



Joe Lombardo
Governor

Jack Robb
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**

Wednesday, August 30, 2023

The quarterly meeting of the Deferred Compensation Committee was held on Wednesday, August 30, 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

Kent Ervin
Samantha Jayme
Matt Kruse
Debbie Bowman, Vice Chair
Jeff Ferguson, Chair

OTHERS PRESENT

Bishop Bastien, Voya Financial	Tawny Polito, Dept. of Administration
Rob Boehmer, NDC Executive Officer	Henna Rasul, Sr. Deputy Attorney General
Mandee Bowsmith, Dept. of Administration	Micah Salerno, NDC Admin. Assistant
Rasch Cousineau, Hyas Group	Virgin Valley Water District
Merrill Desrosiers, Voya Financial	

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

Chairman Ferguson called the quarterly meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:01 a.m. on Wednesday, August 30, 2023.

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

Chair Ferguson welcomed new NDC member, Samantha Jayme.

Senior Deputy Attorney General (DAG) Henna Rasul explained a new rule for Open Meeting Law where prior to the first public comment the chair was required to read the statement on the agenda and read the phone number to call in to 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 June 9, 2023.

Motion by Vice Chair Bowman to approve the minutes from the June 9, 2023, meeting, second by Mr. Kruse. Motion passed unanimously, 5-0.

4. For Possible Action- Receive, discuss, and approve Executive Officer Report of second 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. Mr. Boehmer would provide FY2023 budget closing at the next meeting as Admin Services was still finalizing reports. A work program would be initiated to have funds needed for upcoming in-state and out-of-state/training travel.
 - ii. A report was given and reviewed on the Administrative Account data and General Ledger data. As of August 16, 2023, Admin Allowances were \$317,253.02 for full-time Plans and \$26,275.03 for the FICA Alternative Plan.
 - a. There were 227 days of reserve available.
- b. The Quarterly Plan Activity and Data Report was received and discussed. Second quarter 2023 enrollments were 255, up 9 from second quarter 2022 data.
- c. Contract Management Report -
 - i. Casey Neilon Annual Evaluation- Contract expiration July 1, 2025. The FY2023 Financial Audit was starting in September.
 - ii. Hyas Group contract would expire May 31, 2025
 - iii. Voya Financial contract would expire December 31, 2024. NDC Staff and Hyas Group were preparing for the recordkeeping Request for Proposal (RFP) which was required by statute every 5 years. Staff noted they planned to have the RFP ready for Committee review at the December meeting.
- d. Mr. Boehmer reported on staff changes at the NDC Administrative Office.
 - i. Ms. Salerno had accepted a promotion to the newly added position for NDC. The Administrative Assistant position was vacated and Ms. Thomassen was hired to fill the position as of August 28, 2023.
 - ii. The Committee inquired as to why the FY2025 salary expenses were lower than FY2024 on the budget report. Since salaries were the largest budget item, they were concerned with cash flow moving into the next fiscal year. Was the increase in enrollment enough to support the salary increases or would a fee adjustment be necessary?
 - iii. The Committee also inquired as to whether the 10% and 11% cost of living adjustments had been applied to the salary costs.

Motion by Dr. Ervin to approve the Executive Officer report, second by Mr. Kruse, motion carried unanimously, 5-0.

5. For Possible Action- Discuss and potentially take action to approve the Department of Administration request for NDC to create and implement a new 401(a) plan administered by NDC.

The Committee discussed the Department of Administration's request for NDC to create and implement a new 401(a) Plan to be administered by NDC. Highlights of the discussion included:

- a. The 401(a) Plan would initially be made available to three employees.
- b. The plan would feature the same fund lineup and participant fees as the 457 Plan.
- c. Voya would "accommodate" adding the plan for no cost to the State since NDC was an existing client.
- d. Voya noted the Plan could be up and running by the end of 2023.
- e. Voya also noted that NDC had up to a year to implement a 401(a) Plan document.
- f. Currently, NDC anticipated utilizing the Voya prototype 401(a) Plan document.
- g. The 401(a) Plan might eventually be made available to more of the NDC population, including Political Subdivisions.
- h. The Committee commented that the Plan could be an excellent recruitment and retention tool.
- i. The Committee decided to move forward with the 401(a) Plan implementation ensuring that any legal and administrative hurdles would be addressed, if applicable.
- j. NDC governance documents (Admin Manual, IPS, Cybersecurity Policy) would need to be updated to include the 401(a) Plan.
- k. Hays Group would reach out to Vanguard to determine what additional CIT documents, if any, would need to be completed for the 401(a) Plan.
- l. The 401(a) Plan would be mentioned in the upcoming 457/FICA alternative recordkeeping RFP.

Motion by Dr. Ervin to direct staff to move forward with implementation of a 401(a) Plan with the proviso that all appropriate steps are taken regarding legal reviews and any other necessary reviews. Second by Mr. Kruse, motion carried unanimously, 5-0.

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

Hyas Group provided the Investment Consultant Review which included:

- a. The Second Quarter 2023 Performance Report – Features of the report were:
 - i. Market Commentary – So far, so good. Resiliency. Immunity. Perseverance. Those words have been used to describe the major US stock indices in the first half of the year. While the Dow 30 was up a modest 3.8%, the more broadly represented S&P 500 was up 15.9% and the NASDAQ was borderline triumphant, up a historic 31.7% in the first six months alone. Markets continue to exchange negative news for positive returns in 2023. And it is not just stocks. Fixed income markets have also rallied against an aggressively speaking Federal reserve. In previous quarters, we discussed how participants largely stayed the course during 2022's negativity and volatility. So far this year, they had been rewarded. Market gains were primarily positive for plan participants and thus, positive for Defined Contribution Plans.
 - ii. Plan Data Review – June 30, 2023, full-time Plans' assets were \$1,021,628,955 which represented a market gain of \$34,914,326 for the quarter. Net cash flow was negative for the quarter and year-to-date at -\$5,701,654 and negative year-to-date at -\$9,745,044. For the Second Quarter, \$721,219 transferred into fixed income which was 0.07%.
 - iii. Current Fund Lineup Overview and Performance Review
 - iv. Plan Fee/Revenue Analysis – Fees were weighted at 26.7 basis points, down 0.8 basis points from last quarter and down 21% from 2020.
- b. The Voya Fixed Account and Corporate Ratings Analysis was reviewed and discussed.

