

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

**Minutes
November 9, 2017**

The meeting was called to order by Chairman Schuring at approximately 10:00 a.m. in room 121, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Lora Miller
Dr. Thomas Pascarella
Christopher Potts
Dan Ramos
Kirk Schuring

Non-voting members

Dennis Smith
Karen Carraher
John Gallagher
Mike Nehf
Richard Stensrud
Kari Hertel

Absent

Rick Carfagna
Edna Brown
Jay Hottinger
Steve Wilson

Staff

Jeff Bernard
Bethany Rhodes
Ali Yogmour

As a quorum was not yet present, Chairman Schuring asked ORSC staff to begin the OPERS COLA Guidelines discussion.

ORSC staff reviewed the existing guidelines ORSC staff follows when analyzing a bill. Considering the recent OPERS COLA proposal changes, staff asked for guidance from the Council as the proposal would set a new precedent for evaluation legislation.

Chairman Schuring noted that a bill had not yet been introduced, so he had no comments. Dr. Pascarella asked about the difference between compounded and un-compounded COLAs and how it would affect purchasing power. Mr. Bernard explained the difference. Director Carraher clarified that while the actuarial assumptions did specify 2.5% inflation that for the individual price inflation component that number was more like 2.1%, which was lower than the cap proposed by the PERS Board. Dr. Pascarella noted this was the first issue he had been contacted about since his appointment to the Council and mentioned the "promise" that was made to OPERS members who chose to retire early based on the 3% COLA. Director Carraher stated

that all members were counseled to work longer and no one was counseled to retire early. Director Carraher then addressed general questions from ORSC staff, noting that OPERS is attempting to operate while in a stable position as they look forward. She stated there are only a couple of different levers to pull when there is a bad return and highlighted how expensive COLAs are. She stated it is the duty of the system to stay within 30 years and did not want to wait until there was a crisis to act. She said OPERS is trying to plan ahead. She then emphasized that the COLA was never meant to completely keep up with inflation, rather to off-set inflation.

Rep. Ramos inquired about times of low inflation. Director Carraher discussed the proposed triggers that would take place should inflation change. Rep. Ramos noted that he was okay with the triggers in the proposal, but was actually asking if times could be good enough to go above the 3% COLA. Director Carraher explained that anything could happen and the 3% could be higher if funding is satisfied. Rep. Ramos echoed Chairman Schuring's response in that a bill had not yet been introduced so it would be difficult to start an analysis, but adequate buying power should be considered and would cautioned staff against using the word 'trends' when making an analysis, as board authority may have been specifically excluded from some Boards. He also mentioned that staff may wish to hold off on drafting an analysis at this time. Chairman Schuring ended the discussion noting that a bill would be introduced soon and commended OPERS on being proactive and vigilant. He stated that if there were any impediments in the ORSC that would prevent a system from being able to carry out their proposal, the ORSC guidelines would need changed.

With a quorum present, Chairman Schuring moved that the minutes of the previous meeting be approved. The minutes were approved without objection.

Chairman Schuring asked Ms. Miller to give the ORSC Subcommittee to Establish an RFP and Review Responses to the RFP for OPERS Fiduciary Audit report. Ms. Miller offered the report and gave an overview of the two proposals received, one from AON and one from Funston. She said both reports were well done. Ms. Miller noted a couple of small errors in the AON report. Regardless, the subcommittee decided to recommend AON due to the cost difference.

Representative Ramos moved to accept the recommendation from the ORSC Subcommittee to choose AON for the fiduciary audit. Ms. Miller seconded the motion. The Council voted on the motion. A roll call vote was taken, and the motion passed 5-0.

Chariman Schuring asked ORSC staff to provide the Rules report.

Ms. Yogmour said that all the rules were in compliance with the Revised Code, and she had no other comments.

Chairman Schuring asked ORSC staff to review the COLA brief.

Mr. Bernard gave an overview of the COLA brief, noting in particular how valuable COLAs are to retirees, how expensive COLAS are, and how difficult they are to structure.

Chairman Schuring asked Director Gallagher for an update on the OP&F Board chairman restrictions and the Board's public comments rules. Chairman Schuring asked if anyone in the audience could ask questions of the board. Director Gallagher noted that there were plenty of opportunities for retirees to speak during the committee work and he did not think that the rules restricted public speaking, however they could review the rule.

Chairman Schuring announced that the next meeting would be December 14, 2017, at 10:00 a.m.

The meeting adjourned at approximately 10:39 a.m.

Date Approved

Kirk Schuring, Chair

Bethany Rhodes, Secretary

Steve Wilson, Vice Chair