

**Retirement Board Agenda  
October 15, 2020**

**PLEDGE OF ALLEGIANCE**

1. Roll Call
2. Approval of Minutes

**INVESTMENT REPORT**

3. Annual Portfolio Review – Private Equity
4. Monthly Investment Report
5. Education Program under R.C. 171.50 and 3309.051 – US Equity vs. Non-US Equity
6. Summary of Investment Transactions (R)

**EXECUTIVE DIRECTOR'S REPORT**

7. Executive Director's Update
  - Sustainability Discussion
  - Quarterly Financials
  - Risk Management Update
8. Review of Administrative Expenses
9. Superannuation and Survivor Benefits (R)
10. Special Cases (R)

**RETIREMENT REPORT**

11. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R)
  - Personal Appearance (10:30 a.m.)
12. Approval of Disability Benefits (R)
13. Approval of Appeal on Personal Appearance (R)
14. Termination of Disability Benefits (R)
15. Disapproval of Appeal of Termination (R)
16. Disapproval of Disability Benefits
17. Approval of Appeal for Disability Benefits

**BOARD COMMUNICATION AND POLICY ISSUES**

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

**Adjournment (R)**

**Retirement Board Meeting  
October 15, 2020**

\_\_\_\_\_ A.M.

Roll Call:

- Hugh Garside \_\_\_\_\_
- Jeffrey T. DeLeone \_\_\_\_\_
- James Haller \_\_\_\_\_
- Matthew King \_\_\_\_\_
- Catherine Moss \_\_\_\_\_
- James Rossler \_\_\_\_\_
- Frank Weglarz \_\_\_\_\_
- Daniel Wilson \_\_\_\_\_
- Barbra Phillips \_\_\_\_\_

**APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON  
September 17, 2020**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, September 17, 2020.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

INVESTMENT MONTHLY AGENDA MEMO**School Employees  
Retirement System**

# Memo

**To:** Retirement Board  
**From:** Farouki Majeed  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** October 2, 2020  
**Re:** **Investment Report for the September Board Meeting**

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

- Annual Portfolio Review – Private Equity
- Monthly Investment report and economic update for the period ended August 31, 2020
- Board Education – US Equity vs. Non US Equity Discussion

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

- Manager Reviews – Private Equity
- Monthly Top 20 Equity and Fixed Income Holdings Reports – August 31, 2020
- Monthly Compliance Update memo – August 31, 2020
- Annual Alternatives Detail Report

If anyone has any questions prior to the Board meeting, please email me at [fmajeed@ohsers.org](mailto:fmajeed@ohsers.org).

ITEM 3.

ANNUAL PORTFOLIO REVIEW – PRIVATE EQUITY

- [Review of the Annual Portfolio Review – Private Equity](#)

# GLOBAL PRIVATE EQUITY PORTFOLIO REVIEW

## FISCAL YEAR 2020

*Meeting Date: October 2020*

*Serving the People Who Serve Our Schools*



# Agenda

- Implementation Guidelines
- Portfolio Construction
- Portfolio Management
- Fiscal Year in Review
- The Year Ahead



# Portfolio Summary

## \$1.42 Billion Market Value

- 27 General Partners/66 Funds/4 Co-investments
  - 11 Ranked as A
  - 20 Ranked as B or higher
- \$984 Million Unfunded Commitments

## Focus on Portfolio Positioning

- Continuously Review and Enrich Portfolio Construction & Management
- Stay Aware of Trends and Enhance Implementation
- Continue Active Participation in the Institutional Limited Partners Association (ILPA)

## FY 2020 Performance

- 2.6% 1-Year Net Return, 14.6% 10-Year Annualized Return
- Currently Top Among Local Peers
- Co-Investments Generating Solid Returns (13.5% Net IRR)

## Long-Term Value Add to Total Fund

- Outperformance Relative to Benchmark and Public Markets
- Risk/Return Profile
- Record Level of Cash Distributions





# Implementation Guidelines

## Role

- SERS invests in private equity to provide risk adjusted returns in excess of those provided by publicly traded equities

## Objective

- The performance objective for private equity is to provide returns in excess of the Burgiss All Private Equity benchmark

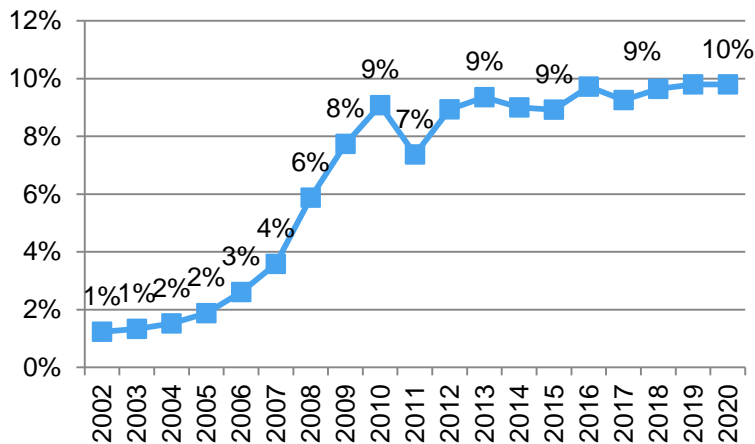
## Allocation

- Target for Global Private Equity allocation set at 12% with permissible range of 9% to 17%
- *Moving to 12% target over FY 2021 & FY 2022. Target is 11% by FY 2021 year-end and 12% by FY 2022 year-end*

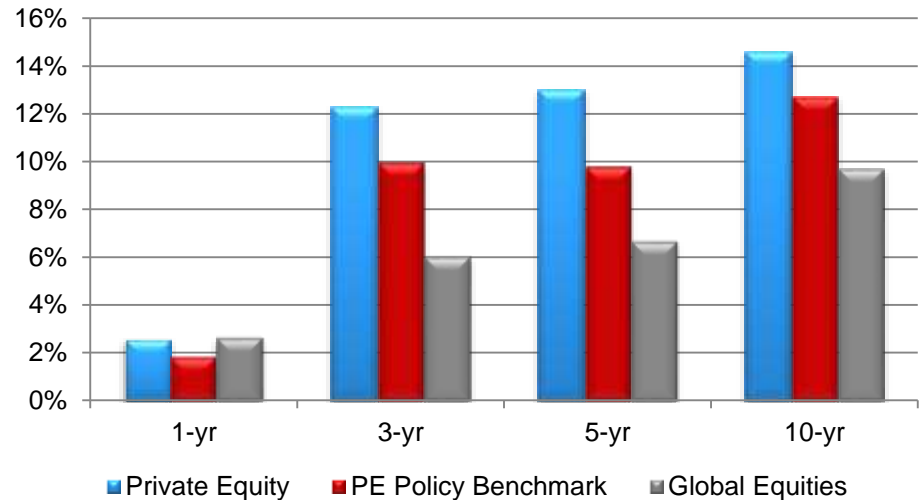
# Implementation Guidelines

## Meeting the Guidelines:

Global Private Equity Allocation



SERS Performance as of June 30, 2020



# Portfolio Construction

	Target	Range		Actual
		Minimum	Maximum	
<b>Buyout</b>				
Small/Middle	60%	50%	70%	60%
Large/Mega	15%	5%	25%	19%
<b>Total Buyout</b>	75%	55%	95%	79%
<b>Venture Capital</b>	0%	0%	10%	2%
<b>Special Situations</b>	25%	5%	35%	19%
<b>Total</b>	100%			
<b>Domestic</b>	75%	55%	85%	75%
<b>International</b>	25%	15%	45%	25%
<b>Total</b>	100%			100%
<b>Primary Commitments</b>	100%	80%	100%	90%
<b>Fund of Funds</b>	0%	0%	15%	8%
<b>Co-Investments</b>	0%	0%	20%	2%
<b>Total</b>	100%			100%

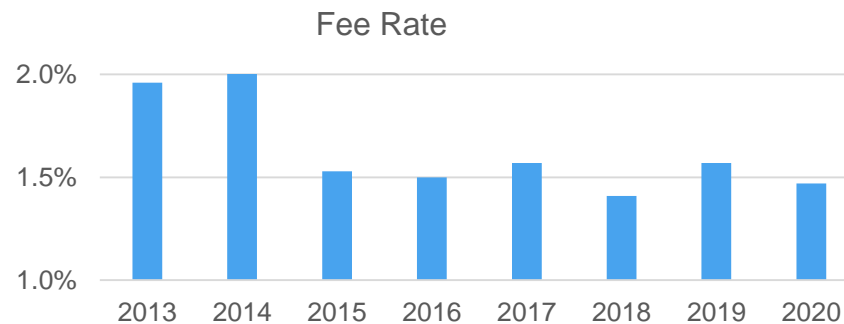
\*Allocations based on commitments



# Portfolio Management

## Focus on Fees

- Fees should be reasonable given fund's strategy and size
- Pursue fee-saving opportunities when appropriate:
  - Discount for early investors
  - Co-Investment
  - Large investor discount
- Fees have stabilized at 1.5% down from 2.0% on 2014



# Fiscal Year in Review

## Fiscal Year 2020 New Commitments:

### Approximately \$418 Million Committed to New Investments

- Broadly Diversified
- Eight Funds, Six Managers
- One New manager
- Two Co-Investments

### Maintain Consistent Investment Discipline

- Focus on portfolio fit, performance, people, process, and product when evaluating new investments
- SERS did not “re-up” with several managers who no longer meet the above criteria

### Understand Macro Environment

- Late stage of the business cycle
- High levels of capital raised
- High acquisition prices

# Fiscal Year in Review

## New Commitments:



### Green Equity Investors VIII - \$50 million

- Leonard Green & Partners (LGP) makes control investments in established, middle market companies across a broad range of industries, with a preference for companies in the retail, consumer products, distribution, media, business services, and healthcare sectors
- SERS has invested with GEI since 2007



### Jade Equity Investors - \$30 million

- LGP Jade is implementing the same exact strategy of GEI into the lower middle market
- Managed by separate dedicated team within LGP



### Altas Partners Holdings II - \$50 million

- Altas is a North American focused buyout firm that is highly selective in pursuit of opportunities where they believe they can generate attractive returns over flexible time horizon with the objective of maximizing portfolio company value.
- This is SERS' first investment with Altas



### Odyssey Investment Partners V - \$60 million

- New York middle-market buyout firm focused on undervalued companies located primarily in North America
- SERS has invested with Odyssey since 2004



### Kohlberg IX - \$50 million

- New York based middle-market buyout firm focused on companies within the consumer, industrial and services sectors located primarily in North America
- SERS has been investing with Kohlberg since 2004



# Fiscal Year in Review

## New Commitments:



### Francisco Partners VI - \$50 million

- Francisco Partners is focused on making investments in middle market technology companies
- SERS has invested with Francisco Partners since 2011



### FP Agility II - \$50 million

- FP Agility is implementing the same strategy of Francisco Partners flagship fund into the lower middle market



### Bridgepoint Development Capital IV- €40 million

- BDC pursues Pan-European lower middle market buyouts and is managed by a separate team within Bridgepoint Europe
- SERS began investing with Bridgepoint since 2008



### FP V Co-Investment - \$7.5 million

- Perforce is an infrastructure software company and a leading provider of enterprise-scale software solutions to technology developers and development operations teams

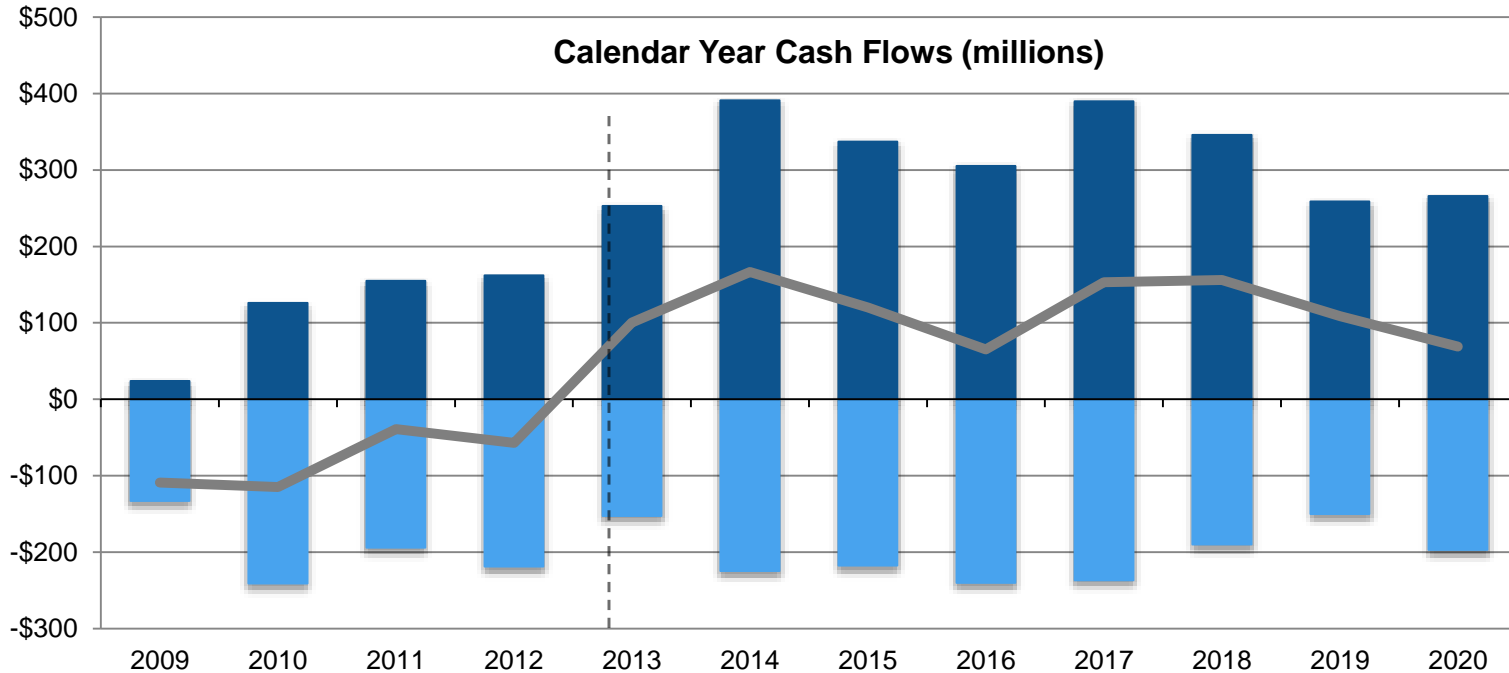


### FP V Co-Investment - \$10 million

- LogMeIn is a leading software as a service company providing communications and collaboration, customer engagement and identity and access management solutions to small to medium sized businesses

# Fiscal Year in Review

Private Equity portfolio has been cash flow positive since 2013



Ratio of distributions to contributions

2009: 0.2    2010: 0.5    2011: 0.8    2012: 0.7    2013: 1.7    2014: 1.7    2015: 1.6    2016: 1.3    2017: 1.6    2018: 1.7    2019: 1.7    2020: 1.4

Contributions    Distributions    Net Cash Flow





# Fiscal Year in Review

## The Results:

Net of Fees (as of 6/30/2020)	1 Year	3 Year	5 Year	10 Year
Private Equity Composite (\$1,432,608,080)	2.57%	12.29%	13.00%	14.56%
Buyouts (\$1,148,092,997)	6.26%	15.73%	16.22%	17.35%
Special Situations (\$170,378,239)	-20.38%	-4.52%	0.50%	7.65%
Fund of Funds (\$94,849,449)	16.74%	15.49%	10.84%	11.45%
Private Equity Benchmark	1.85%	9.97%	9.80%	12.71%
SERS Global Equity	2.65%	6.02%	6.65%	9.68%



# The Year Ahead

## Fiscal Year 2021 Objectives

- Manage the private equity portfolio and fiscal year commitments to reflect the increased investment allocation of 12% of the total fund. The interim allocation target is 11% of the total fund by the end of fiscal year 2021 and 12% by the end of fiscal year 2022, subject to identifying opportunities that meet SERS' investment criteria.
- Review the private equity portfolio strategy and structure and develop a plan to improve risk and return characteristics of the portfolio, achieve fee reductions and optimize manager count as appropriate.
- Actively seek co-investment opportunities where appropriate with current SERS private equity general partners who meet co-investment criteria, as outlined in the private equity co-investment guidelines
- Research and identify new managers who offer compelling opportunities and return expectations that may replace current managers who no longer meet SERS' investment criteria.

# Appendix



# Appendix: Current Market Conditions

## Fundraising

- \$894 billion raised for private capital funds in 2019
- \$301 billion of buyout funds
- \$2.5 trillion in dry powder available for deals across all private funds, including PE, Real Estate and Infrastructure

## Private Equity Investment Deal Flow

- Highly competitive environment for making investments
- The total number of buyout transactions was down by 13% but the total value of these transactions was up 10%
- The price environment continues to be elevated with average purchase multiples rising to 11.5x earnings before interest, taxes, debt, and amortization (EBITDA) for US Buyout transactions

## Private Equity Portfolio Company Exits

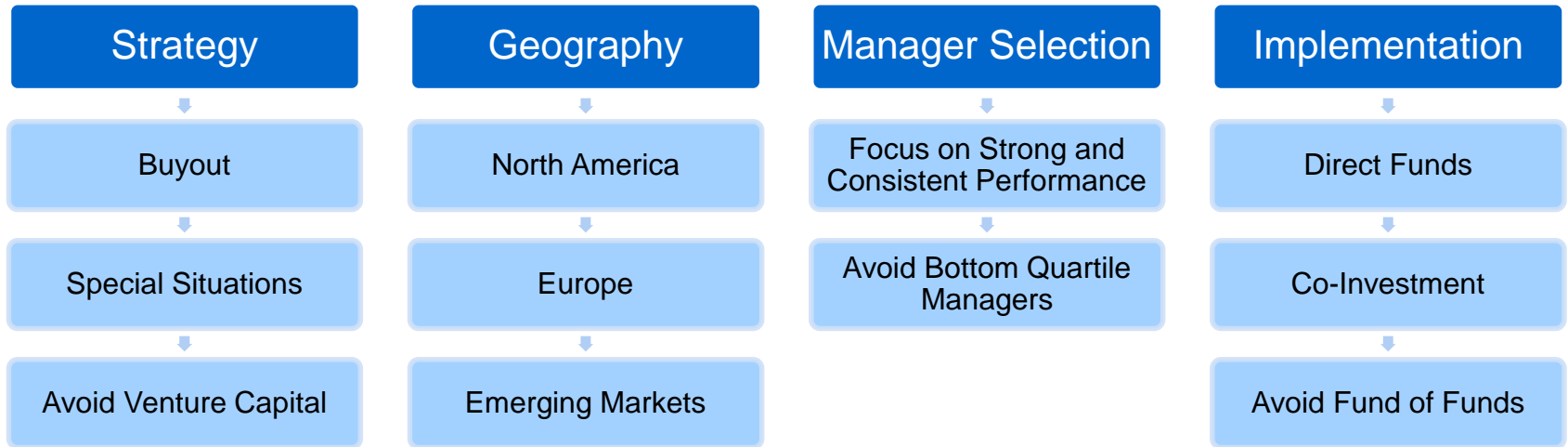
- Increased dry powder and higher multiples makes it a great time to be a seller
- 1,146 private equity backed exits
- \$378 billion in total value of all exits

Source: Preqin



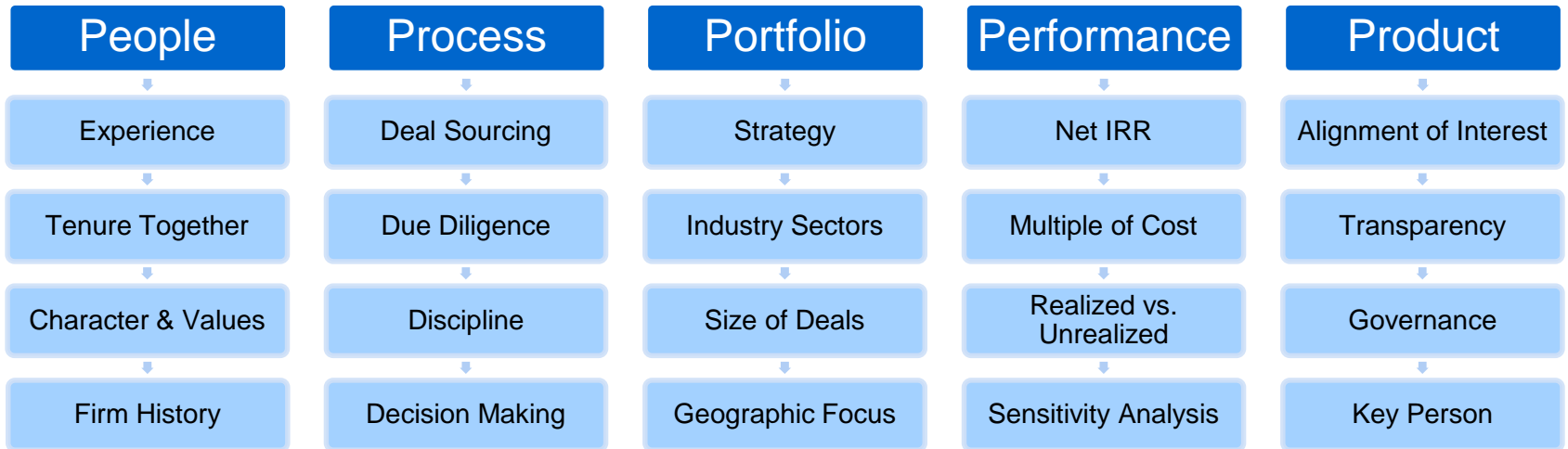
# Appendix: Portfolio Construction

Value Add Through Four Key Areas:



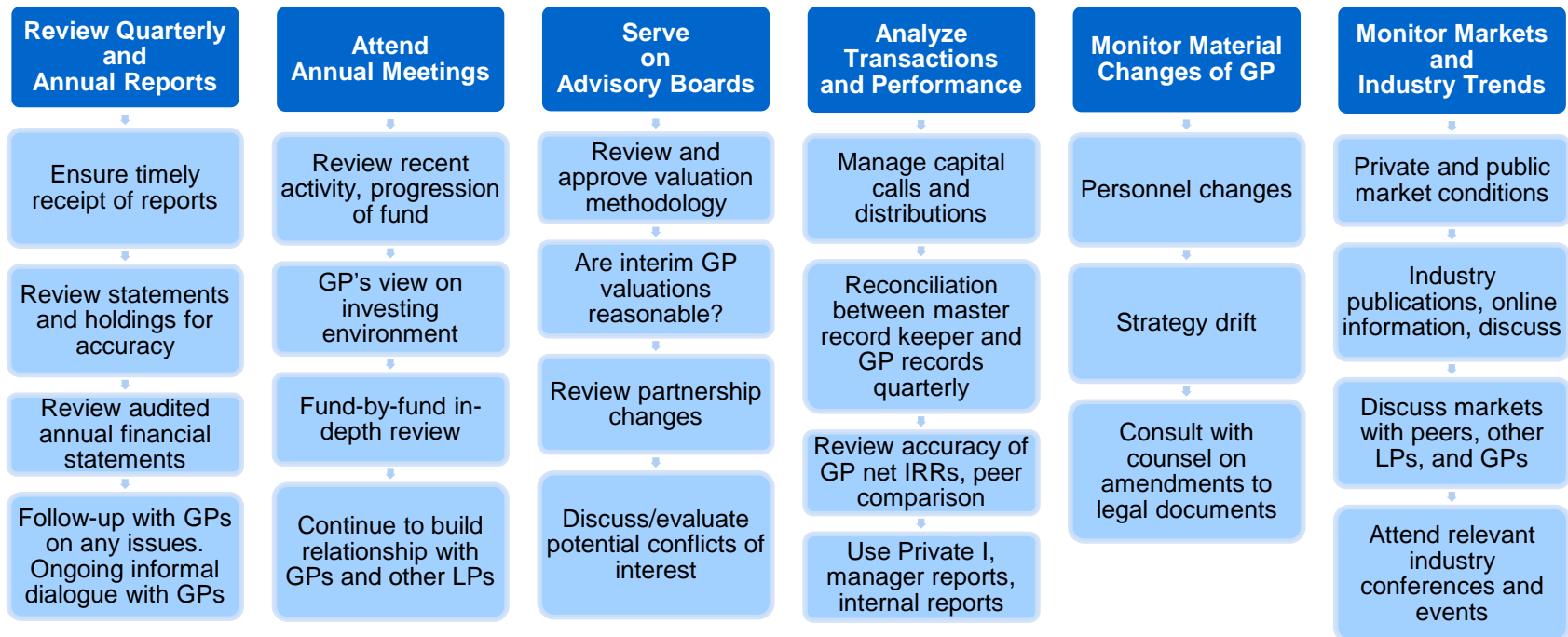
# Appendix: Portfolio Construction

## Methodical Manager Selection:



# Appendix: Portfolio Management

## Continuous Due Diligence Through Extensive Monitoring:



ITEM 4.

**MONTHLY INVESTMENT REPORT**

- [Review of the Investment Blue Book \(Period ended August 31, 2020\)](#)



# Ohio SERS Investment Report

## Monthly Report to the Board

For the period ending:  
August 31, 2020

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

*Meeting Date: October 2020*

*Serving the People Who Serve Our Schools®*





## Investment Agenda

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Annual Portfolio Review – Private Equity  
Investment Report (August 30, 2020)  
Board Education - US Equity vs Non US Equity



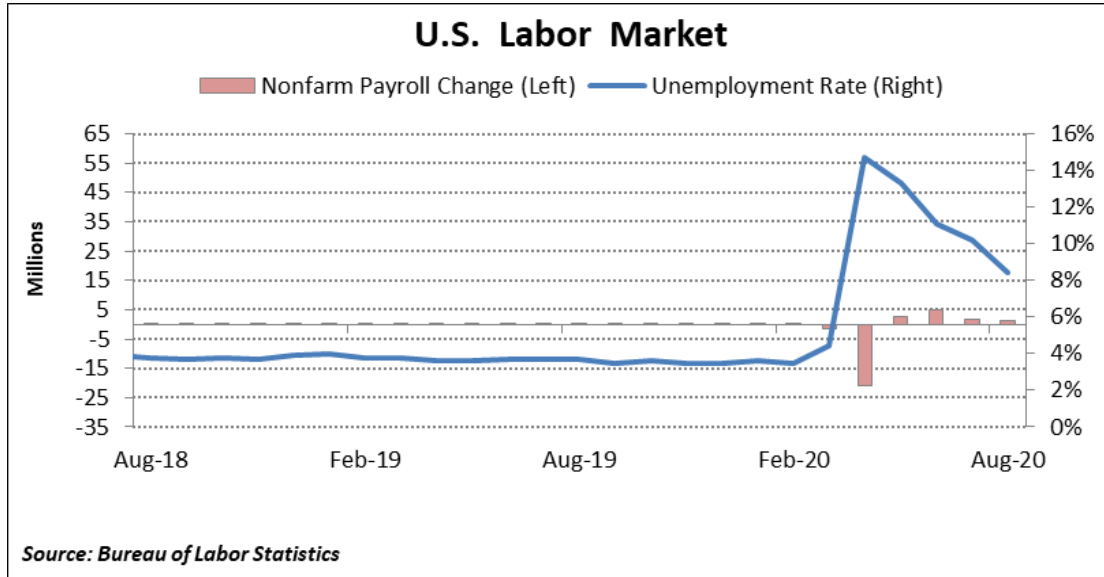
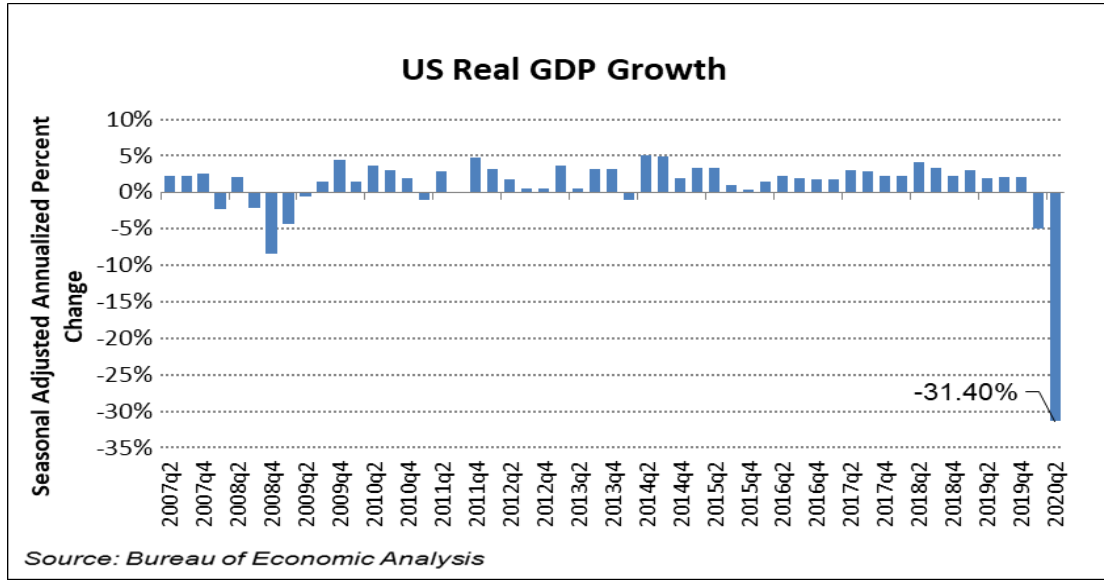
# Economic and Financial Market Outlook



- US Real GDP contracted at an annual rate of 31.4% in Q2 2020. The main drivers of Q2 contraction were negative contributions from personal consumption expenditures (PCE), exports, private inventory investment, and non-residential and residential fixed investments. However, September Blue Chip consensus expectation is strong growth of 24.0% in Q3. (*Source: Bureau of Economic Analysis and Blue Chip Economic Indicators*)
- The US labor market continued to recover in August with job gains of 1.4 million and a lower unemployment rate of 8.4%. (*Sources: Bureau of Labor Statistics and Department of Labor*)
- The US headline inflation increased to 1.3% in August. Over the last 12 months, the energy index declined 9% while the food index increased 4.1%. The core inflation, excluding food and energy, was 1.7% in August. (*Source: Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield was 72 bps in August. The 10-year real yield was -58 bps.
- The housing market, S&P Case-Shiller 20-City home price index, posted an annual gain of 3.9% in July, up from 3.5% in June.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was 74.1 in August, 2% higher than July, down 17.5% from a year ago. The US Economic Surprise index remained at a high level of 210.8. The Global Economic Surprise index was at a solid level of 94.1. The Leading Economic Index (LEI) issued by the Conference Board continued its recovery, reaching 106.5 in August.
- The US manufacturing PMI increased from 54.2 in July to 56 in August. The JPMorgan PMI manufacturing Index also improved to 51.8 in August. (*Source: Institute for Supply Management, Markit*).
- Equity markets continued to rally in August. US equity markets gained 7.24%. The non-US developed and emerging markets also delivered positive returns of 5.16% and 2.21%, respectively.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 0.81% in August.



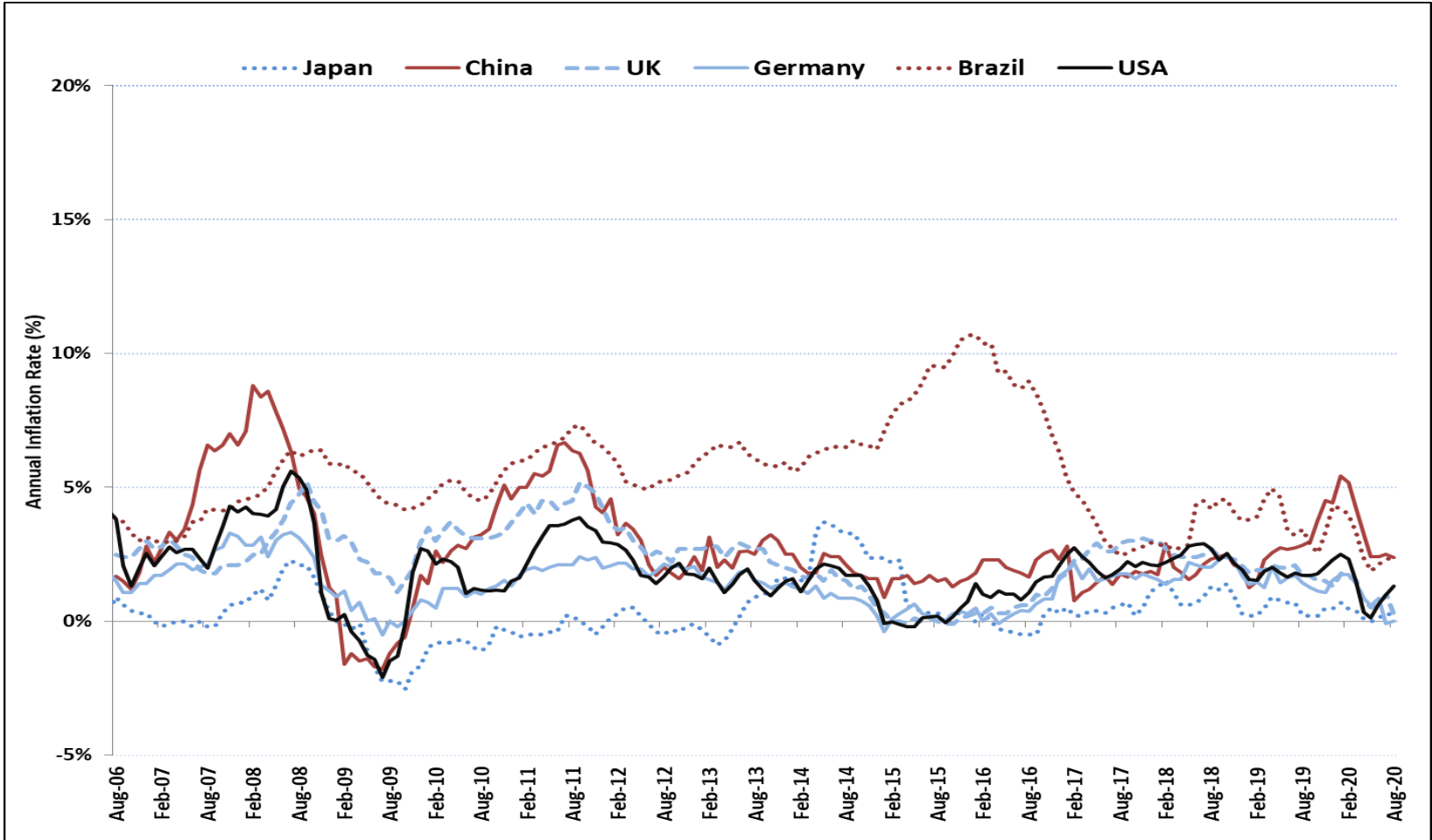
**ECONOMY** US Real GDP Growth and Labor Market





Ohio SERS Investment Report  
**ECONOMY** Headline Inflation

Month Ending: 08/31/2020



	Japan	China	UK	Germany	Brazil	USA
<b>Aug-20</b>	0.2	2.4	0.2	0.0	2.4	1.3

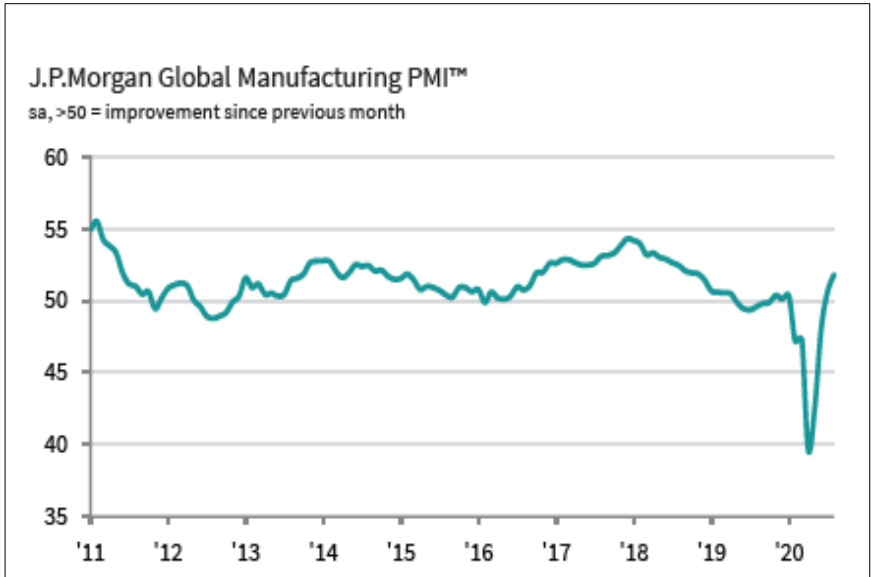
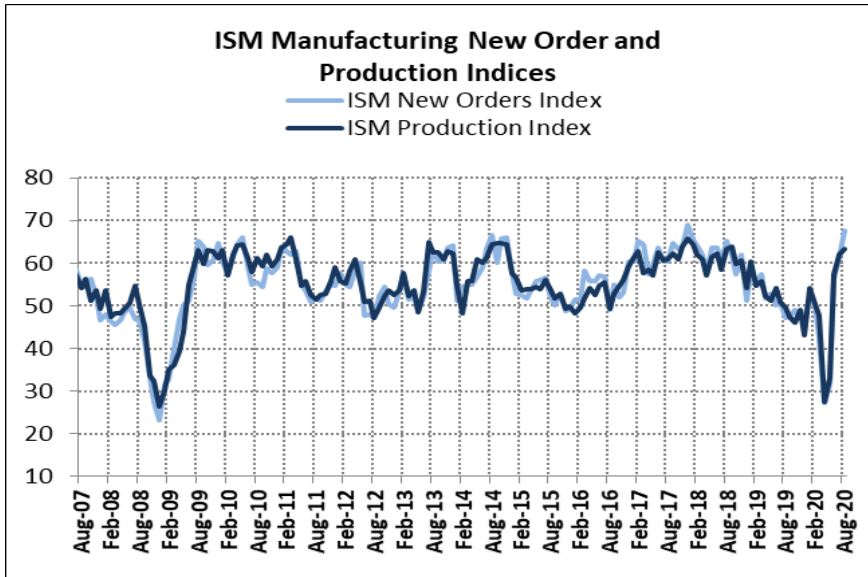
Sources: [www.ons.gov.uk](http://www.ons.gov.uk), [www.oecd.org](http://www.oecd.org), [www.inflation.eu](http://www.inflation.eu), and [www.tradingeconomics.com](http://www.tradingeconomics.com)



# Ohio SERS Investment Report

## **ECONOMY** US & Global Manufacturing Activities

Month Ending: 08/31/2020

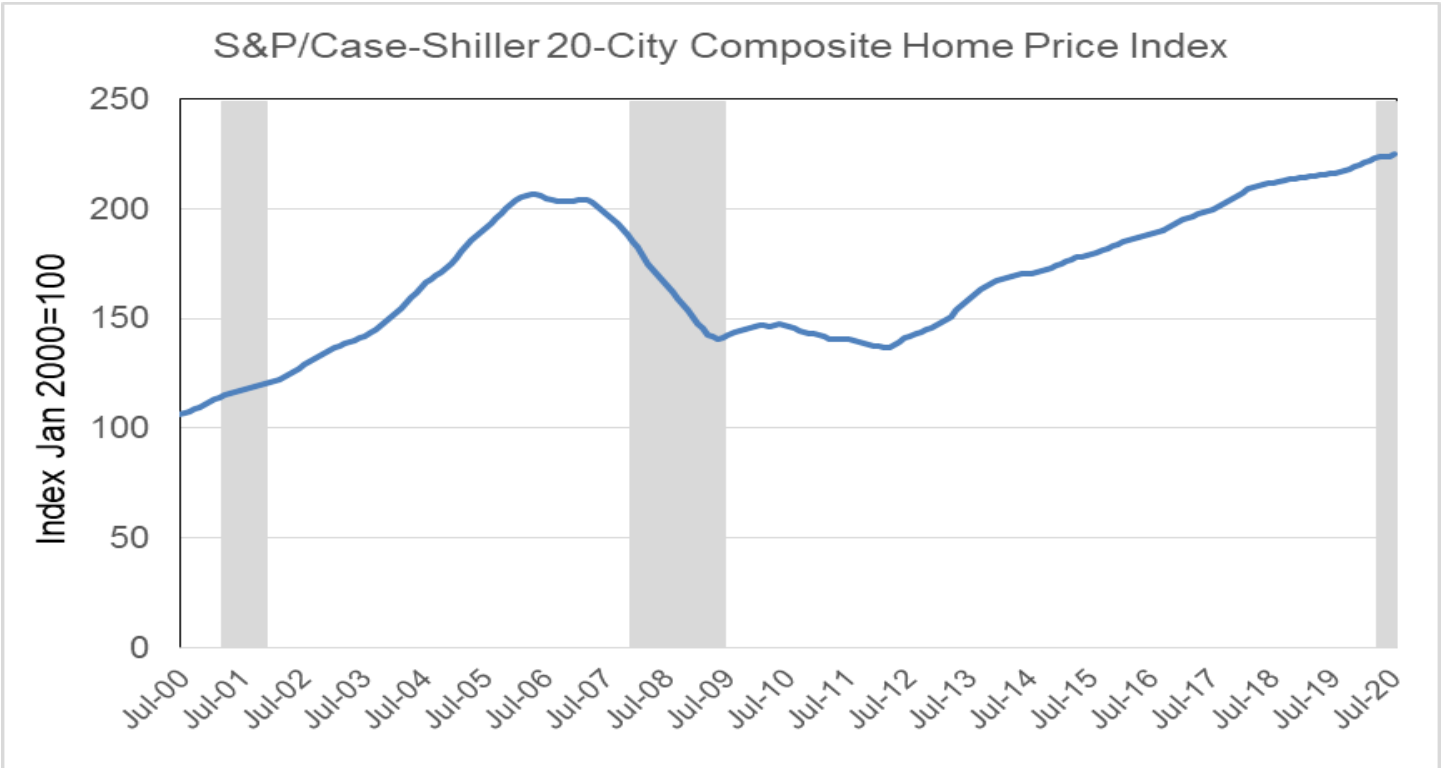


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™  
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



Ohio SERS Investment Report  
**ECONOMY** US Housing Market

Month Ending: 08/31/2020



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	211.75
Jul-19	216.09
Jul-20	224.68

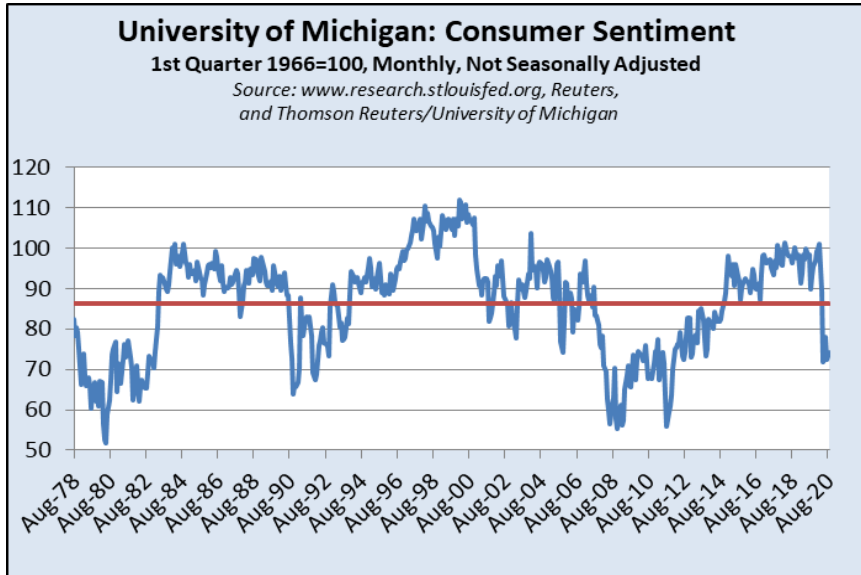




# Ohio SERS Investment Report

## ECONOMY

### Consumer Sentiment

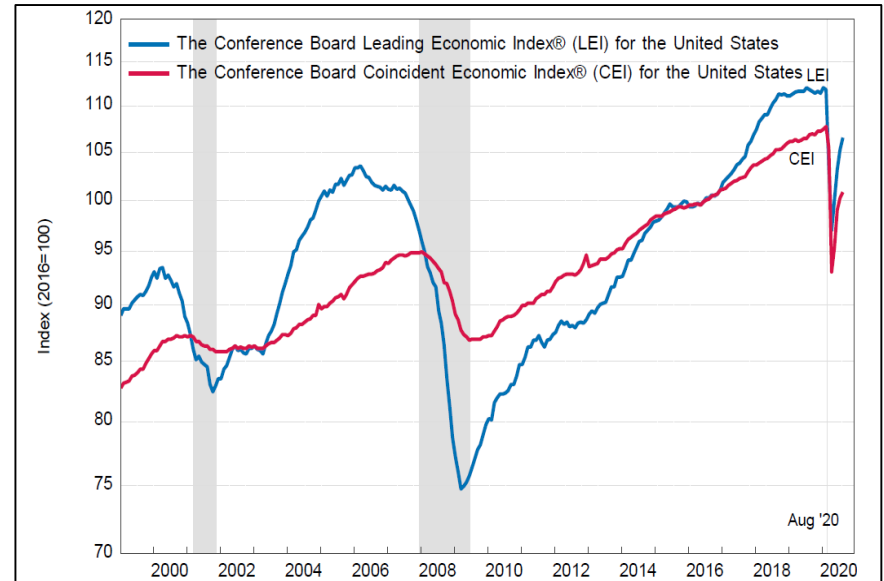


Index of Consumer Sentiment				
Jul-20	Aug-20	Aug-19	M-M Change	Y-Y Change
72.5	74.1	89.8	2.2%	-17.5%

Sources: Thomson Reuters / University of Michigan

Month Ending: 08/31/2020

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



Shaded areas represent US recessions

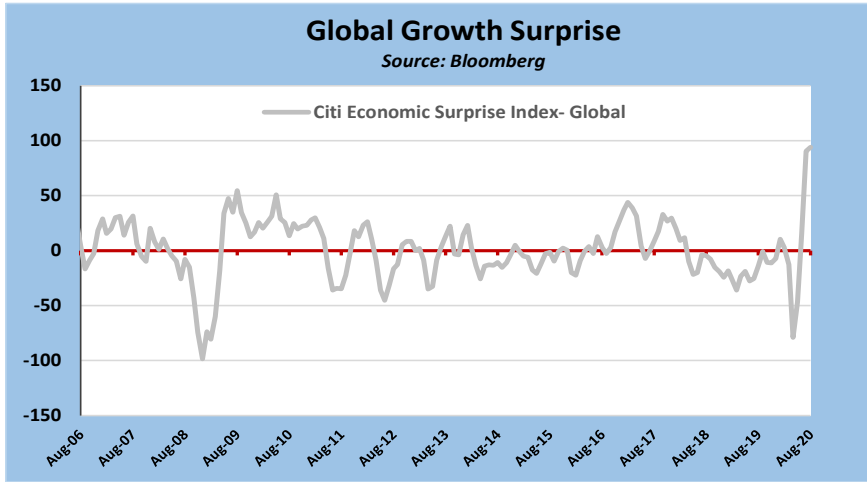
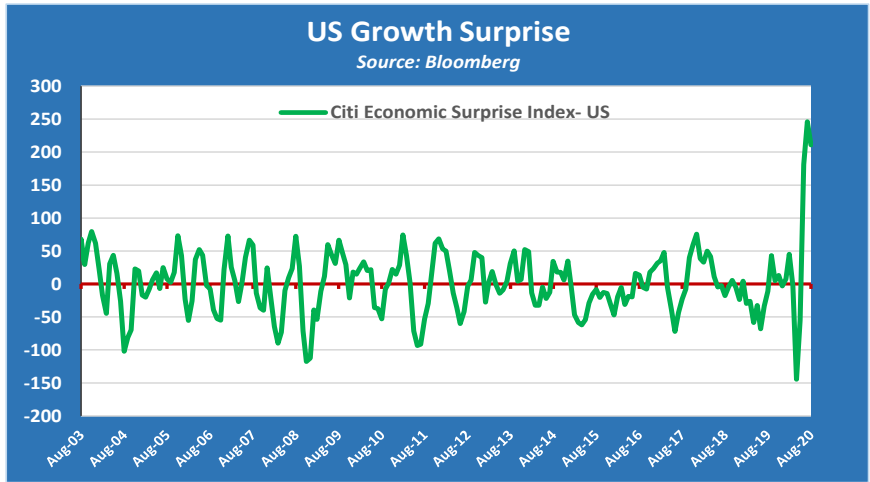
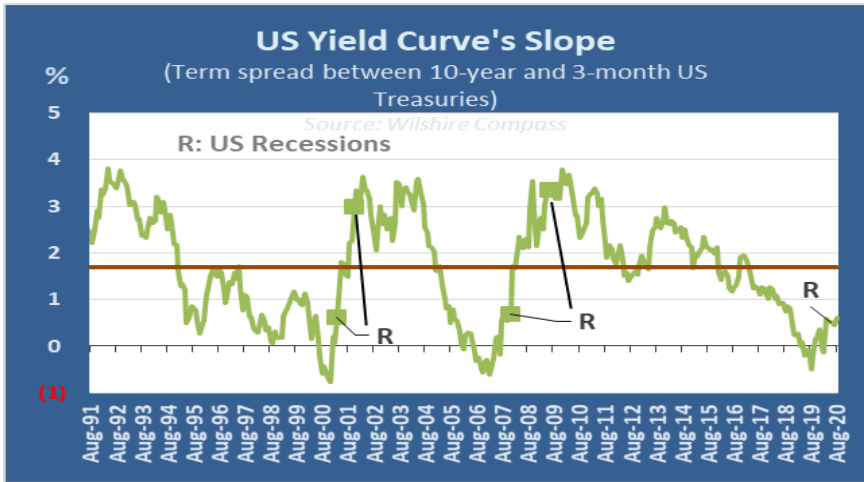
Sources: The Conference Board and advisorperspectives.com



# Ohio SERS Investment Report

## ECONOMY

Month Ending: 08/31/2020

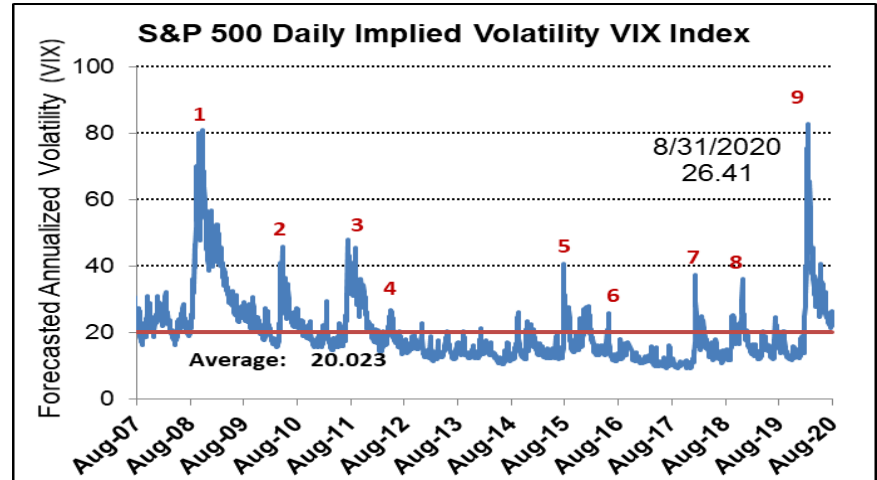
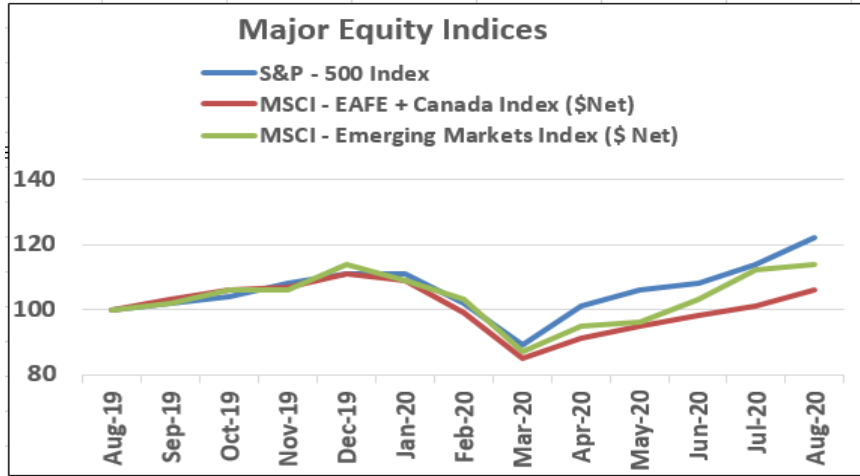




# Ohio SERS Investment Report

## MARKETS Equity

Month Ending: 08/31/2020



	Return as of 8/31/2020	
	1 Year	FYTD
S&P 500	21.94	13.23
MSCI - EAFE + Canada Index (\$Net)	5.96	7.96
MSCI - Emerging Markets Index (\$Net)	14.49	11.34

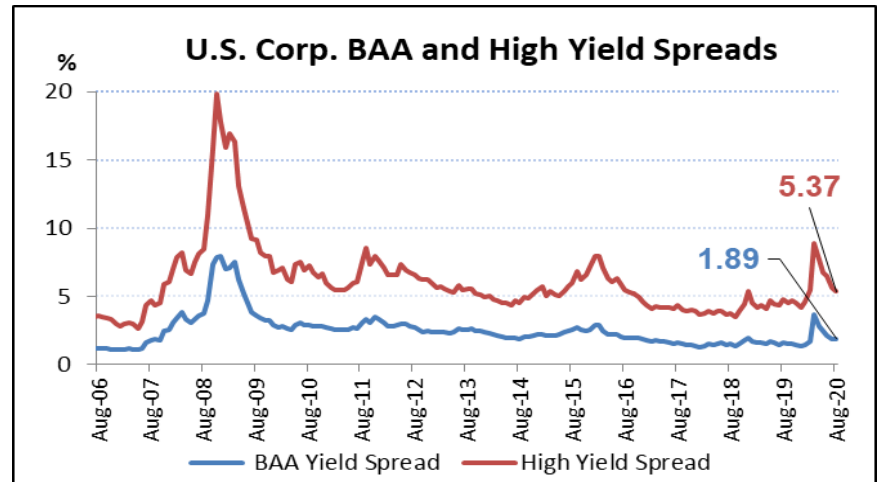
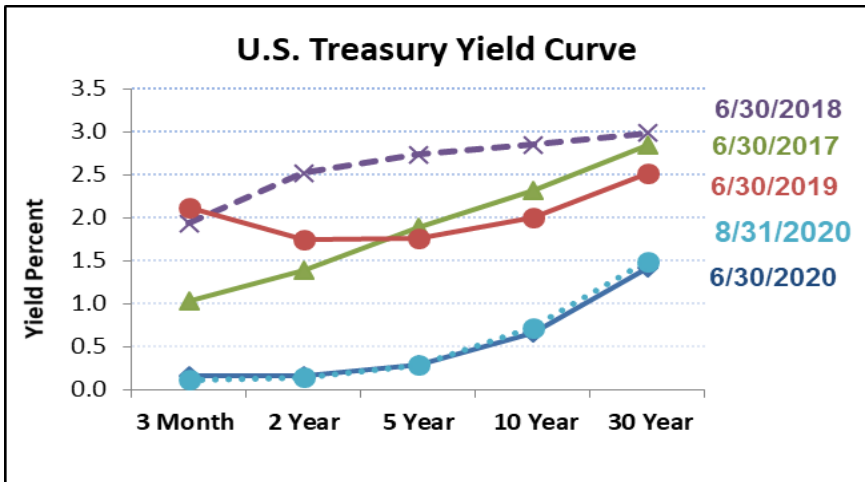
- 1 2008 (Nov.) Financial Crisis S&P 500: - 48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) 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](http://www.research.stlouisfed.org), and Wilshire Compass



Ohio SERS Investment Report  
**MARKETS** Fixed Income

Month Ending: 08/31/2020



Sources: Wilshire Compass, ThomsonReuters, and Bloomberg



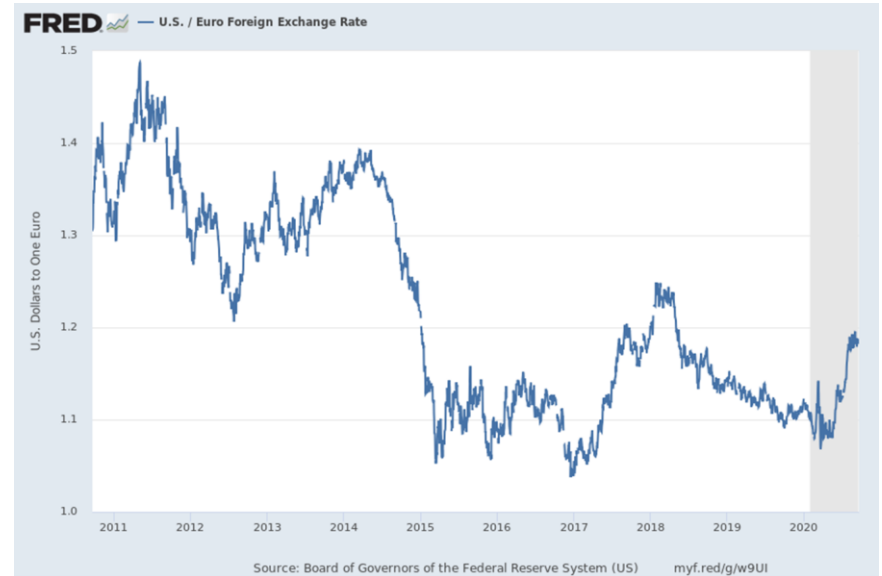
# Ohio SERS Investment Report

## MARKETS Foreign Exchange

Month Ending: 08/31/2020



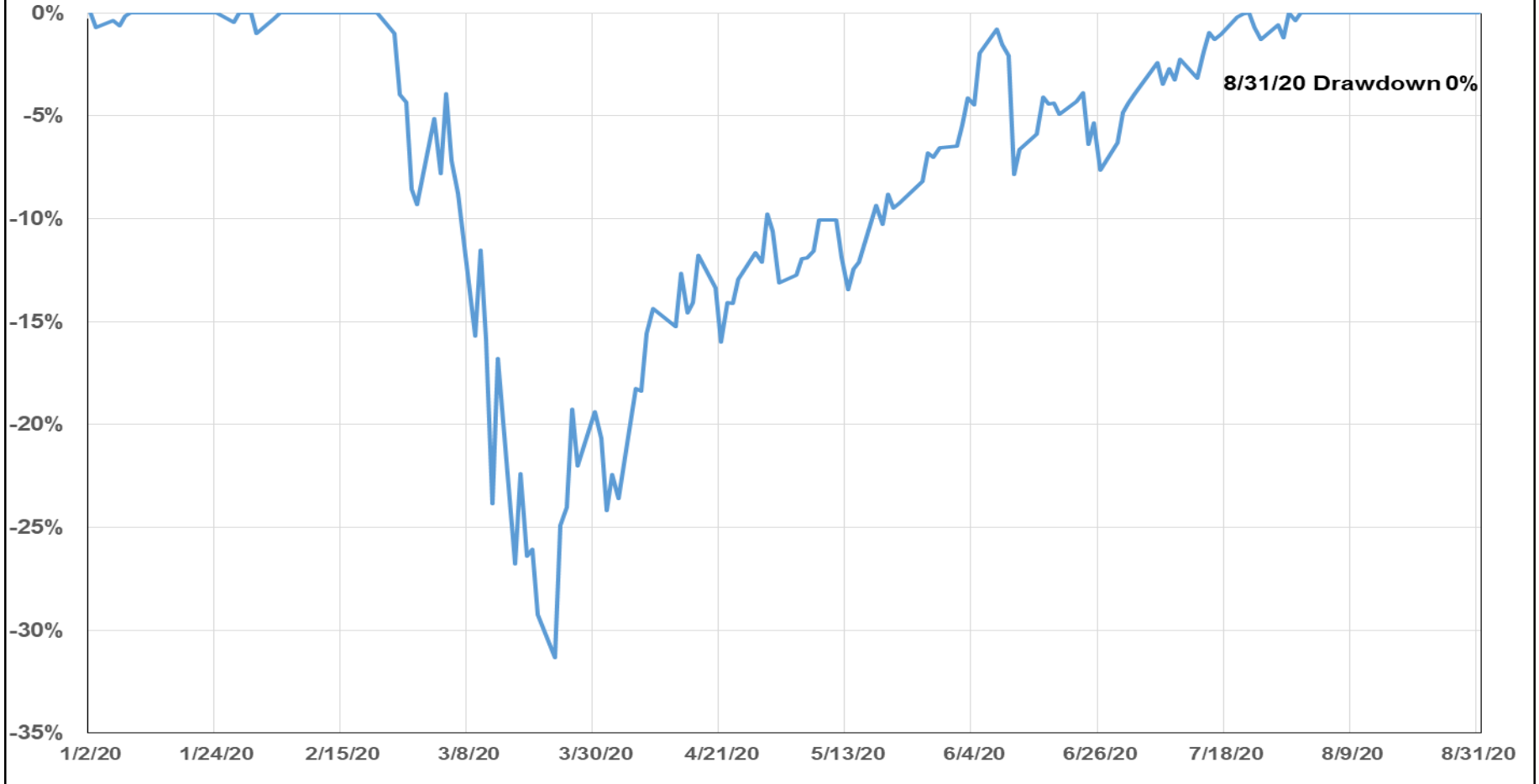
Date	Trade Weighted Broad U.S. Dollar Index January 1997=100
June-16	112.15
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
August-20	116.14



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	1.20

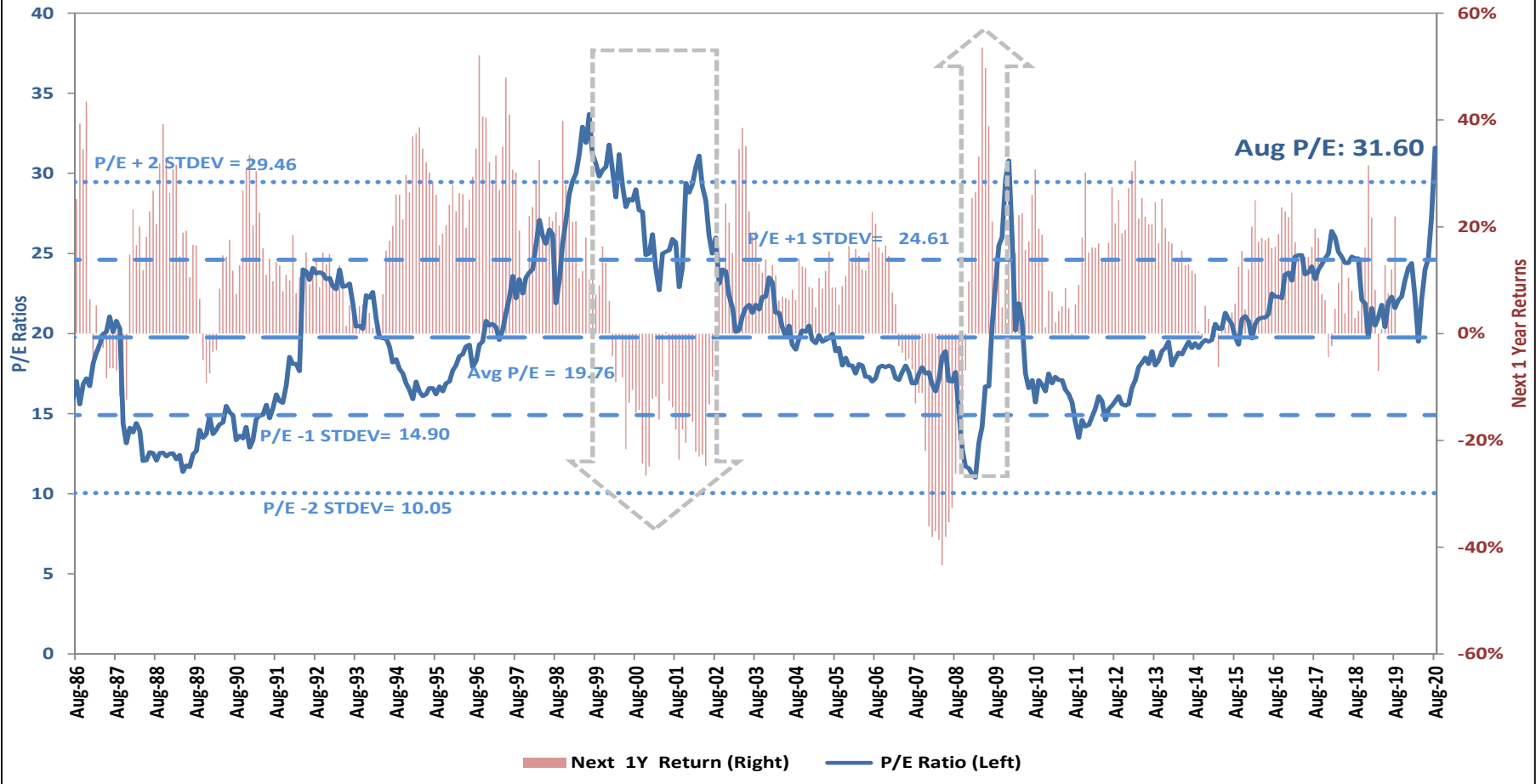


### 2020 S&P 500 Drawdown (%)



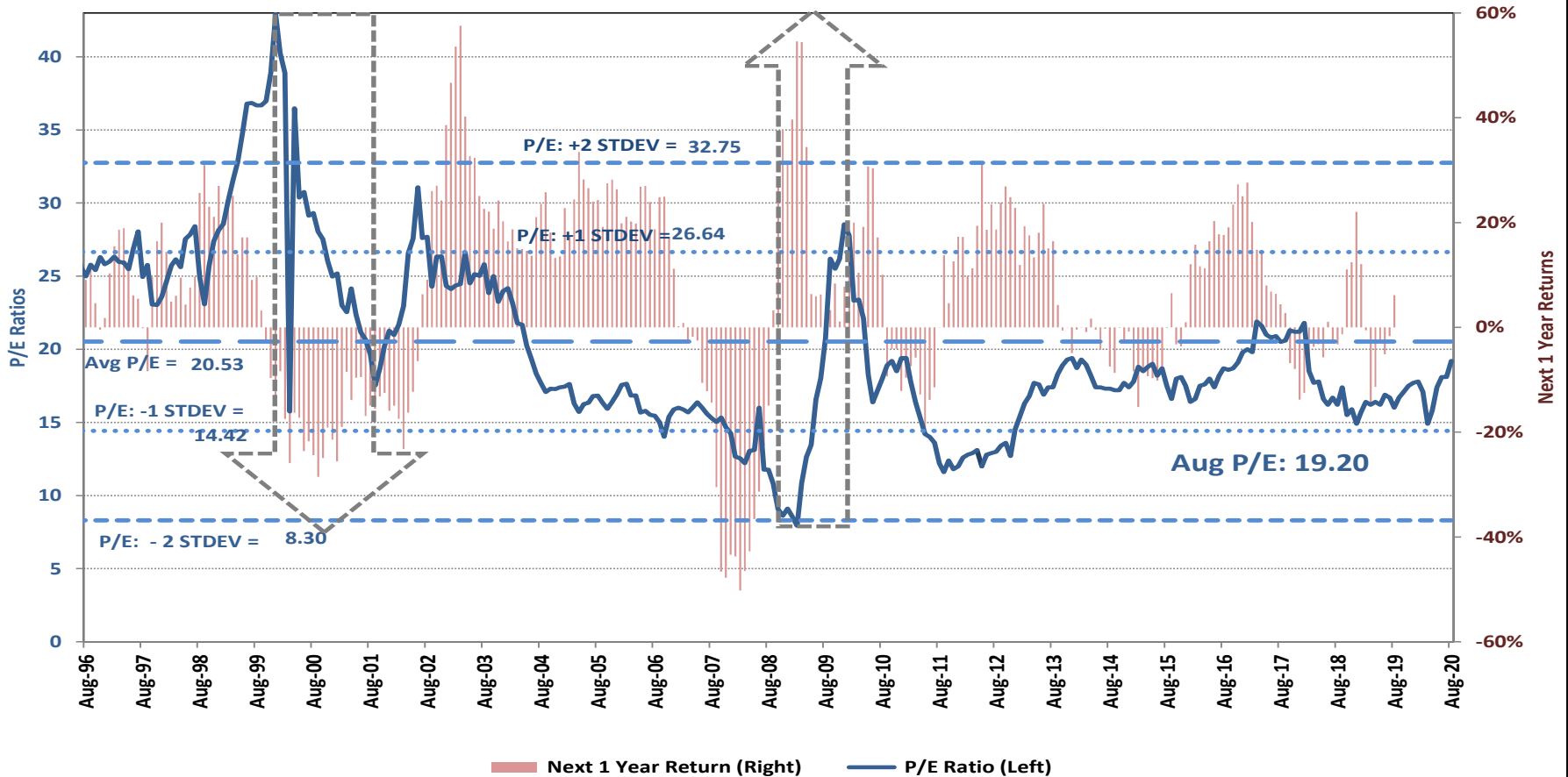


### S&P 500 P/E Ratios and Next 1 Year Returns





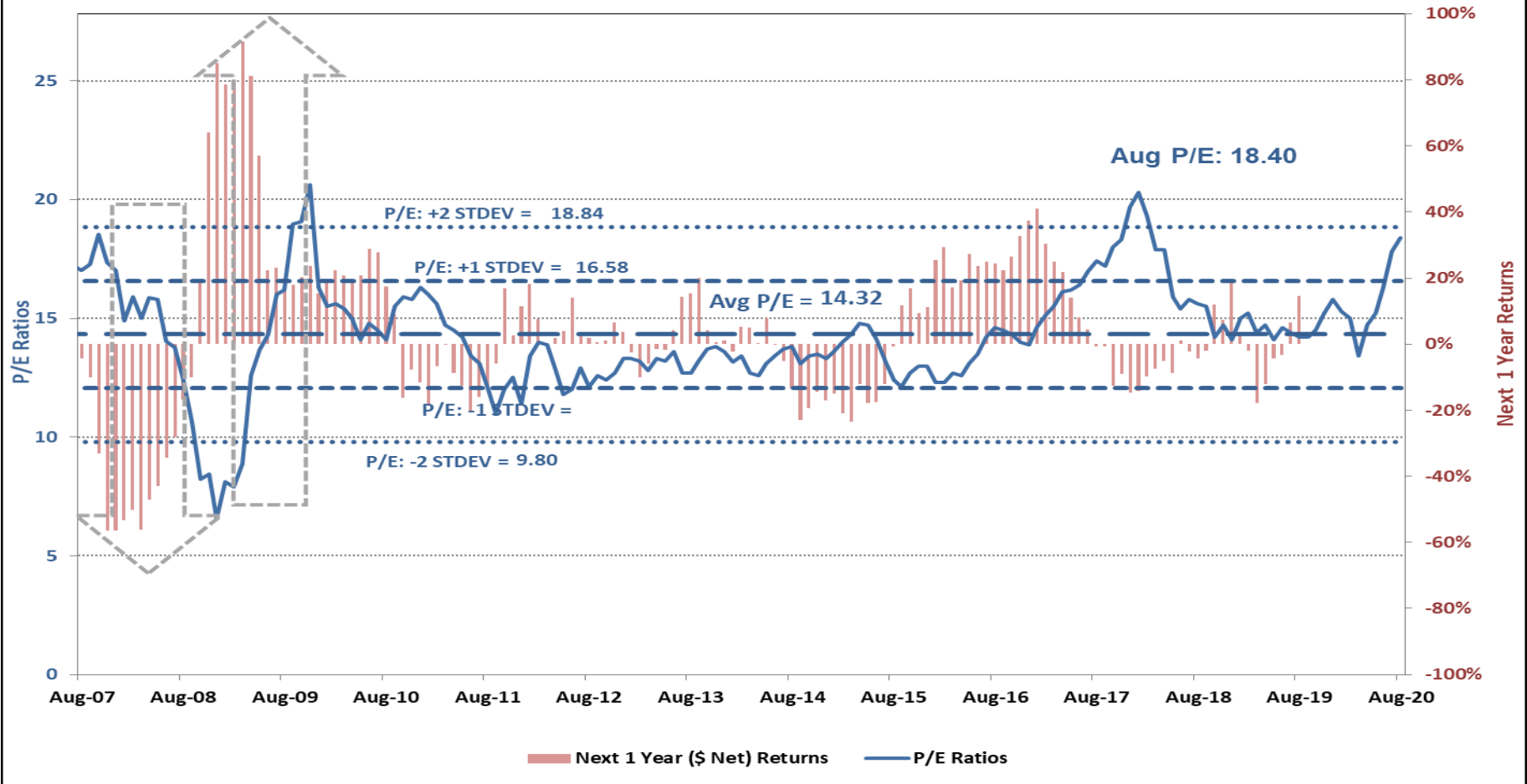
### MSCI EAFE (\$ Net) P/E Ratios and Next 1 Year Returns





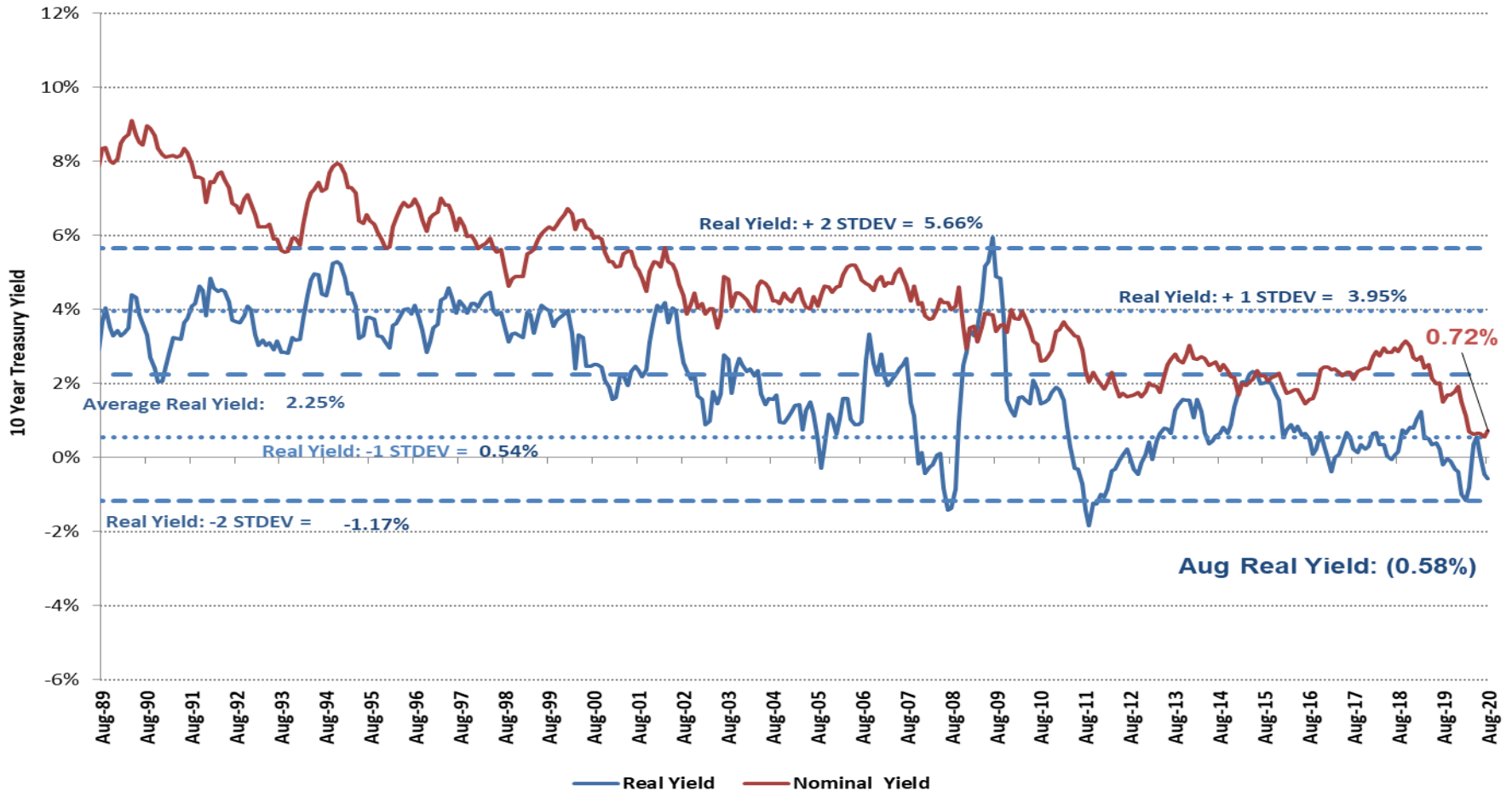


### MSCI EM P/E Ratios and Next 1 Year (\$ Net) Returns





### 10 Year Treasury Nominal and Real Yields





# SERS' Investment Portfolios Review

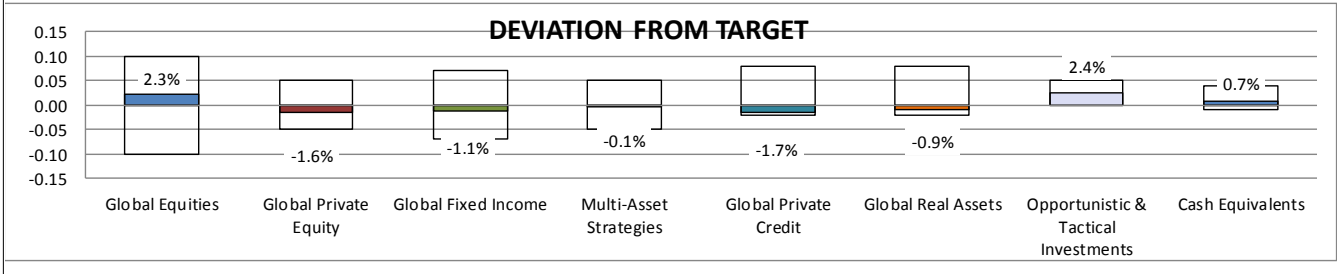
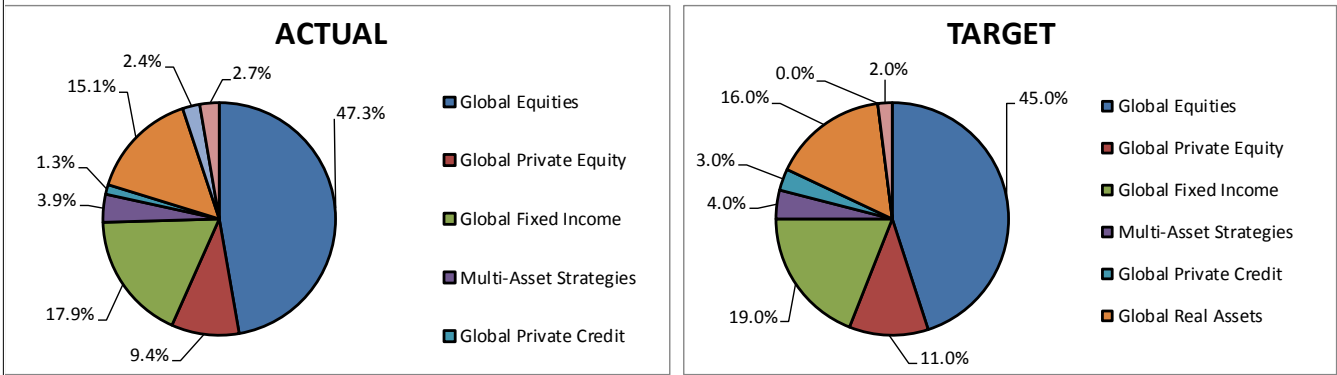


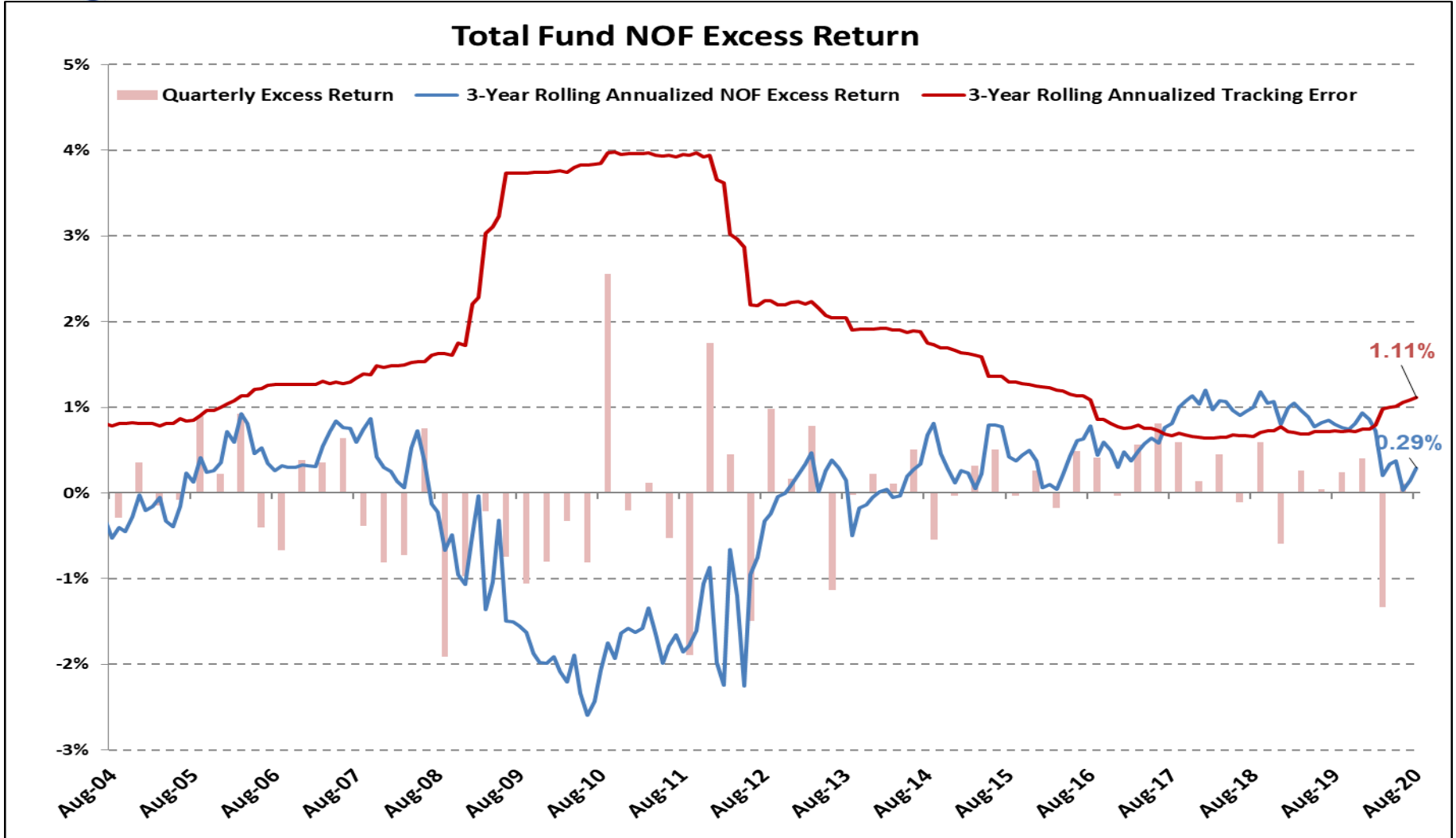
# Ohio SERS Investment Report

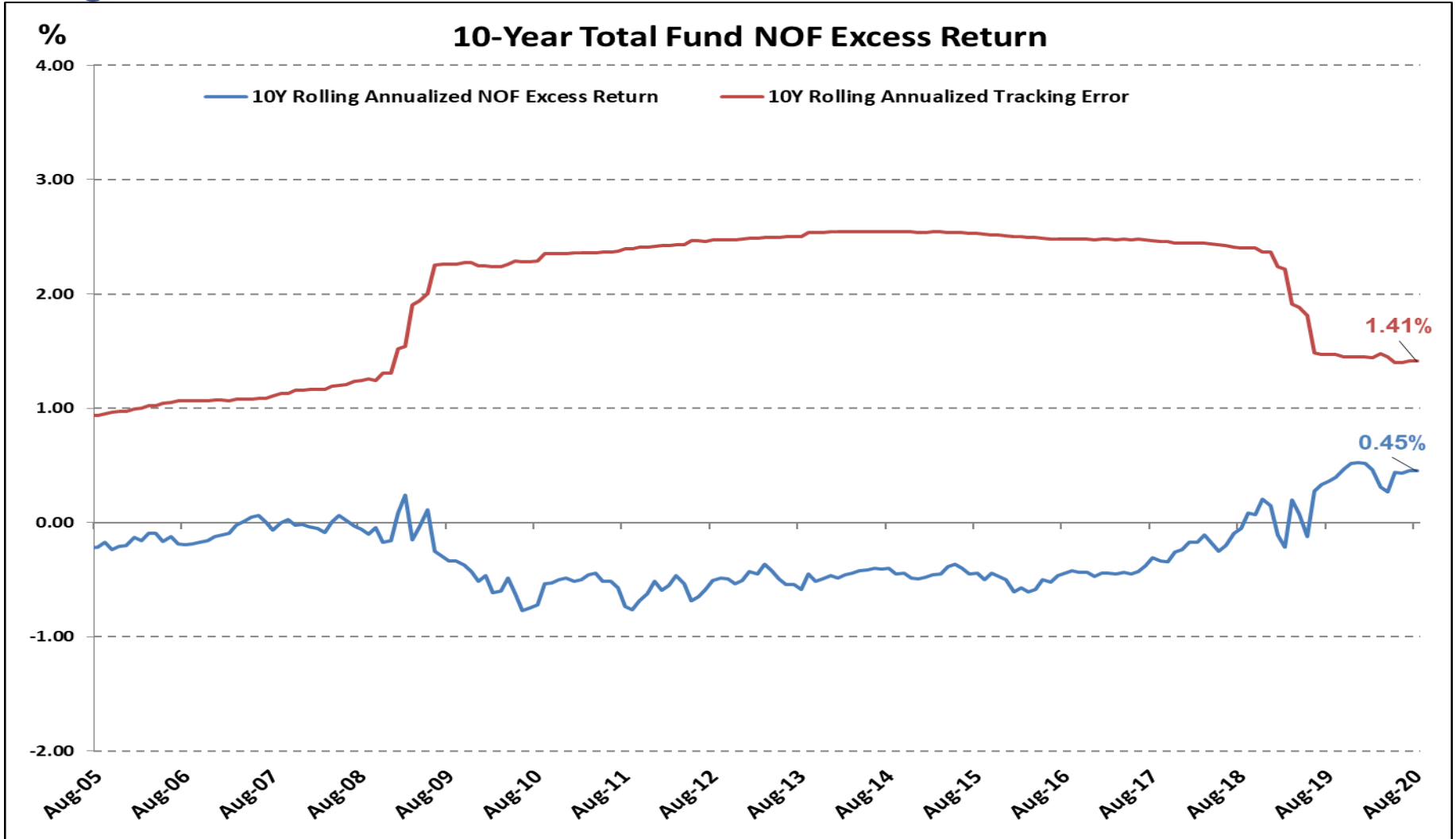
Month Ending: 08/31/2020

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	7,251,304,585	47.3%	45.0%	35% - 55%
<i>US Equity</i>	3,897,753,384	25.4%	22.5%	15% - 30%
<i>Non-US Equity</i>	3,353,551,201	21.9%	22.5%	15% - 30%
Global Private Equity	1,444,028,585	9.4%	11.0%	8% - 16%
Global Fixed Income	2,742,369,273	17.9%	19.0%	12% - 26%
Multi-Asset Strategies	595,882,878	3.9%	4.0%	0% - 4%
Global Private Credit	205,838,805	1.3%	3.0%	3% - 7%
Global Real Assets	2,323,085,238	15.1%	16.0%	14% - 20%
Opportunistic & Tactical Inves	368,849,036	2.4%	0.0%	0% - 5%
Cash Equivalents	413,122,898	2.7%	2.0%	0% - 5%
<i>Short-Term</i>	409,615,282	2.7%	2.0%	
<i>Russell EA Overlay</i>	-3,227,572	0.0%	0.0%	
<i>Direct Rebalance Overlay</i>	-15,966	0.0%	0.0%	
<i>Currency Overlay</i>	6,751,154	0.0%	0.0%	
<b>Total Fund</b>	<b>15,344,481,298</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: BNY Mellon GRS









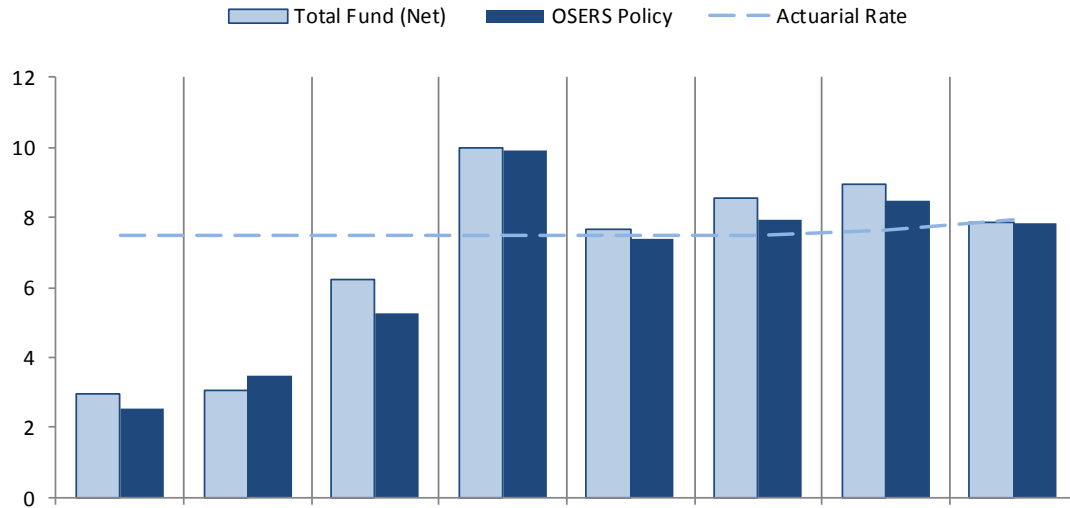
**Total Fund Performance**

**Current Benchmark:**

- 22.5% Russell 3000
- 22.5% MSCI ACWI ex US Index (net dividends)
- 11% Burgiss All Private Equity benchmark (1q lag) (BAPE)
- 19% Bloomberg Barclays Aggregate Bond
- 16% NCREIF Property (1q lag)
- 4% HFRI Fund of Funds Composite plus 1%
- 3% LIBOR + 4.5%
- 2% Citigroup 30 Day US T-Bill

**Actuarial Rate**

(7.5% adopted 4/21/16)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	2.99	3.39	6.27	10.61	8.34	9.23	9.68	8.21
Total Fund (Net)	2.96	3.03	6.21	9.99	7.66	8.54	8.95	7.69
OSERS Policy	2.54	3.48	5.28	9.89	7.37	7.94	8.50	7.84
Value Added (Net of Fee)	0.42	(0.45)	0.93	0.10	0.29	0.60	0.45	(0.15)

Source: BNY Mellon GRS

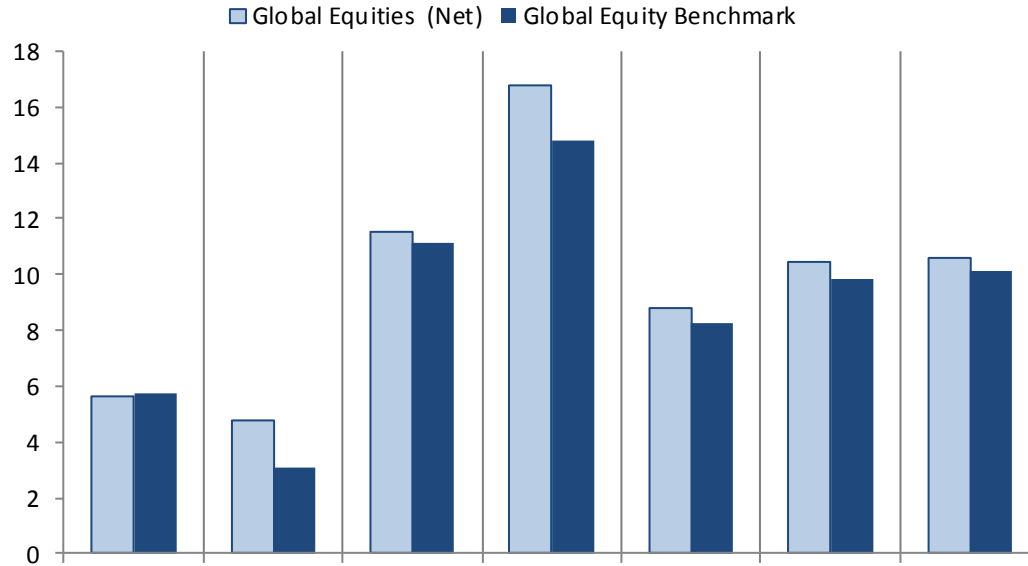
\*ITD is Inception date 10/1/1994 (25 years and 11 months)



## Global Equities Performance

**Current Benchmark:**

50% Russell 3000  
 50% MSCI ACWI ex US Index  
 (net dividends)



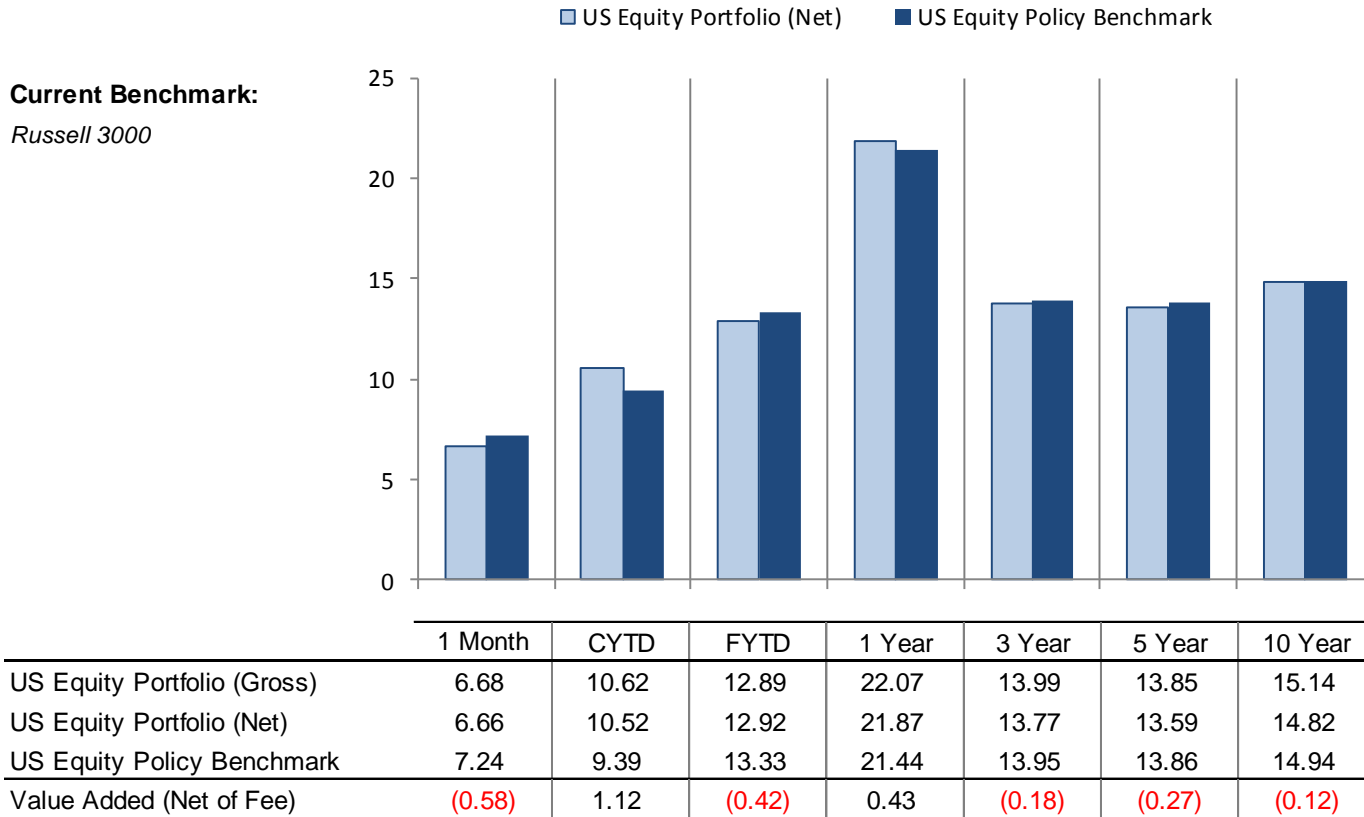
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	5.66	4.96	11.51	17.12	9.10	10.76	10.95
Global Equities (Net)	5.63	4.77	11.49	16.79	8.77	10.42	10.57
Global Equity Benchmark	5.76	3.05	11.12	14.78	8.22	9.81	10.11
MSCI ACWI	6.16	5.12	11.82	17.12	9.56	10.81	10.49
Value Added (Net of Fee)	(0.13)	1.72	0.37	2.01	0.54	0.61	0.45

Source: BNY Mellon GRS





## US Equity Performance



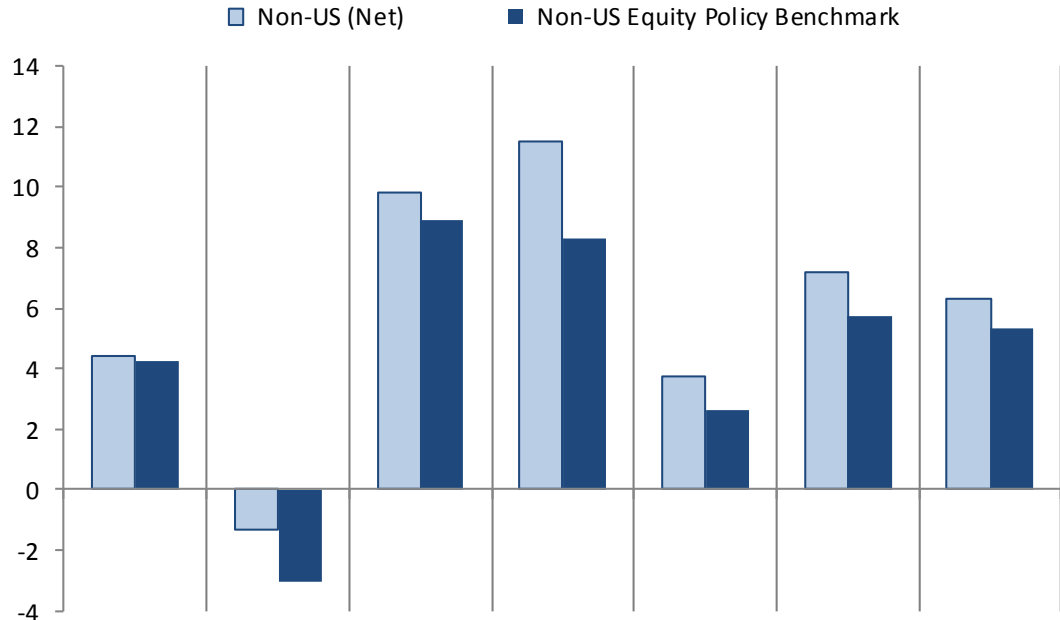
**Current Benchmark:**  
Russell 3000

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)	4.47	(1.02)	9.91	11.92	4.21	7.59	6.76
Non-US (Net)	4.43	(1.29)	9.84	11.47	3.78	7.16	6.33
Non-US Equity Policy Benchmark	4.28	(3.05)	8.93	8.31	2.63	5.75	5.35
Value Added (Net of Fee)	0.15	1.76	0.91	3.16	1.14	1.40	0.97

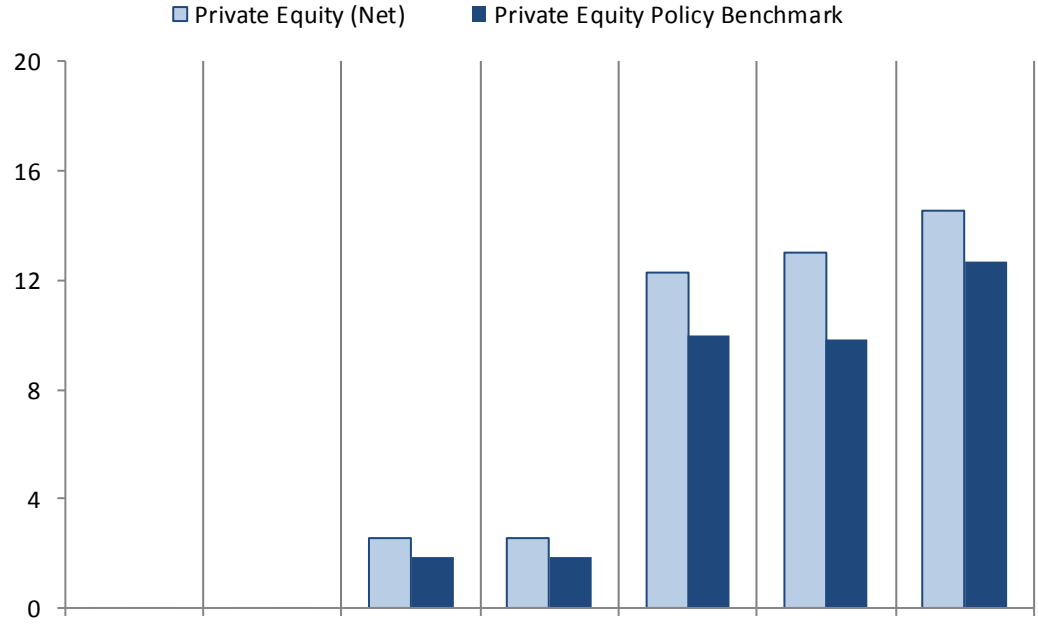
Source: BNY Mellon GRS



## 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

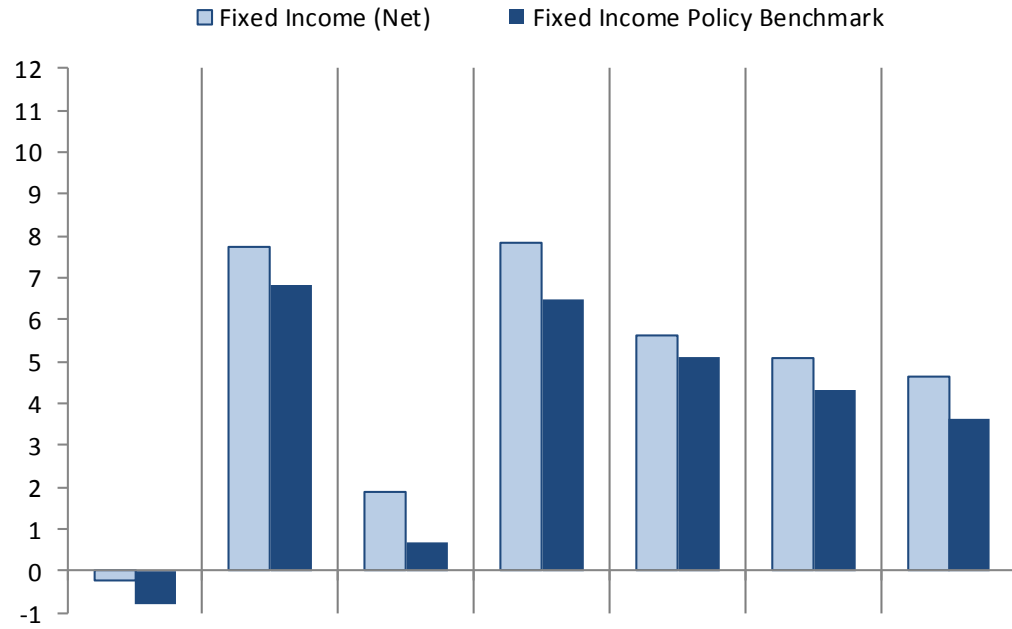
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

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)	(0.22)	7.90	1.96	8.05	5.83	5.32	4.87
Fixed Income (Net)	(0.24)	7.74	1.91	7.82	5.61	5.10	4.64
Fixed Income Policy Benchmark	(0.81)	6.85	0.67	6.47	5.09	4.33	3.65
Value Added (Net of Fee)	0.57	0.89	1.23	1.35	0.52	0.77	0.99

Source: BNY Mellon GRS

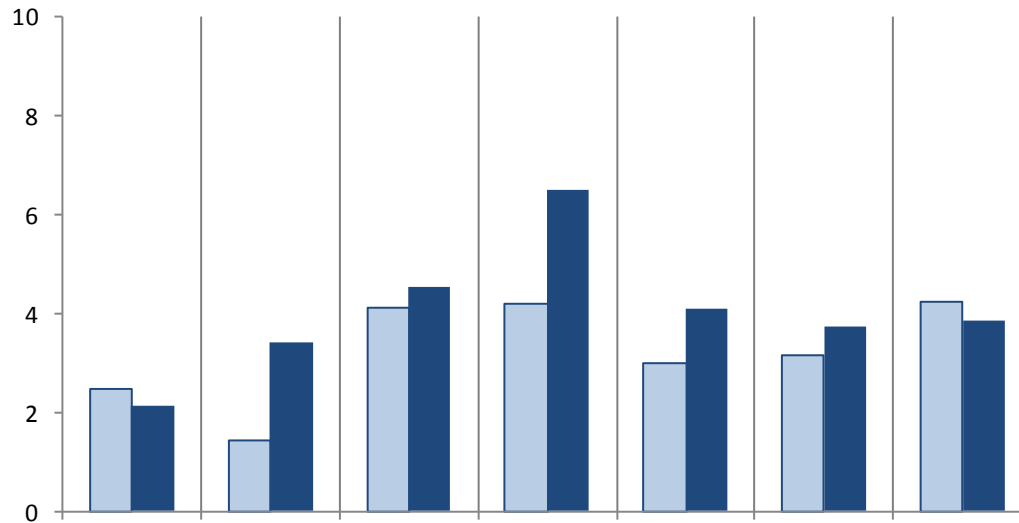


## Multi-Asset Strategies Performance

■ Multi-Asset Strategies (Net)
 ■ Multi-Asset Strategies Policy Benchmark

**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)	2.54	2.22	4.25	5.42	4.32	4.52	5.79
Multi-Asset Strategies (Net)	2.46	1.46	4.11	4.21	3.00	3.15	4.24
Multi-Asset Strategies Policy Benchmark	2.14	3.44	4.55	6.50	4.12	3.76	3.86
Value Added (Net of Fee)	0.33	(1.98)	(0.44)	(2.29)	(1.12)	(0.61)	0.37

Source: BNY Mellon GRS

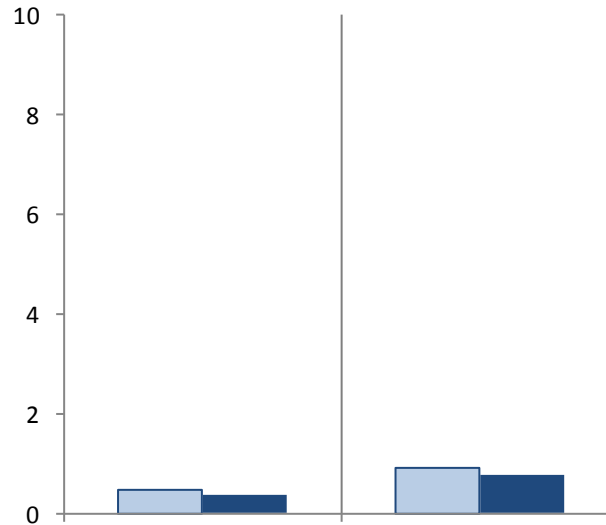
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.



## Global Private Credit

**Current Benchmark:**  
3-month LIBOR plus 4.5%

- Global Private Credit (Net)
- Global Private Credit Policy Benchmark



	1 Month	FYTD
Global Private Credit (Gross)	0.60	1.04
Global Private Credit (Net)	0.50	0.92
Global Private Credit Policy Benchmark	0.39	0.80
Value Added (Net of Fee)	0.11	0.12

Source: BNY Mellon GRS

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



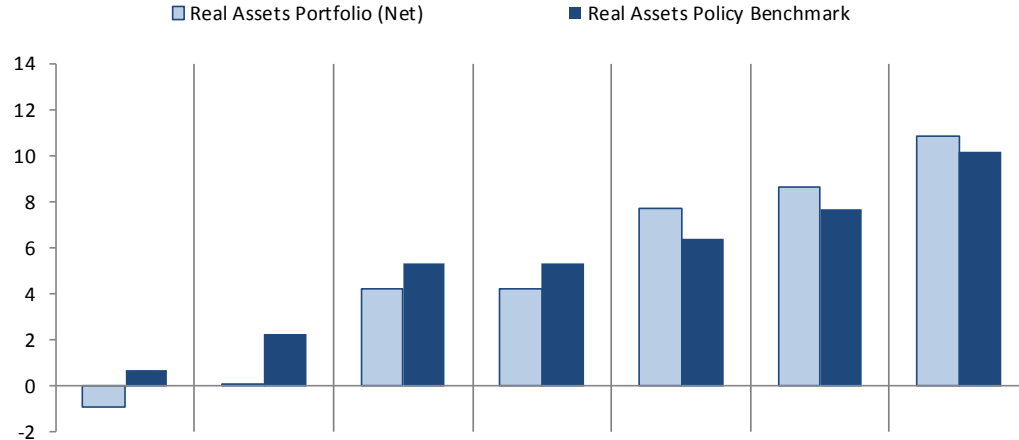
# Ohio SERS Investment Report

Month Ending: 08/31/2020

## 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.

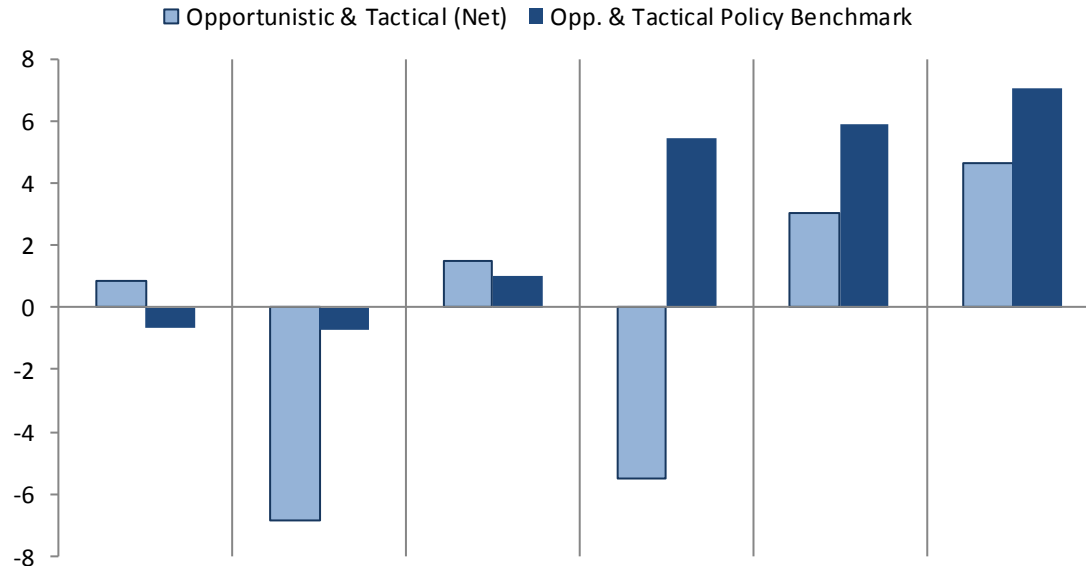
Global Real Assets performance is reported one quarter in arrears.



## Opportunistic & Tactical Performance

**Current Benchmark:**

*Bloomberg Barclays Aggregate  
Bond Index + 2%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	0.91	(5.93)	1.67	(4.07)	4.59	6.05
Opportunistic & Tactical (Net)	0.83	(6.87)	1.52	(5.53)	3.02	4.64
Opp. & Tactical Policy Benchmark	(0.64)	(0.72)	1.01	5.43	5.90	7.05
Value Added (Net of Fee)	1.48	(6.16)	0.52	(10.97)	(2.87)	(2.42)

Source: BNY Mellon GRS

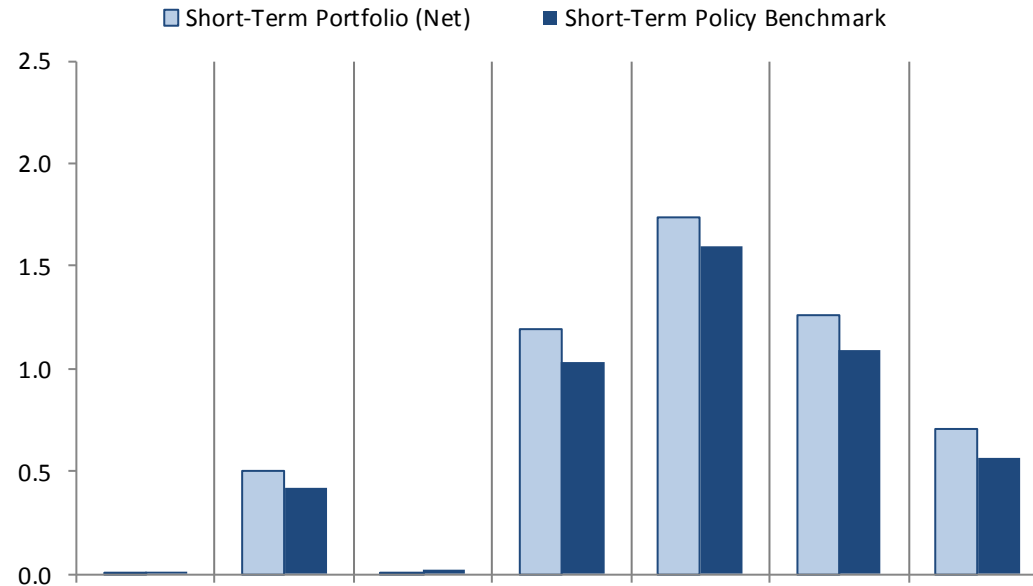




## Short-Term Performance

**Current Benchmark:**

*Citigroup 30 Day Treasury Bill Index*

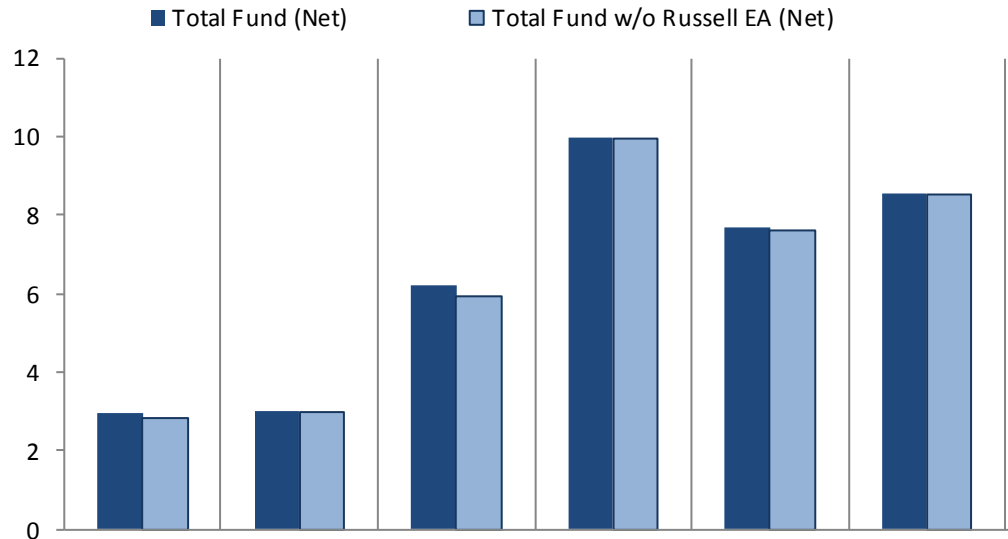


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.00	0.51	0.01	1.19	1.74	1.26	0.70
Short-Term Portfolio (Net)	0.00	0.51	0.01	1.19	1.74	1.26	0.70
Short-Term Policy Benchmark	0.01	0.42	0.02	1.03	1.59	1.09	0.57
Value Added (Net of Fee)	(0.00)	0.09	(0.01)	0.16	0.15	0.17	0.15

Source: BNY Mellon GRS



## Russell EA Overlay Performance

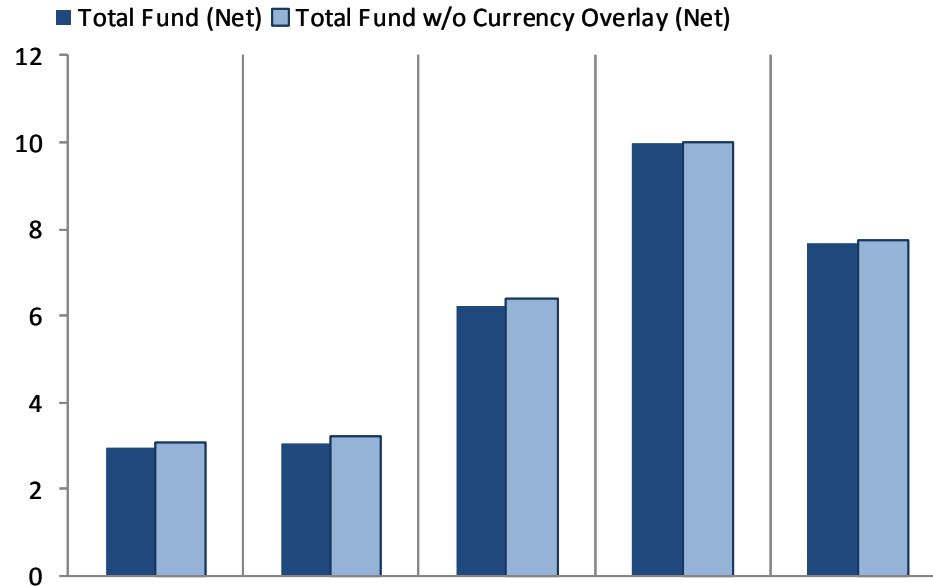


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	2.99	3.39	6.27	10.61	8.34	9.23
Total Fund w/o Russell EA (Gross)	2.85	3.32	5.99	10.54	8.27	9.18
Total Fund (Net)	2.96	3.03	6.21	9.99	7.66	8.54
Total Fund w/o Russell EA (Net)	2.82	2.96	5.93	9.92	7.61	8.50
Russell EA Overlay Impact (Net of Fee)	0.13	0.07	0.28	0.07	0.06	0.04

Source: BNY Mellon GRS



## Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year
Total Fund (Gross)	2.99	3.39	6.27	10.61	8.34
Total Fund w/o Currency Overlay (Gross)	3.08	3.55	6.46	10.83	8.38
Total Fund (Net)	2.96	3.03	6.21	9.99	7.66
Total Fund w/o Currency Overlay (Net)	3.05	3.22	6.40	9.99	7.73
Currency Overlay Impact (Net of Fee)	(0.09)	(0.19)	(0.19)	0.00	(0.07)

Source: BNY Mellon GRS



## Proposed Investment Agenda – Next Meeting

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Annual Portfolio Review – Fixed Income

Wilshire Quarterly Performance Report (September 30, 2020)

Quarterly Investment Report (September 30, 2020)

**EDUCATION PROGRAM**

- [US Equity vs Non US Equity](#)

# SERS' Allocation to US Equity and Non-US Equity

Provided by Investment Staff  
Farouki Majeed, CIO

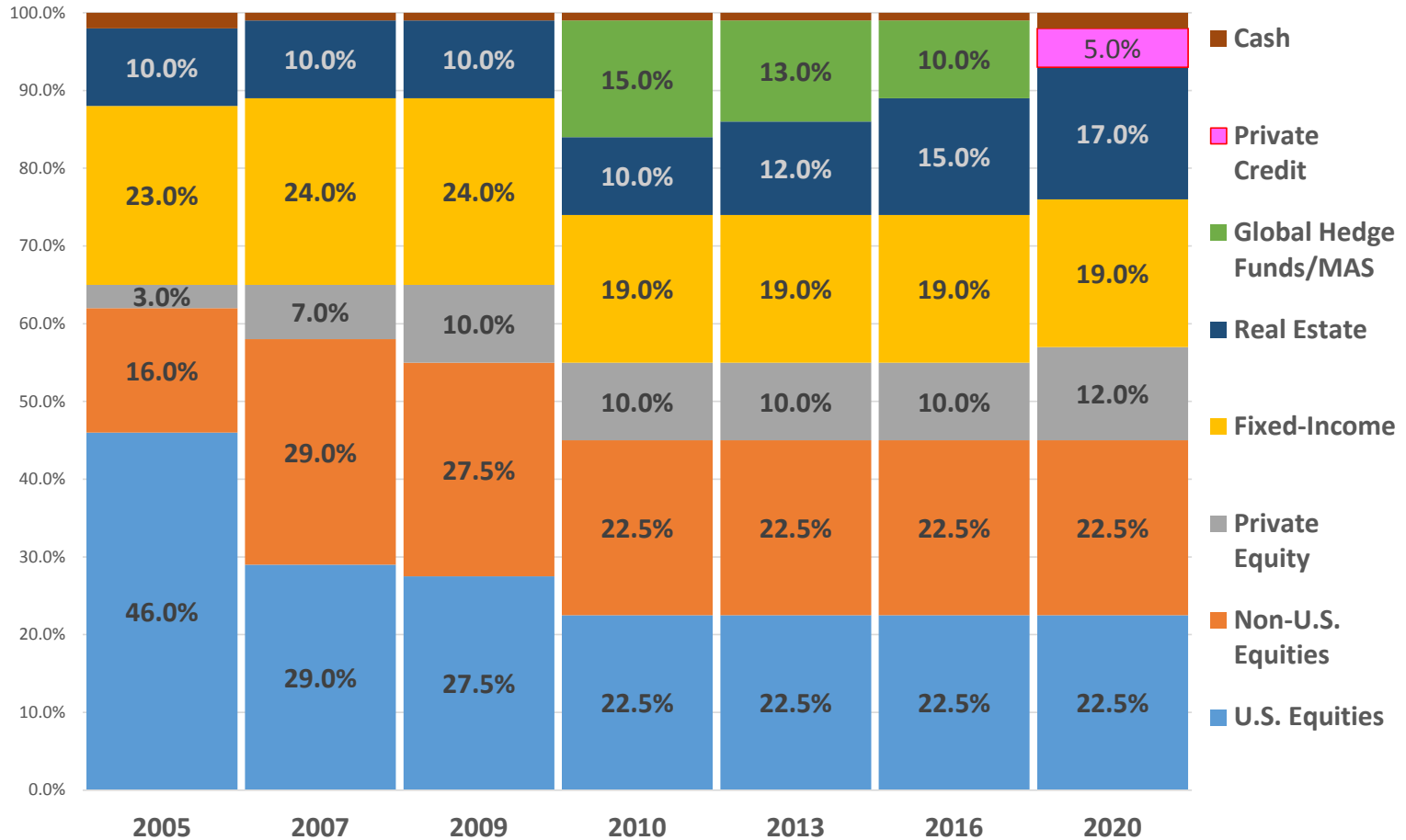
Meeting Date: October 2020

*Serving the People Who Serve Our Schools*



- SERS' allocation to US Equity and Non-US Equity has remained at 22.5% each since 2010.
- SERS' Asset Allocation was more diversified in 2010, reducing Public Equity and increasing Private Equity and Hedge Funds.
- Expected returns for the Asset Allocation reviews have been higher for Non-US Equity compared to US Equity in the period since 2005.
- Actual returns have been higher for US Equity relative to Non-US Equity.

## Historical Asset Allocation





## 10- Year Return Assumptions

<u>Asset</u>	<u>2006</u>	<u>2010</u>	<u>2013</u>	<u>2016</u>	<u>2020</u>
Cash	n/a	2.50%	2.00%	1.55%	1.85%
US Equity	7%	7.50%	7.50%	6.50%	5.75%
Non US Equity	8.00%	8.00%	8.00%	6.70%	6.50%
Fixed Income	6.00%	5.00%	3.50%	3.65%	2.85%
Private Equity	13%	13.00%	9.25%	9.40%	7.60%
Real Estate	7%	10.00%	7.00%	7.70%	6.60%
Private Debt					6.65%
Hedge Funds	7.00%	10.00%	6.50%	6.00%	5.30%
<b>Total Fund</b>	<b>n/a</b>	<b>8.40%</b>	<b>7.30%</b>	<b>6.88%</b>	<b>6.24%</b>

## 10-Year Realized Return

	<b>Jun-16</b>	<b>Jun-20</b>
30-day TB (Index)	0.87%	0.57%
Russell - 3000 Index (Index)	7.40%	13.72%
MSCI - AC World Ex-USA Index (\$Gross) (Index)	2.33%	5.45%
Bloomberg Barclays - U.S. Aggregate Index	5.13%	3.83%
HFRI - Fund of Funds Composite Index	1.58%	2.79%
Private Equity (SERS Portfolio - NOF)	11.16%	14.56%
NCREIF Property Index (NPI)	7.51%	7.65%
<b>SERS Total Fund Return - NOF</b>	<b>4.96%</b>	<b>8.55%</b>

Prepared for



# US Equity vs Non US Equity

OCTOBER 2020



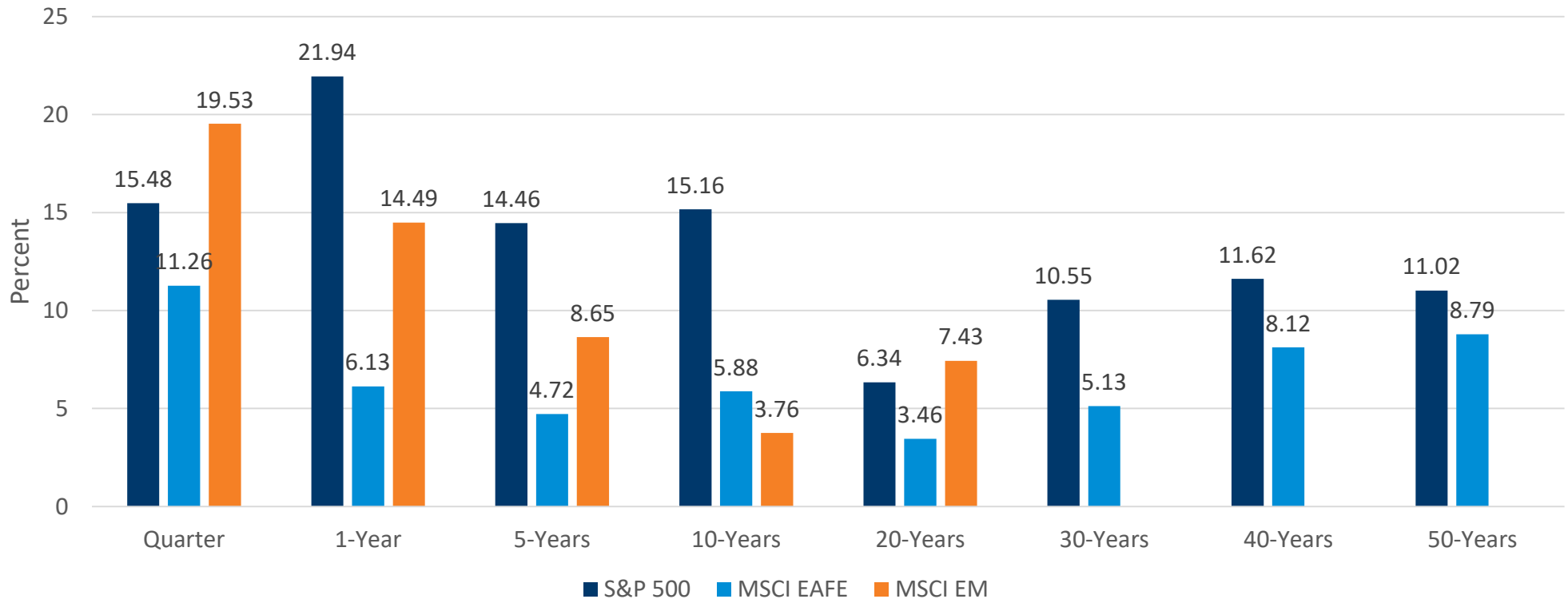


- Performance Cycles By Region, Country and Currency
- Valuation
- Sector and Factor Exposures
- Broadening the Opportunity Set
- Alpha Opportunity
- Diversification and Risk Reduction
- Ohio SERS Portfolio Implications



## Performance Cycles By Region, Country and Currency

Annualized Period Returns  
As of August 31, 2020



- As of August 31, 2020, USE performance has outpaced both developed and emerging market equities, except for the most recent quarter where emerging markets have outperformed USE.

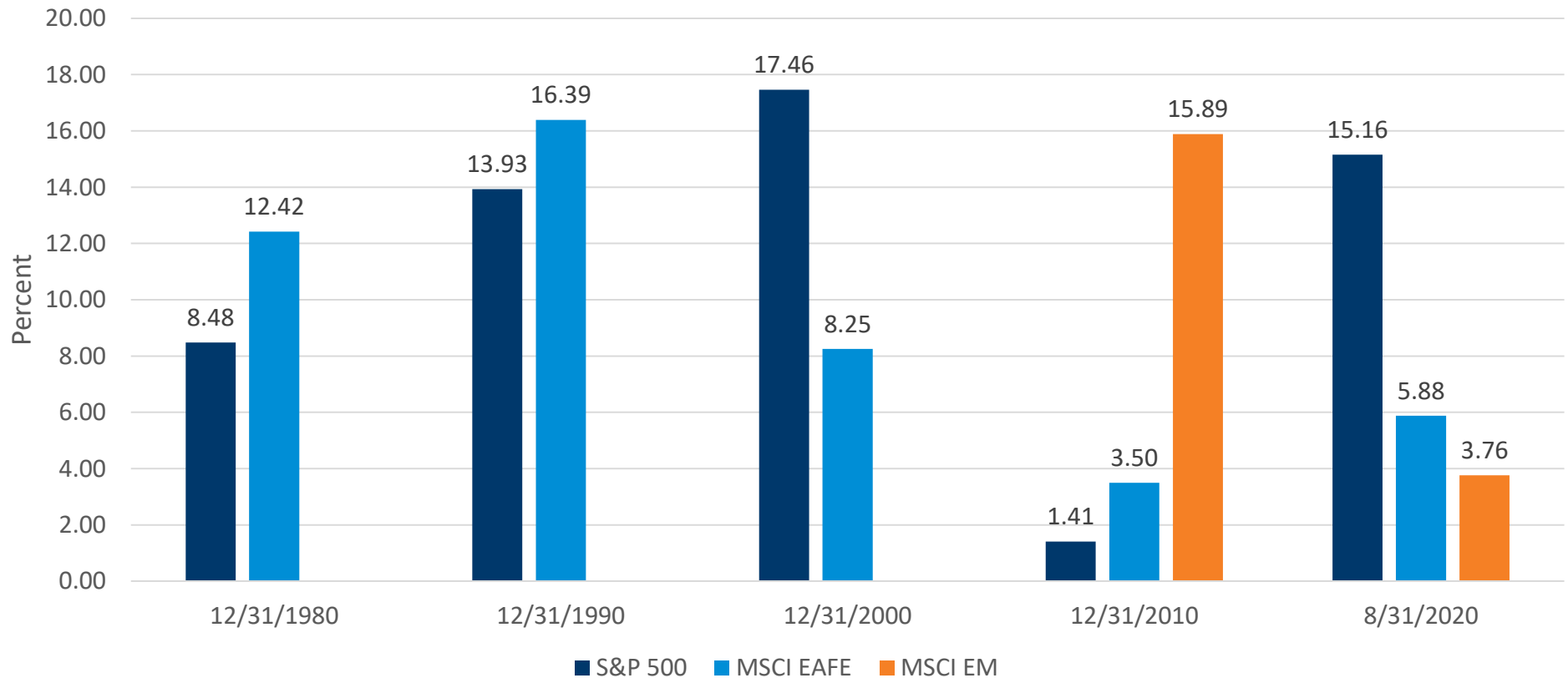
# Performance and Currency Effect

Annualized Period Returns as of August 31, 2020 (%)								
Index	Quarter	1-Year	5-Years	10-Years	20-Years	30-Years	40-Years	50-Years
<b>S&amp;P 500</b>	15.48	21.94	14.46	15.16	6.34	10.55	11.62	11.02
<b>MSCI EAFE</b>	11.26	6.13	4.72	5.88	3.46	5.13	8.12	8.79
MSCI EAFE (in local currency)	4.93	-0.38	4.01	6.90	2.48	4.78	7.54	7.54
<i>Dollar Depreciation/ (Appreciation)</i>	<i>6.33</i>	<i>6.51</i>	<i>0.71</i>	<i>(1.02)</i>	<i>0.98</i>	<i>0.35</i>	<i>0.58</i>	<i>1.25</i>
<b>MSCI EM</b>	19.53	14.49	8.65	3.76	7.43			
MSCI EM (in local currency)	17.79	16.03	9.62	6.58	NA			
<i>Dollar Depreciation/ (Appreciation)</i>	<i>1.74</i>	<i>(1.54)</i>	<i>(0.97)</i>	<i>(2.82)</i>	NA			

- The dollar has generally depreciated against developed currencies while the dollar has generally appreciated against emerging currencies.

# Leadership Rotation by Region

10-Year Returns As Of...



However, returns are end-point dependent and leadership changes by decade:

- Developed markets outside the US dominated the 1970s and 1980s
- USE outperformed in the 1990s and 2010s
- Emerging market equities outperformed in the 2000s.

# Performance and Currency Effect

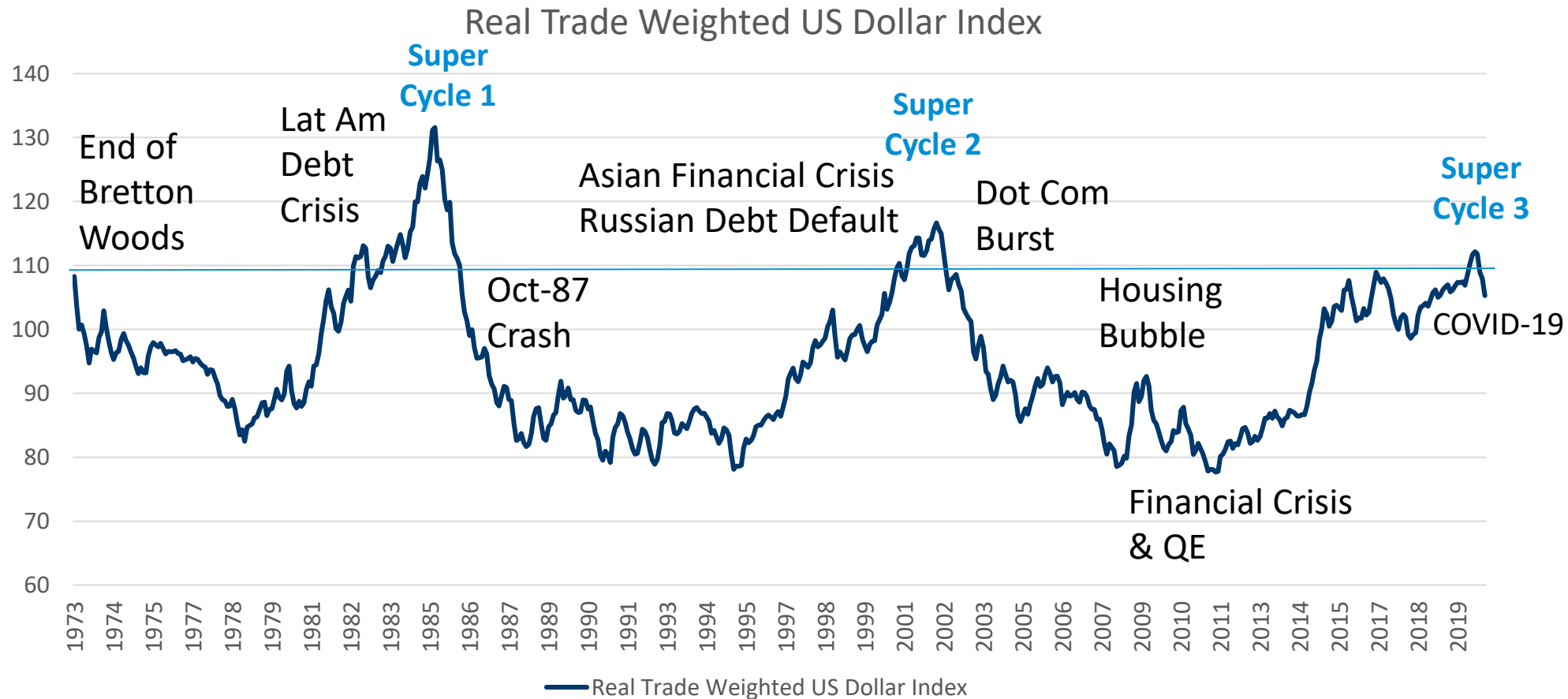
10-Year Returns As Of (%)					
Index	Dec-1980	Dec-1990	Dec-2000	Dec-2010	Aug-2020
<i>S&amp;P 500</i>	8.48	13.93	17.46	1.41	15.16
<i>MSCI EAFE</i>	12.42	16.39	8.25	3.50	5.88
MSCI EAFE (in local currency)	8.41	14.63	9.51	0.18	6.90
<i>Dollar Depreciation/ (Appreciation)</i>	<i>4.01</i>	<i>1.76</i>	<i>(1.26)</i>	<i>3.32</i>	<i>(1.02)</i>
<i>MSCI EM</i>				15.89	3.76
MSCI EM (in local currency)				NA	6.58
<i>Dollar Depreciation/ (Appreciation)</i>				NA	<i>(2.82)</i>

Leadership changes by decade and tends to correlate with dollar:

- Developed markets outside the US dominated the 1970s and 1980s, coincident with dollar depreciation
- USE outperformed in the 1990s and 2010s, coincident with dollar strength
- Emerging market equities outperformed in the 2000s and underperformed in the 2010s, coincident with dollar strength



# Dollar Super Cycles



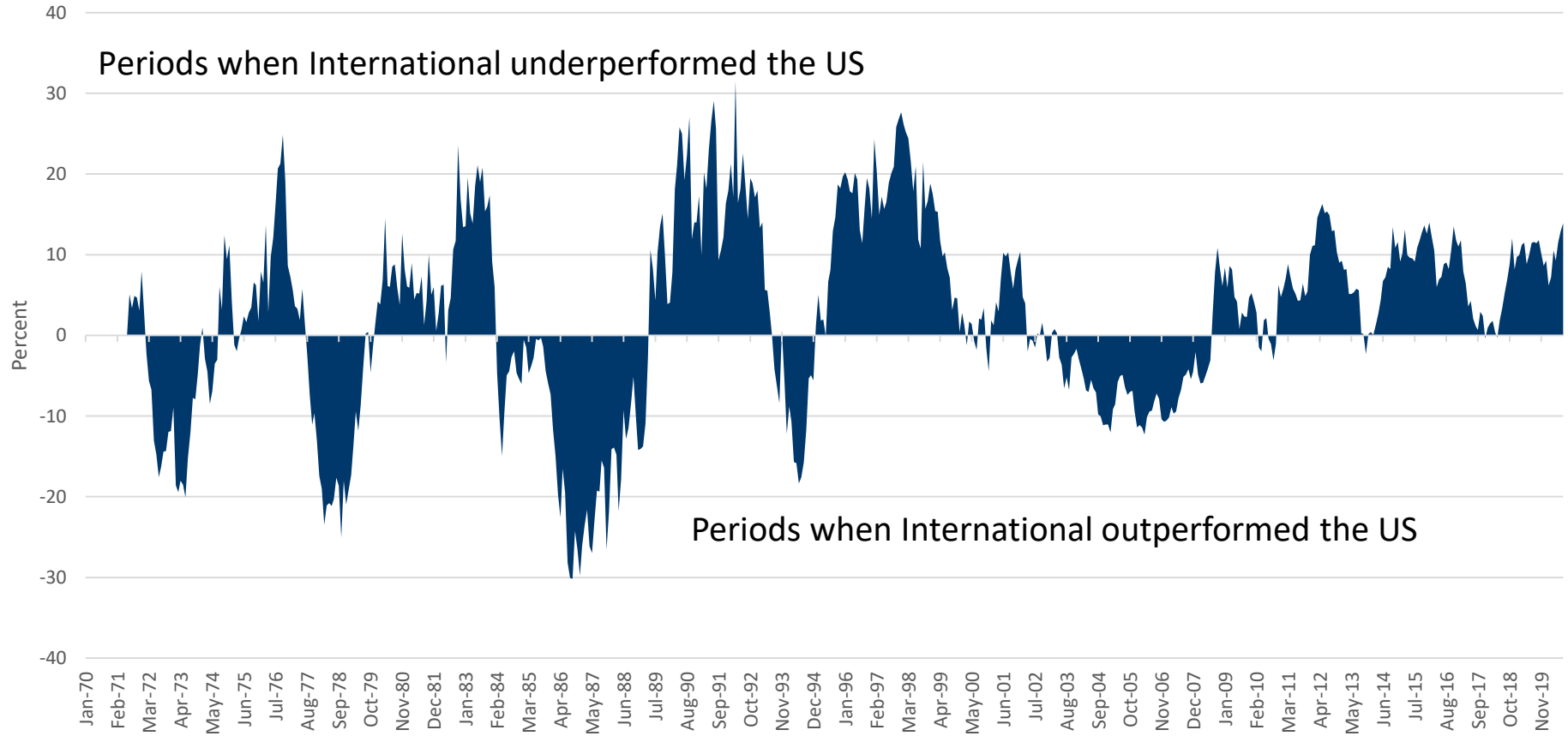
- While the value of the dollar has varied widely, the current value is roughly comparable to the value at the end of Bretton Woods.
- It remains to be seen if the dollar is currently at the peak of the third super cycle.

# Leadership Rotation by Country

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD (8/31)		
								Germany 63.79	Australia 30.34																		
							Australia -1.33	Spain 58.45	Spain 28.93	EM 33.86	Spain 49.35																
							EM -6.57	Canada 54.59	EM 26.52	Canada 28.30	Germany 35.99	HK 41.20											EM 36.82				
							Japan -10.28	EM 53.83	HK 24.98	Japan 25.52	France 34.47	EM 39.77			EM 82.36								HK 36.16				
							Switzer -10.30	Australia 49.46	Canada 22.20	Switzer 16.33	EM 31.79	Germany 35.20			Australia 76.43								France 28.74				
				EM 62.69			Canada -13.19	France 40.22	UK 19.57	Australia 16.02	Australia 30.85	Canada 29.56			HK 60.15			Germany 30.90					Germany 27.69				
	Spain 40.05			Japan 61.54			UK -15.24	HK 38.10	France 18.48	Germany 9.92	UK 30.60	Australia 28.34			Canada 56.18	HK 23.23		Australia 22.07					Spain 27.04				
	HK 33.07			HK 59.51	Switzer 5.84	Australia 1.68	Spain -15.28	Japan 35.90	Japan 15.87	France 9.88	HK 30.34	Spain 23.96			Spain 43.48	Canada 20.45		France 21.29				Japan 23.98					
	Canada 28.55			Spain 49.90	Canada 53.75	Canada 5.35	EM -2.00	HK -17.78	Switzer 34.08	Germany 16.17	HK 8.40	Switzer 27.40	France 13.24		Japan -29.21	UK 43.30	EM 19.90			Switzer 20.35			Switzer 22.51				
Switzer 44.11	UK 27.44	Switzer 44.25	France 41.53	France 29.26	France -4.32	Spain -11.34	France -21.18	UK 32.06	Switzer 14.96	UK 7.35	Canada 17.80	UK 8.36	Switzer -30.49	France 31.83	Japan 15.44					EM 18.68		Japan 9.57	Canada 24.56	UK 22.29		Switzer 32.32	
US 37.58	US 22.96	US 33.36	US 28.58	US 21.04	US -9.11	US -11.89	US -22.10	US 28.69	US 10.88	US 4.91	US 15.79	US 5.49	US -37.00	US 26.46	US 15.06	US 2.11	US 16.00	US 32.39	US 13.69	US 1.38	US 11.96	US 21.83	US -4.38	US 31.49	US 9.74		
Spain 29.83	France 21.19	Spain 25.43	Germany 25.80	Germany 20.03	Australia -9.94	UK -14.06	Germany -33.18			Spain 4.41	Japan 6.24	Switzer 5.29	Spain -40.59	Switzer 25.31	Australia 14.52	UK -2.56	UK 15.25	Germany 31.36	HK 5.07	Switzer 0.43	Australia 11.45	Australia 19.93	HK -7.83	Canada 27.50	Switzer 4.72		
HK 22.58	Australia 16.47	Germany 24.58	Switzer 23.54	Australia 17.62	UK -11.54	HK -18.61						Japan -4.23	France -43.27	Germany 25.15	Switzer 11.79	Switzer -6.77	Canada 9.09	Spain 31.32	Canada 1.51	France -0.11	EM 9.90	Canada 16.07	Switzer -9.08	France 25.74	Germany 3.21		
UK 21.26	Germany 13.57	UK 22.61	UK 17.82	UK 12.44	HK -14.75	Canada -20.44							Canada -45.51	Japan 6.25	UK 8.76	Australia -10.95	Japan 8.18	Japan 27.16	Switzer -0.09	HK -0.54	France 4.89		Australia -11.99	Australia 22.92	EM 0.45		
Canada 18.31	EM 3.04	Canada 12.80	Canada -6.12	Spain 4.83	Germany -15.59	Switzer -21.36								Germany -45.87		Germany 8.44	Spain -12.28	Spain 3.00	Switzer 26.60	EM -1.79	Germany -1.89	Germany 2.75		France -12.76	UK 21.05	Japan -1.64	
Germany 16.41	Switzer 2.27	France 11.94	Australia 6.07	Switzer -7.03	Spain -15.86	France -22.36								UK -48.34		France -4.11	Canada -12.71		France 26.33	Australia -3.42	UK -7.56	Japan 2.38		Japan -12.88	Germany 20.77	Canada -2.77	
France 14.12	Japan -15.50	Australia -10.43	Japan 5.03		EM -35.70	Germany -22.39								Australia -50.67		Spain -21.95	Japan -14.33		UK 20.67	Japan -4.02	Australia -9.95	HK 2.26		UK -14.15	Japan 19.61	HK -3.37	
Australia 11.19		EM -19.77	HK -2.90		Japan -28.16	Japan -29.41								HK -51.21			HK -16.02		HK 11.09	Spain -4.65	EM -13.86	UK -0.10		EM -14.58	EM 18.43	Australia -5.06	
Japan 0.70		HK -23.28	EM -29.59											EM -53.78				France -16.87	Canada 5.63	UK -5.39	Spain -15.64	Spain -1.02		Spain -16.19	Spain 11.99	France -9.66	
EM -3.81		Japan -23.68																Germany -18.08	Australia 4.16	France -9.92	Canada -24.16	Switzer -4.87		Canada -17.20	HK 10.34	UK -19.42	
																									Germany -22.17		Spain -21.07

# Cyclicality of Performance

S&P 500 versus MSCI EAFE  
18-Month Rolling Returns



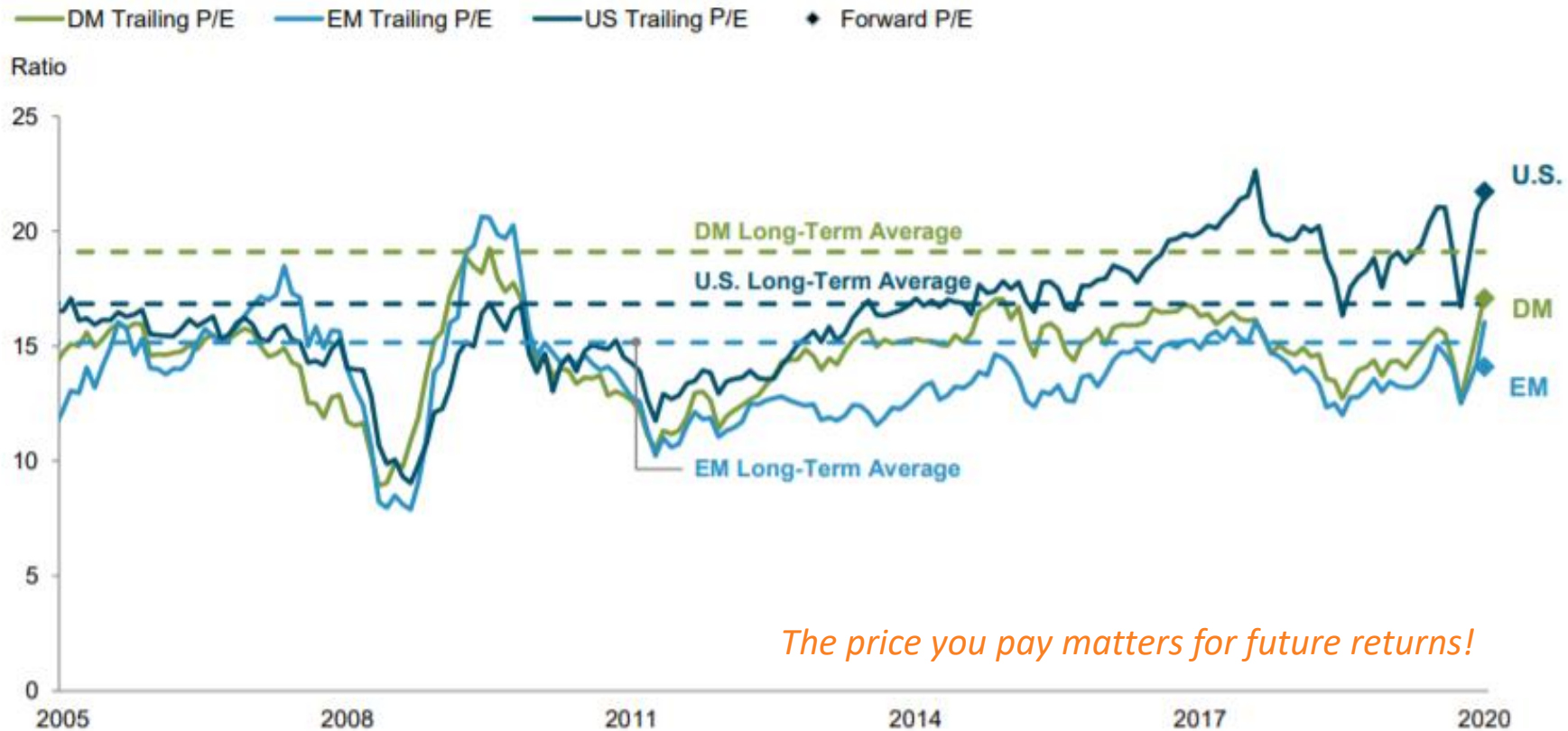
- Historically, developed market and US equity performance is cyclical: One typically outperforms the other for several years until the cycle reverse.
- Timing these rotations is difficult, though, which is why it is important to have both US and non-US exposure in an equity portfolio.



# Valuation

# Valuation: P/E Ratios

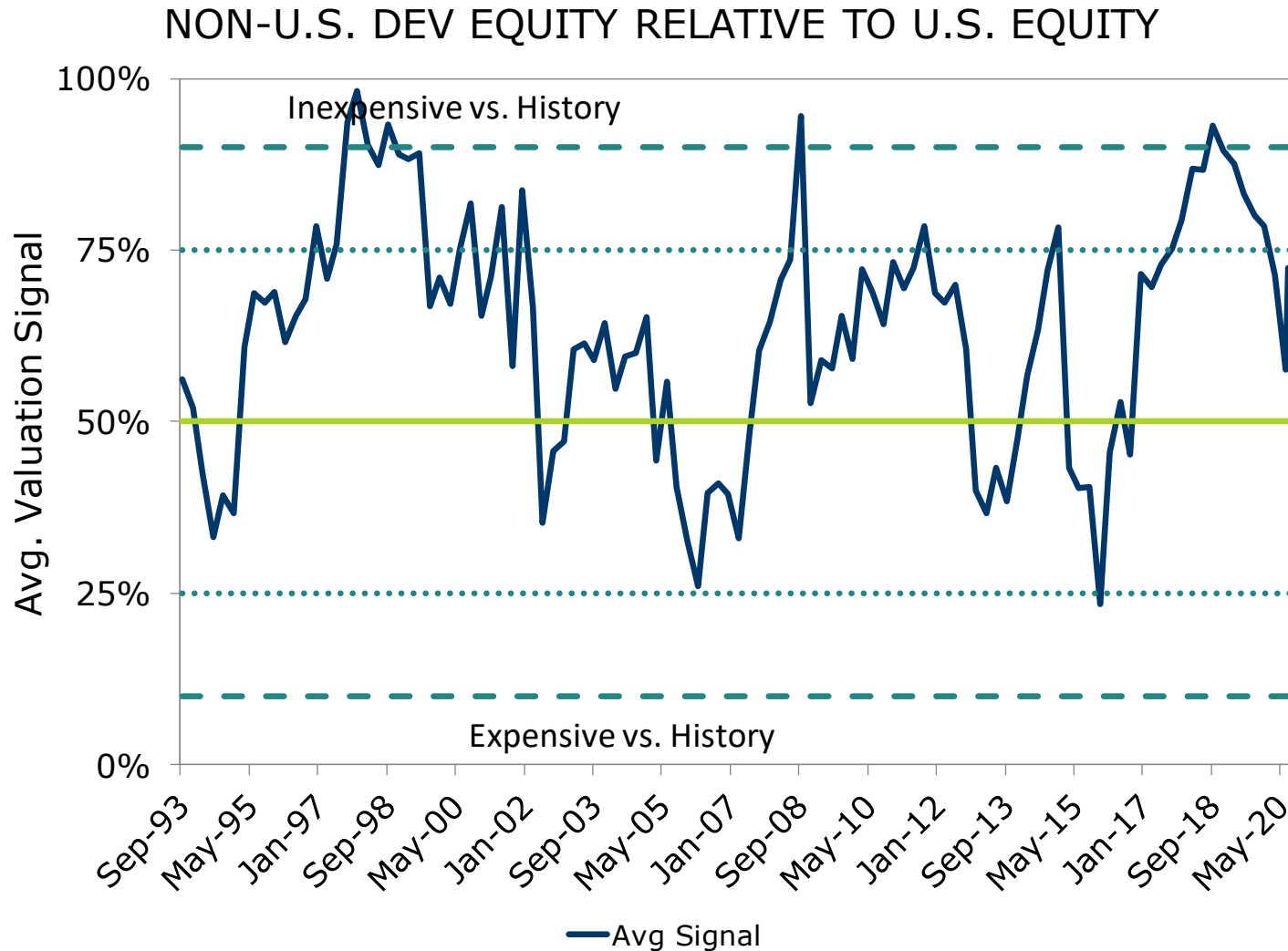
## Global Stock Market P/E Ratios



- The rally in stock prices and decline in earnings drove global equity valuations higher during Q2, back near their early 2020 levels. The rise in price-to-earnings (P/E) ratios was broad-based across regions, with the U.S. and emerging-market P/E ratios finishing the quarter above their long-term historical averages while developed P/E ratios finished below their long-term historical average.
- U.S. forward P/E ratios also are elevated, but EM and DM forward valuations remain below their long-term norm.

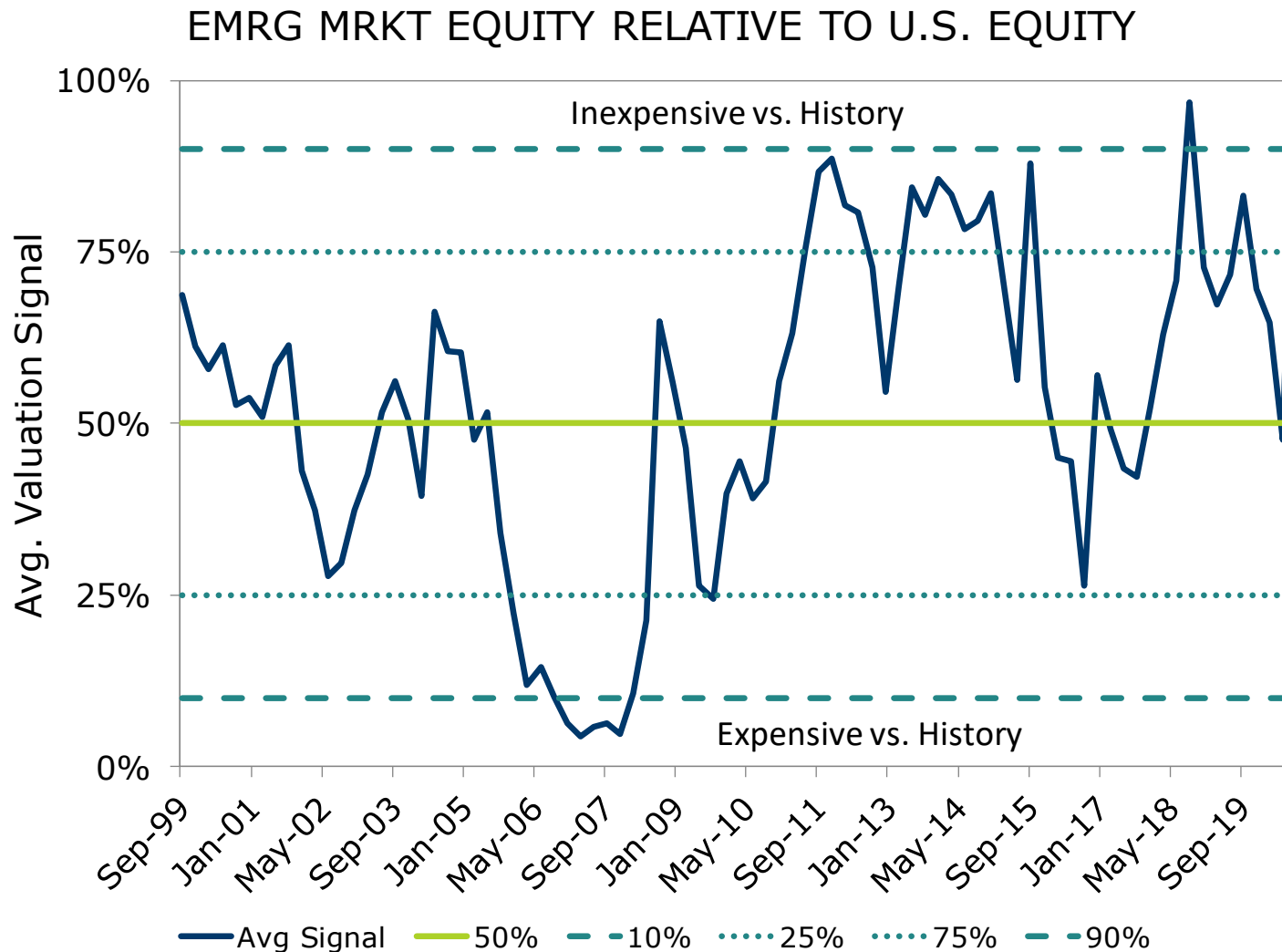
Source: <https://institutional.fidelity.com/app/literature/view?itemCode=9871152&renditionType=pdf&pos=na>

# Valuation: Developed Markets



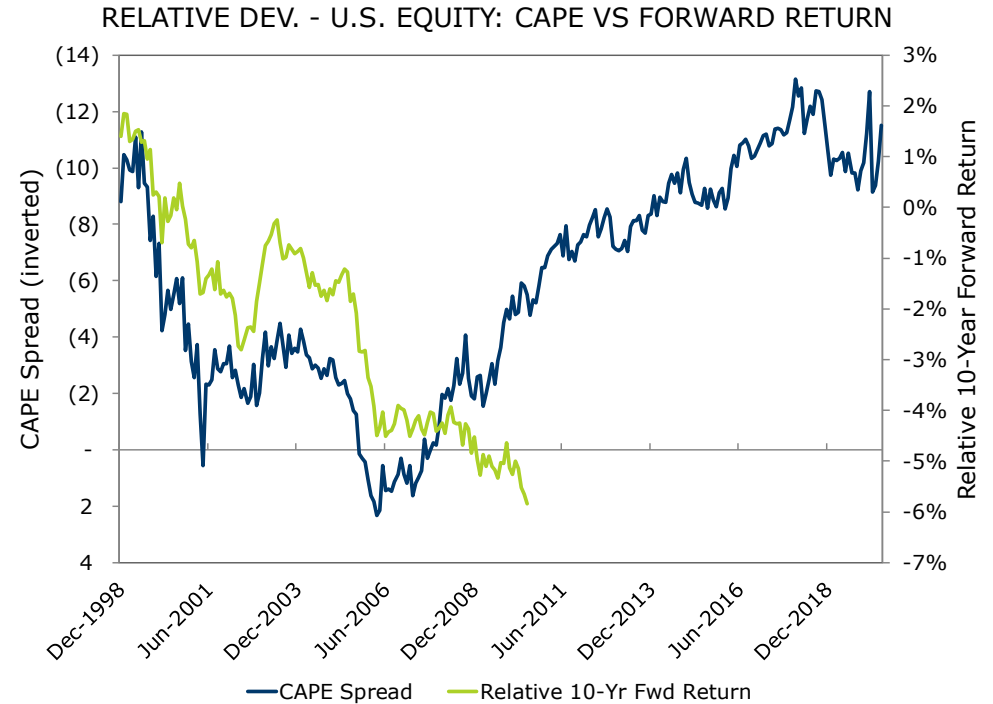
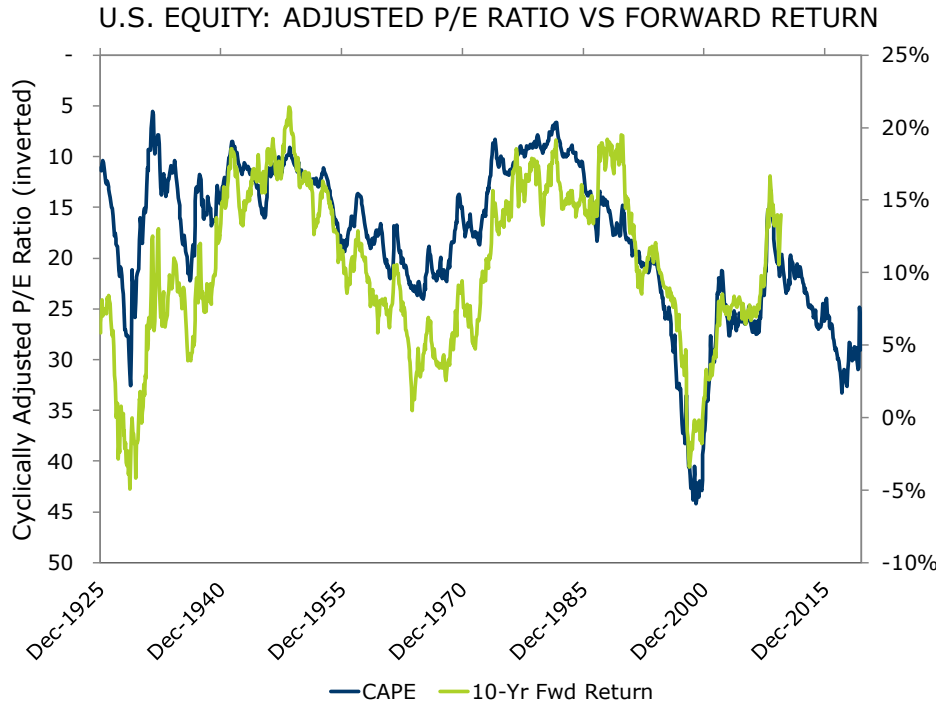
- As of August 31, 2020, Non US Equities are inexpensive versus history.

# Valuation: Emerging Markets



- As of August 31, 2020, Emerging Market Equities are inexpensive versus history.

# Valuation: CAPE Ratio

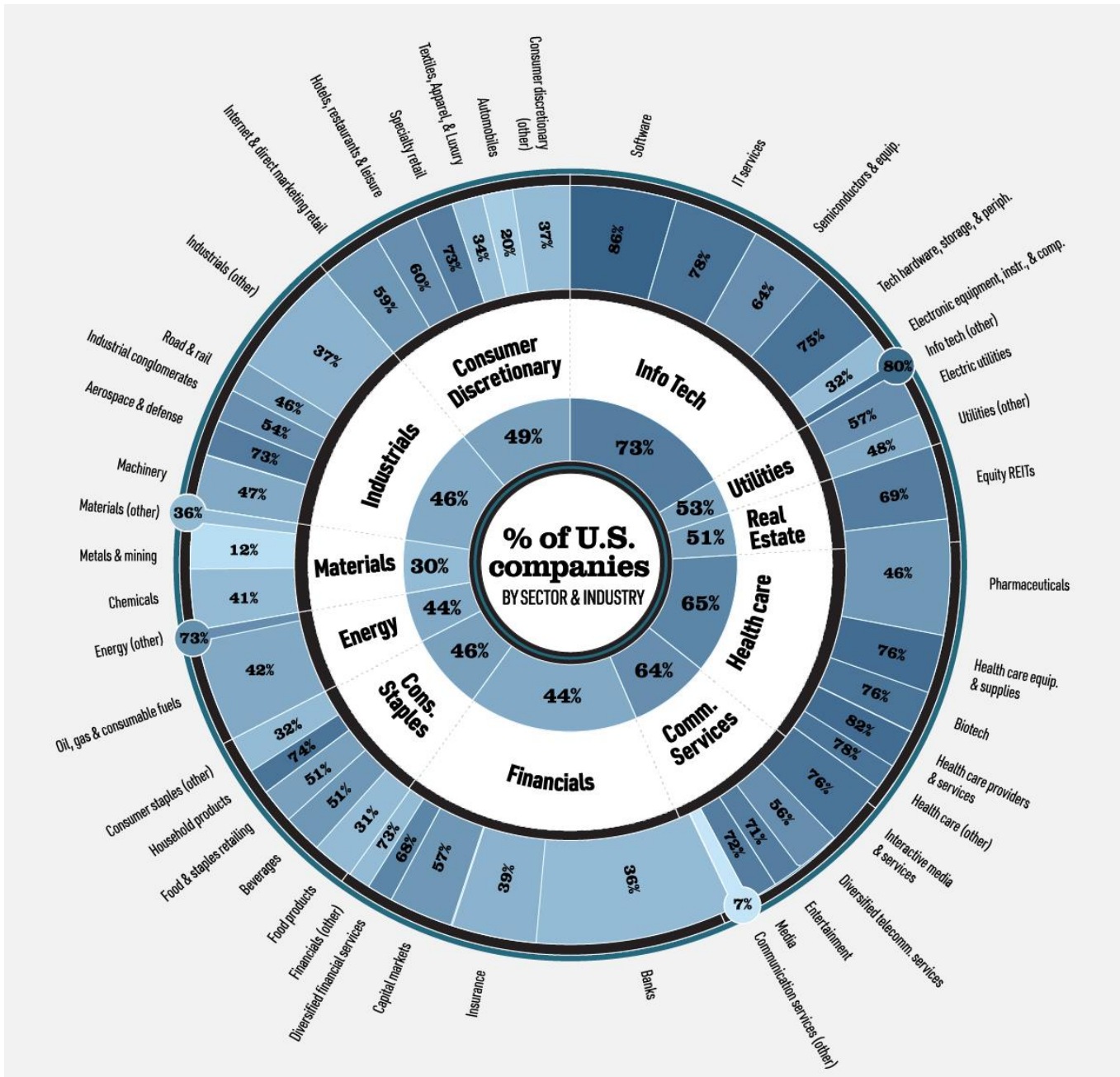


- The above exhibits show a strong relationship between the raw CAPE (cyclically-adjusted price/earnings) ratio and 10-year forward equity returns.
- The CAPE signal is particularly useful in assessing relative return prospects between the U.S. and non-U.S. regions.





## Sector and Factor Exposures



How to read this chart:

- Darker blue = more US centric
- Lighter blue = less US centric
- Outer ring = industry weight
- Inner ring = sector weight

The performance of USE versus Non-USE is correlated to the Growth-Value dynamic as Tech industries (for example) are more US centric and Financials and Materials are less US centric.

Source: S&P Dow Jones Indices as of December 31, 2019. Chart shows the weight of US domiciled companies in the S&P Global BMI sectors and industries.

The Composition of the Market Changes Over Time

US Equities



European Equities



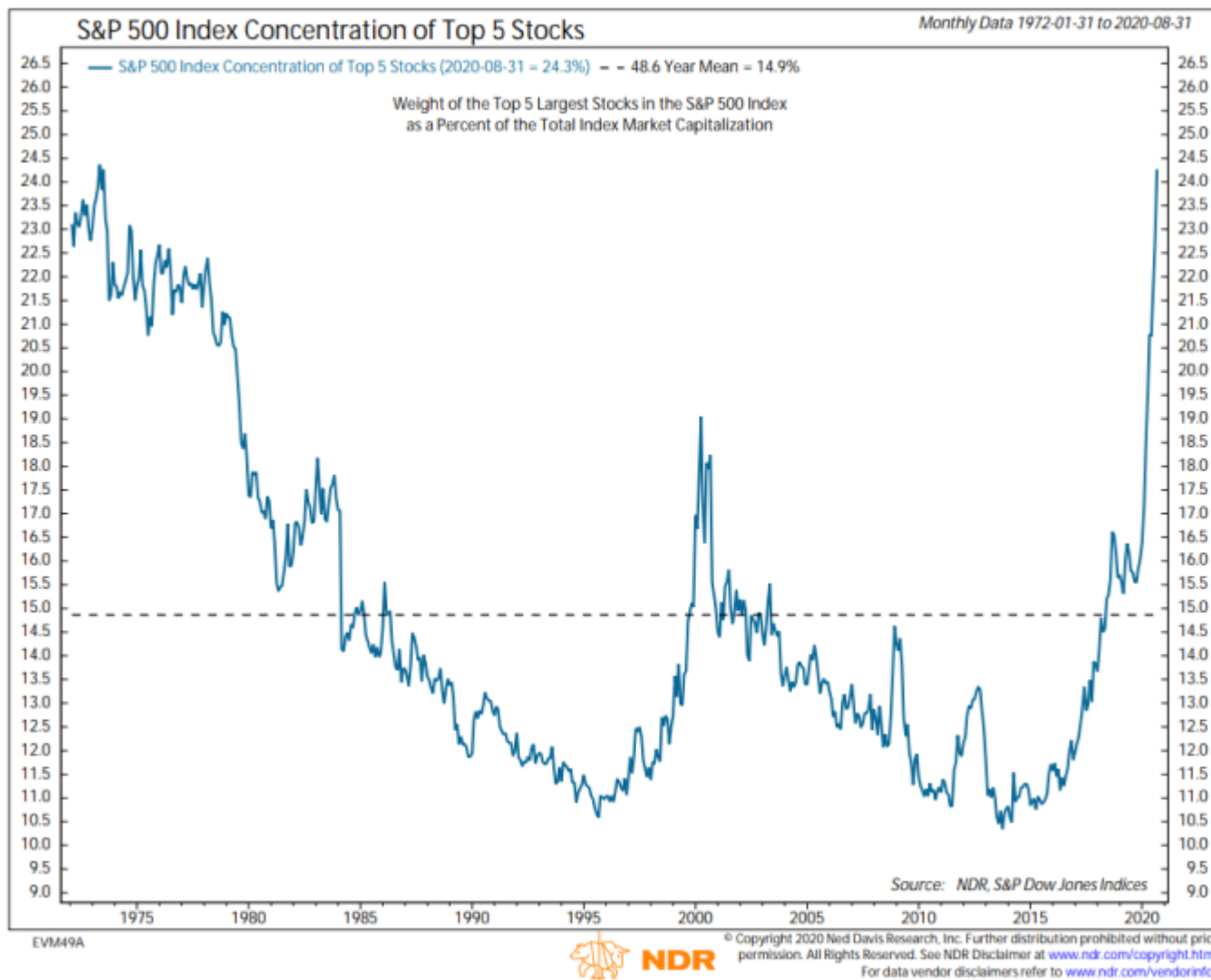
Japanese Equities



Source: Cornerstone Macro. Last data point for all three charts is 3/31/2020. US equities are represented by the S&P 500 Index, European equities by the MSCI Europe Index and Japanese equities by the MSCI Japan Index.

- As developed economies mature, there have been meaningful shifts in the composition of equity markets.
- Markets are now meaningfully skewed toward the growth factor, most especially in the US.

# Market Concentration



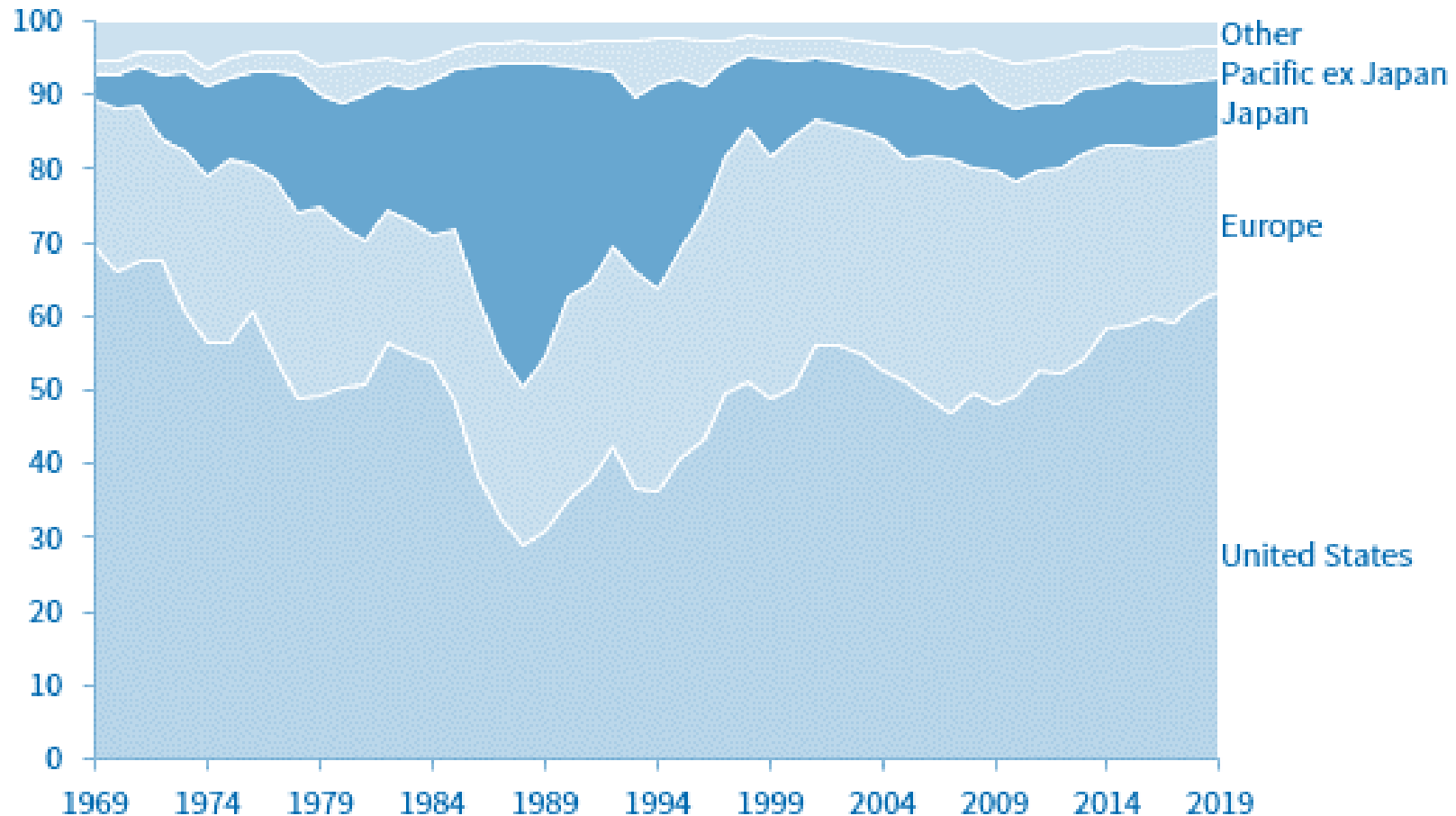
Narrow leadership makes USE markets vulnerable to re-pricing.

Through August 2020, the top five positions in the S&P 500 (Apple, Microsoft, Amazon, Google, and Facebook) account for 24% of the index's total market cap — the highest share since the early 1970s and 60% higher than the 48-year average.

Since December 31, 2018 through August 2020, the “Big 5” have returned 115.6% while the rest of the S&P 500 has returned -1.5%.



## Broadening the Opportunity Set



- The US is 59% of the MSCI ACWI, approaching a weight last observed in 1970 and surpassing the peak of the tech boom of the late 1990s.

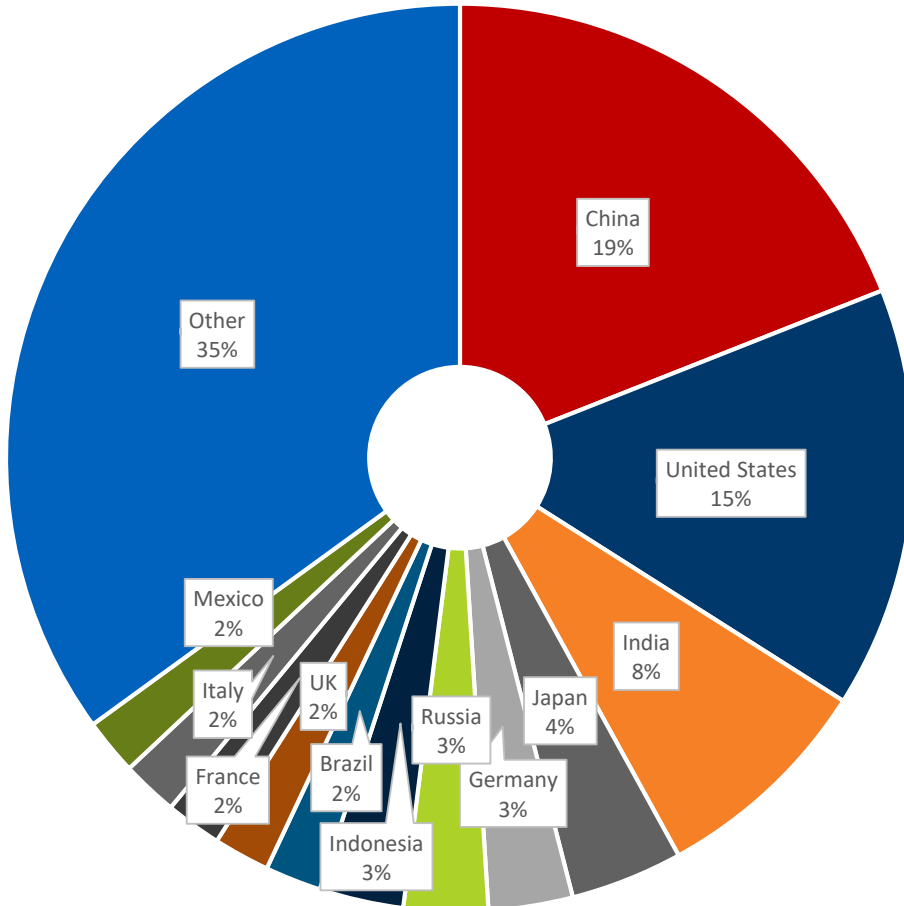
Sources: FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided “as is” without any express or implied warranties.

Notes: “Other” category includes Canada, Israel, Mexico, and South African Gold Mines. Malaysia is included in Pacific ex Japan from 1993 to 1997. Data are annual and as of calendar year-end.

# GDP Weight versus Index Weight

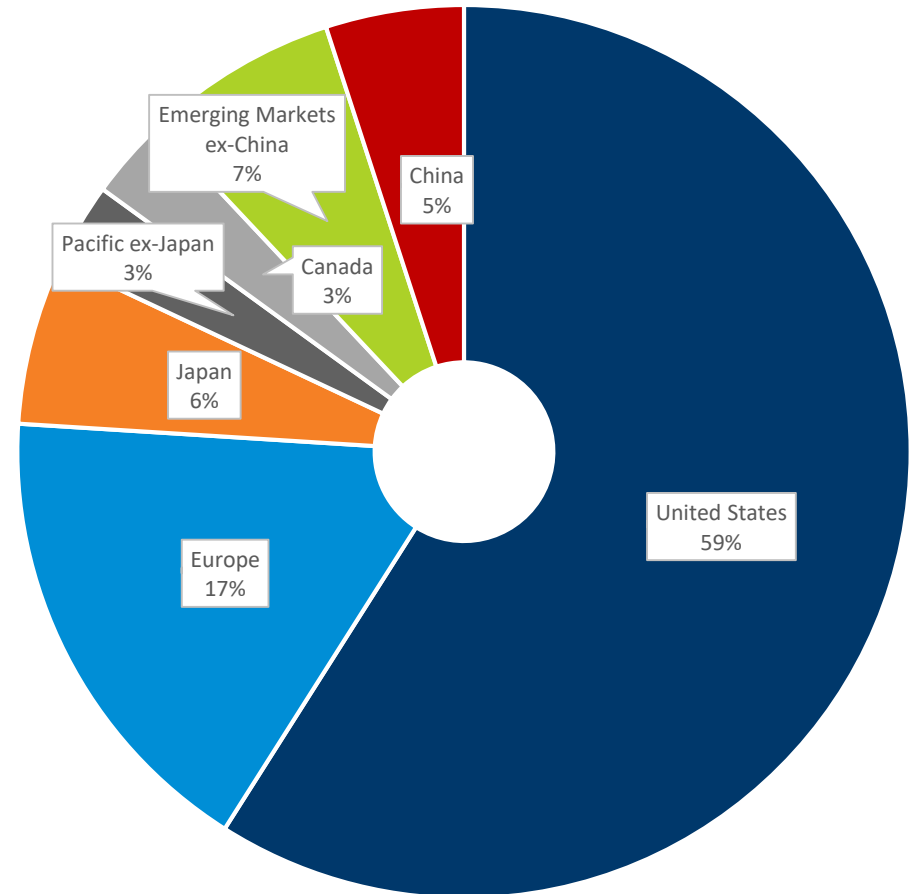
GDP By Country

(2019, Purchasing Power Parity Current International \$)



MSCI ACWI Regional Exposure

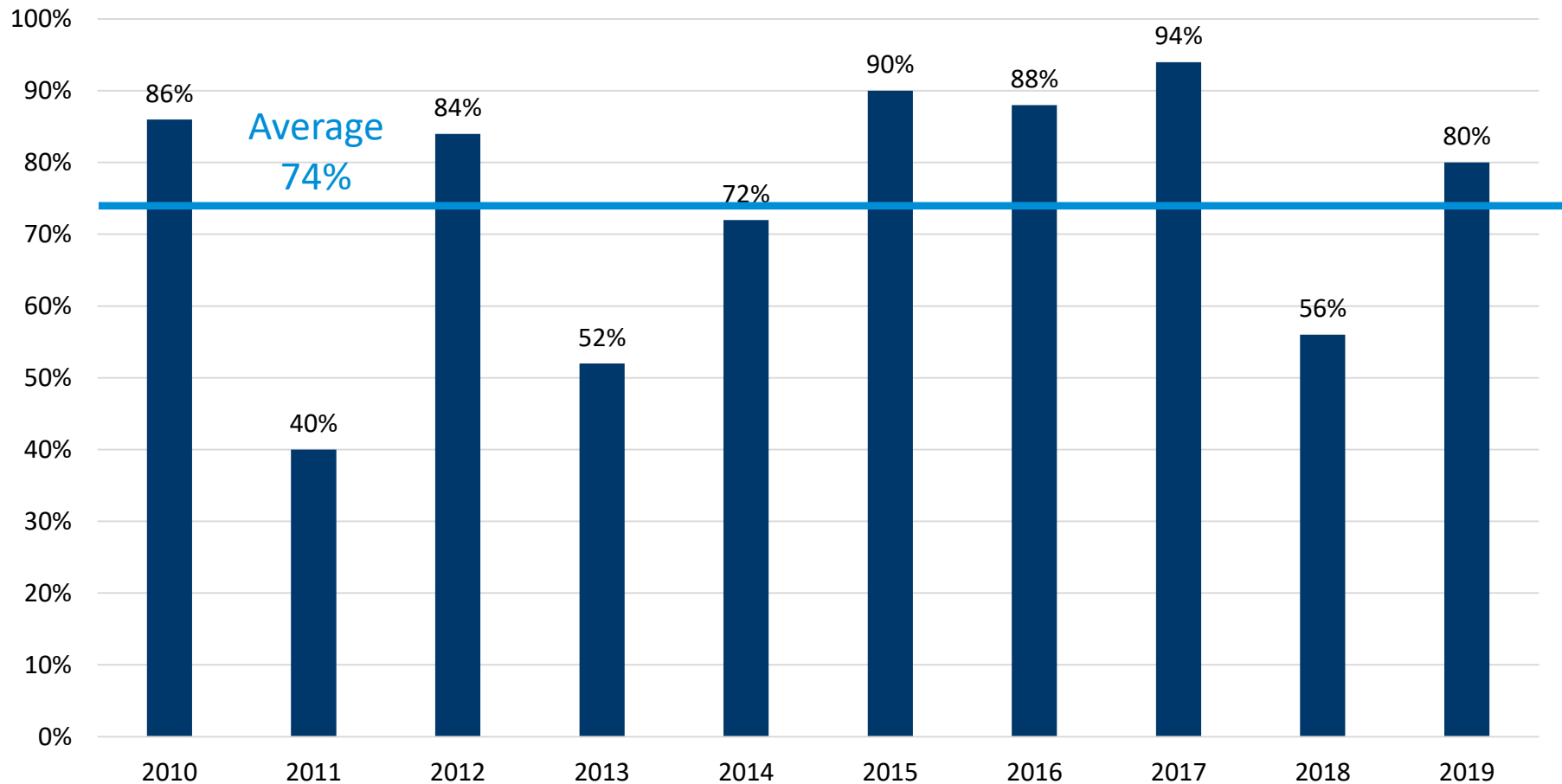
(August 31, 2020)



- The US is 59% of the MSCI ACWI, but only 15% of global GDP – a massive over-allocation of capital to one country.

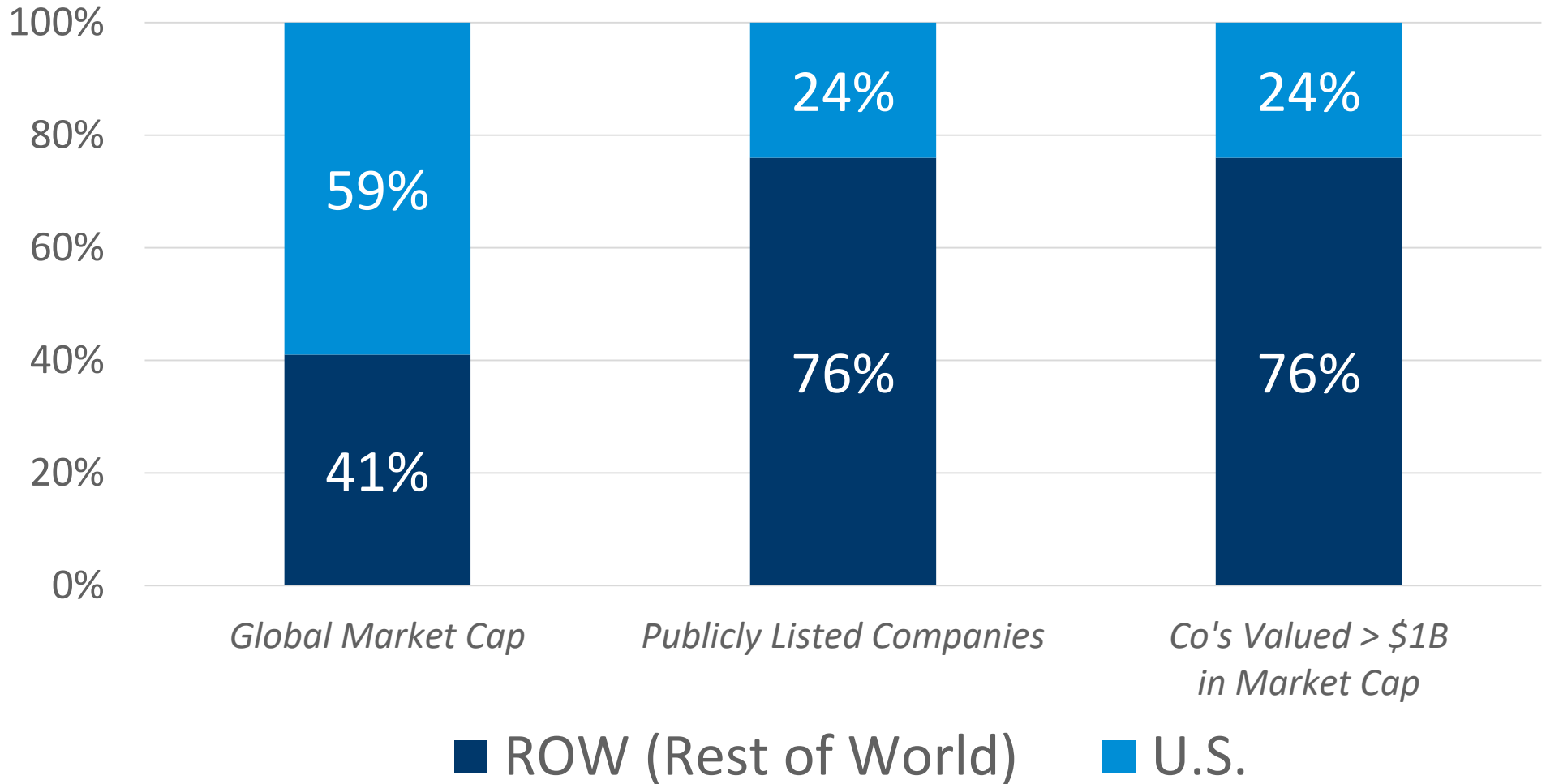
# Leadership by Stock

*What percentage of the top 50 stocks each year are non-U.S.?*





# The Opportunity Set



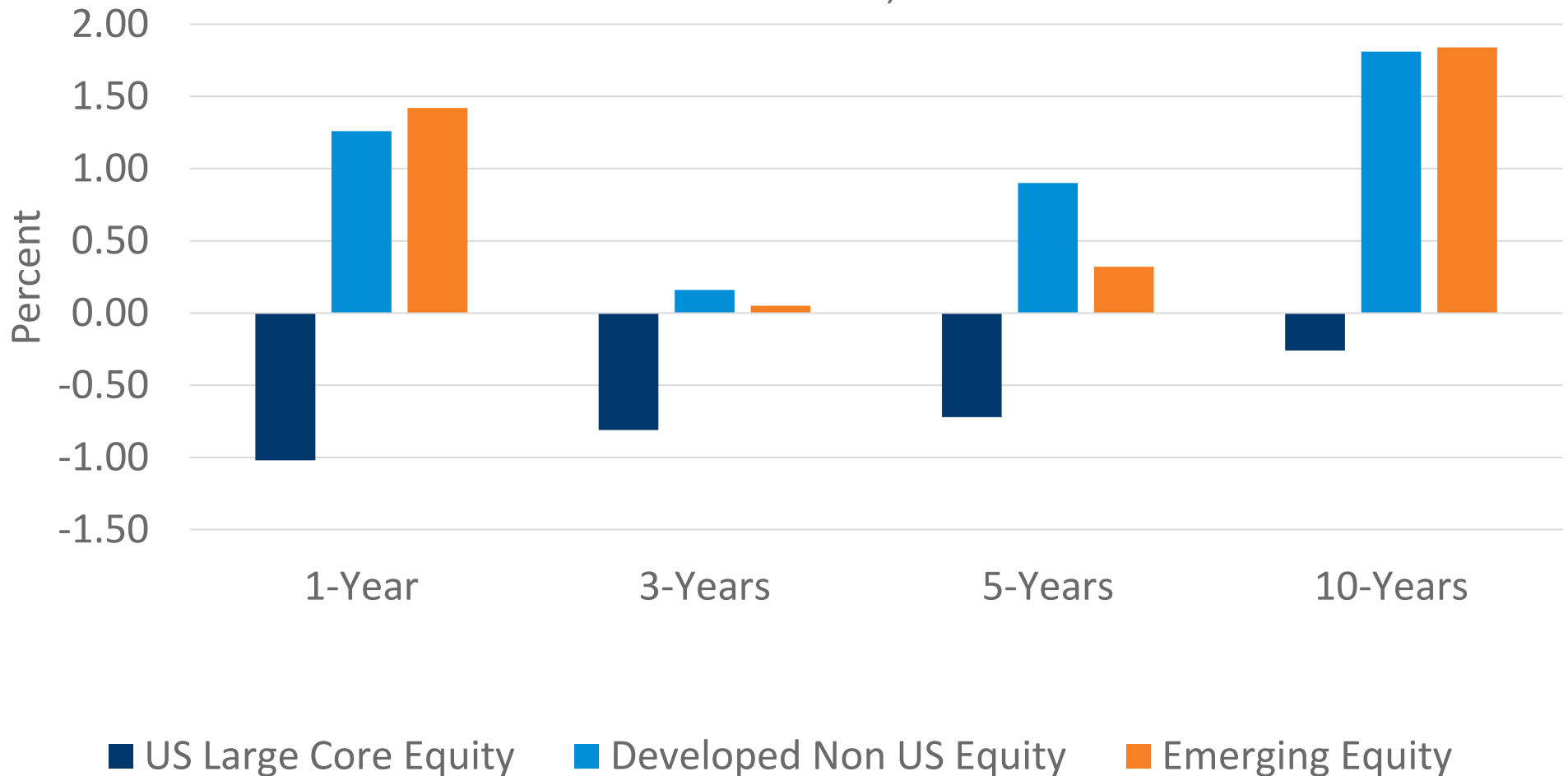
Investing outside the US increases the opportunity set given the greater number of publicly listed companies and investable stocks with significant market cap.



# Alpha Opportunity

## Median Excess Return (Gross)

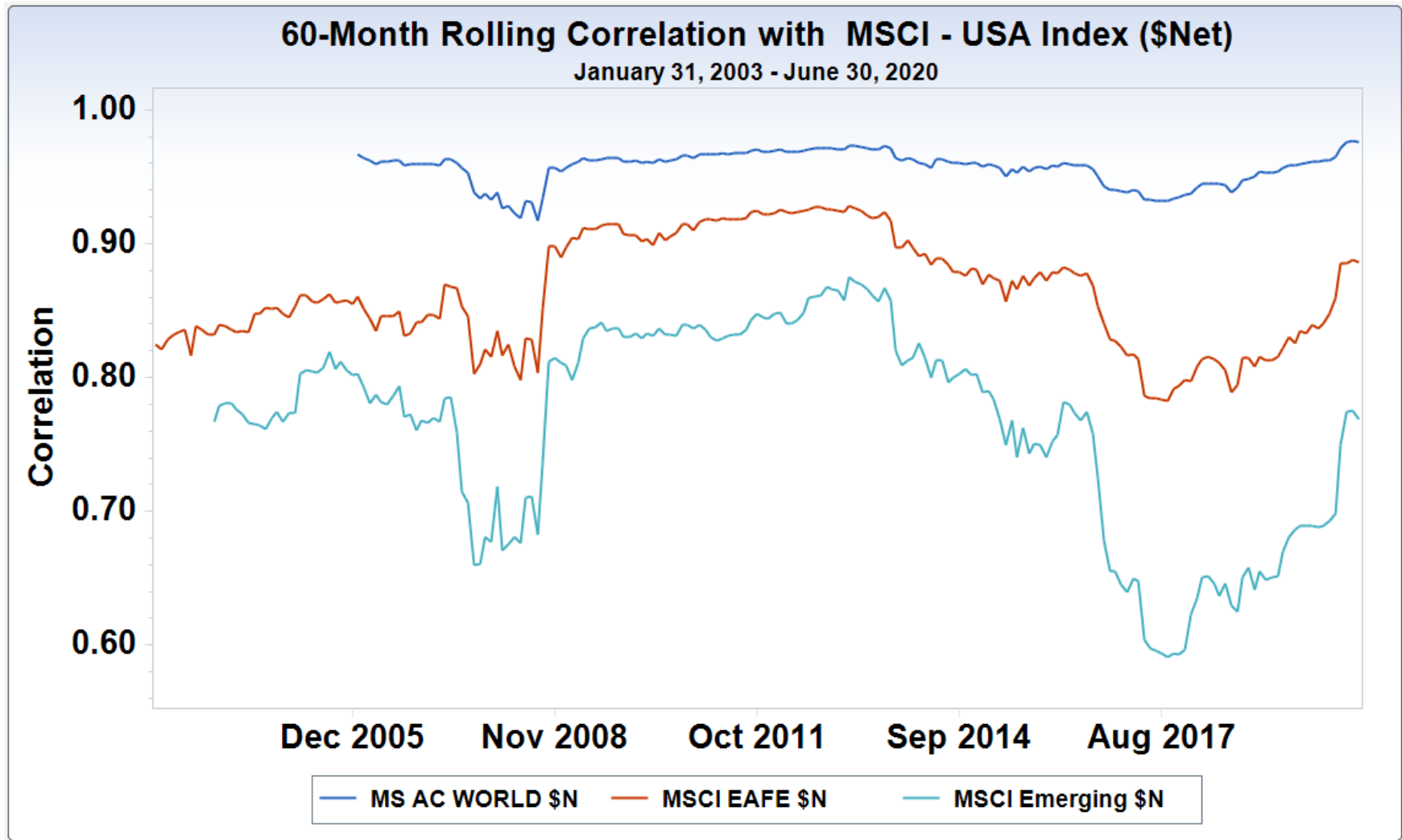
As of December 31, 2019



- Active management has historically added value in non-USE markets.



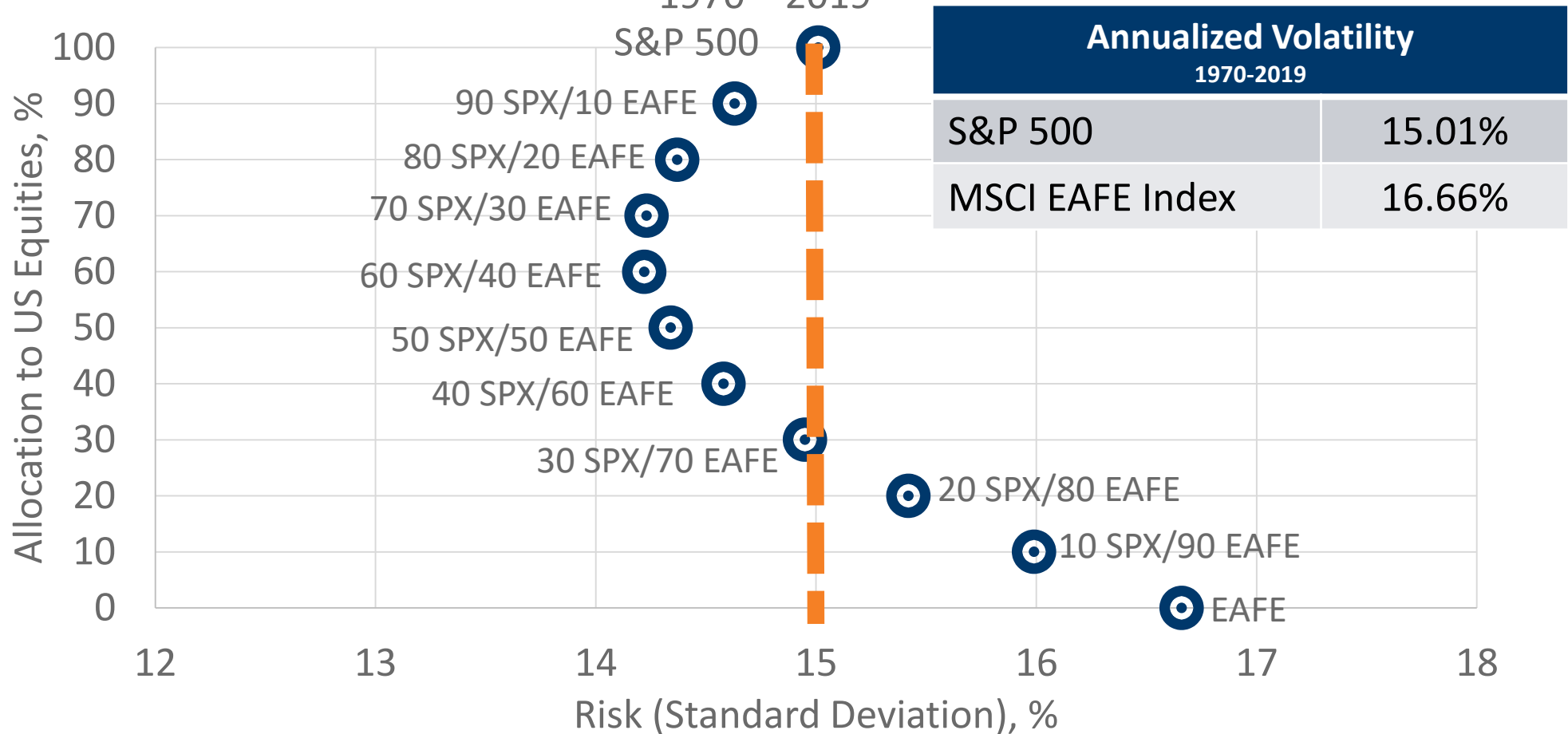
## Diversification and Risk Reduction



- International equities offer some diversification versus US equities.
- Might these correlations decline with the slowing/reversal of globalization trends given trade wars, calls for domestic production capacity, and nationalism?

## Risk of US/Non US Equity Allocations

1970 – 2019



- Counterintuitively, adding a higher risk asset class (MSCI EAFE) to US equities has actually decreased the overall portfolio risk up to a 30/70 allocation to USE/Non-USE.



# Ohio SERS Portfolio Implications

# Forward Return and Risk

	Current Policy (50% USE/ 50% Non-USE)	Case 1 (60% USE/ 40% Non-USE)	Case 2 (70% USE/ 30% Non-USE)
U.S. Equity	22.5%	27.0%	31.5%
Non-U.S. Equity	22.5%	18.0%	13.5%
Global Private Equity	12.0%	12.0%	12.0%
Private Debt	5.0%	5.0%	5.0%
<b>Total Growth Assets</b>	<b>62.0%</b>	<b>62.0%</b>	<b>62.0%</b>
Global Fixed Income	19.0%	19.0%	19.0%
Cash	2.0%	2.0%	2.0%
<b>Total Safety-Oriented Assets</b>	<b>21.0%</b>	<b>21.0%</b>	<b>21.0%</b>
Global Real Assets	17.0%	17.0%	17.0%
<b>Total Inflation-Oriented Assets</b>	<b>17.0%</b>	<b>17.0%</b>	<b>17.0%</b>
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Expected Return - 10 Years</b>	<b>6.30%</b>	<b>6.24%</b>	<b>6.18%</b>
<b>Standard Deviation of Return</b>	<b>12.20%</b>	<b>12.09%</b>	<b>11.99%</b>
<b>Reward/Risk</b>	<b>0.52</b>	<b>0.52</b>	<b>0.52</b>

- Using Wilshire's Q2 2020 capital market assumptions, we can project the return and risk implications of various weightings within the Global Equity portfolio.
- Increasing the USE weight modestly decreases return and risk, but portfolio efficiency is unchanged.



- The recent outperformance of USE over non-USE has been pronounced relative to history. However, history also suggests that relative performance tends to rotate. The timing of the rotation is unknowable.
- Catalysts for rotation may include:
  - Dollar depreciation which tends to correlate with weak USE performance
  - Reassertion of valuation as the basis for forward return expectations
  - Correction of “The Big Five,” the tech sector and/or growth equities
- Including Non-USE broadens the investment opportunity set and allows for access to high returning stocks outside the US.
- The median active manager adds value in Non-USE and is additive to total return.
- Using historical returns, Non-USE has diversified the equity portfolio and lowered overall volatility.
- Changing the weights within the global equity portfolio have a modest impact on forward-looking risk and reward but portfolio efficiency remains unchanged.

# WILSHIRE CONSULTING

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**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 **August 1, 2020** through **August 31, 2020** hereby be approved. A detailed list of these transactions is found in the Board Agenda posted prior to the October 2020 Retirement Board Meeting.

## A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 33.0
Non-US Equities	105.5
Fixed Income	425.9
Multi-Asset Strategies	20.9
Private Equity Capital Calls	18.0
Real Asset Capital Calls	n/a
Opportunistic	4.5
Global Private Credit	n/a
Cash Equivalents	341.2

## B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$141.1	\$ 50.7
Non-US Equities	106.2	7.4
Fixed Income	384.0	6.5
Multi-Asset Strategies	120.5	27.2
Private Equity distributions	15.2	n/a
Real Asset distributions	2.6	n/a
Opportunistic	n/a	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	234.0	n/a

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**EXECUTIVE DIRECTOR'S UPDATE**

- **Executive Director's Discussion Item**
  - **Sustainability Discussion**
  - **Quarterly Financials Update**
  - **Risk Management Update**

RISK MANAGEMENT UPDATE**School Employees  
Retirement System**

# Memo

**To:** Retirement Board  
**From:** Joe Bell, Chief Risk Officer  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** October 5, 2020  
**Re:** Risk Management Presentation

---

The Risk Management Department is newly formed within SERS and this presentation will provide you with an overview of the team's composition and strategies for FY2021. In particular, the focus will center on the integration of risk management initiatives with SERS. The presentation will discuss the complementary roles by Risk Management and Internal Audit on risk and internal controls.

Should you have any questions please contact me at [jbell@ohsers.org](mailto:jbell@ohsers.org).

- [Review of Risk Management Presentation](#)



# Risk Management at SERS

October 2020

# Contents

- Risk Management Team
- What is Risk?
- Risk Management Lifecycle
- Risk vs. Audit
- Who is Responsible for Risk?
- Risk Register
- What will ERM focus on?

# Risk Management Team

## Joe Bell-Chief Risk Officer (CRO)

- Establishes & oversees ERM program
- Oversees IS program and cyber risk mgt.
- Oversees investment compliance activities
- Supports enterprise strategic planning and new initiatives / emerging risks
- Coordinates 3 lines of defense with Audit

## Susan Bradley-Enterprise Risk Mgt.

- Creates and maintains risk register
- Creates risk framework
- Vendor management
- Directs business continuity program
- Directs disaster recovery program



## Phil Grim-Information Security

- Develops/maintains enterprise security pgm.
- Manages IS-related incidents
- Trains staff on security risks
- Monitors threats/ takes preventive measures
- Communicates security awareness across organization

## Katie Bloomfield-Investment Compliance

- Monitors adherence of investment managers to contracts and policy
- Reports non-compliance findings to Board
- Independent oversight between investments and investment accounting procedures



# What is Risk?

## Risk

- Impact x likelihood of an occurrence = Risk
- Example: Likelihood of phishing attempt is 5-Expected, Impact is 3-Medium due to controls in place

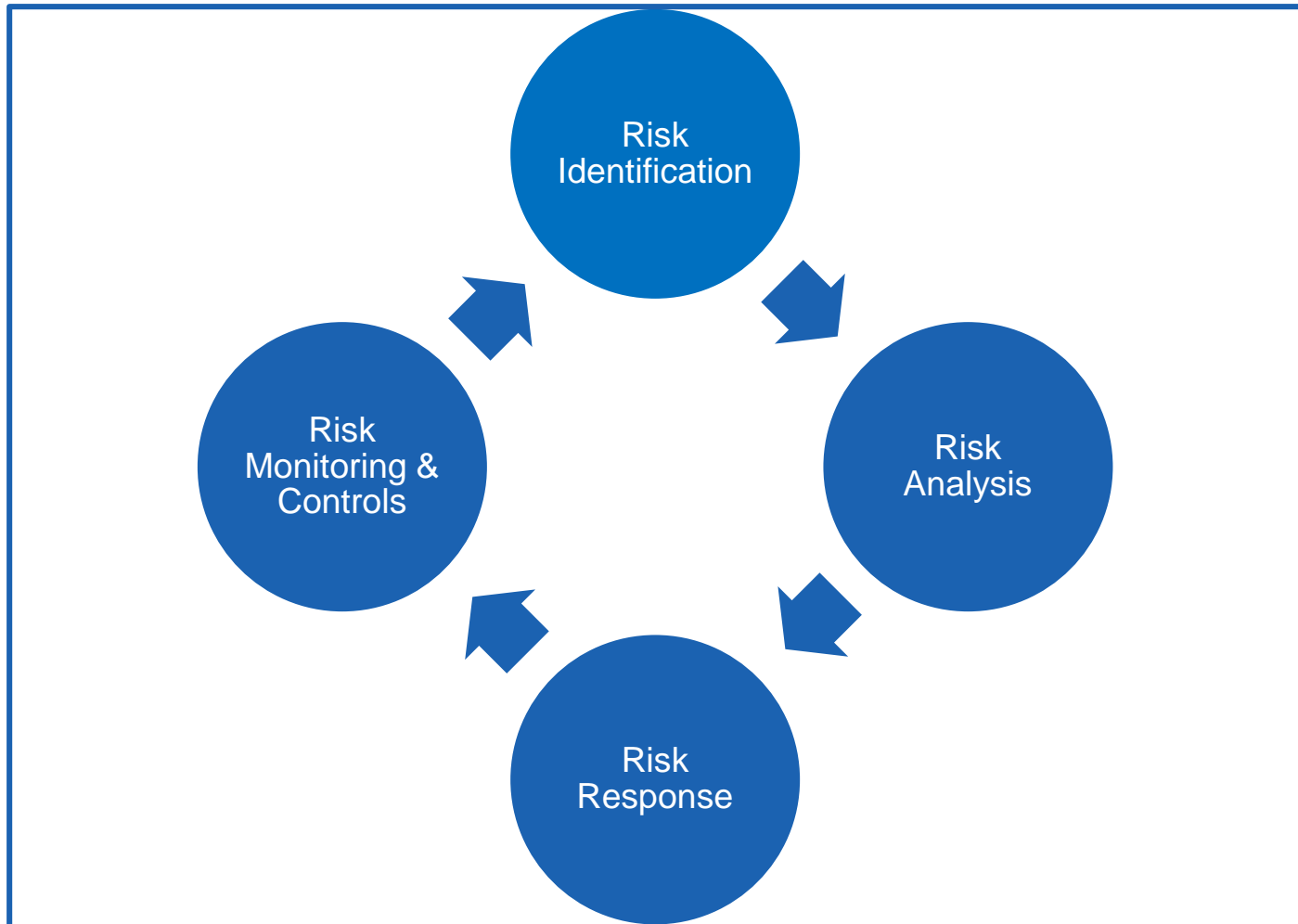
## Risk Appetite

- Amount and type of risk an organization will accept to meet strategic objectives

## Risk Responses

- Accept (Ex: cost of mitigating > cost of accepting)
- Avoid (Ex: not investing with a specific investment mgr.)
- Mitigate (Ex: add multi-factor authentication controls)
- Transfer (Ex: use 3<sup>rd</sup> party cyber insurance)

# Risk Management Lifecycle



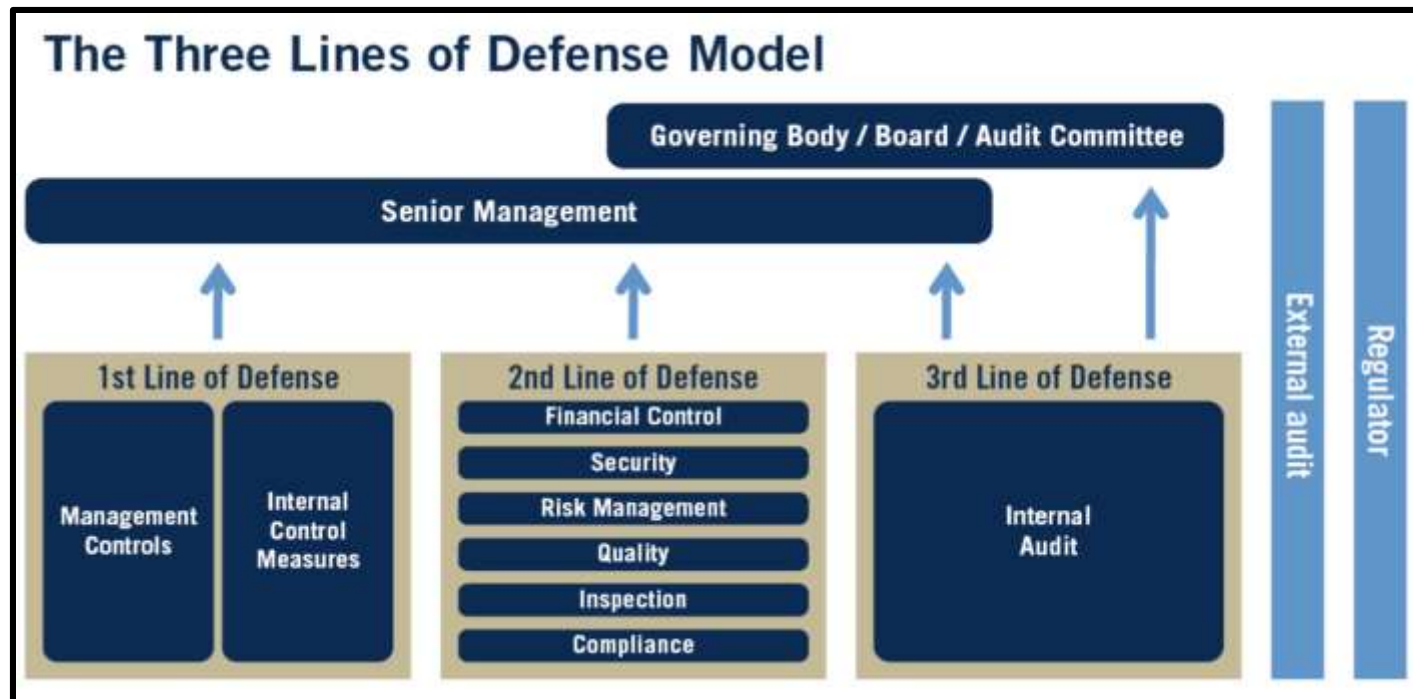
# Risk vs. Audit

## Risk

- Determines what can jeopardize the confidentiality, integrity and availability of data or threaten the continuity of operations
- Chief Risk Officer reports to Deputy Executive Director
- Develops Risk Management Framework
- Works as 1<sup>st</sup> and 2<sup>nd</sup> Lines of Defense

## Audit

- Determines if rules and requirements are complied with
- Chief Audit Officer reports to the Board
- Audits adequacy and effectiveness of Risk Management Framework
- Works as 3<sup>rd</sup> Line of Defense



# Who is Responsible for Risk?

## **Everyone is responsible for Risk Management**

- Makes risk-aware decisions daily
- Reports any risk concerns to Risk team
- Uses Risk team as consultants (involve early)

## **Senior Leadership**

- Owns risk and risk appetite for each department
- Prioritizes resources according to risk appetite
- Fosters culture of risk management within departments

# Risk Register

Record ID	Status	Date Added	Risk Category	Application/Process	Source of Risk	Risk Description	Risk Owner	Impact Description	Before Risk Response Likelihood	Before Risk Response Impact	Before Risk Response Risk Score	Before Risk Response Priority	Risk Response	Controls
SERS-017	New	7/27/2020			2016 Risk Survey	Opposition to public pension funds	Executive		5	4	20	High		
SERS-018	New	7/27/2020	Strategic & Financial		2016 Risk Survey	Failure to meet actuarial rate of return over the short term	Accounting-Investments		5	3	15	High		
SERS-019	New	7/27/2020	Strategic & Financial		2016 Risk Survey	Failure to meet actuarial rate of return over the long term	Accounting-Investments		3	5	15	High		
SERS-020	New	7/27/2020			2016 Risk Survey/Top 15 Risks	Systemic (market) risk	Accounting-Investments		5	3	15	High		
SERS-021	New	7/27/2020	Strategic & Financial		2016 Risk Survey	Inability to fund Health Care over the short term	Health Care Dept		3	3	9	Medium		
SERS-022	New	7/27/2020	Strategic & Financial		2016 Risk Survey	Inability to fund Health Care over the long term	Health Care Dept		4	5	20	High		
SERS-023	New	7/27/2020	Technology		2016 Risk Survey	SMART readiness (staff)	IT		3	4	12	Medium		
SERS-024	New	7/27/2020	Technology		2016 Risk Survey	SMART implementation failure	IT		3	5	15	High		
SERS-025	New	7/27/2020			2016 Risk Survey	Loss of confidential member data >500 records	Information Security		4	4	16	High		
SERS-026	New	7/27/2020		Cyber Incident Response	2016 Risk Survey	Cyber attack (widespread systems affected)	Information Security		3	5	15	High		
SERS-027	New	7/27/2020		Cyber Incident Response	2016 Risk Survey	Cyber attack (only limited systems affected)	Information Security		3	4	12	Medium		
SERS-028	New	7/27/2020	Legal/Regulatory		2016 Risk Survey	Legislation impacting SERS	Government Affairs		5	3	15	High		
SERS-029	New	7/27/2020	Operational		2016 Risk Survey	Loss of 300 E. Broad	Services		1	5	5	Medium		
SERS-030	New	7/27/2020	Operational		2016 Risk Survey	Broad	Services		1	5	5	Medium		

**Likelihood Scale:** 1-5 (Remote-Expected)  
**Impact Scale:** 1-5 (Insignificant-Critical)  
**Risk Score:** Likelihood x Impact (Max Score is 25)  
**Priority based on risk score**

## Priority

1-4: Low  
 5-12: Medium  
 15-20: High  
 25: Critical

# What Will ERM Focus On?

## Vendor Management

- Provide single repository with risk scores
- Conduct security assessments when vendor has access to sensitive data
- Investigate tools to identify and manage vendor risks

## Enterprise Risk Management

- Establish framework
- Create risk register with risk-based scoring
- Establish risk appetite by department / process
- Meet monthly with department leads for risk review
- Review risk associated with strategic planning initiatives

## Business Continuity/Disaster Recovery/Security Event

- Simplify current emergency preparedness plan
- Conduct business impact analysis for critical processes
- Explore tools for crisis management
- Design different playbooks based on type of event
- Resume tabletop / scenario testing exercises

**Q & A**

**LEGISLATIVE REPORT**

**STATE LEGISLATION BOARD REPORT  
133<sup>rd</sup> General Assembly  
(Prepared by Chris Collins as of October 2, 2020)**

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

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

---

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

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

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

Current Status: 01/22/2020 Substitute Bill Accepted

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**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

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

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

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

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

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**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

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**FEDERAL LEGISLATION BOARD REPORT**  
**116<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of October 2, 2020)**

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**H.R. 141**

SPONSOR: Rep. Rodney Davis (R-IL)

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

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 258 co-sponsors; nine Ohioans

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**S. 521**

SPONSOR: Sen. Sherrod Brown (D-OH)

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

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 38 co-sponsors.

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**H.R.3934**

SPONSOR: Rep. Kevin Brady (R-TX)

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

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

COMMENT: 48 co-sponsors; three Ohioans

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**H.R.4540**

SPONSOR: Rep. Richard Neal (D-MA)

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

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

COMMENT: 144 co-sponsors; four Ohioans

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**H.R.4763**

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

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

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

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

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**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.

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**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.

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**H.R. 3 –**

SPONSOR: Pallone, Frank (D-NJ)

LAST ACTION: Senate - 09/08/2020 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 521.

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.

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## MEMORANDUM

To: Chris Collins, SERS Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: September 30, 2020

Re: Federal Legislative and Regulatory Report

### **OVERVIEW**

**Highlights for September included:** the passing of Supreme Court Justice Ruth Bader Ginsburg and the expedited Senate confirmation process before the November election; an agreement to extend appropriations through a continuing resolution for the federal government until December 11; continued efforts between the House, Senate and Trump administration to find agreement on more stimulus dollars to help address COVID-19 issues for citizens and businesses; the issuance of another Executive Order by the President to address healthcare costs; recommendations from a special House Committee to recommend ways to modernize Congress; a final rule by the Securities and Exchange Commission on shareholder proposal thresholds; advocacy on Medicare Part D plans and the President's Executive Order relating to PBMs and rebates; and following the Appropriations process to include reporting on the viability of Limited Wraparound Plans.

**The House of Representatives has been in session during most of September and is considering adjournment, most likely on Friday, October 2.** The members running for reelection would then have the rest of October for final campaign events before the Tuesday, November 3 elections. The House will tentatively return on Monday, November 16. Several hearings of interest are scheduled, in virtual and hybrid (i.e., virtual and in person) formats as the House works through its priorities:

- House Committee on Oversight and Reform  
"Unsustainable Drug Prices: Testimony from the CEOs (Part I and Part II)."  
This is a two part hearing.  
Date: Wednesday, September 30, 2020 - 10:00am and October 1, 2020 - 10:00am
- House Committee on Energy and Commerce, Subcommittee on Oversight and Investigations  
"Pathway to a Vaccine: Ensuring a Safe and Effective Vaccine People will Trust."  
Date: Wednesday, September 30, 2020 - 11:30am
- House Select Committee on the Climate Crisis  
"Creating a Climate Resilient America: Strengthening the U.S. Financial System and Expanding Economic Opportunity."  
Date: Thursday, October 1, 2020 – 2:00pm
- House Committee on Rules  
Members' Day Hearing on Proposed Rules Changes for the 117th Congress.  
Date: Thursday, October 1, 2020 – 1:00pm

**The Senate has been in session in September but for two state work sessions and is expected to adjourn by the end of the week until October 13.** Hearings of interest include:

- Senate Committee on Commerce, Science and Transportation  
Executive Session to consider the "Authorization to subpoena the attendance of witnesses for purpose of a hearing"
  - Mr. Jack Dorsey, Chief Executive Officer, Twitter
  - Mr. Sundar Pichai, Chief Executive Officer, Alphabet Inc., Google
  - Mr. Mark Zuckerberg, Chief Executive Officer, FacebookDate: Thursday, October 1, 2020 – 10:00am

- Senate Committee on the Judiciary  
Hearings to be scheduled for the nomination to the U.S. Supreme Court  
Date: Chairman Lindsey Graham (R-SC) has tentatively scheduled the confirmation process to begin on October 12. Two days of Committee questioning will be scheduled. The Committee will review the recommendation starting on October 15 and the Committee is poised to vote on the nomination on Tuesday October 22.

**The House and Senate reached an agreement to extend the funding for the federal budget through a continuing resolution (CR) until Friday, December 11.** The Senate voted around 6:00 pm tonight, with less than six hours before the deadline. The agreement will fund the government at fiscal year 2020 spending levels. While the House has fully passed 10 of 12 appropriations bills, the Senate has not passed any spending bills out of the relevant committees. Both the House and Senate will need to address FY 2021 appropriations beyond December 11.

### **CORONAVIRUS LEGISLATION**

**Speaker Pelosi and House Democrats introduced a new coronavirus bill today, down to \$2.2 trillion from the earlier passed HEROES Act that the Senate refused to consider.** The vote tonight was delayed to reach a deal before Election Day. House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin are about \$700 billion apart. The legislation is at least \$1 trillion less than the HEROES Act that the House previously passed in May. Speaker Pelosi explained that the smaller cost was achieved by shortening the duration of the bill. The Senate and White House have offered a much smaller amount, preferring to stay near the \$1.5 trillion mark, similar to the proposal from the Problem Solvers Caucus. (More on this proposal below)

**Continued hot topics include money for heightened unemployment benefits for those who lost their jobs or have been laid off;** state and local government assistance; education funding for schools; housing assistance to stave off foreclosures and evictions; testing, contact tracing resources and health care dollars for hospitals and providers; funding for critical government functions, such as the final month of Census count activity, the U.S. Postal Service, and elections; additional dollars for airlines that are struggling to maintain employment and payrolls due to reduced travel. Senate Republicans are demanding that any bill contain liability provisions to protect businesses, schools and universities that have reopened and could face lawsuits from employees, customers and families.

**While Republicans and Democrats in leadership could not find consensus on the terms of the next phase of legislation, on September 15, the Problem Solvers Caucus announced a bipartisan framework, the “March To Common Ground” to “break the gridlock on the latest COVID-19 relief package and encourage negotiators to get back to the table.”** The framework includes \$1.5 trillion for coronavirus relief. The Caucus is made up of 25 Republicans and 25 Democrats, who “built a proposal that could garner the necessary support to pass both chambers and be signed into law,” including provisions for unemployment insurance, worker and liability protection, small business and non-profit support, food security, schools and child care, housing, election support, and state and local aid. Ohio members include Reps. Anthony Gonzalez (R-OH), Bill Johnson (R-OH) and David Joyce (R-OH). The press release may be read here: <https://problemsolverscaucus-gottheimer.house.gov/media/press-releases/problem-solvers-caucus-unveil-march-common-ground-covid-stimulus-framework>

**The Hill reported today that 175 private and public sector groups called, The COVID RELIEF NOW Coalition, including the National League of Cities and National League of Counties, have written to House and Senate leadership, seeking additional federal assistance.** They are asking for federal assistance to make sure that local governments and tourism are not further impacted. Signatories from Ohio included the Ohio Hotel & Lodging Association and the Ohio Travel Association. In the letter, the Coalition said:

Our employees, businesses, and constituents cannot wait for additional federal aid to come in December 2020 or March 2021. If Congress fails to act, millions of employees will be furloughed or terminated; millions of unemployed Americans will lose their unemployment insurance pandemic benefits; hundreds of thousands of companies will be at risk of closing their doors

forever; and the vast majority of state and local governments will have to curtail critical services in order to balance budgets due to a decline in tax revenue.

The Coalition letter may be read here: <https://www.naco.org/resources/press/new-coalition-public-and-private-sector-leaders-call-congress-act-covid-relief-election>

**A “discharge petition,” House Resolution 1116, was introduced on September 16, signed by Reps. Steve Chabot (R-OH), Bill Johnson (R-OH), Brad Wenstrup (R-OH), Troy Balderson (R-OH), David Joyce (R-OH) and other Republican members. The petition was filed to force the House to vote on providing the remaining Paycheck Protection Program (PPP) funds (approximately \$138 billion) for small businesses impacted by the pandemic, pursuant to H.R. 7664.** A discharge petition, under House rules, can require expedited voting on a measure, if it gains enough support. As of today, the petition has 48 cosponsors. This action is another example of members trying to find common ground to help their constituents. While the PPP still had available funds, it closed to new applicants on August 8. Rep. Chabot also introduced H.R. 8265, a bill to “restart the Paycheck Protection Program and ensure that small businesses have the best opportunity to recover and rebuild.” It has six Ohio cosponsors, including Republican Representatives Balderson, Stivers, Wenstrup, Joyce and Latta.

**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 aimed to help schools 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.

#### **HOUSE COMMITTEE ON MODERNIZATION**

**The Select Committee on the Modernization of Congress released its final set of recommendations on September 24.** None of the Ohio delegation members served on the Committee. In the press release, the Co-chairs said:

40 new recommendations were passed, which aim to help Congress reclaim its Article One responsibilities, improve the congressional schedule and calendar, boost congressional capacity and reform the budget and appropriations process. The Select Committee also voted in favor of its final committee report, which will be released to the public in the coming weeks. Today's final vote brings the total recommendations passed by the Select Committee to 97.

The full set of recommendations may be reviewed here:

<https://modernizecongress.house.gov/committee-activity/business-meetings/business-meeting-092420>

#### **IRS**

**The Internal Revenue Service is working to communicate the upcoming October 5 filing deadline to individuals who still have not received their stimulus checks.** An estimated 8.7 million people have not filed yet, according to the IRS, to receive the payments by the end of the year. The IRS has a form available at [www.irs.gov](http://www.irs.gov)

#### **EDUCATION**

**H.R. 8039, introduced by Rep. Marcia Fudge (D-OH), 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), Marcy Kaptur (D-OH) and Mike Turner (R-OH) are cosponsors. It has been referred to the Committee on Financial Services.

#### **SERS ADVOCACY ON PDPRA & WRAPAROUND PLAN**

**One year ago, S. 2543, the “Prescription Drug Pricing Reduction Act” (PDPRA), was reported out of the Senate Committee on Finance but has not been voted on by the full Senate.** The President issued an Executive Order on September 24, called “An America First-Healthcare Plan.” (Details on the plan are found in the Health Care section of this report.)

**The advocacy on the reauthorization of Limited Wraparound Plans has continued.** The Senate has not taken up any appropriations bills at this time and the language contained in the House appropriations bill may very well be included in the final Senate version like last year. 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)**

**There has been no movement on either bill introduced by Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX).** Chairman Neal (D-MA), introduced his WEP reform bill, H.R. 4540, the “Public Servants Protection and Fairness Act” last September. The bill has 144 cosponsors, including Reps. Marcy Kaptur (D-OH), Tim Ryan (D-OH), Joyce Beatty (D-OH) and Marcia Fudge (D-OH). Rep. Lloyd Doggett (D-TX) is the latest cosponsor. Rep. Brady’s bill, H.R. 3934, has 48 cosponsors, including Reps. Gonzalez (R-OH), Turner (R-OH) and Latta (R-OH).

**The Teachers Retired Teachers Association (TRTA) has been holding Town Hall meetings with Texas Congressional members.** In the recent Town Hall, on September 29, Senator John Cornyn (R-TX) said that he has been working with Senator Ted Cruz (R-TX) and Rep. Kevin Brady (R-TX) on the Brady WEP bill. He indicated that the bill would need to pass the House Committee on Ways and Means first, on which Rep. Brady is the ranking member. The bill would then need to pass the Senate Committee on Finance. Senator Cornyn said, “It would increase program costs by \$23 billion but have no significant effect on [the] long-range actuarial balance of Social Security.” He also mentioned that the repeal of the Government Pension Offset (GPO) should occur at the same time if it was a priority for leadership.

**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 258 cosponsors,** made up of 199 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)**

**In a presentation in September, Chief Actuary Stephen Goss, provided an “illustrative scenario” on the financial sustainability of Social Security due to COVID-19:**

- If earnings and tax revenue are reduced by about 10 percent from the 2020 TR projection for 1 or 2 years, with full recovery thereafter, then OASDI TR reserve depletion might be just 1 year earlier (2034);
- But if tax revenue is reduced by 10-15 percent for much longer (9-10 years), then reserve depletion could be as early as 2029 (Bipartisan Policy Center);
- Up to this point, we are not seeing increases in benefit applications. But this could change, with a year or two lag as in the great recession. As with most recessions, the primary effect will likely be reduced revenue.

The full presentation may be viewed here: [https://www.ssa.gov/oact/presentations/scgoss\\_20200909.pdf](https://www.ssa.gov/oact/presentations/scgoss_20200909.pdf)

**H.R. 860, the “Social Security 2100 Act,” has not advanced even with 208 cosponsors as of this date, all Democrats.** 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**

**SERS has not received a response to the letter that Executive Director Richard Stensrud sent to HHS Secretary Alex Azar on August 7.** The bill was in response to the President’s Executive Order entitled “Lowering Prices for Patients by Eliminating Kickbacks to Middlemen.” HHS has not implemented the Executive Order, however, it may be considering how the Order can be accomplished.

**On September 30, HHS) announced “five cooperative agreements to health information exchange organizations (HIEs)** to help support state and local public health agencies in their efforts to respond to public health emergencies, including disasters and pandemics such as COVID-19.” The press release may be viewed here: <https://www.hhs.gov/about/news/2020/09/30/hhs-announces-funding-for-health-information-exchanges-to-support-public-health-agencies.html>

**H.R. 1346, the “Medicare Buy-In and Health Care Stabilization Act of 2019,”** a bill to provide individuals who are ages 50 to 64 to buy into Medicare, and S. 470, the “Medicare at 50 Act,” the companion Senate bill which Senator Sherrod Brown (D-OH) co-sponsored, have not advanced.

### **HEALTH CARE**

**On September 24, President Trump issued, “An America-First Healthcare Plan,” which was an Executive Order.** The Executive Order provided:

Sec. 3. Giving Americans More Choice in Healthcare- to maintain and build upon existing actions to expand access to and options for affordable healthcare.

Sec. 4. Lowering Healthcare Costs for Americans- to build upon existing actions to expand access to affordable medicines, including accelerating the approvals of new generic and biosimilar drugs and facilitating the safe importation of affordable prescription drugs from abroad; build upon existing actions to ensure consumers have access to meaningful price and quality information prior to the delivery of care; work with the Congress to reach a legislative solution by December 31, 2020. In the event a legislative solution is not reached by December 31, 2020, the Secretary of Health and Human Services shall take administrative action to prevent a patient from receiving a bill for out-of-pocket expenses that the patient could not have reasonably foreseen. Within 180 days of the date of this order, the Secretary of Health and Human Services shall update the Medicare.gov Hospital Compare website to inform beneficiaries of hospital billing quality.

The Executive Order may be read here: <https://www.whitehouse.gov/presidential-actions/executive-order-america-first-healthcare-plan/>

**The bill sponsored by Rep. Marcy Kaptur (D-OH) and Rep. Bob Gibbs (R-OH), H.R. 7292, 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, has not moved forward.** There are eight Ohio delegation cosponsors, including Reps. Balderson, Gonzalez, Ryan, Beatty, Fudge, Turner, Joyce, and Stivers.

### **PRESCRIPTION DRUGS**

**On September 28, President Trump said that his administration would be mailing \$200 drug coupons to 33 million seniors on Medicare.** According to *The Hill*, the administration did not indicate where the money for the drug coupons would come from, given that Congress has not appropriated the funding. The cost would be nearly \$7 billion. The reporter said, “An administration official earlier said the money would come from the savings in Trump’s “most favored nation” drug pricing proposal— which has not been implemented.” Democrats also pushed back against what they called a “gimmick” aimed at



winning over seniors' votes, as it comes less than six weeks before the election. <https://www.msn.com/en-us/news/politics/trump-seeks-boost-from-seniors-with-dollar200-drug-discount-coupons/ar-BB19u0dL>

**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)/ EMPLOYEE BENEFITS SECURITY ADMINISTRATION**

**The comment period for the proposed rule to address fiduciary duties regarding proxy voting and shareholder rights for ERISA plans ends on October 5.** As of September 30, there were 68 comment letters filed. The comment letters are not available at this time. The Council of Institutional Investors (CII) has commented on behalf of its membership. In the letter, Jeffrey Mahoney, General Counsel of CII, said:

CII believes the Proposed Rule demonstrates an unwarranted prejudice against fiduciaries' exercise of shareholder rights and would impose such burdensome obligations on fiduciaries that ERISA plans would be effectively disenfranchised. As that would negatively impact plan participants and beneficiaries, CII opposes the Proposed Rule and respectfully urges DOL to withdraw it.

The full CII letter may be read here:

[https://www.cii.org/files/issues\\_and\\_advocacy/correspondence/2020/September%2024%202020%20letter%20to%20DOL.pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2020/September%2024%202020%20letter%20to%20DOL.pdf)

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 September 21, the Pension Benefit Guaranty Corporation (PBGC) announced in a press release that it “intends to provide new flexibility for variable-rate premium filers, a continuation of the Administration’s efforts to help support economic recovery and mitigate the effects of the coronavirus pandemic (COVID-19).”** The press release may be read here:

<https://www.pbgc.gov/news/press/releases/pr20-04>

**The PBGC also reported that its overall financial condition has been impacted due to the pandemic, with low interest rates being one part of the problem.** Media reports have covered the Democrats' plan to provide \$60 billion to support the PBGC and shore up its finances. Republicans have suggested benefit cuts for retirees, raising insurance premiums and increasing company contributions.

**In its FY 2019 report, the PBGC estimated that its Multiemployer Program shows a “very high likelihood of insolvency during FY 2026 and that insolvency is a near certainty by the end of FY 2027.”** The Teamsters' Central States Plan, with Michigan and Ohio as the top two states for pensioners, is one of the Multiemployer plans facing a significant shortfall. The full report may be read here:

<https://www.pbgc.gov/sites/default/files/fy-2019-projections-report.pdf>

**Congress has been trying to reach a more permanent agreement to enhance the solvency of Multiemployer plans, including the appointment in 2018 of a Joint Select Committee on Solvency of Multiemployer Plans, which both Ohio Senators Sherrod Brown (D-OH) and Rob Portman (R-OH) served.** The Joint Committee was not able to craft a bipartisan solution, however. Last year, Congress included a \$6 billion allocation for the United Mine Workers of America's plan, at the urgent request of both Ohio Senators, during the final December appropriations process. It is possible that during this December's lame-duck session, Congress could include additional dollars specifically for Multiemployer plans. The discussions between the House and Senate will continue.

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

**On September 23, the SEC voted 3-2 to adopt proposed amendments to “modernize and enhance the efficiency of the shareholder-proposal process.”** The amendments related to procedural requirements for the submission of shareholder proposals and the provision relating to resubmitted proposals under Rule 14a-8. Highlights of the final amendments:

1. Amending Rule 14a-8(b) by:
  - replacing the current ownership threshold, which requires holding at least \$2,000 or 1% of a company’s securities for at least one year, with three alternative thresholds that will require a shareholder to demonstrate continuous ownership of at least:
    - \$2,000 of the company’s securities for at least three years;
    - \$15,000 of the company’s securities for at least two years; or
    - \$25,000 of the company’s securities for at least one year.

The amendment prohibits the aggregation of holdings for purposes of satisfying the amended ownership thresholds and requires that each shareholder state that he or she is able to meet with the company, to discuss the proposal with the company.

2. Amending Rule 14a-8(c) by:
  - applying the one-proposal rule to “each person” rather than “each shareholder” who submits a proposal.
3. Amending Rule 14a-8(i)(12) by:
  - revising the levels of shareholder support a proposal must receive to be eligible for resubmission at the same company’s future shareholder meetings from 3%, 6% and 10% for matters previously voted on once, twice or three or more times in the last five years, respectively, with thresholds of 5%, 15% and 25%, respectively.

**The amendments will be in effect for any proposals submitted for meetings to be held on or after January 1, 2022.** There is a transition period for the ownership thresholds to allow shareholders meeting to rely on the \$2,000/one-year ownership threshold for proposals submitted for meetings to be held prior to January 1, 2023. More information may be viewed on the SEC website:

<https://www.sec.gov/news/press-release/2020-220>

**On September 23, the SEC also revised its whistleblower award program.** More details may be read here: <https://www.sec.gov/news/press-release/2020-219>

**It was reported in the news media that the SEC has opened an investigation in the case of First Energy and the bailout of two nuclear power plants.** The investigations are conducted privately and can take several months.

## **REPORTS**

**The Center for Retirement Research at Boston College released a report, “2020 Public Plan Investment Update and COVID-19 Market Volatility” on September 29.** The key findings are:

- Despite the market rebound, most public pension plans ended FY 2020 with investment returns that fell short of actuarial expectations.
- Moreover, the March crash raised concerns about the liquidity needs of public plans, which already must sell assets to pay benefits.
- In particular, alternatives are harder to value and more illiquid, which make them a poor option for selling in a downturn.
- However, plans do maintain a cache of Treasuries that could be easily liquidated, so most plans are equipped to weather a sharp downturn.

The full report may be accessed with this link: <https://crr.bc.edu/briefs/2020-public-plan-investment-update-and-covid-19-market-volatility/>

**On September 29, NASRA issued an update to its annual "Employee Contributions to Public Pension Plans" report.** In the Introduction, NASRA researchers, Keith Brainard and Alex Brown, said:

Unlike in the private sector, nearly all employees of state and local government are required to share in the cost of their retirement benefit. Employee contributions typically are set as a percentage of salary by statute or by the board that oversees the retirement system. Although investment earnings and employer contributions account for a larger portion of total public pension fund revenues, by providing a consistent and predictable stream of revenue to public pension funds, contributions from employees fill a vital role in financing pension benefits. Reforms made in the wake of the 2008-09 market decline included higher employee contribution rates for many public pension plans.

The report may be viewed here: <https://www.nasra.org/content.asp?contentid=122>

### **US SUPREME COURT**

**Justice Ruth Bader Ginsburg, a justice since 1993, passed away on Friday, September 18.**

President Trump has nominated Judge Amy Coney Barrett, a judge on the US Court of Appeals for the Seventh Circuit since 2017, for the seat. Senate Majority Leader Mitch McConnell (R-KY), in consultation with Senator Lindsey Graham, chair of the Senate Committee on the Judiciary, that the confirmation hearing will begin in mid-October, with the full Senate vote before the November election. Senate Democrats have little procedural moves to block the nomination. In 2017, the Senate changed its rules to allow a simple majority vote for both cloture to end debate and the final vote on a Supreme Court nomination.

**There are several pressing issues before the Supreme Court.** The case filed by the Trump administration is pending, which seeks to declare the remaining provisions under the Affordable Care Act (ACA) as unconstitutional. The Supreme Court will hear oral arguments on this matter on Tuesday, November 10, one week after the presidential election. The decision could take several months.

### **ACTIVITIES:**

1. Reviewed the proposed rule from DOL, discussed who would be commenting and reviewed letters from national and international organizations which oppose the rule.
2. Participated in calls with SERS representatives to discuss health care and pension fund issues.
3. Attended the Council of Institutional Investors (CII) virtual annual conference for federal legislative and regulatory updates. Registered for the NCPERS FALL conference, which was postponed.
4. Monitored bills from the Committees on Ways & Means, Energy and Commerce, 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.
5. Reviewed bills that were introduced or cosponsored by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
6. Reviewed notices or proposed rules from the SEC, DOL, HHS/CMS, and regulatory agencies.
7. 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.
8. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, Public Sector HealthCare Roundtable, Social Security, and prepared the Federal Legislative Report.

**ITEM 8.**

**ADMINISTRATIVE EXPENSES**

The following are administrative operation expenses of the School Employees Retirement System of Ohio during the period September 1 – September 30, 2020.

<b>Account</b>	<b>Vendor</b>	<b>Amount</b>
Salaries & Wages	ADP, LLC	532,871.78
	ADP, LLC	523,599.13
	Account Totals:	1,056,470.91
Salaries & Wages - Overtime	ADP, LLC	1,456.27
	ADP, LLC	5,345.65
	Account Totals:	6,801.92
Vacation Leave Expense	ADP, LLC	96,084.65
	Account Totals:	96,084.65
Sick Leave Expense	ADP, LLC	28,160.22
	Account Totals:	28,160.22
Incentive Pay	ADP, LLC	279,254.18
	Account Totals:	279,254.18
Employer Contributions - PERS	Ohio Public Emp. Retirement System	118,513.51
	Ohio Public Emp. Retirement System	78,160.97
	Account Totals:	196,674.48
Group Life	American United Life Insurance Company	8,223.87
	Account Totals:	8,223.87
Long Term Disability	American United Life Insurance Company	2,365.00
	Account Totals:	2,365.00
Short Term Disability	American United Life Insurance Company	1,258.48
	American United Life Insurance Company	1,258.48
	Account Totals:	2,516.96
Group Health Claims		

	Aetna Daily Wires - ESERS	229,906.44
	SaveonSP, LLC	927.25
	Account Totals:	230,833.69
Group Health - Admin Fees		
	Aetna Admin - ESERS	7,272.93
	Account Totals:	7,272.93
Prescription Claims		
	Express Scripts - ESERS	10,169.48
	Express Scripts - ESERS	10,299.74
	Express Scripts - ESERS	11,712.20
	Express Scripts - ESERS	17,905.91
	Express Scripts - ESERS	24,670.54
	Account Totals:	74,757.87
Group Health - Stop Loss		
	Sunlife Financial	13,356.81
	Account Totals:	13,356.81
Vision Claims		
	VSP - (OH)	2,349.20
	Account Totals:	2,349.20
Vision Admin Fees		
	VSP - (OH)	291.27
	Account Totals:	291.27
Group Health - Employee Cost		
	Employee Premiums	(1,550.80)
	Employee Premiums	(12,937.63)
	Employee Premiums	(12,983.08)
	Account Totals:	(27,471.51)
Group Health - Wellness Incentive		
	ADP, LLC	1,924.77
	ADP, LLC	1,936.30
	Account Totals:	3,861.07
Group Health - Tobacco Premiums		
	ADP, LLC	(420.00)
	ADP, LLC	(420.00)
	Account Totals:	(840.00)
Medicare Premium - Employer		
	ADP, LLC	11,985.19
	ADP, LLC	7,967.89
	Account Totals:	19,953.08

Deferred Compensation Match	ADP, LLC	2,370.00
	ADP, LLC	2,415.00
	Account Totals:	4,785.00
Actuarial Services	Cavanaugh MacDonald Consulting, LLC	12,000.00
	Account Totals:	12,000.00
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	14,186.22
	Treasurer of State - Warrants	513.94
	Account Totals:	14,700.16
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
	Frank Russell Company	250.00
	Wilshire Associates Incorporated	3,000.00
	Account Totals:	37,651.66
Other Prof. Inv. Related Consulting	Pension Fund Data Exchange, Ltd	1,250.00
	Account Totals:	1,250.00
Medical Consultant	Borchers, M.D., Glen G.	3,333.34
	Account Totals:	3,333.34
Special Counsel	Frost Brown Todd, LLC	50.00
	Ice Miller LLP	10,821.85
	Ice Miller LLP	40,031.50
	Standley LawGroup LLP	80.00

		Account Totals:	50,983.35
Technical			
	HMB, Inc.		10,560.00
	Sagitec Solutions, LLC		47,648.26
	Velosio		345.00
		Account Totals:	58,553.26
Other Professional Services			
	Contoural, Inc.		8,477.25
	LexisNexis Risk Data Management, Inc		1,280.77
	Wickert, Kimberly		314.50
		Account Totals:	10,072.52
Postage			
	Columbus Courier & Freight LLC		203.07
	Pitney Bowes Inc.		1,765.55
	Pitney Bowes Inc.		2,538.39
	Pitney Bowes Inc.		338.03
	Pitney Bowes Inc.		656.65
	Pitney Bowes Inc.		443.22
	Unishippers Association		31.00
	Unishippers Association		31.00
	Unishippers Association		48.19
	Unishippers Association		74.70
		Account Totals:	6,129.80
Telecommunications Services			
	AT&T		80.20
	CenturyLink		4,429.73
	Nextel Communications		108.23
	TBG Conferencing		1,110.74
	Time Warner Cable		12,117.31
	Verizon Wireless		2,025.15
	XO Communications		1,760.61
		Account Totals:	21,631.97
Printing Paper			
	Millcraft Paper Co.		2,416.25
		Account Totals:	2,416.25
Printing Supplies			
	Millcraft Paper Co.		124.23
		Account Totals:	124.23
Communications & Publications			
	Millcraft Paper Co.		1,945.35
	Tension Envelope Corporation		1,724.94

		Account Totals:	3,670.29
Software Maintenance			
	Dell Marketing LP		202,425.52
	Sagitec Solutions, LLC		35,000.00
		Account Totals:	237,425.52
Software Subscriptions			
	ADP, LLC		2,765.02
	Jet Brains		477.00
	KLDiscovery		1,275.00
	Liquid Web Inc		263.50
	PortSwigger		399.00
	Sharegate		6,791.50
	Wellness IQ		833.40
	Zoom		257.87
		Account Totals:	13,062.29
Software < \$25,000			
	CarahSoft Technology Corp		11,250.00
		Account Totals:	11,250.00
Equipment Repairs & Maintenance			
	Canon Financial Services, Inc		1,647.27
	Digital Print Solutions		403.78
	Ricoh USA, Inc		570.14
	Ricoh USA, Inc		6,899.33
		Account Totals:	9,520.52
Furniture & Equipment < \$5,000			
	Continental Office Environments		721.97
		Account Totals:	721.97
Records Storage			
	Vital Records Holdings, LLC		1,749.86
		Account Totals:	1,749.86
Seminars & Conferences			
	Council of Institutional Investors		945.00
	NASRA		790.00
		Account Totals:	1,735.00
Subscriptions			
	Constant Contact		125.00
	Financial Times		369.20
	Harvard Business Review		127.93
	Money-Media, Inc		3,310.00
	Shutterstock, Inc.		29.00



	Thomson Reuters - West Publishing Corp	215.34
	Wall Street Journal	19.49
	Account Totals:	4,195.96
Memberships		
	AICPA	285.00
	AICPA	995.00
	American Payroll Association	258.00
	Public Relations Society of America	260.00
	Account Totals:	1,798.00
Management Liability Insurance		
	ARC Excess & Surplus, LLC.	140,475.75
	Account Totals:	140,475.75
Operations Maintenance		
	Amtrec, LLC	1,666.00
	AT&T	228.66
	Northeast Ohio Natural Gas Corp.	65.78
	Account Totals:	1,960.44
Staff Support		
	4Imprint, Inc	1,358.51
	Amazon.com	60.00
	Amazon.com	152.61
	Matrix Integrated Psychological Services	590.70
	Mount Carmel Occupational Health	125.00
	OhioHealth/WorkHealth	75.00
	ThrivePass	594.00
	Unisan, LLC	297.20
	Wellness IQ	240.03
	Employee Reimbursement	1,545.00
	Employee Reimbursement	1,545.00
	Account Totals:	6,583.05
Recruiting Expenses		
	ADP Screening & Selection Services	51.00
	Indeed	228.03
	LinkedIn Corporation	418.37
	Account Totals:	697.40
Interior Landscaping		
	Ambius Inc. (05)	1,356.37
	Account Totals:	1,356.37
Vehicle Expense		
	Firestone Complete Auto Care	311.20
	Hugh White Honda	67.99

Moo Moo Car Wash	14.00
Sunoco	20.00
Account Totals:	413.19

Reimbursement of Leased Svcs

OSERS Broad St. LLC	(25,416.67)
Account Totals:	(25,416.67)

**Total Administrative Expenses**

2,847,580.41

Summary of preliminary administrative operation expenses during the period **September 1, 2020 – September 30, 2020.**

<b>Account</b>	<b>Amount</b>
Salaries & Wages	1,056,470.91
Salaries & Wages - Overtime	6,801.92
Vacation Leave Expense	96,084.65
Sick Leave Expense	28,160.22
Incentive Pay	279,254.18
Employer Contributions - PERS	196,674.48
Group Life	8,223.87
Long Term Disability	2,365.00
Short Term Disability	2,516.96
Group Health Claims	230,833.69
Group Health - Admin Fees	7,272.93
Prescription Claims	74,757.87
Group Health - Stop Loss	13,356.81
Vision Claims	2,349.20
Vision Admin Fees	291.27
Group Health - Employee Cost	(27,471.51)
Group Health - Wellness Incentive	3,861.07
Group Health - Tobacco Premiums	(840.00)
Medicare Premium - Employer	19,953.08
Deferred Compensation Match	4,785.00
Actuarial Services	12,000.00
Custodial Fees - Investment Accounting	74,333.33

Custodial Banking	14,700.16
Master Recordkeeper Fees	83,333.33
Investment Advisory Fees	54,166.67
Performance/Analytics Fee	37,651.66
Other Prof. Inv. Related Consulting	1,250.00
Medical Consultant	3,333.34
Special Counsel	50,983.35
Technical	58,553.26
Other Professional Services	10,072.52
Postage	6,129.80
Telecommunications Services	21,631.97
Printing Paper	2,416.25
Printing Supplies	124.23
Communications & Publications	3,670.29
Software Maintenance	237,425.52
Software Subscriptions	13,062.29
Software <\$25,000	11,250.00
Equipment Repairs & Maintenance	9,520.52
Furniture & Equipment < \$5,000	721.97
Records Storage	1,749.86
Seminars & Conferences	1,735.00
Subscriptions	4,195.96
Memberships	1,798.00
Management Liability Insurance	140,475.75

Operations Maintenance	1,960.44
Staff Support	6,583.05
Recruiting Expenses	697.40
Interior Landscaping	1,356.37
Vehicle Expense	413.19
Reimbursement of Leased Svcs	(25,416.67)
<b>Total Administrative Expenses</b>	<b>2,847,580.41</b>

**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.**

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**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**

November 19 and 20 (Thurs. and Fri.)

December 17 and 18 (Thurs. and Fri.)

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**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 19.

**CONTINUED OR NEW BUSINESS**  
Board Information Requested



**BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS**

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
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3. \_\_\_\_\_  
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9. \_\_\_\_\_  
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10. \_\_\_\_\_  
\_\_\_\_\_

**ADJOURNMENT**

\_\_\_\_\_ moved that the Board adjourn to meet on Thursday, November 19, 2020 for their regularly scheduled meeting.

The meeting adjourned at \_\_\_\_\_ p.m.

\_\_\_\_\_  
Hugh Garside, Jr.

\_\_\_\_\_  
Richard Stensrud, Secretary