

**Ohio Retirement Study Council
30 East Broad Street, 2nd Floor
Columbus, Ohio 43215**

**Minutes
December 12, 2024**

The meeting was called to order by Chairman Romanchuk at approximately 10:02 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
Lora Miller
Phil Plummer, Vice Chairman
Anthony Podojil
Mark Romanchuk, Chairman
Gary Scherer

Non-voting Members

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

Absent

Staff

Jeff Bernard
Ryan Hennigan
Bethany Rhodes

With a quorum present, the meeting was called to order at 10:02 a.m.

Chairman Romanchuk asked for a moment of silence in remembrance of the late Senator Kirk Schuring.

Chairman Romanchuk moved to the October 10, 2024, ORSC meeting minutes. Without objection, the minutes were approved.

Chairman Romanchuk moved to the update of the ORSC Standardized Audit Form. Mr. Bernard presented the updated form. Chairman Romanchuk asked if the update includes the requests made at the previous ORSC meeting. Mr. Bernard replied that they were included.

Dr. Podojil motioned that the ORSC accept the updated ORSC Standardized Audit Form. Mr. Scherer seconded the motion. The roll was called, and the motion was approved 9-0.

Chairman Romanchuk moved to the update of the ORSC Standardized Budget Form. Mr. Bernard presented the updated forms. Senator Hicks-Hudson asked how many years were included in the "average annual change" portion of the form. Mr. Bernard replied five years. Senator Hicks-Hudson asked if the capital budget could include both carry-over and new budget funds. Mr. Bernard deferred to the systems. Director Carraher indicated that the capital budget presented to the board only shows new dollars to avoid confusion of money that was previously approved by the board. Director Rhodes asked Senator Hicks-Hudson if it would be helpful for ORSC staff to include the current budget on the top of the form and the previous budget on the bottom. Senator Hicks-Hudson replied that she did not want to have to calculate the difference between the two budgets. Mr. Bernard stated that after checking with the systems, staff could include on the forms whatever the Council would deem helpful to provide clarity.

The Council stood at ease at 10:13 a.m.

The Council resumed at 10:14 a.m.

Dr. Podojil motioned that the ORSC accept the updated ORSC Standardized Budget Form. Mr. Scherer seconded the motion. The roll was called, and the motion was approved 9-0.

Chairman Romanchuk moved to the Sixth Amendment to the Healthcare Memorandum of Understanding (MOU). Director Rhodes presented the MOU amendment. There was no discussion.

Ms. Miller motioned that the ORSC accept the Sixth Amendment to the MOU for ORSC staff healthcare. Dr. Podojil seconded the motion. The roll was called, and the motion was approved 9-0.

Chairman Romanchuk moved to the ORSC recommendation on Senate Bill 6. Chairman Romanchuk stated that since the bill was passed without any new amendments, the Council would move on to the next item on the agenda. There was no discussion.

Chairman Romanchuk moved to the House Bill 78 recommendation update. Mr. Bernard presented the update. There was no discussion.

Chairman Romanchuk moved to the 2023 OP&F Actuarial Valuation. Director Foley presented the valuation. There was no discussion.

Chairman Romanchuk moved to the HB 296 Staff Recommendation. Mr. Bernard presented the recommendation. Director Foley urged the Council to vote no on the staff recommendation. She stated that the bill passed the Ohio House in bipartisan fashion. She stated that OP&F was created with structural underfunding and 69 cities have still not contributed their designated amounts to OP&F. She added that the ORSC's actuary and Cavanaugh MacDonald both found that HB 296 lowers the 30-year period.

Vice Chairman Plummer said that precedent is not a good reason for holding up HB 296. He continued by saying that the bill was a compromise measure and that cities need to pay their fair share. He added that receiving the ORSC staff recommendation during the lame duck legislative process was difficult.

Senator Blessing commented that he also would be voting no on the recommendation. He added that the state needs to be a bigger partner in bearing the financial burden placed upon the cities. He added that restoration of the Local Government Fund (LGF) should be considered.

Senator Hicks-Hudson stated that she appreciated the recommendation but did not agree with it based on her experience as a mayor and being responsible for first responders. She added that using the term "precedent" as the reason ORSC staff recommend disapproval of HB 296 seemed disingenuous because precedent is only reliable when it pertains to facts, and the fact is that OP&F needs more funding. She continued by saying she agrees that the state needs to play a bigger role in helping local government.

Representative Brown Piccolantonio asked why the Council was just now receiving the recommendation. Chairman Romanchuk replied that the delay in the recommendation was his decision for the following reasons: out of respect for the passing of Senator Schuring, to avoid the cost associated with repeated actuarial reviews of the bill given the constant changes being made to it through the legislative process, and due to a request by OP&F to wait on the recommendation until after the House voted so as not to influence that vote.

