

WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE

MEETING MINUTES

Wednesday, November 8, 2017

Committee Members Present

Darrell Craig, Chairman
Cathy Hill, Comptroller
Marcus Hodges, WCDAIA (Alternate)
Heather Potts, Judicial/Probation
Scott Thomas, WCSDA
Scottie Wallace, WCEA

Committee Members Absent

Nikki Berry, Second Judicial District Court
Stephanie Shuman, Vice-Chairman

Also Present

Ashley Farmer, Human Resources
Mike Fleiner, &Co
Kristie Harmon, Human Resources
Stephan Hollandsworth, Legal Counsel
Kelly Hvegholm, Technology Services, WiNnet
Russell Morgan, Comptroller's Office
Vicki Scott, Human Resources
Anne Stoll-Thompson, Comptroller's Office
Christine Vuletich, Manager's Office

MassMutual

Bob Gleason, Relationship Manager
Brian Harrigan, Account Manager
Amy Humphrey, Assistant Vice-President, Government
Plans, Client Management
Patty Kinsey, Vice-President, Strategic Initiatives &
Data Integration

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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.
 2. Public comment
None
 3. Approve August 9, 2017 meeting minutes
Chairman Craig called for a motion to approve the minutes as written. Member Thomas moved, Member Wallace seconded; the motion passed unanimously.
 4. Treasurer's Report reviewing the Deferred Compensation Administrative Fund (Cathy Hill)
Member Hill noted the revenue in the Professional Services Reimbursement Account is down. There has been a change in the investment line-up with revenue sharing and this is causing the decline. Chairman Craig stated that there will be further discussion on this topic on agenda item 10.
 5. Recognition of the appointment of Darrell Craig (WCEA), Scottie Wallace (WCEA) and Scott Thomas (WCSDA) all effective November 18, 2017 for a two-year term.
Chairman Craig recognized the appointments of Darrell Craig, Scottie Wallace and Scott Thomas for a two-year term effective November 18, 2017.
 6. Discussion and setting of Deferred Compensation Committee meeting calendar for 2018
Chairman Craig referred to the proposed meeting calendar noting that the meetings are scheduled the second Wednesday in February, May, August and November.
 7. Discussion and possible action regarding the 2017 National Retirement Security Week, October 15-21, 2017, including promotional materials and employee meetings with MassMutual Representative, Tom Verducci. (Bob Gleason/Ashley Farmer)
Ashley Farmer stated that communications regarding National Retirement Security Week were pushed out to employees. Tom Verducci met with employees at five separate locations starting October 2 through October 20, 2017. Mr. Gleason stated that 84 total individual meetings were attended, 23 individuals increased their contributions, 17 new enrollments, 16 allocation changes and 19 individuals were referred to MassMutual's Rollover Department. All in all it was a successful campaign.
 8. Attendees' report and discussion on the National Association of Government Defined Contribution Administrator's 2017 annual conference, held September 24-27, 2017 in Milwaukee, Wisconsin

Chairman Craig asked Vicki Scott and Member Thomas to report on their experience at the conference. Both stated the Conference was informative and the well worth attending.

9. Discussion and Election of Deferred Compensation Committee Officers for a two-year term.

Chairman Craig called for a nomination for Committee Chairman: Member Thomas nominated Chairman Craig for Chairman; Member Wallace seconded the motion. Motion passed unanimously.

Chairman Craig stated that he discussed with Ashley Farmer the necessity of creating officer duty descriptions; specifically, for the office of secretary/treasurer. Currently, secretarial duties are handled by staff and he would be agreeable with removing the title of secretary.

Chairman Craig inquired if the secretary/treasurer or the Comptroller's Department should have more responsibility in managing the budget or if the responsibility should remain with the Committee and the Comptroller's Office continue to provide the quarterly Treasurer's report as they have in the past. Member Hill stated budget management can continue to be a committee function since the largest expense is travel to annual conferences and the Committee is steering away from revenue-sharing to cover plan expenses. Member Hill stated she will follow the direction of the Chairman. Chairman Craig stated that the budget oversight will continue as a committee function as it has been in the past.

10. Discussion on establishing an administrative fee to cover plan expenses, to include discussion of asset based, hard dollar and other fee options. (Mike Fleiner)

Mr. Fleiner referred to the Plan Costs and Administrative Fees report provided to the Committee. Currently, recordkeeping fees are paid from revenue sharing that is received from specific mutual funds. As the plan has shifted away from funds that provide revenue sharing, revenue has decreased and we are experiencing a shortfall necessary for record keeping services. Mr. Fleiner stated that because we have moved away from the revenue sharing model, we are now in a position to create a fee leveling policy where all participants pay the same percentage of fees for administrative services.

