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STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM

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**DEFERRED COMPENSATION COMMITTEE
QUARTERLY MEETING MINUTES**

Tuesday, August 31, 2021

The quarterly meeting of the Deferred Compensation Committee was held on Tuesday, August 31, 2021, at 9:00 a.m. by videoconference 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:

<https://defcomp.nv.gov/Meetings/2021/2021/>

COMMITTEE MEMBERS

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

OTHERS PRESENT

Bishop Bastien, Voya	Rowen Descallar, PageantMedia
Rob Boehmer, NDC Executive Officer	Amy Lewis, Elko County
Rasch Cousineau, Hyas Group	Henna Rasul, Sr. Deputy Attorney General
Scott Darcy, Voya	Micah Salerno, NDC Admin. Assistant
Merrill Desrosiers, Voya	

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

Chairman Ervin called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:00 a.m. on Tuesday, August 31, 2021.

Mr. Boehmer took roll, determined a quorum was present, and confirmed the meeting was properly noticed and posted. The chat option in Zoom was turned off to comply with Open Meeting Law.

2. **Public Comment**

No public comments.

3. **Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for public meeting held on June 9, 2021.**

Motion by Mr. Kruse to approve the minutes from June 9, 2021, second by Vice Chair Ferguson. Motion passed unanimously, 5-0.

4. For Possible Action- Receive, discuss, and approve Executive Officer Report of second quarter 2021.

Mr. Boehmer reviewed his quarterly report including FY2021 closing budget and FY2022 budget status, quarterly plan data and activity, and information on the administrative account.

- a. FY2021 Budget Status Report (BSR):
 - i. Current projection of revenue based on up-to-date participant level and projection of expected reserve balance at the end of FY2021 were provided. There were 206 days' worth of cash reserves available.
 - ii. Administrative Account data and General Ledger data were provided. Admin Allowances were \$222,844 for full-time Plans and \$36,833 for the FICA Alternative Plan.
 - iii. The in-state travel budget dropped from \$3,172 annually to \$987 annually. Although authorization was not required (per Henna Rasul, DAG), the Committee directed and approved staff to provide a "work program" that would obtain more authority for staff to engage in necessary Plan-related travel within the next biennium.
 - iv. The Committee also directed and authorized staff to pursue remote work solutions that would effectively separate personal communication from State business. Telework computer equipment, VPN cell phone lines and email voicemail notifications were noted as possible options.
- b. Quarterly Plan Activity and Data Report:
 - Participants with balances under \$1,000 were at 8%. This trend was an encouraging sign that regular, small-account cash outs were working effectively.
- c. New Political Subdivisions Update and Report:
 - i. All newly joined subdivisions are online with NDC. There was no additional prospective activity to report.
- d. The Executive Branch Audit Committee Report was provided.
- e. A Hyas Group Contract Report was provided. It was noted that Hyas Group was being acquired by Morgan Stanley. The Hyas Group team that served NDC was remaining intact. Chair Ervin asked about the number of Morgan Stanley branded funds that Hyas Group advised and whether there was any conflict. It was noted that Hyas Group only advised on two MS funds and there was no conflict. The Committee had no concerns about the change. Staff was working with purchasing to update the Assignment of Contract.

Motion by Mr. Kruse to approve the Executive Officer report including direction to the Executive Officer to pursue a travel work program and a substitute for personal cell phones. Second by Vice Chair Ferguson, motion passed unanimously, 5-0.

5. For Possible Action- Receive and approve Investment Consultant's review of second quarter 2021.

Hyas Group provided the Investment Consultant Review which included:

- a. The Second Quarter 2021 Performance Report – Features of the report were:
 - i. Market Commentary: Despite domestic inflation pressure and slowing vaccination results, global outlook continued to be strong for economies and markets. Regarding equity markets, recent performance rotations of growth to value (style) and large to small (capitalization) may be slowing. And with respect to fixed income, bonds rebounded nicely for the quarter with every fixed income category posting positive results for Q2. The second half of 2021 should

- show if equity rotations cycle back, fixed income markets continue to be impacted by inflation uncertainty, and more.
- ii. Plan Data Review: June 30, 2021, full-time Plans' assets were \$1,083,650,104 which represents a market gain of \$47,647,456 for the quarter. Net cash flow for the period was -\$1.69 million and -\$9.5 million year-to-date. Voya noted that approximately \$5 million of this \$9.5 million was rolled out to purchase service credits.
 - iii. Current Fund Lineup Overview and Performance Review: There were no funds on watch.
 - iv. Plan Fee/Revenue Review: Fees were weighted at 31.5 basis points, down approximately 20% from last year's weighting at 37.3 basis points. Fees would drop further next report because of the July 9, 2021, fund changes.
- b. Plan Investment Structure Analysis and Recommendations:
- i. Hyas Group provided comments on the July 9 fund mapping. The mapping occurred successfully and saved NDC participants approximately \$388,000/year in reduced investment costs.
- c. Legal and Regulatory Updates:
- i. Hyas Group's 2Q21 Fiduciary Advisor Newsletter was provided. It included:
 - ☐ An update regarding the Supreme Court agreeing to hear an excessive fee lawsuit case; a brief from the Court was expected in 2Q or 3Q 2022.
 - ☐ An update regarding the Securities and Exchange Commission (SEC) curbing Plan rollout abuses; the SEC fined a prominent recordkeeper \$96 million for rolling assets out of employer plans into higher priced individual accounts.
 - ☐ An update regarding SECURE Act 2.0.
 - ☐ An update regarding DOL cybersecurity best practices.

Motion by Ms. Bowman to approve the Hyas Group quarterly report. Second by Ms. Chang, motion carried unanimously, 5-0.

Chair Erven called a five-minute break.

6. For Possible Action – Receive and approve plan activity and service report from contracted recordkeeper Voya Financial for second quarter ending June 30, 2021. Highlights included:

Mr. Bishop Bastien and Mr. Scott Darcy reviewed the Voya quarterly report and communications.

- a. A discussion regarding a \$400,000 participant rollout from the Plan to a Voya IRA. The rollout was initiated by a former State Plan Voya representative. Voya discussed measures that would be taken to prevent this from happening in the future including: monthly rollout report review (versus quarterly), developing a communication piece and campaign to retain assets, rigorous oversight of Plan exit points such as call center and website regarding rollout activity.
- b. Voya provided a communications update discussing recent managed account campaign activity and the upcoming Nevada Saves Month (October).
- c. Local field activity included 279 enrollments, 36 group meetings, and 352 individual meetings. All meetings were virtual.

Motion by Mr. Kruse to accept the Voya Quarterly Report. Second by Vice Chair Ferguson, the motion passed unanimously, 5-0.

7. For Possible Action- Confirm Quarterly Meeting scheduled for November 16, 2021. Schedule Quarterly Committee meeting and/or any special meetings.

The upcoming Committee meeting schedule:
Quarterly Meeting (virtual): Tuesday, November 16, 2021
2022 Annual Planning Meeting (in person): Friday, January 21, 2022
Quarterly Meeting: Thursday, March 10, 2022

8. Committee Members comments

No comments.

9. Update from Investment Consultant

No comments.

10. Update from Recordkeeper

No comments.

11. Administrative Staff/Department of Administration Updates

Mr. Boehmer mentioned the kickoff meeting for the financial audit was scheduled in September.

12. Public Comment

No public comments.

13. Adjournment

The meeting was adjourned at 11:38 a.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant