Minutes of the Ohio Tuition Trust Authority Investment Board Regular Meeting

OTTA Investment Board Meeting – Thursday, August 13, 2026
State Education Building, 25 S. Front St., 1st Floor, Innovation Room, Columbus, OH 43215

CALL TO ORDER: 9:56 AM

Chair Jim Benson brought the meeting to order. Mr. Ben Gibbons conducted a roll call and announced a quorum was present.

BOARD MEMBERS PRESENT:

Executive Investment Board Members: James Benson, Charles See, Scott Brihn, Dr. Ann Gabriel, Benedict Weissenrieder, and Mick Zwayer.

Ohio Tuition Trust Authority (OTTA) Staff: David Kemp, Interim Executive Director and Director of Customer Service and Operations; Amy Manett, Chief Financial Officer and Interim Chief Investment Officer; Ben Gibbons, Director of Marketing; Michel Graham, In-House Counsel; Jeff Fogel, Assistant General Counsel Ohio Department of Higher Education (ODHE); Shreekanth Chutkay, Director of Information Technology; James Fellrath, IT Manager; and Mark Smith, OH-TECH. Online: Judy Cunningham, Julia Haffele, and Jyothi Vasamsetty, OTTA.

Others present: In person: Femi Alademehin, Dimensional Fund Advisors (DFA); Kirsten Anderson, DFA; Ross Orlando, DFA; Stephen DiGirolamo, Wilshire; Craig Svendsen, NEPC; Alan Perry, Milliman; Daija Kidd, Senior Legislative Aide to Senator Catherine Ingram; and Holly Welch, Ohio Attorney General.

This meeting was properly noticed in accordance with the provisions of Ohio Administrative Code § 3334-1-02 and Ohio Revised Code § 121.22.

INTERIM EXECUTIVE DIRECTOR AGENDA AND MEETING OVERVIEW

Mr. Dave Kemp welcomed Dr. Ann Gabriel to the Board. Then Mr. Kemp introduced Michael Graham as OTTA's new in-house legal counsel. Then Mr. Kemp shared the agenda with the Board: The team from Dimensional Fund Advisors (DFA) would share their annual presentation with the Board. Mr. Craig Svendsen with NEPC would next discuss the updates on the Guaranteed 529 Plan, including how the investments have performed this year. The Board will then vote on the proposed Guaranteed 529 Plan investment policy change. Next, Mr. Alan Perry from Milliman will discuss the actuarial valuation for the Guaranteed Plan; afterwards, the Board will vote on the proposed actuarial assumptions. Mr. Stephen DiGirolamo with Wilshire will give an update on the Direct and Advisor Plans. Then Mr. Kemp would give the Executive Director update, followed by Ms. Amy Manett, who would provide the program's quarterly financial update. Mr. Michael Graham would share training reminders and share movements on legislative bills at the federal and state level.

APPROVAL OF MINUTES

OTTA Investment Board (Board) Chair James Benson asked for any questions or comments on the Board minutes of the May 14, 2026, Board meeting. There were none. Mr. Benson called for a vote to approve the minutes. Mr. Mick Zwayer made a motion to approve. Mr. Charles See seconded the motion. The motion was approved.

DFA ANNUAL PRESENTATION

Mr. Femi Alademehin thanked the Board for the invitation to speak at this meeting and introduced the rest of the team: Ms. Kirsten Anderson, and Mr. Ross Orlando. He then gave an overview of Dimensional and its investment strategies, portfolio performance, and market outlook. As of June 30, 2026, DFA investment options are held in 34 different 529 and ABLE plans with a $6.47 Billion in Assets Under Management. Mr. Alademehin then shared that since the partnership with Ohio 529 began in 2015, the DFA investments in the Ohio program have grown to $856.5 million in 2026 YTD.

Mr. Orlando next discussed the two portfolios: The World ex US Core Equity Portfolio, which focuses on the stocks outside of the U.S. and the Global REIT (Real Estate Investment Trusts) Fund. He explained how the World ex US Core Equity Portfolio, which holds about $150 million for Ohio 529, is designed to invest in most stocks from large to micro-cap stocks in 46 developed—excluding U.S.—and emerging countries. Discussion ensued. Mr. Orlando next discussed the Global REIT Fund, which ranges from large to micro caps, and certain companies are excluded as they are less representative of real estate ownership. Discussion ensued.

Ms. Anderson gave an overview of the DFA Investment Grade Portfolio, another investment option available in Ohio 529, and the research behind the design of the portfolio. She then explained fixed income strategy, including targeting term, credit, and currency premiums, and the adjustments made based on market conditions. The portfolio is outperforming its benchmark as it includes longer duration bonds and has exposure to corporate bonds. Discussion ensued.

GUARANTEED SAVINGS PLAN (GSP) ANNUAL PRESENTATION

Mr. Craig Svendsen shared NEPC presentation on Guaranteed Savings Plan (GSP). The current plan assets as of June 30, 2026, are $36.6 million. The transfer of $82.65 million from the GSP to the Strategic Square Footage Reduction Fund within the State Treasury (TOS) was complete on June 3, 2026. For the year ending June 30, 2026, the GSP returned 4.5%. The performance of the Loomis custom treasury strategy is in line with expectations. The GSP is now holding only two assets: Star Ohio and Loomis Custom Treasury Trust. The GSP is invested in a very risk-aware strategy with the current allocations going to 77.5% custom treasuries and 22.5% money market. Mr. Svendsen stated that NEPC recommending that the Board votes on a new asset allocation mix of 75% custom treasuries and 25% money market to keep the GSP funds protected.

Mr. Benson called for a vote to approve the Resolution FY26-04. Mr. Charles See made a motion to approve. Dr. Ann Gabriel seconded the motion. The motion was unanimously approved.

GSP ACTUARIAL VALUATION EXECUTIVE SUMMARY

Mr. Alan Perry with Milliman spoke next, saying that this was the 36th year Milliman has presented the actuarial valuation to the Board. Mr. Perry said that Milliman, based on many assumptions, is trying to project what the payouts will be, when those payouts will occur, and how much money in the fund will be needed to cover the remaining payouts over the next several years.

He next shared the following highlights from the year: The Weighted Average Tuition (WAT) increased about 3.1%, while the GSP investments earned 4.5%. The GSP paid about $9.7 million in benefits during the year. Last year, the Board left the tuition growth assumption at 4%, as Mr. Svendsen pointed out earlier, while increasing the investment return assumption to 3.77%. Additionally, the GSP transferred $82.65 million to the State Treasury on June 3, 2026. After the transfer, the actuarial reserve is $7.4 million, and the funded ratio is 125.6%. Discussion ensued.

Mr. Perry shared that GSP account owners have been holding on to units, which they have rolled down to the siblings of the original beneficiary so that liability has stretched out over more years, potentially until 2043. Based on this information, the recommendations for the Board voting item are the following actuarial assumptions: 1) the investment return assumption of 3.90% gross of fees per year, and 2) the tuition growth assumption of 4.00% for fall 2027. Discussion ensured.

Mr. Benson called for a vote to approve the Resolution FY26-05. Mr. Benedict Weissenreider made a motion to approve. Mr. Zwayer seconded the motion. The motion was unanimously approved.

WILSHIRE QUARTERLY UPDATE

Mr. Steve DiGirolamo stated that in the second quarter of the year, the markets seemed to be more comfortable with the new geopolitical politics. This led to strong performance in the second quarter. The U.S. Equity market is up 15.5% in the quarter, driven by strong bounce back by information technology sector. The international equity market, in both developed and emerging markets, also had a strong performance for the second quarter. U.S. fixed income was flat. For the second quarter, the asset classes with the highest returns are emerging markets and REITS; but all asset classes are positive. Wilshire is expecting continued volatility for the rest of the year, and a potential federal rate hike.

Direct Plan Performance

The Advantage Age-Based Portfolio (AABP) returns were positive for the quarter, with the portfolios with more equity outperforming the ones that have less equity. AABP tends to be more conservative than other 529 peers, thus the AABP

funds underperformed against benchmarks. The Vanguard Ohio TEP also had positive returns, with the portfolios with more equity outperforming the ones that have less equity. Performance in both age-based products aligned with expectations based on the amount of risk in each portfolio. For the risk-based funds, the more conservative portfolios underperformed the more aggressive ones. Mr. DiGirolamo talked about the two DFA products in the Ohio 529 investment line-up: DFA World Ex US Core Equity and the DFA US Investment Grade. These DFA active-managed asset classes added value to the program, with low risk and low fees, as well as outperforming their benchmarks. Discussion ensued.

Advisor Plan Performance

The Advisor Plan also had strong returns. The glide path funds were all positive and outperformed its benchmarks this quarter as the BlackRock glide path portfolios contain more equity than its peers. The aggressive risk-based funds outperformed the more conservative funds for the quarter. For the more actively manage individual funds, BlackRock Capital Appreciation fund performed very well as it has a strong stock selection in information technology. its benchmarks based on its equity positioning in the information technology sector. Wilshire is comfortable with the Advisor funds being offered and their management teams.

Wilshire is pleased with the performance of both Ohio 529 programs for the quarter and the year so far.

INTERIM EXECUTIVE DIRECTOR UPDATE

Mr. Kemp shared that, as of June 30, 2026, the combined assets for the Direct and Advisor Plans are $22.41 billion, which is a 14.8% increase from 2025. The Ohio Direct 529 Plan remains the seventh largest 529 state-sponsored program in the nation with total assets of $14.17 billion Assets Under Management (AUM) as of June 30, 2026. The BlackRock Ohio Advisor Plan continues to grow as the fifth largest in the nation with $8.2 billion AUM with a 13.1% increase Year Over Year (YOY).

In September, Mr. Kemp, Ms. Amy Manett, Mr. DiGirolamo and BlackRock team will travel to Chicago for the annual Morningstar presentation. OTTA is working on two forward-looking projects: includes 1) the Guaranteed Plan wind-down with the 28 and over, small balance, and beneficiary-controlled communications, which should increase the liquidation of remaining account; 2) the Vanguard Risk Based asset allocation changes as approved at the May Board meeting will go into effect in mid-November. Mr. Kemp shared that in 2024 and 2025, Ohio Direct529 had over a $1 billion in contributions both years, which is very important for a mature program. Contributions are up over 6% from the last fiscal year. Over 34,000 new accounts were open last fiscal year as well, an increase of 16%. Mr. Kemp then reminded the Board that the next meeting will be held on Thursday, Nov. 12, in the Innovation Room.

Financial update

Ms. Manett shared the market performance was attributed to a 15.1% increase in Direct Plan AUM from June 2026 over June 2025, and a 15.7% increase for the Advisor Plan. As a mature plan, many families are using their Ohio Direct 529 accounts to pay for qualified higher education expenses, so the net contribution flows are smaller. Contributions are up 6.4% for the Direct Plan and 5.5% for the Advisor Plan. There was a 50% increase in Roth IRA rollovers YOY; however, these rollovers are still just 2% of the total distribution. OTTA is underway with four audits. No issues have arisen at this point. It was noted that the oversight of the audits is with the Ohio Department of Higher Education; however, updates and results are provided to the Board as investment options are a significant portion of the assets under audit. Discussion ensued.

Legislative updates

Mr. Michael Graham shared the updates on two bills. The first is Ohio House Bill 48, which will modify tax deductions for 529 and ABLE accounts contributions. It would increase the tax deduction limit from $4,00 to $8,000 for joint filers and index the limit for single and joint filers to increase with inflation each year. This bill has not moved since the last update. It received a first hearing at the Ohio Senate Ways and Means Committee on Oct.21, 2025. Discussion ensued. The second is federal legislative update. Sen. Jon Husted (OH) introduced Senate Resolution 5227, co-sponsored by Sen. Michael Bennett (CO), which is the Senate version of the First Time Home Buyer Empowerment Act. It would expand the Secure 2.0 provisions to allow for withdrawal for a down payment for a principal resident of a first-time home buyer, who must be the 529 beneficiary. The distribution must be used within 60 days of the withdrawal. The proposed legislation mirrors much of the Roth IRA rollover. The bill was just introduced so Mr. Graham will continue to monitor it. Next, Mr. Graham reminded the Board about its annual ethics training, which must be completed before Dec. 31, 2026.

NEW BUSINESS

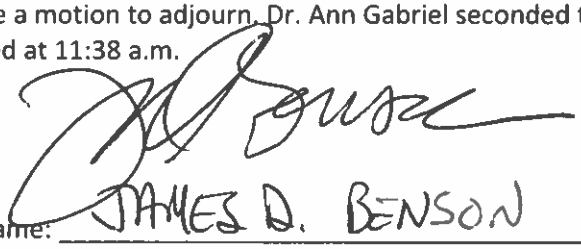
There was no new business. Mr. Benson asked Mr. See about the search for the executive director. Mr. See shared that he had no updates or time frames for the Board. Discussion ensued.

PUBLIC PARTICIPATION

There was no public participation.

ADJOURN

Mr. See made a motion to adjourn. Dr. Ann Gabriel seconded the motion. A unanimous voice vote was taken. The meeting was adjourned at 11:38 a.m.

Signed by: 

Print name: JAMES D. BENSON

Date: 11/12/26