

**As Introduced**

**133rd General Assembly**

**Regular Session**

**2019-2020**

**H. B. No. 530**

**Representative Grendell**

**Cosponsors: Representatives Plummer, Stephens, Jones, Sweeney, Hambley,  
Roemer, Crossman, Manning, D., McClain, Rogers, Ginter**

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**A BILL**

To amend section 145.11 and to enact sections 1  
145.096, 145.117, 145.118, 742.117, 3307.155, 2  
3309.151, and 5505.066 of the Revised Code 3  
regarding state retirement system fiduciary 4  
duties, Public Employees Retirement System 5  
management fees and employee pay, and creating 6  
the Committee on Pension Salaries and Fees. 7

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That section 145.11 be amended and sections 8  
145.096, 145.117, 145.118, 742.117, 3307.155, 3309.151, and 9  
5505.066 of the Revised Code be enacted to read as follows: 10

**Sec. 145.096.** (A) No employee of the public employees 11  
retirement system who, on and after the effective date of this 12  
section, earns at least two hundred thousand dollars annually 13  
shall receive an annual salary or wage increase that exceeds the 14  
lesser of the following: 15

(1) Three per cent of the base annual salary or wage 16  
earned by the employee at the time of the increase; 17

(2) The actual average increase in the consumer price index as determined by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers: "all items 1982-84=100") for the twelve-month period ending on the thirty-first day of December of the immediately preceding calendar year.

(B) If the general assembly authorizes the public employees retirement board to suspend the annual increase described in section 145.323 of the Revised Code, and if the board suspends that increase, no employee of the public employees retirement system shall receive a salary or wage increase for the duration of that suspension.

**Sec. 145.11.** (A) The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

To facilitate investment of the funds, the board may establish a partnership, trust, limited liability company,

corporation, including a corporation exempt from taxation under 48  
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 49  
amended, or any other legal entity authorized to transact 50  
business in this state. 51

(B) In exercising its fiduciary responsibility with 52  
respect to the investment of the funds, it shall be the intent 53  
of the board to give consideration to investments that enhance 54  
the general welfare of the state and its citizens where the 55  
investments offer quality, return, and safety comparable to 56  
other investments currently available to the board. In 57  
fulfilling this intent, equal consideration shall also be given 58  
to investments otherwise qualifying under this section that 59  
involve minority owned and controlled firms and firms owned and 60  
controlled by women, either alone or in joint venture with other 61  
firms. 62

The board shall adopt, in regular meeting, policies, 63  
objectives, or criteria for the operation of the investment 64  
program that include asset allocation targets and ranges, risk 65  
factors, asset class benchmarks, time horizons, total return 66  
objectives, and performance evaluation guidelines. In adopting 67  
policies and criteria for the selection of agents with whom the 68  
board may contract for the administration of the funds, the 69  
board shall comply with sections 145.114 ~~and~~, 145.116, and 70  
145.117 of the Revised Code and shall also give equal 71  
consideration to minority owned and controlled firms, firms 72  
owned and controlled by women, and ventures involving minority 73  
owned and controlled firms and firms owned and controlled by 74  
women that otherwise meet the policies and criteria established 75  
by the board. Amendments and additions to the policies and 76  
criteria shall be adopted in regular meeting. The board shall 77  
publish its policies, objectives, and criteria under this 78

provision no less often than annually and shall make copies 79  
available to interested parties. 80

When reporting on the performance of investments, the 81  
board shall comply with the performance presentation standards 82  
established by the association for investment management and 83  
research. 84

(C) All investments shall be purchased at current market 85  
prices and the evidences of title of the investments shall be 86  
placed in the hands of the treasurer of state, who is hereby 87  
designated as custodian thereof, or in the hands of the 88  
treasurer of state's authorized agent. Evidences of title of the 89  
investments so purchased may be deposited by the treasurer of 90  
state for safekeeping with an authorized agent, selected by the 91  
treasurer of state, who is a qualified trustee under section 92  
135.18 of the Revised Code. The treasurer of state or the agent 93  
shall collect the principal, dividends, distributions, and 94  
interest thereon as they become due and payable and place them 95  
when so collected into the custodial funds. 96

The treasurer of state shall pay for investments purchased 97  
by the retirement board on receipt of written or electronic 98  
instructions from the board or the board's designated agent 99  
authorizing the purchase and pending receipt of the evidence of 100  
title of the investment by the treasurer of state or the 101  
treasurer of state's authorized agent. The board may sell 102  
investments held by the board, and the treasurer of state or the 103  
treasurer of state's authorized agent shall accept payment from 104  
the purchaser and deliver evidence of title of the investment to 105  
the purchaser on receipt of written or electronic instructions 106  
from the board or the board's designated agent authorizing the 107  
sale, and pending receipt of the moneys for the investments. The 108

amount received shall be placed in the custodial funds. The 109  
board and the treasurer of state may enter into agreements to 110  
establish procedures for the purchase and sale of investments 111  
under this division and the custody of the investments. 112

