

March 21, 2019

The nine hundredth and eighteen 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, March 21, 2019. 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, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and Catherine Moss. 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
February 21, 2019**

Barbra Phillips moved and James Haller seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, February 21, 2019. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. Abstain: Catherine Moss and Jeffrey DeLeone. The motion carried.

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

INVESTMENT REPORT

Annual Portfolio Review – Real Assets

Assistant Director of Investments Nancy Turner and Investment Analyst Michael Browning presented the Real Assets portfolio review for 2018. Mr. Browning discussed the implementation guidelines and portfolio characteristics. The portfolio includes private real estate, private infrastructure and public real estate (REITs). Private and public real estate make up 84% of the portfolio while Infrastructure makes up 16% of the total Real Assets portfolio. Mr. Browning then discussed the property type and geographic allocations within the portfolio. Industrial has been the best performing property type for the one, three, five and ten-year periods and continues to have a larger allocation compared to the policy benchmark.

Ms. Turner reviewed annual cash flows and income returns, and performance. One, three and five-year returns exceed the policy benchmark net of fees. The expectations for Real Assets for the remainder of FY2019 are positive, but high valuations will result in moderating return expectations going forward. Following questions and comments, the Board thanked Ms. Turner and Mr. Browning.

Monthly Investment Report

Chief Investment Officer Farouki Majeed discussed the Investment report for the period ending January 31, 2019. The performance report as of February 28, 2019 was distributed to the Board for their information. As of January 31, 2019, the Fund was \$14 billion with a FYTD return of 0.79%. Following questions and answers, the Board thanked Mr. Majeed for the presentation.

Corporate Governance – New Proxy Issues 2019

Enterprise Risk Management Officer Julie Deisler provided an annual update on proxy issues for the 2019 proxy season. There have been no updates to guidelines that the Board developed in 2012. ISS continues to be the proxy voting advisor. This proxy season will see a continued focus on corporate board diversity. Staff also anticipates enhanced reporting on risks of environmental and social issues. Following questions, the Board thanked Ms. Deisler for her presentation.

SUMMARY OF INVESTMENT TRANSACTIONS

Catherine Moss moved and Beverly Woolridge seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **January 1, 2019** through **January 31, 2019** hereby be approved. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 278.0
Non-US Equities	100.8
Fixed Income	368.3
Multi-Asset Strategies	50.0
Private Equity Capital Calls	31.3
Real Asset Capital Calls	2.9
Opportunistic	8.2
Cash Equivalents	368.4

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 318.5	\$ 14.2
Non-US Equities	162.8	(1.4)
Fixed Income	339.9	(0.9)
Multi-Asset Strategies	109.4	15.1
Private Equity distributions	19.9	n/a
Real Asset distributions	11.3	n/a
Opportunistic	17.1	1.1
Cash Equivalents	286.0	n/a

The Board took a break at 10:05 a.m., and reconvened at 10:20 a.m.

EXECUTIVE DIRECTOR'S UPDATE

Ohio Retirement Study Council

Executive Director Richard Stensrud stated that new legislative members of the ORSC have been appointed; they are: Senator Hearcel Craig of Columbus, Representative Jack Cera of Bellaire, and Representative Derek Merrin of Maumee. Staff is currently in the process of arranging appointments to meet with these legislators.

Mr. Stensrud stated that returning members to Council are Senator Kirk Schuring of Canton, Chairman, Senator Jay Hottinger of Newark, and Representative Rick Carfagna of Westerville, Vice Chair.

Mr. Stensrud stated that the March meeting of the ORSC featured a large number of required annual reports, including SERS' actuarial valuation, health care report, and Iran/Sudan divestment activity.

Mr. Stensrud thanked Board members Hugh Garside and Beverly Woolridge for attending the meeting.

Treasurer of State

Mr. Stensrud stated that he recently met with Treasurer Robert Sprague and had a good discussion. The Treasurer is reaching out to all of the Executive Directors to facilitate and establish a strong, collaborative relationship.

Wraparound Advocacy

Mr. Stensrud stated that staff continues to push for an extension of SERS wraparound program. In February, Government Relations Officer Laurel Johnson and SERS Consultant Carol Nolan Drake met with staff from all 18 members of the Ohio delegation. As a result, Representatives Marcy Kaptur and Tim Ryan's offices both submitted appropriations request forms as a placeholder for SERS, for a legislative solution in any must-pass bill.

Mr. Stensrud further stated that Senators Sherrod Brown and Rob Portman will be contacting the three authorizing federal agencies on behalf of SERS to press for a decision.

Stakeholder Meeting

Mr. Stensrud stated that SERS will once again host the annual meeting between SERS and the OASBO Legislative and Finance Committee at noon on April 9. Mr. Stensrud stated that he and staff would be presenting 'state of SERS' information and answering any questions that the Committee members might have.

Joint Trustee Training

Mr. Stensrud stated that SERS General Counsel Joe Marotta and general counsels from the other systems' are beginning to plan the joint trustee training for later this year. Possible dates for this year's training are October 28 or November 4. The training will be hosted by OPERS.

NASRA/NCTR and NIRS conferences

Mr. Stensrud provided highlights from the NASRA/NCTR and NIRS conferences held in Washington, D.C. in February.

Funding Sustainability and Health Care Sustainability Discussion

Mr. Stensrud stated that plans are moving forward, with a target kick off of the initiatives in April.

LEGISLATIVE REPORT

STATE LEGISLATION BOARD REPORT 133rd General Assembly (Prepared by Laurel Johnson as of March 8, 2019)

(From the 132nd GA)

HB572 PERS- DEVELOPMENTAL DISABILITIES SCHOOL EMPLOYEE Gary Scherer (R-Circleville), Stephanie Howse (H11-D-Cleveland) Regarding Public Employees Retirement System service credit for services as a nonteaching school employee of a county board of developmental disabilities. Contained all the systems' legislative clean-ups.

Current Status: 12/21/2018 Signed by Governor; effective 03/22/2019

SB10 THEFT IN OFFICE PENALTIES Steve Wilson (R-Maineville) To expand the penalties for theft in office based on the amount stolen and to include as restitution audit costs of the entity that suffered the loss.

Current Status: 03/05/2019 Senate Government Oversight and Reform, (Second Hearing)

FEDERAL LEGISLATION BOARD REPORT
116th United States Congress
(Prepared by Laurel Johnson as of March 8, 2019)

H.R. 141

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: House - 01/31/2019 Referred to the Subcommittee on Social Security

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 129 co-sponsors; seven Ohioans

H.R. 748

SPONSOR: Rep. Joe Courtney (D-CT)

LAST ACTIONS: House - 01/24/2019 Referred to the House Committee on Ways and Means

CAPTION: Middle Class Health Benefits Tax Repeal Act of 2019

COMMENT: Repeals the health care "Cadillac Tax." 229 co-sponsors; 10 Ohioans

H.R. 1398

SPONSOR: Rep. Ami Bera (D-CA)

LAST ACTIONS: House - 02/27/2019 Referred to the Committee on Ways and Means, and Committee on Energy and Commerce

CAPTION: To delay the reimposition of the annual fee on health insurance providers until after 2021

COMMENT: Delays the health care HIF tax. 17 co-sponsors; one Ohioan

S. 521

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: Senate - 02/14/2019 Referred to Committee on Finance

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. Eight co-sponsors.

S. 684

SPONSOR: Sen. Martin Heinrich (D-NM)

LAST ACTIONS: Senate - 03/06/2019 Referred to the Committee on Finance

CAPTION: To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage

COMMENT: Repeals the health care "Cadillac Tax." 23 co-sponsors; two Ohioans

MEMORANDUM

To: Laurel Johnson, Senior Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: March 7, 2019

Re: Federal Legislative and Regulatory Report

OVERVIEW

Highlights for February and March include: hearings in the House and Senate to address the high cost of prescription drugs and the cost of inaction for multiemployer private sector pensions; a deal was reached to end the federal government shutdown; the declaration by President Trump of a national emergency on the southern border and the reaction of Congress; the Secretary of Treasury's warning to Congress to address the debt ceiling soon; the announcement that the Food and Drug Administrator has submitted his resignation; top bills that are the House Speaker's priorities; and advocacy for the SERS Wraparound Program. **On March 7, Senator Sherrod Brown (D-OH) announced that he will not run for the presidency in 2020.**

The House returned on Tuesday, March 5 and will be in session for twelve days in March. A district work period is scheduled for March 18-22. The House will begin to consider the Trump Administration's budget proposal when it is released. On March 6 and 7, the House Ways and Means Committee held hearings on "[Our Nation's Crumbling Infrastructure And The Need For Immediate Action](#)" and "[Promoting Competition to Lower Medicare Drug Prices](#)." The topics of infrastructure and drug prices will continue to receive attention in the House. On February 12, the House Ways and Means Committee discussed "[The Cost of Rising Prescription Drug Prices](#)." (Links are provided to review the name of the witnesses and any posted testimony).

The House Committee on Education and Labor, Subcommittee on Health, Employment, Labor, and Pensions, held a hearing entitled, "The Cost of Inaction: Why Congress Must Address the Multiemployer Pension Crisis," on Thursday, March 7. Several witnesses testified, including Joshua Shapiro, American Academy of Actuaries; Dr. James Naughton, Kellogg School of Management, Northwestern University; Glenn Spencer, U.S. Chamber of Commerce; Dr. Charles Blahous, Mercatus Center, George Mason University; and Mariah Becker, National Coordinating Committee for Multiemployer Plans (NCCMP).

The Senate returned on March 3. The state work period will run from March 18-22. The Senate Committee on Aging announced two hearings entitled, "[The Complex Web of Prescription Drug Prices, Part I: Patients Struggling with Rising Costs](#)" and "[The Complex Web of Prescription Drug Prices, Part II: Untangling the Web and Paths Forward](#)," on March 6 and 7 respectively. Several nominations for judicial and executive office positions are listed for consideration and possible Senate confirmation during the month of March.

The continuing threat of a partial government shutdown was avoided as lawmakers and President Trump reached an agreement to fund the government until the end of the federal fiscal year. Top House and Senate negotiators, who chaired or were ranking members of the Senate and House Appropriations Committees, were involved. This agreement was necessary because the previous short-term spending bill kept the government open only until Feb. 15. **An interesting fact about two of the four appropriators (tasked with negotiating the terms of reopening the government) is that Chairwoman Nita Lowey (D-NY) and Ranking Member Kay Granger (R-TX) are the first two women to lead the House Committee on Appropriations.**

After the shutdown deal was reached (which included only a portion of funding for the border wall that the President demanded) President Trump issued a declaration of national emergency on February 15. The declaration provided the President with authority to designate federal money for border security between the United States and Mexico, beyond the dollars which Congress appropriated. Almost immediately, Speaker Nancy Pelosi (D-CA) said that the Democratic members did not agree that there was a national emergency at the border. On February 22, Rep. Joaquin Castro (D-TX) introduced H.J. Res. 46, a joint resolution that would terminate the national emergency declared by President Trump. On February 26, the House voted on the resolution of disapproval, which passed 245 to 182. All the members of Ohio's Congressional delegation voted along party lines, with the four Democratic members (Kaptur, Ryan, Fudge and Beatty) supporting the resolution and the twelve Republican members (Chabot, Turner, Jordan, Davidson, Latta, Johnson, Gibbs, Balderson, Joyce, Gonzalez, Stivers and Wenstrup) voting against it.

The resolution is now before the Senate, where Senators Susan Collins (R-ME), Rand Paul (R-KY), Lisa Murkowski (R-AK), and Thom Tillis (R-NC) have expressed an intention to vote in favor of the resolution. Senator Sherrod Brown (D-OH) also supports the resolution of disapproval, while Senator Rob Portman (R-OH) does not. Even if the Senate passes the resolution, President Trump has vowed to veto the measure. It is unlikely that Congress will be able to muster the votes to overturn his veto. Sixteen states have already filed suit against the Trump administration to prevent the use of a national emergency to build a wall on the Mexico border. Legal scholars have issued mixed reviews how the issue will fare in the courts because the National Emergencies Act does not define "emergency."

The President is expected to unveil his FY2020 budget proposal in March, and Congress has begun to consider appropriations bills. For example, two U.S. Supreme Court Justices, the Honorable Samuel Alito and the Honorable Elena Kagan, testified on March 7 before the Committee on Appropriations, Subcommittee on Financial Services and General Government, on the Supreme Court's budget needs.

The national debt ceiling once again must be raised. The last extension approved by Congress was for one year and ended on March 2. Treasury Secretary Stephen Mnuchin wrote to the House and Senate Leadership, saying, "I respectfully urge Congress to protect the full faith and credit of the United States by acting to increase the statutory debt limit as soon as possible." It was reported that the Treasury Department will be able to take internal steps to avoid the default of any loans until September. The Hill reported that, "Treasury had halted investments in certain benefits funds for federal workers and retirees to avoid exceeding the debt limit. The secretary said federal employees and retirees who receive benefits from those funds should be unaffected."

The Senate Committee on the Judiciary advanced the President's nomination of William Barr as U.S. Attorney General. On February 14, the full Senate voted in favor of his nomination by a vote of 54-45.

Federal Reserve Chairman of the Board of Governors, the Honorable Jerome Powell testified on February 26 before the Senate Committee on Banking, Housing, and Urban Affairs. In his statement, Chairman Powell said, "While we view current economic conditions as healthy and the economic outlook as favorable, over the past few months we have seen some crosscurrents and conflicting signals. Financial markets became more volatile toward year-end, and financial conditions are now less supportive of growth than they were earlier last year. Growth has slowed in some major foreign economies, particularly China and Europe. And uncertainty is elevated around several unresolved government policy issues, including Brexit and ongoing trade negotiations. We will carefully monitor these issues as they evolve." A copy of his statement may be viewed below:
<https://www.banking.senate.gov/imo/media/doc/Powell%20Testimony%202-26-19.pdf>

On March 5, Scott Gottlieb, M.D. announced that he is leaving his position as the administrator of the Food and Drug Administration (FDA). In his resignation letter, Dr. Gottlieb listed several accomplishments in the past two years, including a large number of generic drug approvals. He said that he was resigning to spend more time with his family.

Speaker Nancy Pelosi (D-CA) has reserved the first ten bills of the session for Democratic priorities. Rep. John Sarbanes (D-MD) introduced H.R. 1, on January 3, 2019, a bill, "To expand Americans' access to the ballot box, reduce the influence of big money in politics, and strengthen ethics rules for public servants, and for other purposes." It is the first bill of the Democratic House majority and has 236 cosponsors. On March 7, the bill is expected to be voted out of the House. **Another bill, H.R. 3, has been reserved for lowering prescription drug prices paid by government programs and using the savings to lower out of pocket maximums paid by seniors under Part D or for strengthening the ACA.**

SERS WRAPAROUND PLAN

On February 26-27, Laurel Johnson, Senior Government Relations Officer and I attended meetings with Ohio delegation staff members to discuss a legislative solution for the extension of the SERS Wraparound Plan, provide information on SERS, discuss the passage of a bill on the Windfall Elimination Provision and the Government Pension Offset for SERS' members, and constituent matters. We were joined for several meetings by Marla Bump and Anne Erkman, Government Relations staff members from the State Teachers Retirement System of Ohio. The schedule of meetings:

Tuesday, February 26-

4:00 pm Jeremy Hekhuis Senator Brown

Wednesday, February 27-

10:00 am	Jared Dilley	Rep. Jordan
10:00 am	Sarah Nasta	Rep. Fudge
10:30 am	Mike Davin	Rep. Latta
11:00 am	Jenny Perrino	Rep. Kaptur
11:30 am	Jessica Weltge	Rep. Johnson
12:00 Noon	Jeffrey Wilson	Rep. Turner
1:00 pm	Catherine Wilson	Rep. Joyce
1:30 pm	Kelli Ripp	Rep. Johnson
2:00 pm	Julia Prus	Rep. Wenstrup
2:00 pm	Connor White	Rep. Davidson
2:30 pm	Brian Bates	Rep. Gibbs
2:30 pm	Mark Gilbride	Rep. Stivers
3:00 pm	Chonya Davis Johnson	Rep. Beatty
3:30 pm	Nate Zimpher	Rep. Balderson
4:00 pm	Erick Harris	Rep. Chabot
4:00 pm	Rachel /Lauren Jenkins/Harris	Rep. Ryan
4:30 pm	Stephen Hostelley	Rep. Gonzalez
5:00 pm	Charlie Bolton	Senator Portman

I submitted a second form to the House Committee on Appropriations through Rep. Marcy Kaptur's (D-OH) office, requesting that legislative language be included in an upcoming bill to address a long-term extension of the Wraparound Program. I submitted a similar form to Rep. Tim Ryan's (D-OH) office in February. Both Reps. Kaptur and Ryan serve on the Committee. We are following up on the meetings with staff members.

The proposed HRA Excepted Benefits Rule is still pending. SERS submitted its comment letter and reinforced the viewpoint that any HRA Excepted Benefit regulations could work alongside existing Wraparound Plan rules.

WINDFALL ELIMINATION PROVISION

During the Coalition to Preserve Retirement Security (CPRS) annual meeting on Monday, February 25, both the majority staff director, Kathryn Olson, and minority staff director, Amy Shuart, spoke to the members. Ms. Olson said that Chairman Neal, Committee on Ways and Means, is committed to a solution on WEP and is actively pursuing a path forward. Ms. Shuart said that the Republican members,

of which Rep. Brad Wenstrup (R-OH) is the only Ohio member, are also interested in a legislative solution, however, it is up to the Democrats to move a bill in the House.

S. 521, the “Social Security Fairness Act,” was introduced by Senator Sherrod Brown (D-OH) on February 14. The bill has eight cosponsors and would amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

H.R. 141, the companion bill, now has 123 co-sponsors, including seven Ohio delegation members, who are Reps. Tim Ryan (D-OH), David Joyce (R-OH), Steve Stivers (R-OH), Bob Gibbs (R-OH), Marcy Kaptur (D-OH), Michael Turner (R-OH) and Joyce Beatty (D-OH). The bill has been referred to the Committee on Ways and Means, Subcommittee on Social Security.

SOCIAL SECURITY

H.R. 860, the “Social Security 2100 Act,” to “protect our Social Security system and improve benefits for current and future generations,” has 203 co-sponsors thus far, including all four Ohio Democratic members: Reps. Beatty, Fudge, Kaptur and Ryan. There is some speculation that the bill might become a bipartisan vehicle before the 2020 elections. The bill does increase Social Security payments, a feature that might be of interest to politicians running for office next year.

According to a policy brief by the Center for Retirement Research, “the relatively low cost of these proposals, many of which have bipartisan support, could be offset by benefit reductions for less-vulnerable retirees.” <https://squaredawayblog.bc.edu/>

By working with our legislative staff contacts at the House Committee on Ways and Means, Subcommittee on Social Security, SERS has been able to re-establish contact on pending cases involving Social Security and Medicare to help expedite decisions for retirees. Rep. Brad Wenstrup (R-OH) serves on the Committee and a legislative aide is assisting SERS.

HEALTH CARE

S. 489, a bill to “establish a State public option through Medicaid to provide Americans with the choice of a high-quality, low-cost health insurance plan,” was introduced on February 14 by Senator Brian Schatz (D-HI). Senator Brown is a cosponsor. A companion bill has been introduced in the House, which is H.R. 1277. Rep. Marcia Fudge (D-OH) is a cosponsor.

S. 692, a bill to amend the Internal Revenue Code of 1986 to repeal the excise tax on medical devices, was introduced by Senator Pat Toomey (R-PA) on March 7. Senator Rob Portman (R-OH) is a cosponsor.

S. 684, a bill to amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage, the “Cadillac Tax” was introduced on March 6 by Senator Martin Heinrich (D-NM). Both Senators Portman and Brown are cosponsors.

H.R. 1398, a bipartisan bill to delay the re-imposition of the annual fee on health insurance providers, aka the Health Insurance Tax (HIT) until after 2021 was introduced on February 27. The bill was introduced by Rep. Ami Bera (D-CA). The bill has 17 cosponsors, including Rep. Bill Johnson (R-OH).

Rep. Steve Stivers (R-OH) introduced H.R. 1366, the “Responsible Additions and Increases to Sustain Employee Health Benefits Act, RAISE Act” to put flexibility back in Flexible Spending Accounts and to help families pay for out of pocket health care costs. Reps. Joyce Beatty (D-OH) and Michael Turner (R-OH) are cosponsors.

PRESCRIPTION DRUGS

On February 5, H.R. 965, the “CREATES Act,” was reintroduced in Congress by Rep. David Cicilline (D-RI). The bill has both Republican and Democratic cosponsors, however, there are no members of the Ohio delegation as of March 7. The bill would “promote competition in the market for

drugs and biological products by facilitating the timely entry of lower-cost generic and biosimilar versions of those drugs and biological products.” AARP has already issued a press release that it supports the bill. **The companion bill is S. 340, introduced by Senator Patrick Leahy (D-VT), and already has 29 cosponsors, including Senator Sherrod Brown.**

Senator Rob Portman (R-OH) introduced the “Biologic Patent Transparency Act.” There is no bill number yet. The bill would require companies to publicly disclose the web of patents that protect their biologics, making it easier for competitors to evaluate and plan for the development of generic versions of these drugs. It would also discourage late-filed patents and require the FDA to regularly publish information in its “Purple Book” on approved biologics, such as patents, exclusivity, and biosimilarity.

S.516, the “Prescription Drug Monitoring Act of 2019,” was introduced by Senator Amy Klobuchar (D-MN) on February 14. The bill would require the use of prescription drug monitoring programs and has been cosponsored by Senator Rob Portman.

Another Senate bill, S.475, the “RxCAP Act of 2019,” was introduced by Senator Ron Wyden (D-OR) on February 13. The bill would amend title XVIII of the Social Security Act to prevent catastrophic out-of-pocket spending on prescription drugs for seniors and individuals with disabilities. Neither Senators Brown or Portman have cosponsored the bill.

The CEOs of seven pharmaceutical companies testified at a hearing before the Senate Finance Committee on February 26. The companies represented were Pfizer, Merck, AstraZeneca, Johnson & Johnson, Bristol-Myers Squibb, AbbVie, and Sanofi.

Senator Sherrod Brown introduced S. 378, the “Stop Price Gouging Act.” The bill would [penalize pharmaceutical companies that engage in price gouging without cause](#), leading to price spikes for patients who rely on medication to treat illnesses. H.R. 1091 is the companion House bill, which has been cosponsored by Rep. Marcy Kaptur (D-OH).

On February 7, Senator Sherrod Brown introduced legislation to address prescription drug affordability. The bill, S. 377, entitled, “The Medicare Negotiation and Competitive Licensing Act,” would authorize the Secretary of Health and Human Services to negotiate drug prices and if a drug company refuses to negotiate in good faith, the secretary would be enabled to issue a competitive, compulsory license to another company that is willing and able to produce the medication as a generic.

On February 13, Senator Ron Wyden (D-OR) introduced S.476, a bill for “Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act of 2019.” Senator Sherrod Brown is one of the cosponsors. The bill would amend titles XI and XVIII of the Social Security Act to provide greater transparency of discounts provided by drug manufacturers.

At the end of January 2019, the Health and Human Services Department issued a proposed rule, “Fraud and Abuse; Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of-Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees.” The proposed rule has been interpreted to eliminate safe harbor protection for rebates paid by drug manufacturers to pharmacy benefit managers (PBMs), Medicare Part D plans and Medicaid managed care plans; create a new safe harbor for drug discounts offered to patients at the point of sale, and create a new safe harbor for PBM fees charged to drug manufacturers. **SERS and I have reached out to other Ohio plan sponsors and stakeholders to discuss the proposed rule, which could have some unintended consequences for SERS.** Comment letters are due by April 8, 2019.

Another pharmaceutical company, Johnson & Johnson, has announced that it will start to share the list price of its drugs in TV advertisements. Several news outlets reported on February 7 that by late March, television commercials will provide the list price plus typical out-of-pocket costs for Xarelto. The information will appear on screen at the end of the commercial and include a website where people can enter insurance information to get more specific costs.

MEDICARE

H.R. 1346, a bill to “amend title XVIII of the Social Security Act to provide for an option for individuals who are ages 50 to 64 to buy into Medicare, to provide for health insurance market stabilization, and for other purposes,” was introduced on February 25. The bill, the “Medicare Buy-In and Health Care Stabilization Act of 2019,” was sponsored by Rep. Brian Higgins (D-NY) and has 29 cosponsors, however, no members of the Ohio House delegation have signed on yet.

Senator Sherrod Brown has cosponsored S.470, the “Medicare at 50 Act,” which was introduced on February 13 by Senator Debbie Stabenow (D-MI). The bill would amend title XVIII of the Social Security Act to provide for an option for any citizen or permanent resident of the United States age 50 to 64 to buy into Medicare. There are 19 cosponsors, however, Senator Portman has not signed on to the bill.

Some Democratic members are continuing to discuss a “Medicare for All” plan, which would establish a national health insurance program. H.R. 1381 was introduced on February 27, by Rep. Pramila Jayapal (D-WA). It has 109 cosponsors, including Ohio Democratic members Reps. Beatty, Fudge and Ryan.

RETIREMENT SECURITY

The National Institute on Retirement Security (NIRS) held its 10th Annual Retirement Policy Conference on February 25-26 in Washington, D.C. The conference theme was, “Retirement Security in America: How Can We Do Better?” Jim Keohane, president and CEO, Healthcare of Ontario Pension Plan, gave one of the keynote addresses. He spoke about the value of a good retirement plan. Dr. James Poterba, professor of economics at MIT and president of the National Bureau of Economic Research, was another keynote speaker. Dr. Poterba described ways to deal with an aging society amid an unstable retirement environment. A panel discussion followed on workforce implications of retirement benefits.

Diane Oakley, executive director, provided remarks about the latest NIRS research, entitled, “What do Americans Think about Retirement?” She reviewed the findings of the latest research. The top three findings were:

1. In overwhelming numbers, Americans are worried about their ability to attain and sustain financial security in their older years.
2. Even as the nation remains deeply politically polarized, Americans are united in their sentiment about retirement issues.
3. Americans see government playing an important role in helping workers prepare for retirement, but lawmakers in Washington, D.C. just don't get it. And the new tax law has not helped.

The full report may be read here: <https://www.nirsonline.org/reports/retirement-insecurity-2019-americans-views-of-the-retirement-crisis/>

Princess Moss, the Secretary-Treasurer of the National Education Association, spoke next on the need for educators to consider and value retirement security. Preston Rutledge, the Assistant Secretary of Labor for the Employee Benefits Security Administration (EBSA) provided his remarks on retirement issues that are important to the Department of Labor. Another panel discussed how “doing better today can improve retirement prospects.” The final panel discussion covered the value of long-term pension investing.

Diane Oakley announced that she will be stepping down from her position later in March. Dan Doonan, a senior pension specialist from the National Education Association, has been named by the NIRS board as the next executive director. Mr. Doonan worked as a labor economist for the American Federation of State, County, and Municipal Employees (AFSCME), as the assistant director of research for the National Association of Letter Carriers, and as a consultant actuary for Buck Consultants.

SECURITIES AND EXCHANGE COMMISSION (SEC)

Commissioner Hester Peirce spoke at the spring meeting of the Council of Institutional Investors in Washington, D.C. on March 5. In her remarks, Commissioner Peirce commented on a variety of subjects that the SEC is considering for Main Street investors. She complimented institutional investors and CII for bringing forward several suggestions on dual class shares and shareholder proposals. In one area, she expressed concern about the push for more disclosure. She said:

Our corporations, along with the rest of our institutions, benefit from being able to draw from a population that is rich in its diversity. I am simply worried that making directors' personal characteristics an item of expected disclosure may have unintended consequences, among them invasion of board members' privacy and an undue focus on personal features that may have little relation to talent as a director.

The remarks may be viewed here: <https://www.sec.gov/news/speech/speech-peirce-030519>

According to a Reuters article on February 25, the SEC is pursuing a contempt order against Tesla, Inc. CEO Elon Musk, because he allegedly violated a fraud settlement “by tweeting material information without preapproval, sending the firm’s shares down 5 percent.” Last year, both Tesla and CEO Musk reached a settlement that was supposed to put a pre-approval process in place before Mr. Musk tweeted about Tesla.

REPORTS

The Hill reported that “Twenty-six percent of federal workers dipped into their retirement funds during the last partial government shutdown,” according to a survey from Prudential Financial. About 49 percent of federal workers said they fell behind paying bills, with 27 percent missing a mortgage or rent payment, 13 percent missing a student loan payment, and 10 percent falling behind on tuition payments.” A copy of the survey report may be viewed with this link:

http://news.prudential.com/content/1209/files/financialfragility_how_the_shutdown_affected_the_household_finances_of_federal_workers_prudential.pdf

OTHER MATTERS OF INTEREST

The joint NASRA and NCTR winter conference was held in Washington, D.C. from Feb. 24-26. Speakers included Ron Elving, senior editor and correspondent for NPR News. **An interesting speaker, Robb Gray, Vice President of Policy and Advocacy, Arnold Ventures, shared the new vision of the previously known Arnold Foundation, funded by Laura and John Arnold.** Mr. Gray said he recognized that, in the past, Foundation money went to think tanks who opposed defined benefit plans and funded activity in states that caused concern for public pension funds. More information on Arnold Ventures is here: <https://www.arnoldventures.org/>

According to the latest NASRA Public Fund Survey, the average public pension fund asset allocation is: Public equities 48.8%; Fixed income 22.6%; Real estate 7.2%; Alternative Investments 19.3%; and Cash & Other 2.1%.

The House Committee on Financial Services, Subcommittee on Diversity and Inclusion, held its first meeting on February 26, chaired by Rep. Joyce Beatty (D-OH), which covered, “An Overview of Diversity Trends in the Financial Services Industry.” The purpose of the hearing was to “examine trends in diversity in the financial services industry, including management-level diversity and diversity among potential talent pools. The hearing will also explore challenges that financial services firms have identified in trying to increase workforce diversity and practices that firms have used to address such challenges.” Rep. Anthony Gonzalez (R-OH) also serves on the Subcommittee.

Chairwoman Beatty said, “It is no secret that the lack of diversity and inclusion in our society leads to persistent income inequality and growing wealth gap. Daniel Garcia-Diaz, Director, Financial Markets and Community Investment, U.S. Government Accountability Office, was the sole witness. A copy of the Memorandum on the hearing is here: https://financialservices.house.gov/uploadedfiles/hhrg-116-ba13-20190227-sd002_-_memo.pdf

JPMorgan will become the first major U.S. bank to introduce its own cryptocurrency, called “JPM Coin.” According to the news release, the coin will represent \$1.00 in value and is scheduled to be rolled out after testing. The coin will be limited to the largest institutional clients of the Bank.

I met with Chris Hayes, senior policy counsel at the International Limited Partners Association while I was in Washington at the end of February. Mr. Hayes presented as part of the NCTR webinar on February 20 on private equity issues. During his remarks, he mentioned their interest in passing an “Investment Adviser Alignment Act,” which would set minimum standards in the PE industry.

The AT&T-Time Warner merger was approved on Feb 27. The Company prevailed after the U.S. Justice Department attempted to stop AT&T’s \$85 billion purchase of Time Warner. According to a panel of judges, the Department of Justice failed to prove a lower-court judge was wrong to reject the government’s antitrust case last summer.

AARP is once again warning seniors to be on the lookout for tax scams. In their latest bulletin, AARP said:

As the tax season approaches, individuals as well as small businesses need to be cautious of identity theft. Identity thieves use stolen Employer Identification Numbers to create fake W-2 Forms to file with fraudulent individual tax returns. Fraudsters also used these to open new lines of credit or obtain credit cards. Now, they are using company names to file fraudulent returns. Employers are warned to lookout for emails asking for sensitive W-2 information.

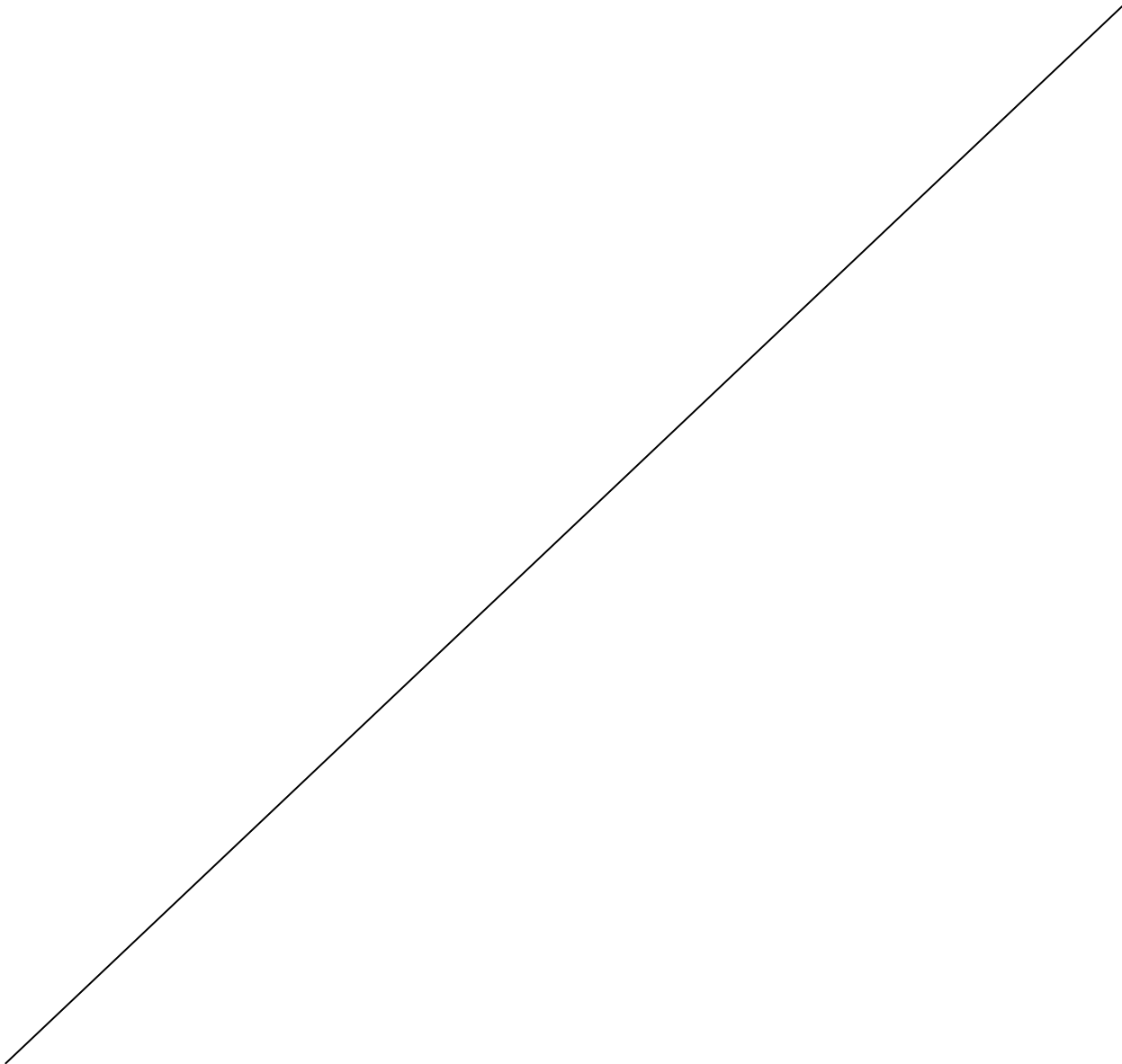
ACTIVITIES:

1. Trip to Washington, D.C. on February 24-28, 2019 to attend the NASRA/NCTR Conference, the NIRS Annual Conference, and the Coalition to Preserve Retirement Security (CPRS) meeting. On Tuesday and Wednesday, February 26-27, Laurel Johnson and I attended meetings with Ohio delegation staff members.
2. Emails and calls to Ohio delegation offices to set appointments on Tuesday and Wednesday, February 26-27 for SERS and STRS representatives.
3. Participation on conference calls with SERS representatives on advocacy updates.
4. Discussion with SERS and outreach to stakeholders on the proposed rule by HHS to eliminate drug rebates and encourage direct discounts for federal beneficiaries.
5. Discussion with colleagues who have significant experience with the Social Security Administration.
6. Discussions with Ohio delegation staff, the Public Sector Health Care Roundtable Administrator and stakeholders on a legislative solution for the Wraparound Plan.
7. Monitored bills relating to public pensions, retirement security, health care, prescription drugs, and Social Security.
8. 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.
9. Monitored relevant House and Senate Committee hearings.
10. Reviewed public notices or proposed rules from the SEC, HHS/CMS, and regulatory agencies.
11. Monitored organizations, such as the Social Security Administration, American Benefits Council, AARP, and other entities that have policies and advocacy on pension, investment, and/or health-care-related issues.
12. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, and the Public Sector HealthCare Roundtable.
13. Reviewed reports on Social Security and retirement issues and prepared the monthly Federal Update.

RETIREMENT BOARD MEMBER ELECTION POLICY AMENDMENT

Continuing, Executive Director Richard Stensrud stated that SERS periodically reviews the content of its policies and procedures for accuracy and relevancy. In the course of examining SERS' Retirement Board Member Election Policy, staff noticed a discrepancy in how long SERS retains election materials after the results of the election have been certified by the election judge.

Mr. Stensrud stated that the Policy contains a procedure stating that for regular elections, SERS retains election materials (nominating petitions and ballots) for 45 days from the date of certification, after which they are destroyed. However, for vacancy elections, SERS retains election materials (resumes and candidate certification forms) for 60 days from the date of certification, after which they are destroyed. Staff recommends that both retention periods should be the same. Therefore, an amendment is before the Board this month that proposes a 60-day retention period of materials for both types of election. Staff has also clarified that candidate certification forms are among the items that are retained in a regular election.





BD4-009

Retirement Board Member Election Policy

Effective Date:	07/03/2008	Revision Date:	03/21/2019	Audience:	Everyone
Owner:	Board	Certifier:	Richard Stensrud	Co-Owner (s):	Finance, Member Services
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

All elections for employee or retirant members of the School Employees Retirement System Board are conducted under the direction of the Board.

Policy

The Executive Director will be responsible for conducting the election in accordance with the Ohio Revised Code, Administrative Rules, Board policies, and SERS procedures.

Procedure

[Retirement Board Member Election Procedure](#)

Retirement Board Member Election Procedure

This procedure describes the requirements, steps, and responsibilities to conduct an election of an SERS Board member in accordance with the Ohio Revised Code, Administrative Rules, and policies of the Board.

PART I

The Communications staff will be responsible for:

- Preparing Candidate Information Package and Forms
- Preparing election notices to be included in the Bulletin, News and Views, and Focus, and placed on the ohsers.org website and the SERS Facebook page.
- Preparing election posters to be distributed to all school districts and school buildings within a school district
- Preparing the Official Nominating Petition form
- Preparing ballots
- Obtaining a photograph and biographical material for each candidate to be published and distributed with the ballot
- Preparing an announcement of the Judges' Certification of the election results.

PART II

1. The Executive Administrative Officer to the Executive Director will prepare a resolution for election of an employee member and/or election of a retiree member, as appropriate, inserting the dates specified by the Executive Director, for presentation by the Executive Director at the July Board meeting of the fiscal year in which a Board member's term ends.
2. The Communications staff will control the issuance of the election packets. Election packets contain information on eligibility, retirement board duties, fiduciary duties, ethics, removal from office, and campaign finance disclosure. The packet also contains the Certification Form (certification of no convictions in compliance with O.R.C. 3309.061) and a Nominating Petition Form. Copies of the Nominating Petition Form can be made by the candidate and distributed to other circulators. The Certification Form is required to be returned to SERS no later than the deadline for receipt of petitions. Communications staff will record the names of each person who requests a packet and notify the Executive Director of each request.
3. Upon certification of the eligible candidates by the Director of Member Services (see "Part III" of this Procedure) and after any review or audit by the Office of the Secretary of State, the Executive Administrative Officer will prepare the following resolution to be submitted by the Executive Director at the first Board meeting that follows the date of certification:

"Certification of Candidates"

It was moved by _____ and seconded by _____ that having met the eligibility requirements of O.R.C. Chapter 3309 and having received sufficient and proper petitions to meet the qualifications of Section 3309.07 O.R.C., the following candidates be placed upon the ballots for the election of an employee member to the School Employees Retirement Board for the term July 1, _____ to June 30, _____.

(Candidate name(s), School District & County)"

A similar resolution is used for the election of a retiree member by changing the words from "employee member" to "retiree member," with "School District" not applicable.

The Executive Director will then send a letter to all candidates advising them of official placement on the ballot and of the right to observe the election process.

4. In accordance with Section 3309.071 ORC, if there is only one qualified candidate for a Board seat, no election shall be conducted and he or she shall take office as if elected.
5. In January the Chief Finance Officer will ask the offices of the Ohio Secretary of State and the Ohio Attorney General each to appoint a judge to oversee the election count. If a representative from either the Secretary of State or the Attorney General is not made available, a representative from SERS' independent accounting firm or the Ohio Auditor of State may be substituted. In the event that any of these representatives are not available, the election may proceed using one (1) judge from any of the above offices.
6. ORC 3309.06 provides that the election shall be held on the first Monday in March. This has been and is interpreted to mean that the first Monday in March is the deadline for ballots to be received by SERS.

The day of actual count (Election Day) is the date set by the Retirement Board in its election resolution.

PART III

The petitions and completed, notarized Certification Form must be received in the office of the Retirement System no later than the date specified in the Board resolution.

To comply with and verify this, the Mail Room will date-stamp each nominating petition and Certification Form as it is received. If the petitions or Certification Form are hand delivered, they will be taken immediately to the Mail Room for dating purposes. If they are received prior to the 4:30 p.m. deadline, but not in time for all of them to be processed prior to 4:30 p.m., the group will be date-stamped even though the time that is stamped will be later than 4:30 p.m.

In this event, the person who accepted the petitions (or Certification Form) will attach certification that they were, in fact, received prior to the 4:30 p.m. deadline:

"I hereby certify that the attached (insert number of petitions) petitions (or Certification Form) for (name of candidate) were received at (time) on (date)."

_____ (Signature of employee)
_____ (Printed name)

All petitions will then be delivered directly to the Communications staff.

The Director of Member Services will verify that the petitions comply with the provisions of ORC 3309.07, namely:

1. Nominating petitions for an employee seat on the Board must be signed by at least 500 SERS members with no less than 20 signers each from at least ten Ohio counties in which such signers are employed.
2. Nominating petitions for the retiree seat on the Board must be signed by at least 150 former SERS members who are receiving service or disability retirement benefits. There must be at least 10 retiree signatures from each of at least five Ohio counties in which such signers reside.
3. Under the direction of the Director of Member Services, and using the SMART system, the persons on each nominating petition for the election of an employee member are examined as follows:

Each signer's Social Security number is checked to verify:

- Name
- Status
- School district of employment
- County of employment

The person signing the petition must be a member of SERS. Persons who cannot be conclusively verified will not be counted.

The total number of verified persons is then recorded and is subject to review and audit by the Office of the Secretary of State. If there is a discrepancy between the certification of the Director of Member Services and the results of the review and audit by the Office of the Secretary of State, the determination of the Secretary of State shall control and be final.

When all of the above has been completed, the Director of Member Services will send a certification of the results to the Executive Director and to the Communications staff. The nominating petitions shall then be stored and thereafter destroyed at the same time and in the same manner as ballots.

The Communications staff will then schedule preparation of the ballot.

4. Under the direction of the Director of Member Services, and using the SMART system, the persons on each nominating petition for the election of a retiree member are verified as follows:

Each signer's Social Security number and Benefit code (either S or D) is checked to verify:

- Name
- Status as a service or disability retiree
- County of residence

The person signing the petition must be a service or disability retiree of SERS. Persons who cannot be conclusively verified will not be counted.

The benefit code (S or D) is recorded in the margin just left of the person's Social Security number.

The total number of verified persons is then recorded and is subject to review and audit by the Office of the Secretary of State. If there is a discrepancy between the certification of the Director of Member Services and the results of the review and audit by the Office of the Secretary of State, the determination of the Secretary of State shall control and be final.

When all of the above has been completed, the Director of Member Services will send certification of the results to the Executive Director and to the Communications staff. The nominating petitions shall then be stored and thereafter destroyed at the same time and in the same manner as ballots.

The Communications staff will then schedule preparation of the ballot.

PART IV

The Communications staff will ensure that:

1. Ballots are printed with the position of each candidate's name rotated so that each name appears in the first position on the ballot an equal number of times.
2. There must be a space for a write-in candidate's name on each ballot.
3. In years in which there is both an employee and retiree member seat election, the ballots and return envelopes will be color coded for easier identification.
4. The ballots will be printed on card stock equivalent to the same weight and size as a standard data processing tab card, namely #67 index stock and 3 1/4 x 7 3/8. This will enable the ballots to be machine counted.
5. The ballots will be printed using a process which will make it difficult, if not impossible, to reproduce. The return envelope shall be constructed to restrict anyone from viewing the marked ballot prior to being opened.
6. A record of the actual number of ballots printed will be given to the Communications staff, who will ensure that the ballots are secured in the locked check room until they are mailed.

PART V

The ballots will be mailed according to the following guidelines:

1. Ballots will be mailed not later than the last business day in January preceding the election.
2. For the election of an employee member, one ballot will be mailed to each active member. An active member is one who meets all of the following qualifications in the fiscal year in which the current Board member's term ends:

- a. Whose MEMBERSHIP RECORD (Form 25.52) has been accepted by the Employer Services section of the Finance Department prior to January 1.
- b. Whose account reflects a balance in member contributions (General Ledger accounts 2-01-01, 2-01-03, 2-01-05, or 2-01-06), and some portion of that balance was posted by SERS in the 18-month period prior to January 1.
- c. Whose account is not closed by a refund, transfer, or retirement.
- d. Who has a currently valid and complete address on file with the system.

Note: ORC 3309.41 notwithstanding, persons receiving disability benefits will be entitled to vote only for a retiree member.

- 3. For the election of a retiree member, one ballot will be mailed to each former member who is receiving a service or disability retirement benefit as of January 1 in the fiscal year in which the Board member's term ends.
This does not include beneficiaries of former members who are receiving service or disability retirement benefits as the result of an option plan chosen by the member.
- 4. IT will provide to the Print Shop a print file of members and retirees eligible to vote in the respective employee and retiree elections.
- 5. Ballots are mailed with a postage-paid (Business Reply) return envelope in which the marked ballot is returned to SERS.
- 6. A member or retiree who does not receive a ballot must write to request one. All such requests shall be time and date-stamped by the Mail Room and delivered to the Director of Member Services.
 - a. The Director of Member Services will determine if a ballot addressed to such a member or retiree was mailed and subsequently returned to SERS. If it was returned and the address is the same, the ballot will be re-mailed.
 - b. If a new address is given, a new ballot will be mailed and the new address forwarded to the Member Services to update SERS' records.
 - c. If a ballot was mailed, but not returned to SERS, Member Services will send Certification for Replacement Election Ballot. (Form 50.43) to the requesting member or retiree to certify that the ballot was not received. The form must be completed, notarized, and returned to SERS before a second ballot can be mailed.
 - d. If review of the election print file proves that a ballot was not originally sent, a ballot will be mailed.
If a ballot cannot be mailed more than seven (7) days prior to the election, the requestor is notified that a ballot may be picked up at SERS' offices.
- 7. All ballots returned by the U.S. Postal Service (post office) as undeliverable will be given to the Director of Member Services. The Director of Member Services will keep them in a locked file until Election Day and will keep a daily count and cumulative total of all returns.
 - a. Retiree ballots: The Director of Member Services will compare returned ballots to the Participant Maintenance window for address changes. If addresses have already been corrected, ballots will be re-mailed.
If the forwarding address provided by the post office is new, a letter (Form 5.102) and the ballot will be mailed to the forwarding address. Ballots from invalid addresses will be stored in a locked file until after Election Day.
 - b. Member ballots: The Director of Member Services will compare returned ballots with the addresses shown on the Participant Maintenance Window. Forwarding addresses provided by the post office will be changed on the Participant Maintenance window and the ballot re-

mailed. Addresses will be voided if there is no valid address. Ballots from invalid addresses will be stored in a locked file until after Election Day.

- c. After the deadline for return of the ballots has passed, a count will be given to the Director of Member Services of the number returned and the number re-mailed. The Director of Member Services will then prepare a summary showing:

- number of ballots printed
- number of ballots mailed
- number of ballots returned as undeliverable
- number of ballots re-mailed

8. All ballots returned in the Ballot Business Reply envelope will be date- and time-stamped immediately upon receipt by the Mail Room Supervisor. The Mail Room Supervisor will keep a daily count and cumulative total of all returned ballots for each election. The Mail Room Supervisor will store the unopened returned ballots in the secure check room on the lower level of the SERS premises until Election Day.

Particular care will be exercised on the last day that ballots are to be received by SERS. All ballots received after the deadline will be date- and time-stamped, kept segregated from the others, and delivered to the Chief Finance Officer to be stored in a locked file cabinet.

PART VI

Two weeks before the date set by the Board election resolution for counting the ballots (Election Day), the Director of Administrative Services will send a memo to all Department Directors asking for the names of all staff members to be excused from the ballot count. All other employees will be expected to help and will be assigned various tasks.

On Election Day the Chief Finance Officer will see that the necessary equipment and supplies are ready for use by the staff and judges.

PART VII

The Chief Finance Officer will meet with the judges to review the election process prior to the actual count. Whether this is done prior to or on the day of actual counting will be at the discretion of the judges.

On Election Day, the Chief Finance Officer and at least one of the judges will jointly remove the ballots from their secure place and transport them to the designated counting area. Only SERS staff members involved in the ballot count are authorized to be in the ballot counting area. Candidates and Board Members are specifically excluded from this area.

Once the ballots are in the designated counting area, the Director of Administrative Services will review the procedure to be followed with everyone present.

The representative from the Secretary of State, if present, will be designated Chief Judge. If a representative of the Secretary of State is not present the order of the Chief Judge will be:

1. Attorney General's Representative
2. Auditor of State's Representative
3. Independent Accounting Firm Representative

Then, with the approval of the Chief Judge, the following procedure will begin:

1. The ballots will be opened by use of electric letter openers. Three employees are assigned to each opener:

- One employee to operate the opener
 - One to hand the sealed ballots to the operator
 - One to stack the envelopes as they are opened
2. As the ballots are opened, employees who are designated as "runners" distributes them to other staff members.
 3. Staff members will remove the ballots from the opened envelopes.
 - If a staff member finds anything in the envelope with the ballot, he/she should put the ballot and other items back into the envelope and raise a hand.
 - A designated "runner" will take the envelope and ballot to the judge's table.

ALL ITEMS GIVEN TO THE JUDGES MUST INCLUDE THE BALLOT ENVELOPE AND ALL OF ITS CONTENTS.

Ballots should be marked clearly and distinctly. If a ballot is not marked clearly, it should be given to the judges for disposition. Examples of items to be given to the judges with suggested dispositions are as follows:

- a. A member/retiree may enclose an application for refund or retirement, a check, or a letter requesting information with the ballot.

The judge should remove this material and set it aside for the staff assistant. The envelope may be thrown away once the judge decides there is nothing of value on it.

If there is nothing wrong with the ballot itself, it should be considered valid and included in the count.
- b. If a ballot is marked clearly, but has been damaged, torn or folded so that it cannot be machine counted, it should be considered valid and hand counted.
- c. If there is a statement or message on the ballot, but it is clearly marked for a candidate, it should be considered valid. The ballot should be hand counted and set aside for the staff assistant. After the election count is over, the staff assistant, with a judge present, will make a photocopy of the message only, so that a reply may be sent, if necessary. The ballot is then returned to be secured with other counted ballots.
- d. If the member's name or address appears on the ballot, but it is otherwise clearly marked, it should be considered valid.
- e. All votes for a "write-in" candidate should be kept segregated by candidate, and a count made for each "write-in" candidate.
- f. A ballot should be declared invalid if:
 - It is received after the deadline specified in the Board resolution.
 - It is not in the individual ballot envelope provided by SERS.
 - It is unsealed in the ballot envelope.
 - More than one (1) ballot is in an individual ballot envelope.
 - There is an erasure or a change in marking from one candidate to another candidate, the judge should determine whether the person definitely intended to change the vote. If there is any doubt, the ballot should be ruled invalid.
 - The ballot is marked for two or more candidates, and the election is for one Board member only.
 - There is no mark for a candidate.

- All invalid ballots are retained and secured in the lower level for forty-five (45) days following the Judges' Certification of the election and then destroyed.
4. As valid ballots are removed, the envelopes are thrown away.
 5. Staff members sort ballots by candidate name for counting. The position of each name is rotated on the ballots. Therefore, ballots should not be sorted by name position.
 6. Sorted ballots are stacked and fastened by a rubber band in batches about 1" high (approximately 100 ballots).
 7. The sorter initials the stack in the upper left-hand corner of the top ballot.
 8. A second sorter makes sure all ballots in the stack are marked for the same candidate and initials the stack in the upper right-hand corner of the top ballot.
 9. A "runner" then takes the stacked ballots to the counting machine under direction of the judges. One staff member operates the machine under direction of the judges. A second staff member examines the ballots for damaged ones that should be hand counted. Damaged ballots are given to the judge for a hand count, which is added to the machine count for that batch.

Prior to counting the first batch of ballots, the judge will hand count a test batch and have the operator run it through the counting machine to verify the accuracy of the machine count.

At the judge's discretion, the test batch will be re-run periodically during the actual count process to verify the continued accuracy of the machine.

A recorder oversees and records the machine count on the back of the last ballot in each stack, then initials the batch. The judge will verify that the counter is set at zero after each count is taken.
 10. A second recorder will number the batch on the back of the last ballot, record the count, and initial the batch to indicate that it has been recorded and accumulated on an EXCEL spreadsheet that has been prepared in advance with the candidate's names and batch numbers by the General Accounting section of Finance.

At the judge's request, tally sheets may be printed and audited by comparing the batches to the recorded batch number, count and candidate on the tally sheet. Judges may also take whatever steps necessary to audit the formulas in the spreadsheet.

When all ballots have been opened and sorted by candidate and there definitely appears to be a winner, all employees not working directly with the judges may be excused to return to their regular duties.

The candidate receiving the highest number of votes for a term as member of the Board will be elected for that term. In any year in which two member positions must be filled, the candidates receiving the highest and second highest number of votes will be elected for those terms.
 11. When all the votes have been recorded and totaled, the Chief Judge completes a ballot certification statement that is signed by all judges.

A copy of the certification, signed by all judges, is given to each judge. The original certification is submitted by the Executive Director to the Retirement Board for approval at the first Board meeting 31 days or more after the date of the election and becomes part of the official Board minutes.

The Executive Director will inform the Chair of the Retirement Board and each candidate of the results by telephone, if possible, and by forwarding a copy of the Judges' Certification to each candidate.
 12. If the ballot count results in a tie vote, the judges will apply each of the following steps until the tie is broken:
 - a. The recorded batch totals for each candidate are re-added.

- b. Each batch of ballots is checked to verify that it was recorded correctly.
 - c. Each batch is checked to see that it was sorted properly for each candidate.
 - d. The test batch is re-run through the machine. Then the batches are re-run to verify the recorded total.
13. If all of the above is done and the vote is still tied, the judges will decide the winner by the toss of a coin. Candidates, or their representatives, must be present with "heads" being assigned to the candidate whose last name is first alphabetically and "tails" assigned to the other candidate.
 14. If a candidate is elected by a margin of less than 1% of the votes cast, a recount will automatically be conducted.
 15. After the judges have certified the ballot count, the valid/invalid ballots will be stored in the locked, fireproof checkroom on SERS premises by the Chief Finance Officer.

The nominating petitions, [Certification Forms](#) and ballots will be stored for ~~60~~45 days from the date of the Judges' Certification and, if there has been no challenge to the count filed, thereafter destroyed by the Print Shop upon direction from the Chief Finance Officer. Prior to destruction, the Communications staff will record and certify to the Executive Director the total number of ballots sent, the total number of valid ballots received and counted (for the retiree seat and for the employee seat(s)), and the total number of votes cast for each candidate.

PART VIII

A candidate may challenge the election results by submitting a written request to the Executive Director. This written request must be received in the SERS offices within 30 days after the date of the Judges' Certification statement. The cost of the recount is \$100.00 payable in advance by the candidate. The full amount will be returned to the candidate if, upon recount, he/she is declared the winner of the election.

The Executive Director will immediately notify the Chair of the Retirement Board and the other candidates involved in the election of the challenge.

The Executive Director will meet with the challenger and/or his designated representative to review the ballot procedure. If the challenger wishes to proceed with a recount, the Chief Finance Officer will contact the Secretary of State to request a representative to supervise the recount. The representative of the Secretary of State will certify the results of the recount, which shall be final.

The Chief Finance Officer will ensure that the ballots are kept secure until all challenges have been adjudicated.

Part IX

In the event that an employee-member or retiree-member Board seat becomes open before the term of that seat officially ends, the remaining Board members will choose a person to fill the seat until the next scheduled election. Per ORC Section 3309.06(E), a successor member need not be elected to fill a vacant Board seat if the vacancy occurs on or after the first day of March of the year in which the vacated term ends.

After the seat is declared open at a Board meeting and the Board sets the timeline for the receipt of resumes and interviews, communications staff is responsible for producing a Special Election Notice explaining the details of the special election. Communications staff will announce the details of the Special Election in the Board Highlights, on the SERS website, and through SERS' social media accounts. One communications staff member will serve as the primary contact for candidates who have questions about the Special Election process.

Communications staff is responsible for collecting resumes and Certification Forms from interested candidates. Legal staff is responsible for ensuring that all necessary information has been provided on the Certification Forms. Communications staff will share the Certification Forms with Members Services

staff, who will verify the membership status of the candidates to make sure they meet the eligibility requirements of the open seat. Member Services will also send the Certification Forms, and any necessary information, to the Ohio Secretary of State for review and audit of the membership status of the candidates. If there is a discrepancy between the verifications of Member Services and the Secretary of State, the verification of the Secretary of State shall control and be final.

Communications staff will provide the Board with copies of all resumes received by the deadline. At a public meeting, each Board member may nominate one candidate to fill the vacancy. Nominated candidates will be interviewed by the Board.

The Chief Finance Officer will contact the Secretary of State to request a representative from that office to monitor the election as election judge. If a representative from the Secretary of State is not available, the Ohio Attorney General should be contacted for a representative to monitor the election as election judge. The representative from the Secretary of State or the Attorney General will certify the results of the election.

The election will take place at a public meeting. A successor member will be elected from the list of nominated candidates by a majority vote. Successive votes will occur so that the candidate with the least number of votes is eliminated after each vote. In the event two candidates remain and neither achieves a majority vote, the winner is decided by a coin toss conducted by the election judge with "heads" assigned to the candidate whose last name is first in alphabetical order and "tails" to the other candidate.

The Certification Forms and resumes shall be kept by the Communications staff for 60 days after the election judge certifies the election results. Upon the expiration of the 60 day period, Communications staff will ensure the Certification Forms and resumes are destroyed.

Definitions

None

Related Documents and Information

Statutes: 3309.05, 3309.06, 3309.071, 3309.07, 3309.075, 3309.08, 3309.09, 3309.41

Rules: 3309-1-04

Document Links: [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms: ---

Policy History

Version 1 – July 3, 2008 – Created – Approved by Board

Version 2 – August 20, 2013 – Edited – Approved by Board

RETIREMENT BOARD MEMBER ELECTION POLICY AMENDMENT

Beverly Woolridge moved and Catherine Moss seconded to approve the amendment to the Retirement Board Member Election Policy as presented and discussed at the March 21, 2019 Board meeting. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

At 10:54 a.m., Board Chair James Rossler excused Daniel Wilson from the remainder of the Board meeting.

PBM CONTRACT EXTENSION

Health Care Director Chrisi Pepe and Assistant Health Care Director Penny Baker discussed with the Board regarding a three-year contract extension with current pharmacy benefit manager Express Scripts Inc. (ESI). Ms. Pepe noted that ESI has agreed to an 18.5% price improvement for the three-year period, which will save SERS approximately \$80 million in gross claims expenses.

Ms. Pepe provided a brief overview of the pharmacy program. Ms. Pepe stated that in 2018, health care participants filled nearly 1.3 million prescriptions. After discounts, Medicare reimbursement, manufacturer rebates and member cost share, the SERS program spent approximately \$66M in pharmacy benefits in 2018.

The consulting firm of Willis, Towers, Watson was engaged in November 2017 to review the current health care program, and one recommendation was that SERS re-bid its prescription drug contract.

The Request for Proposal (RFP) resulted in the vetting of three finalists. Ms. Pepe noted since the RFP was issued, the pharmacy industry has been in political upheaval, not just in Ohio but nationally as well.

Ms. Baker discussed some of the state and national issues in the headlines, which have resulted in regulatory proposals that are still under comment and review. She stated that it is because of the marketplace uncertainty and impacts of future regulations that the staff recommends remaining with ESI at this time.

Ms. Pepe noted this is the least disruptive next step for our membership until staff has more information about the future of pharmacy benefits and pricing. Staff can re-bid out the services once the market stabilizes.

APPROVAL TO NEGOTIATE EXTENSION OF PHARMACY BENEFIT MANAGER CONTRACT

Beverly Woolridge moved and Hugh Garside seconded approval to authorize staff to negotiate an extension of the current contract with Express Scripts in order to provide pharmacy benefits to SERS' Medicare and non-Medicare eligible health care plan participants. The contract extension shall be for a term of three years beginning January 1, 2020. The Executive Director or Deputy Executive Director shall have the authority to execute any documents necessary to secure these services, subject to documentation satisfactory to legal counsel. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Beverly Woolridge and James Rossler. The motion carried.

Continuing, Executive Director Richard Stensrud recapped with the Board previous discussions in late 2018 regarding the definition of compensation. Mr. Stensrud invited General Counsel Joe Marotta and Associate General Counsel Susan Russell to provide further discussion.

DISCUSSION ON THE DEFINITION OF COMPENSATION

Mr. Marotta and Ms. Russell stated that today's discussion is to seek additional guidance on the definition of compensation. During the discussion, staff and the Board discussed compensation: its relevance to SERS, the current definition of compensation in both statute and rule, anti-spiking measures and why they are important, and changes in compensation practices in the public school environment. Ms. Russell presented examples of compensation arrangements staff has been asked to review by employers, noting that staff would like a plan that is easy to explain and administer for schools.

Following additional discussion, the Board and staff agreed to continue researching the matter and continuing the discussion at a later date.

Concluding the discussion, the Board took a break at 11:50 a.m., and reconvened at 1:00 p.m.

INTERNAL AUDIT UPDATE

Chief Internal Auditor Joe Bell provided highlights from the Audit Committee meeting. Mr. Bell stated that Chief Financial Officer Tracy Valentino discussed fraud risk and how SERS covers controls. Mr. Bell also noted that the Committee was provided information on completed audits, a RFP for External Data Transmission, and the Fiscal Year 2020 Audit Plan.

The Board thanked Mr. Bell for the update.

EXECUTIVE SESSION

At 1:03p.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: Yea: Catherine Moss, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Barbra Phillips, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

The Board returned to open session at 1:28 p.m.

The Board continued with the review of calendar dates. Board Chair James Rossler stated that he would not be present during the May Board meeting, and Board member Hugh Garside stated that he would not be present for the June Board meeting.

CALENDAR DATES FOR FUTURE BOARD MEETINGS

2019

April 17 Board Retreat (Wed.)
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*.**

CONTINUED OR NEW BUSINESS

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, April 18, 2019 for their regularly scheduled meeting. The meeting adjourned at 1:34 p.m.

James Rossler, Board Chair

Richard Stensrud, Secretary