

July 19, 2018

The nine hundredth and twelve 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, July 19, 2018. 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: James Rossler, Chairperson, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and Catherine Moss. James Rossler excused the absence of Jeffrey DeLeone and James Haller. Also in attendance was Mary Therese Bridge, 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
June 21, 2018**

Barbra Phillips moved and Christine Holland seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, June 21, 2018. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

APPROVAL OF OUT-OF-STATE BOARD TRAVEL

Catherine Moss moved and Beverly Woolridge seconded the motion that requests by Board Members to attend and receive reimbursement for the following out-of-state conferences and meetings be approved: Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

Conference	Attendee	Conference Dates	Conference Location	Estimate of Expenses
NCPERS Public Pension Funding Forum	Christine Holland	September 16-18, 2018	Cambridge, MA	\$ 2,160.60
NCPERS Accredited Fiduciary Program	James Rossler	October 27-31, 2018	Las Vegas, NV	\$ 2,391.04
NCPERS Accredited Fiduciary Program	Barbra Phillips	October 27-31, 2018	Las Vegas, NV	\$ 2,391.59
NCPERS Accredited Fiduciary Program	Jeff DeLeone	October 27-31, 2018	Las Vegas, NV	\$ 2,344.72

Chairman James Rossler asked Chief Investment Officer Farouki Majeed to present the Investment Report.

INVESTMENT REPORT

ESG Education Program

Felicia Bennett introduced Daniel Ingram of Wilshire Consulting who presented an educational session on Environmental, Social and Governance risks (ESG). Mr. Ingram discussed ESG issues, the different aspects that make up ESG and why it is so diverse. He also explained the involvement of financial metrics when referring to ESG. Mr. Ingram then explained why certain clients are interested in ESG and

how they put it to practice. Mr. Majeed discussed how SERS applies ESG to their practices. After discussion, the Board thanked Mr. Ingram for his presentation.

Monthly Investment Report

Mr. Majeed discussed the Investment report for the month ending May 31, 2018. The preliminary performance report as of June 30, 2018 was provided to the Board for their information. Mr. Majeed informed the Board the Fund is currently \$14.3 billion with a FYTD return of 9.17%. Final returns for the fiscal year are expected to be strong. Following questions and answers, the Board thanked Mr. Majeed for the presentation.

SUMMARY OF INVESTMENT TRANSACTIONS

Beverly Woolridge 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 **May 1, 2018** through **May 31, 2018** hereby be approved. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 94.3
Non-US Equities	156.7
Fixed Income	363.8
Multi-Asset Strategies	n/a
Private Equity Capital Calls	48.9
Real Asset Capital Calls	1.4
Opportunistic	19.7
Cash Equivalents	391.0

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 62.1	\$ 5.8
Non-US Equities	217.0	22.3
Fixed Income	335.3	(2.4)
Multi-Asset Strategies	n/a	n/a
Private Equity distributions	33.8	n/a
Real Asset distributions	14.4	n/a
Opportunistic	2.1	n/a
Cash Equivalents	300.6	n/a

Concluding the Investment report, the Board took a break at 10:01 a.m. and reconvened at 10:15 a.m.

EXECUTIVE DIRECTOR'S UPDATE

Ohio Retirement Study Council

Executive Director Richard Stensrud reported that the July ORSC meeting was cancelled. Mr. Stensrud then noted that the next meeting is tentatively scheduled for August 9, 2018.

PEPTA (Public Employee Pension Transparency Act)

Mr. Stensrud reported that Congressman Nunes reintroduced the PEPTA legislation which would require pension funds to report their liabilities to the Treasury Department using a risk-free rate of return. Mr. Stensrud noted the bill has attracted three co-sponsors, currently, and none from Ohio.

Corporate Governance Reform and Transparency Act

Mr. Stensrud reported that staff sent correspondence to the Ohio Congressional delegation regarding federal legislation that would impose burdensome regulations on proxy advisory firms to the detriment of institutional investors like SERS. Mr. Stensrud stated this legislation would make it difficult and more costly for SERS to work with a proxy advisory firm to implement SERS' custom proxy voting policy.

Ohio Re-Employment Legislation

Mr. Stensrud reported that a public pension re-employment bill has been introduced in the Ohio House which would provide that an individual retiring on or after the effective date of the legislation who is re-employed as a public employee would not receive the pension portion of the retirement allowance for the period of employment. Mr. Stensrud stated that this is the third General Assembly in which this legislation has been introduced.

Advocacy Groups

Mr. Stensrud reported that he and staff continue to reach out to SERS retirees about online security. During the month of June, Sean Thomas, Senior Information Security Analyst, gave a presentation to the Lima SERO Chapter on "Tips to Foil Hackers." Mr. Stensrud further noted that Mr. Thomas followed up with the Lima Chapter by submitting an article on this topic for the next SERO newsletter.

Retiree Group Recognizes Investments

Mr. Stensrud reported that in the next SERO retiree newsletter, SERO will be extending congratulations to Chief Investment Officer Farouki Majeed and the investment staff for their excellent investment performance.

Operation Backpack

Mr. Stensrud stated staff will again participate in the annual Operation Backpack school item drive beginning on July 23rd. Mr. Stensrud noted staff regularly exceeds the goal for providing backpacks filled with school supplies for needy children in central Ohio.

Pension Sustainability

Mr. Stensrud reported that plans are underway to launch pension sustainability and health care discussions, in early fall.

LEGISLATIVE REPORT

STATE LEGISLATION BOARD REPORT 132nd General Assembly

(Prepared by Laurel Johnson as of July 6, 2018)

HB49 OPERATING BUDGET Ryan Smith (H93-R-Gallipolis) Creates FY 2018-2019 main operating budget.

Current Status: SERS COLA provisions effective 09/29/2017

SB8 SCHOOL INFRASTRUCTURE AND TECHNOLOGY Randy Gardner (S2-R-Bowling Green), Louis Terhar (S8-R-Cincinnati) To require the Ohio School Facilities Commission to establish a program assisting school districts in purchasing technology and making physical alterations to improve technology infrastructure and school safety and security.

Current Status: Contained SERS' COLA delay amendment. Eff. 3/23/2018

HB708 PUBLIC PENSION DOUBLE DIPPING John Becker (H65-R-Cincinnati) To enact "Double Dippers Inappropriately Privileged (DDIP)" legislation to provide that an individual retiring on or after the effective date of this Act from one of the state's public retirement systems who is re-employed as a public employee will not receive the pension portion of the retirement allowance for the period of employment.

Current Status: Introduced 6/20/2018

FEDERAL LEGISLATION BOARD REPORT
115th United States Congress
(Prepared by Laurel Johnson as of July 6, 2018)

S. 915

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: 04/24/2017 - Referred to the Committee on Finance

CAPTION: Amends title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions. Companion bill to H.R. 1205.

COMMENT: The Social Security Fairness Act of 2017. Repeals the GPO and WEP. S.915 has 25 co-sponsors.

H.R. 1205

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: 03/06/2017 - Referred to the Subcommittee on Social Security

CAPTION: To amend title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions. Companion bill to S. 915.

COMMENT: H.R. 1205 has 185 co-sponsors including seven Ohioans: Beatty, Fudge, Joyce, Kaptur, Ryan, Stivers and Turner.

H.R. 6290

SPONSOR: Rep. Devin Nunes (R-CA)

LAST ACTIONS: 06/28/2018 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: H.R. 6290 has three cosponsors; none from Ohio.

MEMORANDUM

To: Laurel Johnson, Senior Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: July 5, 2018

Re: Federal Legislative and Regulatory Report

OVERVIEW

Highlights for June included: the continued imposition of tariffs by President Trump and retaliation from countries which are impacted; the announced summit between President Trump and Russian President Vladimir Putin on July 16 in Helsinki, Finland; immigration tension across the country as Congress works to find solutions to separated families, Dreamers, people seeking asylum, and the future of ICE as a federal agency; the announced retirement of U.S. Supreme Court Justice Anthony Kennedy; significant decisions by the U.S. Supreme Court; and advocacy for several SERS issues, including the Wraparound Program, opposition to PEPTA, and regulation of proxy advisory firms.

The House and Senate were in session in June. The House has thirteen days scheduled for session in July, beginning on July 9 and continuing through July 26. The House district work period began on Monday, July 2, and will continue until Monday, July 9. The Senate will be in session starting on Monday, July 9 and continue until the end of the month. The official Senate calendar shows a state work period for the month of August, however, as reported last month, the Senate will be in session for at least part of August.

The Senate has several nominations from the Trump administration that it needs to act upon, including judicial and executive nominations. There are still bills that must be passed before the end of the federal fiscal year. The Farm Bill was passed in the House and Senate, with the work requirements included for recipients of the Supplemental Nutrition Assistance Program. In the House, the bill passed 213-211, with all Ohio Republican members supporting it. All Democratic House members voted against it. In the Senate, the bill passed on June 28 with a vote 86-11. Senators Brown and Portman supported the bill.

In June, the Senate did pass the National Defense Authorization Act, which authorized spending in 2019. Both Senators Brown and Portman supported the bill. Senators passed the bill on Monday, June 18, which included a provision keeping the penalties in place against ZTE, the Chinese company, despite an arrangement reached earlier this month by the Trump administration.

A “minibus” appropriations bill is being considered by Congress. On June 28, Democratic Leader Nancy Pelosi named the Democratic members to serve on the Conference Committee for the House and Senate versions of the minibus appropriations bill. Reps. Marcy Kaptur (D-OH) and Tim Ryan (D-OH) were named as Democratic members.

The Senate voted on the rescission proposal that was submitted in June by President Trump of \$15 billion in unused funds and refused to approve it. The vote was close, 48-50. Senator Portman voted in favor of the bill and Senator Brown voted against it.

President Trump signed an Executive Order on June 20 to temporarily end family separations at the border, with a requirement that Congress fix the immigration problem and fund the wall. President Trump and some members of his cabinet instituted a “zero tolerance” policy that prosecutes adults who illegally cross the U.S.-Mexico border and separates children from the adults with whom they crossed the border. Media reported that over 2,000 children were separated from their families between April and June. Thus far, the House has been unable to pass an immigration bill that resolves the situation.

U.S. SUPREME COURT

On June 27, the U.S. Supreme Court issued its decision in the case, *Janus v. American Federation of State, County, and Municipal Employees, Council 31, et. al.* The decision was 5-4, with Justice Alito authoring the opinion in which Chief Justice Roberts, Justices Kennedy, Thomas and Gorsuch joined. Justice Sotomayor wrote a dissenting opinion. Justice Kagan wrote another dissenting opinion, which was joined by Justices Ginsburg and Breyer.

As background on the case, Petitioner, Mark Janus, is a state employee whose unit is represented by a public-sector union, AFSCME, one of the Respondents. He refused to join the union and argued his \$45 monthly fee to AFSCME was unconstitutional. Illinois' Governor opposed some of the union's positions and filed suit challenging the constitutionality of the state law authorizing agency fees. The Petitioners argued, in part, that in the case of public employees, whose contract negotiations are with the state government, the fees paid to the union are a form of political advocacy. The state attorney general, another Respondent, intervened to defend the law.

In the majority opinion, Justice Alito said:

States and public-sector unions may no longer extract agency fees from nonconsenting employees. The First Amendment is violated when money is taken from nonconsenting employees for a public-sector union; employees must choose to support the union before anything is taken from them. **Accordingly, neither an agency fee nor any other form of payment to a public-sector union may be deducted from an employee, nor may any other attempt be made to collect such a payment, unless the employee affirmatively consents to pay.**

A copy of the decision may be read here:

https://www.supremecourt.gov/opinions/17pdf/16-1466_2b3j.pdf

On June 27, Justice Anthony Kennedy, who will turn 82 this year, made the announcement that he will retire. The announcement coincided with the issuance of the last opinion from the Court this term. Justice Kennedy said he would continue to serve through July 31. You may recall that the Senate Majority Leader, Mitch McConnell (R-KY) refused to advance the nomination by President Obama of Judge Merrick Garland in 2016. Senate President McConnell said that the Senate would prefer to wait until after the 2016 elections to fill the vacancy. Democratic Senators are now being pressured to vote against whomever the President nominates and to remind Senate Republicans that they should wait until after the 2018 elections. President Trump said that he will be prepared to name the Supreme Court nominee on July 9. With Republican Senators holding on to a 50-49 voting majority, given Sen. John McCain's (R-Ariz.) absence, Democrats are working to garner at least two Republican votes to stall the nomination.

The Supreme Court also dispensed with two cases which centered on gerrymandering issues in June. In the cases from Wisconsin and Maryland, the Court was asked to decide whether the states had violated the Constitution by drawing electoral maps that favored one political party over the other. In the case filed against the state of Maryland, the Court declined to overturn the district court's decision not to grant a preliminary injunction blocking the 2011 map. In the Wisconsin case, the Court determined that the Plaintiffs, who represented Democratic voters, failed to prove their rights were violated by the drawing of the 2011 map. Seven of the Justices did agree that the Plaintiffs should have the opportunity to pursue their case in a lower court.

The U.S. Supreme Court narrowly ruled on June 21 to overturn a 26-year-old precedent preventing states from requiring that out-of-state online sellers collect and remit sales taxes.

PRIVATE MULTI-EMPLOYER PENSION PLANS

The Joint Select Committee on Solvency of Multiemployer Pension Plans held another hearing on June 16, to hear the "Employers' perspective." The following witnesses were scheduled to testify:

[Mr. Chris Langan](#), Vice President of Finance, UPS, Atlanta, GA;

[Ms. Aliya Wong](#), Executive Director of Retirement Policy, U.S. Chamber of Commerce, Washington, DC;

[Ms. Mary Moorkamp](#), Chief Legal and External Affairs Officer, Schnuck Markets, Saint Louis, MO; and
[Mr. Burke Blackman](#), President, Egger Steel Company, Sioux Falls, SD

Senator Sherrod Brown (D-OH), co-chair with Senator Orrin Hatch (R-UT), made several remarks, including these comments:

We've made real progress already. **This will be our fourth meeting and we have three more hearings scheduled.** In addition, we have assembled a committee staff made up of top people from the Pension Benefit Guarantee Corporation and the Department of Labor.

The staff are working to provide us with the critical technical information the members of this Committee require, and deepening and broadening their expertise on the subject. In June alone we are convening a dozen staff briefings, half of which have already taken place.

We've received hundreds of comments online at pensions.senate.gov. In fact, one of our witnesses today came to our attention when he wrote in to the Committee.

As I said, we will hold two more hearings here in D.C., and one more in the field, where the workers and businesspeople and retirees will have the chance to weigh in.

And then by the end of July, it will be time to take what we have learned through this process, and get serious about negotiating a bipartisan solution. That is what it will take to address the problem. We all have to put our talking points and biases aside and take what we are learning to craft a bipartisan solution. Senator Hatch and I intend to do just that.

Senator Rob Portman (R-OH) also questioned witness, Ms. Alicia Wong, Executive Director of Retirement Policy, U.S. Chamber of Commerce, on multiemployer pension concerns and issued a statement. He expressed concern how the pending insolvency of the Pension Benefit Guarantee Corporation (PBGC) could harm employers in the Central States Pension Fund and "result in contagion across the multiemployer system if the Committee fails to pass proactive reforms to address the immediate crisis."

HOUSE COMMITTEE ON HOMELAND SECURITY

On July 9, the House Committee on Homeland Security, Subcommittee on Emergency Preparedness, Response and Communications, will hold a hearing on school security. The field hearing, entitled, "Protecting Our Future: Addressing School Security Challenges in America," will be held at the New Jersey Institute of Technology, Newark, NJ. The Subcommittee members will have the opportunity to hear from federal, state, and local witnesses on current and proposed efforts to enhance school security.

TAX REFORM 2.0

Chairman Kevin Brady, House Ways and Means Committee, was interviewed by The Washington Post on June 26 on the timeline for the next phase of tax reform. In his remarks, Chairman Brady mentioned that additional work needs to be considered on retirement security issues, including "Rothification" and streamlining retirement offerings. He mentioned that the Ways and Means Committee will circulate a draft to House Republicans after the July break. Then, he will spend the month listening to House colleagues to see what they want in Tax Reform 2.0. A legislative outline may be released in early August, with a House vote in the fall depending on when leadership wants to schedule it. Chairman Brady said that he does not see this as one bill, rather it will be a package of 2, 3, or 4, with "permanency" of the changes being a part of them.

With respect to retirement savings issues, Chairman Brady said that while the House had completed a lot of work on these issues, the Senate ideas need to be aligned. He thinks that Americans can do more to save for retirement earlier in their career. He wants to keep the tax code fresh and more competitive each year. The House's job is to send a complete package to the Senate; however, the reconciliation instructions will not be available to the Senate this time. The House, he believes, will move forward and it will be up to Senate President McConnell to decide the timeline for Senate action.

SERS was very active during Tax Reform 1.0 to make sure that the Ohio delegation and leadership in the House and Senate understood your concerns with the Rothification. We also must be aware that the House could resurrect the idea of streamlining retirement saving vehicles and bring the Unrelated Business Income Tax (UBIT) up again. UBIT was considered a “pay-for” in the first bill. **We must be on guard to prevent UBIT, Rothification and streamlining ideas from making it into Tax Reform 2.0.**

SENATE COMMITTEE

In response to a hearing on H.R. 4015, known as the “Corporate Governance Reform” bill, SERS sent a letter to Chairman Michael Crapo (R-ID), Chairman, Senate Banking, Housing and Urban Affairs Committee and Ranking Member, Senator Sherrod Brown (D-OH), from Executive Director Richard Stensrud on July 2. In his letter, Executive Director Stensrud said:

If passed in its current form, HR 4015 would impose burdensome regulations on proxy advisory firms to the detriment of institutional investors, making it difficult and more costly for shareholders like SERS to work with a proxy advisory firm to implement our custom proxy voting policy. We are very concerned that passage of this bill would mean that SERS could not fulfill its fiduciary duty to vote proxies in a way that enhances the long-term value of our fund’s investment in public companies. If proxy advisory firms are subject to additional federal regulations we anticipate seeing higher costs for the services they provide, less competition in the marketplace, and a shortened window of time to review proxy issues before they are brought to a vote at companies’ annual meetings.

The Committee met on June 28 for a hearing entitled, “Legislative Proposals to Examine Corporate Governance.” The witnesses were **Mr. Thomas Quadman**, Executive Vice President, U.S. Chamber Center of Capital Markets Competitiveness; **Ms. Darla C. Stuckey**, President and CEO, Society for Corporate Governance; **Professor John C. Coates, IV**, John F. Cogan, Jr. Professor of Law and Economics, Harvard Law School; and **Mr. Damon A. Silvers**, Policy Director and Special Counsel, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). During questioning by members of the Committee, **the witnesses were asked to speak on the potential conflicts of interest with proxy advisory firms, the quality of the proxy voting research that is provided to investors, and whether the firms have undue influence on proxy voting.**

The SERS letter was shared with Senator Rob Portman’s (R-OH) legislative staff, and majority and minority Committee staff. While Senator Portman does not serve on this Committee, if the bill makes its way to the Senate floor, we want Senator Portman to understand SERS’ concerns. OPERS and STRS also sent letters to the Chairman, Senator Brown and Committee staff.

PEPTA

H.R. 6290, the Public Employee Pension Transparency Act (PEPTA), was reintroduced by Rep. Devin Nunes (R-CA) on June 28. The bill would “amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.” Three Republican co-sponsors have signed on to the bill: two members from California and one from Utah. There are no Ohio co-sponsors at present. The bill has been referred to the House Committee on Ways and Means. Representatives Jim Renacci (R-OH) and Brad Wenstrup (R-OH) serve on Ways and Means. The bill’s text is not available yet on Thomas.gov.

Executive Director Richard Stensrud signed a letter which was mailed to the Ohio House and Senate delegation members, expressing SERS’ opposition to the bill. We also distributed the electronic version of the letter to all the delegation offices, our peers in Ohio and national organizations that are also opposed, including NASRA, NCTR and NCPERS. Colorado PERA also sent a letter from Interim Executive Director Ron Baker. Delegation staff members understand the concerns SERS has with the bill. SERS also prepared a summary of expenses that have been incurred as it meets the standards required under Ohio law, the requirements of the Ohio Retirement Study Council, and governmental accounting principles. **In the past three years, SERS has paid approximately \$2.6 million to provide transparent reporting and disclosure of its assets and liabilities. We will maintain a vigorous opposition strategy if the Ways and Means Committee holds a hearing on the bill.**

Rep. Nunes has introduced similar versions at least three other times and those bills did not advance. In a previous version, the legislative summary included this description:

Public pension accounting should ideally provide citizens and government officials with a sense of how indebted taxpayers are to state and local government employees. However, the government accounting standards currently used allow states to use procedures that severely understate their liabilities.

