

October 20, 2016

OATH OF OFFICE

OATH OF OFFICE OF DANIEL L. WILSON
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

I, DANIEL L. WILSON, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.


DANIEL L. WILSON

SWORN TO and SUBSCRIBED before me this 20th day of October, 2016.

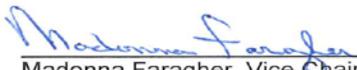

Notary Public

JOSEPH M. MAROTTA
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.



ATTESTED BY:


Lisa J. Morris, Executive Director


Madonna Faragher, Vice Chairperson

The eight hundred and ninety-fourth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, on Thursday, October 20, 2016. The meeting convened in open session at 8:31 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Madonna Phillips, Vice Chairperson, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. Madonna Faragher excused the absence of Barbra Phillips. Also in attendance was Henrique Geigel, representative of the Attorney General, various members of the SERS staff, and members of the public.

**APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON
September 15 & 16, 2016**

Catherine Moss moved and Christine Holland seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday and Friday, September 15 & 16, 2016. Upon roll call, the vote was as follows: Yea: Madonna Faragher, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. The motion carried.

INVESTMENT REPORT

Farouki Majeed discussed the proposed extension of the Advisory Services Agreement with Aksia LLC, currently set to terminate January 1, 2017, pending the asset allocation discussion by the Board scheduled for December 2016.

EXTENSION OF HEDGE FUND CONSULTANT AGREEMENT

Catherine Moss moved and Beverly Woolridge seconded the motion to approve extending the Advisory Services Agreement with Aksia LLC, currently set to terminate January 1, 2017, through June 30, 2017, subject to documentation satisfactory to legal counsel and the Chief Investment Officer. Be it further provided that the Chief Investment Officer or the Executive Director be authorized to execute any contracts or documents necessary to complete this extension. Upon roll call, the vote was as follows: Yea: Madonna Faragher, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. The motion carried.

Following, Steve Price and Phil Sisson presented the annual global private equity portfolio review. Mr. Price provided a summary of the portfolio and discussed the Implementation Guidelines, including private equity's role, objective and target allocation. The portfolio had positive cash flow in recent years and generated strong returns during fiscal year 2016. Portfolio construction targets for buyouts, venture capital, special situations, and non-US are close to, or at the optimal portfolio structure.

Mr. Sisson discussed portfolio management and the focus on fees. Staff reviews and monitors managers quarterly to track progress of investments throughout their life cycle. The monitoring process includes detailed operational due diligence and risk management. Management fees have stabilized at 1.5%, below the industry average of 2%. Six new commitments were made in FY2016. FY2017 objectives include maintaining the private equity portfolio near its 10% target, improving risk and return characteristics and seeking co-investment opportunities. During FY2017, Staff will continue to seek new manager relationships, perform due diligence on current managers, and commit an additional \$200 million to \$300 million to new funds. After comments and discussion, the Board thanked Mr. Price and Mr. Sisson for their presentation.

Farouki Majeed updated the Board on the status of the asset allocation study. During the September Board meeting, the range of expected returns and risk assumptions for asset classes within the Total Fund were discussed. Conversations with Wilshire have continued to determine the final assumptions to be used in the modeling process. The overall goals of the asset allocation study are to improve diversification, increase yield, reduce costs, and avoid unnecessary complexity.

David Lindberg of Wilshire Associates next introduced Calvin Born, a member of the Wilshire team for SERS. Mr. Lindberg stated that the goal is to find better risk adjusted returns. Items for consideration include reducing the MAS allocation and establishing specific allocations for public real assets and higher yielding fixed income. Mr. Majeed noted another update will be provided to the Board in November with a possible recommendation in December.

Mr. Majeed next discussed economic conditions and the Investment report for the period ending August 2016. The preliminary performance report as of September 30, 2016 was provided to the Board for their information.

SUMMARY OF INVESTMENT TRANSACTIONS

James Rossler moved and Christine Holland seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **August 1, 2016** through **August 31, 2016** hereby be approved. Upon roll call, the vote was as follows: Yea: Madonna Faragher, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 76.9
Non-US Equities	166.7
Fixed Income	187.4
Multi-Asset Strategies	n/a
Private Equity Capital Calls	28.8
Real Asset Capital Calls	37.4
Opportunistic	1.3
Cash Equivalents	139.2

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 61.2	\$ 8.3
Non-US Equities	203.0	19.9
Fixed Income	181.0	0.4
Multi-Asset Strategies	n/a	n/a
Private Equity distributions	16.3	n/a
Real Asset distributions	16.1	n/a
Opportunistic	0.6	0.1
Cash Equivalents	296.9	n/a

The Board took a break at 9:36 a.m., and reconvened at 9:47 a.m.

