

**WASHOE COUNTY
DEFERRED COMPENSATION COMMITTEE
MEETING MINUTES**

Wednesday, February 11, 2015

Committee Members Present:

Darrell Craig, Chairman
Mary Doyle, WCDAIA (Alternate)
Cindy Fladager, Judicial/Probation
Paul McArthur, Secretary/Treasurer
Scott Thomas, WCSDA

Also Present:

Sue Sabourin, Human Resources
Karen Jeffers, Human Resources
Michael Large, Legal Counsel
Mike Fleiner, Bidart & Ross
Robert Trenerry, MassMutual
Darlene Delany, Comptroller

Committee Members Absent:

Scottie Wallace, WCEA
Stephanie Shuman, Vice-Chair

1. Call to order and roll call

Meeting was called to order at 2:00 p.m. and a quorum was confirmed.

For the record, Chairman Craig advised Mary Doyle was sitting in for Member Schuman, and that Member Wallace and Member Paul McArthur were not present. He also introduced Michael Large, who will be assuming the role of legal counsel for the Committee, previously held by David Watts-Vial.

2. Public comment

Chairman Craig welcomed two members of the public in attendance. Bishop Bastien (Roseville, CA) and Dianne Patane (Carson City, NV) from Voya introduced themselves. Chairman Craig advised Voya used to be ING and now has the State deferred compensation contract.

3. Approval of December 5, 2014 meeting minutes

Motion to approve was made, seconded; passed unanimously.

5. Discussion and possible action concerning all areas of final program design for the auto enrollment program which may include discussion and action on program implementation, strategies, and objectives, and future meetings with Washoe County labor associations to present and discuss the same

Chairman Craig talked about the WCEA executive board meeting he attended last month. They had a lot of questions, but by the end of the meeting, there was mostly positive feedback and support. He stressed that it was up to them to decide how the auto enrollment would look and encouraged them to invite one of the Committee members back if they had further questions. Carla Fells, Executive Director of the WCEA, told Chairman Craig that it would be up to management to bring this proposal forward. Member Thomas indicated he is in discussion with his bargaining unit and while he can't disclose the particulars, he did advise that he felt it was up to the bargaining units to bring this forward, not management. Ms. Sabourin will speak to John Listinsky, Director of Labor Relations, to advise him of Ms. Fell's comments. Ms. Sabourin also reminded the Chairman that he was going to contact the Nurse's Association to set up a meeting with them. Chairman Craig and Member Thomas will work out who should contact the Nurse's, and Ms. Sabourin will resend the contact information to Chairman Craig.

2:05 Member McArthur and Comptroller staff member, Darlene Delany, entered the meeting.

Member Fladager brought the proposal forward to the Court Administrator and wondered if she should communicate with someone at the District Attorney's Office as well. Ms. Sabourin read the Committee Resolution describing which group appointed Cindy's position, and could only suggest that Member Fladager contact the Chief Administrative Judge. Member Fladager also commented that she was asked by

the Court Administrator to include deferred compensation facts in their monthly newsletters, and she will be giving a deferred compensation presentation, along with the Court's Fiscal Services Administrator, at the next District Court Town hall meeting.

Chairman Craig asked if Member McArthur had approached anyone on the executive team yet and Member McArthur said that he had received individual opinions, but no collective opinions. Ms. Sabourin advised that once WCEA implements a benefit, non-represented employees typically follow. Member Thomas advised there is a drop dead date for each bargaining unit to present their proposals so we needed to be aware of those dates so as not to miss the opportunity. Chairman Craig commented that he wouldn't be surprised if only one or two bargaining units implemented auto enrollment this year, but feels even that would be a good start and that others would follow.

Member Thomas thought the Committee needed to start thinking about how we would implement this if one of the bargaining units actually agreed. Ms. Sabourin said the bargaining unit would need to do some sort of educational piece for their members. Chairman Craig advised our Plan Document would have to be amended and Mr. Trenerry indicated we should get that ball rolling right now, and that he would take the lead on this. Chairman Craig asked Member McArthur how long Payroll would need to implement. Member McArthur said he thought Payroll would need at least one month, but more would be better for testing purposes. He indicated Payroll would have to do very little; it would just be a matter of getting the paperwork to them.

The Committee asked about the opt-out procedure, which hasn't been decided yet. If the process is done through the portal (ESS), that means more testing time; if by paper, it will be easier. Ms. Doyle said she would like to be able to use ESS to increase her deferred compensation contributions, rather than trying to find a form every time she wants to make a change. Member Thomas asked if we could draft something, and Mr. Trenerry offered to provide a sample copy of an opt-out form. Chairman Craig asked him to send it to Ms. Sabourin and she will send to the other Committee members. Chairman Craig stated there may be more issues coming up which may require the Committee to convene again before the next meeting in May, so wanted everyone to be aware of that possibility.

