

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

Minutes  
December 11, 2013

The meeting was called to order by Chairman Wachtmann at approximately 9:05 a.m. in room 114, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

David Burke  
Dan Ramos  
Kirk Schuring  
Lynn Wachtmann  
Lora Miller  
Seth Morgan

Absent

Shannon Jones  
Charleta B. Tavares

Non-voting members

Mark Atkeson  
Karen Carraher  
John Gallagher  
Carla Marshall  
Mike Nehf  
Kari Hertel

Staff

Bethany Rhodes  
Jeff Bernard  
Ashley Wilson

There being a quorum present, Chairman Wachtmann asked that the minutes of the previous meeting be approved. Without objection the minutes were approved.

Chairman Wachtmann asked Rep. Schuring to give the report from the Subcommittee to Review Contracts. Rep. Schuring said that the Subcommittee met on November 20, 2013, and two motions were adopted. The first motion has four parts: (1) Director Rhodes is to begin the process of looking for new office space, (2) begin looking into digital options for receipt and distribution of documents; (3) terminate the Pitney Bowes contract [regarding an in-house postage meter] on its expiration, and (4) initiate an RFP for actuarial and investment services in February of 2014. The second motion is to request the Attorney General's office review ORSC contracts listed on the subcommittee inventory sheet for the purpose of determining any more issues that may arise.

Chairman Wachtmann established a subcommittee to oversee the RFP for actuarial and investment services. Chairman Wachtmann asked Rep. Schuring to

serve as chair and Sen. Burke, Rep. Ramos, and Ms. Miller to serve as subcommittee members.

(Rep. Ramos entered the meeting at 9:13 a.m.)

Chairman Wachtmann moved to the GASB presentation. Director Carraher presented the GASB information. Mr. Morgan asked if GASB had provided any guidance on how employers are to include the initial liability on their financial statements. Director Carraher said that the systems were still waiting on the guidelines to be provided. Chairman Wachtmann reminded the systems that even though GASB required a market value of investments for accounting purposes, the systems still needed to report to the ORSC using a smoothing method.

Chairman Wachtmann recognized Mr. Bernard and asked him to report on the analysis of H.C.R. 40. He reviewed the analysis and gave the ORSC staff recommendation of approving H.C.R. 40.

Chair Wachtmann moved that the ORSC adopt the staff recommendation. Sen. Burke seconded the motion.

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

YES: Chairman Wachtmann	Rep. Ramos
Sen. Burke	Ms. Miller
Rep. Schuring	Mr. Morgan

Chairman Wachtmann recognized Steve Mitchell and congratulated him on his upcoming retirement from STRS as the Chief Investment Officer. The Chairman thanked him for his 42 years of service. Mr. Mitchell expressed his thanks to the Council.

(Sen. Burke and Rep. Ramos left the meeting at 9:33 a.m.)

The Chairman moved to the PERS budget report. Director Carraher recognized Jenny Starr as the new CFO and asked that she present the report for PERS. Ms. Starr reviewed the budget report.

Mr. Morgan asked how the proposed 2014 budget compared with the 2013 actual budget, noting that he has expressed this concern with other system's budgets comparing proposed-proposed rather than proposed-actual. Ms. Starr said that it was estimated to be \$95.3 million, which would be 6.8% less than the proposed 2013 budget. Mr. Morgan noted that he would like to see a comparison

of actual budgets as opposed to comparing proposed budgets in future reports to get a better sense of actual budget changes. Chairman Wachtmann agreed with Mr. Morgan but asked if this would cause undue administrative difficulties. Ms. Starr said that adding that information would not be a problem and that they would do so in the future.

Chairman Wachtmann asked Ms. Starr if the per member administrative costs of PERS were favorable compared to peer organizations. Ms. Starr and Director Carraher explained that they use multiple metrics and benchmark surveys to get a sense of PERS performance and that all of these metrics indicated that PERS per member cost was favorable. The Chairman also asked for details regarding the line item for a new building in the capital budget. Ms. Starr explained that the lease for their current off site emergency location and data storage is coming to an end, so PERS has begun to explore other options for that need. One option would be to purchase rather than lease a building. Chairman Wachtmann asked if storing data in the "cloud" would be feasible. Director Carraher explained that they had looked at that option, but PERS needs a physical location to store its data and for staff to work and receive calls should a disaster or emergency occur. She also said that the line item is just a place holder right now; nothing is concrete or been officially approved by the PERS Board. Chairman Wachtmann asked if other systems have an off-site location for emergencies and if they collaborate on their efforts. Director Carraher noted that the system directors discuss this topic often. Director Nehf concurred with Director Carraher and noted that each system has different needs for that kind of situation. Directors Atkeson and Gallagher and Helen Ninos from SERS all said that their systems have similar plans in place for an emergency.

The Chairman recognized Director Nehf and asked him to give the STRS valuation report. Director Nehf reviewed the report. Chairman Wachtmann thanked him and asked if there were any questions. There were none.

(Sen. Burke returned at 9:49 a.m.)

(Rep. Ramos returned at 9:55 a.m.)

Chairman Wachtmann recognized Carla Marshall and asked her to present the SERS valuation report. Chairman Wachtmann asked for details regarding the increase in disability claims. Helen Ninos, SERS Deputy Executive Director, said that there has been an increase in the number of applications, but she did not have all the details right then. Ms. Ninos added that she would provide that information to the Council when available.

(Ms. Hertel entered the meeting at 9:58 a.m.)

The Chairman recognized Mr. Bernard and asked for a report on the rules submitted to ORSC this month. Mr. Bernard confirmed that all the rules submitted to the ORSC this month were in compliance with the Revised Code.

The Chairman moved on to new business for the Council.

Chairman Wachtmann established a subcommittee to oversee the RFP for the fiduciary audit of PERS. The Chairman asked Sen. Burke to serve as chair and appointed himself and Ms. Miller to serve as members, with Director Carraher as a non-voting member.

Chairman Wachtmann announced that the administrative assistant for the ORSC, Paula Levitt, is retiring at the end of this year, and that Director Rhodes would be interviewing candidates to fill the position.

The meeting adjourned at approximately 10:03 a.m.

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Date approved

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Lynn Wachtmann, Chair

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Secretary

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Shannon Jones, Vice Chair