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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**

Thursday, February 23, 2023

The quarterly meeting of the Deferred Compensation Committee was held on Thursday, February 23, 2023, 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/2023/2023\\_Meetings/](https://defcomp.nv.gov/Meetings/2023/2023_Meetings/).

**COMMITTEE MEMBERS**

Debbie Bowman, Vice Chair  
Suzie Chang  
Kent Ervin  
Jeff Ferguson, Chairman

**OTHERS PRESENT**

Bishop Bastien, Voya Financial	Suzanne Olsen, Casey Neilon
Rob Boehmer, NDC Executive Officer	Henna Rasul, Deputy Attorney General
Rasch Cousineau, Hyas Group	Micah Salerno, NDC Admin. Assistant
Scott Darcy, Voya Financial	

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

Chairman Ferguson called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:00 a.m. on Thursday, February 23, 2023.

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

Mr. Kruse was excused from the meeting.

2. **Public Comment**

There were no public comments.

3. **For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for Committee Meeting held on January 10, 2023.**

**Motion by Dr. Ervin to approve the minutes from the January 10, 2023, meeting, second by Ms. Bowman. Motion passed unanimously, 4-0.**

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

Mr. Boehmer reviewed his quarterly report including:

- a. FY2023 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 FY 2023.
  - ii. A report was given and reviewed on the Administrative Account data and General Ledger data. As of December 31, 2022, Admin Allowances were \$271,851 for full-time Plans and \$31,839 for the FICA Alternative Plan.
    - a. There were 236 days of reserve available.
- b. Quarterly Plan Activity and Data Report was received and discussed. 2022 enrollments were 992, down 128 from 2021 total.
- c. Executive Branch Audit Report was discussed.
  - i. The Executive Order 03 – Regulation Halt exemption was denied by the Governor’s office, for now.
- d. Contract Management Report -
  - i. Casey Neilon Annual Evaluation- Contract expiration July 31, 2023. NDC staff noted the contract might 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. Financial Audit Report was provided.
- f. The Pensions and Investments Leadership in Excellence Awards results were shared. NDC won an Eddy Award.

**Motion by Ms. Bowman to approve the Executive Officer report, second by Dr. Ervin, motion carried unanimously, 4-0.**

5. For Possible Action- Receive FY2022 Financial Audit Report from Casey Neilon.

The FY2022 Financial Audit Report and Financial Statements prepared and issued by Casey Neilon for the NDC Voluntary Plan and FICA Alternative Plan were received and discussed.

- a. Suzanne Olsen from Casey Neilon stated the agreed upon procedures went smoothly, it was a clean report with no new policies implemented. The variances were minor and justified with timing and they did not encounter any difficulties. There were no audit findings or issues.
- b. NDC Staff noted it would take approximately 10-20 years to audit all payroll centers in the Plan if the current pace (five centers per year) were to continue. Ms. Olsen commented that additional small entities could be included in each year’s audit since auditing the small centers generally did not require additional resources.

**Motion by Dr. Ervin to approve both financial audit reports. Second, by Ms. Chang, motion passed unanimously, 4-0.**

6. For Possible Action- Receive and approve Hyas Group Investment Consultant’s review of fourth quarter 2022.

Hyas Group provided the Investment Consultant Review which included:

- a. The Fourth Quarter 2022 Performance Report – Features of the report were:
  - i. Market Commentary – “Hello 2023!” And good riddance 2022. The war in Ukraine, inflation, gas prices, the tech wreck, the downfall of crypto(?!) These relentless headwinds meant there were few places for investors to hide. It was a miserable year for both stocks and bonds. 2022 was behind us and select inflation data appeared to be cooling. Retirement Plan participants stayed the course throughout the volatility and negativity of 2022. That resilience meant they purchased relatively low-priced investment options, when compared to recent years. Essentially year-long dollar cost averaging should reward participants and plans once markets rebound. Retirement Plan participants should continue to think long-term by staying the course, saving as much as possible, and focusing on their risk tolerance/time horizon.
  - ii. Plan Data Review – December 31, 2022, full-time Plans’ assets were \$948,228,096 which represented a market gain of \$30,847,215 for the quarter. Net cash flow was negative for the quarter at -\$7,208,193 and negative year-end at -\$9,111,229. For the Fourth Quarter, \$1,678,093 transferred into fixed income which was 0.018% indicating that Nevada participants continued to stay the course despite this year’s market 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 –
    - T. Rowe Price Growth Stock I (PRUFX): At the January 10, 2023, Planning meeting, the Committee approved replacing the fund with JP Morgan Large Cap Growth (JLGMX). Voya would convey the anticipated transition date to NDC and Hyas Group.
  - v. Plan Fee/Revenue Analysis – Fees were weighted at 28.2 basis points, down 0.9 basis points from last quarter.
- b. Legal and Regulatory Updates –
  - i. An update regarding SECURE 2.0 which was signed into law on December 29, 2022. There were 92 total provisions in the sweeping legislation. The most relevant items for Public Sector Plan Sponsors:
    - Section 107 – Increase in Age for Required Beginning Date for Mandatory Distributions: Increases the age at which required minimum distributions (RMDs) from retirement plans must commence from age 72 to age 73 in 2023 and to age 75 in 2033.
    - Section 109 – Higher Catch-up Limit to Apply at Age 60, 61, 62, and 63: Increases the catch-up contribution limit for individuals age 60 to 63 to the greater of (i) \$10,000 per year or (ii) 150 percent of the regular catch-up contribution. Effective for tax years beginning after December 31, 2024.
    - Section 110 – Treatment of Student Loan Repayments as Elective Deferrals for Purposes of Matching Contributions: Allows for employer contributions made on behalf of employees for qualified student loan repayments to be treated as matching contributions to 401(k) plans, 403(b) plans, SIMPLE IRAs, and governmental 457(b) plans, effective for plan years beginning after December 31, 2023.
    - Section 127 – Emergency Savings Accounts Linked to Individual Account Plans: Allows employers to offer their non-highly compensated employees a pension-linked emergency savings account as part of a defined contributions

