

# WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, August 11, 2015

## Committee Members Present

Darrell Craig, Chairman  
Heather Potts (Judicial/Probation)  
Scott Thomas, WCSDA  
Scottie Wallace, WCEA  
Mary Solorzano, Acting for ACM Hastings

## Also Present

Sue Sabourin, Human Resources  
Karen Jeffers, Human Resources  
Stephan Hollandsworth, Legal Counsel  
Mike Fleiner, Bidart & Ross  
Robert Trenerry, MassMutual

## Committee Members Absent

Stephanie Shuman, Vice-Chair

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1. Call to order and roll call  
Meeting was called to order at 2:00 p.m. and a quorum was confirmed. Introductions were made for the new Committee member and three members of the public.
  2. Public comment  
None
  3. Approval of May 13, 2015 and June 8, 2015 meeting minutes  
Motion to approve was made, seconded; passed unanimously.
  4. Treasurer's report  
The Committee reviewed the report for the period ending June 30, 2015 (it was noted that the year designations on the title line need to be corrected). The acting Comptroller reported there was nothing of note for this period except the professional services expenses are now broken down. Ms. Solorzano will have the title line corrected so that Human Resources can re-post. A motion to approve was made, seconded; passed unanimously.
  5. Recognition of the appointment of Heather Potts (Judicial/Probation/Other Court or DA Groups) effective June 4, 2015, for a two-year term  
Chairman Craig acknowledged Ms. Potts' appointment and welcomed her to the Committee. She gave a brief summary of her background: She has a bachelor's degree in finance and master's degree in accounting; she worked with a high-net worth family trust for ten years; she has been with District Court for two months and is their new Fiscal Administrator.
  6. Discussion and possible action regarding participation in NAGDCA's 2015 annual conference held September 27 - 30, 2015, in Indianapolis, IN  
Only two members are registered to attend this year. The Committee encouraged Ms. Potts to think about attending next year's conference as it would be a great learning opportunity.
  7. Discussion and possible action regarding the 2015 National Save for Retirement Week, October 18 - 24, 2015  
Ms. Sabourin reminded the Committee that we participate in this event every year and we will be setting up a series of meetings and/or educational sessions on the different ways to save for retirement.

Mr. Trenerry spoke to Caitlyn Weisgerber, Communication Consultant with MassMutual, who is prepared to start working with the County about marketing for this campaign. He also suggested we may want to take this opportunity to notify participants of the new MassMutual contract but Ms. Sabourin advised she didn't think we would have final BOARD OF COUNTY COMMISSIONERS approval at this time.

Chairman Craig asked about a speaker and Ms. Sabourin reminded the Committee that we had tried this several years ago but couldn't get adequate participation. We may want to think about offering a webinar.

8. Topic/Article ideas for Deferred Compensation fall newsletter

The fall 2015 Washoe County Deferred Compensation newsletter will be published just before Save for Retirement Week so there will be an article highlighting that event. Chairman Craig suggested something on the age-based models, as well as something that highlights the differences between the 457, the 457 Roth and the 401a. Ms. Wallace asked for a reminder that employees don't have to take out their money upon retirement. Mr. Fleiner thought we could add an article about distribution options and the advantages of staying in the plan.

Mr. Trenerry mentioned that Ms. Weisgerber is aware of the newsletter and wanted to pass on that she is more than willing to help in any way she can.

9. Discussion and possible action regarding the appointment or re-appointment of several Committee members' whose terms expire in November

Ms. Sabourin advised that Chairman Craig, Ms. Wallace and Scott Thomas' appointments are up for renewal immediately after the November 2015 meeting, so she wanted to give them a heads up about approaching their bargaining units if they are interested in renewing their membership. Ms. Sabourin will send a reminder email in the next few weeks.

10. Quarterly review of MassMutual's account service objectives

Mr. Trenerry reviewed the quarterly statistics as compared to the same quarterly statistics from 2014. A few highlights were:

- Participation in the 457 plan is up 82 employees from one year ago
- PERS purchases are up from 7 to 23
- 457 loan applications increased from 27 to 31
- Participants with a Roth balance are up from 135 to 166.

