

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

**Minutes**  
**March 14, 2019**

The meeting was called to order by Senator Schuring at approximately 10:00 a.m. in room 121, the Statehouse, Columbus, Ohio. Senator Schuring asked the Council to stand at ease until more members arrived. The Council was called back to order at 10:06 a.m.

The following members attended the meeting:

**Voting members**

Rick Carfagna, Vice-Chair  
Jack Cera  
Hearcel Craig  
Derek Merrin  
Lora Miller  
Angel Mumma  
Kirk Schuring, Chair

**Non-voting members**

Mark Atkeson  
Karen Carraher  
John Gallagher  
Mike Nehf  
Richard Stensrud  
Kari Hertel

**Absent**

Jay Hottinger, Excused

**Staff**

Jeff Bernard  
Bethany Rhodes  
Ali Yogmour

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

Director Rhodes conducted the swearing in of members and the election of officers. Ms. Miller nominated, and Ms. Mumma seconded, Senator Schuring for Chair, Representative Carfagna for Vice-Chair, and Director Rhodes for Secretary. A roll call vote was taken, and the motion passed 7-0.

Chairman Schuring asked that a Governor's Appointee serve on the Advisory Subcommittee, which is comprised of the Chairman, the Vice-Chairman and a Governor's Appointee. Ms. Miller said she would be happy to serve on the subcommittee.

Chairman Schuring reviewed the tentative meeting dates for the remainder of 2019 and asked that members put them on their calendars in advance.

Chairman Schuring asked Director Gallagher to provide the OP&F Valuation. Director Gallagher provided the report and noted that OP&F is currently at 28 years on their amortization schedule. He also highlighted OP&F investment returns and performance reports from RVK and continued with a review of OP&F's assumptions. Director Gallagher also took this time to comment on the recent changes in health care.

Vice-Chair Carfagna asked Director Gallagher for OP&F's assumed rate of return. Director Gallagher responded that OP&F's assumed rate of return is currently at 8% and OP&F's current actual rate of return over a 30 year period is 8.8%.

Chairman Schuring asked that Director Nehf provide the STRS Valuation. Director Nehf gave the report and noted that the actuarial assumptions and methods used in the valuation were the same as those recommended by the prior actuary. He also highlighted key findings from the report, including the unfunded actuarial liability, contribution rates, STRS' 17.8 amortization period, and that their overall funding ratio has improved from 75.5% to 75.1%.

Vice-Chair Carfagna asked for STRS' assumed rate of return as well. Director Nehf responded that the current STRS assumed rate of return is 7.45%, but he did not have the current actual rate of return at the moment. Chairman Schuring asked Director Nehf to provide the information to the Council at a later time.

Chairman Schuring asked Director Stensrud to provide the SERS Valuation. Director Stensrud provided the report and noted SERS' 7.5% assumed rate of return, with the actual rate of return being 8.92%. He told the Council he would provide the five and ten year assumptions as well. Director Stensrud highlighted the recent suspension of the cost of living adjustment at SERS, allowing the system to meet their 70% funded threshold which is necessary in order to contribute to their healthcare fund. Director Stensrud said that 15 million was allocated to the healthcare solvency, which is now at 17 years with a 26 year amortization period. He also noted more information, including SERS' membership, average salary and benefits, average age and service, and the FY 2018 Health Care Actuarial Valuation.

Chairman Schuring asked Director Nehf to provide the STRS Health Care Report. First, Director Nehf took the opportunity to point the Council at page 16 of the STRS Actuarial Valuation to review their historical reports, as Vice-Chair Carfagna and Chairman Schuring had previously requested. He then moved on to the STRS Health Care Report and highlighted the board's discretionary authority for healthcare as well as the funding ratio of 176%.

Chairman Schuring then called on Director Stensrud to provide the SERS Health Care Report. Director Stensrud highlighted the SERS coverage, the amount paid for Medicare Part B reimbursement, and the employer contribution amount allocated to the

health care program. He also mentioned once again that the health care solvency has now improved to 17 years.

Chairman Schuring asked Director Carraher to provide the PERS Iran Sudan Report. Director Carraher gave the report and noted a 96% reduction in market value since FY 2007. She also highlighted the remaining four companies that PERS has holdings in and now noted that only three of those exist.

Chairman Schuring asked Director Nehf to provide the STRS Iran Sudan Report. Director Nehf reviewed the current market value and commented on the remaining top five holdings.

Chairman Schuring asked Director Stensrud to provide the SERS Iran Sudan Report. He noted the 81% reduction since FY 2007 and the current holdings for FY 2018. He reviewed a total of six remaining holdings that are held through one quantitative manager that adheres to SERS' Iran Sudan Investment policy.

Chairman Schuring asked Director Gallagher to provide the OP&F Iran Sudan Report. Director Gallagher noted that for reasons of which he was unsure, OP&F was more restricted than others on their Iran Sudan holdings in 2007. He then highlighted OP&F's .963% holdings for FY 2018.

Chairman Schuring asked Director Atkeson to provide the HPRS Iran Sudan Report. Director Atkeson noted that due to HPRS' small size, HPRS does not hold any direct international investments that would include direct exposure with investments in companies with ties to Iran or Sudan.

Chairman Schuring then asked Director Atkeson to provide the HPRS Disability Report. Director Atkeson noted the HPRS disability application percentage granted relative to active members was at .42%. He highlighted the 141 total disabilities and the percentage of all disabilities relative to all actives at 8.4%. Director Atkeson also reviewed the average age at disability at 41.7 years and the current average age at 55.3 years.

Chairman Schuring asked Director Carraher to review the PERS Disability Report. Director Carraher noted the 7.6% decrease from 2017 as well as the 79.8% participation rate.

Chairman Schuring asked Director Gallagher to review the OP&F Disability Report. Director Gallagher provided the report. Chairman Schuring asked Director Gallagher to then review the OP&F Communication plan. Director Gallagher provided updates on the OP&F Communications Plan as well.

Chairman Schuring asked Mr. Bernard to provide an overview of ORSC staff activities for 2018. Mr. Bernard noted the ORSC's major projects from last year, including the continued standardization of reports, the pending review of the adequacy of contribution

rates in OP&F, the Actuarial Audit of OP&F that is pending review by the OP&F Board, the PERS Fiduciary Audit, investment performance reports completed by RVK, the reselection of RVK as ORSC's investment consultant, the reselection of PTA/KMS as ORSC's actuary, and the 2017 ORSC Annual Report. Mr. Bernard then informed the Council of upcoming 2019 ORSC staff activities, which include the continuation of the standardization of reports, which includes the PERS Fiduciary Audit, the Fiduciary Audit of OP&F, investment performance reports, and the 2018 ORSC Annual Report.

Chairman Schuring commended ORSC staff as well at the five state pensions for working together to standardize the annual reports, especially the Iran Sudan Report.

Vice-Chair Carfagna noted, and Chairman Schuring agreed, that he found the HPRS break down for disability reports helpful and Mr. Bernard responded that it would be something that ORSC staff consider when standardizing that report.

Chairman Schuring then asked Mr. Bernard to review the next issue brief. Mr. Bernard stated that the issue briefs provided by ORSC staff are educational products and suggested that the next topic should be on the unfunded accrued liabilities and the 30-year period. Chairman Schuring agreed that this would be an excellent topic not only for the ORSC but also for the systems and their members.

Chairman Schuring asked ORSC staff to provide the Rules report. Mr. Bernard said that the rules were in compliance with the Revised Code, but reviewed the process for submitting the rules.

Chairman Schuring noted the resignation of Christopher Potts from the ORSC and commented on the Council's appreciation for his time served.

Chairman Schuring announced that the next meeting would be April 11, 2019, at 10:00 a.m. or at the call of the Chairman.

The meeting adjourned at approximately 10:58 a.m.

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Date Approved

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Kirk Schuring, Chair

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Bethany Rhodes, Secretary

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Rick Carfagna, Vice Chair