



Fiduciary Counsel Session

June 20, 2024

- **Fiduciary Counsel/Governance Consultant**
- **Board Policies – General Discussion**
- **Board Member Proposals**
- **Next Steps**

- **Introduction and role of fiduciary counsel**
- **Status of governance consultant RFP**
 - Issued request for proposal May 20, 2024
 - RFP response deadline June 28, 2024
 - Evaluation of qualifying proposals July/August 2024
 - Consultant selection/contract negotiation September 2024

- **Board Policies were last updated in November 2023 (Robert’s Rules)**
 - A number of draft policies discussed with Aon are pending approval
 - New committee charters were approved by the board in May
 - A policy was verbally approved at the May meeting “The Chair and/or Vice Chair may be removed from their officer position at any point during their term with a simple majority vote of the board”
 - The Ohio Administrative Code rule effectuating the elimination of Final Average Salary Committee is effective June 13, 2024
 - Several board member proposed policies are pending (elections, special meeting, legal fees) – these are outlined further on the following slides
- **Recommend complete review of all pending items at the August Governance Committee meeting**

Board Proposal #1 – Election of Chair and Vice Chair



“In recognition of the advice of in-house counsel and the Ohio Attorney General’s office the STRS board will further study changing board policy in regards to the timeline and procedures for electing a chair and vice chair. The Governance Committee recommended at their May 30 meeting that of the 4 options presented that the board focus on Options 1 and 4 in their future deliberations on this issue. Again following the advice of in-house counsel and the Ohio Attorney General’s office the board will endeavor to work with their fiduciary counsel and future governance consultant on this issue as soon as possible. However, should it not be possible to pass a new board election policy by the conclusion of the August 15-16, 2024 board meeting then the terms of office for the current chair and vice-chair will automatically be extended through August 31, 2025. This extension will allow the board to continue to move forward, promote stability on the board, and maintain consistent leadership. This automatic extension will also provide the board one additional year to wait for a new governance consultant and/or fiduciary counsel to be provided to properly assist the board to evaluate and deliberate the options for permanently changing board policy regarding the timeline and procedures for electing a chair and vice chair. If the board passes a new board election policy by the conclusion of the August 15-16, 2024 meeting then the automatic extension referenced above will not go into effect and the new board election policy will be followed for timeline and procedure for electing a new chair and vice chair. In addition if this motion is adopted by the board it will also temporarily suspend the requirement for the board to elect a new vice chair at the June 2024 meeting. If the board has not adopted a new board election policy for the timeline and procedure to elect a chair and vice chair by June 2025 then the current board policy will still be in effect calling for a new vice chair to be elected in June 2025.”

Proposed additional language for Policy: Officers, Term of Office, Duties:

B.5.a. “The Chair shall convene a Special Meeting of the Board should 5 members of the Board notify him/her of their desire and availability for a special meeting. Board members should provide potential agenda items when they request that a special meeting be called.”

“I move that we add to Board Policy, that when a Board Member is sued by the Attorney General or anyone with a conflict of interest, in connection with the performance of his/her/their duties on the STRS OH Board and therefore chooses to retain independent legal counsel, STRS Ohio shall pay reasonable attorneys’ fees for the Board Member, as those fees are billed. The fees must be submitted by providing an invoice detailing hours and services provided by the Board Member’s independent counsel. To avoid, adversely affecting attorney, client privilege or work product, the details of the bills will be considered confidential and will not be revealed publicly.”

- It is recommended that board discussion of any additional changes to governance, including Board Policies, wait until fiduciary counsel or a governance consultant are available to review and assist in those discussions
- The Governance Committee is tentatively scheduled to meet in August 2024
- The committee can review all pending Board Policy changes at that time and make recommendations to the board
- The committee can also hear presentations from potential governance consultants

Questions?

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Board Member Requested – Board Policy Discussion

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: OFFICERS, TERM OF OFFICE, DUTIES

Organization – In June of each year, the Board will elect a Vice Chair, whose term will begin on Sept. 1. This Board member will then rotate into the position of Chair the following September.

Terms of Office – Terms of office for the Chair and Vice Chair shall be for one year from Sept. 1 of one year through Aug. 31 of the subsequent year.

Eligibility for Office – To be eligible for election to the position of Vice Chair, a Board member must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his or her term. In addition, the Board member must be serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of Vice Chair. Upon the close of nominations, a voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees.

Duties of the Chair — The duty of the Chair is, primarily, to ensure the integrity of the Board's process and, secondarily, occasional representation of the Board. The Chair is the only Board member authorized to speak for the Board, unless an exception is granted by a majority vote of the Board members present and voting.

- A. The Chair shall utilize his or her best efforts to see that the Board operates consistently with applicable federal and state law, including the Ohio Revised Code and the Ohio Administrative Code, applicable legal precedent, and Board Policies. On matters of parliamentary procedure, when not governed by any of the foregoing, the rules contained in the current edition of Robert's Rules of Order Newly Revised will govern when applicable.
 - 1. Meeting discussion content will be only those issues that, according to Board Policies, clearly belong to the Board to decide, not the Executive Director.
 - 2. Deliberation will be timely, fair, orderly and thorough.
- B. The authority of the Chair consists only of making decisions on behalf of the Board that fall within and are consistent with Board Policies.
 - 1. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.).
 - 2. The Chair will welcome input from fellow Board members regarding the Board's agenda for each meeting.
 - 3. The Chair has no authority to make decisions beyond Board Policies within Ends and Executive Director Limitations policy areas. Therefore, the Chair has no authority to supervise or direct the Executive Director.

OPTION 1

Organization – In ~~June~~ **August** of each year, the Board will elect a **Chair and Vice Chair**, whose term will begin on Sept. 1. ~~This Board member will then rotate into the position of Chair the following September.~~

Terms of Office – Terms of office for the Chair and Vice Chair shall be for one year from Sept. 1 of one year through Aug. 31 of the subsequent year.

Eligibility for Office – To be eligible for election to the position of **Chair or Vice Chair**, a Board member ~~must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his or her term. In addition, the Board member~~ must be serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of **Chair and Vice Chair**. Upon the close of nominations, a **roll call** voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees. **In the event that the Chair and/or Vice Chair resigns their position as an officer during their term in office the same election procedures outlined above will be followed to elect their replacement. In addition the Chair and/or Vice Chair may be removed from their officer position at any point during their term with a simple majority vote of the board.**

OPTION 2

Organization – In ~~June~~ **September** of each year, the Board will elect a **Chair and Vice Chair**, whose term will begin on ~~Sept.~~ **Oct. 1**. ~~This Board member will then rotate into the position of Chair the following September.~~

Terms of Office – Terms of office for the Chair and Vice Chair shall be for one year from ~~Sept.~~ **Oct. 1** of one year through ~~Aug. 31~~ **Sep. 30** of the subsequent year.

Eligibility for Office – To be eligible for election to the position of **Chair or Vice Chair**, a Board member must have ~~served at least one full year as a member of the Board before taking office~~ **and have** at least two years remaining in his or her term. In addition, the Board member must be serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of **Chair and Vice Chair**. Upon the close of nominations, a **roll call** voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees. **In the event that the Chair and/or Vice Chair resigns their position as an officer during their term in office the same election procedures outlined above will be followed to elect their replacement. In addition the Chair and/or Vice Chair may be removed from their officer position at any point during their term with a simple majority vote of the board.**

OPTION 3

Organization – In June September of each year, the Board will elect a Vice Chair, whose term will begin ~~on Sept. 4~~ at the September meeting. This Board member will then rotate into the position of Chair the following September. If the member serving as Vice Chair decides to decline their position as chair for the following year then they must notify the board prior to the August meeting at the end of their term as Vice Chair. In this instance an election will be held at the August meeting to select a Chair for the upcoming year. The same Procedure for Electing Officers below will be followed for this process. Any elected member of the board including the current chair may run in this special election for a vacancy in the Chair position provided their term of office runs through the following August.

Terms of Office – ~~Terms of office for the Chair and Vice Chair shall be for one year from Sept. 4 of one year through Aug. 31 of the subsequent year.~~ Term of office for the Chair shall be for one year from Sept. 1 of one year through Aug. 31 of the subsequent year. Term of office for the Vice Chair shall be for approximately one year from his or her election at the September meeting through Aug. 31 of the subsequent year.

Eligibility for Office – To be eligible for election to the position of Vice Chair, a Board member must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his or her term. In addition, the Board member must be serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of Vice Chair. Upon the close of nominations, a roll call voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees. In the event that the Chair and/or Vice Chair resigns their position as an officer during their term in office the same election procedures outlined above will be followed to elect their replacement. In addition the Chair and/or Vice Chair may be removed from their officer position at any point during their term with a simple majority vote of the board.

OPTION 4

Organization – In ~~June~~ **September** of each year, the Board will elect a **Chair and Vice Chair**, whose term will begin ~~on Sept. 1~~ **at the September meeting**.

Terms of Office – ~~Terms of office for the Chair and Vice Chair shall be for one year from Sept. 1 of one year through Aug. 31 of the subsequent year.~~ **Term of office for the Chair & Vice Chair shall be for approximately one year from his or her election at the September meeting through the election process at the September meeting of the subsequent year. If the Chair's term on the board ends on August 31 the most senior member in an elected position on the board will serve as Chair from Sept. 1 through the election process at the upcoming September meeting.**

Eligibility for Office – To be eligible for election to the position of **Chair or Vice Chair**, a Board member ~~must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his or her term. In addition, the Board member must be~~ serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of **Chair and Vice Chair**. Upon the close of nominations, a **roll call** voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees. **In the event that the Chair and/or Vice Chair resigns their position as an officer during their term in office the same election procedures outlined above will be followed to elect their replacement. In addition the Chair and/or Vice Chair may be removed from their officer position at any point during their term with a simple majority vote of the board.**

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *OFFICERS, TERM OF OFFICE, DUTIES*

Organization – In June of each year, the Board will elect a Vice Chair, whose term will begin on Sept. 1. This Board member will then rotate into the position of Chair the following September.

