

**MINUTES OF
STATE TEACHERS
RETIREMENT BOARD
MEETINGS**

July 19, 2024

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The State Teachers Retirement Board met at the STRS Ohio offices in Columbus, Ohio, on Friday, July 19, 2024, at approximately 10:00 a.m. Retirement Board Chair Rudy Fichtenbaum called the special meeting to order.

The following members were in attendance: Pat Davidson, Alison Falls, Rudy Fichtenbaum, Scott Hunt, representing the Director of Education & Workforce, Elizabeth Jones, Julie Sellers and Wade Steen.

PERFORMANCE-BASED INCENTIVE POLICY

The chair recognized Lynn Hoover, Acting Executive Director and Deputy Executive Director – Finance, for a presentation on the 2025 Performance-Based Incentive (PBI) policy.

Prior to the presentation, Dr. Fichtenbaum requested board members to direct questions and comments regarding PBI's to the fiduciary counsel for a better understanding of their fiduciary duties.

Ms. Hoover provided background information regarding the current PBI policy, statistical data comparing STRS Ohio compensation to other public funds and how offering an incentive package to qualified professional staff adds value to the fund. She reviewed two options available for a board vote and how each impacts the yearly budget. Mr. Davidson's potential plan revision was also reviewed.

Discussion followed regarding potential changes to the current policy and linking reductions of PBI's to the Sustainable Benefit Plan (SBP). Board members requested additional information from Fiduciary Counsel, George Vincent, with regard to their fiduciary duty if Mr. Davidson's PBI plan revisions were adopted.

Ms. Falls, Investment Committee chair, moved that the current PBI policy, as discussed in the June retirement board meeting, be amended to reflect a 15% reduction, if no funding changes were available, and a 10% reduction, if only a de minimis amount was available, to only those associates eligible at the 95% incentive compensation tier.

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

BOARD COMMITTEE COMPOSITION DISCUSSION

Dr. Fichtenbaum moved, seconded by Mr. Steen, that the board approve the 2024-2025 board committee assignments as revised to add Mr. Davidson and Ms. Falls to the Audit Committee.

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

BOARD MEMBER ELECTION

Dr. Fichtenbaum announced that Michelle Flanigan was the only person nominated to fill Mr. Price's contributing seat for the remainder of the term through August 31, 2024. He asked all board members to vote by stating Ms. Flanigan's name or abstaining from the vote.

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

INVESTMENT COMPENSATION ANALYSIS

Dr. Fichtenbaum moved, seconded by Ms. Falls, that the board direct staff to present steps required to achieve investment employee compensation within targeted ranges (60th to 80th percentile of public funds) and which, on a case-by-case basis, may vary from the target range based on factors including maintaining market competitiveness. The actions required to achieve compensation targets should be discussed and in place by January 31, 2025.

Discussion followed regarding whether McLagan's 2023 compensation information could be used to study compensation levels of the investment staff with regard to the targeted ranges of 60th to 80th percentile of peers.

Mr. Davidson moved, seconded by Ms. Jones, to amend the motion by removing the January 31, 2025 date.

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

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

EXECUTIVE SESSION

Dr. Fichtenbaum moved, seconded by Dr. Hunt, 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 and, 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.

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

The board entered Executive session at 12:30 p.m.; the session ended at approximately 1:30 p.m.

RESUMPTION AND ADJOURNMENT

The chair resumed public session at approximately 1:40 p.m.

He announced the next Retirement Board and committee meetings would be held over August 14, 15 and 16, 2024. With no further business to come before the board, the special meeting adjourned at 1:40 p.m.

INVESTMENT COMMITTEE MEETING

The State Teachers Investment Committee met at the STRS Ohio offices in Columbus, Ohio, on Friday, July 19, 2024, at approximately 1:42 p.m. Committee Chair Alison Falls called the meeting to order.

The following committee members were in attendance: Pat Davidson, Alison Falls, Rudy Fichtenbaum, Julie Sellers and Wade Steen.

The Chair recognized Matt Worley, deputy executive director, Investments for the Report to the Investment Committee.

LaRoy Brantley, managing principal consultant - Meketa and Colin Bebee (remote) managing principal consultant – Meketa presented the following highlights as part of the Reference Portfolio Benchmark presentation:

- The reference Portfolio Benchmark will be used on a forward-looking basis as an additional point of comparison for results. The primary comparison will be between the Policy Benchmark and the Reference Portfolio.
- Meketa recommended a Reference Portfolio Benchmark of 67% MSCI ACWI and 33% Bloomberg Aggregate blend effective 7/1/2024.
- As it relates to the two primary investment decisions, assessment can be framed as following: Asset Allocation (Board decision) and Portfolio Implementation (Staff decision). Total portfolio benchmarks are set by the Board and require clear objectives/purposes.
- When using a relatively simple benchmark, conclusions can only be assessed over long periods of time (~10+ years).

There were no requests from the board.

AUDIT COMMITTEE MEETING

The State Teachers Audit Committee met at the STRS Ohio offices in Columbus, Ohio, on Friday, July 19, 2024, at approximately 3:05 p.m. Retirement Board Chair Rudy Fichtenbaum called the meeting to order.

The following committee members were in attendance: Pat Davidson, Alison Falls, Rudy Fichtenbaum, Julie Sellers and Wade Steen.

The chair reported that the first order of business was to elect a chair and requested nominations from committee members.

Ms. Falls moved to name a pro-temp chair for the current meeting and evaluate options at the August meeting. The motion was not seconded.

Ms. Sellers nominated Mr. Steen. There were no other nominations.

Upon roll call the vote was as follows: Mr. Davidson, abstain, Ms. Falls, abstain; Dr. Fichtenbaum, Steen, Ms. Sellers, Steen; Mr. Steen, Steen. The motion carried

Mr. Steen was elected Audit Committee Chair.

The chair recognized Lynn Hoover, acting executive director, to review the status of the space utilization project. Ms. Hoover stated the Request For Proposal (RFP) was nearly completed and will engage a consultant to optimize STRS Ohio's current workplace real estate and plan for its workspace for staff and operations. The consultant will provide the board with an analysis of the current corporate owned facility of the STRS operations to include space utilization, leaseback, sale purchase or re-location options.

The chair recognized Mr. Vance, chief audit executive, to lead a discussion about audit priorities. Mr. Vance explained that STRS Ohio completes an annual risk-based planning process which looks at prior audits and recommendations coupled with conversations with external auditors and internal senior management to factor in enterprise risk management (ERM).

EXECUTIVE SESSION

Mr. Steen moved, seconded by Mr. Davidson, 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.

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

The board entered Executive session at 3:26 p.m.; the session ended at approximately 4:05 p.m.

RESUMPTION AND ADJOURNMENT

The chair resumed public session at approximately 4:13 p.m. and adjourned the committee meeting.