The Association of The University of Akron Retirees (AUAR)
Executive Board Meeting March 27, 2025 Minutes
Held in person and Zoom

I. Call to order. The Board meeting was called to order on March 27, 2025 by President Harvey Sterns at 10:00 am.

II. Welcome & Announcements:
Members attending: Harvey Sterns, Mary Verstraete, Linda Sugarman, Diane Vukovich, Tom Vukovich, Dan Sheffer, Kathy DuBose (Zoom), Ali Hajjafar (Zoom), Bob Huff (Zoom), Tom Nichols, Richard Milford, Doug Hausknecht, Richard Steiner (Zoom), George Haritos, Mel Vye, Martha Vye, Rita Klein (Zoom)

Absent: Carl Leiberman

III. Approval of Minutes: The Minutes from February were presented for approval. No corrections were noted. Martha Vye motioned to approve; Diane Vukovich seconded. The minutes were approved without correction.

IV. Treasurer's Report:

February 2025

UA Account income: Membership dues $ 183.00
Raffle proceeds $ 37.00
Luncheon proceeds $ 525.00
Soup & Chili proceeds $ 135.00
Total income $ 880.00
UA Account expenses: Aramark $ 568.39
PCAS – Newsletter $ 815.51
Total Expenses $1383.90
Petty Cash expenses: To Diane Vukovich for Summit Co. Metro Parks
November Reservation $ 178.50

	UA Account	Petty Cash	Totals
Initial Balance	$13870.44	$304.18	$14174.62
Income	$880.00	$0.00	$880.00
Expenses	$1383.90	$178.50	$1562.40
Final Balance	$13366.54	$125.68	$13492.22*
Final Balance Feb. 2024	$10474.89	$395.38	$10870.27*

* These include dues payments for future years.

Mary Verstraete moved to accept the Treasurer's report; Richard Milford seconded. The motion passed.

V. Corresponding Secretary. Linda Sugarman reported that she sent a condolence card to June Burton upon the loss of her sister and a condolence card to the family of Max Willis.

VI. Committee Reports.

A. Programs: Tom Vukovich reported that the March luncheon had 30-35 attendees and the April 16th lunch speaker will be Dr. Douglas Hausknecht.

The Spring schedule is set with Quaker and Aarmark. With the announcement that Quaker Square has been sold, he ensured that we have the room and catering through 6/26/2025.

Tom announced that the Road Trip will take place on April 24th and we will head to Mercer County, Pennsylvania. The cost per person will be #88 and we need at least 35 people to break even, however, we have room for 40. Dan will send out a Save-The-Date e-mail with details to follow.

The dates for next years' luncheons are: 9/17, 10/15, 11/19, 12/17, 2/18, 3/18, 4/15 and 5/16. The Soup and Chili will be on 11/6 and the date for the Road Trip is tentatively set for 4/23 or 24.

Lobster and Suds has been confirmed at Hampton Ridge on May 16th.

B. Membership: Mel Vye reported that we have 154 paid members, including 54 Life members. We need to start reminding people to renew their membership for next year and it was suggested that we bring membership forms to the next luncheon to allow people to renew then.

C. Political Action: Dan Sheffer reported that OCHER met last Tuesday and it was a 6-hour meeting. During the legislative report, the issue of increasing employer contributions to the retirement systems was discussed. The issue has died in the water due to the fact that it would require school systems to raise property taxes in order for this to occur.

Inflation protection for retirees, especially public-school teachers, was also discussed. They are trying to develop a fund to include a 1% COLA for all retirees and also for those in distress.

Jerry Newsome's STRS report to OCHER is attached below.

D. Benefits: Linda Sugarman reported that deposits from Social Security for the Fairness Act had been deposited to individuals accounts. If the Social Security Administration has your information, including direct deposit information, you do not need to do anything to get the deposit if you were impacted by the Windfall Elimination Provision. Wives and widows who were affected and are not collecting may have to file an application with Social Security.

Willy Kollman assured Harvey Sterns that retirees would not lose their e-mail. Non-emeriti retirees will keep their @1870uakron.edu email. Alumni will lose their @1870uakorn.edu email.

E. Faculty Senate: Doug's summary notes are included at the end of these minutes. The AUAR Board discussed some of the point related to search requirement and the 1st year seminar.

F. University & Community Service/Website: Dan Sheffer reported that the website is up to date.

G. Scholarship: Interim Chair Rita Klein had no report. She will contact Development to see what is being done for next year's scholarship. There will be no Book Scholarship this year due to the non-funding of the Rethinking Race for this year

H. Newsletter: Martha Vye reported that the last newsletter went out a week later this year due to a delay from Development. The next newsletter is underway and she open to suggestions from the Board for new content.

VII. Old Business.

The Ad Hoc Reference Committee on By-Laws: Harvey Sterns, Dan Sheffer, Rita Klein, Linda Sugarman and Carl Leiberman will meet in April.

VIII. New Business.

Report of the Nomination Committee

Ali Hajjafar reported that we still need nominations for the President-Elect and one At-Large Member. George Haritos was added to the Nominating Committee.

The AUAR Board voted to accept the Nominating Committee's recommendations and Ali will prepare a report to send out to the general membership to make additional nominations.

It was confirmed that Harvey Sterns and Doug Hausknecht will continue on as the representatives to the Faculty Senate. It was suggested that our By-Laws mimic the Faculty Senate By-Laws to remove the differences to the terms elected.

Akron Bicentennial

Harvey Sterns reported that the Bicentennial Committee has been working on the celebration of Age-Friendly Akron agenda for May 15th. The event will take place at Quaker Station and will include a brunch as well as greetings from the Mayor of Akron and the President of the University of Akron. Panels will discuss: Arts & Education and Health & Well-Being. The Better Business Bureau has reported that 20 businesses have been identified as Age-Friendly. Leadership Akron will also co-sponsor the event with AUAR.

Harvey also announced that the Akron History Center will open Saturday, April 5, 2025.

Mary Verstraete noted that she will be out of town for the next Board meeting. Kathe DuBose volunteered to take minutes.

Doug Hausknecht noted that the University of Akron's Remembrance Ceremony will be on April 22nd and all are welcome.

IX. Adjournment. The meeting was adjourned at 11:35 am.

Respectfully Submitted: Mary C. Verstraete, Recording Secretary

The next meeting of the 2023-2024 year is scheduled for Friday, April 25, 2025 at 10:00 am in the Infocision Board Room.

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NOTES FROM FACULTY SENATE 6 March 2025

- **Chair remarks:**
  - Rethinking Race: University Council to develop guidelines for programmatic decisions that may trigger involvement of shared governance
  - Senate resolution to bring back Rethinking Race is to be referred to the Office of Community Engagement, Opportunity and Belonging (aka OCEOB)
  - Senate Bill I: mention of campus demonstration; presented a resolution drafted by U Toledo.
- **Executive Committee**
  - Has been discussing federal grant indirect cost issues
  - A new Learning Management System (aka Brightspace possible replacement) selection process is underway.
  - Recommended the Toledo resolution for approval. Passed
- **President (remote)**
  - Searches for Provost and Athletic Director are in advanced stages.
  - Browns relationship 70+ students enrolled in related courses
  - Issued “call to action” for recruiting and retaining students; confirmations ahead of last year
- **Provost**
  - Recruiting more international students; need more services for them; developing recruiting pipeline
  - Retrenchment: deadlines extended; receiving and reviewing proposals
- **Committees**
  - APC: Passed proposal for an Institute for Computing, Data and Decision Sciences
  - CRC GenEd proposals:
    - Art/Humanities 9 = 6 credits (passed)
    - Speech to be elective instead of required (failed)
    - Require first year seminar – return to committee for more specific course information
- **Other**
  - AAUP is still working through retrenchment with administration.
  - USG and GSG reported activities. Significant is the interest in returning a Pride flag in the student union.

STRS report for OCHER, March 2025. Jerry Newsom

STRS news

Financial

STRS investment returns after expenses are deducted were -1.3% in October, +2.2% in November, -1.4% in December, +1.9% in January and +0.3% in February. The total net return for the fiscal year though February was +5.9%, with investment assets up $2.4 billion to $97.7 billion. Things may not look good after the March numbers are in.

At the December board meeting, consultants CEM Benchmarking reported that STRS had an annualized investment return from CY 2019 - 2023 of 9.7%, beating the median of peer funds of 9.35% primarily because STRS went more heavily into US stocks than peers and put fewer assets into fixed income. Meketa reported that as of December 31, 2024, the total net returns for STRS for various time periods compared to benchmarks and the median of peer public pension funds were as follows.

Period	1 yr	3 yr	5yr	10 yr	20 yr
STRS	9.98%	3.48%	8.18%	8.21%	7.67%
Benchmarks	10.48%	3.43%	7.76%	7.87%	7.51%
Peer median	10.88%	2.70%	6.95%	6.99%	6.50%

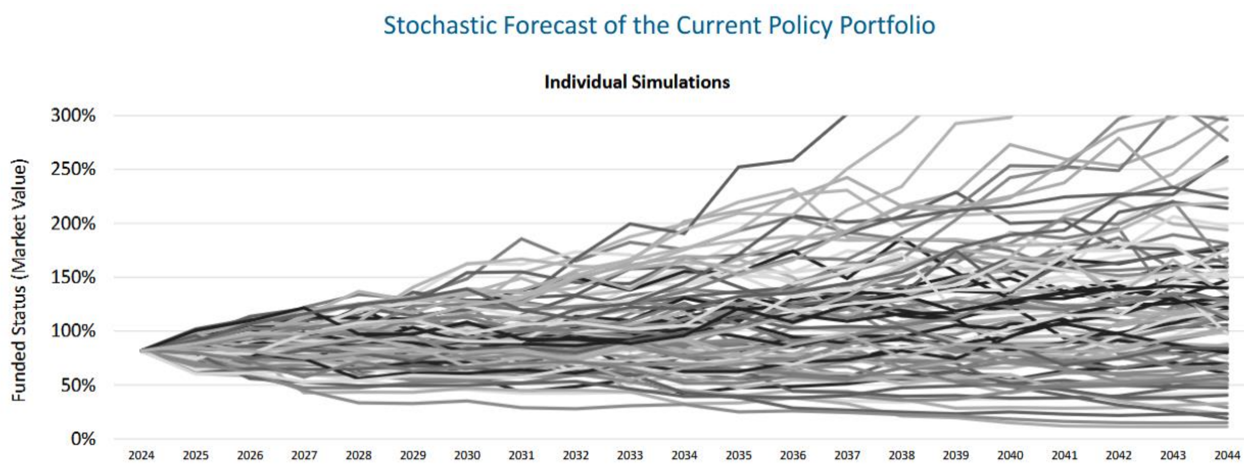
Except for last year, STRS beat both the benchmarks and the peer median every time, sometimes by quite wide margins. At the February meeting, Michael Harkness (normally included among the ORTA group) asked if Meketa thought the investment staff were producing excellent results and Meketa agreed they were. This felt like a hopeful breath of fresh air.

Meketa continued its major Asset-Liability study, which started in May 2024 and culminated in March 2025 when the board adopted the all-important asset allocation for investments. The main criteria seemed to be having an expected return over the next decade of 7% while minimizing the volatility (risk) and maximizing the chances of being able to offer benefit increases (e.g., one-time COLAs or 13th check). Different possibilities were whittled down until finally option A1 was adopted unanimously. Everyone on the board seemed satisfied that the new allocation was an improvement over the present plan, although the changes were all small compared to the uncertainties. The changes from current policy to the new A1 plan show cuts to equities and increases in private investments and fixed income, as shown in the table.

- US stocks -6.7%, from 26.0% to 19.3%
- Foreign stocks -6.2%, from 22.0% to 15.8%
- Private investments +7.0%, from 19.0% to 26.0%
- Real estate -2.0%, from 10.0% to 8.0%

- Fixed income +8.0%, from 22.0% to 30.0%

As part of its study, Meketa provided a graphical warning about taking the funding period too literally. It's gratifying to see the fairly steady decrease in the funding period in recent years, with each year having a funding period about one year less than the year before. If all assumptions are met (which of course will never happen), the pension fund should have the unfunded liability go to zero about 2034. Meketa used the current asset allocation, projected benefit payments, and funding policy but with a wide variety of simulated market environments and plotted the funded ratio vs. time for each simulation (see below). Each line in the tangle is

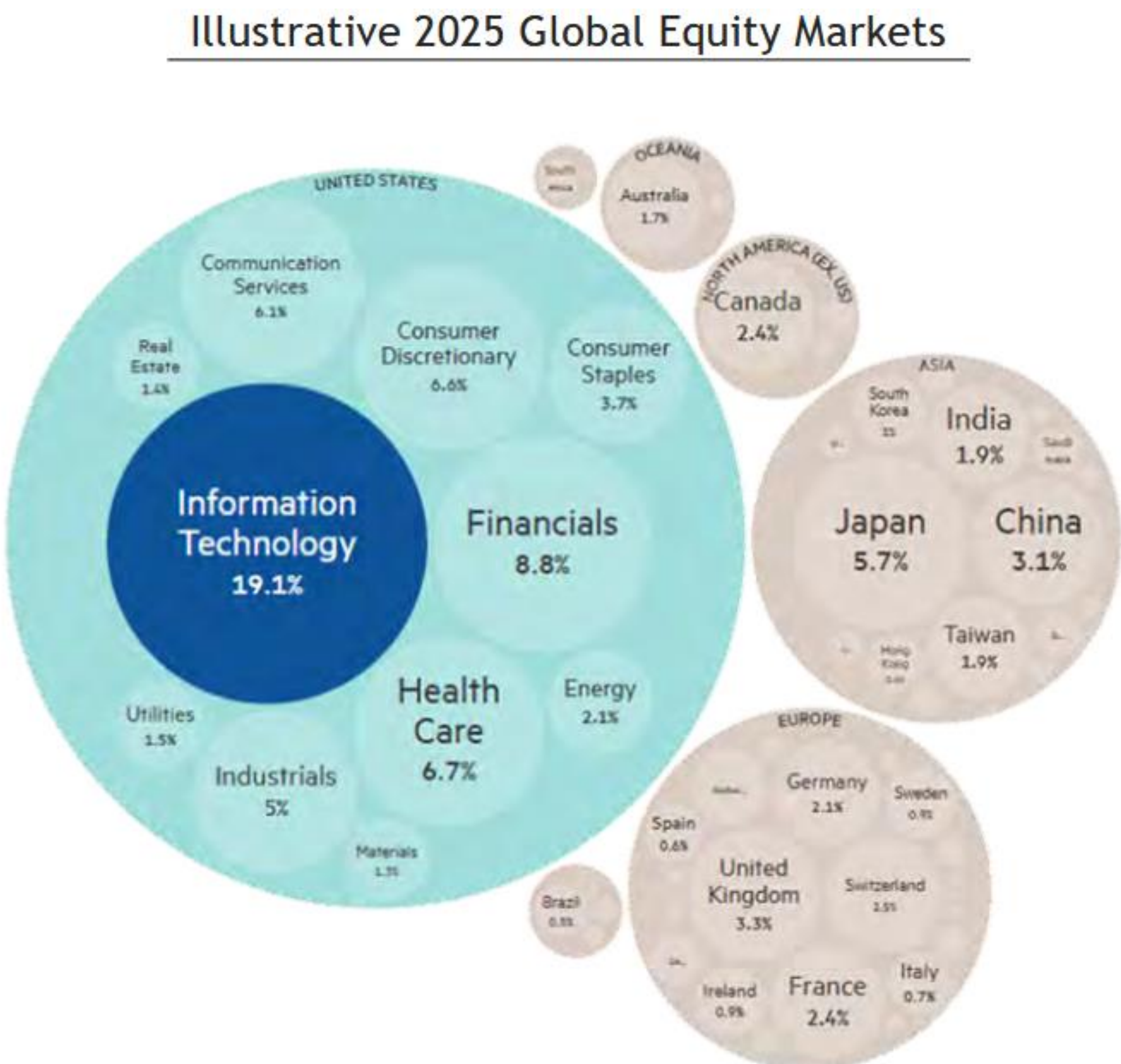


a different simulation. One case has the funded ratio exceeding 300% by 2037; a couple others leave STRS with a catastrophic funded ratio of about 15% around 2040. Another way to present the uncertainty: if STRS follows its current policies, there's a 5% chance that the funded ratio drops to about 30% in a couple decades, but there's also a 5% chance that it reaches 200% in 2037. The median of the many simulations reaches 100% about 2038, for what it's worth. It was noted that none of the lines towards the top or bottom of the graph could actually happen in real life, since if things started to get really good or really bad, policies would change and the simulations would no longer be valid. The take-away: the projection that unfunded liability will go away in a decade has huge uncertainties. Meketa notes that humility is called for.

Meketa considered trying to optimize different asset allocations for the pension plan and the health-care plan, but when they did that the two allocations ended up nearly identical so they kept one allocation for both plans.

A year ago, Meketa expected the average return on U.S. equities for the next decade to be 6.9% and they have now revised that downward to 6.4%. A return of 6.9% per year over a decade compounds to a total increase of 95%, while a 6.4% annual return gives an 86%increase; it's a significant difference, but still less than the uncertainty. STRS, with its 7% assumed rate of return, is near the median of public pension plans and with recent stock market downturn, it would be difficult to increase it, and the board has no stomach for decreasing it. So it was no surprise at the March meeting they voted to keep the current investment assumptions unchanged (7.0% return on investments, 2.5% inflation, and 3.0% annual growth in payroll).

STRS staff did a detailed comparison of equity markets worldwide, by country and, for the U.S. only, by market sector, for 2010 and 2025. As a fraction of the worldwide total, U.S. equities grew dramatically, especially information technology; the U.S. IT stock market now isn't much smaller than total equities for Asia or Europe (see plot below; note this does not show GDP). The U.S. now has over six million private companies and fewer than five thousand public companies listed on the NYSE and NASDAQ exchanges. Private markets are growing much faster than public, a trend that they expect to greatly accelerate in coming decades.



Cheiron (the group that will likely announce in April if STRS can afford another one-time COLA next year) gave an educational talk to the board in March. For instance, if you have an investment that earns 20% in one year and loses 10% the next, you end up with the same amount as if you'd lost 10% one year and gained 20% the next. But that doesn't work with a pension fund, since they have to pay pensions each year. If they lose 10% the first year, which reduces their assets, the pension payments take a bigger percentage of their assets than if they'd had the gain the first year. This makes an investment more valuable if it has less volatility with the same investment return. A major advantage of the new A1 asset allocation is its smaller expected volatility.

Cheiron in its October report did a "stress tests", applying actual investment returns of the last 20 years to the next 20 years. When they did this, by 2028 the funded ratio reached 102% (great news), but the recession of 2009 hit their projections for 2029 and the funded ratio took a big hit and stayed below 100% for another six years. No stress tests were done in 2000, implying that procedures in place now make it less likely that the problems created around 2000 (with the adoption of an overly generous pension formula) will happen again.

Callan gave an extensive discussion of Alternative Investments at the March board meeting to educate members of the board on how different these are compared to traditional equity investments. A typical Private Credit Fund was broken into three periods, Investment (3 to 5 years in which the investor, a limited partner, puts maybe $100 million into anywhere from 10 to 30 projects), a Harvest Period (4 to 6 years in which investors make most of their money) and a Wind Down Period (3years in which the investments are liquidated). A successful investment might pay out a total of $2.6 for each $1 contributed, while a less successful fund might pay back only 1.3 times the contribution.

Personnel

We have more "interim" titles: Aaron Hood is Interim Executive Director and Aaron DiCenzo (who has been with STRS for about seven years, currently handling Alternative Investments) will be the Interim Chief Investment Officer when Matt Worley leaves at the end of March. DiCenzo handled the duties at the March board meeting while Worley watched. Hood hired a new Chief Financial Officer, Ed Gin, who was CFO of the New Hampshire Housing Finance Authority.

The December board meeting heard presentations from three firms hoping to lead the search for the new Executive Director: Global Impact Partners, Cooper Coleman, and EFL Associates. I expected EFL to be picked, but the committee voted 4-1 to recommend Cooper Coleman to the board. However, when the full board met, discussion swung strongly toward EFL, which was selected by a board vote of 10-0.The job was posted on 24 February and the listing expires on 25 April. As of mid-March, 48 people had applied, with 12 being considered "serious" candidates, with others planning to apply. EFL said they were "underwhelmed" by the quality of the candidates, in part due to media publicity about STRS.

There was discussion about the timing of the search for a new CIO; some board members wanted the search to go forward ASAP while others wanted to delay a selection until the new ED is in place. The usual start date for CIOs is apparently July first and if that search is delayed very long waiting for new ED to be selected, we could lose out on many possible candidates. However, a prospective new CIO would like to know who they would be working for and a new ED would like to participate in selecting a new CIO. It was agreed in February that the search would not start before the board met in March, and in March Hood announced that the search is moving forward.

When EFL met with the Governance Committee at a special meeting in January, the EFL representative said they would come up with questions that candidates for the ED position might have for the board, in light of the mostly negative publicity concerning STRS in recent years. EFL requested the board to provide responses to be given to candidates. This was an opportunity; at the public participation session for the STRS board in February, I offered my own suggestions of plausible questions a candidate might ask and I hoped that the board would provide responses which could be made public:

1. does the board prefer that private equity firms should be selected based on which are likely to provide higher net returns, or the ones with the more transparent fee structures?
2. does the board want to greatly downsize the investment staff in order to rely much more on index funds instead of staff investment expertise?
3. will the board support the staff against incessant attacks by ORTA and its supporters?
4. will the board agree not to push for investments to be handled by a particular firm, such as QED?
5. what actions by the staff caused many board members to vote no confidence in the staff?

A few current and former members of the staff and one retired teacher in attendance at the board meeting said they appreciated my comments, and it's fair to say the ORTA supporters did not. With the board fairly evenly split between those arguing for major changes in STRS and those more supportive of past practices, the selection on the new ED likely will reveal what the future direction will be for STRS. Some observers suggested the board would end up choosing Wade Steen as the new ED (the same Wade Steen who was removed from the board by DeWine, was reinstated by a court, and is a defendant in a lawsuit brought at AG Yost claiming he violated his fiduciary duty when on the board). Others felt such a choice would be very unlikely. Given DeWine's effort to remove Steen and Yost's lawsuit, for STRS to pick him as ED would seem likely to antagonize the political establishment. Steen left the board last September and current rules say he would not be eligible to work for STRS for a year after leaving the board, but the board can change that rule if it wants to. The rules also say a former board member cannot be hired into an STRS staff position if that board member helped create the vacancy, but in the vote to approve the agreement for Neville to take a buyout and leave, Steen was the only member to abstain. Perhaps he hoped this would cut the chances he could be accused of helping to create the vacancy in the ED position, but it's unclear if the abstention is enough for Steen to be divorced from Neville's leaving.

The day before the March STRS board meeting, Channel 5 in Cleveland broke the story (https://www.news5cleveland.com/news/politics/ohio-politics/ohio-lawmakers-may-remove-teachers-pension-board-voting-powers-as-chaos-continues) that the Ohio Senate Education Chair Andrew Brenner wants the legislature to look at Ohio's retirement funds and make recommendations for improvements. When asked about the possibility of Steen becoming Executive Director of STRS, Brenner said that wouldn't happen; in that circumstance "the state would probably need to step in again, and if we had to change the law – we may have to do that." I'll be curious to see if the search firm includes Steen as one of its finalists, and if not, if the board wants him added to the short list.

The same Channel 5 story said Hood is being paid $13,500 an hour, double what Hoover and Neville were paid. Part of the reason may be because the interim ED had to relocate for just a few months, but the story quoted one reference as saying the controversary about STRS means they have to pay more to get someone to take the job. Hood went around and shook hands with some of us in attendance at the March board meeting, and at $13,500 an hour, this nice gesture with me cost STRS roughly $30.

Other topics

News reports on March 14 and 17 described a divergence of opinion between AG Yost and STRS staff. Yost pushed STRS to join a lawsuit against Target for its diversity, equity and inclusion policies, claiming they cost STRS $5 million. Yost said the failure of STRS to join the suit violated the STRS board's fiduciary duty, while the response from Interim Executive Director Hood to Yost said, "A number of statements made in that letter are misrepresentations as to statements or decisions that have not been made by the Board, and it is disappointing that you would send a distorted representation of this situation. "Staff from Yost's office met with STRS on March 19th in private executive session, and at the end of the board meeting that day, the board voted unanimously to participate in the lawsuit.

Senator Romanchuk introduced a "placeholder" bill, SB 69, to reform the law governing the state's public pension systems. It has just a few sentences, there to start a process. Romanchuk has suggested changes such as reducing the maximum allowed funding period from 30 to 20 years, and he asked the pension plans to come up with their own suggestions. STRS presently has a comfortable funding period of 10 years, but one year with an investment return of -10% would put it over 20 years. We're likely to hear more about SB 69 in the months ahead.

Occasional comments by board members help reveal their thought processes. At the February meeting, Julie Sellers made impassioned comments on STRS. Noting that many retirees are angry over the loss of COLAs, she portrayed the choice as between the status quo (i.e., continuing with no COLAs) and change; clearly she felt change was called for. It sounded to me that it was her justification for supporting change, without much thought as to whether the change would mean improvement. A few months ago, in my public participation session, I offered a biological analogy, where genetic changes result from mutations. If no mutations occur, a species fails to adapt and evolve and is more likely to go extinct, but the great majority of mutations are deleterious, resulting in cancer, for instance. My plea was to be careful about adopting major changes, but I doubt it had any impact.

The topic of intergenerational equity pops up now and then. STRS staff pointed out that when STRS has a continuing unfunded liability, it is effectively passing on the debt to future retirees (i.e., active teachers), which exacerbates intergenerational equity. But intergenerational equity is being reduced by the steady increase in actuarial (averaged) funded ratio (from 75.1% in 2017 to 82.8% in 2024).

The lame duck session of the legislature passed SB 6, which requires the state’s public pension systems and university endowments to “make investment decisions with the sole purpose of maximizing the return on its investments,” preventing ESG (environmental, social and governance) considerations in investment decisions.

