June 21, 2018

The nine hundredth and eleven 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, June 21, 2018. The meeting convened in open session at 8:34 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Daniel Wilson, Chairperson, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and James Rossler. Daniel Wilson excused the absence of Barbra Phillips. 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 May 24, 2018

Christine Holland moved and Jeffrey DeLeone seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, May 24, 2018. Upon roll call, the vote was as follows: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Beverly Woolridge and Daniel Wilson. Abstain: Catherine Moss. The motion carried.

Chairman Wilson asked Chief Investment Officer Farouki Majeed to present the Investment Report.

INVESTMENT REPORT

Annual Investment Plan

Chief Investment Officer Farouki Majeed presented the FY2019 Annual Investment Plan (AIP) for final review.

Quarterly Risk Report

Investment Officer Hai Yen Le presented the Risk Report as of March 31, 2018. 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 vs. forecasted risk. Following questions and answers, the Board thanked Ms. Le for the presentation.

Education Program

Mr. Majeed provided an economic update. Expectations for 2018 was more synchronized global growth, which has not panned out as growth in Europe has tapered off and emerging markets are also facing challenges. The US economy is going strong due to effects of tax cut, more capital expenditures, high consumer sentiment and unemployment is at historic low. In the last two years seven increases in interest rates have occurred. Long rates have not increased the same as short rates. Average global yield is almost flat. Impact on markets – 1Q earnings have been higher than expected, 2Q may trail off. Global economy outlook has trended down since the beginning of 2018. Mr. Majeed stated timing for the next recession depends on a downturn in the economy. It's not rising to a level of concern at this time and leading economic indicators are not trending toward a recession. The Board thanked Mr. Majeed for the update.

Monthly Investment Report

Mr. Majeed discussed the Investment report for the month ending April 30, 2018. The performance report as of May 31, 2018 was provided to the Board for their information. SERS' private equity portfolio was recognized as second in returns over a two year period nationally by the American Investment Council. Following questions and answers, the Board thanked Mr. Majeed for the presentation and staff's continued pursuit of higher performance.

ANNUAL INVESTMENT PLAN FY 2019

Catherine Moss moved and James Rossler seconded the motion to approve the Annual Investment Plan for fiscal year ending June 30, 2019, which replaces the 2018 Annual Investment Plan, originally approved June 15, 2017. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

SUMMARY OF INVESTMENT TRANSACTIONS

Catherine Moss 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 **April 1, 2018** through **April 30, 2018** hereby be approved. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	$ 41.9
Non-US Equities	147.1
Fixed Income	387.7
Multi-Asset Strategies	10.0
Private Equity Capital Calls	29.8
Real Asset Capital Calls	n/a
Opportunistic	3.2
Cash Equivalents	454.3

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	$ 42.2	$ 3.5
Non-US Equities	199.2	20.7
Fixed Income	379.5	0.4
Multi-Asset Strategies	15.1	5.0
Private Equity distributions	32.1	n/a
Real Asset distributions	53.0	n/a
Opportunistic	2.7	0.2
Cash Equivalents	276.9	n/a

EXECUTIVE DIRECTOR'S UPDATE

Ohio Retirement Study Council
Executive Director Richard Stensrud reported that the June ORSC meeting was cancelled. Mr. Stensrud noted the next meeting is tentatively scheduled for July 12th.

Marketplace Wraparound Plan Congressional Visits
Mr. Stensrud reported that Health Care and Government Relations staff attended the Public Sector Health Care Roundtable meeting in Washington, DC. The subject of the meeting was a new report showing the escalating price of specialty drugs, and what the federal government can do to help contain those costs. While there, the team visited eight members of the Ohio delegation to ask them for assistance with federal regulators in extending the three-year marketplace Wraparound pilot program, set to expire at the end of 2019.

PEPTA (Public Employee Pension Transparency Act)
Mr. Stensrud reported that Congressman Devin Nunes (R-CA) is circulating a sponsorship letter to reintroduce the PEPTA legislation. This bill would require all State and local public pension systems to value their liabilities using a "risk-free" rate of return, and report that figure to the Treasury Department for a public database. Mr. Stensrud noted states that don't comply would lose their authority to issue tax exempt bonds.

Mr. Stensrud noted the Ohio systems are joining forces to oppose the PEPTA. SERS sent a letter to its congressional delegation earlier in the week, and the five systems are working on a strategy and joint letter for a broader congressional audience.

Congress
Mr. Stensrud informed the Board that the House Budget Committee is looking into significant cuts in order to balance the federal budget within nine years. The bulk of the deficit reduction would come from $5.4 trillion in savings to mandatory or automatic spending programs, including $1 trillion from Medicaid and $537 billion from Medicare. Additionally, the proposed Medicare changes include gradually raising the eligibility age to 67, similar to eligibility increases in Social Security. Mr. Stensrud noted the plan also assumes savings of $1.3 trillion from repealing the 2010 health care law, and cuts to welfare and federal retirement programs, saving $923 billion. Mr. Stensrud further reported that the plan also assumes $4 billion in savings from preventing people from receiving Social Security disability and unemployment insurance benefits at the same time.

Denison Culture Survey
Mr. Stensrud stated an offsite session with the SERS leadership team is planned for June 27th. The team will be utilizing information from the recent Denison Culture survey to establish focus areas for internal operations, which in turn, will be incorporated into an upcoming strategic planning exercise.

Recruitment
Mr. Stensrud noted that an executive recruiting firm has been engaged to search for SERS' next Deputy Executive Director. Mr. Stensrud stated that he does not expect to have someone in that position until October and that General Counsel Joe Marotta will assume the role of Interim Deputy Executive Director until the position is filled.

Pension Sustainability
Mr. Stensrud stated that he continues to work on proposals to serve as the facilitator for the upcoming sessions on pension fund sustainability and will be presenting it for the Board's feedback soon. Mr. Stensrud also noted that he plans to present information for discussion this fall on SERS' health care sustainability.

LEGISLATIVE REPORT

STATE LEGISLATION BOARD REPORT
132nd General Assembly
(Prepared by Laurel Johnson as of June 8, 2018)

HB49 OPERATING BUDGET Ryan Smith (H93-R-Gallipolis) Creates FY 2018-2019 main operating budget.

Current Status: SERS COLA provisions effective 09/29/2017

SB8 SCHOOL INFRASTRUCTURE AND TECHNOLOGY Randy Gardner (S2-R-Bowling Green), Louis Terhar (S8-R-Cincinnati) To require the Ohio School Facilities Commission to establish a program assisting school districts in purchasing technology and making physical alterations to improve technology infrastructure and school safety and security.

Current Status: Contained SERS' COLA delay amendment. Eff. 3/23/2018

FEDERAL LEGISLATION BOARD REPORT
115th United States Congress
(Prepared by Laurel Johnson as of June 8, 2018)

S. 915
SPONSOR: Sen. Sherrod Brown (D-OH)
LAST ACTIONS: 04/24/2017 - Referred to the Committee on Finance
CAPTION: Amends title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions. Companion bill to H.R. 1205.

COMMENT: The Social Security Fairness Act of 2017. Repeals the GPO and WEP. S.915 has 25 co-sponsors.

H.R. 1205
SPONSOR: Rep. Rodney Davis (R-IL)
LAST ACTIONS: 03/06/2017 - Referred to the Subcommittee on Social Security
CAPTION: To amend title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions. Companion bill to S. 915.

COMMENT: H.R. 1205 has 181 co-sponsors including seven Ohioans: Beatty, Fudge, Joyce, Kaptur, Ryan, Stivers and Turner.

MEMORANDUM

To: Laurel Johnson, Senior Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: June 6, 2018

Re: Federal Legislative and Regulatory Report for June

OVERVIEW

Highlights for May included: the Senate confirmation of Gina Haspel to serve as director of the CIA on May 17; continued discussion by President Trump on tariffs that could be imposed on imported cars and auto parts; the upcoming summit on June 12 between President Trump and Kim Jong-un, leader of North Korea; net neutrality action by the Senate after the FCC's decision; Congressional primaries in eight states on June 5; continued immigration talks in the House and Senate; and advocacy for the SERS Wraparound Program.

The House and Senate were in session during May, with Memorial Day and the rest of the week reserved for state working days. The House has twelve days scheduled for session during June, commencing on June 11. The next district work period will begin on Friday, June 29 and continue until Monday, July 10. The Senate returned to session on Monday, June 4 and will be in session until recess, which is scheduled to start on Monday, July 2 through Friday, July 6. Senate President Mitch McConnell (R-KY) reportedly told Senate members not to book any "non-refundable tickets," in case the traditional Senate August recess needed to be cancelled. He decided on June 5 that Senators should stay in Washington "to pass legislation, including appropriations bills, and to make additional progress on the president's nominees."

The Senate still needs to approve several spending bills before the end of the federal fiscal year, including the Farm Bill, reauthorization of the Federal Aviation Administration's budget, the National Defense Authorization Act, a water resources development and infrastructure bill and an important renewal of the national Flood Insurance Program. On June 5, President Trump sent a rescission proposal to Congress of nearly $15 billion in unused funds. The House also must take action.

President Trump has once again pressed Senate Republicans to change the Senate rules for his nominees. Currently, the Senate rules require that at least 30 hours of debate must occur on a Cabinet or judicial nominee before a Senate confirmation vote can be held. In late April, the Senate Rules Committee cleared a proposal to lower the number of hours of debate for non-Cabinet appointees and district court nominees, however, the full Senate has not adopted all of the rule changes at this point.

Rep. Brad Wenstrup (R-OH) was named to the House Ways and Means Committee on May 16. He joins Rep. Jim Renacci (R-OH) as the only other Ohio delegation member on the Committee. Former Rep. Pat Tiberi served on Ways and Means before his resignation in January. The Ways and Means Committee is one of the most powerful House committees.

PRIVATE MULTI-EMPLOYER PENSION PLANS

The Joint Select Committee on Solvency of Multiemployer Pension Plans held another hearing on May 17. This hearing focused on the "Structure and Financial Outlook of the Pension Benefit Guarantee Corporation (PBGC)." The director of the Pension Benefit Guaranty Corporation, W. Thomas Reeder, was the sole witness. During his opening remarks, Senator Sherrod Brown (D-OH), Co-Chairman, said:

> You see, as the crisis in the multiemployer plans has developed over the last few years, a second, quieter crisis has developed at the PBGC – a crisis that means allowing just one of these major plans to fail could put enough strain on the insurance system to bring down the entire PBGC multiemployer system. According to the latest estimates, the multiemployer system at the PBGC faces a deficit of more than $65 billion, and growing. It has just $2 billion in assets, and is

projected to become insolvent within the next seven years. So we can see the writing on the wall. When one of these large plans on the brink of failure requires the PBGC to step in, the PBGC will also fail – potentially leaving taxpayers on the hook for tens of billions of dollars. It's our job to make sure that doesn't happen.

During the Government Relations Network call on Friday, June 1, I mentioned the ongoing work of the Joint Select Committee and the need for public pension plans to remain vigilant. Jeannine Marcoe Raymond, Director of Federal Relations at NASRA, said that she agreed. She said that during meetings with members of the Joint Select Committee and staff, she has been asked about the solvency of public pension plans. **She asked all of us to continue to distinguish the strength and solvency of public pension plans from the Joint Committee's jurisdiction.**

SERS WRAPAROUND PLAN

On May 9, Rep. Steve Stivers (R-OH) sent a letter to Seema Verma, administrator of HHS/CMS to support an extension of the SERS Wraparound Plan. Shortly thereafter, SERS Executive Director Richard Stensrud sent Rep. Stivers a thank you letter for his support of the extension. Rep. Stivers is the second member of Ohio's delegation to write a letter, following Rep. Tim Ryan's (D-OH) letter earlier in the year.

Currently, the Office of Information and Regulatory Affairs (OIRA), a statutory section of the Office of Management and Budget (OMB) in the Executive Office of the President, is reviewing the comments received on the reporting form. According to the website, OIRA is the "central authority for the review of Executive Branch regulations, approval of Government information collections (which the form for the Wraparound Program falls under), establishment of Government statistical practices, and coordination of Federal privacy policy. The office is comprised of six subject matter branches and is led by the OIRA Administrator, who is appointed by the President and confirmed by the United States Senate." The two sets of comments from the notices in the Federal Register were submitted by HHS/CMS on April 17 for OBM/OIRA review. To date, the collection form has not been approved by OMB.

12th CONGRESSIONAL DISTRICT

Melanie Leneghan, one of the Republican candidates in the May 8 Congressional primary, has requested a partial recount of votes in several precincts. Of the seven counties making up the 12th District, Ms. Leneghan has requested that a recount of votes occur in precincts in four counties, including those located in Franklin, Muskingum, Licking, and Delaware counties. Officials have scheduled the recount for 9:00 a.m. on Wednesday, June 6. The Republican primary results were close, with one candidate, Senator Troy Balderson (R-Zanesville), being declared the unofficial winner over Ms. Leneghan by a mere 653 votes, or approximately 1% of the final vote tally.

TUESDAY CONGRESSIONAL PRIMARIES

On Tuesday, June 5, eight states, including California, Alabama, Iowa, Montana, New Jersey, New Mexico, Mississippi, and South Dakota, held primary elections for Congressional and state-wide seats. News reports leading up to the elections were full of statistics showing which districts were carried by Trump or Clinton in 2016, as a way to discern whether voters in these primaries are still supportive of or concerned with policies in the Trump administration.

In California, voters are able to cast their votes for a full slate of candidates, regardless of party affiliation, with the top two candidates moving to the November general election. Several Congressional Republican incumbents faced more Democratic challengers than in past elections. As of this report, the results were mixed for Republicans and Democrats and several races are undecided.

FEDERAL COMMISSION ON SCHOOL SAFETY

Secretary of Education Betsy DeVos testified on June 5 before the Senate Subcommittee on Education. She said that the Commission that she chairs will not look into the role of guns in school violence because Congress would need to address gun safety issues. The Commission is focused on school safety and keeping children safe at school. The Commission announced that it will hold an open public forum on June 6 that will be divided into two sessions – a morning session (9:30 a.m.

– 12:30 p.m.) and an afternoon session (1:30 p.m. – 4:30 p.m.). The Listening Session will focus on gathering information from stakeholders, experts and the public on how schools, districts, institutions of higher education, and other local and state government agencies can improve school safety.

On the Commission's website, it states, "There is not one plan that fits all schools across the country, so the Commission will be focusing on all variations of school size, structure, and geographic locations with their final recommendations." The website for the Commission's work may be viewed here: https://www.ed.gov/school-safety/

FINANCIAL REGULATORY REFORM
On May 22, the House passed its bill to minimize certain federal regulations for smaller community banks and credit unions, among other changes. Language to regulate proxy advisory firms was not included in the final bill. The companion bill, S. 2155, the "Economic Growth, Regulatory Relief, and Consumer Protection Act," passed in the Senate on March 22. The bill was written to provide relief from some of the requirements in the 2010 Dodd-Frank Act related to banking regulations after the Great Recession. After the House voted, the bill was sent to President Trump, who signed it on May 24. The final vote in the House was 258-159. **The Ohio delegation vote was as expected, along party lines.** All Republicans, with the exception of Rep. Stivers (who did not vote), supported the bill. All Ohio Democratic members voted against it. **Both the House and Senate have indicated that other regulatory reform measures may be brought up for action before the end of the year.**

INFRASTRUCTURE
On May 15, Rep. David Joyce (R-OH) and several Republican members of Congress sent a joint letter to President Trump asking for his support in "recognizing our nation's public schools as critical infrastructure with important needs." They asked that the Trump administration partner with local officials so that schools in all communities will have adequate funding. Reps. Michael Turner (R-OH), Steve Stivers (R-OH) and Bill Johnson (R-OH) also were signatories. They thanked the President for his bold vision of rebuilding infrastructure in America.

The letter cited a study by the National Education Association (NEA) that showed "school facilities is second, only to highways, as the largest sector of public infrastructure spending; however, it has been more than twenty years since the federal government conducted a comprehensive review of the state or needs of our nation's school facilities. Due to a lack of resources, many schools have forgone maintenance projects and now have a variety of issues, including poor indoor air quality, crumbling plaster, peeling paint, and faulty heating and cooling systems. These maintenance issues prevent schools from investing in programming and innovative technology."

The signatories reinforced the need for the federal government to partner with states to find innovative financing mechanisms to modernize deteriorating facilities to "advance student academic achievement, spur job growth, and stimulate innovation."

This letter follows two previous letters, one from approximately 150 House Democrats and a second letter from a bipartisan group of Senators to President Trump urging that he make public school funding a major part of his infrastructure plan.

HEALTH CARE
You will recall that the House of Representatives, when Speaker John Boehner (R-OH) was in office, sued the Obama administration and HHS for making payments for the cost-sharing subsidies under the ACA without Congressional appropriation authority. **The case, initially entitled *U.S. House of Representatives v. Burwell, et.al.,* and later *U.S. House of Representatives v. Price/Azar,* was finally settled on May 1.** Speaker Paul Ryan issued a press release on May 16 to announce the settlement of all claims.

The bill called, "Right to Try Act of 2017," finally passed the House on May 22 and was signed into law by the President. The Senate had passed the bill several months ago by unanimous consent. The legislation passed with a vote of 250-169. The Ohio House delegation voted along party lines, with

Republicans, other than Rep. Stivers who did not vote, supporting the bill. All Ohio House Democratic members voted against the bill.

The "Stop The HIT" Coalition issued a press release shortly after the introduction of H.R. 5963, **the "Health Insurance Premium Reduction Act," to delay the re-imposition of the Health Insurance Tax (HIT) annual fee on health insurance providers until after 2020.** The legislation was introduced on May 24 by Rep. Kristi Noem (R-SD) to suspend the HIT. The bill has three co-sponsors, none of which are Ohio House members, and has been referred to the Committee on Energy and Commerce. SERS is one of the providers that is subject to the tax in 2018.

The Public Sector HealthCare Roundtable (Roundtable) is hosting a Spring Legislative Forum from June 11-12 in Washington, D.C. According to Tom Lussier, the administrator of the Roundtable, the Forum will include a keynote address by former Congresswoman Allyson Schwartz, President and CEO of the Better Medicare Alliance. The Roundtable will also release the results of the 2018 Specialty Pharmacy Survey. Staff from SERS and I will be in attendance. I am working on appointments during the trip to Ohio delegation offices and with HHS/CMS to discuss the Wraparound Program and SERS' health care priorities.

On May 24, Ohio Democratic House members, Reps. Marcy Kaptur, Tim Ryan, Marcia Fudge, and Joyce Beatty sent a letter to Governor John Kasich to express their concerns with "recent efforts by the State of Ohio to enforce employment and community engagement requirements for Medicaid beneficiaries. Your efforts to implement and expand Medicaid in Ohio allowed more than 700,000 Ohioans to be enrolled in the program. Through this expansion, we have seen great strides in our state for increasing access to quality, affordable healthcare." They asked that the Governor reconsider the Ohio Department of Medicaid's proposed waiver that would impact communities that have a higher percentage of African Americans, by changing the exemption from entire counties to consider cities with high unemployment within the counties.

PRESCRIPTION DRUGS

On June 4, the U.S. Food and Drug Administration approved Fulphila (pegfilgrastim-jmdb) as the first biosimilar to Neulasta (pegfilgrastim) to decrease the chance of infection. FDA Commissioner Scott Gottlieb, M.D., said, "Bringing new biosimilars to patients is a top priority for the FDA, and a key part of our efforts to help promote competition that can reduce drug costs and promote access."

The Senate Judiciary Committee is scheduled to consider S. 974, the "Creating and Restoring Equal Access to Equivalent Samples, or CREATES Act," a bipartisan bill that would stop drug companies from delaying the introduction of less expensive generic drugs into the marketplace. The bill is opposed by PhRMA, of course. Senator Chuck Grassley (R-IA), Chairman of the Judiciary Committee, said, "I applaud the FDA Commissioner for his continued efforts to improve competition in the pharmaceutical industry and timely access to safe lower-cost generic prescription drugs. The new FDA guidance announced today calling for voluntary action by drug makers is an important step in the right direction, but this cannot be the end of our efforts to stop bad behavior by some drug companies. The bipartisan CREATES Act, which I've cosponsored, would require that brand name drug makers cooperate with generic manufacturers so that more affordable generic alternatives can be brought to the marketplace in a timely fashion. Congress should take up and pass this commonsense consumer-minded bill without further delay."

SOCIAL SECURITY

The annual Social Security Trustees and Medicare Report was issued on June 5 by the Board of Trustees. The report provides an analysis of the current and projected annual financial status of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. According to the press release, the OASI Trust fund is projected to be depleted in late 2034, a year earlier than last year's report, with 77 percent of benefits payable at that time. The DI Trust Fund will become depleted in 2032, extended from last year's estimate of 2028, with 96 percent of benefits still payable.

In the Medicare Report, theTrustees project that the Hospital Insurance (HI) Trust Fund will be depleted in 2026, three years earlier than projected in last year's report. At that time dedicated revenues will be sufficient to pay 91 percent of HI costs. For the Supplementary Medical Insurance (SMI) Trust Fund, the Trustees project that both Part B and Part D will remain adequately financed into the indefinite future because current law provides financing from general revenues and beneficiary premiums each year to meet the next year's expected costs. The Trustees project that total Medicare costs (including both HI and SMI expenditures) will grow from approximately 3.7 percent of GDP in 2017 to 5.8 percent of GDP by 2038, and then increase gradually thereafter to about 6.2 percent of GDP by 2092.

The Summary says:

> **Both Social Security and Medicare will experience cost growth substantially in excess of GDP growth through the mid-2030s due to rapid population aging caused by the large baby-boom generation entering retirement and lower-birth-rate generations entering employment**. For Medicare, it is also the case that growth in expenditures per beneficiary exceeds growth in per capita GDP over this time period. In later years, projected costs expressed as a share of GDP rise slowly for Medicare and are relatively flat for Social Security, reflecting very gradual population aging caused by increasing longevity and slower growth in per-beneficiary health care costs.

A summary of the report on Social Security and Medicare is available at: https://www.ssa.gov/oact/TRSUM/index.html. The full report can be reviewed at: https://www.ssa.gov/oact/TR/2018/index.html

Every month I report on H.R. 1205, the "Social Security Fairness Act of 2017," which repeals GPO and WEP. The bill now has 181 co-sponsors as of June 5. Seven representatives from Ohio are co-sponsors, including Representatives Michael Turner (R-OH), David Joyce (R-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH), Marcia Fudge (D-OH), Steve Stivers (R-OH) and Marcy Kaptur (D-OH). The bill was referred to the House Ways and Means Subcommittee on Social Security. The bill was referred to the Subcommittee on Social Security on March 6, 2017 and has not advanced.

I have also reported on legislation introduced by Senator Sherrod Brown (D-OH), S. 915, on April 24, 2017, the Senate version of the "Social Security Fairness Act of 2017," a bill to amend Title II of the Social Security Act and repeal GPO and WEP. Thus far, there are 25 cosponsors of the bill, as of June 5, including four Senate Republicans: Susan Collins (ME), Lisa Murkowski (AK), Dean Heller (NV) and John Kennedy (LA). Senator Rob Portman (R-OH) is not one of them. The bill has been referred to the Committee on Finance, however, it has not advanced out of Committee.

The House and Senate bills that call for full repeal of GPO and WEP have not advanced, even with more co-sponsors signing on each month. This is one of the reasons that I am pleased to report that Chairman Kevin Brady (R-TX), of the House Ways and Means Committee, has not given up on his desire to revise the formula for the Windfall Elimination Provision (WEP). On Thursday, May 31 in Washington, D.C. a meeting was held to discuss a proposal to move forward with a WEP solution. The meeting included staff from both the Republican and Democratic side of the Ways and Means, Social Security Subcommittee, to foster a bipartisan solution. Staff from SERS and I participated on a call that day to discuss some of the concepts that are being considered. While there is no drafted legislation at this point, we are continuing to discuss the ideas with our Ohio public pension colleagues and stakeholders. We can say that full repeal of WEP is not being proposed, rather a similar formula like the one proposed in HR. 711, with a few major enhancements, has spurred the discussion again.

RETIREMENT SECURITY

As of June 5, Rep. Bob Gibbs (R-OH) is still the only Ohio co-sponsor on the House bill, HR 5282, which is the companion bill to the "Retirement Enhancement and Savings Act of 2018, or RESA," a bill introduced in March by Senator Orrin Hatch (R-UT). Senator Ron Wyden (D-OR) is the co-sponsor, on the bill to amend the "Internal Revenue Code of 1986 to encourage retirement savings, and for other purposes." Senators Portman and Brown have not become co-sponsors.

SECURITIES AND EXCHANGE COMMISSION (SEC)
HR 5756, the bill introduced on May 10, by Rep. Sean Duffy (R-WI), requires the SEC to adjust the resubmission thresholds for shareholder proposals from a 3 percent threshold to 6 percent for first year submissions; doubles that time from 6 percent to 15 percent for second year proposal submissions; and moves from a 10 percent threshold to 30 percent for proposal submissions in a third year. There are no co-sponsors at this time and the bill has been referred to the House Committee on Financial Services.

The SEC voted 3-2 on June 5 to approve a rule drafted by five joint regulators to amend the Volcker Rule. Commissioners Kara Stein and Robert Jackson voted against the proposal and Chairman Jay Clayton, Michael Piwowar and Hester Peirce voted in favor. The proposed rule will now be open for public comment before the SEC takes final action. The other agencies that have already voted in support are the Federal Reserve, the Commodity Futures Trading Commission, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation. SEC Chairman Clayton said, "I strongly encourage all interested parties to comment on the many questions proposed in the release and I look forward to commentator input about implementing the Volcker Rule in a more effective way."

On June 5, the SEC voted to "improve the experience of investors who invest in mutual funds, ETFs and other investment funds," according to a press release. The SEC provided a new, optional "notice and access" method for delivering fund shareholder reports and invited investors and others to share their views on improving fund disclosure. The press release also said that the "**SEC is also seeking feedback on the fees that intermediaries charge for delivering fund reports. Under the rule, a fund may deliver its shareholder reports by making them publicly accessible on a website, free of charge, and sending investors a paper notice of each report's availability by mail.** Investors who prefer to receive the full reports in paper may—at any time—choose that option free of charge. Funds may rely on the new rule beginning no earlier than January 1, 2021." **Comments are due by October 31, 2018. SERS may have members and retirees that have invested in mutual funds or other investment funds through the Ohio 457 deferred compensation plan, separate school plans or as retail investors. A feedback flier was provided and may be reviewed here: https://www.sec.gov/rules/proposed/2018/34-83063.html**

REPORTS
In late May, the Harvard Kennedy School of Business and the Pew Center on the States issued a report entitled, "Assessing the Risk of Fiscal Distress for Public Pensions: State Stress Test Analysis." The Laura and John Arnold Foundation was mentioned in the Acknowledgements section for providing invaluable review and insights. The paper "summarizes the results of a stress test simulation analysis on the largest government pension plans in 10 states under different economic scenarios and assumptions for policymaker behavior." In the section on Colorado and Ohio, the authors wrote:

> What sets Colorado and Ohio apart from the other eight states analyzed here is their fixed-rate funding policies, which are based on a set percentage of covered payroll and do not provide a mechanism for increasing state contributions to offset the effect of market downturns. This contrasts with other states that employ actuarial funding methods that respond to increases in unfunded liabilities by prescribing higher contributions.
>
> The consequence of this inflexible approach to funding pension obligations is reflected in historical results and reinforced through the stress test results for both states. In Colorado, persistent underfunding explains most of the rapid decline in fiscal position between 2000, when the state reported a funded ratio of more than 100 percent, to the 2016 reported figure of only 52 percent. **Pension finances in Ohio are more stable, as their primary response to growing unfunded liabilities was the enactment, following the Great Recession, of one of the largest reductions in pension benefits any state has implemented.**
>
> Looking forward, both states' fixed-rate funding policies cause heightened uncertainty around how policymakers will address unfunded pension liabilities if future investment returns are lower than expected. Of the 10 states studied here, **Colorado and Ohio face the greatest fiscal**

uncertainty over the next 20 or 30 years, with Colorado facing a significant risk of fiscal distress.
A copy of the report may be read here:
https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/AWP_92_final.pdf

The Center for Retirement Research (CRR) at Boston College issued a brief on "What Explains the Widening Gap in Retirement Ages by Education?" on May 29. The brief's key findings are:

- The increase in the average retirement age has been driven almost solely by those with more education.
- Those with less education have:
  - seen less improvement in health;
  - faced more physically demanding jobs and less flexible work schedules;
  - experienced slower increases in lifespans, meaning less to gain from delaying Social Security; and
  - seen steeper drops in marriage rates, providing less incentive to work longer in order to retire with a younger spouse.
- These trends make it harder for those with less education to achieve a secure retirement.

On June 4, Alicia Munnell, director of CRR at Boston College, authored an opinion piece in *MarketWatch*, to say that the federal government should help fix the pension coverage gap. She said less than half of private sector workers are offered any type of retirement plan by their employer. States are filling the void by creating auto-IRA or similar savings programs, as I reported last month, on the Oregon Saves program, among other state programs. She suggested that having 50 separate state plans would be an administrative nightmare for employers and employees. **She supported the bill, HR 4523, introduced by Rep. Richard Neal (D-MA), the "Automatic Retirement Plan Act of 2017," to require that all employers with more than 10 employees to automatically enroll their employees and contribute a percentage of their salaries to a 401(k).** The employer would need to have been in business a minimum of three years to participate. There are no other co-sponsors on Rep. Neal's bill at this time.

<u>**OTHER MATTERS OF INTEREST**</u>
The Senate voted on May 16 to reverse the Federal Communications Commission's (FCC) decision on net neutrality, using the little used Congressional Review Act (CRA). This means that the rules on net neutrality could revert to the 2015 version. In December 2017, the FCC voted to repeal the net neutrality rules for Internet providers. Consumers were concerned that providers might slow down Internet traffic, block certain apps, or charge extra for priority access. While the Senate acted in a show of bipartisan support, there is little effort in the House to move forward at this time.

