



**Retirement Board Agenda
October 21, 2021**

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Meeting ID: 955 5371 9445

Password: 570217

To join by phone, dial: (929) 205-6099 and enter the Meeting ID: **955 5371 9445** and Password: **570217** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA

2. Minutes of the **September 16, 2021**, Retirement Board meeting
3. Summary of Investment Transactions
 - August 1 to August 30, 2021
4. Retirement Report
 - Superannuation and Survivor Benefits
 - Special Cases
5. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Disability Benefits
 - Termination of Disability Benefits – Any Occupation
 - Disapproval of Appeal of Termination – Any Occupation

INVESTMENT REPORT

6. Annual Portfolio Review – Private Equity
7. Education Session under R.C. 171.50 and 3309.051 – Total Fund Leverage (Wilshire Associates)
8. Monthly Investment Report and Economic Update – Period Ending 8/31/2021

EXECUTIVE DIRECTOR'S REPORT

9. Executive Director's Update
 - Quarterly Financials
10. Review of Administrative Expenses
11. Allocation of Employer Contributions – Health Care Fund (R)
12. Executive session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law (R)
 - Member Appeal

RETIREMENT REPORT

13. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R) *if needed*

COMPENSATION COMMITTEE REPORT

14. Compensation Committee and Compensation Study Update

TECHNOLOGY COMMITTEE REPORT

15. Technology Committee Update

BOARD COMMUNICATION AND POLICY ISSUES

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

EXECUTIVE DIRECTOR'S REPORT (cont.)

18. Pension Sustainability Discussion

Adjournment (R)

FY2022 SERS Board Roll Call

Roll Call:

Barbra Phillips	_____
Hugh Garside	_____
James Haller	_____
Matthew King	_____
Catherine Moss	_____
James Rossler	_____
Frank Weglarz	_____
Daniel Wilson	_____
Jeffrey DeLeone	_____

CONSENT AGENDA

1. Minutes of the **September 16 and 17, 2021** Retirement Board Meeting
2. Summary of Investment Transactions - **August 1, 2021, to August 31, 2021**
3. Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Disapproval of Appeal of Termination – Any Occupation

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda, which includes the following items:

- Minutes of the **September 16 and 17, 2021**, Retirement Board Meeting
- Summary of Investment Transactions – **August 1, 2021, to August 31, 2021**
- Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
- Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits
 - d. Disapproval of Appeal of Termination – Any Occupation

Upon roll call, the vote was as follows:

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

SERS Retirement Board Meeting Minutes

September 16, 2021

The nine hundredth and forty-second meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, September 17, 2021.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:38 a.m. with the Pledge of Allegiance.

Roll Call

Following the Pledge of Allegiance, the roll call was as follows: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. Also attending in person was Samuel Peppers, representative of the Ohio Attorney General's Office and various members of the SERS staff. Attending virtually was Joanna Bewick and David Lindberg of Wilshire Associates, along with other members of the public.

Consent Agenda

The consent agenda for September 16, 2021, included:

- Minutes from the **July 15, 2021**, board meeting
- Summary of Investment Transactions for the period of **June 1, 2021**, through **June 30, 2021**, and **July 1** through **July 31, 2021**.
- Retirement Report – Superannuation and Survivor Benefits and Special Cases
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, and additions (including Disapproval of Disability Benefits, Disapproval of Appeal on Personal Appearance, and Disapproval of Appeal of Termination – Any Occupation)

Frank Weglarz moved and Matthew King seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, September 16, 2021. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

Investment Report

The Investment Report session convened at 8:40 a.m.

Wilshire Associates Quarterly Performance Report

David Lindberg and Joanna Bewick, of Wilshire Associates, presented Wilshire's Quarterly Investment Performance Report for the period ending June 30, 2021. Ms. Bewick reviewed asset class performance and assumptions, inflation environment, and U.S and Non-U.S. Equity markets. Mr. Lindberg provided a summary of the Total Fund, including asset allocation, performance and attribution, peer group analysis, and performance detail. The Board thanked Ms. Bewick and Mr. Lindberg for their presentations.

Monthly Investment Report

Farouki Majeed, SERS Chief Investment Officer, provided a summary of the Investment report for the periods ending June and July 2021. Mr. Majeed reported the total fund as of July 31, 2021, was \$17.8 billion and as of August 31, 2021 was \$17.97 billion. As of August 31, 2021, the FYTD return was 1.68%. Following comments, the Board thanked Mr. Majeed and his team for all of their hard work and thanked him for his presentation.

The Investment Report concluded at 9:42 a.m.

SERS Retirement Board Meeting Minutes

September 16, 2021

Executive Director's Report

COVID-19 Health Care Report

Richard Stensrud, SERS Executive Director, began his report by stating that SERS is reporting 3,252 COVID-19 cases within the Medicare plan. There were 19 more deaths bringing the total to 289. Our Pre-Medicare members are increasing their vaccinated numbers bringing the total number of vaccinated members up to 41%. This does not include the members who may have been vaccinated by public health or other systems.

"Hybrid Work" Plan Update

Mr. Stensrud provided an update on the SERS' Hybrid Work plan & restated SERS' commitment to always have a meaningful onsite staff presence. SERS is working to find an optimal work model post-pandemic while ensuring the changes made to our operating model won't negatively affect our level and quality of service we provide to our members. SERS leaders are working to make sure the culture at SERS is not eroded & that staff remain focused on diving the mission and service delivery. After an engagement survey, it was determined that engagement had not diminished and commitment to SERS is still strong. Several steps were taken to make sure each staff member's voice was heard, and each person's thoughts were taken into consideration.

Mr. Stensrud further reported that SERS implemented a one-day work from home model in July 2021. SERS leadership looked to assess where we want to be as an organization and if we have the technological capabilities to support a long-term remote work model. Two teams were created to facilitate the creation of a hybrid work plan. One team was tasked with developing an effective ongoing work model. The second team was tasked with understanding our technological needs whether we work in the office or remotely. The goal of both teams is to make sure SERS maintains a high level of excellence and service in a hybrid model while exceeding the expectations of our members, our staff, and our board. We must continue to have teamwork and the SERS culture cannot be diminished.

The two teams recommended moving to a model that allows up to two days of remote work per week. SERS leadership feels this move will strengthen our organization while we maintain our onsite presence and current engagement level with our members. Assessment of the hybrid work plan will be ongoing and continuous. As a part of the ongoing assessment, SERS will also look at the ability to reduce the organizational footprint and possibly rent space to other tenants. The goal moving forward is to be thoughtful and mindful of input from the board as we move forward with a two-day remote work model. Performance based metrics and oversight tools will be implemented to monitor remote work as we work to serve our members and retain the talent employed at SERS. The two-day hybrid plan is where we want to go but we reserve the right to change and re-evaluate.

The board took a break at 10:19 a.m. and reconvened at 10:31 a.m.

Retirement Report

At 10:32 a.m., Catherine Moss moved and Frank Weglarz seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

The board reconvened in open session at 10:56 a.m.

SERS Retirement Board Meeting Minutes

September 16, 2021

Executive Director's Report (cont.)

Cost of Living Adjustment (COLA)

Mr. Stensrud continued his report by discussing the COLA (Cost of Living Adjustment). The numbers presented reflect projections for the fiscal year ending June 30, 2022, under the different COLA/investment return scenarios. That is because the COLA granted for 2022 will not be factored into the actuarial valuation until June 30, 2022. Mr. Stensrud stated that under the COLA statute the 'default' COLA is the CPI-W for the measuring period based on an end of year to end of year comparison, capped at 2.5%. However, per the statute, the Board can adopt a COLA that is less than the CPI-W if the actuary attests that to do so would protect the fiscal integrity of the fund. The board and Mr. Stensrud continued with a robust discussion about the COLA and the pension fund.

It was moved by James Rossler and seconded by Frank Weglarz that eligible SERS allowances, pensions and benefits shall receive a 2.5% cost-of-living adjustment in calendar year 2022, which is the percentage increase as set forth in R.C. 3309.374(B). Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

Ohio Retirement Study Council

Mr. Stensrud continued his report stating the ORSC met on August 12th. They approved vendors to conduct the HPRS actuarial audit, the OP&F fiduciary audit, and the STRS fiduciary and actuarial audits. They also reviewed the health care reports submitted by OPERS, OP&F, and HPRS. A summary report was provided on our 5-year experience study which illustrated how the assumptions created a small decrease in funded status to 7.00%.

Mr. Stensrud also reported the SERS FY2021 Disability Report was submitted to the Governor, ORSC, and relevant House and Senate committee chairs.

The September ORSC meeting is scheduled for September 23, 2021.

Advocacy Groups

SERS leadership continues to communicate regularly with stakeholder groups to provide system updates and discuss sustainability related issues.

Federal Legislative Activity

Mr. Stensrud continued his report stating that thank you letters were sent to Senators Sherrod Brown and Rob Portman for their support of a provision included in the recently passed Senate passed bi-partisan infrastructure legislation that delays the Rebate rule until 2026. As previously stated, SERS has been concerned that if the Rebate rule were implemented as proposed it would have a harmful impact on our prescription drug plan for retirees.

Mr. Stensrud also reported SERS continues to work with other plan sponsors, industry organizations and providers to educate Congress on Employer Group Waiver Plans (EGWP) like ours as discussion continue around prescription drug reform for Medicare Part D that could be included in the reconciliation proposal that is being crafted by Congress.

SERS has been talking with key legislative staff to discuss EGWPs and the need for consideration of their unique plan offerings that benefit retirees. The current reform proposals under discussion would be detrimental & could cause an increase in the premiums of retirees and impact EGWPs as unintended consequences of Medicare Part D restructuring.

SERS will also continue to work through the Public Sector HealthCare Roundtable to advocate for a solution to address the high cost of prescription drugs.

SERS Retirement Board Meeting Minutes

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Federal Liaison Transition

Mr. Stensrud reported Carol Drake has resigned as our Federal Liaison to pursue another consulting opportunity. We greatly appreciate her service and will miss her expertise and experience advocating for public pension issues at the federal level. SERS is in the process of posting an RFP to find her replacement. In the interim, we will continue to work closely with our national advocacy organizations who represent public pensions in Washington (NASRA, NIRS, NCTR, Public Sector Health Care Roundtable, etc.). The board congratulated & thanked Ms. Drake for all her hard work and wished her well.

Actuarial Factors

Tracy Valentino, SERS Chief Financial Officer, provided a brief presentation on recommendations for various actuarial factors. The factors presented will be made effective as of January 1, 2022.

- **Optional Benefit Plan and Partial Lump Option Plan Reduction Factors** - SERS staff and the actuary discussed with the Board the factors for optional benefit plans and partial lump-sum option plans (PLOPs) for retirees as provided by Section 3309.46 of the Revised Code, and the statutory requirement that the factors maintain actuarial equivalence. Using the long-term assumptions adopted by the Board in April 2021, the actuary has calculated revised actuarial equivalent benefit plan and PLOP reduction factors.

Catherine Moss moved and Hugh Garside seconded to adopt the revised actuarial equivalent benefit plan and PLOP reduction factors, as developed by the actuary, to become effective for initial benefits that are paid on and after January 1, 2022. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **Early Retirement Incentive Rates** - SERS staff and the actuary discussed with the Board the early retirement incentive program under Section 3309.33 of the Revised Code and the actuary's recommendations regarding the percentage of salary required for the purchase of one to five years of additional service credit and for the cost of the additional health care liability. The actuary's recommendation was developed using the long-term assumptions adopted by the Board in April 2021.

James Rossler moved and Catherine Moss seconded that the percentage of salary rates and additional health care liability costs, as recommended by the actuary, be adopted for early retirement incentive programs effective on and after January 1, 2022. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **Re-Employed Retiree Annuity Factors** - SERS staff and the actuary discussed with the Board the re-employed retiree annuity as provided by Section 3309.344 of the Revised Code, and the factors used to calculate the annuity. Using the long-term assumptions adopted by the Board in April 2021, the actuary has calculated revised re-employed retiree annuity factors.

Catherine Moss moved and Matthew King seconded that these revised re-employed retiree annuity factors, as developed by the actuary, be adopted, and become effective for initial re-employed retiree annuities paid on and after January 1, 2022. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

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- **Re-employed Retiree Annuity – Interest on Contributions** - SERS staff and the actuary discussed with the Board the re-employed retiree annuity as provided by Section 3309.344 of the Revised Code and the statutory requirement that the board determine the rate to be used to credit interest on re-employed retiree annuity account balances prior to the date of retirement.

Catherine Moss moved and Frank Weglarz seconded that the rate to be used for crediting interest to re-employed retiree annuity account balances continue to be set at 3.00%. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **Re-employed Retiree Annuity - Amount of Employer Contributions** - SERS staff and the actuary discussed with the Board the re-employed retiree annuity as provided by Section 3309.344 of the Revised Code and the statutory requirement that the Board determine the amount of employer contributions to be credited to the re-employed retiree annuity accounts during periods of employment.

Catherine Moss moved and James Rossler seconded that the amount of employer contributions credited to re-employed retiree annuity accounts remain at 8.00%. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **Interest Rates and Percentages** - SERS staff and the actuary discussed with the Board the need to review and adjust, as necessary, various rates and percentages used in the calculation of purchased service and in various benefit calculations, and the statutory requirement that the Board determine the rates and percentages. After consultation with the actuary, SERS staff made recommendation to the Board that the following rates and percentages remain unchanged: Interest credited on Additional Annuity contributions and interest rate used to calculate Money Purchase annuity 3.00% and Percentage of Salary Rate for Purchase of Exempt Service 24.00%. SERS staff made recommendation to the Board the following rate change: Interest charged on all purchased service and unpaid ERI balances be reduced from 7.50% to 7.00% effective January 1, 2022.

Catherine Moss moved and Matthew King seconded that the recommendations set forth above be adopted. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **Money Purchase Annuity Factors** - SERS staff and the actuary discussed with the Board the factors used to calculate the amount of the money purchase annuity as provided by Section 3309.36 of the Revised Code. Using the long-term assumptions adopted by the Board in April, 2021, and an interest rate of 3.00%, the actuary has calculated revised money purchase annuity factors.

Catherine Moss moved and Hugh Garside seconded by that these revised money purchase factors, as developed by the actuary, be adopted, and become effective for initial benefits that are paid on and after January 1, 2022. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

- **School Board Service Credit Purchase** - SERS staff and the actuary discussed with the Board the purchase of school board service under Section 3309.311 of the Revised Code and that the cost of the purchase is required to be the additional liability to the system. Using the long-term assumptions adopted by the Board in April 2021, the factors used in the liability calculation will be established by the actuary on an individual basis.

Hugh Garside moved and Frank Weglarz seconded that the factors used in the liability calculation for any purchase of school board service credit will be established by the actuary on an individual basis. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

SERS Retirement Board Meeting Minutes

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Operation Backpack results

Mr. Stensrud reported SERS staff donated an amazing number of backpacks and school supplies for central Ohio families who just needed a little help giving their kids the tools they need to succeed in school. Last year the program was limited to online donations only. Looking back to 2019, staff donated 109 backpacks. This year staff donated 154 backpacks plus additional cash donated online. The combined Executive and Enterprise Risk department led the way with 34 backpacks donated.

Cristo Rey Intern

Mr. Stensrud reported SERS is pleased to resume having a Cristo Rey High School student intern with us starting in September 2021. The intern will share responsibilities in the Finance Department and the Print Shop and will work 1-2 days per week. The money the student intern earns goes directly to the school to pay for their education.

Final Filing of Proposed Amended Administrative Rule

Dawn Viggiano, SERS Senior Staff Legal Counsel, reported on the new rule presented earlier this summer. The new rule is to address the enrollment issue Christi Pepe, Director - Health Care Services, referred to in the June 2021 board meeting. Ms. Pepe reported that SERS still has members who do not enroll in Medicare or if they do enroll, they eventually lose coverage. This results in additional costs to SERS and to the retiree.

Under the proposed amendment, an individual who fails to enroll in Medicare Part B during their Medicare initial or special enrollment period will lose eligibility for SERS' health care coverage. If an individual enrolls in Medicare Part B coverage but then fails to maintain the coverage, the individual must re-enroll during Medicare's first available general enrollment period.

The rule provides a deadline for individuals not currently enrolled in Medicare Part B to act in order to remain eligible for SERS' coverage. The following individuals must enroll/re-enroll in Medicare Part B during Medicare's 2022 general enrollment period (January 1, 2022, through March 31, 2022) to remain eligible for SERS' health care coverage:

- Individuals who did not enroll in Medicare during their initial or special enrollment period(s) between January 1, 2019, and December 31, 2021.
- Individuals who lost Medicare Part B coverage between January 1, 2019, and December 31, 2021.

Individuals who, prior to January 1, 2019, failed to enroll in Medicare Part B during their initial/special enrollment period or lost Medicare Part B coverage will not lose eligibility for SERS' health care coverage for failure to enroll.

Legal Counsel discussed with the Retirement Board the following proposed amended rules: 3309-1-18 Payment of Contributions; and 3309-1-35 Health Care, that have been reviewed by JCARR and are ready for final adoption by the Board.

Frank Weglarz moved and Catherine Moss seconded that proposed amended rules 3309-1-18 and 3309-1-35 be adopted. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

Mr. Stensrud concluded his Executive Director's report and the board thanked him for the updates.

SERS Retirement Board Meeting Minutes

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Technology Committee Report

Matthew King, Chair of the SERS Technology committee provided an update on the committee's work. Mr. King stated the committee discussed the IT 5-year capital budget plan and its components. The goal is to have additional budget information to share by the December meeting. The committee has also been discussing security matters in executive session. The committee is scheduled to meet following the board meeting. The board thanked Mr. King for his update.

Audit Committee Report

Jeff Davis, SERS Chief Audit Officer, provided an update on the Audit Committee. Mr. Davis discussed three completed audits, including the Capital Call and Distributions Audit, the Investment Incentive Compensation Audit, and the Undue Influence Audit. All the audits were clean with no recommendations for further action. The board thanked Mr. Davis for his report.

Compensation Committee Report

Daniel Wilson, Chair of the SERS Compensation Committee, provided an update on the work of the committee. The committee met before the board meeting to discuss the SERS Executive Director's performance goals for FY2022, which were reviewed and approved today. Mr. Wilson also reported that the committee recessed and will reconvene tomorrow, September 17, 2021, to discuss the Compensation Study being performed by CBIZ, an outside consulting firm. The board thanked Mr. Wilson for his report.

Board Communication and Policy Issues

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2021 - 2022

REMAINING CALENDAR DATES FOR 2021

AUDIT COMMITTEE MEETINGS

December 15, 2021 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

October 21, 2021 – 7:30 a.m. (Thurs. – Special Meeting)
December 16, 2021 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

October 21, 2021 – 1:00 p.m. or immediately following the board meeting (Thurs. – Special Meeting)
December 16, 2021 – 2:00 p.m. (Thurs.)

BOARD MEETINGS

October 21 and 22, 2021 - 8:30 a.m. (Thurs. and Fri.)
November 18 and 19, 2021 - 8:30 a.m. (Thurs. and Fri.)
December 16 and 17, 2021 - 8:30 a.m. (Thurs. and Fri.)

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

SERS Retirement Board Meeting Minutes

September 16, 2021

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022 **

AUDIT COMMITTEE MEETINGS

March 16, 2022 - 2:30 p.m. (Weds.)
June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 17, 2022 - 7:30 a.m. (Thurs.)
June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 17, 2022 - 2:00 p.m. (Thurs.)
June 16, 2022 - 2:00 p.m. (Thurs.)
September 15, 2022 - 2:00 p.m. (Thurs.)
December 15, 2022 - 2:00 p.m. (Thurs.)

BOARD MEETINGS

February 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
March 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
April 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)
May 19-20, 2022 - 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 - 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 - 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)

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

SERS Retirement Board Meeting Minutes

September 16, 2021

Continued or New Business

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

Recess

Jeffrey DeLeone moved to recess to reconvene on Friday, September 17, 2021, at 9:45 a.m. for the SERS Retirement Board Pension Sustainability Discussion. The SERS board meeting recessed at 11:29 a.m.

Pension Sustainability Discussion

The SERS Retirement Board reconvened at 9:45 a.m. on Friday, September 17, 2021, to discuss pension sustainability. Richard Stensrud, SERS Executive Director, opened by introducing SERS legal counsel, who led the discussion on the Contribution Based Benefit Cap (CBBC).

Joseph Marotta, SERS General Counsel, and Susan Russell, SERS Associate General Counsel, provided an update on Benefit Inflation Control. Per the Board's direction at the June Sustainability discussion, SERS staff consulted with Cavanaugh Macdonald to analyze a Contribution Based Benefit Cap (CBBC) on member retirements between May 2020 and June 2021. Those results were set forth in the September 2021 Benefit Inflation Control handout presented to the board. There has also been extensive information on the CBBC set forth in April, May, and June 2021 sustainability materials.

As stated in previous pension sustainability discussions, SERS is looking to prevent benefit inflation while being fair to those members who have late career promotions.

After a robust discussion on pension sustainability and the CBBC, the board took a break at 10:28 a.m.

The board reconvened at 10:44 a.m.

It was moved by Daniel Wilson and seconded by Catherine Moss to authorize SERS staff to draft CBBC legislation, engage stakeholders, and begin the legislative process with the Ohio General Assembly. The CBBC is a number that reflects how much greater a member's formula benefit can be from a member's contribution-based annuity. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Absent: Barbra Phillips. The motion carried.

Jeffrey DeLeone, Vice-Chair

Richard Stensrud, Secretary

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be
Reported to the Retirement Board for
Ratification in October

The following is a summary of the investment transactions made during the period of **August 1, 2021, through August 31, 2021**. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$ 161.3
Fixed Income	284.2
Private Equity Capital Calls	83.2
Real Asset Capital Calls	0.6
Opportunistic & Tactical	54.4
Global Private Credit	57.3
Cash Equivalents	373.4

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$267.2	\$ 66.1
Fixed Income	250.4	2.1
Private Equity distributions	61.3	n/a
Real Asset distributions	4.1	n/a
Opportunistic & Tactical	0.3	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	382.4	n/a

APPROVAL OF SUPERANNUATION, SURVIVOR BENEFITS, AND TRANSFERS

IT WAS MOVED BY _____ AND SECONDED BY _____ THAT THE FOLLOWING **609** SUPERANNUATION RETIREMENTS, **15** SURVIVOR BENEFITS, AND **ZERO** TRANSFERS BE APPROVED AND, FURTHER, THAT THE PERSONS LISTED BELOW BE GRANTED ALLOWANCES AND BENEFITS IN THE AMOUNTS SET FORTH AND EFFECTIVE AS OF THE DATES GIVEN IN THE REPORT.

A.SUPERANNUATIONS

NAME	WHERE PENSIONED	TRANSFERRED TO
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

C. DISABILITY TRANSFERS

NAME	WHERE PENSIONED	TRANSFERRED TO
N/A	N/A	N/A

Upon roll call, the vote was as follows:

ROLL ON:	YEA	NAY	ABSTAIN
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

GLOBAL PRIVATE EQUITY PORTFOLIO REVIEW

FISCAL YEAR 2021



Meeting Date: October 2021

Serving the People Who Serve Our Schools®

Agenda

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



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Portfolio Summary

\$1.88 Billion Market Value

- 24 General Partners/70 Funds/6 Co-investments
 - 11 Ranked as A
 - 5 Ranked as B
 - 8 Ranked as C
- \$1.12 Billion Unfunded Commitments

Focus on Portfolio Positioning

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

FY 2021 Performance

- 45.8% 1-Year Net Return vs. 47.3% Benchmark Return
- Co-Investments Generating Solid Returns (20.7% 5-Year Return)
- Value-added performance over 3, 5, and 10 years

Long-Term Value Add to Total Fund

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



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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

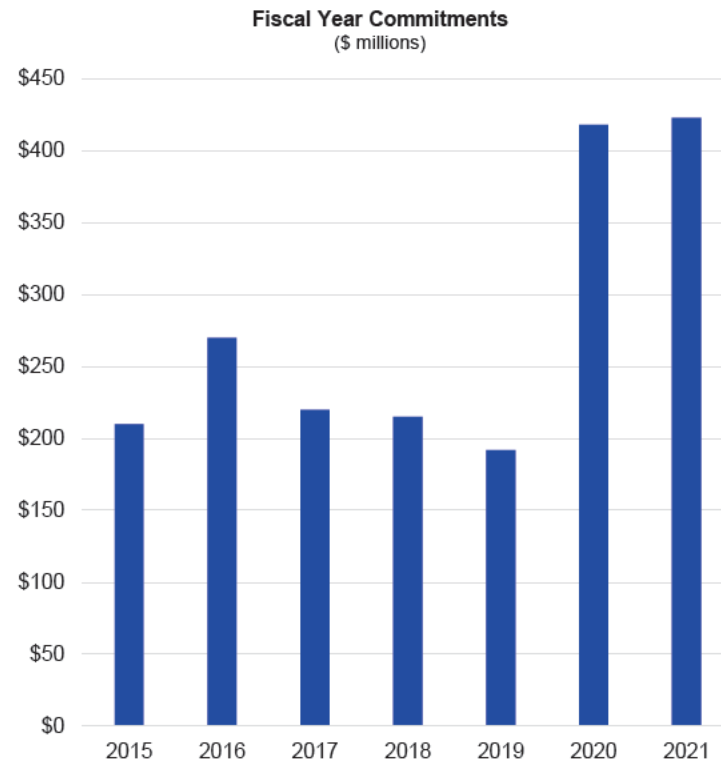
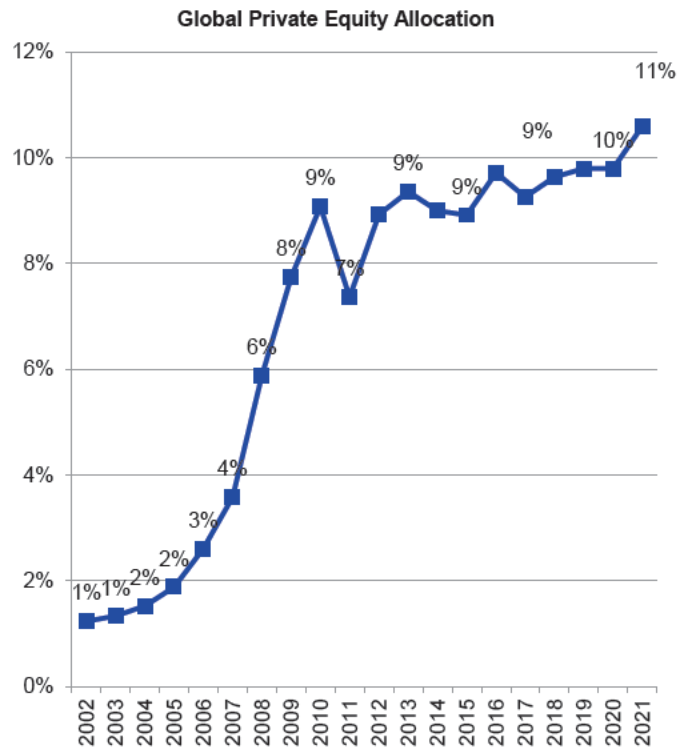
Allocation

- Target for Global Private Equity allocation set at 12% with permissible range of 8% to 16%



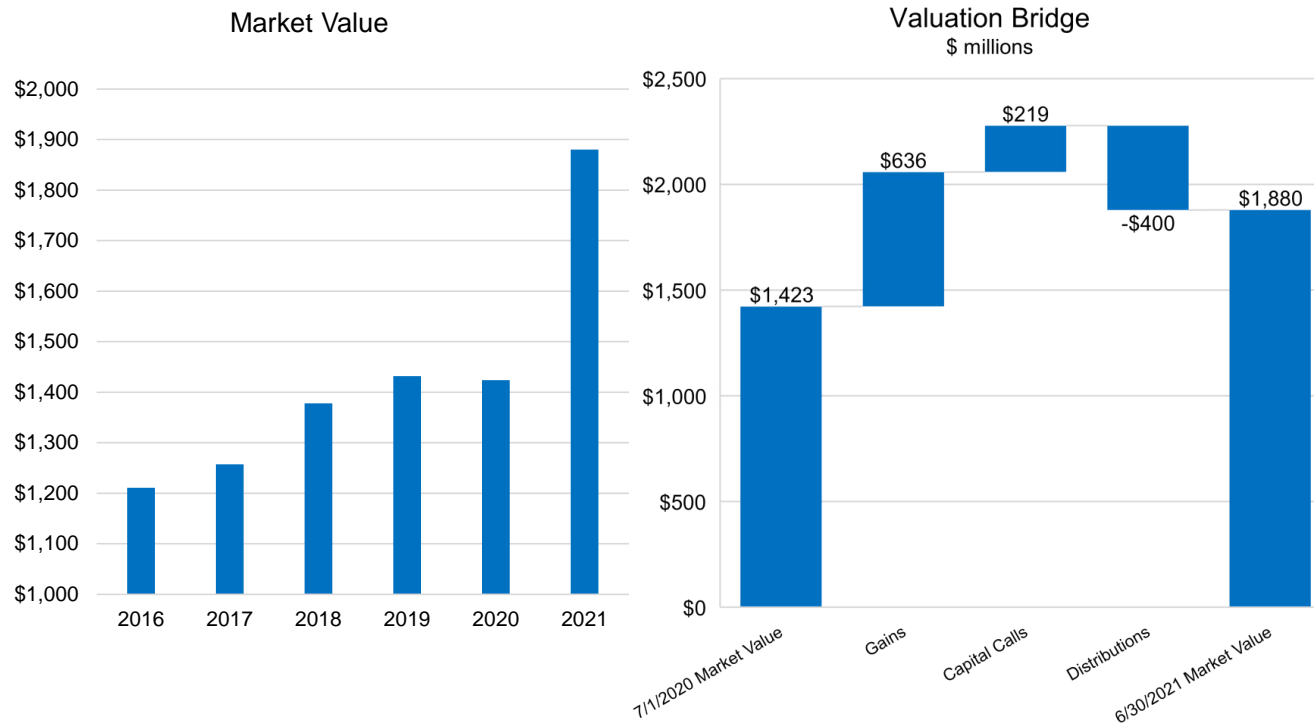
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Implementation Guidelines



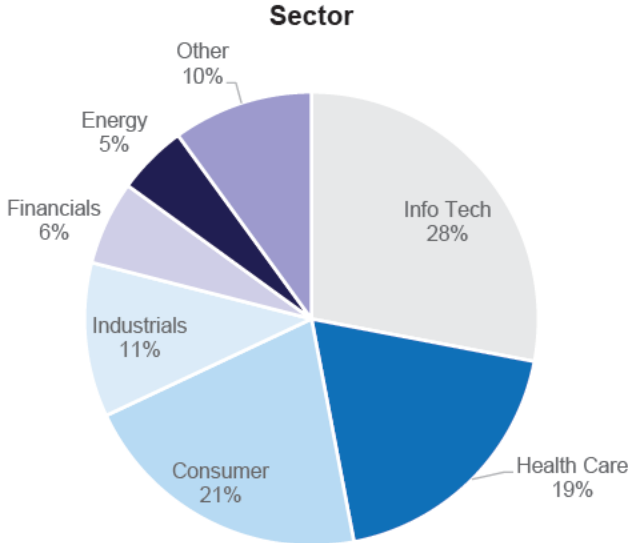
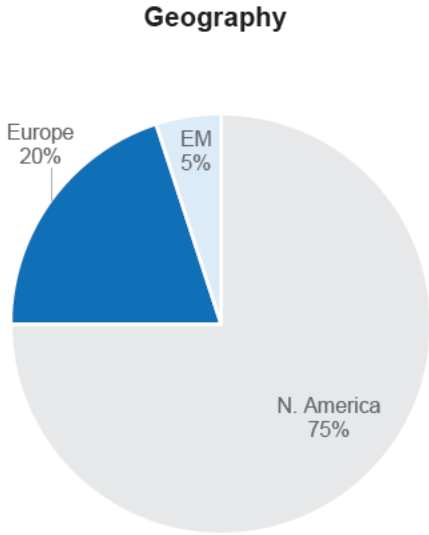
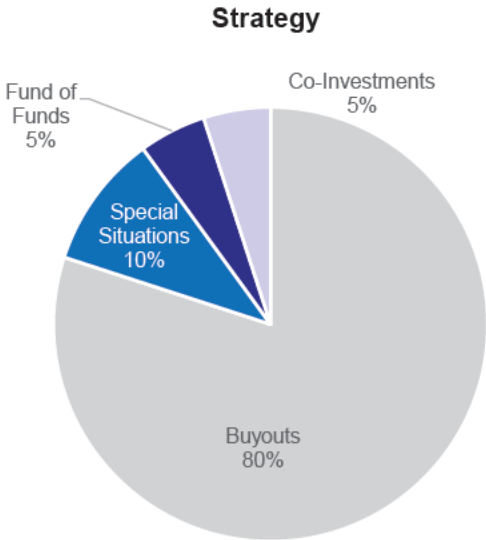
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Implementation Guidelines



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Portfolio Construction



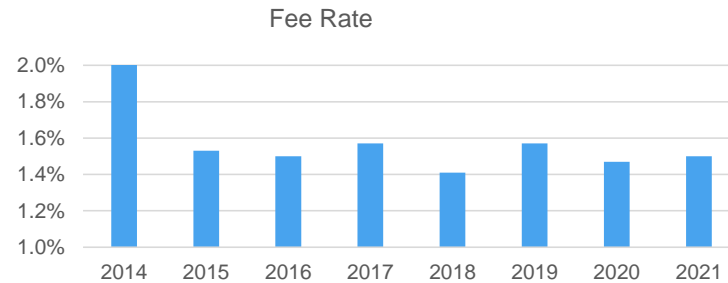
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Portfolio Management

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% in 2014



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Fiscal Year in Review

Fiscal Year 2021 New Commitments:

\$423 Million Committed to New Investments

- Broadly Diversified
- Six Funds
- Three New Managers
- One Co-Investment

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

- Covid continues to impact many companies
- High levels of capital raised
- High acquisition prices
- Low interest rates



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Fiscal Year in Review

New Commitments:



Levine Leichtman Lower Middle Market III- \$50 million

- Levine Leichtman Capital Partners (LLCP) Lower Middle Market Fund III makes structured equity investments in lower middle market companies primarily located in the United States. The fund will target industries such as business services, education, franchising and light manufacturing/engineered products sectors.

- SERS has invested with LLCP since 2013.



Greenspring Secondary Fund V- \$75 million

- Greenspring Secondary Fund V invests in limited partnership interests of Venture Capital funds and ownership interests in Venture Capital backed companies, both via secondary investments.

- This is SERS' first commitment to Greenspring.



TPG Rise Climate- \$100 million

- TPG Rise Climate is a fund focused on climate change and carbon aversion. The fund will invest in five sub-sectors: clean energy, decarbonized transport, greening industrials, agriculture & conservation, and enabling solutions.

- This is SERS' first commitment to TPG.



Monomoy Capital Partners V- \$75 million

- Monomoy Capital Partners seeks to identify middle market companies that the firm believes have a reason to exist, have challenges that the firm can identify and fix, and can be positioned for growth during and after their ownership.

- SERS has been investing with MCP since 2011.



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Fiscal Year in Review

New Commitments :




Primus IX- \$65 million

- Primus pursues investments in growing companies within the technology, healthcare, and technology-enabled services sectors.
- SERS has been investing with Primus since 1984.



Sole Source Capital II- \$50 million

- Sole Source Capital (SSC) pursues buyout investments in North American headquartered businesses. SSC seeks to deliver strong returns through the pursuit and active ownership of founder-owned, industrial businesses that can benefit from the Firm's operational expertise.
- This is SERS' first commitment to Sole Source.



FS Equity VIII US Med-Equip (USME) Co-Investment- \$8 million

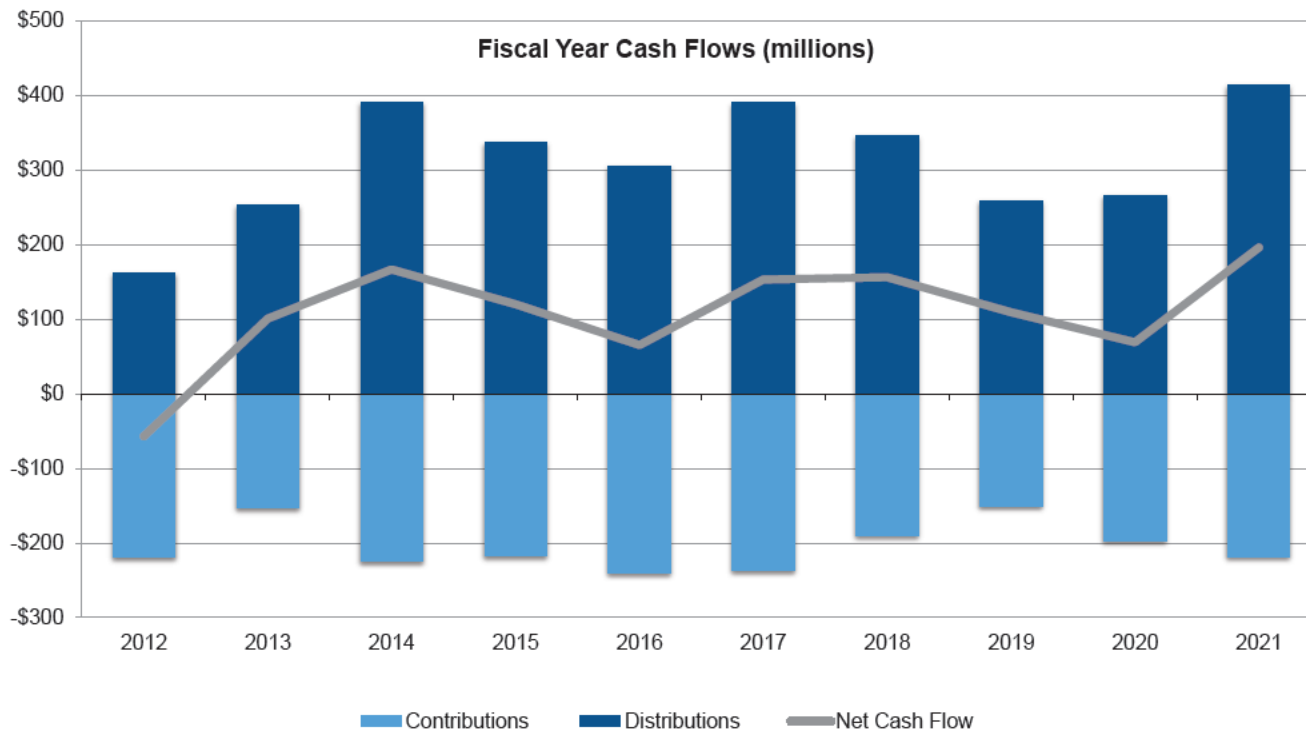
- USME is the second largest distributor of moveable medical equipment (MME) rentals, servicing over 1,600 hospitals with a fleet of over 50,000 units. The company distributes across four rental product categories that include respiratory, infusion, monitoring and central supply/NICU..
- SERS has invested with FS Equity Partners since 2004.



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Fiscal Year in Review

Private Equity portfolio has been cash flow positive since 2013



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Fiscal Year in Review

Notable exits during the year



Green Garden Products (greengarden.com)

- Green Garden Products is the largest seed and seed starting company in the United States.
- Freeman Spogli acquired Green Garden in 2014 and sold the company in 2020 to Central Garden & Pet (NASDAQ: CENT).
- SERS invested \$4.2 million through the fund and received \$15.3 million in proceeds from the sale.



Capsule Health Technologies (capsuletech.com)

- Capsule provides medical device connectivity solutions for hospitals to capture more data, reduce manual efforts, and improve patient care.
- Francisco Partners acquired the company in 2019 from Qualcomm and sold Capsule in 2021 to Philips Healthcare.
- SERS invested \$1.5 million through the fund and received net proceeds of \$18.4 million from the investment.



Qualus (www.qualuspowerservices.com)

- Qualus provides outsourced power engineering, testing, maintenance, commissioning, and project management services to electric utilities, large industrial companies, and commercial clients with critical power applications. The company is headquartered in Cincinnati and operates throughout the United States.
- Mason Wells acquired the company in 2015 and sold Qualus in 2021.
- SERS invested \$2 million through the fund and received \$13.1 million in sale proceeds.



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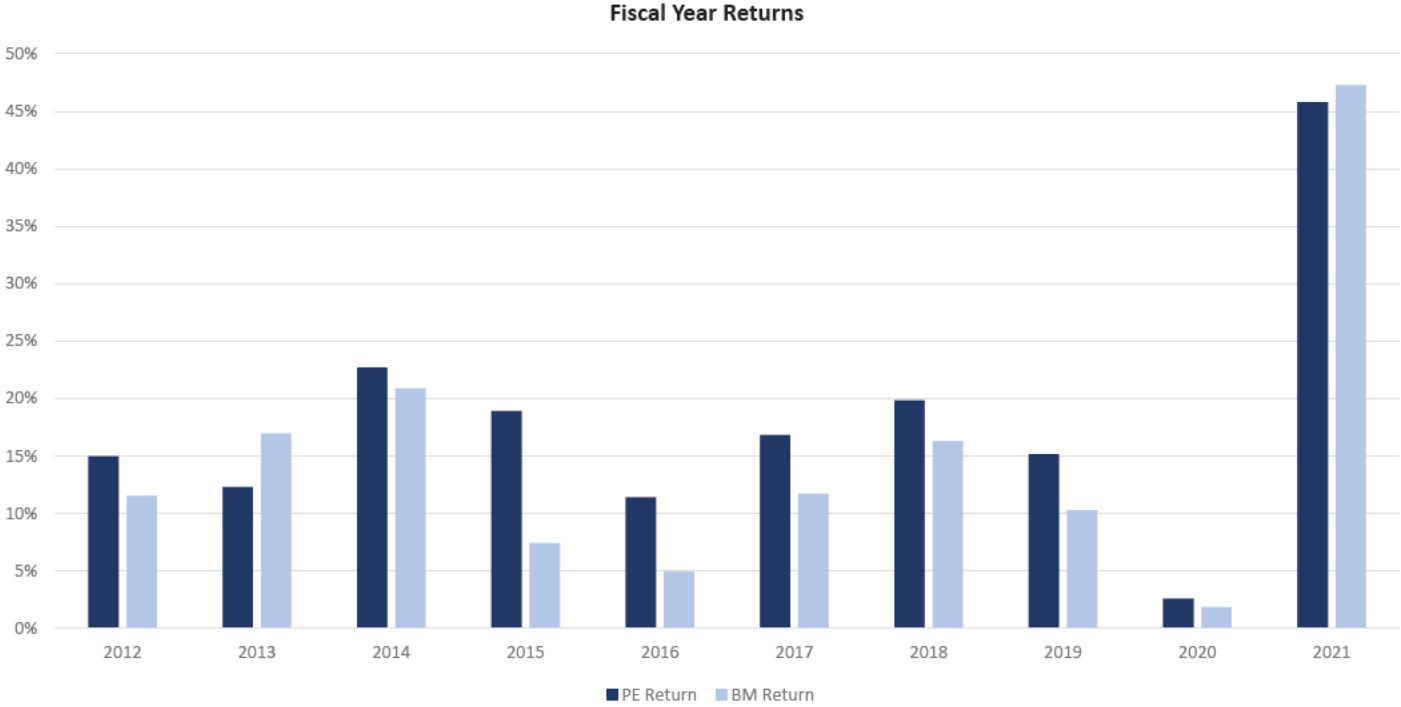
Fiscal Year in Review

Net of Fees (as of 6/30/2021)	1 Year	3 Year	5 Year	10 Year
SERS Private Equity Portfolio (\$1,880,160,921)	45.80%	19.87%	19.25%	17.60%
<i>Buyouts</i> (\$1,508,340,437)	49.06%	23.59%	22.31%	20.02%
<i>Special Situations</i> (\$177,309,484)	27.56%	0.04%	6.84%	8.75%
<i>Fund of Funds</i> (\$96,505,935)	44.64%	24.70%	17.72%	15.32%
<i>Co-Investments</i> (\$87,294,829)	50.37%	20.32%	20.71%	NA
Private Equity Benchmark	47.27%	17.83%	16.74%	14.92%
SERS Global Equity	41.56%	15.01%	15.13%	10.67%



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Fiscal Year in Review



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The Year Ahead

Fiscal Year 2022 Objectives

- Manage the private equity portfolio and fiscal year commitments to reflect the increased investment allocation of 12% of the Total Fund 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 and innovative investment opportunities with managers who offer compelling return expectations. These new opportunities may be used for a combination of purposes to replace current managers who no longer meet SERS' investment criteria or to target strategies that are not currently a directly invested component of the private equity portfolio. Current areas of interest under consideration include Asia focused private equity, niche venture capital, GP-led secondaries and investments managed by emerging and minority managers.



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Appendix



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Appendix: Current Market Conditions

Fundraising

- Private equity fundraising was down 22% in 2020 compared to 2019 due to the impact from coronavirus
- While buyout and growth equity fundraising declined, venture capital fundraising grew by 23%
 - Venture's total share of fundraising in 2020 was 27% compared to 17% in 2019
- \$1.4 trillion in dry powder is available for private equity deals

Private Equity Investment Deal Flow

- Deal volume slowed by over 22% in 2020, with most of the decline occurring in Q2
 - IT was the most resilient sector as the pandemic accelerated the ongoing shift toward technology
 - The price environment continues to be elevated with average purchase multiples rising to 12.8 times earnings before interest, taxes, debt, and amortization (EBITDA) for US Buyout transactions

Private Equity Portfolio Company Exits

- Exit activity slowed dramatically in 1H 2020 due to uncertainty around coronavirus but returned to more normal levels in 2H as equity and debt markets quickly recovered
 - 947 private equity-backed exits
 - \$367 billion in total value of all exits – a year over year increase of 14%

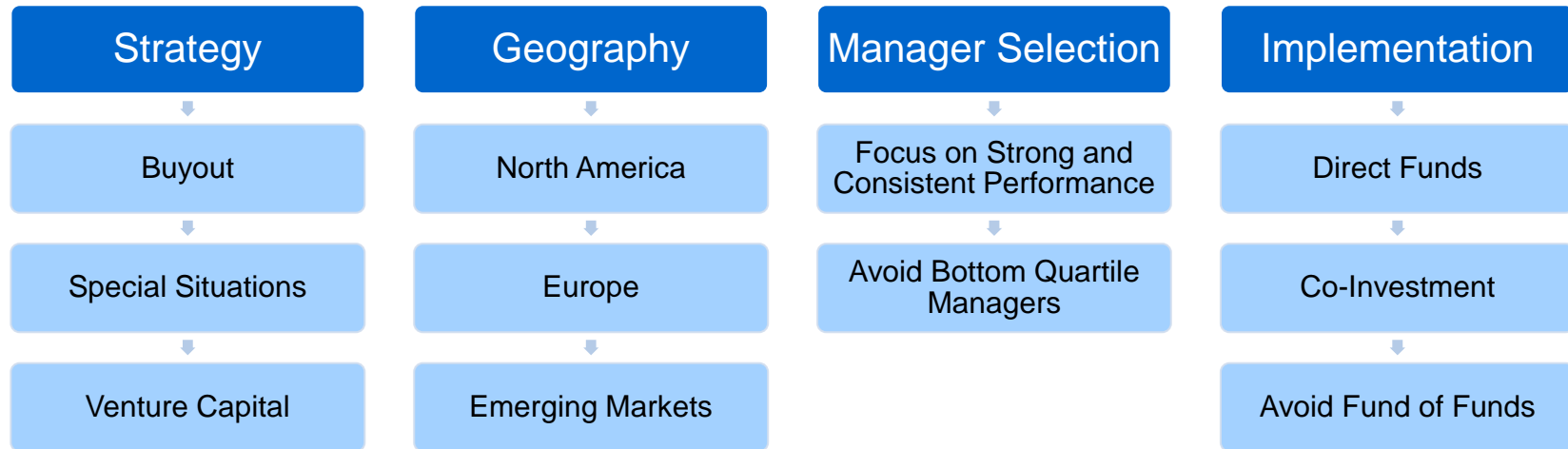
Source: McKinsey; Pitchbook



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Appendix: Portfolio Construction

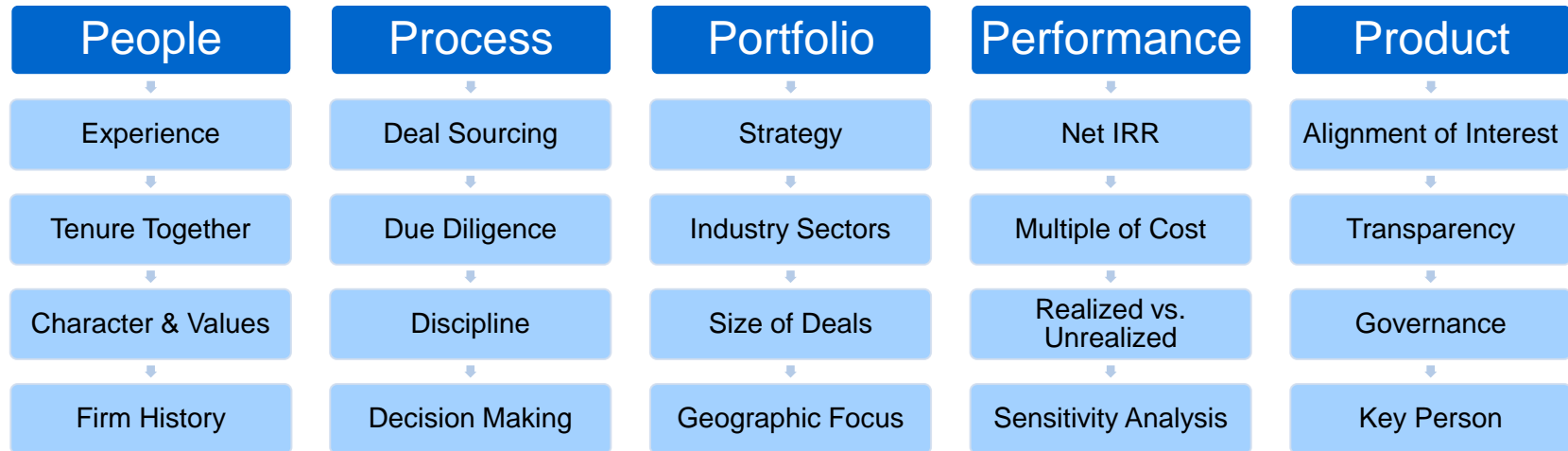
Value Add Through Four Key Areas:



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Appendix: Portfolio Construction

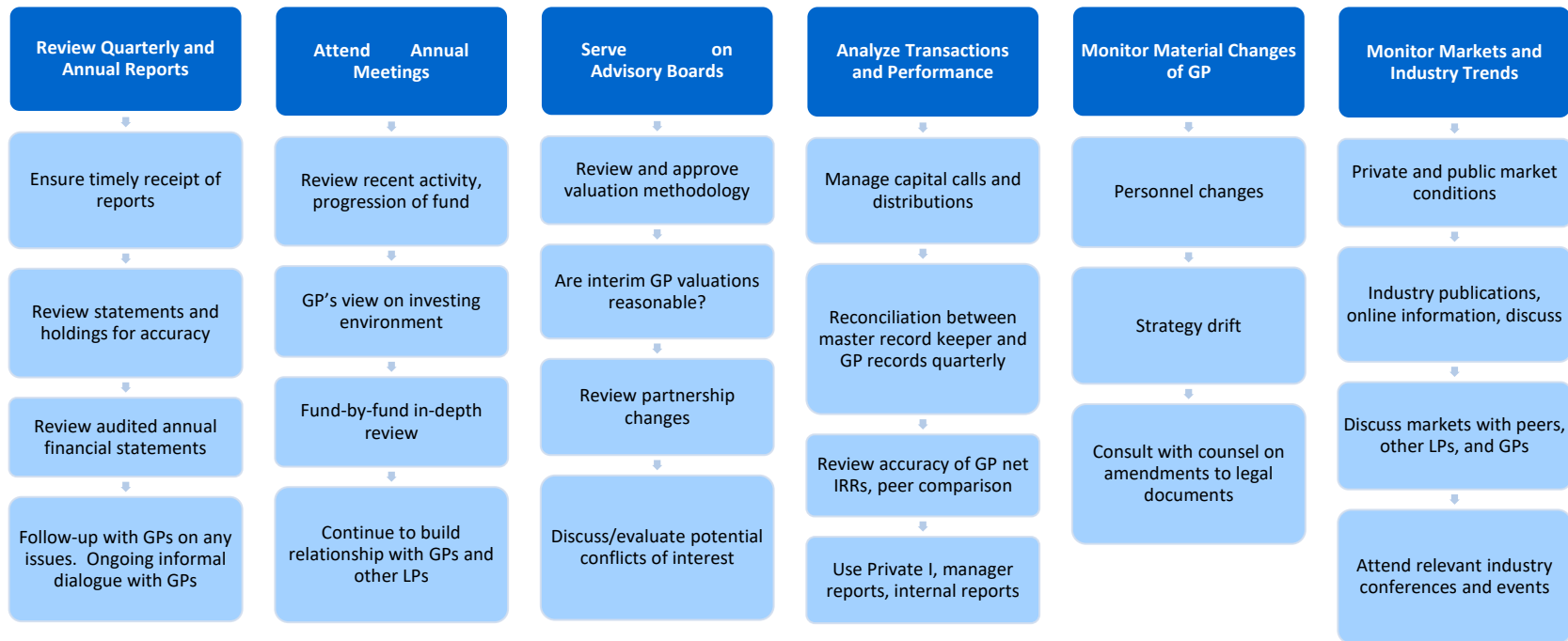
Methodical Manager Selection:



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Appendix: Portfolio Management

Continuous Due Diligence Through Extensive Monitoring:



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Wilshire

Prepared for



Total Fund Leverage Introduction

Joanna Bewick, CFA
David Lindberg, CFA

October 2021

Introduction

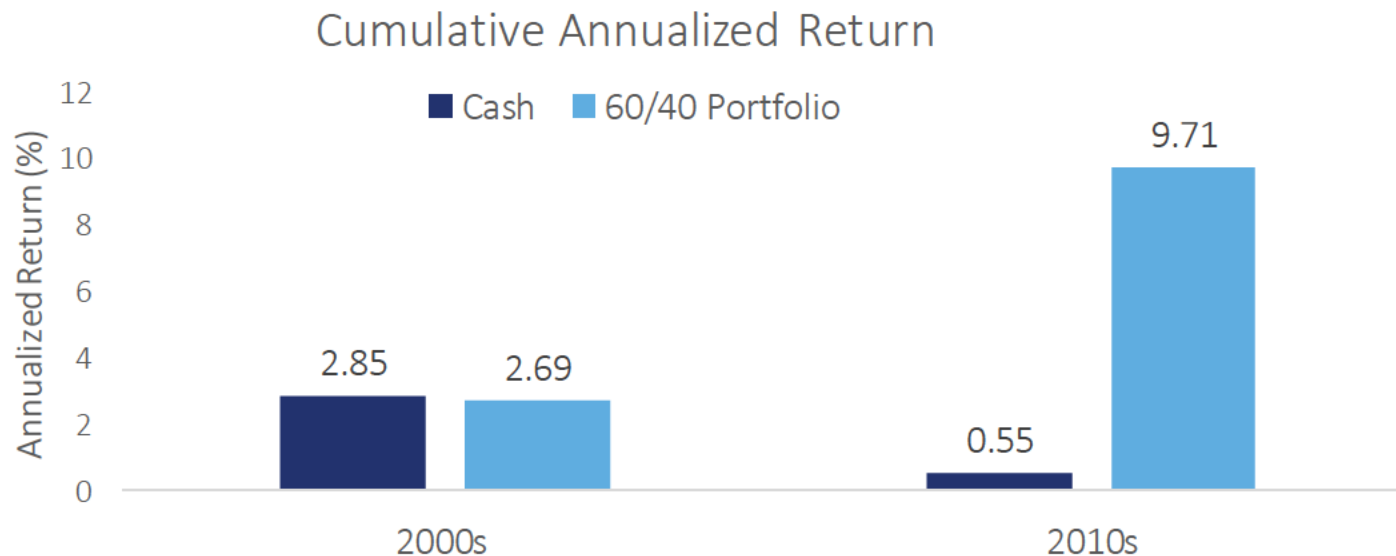
- The asset allocation decision is the most important decision an investor can make
 - Studies have shown that the asset allocation decision drives 90% of the return variability among portfolios
- While the 2008 Global Financial Crisis was an unfortunate reminder of the importance of risk balance and diversification, the ten years following 2008 marked one of the least volatile periods in history
 - Portfolios continue to grow reliant on U.S. Equity as the broad U.S. Equity market returned nearly 15% per year
 - Following this run of the U.S. Equity market, investors must remain focused on the long-term and recall the importance of diversification and risk-balance during a market sell-off
- As a means of improving diversification and efficiency, some institutional investors have considered utilizing leverage in the asset allocation process
 - Leverage can be employed to provide better risk balance by focusing greater assets on lower risk, higher Sharpe Ratio asset classes, and away from equity risk

Considering Leverage

- Considering allowing leverage in the asset allocation process can improve the efficient frontier and risk balance of a portfolio
 - Allowing leverage means allowing your total fund policy to add to a percentage greater than 100% -- i.e. 105%, 110%, 120%
 - Leverage does not necessarily mean more risk!
- What is leverage? Two types...
 - Accounting leverage – where “total assets” are greater than “net assets” through the use of capital borrowing
 - Example of accounting leverage is a home mortgage
 - Economic leverage – additional market exposure is gained synthetically through the derivative market (notional exposure) rather than borrowing capital
 - Example of economic leverage is the use of equity index futures
 - With \$1 an investor can gain \$20 of market exposure
- Consider economic leverage for the purposes of this analysis

Traditional 60/40 Portfolio

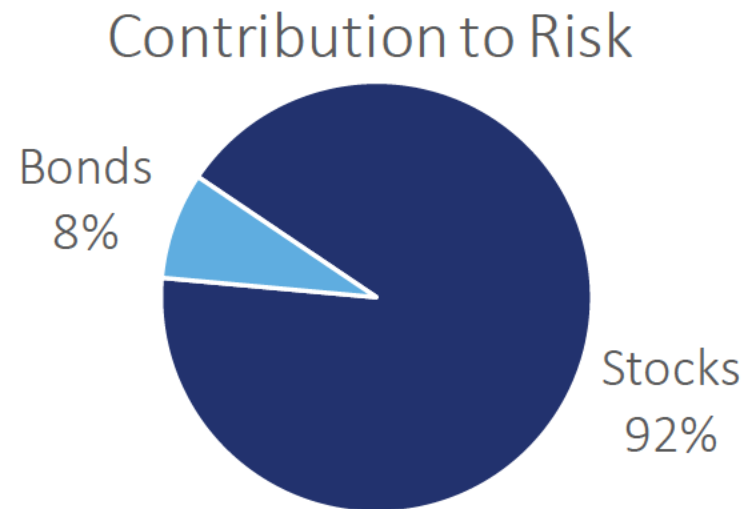
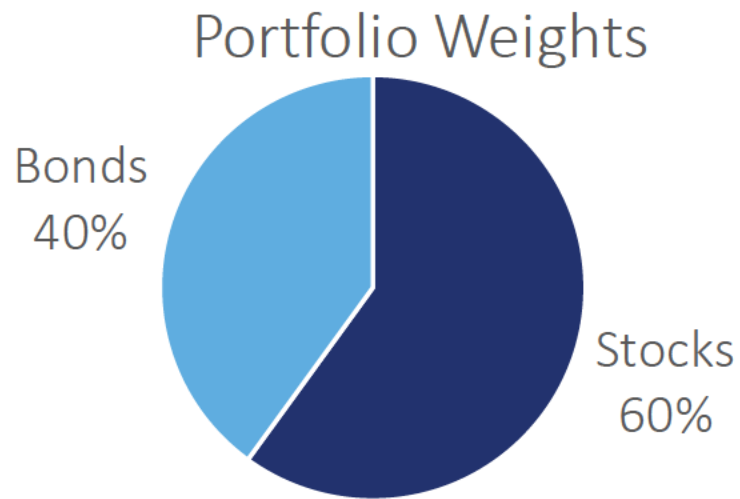
- Historically, a portfolio of 60% equity and 40% fixed income has been used as the baseline for “appropriate diversification”
 - Recent performance of a 60/40 Portfolio has been very strong – returning almost 10% during the 2010s.* As of June 30, 2021, the 10-year annualized return of a 60/40 portfolio was 10.36% versus 0.58% for cash.
 - In the previous decade, a 60/40 Portfolio underperformed cash
 - But how and why?



* 2000s represent the period from December 1999-December 2009.. The 2010s represent the period from December 2009-December 2019.

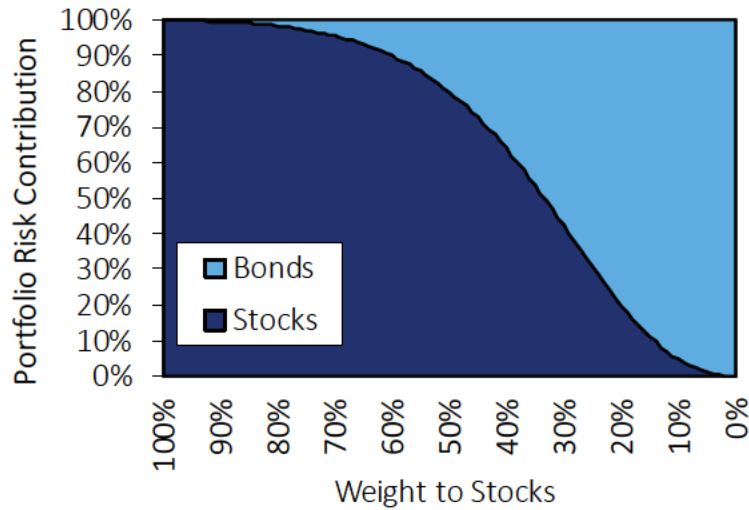
Traditional 60/40 Portfolio

- From a risk contribution perspective, a 60/40 Portfolio is less diversified than the weights suggest

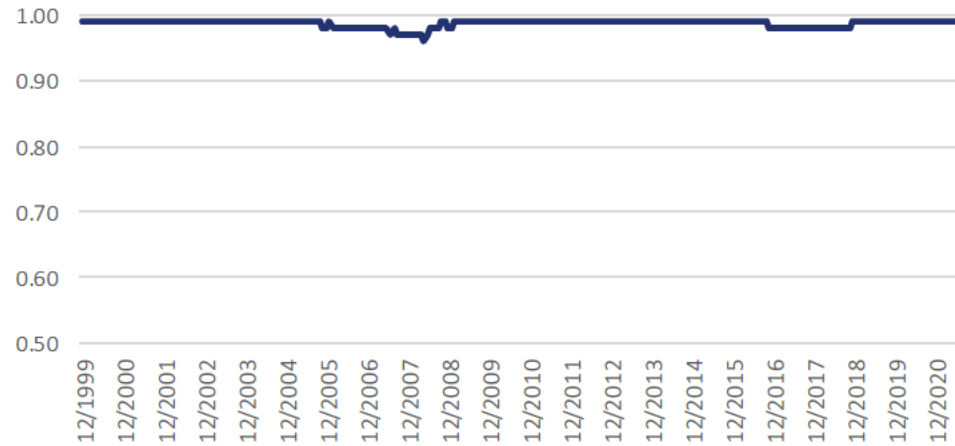


Traditional 60/40 Portfolio

- Riskier assets contribute to risk more than their asset weight
- 60/40 Portfolio correlation to U.S. Equity market is nearly perfectly correlated – avg. 0.99



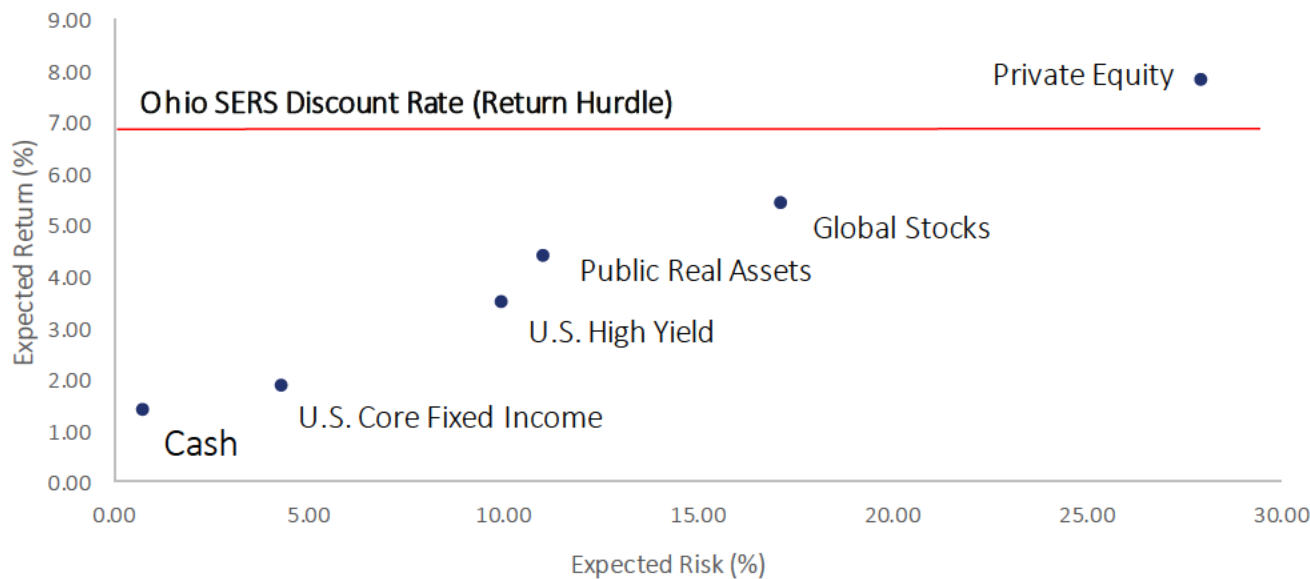
5-Year Rolling Absolute Correlation
60/40 Portfolio vs. Wilshire 5000 Index



