

June 18, 2020

The nine hundredth and thirtieth meeting of the Retirement Board of the School Employees Retirement System was held via Zoom videoconferencing on Thursday, June 18, 2020. The meeting convened in open session at 8:30 a.m. Roll call was as follows: Catherine Moss, Chair, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, and Daniel Wilson. Catherine Moss excused the absence of Hugh Garside. Also in attendance was Samuel Peppers, 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
May 21 & 22, 2020**

Barbra Phillips moved and Frank Weglarz seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday and Friday, May 21 & 22, 2020. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

Board Chair Catherine Moss asked Chief Investment Officer Farouki Majeed to present the investment report.

INVESTMENT REPORT

ANNUAL INVESTMENT PLAN FY 2021

Barbra Phillips moved and James Rossler seconded the motion to approve the Annual Investment Plan for fiscal year ending June 30, 2021, which replaces the 2020 Annual Investment Plan, originally approved June 20, 2019. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

Monthly Investment Report

Mr. Majeed provided a summary of the Investment report for the period ending April 30, 2020. Three and ten-year returns exceed the policy benchmark. The FYTD return was (0.21) % as of April 30, 2020. The Board thanked Mr. Majeed for his -presentation.

SUMMARY OF INVESTMENT TRANSACTIONS

Barbra Phillips moved and Frank Weglarz seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **April 1, 2020** through **April 30, 2020** hereby be approved. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 22.9
Non-US Equities	129.3
Fixed Income	486.4

Multi-Asset Strategies	11.6
Private Equity Capital Calls	36.0
Real Asset Capital Calls	36.8
Opportunistic	30.6
Cash Equivalents	491.7

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 27.8	\$.2
Non-US Equities	207.61	(4.3)
Fixed Income	409.9	6.8
Multi-Asset Strategies	28.2	3.3
Private Equity distributions	6.96	n/a
Real Asset distributions	11.6	n/a
Opportunistic	1.7	(0.9)
Cash Equivalents	448.0	n/a

EXECUTIVE DIRECTOR'S UPDATE

Ohio Retirement Study Council

Executive Director Richard Stensrud stated that the June ORSC meeting is occurring today, and that Deputy Executive Director Karen Roggenkamp is representing SERS, and giving a report on our proposed budget. Mr. Stensrud noted that Executive Director Bethany Rhodes has indicated future ORSC meetings are subject to the call of the chairman.

Return to Office update

Mr. Stensrud stated that he and system leadership continues to monitor the situation in terms of the pandemic. Mr. Stensrud noted that while productivity remains high will staff works from home, plans have been developed for a phased-in to return to work, with the first phase targeting 35% of staff returning to work beginning on July 6th. Mr. Stensrud stated that he will continue to keep the Board informed of developments, and that the safety of staff and customers are foremost.

Treasurer of State Open Checkbook relaunch

Mr. Stensrud stated Treasurer Sprague is planning a relaunch of the online Open Checkbook website on July 1st, and that the website is being merged with one developed by the Office of Budget and Management to serve as a one-stop shop for the public to see financial information for state and local government entities, as well as the retirement systems.

Mr. Stensrud noted that Treasurer Sprague's office has met with the five retirement systems to preview the new site and to request that each system provide individual employee salary information. Mr. Stensrud stated SERS staff have been working collaboratively with the Treasurer's staff to provide this public information in a format that works for all parties.

Wraparound HRA Plan Advocacy

Mr. Stensrud noted that a lack of movement on the federal legislation to reauthorize the Wrap program has led to alternative efforts focused on improving the HRA alternative. Mr. Stensrud stated that Government Relations staff has been working with congressional staff from Congresswoman Kaptur and Congressman Ryan's offices on an Ohio delegation letter to the administration, and that a bi-partisan

letter was sent last week signed by three Ohio Democrats, Representatives Kaptur, Ryan, and Beatty, and three Ohio Republicans, Representatives Stivers, Joyce, and Gibbs.

Mr. Stensrud stated the letter requests the federal agencies responsible for the HRA regulations consider altering the current \$1,800 per household cap to a cap based on actuarial value of the overall HRA plan. This would give the HRA plan similar flexibility to the previous Wraparound plan. Mr. Stensrud stated he is hopeful that with bi-partisan support the administration would be open to considering such a change in time for the 2021 plan year.

Ohio General Assembly

Mr. Stensrud noted the Ohio legislature finished their work last week with passage on COVID-19 related relief legislation, Capital Budget re-appropriations, and General Election related issues. With these priorities addressed, it is expected the General Assembly will not be in session much of the summer. Mr. Stensrud stated SERS' staff remain in contact with legislative leaders, keeping them up-to-date on any system developments, and to be responsive to any questions and/or concerns they may have.

Sustainability project update

Mr. Stensrud stated staff and the system's actuaries have been working on the topics identified by the Board at the last sustainability session as warranting further analysis. The actuaries plan to present the results of an asset/liability type modeling analysis focus on key risks to plan sustainability.

Survey Update

Mr. Stensrud stated that in late May, SERS emailed a survey to many active members, inactive members, and retirees to gain feedback on their digital experience and educational needs. This survey will help the organization assess communication technology capabilities, as well as user usage and comfort level. Mr. Stensrud noted that thus far, nearly 20% of retirees and 7% of active members have responded.

COVID-19

Mr. Stensrud stated that in SERS' over 65 retiree population on the Medicare Plan, there were 198 cases of contraction of the disease, and sadly 25 deaths have occurred. Mr. Stensrud stated staff continues to monitor this information, and that information on the on pre-Medicare population will be forwarded once information is received.

LEGISLATIVE REPORT

**STATE LEGISLATION BOARD REPORT
133rd General Assembly
(Prepared by Chris Collins as of June 5, 2020)**

HB326 PUBLIC EMPLOYEE RETIREMENT-DISABILITY BENEFIT Adam Miller (D – Columbus) To allow a Public Employees Retirement System or School Employees Retirement System disability benefit recipient elected to certain offices to continue receiving a disability benefit during the term of office.

Current Status: 11/12/2019 House Insurance, (First Hearing)

HCR13 GENDER REPRESENTATION Thomas West (D- Canton), Sara Carruthers (R-Hamilton) - To encourage equitable and diverse gender representation on the boards and in senior management of Ohio companies and institutions.

Current Status: 11/12/2019 House Civil Justice, (Second Hearing)

HB46 STATE GOVT EXPENDITURE DATABASE Dave Greenspan (R- Westlake) - To require the Treasurer of State to establish the Ohio State Government Expenditure Database

Current Status: 01/22/2020 Substitute Bill Accepted

HB530 OPERS PROTECTION Diane Grendell (R- Chesterland) - Regarding state retirement system fiduciary duties, Public Employees Retirement System management fees and employee pay, and creating the Committee on Pension Salaries and Fees

Current Status: 03/10/2020 Referred to Financial Institutions Committee

HB514 BROADCAST RETIREMENT BOARD MEETINGS Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) - To require the state retirement systems to publicly broadcast board meetings.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

HB515 RETIREMENT SYSTEMS - FINANCIAL DISCLOSURES Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) - To require the boards of the state retirement systems to disclose certain financial information regarding alternative investments.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

HB516 FORMER STATE RETIREMENT PERSONNEL Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) Regarding the prohibition against the state retirement systems doing business with a former state retirement system employee, officer, or board member.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

HB197 OMNIBUS MEASURES ON CORONAVIRUS Jena Powell (R-Arcanum) Derek Merrin (R-Monclova) To continue essential operations of state government and maintain the continuity of the state tax code in response to the declared pandemic and global health emergency related to COVID-19, to make appropriations, and to declare an emergency.

Current Status: 03/27/2020 SIGNED BY GOVERNOR; eff. 3/27/20

FEDERAL LEGISLATION BOARD REPORT
116th United States Congress
(Prepared by Chris Collins as of June 5, 2020)

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. 245 co-sponsors; nine Ohioans

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. 38 co-sponsors.

H.R.3934

SPONSOR: Rep. Kevin Brady (R-TX)

LAST ACTIONS: House - 07/24/2019 Referred to the House Committee on Ways and Means.

CAPTION: To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with non-covered employment, and for other purposes.

COMMENT: 45 co-sponsors; three Ohioans

H.R.4540

SPONSOR: Rep. Richard Neal (D-MA)

LAST ACTIONS: House - 09/27/2019 Referred to the House Committee on Ways and Means.

CAPTION: To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with non-covered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 141 co-sponsors; four Ohioans

H.R.4763

SPONSOR: Rep. Kaptur, Marcy (D-OH)

LAST ACTIONS: House - 10/18/2019 Referred to the House Committee on Energy and Commerce.

CAPTION: To extend the limited wraparound coverage pilot program for an additional 5 years, and for other purposes.

COMMENT: Eight co-sponsors, all of whom are Ohioans.

H.R.748

SPONSOR: Courtney, Joe (D-CT)

LAST ACTION: 03/27/2020 Became Public Law No: 116-136.

CAPTION: CARES Act (Coronavirus Aid, Relief, and Economic Security Act)

COMMENT: Initially introduced as a repeal of the health care "Cadillac Tax." 369 co-sponsors; 14 Ohioans. Ultimately became vehicle for COVID-19 relief legislation.

MEMORANDUM

To: Chris Collins, Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: June 3, 2020

Re: Federal Legislative and Regulatory Report

OVERVIEW

Highlights for May and early June include: the passage of the next piece of legislation to address the economic impact for citizens and businesses from the global pandemic; the ensuing dialogue in Congress how to best address the civil unrest across the country after the death of George Floyd in Minneapolis; the passage in the House of rules to provide remote voting by proxy capabilities during the pandemic emergency and the continued discussion in the Senate; advocacy to seek a revision to the regulations relating to HRA Excepted Benefit Plans with three regulatory agencies; discussion on upcoming Appropriations bills in the House and Senate to seek inclusion of reauthorization language for Wraparound Plans; and following state and local funding issues that may cause Congress to enact legislation to restrict the use of coronavirus stimulus dollars destined for states and local communities, not public pension plans.

