

**Ohio Retirement Study Council  
30 East Broad Street, 2<sup>nd</sup> Floor  
Columbus, Ohio 43215**

**Minutes  
May 13, 2021**

The meeting was called to order by Chairman Carfagna at approximately 10:04 a.m. in Room 017, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

**Voting members**

Rick Carfagna, Chair  
Hearcel Craig  
Brigid Kelly  
Lora Miller  
Phil Plummer  
Dr. Anthony Podojil

**Non-voting members**

Karen Carraher, PERS  
Mary Beth Foley, OP&F  
William Neville, STRS  
Dr. Carl Roark, HPRS  
Richard Stensrud, SERS

**Absent**

Jay Hottinger, Excused  
Angel Mumma, Excused  
James Patterson, AG, Excused  
Kirk Schuring, Vice-Chair, Excused

**Staff**

Jeff Bernard  
Bethany Rhodes

With a quorum present, the meeting was called to order at 10:04 a.m.

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

Chairman Carfagna moved to the approval of RFPs recommended by ORSC subcommittees.

Chairman Carfagna moved to approve the RFP for the Actuarial Audit of the State Highway Patrol Retirement System. Representative Plummer seconded the motion. A roll call vote was taken and approved 6-0

Chairman Carfagna moved to approve the RFP for the Fiduciary Audit of the Ohio Police & Fire Pension Fund. Senator Craig seconded the motion. A roll call vote was taken and approved 6-0.

Chairman Carfagna moved to approve the RFP for the Actuarial Audit of the State Teachers Retirement System. Senator Craig seconded the motion. A roll call vote was taken and approved 6-0.

Chairman Carfagna moved to approve the RFP for the Fiduciary Audit of the State Teachers Retirement System. Senator Craig seconded the motion. A roll call vote was taken and approved 6-0.

Chairman Carfagna moved to the FY2022 ORSC Budget. Director Rhodes presented the proposed budget. Chairman Carfagna asked if the carryover for this budget was larger than normal. Director Rhodes said that it was, noting that it was not only the salary for the vacant research position but also associated health care costs. She also noted that the professional services line depends greatly on whether the General Assembly has activity related to the retirement systems, and with the previous year largely focused on COVID-related matters, there was not much retirement system activity.

Dr. Podojil asked if this was the final budget proposal the ORSC would see or if another budget would be presented after the end of the fiscal year. Director Rhodes said that ORSC staff can provide any type of updates that the ORSC requests; she noted that the ORSC could give monthly activity updates if the Council would like. Dr. Podojil clarified that, since the fiscal year is not yet done, did she expect that the estimates for the previous year's budget to be close to that presented. Director Rhodes said yes, the estimated figures for the previous year will be close to the final year-end figures.

Chairman Carfagna noted that any member can always ask ORSC staff for more updates on the budget at any time. With no further questions or comment, Senator Craig moved that the ORSC approve the fiscal year 2022 budget. Representative Plummer seconded the motion. A roll call vote was taken and the motion was approved 6-0.

Chairman Carfagna moved to the H.B. 110 staff memo and recommendations. Mr. Bernard reviewed the memo and staff recommendations. Chairman Carfagna asked if, as currently in H.B. 110, ORSC is included as an entity that may or must participate in the database. Mr. Bernard noted that, as currently written, H.B. 110 would require ORSC to participate in the database and so an amendment would be needed to make that participation elective. The Chairman asked Mr. Bernard to elaborate on why the ORSC should be treated differently in its participation. Mr. Bernard noted that ORSC staff are asked to make policy as consistent as possible and since the ORSC funding is more similar to the funding of the retirement systems, the thinking was that ORSC participation should match the elective participation of the funds. Mr. Bernard also noted

that the ORSC has tended to want to maintain independent control and management of their staff, and the recommendation would maintain that control by providing that participation in the database would be an ORSC decision rather than a requirement in the Revised Code. The Chairman also noted that ORSC is not subject to DAS or funded through GRF. Mr. Bernard noted that this was a good point and that, as currently written, the bill would creep ORSC towards treatment as a DAS entity which the ORSC is not.

Representative Kelly noted the provision regarding public participation in board meetings. She noted that COVID has shown how the systems can adapt and that the remote public participation was a step in the right direction. Chairman Carfagna noted that he supports the general policy of the public participation but also supports that this be permissive rather than a requirement and that it be across the board for all the systems.

Representative Plummer noted that the timing for amendments are due soon in the Senate deliberations of the budget. He asked the directors of the retirement systems if there were any other amendments out there that are pending or that might not be public record yet and that this was a public meeting where the public could be informed of any other possible changes that are being sought after. There were no comments of other impending changes or budget requests from the system directors. The Chairman noted that the ORSC may not be able to meet if additional amendments are made. Director Rhodes noted that is often the case with budget amendments which are made late in the process and ORSC staff are only able to notify the ORSC of the change that has already occurred.

The Chairman asked what the process would be to get any recommendations put into the budget. Director Rhodes noted that if the ORSC would approve the staff recommendation they would become the ORSC's recommendation. At that point, it would be up to the General Assembly to incorporate those changes into the budget. Ms. Miller asked if Vice-Chair Schuring was aware of the recommendations. The Chairman responded that the Vice-Chair has the same access to the recommendation as other members of the ORSC but that he has not had any specific conversations with him about these recommendations. Director Rhodes noted that she also had not spoken with him. Ms. Miller asked that, if the ORSC does approve the recommendations, the ORSC request that the vice chair take the lead on the recommendations as he is a member of the Senate.

The Chairman moved to approve the staff recommendation as a whole. The motion was seconded by Dr. Podojil. Dr. Podojil then asked Mr. Bernard a clarification, asking if, as currently written, no board member participated remotely, would the system still be required to allow remote public participation. Mr. Bernard noted that, as currently written, there is no guarantee that remote participation will continue after the health orders end. He noted that it seems reasonable to assume that, if a board elects to permit remote board participation that public participation would be institutionalized with the board, but there is no requirement that this happens in the bill or after things return

to normal. A roll call vote was taken and approved 6-0. Chairman Carfagna asked Director Rhodes to ensure that the three senate members of the ORSC received the formalized recommendations.

*Senator Craig left at 10:32 am.*

Chairman Carfagna moved to the 2020 OP&F Annual Adequacy Report. William Fornia from PTA presented the report. Chairman Carfagna noted that a takeaway from the report was that an 8% expected investment return was on the high end and a downward movement would decrease OP&F funding. Chairman asked, as in page 9, if Mr. Fornia would speculate that OP&F would reduce their expected return all that way down to that average 7.18% expected return in a worst case scenario. Mr. Fornia responded that he doesn't know OP&F as well as the OP&F actuaries, but that he would expect they would reduce the expected return half a percent but doubted they would reduce to the median of 7.18%. Dr. Podojil asked for the membership split in OP&F for police and fire members. Interim Director Foley noted that it is roughly 60/40 with more police than fire members. Interim Director Foley thanked PTA for their work and noted that the board takes all this into consideration and congratulate their investment staff for returns of 19%. She noted that the board has lowered their assumed rate of return as the board works to get OP&F to sustainable solvency.

Chairman Carfagna moved to the Investment Performance for the Period Ending 12/31/20. Jim Voytko from RVK presented the report.

*Ms. Miller left at approximately 11:11 am.*

*Ms. Miller arrived at approximately 11:17 am.*

Chairman Carfagna thanked RVK for the report and remarked on how important and useful the report is for members of the ORSC. Mr. Voytko thanked the systems as well for their attention and effort in checking the accuracy and completeness of the report. Representative Kelly asked Mr. Voytko about page 12 of the summary, regarding the considerations for the ORSC. She asked if these considerations were in order of importance or priority. Mr. Voytko noted that they are all essential, but for different aspects of investment performance. He remarked that if you are concerned at looking at returns and risk of a system, asset allocation is the focus. But if you were more interested in the sustainability of the system and health of the investment program, you need to focus more on performance over a longer period of time. He noted that all of those considerations are important, but it depends on what question you are asking. He noted that the RFPs that were issued earlier in the meeting, which he had not seen, was a useful way to evaluate the execution of the system and performance.

Chairman Carfagna moved to the STRS FY 2022 Budget. The Chairman noted that the ORSC does not approve the system budgets, instead providing oversight and comments. Lynn Hoover, STRS CFO, presented the STRS Budget.

*Ms. Miller left at approximately 11:37 am.*

Chairman Carfagna noted that a takeaway was a general 2.6% increase, freezing headcount and noted that the capital budget was a large increase and asked Ms. Hoover to elaborate. Ms. Hoover noted that the existing investment and accounting system was developed in 1995 and that it was well time to update. She also noted some building maintenance that was necessary.

*Ms. Miller arrived at approximately 11:40 am.*

Chairman Carfagna moved to the SERS FY 2022 Budget. Director Stensrud presented the SERS budget. Chairman Carfagna noted that a takeaway was an increase of 5.2%, due to personnel, health care costs, and positive investment related costs. Director Stensrud noted that SERS intends on continuing remote public access to SERS board meetings in the future.

Chairman Carfagna moved to rules. Mr. Bernard reviewed the rules and noted they are in compliance with the Revised Code and staff had no further comments. The Chairman clarified that the ORSC did not take a vote or action on the rules. Mr. Bernard said that staff are required to present the rules to the ORSC and note any rules that are not in compliance with the Revised Code, but that the ORSC is not required to take any action.

Under new business, the Chairman noted that the ORSC Employee Handbook has not been updated since 2012, which was too long. He would like to modernize the Handbook to 2021 standards and also look at employee salary structure. The Chairman announced the creation of a subcommittee to review the handbook and salary structure with membership of Chairman Carfagna, Vice-Chair Schuring, Representative Kelly, and Ms. Lora Miller.

Chairman Carfagna said that the next meeting would be June 10, 2021, or at the call of the Chair.

The meeting adjourned at approximately 11:51 a.m.

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Date Approved

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Rick Carfagna, Chair

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Bethany Rhodes, Secretary

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Kirk Schuring, Vice Chair