

OHIO RETIREMENT STUDY COUNCIL

88 EAST BROAD STREET, SUITE 1175, COLUMBUS, OHIO 43215

MINUTES

12 MAY 2011

The meeting was called to order by Sen. Faber at approximately 8:35 a.m. in room 114, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

VOTING MEMBERS

Keith Faber
Scott Oelslager
Charleta B. Tavares
Dan Ramos
Kirk Schuring
Lynn Wachtmann
Doug Gillum
Lora Miller

NON-VOTING MEMBERS

Karen Carraher
William Estabrook
Lisa Morris
Mike Nehf
Dan Weiss
Janyce Katz

ABSENT

STAFF

Aristotle Hutras
Anne Erkman
Glenn Kacic

There being a quorum present, Sen. Faber asked the Council to review the minutes from the previous Council meeting. The minutes were approved as submitted, without objection.

Sen. Faber announced the creation of a Subcommittee to Develop an RFP for an Independent Actuary and Policy Advisor for Pension Reform Issues for the ORSC. He appointed Rep. Schuring as chair and also appointed Sen. Oelslager, Rep. Ramos, and Ms. Miller to serve on the committee. He said the consulting expert hired will help the Council evaluate some of the things the ORSC will be seeing from the pension funds.

Sen. Faber then appointed himself, Rep. Schuring, and Ms. Miller to the Advisory Subcommittee pursuant to ORSC rules.

Sen. Faber said the Council will have a more active meeting schedule than they have had in the recent past. He said it is the intention of the legislative members and he believes the governor's office agrees as well to start using the ORSC to do some fact finding on the need for pension reform in Ohio. He said they will start using the ORSC as the policy advising body that it is well positioned to do.

Sen. Faber said the next meeting will be June 9 and the Council would hear a report on the HPRS fiduciary audit.

Sen. Faber called on Aristotle Hutras to review the ORSC fiscal year 2012 budget. Mr. Hutras reviewed the budget and told the Council there was no increase from last year's budget.

Sen. Faber asked for questions; there were none.

Rep. Wachtmann moved, seconded by Sen. Tavares to approve the ORSC budget. A roll call vote on the motion to approve the fiscal year 2012 budget was taken. The motion passed 6-0.

YES:	Sen. Faber	Rep. Ramos
	Sen. Oelslager	Rep. Schuring
	Sen. Tavares	Rep. Wachtmann

Sen. Faber called on Mike Nehf to review the STRS fiscal year 2012 budget. Mr. Nehf provided an overview of the budget. He then asked Bob Slater to provide a more in-depth review of the budget. Mr. Slater reviewed the STRS budget.

Rep. Wachtmann asked STRS and SERS to give him more detailed information on the board budgets.

Sen. Faber commended STRS for reducing the investment expense ratio. He then asked Mr. Slater to explain the percentage of health care costs borne by STRS employees. Mr. Slater said all STRS associates are in a deductible insurance plan and they pay about 15% of the full premium.

Sen. Faber commented that the salary line item is increasing about 1% and asked if the head count is the same. Mr. Slater answered yes.

Sen. Faber asked how the salary increases will be allocated. Mr. Slater said the merit increases can average up to 3% and make up the bulk of the increase. He said STRS has vacancies in the current staff that they are in the process of filling.

Sen. Faber asked if they are implementing a merit-based system. Mr. Slater said yes.

Sen. Faber asked for further questions; there were none.

Sen. Faber called on Michelle Marra, SERS chief financial officer, to review the fiscal year 2012 SERS budget. Ms. Marra reviewed the budget.

Sen. Tavares asked if the all employees are required to complete certain training classes or is the training required for only certain positions that require certification. Ms. Marra said training depends on the position and the certifications required for the position. She said they encourage all staff to complete training.

Rep. Wachtmann asked Ms. Marra to explain the merit increases. Ms. Marra said SERS has a performance-based merit system. She said managers set performance goals for each employee and they are evaluated throughout the year based on competencies and reaching their goals. The employees are then scored and the employee then is assigned a score. Ms. Morris said the average increase is 3% but there is no guaranteed increase.

Sen. Tavares said she applauded SERS for setting goals for employees as part of the evaluation process. She asked if the training for employees is tied to the competencies that are part of the evaluation process. Ms. Marra said yes, the supervisor and employee work together to set those.

Sen. Faber asked what percentage of health care premiums do employees pay. Ms. Marra said employees pay 15% of the health care premium.

Rep. Wachtmann asked if SERS has wellness programs as part of their health care program. Ms. Marra said they do have a wellness program and they work with members and retirees. She said that SERS also has a workout facility in their building. Ms. Morris added that SERS has competitive walking programs, smoking cessation programs, Weight Watchers, and they incentivize participation in those types of programs. She said they are beginning to charge a higher fee for smokers.

Rep. Wachtmann asked if there are programs for retirees that pay for them to join a gym. Ms. Morris said retirees can work with a wellness consultant. She said they have one staff member whose job is working with members on wellness issues.

Sen. Faber observed that the investment expenses had increased considerably and he encouraged the board to look at those fees. He said external management fees seem to make up the bulk of it. He said he was concerned with SERS' raises for its employees while members are seeing their wages reduced.

Sen. Faber asked for further questions; there were none.

There being no further business to come before the ORSC, the meeting was adjourned at approximately 9:16 a.m.

Date Approved

Keith Faber, Chair

Aristotle L. Hutras, Secretary

Lynn Wachtmann, Vice-Chair