



Minutes of the Ohio Tuition Trust Authority Investment Board Regular Meeting

OTTA Investment Board Meeting – Thursday, August 14, 2025
Vern Riffe Center, 77 S. High St., 19th Floor, Room 1932, Columbus, OH 43215

CALL TO ORDER: 10:01 AM

Chair Jim Benson brought the meeting to order. Ms. Amy Lyle conducted a roll call and announced a quorum was present.

BOARD MEMBERS PRESENT:

Executive Investment Board Members: James Benson, Michelle Chavanne, and Mick Zwayer.

Legislative Investment Board Members: Representative Heidi Workman, and Representative Beryl Brown Piccolantonio.

Ohio Tuition Trust Authority (OTTA) Staff: Trisha Good, Executive Director; Amy Manett, Chief Financial Officer; Dave Kemp, Director of Customer Service and Operations; Ben Gibbons, Director of Marketing; Shreekanth Chutkay, Director of Information Technology; Jeff Fogel, Assistant General Counsel ODHE; Mark Smith, OH-TECH; and Amy Lyle, Board Secretary.

Others present: In person: Stephen DiGirolamo, Wilshire; Alan Perry, Milliman; Daija Kidd, executive aide of Sen. Catherine Ingram; and Erin Kelly, Ohio Attorney General. Online: Craig Svendsen, NEPC; Judy Cunningham, Jamie Fellrath, and Julia Haffele, OTTA.

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

Mr. Benson asked for any questions or comments on the OTTA Investment Board (“Board”) minutes of the May 15, 2025, Board meeting. There were none. Mr. Benson called for a vote to approve the minutes. Mr. Mick Zwayer made a motion to approve. Ms. Michelle Chavanne seconded the motion. A voice vote was taken. The motion was unanimously approved.

EXECUTIVE DIRECTOR AGENDA AND MEETING OVERVIEW

Executive Director Trisha Good welcomed the OTTA Investment Board. Ms. Good reviewed the agenda, starting with Michelle Chavanne, who will discuss Ohio House Bill 96 – the state’s operating budget summary. Craig Svendsen with NEPC will present on the current Guaranteed Savings Plan (GSP) Investment Portfolio for fiscal year ending June 30, 2025, and then NEPC’s GSP asset allocation recommendation on which the Board will vote. Alan Perry with Milliman will then discuss the GSP Actuarial Valuation for the fiscal year ending June 30, 2025, including the actuarial valuation assumptions utilized in the valuation. Mr. Steven DiGirolamo will discuss Wilshire’s quarterly updates on Direct and Advisor Plans’ performances and how the current markets are affecting the plans. Ms. Good will follow with agency updates. Ms. Amy Manett will cover the program’s quarterly financial update. Mr. Jeff Fogel will share legislative updates.

NEPC GUARANTEED SAVINGS PLAN PRESENTATION

Mr. Craig Svendsen with NEPC shared how the Guaranteed Savings Plan (GSP) has performed in the past quarter and year. The GSP returned 2.3 % for the second quarter. For the fiscal year ending June 30, 2025, the GSP had a return of 6.6%, which outperformed the assumed return. The Loomis bond immunization strategy has worked with bond rolling out just as the GSP account owners’ withdrawals are being requested. Mr. Svendsen stated the GSP is very well-funded.

Based on the upcoming transfer of the reserve in the Guaranteed Saving Plan, NEPC is recommending two asset allocation

mixes that will create a more conservative portfolio: one for the near future to reduce the amount of equity in the GSP investments; the other for post-transferal of GSP funds. Discussion ensued. Mr. Benson asked Ms. Chavanne to speak next on House Bill 96, the governor's biennial state budget, which includes a provision for which NEPC is making this recommendation.

HOUSE BILL 96 – MAIN OPERATING BUDGET SUMMARY

Ms. Chavanne stated that House Bill (H.B.) 96 has been passed and will be in effect starting 90 days after filing. Included in the state budget bill, there is an appropriation of funds from the OTTA GSP reserve to create a revolving loan fund for institutions to reduce square footage, currently called the Strategic Square-Foot Reduction Fund. Approximately \$82 million has been appropriated from the GSP reserve. The transfer will be on the request of Chancellor Duffey with the approval of the Office of Budget and Management. Discussion ensued.

After the explanation, Mr. Benson asked for a vote on NEPC's recommendations for the GSP asset allocation. Mr. Zwyer made a motion to approve the Resolution FY25-04. Ms. Chavanne seconded the motion. A roll call vote was taken. The motion was unanimously approved.

MILLIMAN GSP ACTUARIAL VALUATION PRESENTATION

Mr. Alan Perry of Milliman started by sharing the history of the Guaranteed Savings Plan. For the current academic year, Weighted Average Tuition (WAT) increased about 4.1%. The Board had set the tuition growth assumption at 4.00%. The GSP investments earned 6.7%, which increased the actuarial reserve by about \$1.2 million. The Board had lowered the investment return assumption from 4.64% to 3.70%. Currently, the GSP actuarial reserve is \$88.2 million as of June 30, 2025, which is up from \$87 million in 2024.

The GSP paid \$17.5 million in benefits during the fiscal year. Additionally, the GSP started the year with over 5,300 accounts; by the end of the year, only 3,629 accounts remain, a reduction in open accounts of 33%. So, the GSP is maturing and now shrinking rapidly. However, the GSP will remain 115% funded after reserve transferred to the Strategic Square-Foot Reduction Fund.

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, OTTA staff are recommending the following actuarial assumptions: 1) the investment return assumption of 3.70% net of fees per year, and 2) the tuition growth assumption of 4.00% per year. Discussion ensued.

Mr. Benson asked for a vote on OTTA staff's recommendations for the GSP actuarial valuation assumptions. Mr. Zwyer made a motion to approve the Resolution FY25-05. Rep. Heather Workman seconded the motion. A roll call vote was taken. The motion was unanimously approved.

EXECUTIVE DIRECTOR UPDATE

Ms. Good presented that Ohio remains the seventh largest 529 state-sponsored program in the nation with record total assets of \$19.5 billion as of June 30, 2025, with 8.0% increase year over year (YOY). The Ohio Direct 529 Plan is seventh in the nation out of 61 other Direct Plans, with \$12.2 AUM, with an 8% increase YOY. The BlackRock Ohio Advisor Plan is the fifth largest in the nation with \$7.3 billion AUM with a 7.5% increase YOY.

OTTA is preparing for the Morningstar presentation, which will be held on Sept. 9, in Chicago. Ms. Good, Ms. Manett, and Mr. DiGirolamo will be in attendance with the partners from BlackRock. Beforehand, OTTA will be meeting virtually with the new Morningstar analyst to hone the performance report to better answer Morningstar's questions. The finance department is working on the four annual audits, which are due Sept. 30, 2025.

With the Board's approval of today's resolutions, Ms. Good said that OTTA will be working to implement them immediately in preparation for the upcoming reserve transfer. In December, OTTA will be adding a Vanguard Ohio Target Enrollment Portfolio for 2044-45 and the oldest fund of 2024-25 will be rolled over to the Commencement fund.

Financial update

Ms. Amy Manett shared that contributions were up for both the Ohio Direct and Advisor 529 Plans year over year with 6.0% and 10.5%, respectively. She did want to note that for the first time, Direct Plan contributions were over \$1 billion in a fiscal year. Distributions are also up in the Direct and Advisor Plans year over year at 11.6% and 1%, respectively.

Annually, OTTA works with Wilshire on revenue modeling projections to make sure that fees that we are charging are adequate to be fair to OTTA's customers. Revenue projections are on point, so no fee changes are needed. OTTA would like to have two years of fixed expenses in reserve; currently, the revenue projections show that there are five years in reserves. Discussion ensued.

OTTA has also set the growth goals for 2026 of 6% in new accounts and 8% in contributions in the Direct Plan; and 5% in new accounts and 6% in contributions in the Advisor Plan.

Legislative updates

Mr. Fogel stated that the federal reconciliation bill expanded the 529 uses to include credentialing, continuing education, and licensing. National 529 organizations like CSPN are reviewing the final bill. Ohio's code section was modified eight years ago to allow whatever happens federally level for 529s to be allowed at state level. The OBBA will also allow for tests like SAT and ACT, tutoring, with the caveat that it cannot be a relative. and K-12 expenses were expanded to \$20,000. It is all a net positive for 529 customers. Discussion ensued.

Ohio House Bill 48 which will modify tax deductions for contributions to 529 plans and ABLE accounts, passed the House. It moved to committee in the Senate. If passed, Ohio H.B. 48 will increase the tax deduction for married couples filing jointly to \$8,000. Discussion ensued.

WILSHIRE QUARTERLY UPDATE

Mr. DiGirolamo started his presentation with annual 529 Plan Landscape, a deep-dive comparison of OTTA's offerings against all the other Plans. There has been very little change in the 529 industry for the past 12 months. Two small changes. Mr. DiGirolamo first showed all the investment options available in both the Direct and Advisor Plans. Ohio's Plans were compared to the 61 Direct Plans and 31 Advisor Plans. Ohio's Direct Plan offers more Age-Based/Enrollment Date and Individual Options than average. Ohio's Advisor Plan offers a below average number of Age-Based/Enrollment Date Risk-Based/Static options but offer more than the average number of Individual Options. As for expense ratios, both Ohio's Direct and Advisor Plans offer a lower-than-average expense ratio across its Age-Based/Enrollment Date, Risk-Based/Static, and Individual Options.

As for Direct Plan equity exposure, the AABP enrollment date glidepath features a mostly lower-than-average equity allocation through enrollment. The TEP enrollment date glidepath features a higher-than-average equity allocation at the beginning of the glidepath, then a lower-than-average equity allocation until enrollment. For the Advisor Plan, The BlackRock enrollment date glidepath features a higher-than-average equity allocation at the beginning of the glidepath, and then lower-than-average equity allocation at the end of the glidepath.

Direct Plan Performance

There has been a nice rebound in the past three months. U.S. equities have rallied, especially in certain sectors, like information technology. Energy and health care sectors underperformed. The international equities markets had a strong quarter, up over 12%. Equities markets have been robust over the past six months. For U.S. Fixed Income, the ten-year stayed stable, but shorter-term bonds had a steepening trajectory with fiscal concerns on the U.S. debt. As for asset class performance for year-to-date, developed markets are at the top with real estate being flat at the bottom. It seems like market volatility has started to subside. Going forward, the market expectations are for 50 basis points in cuts at the Fed rate, in two smaller parts for the rest of 2025.

Mr. Benson asked if there are any funds on watch list on the Direct or Advisor Plan. Mr. DiGirolamo said that there are not; however, Wilshire is monitoring one on the Advisor Plan due to under-performance. The BlackRock Emerging outperformed

for the quarter, but its one-year result underperformed its benchmark by 8.5%. Wilshire has talked with BlackRock, and they are quick to make changes if something is not working. It's not on watch list now but Wilshire is waiting to see if anything changes. Discussion ensued.

Mr. DiGirolamo then previewed the proposed changes to AABP, which will be presented at the November Board meeting. The current allocation is equal weighted to U.S. equities and non-U.S. equities. The current global markets leaning more heavily to 65% U.S. equities to 35% non-U.S. equities. Wilshire has reviewed the AABP glidepaths and feels that they are overweighted in non-U.S. equities. Wilshire will be proposing to mimic market weighting as 65% U.S. equities to 35% non-U.S. equities. Discussion ensued.

At the end of Mr. DiGirolamo presentation, Mr. Benson asked Ms. Good what Board members should do if they receive any questions from the media regarding the GSP reserve transfer to the Strategic Square-Foot Reduction Fund. Ms. Good said that they should direct the questions to Mr. Jeff Robinson, the Ohio Department of Higher Education Director Of Communications, or to herself.

NEW BUSINESS

There was no new business.

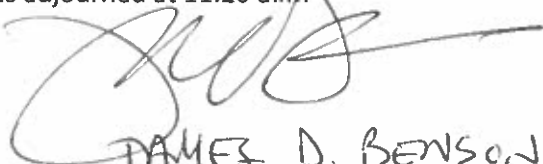
PUBLIC PARTICIPATION

There was no public participation.

ADJOURN

Mr. Zwyer made a motion to adjourn. Ms. Chavanne seconded the motion. A unanimous voice vote was taken. The meeting was adjourned at 11:20 a.m.

Signed by:



Print name:

JAMES D. BENSON

Date:

11/13/25