Mr. Fleiner discussed three solutions for the Committee to consider:

- Zero Revenue Sharing Fund Line up: Replace five mutual funds that are currently providing revenue sharing; this would mean a change to the investment lineup. This method would cause significant disruption and is not the recommended solution.
- Unitization: Apply a wrap fee to funds that do not revenue share. Revenue sharing funds range anywhere from 40 to 10 basis points and it would be difficult to manipulate these particular funds to fit our revenue needs. Additionally, there is a cost for the wrap fee. Unitization is not a preferred solution.
- Debits and Credits: MassMutual would create a zero revenue sharing line-up by crediting any revenue sharing to the participants who invest in these funds. The County would determine the amount of asset based fees that would be required to cover the annual plan expenses; for example, 0.13% applied to all accounts. Another option would be to apply an asset based fee for the recordkeeping expenses and use a per participant hard dollar fee to cover other administrative expenses. For example, a \$39 hard dollar fee per participant/per plan (estimated fee provided by MassMutual) and 0.5% basis points for other administrative expenses would be applied to all accounts. Mr. Gleason commented that MassMutual would need to verify the number of OBRA participants stating that the \$39 fee is based on charging participants across the three plans (457, 401(a) and OBRA). Based on his findings, the \$39 per participant fee may need to be adjusted. We may need to consider treating the OBRA participants separately. Debits and Credits is the preferred solution.

Chairman Craig called for a motion: Member Thomas made a motion to proceed with the annual basis point with no hard dollar fee, Member Hodges seconded the motion; motion carried four to one with Chairman Craig voting no.

Mr. Fleiner restated that the Committee will be proceeding with 0.13% total basis points on the recordkeeping with leveled revenue. Mr. Gleason added that the total annualized asset charge will be .13% effective January 1, 2018; MassMutual's recordkeeping cost remains the same at .08% basis points and a .05% basis point charge to provide for the County's plan expenses.

Mr. Morgan asked that the Committee recognize the need to revisit this topic annually.

11. Discussion on plan administration to include: Auto Enrollment Program administration update and presentation on the 457 contribution file upload to be conducted by MassMutual.

Mr. Fleiner started the discussion with a brief explanation of the current practice of manually manipulating the contribution payroll file due to the fact that the file does not include an identifier for the auto-enrollee participants. He further stated that staff from MassMutual are present today to explain how their record keeping system operates in general and to assist the County in coming up with a solution to eliminate the need for manual intervention to the payroll file.

Mr. Gleason, Director of Relationship Management introduced the MassMutual staff in attendance: Brian Harrigan, Account Manager; Amy Humphrey, Assistant Vice-President, Government Plans, Client Management; Patty Kinsey, Vice-President Strategic Initiatives and Data Integration.

Patty Kinsey, Vice-President Strategic Initiatives & Data Integration explained to the Committee that when Washoe County added the auto-enrollment feature, it segregated a group of individuals that now have a separate plan provision. Specifically, whenever you have different provisions identified for specific groups of participants, you have to program your record keeping system to act precisely in accordance with the plan provisions. MassMutual's record keeping system can then interface with a payroll file automatically eliminating the need for manual intervention. Inserting an identifier on the file would provide a solution by recognizing the auto-enrollee participants. The identifier can be a letter or a number; basically, anything that would distinguish the auto-enrollee participants.

Kelly Hvegholm, Senior Business Systems Analyst with Technology Services stated that she can add an identifier on the file by employee subgroup and hire date. The only issue she can foresee is if an individual enrolls in the 457 plan prior to becoming a deputy, they would then be enrolled in the 457 - Subscriber One Plan. When that same individual graduates from the academy and becomes a deputy and the bargaining unit changes, it will create an error on the file. She will need to research this further.

Chairman Craig asked the Committee if we could bring this item to a close given that we have a potential solution.

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

Mr. Gleason provided an overview of the Third Quarter 2017 Summary Sheet and the MassMutual @ Work for You report highlighting plan and participant activity statistics.

13. 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 Investment Performance Review report for period ending September 30, 2017.

Mr. Fleiner noted on pages 45 and 46 of the report a list of common index definitions; the list of definitions was added at the request of the Committee.

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

Mr. Morgan inquired on behalf of Member Hill if there could be a time limit on future agenda items. This topic will be included on the next meeting's agenda.

15. 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.

None.

16. Adjournment

Meeting adjourned 4:21 p.m.