Terms of Office – Terms of office for the Chair and Vice Chair shall be for one year from Sept. 1 of one year through Aug. 31 of the subsequent year.

Eligibility for Office – To be eligible for election to the position of Vice Chair, a Board member must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his or her term. In addition, the Board member must be serving in an elected position on the Board.

Procedure for Electing Officers – Nominations will be taken from the floor for the position of Vice Chair. Upon the close of nominations, a [roll call](#) voice vote will be taken. The winner must have a majority of the votes cast. Successive votes will be taken until one nominee receives a majority of the votes cast. The nominee receiving the lowest number of votes will be dropped from the list of nominees.

Duties of the Chair — The duty of the Chair is, primarily, to ensure the integrity of the Board's process and, secondarily, occasional representation of the Board. The Chair is the only Board member authorized to speak for the Board, unless an exception is granted by a majority vote of the Board members present and voting.

- A. The Chair shall utilize his or her best efforts to see that the Board operates consistently with applicable federal and state law, including the Ohio Revised Code and the Ohio Administrative Code, applicable legal precedent, and Board Policies. On matters of parliamentary procedure, when not governed by any of the foregoing, the rules contained in the current edition of Robert's Rules of Order Newly Revised will govern when applicable.
 - 1. Meeting discussion content will be only those issues that, according to Board Policies, clearly belong to the Board to decide, not the Executive Director.
 - 2. Deliberation will be timely, fair, orderly and thorough.
- B. The authority of the Chair consists only of making decisions on behalf of the Board that fall within and are consistent with

Board Policies.

1. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.). [Substantive questions for staff and consultants should be directed through the Chair, who will coordinate with the appropriate Committee Chair, the Executive Director, and the Executive Coordinator. The Executive Coordinator will track the requests on a matrix to be shared with the Board.](#)

2. The Chair will welcome input from fellow Board members regarding the Board's agenda for each meeting. [Board members may forward ideas for future board agenda topics to the Chair in advance of a meeting and should also provide any background information to the Executive Coordinator for distribution to the full Board. Please note that meeting agendas are finalized approximately two weeks in advance of a Board meeting so that the Board has ample time for review of topics and materials.](#)

3. The Chair has no authority to make decisions beyond Board Policies within Ends and Executive Director Limitations policy areas. Therefore, the Chair has no authority to supervise or direct the Executive Director.

4. The Chair shall approve requests to attend a board meeting remotely on a first-come-first-serve basis. The Chair, or his/her designee, will keep track of attendance requests for each meeting. Remote attendance requests will only be rejected by the Chair to avoid noncompliance with the Revised Code and with the Remote Board Meeting Attendance Policy. The Chair may not impose additional requirements on remote attendance.

5. The Chair may also:
 - a. Convene meetings of the Board, or any part thereof, as prescribed in Section 3307.10 of the Revised Code. [The Chair shall convene a Special Meeting of the Board should 5 members of the Board notify him/her of their desire and availability for a special meeting. Board members should provide potential agenda items when they request that a special meeting be called.](#)

- b. When required, certify any actions taken by the Board.
- c. Co-sign instruments for all disbursements authorized under Chapter 3307 of the Revised Code, and issued by the Treasurer of State.
- d. ~~Name Assign~~ Board members to committees and the Disability Review Panel, subject to approval by a majority of the Board, and Each committee shall elect appoint the its own chair and all Board members (appointed or elected) are eligible to serve as committee chairs of each committee/panel.
- e. Establish ad hoc committees as needed. The composition of such committees will be determined by the Chair, subject to approval by the majority of the Board.
- f. Appoint Board liaisons to work with appropriate staff in reviewing topics for possible presentation and/or action by the Board covering the following areas: elections, finance (actuarial), information technology, member benefits — pension benefits and health care.
- g. Ensure appropriate procedures are followed at all Board meetings.
 - Make certain that a quorum of the Board or committee is present before calling the meeting to order. A majority of the seated members of the Board or committee constitute a quorum for the transaction of any business.
 - Motions carry with a majority vote of the members of the Board or committee present and voting.
- h. Coordinate the evaluation of the Executive Director.
- i. Exercise all other duties authorized by majority vote of the Board members present and voting that are necessary and appropriate for the Board to fulfill its duties and responsibilities under Chapter 3307 of the Revised Code.

Duties of the Vice Chair — The duties of the Vice Chair are to (1) act as temporary chair in the absence of the regular chair; and (2) develop and/or update, in consultation with the Board, a long-term plan to be followed during the year he or she serves as chair of the Board. The Vice Chair or designee will also develop and/or update the evaluation instrument to be used in conducting the Board's self-evaluation and the methodology to be used in administering the evaluation and reporting the results.