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STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

**PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM**

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**DEFERRED COMPENSATION COMMITTEE  
ANNUAL PLANNING MEETING MINUTES**

Tuesday, January 10, 2023

The planning meeting of the Deferred Compensation Committee was held on Tuesday, January 10, 2023, at 8:30 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  
Susie Chang  
Kent Ervin  
Jeff Ferguson, Vice Chair  
Matt Kruse, Chair

**OTHERS PRESENT**

Bishop Bastien, Voya Financial	Matt MacDonald, Hyas Group
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 Kruse called the planning meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:02 a.m. on Tuesday, January 10, 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 meeting minutes for meeting held on November 18, 2022.**

**Motion by Vice Chair Ferguson to approve the minutes from the November 18, 2022, meeting, second by Ms. Bowman. Motion passed unanimously, 5-0.**

4. Public Hearing: Proposed Regulations LCB No. R054-22RP1 (Informational Only)

The purpose of the hearing was to solicit comments from interested persons regarding the adoption of regulations that pertained to LCB File No. R064-21. The proposed regulations would establish authority and clarify how Employer Deferred Compensation contributions could be made. Specifically, contributions could not be made if an Executive Branch of State Government participated in the Public Employees' Retirement System (NVPERS). Departments not contributing to NVPERS could make Employer Deferred Compensation contributions as long as the Employer/Employee contributions were within federal limits. The recommendations were made to change the regulation not statute. A workshop was held in October and public comment was received. Everything was provided to LCB Legal and the draft at the meeting was what came from the information submitted. Division of Internal Audits affirmed the proposed language met their expectation.

Dr. Ervin noted that he reviewed the audit report and workshop comments. He appreciated that the draft was much clearer than the earlier version but still had some questions as listed below:

- Section 4 –Where was the authority to make policy relative for employer contributions for entities not contributing to PERS? Was there authority to make this policy change in NDC statute? The distinction between PERS employees and non-PERS employees was not clear.
- Had the proposed regulation been reviewed by the current administration?
- How would the new policy affect contributions to the Plan?

Mr. Boehmer clarified that some Boards do not contribute to PERS, so they use NDC as their sole retirement contribution. The language states if an Executive Branch entity contributes to PERS then they cannot do employer contributions. He also noted he forwarded the language to the new Director of Administration but had not heard if he reviewed it. Currently, only one Executive Branch entity made employer contributions with less than 10 employees.

5. Public Comment: Proposed Regulations LCB No. R054-22RP1

There was no public comment related to Proposed Regulations LCB No. R054-22RP1.

6. For Possible Action – Consideration of Adoption of Proposed Regulations LCB No. R054-22RP1.

Vice Chair Ferguson stated that since there was no other written or public comment and believed it had been vetted, he did not see the need to postpone.

**Motion by Vice Chair Ferguson to approve the Proposed Regulations for LCB No. R054-22RP1. Second by Ms. Bowman.**

Dr. Ervin had reservations as a policy but would go with the representation of LCB's interpretation of audit recommendations to move forward to support the adoption.

Vice Chair Ferguson commented that since the changes would be done in NAC as opposed to NRS it could be updated or corrected in the future, if something unforeseen occurred.

Mr. Boehmer noted if anyone was not comfortable with the recommendations, they could go back to LCB legal to voice their reservations. He wanted to ensure everyone was okay with the language.

**Vote on the motion was taken and the motion passed unanimously, 5-0.**

7. For Possible Action- Receive and discuss Annual Training overview of:

a. Annual Open Meeting Law Training

Senior DAG Henna Rasul presented an overview of Open Meeting Law.

b. Hyas Group fiduciary education training including:

- i. Fiduciary Review
- ii. SECURE 2.0 Overview – A lengthy discussion was held regarding SECURE 2.0 provisions specifically centered around the following items:
  - I. First of the Month Rule – was eliminated by SECURE 2.0. The Plan Document would need to be amended to remove mention of the first of the month rule. Voya noted they were working on administrative modifications, if any, to eliminate the requirement in their systems.
  - II. Emergency Savings Accounts (ESAs) – Section 127 of SECURE 2.0 permitted plan sponsors to offer short term or emergency savings accounts. The limit was \$2,500 funded with after tax Roth contributions. The account would be treated as a “sidecar” account administered by the recordkeeper. The Committee was interested in further exploring that option once more information was available.
  - III. Required Minimum Distribution (RMD) age moved from 72 to 75 over an extended period through 2032.
  - IV. Matching contributions to include Roth, when applicable. NDC Staff and the Committee noted that the plan Document should be reviewed and possibly modified to include Roth matching contributions, where applicable.
  - V. Catch-up contributions must be Roth for all participants earning over \$145,000 annually. There was discussion around the special three-year 457 catch-up and whether those contributions would be Roth. The three-year catch-up was not specifically addressed in SECURE 2.0. That Roth/catch-up provision was not effective until December 31, 2023, so hopefully there would be clarity over the coming months.
- iii. Fiduciary Quiz

Chairman Kruse called a 5-minute break.

8. For Possible Action- Investment Line-Up Discussion and Review.

Mr. Cousineau and Mr. MacDonald from Hyas Group reviewed the investment lineup and information on possible replacement of the growth stock fund.

- a. Large Cap Growth Manager Search – As requested by the Committee at the November 18 meeting, Hyas Group provided additional information including updated performance, style drift metrics, and ESG data. After some discussion the Committee decided to replace the T. Rowe Price Growth Stock Fund (PRUFX) with the JP Morgan Large Growth R6 (JLGMX). The change would impact approximately \$53 million (5.8%) in Plan assets. Hyas Group would notify Voya who indicated the change would likely occur within 60 days.

