Board Member Submits Resignation
The Board accepted Employee-Member Christine Holland’s resignation effective May 10. The procedure to fill her vacant seat will be detailed at a future Board meeting.

Holland, who served two terms on the Board, brought administrative expertise from her career as a secretary in the administrative building of the Oregon City School District. She was an advocate of efforts to improve the sustainability of SERS’ health care program. She served on the Board Compensation Committee during her tenure.

Board Education Session on SERS’ Currency Overlay Program
Warren Naphtal, chief investment officer with P/E Investments, and Bruce George, senior portfolio manager, presented an education session for the Board regarding SERS’ FX Strategy asset overlay program.

SERS has been a client of P/E Investments since December 2017. It manages currency risk on SERS' assets with a fixed notational value of $300 million. In the 17 months since SERS hired P/E, profits of $12.7 million have been funneled back into SERS’ Total Fund.

The currency overlay program does not have a specific asset allocation, but is run as an active long/short strategy with a net zero asset exposure. The program adds value by going long on rising currencies and short on falling currencies on average, and also reduces currency volatility.

P/E’s research indicates that unmanaged currency risk in global assets represents about 22% of Total Fund risk in U.S. pension funds. According to Naphtal, this risk impacts performance, which is why an overlay program to manage this risk can be financially beneficial to pension funds.

Investments Quarterly Report
David Lindberg and Joanna Bewick of Wilshire Associates provided the Board with an update of current investment conditions in the U.S., and SERS’ third quarter (January-March) investment results for FY2019.

During the quarter, the stock market gained 14.1%, which was the highest quarterly gain for equities since 2009. Bewick noted that the riskiest investments returned the most during the quarter. Other observations from last quarter showed that U.S. economic growth has slowed as indicated by a flattening yield curve, volatility has increased but was still mild, as well as that the U.S. has outperformed the rest of the world in GDP.

Lindberg reviewed SERS’ quarterly results and discussed comparisons to other U.S. public pension funds.

SERS’ Total Fund gross-of-fees gain of 7.03% ranked 76th in the nation. Lindberg said the low ranking was indicative of the strong quarter for equities. Many other pension funds in the comparison group had greater exposure to equities than SERS, which provided them with higher returns than SERS’ more diversified portfolio. Over one year, SERS’ 4.83% gain ranked 35th nationally, its three-year return of 9.86% ranked 11th, its five-year return of 7.61% ranked 11th, and its 10.88% return over 10 years ranked 21st.

Investment Committee Approves Two Investments
The SERS Staff Investment Committee approved two commitments within the System’s private equity portfolio.
SERS made a $50 million commitment to Freeman Spogli Equity Partners VIII, and a $50 million commitment to Graham Partners V. Both are middle market buyout strategies.

These investments were funded from cash reserves.

### Total Fund Update

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<th>TOTAL FUND BALANCE</th>
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<td>February 28</td>
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<td>March 31</td>
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<td>Difference</td>
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<th>Calendar Year</th>
<th>3-Year</th>
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<th>TOTAL FUND RETURN vs. BENCHMARK</th>
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<th>Calendar Year</th>
<th>3-Year</th>
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<td>▲ 0.26%</td>
<td>▲ 0.96%</td>
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### Health Care Update

Alisa Bennett, an actuary with Cavanaugh Macdonald, presented the 2020 proposed rates for SERS’ self-insured medical plans and prescription drug coverage, as well as discussed recommendations for program and plan design changes.

Proposed changes to the Medicare medical plan design include a discontinuation of the Paramount Elite Medicare plan and a transference of its 364 enrollees to the Aetna Medicare Advantage plan. To align with the non-Medicare group plan, proposed changes for the Aetna Medicare plan include adding medical wig coverage and reducing the preferred insulin co-pay maximum to $25 per 30-day supply.

For the non-Medicare group plan, ESI has negotiated $25 maximum co-payments for 30-day supplies with insulin manufacturers, which will be at no cost to SERS.

Proposed dental and vision rates also were discussed. The proposed dental rates for 2020 increased from $28.09 to $28.53 for benefit recipients; $56.18 to $57.06 for benefit recipients and one dependent; and from $84.54 to $85.54 for benefit recipients and two or more dependents. The proposed vision rates for 2020 remained the same with $7.11 for benefit recipients; $14.22 for benefit recipients and one dependent; and $16.70 for benefit recipients and two or more recipients.

Staff continues to advocate for legislative authority to extend the SERS Marketplace Wraparound plan, and also is working on developing an alternate but similar plan to begin January 2020.

The Board will approve 2020 plan design changes at the June Board Meeting.

### Executive Director’s Update

**New Government Relations Officer**

Following Laurel Johnson’s retirement in April, Chris Collins was introduced as SERS’ new government relations officer. Collins comes to SERS from the Ohio Public Employees Retirement System, where he performed similar duties for the last nine years. He has also worked for the SEIU Ohio State Council and the National Association of Independent Schools in Washington, DC.

**Staff Supports Operation Feed Campaign**

Each year, SERS partners with Mid-Ohio Food Bank to raise funds and food for families within our community.
This year, thanks to the generosity of staff, SERS raised $2,418.10, and collected 192 pounds of food, drinks, and supplies. With this total, SERS staff donated enough for 9,864 meals for people living in central Ohio.

**Advocacy group Support**
On May 14, several SERS staff members participated in the SERO Annual Meeting held in Columbus. Staff provided attendees with a SERS update on investments, health care, demographics, and financial status. Board members Cathie Moss and Beverly A. Woolridge were also in attendance.

**Monthly Retirement and Survivor Benefit Transactions**
For May, the SERS Board approved 346 active members for service retirements, and 24 survivor benefits for spouses and/or dependents.

**June Meeting Dates**
The next Board meeting will take place Thursday, June 20 at 8:30 a.m., and Friday, June 21 at 8:30 a.m. (if necessary).