**Board Elects New Officers**
For FY2020 (July 1, 2019 - June 30, 2020), the Board elected Retiree-member Catherine Moss as chair and Employee-member Hugh Garside as vice-chair.

For FY2020, the Board appointed Barbra Phillips as Audit Committee chair.

Compensation Committee membership will be determined in July.

**Board Member Recognized for Service**
Outgoing Retiree-member Beverly A. Woolridge was presented with a proclamation that summarized her accomplishments while serving on the Board as a retiree representative. Woolridge began her second term on the Board in July 2015.

**Board Education Session on New Actuarial Standards**
Todd Green, principal and consulting actuary with Cavanaugh Macdonald Consulting, SERS’ independent actuary, presented a Board education session on a new actuarial standard that will be implemented this year.

Actuarial Standard of Practice (ASOP) No. 51: *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, is being added to the list of standards actuaries must follow when performing an annual actuarial evaluation of a public pension fund. Other standards in place include ASOP No. 4 on measuring pension obligations and determining pension plan costs or contributions; ASOP No. 23 on data quality; ASOP No. 27 on economic assumptions; ASOP No. 35 on demographic assumptions; ASOP No. 41 on actuarial communications; and ASOP No. 44 on asset valuation methods.

Green said the biggest concern for public pension actuaries regarding ASOP No. 51 is the disclosure of an “investment risk defeasement cost,” which is a method of calculating the cost of terminating a pension plan. Unlike private pension plans that can close if a company goes out of business, the oversight of public plans is conducted by governments who have the responsibility of providing retirement security to public workers, and it is unlikely that a government will go out of business.

Another concern public pension actuaries have with ASOP No. 51 is that some actuarial assumptions like the investment discount rate, inflation rate, and payroll growth will be reviewed annually rather than only once during a five-year period as part of the actuarial experience study. They believe that proposed changes to these assumptions will be tied more closely to recent experience rather than future expectations, which runs contrary to the long-term view public pensions must take to provide retirement security to future generations of workers.

Green said there are some recommendations in the standard that are relevant for most public plans, including monitoring of investment risk, longevity risk, covered payroll risk, active population risk, and contribution risk.
Investment Committee Approves Two Investments
The SERS Staff Investment Committee approved a commitment of $40 million to Harrison Street Social Infrastructure Fund, an infrastructure strategy within the real assets portfolio.

In the multi-asset strategies portfolio, the committee approved a $30 million commitment to One William Street, a relative value and structured credit strategy.

These investments will be funded from cash reserves.

Board Approves FY2020 Annual Investment Plan
SERS’ Board approved the FY2020 Annual Investment Plan (AIP), which serves as a guide to the System’s investment decisions for the year.

The AIP includes an overview of the current economic environment based on reports from leading economic firms, SERS’ asset allocation target, and long-term performance objectives for each type of investment. In addition, it contains last year’s objectives and accomplishments, and details about how each investment portfolio will be managed during the year.

Total Fund Update

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<th>TOTAL FUND BALANCE</th>
<th>March 31</th>
<th>April 30</th>
<th>Difference</th>
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<tr>
<td>$14.34 billion</td>
<td>$14.52 billion</td>
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<tr>
<th>TOTAL FUND RETURN (net of fees)</th>
<th>Fiscal Year</th>
<th>Calendar Year</th>
<th>3-Year</th>
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<tr>
<td>▲ 5.02%</td>
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<tr>
<th>TOTAL FUND RETURN vs. BENCHMARK</th>
<th>Fiscal Year</th>
<th>Calendar Year</th>
<th>3-Year</th>
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</thead>
<tbody>
<tr>
<td>▲ 0.05%</td>
<td>▲ 0.23%</td>
<td>▲ 0.89%</td>
<td></td>
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Health Care Update
Christi Pepe, SERS’ director of Health Care Services, summarized proposed changes to the health care program for 2020.

Following discussion of the design and premium changes for Medicare and non-Medicare plans, along with changes to the 2020 dental and vision plans, the Board approved the recommended 2020 health care plan changes and premiums.

Changes to the Medicare medical plan design include a discontinuation of the regional Paramount Elite Medicare plan and a transference of more than 360 enrollees to the statewide Aetna Medicare Advantage plan on January 1, 2020. The member premium savings is $74,000; the health care program savings is $120,000. Research has shown that 94% of the providers used by SERS enrollees are in both plans. Members in the Paramount plan will receive notifications this summer of the change.

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.

In terms of premiums for all Medicare plans, there is no change to Aetna, but there is an increase from $260 to $265 per month for PrimeTime enrollees paying the full premium. Most enrollees will only see a partial premium increase because of subsidies.

For the non-Medicare group plan, there is a reduction in the preferred insulin co-pay maximum from $30 to $25. While there is no change to the Aetna premium, there is an increase from $1,042 to $1,113 to the AultCare
premium for enrollees paying the full premium. Most enrollees will only experience a slight increase because of subsidies.

Dental and vision rates also were discussed.

The 2020 rates for dental benefits, which are offered by Delta Dental, will increase from $27.81 to $28.53 for benefit recipients; from $55.62 to $57.06 for benefit recipients and one dependent; and from $83.70 to $85.54 for benefit recipients and two or more dependents. The 2020 rates for vision coverage, which is offered by VSP, will remain 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.

The 2020 Premium Discount Program also was reviewed.

The Premium Discount Program, which provides health care premium relief to qualifying recipients based on household size and income, is brought before the Board for approval on a yearly basis. Staff plans to again automatically enroll SERS’ health care participants into the Premium Discount Program who have been approved by Medicare for the non-institutionalized full Part D low-income subsidy.

Strategic Planning Update
Executive Director Richard Stensrud presented SERS’ FY2020-2024 Strategic Plan.

The operational plan will guide the organization for the next three to five years.

The plan encompasses six goals:

- **Pension Fund Sustainability**: Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.
- **Health Care Sustainability**: Our approach to health care focuses on program sustainability and access to quality care.
- **Service Delivery**: Our service delivery is responsive and shaped by the needs of those we serve.
- **Operations**: Our systems and processes foster organization-wide efficiency, agility, and accountability.
- **Culture**: Our culture promotes a high-performing team driven by mission and continuous improvement.
- **Communications and Stakeholder Engagement**: Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.

Director Stensrud thanked RAMA Consulting, the consulting firm selected to facilitate strategic planning exercises, SERS’ Leadership Team, SERS staff, the Board, and various advocacy groups, that assisted in creation of the plan.

Executive Director’s Update
FY2020 Budget Approved
The proposed administrative budget for FY2020 was approved by the Board. The approved budget totaled $34,952,799, and included personnel costs; professional service fees, including investment-related costs; communications expenses; capital expenditures; and other operating expenses.

Pension and Health Care Sustainability Discussions
The Board will begin discussions on pension and health care sustainability at the Board Retreat scheduled for Wednesday, July 17, at 9:00 a.m., in the O’Keefe meeting room at SERS’ headquarters building in Columbus. Moderators with pension and health care backgrounds will facilitate the Board discussions on those topics. These discussions will likely focus on risk factors that can adversely affect future pension and health care funding.
Staff provided historical investment, demographic, and governance information to the Board members as a foundation for these discussions.

**Federal Outreach for Wraparound Extension Continues**
SERS continues to push for an extension of its health care Wraparound Program. Current efforts are focused on encouraging members of the Senate Appropriations Committee to introduce legislation to extend the program and pushing for action by regulatory agency representatives. SERS also is suggesting that members and retirees contact their Senators and urge them to support an extension to the Wraparound Program. The Wraparound Program saves SERS money, which helps keep the health care fund solvent. More information can be found on the [Laws and Legislation](#) page of our website.

**Monthly Retirement and Survivor Benefit Transactions**
For June, the SERS Board approved 194 active members for service retirements, and 18 survivor benefits for spouses and/or dependents.

**July Meeting Dates**
The next Board meeting will take place Thursday, July 18 at 8:30 a.m., and Friday, July 19 at 8:30 a.m. (if necessary). The Board will hold its annual retreat in the O'Keefe Conference Center at SERS' headquarters in Columbus on Wednesday, July 17, beginning at 9 a.m.