

## **March 19, 2020**

The nine hundredth and twenty-eight 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 19, 2020. The meeting convened in open session at 8:32 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Hugh Garside, Vice-Chair, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. Hugh Garside excused the absence of Jeffrey DeLeone and Catherine Moss. Also in attendance was various members of the SERS staff and members of the public.

### **APPROVAL OF MINUTES OF THE RETIREMENT BOARD RETREAT HELD ON February 19, 2020**

Barbra Phillips moved and James Haller seconded the motion to approve the minutes of the Retirement Board Retreat meeting held on Wednesday, February 19, 2020. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### **APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON February 20, 2020**


Barbra Phillips moved and James Rossler seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, February 20, 2020. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

## **INVESTMENT REPORT**

### **Annual Portfolio Review – Global Real Assets**

Assistant Director of Investments Nancy Turner and Investment Officer Michael Browning presented the Real Assets portfolio review for 2019. Mr. Browning provided a summary of the portfolio and discussed the implementation guidelines and portfolio construction. The portfolio includes private real estate, private infrastructure and public real estate (REITs). As of December 31, 2019, the portfolio had a \$2.2 billion market value with unfunded commitments of \$456 million. Mr. Browning then discussed the property type and geographic allocations within the portfolio. Industrial continues to be the best performing property type. SERS portfolio benefited from being overweight to industrial sector and underweight to retail. Ms. Turner reviewed annual cash flows, income returns and performance. Performance exceeded the benchmark for 1, 3, 5 and 10 year periods. Ms. Turner discussed impacts of COVID-19 on the portfolio. Full effects will not be seen until June 30, 2020 or September 30 2020. Ms. Turner then discussed the Real Assets' portfolio goals for FY2020-2021 that include an allocation increase from 15% to 17% with a range of 14% to 20%. Following questions and comments, the Board thanked Ms. Turner and Mr. Browning for the presentation.

**STATEMENT OF INVESTMENT POLICY**

	<b>Statement of Investment Policy</b>				
<b>INV1-001</b>					
<b>Effective Date:</b>	08/02/1985	<b>Revision Date:</b>	07/01/2020	<b>Audience:</b>	Investments
<b>Owner:</b>	Investments	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner (s):</b>	None
<b>Document Links:</b>	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

**I. Purpose of Statement of Investment Policy**

The purpose of this Statement of Investment Policy (SIP) is to set forth the investment philosophy and objectives of the Retirement Board (Board) for the School Employees Retirement System of Ohio (SERS).

This SIP:

- A. incorporates and is subject to all restrictions and obligations set forth in Chapter 3309 of the Ohio Revised Code;
- B. establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and
- C. establishes a framework for making investment decisions, and monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

This SIP is subject to change at any time by the Board. The Board will review the SIP and revise it periodically to assure it continues to reflect the investment philosophy, objectives and strategies of the Board.

**II. Investment Philosophy**

The Board recognizes the need to manage SERS assets prudently (the Total Fund) to meet its statutory and fiduciary obligations and to achieve or exceed its objectives. The Board's investment philosophy is grounded in fundamental, prudent investment principles, incorporating modern portfolio theory, risk management and portfolio management practices. These principles are incorporated in the "Investment Beliefs" below. The Board believes it can provide consistent, long-term performance at appropriate levels of risk. By delineating responsibilities and defining policy objectives, this SIP reflects the Board's investment philosophy and governance.

SERS Investment Beliefs:

Financial Markets

- A. Capital markets are not perfectly efficient. Inefficiencies create opportunities that skilled investors could exploit to generate excess returns. Investment Staff will prudently attempt to add value by exploiting such inefficiencies across different assets selectively, although it is not easily achieved.
- B. Markets generally afford higher prospective returns for riskier assets, such as equity or credit risk premiums over the long term. Anomalies could occur in intermittent periods on account of shifting valuations. When valuations are elevated returns tend to be lower.

Investment Process

- C. Strategic asset allocation is the key determinant of risk and return and represents the Board's

tolerance for risk in achieving funding goals. It is important to diversify across risk factors and return sources and to be explicit about the role of asset classes.

- D. Risk is the likelihood of loss or less than expected outcomes and is not fully captured by a single metric such as volatility. Risk has many dimensions, subjective and objective, which must be comprehensively assessed and managed in the investment process.
- E. Long-term horizon is an advantage as it enables SERS to tolerate volatility, capture illiquidity and other risk premia, and take advantage of trends and opportunities.
- F. Costs matter. Managing fees and transaction costs adds value to the Fund. Costs must be judged relative to expected value added.

#### Organizational Skills and Design

- G. Investment success is dependent on good governance, decision process, skill and judgment. Having an experienced and talented staff with appropriate decision authority is an advantage. SERS' Board will delegate authority as appropriate to staff to facilitate execution of the investment process, but retain policy and oversight powers.
- H. Explicit investment objectives, guidelines and collaborative teamwork among staff as well as external partners is essential for success.

#### Sustainability and Corporate Governance

- I. Good governance of markets and entities comprising the markets improves outcomes for investors. SERS Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders.
- J. SERS Board and Staff must be attentive to important environmental, social and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

### III. Investment Objectives

The Investment Objectives of SERS are:

- A. to assure that SERS provides statutorily-mandated retirement benefits;
- B. to earn a net-of-fees total return that equals or exceeds over the long term the Actuarial Assumed Rate approved by the Board; and
- C. to enhance risk-adjusted investment returns of the Total Fund in a prudent and cost-effective manner.

### IV. Risk Management

- A. The Board evaluates risk in terms of the probability of not earning the actuarial assumed rate over the long-term. Diversification across asset classes, within asset classes and across investment styles, sectors and securities is employed to manage overall portfolio risk and volatility.
- B. SERS utilizes a risk budgeting approach in management of volatility risk of investment portfolios. Active risk of the Total Fund, asset class and individual portfolios and their respective risk contribution to total risk are important factors in the management of the capital allocations to individual asset classes and portfolios. The Total Fund shall be managed within a forecast active risk (tracking error) range of 0% to 3.0% relative to the policy benchmark and within the asset allocation range specified elsewhere in this SIP. Active risk is determined by asset allocation deviations and active security selection decisions as well as underlying market volatility. In times of high market volatility, the active risk may exceed 3%. In any event, if the active risk exceeds 3% staff will discuss this with the Board and present appropriate recommendations. The realized tracking error is also expected to be below 3% over rolling three-year periods. Individual asset classes will be managed within the tracking error range specified in the respective asset class implementation guideline. Private asset classes (Private Equity, [Private Credit](#) and Real Assets) are excluded at this point from tracking error guidelines.
- C. Other risks, including but not limited to those such as interest rate risk, credit risk, and liquidity risk, will be managed and carefully monitored by Investment Managers and Investment Staff.

### V. Implementation Approach

- A. The Board reserves certain responsibilities for itself, while delegating other responsibilities to the Executive Director, the Chief Investment Officer, the Investment Committee, Investment Staff, Investment Managers, Investment Consultants, the Investment Compliance Department and

- other Investment Service Providers. These responsibilities are described in this SIP.
- B. In fulfilling its fiduciary duties, the Board utilizes a competent and qualified Staff to implement the investment program and to manage daily operations.
  - C. The Board utilizes Investment Managers or Funds selected by Staff to invest most assets of the Total Fund. The Board recognizes that costs associated with external Investment Managers and Funds are typically higher than costs associated with internal management. However, the Board believes external Investment Managers that act as fiduciaries possess specialized investment expertise and economies of scale, and can generate higher returns on a net-of-fee basis.
  - D. The Board requires regular reporting on the Total Fund's investment program to ensure compliance with its SIP.

## VI. Investment Organization and Responsibilities

### A. Responsibilities of the **Board**

The Board as a fiduciary is responsible for ensuring that Total Fund assets are managed prudently and effectively, in compliance with applicable laws and with this SIP, for the exclusive benefit of participants and beneficiaries.

Responsibilities of the Board include:

1. establishing controls and systems to ensure that Total Fund fiduciaries comply with applicable laws;
2. establishing asset allocation and investment policies for SERS assets;
3. appointing and discharging the Executive Director and Board Investment Consultants;
4. confirming or rejecting the Executive Director's proposed appointment of a Chief Investment Officer for SERS;
5. designating the individual as Chief Investment Officer of SERS for purposes of R.C. 3309.043, and then notifying the Ohio Department of Commerce, Division of Securities in writing of the designation as required by the Ohio Revised Code;
6. monitoring and reviewing investment performance and policy compliance;
7. requesting, receiving and reviewing reports from Investment Staff, Board Consultants and other entities, if applicable;
8. approving an Annual Investment Plan;
9. approving Statement of Investment Policy and changes thereto; and
10. conducting an annual evaluation of the performance of the Board's Investment Consultant.

### B. Responsibilities of **Staff**

Staff will administer Total Fund assets as fiduciaries in accordance with applicable federal and state laws and regulations, and in accordance with this SIP, ethics laws, codes of professional conduct (in particular, the CFA Code of Ethics and Standards of Professional Conduct), and other applicable codes and/or regulations. Staff will establish plans, policies and procedures to carry out these duties.

1. The **Executive Director** is responsible for:
  - a. ensuring that reports of the Total Fund's investment performance are presented on a timely basis;
  - b. retaining vendors, consultants and advisors as necessary to assist Staff, and assist the Board in the retention of Investment Consultants;
  - c. appointing, discharging and retaining the Chief Investment Officer and Investment Staff;
  - d. overseeing the investment function,
  - e. executing investment documents when necessary,
  - ~~f. conducting a fiduciary audit of investment operations at least on a seven- to ten-year cycle unless circumstances require an audit to be conducted sooner, and~~
  - ~~g.f. conducting a peer group benchmarking of SERS investment costs performed by an independent entity every two- to three years.~~
2. The **Chief Investment Officer** is responsible for:
  - a. overseeing the investment program and keeping the Executive Director advised;
  - b. conducting periodic asset liability studies with the assistance of Investment Consultants and recommending asset allocation targets and ranges;
  - c. reviewing the SIP on an annual basis and recommending changes as needed for approval by the Board;

- d. preparing and presenting the Annual Investment Plan to the Board for approval;
  - e. implementing the Annual Investment Plan;
  - f. investigating, researching and recommending new and emerging investment concepts and strategies, and implementing appropriate strategies in accordance with approved policies and procedures;
  - g. informing Investment Managers, Investment Consultants, and others providing investment services to SERS about the requirements of applicable laws and Board policies, and monitoring their compliance with said laws and policies;
  - h. adjusting allocations to Asset Classes, Investment Managers and Funds as needed, subject to any approved allocation ranges;
  - i. approving implementation guidelines for each asset class to establish allocation ranges for sub-strategies, risk parameters and risk limits, and providing such guidelines to the Board;
  - j. appointing and discharging Investment Managers and approving investments in or redemptions from Funds subject to conditions and guidelines in Section VII.;
  - ~~k. activating previously approved Backup Investment Managers;~~
  - ~~l.k.~~ executing investment documents;
  - ~~m.l.~~ approving Investment Manager guidelines, changes and additions;
  - ~~n.m.~~ hiring and supervising Investment Staff;
  - ~~e.n.~~ monitoring and evaluating the effectiveness of executed securities transactions and reporting annually to the Board regarding the performance of agents who execute securities transactions on behalf of SERS; and
  - ~~p.o.~~ regularly reporting to the Board on market conditions, the status of the Total Fund, and its multi-period performance relative to benchmarks. Performance will be calculated on a gross-of-fees and net-of-fees basis.
3. The **Investment Committee** is responsible for:
- a. ensuring that a policy and procedure are in place defining the Committee's structure and establishing rules for reviewing and approving investments;
  - b. reviewing Investment Manager and Fund due diligence; and
  - c. approving ~~or discharging~~ Investment Managers or Funds.
4. The **Investment Staff** is responsible for:
- a. regularly reporting the status of the respective asset classes and Total Fund and its multi-period performance to the Chief Investment Officer;
  - b. periodically meeting and speaking with existing or potential Investment Managers to review and assess the quality of their investments and management of assets;
  - c. performing ongoing due diligence to evaluate and monitor Investment Manager capabilities relative to managing Total Fund assets;
  - d. recommending to the Chief Investment Officer implementation guidelines for the respective asset classes to establish allocation ranges for sub-strategies, risk parameters and risk limits, and managing the portfolio to the approved implementation guidelines;
  - e. recommending to the Chief Investment Officer any additions or withdrawals from Investment Manager accounts or Funds, or rebalancing of asset class allocations;
  - f. recommending to the Chief Investment Officer and the Investment Committee the appointment or discharge of Investment Managers and investments in or redemptions from Funds;
  - g. investing assets of the cash equivalents portfolio;
  - h. investigating and researching new and emerging investment concepts and strategies, and recommending those strategies to the Chief Investment Officer;
  - i. preparing periodic reports for the Chief Investment Officer on the performance of agents who execute securities transactions on behalf of SERS; and
  - j. maintaining a list of Ohio-qualified Investment Managers and their investment products.

C. Responsibilities of **Investment Service Providers**

Investment Service Providers who do business or seek to do business with SERS will act in the best interest of SERS when providing services to SERS or the Total Fund. Investment Service Providers will:

1. comply with all applicable federal and state laws and regulations, with this SIP, and with all applicable professional codes and regulations;
2. have established ethics and conflict of interest policies and procedures, and proper internal compliance controls in place as needed;
3. at the earliest opportunity disclose to Investment Staff any actual or potential conflict of interest;
4. as permitted by law, disclose any investigation of, or litigation involving, its operations to Investment Staff; and
5. provide annual or other periodic disclosures as required.

~~The Chief Investment Officer will adopt procedures as appropriate to implement this section.~~

#### D. Responsibilities of *Investment Managers*

Investment Managers and Investment Staff managing assets internally are responsible as fiduciaries for investing prudently the Total Fund assets. In addition to those applicable responsibilities described in VI.B., Investment Managers and internal Investment Staff members will:

1. manage assets within their control in compliance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements, this SIP, contractual obligations, and applicable professional codes of conduct;
2. inform the Chief Investment Officer and Investment Staff of any substantial changes in investment strategy, portfolio structure, asset value, and of any organizational changes, including that of ownership, affiliation, organizational structure, financial condition, or changes in professional personnel staffing in the investment management organization;
3. present in-depth reports to Investment Staff;
4. recommend to Investment Staff changes to investment guidelines the Investment Manager believes would enhance investment performance on a risk adjusted basis; and
5. select such agents for the execution of transactions, at such prices, and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Total Fund, taking into consideration in the selection of such agents not only the available prices and rates of brokerage commissions, but also other factors relevant to the transaction.

#### E. Responsibilities of *Investment Consultants*

Investment Consultants will:

1. provide services as fiduciaries and in accordance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements; in accordance with this SIP and its written Agreement with SERS; and with all applicable professional codes and/or regulations;
2. provide independent and unbiased research, information and advice to the Board and Staff;
3. assist in the development and amendment of this SIP;
4. assist in the development of investment guidelines as may be requested by Staff;
5. assist in the development of strategic asset allocation targets and ranges;
6. assist in the development of performance measurement standards;
7. monitor and evaluate Investment Manager and Fund performance as appropriate on an ongoing basis;
8. recommend to Staff the retention or discharge of Investment Managers and investment in or redemption from Funds;
9. collaborate with Investment Staff on the due diligence of potential Investment Managers and Funds, and existing Investment Managers and Funds, as requested by Staff;
10. assist in the development of criteria for and procedures to be utilized in the selection of Investment Managers and Funds;
11. provide research, information and advice on investment topics and strategies considered relevant by the Investment Consultant, or when requested by the Board or Investment Staff;
12. provide those services delineated in the Advisory or Consultant Agreement;
13. provide any other advice or services that the Board, Executive Director or Chief Investment Officer determines are necessary, useful or appropriate to fulfill the objectives of this SIP; and
14. regularly report the status of the Total Fund and its multi-period performance to the Board.

Performance will be calculated on a net-of-fee basis.

F. Responsibilities of the ***Investment Compliance Department***

The Investment Compliance Department is responsible for:

1. monitoring and reporting compliance with this SIP and Board Resolutions;
2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Section VI., herein; and
4. identifying and, in concert with Investment Staff, resolving compliance violations by Investment Managers and Investment Staff relative to their respective investment guidelines. Staff will ensure that those accounts with guideline violations are efficiently and effectively brought back into compliance; ~~and~~

~~G. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and~~

~~H. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.~~

G. Responsibilities of the ***Government Relations Officer***

The Government Relations Officer is responsible for:

1. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and
2. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.

~~H. Responsibilities of the ***Investment Accounting Department***~~

~~Responsibilities of the Investment Accounting Department related to the Investments Department are defined in Policy FIN4-004 Investment Valuation.~~

**VII. Conditions and Guidelines for Making Investments**

A. Conditions

1. In cooperation with legal counsel, Staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested;
2. Investments will be of institutional quality;
3. Investments will require the approval of the Chief Investment Officer and the Investment Committee;
4. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department;
5. The Investment Committee will develop and implement definitive procedures for approving investments in accordance with this SIP; and
6. The Chief Investment Officer or the Executive Director must sign the necessary investment documents when making investments.

B. Guidelines

1. Selected Investment Managers and Funds will have proven track records in the strategy;
2. Monthly reporting by the Fund or Investment Manager is preferred, but there shall be quarterly reporting at a minimum;
3. The liquidity of an investment will be prudent, both for the strategy and for the Total Fund;
4. The amount invested with an Investment Manager or in a Fund will be prudent for the strategy; and
5. Investment limits established by Board resolution remain in effect until modified or eliminated by the Board.

**VIII. Implementation Strategies**

A. Asset Allocation

The Board will conduct an asset and liability study every three- to five-years or sooner, if necessary, in order to establish allocation targets and ranges for asset classes within distinct capital markets. Staff, with the assistance of consultants, will review annually the market outlook and expected returns

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for asset classes with the Board. If there are significant changes in return assumptions, Staff will conduct an interim review of the Asset Allocation Policy.

In order to identify the investment horizon of SERS and its cash flow requirements, liability considerations will include but not be limited to current and expected future values of the benefits, contributions and total assets.

After giving due consideration to an asset and liability study conducted by the Investment Consultant, which study meets the requirements of this SIP, the Board hereby recognizes and reaffirms the following asset allocation for SERS:

<b><u>ASSET CLASS</u></b>	<b><u>TARGET</u></b>	<b><u>RANGE</u></b>
<b><u>Equity</u></b>	<del>55%</del> <b>57%</b>	<del>45% - 65%</del> <b>47% - 67%</b>
Global Equities	45%	35% - 55%
Global Private Equity	<del>10%</del> <b>12%</b>	<del>5% - 15%</del> <b>8% - 16%</b>
<b><u>Income</u></b>	<del>35%</del> <b>43%</b>	<del>30% - 40%</del> <b>38% - 48%</b>
Global Bonds	19%	12% - 26%
<del>Global Private Credit</del>	<del>5%</del>	<del>3% - 7%</del>
Global Real Assets	<del>15%</del> <b>17%</b>	<del>10% - 20%</del> <b>14% - 20%</b>
Cash Equivalents	<del>1%</del> <b>2%</b>	0% - 5%
<b><u>STRATEGY</u></b>		
<del>Multi-Asset Strategies (Hedge Funds)</del>	<del>10%</del>	<del>5% - 15%</del>
Opportunistic and Tactical Investments	0%	0 - 5%
<b>Total</b>	<b>100%</b>	

**B. Derivatives**

The Board authorizes the use of derivatives in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement derivatives strategies as needed. The Chief Investment Officer will follow the derivatives policy setting forth general guidelines for the use of derivatives.

**C. Leverage**

The Board authorizes the use of leverage in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement certain leverage strategies. The Chief Investment Officer will follow the leverage policy setting forth general guidelines for the use of leverage.

**D. Rebalancing**

~~The Chief Investment Officer will adopt a rebalancing strategy for the Total Fund which ensures adherence to the asset allocation strategy in Section VIII.A. The strategy may delegate certain authority to Investment Staff. The Total Fund rebalancing is conducted by the Chief Investment Officer within the active risk limit specified in Section IV. (Risk Management) as well as asset class portfolio ranges specified in Section VIII. Within individual asset classes, rebalancing is conducted based on the specific targets and ranges of the sub-strategies specified in the implementation guidelines subject to the overall tracking error limit of each asset class.~~

**E. Currency Hedging**

~~The Board authorizes currency hedging in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement currency hedging strategies as needed. Currency hedging programs and managers shall be approved by the Investment Committee.~~



#### F. Transition Management

The Board authorizes the Executive Director and the Chief Investment Officer to hire Transition Managers as needed.

#### G. Proxy Voting

The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies of common stock owned by SERS and to hire proxy services as required to implement this strategy. The Proxy Review Committee will follow a process for voting proxies as described in the Proxy Voting Procedures document.

#### H. Securities Lending

The Board authorizes Investment Staff to develop and implement a securities lending program which may involve the appointment or discharge of third party securities lending agents by the Executive Director or the Chief Investment Officer. The Board recognizes that while the practice of securities lending can generate meaningful income for the Total Fund, it is not without investment risk. To mitigate investment risk the securities lending program will focus on intrinsic value lending and use conservative collateral reinvestment guidelines as outlined in the securities lending policy. If Staff determines the risk/reward relationship of the program is no longer advantageous for the Total Fund, the program will be discontinued.

#### I. Opportunistic and Tactical Investments

The Board authorizes Investment Staff to invest up to 5% of Total Assets in Opportunistic and Tactical Investment Strategies. These investments will comply with the Opportunistic and Tactical Investment Policy approved by the Chief Investment Officer. ~~approved by the Board.~~

#### J. Overlay Program

The Board authorizes Investment Staff to invest in an overlay program which includes tactical asset allocation and active currency strategies. The overlay program trades derivatives of the Total Fund's underlying assets and foreign currency exposures to enhance Total Fund's risk adjusted return. The net notional exposures of the tactical asset allocation should be zero and the gross notional exposure of the currency program is limited to 50% of the Non-US Equity portfolio value. The active risk (tracking error) of the overlay positions are governed by the overall tracking error limit for the Total Fund as stated in Section IV. (Risk Management).

#### ~~J.K.~~ Investment Managers and Funds

The Board authorizes the Chief Investment Officer and the Investment Committee to approve ~~and discharge~~ Investment Managers, ~~and Funds and Backup Investment Managers~~ based upon recommendations of Investment Staff or Investment Consultants, as may be appropriate, and discussions with Managers. The Chief Investment Officer is authorized to discharge Investment Managers or Funds and report such actions to the Investment Committee or to present the discharge action to the Investment Committee for approval on a discretionary basis. Allocations to approved Investment Managers and Funds will be determined or adjusted by the Chief Investment Officer in accordance Section VI. Allocations and adjustments are subject to any maximum allocation amounts established by the Board.

Investment Managers will adhere to investment guidelines established by Investment Staff, as well as all applicable laws and policies. The Chief Investment Officer is authorized to establish and amend investment guidelines as needed.

It is a goal of the Board to increase the utilization of Ohio-qualified Investment Managers when an Ohio-qualified Investment Manager offers quality, services and safety comparable to other Investment Managers available to the Board, and the use of such Investment Manager is consistent with the Board's fiduciary duties.

~~The Board will require that a list of Ohio-qualified Investment Managers and their investment products be maintained, and that public notice be given to Ohio-qualified Investment Managers of Investment Manager searches and search criteria. Staff will report to the Board annually on the utilization of Ohio-qualified managers and efforts to increase utilization.~~

SERS will give equal consideration to minority owned and controlled firms, and firms owned and

controlled by women.

#### L. Co-investments

The Board authorizes the Chief Investment Officer to approve co-investments in a single investment within a Fund investment previously approved by the Investment Committee. A single co-investment is limited to \$10 million. Such approvals shall be reported to the Investment Committee with supporting investment memoranda. The Chief Investment Officer may present the co-investment to the Investment Committee for approval on a discretionary basis.

#### K.M. Collective Investment Funds

To the extent SERS' assets are invested in a group trust described in IRS Revenue Ruling 81-100, the instruments governing such trusts, as they may be amended from time to time, are hereby incorporated by reference and made part of the SIP as if fully set forth herein.

#### L.N. Approved Brokers

Brokers (or broker/dealers) who may provide execution of securities transactions for SERS will be evaluated on the basis of financial soundness, underwriting capabilities, research services, execution costs, and any other capabilities necessary in the execution of such transactions. Investment Managers who use such brokers will use their good faith judgment to ensure that said brokers will perform in the best interest of the Total Fund.

It is a goal of the Board to increase its utilization of Ohio-qualified brokers for the execution of domestic equity and domestic fixed income trades when an Ohio-qualified broker offers quality, services, and safety comparable to other brokers available to the Board or its Investment Managers, and the use of such broker is consistent with the Board's fiduciary duties.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

#### M.O. Soft Dollars

SERS allows investment managers to enter into limited soft dollar trading arrangements as governed by the "safe harbor" provision of Section 28(e) of the Securities and Exchange Act of 1934, and guided by the CFA Institute Soft Dollar Standards. SERS does not support any new soft dollar arrangements outside of these noted provisions.