On behalf of the Board and staff, Madonna Faragher presented a proclamation to Lisa Morris.

The Retirement Board of the School Employees Retirement System of Ohio
adopted the following resolution on October 20, 2016
to honor Lisa J. Morris

WHEREAS, the School Employees Retirement System of Ohio provides pension benefits to more than 197,000 active and retired non-teaching public school employees; and

WHEREAS, Ms. Lisa Morris, who joined SERS in 2004 as Deputy Executive Director and spent the last 6 years as the Executive Director, provided exceptional leadership and guidance to the Retirement Board; and

WHEREAS, Ms. Morris empowered staff to break down departmental silos and become agents of cultural change, which transformed SERS from a 2006 “donut of doom” profile on the Denison Culture Survey into a 2009 model profile organization; and

WHEREAS, Ms. Morris initiated the Suzy Award to recognize the community service of SERS employees; and

WHEREAS, Ms. Morris, with SERS’ government relations officer and communications staff in tow, visited 56 newspaper editorial boards to remind statewide media of the value of defined benefit pension plans and SERS’ statewide economic impact; and

WHEREAS, Ms. Morris was instrumental in strengthening existing relationships with advocacy groups representing SERS members and retirees, and positioning SERS as an important resource for national partners engaged in defending and promoting the benefits of defined benefit pension plans; and

WHEREAS, Ms. Morris supported the work of SERS’ building services staff to make environmental and mechanical changes that ultimately led to the SERS building becoming the 5th LEED certified building in downtown Columbus in 2014; and

WHEREAS, through Ms. Morris’ compassion for the welfare of creatures large and small, SERS became one of the first participants in Lights Out Columbus, an organization that advocates for the reduction of exterior lighting to protect migrating songbirds from tall building collisions; and

WHEREAS, Over her career, Ms. Morris has been an excellent ambassador for SERS and the work we do; now, therefore,

BE IT RESOLVED, that the Retirement Board of the School Employees Retirement System of Ohio recognizes Ms. Lisa Morris for her service and devotion to SERS and in turn, to the retirement security of Ohio’s non-teaching public school employees.

Concluding the presentation, The Board thanked Ms. Morris for her dedication to SERS, and as a result of her efforts and contributions, SERS is a better organization.

EXECUTIVE DIRECTOR'S UPDATE

Ohio Retirement Study Council

The kickoff meeting for the ORSC's Fiduciary Performance Audit of SERS took place last week. Joe Bell is the point of contact for SERS, and the process is working well. The auditors were on-site for three days last week for interviews with the staff. Within the next few weeks, Funston Advisory Services will be reaching out to Board members.

At the October ORSC meeting, RVK presented the semiannual investment performance report as of June 30. RVK continues to advise that the Ohio systems' assumed rates of return are on the high side, while acknowledging that SERS', at 7.5%, is right in the median for public plans. The full RVK report has been posted to the Boardwalk.

Also during the October meeting, SERS' and STRS' Annual Disabilities Reports were presented. Ms. Morris advised the Council how proud she and staff were of SERS' two new health care offerings for under-65 retirees, which will not only save retirees' money, but SERS health care program as well.

A new ARP mitigating rate formula was approved. The rate will now be actuarially calculated for each system, rather than the flat 6% set by statute nearly two decades ago. SERS' rate is expected to come down to approximately 3.5% for next year. This should not impact the fund greatly, as there are only have about 200 ARP participants.

The Council also approved staff recommendations for amendments for House Bill 520, the omnibus corrections bill, including SERS' early-Medicare amendment for disability recipients enrolled in SERS health care. The next meeting will be November 10, and Helen will be representing SERS.

Hedge Clippers

Staff has learned that a group called the Hedge Clippers will be presenting at the STRS Board today, and that there may be a press conference on Monday to release a new Ohio-focused report. Hedge Clippers presented at the OPERS Board back in March, and over the summer quite a bit of public information was requested from all the systems. Several staff will have a follow-up call with the researcher this Friday, October 21st, to answer any additional questions and finalize our media statement in advance of the press conference.

Legislative Visits

Staff met with three ORSC legislators this month: Sen. Bill Beagle (R-Tipp City), Sen. Jay Hottinger (R-Newark), and Rep. Ron Amstutz (R-Wooster), to discuss our leadership transition and timeline.

Legislation

HB 520 should be wrapped up during the lame duck session.

Staff has been working hard on a legislative strategy and educational materials on COLA changes. We met with ORSC staff this week to gather their input. There will be a new ORSC, in addition to a new General Assembly. The first half of the year will be very busy with the state's operating budget, which must be passed by June 30.

Staff is carefully watching to see what Social Security announces as a COLA for 2017. If there is a small COLA (in relation to the overall expected increase in Medicare premiums), SERS' retirees could again be subject to artificially high Med B premiums because they are not "held harmless." Fortunately, SERS and the other non-covered systems were able to successfully push back last year when this happened, and will do the same this year if needed. The Ohio delegation has been prepped, and proponents are well organized.

Advocacy Groups

Staff has scheduled a meeting with the new OASBO Executive Director, Jim Rowan, and Barbara Shaner, on November 7. SERS has also agreed to host the OASBO Joint Legislative and Education Finance Committees here on February 7, from 1:30-3:30 pm. OASBO's biennial statehouse reception is from 4 to 6 pm, thus, timing is perfect for OASBO members coming in from out of town.

OTHER

Ms. Morris has spoken with Seth Metcalf on a bi-weekly basis on the custodial process; it has gone extremely well. The calls will transition from a biweekly basis to monthly with Helen Ninos. Mr. Metcalf has also agreed to speak with Funston on the Fiduciary Audit.

This year's United Way campaign was very successful. SERS raised \$25,683 beating last year's total, and had a 74% participation rate.

REMINDER: Joint Trustees Training will take place on November 2nd at OPERS. All Board members have been registered to attend. Also, information will be presented in an electronic format.

The Board Retreat is scheduled for February 15th; staff is preparing work on agenda topics. Ms. Morris asked Trustees to let staff know if there are any specific topics of discussion they would like to see and hear discussed.

Following the Executive Director's Update, John Grumney, Director of Member Services, provided an update the new member-benefit system, SMART. Mr. Grumney stated that Phase 1 of user acceptance testing (UAT) testing has been completed on-time, and that Sagitec and SERS staff are currently working on Phase 2, lifecycle testing, which is a more detailed process. Mr. Grumney also stated that the employer services' portal is on track for completion. Invitations for training have gone out to employers, and 50 percent of slots were filled within the first week. Security is also going well with testing the system. Mr. Grumney noted that both he and Jay Patel also had an opportunity to speak with Funston Advisory Services regarding SMART; Funston was pleasantly surprised with the progress on the project.

Staff has been very involved throughout this process, working together as a team, and very excited to roll out the new system. Ms. Morris also thanked Sanjay Gupta, Project Manager of Sagitec, for working together as a team. Further, Ms. Ninos stated that Sagitec has been very transparent since the change in management.

Mr. Wilson expressed his concern of a completion date. Ms. Ninos and Mr. Grumney acknowledged his concern regarding a completion date, which is targeted for January 23, 2017. However, if there are any issues, SERS will not go-live until all bugs are fixed and we are sure of the system's quality. Ms. Ninos indicated that both SERS and Sagitec are very conscious of the go-live date. Also of note, Mr. Grumney informed the Board that the project is still on budget.

The Board thanked Mr. Grumney for the update.

LEGISLATIVE REPORT

**STATE LEGISLATION BOARD REPORT
131st General Assembly
(Prepared by Laurel Johnson as of October 7, 2016)**

HB284 PENSIONS-FEDERAL OFFENSES Mike Dovilla (H7-R-Berea) and Marlene Anielski (H6-R-Walton Hills) To add extortion and perjury and certain federal offenses to the offenses that may result in forfeiture or termination of public retirement system benefits.

