



**SERS Retirement Board
Special Compensation Committee
Meeting Agenda
Friday, June 21, 2024
7:30 A.M**

To Join Zoom Meeting:

<https://ohsers.zoom.us/j/92023513021?pwd=VkVGUmYyMU0zMUdaU2dKdndPRmNXdz09>

Meeting ID: 920 2351 3021 Password: 12345

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **920 2351 3021** and password: **12345** when prompted.

1. Roll Call
2. Approval of **April 18, 2024**, Compensation Committee Meeting Minutes (R)
3. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)
4. Adjournment (R)

SCHOOL EMPLOYEES RETIREMENT SYSTEM

COMPENSATION COMMITTEE

June 21, 2024

_____ **A.M.**

Roll Call:

Jeffrey DeLeone	_____
James Haller	_____
Barbra Phillips	_____
Aimee Russell	_____
Daniel Wilson	_____

Guests in Attendance:

APPROVAL OF MINUTES OF THE COMPENSATION COMMITTEE MEETING

_____ moved and _____ seconded the motion to approve the minutes of the Compensation Committee meeting held on April 18, 2024.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

School Employees Retirement System	SPECIAL COMPENSATION COMMITTEE MINUTES																										
Preparer	Vatina Gray	Meeting Date:	April 18, 2024																								
Committee Chair	Daniel Wilson	<p>Committee roll call was as follows: Present: Daniel Wilson, Jeffrey DeLeone, James Haller, Barbra Phillips, and Aimee Russell.</p> <p>Also in Attendance: Lisa Reid, representative from the Ohio Attorney General's Office, attended remotely. Also in attendance was SERS Staff: Richard Stensrud, Joe Marotta, and Vatina Gray.</p>																									
Agenda	<ol style="list-style-type: none"> 1. Roll Call 2. Approval of March 21, 2024 Compensation Committee Minutes (R) 3. Investment Incentive Compensation Policy Discussion 4. Succession Plan, Staffing, and Re-Employment Policy Discussion 5. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R) <i>if needed</i> 6. Adjournment 																										
Discussion	<p>The SERS Special Compensation Committee meeting began in open session at 7:30 a.m.</p> <p><u>ROLL CALL</u></p> <p>The SERS Compensation Committee roll call was as follows: Jeffrey DeLeone, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson.</p> <p><u>APPROVAL OF MINUTES</u></p> <p>James Haller moved and Barbra Phillips seconded the motion to approve the minutes of the Compensation Committee meeting held on March 21, 2024. Upon roll call the vote was as follows: Yea: Jeff DeLeone, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson. The motion carried.</p> <p><u>INVESTMENT INCENTIVE COMPENSATION POLICY DISCUSSION</u></p> <p>SERS Executive Director, Richard Stensrud, introduced SERS Chief Investment Officer, Farouki Majeed, who wanted to provide to clarity on the proposed changes to the SERS Investment Incentive Compensation policy.</p> <p>Mr. Majeed stated this request is the first time there will be substantive changes made to the incentive compensation policy. Mr. Majeed advised that there is an Investment Committee that has been discussing the policy and wants to get the Compensation Committee's blessing before bringing the change request to the full board. Mr. Majeed explained several details in the policy. Mr. Majeed explained that SERS experience shows that the private asset classes (Private Equity, Real Assets, Private Credit) have consistently generated higher excess returns than the public asset classes (Global Equity, Global Fixed Income). Hence, having a uniform target excess return for all asset classes does not serve the purpose of fair incentive payment for achieving excess returns. Currently, the target for each asset class and the total fund is uniformly 0.50%.</p> <p>Mr. Majeed proposed the following changes to the excess return targets:</p> <table border="1" data-bbox="540 1692 1317 1927"> <thead> <tr> <th></th> <th>Proposed</th> <th>Current</th> </tr> </thead> <tbody> <tr> <td>Global Equity</td> <td>0.40% or 40 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Private Equity</td> <td>1.5% or 150 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Global Fixed Income</td> <td>0.60% or 60 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Real Estate</td> <td>1.0% or 100 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Infrastructure</td> <td>1.0% or 100 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Private Credit</td> <td>1.0% or 100 b.p.</td> <td>50 b.p.</td> </tr> <tr> <td>Opportunistic</td> <td>1.0% or 100 b.p.</td> <td></td> </tr> </tbody> </table>				Proposed	Current	Global Equity	0.40% or 40 b.p.	50 b.p.	Private Equity	1.5% or 150 b.p.	50 b.p.	Global Fixed Income	0.60% or 60 b.p.	50 b.p.	Real Estate	1.0% or 100 b.p.	50 b.p.	Infrastructure	1.0% or 100 b.p.	50 b.p.	Private Credit	1.0% or 100 b.p.	50 b.p.	Opportunistic	1.0% or 100 b.p.	
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Mr. Majeed reported after being with SERS for 10 years, there is an investment performance track record now. Investment staff and leadership should be comfortable with these changes and they should be more attainable.

After several questions and a robust discussion, the Compensation Committee members agreed to discuss these changes at a future board meeting. The committee thanked Mr. Majeed for the report.

SUCCESSION PLAN, STAFFING, AND RE-EMPLOYMENT DISCUSSION

SERS Executive Director Richard Stensrud continued the meeting with a discussion on the retire rehire policy. Mr. Stensrud reiterated how important it is to have a strategic process in place to make sure the positions are filled by capable staff. The goal is to fill positions with existing staff whenever possible. This tool can be used in the replacement planning part of this process when there is an immediate need to fill a position.

Mr. Stensrud reported that succession planning is long-term while replacement planning is to fill an immediate need. The replacement plan will be implemented in a way that compliments the succession plan. The retire rehire policy is a way to create time and a bridge for internal growth to occur. Mr. Stensrud confirmed this is an interim approach to maintain continuity and would be utilized for a fixed period, not indefinitely.

Mr. Stensrud further reported that the board would maintain oversight over this policy whenever it is utilized. SERS would have an ongoing reporting responsibility to the board regarding anyone using the retire rehire policy. This policy is not a permanent solution but a gap solution.

Following a robust discussion and several questions from the committee, the committee agreed to endorse this policy and bring it before the full board for consideration, with the understanding if there are any issues, the policy can be referred back to committee for further review.

EXECUTIVE SESION

There was no executive session necessary.

ADJOURNMENT

Daniel Wilson moved to adjourn the meeting at 8:31 a.m.

	Action Items	Assigned Person	Due Date
Action Items	n/a	n/a	

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

CONVENE IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

ROLL CALL

	YEA	NAY	ABSTAIN
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

ADJOURNMENT

_____ moved that the Compensation Committee adjourn to meet on _____
or the next compensation committee meeting.

The meeting adjourned at _____ a.m.

Daniel Wilson, Compensation Committee Chair