- i. 3-month T-Bill, 5-year CMT, US Corporate, and High Yield were added as comparison benchmarks along with Bloomberg Aggregate.
 - ii. Additional information would be added to the analysis in future meetings including portfolio value, duration, and yield to maturity.
 - iii. The Committee asked how their rate and product compared to other Capital Preservation options. It was noted that the NDC rate (3%) was higher than most Capital Preservation options. It was also noted that NDC had a more favorable product exit provision with the 12-month notification provision.
 - c. Legal, Regulatory Communication Updates which included:
 - i. SECURE Act 2.0 – The IRS announced a 2-year administrative delay on Section 603 of SECURE Act 2.0 until January 1, 2026. This was the provision that required age 50+ catch-up contributions to be made on a Roth basis for an individual earning over \$145,000 in prior year wages. The provision was initially set to take effect on January 1, 2024. This was generally a good thing for plan sponsors as it allowed more time to prepare for the regulation to go into effect. Hyas Group would share more information as additional guidance was provided.
 - ii. Cybersecurity Policy Statement Update:
 - a) Committee feedback from June 9 had been incorporated.
 - b) The Committee thanked staff and others for their work on the document.
 - c) The Committee approved the Cybersecurity Policy Statement.
 - d) The document would be reviewed and updated (if necessary) annually at the January Planning Meeting.

Motion by Mr. Kruse to accept the Hyas Group report. Second, by Dr. Ervin, motion carried unanimously, 5-0.

Motion by Dr. Ervin to adopt the NDC Cybersecurity Policy. Second by Ms. Jayme, motion passed unanimously, 5-0.

7. For Possible Action- Receive updated report and recommendations on the SECURE Act 2.0 Section 603 Age 50+ Catch-up/Roth provision.

The Committee reviewed IRS Guidance from August 25 regarding SECURE Act 2.0 Section 603. As noted previously, this was the provision that required age 50 catch-up contributions to be made on a Roth basis for an individual earning over \$145,000 in prior year wages.

- a. The guidance delayed implementation of Section 603 until January 1, 2026.
- b. The guidance also noted that FICA exempt Plans such as Nevada might not be required to follow the Section 603 mandatory Roth provisions.
- c. Further guidance was expected in the coming months and years prior to January 1, 2026.

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

Mr. Bastien and Mr. Desrosiers provided their second quarter 2023 report for the period ending June 30, 2023. Highlights included:

- a. Voya Plan activity:
 - i. Overall net cash flow was negative (\$6,310,531) for the quarter.
 - ii. Top rollover recipients were Fidelity and Charles Schwab with \$1.4 million each.
 - iii. 1,000+ small accounts would be terminated. Notifications had been sent to affected participants and payroll centers.

- b. Voya provided a Communications update that included:
 - i. An overview of Nevada Saves Month campaign was provided.
 - ii. An overview of National Retirement Security Month campaign was provided.
 - iii. The “NV Your Retirement” campaign was introduced.
- c. Voya also noted upcoming changes and enhancements:
 - i. An updated participant dashboard was coming September 8.
 - ii. Artificial Intelligence tools were being utilized to push notifications, detect fraud, and more.
- d. Voya Field activity update:
 - i. 255 enrollments, 71 group meetings and 1,648 individual meetings were conducted during the quarter.

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

9. 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. Chair Ferguson and Mr. Boehmer would be attending.
- b. The NAGDCA 2023 Annual Conference would be held in Seattle, Washington on October 8-11, 2023. Chair Ferguson, Dr. Ervin, and Ms. Jayme along with Mr. Boehmer would attend.
- c. The Pensions and Investments DC West Conference would be held in Carlsbad, California on October 22-24, 2023. Mr. Boehmer would attend.

10. For Possible Action- Confirm Quarterly Meeting for August 30, 2023. Schedule Annual Planning meeting and next quarterly NDC meeting in first quarter 2024. Schedule any special meetings.

The upcoming Committee meeting schedule:

- a. 3Q2023 Quarterly Meeting would be held in person on December 1, 2023.
- b. The 2024 Annual Planning Meeting would be held in person on January 18, 2024.
- c. 4Q2023 Quarterly Meeting would be held on February 29, 2024.
- d. The Committee might have special meetings to discuss the recordkeeping RFP as necessary and if allowed by open meeting law.

11. Committee Members comments

This was Committee members Matt Kruse and Kent Ervin’s last meeting as their terms would expire September 30, 2023. Members Kruse and Ervin thanked the Committee, Staff, Voya, and Hyas Group for their work on the Plan. The Committee staff, and attendees thanked members Kruse and Ervin for their service to NDC.

12. Update from Investment Consultant

There were no additional updates from Hyas Group.

13. Update from Recordkeeper

There were no additional updates from Voya.

14. Administrative Staff/Department of Administration Updates

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

15. Public Comment

There were no closing public comments.

16. Adjournment

The meeting was adjourned at 12:23 p.m.

Respectfully submitted,

Micah Salerno
NDC Administrative Assistant