



**MINUTES
PUBLIC MEETING**

May 15, 2025

9:00 a.m.

IGCS – Conference Room A

I. Call to Order/Roll Call

State Comptroller Elise Nieshalla called the meeting to order at 9:05 a.m. Committee members present were Mike Frick (Appointee, Treasurer of State) and Chad Ranney (State Budget Director). Staci Schneider, Britton Stucker, Emily Boesen, and Stephanie Beckley (Comptroller of State); Kevin Kerswick (Crowe, LLP); Michael Burkhart, John Archer, Kimberley Rumble, and Sarah Carlo (Nationwide, Third-Party Administrator to the Plans); Mike Nader (Barnes & Thornburg, Counsel to the Committee and the Administrator) via video conference; and Tiffany Spudich and Susan Somers (Capital Cities, L.L.C., Investment Consultant to the Committee) were also present.

State Comptroller Elise Nieshalla noted that Nancy Marsh (Appointee, Board of Finance) recently stepped down from the Committee.

II. Live-Streaming Disclaimer

The meeting was live-streamed. Ms. Somers, of Capital Cities, provided the disclaimer.

III. Approval of the Previous Minutes

State Comptroller Elise Nieshalla asked for a motion to approve the minutes from the February 20, 2025 meeting. **Mr. Ranney moved to approve the minutes. Mr. Frick seconded. The minutes were unanimously approved.**

IV. Administrator's Report

Mr. Kerswick, of Crowe, LLP, presented the 2024 Audited Financial Report. He discussed the auditing and testing process for internal controls. Mr. Kerswick also highlighted that the audit focuses on adherence to the Investment Policy Statement. Crowe issued a clean audit opinion, with no instances of non-compliance, operational issues or adjustments. **Mr. Frick motioned to approve the Audited Financial Statement for the year ended December 31, 2024. Mr. Ranney seconded. The Audited Financial Statement was unanimously approved.**

V. Third-Party Administrator Report

Mr. Burkhart, of Nationwide, noted that the Comptroller's Office, along with Capital Cities, LLC, recently completed an onsite visit at Nationwide.

Ms. Rumble, of Nationwide, reported that Nationwide recently hired Kayleigh Moreau, who worked with the Plans in the past. Ms. Moreau will provide participant services. Ms. Rumble also noted that significant progress has been made with participants locally and on the state level, and there has been an increase in participation in webinars.

Mr. Burkhardt detailed that total assets were \$2.1 billion, as of March 31st, including 70,239 participants. There were 2,921 new enrollments, which is down from the prior quarter, but was expected given the hiring slowdown. Roth participation continues to increase, with 170 more participants using Roths during the first quarter (8,419 participants in total). Mr. Burkhardt also noted that there are two more participants (now 11 total participants) in the Self-Directed Brokerage Account option, which now holds \$2.2 million in total assets. Contributions into the Plans totaled \$40 million over the quarter, with just under \$30 million of that being salary contributions.

Mr. Burkhardt highlighted that 59% of withdrawals were completed through the online service, which is a more streamlined process. In-service distributions did see an increase compared to the previous quarter, but Unforeseeable Emergencies decreased.

Mr. Burkhardt noted the upcoming improvements to the beneficiary designation process. Prompts will be added to encourage the assignment of beneficiaries on the website, and there will also be a new method of adding beneficiaries through the mobile app.

VI. Investment Consultant's Report

1Q25 Performance & Evaluation Report

Ms. Somers, of Capital Cities, presented the Considerations/Observations pages of the 1Q25 Performance and Evaluation Report. Ms. Somers noted that the State Street's Proxy Voting Choice program was reviewed during the February 20th meeting. The Committee implemented the Egan-Jones Wealth Focused Policy, which is focused on maximizing shareholder value and does not prioritize environmental or social goals. Since then, on April 8th, the Bowyer Research Guidelines became available as part of State Street's Investor Voting Choice Program. Ms. Somers also highlighted that the State Street Target Retirement Income Fund was renamed as the Retirement Fund. The 2020 Fund merged with the Retirement Fund effective March 31, 2025, and the 2070 Fund was launched.

Ms. Somers presented the first quarter market review. Ms. Somers noted that the markets were volatile during the first quarter. Domestic Equity finished negatively across all styles except for Large Cap Value. The S&P 500 Index was down 4.3%. Large Cap Value (+2.1%) was the best performing style domestically, as Value outperformed Growth, a reversal of the last two calendar years. Small Cap Growth was the weakest. International stocks finished positively, generally beating their domestic equity counterparts. Nearly all Fixed Income styles finished positively, as rates declined across the yield curve. The Bloomberg Aggregate Index posted positive results for the quarter (+2.8%) and the year (+4.9%). TIPS (+4.2%) was the best performing style for the quarter. There were no rate cuts during the first quarter or quarter-to-date.

Ms. Somers noted that at the end of the quarter, the Plans had \$2.1 billion in total assets. 24% of assets were in the State Street Target Date Funds, while 76% of assets were in the stand-alone investment options. Ms. Somers highlighted that most of the investment options are in good standing from a quantitative and qualitative perspective; however, Capital Cities continues to monitor T. Rowe Price Blue Chip Growth's long-term performance and Fidelity Diversified International's short-term performance.

Proxy Voting

Ms. Spudich provided a presentation to assist the Committee in reviewing the Plans' proxy voting options with State Street. During the February 20th meeting, the Committee implemented the Egan-Jones Wealth Focused Policy. On April 8th, the Bowyer Research Guidelines became available as part of State Street's Investor Voting Choice Program. These guidelines are designed to oppose ESG and other politicized corporate governance initiatives in favor of fiduciary duty. Ms. Spudich recommended implementing the Bowyer Research Guidelines at State Street given the Committee's previous due diligence with Bowyer. **Mr. Frick motioned to switch to the Bowyer Research Guidelines. Mr. Ranney seconded the motion. The motion to update the Plans' proxy voting guidelines at State Street to Bowyer Research was unanimously approved.**

VII. Old Business

None.

VIII. New Business

None.

IX. Adjournment

With no further business before the Committee. The meeting was adjourned at 9:38 a.m. **Mr. Ranney motioned for adjournment. Mr. Frick seconded the motion.** The next quarterly meeting is scheduled for Thursday, August 14th, at 9:00 a.m.