

**MINUTES OF  
STATE TEACHERS  
RETIREMENT BOARD  
MEETINGS**

**May 15-16, 2024**

**May 15, 2024**

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The State Teachers Retirement Board met at the STRS Ohio offices in Columbus, Ohio, on Wednesday, May 15, 2024, at approximately 1:00 p.m. Retirement Board Chair Dale Price called the meeting to order.

The following members were in attendance: Carol Correthers, Pat Davidson, Alison Falls, Rudy Fichtenbaum, Steven Foreman, Claudia Herrington, Scott Hunt, representing the Director of the Department of Education and Workforce, Elizabeth Jones, Dale Price, Julie Sellers and Wade Steen.

### **APPROVAL OF MINUTES**

The chair moved, seconded by Ms. Correthers to approve the minutes of the April 2023 Retirement Board meeting.

Upon roll call the vote was as follows: Mr. Price, yes; Ms. Correthers, yes; Mr. Davidson, no; Ms. Falls, yes; Dr. Fichtenbaum, no; Mr. Foreman, no; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, no; Ms. Sellers, no; Mr. Steen, abstain. The motion failed.

Following some discussion, Dr. Fichtenbaum moved, seconded by Mr. Davidson, that the minutes be amended to reflect that the April Board meeting was adjourned without vote, which violated Robert's Rules of Order.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Mr. Davidson, yes; Ms. Correthers, no; Ms. Falls, no; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, no; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

The chair moved, seconded by Mr. Davidson, to approve the amended Minutes of the April 2023 Retirement Board meeting.

Upon roll call the vote was as follows: Mr. Price, yes; Mr. Davidson, yes; Ms. Correthers, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

Mr. Davidson moved, seconded by Ms. Sellers, to create a policy to allow removal of the Chair and/or Vice Chair with a simple majority vote of the board.

Upon roll call the vote was as follows: Mr. Davidson, yes; Ms. Sellers, yes; Ms. Correthers, no; Ms. Falls, no; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, no; Mr. Steen, yes. The motion carried.

Ms. Falls noted that there was a difference of opinion and not following counsel's recommendation is a violation of the board's fiduciary responsibility, as she sees it.

Ms. Sellers moved, seconded by Pat Davidson, to immediately remove the Chair and Vice Chair. Upon roll call the vote was as follows: Ms. Sellers, yes; Mr. Davidson, yes; Ms. Correthers, no; Ms. Falls, no; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, no; Mr. Steen, yes. The motion carried.

Mr. Price requested nominations from the floor for a new Chair for the remainder of the current term ending August 31, 2024. Ms. Sellers nominated Dr. Fichtenbaum and Ms. Falls nominated Mr. Davidson. Dr. Fichtenbaum accepted the nomination, but Mr. Davidson declined the nomination citing ineligibility according to board policy.

With no other nominations, Mr. Price closed the nominations and requested a vote.

Upon roll call, the vote was as follows: Ms. Correthers, no; Mr. Davidson, yes; Ms. Falls, no; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, no; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

Mr. Price requested nominations from the floor for a new Vice Chair. Ms. Sellers nominated Ms. Jones. Ms. Jones accepted the nomination.

With no other nominations, Mr. Price closed the nominations and requested a vote.

Upon roll call, the vote was as follows: Ms. Correthers, no; Mr. Davidson, yes; Ms. Falls, no; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, no; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

Mr. Price moved, seconded by Ms. Sellers, for a recess.

Upon roll call, the vote was as follows: Mr. Price, yes; Ms. Sellers, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Steen, yes. The motion carried.

## **GOVERNANCE PRESENTATION & BOARD POLICY DISCUSSION**

The Chair recognized Lynn Hoover, acting executive director, for a brief introduction of the Attorney General representatives and the parliamentarian.

Stacey Wideman, chief legal officer, provided background information on governance and proposed a timeline for issuing a Request For Proposal (RFP) for a new Governance Consultant. Ms. Wideman requested directive from the Board in issuing a new RFP. Several board members requested the new RFP scope of work include strategic planning.