Current Status: 09/28/2016 Referred to Senate Criminal Justice

ORSC Position: Approved staff recommendation for passage with amendments

HJR6 DIVEST-TERRORISM SPONSORED COMPANIES Terry Johnson (H90-R-McDermott) To prohibit state agencies and the state's public retirement systems from contracting with and investing in companies with certain business operations in countries designated as state sponsors of terrorism and to require state agencies and public retirement systems to divest investments from such companies.

Current Status: 04/26/2016 House Government Accountability and Oversight, (Second Hearing)

ORSC Position: Staff recommended disapproval

HB520 PUBLIC RETIREMENT SYSTEMS Kirk Schuring, (H48-R-Canton) Dan Ramos, (H56-D-Lorain) To revise the law governing the state's public retirement systems.

Current Status: 05/25/2016 House Health and Aging (Fourth Hearing)

ORSC Position: Staff recommended approval with amendments

**FEDERAL LEGISLATION BOARD REPORT
114th United States Congress
(Prepared by Laurel Johnson as of October 7, 2016)**

HR 711

SPONSOR: Rep. Kevin Brady (R-TX)

LAST ACTION: 3/22/2016 Hearing in the House Ways and Means Social Security Subcommittee.

CAPTION: Amends title II of the Social Security Act to repeal the windfall elimination provision and protect the retirement of public servants.

COMMENT: The Equal Treatment for Public Servants Act of 2015. Repeals the Windfall Elimination Provision (WEP) and replaces it with a formula that is proportional to a worker's full career earnings. HR 711 has 130 co-sponsors, including twelve Ohioans: Beatty, Chabot, Gibbs, Johnson, Joyce, Kaptur, Latta, Renacci, Ryan, Stivers, Tiberi, and Turner.

HR 973

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: 2/13/2015 Referred to the House Committee on Ways and Means.

CAPTION: Amends title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions.

COMMENT: The Social Security Fairness Act of 2015. Repeals the Government Pension Offset (GPO) and WEP. HR 973 has 155 co-sponsors, including six Ohioans: Beatty, Fudge, Joyce, Kaptur, Ryan, and Turner. Companion bill to S 1651.

S 1651

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: 6/23/2015 Referred to the Senate Committee on Finance.

CAPTION: Amends title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions.

COMMENT: The Social Security Fairness Act of 2015. Repeals the Government Pension Offset (GPO) and WEP. S 1651 has 25 co-sponsors. Companion bill to HR 973.

HR 4822

SPONSOR: Sen. Devin Nunes (R-CA)

LAST ACTIONS: 3/21/16 Referred to the House Committee on Ways and Means.

CAPTION: To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

COMMENT: The Public Employee Pension Transparency Act. Requires reporting the system's liabilities using a risk-free rate to the Treasury Department for a public database; failure to report would result in the state losing its tax-exempt bonding authority. HR 4822 has eight co-sponsors, but none from Ohio.

**SEPTEMBER - OCTOBER FEDERAL UPDATE
(Prepared by Jim Miller as of October 7, 2016)**

OVERVIEW

With the President's signing of the spending bill into law on September 29, the Congress is effectively done until the lame duck session after the November election. The continuing resolution passed the House by a 342-85 vote, and the Senate by a 72-26 vote.

The measure also contains funding to respond to the Zika outbreak, money for flood relief for Louisiana and other states, and fiscal appropriations for military construction and veteran's programs.

HEALTHCARE

A problem like last year's with the Medicare B premium may occur again if Social Security announces in mid-October that a small COLA will be given in 2017.

CMS had already announced that the Medicare B premium would likely rise again in 2017. Last year, a similar problem occurred when Social Security announced there would be no COLA for 2016. Members from non-covered plans like those in Ohio were not held harmless, as were Social Security retirees. Consequently, the premium increases would have been shifted to non-covered retirees like those in Ohio, and to other impacted groups.

The Congress intervened in late 2015 by including an amendment in the Bipartisan Budget Agreement to limit the increase on those not held harmless. If Social Security does issue a COLA of any amount for 2017 and Congress does not act in 2016 to address the problem, then Ohio's public plan Medicare-eligible retirees will be faced with a substantial increase in their Medicare B premiums. The previous budget agreement does not apply in 2017, so the Congress must act this year.

The Ohio systems have been working with a number of groups including the American Benefits Council, AARP, NASRA, NCTR, and AFSCME, as well as meeting with key Ohio delegation members to address the issue if Social Security does announce a small COLA for 2017. The Congress and administration must act during the lame duck session.

It should also be noted that absent any fix to the premium increase issue, there would be an estimated \$31 million increase in Medicaid costs to the state.

Supporters of the "21st Century Cures Act" are still hoping for a vote yet this year, which means getting it on the agenda for the lame duck session. The bill passed the House in 2015, and the Senate developed its own bill, which is yet to be voted on in the full Senate.

One of the sticking points between the House and Senate is how to pay for the bill. Chairmen Upton and Alexander continue having discussions on potential pay-for sources. Sponsors had hoped for a September vote, but that did not happen.

There is speculation that Chairman Upton may introduce a new version of the legislation after the election, with revised funding numbers. How that would play in the lame duck session is a question. Perhaps if Alexander and Upton can agree on a compromise in the next few weeks it might have a chance.

Senators Portman and Brown introduced S. 3111, known as the Seniors Tax Hike Prevention Act. The bill is intended to stop a scheduled tax increase on seniors over the age of 65. Current law allows taxpayers over the age of 65 who have significant medical costs to claim a deduction as long as their costs are more than 7.5% of Adjusted Gross Income (AGI). Unless Congress takes action, the income threshold will rise from 7.5% to 10% of AGI for individuals over 65 at the end of 2016. The bill would delay the increase in the medical expense deduction threshold for seniors for two years.

The bill has been referred to the Senate Finance Committee. According to Senator Portman's staff they are working to acquire more sponsors and to include it in the end-of-the year package.

On September 13, the House passed H.R. 3590, a companion bill to S. 3111. Voting for the bill were Representatives Renacci, Chabot, Johnson, Jordan, Joyce, Latta, Stivers, Tiberi, Gibbs, Wenstrup, and Turner. Opposed were Fudge, Beatty, Ryan, and Kaptur.

The House Ways and Means Healthcare Subcommittee chaired by Pat Tiberi has been very busy addressing a number of healthcare bills and issues. The House passed H.R. 5659, the Expanding Seniors Receiving Dialysis Act of 2016; H.R. 5713, the Sustaining Healthcare Integrity and Fair Treatment Act sponsored by Chairman Tiberi; and H.R. 5613, the Continuing Access to Hospitals Act of 2016. These bills will likely be carried over to 2017.

SOCIAL SECURITY

There was no mention of mandatory coverage as a part of the discussions concerning the continuing resolution to keep the government running as of October 1.

On the GPO and WEP front, there were two interesting developments. First, S. 3303 was introduced by Senator Toomey. This bill would exempt firefighters and police officers from both the GPO and WEP. Secondly, Senator Brown filed an amendment repealing both the GPO and WEP as a part of the Miner's

Protection Act, but the amendment was never offered because only non-controversial amendments were to be considered. As expected, there has been no action on the Toomey bill.

The Brady WEP reform bill, H.R. 711, remains in limbo. It appears that none of the issues that surfaced which caused the mark-up of the bill to be canceled have been resolved. Discussions between the IAFF and staff on Ways and Means continue on the 30-35 year issue, but no firm agreement has emerged. Also, language to address the impact on non-vested or inactive members has not been offered. As a result, several key public sector groups still oppose the bill. There could be an effort to resurrect the bill during the lame duck session, but it is more likely to be carried over to the new Congress.

In other news, the House Ways and Means Social Security Subcommittee held a hearing on September 21 entitled, "Understanding Social Security's Solvency Challenge." The main focus of the hearing was directed toward examining the differences between the CBO's and Trustees' projections. CBO says that Social Security will not be able to pay full benefits starting in 2029, while the Social Security Trustees estimate that will occur in 2034.

This difference has huge implications for the timeline required for the Congress and administration to actually address major reforms for Social Security, as well as impacting when mandatory coverage will become a more active issue.

FINANCE

As the Congress debated amendments to be included in the continuing resolution, two bills surfaced as possible amendments. The first was H.R. 5424, the Investment Advisers Modernization Act of 2016, which passed the House in early September. The bill does not improve transparency within private equity transactions, and indeed, could negate some of the gains in transparency since the passage of Dodd-Frank.

The other bill was H.R. 5311, the Corporate Governance Reform and Transparency Act of 2016. This legislation has not yet had a House floor vote. CII, SERS, and many other groups oppose this bill because the legislation would weaken corporate governance, undercut proxy advisory firms' ability to uphold their fiduciary obligation to their investor clients, and reorient any surviving firms to serve their companies rather than investors.

The Senate Banking Committee held a rambunctious hearing concerning Wells Fargo's corporate culture that resulted in employees opening millions of fraudulent accounts for customers without their consent. Chairman Shelby and Ranking Member Sherrod Brown led the charge in raking CEO John Stumpf over the coals.

The House Financial Services Subcommittee on Capital Markets and Government-Sponsored Enterprises held a hearing concerning ways to improve the laws and regulations impacting the governance of companies to ensure that capital markets remain robust. Some of the discussion revolved around issues such as the role of proxy advisory firms, the basic rights of shareholders, and the extent to which security laws should or should not be used to promote unrelated social goals.

RETIREMENT SECURITY

Senator Orrin Hatch was successful in amending Title II of his SAFE Act into the Miners Protection Act of 2016, because of support from the private sector to include it. Title I of the SAFE Act, which deals with the public sector, was not included, nor was any of the PEPTA language. The retirement provisions were reported out of Senate Finance by a 26-0 vote, which suggests that if the bill makes it to the Senate floor, it is likely to pass. It appears that the public plan language in the SAFE Act is too toxic for most senators. That said, it could become a lame duck issue if the bill actually makes it to the Senate floor. Public plan advocates will need to carefully monitor proceedings to ensure there is no last-minute attempt to add Title I to the bill.

In a turn of techniques, the Arnold Foundation has issued what it calls a "Request for Letters of Interest" from organizations seeking grant proposals to conduct research focused on public pension retirement policy. The letters of interest are due by December 15, and the Foundation has indicated key areas of interest include how rising retirement costs have impacted state budgets, and the impact of investment policy on cost and cost uncertainty.

Concerns have been expressed about some of the individuals who have been appointed to the Financial Oversight and Management Board for Puerto Rico. Capturing the most attention from the public plan sector is Andrew Biggs, an Arnold Foundation spokesperson and a major advocate of converting public DB plans to DC plans. Concerns have also been raised about David Skeel who has been supportive of the PEPTA language. Lastly, Richard Ravitch, former Lieutenant Governor of New York, is a member of the board of the Arnold Foundation's Retirement Security Initiative. The actions of this board will be closely monitored by public plan interest groups.

Other national news concerning public plans include the following:

- In California, a state appellate court ruled that benefit cuts are permissible if the "pensions" remain reasonable for workers. The case will go to the state's Supreme Court for a ruling.
- In Alaska, a state committee consisting of members of the Governor's administration approved borrowing as much as \$3.5 billion to cover Alaska's pension shortfall. The shortfall involves both the teachers' and public employees' plans.
- The Kentucky State Court of Appeals ruled that Kentucky Retirement Systems cannot cite sovereign immunity to avoid a lawsuit alleging it has squandered hundreds of millions of dollars on illegal and imprudent investments. Plaintiffs allege that KRS violated the law with risky investments in hedge funds, venture capital funds, private equity funds, leveraged buyout funds, and other alternative investments that have produced small returns and excessive management fees.

These actions at the state level serve as the kind of examples that fuel the fires of those groups advocating for major reform of our nation's public plans. They bear close watching as to the extent the outcomes capture Congressional attention.

SUMMARY OF KEY ACTIVITIES

1. Met with staff from the offices of Senators Brown and Portman, and from Representatives Tiberi, Jordan, Ryan, Joyce, Beatty, and Kaptur.
2. Met with staff from the House Ways and Means Social Security Subcommittee.
3. Met with staff from AARP, the American Benefits Council, and the Alliance for Retired Americans.
4. Closely monitored the deliberations over the continuing resolution to fund the government, and the Miners Protection Act, due to the potential for public pension plan provisions to be inserted at the last minute.

NEW EMPLOYER

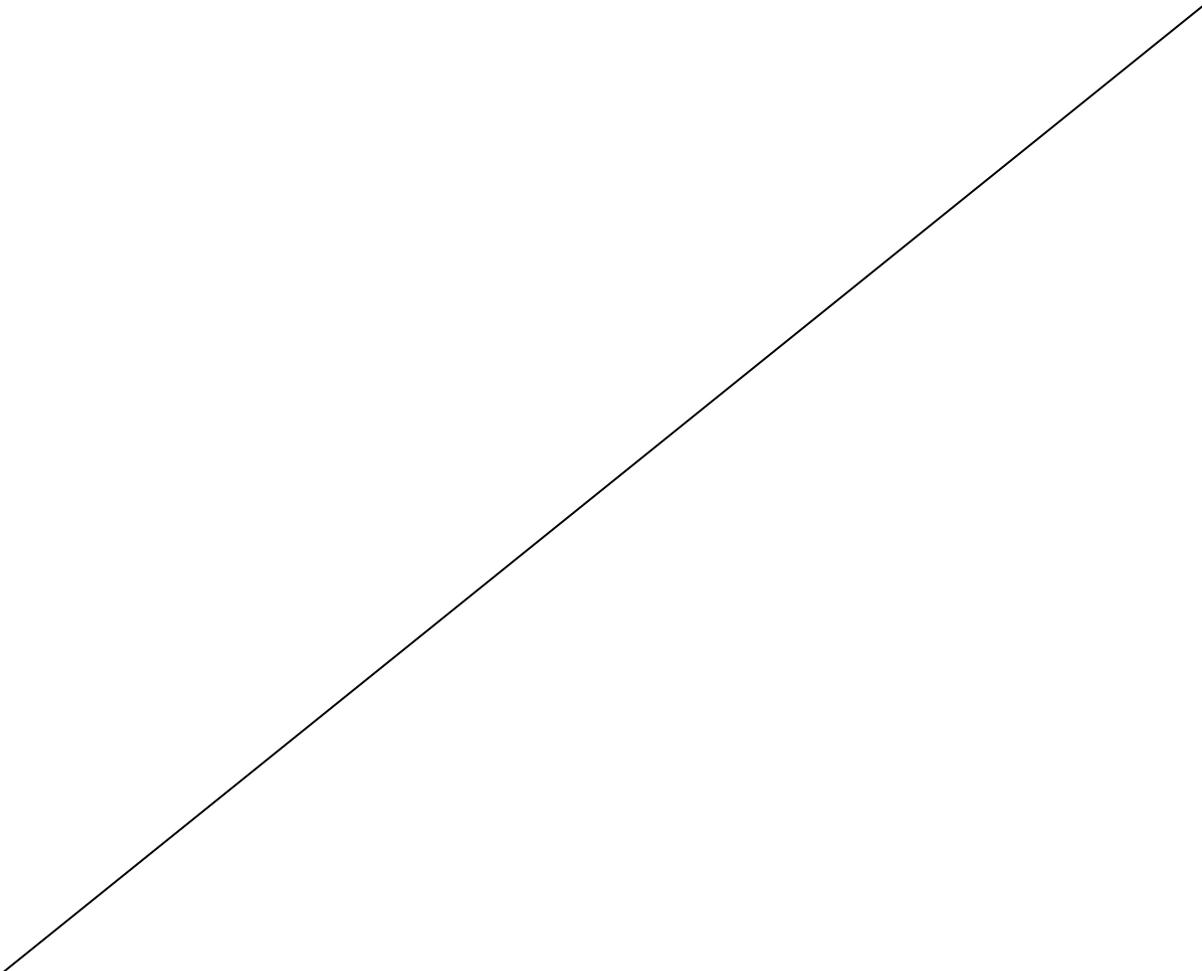
Chris Castle, Manager, Employer Services shared information with the Board on a new employer, Shared Resource Center. Shared Resource Center is a regional council of governments organized under Chapter 167 of the Ohio Revised Code that provides information technology services to schools in southwest Ohio. Shared

Resource Center currently reports to SERS through its fiscal agent, Montgomery County ESC. However, Shared Resource Center decided to become its own fiscal agent effective August 1, 2016.

Shared Resource Center has requested SERS' approval as a new employer unit effective August 1, 2016, and by resolution has agreed to abide by all regulations and obligations as an employer under Chapter 3309.