SERS WRAPAROUND PLAN

On June 25, the HHS/Centers for Medicare & Medicaid Services (CMS) posted the OBM-approved reporting form. I have included the link below:

<https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Limited-Wraparound-Coverage-Qs-Instructions.pdf>

According to the Notice, Plan Sponsors must fill out and file the Form within the later of 60 days after final publication of this Form or 60 days after the first day of the first plan year that Limited Wraparound Coverage is first offered. According to CMS, the Reporting Form for Plan Sponsors Offering Limited Wraparound Coverage (the “Form”) is to be “used by Plan Sponsors of Limited Wraparound Coverage to satisfy the reporting requirement that must be met for the Limited Wraparound Coverage to qualify as an excepted benefit under the Employee Retirement Income Security Act of 1974 (ERISA), the Internal Revenue Code, and the Public Health Service Act.”

In our discussions with career staff members who work at the DOL, IRS, and HHS/CMS, they said that they will be reviewing the data that is submitted on the Form and make a recommendation to their superiors. **The executive-level political appointees, which may even include the Secretary of HHS, Alex Azar, will determine whether to extend the rules for limited wraparound programs. SERS of Ohio will submit the Form and include the data on your program.**

We notified the Public Sector HealthCare Roundtable, SALGBA, BCBS, AFSCME, Teamsters, AFL-CIO, AHIP, American Benefits Council, and our peers that the Form had been published. We asked that they notify their members and associates that the deadline for submissions has commenced. The deadline for the “later of 60 days after final publication of the Form” is August 25, 2018.

12th CONGRESSIONAL DISTRICT

Melanie Leneghan has continued to question the result of the May 8 Congressional primary. In a recent complaint filed in the Ohio Supreme Court, Ms. Lenaghan claims that Muskingum County election officials “fraudulently interfered” when they unsealed and “tampered with” paper ballots at least two days before the primary election recount. She has asked the Supreme Court to order election officials to amend the outcome and remove the fraudulent votes, or order a new election in Muskingum County.

FEDERAL COMMISSION ON SCHOOL SAFETY

Two more events were held in June by the Commission on School Safety. On June 20, the press release from the Commission said that it hoped to “gain more insight into how entertainment, media, cyberbullying and social media may affect violence and student safety,” during the meeting on June 21.

On June 26, the Commission held its second listening session in Lexington, KY. The session was divided into three sessions, which included two roundtable discussions between Commission members and state and local government representatives. The last session provided an opportunity for the general public to comment on ideas to improve school safety.

FINANCIAL REGULATORY REFORM

On June 7, the House Committee on Financial Services voted 34-22 on H.R. 5756, a bill to require that the Securities and Exchange Commission adjust certain resubmission thresholds for shareholder proposals. Rep. Steve Stivers (R-OH) voted in favor of the bill. Rep. Joyce Beatty (D-OH) was not able to vote due to reported eye surgery. All Democrats on the Committee voted against the markup and all Republicans supported the bill.

The bill would direct the SEC to revise Rule 14a-8(c)(12) to allow a company to exclude a shareholder proposal that focuses on substantially the same subject matter as a prior proposal that failed to receive at least six percent (6%) of the vote on its first submission, fifteen percent (15%) on the second submission, and thirty percent (30%) on the third submission. The bill will move to the full House for consideration.

In mid-June, the Board of Governors for the Federal Reserve, the FDIC, and the Office of the Comptroller of the Currency each issued a Notice of Proposed Rulemaking which proposed a number of changes to the Volcker Rule's proprietary trading restrictions, a new tiered system of compliance, and a streamlined set of compliance metrics. There are 71 questions that have been posed for public comment.

HEALTH CARE

The Trump Administration has entered a court case that could allow a limitation on covering pre-existing conditions for individuals. In a Texas district court filing in June, the Administration argued that required coverage for pre-existing conditions should be ruled unconstitutional.

On June 19, the Administration rolled out a new rule for small businesses and the self-employed to purchase less expensive health insurance plans. The new rule will allow small businesses and people who are self-employed to band together and buy lower-cost health insurance policies. Critics of the idea have expressed concern that the policies will not include treatment for mental health issues, maternity and newborn coverage, or adequate prescription drug coverage. Other policy experts believe that this rule will give people less expensive healthcare options. The rule is expected to take effect as early as September.

At the end of June, Amazon acquired the online pharmacy, PillPack, for almost \$1 billion, another step in Amazon's effort to address health care costs. You will recall that three companies, Amazon, Berkshire Hathaway and J.P. Morgan announced that they were working together on a joint healthcare venture. PillPack is licensed to operate in all 50 states and provides its customers with the ability to receive medication in pre-made packs to simplify doses. **On June 20, Dr. Atul Gawande was named the CEO of the joint venture.** The three large organizations have banded together to use their entrepreneurial insights to provide a positive impact on the health care industry and bring a fresh approach to lowering costs.

There are no Ohio co-sponsors for H.R. 5963, the "Health Insurance Premium Reduction Act," as of July 4, to delay the reimposition of the Health Insurance Tax (HIT) annual fee on health insurance providers until after 2020. The legislation was introduced on May 24 by Rep. Kristi Noem (R-SD) to suspend the HIT. SERS is one of the providers that is subject to the tax in 2018.

PUBLIC SECTOR HEALTHCARE ROUNDTABLE LEGISLATIVE FORUM

The Public Sector HealthCare Roundtable (Roundtable) convened its first Legislative Forum, on Monday through Tuesday, June 11-12 in Washington, D.C. Tom Lussier, the administrator of the Roundtable, welcomed SERS senior staff members, including Laurel Johnson, Anne Jewel and Christi Pepe, that evening. I also attended the Forum. During dinner, we heard from former Congresswoman Allyson Schwartz, who is now the President and CEO of the Better Medicare Alliance.

Because the Forum was beginning on Monday evening, I scheduled eight Ohio delegation office visits earlier on Monday. As soon as we landed and dropped off our luggage, we headed to the Hill for visits. During the rest of the afternoon, SERS staff members and I met with legislative aides from the offices of Senator Sherrod Brown, Representatives Latta, Johnson, Wenstrup, Chabot, Stivers, Renacci, and Gibbs. On Tuesday, we met with staff from Senator Portman's office.

Our discussion centered around health care topics, including the priority for continuing the SERS' Wraparound Program; SERS' Pharmacy Detail Data 2014-2017; distribution of the Roundtable's 2018 Specialty Pharmacy Survey; and an update on SERS' legislative issues and concerns. Packets of information were distributed to each staff member, which provided the necessary details on

health care and pension topics. I appreciated the opportunity to coordinate these meetings for SERS. The SERS team does an excellent job discussing the priorities for the Fund and preparing for the visits. Due to the long list of appointments on Monday, it was helpful to have enough people to divide up and handle appointments that were running behind due to delegation matters.