- plan. Employers may automatically opt employees into these accounts at no more than 3 percent of their salary, and the portion of an account attributable to the employee's contribution is capped at \$2,500 (or a lower amount set by the employer). Contributions are made on a Roth-like basis. Effective for plan years beginning after December 31, 2023.
- Section 306 – Eliminate the “first day of the month” Requirement for Governmental Section 457(b) Plans: Allows participants in a 457(b) plan to make deferral changes at any time prior to the date that the compensation being deferred is available. Such elimination mirrors the deferral rules for 401(k) and 403(b) plans, which omit the “first day of the month” requirement. Effective for taxable years beginning after the date of enactment.
  - Section 312 – Employer May Rely on Employee Self-certifying that Deemed Hardship Distribution Conditions are Met: Allows for plan sponsors to rely on “Participant self-certification” that the participant had an event that constitutes hardship for purposes of taking emergency hardship withdrawals. Effective for plan years beginning after the date of enactment.
  - Section 603 – Elective Deferrals Generally Limited to Regular Contribution Limit: Requires that all catch-up contributions to 401(a) qualified plans, 403(b) plans, and governmental 457(b) plans be made on a Roth basis, except for eligible participants whose prior year wages do not exceed \$145,000 (indexed for inflation). Effective for tax years beginning after December 31, 2023.
- ii. Cybersecurity Policy Update:
    - a. Hyas Group was on target to have the document finalized by April 2023.
  - iii. SECURE 2.0 Plan Document Amendments for 2023 were discussed. The Amendments included removal of “first of the month rule” references in sections 2.1a, 2.1e, 3.1b, 3.1c, and 3.1d. The Committee approved the changes.
  - iv. The Administrative Manual for SECURE 2.0 was also discussed. The “first of the month rule” language was removed. The Committee approved the change.
  - v. NDC Staff noted that the Committee and Hyas Group should discuss incorporating the 2024 SECURE 2.0 changes at the 2024 January Planning meeting. Specifically, Staff noted that the de minimums distribution changed (from \$5,000 to \$7,000) and elimination of Roth RMDs should be discussed at the meeting.

**Motion by Dr. Ervin to accept the Hyas Group report and approve Plan Document and Administrative Manual amendments and changes. Second, by Ms. Bowman, motion carried unanimously, 4-0.**

7. For Possible Action – Receive and approve plan activity and service report from recordkeeper Voya Financial for fourth quarter 2022.

Mr. Bastien and Mr. Darcy provided their fourth quarter 2022 report for the period ending December 31, 2022. Highlights included:

- a. Voya Plan activity –
  - i. Asset trends: Plan assets as of February 22, 2023, were back above \$1 billion. For the fourth quarter of 2022, contributions were down (\$1 million), and distributions were up (\$7 million).
  - ii. Overall net cash flow was negative \$7.2 million for the quarter and down \$9 million for 2022.
- b. Voya provided a Communications update.

c. Voya Field activity update –

- i. 198 enrollments, 65 group meetings and 1,223 individual meetings were conducted during the quarter.

**Motion by Ms. Bowman to accept the Voya Quarterly Report. Second, by Dr. Ervin, the motion passed unanimously, 4-0.**

8. For Possible Action- 2023 Legislative Report & Discussion.

- Staff would notify the Committee of any relevant topics relating to budget hearings and proposed legislation.

9. For Possible Action- Discussion on Pension and Investments (P&I) East Conference in Orlando, and Institutional Investor (I.I.) conferences.

Mr. Boehmer would be attending the P&I Conference in Orlando in March to receive the Eddy award. There were several conferences available for participation from I.I. if the committee were interested. Mr. Boehmer was planning to attend the conference in Chicago and since he served on the advisory board, they would cover most of the travel costs.

10. For Possible Action- Confirm Quarterly Meeting for June 9, 2023. Schedule next quarterly NDC meeting for August/September. Schedule Quarterly Committee meeting and/or any special meetings.

The upcoming Committee meeting schedule:

Quarterly Meeting: confirmed for June 9, 2023, in person.

Quarterly Meeting: tentatively scheduled for August 30, 2023, virtual.

11. Committee Members comments

The Committee thanked member Susie Chang for her service to NDC. Ms. Chang was retiring so her position would need to be filled.

12. Update from Investment Consultant

No additional updates.

13. Update from Recordkeeper

No additional updates.

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 11:00 a.m.

Respectfully submitted,

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Micah Salerno  
NDC Administrative Assistant