Ohio Retirement Study Council
30 East Broad Street, 2^{nd} Floor
Columbus, Ohio 43215

Minutes
May 14, 2026

The meeting was called to order by Chairman Bird at approximately 10:01 a.m. in Room 116, the Ohio Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting Members
Adam Bird, Chairman
Sean Brennan
Lora Miller
Phil Plummer
Anthony Podojil
Gary Scherer

Non-voting Members
Anthony Bradshaw, HPRS
Karen Carraher, PERS
Maximilian Ekey, Attorney General
Mary Beth Foley, OP&F
Richard Stensrud, SERS
Steven Toole, STRS

Absent
Willis Blackshear, Excused
Bill Blessing
Mark Romanchuk, Vice Chairman, Excused

Staff
Jeff Bernard
Ryan Hennigan
Bethany Rhodes

With a quorum present, the meeting was called to order at 10:01 a.m.

Chairman Bird moved to the February 12, 2026, ORSC meeting minutes for both the regular meeting and the PERS Actuarial Audit Subcommittee meeting. Without objection, both sets of minutes were approved.

Chairman Bird moved to the RVK Investment Performance Report for period ending December 31, 2025. Mr. Jim Voytko from RVK presented the report. Dr. Podojil asked for an explanation of the ranking system. Mr. Voytko replied that the rankings are of 232 public funds, each with over $1 billion in assets. Dr. Podojil asked if a lower rank meant better performance, or if the rankings were inverted. Mr. Voytko replied that a fund ranked in the first percentile was terrific, but a fund in the 99th percentile meant there was work to be done. He added that these rankings are instructive, but not nearly as important as how investment returns have done over the long-term against a system's actuarial assumed rate of return.

Representative Brennan asked if a system exceeding its benchmarks over the 7- and 10-year periods was due to a good market environment or strong manager selection. Mr. Voytko replied that several studies dating back to 1982 show that asset allocation typically accounts for 80-100% of returns. He expressed manager returns as "icing on the cake" and that managers can be used to control volatility. He noted that asset class structure impacts returns more than manager selection. He stated that manager selection can be important in asset classes such as hedge funds and private credit. Representative Brennan asked if the systems are using artificial intelligence (AI), what the future use of AI looks like, and what safeguards should be considered around its use. Mr. Voytko replied he was unsure of the extent to which AI is being used by the systems internally or with external vendors that the systems use.

Mr. Voytko continued the presentation. After the presentation, Chairman Bird asked Mr. Voytko if he had any word of warning or caution for the systems about the future. Mr. Voytko replied that a new challenge facing public pension plans is the rising interest from constituency groups to increase benefits due to rising funding ratios. He stated that the same pressure occurred from 1998-2001. When higher benefits were instituted at that time, asset bases decreased and could not support those increased benefits. He cautioned that adding benefits means a 50-100-year cost.

Chairman Bird moved to the 2025 PERS Disability Report. Director Carraher presented the report. There was no discussion.

Chairman Bird moved to the 2025 OP&F Disability Report. Director Foley presented the report. There was no discussion.

Chairman Bird moved to the 2025 HPRS Disability Report. Mr. Bradshaw, Chief Operations Officer at HPRS, presented the report. There was no discussion.

Chairman Bird moved to the 2025 PERS Internal Audit Report. Director Carraher presented the report. There was no discussion.

Chairman Bird moved to the 2025 STRS Internal Audit Report. Robert Vance, Chief Audit Officer at STRS, presented the report. There was no discussion.

Chairman Bird moved to the 2025 SERS Internal Audit Report. Director Stensrud presented the report. There was no discussion.

Chairman Bird moved to the 2025 HPRS Internal Audit Report. Mr. Bradshaw presented the report. There was no discussion.

Chairman Bird moved to the FY 2027 STRS Budget. Director Toole presented the budget. After the presentation, Chairman Bird asked why a 9.2% increase in salaries and wages was necessary. Kevin DeVries, interim Chief Financial Officer at STRS, replied that the increase includes a 4% merit pool and nine additional full-time equivalent (FTE) positions. He noted that there were 14 additional FTE positions added last year, but only 60% of the salary for those positions was budgeted for that year. The remaining 40% is included in the FY 2027 budget.[1] Chairman Bird asked for the reasoning of nine additional positions. Mr. DeVries replied that retirement risk accounted for those additions. He noted situations where more than one new employee is needed to cover a position vacated by a retiring employee due to a loss of institutional knowledge and production loss as new technological systems are being implemented over multiple phases. Chairman Bird indicated that he does not appreciate that one employee has to be replaced by two.

Representative Plummer asked if STRS has conducted a study to determine how many positions can be eliminated once the new technology is fully implemented. Mr. DeVries replied that STRS does not have specific projections, but reductions are a possibility.

Representative Brennan asked if the number of FTE positions are where they need to be with the FY 2027 budget. Mr. DeVries replied that there will be a couple-year transition period with ups and downs in headcount. He added that STRS member service retirements have increased, necessitating increases in counseling and call center staff. Those positions might be reduced as service retirements decrease. Representative Brennan asked if STRS or its vendors were using AI, and what the future holds for the use of AI. Director Toole replied that STRS is slowly using AI. He added that the executive leadership team utilizes Microsoft CoPilot, and AI is being used to segment member emails and send them to the proper place within the system. Representative Brennan asked what areas of the budget STRS consciously chose not to increase. Director Toole replied that STRS reduced the assumption of the number of staff they expected to retire and the number of new employees that would work alongside those retiring employees. He noted that it was a challenge to predict the number of staff retiring because legally, managers cannot ask their employees if they are going to retire.

