



Steve Sisolak
Governor

Laura E. Freed
Director

Matthew Tuma
Deputy 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**

Friday, November 18, 2022

The quarterly meeting of the Deferred Compensation Committee was held on Friday, November 18, 2022, 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/2022/2022_Meetings/

COMMITTEE MEMBERS

Debbie Bowman
Kent Ervin
Jeff Ferguson, Vice Chair

OTHERS PRESENT

Bishop Bastien, Voya Financial	Scott Darcy, Voya Financial
Rob Boehmer, NDC Executive Officer	Matt MacDonald, Hyas Group
Rasch Cousineau, Hyas Group	Henna Rasul, Deputy Attorney General
Merrill Desrosiers, Voya Financial	Micah Salerno, NDC Admin. Assistant

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

Vice Chairman Ferguson called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:00 a.m. on Friday, November 18, 2022.

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

Chair Kruse and Ms. Chang were excused from the meeting.

2. **Public Comment**

No public comments.

3. **For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for:**

a. **Committee Meeting held on August 12, 2022**

Motion by Dr. Ervin to approve the minutes from the August 12, 2022, meeting, second by Ms. Bowman. Motion passed unanimously, 3-0.

- b. Workshop for Proposed Regulation Change for NAC 287 on October 25, 2022

Motion by Dr. Ervin to approve the October 25, 2022, Workshop minutes as to form, second by Ms. Bowman. Motion passed unanimously, 3-0.

4. For Possible Action- Receive, discuss, and approve Executive Officer Report of third quarter 2022.

Mr. Boehmer reviewed his quarterly report including:

- a. FY2022 and 2023 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. A work program would be submitted to replace Ms. Salerno's printer.
 - ii. A report was given and reviewed on the Administrative Account data and General Ledger data. As of October 26, 2022, Admin Allowances were \$273,068 for full-time Plans and \$24,810 for the FICA Alternative Plan.
 - a. The Committee noted their concern in the Purchasing Assessment amount which spiked from \$134 in 2021 to \$13,034 in 2022.
 - b. There were 242 days of reserve available.
- b. Quarterly Plan Activity and Data Report was received and discussed. Year-to-date enrollments were 794, down 76 from 2021's third quarter totals.
- c. Executive Branch Audit Report was discussed. A Regulation workshop was held on October 25, 2022, and comments were included with the submission to LCB for review. The Regulation Hearing would be tentatively scheduled as part of the January 10, 2023, Planning Meeting.
- d. Contract Management Report -
 - i. Casey Neilon Annual Evaluation- Contract expiration 07/31/2023. NDC staff noted the contract may be extended until 2025 as long as fees were in line with the marketplace.
 - ii. Hyas Group contract would expire May 31, 2025
 - iii. Voya Financial contract would expire December 31, 2024
- e. Nevada Saves Month update was provided.

Motion by Ms. Bowman to approve the Executive Officer report. Second by Dr. Ervin, motion carried unanimously, 3-0.

5. For Possible Action- Receive and approve Hyas Group Investment Consultant's review of third quarter 2022.

Hyas Group provided the Investment Consultant Review which included:

- a. The Third Quarter 2022 Performance Report – Features of the report were:
 - i. Market Commentary – “Stay the course!” In 2022 that approach had been tested. The third quarter of 2022 started off promisingly with a strong July when the S&P 500 Index returned 9.11% for the month. Then the Fed spoke reiterating their resolve to bring inflation down to 2% and keep at it until the job was done. They acted by raising rates by 0.75% in September, the third 0.75% rate hike in 2022. The dramatic rise in rates has caused tremendous headwinds for both stock and bond markets. By the end of the third quarter, July's optimism and positive performance had faded away. The S&P 500 Index ended the quarter down 4.88%, marking the third consecutive negative quarter for the widely followed benchmark,

a streak not seen since the financial crisis of 2009. Participants were likely in for more bumps in the fourth quarter, however; long term investors such as retirement plan participants, if allocated properly, should benefit significantly from the downturn, if they “stay the course.”

