

March 18, 2021
SERS RETIREMENT BOARD MINUTES

The nine hundredth and thirty-seventh meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, on Thursday, March 18, 2021. The meeting convened in open session at 8:35 a.m. and continued with the Pledge of Allegiance.

ROLL CALL

Following the Pledge of Allegiance, the roll call was as follows: Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Absent from the meeting was Jeffrey DeLeone. Also attending virtually was Mary Therese Bridge, representative of the Ohio Attorney General's Office, various members of the SERS staff, and members of the public.

APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON
February 18, 2021

Barbra Phillips moved and James Halle seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, February 18, 2021. Upon roll call, the vote was as follows: Yea: Barbra Phillips, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. Absent: Jeffrey DeLeone. The motion carried.

INVESTMENT REPORT

Annual Portfolio Review – Opportunistic and Tactical (Opportunistic)

Phil Sisson presented the annual review of the Opportunistic portfolio. Mr. Sisson provided an overview of the portfolio's role and its performance objective. As of January 31, 2021, the portfolio consisted of six managers and had a market value of \$410 million. The portfolio has a 2.5% total fund allocation and a five-year net return of 8.8%. Mr. Sisson discussed the most recent changes made within the portfolio and reviewed the portfolio's construction, performance, and current market conditions. After discussing the portfolio's pipeline, the Board thanked Mr. Sisson for his presentation.

Monthly Investment Report

Farouki Majeed provided a summary of the Investment report for period ending January 31, 2021. One, three, five, and ten-year returns exceed the policy benchmark. The preliminary performance report as of February 28, 2021 was provided to the Board for their information. As of February 28, 2021, the Fund was \$16.58 billion with an FYTD return of 16.93%. Following comments, the Board thanked Mr. Majeed for the presentation.

Discussion on renewal of Investment Consultant Contract

Farouki Majeed informed the Board that the Investment consultant contract will expire at the end of June 2021. Mr. Majeed stated that Wilshire has performed well over the past five years and discussed the options of extending the contract for another period of five year or issuing an RFP. After conversation, the Board expressed an interest to negotiate a new five-year contract with Wilshire. Staff will discuss options with Wilshire and present a proposal to the Board in April for their consideration.

Summary of Investment Transactions

Barbra Phillips moved and Frank Weglarz seconded that he summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **January 1, 2021** through **January 31, 2021** hereby be approved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. Absent: Jeffrey DeLeone. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$ 182.3
Fixed Income	455.1
Multi-Asset Strategies	2.8
Private Equity Capital Calls	32.7
Real Asset Capital Calls	n/a
Opportunistic	n/a
Global Private Credit	10.9
Cash Equivalents	452.9

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$341.8	\$ 107.0
Fixed Income	416.9	5.2
Multi-Asset Strategies	87.6	7.9
Private Equity distributions	31.9	n/a
Real Asset distributions	12.7	n/a
Opportunistic	n/a	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	237.0	n/a

EXECUTIVE DIRECTOR'S REPORT

COVID-19 Health Care Report

Richard Stensrud, SERS Executive Director, reported on the effects of the Covid-19 pandemic on the participants in SERS Medicare plan. As of March 15, 2021, there have been 2,802 cases and 232 deaths. With respect to the pre-Medicare plan, 463 members have been vaccinated.

“Return to Office” plan update

Mr. Stensrud presented an update on the SERS phased “Return to Office” plan. Mr. Stensrud noted that Phase 1 started in January and Phase 2 in February. May 1 will be the start of Phase 3, with one half of the remaining staff members rotating bi-weekly between working in the office and working remotely. Phase

4 will bring remaining staff into the bi-weekly rotation beginning on June 1. The entire staff is projected to return to the office full time in July.

Mr. Stensrud reported that Phase 4 will be a period for staff to reconnect to reconnect and regain its onsite operating rhythm. During Phase 4, SERS leadership will also determine what Phase 5, the 'new normal', will look like. Mr. Stensrud reported the new normal will likely be a hybrid plan, with substantial on-site staff presence combined with some remote work options. Mr. Stensrud noted some of the objective SERS will seek to achieve in the new normal model, including enhanced productivity, expanded customer service engagement models, and improved business continuity. Mr. Stensrud also noted that he expects SERS footprint in the office space would be reduced.

Ohio Retirement Study Council

Mr. Stensrud reported the ORSC met on February 25th for the first time this year and members were sworn in. Council membership remains the same as it was at the end of last session. For the 134th General Assembly the chairmanship has shifted back from the Senate to the House and therefore Representative Rick Carfagna (R-Genoa Township) will serve as Chair. The Council also received a report from their investment consultants RVK on recent investment performance, noting, among other things, the strong comparative performance by SERS.

Mr. Stensrud reported that the next scheduled meeting of the ORSC is March 25th.

NASRA/NCTR Winter Meeting Recap

Mr. Stensrud reported that he attended the virtual NASRA/NCTR Winter Meeting at the end of February along with Deputy Executive Director Karen Roggenkamp, Government Relations Officer Chris Collins and SERS federal liaison Carol Drake. Mr. Stensrud reported on the highlights of the meeting, which included the impact of the pandemic on retirement system operations, the varying impact of the pandemic on retirement behavior, the potential impact of the pandemic on actuarial assumptions, and activity at the federal level that could impact public retirement systems.

Ohio Institutional Investors Forum

Mr. Stensrud reported that he and Chief Investment Officer Farouki Majeed had participated in the recent virtual Ohio Institutional Investors Forum, Mr. Stensrud as the moderator of a panel and Mr. Majeed as a member of a CIO panel discussion. Several SERS Board Members attended the program and commented that it was well done.

Advocacy Groups

Mr. Stensrud reported on the annual OASBO/SERS meeting which is set for Friday, April 23rd. The meeting will be a virtual meeting. The agenda includes updates by SERS staff with an opportunity for dialog with OASBO members about issues facing employers, including their perspectives on topics being discussed as part of the Board's sustainability initiative.

Health Care Surcharge recalculation update

Mr. Stensrud reported on the revised Health Care Surcharge billing. Revised bills were sent out in February 2021 and 99% of the funds owed have been received.

State Legislation

Mr. Stensrud reported on activity in the state legislature. Mr. Stensrud reported that only one bill directly applicable to a state retirement system has been introduced – HB 184 proposes changes to modernize the Ohio Police and Fire Pension Fund disability program. This bill was introduced last year as HB 542 but failed to advance before the end of session.

Mr. Stensrud also reported that there is discussion about extending the authority for remote participation in Retirement Board meeting beyond the current expiration date of July 1st.

Federal Legislation

Mr. Stensrud reported Congress approved a \$1.9 Trillion COVID-19 relief package that contains relief funding for state and local governments. Mr. Stensrud noted that the Senate added guardrails to the use of those funds to prevent them from being deposited into any pension fund.

Mr. Stensrud stated that notwithstanding the limitations put in the legislation, SERS is on record as stating that SERS does not want or need federal funding and does not believe it is necessary to have such funding to maintain the long-term sustainability of SERS.

Mr. Stensrud stated that SERS' participating employers and employees, as well as those for the other Ohio public retirement systems, have always paid their contributions on time and in full. Mr. Stensrud also noted that Ohio has a statutory structure that places controls on pension costs and that SERS has been and continues to be proactive in identifying and implementing measures to enhance sustainability. Mr. Stensrud further noted that SERS operates with substantial measures to assure oversight, transparency and accountability.

Mr. Stensrud noted that pandemic relief bill also includes provisions addressing the private sector multi-employer pension plans that have been facing funding shortfalls, but reiterated that those provisions are unrelated to the public pension funds in Ohio or other states.

Mr. Stensrud also reported that the recently enacted American Rescue Plan will significantly enhance premium subsidies for enrollees in SERS Wraparound HRA plan. Mr. Stensrud noted that SERS will be sending out correspondence to current HRA enrollees to advise them that they will need to contact Healthscope benefits to re-enroll in order to be eligible for lower premium amounts. Mr. Stensrud noted that those who do not re-enroll will be able to file for tax credits later. Letters will also go out to those members who are not currently enrolled, so they can consider joining.

Mr. Stensrud reported that SERS continues to work with members of the Ohio delegation on language to be included in federal appropriations bills regarding the Wraparound HRA program, to enhance flexibility for participants by adjusting the current \$1800 household cap and to encourage the Biden Administration to work to support additional solutions for the pre-Medicare population.

Mr. Stensrud stated Congressman Richard Neal (D-Massachusetts), Chairman of the House Ways and Means committee, announced he is reintroducing his WEP reform legislation. SERS staff looks forward to working with his office again to hopefully find a solution to the current WEP that will provide relief to SERS retirees who are subject to that federal law. SERS is confident that the reform can be done.

Proposed Technology Committee

Mr. Stensrud presented a proposal to establish a Board Technology Committee for the Board's consideration. Mr. Stensrud noted that SERS maintains a substantial enterprise-wide technology platform and the role and importance of technology in SERS' operations is only going to increase. Mr. Stensrud noted that technology expenditures already comprise 28% of SERS administrative budget and as

technology-based solutions continue to grow, so will the budget impact. Determining what can and should be accomplished with technology enhancements will be important, as well as understanding and planning for the cost to preserve the value of technology investments. Mr. Stensrud noted that Board education and understanding of such matters will be essential for developing and maintaining a coherent technology direction and strategy. Accordingly, Mr. Stensrud proposed that the Board establish a Technology Committee to provide ongoing, frontline engagement on technology matters similar to what the Board Audit and Compensation Committees provide in those subject areas.

Discussion followed, and it was the consensus of the Board that establishing a Technology Committee appeared to have value. Mr. Stensrud was requested to prepare a proposed Technology Committee Charter outlining the role and responsibilities of the Committee for the Board's consideration.

APPROVAL OF SUPERANNUATION, SURVIVOR BENEFITS, AND TRANSFERS

It was moved by Barbra Phillips and seconded by Frank Weglarz that the following 405 superannuation retirements, 18 survivor benefits, and 2 transfers be approved and, further, that the persons listed below be granted allowances and benefits in the amount set forth and effective as of the dates given in the report. Upon roll call, the vote was as follows: Yea: Barbra Phillips, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. Absent: Jeffrey DeLeone. The motion carried.

NAME

**WHERE PENSIONED
TRANSFERRED TO**

[REDACTED]

[REDACTED]

[REDACTED]

C. DISABILITY TRANSFERS

NAME	WHERE PENSIONED	TRANSFERRED TO
[REDACTED]	[REDACTED]	[REDACTED]

SPECIAL CASES - ADJUSTMENTS

Frank Weglarz moved and James Rossler seconded the motion that the following report on Special Cases be approved in the amounts and dates as set forth below. Upon roll call, the vote was as follows: Yea: Barbra Phillips, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. Absent: Jeffrey DeLeone. The motion carried.

Benefit Type: Service Retirement	Reason	Original	Correct	Original	Correct
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

BREAK

The board took a ten-minute break at 10:35 a.m. The board reconvened at 10:45 a.m.

MOSAIC BOARD SELF-ASSESSMENT PRESENTATION

Any McDuffee, Executive Director of Mosaic Governance Advisors, provided a presentation on her organization & the board self-evaluation process. Ms. McDuffee and her organization offered to assist the SERS Board in developing a program for self-evaluation. This program will be specific to SERS' board and will provide the Board with a means for identifying potential areas of governance improvement.

Mosaic will provide a comprehensive, external review of the Board's governance structure, policies or practices with best practices and specific written recommendations for improving governance. Ms. McDuffee emphasized the importance of the Board and executive director working in tandem to accomplish goals.

The Board expressed a desire for in-person one-one-one interviews with Mosaic as a priority in achieving a comprehensive analysis of the Board's objectives as well as an accurate assessment of its current effectiveness.

Through this self-evaluation process of examining strengths and weaknesses, Mosaic seeks to assist the Board in its objective of continuous improvement, accountability, and operational success.

The Board authorized staff to retain Mosaic following legal review of a contract. Mosaic plans to begin its sessions with the Board within the next few months.

EXECUTIVE SESSION

At 11:25 a.m., Barbra Phillips moved and James Rossler 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: Barbra Phillips, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. Absent: Jeffrey DeLeone. The motion carried.

The Board returned to open session at 11:32 a.m.

APPROVAL OF DISABILITY BENEFITS

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

Name	School Employer	Treatment/ Re-exam
H [REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

DISAPPROVAL OF DISABILITY BENEFITS

James Rossler moved and James Haller 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, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. Absent: Jeffrey DeLeone. The motion carried.

Name	School Employer	Service Credit	Last Date of Service
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPROVAL OF APPEAL ON PERSONAL APPEARANCE

Barbra Phillips moved and Frank Weglarz 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, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. Absent: Jeffrey DeLeone. The motion carried.

Name

██████████

School Employer

████████████████████

INTERNAL AUDIT UPDATE

Jeff Davis, Chief Audit Officer for SERS, provided an internal audit update for the board. Mr. Davis reported that several internal FY21 audit projects are already complete, and others are still in progress or scheduled to begin in Q4.

Mr. Davis continued his report with a presentation on the Disaster Recovery Plan. As discussed, and approved at the December 2020 meeting, the audit plan was modified to include an outsourced review of Disaster recovery (DR). Disaster Recovery focuses on the IT infrastructure or technology systems and data supporting critical business functions. The RFP selection process is complete. The selection team included the Chief Audit Officer, the Chief Risk Officer and Chief Information Officer. The firm selected will begin their work the month. The intent is to have a report/presentation for the Audit committee and the board in June 2021.

Mr. Davis also provided an update on the Audit Planning for FY22, providing a framework for upcoming projects. Mr. Davis also advised the board of projects recently completed, including a payroll audit, a processing/payment of member refunds audit, a superannuation review, a FY22 budget review, and a SERS data analysis.

Upon completion of his presentation, the board thanked Mr. Davis for his presentation.

The Board meeting 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.

RECESS

Frank Weglarz moved and Barbra Phillips seconded that the Board take a recess & reconvene on Friday, March 19, 2021 at 8:30 a.m. to continue the board meeting & discuss Pension Sustainability. The meeting recessed at 11:48 a.m.

ADJOURNMENT

The board reconvened at 8:30am on Friday, March 19, 2021 to discuss Pension Sustainability.

After robust board discussion, Hugh Garside moved to adjourn to meet on Thursday, April 16, 2021 for their regularly scheduled meeting. The meeting adjourned at 10:43 a.m.

Hugh Garside, Chair

Richard Stensrud, Secretary