



Steve Sisolak
Governor

Deonne E. Contine
Director

Rob Boehmer
Executive Officer

STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM

100 N. Stewart Street, Suite 100 | Carson City, Nevada 89701
Telephone 775-684-3398 | Fax 775-684-3399 | defcomp.nv.gov

**DEFERRED COMPENSATION COMMITTEE
QUARTERLY MEETING MINUTES**

March 1, 2019

The quarterly meeting of the Deferred Compensation Committee was held on Friday, March 1, 2019, at 9:00 a.m. in the Nevada State Library and Archives, 100 North Stewart Street, Conference Room 110, Carson City, Nevada. Attendees participated in person or by teleconference.

A copy of meeting material including this set of meeting minutes, the agenda, the audio recording, and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at: <http://defcomp.nv.gov/Meetings/2019>.

COMMITTEE MEMBERS

Debbie Bowman (by phone)
Matt Kruse
Wayne Thorley
Kent Ervin, Vice Chair
Mark Stevens, Chair

OTHERS PRESENT

Bishop Bastien, Voya	Dianna Patane, Voya
Rob Boehmer, NDC Executive Officer	Frank Picarelli, Segal Marco
John Borne, Prudential	Henna Rasul, Deputy Attorney General
Ronda Miller, Purchasing	Micah Salerno, NDC Admin. Assistant

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

Chairman Mark Stevens called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:01 a.m. on Friday, March 1, 2019.

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

Chair Stevens noted that Ms. Bowman was excused due to a conflict in her schedule. She would try to phone in for a portion of the meeting.

2. **Public Comment**

No comments.

Mr. Boehmer introduced the new NDC employee, Ms. Lynda Thomassen.

3. For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for public meetings held on January 16, 2019.

Motion by Vice Chair Ervin to approve the minutes from January 16, 2019, second by Mr. Thorley.

Mr. Boehmer remarked under item 8 of the minutes that the Committee had asked the Investment Consultant to do an informal fund search of stable value investment options for the March meeting. After discussion with the Deputy Attorney General (DAG) and Purchasing, they said the information should be provided as part of the analysis of the RFP proposals for the evaluation committee.

Vote taken, and motion passed unanimously, 4-0.

4. For Possible Action- Receive, discuss, and approve Executive Officer's Report of fourth quarter 2018.

Mr. Boehmer presented information from his quarterly report including details on the budget, quarterly fees, and the administrative account.

Mr. Picarelli asked which number he should be using in his report for the annual budget of the NDC administration.

Mr. Boehmer stated he should use the total expense amount from the column on his budget sheet labeled "Actual Plus Projection" as that would be the most accurate estimate.

Vice Chair Ervin requested to see a separate line item for interest each time it was credited on the Admin Account Activity Ledger, instead of showing a running total.

Mr. Boehmer and Mr. Bastien were still working with Nye County on the transition to join the NDC Program. They anticipated April or May for a conversion date.

Mr. Picarelli commented that the precedent for all political subdivision should be that NDC would not bring any stable value assets into the Plan if that would harm the participants.

Mr. Boehmer announced the contract for Seamless Docs was being cancelled so the online forms would not be available as soon as anticipated. There would be a delay in rolling it out, but they were looking at other solutions. He finished his report talking about the strategic plan including information about the Voya marketing material for communication and education.

Motion by Mr. Kruse to approve the Executive Officer report. Second by Vice Chair Ervin, motion passed unanimously, 4-0.

5. For Possible Action- Receive report on International Equity Fund Line-up change and fund mapping transition.

Mr. Boehmer provided a brief updated on the fund mapping and changes. Only two people had contacted the NDC or Voya offices about the changes. Both wanted to see the limit on the brokerage window increased. Less than 1% of participants used the brokerage window but he wanted to recognize their voice.

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 fourth quarter ending December 31, 2018.

Mr. Picarelli reviewed the financial markets on pages 1-19 from his Analysis of Investment Performance Report for fourth quarter 2018. December was the worst month in the market since 1931, but year to date through February the markets were up 11%. The executive summary from page 21 showed the Voluntary Plan assets were at \$771.2 million which was a decrease of \$62.4 million over the quarter. The FICA Plan had \$41 million in assets so total Plan assets were \$812.2 million. The loan program had 521 issued to date with an outstanding balance of \$3.9 million. The majority of Plan assets were invested in the Stable Value Fund representing \$318.2 million (41.3%) followed by Target date funds at \$146.6 million (19%). As of December 31, 2018, the projected total annual funding requirement for the Plan was \$754,481 based on 8 basis points fees on the variable assets per the Voya contract for \$360,297 and the Plan administration budget of \$394,184. The fee model revenue was projected at \$731,157 derived from the 8 basis points from the Voya contract and the \$30 per participant charge. The next report would include the updated administration budget which should clear up the projected funding shortage.

Chair Stevens inquired why the contribution totals from Segal did not match what Voya reported. He also asked where the Roth funds were invested.

Mr. Picarelli would work with Voya to ensure correct numbers were reported in the future.

Mr. Picarelli reviewed the funds on the watch list from page 26. They were placed on watch because they did not beat the 5-year benchmark.

Chair Stevens noted they needed to be consistent in following the criteria in the Investment Policy Statement for placing funds on watch.

The Committee wanted the discussion on the June meeting agenda to again address the watchlist, including suggestions from Vanguard on how to evaluate the Target Date funds. They requested Mr. Boehmer and Mr. Picarelli to research through NAGDCA and other plans and bring back three to four options to consider.

Motion by Vice Chair Ervin to accept the Investment Consultant report and put on watch the active funds that did not meet their 5-year benchmark: MFS Value Fund and T Rowe Price Growth Stock Fund. Second by Mr. Thorley, vote carried unanimously, 4-0.

