

**MINUTES OF  
STATE TEACHERS  
RETIREMENT BOARD  
MEETINGS**

**December 13 & 14, 2023**

**December 13 & 14, 2023**

**December 13, 2023**

The State Teachers Retirement Board met at the STRS Ohio offices in Columbus, Ohio, on Wednesday, December 13, 2023, at approximately 3:16 p.m. Retirement Board vice chair Carol Correthers called the meeting to order.

The following members were in attendance: Carol Correthers, Pat Davidson, Allison Falls, Rudy Fichtenbaum, Steven Foreman, Scott Hunt, representing the Interim Superintendent of Public Instruction, Elizabeth Jones, Dale Price, and Julie Sellers.

**RESUMPTION OF BOARD ASSESSMENT AND RECOMMENDATIONS  
OF FIDUCIARY AUDIT**

The vice chair reviewed the meeting agenda and then recognized Julie Becker and Benita Harper from Aon Fiduciary Services Practice for a continuation of the recommendations of the Fiduciary Audit.

Ms. Becker reviewed results of the self-assessment and led a discussion regarding common ground, trust, and mutual respect. In addition to expressing several ways to build trust among the board members and staff, she also reviewed the highest and lowest items scored by the board.

A recap of several Fiduciary Audit recommendations and governance considerations were discussed. Ms. Becker shared Aon's perspective and suggested hiring a consultant to assist the board with strategic planning. Some discussion followed about modifying Aon's contract to include strategic planning services or whether an RFP was needed.

The chair moved, seconded by Mr. Davidson, to recommend that the Board direct the Acting Executive Director to obtain a proposal to modify the existing contract with Aon Fiduciary Services Practice to include strategic planning services.

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

Ms. Becker shared their observations of public participation and suggested setting parameters to the current rules when addressing the board. Discussion followed regarding the current process for public participation and offering an opportunity to comment on-line during the meeting.

**WRAP-UP AND RECESS**

The meeting recessed at 5:12 p.m. until Thursday, December 14, 2023.

## **DECEMBER 14, 2023**

The Retirement Board Chair Dale Price called to order the resumption of the STRS Ohio Retirement Board meeting at approximately 10:17 a.m. on Thursday, December 14, 2023.

The following members were in attendance: Carol Correthers, Pat Davidson, Allison Falls, Rudy Fichtenbaum, Steven Foreman, Scott Hunt, representing the Interim Superintendent of Public Instruction, Elizabeth Jones, Dale Price, and Julie Sellers.

The chair welcomed Mary Remson, as the Board parliamentarian, back to the STRS Board meeting. She presented on parliamentary procedures at the September Board meeting.

### **APPROVAL OF MINUTES**

Mr. Price moved, seconded by Ms. Correthers to approve the minutes of the November 2023 Retirement Board meeting.

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

### **PRESENTATION OF AUDIT REPORT AS OF JUNE 30, 2023**

The chair recognized Christine Torres and Jen Aras from Crowe, LLP to give the results of the Financial Statement Audit.

Ms. Torres and Ms. Aras reviewed the Independent Auditor's report and stated that Crowe has issued an unmodified opinion which means it is a clean audit. Crowe, LLP issued an independent opinion on the fiscal year 2023 financial statements. The firm discussed communications with the Audit Committee, as required by professional standards, and no instances of noncompliance nor any material weaknesses in internal controls were noted.

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Price recognized Acting Executive Director Lynn Hoover for the Executive Director's Reports. Ms. Hoover highlighted the topics listed below. She added that Christina Elliott and Dan Minnich would share the ways in which their departments were focusing on member communications.

- CEM Investment Benchmarking Says STRS Ohio's Investment Costs Are Lower Than Most Peers, With Returns in Top Quartile
- Albourne Presents Fee Validation Results of the STRS Ohio Alternative Investments and Real Estate Funds
- STRS Ohio Connects With Members at Town Halls

- Health Care Open Enrollment Makes for a Busy Fall in Member Services
- Fiscal 2023 *Annual Comprehensive Financial Report* (ACFR) Completed
- Employer Self Service (ESS) Training Offered to Employers
- Employer Newsletter Shares Timely Communication

Ms. Hoover introduced Christina Elliott, deputy executive director – member benefits, for a department update.

Ms. Elliott reviewed the preliminary open enrollment results and added that hundreds of members were new to the plan in 2024 whereas only 0.2% of enrollees left the STRS Ohio health care program. She also confirmed the CVS call center had 21 dedicated representatives available to answer questions from STRS Ohio health care enrollees.

In addition to health care, Ms. Elliott advised that wait times for counseling appointments improved from 12 weeks to approximately five weeks by implementing some schedule adjustments, which are not sustainable on a long-term basis.

Next, Dan Minnich, chief communication officer – communication services, gave an update on the support his department offers within the organization and new 2024 initiatives.

He provided an overview of the publications and mailings which Communication Services sends to active members, benefit recipients and employers. He also stated that his department is involved in developing, writing, editing, and designing those publications and presentations. Additionally, they design, develop and maintain several websites and produce videos for our member and employer websites.

Discussion followed regarding the 2023 Town Halls, communication to Board members, and technological options available to members to listen to Board meetings.

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

The chair recognized the following to address the board:

Dan MacDonald, representing 279R, expressed concerns about transparency & COLAs and praised the benefits department for the Health Care coverage for its recipients.

Gerald Newsome, representing himself, expressed concern with fact checking and impartial reporting.

Michelle Flanigan, representing herself, expressed concern with service retirement eligibility and STRS Ohio's funding period.

Robin Beebe, representing herself, expressed concern with integrity and trust.

Phil Long, representing himself, expressed concern with reform, change and improvement.

Marvin Stotz, representing himself, expressed concern about fees.  
Suzanne Laird, representing herself, expressed concern about accountability.

Robin Rayfield representing ORTA, expressed concern about collaboration between ORTA and STRS Ohio.

Stephen Seagrave, representing himself, expressed concern about investments.

Cathy Steinhauser, representing herself, expressed concern about fiduciary responsibility.

Dean Dennis, representing ORTA, expressed concern about strategic planning and building trust.

Bob Buerkle, representing himself, expressed concern about investments and COLAs.

### **EXECUTIVE SESSION**

Mr. Price moved, seconded by Dr. Fichtenbaum 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: Mr. Price, yes; Dr. Fichtenbaum, yes; Mr. Bishop, absent; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, yes; Mr. Foreman, yes; Ms. Herrington, absent; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

Executive session ended at 1:27 pm and public session resumed at 1:38 pm.

### **REPORT FROM INVESTMENT DEPARTMENT**

The chair recognized Matt Worley, deputy executive director – Investments, for a Report From the Investment Department.

Matt Downie, senior officer, investment policies - reviewed the Semiannual Broker Evaluation and Associated Policies – Second Half of Fiscal 2024. The initial review was included in the November 2023 Report from the Investment Department. Callan's broker evaluation memo was provided, and Callan recommended board approval.

Mr. Price moved, and Ms. Falls seconded, that the Board approve the Semiannual Broker Evaluation and Associated Policies for the Second Half of Fiscal 2024.

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

Matt Worley covered the following topics for the investment activity report:

- In October, the preliminary total fund net return was -1.90% with the major asset classes having negative returns. The liquidity reserves asset class had a positive return. In rebalancing activity, staff removed \$300 million from fixed income and allocated \$300 million to domestic and international equities.
- In November, the total fund experienced strong returns, estimated at +4.86%. In rebalancing activity, staff removed \$1.4 billion from domestic and international equities and allocated \$1.1 billion to fixed income. The remaining \$300 million was allocated to liquidity reserves. The preliminary total fund net return for fiscal year 2024 is +1.10%. Preliminary total investment assets at November month end were \$89.2 billion, lower by \$800 million in fiscal 2024.

Kathy Rossi, partner and client relationship manager, Nicolas Stylianou, partner and Evangelos Kliridis from Albourne presented a detailed overview of the fee validation process. They collected and validated the fees of STRS Ohio Alternative Investments and Real Estate funds for calendar year 2022. They also validated the management fees for fiscal 2023 and will continue to validate and provide a comparative analysis of total fees, carried interest and other fund expenses incurred by STRS Ohio.

Chris Doll, director, client coverage, north America - from CEM Benchmarking Inc. presented the Investment Benchmarking Results for the five-year period ending December 31, 2022. The analysis compared investment cost and performance results of STRS Ohio to a peer group of 15 large U.S. public fund sponsors. STRS Ohio's investment cost was 36.6 basis points, below the benchmark cost of 49.7 basis points. Mr. Doll stated that STRS Ohio is low cost because it paid less for similar services. STRS Ohio's 5-year net total fund return was 7.0%, exceeding both the U.S. public universe median return of 5.9% and the peer median return of 6.5%. STRS Ohio's 5-year policy return was 6.3%, above the U.S. public universe median return of 5.1% and peer median return of 5.8%. STRS Ohio's 5-year net value added was 0.7%, equal to both the U.S. public universe median and the peer median.

Pete Keliuotis, CFA, executive vice president - of Callan LLC presented the quarterly Alternative Investments Performance Review as of September 30, 2023. The total Alternative Investments program has positively contributed to total fund performance over the trailing 20-year period.

The Callan Performance Review as of September 30, 2023, was presented by Brady O'Connell, senior vice president and Michael Joecken, senior vice president of Callan LLC. The STRS Ohio total fund return is in the top decile versus the Callan Public Fund Sponsor Database for the 3-year, 5-year, 7-year, and 10-year periods ending September 30, 2023.

Investment transactions for October and November 2023 and one private equity fund, Percheron Capital Fund II, L.P., were reviewed without questions or comments.

There was one request from the board:

- CEM report on Private Real Estate vs REITS performance.

### **REPORT AND APPROVAL OF EXPENSES DURING NOVEMBER 2023**

Mr. Price moved, seconded by Ms. Correthers that the report and the expenditures for the month ended November 30, 2023, in the total amount of \$6,890,592 be approved.

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

### **CONSENT MOTION**

Mr. Price moved, seconded by Ms. Correthers that the Retirement Board approve the Member Benefits-related motions as listed in 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: Mr. Price, yes; Ms. Correthers, yes; Mr. Bishop, absent; Mr. Davidson, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, absent; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

### **REPORT FROM THE FINAL AVERAGE SALARY COMMITTEE**

Mr. Price moved, seconded by Mr. Davidson, that the Retirement Board adopt as its order the recommendation made by the Final Average Salary Committee for the retirees listed 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: Mr. Price, yes; Mr. Davidson, yes; Mr. Bishop, absent; Ms. Correthers, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Mr. Foreman, yes; Ms. Herrington, absent; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

### **AD HOC LEGISLATIVE COMMITTEE REPORT – NOVEMBER**

Mr. Price moved, seconded by Dr. Hunt, that the following November Ad Hoc Legislative Committee Report be approved as submitted, and the Board approve, affirm and adopt the recommendation of the committee.

The Ad Hoc Legislative Committee was called to order at approximately 2:02 p.m. on Wednesday, November 15, 2023, by the chair, Dr. Hunt. Committee members Ms. Correthers,

Mr. Price and Ms. Sellers were also in attendance. Other board members in attendance were Mr. Davidson, Dr. Fichtenbaum, and Ms. Jones. Staff members in attendance were

Ms. Ballard, Ms. Bump, Ms. Elliott, Ms. Erkman, Mr. Grinnell, Ms. Hoover, Mr. Neville, Ms. Wideman and Mr. Worley.

Dr. Hunt discussed the purpose of the committee and then recognized Marla Bump, director – Governmental Relations, for a review of the proposed agenda for the November meeting.

Ms. Bump and Ms. Erkman provided a review of the Ohio Revised Code, Ohio Administrative Code, and legislative processes. Discussion followed regarding pre-school educators and pending legislation to increase the STRS Ohio employer contribution rate.

Some discussion followed regarding STRS employee contributions and Social Security. Ms. Bump advised that STRS Ohio has been in support of repealing, or modifying, the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) for several years.

Requests were made to review an administrative code rule and the years of service required for health care subsidy at the next committee meeting.

Dr. Hunt discussed next steps for the committee and how information will be disseminated to the full Board.

Dr. Hunt confirmed the next committee meeting will take place on Wednesday, December 13, 2023, at 2:00 p.m. and provided a summary of topics to be covered.

The meeting adjourned at 3:32 p.m.

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

## **REPORT FROM THE AUDIT COMMITTEE – DECEMBER**

Mr. Price moved, seconded by Ms. Falls, that the following December Audit Committee Report be approved as submitted, and that the board approve, affirm, and adopt the recommendation of the committee.

A meeting of the Audit Committee was called to order by Mr. Price, committee chair, on December 14, 2023, at 8:30 a.m. Other committee members present were Ms. Falls and Ms. Jones. Other Board members present were Ms. Correthers and Dr. Fichtenbaum. Staff present included Mr. Worley, Ms. Elliot, Ms. Hoover, Mr. Vance, Mr. Licata, Ms. VanGundy, Ms. Wideman, Ms. Wild and Ms. Ballard.

Mr. Vance, Chief Audit Executive, introduced the agenda. Teresa Snedigar, Quality Assessment Review Consultant, presented the outcome of her evaluation of the Internal



Audit Department. She indicated the department earned the highest favorable rating. Mr. Vance presented the Internal Audit Summary for 2023 and provided audit status updates. Mr. Vance stated the summary contained no material findings and Internal Audit had full cooperation from management. Additionally, Mr. Vance reported that no inappropriate levels of residual risk were identified by the audit team before presenting statistics on the number of audit recommendations and their implementation status/timeframes. Most of the outstanding summary recommendations are scheduled to be implemented by management by the next audit committee meeting, August 2024. The results of the Board Expenses audit were detailed for the Board.

Mr. Licata, I.T. Audit Controls Manager, summarized the purpose and recommendations related to the IT Firewall, Bring Your Own Device and SWIFT – Customer Security Program performed in 2023. The purpose and scope of the active audits IT Security Access and several Consultative activities. Ms. VanGundy, Investment Audit Specialist, summarized the purpose and recommendations related to the Performance-Based Incentive (PBI) Review and Death Match audits performed in 2023. The purpose and scope of the active audits Trading and Broker/CSA/Research were presented. Ms. Wild, Internal Auditor, summarized the purpose and recommendations related to Service Retirement Benefits and Member Income Tax Withholding Audits performed in 2023. The purpose and scope of the active audits Member Withdrawals and Associate Travel were presented.

Mr. Vance then reviewed the Executive Summary of the 2024 Internal Audit Plan and the Risk Assessment Process that determines which audits to conduct. Mr. Licata provided a summary of the purpose of the SWIFT Customer Security Program (CSP) Self-Assessment, Business Continuity Plan Review and IT Change Control scheduled to be completed in 2024. Ms. VanGundy provided a summary of the purpose of the annual PBI review, Liquidity Reserves, Derivatives and Domestic Equities completed in 2024. Mr. Vance discussed the additional administrative areas of the plan that relate to Board/Audit Committee Support, Quality Assurance Reviews, and Fiduciary Audit Support, and Quality Assurance Improvement Program work. He then reviewed the process for requesting audits of areas not on the current-year plan and stated the board would be notified of significant areas of concern, outside of the quarterly or annual reporting cycle if such concerns were to arise.

Mr. Price moved, seconded by Ms. Falls to approve the 2024 Internal Audit Plan as presented on this date.

Upon roll call the vote was as follows: Mr. Price, yes; Ms. Falls, yes; Mr. Bishop, absent; Ms. Herrington, absent; Ms. Jones, yes. The motion carried.

Mr. Price moved, seconded by Ms. Falls, to enter executive session under authority of 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: Mr. Price, yes; Ms. Falls, yes; Mr. Bishop, absent; Ms. Herrington, absent; Ms. Jones, yes. The motion carried.

The meeting adjourned at 10:06 a.m.

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

### **MOTION TO ACCEPT ACTUARIAL VALUATIONS**

Mr. Price moved, seconded by Ms. Correthers that the State Teachers Retirement Board accept Cheiron's June 30, 2023 pension and health care actuarial valuation reports and funding scorecards, as presented at the October 2023 Retirement Board meeting, including the plan design lever analysis presented at the November 2023 Retirement Board Meeting.

In order to comply with the Board's Funding Policy, the Board further accepts and approves the following statement:

"In the FY2023 pension funding scorecard, two individual metrics fell outside of the advisory levels per the Metrics to Guide Funding Policy. However, mitigation of risk is not currently considered necessary, possible, or desirable since the overall summary score on the pension funding scorecard is within the acceptable range."

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

### **BOARD EDUCATION UPDATES**

Mr. Davidson, Ms. Jones and Ms. Sellers provided education updates for the 2023 AFT Pension Trustee Council meeting. Ms. Jones gave an additional update on the Trustee Leadership Forum (TLF) for Retirement Security Peer Mentoring Project.

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

Ms. Sellers moved, seconded by Mr. Foreman to reduce the retirement requirements for unreduced benefits to 32 years of service pending an actuarial determination that it will not materially harm the system.

Mr. Price moved, seconded by Ms. Correthers to table the motion since the subject is on a future Board agenda.

Ms. Hoover reviewed the process and timeline of the economic assumption and Sustainable Benefit Enhancement Plan (SBEP) presentations for the February and March Board meetings. Some discussion followed regarding whether to allow the motion to stand before the determination is received from the board actuary as to whether the benefit change would materially harm the fiscal integrity of the system.

Upon recommendation of the parliamentarian, Ms. Sellers withdrew her motion and agreed to submit an official notice to present the motion at a later Board meeting.

### **ADJOURNMENT**

The chair announced the next Retirement Board and committee meetings would be held over February 14, 15 and 16, 2024. With no further business to come before the board, the meeting adjourned at 4:46 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**