#### N.P. Securities Litigation

SERS will follow the securities litigation policy and procedures as approved by the Board in setting out a course of action that best represents the interests of SERS' participants and beneficiaries.

#### O.Q. Other

The strategies listed herein are not meant to constrain the Chief Investment Officer from managing the investment program in a prudent manner. The Chief Investment Officer may develop additional investment strategies as needed and will discuss such additional strategies with the Board prior to implementation.

### **IX. Performance**

#### **A. Performance Measurement Standard**

Performance evaluation for the Total Fund will focus on total return, on an accrual accounting basis, including realized and unrealized capital gains and losses, and income. Valuations are to be made at least on a quarterly basis, and period returns are to be geometrically linked. Private market asset returns may be reported one quarter in arrears. Cash and cash equivalents will be included in the portfolio's return. Performance will be calculated on a gross-of-fee and net-of-fee basis.

#### **B. Performance Benchmark – Total Fund**

Performance of the Total Fund relative to benchmarks will be examined monthly, and will be reported for multiple time periods as needed. The Board's Investment Consultant will ~~calculate and report~~ performance net-of-fees on a quarterly basis.

The performance benchmark for the Total Fund will be the target-weighted average of the performance benchmark for each asset class and strategy grouping as stated in Section VIII.

In the event of a significant change in policy targets, the Board may approve interim targets for a period to move progressively toward the final target; interim targets may be used for the purpose of calculating the Total Fund policy benchmark in the interim period.

C. Performance Benchmarks – Asset Classes and Strategies

The long-term performance benchmark for each asset class is shown below. Performance benchmarks are determined as appropriate for SERS in cooperation with SERS’ Investment Consultant. For purposes of this section, long-term refers to rolling three- to five-year periods. Performance in each asset class should meet or exceed the Benchmark measure.

ASSET CLASS	BENCHMARK MEASURE
Global Equities	50% Russell 3000 Index; 50% MSCI-ACWI ex-USA Index (net dividends)
Global Private Equity	Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears)
Global Fixed Income	Bloomberg Barclays Capital US Aggregate Bond Index
<u>Global Private Credit</u>	<u>LIBOR + 4.5%</u>
Global Real Assets	NCREIF Property Index (one quarter in arrears)
Cash Equivalent	Citigroup 30-day T-Bill Index
STRATEGY	BENCHMARK MEASURE
<u>Multi-Asset Strategies</u>	<u>HFRI Fund of Funds Composite Index plus 1.0%</u>
Opportunistic <u>and Tactical</u> Investments	<u>Total Fund Benchmark Return Bloomberg Barclays Capital US Aggregate Bond Index + 2%</u>

D. Performance Benchmarks – Individual Investment Managers

Investment Staff will establish performance benchmarks for each Investment Manager based on its respective style.

X. Review and Evaluation

The Board will review and evaluate periodic reports on the investment performance of Total Fund assets. Greater emphasis will be placed on three- to five-year results. The intended frequency for review and evaluation, subject to change by the Board, is as follows:

- A. Monthly – Investment Report including Total Fund market value, asset allocation, performance of the Total Fund and each asset class, and the Total Fund’s compliance with this SIP.
- B. Quarterly – Summary Investment Report presented by the Investment Consultant, including highlights and commentary about market conditions, investment performance, asset composition and characteristics for each asset class, and relevant manager level information.

XI. Related Policies and Procedures

A list of related policies and procedures that govern the investment program is attached as Appendix I.

**Appendix I - Related Policies**

SIP	Number	Document
	INV1-001	Statement of Investment Policy
VIII	INV1-002	Derivatives Policy
VIII	INV1-003	Leverage Policy

VIII	INV1-004	Opportunistic and Tactical Investment Policy
IV	INV1-006	Investment Risk Management Policy
VIII	INV1-007	Securities Lending Policy
VI	INV1-012	Cash Equivalents Portfolio Investment Guidelines Policy
VIII	INV1-014	Cash Equitization Policy
VI	INV1-024	Investment Committee and Investment Approval Policy
VIII	INV1-025	Private Market Co-Investment Policy
VI	INV3-001	Investment Oversight Policy
VIII	BD3-008	Securities Litigation Policy
VIII	EXE6-002	Proxy Voting Policy

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## Appendix II – Glossary of Terms

**Active Risk** – also known as Tracking Error, describes how a portfolio’s performance is different from its benchmark and is measured by the standard deviation of the differences in returns of the actual portfolio and the benchmark portfolio.

**Active Share** – the Active Share of a fund represents the percent of portfolio holdings that differ from the (declared) benchmark index holdings.

**Actuarial Assumed Rate** – also referred to as the actuarial discount rate. This rate is used to value a pension fund’s liabilities and is also used as a long-term investment return objective.

**Asset and Liability Study** – a study to determine the appropriate level of overall investment risk for a pension plan, based on future liabilities and funding resources. The study helps maximize the probability that the return on plan assets exceeds the growth of plan liabilities.

**Benchmark** – a gauge in the securities market by which investment performance can be measured, such as the Standard & Poor’s 500 Index.

**Bloomberg Barclays Capital US Aggregate Bond Index** – a market capitalization weighted US bond index published by Barclay’s Capital. Most US traded investment grade bonds are represented in the index. SERS’ global fixed income policy benchmark.

**Broker** – an individual or firm authorized to act on behalf of another, such as executing a transaction. The broker does not assume any financial risk in the transaction, as a dealer would.

**Brokerage Commission** – fee paid to a broker for the purchase and sale of securities.

**Broker/dealer** – any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of a client. When acting as a dealer, a broker/dealer executes trades for the firm’s own account. Securities bought for the firm’s own account may be sold to clients or other firms or become a part of the firm’s holdings.

**Burgiss All Private Equity (BAPE)** – The BAPE is comprised of data from more than 5,000 private equity funds contributed by limited partners that are Burgiss clients and use Burgiss’ web-based institutional portfolio management platform Private i. The benchmark data is sourced from Burgiss’ limited partner clients and includes complete transactional and valuation history between the limited partner and their fund investments. Burgiss publishes a detailed breakdown of the dataset every quarter allowing for increased transparency.

**Cash Securitization** – Cash securitization is a method used to obtain asset-like returns on short-term cash investments in equity, fixed income or other accounts by overlaying the short-term cash investments with relevant futures. Securitization of equity cash is referred to as cash equitization.

**Cash Equivalents** – highly liquid, safe investments with maturities of 397 days or less, which can be

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easily converted into cash. Examples include Treasury Bills, money market funds, and quality commercial paper. The cash equivalents asset class serves as a liquidity pool for SERS.

**Chapter 3309, Ohio Revised Code** – the Ohio statute governing the School Employees Retirement Board and School Employees Retirement System of Ohio.

**Citigroup 30-day T-Bill Index** – an index that measures the rate of return for 30-day US Treasury Bills, which are considered representative of the performance of short-term money market instruments. The Citigroup 30-day T-Bill index is the policy benchmark for Cash Equivalents.

**Co-investment** – a direct investment in a single asset of a private market Fund, made alongside the Fund's investment in the asset; typically involves more attractive terms and shorter time frames than those of the Fund.

**Collective Investment Fund** – A fund that is operated by a trust or bank and holds commingled (pooled) assets.

**Conflict of Interest** – a direct or indirect pecuniary interest or a relationship (without regard to whether the relationship is personal, private, commercial, or business) and the interest or relationship could diminish the Investment Service Provider's independence of judgment in the performance of its responsibilities to SERS; or bias the Investment Service Provider's evaluation of, or advice with respect to, a transaction or assignment on behalf of SERS.

**Credit Risk** – the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.

**Currency Hedging** – also known as Currency Management. A technique or strategy used to address foreign exchange fluctuations which affect investment returns on international investments. Currency hedging can be active, passive, or a combination of active and passive. Passive hedging is a strategy to neutralize fluctuations between US and Non-US currencies to a predetermined level. Active hedging is a strategy to manage currency fluctuations in an effort to generate returns.

**Default Risk** – see Credit Risk.

**Derivatives (Derivative Instruments)** – financial instruments (securities or contracts) whose values are derived from underlying financial assets, indices or other instruments. Derivative performance is based on the performance of assets, interest rates, currency exchange rates, and various domestic and foreign indices underlying the instruments. The common forms of derivatives are forward, futures, swap and options contracts.

**Diversification** – spreading a portfolio over many investments to avoid excessive exposure to any one source of risk.

**Due Diligence** – an investigation or audit of a potential or existing investment.

**Equity Investment** – claims held by the residual owners of a firm. May also be referred to as common stock. Investments in real estate and certain private markets classifications may also be considered equity.

**External Management** – the management or investment of fund assets by Investment Managers.

**Fiduciary** – a person, company or association holding assets in trust for a beneficiary. One who can exercise discretionary authority or can control important aspects of a pension plan's management.

**Firm Level** – as used in this SIP, Firm Level refers to an Investment Management Firm and includes all investment products, strategies or styles offered by the firm.

**Fixed Income Investment** – a security issued by a borrower that obligates the issuer to make specified payments to the holder over a specific period. May also be referred to as "debt" or "bonds."

**Foreign Currency Risk** – incurred by investing in foreign countries. Fluctuations in exchange rates between domestic and foreign currencies impact total returns. Impacts may be positive or negative.

**Fund** – Fund means a limited partnership, trust or commingled investment vehicle in which SERS invests

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or may invest (e.g., hedge fund, private equity fund, or real estate fund).

**Global Equities** – reflects the consolidation of what had been treated by SERS as US equity and Non-US equity asset classes; includes equities of US and non-US origin, equities of various capitalizations (e.g., large cap, small cap, mid cap, etc.), equities from developed, emerging and frontier markets, growth and value equities, and passive and active strategies. Investments in global equities strategies are made in accordance with investment allocation guidelines established and amended as necessary, by mutual agreement between the Chief Investment Officer and the Investment Consultant.

**Global Private Credit** - broadly defined as strategies that provide loans and financing to middle market companies in lieu of bank financing. Strategies can have objectives of either preserving capital, with return coming primarily from current pay coupon and fees or maximizing appreciation of more subordinated loans.

**Guidelines** – refers to an Investment Manager’s “Investment Guidelines,” established between the Investment Manager and Staff as part of an investment management agreement. Guidelines may be general or specific.

**Hedge Fund** – a private investment partnership or an offshore investment corporation in which the general partner has made a substantial personal investment, and whose offering memorandum allows for the Fund to take both long and short positions, using leverage and derivatives, and invest in many markets. Hedge funds often use strategies involving program trading, selling short, swaps and arbitrage.

**Indexing** – the weighting of investments that are in line with one of the major market indices, such as the Standard & Poor’s 500 Index. Also referred to as passive investing.

**Interest Rate Risk** – the risk that an investment's value will change due to a change in the absolute level of interest rates.

**Internal Management** – the management or investment of fund assets by Investment Staff.

**Intrinsic Value Lending** – lending that produces returns based upon the securities loan itself, with little incremental benefit from collateral reinvestments.

**Investment Committee** – a committee comprised of the Chief Investment Officer and Investment Officers from SERS’ Investment Department who possess the State Retirement System Investment Officer (SRSIO) license, with clearly defined structure, rules and procedures for reviewing and approving investments in a timely and prudent fashion.

**Investment Consultant** – any consultant hired by the Board or by Staff to advise or assist with the investment program in accordance with this SIP. Board Investment Consultants must be approved by the Board. Staff Investment Consultants shall be approved by the Executive Director.

**Investment Manager** – a manager or potential manager of SERS assets, both public market and private market. Includes, but is not limited to managers of equity, fixed income, private equity, real estate, hedge funds, commodities and cash.

**Investment Program** – the implementation of SERS’ investment responsibilities and the Board’s SIP by fund fiduciaries.

**Investment Service Provider** – an entity or person, other than a Retirement Board member or SERS employee, who provides investment advice to SERS intended to affect or form a basis for investment or fund management decisions by SERS, including but not limited to (a) Investment Consultants, (b) Investment Managers, (c) agents, (d) broker/dealers, (e) master record keepers, and (f) custodian.

**Investment Staff** – members of the Investment Department of SERS, including the Chief Investment Officer, State Retirement System Investment Officers, and other department personnel.

**Leverage** – in investments, this is the control of a large amount of money by a smaller amount of money, such as buying on margin. In finance, this is the relationship of debt to equity on a company’s balance sheet in the form of the debt/equity ratio.

**LIBOR** – The London Interbank Offered Rate (LIBOR) is a benchmark interest rate at which major global

banks lend to one another in the international interbank market for short-term loans.

**Liquidity Risk** – the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or to make the required profit.

**Long-term** – in the context of SERS' liability and investment horizons, long-term is assumed to be at least 10 years.

**Mandate** – mandate is the macro or high-level strategy employed by a manager. Examples of macro strategies include US versus Non-US; large cap versus small cap; real estate versus private equity; etc.

**Master Record Keeper** – the master accountant used by SERS.

**Modern Portfolio Theory** – a theory about how rational investors can construct portfolios in order to optimize market risk for expected returns, emphasizing that risk is an inherent part of higher reward. According to the theory, it is possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk. This theory was pioneered by Harry Markowitz in his paper "Portfolio Selection," published in 1952 by the *Journal of Finance*.

**Morgan Stanley Capital International – All Country World Free ex-USA Index (\$Net)** – an equity index representing 44 developed and emerging countries. "Free" indicates the index reflects actual investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners. "Net" indicates that dividends are reinvested after the deduction of withholding taxes applicable to non-resident institutional investors. The MSCI-ACWI ex-USA Index, net of dividends reinvested is SERS' policy benchmark for Non-US Equities.

**NCREIF Property Index (NPI)** – a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. The NCREIF Property Index is a component of SERS' global real estate policy benchmark.

**Opportunistic and Tactical Investments** – Global opportunistic investments are tactical or non-traditional investment opportunities that may be short-term or may not fit within the generally accepted risk/return parameters of specific asset classes or strategy groupings. Such opportunities may involve capitalizing on short-term market dislocations or other such unique situations. Tactical investments may include strategies with dynamic allocations to single assets or across multiple asset types or other innovative approaches.

**Portfolio** – a collection of investments owned, managed, or overseen by an individual or Investment Manager, a board or an organization. Portfolio can mean a manager account or subset thereof (e.g., Goldman Sachs Core Plus account), an asset class (e.g., US equity), or the entire fund (e.g., SERS' Total Fund).

**Private Market Assets** – broadly defined as those assets of alternative mandates utilizing either publicly- or privately-traded securities or other investment instruments. These include, but are not limited to, real assets, private equity, [private credit](#) and hedge funds.

**Proxy** – an agent legally authorized to act on behalf of another party. Shareholders not attending a company's annual meeting may choose to vote their shares by proxy by allowing someone else to cast votes on their behalf. Management often encourages shareholders to vote by proxy so that ownership interests are fully represented even if shareholders are unable to attend the company's annual meetings in person.

**Prudent (Prudent Person)** – this phrase generally refers to the prudent person rule which is a legal maxim restricting the discretion in a client's account to investments only in those securities that a prudent person seeking reasonable income and preservation of capital might buy for his or her own investment.

**Rebalancing** – the action of adjusting allocations relative to their targets or ranges to adjust for actual or anticipated market movements.

**Risk** – the chance that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment. It is usually measured by calculating the

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standard deviation of the historical returns or average returns of a specific investment.

**Risk-Adjusted Return** – a measure of how much risk a Fund or portfolio takes on to earn its returns, usually expressed as a ratio. Usually expressed by a Sharpe Ratio or Information Ratio calculation.

**Russell 3000 Index** – a market-value weighted equity index published by the Frank Russell Company. The index measures the performance of the 3,000 largest US companies in terms of market capitalization. The Russell 3000 Index is SERS' Domestic Equity Policy Benchmark.

**Securities Lending** – the temporary loan of a security from an institutional investor's portfolio to a broker/dealer or dealer bank to support that firm's trading activities. These trading activities include short selling, selling on margin or the satisfaction of some other type of transaction. Loaned securities are generally collateralized, reducing the lender's credit exposure to the borrower. Except for the right to vote proxies, the lender retains entitlement to all the benefits of owning the original securities, including the receipt of dividends and interest.

**Securities Litigation** – refer to SERS' Securities Litigation Policy.

**Soft Dollars** – Soft dollar trading arrangements refer to agreements whereby an investment manager directs transactions to a broker in exchange for brokerage and research services. The research services provided to the investment manager may be either proprietary or originate with a third-party.

**Style** – Style refers to an investment product, strategy or style offered by an Investment Management Firm and reflects how the assets are invested. For example, value versus growth; core versus value added; quantitative versus fundamental; etc.

**Total Fund** – Total Fund refers to SERS' total investment assets.

**Total Return** – the return on an investment, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period.

**Tracking Error** – a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. Calculated as the standard deviation of the difference in returns between a portfolio and its benchmark.

**Transition Management** – management of the transition of assets from one portfolio to another by a transition manager.

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## STATEMENT OF INVESTMENT POLICY AMENDMENTS

As discussed during the March 19, 2020 Board meeting, Barbra Phillips moved and Matthew King seconded the motion to approve amendments to the Statement of Investment Policy. The amended Statement of Investment Policy will become effective July 1, 2020. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### **Monthly Investment Report**

Farouki Majeed provided an economic update including effects of COVID-19 on the economy. The preliminary performance report as of February 28, 2020 and current charts of the S&P 500 Index, S&P 500 Volatility Index and 10-Year Yield provided to the Board for their information. As of March 17, 2020, the Fund was approximately \$13 billion. The FYTD return which was positive 1.8% as of Feb 28 has turned negative 8% as of March 17 as markets fell sharply. Following questions and answers, the Board thanked Mr. Majeed for the presentation.

## SUMMARY OF INVESTMENT TRANSACTIONS

James Rossler moved and James Haller 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, 2020** through **January 31, 2020** hereby be approved. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 17.5
Non-US Equities	110.4
Fixed Income	551.4
Multi-Asset Strategies	12.1
Private Equity Capital Calls	28.0
Real Asset Capital Calls	10.5
Opportunistic	6.4
Cash Equivalent	223.8

### B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 15.5	\$ 4.5
Non-US Equities	114.3	8.5
Fixed Income	534.9	2.4
Multi-Asset Strategies	11.8	2.4
Private Equity distributions	19.6	n/a
Real Asset distributions	17.0	n/a

Opportunistic	1.2	(0.1)
Cash Equivalents	211.5	n/a

## **EXECUTIVE DIRECTOR'S UPDATE**

### **Ohio Retirement Study Council**

Executive Director Richard Stensrud noted that the March ORSC meeting was cancelled. The next scheduled meeting of the Council is April 9<sup>th</sup>.

### **NASRA/NCTR Winter Meeting Recap**

Mr. Stensrud provided the Board with an update on the NASRA/NCTR Winter Meeting he attended in early in Washington, DC along with Government Relations Officer Chris Collins and SERS' federal liaison Carol Drake. Mr. Stensrud provided highlights, which included a discussion around livestreaming of board meetings led by Texas Teachers Retirement System and CalSTRS. Mr. Stensrud noted that there was also a presentation by Patrick Murphy of Arnold Ventures, review of recent NASRA research, and discussion of federal issues impacting public plans.

### **Advocacy Groups**

Mr. Stensrud stated that in late February, he provided a brief an overview on the "state of the system" to attendees of the Ohio Federation of Teachers convention. Mr. Stensrud also shared an update on SERS' sustainability initiative.

### **State Legislation**

Mr. Stensrud provided an update on recent state legislation. Mr. Stensrud stated that as anticipated, legislation has been introduced in response to some of the proposed changes being pursued by OPERS, as well as investment fee disclosure and the livestreaming of Board meetings. Mr. Stensrud stated that he and staff are working together with the other systems' staff, and reaching out to key legislators to address any concerns they may have regarding these proposals.

### **Federal Legislation**

Mr. Stensrud stated that staff continues to push for re-authorization of SERS' Wraparound program. Mr. Stensrud noted that while in D.C., SERS met with congressional staff to encourage Ohio members of Congress to co-sponsor HR4763, a five year extension for the Wrap. SERS also discussed strategy with bill sponsor Marcy Kaptur's staff.

Mr. Stensrud stated that SERS continues to raise concerns with congressional staff about proposed prescription drug reforms for the Medicare Part D program. Mr. Stensrud stated that in working with the Public Sector Health Care Roundtable, staff has shared a possible fix that would help Employer Group Waiver Plans (EGWPs) like SERS' prescription drug plan avoid the negative consequences of the current legislative proposal.

### **FY2021 Budgeting process update**

Mr. Stensrud stated that staff is in the process of building the FY2021 budget. Mr. Stensrud noted that SERS is required to submit a draft of its budget to the Ohio Retirement Study Council in April. Mr. Stensrud stated that the draft budget does not require approval of the Board but will be provided to the Board at the April Board meeting.

### **Pension Sustainability**

Mr. Stensrud stated that the facilitators of pension sustainability project are seeking guidance for future dates in order to continue discussion on the initiatives. Discussion followed regarding a potential session at the March Board Meeting.

### **Coronavirus (COVID-19) precautions**

Mr. Stensrud informed the Board that a number of precautions and measures had been implemented to safeguard against the virus, and that plans for reducing staff in the SERS building were being developed.

Mr. Stensrud asked Chief Investment Officer Tracy Valentino to discuss FY2020 Capital Budget Modification.

### **FY2020 BUDGET MODIFICATION**

Ms. Valentino requested approval to reallocate \$30,000 within the FY2020 Capital Budget. Ms. Valentino noted this request does not increase the overall FY20 capital budget.

Ms. Valentino stated that the original budget included funding for the purchase of a mid-sized hybrid sedan vehicle to be used for transportation to retirement conferences and various other SERS needs. Given the industry trend towards the electric vehicle and careful review of the usage of the existing vehicle fleet, it is prudent to postpone the purchase of this vehicle.

The reallocated funding for FY2020 will be used to purchase the following items:

- Virtual Storage Area Network (vSAN)
  - The project was estimated at \$300,000 and included in the FY2020 Capital Budget, but final costs are \$310,000. The implementation of the virtual storage solution helps to address issues from last year's system outage.
- ServiceNow Project Management Module
  - The FY2020 Capital budget included \$55,250 for this project with other components related to dashboarding and tracking earmarked for FY2021. We would like to move this into the current fiscal year.

### **FY2020 SERS ADMINISTRATIVE CAPITAL BUDGET MODIFICATION**

Barbra Phillips moved and Matthew King seconded that the FY2020 Administrative Capital Budget be modified as presented today effective March 19, 2020. The modification reallocates \$30,000 earmarked for the purchase of a mid-sized hybrid sedan, to the following two items: (1) Virtual Storage Area Network (vSAN); and (2) ServiceNow Project Management Module. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

**LEGISLATIVE REPORT**

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

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**SB10 THEFT IN OFFICE PENALTIES** Steve Wilson (R-Maineville) To expand the penalties for theft in office based on the amount stolen and to include as restitution audit costs of the entity that suffered the loss.

Current Status: 10/29/2019 - Re-Referred to Committee

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**HB326 PUBLIC EMPLOYEE RETIREMENT-DISABILITY BENEFIT** Adam Miller (D – Columbus) To allow a Public Employees Retirement System or School Employees Retirement System disability benefit recipient elected to certain offices to continue receiving a disability benefit during the term of office.

Current Status: 11/12/2019 House Insurance, (First Hearing)

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

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

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

Current Status: 01/22/2020 Substitute Bill Accepted

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

Current Status: 02/19/2020 Introduced

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

Current Status: 02/19/2020 Introduced

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

Current Status: 02/19/2020 Introduced

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

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**H.R. 141**

SPONSOR: Rep. Rodney Davis (R-IL)

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

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 245 co-sponsors; nine Ohioans

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**S. 521**

SPONSOR: Sen. Sherrod Brown (D-OH)

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

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 37 co-sponsors.

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**H.R.3934**

SPONSOR: Rep. Kevin Brady (R-TX)

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

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

COMMENT: 44 co-sponsors; three Ohioans

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**H.R.4540**

SPONSOR: Rep. Richard Neal (D-MA)

LAST ACTIONS: House - 09/27/2019 Referred to the House Committee on Ways and Means.

CAPTION: To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with non-covered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 113 cosponsors; four Ohioans

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**H.R.4763**

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

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

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

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

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## MEMORANDUM

To: Chris Collins, Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: March 4, 2020

Re: Federal Legislative and Regulatory Report

### OVERVIEW

**Highlights for February include:** the President's federal budget proposal for Fiscal Year 2021 was released on February 10; the spread of the novel coronavirus which started in China, the market jitters surrounding its impact on corporate earnings and the outlook on spreading into a pandemic; advocacy for the SERS Wraparound Program and Rep. Kaptur's bill; continued discussions on a bipartisan solution to the Windfall Elimination Provision; and meetings to address Medicare Part D restructuring and its impact on EGWPs.

**The President's Federal Budget Proposal for FY 2021 was released by the White House on February 10, called the "Budget for America's Future."** The President's Budget Proposal and supporting materials are available online here: <https://www.whitehouse.gov/omb/%20budget/>

**In an earlier memorandum that I prepared for SERS, I noted a few proposals of interest:**

- In the Budget narrative, **the Administration indicated that it is working to end improper payments for programs like Social Security, Medicare and Medicaid.** It said: Although working to reduce all improper payments is an important goal, the Administration has prioritized efforts to end the most egregious abuses, such as improper benefits sent to deceased persons that cost taxpayers over \$800 million per year. There are a total of 57 programs that have been identified with 160 new data sets to precheck for payment eligibility.
- **The Budget narrative includes an allowance for bipartisan drug pricing proposals.** It said: The Administration supports legislative efforts to improve the Medicare Part D benefit by establishing an out-of-pocket maximum, improving incentives to contain costs, and reducing out-of-pocket expenses for seniors. The Administration also supports changes to bring lower-cost generic and biosimilar drugs to patients. These efforts would increase competition, reduce drug prices, and lower out-of-pocket costs for patients at the pharmacy counter.
- The narrative calls for a **more streamlined review and permitting for major infrastructure projects.** The Department of Transportation has a funding boost for projects.
- **For the Department of Education, the Budget consolidates 29 "narrowly focused or duplicative elementary and secondary programs" into a new \$19.4 billion block grant to States** that would allow States and school districts to decide how best to use the Elementary and Secondary Education Act of 1965 (ESEA) funds to address local educational needs and improve outcomes for all students. Education Freedom Scholarships would be offered to students which is a new tax credit program for donations to provide scholarships.
- **For the Department of Health and Human Services, the budget proposal focuses on lowering the price of medicine, ending surprise medical bills, breaking down barriers to choice and competition, and reducing unnecessary regulatory burdens.** It said: The President's reforms will ensure healthcare is affordable and accessible for all Americans. The reforms will give Americans more control over healthcare choices and improve incentives for cost control.

- **For the Pension Benefit Guaranty Corporation (PBGC), the Budget proposes to add new premiums to the multiemployer program**, raising approximately \$26 billion in premiums over the next 10 years. At this level of premium receipts, the program is projected to remain solvent over the next 20 years, helping to ensure that there is a safety net available to workers and retirees whose multiemployer plans fail.
- **The Congressional Budget Office found that, in comparison to the private sector, the Federal Government continues to offer a very generous package of retirement benefits.** The narrative states that to align Federal compensation with leading private sector practices, the Budget continues to propose reforms to Federal benefits for federal workers including: 1) increasing employee contributions to the Federal Employees Retirement System (FERS) such that the employee and employer would each pay half the normal cost; 2) eliminating the FERS Cost-of-Living Adjustment (COLA) and reducing the Civil Service Retirement System COLA; 3) eliminating the Special Retirement Supplement; 4) changing the retirement calculation from the High-3 years to High-5 years; and 5) reducing the Thrift Savings Plan G Fund interest rate.

**The President's budget submission will not pass as proposed.** Last year, the appropriators from the Senate and House agreed to spending levels for domestic and military spending, and this Budget does not conform to the agreement on the non-defense side. Appropriators will write the appropriations bills with spending up to the agreed-upon levels. This is also the last year of the spending caps deal due to the Budget Control Act which is only in place for ten years. Hearings are beginning with Cabinet secretaries on their budget requests.

**The spread of the novel coronavirus across the world has continued to give the global markets jitters.** For two days, from February 24-25, the DOW dropped by 900 points according to MSN News and other news media. In the article, the reporter said, "U.S. equities dropped as Centers for Disease Control and Prevention (CDC) officials briefed the U.S. on how to get ready if the coronavirus outbreak worsens domestically. 'We are asking the American public to work with us to prepare in the expectation that this could be bad,' Dr. Nancy Messonnier, a top official at CDC, told reporters on a conference call." (MSN 2/25/20). The virus has spread to several countries outside of China, including South Korea, Iran, Italy and the United States, among others.

**On February 25, the Trump administration requested the sum of \$2.5 billion for HHS in funding to fight the spread of the coronavirus within the United States, with the understanding that the administration may request more funding later this year.** The funding request will include at least \$1 billion for vaccine development, an official said. Hearings have been held in both the House and Senate, by interested Committees to hear from health care experts, which I have noted in this report. More hearings will be scheduled, as suggested by House and Senate leadership. On February 26, President Trump named Vice President Mike Pence to lead the government's response to the coronavirus.

**On March 5, Congress sent an \$8.3 billion bill to the President to address the needs for prevention and treatment.** Health care experts are saying it is "inevitable" that the number of people diagnosed with the virus will increase.

**The House of Representatives is scheduled to be in session for fourteen days in March, starting on March 2.** The district work period begins on Monday, March 16 and ends on Friday, March 20. The hearing schedule included several hearings of interest which were held in late February and some are scheduled for March:

- Committee on Appropriations, Subcommittee on the Departments of Labor, Health and Human Services, Education, and Related Agencies, with the Honorable Alex M. Azar, Secretary, Department of Health and Human Services, testifying on the **HHS Budget Request for FY 2021**, on February 26 at 9:30 a.m.

- Committee on Energy and Commerce, Subcommittee on Health, with the Honorable Alex M. Azar, Secretary, Department of Health and Human Services; Anthony S. Fauci, M.D., Director National Institute for Allergy and Infectious Diseases, National Institutes of Health; the Honorable Stephen M. Hahn, M.D., Commissioner of Food and Drugs, U.S. FDA; the Honorable Robert Kadlec, M.D., Assistant Secretary for Preparedness and Response, U.S. Department of HHS; and Robert R. Redfield, M.D., Director, Centers for Disease Control and Prevention, testifying on the **Fiscal Year 2021 HHS Budget and Oversight of the Coronavirus Outbreak**, on February 26 at 1:30 p.m.
- Committee on Appropriations, Subcommittee on the Departments of Labor, Health and Human Services, Education, and Related Agencies, with the Honorable Betsy DeVos, Secretary, Department of Education, testifying on the **Department of Education Budget Request for FY 2021**, on February 27 at 10:00 a.m.
- Committee on Financial Services, a hearing on “**Holding Wells Fargo Accountable: CEO Perspectives on Next Steps for the Bank that Broke America’s Trust**,” on March 10, at 10:00 a.m. Witnesses will be announced prior to the hearing.
- Committee on Financial Services, a hearing on “**Holding Wells Fargo Accountable: Examining the Role of the Board of Directors in the Bank’s Egregious Pattern of Consumer Abuses**,” on March 11 at 10:00 a.m. Witnesses will be announced prior to the hearing.

**The Senate will be in session in March until its state work period from Monday, March 16 through Friday, March 20.** Committee hearings of interest included two hearings held prior to this report:

- Committee on Appropriations, Subcommittee on Departments of Labor, Health and Human Services, and Education, and Related Agencies, for testimony from the Honorable Alex Azar, Secretary, U.S. Department of Health and Human Services, to testify on the **proposed budget estimates and justification for Fiscal Year 2021 for the Department of Health and Human Services**, on February 25 at 10:30 a.m.
- Committee on Health, Education, Labor and Pensions, to examine an emerging disease threat, focusing on **how the United States is responding to COVID-19, the Novel Coronavirus**, with witnesses including Dr. Anne Schuchat, Principal Deputy Director, Centers for Disease Control and Prevention; Dr. Anthony Fauci, Director, National Institute of Allergy and Infectious Diseases, National Institutes of Health; Dr. Robert Kadlec, Assistant Secretary for Preparedness and Response; and Dr. Stephen Hahn, Commissioner, U.S. FDA, on March 3 at 10:00 a.m.

#### **SERS WRAPAROUND PLAN**

**Chris Collins, Government Relations Officer, and I requested appointments with legislative staff from the offices of Reps. Troy Balderson (R-OH), Jim Jordan (R-OH), Steve Chabot (R-OH), Bob Latta (R-OH), Bill Johnson (R-OH) and Brad Wenstrup (R-OH) to seek their cosponsorship of H.R. 4763, the Wraparound Health Coverage Protection Act.** We met with them on March 3-4. We were not able to get an appointment with Rep. Warren Davidson (R-OH) and will follow up next week. We met with legislative staff members from Senators Rob Portman and Sherrod Brown’s offices as well.

**The bill has bipartisan support from the Ohio delegation with eight cosponsors, however, we would like every member of the delegation to cosponsor it with Rep. Kaptur (D-OH), the sponsor.** Reps. Tim Ryan (D-OH), Joyce Beatty (D-OH), Marcia Fudge (D-OH), Bob Gibbs (R-OH), David Joyce (R-OH), Michael Turner (R-OH), Steve Stivers (R-OH) and Anthony Gonzalez (R-OH) are cosponsors. We are also seeking cosponsors from other states in which plan sponsors have offered support.



**Each member of the House Committee on Appropriations had a deadline for the submission of requests for the Committee's consideration by March 4.** We submitted the required forms to Reps. Marcy Kaptur, Tim Ryan and David Joyce, who serve on the Committee. This year, SERS would like the Committee to include reauthorization language in its funding package.

**We have been advised to submit appropriations forms to the House Committee on Ways and Means, through the office of Rep. Brad Wenstrup (R-OH) and the Senate Committee on Appropriations in order to maximize the opportunity for reauthorization language to be included in a spending bill.** SERS and I will review the deadlines for submission and prepare the appropriate requests.

**You will recall that last year, SERS submitted a request for authorization to extend Wraparound Plans to the House Committee on Appropriations.** With the considerable support from Ohio delegation members, favorable language was included in the final report for Omnibus bill, H.R. 1865, passed in December 2019, that encouraged CMS to extend Wraparound Plans and issue a report within 90 days. On February 13, 2020, our CMS contact indicated that CMS submitted its budget request and commented on the required report:

The CMS Fiscal Year 2021 performance budget, which was released this week, included reports to Congress for inclusion in the FY 2021 Congressional Justification. The report to the Committee on the status of the limited wraparound coverage program can be found on page 244 (copied below).

As stated in the final rule on Health Reimbursement Arrangements and Other Account-Based Group Health Plans (84 FR 28888), **CMS does not intend to extend the pilot program for limited wraparound coverage, due to minimal take up and overlap with various other benefit options, such as the new excepted benefit HRA.** These new benefit options, like the limited wraparound coverage excepted benefit, can be used for cost sharing under and expenses for services not covered by individual health insurance coverage, while not causing covered individuals to be ineligible for the premium tax credit.

<https://www.cms.gov/About-CMS/Agency-Information/PerformanceBudget/FY2020-CJ-Final.pdf>

**We are continuing the advocacy to seek inclusion of reauthorization language in House and Senate bills that could be moving to extend funding for several health care programs by May 22.**

#### **WINDFALL ELIMINATION PROVISION**

**A legislative effort continues to bring H.R. 141, the "Social Security Fairness Act of 2019," which provides for the full repeal of WEP and GPO, to the floor for a vote.** Nine Ohio Representatives have signed on to H.R. 141, which now has 245 cosponsors including Reps. Tim Ryan (D-OH), David Joyce (R-OH), Steve Stivers (R-OH), Bob Gibbs (R-OH), Marcy Kaptur (D-OH), Michael Turner (R-OH), Marsha Fudge (D-OH), Joyce Beatty (D-OH) and Troy Balderson (R-OH).

**Chairman Richard Neal's (D-MA) WEP reform bill, H.R. 4540, the "Public Servants Protection and Fairness Act," has 135 cosponsors, including cosponsors Reps. Marcy Kaptur (D-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH) and Marcia Fudge (D-OH).** Rep. Kevin Brady's (R-TX) version of WEP reform, H.R. 3934, the **"Equal Treatment of Public Servants Act of 2019,"** has 44 cosponsors, with three from Ohio, Reps. Bob Latta (R-OH), Michael Turner (R-OH) and Anthony Gonzalez (R-OH). At this date, neither bill has a Senate companion bill. There has been no progress on either bill.

**The Senate companion bill for full repeal of WEP and GPO, S. 521, the "Social Security Fairness Act," was introduced by Senator Sherrod Brown (D-OH) and now has 37 cosponsors.** There has been no action in the Senate and Senator Portman is not one of the co-sponsors.

## **SOCIAL SECURITY**

**In an interview last during the World Economic Forum in Davos, Switzerland, President Trump was interviewed by CNBC anchor Joe Kernen. The President mentioned that cutting entitlement programs could be on the table if he wins a second term.** Democrats are concerned that Social Security, Medicare and Medicaid will be overhauled, harming seniors and their dependents.

**Social Security Commissioner Andrew Saul announced a new final rule on February 24, entitled “Removing the Inability to Communicate in English as an Education Category,” which updated a disability rule that was more than 40 years old.** He said:

Social Security is required to consider education to determine if someone’s medical condition prevents work, but research shows the inability to communicate in English is no longer a good measure of educational attainment or the ability to engage in work. This rule is another important step in the agency’s efforts to modernize its disability programs.

<https://www.ssa.gov/news/press/releases/2020/#2-2020-1>

**Rep. John Larson (D-CT) is working to move his bill, H.R. 860, the “Social Security 2100 Act.”** The bill has 208 cosponsors, all Democrats. All members of Ohio’s Democratic delegation are cosponsors, Reps. Joyce Beatty, Marcia Fudge, Tim Ryan and Marcy Kaptur. The identical Senate bill is S. 269, introduced by Senator Richard Blumenthal (D-CT). Senator Chris Van Hollen (D-MD) is the only cosponsor.

**H.R. 3417, the “Beneficiary Education Tools, Telehealth, and Extenders Reauthorization Act of 2019,” is another bill that House Democrats and Republicans hope to pass this year due to several bipartisan provisions.** It was introduced by Chairman Richard Neal (D-MA) in June 2019 and cosponsored by Rep. Kevin Brady (R-TX), which could provide the opportunity to add this language to a WEP reform bill or use this bill as a vehicle for the WEP reform language.

**H.R. 2302, the “Protecting and Preserving Social Security Act,” introduced by Rep. Theodore Deutsch (D-FL) still has only eight co-sponsors,** including Rep. Marcy Kaptur (D-OH). This bill, like the “Social Security 2100” bill, H.R. 860, would make improvements in the old-age, survivors, and disability insurance program and provide for Social Security benefit protection.

## **MEDICARE AND MEDICAID**

**Neither H.R. 1346, the “Medicare Buy-In and Health Care Stabilization Act of 2019,” a bill with 50 Democratic cosponsors, to provide individuals who are ages 50 to 64 to buy into Medicare,” or S. 470, the “Medicare at 50 Act,” with 20 Democratic cosponsors, the companion Senate bill that Senator Sherrod Brown (D-OH) co-sponsored, has advanced.**

## **HEALTH CARE**

**Congress is continuing to work on a bipartisan solution to address surprise medical billing.** The Senate Committee on Health, Education, Labor and Pensions (HELP) and the House Committee on Energy and Commerce are two of the leading Committees.

**S. 3333 was introduced on February 25 by Senator Lisa Murkowski (R-AK), to “amend the Public Health Service Act to provide for the implementation of curricula for training students, teachers, and school personnel to understand, recognize, prevent, and respond to signs of human trafficking and exploitation in children and youth, and for other purposes.”** While there are 15 cosponsors, neither Senators Brown nor Portman from Ohio are listed as of this date. The bill has been referred to the Senate HELP Committee.

## **PRESCRIPTION DRUGS**

**Michael Steiner, SERS Health Care Data Analyst, and I flew to Washington, D.C. for Hill meetings on Friday, February 21, arranged by the Public Sector HealthCare Roundtable (Roundtable).** We were joined by representatives from the Alabama Public Education Employees' Health Insurance Plan

(PEEHIP), the Teachers' Retirement System Kentucky and Tom Lussier, Roundtable Administrator, and Andrew MacPherson, Roundtable Senior Policy Advisor. We met with a representative from the Senate Majority Leader, Mitch McConnell's office; Speaker of the House, Nancy Pelosi's office; and several representative of the Medicare Payment Advisory Commission (MedPAC).

**As a group, our effort was to educate the legislative staff and the MedPAC Executive Director and staff on our interest in the House and Senate bills and the proposed restructuring of Medicare Part D to lower prescription drug prices.** We communicated clearly that without consideration for the role that Employer Group Waiver Plans (EGWPs) play, it will negatively impact plan sponsors and retirees, leading to higher premiums and other cost sharing increases. Staff from Senator McConnell's office asked that we send legislative text to her as soon as possible. Andrew MacPherson agreed to take the lead to draft language to request an exemption, or use "total spend" and circulate to the participants.

**With respect to the MedPAC meeting, we hope that MedPAC will refer to the issue with EGWP plans before their report goes to Congress in June.** The Commission met in early March.

**Senator Martha McSally (R-AZ) announced that she will soon introduce a bill to lower drug prices.** On February 21, her office released a summary that the bill will:

1. Allow Medicare to directly negotiate prices of drugs that are past their original patent expiration but still maintain a monopoly for that drug;
2. Permit the safe re-importation of prescription drugs from Canada that meet Food and Drug Administration safety standards;
3. Curb the ability of drug companies to abuse the patent system to delay competition and prevent cheaper alternatives from entering the market; and
4. Cap the out-of-pocket costs for prescription drugs for seniors on Medicare at \$3,100 each year.

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

## **RETIREMENT SECURITY**

**While the "Setting Every Community Up for Retirement Enhancement Act of 2019, (SECURE Act) was passed in December 2019, plan sponsors are working to implement the changes.** Some of the provisions are not set for implementation until 2022. For plans with lifetime income investment options and required minimum distributions (RMD), they may need to amend the plans to include the additional distribution provisions. Treasury/IRS will be issuing further guidance and responding to letters seeking guidance from plan sponsors.

**For example, Treasury/IRS issued a notice to provide guidance to financial institutions on reporting required minimum distributions for 2020:** The Department of the Treasury and the IRS are considering what additional guidance should be provided with respect to the SECURE Act, including guidance for plan administrators, payors, and distributees if a distribution to a plan participant or IRA owner who will attain age 70½ in 2020 was treated as an RMD. The full Notice 2020-6 may be read here: <https://www.irs.gov/pub/irs-drop/n-20-06.pdf>

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

**On February 25, the Securities and Exchange Commission issued a press release announcing the "opening of [registration](#) for its compliance outreach program's national seminar for investment companies and investment advisers.** The event is intended to help Chief Compliance Officers (CCOs) and other senior personnel at investment companies and investment advisory firms enhance their compliance programs for the protection of investors."

**The national seminar will be held on April 21 at the SEC's Washington, D.C., headquarters from 8:30 a.m. to 5:30 p.m. EST.** In-person attendance is limited to 500; a live webcast will be available at [SEC.gov](https://www.sec.gov). The seminar agenda can be found [here](#). If registrations exceed capacity, investment company and investment adviser CCOs will be given priority on a first-registered basis.

**On February 21, the SEC announced that California-based Wells Fargo & Co. was “charged for misleading investors about the success of its core business strategy at a time when it was opening fake accounts for unknowing customers and selling unnecessary products that went unused.”** Wells Fargo agreed to pay \$500 million to settle the charges, which will be returned to investors. The \$500 million payment is part of a combined \$3 billion settlement with the SEC and the Department of Justice. According to the press release, “[F]rom 2002 to 2016, Wells Fargo opened millions of accounts of financial products that were unauthorized or fraudulent. Wells Fargo’s Community Bank also pressured customers to buy products they did not need and would not use.”

**The SEC Investor Advisory Committee met on February 27 to discuss Accounting and Auditing Trends and Potential Impact of LIBOR Transition on Investors.** The full agenda and list of speakers may be viewed here: <https://www.sec.gov/spotlight/investor-advisory-committee-2012/iac022720-agenda.htm>

## **REPORTS**

**America’s Health Insurance Plans (AHIP) announced a new study in a post on February 24, that supports Medicaid managed care plans.** The study found that: Medicaid managed care plans’ net costs per prescription (which factor in rebates) were roughly 27% below the net costs in traditional Medicaid Fee-For-Service programs. The lower costs yielded \$6.5 billion in net savings for states and taxpayers during fiscal year 2018.

The full study may be read here: <https://www.ahip.org/the-value-of-medicaid-managed-care/>

**On February 13, the Better Medicare Alliance (BMA) released an issue brief that “provides background on the current hospice benefit in Traditional Fee-for-Service Medicare and draws attention to the key issues to consider when evaluating a possible policy change to include hospice care in Medicare Advantage. The full brief may be read here:**

[https://www.bettermedicarealliance.org/sites/default/files/2020-02/Hospice\\_IssueBrief.pdf](https://www.bettermedicarealliance.org/sites/default/files/2020-02/Hospice_IssueBrief.pdf)

## **OTHER MATTERS OF INTEREST**

**NASRA/NCTR hosted the annual Joint Legislative Conference in Washington, D.C. on Monday, March 2. Chris Collins, Government Relations Officer, and I attended the meeting with Executive Director Richard Stensrud.** The agenda included speakers that discussed geopolitical risks and impacts on institutional investors; a 2020 election forecast and potential implications; emerging federal compliance issues for public plans; federal legislative and regulatory developments affecting public and private markets; and the federal wrap-up by NASRA and NCTR Government Relations staff.

**NASRA has updated the issue brief, "Public Pension Plan Investment Return Assumptions."** The brief identifies the individual return assumptions for 130 of the largest state and local plans, and provides an overview of how the investment return assumption is established and evaluated as of February 2020. The brief contains several statistics of interest for state and local retirement funds with \$5 trillion in assets:

[F]or the 30-year period ended in 2018, public pension funds accrued approximately \$8.1 trillion in revenue, of which \$5.1 trillion, or 63 percent, is from investment earnings. Employer contributions account for \$2.1 trillion, or 26 percent of the total, and employee contributions total over \$900 billion, or 11 percent.<sup>2</sup> The large portion of revenues from investment earnings reflect the important role they play in funding public pension benefits.

Among the 130 plans measured, 91, or 70 percent, have reduced their assumed rate of return since fiscal year 2017, and all but seven plans (95 percent) have done so since fiscal year 2010.

These reductions have resulted in a decline in the average return assumption from 7.52 percent in FY 17 to 7.22 percent in FY 20.

The full report may be reviewed with this link: <https://www.nasra.org/latestreturnassumptions>

**The National Institute on Retirement Security (NIRS) hosted its 11th Annual Retirement Policy Conference, 2020 Vision: The Future of Retirement, on Tuesday, March 3 in Washington, D.C.** The first keynote speaker was Alissa Quart, author of “Squeezed: Why Our Families Can’t Afford America.” The keynote address was followed by a panel discussion on the latest NIRS Report, the “Importance of Pensions in Rural and Small Town America.” Dr. Christian Weller, University of Massachusetts, Boston; Center for American Progress, provided a second keynote address on developments for Social Security, including expansion proposals from 2020 presidential candidates. A panel discussion on “Beyond the Wage Gap: The Factors Harming Women’s Retirement Security & How to Fix It,” was held before the networking lunch. Dr. Juliette Cubanski, Kaiser Family Foundation (KFF), offered a keynote in the early afternoon, discussing the rising healthcare costs and insights from her new KFF issue brief, [How Much Do Medicare Beneficiaries Spend Out of Pocket on Health Care?](#) The last panel discussion in the afternoon covered the “Intersection of Public Pensions & Workforce Management.” Dan Doonan, Executive Director, National Institute on Retirement Security, provided the closing remarks.

**The full agenda with speakers and the latest NIRS report on the importance of pensions in rural and small town America can be accessed here:** <https://www.nirsonline.org/events/nirs-annual-conference/>

**The annual meeting of the Coalition to Preserve Retirement Security (CPRS) was held on Monday, March 2.** During the meeting, Tom Lussier, CPRS Administrator and members discussed the threat of mandatory Social Security coverage, current Social Security reform initiatives, WEP and GPO proposals, and plans for 2020. The study on the cost of mandatory coverage in all fifty states will be updated.

**Rep. Mark Pocan (D-WI) introduced House Resolution 862, which expressed support for the designation of the week of February 24 through February 28, 2020, as "Public Schools Week."** As of this report, out of the 108 cosponsors, three Ohio delegation members are cosponsors, Reps. Marcy Kaptur (D-OH), Steve Stivers (R-OH) and David Joyce (R-OH).

#### **ACTIVITIES:**

1. Attended the Public Sector HealthCare Roundtable meetings in Washington, D.C. on Friday, February 21. The meetings were scheduled by the Roundtable and included meetings with House and Senate leadership, and MedPAC representatives.
2. Scheduled appointments for Chris Collins and me on March 3-4 to discuss pension and health care issues with delegation staff members.
3. Emailed the letter from Executive Director Richard Stensrud to the Ohio delegation House members that have not cosponsored H.R. 4763, the Wraparound Plan bill, yet.
4. Continued discussions related to Rep. Kaptur’s bill to extend Wraparound Plans to seek cosponsors from the Ohio delegation and other states, especially Kentucky, Alabama and Texas.
5. Conference calls with SERS representatives to discuss the Wraparound Plans bill, advocacy on prescription drug bills, and preparation of handouts for our meetings.
6. Provided a Memorandum on the President’s Budget Proposal to Congress.
7. Monitored bills from the Committees on Appropriations, Finance, Judiciary and others related to public pensions, retirement security, health care, prescription drugs, Social Security and kept informed of relevant House and Senate Committee hearings and witnesses.
8. 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.
9. Reviewed public notices or proposed rules from the SEC, HHS/CMS and regulatory agencies.
10. Monitored organizations, such as the Social Security Administration, American Benefits Council, AHIP, BMA, AARP and other entities on pension, investment, and/or health-care-related issues.
11. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, and the Public Sector HealthCare Roundtable, Social Security, retirement issues and prepared the Federal Policy Memo.

Following the Executive Director's update, the Board took a break at 10:16 a.m. and reconvened at 10:26 a.m.

### **FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES**

SERS' Legal staff discussed with the Board the filing of proposed amended administrative rules.

**I. Approval to file with JCARR the following proposed amended rules:**

- **3309-1-09 Federal taxation.**

This rule documents SERS' compliance with various Internal Revenue Code requirements. The amendments are in response to the SECURE Act passed by Congress at the end of 2019. Among other things, the SECURE Act increased the age for required minimum distributions from a defined benefit plan from age 70½ to age 72.

- **3309-1-32 Cost of living; base allowance change.**

Until Dec 31, 2017, SERS paid benefit recipients an annual 3% COLA. S.B. 8 amended R.C. 3309.374 to provide that beginning Jan 1 2018 an annual COLA is permissive and if granted the amount is the percentage increase in the Consumer Price Index, but not exceeding 2.5%. The SERS Board suspended COLAs for 2018, 2019, and 2020. In preparation for a future grant of a COLA, and because there is more than one method to calculate the percentage increase in the Consumer Price Index, staff proposes amending this rule to identify the method SERS will use.

The proposed amendment states that SERS shall determine the percentage increase in the CPI-W by calculating the percentage change between the CPI-W for June of the immediately preceding calendar year and the CPI-W for June of the next preceding calendar year. Another amendment defines "CPI-W" as used in the rule.

- **3309-1-35 Health care.**

This rule provides the administrative framework for SERS' health care coverage (medical/prescription or wraparound HRA). The amendments terminate a benefit recipient's eligibility for SERS' health care coverage if the individual is eligible for Medicaid.

An individual will be presumed eligible for Medicaid if their SERS gross benefit amount is less than Ohio's income threshold for Medicaid eligibility. Since the individual may have other sources of income, the individual will remain eligible for SERS health care coverage upon providing proof of ineligibility for Medicaid. The rule also permits a benefit recipient to re-enroll in SERS' health care coverage if they later become ineligible for Medicaid.

- **3306-1-64 Supplemental health care coverage.**

This rule provides the administrative framework for SERS' dental and vision coverage. An individual is eligible for dental and/or vision coverage if they are eligible for SERS' health care coverage under Rule 3309-1-35. The individual does not have to enroll in SERS' health care coverage to enroll in dental and vision coverage.

The amendment makes clear that if an individual is ineligible for SERS' health care coverage because they are eligible for Medicaid, they are still eligible for dental and vision coverage.

## FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-09 Federal taxation.

Barbra Phillips moved and James Haller seconded that proposed amended rule 3309-1-09 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### **3309-1-09 Federal taxation.**

- (A) For purposes of this rule, "benefit" refers to a payment from the accumulated contributions of the member or the employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.
- (B) Notwithstanding any provision in rules of school employees retirement system ("SERS") or Chapter 3309. of the Revised Code to the contrary, distributions to members and beneficiaries shall be made in accordance with section 401(a)(9) of the Internal Revenue Code of 1986, 26 U.S.C. 401(a)(9), and the following:
  - (1) The entire interest of a member shall be distributed to the member:
    - (a) Not later than the required beginning date; or
    - (b) Beginning not later than the required beginning date over the life of the member and a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code.
  - (2) The required beginning date means April first of the calendar year following the later of:
    - (a) The calendar year in which the member attains ~~age seventy and one half~~ seventy-two years of age; or
    - (b) The calendar year in which the member retires.
  - (3) If distribution of a member's benefit has begun in accordance with section 401(a)(9) of the Internal Revenue Code, and the member dies, any survivor benefits will be distributed at least as rapidly as under the plan of payment selected and effective as of the date of the member's death.
  - (4) If a member dies before the distribution of the member's interest has begun in accordance with section 401(a)(9) of the Internal Revenue Code, the entire interest of the member will be distributed within five years after the death of such member. However, if a benefit is payable to or for the benefit of a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code, the benefit may be distributed, in accordance with applicable regulations, over the life of such beneficiary, or over a period not extending beyond the life expectancy of the beneficiary, provided that such distributions begin not later than one year after the date of the member's death. If the beneficiary is the surviving spouse of the member, distributions shall not be required to begin, pursuant to this section, until the end of the calendar year in which the member would have attained age ~~seventy-two and one half~~ seventy-two. When the beneficiary is the surviving spouse and the surviving spouse dies before distributions commence, then the surviving spouse shall be treated as the member for purposes of this rule.

- (5) Any death benefit amount payable under Chapter 3309. of the Revised Code must comply with the incidental death benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code.
- (C) When the retirement system is required to make a distribution in accordance with section 401(a)(9) of the Internal Revenue Code, and a member or retirant does not respond after notification of such event, the following shall apply notwithstanding any provision in SERS rules or Chapter 3309. of the Revised Code to the contrary.
- (1) If the member is not eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall refund the member's account as authorized in section 3309.42 of the Revised Code.
- (2) If the member is eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall calculate and pay a benefit as authorized in section 3309.36 or 3309.343 of the Revised Code, as a plan B, effective on the required beginning date as provided in paragraph ~~(A)(2)~~ (B)(2) of this rule.
- (a) The member cannot purchase or receive any service credit after the effective date of the retirement allowance.
- (b) A member who commences receipt of a retirement allowance under this rule, and who is married, may, not later than one year after the payment commenced, elect a plan of payment under division (B)(1), (B)(3)(b), or (B)(3)(c) of section 3309.46 of the Revised Code provided the spouse is named as the beneficiary. The election shall be made on a form provided by the retirement system and shall be effective on the later of the effective date of the retirement allowance or the marriage. Any overpayment may be recovered as provided in section 3309.70 of the Revised Code.
- (c) If the member also was eligible for health care coverage pursuant to SERS rules and Chapter 3309. of the Revised Code, the member may, not later than sixty days after the commencement of payment of the retirement allowance, enroll for such health care coverage on a form provided by the retirement system. The effective date shall be no earlier than the first of the month after the retirement system receives the member's enrollment form.
- (3) If the retirant is eligible for a benefit pursuant to section 3309.344 of the Revised Code, the retirement system shall calculate and pay a single lump sum benefit as authorized in section 3309.344 of the Revised Code. If such retirant also is eligible for an annuity, the retirant may return the lump sum payment within sixty days of the receipt of the payment and request an annuity on a form provided by the retirement system.
- (4) If the benefit payment of a deceased member's spouse is subject to section 401(a)(9) of the Internal Revenue Code, then the retirement system shall treat the spouse as if the spouse was the member for the purposes of this rule.
- (D)
- (1) Effective for the limitation year beginning on January 1, 2012, the final regulations promulgated April 5, 2007 with respect to section 415 of the Internal Revenue Code, 26 U.S.C. 415 are incorporated herein by reference. The 5.5 per cent interest rate assumption established by the Pension Funding Equity Act of 2004, which is applicable to any actuarial adjustments required because the member or retirant elects a form of payment to which section 415(b)(2)(E) of the Internal Revenue Code and section 417(e)(3) of the Internal



Revenue Code, 26 U.S.C. 417(e)(3) apply based on the form of benefit and not the status of the plan, shall be effective as of that same date.

(2) "Limitation year" is the year used in determining whether the limits set forth in section 415 of the Internal Revenue Code have been exceeded with respect to a member or retirant in the plan describe in sections 3309.18 to 3309.70 of the Revised Code. The limitation year for the plan is the calendar year.

(E) Effective January 1, 2007, to the extent required by section 401(a)(37) of the Internal Revenue Code, 26 U.S.C. 401(a)(37) and notwithstanding any provision in Chapter 3309. of the Revised Code to the contrary, the survivor of a member on a leave of absence to perform military service with reemployment rights described in section 414(u) of the Internal Revenue Code, 26 U.S.C. 414(u), where the member cannot return to employment on account of his or her death, shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would be provided under Chapter 3309. of the Revised Code had the member resumed employment and then terminated employment on account of death.

(F) If there is a termination of the plan described in Chapter 3309. of the Revised Code or a complete discontinuance of contributions to the plan, the rights of each affected member, retirant, and beneficiary to the pension, annuity, or benefits accrued at the date of termination or discontinuance of contributions, to the extent then funded, are non-forfeitable.

History: 5/1/18, 4/10/14, 4/1/13, 9/26/10, 4/3/09, 1/6/09 (Emer.)  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.03, 3309.34, 3309.344, 3309.36, 3309.44, 3309.45,  
3309.46, 3309.50  
Review Date: 2/1/23

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

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-32 Cost of living; base allowance change.

Mathew King moved and Barbra Phillips seconded that proposed amended rule 3309-1-32 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

#### **3309-1-32 Cost-of-living; base allowance change.**

(A) For purposes of this rule:

(1) "Base allowance" means the benefit amount due a benefit recipient on the later of July 1, 1979 or the effective date of such benefit, as adjusted pursuant to this rule. A base allowance excludes subsequent allowances for cost-of-living pursuant to section 3309.374 of the Revised Code, reimbursements for medicare part "B" pursuant to section 3309.69 of the Revised Code, or additional annuity payments pursuant to section 3309.47 of the Revised Code.

- (2) "Benefit" means a periodic payment under an allowance, pension, or benefit granted under Chapter 3309. of the Revised Code, other than an annuity paid under section 3309.341 of the Revised Code.
- (3) "Benefit amount" means the amount due a benefit recipient on the effective date of such benefit.
- (4) "Benefit recipient" means an age and service retirant, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retirant or disability benefit recipient.

(5) "CPI-W" means the consumer price index for urban wage earners and clerical workers, not seasonally adjusted, U.S. city average, "All items 1982-84=100."

(B) A base allowance upon which a cost-of-living is calculated shall be adjusted when any of the following occur:

- (1) The enactment of any statutory ad hoc allowance increase but only if such statutory authority provides that such increase become part of the base allowance.
- (2) Recalculation of a retirant's benefit due to a change in a plan of payment as permitted in section 3309.46 of the Revised Code.
- (3) Recalculation of a benefit recipient's benefit amount after an audit.
- (4) If a benefit recipient waives any portion of a benefit amount pursuant to section 3309.662 of the Revised Code, the base allowance shall be the portion being paid. If a waiver is revoked, the base allowance shall be the amount allowed under this rule.

(C) For purposes of this rule and section 3309.374 of the Revised Code, the percentage increase in the CPI-W shall be determined by calculating the percentage change between the CPI-W for June of the immediately preceding calendar year and the CPI-W for June of the next preceding calendar year.

~~(C)(D)~~ (1) The recipient of any allowance, pension, or benefit that was effective before April 1, 2018 shall be eligible to receive an increase under section 3309.374 of the Revised Code upon receiving an allowance, pension, or benefit for twelve months.

- (2) (a) The recipient of any allowance, pension, or benefit that becomes effective on or after April 1, 2018 shall be eligible to receive an increase under section 3309.374 of the Revised Code upon attainment of the fourth anniversary of the allowance, pension, or benefit.

(b) For purposes of paragraph ~~(C)(2)(a)~~(D)(2)(a) of this rule, a recipient shall be credited with anniversaries for any previous allowance, pension, or benefit attributable to the same member account in the retirement system that occurred on or after January 1, 2018.

Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.374  
Review Date: 2/1/24

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

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-35 Health care.

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

#### **3309-1-35 Health care.**

##### **(A) Definitions**

As used in this rule:

- (1) "Benefit recipient" means an age and service retirant, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retirant or disability benefit recipient.
- (2) "Member" has the same meaning as in section 3309.01 of the Revised Code.
- (3) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of service credit, exclusive of credit obtained after January 29, 1981 pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code.
- (4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.
- (5) "Dependent" means an individual who is either of the following:
  - (a) A spouse of an age and service retirant, disability benefit recipient, or member,
  - (b) A biological, adopted or step-child of an age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:
    - (i) Is under age twenty-six, or
    - (ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retirant's, disability benefit recipient's, or member's death and prior to the child reaching age twenty-six. For purposes of this paragraph "permanently and totally disabled" means the individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

- (6) "Health care coverage" means any of the following group plans offered by the system:
- (a) A medical and prescription drug plan;
  - (b) Limited wraparound coverage, which provides limited benefits that wrap around an individual health insurance plan; or
  - (c) An excepted benefit health reimbursement arrangement, which provides reimbursement of medical expenses incurred under an individual health insurance plan.
- (7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.
- (8) "Employer" and "public employer" have the same meaning as in section 3309.01 of the Revised Code.

(B) Eligibility

- (1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:
- (a) An age and service retiree or the retiree's dependent,
  - (b) A disability benefit recipient or the recipient's dependent,
  - (c) The dependent of a deceased member, deceased age and service retiree, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code,
  - (d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retiree if the spouse is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code and the spouse elects to be covered.
- (2) Eligibility for SERS health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.
- (3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for SERS health care coverage shall terminate when the person is not enrolled in Medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer, or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.
- (4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for Medicaid and is ineligible for Medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for Medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio Department of Medicaid to determine Medicaid eligibility under Chapters 5160 and 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for Medicaid must provide SERS with satisfactory proof of ineligibility for Medicaid in their state of residence within ninety days from the date of SERS' request.

(C) Enrollment

- (1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section 3309.45 of the Revised Code.
- (2) An eligible spouse of an age and service retiree or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:
  - (a) At the time the retiree or disability benefit recipient enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible spouse's:
    - (i) Marriage to the retiree or disability benefit recipient; or
    - ~~(ii) Voluntary or involuntary termination of health care coverage under medicaid; or~~
    - ~~(ii)(iii)~~ Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.
- (3) An eligible dependent child of an age and service retiree, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:
  - (a) At the time the retiree, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible dependent child's:
    - (i) Birth, adoption, or custody order; or
    - ~~(ii) Voluntary or involuntary termination of health care coverage under medicaid;~~
    - ~~(ii)(iii)~~ Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.

(D) Cancellation of health care coverage

- (1) Health care coverage of a person shall be cancelled when:
  - (a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;
  - (b) The person's eligibility terminates as provided in paragraph (B)(3) of this rule;
  - (c) The person's eligibility terminates as provided in paragraph (B)(4) of this rule;
  - ~~(d)(e)~~ The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;
  - ~~(e)(d)~~ The person's health care coverage is waived as provided in paragraph (G) of this rule;
  - ~~(f)(e)~~ The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this

rule;

~~(g)(f)~~ The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or

~~(h)(g)~~ The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, division (D) of section 3309.41 of the Revised Code, or division (D) of section 3309.392 of the Revised Code.

(E) Effective date of coverage

- (1) The effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:
  - (a) For a disability benefit recipient or dependent of a disability benefit recipient, health care coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.
  - (b) For an age and service retiree or dependent of an age and service retiree, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.
  - (c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(F) Premiums

- (1) Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.
- (2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.
- (3) After cancellation for default, health care coverage can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity causing the default. Health care coverage reinstated after termination for default shall be effective on the first of the month following the date that the application for reinstatement is approved and

payment for the total amount in default is received.

- (4) A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:
- (a) A dependent child.
  - (b) An age and service retirant:
    - (i) An age and service retirant with an effective retirement date before August 1, 1989; or
    - (ii) An age and service retirant with an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or
    - (iii) An age and service retirant with an effective retirement date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
      - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
      - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
  - (c) A disability benefit recipient:
    - (i) A disability benefit recipient with an effective benefit date before August 1, 2008; or
    - (ii) A disability benefit recipient with an effective benefit date on or after August 1, 2008 who:
      - (a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or
      - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.
  - (d) A spouse:
    - (i) A spouse or surviving spouse of an age and service retirant or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;
    - (ii) A spouse or surviving spouse of an age and service retirant or disability benefit recipient with an effective retirement date or benefit date on or after August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
      - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
      - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from

SERS service.

- (iii) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or
- (iv) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member's death or separation from SERS service.
- (e) For purposes of determining eligibility for a subsidy under paragraph (F)(4) of this rule, when the last contributing service of an age and service retiree, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section 3309.01 of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section 3309.01 of the Revised Code.
- (f) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.
- (g) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

(G) Waiver

- (1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.
- (2) The health care coverage of a benefit recipient's dependent may be waived as follows:
  - (a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.
  - (b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

(H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

(I) Reinstatement to SERS health care coverage

- (1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:
  - (a) The application is received no later than ninety days after becoming eligible for medicare.



Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;

(b) The application is received no later than thirty-one days after ~~voluntary or~~ involuntary termination of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after termination of coverage or receipt of proof of termination and the enrollment application by the system; or

(c) The application is received no later than thirty-one days after involuntary termination of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such termination. Health care coverage shall be effective the later of the first day of the month after termination of the other plan or receipt of proof of termination and the enrollment application by the system.

(2) An eligible person whose coverage was cancelled pursuant to paragraph ~~(D)(1)(g)~~ (D)(1)(h) of this rule shall be reinstated to SERS health care plan when benefit payments are reinstated.

(3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.

(4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.

(5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.

(6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F)(4) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.

(7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.

#### (J) Medicare part B

(1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B.

(2)

(a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five

dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.

(b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:

(i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or

(ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.

(3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:

(a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:

(i) January 1, 1977; or

(ii) The first of the month following the date that the school employees retirement system received satisfactory proof of coverage.

(b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:

(i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or

(ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

History: 1/2/20, 5/3/19, 10/13/16, 8/13/15, 12/4/14, 7/12/14, 1/1/14, 3/8/13, 1/7/13 (Emer.), 9/30/12, 8/14/11, 9/26/10, 7/1/10 (Emer.), 6/11/10, 8/10/09, 5/22/09 (Emer.), 1/8/09, 8/8/08, 12/24/07, 9/28/07 (Emer.), 3/1/07, 1/2/04, 6/13/03, 11/9/98, 8/10/98, 1/2/93, 7/20/89, 3/20/80, 1/1/77

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.69

Review Date: 2/1/24

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

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-64 Supplemental health care coverage.

Barbra Phillips moved and James Haller seconded that proposed amended rule 3309-1-64 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### **3309-1-64 Supplemental health care coverage.**

#### (A) Definitions

- (1) "Benefit recipient," "Member," "Age and service retirant," "Disability benefit recipient," and "Dependent" shall have the meanings set forth in paragraph (A) of rule 3309-1-35 of the Administrative Code.
- (2) "Supplemental health care coverage" means any dental or vision plan offered by the school employees retirement system.
- (3) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for the supplemental health care coverage for the recipient or the recipient's eligible dependents.

#### (B) Eligibility

- (1) A person is eligible for supplemental health care coverage under this rule so long as the person meets the eligibility requirements in section 3309.69 of the Revised Code and rule 3309-1-35 of the Administrative Code for the retirement system's health care coverage.
- (2) Eligibility for supplemental health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of rule 3309-1-35 of the Administrative Code. A person described in paragraph (B)(4) of rule 3309-1-35 of the Administrative Code shall remain eligible for supplemental health care coverage under this rule.

#### (C) Enrollment

- (1) An eligible benefit recipient may only enroll in one or more supplemental health care plans as follows:
  - (a) At the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefit pursuant to section 3309.45 of the Revised Code;
  - (b) At the time the benefit recipient reinstates previously waived or cancelled health care coverage as provided in paragraph (I) of rule 3309-1-35 of the Administrative Code;
  - (c) Within thirty-one days after involuntary termination of another dental or vision plan; or,
  - (d) During the retirement system's open enrollment period.
- (2) An eligible dependent of an age and service retirant or disability benefit recipient may only enroll in one or more supplemental health care plans as follows:
  - (a) At the time the age and service retirant or disability benefit recipient enrolls in the supplemental health care plan;
  - (b) During the retirement system's open enrollment period so long as the age and service retirant or disability benefit recipient is also enrolled in the supplemental health care plan; or
  - (c) Within thirty-one days after involuntary termination of another medical, dental, or vision plan, so long as the age and service retirant or disability benefit recipient is also enrolled in the supplemental health care plan.

(D) A person's supplemental health care coverage shall be cancelled when:

- (1) The person's eligibility for health care coverage terminates as provided in paragraph (B)(2) of rule 3309-1-35 of the Administrative Code;
- (2) The supplemental health care coverage of a dependent is cancelled when the supplemental health care coverage of a benefit recipient is cancelled;
- (3) The person's supplemental health care coverage is cancelled for default as provided in paragraph (F) of this rule;
- (4) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, or division (D) of section 3309.41 of the Revised Code;
- (5) The benefit recipient elects to cancel the supplemental health care coverage for the following calendar year during the open enrollment period; or
- (6) The benefit recipient elects to cancel health care coverage under paragraph (D) of rule 3309-1-35 of the Administrative Code.

(E) Effective date of coverage

- (1) When a benefit recipient elects to enroll in supplemental health care coverage during an open enrollment period, the effective date of coverage shall be the first day of the calendar year following the open enrollment period.
- (2) When a benefit recipient elects to enroll in supplemental health care coverage upon receipt of a benefit, the effective date of coverage shall be as follows:
  - (a) For a disability benefit recipient or dependent of a disability benefit recipient, the supplemental health care coverage shall be effective on the first day of the month following approval of the benefit or the benefit effective date, whichever is later.
  - (b) For an age and service retiree or dependent of an age and service retiree, the supplemental health care coverage shall be effective on the first day of the month following the date that the retirement application is filed with the retirement system or the benefit effective date, whichever is later.
  - (c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, the supplemental health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first day of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(F) Premiums

- (1) Payment of premiums for supplemental health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.
- (2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and health care coverage under rule 3309-1-35 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that

payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage. The benefit recipient shall be ineligible for reinstatement of coverage until payment for the total amount in default is received.

History: 5/3/19, 1/1/14  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.69  
Review Date: 2/1/22

### **NEW EMPLOYER**

Chief Financial Officer Tracy Valentino stated that Ashtabula County Schools Council of Governments is a regional council of governments organized under Chapter 167 of the Ohio Revised Code that provides services to schools in Ashtabula County, Ohio.

Ashtabula County Schools Council of Governments has requested SERS' approval as a new employer unit effective January 1, 2020 and by resolution has agreed to abide by all regulations and obligations as an employer under Chapter 3309.

### **NEW EMPLOYER – ASHTABULA COUNTY SCHOOLS COUNCIL OF GOVERNMENTS**

Staff discussed with the Retirement Board the request from Ashtabula County Schools Council of Governments, a council of governments organized under Chapter 167 of the Ohio Revised Code, to accept it as a new employer unit under Chapter 3309 of the Ohio Revised Code effective January 1, 2020. Ashtabula County Schools Council of Governments has passed an appropriate resolution agreeing to accept all requirements and obligations imposed by Chapter 3309 of the Ohio Revised Code.

Matthew King moved and James Haller seconded that the Board accept Ashtabula County Schools Council of Governments as an employer in accordance with Chapter 3309 of the Ohio Revised Code, effective January 1, 2020. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

### **EXECUTIVE SESSION**

At 10:35 a.m., James Haller moved and James Rossler 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: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

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

### **SUBSIDIZATION SCENARIOS**

Director of Health Care Services Christi Pepe addressed the Board as part of the ongoing discussion of Health Care Sustainability. Ms. Pepe walked the Board through a document comparing federal marketplace costs to the SERS non-Medicare health care plan. Using the most common SERS plan enrollee premium, the chart provided estimates of marketplace costs at various income levels, after SERS

Wraparound HRA reimbursements. In many cases, the Marketplace HRA provides enrollees with lower total out of pocket costs and saves more than \$10,000 annually for each enrollee electing the Marketplace HRA over the SERS Group plan.

Ms. Pepe and Senior Health Care Data Analyst Dr. Michael Steiner presented analyses of five subsidization scenarios previously discussed by the Board, including enrollment and cost impact, along with other considerations for each scenario.

The Board thanked Ms. Pepe, Dr. Steiner and staff, for the presentation. Concluding the presentation, no specific requests for follow-up were made.

### **INTERNAL AUDIT UPDATE**

Audit Committee member James Rossler provided a brief update on audit activities for Q3, including completed audits and the performance of the Chief Internal Auditor.

The Board continued with the review of calendar dates. Board member James Rossler stated that he may not be available for the May Board meeting.

### **FUTURE CALENDAR DATES FOR 2020**

#### **AUDIT COMMITTEE MEETINGS**

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

#### **COMPENSATION COMMITTEE MEETINGS**

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

#### **BOARD MEETINGS**

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

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

### **CONTINUED OR NEW BUSINESS**

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

**EXECUTIVE SESSION**

AT 11:50 a.m., James Haller moved and Matthew King seconded the motion that the Board convene in Executive Session pursuant to 121.22 (G)(1) of the Ohio Revised Code to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Hugh Garside, James Haller, Matthew King, Barbra Phillips, James Rossler, Frank Weglarz and Daniel Wilson. The motion carried.

The Board returned to open session at 1:47 p.m.

**ADJOURNMENT**

Hugh Garside moved that the Board adjourn to meet on Thursday, April 16, 2020 for their regularly scheduled meeting. The meeting adjourned at 2:03 p.m.

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Catherine Moss, Chair

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Richard Stensrud, Secretary