7. For Possible Action- Receive progress report on the Recordkeeping Services Request for Proposals (RFP).

Mr. Boehmer reminded the Committee they were in the quiet period for the RFP while waiting for proposals to be submitted. The RFP was released on January 30, 2019, questions were received and answered before February 21, 2019. Now they were waiting for proposals to come in with the deadline of March 13, 2019.

Ms. Miller stated the evaluation meeting was scheduled for April 24, 2019. She would email the responses to the questions to the evaluation committee since it was public material.

Chair Stevens called a five-minute break.

8. For Possible Action- Receive and approve plan activity, administrative update, Beneficiary Data report, Small Inactive Account report summary, and service report and Annual Plan Review from Voya Financial, for fourth quarter ending December 31, 2018.

Ms. Patane reviewed the fourth quarter 2018 report from Voya covering plan assets, quarterly activities, contributions, rollovers in and out, distributions, beneficiary data, and participation.

Mr. Boehmer suggested that Mr. Picarelli send his quarterly report to Ms. Patane, so they could ensure that their reported numbers matched.

Mr. Picarelli planned to add another column in his report for interfund transfers, so they would not be combined with contributions.

Ms. Patane reviewed the targeted email campaigns that were presented at the Planning Meeting with sample emails.

Motion by Vice Chair Ervin to accept Voya's quarterly report and to start the targeted campaigns. Second by Mr. Kruse, vote passed unanimously, 4-0.

Mr. Boehmer asked Voya if a situation arose where a participant wanted to do a rollout that he be notified so he could make contact and check for suitability.

Ms. Bowman joined the meeting by telephone.

9. For Possible Action- Receive and review amended NDC Administrative Policy Manual with requested Annual Self Evaluation policies for Committee and Administrative Staff.

Mr. Boehmer prepared an annual self-evaluation checklist to be included in the Administrative Policy Manual as requested by the Committee. He also added some language under section 7.6 regarding political subdivisions.

Mr. Thorley asked if they could cut back on the amount of detail in the self-evaluation checklist and just include the headings, as it took up four pages of the document.

Vice Chair Ervin was looking for something higher level and agreed the headings would suffice.

Mr. Boehmer liked the idea of using the headings to show what to evaluate and he could include the questions of the checklist as an addendum or attachment.

Motion to approve the recommended changes to the Administrative Policy manual excluding the Committee self-evaluation section. Bring back the document with headings and an addendum with the questions for the self-evaluation to the next meeting. Second by Mr. Kruse, vote was unanimous, 5-0.

10. For Possible Action- Receive, discuss, and approve Interlocal Contract for Political Subdivisions:

- a. Carson City Airport Authority
- b. Gardnerville Ranchos General Improvement District (GRGID)

Mr. Boehmer introduced the two new political subdivisions that wanted to join the NDC Program.

Mr. Thorley asked if either of them participated in another retirement savings plan.

Mr. Boehmer confirmed that GRGID did have an individual annuity product, but they sought to add an open architecture platform.

Motion by Vice Chair Ervin to approve the interlocal contracts for the two new political subdivisions. Second by Mr. Kruse, motion carried unanimously, 5-0.

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

Mr. Boehmer remarked that the appointments of three NDC members were up in September 2019. He would communicate the criteria to reapply three months prior to the expiration and would recommend that the Governor reappoint all members.

Motion by Vice Chair Ervin to nominate Mr. Mark Stevens as chair, second by Mr. Kruse. Vote passed unanimously, 4-0, Mr. Stevens recused himself from voting.

Vice Chair Ervin commented that the vice chair did not have a lot of responsibility, but it would be good to rotate.

Motion by Vice Chair Ervin to nominate Mr. Wayne Thorley to serve as vice chair. Second by Mr. Kruse, motion carried unanimously, 4-0, with Mr. Thorley recusing himself from the vote.

12. For Possible Action- Confirm the scheduled 2nd NDC Quarterly Committee meeting for June 5, 2019, and/or schedule any other special meetings.

The Committee confirmed the next quarterly meeting for June 5, 2019, at 9:00 a.m. and selected August 20, 2019, at 9:00 a.m. for the third quarter meeting.

Mr. Boehmer discussed the upcoming NAGDCA conference which was scheduled for September 8-11, 2019, in New Orleans. The budget allowed for three people to attend, including himself. Since he was serving on the conference committee he would check to see if his costs were covered and that would allow another person to go. If the Committee wanted to send the whole group, it was allowed, and they could ask for a work program.

Chair Stevens suggested they tentatively send Mr. Thorley, Mr. Kruse, and Ms. Bowman to the conference with himself as an addition if NAGDCA covered the cost for Mr. Boehmer. They could confirm attendance at the June meeting.

Mr. Boehmer mentioned he was asked to serve at the Institutional Investor Roundtable held in June in New York City. He was hoping to bring Vice Chair Ervin since it was in the summer but was waiting to hear back from the organization.

13. Committee Members comments

Vice Chair Ervin commented on a few legislative issues that could affect the NDC Program. Senate Bill 27 changed the status of the Executive Officer; and SB 14 allowed the Governor to remove any member of a board or commission based on misconduct, neglect of duties, or incompetence but none of those were defined. They should track those bills during session.

14. Update from Investment Consultant

No comments.

15. Update from Recordkeeper

Mr. Bastien would look at the reporting issues and speak with Mr. Boehmer about annuity rollovers.

16. Administrative Staff/Department of Administration Updates

Mr. Boehmer shared that Department of Administration had a new director and he would be meeting with her the following week.

17. Public Comment

No comments.

18. Adjournment

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant