



December 10, 2021

The Honorable Rick Carfagna
Chairman, Ohio Retirement Study Council
30 E. Broad Street
Columbus, OH 43215

STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

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Dear Chairman Carfagna,

On May 20, 2021 the State Teachers Retirement System of Ohio board approved the performance-based incentive (PBI) policy applicable to eligible investment associates. The PBI policy is updated and approved by the Board annually for the subsequent fiscal year. The policy was sent to the Ohio Retirement Study Council on June 4, 2021 and is attached for reference.

The primary changes for fiscal year 2022 were:

- Language was incorporated clarifying that total fund, alternative investments, and real estate returns are net of all investment management costs (internal and external) *including carried interest and other fund expenses* (italicized language was added). This clarifying language, which reflects how returns have always been calculated, is now consistent across board materials.
- Attachment A was updated for staffing additions, deletions, and changes; strategy committee composition was updated accordingly
 - Director, Fixed Income and Alternative Investments was replaced with Director, Fixed Income and Director, Alternative Investments
 - Three positions were added – Chief of Staff, Investments; Director, Asset Allocation and Strategy, Investments; and Portfolio Manager, REITs
- Footnotes to Attachment E were updated to reflect the Board's adoption of private market benchmarks for the alternative investment asset class effective July 1, 2021 (for fiscal year 2022), as documented in the most recent Statement of Investment Objectives and Policy adopted by the Board on March 18, 2021.

Chairman Carfagna, I welcome any questions you and your fellow Council members have regarding the PBI policy and related changes.

Sincerely,

A handwritten signature in blue ink that reads "Bill".

William J. Neville
Executive Director

Cc: Bethany Rhodes, Director, Ohio Retirement Study Council