

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

**Minutes**  
**May 9, 2024**

The meeting was called to order by Chairman Romanchuk at approximately 10:03 a.m. in Room 116, the Ohio Statehouse, Columbus, Ohio.

The following members attended the meeting:

**Voting Members**

Adam Bird  
Bill Blessing  
Beryl Brown Piccolantonio  
Paula Hicks-Hudson  
Ed Montgomery  
Phil Plummer, Vice Chairman  
Dr. Anthony Podojil  
Mark Romanchuk, Chairman

**Non-voting Members**

Karen Carraher, PERS  
Mary Beth Foley, OP&F  
Scott Helkowski, Attorney General  
Lynn Hoover, STRS  
Carl Roark, HPRS  
Richard Stensrud, SERS

**Absent**

Lora Miller, Excused

**Staff**

Jeff Bernard  
Bethany Rhodes  
Ryan Hennigan

With a quorum present, the meeting was called to order at 10:03 a.m.

Chairman Romanchuk moved to the April 11, 2024, ORSC minutes. Without objection, the minutes were approved.

Chairman Romanchuk moved to the FY2025 ORSC Budget. Director Rhodes presented the budget, explaining that while there was a slight increase in the overall budget, the systems would actually have to pay less in FY 25 due to the large carryover.

Senator Hicks-Hudson asked for more detail regarding the capital expenses line within the budget, specifically pertaining to expensive individual pieces of equipment. Director

Rhodes responded that she could foresee ORSC staff needing to replace their copy machine, which also serves as staff's fax and scanner machine. There were no further questions.

Chairman Romanchuk moved that the Council adopt the proposed budget, along with the addition of a 3% raise for the Director, which was not included in the budget. Vice Chairman Plummer seconded the motion. A roll call vote was taken, and the motion was approved 8-0.

Chairman Romanchuk moved to the investment performance review for the period ending 12/31/23. Jim Voytko from RVK presented the report.

Representative Bird asked for clarification on why diversification of asset classes within an investment portfolio was a good thing due to the fact that some classes are riskier than others. Mr. Voytko responded that when creating a strategic asset allocation for a perpetual fund, risks and returns are considered for individual asset classes. He stated that just as important as those factors are a system's assets and liabilities. The nature of the liability stream can affect the appropriate asset allocation and can influence scenarios that drive investments away from higher returns, but toward the best match for the benefit payments the fund must make. He noted that volatility over time is the enemy of compound returns.

Chairman Romanchuk asked about data on page 13, asking how many plans were in the rankings. Mr. Voytko responded that it included all public plans greater than \$1 billion; probably between 40 and 100. He continued by saying that the rankings for the Ohio plans have been very respectable, but peer rankings are not nearly as important as the efficiency of the use of risk in the portfolios themselves, as well as the match to specific liabilities.

*Senator Blessing left at 10:35 a.m.*

Director Foley commented that she provided Director Rhodes with additional explanation regarding OP&F's risk parity approach. She stated that this approach allows the fund to experience lower volatility. Chairman Romanchuk stated that it was his belief that the Council members have not seen this memo. Director Foley continued by stating that this approach allows less risk than about 75% of public pension funds. She stated that it was interesting to be called too risky and too conservative in the same week. Mr. Voytko replied that he never used the word, "too," but risk parity would explain why OP&F's volatility is lower than the other plans, though this means the returns might not be as high. Chairman Romanchuk stated that Director Rhodes would forward the OP&F memo to the members of the Council.

Chairman Romanchuk moved to the OP&F annual adequacy report. William "Flick" Fonia from PTA/KMS/Bolton presented the report.

*Representative Bird left at 10:57 a.m.*

*Representative Bird returned at 11:00 a.m.*

Chairman Romanchuk moved to the system budgets, reminding the members and online viewers that ORSC is required to hear and review the systems' budgets, but the Council does not have the authority to approve, amend, or disapprove them.

Chairman Romanchuk moved to the FY2025 STRS budget. STRS Interim-Director Lynn Hoover presented the budget.

Chairman Romanchuk asked why the actuarial cost was increasing 20%. Interim-Director Hoover responded that the costs were driven by strategic review of plan changes every year, healthcare plan cost changes, and the use of more actuarial services overall. Chairman Romanchuk asked a clarifying question that the costs were not driven by higher prices, but simply STRS utilizing the services more frequently. Interim-Director Hoover confirmed this was the case. There were no further questions.

Chairman Romanchuk moved to the FY2025 SERS budget. Director Stensrud presented the budget.

Chairman Romanchuk asked what "refreshing an electric charging station" meant. Director Stensrud replied that electric charging stations at SERS have a lifespan, and they were put in about five years ago and needed replacing. There were no further questions.

Chairman Romanchuk moved to the ORSC COLA issue brief. Mr. Bernard explained that staff have been updating the four issue briefs on various topics as they were more than six years old, and before the members was an update to the COLA issue brief. Chairman Romanchuk asked if the various ORSC issue briefs were available on the ORSC website. Mr. Bernard confirmed that this was the case.

Chairman Romanchuk moved to the Rules. Mr. Hennigan stated that ORSC staff had reviewed the rules, that they are in line with the Revised Code, and that staff had no further comments.

Chairman Romanchuk moved to new business. Director Rhodes informed the Council that on April 24, 2024, Aon notified STRS that it was terminating its governance consulting contract with STRS effective June 24, 2024. Further, Aon stated in its letter that if STRS would agree to an earlier termination date of May 1, 2024, then Aon would waive their fees for work they performed since March 1, 2024. Director Rhodes stated that this was an unprecedented act that she wanted to make sure the Council was aware.

Chairman Romanchuk asked Director Rhodes what action the Council should take, if any. Director Rhodes stated that the Council's authority in this matter is limited. However, it would be prudent and appropriate to inform other state officials, including

statewide officeholders and both caucuses of the General Assembly, and perhaps the Ethics Commission, of these events.

Chairman Romanchuk moved that the ORSC staff send a letter notifying the Governor, the Attorney General, the Auditor of State, the Treasurer of State, the Secretary of State, both caucuses of both chambers of the General Assembly, and the Ohio Ethics Commission of the Aon governance contract termination. Dr. Podojil seconded the motion. A roll call vote was taken, and the motion was approved 7-0.

Chairman Romanchuk asked if there was any further old or new business to be brought before the Council. There was no further business.

Chairman Romanchuk said that the next ORSC meeting is scheduled for Thursday, June 13<sup>th</sup>, 2024, or at the call of the Chair.

The meeting adjourned at approximately 11:29 a.m.

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Date Approved

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Mark Romanchuk, Chairman

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Bethany Rhodes, Secretary

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Phil Plummer, Vice-Chairman