

Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, Ohio 43215

Minutes
November 12, 2015

The meeting was called to order by Chairman Beagle at approximately 10:01 a.m. in room 121, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Ron Amstutz
Bill Beagle
Edna Brown
Jay Hottinger
Dan Ramos
Kirk Schuring
Lora Miller

Non-voting members

Mark Atkeson
Karen Carraher
John Gallagher
Lisa Morris
Mike Nehf
Kari Hertel

Absent

Seth Morgan

Staff

Bethany Rhodes
Jeff Bernard
Ashley Wilson

The Chairman asked for a moment of silence for OP&F Lobbyist Darryl Dever, saying that he was bigger than life and gone too soon.

There being a quorum present, Chairman Beagle asked that the minutes from the May 14, 2015, meeting be approved. Without objection the minutes were approved. The Chairman then asked that the minutes from the September 8, 2015, meeting be approved. Without objection the minutes were approved.

Chairman Beagle asked for a report from the Subcommittee to Establish a Request for Proposals (RFP) and Review Responses to the RFP for the Fiduciary Audit of the School Employees Retirement System (SERS). Rep. Ramos, Chairman of the Subcommittee, reported that the Subcommittee unanimously approved the RFP and

moved that the Council approve the RFP for the SERS Fiduciary Audit. Ms. Miller seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 6-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Ramos
Sen. Hottinger	Ms. Miller

Chairman Beagle asked for a report from the Subcommittee to Establish a Request for Proposals and Review Responses to the RFP for the Actuarial Audit of the Ohio Police and Fire Pension Fund (OP&F). Vice-Chair Schuring, Chairman of the Subcommittee, reported that the Subcommittee unanimously approved the RFP and moved that the Council approve the RFP for the OP&F Actuarial Audit. Ms. Miller seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 6-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Ramos
Sen. Hottinger	Ms. Miller

Rep. Amstutz entered the meeting at 10:10 a.m.

Chairman Beagle asked Jeff Bernard to review the H.B. 305 ORSC staff analysis. Mr. Bernard reviewed the analysis and took questions from the Council. Vice-Chair Schuring said that he appreciated the work of staff and their recommendation. He noted that he was already in the process of having language drafted to address the concerns of staff. Vice-Chair Schuring moved to accept the H.B. 305 ORSC staff recommendation. Sen. Hottinger seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 7-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Amstutz
Sen. Hottinger	Rep. Ramos
Ms. Miller	

The Chairman asked Mr. Bernard to review the H.B. 284 ORSC staff analysis. Mr. Bernard reviewed the analysis, and there were no questions. Vice-Chair Schuring moved that the Council accept the H.B. 284 ORSC staff recommendation. Ms. Miller seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 7-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Amstutz

Sen. Hottinger
Ms. Miller

Rep. Ramos

The Chairman asked Mr. Bernard to review the S.B. 11 memo. Mr. Bernard noted that this was not an analysis but rather, more of a notice. He explained the memo, and there were no questions.

The Chairman asked Mr. Bernard to review the staff comments on the amendments to H.B. 2. He reviewed the analysis and took questions from the Council. Chairman Beagle asked if Mr. Bernard had any idea on when the IRS would be making a decision on whether or not the charter school employees were private or public employees. Mr. Bernard said that he did not know when that might be. The Chairman said that he was not shocked at this news. Rep. Ramos said that he and Vice-Chair Schuring were already working on correcting any unintended consequences that the amendments to H.B. 2 might have caused. He also noted that it would be preferable for retirement bills to be drafted as their own stand-alone bill rather than last-minute amendments to another bill, so that they can be properly reviewed by the Council.

Rep. Amstutz left the meeting at 10:20 a.m.

The Chairman asked Director Rhodes to explain the ORSC office lease agenda item. Director Rhodes explained that the long-term ORSC office lease will expire at the end of February, and former Chairman, now Senate President Faber, had directed staff to begin looking for office space in a state building. She explained that she was not presenting the Vern Riffe State Office Tower as an option for a possible move because it was priced too high. Instead, DAS had located space on the 2nd floor of the James A. Rhodes State Office Tower where the State Medical Board has a small number of employees that are being relocated on the 3rd floor with the rest of the agency's employees. Director Rhodes presented the Council with the three Rhodes Tower options shown in their packet of information, all showing different configurations based on the location of the conference room. She reviewed the options and budgets for each option and noted that her thought was to go with option 1. She also explained that an answer was needed today because of the compressed timeline, and that answer could be one of the three options or not to move at all, it was at the Council's discretion. Ms. Miller asked how often the conference room is utilized, and the Director said that it is used about once every two weeks. Rep. Ramos asked if meetings in the conference room usually involved all staff, or would having the conference table in the open reception area disrupt their work. Director Rhodes explained that if a staff member wasn't involved in a meeting, then that staff member could work remotely in another office to avoid the disruption. Rep. Ramos also asked if the Council needed to direct staff on which option to take, or could the Council just approve the staff moving to the 2nd floor of the Rhodes Tower and the option chosen would be at the Director's discretion. Director Rhodes said that yes, Council could do that, but because each option has a different cost attached, she was bringing the options before them. Sen. Beagle noted that choosing option 1 left room to eventually go to the other options at a

later date. Vice-Chair Schuring moved that the Council approve staff to move their offices to the Rhodes Tower using option 1. Rep. Ramos seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 6-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Ramos
Sen. Hottinger	Ms. Miller

