

**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 19, 2019 at 9:00 a.m.

Members present: Chair Steve Toth; Ms. Julie Albers; Representative Richard Brown; Mr. Randy V. Desposito; Mr. Harold C. Elliott; Senator Jay Hottinger; Mr. Christopher Mabe; Mr. Lance Osborne; Mr. Timothy Steitz; Mr. Ken Thomas; Mr. Matthew Whatley, representing Mr. Matthew Damschroder; and Mr. James R. Tilling.

Also present: Mr. Keith Overly, Executive Director, Mr. Paul D. Miller, Mr. James E. Heagen, Mr. Doug Lepper; Mr. Joshua King, and Ms. Cindy Ward of the Ohio Public Employees Deferred Compensation Program; Mr. James R. Patterson of the Attorney General's office; Mr. Matt Gill, Mr. Cedric Gaaskjolen, and Ms. Penny Monahan of Nationwide; Ms. Mikaylee O'Connor and Mr. Jim Voytko of RVK, Inc. (RVK); Mr. Scott Petree of Plante Moran; and Mr. Zac Morris of Rea & Associates (Rea).

Member(s) absent: Ms. Cinthia Sledz.

Chair Toth called the meeting to order.

Chair Toth welcomed Mr. Osborne to the Board.

**Minutes**

The minutes of the January 15, 2019 Board meeting were presented.

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

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

**Committee Reports**

Mr. Desposito, Chair of the Audit Committee, reported that the audit committee met with staff and a representative of Rea to discuss the audit plans, procedures, and scope. He noted that the meeting materials were behind tab one in the agenda book. The Audit Committee recommends approval of the 2018 audit scope as presented.

Mr. Thomas moved, Ms. Albers seconded to approve the 2018 audit scope as presented.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

**Action Items**

Ms. O'Connor presented best practices, trends, and participant usage of investment menu structures. She reviewed characteristics of investment menu design that provide simplification and diversification, and the use of white-label funds.

(Senator Hottinger entered the meeting.)

Ms. O'Connor reviewed the importance of cost-efficient fees and Ohio DC's investment menu structure. Discussion was held regarding considerations for using white label funds, how they can be utilized in the investment menu, and the use of multi-manager white label funds.

Ms. O'Connor noted the key takeaways from the investment menu review, including minor changes to the Investment Policy Statement. She reviewed Ohio DC participant utilization of the target date funds, core investment options and the Stable Value Option, and participant equity allocation.

(Senator Hottinger left the meeting.)

Ms. O'Connor identified potential gaps in the Ohio DC investment menu, and investment menu and manager observations for Board consideration. Discussion was held regarding Ohio DC participant investment education efforts, interest in investment education, and diversification.

Ms. O'Connor presented the passive provider review that evaluated potential fee savings that may be achieved by aggregating the passive investment exposure with a single provider and utilizing collective investment trust vehicles. Discussion was held regarding the items the Board could explore further at the August Strategic Planning meeting, and the rationale for offering a small/mid-cap option. It was determined that information regarding an international value/growth combination option, and the mid-cap and small-cap options would be provided at Strategic Planning.

Discussion was held regarding the adjustment frequency of the target date fund allocation weightings and the glidepath. Ms. O'Connor noted BlackRock plans to adjust the LifePath glidepath in May to address inflation.

Mr. Voytko reviewed the capital markets as of December 31, 2018.

Ms. O'Connor presented Ohio DC's asset allocation of the core options and the Stable Value managers. Ms. O'Connor reviewed the fund monitoring summary, noting the multiple-quarter "yellow" ratings of the Fiera Small Cap Growth and Templeton Foreign funds. RVK conducted an on-site due diligence visit with Fiera staff in December. Based on information RVK has gathered, the fund is still "yellow" due to underperformance, but the rating for style-change has returned to a "No" rating.

Discussion was held regarding the underperformance and the style change of the Fiera Small-Cap Growth option. Ms. O'Connor explained RVK's rationale for changing the style rating. It was noted that RVK is still closely monitoring Fiera and the fund monitoring results adhere to the Investment Policy

Statement. Ms. O'Connor indicated she would provide feedback to RVK's Manager Research Team regarding the concerns for Fiera's portfolio characteristics.

Ms. Albers moved, Mr. Steitz seconded to accept the RVK reports as presented and the recommended edits to the Investment Policy Statement.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

The Executive Director reviewed the information regarding the ORC 148 amendment that would allow the State of Ohio to automatically enroll newly hired employees in the Ohio DC Program. The election of auto-enrollment would be optional for the state agencies and prohibited if it conflicts with any collective bargaining agreement.

Mr. Elliott moved, Mr. Whatley seconded to approve the language as presented in the draft bill and to request that Senator Hottinger sponsor/co-sponsor the bill.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Mabe	no
Representative Brown	yes		
Mr. Desposito	yes		
Mr. Elliott	yes		
Mr. Osborne	yes		
Mr. Steitz	yes		
Mr. Thomas	yes		
Mr. Tilling	yes		
Mr. Whatley	yes		
Chair Toth	yes		

The motion passed 10 to 1.

The Executive Director indicated the 2019 NAGDCA Annual Conference will be held September 8-11 in New Orleans, Louisiana. Board approval would be required to allow Board members to attend the conference. Interested Board members can contact Ms. Ward for registration and travel arrangements.

Mr. Thomas moved, Mr. Mabe seconded to approve travel for any Board member interested in attending the 2019 NAGDCA Annual Conference.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

**Discussion Items**

Mr. Desposito moved, Mr. Tilling seconded to go into Executive Session at 10:43 a.m. pursuant Ohio Revised Code §121.22(G)(6) to discuss matters involving the security of the Ohio Deferred Compensation Program and its operations.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

The meeting returned to regular session at 11:16 a.m.

The Executive Director presented revised metric projections based on additional trend data and provided some averages and comments regarding the various projections. The metrics will be updated and presented to the Board on a quarterly basis.

Attorney General Report–Mr. Patterson indicated that he did not have anything to add to the written report in the agenda.

**Information Items**

The Executive Director noted that the transition to the new Ohio DC recordkeeping information system (ORIS) is scheduled to take place March 23 and 24.

Mr. Thomas requested that a topic on asset retention be added to the Strategic Planning meeting agenda.

Mr. Mabe moved, Mr. Tilling seconded to excuse Ms. Sledz.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Steitz	yes
Representative Brown	yes	Mr. Thomas	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Elliott	yes	Mr. Whatley	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Osborne	yes		

The motion passed unanimously.

Mr. Mabe moved, Mr. Tilling seconded to adjourn the meeting at 11:24 a.m. until the next regular meeting of the Board, May 14, 2019, to be held at the Ohio Public Employees Retirement System offices, located at 277 East Town Street.