- ii. Plan Data Review – September 30, 2022, full-time Plans’ assets were \$917,380,881 which represented a market loss of \$26,873,437 for the quarter. Net cash flow was positive for the quarter at \$628,128. Year-to-date cash flow was still negative at -\$1,903,036. For the Third Quarter, \$1,554,299 transferred into fixed income which was 0.16%. That indicated that Nevada participants continued to stay the course during 2022’s negativity and volatility.
 - iii. Current Fund Lineup Overview and Performance Review –
 - Voya Fixed Account and Corporate Ratings Analysis: Due to the early timing of the quarterly meeting, the information for the analysis was not yet available. Hyas Group would gather the data from Voya when available and provide the updated analysis to NDC staff for distribution to the Committee.
 - iv. Fund Watch List Review –
 - Based on recent interest rate spikes, the Committee inquired as to when the Voya Fixed rate (3%) would be increasing. Hyas Group and Voya noted that the Fixed Fund was slower to respond to rate changes than Money Market funds. As a result, it could be a longer period before the fund rate increased, if at all. Hyas Group noted Money Market funds could be a solution but likely would not yield higher rates than 3%. The Committee was not interested in pursuing Money Market options at that time.
 - T. Rowe Price Growth Stock I (PRUFX): The fund was placed on watch 1Q 2022 due to underperformance. Their last year of performance had struggled, mostly due to their security selection within consumer cyclical (overweight Rivian, underweight Tesla) technology (underweight Apple, overweight Salesforce) and communications (overweight Snap, Doordash and Alphabet). Hyas Group provided a manager search for possible replacement recommendations. With only three Members present, the Committee deferred the item. The Committee also requested Hyas Group provide updated numbers to the analysis for the January 10, 2023, meeting at which time they may decide. Hyas Group would also include ESG/DEI data for the funds included in the search and style boxes for each of the Large Cap Growth options for the previous on-year and three-year periods.
 - v. Plan Fee/Revenue Analysis – Fees were weighted at 29.1 basis points, up 0.40 basis points from last quarter. The increase was due to market activity which resulted in a larger Voya Fixed Account allocation. At an estimated 0.40%, the Voya Fixed Account was one of the higher cost investment options within NDC.
- b. Legal and Regulatory Updates –
- i. The SECURE 2.0 was still expected to pass legislation in 2022. Major changes still included in the bill:
 - a. Elimination of the first of the month rule for 457 Plans
 - b. “Rothification” of catch-up contributions
 - c. Required Minimum Distribution (RMD) age expanding from 72 to 75
 - d. Hyas Group would provide updates as necessary
 - ii. 2023 limits were announced. Due in large part to inflationary pressure, 2023 Plan limit increases were doubling their usual increments.

Item	2023 Limit	2022 Limit	Increase
401(k) & 403(b) Employee Deferral Limit	\$22,500	\$20,500	\$2,000
457 Employee Deferral Limit	\$22,500	\$20,500	\$2,000
Age 50 Catch-up Contribution	\$7,500	\$6,500	\$1,000
Defined Contribution Dollar Limit	\$66,000	\$61,000	\$5,000

- iii. Cybersecurity Policy Update:
 - a. The current draft needed to be updated with State risk language and protocols. Mr. Boehmer would provide that information to Hyas Group.
 - b. The Policy would be further updated at the January 10th Planning Meeting.

Motion by Dr. Ervin to accept the Hyas Group report. Second by Ms. Bowman, motion carried unanimously, 3-0.

- 6. For Possible Action – Receive and approve plan activity and service report from recordkeeper Voya Financial for third quarter 2022.

Mr. Bastien and Mr. Darcy provided their third quarter 2022 report for the period ending September 30, 2022. Highlights included:

- a. Voya Plan activity –
 - i. Asset trends: Contributions and distributions were down, and loan activity was up. Overall net cash flow was positive \$628,128 for the quarter.
 - ii. Voya provided details regarding sources for Plan rollouts.
- b. Voya 2022 participant survey review:
 - i. The survey responses were the second highest since 2017.
 - ii. 88% of enrolled participants are actively contributing.
 - iii. 50% who were not enrolled wanted to learn more about the Plan.
 - iv. 52% of respondents were satisfied or somewhat satisfied.
 - v. Most important factors influencing investment option decisions were performance, expenses, and Target Date Fund availability.
- c. Voya Field activity update –
 - i. 51 group meetings and 1,440 individual meetings were conducted during the quarter.

Motion by Ms. Bowman to accept the Voya Quarterly Report. Second by Dr. Ervin, motion passed unanimously, 3-0.

- 7. For Possible Action- Receive update and discuss Opt-Out/Auto Enrollment/Escalation Bill/White Paper for upcoming 2024/2025 Budget Build.

An update on the Opt-Out/Auto Enrollment/Escalation Bill/White Paper was provided.

- 8. For Possible Action- Receive, discuss, and approve Interlocal Contract for Truckee-Carson Irrigation District.

Motion by Dr. Ervin to approve the Interlocal Contract. Second by Ms. Bowman, motion carried unanimously, 3-0.

9. For Possible Action- Discussion on National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference, September 18-21, 2022.

Vice Chair Ferguson, Ms. Bowman and Mr. Boehmer all attended the NAGDCA Conference. As in the past, it provided an invaluable opportunity for education and discussion with other members from around the country. The 2023 conference would be in Seattle, Washington.

Mr. Boehmer and Dr. Ervin were planning to service on the NAGDCA Legislative Committee and Mr. Boehmer encouraged other Committee Members to serve on a different committee for NAGDCA.

10. For Possible Action- Confirm Annual Planning Meeting for January 10, 2023. Schedule next quarterly NDC meeting for February/March. Schedule Quarterly Committee meeting and/or any special meetings.

The upcoming Committee meeting schedule:

Annual Planning Meeting: Thursday, January 10, 2023, in person.

Quarterly Meeting: Will be held February 23, February 24, 2023, or March 3. Ms. Salerno would follow up with the absent Committee Members and confirm the date.

11. Committee Members comments

Dr. Ervin asked for an update on how many Political Subdivisions have been added and the number of employees and prospects for the coming year on who could be added.

12. Update from Investment Consultant

No comments.

13. Update from Recordkeeper

No comments.

14. Administrative Staff/Department of Administration Updates

Mr. Boehmer thanked the Committee members, Hyas Group, and Voya.

15. Public Comment

There were no closing public comments.

16. Adjournment

The meeting was adjourned at 1:00 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant