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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**

Friday, June 9, 2023

The quarterly meeting of the Deferred Compensation Committee was held on Friday, June 9, 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/.

COMMITTEE MEMBERS

Debbie Bowman, Vice Chair
Kent Ervin (virtual)
Matt Kruse
Jeff Ferguson, Chairman

OTHERS PRESENT

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

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

Chairman Ferguson called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:20 a.m. on Friday, June 9, 2023.

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

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 February 23, 2023.**

Motion by Mr. Kruse to approve the minutes from the February 23, 2023, meeting, second by Vice Chair Bowman. Motion passed unanimously, 4-0.

4. For Possible Action- Receive, discuss, and approve Executive Officer Report of first quarter 2023.

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.

Dr. Ervin left the meeting for another commitment.

- ii. A report was given and reviewed on the Administrative Account data and General Ledger data. As of April 25, 2023, Admin Allowances were \$216,434 for full-time Plans and \$18,970 for the FICA Alternative Plan.
 - a. There were 257 days of reserve available.
- b. The Quarterly Plan Activity and Data Report was received and discussed. First quarter 2023 enrollments were 199, down 25 from first quarter 2022 data.
 - i. Progress had been made with access to DMV branches throughout the State.
 - ii. 100% of cadets at the recent Carson City fire academy enrolled.
- c. Executive Branch Audit Report was discussed.
 - i. The Executive Order 03 – Regulation Halt. The Governor put forth a bill to remove the 95% salary rule, so everything was on hold with the NDC regulation update. Mr. Boehmer would verify the bill passed and work with DAG Rasul to ensure they covered all their bases.
- d. Contract Management Report -
 - i. Casey Neilon Annual Evaluation- Contract expiration July 31, 2023. NDC staff negotiated terms with Casey Neilon and were granted a new contract through July 31, 2025, with only a \$795 cost increase for the two years.
 - ii. Hyas Group contract would expire May 31, 2025
 - iii. Voya Financial contract would expire December 31, 2024
- e. Legislative Update and Report was provided and discussed. NDC offices would be moving later in 2023. The proposed office space would allow more opportunity for Voya Representatives to meet with participants at that location. The NDC budget closed with approval of a new position for NDC staff.
- f. Pensions and Investments requested Mr. Boehmer to serve on the Advisory Board and to speak at the DC West Summit in Carlsbad, California in late October 2023.

Motion by Mr. Kruse to approve the Executive Officer report and support Mr. Boehmer's participation in the Pension & Investments Advisory Board, second by Vice Chair Bowman, motion carried unanimously, 3-0.

5. For Possible Action- Receive and approve Hyas Group Investment Consultant's review of first quarter 2023.

Hyas Group provided the Investment Consultant Review which included:

- a. The First Quarter 2023 Performance Report – Features of the report were:
 - a) Market Commentary – The “R” word? No, not “recession” or “retirement.” It was “resiliency.” Despite the Federal Reserve raising the Fed funds rate 475 basis points since March of 2022. Despite history making declines in fixed income because of those spikes. Despite negative returns in eight out of eleven S&P

sectors over the past year. Despite international stocks fairing no better with one-year declines across the globe and geo-political risk added on top. And despite the failure of two banks in Silicon Valley and New York, the year of 2023 was off to a strong, some may call “resilient” start. For the first quarter of 2023, fixed income markets returned 2.96% (Bloomberg aggregate), US stocks were up 7.50% (S&P 500), and International stocks were up 6.87% (MSCI ACWI ex-US). Throughout the downturn, most participants had stayed the course and had not stopped saving. They would be rewarded over the long term.

- b) Plan Data Review – March 31, 2023, full-time Plans’ assets were \$986,714,629 which represented a market gain of \$38,486,533 for the quarter. Net cash flow was negative for the quarter and year-to-date at -\$4,043,390. For the First Quarter, \$1,497,614 transferred into fixed income which was 0.15%.
- c) Current Fund Lineup Overview and Performance Review
- d) Fund Watch List Review –
 - a) JP Morgan Large Cap Growth (JLGMX) successfully replaced the T. Rowe Price Growth Stock Fund on April 28, 2023.
 - e) Plan Fee/Revenue Analysis – Fees were weighted at 27.5 basis points, down 0.7 basis points from last quarter and down 25% from 2020. The 27.5 weighted fee fully reflected the CIT changes that recently occurred.
- b. The Voya Fixed Account and Corporate Ratings Analysis was reviewed and discussed.
 - i. Hyas Group would add another more relevant benchmark (5-year treasury?) to the analysis for next quarterly meeting. Bloomberg Aggregate would remain as the other benchmark.
 - ii. Hyas Group would request Voya provide additional information for the analysis such as portfolio value, duration, and yield to maturity.
 - iii. The Committee looked forward to the additional information in future analyses.

Dr. Ervin rejoined the meeting.

- c. An ESG Overview was provided.
 - i. Morningstar Sustainability and ESG risk scores were provided for all core funds.
 - ii. The Committee and Hyas Group discussed that participants who wanted ESG investments could utilize the brokerage window.
 - iii. The Committee also discussed recent ESG lawsuits brought about against Plans that offered ESG in place of “better performing” options.
- d. A Comparison of Capital Preservation Options Analysis was provided, and highlights included:
 - i. A comparison of the Voya Fixed Account rate to Money Market Funds was provided.
 - ii. While Money Market Fund rates were higher in recent periods, the Voya Fixed Account performance was higher for the one-year, three-year, and five-year trailing periods.
 - iii. Money Market rates would likely drop once the Federal Reserve paused/pivoted interest rate hikes.
 - iv. Money Market Funds also created restrictive participant transfer provisions (90-day equity wash) for the Voya Fixed Account.
 - v. Money Market Funds were available through the brokerage window for participants who really wanted them.
 - vi. There was no action required as this item was informational.
- e. Legal, Regulatory Communication Updates which included:

- i. President Biden vetoed the Senate (50-42) and Congressional (216-204) challenges to the DOL ESG rule. The original legislation “allowed fiduciaries to consider ESG factors when selecting investments” but did not mandate them to do so. Republican Attorneys General from 25 states had also challenged the original rule.
- ii. Update to SECURE 2.0:
 - a) The immediate provisions were revisited; (Provision 107) Required Minimum Distributions up from 72 to 73 in 2023 and (Provision 306) First of the Month Rule eliminated.
 - b) Also revisited were the age-based Roth catch-up provisions which were currently scheduled to take effect 01/01/2024 for 50+ (Provision 603) and 01/01/2025 for ages 60-63 (Provision 109). Industry associations such as NAGDCA had asked for guidance and good faith exemptions for participants who unknowingly contribute pre-tax contributions. NAGDCA also estimated that at least 20% of public sector agencies did not have Roth contribution capabilities and might have to turn off all age-50+ contributions until they were able to offer Roth. Finally, NAGDCA was requesting a two-year extension for the provision to take effect since many government agencies were not ready. More information would come regarding these provisions. The NDC would work with Voya to implement necessary file changes for when the provision became effective. Hyas Group would continue to update the Committee as necessary.
- iii. Cybersecurity Policy Statement Update:
 - a) The Committee requested the following edits to the Cybersecurity Policy Statement:
 - Add page numbers.
 - Define “Clients” in key definitions section.
 - New Section IV – NDC Cybersecurity Requirements
 - New Section V – Current Recordkeeper Policies and Procedures
 - Where applicable, note Voya as “current recordkeeper.” This would keep the Policy evergreen in the event of a recordkeeper change.
 - b) The Committee requested final review of the Cybersecurity Policy Statement changes a few weeks prior to the next meeting at which time they anticipated approving the document.

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

Chair Ferguson called a 10-minute break.

6. For Possible Action – Receive and approve plan activity and service report from recordkeeper Voya Financial for first quarter 2023.

Mr. Bastien and Mr. Darcy provided their first quarter 2023 report for the period ending March 31, 2023. Highlights included:

- a. Voya Plan activity:
 - i. Asset trends: Plan assets as of June 8, 2023, were \$1.065 billion. For the first quarter of 2023, contributions were \$14,788,133 and distributions were \$18,674,180.
 - ii. Overall net cash flow was negative (\$4,478,861) for the quarter.

- b. Voya provided a Communications update that included:
 - i. 65% of participants had registered their accounts online.
 - ii. Retirement Evaluation Campaign
 - iii. Participant Satisfaction Survey
 - iv. Navigating market volatility and other current financial resources
 - v. NV Saves Month Overview
 - vi. Photo contest for the Deferred Word newsletter
- c. Voya also noted upcoming changes and enhancements:
 - i. Plan Sponsor search capabilities expanded to include participants names.
 - ii. Second step authentication for account login.
 - iii. Participants would have the ability to roll money into their accounts utilizing their mobile device (July).
 - iv. TD Ameritrade brokerage switching to Schwab over Labor Day weekend. Impacted participants would receive communications beginning June 20.
- d. Voya Field activity update:
 - i. 246 enrollments, 51 group meetings and 1,548 individual meetings were conducted during the quarter.

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

7. For Possible Action- Discussion on upcoming training opportunities.

The following upcoming training opportunities were noted:

- a. The Institutional Investor Institute Conference would be held in Half Moon Bay, California on September 12-14, 2023. Mr. Boehmer would attend and possibly Chair Ferguson or Vice Chair Bowman.
- b. The NAGDCA 2023 Annual Conference would be held in Seattle, Washington on October 8-11, 2023. Dr. Ervin would attend along with Mr. Boehmer and possibly Chair Ferguson and/or Vice Chair Bowman.
- c. The Pensions and Investments DC West Conference would be held in Carlsbad, California on October 22-24, 2023. Mr. Boehmer would attend.

8. For Possible Action- Confirm Quarterly Meeting for August 30, 2023. Schedule next quarterly NDC meeting for November/December 2023. Schedule Quarterly Committee meeting and/or any special meetings.

The upcoming Committee meeting schedule:

- a. 2Q2023 Quarterly Meeting: confirmed for August 30, 2023, virtual.
- b. There could be special meetings to discuss the upcoming recordkeeper RFP. Voya's contract was valid through December 31, 2024. The goal was to have the RFP issued in January 2024. Chair Ferguson and Vice Chair Bowman expressed interest in being on an RFP evaluation subcommittee.
- c. 3Q2023 Quarterly Meeting: tentatively scheduled for December 1, 2023, in person.
- d. The 2024 Annual Planning Meeting would be held in person in January 2024.

9. Committee Members comments

Committee members Kruse and Ervin's terms would expire September 30, 2023. They planned to attend the August 30 virtual meeting, but the Committee, staff, and attendees still thanked them in person for their service to NDC.

10. Update from Investment Consultant

Hyas Group noted recent performance of JP Morgan Large Cap Growth versus T. Rowe Price Growth. JP Morgan Large Cap Growth (JLGMX) recently replaced T. Rowe Price Growth on April 28, 2023. JP Morgan Large Cap Growth had outperformed T. Rowe Price for the 1-year, 3-year, and 5-year trailing performance as of June 8, 2023.

11. Update from Recordkeeper

No additional updates.

12. Administrative Staff/Department of Administration Updates

NDC staff thanked the Committee members, Hyas Group, and Voya.

13. Public Comment

There were no closing public comments.

14. Adjournment

The meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant