

# SERS Retirement Board Meeting Minutes

## April 17, 2025

The nine hundredth and seventy-eighth 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, April 17, 2025.

### **Pledge of Allegiance**

The SERS Retirement Board meeting convened at 8:37 a.m. with the Pledge of Allegiance.

### **Roll Call**

The roll call was as follows: Matthew King, Catherine Moss (attending remotely), Jeffrey DeLeone, Jeanine Alexander, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff attended in person while other SERS staff members and members of the public attended virtually.

### **Consent Agenda**

The consent agenda for **April 17, 2025**, included:

- **Minutes** of the March 20, 2025 Retirement Board Meeting.
- **Summary of Investment Transactions** for the period of February 1, 2025, to February 28, 2025.
- **Retirement Report** – Superannuations, Survivor Benefits, and Transfers.
- **Disability Report** – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal of Termination on Personal Appearance – Any Occupation, Approval of Appeal of Disability Benefits.

James Haller moved and Aimee Russell seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, April 17, 2025. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Abstain: Jeffrey DeLeone. The motion carried.

### **Investment Report**

#### **Annual Portfolio Review – Real Assets**

SERS Chief Investment Officer, Farouki Majeed, introduced Paul Cheng and Michael Browning, SERS Investment staff members, who provided the Board with an overview of SERS' Real Asset Investment Portfolio.

Mr. Cheng reported that Real Asset classes are real estate and infrastructure. Real Estate currently comprises 11% of the total fund with a market value of \$2.17 billion. SERS' net return for real estate in the one-year period ending February 28, 2025 outperformed the policy benchmark by 7 basis points. Mr. Cheng also reported that 2024 Real Estate income increased to 4.31%, up from 2.57% in 2023. Mr. Cheng continued, stating that some portfolio changes in 2024 included redeeming from open-end real estate funds and new deployments in real estate debt to capitalize on market downturns.

Mr. Browning reported that infrastructure is 6.8% of the total fund and has a market value of \$1.34 billion. Transportation is 44.9% of the portfolio, energy is 26.9%, communication is 13.2%, renewable is 6.1%, social is 5.2%, and utilities is 3.8%.

Mr. Browning stated that most of SERS' investments are in North America (44%) and Western Europe (34%) with smaller exposure to Eastern Europe, Latin America, Middle East, Asia, and the Pacific rim.

The net return for infrastructure in FY2024 was 9.44%. Over the 3 and 5-year periods, the portfolio has returns of 8.27% and 8.69% respectively. Mr. Browning closed, stating infrastructure has provided stability and resiliency to the entire Real Assets portfolio. After several questions, the board thanked the investment staff for the update.

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### **Monthly Investment Report – As of February 28, 2025**

Chief Investment Officer, Farouki Majeed, provided a brief update on the investment fund status for the month ending February 25, 2025. Mr. Majeed reported that the US economy growth was 2.4% in Q4, citing personal consumption expenditures and government spending increases as causes for the growth.

Mr. Majeed also reported that although the market has had a recent downturn, the fund hasn't reflected the same level of decline. However, the fund is down overall. Mr. Majeed stated that the board will continue to be updated on current market trends in the event that investment strategy changes are needed.

After several questions, the Board thanked Mr. Majeed for his report.

### **Executive Director's Report**

#### **ORSC Update**

SERS Executive Director Richard Stensrud reported that the ORSC cancelled their April 10, 2025 meeting. They are scheduled to meet next on May 8, 2025.

#### **Advocacy Partners**

Mr. Stensrud reported that SERS will be presenting at upcoming stakeholder events, including the SERO annual meeting that is scheduled to take place on May 5, 2025 and the annual meeting with OASBO that will take place on May 23, 2025. Both stakeholder events will take place in Columbus, Ohio. Details will be provided as they are made available.

Mr. Stensrud emphasized the importance of engagement with stakeholders and noted that SERS works diligently to maintain transparency and accountability.

#### **Ohio General Assembly**

Mr. Stensrud reported that the Ohio House Public Insurance and Pensions committee heard testimony last week from the other four Ohio retirement systems, providing an overview of their programs and answering questions from the committee. Mr. Stensrud stated that SERS is scheduled to provide a similar presentation on April 30th.

Mr. Stensrud also reported that SERS staff have met one-on-one with nearly every member of the Committee over the last month. He noted that systems are focused on different things, for example, increasing employer contributions or getting authority to manage COLAs. Mr. Stensrud stated it was beneficial to watch the presentations by the other systems and that it will be important to note SERS is not asking for more funding or more decision-making authority.

Mr. Stensrud also reported that the Ohio state biennial FY26/27 operating budget legislation (HB 96) passed the Ohio House last week on a party line vote. The legislation now moves to the Ohio Senate for further hearings and possible amendments. Once the Senate approves their version, a conference committee will convene to hammer out the differences between the two versions before final votes in each chamber sends the budget to Governor DeWine before the new fiscal year starts July 1st.

#### **Federal Legislative Activity**

Mr. Stensrud reported that Social Security continues to update their FAQ section of their website to address the WEP/GPO repeal. To date, Ohioans have received over \$1.4B in retroactive Social Security payments. This amount is the third highest amount of any state, behind California and Texas. Social Security has indicated that 76% of the total expected benefit adjustments have already been made.

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Mr. Stensrud stated that because Social Security is moving so quickly with implementation of the WEO/GPO repeal, SERS is seeing an increase in retirement applications as SERS members are finding that the unreduced Social Security benefit combined with the SERS benefit makes retirement more realistic. Mr. Stensrud stated that staff will continue to monitor retirement levels and report on whether this trend continues. He also noted that staff will monitor how the increased number of retirements impacts the overall size of SERS' active members.

### **Member and Employer Engagement**

Mr. Stensrud reported on recent programs through which SERS engages with and educates SERS members and employers, including programs focused on preparing members for retirement and a presentation at the annual OASBO conference on new pensionable compensation rules that will go into effect in August.

### **Review of Administrative Expenses and Review FY2026 Draft Administrative Budget – ORSC Submission**

Chief Financial Officer, Marni Hall, provided a brief update on SERS administrative expenses. Ms. Hall also reviewed a draft version of the FY2026 SERS budget which will be sent to the ORSC. Ms. Hall noted the finance team is forecasting the rest of the budget for FY2025 based on the last 9 months of actuals and meetings with each department. Actuals to date are on schedule, but medical and prescription claims are running higher than expected. Ms. Hall also stated that she will be providing expenses by vendor at future meetings. Following several questions, the Board thanked Ms. Hall for her report.

The Board took a break at 9:52 a.m.

The Board reconvened at 10:03 a.m.

### **Member Counseling Overview**

SERS Member Services Director John Grumney and Member Counseling and Outreach Supervisor Stephanie Thompson provided an overview of the SERS member counseling process.

Mr. Grumney noted that the Counseling team is responsible for providing retirement counseling and conducting member education events. He noted that in addition to counseling and making presentations, the team provides support to other benefit administration activities. This team has six staff members, who report to Ms. Thompson.

Mr. Grumney noted that SERS members may choose to be counseled in person, by phone, or by video conference. Each member, regardless of choice, is scheduled for a one-hour personalized session with a counselor. Mr. Grumney also reported that other member educational opportunities include benefits fairs, member meetings, retirement webinars, virtual retirement conferences, and lunch break webinars. All of these events are designed to help members learn about the benefits SERS has available to its members. Mr. Grumney noted that in 2024, over 4,400 members attended various educational sessions broadening their understanding of the retirement process and the importance of having supplemental income in addition to the SERS retirement benefit.

Ms. Thompson provided the Board with an overview of the counseling process. Ms. Thompson reported that a retirement packet is mailed 2-4 weeks in advance of the counseling appointment, which includes: an Estimate of Benefits, a Service Retirement Guide and a Member Health Care Guide. Ms. Thompson noted that the Retirement Counselor goes through a Retirement Checklist and addresses specific questions the member may have based upon their individual scenario. A Member may file for retirement during this appointment if they wish.

Mr. Grumney discussed how the duties of the member counseling team directly support SERS Strategic Goal #2 which is focused on Service Delivery & Operations.

Following several questions and a robust discussion, the Board thanked the Counseling Team for their hard work and thanked Mr. Grumney and Ms. Thompson for their presentation.

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### Filing of Proposed Amended Administrative Rule

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: James Haller moved and Jeanine Alexander seconded that proposed amended rule 3309-1-46 Retirement – option selection be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

### Filing of Proposed Amended Administrative Rules

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed refiled amended rule: 3309-1-20 Validity of marriage. Frank Weglarz moved and James Haller seconded that the proposed refiled amended rule be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

### Board Election Ballot Certification

The Executive Director submitted the following certification of the Judges on the canvass of the vote for the election of two employee members to the Retirement Board for terms beginning July 1, 2025:

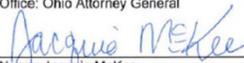
March 4, 2025

To the Retirement Board of the  
School Employees Retirement System of Ohio:

This is to certify that we, as Judges, appointed by the Retirement Board of the School Employees Retirement System, met in the office of the Retirement System on March 4, 2025, for the election of two employee-member board members to the Retirement Board to serve for a term of four (4) years, beginning July 1, 2025.

Becky Roe	4,281
James Haller	2,760
Jeanine Alexander	3,825
Write-in	11
Blank/Invalid	25
Abstain	
Total	10,902

  
Name: Henrique Geigel  
Office: Ohio Attorney General

  
Name: Jacquie McKee  
Office: Ohio Auditor of State

James Rossler moved and Aimee Russell seconded that the certification be accepted and made a matter of record and that Jeanine Alexander and Becky Roe be declared elected employee members of the Retirement Board, each for a term of four years beginning July 1, 2025. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Abstain: Jeanine Alexander. The motion carried.

### Healthcare Report

Director of Health Care Services Michael Steiner, PhD, provided the Board with a presentation on Health Care Fund Sustainability and the Medicare Plan Premium Surcharge.

Dr. Steiner noted that an element of SERS Strategic Goal #1 pertaining to Sustainability is to continuously monitor and assess health care fund risks and identify measures to mitigate them. Dr. Steiner discussed the various actions and tactics that are being pursued to support this strategic initiative.

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Dr. Steiner then provided an update to the discussion in February on the Medicare Plan Premium Surcharge. Dr. Steiner reviewed the February 2025 analysis on a possible reduction or elimination of the premium surcharge, the potential impact on participation rates in the Medicare plan, and the potential impact on the Healthcare Fund solvency period.

Dr. Steiner noted that the \$35 premium surcharge was added in 2011 in response to funding challenges and a short solvency period for the Healthcare Fund. He noted that since then the Healthcare Fund has grown from a low of \$325 million to nearly \$864 million as of February 2025. Dr. Steiner reported that the projected solvency period of the Healthcare Fund is now 45 years.

Dr. Steiner also reported, however, that the total Medicare plan membership and new retiree uptake has been declining. Dr. Steiner discussed how survey results showed that the primary reason cited by retirees for not participating in SERS' Medicare plan was cost. Accordingly, lowering cost by reducing the premium surcharge was expected to increase participation rate of new retirees by improving the plan's value to members.

Dr. Steiner reviewed the different options for reducing the premium surcharge with the Board and how each potential premium surcharge reduction would affect the solvency period of the Healthcare Fund. Dr. Steiner also reviewed how declining membership will affect the solvency of the SERS Healthcare Fund. Dr. Steiner noted that the modeling included 'stress test' scenarios that took into account lower future investment returns.

Dr. Steiner reported that the modeling showed that while reducing the premium surcharge would shorten the solvency period of the Healthcare Fund, the reduction was very modest and the solvency period would remain well above the Board's target of 20 year solvency. Dr. Steiner proposed that reducing the premium surcharge to \$15 would be a modest step that would get premiums close to \$0 that would increase participation while maintaining a lengthy solvency period.

Dr. Steiner advised the Board that a final decision was not being sought today but rather he was looking for guidance on determining the premium amount which will be presented in May for Board approval.

Following a robust discussion, the Board agreed with moving forward with the \$15 premium surcharge, and the Board thanked Dr. Steiner for his presentation and analysis.

### **Retirement Report**

There was no executive session for the retirement report.

### **Executive Session**

Catherine Moss moved and Jeanine Alexander seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

The board convened in executive session at 12:04 p.m.

The board reconvened in open session at 12:28 p.m.

### **Executive Director Compensation**

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On behalf of the Board, Compensation Committee Chair Dan Wilson noted that to fulfill SERS' mission and provide the best service to SERS' members, retirees, and employers, SERS must attract, retain, and motivate employees. To achieve those objectives SERS must have a compensation program that supports a high-performance culture, the organization's values, and strategic goals, and pays competitively and equitably. In assessing whether SERS is being successful in this regard, SERS annually reviews the compensation levels of comparable organizations and compares them to the compensation levels at SERS. If it is found that the compensation level at SERS falls below the market for a position, and the performance and value to SERS of the person in the position is high, an adjustment is warranted. Accordingly, recognizing Executive Director Richard Stensrud's years of excellent service to SERS, his importance to the organization, and the Board's desire to retain Mr. Stensrud in his position so that he will continue to serve SERS and its stakeholders, the Board believes it is appropriate to adjust Mr. Stensrud's compensation and benefits. As such, James Haller moved, and Jeanine Alexander seconded that Mr. Stensrud's employment letter and addendums be amended as follows:

- In calendar year 2025, provided Mr. Stensrud is still employed in good standing at SERS on the last pay date of the calendar year, SERS will contribute an amount that equals the IRS limit for 457 plans to Mr. Stensrud's Ohio Public Employees Deferred Compensation Program ("OPEDCP") account. The same contribution will be made in calendar year 2026 provided Mr. Stensrud is employed on the last pay date of June of that year. Paragraphs pertaining to notice of voluntary termination of employment will be amended accordingly to address the change in 457 plan contributions referenced above.
- In calendar year 2026, provided Mr. Stensrud is still employed in good standing at SERS on the last pay date of June, an additional 72 years of vacation leave will be granted to Mr. Stensrud. Paragraphs pertaining to notice of voluntary termination of employment will be amended accordingly to address the 72 hours of additional vacation leave referenced above.
- Addition of a termination date for the employment letter and addendums as discussed unless further action is taken by the Board.

In addition, Mr. Stensrud's salary shall be increased to \$345,000 effective with the first pay date of July 2025.

Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

### **Executive Director Pension Contributions**

It was moved by Mr. Weglarz and seconded by Mr. Rossler that the following resolution be adopted regarding payment of the Executive Director's statutorily required OPERS contributions pursuant to IRC Section 414(h)(2).

WHEREAS, pursuant to federal and Ohio laws, School Employees Retirement System of Ohio ("SERS") may offset future salary increases and "pick up" (assume and pay) the contributions statutorily required by covered employees to the Ohio Public Employees Retirement System ("OPERS") and such individuals will not be required to pay federal and state income taxes on such contributions; and

NOW THEREFORE BE IT RESOLVED BY SERS on APRIL 17, 2025, THAT:

SECTION 1: Effective June 14, 2025, the full amount of the statutorily required employee contributions to OPERS shall be picked up and paid as a fringe benefit by SERS for each person within the class established in Section 2 herein. The "pick up" shall be an offset against future salary increases. This "pick up" by SERS shall be designated as public employee contributions and shall be in lieu of contributions to OPERS by each person within the class established in Section 2 herein. No person subject to this "pick up" shall have the option of choosing to receive the statutorily required contribution to OPERS directly instead of having it "picked up" by SERS or of being excluded from the "pick up." SERS shall, in reporting and making remittance to OPERS, report that the public employees contribution for each person subject to this "pick up" has been made as provided by the statute. Therefore, contributions, although designated as employee contributions, are employer-

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paid, and employees do not have the option to receive the contributions directly. All contributions are paid by the employer directly to the plan.

SECTION 2: The “pick up” by SERS provided by this resolution shall apply to all persons that are employed as the Executive Director of SERS who are or become contributing members of OPERS.

SECTION 3: Under the fringe-benefit method of employer pick up, salary is not modified; however, the employer will pay the Executive Director’s statutorily required contribution to OPERS.

SECTION 4: The Director – Administrative Services is hereby authorized and directed to implement the provisions of this ordinance to institute the “pick up” of the statutorily required contributions to OPERS for those persons reflected in Section 2 herein so as to enable them to have their employee contributions paid by their employer.

Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

### **Board Communication and Policy Issues**

#### **Board Information Request & Follow Up Items**

The board requested additional information the \$15 premium surcharge.

#### **Calendar Dates for Future Board Meetings**

The Board members reviewed the 2025 meeting calendar with no further comment.

### **CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 \*\***

#### **AUDIT COMMITTEE MEETINGS**

June 17, 2025 – 2:30 p.m. (Tues.) **\*\* Moved due to Juneteenth Holiday \*\***  
September 17, 2025 - 2:30 p.m. (Weds.)  
December 17, 2025 – 2:30 p.m. (Weds.)

#### **COMPENSATION COMMITTEE MEETINGS**

June 18, 2025 – 7:30 a.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
July 17, 2025 – 7:30 a.m. (Thurs.) **\*\* Special Meeting \*\***  
September 18, 2025 – 7:30 a.m. (Thurs.)  
December 18, 2025 – 7:30 a.m. (Thurs.)

#### **TECHNOLOGY COMMITTEE MEETINGS**

June 18, 2025 – 12:30 p.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
September 19, 2025 – 12:30 p.m. (Thurs.)  
December 19, 2025 – 12:30 p.m. (Thurs.)

#### **BOARD MEETINGS**

May 15 – 16, 2025 – 8:30 a.m. (Thurs. and Fri.)  
June 18, 2025 – 8:30 a.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)  
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)  
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)

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December 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)

**\* Please note that these dates and times are tentative.**

### **Adjournment**

Board Chair, Matthew King, moved to adjourn to meet on Thursday, May 15, 2025, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:32 p.m.

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Matthew King, Board Chair

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Richard Stensrud, Secretary