

**February 18, 2021**  
**SERS RETIREMENT BOARD MINUTES**

The nine hundredth and thirty-six 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, February 18, 2021. The meeting convened in open session at 8:31 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, there was an Oath of Office taken by Jeffrey DeLeone.

**OATH OF OFFICE**

OATH OF OFFICE OF JEFFREY DELEONE MEMBER OF THE  
RETIREMENT BOARD OF THE SCHOOL EMPLOYEE'S RETIREMENT  
SYSTEM OF OHIO

STATE OF OHIO, COUNTY OF FRANKLIN)

I, JEFFREY DELEONE, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed. Upon completion, the board congratulated Mr. DeLeone and thanked him for his continued service.

**ROLL CALL**

Following the Oath of Office, the roll call was as follows: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Also attending virtually 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**  
**December 17, 2020**

Barbra Phillips moved and Matthew King seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, December 17, 2020. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**INVESTMENT REPORT**

**Annual Portfolio Review – Real Assets**

Michael Browning presented the Real Assets portfolio review. Mr. Browning provided a summary of the portfolio and discussed the implementation guidelines and portfolio construction. The portfolio had a 2.75% net return in 2020 and was 75 basis points above the benchmark. Portfolio returns outperformed the benchmark for the one, three and five year period. The target allocation was increased and is set at 16% with a permissible range of 14-20%. Mr. Browning provided a market review as of September 30, 2020, sector net of fee performance as of December 31, 2020 and the portfolio's 2021-2022 goals. Following discussion, the Board thanked Mr. Browning for his presentation.

**Wilshire Associates Quarterly Performance Report**

Joanna Bewick and David Lindberg presented Wilshire's quarterly Investment performance report as of December 31, 2020. Ms. Bewick reviewed asset class performance and capital market assumptions. She also discussed the effects of COVID-19 on the U.S. economy. Mr. Lindberg reviewed SERS' total fund performance and attributions as of December 31, 2020. SERS' total fund returns exceeded its benchmark for the one, three and five year period and was ranked in the top quartile for the three and five year period. After comments, the Board thanked Ms. Bewick and Mr. Lindberg for their presentation.

**Quarterly Investment Report**

Farouki Majeed provided a summary of the Investment report for the quarter ending December 31, 2020. After questions the Board thanked Mr. Majeed for the presentation.

**Amendment to Statement of Investment Policy**

Farouki Majeed presented the Statement of Investment Policy (SIP) with changes to the Global Equity Portfolio's benchmark. After discussion, the Board approved the revised SIP effective February 18, 2021.

**Amendment to Annual Investment Plan**

Farouki Majeed presented the FY2021 Annual Investment Plan (AIP) with changes to the Global Equity Portfolio's Performance Objectives and Implementation Guidelines.

### **AMENDMENTS TO THE STATEMENT OF INVESTMENT POLICY**

As discussed during the February 18, 2021 Board meeting, Barbra Phillips moved and Matthew King seconded the motion to approve amendments to the Statement of Investment Policy (SIP), replacing the SIP approved July 1, 2020. Effective February 18, 2021, changes include the revised Global Equities Portfolio Benchmark.

Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

### **AMENDMENTS TO FY2021 ANNUAL INVESTMENT PLAN**

As discussed during the February 18, 2021 Board meeting, James Rossler moved and Matthew King seconded the motion to approve amendments to the FY2021 Annual Investment Plan, replacing the FY2021 Annual Investment Plan originally approved June 18, 2020. Effective February 18, 2021, changes include amendments to the Global Equities Portfolio Performance Objectives and Implementation Guidelines.

Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

### **SUMMARY OF INVESTMENT TRANSACTIONS**

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

#### A. PURCHASES

<b>Asset Class</b>	<b>Approximate Cost (in millions)</b>
US Equities	\$ 16.5
Non-US Equities	195.1
Fixed Income	473.8
Multi-Asset Strategies	40.5
Private Equity Capital Calls	32.7
Real Asset Capital Calls	n/a
Opportunistic	5.7
Cash Equivalents	353.5

#### B. SALES

<b>Asset Class</b>	<b>Approximate Net Proceeds (in millions)</b>	<b>Approximate Gain/(Loss) (in millions)</b>
US Equities	\$ 19.4	\$ 2.4
Non-US Equities	93.6	7.0
Fixed Income	437.1	2.1
Multi-Asset Strategies	0.5	n/a
Private Equity distributions	32.7	n/a
Real Asset distributions	7.8	n/a
Opportunistic	1.6	(0.1)
Cash Equivalents	281.4	n/a

## SUMMARY OF INVESTMENT TRANSACTIONS

Matthew King 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 **December 1, 2020** through **December 31, 2020** hereby be approved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

### A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 23.2
Non-US Equities	215.9
Fixed Income	352.6
Multi-Asset Strategies	0.8
Private Equity Capital Calls	48.0
Real Asset Capital Calls	5.0
Opportunistic	18.1
Cash Equivalents	323.3

### B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 20.3	\$ 2.1
Non-US Equities	109.4	6.1
Fixed Income	323.5	0.7
Multi-Asset Strategies	66.1	0.7
Private Equity distributions	32.8	n/a
Real Asset distributions	6.7	n/a
Opportunistic	1.6	(0.1)
Cash Equivalents	450.8	n/a

The Board took a break at 10:09 a.m., and reconvened at 10:17 a.m.

## EXECUTIVE DIRECTOR'S UPDATE

### COVID-19 Health Care Report

SERS Executive Director Richard Stensrud reported as of February 8, 2021 there had been 2015 cases and 201 deaths among SERS plan participants related to COVID-19. These numbers will be monitored on an on-going basis.

### "Return to Office" Plan Update

Mr. Stensrud reported that the current phase of the Return to the Office plan includes people in office who need to be in office to work (Essential Workers), Senior Leadership Team members, and volunteers on regular or intermittent basis. As progress with vaccination moves forward and as case numbers decline, we will move to next phases. The plan is to bring everyone back but that will not be the final step. Work is underway on developing a plan that describes our new normal. Mr. Stensrud assured that the Board will be kept apprised of updates.

### Ohio Retirement Study Council

Mr. Stensrud stated that the ORSC did not meet in January as members had not yet been officially appointed. ORSC was scheduled to have its February meeting at the same time as the SERS board meeting but was canceled due to a variety of reasons. The February meeting was rescheduled for February 25, 2021. The agenda includes swearing in members and receiving a report from their investment consultants RV Kuhn. Their next meeting is currently scheduled for March 11th.

Mr. Stensrud reported since the Board met in January, SERS also filed several statutorily required reports, including the annual ORSC system data request, Iran/Sudan Report, and Health Care Report. Once meeting cycles start again, the Board will be kept informed as the various reports are presented.

### Advocacy Groups

Mr. Stensrud reported that January 29th, the annual SERS Pension and Health Care Advocacy Group Roundtable was held virtually using Zoom. Thirteen representatives from ten different advocacy groups, plus five Board Members attended to hear SERS' presentations about the state of the retirement system as well as a look forward to key activities in 2021. The meeting was well received.

Mr. Stensrud also presented at the OEA retiree conference and discussed pandemic operations, and the status of the pension & healthcare funds. Mr. Stensrud stated the funded status had improved for both the healthcare and pension funds and that a 0.5% COLA was approved for retirees. Mr. Stensrud also discussed the pension fund and health care sustainability initiatives, noting that it is being done through a very transparent process with all materials available on website. He also noted that as the initiatives move forward, engagement with stakeholders will increase.

Mr. Stensrud noted that updated advocacy materials, reflecting data from the most recent CAFR had been provided to the Board to help answer questions that may come up when they are in the community.

### **Health Care Surcharge recalculation outreach update**

Mr. Stensrud provided an update on the outreach related to the revised employer surcharge billing. Mr. Stensrud reported that the discussions had been positive and that it was understood why the surcharge billing needed to be revised. Mr. Stensrud also reported that SERS' proactive and transparent approach for communicating with key stakeholders was appreciated. Mr. Stensrud noted that revised bills had been sent out and that direct outreach had been made to the most impacted school districts. Mr. Stensrud noted that SERS had been invited to prepare an article to be included in the OASBO newsletter to further educate districts about the surcharge. Mr. Stensrud reported that the Ohio Department of Education had stated it's permissible to use federal ESSER relief funds to address owed surcharges.

### **State Legislation**

Mr. Stensrud reported that in the 'lame duck' legislative session at the end of December, HB 308 was amended to establish the State Post-Traumatic Stress Fund to provide PTSD benefits for public safety employees, with OP&F initially identified as the entity responsible for administering the Fund and benefits. However, a number of questions and concerns were raised regarding how the program would work, and ultimately, HB 308 was revised to direct the OP&F Board to commission an actuarial valuation and analysis of funding and administrative requirements for the Fund, and to consult with a number of specified entities in performing that study. SERS was one of the named parties to be consulted. Mr. Stensrud reported SERS will be engaging with the OP&F staff on the project and the Board will be kept informed of developments.

Mr. Stensrud also reported on HB 442 which requires certain pupil services personnel to register with the Ohio Department of Education, rather than hold a separate license from the State Board of Education as under prior law. Mr. Stensrud noted the change applies to school speech language pathologists, audiologists, school nurses, physical therapists, occupational therapists, and social workers, who are licensed by their respective professional boards. Mr. Stensrud stated SERS will continue monitoring the impact of the bill on membership determination for those impacted school employees (STRS vs. SERS).

### **Federal Advocacy**

Mr. Stensrud reported on the delayed implementation of the drug Rebate Rule promulgated late in the previous administration. Mr. Stensrud reported the Biden Administration announced a temporary delay of the rule to give HHS time to review the effects of the rule and that HHS has delayed its effective date from Jan. 29, 2021 to March 22, 2021 and pushed back the start date to January 1, 2023. Mr. Stensrud noted that SERS and other impacted plan sponsors believe this delay is not sufficient for plan sponsors to negotiate new contracts and address the loss of revenue, as the rule changes the entire revenue stream through the phases of the Medicare Part D benefit and therefore SERS is working with allies including the Public Sector Health Care Roundtable to advocate with the Administration and Congress for an additional delay or to rescind the rule entirely and consider alternative ways to address prescription drug costs without raising premiums or shifting more out-of-pocket costs to seniors and retirees.

Mr. Stensrud provided an update on the wraparound reauthorization/HRA rules. SERS is working with Rep. Marcy Kaptur's office on a possible bill to reinstate Limited Wraparound Plan authority. SERS is also seeking regulatory changes to enhance the HRA Excepted Benefit Plan with a \$1,800 individual cap or an actuarial value of plan benefits not-to-exceed \$1,800 for the enrolled HRA group. It was also reported that SERS is working with the Healthcare Roundtable and Ohio delegation offices to discuss the Biden legislative and regulatory priorities including possible Medicare eligibility improvements or addressing the Affordable Care Act to provide more options, cover more low-income retirees, and provide additional subsidies.

Mr. Stensrud discussed the WEP/GPO repeal bills that have been and/or will likely be reintroduced.

Mr. Stensrud reported on the introduction of Financial Transaction tax legislation. The legislation would tax the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points) and it has been estimated that it could raise approximately \$777 billion over ten (10) years. SERS is following the status of FTT legislation closely given the impact it could have on the investment activity of pension plans like SERS.

Finally, Mr. Stensrud reported that work continues on the next COVID-19 relief bill. The proposal includes \$350 billion for state and local governments. It also includes the Butch Lewis Emergency Pension Plan Relief Act of 2021 to provide relief for struggling private sector multiemployer pension plans.

### **NCTR/NASRA Winter Virtual Joint Meeting**

Mr. Stensrud reported that at the end of February, several members of SERS leadership team would be attending the annual NCTR/NASRA conference, which allows for interactive discussions of issues facing public retirement systems around the country. The conference will be held virtually this year.

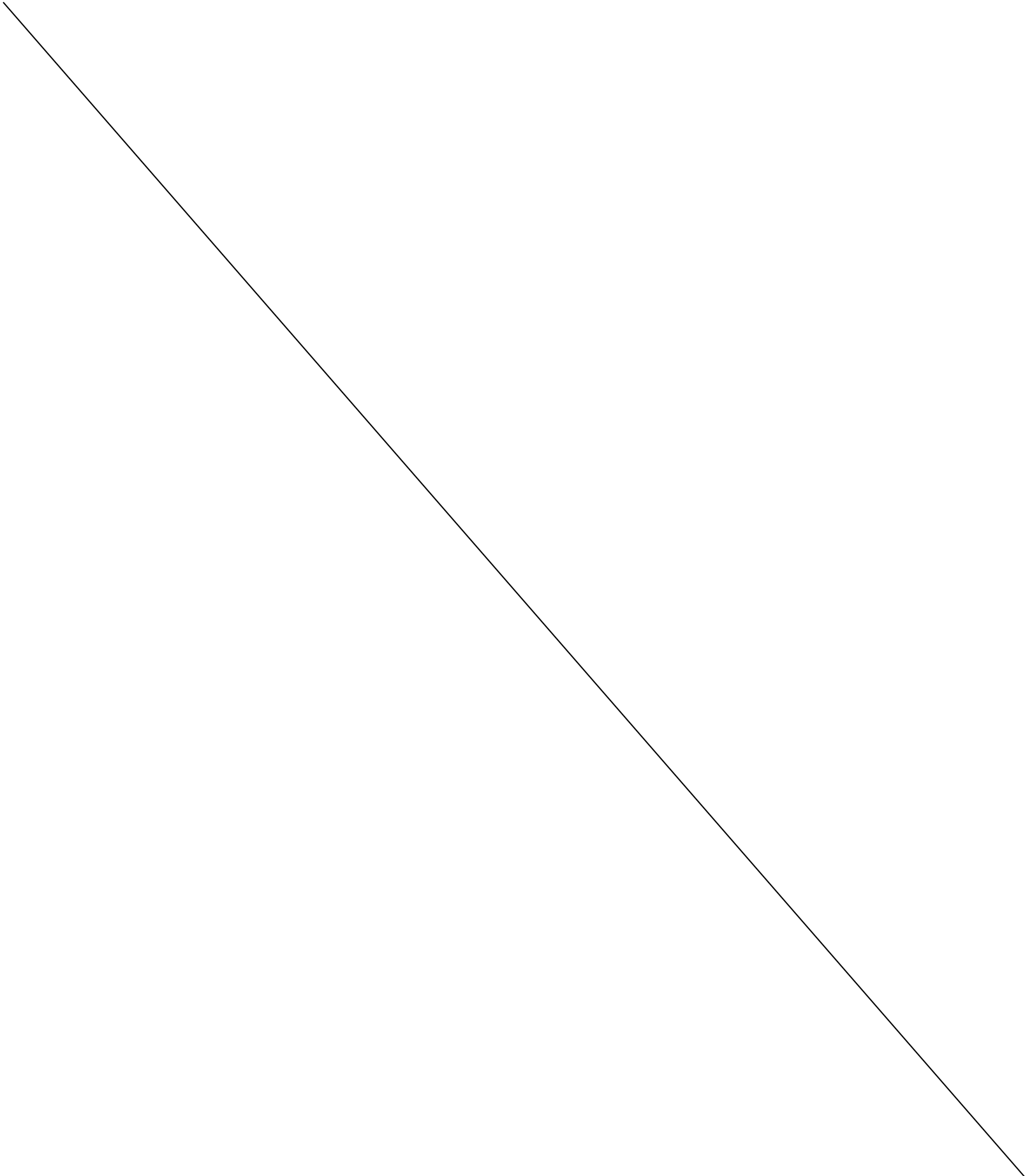
### **Operational Matters**

Mr. Stensrud reported the technology upgrades to the O'Keefe meeting room were largely completed and that Board Sustainability session the next day would be held in that venue.

Mr. Stensrud also reported that a new platform for presenting and viewing Board Meeting materials would be implemented for the March meeting.

### **Development of a Board Self-Evaluation Program**

Mr. Stensrud introduced two proposals that had been solicited for assisting the Board with the possible development of a Board self-evaluation program. Mr. Stensrud noted that the Board had expressed interest in this project last year but had decided to defer action to focus on some other important initiatives. Mr. Stensrud explained that the topic was being brought back to see if the Board felt the timing was better to take on the project. Discussion followed regarding the proposals and it was the consensus of the Board that one of the proposers, Mosaic Governance Advisors, make a presentation to the Board so that Board Members could ask questions and get additional input before deciding whether to move forward.







[REDACTED] [REDACTED] [REDACTED]  
[REDACTED] [REDACTED] [REDACTED]  
[REDACTED] [REDACTED] [REDACTED]

**DISAPPROVAL OF DISABILITY BENEFITS**

Matthew King moved and Frank Weglarz seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and further, that the disability benefit for the persons named below be disapproved. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

Name	School Employer
[REDACTED]	[REDACTED]

**DISAPPROVAL OF APPEAL FOR DISABILITY BENEFITS**

James Rossler moved and Barbra Phillips seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and further, that the disability appeal for the persons discussed in executive session listed below be disapproved. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

Name	School Employer
[REDACTED]	[REDACTED]

**APPROVAL OF APPEAL ON PERSONAL APPEARANCE**

Frank Weglarz moved and Barbra Phillips seconded that the following report, as recommended by the Medical Advisory Committee and Vocational Expert, and prepared by staff be approved, and further, that the disability appeal on personal appearance of the persons listed below and discussed in executive session be approved. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

Name	School Employer
[REDACTED]	[REDACTED]

**APPROVAL OF APPEAL OF TERMINATION – ANY OCCUPATION**

Barbra Phillips moved and Matthew King seconded that the following report, as recommended by the Medical Advisory Committee and Vocational Expert, and prepared by staff be approved, and further, that the appeal on termination of the persons named below be approved. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

Name	School Employer
[REDACTED]	[REDACTED]



## **ADDENDUM TO AGREEMENT FOR CONSULTING SERVICES**

After discussion by the board, Matthew King moved and James Haller seconded to extend the duration of the agreement for consulting services with vocational expert Kimberly Wickert to June 30, 2021. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

## **APPEAL – AFFIRM FINAL STAFF DETERMINATION**

Barbra Phillips moved and James Rossler seconded to affirm the Final Staff Determination to not accept contributions on the increased earnings reported to SERS for the period beginning March 16, 2020 through the present. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

The board took a break for lunch at 1:00 p.m. and reconvened at 1:35 p.m.

## **HEALTH CARE REPORT**

Christi Pepe, Director of Health Care Services, addressed the Board regarding health care contracts for the SERS Wraparound HRA, dental, and vision services, beginning in 2022.

## **APPROVAL TO NEGOTIATE DENTAL SERVICES CONTRACT**

The dental and vision services Requests for Proposal (RFP) were issued not because of dissatisfaction with current vendors but due to expiring contracts.

The Dental Services RFP resulted in the vetting of five applicants. The staff's recommendation is to contract with Delta Dental, the current vendor. Ms. Pepe noted that although another bidder met SERS requirements and offered a slightly lower rate, a change to this vendor would have meant 40% disruption in enrollees' dental providers. Delta Dental offered a premium reduction for a primary benefit recipient to \$28.25 from \$28.53, with a two-year rate guarantee and a third-year guarantee not to exceed 5%.

Barbra Phillips moved and Frank Weglarz seconded approval to authorize staff to negotiate a new contract with Delta Dental in order to provide dental services benefits and administration to eligible SERS participants. The contract shall be for a term of three years beginning January 1, 2022 with two optional one-year extensions. 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: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

## **APPROVAL TO NEGOTIATE VISION SERVICES CONTRACT**

The Vision Services RFP resulted in the vetting of four applicants. The staff's recommendation is to contract with Vision Services Plan (VSP), the current vendor. VSP's bid included a premium reduction for a primary benefit recipient to \$6.17 from \$7.11 and an increased frame allowance to \$200 from \$180.

Frank Weglarz moved and Barbra Phillips seconded approval to authorize staff to negotiate a new contract with Vision Services Plan (VSP) in order to provide vision services benefits and administration to eligible SERS participants. The contract shall be for a term of three years beginning January 1, 2022 with two optional one-year extensions. 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: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

**APPROVAL TO NEGOTIATE WRAPAROUND HRA ADMINISTRATION CONTRACT**

In October, a Request for Information was issued to assist SERS retirees with applications for the federal Marketplace and Medicaid and to administer the SERS Marketplace Wraparound HRA. There were two respondents.

Ms. Pepe noted Marketplace application counselors must be certified to access, enter income information, and enroll on the federal Marketplace and apply for Medicaid. Of the two applicants, only the current third-party administrator, HealthScope Benefits met SERS' qualifications.

Matthew King moved and Frank Weglarz seconded approval to authorize staff to negotiate a new contract with HealthScope Benefits to provide SERS Wraparound HRA and Medicaid eligibility administration to SERS non-Medicare eligible health care plan participants. The contract extension shall be for a term of three years, with two optional one-year extensions beginning January 1, 2022. 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: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

The Board continued with the review of calendar dates.

**FUTURE CALENDAR DATES FOR 2021 \*\***

**AUDIT COMMITTEE MEETINGS**

June 16 - 2:30 p.m. (Weds.)  
September 15 - 2:30 p.m. (Weds.)  
December 15 - 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

June 17 - 7:30 a.m. (Thurs.)  
September 16 - 7:30 a.m. (Thurs.)  
December 16 - 7:30 a.m. (Thurs.)

**BOARD MEETINGS**

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

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

**CONTINUED OR NEW BUSINESS**

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

**ADJOURNMENT**

Hugh Garside moved that the Board adjourn to meet on Thursday, March 18, 2021 for their regularly scheduled meeting. The meeting adjourned at 2:40 p.m.

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Hugh Garside, Vice-Chair

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Richard Stensrud, Secretary