

WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, May 13, 2015

Committee Members Present

Darrell Craig, Chairman
Stephanie Shuman, Vice-Chair
Scott Thomas, WCSDA
Scottie Wallace, WCEA
Joey Orduna Hastings, County Manager's Office

Also Present

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

1. Call to order and roll call

Meeting was called to order at 2:08 p.m. and a quorum was confirmed. Assistant County Manager Joey Orduna Hastings was introduced as the interim representative for the Comptroller.

2. Public comment

None

3. Approval of February 11, 2015 meeting minutes

Motion to approve was made, seconded; passed unanimously.

4. Treasurer's report

The Committee reviewed the report and the professional services expense breakdown and had no questions. They agreed they would like to continue seeing the breakdown until the new Comptroller is hired and then they can decide if they want to continue providing that level of detail.

5. Recognition of resignation of Paul McArthur, County Comptroller, and the resulting Committee Secretary/Treasurer vacancy

Chairman Craig acknowledged Mr. McArthur's resignation and that Ms. Hastings would be the interim until a new County Comptroller is appointed.

6. Recognition of retirement of Cindy Fladager (Judicial/Probation/Other Court or DA Groups) and the resulting Committee member vacancy

Chairman Craig acknowledged Ms. Fladager's retirement, and Ms. Sabourin indicated the Courts have appointed a new member, but that she doesn't start employment until June so she will be present and acknowledged at the August meeting.

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

Chairman Craig explained you can no longer reserve a hotel room before you register for the conference. Ms. Sabourin sent an email to everyone this morning giving instructions on the first step—getting travel authorization. Once that's done, the paperwork can be forwarded to Ms. Sabourin and she will register participating members online so that Washoe County can pay for the registration fees. After that, participants will be able to make their room reservations. Ms. Sabourin also reminded everyone if they register and then something comes up, we can request reimbursement up to 30 days in advance of the conference. Ms. Sabourin will send additional reminder emails to Committee members as the date approaches.

8. Discussion and possible action concerning auto enrollment program activity and update regarding bargaining unit interest

Ms. Sabourin handed out the auto enrollment samples we received from MassMutual (also sent to members this morning). All bargaining units are still in negotiations so Chairman Craig (and perhaps one

other Committee member) should talk to John Listinsky about auto enrollment proposals. The Board of County Commissioners (BCC) would also need to be involved in this decision and while they are very supportive of our current PERS, they feel that participation in a deferred compensation plan is an individual choice, so they may not be supportive of auto enrollment. Chairman Craig wondered if any of the bargaining units still had interest and Ms. Sabourin suggested that Committee members follow up with their respective units to see where this stands. Ms. Wallace indicated that John Andrews, a member of the WCEA executive board, is very interested in this and wants to move forward. Mr. Thomas said the units have already reached drop dead dates for proposal submissions so if units haven't put it forward yet, it probably won't be heard this year.

The Committee felt the best course of action would be to educate the BCC as they have to support this philosophy in order to move forward. Chairman Craig will reach out to Ms. Sabourin to schedule something in June for them to meet with John Listinsky. Mr. Thomas asked to be involved as well, and the Committee agreed that the two of them would represent the Committee. As a courtesy to Ms. Hastings, Chairman Craig and Mr. Thomas explained that the primary goal behind auto enrollment is simply to enable new employees to start saving from day one—something that veteran employees wish they had done. Currently, an employee has to “opt into” the deferred compensation program. Auto enrollment gives the employee the ability to “opt out.” Auto enrollment is the trend across the nation and has increased enrollment considerably. The Committee feels steering employees to start saving earlier is especially important to help offset the trend of losing other post-employment benefits.

