



STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

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PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM

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**DEFERRED COMPENSATION COMMITTEE
QUARTERLY MEETING MINUTES**

September 22, 2020

The quarterly meeting of the Deferred Compensation Committee was held on Tuesday, September 22, 2020, at 9:00 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

Susie Chang
Kent Ervin
Jeff Ferguson
Matt Kruse
Debbie Bowman, Vice Chair

OTHERS PRESENT

Bishop Bastien, Voya
Beth Blanford, Fundmap
Rob Boehmer, NDC Executive Officer
Rasch Cousineau, Hyas Group
Marie Cove, Casey Neilon

Merrill Desrosiers, Voya
Matthew McCue, Financial Investment News
Suzanne Olsen, Casey Neilon
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 9:00 a.m. on Tuesday, September 22, 2020.

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

Beth Blandford and Matthew McCue introduced themselves via Zoom chat and noted they were just listening in.

2. **Public Comment**

No public comment.

Vice Chair Bowman welcomed new Committee members Susie Chang, and Jeff Ferguson.

3. For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for public meeting held on June 17, 2020.

Motion by Dr. Ervin to approve the minutes from June 17, 2020, second by Ms. Susie Chang. Motion passed unanimously, 5-0.

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

Mr. Boehmer presented his report speaking on the FY2020 budget status, quarterly plan activity and data, and the Administrative account.

- FY2020 Budget Status Report:
 - Actual 2020 revenue stood at \$894,000
 - Expenses had come in at \$386,000 and were broken down in the category detail pages.
 - 2021 projected revenue was \$454,000.
 - As of June 30,2020, Administrative Account balances were \$186,892 for full-time Plan and \$12,422 for FICA Plan.
- Quarterly plan Activity and Data Report:
 - \$10.25 quarterly account fees were charged to 87% of participants (10,611). The other 13% of participants (1,569) had balances under \$1,000. The Nevada portion of the fee was \$6.63, and the Voya portion was \$3.62.
 - As expected with the pandemic shutdown, enrollments were down year-to-date.
 - Loan balances remained very low at 0.4% of Plan assets. Industry averages were 3-5% for Plan assets.

Dr. Ervin asked why there was no charge for the Attorney General (AG) and what the Admin cost allocation covered.

Mr. Boehmer explained that an audit at the AG's office showed NDC had a sizeable credit that was covering our current charges. The Admin charge was for support from Department of Administration and Administrative Service Division budget analyst.

Dr. Ervin questioned what the actual cash reserve balance was at the end of FY2020.

Mr. Boehmer answered that it was projected to be \$89,000 and ended up at \$91,689. It was reflected on the legislative approved budget with adjustments. It represented around a 90-day reserve.

Mr. Rasch Cousineau noted that in the industry anything under 10 basis points (bps) was acceptable as a reserve. The current NDC reserve amount was under 2 bps. He suggested it would be good to adopt a policy on what was to be done with any excess in a fee policy statement.

Dr. Ervin commented the reserve amount should not be too high since it was participant money. He requested they discuss how fees were collected at the December meeting.

Ms. Chang asked for a percentage of accounts over \$1,000 and the total revenue per plan number to be included in future reports.

Mr. Boehmer concluded his report with updates on City of North Las Vegas and Lincoln County and noted that Las Vegas Metropolitan Police was interested in joining the Plan.

Motion by Mr. Kruse to approve the Executive Officer's report. Second by Mr. Ferguson, motion passed unanimously, 5-0.

Vice Chair Bowman called a five-minute break.

5. For Possible Action- Receive FY2019 Financial Audit Report and Financial Statements for NDC Voluntary Plan and FICA Alternative Plan prepared by Financial Auditing firm Casey Neilon.

Ms. Suzanne Olsen and Ms. Marie Cove from NDC contracted auditing firm, Casey Neilon, presented the FY2019 Financial Audit Report and Financial Statements for the NDC Voluntary Plan and FICA Plan. Casey Neilon found nothing material in their audits of the Plans and found all financial disclosures to be clear and accurate. They did note that they were unable to gather information from the Nevada System of Higher Education (NSHE) Plan due to an initial misunderstanding at NSHE but it was not considered a material omission.

Motion by Dr. Ervin to approve the audit reports from Casey Neilon. Second by Mr. Kruse, motion carried unanimously, 5-0.

Vice Chair Bowman called for 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 second quarter ending June 30, 2020.

