

March 16, 2017

The eight hundred and ninety-eighth 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, March 16, 2017. The meeting convened in open session at 8:35 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Barbra Phillips, Chairperson, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Madonna Faragher. Barbra Phillips excused the absence of Jeffrey DeLeone and James Haller. Also in attendance was John Danish, 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
February 16 & 17, 2017**

James Rossler moved and Madonna Faragher seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday and Friday, February 16 & 17, 2017. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

REDUCTION FACTORS

Tracy Valentino, Chief Financial Officer, stated that Ohio Revised Code Section 3309.34(C) requires SERS' actuary to evaluate the retirement eligibility requirements for members set forth in R.C. 3309.34 every five years. Cavanaugh Macdonald evaluated the current retirement eligibility requirements and found no adjustments are needed at this time.

Ms. Valentino further noted that Ohio Revised Code Section 3309.36(D) requires SERS' actuary to evaluate actuarial equivalent reduction factors for certain retirement eligibilities every five years. Cavanaugh Macdonald completed an analysis and recommended the Board adopt updated actuarial equivalent reductions factors set forth in R.C. 3309.36(B)(3) for non-grandfathered members (those with less than 25 years of service as of August 1, 2017) who elect to retire prior to eligibility for unreduced benefits on and after August 1, 2017 under R.C. 3309.34(A)(2). Todd Green from Cavanaugh Macdonald was present to review the recommendation and answer any questions.

Mr. Green stated that in the course of providing analysis of the various plan changes considered by the Board this past year, Cavanaugh Macdonald evaluated the current retirement eligibility requirements set forth in ORC 3309.34 and found no additional adjustment to the requirements is necessary at this time. In addition, ORC Section 3309.36(D) requires the actuary to evaluate the basis for actuarial equivalent reductions for certain retirement eligibilities prior to eligibility for unreduced retirement benefits. Mr. Green recommended the Board adopt updated actuarial equivalent reduction factors applicable to non-grandfathered members with less than 25 years of service who elect to retire prior to eligibility for unreduced benefits.

REDUCTION FACTORS

Madonna Faragher moved and Catherine Moss seconded the motion to accept the recommendation of SERS's actuary, Cavanaugh Macdonald Consulting, LLC, and adopt updated actuarial equivalent reduction factors as set forth in R.C. 3309.36(B)(3) for members retiring under R.C. 3309.34(A)(2). Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

Barbra Phillips asked Farouki Majeed to present the investment report.

INVESTMENT REPORT

Monthly Investment Report

Mr. Majeed provided an economic update and discussed the Investment report for the month ending January 2017. The preliminary performance report as of February 28, 2017 was provided to the Board for their information. The Board thanked Mr. Majeed for the presentation.

Quarterly Risk Report

Yen Le presented the Risk Report as of December 31, 2016. The risk presentation included the Total Fund risk forecast, individual asset class contributions to risk, active risk, asset class correlation and a comparison of realized risk versus forecasted risk. Mr. Majeed commented three asset classes are exposed to growth risk; they are public equities, private equities and real assets. Fixed Income and Multi Asset Strategies (MAS) diversify the growth risk.

Opportunistic Portfolio Review

Mr. Majeed introduced Phil Sisson for the Opportunistic portfolio review. Currently, the Opportunistic team consists of Farouki Majeed, Steve Price, Phil Roblee and Phil Sisson. Opportunistic investments are defined as tactical or non-traditional investment opportunities that do not fit within traditional asset classes. Mr. Sisson discussed characteristics, performance, income returns, and risk overview for the Opportunistic portfolio. New investments for FY17 include two direct lending funds. The opportunistic team continues to pursue additional funds to add value to the portfolio.

Asset Allocation Update

Mr. Majeed introduced David Lindberg and Stephen Marshall of Wilshire to present the asset allocation analysis. The Wilshire team and SERS' investment staff evaluated various options in the asset allocation modeling. Mr. Marshall discussed important risks including shortfall, drawdown, inflation, and liquidity. Mr. Majeed added an asset allocation study is performed at least every three years and assumptions are reviewed annually. Wilshire also provides assumptions every year for staff's review. Mr. Marshall discussed the process, including a comparison of capital market assumptions, model inputs, optimizations of alternative portfolios and asset return shortfall vs. drawdown. Mr. Majeed stated that the options presented consider the role of MAS and possible reduction in MAS allocation and alternative allocations. Staff will continue the conversation during the April meeting with suggestions for allocation changes. If the Board chooses to make changes to the asset allocation, a motion will be prepared for review and possible approval.

The Board took a break at 10:40 a.m. and resumed at 11:00 a.m.

Mr. Majeed distributed to the Board a report of the top 20 Equity and Fixed Income funds in the Total Fund as of January 31, 2017. Updated reports will be provided monthly to the Board.

Corporate Governance – New Proxy Issues 2017

Julie Deisler provided an annual update on new proxy issues for the 2017 proxy season and highlighted changes of the issues from 2016 to 2017. ISS is the current proxy voting agent that provides a list of ballot issues. Ms. Deisler notes Board diversity is one of the major issues and as a result, diversity language has been added to the proxy voting guidelines. Ms. Deisler further stated that SERS has an opportunity to become a signatory to the Investor Stewardship Group's corporate governance framework.

The framework was developed by a group of asset owners and money managers and will go into effect January 1, 2018. An updated Proxy Voting book for 2017 was provided to the Board. The Board thanked Ms. Deisler for her update.

SUMMARY OF INVESTMENT TRANSACTIONS

Madonna Faragher moved and Beverly Woolridge seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **January 1, 2017** through **January 31, 2017** hereby be approved. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 91.4
Non-US Equities	99.5
Fixed Income	391.9
Multi-Asset Strategies	n/a
Private Equity Capital Calls	23.9
Real Asset Capital Calls	9.1
Opportunistic	6.1
Cash Equivalents	182.9

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 90.5	\$ 9.0
Non-US Equities	102.7	4.7
Fixed Income	382.7	1.0
Multi-Asset Strategies	n/a	n/a
Private Equity distributions	10.3	n/a
Real Asset distributions	29.9	n/a
Opportunistic	1.8	.2
Cash Equivalents	183.9	n/a

EXECUTIVE DIRECTOR'S UPDATE

SMART UPDATE

John Grumney and Jay Patel provided a SMART update following go-live on February 27. Mr. Grumney stated that the transition to SMART has gone relatively well and Sagitec is working to address any bugs to the new system. Mr. Grumney thanked Michele Miller and Nikki Whitacre in regards to training, noting that training will be important for all staff going forward. He also indicated that Employers are downloading files successfully.

Jay Patel stated that as the organization is adapting to SMART, benefit payments will be sent out next month. The organization is adapting to the SMART application. The project is still under budget. Sagitec has been very supportive to staff, and SERS' business analysts are working closely with staff for extra assistance. There has been tremendous teamwork between SERS and Sagitec, as well as Helen's support. John and Jay thanked the Board for their support and flexibility on this project.

The Board thanked staff for all their hard work.

Ohio Retirement Study Council

The March ORSC meeting was rescheduled to the 23rd of March and House members have been named: Speaker Pro Tem Rep. Kirk Schuring (R-Canton) who should be named as Chair; Rep. Dan Ramos (D-Lorain); and new Representative Rick Carfagna (R-Westerville). They join Senate appointees Jay Hottinger (R-Newark); Edna Brown (D-Toledo); and new Senator Steve Wilson (R-Maineville).

We have met with nine legislators so far this month on the COLA changes. The nine legislators we have met with includes all six legislative members of the ORSC. The COLA bill has been drafted and is currently being revised by LSC. Rep. Schuring has asked us to provide letters of support or understanding from our advocacy groups, and if any Board members might be helpful with that we would be appreciative. Currently, we have received a letter from OEA. We also received confirmation that AFT will be writing a letter of support as well.

ORSC Fiduciary Performance Audit

Now that the Council has been appointed, we are awaiting a date from the Chairman to schedule the Funston audit team in to present the audit to the Council. The report will become public at that time. Internal Audit will perform follow-up reviews on the audit's recommendations and provide periodic progress updates to the Board.

OASBO/SERS Follow-up Meeting

This week, SERS hosted a follow-up meeting with a small group of OASBO members about the COLA changes. SERS' Board member Dan Wilson joined staff and kicked off the meeting with a great overview about the Board's process for recommending incremental pension reform changes, rather than overcorrecting. OASBO members left with their questions answered and a good understanding of the need for our proposed changes. Mr. Wilson noted that this was a productive meeting with a good outcome. Both he and James Rossler are working with OASBO for a letter of support.

Advocacy Groups

On March 1, SERS received a public records request from Protect Ohio Pensions, Inc. (POP5) for the names and addresses of all SERS members and retirees. POP5 is a newly established advocacy group that is soliciting our members and retirees for membership in their organization. Based on the experience at OPERS and STRS, we can expect to receive calls from our membership regarding the mailing. Key advocacy groups have been alerted. SERS is the third system to receive a request. We have provided recommended talking points for our staff when responding to questions. We also hope to put information on our website next week.

Federal Legislation

Ms. Johnson discussed a letter SERS provided to the Ohio congressional delegation on how the American Health Care Act (AHCA) will impact SERS and its retirees. Many thanks to Anne Jewel and her staff for their solid analysis of these impacts.

Carol Drake provided the letter yesterday to the key Congressional staff members who handle health care issues, including all 16 House members and both Senate offices. She also provided copies to OPERS; STRS; Ed Jayne and Ann Widger from AFSCME; Tom Lussier and Andrew McPherson from the Public Sector Health Care Roundtable; John Rother from the National Coalition on Health Care; Diann Howland and Katy Spangler from the American Benefits Council; and Michele Varnhagen from AARP. We have received the letter of opposition from AARP and National AFSCME.

The last week of February, Carol Drake and Ms. Johnson attended several annual conferences in DC, and accomplished 19 congressional visits. They discussed SERS' specialty drug costs, education about our Medicare Wrap program, the value of Medicaid Expansion to some of our members, WEP and Offset, mandatory coverage, and other issues.

Contacts with New Executive Director

Ms. Ninos informed the Board that she has been in contact with Mr. Stensrud regularly by phone and email. Information was recently mailed to him pertaining to an onboarding schedule for input and prioritization. He also received a box of general information and reports for his review. Additional information will be sent to Mr. Stensrud later this month.

Financial Disclosure Statements

Ms. Ninos reminded the Board that Financial Disclosure Statements are due May 15.

FEBRUARY FEDERAL REPORT

Prepared by Carol Nolan Drake as of March 3, 2017

OVERVIEW

The first month of the Trump administration continued with the same pace that dominated the President's first week in office. The Trump plan for the "de-administration" of the federal government and his campaign promise to "drain the swamp" continued with the signing of more executive orders, approximately 25 thus far, that relate to issues for which SERS would have an interest and/or concern, including:

- An order directing the Treasury secretary to review the 2010 Dodd-Frank financial regulatory law;
- A memorandum instructing the Labor Department to delay implementing a rule issued at the end of the Obama administration that requires financial professionals who give advice on retirement matters to their clients and who charge commissions for their work, to put their client's interests first;
- An order instructing agencies that whenever they introduce a new proposed rule or regulation, they must first propose to abolish two other existing rules and/or regulations (i.e., the 2 for 1 executive order);
- An order that lengthens the ban on administration officials who leave their federal office to work as lobbyists;
- An order that imposed a hiring freeze for federal government workers to begin to shrink the size of the federal government workforce. The order excluded military forces;

- And as previously reported, an order that directed federal agencies to ease the “regulatory burdens” of Obamacare.

The Senate continued to work its way through the President’s nominees for the remaining Cabinet positions. The confirmation hearings appeared to take longer than previous administrations, in part, due to the length of time that some nominees, unfamiliar with the vetting process, needed to fill out lengthy disclosure documents and respond to questions from Senators.

In the midst of these hearings came news that retired General Michael Flynn, the President’s national security advisor, was asked by President Trump to tender his resignation, on Monday, February 13, due to the perceived failure by General Flynn to fully explain to Vice President Mike Pence, the discussions that General Flynn had with Russian official, Sergey Kislyak, on U.S. sanctions against Russia in pre-election phone calls.

Now, slightly more than two weeks later, U.S. Attorney General Jeff Sessions, a former U.S. Senator from Alabama, is under media and political scrutiny. The headlines have occurred for Attorney General Sessions for a perceived failure to fully disclose two conversations in July and September 2016 that Senator Sessions had with Mr. Kislyak while he was a Senator who served on the Senate Armed Services Committee. The conversations occurred prior to the presidential election and Senator Sessions was not a nominee as U.S. Attorney at the time. Democrats, the media and several high-ranking Republicans are asking questions or calling for an investigation in order to fully understand the nature and extent of the conversations. In an attempt to temper the scrutiny, Attorney General Sessions has decided to recuse himself from the pending Russian investigation.

JOINT SESSION OF CONGRESS

President Trump was invited to speak before a joint session of Congress on Tuesday, February 28. While the speech was not a formal “State of the Union” address because it was given early in the Trump administration’s tenure, it was an eagerly anticipated speech. During the slightly over an hour address to both House and Senate members, President Trump provided a more positive viewpoint than the one expressed in his inaugural address. He discussed the work on behalf of the American people that Congress and his administration could accomplish by working together. The tribute to the widow, Carryn Owens, of fallen Navy officer, William “Ryan” Owens, was the most significant recognition to an individual that President Trump gave during his speech. The members on the floor and the guests in the gallery gave Mrs. Owens a standing ovation that lasted well over two minutes.

The President highlighted the urgent need to repeal and replace Obamacare as soon as possible; however, he recognized that people with pre-existing conditions should be protected and able to afford access to health care coverage. He mentioned tax credits for health care premiums and the increased use of health savings accounts as vehicles to help make health care more affordable to Americans. The President went on the record to say that the upcoming plan will “expand choice, increase access, lower costs, and at the same time, provide better health care.” The President also referenced some kind of transition plan to help make sure that people retained coverage while these changes were being implemented.

The President also promised a big tax cut to the corporate tax rate, which would spur growth and create jobs. He also said that middle-class Americans would benefit from tax reform, too, but did not provide specifics how any tax code changes would accomplish these goals. Comprehensive tax reform has not occurred since 1986 and that effort took many years of hard work by Republicans, Democrats, corporate representatives and many interested parties, before the final legislation was passed. The President was clear that tax reform needs to happen sooner rather than later. With the health care reform priority already in play, tax reform will be the next priority.

He called for a \$1 billion infrastructure program to provide the needed funds to repair and replace America’s aging roads, bridges and highways. Again, there were no details on the proposal. This is not the first time that President Trump has mentioned the need for Congress to fix the infrastructure problem. Several officials representing public pension funds have wondered if they will be approached to purchase infrastructure bonds or other investment vehicles. It is always important to remember that pension funds

have billions of dollars of assets under management and could be an easy target for possible infrastructure investment opportunities.

HEALTH CARE

The repeal and replacement of the Affordable Care Act is the number one priority for Congress according to recent discussions with staff members from the Ohio delegation, followed closely by tax reform. While the Senate has at least two significant repeal and replacement bills pending, the House has been taking a more deliberate approach.

It appears that the House Republicans are still planning to use the budget reconciliation process, as mentioned in last month's report, to repeal portions of Obamacare that can be tied to the funding of certain health care provisions in the ACA. In this way, with the funding sources removed, the provisions cannot be fully implemented and the Senate will only need a simple majority vote to affirm. Additionally, the House may consider more than one bill to address repeal and replacement efforts rather than introduce one large bill. Smaller bills would lend themselves to review in several House committees and could be easier to pass overall. Also, the bill(s) could include some provisions that are favorable to Democrats and Americans, including the protection for people who have pre-existing conditions. In this way, the bill(s) would be deliberately blended with a mix of legislative changes to make it harder for Democrats to vote against them.

Finally, with the President's cabinet in place, the heads of federal agencies can begin issuing their own guidance on remaining rules or regulations from the ACA. For example, U.S. Representative Tom Price, a physician, is now the secretary for Health and Human Services, with jurisdiction over some ACA provisions.

Last week, Ohio Governor John Kasich traveled to Washington, D.C. and met with President Trump to discuss several issues, including the expansion of Medicaid under the ACA that benefitted over 700,000 Ohioans. Governor Kasich also attended the National Governors' Association meeting. Media reports indicated that the Governor was able to provide the President with an alternative viewpoint on the expansion of Medicaid than some of his Republican counterparts.

It is too soon to tell whether Medicaid will be funded for the states by the use of block grants or if current Medicaid recipients will be grandfathered into the program, or other options for coverage will be offered. The Governor wrote to Rep. Kevin McCarthy, House Majority Leader, on January 18, 2017 to express his view on the repeal and replacement of the ACA. While the Governor supported the repeal and replace package, he pointed out serious consequences to the state if certain changes were made. Governor Kasich reinforced the message that market solutions were necessary to ensure that costs were lowered and health care was improved for Ohio's citizens.

Yesterday, on March 2, we heard that the House Energy and Commerce Committee could begin its markup of the first bill to repeal and replace the ACA as early as next week. We were told that a draft of the bill was not yet available and probably would not be posted online until shortly before the Committee would be meeting. The Ohio delegation has two members on the Energy and Commerce Committee, namely Representatives Bill Johnson (R-OH) and Bob Latta (R-OH). Media sources indicated that the bill was being closely monitored and no one, including Senator Rand Paul (R-KY), who has his own pending Senate bill, would be able to view the bill's provisions, until next week.

It was also reported that the House Ways and Means Committee could also have a bill to consider shortly. Ohio also has two members on the Ways and Means Committee, with Rep. Pat Tiberi (R-OH) and Jim Renacci (R-OH) serving on that Committee. Delegation staff members were not able to provide details on any repeal or replacement legislation; however, they did suggest that we monitor committee activity next week. Two other committees, House Rules and Budget, may also weigh in on any ACA repeal and replacement legislation.

Several members have expressed concerns that the bills could move before the Congressional Budget Office ("CBO") has had a chance to score the bills. This would mean that House members would be expected to vote on bills for which they would not know how the savings would be realized over the course of the next few years. More importantly, members would not have sufficient time to review the draft language and make informed votes since hearings are being bypassed. During the hearing process,

interested parties are given the opportunity to voice their support or concerns about legislation, which can be helpful for members to hear before they vote one way or another. It does not appear that Republicans want to risk holding hearings on these bills and slow down the process.

We did hear that the health care reform package was anticipated to pass the House before the end of March, to clear the way for tax reform discussions. If that timetable holds, that could mean that any health care reform legislation could make its way to the Senate by the end of March.

While Ms. Laurel Johnson and I were in Washington, D.C. this week, we had discussions with most of the delegation staff members that handle health care for their Ohio delegation members. More details of these visits can be reviewed later in this report.

A series of media buys have occurred by interested parties hoping to influence citizens to either support the repeal of the ACA or to maintain the key provisions of the ACA. Media ads are being aired on many news channels in an attempt to influence the American public to support the Republican or Democratic viewpoint on the evils or merits, respectively, of the ACA.

The excise tax, also referred to as the “Cadillac tax,” continues to be discussed on the Hill because it is a major revenue generator or “pay for.” SERS has been opposed to the Cadillac Tax and worked for its repeal. The Coalition to Fight the 40% has added an additional platform for its advocacy due to some of the new proposals for health care. The Coalition is made up of corporate members, businesses, patient-care advocates, public and private sector organizations, labor, and consumer groups to advocate on behalf of employer-sponsored health care coverage for Americans.

The Coalition continues to advocate for the full repeal of the Cadillac tax and opposes any new taxes on health care benefits. If current administration proposals are included in upcoming bills, the Coalition believes that these changes could lead up to one of the largest tax increases to impact the lowest earners in the working economy. It has been revealed that one of the proposals to repeal and replace the ACA includes a possible provision to tax health care benefits provided by employers to their employees.

According to the Coalition, over 177 million Americans are covered under employer-sponsored health care plans, that are “stable, efficient, and effective” in covering these people, leading to better health care outcomes, lower costs and more engaged employees. In the current environment, when employees receive health care coverage through their employers, the cost of their coverage that they pay for is excluded from their taxable incomes. Some proposals would set a new threshold which would cap the employee exclusion in an effort to help raise revenue for further corporate tax reform.

The Coalition is concerned that any cap on the exclusion would be a tax increase on employees that can least afford one. It could also increase health care costs for millions of people, leading people to forego health care insurance because they would lose the tax exclusion and potentially lead to greater out-of-pocket costs for employees. The exclusion could also hurt older workers who have higher insurance costs, women and workers that are employed in specific industries with higher incidents of accidents, such as manufacturing and law enforcement, or those people who live in regions of the country where health care is more expensive. We will continue to remain in contact with the Coalition as the health care proposals move forward.

SOCIAL SECURITY

President Trump has continued to reassure Americans that he has no current plans to reform the Social Security system. After the administration released its proposed budget this week, it looked as if President Trump was fulfilling his promise. There is a growing sentiment in Washington that the President will honor his commitment to older people already receiving Social Security and work with Congress at a later time on plans to shore up Social Security for people who are 10-15 years or more away from retirement age. If the time frame for the Social Security Trust Fund to run out of money isn’t until 2034, then there is time to address the program later in his first term.

During our meetings in Washington, D.C., Ms. Johnson and I mentioned that our top federal priority is to ensure that public pension funds, like SERS, whose members do not pay into Social Security, continue to have the ability to offer secure retirement benefits to our members. Any effort on the part of Congress and

the administration to include mandatory Social Security coverage for non-covered states to shore up Social Security would be vigorously opposed.

The Chief Actuary, in the 2016 Annual Report, reported that since the inception of Social Security, the Trust Fund has collected roughly \$19.0 trillion in contributions and paid out \$16.1 trillion in benefits, leaving asset reserves of more than \$2.8 trillion at the end of 2015. The Chief Actuary also stated that, "interest income and redemption of trust fund asset reserves from the General Fund of the Treasury will provide the resources needed to offset Social Security's annual deficits until 2034, when the reserves will be depleted. Thereafter, scheduled tax income is projected to be sufficient to pay about three-quarters of scheduled benefits through the end of the projection period in 2090."

This is a sobering report of the future of Social Security without intervention by Congress. For future recipients, if Congress were not able to come up with a bipartisan solution, the benefits could be cut by 25% or more, meaning that the contributions made by workers and employers, coupled with investment income, would only be able to provide three-fourths or less of any accrued benefits.

The Disability Insurance ("DI") Trust Fund is a separate trust fund account that resides in the U.S. Treasury Department. The solvency of the DI Trust Fund is a more pressing matter, which will need to be addressed by Congress as well. The solvency date has been extended to 2023, as identified in another section of the Office of the Chief Actuary's 2016 Annual Report. The Chief Actuary stated:

The Bipartisan Budget Act of 2015 was projected to postpone the depletion of the Social Security Disability Insurance (DI) Trust Fund by six years, to 2022 from 2016, largely by temporarily reallocating a portion of the payroll tax rate from the Old Age and Survivors Insurance (OASI) Trust Fund to the DI Trust Fund. The effect of updated programmatic, demographic and economic data extends the DI Trust Fund reserve depletion date by an additional year, to the third quarter of 2023, in this year's report. While legislation is needed to address all of Social Security's financial imbalances, the need remains most pressing with respect to the program's disability insurance component.

Any effort to boost the solvency of the DI Trust Fund could include a requirement that future public workers pay into Social Security. We must continue to educate our delegation on the need for SERS' members to be provided their statutorily granted pension benefits through SERS.

On Thursday, March 2, the Acting Inspector General of the Social Security Administration, Gale Stallworth Stone, issued a press release that warned citizens about a nationwide telephone "imposter phishing" scheme. In the press release, the Acting Inspector General stated that "the Social Security Administration (SSA) and its Office of the Inspector General (OIG) have received several reports from citizens across the country about persons receiving phone calls from individuals posing as OIG investigators. The caller indicates an issue exists pertaining to the person's Social Security account or Social Security number (SSN) and directs the person call a non-SSA telephone number to address the issue. The reports indicate the calls include a recording from a caller stating she is "Nancy Jones," an "officer with the Inspector General of Social Security." The recording goes on to say the person's Social Security account, SSN, and/or benefits are suspended, and that he or she should call 806-680-2373 to resolve the issue. Citizens should be aware that the scheme's details may vary; however, citizens should avoid calling the number provided, as the unknown caller might attempt to acquire personal information."

These kinds of schemes are unfortunately becoming common and target elderly people who are receiving benefits from SSA.

FINANCE

President Trump kept another campaign promise to build up the U.S. military forces when he released the administration's 2018 budget guidance at the end of February. The proposed budget guidance contains an increase of \$54 billion for military spending. To pay for such a large increase, the President proposed a corresponding cut of \$54 billion to federal agencies.

The President said that the budget will put "America First" and require agencies to cut waste, fraud and abuse from their programs. A more detailed budget blueprint will be forthcoming; however, some details of the budget cuts have been reported. For example, the border wall with Mexico is expected to receive

funding and infrastructure expenditures will be included. Spending on programs that provided support overseas, including foreign aid, will be cut to keep more federal dollars within the United States. Some federal agency budget cuts have been reported as high as 37% for the State Department and up to 25% for the U.S. Environmental Protection Agency (“EPA”).

Several media reports commented on the possibility that cuts to the EPA might impact the Great Lakes Restoration Initiative and could have a negative impact on the efforts to support clean water initiatives for Lake Erie and her sister lakes.

The budget guidance did not include any changes to the Social Security and Medicare programs, as we expected.

NASRA/NCTR

The winter legislative conference was held on Monday, February 27, in Washington, D.C. attended by Ms. Laurel Johnson and me. The event is jointly sponsored by the National Association of State Retirement Administrators (“NASRA”) and the National Council on Teacher Retirement (“NCTR”). The day began with three panelists who serve as legal counsel discussing their insights on legislation and regulations. Ron Elvin, senior editor and correspondent from NPR News, provided an overview of the political landscape. Three senior members of legislative staff, who represent Republicans or Democrats, gave the attendees an idea of potential tax and retirement securities priorities in the 115th Congress.

The next panel members, from the National Association of Bond Lawyers, the Government Finance Officers Association and a large law firm, provided a review of the Dodd-Frank Act and other proposals impacting investments and disclosures. Finally, Jeannine Raymond, NASRA’s director of federal relations, and Leigh Snell, the NCTR Federal Relations Director, provided a federal legislative and regulatory wrap-up session.

COALITION TO PRESERVE RETIREMENT SECURITY (“CPRS”)

The annual meeting of CPRS was held on Monday, February 28, following the NASRA/NCTR event. The Coalition has one purpose: to preserve retirement security for members of public retirement systems that are exempt from Social Security. CPRS members include public pension funds, labor organizations, law enforcement and retiree organizations. Ms. Kim Hildred was invited to speak on the role of the Social Security Advisory Board, of which she serves as a member. The Advisory Board was created in 1995 and has seven members that are appointed by the President, Speaker and Senate leadership to advise the Social Security Trustees.

Ms. Lara Rosner, a staff member from the U.S. House Ways and Means Committee, Social Security Subcommittee, provided remarks on the progress of WEP reform and the priorities of the Committee under the leadership of Chairman Kevin Brady (R-TX). She indicated that a new bill could be introduced and if so, it would be scored by the Congressional Budget Office.

RETIREMENT SECURITY

The National Institute on Retirement Security (“NIRS”) issued its most recent research paper in on February 28 during its annual meeting in Washington, D.C. The report is entitled, “Retirement Security 2017: Americans’ Views of the Retirement Crisis,” and provides details on the views of ordinary Americans and their concerns on retirement security. According to the NIRS press release issued on the same day as the report:

America faces deep political divide, but not when it comes to economic security in retirement. A new report finds that 76 percent of Americans are concerned about their ability to achieve a secure retirement, with that level of worry at 78 percent for Democrats and 76 percent for Republicans. Some 88 percent of Americans agree that the nation faces a retirement crisis, and the concern is high across party lines.

A copy of the full report can be accessed with this link:

http://www.nirsonline.org/index.php?option=com_content&task=view&id=957&Itemid=61

The NIRS event began with a keynote address by J.D. Vance, the bestselling author of the book, "Hillbilly Elegy: A Memoir of a Family and a Culture in Crisis." In his remarks, Mr. Vance discussed his own upbringing, which led him to write the book. He described his experiences with addiction appearing within three generations of family members. The community culture and family traditions during his childhood years had a profound impact. When he attended Yale Law School, Mr. Vance realized that he was on a path to continue the family "tradition" and began a lifelong journey to rise above the experiences of the past.

Two panel discussions followed his remarks from experts in the retirement arena. The panelists on the first panel discussed the latest NIRS report and the consensus among Americans that retirement security cuts across party lines. The second panel members discussed ways that states, local governments and the federal government can encourage economic security in retirement. Representative Joseph Crowley (D-NY) provided remarks on ways to make retirement savings universal. Senator William Cassidy (R-LA) appeared next on the agenda and spoke about the need for comprehensive retirement policies in the new political landscape.

Another panel discussion ensued with former Representative Earl Pomeroy (D-ND) and experts in the federal tax field. Much of the panel time was spent discussing the last time that Congress passed comprehensive tax reform in 1986, with an effort that really began in 1981. The final speakers and panelists provided thoughts and suggestions on ways to rebuild bipartisan retirement security proposals that benefit people across age and income spectrums.

We will be able to use this latest report during visits this year with stakeholder groups and our delegation.

WASHINGTON ADVOCACY TRIP

While Ms. Johnson and I were in Washington, D.C., we reserved two full days to attend meetings with Ohio delegation staff members and representatives of national organizations. We were able to participate in 19 separate meetings to discuss federal issues on behalf of SERS, including health care and prescription drug costs, tax reform, mandatory coverage and the Windfall Elimination Provision, retirement security and the President's agenda. We were able to meet with legislative staff members from Senators Brown and Portman's offices. We also met with legislative aides from the House offices of Representatives Tiberi, Stivers, Beatty, Wenstrup, Ryan, Kaptur, Fudge, Johnson, Gibbs, Renacci, Latta, Turner, and Davidson. Staff also met with representatives from AFSCME, AARP and the American Benefits Council.

During our meeting with the legislative staff member for Senator Portman, we learned that in the most recent constituent survey conducted, that his constituents said that retirement security was their number one concern. We were able to describe the pension benefits and health care access that SERS has been able to provide our members and retirees from the very first day that SERS was created. In addition, we discussed the concerns with the approval by the House of Resolutions 66 and 67, two resolutions that were passed to pull back on previous rules from the U.S. Department of Labor that were passed in the waning days of the Obama administration. When the House was debating the rules and whether to apply the Congressional Review Act to them, some of the dialogue centered around the mistaken impression that other states' Secure Choice legislation for private sector workers, was really a way to bail out public pension plans in crisis. Secure Choice legislation that was passed in California, Washington, and Illinois, for example, was meant to help private sector workers that did not have access to defined benefit plans or similar retirement savings vehicles. The two Resolutions passed in the House quickly and the Senate is expected to take them up next week. We were able to discuss the issues with the staffer prior to the vote. Senator Brown has already indicated that he will not support the Resolutions.

Prior to attending the meetings, SERS developed talking points on the key provisions for the Republican's "Better Way" proposal to repeal and replace the ACA, including the expansion of Medicaid in Ohio. We were able to provide information to garner their continued support of SERS and Ohio's other retirement systems; explain the high cost of prescription drugs for our retirees and the system that continue to rise, including specialty drugs; explain the need for relief from WEP and ultimately the Government Pension Offset; ask for continued vigilance to keep provisions such as PEPTA and the SAFE Act from being

added to moving pieces of legislation; and issue a reminder that any effort to deal with Social Security should not include mandatory coverage.

We also discussed tax reform proposals that could be problematic for our retirees, including the exclusion of tax credits for employer-sponsored health care plans or the elimination of the tax credit; the proposal in the Better Way to provide Health Savings Accounts to Americans; and a need to consider retirees that are under age 65 and not yet eligible for Medicare.

We had very positive feedback for the information that SERS provided, particularly the data on the number of members and retirees across the state and in each of the 16 Congressional districts, the amount of pension benefits and health care payments that flow into each district. This piece of economic impact data is one of the most informative documents that SERS provides to the delegation. Over \$1 billion flows across the state of Ohio, directly attributable to pension and health care payments made by SERS for its retirees. In many districts, SERS would be one of the highest contributors of dollars into the region. And, with 91% of SERS retirees remaining in Ohio, those retirement payments are spent within the state, supporting local businesses.

WINDFALL ELIMINATION PROVISION (WEP)

Chairman Kevin Brady (R-TX), as the chair of the House Ways and Means Committee, will be taking up health care and tax reform as two of the main priorities in the Committee. Staff members from the Committee have indicated that the repeal and replacement of the Windfall Elimination Provision is still a priority but will need to come after other larger priorities.

Once again, a new bill relating to Title II of the Social Security Act to repeal GPO and WEP has been introduced by Rep. Rodney Davis (R-FL). While there are many co-sponsors, including Ohio, we know that the full repeal of both provisions is extremely expensive. Most of these bills are symbolic. However, upon the discussion of Social Security reform, the issues with respect to GPO and WEP will be a part of the dialogue.

SECURITIES AND EXCHANGE COMMISSION (SEC)

With the time consuming effort in the Senate to confirm the President's Cabinet nominees, the open positions within the SEC have not been filled. President Trump has expressed a desire to name Walter "Jay" Clayton, an attorney who specializes in mergers and acquisitions, and has experience dealing with the capital markets while working on Wall Street. The U.S. Office of Government Ethics cleared Mr. Clayton on March 3 to move the nomination forward, after a review of his financial disclosure forms, required of every nominee.

President Trump said that he will name Mr. Clayton as the chair of the SEC upon his successful confirmation by the Senate. When this appointment is finalized, the SEC will still have two other Commission openings to be filled. Commissioner Kara Stein's tenure will end later in 2017 unless she seeks reappointment or leaves at the end of her appointment. In 2017, President Trump could have the opportunity to name up to four of the five commissioners to the SEC.

SUMMARY OF KEY ACTIVITIES

1. Attendance at the NASRA/NCTR Winter Legislative Conference in Washington, D.C.
2. Attendance at the NIRS annual conference in Washington, D.C.
3. Attendance at the Coalition to Preserve Retirement Security ("CPRS") annual meeting in Washington, D.C.
4. Contact with all of the Ohio delegation offices for appointments on March 1 and 2.
5. Requests for appointments with representatives from AFSCME, the American Benefits Council, and AARP.
6. Providing feedback on documents to provide Ohio delegation offices during Hill visits.
7. Monitoring and reviewing newly issue executive orders and legislation introduced in the 115th Congress relating to public pension systems, health care, Social Security and related topics of interest.

8. Review and monitoring of activity by regulatory agencies, including the SEC.
9. Calls and email messages to stakeholder contacts to discuss potential health care changes as proposed by President Trump and Congress, discussions on Social Security, charter schools, etc.
10. Attendance on the monthly Government Relations Network call.
11. Meetings and calls with SERS representatives on federal issues.
12. Review of articles from The Hill, Roll Call, Politico, several national news organizations and newspapers.
13. Monitoring Senate confirmation hearings.
14. Monitoring model legislation introduced in other states.

ADMINISTRATIVE RULES

Susan Russell, Associate General Counsel, and Dawn Viggiano, Senior Staff Counsel discussed two categories of resolutions on Administrative Rules.

I. Approval to file with JCARR the following proposed new rule:

- **3309-1-67 Electronic transactions**

In SMART, members and employers are able to utilize electronic portals to submit documentation and update account information. Several SERS statutes require individuals to file forms or applications for certain benefits. SMART provides an electronic means of submitting many forms and applications. This new rule clarifies that forms and applications made available through the electronic portals satisfy statutory requirements to file paper forms and applications.

II. Approval to final file with JCARR the following rules:

- **3309-1-14 Purchasing board approved leave of absence service credit**
- **3309-1-40 Application and procedures for receiving disability benefits**
- **3309-1-41 Appeals for denial and termination of disability benefits**
- **3309-1-45 Release of names, addresses and information**
- **3309-1-47 Purchase of school board member service**
- **3309-1-48 Effect of applicant's death on retirement application**
- **3309-1-49 Purchase of exempt service credit**
- **3309-1-54 Purchase of service credits with amounts designated as picked-up contributions**
- **3309-1-57 Rule on rules**
- **3309-1-59 Cincinnati Retirement System**
- **3309-1-60 Division of property orders**

FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new rule: 3309-1-67 Electronic transactions.

Beverly Woolridge moved and Catherine Moss seconded that proposed new rule 3309-1-67 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

3309-1-67 Electronic transactions

The school employees retirement system may provide an electronic medium to perform an action and such medium shall constitute a form or application provided or required by the system. An action taken through the electronic medium shall have the same effect as a filing made on paper.

The system is not required to create an electronic medium to perform an action, nor accept an electronic document that is not designated by the system as the form or application necessary to perform an action.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.02, 3309.021, 3309.022, 3309.261, 3309.26, 3309.28, 3309.34, 3309.341, 3309.344, 3309.35, 3309.381, 3309.39, 3309.41, 3309.42, 3309.43, 3309.44, 3309.45, 3309.46, 3309.50, 3309.56, 3309.571, 3309.662

FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board the following proposed amended administrative rules: 3309-1-14, Purchasing board approved leave of absence service credit; 3309-1-40, Application and procedures for receiving disability benefits; 3309-1-41, Appeals for denial and termination of disability benefits; 3309-1-45, Release of names, addresses and information; 3309-1-47, Purchase of school board member service; 3309-1-48, Effect of applicant's death on retirement application; 3309-1-49, Purchase of exempt service credit; 3309-1-54, Purchase of service credit with amounts designated as picked-up contributions; 3309-1-57, Rule on rules; 3309-1-59, Cincinnati Retirement System; and 3309-1-60, Division of property orders, that have been reviewed by JCARR and are ready for final adoption by the Board.

Christine Holland moved and James Rossler seconded that the proposed amended rules 3309-1-14, 3309-1-40, 3309-1-41, 3309-1-45, 3309-1-47, 3309-1-48, 3309-1-49, 3309-1-54, 3309-1-57, 3309-1-59 and 3309-1-60 be adopted. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

3309-1-14 Purchasing ~~board approved~~ leave of absence service credit.

(A) A ~~member of the school employees~~state retirement system ~~member as defined in section 3309.474 of the Revised Code who while employed in a position covered by the school employees retirement system was out of service due to~~ ~~may purchase service credit for an unpaid~~ ~~board approved~~ leave of absence ~~granted by the employer pursuant to section 3319.13 of the Revised Code for educational or professional purposes, illness, or disability~~

[may purchase service credit for the leave](#) so long as the member provides certifications from the employer establishing the following:

(1) That the employer [officially approved/granted](#) the leave of absence [pursuant to section 3319.13 of the Revised Code](#);

~~(2)~~ [and identifying](#) the beginning and ending dates of the leave;

~~(2)~~~~(3)~~ The number of days the member would have worked during the leave period; and

~~(3)~~~~(4)~~ The compensation the member would have received for the period of the approved leave.

(B) Payment shall be made by payroll deduction or by payment to the member's employer who shall transmit the payment to the retirement system.

[\(C\) Service credit may not be purchased under this rule until the leave has ended.](#)

[\(D\)](#) Service credit purchased under this rule may be purchased in increments of one month.

~~(D)~~[\(E\)](#) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.

~~(E)~~[\(F\)](#) Service credit purchased under this rule shall be considered the equivalent of Ohio service credit.

3309-1-40 Application and procedures for receiving disability benefits.

(A) For purposes of sections 3309.39, 3309.40, 3309.401 and 3309.41 of the Revised Code and SERS rules:

(1) "Disability" or "disabled" means that the member meets the following applicable standard of disability:

(a) At the time of application: A disabling condition, either permanent or presumed to be permanent for twelve continuous months following the filing of an application, which has occurred or increased since the applicant last became a member and which renders the member mentally or physically incapacitated for the performance of the member's last assigned primary duty as an employee.

(b) At the time of annual examination:

(i) For a disability benefit recipient with a benefit effective date before January 7, 2013 and for a disability benefit recipient with a benefit effective date on or after January 7, 2013 who is on leave of absence, a disabling condition that renders the member mentally or physically incapable of resuming the service from which the member was found disabled.

(ii) For a disability benefit recipient with a benefit effective date on or after January 7, 2013 who is not on leave of absence, a disabling condition that renders the member mentally or physically incapable of performing the duties of any occupation.

(2) "Ongoing disability" means:

(a) For a disability benefit recipient with a benefit effective date before January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of

improvement to the extent that a member may be found mentally and physically capable of resuming employment that is the same or similar to that from which the member was found disabled.

- (b) For a disability benefit recipient with a benefit effective date on or after January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of improvement to the extent that a member may be found mentally and physically capable of employment in any occupation.
 - (3) "Medical treatment" means treatment of common medical acceptance that is readily available, would be covered under the system's health care plan and may include but is not limited to, medicine, physical therapy, psychological or psychiatric services or mechanical devices, but would exclude surgery or other invasive procedures.
 - (4) "Board physician" means the chairman of the medical advisory committee.
 - (5) "Examining physician(s)" means the disinterested physician(s) assigned by the system or the chairman of the medical advisory committee to conduct medical examinations of a disability applicant or recipient to determine eligibility to obtain or continue to receive disability benefits.
 - (6) "Any occupation" means a position that meets all of the following criteria:
 - (a) Replaces not less than seventy-five per cent of the member's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1983-84=100);
 - (b) Is reasonably to be found in the member's regional job market;
 - (c) Is one that the member is qualified for by experience or education.
 - (7) "Vocational rehabilitation" means tests, evaluations, and/or training whose purpose is to enable a disability benefit recipient to find employment in any occupation.
 - (8) "Annual disability benefit" means the annuity and pension, or allowance, calculated under section 3309.40 or 3309.401 of the Revised Code at the time the member is determined to qualify for a disability benefit.
- (B)
- (1) The school employees retirement board shall appoint a minimum of three members to the medical advisory committee who shall be physicians who demonstrate a wide range of competent medical experience, and a chairman for the medical advisory committee who shall act as medical advisor to the board. The chairman shall have authority and responsibility to assign competent and disinterested physicians to conduct medical examinations of disability applicants and recipients for the purpose of determining the member's eligibility to obtain and continue to receive disability benefits, to recommend and review medical treatment and/or vocational rehabilitation, to certify a disability as ongoing and to submit to the board a recommendation to accompany the report of the medical examiner and/or the medical advisory committee.
 - (2) The board may appoint as consultants, professionals in the field of vocational rehabilitation to provide services to the board on matters of vocational rehabilitation, including to conduct evaluations and to advise and make recommendations to the medical advisory committee, the board physician, and the board.
- (C) The board shall be responsible for screening disability benefit applications; serving as a

hearing committee for disability applicants; and determining eligibility to obtain or continue to receive disability benefits.

(D) (1) In order to qualify for a disability benefit, a member shall submit an application and undergo a medical examination by the examining physician(s) as required. The application shall include that includes report(s) from the member's attending physician(s) health care provider(s) that identifying the medical bases of the application and include supportive medical evidence, a job duty form, and a job description provided by the last employer. and undergo a medical examination by the examining physician(s) as required. Medical examinations will only be assigned for conditions identified by a health care provider.

(2) For purposes of division (C) of section 3309.39 of the Revised Code,

(a) A disability occurs before termination of contributing service if the underlying medical condition existed while the member was contributing to SERS;

(b) A disability occurs after last becoming a member if the underlying condition did not exist or did not render the member incapacitated from working for at least twelve continuous months when the member last became a member of SERS.

(E) The examining physician(s) shall make a report of the examination on a form provided by the board that sets forth the examining physician(s)' medical opinion as to the nature of any disabilities disclosed; and

(1) Any recommended medical treatment, and the period of time in which recovery may reasonably be expected with such treatment, or

(2) That the disability is ongoing.

(F) Upon receipt of a completed application, report of the examining physician(s), and any other available evidence pertaining to the application for disability, the board's medical advisory committee and/or the chairman of the medical advisory committee shall review all such information and prepare a recommendation to the board. The recommendation shall include a description of any disability, the nature and duration of any recommended medical treatment and/or vocational rehabilitation, where applicable, or a certification from the board's physician that the disability is ongoing, and any recommended reexamination requirements.

(G) The board shall determine whether the applicant is eligible for disability benefits. Notice of denial or termination of disability benefits shall be sent to the applicant by regular U.S. mail or certified mail pursuant to rule 3309-1-41 of the Administrative Code. Notice of eligibility for disability benefits shall be sent by regular U.S. mail or certified mail.

(H) If the board's physician recommends medical treatment and if the board's physician or consultant recommends vocational rehabilitation, the grant of disability benefits, or continuation of disability, shall be conditioned on the applicant completing and returning a signed agreement to obtain recommended medical treatment on a form included with the notice of the conditional grant of disability benefits. Failure to return this agreement, properly completed, within sixty days of the date mailed by the system constitutes failure to meet conditions for granting the disability benefits and will result in an automatic denial of disability benefits without further action by the board, with all rights of appeal pursuant to rule 3309-1-41 of the Administrative Code. Notice of the denial will be sent to the applicant pursuant to rule 3309-1-41 of the Administrative Code.

(1) A copy of the notice of a conditional grant or continuation of disability benefits shall be sent to the ~~attending physician~~ health care provider designated on the member's application for disability benefits as authorized to receive the applicant's disability information

unless the applicant subsequently provides a signed release designating another attending physician health care provider. The applicant's attending physician health care provider shall also receive:

- (a) A description of the disabling condition,
- (b) The nature and duration of any recommended medical treatment.

(2) The applicant's notice of the conditional grant or continuation of disability benefits shall inform the applicant that information regarding the nature of the disability and recommended treatment has been forwarded to the applicant's attending physician health care provider and that the applicant must contact that physician health care provider to review this information. The applicant shall be informed that the agreement to obtain recommended medical treatment and/or vocational rehabilitation must be properly completed and returned to the system within sixty days of the date that the system mailed the notice. Proper completion requires the signature of the attending physician health care provider indicating that the physician provider has communicated the disability information and recommended medical treatment to the applicant and the signature of the applicant indicating agreement to obtain the recommended medical treatment and/or vocational rehabilitation.

(3) Upon the timely return of a properly completed agreement to obtain recommended medical treatment and/or rehabilitation, the system shall forward to the applicant an acknowledgment of receipt of the agreement containing the effective date of the disability benefits and annual reexamination and reporting requirements necessary to continue receiving disability benefits.

(I)

(1) Based on a certification of ongoing disability by the board physician, the board may waive annual examinations required by division (B) of section 3309.41 of the Revised Code, the filing of annual earnings statements and current medical information required by division (D) of section 3309.41 of the Revised Code, and the filing any other information required in this rule.

If not previously waived, the obligation to file annual earnings statements of a disability recipient whose disability has been certified as ongoing shall automatically be waived when the benefit recipient has satisfied one of the following requirements:

- (a) Has received a disability benefit for twenty years, or
- (b) Has attained age sixty-five.

(2) The board may review any disability granted including those certified as ongoing and request other information pursuant to division (D) of section 3309.41 of the Revised Code.

(3) The board or the board's physician and/or may require a disability recipient~~the member~~ to submit to a medical examination by the an examining physician~~(s)~~ and a vocational rehabilitation evaluation by a board appointed vocational rehabilitation professional or health care professional assigned by the system.

(J) In the absence of a waiver from the board based on a certified ongoing disability, in order to continue receiving disability benefits, the recipient shall comply with the following conditions as set forth in section 3309.41 of the Revised Code:

(1) Submit to an annual medical examination,

(2) If required, submit to a medical examination.

(3) If required, submit to a vocational rehabilitation evaluation.

~~(2)~~(4) If applicable, obtain any recommended medical treatment and submit medical reports regarding the treatment,

~~(3)~~(5) If applicable, obtain any recommended vocational rehabilitation and submit required reports regarding the rehabilitation,

~~(4)~~(6) Annually file an earnings statement, current medical information, and any other information required by the board.

(K)

(1) If a recipient refuses to submit to a required ~~medical~~ examination or evaluation or to file required information, the disability benefits shall be suspended until the examination or evaluation is obtained or the information is filed.

(2) If, when applicable, the recipient fails to obtain recommended medical treatment and submit medical reports regarding the treatment, the disability benefits shall be suspended until the treatment is obtained and the report of the treatment submitted, or the board physician certifies that the treatment is no longer helpful or advisable.

Medical treatment is no longer helpful or advisable if, after a period of time in which it would be medically reasonable to see results, the treatment has failed to produce improvement in the disability, or continuation of the treatment presents a medically significant risk of aggravation or complication of an existing disability or creation of an additional disability.

~~(2)~~(3) If, when applicable, the recipient fails to obtain required vocational rehabilitation and submit reports regarding the rehabilitation, the disability benefits shall be suspended until the rehabilitation is obtained and the report submitted, or the board physician or consultant certifies that vocational rehabilitation is no longer helpful or advisable.

Vocational rehabilitation is no longer helpful or advisable if:

(a) The recipient's disability renders the recipient unable to perform the duties of any position and is not expected to improve sufficiently, or

(b) After a period of time in which the recipient has complied with recommended vocational rehabilitation, the recipient cannot be reasonably expected to obtain employment in any occupation.

(L) If the recipient's failure to comply with any of the applicable conditions set forth in paragraph (J) of this rule continues for one year from the date of the suspension of benefits for noncompliance, the recipient's right to the disability benefits shall be terminated as of the date of the original suspension.

(M) -On reexamination the board's medical advisory committee and/or the board physician shall review the medical and vocational reports and certify to the board whether the recipient continues to be disabled.

(1) If the medical advisory committee and/or the board physician certifies that the recipient continues to be disabled, the medical advisory committee and/or the board physician shall make recommendations regarding reexamination and, where applicable:

(a) Recommend a continuation of the medical treatment and/or vocational rehabilitation

previously recommended,

- (b) Recommend a modification in medical treatment and/or vocational rehabilitation, or
- (c) Certify that the disability is ongoing.

(2) When the termination standard is whether the recipient can perform any occupation, a recipient shall not be certified for termination unless

(a)(i) a SERS appointed vocational consultant has submitted a report that is based on findings made at the time of the review and that identifies a recognized position that meets the any occupation definition and has submitted a job description that includes a discussion of the physical and mental demands of the position; and

(ii) An examining physician or the medical advisory committee concludes that the recipient is capable of meeting the physical and mental demands of the position/vocation with physical and mental demands the recipient is capable of meeting; or

(b) The recipient's current earnings statement establishes that the recipient is employed in a position whose annual earnings are seventy-five per cent or more of the recipient's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1983-84=100).

(3) If the medical advisory committee and/or the board physician certifies that the recipient meets the applicable standard for termination of disability under division (C) of section 3309.41 of the Revised Code and the board concurs, the board shall:

- (a) Terminate the disability benefits effective as of a date not later than three months after the board's concurrence, or upon notice of employment of the recipient as an employee.
- (b) If the leave of absence has not expired when the board votes to terminate the disability benefit, the board shall certify Certify to the recipient's last employer as applicable that the recipient is no longer incapable of resuming service that is the same or similar to that from which the recipient was found disabled, if the leave of absence has not expired.

(N)

(1) Disability benefit recipients with a benefit effective date before January 7, 2013 shall be considered on leave of absence from employment during the first five years following the effective date of their disability benefit.

(2) Disability benefit recipients with a benefit effective date on or after January 7, 2013 shall be considered on leave of absence from employment during the first three years following the effective date of their disability benefit; thereafter, their leave of absence shall terminate as follows:

- (a) If medical treatment and/or vocational rehabilitation is not recommended, at the end of the first three years;
- (b) If medical treatment and/or vocational rehabilitation is recommended, but the recipient is not participating in the recommended treatment or rehabilitation, the earlier of the last month the benefit recipient participated in recommended treatment or rehabilitation or the end of five years following the benefit effective date;

(c) If medical treatment and/or vocational rehabilitation was recommended and the recipient is participating in the recommended treatment or rehabilitation, at the end of five years following the benefit effective date.

(O)

- (1) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.
- (2) Service credit for a period of disability shall be considered the equivalent of Ohio service credit.
- (3) Service credit granted or purchased under section 3309.41 of the Revised Code for a period of disability shall not result in the member receiving more than one year of service credit for any year as defined in division (R) of section 3309.01 of the Revised Code.

~~(P)~~

~~(1) A disability benefit recipient whose benefit is granted on or after January 7, 2013 who meets the requirements of divisions (a)(1)(A), (B), and (C) of 42 U.S.C. 423 shall file a copy of a completed application for social security disability insurance benefits and a copy of the social security administration's acknowledgement of receipt of the application within one hundred and twenty days of the award of disability.~~

~~(2) A disability benefit recipient whose benefit is granted on or after January 7, 2013 who does not meet the requirements of divisions (a)(1)(A), (B), and (C) of 42 U.S.C. 423 shall complete and sign a certified statement that the recipient does not meet the requirements within one hundred and twenty days of the award of disability. A disability benefit recipient who does not submit a certified statement shall be presumed to meet the requirements of divisions (a)(1)(A), (B), and (C) of 42 U.S.C. 423.~~

3309-1-41 Appeals for denial and termination of disability benefits.

- (A) The following procedures will govern in cases of a member's appeal of a denial of disability benefits including an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code or a disability benefit recipient's appeal of a termination of disability benefits.
- (1) After formal board action is taken or an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, a notice of denial or termination of disability benefits shall be issued to the applicant or former disability benefit recipient by regular or certified U.S. mail. This notice shall inform the member of:
 - (a) The medical evidence reviewed;
 - (b) The board's denial or termination of disability benefits; and
 - (c) The procedures for appeal of a denial or termination of disability benefits as set forth in this paragraph.
 - (2)
 - (a) The member may appeal a decision to deny or terminate disability benefits within fifteen days of the date on the notice of denial or termination by filing a notice of intent to appeal such decision and by providing additional evidence. Such additional evidence must be received by the board within ninety days from the date on the notice of denial or termination and must be submitted in writing by the

member or by counsel and/or personal physician on behalf of the member.

- (b) If a member does not submit a notice of intent to appeal or additional evidence as required by this rule, all appeal rights shall cease and the prior decision of the board shall become final. The member shall be notified of all future rights and/or limitations to apply for disability benefits.
- (c) The member may request, as part of the appeal, a personal appearance before the board with counsel and/or a personal physician. The request for a personal appearance must be in writing and submitted to the board within fifteen days of the date on the notice of denial or termination. A personal appearance will not be granted unless additional evidence as required by this paragraph is received by the board within ninety days from the date on the notice of denial or termination. If a personal appearance is granted, the member will be notified in writing of the date and time.
- (d)
 - (i) For appeals whose standard is whether the member is physically and mentally capable of performing the members last assigned primary duty as an employee, "Additional~~additional~~ evidence" means evidence that is current and pertinent to the illness or injury for which the disability was claimed and that has not been submitted before.
 - (ii) For appeals whose standard is whether the member is physically and mentally capable of performing the duties of a position that meets the criteria of division (C)(1)-(3) of section 3309.41 of the Revised Code, "additional evidence" means evidence that is current and pertinent to the illness or injury that the member claims supports the member's inability to perform the duties of a position that meets the criteria of division (C)(1)-(3) of section 3309.41 of the Revised Code
- (3) All costs incidental to the appeal and/or personal appearance shall be at the expense of the member.
- (4) If a personal appearance is granted, the member shall appear before the board on the date and at the time specified by the board, or as otherwise requested by the member and agreed to by the board. If the member fails to appear on the specified date and time, all rights to a personal appearance shall terminate and the appeal shall be decided on the basis of the written evidence previously submitted.
- (5) A personal appearance, if granted, shall be conducted as follows:
 - (a) The member shall appear in person and may be represented by counsel, the member's agent, and/or a personal physician, if desired. The member shall provide the name, title, and position of each person appearing on the member's behalf at least seven days prior to the hearing.
 - (b) The board shall be responsible for conducting the hearing.
 - (c) A tape recording of the hearing will be made to provide the board and the medical advisory committee with a record for further review.
 - (d) Only one such appearance per application or termination will be allowed.
- (6) During the appeal process, the board's physician or the medical advisory committee may request that the member undergo an additional medical examination by an examining physician.
- (7) Following receipt of additional evidence and a personal appearance, if applicable, all evidence and information submitted shall be reviewed by the board's medical advisory

committee and/or the board's physician who shall make a recommendation to the board.

- (a) If the board concurs with a recommendation to grant the appeal, disability benefits will be paid from the benefit effective date, or if a recommendation for termination of disability benefits was appealed and the appeal is granted by the board, the payments will be resumed from the date of termination, and the applicant or benefit recipient will be so notified.
 - (b) If the board concurs with a recommendation for denial of the appeal, the applicant or benefit recipient will be notified by letter of the board's decision, such decision shall be final and all appeal rights shall cease.
- (B) The school employees retirement system administrative staff shall have the authority to act for the board in matters related to the appeal proceedings, but shall not have authority to decide appeals.
- (C) Any future applications for disability benefits filed after a denial of appeal must be submitted with medical evidence supporting progression of the former illness or injury or evidence of a new illness or injury. If such evidence is evaluated by the medical advisory committee and found to be inadequate to establish the progression of the former illness or injury or the existence of a new illness or injury, the application shall be voided.

3309-1-45 Release of names, addresses and information.

Names, addresses and other information contained in records maintained by the school employees retirement system shall be released to members of the public in accordance with this rule.

- (A) Except as otherwise provided in section 3309.22 of the Revised Code, no part of an individual's personal history record shall be released to a third party except upon the written authorization of the person to whom the record pertains.

In addition to the information set forth in division (A)(1) of section 3309.22 of the Revised Code, personal history record includes, but is not limited to, any record identifying:

- (1) The amount of benefit or allowance paid or payable to any person,
- (2) The service history or service credit of a member or retiree, or
- (3) The dependents or beneficiaries of a member or retiree.

- (B) Medical reports and recommendations shall be released only under the following circumstances:

- (1) Upon written ~~request~~release from the person to whom the report or recommendation pertains, to that person;
- (2) Upon written authorization from the person to whom the report or recommendation pertains or the person's agent, to the physician, attorney or authorized agent of that person;
- (3) To the board assigned physician.

- (C) Except as otherwise provided by law, all other system information not described in paragraph (A) or (B) of this rule shall be made available for inspection and copies provided upon

request and payment of any applicable costs for copying and mailing. The person requesting a copy may choose to obtain the copy on paper, in the same medium in which the record is kept, or in any other medium in which the system determines that it can reasonably duplicate the record as an integral part of normal operations. A list of names and addresses of members, former members, retirants, contributors, former contributors, or beneficiaries shall be made available upon written request and payment of the cost of compiling, copying and mailing the list.

3309-1-47 Purchase of school board member service.

(A) This rule amplifies section 3309.311 of the Revised Code.

(B)

- (1) A member of the school employees retirement system may purchase credit for service as a school board member by filing a written request which shall include a certification of service on a form provided by the school employees retirement system signed by the employer.
- (2) A member may purchase credit only for qualified service that occurred prior to June 30, 1991.
- (3) A member may purchase credit for service, including concurrent service, on two or more school boards provided that the total of the credit purchased shall not exceed one year of credit for any year as defined in division (R) of section 3309.01 of the Revised Code.

3309-1-48 Effect of applicant's death on retirement application.

If a member has filed all required application forms a proper and complete application for a retirement allowance and dies subsequent to the established effective date of the retirement, whatever benefits may be due the member's beneficiaries will be determined by the plan of payment selected by the member on the application forms for retirement.

3309-1-49 Purchase of exempt service credit.

(A) A member may purchase in portions all or part of the exempt service credit that the member is eligible to purchase. Payment for any portion purchased shall be made in full at the time of purchase. A member may make subsequent purchases of any remaining exempt service credit at any time prior to retirement.

(B)

- (1) If the credit to be purchased is for service that would have been covered under Chapter 3309. of the Revised Code, the system shall request certification of the service from the employer for which the service was performed. On the basis of the employer certification, the system shall determine the amount of service credit that would have been earned had the service not been exempt.
- (2) If the credit to be purchased is for service that would have been covered under Chapter 145. or 3307. of the Revised Code, the system shall request certification from the applicable retirement system that the service was exempt and the amount of service

credit, based upon the certification of the employer for which the service was performed, that would have been earned had the service not been exempt.

- (3) The service credit determined under paragraphs (B)(1) and (B)(2) of this rule shall be reduced to the extent that:
- (a) It is concurrent with any other credit that will be used in calculating a benefit;
 - (b) Its purchase will result in the member being credited with more than twelve months of service credit in any one year.
- (C) The member shall be eligible to purchase the credit determined pursuant to paragraph (B) of this rule. The system shall calculate the cost to purchase each year of credit by multiplying the member's compensation for the twelve months of contributing service under Chapter 145., 3307. or 3309. of the Revised Code immediately preceding the month in which the application to purchase is received by a percentage rate established by the board by resolution upon recommendation of its actuary. The cost for portions of credit of less than a full year shall be prorated on the basis of the cost for a full year.

(D) For purposes of section 3309.301 of the Revised Code, one and one-half years of contributing service in the school employees retirement system or the state teachers retirement system shall be equivalent to eighteen months of contributing service.

3309-1-54 Purchase of service credit with amounts designated as picked-up contributions.

- (A) A member of the school employees retirement system may purchase service credit by payroll deduction with amounts designated by the member's employer as picked-up contributions under a plan which is in compliance with section 414(h)(2) of the Internal Revenue Code pursuant to agency-level 3309 of the Administrative Code and section 3309.021, 3309.022, 3309.26, 3309.261, 3309.301, 3309.31, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code.
- (1) Prior to the purchase of service credit with amounts designated as picked-up contributions, the member's employer shall have adopted and filed with the retirement system a resolution authorizing the purchase of service credit for its employees by payroll deduction with amounts designated as picked-up and paid to the retirement system by the employer.
- (B)
- (1) Upon a member's request to purchase service credit with amounts designated as picked-up contributions, the retirement system shall prepare and forward to the member a payroll deduction authorization form which sets forth:
- (a) The type and amount of service to be purchased;
 - (b) The number of months over which the service is to be purchased including the month of commencement and termination; and
 - (c) The amount of each monthly payment.
- (2) The member shall complete and sign the employee portion of the payroll deduction authorization form and forward it to the member's employer.

- (3) The [payroll officer of the](#) member's employer shall complete the employer's portion of the payroll deduction authorization form and return the form to the retirement system.
- (4) A separate payroll deduction authorization form shall be completed for each separate type of service credit to be purchased.

(C)

- (1) The employer shall begin payroll deduction in the month set forth on the payroll deduction authorization form.
- (2) The employer shall remit the amounts withheld and designated as picked up contributions directly to the retirement system on a monthly basis, accompanied by a report that identifies the members for which amounts are being remitted by name and social security number.

(D)

- (1) Upon request from the public employees retirement system or the state teachers retirement system, the school employees retirement system shall calculate and certify to the requesting system the cost to a former member to restore service credit under section 3309.26 of the Revised Code, plus interest, for each year or portion of a year for which the member seeks to purchase service credit.
- (2) Upon receipt of payments transferred pursuant to section 145.311 or 3307.711 of the Revised Code, the school employees retirement system shall restore the former member's service credit for which payment is transferred.

(E)

- (1) A member who is purchasing service credit pursuant to this rule cannot:
 - (a) Decrease or increase the amount of the payroll deduction;
 - (b) Terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form; or
 - (c) Make a direct payment to the retirement system to purchase the service credit.
- (2) The member's employer shall not decrease, increase, or terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form.
- (3) Notwithstanding paragraph (E)(2) of this rule, if an employer returns a payroll deduction authorization form to the retirement system, but at any point thereafter fails to remit the amounts to be withheld to the retirement system for three consecutive months, the retirement system shall terminate the service credit purchase. In the event of termination under this paragraph, the member shall be granted service credit based on the total amount that was remitted to the system under the payroll deduction plan.

3309-1-57 Rule on rules.

- (A) The procedures provided herein shall apply to all rules having a general and uniform application which affect the rights, privileges, or benefits of the members of the system, of the benefit recipients of the system, or of the employer units defined in section 3309.01 of

the Revised Code. The word "rule", as used herein, shall include any proposed amendments to or rescission of existing rules.

- (B) The school employees retirement board shall adopt rules pursuant to section 111.15 of the Revised Code.
- (C) Any person may obtain, at cost, advance notification of the proposed adoption of any rule by requesting that his or her name be included on a mailing list to be maintained by the system. At least seven days prior to the date on which the board intends to consider the adoption of any rule, the system shall mail to each person on such mailing list an agenda of the meeting which shall contain a synopsis of the proposed rule and a statement of the date, time and place of the meeting.
- (D) Notice of rules adopted shall be reported as applicable, in publications sent to employers, members, contributors and/or retirants and benefit recipients.
- (E) Any person may obtain, ~~at cost,~~ a copy of any rule adopted.

3309-1-59 Cincinnati Retirement System.

- (A) This rule amplifies sections 3309.74, 3309.75, and 3309.76 of the Revised Code.
- (B) As used in this rule:
 - (1) "Eligible service credit" means service credit earned under this system or the Cincinnati retirement system or military service credit purchased or obtained in this system or the Cincinnati retirement system.
 - (2) "Eligible SERS member" means a member ~~or former member~~ of this system who is eligible to obtain service credit in this system for service in the Cincinnati retirement system pursuant to section 3309.75 of the Revised Code.
 - (3) "Eligible CRS member" means a member or former member of this system who is eligible to obtain service credit in the Cincinnati retirement system pursuant to section 3309.76 of the Revised Code.
- (E) To obtain service credit in this system for eligible service credit with the Cincinnati retirement system, an eligible SERS member shall file a written request on a form provided by this system. Upon receipt of the properly completed form, this system shall notify the Cincinnati retirement system.
- (F) This system shall grant .083 percent of a year of service credit in this system per month of eligible service credit with the Cincinnati retirement system upon payment of the following amounts:
 - (1) Payment by the Cincinnati retirement system of the amounts required under division (B) or division (C)(2) of section 3309,75 of the Revised Code.
 - (2) Payment by the eligible SERS member of the amounts required under division (C)(1) of section 3309.75 of the Revised Code with interest as provided by rule 3309-1-38 of the Administrative Code.
- (G) If the Cincinnati retirement system fails to pay any amounts required under division (B) or division (C)(2) of section 3309.75 of the Revised Code, this system shall not grant any service credit for which payment was not received and shall:

- (1) provide notice to the eligible SERS member; and
 - (2) refund any amounts paid by the eligible SERS member under division (C)(1) of section 3309.75 and paragraph (FC)(2) of this rule for which service credit is not granted.
- (HE) An eligible SERS member may obtain service credit pursuant to section 3309.75 of the Revised Code in increments of one month. Service credit obtained in this system shall be deemed to be based first on the eligible SERS member's most recently acquired eligible service credit in the Cincinnati retirement system.
- (HF) No service credit shall be granted in this system that would result in the eligible SERS member accruing more than one year of service credit for any twelve-month period.
- (JG)
- (1) This system shall pay to the Cincinnati retirement system the amounts required under section 3309.76 of the Revised Code upon receiving written notice from the Cincinnati retirement system that the eligible CRS member has filed a request to obtain service credit in the Cincinnati retirement system and paid any amounts required.
 - (2) If less than the eligible CRS member's total eligible service credit in this system is obtained in the Cincinnati retirement system pursuant to division (B) of section 3309.76 of the Revised Code, any benefits or payments to which the eligible CRS member or beneficiaries may be entitled shall be based on the remaining service credit with this system.

3309-1-60 Division of property orders.

- (A) "Order" means an order described in section 3105.81 of the Revised Code.
- (B) "Alternate payee", "benefit", "lump sum payment" and "participant" have the meanings set forth in divisions (A) to (D) of section 3105.80 of the Revised Code.
- (C) School employees retirement system may retain an order that provides the last four digits of the participant's and alternate payee's social security numbers.
- (D) Prior to receiving a benefit or lump sum payment, an alternate payee shall provide the information required on a form approved by this system. An alternate payee shall notify this system in writing of any change in the information provided.
- (E) Any benefit or lump sum payment that is owed and unpaid to an alternate payee at the time of the alternate payee's death shall be paid to the estate of the alternate payee.
- (F) Pursuant to section 3105.90 of the Revised Code, an order shall be on the form prescribed by the appendix to this rule. ~~However, the system may also accept the version of the form prescribed by the previous appendix to this rule that was effective January 1, 2014, but only until June 30, 2014.~~
- (G) Starting with a participant's next annual benefit increase under section 3309.374 of the Revised Code on or after October 27, 2006, the annual increase shall be apportioned between the participant and the alternate payee while the order is in effect.

DENTAL/VISION CONTRACT RENEWALS

Anne Jewel, Director of Health Care Services, provided updates on two health care initiatives and also presented resolutions to the Board for dental and vision contract renewals.

Early Enrollment in Medicare: This outreach program focuses on benefit recipients who are eligible for Medicare earlier than age 65 because of certain medical conditions. During the month of February, 42 benefit recipients were granted approval by Social Security Disability for early enrollment in Medicare, bringing the total number of approvals to 69. There are 135 applications currently pending before Social Security Disability and another 22 applications undergoing reconsideration.

Human Arc, who is helping SERS' benefit recipients navigate this process, has completed its initial screening of 3,858 benefit recipients in the non-Medicare group. Any new service retirees and disability benefit recipients who enroll in SERS health care coverage will be part of an ongoing screening process.

SERS Wraparound Plan: There are 248 non-Medicare participants in the SERS Wraparound Plan, the 2017 coverage option that works in conjunction with the Health Insurance Marketplace. Wraparound participants began submitting reimbursement claims at the end of January. Ms. Jewel noted that staff continues to work with CareSource to get an automatic electronic claims feed in place for CareSource enrollees.

Dental and Vision Coverage: Ms. Jewel presented the Board with two resolutions requesting authorization for the Interim Executive Director to enter into renewal contracts with Vision Service Plan (VSP) and Delta Dental. Each renewal is for a term of four years.

Ms. Jewel recommended the Board approve the resolutions for a number of reasons. Each vendor offered competitive renewal rates and staff does not think conducting Request for Proposals would produce different results in the current marketplace. In addition, customer satisfaction with VSP and Delta Dental has been very high – as evidenced by the lack of complaints and large enrollment growth in both plans.

Ms. Jewel noted she will bring 2018 premiums and benefits before the Board later on in the year.

APPROVAL OF DENTAL VENDOR CONTRACT RENEWAL

Madonna Faragher moved and Christine Holland seconded to authorize the Interim Executive Director to enter into a four year contract renewal, subject to documentation satisfactory to legal counsel, with Delta Dental Plan to offer a group dental care plan to eligible benefit recipients. The premiums will be wholly funded by enrolled benefit recipients and the coverage will begin January 1, 2018. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

APPROVAL OF VISION COVERAGE CONTRACT RENEWAL

Catherine Moss moved and Beverly Woolridge seconded to authorize the Interim Executive Director to enter into a four year contract renewal, subject to documentation satisfactory to legal counsel, with Vision Service Plan (VSP) to offer a group vision care plan to eligible benefit recipients. The premiums will be wholly funded by enrolled benefit recipients and the coverage will begin January 1, 2018. Upon roll call, the vote was as follows: Yea: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

The Board recessed at 12:11 p.m. and reconvened at 1:40 p.m.

EXECUTIVE SESSION

At 1:40 p.m, Beverly Woolridge 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: Madonna Faragher, Christine Holland, Catherine Moss, James Rossler, Daniel Wilson, Beverly Woolridge and Barbra Phillips. The motion carried.

The Board returned to open session at 2:26 p.m.

APPROVAL OF OUT-OF-STATE BOARD TRAVEL

James Rossler moved and Christine Holland seconded the motion that requests by Board Members to attend and receive reimbursement for the following out-of-state conference and meetings be approved:

Conference	Attendee	Conference Dates	Conference Location	Estimate of Expenses
35 th Annual Wilshire Consulting Client Conf	Barbra Phillips	Apr 30-May 2, 2017	Carlsbad, CA	\$1,510.46
35 th Annual Wilshire Consulting Client Conf	Catherine Moss	Apr 30-May 2, 2017	Carlsbad, CA	\$1,502.47
35 th Annual Wilshire Consulting Client Conf	Beverly Woolridge	Apr 30-May 2, 2017	Carlsbad, CA	\$1,459.63

INTERNAL AUDIT UPDATE

Mr. Bell noted the Committee discussed internal controls and procedures, reviewed the CY2016 Audit Committee Annual Report to the ORSC, and Q3 audit schedule. The Committee also reviewed the recent OSERS' Tenant Revenues Audit; the outcome concluded positive results of a well-controlled audit with improvement needed. Mr. Bell also informed the Board that in FY18, an RFP will be issued for an external assessment of internal auditing. He encouraged the Board to give some thought as to what they might want to see in the audit.

Ms. Phillips stated that she is looking forward to the external assessment. She also noted that Ms. Valentino will provide an informational session on financials as it relates to the fund to the whole Board. Ms. Phillips thanked Mr. Bell for his update.

The Board continued with the review of calendar dates and future Board meetings. Ms. Phillips reminded Board and Staff that April's meeting will be a two-day meeting.

CALENDAR DATES FOR FUTURE BOARD MEETINGS

2017

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

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

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

Ms. Ninos continued by reviewing open and closed information items and noted requests made during the meeting.

James Rossler provided an overview of the IFEBP Certificate in Retirement Plans & Public Sector Benefits Administration conference he attended in February.

ADJOURNMENT

Barbra Phillips moved that the Board adjourn to meet on Thursday, April 20, 2017 for their regularly scheduled meeting. The meeting adjourned at 3:04 p.m.

Barbra Phillips, Board Chair

Helen M. Ninos, Secretary