Dr. Podojil asked for details on the FY 2026 budgeted amount of $77 million versus the estimated actual amount of $71 million. Mr. DeVries replied that performance-based incentives (PBIs) for investment staff explains around $3 million dollars of the difference. Open positions that were budgeted for but unfilled accounted for the remaining difference. Dr. Podojil asked if the 9.2% increase in the FY 2027 budget was based on the FY 2026 budgeted amount of $77 million. Mr. DeVries replied that was correct. Dr. Podojil asked what the average salary increase was for staff who do not receive PBI. Mr. DeVries replied that the 4% merit increase was tied to performance with staff receiving a varied range of 0-4. Dr. Podojil asked, after accounting for the 4%

[1] After the meeting, ORSC staff clarified with STRS staff that the new FTE positions would receive 100% of their salary in FY2027, not 140%.

merit increase from the 9.2% total, if the remaining 5.2% was attributed to the additional FTE positions. Mr. Devries replied the vast majority is attributable to those additional positions.

Representative Plummer asked about the 25% increase in the travel budget. Director Toole replied that most of that increase is from STRS investment staff that are traveling to visit fund managers. He noted that STRS is slowly getting back to the pre-Covid-19 Pandemic travel line-item amount.

Chairman Bird stated that there are three STRS members on the ORSC and he could not speak for all of them, but personally, the 9.8% overall budget increase is concerning, especially with the increase being mostly in salary and wages. He stated that he hopes that the STRS Board reconsiders the budget before they approve it.

Chairman Bird moved to the FY 2027 SERS Budget. Director Stensrud presented the budget. After the presentation, Dr. Podojil asked how the SERS independent compensation consultant arrived at recommending a 4% merit pool and how that amount ranks amongst other systems. Director Stensrud replied that SERS' consultant uses local, regional, and national data to recommend salary ranges and salary budget growth on an annual basis. Dr. Podojil asked if the 4% merit increase is consistent with past SERS budgets. Director Stensrud replied that historically, the merit pool has been between 2-3.5%, but it escalated during the Covid-19 Pandemic. He added that since then, the salary growth rate has been declining. He noted that next year, SERS expects their merit pool to be below 4%. Dr. Podojil asked if some SERS employees could earn a 0% merit increase while others could earn more than 4% depending on job performance. Director Stensrud replied that was correct. He added that SERS attempts not to have many employees receive a 0%, but they also reward excellence.

Representative Plummer asked how performance-based incentives were implemented, and what was the average amount of merit. Director Stensrud replied that performance is evaluated based on goals for every employee. He added that at the end of the year, the managing supervisor of the employee recommends a performance rating of "failing to meet expectations," "meets expectations," or "exceeds expectations." He noted that executive staff then review those ratings and that he personally reviews all recommendations. He continued by saying the 4% represents the size of the pool used to provide performance recognition increases, but actual merit pay is done on a sliding scale relative to performance.

Representative Brennan asked what the SERS staff retirement landscape looks like over the next five to ten years. Director Stensrud replied that the demographics of SERS' workforce are similar to those of STRS. He added that SERS expects turnover to pick up with the increase in retirement-eligible staff. He noted that SERS does look at succession planning for specific roles, but they do not typically have overlap between an out-going employee and a new employee for the same position.

Chairman Bird moved to the creation of an ORSC SERS Fiduciary Audit Subcommittee. He appointed Vice Chairman Romanchuk, Representative Brennan, and Dr. Podojil to the subcommittee, and announced that the Chair of the subcommittee would be Dr. Podojil. Chairman Bird also asked Director Stensrud to participate as a non-voting member.

Chairman Bird asked Director Stensrud how the search for a new Executive Director of SERS was going. Director Stensrud replied the process is nearing conclusion with the SERS Board looking to interview finalists out of a pool of applicants.

Chairman Bird moved to the 2025 ORSC Annual Report. Mr. Bernard presented the report. After the presentation, Dr. Podojil remarked that he thought the report was well done.

Chairman Bird moved to the administrative rules. Mr. Hennigan stated that rule 3307:1-7-01 was refiled the day before the meeting due to a cross-reference edit; therefore, the Council would see the rule again in its memo packet for the next meeting. After reviewing the rules, Mr. Hennigan stated that the ORSC staff had reviewed the rules, that they were in line with the Revised Code, and that staff had no further comments. There was no discussion.

Chairman Bird asked if there was any old or new business to be brought before the Council. Chairman Bird recognized Director Rhodes. Director Rhodes informed the Council that she has been approached about taking a position on her neighborhood homeowners association (HOA) board, and while there would be no direct conflict with her current position as Director of ORSC, the HOA board position would require her to take on a fiduciary duty. She continued by asking if any members of the Council would be opposed to her pursuing the HOA board position. There was no opposition communicated by the Council.

Chairman Bird noted STRS Director of Government Relations, Marla Bump's upcoming retirement. He thanked her for her service to STRS.

Representative Brennan stated that he would like the Council to consider adopting a regular report from each of the systems regarding an update on their use of AI internally and with their vendors. There was no further old or new business.

Chairman Bird stated that the next ORSC meeting was scheduled for June 11, 2026, subject to the call of the Chair.

The meeting adjourned at approximately 11:33 a.m.

Date Approved

Adam Bird, Chair

Bethany Rhodes, Secretary

Mark Romanchuk, Vice-Chairman