

**November 19, 2020**

The nine hundredth and thirty-four meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, on Thursday, November 19, 2020. The meeting convened in open session at 8:31 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Hugh Garside, Jr., Chair, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson and Barbra Phillips. Also in attendance was Samuel Peppers, representative of the Attorney General, various members of the SERS staff, and members of the public.

**APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON  
October 15, 2020**

Barbra Phillips moved and Catherine Moss seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, October 15, 2020. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

Board Chair Hugh Garside asked Chief Investment Officer Farouki Majeed to present the Investment Report.

**INVESTMENT REPORT**

The Investments report session began at 8:31 a.m.

**Fixed Income Portfolio Review**

Jason Naber presented the annual Fixed Income portfolio review, focusing on the performance, characteristics, portfolio structure, and sector exposures. Fixed income returns recovered in the third quarter and exceed the benchmark for the one year and longer periods. U.S. TIPS and U.S. Treasury markets were leading for the one-year period while High Yield and EMD were high performers for the FYTD period. Long term Fixed Income returns are expected to be 2-3%. After discussion, the Board thanked Mr. Naber for his presentation.

**Wilshire Quarterly Performance**

David Lindberg and Joanna Bewick presented the performance report for the quarter ending September 30, 2020. Ms. Bewick discussed economic and capital market highlights, asset class assumptions, and asset class performance. Mr. Lindberg reviewed SERS' Total Fund and asset class performance, as well as performance versus peers. A summary for each asset class was provided to the Board. After discussion, the Board thanked Joanna Bewick and David Lindberg for their presentation.

**Quarterly Performance Report**

Farouki Majeed presented the quarterly performance report for the period ending September 30, 2020. The preliminary performance report as of October 31, 2020 was distributed to the Board. As of October 31, 2020, the Fund was \$14.97 billion with a FYTD return of 4.4%. Following questions and answers, the Board thanked Mr. Majeed for the presentation.

**Summary of Investment Transactions**

The purchase and sale of transactions for the month of September 30, 2020 were approved by the Board.

The Investment Report concluded at 10:16 a.m.

## **SUMMARY OF INVESTMENT TRANSACTIONS**

Barbra Phillips moved and Catherine Moss seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **October 1, 2020** through **October 30, 2020** hereby be approved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

### A. PURCHASES

<b>Asset Class</b>	<b>Approximate Cost (in millions)</b>
US Equities	\$ 21.2
Non-US Equities	135.7
Fixed Income	458.8
Multi-Asset Strategies	.7
Private Equity Capital Calls	37.1
Real Asset Capital Calls	88.2
Opportunistic	19.0
Global Private Credit	14.1
Cash Equivalents	249.0

### B. SALES

<b>Asset Class</b>	<b>Approximate Net Proceeds (in millions)</b>	<b>Approximate Gain/(Loss) (in millions)</b>
US Equities	\$16.8	\$ 4.1
Non-US Equities	133.7	8.4
Fixed Income	431.3	1.6
Multi-Asset Strategies	79.2	37.6
Private Equity distributions	26.4	n/a
Real Asset distributions	4.2	n/a
Opportunistic	n/a	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	286.8	n/a

Concluding the Investment Report, the Board took a break at 10:17 a.m., and reconvened at 10:30 a.m.

## **EXECUTIVE DIRECTOR'S UPDATE**

### **COVID-19 Impact on Retirees**

Executive Director Richard Stensrud provided an update on the impact of the COVID pandemic on retirees participating in SERS Medicare plan. Mr. Stensrud reported that in the Medicare plan since March there have been 820 cases and 67 deaths. Mr. Stensrud also reported that in the Pre-Medicare plan 1.5% of claims have been COVID-related, with 576 tests and 150 other services.

### **Medicaid Eligibility Outreach update**

Mr. Stensrud provided an update on the Medicaid Eligibility Outreach efforts, noting that there are a limited number of retirees who have not yet responded and initiated the review process. Mr. Stensrud reported that of the nearly 600 people who were identified as potentially eligible for Medicaid, only 20 have not responded and approximately 62 will be moving to health coverage under Medicaid at the end of the calendar year. Mr. Stensrud noted that individuals who fail to respond to the outreach communication before the end of the year will be terminated from the SERS plan at that time.

### **Advocacy Groups**

Mr. Stensrud reported that outreach to SERS advocacy group representatives and stakeholders remains ongoing, and that feedback included support for the Board's decision to pause sustainability discussions for the time being.

### **Ohio Retirement Study Council**

Mr. Stensrud reported that the ORSC meeting scheduled for November 12<sup>th</sup> was cancelled. The next scheduled meeting is December 10, 2020 or at the call of the Chair.

### **Election Results**

Mr. Stensrud noted that recent results in states that were yet to be called now indicate that Joe Biden has sufficient Electoral College votes to be declared the winner of the presidential election, however, as of November 19, 2020, President Trump has not yet conceded and continues to pursue legal strategies to ensure that result is proper.

With respect to Ohio's election results, Mr. Stensrud reported all 16 congressional incumbents won re-election to the U.S. House of Representatives. Mr. Stensrud also reported that in the Ohio General Assembly the Republicans increased their majority in the House by 3, and at least maintained their majority in the Senate, or possibly increased by one seat, depending on the outcome of the Senate race in Franklin County. Mr. Stensrud stated there will be 21 new members of the House and at least 6 (or maybe 7) new Senators and plans are underway to build productive relationships with each of them.

### **Federal Advocacy**

Mr. Stensrud reported that staff continues to communicate with our Ohio delegation in Washington with regard to SERS' priority issues such as re-authorization of the Wraparound program and WEP reform just in case there are opportunities for action before the end of the year. Mr. Stensrud stated, however it is expected that Congressional focus for the rest of the year will be a possible additional COVID relief bill as well as dealing with a budget deadline when the current Continuing Resolution funding the government expires on December 11th.

Mr. Stensrud noted that if SERS' priorities remain unaddressed this year, it is anticipated that there will be enhanced opportunities for making progress next year.

### **Federal Executive Action**

Mr. Stensrud reported that the Trump administration submitted a final rule to the White House Budget Office last week to prohibit pharmacy benefit managers from retaining rebates paid by drug makers. Mr. Stensrud noted that this so-called "rebate rule" would have a negative impact on the SERS health care fund as we pass through savings from rebates in the form of reduced premiums for retirees. Mr. Stensrud noted that SERS has previously written to the administration and communicated with Congress our concern about this rule. Mr. Stensrud noted the rule does include language saying that eliminating rebates could not result in increased beneficiary premiums, but it remains unclear on how the impact would be measured. Mr. Stensrud reported that SERS will continue to work with the Public Sector Healthcare Roundtable and other allies to urge the administration to consider the implications of the rebate rule on plans like SERS.

Mr. Stensrud reported that the Trump administration also issued an Executive Order banning investment transactions involving certain Chinese companies believed to be involved with the Chinese military. SERS' investment staff is working with our portfolio managers to take any necessary steps to ensure

compliance and to monitor this issue on an ongoing basis. Mr. Stensrud noted that SERS is working with national organizations such as NASRA, NCTR and CII that SERS to identify any unintended effects this order could have on public retirement system investment programs.