(D) No purchase or sale of any investment shall be made 113  
under this section except as authorized by the public employees 114  
retirement board. 115

(E) Any statement of financial position distributed by the 116  
board shall include the fair value, as of the statement date, of 117  
all investments held by the board under this section. 118

Sec. 145.117. On and after the effective date of this 119  
section, the public employees retirement board shall not enter 120  
into a contract with an agent described in division (B) of 121  
section 145.11 of the Revised Code or an investment manager to 122  
manage assets of the funds created by section 145.23 of the 123  
Revised Code under which the fees paid for investment management 124  
services are less than sixteen-hundredths per cent or more than 125  
six-tenths per cent of the total investments or assets under 126  
management pursuant to the contract. 127

Sec. 145.118. The public employees retirement board, in 128  
exercising its duties under section 145.11 of the Revised Code, 129  
shall discharge its fiduciary duties in the interest of 130  
participants of the public employees retirement system and their 131  
beneficiaries. 132

Sec. 742.117. The board of trustees of the Ohio police and 133  
fire pension fund, in exercising its duties under section 742.11 134  
of the Revised Code, shall discharge its fiduciary duties in the 135  
interest of participants of the Ohio police and fire pension 136  
fund and their beneficiaries. 137

Sec. 3307.155. The state teachers retirement board, in 138  
exercising its duties under section 3307.15 of the Revised Code, 139  
shall discharge its fiduciary duties in the interest of 140  
participants of the state teachers retirement system and their 141  
beneficiaries. 142

Sec. 3309.151. The school employees retirement board, in 143  
exercising its duties under section 3309.15 of the Revised Code, 144  
shall discharge its fiduciary duties in the interest of 145  
participants of the school employees retirement system and their 146  
beneficiaries. 147

Sec. 5505.066. The state highway patrol retirement board, 148  
in exercising its duties under section 5505.06 of the Revised 149  
Code, shall discharge its fiduciary duties in the interest of 150  
participants of the state highway patrol retirement system and 151  
their beneficiaries. 152

**Section 2.** That existing section 145.11 of the Revised 153  
Code is hereby repealed. 154

**Section 3.** (A) As used in this section, "state retirement 155  
systems" means the Public Employees Retirement System, the Ohio 156  
Police and Fire Pension Fund, the State Teachers Retirement 157  
System, the School Employees Retirement System, and the State 158  
Highway Patrol Retirement System. 159

(B) There is hereby created the Committee on Pension 160  
Salaries and Fees to investigate, study, and report on the 161  
salaries and wages paid to employees of, and the fees paid for 162  
investment management services by, the state retirement systems. 163  
The committee shall do all of the following: 164

(1) Investigate and develop strategies to reduce the fees 165  
the state retirement systems pay for investment management 166

services;	167
(2) Investigate and study the salaries and wages paid to employees of the state retirement systems;	168 169
(3) Compile a report of its activities, findings, and recommendations and submit the report to the President of the Senate, the Speaker of the House of Representatives, and the chairperson of the Ohio Retirement Study Council not later than six months after the first meeting of the committee.	170 171 172 173 174
(C) The committee may require the state retirement systems and any agency or official of this state or its political subdivisions to provide it with any information necessary to carry out its duties.	175 176 177 178
(D) The committee consists of the following members:	179
(1) Three members of the Senate, appointed by the President of the Senate, not more than two of whom shall be members of the majority party;	180 181 182
(2) Three members of the House of Representatives, appointed by the Speaker of the House of Representatives, not more than two of whom shall be members of the majority party;	183 184 185
(3) One member representing the Auditor of State, appointed by the Auditor of State.	186 187
(E) Not later than thirty days after the effective date of this section, the President of the Senate, the Speaker of the House of Representatives, and the Auditor of State shall appoint the members of the committee, and the Speaker of the House of Representatives shall select a chairperson from among the members. Vacancies shall be filled in the same manner as original appointments and shall be filled not later than thirty	188 189 190 191 192 193 194

days after the date the vacancy occurs. The committee shall meet 195  
at the call of the chairperson. The committee shall hold its 196  
meetings in the statehouse. 197

(F) Members of the committee shall serve without 198  
compensation, but may be reimbursed for actual and necessary 199  
expenses incurred in the performance of their official duties. 200

(G) The Attorney General is the legal representative of 201  
the committee. 202

(H) Sixty days after the committee submits the report 203  
required under division (B) of this section, the committee is 204  
abolished. 205