**Motion by Vice Chair Ferguson to replace T. Rowe Price Growth Stock Fund with JP Morgan Large Growth R6 Fund as soon as administratively possible. Second by Ms. Chang, motion carried unanimously, 5-0.**

- b. Hyas Group provided an Environmental, Social, and Governance (ESG) overview for the existing fund lineup. All funds were included except Voya Fixed (no ticker) and Sterling Bond (STRDX). ESG data was not available for those funds. After some discussion, the Committee thanked Hyas Group for the information.

9. For Possible Action- Conduct annual review and discussion of current NDC governing documents and plan design.

- a. Investment Policy Statement (IPS) – The following updates were included:
  - I. Add 2070 and remove 2015.
  - II. The move to CITs did not require IPS changes since the language already permitted using them.

**Motion by Dr. Ervin to approve the changes to the IPS. Second by Ms. Bowman, motion passed unanimously, 5-0.**

- b. Cybersecurity Policy – Hyas Group also provided an update regarding the Cybersecurity Policy. The document was 80% final with some edits remaining. Hyas Group would update the Policy and hoped to have a final version ready to NDC by April.
- c. 457(b) Plan Document – NDC staff and the Committee discussed SECURE implications to the 457 Plan Document. NDC staff requested Hyas Group and Voya help staff prepare a list of option SECURE 2.0 provisions for possible inclusion in the Plan Document.
- d. Federal Insurance Contributions Act (FICA) Alternative Plan Document – NDC staff and the Committee discussed SECURE implications to the FICA Alternative Plan Document. NDC staff requested Hyas Group and Voya help staff prepare a list of option SECURE 2.0 provisions for possible inclusion into the Plan Document.
- e. Review NDCs Nevada Revised Statutes (NRS), Nevada Administrative Code (NAC), and State Administrative Manual (SAM) – NDC staff noted if the SAM was a necessary document since NDC already had its own Admin Manual.
- f. Administrative Manual – significant changes were made in 2022 to the NDC expense policy.
- g. Discuss and review any proposed future Plan initiatives and/or Plan design changes – NDC staff noted that with a new Governor and administration, it may be “back to the drawing board” for some of the recently proposed items such as auto-enrollment and auto-escalation.

10. For Possible Action- Review 2022 NDC Strategic Plan, discuss any future strategic initiatives for 2023, and receive and discuss Marketing/Communication/Education Administrative plan for 2023.

The 2022 Annual Administrative and Strategic Plan was reviewed. Highlights included:

- a. Voya provided a review of 2022 education and communication initiatives and results.
- b. Voya provided an overview of the 2023 education and communication calendar.
- c. Emergency Savings Accounts (ESA) – Voya noted they had an out of Plan solution currently, but based on SEURE 2.0 ESA provision, may be working towards an in-Plan solution sooner rather than later. Voya would continue to update the Committee.

11. For Possible Action- NDC contract(s) review and Program contract evaluations:

- a. The existing contract expirations were reviewed:

- i. Investment Consulting/Compliance review contract – Hyas Group, would expire May 31, 2025
  - ii. Recordkeeping contracts – Voya Financial, would expire December 31, 2024. RFP prep would begin around August 2023 and could include forming and RP evaluation sub-committee.
  - iii. Financial Audit contract – Casey Neilon, would expire July 31, 2023. Mr. Boehmer indicated he would like to extend the contract if they received permission and the Committee agreed.
- b. Mandatory Vendor Rating Evaluations discussion and review:
- i. Investment Consultant/Compliance Audit Contractor (Hyas Group), 2.15 rating
  - ii. Financial Audit Contractor (Casey Neilon), 1.88 rating
  - iii. Recordkeeper (Voya Financial), 1975 rating

12. For Possible Action- Discuss participation in the following training opportunities:

- a. National Association of Government Defined Contribution Administrators (NAGDCA) Sponsored Washington DC Fly-In and conference – date to be determined.
- b. NAGDCA Annual Conference, October 8-11, 2023, Seattle, Washington. There was budget approval for three people to attend.
- c. Institutional Investors (I.I.) Conferences- DC Institute- April 18-19, 2023, Chicago; September 13-14, 2023, Half Moon Bay; DC Symposium- December 2023, NYC. Institutional Investors reached out to Mr. Boehmer and asked him to serve on their advisory board. If any of the Committee members wanted to speak or moderate at one of the conferences, I.I. would cover travel costs for them to attend.

13. For Possible Action- Election of Committee Chair

**Motion by Dr. Ervin to nominate Jeff Ferguson to serve as Chair. Second by Chair Kruse, motion passed unanimously, 5-0.**

**Motion by Dr. Ervin to nominate Debbie Bowman as Vice Chair, seconded by Chair Kruse. Motion passed unanimously, 5-0.**

14. For Possible Action- Confirm upcoming NDC Quarterly Committee meeting for February 23 and schedule quarterly meeting for May/June 2023.

The upcoming NDC Quarterly Committee meeting schedule:  
Quarterly Meeting reviewing 4<sup>th</sup> Quarter 2022: February 23, 2023, virtual meeting.  
Quarterly Meeting reviewing 1<sup>st</sup> Quarter 2023: June 9, 2023, in person meeting.

15. Committee Members comments

Dr. Ervin asked for the date of adoption of funds by Committee be added to the quarterly report.

16. Update from Investment Consultant

Hyas Group had no further updates.

17. Update from Recordkeeper

Voya had no further updates.

18. Administrative Staff/Department of Administration Updates

Mr. Boehmer thanked all the attendees.

19. Public Comment

There were no closing public comments.

20. Adjournment

The meeting was adjourned at 3:09 p.m.

Respectfully submitted,

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Micah Salerno  
NDC Administrative Assistant