Mr. Davidson moved, seconded by Ms. Falls, to approve the issuance of an RFP for governance consulting services.

Upon roll call, the vote was as follows: Mr. Davidson, yes; Ms. Falls, yes; Ms. Correthers, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

Ms. Wideman advised the Board that the Attorney General's office will engage fiduciary counsel for the Board at the June meeting. She also recommended a postponement of any changes to governance and board policies until fiduciary counsel can be present to assist in those discussions.

Mr. Davidson discussed the options submitted to the Governance Committee to change policy regarding the term of office for the Chair and V. Chair. Several board members expressed concern with voting on these options without fiduciary counsel.

### **EXECUTIVE SESSION**

Dr. Fichtenbaum moved, seconded by Ms. Herrington to enter executive session under authority of Division (G)(1) of Section 121.22 of the Ohio Revised Code for the purpose of discussing appointment, employment or compensation of a public employee or official, Division (G)(3) of Section 121.22 of the Ohio Revised Code for the purpose of conferring with the board's attorney regarding pending or imminent court action and Division (G)(5) of Section 121.22 of the Ohio Revised Code for the purpose of discussing matters required to be kept confidential by federal law or state statutes.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Ms. Herrington, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Mr. Foreman, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes, Ms. Sellers, yes, Mr. Steen, yes. The motion carried.

Executive session ended at approximately 5:10 p.m. and public session resumed at 5:19 p.m.

### **WRAP-UP AND RECESS**

Dr. Fichtenbaum resumed public session and recessed the meeting at 5:22 p.m. until 8:30 a.m. on Thursday, May 16, 2024.

### **Thursday, May 16, 2024**

The Retirement Board Chair Rudy Fichtenbaum called to order the resumption of the STRS Ohio Retirement Board meeting at approximately 8:30 a.m. on Thursday, May 16, 2024. The following members were in attendance: Ms. Correthers, Mr. Davidson, Ms. Falls, Dr. Fichtenbaum, Mr. Foreman, Ms. Herrington, Dr. Hunt, Ms. Jones, Mr. Price, and Ms. Sellers.

### **APPROVAL OF THE COMMITTEE CHARTERS & REPORTS**

The chair recognized Lynn Hoover, acting executive director, for a summary of the meeting agenda.

Ms. Wideman, chief legal counsel, provided additional information about the approval of the committee charters and reports.

Dr. Fichtenbaum moved, seconded by Mr. Price, to approve the 2024 committee assignments as revised to include Mr. Steen on the Investment and Audit committees.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Mr. Price, yes; Ms. Correthers, no; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

Dr. Fichtenbaum presented the Audit Committee report and reviewed the committee charter and composition. He announced that a new committee chair will be elected since he is ineligible as board chair, per the audit committee charter.

Dr. Fichtenbaum moved to approve the Audit Committee charter.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

The chair recognized Ms. Falls, chair – investment committee, for a report from the Investment Committee.

Ms. Falls reviewed the proposed committee charter and investment policies. She also expressed that the Investment committee will meet as needed but no less than quarterly.

Ms. Falls moved to recommend approval of the committee charter with the amendment, as referenced.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

The chair recognized Dr. Hunt, chair – legislative committee, for a report from the Legislative Committee.

Dr. Hunt presented an overview of the legislative committee meeting. He stated the committee discussed the charter, proposed quarterly meetings, purpose & duties and proposing legislation. Additionally, the committee discussed web material specific to employer contributions and documents geared toward school districts. Funding for retention of purchasing power will be discussed at future meetings.

Dr. Hunt moved to recommend approval of the legislative committee charter.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

The chair recognized Dale Price, chair – governance committee, for a report from the Governance Committee.

Mr. Price provided an overview of the Governance Committee meeting. The committee reviewed the charter’s purpose & duties, board policies and changes previously discussed with Aon, the board’s former governance consultant.

