

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

Minutes
May 10, 2018

The meeting was called to order by Chairman Schuring at approximately 10:00 a.m. in room 121, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Edna Brown
Rick Carfagna
Jay Hottinger
Lora Miller
Dr. Tom Pascarella
Dan Ramos
Kirk Schuring, Chair
Steve Wilson, Vice-Chair

Non-voting members

Mark Atkeson
Karen Carraher
John Gallagher
Mike Nehf
Richard Stensrud
Kari Hertel

Absent

Christopher Potts, Excused

Staff

Jeff Bernard
Bethany Rhodes
Ali Yogmour

Lacking a quorum, Chairman Schuring moved to non-voting items on the agenda.

Chairman Schuring mentioned the five system's letters to the Auditor regarding the assumed rate of return were available to members for review.

Chairman Schuring asked Director Carraher to review the OPERS Annual Internal Audit Report. Director Carraher gave the report. Chairman Schuring asked Director Nehf to review the STRS Annual Internal Audit Report. Director Nehf gave the report. Chairman Schuring asked Director Stensrud to review the SERS Annual Internal Audit Report. Director Stensrud gave the report.

Senator Hottinger arrived at 10:03 a.m.

Chairman Schuring asked Director Atkeson to review the HPRS Annual Internal Audit Report. Director Atkeson gave the report.

Chairman Schuring asked Director Nehf to give an overview of the STRS Budget. Director Nehf deferred to Chief Financial Officer Paul Snyder to review the budget. Mr. Snyder reported on the operating budget, capital budget, and board expenses.

Ms. Hertel arrived at 10:05 a.m.

Vice-Chair Wilson applauded STRS on increasing its productivity to keep its head count low and looked forward to seeing lower budgets with the lower employee headcount.

Chairman Schuring asked Director Stensrud to give an overview of the SERS Budget. Director Stensrud deferred to Chief Financial Officer, Tracy Valentino, to review the budget. Ms. Valentino reported on costs, operating budget, and board member expenses. She also noted that SERS was looking to tighten their budget in terms of travel and training moving forward.

Representative Carfagna arrived at 10:08 a.m.

Senator Brown arrived at 10:09 a.m.

Dr. Pascarella inquired about SERS banking fees increase and asked Ms. Valentino to expand upon that increase. Ms. Valentino explained these were mostly custodial banking fees and their increase was tied to the increase in the net assets of SERS.

Representative Ramos arrived at 10:12 a.m.

With a quorum present, Chairman Schuring reverted to the agenda and brought forth the minutes. Vice-Chair Wilson moved to accept the minutes and Representative Carfagna seconded the motion. The Council voted on the motion. A roll call vote was taken, and the motion passed 8-0.

Chairman Schuring asked Director Rhodes to review the ORSC Budget. Director Rhodes highlighted increases in insurance and personnel costs and stated the communications line item had zeroed out. Director Rhodes noted the extension of contracts for ORSC's vendors PTA/KMS (actuarial services) and RVK (investment performance services) for another five years at the same rates and terms as in 2013.

Representative Carfagna asked Director Rhodes about the communication line item in the ORSC budget and its decrease from \$21,000 to \$0. Director Rhodes explained that because the ORSC now does business inside of a state building, the communications operations are included in the rent fees. The Director indicated she would keep the line item on the budget in the event a future ORSC requested that ORSC move out of a state building, again necessitating the line item.

Representative Ramos moved to accept the ORSC Budget. Vice-Chair Wilson seconded the motion. The Council voted on the motion. A roll call vote was taken, and the motion passed 8-0.

Chairman Schuring asked Director Rhodes to review the Memorandum of Healthcare and the Third Amendment. Director Rhodes gave an overview of the Memorandum, explaining ORSC staff are not eligible for healthcare benefits available to employees of the State of Ohio but area covered under the STRS Ohio associate health insurance plan. Director Rhodes explained the Third Amendment to the Memorandum would extend this agreement for the next two years. Representative Carfagna moved to accept the Memorandum. Representative Ramos seconded the motion. The Council voted on the motion. A roll call vote was taken, and the motion passed 8-0.

Chairman Schuring asked Director Stensrud to review the SERS Communications plan. Director Stensrud gave a report on the updated plan. Ms. Miller inquired about the use of an opt-in for electronic notification through e-mail to send out news so that the system might save money on postage. Director Stensrud responded that SERS has considered this, however, many retirees prefer the mail version for their news. Ms. Miller again noted that electronic delivery would save postage costs.

Chairman Schuring asked Director Gallagher to provide the OP&F Disability Report. Director Gallagher gave an overview of the disability report.

Chairman Schuring asked Mr. Bernard to review the report on Statutory Caps and Retirement System Penalties and provide the staff recommendation. Mr. Bernard reviewed the staff memo on penalties and the recommendation developed by both STRS and ORSC staff.

Senator Hottinger exited at 10:24 a.m.

Mr. Bernard stated that ORSC staff additionally recommend fine authority be provided to HPRS and recommended language from PERS law be matched in HPRS law. Chairman Schuring noted that this staff recommendation required board approval. Vice-Chair Wilson motioned to accept the staff recommendation on the statutory caps and retirement system penalties. Representative Carfagna seconded the motion. A roll call vote was taken, and the motion passed 7-0.

Chairman Schuring asked Mr. Bernard to review the HPRS Annual Adequacy Report and provide a staff recommendation. Mr. Bernard reviewed the memo on the HPRS adequacy report.

Senator Hottinger returned at 10:27 a.m.

Representative Ramos asked whether HPRS was in agreement with this recommendation. Director Atkeson said that the system is in agreement with the ORSC staff recommendation. Director Gallagher asked the Council to consider removing the annual report for OP&F as well. Chairman Schuring requested the council take up the matter of OP&F's Annual Adequacy Report at the next meeting. Representative Ramos moved to accept the staff recommendation to remove the requirement for an HPRS

Annual Adequacy Report. Senator Brown seconded the motion. A roll call vote was taken, and the motion passed 8-0.

Chairman Schuring asked ORSC staff to provide the Rules report.

Mr. Bernard said that the rule was in compliance with the Revised Code, and he had no other comments.

Chairman Schuring announced that the next meeting would be June 14, 2018, at 10:00 a.m.

The meeting adjourned at approximately 10:34 a.m.

Date Approved

Kirk Schuring, Chair

Bethany Rhodes, Secretary

Steve Wilson, Vice Chair