



# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## BOARD MEETING HIGHLIGHTS

### JULY 2017

#### Special Board Election Materials Due by August 31, 2017

A Special Election is being held to fill a vacant employee-member Board seat due to the resignation of Board member Dee Faragher. For a Special Election, candidates are nominated by the Board members, and the successor member is chosen by a Board vote. All SERS members, other than disability recipients, are eligible to apply for this open employee-member seat.

Interested candidates should send a resume addressed to the SERS Board of Trustees, 300 E. Broad St., Suite 100, Columbus, OH, 43215-3746, or by email to [SERSBoardofTrustees@ohsers.org](mailto:SERSBoardofTrustees@ohsers.org) by August 31, 2017. Candidates also must submit a completed [Certification Form](#), which can be downloaded from the SERS website. The completed form should be mailed to the above address no later than August 31, 2017.

The term for this Board seat runs through June 30, 2019. [Click here](#) to see the full Special Election timeline.

If you have questions about this Special Election, please contact Tim Barbour, External Communications Supervisor, by phone at 614-222-5901, or by email at [tbarbour@ohsers.org](mailto:tbarbour@ohsers.org).

#### Board Members Take Oath

Employee-members Barbra M. Phillips and James Haller took the oath of office at this month's Board meeting. Phillips, a school bus driver for Ashland City Schools, is beginning her fourth term on the Board.

Haller, a custodian/maintenance worker for Lima City Schools, is beginning his first full term on the Board. He was chosen by the Board in May 2016 to fill out the unexpired term of a member who resigned.

Both terms run from July 1, 2017 to June 30, 2021.



Employee-member Barbra M. Phillips, left, and General Counsel Joseph Marotta, right



Employee-member James Haller, left, and General Counsel Joseph Marotta, right

#### Board Appoints Audit/Compensation Committee Members

For FY2018 (July 1, 2017-June 30, 2018), Board Chair Daniel Wilson appointed employee-member Barbra Phillips, retiree-member Catherine Moss, and appointed member James Rossler, Jr. to serve on the Audit Committee, with Phillips serving as Committee Chair.

#### RETIREMENT BOARD

DANIEL L. WILSON <i>Chair, Appointed Member</i>	JAMES A. ROSSLER, JR. <i>Vice-Chair, Appointed Member</i>	JEFFREY T. DELEONE <i>Appointed Member</i>	JAMES HALLER <i>Employee-Member</i>
CHRISTINE D. HOLLAND <i>Employee-Member</i>	CATHERINE D. MOSS <i>Retiree-Member</i>	BARBRA M. PHILLIPS <i>Employee-Member</i>	BEVERLY A. WOOLRIDGE <i>Retiree-Member</i>
			VACANT <i>Employee-Member</i>

In addition, employee-members Christine Holland and James Haller, retiree-member Catherine Moss, and appointed members Jeff DeLeone and Daniel Wilson were appointed to the Compensation Committee, with Moss serving as Committee Chair.

### Total Fund Update

TOTAL FUND BALANCE		
April 30	May 31	Difference
\$13.32 billion	\$13.43 billion	▲ \$110 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 11.94%	▲ 7.10%	▲ 6.35%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 1.27%	▲ 1.00%	▲ 0.64%

### Preliminary FY2017 Investment Returns

SERS' investment staff reported a preliminary net return of 13.3% for the fiscal year ending June 30, 2017. This return exceeded the benchmark by 1.66%. International equity was the highest performer with a return of 21.87% followed by opportunistic investments at 20.3% and private equity at 16.8%. The five-year net return for the total fund is 9.56%.

SERS' financial status as of June 30, 2017, will be detailed in the FY2017 *Comprehensive Annual Financial Report*, which will be available at the end of the calendar year.

### SERS Hires Two Active Overlay Managers and an Opportunistic Manager

In response to a November 2016 RFP, SERS' Staff Investment Committee hired JP Morgan Investment Management and P/E Global as currency overlay managers. Each will manage a \$300 million notional mandate.

The committee also approved an investment of \$40 million in PIMCO BRAVO III, a financial deleveraging strategy within the System's opportunistic portfolio.

This investment will be funded from cash reserves.

### Information Security Update

For SERS, protecting organizational data from accidental or intentional harm and keeping vital information resources operational is a priority. SERS' information security program monitors and implements continuous improvements in five areas: cyber hygiene (safeguards and good practices), threat detection, employee behavior, incident response, and third-party assurance.

Significant accomplishments last year included internal and external threat detection assessment of the new SMART benefit system before it became operational, staff training on identifying phishing emails, and completion of the annual incident response tabletop exercise in which staff from all departments use the response plan to manage a possible information security incident in real time.

### Executive Director's Update

#### ***COLA Legislation Signed by the Governor***

On June 30, 2017, Governor John Kasich signed HB49, which included changes approved by the Board to modify the structure and method for providing COLAs. This action was approved to address the long-term viability of the pension and health care funds. The changes to the COLA had been in SB151 and HB242, but were consolidated and added into the state's budget bill, HB49, late in the process. There may be some additional clarification of the Board's authority in subsequent legislation. The Board plans to take action on the COLA at a special meeting in early October.

**Federal Health Care Legislation**

SERS has been actively lobbying on the federal health care bills on behalf of our retirees and our health care program. The Better Care Reconciliation Act (BCRA) would cause millions of people to lose their insurance, raise costs for millions more, and it will not moderate the soaring costs of health care.

We sent 51 tailored letters to Senators identifying the number of our retirees in their state.

Our grassroots advocacy page on the website has generated more than 3,200 emails from SERS retirees in 19 states.

**Busy Summer for Member Services and Health Care**

In June, SERS' Member Services staff answered more than 11,000 phone calls and processed almost 2,400 pension estimates. This was the highest volume ever recorded. July has also been busy with 2,200 phone calls and 459 estimates.

Compared to last year, SERS' Health Care staff has answered twice as many phone calls (2,200) and processed not quite three times as many enrollment changes (2,500).

The implementation of the new SMART member benefits system has enabled staff to keep up with the increasing volume.

**SERS' CIO Participates in Two Interviews**

Farouki Majeed, SERS' chief investment officer, participated in two media interviews during the last quarter of FY2017.

Majeed's interview with Sovereign Wealth Funds Institute regarding SERS' investments in private credit mandates, exchange traded funds, infrastructure, and hedge funds was published on May 31.

In June, Majeed wrote an Op-Ed regarding SERS' asset allocation process for *Top 1000 Funds*, an Australian financial magazine.

**SERS Staff Gives Back to Charity**

This summer, SERS is partnering with Volunteers of America to participate in the Operation Backpack program, which aids students who our members serve. Operation Backpack collects and distributes backpacks filled with school supplies to homeless and at-risk children throughout the Greater Columbus area.

Each of the eight departments will be filling at least three backpacks with back-to-school items.

**Monthly Retirement and Survivor Benefit Transactions**

For July, the SERS Board approved 560 active members for service retirements, and 25 survivor benefits for spouses and/or dependents.

**No Board Meeting in August**

The SERS Board will not meet in August.

**September Meeting Dates**

The next Board meeting will take place Thursday, September 21, and Friday, September 22 (if necessary) at 8:30 a.m.