Mr. Price moved to recommend approval of the charter as presented.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

Mr. Price moved to recommend approval of board policies with amendments, as previously discussed.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Davidson, no; Ms. Falls, yes; Dr. Fichtenbaum, no; Mr. Foreman, no; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, no; Mr. Price, yes; Ms. Sellers, no, Mr. Steen, absent. The motion failed.

## **HEALTH CARE PLAN DISCUSSION**

The chair recognized Lynn Hoover, acting executive director for remarks on the Health Care Discussion presentation. Ms. Hoover introduced Don Schley, chief actuary and Greg Nickell, director – Health Care Services, for a presentation on Changing 29 Years of Service Requirements for the health care plan.

Mr. Nickell summarized the health care plan eligibility change to 29 years of service credit to align with the new pension benefit eligibility changes recently adopted.

Mr. Schley then shared the potential cost impact to the health care fund would be quite small given that only about 10% of members take advantage of early retirement. However, the impact to members who qualify is favorable and more significant to the member.

After discussion, Dr. Fichtenbaum moved, seconded by Mr. Davidson, that the Board approve the following health care subsidy reimbursements: for 29 YOS, the maximum health care subsidy minus one year of subsidy; for 30+ YOS, the maximum health care subsidy; and, for 28 YOS and less (who are subsidy eligible), the maximum health care subsidy minus [(5 + (30-YOS)) years of subsidy.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Mr. Davidson, yes; Ms. Correthers, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes, Mr. Steen, absent. The motion carried.

## **REPORT FROM INVESTMENT DEPARTMENT**

The Chair recognized Matt Worley, deputy executive director – Investments for the Report from the Investment Department.

There were no matters requiring Board action:

The following highlights were presented as part of the investment activity report:

- The preliminary total fund return for the month of March was +2.05% net of cost. The preliminary fiscal year to date net return was +8.81%. In rebalancing activity, \$800 million was removed from domestic and international equities and \$525 million was allocated to fixed income.
- The preliminary total fund return for the month of April was -2.04% net of cost. The preliminary fiscal year to date net return was +6.63%. In rebalancing activity, \$300 million was removed from fixed income and \$465 million was allocated to domestic equities. Total investment assets ended April at approximately \$92.6 billion; higher by \$2.5 billion in fiscal year 2024.
- Mr. Worley commented on the development of outlook and strategies for the fiscal 2025 Annual Investment Plan (AIP). The AIP will be presented to the board in June.

Matt Downie, senior officer, investment policies presented the initial review of the Semiannual Broker Evaluation and Associated Policies for the first half of fiscal 2025. There were no changes to existing policies or procedures. The document will be reviewed again at the June meeting with a request for board approval. A letter of comments from Meketa recommending approval of the Semiannual Broker Evaluation and Associated Policies was included in the report.

Colin Bebee, managing principal consultant - Meketa made comments and provided a timeline regarding the upcoming asset liability study. Beginning in June, Meketa will begin an asset-liability study survey. He had no additional comments on the report from the investment department.

Investment transactions for March and April 2024 commitments were reviewed. Dr. Fichtenbaum asked how the allocation to the fund relative to the co-investment is determined. Aaron DiCenzo, director, alternative investments, responded that it depends on the specific investment and strategy.

There were no requests from the board.

## **EXECUTIVE DIRECTOR'S REPORT**

The chair again recognized Lynn Hoover, Acting Executive Director, for the Executive Director's Report. Ms. Hoover highlighted items from the April and May Executive Director's Report containing the topics listed below and offered to answer any questions.

### April

- Ohio Retirement Study Council Releases Report highlighting Good Stewardship of STRS Ohio
- Web Page Created for Employer Contribution Rate Increase Initiative
- STRS Ohio Engages Members Statewide Through Town Hall Meetings
- Over \$3 Billion in Assets Under Management in the Defined Contribution Program
- Online Service Retirement Eligibility Calculator Now Available
- Member Satisfaction Survey Results Remain High in the Third Quarter
- Ohio Treasurer of State Selects STRS Ohio Custodians

### May

- Final Pension Plan Election in Progress
- Virtual Counseling and member Education Session Remain Popular
- Retirement Reporting Webinar Presented to Employers
- STRS Ohio and Consultants Visit Defined Contribution Plan Administrator

## **BENEFITS DISCUSSION**

The chair again recognized Lynn Hoover for the Benefits Discussion presentation. Ms. Hoover stated this is information and discussion in response to requests from board member Pat Davidson. Mr. Davidson distributed reference copies to the board. Ms. Hoover stated Mike Noble, of Cheiron, will present a review of recent board decisions and reminded the board that changes must be sustainable, adhere to legal, actuarial and administrative requirements.

Mr. Noble reviewed the agenda to include prior board action taken including economic assumptions adopted and to also model impacts of potential future changes. The economic assumptions used in the actuarial valuation and modeling are a 7% discount rate, 2.5% inflation and 3% payroll growth. Mr. Noble reminded the board that these assumptions should be in line with expectations and experience of the plan. Assumptions set outside the reasonable range requires disclosure in the valuation. The discount rate assumption at other retirement systems discount rate is trending downward.

Mr. Noble discussed the fiscal integrity tests used to determine whether benefit changes would materially impair fiscal integrity; changes that would materially impair the fiscal integrity of the system are not permitted under Ohio law. Fiscal year 2023 fiscal integrity tests and the related sustainable benefit plan budget were reviewed.

Mr. Noble displayed various budget impacts for potential benefit changes including contributions, cost of living adjustments (COLA) and retirement eligibility. Benefit changes and various



combinations of choices based on the de minimis enhancement amount were discussed by board members and interactive modeling was provided.

Following the interactive modeling, Stacey Wideman, chief legal officer provided a brief overview of the law for adjustments to COLA and other sustainable benefit plan changes.

After discussion, the board directed staff to gather information about potential benefit changes for the pension fund. This includes an accelerated review of the upcoming annual actuarial valuation, laying the groundwork for a fall discussion of a possible fiscal year 2026 cost-of-living allowance (COLA) for retirees. Additionally, the board directed STRS Ohio staff to explore the feasibility of providing a one-time supplemental benefit to retirees in December 2024, serving as a form of inflation protection.

Mr. Davidson moved, seconded by Ms. Sellers, that the board understands the importance of inflation protection for STRS retirees and to that end, is committed to providing a COLA to retirees if the actuary determines a de minimis amount is available in the next Sustainable Benefit Plan Budget review. Further, the board requests that STRS staff study the feasibility of providing a supplemental benefit check to retirees in December 2024 to assist with inflation protection.

The board decided to move on to Public Participation and discuss Mr. Davidson's motions upon their return from Executive Session.

Mr. Steen joined the meeting while in progress.

### **RECOGNITION OF PERSONS WISHING TO ADDRESS THE BOARD**

The chair recognized the following to address the board:

Stephen Seagrave, representing himself, addressed the board. Mr. Seagrave expressed concern about transparency.

Robin Rayfield, representing ORTA, addressed the board. Mr. Rayfield expressed concern about COLA and benefit changes.

Dan MacDonald, representing local 279 – NE Ohio AFT retirees, addressed the board. Mr. MacDonald expressed concern about STRS Ohio.

Trina Prufer, representing herself, addressed the board. Ms. Prufer expressed concern about contributions, benefits and COLA.

Denny Jordan, representing himself, addressed the board. Mr. Jordan expressed concern about shared sacrifices.

Gerald Newsome, representing himself, addressed the board. Mr. Newsome commended STRS Ohio on its retirement benefits.

Robin Beebe, representing herself, addressed the board. Ms. Beebe expressed concern about STRS Ohio.

Karen Loeffler, representing herself, addressed the board. Ms. Loeffler expressed concern about STRS Ohio.

Dean Dennis, representing ORTA, addressed the board. Mr. Dennis expressed concern about STRS Ohio.

Cathy Steinhauser, representing herself, addressed the board. Ms. Steinhauser expressed concern about transparency.

Marvin Stotz, representing himself, addressed the board. Mr. Stotz expressed concern about investment fees.

Brenda Temsey, representing herself, addressed the board. Ms. Temsey expressed concern about COLA.

Marilyn Taylor Gerken, representing herself, addressed the board. Ms. Gerken expressed concern about STRS Ohio.

Michelle Flanigan, representing herself, addressed the board. Ms. Flanigan expressed concern about COLA and funding periods.

Suzanne Laird, representing herself, addressed the board. Ms. Laird expressed concern with STRS Ohio.

### **EXECUTIVE SESSION**

Dr. Fichtenbaum moved, seconded by Ms. Sellers to enter executive session under authority of Division (G)(1) of Section 121.22 of the Ohio Revised Code for the purpose of discussing appointment, employment or compensation of a public employee or official, Division (G)(3) of Section 121.22 of the Ohio Revised Code for the purpose of conferring with the board's attorney regarding pending or imminent court action and Division (G)(5) of Section 121.22 of the Ohio Revised Code for the purpose of discussing matters required to be kept confidential by federal law or state statutes.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Ms. Sellers, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Mr. Steen, yes. The motion carried.

Executive session ended at approximately 2:00 p.m. and public session resumed at 2:09 p.m.

## **RESUMPTION OF THE RETIREMENT BOARD MEETING**

The chair again recognized Mr. Davidson for a continuation of the Benefits Discussion and pending motion.

Mr. Davidson moved, seconded by Ms. Sellers, that the board understands the importance of inflation protection for STRS retirees. Further, the board is changing the previous actuarial review schedule to move up to November 2024 the June 30, 2024 actuarial valuation for the de minimis budget for benefits enhancements in fiscal year 2026. Further, the board directs staff to study the feasibility of providing a supplemental benefit check to retirees in December 2024, to assist with inflation protection.

Ms. Jones moved, seconded by Mr. Foreman, to amend the first part of Mr. Davidson's motion to read, "Further, the board is changing the previous actuarial review schedule to move up to November 2024, the June 30, 2024 actuarial valuation for the de minimis budget for benefit changes in fiscal year 2026.

Upon roll call the vote was as follows: Ms. Jones, yes; Mr. Foreman, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Ms. Herrington, no; Dr. Hunt, no; Mr. Price, abstain; Ms. Sellers, yes, Mr. Steen, yes. The motion carried.

Upon roll call the vote was as follows: Mr. Davidson, yes; Ms. Sellers, yes; Ms. Correthers, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, no; Dr. Hunt, no; Ms. Jones, yes; Mr. Price, abstain; Mr. Steen, yes. The motion carried.

## **INITIAL REVIEW OF THE PERFORMANCE-BASED INCENTIVE POLICY**

The Chair recognized Lynn Hoover, acting executive director – for the Review of Performance-Based Incentive (PBI) Program.

The following highlights were presented as part of the PBI presentation:

- Performance-based incentive programs: are designed to attract, motivate and retain qualified investment professionals; are standard in the investment management industry and at other public pension funds, including others in Ohio; are the variable component of total compensation; and align the interests of investment staff and STRS Ohio members.
- STRS Ohio's internal investment management saves over \$130 million annually, according to CEM.
- STRS Ohio's net total fund performance is in the top 15% of Meketa's peer group analysis over the long term.
- Performance over the benchmark added \$2.28 billion in value during the past five fiscal years.
- Approximately 15% of total STRS Ohio employees are eligible for performance-based compensation; only certain eligible investment staff participate in the PBI Program.

- In fiscal year 2024, McLagan found the STRS Ohio incentive plan is aligned with competitive market practice.
- In August 2023, the board approved substantial changes to the PBI Program. More than 30 positions were removed, maximum incentive percentages were reduced, and a 10% reduction to PBI payments will be implemented in any year where the board’s actuary determines there is not sufficient funding to change member benefits.
- Minimal changes are proposed for the fiscal year 2025 PBI Program: in the Performance Measures section, removing “Enhancement” from Sustainable Benefit Enhancement Plan, and under General Guidelines for Allocation Incentive Goals removing language in the notes regarding Strategy Committee positions.

There was one request from the board.

- Do other Ohio pension plans have Performance Incentive programs and how are those programs set up?

## **REPORT FROM FINANCE DEPARTMENT**

The chair again recognized Lynn Hoover and Kathy Boettcher, controller, for a Report from the Finance Department.

Ms. Hoover began the presentation with an overview of the agenda. The proposed fiscal 2025 operating and capital budgets and the comprehensive budget report with line-item details, budget notes and Ohio Retirement Study Council (ORSC) reporting was included in the board materials. The proposed operating budget reflects what is necessary to accomplish STRS Ohio’s mission to provide Ohio’s public educators a foundation for their financial security and the ability to fulfill legal, regulatory, and other requirements.

The proposed operating budget totals \$118.3 million, an increase of \$2.7 million or 2.3% from the current year budget. Ms. Hoover stated the budget includes total compensation, benefits, professional and technical services, and other operating expenses.

Compensation and benefits are a modest 2.2% increase. The proposed budget includes 3% pool for merit-based increases compared to other Ohio systems that range from 4% to 6.5% and the national average of 3.85%. Associate headcount is down by 14 positions and there are 490 full-time equivalent associates (FTE’s) in the proposed budget. Associate health insurance costs are relatively flat due to plan experience.

Ms. Hoover discussed the internal investment expenses in relation to the value added to the system. In the five-year period ending fiscal 2024, value added was 11.3 times the investment expense. Assets are managed by internal staff at a lower cost than external management.

Incentive compensation budget, for certain eligible investment staff, decreased \$2.6 million budget to budget. Incentive budget is for incentives earned in fiscal 2024, not fiscal 2025. Significant changes were made to the fiscal 2024 policy for eligible investment staff and include removing 30 positions from the program, reducing maximum incentive percentages and reducing PBI payments by 10% in any year where there is not sufficient funding to change member benefits.

Ms. Hoover recognized Kathy Boettcher, controller. Ms. Boettcher discussed that within professional and technical services, quotation and analytics are increasing with higher use of data related to the investment portfolio system implementation. Investment consulting fees are decreasing as a result of favorable request for proposal negotiations with the new board consultant. All other operating expenses are decreasing 1.7% and include moving to a smaller disaster recovery site. ORSC and Ohio Attorney General costs are expected to increase.

The capital budget provides support for planned initiatives including information processing and computer software along with building improvements and maintenance. Planned IT-related expenditures comprise the bulk of the capital budget and include replacement of the Member Services call center hardware, virtualization of multi-year technology projects, replacement of the financial management and accounting system with cloud-based technology and the next phase of enhancements to the investment portfolio system. Most of the significant building improvements have been completed, but planned facility costs include replacement of the building security access control system and server engines for the building automation and fire systems.

Ms. Hoover reviewed the budget process and timeline. The proposed operating and capital budgets were presented to ORSC at its May meeting. The Retirement Board will be asked to approve and adopt the fiscal 2025 budgets in June.

The following requests were received from the Board:

- Request for information regarding associate turnover.
- The number of workstations located at the Broad Street building and associates working in the building.
- Request for copies of all reports completed during the last calendar year regarding PBI.
- Information on the line items included in the ORSC report for OPERS' miscellaneous expenses compared to STRS Ohio.
- Request for information about cyber security external costs and staff.

#### **REPORT AND APPROVAL OF EXPENSES DURING APRIL 2024**

Dr. Fichtenbaum moved, seconded by Ms. Herrington that the report and the expenditures for the month ended April 30, 2024, in the total amount of \$8,300,662 be approved.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Ms. Herrington, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Dr. Hunt yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

#### **CONSENT MOTION**

Dr. Fichtenbaum moved, seconded by Mr. Price that the Retirement Board approve the Member Benefits-related motions on the report located in the Routine Matters folder. (Records are not public per Ohio Revised Code 3307.20).

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Mr. Price, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, yes; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

### **OLD BUSINESS / NEW BUSINESS**

The chair announced Michelle Flanigan won the active retirement board seat in the 2024 election. Her term will begin September 1, 2024 through August 31, 2028.

Dr. Fichtenbaum moved, seconded by Dr. Hunt to approve a Special Board meeting for May 30, 2024, at 1:00 p.m. He stated the agenda topics will include Executive Session and Board Election Policy as discussed in public session.

Bridget Coontz, Attorney General's representative, advised the Board that fiduciary counsel may not have time to perform a comprehensive legal review of the current and proposed board policies before the Special Meeting date of May 30, 2024.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Dr. Hunt, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, yes; Ms. Jones, yes; Mr. Price, abstain; Ms. Sellers, abstain; Mr. Steen, yes. The motion carried.

Dr. Fichtenbaum moved, seconded by Ms. Correthers, to approve the following:

- Due to extenuating circumstances, the board will continue Bill Neville on paid administrative leave upon existing terms and conditions until June 30, 2024;
- Continue Lynn Hoover as Acting Executive Director upon the existing terms and conditions until June 30, 2024;
- In accordance with ORC 3307.11, the board will enter into a contract with Lynn Hoover to serve as Chief of Staff from July 1, 2024 through December 31, 2024. The terms and conditions of this contract will be the same as those that apply to Ms. Hoover's existing role as Acting Executive Director.

Upon roll call the vote was as follows: Dr. Fichtenbaum, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, no; Ms. Herrington, no; Dr. Hunt, yes; Ms. Jones, yes; Mr. Price, yes; Ms. Sellers, yes; Mr. Steen, yes. The motion carried.

Ms. Sellers asked whether STRS Ohio would be funding the outside independent legal counsel for Rudy Fichtenbaum and Wade Steen to fight the actions taken against them by STRS Ohio, the Attorney General and Governor.

A discussion followed regarding how the Ohio law governs legal representation for public officials.

Ms. Sellers moved, seconded by Mr. Steen, to hire an independent investigator to verify which STRS associates were involved in writing the anonymous letter, which defamed Dr. Fichtenbaum and Mr. Steen, and delivered it to the Governor's office.

A discussion followed, with Ms. Coontz cautioning against launching an independent investigation into staff without receiving advice from an employment attorney.

The motion was withdrawn.

### **ADJOURNMENT**

The chair announced the next Retirement Board and committee meetings would be held over June 20 & 21, 2024. With no further business to come before the board, the meeting adjourned at 4:34 p.m.

# **APPENDICES**



THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
275 East Broad Street Columbus, OH 43215-3771

**(The following reports are not public information.  
Reference Section 3307.20, Ohio Revised Code)**

- **REPORT TO THE RETIREMENT BOARD ON REQUEST FOR CONTRIBUTIONS DURING LEAVE OF ABSENCE**
- **REPORT TO THE RETIREMENT BOARD ON SURVIVOR BENEFITS**
- **REPORT TO THE RETIREMENT BOARD ON RECOMMENDED DISABILITY BENEFITS**
- **REPORT TO THE RETIREMENT BOARD ON DENIAL OR TERMINATION OF DISABILITY BENEFITS**
- **REPORT TO THE RETIREMENT BOARD ON DISABILITY TRANSFERS TO OPERS/SERS**
- **REPORT TO THE RETIREMENT BOARD ON ACTION ON APPEAL HEARINGS**
- **REPORT TO THE RETIREMENT BOARD ON SERVICE RETIREMENTS AND REEMPLOYMENT BENEFITS**
- **REPORT TO THE RETIREMENT BOARD ON RESCIND ACTION OF DENIALS**
- **REPORT TO THE RETIREMENT BOARD ON FINAL AVERAGE SALARY**