The push to allow employer contributions to be increased continues. The Ohio Police & Fire Pension Fund desperately needs an increase (its funding period is now over 30 years, even with a high assumed rate of return of 7.5%), but opposition by municipalities that would have to pay for the increase killed any chance in the legislature in 2024. OPERS and STRS are pushing for their own increase in employer contribution, but the Ohio Retirement Study Council (ORSC) staff recommended against it. The ORSC itself voted 5-4 to support the staff recommendation; the fact that the vote was close provides some hope for an increase, but given that Police & Fire, with a much better case, did not get their increase in employer contribution bodes poorly for STRS and OPERS. The low success rate for school levies in last November’s elections makes it harder for school boards to contribute more to STRS and OPERS. There is also concern in the legislature that, should STRS get increased contributions, they could squander it by giving it to QED to manage.

Consultants CEM Benchmarking conducts surveys to see how satisfied members are with service from STRS, compared to 16 peer American pension funds. STRS looks quite good. Average wait time for people calling in was 28 seconds for STRS (299 seconds for peers); undesired call outcomes were 1.9% for STRS (16.0% for peers); first call resolution was 98.0% for STRS (90.6% for peers). STRS provides service credit estimates within 2.2 days (18.8 days for peers). STRS administration cost was $103 per member ($112 for peers). CEM commented that they use STRS as a poster child for how a fund should serve its members.

The board received instructions in February on complying with Ohio Sunshine Laws. Public bodies can conduct business only in meetings open to the public. Such a meeting is defined as "prearranged" (an exchange of emails among a majority of members counts as prearranged) and involving a majority of the board if they discuss or deliberate on public business. Matters required to be kept confidential are exempt. When meeting in executive session (public excluded), the board cannot vote or take official actions. Board members using emails for STRS business must use STRS emails. STRS has been getting about 500 public records request a year recently, up from 146 in 2021.

The advisor for STRS governance (Global Governance Advisors) reviewed fiduciary duties again, reminding board members they cannot be sued for poor decision making, but can be sued for not following proper procedures. GGA urged the board to speak with one voice (public display of disagreement can cost public support), while some board members (especially Fichtenbaum and Flanigan) felt that if they disagreed with a board decision they should be free to say so as long as they say they respect the board decision. GGA added that, based on its observation of the board's operations, it felt the board lacks a current strategic plan, was tempted to micro-manage, had an ineffective committee structure, had a weak policy framework, and suffered from a lack of trust. However, GGA also listed problems that the STRS board does not have (too big or too small, mostly composed of senior executives, no plan for member development, and having no plan for orientation of new and old members).

News from around the country

More than one sixth of the staff positions in the Michigan correctional system are vacant, with both hiring and retention being issues. The claim was made that the lack of participation in a Defined Benefit (DB) system was a major factor, so the state senate passed a bill to bring back a pension system for prison guards.

The Colorado Public Employees' Retirement Association reviewed the assumptions on which it bases its financial outlook and concluded that when its demographic assumptions were updated, the calculated future debt increased. This may mean the unfunded liabilities will be projected to extend beyond 2048, which may trigger automatic cuts to COLAs and increased contribution from both employees and employers.

The governor of Texas ordered that all state investments in China be liquidated, in part to prevent Chinese espionage and to protest Chinese harassment of Chinese dissidents.

Portland, Oregon, has an unusual pension system. It sets no money aside for an employee's pension, but once the person retires, they levy a property tax sufficient to pay the pension as payments come due.

Troubles in the Illinois pension system continue. A law passed in 1995 was supposed to let the state pension funds reach 90% funding by 2045, but the increased state contributions listed in the law are still "woefully short" of what is needed to reach the target.

The recovery of the Connecticut pension system continues, with the state recording the highest pension contributions as a share of employee payroll of any state in 2022. Big surpluses in the state budget were dedicated to the pension fund in 2023 and 2024.

Pope Francis said the Vatican's pension fund faces a "serious imbalance" which will require a "willingness to sacrifice on the part of everyone."