6. Discussion and update on RFP for Record-Keeping and Administrative Services of Retirement Savings Plan

Mr. Fleiner updated the Committee on the status of the RFP. He is currently gathering some year-end statistical data from the County and MassMutual and will be issuing the RFP on February 27. Vendors will be allowed to ask questions until March 27, proposals will be due on April 10, and the process will run through May 15. The Review Committee will be comprised of Bidart & Ross, Chairman Craig, Member McArthur and possibly Comptroller staff member Darlene Delany. Mr. Fleiner will put together a scoring matrix for the review process and a final decision should be reached by the end of June. Chairman Craig also wanted to notify the Committee that he will be out of town from April 5 to the 18.

4. Treasurer's report

Member McArthur reviewed the financial report for the seven months ending January 31, 2015 with comparative totals at June 30, 2014 and January 31, 2014. He indicated that professional services increased from the last seven month period (from \$23,000 to \$36,000) but no one was sure why; it may have been asset growth, or an extra quarter may be showing up. Member McArthur just wanted to bring it to the attention of the Committee and said he would break out both seven month periods for the next meeting. He also indicated our cash position is trending down, which the Committee was already aware of, and Mr. Fleiner and Mr. Trenerry added that the 2014 revenue sharing fee of \$29,500 would be coming in shortly.

7. Quarterly review of MassMutual's account service objectives

Mr. Trenerry brought a draft flyer "Washoe County Profile of Success" for our review. Last year's National Save for Retirement week was so successful, MassMutual wanted to put this together to share it with some of their other plans. The Committee liked the flyer but Ms. Sabourin said she would need to check with the County's Communications Group to see if we should be using an image from their approved archives. Chairman Craig asked how it would be used and Mr. Trenerry indicated it would be used with their sales team—could be used throughout the country, with our permission. Mr. Trenerry also indicated we should repeat this campaign for the 2015 Save for Retirement Week and we could do other campaigns quarterly, such as an April campaign on the tax season and benefits of deferred compensation. Ms. Sabourin advised that although we're not currently doing a "campaign," Tom Verducci has been meeting with employees consistently over the past few weeks at various County facilities.

Mr. Trenerry quickly reviewed the fourth quarter service objectives and a few of the statistical highlights were:

- Fifty-six new 457 enrollments; two new 401(a) enrollments
- Three hundred and thirty one-on-one counseling sessions
- Twelve rollovers in
- Eight rollovers out
- Sixteen PERS purchases
- Four hardship applications; all approved
- Twenty 457 loan applications
- One hundred fifty-five ROTH participants at year's end

8. Report and presentation regarding fund performance update for the most recent quarter, and possible recommendation, discussion and action to change investment fund lineup

Mr. Fleiner reviewed the final quarterly report for 2014 and felt it was a good year from a domestic equity standpoint. We saw double digit returns from the mid-cap level down, all the way to the DOW Jones. Small caps had a lack-luster year; it was a poor year for non U.S. equities. With a rising interest rate environment, we had expected bonds to be flat or possibly negative as they were in 2013, but we did get some fairly decent returns. The long bond was the winner, at 24.7. Other highlights from the report:

- Two funds are on guarded status, American Century Equity Income Fund and The Hartford Capital Appreciation Fund. Neither fund is worthy of a replacement at this stage, but they will continue to watch them.
- The age-based model participation is now at 233, up from 148 from this time last year.
- Total assets for 2014 for the 401a are \$9M; \$136M for the 457 plan.
- The 457 plan saw a 5.6% rate of return for 2014.

The Committee talked about the possibility of showing potential enrollees that the rate of return for the age-based models has outperformed by three or four percent per year. Mr. Fleiner thought this might be difficult because we don't know how each person has invested, and there may be some who have done better than the models because of higher equity allocations. He felt the message that needs to be communicated with the models is that it's for those participants who don't want to make asset allocation and investment decisions. The models provide a way to get a prudently allocated portfolio, based on time horizons, factored by age, that will provide a return pattern that's going to be a smoother ride over time, with an absolute return that is better than the average participant is doing.

Chairman Craig asked if the RFP would require vendors to keep our investment fund line up. Mr. Fleiner said yes, we are basically saying "Here are our investments; confirm they're in your system, and tell us how you would administer them." The only change, if a change in vendor, would be the guaranteed account. Mr. Fleiner explained that receiving the full \$45,000 for revenue sharing is based on having 18 basis points, and we're only at 16, which impacted the amount we are about to receive. The RFP will be asking for quotes in both hard and soft cost terms in an effort to lock down the record keeping number.

9. Discussion and possible action regarding participation in NAGDCA's 2015 annual conference held September 27-30, 2015, in Indianapolis, IN

Chairman Craig wanted to remind everyone that rooms should be reserved now, even if you're not sure you're going, because they go fast. Chairman Craig wanted to take action on who could go to the Conference at this meeting, rather than waiting until May. Typically, the Committee allows any Committee member who wants to attend, plus one support staff; he suggested we do something similar this year. Mr. Large cautioned the Committee that they couldn't have more than three Committee members in a room at any one time. A motion was made to send any Committee member who wants to attend and up to one staff member with all costs to be paid for out of the Deferred Compensation fund. Motion was seconded, and passed unanimously.

*10. Comments by Committee or staff members

Cindy Fladager announced she is retiring June 20 of this year and that someone else will be appointed to the Committee, but she's not sure yet who that will be.

*11. Public comment

None

*12. Adjournment

Meeting was adjourned at 3:25p.m.