



**SERS Retirement Board Agenda
April 21, 2022**

Click Link to Join Zoom Meeting:

<https://ohsers.zoom.us/j/96229335945?pwd=VUxJNzIMUjkwU9zSEkyOVVhZnFpdz09>

Meeting ID: 962 2933 5945 **Password:** 213899

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **962 2933 5945** and password: **213899**

PLEDGE OF ALLEGIANCE

1. Roll Call
2. Approval of Out-of-State Board Travel (R)

CONSENT AGENDA (R)

3. Minutes of the **March 17, 2022**, Retirement Board meeting and the **March 18, 2022** Sustainability – Medicare Part B Discussion
4. Summary of Investment Transactions
 - **February 1, 2022, to February 28, 2022**
5. Retirement Report
 - Superannuation & Survivor Benefits
 - Special Cases
6. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Appeal on Personal Appearance
 - Disapproval of Disability Benefits
 - Disapproval of Appeal of Termination – Any Occupation
 - Termination of Disability Benefits – Any Occupation

INVESTMENT REPORT

7. Investing in Commodities (Wellington Management) - Educational Session – under R.C. 171.50 and 3309.051
8. Annual Portfolio Review – Private Credit
9. Monthly Investment Report & Economic Update
10. Corporate Governance – New Proxy Issues 2022

EXECUTIVE DIRECTOR'S REPORT (cont.)

11. Executive Director's Update
 - Administrative Expenses
12. Executive session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property (R)
13. Review Draft Administrative Budget – ORSC Submission
14. Final Filing of Proposed Amended and New Administrative Rules (R)
15. Executive session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law (R)
 - Personal Appearance **10:30 a.m.** (rescheduled from March 2022)
 - Personal Appearance **11:00 a.m.**

HEALTH CARE REPORT

16. Approval to Negotiate Pharmacy Benefit Manager Contract (R)

TECHNOLOGY COMMITTEE REPORT

17. Technology Committee Update

RETIREMENT REPORT

18. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R) *if needed*

BOARD COMMUNICATION AND POLICY ISSUES

19. Calendar Dates for Future Board Meetings
20. Continued or New Business
 - Board Information Requests and Follow-up Items

ADJOURNMENT (R)

FY2022 SERS Board Roll Call

Roll Call:

Barbra Phillips	_____
Hugh Garside	_____
James Haller	_____
Matthew King	_____
Catherine Moss	_____
James Rossler	_____
Frank Weglarz	_____
Daniel Wilson	_____
Jeffrey DeLeone	_____

APPROVAL OF OUT-OF-STATE BOARD TRAVEL

_____ moved and _____ seconded the motion that the travel request by a Board Member to travel and receive reimbursement for the following out-of-state conferences and meetings be approved.

Conference	Attendee	Conference Date(s)	Conference Location	Estimate of Expenses
IFEBP 68 th Annual Employee Benefits Conference	Frank Weglarz	October 23 – 26, 2022	Las Vegas, NV	\$3,720
Certificate of Achievement in Public Plan Policy (CAPP) Health Part I and Part II	Frank Weglarz	June 6 – 9, 2022	Santa Monica, CA	\$4,670

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____
Barbra Phillips	_____	_____	_____

BOARD: Travel
R.C. 3309.04

CONSENT AGENDA

1. Minutes of the **March 17, 2022** Retirement Board meeting and the **March 18, 2022** Sustainability – Medicare Part B Discussion
2. Summary of Investment Transactions – **February 1, 2022 to February 28, 2022**
3. Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Disapproval of Appeal on Personal Appearance
 - e. Disapproval of Appeal of Termination – Any Occupation

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda, which includes the following items:

1. Minutes of the **March 17, 2022**, Retirement Board meeting and the **March 18, 2022** Sustainability – Medicare Part B Discussion
2. Summary of Investment Transactions – **February 1, 2022 to February 28, 2022**
3. Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Disapproval of Appeal on Personal Appearance
 - e. Disapproval of Appeal of Termination – Any Occupation

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

SERS Retirement Board Meeting Minutes

March 17, 2022

The nine hundredth and forty-seventh meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, March 17, 2022.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:30 a.m. with the Pledge of Allegiance.

Roll Call

Following the Pledge of Allegiance, the roll call was as follows: Barbra Phillips, Hugh Garside, James Haller, Matthew King, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Jeffrey DeLeone. Also attending in person was Lisa Reid, representative of the Ohio Attorney General's Office and various members of the SERS staff. Attending virtually was other SERS staff and members of the public.

Approval of Out-of-State Board Travel

Catherine Moss moved and Barbra Phillips seconded the motion that the travel request by Board Member to travel and receive reimbursement for the following out-of-state conference and meetings be approved.

Conference	Attendee	Conference Date(s)	Conference Location	Estimate of Expenses
Certificate of Achievement in Public Plan Policy (CAPP) Health Part I and Part II	James Rossler	June 6 – 9, 2022	Santa Monica, CA	\$4,670

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

Consent Agenda

The consent agenda for March 17, 2022, included:

- Minutes from the:
 - **February 16, 2022, Sustainability Session**
 - **February 17, 2022, Board Meeting**
 - **February 18, 2022, Board Retreat**
- Summary of Investment Transactions for the period of **January 1, 2022, through January 31, 2022.**
- Retirement Report – Superannuation and Survivor Benefits and Special Cases
- Disability Report - Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal of Termination – Any Occupation, and Rejection of Reapplication

Daniel Wilson moved and Frank Weglarz seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, March 17, 2022. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Absent: Jeffrey DeLeone. The motion carried.

SERS Retirement Board Meeting Minutes

March 17, 2022

Investment Report

Annual Portfolio Review – Opportunistic and Tactical

SERS Chief Investment Officer Farouki Majeed and SERS Investment Staff Paul Sisson presented the Opportunistic and Tactical portfolio review for 2021. Mr. Sisson provided a summary of the portfolio structure and performance. The portfolio had a 21.0% one-year net return in 2021; an 8.1% three-year net return and is exceeding benchmarks across all time periods. The portfolio has seven funds totaling \$427 million added to the portfolio in the last 12 months. Portfolio value increased from \$423 million to \$884 million, and allocation grew from 2.5% to 4.9%. Mr. Sisson reported the allocation range for these investments is 0-5%. SERS invests in opportunistic strategies that do not fit with the existing asset classes. Investments are defined as tactical or non-traditional investment opportunities and such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies including tactical asset allocation. Following discussion, the Board thanked Mr. Sisson and Mr. Majeed for their presentation.

Monthly Investment Report

SERS Chief Investment Officer, Farouki Majeed, continued by presenting the SERS monthly investment report for the period ending January 31, 2022. Mr. Majeed reported there is likely to be stagnation in the market for the foreseeable future and it will be challenging for allocators to find profitable funds. However, SERS investment portfolio is in a better position than most public pension funds. Following comments, the Board thanked Mr. Majeed for his presentation and continued hard work.

Executive Director's Report

ORSC

Richard Stensrud, SERS Executive Director, reported the ORSC met on March 10, 2022. The main topic of discussion was Russian divestment. Each retirement system was asked to provide an update on their Russian investments and plans for divestiture. As requested, Mr. Stensrud provided robust information to the ORSC regarding SERS Russian holding and assets.

Mr. Stensrud reported that the ORSC elected Rep. Phil Plummer (R-Dayton) as Chairman and Rep. Adam Bird (R-New Richmond) to replace former Rep. Rick Carfagna.

Mr. Stensrud also reported Rep. Lightbody (R-Columbus) introduced a bill that would require a COLA for all members and would increase employer contributions. Unfortunately, SERS was included but was not advised or consulted. SERS has concerns about this bill and doesn't feel its necessary. SERS will continue to monitor this bill as we are not requesting any mandates at this time.

Advocacy Groups

Mr. Stensrud presented the State of SERS Address at the March 15, 2022, Ohio Federation of Teachers committee meeting. The information presented was well received by the group, and it is the goal of SERS leadership to stand out from the other public pension systems in a positive way.

Mr. Stensrud continued, reporting that the SERS/OASBO joint meeting is scheduled for May 6, 2022. Like last year, the meeting will take place via Zoom to allow for additional OASBO member participation.

Mr. Stensrud also stated SERO will have its annual meeting at Villa Milano on May 10, 2022, after a 2-year hiatus. SERS staff is preparing materials and a presentation for the SERO meeting attendees for this in-person event. SERS will present the latest pension and healthcare news.

SERS Retirement Board Meeting Minutes

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Ohio General Assembly

Mr. Stensrud reported SERS continues to track the progress of HB 499 which would allow SERS and OPERS disability recipients to run for elective office without terminating their disability benefits. ORSC is preparing an analysis of this proposed bill and SERS will continue to monitor the bill's progress.

Federal Legislation

Mr. Stensrud provided a brief update on current federal legislation and stated there had been no movement on the WEP bill introduced in January 2021. SERS continues to monitor any developments and will provide updates as needed.

Russian Asset Holdings

Mr. Stensrud provided a brief history of mandating divestment as discussed in the March ORSC meeting. The ORSC understands that the pension systems in Ohio may feel it's necessary to take a more nuanced or measured approach. An example of what has been done in the past is the Iran/Sudan policy where the systems established "divestment unless" parameters whereby the systems could continue to maintain the investment if there was no other alternative that provided similar investment attributes or value. With reasonable accommodations by the systems the legislature has not felt the need to mandate divestment in the past.

Mr. Stensrud reported as of March 1, 2022, SERS has \$42.12M in Russian assets. Those assets include \$33.25M in equities, \$8.87M in bonds, and stated Russian investments make up 0.24% of the total SERS fund (\$17.799B). Mr. Stensrud also stated that because there is currently no market for Russian assets, per generally accepted accounting principles and SERS' investment valuation policy, SERS' holdings have been marked down to zero. Although assets have been marked down to zero, they have not been fully written off and will remain on the books with the expectation that at some point, they will become tradeable and given value. At this time, a flat commitment to divest would be purely symbolic as there is no market to sell Russian assets.

Mr. Stensrud further stated that SERS is adhering to all sanctions that have been put in place by the US Federal Government and no new Russian assets have been or will be acquired until the sanctions are lifted. SERS has also instructed fund managers to avoid purchasing Russian assets until sanctions are lifted.

Mr. Stensrud also stated SERS will do what is right and what is prudent for our investments. When the Russian market reopens, divestiture will be assessed at that that time.

Mr. Stensrud further recommended that the SERS board not adopt a flat divestment commitment at this time but rather consider approving a policy statement that includes the following elements:

- A strong condemnation of Russian actions.
- Recognition of the bravery and courage of the people of Ukraine and support of the Ukrainian cause.
- A commitment to fiduciary responsibility and prudent investment practices.

Mr. Stensrud attested that SERS will actively monitor developments and will assess:

- The Russian market when it re-opens
- The value of holdings, both when markets re-open and prospectively
- When it is reasonable and prudent to sell Russian assets
- If and when divestment is in SERS fiduciary best interest.

Sustainability Session Tomorrow

Mr. Stensrud reported there will be a Medicare Part B reimbursement discussion tomorrow, Friday, March 18, 2022, in the SERS board room. Cavanaugh Macdonald (CAVMAC), SERS actuaries, will be attending virtually to provide comments of upcoming adjustments or changes to actuary practices. There will be a

SERS Retirement Board Meeting Minutes

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change to ASOP 4. This actuarial standard of practice (ASOP) provides guidance to actuaries when performing professional services with respect to measuring pension obligations and determining plan costs and contributions. This measure has the potential to cause confusion. SERS will continue to provide outreach to the public to provide clarification on this confusing topic. The change went into effect as of the 2022 valuation. SERS will be ready to address any changes that may affect the system.

Outreach

An employer services webinar on compensation and reporting was recently held. The Member Services Department also continues to host virtual retirement conferences, which are for members within two years of retirement. SERS also hosts a different webinar, which is for members within one year of retirement. Both continue to have high attendance.

Mr. Stensrud also reported SERS often surveys members on their satisfaction with SERS and the service they get from SERS. 4th quarter 2021 data says SERS members rated their interactions 9.6 to 9.8 out of 10, across the board with very high numbers on staff responsiveness, courtesy, and processes. SERS staff received a 9.1 score on process clarity. The board thanked Mr. Stensrud for his report and thanked SERS staff for their continued hard work.

The board took a break at 10:15 a.m.

The board returned from break at 10:27 a.m.

Personal Appearance

Catherine Moss moved and James Haller seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Absent: Jeffrey DeLeone. The motion carried.

The board convened in executive session at 10:28 a.m.

The board reconvened in open session at 11:00 a.m.

Due to technical difficulties, the member was unable to connect virtually. The member will be rescheduled to appear at the April meeting.

Healthcare Report

Christi Pepe, SERS Director of Health Care Services, provided an update on the SERS health care plan. Ms. Pepe further outlined SERS staff's recommendation that SERS enter into contract extensions with Aetna Life Insurance Company to provide Medicare Advantage PPO and non-Medicare medical services to SERS' retirees.

Ms. Pepe stated Aetna has provided medical services to SERS benefit recipients since 1974 and satisfaction with Aetna continues to be high among SERS enrollees. Aetna provides operational support to SERS to identify Medicare and Medicaid eligibility, to inform SERS' enrollment and eligibility processes.

Ms. Pepe reported that in response to Buck Consulting's recommendation to re-negotiate with Aetna for both Medicare Advantage PPO and non-Medicare medical services, staff has achieved agreement to specific contract improvements. The Aetna Medicare Advantage PPO risk share is proposed to improve by \$21.5 million over the 5-year contract term, based on 2019 results. Aetna has agreed to a 0% increase in the administrative fee for the non-Medicare group plan for the entire 5-year period. Aetna has also agreed to improvements in care management intending to increase engagement levels, and to improve enrollees' use of the highest quality providers.

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Ms. Pepe stated these proposed contract changes will support the long-term sustainability of the Health Care Fund and continue to provide value for SERS enrollees. SERS staff believes that continuing SERS' relationship with Aetna to provide medical benefits for SERS retirees will contribute to continuing satisfaction and lower costs for benefit recipients and their families and continue to improve sustainability of the Health Care Fund.

James Haller moved and Barbra Phillips seconded the motion to authorize staff to extend the current contract with Aetna Life Insurance Company for provision of Medicare Advantage benefits and administration to eligible SERS participants. The extension shall be for a term of five years beginning January 1, 2023. 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, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Absent: Jeffrey DeLeone. The motion carried.

Frank Weglarz moved and James Haller seconded the motion to authorize staff to extend the contract with Aetna Life Insurance Company in order to provide medical services benefits and administration to eligible SERS participants. The extension shall be for a term of five years beginning January 1, 2023, with no fee increases and under the terms presented to the Board on March 17, 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, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. Absent: Jeffrey DeLeone. The motion carried.

Ms. Pepe closed her presentation by introducing several members of the SERS Healthcare Team who worked to complete this process. New staff members were given an opportunity to see how their work culminates in a board decision. The board thanked Ms. Pepe and her team for their due diligence, hard work, and welcomed them to SERS.

Audit Committee Report

Jeffrey Davis, SERS Chief Audit Officer, provided an update on the work of the Audit committee. Mr. Davis provided a Q3 update on the FY2022 audit plan and stated that things are going smoothly and according to schedule. Mr. Davis continued, stating there is a Microsoft 365 review taking place and the scope of the review will include both governance components that support the management of Microsoft 365, as well as the technical implementation of security configurations within SERS. The RFP process is complete, review is expected to begin in March, and the intent is to have a report/presentation for the Audit committee at the June meeting. The goal of this review is to identify potential security gaps in our current environment and to identify recommendations to improve SERS security posture.

Mr. Davis closed by letting the board know that the FY2023 audit planning is underway and is on schedule. Mr. Davis also reported on the recently completed audits and other activities. The board thanked Mr. Davis for his presentation.

Compensation Committee Report

Dan Wilson, Chair of the Compensation Committee, reported that the committee met this morning to conduct a Q3 review of the Executive Director's goals. The majority of the Compensation committee meeting was conducted in executive session and the goals review was the only agenda item.

Technology Committee Report

Matt King, SERS Technology Committee Chair, provided an update on the work being done by the SERS Technology Committee. Mr. King reported the Technology Committee last met on February 17, 2022, and SERS staff presented a five-year technology investment plan and how it aligns with the strategic plan to attract and retain talent. The committee then went into executive session to discuss security matters. The

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committee will meet again this afternoon, March 17, 2022, at 12:30pm. The board thanked Mr. King and the Technology Committee for their work.

Board Communication and Policy Issues

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022 **

AUDIT COMMITTEE MEETINGS

June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

June 16, 2022 - 12:30 p.m. (Thurs.)
September 15, 2022 - 12:30 p.m. (Thurs.)
December 15, 2022 - 12:30 p.m. (Thurs.)

BOARD MEETINGS

April 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
May 19-20, 2022 – 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 – 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 – 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 – 8:30 a.m. (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 to adjourn to meet on Thursday, April 21, 2022, at 8:30 a.m. for the SERS regularly scheduled Retirement Board meeting. The SERS board meeting adjourned at 11:38 a.m.

Hugh Garside, Board Member

Richard Stensrud, Secretary

SERS Retirement Board Sustainability – Medicare Part B Discussion Minutes

March 18, 2022

A special meeting of the Retirement Board of the School Employees Retirement System was held in the SERS Board Room on Friday, March 18, 2022. The purpose of this special meeting is to discuss Medicare Part B reimbursement. The meeting convened in open session at 8:30 a.m. with the pledge of allegiance.

Roll call was as follows: Barbra Phillips, Hugh Garside, James Haller, Catherine Moss (attending virtually), James Rossler, Frank Weglarz. Barbra Phillips excused the absence of Jeffrey DeLeone, Matthew King, and Daniel Wilson. Also present via videoconference was Lisa Reid, representative of the Ohio Attorney General, John Garrett of Cavanaugh Macdonald, various members of the SERS staff, and members of the public.

Richard Stensrud, SERS Executive Director, opened the meeting by welcoming everyone to a continuation of the Medicare Part B discussion that was initiated in February 2022. Mr. Stensrud recapped the discussion in February and this month the Board was provided with information on:

- The history of the Medicare Part B reimbursement benefit SERS provides from the pension fund.
- How the benefit is funded; and
- The impact on pension fund normal cost, unfunded liability, amortization, and cash flow if the benefit were to be increased.

Mr. Stensrud provided information on the breakdown of the current recipients by years of service. Currently, over 73% of SERS retirees have over 20 years of service. Also provided was a summary of the evolution of the Medicare Part B Fund over the last five years with respect to fund balance, actuarial accrued liability (AAL), unfunded actuarial accrued liability (UAAL), and funded status. Mr. Stensrud reported the funded ratio has improved from 35% to 57% and the fund balance increased from \$142M to \$223M. Mr. Stensrud also stated that the unfunded actuarial accrued liability has declined from \$260M to \$169M.

Mr. Stensrud continued, stating the portion of employer contribution rate needed to fund the benefit increases as the Medicare Part B reimbursement increases. Funded status decreases as reimbursement increases and we would go back to the 2016 level if the reimbursement was increased to \$70 or more. Mr. Stensrud advised the board that the amortization period for all basic benefits also increases when the reimbursement rate is \$70 or higher.

Mr. Stensrud reported SERS staff and its actuaries are unable to make a clear decision based on the information available because there have been changes made to the actuarial standard of practice (ASOP) recently. These changes may cause some confusion and SERS and the actuaries will continue to work towards a reasonable contribution rate.

Board members were informed by SERS legal staff that if a change is made to reimburse based on service level, there would need to be a legislative change. If the reimbursement rule is changed for all members, only a resolution approved by the board would be necessary.

After a brief discussion, the meeting adjourned at 8:55 a.m.

Board Meeting Agenda Item

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be
Reported to the Retirement Board for
Ratification in April

The following is a summary of the investment transactions made during the period of February 1, 2022 through February 28, 2022. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$ 249.2
Fixed Income	278.8
Private Equity Capital Calls	88.9
Real Asset Capital Calls	3.9
Opportunistic & Tactical	5.7
Global Private Credit	64.4
Cash Equivalents	395.2

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$ 255.8	\$ 36.9
Fixed Income	286.0	(2.1)
Private Equity distributions	85.3	n/a
Real Asset distributions	14.5	n/a
Opportunistic & Tactical	52.5	4.9
Global Private Credit	n/a	n/a
Cash Equivalents	288.4	n/a

WELLINGTON
MANAGEMENT®

Commodities

For institutional use only. Not intended for reproduction or use with the public. Any views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. The material and/or its contents are current as of the most recent quarter end, unless otherwise noted. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness.



Biography



David A. Chang, CFA

Senior Managing Director, Partner, and Commodities Portfolio Manager

As a commodities portfolio manager, David manages long-only and long/short commodity approaches on behalf of our clients. He collaborates with Wellington Management's investment resources, including natural resource-focused global industry analysts and macroeconomists, to analyze the fundamental drivers of commodity markets. David is the vice chair of the Wellington Management Foundation Board, the sponsor to the Wellington Young Professionals business network, and a member of Wellington's Upstanders Group. The Upstanders is a grassroots effort composed of over 150 Partners and Managing Directors, who are engaging in sponsorship, mentorship, and other activities aimed at improving diversity and inclusion at the firm.

David joined Wellington Management in 2001 after earning his BA in quantitative economics and international relations, magna cum laude, from Tufts University (2001). Additionally, he holds the Chartered Financial Analyst designation and is a member of the CFA Society Boston and the CFA Institute. He is fluent in French, Italian, Mandarin, and Spanish.

WELLINGTON
MANAGEMENT®

Agenda

- Section One** Wellington Management Company LLP overview

- Section Two** Why hold commodities?

- Section Three** Commodities portfolio review



1

WELLINGTON
MANAGEMENT*

BY THE NUMBERS

Business

USD 1,425 billion of client assets under management

2,464 clients

62 countries in which clients are based

People and portfolios

926 investment professionals

17 years of experience, on average

195 partners all active at the firm

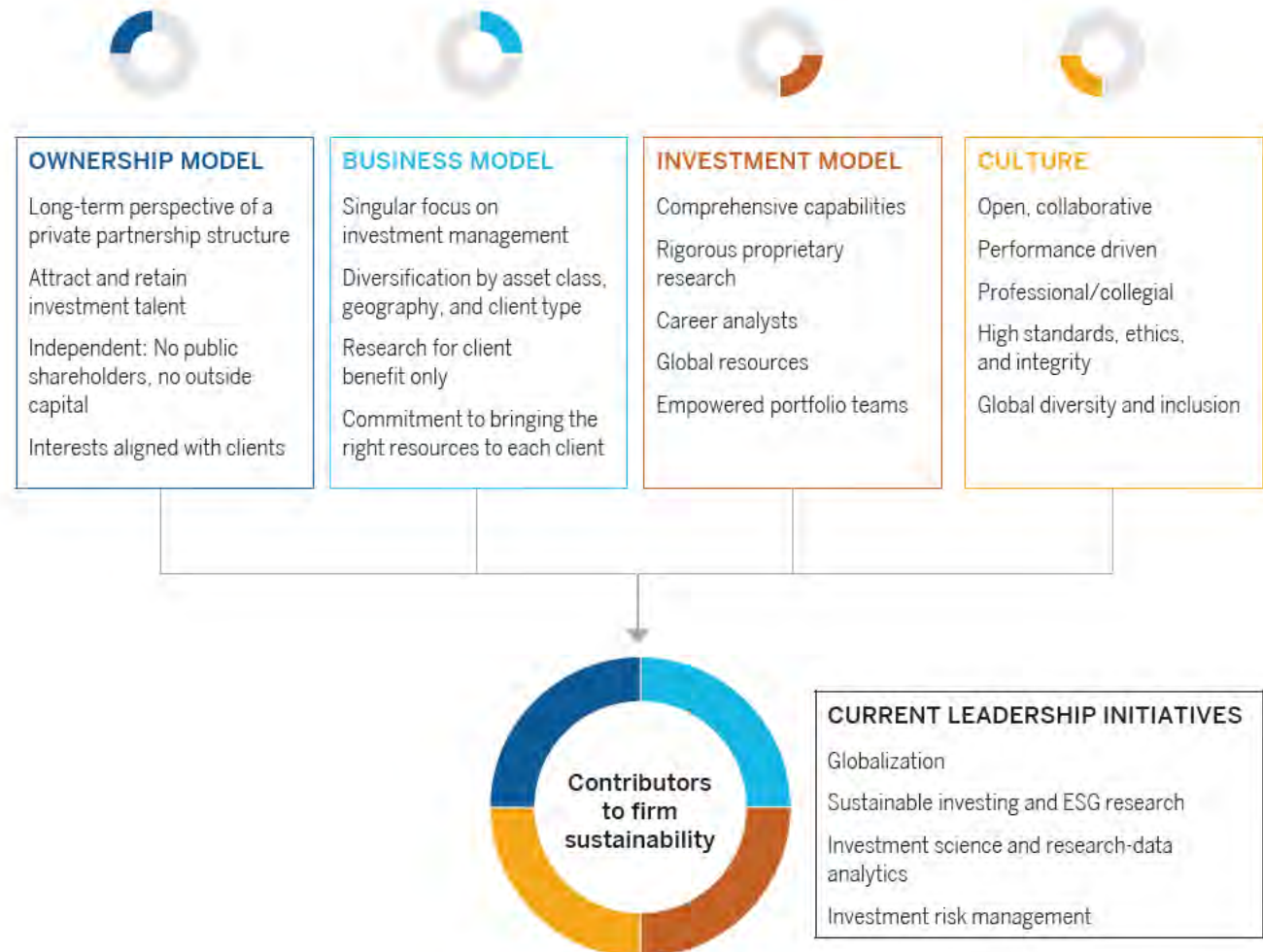
Heritage: key dates

- 1928** Wellington Fund – the first US balanced fund
- 1979** Establishment of our private partnership
- 1994** Our first long – short strategy
- 2014** Our first dedicated private equity strategy
- 2015** Global Impact: Our first diversified impact investing strategy in public equities

As of 31 December 2021

Wellington Management today

A trusted advisor and strategic partner to clients worldwide

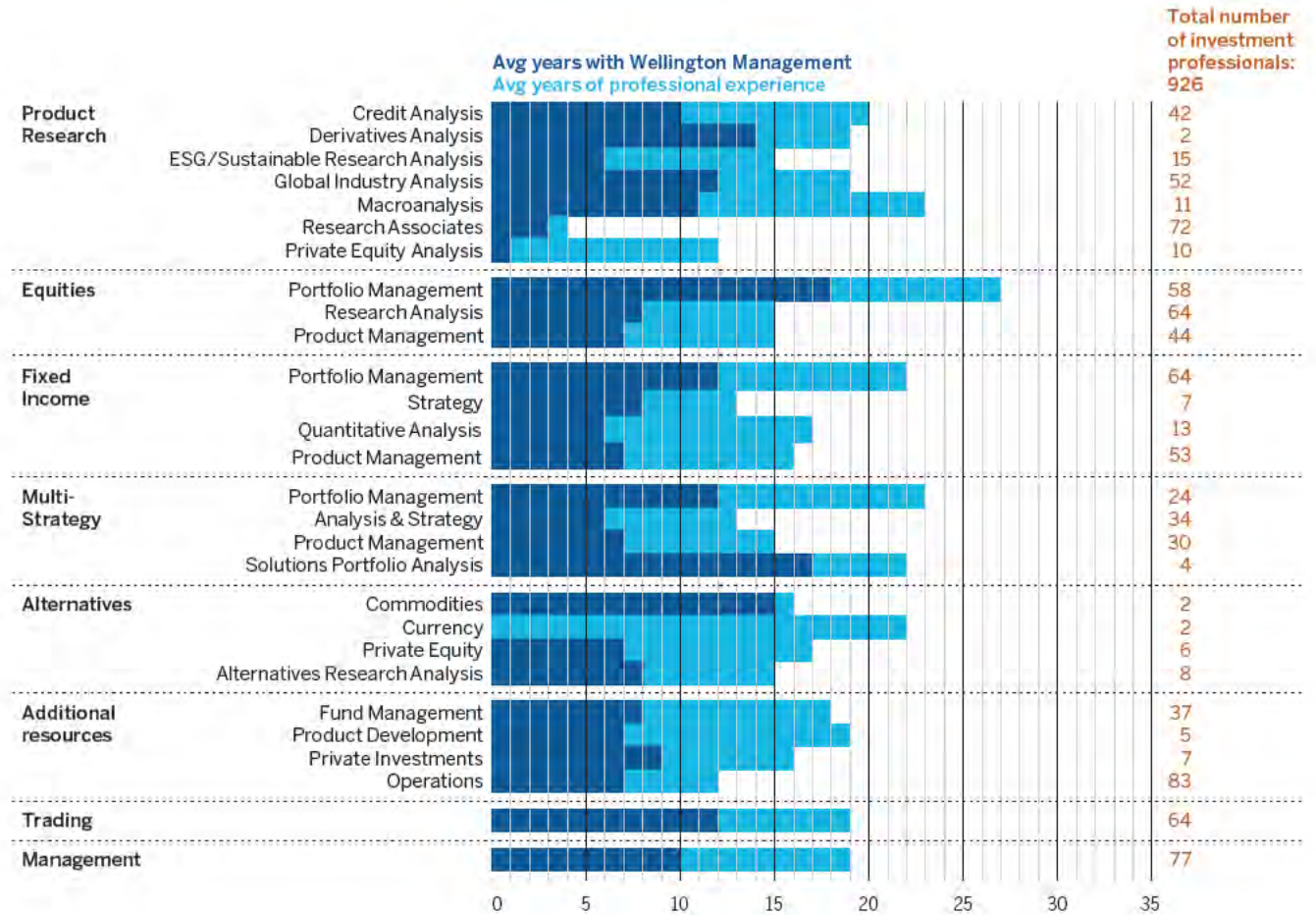




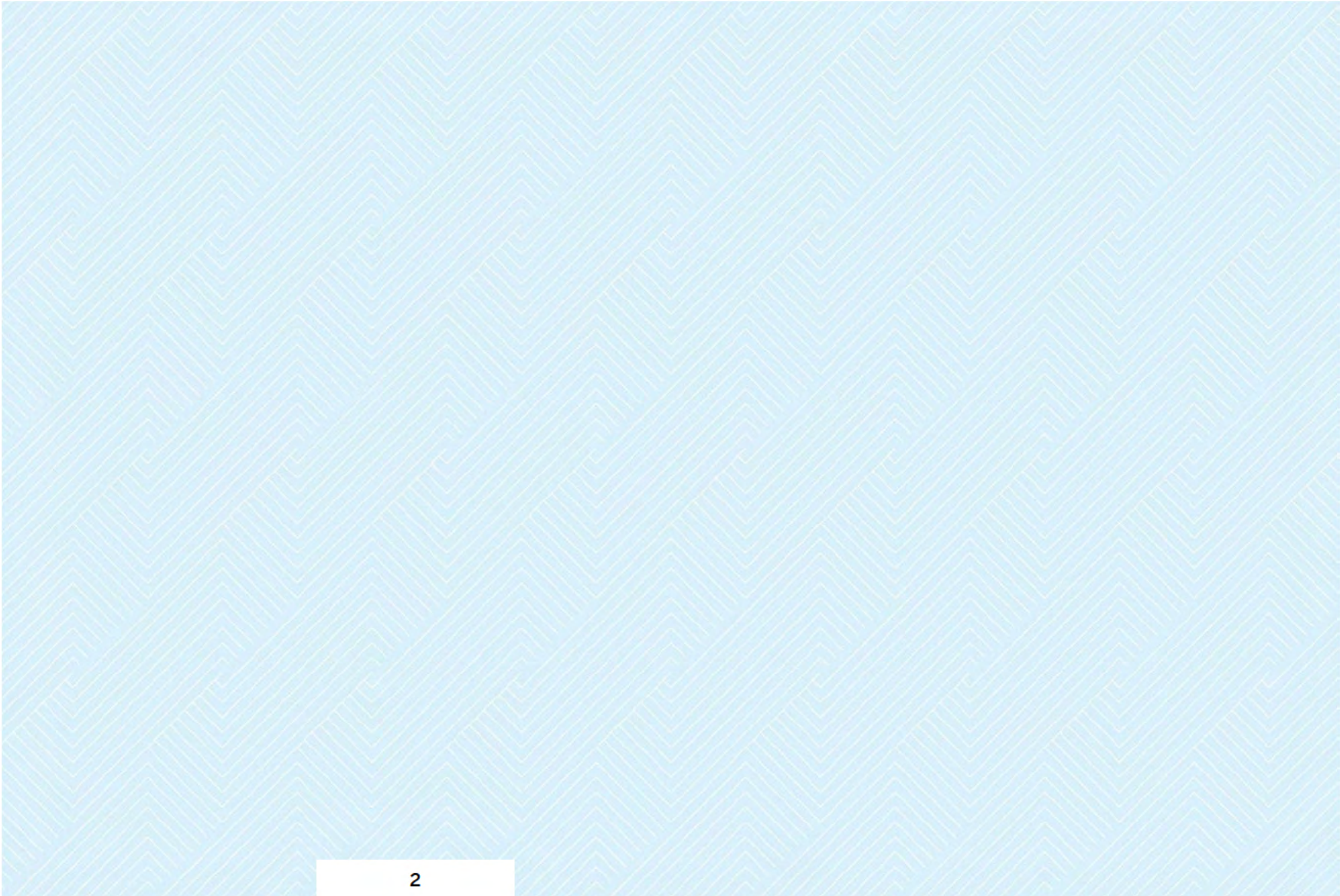
Depth, experience, and continuity create interpretation advantage

Investors draw on rigorous, proprietary research

We conduct research through fundamental; environmental, social, and corporate governance (ESG); quantitative; macro; and technical lenses



As of 31 December 2021

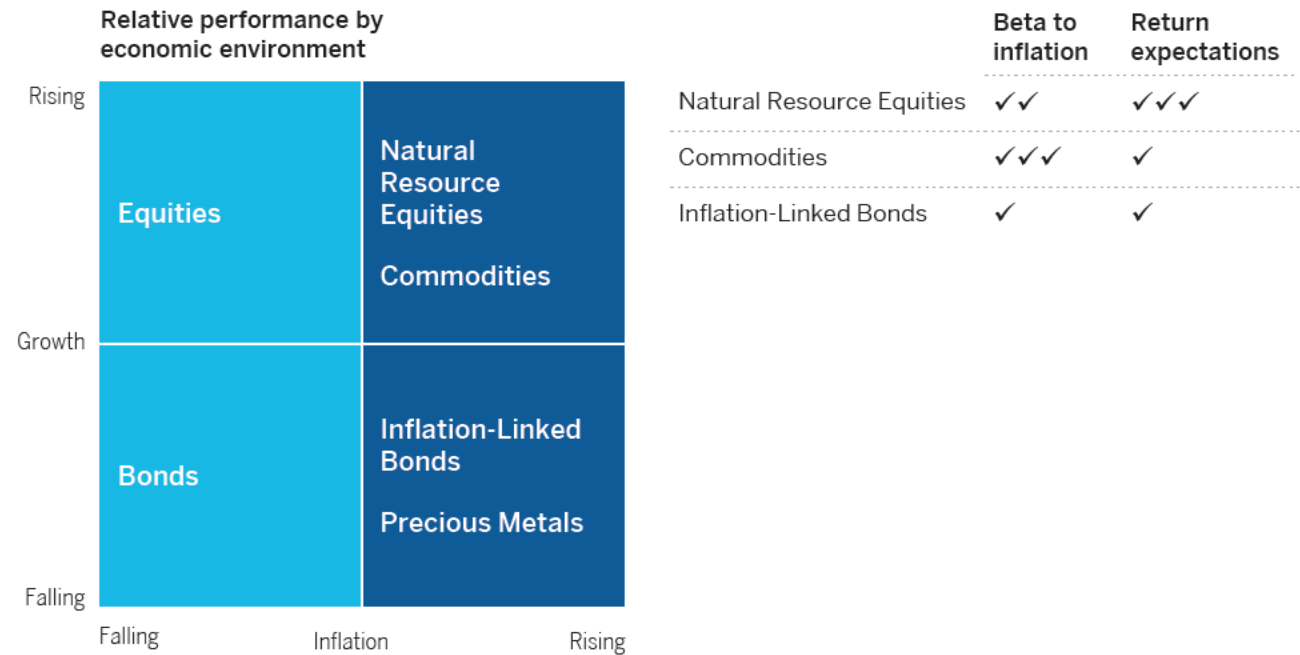




Why hold commodities?

In contrast to equities and nominal bonds

Commodities perform well in rising inflation environments



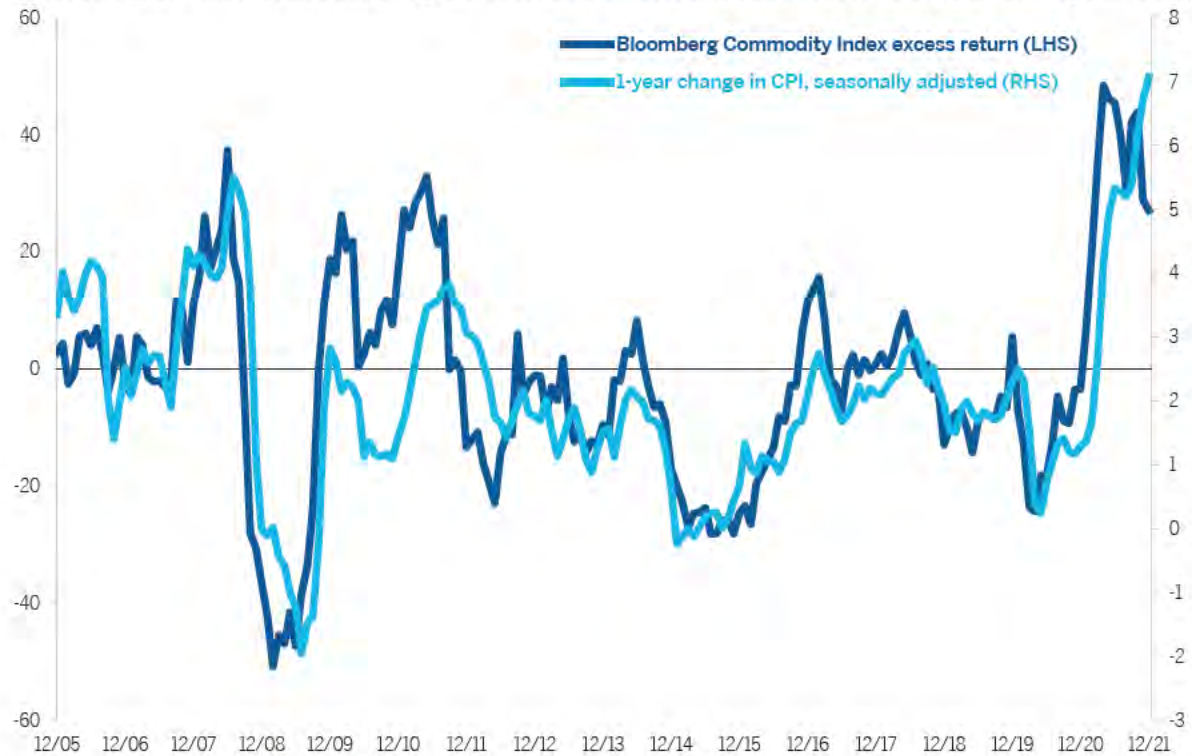
For illustrative purposes only. Not representative of an actual investment. | The check marks indicate our view of the different expectations for both return and beta to inflation across different asset classes. More check marks indicate a higher value. A higher beta to inflation means that an asset has a higher sensitivity to inflation. In other words, when inflation is rising, the asset's price also rises, and the higher the beta, the higher the magnitude by which it rises.

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Why hold commodities?

Commodities exhibit a tight relationship with inflation expectations

Rolling 12-month Bloomberg Commodity Index excess return vs 1-year change in CPI (%)



Breakeven Inflation: Bloomberg Barclays US 5-year Breakeven Inflation Index. Cash is removed from the performance stream in order to isolate the impact of changes in inflation expectations. **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.**

Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. If all expenses were reflected, the performance shown would be lower. | Sources: Barclays, Wellington Management | Chart data: December 2005 – December 2021

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Why hold commodities?

Commodities consistently offer diversification when inflation rises

Real returns

1-year period ending ¹	Peak inflation during the period ¹ (%)	Stocks (%)	Bonds (%)	Commodities (%)	Natural Resource Equities (%)
December 1974	12.3	-41.0	-5.3	27.2	-36.2
March 1980	14.8	-14.0	-17.6	-6.3	27.6
March 1984	4.8	1.0	0.6	11.7	17.9
October 1987	4.5	0.3	-2.9	25.7	21.6
May 1989	5.4	20.0	5.6	22.6	0.0
October 1990	6.3	-14.0	-0.6	50.0	2.2
December 1996	3.3	19.9	-0.6	30.6	15.4
March 2000	3.8	13.5	-1.0	37.9	8.4
March 2003	3.0	-28.6	10.9	17.4	-16.0
September 2005	4.7	7.7	-2.2	21.6	43.7
July 2008	5.6	-14.0	3.4	40.8	18.3
September 2011	3.9	-3.1	2.1	-1.0	-2.6
Average		-4.6	-0.6	23.2	8.4
Average if supply driven		-20.1	-2.1	17.4	-5.0

¹Periods shown are the 12-month peak in inflation during independent inflation periods (no overlap in 12-month data). In each period, the rate of inflation was required to reach a level of 3%, rise by more than 1%, and have at least one period of less than 5% inflation between it and the previous inflationary period. It is meant to represent all cyclical rises in inflation since 1970. | Source: Bloomberg, Datastream, Wellington Management | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS.** | Inflation = CPI; Stocks = MSCI USA Index; Bonds = Bloomberg Treasury Index; Commodities = GSCI Commodity Index; Natural Resource Equities = A blend of US Datastream Oil & Gas (70%) and Mining equities (30%) | Based on internal Wellington Management analysis. The years 1974, 1980, 1990, 2003, and 2011 were primarily supply driven. The data shows real return of Stocks, Bonds, and Commodities in each year-over-year period as of the date of peak inflation. | Chart data: December 1974 – September 2011

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Commodities

Cyclical and structural backdrop for the asset class

Cyclical backdrop

- Inventories across many commodities are the tightest in years
- Markets are broadly in deficit pressuring these inventories further
- Elevated producer discipline is limiting the supply response
- As a result, prices are responding to force demand curtailments
- Meanwhile, low inventories are also supporting backwardated curves and an attractive roll yield
- Risks mostly revolve around Chinese growth, COVID variants and Central Bank tightening

Structural backdrop

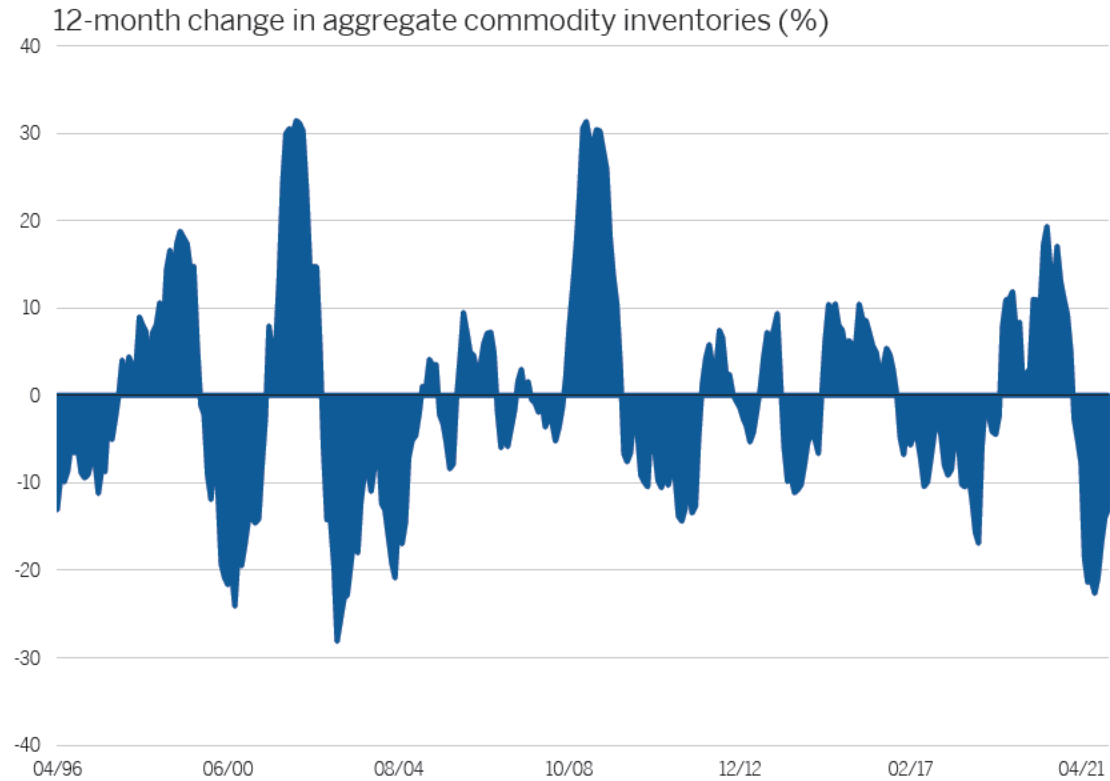
- Structural underinvestment is maintaining multi-year deficits and exposing limited spare capacity in the system
- Decarbonization is inflating production costs by raising the cost of capital and introducing a carbon price
- The energy transition is resulting in oil & gas supply destruction outpacing demand adjustments
- The energy transition is also supporting structural demand growth for metals
- The increasing frequency and magnitude of climate change events poses supply disruption risks

Any views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients.

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Commodities

Commodity inventories decline by most since early 2000s



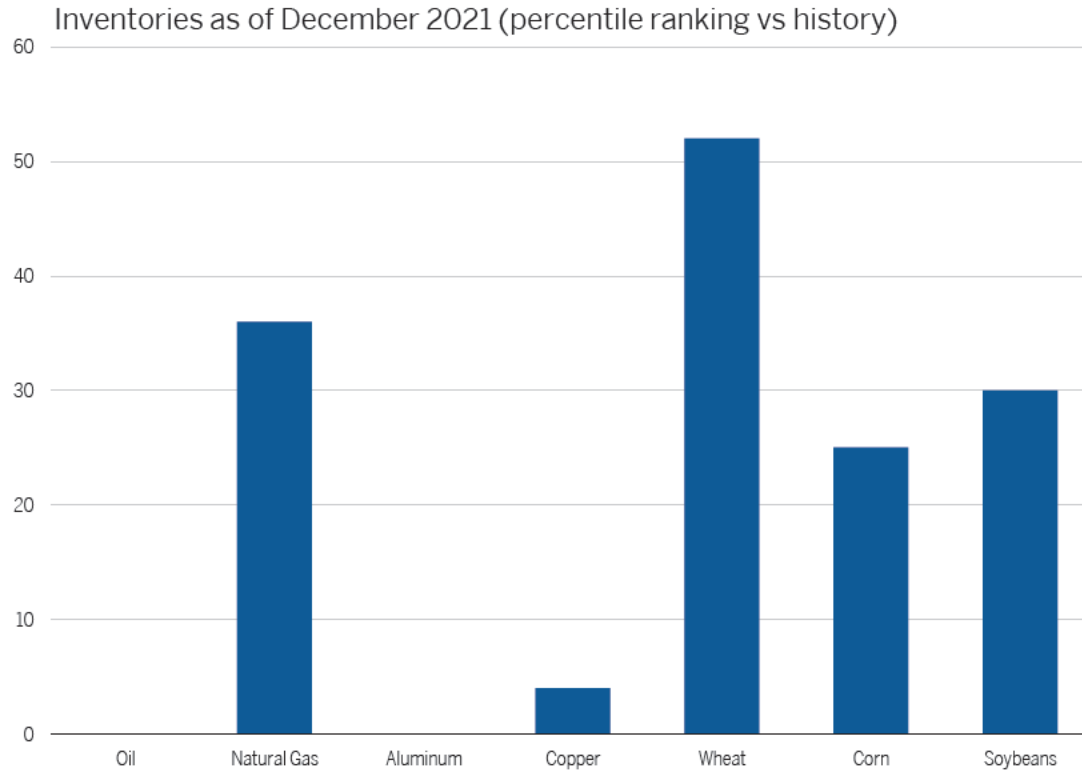
Sources: IEA, Bloomberg, LME, USDA | Chart data:
April 1996 – December 2021. | As of 31 December
2021

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PPT/ Tmpl 1.6



Commodities

Inventories across key commodities are approaching critically low levels

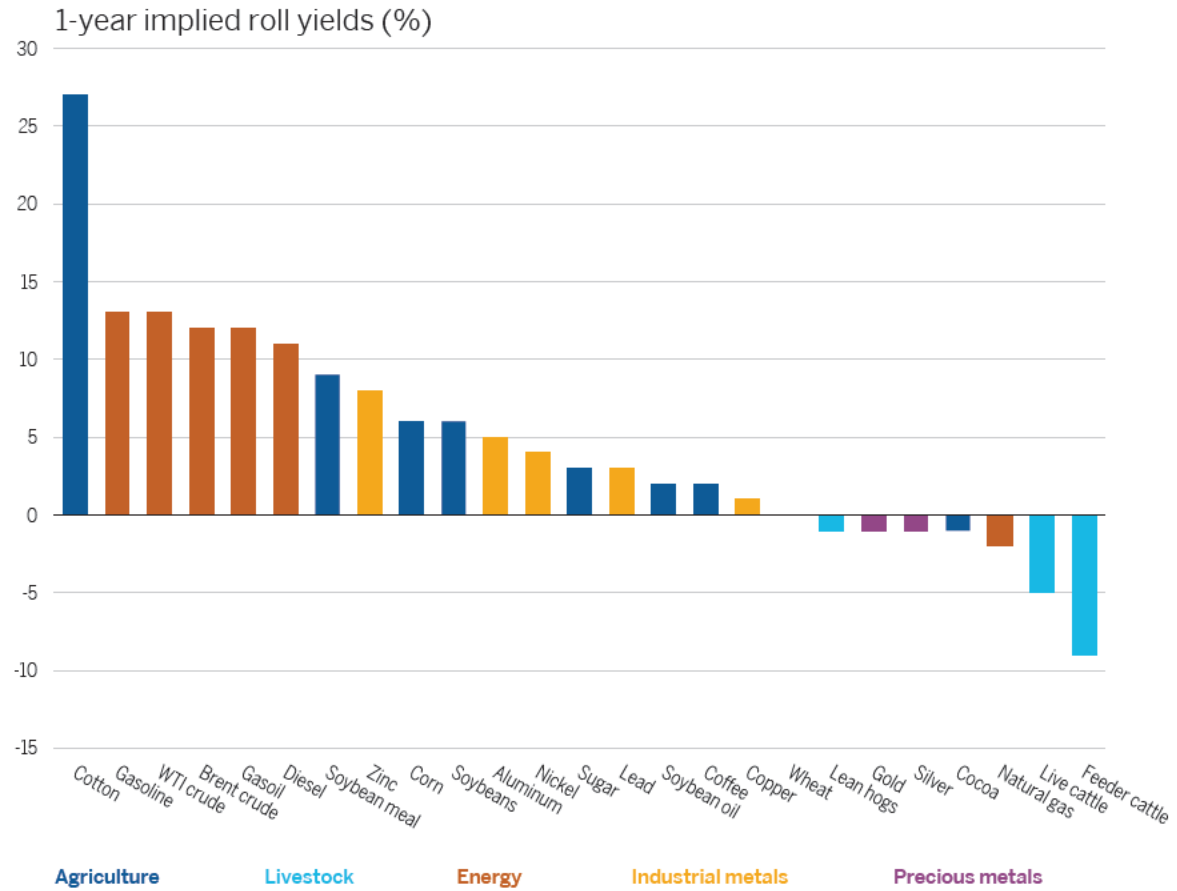


Sources: IEA, Bloomberg, LME, USDA | As of December 2021



Commodities

Implied roll yields support excess returns



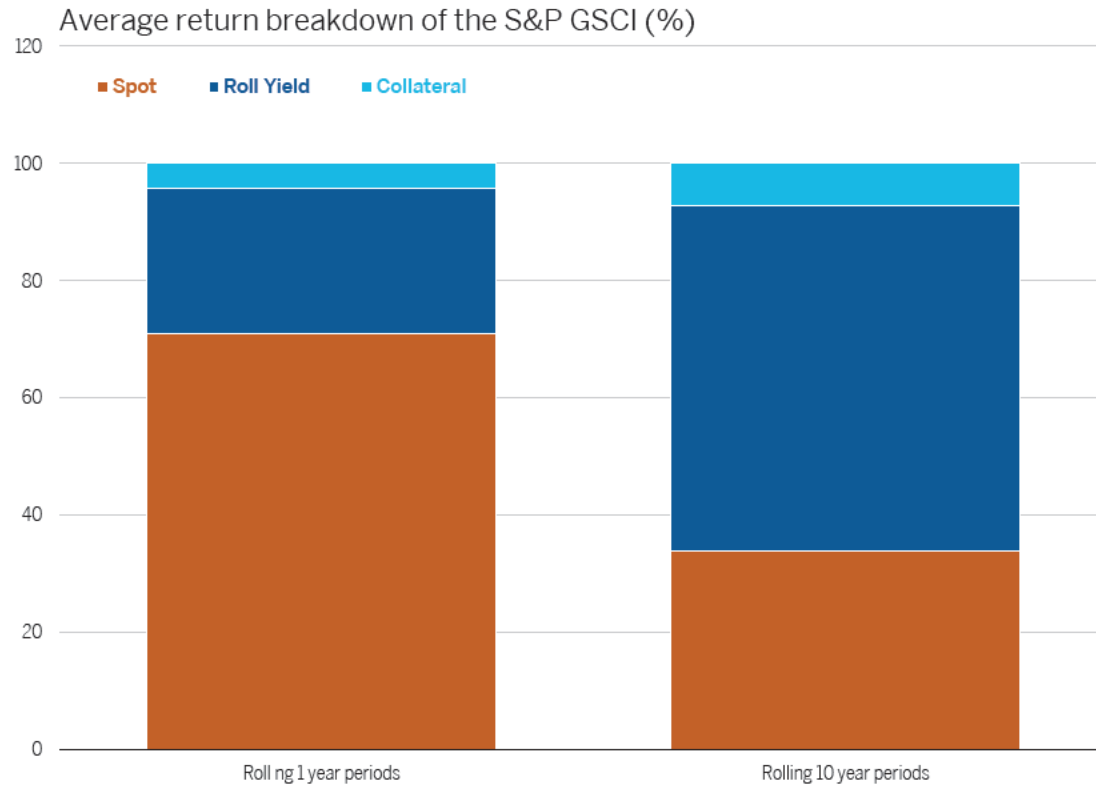
Source: Bloomberg | As of December 2021

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Why active management?

Roll yield is a key driver of long-term total returns

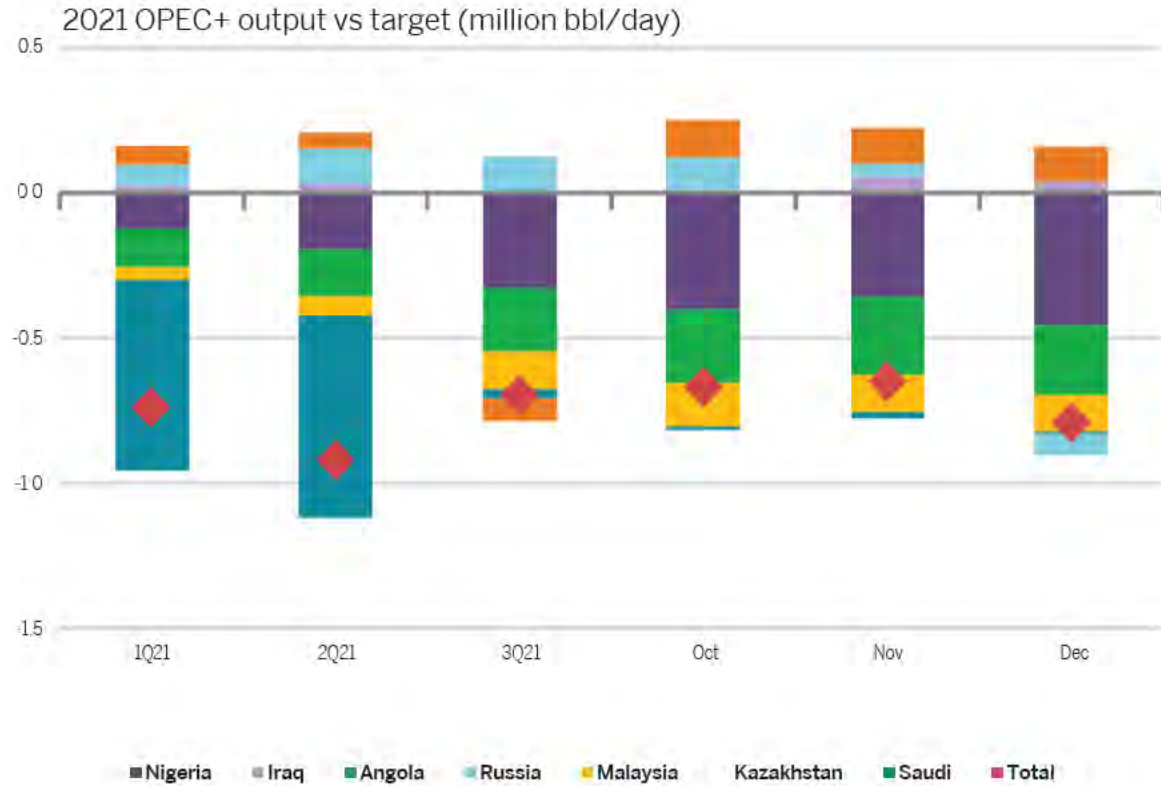


Source: Bloomberg | As of 31 December 2021 | Returns calculated monthly | Chart data: 31 January 2001 – 31 December 2021



Commodities

OPEC+ oil production continues to disappoint relative to target levels

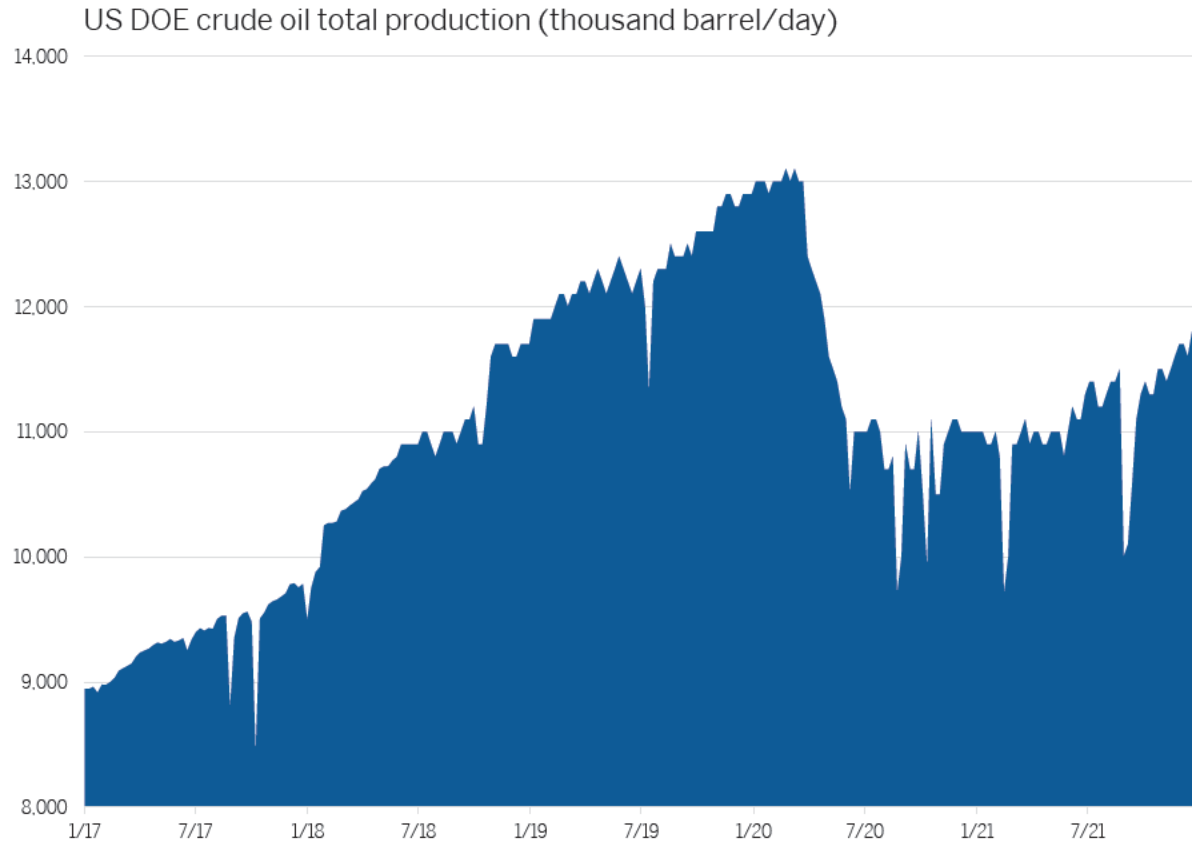


Source: International Energy Agency | Chart data: 1Q21 - December 2021



Commodities

US oil production returning at a slow pace

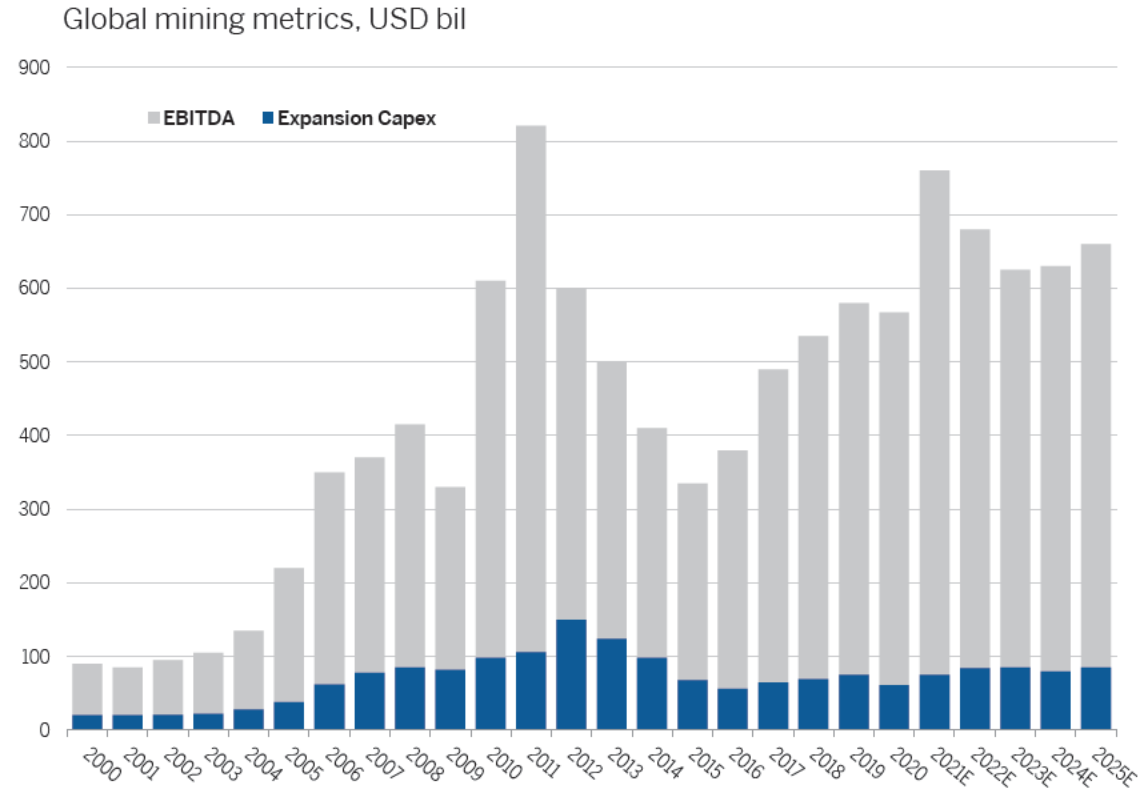


Source: Bloomberg. | Chart data: January 2017 – December 2021



Commodities

Less mining free cash flow spent on capex than in previous cycles

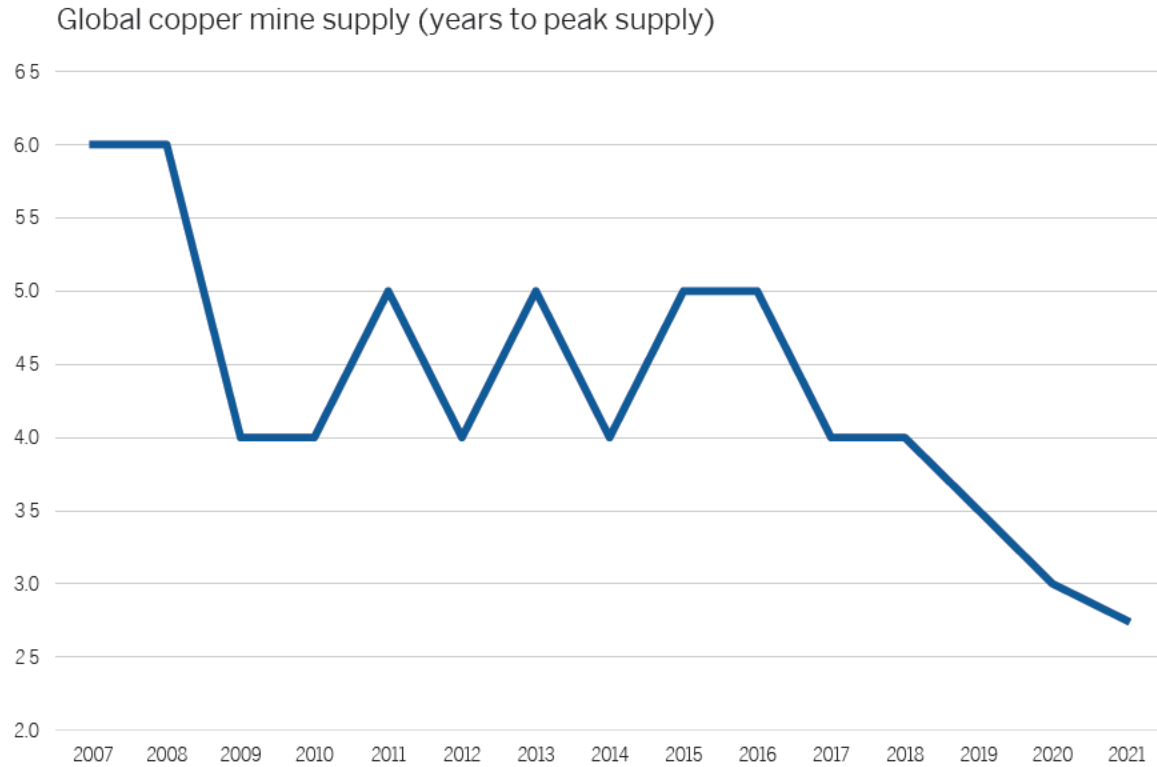


Source: BMO | Chart data: 2000 – 2025E | As of September 2021

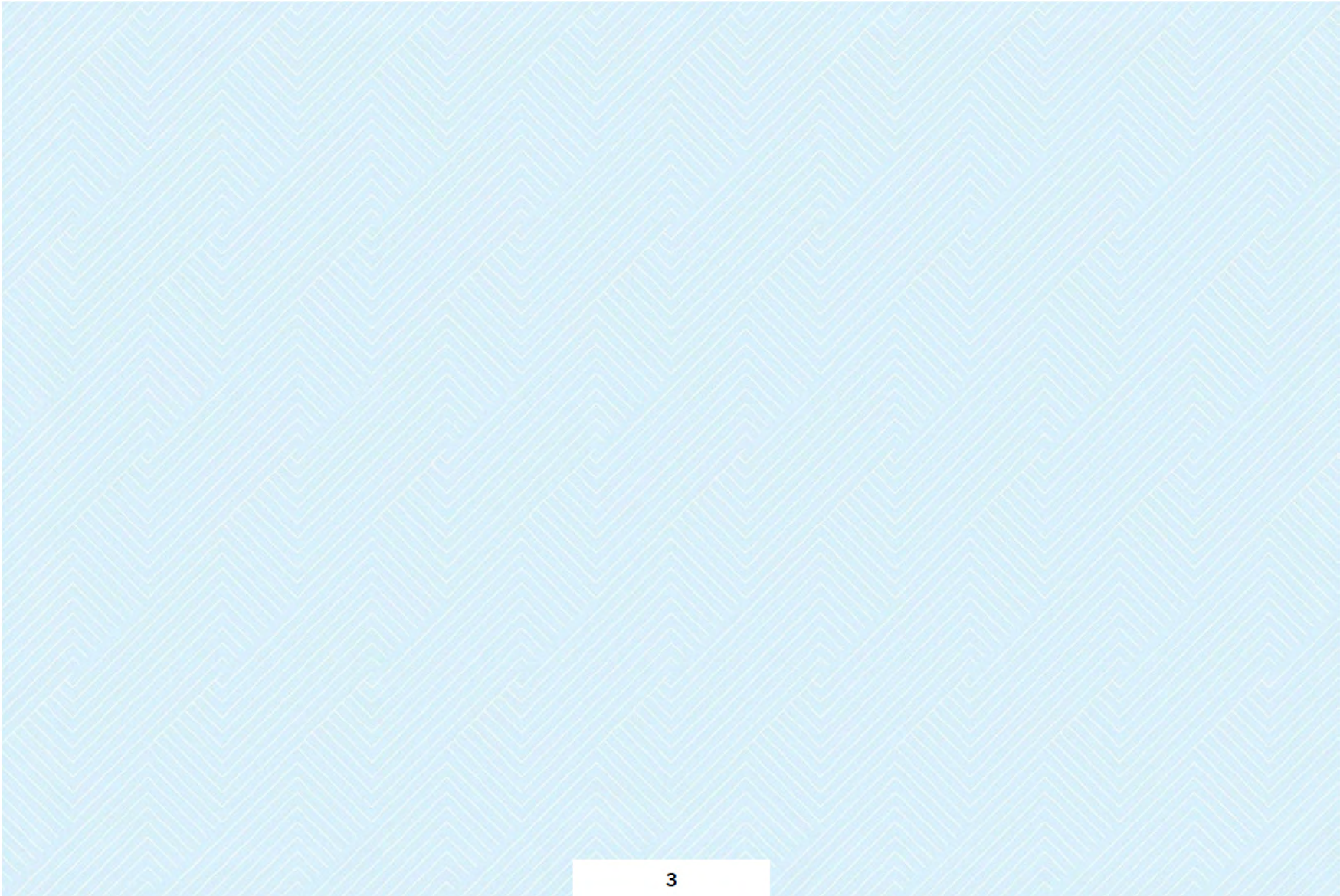


Commodities

Lack of capital investment has accelerated the peak in copper supplies



Source: Woodmac, Goldman Sachs Global Investment Research | Chart data: 2007 -2021



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Commodities

Investment philosophy

We believe that a diversified commodities portfolio should take advantage of

- The uncorrelated properties of individual commodities
- Energy, industrial metals, precious metals, and agriculture & livestock hedging differentiated types of inflation

We believe that a commodities portfolio should be actively managed based on

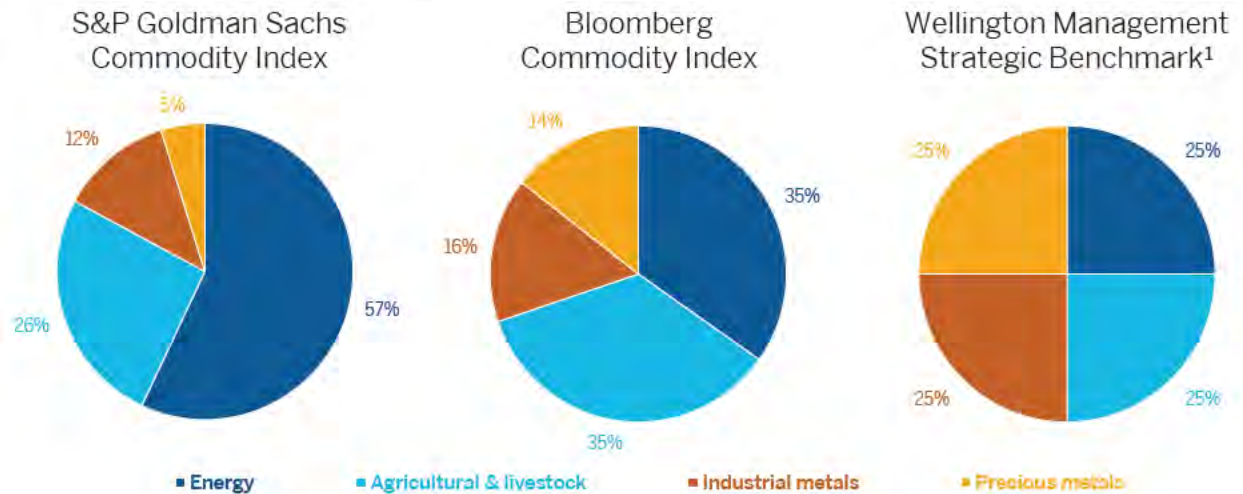
- A long-term perspective
- Analyzing supply and demand fundamentals that shape price cycles
- Seizing valuation opportunities created by short-term volatility
- Improving the roll yield through exposure across the futures curve



Commodities

Commodities market

Benchmark characteristics



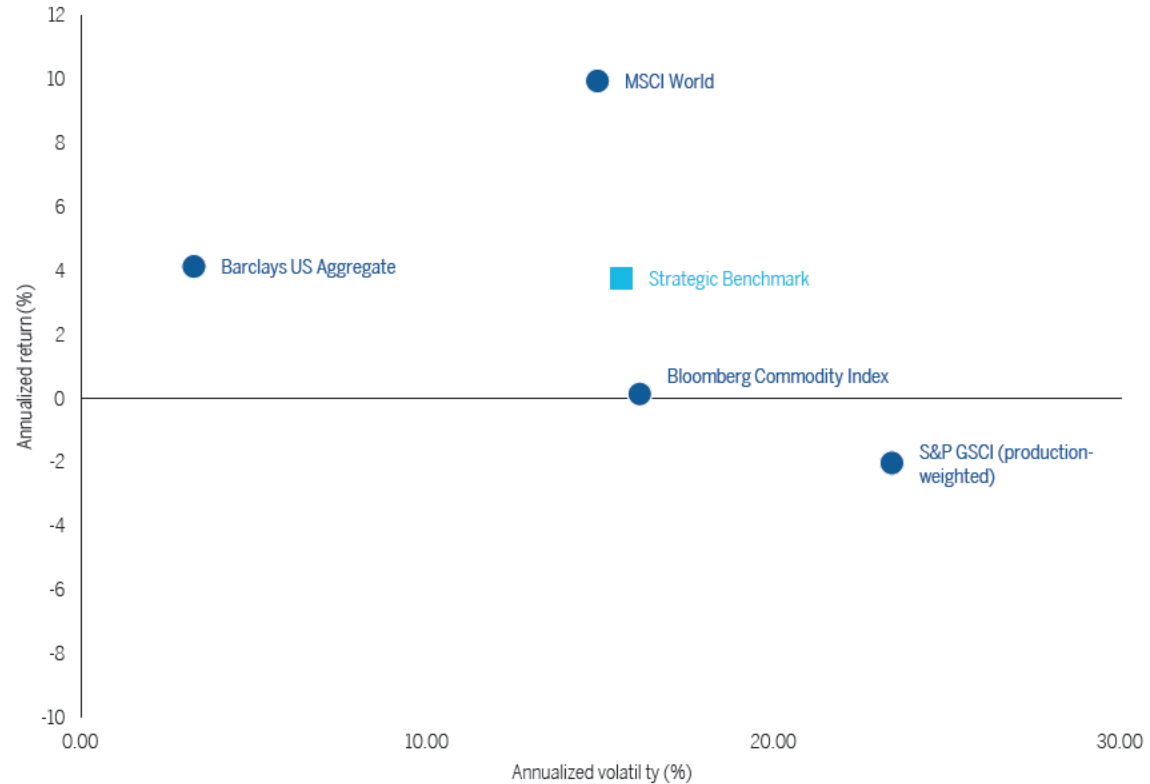
Weighting methodology	Production	Production	Equal sector
Number of Commodities	24	23	24
Contract holding	Front month	Front and second	Front month
Correlation with US CPI ²	0.8	0.8	0.8
Historical volatility (%) ²	21.6	14.4	14.3
Sharpe ratio ²	-0.21	-0.20	-0.02

¹Represents target weights. Actual weights may vary for individual accounts. The Strategic Benchmark is an equal sector-weighted version of the production weighted S&P Goldman Sachs Commodity Index, where we have weighted four sectors equally: Energy, Precious Metals, Industrial Metals, and Agriculture & Livestock. The Strategic Benchmark's sector weights are rebalanced quarterly. | ²Based on the period from 1 January 2010 through 31 December 2021 | Source: S&P, UBS, Bloomberg | As of 31 December 2021

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Commodities benchmarks

Return and volatility since July 2003



Source: Bloomberg, Wellington Management | Data provided since the inception of Wellington Management's first Commodity portfolio, 1 July 2003 as of 31 December 2021 | The Strategic Benchmark is an equal sector-weighted version of the production weighted S&P Goldman Sachs Commodity Index, where we have weighted four sectors equally: Energy, Precious Metals, Industrial Metals, and Agriculture & Livestock. The Strategic Benchmark's sector weights are rebalanced quarterly. | **PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Realized roll yield (%)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bloomberg Commodity index	-0.7	-4.7	-12.7	-17.6	-14.2	-7.7	-22.5	-9.7	-5.2	-4.9	-0.9	0.0	-6.3	-11.7	-6.8	-2.4	-4.9	-17.9	3.2
S&P GSCI (production-weighted)	-0.3	-3.5	-17.4	-19.5	-13.9	-4.5	-37.0	-11.6	-3.3	-0.3	0.9	0.8	-7.4	-16.8	-6.3	-0.1	-1.4	-15.3	0.5
Strategic benchmark	-0.8	-2.2	-7.4	-12.4	-9.2	-4.7	-18.8	-7.3	-2.3	-0.9	-0.2	-0.3	-4.0	-8.6	-4.8	-2.0	-3.2	-16.4	0.7

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PPT/ Tmpl 1.6

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Commodities

Investment objective and approach

Investment objective

Seeks to outperform our strategic benchmark, an equal sector-weighted custom commodities index

Investment approach

Fundamental research-based active management

- Commodity selection – approximately 50 commodities in opportunity set
- Contract selection – maturities ranging between one month and ten years
- Sector allocation flexibility

Contribution-to-relative-risk approach guides portfolio positioning

Collateral managed to seek to achieve high quality and liquidity

The Strategic Benchmark is an equal sector-weighted version of the production-weighted S&P Goldman Sachs Commodity Index, where we have weighted four sectors equally: Energy, Precious Metals, Industrial Metals, and Agriculture & Livestock. The Strategic Benchmark's sector weights are rebalanced quarterly. | The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.

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Commodities

Breadth and depth of investment resources

Fundamental Research

Eugene Khmelnik	Energy
Ravi Gill	Exploration & production
George Burshteyn	Exploration & production
Tom Levering	Integrated oil & utilities
Alan Hsu	Utilities & renewables
Juanjuan Niska	Utilities & renewables
Tim Casaletto	Utilities & renewables
Rob Hayes	Refiners & chemicals
Jordan McNiven	Energy
Moses Sutton	Clean energy
Liam McIntyre	Energy & emissions
Ben Swanson	Energy cred t
Erik Vigsnes	Energy cred t
Keith White	Metals
Chuck Goring	Metals cred t
Bill Ogradnick	Transport
Andrew Byrne	Metals & mining
Jason Nacca	Retail
Rebecca Sykes	Pharma & livestock
Catherine Gunn	Construction machinery

Product Management

Kate Bellerose

As of December 2021



Macro

Santiago Millan	China
Juhi Dhawan	US
Brian Hughes	Options analysis
Brian Decker	Technical analysis
Matt Hildebrandt	Emerging Mkt Debt
Gillian Edgeworth	Emerging Mkt Debt
Scott Elliott	Real assets
Brian Garvey	Real assets
Nick Petrucelli	Real assets

Implementation

Ted Casieri	Portfolio coordinator
Bob Jarchow	Portfolio coordinator
Chris Mylod	Commodity trading
Derek Fallon	Commodity trading
Josh Grodin	Commodity trading
Manny Hunjan	Investment risk
Jing Lu	Investment risk

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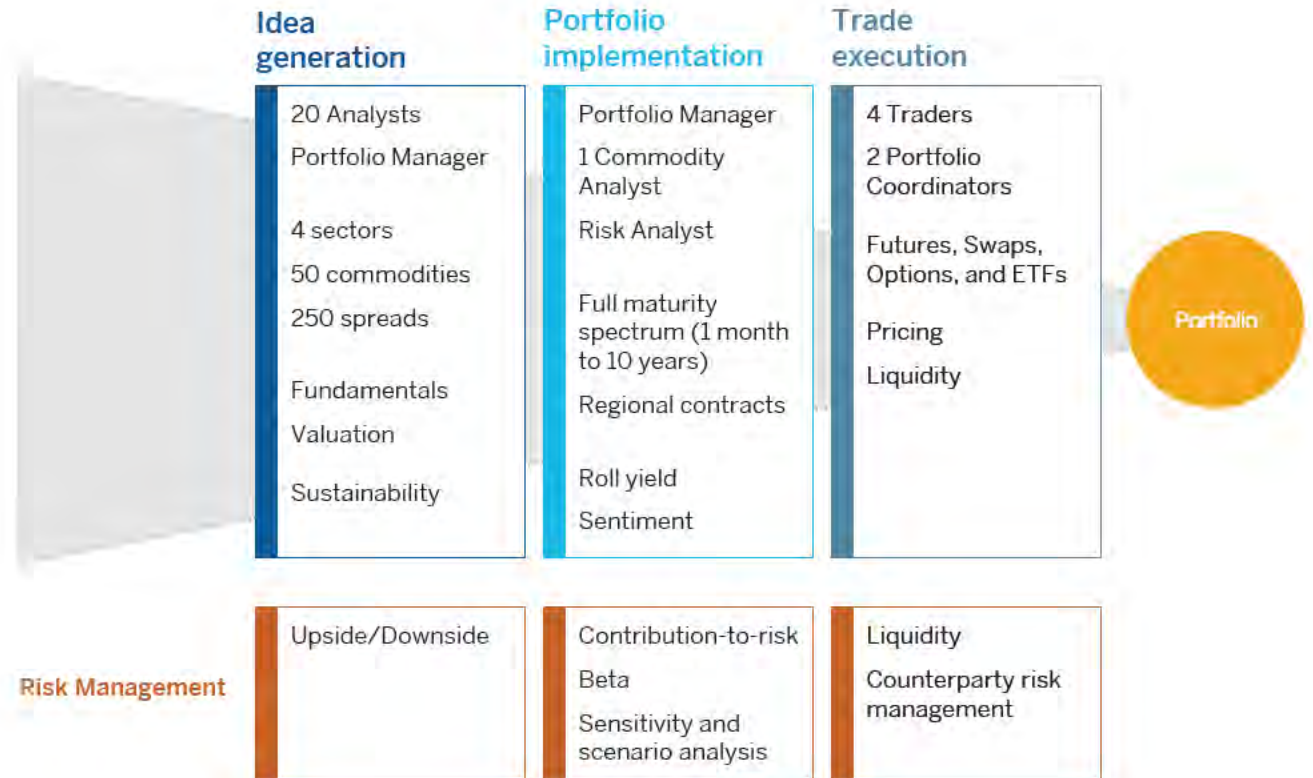
Commodities Universe

	BENCHMARK COMMODITIES (MAXIMUM TENOR IN YEARS)				NON-BENCHMARK COMMODITIES			
HIGHLY LIQUID COMMODITIES	Energy and power		Industrial metals					
	Oil (10) WTI Brent LLS	Natural gas (12) US Natural Gas (Henry Hub, Other Regions) NGLs (Ethane, Propane) UK NBP, TTF	Gasoline (3) Heating oil (3) Gasoil (4)	Aluminum (10) Copper (10) Lead (3) Nickel (5) Zinc (5)				
	Precious metals		Agriculture & livestock					
	Gold (5) Silver (5)	Corn (4) US European	Soybeans (3) US China (Dalian)	Wheat (3) Kansas City wheat Chicago wheat European wheat				
LESS LIQUID COMMODITIES					Energy and power		Industrial metals	
					Power – On-peak and off-peak (5) US (PJM, ERCOT, CINERGY)	Iron ore (2) Uranium (3) Alumina (OT C) Tin (1)		
				Ethanol (3)				
				Precious metals	Agriculture & livestock			
				Palladium (1) Platinum (1)	Soybean oil (3) Soybean meal (3) Orange juice (3) Lumber (1)	Canola oil (2) Palm oil (2) Barley (2) Oats (3)	Rapeseed (1) Rice (1) Rubber (1)	
				Other				
				CO2 emissions (5) EUAs CERs DOE US CCA	Dry bulk freight (4) Capesize Panamax Handymax	Tanker rates (3) Dirty tankers (crude) Clean tankers (products)		

Liquidity assessment as of 2020, based on Wellington Management estimates. For illustrative purposes only. | Although we believe this data to be relevant today, an assessment based on more recent data could present different results.



Commodities Investment process

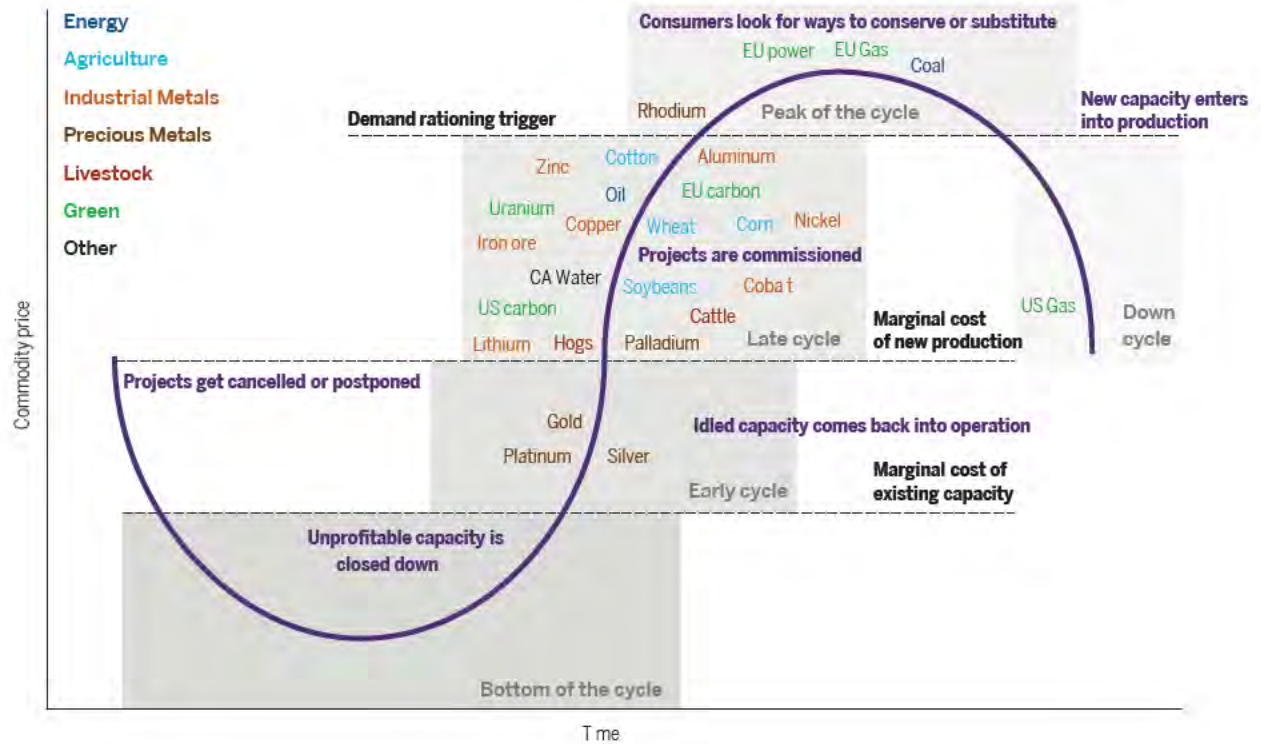


As of December 2021 | The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.



Commodities

Many commodities in middle point of their cycles



Source: Wellington Management | As of 31 December 2021 | For illustrative purposes only. Not representative of an actual investment.

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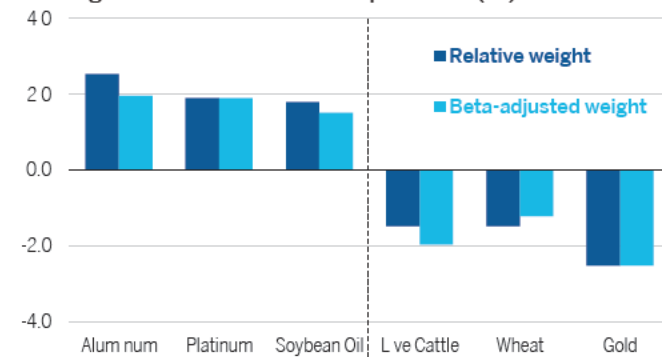
WTC-CIF II Commodities

Portfolio positioning as of 28 February 2022

Sector positioning (%)

	Portfolio	Strategic benchmark
Total	100.0	100.0
Energy	29.8	28.5
Industrial metals	28.0	24.2
Precious metals	22.1	22.8
Agriculture & livestock	18.8	24.5
Cash	1.3	-

Largest active Commodities positions (%)¹

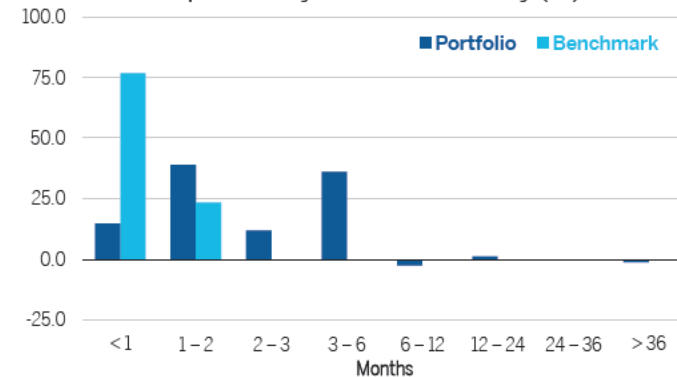


Portfolio characteristics

	Portfolio	Strategic benchmark
Roll yield (%) ¹	9.5	5.9
Gross exposure (%)	119.5	100.0
Net exposure (%)	98.7	100.0
Gross long (%)	109.1	100.0
Gross short (%)	-10.4	0.0
Average maturity (mos)	1.7	0.7
Projected tracking risk ¹	2.32	
Projected beta	1.06	
Percent futures (%)	98.4	
Percent options (%)	0.3	
Percent swaps (%)	0.0	
Percent ETFs (%)	0.0	

¹Does not include effects of option positions on the Bloomberg Commodity Index. | The Strategic Benchmark is an equal sector-weighted version of the production weighted S&P Goldman Sachs Commodity Index, where we have weighted four sectors equally: Energy, Precious Metals, Industrial Metals, and Agriculture & Livestock. | <1 in Percent of portfolio by months to maturity includes exposure via ETFs and commodity holding companies | Largest active Commodities positions are based on relative exposure. | Roll yield is the implied roll yield annualized. | Relative weight is based on net market exposure. | Beta-adjusted weight is a risk-adjusted metric reflecting the portfolio's sensitivity to a commodity's price movement.

Percent of portfolio by months to maturity (%)



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WTC-CIF II Commodities

Investment returns

As of 28 February 2022 (% , USD)

	3 mos	SI
WTC-CIF II Commodities (gross)	21.4	14.8
School Emp Ret System of Ohio CIFII Commodities (net)	21.2	14.5
Custom benchmark	19.8	15.1
Active return (gross vs benchmark)	1.6	-0.3
Bloomberg Commodity Index Total Return	19.6	11.7
Active return (gross vs benchmark)	1.7	3.1
Production-weighted S&P GSCI	30.6	19.0
Active return (gross vs benchmark)	-9.3	-4.3

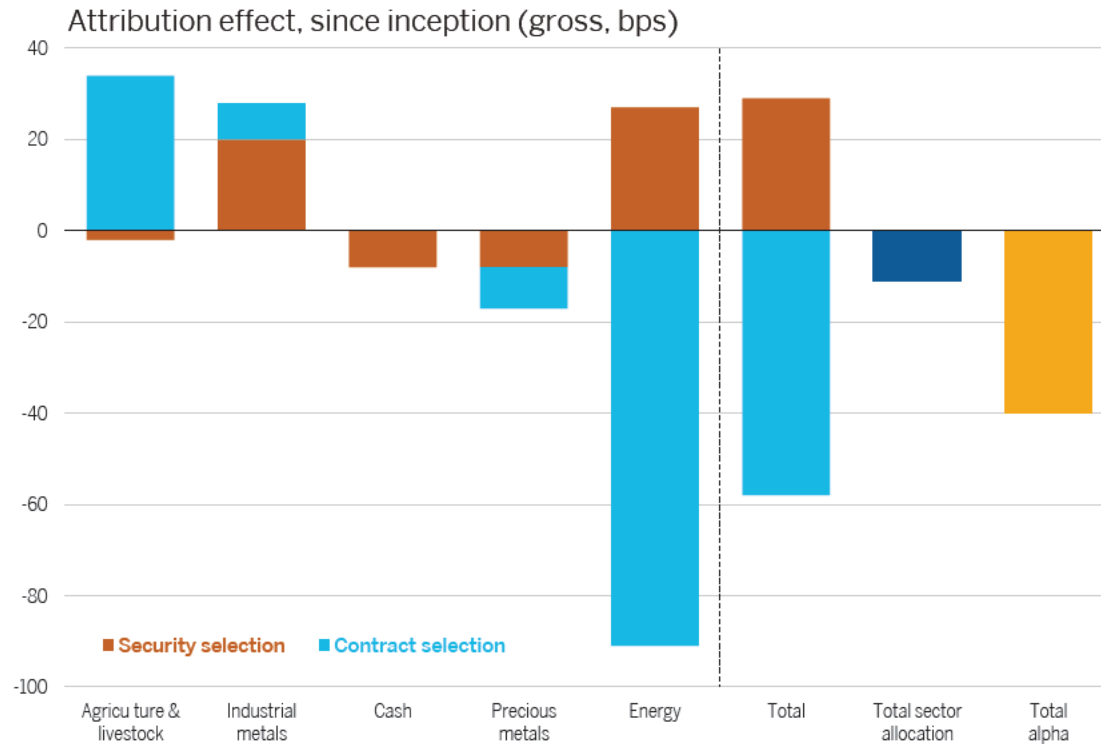
	YTD	2021 ¹
WTC-CIF II Commodities (gross)	14.0	0.7
School Emp Ret System of Ohio CIFII Commodities (net)	13.8	0.6
Custom benchmark	13.9	1.0
Active return (gross vs benchmark)	0.1	-0.3
Bloomberg Commodity Index Total Return	15.6	-3.4
Active return (gross vs benchmark)	-1.6	4.0
Production-weighted S&P GSCI	21.4	-2.0
Active return (gross vs benchmark)	-7.5	2.6

¹Partial calendar year (8 October 2021 to 31 December) | Custom benchmark: The custom benchmark consists of S&P GSCI Equal Weight Index from index inception to present. | Inception date: 8 October 2021. The inception date represents the client's investment in the fund. | Portfolio returns are reported net of operating expenses and gross of investment management fee. | Sums may not total due to rounding. | Performance returns for periods one year or less are not annualized. | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.**



WTC-CIF II Commodities

Performance review (USD) as of 28 February 2022



Inception date: 8 October 2021. The inception date represents the client's investment in the fund. | Benchmark used for comparison: S&P GSCI Equal Weight. | Cash effect includes the impact of any cash balance not invested in commodities. For example, a net exposure of 99% would imply 1% of the portfolio was in cash not exposed to commodities. Cash effect measures the impact of not having this 1% invested in commodities. **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.**

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Commodities

Calendar year attribution summary as of 31 December 2021

Representative account

Structural (gross, %)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception
Total Commodities Composite alpha vs Bloomberg Commodity Index	-1.5	9.9	5.0	-0.7	8.2	3.9	-1.1	3.0	-3.1	3.8	9.3	5.9	15.0	8.6	4.3
Strategic benchmark vs Bloomberg Commodity Index	-1.9	3.5	4.4	1.6	8.9	-1.5	1.0	2.4	-3.7	3.9	7.6	4.5	9.0	4.7	2.9

Tactical (gross, %)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception
Total portfolio alpha vs strategic benchmark	0.3	6.3	0.8	-2.2	-0.8	5.4	-2.0	0.5	0.5	-0.1	1.7	1.5	6.1	4.0	1.5
Total impact from Commodities decisions	0.1	5.2	0.3	-2.7	-0.6	5.8	-2.1	0.3	-0.2	-0.3	1.5	1.6	5.3	3.6	1.2
Sector allocation	0.3	1.8	0.6	0.0	0.9	2.6	-1.8	-1.7	-0.7	0.1	-0.4	0.5	0.8	-0.6	0.0
Commodity selection	-1.2	2.8	-0.1	-0.1	-1.5	1.9	-0.7	1.8	1.4	1.1	0.6	1.7	2.7	1.3	0.8
Contract selection	1.1	0.6	-0.2	-2.6	0.1	1.4	0.4	0.2	-1.0	-1.5	1.2	-0.6	1.8	2.9	0.3
Total impact from cash	0.1	1.2	0.4	0.4	-0.2	-0.5	0.1	0.2	0.8	0.3	0.3	-0.1	0.8	0.4	0.3

Benchmark used for comparison: S&P GSCI Equal Weight | Inception date: 31 December 2007 | Sums may not total due to rounding. | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.** | Portfolio attribution is calculated for a representative account, is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described. Actual results may vary for each client due to specific client guidelines, holdings, and other factors. In limited circumstances, the designated representative account may have changed over time, for reasons including, but not limited to, account termination, imposition of significant investment restrictions or material asset size fluctuations. Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. If all expenses were reflected, the performance shown would be lower. | For use in one-on-one presentations only. | Please refer to the Important Disclosures page for additional information.

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Commodities

Key considerations

The portfolio managers emphasize bottom-up, fundamental research across commodities and commodity sectors. Exposures by sector, commodity, tenor/maturity, and contract can vary. Exposure to longer-dated contracts can result in meaningful performance differentials relative to the spot or near-dated contracts often used in benchmarks.

Exposure may be concentrated in a relatively small number of commodities across the four commodity sectors.

The portfolio uses derivatives to gain the majority of its exposures, inclusive of futures, options, swaps, and other instruments. Derivatives can be volatile and involve various degrees of risk. The value of derivative instruments may be affected by changes in overall market movements, the business or financial condition of specific companies, index volatility, changes in interest rates, or factors affecting a particular industry or region. Other relevant risks include the possible default of the counterparty to the transaction and the potential liquidity risk with respect to particular derivative instruments.

The portfolio cannot be net short any single commodity in aggregate, but can hold short positions in individual contracts for a given commodity.

Gross exposure, defined as the sum of all long positions plus the sum of the absolute value of all short positions, may exceed 100% of the market value of the portfolio.

The portfolio can hold positions in commodities and contracts that are not components of the portfolio's underlying benchmark.

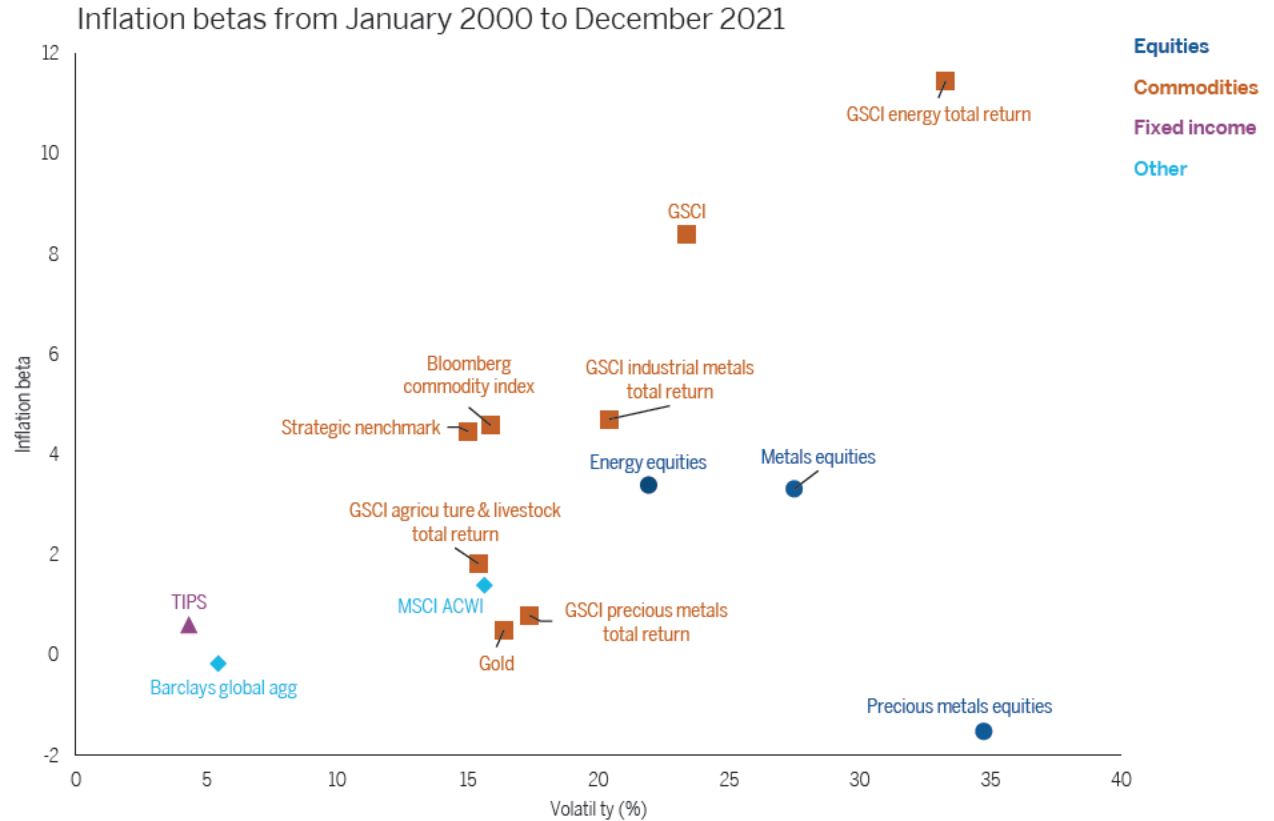
The portfolio's derivative positions are fully collateralized. Collateral is managed by Wellington Management's Fixed Income team utilizing a strategy that focuses primarily on short duration US Treasury and Agency securities as well as repurchase agreements collateralized by cash items or US government securities.

For more information regarding the eligible investments and portfolio guidelines, please refer to the portfolio's Statement of Characteristics.



Why hold commodities?

Inflation betas for commodities and natural resource equities



Sources: DataStream; Bloomberg; Wellington Management | Labels are defined as follows: Energy Equities = MSCI All Country World Energy Sector Index; Metals Equities = MSCI All Country World Metals & Mining Index; Precious Metals Equities = DataStream World Gold Mining Total Return Index from January 2000 to October 2009 and MSCI ACWI IMI Gold & Precious Metals Index since November 2009; TIPS = Barclays US TIPS Index; Strategic Benchmark = S&P GSCI Commodity Equal Sector Weighted Index; GSCI = Production-Weighted S&P GSCI; Gold = Gold Spot Price.

















Inflation beta measures the sensitivity of asset returns to monthly changes in CPI Index

Commodities

Market outlook

Views on short- and intermediate-term drivers

Individual commodity markets influenced by independent drivers

	Short term (less than 1 year)	Medium term (1 – 4 years)
Aggregate	Commodities enter 2022 with low and declining inventories, tight and fragile balances and the need for prices to potentially rise to ration demand. 	Capital spending remains largely absent from the commodity complex, resulting in structural undersupplied markets and rising production costs. 
Oil	2022 oil balances show a small surplus in the first quarter followed by renewed deficits in the subsequent quarters. All is set against tight starting inventories and fragile supply conditions. 	The resumption in OPEC+ production will gradually expose tight spare capacity in the oil system and anemic production growth due to insufficient capital spending. 
Natural gas	Natural gas is a tale of two stories with US fundamentals deteriorating on higher production and lack of winter demand against tight and constrained rest of the world conditions. 	US gas production is seeing marginal growth mostly within the private sector at the same time as export demand growth slows. 
Base metals	Metals are facing increased supply issues, partly driven by power shortages, at a time when inventories are at 15-year lows. 	A lack of supply growth poses shortage risks as new energy vehicles and renewables support structurally higher global demand growth. 
Gold and silver	Gold and silver are facing the weight of rising real yields, which are impacting the demand for safe haven assets. 	Stagflation is a real long-term risk as inflation expectations anchor at higher levels and growth slows. Gold and silver would perform strongly in such a scenario. 
Platinum group metals	Auto production issues have temporarily impacted the demand for platinum group metals resulting in more balanced markets in the short-term. 	PGM markets continue to carry a sizable deficit that will likely only be solved through higher prices. The quest for hydrogen opens the door for new uses for the metals. 
Grains	Grain inventories rebuilt marginally in 2021 but remain low by historical standards and remain highly exposed to production issues in South America in the near-term. 	High energy prices are translating into rising production costs from fertilizer to diesel and resulting into a higher repricing across the grains complex. 
Livestock	Rebuilding of pork supplies in China is limiting US exports and acting as a cap in the very short-term. 	The cow and pig herds are in decline and will support pricing into the medium-term. 

As of December 2021 | Outlook information was determined by Wellington Management's Commodities team in its sole discretion based on its views and is not necessarily based on objective market data. Forecasted information is estimated and actual results may differ. Nothing herein is intended to be a prediction or assurance of how any portfolio or investment will perform in the future.



Commodities

Commodities market

Commodity valuations and fundamental tightness



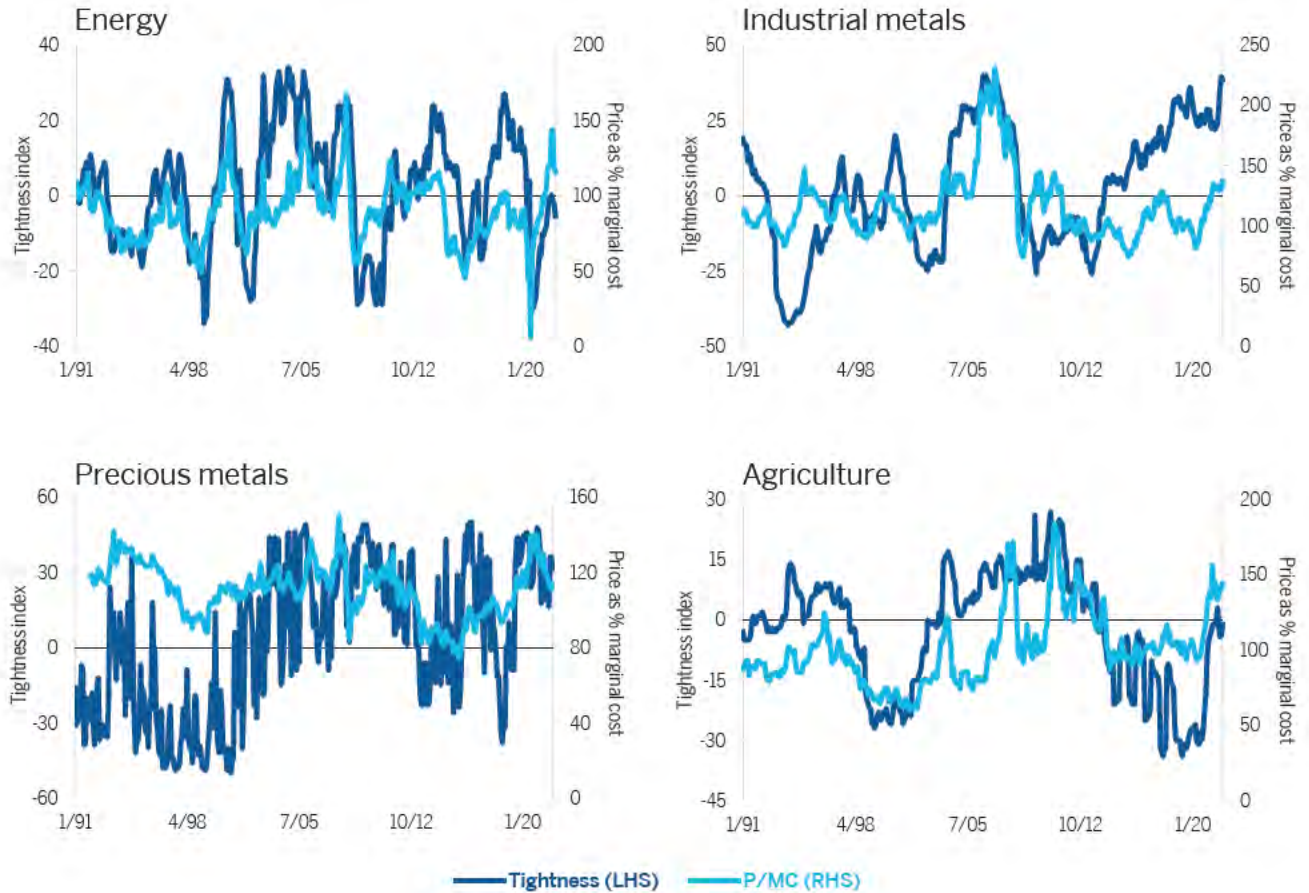
Source: USDA, DOE, IEA, LME, Bloomberg, Macquarie, Brean Murray, BP, Bernstein | As of 31 December 2021 | The Tightness Index ranks 15 commodities based on inventory or spare capacity. A high ranking indicates tight inventory and spare capacity levels; a low number indicates ample inventories and spare capacity. | Chart data: January 1991 – December 2021



Commodities

Commodities market

Commodity valuations and fundamental tightness



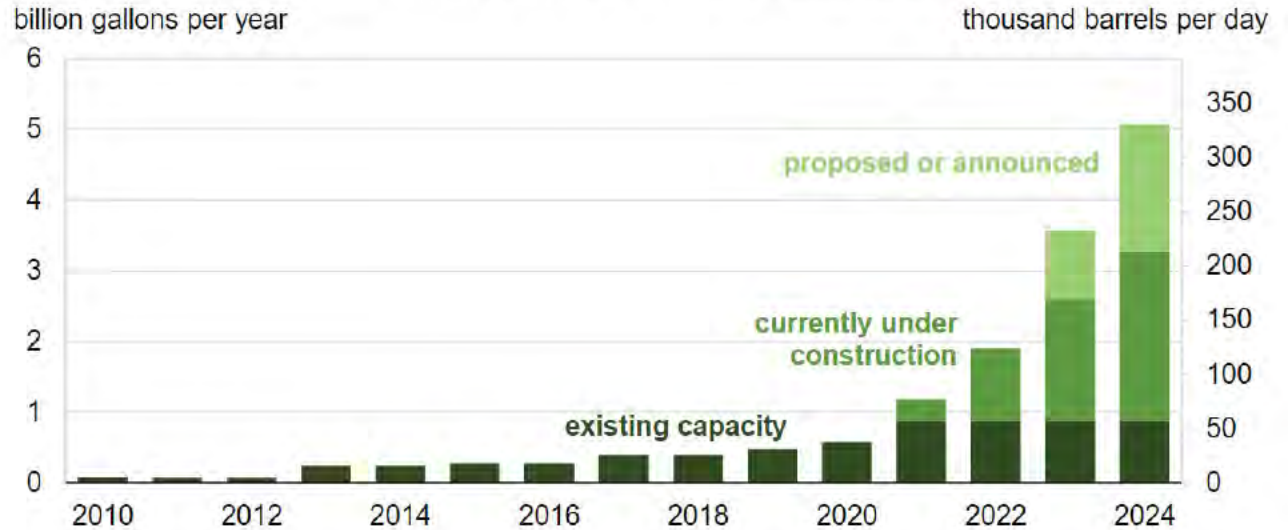
Source: CFTC, Haver Analytics, Wellington Management | As of 31 December 2021 | Price to Marginal Cost (P/MC) is a proprietary framework used at Wellington Management | The Tightness Index ranks 15 commodities based on inventory or spare capacity. A high ranking indicates tight inventory and spare capacity levels; a low number indicates ample inventories and spare capacity. | Chart data: January 1991 – December 2021



Commodities

Increases in renewable diesel likely to drive soybean demand over next few years

Existing and expected US renewable diesel production capacity (2010-2024)



Source: EIA, based on data from company announcements in trade press. | Chart data: 2010-2024E



Commodities

Woodwell Research suggests that water scarcity in the US will drive greater variability in grain yields, increasing price volatility

Probability of a 10% decrease in soy, wheat, maize and rice yields in the US¹

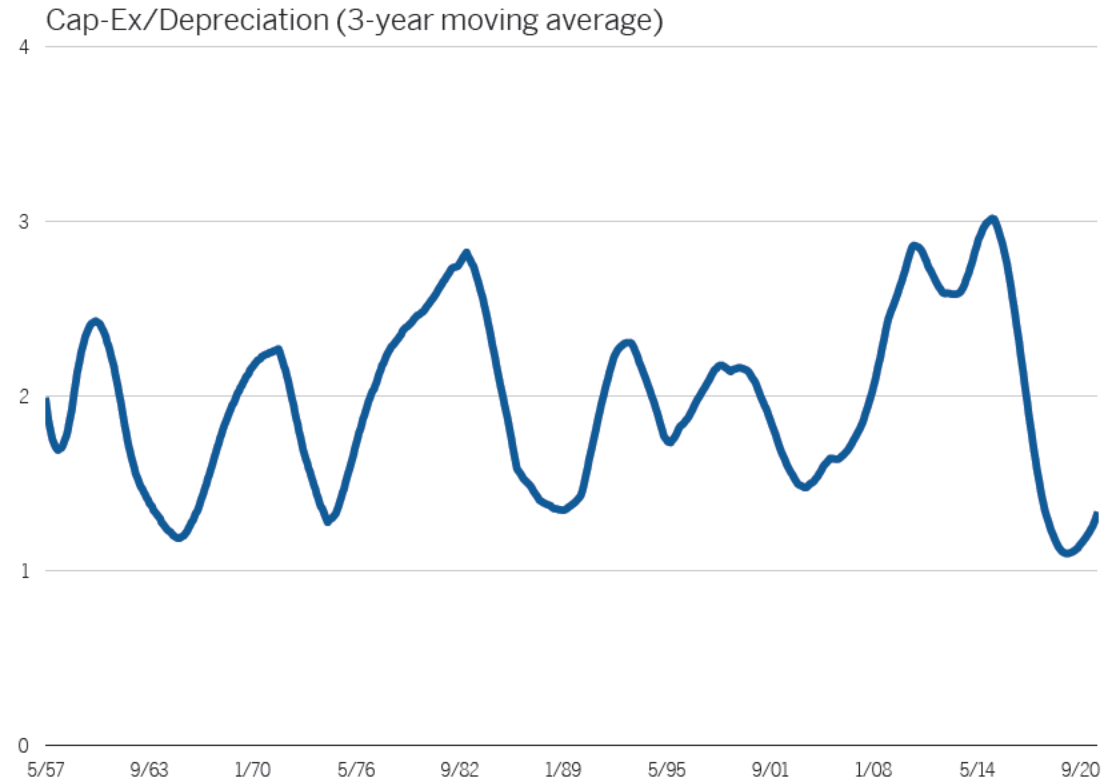
	1998 – 2017	2021E – 2040E	2041E – 2060E
Soy	0.29	0.37	0.57
Wheat	0.20	0.24	0.32
Maize	0.23	0.30	0.49
Rice ¹	0.21	0.24	0.27

¹1998 – 2017 shows the historical probability of a 10% decrease in yield in top producing regions of maize, wheat and soy and country-wide production of rice. For the periods 2021 – 2040 and 2041– 2060, data is projected using Woodwell Research estimates. Source: Woodwell Climate Research Center.



Commodities

Mining capital spending remains anemic

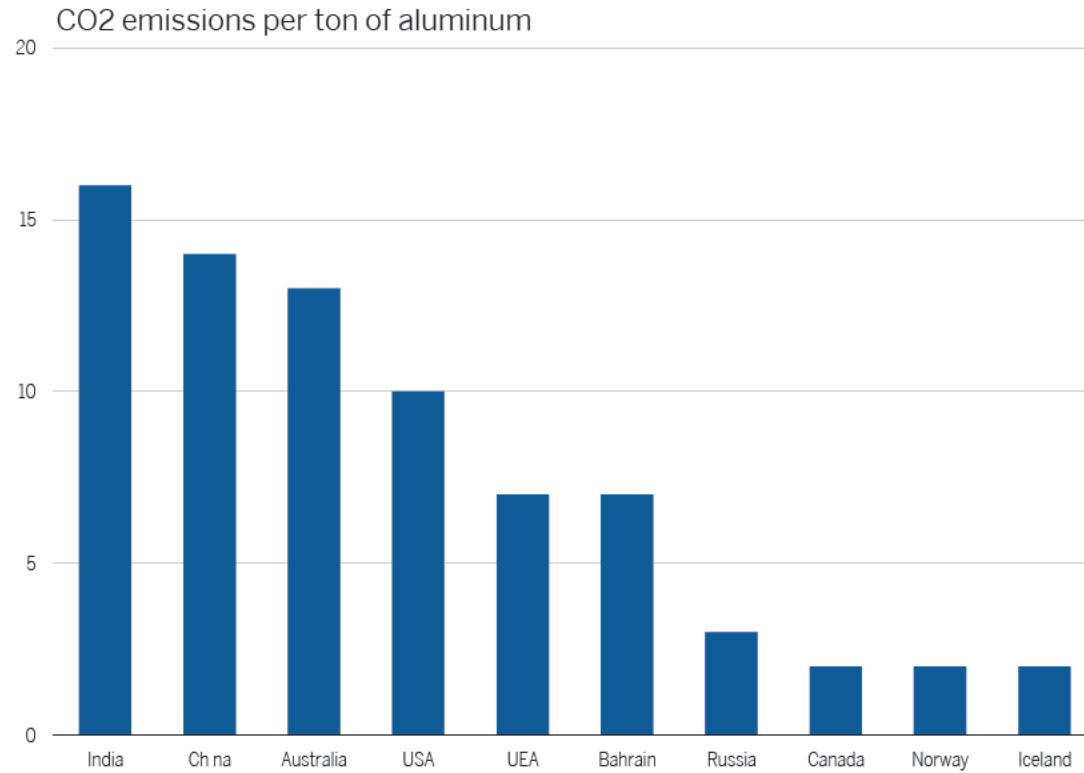


Capex to depreciation shown for global industrial metals (ex precious metals) miners. | Source: Datastream | Chart data: 31 May 1957 – 30 September 2021

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Commodities

Net-zero commitments will drive curtailments of high-emitting production capacity

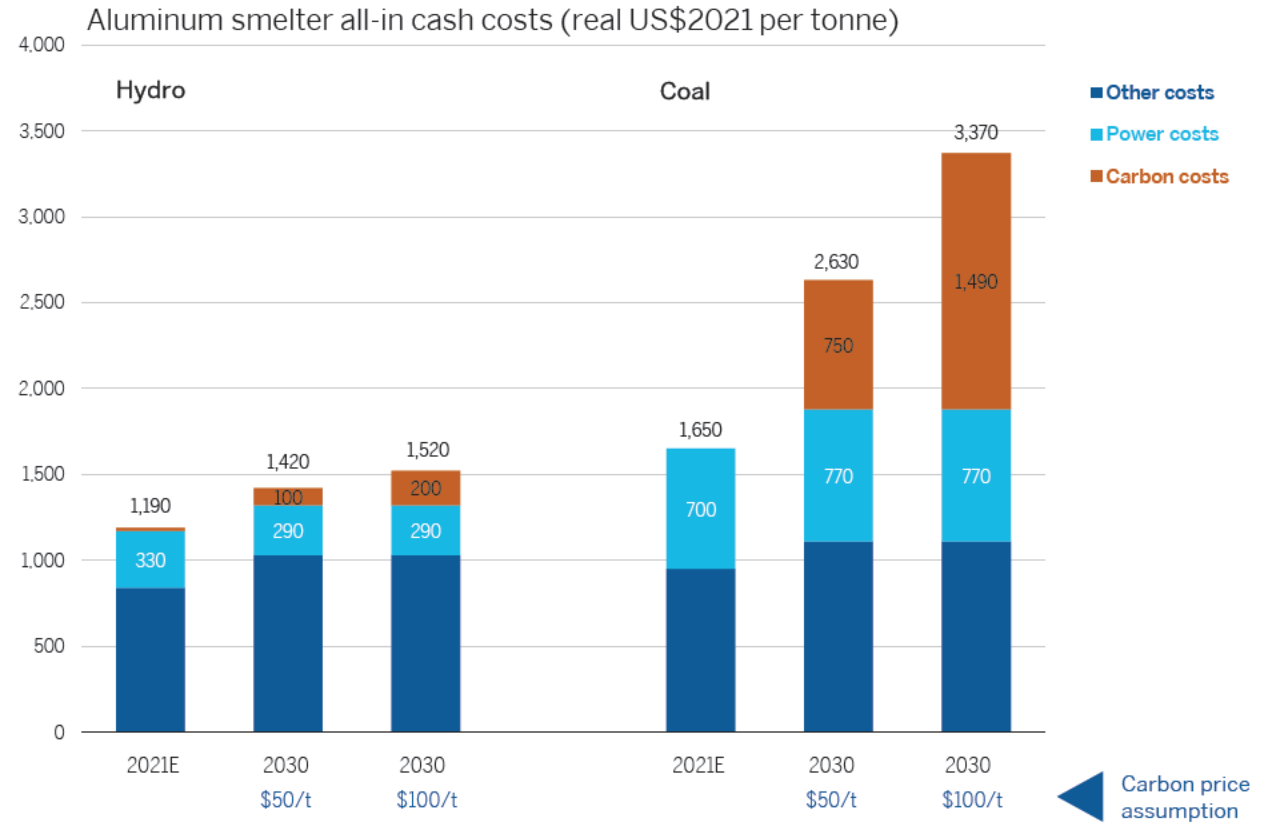


Source: Bank of America | Data as of 2020



Commodities

Competitive advantage for low-carbon smelters



All non-carbon costs are regional weighted averages from CRU, 2021 (long-run uses 2030 costs). Hydro costs are based on a weighted average of Canadian smelters. Coal costs are based on a weighted average of coal-fired Chinese smelters. Costs do not include CO₂ charges from alumina refineries. | Source: RioTinto | As of 2021

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Commodities

Three sources of active management

Commodity selection

- 50 Commodities
- Result of bottom-up fundamental analysis of supply, demand, production costs, and demand elasticity
- Net shorting prohibited and maximum exposure limited by risk contribution and liquidity
- Also influenced by curve shape

Contract selection

- Maturity can range from 1 month to 10 years
- Curve positioning dependent on roll yield and cyclical posture
- Also includes choice of instrument and commodity type

Sector allocation

- $\pm 15\%$ relative to benchmark weight
- Driven by bottom-up opportunities as well as cycle views

The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.

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Commodities

Investment guidelines

Individual commodities

- Instruments used may include futures, options, swaps, and ETFs
- Net exposure: 0 to 30%, or 10% in excess of the benchmark weight
- Gross exposure: 0 to 60%
- Out-of-benchmark positions permitted

Sectors

- $\pm 15\%$ relative to benchmark

Aggregate portfolio

- Net exposure: 90 to 100%
- Gross exposure: 90 to 200% (150% long versus 50% short)
- Fully collateralized

Net exposure is defined as the sum of all long positions in a specific commodity minus the absolute value of all short positions in the same commodity. | The portfolio may have short exposure to specific commodity-contracts, for example. However, this short exposure would be offset by equal or greater long exposure to other contracts for the same commodity. Net exposure of all contracts for a given commodity cannot be less than zero. | The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.

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Collateral Management: Short-Term Government approach

Investment guidelines

Interest rate risk

- Duration range: 0 – 60 days
- Maximum maturity per security: 397 days

Credit risk

- A1/P1 individual minimum
- 5% maximum in illiquid securities (repo maturing in more than 7 days)

Eligible investments

- US Treasuries and Agencies
- Repurchase agreements

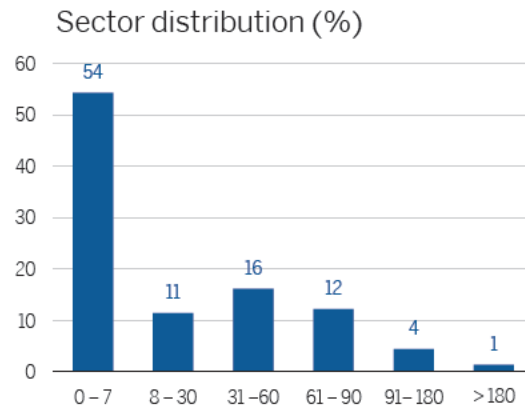
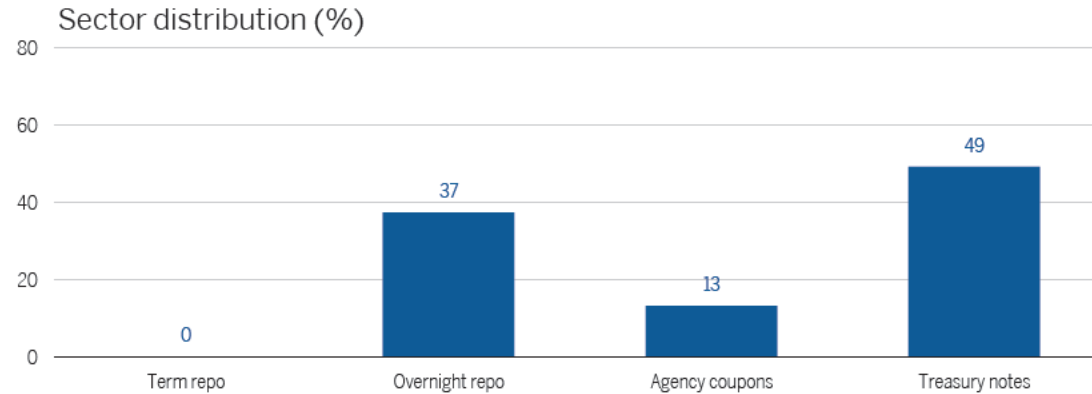
The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.

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Collateral Management: Short-Term Government

Representative account characteristics

As of 31 March 2022



Statistics

	Portfolio	1-month treasury bill	Comments
Short term maturity (days)	28	1	Attractive yield
Short term life (days)	54	1	Liquid
Yield to worst (%)	0.40	0.17	
Short term credit quality ¹	P-1	P-1	
% floating rate	15	-	

¹Short Term Credit Quality for the account represents the average of both short-term and long-term ratings. Results are displayed using Moody's short-term ratings nomenclature. | Totals may not equal 100% due to rounding | Information shown is for a representative account which was selected by the firm because it was deemed to best represent this investment approach. As the designated representative account may change over time, different accounts may be reflected for the time period shown. Each client account is individually managed; actual holdings will vary for each client and there is no guarantee that a particular client's account will have the same characteristics as described above.

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Important disclosures

Additional performance information

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. There can be no assurance nor should it be assumed that future investment performance of any strategy will conform to any performance examples set forth in this material or that the portfolio's underlying investments will be able to avoid losses. The investment results and any portfolio compositions set forth in this material are provided for illustrative purposes only and may not be indicative of the future investment results or future portfolio composition. The composition, size of, and risks associated with an investment in the strategy may differ substantially from the examples set forth in this material. An investment can lose value.

Impact of fees

Illustration of impact of fees: If USD100,000 was invested and experienced a 10% annual return compounded monthly for ten years, its ending value, without giving effect to the deduction of advisory fees, would be USD270,704 with an annualized compounded return of 10.47%. If an advisory fee of 0.95% of average net assets per year were deducted monthly for the ten-year period, the annualized compounded return would be 9.43% and the ending USD value would be USD246,355. Information regarding the firm's advisory fees is available upon request.

Selection of representative account

The current representative account became effective on 1 April 2008 because it was the largest account at the time of selection. For data shown prior to the current representative account effective date, data of the representative account(s) deemed appropriate for the time period was used. Further information regarding former representative accounts can be provided upon request. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described. Actual results may vary for each client due to specific client guidelines, holdings, and other factors. In limited circumstances, the designated representative account may have changed over time, for reasons including, but not limited to, account termination, imposition of significant investment restrictions, or material asset size fluctuations.

Access products

If access products are held by the portfolio they may not be included in the calculation of characteristic data. Access products are instruments used to gain access to equity markets not otherwise available and may include (but are not limited to) instruments such as warrants, total return swaps, p-notes, or zero strike options.

Additional disclosures

Securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly into an index.

Benchmark definition

S&P GSCI Equal Weight Index: The Index is designed as a benchmark for investment in the commodity markets and as a measure of commodity market performance over time. The Index is calculated to make each commodity sector equal weighted.

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Global Private Credit Portfolio Review

February 28, 2022

Presented by Investment Staff

Meeting Date: April 2022

Adam Messerschmitt



PRIVATE CREDIT

Portfolio Summary

\$690.6 Million Market Value

- 13 Managers, 18 Funds, and 1 Co-investment
- Manager Rankings: 4 managers with a three-year performance and all ranked as A
- Total Capital Commitments: \$1.7 billion
 - Total New Capital Commitments to Ramp the Portfolio: \$1.2 billion since April 2020
 - Unfunded Commitments: \$1 billion
- Global Private Credit Allocation: 3.9% of Total Fund

Performance

- 13.2% net return for the one-year period ending February 28, 2022, which exceeded the policy benchmark by 8.6%
- 6.8% net income yield in 2021

Portfolio Goals for 2022

- Monitor the pace of capital deployment as the portfolio ramps to the 5% target allocation
- Continue to make new investments with a focus on income generating strategies
- Research new opportunities that can provide a stable allocation and/or additional diversification benefits



PRIVATE CREDIT

Implementation Guidelines

Role

- SERS invests in private credit to provide risk adjusted returns in excess of those provided by publicly traded fixed income securities and to generate a consistent stream of income.

Objective

- The performance objective is to provide returns in excess of the 3-month LIBOR + 4.5%, net of fees.

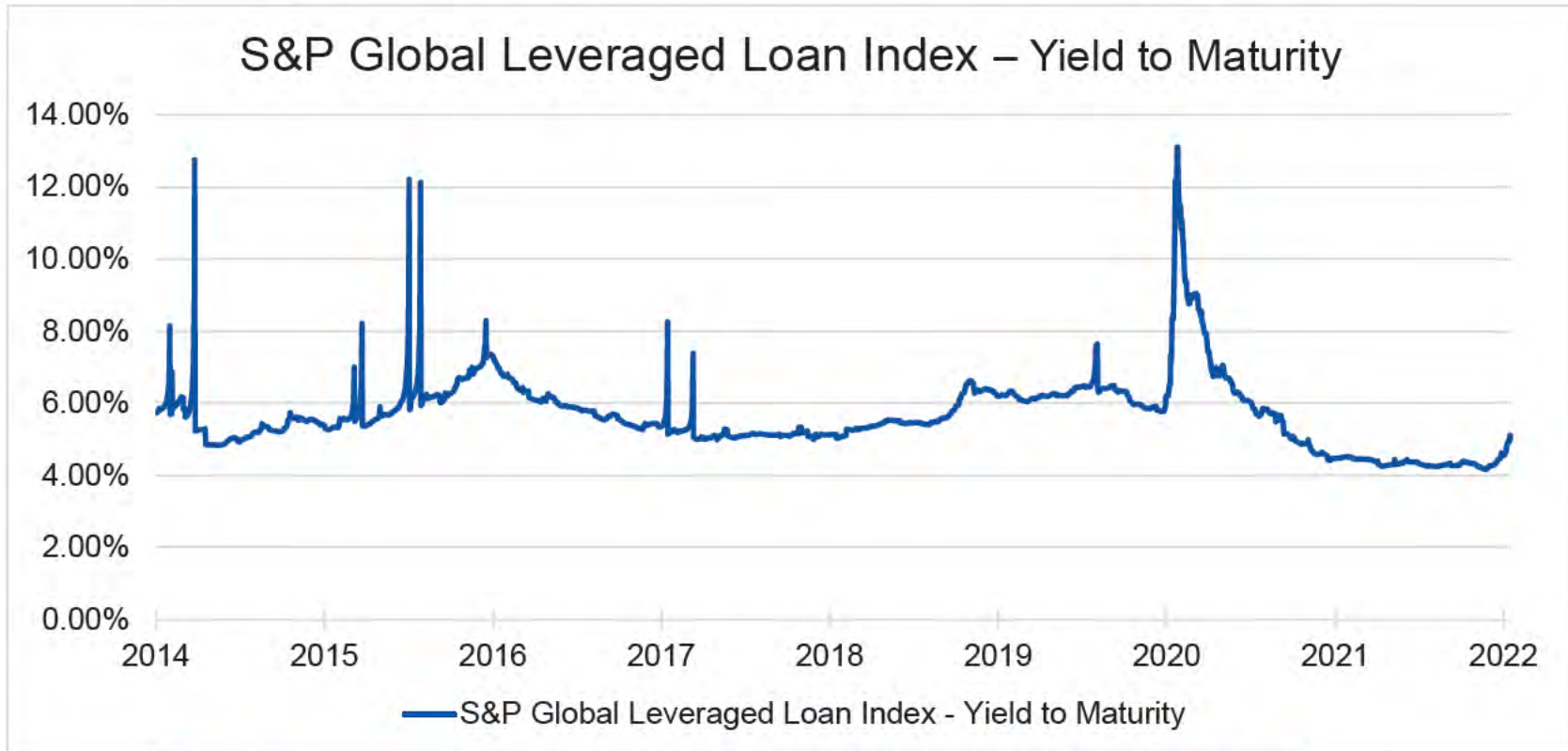
Allocation

- The Global Private Credit allocation is set at 5% with a permissible range of 3% to 7%.
- *The target is 3% by FY 2022 year-end and 5% by FY 2023 year-end.*



PRIVATE CREDIT

Market Overview

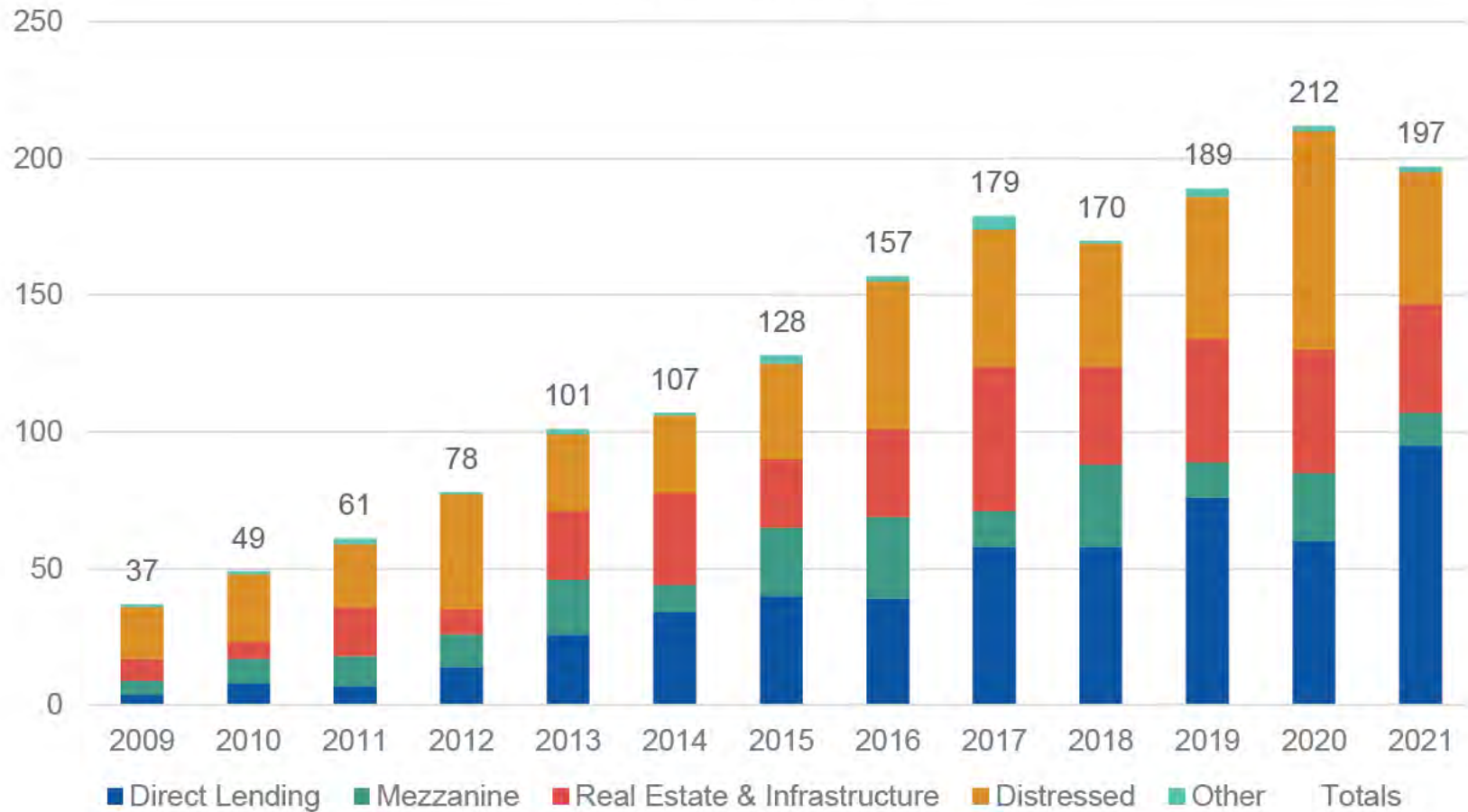


Performance as of February 28, 2022	1 Year	3 Year	5 Year	10 Year
S&P Global Leveraged Loan Index	1.1%	3.9%	4.0%	4.1%
LIBOR + 4.5%	4.6%	5.4%	5.9%	5.4%



PRIVATE CREDIT Opportunity Set

Private Credit Fundraising
In Billions (USD)



Source: J.P. Morgan Asset Management, Preqin. 2021 fundraising figures are year-to-date and as of November 30, 2021.



PRIVATE CREDIT

Deployment

Portfolio Activity During the Last 12 Months

- New Capital Commitments: \$475 million
- Three New Funds & One Separately Managed Account
- Portfolio Market Value Increased from \$273.4 to \$690.6 Million
- Portfolio Allocation Increased From 1.7% to 3.9%

Direct Lending Commitments - \$400 Million

- Arcmont Separately Managed Account - \$150 million
- Carlyle Credit Opportunities Fund II - \$100 million
- Francisco Partners Credit Fund II - \$150 million

Stressed / Distressed Commitments - \$75 Million

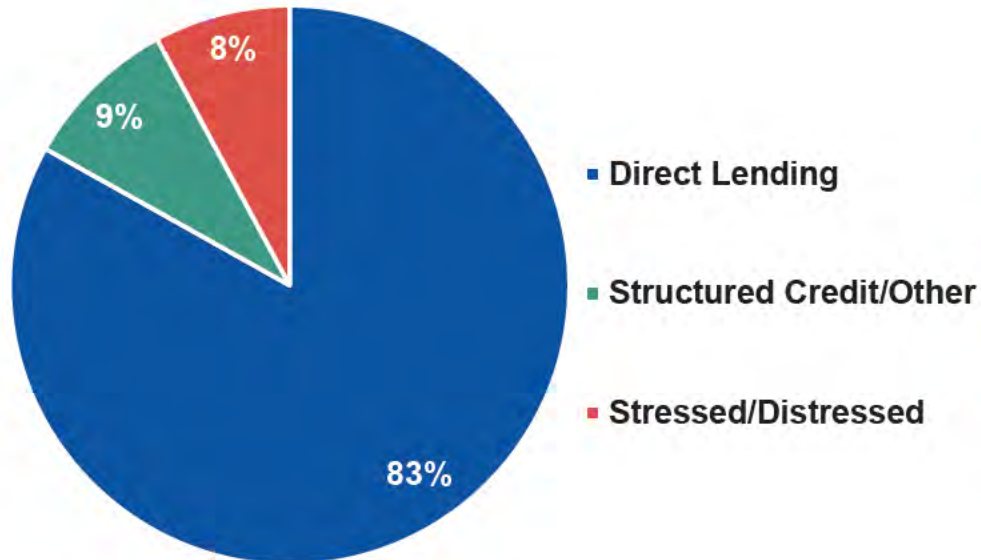
- KKR Opportunities Fund II - \$75 million



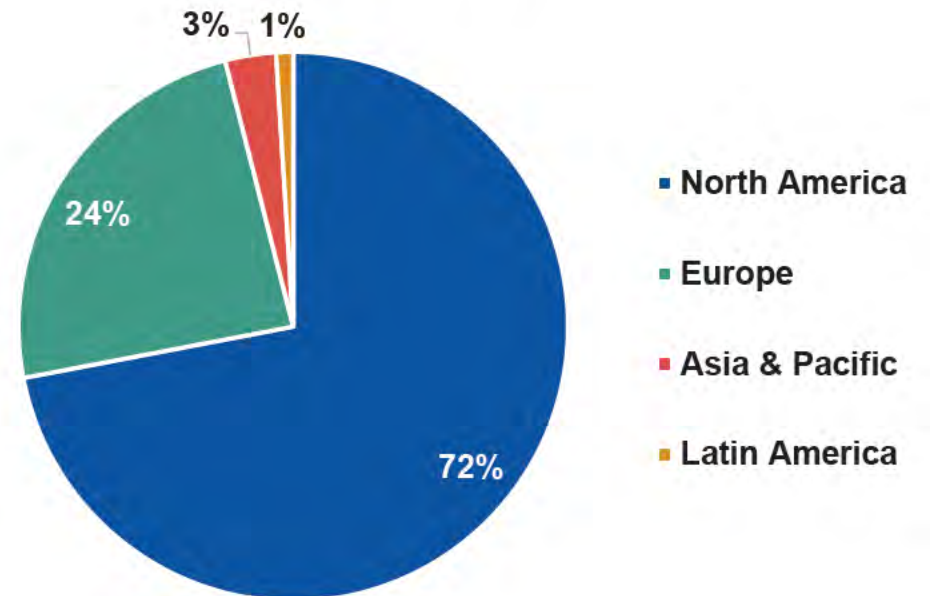
PRIVATE CREDIT

Portfolio Construction

Strategy



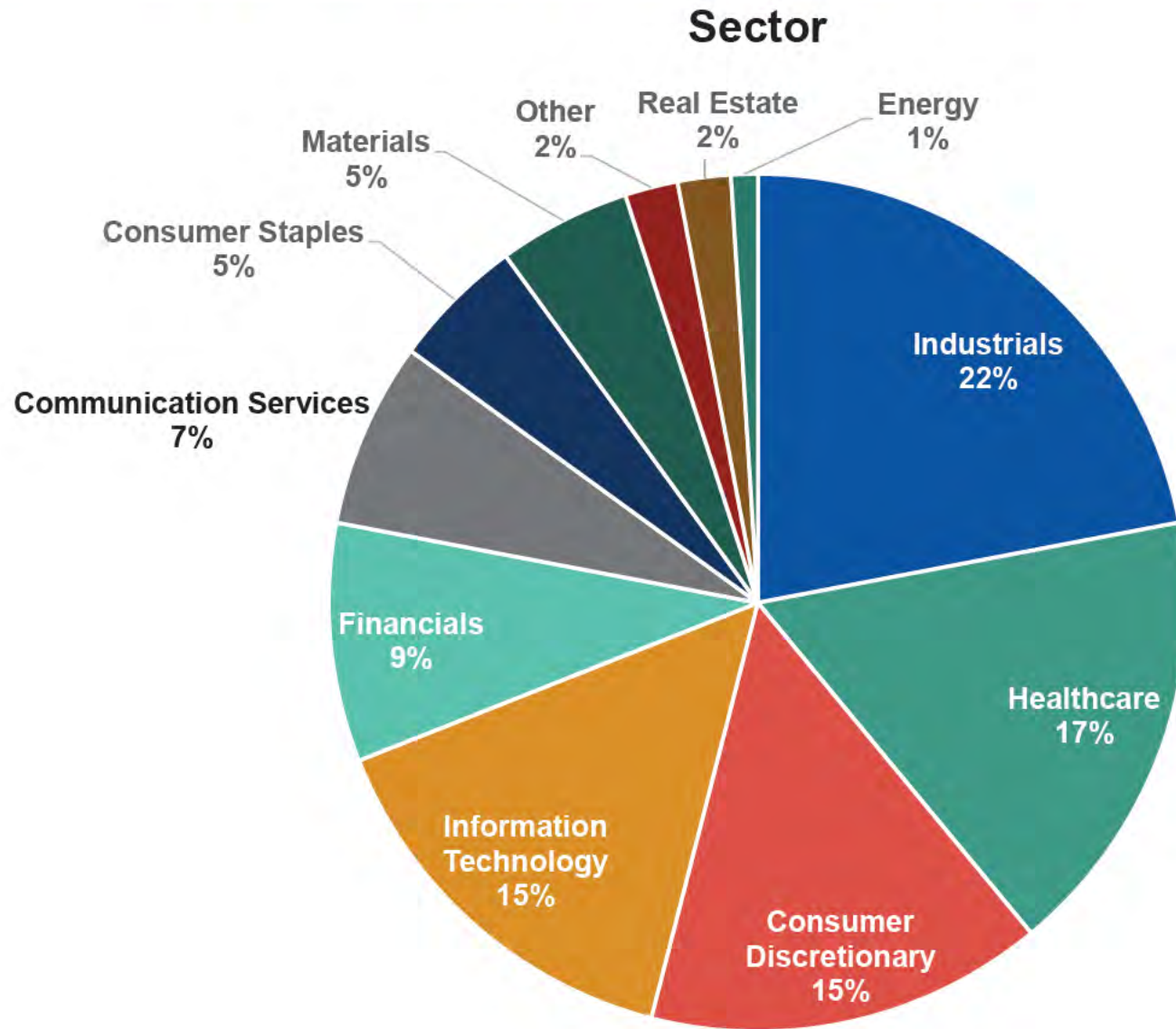
Geography





PRIVATE CREDIT

Portfolio Construction





PRIVATE CREDIT

Performance Results

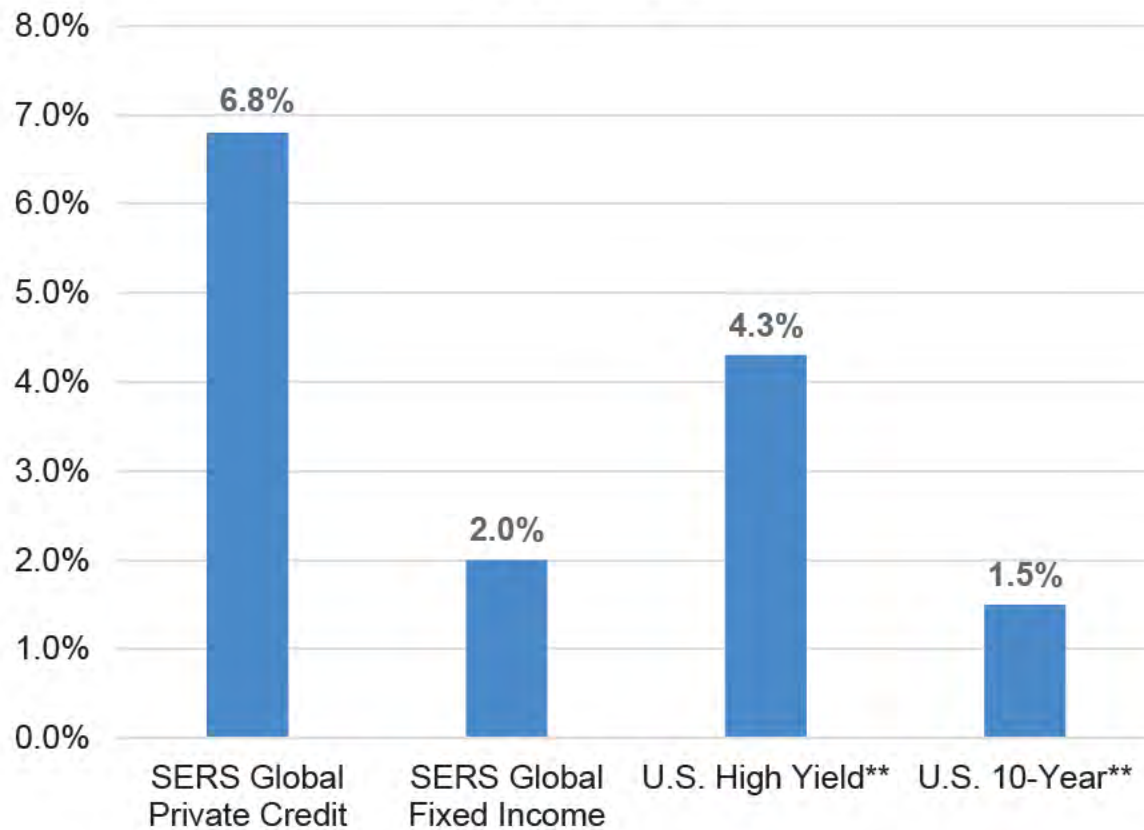
Net of Fees (as of 2/28/2022)	% of Portfolio	Expected Return Range	One-Year Return	Inception to Date
Private Credit Composite (\$690,562,576)			13.2%	13.5%
Direct Lending (\$572,699,668)	83.0%	7% – 10%	13.0%	12.2%
Stressed/Distressed (\$54,073,771)	8.0%	10% – 15%	15.0%	20.4%
Structured Credit/Other (\$63,789,137)	9.0%	10% – 12%	13.1%	15.8%
Private Credit Benchmark			4.6%	4.7%
SERS Global Fixed Income			-2.3%	



PRIVATE CREDIT

Performance Results

Cash Yield*



*As of December 31, 2021

**Source: BAML, Federal Reserve



PRIVATE CREDIT

Goals for the Year

Fiscal Year 2022 Objectives

- Increase the allocation towards 5% of the Total Fund by making new investments that fit the SERS' investment policy. Target an allocation of 3% of the Total Fund by the end of fiscal year 2022 and 5% of the Total Fund by the end of fiscal year 2023, subject to identifying opportunities that fit SERS' investment criteria.
- Build the allocation in line with the implementation guidelines and ensure appropriate risk and return characteristics are present within the new target allocation.
- Make new investments that serve a primary purpose of the private credit allocation to generate consistent income for the Total Fund, while considering different strategies that add further diversification to the portfolio.

**PRIVATE CREDIT**

Definitions

- **Direct Lending:** loans made directly to small to medium size companies; secured by assets/cash flows/contracts, etc. depending on the type of loan.
- **Mezzanine:** subordinated debt to senior loans that is typically structured as an unsecured fixed or floating rate loan with an equity component.
- **Stressed/Distressed:** loans made to companies that are financially stressed and/or are likely to go through restructuring/bankruptcy. These investments typically have longer holding periods where the lender sometimes is seeking to take control of the company.
- **Structured Credit & Other:** includes investments in collateralized loan obligation tranches and other asset backed securities. Other private credit investments include specialty financing, non-performing loans, and other private credit investment types that do not fit within the other categories.
- **LIBOR:** London Interbank Offered Rate, the interest rate that is commonly used as the benchmark reference rate for lenders. The 3-month LIBOR is the reference rate utilized by Staff.



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: February 28, 2022

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: April 2022



Investment Agenda

Annual Portfolio Review – Private Credit
Monthly Investment Report (February 28, 2022)
Corporate Governance – New Proxy Issues 2022



Economic and Financial Market Outlook

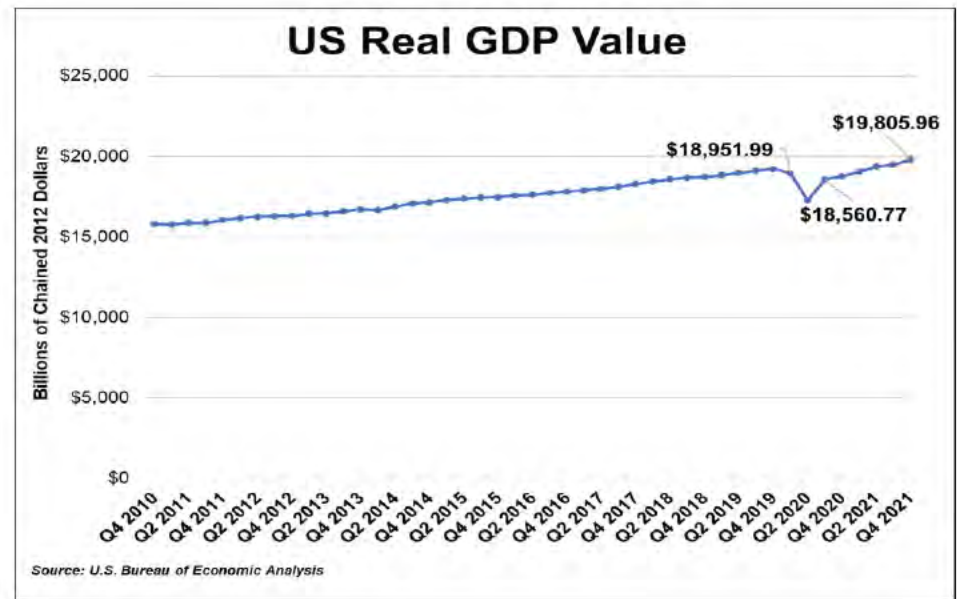
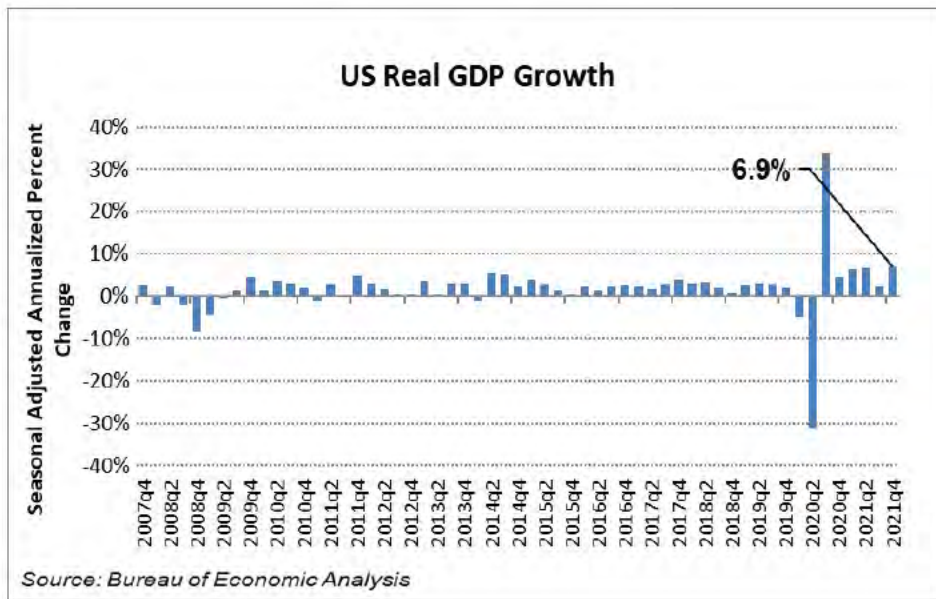
- US GDP increased at an annualized rate of 6.9% in Q4, 2021. The estimated growth rate for the year 2021 is 5.7%; however, Blue Chip Consensus forecasted a significantly weaker growth in Q1 2022, at an 1.8% annualized rate. *(Source: Bureau of Economic Analysis and Blue Chip Economic Indicators)*
- US labor market continued its recovery adding 678,000 job in February. The unemployment rate was down to 3.8%. The labor force participation rate was 62.3%, remaining below the pre-pandemic level 63.3%. *(Sources: Bureau of Labor Statistics and Department of Labor)*
- US inflation continued to rise in February. The headline inflation was 7.9% and the core rate was 6.4%. The energy index increased 25.6% while the food index was up 7.9% for the last 12 months. Blue Chip Consensus projected headline inflation to remain high at 6.9% in Q1 2022 *(Source: Bureau of Labor Statistics and Blue Chip Economic Indicators)*
- The 10-year Treasury nominal yield was 1.83% in February. The 10-year real yield remained in a deep negative level of (6.07%). The Fed conducted its first interest rate hike of 25 bps in March and signaled more hikes to come to curb inflation.
- The S&P Case-Shiller 20-City home price index rose 1.8% for the month of January, and 19.1% for the last 12 months.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan dipped to 62.8, the lowest level over last 10 years amid broad based discontent with historically high and a worsening inflation level. The US Economic Surprise index, 40.1, improved significantly from January's subzero level. The Leading Economic Index (LEI) issued by the Conference Board was up slightly to 119.9 in February.
- The US manufacturing PMI remained solid at 58.6 while the global reading stayed at a moderate level of 53.7 in February. Global economic recovery continued, although challenged by worldwide supply disruptions, energy and food price surges, material and labor shortages. The Russia – Ukraine war poses additional risk to the global recovery. *(Source: Institute for Supply Management, S&P Global).*
- Equity markets were down in February, led by emerging markets at (2.99%), followed by US market (Russell 3000) at (2.52%), and non-US developed markets (MSCI World ex-USA) at (1.56%). The market valuation declined further, getting closer to the historical normal range.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was also down 1.12 % for February.

Notes: Acronym – PMI – Purchasing-Managers' Index



ECONOMY

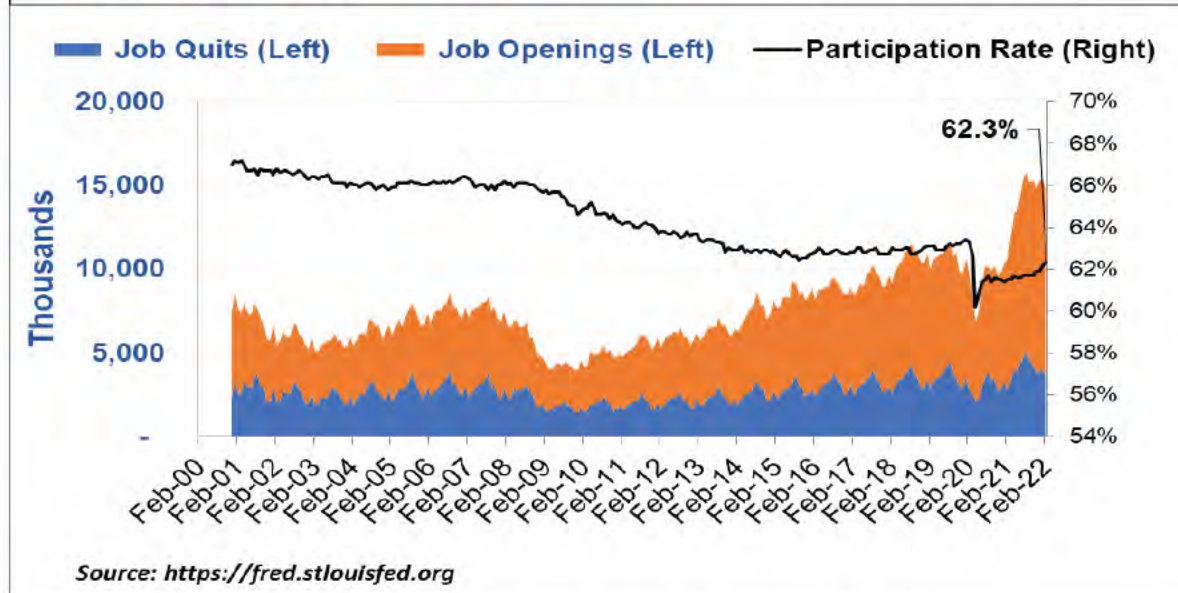
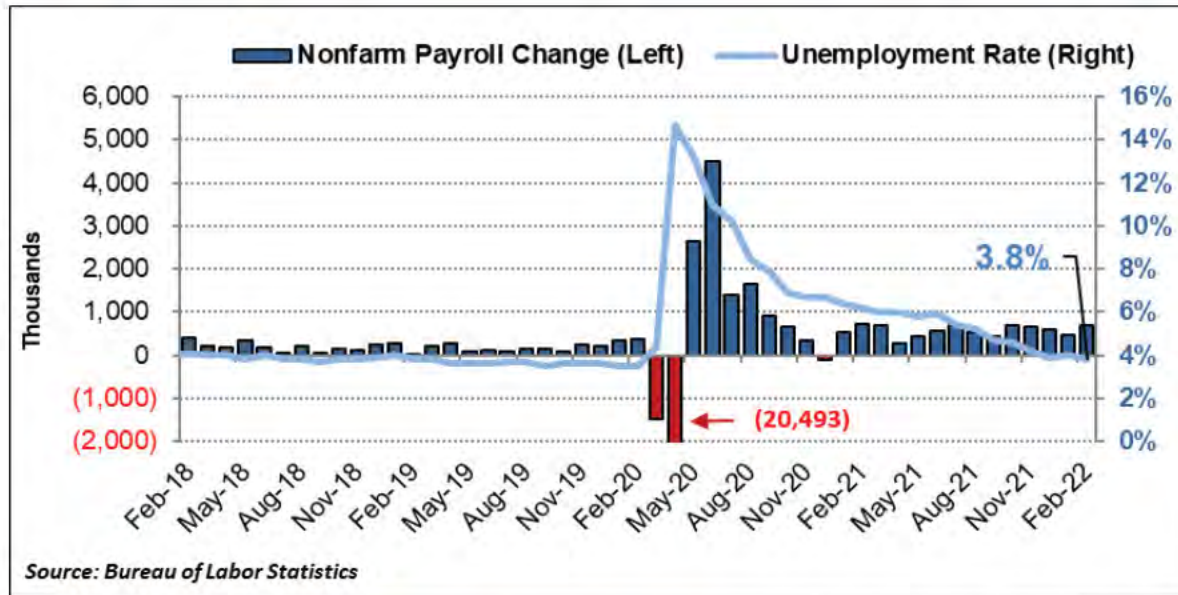
US Real Gross Domestic Product





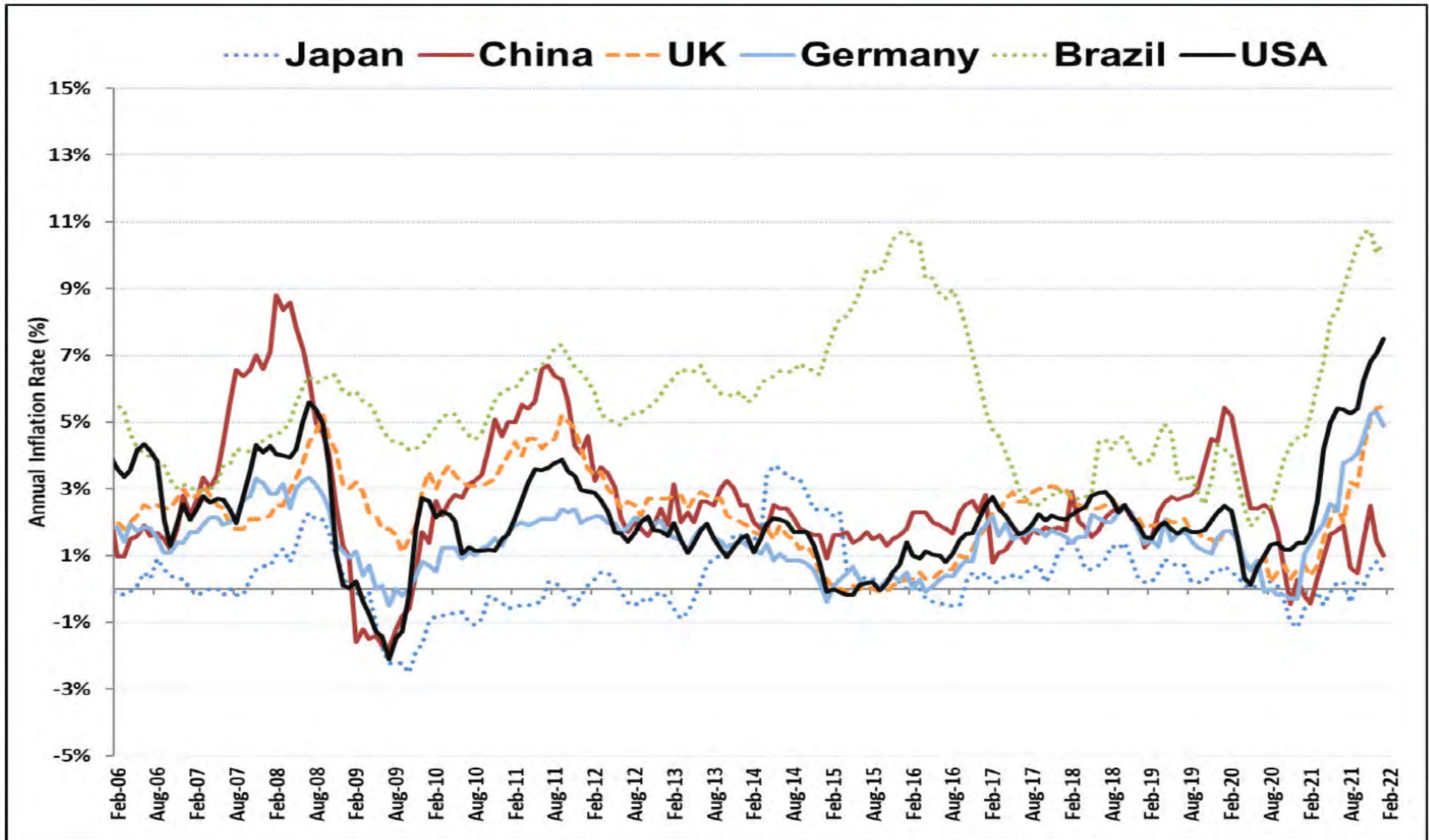
ECONOMY

US Labor Market





ECONOMY **Headline Inflation**



	Japan	China	UK	Germany	Brazil	USA
Feb-22	0.9	1.0	6.2	5.1	10.5	7.9

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com



ECONOMY

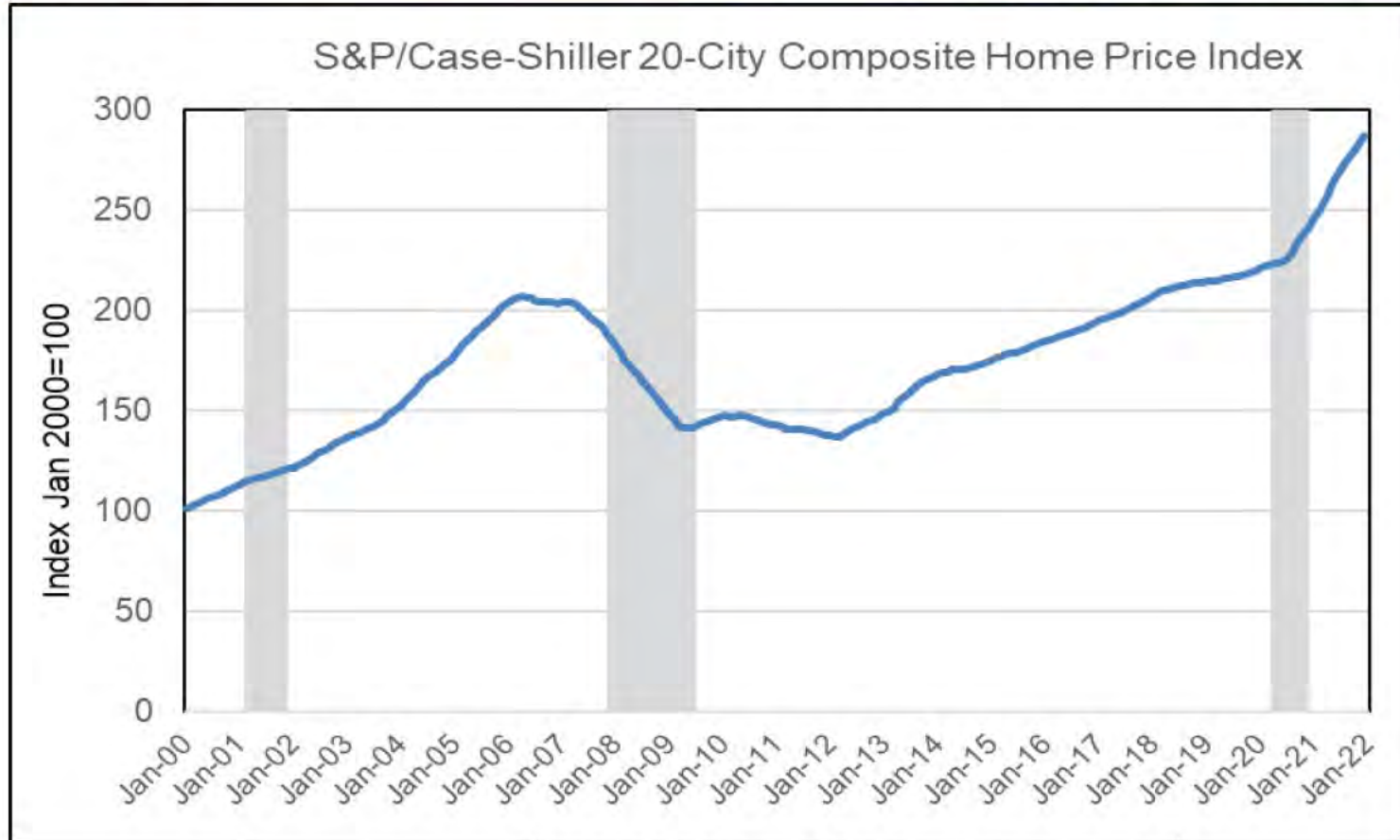
US & Global Manufacturing Activities



Sources: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY **US Housing Market**



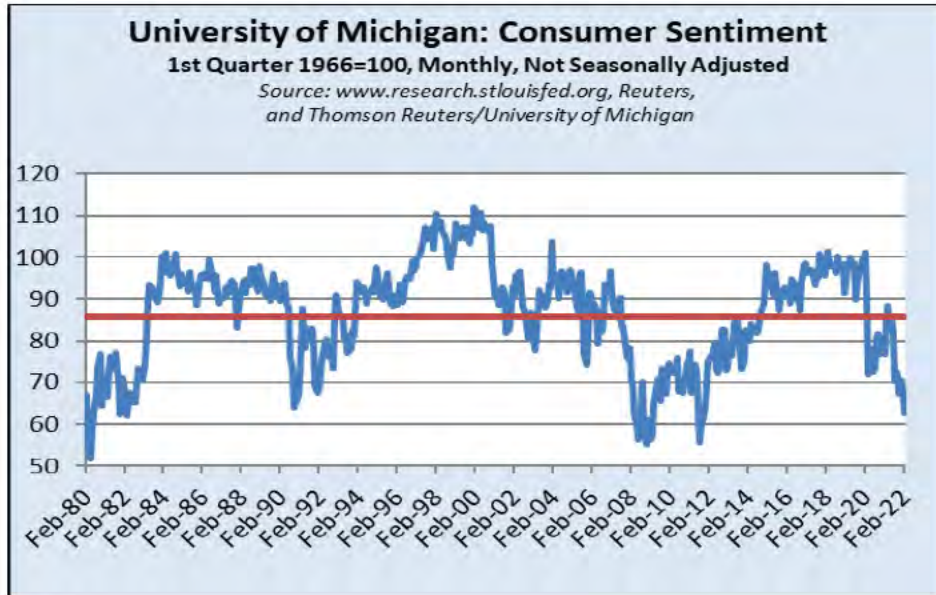
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-17	200.01
Jul-18	211.95
Jul-19	216.09
Jul-20	225.51
Jul-21	270.71
Jan-22	292.24

Source: www.research.stlouisfed.org

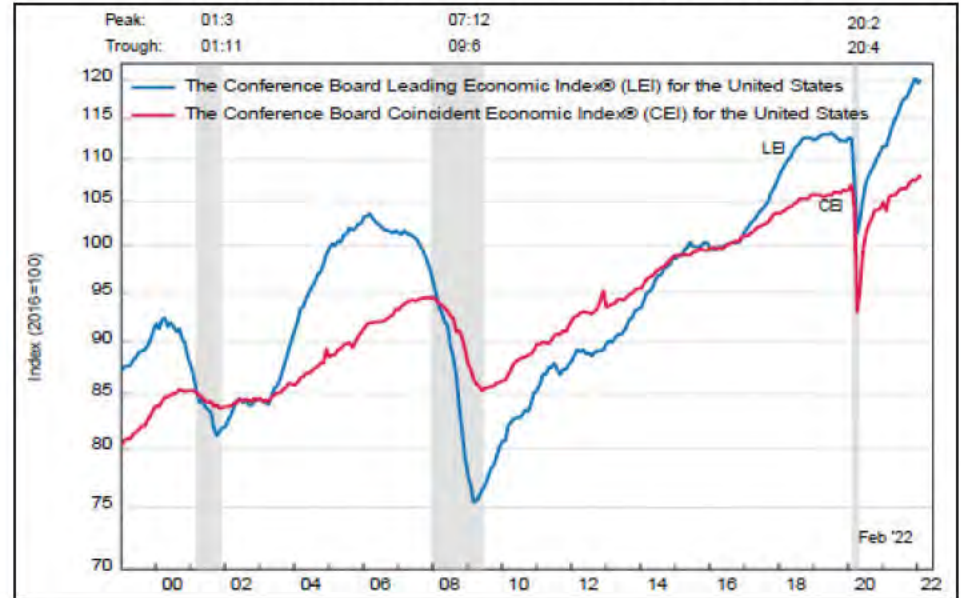


ECONOMY

Consumer Sentiment



The Leading Economic Index (LEI) and Coincident Economic Index (CEI) for the United States



Shaded areas represent US recessions

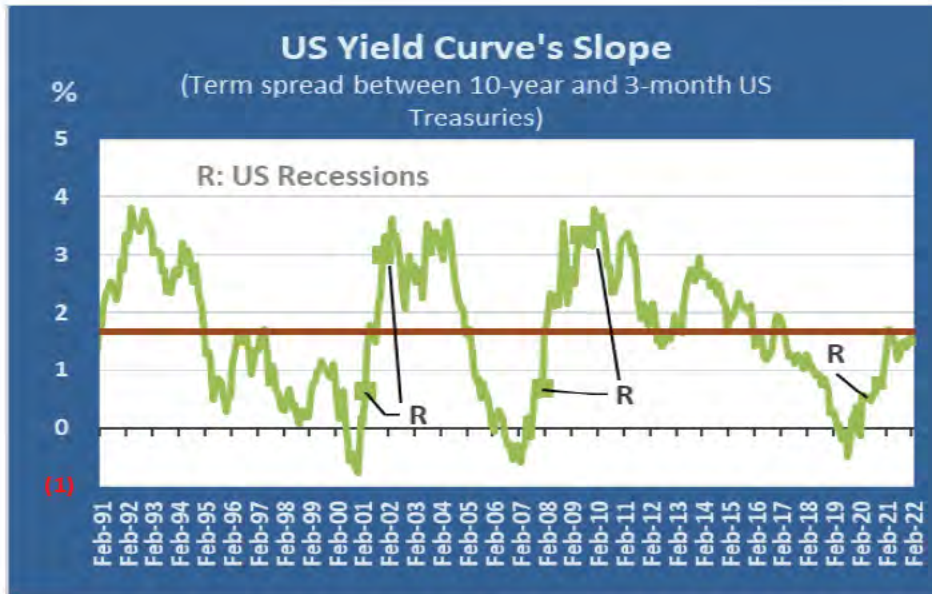
Index of Consumer Sentiment				
Jan-22	Feb-22	Feb-21	M-M Change	Y-Y Change
67.2	62.8	76.8	-6.5%	-18.2%

Index	Dec-21	Jan-22	Feb-22	Month -Month Percent Change	6-Month Percent Change (Aug-Feb)
LEI	120.1 r	119.5 r	119.9 p	0.3	2.1
CEI	107.3 r	107.6 r	108.0 p	0.4	1.5

p Preliminary; r Revised; Indexes equal 100 in 2016

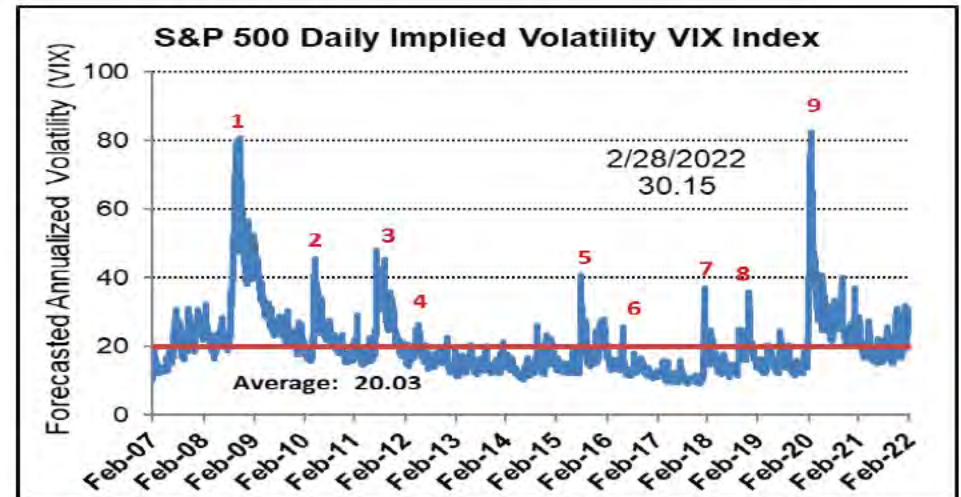
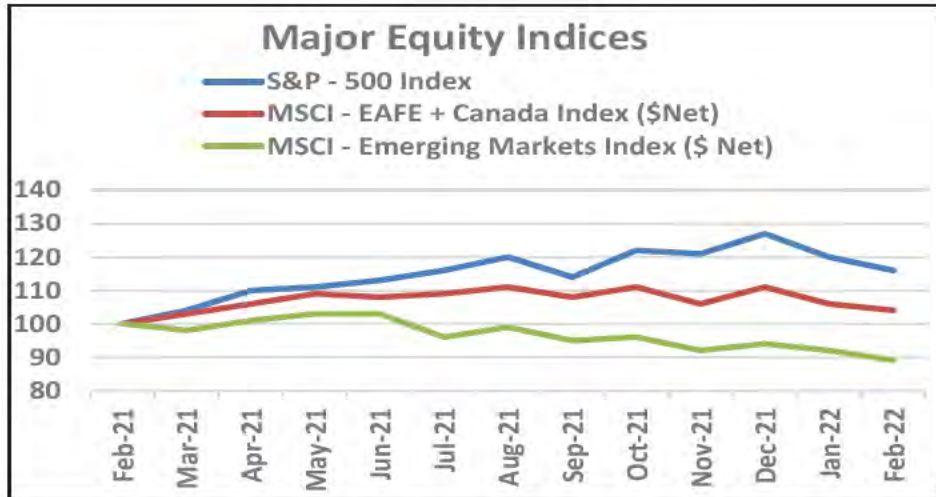


ECONOMY





MARKETS Equity

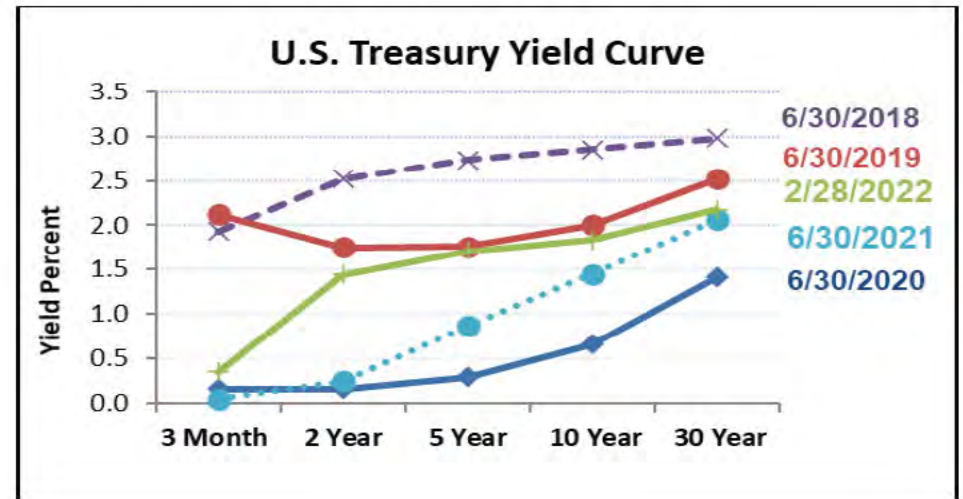
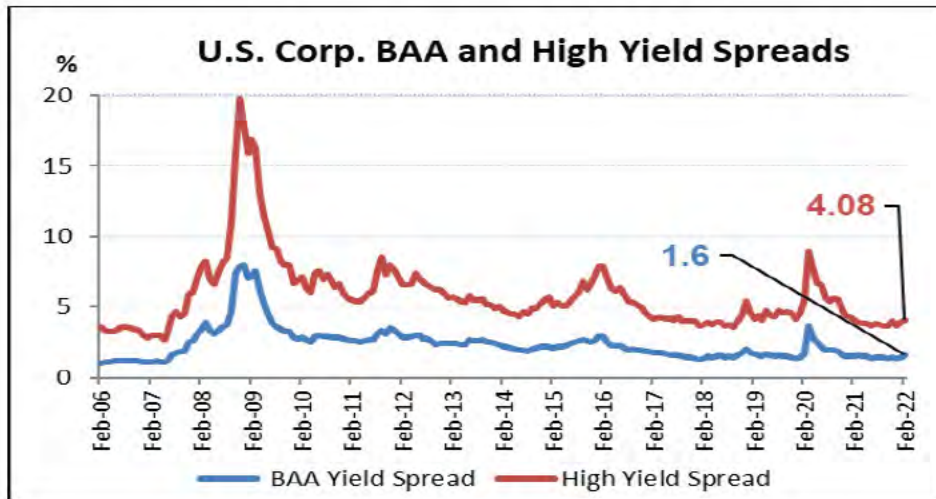


	Return as of 2/28/2022	
	1 Year	FYTD
S&P 500	16.39	2.72
MSCI - EAFE + Canada Index (\$Net)	4.46	(3.58)
MSCI - Emerging Markets Index (\$Ne	(10.69)	(13.67)

- 1 2008 (Nov.) Financial Crisis S&P 500: -48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) Oil crash, US recession fear, China S&P 500: -10.5%
- 7 2018 (Feb.) Inflation, trade, tech S&P 500: -10.2%
- 8 2018 (Dec.) Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
- 9 2020 (Mar.) Coronavirus, S&P 500: -23.7%

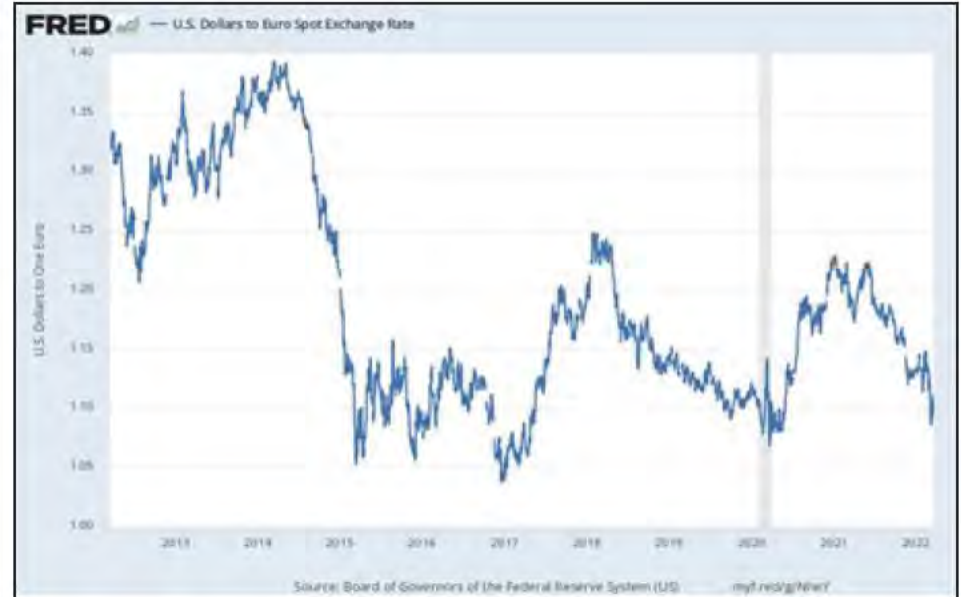
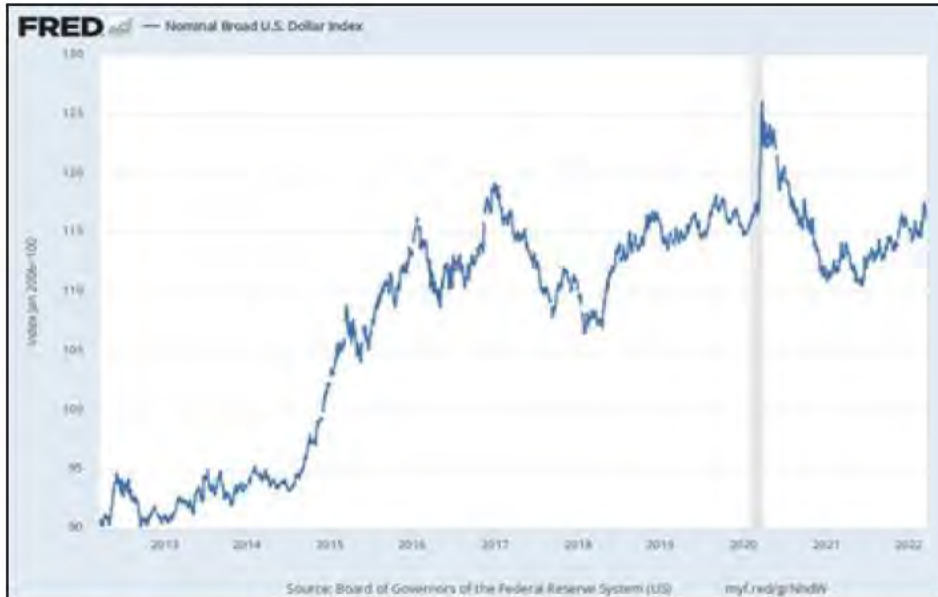


MARKETS Fixed Income





MARKETS Foreign Exchange



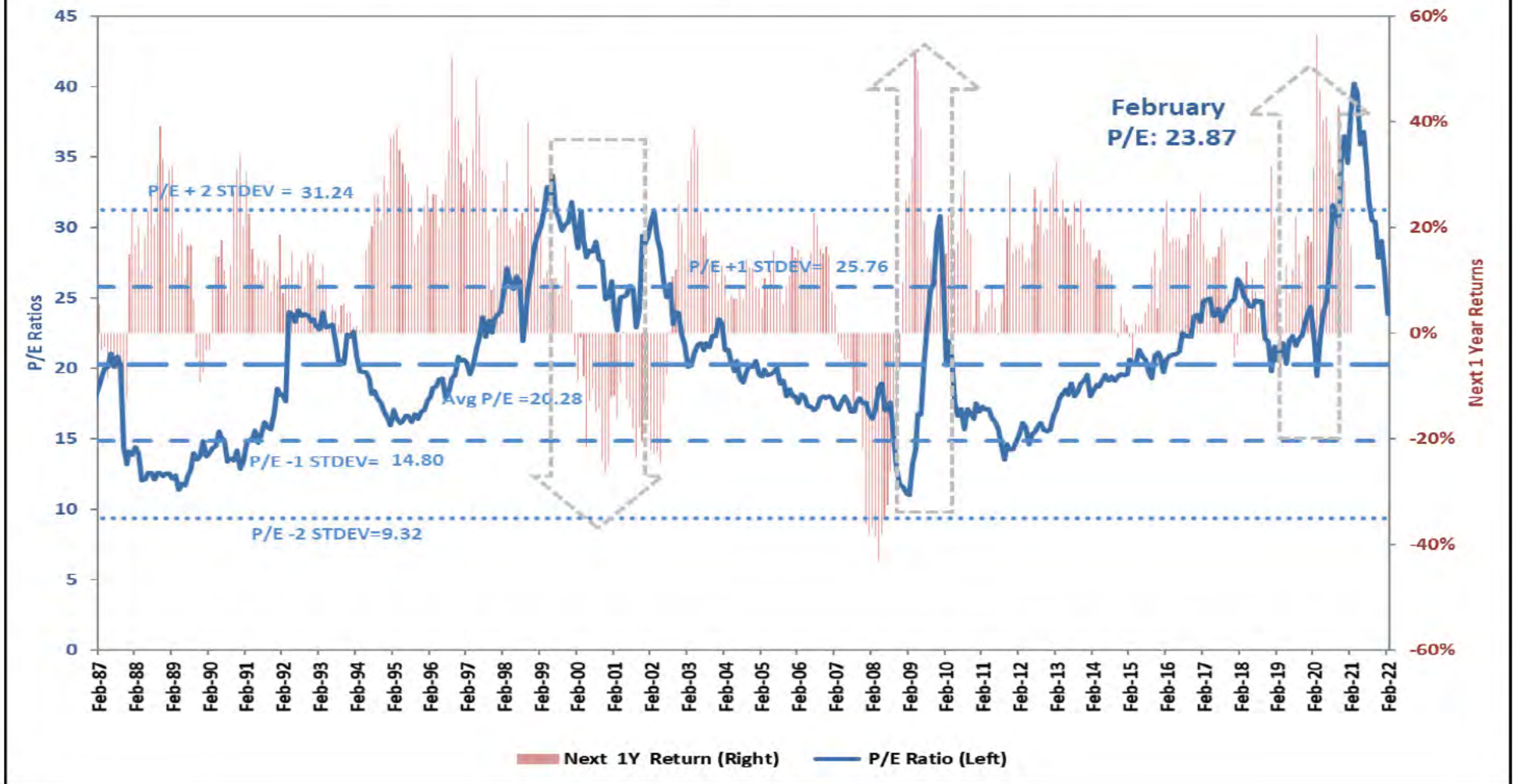
Date	Nominal Broad U.S. Dollar Index January 1997=100
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
June-21	112.85
February-22	115.31

Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-17	1.14
June-18	1.17
June-19	1.14
June-20	1.12
June-21	1.18
February-22	1.12



VALUATION **US Equity**

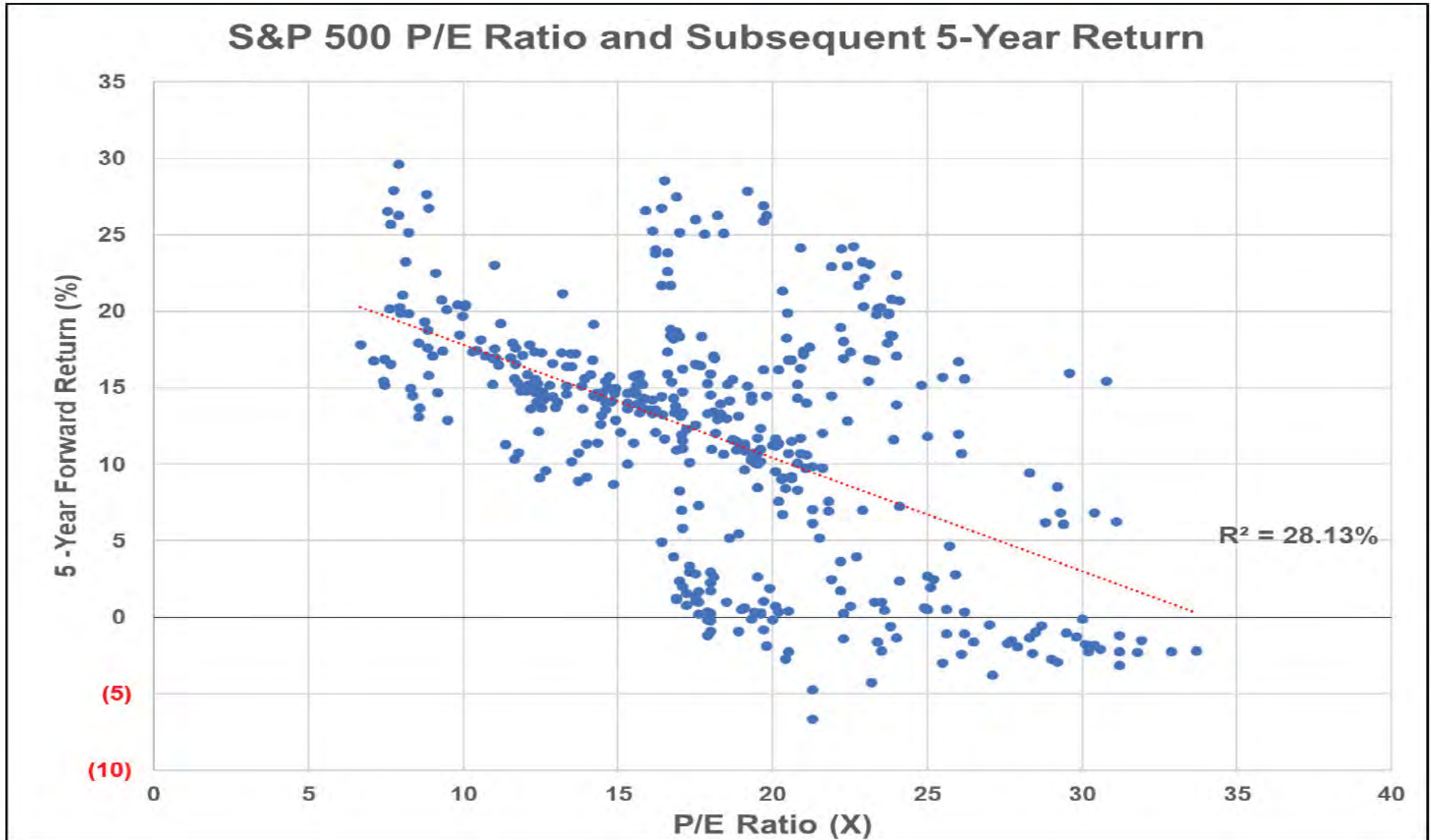
S&P 500 P/E Ratios and Next 1 Year Returns



Source: Wilshire Compass



VALUATION **US Equity**

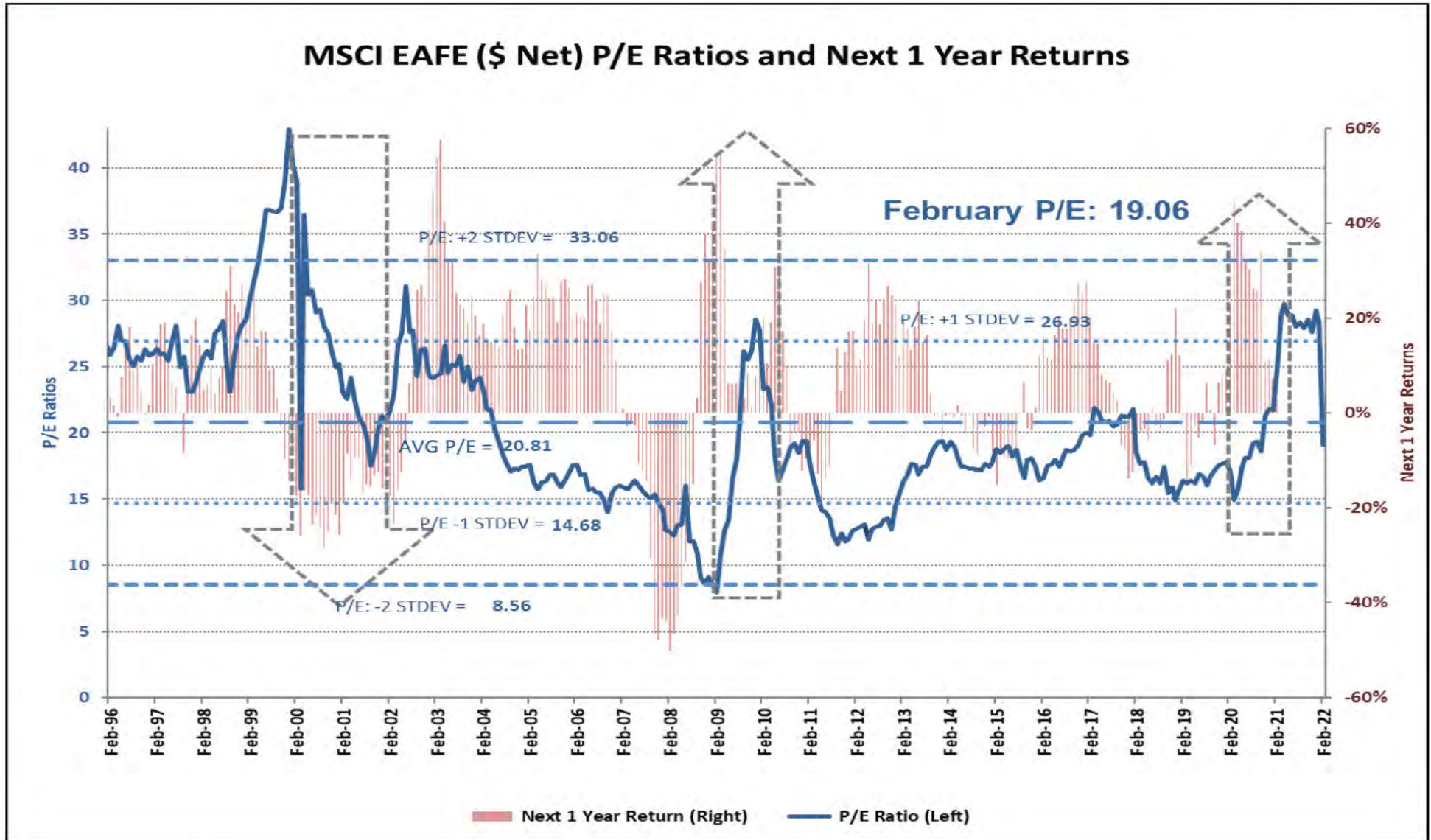




VALUATION

Non US Developed Market Equity

MSCI EAFE (\$ Net) P/E Ratios and Next 1 Year Returns

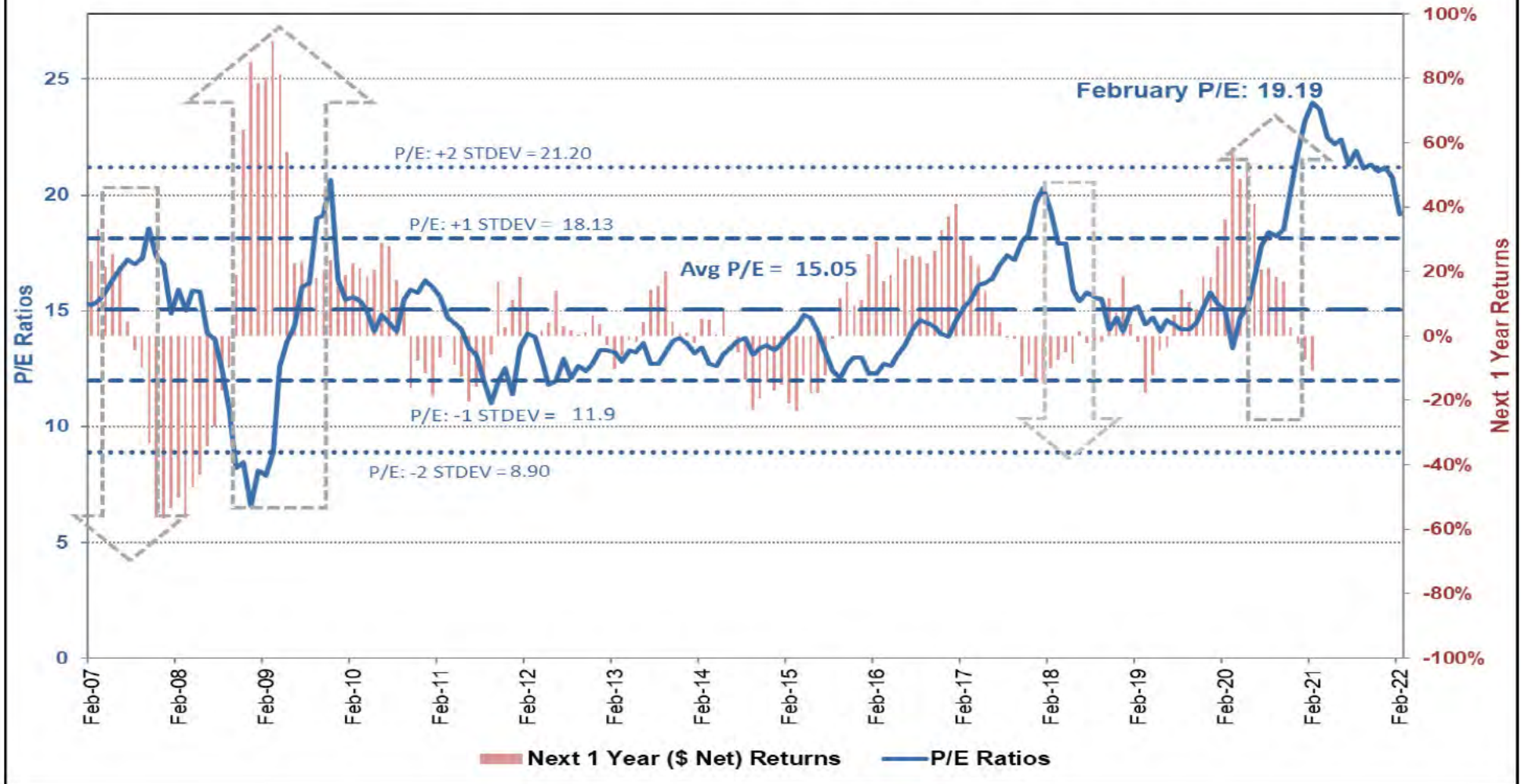


Source: Wilshire Compass



VALUATION Emerging Market Equity

MSCI EM P/E Ratios and Next 1 Year (\$ Net) Returns

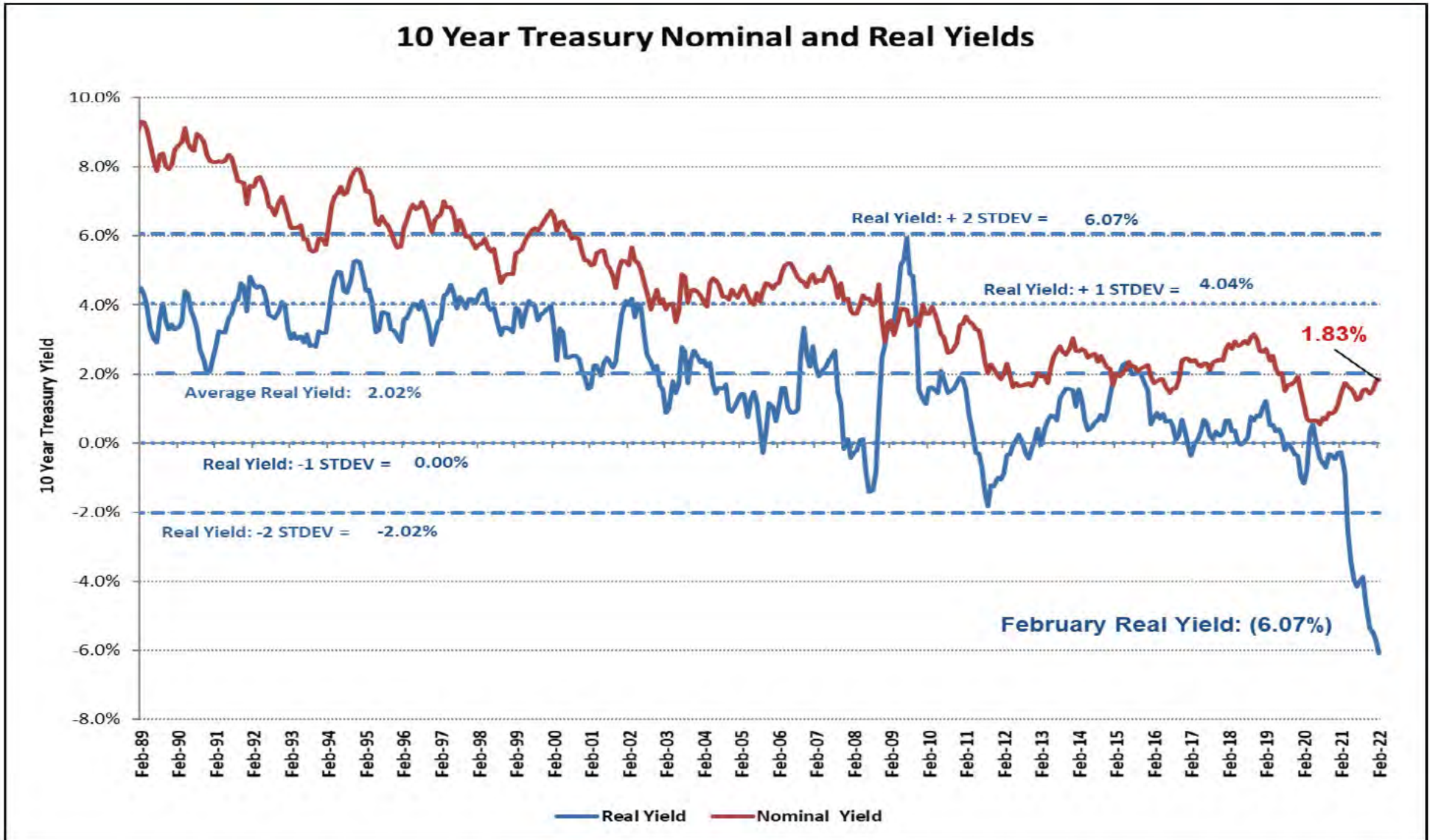


Source: Wilshire Compass



VALUATION **US Treasury Bonds**

10 Year Treasury Nominal and Real Yields



Sources: Wilshire Compass and U.S. Bureau of Labor Statistics



SERS' Investment Portfolios Review

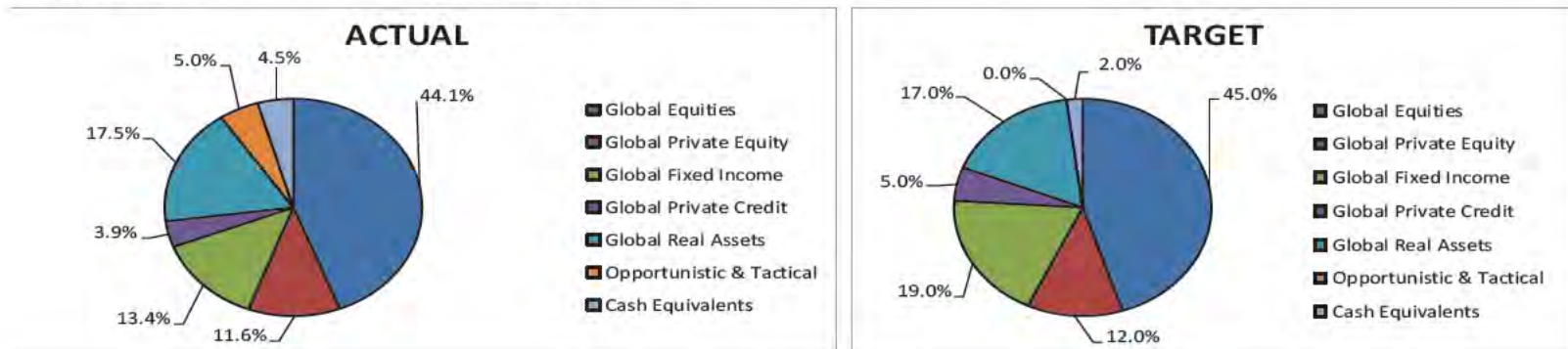


Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	7,879,594,400	44.1%	45.0%	35% - 55%
US Equity	4,398,153,469	24.6%	24.8%	19.25% - 30.25%
Non-US Equity Developed Market	2,663,650,376	14.9%	13.5%	10.50% - 16.50%
Non-US Equity Emerging Market	817,790,555	4.6%	6.8%	5.25% - 8.25%
Global Private Equity	2,066,021,956	11.6%	12.0%	8% - 16%
Global Fixed Income	2,397,059,874	13.4%	19.0%	12% - 26%
Global Private Credit	690,562,576	3.9%	5.0%	1% - 7% *
Global Real Assets	3,133,101,117	17.5%	17.0%	14% - 20%
Opportunistic & Tactical	892,853,285	5.0%	0.0%	0% - 5%
Cash Equivalents	799,013,290	4.5%	2.0%	0% - 5%
Short-Term	770,956,711	4.3%	2.0%	
Russell EA Overlay	26,102,650	0.1%	0.0%	
Aegis - Alpha Overlay	3,792,440	0.0%	0.0%	
Direct Rebalance Overlay	35,699,815	0.2%	0.0%	
Transition / Operational Account	0	0.0%	0.0%	
Currency Overlay	3,638,093	0.0%	0.0%	
Total Fund	17,858,206,497	100.0%	100.0%	

Source: BNY Mellon GRS

* FY22 Interim range

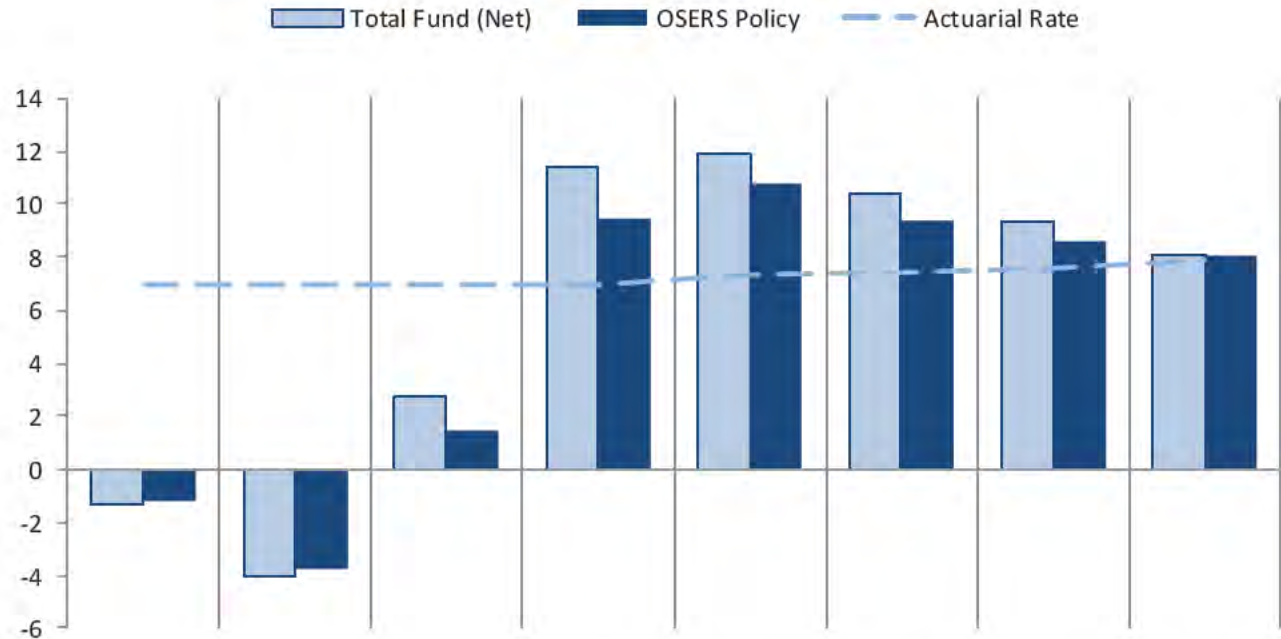




Total Fund Performance

Current Benchmark:

- 24.75% Russell 3000
- 13.50% MSCI World ExUS Index
(net dividends)
- 6.75% MSCI Emerging Markets Index
(net dividends)
- 12.00% Burgiss All Private Equity
benchmark (1q lag) (BAPE)
- 19.00% Bloomberg Aggregate Bond
- 17.00% NCREIF Property (1q lag)
- 5.00% 90 Day T-Bill + 4.5%
- 2.00% Citigroup 30 Day US T-Bill



Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

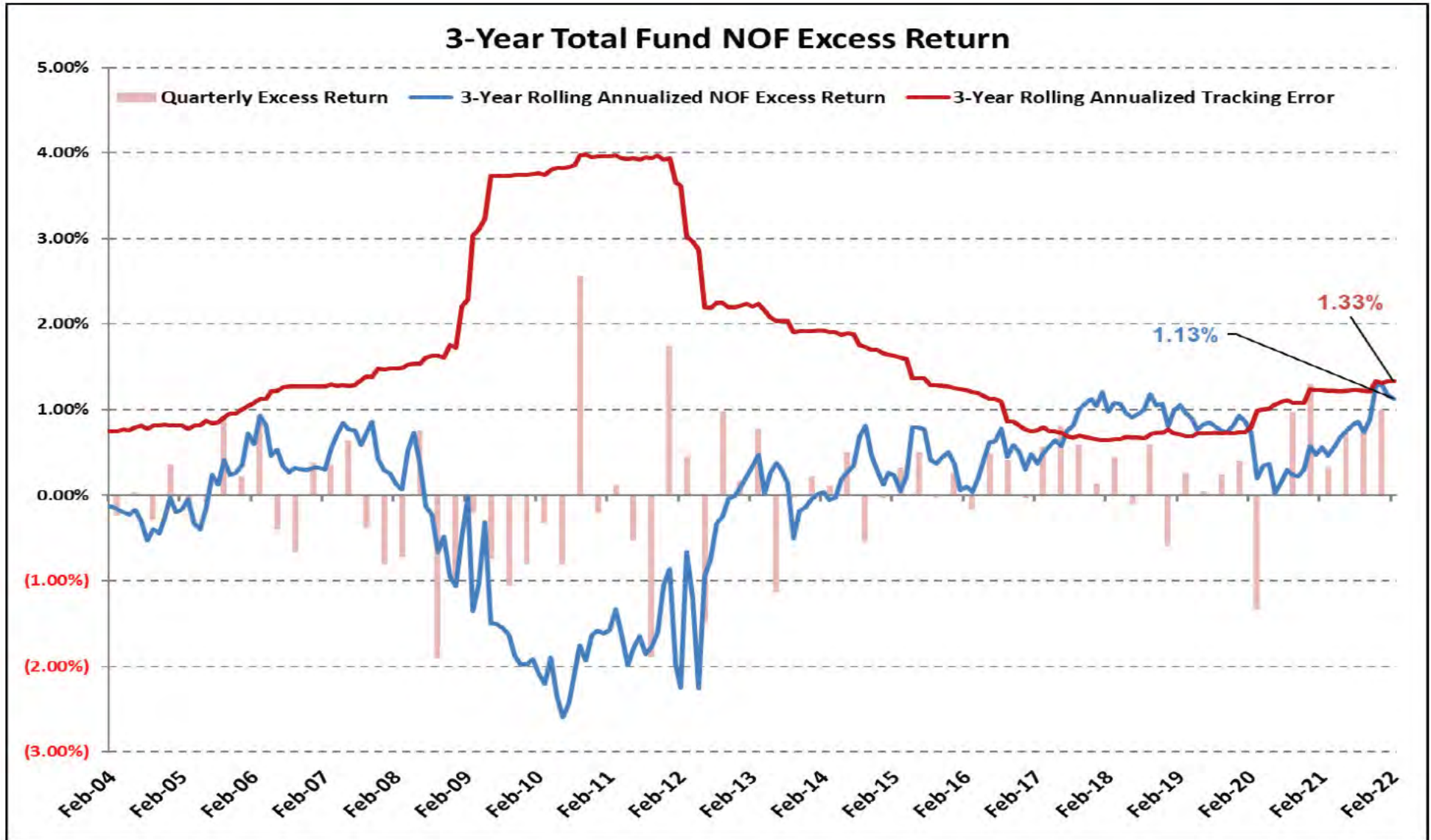
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	(1.27)	(3.99)	3.13	12.11	12.52	11.12	10.01	8.58
Total Fund (Net)	(1.29)	(4.03)	2.76	11.40	11.87	10.45	9.32	8.06
OSERS Policy	(1.23)	(3.77)	1.45	9.43	10.74	9.39	8.63	8.09
Value Added (Net of Fee)	(0.06)	(0.26)	1.30	1.97	1.13	1.06	0.68	(0.03)

Source: BNY Mellon GRS

*ITD is Inception date 10/1/1994 (27 years and 5 months)

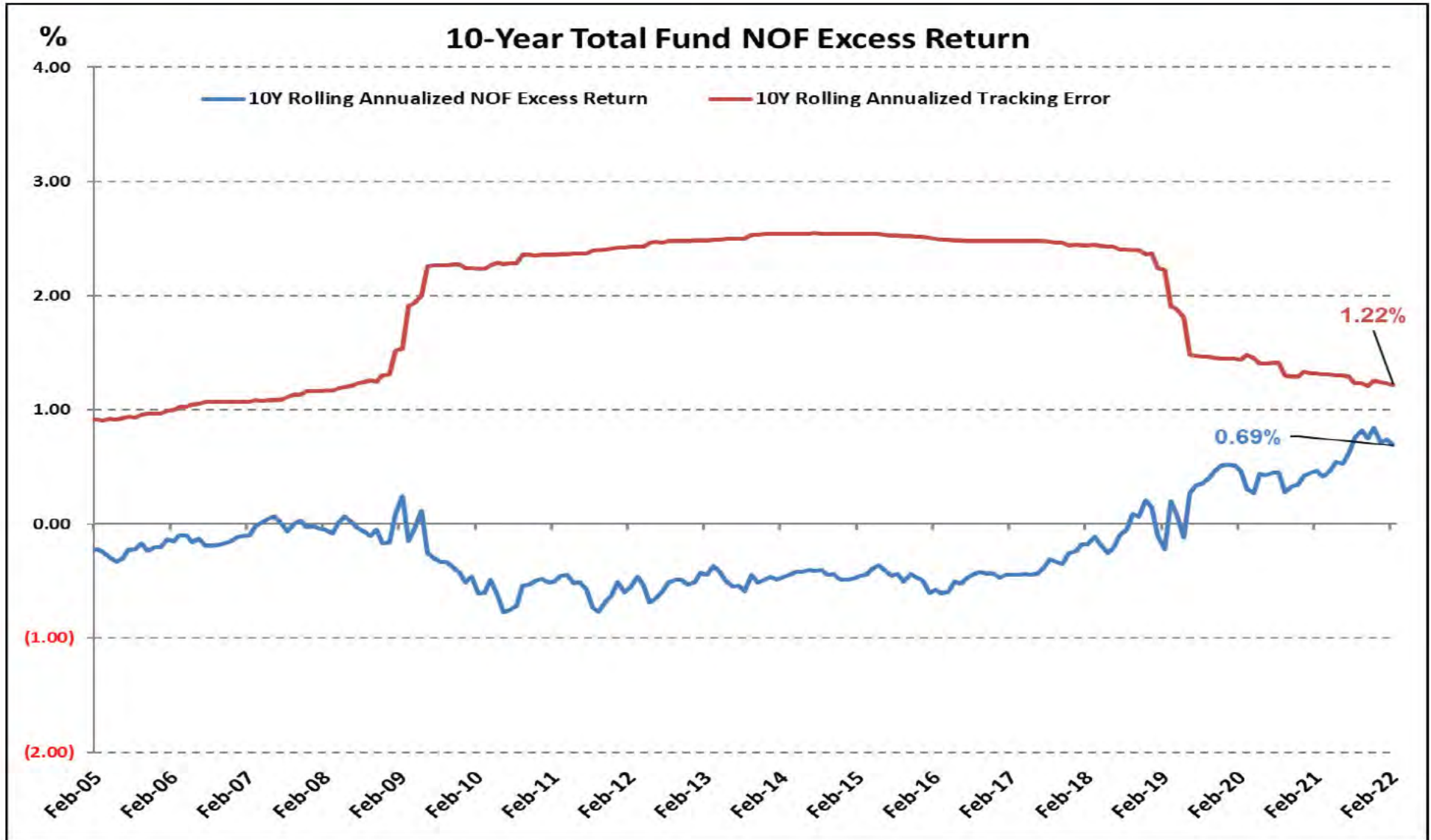


Total Fund Performance





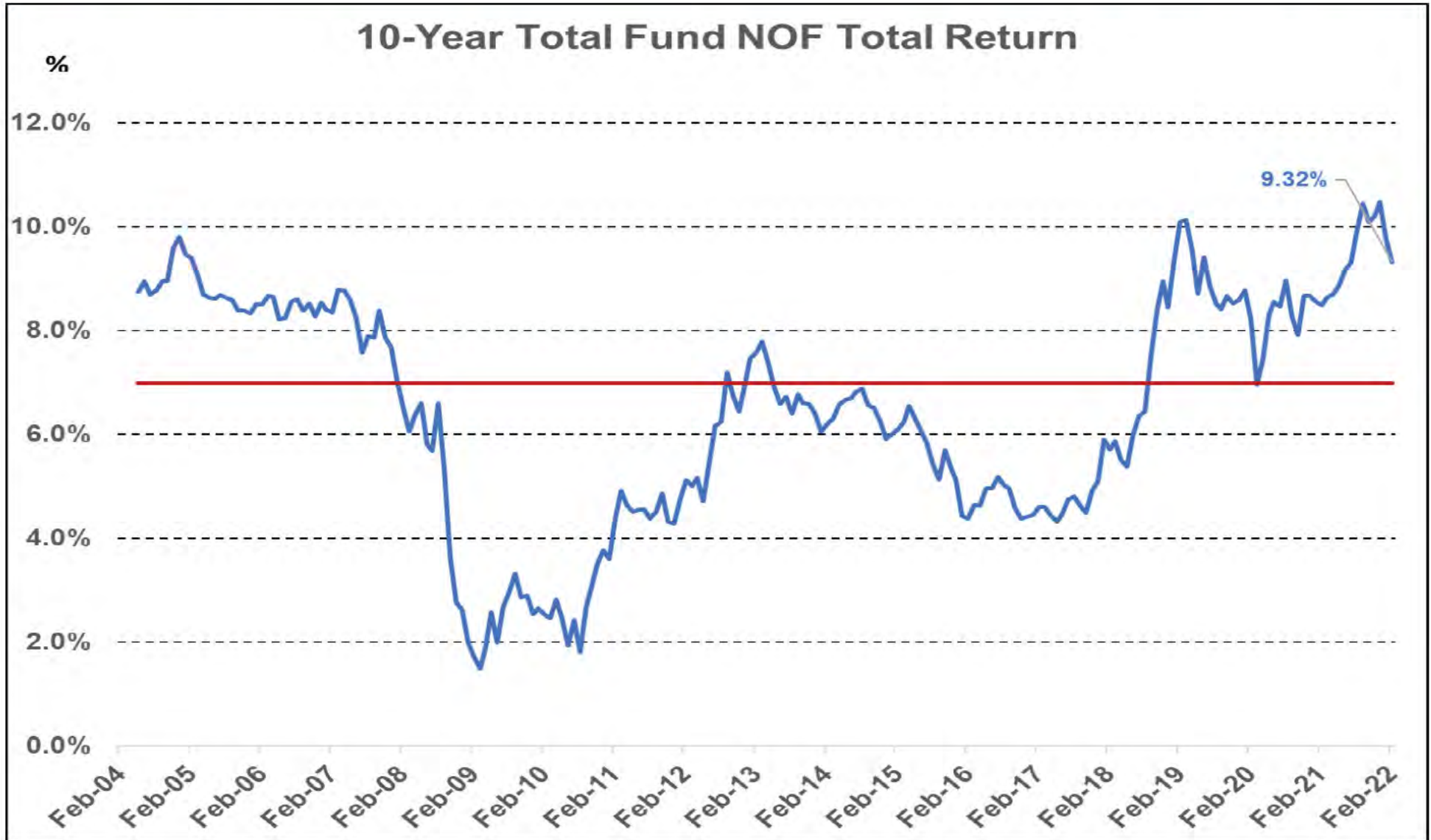
Total Fund Performance



Source: www.imf.org, IMF data – October 2021

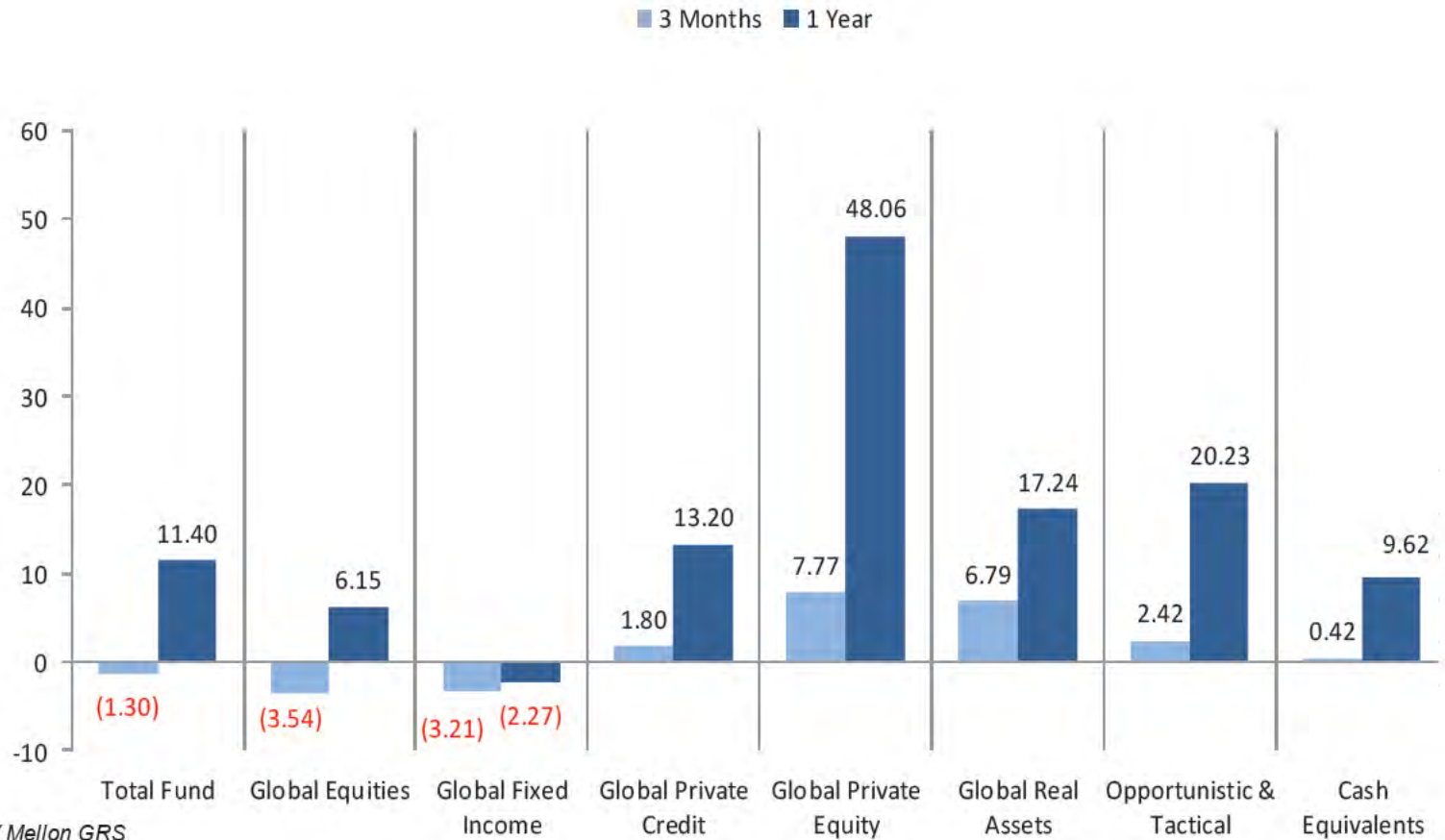


Total Fund Performance





Total Fund and Asset Class Performance (Net)





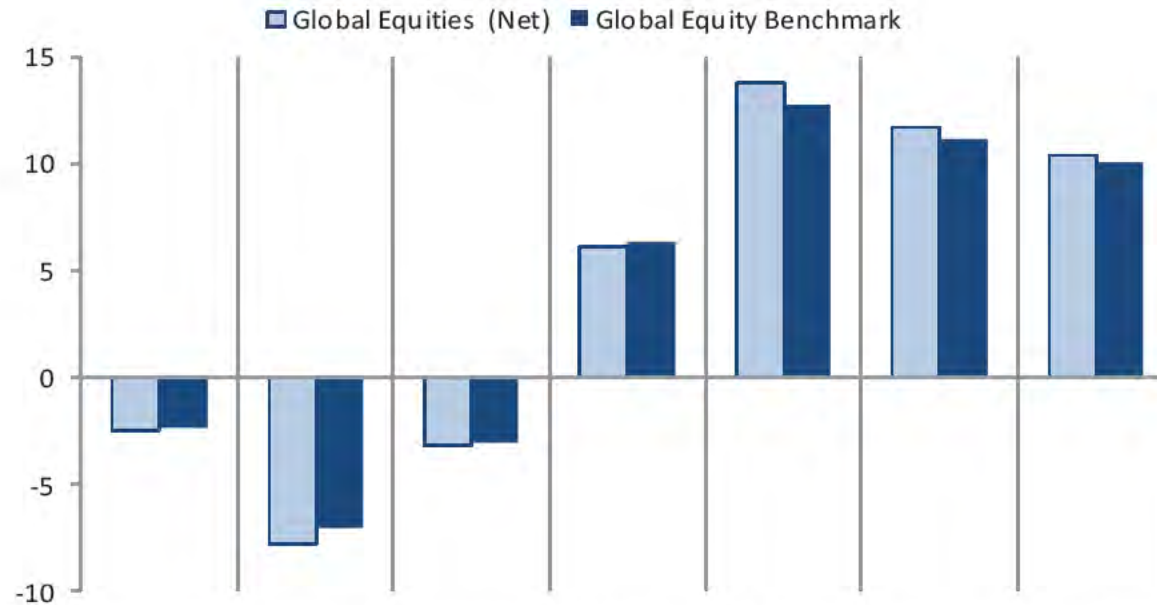
Global Equities Performance

Current Benchmark:

55% Russell 3000

30% MSCI World Ex United States
Index (Net dividends)

15% MSCI Emerging Markets Index
(Net dividends)



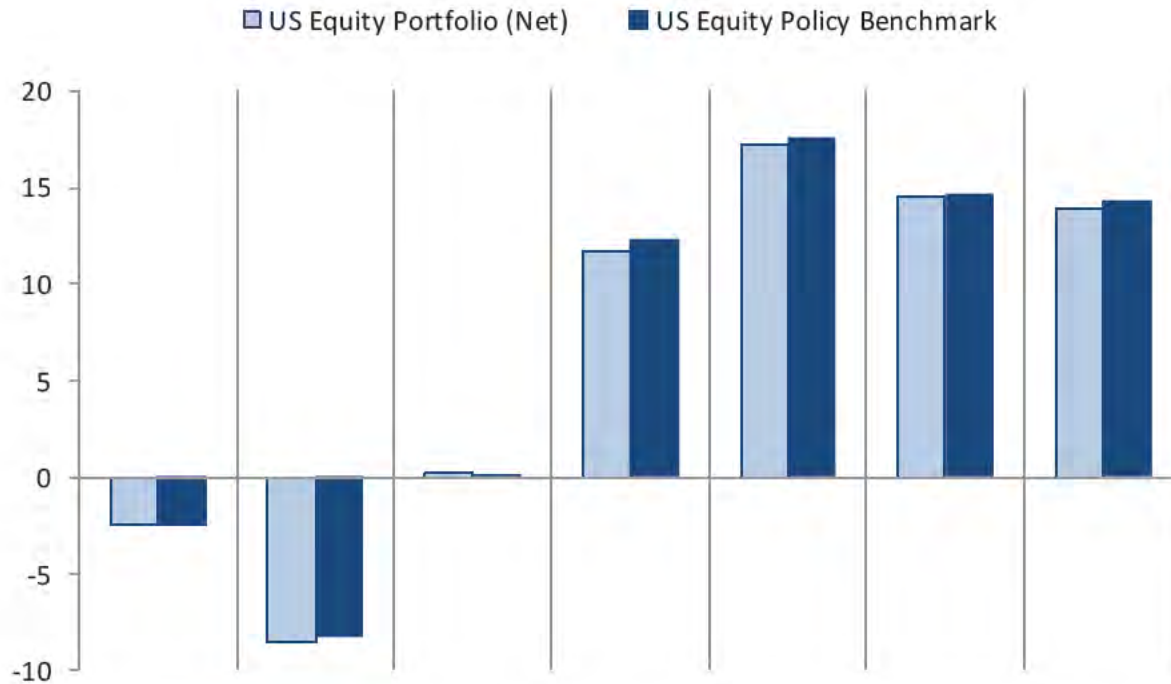
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	(2.43)	(7.70)	(3.01)	6.46	14.11	12.07	10.75
Global Equities (Net)	(2.48)	(7.77)	(3.21)	6.15	13.78	11.72	10.39
Global Equity Benchmark	(2.30)	(7.03)	(3.07)	6.33	12.76	11.10	10.02
MSCI ACWI	(2.55)	(7.32)	(1.99)	8.26	13.96	11.99	10.41
Value Added (Net of Fee)	(0.18)	(0.73)	(0.15)	(0.18)	1.02	0.63	0.37

Source: BNY Mellon GRS



US Equity Performance

Current Benchmark:
Russell 3000



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
US Equity Portfolio (Gross)	(2.41)	(8.50)	0.30	11.85	17.34	14.69	14.18
US Equity Portfolio (Net)	(2.42)	(8.52)	0.20	11.68	17.13	14.46	13.88
US Equity Policy Benchmark	(2.52)	(8.25)	0.16	12.29	17.56	14.68	14.27
Value Added (Net of Fee)	0.10	(0.27)	0.04	(0.62)	(0.42)	(0.22)	(0.38)

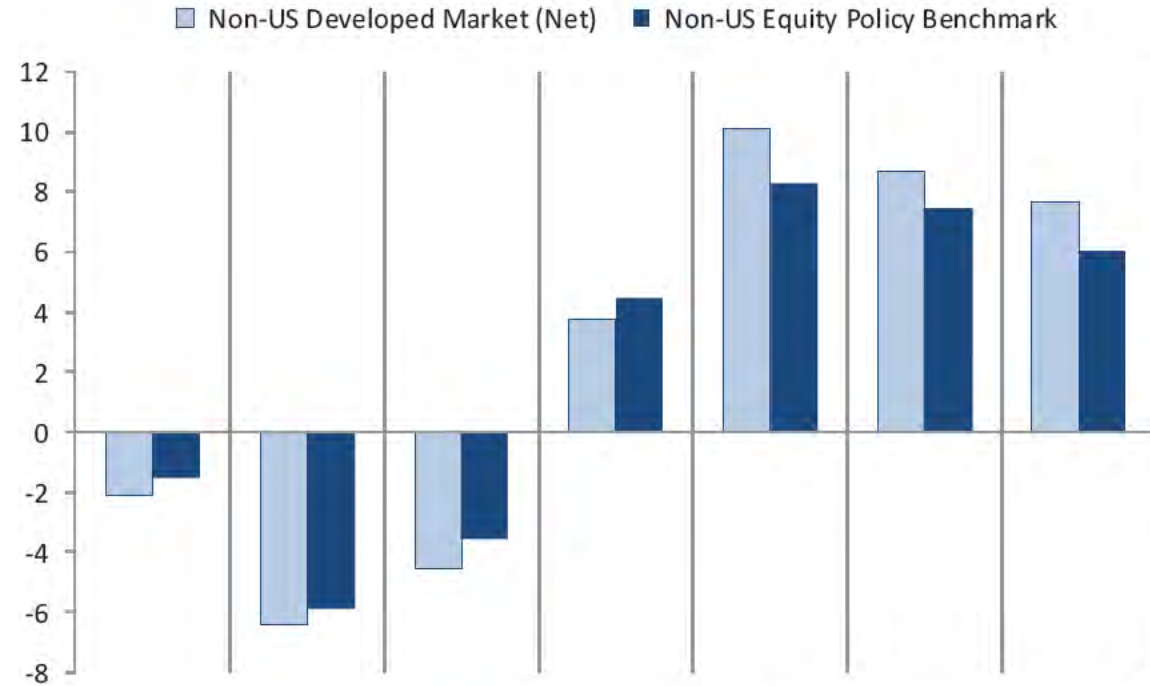
Source: BNY Mellon GRS



Non-US Equity Developed Market Performance

Current Benchmark:

MSCI World Ex United States Index
(Net dividends)



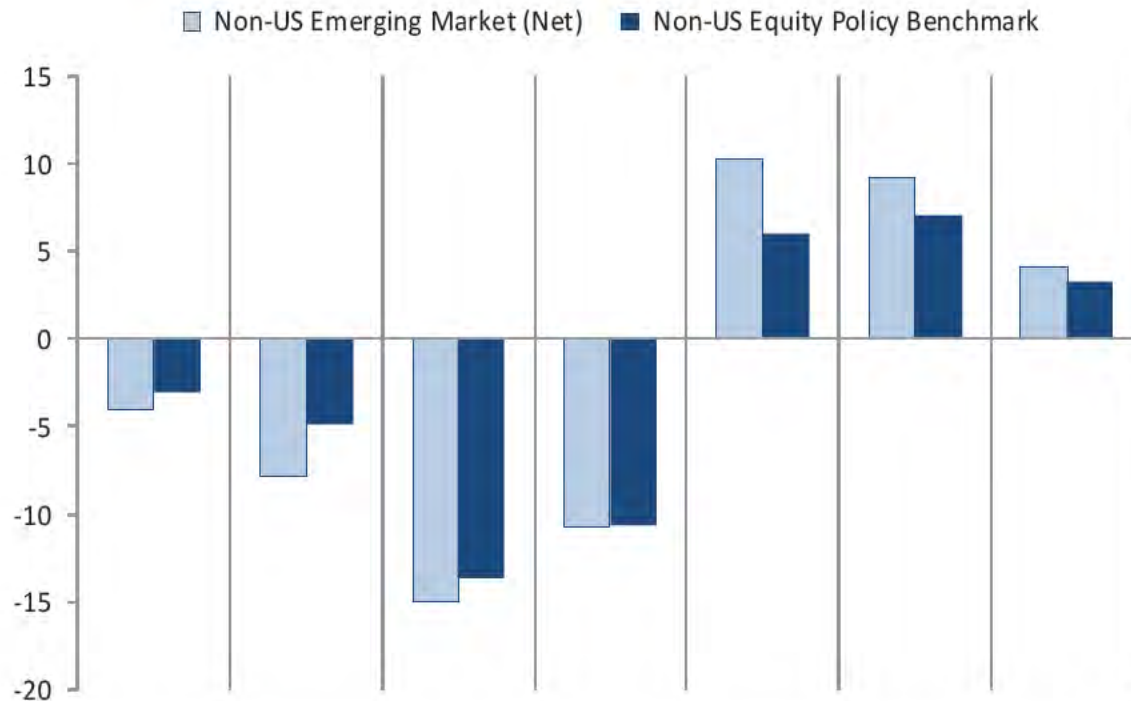
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US Developed Market (Gross)	(2.00)	(6.32)	(4.29)	4.16	10.47	9.04	8.01
Non-US Developed Market (Net)	(2.10)	(6.44)	(4.56)	3.77	10.11	8.69	7.67
Non-US Equity Policy Benchmark	(1.56)	(5.90)	(3.58)	4.46	8.32	7.43	6.05
Value Added (Net of Fee)	(0.54)	(0.54)	(0.98)	(0.69)	1.79	1.27	1.62

Source: BNY Mellon GRS



Non-US Equity Emerging Market Performance

Current Benchmark:
MSCI Emerging Markets Index
 (Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US Emerging Market (Gross)	(3.95)	(7.74)	(14.58)	(10.05)	11.11	10.10	4.82
Non-US Emerging Market (Net)	(4.02)	(7.87)	(15.03)	(10.74)	10.25	9.24	4.04
Non-US Equity Policy Benchmark	(2.99)	(4.83)	(13.67)	(10.69)	6.04	6.99	3.24
Value Added (Net of Fee)	(1.03)	(3.04)	(1.35)	(0.06)	4.22	2.25	0.80

Source: BNY Mellon GRS

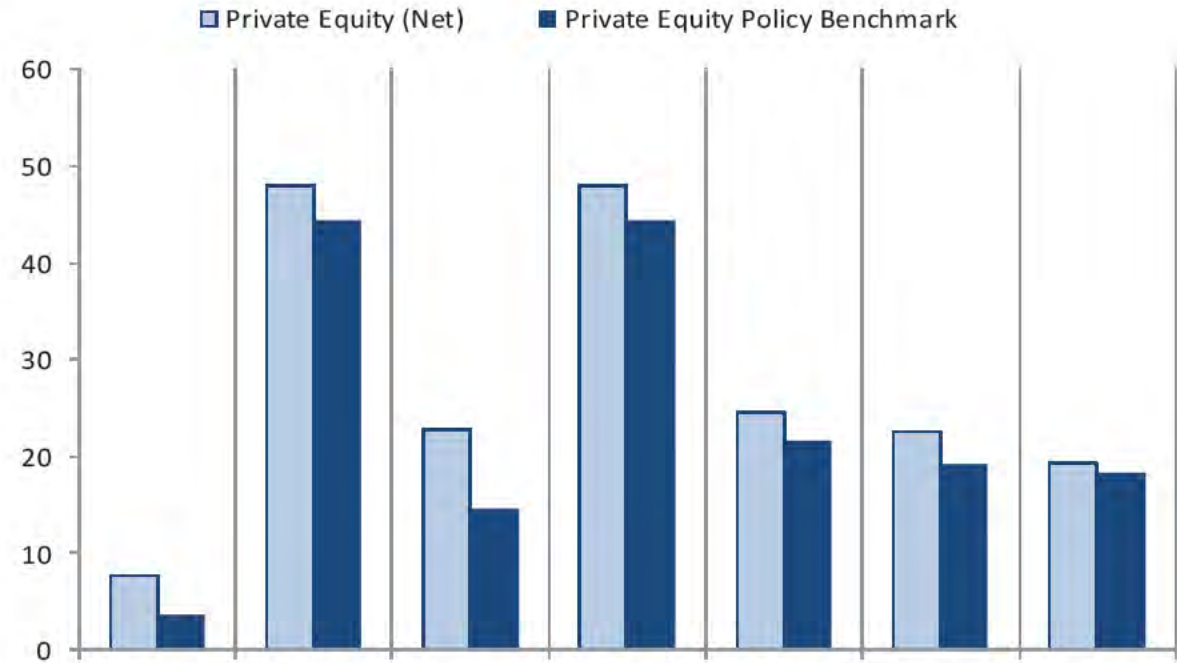


Global Private Equity Performance

Results as of: 12/31/2021

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	8.37	50.65	23.68	50.65	26.39	24.40	20.95
Private Equity (Net)	7.77	48.06	22.72	48.06	24.56	22.68	19.20
Private Equity Policy Benchmark	3.68	44.38	14.62	44.38	21.49	19.24	18.25
Value Added (Net of Fee)	4.09	3.68	8.10	3.68	3.07	3.44	0.95

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

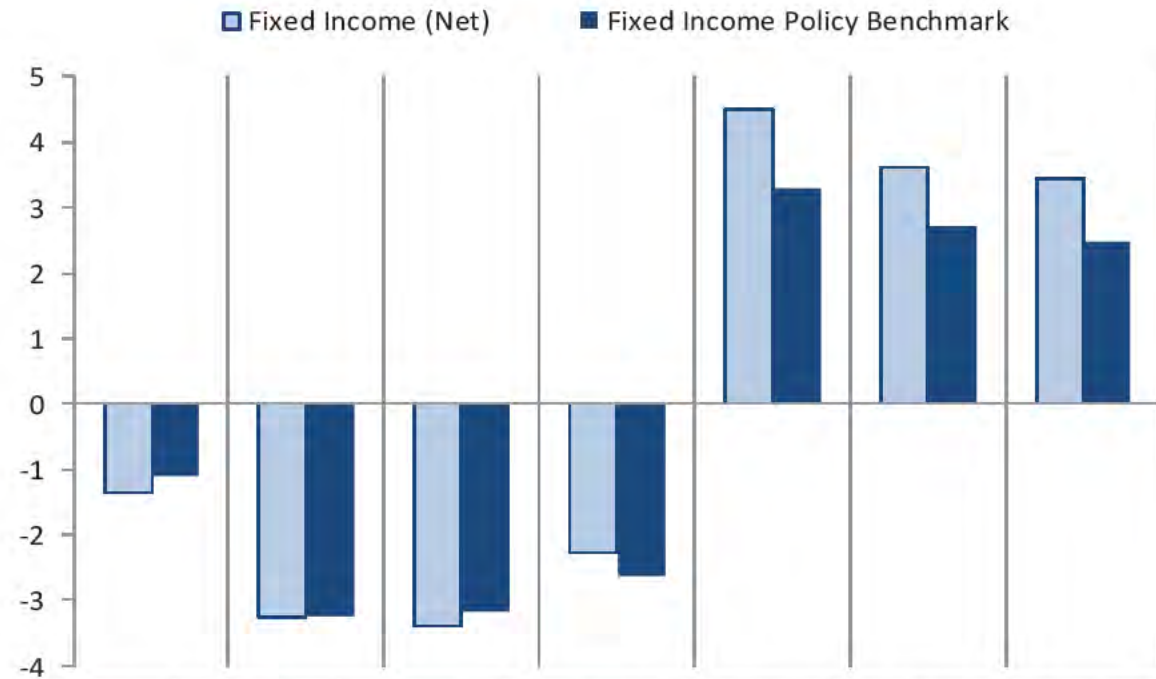
Global Private Equity performance is reported one quarter in arrears.



Global Fixed Income Performance

Current Benchmark:

Bloomberg Aggregate Bond Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	(1.35)	(3.24)	(3.22)	(1.98)	4.77	3.87	3.67
Fixed Income (Net)	(1.36)	(3.27)	(3.40)	(2.27)	4.52	3.63	3.43
Fixed Income Policy Benchmark	(1.12)	(3.25)	(3.18)	(2.64)	3.30	2.71	2.47
Value Added (Net of Fee)	(0.25)	(0.02)	(0.21)	0.37	1.22	0.92	0.96

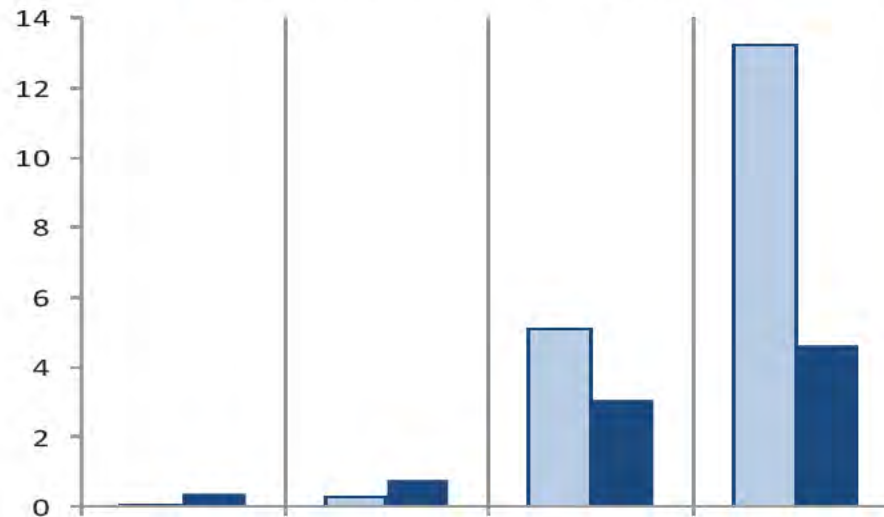
Source: BNY Mellon GRS



Global Private Credit Performance

Current Benchmark:
90 Day T-Bill + 4.5%

■ Global Private Credit (Net)
■ Global Private Credit Policy Benchmark



	1 Month	CYTD	FYTD	1 Year
Global Private Credit (Gross)	(0.03)	0.27	5.73	15.13
Global Private Credit (Net)	0.01	0.30	5.10	13.20
Global Private Credit Policy Benchmark	0.38	0.74	3.04	4.63
Value Added (Net of Fee)	(0.37)	(0.44)	2.06	8.57

Source: BNY Mellon GRS

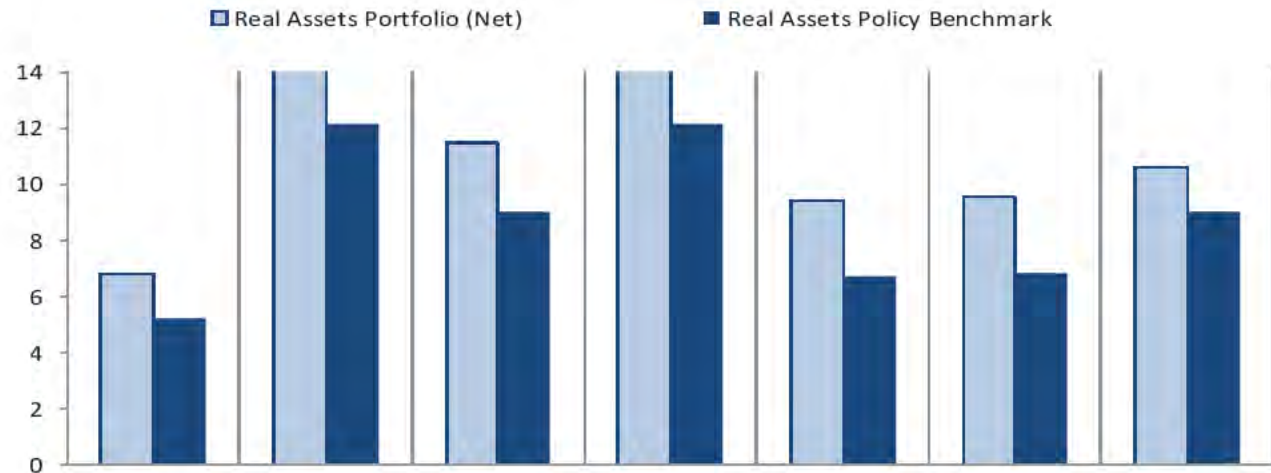
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.



Global Real Assets Performance

Results as of: 12/31/2021

Current Benchmark:
NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	7.18	18.47	12.12	18.47	10.36	10.55	11.69
Real Assets Portfolio (Net)	6.79	17.24	11.49	17.24	9.43	9.53	10.59
Real Assets Policy Benchmark	5.23	12.15	9.01	12.15	6.72	6.84	8.99
Real Assets Value Added (NOF)	1.56	5.09	2.49	5.09	2.71	2.69	1.60
Real Assets Core (Net)	8.08	18.52	13.54	18.52	9.24	9.06	10.26
Real Assets Policy Benchmark	5.23	12.15	9.01	12.15	6.72	6.84	8.99
Real Assets Core Value Added (NOF)	2.85	6.37	4.53	6.37	2.52	2.22	1.27
Real Assets Non-Core (Net)	7.52	13.90	12.53	13.90	8.17	9.14	10.33
Real Assets Policy Benchmark	5.23	12.15	9.01	12.15	6.72	6.84	8.99
Real Assets Non-Core Value Added (NOF)	2.29	1.75	3.52	1.75	1.45	2.30	1.34
Real Assets Infrastructure (Net)	2.63	13.35	6.09	13.35	10.31	12.24	n/a
Real Assets Policy Benchmark	5.23	12.15	9.01	12.15	6.72	6.84	n/a
Real Assets Infrastructure Value Added (NOF)	(2.60)	1.20	(2.92)	1.20	3.59	5.40	n/a

Source: BNY Mellon GRS

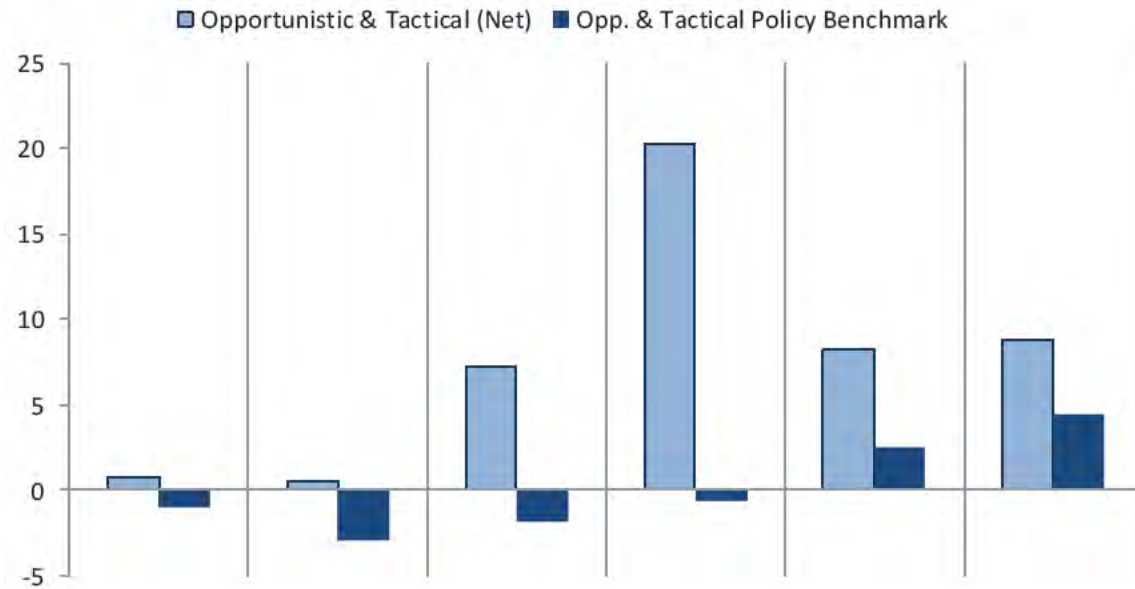
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Current Benchmark:
*Bloomberg Aggregate
 Bond Index + 2%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	0.77	0.51	7.98	21.91	9.60	10.34
Opportunistic & Tactical (Net)	0.77	0.52	7.32	20.23	8.17	8.85
Opp. & Tactical Policy Benchmark	(0.94)	(2.88)	(1.84)	(0.64)	2.52	4.44
Value Added (Net of Fee)	1.71	3.40	9.16	20.87	5.65	4.40

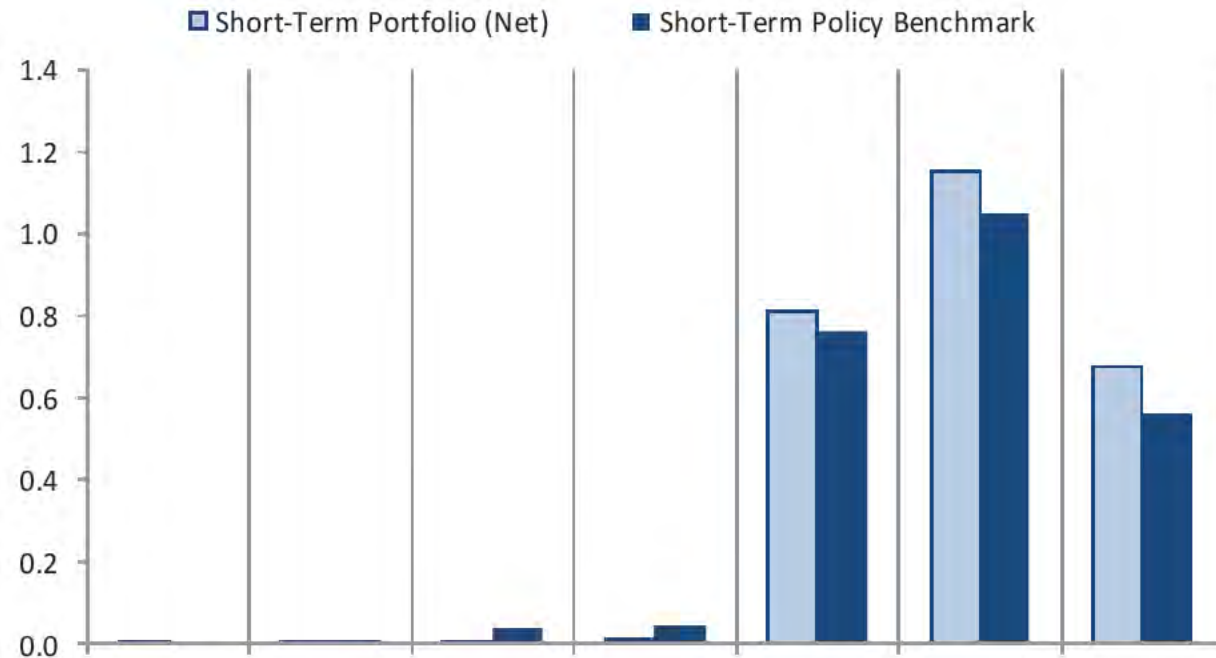
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

Citigroup 30 Day Treasury Bill Index

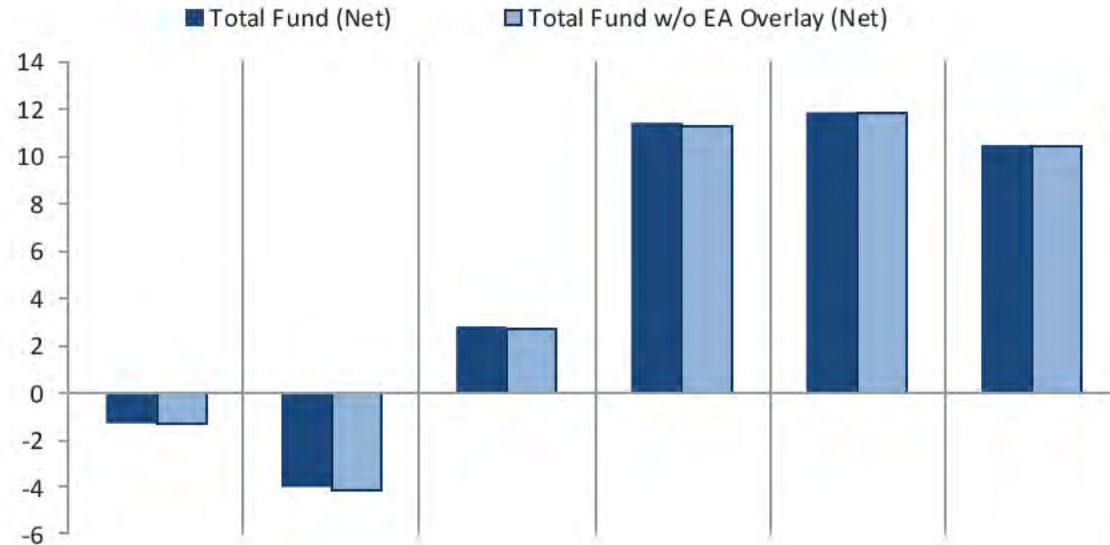


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.00	0.00	0.01	0.01	0.81	1.15	0.68
Short-Term Portfolio (Net)	0.00	0.00	0.01	0.01	0.81	1.15	0.68
Short-Term Policy Benchmark	0.00	0.01	0.04	0.04	0.76	1.05	0.56
Value Added (Net of Fee)	(0.00)	(0.01)	(0.03)	(0.03)	0.05	0.11	0.12

Source: BNY Mellon GRS



Enhanced Asset Overlay Performance

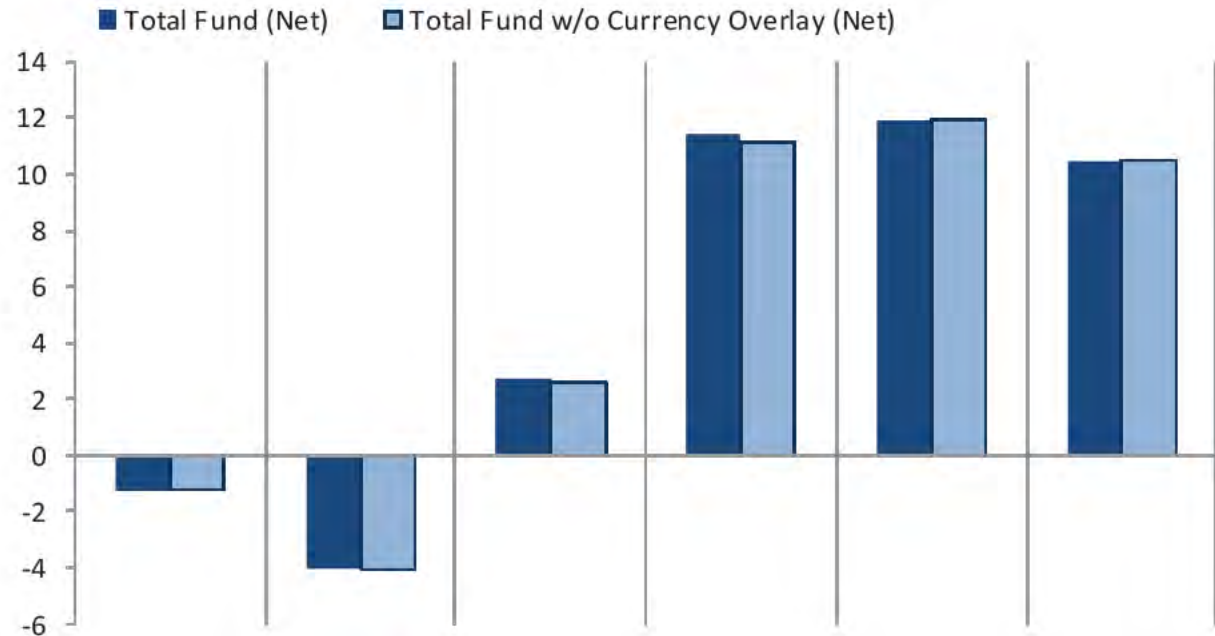


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	(1.27)	(3.99)	3.13	12.11	12.52	11.12
Total Fund w/o EA Overlay (Gross)	(1.33)	(4.07)	3.03	11.95	12.42	11.04
Total Fund (Net)	(1.29)	(4.03)	2.76	11.40	11.87	10.45
Total Fund w/o EA Overlay (Net)	(1.35)	(4.10)	2.67	11.26	11.79	10.38
EA Overlay Impact (Net of Fee)	0.06	0.07	0.08	0.14	0.08	0.06

Source: BNY Mellon GRS



Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	(1.27)	(3.99)	3.13	12.11	12.52	11.12
Total Fund w/o Currency Overlay (Gross)	(1.22)	(4.02)	2.97	11.87	12.55	11.12
Total Fund (Net)	(1.29)	(4.03)	2.76	11.40	11.87	10.45
Total Fund w/o Currency Overlay (Net)	(1.24)	(4.05)	2.60	11.16	11.92	10.47
Currency Overlay Impact (Net of Fee)	(0.05)	0.03	0.15	0.24	(0.05)	(0.02)

Source: BNY Mellon GRS



Proposed Investment Agenda – Next Meeting

Annual Overlay Program Review

Wilshire Quarterly Performance Report (March 31, 2022)

Quarterly Investment Report (March 31, 2022)

Draft of Annual Investment Plan

Draft of Investment Department Incentive Program (possible vote)

**School Employees
Retirement System**

Memo

To: Retirement Board
From: Chris Collins and Katie Dodds
cc: Richard Stensrud
Date: April 8, 2022
Re: **New Proxy Issues for 2022**

With this month's materials, you have received an updated Proxy Voting book for 2022. As in years past, this booklet contains some background information on our proxy voting program, our Proxy Voting Policy, our Corporate Governance Principles, and our Proxy Voting Guidelines. The Corporate Governance Principles were approved by the Board in 2012, and the issue-specific Proxy Voting Guidelines were developed by the internal Proxy Voting Committee to outline SERS' approach to specific proxy voting issues including director elections, "say on pay" votes, mergers and acquisitions, board diversity, and environmental, social and governance (ESG) issues. The Guidelines contain some of the more frequently occurring proxy issues and are not intended to be all-inclusive of every issue that SERS will vote on this year. All of the guidelines are subject to revisions over time, but there have been no substantive changes to the guidelines for this year.

Also included in the Proxy Voting book is a summary list of the new and/or updated proxy issues our proxy voting advisor, ISS, expects to see on proxy ballots in 2022. The issues on the list contain high-level information regarding ISS policy updates and new policies as they relate to SERS' voting instructions. SERS' staff has reviewed the 32 issues, contemplated ISS' recommendations and decided upon the voting stance SERS will take on each issue. SERS' staff relied upon guidance from the Board-adopted Corporate Governance Principles in deciding how SERS will vote.

To promote diversity on corporate boards, SERS continues to be a member of the Midwest Investors Diversity Initiative (MIDI), which is a group of 16 Midwestern institutional investors with over \$820 billion in assets that engages public companies that are also located in the Midwest with the goal of encouraging diversity on their boards of directors. The group asks nominating and governance committees at these companies to consider adopting a policy that would require them to expand their candidate pools to include qualified, diverse candidates each time they initiate a search to fill an open board seat. This year MIDI is engaging with 19 Midwest companies that meet three parameters: 1) they have zero women or people of color on their board based on best available public data, 2) companies that fail to disclose the race and gender of their boards, and 3) companies that fail to disclose their EEO-1 reports.

SERS continues its involvement in the Investors for Opioid and Pharmaceutical Accountability (IOPA) Group. The IOPA is a group of institutional investors that engages with public companies associated with the opioid crisis and pharmaceutical pricing to encourage corporate governance reforms that include increased oversight and transparency. Last year IOPA led a vote no campaign over Johnson & Johnson's executive pay proposal given that the board structured the CEO's compensation to insulate him from any impact because of opioid litigation charges. 43% of shareholders joined in opposition to the executive pay package. Since then, IOPA has engaged in dialog with the company to enhance compensation program to ensure that opioid litigation charges are factored into executive compensation proposals and disclosed. Similar engagements have been made with pharmaceutical companies McKesson, AmerisourceBergen, and Cardinal Health. IOPA engagement has also focused on addressing anticompetitive practices, independent chair issues, lobby expenditure disclosure, and risk reporting measures.

SERS is also a part of the Investor Stewardship Group (ISG), which is a nationwide initiative that developed a Framework for U.S. Stewardship and Governance best practices. The ISG Framework has been recognized as the definitive corporate governance code in the United States, and includes basic investment stewardship and corporate governance standards for U.S. institutional investors and boardroom conduct. SERS is a signatory to the ISG Framework and continues to support the group's efforts.

Additionally, SERS is an active member of the Council of Institutional Investors (CII). We have been supportive of their advocacy at the federal level. At the recent CII Spring Conference, Renee Jones, director of the SEC's Division of Corporation Finance was invited to provide a snapshot of the 2022 proxy season so far. She reported that the number of no-action requests was down 9% from last year. Overall, of the 231 requests that the commission received, 64 were for governance proposals, 31 were resolutions on environmental issues, 19 addressed issues related to discrimination, 11 pertained to human rights, nine asked for information on lobbying expenditures, eight dealt with executive compensation and five addressed political spending. The three bases most frequently used by proponents asking the SEC to have their proposals excluded were: (i)(7) ordinary business; 8(b) ownership and eligibility provisions; and (i)(10) substantially implemented. She also reported that roughly 20% of the no-action requests that the SEC has received so far have been withdrawn and she believes that the vast majority of withdrawals are the result of fruitful engagements between investors and companies.

Looking ahead, she said the SEC is considering ways to clarify and reduce ambiguities surrounding the application of certain provisions in Rule 14a-8. She said the amendments the commission is planning to propose will "make the process more efficient and predictable for all parties involved." Jones also walked CII members through a history of Rule 14a-8, the shareholder proposal rule; the ordinary business exception; and the SEC staff guidance and announcements on both.

Staff will keep you apprised of our efforts in all of these areas through quarterly memos to the Board. If you have any questions, please let us know.

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: April 8, 2022
Re: **Federal Legislative Report**

OVERVIEW

Russian invasion of Ukraine

President Biden has signed a new Executive Order that includes a prohibition on new investment in Russia by Americans, whether they are in or outside of the United States. The announcement from the U.S. was coordinated with international partners, including fellow members of the G7 and the European Union.

The new sanctions package marks the latest escalation in efforts by the U.S. and its allies to impose costs on Russia for its invasion and, over time, cut off critical economic sectors the country utilizes to wage the ongoing war. They also follow new revelations of further atrocities committed by Russian forces in northern Ukraine, with the images of the atrocities committed in Bucha serving as an accelerator to ongoing discussions between the U.S. and its European allies to ramp up the economic costs, officials said.

Confirmation hearings for Supreme Court Justice nominee Ketanji Brown Jackson.

The U.S. Senate Judiciary Committee met in early April to discuss Judge Ketanji Brown Jackson's nomination to the U.S. Supreme Court. This meeting follows the committee's four-day hearings that touched on Jackson's career and education, judicial approach, potential recusals if she is confirmed, family life and more. The committee vote on her nomination led to a deadlock due to the partisan split on the committee. Senate rules allowed Majority Leader Chuck Schumer to file a motion to discharge and move Jackson's nomination for consideration before the full Senate even in the face of a deadlocked committee recommendation.

A confirmation vote on the Senate floor was held on April 7th. The final vote was 53-47 with several Republicans joining with all Democratic Senators confirming Judge Ketanji Brown Jackson appointment as the first black woman on the Supreme Court. She will replace Justice Breyer after the Supreme Court's term ends in late June or early July.

FEDERAL APPROPRIATIONS

On Monday March 28th, President Joe Biden unveiled his budget request that would increase base discretionary spending levels over the levels in the recently enacted omnibus bill. The \$5.8 trillion budget proposal reflects a major administration pivot to rein in future borrowing, introducing a proposal that would reduce the national deficit by roughly \$1 trillion over 10 years.

Although the proposed budget is aspirational and not binding, it allows the public to forecast what the President's priorities for the upcoming year are.

The proposal would raise taxes on billionaires and corporations, and increase spending on both military and domestic priorities; it includes \$1.6 trillion in discretionary funds – \$813 billion for defense and \$769 billion for non-defense.

The budget proposal includes items that were part of his "Build Back Better" agenda, including reducing energy costs and combatting climate change, cutting prescription drug costs, funding mental health care, funding free community college, continuing the enhanced child tax credit and high-quality preschool. As it relates to the Department of Health and Human Services (HHS), the President is requesting \$127.3 billion in discretionary funding, a \$26.9 billion or 26.8-percent increase from the 2021 enacted level.

By the end of the budget window, the budget would increase spending by nearly \$1.4 trillion over the next 10 years, compared to Office of Management and Budget's (OMB) baseline. As a share of GDP, spending would reach 23.9 percent of GDP, more than 3 percentage points higher than the 50-year average by 2032. Over the next decade, spending would average 23.4 percent of GDP.

Nevertheless, Congress controls the purse strings. With the release of the president's full budget, Congress will now begin drafting spending bills. The government is funded through 12 appropriations bills that need to be passed by both chambers and signed into law by the president. Those spending bills can be passed along party lines in the House, where Democrats control a slim majority. But they need 60 votes in the Senate, which is split 50-50.

RETIREMENT SECURITY

Tuesday, March 29th the U.S. House overwhelmingly passed a bipartisan retirement security bill in a 414-5 vote. The Securing a Strong Retirement Act of 2022, introduced by Ways and Means Committee Chairman Richard Neal (D-MA), and ranking member Kevin Brady (R-TX) builds on the Setting Every Community Up for Retirement Enhancement Act, known as the SECURE Act, which Congress passed and was signed into law in late 2019. Provisions of this SECURE 2.0 Act would raise the age at which individuals are required to begin withdrawing a percentage of their tax-deferred retirement plan to 75 from 72 over the next decade, as well as improve recovery of overpayments, create a retirement savings lost and found, enhance Roth catch-up contributions, additional catchups for those 62-64, CITs in 403(b)s, and improvements for 457 plans, among others. The bill will now head to the Senate where a bipartisan group of lawmakers has introduced or is working on similar retirement security packages and is speculated to consider the measure in late May.

SOCIAL SECURITY AND WINDFALL ELIMINATION PROVISION (WEP)

On March 31, SERS participated in the Coalition to Preserve Retirement Security annual virtual meeting. One of the speakers was Mark Dunn, Deputy Legislative Director for Cong. John Larson (D-CT). Mr. Dunn provided an update on HR 5723, the Social Security 2100 Act. The comprehensive Social Security legislation is intended to strengthen Social Security program and increase benefits including COLA.

While it is possible that HR 5723 could find enough support to pass the House this session, it is difficult to predict whether the Senate would be prepared to consider such a wide-ranging Social Security bill.

The Coalition also heard updates on WEP and GPO reform legislation from Tim Lee, Executive Director of the Texas Retired Teachers Association and Shawn Duhamel, CEO of the Massachusetts Retirees Association. Their organizations had recently sent a letter to Congressmen Neal and Brady to suggest a compromise between the two separate WEP reform bills that they

have each sponsored and are currently stalled in the House Ways and Means committee. Their suggestion includes:

- Extend the hold harmless provision in the bill to all persons aged 16 and above at the time of passage. Those persons not yet age 16 at the time of passage are subject to the new proportional formula. (Closer to Brady's version of the bill.)
- A \$150 per month Social Security benefit increase for all current retirees affected by the WEP. (Similar to Neal's version of the bill.)

Coalition members continue to remain hopeful that a WEP reform solution is achievable this session before Congressman Brady's retirement at the end of the year.

Other WEP and GPO repeal bills were discussed, but despite significant numbers of co-sponsors on the various proposals, there is no expectation that Congress will act on those bills this session.

The Coalition also did a review of activity since the last annual meeting relative to mandatory Social Security coverage, which is always a concern for non-covered public employees. There have been no legislative initiatives introduced regarding mandatory coverage and the topic remains off the table given the current Ways and Means committee leadership. But coalition members were reminded that we must remain vigilant since key legislators like Neal and Brady will not always be present to protect against various mandatory coverage proposals.

SECURITIES AND EXCHANGE COMMISSION

At the recent CII Spring Conference, Renee Jones, director of the SEC's Division of Corporation Finance provided a look ahead at possible SEC activity in the coming year. She said the SEC is considering ways to clarify and reduce ambiguities surrounding the application of certain provisions in Rule 14a-8, the shareholder proposal rule. She said the amendments the commission is planning to propose will "make the process more efficient and predictable for all parties involved."

HEALTH CARE

The staff of the Federal Trade Commission (FTC) is inviting public comments about the practices of Pharmacy Benefit Managers (PBMs) and their impact on patients, physicians, employers, independent and chain pharmacies, and other businesses across the pharmaceutical distribution system. They are encouraging the public to comment on any issues or concerns they believe are relevant or appropriate for their consideration. Since SERS contracts with a PBM to support the administration of our pharmacy benefits we are considering submitting comments in response to the FTC's solicitation. Government Relations will work with Health Care staff to prepare draft comments for approval by senior staff. The deadline for submitting comments is April 25th.

CMS Releases 2021-2030 Projections of National Health Expenditures

The CMS Office of the Actuary released the 2021-2030 National Health Expenditures (NHE) report which presents health spending and enrollment projections for the coming decade. The report notably shows that despite the increased demand for patient care in 2021, the growth in national health spending is estimated to have slowed to 4.2%, from 9.7% in 2020, as supplemental funding for public health activity and other federal programs, specifically those associated with the COVID-19 pandemic, declined significantly. The report finds that annual growth in national health spending is expected to average 5.1% over 2021-2030, and to reach nearly \$6.8 trillion by 2030.

U.S. House of Representatives Pass Insulin Cost Cap Bill

On Thursday, March 31st, the House passed the Affordable Insulin Now Act (H.R. 6833) in a 232-193 vote. The Senate, led by Senators Jean Shaheen (D-NH) and Susan Collins (R-ME), is negotiating an alternative insulin bill that is expected to include measures aimed at reducing drug list prices and capping costs for the insured, but that bill's prospects are uncertain. They plan to combine these provisions with a bill by Sen. Raphael Warnock (D-GA), which is a companion to the

bill that the House passed. Critics of the House bill, including some House Republicans, contended the bill will cause premiums to rise. America's Health Insurance Plans (AHIP) also released a statement opposing the bill.

The Congressional Budget Office (CBO) also released an estimate on HR 6833 and found that the higher premiums from the bill would increase government spending by \$6.6 billion over 10 years and decrease revenues by \$4.8 billion.

Senate Finance Committee Releases Bipartisan Report on Mental Health Care in America

The Senate Finance Committee released a bipartisan report on the shortfalls that prevent American families from accessing mental health care. This bipartisan report largely reflects work done by the Committee over the course of the 117th Congress, which includes conducting public fact-finding efforts through hearings as well as a request for information in which there were over 500 submissions from organizations and individuals. Chapters within the report outline key challenges across five areas: status of the workforce; children, adolescents, and young adults; access to care, integration, and coordination; mental health and SUD parity; and telehealth. Notably, Committee members are in the process of drafting comprehensive legislation to address mental health in the U.S.

CONGRESSIONAL REDISTRICTING

The Ohio Supreme Court won't decide whether a Republican-crafted congressional district map violates anti-gerrymandering rules in the Ohio Constitution until after the May 3 primary.

The court, which struck down a previous congressional map, set a schedule for reviewing the one passed by Republicans on the Ohio Redistricting Commission in early March. The 62-day window extends into late May – weeks after the primary is scheduled.

That means the latest Commission approved map will appear on Ohio voters' May 3 primary ballots.

The map includes 10 Republican-leaning districts, three Democratic-leaning districts and two tossups in Cincinnati and Toledo. Republicans could win the Akron-based Democratic district in a competitive year.

FEDERAL LEGISLATION BOARD REPORT
117th United States Congress
(Prepared by Chris Collins as of April 8, 2022)

H.R.82

SPONSOR: Rep. Rodney Davis (R-IL)
LAST ACTIONS: House - 01/04/2021 Referred to the Subcommittee on Social Security.
CAPTION: Social Security Fairness Act of 2021

COMMENT: Repeals the GPO and WEP. 268 co-sponsors; seven Ohioans

H.R.328

SPONSOR: Rep. Peter DeFazio (D-OR)
LAST ACTION: House - 01/15/2021 Referred to the House Committee on Ways and Means.
CAPTION: To amend the Internal Revenue Code of 1986 to impose a tax on certain trading transactions.

COMMENT: 28 co-sponsors; one Ohioan

H.R.1319

SPONSOR: Rep. John Yarmuth (D-KY)
LAST ACTIONS: 03/11/2021 Became Public Law No: 117-2.
CAPTION: American Rescue Plan Act of 2021

COMMENT: Provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

H.R.2337

SPONSOR: Rep. Richard Neal (D-MA)
LAST ACTIONS: House - 04/01/2021 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 noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 187 cosponsors; three Ohioans

S.1302

SPONSOR: Sen. Sherrod Brown (D-OH)
LAST ACTIONS: Senate - 04/22/2021 Read twice and referred to the Committee on Finance.
CAPTION: A bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

COMMENT: 39 cosponsors

H.R.3

SPONSOR: Rep. Frank Pallone (D-NJ)

LAST ACTIONS: House - 04/27/2021 Referred to the Subcommittee on Oversight and Investigations

CAPTION: Elijah E. Cummings Lower Drug Costs Now Act

COMMENT: 88 cosponsors; three Ohioans

H.R.5376

SPONSOR: Rep. John Yarmuth (D-KY)

LAST ACTIONS: House - 11/19/2021 Motion to reconsider laid on the table.

CAPTION: Build Back Better Act

COMMENT: This bill provides funding, establishes programs, and otherwise modifies provisions relating to a broad array of areas, including education, labor, child care, health care, taxes, immigration, and the environment.

H.R.5834

SPONSOR: Rep. Kevin Brady (R-TX)

LAST ACTIONS: House - 11/03/2021 Referred to the House Committee on Ways and Means

CAPTION: Equal Treatment of Public Servants Act of 2021

COMMENT: 51 cosponsors; four Ohioans

H.R.5723

SPONSOR: Rep. Larson, John B. [D-CT-1]

LAST ACTIONS: House - 10/26/2021 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and Labor, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

CAPTION: Social Security 2100: A Sacred Trust

COMMENT: 201 cosponsors; four Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of April 8, 2022)

134th General Assembly

HB110 OPERATING BUDGET Scott Oelslager (R- North Canton) To make operating appropriations for the biennium beginning July 1, 2021, and ending June 30, 2023, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 07/01/2021 SIGNED BY GOVERNOR; effective 7/1/21

HB14 REGARDS STATE RETIREMENT SYSTEM 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: 02/04/2021 Referred to Financial Institutions Committee

SB233 SCHOOL NURSE LICENSURE, RETIREMENT Louis Blessing III (R - Cincinnati) Regarding licensure and state retirement system membership for school nurses.

Current Status: 02/15/2022 Senate Primary and Secondary Education, (Second Hearing)

HB416 AUTO-ENROLLMENT RETIREMENT PROGRAM FOR PRIVATE EMPLOYEES Juanita Brent, (D – Cleveland) Stephanie Howse (D – Cleveland) To establish an auto-enrollment retirement savings program for private sector employees.

Current Status: 10/27/2021 House Insurance, (First Hearing)

HB499 ALLOW ELECTED OPERS/SERS RECIPIENTS TO RECEIVE BENEFITS (Miller, A) - 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: 03/09/2022 House Insurance, (Second Hearing)

HB512 POLICE, FIRE PENSION FUND (Abrams, C; Baldrige, B) - To increase employer contributions to the Ohio Police and Fire Pension Fund.

Current Status: 03/30/2022 House Insurance, (Second Hearing)

HB539 STATE RETIREMENT SYSTEMS - PUBLIC BROADCAST (Kelly, B; Ghanbari, H) - To require the state retirement systems to publicly broadcast board meetings.

Current Status: 02/15/2022 Referred to Insurance Committee

HB540 STATE RETIREMENT SYSTEMS – FINANCIAL INFORMATION (Kelly, B; Ghanbari, H) - To require the state retirement system boards to disclose certain financial information regarding alternative investments.

Current Status: 02/15/2022 Referred to Insurance Committee

HB541 STATE RETIREMENT SYSTEMS – FORMER EMPLOYEES (Kelly, B; Ghanbari, H) - Regarding the prohibition against the state retirement systems doing business with a former state retirement system employee, officer, or board member.

Current Status: 02/15/2022 Referred to Insurance Committee

HB601 STRS COST-OF-LIVING ADJUSTMENTS (Lightbody, M; Miller, A) - Regarding increasing contributions for employers to the State Teachers Retirement System and School Employees Retirement System, establishing minimum amounts for certain STRS cost-of-living adjustments, and eliminating an age-related eligibility criterion for retirement in STRS.

Current Status: 03/29/2022 Referred to Insurance Committee

SB308 DIVESTMENT, RESTRICTIONS-RUSSIA (Antani, N) - To prohibit state and local governments from investing in, granting incentives to, or contracting with Russia or companies based in Russia, to require Ohio's pension and other investment funds to divest from any such holdings, and to declare an emergency.

Current Status: 03/16/2022 Referred to General Government Budget Committee

School Employees Retirement System of Ohio

Summary of administrative operation expenses during the period March 1, 2022-March 31, 2022.

Actuals
Mar-2022

Account	Amount
Salaries & Wages	1,088,565.38
Salaries & Wages- Overtime	4,332.46
Vacation Leave Expense	91,991.44
Sick Leave Expense	44,534.72
Employer Contributions- PERS	163,786.52
Deferred Outflows Trueup	0.21
Group Life	9,232.22
Long Term Disability	3,163.25
Short Term Disability	2,513.48
Group Health Claims	134,741.99
Group Health- Admin Fees	7,268.78
Prescription Claims	134,006.55
Group Health- Stop Loss Admin	15,642.64
Vision Admin Fees	123.84
Group Health- Employee Cost	(29,016.80)
Group Health- Wellness Incentive	3,180.00
Group Health- Tobacco Premiums	(800.00)
Medicare Premium- Employer	16,476.98
Deferred Compensation Match	4,890.00
Actuarial Services	18,918.00
Audit	6,684.50
Custodial Fees	55,748.41
Custodial Banking	18,508.58

Account	Amount
Master Recordkeeper Fees	85,333.33
Investment Advisory Fees	54,166.67
Performance/ Analytics Fee	40,401.70
Bloomberg Terminal Rentals	19,665.00
Medical Consultant	3,750.00
Special Counsel	38,138.74
Technical	118,629.86
Other Professional Services	3,891.26
Postage	9,821.13
Telecommunications Services	16,242.75
Printing Paper	2,216.00
Communications & Publications	14,982.91
Software Maintenance	98,919.90
Software Subscriptions	187,169.42
Hardware < \$5,000	71,333.85
Software < \$25,000	7,260.46
Equipment Repairs & Maintenance	8,422.13
Office Supplies & Expenses	565.09
Furniture & Equipment < \$5,000	1,091.72
Records Storage	1,656.64
Seminars & Conferences	11,510.03
Travel & Transportation	3,933.35
Subscriptions	6,082.17
Memberships	1,849.82
Operations Maintenance	2,940.34
Interior Landscaping	1,356.37
Vehicle Expense	111.50

Account	Amount
Staff Support	5,603.43
Recruiting Expense	1,831.31
Miscellaneous Expense	4,000.00
Reimbursement of Leased Svcs.	(25,416.67)
Total Administrative Expenses	2,591,953.36

April 2022 SERS Board Book - Executive Director's Report

School Employees Retirement System of Ohio
 REVIEW OF ADMINISTRATIVE EXPENSES
 22-Mar

<u>Expense Account</u>	<u>Vendor</u>	<u>Amount</u>	
53100 - Salaries & Wages	ADP, LLC	1,088,565.38	
			Subtotal
		1,088,565.38	
53110 - Salaries & Wages - Overtime	ADP, LLC	4,332.46	
			Subtotal
		4,332.46	
53111 - Vacation Leave Expense	ADP, LLC	91,991.44	
			Subtotal
		91,991.44	
53112 - Sick Leave Expense	ADP, LLC	44,534.72	
			Subtotal
		44,534.72	
53200 - Employer Contributions - PERS	Ohio Public Emp. Retirement System Ohio Public Emp. Retirement System	163,787.09 (0.57)	
			Subtotal
		163,786.52	
53210- Pension Expense	Deferred Outflows Adjustment	0.21	
			Subtotal
		0.21	
53300 - Group Life	American United Life Insurance Company	9,232.22	
			Subtotal
		9,232.22	
53310 - Long Term Disability	American United Life Insurance Company	3,163.25	
			Subtotal
		3,163.25	
53315 - Short Term Disability	American United Life Insurance Company	2,513.48	
			Subtotal
		2,513.48	
53320 - Group Health Claims	Express Scripts Rebate Aetna Daily Wires - ESERS SaveonSP, LLC	(123,709.89) 256,005.94 2,445.94	
			Subtotal
		134,741.99	
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,268.78	
			Subtotal
		7,268.78	
53322 - Prescription Claims	Express Scripts - ESERS	134,006.55	
			Subtotal
		134,006.55	
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	15,642.64	
			Subtotal
		15,642.64	
53327 - Vision Admin Fees	VSP - (OH)	123.84	
			Subtotal
		123.84	
53330 - Group Health - Employee Cost	Employee Premiums Employee Reimbursement	(29,295.14) 278.34	
			Subtotal
		(29,016.80)	
53331 - Group Health - Wellness Incentive	ADP, LLC	3,180.00	
			Subtotal
		3,180.00	
53332 - Group Health - Tobacco Premiums	ADP, LLC	(800.00)	
			Subtotal
		(800.00)	
53340 - Medicare Premium - Employer	ADP, LLC ADP, LLC	16,476.99 (0.01)	
			Subtotal
		16,476.98	
53380 - Deferred Compensation Match	ADP, LLC	4,890.00	
			Subtotal
		4,890.00	
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC Cavanaugh MacDonald Consulting, LLC	12,000.00 6,918.00	
			Subtotal
		18,918.00	
54200 - Audit	RSM US LLP Treasurer of State of Ohio	5,792.00 892.50	
			Subtotal
		6,684.50	
54310 - Custodial Fees	BNY Mellon Asset Servicing/ Fifth Third Bank	55,748.41	
			Subtotal
		55,748.41	
54320 - Custodial Banking	Treasurer of State - Warrants Huntington National Bank	426.58 18,082.00	
			Subtotal
		18,508.58	
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	85,333.33	
			Subtotal
		85,333.33	
54420 - Investment Advisory Fees	Wilshire/Aksia	54,166.67	
			Subtotal
		54,166.67	
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing Wilshire Advisors, LLC	34,401.70 6,000.00	
			Subtotal
		40,401.70	
54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP	19,665.00	
			Subtotal
		19,665.00	

April 2022 SERS Board Book - Executive Director's Report

<u>Expense Account</u>	<u>Vendor</u>	<u>Amount</u>
54520 - Medical Consultant	Borchers, M.D., Glen G.	3,750.00
	Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP	27,782.54
	Frost Brown Todd, LLC	9,613.70
	Calfee Halter & Griswold LLP	742.50
	Subtotal	38,138.74
54620 - Technical	Optiv Security, Inc.	7,110.00
	Sagitec Solutions, LLC	82,957.88
	LexisNexis Risk Data Management, Inc	1,657.48
	Sigital, LLC	600.00
	ComResource	4,628.75
	Velosio	168.75
	CGI, Inc.	2,970.00
	Expedient	991.86
	Buck Global, LLC	17,545.14
	Subtotal	118,629.86
54630 - Other Professional Services	Wickert, Kimberly	495.00
	Vorys Advisors LLC	3,333.33
	SLT Training	62.93
	Subtotal	3,891.26
55100 - Postage	Pitney Bowes Inc.	3,598.20
	Postmaster	5,000.00
	Columbus Courier & Freight LLC	412.59
	Postmaster	265.00
	Unishippers Association	350.43
	Quadient	194.91
	Subtotal	9,821.13
55200 - Telecommunications Services	Verizon Wireless	582.56
	TBG Conferencing	30.85
	XO Communications	1,765.61
	Nextel Communications	111.46
	AT&T	40.10
	LUMEN	3,966.34
	Spectrum	8,089.05
	Spectrum AWS	1,656.78
	Subtotal	16,242.75
55400 - Printing Paper	Sterling Paper Company	2,216.00
	Subtotal	2,216.00
55420 - Communications & Publications	Tension Envelope Corporation	2,614.91
	Bindery and Specialties, Inc.	2,588.00
	Sterling Paper Company	9,780.00
	Subtotal	14,982.91
56030 - Software Maintenance	Shi International Corp.	6,721.12
	Sagitec Solutions, LLC	35,000.00
	Open Text, Inc	4,153.56
	OARnet	48,988.20
	Micro Focus (US) Inc.	4,057.02
	Subtotal	98,919.90
56035 - Software Subscriptions	Optiv Security, Inc.	8,871.80
	Shi International Corp.	102,486.06
	Amazon.com	287.81
	ADP, LLC	3,560.40
	KLDiscovery	2,550.00
	Liquid Web Inc	282.78
	Zoho Corporation	7,797.05
	DigiCert, Inc	1,294.00
	Splunk	55,397.86
	Zoom	513.66
	Wellable LLC	468.00
	DocuSign	3,660.00
	Subtotal	187,169.42
56040 - Hardware < \$5,000	Amazon.com	1,117.85
	Dell Marketing LP	70,216.00
	Subtotal	71,333.85
56050 - Software < \$25,000	Optiv Security, Inc.	7,260.46
	Subtotal	7,260.46
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc	2,287.82
	Digital Print Solutions	684.33
	Canon Financial Services, Inc	1,647.27
	ID Products Inc.	119.98
	Woodhull	293.98
	US Bank Equipment Finance	1,202.75
	BPS Technologies	2,186.00
	Subtotal	8,422.13
56130 - Office Supplies & Expenses	Staples Business Advantage	341.10
	Amazon.com	29.99
	Sterling Paper Company	194.00
	Subtotal	565.09
56150 - Furniture & Equipment < \$5,000	Fifth Third Bank	1,091.72
	Subtotal	1,091.72

April 2022 SERS Board Book - Executive Director's Report

<u>Expense Account</u>	<u>Vendor</u>	<u>Amount</u>
56160 - Records Storage	Vital Records Holdings, LLC	1,656.64
	Subtotal	1,656.64
56210 - Seminars & Conferences	NASRA	750.00
	CFA Institute	1,150.00
	OARnet	7,224.00
	Kaplan Schweser	1,091.03
	Shared Assessments LLC	1,295.00
	Subtotal	11,510.03
56310 - Travel & Transportation	Travel Adjustment	244.00
	Stensrud, Richard	128.21
	Kroger	83.33
	Rossler, James	442.44
	Haller, James	471.38
	Phillips, Barbra	70.38
	Hills Market	14.76
	Sisson, Phil	217.10
	Browning, Michael	275.06
	Wilson, Daniel L.	290.18
	King, Matt	428.15
	Weglarz, Frank	496.86
	Market 65	480.50
	Freedom A La Cart	291.00
	Subtotal	3,933.35
56410 - Subscriptions	Wall Street Journal	46.99
	Constant Contact	225.00
	Shutterstock, Inc.	29.00
	Thomson Reuters - West Publishing Corp	215.34
	Stylebooks.com, Inc.	22.00
	Thomson Reuters	5,530.85
	Toledo Blade	12.99
	Subtotal	6,082.17
56420 - Memberships	Public Pension Financial Forum	200.00
	International Foundation of Employee Benefit Plans	1,520.00
	Martin, Terri	129.82
	Subtotal	1,849.82
56610 - Operations Maintenance	AT&T	246.99
	Amtrec, LLC	1,666.00
	South Central Power Company	848.00
	Northeast Ohio Natural Gas Corp.	179.35
	Subtotal	2,940.34
56630 - Interior Landscaping	Ambius Inc. (05)	1,356.37
	Subtotal	1,356.37
56640 - Vehicle Expense	Moo Moo Car Wash	35.00
	BP Oil Company	42.00
	Shell Oil	34.50
	Subtotal	111.50
56700- Miscellaneous Expense	STD Adjustment	4,000.00
	Subtotal	4,000.00
56620 - Staff Support	ADP, LLC	3,450.00
	Premier ProduceOne	237.40
	Amazon.com	512.09
	PayFlex Systems USA, Inc.	353.50
	Unisan, LLC	358.94
	Matrix Integrated Psychological Services	590.70
	Employee Reimbursement	100.80
	Subtotal	5,603.43
56621 - Recruiting Expense	YourMembership.com	398.00
	ADP Screening & Selection Services	202.46
	Indeed	1,230.85
	Subtotal	1,831.31
56900 - Reimbursement of Leased Svcs	Rimbursement of Leased Services	(25,416.67)
	Subtotal	(25,416.67)
	Total SERS Administrative Expense	2,591,953.36

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

**School Employees
Retirement Systems**

Memo

To: Retirement Board
From: Richard Stensrud
cc: Tracy Valentino
Date: April 4, 2022
Re: FY2023 Draft Budget Presentation- ORSC Format

At the April Board meeting, Tracy Valentino will present the FY2023 Draft Budget information in the standard format required by the Ohio Retirement Study Council (ORSC). We are currently in the process of finalizing the budget for FY2023, therefore, the expanded budget document will be presented and discussed in greater detail at the May Board meeting. We are not seeking approval for this draft presentation.

The ORSC required documents include FY2022 and FY2023 operating, capital, staff training and travel budget comparisons, investment expenses obtained from the ACFR, and a ten-year categorization of Board expenses and membership statistics.

I look forward to reviewing this document with you and answering any questions that may arise. Please feel free to contact me at 614-222-5890.

School Employees Retirement System
2023 ORSC Budget Presentation

FY2022 to FY2023 Operating Budget and Increase (Decrease)

Budget category	2023 Budget	2022 Budget	2022 Estimated Actual	2022-2023 Increase (Decrease)	Percent Change (2022 to 2023)
Personnel	\$ 24,392,195	\$ 23,290,659	\$ 23,605,672	\$ 1,101,536	4.7
Salaries and Wages	\$ 17,783,788	\$ 16,861,478	\$ 16,758,527	\$ 922,310	5.5
PERS Contributions	\$ 2,389,275	\$ 2,268,381	\$ 2,253,819	\$ 120,894	5.3
Health Insurance	\$ 4,219,132	\$ 4,160,800	\$ 4,593,326	\$ 58,332	1.4
Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	0
Professional Services	\$ 6,502,883	\$ 6,829,361	\$ 6,557,328	\$ (326,478)	-4.8
Actuarial	\$ 421,008	\$ 344,725	\$ 338,428	\$ 76,283	22.1
Audit	\$ 244,000	\$ 224,984	\$ 191,404	\$ 19,016	8.5
Custodial Banking Fees	\$ 1,073,544	\$ 1,105,200	\$ 1,156,992	\$ (31,656)	-2.9
Master Recordkeeper	\$ 1,116,000	\$ 1,010,400	\$ 1,027,583	\$ 105,600	10.5
Investment Consulting	\$ 1,548,622	\$ 1,543,817	\$ 1,513,214	\$ 4,805	0.3
Other Consulting	\$ 1,904,787	\$ 2,401,815	\$ 2,141,004	\$ (497,028)	-20.7
Banking Expenses	\$ 194,922	\$ 198,420	\$ 188,703	\$ (3,498)	-1.8
Communications Expense	\$ 1,045,873	\$ 952,450	\$ 982,503	\$ 93,423	9.8
Printing and Postage	\$ 729,669	\$ 730,138	\$ 728,888	\$ (469)	-0.1
Telecommunications	\$ 264,184	\$ 187,722	\$ 236,441	\$ 76,462	40.7
Member/Employer Education	\$ 52,020	\$ 34,590	\$ 17,174	\$ 17,430	50.4
Other Operating Expenses	\$ 3,910,979	\$ 3,472,980	\$ 3,374,104	\$ 437,999	12.6
Conferences and Education	\$ 230,451	\$ 252,480	\$ 93,794	\$ (22,029)	-8.7
Travel	\$ 209,234	\$ 167,622	\$ 83,657	\$ 41,612	24.8
Computer Technology	\$ 2,342,370	\$ 2,028,408	\$ 2,192,502	\$ 313,962	15.5
Other Operating	\$ 1,076,924	\$ 972,470	\$ 962,848	\$ 104,454	10.7
Ohio Retirement Study Council	\$ 52,000	\$ 52,000	\$ 41,303	\$ -	0
Net Building Expense	\$ 1,813,137	\$ 1,366,292	\$ 1,179,629	\$ 446,845	32.7
Total Operating Budget	\$ 37,665,067	\$ 35,911,742	\$ 35,699,236	\$ 1,753,325	4.9
Full-Time Equivalent (FTE) Associates	182	181			

School Employees Retirement System
2023 ORSC Budget Presentation
FY2022 to FY2023 Capital Budget

	2023 Budget (includes carryover from previous years)	2022 Budget	2022 Estimate
Total Capital Budget	\$ 54,109	\$ 200,351	\$ 133,321
Computer Hardware > \$5,000	54,109	147,018	133,321
Computer Software > \$25,000	-	53,333	-

Technology Infrastructure Project

	FY23 to FY27		
Total Project Budget	\$ 8,300,000		

Investment Expenses

	FY 2021 Actual	FY 2020 Actual	Percent Change (2020 to 2021)
Total Investment Assets	18,147,988,143	\$ 14,609,390,168	24.221%
Total Internally Managed Assets	611,279,230	255,188,900	139.540%
Total Externally Managed Assets	17,536,708,913	14,354,201,268	22.171%
Total Investment Expenses	101,460,922	\$ 93,218,420	8.842%
Total Internal Investment Expenses	3,171,580	3,371,337	(5.925%)
Total External Investment Expenses	93,244,536	84,368,944	10.520%
Investment Consulting	2,714,244	2,995,073	(9.376%)
Brokerage/Commissions-Internal	-	-	0.000%
Brokerage/Commissions-External	1,449,238	1,538,364	(5.794%)
Custodian Fees	881,324	944,702	(6.709%)

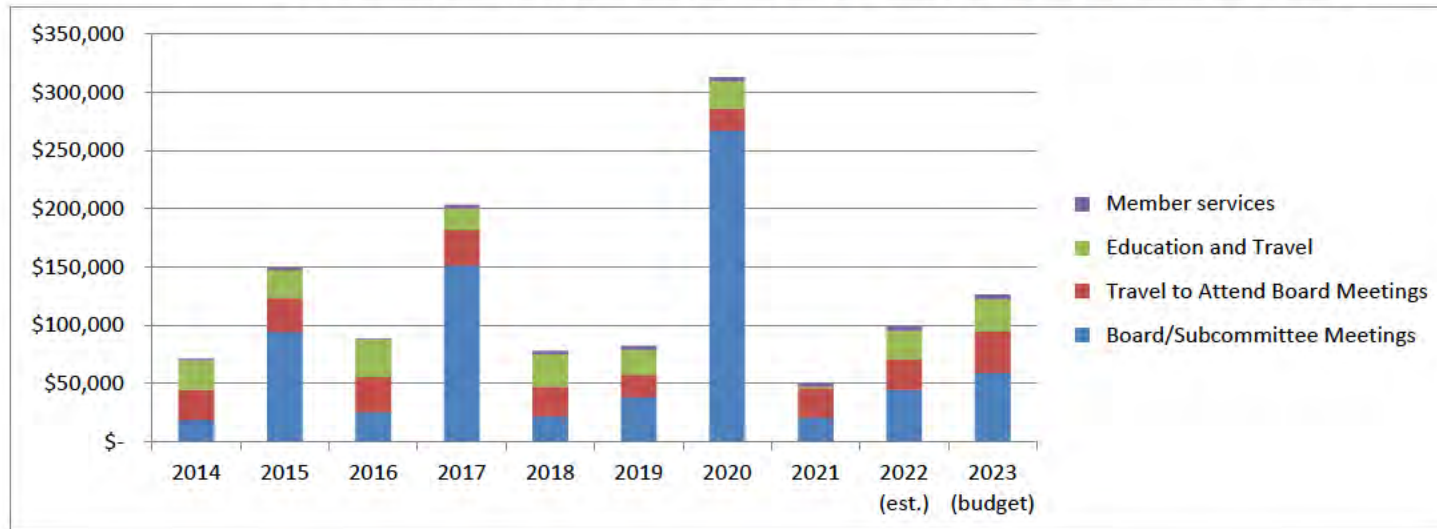
School Employees Retirement System
2023 ORSC Budget Presentation

Total Investment Expenses as a % of Total Investment Assets	0.559%	0.638%	(12.381%)
Expenses as % of Internally Managed*	0.519%	1.321%	(60.715%)
Expenses as % of Externally Managed*	0.540%	0.598%	(9.772%)

*Excludes Investment Consulting and Custodian Fees

School Employees Retirement System
2023 ORSC Budget Presentation
Fiscal Year Board Member Expenses

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (est.)	2023 (budget)
Total Board Expenses	\$ 71,179	\$ 149,339	\$ 88,590	\$ 203,406	\$ 78,112	\$ 82,534	\$ 313,113	\$ 50,974	\$ 99,528	\$ 126,509
Board/Subcommittee Meetings	\$ 19,014	\$ 94,442	\$ 25,459	\$ 151,328	\$ 21,861	\$ 38,065	\$ 267,297	\$ 20,995	\$ 44,516	\$ 59,175
Travel to Attend Board Meetings	\$ 25,719	\$ 28,863	\$ 30,279	\$ 30,363	\$ 25,183	\$ 19,244	\$ 19,021	\$ 24,957	\$ 26,252	\$ 35,408
Education and Travel	\$ 24,891	\$ 23,573	\$ 32,192	\$ 18,675	\$ 28,083	\$ 21,533	\$ 23,093	\$ 1,500	\$ 24,500	\$ 28,000
Member services	\$ 1,555	\$ 2,461	\$ 660	\$ 3,040	\$ 2,985	\$ 3,692	\$ 3,702	\$ 3,522	\$ 4,260	\$ 3,926



Board expenses include the cost of the Internal Auditor search in FY2015 and FY2020 as well as an Executive Director search in FY2017.

SERS Board hired a Consultant to facilitate an evaluation of SERS plan design and to help strengthen the future sustainability and adaptability of the System. The expenses associated with the Pension and Health Care Sustainability initiative occur beginning in FY2019 and are on-going.

School Employees Retirement System
2023 ORSC Budget Presentation
Staff Training and Travel (Budget to Budget)

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Executive				
Conferences, Seminars & Travel	\$ 35,016	\$ 30,709	\$ 4,307	14.0
In-House Training	\$ -	\$ -	\$ -	-
#FTE	10	10	-	-
Expense per FTE	\$ 3,502	\$ 3,071	\$ 431	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$ 69,000	\$ 53,250	\$ 15,750	29.6
In-House Training	\$ -	\$ -	\$ -	-
#FTE	12	12	-	-
Expense per FTE	\$ 5,750	\$ 4,438	\$ 1,313	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Legal & Communications				
Conferences, Seminars & Travel	\$ 15,670	\$ 12,075	\$ 3,595	29.8
In-House Training	\$ -	\$ -	\$ -	-
#FTE	16	17	(1)	
Expense per FTE	\$ 979	\$ 710	\$ 269	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Finance*				
Conferences, Seminars & Travel	\$ 45,516	\$ 40,943	\$ 4,573	11.2
In-House Training	\$ -	\$ -	\$ -	-
#FTE	25.5	25.5	-	
Expense per FTE	\$ 1,785	\$ 1,606	\$ 179	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Information Technology				
Conferences, Seminars & Travel	\$ 139,946	\$ 140,198	\$ (252)	(0.2)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	37	36	1	
Expense per FTE	\$ 3,782	\$ 3,894	\$ (112)	

School Employees Retirement System
2023 ORSC Budget Presentation

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 5,016	\$ 4,750	\$ 266	5.6
In-House Training	\$ -	\$ -	\$ -	-
#FTE	51.5	51.5	-	
Expense per FTE	\$ 97	\$ 92	\$ 5	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Health Care				
Conferences, Seminars & Travel	\$ 16,656	\$ 15,849	\$ 807	5.1
In-House Training	\$ -	\$ -	\$ -	-
#FTE	15	14	1	
Expense per FTE	\$ 1,110	\$ 1,132	\$ (22)	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Administrative Services				
Conferences, Seminars & Travel	\$ 7,512	\$ 7,063	\$ 449	6.4
In-House Training	\$ -	\$ -	\$ -	-
#FTE	10	11	(1)	
Expense per FTE	\$ 751	\$ 642	\$ 109	

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Human Resources**				
Conferences, Seminars & Travel	\$ 4,500	\$ 4,271	\$ 229	5.4
In-House Training	\$ 15,895	\$ 8,500	\$ 7,395	87.0
#FTE	4	4	-	
Expense per FTE	\$ 5,099	\$ 3,193	\$ 1,906	

*Travel costs for Investment and Finance include costs attributed to due diligence visits.

**The Human Resources In-House Training is system-wide employee training, across all departments.

School Employees Retirement System
2023 ORSC Budget Presentation

Supplementary Statistical Information

	2018	2019	2020	2021	2022
Active Members	158,343	159,363	156,579	146,646	NA
Inactive Members	283,014	265,785	265,068	284,631	NA
Benefit Recipient (Age, Dis., Survivor)	68,005	67,767	67,864	68,518	NA
Re-employed Retirees	13,327	13,257	12,987	12,203	NA
Total Membership	522,689	506,172	502,498	511,998	NA
Members Per FTE	2,888	2,797	2,776	2,893	NA

FINAL FILING OF PROPOSED AMENDED AND NEW ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended and new rules: 3309-1-14 Purchasing leave of absence service credit; 3309-1-30 Eligibility for retirement; 3309-1-40 Application and procedures for receiving disability benefits; 3309-1-41 Appeals for denial and termination of disability benefits; 3309-1-45 Release of names, addresses and information; 3309-1-57 Rule on rules; 3309-1-60 Division of property orders; and 3309-1-68 Guardianships; that have been reviewed by JCARR and are ready for final adoption by the Board.

_____ moved and _____ seconded that proposed amended and new rules 3309-1-14, 3309-1-30, 3309-1-40, 3309-1-41, 3309-1-45, 3309-1-57, 3309-1-60, and 3309-1-68 be adopted.

3309-1-14 Purchasing leave of absence service credit.

- (A) A state retirement system member as defined in section 3309.474 of the Revised Code who while employed in a position covered by the school employees retirement system was out of service due to an unpaid leave of absence granted by the employer pursuant to section 3319.13 of the Revised Code for educational or professional purposes, illness, or disability may purchase service credit for the leave so long as the member provides certifications from the employer establishing the following:
 - (1) That the employer granted the leave of absence pursuant to section 3319.13 of the Revised Code;
 - (2) The beginning and ending dates of the leave;
 - (3) The number of days the member would have worked during the leave period; and
 - (4) The compensation the member would have received for the period of the approved leave.
- (B) Payment shall be made by payroll deduction or by payment to the member's employer who shall transmit the payment to the retirement system.
- (C) Service credit may not be purchased under this rule until the leave, including any extensions or renewals, has ended.
- (D) Service credit purchased under this rule may be purchased in increments of one month.
- (E) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.
- (F) Service credit purchased under this rule shall be considered the equivalent of Ohio service credit.

Effective: 4/6/17
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.474
Prior Effective Dates: 1/7/13, 4/2/10

3309-1-30 Eligibility for retirement.

~~(A) This rule amplifies division (A)(1) of section 3309.34 of the Revised Code.~~

~~(A)(B)~~ For purposes of division (A) of section 3309.34 of the Revised Code and this rule:

- (1) "Total service credit" means all service credit earned in the public employees retirement system, state teachers retirement system, or school employees retirement system, except credit for service subject to section 3309.341 of the Revised Code. Total service credit shall not exceed one year of credit for any twelve-month period.
- (2) "Buy-up" means to pay an additional voluntary contribution in an amount equal to the additional actuarial liability to the school employees retirement system of retiring under the retirement eligibility criteria contained in division (A)(1)(a) of section 3309.34 of the Revised Code.

~~(B)(C)~~

- (1) SERS administrative staff shall provide a cost estimate of a member's buy-up amount to any member or their designee upon request. A member who wishes to buy-up after receiving a cost estimate shall submit a written request for an actuarial cost calculation.
- (2) The actuarial cost calculation of the additional liability shall be performed by the school employees retirement system actuary based on factors recommended by the actuary and approved by the retirement board. The factors used in calculating the additional liability will be revised no more than once annually and shall apply only to payments made after such revision is approved by the school employees retirement board.
 - (a) SERS will send notice of the actuarial cost calculation to the member upon receipt from the actuary.
 - (b) The buy-up payment shall be made in a lump sum payment and shall be received by SERS within ninety days following the date of the notice or by August 1, 2017, whichever is earlier. If SERS does not receive the payment within ninety days of the notice, a new cost calculation is required.
 - (c) Members can request no more than four actuarial cost calculations in any calendar year.
- (3) The amount of any buy-up payment cannot exceed the limitations set forth in Internal Revenue Code section 415. If the cost of the additional liability exceeds the limitations set forth in the Internal Revenue Code, the member is not eligible to retire under division (A)(1)(a) of section 3309.34 of the Revised Code.
- (4) Buy-up payments shall be treated as part of a member's accumulated contributions as defined in division (J) of section 3309.01 of the Revised Code. Contributions paid by a member pursuant to this rule shall be credited to the

employees' savings fund.

~~(C)(D)~~ Except as provided in division (A)(1)(c) of section 3309.34 of the Revised Code, to retire under division (A)(1)(a)(i) of section 3309.34 of the Revised Code, a member must meet the following requirements:

- (1) Have at least five years of total service credit and have attained at least sixty years of age before August 1, 2017;
- (2) File with the retirement board a proper and complete application for retirement before August 1, 2017; and
- (3) Have a retirement effective date that is no later than August 1, 2017.

~~(D)(E)~~ For purposes of division (A)(1)(b) of section 3309.34 of the Revised Code:

- (1) Periods of compulsory service that occurred before August 1, 2017 for which the employer did not deduct and transmit contributions and for which SERS receives required contributions and interest after August 1, 2017 pursuant to section 3309.47 of the Revised Code, shall be credited to the member's account effective the dates of the service.
- (2) A period of reinstatement with back wages that preceded August 1, 2017 and for which SERS receives required contributions after August 1, 2017, shall be credited to the member's account effective as of the dates of the reinstatement period identified under the final order or final settlement awarding back wages.

(E) For purposes of division (B)(1) of section 3309.34 of the Revised Code, "last day of employment" refers to the last day of covered employment after a completed application is filed with the retirement system.

Effective: 6/3/18
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.34
Prior Effective Dates: 7/27/15, 7/12/14, 1/7/13

3309-1-40 Application and procedures for receiving disability benefits.

(A) For purposes of sections 3309.39, 3309.40, 3309.401 and 3309.41 of the Revised Code and SERS rules:

- (1) "Disability" or "disabled" means that the member meets the following applicable standard of disability:
 - (a) At the time of application: A disabling condition, either permanent or presumed to be permanent for twelve continuous months following the filing of an application, which has occurred or increased since the applicant last became a member and which renders the member mentally or physically incapacitated for the performance of the member's last assigned primary duty as an employee.
 - (b) At the time of annual examination:
 - (i) For a disability benefit recipient with a benefit effective date before January 7, 2013 and for a disability benefit recipient with a benefit effective date on or

after January 7, 2013 who is on leave of absence, a disabling condition that renders the member mentally or physically incapable of resuming the service from which the member was found disabled.

- (ii) For a disability benefit recipient with a benefit effective date on or after January 7, 2013 who is not on leave of absence, a disabling condition that renders the member mentally or physically incapable of performing the duties of any occupation.

(2) "Ongoing disability" means:

- (a) For a disability benefit recipient with a benefit effective date before January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of improvement to the extent that a member may be found mentally and physically capable of resuming employment that is the same or similar to that from which the member was found disabled.

- (b) For a disability benefit recipient with a benefit effective date on or after January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of improvement to the extent that a member may be found mentally and physically capable of employment in any occupation.

(3) "Medical treatment" means treatment of common medical acceptance that is readily available, would be covered under the system's health care plan and may include but is not limited to, medicine, physical therapy, psychological or psychiatric services or mechanical devices, but would exclude surgery or other invasive procedures.

(4) "Board physician" means the chairman-chairperson of the medical advisory committee.

(5) "Examining physician(s)" means the disinterested physician(s) assigned by the system or the chairman-chairperson of the medical advisory committee to conduct medical examinations of a disability applicant or recipient to determine eligibility to obtain or continue to receive disability benefits.

(6) "Any occupation" means a position that meets all of the following criteria:

- (a) Replaces not less than seventy-five per cent of the member's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1982-84=100");

- (b) Is reasonably to be found in the member's regional job market;

- (c) Is one that the member is qualified for by experience or education.

(7) "Vocational rehabilitation" means tests, evaluations, and/or training whose purpose is to enable a disability benefit recipient to find employment in any occupation.

(8) "Annual disability benefit" means the annuity and pension, or allowance, calculated under section 3309.40 or 3309.401 of the Revised Code at the time the member is determined to qualify for a disability benefit.

(9) "Employee" includes service as a school board member or governing board member as defined in section 3309.012 of the Revised Code.

(10) "Disability benefit recipient" means a member whose application for disability has

been approved by the school employees retirement board.

- (B) (1) The school employees retirement board shall appoint a minimum of three members to the medical advisory committee who shall be physicians who demonstrate a wide range of competent medical experience, and a ~~chairman~~ chairperson for the medical advisory committee who shall act as medical advisor to the board. The ~~chairman~~ chairperson shall have authority and responsibility to assign competent and disinterested physicians to conduct medical examinations of disability applicants and recipients for the purpose of determining the member's eligibility to obtain and continue to receive disability benefits, to recommend and review medical treatment and/or vocational rehabilitation, to certify a disability as ongoing and to submit to the board a recommendation to accompany the report of the medical examiner and/or the medical advisory committee.
- (2) The board may appoint as consultants, professionals in the field of vocational rehabilitation to provide services to the board on matters of vocational rehabilitation, including to conduct evaluations and to advise and make recommendations to the medical advisory committee, the board physician, and the board.
- (C) The board shall be responsible for screening disability benefit applications; serving as a hearing committee for disability applicants; and determining eligibility to obtain or continue to receive disability benefits.
- (D) (1) In order to qualify for a disability benefit, a member shall submit an application and undergo a medical examination by the examining physician(s) as required.
- (a) The application shall include report(s) from the member's health care provider(s) that identify the medical bases of the application and include supportive medical evidence, a job duty form, and a job description provided by the last employer.
- (b) Medical examinations will only be assigned for conditions identified by a health care provider.
- (c) A medical examination will not be required if the board physician determines that the medical records submitted with the application clearly establish that the member is disabled.
- (2) For purposes of division (C) of section 3309.39 of the Revised Code,
- (a) A disability occurs before termination of contributing service if the underlying medical condition existed while the member was contributing to SERS;
- (b) A disability occurs after last becoming a member if the underlying condition did not exist or did not render the member incapacitated from working for at least twelve continuous months when the member last became a member of SERS.
- (E) The examining physician(s) shall make a report of the examination on a form provided by the board that sets forth the examining physician's medical opinion as to the nature of any disabilities disclosed; and
- (1) Any recommended medical treatment, and the period of time in which recovery may reasonably be expected with such treatment, or
- (2) That the disability is ongoing.
- (F) (1) Upon receipt of a completed application, report of the examining physician(s) as required, and any other available evidence pertaining to the application for disability, the

board's medical advisory committee and/or the ~~chairman~~-chairperson of the medical advisory committee shall review all such information and prepare a recommendation to the board. The recommendation shall include a description of any disability, the nature and duration of any recommended medical treatment and/or vocational rehabilitation, where applicable, or a certification from the board's physician that the disability is ongoing, and any recommended reexamination requirements.

(2) If the applicant dies before the chairperson finalizes a recommendation, the application shall be automatically vacated. If the applicant dies after the chairperson has finalized a recommendation of disability, disability benefits from the effective date of disability through the month of the applicant's death shall be paid to the applicant's beneficiary.

- (G) The board shall determine whether the applicant is eligible for disability benefits. Notice of denial or termination of disability benefits shall be sent to the applicant by regular U.S. mail or certified mail pursuant to rule 3309-1-41 of the Administrative Code. Notice of eligibility for disability benefits shall be sent by regular U.S. mail or certified mail.
- (H) If the board's physician recommends medical treatment and if the board's physician or consultant recommends vocational rehabilitation, the grant of disability benefits, or continuation of disability, shall be conditioned on the applicant completing and returning a signed agreement to obtain recommended medical treatment on a form included with the notice of the conditional grant of disability benefits. Failure to return this agreement, properly completed, within sixty days of the date mailed by the system constitutes failure to meet conditions for granting the disability benefits and will result in an automatic denial of disability benefits without further action by the board, with all rights of appeal pursuant to rule 3309-1-41 of the Administrative Code. Notice of the denial will be sent to the applicant pursuant to rule 3309-1-41 of the Administrative Code.
- (1) A copy of the notice of a conditional grant or continuation of disability benefits shall be sent to the health care provider designated on the member's application for disability benefits as authorized to receive the applicant's disability information unless the applicant subsequently provides a signed release designating another health care provider. The applicant's health care provider shall also receive:
- (a) A description of the disabling condition,
 - (b) The nature and duration of any recommended medical treatment.
- (2) The applicant's notice of the conditional grant or continuation of disability benefits shall inform the applicant that information regarding the nature of the disability and recommended treatment has been forwarded to the applicant's health care provider and that the applicant must contact that health care provider to review this information. The applicant shall be informed that the agreement to obtain recommended medical treatment and/or vocational rehabilitation must be properly completed and returned to the system within sixty days of the date that the system mailed the notice. Proper completion requires the signature of the health care provider indicating that the provider has communicated the disability information and recommended medical treatment to the applicant and the signature of the applicant indicating agreement to obtain the recommended medical treatment and/or vocational rehabilitation.
- (3) Upon the timely return of a properly completed agreement to obtain recommended medical treatment and/or rehabilitation, the system shall forward to the applicant an acknowledgment of receipt of the agreement containing the effective date of the

disability benefits and annual reexamination and reporting requirements necessary to continue receiving disability benefits.

- (I) (1) ~~Based on a certification of ongoing disability by the board physician, the board may waive a~~ Annual examinations required by division (B) of section 3309.41 of the Revised Code, ~~shall be waived as follows:~~

~~(a) When the board has waived the requirement indefinitely based on a certification of ongoing disability.~~

~~(b) For the present year based on the board physician's determination that the current medical information clearly establishes that the disability recipient continues to be disabled.~~

~~(c) If the termination standard is whether the recipient can perform any occupation, when:~~

~~(i) An annual earnings statement establishes that the recipient earned 75% or more of their adjusted FAS, and.~~

~~(ii) The board physician determines that current medical records do not indicate a subsequent material decline in the recipient's physical and mental condition.~~

~~(2) The obligation of the filing of annual earnings statements and current medical information required by division (D) of section 3309.41 of the Revised Code, and the filing any other information required in this rule, shall be waived as follows:~~

~~(a) By the board based on a certification of ongoing disability:~~

~~(b) If not previously waived, the obligation to file annual earnings statements of a disability recipient whose disability has been certified as ongoing shall automatically be waived when the benefit recipient has satisfied one of the following requirements:~~

~~(a)-(i) Has received a disability benefit for twenty years, or~~

~~(b)-(ii) Has attained age sixty-five.~~

~~(3) The board may review any disability granted including those certified as ongoing and request other information pursuant to division (D) of section 3309.41 of the Revised Code.~~

~~(4) The board or the board's physician may require a disability recipient to submit to a medical examination by an examining physician and a vocational rehabilitation evaluation by a vocational rehabilitation professional or health care professional assigned by the system.~~

- (J) In the absence of a waiver from the board ~~based on a certified ongoing disability~~, in order to continue receiving disability benefits, the recipient shall comply with the following conditions as set forth in section 3309.41 of the Revised Code:

(1) Submit to an annual medical examination,

(2) If required, submit to a medical examination,

(3) If required, submit to a vocational rehabilitation evaluation,

(4) If applicable, obtain any recommended medical treatment and submit medical reports regarding the treatment,

- (5) If applicable, obtain any recommended vocational rehabilitation and submit required reports regarding the rehabilitation,
 - (6) Annually file an earnings statement, current medical information, and any other information required by the board.
- (K) (1) If a recipient refuses to submit to a required examination or evaluation or to file required information, the disability benefits shall be suspended until the examination or evaluation is obtained or the information is filed.
- (2) If, when applicable, the recipient fails to obtain recommended medical treatment and submit medical reports regarding the treatment, the disability benefits shall be suspended until the treatment is obtained and the report of the treatment submitted, or the board physician certifies that the treatment is no longer helpful or advisable.
- Medical treatment is no longer helpful or advisable if, after a period of time in which it would be medically reasonable to see results, the treatment has failed to produce improvement in the disability, or continuation of the treatment presents a medically significant risk of aggravation or complication of an existing disability or creation of an additional disability.
- (3) If, when applicable, the recipient fails to obtain required vocational rehabilitation and submit reports regarding the rehabilitation, the disability benefits shall be suspended until the rehabilitation is obtained and the report submitted, or the board physician or consultant certifies that vocational rehabilitation is no longer helpful or advisable.
- Vocational rehabilitation is no longer helpful or advisable if:
- (a) The recipient's disability renders the recipient unable to perform the duties of any position and is not expected to improve sufficiently, or
 - (b) After a period of time in which the recipient has complied with recommended vocational rehabilitation, the recipient cannot be reasonably expected to obtain employment in any occupation.
- (L) If the recipient's failure to comply with any of the applicable conditions set forth in paragraph (J) of this rule continues for one year from the date of the suspension of benefits for noncompliance, the recipient's right to the disability benefits shall be terminated as of the date of the original suspension.
- (M) On reexamination the board's medical advisory committee and/or the board physician shall review the medical and vocational reports and certify to the board whether the recipient continues to be disabled.
- (1) If the medical advisory committee and/or the board physician certifies that the recipient continues to be disabled, the medical advisory committee and/or the board physician shall make recommendations regarding reexamination and, where applicable:
- (a) Recommend a continuation of the medical treatment and/or vocational rehabilitation previously recommended,
 - (b) Recommend a modification in medical treatment and/or vocational rehabilitation, or
 - (c) Certify that the disability is ongoing.
- (2) When the termination standard is whether the recipient can perform any occupation,

a recipient may ~~shall not~~ be certified for termination- as follows: unless:

(a)(i) A SERS appointed vocational consultant has submitted a report that is based on findings made at the time of the review and that identifies a minimum of three positions that meet the any occupation definition and has submitted job descriptions that include a discussion of the physical and mental demands of the position; ~~and~~

(ii) An examining physician or the medical advisory committee concludes that the recipient is capable of meeting the physical and mental demands of a minimum of three of the positions; or

(b) (i) The recipient's A -recipient has submitted an -current earnings statement that establishes that the recipient is employed in a position whose annual earnings of are seventy-five per cent or more of the recipient's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1982-84=100"); and

(ii) The board physician determines that recipient's current medical records establish no subsequent material decline in the recipient's physical and mental condition.

- (3) If the medical advisory committee and/or the board physician certifies that the recipient meets the applicable standard for termination of disability under division (C) of section 3309.41 of the Revised Code and the board concurs, the board shall:
- (a) Terminate the disability benefits effective as of a date not later than three months after the board's concurrence, or upon notice of employment of the recipient as an employee.
- (b) (1) If the leave of absence has not expired when the board votes to terminate the disability benefit, the board shall certify to the recipient and the recipient's last employer as applicable that the recipient is no longer incapable of resuming service that is the same or similar to that from which the recipient was found disabled and shall identify the scheduled termination date of the disability benefit.
- (2) The employer must notify the system if the member returns to work before the scheduled termination date. If the employer fails to notify the system, the amount of benefits paid to the member after the member's return to work shall be paid from amounts allocated under Chapter 3317. of the Revised Code.
- (N) (1) Disability benefit recipients with a benefit effective date before January 7, 2013 shall be considered on leave of absence from employment during the first five years following the effective date of their disability benefit.
- (2) Disability benefit recipients with a benefit effective date on or after January 7, 2013 shall be considered on leave of absence from employment during the first three years following the effective date of their disability benefit; thereafter, their leave of absence shall terminate as follows:
- (a) If medical treatment and/or vocational rehabilitation is not recommended, at the end of the first three years;
- (b) If medical treatment and/or vocational rehabilitation is recommended, but the recipient is not participating in the recommended treatment or rehabilitation, the earlier of the last month the benefit recipient participated in recommended

treatment or rehabilitation or the end of five years following the benefit effective date;

- (c) If medical treatment and/or vocational rehabilitation was recommended and the recipient is participating in the recommended treatment or rehabilitation, at the end of five years following the benefit effective date.
- (O) A disability benefit recipient is employed for purposes of division (E) of section 3309.41 of the Revised Code if they hold office as a school board member or governing board member as defined in section 3309.012 of the Revised Code, regardless of whether the disability recipient elects membership under that section.
 - (1) Upon receipt of notice that a disability recipient holds office as a school board member or governing board member, the system shall notify the recipient that the recipient must terminate their service in order to continue to receive a disability benefit.
 - (2) The disability recipient shall send written notice to the system within thirty days from the date on the notice sent under [division paragraph \(O\)\(1\)](#) of this rule, indicating whether they will resign their office.
 - (3) If the disability recipient affirms a continuation of service or if the recipient fails to provide notice to the system, the disability benefit shall be terminated on the date the recipient first held office as a school board member or governing board member and any overpayments shall be collected as authorized in Chapter 3309 of the Revised Code.
 - (4) If the disability recipient affirms a termination of service, the termination shall be effective on the receipt of the notice described in [division paragraph \(O\)\(1\)](#) of this rule. Any employee contributions remitted for the service shall be unauthorized and returned to the employer.
- (P) (1) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.
 - (2) Service credit for a period of disability shall be considered the equivalent of Ohio service credit.
 - (3) Service credit granted or purchased under section 3309.41 of the Revised Code for a period of disability shall not result in the member receiving more than one year of service credit for any year as defined in division (R) of section 3309.01 of the Revised Code.

Effective: 12/22/19
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.39, 3309.41
Prior Effective Dates: 8/13/17, 4/6/17, 10/4/15, 1/7/13, 4/3/08, 1/30/06, 1/6/05, 1/2/04, 5/9/03, 11/9/98, 1/2/93, 2/1/92, 10/26/84, 2/19/82, 1/21/77

3309-1-41 Appeals for denial and termination of disability benefits.

(A) The following procedures will govern in cases of a member's appeal of a denial of disability benefits, including an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, or a disability benefit recipient's appeal of a termination of disability

benefits, excluding when the recommendation to terminate was certified pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code.

(1) After formal board action is taken or an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, a notice of denial or termination of disability benefits shall be issued to the applicant or former disability benefit recipient by regular or certified U.S. mail. This notice shall inform the member of:

- (a) The medical evidence reviewed;
- (b) The board's denial or termination of disability benefits; and
- (c) The procedures for appeal of a denial or termination of disability benefits as set forth in this paragraph.

(2)

(a) The member may appeal a decision to deny or terminate disability benefits, excluding a termination pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code, within fifteen days of the date on the notice of denial or termination by filing a notice of intent to appeal such decision and by providing additional evidence. Such additional evidence must be received by the board within ninety days from the date on the notice of denial or termination and must be submitted in writing by the member or by counsel and/or personal physician on behalf of the member.

(b) If a member does not submit a notice of intent to appeal or additional evidence as required by this rule, all appeal rights shall cease and the prior decision of the board shall become final. The member shall be notified of all future rights and/or limitations to apply for disability benefits.

(c) The member may request, as part of the appeal, a personal appearance before the board with counsel and/or a personal physician. The request for a personal appearance must be in writing and submitted to the board within fifteen days of the date on the notice of denial or termination. A personal appearance will not be granted unless additional evidence as required by this paragraph is received by the board within ninety days from the date on the notice of denial or termination. If a personal appearance is granted, the member will be notified in writing of the date and time.

(d) (i) For appeals whose standard is whether the member is physically and mentally capable of performing the member's last assigned primary duty as an employee, "additional evidence" means evidence that is current and pertinent to the illness or injury for which the disability was claimed and that has not been submitted before.

(ii) For appeals whose standard is whether the member is physically and mentally capable of performing the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code, "additional evidence" means evidence that is current and pertinent to the illness or injury that the member claims supports the member's inability to perform the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code.

(e) Upon a finding that a member was hospitalized or in a nursing home or other care facility at the time notice of denial or termination was sent, the board may allow a late appeal, but in no event more than 30 days after the member's

discharge from the hospital or care facility.

- (3) All costs incidental to the appeal and/or personal appearance shall be at the expense of the member.
- (4) If a personal appearance is granted, the member shall appear before the board on the date and at the time specified by the board, or as otherwise requested by the member and agreed to by the board. If the member fails to appear on the specified date and time, all rights to a personal appearance shall terminate and the appeal shall be decided on the basis of the written evidence previously submitted.
- (5) A personal appearance, if granted, shall be conducted as follows:
 - (a) The member shall appear in person and may be represented by counsel, the member's agent, and/or a personal physician, if desired. The member shall provide the name, title, and position of each person appearing on the member's behalf at least seven days prior to the hearing.
 - (b) The board shall be responsible for conducting the hearing.
 - (c) A ~~tape~~ recording of the hearing will be made to provide the board and the medical advisory committee with a record for further review.
 - (d) Only one such appearance per application or termination will be allowed.
- (6) During the appeal process, the board's physician or the medical advisory committee may request that the member undergo an additional medical examination by an examining physician.
- (7) Following receipt of additional evidence and a personal appearance, if applicable, all evidence and information submitted shall be reviewed by the board's medical advisory committee and/or the board's physician who shall make a recommendation to the board.
 - (a) If the board concurs with a recommendation to grant the appeal, disability benefits will be paid from the benefit effective date, or if a recommendation for termination of disability benefits was appealed and the appeal is granted by the board, the payments will be resumed from the date of termination, and the applicant or benefit recipient will be so notified.
 - (b) If the board concurs with a recommendation for denial of the appeal, the applicant or benefit recipient will be notified by letter of the board's decision, such decision shall be final and all appeal rights shall cease.
- (B) The school employees retirement system administrative staff shall have the authority to act for the board in matters related to the appeal proceedings, but shall not have authority to decide appeals.
- (C) Any future applications for disability benefits filed after a denial of appeal must be submitted with medical evidence supporting progression of the former illness or injury or evidence of a new illness or injury. If such evidence is evaluated by the medical advisory committee and found to be inadequate to establish the progression of the former illness or injury or the existence of a new illness or injury, the application shall be voided.

Effective: 4/6/17
Promulgated Under: 111.15
Statutory Authority: 3309.04

Rule Amplifies: 3309.39, 3309.41
Prior Effective Dates: 1/7/13, 4/30/09, 4/3/08, 1/30/06, 7/4/03, 5/2/01, 11/9/98, 1/2/93,
2/1/92, 10/26/84, 2/19/82, 1/21/77

3309-1-45 Release of names, addresses and information.

Names, addresses and other information contained in records maintained by the school employees retirement system shall be released to members of the public in accordance with this rule.

- (A) Except as otherwise provided in section 3309.22 of the Revised Code, no part of an individual's personal history record shall be released to a third party except upon the written authorization of the person to whom the record pertains.

In addition to the information set forth in division (A)(1) of section 3309.22 of the Revised Code, personal history record includes, but is not limited to, any record identifying:

- (1) The amount of benefit or allowance paid or payable to any person,
 - (2) The service history or service credit of a member or retiree, or
 - (3) The dependents or beneficiaries of a member or retiree.
- (B) Medical reports and recommendations shall be released only under the following circumstances:
- (1) Upon written request from the person to whom the report or recommendation pertains, to that person;
 - (2) Upon written authorization from the person to whom the report or recommendation pertains or the person's agent, to the physician, attorney or authorized agent of that person;
 - (3) To the board assigned physician.
- (C) Except as otherwise provided by law, all other system information not described in paragraph (A) or (B) of this rule shall be made available for inspection and copies provided upon request and payment of any applicable costs for copying and mailing. The person requesting a copy may choose to obtain the copy on paper, in the same medium in which the record is kept, or in any other medium in which the system determines that it can reasonably duplicate the record as an integral part of normal operations. A list of names and addresses of members, former members, retirants, contributors, former contributors, or beneficiaries shall be made available upon written request and payment of the cost of compiling, copying and mailing the list.

- (D) As used in division (D)(3) of section 3309.22 of the Revised Code and this rule:

- (1) "Contributor" means a SERS retirant or other system retirant who has an account with SERS based on contributions to SERS pursuant to section 3309.341 of the Revised Code.
- (2) "Former contributor" means a current recipient of a monthly annuity under section 3309.344 of the Revised Code.

(3) "Former member" means a member who has not contributed to SERS in twelve months and is considered inactive.

Effective: 1/7/13
Promulgated Under: 111.15
Statutory Authority: 3309.04, 149.43
Rule Amplifies: 3309.22, 149.43
Prior Effective Dates: 2/16/89, 2/11/00, 5/3/02, 12/10/09

3309-1-57 Rule on rules.

(A) The school employees retirement board shall adopt rules pursuant to section 111.15 of the Revised Code.

(B) Any person may receive notice of the proposed adoption, amendment, or rescission of any rule by requesting their name be included on the mailing list to receive the retirement board's meeting agenda.

(C) Notice of material changes to rules or new rules adopted shall be reported, as applicable, in publications sent to employers, members, contributors, and/or retirants and benefit recipients.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.04
History: 4/6/17, 11/9/98, 12/24/76

3309-1-60 Division of property orders.

- (A) "Order" means an order described in section 3105.81 of the Revised Code.
- (B) "Alternate payee", "benefit", "lump sum payment" and "participant" have the meanings set forth in divisions (A) to (D) of section 3105.80 of the Revised Code.
- (C) School employees retirement system may retain an order that provides the last four digits of the participant's and alternate payee's social security numbers.
- (D) Prior to receiving a benefit or lump sum payment, an alternate payee shall provide the information required on a form approved by this system. An alternate payee shall notify this system in writing of any change in the information provided.
- (E) Any benefit or lump sum payment that is owed and unpaid to an alternate payee at the time of the alternate payee's death shall be paid to the estate of the alternate payee.
- (F) Pursuant to section 3105.90 of the Revised Code, an order shall be on the form prescribed by the appendix to this rule. ~~The system may also accept the version of the form prescribed by the previous appendix to this rule that was effective January 1, 2014.~~

(G) Starting with a participant's next annual benefit increase under section 3309.374 of the Revised Code on or after October 27, 2006, the annual increase shall be apportioned between the participant and the alternate payee while the order is in effect.

(H) In determining the amount to be paid to the alternate payee under division (D)(2) of section 3105.82 of the Revised Code, the fraction to be used in the calculation shall not exceed one whole.

Effective: 4/6/17
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3105.80, 3105.81, 3105.82, 3105.821, 3105.83, 3105.84, 3105.85, 3105.86, 3105.87, 3105.88, 3105.89, 3105.90, 3309.374
 Prior Effective Dates: 1/1/14, 1/1/10, 10/27/06, 10/3/03, 4/5/02, 1/1/02 (emer.)

3309-1-68 Guardianship Payment to individual with legal incapacity.

- (A) (1) For purposes of this rule, "benefit" means a payment from the accumulated contributions of the member or employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.
- (2) For purposes of this rule, "benefit recipient" means any person who is eligible to receive a payment or benefit under Chapter 3309. of the Revised Code.
- (B) Except as otherwise provided in this rule, guardianship of the estate shall be required to do any of the following on behalf of a member or benefit recipient who has a legal disability as defined in division (B) or (D) of section 2131.02 of the Revised Code:
 - (1) The guardian may designate a beneficiary, but if the designation is anyone other than the estate or the statutory order of succession identified in section 3309.44 or 3309.50 of the Revised Code, the beneficiary designation must be approved by court order.
 - (2) Direct payment of benefits on behalf of the member or benefit recipient. Payment shall be issued to the guardian of the estate or as otherwise specified by court order.
- (C) Guardianship of the estate shall not be required ~~in the following situations: if a~~ A court of competent jurisdiction issued a limited order pursuant to section 2111.02, 2111.021, 2111.05, or 2111.131 of the Revised Code or comparable law of another state an order that directs SERS to issue a member or benefit recipient's payment to a specific person or entity, and identifies a specific account at a financial institution.
 - ~~(1) If the benefit recipient is a minor, payment may be issued to the benefit recipient's biological or adoptive parent so long as the minor is in the care and custody of the parent, or to the benefit recipient's legal custodian.~~
- (D) A guardian of the person may do any of the following:
 - (1) ~~R~~Receive a benefit recipient's account information;
 - (2) ~~C~~Change a benefit recipient's address; or

(3) Apply for and receive a payment required by paragraph (C)(1) of rule 3309-1-09 of the Administrative Code.

~~, but cannot make any changes to the account.~~

(E) If the benefit recipient is a minor, payment may be issued to the benefit recipient's biological or adoptive parent so long as the minor is in the care and custody of the parent, or to the benefit recipient's legal custodian.

Effective Date: 3/26/18
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.01, 3309.22, 3309.34, 3309.343, 3309.344, 3309.35, 3309.381, 3309.39, 3309.40, 3309.401, 3309.42, 3309.44, 3309.45, 3309.46, 3309.50

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.



Health Care

April 21, 2022

Christi Pepe

Director Health Care Services



School Employees Retirement System
Serving the People Who Serve Our Schools®

Buck Consulting

- **Buck Consulting engaged in June 2021 to:**
 - review medical and prescription drug plans
 - evaluate program quality and cost relative to similar retiree groups
- **Recommendation included Request for Proposal (RFP) for pharmacy benefit management services**
 - RFP published Dec. 3, 2021
 - there were five RFP respondents



RFP Result and Recommendation

- **Buck evaluated each vendor's initial & follow-up offers**
- **Scoring was based on:**
 - technical response
 - financial savings
 - network and formulary disruption
- **Final review was conducted April 5**

Pharmacy benefit
three-year gross costs
> \$600 million



Recommendation

SERS to initiate a new contract with Express Scripts for retiree Medicare, commercial, and employee plans

- lowest cost offer includes a formulary change with more brand-name drugs
- continues the Broad Performance Medicare Network savings
- administrative allowance
- coverage continuity for retirees
- highest guaranteed rebate savings

Estimated \$71 M 3-year savings compared to current contract.



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Resolution

Approve SERS to negotiate a new three-year contract with two one-year optional renewal periods with Express Scripts to provide Pharmacy Benefit Management (PBM) services effective January 1, 2023.



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Thank You



School Employees Retirement System of Ohio
Serving the People Who Serve Ours Schools®

**School Employees
Retirement System**

Memo

To: SERS Board
From: Christi Pepe, Health Care Director
CC: Richard Stensrud, Executive Director, Karen Roggenkamp, Deputy Executive Director, Joe Marotta, SERS General Counsel
Date: April 21, 2022
Re: Contract for Pharmacy Benefit Management Services

This memo outlines staff's recommendation that SERS enter into a new contract with Express Scripts to provide pharmacy benefits and administration to eligible SERS benefit recipients.

The current contract with Express Scripts began January 1, 2013, was extended for 3 years beginning January 1, 2020 and will terminate December 31, 2022. Express Scripts has provided pharmacy benefit management services for SERS enrollees since 2008. Enrollee satisfaction with the benefit and with Express Scripts remains high.

With assistance from Buck Consulting, SERS staff published a Request for Proposals (RFP) in December 2021 to invite proposals for the provision of pharmacy benefit management services to SERS enrollees. The RFP intended to assess and contract for the lowest cost enrollee benefit and highest service value. Five responses were received and compared. Express Scripts offered the lowest net pricing among proposals for projected 2022 pharmaceutical utilization. Express Scripts demonstrated the highest value among submitters when considering technical capability, net drug cost, and prescription drug access combined. The proposal includes transition for SERS enrollees to the National Preferred Formulary, which will offer more brand name drugs than the current formulary. The arrangement will continue the savings achieved by the Medicare Broad Performance network approved by the SERS Board for plan year 2022. Over the 3-year contract period, the Express Scripts arrangement is expected to save nearly \$71 million.

Based on review of all proposals received, staff believes that a contract with Express Scripts will continue to support the needs and will provide the best value for SERS benefit recipients.

A resolution to authorize staff to negotiate a contract with Express Scripts is included in the Board packet.

APPROVAL TO NEGOTIATE PHARMACY BENEFIT MANAGER CONTRACT

_____ moved and _____ seconded approval to authorize staff to negotiate a new contract with Express Scripts in order to provide pharmacy benefit management services to eligible SERS participants. The contract shall be for a term of three years beginning January 1, 2023 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:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

SERS TECHNOLOGY COMMITTEE REPORT

EXECUTIVE SESSION

_____ moved and _____ 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.

IN EXECUTIVE SESSION AT _____ A.M. / P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022

AUDIT COMMITTEE MEETINGS

June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

June 16, 2022 – 12:30 p.m. (Thurs.)
September 15, 2022 – 12:30 p.m. (Thurs.)
December 15, 2022 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

May 19-20, 2022 – 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 – 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 – 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)

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

CONTINUED OR NEW BUSINESS

Board Information Requested

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

ADJOURNMENT(R)

_____ moved that the SERS Retirement board adjourn to meet on for their next regularly scheduled meeting.

The meeting adjourned at _____ p.m.

Barbra Phillips - Chairperson

Richard Stensrud, Secretary