The Chairman asked Director Rhodes to review the Memorandum of Understanding regarding ORSC staff health care coverage by the State Teachers Retirement System. Director Rhodes explained that the Memorandum of Understanding is renewable annually, and that she is putting the first amendment to renew before the Council today. Ms. Miller moved to accept the first amendment to the Memorandum of Understanding. Rep. Ramos seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 6-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Ramos
Sen. Hottinger	Ms. Miller

Chairman Beagle asked Mr. Bernard to review the proposed uniform internal audit report form. Mr. Bernard reviewed the report form and recommended that Council set an annual due date for the report for March 1st. He also noted that the next form to be reviewed will be the system budgets. Vice-Chair Schuring said that he appreciated the work of the staff on standardizing the various reports submitted to the Council. He noted that this has been talked about for a long time, so to get the process moving, he moved to accept the report form and the staff recommendations. Rep. Ramos seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 6-0.

YES: Chairman Beagle	Vice-Chair Schuring
Sen. Brown	Rep. Ramos
Sen. Hottinger	Ms. Miller

The Chairman asked RVK to present the Investment Performance Review. RVK President Jim Voytko presented the report, and there were no questions.

Vice-Chair Schuring left the meeting at 10:50 a.m.
Ms. Miller left the meeting at 10:53 a.m. and returned at 10:55 a.m.
Sen. Brown left the meeting at 10:58 a.m.

Chairman Beagle asked Director Carragher to present the PERS Budget. Director Carragher recognized PERS Chief Financial Officer Jenny Starr to present the budget. Ms. Starr reviewed the budget and took questions from the Council. Rep. Ramos asked

why the employer education line item was decreased by almost half. Ms. Starr said that that line item was increased for the 2015 budget to educate employees on the new health care connector. Once the connector goes into effect this year, the budget for that item wouldn't be needed.

OP&F Director of Financial Services Scott Miller presented the OP&F Budget, and there were no questions.

HPRS Director of Finance Mike Press presented the HPRS budget, and there were no questions.

Chairman Beagle asked the directors of PERS, OP&F, and HPRS to present their systems' actuarial valuation reports. Director Carraher presented the PERS actuarial valuation, and the Council had no questions. Director Gallagher presented the actuarial valuation for OP&F noting that the system was now in compliance with the statutorily required 30-year funding status. He thanked the Council for their patience, and he recognized the work of Darryl Dever and former Executive Director William Estabrook as being instrumental in the process of getting OP&F to the place it is now. The Council had no questions for Director Gallagher. Director Atkeson presented the actuarial valuation for HPRS, and there were no questions from the Council.

Chairman Beagle asked Mr. Bernard to report on the Medicare B Hold Harmless item. Mr. Bernard noted that there was no material in the packet on this matter, and it was an issue that arose during the summer and just as quickly was resolved. He explained that Medicare B Premiums were paid directly from Social Security payments. When Social Security COLA adjustments are insufficient to pay for an increase in Medicare B premiums, the actual check received by Social Security recipients would go down. To avoid this occurrence, the federal government instituted a hold harmless provision in 1988. Under this provision, Social Security recipients do not pay Medicare B premium increases that would result in a decrease in their Social Security payments; they are held harmless from the increase. This does not apply to Ohio's retirement system members, as they do not receive Social Security for their state employment. As a result, the anticipated Medicare premium was anticipated to rise from approximately \$104 to \$160 per month for Ohio's retirement system retirees. This increase was resolved, in part, during the summer with the passed federal budget. Under an amendment, the increase was limited to approximately \$120 with an additional long-term \$3 surcharge to pay for the premium increase.

Chairman Beagle asked Mr. Bernard to present the rules. Mr. Bernard reviewed the rules submitted to the ORSC, and there were no questions.

Chairman Beagle asked if there was any other business to come before the Council. There was none.

The next meeting will be set at the discretion of the Chair.

The Chairman took a moment to recognize Ann Hanning who will be retiring at the end of the year from the Retired Teachers Association. He thanked Ms. Hanning for her years of service.

The meeting adjourned at approximately 11:43 a.m.

Date approved

Bill Beagle, Chair

Secretary

Kirk Schuring, Vice Chair