11. Update and possible action on contract negotiations with MassMutual

Mr. Fleiner indicated things are going well. We just received the draft service agreement and trust documents today, so he hasn't had a chance to thoroughly review them yet. The service provisions from the old agreements are basically staying in place with the exception of the new fee structure. We will also have the opportunity to renegotiate pricing at the plan level if our assets grow by approximately twenty-five percent in the five year period. We already get better pricing with a five year agreement, but he wanted to add this provision for some flexibility. Mr. Fleiner, legal counsel and the Benefits Manager now have to review the documents. Chairman Craig asked if Mr. Fleiner could email a copy of these documents to all Committee members, although legal counsel thought we should wait until the next meeting. Mr. Fleiner would like to button this down by September so we can take this to the Board of County Commissioners and have everything in place before the end of the year. The Committee agreed to a two-week window for review so Ms. Sabourin will email the members about setting up a special Deferred Compensation Committee meeting in the next few weeks. Ms. Sabourin will check the Board of County Commissioners calendar for submission deadlines will let Committee members know.

Because this is a new system, Mr. Trenerry wants to start home office communications as early as possible to assist employees with the transition. Ms. Solorzano indicated it would have to be after Labor Day as their office is very busy in trying to put out the Comprehensive Annual Financial Report (CAFR). Mr. Trenerry will provide Ms. Sabourin with several possible dates for the "kick off" conference call which should include Technology Services, Payroll and Human Resources.

12. 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 went through the reporting packet. The markets for the second quarter weren't great; U.S. stocks were down modestly which pretty much wiped out most of the gains we saw in the first quarter. Small cap growth into small cap blends were up slightly; international stocks were up modestly. Bonds were down pretty much across the board; long-term bonds were the hardest hit. Interest rates crept up during the quarter, partly in anticipation of the Federal Reserve possible moving the fed funds rate up later this year, but mostly it was driven by market activity. Much of that was driven by issues going on in Greece and China which continue to plague investor sentiment.

Three funds are on Guarded Status: The American Century Equity Income Fund, mainly due to lagging three to five year numbers; The Deutsche Alternative Asset Allocation Fund, which is used primarily in the age-based portfolios, and The Lazard Emerging Markets Equity Fund, also due to lagging returns, and the fact that the risk profile of the fund has slightly changed negatively.

Mr. Fleiner went through the current fund lineup and advised the three SSgA index funds (small, mid and large cap) are not available on the MassMutual recordkeeping platform, so we'll have to make a change to another index provider in those three categories. Bidart & Ross conducted searches for potential replacements that are available on the MassMutual platform and is recommending we go with Vanguard, not only because of the low fees they offer, but because they are the premiere index provider in the market place.

Mr. Fleiner went through the revenue sharing for each existing fund and explained that with the new contract, any fund that has revenue sharing will be the actual lowest share we can get to, with the exception of The Hartford Balanced Fund. Mr. Fleiner reviewed comparisons for six balanced funds and recommended we change to the American Funds American Balanced R6 fund which has no revenue sharing.

Chairman Craig asked for a motion to approve the small, mid and large cap fund changes from SSgA to Vanguard, and the balanced fund from The Hartford to the American Balanced R6 (for a total of four fund changes) simultaneously with the inception of the new contract. Motion was made, seconded, and passed unanimously.

Mr. Fleiner continued his quarterly review of the 457 and 401a plans. Utilization of the age-based models continues to grow. Participation has increased to 269 members from 181 at this same time last year. Once the new MassMutual platform is in place, we will have more flexibility with the models, such as being able to implement an automatic glide path, add a more target date approach, or even add additional models, such as at five-year increments. Enhancing these models is something we will discuss further once we're on the new platform.

Mr. Fleiner explained that in the past, MassMutual sent a reimbursement every year back to the plan to cover administrative costs. That practice is problematic, because our expenses are pretty much fixed. Going forward, the Committee will decide each year how many basis points we need for expenses. This is beneficial to the participants as we will be dropping fund expenses in several categories and dropping the administrative expenses by ten basis points.

Chairman Craig asked for a motion to reconvene in two weeks to finalize the new contract and make a recommendation to forward to the County Commission for final approval. Motion was made, seconded, passed unanimously.

\*13. Comments by Committee or staff members

Ms. Wallace stated that two employees commented to her this week that they wished they had been “auto-enrolled” when they first started with the County years ago. Mr. Trenerry commented that Clark County is doing some target marketing that we could mimic that would make enrollment even easier. Ms. Wallace would like to see the auto enrollment revisited after the first of the year.

Ms. Sabourin advised she is retiring on September 15, 2015, but that she would be in attendance at the next meeting, along with the new Benefits Manager if he/she is hired by then.

\*14. Public comment

None

\*15. Adjournment

Meeting adjourned at 3:42 p.m.