

WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, November 9, 2016

Committee Members Present

Darrell Craig, Chairman
Heather Potts (Judicial/Probation)
Mary Solorzano, Secretary/Treasurer
Scott Thomas, WCSDA
Scottie Wallace, WCEA

Also Present

Ashley Farmer, Human Resources
Mike Fleiner, Bidart & Ross
Bob Gleason, MassMutual
Kristie Harmon, Human Resources
Keith Munro, Legal Counsel
Vicki Scott, Human Resources

Committee Members Absent

Stephanie Shuman, Vice-Chairman

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 announced that Keith Munro, Deputy District Attorney was filling in for Stephen Hollandsworth, legal counsel for the Committee. Stephanie Shuman, Vice-Chairman was absent.

2. Public comment

None

3. Approve August 10, 2016 and September 7, 2016 meeting minutes

Chairman Craig called for a motion to approve the minutes as written. Member Thomas moved, Member Solorzano seconded; the motion passed unanimously

4. Treasurer's Report reviewing the Deferred Compensation Administrative Fund (MarySolorzano)

Member Solorzano reviewed the Treasurer's Report and provided the following information: Beginning cash balance for the period was \$49,691 minus expenses for a total of \$29,313. One of payments for Professional Services Reimbursement credits from MassMutual was posted and we expect to record the second payment for the 3rd quarter of calendar year 2016 soon. We expect total revenue for the year to be approximately \$46,000; slightly lower compared to fiscal year 2016. Professional Service Expenses are up slightly compared to last year. There was a slight increase in travel and dues expenses; more people attended the NAGDCA Conference this year.

5. Discussion and possible action regarding auto enrollment program, including discussion and action on program implementation, strategies, and objectives, and future meetings with Washoe County labor associations to present and discuss the same. (Darrell Craig/Scott Thomas)

Member Thomas explained that deputy recruits are enrolled in the 457 Plan upon graduation from the Academy. As part of the Deputy's Association, new deputies will be enrolled in the Plan with 3% deduction from their base wage. Currently, the Sheriff's Association is the only bargaining association in the State of Nevada participating in the auto-enrollment program. If a particular bargaining unit is interested in participating in auto-enrollment, the topic would need to be negotiated during labor discussions.

Chairman Craig asked how the recruits were notified of the auto-enrollment program. Ashley Farmer responded that the deputy recruits were sent a notification letter on October 19 or 20, 2016 informing them of the program, deferral amount and how to opt-out. Going forward, new recruits will be provided information on the auto-enrollment program during new employee orientation.

2:07p.m. Mary Doyle, District Attorney Investigator arrived. She stated she was filling in for Stephanie Shuman, Committee Vice-Chairman

6. Discussion and possible action regarding MassMutual participant account security, including discussion and action on MassMutual security process and participant communications. (Bob Gleason/Ashley Farmer)

Ashley Farmer was notified by our MassMutual Account Representative of a fraudulent attempt by an individual to gain access to a participant's account. The individual contacted MassMutual's Participant Information Center and identified himself as a Washoe County employee. The individual provided personal information such as, date of birth, social security number, first and last name and address. The purpose of this agenda item is to inform the Committee that there is a risk to participants and their accounts if their identity has been compromised. Mr. Gleason commented that participants should be encouraged to take additional measures to protect their account. Participants can contact MassMutual and set up a security question and a security pin number. Mr. Fleiner suggested putting an article in the upcoming newsletter informing participants to protect their personal identity information and to contact MassMutual to set up additional security measures; the Committee agreed.

7. Quarterly review of MassMutual's account service objectives. (Bob Gleason)

Mr. Gleason began his review of the Washoe County Third Quarter 2016 Summary Sheet:

- Meeting results for the quarter
- Rollovers results
- 401(a) and 457 Loan results
- Hardship results
- 401(a) & 457 Fund and Age Average results
- ROTH results

Mr. Gleason reviewed the Summary Report:

- Executive Summary plan statistics for 457 Plan
 - Assets up 3 %
 - Outstanding loan balances down 4%
 - Participant contributions up 19%; rollovers up 234%
 - Terminations up 159%; Withdrawals down 28%; Loans down 27%
 - Expenses down 13%
 - Investment Income up 99%
- Participant Activity for 457 Plan
 - Total participants up 5 participants
 - Average account balance up about \$1,800 in 457 Plan
 - Average number of investments at 6.6
 - Outstanding loans 284
- Reviewed Participant Diversification in the 457 Plan
 - 53% of the population has 5 or more investment options
 - 27% of the population has one investment option
- Reviewed 457 Plan Balances by Investment
 - GIA is 4% through the end of this year; beginning in January 2017 the GIA is expected to be 3.75%. Mr. Gleason will notify Ashley Farmer when he receives confirmation of the GIA rate for 2017.
- Reviewed Balances by Age as of September 30, 2016
 - Generally as people age, the investment allocation becomes more conservative
- Participant Interactions
 - Tracked interactions on the toll free 800# and website
- Loan Summary
 - Total value of outstanding loans - \$2,519,000

Chairman Craig asked if MassMutual produces a report that compares the average loan balance for plans similar to Washoe County's plan. Mr. Gleason stated that he will look into producing a comparison report.

8. Discussion and possible action regarding the acquisition of Bidart & Ross by The Bogdahn Group, including discussion and possible action regarding consenting to the assignment of Washoe County's current investment advisory agreement with Bidart & Ross, Inc., to Bogdahn Consulting, LLC. (Mike Fleiner)

Mr. Fleiner referred to a letter addressed to Chairman Craig that was provided to the Committee stating effective January 1, 2017, Bidart & Ross will be acquired by the Bogdahn Group. The Bogdahn Group is a large, institutional consulting firm based in Florida. Mr. Fleiner will continue to service the account and the terms and conditions will remain the same; two things that will change is the reporting structure and quarterly invoices will now come from the Bogdahn Group. Washoe County will be required to sign a consent agreement allowing the current contract to be assigned to the Bogdahn Group. Member Wallace inquired if there is a need to look at other companies at this time.

Mr. Munro advised that between now and the first of the year you can decide if you want to go out to bid. Alternatively, you can sign the consent agreement and, if the contract is not working out as agreed, it can be terminated according to the dictates of the termination clause in the contract; at that time, you can go out to bid.

Member Solorzano moved that the Deferred Compensation Committee recommend to the appropriate approval authority to accept and sign the consent agreement presented by the Bogdahn Group on behalf of Bidart & Ross. Mary Doyle seconded; motion passed unanimously.

9. Report and presentation regarding fund performance update for the most recent quarter, and possible recommendation, discussion, and action to change investment fund lineup. (Mike Fleiner)

Mr. Fleiner reviewed the quarterly report ending September 30, 2016 and provided the following information:

- Hartford Capital Appreciation Fund on the watch list and will be replaced by Wells Fargo Fund on November 9th.
- Deutsche Real Assets is also going to be removed on November 9th.
- Hotchkis & Wiley and Hartford Small Company are still on the watch list
- Age-based portfolios will be expanded to include 5-year increments on November 9th.
- 251 participants are using the 457 age-based models
- 401(a) Plan assets total \$9.9 million dollars
- 16 participants using the 401(a) age-based models
- Plan level Performance – 457 Plan; finished the quarter up 3.2%
- Total 457 assets grew by \$4 million dollars; total for the year is up by \$7 million in growth
- 5.3 % YTD total return for the Plan
- Reviewed fund performance
- All of the age-based models out-performed for the quarter; lower risk funds are out-performing and ranking very well versus other target date strategies.
- Reviewed contribution history – 457 Plan; seeing an upward sloping trend of contributions from quarter to quarter
- Reviewed plan fees and expenses; average record keeping cost per participant is \$53 dollars

Chairman Craig inquired if an article could be added in the upcoming newsletter to inform individuals that the age-based models offer aggressive returns with minimal risks. Chairman Craig commented that the number of participants in the age-based models lag compared to the industry average. Mr. Fleiner agreed to add an exhibit in the newsletter illustrating how the age-based models are performing. Mr. Gleason suggested that he arrange for Tom Verducci to conduct education seminars on the topic of diversification strategies and highlight the pre-mixed portfolios that are already diversified. Ashley Farmer suggested working with Caitlyn on a handout that could be provided to individuals as a reference guide. Mr. Gleason will follow up with Caitlyn to develop a separate communication piece and reference the dates of the seminar. Member Wallace asked if there might be future plans to offer webinars for people who are unable to attend seminars. Ashley Farmer responded that there might be a possibility of WCTV taping the seminars and making it available to employees.

10. Comments by Committee or staff members (this item is limited to announcements or topics/issues proposed for future workshops/agendas).

11. Public comment

Mr. Gleason announced that a webinar on Fiduciary Responsibility for Plan Sponsors is scheduled for November 10 and November 15, 2016.

Chairman Craig asked if members who attended the NAGDCA Conference could comment on their experience at the conference. Ashley Farmer commented that she found the activities and seminars informative and would recommend the conference to other committee members. Member Thomas commented that he met with individuals from the City of Pomona and asked about their experience with implementing their auto-enrollment program.

12. Adjournment

Meeting adjourned at 3:30 p.m.