The House of Representatives scheduled in-district committee work from Monday, June 1 through Monday, June 29, with voting days set for Tuesday, June 30, Wednesday and Thursday, July 1-2.

The House has scheduled two weeks of session in July and is expected to be out the full month of August. In September, upon their return, they will need to move appropriations bills to fund the federal government after October 30. The November elections will not be far from the members' minds. House leadership has left open a schedule change as they convene hearings in June to address issues including the use of force by police officers, improved policing techniques and combatting racial discrimination.

The House voted on May 15 to allow the Speaker of the House to call for remote voting under specific circumstances. House Resolution 965 was passed 217-189, with three Democrats joining Republicans to vote against it. The Ohio delegation votes were split among party lines. The Resolution:

[A]uthorizes and otherwise sets forth procedures for remote voting by proxy in the House of Representatives and provides for official remote committee proceedings during a public health emergency due to a novel coronavirus (e.g., the virus that causes COVID-19) for a 45-day period. Based on the status of the public health emergency, the 45-day period may be extended for an additional 45 days or terminated earlier. The chair of the Committee on House Administration shall study the feasibility of using technology to conduct remote voting and certify to the House that operable and secure technology exists to conduct such activity.

On Wednesday, May 27, the House utilized remote voting by proxy under the terms of the Resolution. The designation of proxy voting was made by 72 Democrats, all of whom requested colleagues vote on their behalf. There were no Republicans that requested colleagues exercise proxy voting for them.

The night before the scheduled vote, House Republicans filed suit to block the use of remote proxy voting. In the case, *McCarthy v. Pelosi*, 20-cv-01395 (2020), filed in the U.S. District Court, District of Columbia (Washington), House Minority Leader Kevin McCarthy (R-CA) as lead plaintiff, joined by Reps. Steve Scalise (R-LA), Jim Jordan (R-OH), Liz Cheney (R-WY), Tom Cole (R-OK) and 16 other plaintiffs, including four constituents, sued Speaker Nancy Pelosi (D-CA) and other named defendants. The suit alleges that the adopted remote proxy voting process is unconstitutional. The case is pending and the court has not issued an order as of this date to stay remote proxy voting.

The Senate returned to session on Monday, June 1 and will be in session the rest of the month. In July, the Senate has scheduled a two week state work period over the July 4 holiday. In August, the Senate is scheduled to be out from August 10 through September 7. Senate President Mitch McConnell (R-KY) has indicated that he would like to pass a stimulus package that provides aid to businesses and schools, limits coronavirus-related liability for businesses, however, without another round of \$1,200 rebate checks. As reported in The Hill, "Senate Republicans on Tuesday (June 2) said they are more focused on reforming the Small Business Administration's Paycheck Protection Program, providing more money for cash-strapped state and local governments, boosting benefits for Social Security recipients and fixing other elements of COVID-19 relief bills passed earlier this year." Senator Lindsay Graham, Chairman of the Senate Committee on the Judiciary was quoted in the New York Times, saying that he would convene a hearing on "proposals to improve policing, combat racial discrimination regarding the use of force and improve relations between police departments and the communities they serve."

The Resolution which Senator Rob Portman (R-OH) introduced in March, S. Res. 548, to amend the Standing Rules of the Senate to enable the participation of absent Senators during a national crisis, has 16 cosponsors, however, Senator Sherrod Brown (D-OH) is not one. Senators Portman and Thomas Carper (D-DE) held a virtual Roundtable to discuss continuity of Senate operations and remote voting in times of crisis. While the Resolution has bipartisan support from Republicans, Democrats and Independents, it has not been approved.

CORONAVIRUS STIMULUS LEGISLATION

On May 12, Rep. Nita Lowey (D-NY) introduced H.R. 6800, the "Health and Economic Recovery Omnibus Emergency Solutions Act," or "HEROES Act," to address lingering COVID-19 issues.

The appropriations within the bill totaled \$3 trillion and covered a large number of subject areas. The bill passed the House on May 15 by a vote of 208-199, along party lines within the Ohio delegation. The bill included funding for Child Nutrition Programs, the Decennial Census, State and Local Relief, a repeal of the State and Local Tax Deduction (SALT), Election Reform, Broadband Access, the U.S. Postal Service, Health Care Services, Education, Paid Sick and Family Leave, the HERO Act to assist renters and others impacted, Medicaid/Medicare, Multi- and Single Employer Pension Funds, Retirement Provisions, Coverage for Essential Workers and Additional Recovery Rebates. The Senate is not expected to pass the bill with all the provisions intact.

On Thursday, May 28, the House passed legislation to give small businesses more assistance using the loans provided through the Paycheck Protection Program (PPP), established in a previous coronavirus bill passed in March. The bill was a welcome piece of bipartisan legislation and passed with a vote of 417-1. The bill would provide up to 24 weeks for small businesses to extend the deadline for rehiring workers to the end of 2020. The bill also allows businesses to lower the percentage of the loans going to payroll costs, from at least 75% to at least 60%, which would leave up to 40% to be used for rent, overhead costs or other expenditures. The bill contains a provision that would identify businesses that receive loans of \$2 million or more. Several Republicans objected and Rep. Steve Chabot (R-OH) said, "I do not believe that those businesses should put on public display for potential shaming."

The Senate voted on the bill today by unanimous consent, however, the media has reported that at least one or two Senators initially objected. The bill is on its way to the President for his signature.

The Congressional Budget Office (CBO) released a report on May 19 that said, "CBO estimates that real gross domestic product will contract by 11 percent in the second quarter of this year, which is equivalent to a decline of 38 percent at an annual rate, and that the number of people employed will be almost 26 million lower than the number in the fourth quarter of 2019." The estimate also included an economic forecast from years 2020 to 2030 due to the coronavirus, which showed that it could take ten years to recover. For the full analysis, please see the publication: <https://www.cbo.gov/publication/56351>

On May 27, Reps. Anthony Gonzalez (R-OH) and Marcia Fudge (D-OH) introduced H.R. 7029, a bill to facilitate the re-opening of schools through study of children's role in transmitting SARS-CoV-

2, and for other purposes. Rep. Joyce Beatty (D-OH) is also a cosponsor. The bill is entitled, “Protect our Children from COVID-19 Act,” and is “aimed at helping schools to reopen safely in the fall by providing much needed research on the role children play in transmitting the COVID-19 virus,” according to a press release from Rep. Gonzalez. Rep. Gonzalez said:

Children and families across the country are facing significant challenges and disadvantages because of school closures, many of which have the potential to cause profound and lasting impacts on an entire generation of Americans. Reopening our schools this fall should be a top priority as we move forward in combatting the COVID-19 pandemic, and the information gathered from this study will allow us to do so in the safest manner possible.

<https://anthonygonzalez.house.gov/news/documentsingle.aspx?DocumentID=232>

In her press release, Rep. Fudge said:

While school closures are necessary to address the current public health crisis, many students are at risk of falling through the cracks after losing access to in-person learning and other critical services like school meals. Getting students back to the classroom is critical to making up for lost time, but it must be done in a way that protects the safety of students and teachers alike. By requiring research into how children contract and transmit COVID-19, this bill will help school districts make informed decisions on how to safely reopen. <https://fudge.house.gov/press-statements/fudge-gonzalez-introduce-legislation-to-support-safe-school-reopening/>

STIMULUS PAYMENTS

The Internal Revenue Service, listening to the concerns expressed by several members of the Ohio Congressional delegation, announced a new telephone hotline (1-800-919-9835) to assist Ohioans who may be seeking information about their stimulus payments. I reported that many Americans do not have access to the internet, including Ohioans. According to a news release from Rep. Troy Balderson (R-OH) on May 19, he asked the IRS to “develop alternatives for Americans with 'slow or no' internet to access the IRS online portal for tracking COVID-19 Economic Impact Payments (EIPs).”

On May 27, the IRS announced a reminder that some taxpayers are receiving their stimulus payments as a prepaid debit card. The debit cards arrive in a plain envelope from “Money Network Cardholder Services,” and provide consumer protections including protection against fraud, loss and other errors. The IRS said:

Nearly 4 million people are being sent their Economic Impact Payment by prepaid debit card, instead of paper check. The determination of which taxpayers received a debit card was made by the Bureau of the Fiscal Service, a part of the Treasury Department that works with the IRS to handle distribution of the payments. Those who receive their Economic Impact Payment by prepaid debit card can do the following without any fees.

- Make purchases online and at any retail location where Visa is accepted
- Get cash from in-network ATMs
- Transfer funds to their personal bank account
- Check their card balance online, by mobile app or by phone.

PANDEMIC BILLS

Several bills have been introduced in May and early June to address a variety of pandemic issues. A few of the noteworthy ones include:

- H.R. 7070, a bill to observe the lives lost in the United States due to the COVID-19 pandemic. The sponsor is Rep. Anna Eshoo (D-CA). The bill was introduced on June 1 and referred to the Committee on Energy and Commerce.

- H.R. 7058, a bill to provide a payroll tax credit for certain bonuses paid to employees who worked continuously during the COVID-19 pandemic. Rep. Tom Reed (R-NY) is the sponsor. The bill was referred to the Committee on Ways and Means.
- H.R. 7031, a bill to extend public safety officer death benefits to public safety officers whose death is caused by COVID-19, and for other purposes. The sponsor is Rep. David Joyce (R-OH), cosponsored by Reps. Anthony Gonzalez (R-OH) and Marcia Fudge (D-OH). The bill was introduced on May 27 and referred to the Committee on the Judiciary.
- H.R. 7015, a bill to provide financial stability to the United States Postal Service during the coronavirus pandemic, and for other purposes. The sponsor is Rep. Carolyn Maloney (D-NY). It was introduced on May 26 and referred to the Committee on Oversight and Reform and the Committee on the Budget.
- H.R. 6699, a bill to provide essential workers with \$25,000 credit for student loans or future education. The bill is sponsored Rep. Ann Kuster (D-NH) and cosponsored by Rep. Joyce Beatty (D-OH). It was referred to the Committee on Education and Labor, and the Committees on Financial Services, and Ways and Means.

SERS ADVOCACY ON HRA EXCEPTED BENEFIT PLAN / WRAPAROUND PLAN

SERS and I have reached out to the Ohio delegation, asking if the members would sign and send a joint letter to the Secretaries of Labor, Treasury, and Health and Human Services, to request a revision to the rules that created HRA Excepted Benefit (HRA EB) Plans. The rules were finalized on June 20, 2019 and enacted 60 days later, on August 19, 2019. The regulations set a cap of \$1,800 per family over the course of one year. Seeking a regulatory change could be less challenging than seeking a legislative change, particularly now that Congress is focused on passing bills to address the economic fall-out and helping Americans and businesses through the pandemic.

The change would include language setting the cap with an annual per-person HRA actuarial value of \$1,800, calculated across the enrolled HRA population. This change would be in line with previous excepted benefit plan rules that required the annual cost of coverage per employee and any covered dependents occur on an aggregate basis relying on sound actuarial principles. This change would allow enrollees with higher out of pocket costs than \$1,800 per family to obtain reimbursement of those costs under the terms of the SERS HRA EB Plan. The proposed change to the HRA rules would then be effective with the plan year commencing January 1, 2021.

We pointed out that the Trump administration supported the use of HRAs, as included in the President's Executive Order 13813, issued on October 12, 2017, which said, "Expanding the flexibility and use of HRAs would provide many Americans, including employees who work at small businesses, with more options for financing their healthcare." The Order directed that the "Secretaries of the Treasury, Labor, and Health and Human Services shall consider proposing regulations or revising guidance, to the extent permitted by law and supported by sound policy, to increase the usability of HRAs, to expand employers' ability to offer HRAs to their employees, and to allow HRAs to be used in conjunction with nongroup coverage."

We are continuing our discussions with the delegation offices. Reps. Kaptur and Ryan circulated a draft delegation letter that we hope will garner bipartisan support. The soft deadline to sign on to the letter is Friday, June 5.

The advocacy on the Wraparound Plan legislation, H.R. 4763, has continued. The House Committee on Appropriations will be meeting in July, according to a legislative aide in Rep. Joyce's office. Ohio has three members who serve on the House Committee on Appropriations, namely Reps. Kaptur (D-OH), Ryan (D-OH) and Joyce (R-OH). SERS submitted a request to each of the offices for reauthorization of Wraparound Plans. Last year, SERS was successful in gaining language in the final appropriations bill that recommended CMS extend the program and issue a report to the Committee. CMS declined to issue a report or extend the program last year and the Committee is aware of their response. SERS and I will continue this path as we pursue legislative authority for Wraparound Plans under H.R. 4763.

WINDFALL ELIMINATION PROVISION (WEP)

The Texas Retired Teachers Association's (TRTA) Executive Director Tim Lee announced that the Association held a Facebook Live session with Rep. Kevin Brady (R-TX) on June 3 to discuss efforts to reform the Windfall Elimination Provision (WEP). During the session, Rep. Brady said that he would like to advance WEP reform this year. He said, "We've really got to build full support within our states. I am absolutely convinced we can get this done." He mentioned that while groups continue to press for full repeal, that issue has been discussed for 37 years and not gained traction. As reported previously, Rep. Brady has been trying to pass legislation to replace the current WEP formula with a fairer formula. His bill, H.R. 3934, the "Equal Treatment of Public Servants Act of 2019," has 45 cosponsors and has not moved out of the House Committee on Ways and Means. Rep. Brady is the ranking member of the Committee. Three members from Ohio, Reps. Bob Latta (R-OH), Michael Turner (R-OH) and Anthony Gonzalez (R-OH) are cosponsors.

Chairman of the House Committee on Ways and Means, Rep. Richard Neal (D-MA), introduced a slightly different WEP reform bill, H.R. 4540, the "Public Servants Protection and Fairness Act" last September. The bill has held steady with 141 cosponsors, including Reps. Marcy Kaptur (D-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH) and Marcia Fudge (D-OH). At this date, neither bill has progressed, however, the subject of WEP reform continues to be discussed.

H.R. 141, the "Social Security Fairness Act of 2019," which addresses the full repeal of WEP and GPO, has not been scheduled for a hearing during the pandemic emergency. As of this report, it is a bipartisan bill with 186 Democrats and 59 Republicans cosponsoring the bill, including nine Ohio Representatives, 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), Marcia Fudge (D-OH), Joyce Beatty (D-OH) and Troy Balderson (R-OH).

Senator Sherrod Brown (D-OH) introduced the Senate companion bill, S. 521, the "Social Security Fairness Act," last February. The bill would repeal the WEP and GPO. There are 38 cosponsors, including 31 Democrats, 5 Republicans and 2 Independents. Senator Rob Portman (R-OH) is not one of the cosponsors. There has been no action in the Senate.

SOCIAL SECURITY ADMINISTRATION (SSA)

The SSA released the Annual Report of the Supplemental Security Income (SSI) Program on May 29. The report "provides comprehensive information on the SSI program in accordance with the mandate in section 231 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996." Highlights from the report included:

- In January 2020, 7.9 million individuals received monthly Federal SSI payments averaging \$559, a decrease of 80 thousand recipients from the 8.0 million recipients with an average payment of \$549 in January 2019.
- By 2044, the end of the 25-year projection period, the Federal SSI recipient population will reach 8.4 million. The projected growth over the 25-year period is largely due to the overall growth in the Social Security area population, though the growth in the SSI recipient population is projected to be somewhat slower than the growth in the Social Security area population.
- SSI Federal Payments, Calendar Year 2019, \$56.2 billion- Disabled under 18 16.8%; Disabled 18-64 62.2%; Disabled 65 or older 11.0%; Aged 10.0%.

You may read the 197 page report with this link: <https://www.ssa.gov/oact/ssir/SSI20/ssi2020.pdf>

As a comparison, the 2020 Social Security Trustees Report, which was released in April, showed an increase in the 75-year deficit from 2.78% to 3.21% of taxable payroll. The estimated date for the trust fund to be exhausted is 2035.

On May 14, SSA updated the guide, "Economic Impact Payments for Social Security and SSI Recipients – Steps to Take and Schedule of Payments." The guide may be used to determine whether a recipient needs to take any action to receive his or her economic impact payment, or a

payment for a qualifying child. The document also explains when the Internal Revenue Service, not the Social Security Administration, will issue the payment. <https://www.ssa.gov/coronavirus/>

On June 1, SSA announced that Ohio was one of the new states, along with Connecticut and Utah, that recipients can “go online to replace your Social Security card.” Recipients can apply for a replacement card online if they:

- Are a U. S. citizen age 18 or older with a U.S. mailing address (this includes APO, FPO, and DPO addresses);
- Are not requesting any changes to your card (including a name change); and
- Have a valid driver's license or state-issued identification card.

H.R. 860, the “Social Security 2100 Act,” was introduced by Rep. John Larson (D-CT) in January 2019. The bill has 208 cosponsors, who are all Democrats. All the members of Ohio's Democratic delegation are cosponsors, Reps. Joyce Beatty, Marcia Fudge, Tim Ryan and Marcy Kaptur. The identical Senate bill is S. 269, introduced by Senator Richard Blumenthal (D-CT). Senator Chris Van Hollen (D-MD) is still the only cosponsor. Neither bill has advanced.

H.R. 2302, the “Protecting and Preserving Social Security Act,” introduced by Rep. Theodore Deutsch (D-FL) still has only eight cosponsors, including Rep. Marcy Kaptur (D-OH). This bill, like H.R. 860, would make improvements in the old-age, survivors, and disability insurance program and provide for Social Security benefit protection. It has not moved forward either.

MEDICARE AND MEDICAID

With the arrival of coronavirus in the country, the U.S. Centers for Medicare and Medicaid created a webpage dedicated to coronavirus information. According to the site, Medicare covers several coronavirus-related expenses, including:

- Medicare covers the lab tests for COVID-19. You pay no out-of-pocket costs.
- Medicare covers FDA-authorized COVID-19 antibody (or “serology”) tests if you were diagnosed with a known current or known prior COVID-19 infection or suspected current or suspected past COVID-19 infection.
- Medicare covers all medically necessary hospitalizations. This includes if you're diagnosed with COVID-19 and might otherwise have been discharged from the hospital after an inpatient stay, but instead you need to stay in the hospital under quarantine.
- At this time, there's no vaccine for COVID-19. However, it will be covered if one becomes available.
- If you have a Medicare Advantage Plan, you have access to these same benefits. Medicare allows these plans to waive cost-sharing for COVID-19 lab tests. Many plans offer additional telehealth benefits and expanded benefits, like meal delivery or medical transport services. Check with your plan about your coverage and costs.
- Scammers may use the coronavirus national emergency to take advantage of people while they're distracted. As always, guard your Medicare card like a credit card, check Medicare claims summary forms for errors, and if someone calls asking for your Medicare Number, hang up!

For more information, please see the site: <https://www.medicare.gov/medicare-coronavirus>

Neither H.R. 1346, the “Medicare Buy-In and Health Care Stabilization Act of 2019,” a bill with 50 Democratic cosponsors, to provide individuals who are ages 50 to 64 to buy into Medicare,” or S. 470, the “Medicare at 50 Act,” with 20 Democratic cosponsors, the companion Senate bill that Senator Sherrod Brown (D-OH) co-sponsored, has advanced.

HEALTH CARE

According to the Public Sector HealthCare Roundtable, legislation to address surprise medical billing may be ready to move quickly as the Trump administration seeks to ban surprise billing completely.

As reported, S. 3333, the “Human Trafficking and Exploitation Prevention Training Act of 2020,” was introduced by Senator Lisa Murkowski (R-AK) to “amend the Public Health Service Act to provide for the implementation of curricula for training students, teachers, and school personnel to understand, recognize, prevent, and respond to signs of human trafficking and exploitation in children and youth, and for other purposes.” While there are 15 cosponsors, neither Ohio Senators Brown nor Portman have signed on to the bill.

PRESCRIPTION DRUGS

The Centers for Medicare & Medicaid Services (CMS) announced that over 1,750 standalone Medicare Part D prescription drug plans and Medicare Advantage plans with prescription drug coverage have applied to offer lower insulin costs through the Part D Senior Savings Model for the 2021 plan year. Across the nation, participating enhanced Part D prescription drug plans will provide Medicare beneficiaries access to a broad set of insulins at a maximum \$35 copay for a month’s supply, from the beginning of the year through the Part D coverage gap. The model follows the Administration’s announced 13.5 percent decline in the average monthly basic Part D premium since 2017 to the lowest level in seven years. The release may be read here: <https://www.cms.gov/newsroom/press-releases/president-trump-announces-lower-out-pocket-insulin-costs-medicare-seniors>

The bill introduced last year by Rep. Dave Joyce (R-OH), H.R. 5239, the “Prescription Drug Price Reporting Act,” cosponsored by Rep. Anthony Gonzalez (R-OH), would require reporting on prescription drug expenditures under group health plans and prescription drug price changes. The companion bill in the Senate, S.1664, was introduced by Senator Rick Scott (R-FL). The bill would create a public, consumer-friendly federal database of drug pricing information and compels drug companies to explain any price increases. Neither bill has moved forward.

SECURITIES AND EXCHANGE COMMISSION (SEC)

On May 14, the Investor Advisory Committee (IAC) issued its recommendation to the SEC relating to ESG disclosures. In its report, it said:

As the SEC contemplates an ESG disclosure framework, there are many useful standards such as GRI, SASB and TCFD, to name a few, that may help shape its thinking. This Committee is not recommending or endorsing any particular standard, simply pointing out that some thoughtful work has already been done in mapping out what investors consider to be material, decision-useful information.

The full recommendation may be read here: <https://www.sec.gov/spotlight/investor-advisory-committee-2012/recommendation-of-the-investor-as-owner-subcommittee-on-esg-disclosure.pdf>

REPORTS

On May 12, the Center for State and Local Government Excellence (SLGE) and the Center for Retirement Research, Boston College issued a new analysis of state and local public pension plans. It indicates that “these retirement plans will end fiscal year 2020 with negative annual investment returns, reduced asset values, lower funded ratios and higher actuarial costs.”

Additionally, the research indicates that plan finances will continue to decline in the wake of the economic downturn.” <https://www.slge.org/assets/uploads/2020/05/market-decline-public-plans.pdf>

SLGE held a webinar on May 14 to cover the findings from the State and Local Government Workforce: 2020 Survey. In its release, SLGE noted that the “Survey data shows a steady increase in telework among state and local government employees (27 percent), the highest share since 2016 (22 percent). This practice is more common in state agencies (64 percent) than local jurisdictions (19 percent). The increase may relate to the onset of the COVID-19 pandemic that overlapped with this research. This telework trend, and others, may change dramatically given the ongoing pandemic, social distancing guidelines, and unprecedented pressures on state and local government budgets.” The results of the Survey may be read here: <https://slge.org/news-posts/new-research-finds-continued-increase-in-telework-for-state-local-government-employees-even-prior-to-covid-19>

U.S. SUPREME COURT

The Supreme Court issued its decision in *Thole et al. v. U. S. Bank N. A., et al.* The central issue was whether a defined-benefit pension plan participant has standing to sue for certain fiduciary breaches, seek injunctive relief or restoration of plan losses without demonstrating any personal financial loss? The Court held that the participants lacked standing to bring the suit. The syllabus stated, "The plaintiffs rely on a trust analogy in arguing that an ERISA participant has an equitable or property interest in the plan and that injuries to the plan are therefore injuries to the participants. But participants in a defined benefit plan are not similarly situated to the beneficiaries of a private trust or to participants in a defined contribution plan, and they possess no equitable or property interest in the plan."

The Supreme Court upheld the authority of the Puerto Rico Financial Management and Oversight Board, appointed several years ago to address the country's debt crisis. The Court unanimously ruled that the board members were not federal officers whose appointments required Senate confirmation because their duties were locally focused. "The Board's statutory responsibilities consist of primarily local duties, namely, representing Puerto Rico in bankruptcy proceedings and supervising aspects of Puerto Rico's fiscal and budgetary policies," Justice Stephen Breyer wrote in the Court's opinion.

OTHER NEWS

The U.S. Department of Labor issued an information letter to Groom Law Group on June 3, in which Louis J. Campagna, Chief, Division of Fiduciary Interpretations, said, "In conclusion, a plan fiduciary would not, in the view of the Department, violate the fiduciary's duties under section 403 and 404 of ERISA solely because the fiduciary offers a professionally managed asset allocation fund with a private equity component as a designated investment alternative for an ERISA covered individual account plan in the manner described in this letter." A full copy of the letter may be read here:

<https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/information-letters/06-03-2020>

NCTR reported that the Trump administration pressured the Federal Retirement Thrift Investment Board (FRTIB) to halt switching its international index fund to a broader one that includes companies in China and other emerging-market countries.

ACTIVITIES:

1. Set up and participated in calls between SERS and the Offices of Reps. Kaptur, Ryan, Wenstrup, Johnson, Stivers, Latta, Joyce, Gonzalez, and Fudge. Other calls are pending.
2. Set up a call with the Office of Senator Portman to discuss the proposed HRA Excepted Benefit Plan rule change. Sent an email to the office of Senator Brown to request a conversation.
3. Sent out reminder emails to delegation offices to request calls by June 5.
4. Drafted a letter on the proposed rule change for Excepted Benefit HRAs and circulated it.
5. Set up and participated in a call with SERS and the Offices of Reps. Marcy Kaptur and Tim Ryan to discuss the idea of a rule change for HRA Excepted Benefit Plans and to discuss appropriations.
6. Participated in several calls with representatives from SERS to discuss HRA Excepted Benefit Plans and advocacy.
7. Provided a Memorandum on the provisions of the HEROES Act, which was passed in the House in mid-May, including provisions that would be of interest to SERS.
8. Monitored bills from the Committees on Appropriations, Finance, and others related to public pensions, COVID-19, retirement security, health care, prescription drugs, Social Security and kept informed of relevant House and Senate Committee hearings and witnesses.
9. 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.
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, AHIP, BMA, AARP and other entities 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, Social Security, retirement issues and prepared the Federal Legislative Report.

ADMINISTRATIVE EXPENSES

The following are administrative operation expenses of the School Employees Retirement System of Ohio during the period May 1 – May 31 2020.

Account	Vendor	Amount
Computer Hardware>\$5,000	Dell Marketing LP	410,173.00
	Account Totals:	410,173.00
Computer Software>\$25,000	Sigital, LLC	28,000.00
	Account Totals:	28,000.00
Salaries & Wages	ADP, LLC	548,630.60
	ADP, LLC	545,669.85
	Account Totals:	1,094,300.45
Salaries & Wages - Overtime	ADP, LLC	499.35
	ADP, LLC	334.33
	Account Totals:	833.68
Vacation Leave Expense	ADP, LLC	200,311.97
	Account Totals:	200,311.97
Sick Leave Expense	ADP, LLC	41,460.28
	Account Totals:	41,460.28
Unemployment Compensation	ADP, LLC	360.55
	ADP, LLC	360.55
	Account Totals:	721.10
Employer Contributions - PERS	Ohio Public Emp. Retirement System	79,127.54
	Ohio Public Emp. Retirement System	78,886.23
	Account Totals:	158,013.77
Group Life	American United Life Insurance Company	8,161.37
	Account Totals:	8,161.37

Long Term Disability	American United Life Insurance Company	2,332.25
	Account Totals:	2,332.25
Short Term Disability	American United Life Insurance Company	1,250.49
	American United Life Insurance Company	1,254.75
	Account Totals:	2,505.24
Group Health Claims	Aetna Daily Wires - ESERS	97,353.33
	SaveonSP, LLC	1,094.75
	Account Totals:	98,448.08
Group Health - Admin Fees	Aetna Admin - ESERS	7,225.18
	Account Totals:	7,225.18
Prescription Claims	Express Scripts - ESERS	655.01
	Express Scripts - ESERS	2,296.31
	Express Scripts - ESERS	8,359.54
	Express Scripts - ESERS	9,737.09
	Express Scripts - ESERS	13,611.33
	Express Scripts - ESERS	20,967.70
	Account Totals:	55,626.98
Group Health - Stop Loss	Sunlife Financial	13,278.70
	Account Totals:	13,278.70
Vision Claims	VSP - (OH)	166.32
	VSP - (OH)	1,728.60
	Account Totals:	1,894.92
Vision Admin Fees	VSP - (OH)	1.98
	Account Totals:	1.98
Group Health - Employee Cost	Employee Premiums	(772.36)
	Employee Premiums	(12,800.04)
	Employee Premiums	(12,826.46)
	Account Totals:	(26,398.86)

Group Health - Wellness Incentive	ADP, LLC	1,574.05
	ADP, LLC	1,650.18
	Account Totals:	3,224.23
Group Health - Tobacco Premiums	ADP, LLC	(420.00)
	ADP, LLC	(420.00)
	Account Totals:	(840.00)
Medicare Premium - Employer	ADP, LLC	5,779.74
	ADP, LLC	7,865.75
	Account Totals:	13,645.49
Deferred Compensation Match	ADP, LLC	2,355.00
	ADP, LLC	2,370.00
	Account Totals:	4,725.00
Actuarial Services	Cavanaugh MacDonald Consulting, LLC	12,000.00
	Cavanaugh MacDonald Consulting, LLC	20,190.00
	Account Totals:	32,190.00
Audit	Clark Schaefer	2,895.00
	RSM US LLP	7,000.00
	Treasurer of State of Ohio	456.00
Account Totals:	10,351.00	
Custodial Fees - Investment Accounting	Huntington National Bank	24,173.66
	BNY Mellon Asset Servicing	57,000.00
	Account Totals:	81,173.66
Custodial Banking	Huntington National Bank	200.72
	Huntington National Bank	11,606.14
	Account Totals:	11,806.86
Master Recordkeeper Fees	BNY Mellon Asset Servicing	82,458.67
	Account Totals:	82,458.67

Investment Advisory Fees	Aksia	31,250.00
	Wilshire	37,500.00
	Account Totals:	68,750.00
Performance/Analytics Fee	BNY Mellon Asset Servicing	34,401.66
	Wilshire Associates Incorporated	3,000.00
	Account Totals:	37,401.66
Bloomberg Terminal Rentals	Bloomberg Finance LP	13,305.00
	Account Totals:	13,305.00
Medical Consultant	Borchers, M.D., Glen G.	3,333.34
	Account Totals:	3,333.34
Special Counsel	Frost Brown Todd, LLC	7,800.00
	Ice Miller LLP	3,074.34
	Newhouse, Prophater, Kolman & Hogan LLC	560.00
	Account Totals:	11,434.34
Technical	Berry, Dunn, McNeil & Parker LLC	10,335.00
	ForeFront Web	47.85
	Sagitec Solutions, LLC	57,317.92
	Velosio	161.25
	Account Totals:	67,862.02
Other Professional Services	Cobalt Community Research, LLC	4,900.00
	Contoural, Inc.	4,739.25
	Cristo Rey Columbus High School	1,700.00
	Cristo Rey Columbus High School	1,700.00
	Impact Training and Development, Inc	918.00
	Lincoln Crow Strategies	3,075.00
	Performance Leadership Group, LLC	2,250.00
	Vorys Advisors LLC	3,333.33
	Wickert, Kimberly	229.50
	Account Totals:	22,845.08
Postage	Columbus Courier & Freight LLC	193.40
	Pitney Bowes Inc.	48.14
	Pitney Bowes Inc.	92.07
	Pitney Bowes Inc.	155.98
	Quadient	683.52
	Unishippers Association	31.00
	Unishippers Association	31.00

	Unishippers Association	31.00
	Unishippers Association	73.66
	Unishippers Association	386.92
	Account Totals:	1,726.69
Telecommunications Services		
	CenturyLink	2,858.95
	Nextel Communications	78.53
	TBG Conferencing	946.17
	TBG Conferencing	2,741.08
	XO Communications	1,718.58
	Account Totals:	8,343.31
Communications & Publications		
	Baise Quality Printing	3,291.52
	Account Totals:	3,291.52
Hardware Maintenance		
	Park Place Technologies	4,600.56
	Account Totals:	4,600.56
Software Maintenance		
	Optiv Security, Inc.	4,314.27
	Sagitec Solutions, LLC	48,328.00
	Account Totals:	52,642.27
Software Subscriptions		
	ADP, LLC	2,754.61
	Citrix Systems Inc	2,006.40
	Duo Security	4,536.00
	KLDiscovery	1,275.00
	Melissa Data Corporation	395.00
	Nasdaq BoardVantage, Inc.	21,657.17
	OARnet	23,293.44
	SAS Institute Inc	3,960.00
	Wellness IQ	828.77
	Account Totals:	60,706.39
Equipment Repairs & Maintenance		
	Canon Financial Services, Inc	1,647.27
	Digital Print Solutions	387.65
	HMB, Inc.	2,149.00
	Ricoh USA, Inc	193.26
	Ricoh USA, Inc	160.85
	Ricoh USA, Inc	389.58
	Account Totals:	4,927.61

Records Storage	Fireproof Records Center	493.29
	Fireproof Records Center	790.93
	Account Totals:	1,284.22
Seminar & Conferences	CarahSoft Technology Corp	3,885.00
	Ohio Society of CPAs	289.00
	Account Totals:	4,174.00
Subscriptions	Kiplinger Letter	108.00
	Thomson Reuters	5,023.98
	Thomson Reuters - West Publishing Corp	201.25
	Account Totals:	5,333.23
Memberships	Masri, Judi	370.00
	Ohio Society of CPAs	370.00
	Account Totals:	740.00
Operations Maintenance	Amtrec, LLC	2,383.00
	Account Totals:	2,383.00
Staff Support	Matrix Integrated Psychological Services	587.40
	ThrivePass	576.00
	Unisan, LLC	144.60
	Employee Reimbursement	1,655.00
	Employee Reimbursement	1,655.00
	Account Totals:	4,618.00
Interior Landscaping	Ambius Inc. (05)	1,356.37
	Account Totals:	1,356.37
Reimbursement of Leased Svcs	OSERS Broad St. LLC	(24,710.00)
	Account Totals:	(24,710.00)
Total Administrative Expenses		2,691,973.61

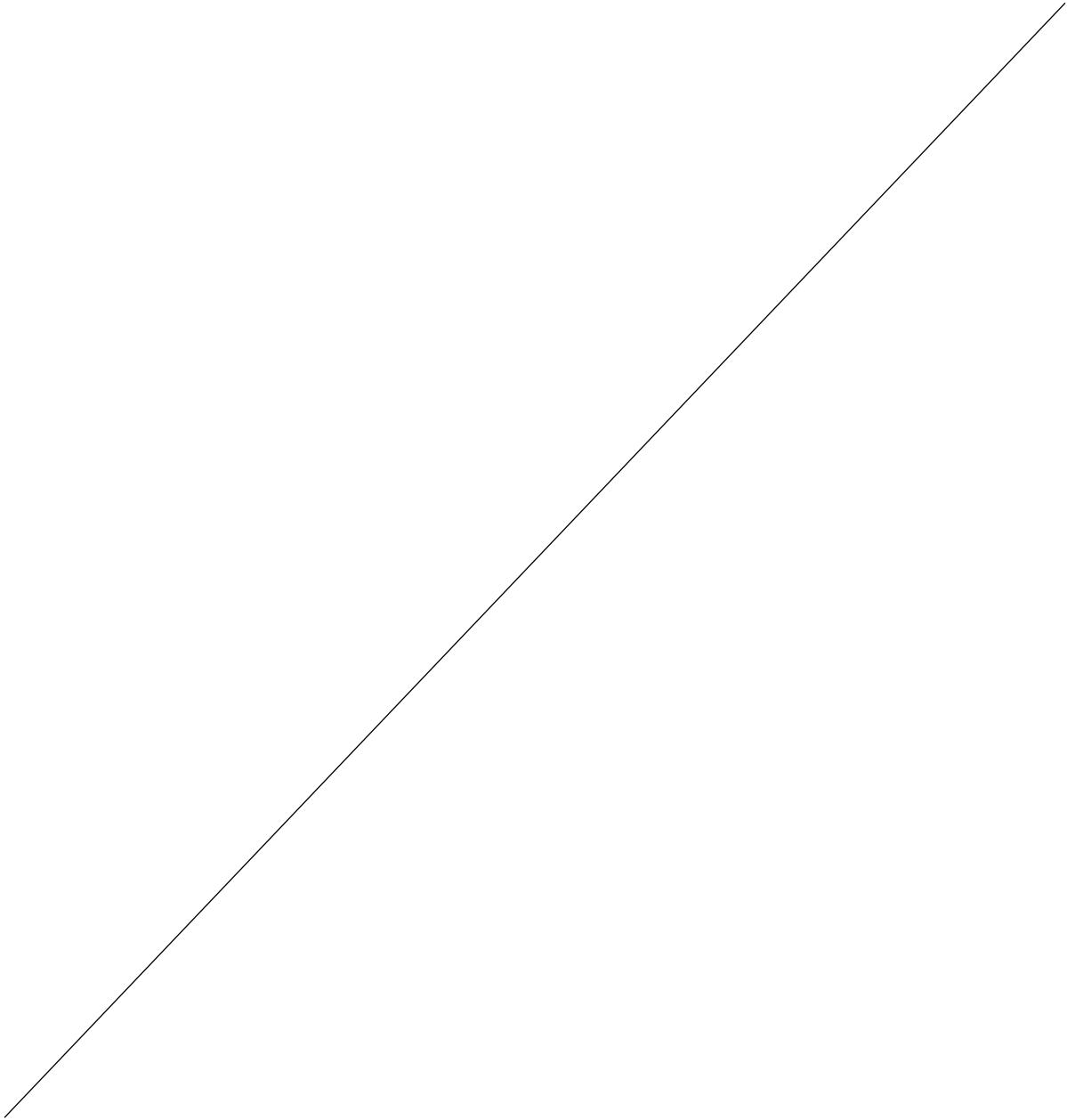
School Employees Retirement System of Ohio

Summary of preliminary administrative operation expenses during the period **May 1, 2020 - May 31, 2020.**

Account	Amount
Computer Hardware >\$5,000	410,173.00
Computer Software >\$25,000	28,000.00
Salaries & Wages	1,094,300.45
Salaries & Wages - Overtime	833.68
Vacation Leave Expense	200,311.97
Sick Leave Expense	41,460.28
Unemployment Compensation	721.10
Employer Contributions - PERS	158,013.77
Group Life	8,161.37
Long Term Disability	2,332.25
Short Term Disability	2,505.24
Group Health Claims	98,448.08
Group Health - Admin Fees	7,225.18
Prescription Claims	55,626.98
Group Health - Stop Loss	13,278.70
Vision Claims	1,894.92
Vision Admin Fees	1.98
Group Health - Employee Cost	(26,398.86)
Group Health - Wellness Incentive	3,224.23
Group Health - Tobacco Premiums	(840.00)
Medicare Premium - Employer	13,645.49
Deferred Compensation Match	4,725.00

Actuarial Services	32,190.00
Audit	10,351.00
Custodial Fees - Investment Accounting	81,173.66
Custodial Banking	11,806.86
Master Recordkeeper Fees	82,458.67
Investment Advisory Fees	68,750.00
Performance/Analytics Fee	37,401.66
Bloomberg Terminal Rentals	13,305.00
Medical Consultant	3,333.34
Special Counsel	11,434.34
Technical	67,862.02
Other Professional Services	22,845.08
Postage	1,726.69
Telecommunications Services	8,343.31
Communications & Publications	3,291.52
Hardware Maintenance	4,600.56
Software Maintenance	52,642.27
Software Subscriptions	60,706.39
Equipment Repairs & Maintenance	4,927.61
Records Storage	1,284.22
Seminars & Conferences	4,174.00
Subscriptions	5,333.23
Memberships	740.00
Operations Maintenance	2,383.00

Staff Support	4,618.00
Interior Landscaping	1,356.37
Reimbursement of Leased Svcs	(24,710.00)
Total Administrative Expenses	2,691,973.61



SERS FY 2021 ADMINISTRATIVE BUDGET

Executive Director Richard Stensrud noted that during the May Board meeting, Board members received the FY2021 Administrative Budgets for SERS and OSERS Holdings, LLC. Mr. Stensrud stated that he and staff are requesting approval of these budgets through separate resolutions: one for SERS' operating and capital budgets for the next fiscal year and one for the transfer of funds to OSERS Holdings, LLC to cover the net operating expenses of OSERS Broad Street, LLC.

Mr. Stensrud stated that as noted in the letter to the Board found in the front of the budget book, the FY2021 budget presented reflects a 1.00% decrease over the FY2020 budget. Also, the FY2021 budget reflects a 2.9% increase over the FY2020 projected expenses resulting from the underspending in FY2020 due to COVID-19.

Board member Dan Wilson reiterated his request to include budgeted full-time employees (FTE) and current FTE in the coming budget year, and noted that he does not want to lose sight of the budgeting oversight. Mr. Wilson expressed interest in the need to manage the organization.

Following discussion, Mr. Stensrud stated that he would bring a plan to the Board in July which provides a detail breakdown of categories and projects, and that going forward, staff will present information that would allow the Board to track expenditures in those areas.

BUDGET RESOLUTION – FY 2021 SERS ADMINISTRATIVE BUDGET

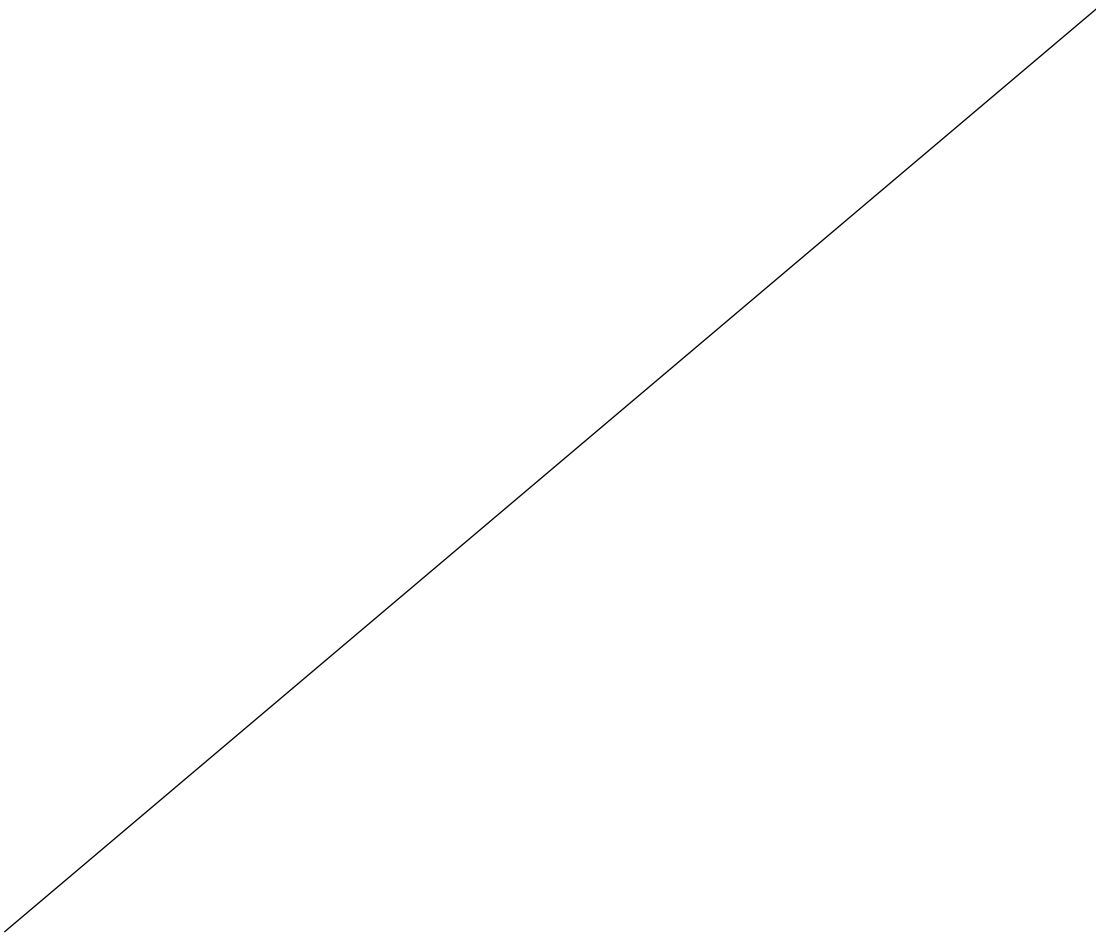
James Rossler moved and Frank Weglarz seconded that the following budget of \$33,783,735 for the fiscal year beginning July 1, 2020 and ending June 30, 2021 be approved, with such approval effective June 18, 2020. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Catherine Moss. Abstain: Daniel Wilson. The motion carried.

<u>Expense Classification</u>	<u>Budget</u>
Personnel	\$ 21,753,598
Professional Services (including Investment-Related Consultants).....	6,764,785
Communications	1,105,880
Other Operating Expenses	<u>3,004,049</u>
SERS Administrative Expenses	\$ 32,628,312
Administrative Capital	<u>305,351</u>
Administrative Budget	\$ 32,933,663

Be it further provided that the Board has reviewed the estimated fees and expenses for operation of the investment program, and authorizes the payment of actual fees to such service providers and in such amounts as is set by the contract with the individual service providers.

OPERATING TRANSFER RESOLUTION – FY 2021

Barbra Phillips moved and James Haller seconded that SERS transfer to OSERS Holdings, LLC up to \$1,668,534 for payment of building operations and LLC expenses of OSERS Holdings for the fiscal year beginning July 1, 2020 and ending June 30, 2021. OSERS Holdings, LLC shall report quarterly to the SERS Board of Trustees on the expenditure of all funds and receipt of all revenues. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.



BOARD OFFICER ELECTION/APPOINT COMMITTEE CHAIRS

Catherine Moss, Board Chair, continued with the election of Board Officers to be effective July 1, 2020. Ms. Moss asked for nominations for Chair. Catherine Moss nominated Hugh Garside, Jr. Ms. Moss asked for other nominations; there being none, Ms. Moss declared Hugh Garside, Jr. Chair for the 2020-2021 fiscal year.

Ms. Moss asked for nominations for Vice Chair. Frank Weglarz nominated Barbra Phillips. Ms. Moss asked for other nominations; there being none, Ms. Moss declared Barbra Phillips Vice Chair for the 2020-2021 fiscal year.

The Board continued with the review of calendar dates. Board member Jeffrey DeLeone stated that he may not be available for the July Board meeting.

FUTURE CALENDAR DATES FOR 2020

AUDIT COMMITTEE MEETINGS

September 16 - 2:30 p.m. (Weds.)
December 16 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

September 17 - 7:30 a.m. (Thurs.)
December 17 - 7:30 a.m. (Thurs.)

BOARD MEETINGS

July 16 and 17 (Thurs. and Fri.)
September 17 and 18 (Thurs. and Fri.)
October 15 and 16 (Thurs. and Fri.)
November 19 and 20 (Thurs. and Fri.)
December 17 and 18 (Thurs. and Fri.)

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

Following the review of calendar dates, Board Chair Catherine Moss acknowledged the retirement of Director of Administrative Services Matt Sanders, who will retire on June 30th after a 22-year career with SERS. Ms. Moss commended Mr. Sanders on his service to SERS and wished him well in retirement. The Board concurred.

The Board took a break at 10:08 a.m., and reconvened at 10:21 a.m.

EXECUTIVE SESSION

At 10:21, Barbra Phillips moved and Frank Weglarz 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: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 11:14 a.m.

HEALTH CARE REPORT

2021 HEALTH CARE PREMIUMS AND PLAN DESIGN CHANGES

Director of Health Care Services Christi Pepe presented the 2021 plan and premium changes for Board approval at the June meeting.

Ms. Pepe recommended that the PrimeTime plan be discontinued due to increasing costs affecting both enrollees and the SERS Health Care Fund. The plan's 1,048 plan participants would move to the Aetna Medicare plan effective January 1, 2021. In examining network disruption, it was determined that 99% of the doctors visited by PrimeTime plan enrollees were also in the Aetna provider network.

No premium or plan changes were recommended for the Aetna Medicare Plan (PPO).

On the non-Medicare side, staff recommended an increase in Aetna Choice POS II premiums and a decrease in AultCare Plan PPO premiums. No benefit changes were recommended.

MOTION TO PROVIDE HOUSEHOLD INCOME

Barbra Phillips moved and Jeffrey DeLeone seconded a motion to request that all SERS members provide household income data on their retirement applications for the purpose of informing SERS sustainability decisions.

MOTION TO AMEND

While the motion was pending, Daniel Wilson moved and James Rossler seconded that Barbra Phillips' motion be amended to direct the Executive Director to research the feasibility of collecting household income data from members at the time of their retirement. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

AMENDED MOTION

Daniel Wilson moved and James Rossler seconded the motion to direct the Executive Director to research the feasibility of collecting household income data from members at the time of their retirement. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

APPROVAL OF 2021 HEALTH CARE PREMIUMS AND PLAN DESIGN CHANGES

Matthew King moved and Frank Weglarz seconded to approve the 2021 health care premiums in Appendix A and the plan design changes in Appendix B. The premiums and plan design changes are effective January 1, 2021. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

**APPENDIX A
SERS HEALTH CARE 2021 PREMIUMS**

Fully Insured Plans		2020	2021		2020	2021		2020	2021						
Aetna Medicare PPO Plan	17.5%	\$64	\$64	Spouse			Children								
	20%	\$68	\$68												
	25%	\$76	\$76							80%	\$166	\$166	70%	\$149	\$149
	50%	\$117	\$117							90%	\$182	\$182			
	100%	\$198	\$198							100%	\$198	\$198			
Aetna Medicare Part B Only	17.5%	\$127	\$127	Spouse			Children								
	20%	\$140	\$140												
	25%	\$166	\$166							80%	\$454	\$454	70%	N/A	N/A
	50%	\$297	\$297							90%	\$506	\$506			
	100%	\$558	\$558							100%	\$558	\$558			
Aultcare PPO	17.5%	\$224	\$219	Spouse			Children								
	20%	\$251	\$245												
	25%	\$304	\$298							80%	\$724	\$706	70%	\$168	\$165
	50%	\$574	\$560							90%	\$810	\$790			
	100%	\$1,113	\$1,086							100%	\$896	\$874			

Self-Insured Plans		2020	2021		2020	2021		2020	2021						
Aetna Choice POS II (non-Medicare)	17.5%	\$253	\$280	Spouse			Children								
	20%	\$284	\$315												
	25%	\$347	\$385							80%	\$833	\$930	70%	\$253	\$280
	50%	\$659	\$734							90%	\$932	\$1,042			
	100%	\$1,282	\$1,433							100%	\$1,032	\$1,153			
Aetna Traditional Choice (Medicare)	17.5%	\$173	\$166	Spouse			Children								
	20%	\$192	\$184												
	25%	\$232	\$222							80%	\$664	\$632	70%	\$585	\$557
	50%	\$428	\$408							90%	\$742	\$706			
	100%	\$821	\$781							100%	\$821	\$781			

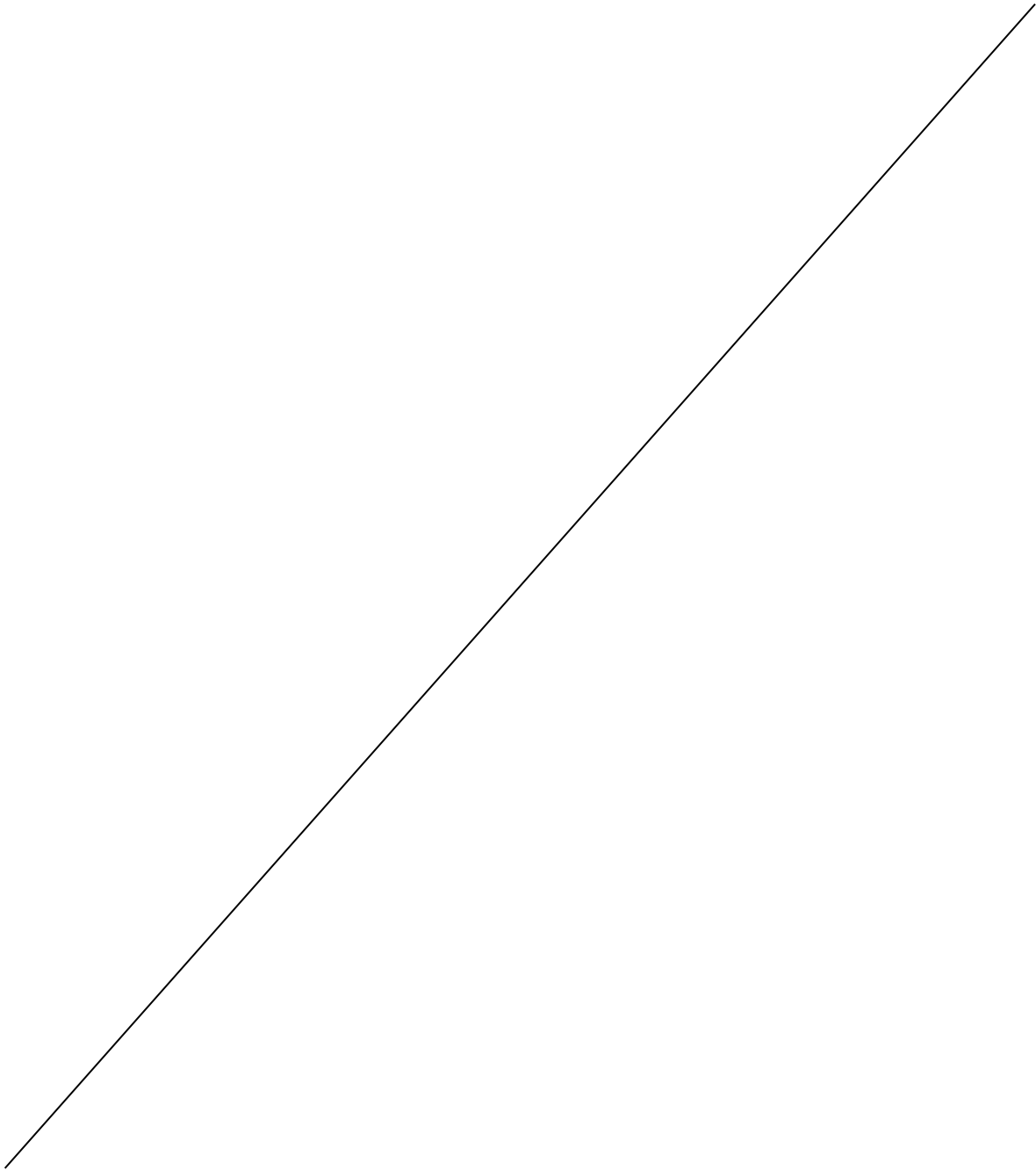
	2020	2021
Aetna Choice POS II Administrative Fee	\$25.02	\$25.39
Healthscope (Wrap HRA)	\$14.00	\$14.00

**APPENDIX B
2021 PLAN DESIGN CHANGES**

Plan Design Changes – Medicare

The Health Care Department is recommending the following plan design changes to the **Medicare** program:

1. Transition all PrimeTime enrollees to the Aetna Medicare Advantage plan.



APPROVAL OF 2021 DENTAL AND VISION PREMIUMS

Frank Weglarz moved and James Haller seconded to approve the 2021 dental and vision premiums as described in Appendix A. The premiums are effective January 1, 2021. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

APPENDIX A

2021 Delta Dental Premium	
Benefit Recipient	\$28.53
Benefit Recipient and one dependent	\$57.06
Benefit Recipient and two or more dependents	\$85.54

2021 VSP Vision Premium	
Benefit Recipient	\$ 7.11
Benefit Recipient and one dependent	\$14.22
Benefit Recipient and two or more dependents	\$16.70

PREMIUM DISCOUNT PROGRAM

Next, Ms. Pepe reviewed 2021 dental and vision plan premiums. Premiums and benefits for under each plan will remain the same as the prior year.

Ms. Pepe requested renewal of the SERS Premium Discount Program for 2021. Retirees who receive certain categories of Medicare Extra Help, which shares similar eligibility requirements with the SERS program, are automatically enrolled in the SERS Premium Discount Program. Paper applications will continue to be accepted and processed.

2021 HEALTH CARE PREMIUM DISCOUNT PROGRAM (SAFETY NET)

The 2021 Health Care Premium Discount Program is offered only to applicants enrolled a SERS Medicare Advantage plan and to “split families” in which only one spouse is enrolled in a SERS Medicare Advantage plan.

Eligibility for the Health Care Premium Discount Program during the 2021 calendar year will be based upon the applicant’s qualifying household income for calendar year 2019. Medicare Part B reimbursement is excluded from the definition of qualifying household income.

If the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less* than or equal to 125% of the 2020 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS premium subsidized by SERS.

If the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *more* than 125% of the 2020 federal poverty level for the household size, the applicant may request special consideration. Special consideration will be given to applicants providing written evidence satisfactory to SERS’ staff that a material change in the applicant’s financial circumstance subsequent to calendar year 2019 has caused the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, to become *less* than or equal to 125% of the 2020 federal poverty level for the household size.

Effective January 1, 2021, SERS health care participants approved by Medicare for the non-institutionalized full Part D low income subsidy program, which has similar household income eligibility requirements to the Premium Discount Program, will be automatically enrolled into the Premium Discount Program.

James Rossler moved and Frank Weglarz seconded to approve the 2021 Health Care Premium Discount Program. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board took a break at 12:01 p.m., and reconvened at 12:33 p.m.

Board Chair Catherine Moss asked Chief Audit Officer David Mather to provide an update on internal audit.

FY 2021 INTERNAL AUDIT PLAN AND AUDIT COMMITTEE UPDATE

Chief Audit Officer David Mather discussed with the Board amendments to the Audit Committee Charter, which were reviewed by the Audit Committee on June 17 and recommended to the Board for approval. He stated that the changes align verbiage in the charter with existing practice at SERS and with language in comparable audit committee charters in the industry.

Continuing, Mr. Mather discussed the objectives and purpose of developing an Internal Audit plan. He noted the need to focus Internal Audit's resources on entities in the audit universe of higher inherent risk and importance to SERS. Mr. Mather provided an overview of the risk assessment process, noting that it is a requirement of the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors (IIA). Mr. Mather further discussed the risk assessment process and the changes from FY 2020, specifically basing the assessment on inherent risk rather than residual risk.

Mr. Mather then discussed the FY 2021 Internal Audit Plan, noting that the Plan is risk-based. Mr. Mather noted that there will be quarterly updates to the Committee on the status of the Plan, with changes to be proposed as needed based upon new and/or emerging risks, as well as changes to laws, regulations, industry standards, the SERS Strategic Plan, and key processes, policies, or systems.



BD5-015

SERS Audit Committee Charter

Effective Date:	03/21/2013	Revision Date:	[Date]06/21/2018	Audience:	Everyone
Owner:	Board	Certifier:	Richard Stensrud	Co-Owner (s):	Executive
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

The purpose of this Audit Committee Charter is to assist the SERS Board in fulfilling its oversight responsibilities for:

- Financial and [non-financial operational reporting](#)^[DM1] processes;
- The system of internal control [and risk management](#)^[DM2];
- Internal and external audit processes of SERS; and
- Compliance with laws and regulations and [the applicable policies governing ethical code of conduct](#)^[DM3].

Policy

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Oversee the operations of the internal audit activity.
- [Oversee the work of any registered public accounting firm employed by the organization.](#)
- [Resolve any disagreements between management and the external auditors regarding financial reporting](#)^[DM4].
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee’s requests – or external parties.
- Meet with SERS’ management, internal auditors, external auditors, or outside counsel, as necessary.

Composition

The Audit Committee consists of three members of the SERS Board. The Board Chair will appoint the Committee Chair on a biennial basis. Following the appointment of the

Committee Chair, the Board Chair will ask for other Board members to fill the remaining spots on the Committee, with such commitments being for a two-year term.

Each committee member will be both independent and familiar with the finances of SERS. One committee member will be a retirant member and one committee member will be an employee member. One member shall be an “investment expert” or an “investment designee” as defined in Ohio Revised Code Section 3309.05.

Meetings and Communications

The Committee will hold regular meetings each quarter. Notice for all meetings shall be given in accordance with Rule 3309-1-25. The Committee may also convene additional meetings as circumstances require.

All committee members are expected to attend each meeting. The Committee will invite members of management, internal and external auditors, or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved by the Committee at the subsequent meeting. Meetings will be arranged and conducted in accordance with Ohio’s open meeting laws. Subject to open meeting laws, the Committee may hold executive sessions.

Responsibilities

Certain committee responsibilities will be carried out by the SERS Board at regular Board meetings (external audit results, enterprise risk management, management operational reporting, etc.). The Committee will ensure the following responsibilities are performed:

1. Financial Statements

- 1.1 Obtain information and training to enhance the Audit Committee members' expertise in financial reporting standards and processes to reasonably oversee financial reporting.
 - 1.2 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
 - 1.3 Review with the external auditors the results of the audit, including any difficulties or disagreements encountered.
 - 1.4 Review the Comprehensive Annual Financial Report and related regulatory filings before release annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
 - ~~1.5 Review operational data and other sections of the annual report (e.g. CAFR) and related regulatory filings before release and consider the accuracy and~~
-

~~completeness of the information~~^[DM5]-

~~1.6~~1.5 Review with the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.

~~1.7~~1.6 Review all significant adjustments proposed by the external auditor.

~~1.8~~1.7 Review all significant external auditor recommendations and management responses.

~~1.9~~1.8 Review with General Counsel the status of legal matters that may have an effect on the financial statements.

1.9 Review the statement of management's responsibility for ~~and the assessment of the internal controls structure and organizational financial reporting effectiveness~~^[DM6].

2. Internal Control

2.1 Review and discuss the organization's risk management and internal control system, including information technology security and control.

~~2.2~~ ~~Obtain information and training to enhance the Audit Committee members' awareness of~~ Review and discuss the organization's internal ~~disclosure controls and procedures~~ to limit material ~~control~~ weaknesses and ~~fraud~~^[DM7].

2.2

2.3 Understand the scope of Internal Audit's review of risk management and internal control ~~over financial and operational reporting~~^[DM8], and obtain reports on significant findings and recommendations, together with management's responses.

2.4 Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

2.5 ~~Discuss~~ Review with the external auditors their ~~respective assessment reviews and attestation of the effectiveness of~~ the organization's internal controls ~~and procedures over~~ financial ~~reporting~~^[DM9].

3. Internal Auditing

3.1 Review and approve the Internal Audit Charter, plans, activities, staffing, and organizational structure of the internal audit activity, including succession planning.

3.2 As needed, ensure there are no unjustified scope restrictions or resource limitations placed on the internal audit activity.

3.3 Annually approve the goals and objectives of the Chief Audit Officer (CAO).

3.4 At least quarterly, review the goals of the CAO.

3.5 Annually evaluate the performance of the CAO and deliver an annual written evaluation report to the Board.

- 3.6 Recommend to the Board salary and benefit changes for the CAO.
- 3.7 As needed, recommend to the Board the CAO's appointment and/or discharge.
- 3.8 As needed, meet separately with the CAO to discuss any matters that the Committee or CAO believes should be discussed in executive session.
- 3.9 Receive and review internal audit reports and management responses as appropriate.
- 3.10 Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported recommendations.
- 3.11 Review periodic updates of advisory and consulting activities by the internal audit activity.
- 3.12 Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

4. External Auditing

- 4.1 Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal auditing.
- 4.2 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the organization, including non-audit services and compensation practices, and discussing the relationships with the auditors.
- 4.3 As needed, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed in executive session.

5. Compliance

- 5.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- 5.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.
- 5.3 Review the process for communicating ~~the applicable policies governing ethical code~~^[DM10] ~~of~~ conduct to ~~company~~^{SERS} personnel, and for monitoring compliance therewith.
- 5.4 Obtain regular updates from management and legal counsel regarding compliance matters.

6. Reporting Responsibilities

- 6.1 Regularly report to the SERS Board about committee activities, issues, and related recommendations.
 - 6.2 Provide an open avenue of communication between internal auditors, external
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auditors, [management](#), and the SERS Board.

6.3 As needed, review any other reports the organization issues that relate to committee responsibilities.

6.4 In accordance with Ohio Revised Code Section 3309.044, the Committee shall annually prepare and submit to the Ohio Retirement Study Council a report of its actions during the preceding year.

7. Other Responsibilities

7.1 Perform other activities related to this charter as requested by the SERS Board.

7.2 Institute and oversee special investigations as needed.

7.3 Review and assess the adequacy of the Committee charter annually, requesting SERS Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

7.4 Review annually that all responsibilities outlined in this charter have been carried out.

7.5 Evaluate the Committee's and individual members' performance on a regular basis.

7.6 In accordance with the SERS Reporting of Suspected Misconduct Policy, review results of any suspected misconduct reported to or discovered by the internal audit activity ~~during an audit~~.

Effective Date

This Audit Committee Charter was adopted by the SERS Board on March 21, 2013, and amended by the Board on February 14, 2014, June 19, 2014, September 17, 2015, June 16, 2016, ~~and~~ June 15, 2017, [June 21, 2018](#), and [\[date\]](#).

Procedures **None**

Definitions

None

Related Documents and Information

Statutes: 3309.044

Rules: N/A

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

Forms: ---

Policy History

Version 1 – March 21, 2013– Created – Approved by Board

Version 2 – February 14, 2014 – Edited – Approved by Board

Version 3 – June 19, 2014 – Edited – Approved by Board

Version 4 – September 17, 2015 – Edited – Approved by Board

Version 5 – June 16, 2016 – Edited – Approved by Board

Version 6 – June 15, 2017 – Edited – Approved by Board

Version 7 – June 21, 2018 – Edited – Approved by Board

Version 8 – [Date] – Edited – Approved by Board

AUDIT COMMITTEE CHARTER

The SERS Audit Committee recommends that the amended SERS Audit Committee Charter be approved effective June 18, 2020. James Rossler moved that the Board adopt the Committee's recommendation. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

EXECUTIVE SESSION

At 12:57 p.m., Catherine Moss moved and Frank Weglarz seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 1:11 p.m.

The Board continued with the review of continued or new business.

EXECUTIVE SESSION

At 1:12 p.m., Barbra Phillips moved and Matthew King seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 1:40 p.m.

ADJOURNMENT

Cathie Moss moved that the Board adjourn to meet on Thursday, July 16, 2020 for their regularly scheduled meeting. The meeting adjourned at 1:40 p.m.

Catherine Moss, Chair

Richard Stensrud, Secretary