NEW EMPLOYER

Staff discussed with the Retirement Board the request from Shared Resource Center, a council of governments organized under Chapter 167 of the Ohio Revised Code, to accept it as a new employer unit under Chapter 3309 of the Ohio Revised Code effective August 1, 2016. Shared Resource Center has passed an appropriate resolution agreeing to accept all requirements and obligations imposed by Chapter 3309 of the Ohio Revised Code. James Rossler moved and Beverly Woolridge seconded that the Board accept Shared Resource Center as an employer in accordance with Chapter 3309 of the Ohio Revised Code, effective August 1, 2016. Upon roll call, the vote was as follows: Yea: Madonna Faragher, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. The motion carried.



HEALTH CARE UPDATE

Anne Jewel, Director of Health Care Services, updated the Board on the early Medicare and Marketplace Wraparound Plan initiatives.

Early Medicare: SERS' partner, Human Arc, is assisting retirees in its healthcare program who have disabling medical conditions with applying for Medicare before age 65. In July, Human Arc started calling retirees to discuss applying for Social Security Disability and offering assistance with the lengthy application process. Through September, Ms. Jewel reported that Human Arc has sent out nearly 2,000 letters; spoken with more than 900 retirees; filed 100 applications with Social Security, and; is gathering information for the filing of 46 additional applications.

Ms. Jewel also passed along a "thank you" from a retiree who was notified by Social Security that her Medicare coverage was effective immediately due to a terminal diagnosis. The retiree had tried unsuccessfully for years to get Medicare benefits by working through the process on her own. With the assistance of Human Arc, she was able to receive Medicare in a matter of months.

Marketplace Wraparound Plan: The Marketplace Wraparound Plan is a new coverage option in 2017. It is only available to SERS healthcare participants who are not eligible for Medicare and not enrolled in Medicaid.

SERS' partner, HealthSCOPE, began mailing communications to non-Medicare plan participants in late August. HealthSCOPE began receiving calls from retirees the first week of September. Thus far, HealthSCOPE has spoken with some 900 SERS members. They have been scheduling appointments with callers to complete enrollment into a Marketplace plan once the federal Marketplace opens on November 1.

Ms. Jewel also stated that staff continues to remind retirees of the Wraparound Plan through marketing efforts. HealthSCOPE mailed a postcard reminder in early October and made outgoing calls the week prior. A postcard announcing the opening of the federal Health Insurance Marketplace will mail in early November.

Interest in the Marketplace Wraparound Plan has been evident during the SERS Open Enrollment period. Two webinars have been held with most questions pertaining to Wraparound coverage. Staff also has been calling all non-Medicare enrollees currently signed up for the Premium Discount Program to explain that the program will not be offered next year and to discuss the Marketplace Wraparound option.

The Board thanked Ms. Jewel for the update.

The Board continued with the review of calendar dates and future Board meetings.

CALENDAR DATES FOR FUTURE BOARD MEETINGS

2016

November 17 and 18 (Thurs. and Fri.)
December 15 and 16 (Thurs. and Fri.)

2017

February 15 Board Retreat (Wed.)
February 16 and 17 (Thurs. and Fri.)
March 16 and 17 (Thurs. and Fri.)
April 20 and 21 (Thurs. and Fri.)
May 18 and 19 (Thurs. and Fri.)
June 15 and 16 (Thurs. and Fri.)
July 20 and 21 (Thurs. and Fri.)
September 21 and 22 (Thurs. and Fri.)
October 19 and 20 (Thurs. and Fri.)
November 16 and 17 (Thurs. and Fri.)
December 21 and 22 (Thurs. and Fri.)

****NOTE:** *The above dates are **tentative**.*

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

Ms. Morris continued by reviewing open and closed information items and noted requests made during the meeting.

The Board recessed at 10:42 a.m. and reconvened at 1:30 p.m.

EXECUTIVE SESSION

At 1:30 p.m., James Haller moved and Beverly Woolridge seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits. Upon roll call, the vote was as follows: Yea: Madonna Faragher, James Haller, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson and Beverly Woolridge. The motion carried.

The Board returned to open session at 2:20 p.m.

Concluding the Retirement Report, the Board excused staff from open session. The Board then discussed the budget.

ADJOURNMENT

Madonna Faragher moved that the Board adjourn to meet on Thursday, November 17, 2016 for their regularly scheduled meeting. The meeting adjourned at 2:47 p.m.

Madonna Faragher, Vice Chair, SERS Board

Helen M. Ninos, Secretary