. Boehmer would provide a copy of the Administrative Manual to Hyas Group for review and comment. Hyas Group would not recommend any references to fee policy so that language would be consistent with the potential Fee Policy Statement. Staff would work with Hyas Group to develop a draft Fee Policy and draft Communications Policy to be delivered at a future meeting (likely toward the end of 2020 or sometime during 2021).

Mr. Kruse and Dr. Ervin wanted to see what the fee language would look like and agreed to have Hyas Group review the Administrative Manual especially for areas that affect fiduciary duty, investments, etc.

**Motion to direct staff to work with the Investment Consultant and Recordkeeper to review the Administrative Manual and bring back any recommended changes and to develop a Fee Policy and Communication Policy for review. Bring back to the Committee for review when appropriate. Second by Mr. Kruse, motion carried unanimously, 3-0.**

c. Federal Insurance Contributions Act (FICA) Alternative Plan Document

**Motion by Dr. Ervin on FICA Plan Document to make RMD age change from 70½ to 72, as proposed. Second by Mr. Kruse, motion carried unanimously, 3-0.**

8. For Possible Action- Receive Voya's 1<sup>st</sup> Quarter Report and discuss proposed Communication/Marketing/Education Administrative Plan for 2020/2021.

Mr. Bastien reported on the Plan Summary, assets, distributions, rollovers, and missing beneficiary data. The quarter end assets of \$796 million had increased to \$893 million as of June 16, 2020 largely due to participants staying the course during recent market volatility.

Mr. Darcy provided information on participant data, digital engagement with participants, and a communication timeline.

Dr. Ervin commented on the new logo, tagline, and some of the photos used in the upcoming marketing materials. He requested to see a copy of the 12-page Plan Enhancement Guide for review and wanted to ensure that the new Managed Investment option was not pushed over the free version.

Mr. Kruse remarked that the Voya team had stepped up the game with the new contract. He was excited to build the Program and thanked Voya for all their work. He asked that all communications on the new Managed Accounts option through Voya Retirement Advisors (VRA) always be illustrated and showed as optional. Mr. Kruse also requested, once again, that all communications to Program participants be vetted through the Program Executive Officer for review and final approval prior to being sent to any NDC participants.

**Motion by Dr. Ervin to accept and approve the Voya Report. Second by Mr. Kruse, motion passed unanimously, 3-0.**

9. For Possible Action- Discuss and review adopted policy governing conducting Compliance and Financial Audits within the Program:

- a. Mr. Boehmer remarked that the last Compliance Audit/Review was conducted in 2017 by Segal Marco. Per the newly executed Hyas Contract, they were supposed to conduct a Compliance Review within the first contract year and one other time within the five-year contract, if requested, per the direction of the NDC Committee and Program Executive Officer.

Dr. Ervin was in favor of going ahead with the Compliance Audit and keep on schedule.

Mr. Kruse and Vice Chair Bowman agreed they should stay on schedule.

Mr. Boehmer suggested they stay on course but give Hyas Group some time to get accustomed to the Program and perform the audit in the third or fourth quarter of FY2021.

**Motion by Dr. Ervin to direct a Compliance Audit be completed and reported to Committee by the May/June 2021 meeting. Second by Mr. Kruse, motion carried unanimously, 3-0.**

- b. Mr. Boehmer reported the FY2020 Financial Audit was slated for October /November 2020 Timeframe performed by Casey Neilon. He was pleased in working with Casey Neilon and would be happy to consider extending their contract once the FY2020 audit was completed.

10. For Possible Action- NDC current contract review, and discuss Program contract evaluations:

Mr. Boehmer reviewed current NDC Program contract expirations and evaluations.

Dr. Ervin thanked Mr. Boehmer for reviewing the evaluations and giving them a chance to look them over.

**Motion by Dr. Ervin to accept and approve the evaluation report, second by Mr. Kruse. Motion passed unanimously, 3-0.**

11. For Possible Action- Discuss participation in the National Association Government Defined Contribution Administrators (NAGDCA) Annual Conference (October 4<sup>th</sup>-7<sup>th</sup> Seattle, WA).

Mr. Boehmer noted the NAGDCA conference would likely be moved to a virtual conference due to COVID-19. He would know more details soon and would pass along the information to the Committee.

12. For Possible Action- Receive, discuss, and approve Interlocal Contract for Political Subdivision, Lincoln County.

Mr. Boehmer participated in the Lincoln County Board meeting and their agenda item was approved to join the NDC Program.

Dr. Ervin asked if Lincoln County met all the technical, payroll, and other requirements in order to enter into the agreement.

**Motion by Dr. Ervin to approve the interlocal agreement with Lincoln County after the Voya Platform transition. Second by Mr. Kruse, motion carried unanimously, 3-0.**

13. For Possible Action- Confirm 2<sup>nd</sup> quarterly meeting scheduled for September 15, 2020. Schedule the NDC 3rd Quarterly Committee meeting for December 2020.

Second Quarter meeting date changed to September 22, 2020.  
Third Quarter meeting scheduled for December 1, 2020.

14. Committee Members comments

Mr. Kruse welcomed Hyas Group and looked forward to the future with their team.

Dr. Ervin also welcomed Hyas Group and appreciated their willingness to tackle so many items brought up during the meeting. A few other things to discuss on the Hyas report: the overview of Voya fixed account including investments, crediting rate, strength of Voya, etc. should be included so the Committee was made aware of any changes. The Investment structure was not discussed, and they did not have time at that point, but it should be kept on the back burner after the Investment Policy Statement was completed. Thanks to Voya and NDC staff for all their good work.

15. Updates from contracted Investment Consultant

Mr. Cousineau was humbled and pleased that Hyas Group was chosen to represent Nevada. It was especially meaningful to him since he got his start in the industry as a Nevada representative with ICMA. Looking forward to any opportunity to make the Program even better.

16. Update from contracted Recordkeeper

Ms. Patane accepted a promotion and new position within Voya. Pleasure working with NDC Committee and staff and would miss working with everyone. She would help with the transition to the Omni system and then would step away to her new opportunity.

Mr. Bastien thanked Ms. Patane publicly as she did so much for him and the Plan. She was great to work with and would be missed on their team.

17. Administrative Staff/Department of Administration Updates

Mr. Boehmer publicly thanked Ms. Patane for everything she had done as she had helped them through many rough patches. She went above and beyond and wherever she landed they would be lucky to have her.

18. Public Comment

No public comment.

19. Adjournment

The meeting was adjourned at 2:22 p.m.

Respectfully submitted,

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Micah Salerno  
NDC Administrative Assistant