

**MINUTES OF  
STATE TEACHERS  
RETIREMENT BOARD  
MEETINGS**

**June 15, 2023**

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The State Teachers Retirement Board met at the STRS Ohio offices in Columbus, Ohio, on Thursday, June 15, 2023, at approximately 8:30 a.m. Retirement Board Chair, Carol Correthers called the meeting to order.

The following members were in attendance: Carol Correthers, Brent Bishop, Allison Falls, Rudy Fichtenbaum, Claudia Herrington, Scott Hunt, representing the Interim State Superintendent of Public Instruction, Elizabeth Jones, Arthur Lard, Dale Price, and Julie Sellers.

Claudia Herrington attended the meeting remotely.

### **APPROVAL OF MINUTES**

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

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

Ms. Sellers moved, seconded by Dr. Fichtenbaum, to enter Executive Session to discuss pending litigation and Mr. Steen's removal from the board. Ms. Wideman advised there was time dedicated for discussion during the afternoon's Executive Session. Ms. Herrington moved, seconded by Mr. Lard, to table the motion until Executive Session at lunchtime.

Mr. Foreman joined the meeting in person while in progress.

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

### **REPORT FROM THE INVESTMENT DEPARTMENT**

The Chair recognized Matt Worley for the Report from the Investment Department.

Mr. Worley began the meeting by announcing three matters that required Board action: 1) Semiannual Broker Evaluation and Associated Policies for First Half Fiscal 2024; 2) Amended Stock Proxy Voting Policy; and 3) Fiscal 2024 Investment Plan.

Matt Downie, senior officer – Investment Policies, stated there were no changes to the semiannual broker evaluation since it was discussed in May. Callan provided its letter of comments recommending approval by the Board.

Ms. Correthers moved, seconded by Mr. Lard, that the Board approve the Semiannual Broker Evaluation and Associated Policies for the First Half of Fiscal 2024 as presented on June 15, 2023.

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

Mr. Downie reviewed the Amended Stock Proxy Voting Policy which was originally presented in February. The policy included seven additions/updates as a request from the Board. Those changes are marked in the document.

Ms. Correthers moved, seconded by Mr. Price, that the Board adopt the Amended Stock Proxy Voting Policy as presented on June 15, 2023.

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

Mr. Worley and senior members of the investment staff presented the proposed Annual Investment Plan for Fiscal 2024. This plan details the investment strategy for each asset class in the total fund portfolio. After the staff presentations, the Board's investment consultants, Brady O'Connell of Callan and Steve Nesbitt of Cliffwater, provided their comments and recommendations to adopt the plan.

Ms. Herrington joined the meeting in person while in progress.

Ms. Correthers moved, seconded by Mr. Price, that the Board adopt the Fiscal 2024 Investment Plan.

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

Mr. Worley provided a review of the May investment activity. The STRS Ohio Total Fund preliminary return for May is -0.59%. \$600 million was allocated to international equities and fixed income from domestic equities and liquidity reserves. The fiscal 2023 year-to-date preliminary gross return is +4.67% and the net return is +4.56%. Investment assets on May 31 are estimated at \$87.8 billion.

Mr. Worley updated the Board on the general investment consultant search and provided a timeline for the process. The Board will review up to five firms for the general investment consultant in September and up to five firms for the defined contribution consultant in October. If more than five firms submit a request for proposal, staff will prescreen based on qualifications and decide which firms are best qualified to present to the Board.

Brady O’Connell and Michael Joecken provided comments on the Callan quarterly review as of March 31, 2023. STRS Ohio’s investment returns ranked in the top 5% of Callan’s public funds universe over the five-, seven-, and 10-year periods and at or near the top 25% of the one- and three-year periods. STRS Ohio returns were higher than the board’s investment policy benchmark over each of these periods.

Investment transactions for May 2023 were reviewed without questions or comments.

There were two requests from the Board:

- 1) Callan to send the calculations for the portfolio return and risk without alternatives;
- 2) Provide the 10 year rolling returns chart as mentioned by Ms. Falls.

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

Ms. Correthers recognized the following to address the board:

Dan MacDonald, representing himself, addressed the board. Mr. MacDonald expressed concern about the budget and COLA.

Karen Loeffler, representing herself, addressed the board. Ms. Loeffler expressed concern regarding the COLA.

Denny Jordan, representing himself, addressed the board. Mr. Jordan expressed concern about decisions made by board members and how they impact active and retired educators.

Julie Fredericksen, representing herself, addressed the board. Ms. Fredericksen expressed concern about the 27<sup>th</sup> paycheck issued to STRS associates.

Melinda Lindauer, representing herself, addressed the board. Ms. Lindauer expressed concern about the COLA.

Gerald Newsom, representing himself, addressed the board. Mr. Newsom expressed concern about the false claims that a COLA was guaranteed.

Rita Walters, representing herself, addressed the board. Ms. Walters is grateful to receive her COLA this year.

Marvin Stotz, representing himself and WCRTA, addressed the board. Mr. Stotz expressed concern about the fees associated with STRS investments.

Sue Brannan, representing herself, addressed the board. Ms. Brannan expressed concern about cutting expenditures.

Regina Malley, representing herself, addressed the board. Ms. Malley expressed concern about the COLA.

Martha Beaver, representing herself, addressed the board, Ms. Beaver expressed concerns about cutting expenditures and the COLA.

Susan Odell-Hotz, representing herself and her late husband, John Odell, addressed the board. Ms. Odell-Hotz expressed concern about the COLA.

Suzanne Laird, representing herself, addressed the board. Ms. Laird expressed concern about the budget and bonus payments.

### **EXECUTIVE SESSION**

Ms. Correthers moved, seconded by Mr. Lard 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: Ms. Correthers, yes; Mr. Lard, yes; Mr. Bishop, 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. The motion carried.

The board entered executive session at 12:57 p.m.; the session adjourned at 3:51 p.m.

Public session resumed at 4:02 p.m.

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

The Chair recognized Andy Marfurt, director – Human Resources for an introduction and review of the agenda.

Mike Oak of Aon McLagan, who joined remotely, provided a follow-up presentation regarding recommendations for the current performance-based incentive (PBI) policy. The recommendations included:

- Measure total fund investment performance net-of-all investment management costs;
- Increase the minimum weighting to total fund performance from 10% to 20%;
- Simplify the plan by removing one-year measures from portfolio and asset class components;
- Ensure plan provisions are clear and precise. Additionally, consider moving administrative policies into a separate document;
- Adjust the absolute return provision to be a linear gradient (e.g., haircut equal to 4x the negative return value, up to a 50% reduction).

Several Board members expressed interest in exploring the potential to include additional performance measures in the PBI policy such as funded status, COLAs to retirees, ability to reduce

years of service requirements for active members or meeting the assumed rate of return. Mr. Oak shared that these measures are not typically found in investment professional incentive programs.

Mr. Oak addressed comments from those Board members who believe that participation in the PBI program is too broad, and the incentive opportunities that exceed 100% of base salary are inappropriate for STRS. He suggested that if the Board wants to remove positions from the PBI program, and/or reduce the maximum incentive opportunities to 100% of base, a possible alternative would be to adjust base salaries of those positions impacted while considering internal equity and external market competitiveness.

Aon McLagan found that the STRS Ohio incentive PBI program is generally aligned with competitive market practice for investment professionals.

## **REPORT FROM THE FINANCE DEPARTMENT**

The Chair recognized Lynn Hoover, deputy executive director – Finance, for a Report from the Finance Department.

Ms. Hoover presented a follow-up review of the proposed fiscal 2024 operating and capital budgets that were first presented at the April board meeting.

Ms. Correthers moved, seconded by Mr. Lard, that the proposed fiscal 2024 operating and capital budgets presented to the Retirement Board on April 20, 2023, referred to as Proposed Fiscal 2024 Budget, be adopted effective July 1, 2023. Staff provided copies of the Proposed Fiscal 2024 Budget to the Ohio Retirement Study Council (ORSC) on April 24, 2023. A final copy of the fiscal 2024 budget, as approved herein, will be provided to the ORSC.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Lard, yes; Mr. Bishop, 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. The motion carried.

## **EXECUTIVE DIRECTOR'S REPORT**

Ms. Correthers recognized Executive Director Neville for the Executive Director's Report. Mr. Neville highlighted items from his June Executive Director's Report containing the topics listed below and offered to answer any questions.

- STRS Ohio shares information about Benefit Enhancements
- Benefits Counseling appointments top 11,000 in Fiscal 2023
- Final Plan Selection Ends; Most Members Continue in Same Plan
- Employer Education Team Helps with Annual Reporting Topics

Mr. Neville introduced Marla Bump, director – Government Relations for a Legislative Update. Ms. Bump provided an update on H.B 78, the legislation which proposes to repeal the current prohibition on reemployed retirees serving on the board in an active or retired member seat. The

House Pensions Committee held its third hearing and amended the bill to limit a reemployed retiree to serve only in a retired member seat. The amendment is consistent with the Board's position on identical legislation from previous General Assembly and how other retirement systems handle reemployed retirees on their boards.

Ms. Bump advised the board that legislators are immersed in the state budget until the end of June but discussions continue with regard to an increase in employer contributions.

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

Ms. Correthers moved, seconded by Mr. Lard, that the report and the expenditures for the month ended May 31, 2023, in the total amount of \$8,997,455 be approved.

Upon roll call the vote was as follows: Ms. Correthers, yes; Mr. Lard, yes; Mr. Bishop, 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. The motion carried.

### **CONSENT MOTION**

Ms. Correthers moved, seconded by Dr. Fichtenbaum, that the Retirement Board approve the Member Benefits-related motions appended on Pages 1 - 47 (Records are not public per Ohio Revised Code 3307.20).

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

### **APPROVAL OF AD HOC BOARD GOVERNANCE REPORT- MAY 2023**

Ms. Correthers moved, seconded by Mr. Price, that the following May Ad Hoc Board Governance Committee Report be approved as submitted, and the Board approve, affirm and adopt the recommendation of the committee.

Ms. Correthers called to order the Ad Hoc Board Governance Committee meeting on May 18, 2023, at 4:37 p.m. Committee members in attendance were Dr. Fichtenbaum, Ms. Herrington, Mr. Price and Ms. Sellers. Other board members in attendance were Ms. Falls and Ms. Jones. Staff in attendance were Mr. Neville, Ms. Wideman, Ms. Hoover, Mr. Worley and Ms. Ballard.

Ms. Correthers recognized Ms. Wideman – chief legal officer. Ms. Wideman reviewed the reason for the implementation of the committee and the focus of the scope included in the RFP for a board governance consultant. She discussed the RFP timeline and confirmed that responses were received from six firms; one fiduciary services group and five law firms.

Ms. Wideman next reviewed the consultant packets provided to the Board and offered an overview of items of consideration in each.

Following a discussion regarding next steps, the committee directed staff to invite all six firms to present at the June committee meeting. To assist in narrowing down the selection, Ms. Correthers suggested committee members submit questions to Ms. Wideman no later than the following Friday, May 23.

The meeting adjourned at 5:00 p.m.

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

### **APPROVAL OF AD HOC BOARD GOVERNANCE REPORT- JUNE 2023**

Ms. Correthers moved, seconded by Mr. Bishop, that the following June Ad Hoc Board Governance Committee Report be approved as submitted and that the Board approve, affirm and adopt the recommendation of the committee.

Ms. Correthers called to order the Ad Hoc Board Governance Committee meeting on June 14, 2023, at 1:03 p.m. Committee members in attendance were Ms. Correthers, Dr. Fichtenbaum, Ms. Herrington, Mr. Price and Ms. Sellers. Other board members in attendance were Ms. Jones. Ms. Falls joined the meeting in progress. Staff in attendance were Mr. Neville, Ms. Wideman, Ms. Elliott, Ms. Hoover, Mr. Worley, and Ms. Ballard.

Ms. Correthers recognized Ms. Wideman for a review of the agenda. Ms. Wideman provided a brief overview of the day's agenda and the four consultant groups presenting.

After each presentation, committee members took the opportunity to ask questions regarding the scope of the engagement and fee scheduling in addition to prioritizing several items of importance. Following a discussion regarding next steps, the committee directed staff to invite the additional two firms who could not present due to scheduling conflicts, to present at a later date.

Committee members will send available dates to Ms. Ballard and the two firms will be invited to present at a special meeting in June or July.

The meeting adjourned at 4:50 p.m

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



## **APPROVAL TO AUTHORIZE SECURITIES LITIGATION**

Ms. Correthers moved, seconded by Ms. Herrington to authorize the Attorney General to pursue on behalf of STRS Ohio, appointment as lead plaintiff, or co-lead plaintiff with an entity (or entities) acceptable to the Executive Director and Chief Legal Officer, in the securities action discussed in executive session on this date.

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

## **ELECTION OF VICE CHAIR OF THE RETIREMENT BOARD**

Ms. Correthers recognized Dale Price, incoming 2023-24 Retirement Board Chair.

Mr. Price explained the process for electing the Retirement Board Vice Chair for the term beginning Sept. 1, 2023, through Aug. 31, 2024. He announced that Ms. Correthers, Dr. Fichtenbaum, Mr. Foreman, Ms. Jones and Ms. Sellers were eligible candidates because they will have served at least one year as an elected member of the board before taking office and have at least two years remaining in their terms.

Mr. Price asked for nominations from the floor. Ms. Sellers nominated Dr. Fichtenbaum and Mr. Lard nominated Ms. Correthers. Both candidates accepted the nomination.

With no other nominations, Mr. Price closed the nominations, seconded by Mr. Bishop.

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

With nominations now closed, Mr. Price asked for each Board member to cast a vote for the person they would like to see as the next Retirement Board Vice Chair.

Upon roll call, the vote was as follows:

Mr. Bishop – Ms. Correthers  
Ms. Correthers – self  
Ms. Falls – Ms. Correthers  
Dr. Fichtenbaum – self  
Mr. Foreman – Dr. Fichtenbaum  
Ms. Herrington – Ms. Correthers  
Dr. Hunt – Ms. Correthers  
Ms. Jones – Dr. Fichtenbaum  
Mr. Lard – Ms. Correthers  
Mr. Price – Ms. Correthers  
Ms. Sellers – Dr. Fichtenbaum

With all votes being cast, Mr. Price announced Ms. Correthers as the new Retirement Board Vice Chair for the term beginning Sept. 1, 2023 through Aug. 31, 2024.

Dr. Fichtenbaum moved , seconded by Ms. Sellers, to change the language stated on page 17 of the Board policies & procedures, dated September 30, 2021, be amended to read, “on matters of parliamentary procedures when not governed by the Open Meetings Act, STRS statutes ORC 3307 or OAC 3307, or other applicable state law, the board will follow the most current edition of Robert’s Rules of Order unless otherwise noted in these Board policies & procedures.”

After some discussion, Dr. Hunt suggested having a parliamentarian available to the Board for procedural and operational questions. Ms. Wideman confirmed that STRS Ohio does not have a trained Parliamentarian on staff and recommended taking time to review the proposed language for other legal considerations.

Mr. Price moved, seconded by Ms. Correthers, to amend Dr. Fichtenbaum’s motion to allow someone to be trained, or hire an outside Parliamentarian, for future meetings.

Ms. Correthers moved, seconded by Ms. Falls, to table Dr. Fichtenbaum’s original motion until the August Board meeting for additional information and clarity.

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

## **ADJOURNMENT**

Ms. Correthers announced the next Retirement Board and committee meetings would be held over August 16,17 and 18, 2023. With no further business to come before the board, the meeting adjourned at 5:54 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**