### **Ohio General Assembly**

Mr. Stensrud stated that the Ohio General Assembly was in a 'lame duck' session, and that priorities include possible repeal of HB 6, the so-called nuclear bail-out bill, a capital budget for construction projects at public entities, and discussion of schools funding formula reform. Mr. Stensrud further noted that the Senate had just taken action on HB 404, which included an extension of the language allowing flexibility for public bodies such as SERS to hold public meetings using electronic technology until July 1, 2021. Mr. Stensrud reported that it was anticipated that HB 404 would be acted on by the House very quickly.

### **SERS' Operations Update.**

Mr. Stensrud summarized information that had been provided to the Board regarding the customer service provided by the Member Services Team (MST) since the inception of the limitations on onsite operations in March. Mr. Stensrud described how the MST was initially operating offsite and limited to returning voice mail messages, but had done so with a very fast turnaround. He noted that MST operations had then shifted to an onsite/offsite combination and that the number of calls answered live had increased and the number of voice mails had declined. In the late summer, Voice Over Internet Protocol (VOIP) had been implemented enabling MST staff to handle live calls both onsite and offsite resulting in 92% of calls being answered live and hold time reduced to about one minute.

Mr. Stensrud discussed the increase in attendance at Board Meetings by members of the public since the implementation of virtual meeting capability in April. Mr. Stensrud noted that looking back to 2019, meeting attendance by the public averaged in the mid-single digits, but since the implementation of virtual meetings attendance by the public has increased to 30 to 40 persons per meeting.

Mr. Stensrud also provided an update on the technology upgrade being undertaken on the O'Keefe meeting room at SERS' office so that virtual meeting capability would be available in that larger space.

Mr. Stensrud reported that the leadership team continues to monitor the COVID numbers in central Ohio with an eye to when it will be prudent to allow additional staff to return onsite. He noted that approximately 30 to 40 employees were onsite daily with the remainder able to successfully carry out their job responsibilities remotely. Mr. Stensrud noted that staff understands that many SERS members are not able to work remotely and that this gives them additional impetus to providing the best possible customer service. Mr. Stensrud also outlined the numerous ways SERS was working to help staff feel valued, remain connected to SERS despite working remotely, and provide support to employees with the challenges presented by the pandemic.

### **SERS Employee Holiday Charitable Efforts**

Mr. Stensrud reported that the Angel Tree 2020 will be online this year. Staff supporting the effort can purchase a toy from the Angel Tree Toy wish list on Amazon. Toys from the list will be delivered to the Salvation Army East Main location for distribution during their Christmas Cheer program for needy families.

Mr. Stensrud also stated a Virtual Santa Saturday will be held on December 5<sup>th</sup>. This effort will allow children of SERS staff to visit with Santa for 5 minutes via Zoom.

**LEGISLATIVE REPORT**

**STATE LEGISLATION BOARD REPORT  
133<sup>rd</sup> General Assembly  
(Prepared by Chris Collins as of November 6, 2020)**

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**HB326 PUBLIC EMPLOYEE RETIREMENT-DISABILITY BENEFIT** Adam Miller (D – Columbus) 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: 11/12/2019 House Insurance, (First Hearing)

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**HCR13 GENDER REPRESENTATION** Thomas West (D- Canton), Sara Carruthers (R-Hamilton) - To encourage equitable and diverse gender representation on the boards and in senior management of Ohio companies and institutions.

Current Status: 11/12/2019 House Civil Justice, (Second Hearing)

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**HB46 STATE GOVT EXPENDITURE DATABASE** Dave Greenspan (R- Westlake) - To require the Treasurer of State to establish the Ohio State Government Expenditure Database

Current Status: 01/22/2020 Substitute Bill Accepted

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**HB530 OPERS PROTECTION** 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: 03/10/2020 Referred to Financial Institutions Committee

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**HB514 BROADCAST RETIREMENT BOARD MEETINGS** Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) - To require the state retirement systems to publicly broadcast board meetings.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

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**HB515 RETIREMENT SYSTEMS - FINANCIAL DISCLOSURES** Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) - To require the boards of the state retirement systems to disclose certain financial information regarding alternative investments.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

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**HB516** FORMER STATE RETIREMENT PERSONNEL Brigid Kelly (D - Cincinnati) Haraz Ghanbari (R – Perrysburg) Regarding the prohibition against the state retirement systems doing business with a former state retirement system employee, officer, or board member.

Current Status: 03/10/2020 Referred to Financial Institutions Committee

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**HB197** OMNIBUS MEASURES ON CORONAVIRUS Jena Powell (R-Arcanum) Derek Merrin (R-Monclova) To continue essential operations of state government and maintain the continuity of the state tax code in response to the declared pandemic and global health emergency related to COVID-19, to make appropriations, and to declare an emergency.

Current Status: 03/27/2020 SIGNED BY GOVERNOR; eff. 3/27/20

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**FEDERAL LEGISLATION BOARD REPORT**  
**116<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of November 6, 2020)**

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**H.R. 141**

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: House - 01/31/2019 Referred to the Subcommittee on Social Security

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 259 co-sponsors; nine Ohioans

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**S. 521**

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: Senate - 02/14/2019 Referred to Committee on Finance

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 38 co-sponsors.

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**H.R.3934**

SPONSOR: Rep. Kevin Brady (R-TX)

LAST ACTIONS: House - 07/24/2019 Referred to the House Committee on Ways and Means.

CAPTION: To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with non-covered employment, and for other purposes.

COMMENT: 48 co-sponsors; three Ohioans

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**H.R.4540**

SPONSOR: Rep. Richard Neal (D-MA)

LAST ACTIONS: House - 09/27/2019 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 non-covered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 146 co-sponsors; four Ohioans

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**H.R.4763**

SPONSOR: Rep. Kaptur, Marcy (D-OH)

LAST ACTIONS: House - 10/18/2019 Referred to the House Committee on Energy and Commerce.

CAPTION: To extend the limited wraparound coverage pilot program for an additional 5 years, and for other purposes.

COMMENT: Eight co-sponsors, all of whom are Ohioans.

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**H.R.748**

SPONSOR: Courtney, Joe (D-CT)

LAST ACTION: 03/27/2020 Became Public Law No: 116-136.

CAPTION: CARES Act (Coronavirus Aid, Relief, and Economic Security Act)

COMMENT: Initially introduced as a repeal of the health care "Cadillac Tax." 369 co-sponsors; 14 Ohioans. Ultimately became vehicle for COVID-19 relief legislation.

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**S. 2543**

SPONSOR: Grassley, Chuck (R-IA)

LAST ACTION: Senate - 09/25/2019 Placed on Senate Legislative Calendar under General Orders. Calendar No. 225.

CAPTION: The Prescription Drug Pricing Reduction Act (PDPRA)

COMMENT: This bill alters several programs and requirements relating to the prices of prescription drugs under Medicare and Medicaid. No co-sponsors.

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**H.R. 3 –**

SPONSOR: Pallone, Frank (D-NJ)

LAST ACTION: Senate - 09/08/2020 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 521.

CAPTION: The Elijah E. Cummings Lower Drug Costs Now Act.

COMMENT: This bill establishes several programs and requirements relating to the prices of prescription drugs, health care coverage and costs, and public health. 106 co-sponsors.

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## MEMORANDUM

To: Chris Collins, SERS Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: November 4, 2020

Re: Federal Legislative and Regulatory Report

### **OVERVIEW**

**Highlights for October and early November included:** the November 3 federal elections in the U.S. House of Representatives, the Senate, and the Presidency; the Senate confirmation of Judge Amy Coney Barrett as a Supreme Court Justice to fill the vacancy caused by the passing of Supreme Court Justice Ruth Bader Ginsburg; the contentious discussions between the House, Senate and Trump administration to provide more stimulus dollars to address the impact of COVID-19; the issuance of a new Executive Order by the President to create a Schedule F in the excepted federal civil service and support for a final rule from HHS that requires transparency for medical services and prescription drugs; rules from the Securities and Exchange Commission and U.S. Department of Labor; advocacy to address the Windfall Elimination Provision (WEP) before the end of the year; and discussions with Ohio legislative aides on an appropriations bill or Continuing Resolution (CR) to fund the federal government after December 11, to include language supporting Limited Wraparound Plans.

**The election result for the Presidency has not been declared as of this date.** While Vice President Joe Biden (D) leads President Donald Trump (R) in the popular vote and in the Electoral College votes. There are states that are still tabulating votes, including Wisconsin, Michigan, Pennsylvania, Nevada, North Carolina, Alaska and Georgia.

**According to media sources, early voting and mail-in ballots surpassed the total number of early voting and ballots cast in 2016.** Due to record numbers of mail-in ballots, scrutiny over the delivery of ballots by the U.S. Postal Service (USPS) caused U.S. District Judge Emmet Sullivan, on Monday, to order that the U.S. Postal Service "sweep facilities" in fifteen (15) states for any remaining mail-in ballots and rush their delivery. Some of the states required that mail-in ballots be received that evening. The USPS did not meet the deadline and the parties were in court on Wednesday to meet with the judge.

**A presidential candidate needs 270 votes from the Electoral College to win the election.** The Electoral College is not scheduled to meet until December 14, 2020, to select the winner, although the popular vote should be known before then. The delegates from each state are required to cast their ballots for the winners of the popular vote in their respective states. If a delegate does not cast his or her vote this way, he or she may face fines and penalties. Ohio will award eighteen (18) electoral votes to the winner of Ohio's presidential election. At of this date, President Trump has unofficially been declared the winner in Ohio.

**The Senate confirmed Judge Amy Coney Barrett for a seat on the U.S. Supreme Court on Monday evening, October 23, well in time for oral arguments on the Affordable Care Act case, *California v. Texas*, on November 10 and potential election cases.** Senator Sherrod Brown (D-OH) voted against the confirmation while Senator Rob Portman (R-OH) voted in favor. The full Senate vote was 52-47.

**During the short confirmation process, Democratic presidential candidate, Joe Biden, was asked whether he would support adding more members to the Supreme Court as a way to balance the supposed 6-3 conservative to liberal slant on the Court.** Vice President Biden indicated that, if elected, he would appoint a bipartisan commission to review potential changes to the makeup of the Court. On October 19, several Senate Republicans, including Senator Portman, signed on to the "Keep Nine" constitutional amendment, which would prevent the expansion or contraction of the Supreme Court. A similar House amendment, H.J. Res 95, was introduced in September. There are no members of the Ohio House delegation that have cosponsored the joint resolution as of today.



**The House of Representatives has an election every two years for all its 435 seats.** Current Speaker, Nancy Pelosi (D-CA) said that she would run for Speaker again because the preliminary results are showing that Democrats have retained their House majority. The Democrats are set to lose up to five seats to Republican candidates, however. Their margin of majority will be slightly less if the results hold.

**The House of Representatives is scheduled to return on Monday, November 16, however, a virtual hearing is scheduled for November 12.** The House will be in session until Friday, November 20, and adjourn for a state work period until Tuesday, December 1. Two hearings of interest are scheduled, in virtual formats as the House finishes session before the House adjourns "sine die":

- Committee on Financial Services  
Virtual Hearing - Oversight of Prudential Regulators: Ensuring the Safety, Soundness, Diversity, and Accountability of Depository Institutions during the Pandemic  
November 12, 2020 at 12:00 p.m.
- Committee on Financial Services  
Virtual Hearing- Insuring against a Pandemic: Challenges and Solutions for Policyholders and Insurers  
November 19, 2020 at 10:00 a.m.

**Until the election results for the presidency are known, Speaker Nancy Pelosi (D-CA) may have to table legislation to strengthen the Affordable Care Act and provide more money for coronavirus relief, two Democratic priorities going into the elections.** Speaker Pelosi mentioned that by using a budget process called "reconciliation," as used in past years, the House and Senate could pass legislation with a simple majority vote. Since the Senate will remain in Republican control, due to preliminary election results, the Senate may have other ideas.

**The Senate is expected to return on Monday, November 9 and adjourn on Friday, November 20.**

Hearings of interest include:

- Committee on Banking, Housing and Urban Affairs  
Virtual Hearing- Oversight of Financial Regulators  
November 12, 2020 at 2:00 p.m.
- Committee on Banking, Housing and Urban Affairs  
Virtual Hearing- An oversight hearing to examine the Securities and Exchange Commission  
November 17, 2020 at 10:00 a.m.

**Senate Majority Leader Mitch McConnell (R-KY) was reelected to his Senate seat on Tuesday and is expected to remain Majority Leader in the next session.** Prior to the election, Senator McConnell indicated that if Republicans maintained their Senate majority and the Republican presidency, a top priority would be to confirm as many remaining U.S. Circuit and District Court judges as it can by January 3, 2021, when it must adjourn sine die.

**Senator McConnell was interviewed on November 4 and indicated that it was "his goal to wrap up the spending bills for the fiscal year that began on October 4 rather than kick things over into the new calendar year.** And we also need to fund the government, and Speaker Pelosi and I agree that we ought to do an omnibus appropriation bill and do it in December, no matter who wins the election."

He also was quoted, saying:

If we do that again, we need to look at the formula and make sure there's a real need there and make sure we're not basically allowing state and local governments to cover up or cover over preexisting problems, like pension problems and other problems that they've created for themselves. We will have to reach some kind of agreement, but it's not something that my side is very fond of because it's hard to figure out who really needs it and who doesn't.

<https://rollcall.com/2020/11/04/coronavirus-relief-bill-omnibus-spending-on-tap-mcconnell-says/>

**He has been on record that the stimulus package from the House, which hovered around \$1.9 billion during negotiations with the administration before the election, was too high for Senate**

**Republicans, favoring a more modest amount of \$500 million.** The discussions continue to focus on small businesses, education, both K-12 and for universities, airlines and hospitals.

#### **OHIO DELEGATION ELECTION RESULTS**

**All incumbent members of Ohio's sixteen (16) Congressional seats were reelected according to unofficial results.** The makeup is still twelve (12) Republicans and four (4) Democrats. The Districts are:

1- Steve Chabot (R); 2- Brad Wenstrup (R); 3- Joyce Beatty (D); 4- Jim Jordan (R); 5- Bob Latta (R); 6- Bill Johnson (R); 7- Bob Gibbs (R); 8- Warren Davidson (R); 9- Marcy Kaptur (D); 10- Michael Turner (R); 11- Marcia Fudge (D); 12- Troy Balderson (R); 13-Tim Ryan (D); 14- David Joyce (R); 15- Steve Stivers (R); 16- Anthony Gonzalez (R)

**In the Senate, neither Senators Rob Portman (R-OH) or Sherrod Brown (D-OH) were on the ballot.** Senator Brown was reelected in the 2018 election for a six (6) year term. Senator Portman will be up for reelection in two years, 2022, for a six (6) year term.

## **CORONAVIRUS LEGISLATION**

**There is optimism that additional legislation will pass before the end of the year, as noted by comments made by Republican and Democratic leadership.** Speaker Pelosi would like the final bill to be retroactive, especially for enhanced unemployment benefits and to allow for money to flow quickly to state and local governments, the Paycheck Protection Program (PPP) for businesses to retain workers, education and schools, funding for research, vaccine testing and distribution. Senator McConnell has expressed a desire to provide language that would limit the liability that businesses, schools and restaurants, etc. could face as they reopen. Prior to the election, President Trump had encouraged the Senate to “go big” on the stimulus package.

**On October 27, Reps. David Joyce (R-OH), Bob Latta (R-OH), Bob Gibbs (R-OH), Warren Davidson (R-OH) and Anthony Gonzalez (R-OH) signed a Dear Colleague letter urging the House Committee on Ways and Means to provide more flexibility to state and local governments under the Coronavirus Relief Fund (CRF).** They noted that the CARES Act provided \$150 billion in direct assistance for states and local governments through the CRF to help communities make the expenditures necessary to combat COVID-19. CRF funding can, however, only be used for expenses that were incurred between March 1, 2020 and December 30, 2020. In their letter, the Representatives said:

We believe Congress should amend the CRF program to extend the amount of time states and local governments have to use the funding to obtain products and services to December 31, 2021. As the country continues to navigate the spread of COVID-19, we must build upon the work we accomplished together in the Spring in order to provide more flexibility to our local communities.

**Earlier in the year, Rep. Warren Davidson (R-OH) introduced H.R. 7094, the “Flexibility for States and Localities Act.”** The bill is cosponsored by Reps. Steve Chabot (R-OH), Bob Gibbs (R-OH), David Joyce (R-OH), Troy Balderson (R-OH). The bill would authorize state, tribal, and local governments to spend allotted funds from the CARES Act in ways that would best meet local needs. Rep. Davidson indicated that state and local governments know where money is best spent to help their specific needs.

**On October 30, H.R. 14 was introduced as the “Commitment to Defeat the Virus and Keep America Healthy Act.”** The bill, introduced by Rep. Richard Hudson (R-NC), includes language from over fifty (50) bipartisan bills that relate to COVID-19 health emergencies, telehealth services, vaccine distribution, testing capacity, etc. It has been assigned to the Committees on Energy and Commerce; Homeland Security; Transportation and Infrastructure; Judiciary; Ways and Means; Budget; Science, Space, and Technology. There are 17 cosponsors thus far, however, no Ohio members have signed on to the bill.

**As reported, Reps. Anthony Gonzalez (R-OH) and Marcia Fudge (D-OH) introduced H.R. 7029, a bill to facilitate the re-opening of schools through study of children's role in transmitting SARS-CoV-2, and for other purposes.** The bill has 24 cosponsors, including Reps. Tim Ryan (D-OH), David Joyce (R-OH), Joyce Beatty (D-OH), and Steve Stivers (R-OH). The bill is aimed to help schools reopen safely in the fall by providing much needed research on the role children play in transmitting the COVID-19 virus.” The bill has not moved and may need to be reintroduced next year for further consideration.

## **FINANCIAL SERVICES**

**On October 23, Rep. Joyce Beatty (D-OH), Chair of the Committee on Financial Services, Subcommittee on Diversity and Inclusion, and Rep. Hank Johnson (D-GA), introduced the companion bill to S. 4801, the “Fair Access to Financial Services Act of 2020, introduced on October 19 by Senator Sherrod Brown (D-OH).** The bill would “prohibit banks and other financial institutions from discriminating against consumers on the basis of race, color, religion, national origin, sex, gender identity, or sexual orientation.” The legislation would ensure that all people receive equal treatment when trying to access services at financial institutions and hold them accountable when they engage in discriminatory acts.

## **EDUCATION**

**Reps. Marcia Fudge (D-OH) and Joyce Beatty (D-OH) cosponsored H.R. 8664, the “Personal Protective Equipment (PPE) for Safe Schools Act.”** The legislation would provide funding to school districts across the country to pay for PPE, cleaning supplies, technical training, and additional staff support needed to keep students, educators, and communities safe. The bill was introduced on October 23. According to Rep. Beatty, it would “direct \$17 billion to school districts to protect students, teachers, and support staff. The measure allocates: \$8.8 billion for PPE in schools and school buses; \$6.6 billion to fund additional demands on cleaning staff; and \$1.6 billion for cleaning and health supplies.”

**Republican members of the House and Senate have introduced legislation for federal education dollars to change from a “follow the school” approach to a “follow the child” approach.** The “SCHOOL (Support Children Having Open Opportunities for Learning) Act” would allow certain federal taxpayer education dollars to ‘follow the child’ across any form of education they choose, including homeschooling, private school, and religious schools for any child ages 5 to 17. According to the sponsors, the legislation would still allow children outside the public school system to receive free or reduced-price school lunches for which they would ordinarily be eligible. Rep. Warren Davidson (R-OH) has cosponsored H.R. 8054. There are no cosponsors on the Senate bill, which is S. 4432.

**H.R. 8039, introduced by Rep. Marcia Fudge (D-OH), would require the Bureau of Consumer Financial Protection to assess the use of certain educational data in determining the creditworthiness of an applicant, and for other purposes.** Rep. Joyce Beatty (D-OH), Marcy Kaptur (D-OH) and Mike Turner (R-OH) are cosponsors. It has been referred to the Committee on Financial Services and has not moved. It will need to be introduced in the next session.

## **SERS ADVOCACY ON THE LIMITED WRAPAROUND PLAN AND PDPRA**

**Chris Collins, SERS Government Relations Officer and I have continued outreach to the delegation offices during the pandemic.** We asked each of the sixteen (16) House offices and both Ohio Senators’ offices to provide their preferred ways to discuss constituent matters during lame duck session. We were told that all of the offices are closed to constituents except for extremely limited Committee meetings, as required by the House Physician and Senate coronavirus protocols. The clear preference by Legislative Aides is to schedule virtual “meetings” as necessary.

**During our calls with Legislative Aides from the offices of Rep. Marcy Kaptur, Tim Ryan and David Joyce, we discussed the reauthorization of Limited Wraparound Plans in the final Appropriations bill.** The Legislative Aides indicated that they would continue to look for opportunities when the House returns to address the issue for SERS. They were not sure whether another Continuing Resolution (CR) would be passed to take the federal budget discussions into next year, or if the House and Senate would come to an agreement in lame duck session. They all noted that the election results would have an impact on which path is taken.

**The Senate has not taken up any appropriations bills at this time, although Senator McConnell (R-KY) has expressed a desire to pass all the appropriations bills before the end of the year.** The language contained in the House appropriations bill may very well be included in the final Senate version like last year. SERS and I will continue to pursue legislative authority under the bipartisan bill, H.R. 4763.

**With respect to the Senate bill, S. 2543, the “Prescription Drug Pricing Reduction Act of 2019,” or PDPRA, SERS has continued to express concerns with the proposed language that references changes to the rebate structure that will impact EGWPs, changes to Medicare and Medicaid, and the utilization of pharmacy benefit managers, among other changes.** SERS has provided a cost estimate for the bill to Senators Portman and Brown, which would require an additional \$45 per member, per month increase, in the amount of \$20 million. The bill has been stuck in the Senate since last year.

## **WINDFALL ELIMINATION PROVISION (WEP)**

**While there has been no movement on either bill introduced by Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX) to address WEP reform, both Representatives introduced a bipartisan bill to support retirement security at the end of October.** The bill did not address any

changes to Social Security. Chris Collins and I reached out to the majority and minority staff who work for the Committee on Ways and Means, Subcommittee on Social Security, to ask about WEP reform. A call is scheduled for November 12 with one staff member. We heard from the other staff member that the focus is on COVID-19, however, WEP reform continues to be one of Chairman Neal's top priorities.

**Chairman Neal (D-MA) introduced his WEP reform bill, H.R. 4540, the "Public Servants Protection and Fairness Act" last September.** The bill has 146 cosponsors now, including Reps. Marcy Kaptur (D-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH) and Marcia Fudge (D-OH). Rep. Lloyd Doggett (D-TX) is the latest cosponsor. Rep. Brady's bill, H.R. 3934, still has 48 cosponsors, including Reps. Gonzalez (R-OH), Turner (R-OH) and Latta (R-OH).

**H.R. 141, the "Social Security Fairness Act of 2019," which addresses the full repeal of WEP and GPO, now has 259 cosponsors,** including nine Ohio members, Reps. Tim Ryan (D-OH), David Joyce (R-OH), Steve Stivers (R-OH), Bob Gibbs (R-OH), Marcy Kaptur (D-OH), Michael Turner (R-OH), Marcia Fudge (D-OH), Joyce Beatty (D-OH) and Troy Balderson (R-OH).

**Senator Sherrod Brown (D-OH) introduced the Senate companion bill, S. 521, the "Social Security Fairness Act," last February.** The bill would fully repeal the WEP and GPO. There are still 38 cosponsors, including 31 Democrats, 5 Republicans and 2 Independents. Senator Rob Portman (R-OH) is not one of the cosponsors and there has been no action in the Senate Committee on Finance.

#### **RETIREMENT SECURITY**

**A new bill was introduced by Rep. Richard Neal (D-MA), Chairman of the House Committee on Ways and Means, and Rep. Kevin Brady (R-TX), Ranking Member of the Committee, entitled the "Securing a Strong Retirement Act of 2020," at the end of October.** Senator Rob Portman (R-OH) praised the bill because it contained several provisions that were similar to the "Retirement Security and Savings Act," introduced this year by Senators Portman and Ben Cardin (D-MD). The bill contains provisions for improving the tax credit so businesses have a larger incentive to create plans, allowing workers to save more for retirement and save longer for retirement, lowering the penalty on errors, and expanding product options so people can choose the right investment and annuity options for themselves.

#### **INTERNAL REVENUE SERVICE (IRS)**

**The IRS has announced that it is giving certain recipients of federal benefits until November 21 to register for stimulus payments for their children.** Federal beneficiaries who already received payments of \$1,200 for themselves but have not yet received \$500 payments for their dependents under age 17 have until Nov. 21 to use the web site form to claim the child payments for 2020.

<https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>

#### **SOCIAL SECURITY ADMINISTRATION (SSA)**

**Senator Sherrod Brown (D-OH) introduced S. 4830, the "Fairness for Seniors and People with Disabilities During COVID-19 Act of 2020," on October 21, to provide protections to Social Security and Supplemental Security Income beneficiaries relating to extra payments due to the COVID-19 pandemic, and for other purposes.** The bill was referred to the Senate Committee on Finance. Both Senator Brown and Senator Rob Portman (R-OH) are members of the Committee.

**Social Security has announced the adjustments for 2021, including the maximum amount of earnings subject to the payroll tax, which is going up to \$142,800.** Earnings over this amount are not subject to Social Security taxes. SSA announced that about 70 million beneficiaries would receive a 1.3 percent cost-of-living adjustment (COLA) for 2021. The limitation on the annual benefit under a defined benefit plan under § 415(b)(1)(A) remains unchanged at \$230,000. The limitation for defined contribution plans under § 415(c)(1)(A) is increased for 2021 from \$57,000 to \$58,000. The dollar limitation under § 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in § 401(k)(11) or § 408(p) for individuals aged 50 or over remains unchanged at \$6,500. The dollar limitation under § 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in §

401(k)(11) or § 408(p) for individuals aged 50 or over remains unchanged at \$3,000. More details may be read here: <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2021>

**H.R. 860, the “Social Security 2100 Act,” has not advanced even with 208 cosponsors as of this date, who are all Democrats.** All the members of Ohio’s Democratic delegation are cosponsors, Reps. Joyce Beatty, Marcia Fudge, Tim Ryan, and Marcy Kaptur. The identical Senate bill is S. 269, introduced by Senator Richard Blumenthal (D-CT). Senator Chris Van Hollen (D-MD) is a cosponsor.

**H.R. 2302, the “Protecting and Preserving Social Security Act,” introduced by Rep. Theodore Deutsch (D-FL) still has only eight cosponsors,** including Rep. Marcy Kaptur (D-OH). This bill, like H.R. 860, would make improvements in the old-age, survivors, and disability insurance program and provide for Social Security benefit protection. It has not moved either and will need to be reintroduced.

### **HHS/ MEDICARE AND MEDICAID**

**Questions on the legality of the \$200 drug cards that President Trump announced at the end of September have slowed the distribution.** The cost of the drug cards has been calculated at \$7.8 billion and the funds were not authorized by Congress. The White House responded that the funding would come from Medicare’s Supplemental Medical Insurance Trust Fund.

**On October 16, the Centers for Medicare & Medicaid Services (CMS) released survey data showing that “21% of Medicare beneficiaries report forgoing non-coronavirus disease 2019 (COVID-19) care due to the pandemic, and nearly all - 98% - of beneficiaries have taken preventative measures to keep themselves safe from the virus.”** According to the survey, the most common type of forgone care because of the pandemic was dental care (43%), followed by regular check-up (36%), treatment for ongoing condition (36%), and diagnostic or medical screening test (32%). The most common reason cited for forgoing care was not wanting to risk being at a medical facility (45%). The press release may be read here: <https://www.cms.gov/newsroom/press-releases/cms-survey-data-illustrates-impact-covid-19-medicare-beneficiaries-daily-life-and-experiences>

**SERS has not received a response to the letter that Executive Director Richard Stensrud sent to HHS Secretary Alex Azar on August 7.** The bill was in response to the President’s Executive Order entitled “Lowering Prices for Patients by Eliminating Kickbacks to Middlemen.” HHS has not implemented the Executive Order, however, it may be considering how the Order can be accomplished.

**H.R. 1346, the “Medicare Buy-In and Health Care Stabilization Act of 2019,”** a bill to provide individuals who are ages 50 to 64 to buy into Medicare, and S. 470, the “Medicare at 50 Act,” the companion Senate bill which Senator Sherrod Brown (D-OH) co-sponsored, have not advanced.

### **HEALTH CARE**

**Open enrollment for individuals or families looking to enroll or change their healthcare plans have until December 15 to enroll.** Information on the Affordable Care Act (ACA) and to select a plan is available on [www.healthcare.gov](http://www.healthcare.gov).

**During a webinar hosted by the National Conference on Public Employee Retirement Systems (NCPERS), a panel discussion ensued relating to federal legislation that would modify the “Healthcare for Local Public Servants Act,” or HELPS.** The HELPS Act provides an exclusion from gross income of up to \$3,000 per year for health care or long-term care insurance premiums paid by eligible retired public safety officers, provided the payments are made directly by the state or local governmental pension plan to the health care or long-term care provider. This provision was enacted as part of the Pension Protection Act of 2006. Mary Beth Foley, General Counsel for the Ohio Police & Fire Pension Fund (OP&F), was a panelist. Chris Collins and I reached out to Ms. Foley and updated her about the continued advocacy for the reauthorization of Limited Wraparound Plans. OP&F supported this effort by signing a letter along with OPERS and STRS when the regulations were being considered by

three regulatory agencies. We agreed that the efforts by OP&F and SERS' efforts on Wraparound Plans were vehicles to support the under-65 retiree population.

**HHS issued a final rule in October that was supported by the White House.** According to the press release, under the rule, "more than 200 million Americans with private-sector insurance (both individual-market and employer-based) will have access to a list of real-time price information, including cost-sharing, enabling them to know how much care will cost them before going in for treatment." Beginning in 2022, insurers will be required to make available data files on the costs of various procedures, to better allow for research studies, and to help developers design tools to let patients compare costs across insurance plans. The requirement will take effect for 500 of the "most shoppable" services beginning in 2023, and then for all services starting in 2024. More information is available here: <https://www.hhs.gov/about/news/2020/10/29/trump-administration-finalizes-rule-requiring-health-insurers-disclose-price-and-cost-sharing.html>

**On October 28, the FBI and two federal agencies warned that they had "credible information of an increased and imminent cybercrime threat to U.S. hospitals and healthcare providers."** The alert said malicious groups are targeting the sector with attacks that produce "data theft and disruption of healthcare services." The cyberattacks involve ransomware, which locks up the data until the ransom is paid.

**The bill sponsored by Rep. Marcy Kaptur (D-OH) and Rep. Bob Gibbs (R-OH), H.R. 7292, to amend title XVIII of the Social Security Act to provide for forgiveness of certain accelerated and advance payments under parts A and B of the Medicare program, has not moved.** There are eight delegation cosponsors, including Reps. Balderson, Gonzalez, Ryan, Beatty, Fudge, Turner, Joyce, and Stivers.

#### **PRESCRIPTION DRUGS**

**In a new quarterly report, McKesson, a major drug manufacturer, reported that it would pay about \$8 billion of the \$21 billion total settlement over the next 18 years.** In a news release, the U.S. Justice Department of Justice announced that the resolution of the case "includes the largest penalties ever levied against a pharmaceutical manufacturer." Also, Purdue Pharma, the manufacturer of OxyContin, entered a guilty plea due to its marketing strategy for the highly addictive pain medication.

**The bill introduced by Rep. Dave Joyce (R-OH), H.R. 5239, the "Prescription Drug Price Reporting Act," cosponsored by Rep. Anthony Gonzalez (R-OH), would require reporting on prescription drug expenditures under group health plans and prescription drug price changes.** The companion bill in the Senate is S.1664. The bill would create a public, consumer-friendly federal database of drug pricing information and compels drug companies to explain any price increases. Neither bill has moved.

#### **DEPARTMENT OF LABOR (DOL)/ EMPLOYEE BENEFITS SECURITY ADMINISTRATION**

**On October 30, the DOL/EBSA released its final rule regarding factors that must be considered when selecting plan investments.** While public/governmental plans are not subject to the same rules as private plans, DOL rules tend to inform the action and practices of non-ERISA plans. The rule could be challenged under the Administrative Procedures Act (APA) and the Congressional Review Act (CRA). **The final rule retains the "all things being equal" test from DOL's previous guidance. It adds specific requirements for plan fiduciaries that they must document:** 1) why the pecuniary factors were not sufficient to select the investment; 2) how the investment compares to alternative investments with regard to the factors listed in paragraphs (b)(2)(ii)(A) through (C) of the final rule; and 3) how the chosen non-pecuniary factors are consistent with the interests of participants and beneficiaries in their retirement income or financial benefits under the plan. More details may be reviewed here: <https://www.dol.gov/sites/dolgov/files/ebsa/temporary-postings/financial-factors-in-selecting-plan-investments-final-rule.pdf>

#### **OTHER NEWS**

**Last week, President Trump directed the Secretaries of Labor, Commerce and Treasury to look into whether the PBGC can restore full pension benefits of 20,000 Delphi participants and review the decision to terminate the pension plan.**

**On October 22, President Trump issued an Executive Order to create a Schedule F in the excepted federal civil service, which would allow those employees to be removed from their positions in an “at-will” capacity. The Order may be reviewed here:**

<https://www.whitehouse.gov/presidential-actions/executive-order-creating-schedule-f-excepted-service/>

### **SECURITIES AND EXCHANGE COMMISSION (SEC)**

**The SEC is expected to withdraw a proposal to raise the 13F reporting threshold due to opposition from investors and companies, according to media reports.** The proposed rule would have allowed money managers with less than \$3.5 billion in assets to avoid quarterly disclosures of their equity positions. **The final amendments under Regulation S-K as part of a Disclosure Effectiveness Initiative to modernize and improve corporate disclosures will become effective on November 9, 2020.**

### **U.S. SUPREME COURT**

**The Supreme Court will hear oral argument on the Affordable Care Act on November 10.** In a surprising twist, Senate Majority Leader Mitch McConnell said, “No one believes the Supreme Court is going to strike down the Affordable Care Act,” during his pre-election debate with Democrat Amy McGrath.

**The Court has decided at least two pre-election cases dealing with whether Pennsylvania can tally mail-in ballots that arrive up to three days after Election Day.** Justice Samuel A. Alito, Jr., said, “I reluctantly conclude that there is simply not enough time at this late date to decide the question before the election. That does not mean, however, that the state court decision must escape our review.” The Supreme Court could still hear the appeal from the Trump campaign if he loses the vote in Pennsylvania.

### **ACTIVITIES:**

1. Reviewed the final rule from DOL/EBSA and reported on the rule’s new investment standards.
2. Participated in calls with SERS and Congressional aides to discuss lame duck session.
3. Attended the NCTR virtual conference for federal legislative and regulatory updates.
4. Monitored bills from the Committees on Ways & Means, Energy and Commerce, Appropriations, Finance, and others related to public pensions, COVID-19, retirement security, health care, prescription drugs, Social Security and kept informed of relevant House and Senate Committee hearings and witnesses.
5. Reviewed bills that were introduced or cosponsored by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
6. Reviewed notices or proposed rules from the SEC, DOL, HHS/CMS, and regulatory agencies.
7. Monitored organizations, such as the Social Security Administration, American Benefits Council, AHIP, BMA, AARP and other entities on pension, investment, and/or health-care-related issues.
8. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, Public Sector HealthCare Roundtable, Social Security, and prepared the Federal Legislative Report.

### **FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE**

Legal Counsel discussed with the Retirement Board filing with the JCARR the following proposed amended rule: 3309-1-11 Membership determinations, that has been reviewed by JCARR and is ready for final adoption by the board. Catherine Moss motioned and Barbra Phillips seconded that the proposed amended rule 3309-1-11 Membership determinations be adopted. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

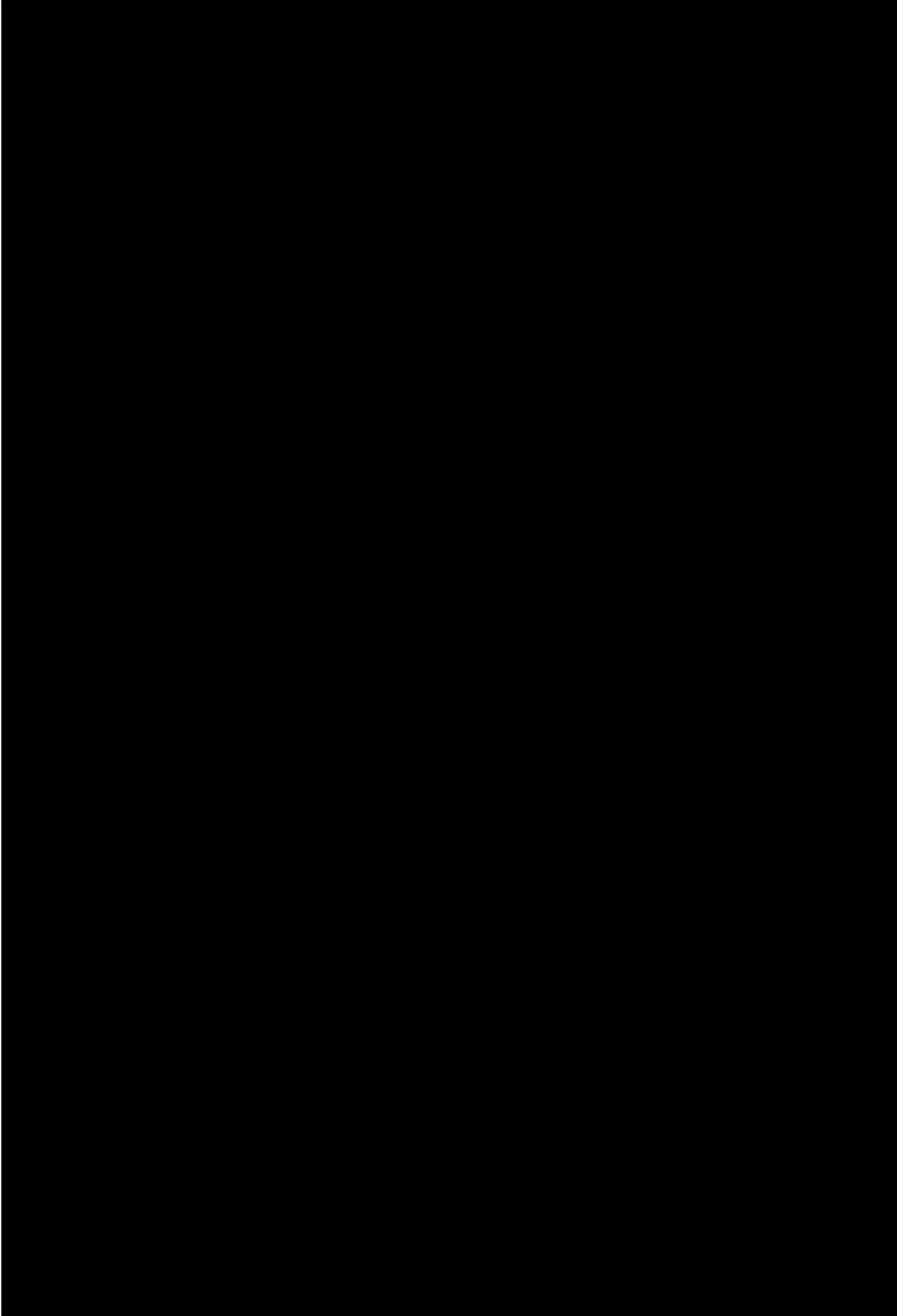


**APPROVAL OF SUPERANNUATION AND SURVIVOR BENEFITS**

Barbra Phillips moved and Catherine Moss seconded the motion that the following **505** Superannuation retirements, **20** Survivor Benefits, and 3 Disability Transfers be approved and further, that the persons listed below be granted allowances and benefits in the amounts set forth and effective as of the dates given in the report. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**A. SUPERANNUATIONS**

<b>NAME</b>	<b>WHERE PENSIONED</b>	<b>TRANSFERRED TO</b>
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Name	Recalculation Reason	Retirement Dates		Benefit Amount	
		Original	Correct	Original	Correct

Benefit Type: Service Retirement



**EXECUTIVE SESSION**

At 10:31 a.m., Barbra Phillips moved and Catherine Moss 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. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

The Board returned to open session at 11:15 a.m.

**APPROVAL OF DISABILITY BENEFITS**

Barbra Phillips moved and Catherine Moss seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and that the persons named below be granted a disability benefit. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

Name	School Employer	Treatment/ Re-exam
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]

**DISAPPROVAL OF APPEAL OF TERMINATION ON PERSONAL APPEARANCE – ANY OCCUPATION**

Frank Weglarz moved and James Haller seconded that the following report, as recommended by the Medical Advisory Committee and Vocational Expert, and prepared by staff be approved, and further, that the appeal of termination on personal appearance of the persons named below be disapproved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**Name                      School Employer**

██████████                      ██████████

**DISAPPROVAL OF DISABILITY BENEFITS**

Barbra Phillips moved and Matthew King seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved and further, that the disability benefit for the persons named below be disapproved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**Name                      School Employer**

██████████                      ██████████

**TERMINATION OF DISABILITY BENEFITS – ANY OCCUPATION**

Barbra Phillips moved and Frank Weglarz seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved and further, that the disability benefit for the persons below be terminated. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**Name                      School Employer**

██████████                      ██████████

**DISAPPROVAL OF APPEAL OF TERMINATION**

Catherine Moss moved and Matthew King seconded that the following report, as recommended by the Medical Advisory Committee and Vocational Expert, and prepared by staff be approved, and further, that the appeal on termination of the persons named below be disapproved. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**Name                      School Employer**

██████████                      ██████████

## PENSION AND HEALTHCARE ANNUAL ACTUARIAL VALUATION

Mr. Garrett began the discussion by highlighting the annual basic benefit valuation.

Continuing, Mr. Garrett reported the funded status for Basic Benefits increased from 70.51% to 71.49%. Actuarially determined contribution rate increased from 10.68% to 10.86% for Basic Benefits. Board-adopted funding policy requires at least a 13.50% employer contribution rate for funding of Basic Benefits, since funded ratio is greater than 70%, but less than 80%. Based on Board Resolution dated October 15, 2020, the entire employer contribution of 14% will be allocated to Basic Benefits. The Health Care Fund will receive the 1.50% employer surcharge, with no additional contribution from employer.

Mr. Garrett reports the total market value investment return was 2.67%. Market value investment return for Health Care Fund was 1.76% and Market value investment return for Basic Benefits Fund was 2.70%. Further, funded ratio increased from 70.51% to 71.49% and the determined contribution rate increased from 10.68% to 10.86% on current 24-year amortization schedule.

Mr. Garrett reported \$617 million of unrecognized investment losses, which will be recognized as investment losses over the next three years. Anticipated COLA gain for 2020/2021 plan year is \$220 million which will offset 2020/2021 investment loss due to asset smoothing.

Ms. Bennett reported on OPEB Valuation and states OPEB valuation recognizes actuarial gains due to lower than expected claims costs. Beginning in plan year 2021, Medicare Advantage plan premium rates exclude the ACA Health Insurer Fee, which was repealed on December 20, 2019, resulting in lower claims projections. No changes were incorporated at this time for COVID-19 due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections).

Ms. Bennett reported funded ratio was 21.09 % as of June 30, 2019, funded ratio is 26.86% as of June 30, 2020. Market value of assets used for valuation purposes. Investment return was 1.76% versus assumed rate of 5.25%. For funding valuation purposes, UAL amortization period remains 30 years. Based on Board resolution dated October 15, 2020, the Health Care Fund will not receive any employer contribution other than 1.50% surcharge.

Mr. Garrett reported if the Health Care Fund receives only the 1.50% in future years, and **all other actuarial assumptions are met**, the Health Care Fund is projected to remain solvent through 2054; 34 years of solvency. The projections are based on a 7.50% future asset rate of return assumption, on a payroll growth assumption of 3.50% per year, and on the assumption that the health care contribution rate will be 0.00%, plus a health care surcharge of 1.50%, or 1.50%. These projections assume there will be no health care cost increases due to ACA law changes or COVID-19 impact other than anticipated health care trend. Valuation reflects the Marketplace Wraparound Plan for Participants not eligible for Medicare. Current legislation has continued the Wraparound plan through 2020 with ongoing continuation under discussion. An HRA option was offered in 2020 and will continue to be offered in 2021. SERS Health Care and Government Relations staff are working with federal officials to extend the Wraparound program for 5-10 years.

Mr. Garrett discussed the surcharge level. The current surcharge level is \$23,000 for the 2020-2021 fiscal year. For the 2021-2022 fiscal year, our calculations show a level of \$25,000 would be required to meet the stated funding policy goal, assuming that the Health Care Fund receives no employer contribution in the future. The surcharge level is limited to 2.00% of each individual employer's payroll and 1.50% of total System payroll.

Concluding the presentation, the Board thanked Mr. Garrett and Ms. Bennett for their presentation.

**ACTUARIAL VALUATION REPORT**

**ALLOCATION OF EMPLOYER CONTRIBUTIONS**

Barbra Phillips moved and Frank Weglarz seconded that after review and discussion of the actuary's *Report on the Annual Basic Benefits Valuation of the School Employees Retirement System of Ohio* (prepared as of June 30, 2020) at the November 2020 Board meeting, the Board accept the actuary's recommended allocation of the 14% employer contribution for fiscal year 2021 as follows: Pension Fund (10.24%), Death Benefit Fund (.03%), Medicare B Fund (.59%) and Health Care Fund (.00%). The remainder (3.14%) will also be allocated proportionately to the Pension Fund, Death Benefit Fund and Medicare B Fund in accordance with the funding policy approved by the Board on June 18, 2015. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**ACTUARIAL VALUATION REPORT**

**HEALTH CARE SURCHARGE LEVEL FOR FY2022**

Matthew King moved and Catherine Moss seconded the motion to accept the recommendation of SERS's actuary, Cavanaugh Macdonald Consulting, LLC, and establish \$25,000 as the minimum compensation amount for purposes of the fiscal year 2022 Health Care surcharge. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**AMENDED FY20 HEALTH CARE SURCHARGE**

Barbra Phillips moved and Catherine Moss seconded the motion to accept the recommendation of SERS's actuary, Cavanaugh MacDonald Consulting, LLC, and establish \$23,000 as the amended minimum compensation amount for purposes of the fiscal year 2020 Health Care Surcharge. This amended minimum compensation amount replaces the \$19,600 amount recommended by the actuary and approved by the board on November 16, 2018. Upon roll call, the vote was as follows: Yea: Barbra Phillips, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Hugh Garside. The motion carried.

**CALENDAR DATES FOR FUTURE BOARD MEETINGS**

**CALENDAR DATES FOR 2020**

**AUDIT COMMITTEE MEETINGS**

December 16 - 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

December 17 - 7:30 a.m. (Thurs.)

**BOARD MEETINGS**

December 17 and 18 (Thurs. and Fri.)

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**CALENDAR DATES FOR 2021**

**AUDIT COMMITTEE MEETINGS**

March 17 - 2:30 p.m. (Weds.)  
June 16 - 2:30 p.m. (Weds.)  
September 15 - 2:30 p.m. (Weds.)  
December 15 - 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

March 18 - 7:30 a.m. (Thurs.)  
June 17 - 7:30 a.m. (Thurs.)  
September 16 - 7:30 a.m. (Thurs.)  
December 16 - 7:30 a.m. (Thurs.)

**BOARD MEETINGS**

February 18 and 19 (Thurs. and Fri.)  
March 18 and 19 (Thurs. and Fri.)  
April 15 and 16 (Thurs. and Fri.)  
May 20 and 21 (Thurs. and Fri.)  
June 17 and 18 (Thurs. and Fri.)  
July 15 and 16 (Thurs. and Fri.)  
September 16 and 17 (Thurs. and Fri.)  
October 21 and 22 (Thurs. and Fri.)  
November 18 and 19 (Thurs. and Fri.)  
December 16 and 17 (Thurs. and Fri.)

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

**DISPOSITION OF TABLED, CONTINUED, OR NEW BUSINESS**

The Board continued with the review of continued or new business.

**ADJOURNMENT**

Hugh Garside moved that the Board adjourn to meet on Thursday, December 17, 2020 for their regularly scheduled meeting. The meeting adjourned at 2:22 p.m.

\_\_\_\_\_  
Hugh Garside, Chair

\_\_\_\_\_  
Richard Stensrud, Secretary