

**Minutes of
OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION BOARD**

A publicly noticed meeting of the Ohio Public Employees Deferred Compensation Board was held at the Ohio Public Employees Retirement System offices located at 277 East Town Street, Columbus, Ohio on March 14, 2017 at 9:10 a.m.

Members present: Chair Charles Latsa; Mr. Robert Blair; Representative Kristin Boggs; Senator Jay Hottinger; Mr. Sean Loftus; Mr. Christopher Mabe; Mr. John W. Maurer; Ms. Cinthia Sledz; Mr. Ken Thomas; Mr. James R. Tilling; and Mr. Steve Toth.

Also present: Mr. Keith Overly, Executive Director, Mr. Paul D. Miller, Mr. James E. Heagen, Mr. Doug Lepper and Ms. Cindy Ward of the Ohio Public Employees Deferred Compensation Program; Mr. Peter Jamison of the Attorney General's office; Mr. Matt Gill, Mr. Cedric Gaaskjolen, Mr. Dave Howell, Mr. Chris McConaughy, and Ms. Brenda Anderson of Nationwide; Mr. Chris Behrns of Aon Hewitt; Mr. Robert Palmeri of RVK, Inc.; and Mr. Zac Morris of Rea & Associates.

Member(s) absent: Mr. Robert C. Smith.

Chair Latsa called the meeting to order.

Minutes

The minutes of the January 17, 2017 Board meeting were presented.

Mr. Thomas moved, Mr. Maurer seconded to accept and file the minutes listed above as presented.

Roll call vote was taken:

Mr. Blair	yes	Mr. Thomas	yes
Representative Boggs	yes	Mr. Tilling	yes
Mr. Loftus	yes	Mr. Toth	yes
Mr. Maurer	yes	Chair Latsa	yes
Ms. Sledz	yes		

The motion passed unanimously.

Committee Reports

Mr. Maurer, Chair of the Audit Committee, reported that the Committee met to review the 2016 audit engagement and scope, and recommends Board approval.

Mr. Maurer moved, Ms. Sledz seconded to approve the 2016 audit scope.

Roll call vote was taken:

Mr. Blair	yes	Mr. Thomas	yes
Representative Boggs	yes	Mr. Tilling	yes
Mr. Loftus	yes	Mr. Toth	yes
Mr. Maurer	yes	Chair Latsa	yes
Ms. Sledz	yes		

The motion passed unanimously.

(Senator Hottinger entered the meeting.)

Action Items

Mr. Behrns reviewed the capital market highlights as of December 31, 2016 and year-to-date, and highlighted the style and sector returns of the U.S. Equity markets. Discussion was held regarding style categorization reporting differences.

Mr. Behrns presented the Program’s asset allocation and performance summary of the Stable Value Option (SVO) and investment options. Discussion was held regarding the benchmark, performance, and equity allocation of the LifePath Portfolios relative to the target date fund universe. Discussion continued regarding, the passive management of the LifePath Portfolios, the small target date fund universe, the LifePath glidepath, the conservative nature and retirement dates of Ohio DC participants, and the additional cost for a customized glidepath. Targeted emails are sent to participants to encourage them to evaluate the appropriateness of the LifePath Portfolio based on their retirement needs.

Mr. Behrns reviewed the Fund Monitoring Summary and indicated the Fidelity Contrafund, Hartford Small Company, and FPA Capital continue to be rated “yellow” due to underperformance in both the short- and long-term periods. Mr. Behrns indicated that Aon will continue to work with the Board staff and RVK to complete the fund transition of FPA and Hartford. The status of the T. Rowe Price Large Cap Growth strategy is “under review” due to departure of the portfolio manager. No changes to the investment line-up are recommended based on the fund monitoring results.

(Mr. Mabe entered the meeting.)

Mr. Behrns stated that is has been a pleasure working with the Ohio DC Board and staff over the 15-year contract, and Aon appreciates the opportunity to assist the Program. Several Board members and the Executive Director expressed their appreciation of the professional services Aon provides and that the Program is stronger and has benefited from the partnership with Aon over the past 15 years.

Ms. Sledz moved, Mr. Maurer seconded to accept the Aon *Quarterly Investment Review for the Fourth Quarter 2016* as presented.

Roll call vote was taken:

Mr. Blair	yes	Ms. Sledz	yes
Representative Boggs	yes	Mr. Thomas	yes
Senator Hottinger	yes	Mr. Tilling	yes
Mr. Loftus	yes	Mr. Toth	yes
Mr. Mabe	yes	Chair Latsa	yes
Mr. Maurer	yes		

The motion passed unanimously.

Mr. Gill reviewed the 2016 service statistics, marketing and communications, and primary initiatives. Mr. Gill noted the Program growth, satisfaction rates, increased SMarT plan enrollments, and special administrative projects.

Mr. Gill presented the 2017 Service Plan that includes face-to-face services, electronic communication, employer engagement, primary initiatives, and Program growth. Mr. Gill explained the success of the online scheduling tool and the Salesforce.com data management tool utilized by Field Account Executives, employer meetings scheduled with the Executive Director and him, the primary marketing initiative that will focus participant’s taking control of their financial future, and the updates to the online My Interactive Retirement Planner calculator.

(Representative Boggs left the meeting.)

Discussion was held regarding participant education on Qualified Domestic Relation Orders, and advocacy for the DOL Fiduciary Rule.

Mr. Gill explained the Document Locator brochure that is provided to participants, and the 2017 service metrics, staffing levels, and special project assistance.

Mr. Toth moved, Mr. Maurer seconded to accept the Nationwide 2017 Service Plan as presented.

Roll call vote was taken:

Mr. Blair	yes	Ms. Sledz	yes
Senator Hottinger	yes	Mr. Thomas	yes
Mr. Loftus	yes	Mr. Tilling	yes
Mr. Mabe	yes	Mr. Toth	yes
Mr. Maurer	yes	Chair Latsa	yes

The motion passed unanimously.

The Executive Director indicated the 2017 NAGDCA Annual Conference will be held September 24-27 in Milwaukee, Wisconsin, and does not conflict with the regular September Board meeting date. Board approval would be required to allow Board members to attend the conference.

Mr. Maurer moved, Ms. Sledz seconded to approve travel for any Board member interested in attending the 2017 NAGDCA Annual Conference.

Roll call vote was taken:

Mr. Blair	yes	Ms. Sledz	yes
Senator Hottinger	yes	Mr. Thomas	yes
Mr. Loftus	yes	Mr. Tilling	yes
Mr. Mabe	yes	Mr. Toth	yes
Mr. Maurer	yes	Chair Latsa	yes

The motion passed unanimously.

Discussion Items

Mr. Heagen reported that the recordkeeping modernization project (Phase I) is on-time and schedule for completion in April 2018. Currently the project is projected to be approximately 10 percent below budget at the end of Phase I. Phase II was developed to research the feasibility of a new participant website to replace the existing Nationwide website. A new website would include additional functionality, flexibility, and a cost savings. High level requirements and costs have been completed for Phase II, and a detailed cost estimate and project plan will be completed in November and presented with the 2018 budget.

(Senator Hottinger left the meeting.)

The Executive Director and Chair Latsa complimented Mr. Heagen, Mr. Lepper and the IT staff for their work and the success of the project.

Attorney General Report—Mr. Jamison indicated that he did not have anything to add to his written report in the agenda. Mr. Heagen noted that a sample QDRO and procedures are available on the website.

Information Items

The Executive Director noted that the Program was selected as a finalist for the Plan Sponsor of the Year award, the due diligence trip to visit the RVK offices was successful, and the Benchmark Trend report was provided.

Mr. Maurer asked for additional information on an article published regarding RVK employees leaving the company. Mr. Palmeri explained that seven RVK employees in the real estate research area of the Chicago RVK office left to start their own firm to gain discretionary abilities for their clients.

Mr. Maurer asked for clarification on the budget variance for professional fees. Mr. Miller explained the reason for the monthly and year-to-date budget variance for professional fees.

Mr. Maurer moved, Mr. Toth seconded to adjourn the meeting at 10:36 a.m. until the next regular meeting of the Board, May 16, 2017, to be held at the Ohio Public Employees Retirement System offices, located at 277 East Town Street.