We also scheduled a significant conference call on Tuesday afternoon with staff members from HHS/CMS/CCIIO (Center for Consumer Information and Insurance Oversight); Department of Labor/EBSA and Treasury/IRS representatives. Anne Jewel, former director of Health Care, was able to review the timeline for the Wraparound Plan's remaining 18 months under the pilot program. She explained the sense of urgency for SERS to know whether the regulatory agencies would consider extending the program. James Mayhew, the point person for CCIIO (and one of the career staffers who helped draft the Wraparound rules) told us that once the data from the reporting form has been analyzed, the agencies (with HHS/CMS in the lead role), would be in a position to make a recommendation to high-level appointees.

PRESCRIPTION DRUGS

The Senate Committee on the Judiciary voted out S. 974, the "Creating and Restoring Equal Access to Equivalent Samples, or CREATES Act," on June 21 with an amendment which is in the nature of a substitute bill. The bipartisan bill would stop drug companies from delaying the introduction of less expensive generic drugs into the marketplace. The bill will be placed on the Senate Legislative Calendar.

SOCIAL SECURITY

Every month I provide an update on H.R. 1205, the "Social Security Fairness Act of 2017," which repeals GPO and WEP. The bill now has 185 co-sponsors as of July 2. There are still seven representatives from Ohio who are co-sponsors: Representatives Michael Turner (R-OH), David Joyce (R-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH), Marcia Fudge (D-OH), Steve Stivers (R-OH) and Marcy Kaptur (D-OH). The bill was referred to the House Ways and Means Subcommittee on Social Security on March 6, 2017 and has not advanced.

I have also reported on legislation introduced by Senator Sherrod Brown (D-OH), S. 915, on April 24, 2017, the Senate version of the "Social Security Fairness Act of 2017," a bill to amend Title II of the Social Security Act and repeal GPO and WEP. There are still 25 cosponsors of the bill as of July 2 but Senator Rob Portman (R-OH) is not one of them. The bill has not advanced out of Committee.

Chairman Kevin Brady (R-TX) has not introduced legislation to repeal the WEP. During our meetings in June, we asked delegation staff members in the offices of Reps. Renacci and Wenstrup, who serve on Ways and Means, if they had heard any news. They had not. It is our understanding that Chairman Brady will not move forward unless he feels that all stakeholder groups are in alliance with the proposed formula, timeline for phasing in the new WEP calculation and rebate.

RETIREMENT SECURITY

As of July 2, Reps. Bob Gibbs (R-OH), Bob Latta (R-OH) and Michael Turner (R-OH) have become co-sponsors of H.R. 5282, which is the companion bill to S. 2526, the "Retirement Enhancement and Savings Act of 2018, or RESA," a bill introduced in March by Senator Orrin Hatch (R-UT). Senator Ron Wyden (D-OR) is the only co-sponsor, on the bill to amend the "Internal Revenue Code of 1986 to encourage retirement savings, and for other purposes." Senators Portman and Brown have not become co-sponsors.

SECURITIES AND EXCHANGE COMMISSION (SEC)

On June 29, Chairman Jay Clayton invited investors from across the country to "tell us" about their investor experiences in a series of roundtable discussions. Four discussions are scheduled: Miami on July 9; Washington, D.C. on July 12; Philadelphia on July 17; and Denver on July 25. The Commission would like to hear from retail investors about their relationship with their investment professionals and hear their views on the Commission's rules.

The SEC is seeking public comment on their proposed strategic plan, which focuses on investors, innovation and performance. On June 19, the SEC released its draft plan to guide the SEC' priorities from FY 2018 through FY 2022. To comment, emails should be sent to: PerformancePlanning@sec.gov

At the June 28 open meeting, the SEC approved final and proposed rules. A proposal to amend the rules that govern the Commission's whistleblower program was adopted. The public comment period is open for 60 days following publication in the Federal Register. Chairman Clayton has also expressed concerns with cyber security disclosures at public companies.

REPORTS

In late June, the Center for State and Local Government Excellence (CSLGE) reported that local governments are working hard to fill the gaps as employees reach retirement age. In a 2018 survey, CSLGE reported that HR professionals are concerned about the present and future government workforce. The survey results show that public retirement is substantially higher for employees, and the share of retirement-eligible employees postponing their retirement has fallen by more than half. www.slge.org

OTHER MATTERS OF INTEREST

Senators Sherrod Brown (D-OH) and Amy Klobuchar (D-MN) introduced a bill, S. 3090, the "SAVE VOTERS Act," on June 19 to protect voters from being purged from states' voting rolls. The bill was introduced due to the recent U.S. Supreme Court 5-4 decision upholding Ohio's plan to purge voters who have not voted in several federal elections and not returned a voter address registration form. A companion bill has been introduced in the House, H.R. 6122. There are no Ohio co-sponsors yet on the House bill.

Moody's Investor Services downgraded the state of New Mexico's general obligation bonds due to the state's "extremely large pension liabilities," as reported in P&I magazine on June 20.

On June 21, the Trump Administration announced a plan to reorganize the federal government. The proposal contains recommendations to privatize the Postal Service, combine the Department of Education and Labor into a new agency called the Department of Education and Workforce (DEW), create a government-wide public-private partnership office to improve services to citizens, reorganize safety-net programs into a Department of Health and Public Welfare, relocate staff and offices outside of the capital region, shrink the Office of Personnel Management, and revamp the Army Corp of Engineers.

ACTIVITIES:

1. Sent out emails and made calls to finalize appointments for the June 11-12 trip to Washington, D.C. Followed up with legislative staff members to respond to their questions.
2. Sent out emails to organizations on the June publication of the Wraparound Reporting Form and asked them to educate their members about the deadline.
3. Participated in the monthly call with the Government Relations Network members to discuss federal and state issues that impact public pensions.
4. Monitored bills relating to public pensions, health care, prescription drugs and Social Security.
5. Reviewed bills that were introduced by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
6. Made calls and sent/responded to emails with representatives from SERS.
7. Monitored relevant House and Senate Committee hearings, particularly when an Ohio delegation member serves on the Committee or Subcommittee.
8. Reviewed public notices or proposed rules from the SEC, Education, HHS/CMS and OMB for the Wraparound reporting form.
9. Monitored organizations, such as the Social Security Administration, ABC, AARP and other entities that have policies on pension, investment, and/or health-related issues.
10. Reviewed reports and newsletters from organizations such as CII, ICGN, NASRA, NCTR, NCPERS, and the Public Sector HealthCare Roundtable.
11. Prepared the monthly Federal Update for SERS.

2019 DENTAL PREMIUMS UPDATE

Executive Director reported that SERS' Health Care department was recently notified that Delta Dental will maintain 2018 member premium rates through calendar year 2019. Mr. Stensrud stated that during the June meeting, the Board approved a 1% increase in the dental premium for 2019. The attached resolution amends the 2019 Delta Dental rates to reflect no increase from 2018.

APPROVAL OF 2019 REVISED DENTAL PREMIUMS

Catherine Moss moved and Beverly Woolridge seconded to approve the revised 2019 dental premiums as described in Appendix A. The premiums are effective January 1, 2019. The dental premiums described in Appendix A replace the 2019 premiums initially approved by the Board on June 21, 2018. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

Appendix A

2019 Delta Dental Premium	
Benefit Recipient	\$27.81
Benefit Recipient and one dependent	\$55.62
Benefit Recipient and two or more dependents	\$83.70

SMART BUDGET EXTENSION

On June 16, 2011 the Board approved a four-year \$29 million dollar budget for replacement of the MARS system (now known as the SMART Project) covering fiscal years 2012 through 2015. On June 18, 2015, the Board approved use of the \$29 million dollars to cover an extension of the SMART Project until January 31, 2017. On December 15, 2016, the Board approved use of the \$29 million dollars to cover an extension of the SMART project until June 30, 2018. On July 19, 2018, staff discussed with the Board the need to extend the SMART Project until September 30, 2018. No extra money will be necessary for the extension, as the \$29 million dollars previously approved will cover the costs for the SMART Project through September 30, 2018.

Hugh Garside moved and Christine Holland seconded to authorize the use of the \$29 million dollars previously approved by the Board on June 16, 2011, June 18, 2015 and December 15, 2016 to cover an extension of the SMART Project until September 30, 2018. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES

SERS' Legal Department discussed the following Administrative Rules for Board approval.

I. Approval to file with JCARR the following proposed amended rules:

- **3309-1-08 Allowances – date payable.**

This rule is being amended to help prevent benefits from being incorrectly paid and to ensure that important information reaches retirees and benefit recipients. Ensuring that benefit payments and important correspondence are reaching SERS retirees and benefit recipients is a priority. In turn, returned mail could indicate that a retiree or benefit recipient has passed away.

This rule provides that monthly benefit payments shall be paid on the first day of the month due and identifies situations when the system may suspend payments. Amendments have been proposed to provide that benefit payments will be suspended if mail is returned to the system as undeliverable, and the benefit recipient has not provided an updated address to SERS within 30 days.

- **3309-1-54 Purchase of service credit with amounts designated as picked-up contributions.**

This rule is being amended to reflect that effective January 1, 2019 SERS will no longer accept pre-tax, picked-up payroll deductions for the purchase of service credit. This change is due to the Internal Revenue Service's revised position on such programs.

The amendments provide that SERS will continue to accept pre-tax payroll deduction plans until January 1, 2019. Any payroll deduction purchase plan received on or after January 1, 2019 must be on a post-tax basis. Additional amendments have been made that update and clarify the procedure and rules for payroll deduction purchase plans under SERS. The title of the rule has also been changed.

- **3309-1-58 Retirement of member pursuant to section 3309.343 of the Revised Code.**

This rule is being amended to clarify the circumstances under which a member is considered to hold multiple positions at the time of retirement. Under R.C. 3309.343, a member who holds multiple positions at the time of retirement may retire from their higher paying position and continue working the lower paying position(s). If the member satisfies the criteria of R.C. 3309.343, the member is not subject to the forfeiture provisions of R.C. 3309.341 that apply to a retiree who begins employment within the first two months of retirement.

This rule sets forth definitions for various terms used in R.C. 3309.343 and the rule, and addresses the application process when the higher paying active position from which a member is retiring is a SERS position. The definition of "active position" has been amended to identify a time period of one month before retirement to be the time frame in which contributing service must have occurred. Thus to hold multiple positions at the time of retirement, a member must have worked both (or all) positions in the month prior to retirement. Paragraph (D) has been amended to clarify that if a person who retires under R.C. 3309.343 begins employment (as opposed to continues employment) after the member's retirement date, R.C. 3309.341 and its forfeiture provisions will apply.

Concluding discussion, the Board approved the following:

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-08 Payment of benefits and allowances.

Catherine Moss moved and Christine Holland seconded that proposed amended rule 3309-1-08, be filed as a regular rule with JCARR as discussed. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

3309-1-08 Payment of benefits and allowances.

- (A) Effective July 1, 1953 all annuities, retirement allowances, and benefits provided by law and payable in monthly installments shall be due and payable in full on the first day of the month.
- (B) All annuities, retirement allowances, and benefits shall be paid on the first day of the month due.
- (C) The retirement system may suspend any annuity, retirement allowance or benefit under the following circumstances:
 - ~~(1)~~ If# the system has good cause to believe either of the following:
 - ~~(1)~~ (a) That a retirant or benefit recipient may be incapacitated, and no other person has authority to act or receive payment on the retirant or benefit recipient's behalf; or
 - ~~(2)~~ (b) That a retirant or benefit recipient is deceased or missing.
 - (2) If correspondence sent to the most recent mailing address provided by a retirant or benefit recipient is returned to the system as undeliverable and the system does not receive an updated mailing address within thirty days of receipt of the undeliverable correspondence.

HISTORY: 3/30/15, 1/7/13, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.341, 3309.35, 3309.36, 3309.381, 3309.40, 3309.401, 3309.45, 3309.46
Review Date: 2/1/19

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-54 Purchase of service credit with amounts designated as picked-up contributions.

Barbra Phillips moved and Hugh Garside seconded that proposed amended rule 3309-1-54, be filed as a regular rule with JCARR as discussed. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

3309-1-54 Purchase of service credit by payroll deduction with amounts designated as picked-up contributions.

(A) (A) A member of the school employees retirement system may purchase service credit by payroll deduction with amounts designated by the member's employer as picked-up contributions under a plan which is in compliance with section 414(h)(2) of the Internal Revenue Code pursuant to agency-level 3309 of the Administrative Code and section 3309.021, 3309.022, 3309.26, 3309.261, 3309.301, 3309.31, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code.

- (1) Payroll deduction purchase plans received before January 1, 2019, and whose starting date is before January 1, 2019, shall be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code of 1986, 26 U.S.C. 414(h)(2).

Prior to the purchase of service credit with amounts designated as picked-up contributions, the member's employer shall have adopted and filed with the retirement system a resolution authorizing the purchase of service credit for its employees by payroll deduction with amounts designated as picked-up and paid to the retirement system by the employer.

(2) Payroll deduction purchase plans with a starting date on or after January 1, 2019 may not be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code.

(B)

- (1) Upon a member's request to purchase service credit ~~with amounts designated as picked-up contributions~~, the retirement system shall prepare and forward to the member payroll deduction purchase plan documents, which shall include a cost estimate and a payroll deduction authorization form. The payroll deduction authorization form shall ~~which sets set~~ forth:

(a) The type and amount of service to be purchased;

(b) The employer's payroll cycle;

(c) The number of ~~months over payments in~~ months in which the service is to be purchased ~~including the month of commencement and termination~~; and

(~~e~~)(d) The amount of each ~~monthly~~ payment; and

(e) The starting date of the payments.

(2)

(a) The member shall complete and sign the employee portion of the payroll deduction authorization form and forward it to the member's employer;

~~(3)(b)~~ The payroll officer of the member's employer shall complete the employer's portion of the payroll deduction authorization form; and ~~return the form to the retirement system.~~

(c) The retirement system must receive the completed authorization form and first payment before the expiration of the cost estimate.

~~(4)(C)~~

(1) A separate payroll deduction authorization form shall be completed for each separate type of service credit to be purchased;

(2) Only one service credit purchase plan at a time may be in place for each separate type of service credit;

(3) The maximum number of months over which service may be purchased under a payroll deduction purchase plan shall be one hundred and twenty;

(4) The allocation of each payment toward interest and purchase of service credit shall be uniform for the period of the payroll deduction purchase plan;

(5) If a payroll deduction purchase plan is terminated early, the member shall be granted service credit based on the total amount allocated toward the purchase of service that was remitted to the retirement system under the payroll deduction purchase plan.

~~(C)(D)~~

(1) The employer shall begin payroll deduction ~~in on~~ the starting date ~~month~~ set forth on the payroll deduction authorization form.

~~(2) The employer shall remit the amounts withheld and designated as picked up contributions directly to the retirement system on a monthly the employer's payroll cycle basis; accompanied by a report that identifies the members for which amounts are being remitted by name and social security number.~~

(3) Notwithstanding paragraph (E)(2) or (F)(2) of this rule, if a completed payroll deduction authorization form is returned to the retirement system, but at any point thereafter the employer fails to remit the amounts to be withheld to the retirement system for three consecutive months, the retirement system shall terminate the payroll deduction purchase plan.

~~(D)~~

~~(1) Upon request from the public employees retirement system or the state teachers retirement system, the school employees retirement system shall calculate and certify to the requesting system the cost to a former member to restore service credit under section 3309.26 of the Revised Code, plus interest, for each year or portion of a year for which the member seeks to purchase service credit.~~

~~(2) Upon receipt of payments transferred pursuant to section 145.311 or 3307.711 of the Revised Code, the school employees retirement system shall restore the former member's service credit for which payment is transferred.~~

(E) When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(1) of this rule:

(1) ~~A~~The member ~~who is purchasing service credit pursuant to this rule~~ cannot:

(a) Decrease or increase the amount of the payroll deduction;

(b) Terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form;
or

(c) Make a direct payment to the retirement system to purchase the service credit.

(2) The member's employer shall not decrease, increase, or terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form.

~~(3) Notwithstanding paragraph (E)(2) of this rule, if an employer returns a payroll deduction authorization form to the retirement system, but at any point thereafter fails to remit the amounts to be withheld to the retirement system for three consecutive months, the retirement system shall terminate the service credit purchase. In the event of termination under this paragraph, the member shall be granted service credit based on the total amount that was remitted to the system under the payroll deduction plan.~~

(F) When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(2) of this rule:

(1) The member can:

(a) Terminate a payroll deduction plan at any time by providing written notice to the member's employer and by notifying the retirement system;

(b) Make a direct payment to the retirement system to purchase the remaining service credit. To purchase the remainder of service credit, the member must first terminate the payroll deduction purchase plan and then submit a request to the retirement system for a statement of the balance due.

(2) The member's employer shall not decrease, increase, or terminate the payroll deduction purchase plan unless the member has terminated the payroll deduction purchase plan, terminated employment, or purchased all of the service credit set forth in the payroll deduction authorization form.

(G) A member who has had one or more prior payroll deduction purchase plans for a type of service credit may establish a new payroll deduction purchase plan for the same type of service credit. The new plan's commencement date must be six or more months after the first deduction under the most recent payroll deduction purchase plan for the same type of credit.

(H) Upon receipt of payments transferred pursuant to section 145.311 or 3307.711 of the Revised Code, the school employees retirement system shall restore the former member's service credit for which payment is transferred.

HISTORY: 4/6/17, 8/13/15, 3/8/13, 1/7/13 (Emer.), 5/3/02, 2/11/02, 11/19/01 (Emer.), 5/2/01, 2/11/00, 11/1/97

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.021, 3309.022, 3309.26, 3309.261, 3309.262, 3309.27, 3309.301, 3309.31, 3309.35, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, 3309.75

Review Date: 2/1/22

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-58 Retirement of member pursuant to section 3309.343 of the Revised Code.

Catherine Moss moved and Beverly Woolridge seconded that proposed amended rule 3309-1-58, be filed as a regular rule with JCARR as discussed. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

3309-1-58 Retirement of member pursuant to section 3309.343 of the Revised Code.

(A) For purposes of section 3309.343 of the Revised Code and this rule:

- (1) "Active position" means a position [a member worked in the month before retirement and](#) for which contributions were being received by a state retirement system at the time of retirement pursuant to section 3309.343 of the Revised Code.
- (2) "SERS annual compensation" means a member's compensation for an active position reported by an employer to the school employees retirement system for the most recent twelve-month period. If the compensation has been reported for less than a twelve-month period, the system shall convert the compensation to an annual basis.
- (3) "Other retirement system annual compensation" means a member's annual earnable salary or compensation for an active position as certified to this system by the public employees retirement system or the state teachers retirement system.
- (4) "Highest annual compensation" means the highest of the SERS annual compensation or the other retirement system annual compensation for an active position.
- (5) "Position" means employment for which a member is covered and contributes to a state retirement system.
- (6) "State retirement system" means the school employees retirement system, the public employees retirement system or the state teachers retirement system.
- (7) "Other retirement system" means the public employees retirement system or the state teachers retirement system.

(B)

- (1) When a member holds more than one active position in this system, no active positions in an other retirement system, and is electing to take a retirement benefit pursuant to section 3309.343 of the Revised Code, the member shall:
 - (a) Apply for a benefit pursuant to section 3309.35, 3309.36, or 3309.46 of the Revised Code, for the active position which has the highest SERS annual compensation; and
 - (b) Select which other active position or positions upon which the member shall continue to contribute to this system.
- (2) In computing the benefit described in paragraph (B)(1) of this rule all service credit in this system shall be used.

(C)

- (1) When a member holds one or more active positions in this system and one or more active

positions in an other retirement system, and the active position which has the highest annual compensation is in this system, the member shall:

- (a) Apply for a benefit pursuant to section 3309.35, 3309.36, or 3309.46 of the Revised Code, for the active position which has the highest annual compensation; and
- (b) Select which other active position or positions upon which the member shall continue to contribute to this system or to an other retirement system.

(2) In computing the benefit described in paragraph (C)(1) of this rule, all service credit in any state retirement system shall be used.

- (D) Employment in any position covered by this system [that begins](#) subsequent to the effective retirement benefit date under section 3309.343 of the Revised Code shall be subject to section 3309.341 of the Revised Code, and rule 3309-1-50 of the Administrative Code.

HISTORY: 7/10/16, 5/11/06, 5/2/01

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.343
Review Date: 2/1/21

INFORMATION SECURITY UPDATE

Dale Robertson, SERS' Information Security and Privacy Officer, and Sean Thomas, Senior Information Security Analyst, provided the Board with an update on SERS' Information Security Program.

The mission of SERS' Information Security Program is "to protect organizational data from accidental or intentional harm and keep vital information resources operational." The program monitors and implements continuous improvements in five areas: cyber hygiene (safeguards and good practices), threat detection, employee behavior, incident response, and third-party assurance.

Notable FY2018 accomplishments included a reduction in the number of administrators in specific roles; automation of security event identification and escalation processes; continued quarterly phishing email exercises; completion of the annual incident response and annual Corporate Emergency Preparedness Plan (CEPP) tabletop exercises; a redesign of the CEPP manual to support the program's realignment; and an annual HIPAA-compliance review of third-party relationships involving the exchange of protected health information (PHI).

Goals for FY2019 include implementing multi-factor authentication for remote system access; standardizing reporting to leadership for key threats; targeted employee training; conducting annual organizational awareness training; evaluating the current disaster recovery platform and developing a roadmap; and collaborating with SERS' Legal staff to standardize criteria for new third-party agreements.

The Board thanked Mr. Robertson and Mr. Thomas for their presentation.

ELECTION OF EMPLOYEE MEMBERS TO THE RETIREMENT BOARD

Beverly Woolridge moved and Barbra Phillips seconded that the following resolution be adopted: Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of two employee members of the Retirement Board for the term beginning July 1, 2019 and ending June 30, 2023, shall be as provided herewith:

Any member of the Retirement System, other than a disability recipient, shall be eligible for election and the name of any member who is nominated by a petition, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petitions shall be signed by at least five hundred (500) members of the Retirement System of which there shall be not less than twenty (20) signers each from at least ten (10) counties wherein such members are employed; shall indicate the employer and county of employment of each signing member; shall be signed on or after September 7, 2018; and the original petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 7, 2018.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 4, 2019.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 5, 2019, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedure.

ELECTION OF RETIREE MEMBER TO THE RETIREMENT BOARD

Catherine Moss moved and Beverly Woolridge seconded that the following resolution be adopted: Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

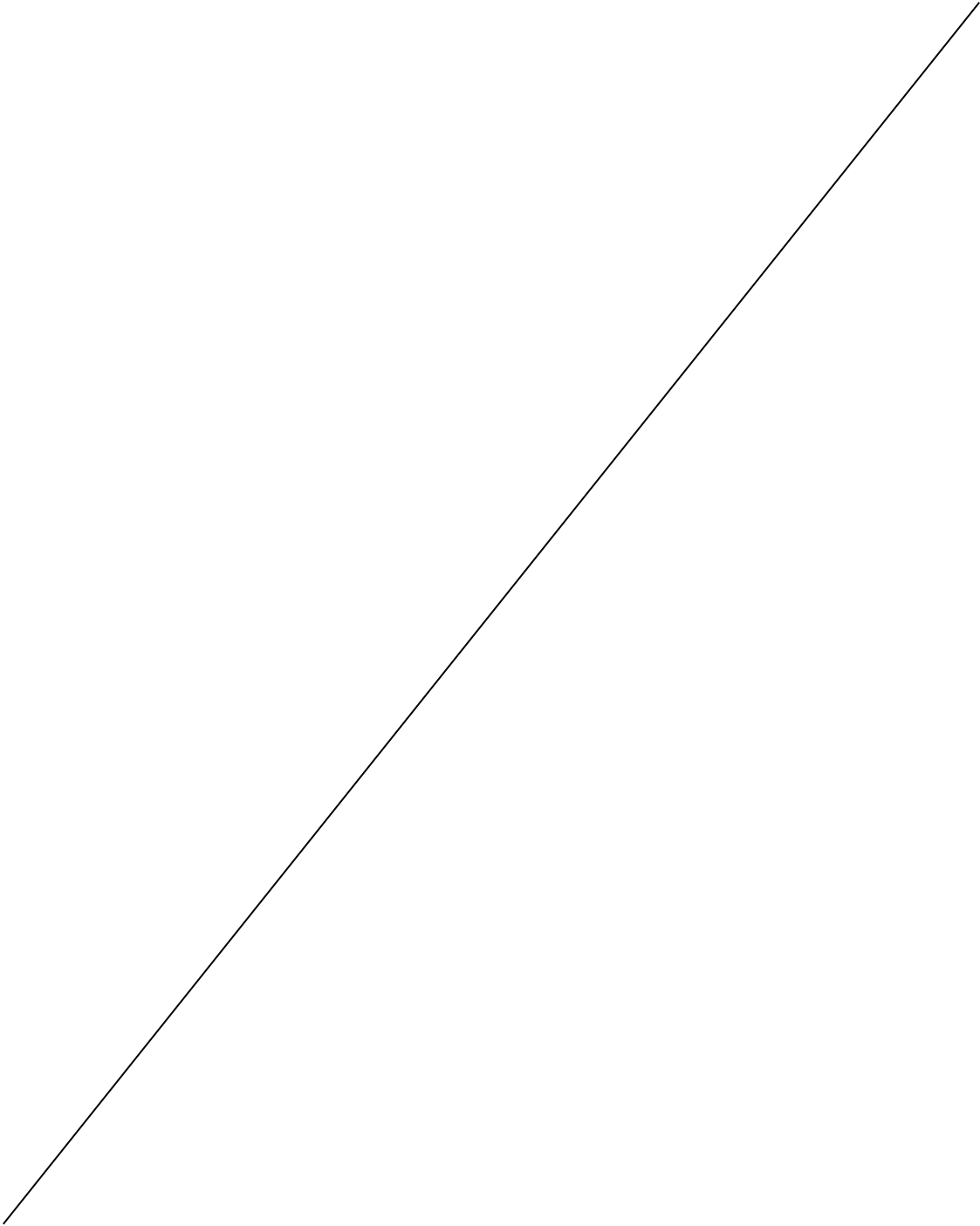
BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of one retired member of the Retirement Board for the term beginning July 1, 2019 and ending June 30, 2023, shall be as provided herewith:

Any service or disability retiree of the Retirement System who is a resident of Ohio shall be eligible for election and the name of any retiree who is nominated by a petition, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petition shall be signed by at least one hundred fifty (150) former members of the Retirement System who are receiving service or disability retirement benefits, of which there shall be not less than ten (10) signers each from at least five (5) Ohio counties, wherein service or disability retirees under this system reside; shall be signed on or after September 7, 2018; and the original petitions, along with the originals of any other completed required forms, shall be on file in the office of the Retirement System no later than 4:30 p.m. EST, December 7, 2018.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 4, 2019.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 5, 2019, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy and procedure.



The Board recessed at 11:17 a.m. and reconvened at 1:30 p.m.

EXECUTIVE SESSION

At 1:30 p.m., Beverly Woolridge moved and Catherine Moss 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: Catherine Moss, Hugh Garside, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

The Board returned to open session at 2:45 p.m.

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

CALENDAR DATES FOR FUTURE BOARD MEETINGS

2018

September 20 and 21 (Thurs. and Fri.)
October 18 and 19 (Thurs. and Fri.)
November 15 and 16 (Thurs. and Fri.)
December 20 and 21 (Thurs. and Fri.)

2019

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

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

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

Executive Director Richard Stensrud continued by reviewing the open and closed information items.

ADJOURNMENT

James Rossler moved that the Board adjourn to meet on Thursday, September 20, 2018 for their regularly scheduled meeting. The meeting adjourned at 2:56 p.m.

James Rossler, Board Chair

Richard Stensrud, Secretary