9. Discussion and possible action concerning employee feedback on the Financial Soundings program

Ms. Sabourin wanted the Committee to be aware that Health Benefits received only two calls from employees questioning the mailer from Financial Soundings (FS). One in particular commented that FS wasn't giving accurate information because they couldn't know about their other personal investments. Ms. Sabourin explained there are disclaimers on the mailer and FS also gave participants the ability to log on to their website to enter that personal information and receive an updated report. In the past, Diane Brittell sent us a sample report to preview, and we then sent employees an email letting them know the FS report was coming. Neither of those things happened this year, so we will be sure to do so next year. Ms. Sabourin wanted the Committee to know FS was very responsive in addressing our questions and Mr. Trenerry added that FS reached out to the participant individually and was very prompt and professional in their response. Chairman Craig asked if he could see a copy of one of the FS reports and Ms. Sabourin said she would redact her personal information and send him a copy of her report.

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

Mr. Fleiner received five responses out of seven on their RFP; two withdrew. Bidart & Ross is almost finished with the scoring process and will be putting the results in their evaluation of the proposals in report format. He wants to schedule a special meeting with the Committee in early June to look at the report and make some decisions so that we can move the process forward as quickly as possible. Ms. Sabourin will look at conference room availability and will provide three or four possible dates to Committee members. Mr. Fleiner indicated he received strong proposals from everyone and thinks we are going to see some pretty significant pricing improvements.

11. Quarterly review of MassMutual's account service objectives

Mr. Trenerry reviewed the quarterly packet and started with the Plan Summary Report from Financial Soundings which includes only active employees who are currently contributing to the plan. Chairman Craig asked if we could see this report every year and Mr. Trenerry said he would be bringing this forward annually. Mr. Trenerry then reviewed the 2015 Q1 statistics as compared to the 2014 Q1 statics, and also explained what constitutes a “hardship” loan, for which guidelines are set by the IRS, and gave a brief history of how and when the loan program came into being.

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 reviewed the quarterly financial report and indicated we had another great start to the year. Equities had a nice run in the first quarter, smaller cap stocks bounced back, and growth has been the big winner from a style perspective, particular in the large cap stocks. Bonds did pretty well, minus global bonds which struggled--partially due to the European bankers who have started their own quantitative easing to try to push rates down. Non USA equities would have been stronger if the US dollar hadn't been so strong.

Mr. Fleiner reviewed Bidart's multi-faceted scoring matrix used to evaluate funds and explained they are simply classified as either "passing" their investment policy criteria, "guarded" (something going on with the fund that isn't quite meeting the criteria, but is close), or "watch," (any funds where there is a significant concern and a closer look needs to be taken). Currently there are two funds on the guarded status, American Century Equity Income Fund and The Deutsche Alternative Asset Allocation Fund.

The age-based models were also reviewed; the number of participants has increased from 114 in the second quarter of 2012 to the current number of 247.

The 401(a) portion of our plan is approaching \$10M in assets. Combined with the 457 plan, we are close to \$150M in assets.

Mr. Fleiner quickly touched on how fees are calculated. Our average expense ratio is .61% (investment expense). Out of that .61%, .16% goes back to MassMutual for record keeping and administrative expenses. MassMutual's requirement is 18 (.18%) basis points so the reason we don't get the full \$45,000 of administrative reimbursement is because we're slightly under their revenue requirement. Mr. Fleiner indicated that the 18 basis points will be a lot lower in the near future as a result of our work during the RFP process. Total costs for record keeping fees for the General Account is approximately \$64 a head, which is about right.

The bottom line is that the Plan is running very efficiently and continues to meet our needs, not only from an administrative and a participant experience perspective, but from a fiduciary perspective as well.

Mr. Fleiner clarified that when you select an age-based model, it's all or nothing. If you have already selected the models and want to roll other qualified monies into the plan, those monies will be rolled into the age-based models. All of your money is invested into one model.

*13. Comments by Committee or staff members

Mr. Large asked if we could get a motion from one of the Committee members on the June meeting to discuss the RFP process. Chairman Craig asked for a motion to set a special meeting in June to review the results of the RFP and possibly make a vendor selection. Motion was made, seconded; approved unanimously.

*14. Public comment

None

*15. Adjournment

Meeting adjourned at 3:30 p.m.