

# Transcript

December 17, 2024, 9:35PM

- ☐ **Nicole Stephens** started transcription

## **Treasurer Conine**

Good afternoon, everyone.

Welcome to this very exciting meeting of the Board of trustees of the Nevada Employee Savings Trust for today, Tuesday, December seventeenth.  
Start with roll, Ms. Mohlenkamp.

## **Lesley Mohlenkamp**

Treasurer Conine.

## **Treasurer Conine**

Here.

## **Lesley Mohlenkamp**

Lieutenant governor Anthony.

## **Lt. Governor Anthony**

Here.

## **Lesley Mohlenkamp**

Member Caldera.

## **Member Caldera**

Here.

## **Lesley Mohlenkamp**

Member Palmer.

## **Member Palmer**

Here.

**Lesley Mohlenkamp**

Member Sewald, and it should be noted that member Sewald did inform us that she would not be able to attend today.

Treasurer, we do have a quorum.

**Treasurer Conine**

Excellent.

Thank you, Mr. Palmer, for holding down the Fort in Carson City.

Lieutenant Governor was just saying, he'll be joining you up there very, very shortly.

If you keep the lights on for him, that would be great.

Will turn it over to public comment.

Public are invited at this time.

Member Palmer is anyone up in Carson City for public comment?

**Member Palmer**

The staff and myself.

**Treasurer Conine**

All right.

And do we have anyone online for public comment?

Do we have any comments here in Las Vegas?

No public comments at this time.

We'll have another public comment session at the end of the meeting.

Close agenda item number two.

Agenda number three for discussion and possible Action board review and approval of the Minutes of the Board Trustees of the Nevada Employee Savings Trust.

Do we have any discussion or comments from members of the Board on the Minutes?

We'll take a motion to approve.

**Lt. Governor Anthony**

This is Anthony with a motion to approve.

**Treasurer Conine**

All right, we've got a motion to approve. All in favor say aye.

**Member Caldera**

Aye.

**Member Kao**

Aye.

**Lt. Governor Anthony**

Aye.

**Treasurer Conine**

Any in opposition?

Motion pass unanimously, thank you very much.

And now we will move on to the meat of the meeting, Agenda number four for discussion and possible action staff presentation on recommendation and board selection of Auto IRA Interstate Partnership for the Nevada Employee Saving Trust Program, Ms. Mohlenkamp.

**Lesley Mohlenkamp**

Good afternoon, Leslie Mohlenkamp, Deputy Treasurer of the Financial Literacy and Security Division. I'm here today as part of Agenda item number four to provide a brief overview of the RFI. Summary data in the board's meeting packet and offer staff recommendation for the Auto IRA Interstate Partnership for the Board's consideration in your meeting materials on page 49-53 of the pdf document. You'll find several charts and tables with side by side information from Colorado, Connecticut and Illinois, which are the three states that submitted responses to Nevada's request for information for Interstate partnerships.

This includes a comparison chart of estimated fees that a Nevada employee might see, and this would be based on different account balances. This can be found on page fifty of the pdf meeting packet.

On page 51, you'll find this same data in graph form.

On page 52 we have provided a line graph depicting the rate of growth for funded

accounts from the time of each state's program launch.

I would like to note a couple of housekeeping items on this chart for your consideration.

First, I wanted to note that the funded accounts for Colorado represents the partnership that includes Colorado, Maine and Delaware.

Second, PEW provided us with Colorado's quarterly reported data, and I want to point out that the line here estimates any of the in between data for the months.

### **Lesley Mohlenkamp**

Moving on to another housekeeping item, Illinois was one of the first programs to launch and they didn't initially report assets and accounts.

So you'll see that Illinois accounts are zero at month 10, with a very steep start at 11 months after the launch. In actuality, the program did grow slowly from the zero point to that 11th month period, but we just wanted to point that out.

They didn't just randomly jump up at month 11.

And then lastly, we did inadvertently switch our colors. I wanted to point out and make sure it was very, clear, the green line to the left represents the Colorado partnership.

The longer orange line is for Illinois and the blue line below is for Connecticut, and these colors are a little different than the rest of the charts. I did want to point that out just so we reduced any kind of confusion.

Moving on to page 53 is a chart showing current funded accounts and assets for each state and the first level of breakpoints as reported in the RFI responses and the date of her funded accounts and assets was collected as the latest publicly available numbers and those numbers are from October and November, so they do vary slightly, but they are from October and November.

So in reviewing this comparison along with the full RFI submittals, which you all received at the last board meeting.

Staff evaluated very specific criteria for all potential state partners and this included we looked at the speed to implementation for the partnership. We looked at the state's experience with partnerships. We looked at the specific role Nevada would have in the partnerships, the cost for account holders and the amounts that are paid to program managers.

We also looked at potential account and asset growth of partnerships and we looked at the investment options.

And the last piece that we did take into consideration was what we're calling contract certainty and this is an element where we looked at how much time is left in the current contract for the program administrator.

We did look at that factor as well. In considering all these factors, staff has found that the Colorado Partnership for a dignified retirement ranks at the top or near the top. The staff recommends the board consider pursuing a partnership with Colorado to join the partnership for a dignified retirement.

I am happy to answer any questions. We also have Andrea from AKF Consulting and Andrew Levins from PEW should you have any questions.

**Treasurer Conine**

Board members. Any questions?

**Lt. Gov Anthony**

Does anybody disagree with Colorado?

**Treasurer Conine**

I think that's a totally reasonable question, member. Member Caldera.

**Member Caldera**

In reading through the material, I can see why staff would lean towards Colorado. It was in the top of my selection as well. I thought Illinois also presented a good argument. One of the things we need to clarify is. In the last meet last meeting there was suggestions that we weren't sure how our partnership, Nevada's partnership in terms of an equal partnership like to Illinois, it seemed like there was a little more flexibility with Illinois in terms of a of a partnership.

So maybe Andrea can help me understand if we moved forward with Colorado what that partnership would look like.

**Treasurer Conine**

Andrea, I think you're muted.

**Andrea Feirstein**

Thank you. I apologize.

Member Caldera, could you be a little more explicit what you're looking for.

**Member Caldera**

Yes. I'm looking at what would it look like for us to have a seat at the table?

In terms of in the investments. A concern of mine was I believe the assets were pulled together and I wasn't quite certain about how the reporting translates in terms of our employers able to view a report that shows their contributions in their group. Does that make sense?

**Andrea Feirstein**

I don't want to misstate anything, and I don't want to represent an answer that might be better coming from either someone on behalf of Colorado or on behalf of Illinois. So I I'm going to look to the chair for direction on how this should be answered.

**Treasurer Conine**

OK. That's a good. I appreciate that.

I understand the resistance and reluctance to speak on behalf of the different groups. I think we can probably talk to the involvement based on what was in the RFI conversation. So, what level of input exists for the different plans, and I guess let me state what I understand, but jump in here.

The Colorado, Connecticut plan RFI is sort of detail how investment decisions are made, where investment decisions are made right, what the input the state would have. The Illinois plan because there is no partnership currently existing has that being a little bit more flexible, right? We'd have to figure out what that looks like.

But we can look towards ABLE, which is a similar plan to say what those were. So I guess maybe could you compare and contrast to the extent we can do this on the fly between the way that ABLE is managed on an investment decision versus? Or investment partner decision, because the individual decision for the investor investment would be obviously the user could pick a more or less aggressive plan. ABLE is a savings account and when we talk about the governance of the plans, how would you compare the governance of ABLE compared to the governance suggested in the Colorado or Connecticut plan. Is that something you can do?

**Andrea Feirstein**

I would say that my understanding is that if you are a partner in the Colorado partnership, let me take a step back in the most recent change in investments in the Colorado secure program. Each partner state approved it, so each partner state had a voice in that.

My understanding on the ABLE Alliance side and you know, I'm not here to represent the ABLE alliance, but my understanding on the Able Alliance side is that each member also has a vote in a change in the investment line up. I think to the treasurer's point, you know we have the Colorado partnership has its terms set with respect to something like the decision on an investment and I think all we can do is deduce from the way the Alliance works that's how a partnership with secure for secure would work.

**Treasurer Conine**

With Illinois.

**Andrea Feirstein**

With Illinois, I'm sorry.

**Treasurer Conine**

I appreciate that. Member Caldera does that get to the first part of your question? There was a second part, and I want to get back to it, but did that get to the first part of your question?

**Member Caldera**

Yes. I'm going to suggest that today we're deciding to move forward with one of the three that's presented, and I believe that Colorado does have some merit.

I don't want to hold this board up in terms of digging. I think the staff has done an excellent job in sending out the RFI and has done a great job and we've received some great responses. So, yes it does answer that question.

**Treasurer Conine**

I appreciate that, let me ask from a staff perspective to dig into that a little bit more. Was there any discussion internally about sort of Nevada 's involvement in the

overall decision-making process, and if so, how did the three parties score? Was there a difference between the three parties on that topic?  
What did you find out, Ms. Mohlenkamp?

**Lesley Mohlenkamp**

There were two different types of elements that we looked at when we were looking at the role for Nevada in the partnership. And definitely, what matters Nevada had a vote on versus not. We did kind of call out what those elements were and if there were any potential drawbacks. We did find a couple areas that are good to point out. I think really when it came to the Colorado partnership, what we do know about it is it is an active framework, whereas the Illinois structure is a framework in progress, so it definitely there's a framework that is going to be modeled on, but it is not an active framework.

So you can understand the way that it it's intended to be, but at the end of the day, we know exactly what the Colorado partnership is, whereas the Illinois partnership, like I said is a framework that's in process. So that was a factor for us that leaned a more towards the Colorado side, however the other element that we looked at was that maybe a potential drawback on that was that Colorado does reserve the right to put the program design elements such as those investments up for a vote or not. However, I think in really looking through that material, we didn't find a risk to that because the practice seems to be that it really is that the lead states would have dealings with the program administrator, but they do really rely on the vote of the partnership.

So we didn't we didn't see anything that really threw us off too much, but at the end of the day, you know, we really could come back and say they were on pretty equal footing. I would say that this area for us wasn't necessarily what pushed us away from Illinois or towards Colorado it was, it was even for those two reasons. I think there were some other factors that let us a little bit more to lean towards Colorado than that one.

**Treasurer Conine**

Member Caldera does that answer the first part of your question?



**Member Caldera**

I appreciate that. Thank you.

**Treasurer Conine**

Second part of your question, which was on transparency to employers being able to see what's happening within the system.

To dig into that a little bit more is there a belief that there would be different levels of transparency between, I guess program administrator eyes, Vestwell and Acensus, so census for us being with the Illinois Plan Vestwell being with the other two, or was there something specific in the RFI that made you think that transparency would or wouldn't exist that we can address.

**Member Caldera**

I'm just looking back at my notes. It appeared that Illinois may have been a little user friendly with our adopted employers in some of the record keeping systems.

I think Vestwell has a good system as well. I must refer to my notes regarding the ability for employers to be able to see their employees and have a better sense of their reporting system at Vestwell. It appears I and I could be wrong, that they use a sort of this this group accounting system where we can divide.

Every state separately, so the state can report separately, but that all participants were part of one big pool, which is the whole point, I guess. But in terms of reporting, I thought there was a concern. I can come back once I look at my notes.

**Treasurer Conine**

Absolutely member, held our we can give you a second there. But Andrea, did you want to jump in there or do you know of any difference in sort of the functional usability between Vestwell and Acensus?

**Andrea Feirstein**

I am not aware of any differences, there might be nuances of difference.

Each state has its own, you will have your own reporting as the state is my

understanding in both cases just as we see it. Again, I'm basing my Illinois assumption on what we see in ABLE. My assumption in Colorado is the same that each state will be able to see its own accounts. I don't believe that there is a material difference in what is available to the employer, but I think that is also a question that we should if that is a defining factor, then we should ask both the census and Vestwell about the differences.

### **Treasurer Conine**

We'll come back to that item member.

Any additional feedback or thoughts in Colorado or any of the other programs?

### **Member Kao**

Ms. Mohlenkamp, is there any additional information on the payroll integrations between Vestwell Colorado and Connecticut census. In terms of cost, additional cost to employers? If they had to link up their system with theirs.

### **Lesley Mohlenkamp**

We did reach out to clarify about the payroll integration and asked about payroll integration in any associated company fees. Vestwell who is the program manager for Colorado and Connecticut informed us that for existing integrations, Vestwell is not aware of companies increasing their fees to employers for using the integration. However, they are in final testing with a third-party provider that will enable 360 integrations for larger payroll companies like ADP. This third-party provider has been clear they plan to charge employers for use of the integration. They did point out, however, that employers can easily submit contributions for a program without an integration and additionally, Vestwell regularly offers payroll webinars for those employers with a live Q&A section, so that that was part of the response we were able to get to clarify. Illinois, their program administrator is Acensus and they informed us that for a full integration with paychecks, the employer fee is per transmission and they were not aware of any changes in pricing and generally that pricing is between \$10 and \$15 per payroll transmission.

For a full integration with Intuit QuickBooks, the employer fee will move from a bundled service to a tiered monthly fee.

So they did provide some details about those particular fees. You can see there was a little bit of a different responses depending on who the program administrator was.

**Member Kao**

So based on those fees, if you were to use a ranking is the Vestwell program compared to Acensus which is least costly to employers, or do you have enough information to answer this question?

**Lesley Mohlenkamp**

I don't think I would be comfortable with the information that I do have, and the only reason I do say that is because the Vestwell answer was general and only called out one integration area where fees were, whereas Acensus listed quite a few areas where there were fees. I would probably want to do a little bit more due diligence to make sure we didn't miss any other information in asking that question, just simply because they vary that much. I would want to get that confirmation.

**Treasurer Conine**

I'd like to confirm, those fees are not being charged by Vestwell or Acensus. They are being charged by whomever is integrating with Vestwell or Acensus.

**Lesley Mohlenkamp**

Yes, that is correct.

**Treasurer Conine**

In some cases they are right.

**Member Kao**

I think one of my considerations is how difficult is it for employers to do this. Once this program is available and if it's a manual upload it just it could be faced with more resistance because it's just somebody has to go and type this in.

**Treasurer Conine**

That makes a ton of sense, other questions from members?

**Lt. Governor Anthony**

Leslie is this recommendation for Colorado by you or do you have a team of people that unanimously decided that it should be Colorado?

**Lesley Mohlenkamp**

We did pull together Chief of Staff Van Ry, our Management Analyst, Michael Pelham, Erick Jimenez and me. We have reviewed the information, and when we looked at the different criteria, we did collectively go through, what we felt were the rankings. So altogether, we did make come to that determination.

**Lt. Governor Anthony**

And the other factor it's western state. So that's always a good thing.

**Treasurer Conine**

I mean, if we must make a choice, on which side of the Mississippi.

That's the coin stuff, I suppose where they're on.

All right.

Member Palmer any questions on this item?

**Member Palmer**

Yes, I have two questions. First one being and I am leaning more towards Colorado. I notice under section of the RFI 5.15 on our termination agreement of what they were offering.

States laws change, investment laws change over a period of time. I am not a attorney so I tried to read that and did my best.

Is there anything that conflicts with our laws that would stop us, let's say ten years from now, if Nevada 's population, working force changes that we would be able to leave this plan and maybe join another state or start our own.

**Lesley Mohlenkamp**

What we found through here is that, in all the RFI's that were submitted, it is possible to leave the partnership. The details vary depending on which partnership it is. I do want to note that in putting together and finalizing an agreement, we will be working directly with the Nevada Attorney General's office for review of any agreements, and

if there are any issues with our own Nevada law, or questions arise the State Attorney General's office would be a support.

**Member Palmer**

Thank you.

And question number two, it goes back to the last month, I got a reply back saying traditional and Roth IRA's are allowed and to make sure I wasn't losing my mind, I did check back on our September meeting and saw the document that stated participants may withdraw their contributions tax and penalty free at any time.

Would the Colorado plan allow all participants, regardless of traditional Roth IRA, to do that?

**Lesley Mohlenkamp**

I move back to that that same point which is that when we do go to look through the agreement, our Attorney General's office would be making sure there was no issues with violating any of Nevada law. We did also hear from the Attorney General's office that, both of those are allowed.

**Member Palmer**

I know traditional IRA's are allowed, but our own document says contributions are tax and penalty free and under federal law a traditional IRA contribution and under certain modified adjusted gross income would be a pre tax contribution which therefore would not allow tax and penalty fee withdrawals under federal law even though Nevada says it's allowed. So, do we have any answers on that?

**Treasurer Conine**

I think functionally, Member Palmer federal law will always trump state law. While we will, it's not that we don't try occasionally as the LG knows.

We will have an option to enter a plan that will allow someone to withdraw tax and free, but if they choose to do a Traditional IRA point and then they're making a choice to be in an account where they won't be able to do that. Full transparency here, we don't have any ability to waive those taxes and fees and the partnership, nor the Treasury nor anybody else in state government is going to somehow pay those taxes and fees on behalf of the of the holder.

**Member Palmer**

I think that would be great if they did.

**Treasurer Conine**

No, we're just drowning in money over here, Member Palmer.

We're trying to figure out how to give back some of those taxes we don't collect.

But yes, so I think to your point, you're absolutely right that if someone signs up for a Traditional IRA and they're under that income limit and they're putting that money away as pretax dollars, they would not be able to withdraw those pretax dollars without having the federal tax penalties that anyone else would have.

Andrea, anything you want to add to that?

**Andrea Feirstein**

No, thank you.

**Treasurer Conine**

And Deputy Attorney General Ting that I properly state our relation between state and federal law as well as my frustrations with the.

**Attorney General Nicole N. Ting**

Yes, thank you, Nicole Ting for the record, you've summarized that very well.

**Treasurer Conine**

It's important for me to bring Deputy Attorney General Ting into every meeting just so we can look at her background, which is calming to me. Thank you.

**Member Palmer**

I appreciate an attorney here.

**Treasurer Connie**

I'm one too, but I think whenever it gets into tax law, it's good to have another designated fellow on the call.

Any other questions? Member Palmer?

**Member Palmer**

No, thank you.

**Treasurer Conine**

Any other questions in the room in Vegas?

**Member Kao**

One more question, how does the speed to integrate look if we went with Colorado based on what you have right now would we hit the timeline for next year.

**Lesley Mohlenkamp**

When we looked at the various speed to implement, milestones that were reported in the RFI's, Colorado reported back that the pilot could start as early as three months after execution of partnership agreements.

And then for the full program, they reported back that could happen as early as six months from the execution of the agreements.

**Member Kao**

Thank you, and a question to follow up. With the Colorado plan, we have an option as to how fees are collected to our state to fund this program?

Do you know what that looks like?

**Treasurer Conine**

Or would you like to bring that recommendation to a future meeting.

**Lesley Mohlenkamp**

Certainly we could look in that area and we bring a full analysis if you would like.

**Treasurer Conine**

I think Member Kao was right. I'd love to do have staff put together a comparison of here's how much different fee levels would put us in comparison nationally.

But also, here's what we think they would generate as revenue. Of course, one of our kind of mandates as a board eventually is not borrowing money from general fund to fund our operations.

So we should have some idea of how close fees would get us there. Alright. Any other questions from Members on this item?

**Member Caldera**

Yes. Thank you, chair.

I believe it was in our packet that there was a \$2.00 fee already allocated.

Is that what the state was recommending as just a sample or are their additional fees that need to be evaluated.

**Treasurer Conine**

So we can make that larger or we can make that smaller?

There, there's sort of a floor to it, by its nature.

And there's floor to it under the agreement, but that number could be a hundred dollars if we wanted it to be.

Obviously that would not, I think, provide the outcome that we're looking for.

**Member Caldera**

OK.

Alright, thank you.

**Treasurer Conine**

OK. Are there no other questions? I'll share some of my thoughts right. First off, thanks to staff and the board and all of our litany of consultants and attorneys in going through this process and trying to get what I think is as close to an apples to apples comparison of a thing that is very much not all apples that we can get.

I think that comparison shows that we've got a couple of great options in front of us and I think to bring it back Sort of the original conversation here.