The U.S. Supreme Court issued its decision on May 21 in the case, *Epic Systems vs. Lewis, et. al*, on arbitration clauses between workers and employers, siding with employers. In the decision, the Court said: Congress has instructed in the Arbitration Act that arbitration agreements providing for individualized proceedings must be enforced, and neither the Arbitration Act's saving clause nor the NLRA suggests otherwise. The decision, authored by Justice Gorsuch, was 5-4, with Justices Ginsburg, Breyer, Sotomayor and Kagan dissenting.

The European Union's (EU) General Data Protection Regulation (GDPR) rules took effect on May 25, which is why many people began to receive notices on the use of personal data and cookies when they accessed websites in May. Technology companies across the world were required to follow the rules that were passed over two years ago and had a bit of a scramble to comply. Even though the rules were promulgated by the EU, large tech companies have consumers that live and work across the world and needed to comply with the strict privacy rules.

On May 21, the Puerto Rico Financial Management and Oversight Board rejected suggested bondholder agreements and pension changes. A new plan, entitled "Restoring Growth and Prosperity," was certified on May 30 and is directed to the Governor and Legislature for enactment.

The report discusses the fact that "**by 2016, Puerto Rico had accumulated over $50 billion in unfunded pension liabilities and over $70 billion of debt, and was facing an imminent default.** Because Puerto Rico and its public corporations cannot take advantage of Chapter 9 of the U.S. Bankruptcy Code, and an attempt to create a territorial bankruptcy law was struck down by the U.S. Supreme Court, **Congress stepped in to head off Puerto Rico's financial, and debt crisis, by passing PROMESA, the Puerto Rico Oversight, Management, and Economic Stability Act**. PROMESA imposed an automatic stay on Puerto Rico's debt obligations and created the Financial Oversight and Management Board for Puerto Rico (the "FOMB" or "Oversight Board"). Chapter 17 addresses needed pension reform. The report highlights the following:

> **Therefore, Puerto Rico's retirement system must be further reformed to reduce costs, restore the plans to financial sustainability, and maintain responsible benefit levels for current and future retirees.** While overhauls will have a smaller impact in earlier years, the impact of pension reforms will amplify over time, leading to more than $11 billion in savings over a 30-year period. **Reductions to benefits must also be structured to protect lower-income retirees, who otherwise could become impoverished and therefore be forced to rely upon government "safety net" benefits.**

The situation in Puerto Rico is important to follow. The language in PROMESA was tailored for Puerto Rico, however, for the first time, Congress created an Oversight Board to manage their debt obligations and pension solvency. It is not a stretch for Congress to consider this approach if a state is not able or unwilling to address its own public pension issues in the future. As reported, Congress is already working in a bipartisan way to address the private sector multiemployer pension issues.

On May 21, President Trump signed a bill that repealed the auto-lending guidance provisions from the Consumer Financial Protection Bureau (CFPB), revoking a rule that was put in place to help protect minority customers from alleged auto-lending predatory practices.

On May 17, the State of Ohio was informed by HHS/CMS and Treasury that the 1332 Waiver submitted by the Ohio Department of Insurance was not complete and issued a letter on the preliminary determination of incompleteness. Randy Pate, director of the Center for Consumer Information & Insurance Oversight (CCIIO), said that his office is happy to work with the state to revise and resubmit the waiver application.

ACTIVITIES:

1. Sent out emails to delegation offices with copies of the letter from Rep. Steve Stivers, supporting an extension of the pilot for Wraparound Programs.
2. Discussed the Public Sector HealthCare Roundtable Legislative Forum with SERS staff and suggested meetings during our visit, handouts and talking points.
3. Scheduled appointments for our meetings in Washington on Monday through Tuesday, June 11-12.
4. Participated in the monthly call with the Government Relations Network members to discuss federal and state issues that impact public pensions.
5. Monitored bills relating to public pensions, health care, prescription drugs and Social Security.
6. Reviewed bills that were introduced by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
7. Made calls and sent/responded to emails with representatives from SERS.
8. Monitored relevant House and Senate Committee hearings, particularly when an Ohio delegation member serves on the Committee or Subcommittee.
9. Reviewed public notices or proposed rules from the SEC, Education, HHS/CMS, and OMB for the Wraparound reporting form.
10. Monitored organizations, such as the Social Security Administration, ABC, AARP, and other entities that have policies on pension, investment, and/or health-related issues.
11. Reviewed reports and newsletters from organizations such as CII, ICGN, NASRA, NCTR, NCPERS, and Public Sector HealthCare Roundtable.
12. Prepared the monthly Federal Update for SERS.

FY 2019 ADMINISTRATIVE BUDGET

Chairman Wilson acknowledged a request from OAPSE members to speak during the presentation of the SERS FY2019 Administrative Budget. Mr. Wilson granted the request and asked that the discussion be limited to no more than two persons, for up to five minutes each.

Ms. Karen Holdridge, a retired bus driver with Columbus City Schools, and Ms. Lois Carson, an administrative assistant with Columbus City Schools, individually addressed the Board concerning the three-year suspension of the cost-of-living adjustment. Both gave personal accounts of how the suspension has affected them and their families.

BUDGET RESOLUTION – FY2019 SERS ADMINISTRATIVE BUDGET

Hugh Garside moved and Jeffrey DeLeone seconded that the following budget of $33,156,973 for the fiscal year beginning July 1, 2018 and ending June 30, 2019 be approved, with such approval effective June 22, 2018. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

Expense Classification	Budget
Personnel ……………………………………………………………………….	$ 22,087,259
Professional Services (including Investment-Related Consultants)…………	6,412,991
Communications ……………………………………………………………….	1,032,780
Other Operating Expenses …………………………………………………	3,354,443
SERS Administrative Expenses	$ 32,887,473
Administrative Capital ……………………………………………………….	269,500
Administrative Budget	**$ 33,156,973**

Be it further provided that the Board has reviewed the estimated fees and expenses for operation of the investment program, and authorizes the payment of actual fees to such service providers and in such amounts as is set by the contract with the individual service providers.

OPERATING TRANSFER RESOLUTION – FY2019

Beverly Woolridge moved and Catherine Moss seconded that SERS transfer to OSERS Holdings, LLC up to $1,506,324 for payment of building operations and LLC expenses of OSERS Holdings for the fiscal year beginning July 1, 2018 and ending June 30, 2019. OSERS Holdings, LLC shall report quarterly to the SERS Board of Trustees on the expenditure of all funds and receipt of all revenues. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

Prior to presenting the health care report, Board member Catherine Moss acknowledged Health Care Director Anne Jewel's presentation during the May 2018 annual NCPERS conference. Ms. Moss stated that Ms. Jewel did an outstanding job and represented SERS very well.

HEALTH CARE REPORT

Director of Health Care Services Anne Jewel presented the 2019 premium and benefit changes for Board approval.

Staff proposes decreasing premiums for most Medicare plan enrollees. Ms. Jewel noted that the vendors submitted lower rates for 2019, which allows SERS to pass along those savings to enrollees. Positive Medicare revenue, lower costs for certain prescription drugs, along with good claims experience all contributed to lower premiums.

Three benefit changes for the Medicare plans were also recommended:

- Decreasing the specialist office co-pay to $30 from $40
- Increasing the chiropractic co-pay to $20 from $15
- Changing the ambulance to an $80 co-pay from 20% coinsurance

On the non-Medicare side, premium decreases, particularly for spouses and children, were recommended for the Aetna Choice POS II plan based on the actuary's findings. Premiums will be increasing for AultCare. However, AultCare continues to offer a competitive non-Medicare plan premium even with the increase.

Ms. Jewel stated the only recommended benefit change for non-Medicare plans was to change the emergency room co-pay to $150 from 20% coinsurance.

Ms. Jewel also reviewed 2019 dental and vision plan premiums. Dental premiums will be increasing by 1% while the vision premiums will remain the same. Benefits under each plan will remain the same as the prior year.

The qualifying income levels for the 2019 SERS Premium Discount Program were provided to the Board. Staff plans to automatically enroll retirees based on eligibility for certain categories of Medicare Extra Help which are similar to the eligibility requirements for the Premium Discount Program. Ms. Jewel noted that this change would encourage more SERS retirees to take advantage of available assistance for medical expenses and remove the requirement that an application be filled out every year.

Concluding the health care report, Chairman Daniel Wilson, on behalf of the Board, thanked Ms. Jewel for her public service and her years of working to preserve the Health Care Fund. Mr. Wilson wished Ms. Jewel well in her retirement.

Executive Director Richard Stensrud also thanked Ms. Jewel for her service.

2019 HEALTH CARE PREMIUMS AND PLAN DESIGN CHANGES

Catherine Moss moved and Christine Holland seconded to approve the 2019 health care premiums in Appendix A and the plan design changes in Appendix B. The premiums and plan design changes are effective January 1, 2019. Further, the Executive Director is authorized to execute one year contract amendments with AultCare and Paramount for a term beginning January 1, 2019, subject to documentation satisfactory to legal counsel. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

APPENDIX A

SERS HEALTH CARE 2019 PREMIUMS

Fully Insured Plans		2018	2019		2018	2019		2018	2019
Aetna Medicare PPO Plan	17.50%	$73.00	$64.00	**Spouse**			**Children**		
	20%	$79.00	$68.00						
	25%	$89.00	$76.00	80%	$209.00	$166.00	70%	$187.00	$149.00
	50%	$144.00	$117.00	90%	$231.00	$182.00			
	100%	$253.00	$198.00	100%	$253.00	$198.00			
Aetna Medicare Part B only [1]	17.50%	$127.00	$127.00	**Spouse**			**Children**		
	20%	$140.00	$140.00						
	25%	$166.00	$166.00	80%	$453.00	$453.00	70%	N/A	N/A
	50%	$297.00	$297.00	90%	$506.00	$506.00			
	100%	$558.00	$558.00	100%	$558.00	$558.00			
Aultcare PPO (non Medicare)	17.50%	$198.00	$211.00	**Spouse**			**Children**		
	20%	$221.00	$236.00						
	25%	$267.00	$287.00	80%	$629.00	$678.00	70%	$150.00	$159.00
	50%	$500.00	$539.00	90%	$703.00	$759.00			
	100%	$965.00	$1,042.00	100%	$778.00	$839.00			
Aultcare Primetime (Medicare)	17.50%	$78.00	$74.00	**Spouse**			**Children**		
	20%	$84.00	$80.00						
	25%	$96.00	$91.00	80%	$231.00	$215.00	70%	$206.00	$193.00
	50%	$157.00	$148.00	90%	$255.00	$238.00			
	100%	$280.00	$260.00	100%	$280.00	$260.00			
Paramount HMO (Medicare)	17.50%	$81.00	$71.00	**Spouse**			**Children**		
	20%	$88.00	$77.00						
	25%	$101.00	$87.00	80%	$244.00	$201.00	70%	$219.00	$181.00
	50%	$167.00	$139.00	90%	$272.00	$222.00			
	100%	$298.00	$243.00	100%	$298.00	$243.00			

Self Insured Plans		2018	2019		2018	2019		2018	2019
Aetna Choice POS II (non-Medicare)	17.50%	$260.00	$253.00	**Spouse**			**Children**		
	20%	$292.00	$284.00						
	25%	$357.00	$347.00	80%	$961.00	$833.00	70%	$305.00	$253.00
	50%	$678.00	$659.00	90%	$1,076.00	$932.00			
	100%	$1,321.00	$1,282.00	100%	$1,192.00	$1,032.00			
Aetna Traditional Choice (Medicare)	17.50%	$172.00	$173.00	**Spouse**			**Children**		
	20%	$191.00	$192.00						
	25%	$231.00	$232.00	80%	$661.00	$664.00	70%	$583.00	$585.00
	50%	$426.00	$428.00	90%	$739.00	$743.00			
	100%	$817.00	$821.00	100%	$817.00	$821.00			

	2018	2019
Aetna POS II administrative fee	$23.75	$24.35
HealthScope (Wrap)	$14.00	$14.00

[1] If a benefit recipient has Part B only and has 25 or more years of service then that person pays the Medicare A premium for their service years.

APPENDIX B

2019 PLAN DESIGN CHANGES

2019 Plan Design Changes – Medicare

The Health Care Department is recommending the following plan design changes to the **Medicare** program:

1. Changing the specialist office visit co-pay to $30 from $40.
2. Increasing the chiropractic co-pay to $20 from $15.
3. Changing the ambulance co-pay to $80 from 20% coinsurance.

2019 Plan Design Changes – Non-Medicare

The Health Care Department is recommending the following plan design change to the **non-Medicare** program:

1. Changing the emergency room co-pay to $150 from 20% coinsurance.

APPROVAL OF 2019 DENTAL AND VISION PREMIUMS

Catherine Moss moved and Christine Holland seconded to approve the 2019 dental and vision premiums as described in Appendix A. The premiums are effective January 1, 2019. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

APPENDIX A

2019 Delta Dental Premium	
Benefit Recipient	**$28.09**
Benefit Recipient and one dependent	**$56.18**
Benefit Recipient and two or more dependents	**$84.54**

2019 VSP Vision Premium	
Benefit Recipient	**$ 7.11**
Benefit Recipient and one dependent	**$14.22**
Benefit Recipient and two or more dependents	**$16.70**

2019 HEALTH CARE PREMIUM DISCOUNT PROGRAM (SAFETY NET)

The 2019 Health Care Premium Discount Program is offered only to applicants enrolled in or eligible for Medicare and to "split families" in which only one spouse is eligible for Medicare.

Eligibility for the Health Care Premium Discount Program during the 2019 calendar year will be based upon the applicant's qualifying household income for calendar year 2017. Medicare Part B reimbursement is excluded from the definition of qualifying household income. If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less* than or equal to 125% of the 2018 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS premium subsidized by SERS.

If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *more* than 125% of the 2018 federal poverty level for the household size, the applicant may request special consideration. Special consideration will be given to applicants providing written evidence satisfactory to SERS' staff that a material change in the applicant's financial circumstance subsequent to calendar year 2017 has caused the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, to become *less* than or equal to 125% of the 2018 federal poverty level for the household size.

Effective January 1, 2019, SERS health care participants approved by Medicare for the non-institutionalized full Part D low income subsidy program, which has similar household income eligibility requirements to the Premium Discount Program, will be automatically enrolled into the Premium Discount Program.

Jeffrey DeLeone moved and Christine Holland seconded to approve the 2019 Health Care Premium Discount Program. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

The Board took a break at 10:15 a.m. and reconvened at 10:37 a.m.

EXECUTIVE SESSION

At 10:37 a.m., James Haller moved and Christine Holland 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: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

The Board returned to open session at 10:40 a.m.

AUDIT COMMITTEE CHARTER

The SERS Audit Committee recommends that the amended SERS Audit Committee Charter be approved effective June 21, 2018. Daniel Wilson moved that the Board adopt the Committee's recommendation. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

INTERNAL AUDIT COMMITTEE UPDATE

Continuing, Chairman Wilson asked Chief Internal Auditor Joe Bell to present an update on the FY2019 Audit Plan. Mr. Bell informed the Board that all FY18 audits have been completed. Mr. Bell then presented highlights of the Fiscal Year 2019 Annual Audit Plan.

EXECUTIVE SESSION

At 11:03 a.m., James Haller moved and Catherine Moss seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of public employees. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

The Board returned to open session at 11:25 a.m.

CHIEF AUDIT OFFICER COMPENSATION

The SERS Audit Committee recommends that Chief Audit Officer Joe Bell receive a 3.1% merit increase in salary effective the first pay date in Fiscal Year 2019. Catherine Moss moved to adopt the Committee's recommendation. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

EXECUTIVE DIRECTOR COMPENSATION

The SERS Compensation Committee recommends that Executive Director Richard Stensrud receive a 3.1% merit increase in salary effective the first pay date in Fiscal Year 2019. Hugh Garside moved to adopt the Committee's recommendation. Upon roll call, the vote was as follows: Yea: James Rossler, Jeffrey DeLeone, Hugh Garside, James Haller, Christine Holland, Catherine Moss, Beverly Woolridge and Daniel Wilson. The motion carried.

BOARD OFFICER ELECTION

Chairman Daniel Wilson continued with the election of Board Officers to be effective July 1, 2018. Mr. Wilson asked for nominations for Chair. Catherine Moss nominated James Rossler. Mr. Wilson asked for other nominations. There being none, Mr. Wilson declared James Rossler Chair for the 2018-2019 fiscal year.

Mr. Wilson asked for nominations for Vice Chair. Daniel Wilson nominated Catherine Moss. Mr. Wilson asked for other nominations. There being none, Mr. Wilson declared Catherine Moss Vice Chair for the 2018-2019 fiscal year.

The Board continued with the review of calendar dates and future Board meetings.

CALENDAR DATES FOR FUTURE BOARD MEETINGS

2018

July 19 and 20 (Thurs. and Fri.)
September 20 and 21 (Thurs. and Fri.)
October 18 and 19 (Thurs. and Fri.)
November 15 and 16 (Thurs. and Fri.)
December 20 and 21 (Thurs. and Fri.)

NOTE: The above dates are **tentative.

CONTINUED OR NEW BUSINESS

Board member Catherine Moss provided highlights of the NCPERS conference she attended in May. Ms. Moss stated the Trustees Educational Seminar (TEDS) was very interesting and engaging. Ms. Moss noted that both Farouki Majeed and Anne Jewel did outstanding jobs representing SERS during the conference. Ms. Moss concluded that NCPERS provides good networking opportunities for trustees.

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

Executive Director Richard Stensrud continued by reviewing the open and closed information items.

ADJOURNMENT

Chairman Daniel Wilson moved that the Board adjourn to meet on Thursday, July 19, 2018 for their regularly scheduled meeting. The meeting adjourned at 11:32 a.m.

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Daniel Wilson, Board Chair

____
Richard Stensrud, Secretary