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## Minutes of the Ohio Tuition Trust Authority Investment Board Regular Meeting

OTTA Investment Board Meeting – Thursday, May 18, 2023  
Room 1960, 77 South High St, Columbus, OH 43215

At 11:07 AM a quorum of the Investment Board was not present, so the group proceeded with an informational meeting. Mr. DiGirolamo presented a market and performance update on the Variable Savings Plan, both Direct and Advisor Plans. Ms. Good presented the Interim Executive Director's report sharing that Ohio is the nation's 7<sup>th</sup> largest sponsor of 529 plans, with total assets as of March 31, 2023 at \$15.0 billion. Ohio's Plan assets under management (AUM) increased 5.4% from the previous quarter while the total 529 industry AUM increased 5.3% from the previous quarter. In addition, Ohio is the nation's 7<sup>th</sup> largest sponsor of a Direct Plan. Total assets for Ohio's Direct Plan as of March 31, 2023 is \$9.0 billion. Total Direct Plans' AUM increased by 6.0% during the quarter, while total Direct Plans across the nation had a 5.8% quarterly change. Ohio is the nation's 5<sup>th</sup> largest sponsor of an Advisor Plan, with total assets as of March 31, 2023 at \$5.9 billion. Total Advisor Plans' AUM increased by 4.5% during the quarter. Ohio's Advisor Plan increased by 4.4% during the quarter. Ms. Good stated that Ohio's plans performances this quarter matched other plans in the industry. Mr. Fogel spoke to tax parity and IRA legislations that have recently passed into Ohio Revised Code and Internal Revenue Code, in state and national legislatures respectively. Ms. Good then gave a short tutorial on navigating through the board portal materials.

### **CALL TO ORDER: 11:34 AM**

Co-Chairman Representative Tom Young brought the meeting to order.

Ms. Nancy Braun conducted a roll call and announced a quorum was present.

### **BOARD MEMBERS PRESENT:**

**Executive Investment Board Members:** Charles See, Bill Elliott, Ann Womer-Benjamin, Rebecca Princehorn, Carissa Krane.

**Legislative Investment Board Members:** Representative Tom Young, Senator Vernon Sykes, Senator Jerry Cirino, Representative Willis Blackshear.

**Ohio Tuition Trust Authority (OTTA) Staff:** Trisha Good, Interim Executive Director, CFO/CIO; Dave Kemp, Director of Customer Service and Operations; Shreekanth Chutkay, Director of Information Technology; Ben Gibbons, Director of Marketing; Jeff Fogel, In-House Counsel; Nancy Braun, Executive Administrative Assistant; Mark Smith, OH-TECH.

**Others present:** Steven DiGirolamo, Wilshire

This meeting was properly noticed in accordance with the provisions of Ohio Administrative Code §3334-1-02, adopted in accordance with Section 111.1.15 of the Ohio Revised Code.

### **APPROVAL OF MINUTES**

Representative Young asked for any questions or comments on the OTTA Investment Board minutes of the November 17<sup>th</sup>, 2022, meeting. There were none. Representative Young called for a vote to approve the minutes. Ms. Princehorn made a motion to approve. Mr. Elliott seconded the motion. A voice vote was taken. The motion was unanimously approved.

### **GUARANTEED SAVINGS PLAN ACTUARIAL ASSUMPTIONS and Resolution FY 23-01**

Ms. Good presented the Guaranteed Savings Plan (GSP) investment return assumptions. OTTA engages Milliman, our actuarial consultant, to provide an annual actuarial valuation of the financial position of the Guaranteed Savings Plan. This report will be prepared as of our fiscal year end, June 30<sup>th</sup>, and presented to the Board for consideration and approval at our August Board meeting. In order to provide Milliman the tuition inflation and investment return assumptions to be used in their assessment, OTTA seeks guidance and approval from the OTTA Board.

After discussion with ODHE, OTTA recommends leaving the tuition inflation assumption at 4.00%, which matches the assumption used the previous two summers in the actuarial valuation. Inflation throughout the overall economy has accelerated to a decades-high level. Due to the uncertainty in the economy and any changes that may be implemented by the Ohio legislature as it relates to the cost of attendance at the 13 four-year public colleges, we are recommending remaining conservative with our tuition inflation assumption. The tuition inflation assumption takes into consideration the long-term historical tuition inflation, the declining number of beneficiaries in the GSP as well as the uncertain future from the COVID19 fallout and how tuition inflation will rise in future years.

OTTA recommends continuing the process the Board adopted in May 2020 for determining the investment return assumption. The process would involve using the yield to maturity of the Loomis custom treasury portfolio and NEPC's forward looking expected returns for equities and cash to calculate the Plan's expected return as of June 30<sup>th</sup>, 2023. Based upon these inputs, the expected return of the Plan would be calculated and then used in the annual valuation. Discussion ensued. Representative Young called for a vote on Resolution FY23-01 to approve the GSP Actuarial Assumptions. Mr. See made the motion to accept the current actuarial resolution and Ms. Princehorn seconded the motion. A roll call vote was taken. FY23-01 passed unanimously.

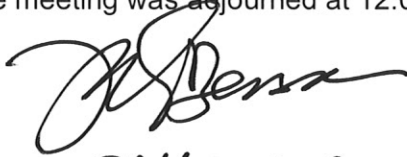
**DIRECT and ADVISOR PLAN INVESTMENT OPTIONS DISCUSSION and FY 23-02;FY 23-03**

Ms. Good opened the Direct and Advisor Plans investment options discussion by stating that OTTA understands ESG (Environmental, Social & Governance) is a trend and current conversation in the investment community as well as the 529 industry. She stated constituents have made inquiries as to the OTTA Investment Board's positioning on ESG investments within CollegeAdvantage. Therefore, OTTA staff are presenting two resolutions for the Board's consideration today. FY23-02 would allow staff to review and provide more information to the Board on our current investment managers and options as it relates specifically to ESG. FY23-03 would provide the board with research necessary to determine if specially labeled Non-ESG option(s) should be included within CollegeAdvantage. Representative Young requested to table the discussion and vote due to Senator Cirino's absence as co-chair. Discussion ensued. Senator Cirino joined the meeting at 11:49 AM. Discussion continued regarding FY 23-02. Due to pending legislation and the need for a robust discussion involving this resolution, Representative Young recommended to Senator Cirino that both resolutions be tabled indefinitely due to pending legislation that could preclude this topic. Representative Young made the motion to table discussion indefinitely on these two resolutions. Ms. Princehorn seconded the motion. Roll call vote was taken and motion passed.

There was no new business to discuss.

Representative Young made the motion to adjourn. Senator Cirino seconded. Voice vote was taken and the meeting was adjourned at 12:07 PM.

Signed by:



Print name: JAMES D. BENSON

Date: 8/17/23