

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

Minutes  
May 12, 2016

The meeting was called to order by Chairman Beagle at approximately 10:02 a.m. in room 121, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Bill Beagle  
Edna Brown  
Jay Hottinger  
Kirk Schuring  
Ron Amstutz  
Dan Ramos  
Lora Miller

Non-voting members

Mark Atkeson  
Karen Carraher  
John Gallagher  
Lisa Morris  
Mike Nehf  
Kari Hertel

Absent

Seth Morgan

Staff

Bethany Rhodes  
Jeff Bernard  
Ashley Wilson

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

Chairman Beagle asked RVK President Jim Voytko to present the Investment Performance Report. Mr. Voytko thanked the systems for their work and collaboration on the report.

*Kari Hertel entered the meeting at approximately 10:05 a.m.*

*Rep. Ramos exited the meeting at approximately 10:07 a.m.*

*Rep. Schuring entered the meeting at approximately 10:08 a.m.*

In response to a discussion about rising debt's effect on expected future returns, Chairman Beagle asked Mr. Voytko if he was talking about total debt, including

both private and government. Mr. Voytko responded that yes, he was speaking of all debt.

*Rep. Schuring exited the meeting at approximately 10:43 a.m.*

Mr. Voytko concluded his review of the Investment Performance Report, and the Council had no additional questions.

Chairman Beagle asked all of the system directors to present their Annual Internal Audit Reports. Director Carraher reviewed the PERS Internal Audit Report and explained that the systems were using the new standardized audit report format that was developed by the ORSC in conjunction with the systems. Chairman Beagle asked Director Carraher what she meant when she said that the audit report was “board-approved.” Director Carraher explained the process by which the audit is approved and said that the Board was agreeing with the audit committee in that the annual audit report reflected an accurate accounting of what audits took place during the year. There were no further questions. The Chairman then directed each system to present their audit reports. STRS Executive Director Nehf, SERS Chief Audit Officer Joe Bell, OP&F Chief Audit Officer Karen Sparks, and HPRS Executive Director Atkeson each presented their systems’ audit reports, and there were no questions.

Chairman Beagle asked Director Carraher to present the PERS Disability Report. She reviewed the report and took questions from the Council. Sen. Brown asked Director Carraher to speak to the graph on slide three of her presentation which showed a spike in total applications submitted. Director Carraher explained that the spike was due to participants responding to pension reform changes. Rep. Amstutz commended PERS on their Disability Report and said it was very encouraging.

Chairman Beagle moved to the STRS Budget Report. STRS Chief Financial Officer Paul Snyder reviewed the report and took questions from the Council. Rep. Amstutz asked about the investment success that was achieved by STRS in the current volatile market. He asked if this was part of the performance based incentive program costs (related to STRS being over budget for FY2016). Mr. Snyder responded that yes, STRS is able to move into equity as part of the STRS asset allocation.

Chairman Beagle asked SERS to present their Budget Report. SERS Chief Financial Officer Tracy Valentino reviewed the report and took questions from the Council. Rep. Amstutz asked what the 4% increase in the salary line item reflected. Ms. Valentino said that the increase was due to healthcare and insurance costs as well as merit increases that have been averaging around an increase of 3%. Chairman Beagle asked about the increase in the custodial bank fees line item, noting that STRS also had an increase. Ms. Valentino said that the increase was an estimate from their assigned custodial bank, Huntington.

The Chairman moved to the SERS Health Care report. SERS Director of Health Care Anne Jewel reviewed the report, and there were no questions from the Council.

*Sen. Hottinger exited the meeting at approximately 11:23 a.m.*

Chairman Beagle asked Director Nehf to present the STRS Performance Based Incentive Program Changes. Director Nehf reviewed the changes, and there were no questions.

Chairman Beagle then moved to the legislative items on the agenda and asked Mr. Bernard to review the three analyses before the Council. Mr. Bernard reviewed the ORSC staff analysis and recommendations for H.B. 503/ S.B. 303.

*Rep. Ramos entered the meeting at approximately 11:32 a.m.*

The Chairman asked if there was a motion to accept the recommendations of staff. Sen. Brown asked if this analysis was available for the members' review before the meeting today. Chairman Beagle said that the materials were emailed out on Tuesday (May 10<sup>th</sup>). Sen. Brown made a motion to table the recommendations. Rep. Ramos seconded.

The Council voted on the motion. A roll call vote was taken, and the motion passed 3-2.

YES: Chairman Beagle                      Sen. Brown                      Rep. Ramos

NO: Rep. Amstutz                      Ms. Miller

Mr. Bernard then reviewed the ORSC staff analysis and recommendations for H.B. 520. There were no questions.

*Rep. Amstutz exited the meeting at approximately 11:57. The Council no longer had a quorum.*

Chairman Beagle said that the Council would vote on the analysis and recommendations for H.B. 520 at the next meeting because there was no longer a quorum. Director Rhodes noted that the Council should consider this a "rolling" analysis. She said that staff will bring this analysis back before the Council with more information as they are still waiting to hear from their consulting actuary what the actuarial impact of this bill would be.

Mr. Bernard reviewed the ORSC staff analysis and recommendations for H.J.R. 6, and there were no questions. Chairman Beagle also noted that H.J.R. 6 would be held over until the next meeting.

*Sen. Brown exited the meeting at approximately 12:08 p.m.*

The Chairman asked Mr. Bernard to review the rules submitted to ORSC. Mr. Bernard said that all the rules were in compliance, and he had no comments.

The next meeting was tentatively set for Thursday, June 9, 2016.

The meeting adjourned at approximately 12:13 p.m.

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Date approved

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Bill Beagle, Chair

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Secretary

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Kirk Schuring, Vice Chair