Mr. Rasch Cousineau provided the second quarter 2020 performance report including commentary on market conditions and economy. The Plan Data Review as of June 30, 2020, showed voluntary Plan assets were at \$891million which represented a market gain of \$92.1 million. Plan allocation to Stable Value was at 40.3% and Target Date Funds at 20.4%. 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. Hyas recommended placing American Funds EuroPacific Growth fund on watch due to underperformance. Plan Fee and Revenue Analysis noted the current weighted expense ratio for the full-time Plans was 0.339%. The ratio decreased from 0.373% last quarter as two higher-cost funds were replaced by lower-cost Index Funds.

Motion by Mr. Kruse for American Funds EuroPacific Growth to be placed on the Watch List per recommendation by the Investment Consultant. T. Rowe Price Growth Stock would remain on watch and Vanguard Developed Markets Index would be removed from the list. Second by Dr. Ervin, motion passed unanimously, 5-0.

Mr. Cousineau provided a SECURE Act Update and the provisions that were applicable to NDC.

DAG Rasul recommended that information and decisions about the SECURE Act be tabled until the December meeting.

Motion by Dr. Ervin to approve the Investment Consultant report. Second by Mr. Kruse, motion carried unanimously, 5-0.

7. For Possible Action- Receive, review, and consider proposed Plan Investment Structure recommendations from Hyas Group.

Hyas Group presented Plan Investment Structure recommendations.

The Committee appreciated the analysis and asked Hyas Group to provide an updated analysis at the December meeting to include three scenarios with specific fund name recommendations and brief rationale for each. Hyas Group should also provide estimated cost savings for each scenario versus current lineup costs. The Committee asked Hyas Group to start with the current Fund Review document and add to it accordingly for information consistency.

8. For Possible Action- Conduct review and discussion of recommended amendments to the NDC governing documents and plan design.

a. Investment Policy Statement (IPS)

The Committee reviewed the current IPS versus new IPS comments as prepared by Hyas Group. They requested the item be tabled until the December meeting and reviewed and potentially approved with any lineup changes.

b. 457(b) Plan Document

Hyas Group recommended that the document be updated accordingly with SECURE Act and/or auto-enrollment features but did not have any suggested edits.

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

No edits.

d. Administrative Manual

Separate out a NDC Fee Policy to include the current fee structure. The Fee Policy should note that: lowest share classes were offered; that revenue share, if applicable, was provided back to appropriate participants; full-time and FICA plans did not subsidize. No comments were provided on the NDC Communication Policy. Hyas Group would work with NDC Staff to update the Fee Policy and Communication Policy for the December meeting.

9. For Possible Action- Receive and approve report from Voya Financial for second quarter ending June 30, 2020.

Mr. Bastien reported on the Plan Summary, assets, distributions, rollovers, and missing beneficiary data. The voluntary plan quarter end assets had increased to \$887 million. He provided a communication review, information on quarterly representative activities, a CARES Act update, and new capabilities for the website.

Motion by Dr. Ervin to accept and approve the Voya Report. Second by Mr. Ferguson, motion passed unanimously, 4-0.

10. For Possible Action- Discuss participation in NAGDCA training opportunities.

Mr. Boehmer summarized the benefits of membership with NAGDCA and explained the upcoming training opportunity. The Connect virtual event would be held October 5-28, 2020, since NAGDCA could not host the annual conference this year.

11. For Possible Action- Confirm 3rd quarterly meeting scheduled for December 1, 2020. Schedule the NDC 4th Quarterly Committee meeting and/or any special meetings.

Dr. Ervin knew the value in being a member of the NAGDCA organization and wanted the record to show the benefits to Committee, Staff, and the Plan. He supported Mr. Boehmer serving on the NAGDCA Executive Board if it did not interfere with his regular State job.

Ms. Bowman agreed that NAGDCA provided excellent educational and networking opportunities for Committee members.

Third Quarter meeting confirmed for December 1, 2020. Proposed January 11, 12, or 14, 2021 for Annual Planning Meeting and March 1 or 2, 2021 for 4th quarter meeting.

12. For Possible Action- Pursuant to NRS 287.330, the Committee must designate a Committee Chair and Vice Chair to serve the remaining 2020 Calendar year.

Motion by Dr Ervin to nominate Ms. Bowman to serve as Chair until the March 2021 meeting. Second by Mr. Ferguson, motion carried unanimously, 4-0.

Motion by Dr. Ervin to nominate Mr. Kruse as Vice-Chair until the March 2021 meeting. Second by Ms. Bowman, motion passed unanimously, 4-0.

13. Committee Members comments

Members thanked Staff and presenters for the information. Ms. Chang and Mr. Ferguson were happy to serve and knew they would learn a lot.

14. Updates from contracted Investment Consultant

No comments.

15. Update from contracted Recordkeeper

No comments.

16. Administrative Staff/Department of Administration Updates

No comments.

17. Public Comment

No public comment.

18. Adjournment

The meeting was adjourned at 2:36 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant