

As Introduced

134th General Assembly

Regular Session

2021-2022

H. B. No. 14

Representative Grendell

Cosponsors: Representatives Cross, Plummer

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 18

index as determined by the United States bureau of labor 19
statistics (U.S. city average for urban wage earners and 20
clerical workers: "all items 1982-84=100") for the twelve-month 21
period ending on the thirty-first day of December of the 22
immediately preceding calendar year. 23

(B) If the general assembly authorizes the public 24
employees retirement board to suspend the annual increase 25
described in section 145.323 of the Revised Code, and if the 26
board suspends that increase, no employee of the public 27
employees retirement system shall receive a salary or wage 28
increase for the duration of that suspension. 29

Sec. 145.11. (A) The members of the public employees 30
retirement board shall be the trustees of the funds created by 31
section 145.23 of the Revised Code. The board shall have full 32
power to invest the funds. The board and other fiduciaries shall 33
discharge their duties with respect to the funds solely in the 34
interest of the participants and beneficiaries; for the 35
exclusive purpose of providing benefits to participants and 36
their beneficiaries and defraying reasonable expenses of 37
administering the public employees retirement system; with care, 38
skill, prudence, and diligence under the circumstances then 39
prevailing that a prudent person acting in a like capacity and 40
familiar with these matters would use in the conduct of an 41
enterprise of a like character and with like aims; and by 42
diversifying the investments of the system so as to minimize the 43
risk of large losses, unless under the circumstances it is 44
clearly prudent not to do so. 45

To facilitate investment of the funds, the board may 46
establish a partnership, trust, limited liability company, 47
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;

(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.

(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.

(D) The committee consists of the following members:

(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;

(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;

(3) One member representing the Auditor of State, appointed by the Auditor of State.

(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 days after the date the vacancy occurs. The committee shall meet at the call of the chairperson. The committee shall hold its

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