



## Deferred Compensation Board

Diana Jones Ritter  
Robert F. Mujica  
Blake G. Washington

**Memorandum To:** Files

Minutes of the August 28, 2015  
Public Meeting of the  
New York State Deferred Compensation Board

A public meeting of the New York State Deferred Compensation Board (the “**Board**”) was held on August 28, 2015, in Room 2J/K of the offices of Shearman & Sterling LLP in New York, New York. The meeting began at approximately 9:05 a.m. and adjourned at approximately 2:50 p.m. A separate memorandum to the files, also dated August 28, 2015, lists the materials prepared for and referred to during the meeting.

**In attendance:**

Board Members:	Robert F. Mujica, Diana Jones Ritter, Blake G. Washington
Staff Members (“ <b>Staff</b> ”):	David Fischer, Sharon Lukacs, Peter Drao
Shearman & Sterling LLP (“ <b>S&amp;S</b> ”):	Kenneth Laverriere, Kelly Hamren-Anderson, Rebecca Hayes
State Street Bank and Trust Company (“ <b>State Street</b> ”):	Craig teDuits
GSAM Stable Value, LLC (“ <b>GSAM</b> ”):	John Axtell, John Bisset, Ryan Lavin, Marie Mastro
Callan Associates Inc. (“ <b>Callan</b> ”):	Millie Viqueira, Tom Shingler
CliftonLarsonAllen LLP (“ <b>Clifton</b> ”):	Thomas Rey
Nationwide Retirement Solutions (“ <b>NRS</b> ”):	Jill O’Callaghan, Patrick Ray, Renee Spencer Brenda Anderson, Katie Moore
PAX World Management LLC (“ <b>PAX</b> ”):	Christopher H. Brown

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Member of the Public:

Robert Steyer

Diana Jones Ritter acted as Chairperson and Rebecca Hayes acted as Secretary of the meeting. Ms. Ritter called the meeting to order at 9:05 a.m.

#### **I. APPROVAL OF MINUTES**

The Board reviewed the minutes of the public meeting held on June 5, 2015. Ms. Ritter moved to approve the minutes and they were unanimously approved.

#### **II. INVESTMENT CONSULTANT PRESENTATION**

Millie Viqueira of Callan gave a market overview and performance summary of the various investment options for the Plan over the last quarter. Tom Shingler of Callan concluded with an overview of the Plan's international equity portfolio and a discussion of the successful mapping of assets from the Janus Perkins Mid Cap Value Fund. Mr. Shingler then discussed Callan's July meetings with the four active international managers.

#### **III. AUDITOR PRESENTATION**

Thomas Rey of Clifton provided the Board with an update of the audit process for the fiscal year ended March 31, 2015 and further indicated that all testing had been completed and he anticipated being on schedule to present audit findings to the Board at the next meeting.

At approximately 9:45 a.m., the Board went into Executive Session with S&S and Staff to discuss certain matters related to the Deferred Compensation Plan for Employees of the State of New York and Other Participating Jurisdictions (the "*Plan*"). The Board returned from Executive Session at approximately 11:10 a.m. and the public session resumed.

#### **IV. 2015 PLAN ISSUES**

##### **A. Selection of Investment Consultant**

The Board discussed the Request for Proposal (the "*RFP*") and interview process for its selection of a new investment consultant, and noted that they received seven RFPs and interviewed four semi-finalists. David Fischer of Staff then presented a proposal to select Callan as the Plan's investment consultant for a five-year term commencing April 1, 2016, subject to the successful completion of contract negotiations. Whereupon, based on the candidate interviews and the ensuing discussion during the Executive Session, a motion was made and seconded, and the Board unanimously approved the attached resolution to select Callan as the Plan's investment consultant, subject to the negotiation of a mutually acceptable contract.

## **B. 2014-2015 Plan Expenses Review**

Mr. Fischer of Staff went through the Board expenses from 2014-2015 and noted that the total expenses of the Plan had decreased from the previous year and that total expenses were lower than projected for the administrative budget.

## **C. Investment Options Survey**

Mr. Fischer went through the results of the participant investment options survey. Sharon Lukacs of Staff discussed the results of the online investment options survey and noted that the results were very similar to the paper survey, with participants expressing satisfaction with the Stable Income Fund, but also responses that expressed a desire for more investment education about plan investment options.

## **V. ADMINISTRATIVE SERVICE AGENCY PRESENTATION**

Brenda Anderson of NRS discussed her new role in which she will lead a team that is focused solely on large state plans and will be based out of Columbus, Ohio. Patrick Ray of NRS discussed the upcoming service enhancements that will be rolled out by the end of 2015 and the beginning of 2016, including the interactive retirement planner, the OSC 207c Correction, loan enhancements, multi-factor cyber security, and online enrollment. Mr. Ray then addressed administrative deferrals and noted that in 2015 they are on track to receive over \$1 billion in annual deferrals.

Mr. Ray provided an update on the Plan's eDelivery option, noting that there are currently over 32,000 participants enrolled in eDelivery. After this discussion, Mr. Ray highlighted progress on conversions and noted that there were 60 new employer adoptions in 2015. Mr. Ray also noted that in 2015 there will be approximately 14,000 participant enrollments. Finally, Renee Spencer of NRS discussed National Save for Retirement Week and presented the Quarterly newsletter.

## **VI. STABLE VALUE STRUCTURE MANAGER PRESENTATION**

John Axtell of GSAM provided an overview of the performance of the Stable Income Fund (the "*Fund*") and the average credit quality and duration of the Fund. Mr. Axtell discussed projections of the impact of an assumed increase in interest rates on the fund's crediting rate and market-to-book ratio. Marie Mastro discussed participant cash flow into the Fund.

John Bisset of GSAM discussed the consensus view of GSAM that the Federal Reserve will likely raise rates at the end of 2015 rather than in September. Mr. Bisset then discussed the widening of sector spreads in the second quarter and the isolated impact on sub manager returns due to the market disruptions attributable primarily to economic events and a business slow-down in China.

## **VII. PORTFOLIO REVIEW: PAX WORLD MANAGEMENT LLC**

Christopher Brown of PAX presented a high-level overview of the PAX World Balanced Fund (the "*PAX World Fund*") and PAX's investment philosophy and stock selection process. A general discussion then followed regarding PAX's presentation, during which Mr. Brown was asked a number of questions

related to PAX's screens for company selection and the potential impact of the selection process on the performance of the PAX World Fund.

**VIII. ADJOURNMENT**

There being no further issues to discuss, the meeting was adjourned at approximately 2:50 p.m.

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Rebecca Hayes  
Secretary of the Meeting