

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

**Minutes
February 25, 2021**

The meeting was called to order by Chairman Schuring at approximately 9:30 a.m. in Room 121, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Rick Carfagna, Chair
Hearcel Craig
Brigid Kelly
Derek Merrin
Lora Miller
Dr. Anthony Podojil
Kirk Schuring, Vice-Chair

Non-voting members

Karen Carraher, PERS
Carl Roark, HPRS
Scott Miller, OP&F
Richard Stensrud, SERS
William Neville, STRS

Absent

Angel Mumma, Excused
James Patterson, Attorney General

Staff

Jeff Bernard
Bethany Rhodes

With a quorum present, Chairman Schuring called the meeting to order at 9:30 a.m.

Chairman Schuring asked if all members were sworn in and Director Rhodes stated that all members had been duly sworn.

Representative Kelly arrived at 9:32 a.m.

Chairman Schuring moved to the election of officers. Ms. Miller nominated Representative Carfagna as Chairman, Senator Schuring as Vice-Chairman, and Director Rhodes as ORSC Secretary. Senator Craig seconded the motion. A roll call vote was taken and approved with a vote of 7-0.

Chairman Carfagna moved to the creation of the advisory subcommittee and appointed Chairman Carfagna, Vice-Chairman Schuring, and Ms. Miller.

Chairman Carfagna moved to the tentative meeting schedule. Vice-Chairman Schuring moved and Sen. Craig seconded the approval of the tentative meeting schedule. A roll call vote was taken and approved with a vote of 7-0.

Chairman Carfagna asked that the minutes of the previous meeting be approved. The minutes were approved without objection.

Chairman Carfagna moved to the OP&F Fiduciary Audit RFP Subcommittee. He noted that some time has passed from the issuing of the RFP and noted that the RFP was stale at this point. He suggested the ORSC begin the process again. Vice-Chairman Schuring moved and Chairman Carfagna seconded the motion. A roll call vote was taken and approved with a vote of 7-0.

Chairman Carfagna recreated the ORSC Subcommittee to Establish an RFP & Review Responses to the RFP for the OP&F Fiduciary Audit and appointed Carfagna-Chairman, Senator Craig, Ms. Miller and Director Gallagher (non-voting).

Chairman Carfagna moved to the HPRS Actuarial Audit RFP Subcommittee. Noting the same issues with the OP&F Fiduciary Audit RFP, he suggested the ORSC begin the process again. Chairman Carfagna moved and Vice-Chairman Schuring seconded the motion. A roll call vote was taken and approved with a vote of 7-0.

Chairman Carfagna recreated the ORSC Subcommittee to Establish an RFP & Review Responses to the RFP for HPRS Actuarial Audit and appointed Carfagna-Chairman, Senator Craig, Ms. Miller and Director Roark (non-voting).

Chairman Carfagna announced the creation of the ORSC Subcommittee to Establish an RFP and Review Responses to the RFP for the STRS Actuarial Audit and appointed Representative Merrin to serve as Sub-Committee Chairman, with Senator Craig and Dr. Podojil as voting members, and Director Neville as a non-voting member.

Chairman Carfagna announced the creation of the ORSC Subcommittee to Establish an RFP and Review Responses to the RFP for the STRS Fiduciary Audit and appointed Representative Merrin to serve as Sub-Committee Chairman, with Senator Craig and Dr. Podojil as voting members, and Director Neville as a non-voting member.

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

Senator Hottinger arrived at 10:16 a.m.

Representative Merrin left at 10:17 a.m.

Chairman Carfagna asked Mr. Voytko about page seven of the report regarding risk and return. He asked if there was anything that the three systems in the northwest quadrant are doing correctly to be in that quadrant. Mr. Voytko said that it goes back to asset allocation. He said that he does not have the necessary information to go into the weeds but noted that this has to do with a system's "risk efficiency." He noted that asset allocation is a driver but that strategies within those allocation can also reduce risk. For example, he noted that within U.S. equity, a fund can structure their holdings to have less volatility but that this could result in less upside gain. Director Carragher noted that this can be seen by comparing the two PERS funds that have different strategies and asset allocations, as RVK reviews the five systems but also the separate PERS health care fund. Mr. Voytko noted that this was absolutely correct and can be seen in the risk and return chart on page seven.

Representative Kelly asked how system members should be feeling about performance looking forward. Mr. Voytko noted that RVK doesn't have much contact with beneficiaries at the board investment level. But he did note that in his experience, 20 years ago, beneficiaries were worried about whether they would be receiving any benefit in the future. He said that mood is diminished now but has been replaced with younger generations being worried about being in a lower benefit tier and getting less benefits. Representative Kelly noted that a defined benefit plan helps keep people in service and that we need to take care of these people. Mr. Voytko noted that there is quantitative evidence of the importance of DB plans and noting that they are a huge pull. Dr. Podojil noted page 12 of the report and asked if there were ways to measure errors in not allocating a portfolio correctly. Mr. Voytko noted that one thing he could say was that clearly a best practice is to rebalance your portfolio to maintain your asset allocation.

Chairman Carfagna moved to the 2020 OP&F Communications Plan. Mr. Miller reviewed the plan and there were no questions.

Chairman asked if there was any new business. Vice-Chairman Schuring moved that Director Rhodes contact the Ohio Channel to see if broadcast of ORSC meetings would be possible, noting that it would increase transparency and would be especially useful during these times. Ms. Miller seconded and Representative Kelly, Chairman Carfagna, and Senator Craig all added their support for such a move. A roll call was taken and approved 7-0.

Chairman Carfagna announced that the next meeting is scheduled for March 11, 2021, at 9:30 a.m. or at the call of the Chairman.

The meeting adjourned at approximately 10:02 a.m.

Date Approved

Rick Carfagna, Chair

Bethany Rhodes, Secretary

Kirk Schuring, Vice Chair