

WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, August 14, 2019

Committee Members Present

Darrell Craig, Chairman
Lisa Gianoli, Retiree
Cathy Hill, Secretary Treasurer
Kendra Materasso, Second Judicial District Court
Russ Morgan, Comptroller (Comptroller alternate)
Scott Thomas, Vice-Chairman
Scottie Wallace, WCEA

Also Present

Ashley Berrington, Human Resources
Mike Fleiner, AndCo
Kristie Harmon, Human Resources
Stephan Hollandsworth, Legal Counsel
Vicki Scott, Human Resources

Also present:

Natalie Daniels, Voya Relationship Manager
Brian Alemany, Voya Plan Manager

1. Call to order and roll call
Meeting was called to order at 2:02 p.m. and a quorum was confirmed.
2. Public comment
None
3. Welcome and introduction to retiree member Lisa Gianoli.
Committee welcomed new committee member, Lisa Gianoli.
4. Welcome and introduction of Voya representatives, including Natalie Daniels, Relationship Manager; and Brian Alemany, Plan Manager.
Welcome and introductions of Voya representatives Natalie Daniels, Relationship Manager; Brian Alemany, Plan Manager.
5. Approve May 8, 2019 meeting minutes.
Chairman Craig called for a motion to approve the minutes as written. Member Wallace moved; Member Hill seconded; motion passed unanimously.
6. Treasurer's report reviewing the Deferred Compensation Administrative Fund.
Member Hill stated that although there was an overall increase in the cash balance; the cash balance decreased 44% from April of 2019. Additionally, upcoming expenses from the NAGDCA Conference in September will be incurred. Expenses are in line compared to the previous year.
7. Review and discussion of the Deferred Compensation Committee's operating expenses, funding thereof, and participant fees, and, based on that discussion, discussion and possible action to revise the Committee's Excess Revenue Policy and Expense Fee Policy.
Member Hill stated that she reviewed the Excess Revenue Policy and confirmed that the Excess Revenue Policy allows for regular review of the fund and allows for the Treasurer to make a recommendation to the Committee if there are excess revenues, the amount of excess revenues and whether a distribution of excess revenue should occur.

Member Hill noted a typo in the Excess Revenue Policy in the second to the last paragraph, "After the review, The Treasurer..." Correction will be made.
8. Discussion regarding Committee members participating in the National Association of Government Defined Contribution Administrator's annual conference, held this year from September 8-11, in New Orleans, LA.
Ms. Berrington noted the Committee members who will be attending the annual conference in New Orleans, LA.: Ashley Berrington, Darrell Craig, Lisa Gianoli, Cathy Hill and Scott Thomas.
9. Discussion regarding the 2019 National Retirement Security Week, October 20-26, 2019 including participant communications and meetings with Voya Enroller/Education Consultant, Tom Verducci.
Ms. Berrington commented that Voya will provide National Retirement Security Week campaign materials. Tom Verducci is scheduled at various locations throughout the County to meet with employees.
10. Update, discussion, and possible action regarding recordkeeping and administration transition for the County's deferred compensation plans to Voya Financial, including discussion of implementation progress, new plan documents, participant meetings and communications, and Plan Sponsor site access.
Ms. Berrington stated that the transition to Voya was successful.

Mr. Fleiner informed the Committee that the current plan documents need to be revised to include new plan provisions and to be in accordance with current laws. Mr. Fleiner and Voya contacted vendors to solicit quotations to review and update the Plan Documents. Mr. Fleiner recommended the law firm of Morgan and Lewis.

Chairman Craig called for a motion to proceed with Mr. Fleiner's recommendation to move forward with the law firm of Morgan and Lewis. Member Hill moved; Member Wallace seconded; motion passed unanimously.

11. Update, discussion, and possible action regarding participant loans, including update on 401(a) participant loans, loan terms, and the number of loans available to participants.

- Payoff terms for residential loans: 401(a) residential loan payoff term is 57 months compared to 360-month payoff term for a 457 residential loan. Currently, no one is using funds in their 401(a) for residential loan purposes.

The Committee discussed if the terms of residential loans for the 401(a) Plan and the 457 Plan should be the same. The Committee continues to support current plan provisions; no action was taken.

- Number of loans made available to participants: Currently, the Plan allows participants one loan with no refinance provision. MassMutual was allowing participants to refinance their loan; Voya does not support refinancing.

Committee discussed and continues to support current loan provisions; no action was taken.

12. Update, discussion, and possible action regarding current and new labor-organization participation in the Deferred Compensation Plan's Automatic Enrollment and Auto Escalation programs, including discussion and possible action regarding the default investment fund for Automatic Enrollment participants.

