

Ohio Retirement Study Council
30 East Broad Street, 2nd Floor
Columbus, Ohio 43215

Minutes
February 23, 2023

The meeting was called to order by Chairman Plummer at approximately 10:02 a.m. in room 017, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Adam Bird
Bill Blessing
Paula Hicks-Hudson
Mary Lightbody
Lora Miller
Ed Montgomery
Phil Plummer, Vice-Chair
Dr. Anthony Podojil
Kirk Schuring, Chair

Non-voting members

Tony Bradshaw, HPRS
Marla Bump, STRS
Karen Carraher, PERS
Chris Collins, SERS
Scott Helkowski, Attorney General
Pamela Vest-Boratyn, OP&F

Absent

Staff

Bethany Rhodes
Alex Strickmaker

With a quorum present, Chairman Plummer called the meeting to order at 10:02 a.m.

Chairman Plummer recognized Director Rhodes, who stated that all members had been duly qualified and sworn. Chairman Plummer then asked Senators Hicks-Hudson and Blessing if they would like to make any introductory remarks. Both members remarked they looked forward to serving on the ORSC.

Chairman Plummer moved to the election of officers and recognized Ms. Miller. Ms. Miller nominated Senator Schuring as Chairman. Dr. Podojil seconded the motion. A roll call vote was taken and the motion was approved with a vote of 9-0.

Chairman Plummer again recognized Ms. Miller. Ms. Miller nominated Representative Plummer as Vice-Chairman. Chairman Schuring seconded the motion. A roll call vote was taken and the motion was approved with a vote of 9-0.

Chairman Plummer again recognized Ms. Miller. Ms. Miller then nominated Director Rhodes as ORSC Secretary. Senator Hicks-Hudson seconded the motion. A roll call vote was taken and the motion was approved with a vote of 9-0.

Vice-Chair Plummer congratulated Chairman Schuring and thanked Director Rhodes for her work during his time as Chairman.

Vice-Chairman Plummer moved the Council stand at ease at 10:08 a.m.

At 10:08 a.m., Chairman Schuring brought the Council back to order. He made introductory remarks and thanked Vice-Chairman Plummer for his work as Chairman.

Chairman Schuring appointed Chairman Schuring, Vice-Chairman Plummer, and Ms. Miller to the ORSC Advisory Subcommittee.

Chairman Schuring moved to the selection of regular meeting dates and times for the 135th GA. Chairman Schuring asked for approval of the tentative meeting schedule, which would have the ORSC's regular meeting dates on the 2nd Thursday of each month. The tentative meeting schedule was approved by voice vote.

Chairman Schuring asked that the minutes of the previous meeting and the 12-15-22 HPRS Audit Subcommittee be approved. The minutes were approved without objection.

Chairman Schuring moved to the investment performance review by Jim Voytko from RVK. Mr. Voytko presented his reports.

Representative Lightbody asked about the diversification of Ohio's public pension systems and asked for verification that the lack of a 60/40 portfolio, in favor of more diversification, has protected the systems. Mr. Voytko responded that Representative Lightbody is correct and the systems are far from a 60/40 portfolio. He also stated that each has diversified in a different way and that no one way is necessarily better than the others.

Chairman Schuring thanked Mr. Voytko for his thorough and efficient presentation of the reports.

Mr. Montgomery commented on the clamor for inflation over the last ten years and stated that it was not a misplaced desire. He referenced the deflation seen in Japan in the 1990s and the negative effects it brought upon its economy. He stated that inflation may be bad, but deflation is much worse. Mr. Voytko stated that Mr. Montgomery's point is well made and that Japan's interventions have proven to not be successful. He spoke specifically to the interventions that Japan's government has made in the bond market.

Representative Lightbody asked for clarification on the meaning of the chart located on page 11 of the report. Her understanding is that the asset classes at the top of the chart provided the best performance while the asset classes at the bottom provided the worst

performance. Mr. Voytko responded that the chart is called a “quilt chart” and the lesson to be taken from the chart is that it is extremely difficult to determine what asset class will perform the best year-to-year. He confirmed that her understanding of the chart was correct.

Senator Blessing asked about the hypothetical portfolio returns on page seven, specifically whether there is a general trend towards more diversification in real estate and private equity. Mr. Voytko responded that the answer is twofold, one part being a result of deliberate action, and the other being a result of market action. The market action piece is directly reflective of the returns on assets in the market, which changes the asset allocation percentage due to the changes in value of the asset. The pension systems do not have a direct hand on these changes and instead decide whether to sell equity to balance back to their original allocation. He stated that a balancing plan is a part of best practices. The deliberate piece is a general move to allocating more money to private investments. This piece varies significantly from pension system to pension system. Senator Blessing followed-up with a concern that increased investment in real estate could enhance the ability of real estate investment trusts to buy up large amounts of properties with the purpose of changing them into rental properties.

Senator Blessing left at 10:59 a.m.

Chairman Schuring moved to 2022 STRS Actuarial Valuation. Marla Bump reviewed the report, and there were no questions.

Representative Bird left at 11:01 a.m.

Chairman Schuring moved to the 2022 SERS Actuarial Valuation. Marni Hall reviewed the report, and there were no questions.

Chairman Schuring moved to the 2022 STRS Health Care Report. Marla Bump reviewed the report, and there were no questions.

Chairman Schuring moved to the 2022 SERS Health Care Report. Christi Pepe reviewed the report, and there were no questions.

Chairman Schuring moved past the announcements of the Subcommittee for ORSC Actuary and Consulting Services and the Subcommittee for ORSC Investment Performance Services with the purpose to establish the subcommittees at the next meeting.

Chairman Schuring moved to the 2023 Staff Activities. Mr. Strickmaker provided a summary of the expected activities listed in the report.

Chairman Schuring moved to the rules and Mr. Strickmaker stated the ORSC staff and review the rules, that they were in compliance with the Revised Code, and he had no further comment.

Representative Lightbody asked if these rules were submitted with the approval of the pension system boards. Mr. Strickmaker responded that they were and that they go through the regular JCARR process.

Chairman Schuring thanked Mr. Strickmaker and welcomed him as the new Assistant Research Associate for the ORSC.

The Chairman said that the next meeting is scheduled for March 9, 2023, or at the call of the Chairman.

The Meeting adjourned at approximately 11:10 a.m.

Date Approved

Kirk Schuring, Chair

Bethany Rhodes, Secretary

Phil Plummer, Vice Chair