There's do we go out and do this on our own or is there a partnership we think could make sense and going through this exercise has gotten me to a place where I believe that there are three partnerships that could make sense, like none of these partnerships, are in any way shape or form deficient when compared to the work and the timeline and the costs of running our own program kind of out the game right now, ten years from now, we've got a whole bunch of savers, a whole bunch of us.

The program.

Better metrics.



Maybe we think that's the path to go, but right now it seems to me that a partnership makes sense of the partnerships Colorado seems to be, not three lines but a nose or two ahead of the other ones.

And I believe Illinois is doing some great work and Connecticut 's doing some great work. They both have excellent treasurers who I'm sure are going to watch this meeting later, and so I want them to know that they're both also great.

But I think the Colorado program is just a little bit closer to the Lieutenant Governor 's point when in doubt looks to the west. I'm happy to accept a motion to approve Colorado as the partner in direct staff to work through the things that need to be done in order to get us closer to a contract. Bringing back to this board both of course the final contract but also as we go the fees and other sort of load bearing pieces where the board has a decision to make between here and there. Kind of moving part levers.

**Member Palmer**

Alright, we have a motion to move forward with the Colorado plan.

**Treasurer Conine**

Member Palmer, thank you.

Any discussion on the motion?

Anything else anyone wants to say on this topic?

OK. All in favor, say aye.

**Member Caldera**

Aye.

**Member Kao**

Aye.

**Lt. Governor Anthony**

Aye.

**Treasurer Conine**

Any opposed?

Motion passes unanimously. Excellent work, everyone.

Thank you, that's a big one for us, all right, with that, let's close that agenda item and move on to agenda item number five which is about meetings for next six months.

**Lesley Mohlenkamp**

We do have our newest staff member, Michael Pelham, here today. And we will have him jump in the water and get familiar with the process, Michael will introduce this agenda item.

**Treasurer Conine**

Michael, big day.

**Michael Pelham**

Thank you, Deputy Mohlenkamp we had staff members contact our board members for dates for our upcoming meetings.

So we're looking at the fourth Wednesday for February, March and April, the third Wednesday of May. Two weeks prior to board meetings, we're going to have our deadline for agency agenda items.

So we're looking at February 26<sup>th</sup>, March 26<sup>th</sup>, April 23<sup>rd</sup> and May 21<sup>st</sup>.

Does anybody have any questions or comments on those?

**Treasurer Conine**

Feels unlikely. Thank you for the work getting us to that point.

So I'll take a motion to accept and approve the proposed Nevada Employee Savings Trust Board meeting dates for calendar 2025 February through July, with the caveat that we can obviously change things if stuff comes up I expect.

Lieutenant Governor 's calendar will be a little hinky during that time period, so we'll be flexible, but I'll take that motion.

**Lt. Governor Anthony**

I'll make that motion.

**Treasurer Conine**

All right, we've got a motion.

Discussion on the motion.

All in favor, say Aye.

**Member Caldera**

Aye.

**Member Kao**

Aye.

**Member Palmer**

Aye.

**Lt. Governor Anthony**

Aye.

**Treasurer Conine**

Any opposed motion?

Motion passes unanimously.

We'll make the next one harder, Michael, and we'll move on to our second period of public comment. Public comments are invited at this time.

**Treasurer Conine**

Member Palmer, are they knocking down the doors?

**Member Palmer**

All clear in the north.

And has anyone joined us online?

Alright. Are there any members of the public who would like to make comments here in Las Vegas, please.

**Thomas Lloyd**

I just like to say congratulations to everybody on NEST big day and for Nevadans. And I think as the program moves forward, there's a lot of opportunities to improve upon the current Colorado partnership.

In sort of a perspective on how to build upon the job that the record keepers have done now, and how to better serve the gig workers and other individuals who might be left out of the current program.

Thank you.

**Treasurer Conine**

Appreciate that any other public comment in Las Vegas.

Hearing none, we'll close the second period of public comment and move on to adjournment.

I hope everyone has an absolute wonderful holiday and we will see you in the new year.

We are adjourned, well done everyone.

- **Nicole Stephens** stopped transcription