Member Thomas informed the Committee that the Sheriff's Deputies Association ratified a new labor agreement to include auto-escalation. New Deputies are automatically enrolled with a 3% contribution rate; the contribution increases 1% every year with a 10% cap. The Washoe County Employees Association also ratified a new labor agreement to include auto-enrollment for nonsupervisory and supervisory at 3%; no auto-escalation.

Mr. Fleiner explained to the Committee that currently all auto-enrolled participants default in the Voya Fixed Account. Further stating that automatic default to a fixed account is not considered an industry standard and recommended using Target Date Models. The Committee discussed the pros and cons and determined that participants will continue to be enrolled in Voya's Fixed Account; however, educational information and targeted communication will be sent to participants to discuss investment choices and diversification.

13. Review and discussion of and possible action to revise or correct the Washoe County Deferred Compensation Program Investment Policy as part of the Policy's annual review, including changes recommended by AndCo Consulting's Mike Fleiner.

Based on the feedback provided from the Committee at the previous Deferred Compensation Committee meeting, the following changes were made to the Investment Policy:

- Removed Appendix A
- Added language surrounding "guarded" versus "watched" funds on Page 4, "Summary of Evaluation Process" section.

Chairman Craig called for a motion to approve the updated Investment policy with one correction to eliminate the word "determine" and replace with "advise" on Page 4, "Summary of Evaluation Process" section. Member Hill moved; Member Materasso seconded; motion passed unanimously.

14. Discussion and possible action about the current Washoe County Age-Based (WCAB) custom-investment options, in light of AndCo Consulting ceasing to support these custom options by the end of calendar year 2019; this will include the identification and possible selection of Target Date Funds to replace the current WCAB funds for an effective date of January 1, 2020.

Effective January 1, 2020, AndCo will discontinue to support the Washoe County Age-Based custom investment options. Mr. Fleiner explained that current participants utilizing the Age-Based custom investment option will be moved to target date investments. Based upon research conducted by AndCo, Mr. Fleiner provided three options:

- American Funds Target Date Retirement
- T. Rowe Price Retirement
- Vanguard Target Retirement

Mr. Fleiner reviewed the three target date fund options and recommended the American Funds Target Date fund based on overall performance.

Chairman Craig called for a motion to proceed with the American Funds Target Date option as recommended by Mr. Fleiner. Member Wallace moved; Member Gianoli seconded; motion passed unanimously.

15. Quarterly review of Voya's account service objectives.

Ms. Daniels, Voya Relationship Manager provided a review of the First Quarter Plan Review (4/1/2019 through 6/30/2019) noting data is incomplete as the transition to Voya was effective June 6, 2019.

16. 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 Investment Performance Review report for period ending June 30, 2019.

Mr. Fleiner noted that the Lazard Emerging Markets and Dimensional Funds Advisors (DFA) International Small Cap funds are on "Watch Status." Mr. Fleiner researched replacements for both funds; however, due to low plan utilization, Mr. Fleiner recommended the Committee consider eliminating the two funds and continue to offer the American Funds Euro Pacific Growth fund. Current participants in the Lazard Emerging Markets and DFA International Small Cap funds will be mapped to the American Funds Euro Pacific Growth fund effective January 2, 2020.

Chairman Craig called for a motion to eliminate the Lazard Emerging Markets and the DFA International Small Cap funds effective January 2, 2020; participants will be mapped to the American Funds Euro Pacific Growth fund. Participants will be notified of the change. Member Hill moved; Member Wallace seconded; motion passed unanimously.

17. Presentation, discussion, and possible action about participants who have separated from County service with less than the \$1000 minimum required balance, including whether staff should direct Voya to communicate to these participants that their funds will be distributed to them, unless the participants elect otherwise.

Ms. Berrington stated that the Plan has a provision requiring a minimum balance of \$1000. Voya, at the direction of the Committee, can notify participants that funds will be disbursed unless participants elect otherwise.

Chairman Craig called for a motion to direct Voya to notify participants with a balance of less than \$1,000 that funds will be disbursed unless participants elect otherwise. Member Hill moved; Member Materasso seconded; motion passed unanimously.

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

Ms. Berrington announced that appointments for committee members, Chairman Craig, Member Wallace and Member Thomas will end in November of 2019. Ms. Berrington will contact the respective bargaining associations for appointments or replacement nominations. New Committee members will be invited to the Deferred Committee meeting on November 13, 2019.

19. Public comment. No action will be taken upon a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. The Committee may ask that a matter be listed on a future agenda during the Public comment periods or during the following item: "Comments by the Committee or staff members." Comments shall be limited to two minutes in duration. Persons may not allocate unused time to other speakers.

Mr. Alemany, Voya Plan Manger is looking forward to working with Washoe County.

20. Adjournment

Meeting adjourned 3:52 p.m.

Next meeting: Wednesday, November 13, 2019, 2:00 p.m.