

# SERS Retirement Board Meeting Minutes

July 15, 2021

The nine hundredth and forty-first 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, July 15, 2021.

## Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:30 a.m. with the pledge of allegiance.

## Oath of Office

The board meeting continued with the Oath of Office for three SERS board members, James Haller, Frank Weglarz, and Barbra Phillips.

OATH OF OFFICE OF JAMES HALLER  
MEMBER OF THE RETIREMENT BOARD OF THE  
SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF OHIO

STATE OF OHIO )  
 ) ss:  
COUNTY OF FRANKLIN)

I, JAMES HALLER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed. Upon completion, the board congratulated Mr. Haller and thanked him for his continued service.

OATH OF OFFICE OF FRANK WEGLARZ  
MEMBER OF THE RETIREMENT BOARD OF THE  
SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF OHIO

STATE OF OHIO )  
 ) ss:  
COUNTY OF FRANKLIN)

I, FRANK WEGLARZ, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed. Upon completion, the board congratulated Mr. Weglarz and thanked him for his continued service.

OATH OF OFFICE OF BARBRA PHILLIPS  
MEMBER OF THE RETIREMENT BOARD OF THE  
SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF OHIO

STATE OF OHIO )  
 ) ss:  
COUNTY OF FRANKLIN)

I, BARBRA PHILLIPS, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

Retirement System of Ohio during the period for which I was appointed. Upon completion, the board congratulated Ms. Phillips and thanked her for her continued service.

## **Roll Call**

Following the Pledge of Allegiance and the oaths of office, the roll call was as follows: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, James Rossler, Frank Weglarz, and Barbra Phillips. Absent: Catherine Moss and Daniel Wilson. Also attending in person was Samuel Peppers, representative of the Ohio Attorney General's Office, various members of the SERS staff, and a member of the public. Attending virtually was Joanna Bewick and David Lindberg of Wilshire Associates along with other members of the public.

## **Consent Agenda**

The consent agenda for July 15, 2021, included:

- Minutes from the **June 17, 2021**, board meeting
- Summary of Investment Transactions for the period of **May 1, 2021**, through **May 31, 2021**
- Retirement Report – Superannuation and Survivor Benefits and Special Cases
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, and additions (including Approval of Appeal for Disability Benefits)

James Haller moved and Frank Weglarz seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, July 15, 2021. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, James Rossler, Frank Weglarz, and Barbra Phillips. Absent: Catherine Moss and Daniel Wilson. The motion carried.

## **Investment Report**

The Investment Report session convened at 8:37 a.m.

### **Monthly Investment Report**

Farouki Majeed provided a summary of the Investment report for the period ending May 31, 2021. The total fund as of May 31, 2021, was \$17.45 billion. As of June 30, 2021, the FYTD return was 26.76%, exceeding the benchmark by 3%. Mr. Majeed also reviewed the American Investment Council's list of top ten pensions that delivered the strongest Private Equity returns and noted that SERS ranked fourth. Following comments, the Board thanked Mr. Majeed for his presentation.

The Investment Report concluded at 9:26 a.m.

## **Executive Director's Report**

### **COVID-19 Health Care Report**

Richard Stensrud, SERS Executive Director, began his report by stating that SERS is reporting 3,023 COVID-19 cases within the Medicare plan. There were 8 more deaths bringing the total to 270. 100 new vaccines were distributed to our Pre-Medicare members bringing the total vaccinated number up to 11,611 or roughly 40%. This does not include the members who may have been vaccinated by public health or other systems.

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

## **“Return to Office” Plan Update**

Mr. Stensrud reported as of July 6, 100% of staff returned to the office and the return to office plan has been completed. Starting with a modest remote work model, most staff are able to work remotely one day per week. However, not all staff positions are eligible for this remote work option. SERS will look at remote work options going forward and will continue work to reconnect with each other, renew our commitment and bond with our members and review what we have learned over the past year.

Mr. Stensrud restated SERS’ commitment to always have a meaningful onsite staff presence. SERS has excelled at bringing comfort & confidence to its members around retirement decisions. However, there is an added benefit to working remotely with staff and members. SERS leadership staff will continue to review and monitor the situation and adjust the return to office plan as needed.

## **Ohio Retirement Study Council**

Mr. Stensrud reported that the July ORSC meeting was cancelled. The next scheduled meeting is at the call of the chairman.

## **State Legislative Activity**

Mr. Stensrud reported that the state operating budget bill that passed the General Assembly and was signed by Governor DeWine did restore language included by the House to allow establishment of a policy to allow a retirement system’s board members to continue to attend board meetings using teleconference or video conference technology beyond July 1<sup>st</sup>. However, that authority was provided only to STRS since that was the provision that was originally adopted by the House.

Mr. Stensrud also reported efforts were not successful to get authorization for every system at this time. We have endorsement by ORSC to re-engage to get this authority extended. ORSC has recommended that all the retirement systems be granted that additional flexibility to have board members attend meeting remotely on occasion. SERS and other stakeholders will work with legislative leaders to try and address this issue in another bill in the future.

## **Federal Legislative Activity**

Mr. Stensrud provided an update on Medicare Part D and Employer Group Waiver Plans (EGWP). SERS continues to work with other plan sponsors, industry organizations and providers to create a white paper to educate Congress on EGWPs like ours as discussion continue around prescription drug reform for Medicare Part D. SERS will continue to work through the Public Sector HealthCare Roundtable to advocate for a solution to address the high cost of prescription drugs.

Mr. Stensrud reported in the interim, SERS has been making appointments to talk with key legislative staff to discuss EGWPs and the need for consideration of their unique plan offerings that benefit retirees. The current House bills, H.R. 3 and H.R. 19, the former Senate bill, S. 2543, called “PDPRA”, as well as the most recent bill introduced by Senator Ron Wyden (D-OR), all could cause an increase in the premiums of retirees and impact EGWPs as unintended consequences of Medicare Part D restructuring.

Mr. Stensrud also provided an update on WEP Reform. On June 29, four of Ohio’s retirement systems, including SERS, submitted a letter to the House Ways and Means Subcommittee on Social Security Chair John Larson (D-CT) and Ranking Member Tom Reed (R-NY) urging them to work to find a solution to the Windfall Elimination Provision (WEP). In the letter, the Executive Directors said *“No state has felt the impact of the WEP more acutely than Ohio, which has a higher percentage of non-covered (SSI) public workers than any other state. This offset currently impacts more than 148,000 Ohioans, diminishing their retirement security and reducing their ability to provide for themselves and their families. On behalf of the Ohio public employee retirees who are receiving a reduced Social Security benefit due to WEP and our active members who anticipate receiving a Social Security benefit in the future, we respectfully request the Subcommittee to enact an equitable solution.”*

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

## **OP&F Executive Director Selection**

Mr. Stensrud reported Mary Beth Foley has been named the Executive Director of the Ohio Police and Fire Pension Fund. Ms. Foley, the pension fund's General Counsel, has been Acting Executive Director since the retirement of John Gallagher in April.

## **Upcoming Special Committee Meetings**

Mr. Stensrud reminded the board that SERS is scheduled to have a special Compensation Committee meeting on Tuesday, July 27, 2021. The purpose of this meeting is to interview potential consultants to complete a compensation and classification study. SERS will also have a special Technology Committee meeting on Tuesday, June 27, 2021, immediately following the special Compensation Committee meeting.

To engage quickly with the selected consultant, Mr. Stensrud has asked that the board delegate authority to the Compensation Committee to select a consultant & engage with a consultant to complete this study. With no scheduled board meeting in August 2021, the board would have to delay voting on a consultant until September which would further delay the consultant's work.

Following a robust discussion, it was moved by James Rossler and seconded by Hugh Garside to delegate to the SERS Compensation Committee the selection of a vendor to perform a Compensation and Classification study. The chair of the Compensation Committee is authorized to sign a contract to retain the selected vendor. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, James Rossler, Frank Weglarz, and Barbra Phillips. Absent: Catherine Moss and Daniel Wilson. The motion carried.

## **Filing of Proposed Amended Administrative Rule**

Dawn Viggiano, SERS Senior Staff Legal Counsel, reported on the proposed amended administrative rule to address the enrollment issue Christi Pepe, Director - Health Care Services, referred to in the June 2021 board meeting. Ms. Pepe reported that SERS still has members who do not enroll in Medicare or if they do enroll, they eventually lose coverage. This results in additional costs to SERS and to the retiree.

Under the proposed amendment, an individual who fails to enroll in Medicare Part B during their Medicare initial or special enrollment period will lose eligibility for SERS' health care coverage. If an individual enrolls in Medicare Part B coverage but then fails to maintain the coverage, the individual must re-enroll during Medicare's first available general enrollment period.

The rule provides a deadline for individuals not currently enrolled in Medicare Part B to take action in order to remain eligible for SERS' coverage. The following individuals must enroll/re-enroll in Medicare Part B during Medicare's 2022 general enrollment period (January 1, 2022, through March 31, 2022) to remain eligible for SERS' health care coverage:

- Individuals who did not enroll in Medicare during their initial or special enrollment period(s) between January 1, 2019 and December 31, 2021
- Individuals who lost Medicare Part B coverage between January 1, 2019 and December 31, 2021

Individuals who, prior to January 1, 2019, failed to enroll in Medicare Part B during their initial/special enrollment period of lost Medicare Part B coverage will not lose eligibility for SERS' health care coverage for failure to enroll.

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

Hugh Garside moved and Matthew King seconded that proposed amended rule 3309-1-35 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, James Rossler, Frank Weglarz, and Barbra Phillips. Absent: Catherine Moss and Daniel Wilson. The motion carried.

Mr. Stensrud concluded his report and the board thanked him for the updates.

## **Technology Committee Report**

Matthew King, Chair of the SERS Technology committee provided an update on the committee's work. The initial meeting was held June 1, 2021. The committee has several objectives and wants to work to create a platform for staff and the board to collaborate on future IT projects, understand IT trends, and provide guidance on a multi-year IT capital plan. The committee observed presentations from SERS IT staff and had a robust discussion about security matters in executive session. Other discussion topics were the technology budget, ransomware, insurance, and the SERS disaster recovery plan. Mr. King reported the meetings are going well.

It was requested by the board that the education and informational items received in the Technology Committee meetings be shared with the full board in the future. Mr. Stensrud stated there is a plan to build a SERS library of resources for the board on a variety of topics. SERS wants to expand the level of awareness and understanding of technological matters. SERS' staff wants to the board to understand how audit and ERM intertwine with technology. SERS is also looking for opportunities to provide additional training (programs and presentations) and hopes to provide these at the next board retreat. The board thanked Mr. King for his update.

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

## **Board Communication and Policy Issues**

### **CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2021 - 2022**

#### **REMAINING CALENDAR DATES FOR 2021**

##### **AUDIT COMMITTEE MEETINGS**

December 15, 2021 - 2:30 p.m. (Weds.)

##### **COMPENSATION COMMITTEE MEETINGS**

December 16, 2021 - 7:30 a.m. (Thurs.)

##### **TECHNOLOGY COMMITTEE MEETINGS**

December 16, 2021 – 2:00 p.m. (Thurs.)

##### **BOARD MEETINGS**

October 21 and 22, 2021 (Thurs. and Fri.)  
November 18 and 19, 2021 (Thurs. and Fri.)  
December 16 and 17, 2021 (Thurs. and Fri.)

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

# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

## **CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022 \*\***

### **AUDIT COMMITTEE MEETINGS**

March 16, 2022 - 2:30 p.m. (Weds.)  
June 15, 2022 - 2:30 p.m. (Weds.)  
September 14, 2022 - 2:30 p.m. (Weds.)  
December 14, 2022 - 2:30 p.m. (Weds.)

### **COMPENSATION COMMITTEE MEETINGS**

March 17, 2022 - 7:30 a.m. (Thurs.)  
June 16, 2022 - 7:30 a.m. (Thurs.)  
September 15, 2022 - 7:30 a.m. (Thurs.)  
December 15, 2022 - 7:30 a.m. (Thurs.)

### **TECHNOLOGY COMMITTEE MEETINGS**

March 17, 2022 - 2:00 p.m. (Thurs.)  
June 16, 2022 - 2:00 p.m. (Thurs.)  
September 15, 2022 - 2:00 p.m. (Thurs.)  
December 15, 2022 - 2:00 p.m. (Thurs.)

### **BOARD MEETINGS**

February 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)  
March 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)  
April 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)  
May 19-20, 2022 - 8:30 a.m. (Thurs. and Fri.)  
June 16-17, 2022 - 8:30 a.m. (Thurs. and Fri.)  
July 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)  
September 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)  
October 20-21, 2022 - 8:30 a.m. (Thurs. and Fri.)  
November 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)  
December 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)

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# **SERS Retirement Board Meeting Minutes**

**July 15, 2021**

## **Continued or New Business**

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

### **Executive Director's Report (cont.)**

Amy McDuffee, founder of Mosaic Governance Advisors, and her colleague, Catherine Jackson, joined the board to facilitate a discussion on the results and findings of the SERS board self-evaluation process. Ms. McDuffee began by explaining the context and the history of board self-evaluations. Mosaic interviewed SERS trustees from June 1 to June 15, 2021. The interviews were based on questions about the board's overall performance. A self-evaluation component was provided for individual Trustee evaluation and personal reflection but was not the subject of Mosaic's interviews. Mosaic captured comments and summarized the results without attribution. After robust discussion, the board thanked Ms. McDuffee and Ms. Jackson for their presentation. The board looks forward to additional discussion regarding next steps in the future.

### **Adjournment**

Barbra Phillips moved to adjourn to meet on Thursday, September 16, 2021, for the SERS regularly scheduled board meeting. The meeting adjourned at 11:25 a.m.

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Barbra Phillips, Chairperson

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Richard Stensrud, Secretary