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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, November 16, 2021

The quarterly meeting of the Deferred Compensation Committee was held on Tuesday, November 16, 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
Matt Kruse
Jeff Ferguson, Vice Chair
Kent Ervin, Chair

OTHERS PRESENT

Irene B. Adams, Workforce Connections
Kim Anderson, Voya
Bishop Bastien, Voya
Rob Boehmer, NDC Executive Officer
Rasch Cousineau, Hyas Group

Scott Darcy, Voya
Henna Rasul, Sr. Deputy Attorney General
Micah Salerno, NDC Admin. Assistant
Walter Slack, State of Nevada

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

Chairman Ervin called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:03 a.m. on Tuesday, November 16, 2021.

Mr. Boehmer took roll, determined a quorum was present, and confirmed the meeting was properly noticed and posted. He noted that Ms. Chang was excused from the meeting.

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 August 31, 2021.**

Motion by Mr. Kruse to approve the minutes from August 31, 2021, second by Vice Chair Ferguson. Motion passed unanimously, 4-0.

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

Mr. Boehmer reviewed his quarterly report including:

- a. FY2021 Budget Status Report (BSR):
 - i. A report was given and reviewed on the current projection of revenue based on the up-to-date participant level and projection of expected reserve balance at the end of FY2022/2023. There were 207 days' worth of cash reserves available.
 - ii. A report was given and reviewed on the Administrative Account data and General Ledger data. Admin Allowances were \$232,785 for full-time Plans and \$7,269 for the FICA Alternative Plan.

Mr. Boehmer noted a work program was in process for In-state and Out-of-state travel. He met with the Director and Assistant Director of Department of Administration to discuss changed the current temporary position in the NDC Office to a State position as well as reclassifying Ms. Salerno's position.

- b. Quarterly Plan Activity and Data Report – FICA accounts ended the period at 31,203.
- c. Nevada Saves Month Report – Staff was anticipating a spike in activity (enrollments, contribution increases) because of the recent Nevada Saves Webinars.
- d. The Executive Branch Audit Committee Report – Staff continued to work with appropriate agencies. The six-month review was coming up in January.
- e. Contract Management Report –
 - i. RMD Issues – It was discovered that approximately 85 participants had improper tax amounts withheld from their Required Minimum Distributions. Staff had been working with Voya conducting outreach to those affected. Voya had corrected the errors and modified systems so they would not occur in the future.
 - ii. Rollover Issues – As a result of NDC moving to the new OMNI 7.0 platforms, participant IRA transfers were no longer coded as trustee-to-trustee transfers. Instead, participants were receiving checks, and this was creating errors. The Committee requested Voya correct the current process and ideally revert to the trustee-to-trustee transfer method. Voya would provide an update at the January Planning meeting or the next quarterly meeting.
 - iii. Financial Audit Report

Motion by Vice Chair Ferguson to approve the Executive Officer report. Second by Ms. Bowman, motion passed unanimously, 4-0.

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

Hyas Group provided the Investment Consultant Review which included:

- a. The Third Quarter 2021 Performance Report – Features of the report were:
 - i. Market Commentary – Third Quarter 2021 was a bumpy ride...to nowhere. Major markets were relatively flat, the Fed and Investors continued their inflationary "argument", the supply chain remained stalled (literally) and COVID stubbornly blocked global reopening. Yet corporations continued to churn out record profits, consumers continued to spend at record levels, and large cap growth stocks continued to beat nearly every other asset class (except for commodities). When do these cycles break? Historically the fourth quarter has been somewhat of a harbinger

for the following year's financial trends and outcomes. It will be interesting to see if that is the case for fourth quarter 2021.

- i. Plan Data Review – September 30, 2021, full-time Plans' assets were \$1,075,421,979 which represents a market loss of \$8,228,125 for the quarter. Net cash flow for the period was -\$4.64 million and -\$14.15 million year-to-date. Staff provided a recent update. As of November 15, total plan assets were \$1.18 billion, will the full-time Plan up approximately \$50 million since the end of the quarter.
 - ii. Current Fund Lineup Overview and Performance Review –
 - Capital Group/American Funds' recent portfolio management changes – Manager Jesper Lyckeus will be retiring at year-end. Hyas Group had no concerns as Mr. Lyckeus managed less than 4% of the portfolio and the fund's ten other managers would remain with the fund.
 - Vanguard's recent Target Date Funds changes – Fees would reduce from 9 bps to 8 bps automatically in February of 2022. As a result of Vanguard's recent threshold reduction (to \$100 million) for Target Date Collective Investment Trusts, NDC now qualified for Target Date CITs. The Committee requested Vanguard provide a presentation at the upcoming January 21, 2022, planning meeting. That presentation would be a potential action item for the Committee to decide whether to move towards CITs. Hyas Group would reach out to Vanguard.
 - iii. There were no funds on watch.
 - iv. Plan Fee/Revenue Analysis – Fees were weighted at 27.8 basis points, down 3.7 basis points from last quarter, largely due to the recent lineup changes.
- b. Legal and Regulatory Updates –
- i. The Supreme Court was scheduled to begin excessive fee lawsuit hearings December 6, 2021.
 - ii. Department of Labor (DOL) proposing amendments to ESG Guidance were provided by the previous administration's DOL.
 - iii. Social Security announced a "substantial" 5.9% COLA increase beginning in 2022.
 - iv. Fiduciary Insurance premiums were increasing due to increased lawsuits against 401(k) Plans.
 - v. The DOL was concerned about potential for cryptocurrency investments inside of retirement plans.

Motion by Mr. Kruse to approve the Hyas Group quarterly report. Second by Vice Chair Ferguson, motion carried unanimously, 4-0.

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 third quarter ending September 30, 2021. Highlights included:

- Mr. Bishop Bastien and Mr. Scott Darcy reviewed the Voya quarterly report and communications.
- a. An overview of withdrawals was given. The Committee requested Voya re-label "in-service withdrawals" to more accurately reflect that the withdrawals represent retirees and participants who have separated from service.
 - b. An overview of rollovers out was given.
 - c. An education campaign overview was provided including:
 - i. A "Restart Saving" metrics review was given with a 4.4% action rate (68/1,544) resulting from the August campaign.
 - ii. Contribution limit communication was provided.

- iii. There was a 2022 education calendar overview. Staff requested Cybersecurity Month (October) be considered as part of the outreach.
- iv. The Committee also requested Voya consider that Nevada participants have no long-term disability or social security when developing campaigns.
- d. Voya also provided an overview of local rep activities including the hiring of a new representative.
 - i. For the quarter, reps enrolled 345 new participants
 - ii. Reps provided 41 group meetings for the quarter
 - iii. Reps also conducted 524 individual appointments.

Motion by Mr. Kruse to accept the Voya Quarterly Report. Second by Ms. Bowman, the motion passed unanimously, 4-0.

7. For Possible Action- Confirm Annual Planning Meeting scheduled for January 21, 2022. Schedule Quarterly Committee meeting and/or any special meetings.

The upcoming Committee meeting schedule:
2022 Annual Planning Meeting (in person): Friday, January 21, 2022
Quarterly Meeting: Thursday, March 10, 2022
Quarterly Meeting: Wednesday, June 15, 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

No comments.

12. Public Comment

No public comments.

13. Adjournment

The meeting was adjourned at 11:29 a.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant