Retirement Board Agenda
September 17, 2020

PLEDGE OF ALLEGIANCE

1. Roll Call
2. Approval of Minutes (R-3)

INVESTMENT REPORT

3. Wilshire Associates Quarterly Performance Report
4. Quarterly Investment Report
5. Summary of Investment Transactions (R-2)

EXECUTIVE DIRECTOR'S REPORT

6. Executive Director's Update
   - Budget Policy Review
   - Household Income
7. SERS' Cost of Living Adjustment (R)
8. Quarterly Review of Board Parameters Reporting
9. Review of Administrative Expenses
10. Filing of Proposed Amended Administrative Rule (R)
11. Superannuation and Survivor Benefits (R)
12. Special Cases (R)

RETIREMENT REPORT

13. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R)
    - Personal Appearance
14. Approval of Disability Benefits (R)
15. Disapproval of Disability Benefits (R)
16. Disapproval of Appeal for Disability Benefits (R)
17. Disapproval of Appeal on Personal Appearance (R)
18. Approval of Appeal of Termination (R)

AUDIT COMMITTEE REPORT

19. Audit Committee Update

BOARD COMMUNICATION AND POLICY ISSUES

20. Calendar Dates for Future Board Meetings
21. Continued or New Business
    - Board Information Requests and Follow-up Items

EXECUTIVE DIRECTOR'S REPORT (continued)

22. Pension Sustainability

Adjournment (R)

ITEM 2 (A).

APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON
<u>July 16, 2020</u>

______________ moved and ___________ seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, July 16, 2020.

ITEM 2 (B).

APPROVAL OF MINUTES OF THE RETIREMENT BOARD SPECIAL MEETING HELD ON <u>August 14, 2020</u>

_____________ moved and __________ seconded the motion to approve the minutes of the Retirement Board Special meeting held on Friday, August 14, 2020.

ITEM 2 (C).

APPROVAL OF MINUTES OF THE RETIREMENT BOARD SPECIAL MEETING HELD ON
<u>August 20, 2020</u>

_____________ moved and __________ seconded the motion to approve the minutes of the Retirement Board Special meeting held on Thursday, August 20, 2020.

ITEM 3

INVESTMENT MONTHLY AGENDA MEMO

School Employees Retirement System

Memo

To: Retirement Board

From: Farouki Majeed

cc: Richard Stensrud, Karen Roggenkamp

Date: September 4, 2020

Re: **Investment Report for the September Board Meeting**

The Investment Report for the Board includes the following agenda items:

- Quarterly performance report for the period ended June 30, 2020 presented by Wilshire Associates
- Investment report and economic update for the periods ended June 30 and July 31, 2020

Included with the advance Board materials are the following reports prepared by Staff:

- Quarterly Barra Risk report - June 30, 2020
- Quarterly Securities Lending Review Report – June 30, 2020
- Quarterly Proxy Activity Report – June 30, 2020
- Monthly Top 20 Equity and Fixed Income Holdings Reports – June 30 and July 31, 2020
- Monthly Compliance Update memo – June 30 and July 31, 2020
- Quarterly Iran/Sudan Investment Activity Report – June 30, 2020

If anyone has any questions prior to the Board meeting, please email me at fmajeed@ohsers.org.

ITEM 3.

WILSHIRE ASSOCIATES QUARTERLY PERFORMANCE REPORT

- **Review of Wilshire Associates Quarterly Performance Report**

Wilshire

Prepared for

SERS

WILSHIRE ASSOCIATES

Wilshire Consulting

Executive Summary of Investment Performance

As of June 30, 2020

CAPITAL MARKETS REVIEW

Wilshire Consulting

ASSET CLASS PERFORMANCE

ASSET CLASS RETURNS - BEST TO WORST							ANNUALIZED 5-YEAR
2015	2016	2017	2018	2019	2020 YTD		AS OF 6/20
REITs 4.2%	MLPs 18.3%	Emrg Mrkts 37.7%	T-Bills 1.9%	U.S. Equity 31.0%	Core Bond 6.1%		U.S. Equity 10.3%
U.S. Equity 0.7%	High Yield 17.1%	Developed 25.6%	Core Bond 0.0%	REITs 25.8%	U.S. TIPS 6.0%		High Yield 4.8%
Core Bond 0.6%	U.S. Equity 13.4%	U.S. Equity 21.0%	U.S. TIPS -1.3%	Developed 22.7%	T-Bills 0.7%		Core Bond 4.3%
T-Bills 0.1%	Commodities 11.8%	High Yield 7.5%	High Yield -2.1%	Emrg Mrkts 18.9%	U.S. Equity -3.3%		REITs 4.0%
Developed -0.4%	Emrg Mrkts 11.6%	REITs 4.2%	REITs -4.8%	High Yield 14.3%	High Yield -3.8%		U.S. TIPS 3.7%
U.S. TIPS -1.4%	REITs 7.2%	Core Bond 3.6%	U.S. Equity -5.3%	Core Bond 8.7%	Emrg Mrkts -9.7%		Emrg Mrkts 3.2%
High Yield -4.5%	U.S. TIPS 4.7%	U.S. TIPS 3.0%	Commodities -11.2%	U.S. TIPS 8.4%	Developed -11.1%		Developed 2.5%
Emrg Mrkts -14.6%	Core Bond 2.6%	Commodities 1.7%	MLPs -12.4%	Commodities 7.7%	REITs -17.8%		T-Bills 1.2%
Commodities -24.7%	Developed 1.5%	T-Bills 0.8%	Developed -13.4%	MLPs 6.6%	Commodities -19.4%		Commodities -7.7%
MLPs -32.6%	T-Bills 0.3%	MLPs -6.5%	Emrg Mrkts -14.2%	T-Bills 2.3%	Midstream -29.6%		MLPs -12.9%

Data sources: Bloomberg

Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

MARKET COMMENTARY

U.S. Equity

The U.S. stock market was up 21.9% for the second quarter of 2020. Although parts of the country have begun to loosen Coronavirus-related restrictions, considerable uncertainty about 2020 economic growth prospects remain. According to a report by the Federal Reserve Bank of Philadelphia, expectations for real GDP growth this year are approximately -5% with an unemployment rate remaining above 10%.

A surprising employment report in May speaks well for an eventual recovery. Unemployment claims are beginning to point towards a bottom and perhaps the beginning of a recovery, albeit off extremely weak levels. Other signals are not as encouraging. The ratio of employed persons to the overall population stands at 52.8%, down nearly 10%-points from the beginning of the year. Taken together, it seems that robust fiscal stimulus programs, targeting both households and businesses, are working well.

Non-U.S. Equity

Employment data in the U.K. shows that nearly a third of their workforce is on furlough with the government supporting a majority of those employees' wages. Inflation statistics in Germany indicate that service providers have been able to successfully raise prices to counter Coronavirus-related restrictions. China's economic recovery continues due, in part, to government support policies and the reopening of some overseas markets.

Fixed Income

The 10-year U.S. Treasury yield ended the quarter at 0.66%, down just 4 basis points from March. The FOMC met twice during the quarter, as scheduled, with no change to their overnight rate, which they expect will be near zero until at least 2022. Credit spreads tightened significantly during the quarter, as evidenced by the double-digit return within the high yield market.

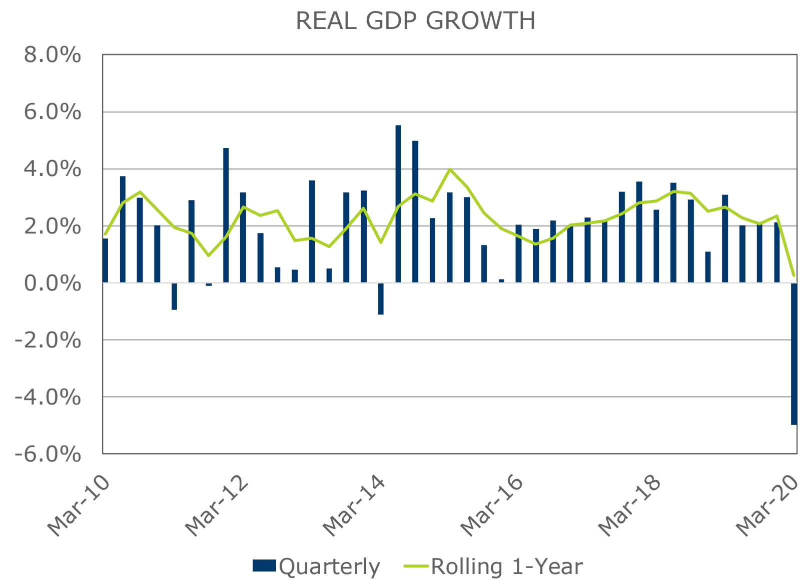
Wilshire Wilshire Consulting

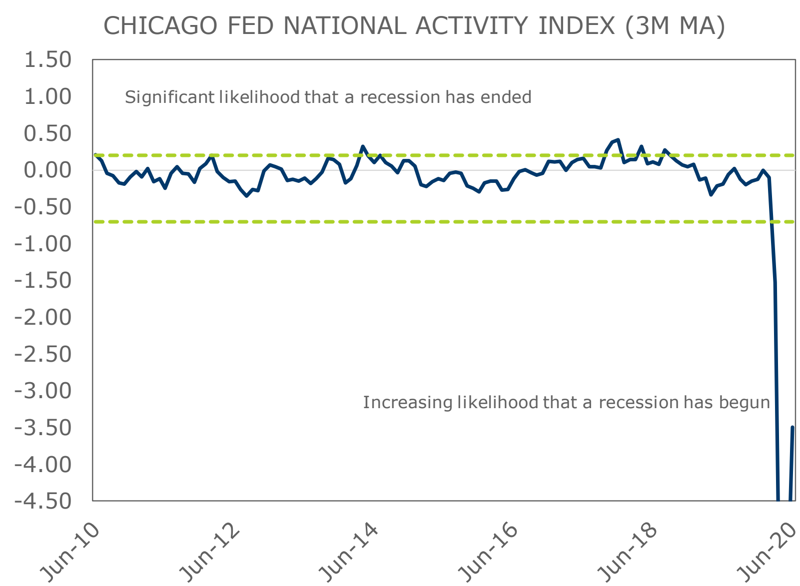
JUNE 2020 ASSET CLASS ASSUMPTIONS

	EQUITY						FIXED INCOME						REAL ASSETS					
													Real Estate					
	US Stock	Dev ex-US Stock	Emg Stock	Global ex-US Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Dev ex-US Bond (Hdg)	US RES	Global RES	Private RE	Cmdty	Real Assets	US CPI
COMPOUND RETURN (%)	6.00	6.50	6.50	6.75	6.45	8.15	0.75	1.25	2.10	0.30	4.00	0.40	5.10	5.30	6.80	2.25	5.45	1.50
ARITHMETIC RETURN (%)	7.30	7.95	9.45	8.35	7.80	11.50	0.75	1.40	2.55	0.50	4.50	0.45	6.45	6.45	7.70	3.30	5.80	1.50
EXPECTED RISK (%)	17.00	18.00	26.00	18.95	17.10	28.00	1.25	5.15	9.85	6.00	10.00	3.50	17.00	15.80	14.00	15.00	8.75	1.75
CASH YIELD (%)	2.00	3.00	2.50	2.85	2.40	0.00	0.75	1.85	2.65	1.15	7.00	1.10	4.00	4.00	2.60	0.75	2.25	0.00
GROWTH EXPOSURE	8.00	9.00	7.50	8.60	8.25	14.00	0.00	-0.90	-2.30	-3.00	4.00	-1.00	8.00	8.00	5.50	0.00	1.90	0.00
INFLATION EXPOSURE	0.00	3.00	12.00	5.45	2.40	1.00	0.00	-2.50	-6.70	2.50	1.00	-3.00	0.00	1.35	0.00	12.00	4.40	1.00
CORRELATIONS																		
US Stock	1.00																	
Dev ex-US Stock (USD)	0.81	1.00																
Emerging Mkt Stock	0.74	0.74	1.00															
Global ex-US Stock	0.83	0.96	0.87	1.00														
Global Stock	0.95	0.92	0.83	0.94	1.00													
Private Equity	0.74	0.64	0.62	0.67	0.74	1.00												
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.07	0.00	1.00											
Core Bond	0.28	0.13	0.00	0.09	0.20	0.31	0.19	1.00										
LT Core Bond	0.31	0.16	0.01	0.12	0.23	0.32	0.11	0.93	1.00									
TIPS	-0.05	0.00	0.15	0.05	0.00	-0.03	0.20	0.60	0.47	1.00								
High Yield Bond	0.54	0.39	0.49	0.45	0.51	0.34	-0.10	0.25	0.32	0.05	1.00							
Dev ex-US Bond (Hdg)	0.16	0.25	-0.01	0.18	0.18	0.26	0.10	0.67	0.66	0.39	0.26	1.00						
US RE Securities	0.59	0.47	0.44	0.49	0.56	0.50	-0.05	0.17	0.23	0.10	0.56	0.05	1.00					
Global RE Securities	0.65	0.59	0.56	0.62	0.66	0.58	-0.05	0.17	0.22	0.11	0.62	0.03	0.94	1.00				
Private Real Estate	0.54	0.44	0.44	0.47	0.52	0.51	-0.05	0.19	0.25	0.09	0.57	0.05	0.78	0.76	1.00			
Commodities	0.25	0.34	0.39	0.38	0.32	0.27	0.00	-0.02	-0.02	0.25	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.42	0.43	0.50	0.48	0.47	0.43	0.01	0.24	0.25	0.41	0.53	0.06	0.65	0.69	0.69	0.59	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-0.10	0.10	-0.12	-0.12	0.15	-0.08	-0.08	0.05	0.03	0.05	0.44	0.26	1.00

Wilshire Consulting

ECONOMIC GROWTH



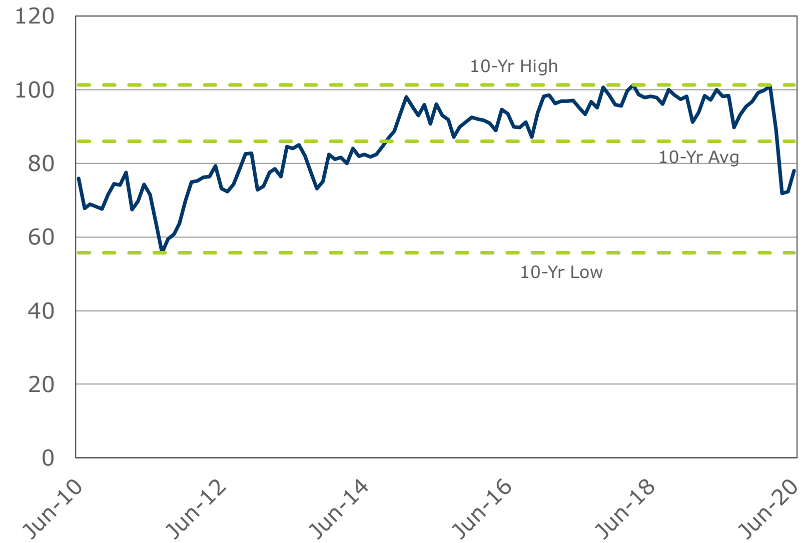


Data source: Bloomberg

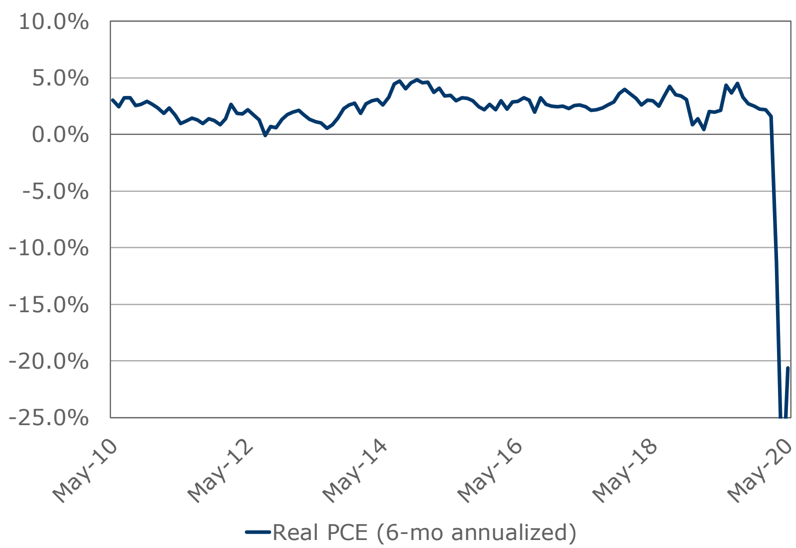
Wilshire Consulting

CONSUMER ACTIVITY

UNIVERSITY OF MICHIGAN: CONSUMER SENTIMENT



REAL PERSONAL CONSUMPTION EXPENDITURES

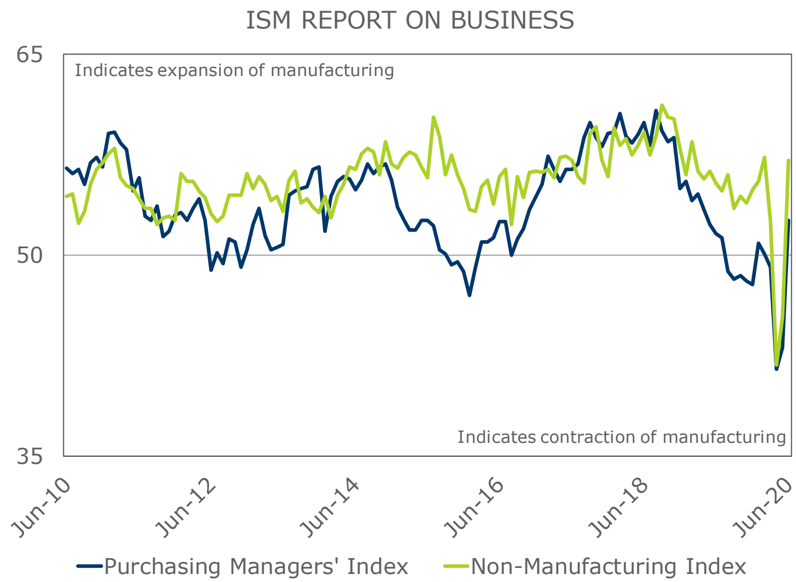


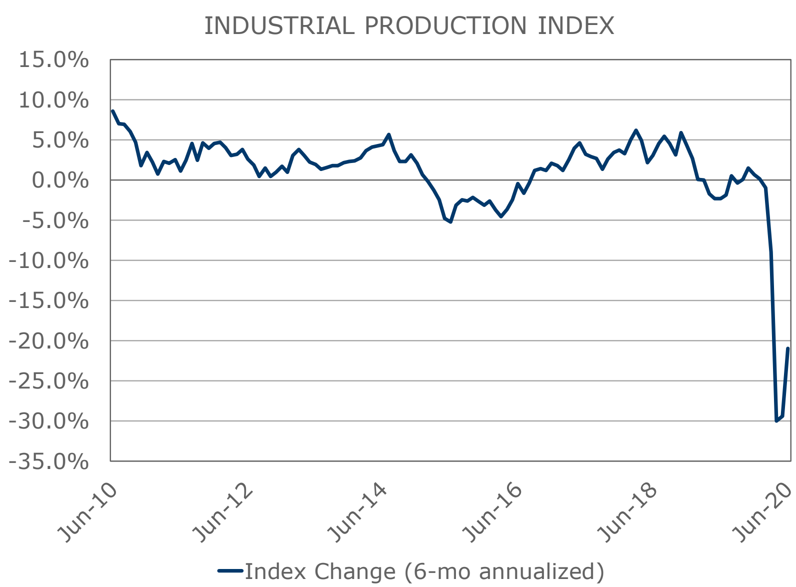
AVERAGE HOURLY EARNINGS

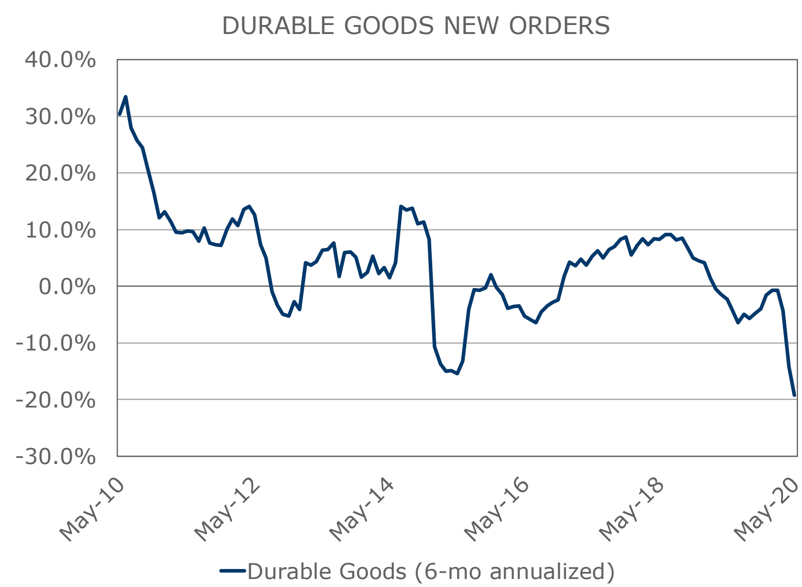
Data source: Bloomberg

Wilshire Consulting

BUSINESS ACTIVITY



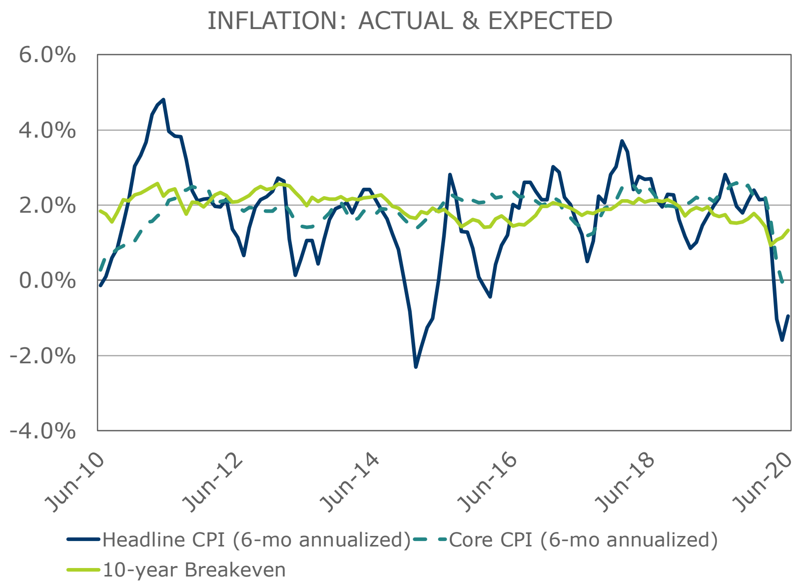




Data source: Bloomberg

Wilshire Consulting

INFLATION AND EMPLOYMENT

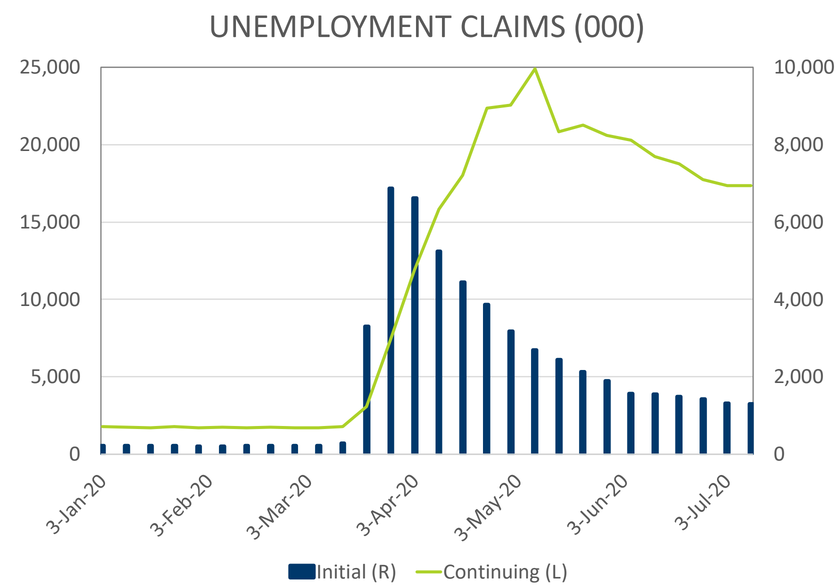


Data source: Bloomberg

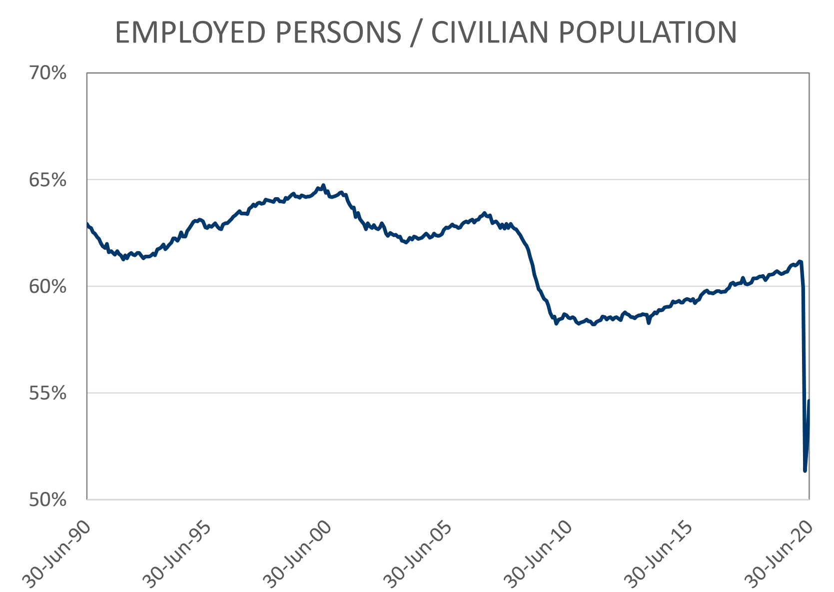
Wilshire Consulting

U.S. EMPLOYMENT

- Employment conditions have been volatile this year with massive gains and losses, as seen on the previous page
- Unemployment claims have been declining with continued claims currently at 17 million



- Employment as a percent of the civilian, non-institutional population dropped to nearly 50%
- The ratio has never been that low in the post-WWII history



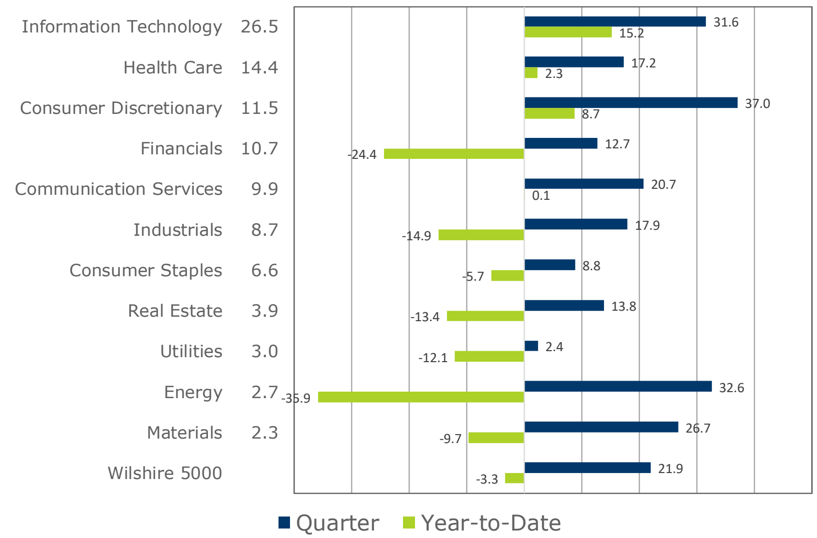
Data sources: Federal Reserve, Bloomberg

Wilshire Consulting

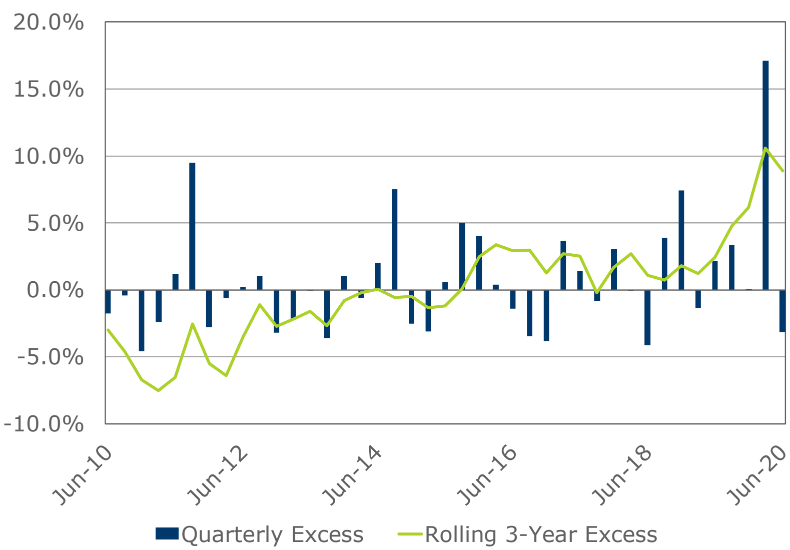
U.S. EQUITY MARKET

AS OF 6/30/2020	QTR	YTD	1 YR	3 YR	5 YR	10 YR
WILSHIRE 5000 INDEX	21.9	-3.3	6.8	10.1	10.3	13.7
WILSHIRE U.S. LARGE CAP	21.6	-2.3	8.2	11.0	10.9	14.0
WILSHIRE U.S. SMALL CAP	25.6	-13.8	-7.7	1.9	4.3	11.0
WILSHIRE U.S. LARGE GROWTH	27.3	5.5	18.3	15.9	13.7	16.2
WILSHIRE U.S. LARGE VALUE	15.6	-10.0	-1.5	6.1	7.9	11.8
WILSHIRE U.S. SMALL GROWTH	29.9	-6.7	0.0	6.6	6.2	12.6
WILSHIRE U.S. SMALL VALUE	21.3	-20.5	-14.9	-2.7	2.1	9.3
WILSHIRE REIT INDEX	10.6	-17.8	-12.3	0.2	4.0	9.2
MSCI USA MIN. VOL. INDEX	12.9	-6.5	0.5	9.8	11.0	14.0
FTSE RAFI U.S. 1000 INDEX	18.1	-13.1	-4.3	4.3	6.3	11.7

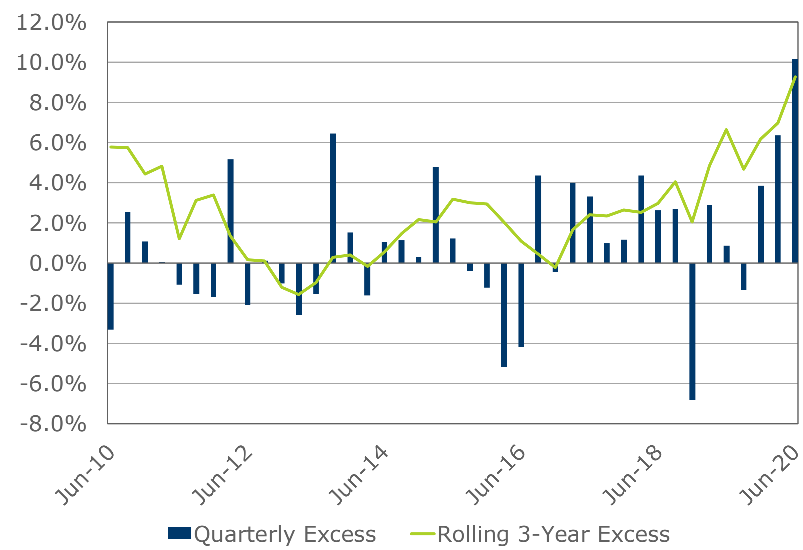
U.S. SECTOR WEIGHT AND RETURN (%)



LARGE CAP VS SMALL CAP



LARGE GROWTH VS LARGE VALUE

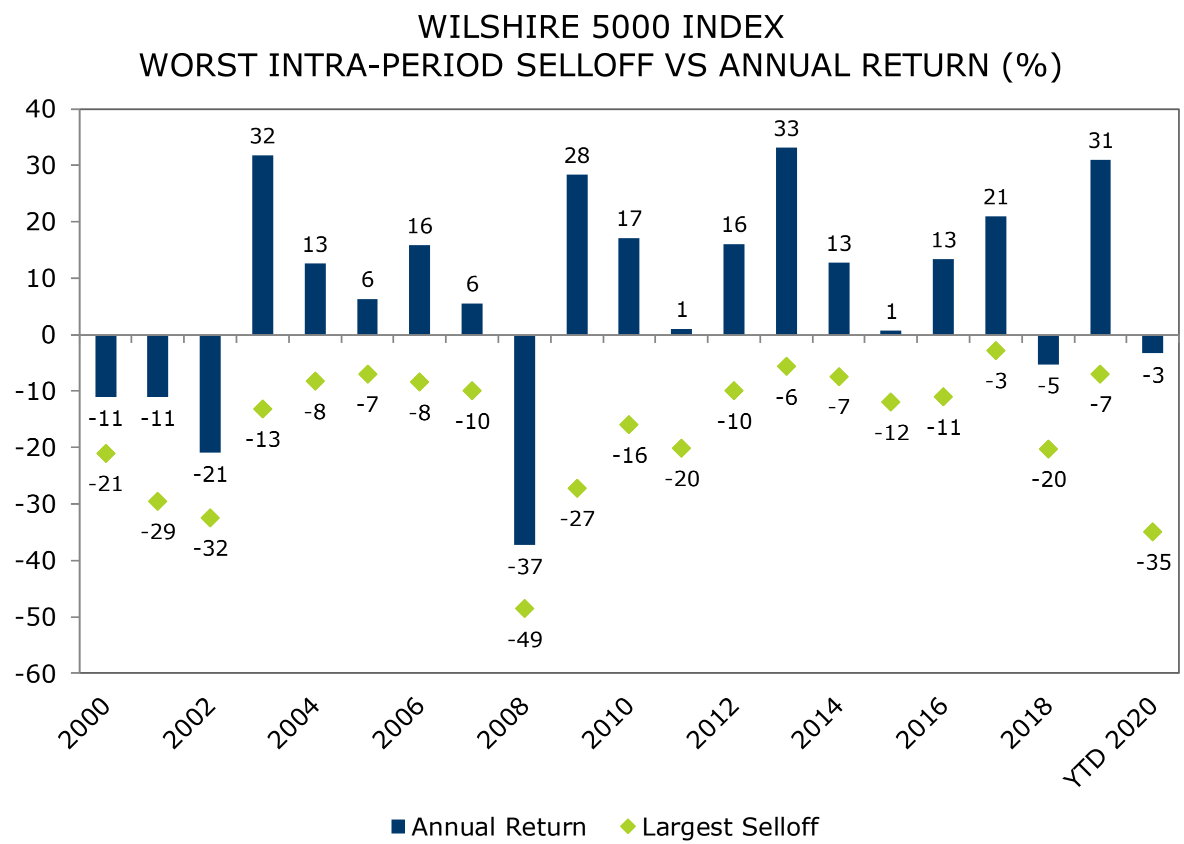


Data sources: Bloomberg, Wilshire Atlas

Wilshire Consulting

ANNUAL RETURNS

- Coronavirus sell-off began in late February and reached -35% in late March
- Q2 return of 21.9% was the strongest quarterly return in 21 years

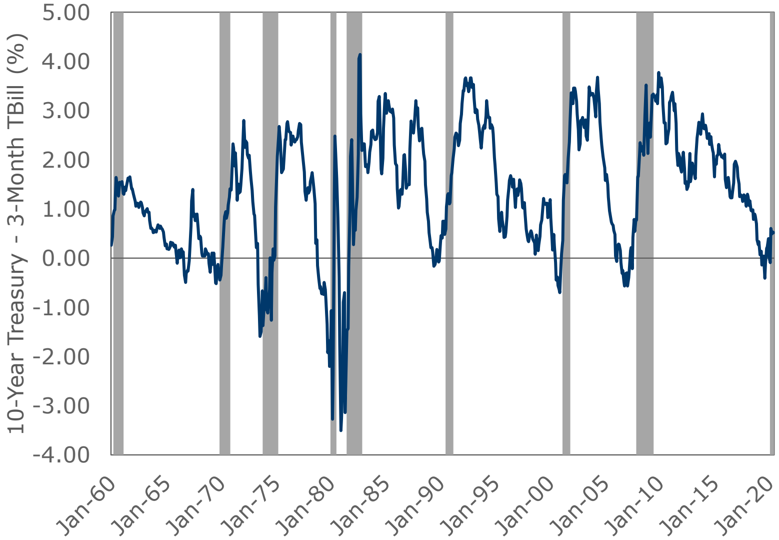


Data sources: Wilshire Associates

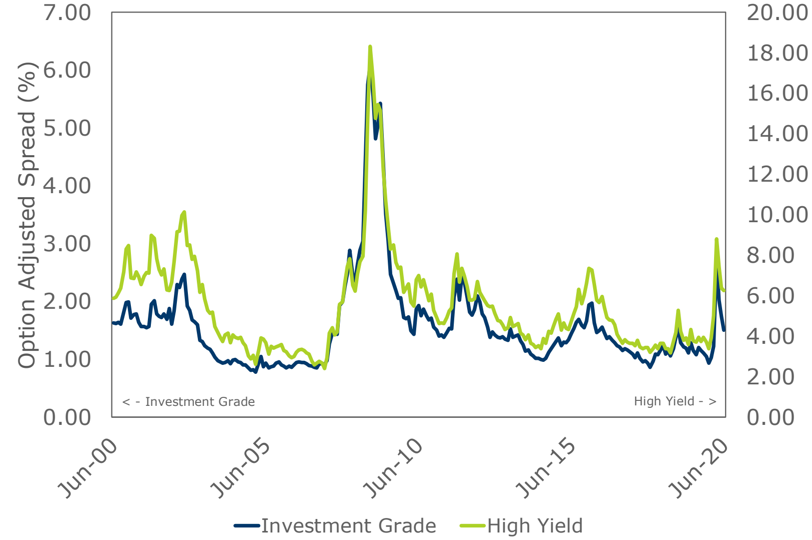
Wilshire Consulting

RISK MONITOR

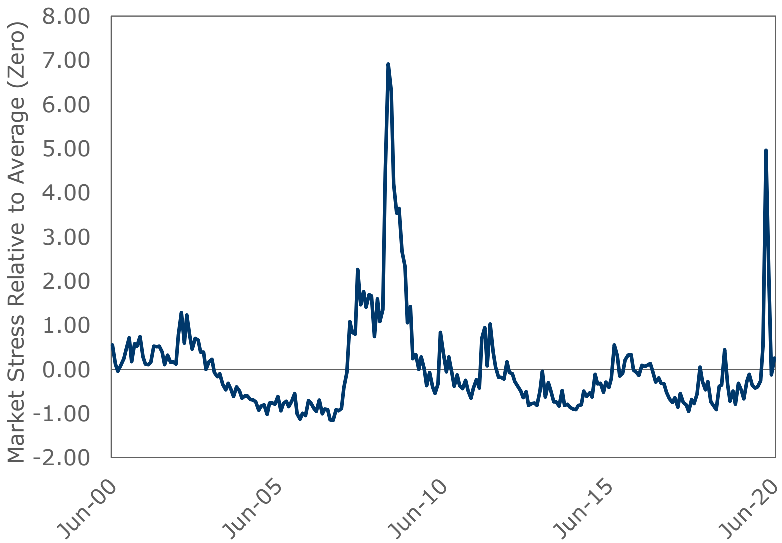
YIELD CURVE SLOPE VS RECESSIONS (IN GRAY)



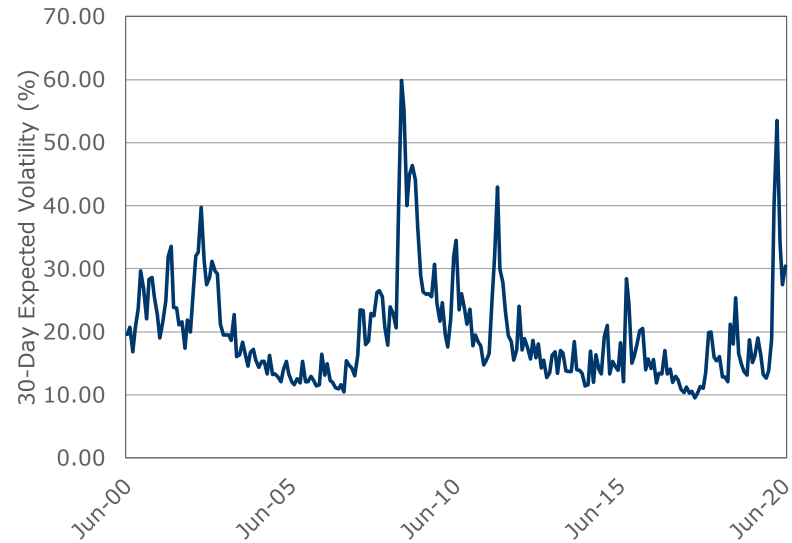
BLOOMBERG BARCLAYS CREDIT INDEXES



ST. LOUIS FED FINANCIAL STRESS INDEX



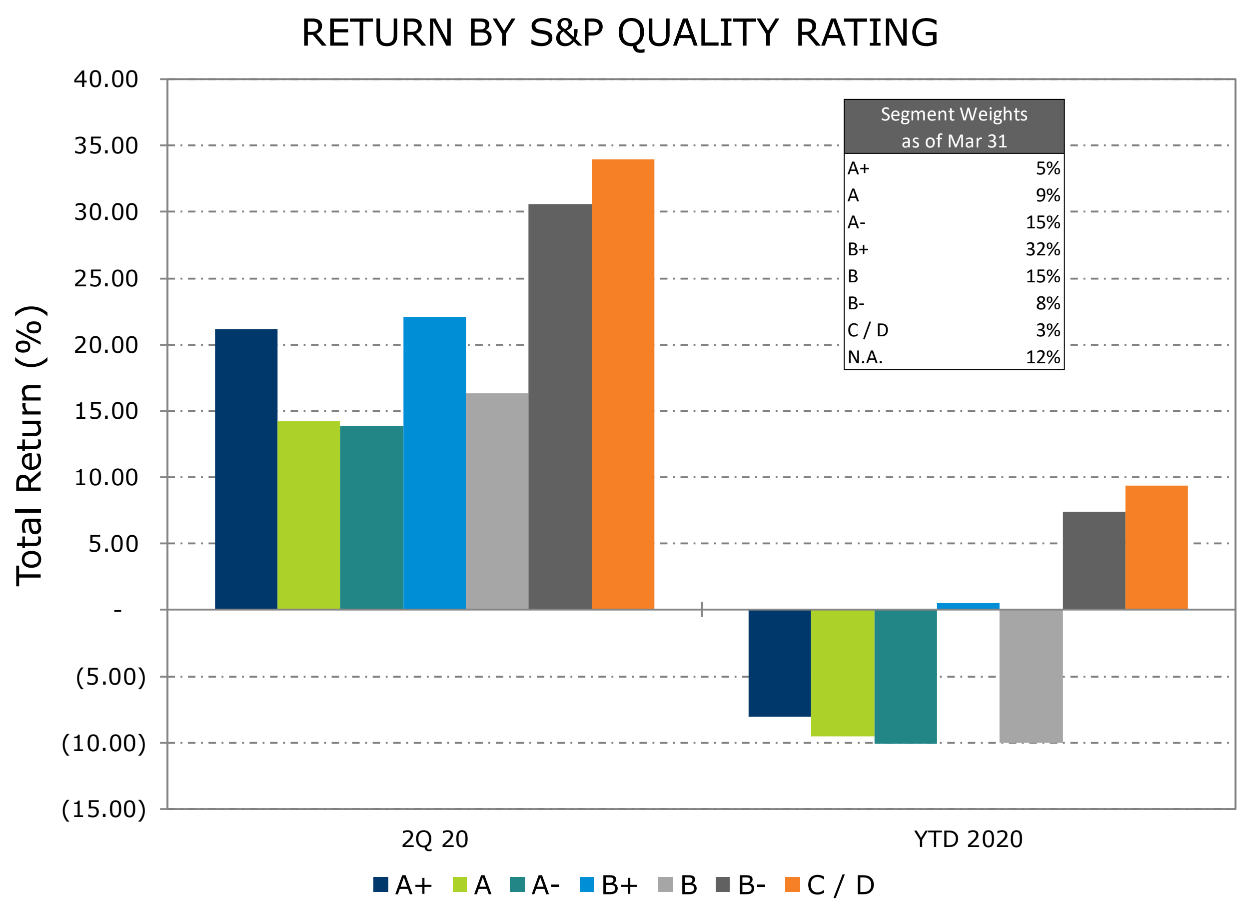
CBOE VOLATILITY INDEX



Data sources: Bloomberg

RETURNS BY QUALITY SEGMENT

Lower quality names led the rebound and are up for the year

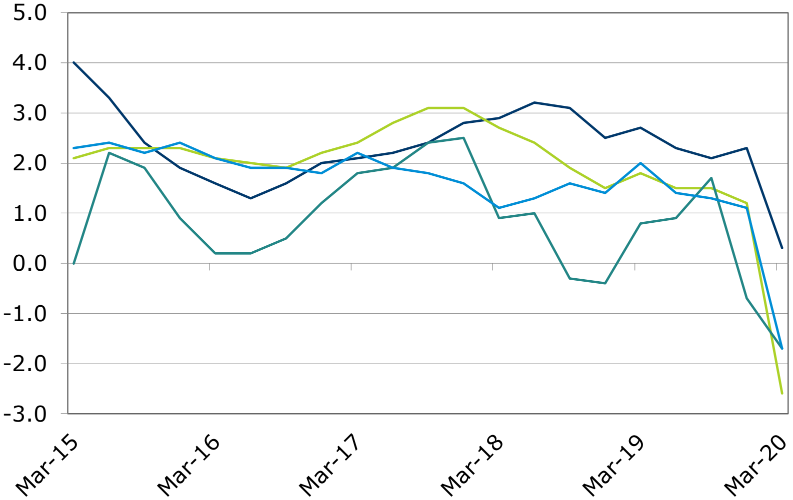


Data sources: Wilshire Atlas

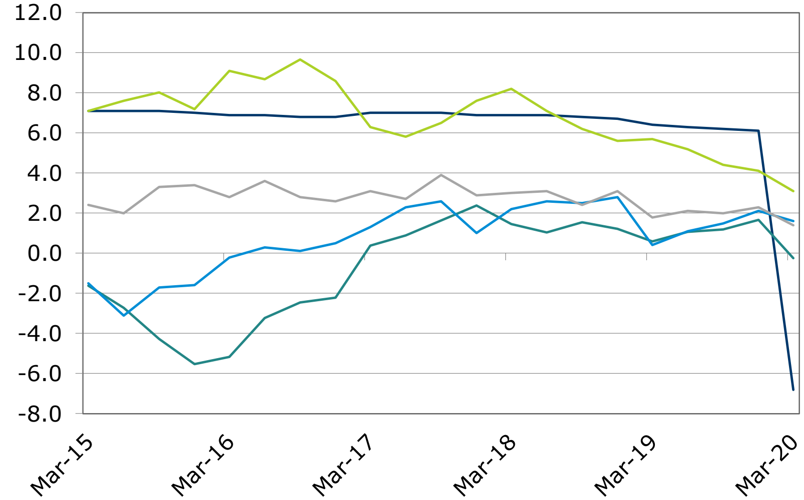
Wilshire Consulting

NON-U.S. GROWTH AND INFLATION

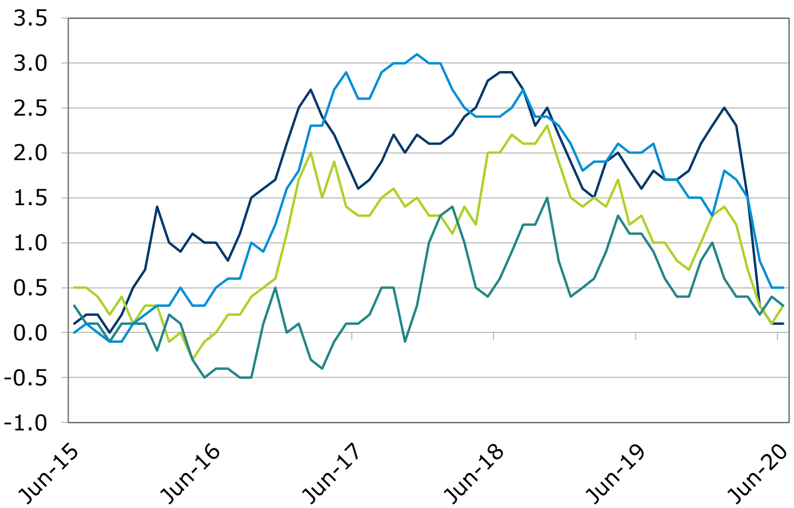
DEVELOPED MARKETS REAL GDP GROWTH YoY (%)



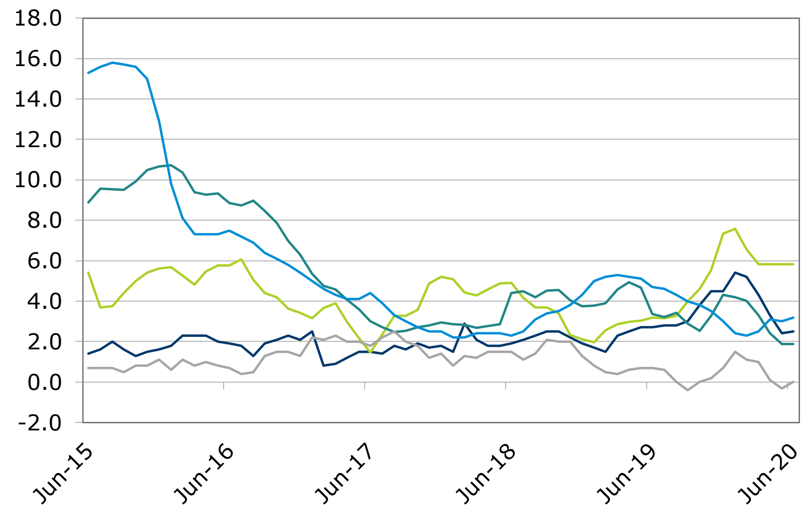
EMERGING MARKETS REAL GDP GROWTH YoY (%)



DEVELOPED MARKETS CPI GROWTH YoY (%)



EMERGING MARKETS CPI GROWTH YoY (%)



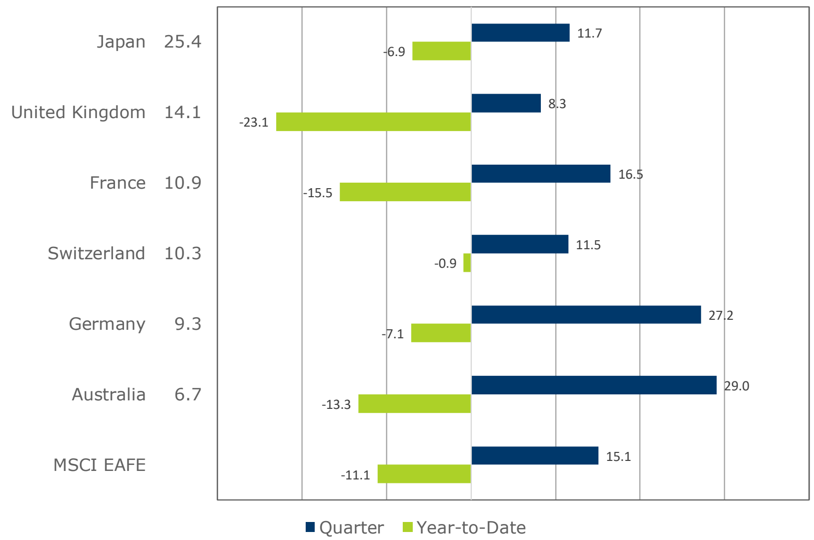
Data sources: Bloomberg

Wilshire Consulting

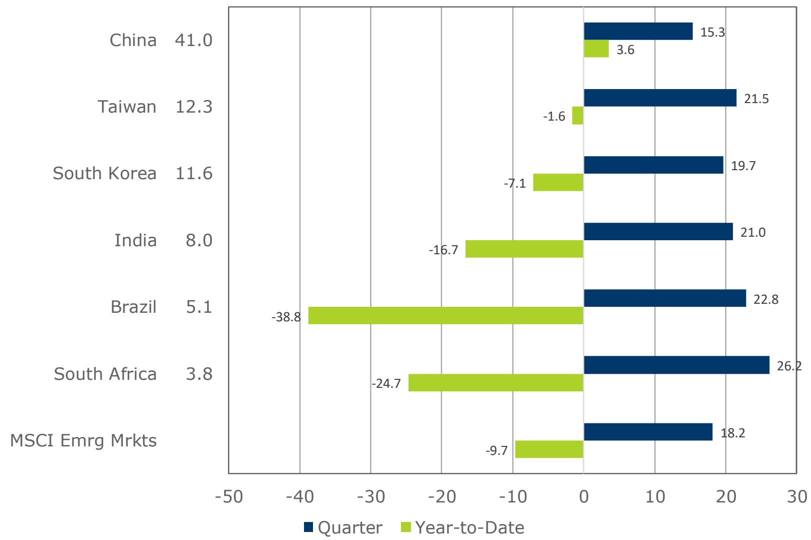
NON-U.S. EQUITY MARKET

AS OF 6/30/2020	QTR	YTD	1 YR	3 YR	5 YR	10 YR
MSCI ACWI EX-US ($G)	16.3	-10.8	-4.4	1.6	2.7	5.5
MSCI EAFE ($G)	15.1	-11.1	-4.7	1.3	2.5	6.2
MSCI EMERGING MARKETS ($G)	18.2	-9.7	-3.0	2.3	3.2	3.6
MSCI FRONTIER MARKETS ($G)	16.2	-20.4	-20.7	-4.5	-2.4	1.9
MSCI ACWI EX-US GROWTH ($G)	19.2	-2.4	6.1	6.4	6.0	7.4
MSCI ACWI EX-US VALUE ($G)	13.7	-19.2	-14.4	-3.4	-0.4	3.6
MSCI ACWI EX-US SMALL ($G)	23.0	-12.6	-4.0	0.2	2.9	6.4
MSCI ACWI MINIMUM VOLATILITY	9.9	-7.5	-1.9	6.4	7.6	10.4
MSCI EAFE MINIMUM VOLATILITY	7.5	-10.0	-5.1	2.2	4.0	7.6
FTSE RAFI DEVELOPED EX-US	13.8	-17.6	-12.1	-2.7	0.1	4.2
MSCI EAFE LC (G)	12.8	-10.3	-3.8	1.7	3.1	7.4
MSCI EMERGING MARKETS LC (G)	16.8	-5.4	1.7	4.9	5.5	6.4

DEVELOPED MARKETS WEIGHT AND RETURN (%)



EMERGING MARKETS WEIGHT AND RETURN (%)



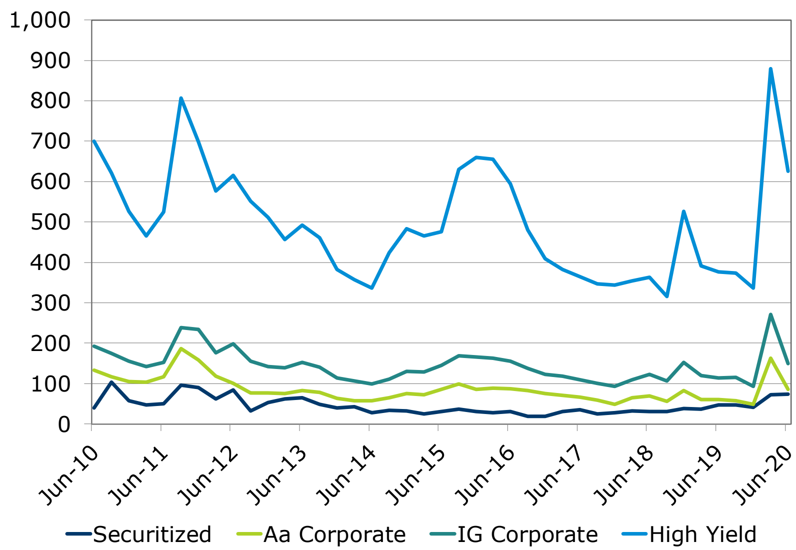
Data sources: Bloomberg

U.S. FIXED INCOME

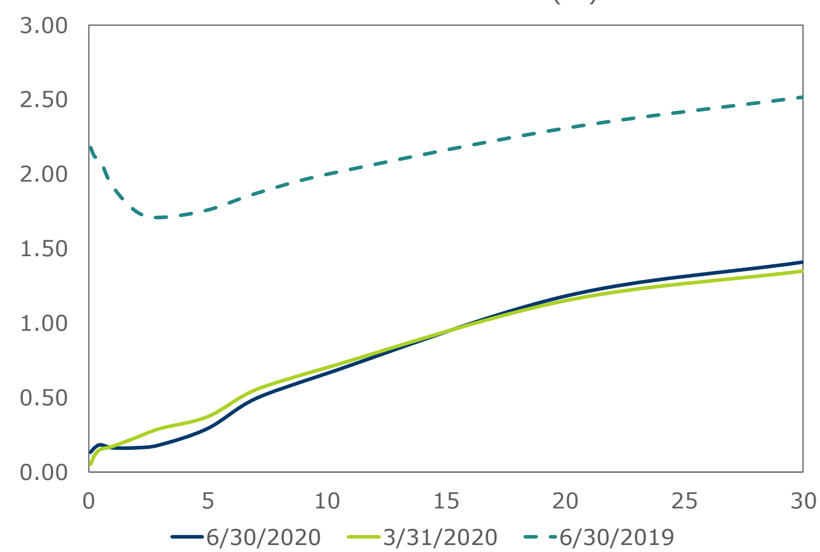
AS OF 6/30/2020	YTW	DUR.	QTR	YTD	1 YR	3 YR	5 YR	10 YR
BLOOMBERG BARCLAYS AGGREGATE	1.3	6.0	2.9	6.1	8.7	5.3	4.3	3.8
BLOOMBERG BARCLAYS TREASURY	0.5	7.2	0.5	8.7	10.4	5.6	4.1	3.4
BLOOMBERG BARCLAYS GOV'T-REL.	1.3	6.0	3.4	3.9	6.6	4.8	3.9	3.5
BLOOMBERG BARCLAYS SECURITIZED	1.4	2.3	0.9	3.6	5.7	4.0	3.3	3.2
BLOOMBERG BARCLAYS CORPORATE	2.1	8.5	9.0	5.0	9.5	6.3	5.8	5.5
BLOOMBERG BARCLAYS LT G/C	2.4	16.8	6.2	12.8	18.9	10.3	9.0	7.8
BLOOMBERG BARCLAYS LT TREASURY	1.3	19.4	0.2	21.2	25.4	12.0	9.3	7.7
BLOOMBERG BARCLAYS LT GOV't-REL.	2.9	13.5	8.2	4.3	10.0	8.0	7.1	7.2
BLOOMBERG BARCLAYS LT CORP.	3.2	15.2	11.4	6.3	13.8	8.8	8.8	7.8
BLOOMBERG BARCLAYS U.S. TIPS *	0.6	7.8	4.2	6.0	8.3	5.0	3.7	3.5
BLOOMBERG BARCLAYS HIGH YIELD	6.9	3.9	10.2	-3.8	0.0	3.3	4.8	6.7
TREASURY BILLS	0.1	0.3	0.0	0.7	1.7	1.8	1.2	0.7

* Yield and Duration statistics are for a proxy index based on similar maturity, the Bloomberg Barclays U.S. Treasury 7-10 Year Index

FIXED INCOME OPTION ADJUSTED SPREAD (BPS)



TREASURY YIELD CURVE (%)



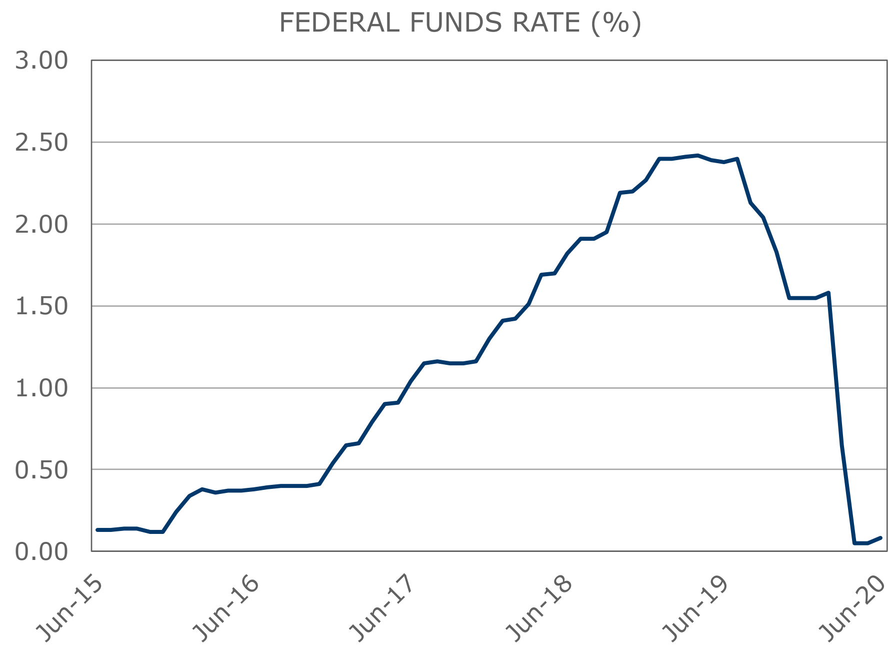
Data sources: Bloomberg

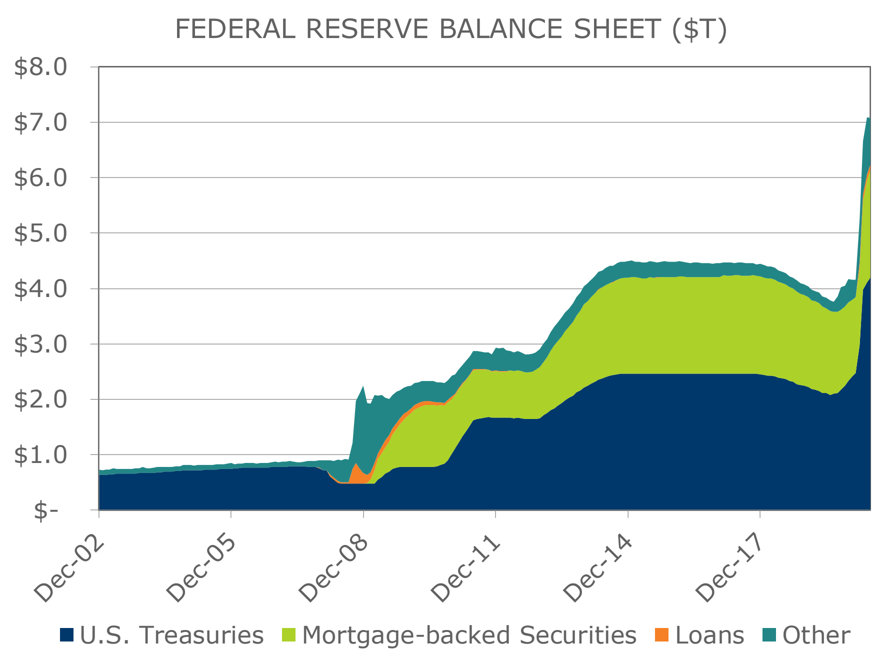
Wilshire Consulting

FEDERAL RESERVE

- Current expectation for the Fed-funds rate is to remain near zero through 2022
- Federal Reserve has added nearly $3 trillion in assets to their balance sheet just this year
- Unlike after the GFC, the Fed is also buying corporate and municipal bonds in addition to Treasuries and MBS

	Announced	Closed	Amount (bil)
QE1	11/25/2008	3/31/2010	$1,403
QE2	11/3/2010	6/29/2012	$568
QE3	9/13/2012	10/29/2014	$1,674
QE4	3/23/2020		$2,924





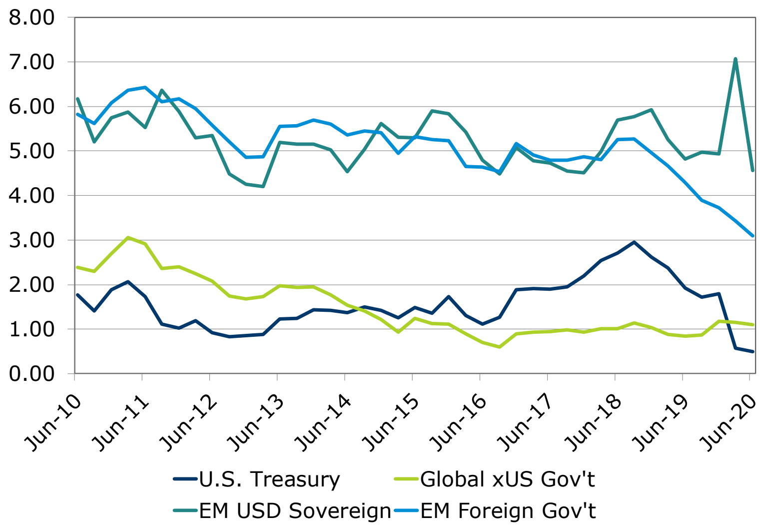
Data Source: Bloomberg, JP Morgan

NON-U.S. FIXED INCOME

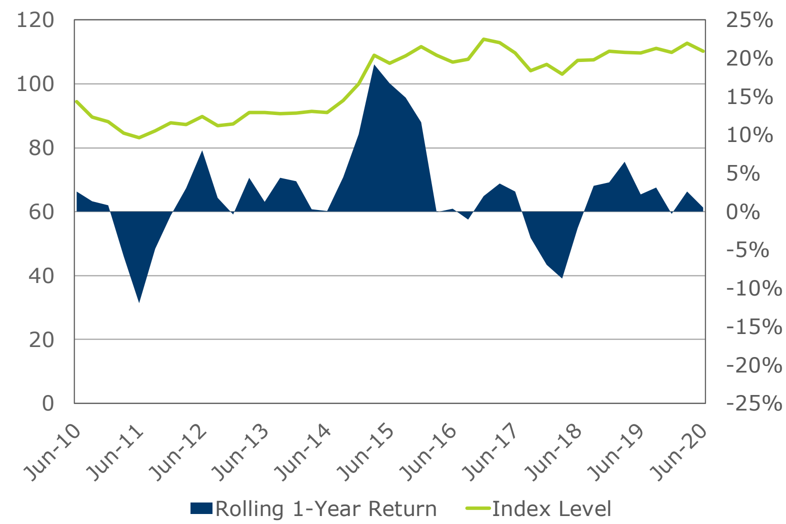
AS OF 6/30/2020	QTR	YTD	1 YR	3 YR	5 YR	10 YR
DEVELOPED MARKETS						
BLMBRG BRCLYS GLBL AGGREGATE xUS	3.4	0.6	0.7	2.5	2.9	2.0
BLMBRG BRCLYS GLBL AGGREGATE xUS *	1.8	2.3	4.0	4.9	4.5	4.2
BLMBRG BRCLYS GLOBAL INF LNKD xUS	8.3	2.0	3.4	3.5	2.8	4.2
BLMBRG BRCLYS GLOBAL INF LNKD xUS *	7.4	6.7	7.3	6.5	6.6	6.3
EMERGING MARKETS (HARD CURRENCY)						
BLMBRG BRCLYS EM USD AGGREGATE	10.0	-0.4	3.0	4.2	5.2	6.0
EMERGING MARKETS (FOREIGN CURRENCY)						
BLMBRG BRCLYS EM LOCAL CURR. GOV'T	4.5	-3.4	-0.1	2.4	2.8	2.9
BLMBRG BRCLYS EM LOCAL CURR. GOV'T *	2.2	2.9	6.3	5.0	4.2	3.6
EURO vs. DOLLAR	1.8	0.2	-1.2	-0.6	0.2	-0.9
YEN vs. DOLLAR	-0.4	0.6	-0.1	1.4	2.6	-2.0
POUND vs. DOLLAR	-0.2	-6.5	-2.3	-1.6	-4.6	-1.8

* Returns are reported in terms of local market investors, which removes currency effects.

GLOBAL FIXED INCOME YIELD TO WORST (%)



U.S. DOLLAR INDEX: ADVANCED ECONOMIES

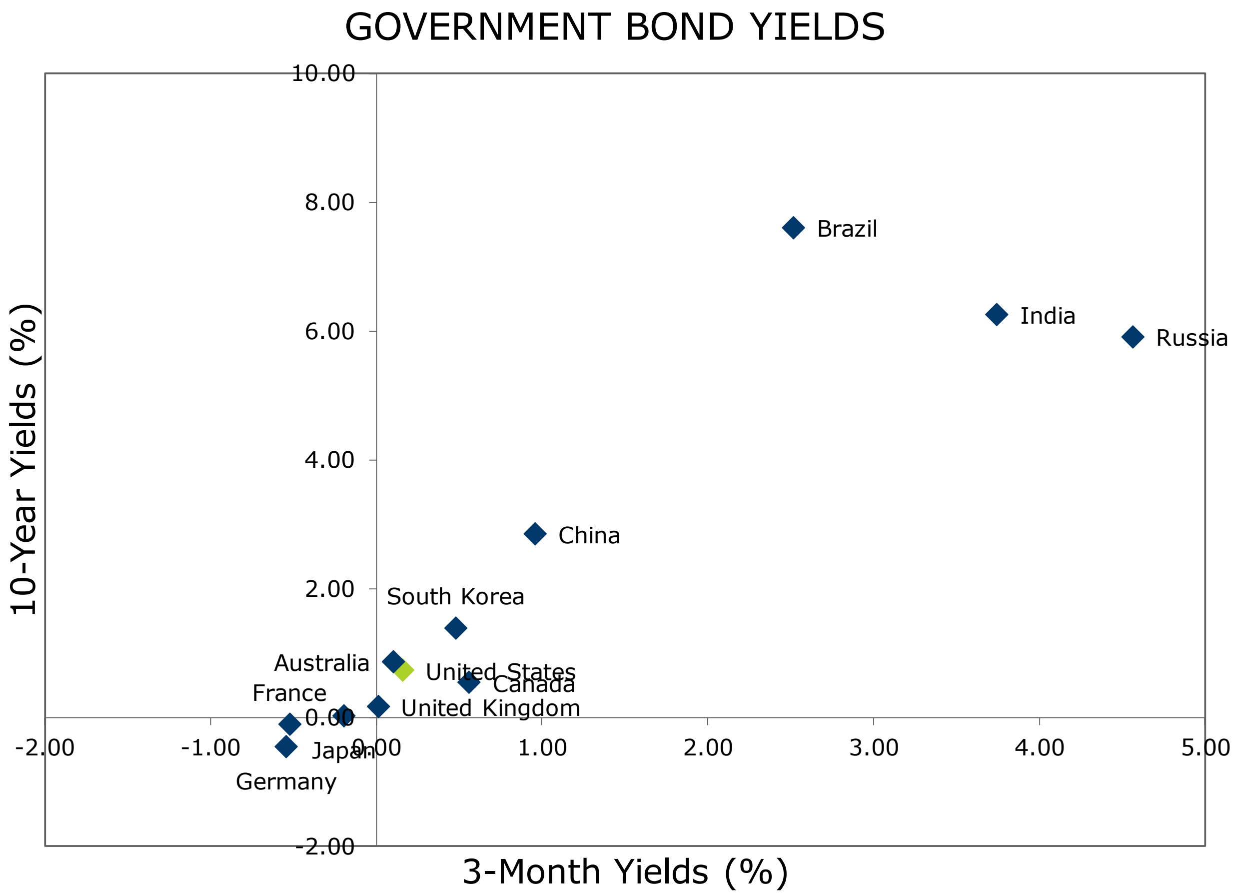


Data sources: Bloomberg

Wilshire Consulting

GLOBAL INTEREST RATES

Negative rates found in Germany and France; low but positive rates, and at similar levels, in the U.S. and Australia while the U.K. approaches zero in both the short and long-term



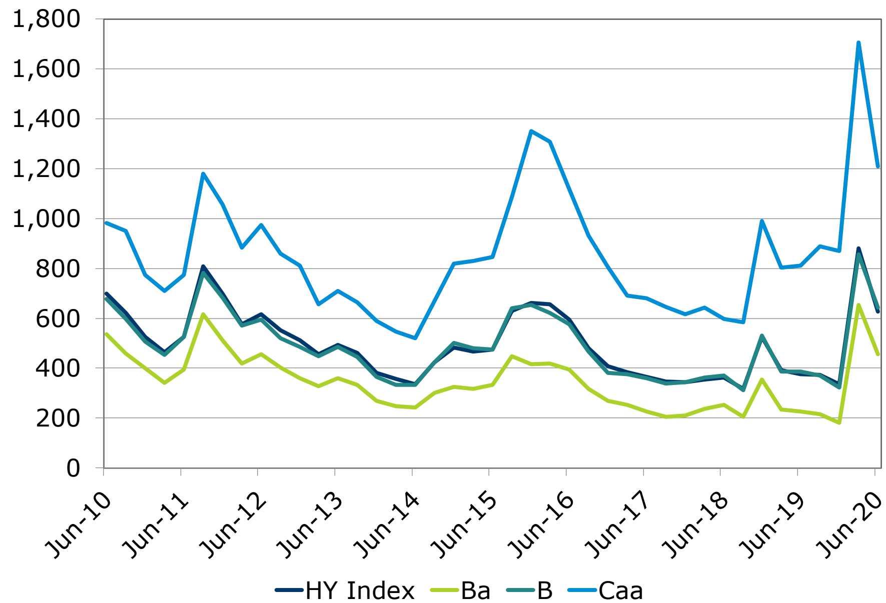
Data sources: Bloomberg

Wilshire Consulting

HIGH YIELD BOND MARKET

AS OF 6/30/2020		YTW	QTR	YTD	1 YR	3 YR	5 YR	10 YR
BLOOMBERG BARCLAYS HIGH YIELD		6.9	10.2	-3.8	0.0	3.3	4.8	6.7
S&P LSTA LEVERAGE LOAN INDEX		6.1	6.6	-3.9	-0.5	2.5	3.0	4.1
HIGH YIELD QUALITY DISTRIBUTION	WEIGHT							
Ba U.S. HIGH YIELD	55.2%	5.2	11.5	0.2	4.7	5.0	5.8	7.2
B U.S. HIGH YIELD	31.9%	7.1	8.6	-5.5	-1.4	3.0	4.1	6.3
Caa U.S. HIGH YIELD	12.2%	12.6	9.1	-13.3	-11.7	-1.9	2.6	5.8
Ca to D U.S. HIGH YIELD	0.7%	29.6	2.1	-28.3	-38.0	-10.3	-3.9	-5.7
Non-Rated U.S. HIGH YIELD	0.0%	0.0	6.1	-6.5	-5.2	0.4	-1.0	4.3

FIXED INCOME OPTION ADJUSTED SPREAD (BPS)



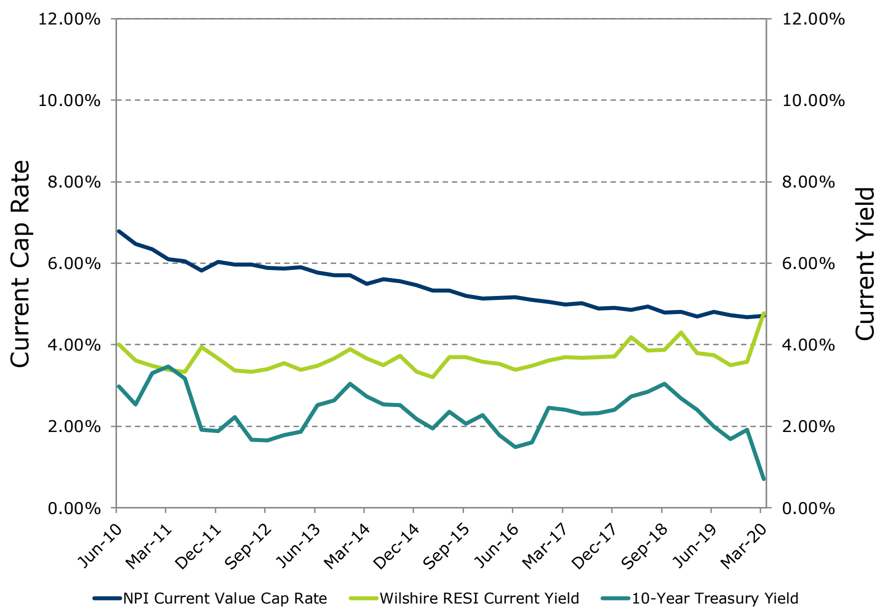
Data sources: Bloomberg

Wilshire Consulting

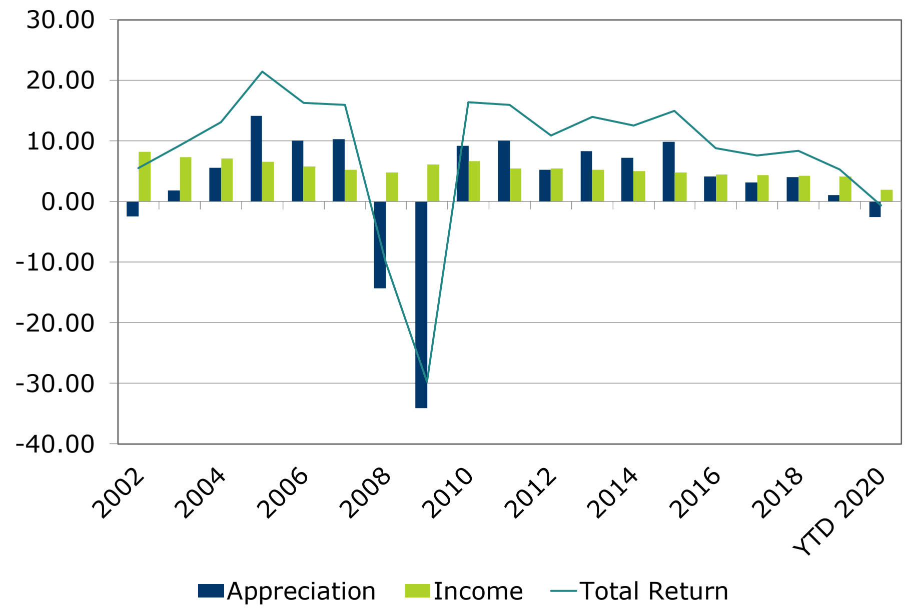
REAL ASSETS

AS OF 6/30/2020	QTR	YTD	1 YR	3 YR	5 YR	10 YR
BLOOMBERG BARCLAYS U.S. TIPS	4.2	6.0	8.3	5.0	3.7	3.5
BLOOMBERG COMMODITY INDEX	5.1	-19.4	-17.4	-6.1	-7.7	-5.8
WILSHIRE GLOBAL RESI INDEX	9.5	-20.3	-15.2	-0.7	2.6	8.3
NCREIF ODCE FUND INDEX	-1.6	-0.6	2.2	5.7	7.3	10.8
NCREIF TIMBERLAND INDEX	0.1	0.2	0.3	2.3	2.8	4.4
ALERIAN MIDSTREAM ENERGY	32.6	-29.6	-29.4	-8.9	-8.0	n.a.

REAL ESTATE VALUATION



NCREIF ODCE FUND INDEX RETURN (%)



Data sources: Wilshire Compass, National Council of Real Estate Investment Fiduciaries

TOTAL FUND REVIEW

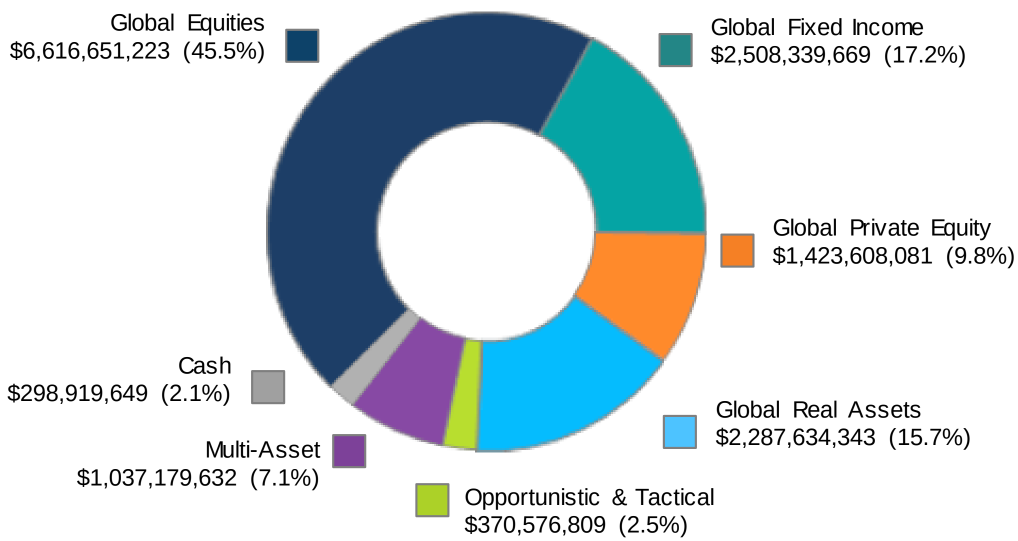
Wilshire Consulting

Asset Allocation Summary

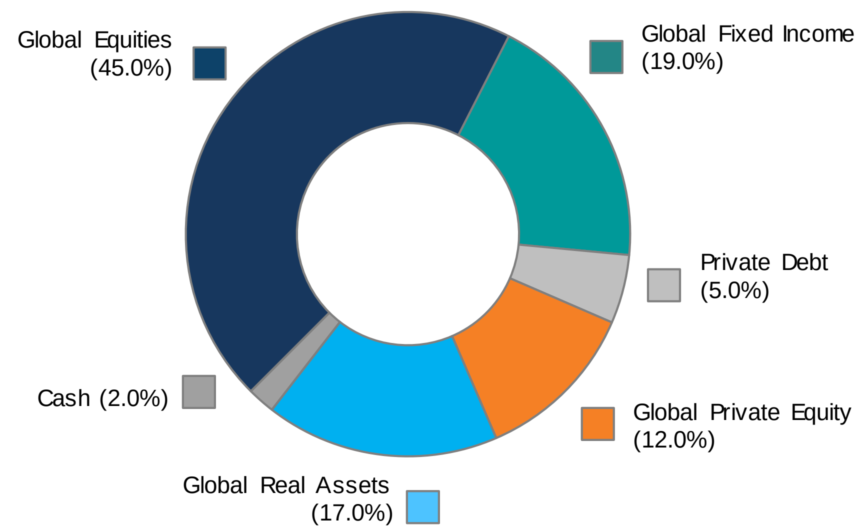
Total Fund

Periods Ended June 30, 2020

Actual Allocation



Current Policy



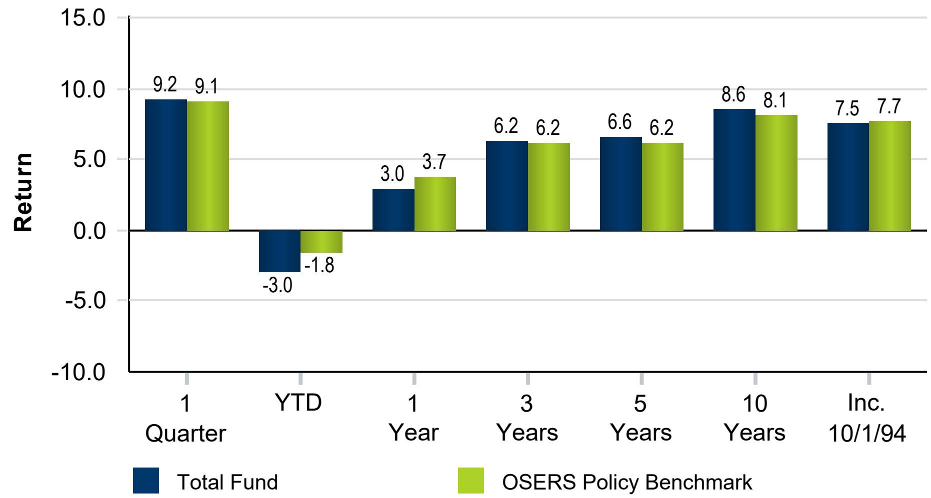
$14,542,909,405

Composite Performance Summary

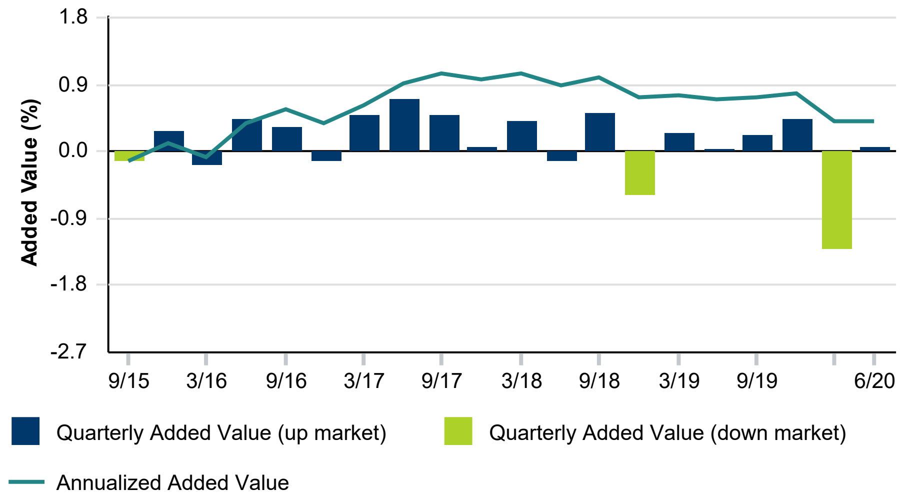
Total Fund

Periods Ended June 30, 2020

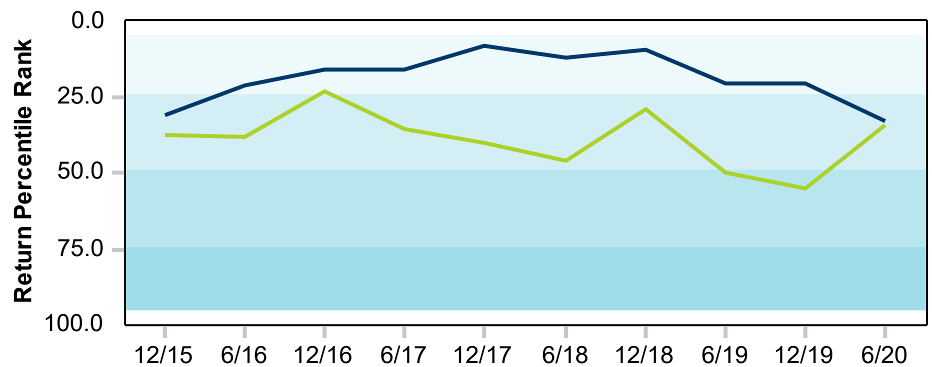
Comparative Performance



Added Value History

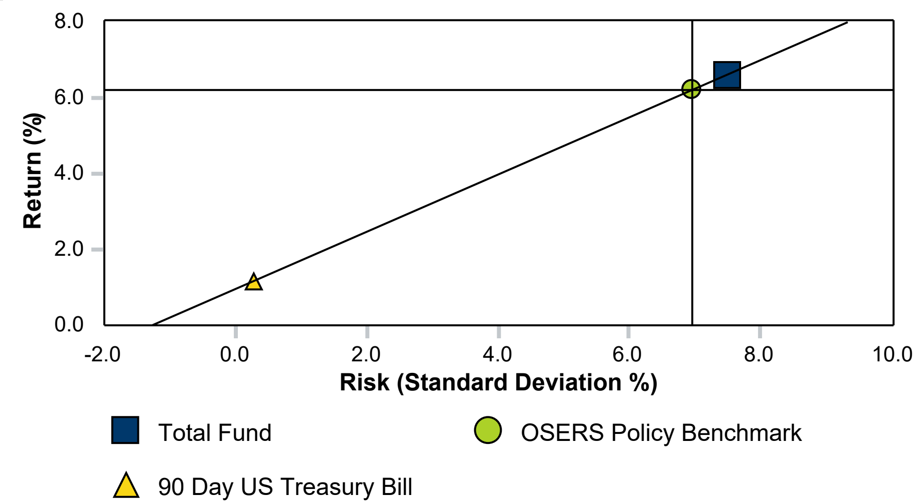


Rolling Percentile Rank: All Public Plans-Total Fund



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Total Fund	10	8 (80%)	2 (20%)	0 (0%)	0 (0%)
Benchmark	10	1 (10%)	8 (80%)	1 (10%)	0 (0%)

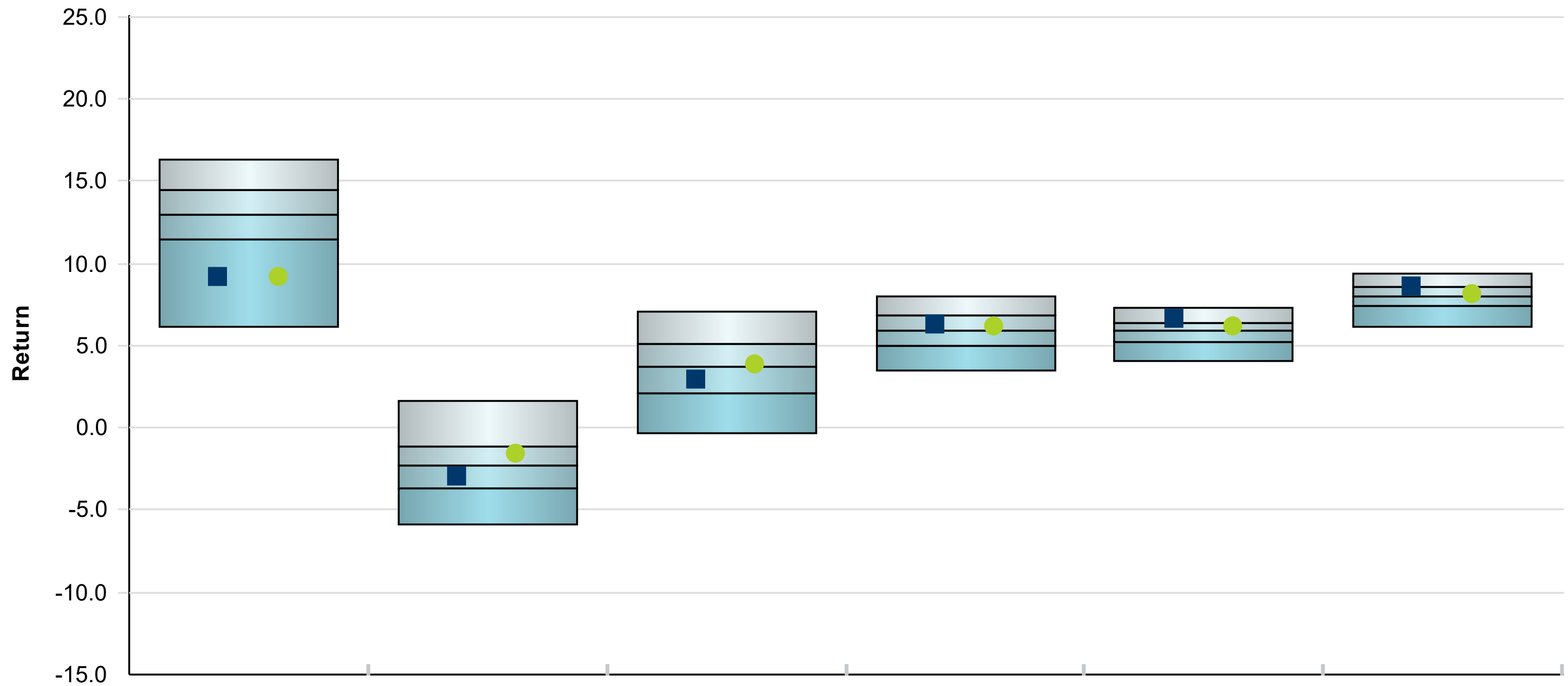
Risk and Return 07/1/15 - 06/30/20



Plan Sponsor Peer Group Analysis

Total Fund vs All Public Plans-Total Fund

Periods Ended June 30, 2020



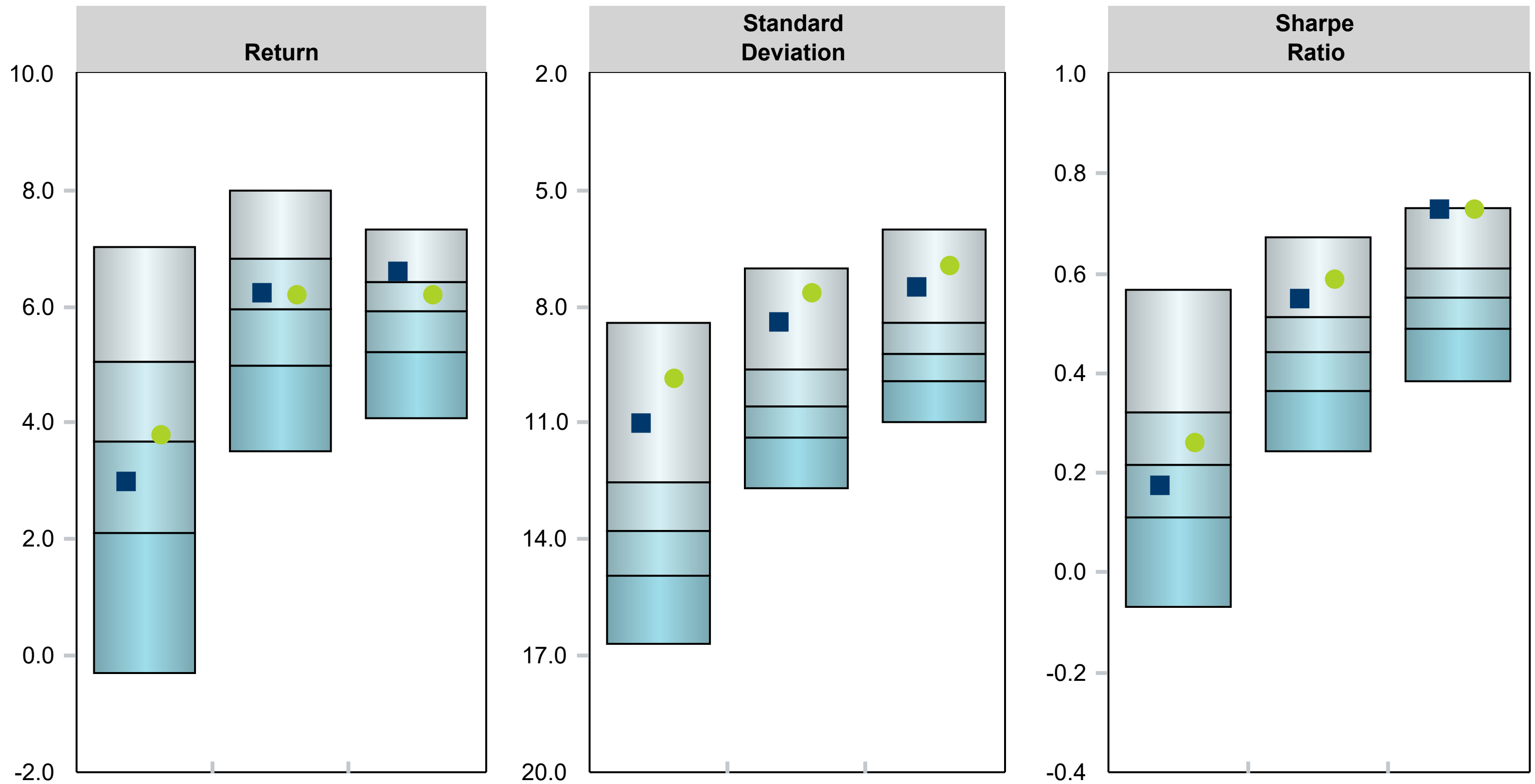
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ Total Fund	9.18 (91)	-2.99 (63)	2.96 (63)	6.22 (43)	6.58 (21)	8.55 (28)
● OSERS Policy Benchmark	9.07 (92)	-1.75 (36)	3.73 (47)	6.18 (44)	6.20 (37)	8.12 (46)
5th Percentile	16.34	1.64	7.03	7.99	7.32	9.39
1st Quartile	14.48	-1.15	5.07	6.83	6.42	8.60
Median	12.92	-2.27	3.69	5.95	5.92	8.01
3rd Quartile	11.43	-3.63	2.12	4.99	5.23	7.41
95th Percentile	6.12	-5.90	-0.30	3.52	4.08	6.10
Population	566	565	560	533	494	403

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

Total Fund

Periods Ended June 30, 2020



	Return 1 Year	Return 3 Years	Return 5 Years	Standard Deviation 1 Year	Standard Deviation 3 Years	Standard Deviation 5 Years	Sharpe Ratio 1 Year	Sharpe Ratio 3 Years	Sharpe Ratio 5 Years
■ Total Fund	2.96 (63)	6.22 (43)	6.58 (21)	11.04 (11)	8.43 (9)	7.52 (10)	0.17 (61)	0.55 (17)	0.73 (6)
● OSERS Policy Benchmark	3.73 (47)	6.18 (44)	6.20 (37)	9.86 (7)	7.68 (6)	6.95 (7)	0.26 (39)	0.59 (11)	0.73 (6)
5th Percentile	7.03	7.99	7.32	8.42	7.02	6.03	0.57	0.67	0.73
1st Quartile	5.07	6.83	6.42	12.55	9.60	8.42	0.32	0.51	0.61
Median	3.69	5.95	5.92	13.80	10.57	9.23	0.22	0.44	0.55
3rd Quartile	2.12	4.99	5.23	14.94	11.37	9.90	0.11	0.37	0.49
95th Percentile	-0.30	3.52	4.08	16.68	12.66	10.98	-0.07	0.24	0.38

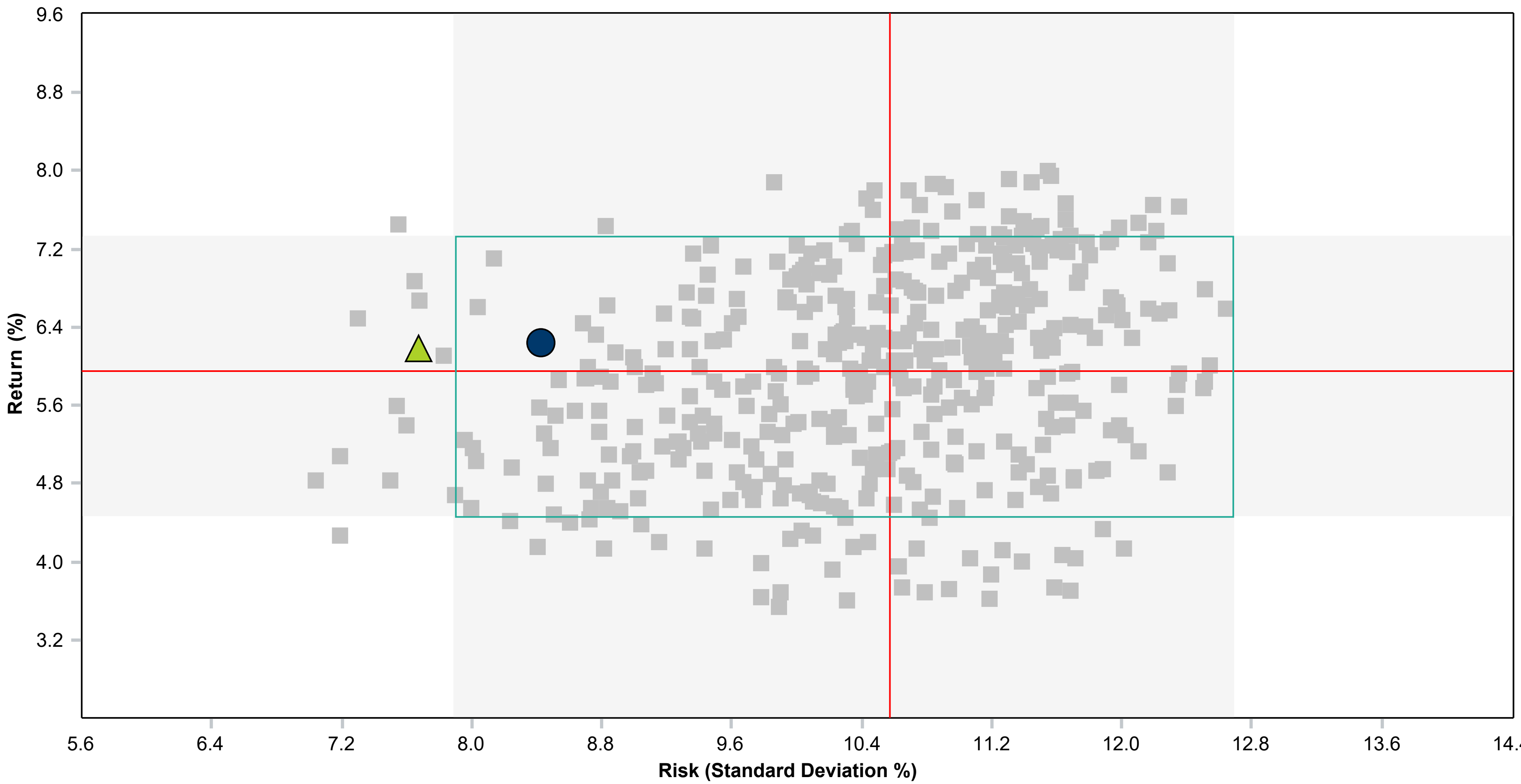
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Wilshire Consulting

Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended July 1, 2017 To June 30, 2020



	Return	Standard Deviation
Total Fund	6.22	8.43
OSERS Policy Benchmark	6.18	7.68
Median	5.95	10.57

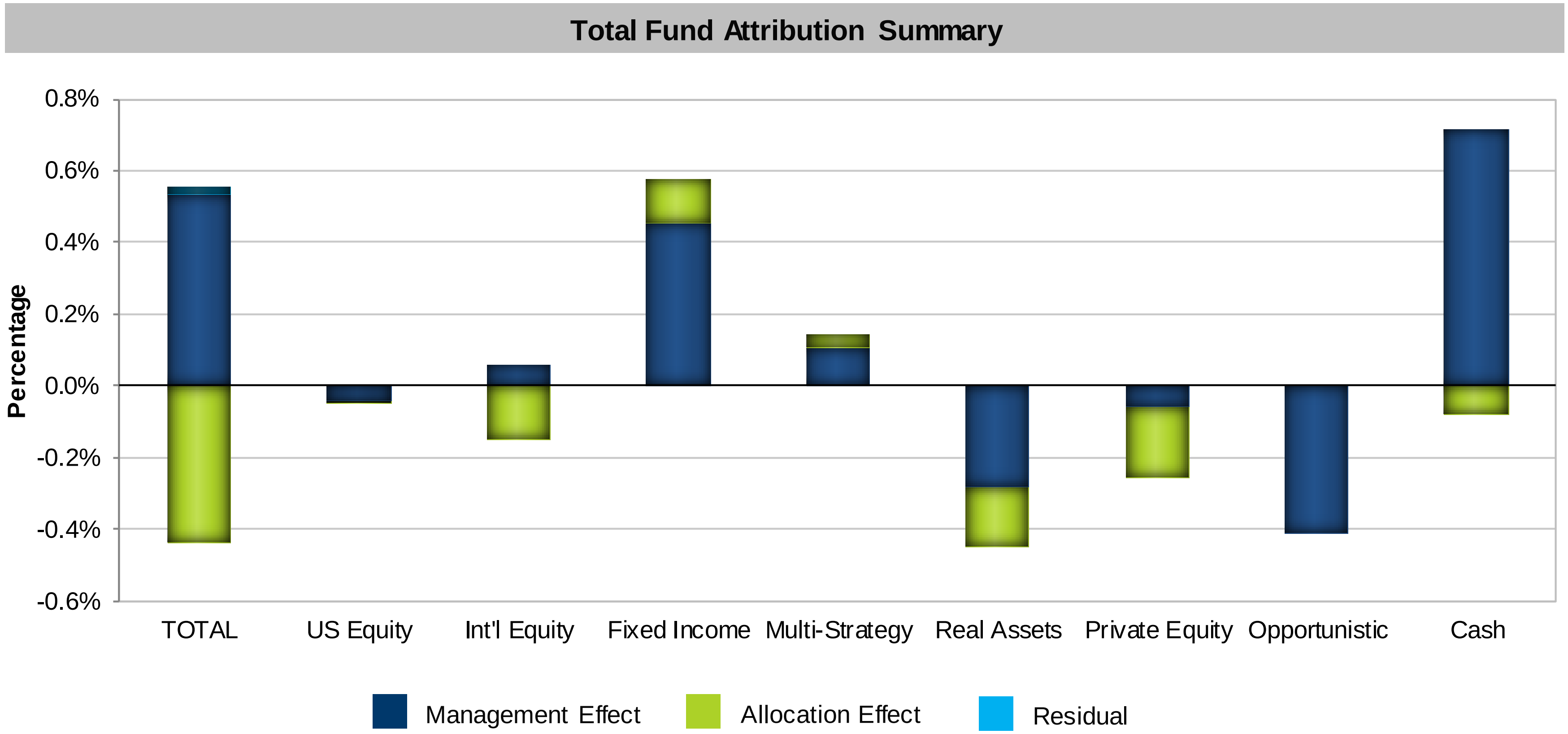
Calculation based on monthly periodicity.

Wilshire Consulting

Attribution Analysis

Total Fund

One Quarter Ending June 30, 2020



	TOTAL	US Equity	Int'l Equity	Fixed Income	Multi-Strategy	Real Assets	Private Equity	Opportunistic	Cash
Total	**0.1%**	**0.0%**	**-0.1%**	**0.6%**	**0.1%**	**-0.4%**	**-0.3%**	**-0.4%**	**0.6%**
Mgmt Effect	0.5%	0.0%	0.1%	0.5%	0.1%	-0.3%	-0.1%	-0.4%	0.7%
Allocation	-0.4%	0.0%	-0.1%	0.1%	0.0%	-0.2%	-0.2%	0.0%	-0.1%
Residual	0.0%								

Wilshire

Asset Class Performance

Total Fund

Periods Ended June 30, 2020

	QTD	YTD	Fiscal YTD	1 Year	Annualized 3 Years	5 Years	10 Years	20 Years	Since Inception	Inception Date
Total Fund	**9.2**	**-3.0**	**3.0**	**3.0**	**6.2**	**6.6**	**8.6**	**5.2**	**7.5**	**Oct-94**
OSERS Policy BM	*9.1*	*-1.7*	*3.7*	*3.7*	*6.2*	*6.2*	*8.1*	*5.4*	*7.7*	
Value Added	0.1	-1.2	-0.8	-0.8	0.0	0.4	0.4	-0.2	-0.2	
Global Equities	**19.2**	**-6.0**	**2.7**	**2.7**	**6.0**	**6.7**	**9.7**		**7.1**	**Jul-02**
Custom Gbl Equities BM	*19.1*	*-7.3*	*0.8*	*0.8*	*5.6*	*6.2*	*9.3*		*6.8*	
Value Added	0.2	1.2	1.9	1.9	0.4	0.5	0.4		0.3	
US Equity	**21.8**	**-2.1**	**7.6**	**7.6**	**10.0**	**9.8**	**13.6**	**5.8**	**9.4**	**Oct-94**
Russell 3000 Index	*22.0*	*-3.5*	*6.5*	*6.5*	*10.0*	*10.0*	*13.7*	*6.1*	*9.7*	
Value Added	-0.2	1.3	1.1	1.1	-0.1	-0.2	-0.1	-0.4	-0.3	
Non-US Equity	**16.4**	**-10.1**	**-2.5**	**-2.5**	**2.1**	**3.5**	**5.8**	**4.0**	**6.0**	**Dec-94**
Custom Non-US Equity BM	*16.1*	*-11.0*	*-4.8*	*-4.8*	*1.1*	*2.3*	*4.9*	*3.3*	*5.4*	
Value Added	0.3	0.9	2.3	2.3	0.9	1.2	0.8	0.7	0.5	
Global Fixed Income	**5.6**	**5.7**	**8.6**	**8.6**	**5.5**	**4.7**	**4.8**	**5.9**	**6.2**	**Oct-94**
Bloomberg U.S. Aggregate	*2.9*	*6.1*	*8.7*	*8.7*	*5.3*	*4.3*	*3.8*	*5.1*	*5.7*	
Value Added	2.7	-0.4	-0.2	-0.2	0.1	0.4	0.9	0.7	0.5	
Multi-Asset Strategies	**9.1**	**-2.6**	**-0.4**	**-0.4**	**2.2**	**2.1**	**4.0**		**3.3**	**Jun-08**
Custom MAS BM	*7.6*	*-1.5*	*1.1*	*1.1*	*3.1*	*2.4*	*3.5*		*2.6*	
Value Added	1.4	-1.1	-1.4	-1.4	-0.9	-0.3	0.5		0.7	
Global Private Equity	**-7.5**	**-4.2**	**2.6**	**2.6**	**12.3**	**13.0**	**14.6**	**3.9**	**12.0**	**Oct-94**
Custom Gbl Private Equity BM	*-7.0*	*-2.7*	*1.9*	*1.9*	*10.0*	*9.8*	*12.7*	*7.5*	*12.0*	
Value Added	-0.5	-1.5	0.7	0.7	2.3	3.2	1.9	-3.6	-0.0	
Global Real Assets	**-1.0**	**0.1**	**4.2**	**4.2**	**7.7**	**8.6**	**10.8**	**6.4**	**7.4**	**Sep-94**
Custom Gbl Real Assets BM	*0.7*	*2.3*	*5.3*	*5.3*	*6.4*	*7.6*	*10.2*	*8.9*	*9.4*	
Value Added	-1.7	-2.2	-1.0	-1.0	1.3	1.0	0.7	-2.5	-2.0	
Opportunistic & Tactical	**-6.6**	**-8.3**	**-7.7**	**-7.7**	**2.8**	**3.6**			**5.0**	**Jun-13**
OSERS Policy BM	*9.1*	*-1.7*	*3.7*	*3.7*	*6.2*	*6.2*			*6.9*	
Value Added	-15.6	-6.5	-11.4	-11.4	-3.4	-2.6			-1.9	
Cash Equivalents*	**38.1**	**-1.6**	**-0.8**	**-0.8**	**1.7**	**1.6**	**0.9**		**1.7**	**Jul-02**
FTSE 30 Day Treasury Bill	*0.0*	*0.4*	*1.4*	*1.4*	*1.6*	*1.1*	*0.6*		*1.2*	
Value Added	38.1	-2.0	-2.2	-2.2	0.0	0.5	0.3		0.5	

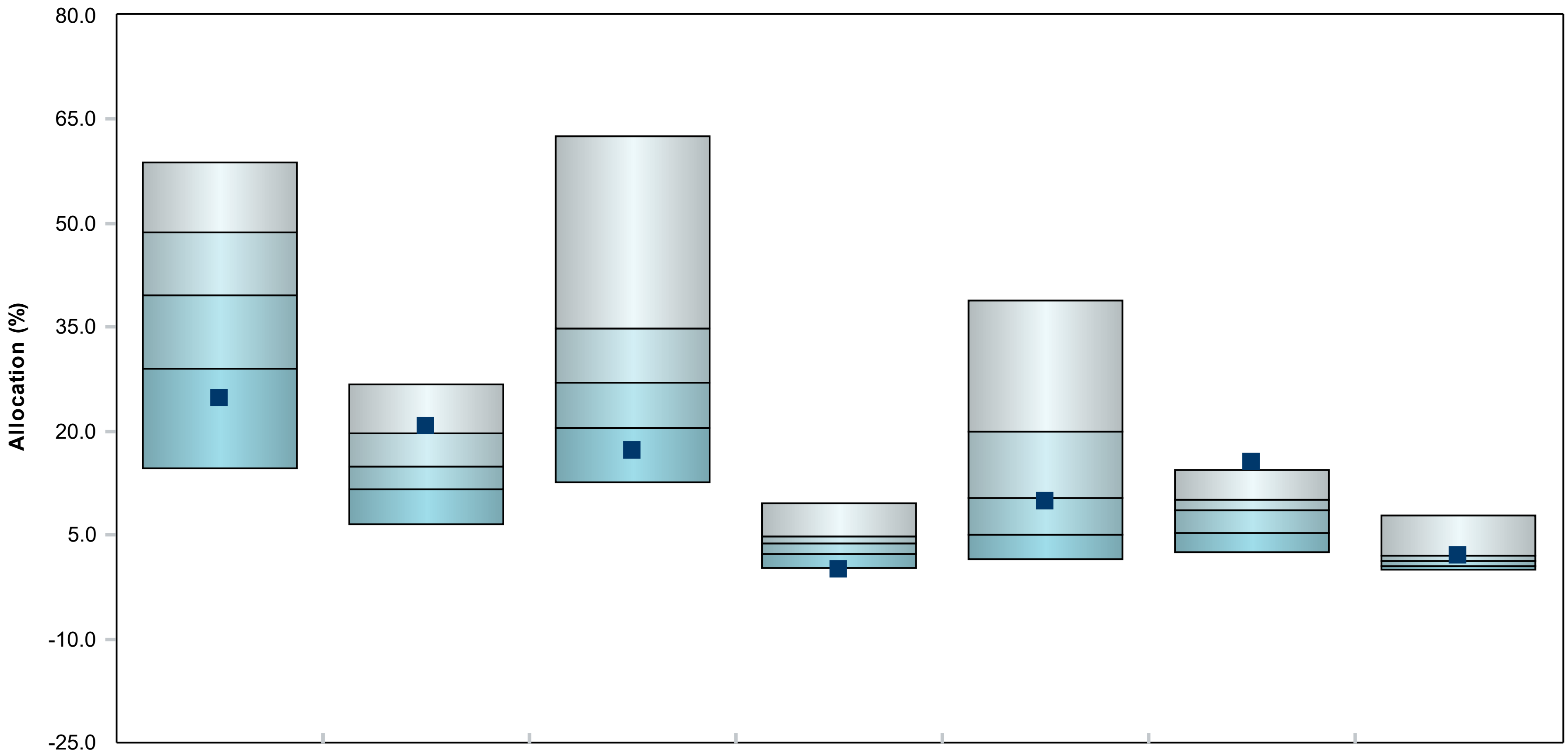
*Cash Equivalents includes Russell Enhanced Allocation Overlay

Wilshire Consulting

Plan Sponsor TF Asset Allocation

Total Fund vs All Public Plans-Total Fund

Periods Ended June 30, 2020



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
■ Total Fund	24.76	20.73	17.25	0.00	9.79	15.73	2.06
5th Percentile	58.72	26.62	62.70	9.56	38.97	14.32	7.89
1st Quartile	48.62	19.80	34.82	4.75	19.99	10.16	2.12
Median	39.55	14.86	27.07	3.83	10.40	8.53	1.16
3rd Quartile	29.13	11.68	20.51	2.30	4.96	5.23	0.56
95th Percentile	14.74	6.67	12.51	0.13	1.51	2.54	0.08

US EQUITY

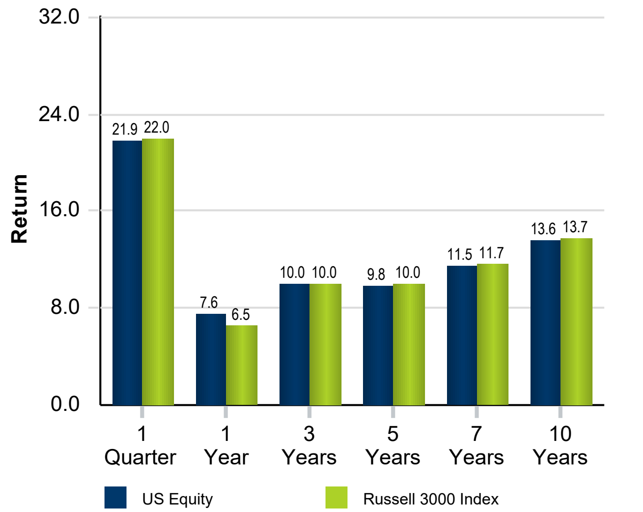
Wilshire Consulting

Performance Summary

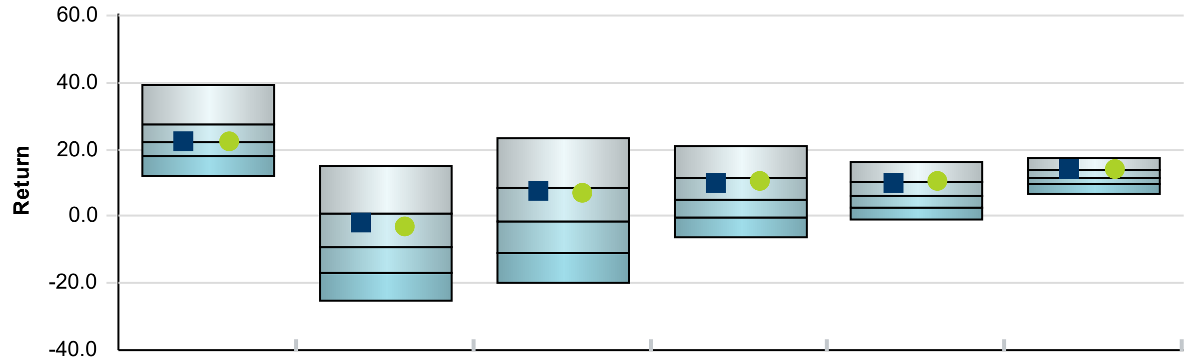
US Equity

Periods Ended June 30, 2020

Comparative Performance

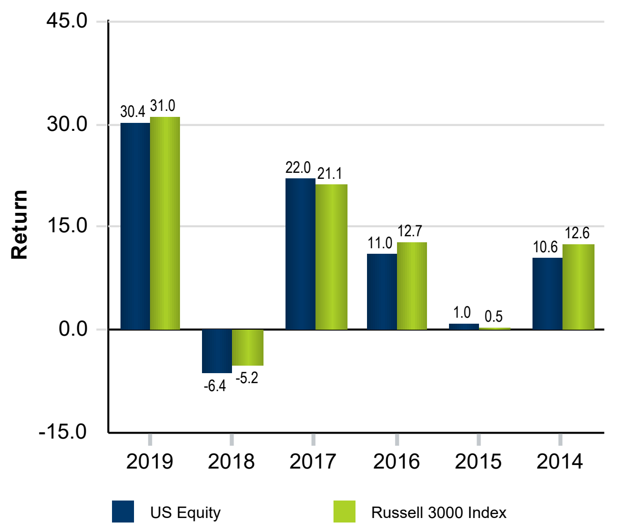


Peer Group Analysis: IM U.S. Equity (SA+CF)

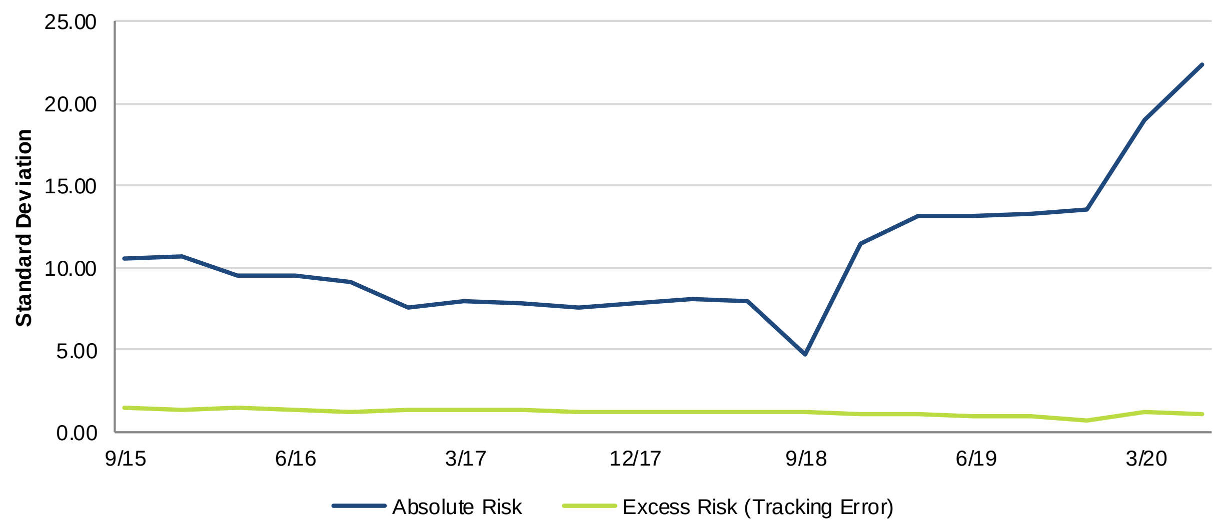


	Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Fund	21.85 (52)	-2.12 (31)	7.62 (27)	9.96 (32)	9.81 (28)	13.59 (31)
Benchmark	22.03 (51)	-3.48 (35)	6.53 (31)	10.04 (32)	10.03 (27)	13.72 (29)
Median	22.03	-9.10	-1.75	5.19	6.20	11.43

Comparative Performance



Rolling 3 Year Risk Statistics



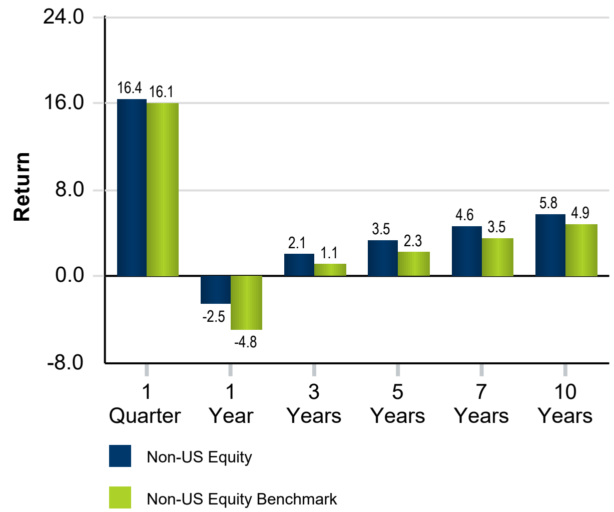
NON-US EQUITY

Performance Summary

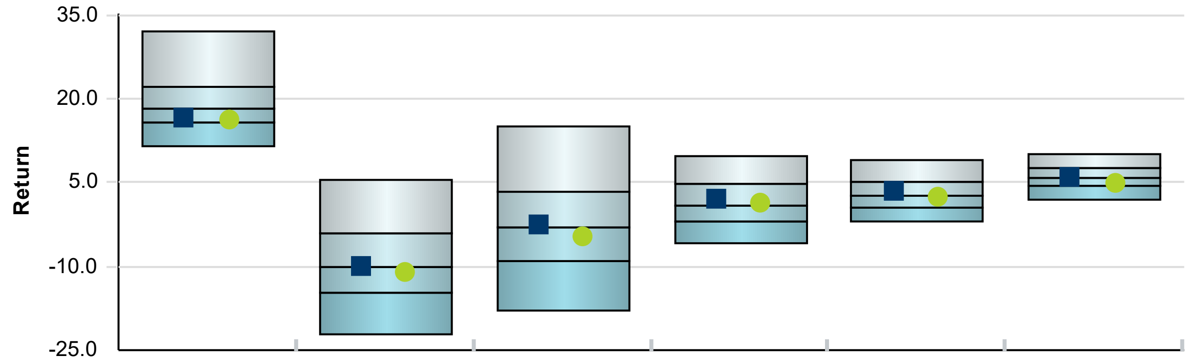
Non-US Equity

Periods Ended June 30, 2020

Comparative Performance

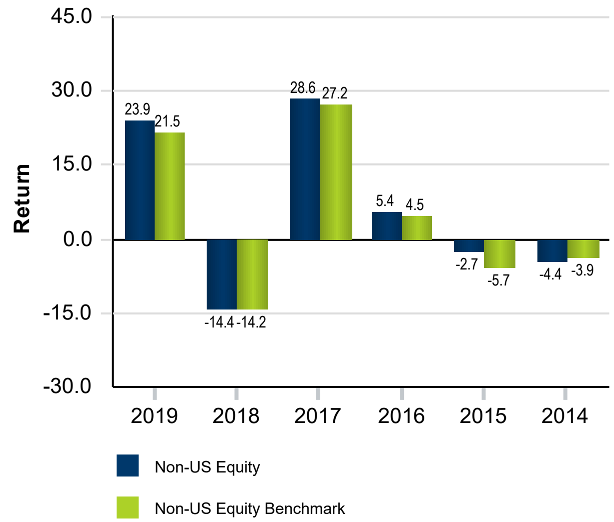


Peer Group Analysis: IM International Equity (SA+CF)

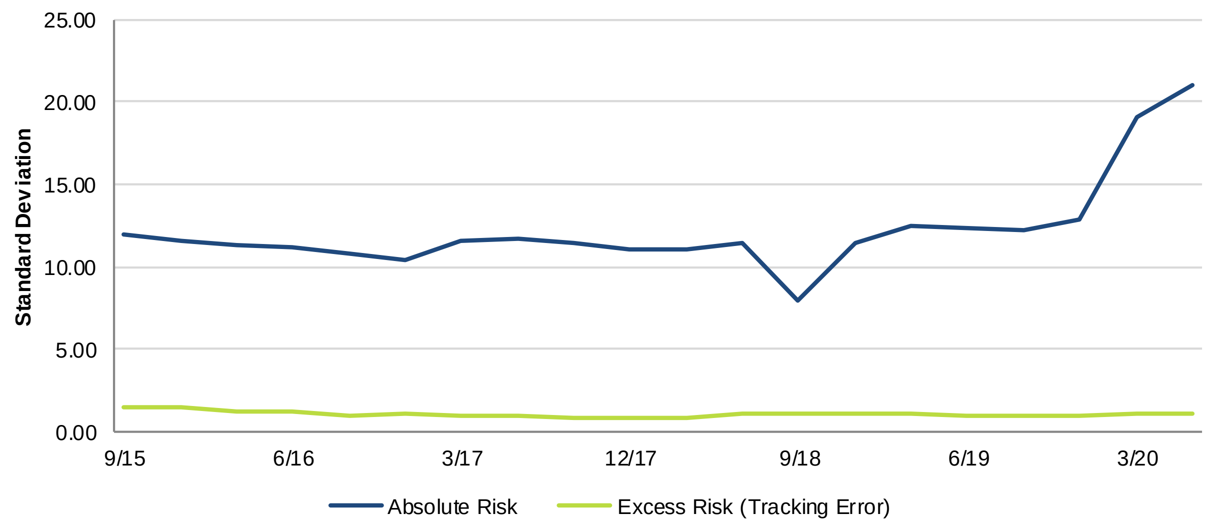


	Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Fund	16.41 (70)	-10.13 (51)	-2.53 (48)	2.06 (41)	3.49 (42)	5.77 (56)
Benchmark	16.12 (72)	-11.00 (57)	-4.80 (58)	1.13 (49)	2.26 (55)	4.94 (70)
Median	18.36	-9.99	-3.08	0.98	2.71	6.03

Comparative Performance



Rolling 3 Year Risk Statistics



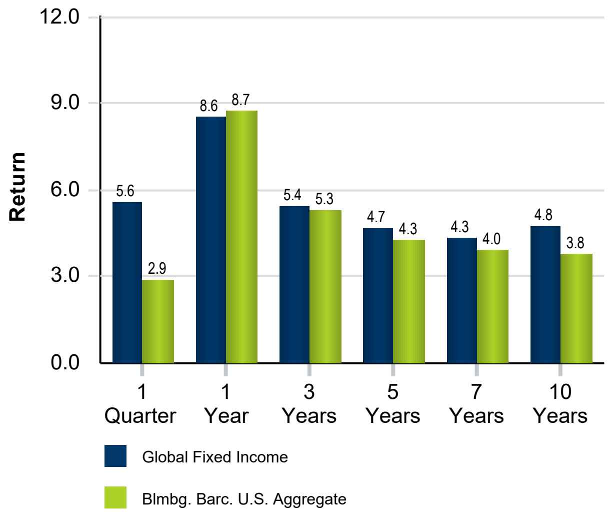
GLOBAL FIXED INCOME

Performance Summary

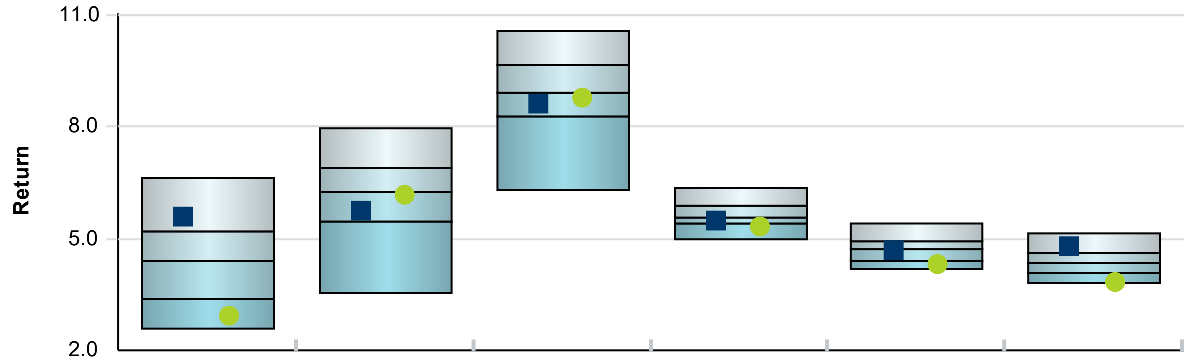
Global Fixed Income

Periods Ended June 30, 2020

Comparative Performance

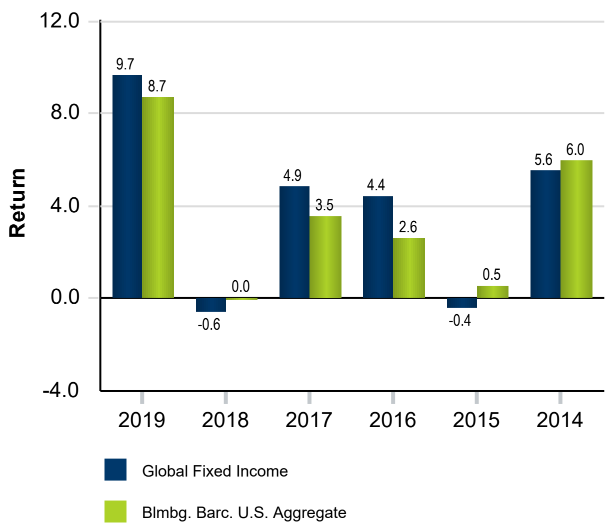


Peer Group Analysis: IM U.S. Broad Market Core Fixed Income (SA+CF)

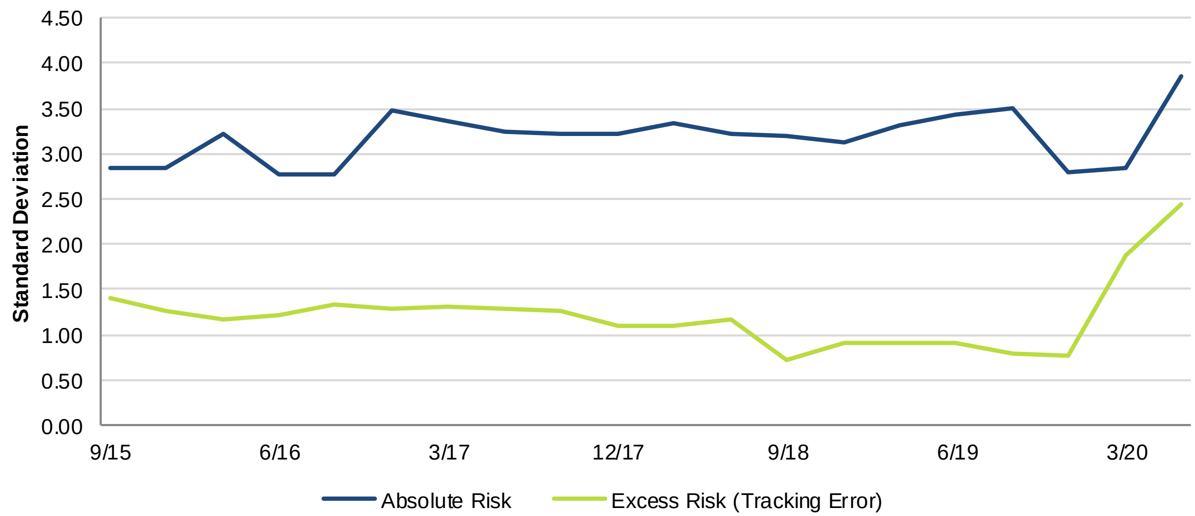


	Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Fund	5.55 (18)	5.73 (68)	8.58 (71)	5.45 (64)	4.67 (53)	4.75 (21)
Benchmark	2.90 (90)	6.14 (60)	8.74 (68)	5.32 (84)	4.30 (90)	3.82 (96)
Median	4.42	6.24	8.93	5.57	4.70	4.34

Comparative Performance



Rolling 3 Year Risk Statistics



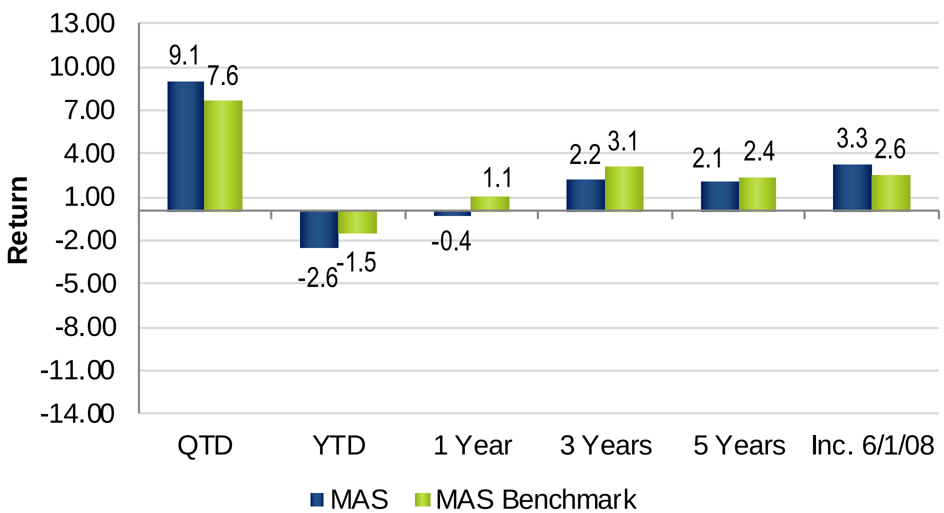
MULTI-ASSET STRATEGIES

Manager Summary

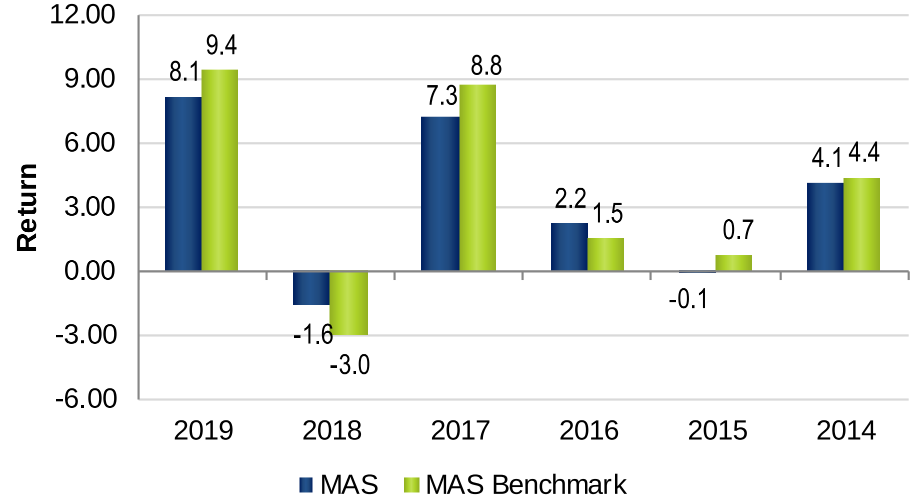
Multi-Asset Strategies

Periods Ended June 30, 2020

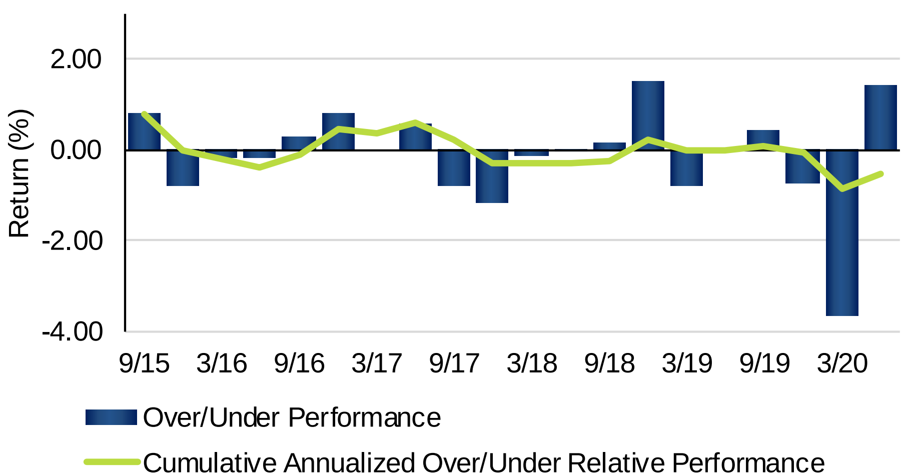
Comparative Performance



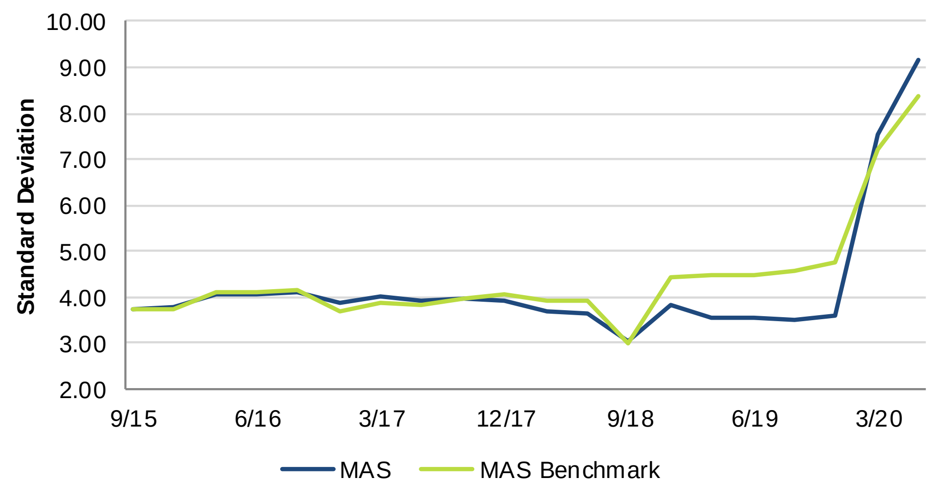
Comparative Performance



Relative Performance



3-Yr Rolling Absolute Risk Statistics



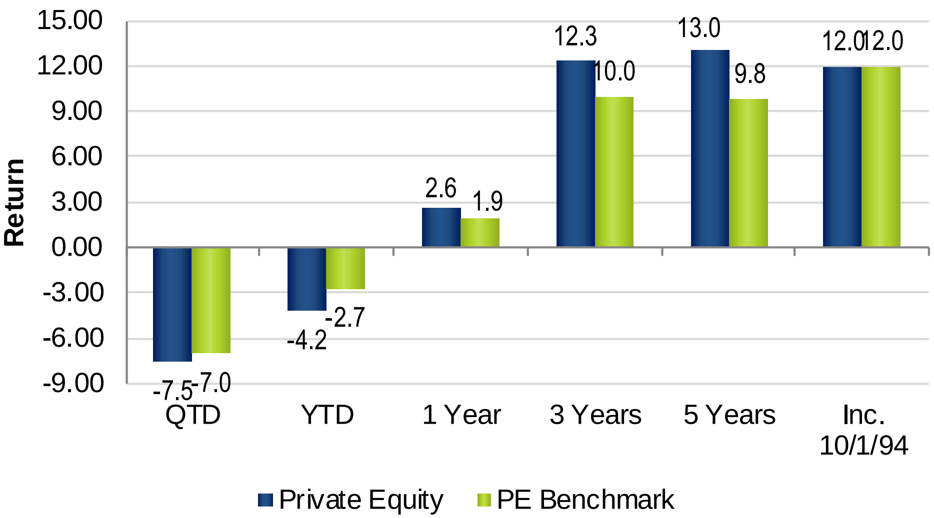
GLOBAL PRIVATE EQUITY

Manager Summary

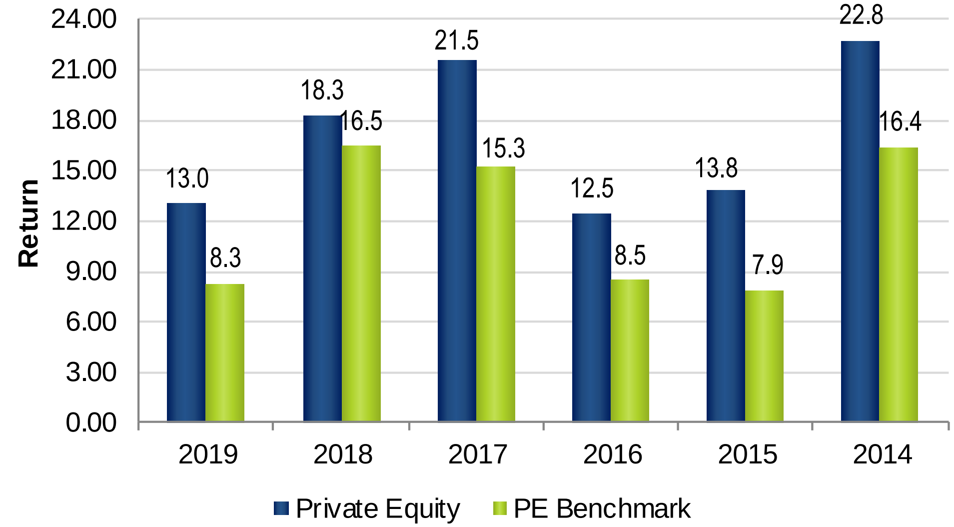
Global Private Equity

Periods Ended June 30, 2020

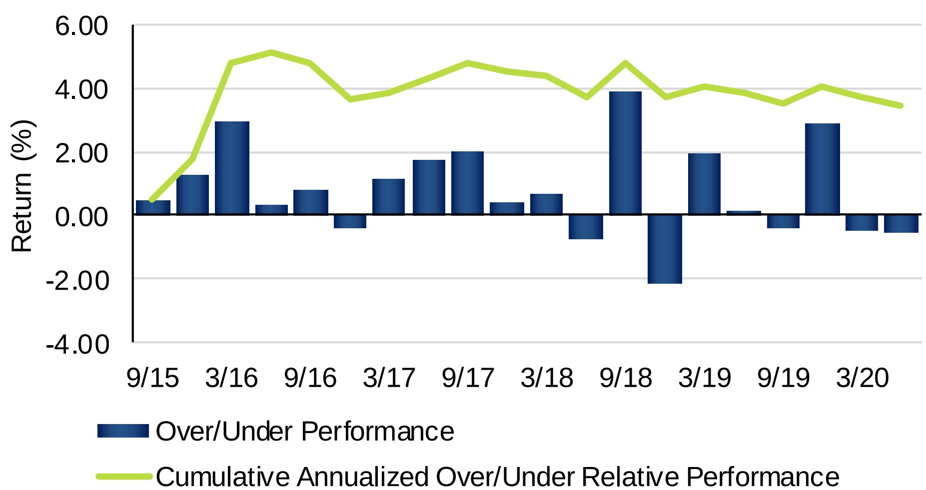
Comparative Performance



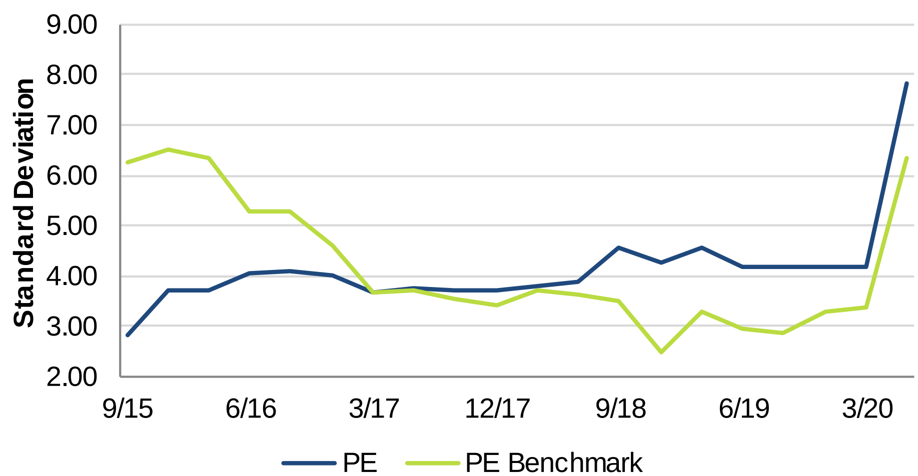
Comparative Performance



Relative Performance



3-Yr Rolling Absolute Risk Statistics



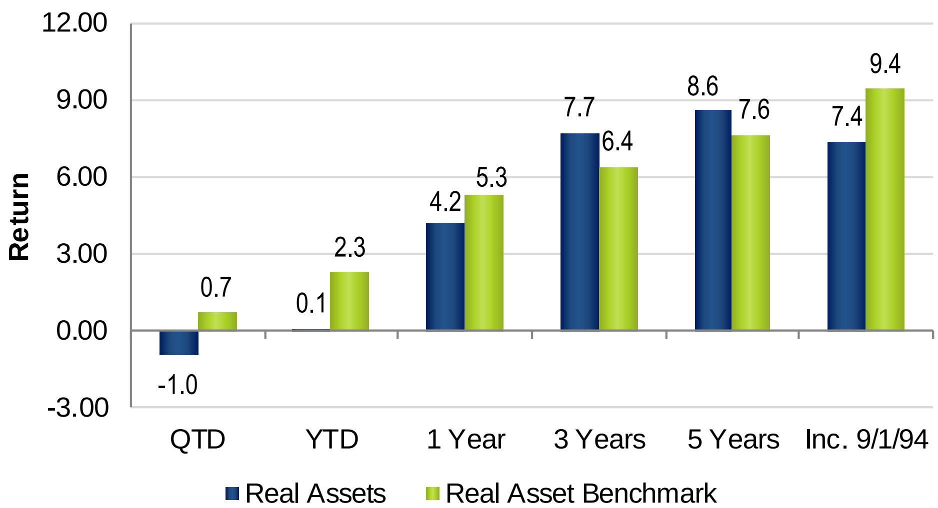
GLOBAL REAL ASSETS

Manager Summary

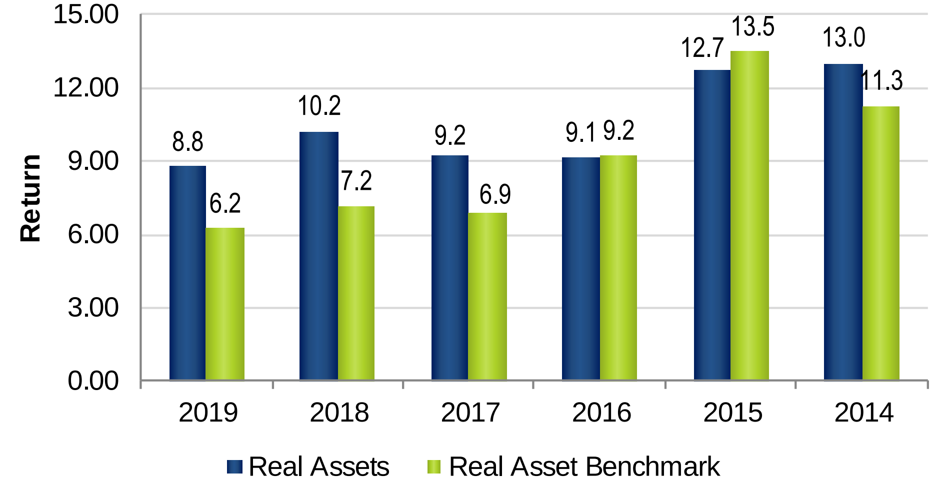
Global Real Assets

Periods Ended June 30, 2020

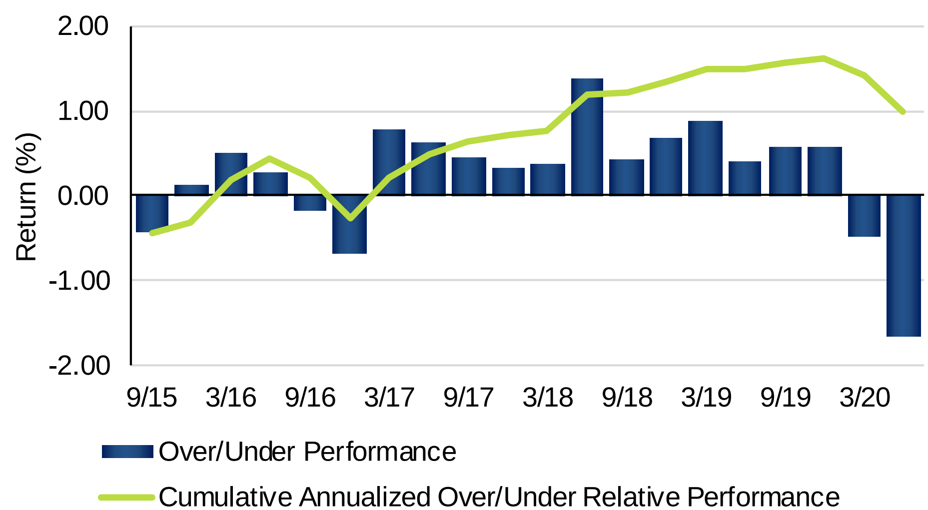
Comparative Performance



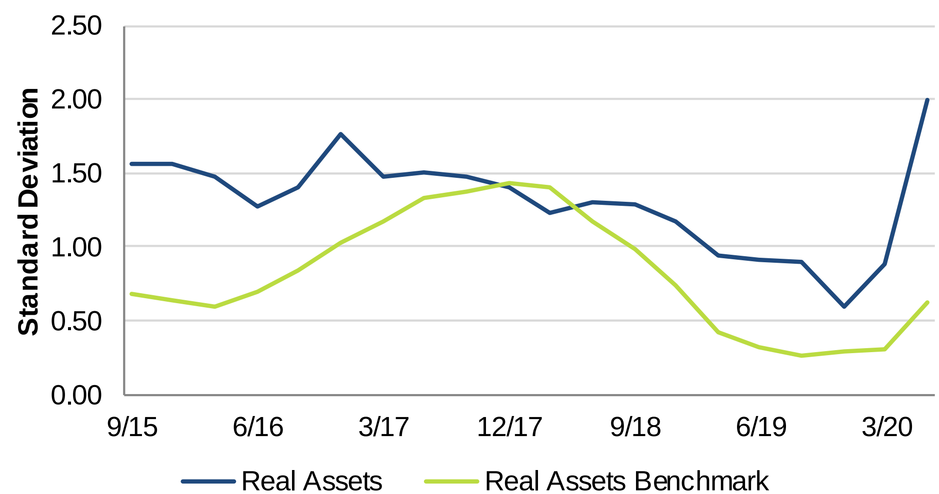
Comparative Performance



Relative Performance



3-Yr Rolling Absolute Risk Statistics



OPPORTUNISTIC

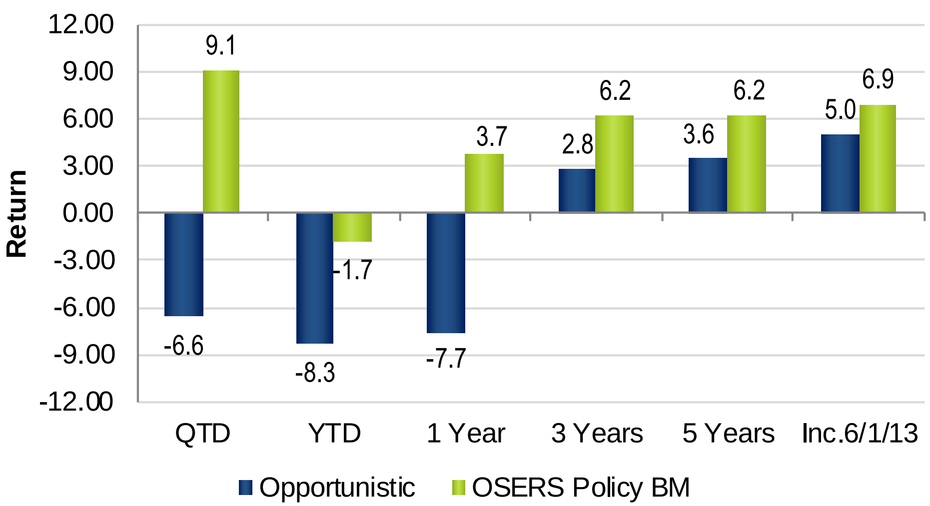
Wilshire Consulting

Manager Summary

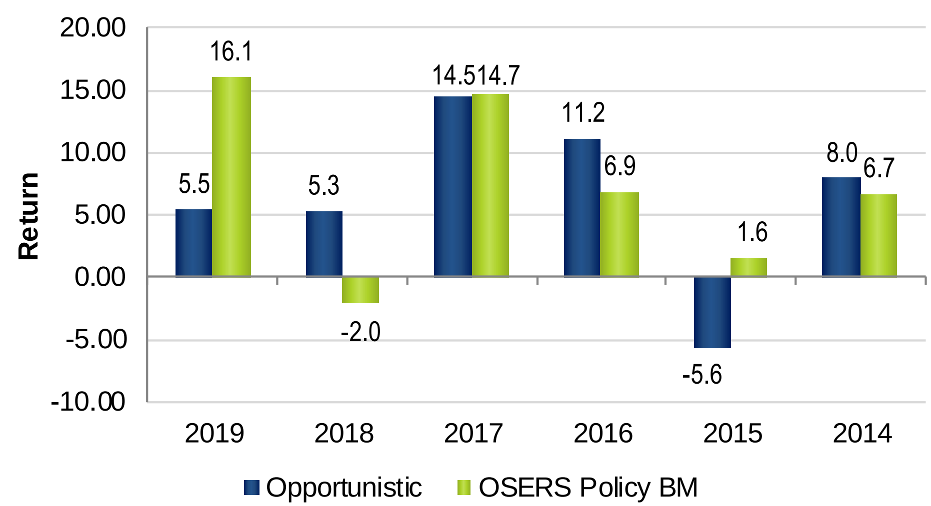
Opportunistic

Periods Ended June 30, 2020

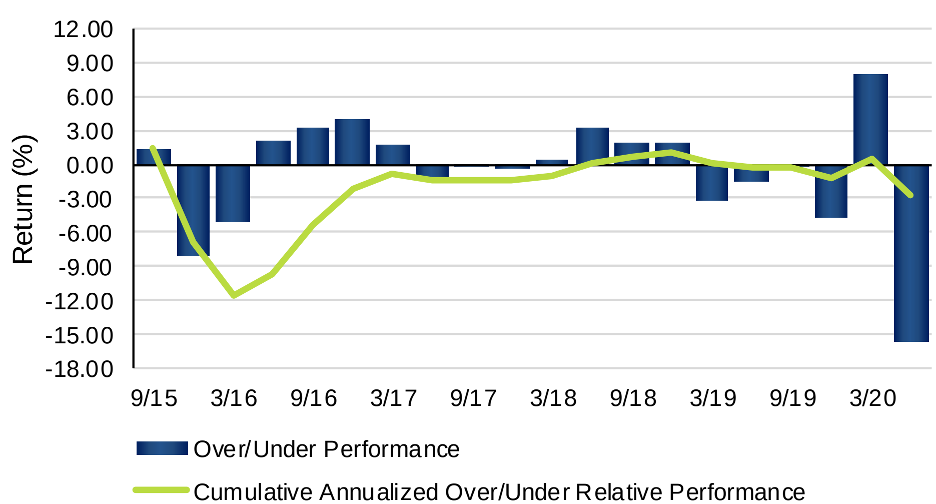
Comparative Performance



Comparative Performance



Relative Performance



ITEM 4.

QUARTERLY INVESTMENT REPORT

- **Review of the Investment Blue Book (Periods ending June 30 and July 31, 2020)**

Ohio SERS Investment Report

Monthly Report to the Board

For the periods ending:
June 30 and July 31, 2020

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: September 2020

Serving the People Who Serve Our Schools®

Investment Agenda

Wilshire Quarterly Performance Report (June 30, 2020)
Investment Report (June 30 & July 31, 2020)

Economic and Financial Market Outlook

Ohio SERS Investment Report

Month Ending: 07/31/2020

- Q2 2020 US real GDP fell at a 31.7% annual rate. The main drivers of Q1 contraction were negative contributions mostly from personal consumption expenditures (PCE), exports, private inventory investment, and non-residential and residential fixed investment. However, the August Blue Chip Economic Indicators forecasted a strong growth at 18.7% annual rate in Q3. *(Source: Bureau of Economic Analysis and Blue Chip Economic Indicators)*

- The US labor market continued to recover with a gain of 1.8 million jobs in July, although it was significantly lower than 4.8 million in June; the unemployment rate fell to 10.2% in July. (*Sources: Bureau of Labor Statistics and Department of Labor)*

- The US headline inflation increased to 1.0% in July, a significant increase from 0.6% in June. Over the last 12 months, the energy index declined 11% while the food index increased 4%. The core inflation, excluding food and energy was 1.6% in July. *(Source: Bureau of Labor Statistics).*

- The 10-year Treasury nominal yield was 55 bps in July. The 10- year real yield was -45 bps.

- The housing market, S&P Case-Shiller 20-City home price index, posted an annual gain of 3.5% in June, down from 4.9% in April.

- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan increased to 74.1 in August from 72.3 in May, down 17.5% from a year ago. The US and Global Economic Surprise indices surged to record high levels of 246 and 90.5, respectively. The Leading Economic Index (LEI) issued by the Conference Board increased to 104.4 in July, from 100 in May.

- The US manufacturing PMI improved from 54.2 in July to 56 in August, indicating accelerated expansion. The JPMorgan PMI manufacturing Index also came out from the sub-50 territory in June and reached to 51.8 in August. *(Source: Institute for Supply Management, Markit).*

- Equity markets continued to rally in July. USE equity markets gained 5.6% in July. The non-US developed and emerging markets also delivered positive gains of 2.7% and 8.9%, respectively, for July,

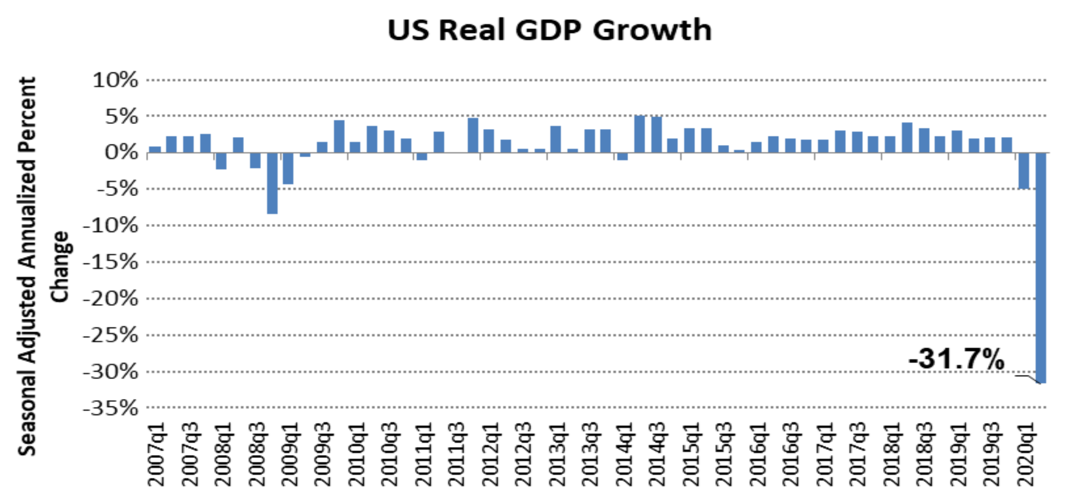
- The US fixed income markets, Bloomberg Barclay's US Aggregate Bond Index, gained 1.5% for July.

Notes: Acronym – PMI – Purchasing-Managers' Index

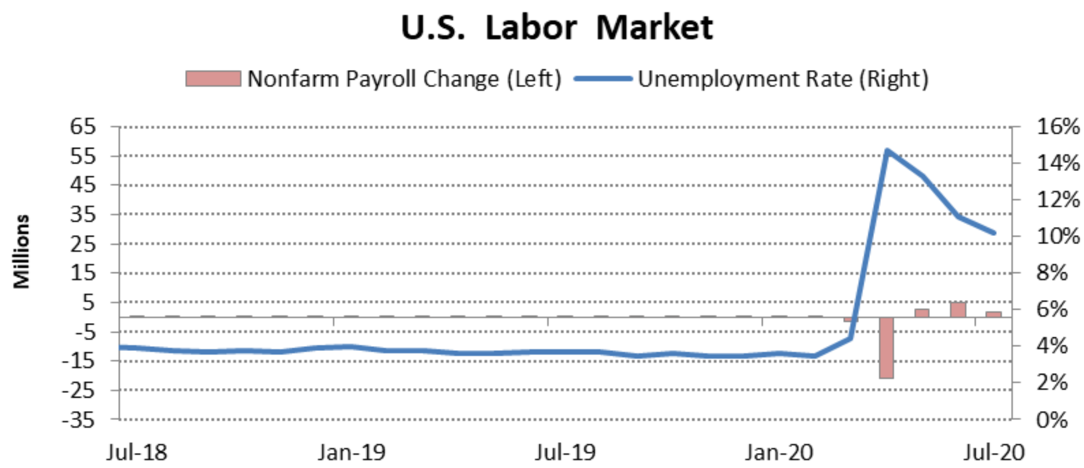
Ohio SERS Investment Report

Month Ending: 07/31/2020

ECONOMY US Real GDP Growth and Labor Market



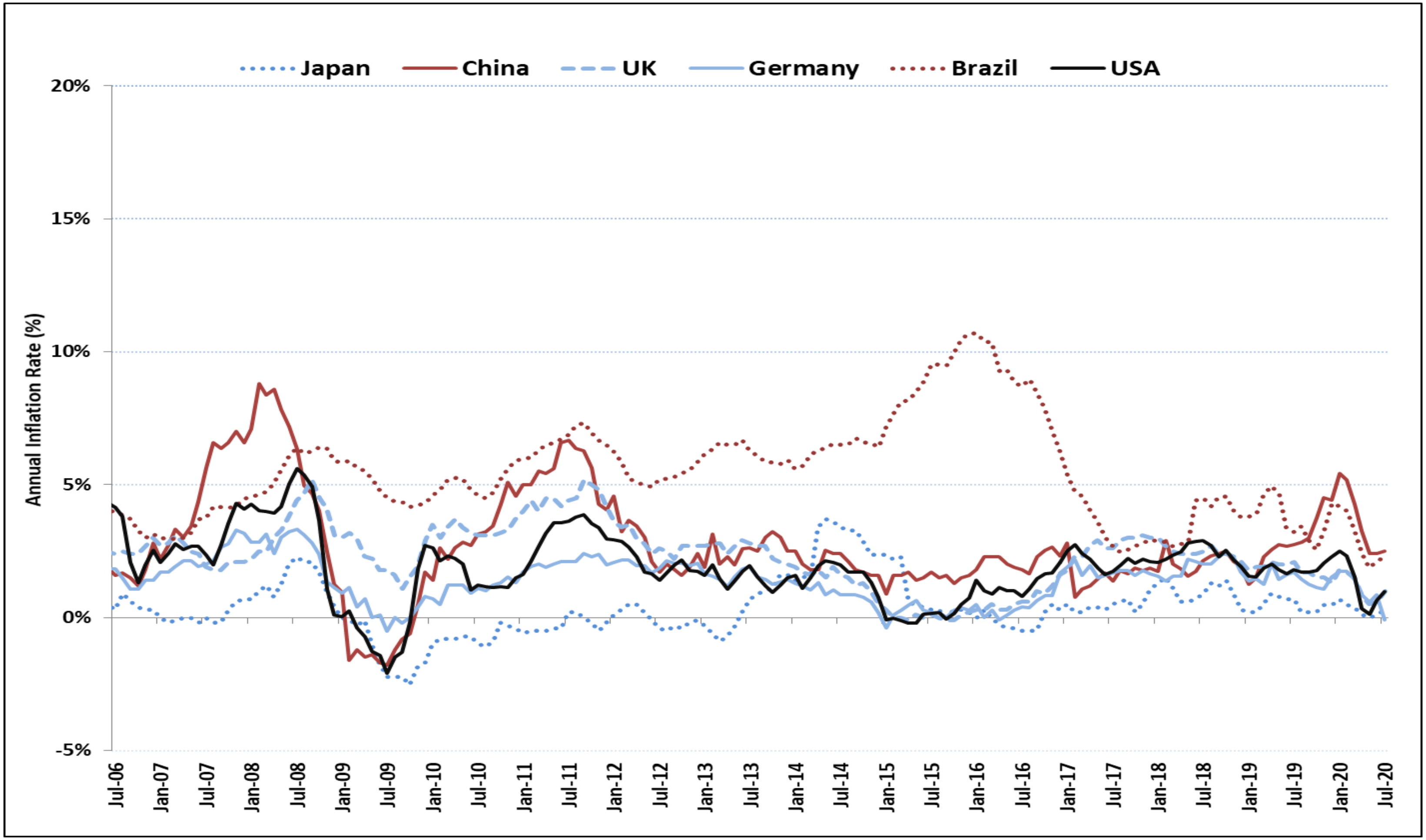
Source: Bureau of Economic Analysis



Source: Bureau of Labor Statistics

Month Ending: 07/31/2020

ECONOMY Headline Inflation

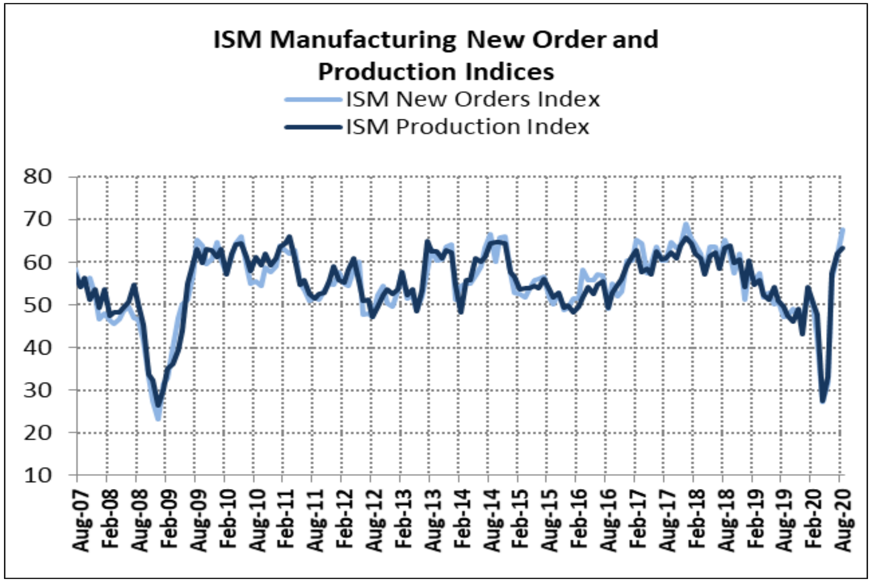


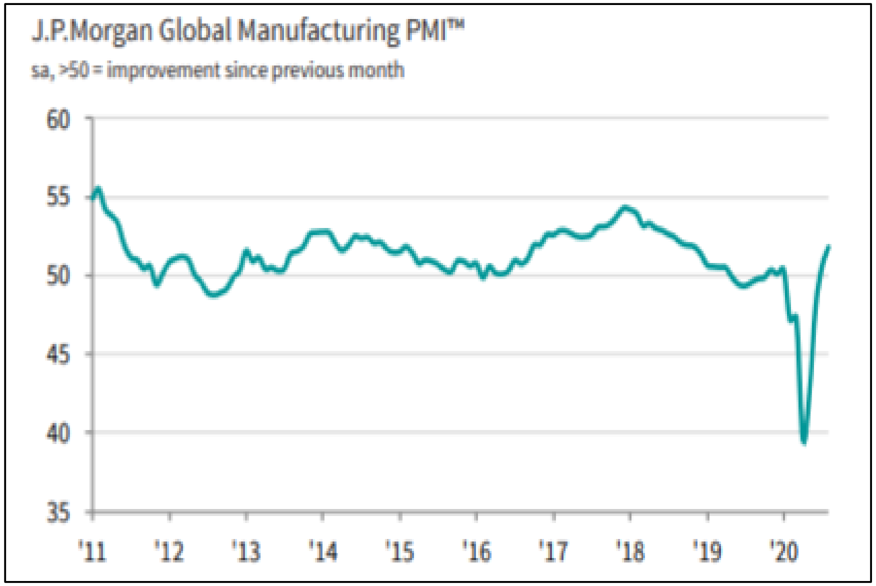
	Japan	China	UK	Germany	Brazil	USA
Jul-20	0.3	2.5	1.0	-0.1	2.3	1.0

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com

Month Ending: 07/31/2020

ECONOMY US & Global Manufacturing Activities



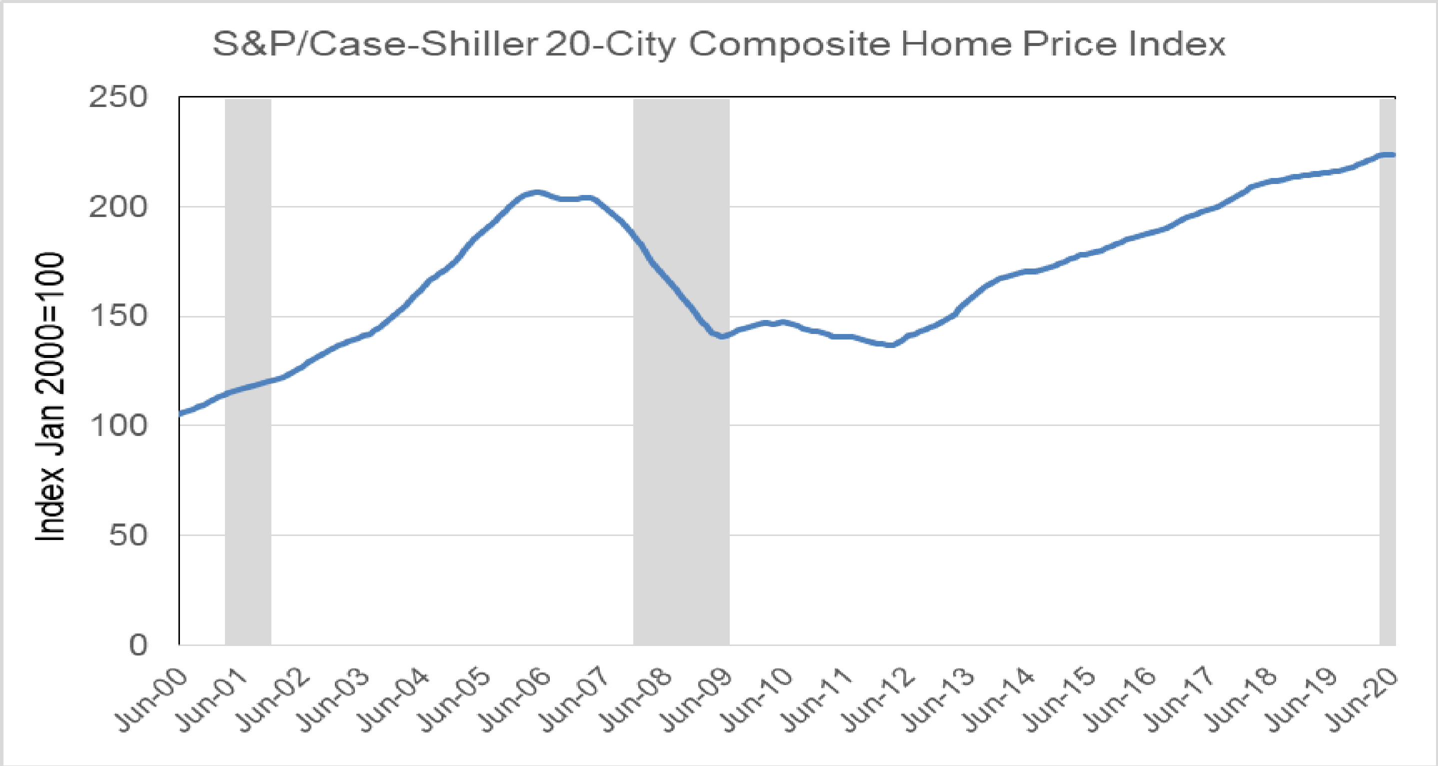


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index

Ohio SERS Investment Report

Month Ending: 07/31/2020

ECONOMY US Housing Market



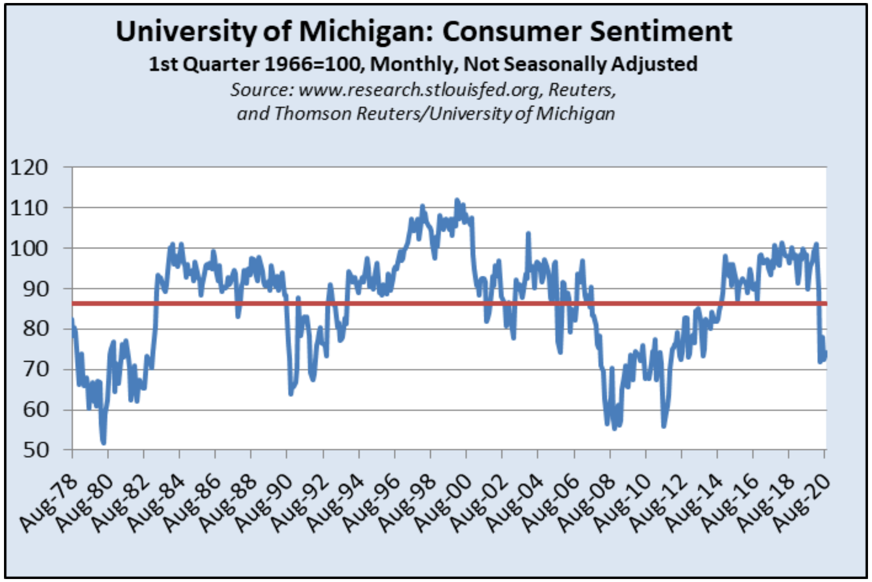
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-16	188.71
Jul-17	199.89
Jul-18	211.74
Jul-19	216.09
Jun-20	223.50

Sources: www.research.stlouisfed.org

Ohio SERS Investment Report
ECONOMY

Month Ending: 07/31/2020

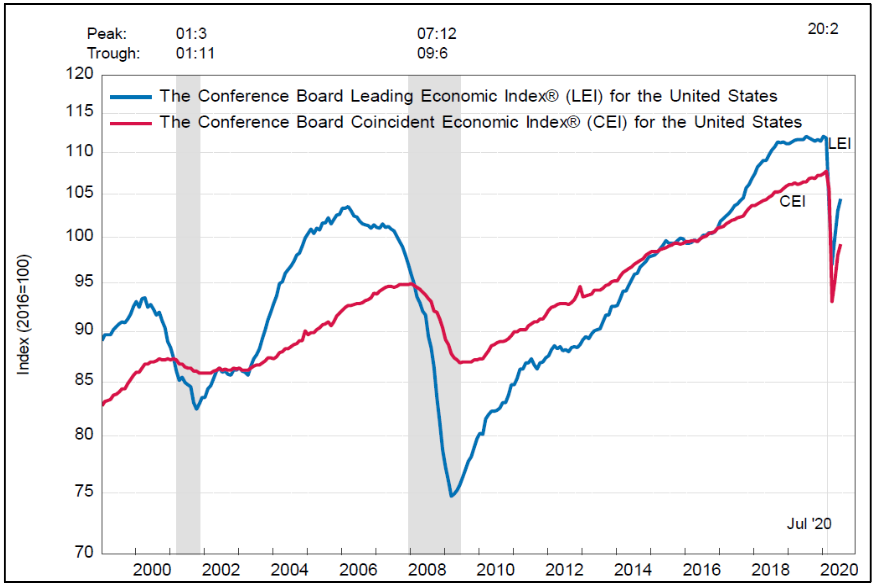
Consumer Sentiment



Index of Consumer Sentiment				
Jul-20	Aug-20	Aug-19	M-M Change	Y-Y Change
72.5	74.1	89.8	2.2%	-17.5%

Source: Thomson Reuters / University of Michigan

The Leading Economic Index (LEI) and Coincident Economic Index (CEI) for the United States



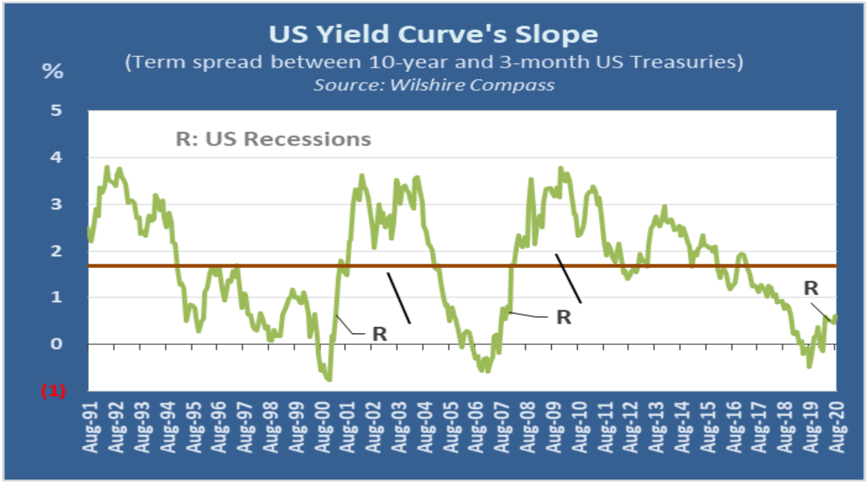
Shaded areas represent US recessions

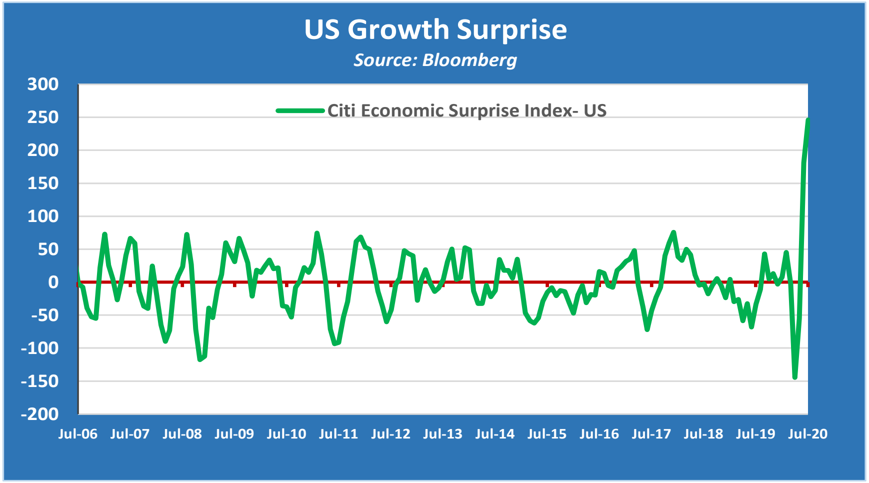
Index	May-20	Jun-20	Jul-20	Month -Month Percent Change	6-Month Percent Change
LEI	100	103.0 r	104.4 p	1.4	-6.8
CEI	95.2 r	98.0 r	99.2 p	1.2	-7.6

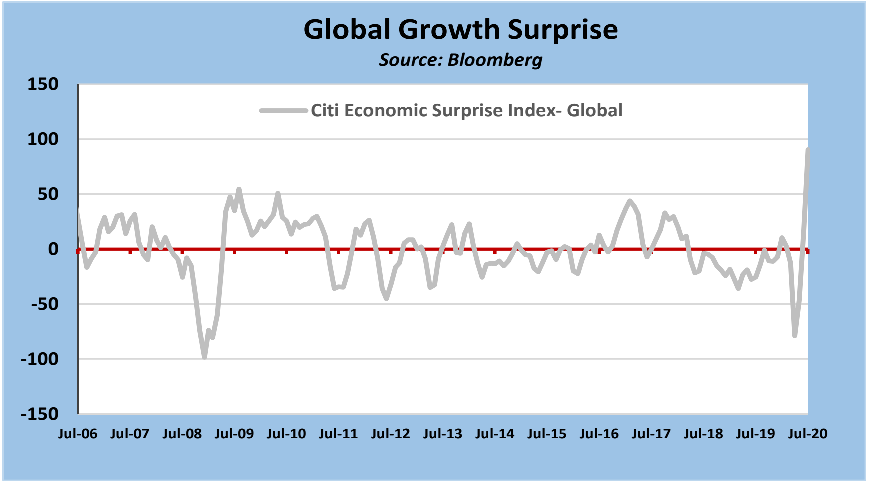
Sources: The Conference Board and advisorperspectives.com

Ohio SERS Investment Report
ECONOMY

Month Ending: 07/31/2020



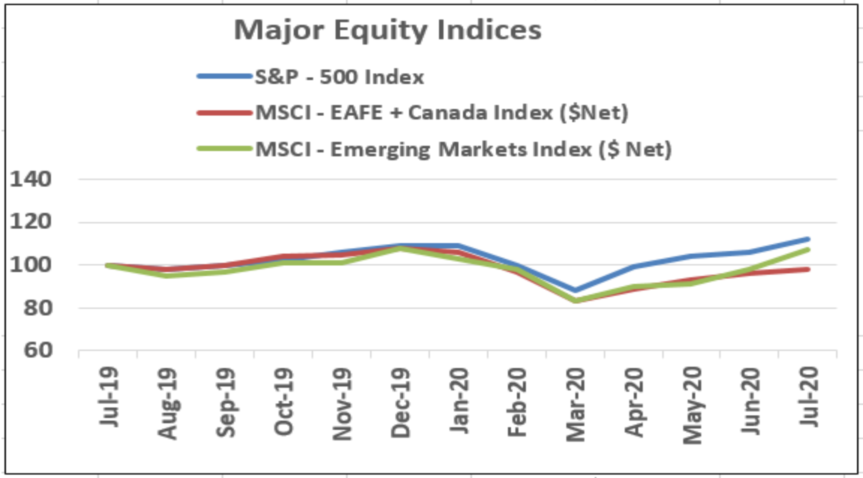


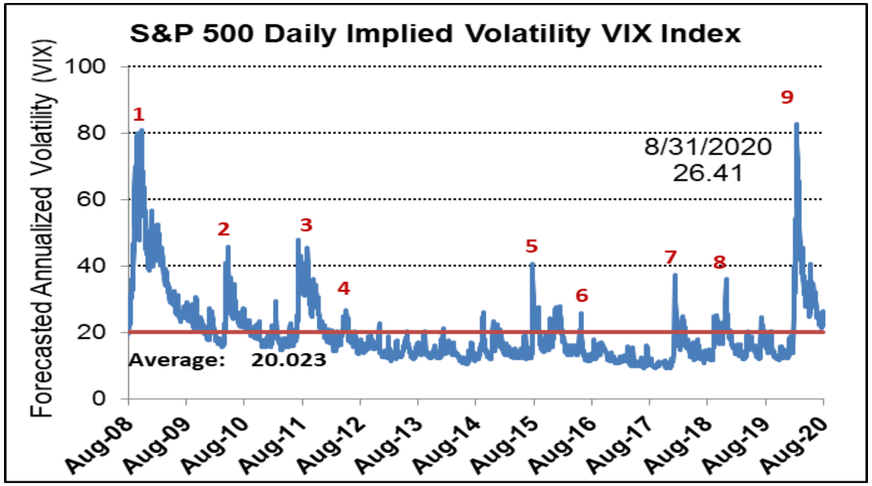


Ohio SERS Investment Report

MARKETS **Equity**

Month Ending: 07/31/2020





	Return as of 7/31/2020	
	1 Year	**FYTD**
S&P 500	11.96	5.64
MSCI - EAFE + Canada Index ($Net)	-1.72	2.66
MSCI - Emerging Markets Index ($Net)	6.55	8.94

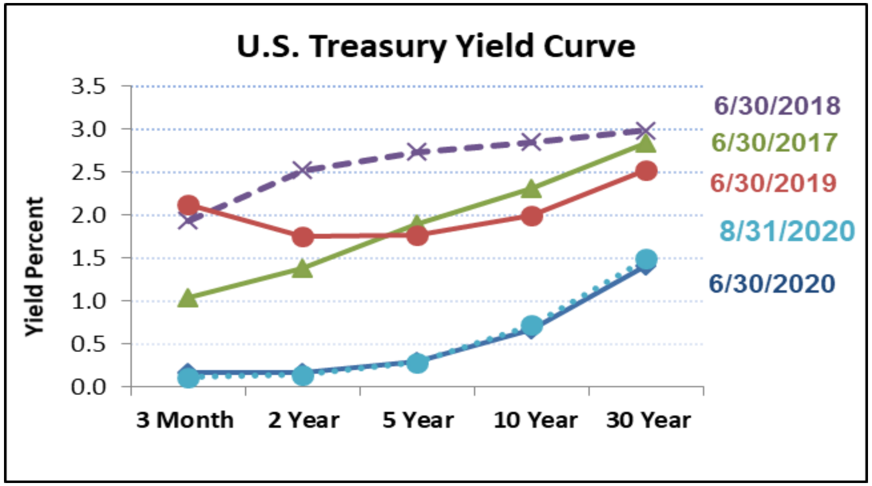
1	2008 (Nov.)	Financial Crisis S&P 500: - 48.8%
2	2010 (May)	Flash crash; Europe/ Greece debt S&P 500: -16%
3	2011 (Aug.)	US downgrade, Europe periphery S&P 500: -19.4%
4	2012 (June)	Eurozone double dip S&P 500: -9.9%
5	2015 (Aug.)	Global slowdown, China, Fed S&P 500: -12.4%
6	2016 (Feb.)	Oil crash, US recession fear, China S&P 500: -10.5%
7	2018 (Feb.)	Inflation, trade, tech S&P 500 : -10.2%
8	2018 (Dec.)	Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
9	2020 (Mar.)	Coronavirus, S&P 500 : -23.7%

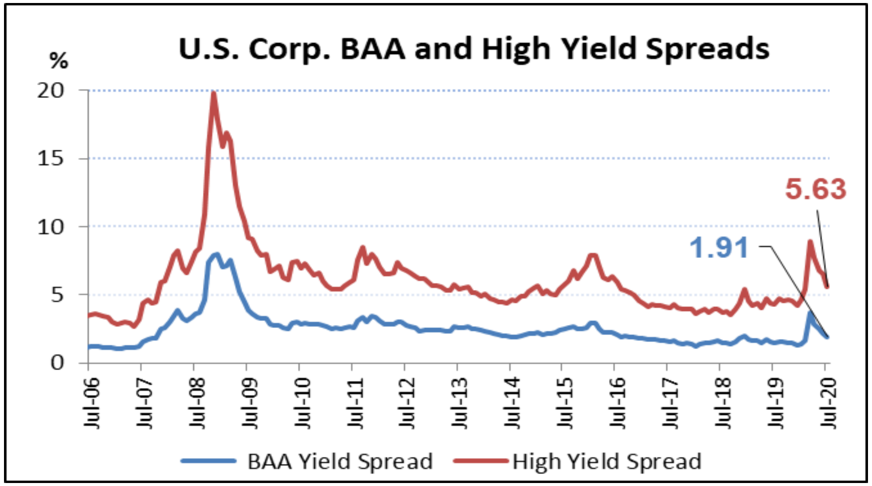
Sources: www.research.stlouisfed.org, and Wilshire Compass

Ohio SERS Investment Report

MARKETS **Fixed Income**

Month Ending: 07/31/2020



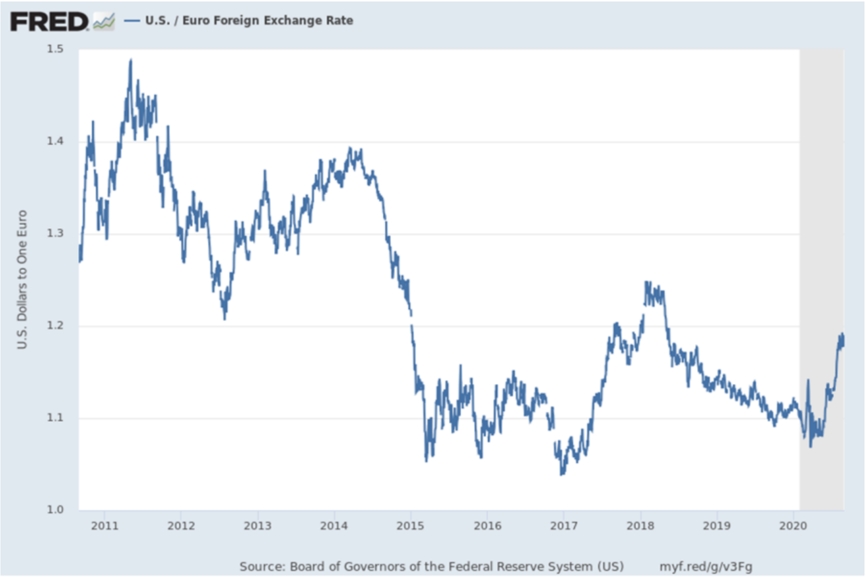


Sources: Wilshire Compass, ThomsonReuters, and Bloomberg

Ohio SERS Investment Report

MARKETS **Foreign Exchange**

Month Ending: 07/31/2020



Date	Trade Weighted Broad U.S. Dollar Index January 1997=100
June-16	112.15
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
August-20	116.32

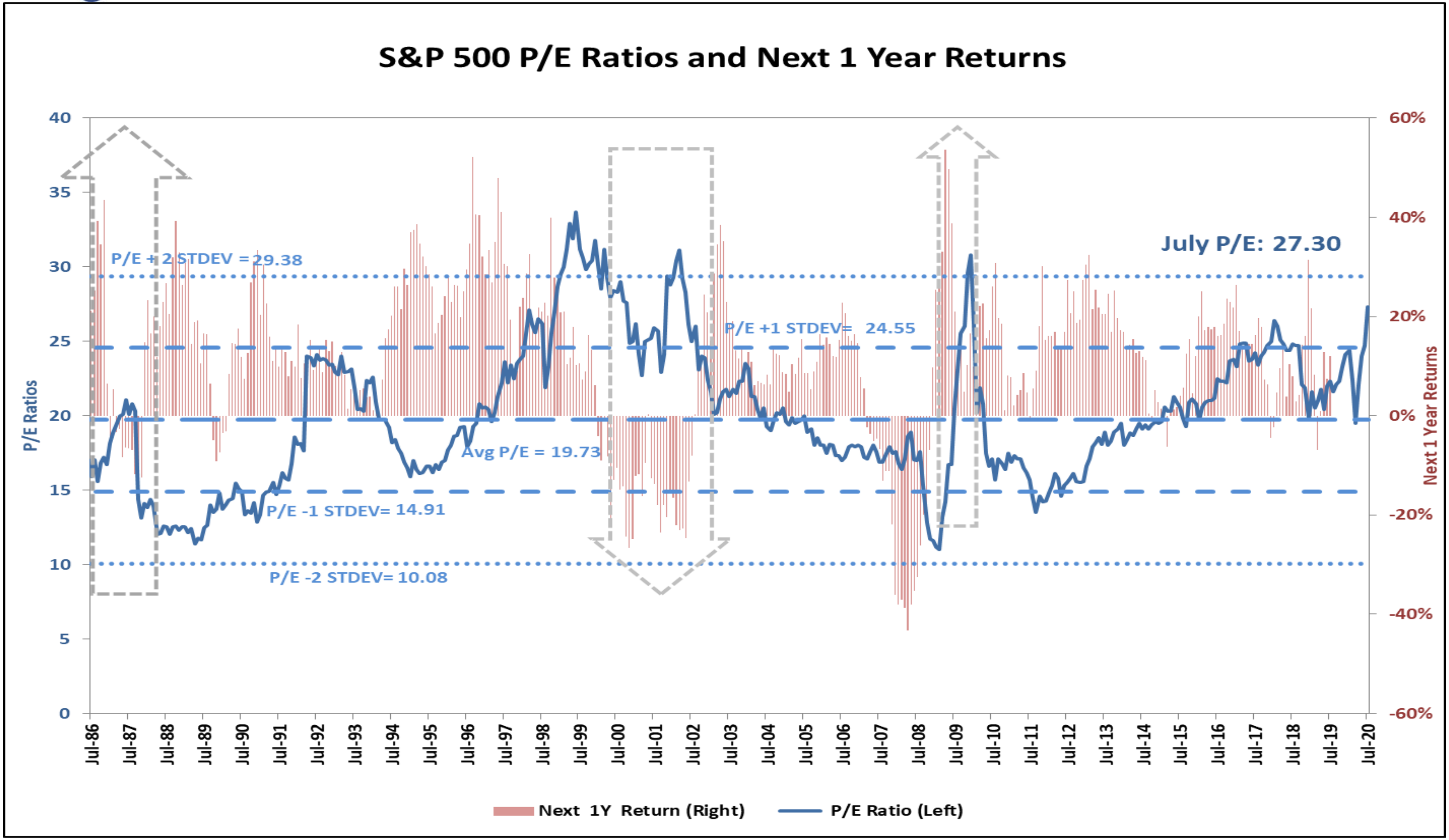
Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-16	1.10
June-17	1.14
June-18	1.17
June-19	1.14
June-20	1.12
August-20	1.19

Source: www.research.stlouisfed.org

Ohio SERS Investment Report

VALUATION **US Equity**

Month Ending: 07/31/2020

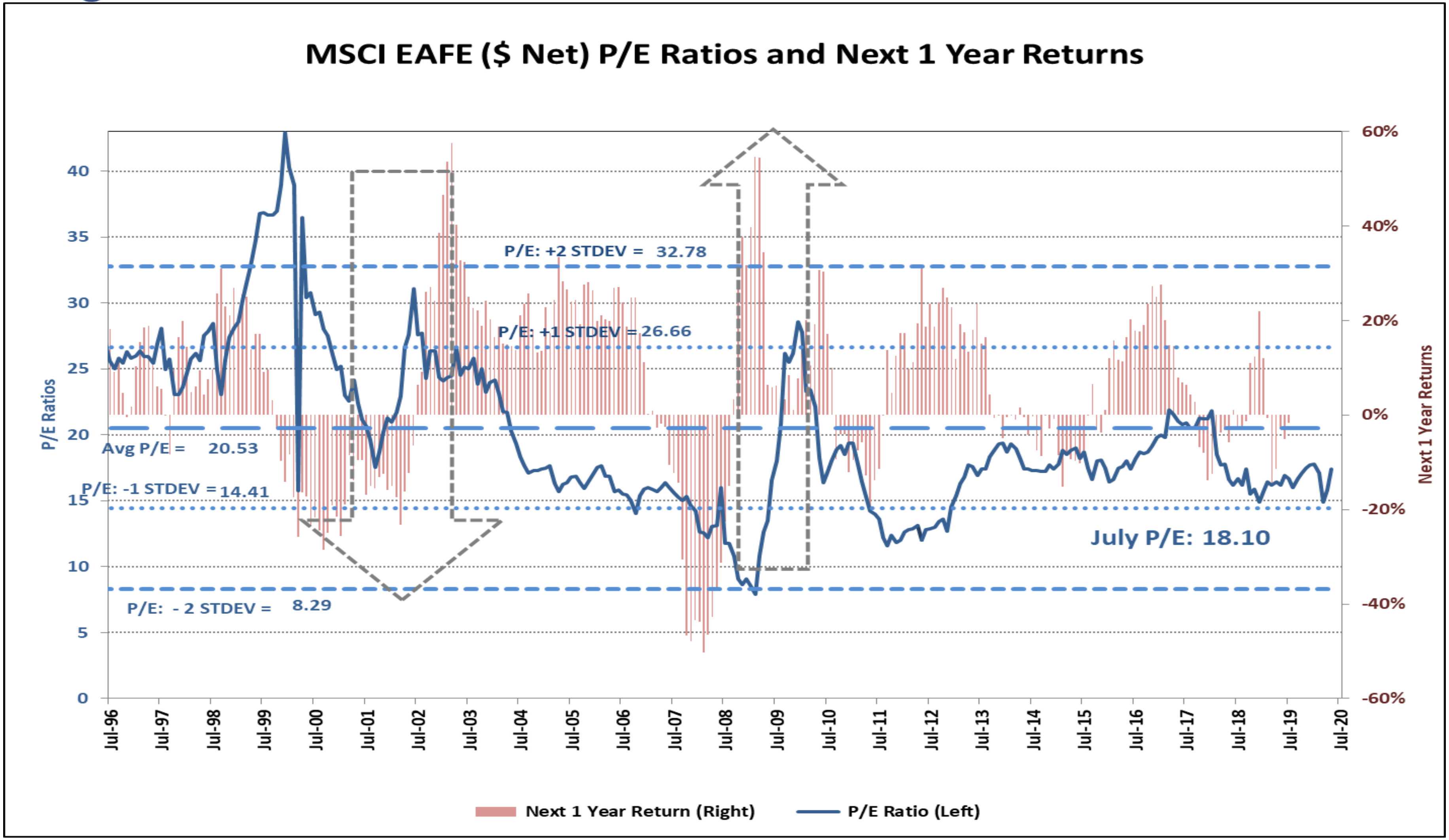


Source: Wilshire Compass

Ohio SERS Investment Report

Month Ending: 07/31/2020

VALUATION Non US Developed Market Equity

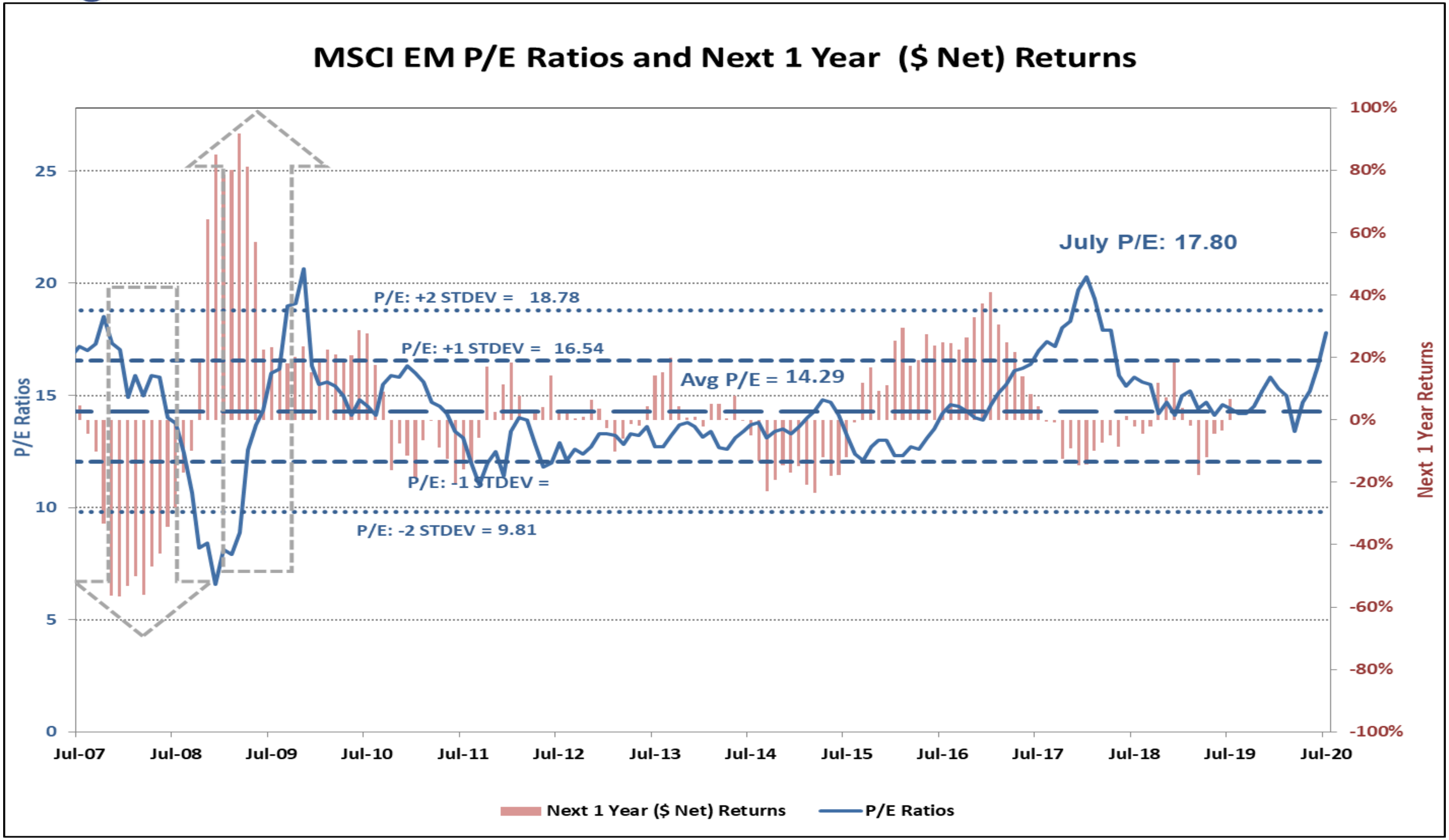


Source: Wilshire Compass

Ohio SERS Investment Report

Month Ending: 07/31/2020

VALUATION Emerging Market Equity

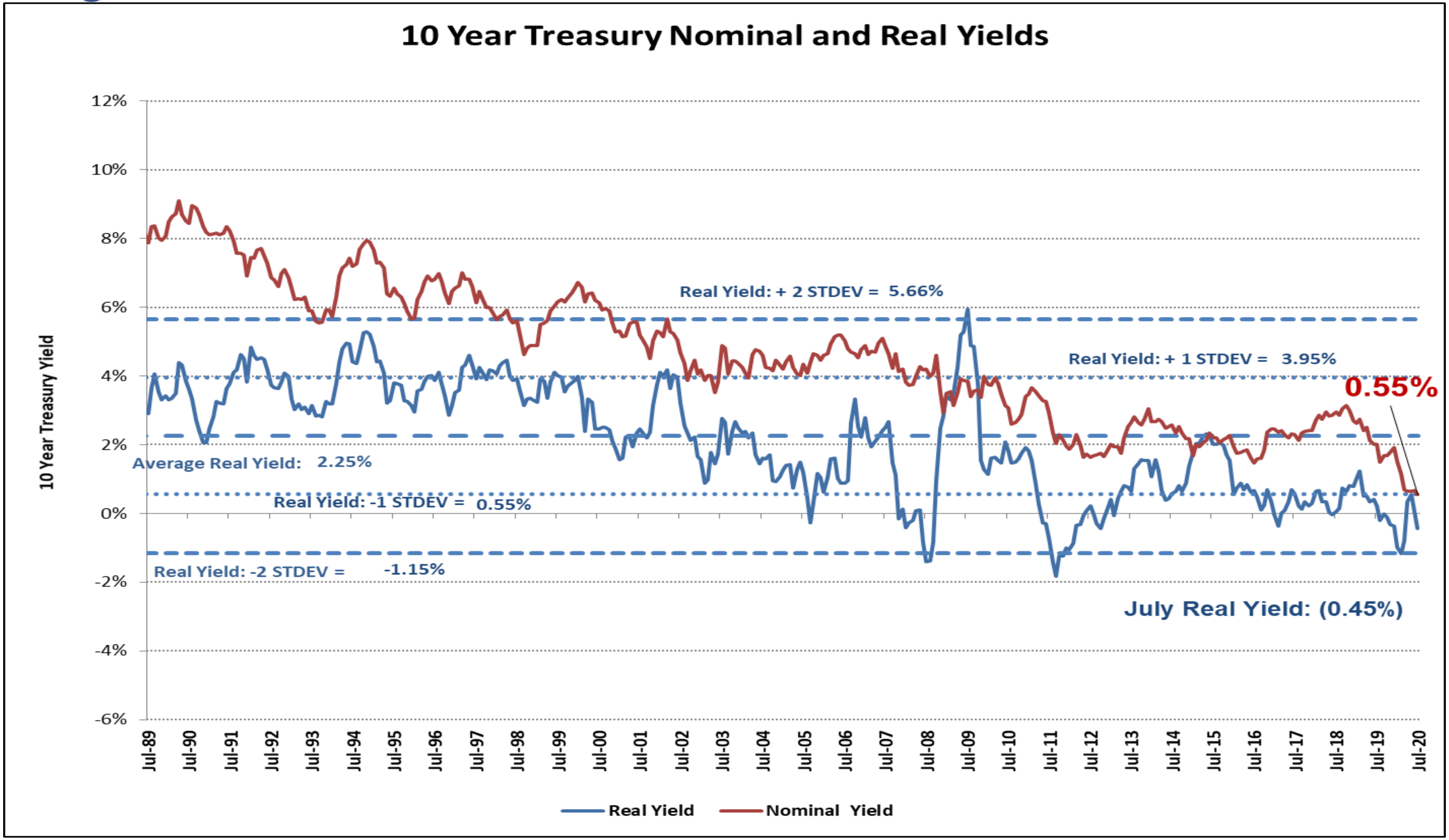


Source: Wilshire Compass

Ohio SERS Investment Report

Month Ending: 07/31/2020

VALUATION US Treasury Bonds



Source: Wilshire Compass and U.S. Bureau of Labor Statistics

SERS' Investment Portfolios Review

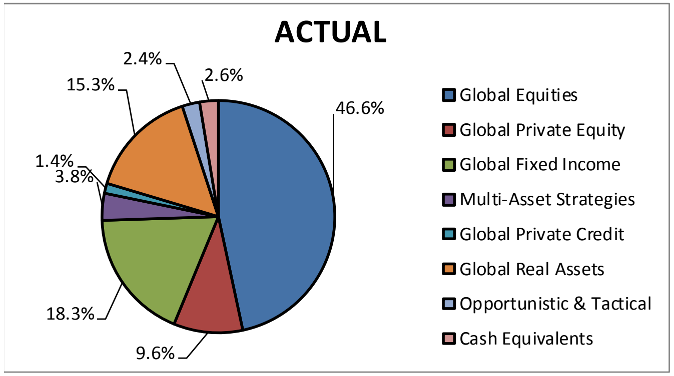
Ohio SERS Investment Report

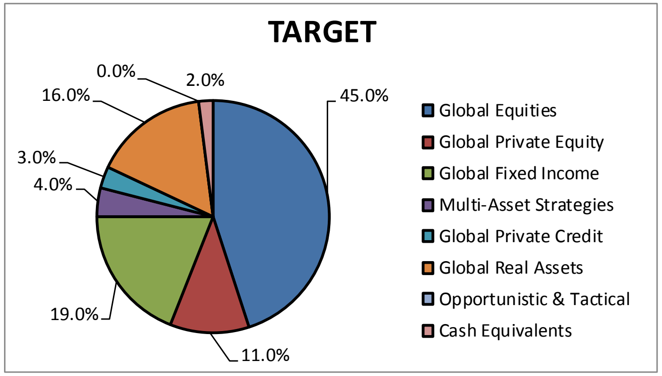
Month Ending: 07/31/2020

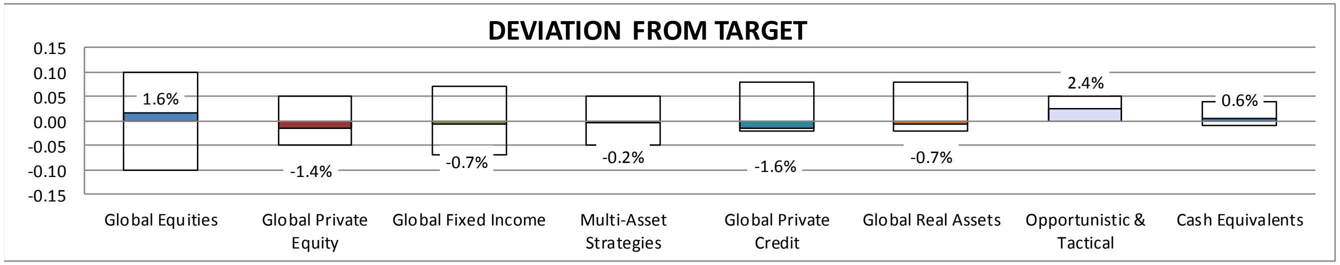
Total Fund: Asset Allocation & Valuation

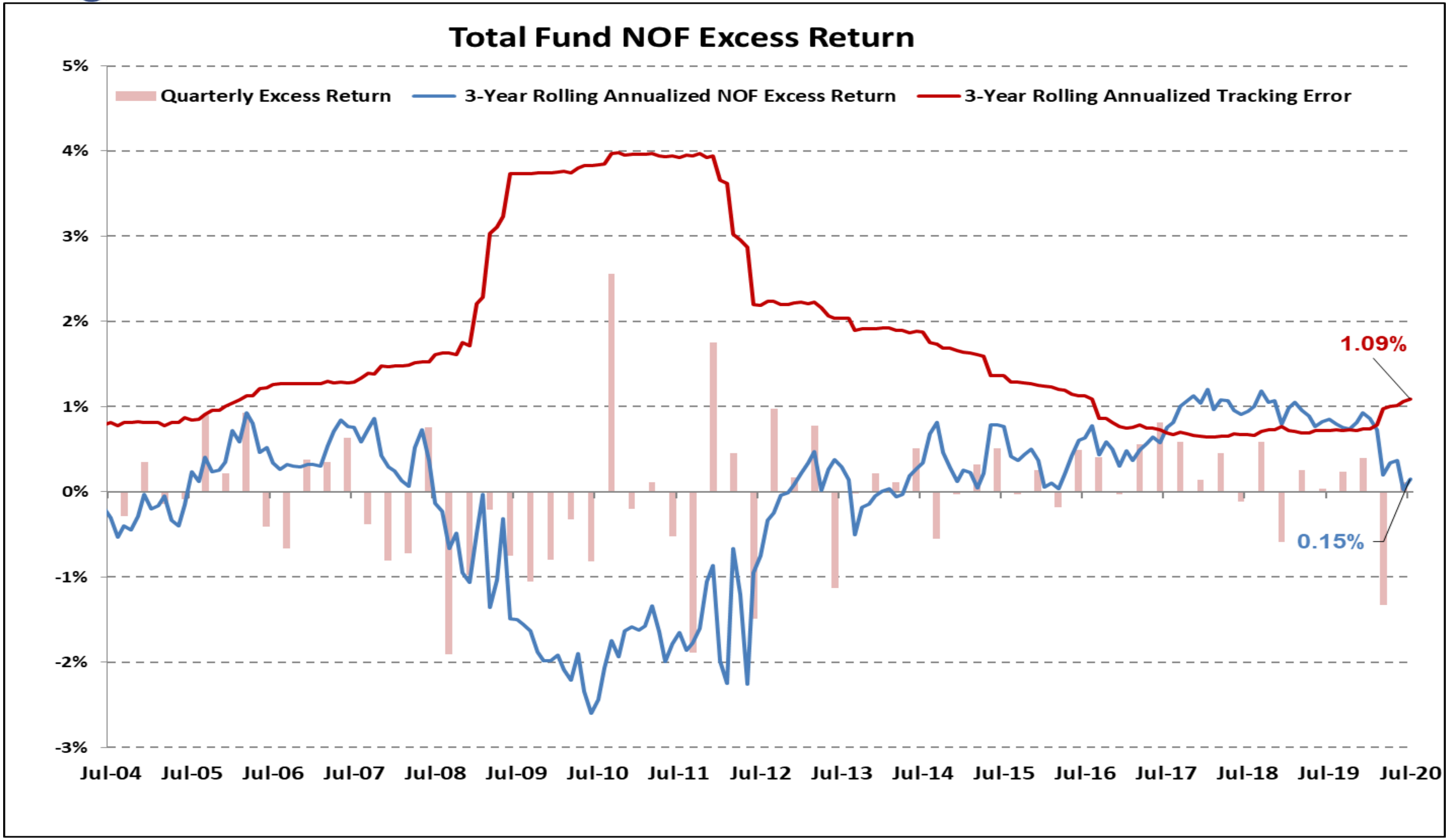
Asset Class	Market Value $	Actual	Target	Range
Global Equities	6,973,137,905	46.6%	45.0%	35% - 55%
US Equity	3,754,710,312	*25.1%*	*22.5%*	*15% - 30%*
Non-US Equity	3,218,427,593	*21.5%*	*22.5%*	*15% - 30%*
Global Private Equity	1,433,973,493	9.6%	11.0%	*8% - 16%*
Global Fixed Income	2,730,241,385	18.3%	19.0%	*12% - 26%*
Multi-Asset Strategies	562,023,926	3.8%	4.0%	*0% - 4%*
Global Private Credit	207,665,318	1.4%	3.0%	*3% -7%*
Global Real Assets	2,294,384,983	15.3%	16.0%	*14% - 20%*
Opportunistic & Tactical	363,593,279	2.4%	0.0%	*0% - 5%*
Cash Equivalents	387,416,542	2.6%	2.0%	*0% - 5%*
Short-Term	329,088,467	*2.2%*	2.0%	
Russell EA Overlay	46,156,306	*0.3%*	*0.0%*	
Direct Rebalance Overlay	-15,966	*0.0%*	*0.0%*	
Currency Overlay	12,187,736	*0.1%*	*0.0%*	
Total Fund	**14,952,436,830**	**100.0%**	**100.0%**	

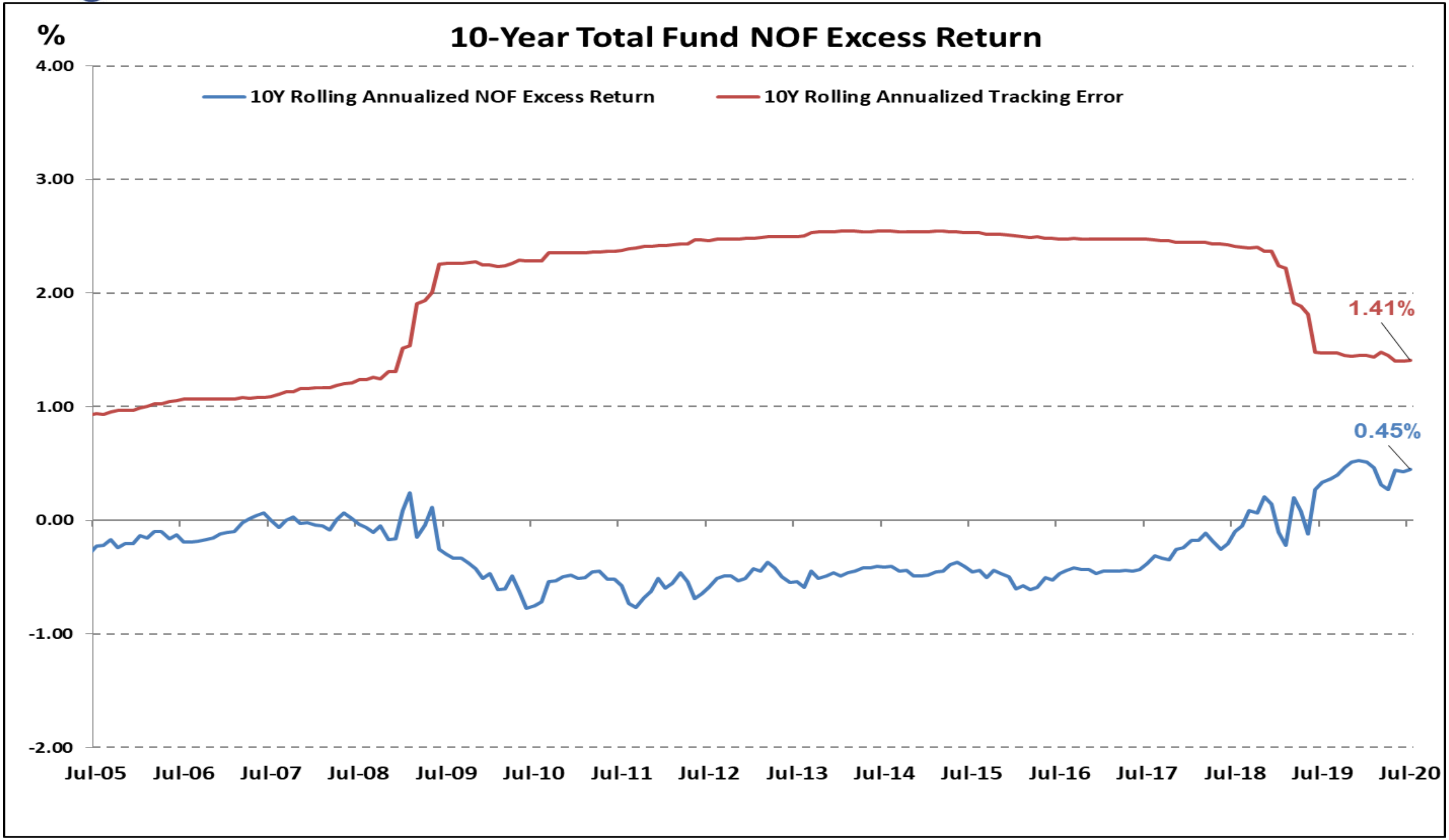
Source: BNY Mellon GRS








Total Fund NOF Excess Return
5%
4%
3%
2%
1%
0%
-1%
-2%
-3%
Quarterly Excess Return
3-Year Rolling Annualized NOF Excess Return
3-Year Rolling Annualized Tracking Error
1.09%
0.15%
Jul-04
Jul-05
Jul-06
Jul-07
Jul-08
Jul-09
Jul-10
Jul-11
Jul-12
Jul-13
Jul-14
Jul-15
Jul-16
Jul-17
Jul-18
Jul-19
Jul-20


10-Year Total Fund NOF Excess Return
%
4.00
3.00
2.00
1.00
0.00
-1.00
-2.00
10Y Rolling Annualized NOF Excess Return
10Y Rolling Annualized Tracking Error
1.41%
0.45%
Jul-05
Jul-06
Jul-07
Jul-08
Jul-09
Jul-10
Jul-11
Jul-12
Jul-13
Jul-14
Jul-15
Jul-16
Jul-17
Jul-18
Jul-19
Jul-20

Total Fund Performance

Current Benchmark:

22.5% Russell 3000

22.5% MSCI ACWI ex US Index (net dividends)

10% Burgiss All Private Equity benchmark (1q lag) (BAPE)

19% Bloomberg Barclays Aggregate Bond

15% NCREIF Property (1q lag)

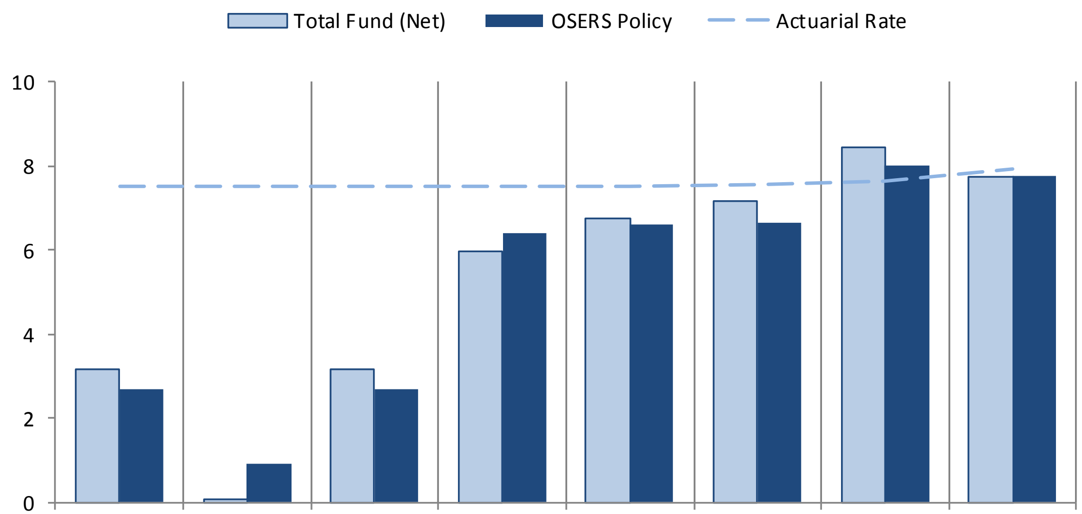
10% HFRI Fund of Funds Composite plus 1%

1% Citigroup 30 Day US T-Bill

0% Opportunistic & Tactical (OSERS Policy-Benchmark)

Actuarial Rate

(7.5% adopted 4/21/16)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	3.19	0.39	3.19	6.58	7.44	7.83	9.18	8.11
Total Fund (Net)	3.16	0.07	3.16	5.98	6.77	7.15	8.46	7.60
OSERS Policy	2.67	0.92	2.67	6.39	6.63	6.67	8.01	7.76
Value Added (Net of Fee)	0.48	(0.85)	0.48	(0.42)	0.15	0.48	0.45	(0.16)

Source: BNY Mellon GRS

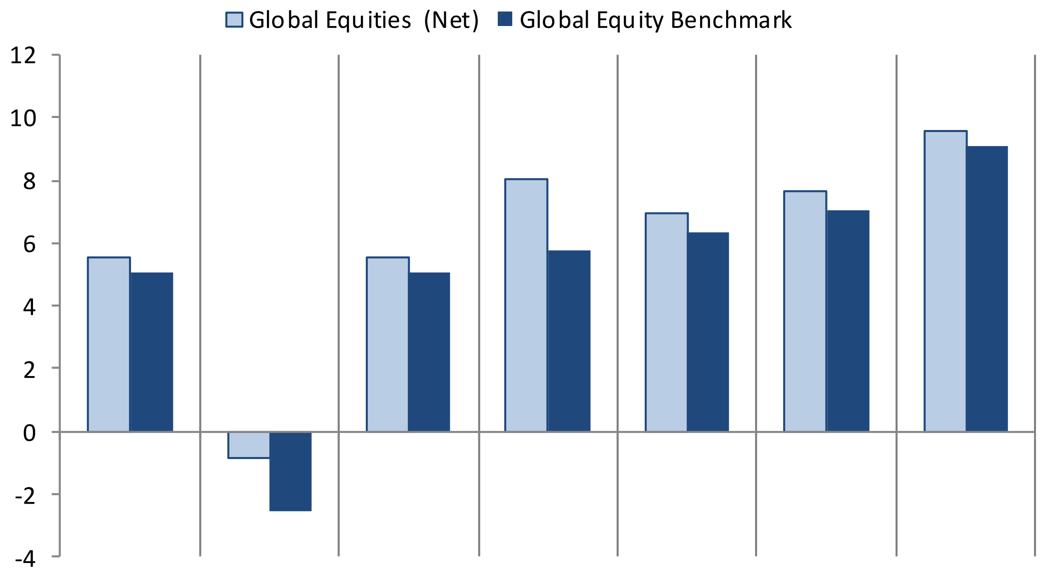
**ITD is Inception date 10/1/1994 (25 years and 10 months)*

Global Equities Performance

Current Benchmark:

50% Russell 3000

50% MSCI ACWI ex US Index (net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	5.54	(0.66)	5.54	8.31	7.30	8.00	9.93
Global Equities (Net)	5.55	(0.82)	5.55	8.01	6.98	7.67	9.55
Global Equity Benchmark	5.07	(2.56)	5.07	5.75	6.35	7.06	9.10
MSCI ACWI	5.33	(0.98)	5.33	7.76	7.56	7.96	9.45
Value Added (Net of Fee)	0.48	1.75	0.48	2.26	0.63	0.61	0.45

Source: BNY Mellon GRS

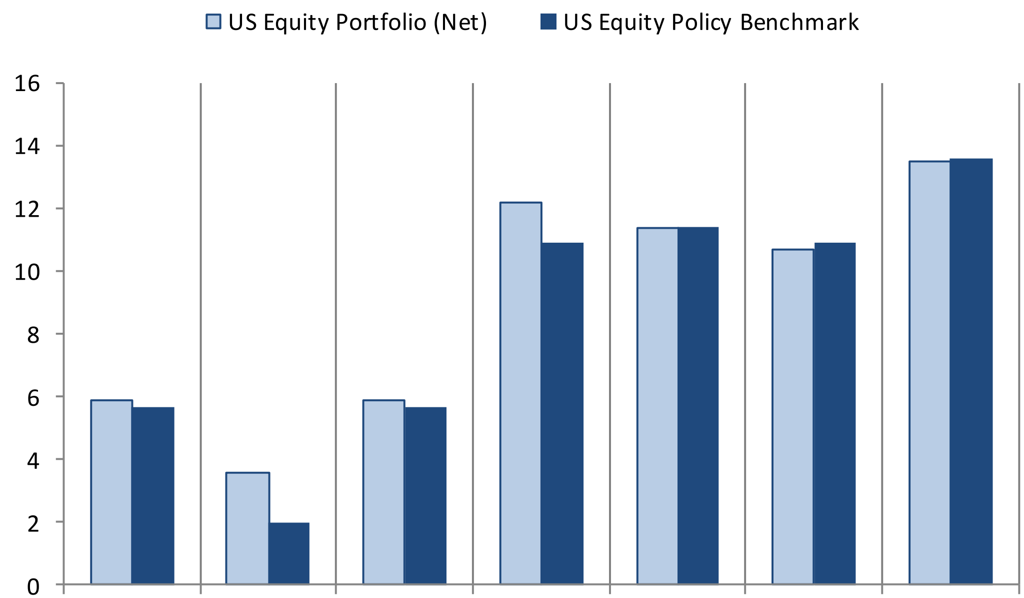
Ohio SERS Investment Report

Month Ending: 07/31/2020

US Equity Performance

Current Benchmark:

Russell 3000

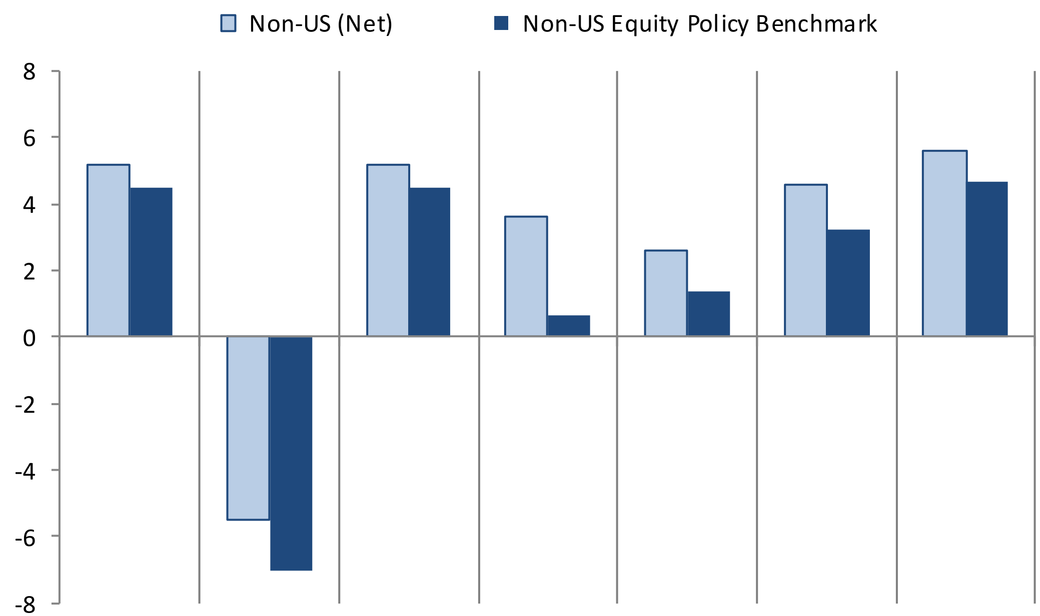


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
US Equity Portfolio (Gross)	5.83	3.70	5.83	12.38	11.59	10.93	13.82
US Equity Portfolio (Net)	5.86	3.61	5.86	12.19	11.37	10.68	13.50
US Equity Policy Benchmark	5.68	2.01	5.68	10.93	11.39	10.89	13.59
Value Added (Net of Fee)	0.18	1.61	0.18	1.27	(0.03)	(0.21)	(0.08)

Source: BNY Mellon GRS

Non-US Equity Performance

Current Benchmark:
MSCI ACWI Ex US Index
(Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US (Gross)	5.21	(5.25)	5.21	4.05	3.02	5.02	6.04
Non-US (Net)	5.18	(5.49)	5.18	3.63	2.59	4.61	5.60
Non-US Equity Policy Benchmark	4.46	(7.03)	4.46	0.66	1.39	3.22	4.65
Value Added (Net of Fee)	0.72	1.55	0.72	2.96	1.21	1.39	0.95

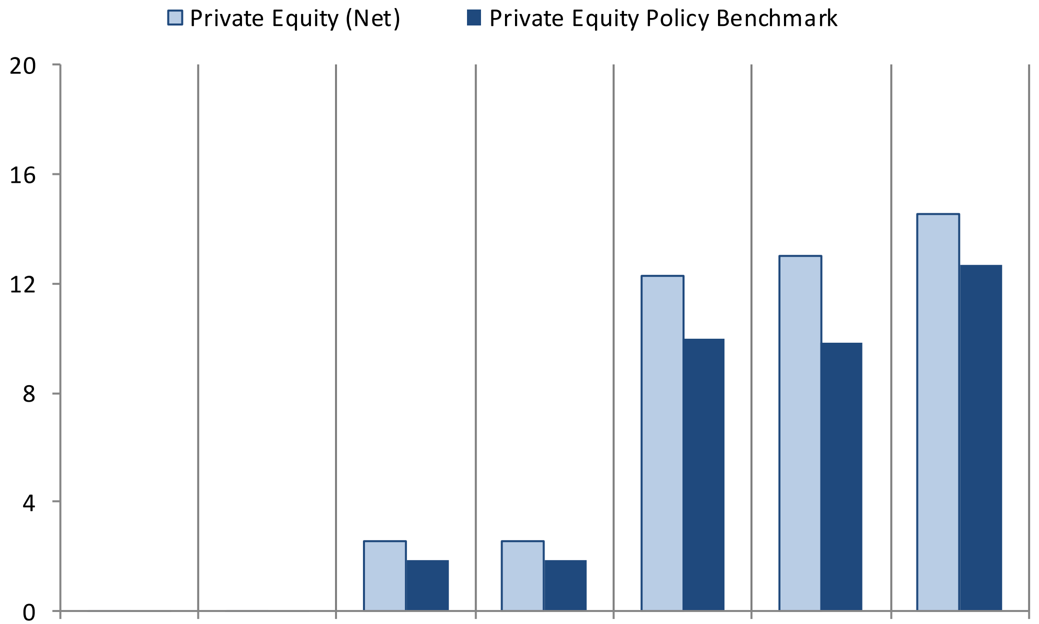
Source: BNY Mellon GRS

Global Private Equity Performance

Results as of: 06/30/2020

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	(7.30)	(3.68)	4.04	4.04	13.77	14.50	16.26
Private Equity (Net)	(7.54)	(4.20)	2.57	2.57	12.29	13.00	14.56
Private Equity Policy Benchmark	(7.01)	(2.70)	1.85	1.85	9.97	9.80	12.71
Value Added (Net of Fee)	(0.53)	(1.49)	0.72	0.72	2.31	3.20	1.85

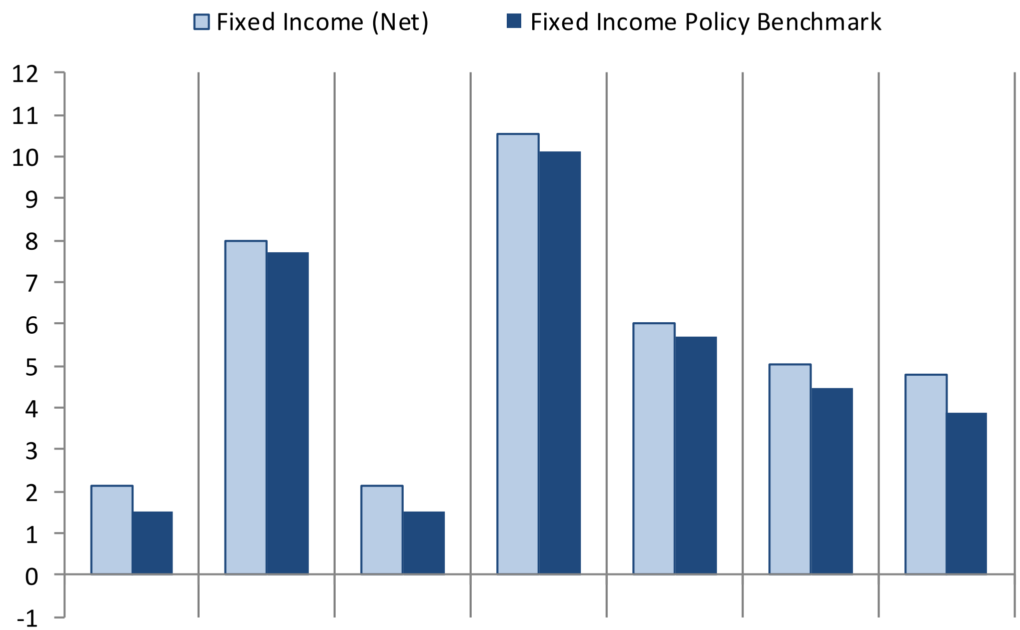
Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Equity performance is reported one quarter in arrears.

Global Fixed Income Performance

Current Benchmark:
Bloomberg Barclays Aggregate Bond Index



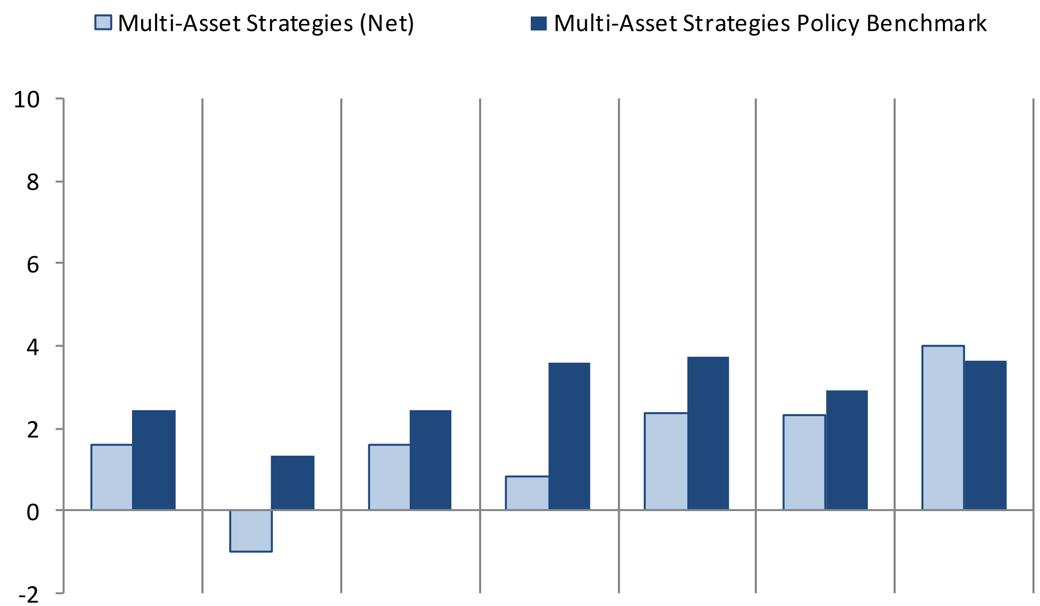
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	2.18	8.13	2.18	10.78	6.22	5.25	5.03
Fixed Income (Net)	2.15	8.00	2.15	10.55	6.00	5.03	4.80
Fixed Income Policy Benchmark	1.49	7.72	1.49	10.12	5.69	4.47	3.87
Value Added (Net of Fee)	0.66	0.28	0.66	0.43	0.30	0.56	0.93

Source: BNY Mellon GRS

Multi-Asset Strategies Performance

Current Benchmark:

HFRI Fund of Funds Composite plus 1%



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Multi-Asset Strategies (Gross)	1.68	(0.31)	1.68	2.02	3.68	3.70	5.57
Multi-Asset Strategies (Net)	1.61	(0.98)	1.61	0.82	2.36	2.32	4.01
Multi-Asset Strategies Policy Benchmark	2.45	1.34	2.45	3.62	3.72	2.94	3.66
Value Added (Net of Fee)	(0.84)	(2.32)	(0.84)	(2.80)	(1.36)	(0.61)	0.35

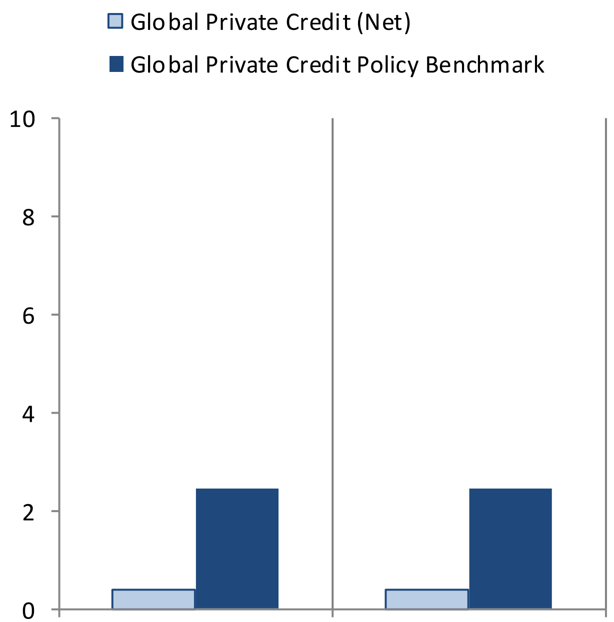
Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Credit

Current Benchmark:

LIBOR plus 4.5%



	1 Month	FYTD
Global Private Credit (Gross)	0.43	0.43
Global Private Credit (Net)	0.42	0.42
Global Private Credit Policy Benchmark	2.45	2.45
Value Added (Net of Fee)	(2.03)	(2.03)

Source: BNY Mellon GRS

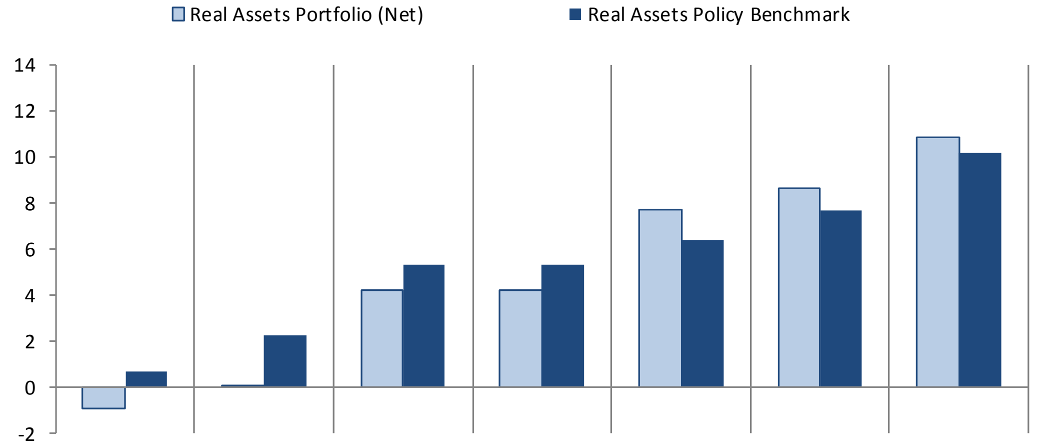
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets Performance

Results as of: 06/30/2020

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.89)	0.39	5.01	5.01	8.77	9.72	12.01
Real Assets Portfolio (Net)	(0.95)	0.10	4.23	4.23	7.73	8.65	10.82
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Value Added (NOF)	(1.67)	(2.18)	(1.05)	(1.05)	1.33	1.00	0.65
Real Assets Core (Net)	1.08	2.80	6.17	6.17	7.81	8.76	11.42
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Core Value Added (NOF)	0.37	0.53	0.89	0.89	1.40	1.11	1.25
Real Assets Non-Core (Net)	0.81	(0.80)	7.16	7.16	8.28	8.49	10.27
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Non-Core Value Added (NOF)	0.10	(3.07)	1.88	1.88	1.87	0.84	0.10
Real Assets Infrastructure (Net)	(8.53)	(4.44)	0.76	0.76	9.88	n/a	n/a
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	n/a	n/a
Real Assets Infrastructure Value Added (NOF)	(9.24)	(6.71)	(4.52)	(4.52)	3.47	n/a	n/a

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.

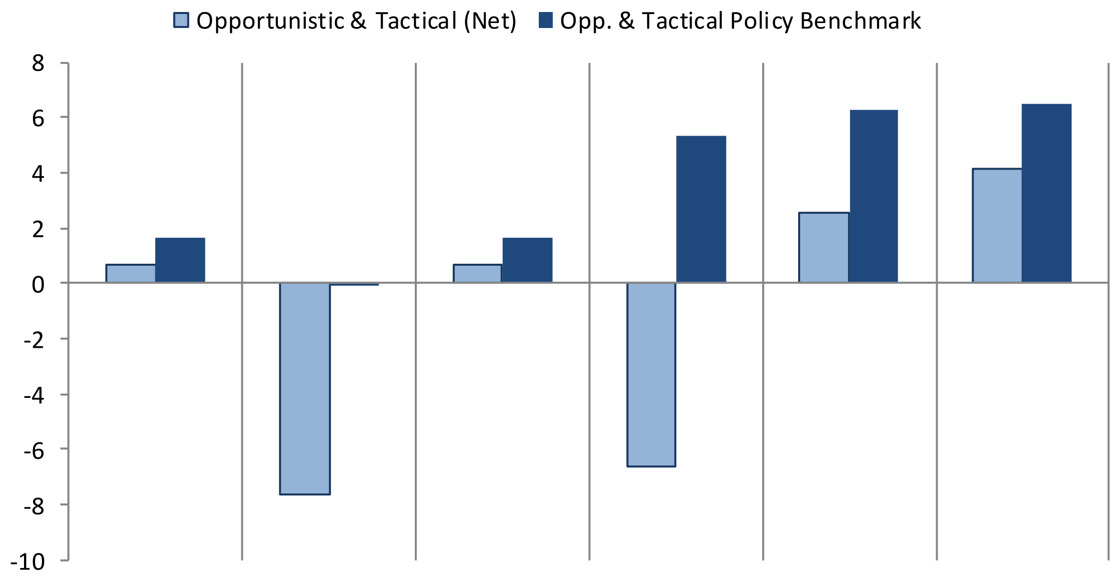
Ohio SERS Investment Report

Month Ending: 07/31/2020

Opportunistic & Tactical Performance

Current Benchmark:

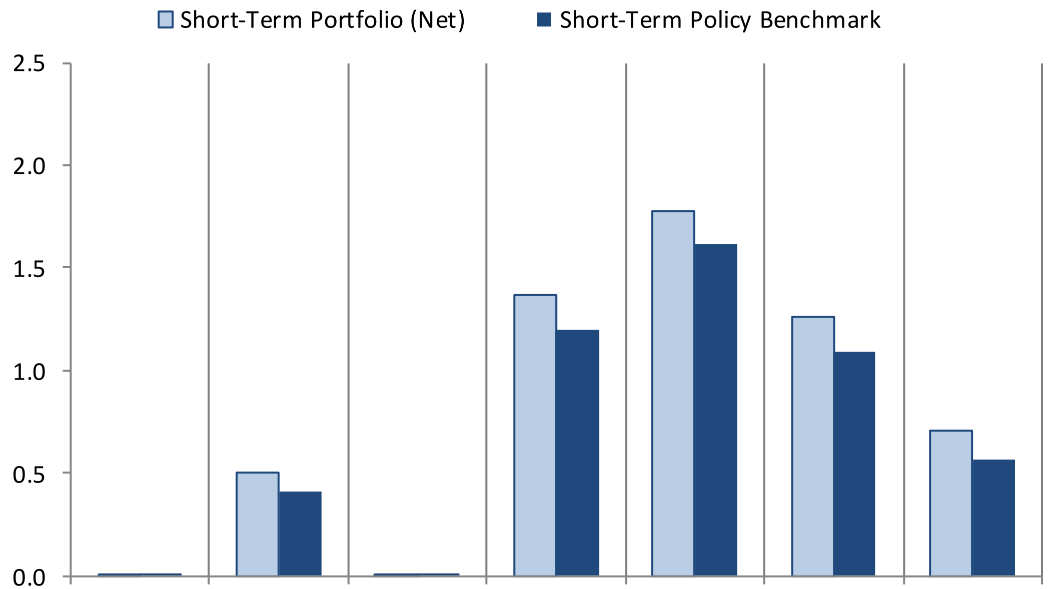
OSERS Policy Benchmark



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	0.75	(6.78)	0.75	(5.14)	4.10	5.59
Opportunistic & Tactical (Net)	0.69	(7.64)	0.69	(6.64)	2.54	4.17
Opp. & Tactical Policy Benchmark	1.66	(0.08)	1.66	5.34	6.27	6.46
Value Added (Net of Fee)	(0.97)	(7.57)	(0.97)	(11.98)	(3.73)	(2.29)

Source: BNY Mellon GRS

Short-Term Performance



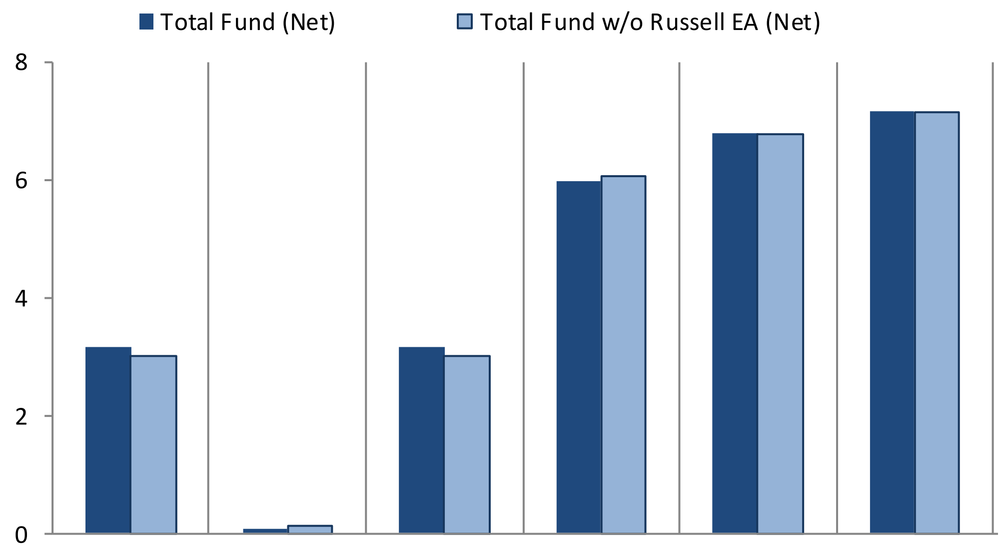
Current Benchmark:

FTSE 30 Day Treasury Bill

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.01	0.50	0.01	1.37	1.77	1.26	0.71
Short-Term Portfolio (Net)	0.01	0.50	0.01	1.37	1.77	1.26	0.71
Short-Term Policy Benchmark	0.01	0.41	0.01	1.20	1.62	1.09	0.57
Value Added (Net of Fee)	(0.01)	0.09	(0.01)	0.18	0.15	0.18	0.15

Source: BNY Mellon GRS

Russell EA Overlay Performance



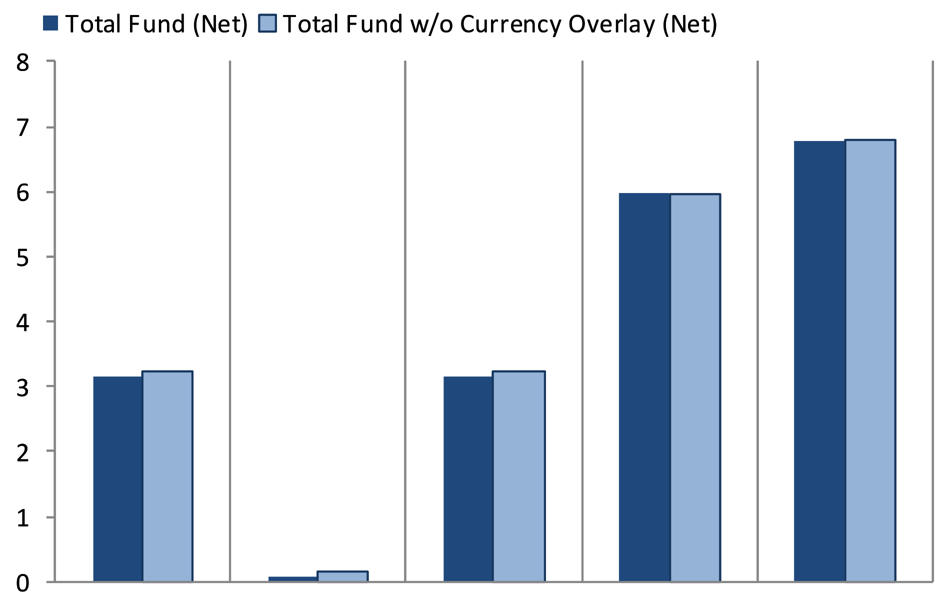
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	3.19	0.39	3.19	6.58	7.44	7.83
Total Fund w/o Russell EA (Gross)	3.05	0.45	3.05	6.65	7.42	7.80
Total Fund (Net)	3.16	0.07	3.16	5.98	6.77	7.15
Total Fund w/o Russell EA (Net)	3.02	0.13	3.02	6.05	6.76	7.13
Russell EA Overlay Impact (Net of Fee)	0.14	(0.06)	0.14	(0.07)	0.01	0.02

Source: BNY Mellon GRS

Ohio SERS Investment Report

Month Ending: 07/31/2020

Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year
Total Fund (Gross)	3.19	0.39	3.19	6.58	7.44
Total Fund w/o Currency Overlay (Gross)	3.28	0.46	3.28	6.69	7.44
Total Fund (Net)	3.16	0.07	3.16	5.98	6.77
Total Fund w/o Currency Overlay (Net)	3.25	0.17	3.25	5.98	6.80
Currency Overlay Impact (Net of Fee)	(0.09)	(0.09)	(0.09)	0.00	(0.03)

Source: BNY Mellon GRS

SERS' Investment Portfolios Review

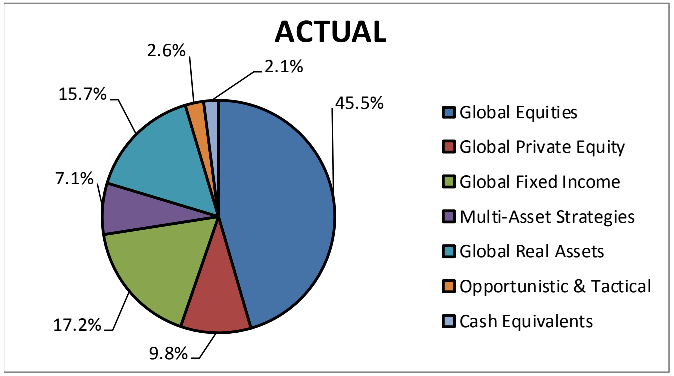
Ohio SERS Investment Report

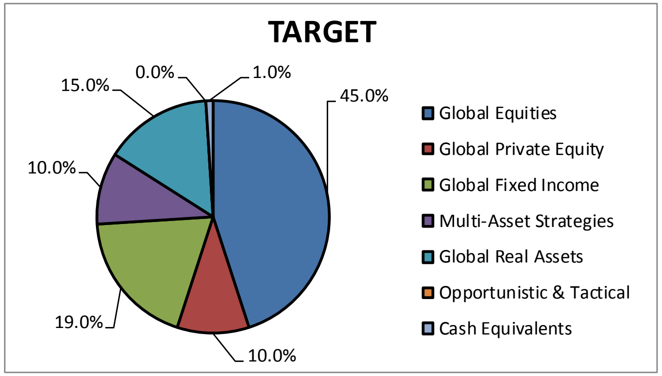
Quarter Ending: 06/30/2020

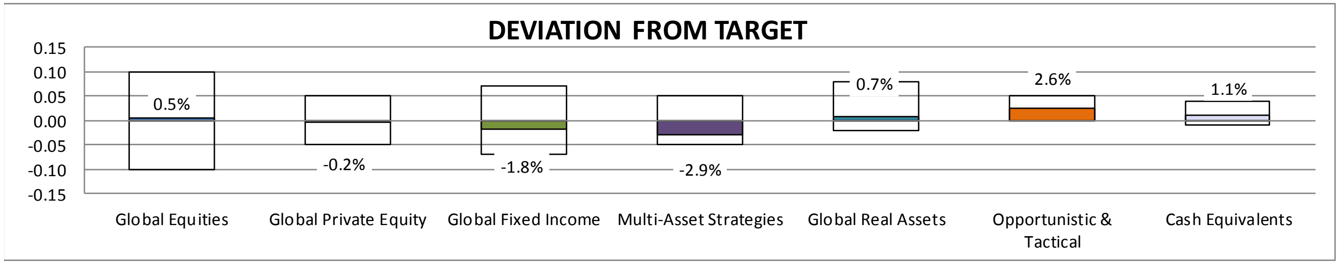
Total Fund: Asset Allocation & Valuation

Asset Class	Market Value $	Actual	Target	Range
Global Equities	6,616,651,223	45.5%	45.0%	35% - 55%
US Equity	3,601,387,201	*24.8%*	*22.5%*	*17.5% - 27.5%*
Non-US Equity	3,015,264,022	*20.7%*	*22.5%*	*17.5% - 27.5%*
Global Private Equity	1,423,608,081	9.8%	10.0%	*5% - 15%*
Global Fixed Income	2,508,339,669	17.2%	19.0%	*12% - 26%*
Multi-Asset Strategies	1,037,179,632	7.1%	10.0%	*5% - 15%*
Global Real Assets	2,287,634,343	15.7%	15.0%	*10% - 20%*
Opportunistic & Tactical	370,576,809	2.6%	0.0%	*0% - 5%*
Cash Equivalents	298,919,649	2.1%	1.0%	*0% - 5%*
Short-Term	225,188,900	*1.5%*	1.0%	
Russell EA Overlay	54,128,462	*0.4%*	*0.0%*	
Direct Rebalance Overlay	-15,966	*0.0%*	*0.0%*	
Currency Overlay	19,618,254	*0.1%*	*0.0%*	
Total Fund	**14,542,909,405**	**100.0%**	**100.0%**	

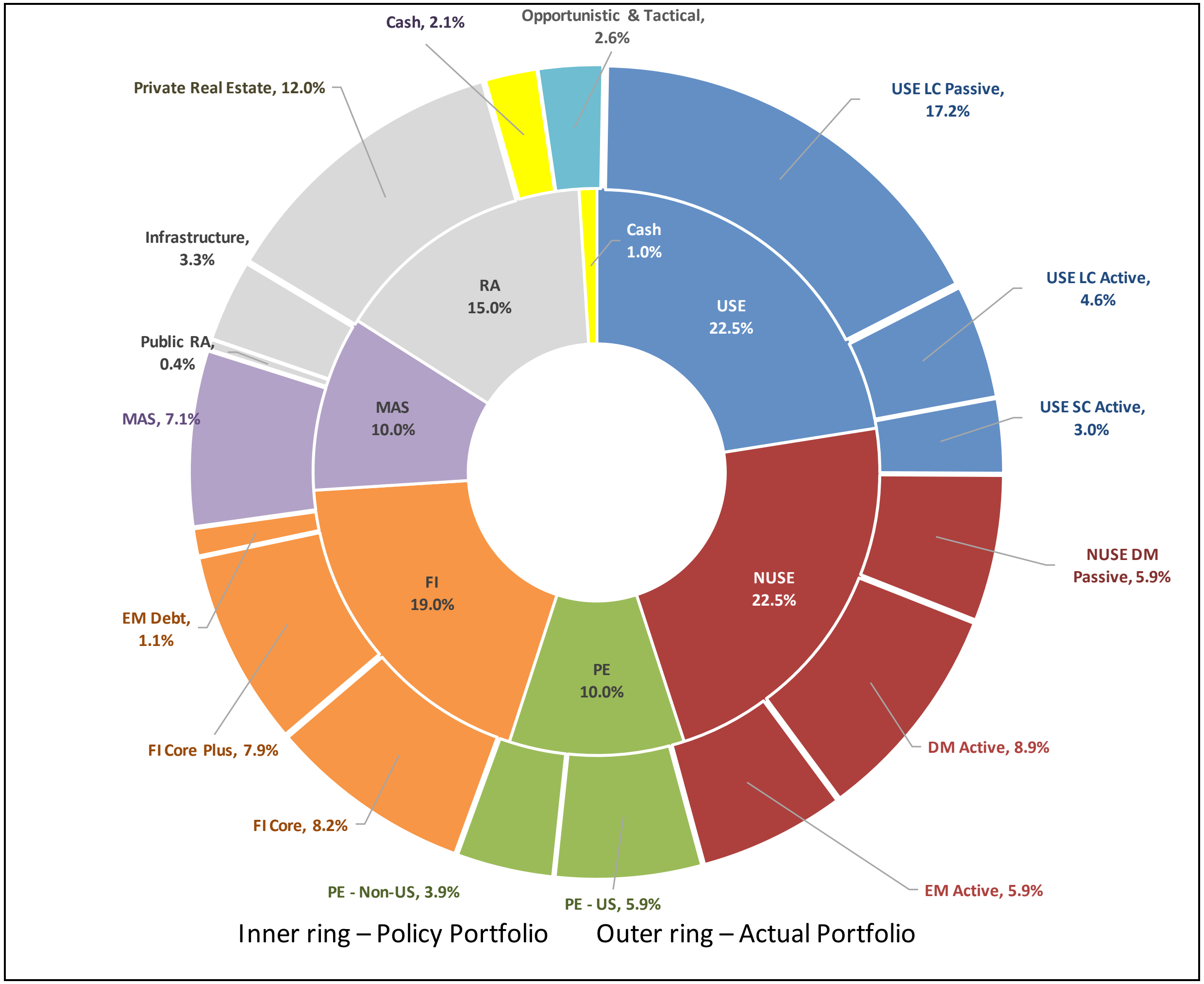
Source: BNY Mellon GRS







Total Fund: Portfolio Structure



Note: Enhanced Allocation Overlay included in USE LC Passive, NUSE DM Passive, FI Core and Cash

Ohio SERS Investment Report

Quarter Ending: 06/30/2020

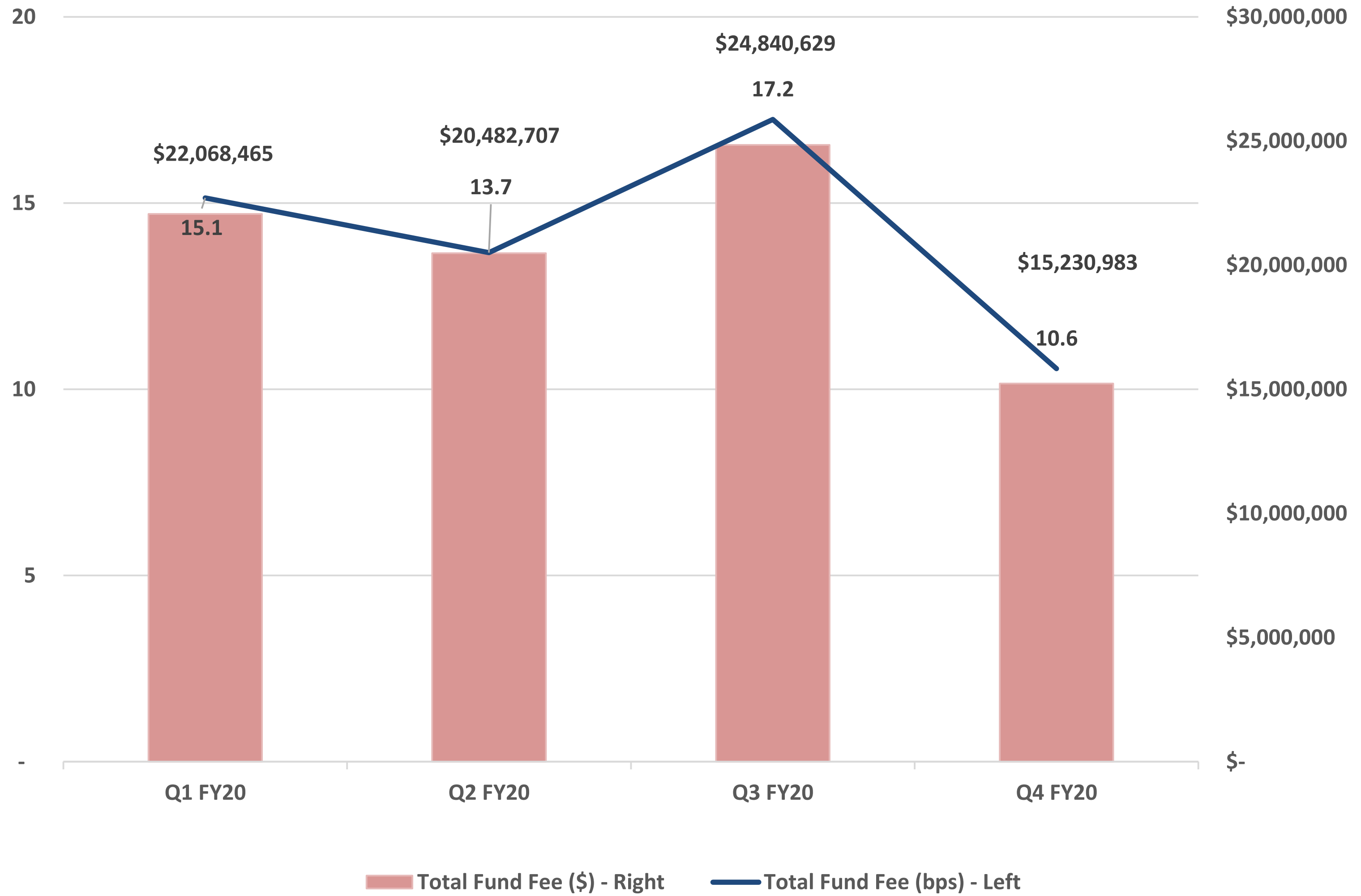
CHANGE IN NET ASSETS

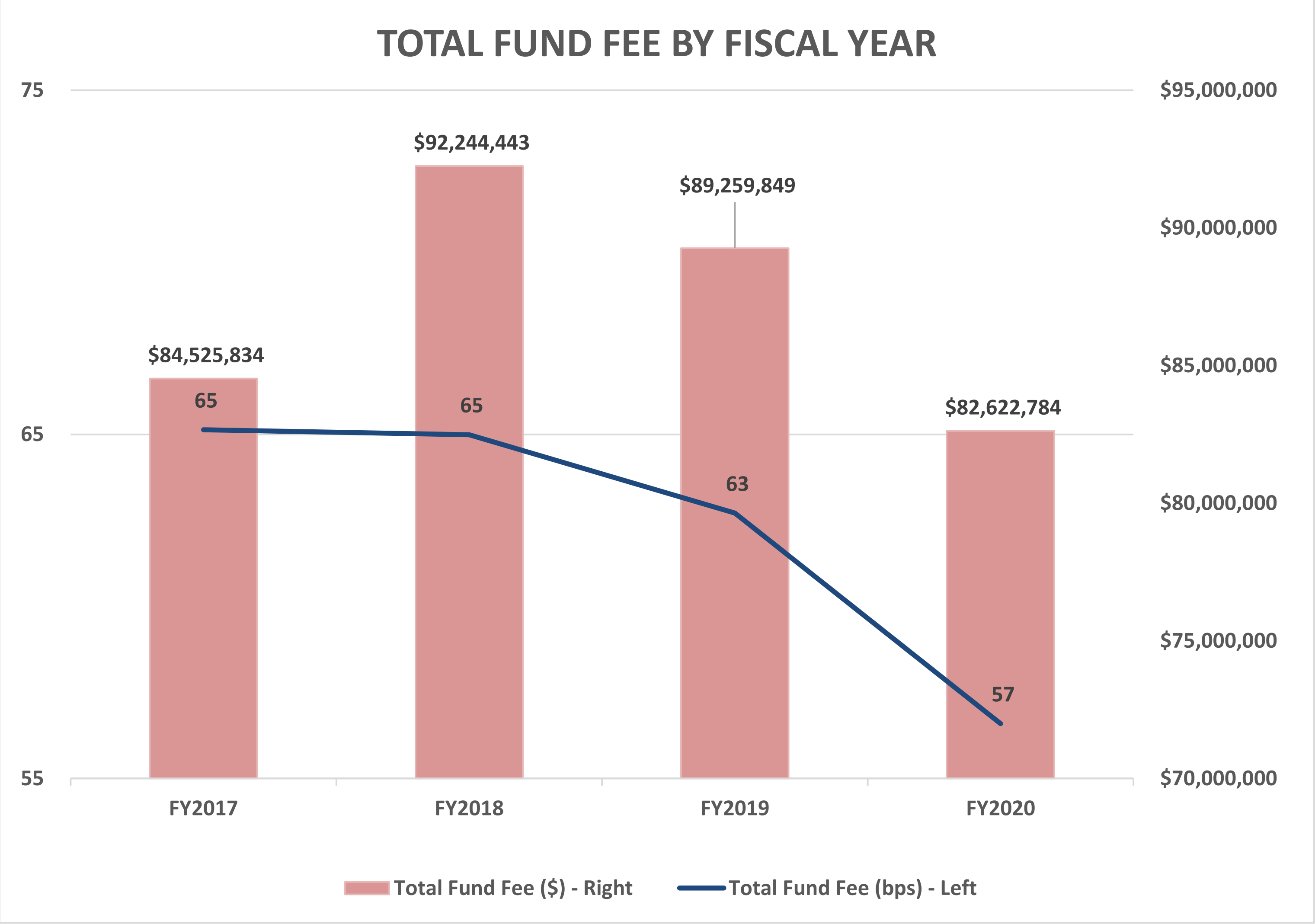
	vs. One Year Ago, since 07/01/2019	*vs. Three Years Ago, since 07/01/2017*
Beginning Market Value	14,644,475,407	13,581,005,641
Gain/Loss	492,920,156	2,771,299,316
Expenses	(66,986,158)	(193,145,552)
Net Transfer	(527,500,000)	(1,616,250,000)
End of Period Market Value	**14,542,909,405**	**14,542,909,405**

***Origins of the Net Transfer**

Dividends/Interest	*171,092,739*
Net Distributions	*356,407,261*
Cash on Hand	*Not Required*

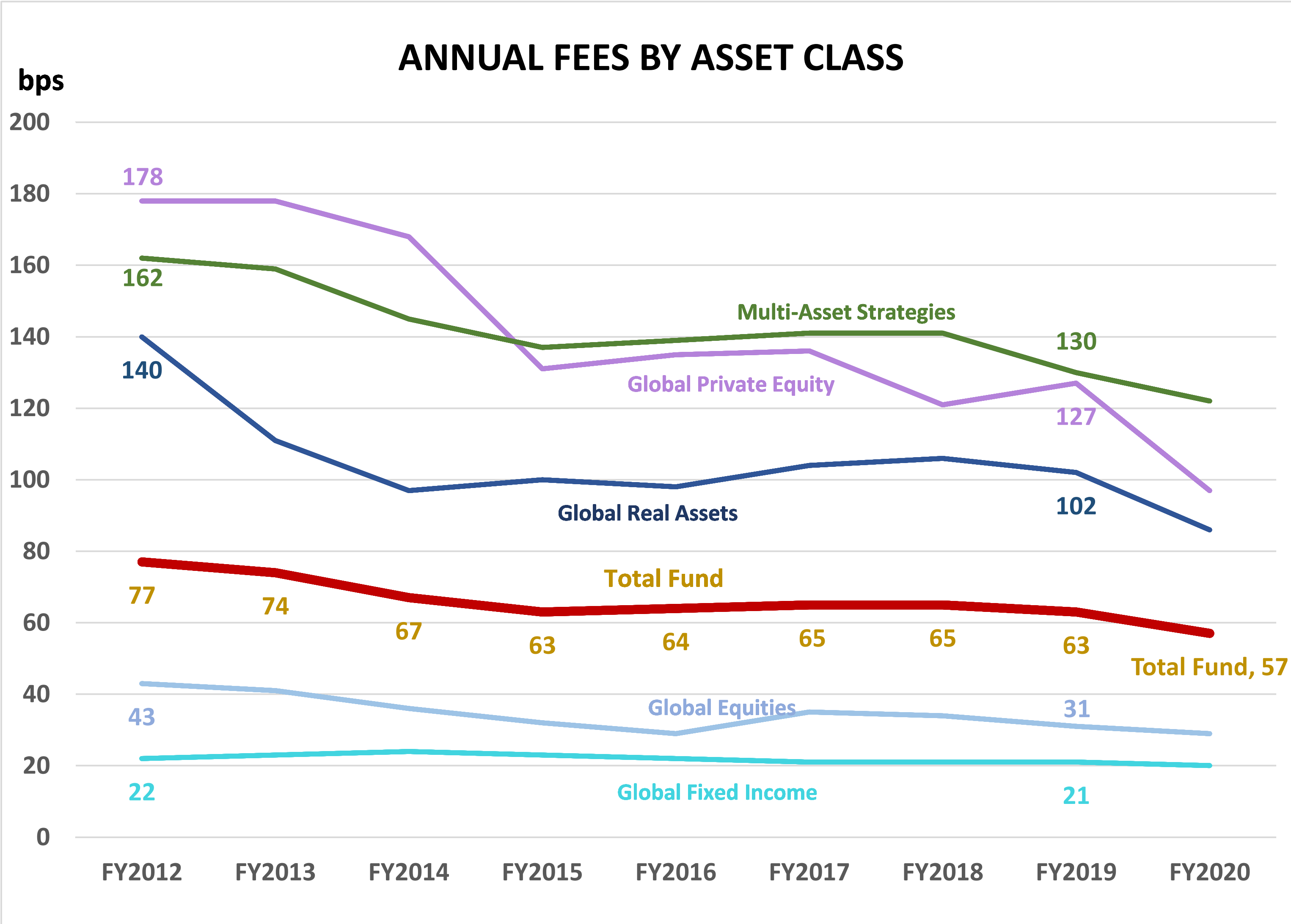
TOTAL FUND FEES BY QUARTER




TOTAL FUND FEE BY FISCAL YEAR
75
65
55
$95,000,000
$90,000,000
$85,000,000
$80,000,000
$75,000,000
$70,000,000
$84,525,834
$92,244,443
$89,259,849
$82,622,784
65
65
63
57
FY2017
FY2018
FY2019
FY2020
Total Fund Fee ($) - Right
Total Fund Fee (bps) - Left

Ohio SERS Investment Report

Quarter Ending: 06/30/2020



Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Total Fund Performance

Current Benchmark:

22.5% Russell 3000

22.5% MSCI ACWI ex US Index (net dividends)

10% Burgiss All Private Equity benchmark (1q lag) (BAPE)

19% Bloomberg Barclays Aggregate Bond

15% NCREIF Property (1q lag)

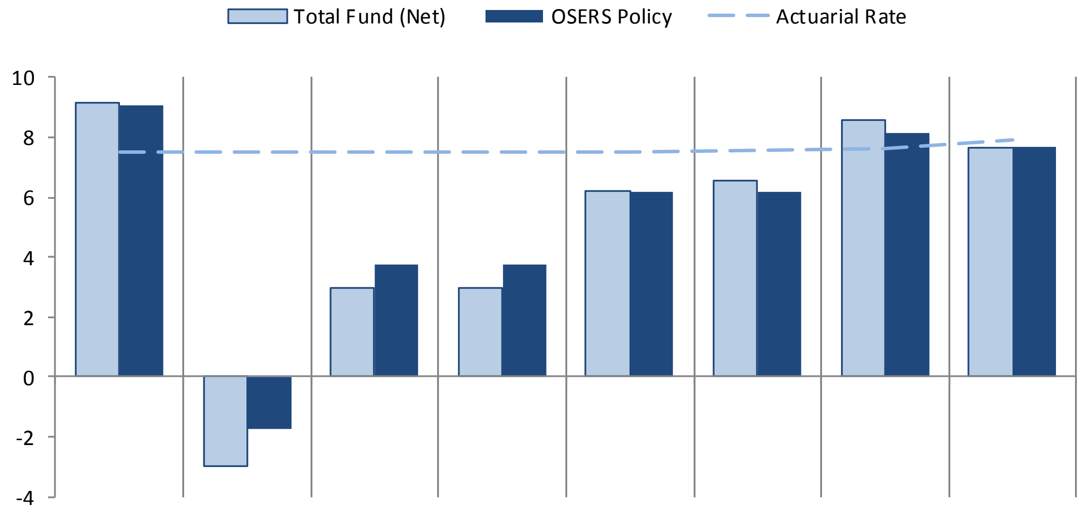
10% HFRI Fund of Funds Composite plus 1%

1% Citigroup 30 Day US T-Bill

0% Opportunistic & Tactical (OSERS Policy-Benchmark)

Actuarial Rate

(7.5% adopted 4/21/16)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	9.31	(2.71)	3.58	3.58	6.88	7.26	9.28	8.01
Total Fund (Net)	9.18	(2.99)	2.96	2.96	6.22	6.58	8.55	7.49
OSERS Policy	9.07	(1.75)	3.73	3.73	6.18	6.20	8.12	7.67
Value Added (Net of Fee)	0.11	(1.25)	(0.77)	(0.77)	0.03	0.38	0.43	(0.18)

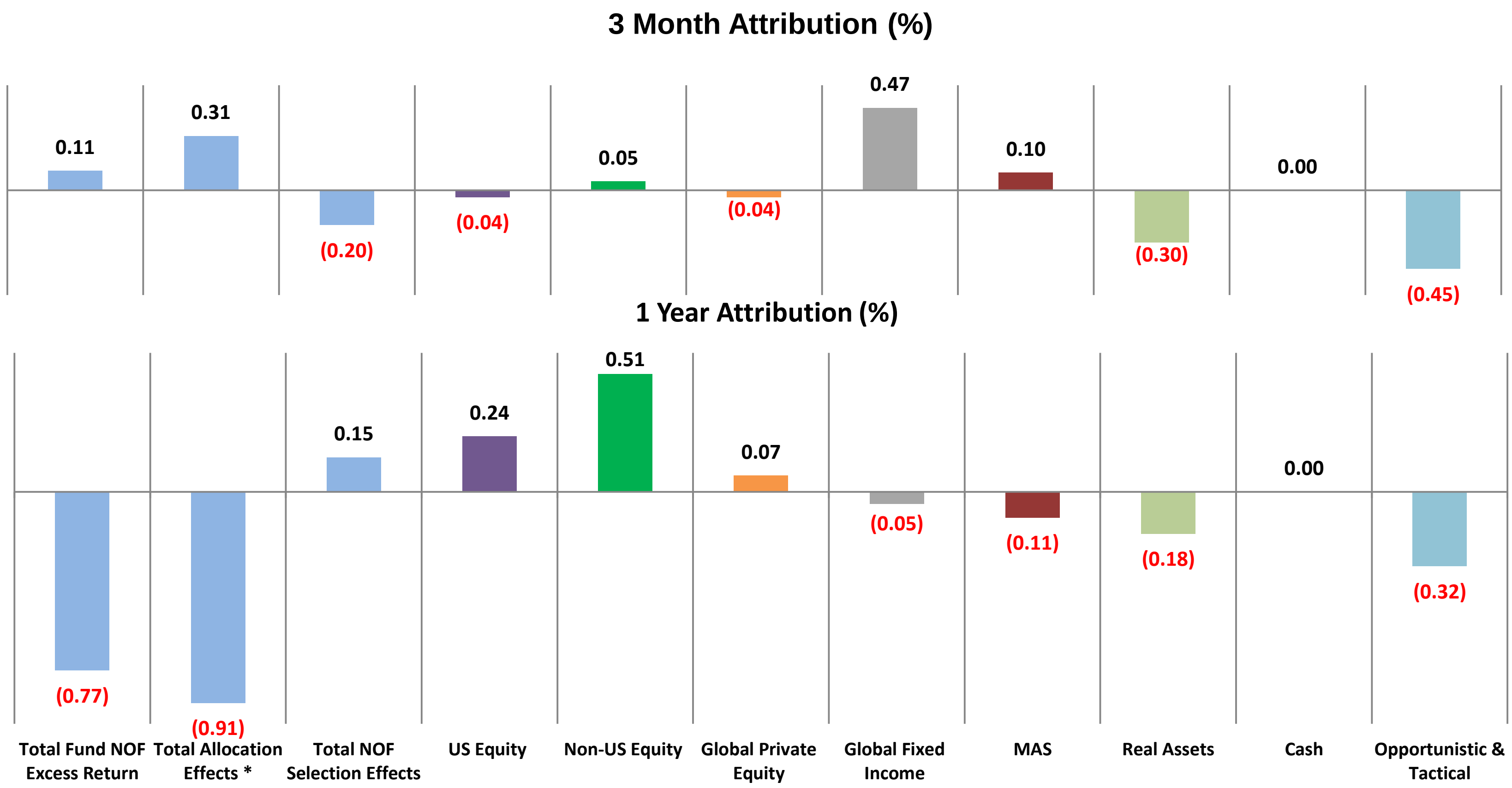
Source: BNY Mellon GRS

**ITD is Inception date 10/1/1994 (25 years and 9 months)*

Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Net of Fee Excess Return Attribution

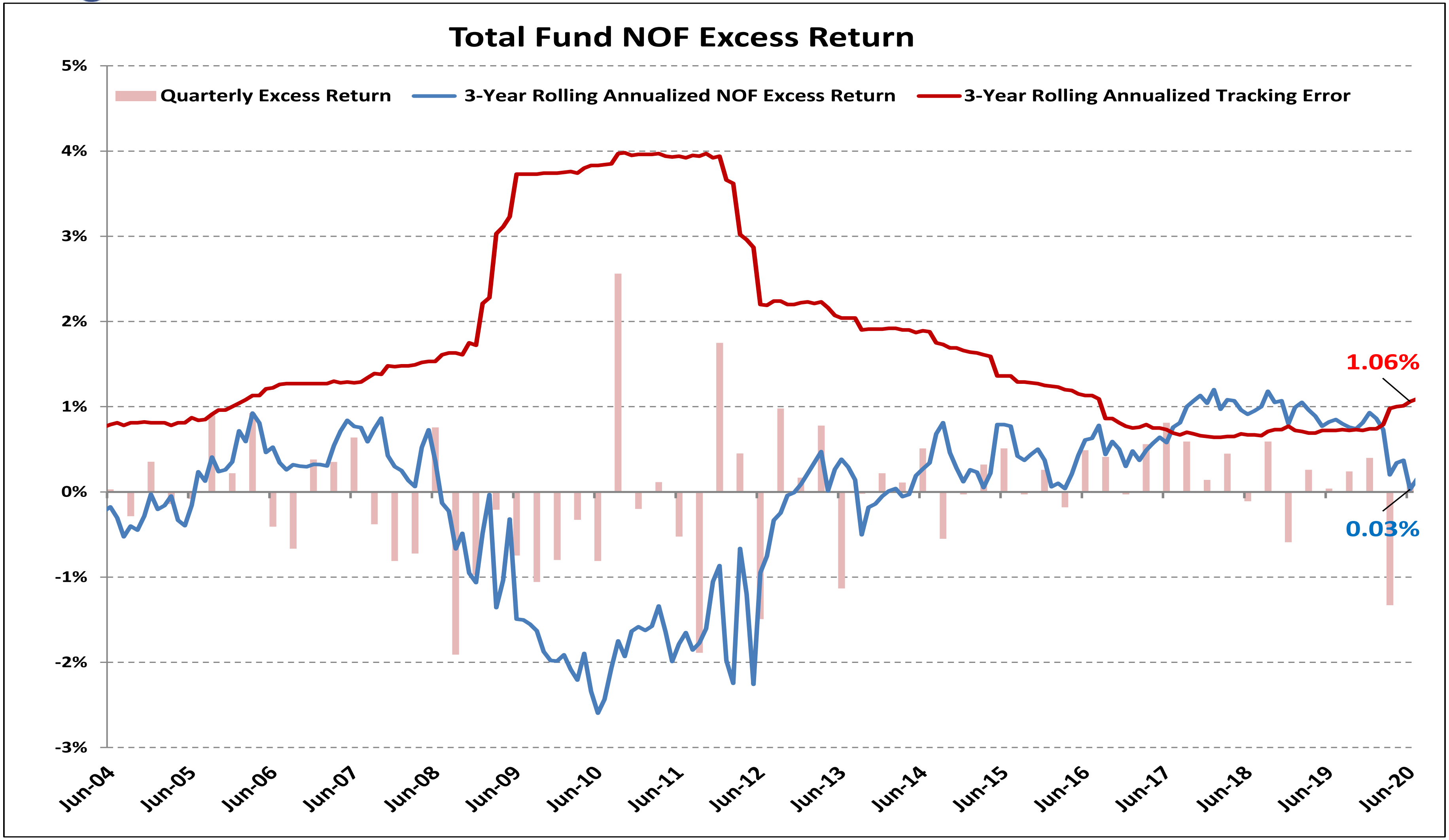


** Total Allocation Effects include net contributions from the Enhanced Asset Allocation and Currency Overlay Programs*

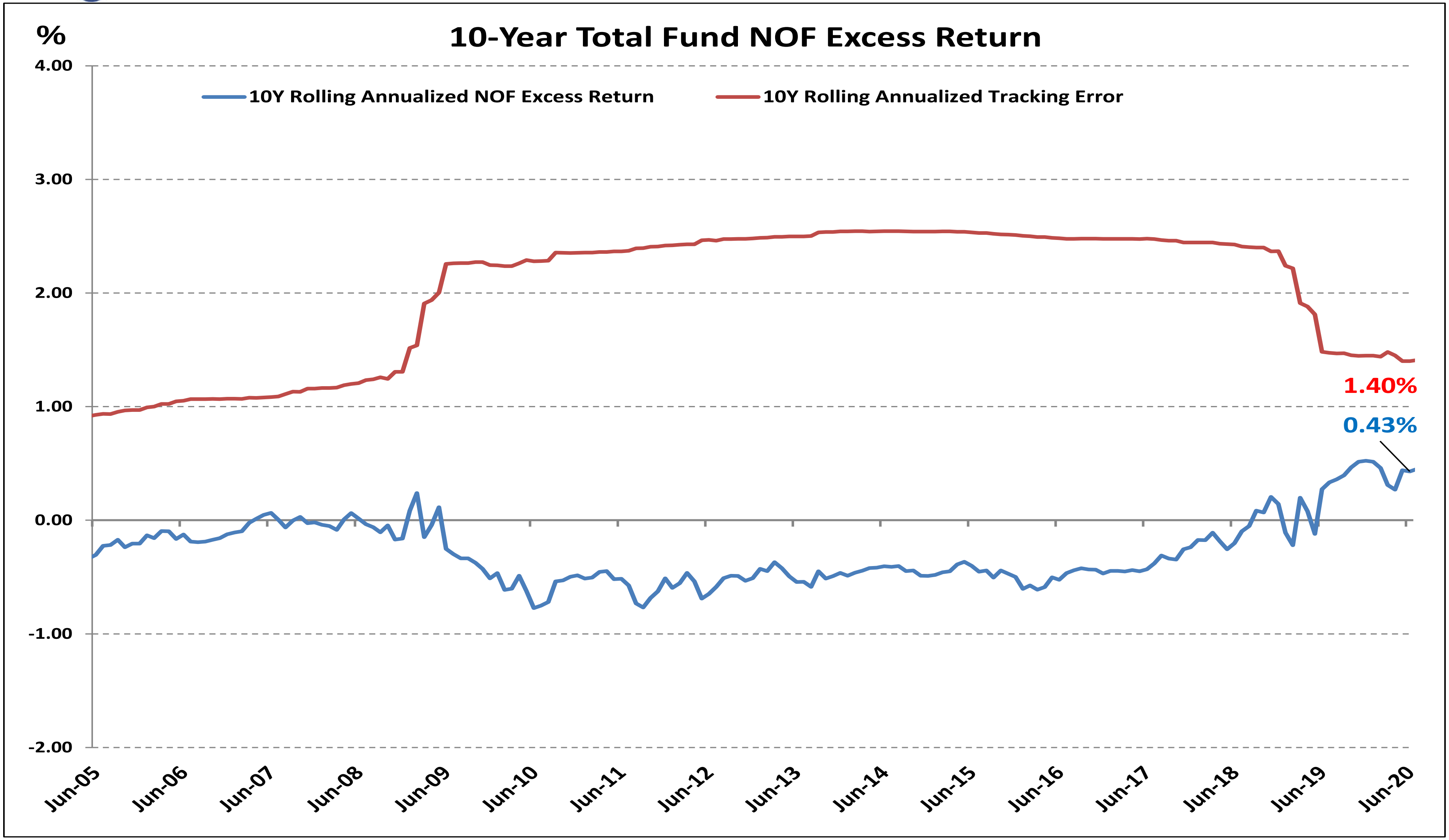
Ohio SERS Investment Report

Quarter Ending: 06/30/2020

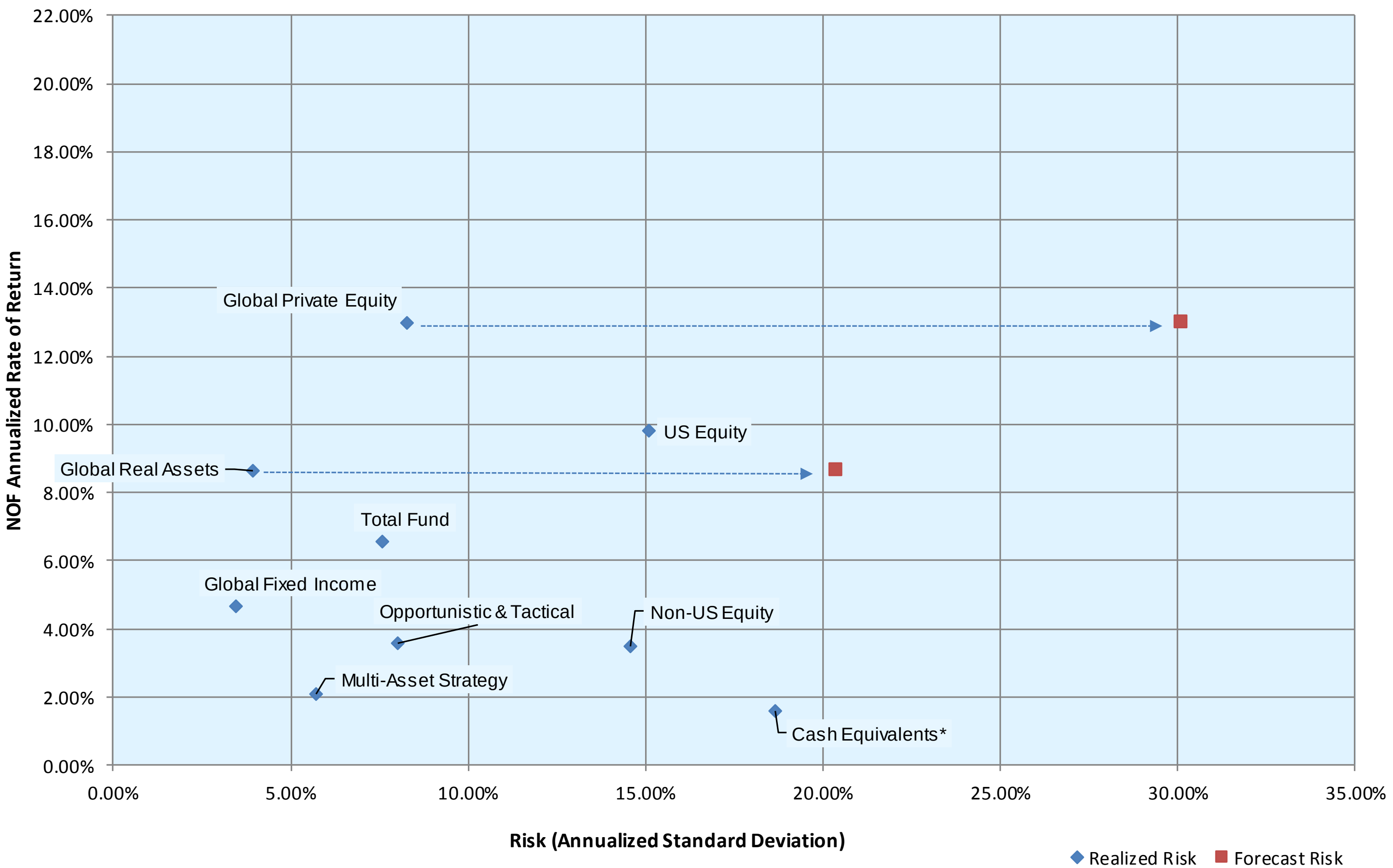
Total Fund NOF Excess Return



Quarter Ending: 06/30/2020

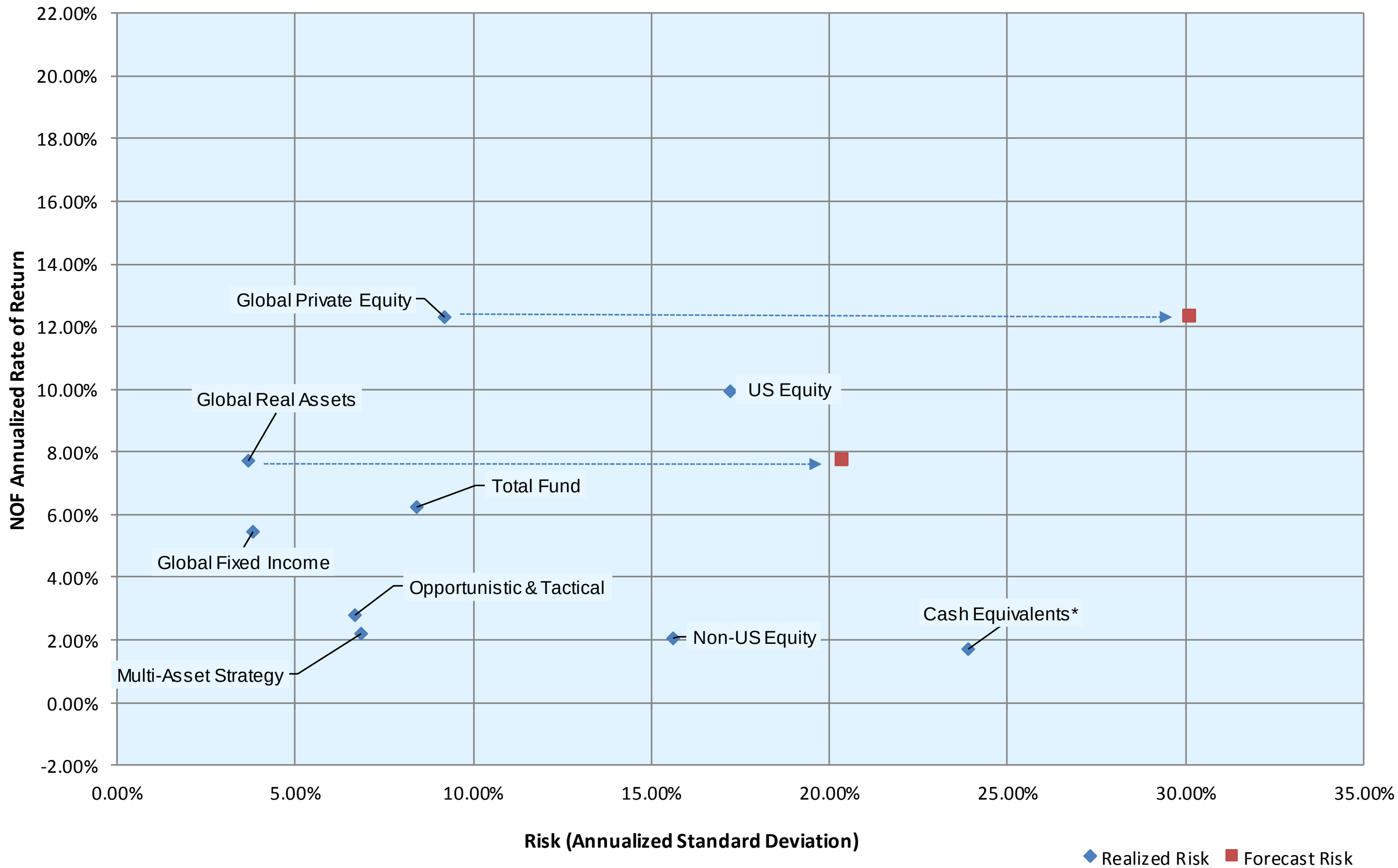


5 Year Risk and Return



*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay

3 Year Risk and Return



**Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay*

Ohio SERS Investment Report

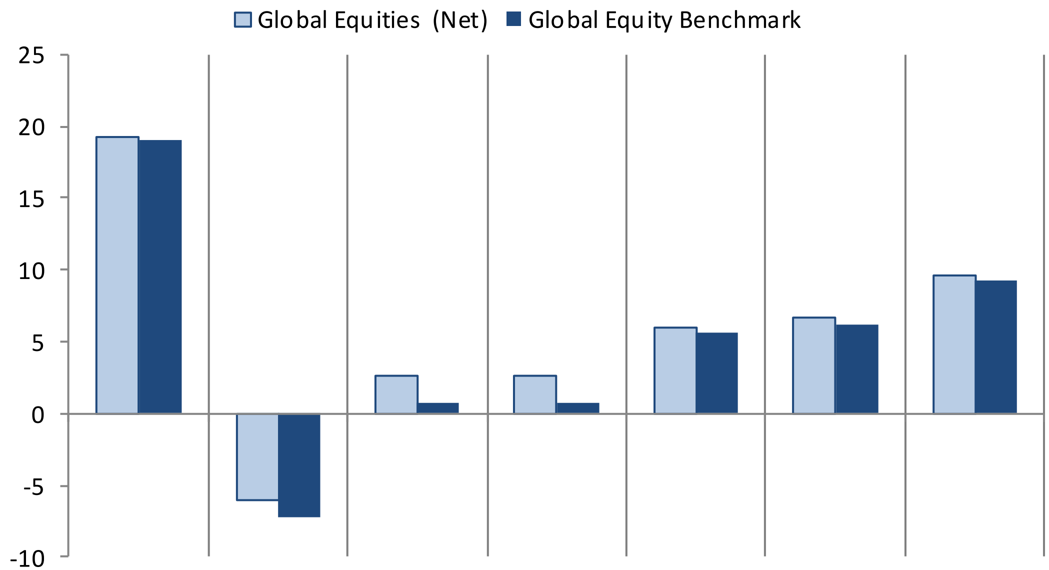
Quarter Ending: 06/30/2020

Global Equities Performance

Current Benchmark:

50% Russell 3000

50% MSCI ACWI ex US Index (net dividends)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	19.35	(5.88)	2.97	2.97	6.36	6.99	10.06
Global Equities (Net)	19.25	(6.03)	2.65	2.65	6.02	6.65	9.68
Global Equity Benchmark	19.09	(7.27)	0.78	0.78	5.57	6.15	9.31
MSCI ACWI	19.39	(5.99)	2.64	2.64	6.70	7.03	9.74
Value Added (Net of Fee)	0.16	1.23	1.87	1.87	0.45	0.50	0.36

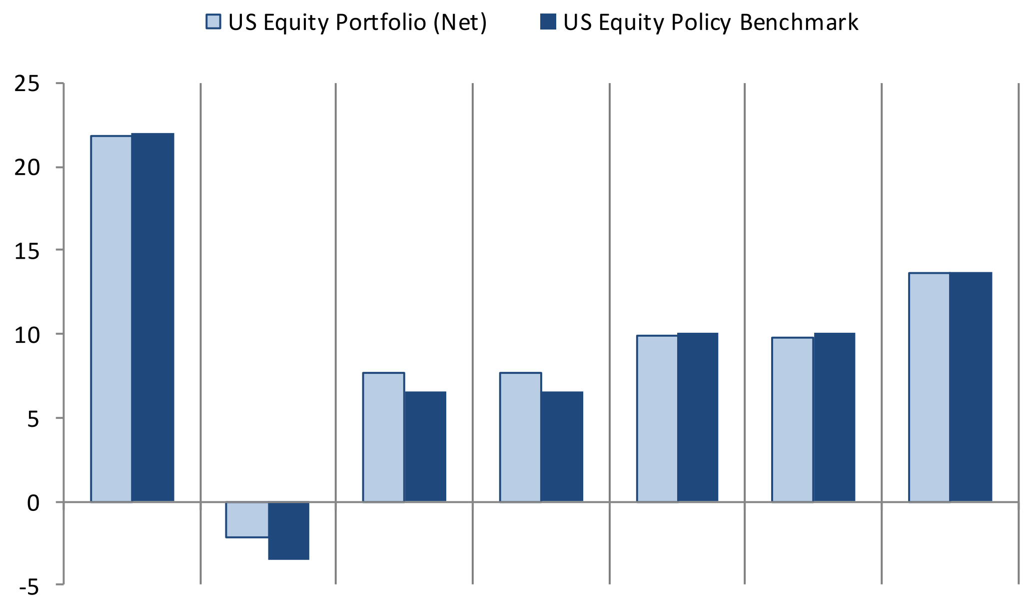
Source: BNY Mellon GRS

Ohio SERS Investment Report

Quarter Ending: 06/30/2020

US Equity Performance

Current Benchmark:
Russell 3000

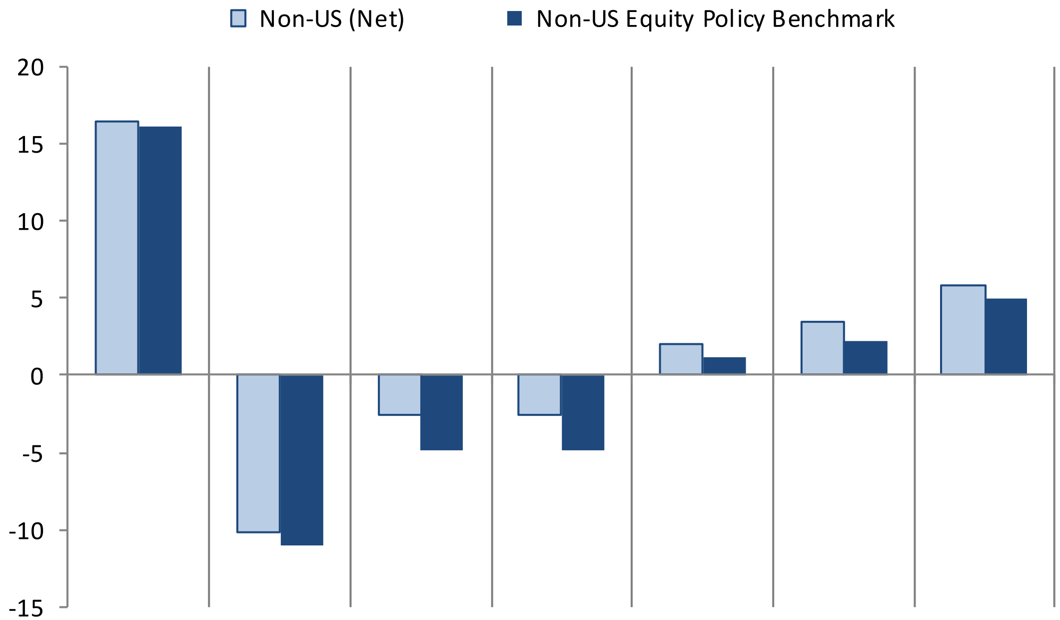


	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
US Equity Portfolio (Gross)	21.94	(2.01)	7.85	7.85	10.19	10.07	13.91
US Equity Portfolio (Net)	21.85	(2.13)	7.62	7.62	9.95	9.80	13.58
US Equity Policy Benchmark	22.03	(3.48)	6.53	6.53	10.04	10.03	13.72
Value Added (Net of Fee)	(0.18)	1.35	1.09	1.09	(0.09)	(0.23)	(0.14)

Source: BNY Mellon GRS

Non-US Equity Performance

Current Benchmark:
MSCI ACWI Ex US Index
(Net dividends)



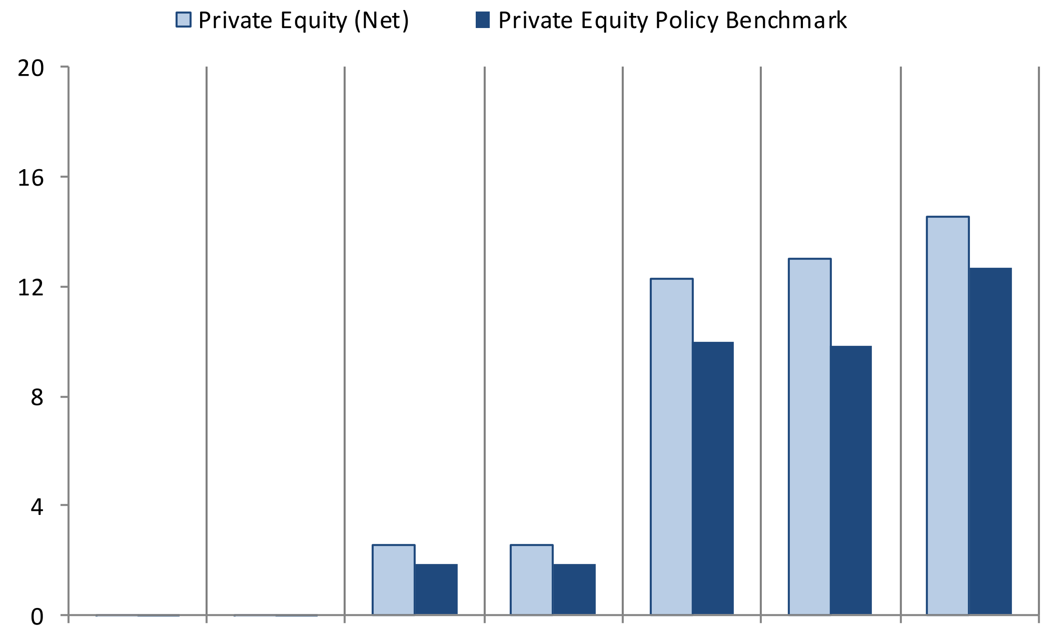
	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US (Gross)	16.51	(9.94)	(2.13)	(2.13)	2.48	3.90	6.20
Non-US (Net)	16.40	(10.14)	(2.54)	(2.54)	2.05	3.48	5.77
Non-US Equity Policy Benchmark	16.12	(11.00)	(4.80)	(4.80)	1.13	2.26	4.94
Value Added (Net of Fee)	0.28	0.86	2.26	2.26	0.92	1.22	0.83

Source: BNY Mellon GRS

Global Private Equity Performance

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	(7.30)	(3.68)	4.04	4.04	13.77	14.50	16.26
Private Equity (Net)	(7.54)	(4.20)	2.57	2.57	12.29	13.00	14.56
Private Equity Policy Benchmark	(7.01)	(2.70)	1.85	1.85	9.97	9.80	12.71
Value Added (Net of Fee)	(0.53)	(1.49)	0.72	0.72	2.31	3.20	1.85

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Equity performance is reported one quarter in arrears.

Public vs Private Equity - Performance (Net)

	3 Year	5 Year	10 Year
US Equity	9.95	9.80	13.58
Non-US Equity	2.05	3.48	5.77
Global Equity	6.02	6.65	9.68
Private Equity	12.29	13.00	14.56

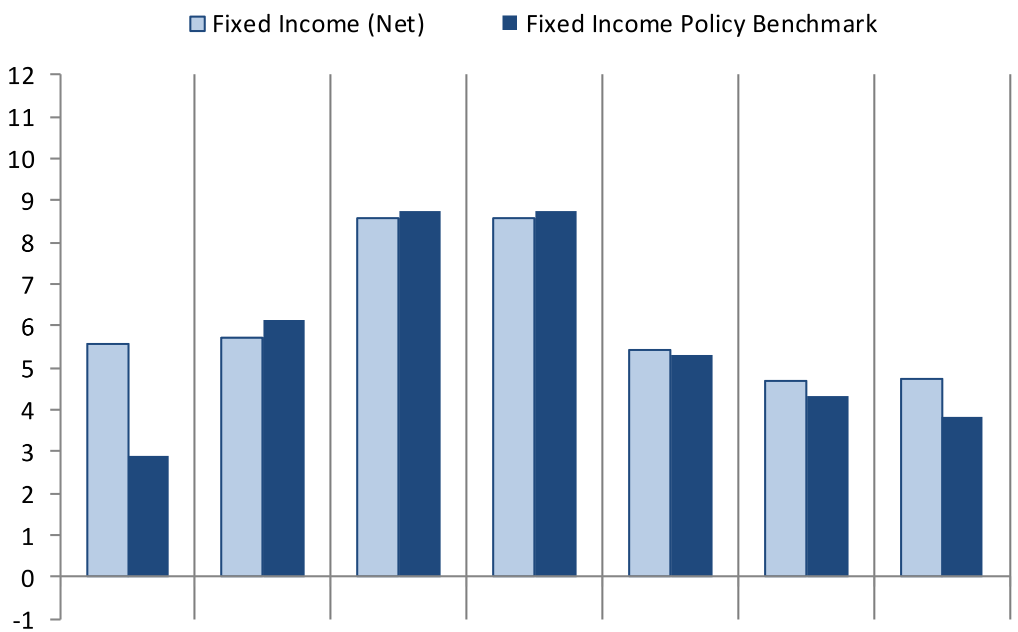
* Private Equity returns are lagged one quarter

Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Global Fixed Income Performance

Current Benchmark:
Bloomberg Barclays Aggregate Bond Index



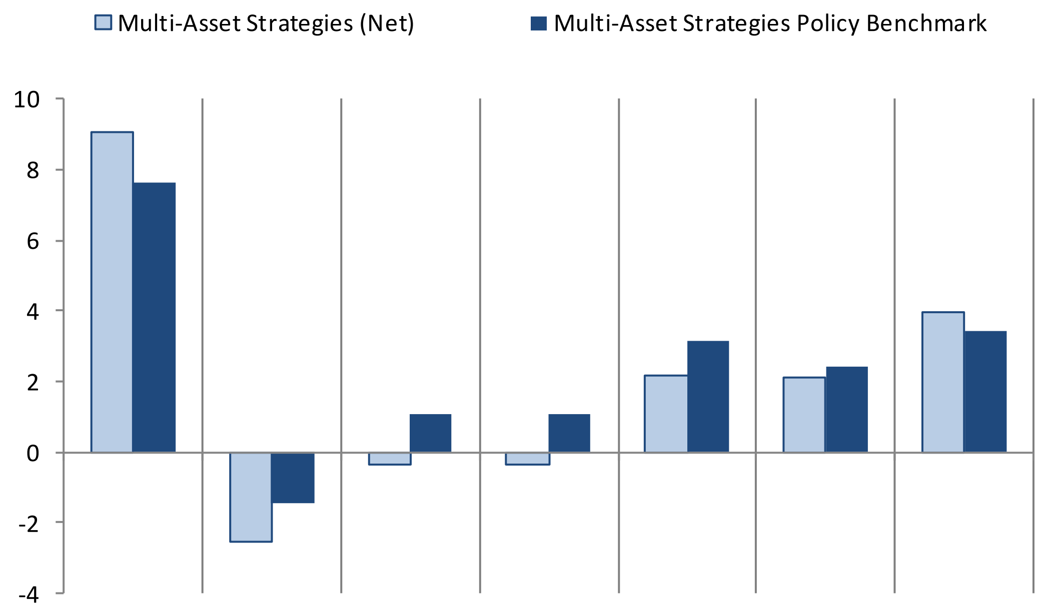
	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	5.61	5.83	8.80	8.80	5.67	4.90	4.98
Fixed Income (Net)	5.56	5.72	8.59	8.59	5.45	4.68	4.75
Fixed Income Policy Benchmark	2.90	6.14	8.74	8.74	5.32	4.30	3.82
Value Added (Net of Fee)	2.66	(0.41)	(0.15)	(0.15)	0.13	0.37	0.93

Source: BNY Mellon GRS

Multi-Asset Strategies Performance

Current Benchmark:

HFRI Fund of Funds Composite plus 1%



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Multi-Asset Strategies (Gross)	9.39	(1.95)	0.87	0.87	3.52	3.49	5.52
Multi-Asset Strategies (Net)	9.06	(2.55)	(0.35)	(0.35)	2.18	2.10	3.96
Multi-Asset Strategies Policy Benchmark	7.64	(1.48)	1.09	1.09	3.12	2.41	3.45
Value Added (Net of Fee)	1.42	(1.07)	(1.44)	(1.44)	(0.94)	(0.31)	0.51

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

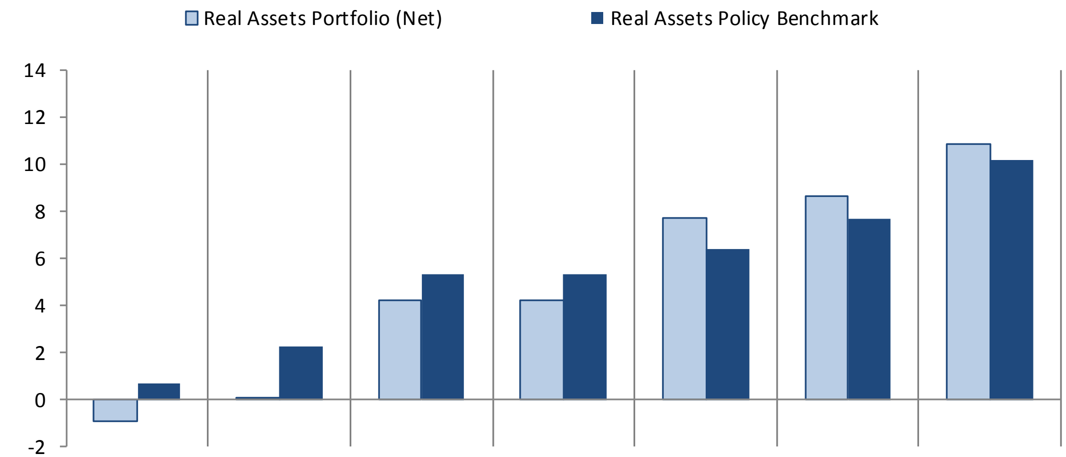
Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Global Real Assets Performance

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.89)	0.39	5.01	5.01	8.77	9.72	12.01
Real Assets Portfolio (Net)	(0.95)	0.10	4.23	4.23	7.73	8.65	10.82
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Value Added (NOF)	(1.67)	(2.18)	(1.05)	(1.05)	1.33	1.00	0.65
Real Assets Core (Net)	1.08	2.80	6.17	6.17	7.81	8.76	11.42
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Core Value Added (NOF)	0.37	0.53	0.89	0.89	1.40	1.11	1.25
Real Assets Non-Core (Net)	0.81	(0.80)	7.16	7.16	8.28	8.49	10.27
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	7.65	10.17
Real Assets Non-Core Value Added (NOF)	0.10	(3.07)	1.88	1.88	1.87	0.84	0.10
Real Assets Infrastructure (Net)	(8.53)	(4.44)	0.76	0.76	9.88	n/a	n/a
Real Assets Policy Benchmark	0.71	2.27	5.28	5.28	6.41	n/a	n/a
Real Assets Infrastructure Value Added (NOF)	(9.24)	(6.71)	(4.52)	(4.52)	3.47	n/a	n/a

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.

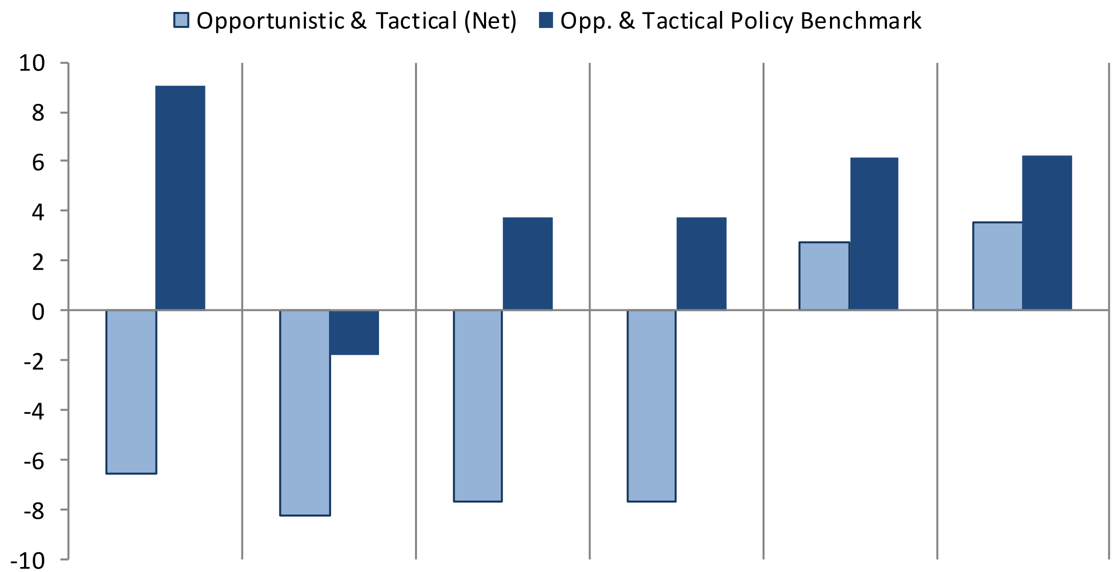
Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Opportunistic & Tactical Performance

Current Benchmark:

OSERS Policy Benchmark



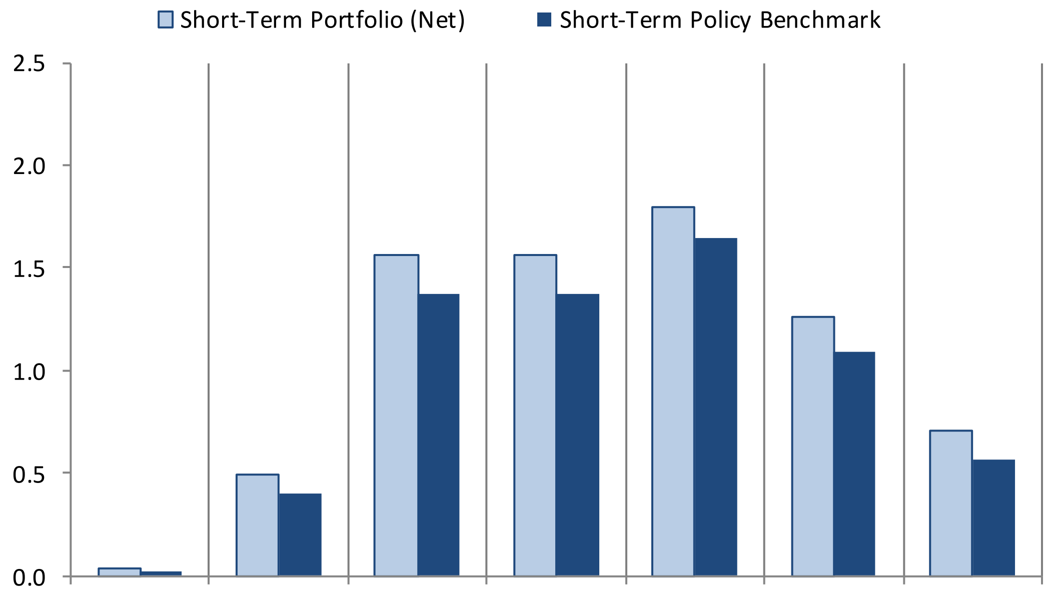
	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	(6.15)	(7.47)	(6.13)	(6.13)	4.35	4.99
Opportunistic & Tactical (Net)	(6.55)	(8.27)	(7.68)	(7.68)	2.78	3.57
Opp. & Tactical Policy Benchmark	9.07	(1.75)	3.73	3.73	6.18	6.20
Value Added (Net of Fee)	(15.62)	(6.52)	(11.40)	(11.40)	(3.41)	(2.64)

Source: BNY Mellon GRS

Short-Term Performance

Current Benchmark:

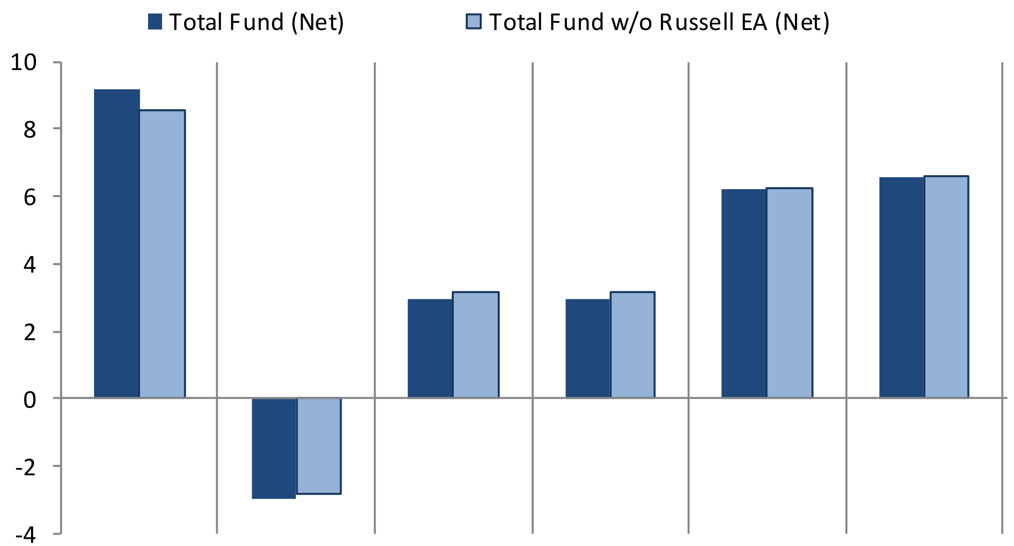
FTSE 30 Day Treasury Bill



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.04	0.50	1.56	1.56	1.80	1.27	0.71
Short-Term Portfolio (Net)	0.04	0.50	1.56	1.56	1.80	1.27	0.71
Short-Term Policy Benchmark	0.02	0.40	1.37	1.37	1.64	1.09	0.57
Value Added (Net of Fee)	0.01	0.09	0.19	0.19	0.16	0.18	0.15

Source: BNY Mellon GRS

Russell EA Overlay Performance



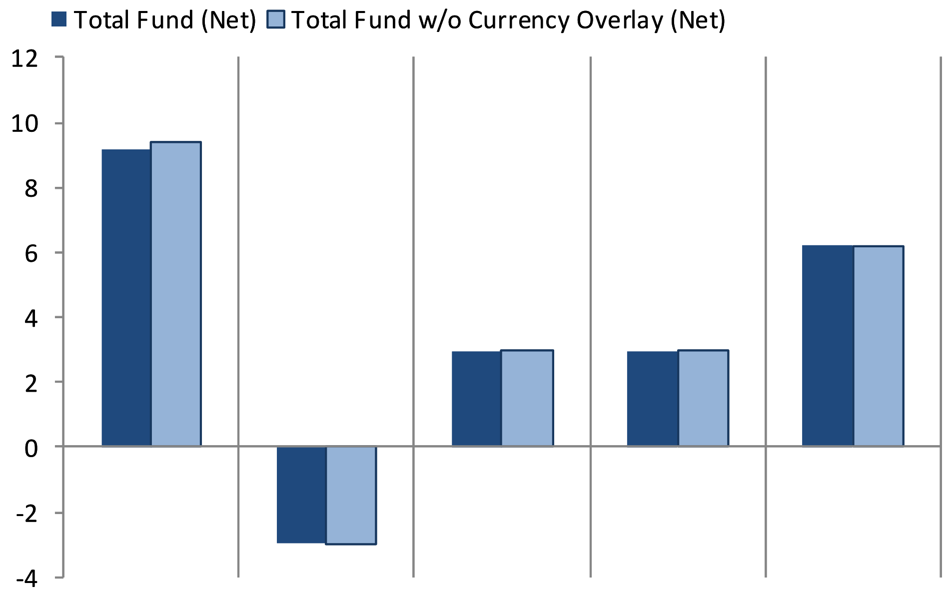
	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	9.31	(2.71)	3.58	3.58	6.88	7.26
Total Fund w/o Russell EA (Gross)	8.65	(2.52)	3.79	3.79	6.91	7.25
Total Fund (Net)	9.18	(2.99)	2.96	2.96	6.22	6.58
Total Fund w/o Russell EA (Net)	8.52	(2.80)	3.17	3.17	6.26	6.58
Russell EA Overlay Impact (Net of Fee)	0.66	(0.19)	(0.21)	(0.21)	(0.04)	(0.00)

Source: BNY Mellon GRS

Ohio SERS Investment Report

Quarter Ending: 06/30/2020

Currency Overlay Performance



	Qtr	CYTD	FYTD	1 Year	3 Year
Total Fund (Gross)	9.31	(2.71)	3.58	3.58	6.88
Total Fund w/o Currency Overlay (Gross)	9.53	(2.73)	3.57	3.57	6.86
Total Fund (Net)	9.18	(2.99)	2.96	2.96	6.22
Total Fund w/o Currency Overlay (Net)	9.40	(2.98)	2.99	2.96	6.22
Currency Overlay Impact (Net of Fee)	(0.21)	(0.01)	(0.03)	0.00	(0.00)

Source: BNY Mellon GRS

Proposed Investment Agenda – Next Meeting

Annual Portfolio Review – Private Equity
Investment Report (August 30, 2020)

ITEM 5 (A).

SUMMARY OF INVESTMENT TRANSACTIONS

_______________ moved and ________________ seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **June 1, 2020** through **June 30, 2020** hereby be approved.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	$ 93.9
Non-US Equities	156.3
Fixed Income	430.6
Multi-Asset Strategies	1.0
Private Equity Capital Calls	19.2
Real Asset Capital Calls	.3
Opportunistic	17.3
Cash Equivalents	276.1

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	$ 91.8	($ 5.3)
Non-US Equities	199.1	22.3
Fixed Income	383.5	4.4
Multi-Asset Strategies	.8	n/a
Private Equity distributions	14.6	n/a
Real Asset distributions	11.1	n/a
Opportunistic	.3	.1
Cash Equivalents	291.9	n/a

ITEM 5 (B).

SUMMARY OF INVESTMENT TRANSACTIONS

_______________ moved and ________________ seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **July 1, 2020** through **July 31, 2020** hereby be approved.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	$ 16.9
Non-US Equities	182.6
Fixed Income	330.5
Multi-Asset Strategies	3.4
Private Equity Capital Calls	18.0
Real Asset Capital Calls	11.9
Opportunistic	3.1
Global Private Credit	19.2
Cash Equivalents	348.3

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	$ 71.0	$ 20.7
Non-US Equities	136.8	15.2
Fixed Income	316.4	4.3
Multi-Asset Strategies	129.3	18.1
Private Equity distributions	11.9	n/a
Real Asset distributions	8.9	n/a
Opportunistic	14.9	(5.2)
Global Private Credit	n/a	n/a
Cash Equivalents	224.5	n/a

ITEM 6.

EXECUTIVE DIRECTOR'S UPDATE

- **Executive Director's Discussion Item**

ITEM 6 (A).

BUDGET POLICY REVIEW

School Employees Retirement System

Memo

To: SERS Retirement Board

From: Richard Stensrud, Executive Director

CC: Karen Roggenkamp, Deputy Executive Director

Date: September 3, 2020

Re: Budget Policy Review

At the September meeting, we are presenting proposed revisions to the existing Budget Policy in response to discussions with the Board. The proposed policy revisions outline additional processes to address budget changes, clarification of roles and responsibilities, changes to incorporate the use of a new budget reporting tool and other minor items. The purpose of the proposed revisions is to ensure that the Budget Policy accurately reflects current processes and procedures, as well as to provide additional transparency and accountability in the budget process.

If you have any questions please call me at 614.222.5829.

FIN5-001	# Budget Policy				
Effective Date:	03/22/2005	**Revision Date:**	05/16/2019	**Audience:**	Finance
Owner:	Finance	**Certifier:**	Tracy Valentino	**Co-Owner (s):**	Board
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

Purpose

The purpose of this policy is to provide guidance in the completion of SERS' annual budget and related documentation and to establish the roles and responsibilities in the development of SERS' annual budget.

Policy

The Annual Budget shall be developed each fiscal year and presented to the Retirement Board for approval at the May or June Board meeting. The annual budget includes:

1. SERS' Administrative Budget
2. Requests for Capital Contributions to any SERS-controlled Limited Liability Companies (LLCs)
3. Presentation of Investment Costs

The Retirement Board has the fiduciary responsibility for the fiscal affairs of the System. The approved Administrative Budget is the expenditure authority given to the Executive Director by the Retirement Board.

All budgets shall be on an accrual basis. Expenses incurred, but not paid, during a fiscal year shall be reported as expenses on the financial statements and shall also be applied against that year's budget.

The Administrative Budget shall be divided into Major Categories and the expenditure authority given by the Retirement Board shall be at the Major Category level. The Executive Director has the authority to exceed the Administrative Budget for a Major Category by 10%, provided that total expenditures for the System do not exceed the total budgeted.

The Executive Director and staff shall take all reasonable steps to see that expenditures do not exceed the approved level. Requests for items not included in the budget will be reviewed to evaluate prioritization of expenditures to ensure alignment with the strategic plan. Requests for unbudgeted expenditures will require evaluation through a formal examination process facilitated by the Finance department and includes the Executive Director and the Deputy Executive Director.

Expenditures that cumulatively exceed 110% of the approved Administrative Budget for any Major Category or total expenditures in excess of total budgeted expenditures require prior approval of the Retirement Board.

Projects/items included in the budget that exceed a determined threshold will be presented to the Retirement Board on the Quarterly Board Expense to Budget Reporting. Also, included in this report are unbudgeted items exceeding a determined amount approved by the Executive Director.

Expenditures for general furniture and equipment shall be capitalized or expensed in accordance with the System's Capitalization/Expensing of Assets Policy (FIN1-008~~). The Executive Director~~Adjustments ~~may adjust the Administrative Budget~~ between expenses and capital within the Administrative Budget ~~for these items.~~are presented to the Retirement Board for approval.

LLC Operating Budgets

A separate operating budget shall be created and maintained for each LLC, and ratified by that LLC's board. The Retirement Board shall authorize an annual amount to cover any deficit in the net operating or capital expenditures of the LLC (transfer). In the case of OSERS Holdings, LLC, the Retirement Board shall authorize a transfer to OSERS Holdings, LLC, which shall distribute the authorized funds to one or more LLCs. The request for the transfer shall be made simultaneously with the presentation of the SERS Administrative Budget to the Retirement Board.

All procedures and assignments of duties related to the budget of an LLC must be in accordance with the LLC Agreement/ By-Laws of the LLC, as amended.

Whenever budgeted costs are allocated between LLCs or between LLCs and SERS, supporting details must be clear as to the basis for allocation and amounts budgeted to each Cost Center. An example would be insurance coverage.

Whenever there are planned transfers between SERS and LLCs or between LLCs, they must be budgeted in all participating Cost Centers.

The transfer shall be approved annually, based upon the sum of the Net Expenses and Operating Capital budgeted. The Budget Resolution approving the transfer shall:

- State the reason for the transfer
- State any restrictions put on uses for the funds
- Authorize a transfer "not to exceed budget expenses of [specific amount]"

If the LLC does not require all funds authorized, the unused funds shall not be transferred from SERS.

OSERS Holdings shall submit reports to the Retirement Board in accordance with SERS Budget Reporting Policy.

Responsibilities

The Retirement Board shall be responsible for:

- Approving the Administrative Budget before the start of the budget fiscal year
- Approving authority levels for capital contributions to any SERS-controlled LLCs
- Approving all increases to any budget or transfer authority level prior to the increase going into effect
- Approving all transfers that exceed the authority of the Executive Director

The Executive Director shall be responsible for:

- Recommending the Administrative Budget and revisions to the Retirement Board
- Implementing the Administrative Budget, including, but not limited to authorizing the transfer of spending authority between Major Categories or Departments, as authorized by the Retirement Board

The Chief Financial Officer shall be responsible for:

- Overseeing the development of the Administrative Budget
- Presenting the Draft Budget to the Retirement Board
- Drafting budget resolutions for the approval of the Retirement Board
- Complying with the reporting requirements of SERS policies
- Developing, maintaining, and reviewing budget policies and procedures
- Serving as a liaison between the ORSC and SERS for budget matters

The Assistant Director of Finance shall be responsible for:

- Developing the Administrative Budget
- Developing, maintaining, and reviewing budget policies and procedures
- Managing the budget process and access to the Business Planning System
- Ensuring accuracy and completeness of budget materials

The Budget Analyst shall be responsible for:

- Establishing and disseminating budget schedule
- Managing budget process
- Collating documentation
- Maintaining a list of Budget Administrators and Budget Liaisons.
- P~~reparing and issuing monthly~~Ensuring accuracy of variance reports and budget to actual reports in the Business Planning System

Budget Administrators shall be responsible for:

- Developing Administrative Budgets for their respective Cost Centers. This includes all amounts and supporting details in the Cost Centers' Budgets that are not the responsibility of Human Resources. Human Resources, the Purchasing Coordinator, Building Services, and the Budget Analyst also provide services for certain budget line items.

- Expenditures within their Cost Centers:
    - Reviewing and approving all line items charged to the Cost Centers each month, including those whose budgets were computed by Human Resources.
    - Providing written explanations of all variances that are +/- 10% and/or +/- $10,000 different than the year-to-date budgeted amounts on a ~~monthly~~ quarterly basis, or as requested by Finance, the Executive Director, or Deputy Executive Director.
    - If a Cost Center fails to include items in its Equipment Budget Form so that those items are not included in the original budgets of the Administrative Services Department or Information Technology Department, and items are required during the fiscal year, those unbudgeted items shall be charged to the Cost Center that requires and uses them, not Administrative Services or Information Technology. (See Equipment Procedure below.)
    - The department that is using these unbudgeted items shall be responsible for any negative budget variance caused by this policy.
- Working with the Budget Analyst to prepare accurate forecasts and identifying funds that may not be used during the fiscal year and may be available for transfer to another Cost Center.
- Budget Administrators may appoint Budget Liaisons to assist them in their budget development, implementation, and reporting responsibilities.

Purchasing Coordinator shall be responsible for assisting in determining costs, correct accounts, and Cost Centers in which to budget purchases of equipment and services in accordance with the Equipment Procedure below.

Investment Accounting section of Finance and the Chief Investment Officer shall be responsible for developing the budget for Investment Costs.

Administrative Services shall be responsible for:

- Budgets for any Cost Centers related to:
    - Administrative Services
    - Net Building Occupancy
    - LLCs
- Providing written explanations of all variances that are +/- 10% and/or +/- $10,000 different than the year-to-date budgeted amounts on a ~~monthly~~ quarterly basis, or as requested by Finance, the Executive Director, or Deputy Executive Director.
- Working with the Budget Analyst to prepare accurate forecasts and identifying any changes to the capital contribution required to fund any LLC during the fiscal year.
- A Budget Liaison may assist in these budget development, implementation, and reporting responsibilities.

Human Resources shall be responsible for:

- Computing the Personnel-related budget details for salary and retirement contributions. These shall be computed based upon submissions of detailed Personnel plans from Budget Administrators in consultation with Human Resources and leave time accrual and usage assumptions.

- Computing Employee ~~Health Care~~benefits budget details by Cost Center. ~~These~~ The employee h~~H~~ealth care budget shall be developed in consultation with SERS' Health Care Department.

Required Information

The Annual Budget- documentation shall include the following information~~:~~

~~T~~he Annual Budget Book shall contain:

- Budget overview
- Operating budget by category and a three-year review budget presentation
- SERS operating budget by category excluding investments and a three-year review budget presentation
- Investment operating budget by category and a three-year review investment budget presentation
- Details by Major Account Category
- Administrative capital budget
- OSERS Broad Street, LLC and OSERS Holdings, LLC budgets

~~**Glossary of terms used**~~

~~**The definitions in the glossary shall conform to this Policy.**~~

F~~inancial~~ Detail Requirements

- Concise descriptions of the expenditures budgeted
- In addition to the proposed amounts for the upcoming fiscal year these comparisons shall be made:
  - Current year original budget amounts or, if that budget has been revised, the most recent revision
  - The date of the revision or estimation used shall be clearly labeled
  - Current year forecasted expenses
- Details of funding uses:
  - Administrative, LLCs, and Investment Expenses shall be clearly separated
  - ~~o C~~apital Expenditures shall be ~~grouped~~ illustrated by~~:~~
  - Major Project

The Annual Budget documentation for the ORSC reporting shall contain:

- Draft of budget summary with current year forecasted expenses
- Draft of capital budget with current year forecasted expenses
- Investment assets and expenses including internal and external managers for the prior fiscal years as reported in the CAFR (Comprehensive Annual Financial Report).

  A ~~headcount summary~~Budgeted headcount and travel and training expenditures by department comparing current budget with draft budget, using the same time frames as are used in the financial comparisons described above

- Historical and current year forecasted expenses and draft budget of ~~Supporting details of direct expenses of~~ the Retirement Board
- Supplementary statistical information of membership.

Procedures

- Annual Budget Development Schedule
- Administrative Cost Center
- Equipment
- Investment Costs ~~and External Manager Fees~~
- Personnel
- Budget Revisions
- Budget Documentation

Annual Budget Development Schedule

The Schedule includes these coordinated events:

#	Event	Due in Month
1	Budget Schedule Finalized	December
2	Board Compensation Committee approves new staff positions, changes to compensation, and employee benefits	December or January
3	Budget Kickoff Meeting – new policies, procedures, and forms disseminated to departments	December or January
4	Board's Strategic Planning Retreat	February
5	Draft Budgets completed by departments	February
6	Draft Budget collated and submitted to Executive Management	February or March
7	Collated Draft Budget in ORSC format presented to SERS Board	April Board Meeting **60 days before the effective date of the Board's approval of the budget resolution.**
8	Collated Draft Budget presented to ORSC	April ORSC Meeting
9	Final Draft Budget created and submitted to Executive Management	May
10	Draft Budget Submitted to Board	May Board Meeting
11	Board Resolution Drafted	After May Board Meeting
12	Board Approves Budget Resolution	June Board Meeting

The Budget Analyst shall be responsible for maintaining the Fiscal Year Budget Schedule.

- ~~I~~If changes are made to the Schedule once the initial Schedule is communicated ~~distributed~~, the Budget Analyst will ~~provide copies of the revised Schedule to all persons on the Budget Administrator/Budget Liaison List,~~ update the Schedule~~d~~ on the ~~Boulevard Budget site calendar~~Business Planning System.~~, and add to the "Announcements".~~

- ~~A~~dditional action items and meeting dates may be included in the Schedule, upon the discretion of the Executive Director, the Deputy Executive Director, or the Chief Financial Officer.
- ~~All budget-related deadlines shall be included in the appropriate monthly activity calendars.~~
- T~~he Schedule shall be disseminated in a one-page table similar to the format shown in this procedure.~~

Administrative Cost Center

This Procedure sets forth the steps to be followed in determining budget amounts that support the Strategic Plan, and collating and incorporating those budget amounts into the Annual Budget.

This Procedure applies to those budgeted items, which are included in the Cost Centers in the Administrative Budget, but do not include Salary, Retirement Contributions, or Employee Insurance.

A separate budget must be completed for each Cost Center.

Administrative Cost Center Budget Template

1. The Budget Analyst shall be responsible for providing a budget template/sheet for each Cost Center in the Administrative Budget to each Budget Administrator or Budget Liaison.
    a. The template/sheet shall enable the budget amounts developed under the Personnel and Equipment Procedures below to be merged with other cost center budget information.
    b. The template/sheet shall enable the responsible Budget Administrator or Budget Liaison to build all other account budgets from supporting line item details.
    c. Accounts shall be summarized by Minor Category and Major Category.
    d. Line item details shall be identified by:
        i. Vendor and/or item name
        ii. Quantity (i.e., trips/number of persons participating in a specific trip or seminar, number of pieces in a print or mailing job, etc.)
        iii. Timing / Month of Purchase
            1. If the expected month of purchase is known, the budgeted cost shall be entered into that month.
            2. If purchases are expected to be made over the course of the year, the Budget Liaisons should allocate expenses in a manner that reflects the expected purchasing pattern.
    e. If any account includes line items that shall be entered into the Administrative Accounting System under project name or other sub-account identifiers, those line items shall be itemized in the cost center's budget template/sheet. Such items may include, but are not limited to:
        i. Staff Travel Expenses
        ii. Staff Educational Expenses
        iii. Retirement Conference Expenses

Incorporation into the Annual Budget

1. Each Budget Administrator or Budget Liaison shall coordinate with the Budget Analyst to ensure that amounts from the Personnel and Equipment Procedures are properly merged into the correct cost center's budget template/sheet.

2. Each Budget Administrator or Budget Liaison shall submit the cost center's budget template(s)/sheet(s) to the Budget Analyst by the dates listed in the Budget Schedule.

3. The Budget Analyst shall incorporate the budgeted amounts in each cost center's budget templates/sheets into the Annual Budget and ensure that the final budgeted amounts in the Budget are correct for each Cost Center.

Equipment

This Procedure sets forth the steps to be followed in determining budget amounts for capital and expensed non-consumable items, and collating and presenting those amounts into the Annual Budget. The items to be acquired shall support the Strategic Plan.

Items to be considered capital shall be defined by the Capitalization / Expensing of Asset Purchases Policy (FIN1-008). Because items are classified by cost, a cost estimate must be secured for each item before a department may budget them.

Therefore, Budget Liaisons shall submit requests in the form of itemized lists of items required, the Purchasing Coordinator shall price the requested items and the budgeted amounts shall be included in the correct cost center budget templates.

Department Furniture & Equipment Budget Request

1. The Budget Analyst shall provide the equipment budget template to each Budget Administrator or Budget Liaison.
    a. The Purchasing Coordinator shall develop a checklist of items that includes technology-related equipment and non-technology related furniture and equipment. This checklist shall be incorporated into the template.
    b. The template shall list the correct account numbers for each item listed.
    c. This template will enable the Budget Administrators and Budget Liaisons to:
        i. Request pricing for Information Technology-related and non-Information Technology items.
        ii. Notify the Purchasing Coordinator and Information Technology Department of budgeted new employees.

Development of Equipment Budget

1. Each Budget Administrator or Budget Liaison shall list items required and budgeted for new employees and any other additional furniture and equipment in the template and forward it to the Purchasing Agent.
    a. A separate template is necessary for each Cost Center. If no items are required for a Cost Center, a blank form should be submitted, stating that no items are required.
2. The Purchasing Coordinator shall review the completed templates.

   a. Following the Purchasing Procedure, the Purchasing Coordinator shall secure price estimates for requested items. In some cases, the Information Technology Department will obtain price estimates for technology-related items.
   b. The Purchasing Coordinator shall enter price estimates into the templates and forward the amended templates to the Purchasing Liaison in the Information Technology Department.
   c. The Information Technology Department shall include all IT-related purchases into the Information Technology department's budget template.
   d. The Information Technology Department shall identify in their budget template the ultimate users of budgeted items (e. g., 2 PCs, 1 for Executive new employee, 1 for replacement pool).
   e. An exception to the rule that Information Technology budgets items would occur if another department wishes to acquire computer equipment that will not be maintained by the Information Technology Department nor attached to the SERS network.
3. Building Services is responsible for entering furniture and equipment items and correct amounts into the Building Services' budget template.
4. If a Cost Center's equipment budget template does not include a request for an item, or a service associated with that item and the item is subsequently required during the fiscal year, the unbudgeted expenditure will be charged to the Cost Center that requires the item, and to the appropriate account number. Reasons for failing to budget items might include:
   a. New employee requiring equipment that was not anticipated.
   b. Project conceived after the due dates in the Budget Schedule for Cost Center Budgets.

Investment Costs

SERS shall plan and estimate future investment operational costs and ensure that the planned expenses and planned use of resources meet the policies and goals of the SERS organization.

1. Each type of Investment Cost shall be budgeted and expensed in different accounts in the chart of accounts. Within each account, Investment operational costs shall also be itemized by vendor.
2. The Budget Analyst shall provide the investment budget template to Investment Accounting.

Incorporation into Draft Budget Documents

1. Investment Accounting and the Director of Investments shall submit the investment budget template to the Budget Analyst by the dates listed in the Budget Schedule.
2. The Budget Analyst shall incorporate the budgeted amounts in the investment budget template into the Annual Budget documentation and ensure that the final budgeted amounts in the Annual Budget are correct for each Cost Center.

Personnel

This Procedure sets forth the steps to determine Payroll-related budget amounts that support the Strategic Plan, and collating and presenting those budget budgets in the Annual Budget.

Department Personnel Budget Request

1. The Budget Analyst will provide a template to Budget Administrators and/or Budget Liaisons to make their budget requests. This template will be the personnel budget template. All Personnel-related requests will be entered into the personnel budget template.
2. The following items should be included in the personnel budget template:
    a. List of existing employees who are expected to retire in upcoming fiscal year.
    b. List of existing employees to receive promotions or other salary adjustments.
        i. The month the change is expected to occur.
        ii. The increase expressed as a percentage of current salary and/or a dollar amount.
    c. List of employees eligible to receive incentive compensation.
        i. The month of the bonus and a dollar amount should be stated.
        ii. Bonuses will be budgeted separately based upon the following definitions:
            1. Bonuses are non-recurring payments, which may or may not be previously promised or announced, and which are not available to all employees.
            2. Bonuses are conditional payments.
            3. All budgeted bonuses must be in accordance with SERS policies.
            4. All bonuses will be paid to employees and expensed through separate Bonus accounts.
    d. List of requested new positions, with budgeted annual salary for the first year of hire and date of projected hire.
        i. SERS does not pay “hiring bonuses.” If SERS hires an employee and makes a special payment to that new hire to cover moving expenses, the amount should be budgeted under “moving expenses”.
        ii. Moving expenses will be paid to employees and expensed through the Salary accounts.
    e. Overtime hours, by employee.
        i. Overtime should be expensed through separate Overtime accounts.
        ii. For those employees who are eligible for overtime payments and who are expected to incur overtime:
            1. Number of hours
            2. Approximate month when overtime will occur

Development of Budget Amounts

1. Human Resources will review the requests from each Department.
2. Human Resources will compute salary increases, overtime, and ~~bonuses~~incentive compensation payments, then compute retirement contributions.
3. Human Resources will calculate ~~and~~ insurance benefits based on projected enrollment and costs.

~~2.~~4. Human Resources will calculate sick and vacation leave accruals based on each employee's leave time accrual rate, usage assumptions, and whether or not an employee is within 5 years of retirement eligibility for sick leave only. Assumptions are agreed upon by Human Resources and Finance.

~~3.~~5. Human Resources and the Budget Analyst will determine the proper Payroll schedule, so that each month's budget includes the proper number of pay periods.
   a. Pay periods are determined based upon the payroll cutoff days that fall within the month, not the payroll payable days.

~~4.~~6. Human Resources will deliver:
   a. To each department Director:
      i. Itemizations of ~~the merit~~ any budgeted increases such as merit, salary adjustments, and promotions ~~expenditure~~ by cost center
      ii. New salaries ~~and bonus amounts~~ for each of the Director's employees
      ~~ii.~~iii. Investment compensation payment amounts only for the Investment Department.
   b. To the Budget Analyst:
      i. Monthly budgeted amounts for each salary, retirement contribution, and insurance account by department.

~~5.~~7. The Budget Analyst will incorporate the budgeted amounts into the budget for each cost center and ensure that the final budgeted amounts in the Annual Budget are correct.

Confidentiality

1. In all steps of the process, confidentiality of individual salary and benefit information will be preserved, so that only persons authorized to know individuals' pay and benefits will have access to that information.
2. Personnel Budget forms and related documents or messages will not be stored on shared drives unless access- and write-protected.

Budget Revisions

This procedure concerns when revisions to a budget may occur.

Unbudgeted Items

1. During the fiscal year, circumstances may arise that warrant consideration for purchases that were not included in the budget.
2. Requests for unbudgeted items will be submitted to Finance for examination of the current status of the budget prior to undergoing the requisitioning process detailed in the Purchasing Policy (FIN6-001). Submissions shall include the description of the item or service, reason(s) for the purchase, actual or estimate of the cost, and the budgeted item(s)/service(s) the unbudgeted item will replace.
3. Prior to submission to Finance, it is the Department(s) responsibility to review the current status of the Department's budget and assess available resources within the line item,

minor category and major category and evaluate prioritization of future expenditures/projects to ensure alignment with the strategic plan.

4. The Finance Department will review the submission for completeness and accuracy of any calculated amounts and forward to Executive for their review and approval.
5. If approved by the Executive Director and the request exceeds a determined threshold amount, the item will be reported on the Quarterly Board Expense to Budget Reporting presented to the Retirement Board.
6. After approval, the Department will follow the requisitioning process outlined in the Purchasing Policy (FIN6-001) and include all supporting documents related to the request when creating the requisition in the Administrative Accounting System.

Forecast

1. At any time, the Retirement Board, Executive Director, Deputy Executive Director, Chief Financial Officer, or Assistant Director of Finance may request a Forecast of expected expenses be prepared for the remainder of the fiscal year.

Revision

1. All efforts are made to ensure spending is within approved budget amounts within a Major Category and in total. However, ~~I~~if the Forecast reveals that expenses for the fiscal year may cumulatively exceed the limits of the budget authority given to the Executive Director in the Budget Policy, the Chief Financial Officer shall draft a Budget Revision ("Revision") to present to the Retirement Board.
2. Operational support for the Revision shall be presented to the Executive Director, who shall decide whether to make a recommendation to the Retirement Board to approve the Revision.
3. Should the Retirement Board approve the Revision, the authorization shall be made at the Major Category level.
4. Future financial statements comparing actual expenses to Budget shall define whether the comparison is to the original Budget or the Revision, and give the date of the Revision being shown. If no Revision has been required during the fiscal year, financial statements will compare actual expenses to the original Budget.

Limited Liability Company Budget Revisions

1. If the Forecast for an LLC exceeds the LLC's Board-authorized Capital Contribution, the Retirement Board must authorize the transfer of additional funds from SERS.
2. As with the original LLC Budget, this authorization should be worded so that the transfer shall be "up to, but not exceeding [specific amount]".

Budget Documentation

This procedure describes the process of presenting the Annual Budget and related documentation to the Retirement Board and the ORSC~~.~~

1. Collation of Cost Center Budgets for ORSC reporting and draft Annual Budget
    a. A draft of the Annual Budget shall be created by collating and combining all the Administrative Budgets created for each Cost Center, using the ORSC format:

        i. Draft Administrative Budget compared to prior fiscal year budget
        ii. Draft Capital Budget
        iii. Investment ~~ Expense~~Cost Comparison
        iv. Board Expenditures
    b. A draft of the Annual Budget shall also be compiled in the budget book format to be presented to the Retirement Board during the May board meeting.
        i. Letter to the Board
        ii. Budget Overview
        iii. Operating Budget by Category
            1. Budget Summary
            2. Three-Year Review Budget Presentation
        iv. SERS Operating Budget by Category Excluding Investments
            1. Three-Year Review Investment Budget Presentation
        v. Details by Major Account Category
            1. Personnel
            2. Professional Services
            3. Communications
            4. Other Operating
        vi. Administrative Capital Budget
        vii. OSERS Broad Street, LLC and OSERS Holdings, LLC
            1. Building Occupancy Budget
            ~~1.~~2. Capital Improvements Budget

2. Approval Process
    a. The Budget Analyst shall collate the Cost Center Budgets into a Draft Annual Budget document, which shall be reviewed by the Assistant Director of Finance, the Chief Financial Officer, the Deputy Executive Director, and the Executive Director, who shall provide management commentary to be included in the draft Annual Budget.
    b. The draft Annual Budget, approved by the Deputy Executive Director and Executive Director, shall be presented to the Retirement Board in a format consistent with the ORSC reporting format. This report will be sent to the ORSC 60-days prior to the Retirement Board approval of the Annual Budget.
    ~~c. A report shall be presented to the ORSC based on this draft Annual Budget.~~
    ~~d.~~c. If changes are required after the report is presented to the ORSC, a second draft may be prepared. This document shall be reviewed by the Assistant Director of Finance, the Chief Financial Officer, the Deputy Executive Director, and the Executive Director. An explanation of changes between the drafts shall be prepared by the Budget Analyst.
    ~~e.~~d. The document presented to the Retirement Board as the final draft Annual Budget in the budget book format ~~may be this second draft~~.
    ~~f.~~e. The final draft Annual Budget in the budget book format shall be presented to the Retirement Board at the May Board Meeting for approval at the June Board Meeting.

3. Format
    a. The format shall be consistent to allow comparability with previous SERS budgets.
    b. These items shall be included to enhance understanding and utility:
        i. An index or table of contents

ii. Plain language and glossary defining all terms
iii. Graphs, charts, and tables, where appropriate.

c. Figures shall be rounded to the nearest prescribed denominator. Tables and charts shall be formatted and summed so that all items sum to the nearest whole dollar.

d. If a change in accounting procedures, such as change in the usage of an account, or if changes in presentation requirements, occurred between time periods used in the comparisons described above, a note shall be included to highlight the change, with a numerical recast of the prior periods to the current account usages and presentation formats.

e. The final document shall be available to all interested parties in hardcopy and electronic form.

4. Archiving and Security

a. At the start of each fiscal year's planning process, and coinciding with the Budget Kickoff Meeting, the Budget Analyst shall create a template/sheet for each Department/Cost Center in the Business Planning System to facilitate budget compilation. Additional files or documents necessary to assist budget compilation shall be available in the Business Planning System~~a file folder and/or software application ("folder") on the SERS network or the Boulevard to archive each Department's Plan and Budget files.~~ .

i. The Budget Analyst shall ensure that the template/sheet is designed and proper access is assigned for each Department/Cost Center.~~the correct templates are available in this folder.~~

ii. T~~he structure of the folder shall allow each Department to save supporting files.~~The Budget Analyst is responsible for ensuring information to assist with budget compilation and timeline is made available

~~iii. The most current iterations of any budget component shall be clearly labeled in the folder.~~

iii. Historical budget information shall be ~~Alternative versions or versions~~ saved either in the Business Planning System or on the SERS network or on the Boulevard.

iv. Alternative versions ~~or versions~~ ~~in any places not in the folder~~ shall not be considered official budget information, whether in electronic or paper form.

b. Access ~~to any files/templates shall be access- and write-protected.~~to the Business Planning System

i. ~~T~~he Assistant Director of Finance or the Senior Manager of Financial Accounting shall grant access to the Business Planning System upon receiving approval from the Department Director through a prescribed security access form. ~~A Budget Administrator or Budget Liaison may assign at least part of the Budget process to subordinates, but must inform the Budget Analyst of the access- and write-privileges for each subordinate.~~

~~ii. The Budget Analyst shall be responsible for administering budget-related files and folders.~~

~~iii. The Budget Analyst shall ensure that a list of authorized personnel and their access rights, as well as all passwords, is stored in a secure manner, but accessible to the Information Technology Department and Finance Department Management.~~

~~iv.~~ii. The Budget Analyst shall ensure that budget files/data ~~-~~are archived in such a way that they cannot be edited without the authorization of the Budget Analyst and meet the requirements of record retention policies.

Definitions

Administrative Accounting System -- The computer software used to record, process, and report administrative or operational costs.

Administrative Budget -- The budget for expenditures related to the Administrative functions of SERS. Administrative Capital is included in the Administrative Budget. Depreciation is excluded. The Administrative Budget is approved by the Retirement Board.

Annual Budget – Document presented in a book format to the SERS Retirement Board ~~and external users~~ to represent annual requests for authorization for the upcoming fiscal year~~.~~ or in a format designated by the ORSC for presentation purposes.

Budget -- A generic term used to describe the expenditure authority given to the Executive Director by the Retirement Board. The Budget includes:

- SERS Administrative Budget
- Requests for Capital Contributions to LLCs
- Presentation of Investment Costs ~~and External Manager Fees~~

Budget Administrator -- Department Director or other person appointed by the Executive Director to have fiscal responsibility for a cost center and its budget.

Budget Analyst -- A person appointed by the CFO to communicate with Departments on Budget matters, analyze monthly and quarterly variance reports, and propose system-wide savings opportunities.

Budget Liaison -- A person appointed by a Budget Administrator to communicate with the Finance Department on expenditure and budget matters.

Business Planning System – The computer software used to compile, manage, and report budget information.

Capital Expenditure -- An expenditure to acquire a capital asset.

Cost Center -- Cost Centers are used to organize accounts in the Administrative Accounting system and may be organized along any dimension or combination of dimensions. Organizational Departments and entities controlled by SERS may be grouped as Cost Centers for budget development and financial reporting purposes. Any limited liability company, while a separate legal entity, will be considered a separate cost center for this purpose.

Expenditure -- Decreases in net financial resources. Per GASB Statement No. 11, expenditures are recognized when a liability is incurred, regardless of the timing of related cash payments. Expenditures may be recognized as expenses or capital, per the Capitalization/Expensing of Asset Purchases policy (FIN1-008*).*

Expense -- Expenditures deemed to have a useful life no longer than the current fiscal year are charged as expenses in the current year. Expenses are those Expenditures that are not treated as capital per the Capitalization/Expensing of Asset Purchases policy (FIN1-008*)*.

External Investment Manager Fees -- Those fees paid to external investment managers. Fees are based on assets under management.

Forecast -- A report that compares the year-to-date expenditures with the expected expenditures for the rest of the fiscal year.

~~I~~Investment Costs ~~--~~ – Internal and external costs of the investment function. This includes Personnel, Investment-Related, and Other Operating Expenses.~~External costs of the Investment function, which include the following, for Budget purposes:~~

~~Investment Consulting and Advisory Services~~

~~Custodian Banking Costs~~

~~Master Recordkeeper Costs~~

~~Trading Costs Analyses~~

~~Services providing investment and/or manager research~~

~~Benchmarking/performance comparisons~~

I~~nvestment Costs do not include other internal costs related to the Investment function.~~

Investment Plan -- A formal submission made to the SERS Retirement Board by the Investment Department, including departmental organizational plans as well as proposed asset allocation strategies. The Investment Plan is the basis of the Presentation of Investment Costs and External Manager Fees.

Limited Liability Company (LLC) -- A separate legal entity that maintains separate accounts, separate internal financial statements, and whose administrative budget is presented separately from the administrative budget of SERS.

Major Category -- The highest level grouping of Administrative Expenditure accounts. Multiple Cost Centers may share account numbers in a Major Category, or a Major Category may be reserved for the use of one Cost Center. For example, multiple Cost Centers use Personnel Services.

Minor Category -- A subcategory grouping of accounts within a Major Category. Multiple Cost Centers may share account numbers in a Minor Category. For example, multiple Cost Centers use the Insurance Minor Category in the Personnel Services Major Category. The Minor Categories correspond roughly to the line items shown in the CAFR (Comprehensive Annual Financial Report).

ORSC – Acronym used in reference to the Ohio Retirement Study Council. This legislative body provides oversight and advise and inform the state legislature on all matters relating to the benefits, funding, investment, and administration of the five state retirement systems in Ohio**.**

Revision -- If, during the course of a fiscal year, expenses or capital purchases are forecast to exceed the authority granted by the original Budget, the Board shall be requested to formally approve a Revision. A Revision must be approved by the Board.

Transfer -- The transaction by which a budgeted amount is moved from one Major Category to another, making no change to the total budget, or an annual transaction between SERS and an LLC.

Variance -- When the expenditures in an account differ from the amounts budgeted for that account.

Variance Report or Year-to-Date Expenditure Report -- The report which shows the actual expenditures during a stated month and during the year-to-date through that month compared to the year-to-date budgeted expenditures and the fiscal year budgeted expenditures.

Related Documents and Information

Statutes:	3309.03 and 3309.041
Rules:	N/A
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
Forms:	---

Policy History

Version 1 – March 22, 2005 – Created – Approved by Jim Winfree
Version 2 – February 6, 2013 – Edited – Approved by Lisa Morris

ITEM 6 (B).

HOUSEHOLD INCOME

- Discussion during the Board meeting.

LEGISLATIVE REPORT

STATE LEGISLATION BOARD REPORT
133rd General Assembly
(Prepared by Chris Collins as of September 4, 2020)

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)

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)

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

HB530 OPERS PROTECTION Diane Grendell (R- Chesterland) - Regarding state retirement system fiduciary duties, Public Employees Retirement System management fees and employee pay, and creating the Committee on Pension Salaries and Fees

Current Status: 03/10/2020 Referred to Financial Institutions Committee

---

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: 03/10/2020 Referred to Financial Institutions Committee

---

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: 03/10/2020 Referred to Financial Institutions Committee

---

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: 03/10/2020 Referred to Financial Institutions Committee

---

HB197 OMNIBUS MEASURES ON CORONAVIRUS Jena Powell (R-Arcanum) Derek Merrin (R-Monclova) To continue essential operations of state government and maintain the continuity of the state tax code in response to the declared pandemic and global health emergency related to COVID-19, to make appropriations, and to declare an emergency.

Current Status: 03/27/2020 SIGNED BY GOVERNOR; eff. 3/27/20

FEDERAL LEGISLATION BOARD REPORT
116th United States Congress
(Prepared by Chris Collins as of September 4, 2020)

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. 255 co-sponsors; nine Ohioans

---

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. 38 co-sponsors.

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: 48 co-sponsors; three Ohioans

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: 143 co-sponsors; four Ohioans

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.

H.R.748
SPONSOR: Courtney, Joe (D-CT)
LAST ACTION: 03/27/2020 Became Public Law No: 116-136.
CAPTION: CARES Act (Coronavirus Aid, Relief, and Economic Security Act)

COMMENT: Initially introduced as a repeal of the health care “Cadillac Tax.” 369 co-sponsors; 14 Ohioans. Ultimately became vehicle for COVID-19 relief legislation.

S. 2543
SPONSOR: Grassley, Chuck (R-IA)
LAST ACTION: Senate - 09/25/2019 Placed on Senate Legislative Calendar under General Orders. Calendar No. 225.
CAPTION: The Prescription Drug Pricing Reduction Act (PDPRA)

COMMENT:This bill alters several programs and requirements relating to the prices of prescription drugs under Medicare and Medicaid. No co-sponsors.

H.R. 3 –
SPONSOR: Pallone, Frank (D-NJ)
LAST ACTION: Senate - 08/13/2020 Read the first time. Placed on Senate Legislative Calendar under Read the First Time.
CAPTION: The Elijah E. Cummings Lower Drug Costs Now Act.

COMMENT: This bill establishes several programs and requirements relating to the prices of prescription drugs, health care coverage and costs, and public health. 106 co-sponsors

MEMORANDUM

To: Chris Collins, SERS Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: September 2, 2020

Re: Federal Legislative and Regulatory Report

OVERVIEW

Highlights for July and August include: continued debate in the House, Senate and Trump administration on the scope of additional legislation to address the pandemic; the issuance of several executive orders by the President until Congress passes legislation; proposed rules that could impact institutional investors; discourse on changes at the U.S. Postal Service that may impact mail-in voting; outreach to the Ohio delegation offices and Committee staff to provide an updated analysis on the potential cost for changes to the structure of Medicare Part D plans and rebates; and the language in the House report from the Committee on Appropriations for reporting on Limited Wraparound Plans.

The House of Representatives has been on recess and will return on Tuesday, September 8. Several hearings of interest are scheduled, both in a virtual and hybrid (virtual and in person) format as the House works through its appropriations bills and other priorities. House Majority Leader Steny Hoyer (D-MD) has scheduled Committee work days from September 8 through September 11. Voting days have been placed on the calendar starting on Monday, September 14 through September 30. Hearings of interest include:

- Committee on Financial Services
  - Subcommittee on Diversity and Inclusion
    Virtual Hearing - Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority and Women Inclusion
    Tuesday, September 8 at Noon
  - Full Committee
    Virtual Hearing - The Need for Financial Aid to America's States and Territories During the Pandemic: Supporting First Responders, Assisting Schools in Their Efforts to Safely Educate, and Preventing Mass Layoffs
    Thursday, September 10 at Noon
  - Subcommittee on Investor Protection, Entrepreneurship and Capital Markets
    Virtual Hearing - Insider Trading and Stock Option Grants: An Examination of Corporate Integrity in the Covid-19 Pandemic
    Thursday, September 17 at Noon

The Senate has been on recess since mid-August and will return on Tuesday, September 8. Senate President Mitch McConnell (R-KY) delayed the start of the August recess in case a deal on the next coronavirus package emerged. When no agreement was in sight, Senator McConnell released the Senators, reminding them that they would be given a 24-hour notice to return to Washington, D.C. if a deal was reached. The Senate has state work periods on the calendar for September 28 through September 29. The Senate is expected to return on September 30, if necessary, for any last minute votes on the federal budget, which will expire at midnight. One hearing of interest has been scheduled:

- Banking, Housing and Urban Affairs
  http://www.banking.senate.gov/public
  - Hearings to examine the status of the Federal Reserve emergency lending facilities
    Wednesday, September 9 at 10:00 a.m.

The effort to reach a deal on the next piece of COVID-19 relief legislation continued throughout August, however, neither the House, Senate nor administration could find common ground on the terms in the bill, the priorities for relief, or the right funding level. At one point, the parties were approximately $2 trillion apart. In a hopeful breakthrough, it was reported on August 31 that Secretary of the Treasury, Steven Mnuchin, indicated that the President wanted Congress to pass more relief for workers, schools and small businesses than the Senate had previously considered in its $1 trillion proposal. Talks will continue.

Democrats have been alarmed with the lapse of several targeted programs for coronavirus relief that were enacted earlier this year. One of them was the expiration on July 31 of the moratorium for landlords to evict renters who could no longer make timely rent payments. On September 1, President Trump indicated that he would direct the Centers for Disease Control and Prevention (CDC) to temporarily halt COVID-19 related evictions through the end of 2020. According to the press release, "[U]nder the CDC Order, American renters who meet certain conditions cannot be evicted if they have affirmatively exhausted their best efforts to pay rent, seek Government rental assistance, and are likely to become homeless due to eviction."
https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-working-stop-evictions-protect-americans-homes-covid-19-pandemic/

The President issued four executive orders on August 8, relating to an extension of federal unemployment claims relief, assistance to renters and homeowners, a payroll tax deferral until the end of the year and student loan relief during the pandemic. The executive order for a payroll tax deferral commenced on September 1 for employees that make less than $4,000 biweekly.

On August 28, the Internal Revenue Service (IRS) issued guidance to help employers, who decide to participate, deal with the terms of the executive order. In the publication the IRS said:

- The Secretary has determined that employers that are required to withhold and pay the employee share of social security tax under section 3102(a) or the railroad retirement tax equivalent under section 3202(a) are affected by the COVID-19 emergency for purposes of the relief described in the Presidential Memorandum and this notice (Affected Taxpayers).
- An Affected Taxpayer must withhold and pay the total Applicable Taxes that the Affected Taxpayer deferred under this notice ratably from wages and compensation paid between January 1, 2021 and April 30, 2021 or interest, penalties, and additions to tax will begin to accrue on May 1, 2021, with respect to any unpaid Applicable Taxes. If necessary, the Affected Taxpayer may make arrangements to otherwise collect the total Applicable Taxes from the employee.

This all means that if employers begin to withhold the Social Security payroll taxes that employees generally pay for a period of four months, the employees may see more take home pay this fall. However, employees are still obligated to pay the taxes that were deferred starting next year. The deferred taxes would have to be added back into an employee's paycheck, along with the reinstated payroll tax, in the first four months of 2021. The U.S. Chamber of Commerce and 33 national organizations expressed concern with the terms of the executive order, asking the administration, Speaker Pelosi and Senate Majority Leader McConnell for more clarity. Links to the IRS publication and Chamber, et al. letter are here: https://www.irs.gov/pub/irs-drop/n-20-65.pdf
https://www.uschamber.com/letters-congress/coalition-letter-the-executive-order-deferring-payroll-tax-obligations

President Trump commented that if he would win reelection, the payroll taxes owed under this temporary deferral would be forgiven and would be one area for possible elimination. The payroll tax supports the Social Security and Medicare Trust Funds as you know. The House Select Sub-committee on the Coronavirus Crisis, held a hearing on September 1 to question Treasury Secretary Steven Mnuchin. According to The Hill, "Mnuchin reiterated that Trump plans to ask for authority from Congress to forgive the deferred taxes. Any legislation Congress passes to forgive the deferred payroll taxes would include a transfer from the general fund to make the Social Security trust fund whole again."

U.S. Postal Service

The Postal Service recently became a focus of both Republicans and Democrats as concerns were raised on the increased frequency of delayed mail, mail order prescription drugs not reaching veterans and seniors in a timely way and the increased usage of mail-in ballots for voting purposes. Postmaster General Louis DeJoy testified before the Senate Committee on Homeland

Security and Governmental Affairs on August 21 and the House Committee on Oversight on August 24. During his testimony, Postmaster General DeJoy defended the cost-cutting measures that were put in place by him and his predecessor, including reducing overtime, removing mail-sorting equipment and stand alone mail boxes in certain areas. He indicated that the Postal Service was continuing to run at a significant loss and the changes were necessary.

The concerns have caused many states and Congress to take action. At least 20 states thus far have filed lawsuits against the U.S. Postal Service and Postmaster General Louis DeJoy, seeking to block service changes that the states' Attorneys General say are intentional efforts to keep voters from mailing in their ballots for elections this fall. https://www.forbes.com/sites/alisondurkee/2020/08/25/more-than-20-states-attorneys-general-suing-postal-service-usps-changes-despite-dejoy-reversal/#77e8765c4533

In a news release issued on August 21, Senator Sherrod Brown (D-OH), and Reps. Marcy Kaptur (D-OH), Marcia Fudge (D-OH) and Tim Ryan (D-OH) requested that the Ohio Controlling Board approve a proposal to prepay postage for absentee ballots for the upcoming 2020 General Election. In their letter, they said, "In order to preserve access to our democratic process, we must do all that we can to ensure that health concerns do not prevent any Ohioan from casting a vote." The Controlling Board delayed the decision until a later date, after Ohio Secretary of State Frank LaRose requested approval to provide postage-paid envelopes with absentee ballots.
https://www.brown.senate.gov/newsroom/press/release/brown-kaptur-fudge-ryan-urge-ohio-controlling-board-to-approve-prepay-postage-for-absentee-ballots

On August 11, Rep. Carolyn B. Maloney (D-NY), the Chairwoman of the Committee on Oversight and Reform, introduced H.R. 8015, the "Delivering for America Act." The bill had 222 cosponsors including Ohio Reps. Joyce Beatty, Tim Ryan, Marcy Kaptur and Marcia Fudge, all Democrats. The bill would "maintain prompt and reliable postal services during the COVID–19 health emergency" and prohibit the Postal Service from implementing any changes to the operations or level of service it had in place on January 1, 2020, until the COVID-19 pandemic has ended. It included $25 billion in funding for the Postal Service. The bill was passed out of the House (257-150) on August 22 with an interesting split vote by Ohio's delegation, with 4 Republicans and 4 Democrats supporting it. The Yeas were Reps. Joyce, Balderson, Beatty, Kaptur, Ryan, Fudge, Stivers and Turner. The Nays were all Republicans, including Reps. Gonzalez, Latta, Chabot, Jordan, Davidson, Johnson and Wenstrup. Rep. Gibbs (R-OH) was listed as not voting. The Senate has not taken up the bill.

CORONAVIRUS LEGISLATION

According to The Hill, a bipartisan group of 20 House members wrote to Speaker Pelosi and Senate Majority Leader McConnell on August 17 to "improve the diversity of the coronavirus relief oversight panel to address the recession's unique toll on minorities and women." The members believed that Congress should expand the Congressional Oversight Commission, a five-person entity, created under the Coronavirus Aid, Relief and Economic Security (CARES) Act with oversight for the $500 billion distributed by the Federal Reserve and Treasury. Reps. Joyce Beatty (D-OH) and Anthony Gonzalez (R-OH) were two of the cosigners. A copy of the full letter may be read here:
https://beatty.house.gov/sites/beatty.house.gov/files/Final-%20CaresOversightCommission-D%26I-81720.pdf

As reported, Reps. Anthony Gonzalez (R-OH) and Marcia Fudge (D-OH) introduced H.R. 7029, a bill to facilitate the re-opening of schools through study of children's role in transmitting SARS-CoV-2, and for other purposes. The bill has 24 cosponsors, including Reps. Tim Ryan (D-OH), David Joyce (R-OH), Joyce Beatty (D-OH), and Steve Stivers (R-OH). The bill is entitled, "Protect our Children from COVID-19 Act," and is "aimed at helping schools to reopen safely in the fall by providing much needed research on the role children play in transmitting the COVID-19 virus." The bill has not moved.

EDUCATION

On August 25, Rep. Mike Turner (R-OH) issued a Twitter release that he was "proud to be the first Republican to support @RepMarciaFudge's "Examining Educational Redlining in Lending Act."
Under no circumstances should someone's borrowing rate be higher because they attend a school that

primarily serves minorities." The bill, H.R. 8039, would require the Bureau of Consumer Financial Protection to conduct an assessment of the use of certain educational data in determining the creditworthiness of an applicant, and for other purposes. Rep. Joyce Beatty (D-OH) has also cosponsored the bill. It has been referred to the Committee on Financial Services.

SERS ADVOCACY ON EXECUTIVE ORDER/ PDPRA/ WRAPAROUND PLAN

On August 25, SERS sent an updated analysis to the offices of Senators Rob Portman (R-OH) and Sherrod Brown (D-OH) in response to a conference call with Senator Portman's office. The analysis was shared with majority and minority staff members from the Senate Committee on Finance and the Ohio House members. During the conference call, the Legislative Aide mentioned that information to "turn the dial in a different direction," to lower drug prices without an impact on plans sponsors, would be useful. SERS agreed to re-review the savings component from the Congressional Budget Office's cost estimate for S. 2543, the "Prescription Drug Pricing Reduction Act" (PDPRA).

SERS looked into the CBO's scoring with regard to the Medicare Part D modernization redesign, maximum monthly cap on cost sharing payments, requiring pharmacy negotiated price concessions, payment, and fees to be included in negotiated prices at the Point-of-Sale under Part D, and the Medicare Part D Rebate by MFR for certain drugs with prices increasing faster than inflation. The updated analysis confirmed that SERS, under the EGWP model, could lose revenue that, without clear replacement, represents a $90 per member per month cost in premium increases and/or cost sharing. The conclusion said, "Downward pressure on future pricing does not impact current revenue losses." SERS and I heard back from Senator Portman's Legislative Aide that the information would be taken into consideration if the Senate bill moved forward this year.

The advocacy on the reauthorization of Limited Wraparound Plans has continued. The House Committee on Appropriations and then the full House, on July 31, passed H.R. 7617, the Defense, Commerce, et al, Labor, Health and Human Services, Education, Transportation, Housing and Urban Development Appropriations Act of 2021. The bill passed with a vote 217-197. All Ohio Democrats supported the bill; all Ohio Republicans voted against it.

In the Committee Report, which is 384 pages in length, language on Limited Wraparound Plans begins on page 164 and continues on page 165:

> Limited Wraparound Coverage.—The Committee is deeply concerned that the Administration did not extend the limited wraparound coverage pilot program or make the program permanent. This failure has caused significant uncertainty for patients who depended on this program for several years. The Committee directs CMS to submit a report within 90 days of enactment of this Act outlining a plan to ensure that participants impacted by the expiration of the pilot program will receive benefits equivalent to those of the limited wraparound coverage program. This report should include an analysis of the outcomes of the pilot program and an explanation for CMS's decision not to extend it.

We anticipate that similar language will be included in the Senate Appropriations bill. SERS and I will continue to pursue legislative authority under the bipartisan bill, H.R. 4763, or identify other vehicles for Wraparound Plan reauthorization language.

WINDFALL ELIMINATION PROVISION (WEP)

Rep. Richard Neal (D-MA), Chairman of the House Committee on Ways and Means, survived a primary challenge on Tuesday, September 1, which will allow him another term in the House next year. There is not a Republican opponent for the district in the November election so he is the inherent winner.

Both Chairman Neal and Ranking Member Kevin Brady (R-TX), House Committee on Ways and Means, have continued to say they would like WEP reform to be addressed by the end of the year. Chairman Neal (D-MA), introduced his WEP reform bill, H.R. 4540, the "Public Servants Protection and Fairness Act" last September. The bill has 143 cosponsors, including Reps. Marcy Kaptur (D-OH), Tim

Ryan (D-OH), Joyce Beatty (D-OH) and Marcia Fudge (D-OH). Rep. Brady's bill, H.R. 3934, has 48 cosponsors now, including Reps. Gonzalez (R-OH), Turner (R-OH) and Latta (R-OH).

H.R. 141, the "Social Security Fairness Act of 2019," which addresses the full repeal of WEP and GPO, has not been passed, however, the bill now has 255 cosponsors, made up of 196 Democrats and 59 Republicans, including nine Ohio members, 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), Marcia Fudge (D-OH), Joyce Beatty (D-OH) and Troy Balderson (R-OH).

Senator Sherrod Brown (D-OH) introduced the Senate companion bill, S. 521, the "Social Security Fairness Act," last February. The bill would fully repeal the WEP and GPO. There are still 38 cosponsors, including 31 Democrats, 5 Republicans and 2 Independents. Senator Rob Portman (R-OH) is not one of the cosponsors and there has been no action in the Senate Committee on Finance.

SOCIAL SECURITY ADMINISTRATION (SSA)

Social Security celebrated its 85th anniversary on August 14. The American Association of Retired Persons (AARP) commissioned a study to recognize the milestone. The key findings were:

- A strong majority (96%) of Americans say that Social Security is an important program.
- More than half (56%) indicated that Social Security is more important during the pandemic that it was before the pandemic started.
- Few agree that the program is driving up the deficit and the vast majority are reluctant to reduce benefits for solvency.
- A majority Americans (82%) say they will rely on Social Security at least somewhat for their retirement income, but fewer than half (39%) say they will or do rely on Social Security the most out of all income sources for retirement.

The full report may be viewed here:
https://www.aarp.org/research/topics/economics/info-2020/social-security-anniversary-survey.html

On August 24, Stephen Goss, the chief actuary for the Social Security Administration, responded to a request for information from Senators Chris Van Hollen (D-MD), Bernie Sanders (I-VT), Ron Wyden (D-OR), and Senate Minority Leader Charles Schumer (D-NY). In his letter, Mr. Goss indicated that he is providing an actuarial answer to the hypothetical questions related to what would happen if the "payroll tax rate paid by employers, employees, and self-employed individuals went to zero percent for the Federal Insurance Contributions Act (FICA) payroll taxes and Self-Employment Contributions Act (SECA) taxes that fund Social Security's Old Age and Survivors Insurance (OASI) Trust Fund and Disability Insurance (DI) Trust Fund. This hypothetical legislation would apply for all earnings paid on January 1, 2021 and thereafter." Of course, the Democratic Senators were seeking an opinion if President Trump would try to seek a full repeal of payroll taxes if he is reelected.

In his letter, Actuary Goss said:

> If this hypothetical legislation were enacted, with no alternative source of revenue to replace the elimination of payroll taxes on earned income paid on January 1, 2021 and thereafter, we estimate that DI Trust Fund asset reserves would become permanently depleted in about the middle of calendar year 2021, with no ability to pay DI benefits thereafter. **We estimate that OASI Trust Fund reserves would become permanently depleted by the middle of calendar year 2023, with no ability to pay OASI benefits thereafter.**

The full analysis may be read here:
https://www.ssa.gov/oact/solvency/VanHollenSandersWydenSchumer_20200824.pdf

The predictions whether Social Security will offer a cost-of-living adjustment (COLA) in 2021 are coming in, centered on whether the economic conditions of the pandemic and low inflation will impact the COLA calculation. According to David Cernter, the director of Legislative Policy for AARP, "We have a shot at somewhere between 0.5 percent and even as high as 1 percent," starting in January 2021. Social Security usually announces the COLA in the fall.

H.R. 860, the "Social Security 2100 Act," introduced in January 2019 has 208 cosponsors as of this date, who are all Democrats. Two Representatives withdrew from the bill. All the 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 still the only cosponsor. Neither bill has advanced.

H.R. 2302, the "Protecting and Preserving Social Security Act," introduced by Rep. Theodore Deutsch (D-FL) still has only eight cosponsors, including Rep. Marcy Kaptur (D-OH). This bill, like H.R. 860, would make improvements in the old-age, survivors, and disability insurance program and provide for Social Security benefit protection. It has not moved forward either.

HHS/ MEDICARE AND MEDICAID

On August 7, Executive Director Richard Stensrud sent a letter to HHS Secretary Alex Azar to provide information on the President's Executive Order entitled "Lowering Prices for Patients by Eliminating Kickbacks to Middlemen." In his letter, Executive Director explained how SERS utilizes the rebates it receives and the use of a pharmacy benefit manager. He said:

> We were pleased to see the inclusion of language to protect retirees from higher Medicare premiums, or total out-of-pocket costs. The proposed rule changes would, however, increase our retirees' premiums by at least $45 per member/per month. Because the $20 million in rebates are directly applied to member benefits, SERS already protects enrollees from substantial out-of-pocket costs.

SERS has not received a response to the letter yet. Other plan sponsors that are members of the Public Sector HealthCare Roundtable asked if they could model their own letter after the SERS letter.

HHS announced a proposed rule, the Medicare Coverage of Innovative Technology (MCIT), which the agency said would create a new and faster way for innovative medical technologies to receive coverage under Medicare. The proposed rule would create a new, accelerated Medicare coverage process for innovative products that the FDA deems "breakthrough." Medicare would provide national coverage simultaneously with FDA approval, for a period of four years. After that time, CMS may reevaluate the device based on clinical and real-world evidence in health outcomes among Medicare beneficiaries. https://www.cms.gov/newsroom/press-releases/cms-acts-spur-innovation-americas-seniors

Neither H.R. 1346, the "Medicare Buy-In and Health Care Stabilization Act of 2019," a bill with 51 Democratic cosponsors, to provide individuals who are ages 50 to 64 to buy into Medicare," nor 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

The U.S. Supreme Court has set oral argument on the Trump administration lawsuit to declare that the entire Affordable Care Act (ACA) is unconstitutional. The oral argument will be held on Tuesday, November 10, one week after the presidential election. The decision could take several months.

On June 22, Rep. Marcy Kaptur (D-OH) and Rep. Bob Gibbs (R-OH) introduced H.R. 7292, a bill to amend title XVIII of the Social Security Act to provide for forgiveness of certain accelerated and advance payments under parts A and B of the Medicare program. The bill is purported to help hospitals avoid financial insolvency after they scaled back non-essential surgeries and treatments during the COVID-19 pandemic. Other Ohio delegation cosponsors are Reps. Balderson, Gonzalez, Ryan, Beatty, Fudge, Turner, Joyce, and Stivers.

As reported, S. 3333, the "Human Trafficking and Exploitation Prevention Training Act of 2020," was introduced 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." There are 15 cosponsors but not Ohio Senators Brown or Portman.

PRESCRIPTION DRUGS

The bill introduced by Rep. Dave Joyce (R-OH), H.R. 5239, the "Prescription Drug Price Reporting Act," cosponsored by Rep. Anthony Gonzalez (R-OH), would 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 forward.

DEPARTMENT OF LABOR (DOL)

The U.S. Department of Labor has released two proposed rules that are of interest to public pension plans. On June 23, the DOL issued a proposed regulation addressing fiduciaries' duties under the Employee Retirement Income Security Act of 1974 (ERISA) when considering investments that include environmental, social, and/or governance (ESG) factors. During the 30 day comment period, over 8,700 comments were received. A team at Morningstar analyzed all the comments and an overwhelming number (95%) were opposed to the proposed rule. The breakdown is here: https://www.morningstar.com/articles/998787/sustainability-matters-overwhelming-opposition-to-proposed-regulation-limiting-the-use-of-esg-in-retirement-plans

The second proposed rule would address the application of the prudence and exclusive purpose duties under ERISA with respect to proxy voting and exercises of other shareholder rights. The proposed rule, issued at the end of August, would amend the Department's longstanding "Investment duties" regulation at 29 CFR 2550.404a-1. The Department said "The proposal is designed to address those issues through a notice and comment rulemaking process that will build a public record to help the Department develop an improved investment duties regulation with the goal of ensuring plan fiduciaries execute their ERISA duties in an appropriate and cost-efficient manner when exercising shareholder rights." There is a short 30 day comment period. The proposed rule may be reviewed here: https://www.dol.gov/sites/dolgov/files/ebsa/temporary-postings/fiduciary-duties-regarding-proxy-voting-and-shareholder-rights.pdf

RETIREMENT SECURITY

On August 18, the DOL issued an interim final rule for retirement plans that will "help workers determine their ability to retire by allowing them to estimate how their current savings in a 401(k)-type plan might translate into lifetime monthly payments." The rule implements section 203 of the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. A copy of the news release may be read here: https://www.dol.gov/newsroom/releases/ebsa/ebsa20200818

SECURITIES AND EXCHANGE COMMISSION (SEC)

Two Commissioners were sworn in after the confirmation of their nominations by the Senate. Caroline Crenshaw was appointed and Hester Peirce was reappointed with terms expiring on June 5, 2024 and June 5, 2025, respectively. The SEC will remain in telework mode until at least December 1.

With the decision by the SEC to move forward on the proxy advisory rule, Institutional Shareholder Services (ISS) announced that it intends to resume its lawsuit against the SEC. The suit was put on hold by agreement of both parties as the SEC considered the rule change.

On August 26, the SEC announced that it voted to adopt amendments to modernize the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The full notice may be read here: https://www.sec.gov/news/press-release/2020-192

Also, on August 26, the SEC announced that it approved amendments to the "accredited investor" definition, "one of the principal tests for determining who is eligible to participate in our private capital markets." Please see more detail here: https://www.sec.gov/news/press-release/2020-191

The Council of Institutional Investors (CII) filed a notice on August 31 with the SEC, objecting to the proposal from the New York Stock Exchange to let companies raise capital through direct

listings. The SEC approved the plan, however, due to the challenge, the SEC has stayed the change. Previously, companies had only been permitted to use the process for existing investors to sell shares. More detail may be read here: https://www.cii.org/files/issues_and_advocacy/correspondence/2020/August%2031%202020%20%20letter%20to%20SEC-AB.pdf

The SEC announced that it will hold a virtual open meeting on September 16. It will consider "whether to modernize and enhance the efficiency of the shareholder-proposal process for the benefit of all shareholders by adopting amendments to certain procedural requirements for the submission of shareholder proposals and the provision relating to resubmitted proposals under Rule 14a-8."

The Securities and Exchange Commission's Investor Advisory Committee will hold a virtual public meeting on September 24. The Committee will hold two panel discussions: a discussion regarding self-directed IRAs, and a discussion regarding minority community investor inclusion.

REPORTS

On August 18, the Center for Retirement Research at Boston College issued an update entitled, "The Status of Local Government Pension Plans in the Midst of COVID-19." The key findings are:

- Despite the recent market recovery, during fiscal year 2020, local government pension plans will see virtually no change in their average funded ratio.
- Going forward, the strains on government finances due to the recession could make it harder for localities to pay their required pension contributions.
- Projections show that local plans are quite sustainable on a cash-flow basis. Most can pay benefits indefinitely at their current contribution levels. The only exceptions are the very worst-funded plans, which face the real risk of exhausting their assets.

The full update may be read here: https://publicplansdata.org/2020/08/18/the-status-of-local-government-pension-plans-in-the-midst-of-covid-19/

OTHER NEWS

The Trump administration, under the authority of the U.S. Department of Agriculture, changed course and will allow summer school meals to continue to be provided until the end of the year. "The flexibilities allow summer meal program operators to continue serving free meals to all children into the fall months." The release may be read here: https://www.usda.gov/media/press-releases/2020/08/31/usda-extends-free-meals-kids-through-december-31-2020

ACTIVITIES:

1. Drafted a letter for Secretary Azar for review and circulated the final copy to Congressional offices, Senate Committee on Finance staff members, and Public Sector HealthCare Roundtable contacts.
2. Contacted the Ohio delegation offices to provide a copy of the Azar correspondence and the Senate offices to share the SERS' analysis of the CBO scoring for the Senate PDPRA.
3. Contacted the offices of Reps. Marcy Kaptur, David Joyce and Tim Ryan to discuss the language in the Appropriations report and final bill for Limited Wraparound Plans.
4. Participated in calls with SERS representatives to discuss health care and pension fund issues.
5. Attended the NASRA virtual annual conference and the virtual NCPERS Public Pension Forum.
6. Monitored bills from the Committees on Appropriations, Finance, and others related to public pensions, COVID-19, retirement security, health care, prescription drugs, Social Security and kept informed of relevant House and Senate Committee hearings and witnesses.
7. 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.
8. Reviewed notices or proposed rules from the SEC, DOL, HHS/CMS, and regulatory agencies.
9. 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.
10. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, Public Sector HealthCare Roundtable, Social Security, and prepared the Federal Legislative Report.

ITEM 7.

SERS' COST OF LIVING ADJUSTMENT (COLA)

School Employees Retirement System

Memo

To: SERS' Retirement Board

From: Richard Stensrud, Executive Director

Date: September 4, 2020

Re: 2021 Cost of Living Adjustment

Background

Pursuant to the Ohio Revised Code, whether a Cost of Living Adjustment (COLA) will be granted in any given year is up to the Board's discretion, which is to be exercised within parameters set forth in R.C. 3309.374. Under those parameters, generally, if granted, a COLA is to be based on the percentage increase, if any, in the CPI-W for the twelve month period ending on June 30th of the immediately preceding calendar year, with a cap of 2.5%. However, based upon advice from the system's actuary, the Board can exercise its discretion to award a COLA that is greater than or less than the increase in the CPI-W if the actuary determines that such a change will not materially impact the fiscal integrity of SERS or is necessary to preserve the fiscal integrity of SERS. In October 2017, after consultation with and endorsement by the actuary, the Board imposed a three year freeze on all COLAs effective 2018, 2019, and 2020. Largely due to this decision, the funded status of the pension fund has remained above 70%, making it permissible for approximately $30 million to be added to the health care fund.

The Ohio Revised Code also gives the Board the authority to determine how many anniversaries a new benefit recipient must achieve before being eligible to receive a COLA. Pursuant to Administrative Rule 3309-1-32, the Board has determined that (1) Individuals with a benefit effective date before April 1, 2018 shall be eligible for a COLA on the first anniversary of their allowance, pension, or benefit; and (2) Individuals with a benefit effective date of April 1, 2018 or later shall be eligible for a COLA on the fourth anniversary of the allowance, pension, or benefit.

Discussion

The Bureau of Labor Statistics reported that the CPI-W number for the year ended June 30th was 0.5%. That is the 'default' COLA that would be used if: (1) The Board chooses to grant a COLA in 2021; and (2) The Board chooses to tie it to the CPI-W rather than some lower/higher number endorsed by the actuary.

The table below shows the benefit expenditure levels and impact on the cash flow for different possible COLAs as determined by Cavanaugh MacDonald. As you will see, a 0.5% COLA would increase benefit expenditures by $4,342,857 and increase negative cash flow by the same amount to ($564,806,832).

	Benefit Payments 2021	Contributions 2021	Cash Flow 2021
0.00% COLA	1,400,782,410	840,318,435	(560,463,975)
0.50% COLA	1,405,125,267	840,318,435	(564,806,832)
1.00% COLA	1,409,468,123	840,318,435	(569,149,688)
1.50% COLA	1,413,810,980	840,318,435	(573,492,545)
2.00% COLA	1,418,153,836	840,318,435	(577,835,401)
2.25% COLA	1,422,496,693	840,318,435	(582,178,258)
2.50% COLA	1,426,839,549	840,318,435	(586,521,114)

Please note, however, that when the actuary determines the ongoing liabilities of the plan, they assume that each year the COLA will be 2.5% since that is the cap established in the COLA statute. Accordingly, any year the COLA is less than 2.5% there is an 'actuarial gain,' because the liability did not increase as much as expected.

As can be seen in the table above, the difference between the increased benefit payments under a 0.5% COLA and a 2.5% COLA is approximately $21.7 million. That difference equates to a $217 million lower increase in the liabilities under a 0.5% COLA than what was assumed. That actuarial gain will push upward on the plan's funded status.

Please further note, however, that the investment return for the fiscal year was approximately 3%, which is below the investment return assumption of 7.5%. This results in an actuarial loss which will push down on the plan's funded status.

Typically, an investment-related actuarial loss will have a greater negative impact on funded status than the positive impact from non-investment actuarial gains, but in this case the actuary has confirmed that the sizeable actuarial gain from a lower than assumed COLA will be sufficient to offset the actuarial loss from the below target investment performance.

The net result is that unless there are additional actuarial losses, the offsetting impact of the actuarial gain from providing a 0.5% COLA will increase the likelihood that the pension fund will remain more than 70% funded, and leave open the opportunity to add funds to the health care fund. Providing a COLA greater than 0.5% will make maintaining a funded status greater than 70% more difficult.

ITEM 7 (A).

SERS COLA – 2021

__________ moved and __________ seconded that eligible SERS allowances, pensions and benefits shall receive a 0.5% cost-of-living adjustment in calendar year 2021, which is the per cent increase in CPI-W as calculated pursuant to R.C. 3309.374(B).

QUARTERLY REVIEW OF BOARD PARAMETERS REPORTING

School Employees Retirement System

Memo

To: Retirement Board

From: Richard Stensrud, Executive Director

CC: Karen Roggenkamp, Deputy Executive Director

Date: September 4, 2020

Re: Quarterly Board Parameters Reporting

At the July Board meeting, we proposed a budget report that provided information outlining budgeted items/projects of $100,000 or more and the status of the spending related to those items/projects. At the September meeting, we are providing this report as of August 31, 2020. The purpose of the presentation is to ensure this report meets the needs of the Board as it relates to transparency and accountability in the Budget reporting process.

If you have any questions please call me at 614.222.5829.

FY2021 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through August 31, 2020

Major Category/Sub-Major Category	Line Item	Vendor	FY2021 Budget	YTD Expense	Budgeted Y/N?	Additional Information
PROFESSIONAL SERVICES			**$ 6,764,785**	**$ 841,452.15**		
ACTUARIAL ADVISORS			**$ 390,660**	**$ 37,952.00**		
	Actuarial	Cavanaugh Macdonald	344,660	37,952.00	Y	Actuarial Consultant
AUDITING			**$ 195,020**	**$ 6,261.20**		
	Auditing	RSM US LLP	145,020	5,600.00	Y	External Auditor
BANKING FEES			**$ 1,257,223**	**$ 162,378.00**		
	Custodial Banking		*1,106,543*	*146,950.98*	Y	
		Huntington/Fifth Third	450,000	41,195.27	Y	Domestic Custodian
		BNYM	656,543	105,755.71	Y	International Custodian
	Administrative Banking	Huntington National Bank	150,680	15,427.02	Y	Banking Services
INVESTMENT RELATED			**$ 2,818,137**	**$ 428,752.60**		
	Master Recordkeeper		1,151,600	186,004.69	Y	
	Investment Consulting & Advisory Services		*825,000*	*108,333.34*		
		Aksia	375,000	33,333.34	Y	Investment Consulting
		Wilshire	450,000	75,000.00	Y	Investment Consulting
	Performance Analytics Services		*704,820*	*134,414.57*		
		Barra-One Risk Mgmt Sys	254,000	59,611.25	Y	Investment Risk Analytics
		BNY Mellon GRS	414,820	68,803.32	Y	Investment Performance Analytics
TECHNICAL			**$ 2,063,745**	**$ 206,108.35**		
	Special Counsel		226,000	5,775.00	Y	
	Technical		*1,252,300*	*89,286.67*		
		IBM	118,000	29,500.00	Y	Data Warehouse
		Sagitec	583,200	53,770.42	Y	SMART Development Resources
	Other Professional Services		*585,445*	*111,046.68*		
		Contoural	100,000	2,536.50	Y	Record Retention Project
OTHER OPERATING EXPENSE			**$ 3,004,049**	**$ 430,856.04**		
COMPUTER SUPPORT SERVICES			**$ 1,808,505**	**$ 430,856.04**		
	Hardware Maintenance		189,771	51,394.65	Y	
	Software Maintenance		*972,185*	*223,361.78*		
		Hyland	111,500	107,310.62	Y	ImageNow
		Dell	188,830	-	Y	Microsoft Enterprise Agreement
		Sagitec	420,000	35,000.00	Y	SMART Silver Support
	Software Subscription		548,572	156,099.61	Y	

PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2021 Budget	YTD Expense	Budgeted Y/N?	Additional Information
PROFESSIONAL SERVICES						
TECHNICAL						
	Technical					
		AWS/Cloud Compute - POC	100,000	-	Y	Consulting Services
		SMART Mobile Application	100,000	-	Y	Consulting Services
	Other Professional Services					
		Pension/HC Sustainability	100,000	-	Y	Consulting Services

ITEM 9.

ADMINISTRATIVE EXPENSES

The following are administrative operation expenses of the School Employees Retirement System of Ohio during the period August 1 – August 31, 2020.

Account	**Vendor**		**Amount**
Computer Hardware >$5,000			
	Ahead, LLC		49,643.18
		Account Totals:	49,643.18
Salaries & Wages			
	ADP, LLC		511,503.91
	ADP, LLC		538,986.52
		Account Totals:	1,050,490.43
Salaries & Wages - Overtime			
	ADP, LLC		887.21
	ADP, LLC		860.42
		Account Totals:	1,747.63
Vacation Leave Expense			
	ADP, LLC		91,704.95
		Account Totals:	91,704.95
Sick Leave Expense			
	ADP, LLC		28,903.63
		Account Totals:	28,903.63
Employer Contributions - PERS			
	Ohio Public Emp. Retirement System		78,892.55
	Ohio Public Emp. Retirement System		79,804.38
		Account Totals:	158,696.93
Group Life			
	American United Life Insurance Company		8,202.02
		Account Totals:	8,202.02
Long Term Disability			
	American United Life Insurance Company		2,329.57
		Account Totals:	2,329.57
Short Term Disability			
	American United Life Insurance Company		1,263.16
	American United Life Insurance Company		1,272.74
		Account Totals:	2,535.90
Group Health Claims			

	Aetna Daily Wires - ESERS		146,349.27
	SaveonSP, LLC		295.75
		Account Totals:	146,645.02
Group Health - Admin Fees			
	Aetna Admin - ESERS		7,270.29
		Account Totals:	7,270.29
Prescription Claims			
	Express Scripts - ESERS		2,254.04
	Express Scripts - ESERS		12,444.46
	Express Scripts - ESERS		14,023.50
	Express Scripts - ESERS		16,011.12
	Express Scripts - ESERS		17,282.69
	Express Scripts - ESERS		(39,900.80)
		Account Totals:	22,115.01
Group Health - Stop Loss			
	Sunlife Financial		13,356.81
		Account Totals:	13,356.81
Vision Claims			
	VSP - (OH)		2,566.34
		Account Totals:	2,566.34
Vision Admin Fees			
	VSP - (OH)		170.28
		Account Totals:	170.28
Group Health - Employee Cost			
	Employee Premiums		(778.44)
	Employee Premiums		(12,997.27)
	Employee Premiums		(13,010.47)
		Account Totals:	(26,786.18)
Group Health - Wellness Incentive			
	ADP, LLC		1,883.24
	ADP, LLC		1,920.83
		Account Totals:	3,804.07
Group Health - Tobacco Premiums			
	ADP, LLC		(420.00)
	ADP, LLC		(420.00)
		Account Totals:	(840.00)
Medicare Premium - Employer			
	ADP, LLC		7,867.00
	ADP, LLC		8,163.55

		Account Totals:	16,030.55
Tuition Reimbursement			
	Rice, Lindsay		606.79
	Trivette, Courtney		7,500.00
		Account Totals:	8,106.79
Deferred Compensation Match			
	ADP, LLC		2,385.00
	ADP, LLC		2,385.00
		Account Totals:	4,770.00
Actuarial Services			
	Cavanaugh MacDonald Consulting, LLC		25,952.00
		Account Totals:	25,952.00
Audit			
	RSM US LLP		5,600.00
		Account Totals:	5,600.00
Custodial Fees - Investment Accounting			
	Huntington National Bank		18,333.33
	BNY Mellon Asset Servicing		56,000.00
		Account Totals:	74,333.33
Custodial Banking			
	Huntington National Bank		14,907.62
		Account Totals:	14,907.62
Master Recordkeeper Fees			
	BNY Mellon Asset Servicing		83,333.33
		Account Totals:	83,333.33
Investment Advisory Fees			
	Aksia		16,666.67
	Wilshire		37,500.00
		Account Totals:	54,166.67
Performance/Analytics Fee			
	BNY Mellon Asset Servicing		34,401.66
	Wilshire Associates Incorporated		3,000.00
	Wilshire Associates Incorporated		3,000.00
		Account Totals:	40,401.66
Bloomberg Terminal Rentals			
	Bloomberg Finance LP		19,215.00
		Account Totals:	19,215.00

Medical Consultant			
	Borchers, M.D., Glen G.		3,333.34
		Account Totals:	3,333.34
Special Counsel			
	Frost Brown Todd, LLC		2,825.00
	Ice Miller LLP		2,670.00
	Newhouse,Prophater,Kolman&Hogan LLC		280.00
		Account Totals:	5,775.00
Technical			
	HMB, Inc.		5,280.00
	Sagitec Solutions, LLC		53,770.42
	Velosio		628.75
		Account Totals:	59,679.17
Other Professional Services			
	Contoural, Inc.		2,536.50
	Drake, Carol N.		3,333.33
	LexisNexis Risk Data Management, Inc		1,376.36
	Vorys Advisors LLC		3,333.33
	Vorys Advisors LLC		3,333.33
	Wickert, Kimberly		93.50
		Account Totals:	14,006.35
Postage			
	Pitney Bowes Inc.		91.25
	Pitney Bowes Inc.		63.36
	Pitney Bowes Inc.		1,763.06
	Unishippers Association		124.50
	Unishippers Association		31.00
	Unishippers Association		31.00
	Unishippers Association		31.00
		Account Totals:	2,135.17
Telecommunications Services			
	AT&T		43.11
	CenturyLink		4,103.14
	Nextel Communications		108.23
	TBG Conferencing		945.10
	Time Warner Cable		171.03
	Verizon Wireless		2,064.32
	XO Communications		980.61
		Account Totals:	8,415.54
Printing Paper			
	Millcraft Paper Co.		3,548.46
		Account Totals:	3,548.46

Communications & Publications			
	Bindery and Specialties, Inc.		368.00
	Bindery and Specialties, Inc.		3,055.00
	Bindery and Specialties, Inc.		4,010.00
		Account Totals:	7,433.00
Hardware Maintenance			
	Ahead, LLC		27,394.65
	Radiant Technology		24,000.00
		Account Totals:	51,394.65
Software Maintenance			
	EMCOSoftware.com		44.40
	Micro Focus (US) Inc.		3,415.00
	Sagitec Solutions, LLC		35,000.00
		Account Totals:	38,459.40
Software Subscriptions			
	ADP, LLC		2,858.99
	CDW-Government, Inc.		3,350.00
	FastSpring		267.05
	KLDiscovery		1,275.00
	Liquid Web Inc		263.50
	Logmein GoToMeeting		348.39
	Mailgun Technologies, Inc		2,604.00
	Shi International Corp.		2,110.00
	Veracode Inc.		14,700.00
	Wellness IQ		833.40
	Zoom		245.40
		Account Totals:	28,855.73
Hardware < $5,000			
	Flex - Lenovo Repair Center		457.26
		Account Totals:	457.26
Equipment Repairs & Maintenance			
	Canon Financial Services, Inc		1,647.27
	Digital Print Solutions		369.90
	Millcraft Paper Co.		181.89
	Ricoh USA, Inc		289.72
	Ricoh USA, Inc		389.58
	Ricoh USA, Inc		751.00
		Account Totals:	3,629.36
Equipment Rental			
	Quadient		924.00
		Account Totals:	924.00

Office Supplies & Expenses			
	Staples Business Advantage		314.75
		Account Totals:	314.75
Records Storage			
	Vital Records Holdings, LLC		100.71
		Account Totals:	100.71
Travel & Transportation			
	Panera Bread		28.58
		Account Totals:	28.58
Subscriptions			
	Constant Contact		225.00
	CoxMedia Group Ohio		9.99
	Financial Times		598.00
	Kiplinger Tax Letter		76.00
	Kiplinger's Retirement Report		39.95
	SurveyMonkey.com		322.50
	Thomson Reuters - West Publishing Corp		201.25
	Wall Street Journal		19.49
		Account Totals:	1,492.18
Memberships			
	AICPA		285.00
	American Marketing Association		149.00
	Association of Certified Fraud Examiners		225.00
	Beamer, George		139.00
	Bradley, Susan		400.00
	Central Ohio Organization of Public Purchasers		40.00
	CFA Institute		435.00
	Information Systems Security Association		120.00
	International Facility Management Association		311.00
	Murta, Scott		159.00
	National institute of Governmental Purchasing		190.00
	Thompson, Aaron		125.00
		Account Totals:	2,578.00
Operations Maintenance			
	Amtrec, LLC		1,666.00
	Northeast Ohio Natural Gas Corp.		68.39
	South Central Power Company		853.00
	South Central Power Company		932.00
		Account Totals:	3,519.39
Staff Support			
	ADP Screening & Selection Services		14.00

	Amazon.com		20.00
	Certif-A-Gift Company		160.00
	Cintas Corporation		598.64
	Matrix Integrated Psychological Services		587.40
	Menards		474.66
	Wellness IQ		1,793.46
	Whisman, Andrea		28.67
	Employee Reimbursement		1,535.00
	Employee Reimbursement		1,575.00
		Account Totals:	6,786.83
Recruiting Expenses			
	LinkedIn Corporation		553.95
		Account Totals:	553.95
Interior Landscaping			
	Ambius Inc. (05)		1,356.37
		Account Totals:	1,356.37
Vehicle Expense			
	Advance Auto Parts		220.39
		Account Totals:	220.39
Reimbursement of Leased Svcs			
	OSERS Broad St. LLC		(25,416.67)
		Account Totals:	(25,416.67)
Total Administrative Expenses			
			2,128,953.74

Summary of preliminary administrative operation expenses during the period **August 1, 2020 - August 31, 2020.**

Account	**Amount**
Computer Hardware >$5,000	49,643.18
Salaries & Wages	1,050,490.43
Salaries & Wages - Overtime	1,747.63
Vacation Leave Expense	91,704.95
Sick Leave Expense	28,903.63
Employer Contributions - PERS	158,696.93
Group Life	8,202.02
Long Term Disability	2,329.57
Short Term Disability	2,535.90
Group Health Claims	146,645.02
Group Health - Admin Fees	7,270.29
Prescription Claims	22,115.01
Group Health - Stop Loss	13,356.81
Vision Claims	2,566.34
Vision Admin Fees	170.28
Group Health - Employee Cost	(26,786.18)
Group Health - Wellness Incentive	3,804.07
Group Health - Tobacco Premiums	(840.00)
Medicare Premium - Employer	16,030.55
Tuition Reimbursement	8,106.79
Deferred Compensation Match	4,770.00
Actuarial Services	25,952.00

Audit	5,600.00
Custodial Fees - Investment Accounting	74,333.33
Custodial Banking	14,907.62
Master Recordkeeper Fees	83,333.33
Investment Advisory Fees	54,166.67
Performance/Analytics Fee	40,401.66
Bloomberg Terminal Rentals	19,215.00
Medical Consultant	3,333.34
Special Counsel	5,775.00
Technical	59,679.17
Other Professional Services	14,006.35
Postage	2,135.17
Telecommunications Services	8,415.54
Printing Paper	3,548.46
Communications & Publications	7,433.00
Hardware Maintenance	51,394.65
Software Maintenance	38,459.40
Software Subscriptions	28,855.73
Hardware <$5,000	457.26
Equipment Repairs & Maintenance	3,629.36
Equipment Rental	924.00
Office Supplies & Expenses	314.75
Records Storage	100.71
Travel & Transportation	28.58

Subscriptions	1,492.18
Memberships	2,578.00
Operations Maintenance	3,519.39
Staff Support	6,786.83
Recruiting Expenses	553.95
Interior Landscaping	1,356.37
Vehicle Expense	220.39
Reimbursement of Leased Svcs	(25,416.67)
Total Administrative Expenses	2,128,953.74

ITEM 10.

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

School Employees Retirement System

Memo

To: Retirement Board

From: SERS Legal Department

CC: Richard Stensrud

Date: September 4, 2020

Re: Administrative Rules

One category of resolutions on Administrative Rules is on the September Board Agenda.

I. **Approval to file with JCARR the following proposed amended rule:**
   - **3309-1-11 Membership determinations**

     This rule details procedures for requesting membership determinations, and also provides additional explanation for what meets the "service common to the normal daily operation of an educational unit" requirement under Ohio Revised Code 3309.01(B)(2).

     The rule is being amended to clarify that individuals who would not be eligible for membership under R.C. 3309.01(B)(1) because they are employed in a position for which they are required to hold a certificate or license under R.C. 3319.22 to 3319.31 (and thus contribute to STRS) would also not be eligible for membership under R.C. 3309.01(B)(2). This clarification allows SERS to avoid the potential situation where an individual would not be eligible for membership under (B)(1), but could be eligible under (B)(2) if they are employed by a vendor that has contracted with the school to perform services "common to the normal daily operation" of the school. The intention is to treat all individuals working in a position for which a license under R.C. 3319.22 to 3319.31 is required as ineligible for membership with SERS.

Please call Todd Nist at 614-340-1287 if you have any questions before the meeting.

ITEM 10 (A).

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-11 Membership determinations.

_____________________ moved and ___________________ seconded that proposed amended rule 3309-1-11 Membership determinations be filed with JCARR as discussed.

3309-1-11 Membership determinations.

(A) A request for a determination as to whether an individual or a group of individuals are required to be members of the school employees retirement system may be initiated by an employer, an affected individual, or the retirement system.

(1) An employer or individual who has a question as to membership requirements shall request in writing a determination by the retirement system. Such determination shall be made as provided in rule 3309-1-03 of the Administrative Code.

(2) When a membership determination has been initiated, the employer and any affected individual or individuals shall furnish such documents and information requested by the retirement system.

(B) If contributions have not been remitted and the retirement system determines the individual is covered by this system, the employer shall be liable for employee and employer compulsory contributions pursuant to rule 3309-1-13 of the Administrative Code. If no membership record and/or contributions are received by the system within thirty days of the determination, a charge, based on an estimated salary for such individual's position, against the employer shall be made for collection through the state school foundation program if available or by direct billing.

(C) If contributions have been remitted and the retirement system determines the individual is not covered by this system, any contributions received shall be unauthorized and shall be refunded.

(D)

(1) The definition of "employee" in division (B)(2) of section 3309.01 of the Revised Code does not include a person who holds a position for which the person is required to have a certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code.

(2) The retirement board has determined that the phrase "service common to the normal daily operation of an educational unit" as used in division (B)(2) of section 3309.01 of the Revised Code means:

(a~~1~~) Any service required to be provided by an educational unit or the provision of which is governed by law, statute, or rule; or

(b~~2~~) Any service necessary on a regular continuous basis to the efficient operation of an educational unit; or

(c~~3~~) Any service which, through custom and usage, has become a service commonly provided or procured by an educational unit on a regular continuous basis.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.23
Prior Effective Dates: 09/27/2004, 04/03/2009

ITEM 11.

APPROVAL OF SUPERANNUATION AND SURVIVOR BENEFITS

_____________ moved and __________ seconded the motion that the following **667** Superannuation retirements, **58** Survivor Benefits, and 11 Disability Transfers be approved and further, that the persons listed below be granted allowances and benefits in the amounts set forth and effective as of the dates given in the report.

ITEM 12.

<u>SPECIAL CASES</u>

_____________ moved and ________________ seconded the motion that the following report on Special Cases be approved in the amounts and dates as set forth below.

ITEM 13.

EXECUTIVE SESSION

______________ moved and ___________ 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.

IN EXECUTIVE SESSION AT _______________ A.M. / P.M.

RETURNED TO OPEN SESSION AT _______________ A.M. / P.M.

ITEM 19.

AUDIT COMMITTEE UPDATE

Verbal update during the September Board Meeting

ITEM 20.

CALENDAR DATES FOR FUTURE BOARD MEETINGS

CALENDAR DATES FOR 2020

AUDIT COMMITTEE MEETINGS

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

COMPENSATION COMMITTEE MEETINGS

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

BOARD MEETINGS

October 15 and 16 (Thurs. and Fri.)
November 19 and 20 (Thurs. and Fri.)
December 17 and 18 (Thurs. and Fri.)

CALENDAR DATES FOR 2021

AUDIT COMMITTEE MEETINGS

March 17 - 2:30 p.m. (Weds.)
June 16 - 2:30 p.m. (Weds.)
September 15 - 2:30 p.m. (Weds.)
December 15 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 18 - 7:30 a.m. (Thurs.)
June 17 - 7:30 a.m. (Thurs.)
September 16 - 7:30 a.m. (Thurs.)
December 16 - 7:30 a.m. (Thurs.)

BOARD MEETINGS

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

NOTE: The above dates are **tentative.

ITEM 21.

CONTINUED OR NEW BUSINESS

Board Information Requested

ITEM 21 (A).

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

1. ____

2. ____

3. ____

4. ____

5. ____

6. ____

7. ____

8. ____

9. ____

10. ____

ITEM 22.

PENSION SUSTAINABILITY

Information to be distributed in a separate document.

ITEM 23.

ADJOURNMENT

__________________ moved that the Board adjourn to meet on Thursday, October 15, 2020 for their regularly scheduled meeting.

The meeting adjourned at __________________ p.m.

____
Hugh Garside, Jr.

____
Richard Stensrud, Secretary