Representative Brown Piccolantonio stated that she agreed with Senator Hicks-Hudson about the use of precedent being disingenuous because legal precedent is different from a values decision, and that the recommendation does not seem to rely on the data itself. She continued by asking if she was correct in understanding that the chart on page 11 of the recommendation related mostly to cost-of-living allowances (COLAs). Mr. Bernard replied that that was correct. Representative Brown Piccolantonio asked if she was correct in understanding that OP&F does not have board authority to control COLAs. Mr. Bernard replied that that was correct. Representative Brown Piccolantonio asked what board authority would be undermined by HB 296 if OP&F does not have

authority to effect COLA. Mr. Bernard replied that pension reform gave differing levels of authority to the pension boards. He added that, while the OP&F Board does not have authority related to COLAs, the OP&F Board has not used the authority that was provided to them by the General Assembly. He added that the provision of board authority to the systems has been very consequential, and an alteration of that authority could be equally consequential. Representative Brown Piccolantonio stated that she appreciated the list of additional materials for review within the recommendation, but that the timing of the recommendation was frustrating. Chairman Romanchuk commented that he has an interest in working on board authority and would welcome working together on that issue. He added that he could understand how using the term "precedent" could be confusing, but that it was not intended as a legal reference, but as a reference to the ORSC's 1978 Principles Governing Pensions which the ORSC uses when making recommendations. He added that when there have been recommendations to change those principles, that has not been taken up.

Director Foley asked Mr. Bernard if he agreed that OP&F has not exceeded the 30-year funding period since 2015. Mr. Bernard replied that according to OP&F valuations, OP&F has not exceeded the funding period since the year after pension reform. Director Foley asked if he would agree then that OP&F has not failed to exercise board authority because that would only occur if the funding period was exceeded. Mr. Bernard replied that he would not necessarily agree since in February 2022 OP&F indicated that they would reach 39 years. Director Foley asked if it was correct that the ORSC staff recommendations about standardizing board authority were not adopted. Mr. Bernard replied that the board authority provisions have not changed.

Dr. Podojil asked what ORSC staff's intention was for recommending a delayed effective date of the bill. Mr. Bernard replied that traditionally, whenever legislation would impact an existing collective bargaining agreement, ORSC staff include a recommendation to delay a bill's effective date so that the implementation of the bill would not interrupt an existing collective bargaining agreement. Mr. Bernard added that ORSC staff would not comment on the length of time related to the delay. Dr. Podojil asked if the issue with the 6-year ramp-up included in the bill has to do with the start of the ramp-up or with the length of time. Mr. Bernard replied that the recommendation refers to when the ramp-up starts. Dr. Podojil asked if the benefits between police and fire were the same upon retirement, even with the different rates. Mr. Bernard replied that Dr. Podojil is correct, both police and fire retirees have the same retirement benefits. Dr. Podojil asked what ORSC staff meant by recommending an equalization of the police and fire employer contribution rate and asked what the rates would have to look like for ORSC staff to support the bill. Mr. Bernard replied that staff have not received an explicit ORSC directive on that matter and has no opinion on what those rates should be. He added that to equalize the rates, one rate could be lowered, one

rate could be raised, or the two rates could be blended. He remarked that it is ORSC staff's belief that the Council would like to see an equalized rate, but the bill cuts against some of the other historical positions that the Council and the General Assembly have taken. Dr. Podojil asked if the precedent issue was the raising of the employer rate. Mr. Bernard replied yes. Dr. Podojil asked if the rates were equalized by bringing one rate down and the other up, would that meet the conditions of the recommendation. Mr. Bernard replied that upon direction of the Council, then staff could ask the actuary what that equalized figure would be.

Chairman Romanchuk asked the ORSC's actuary, William Fornia of PTA/KMS/Bolton, to please present his review of HB 296. Mr. Fornia presented his review.

Senator Blessing left at 11:29 a.m.

Senator Blessing returned at 11:33 a.m.

After the presentation, Director Foley asked if HB 296 reduces OP&F's funding period. Mr. Fornia replied yes, by about five years. Director Foley asked if Mr. Fornia's presentation after page five was simply stating actuarial principles trying to anticipate the future and was not specific to HB 296. Mr. Fornia replied that every analysis that he did, except in regard to payroll, would be the same with or without HB 296. Director Foley asked when Mr. Fornia began preparing his powerpoint. Mr. Fornia replied that he started approximately a week and a half to two weeks ago. He added that he did not receive the OP&F valuation until late November. Director Foley asked Mr. Fornia if there was anything that prevents him from sharing the report with OP&F prior to posting it on the ORSC website. Mr. Fornia replied that it was up to the Council. Director Foley asked Mr. Fornia if he was asked not to share his report with OP&F, and she stated that she asked that question because OP&F only received the report three days ahead of time. Mr. Fornia replied that he was certainly not asked to withhold anything from OP&F. He added that he would have liked to see the OP&F report that was done a couple of days ago. Director Foley stated that the OP&F report was a response to the PTA/KMS/Bolton report. Chairman Romanchuk replied to Director Foley that she can call him to discuss receiving reports as soon as they are available, and he would be happy to try to accommodate her.

Chairman Romanchuk motioned to adopt the HB 296 Staff Recommendation. Representative Bird seconded the motion. The roll was called, and the motion was approved 5-4.

Chairman Romanchuk moved to the SB 194 Staff Recommendation. Mr. Bernard presented the recommendation. There was no discussion.

Chairman Romanchuk motioned to adopt the SB 194 Staff Recommendation. Representative Bird seconded the motion. The roll was called, and the motion was approved 5-4.

Chairman Romanchuk asked if there was any old or new business to be brought before the Council.

Chairman Romanchuk stated that he wanted to thank former STRS Directors Neville and Hoover for their service to STRS and the Council. He also asked the Council to wish Ms. Miller a happy birthday. There was no further business.

Chairman Romanchuk stated that the next ORSC meeting is scheduled for Thursday, January 9, 2025, or at the call of the Chair.

The meeting adjourned at approximately 11:56 a.m.

Date Approved

Mark Romanchuk, Chairman

Bethany Rhodes, Secretary

Phil Plummer, Vice-Chairman