Investor Need for Return

- Institutional investors target annualized returns in the mid-to-high single digits
 - Wilshire’s 2021 Report on State Retirement Systems: Funding Levels and Asset Allocation, found the median discount rate for State Retirement Systems to be 7.10% with a range of 2.87% to 7.75%*
 - Ohio SERS utilizes a discount rate of 7.00%
- In today’s environment, very few asset classes can accommodate those targets
 - Portfolios become less diversified and more dominated by equity investments

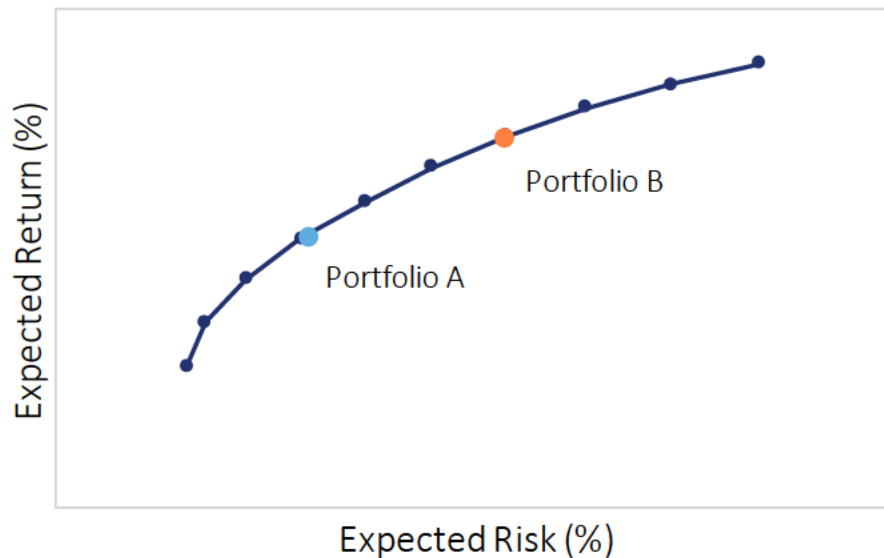
10-Year Expected Return & Risk
 Wilshire's Capital Market Assumptions: June 2021



* Includes 106 State Retirement Systems

Reaching for Return

- Portfolio diversification is often overlooked in order to achieve higher return targets
 - Portfolio A is well balanced – in allocation and risk contribution – but expected return is a modest 3.2%
 - Portfolio B has a 1% higher expected return, but...
 - Over half of the portfolio is in equity and 94% of the risk comes from equity

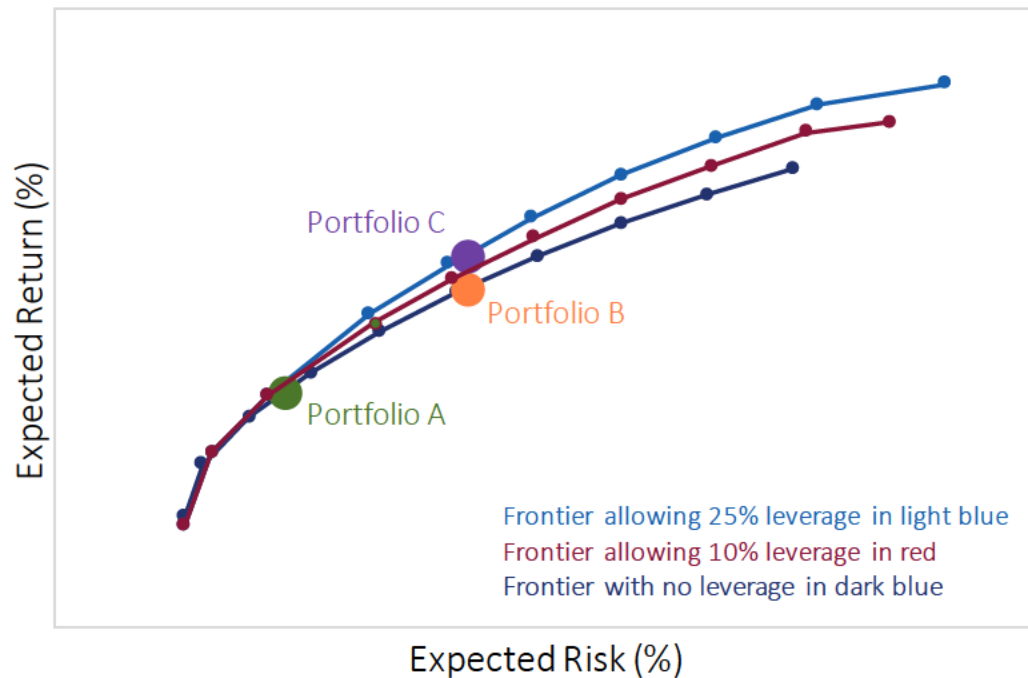


	Portfolio A (%)	
	Weight	Ctrb to Risk
Global Equity	30.0	73.0
U.S. Core Fixed Income	65.0	26.0
Cash	5.0	1.0
Total Assets	100.0	100.0

	Portfolio B (%)	
	Weight	Ctrb to Risk
Global Equity	57.0	94.0
U.S. Core Fixed Income	43.0	7.0
Cash	0.0	0.0
Total Assets	100.0	100.0

Improving the Frontier

- Leverage improves the efficient frontier where each step up in return sacrifices less diversification
 - Portfolios C has similar expected risk as Portfolio B, but higher expected return



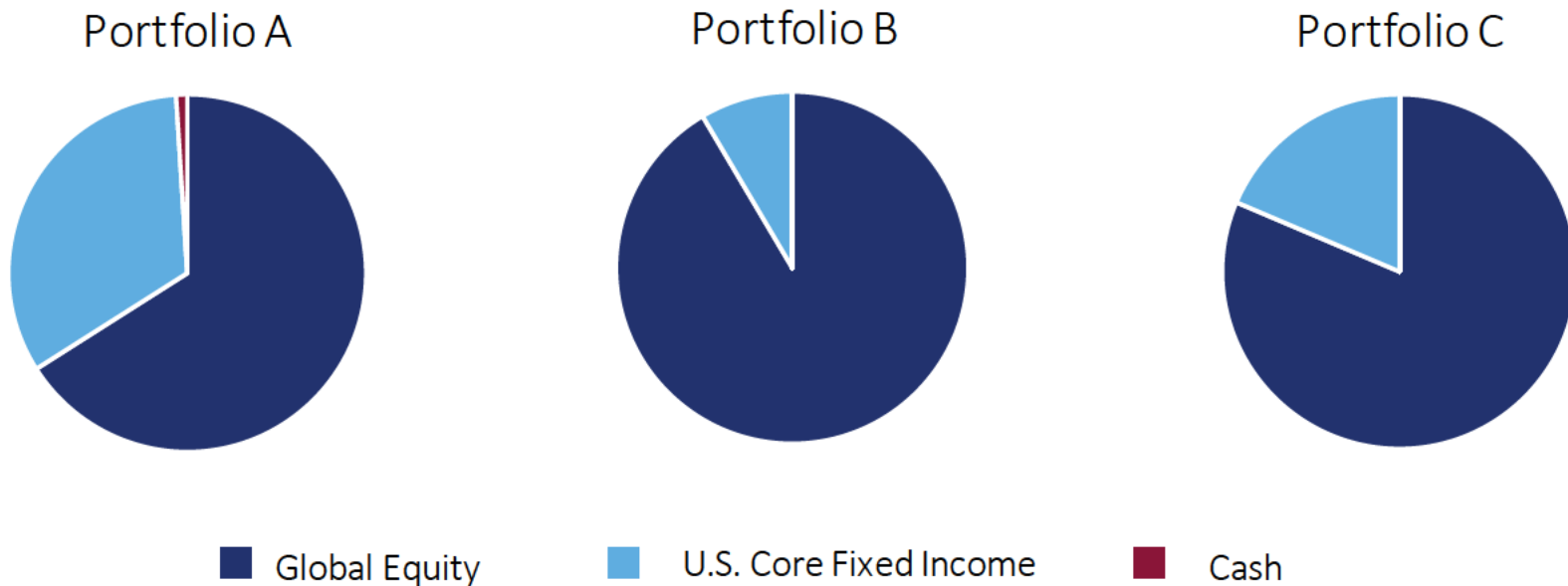
	Portfolio A (%)	
	Weight	Ctrb to Risk
Global Equity	30.0	73.0
U.S. Core Fixed Income	65.0	26.0
Cash	5.0	1.0
Total Assets	100.0	100.0

	Portfolio B (%)	
	Weight	Ctrb to Risk
Global Equity	57.0	93.0
U.S. Core Fixed Income	43.0	7.0
Cash	0.0	0.0
Total Assets	100.0	100.0

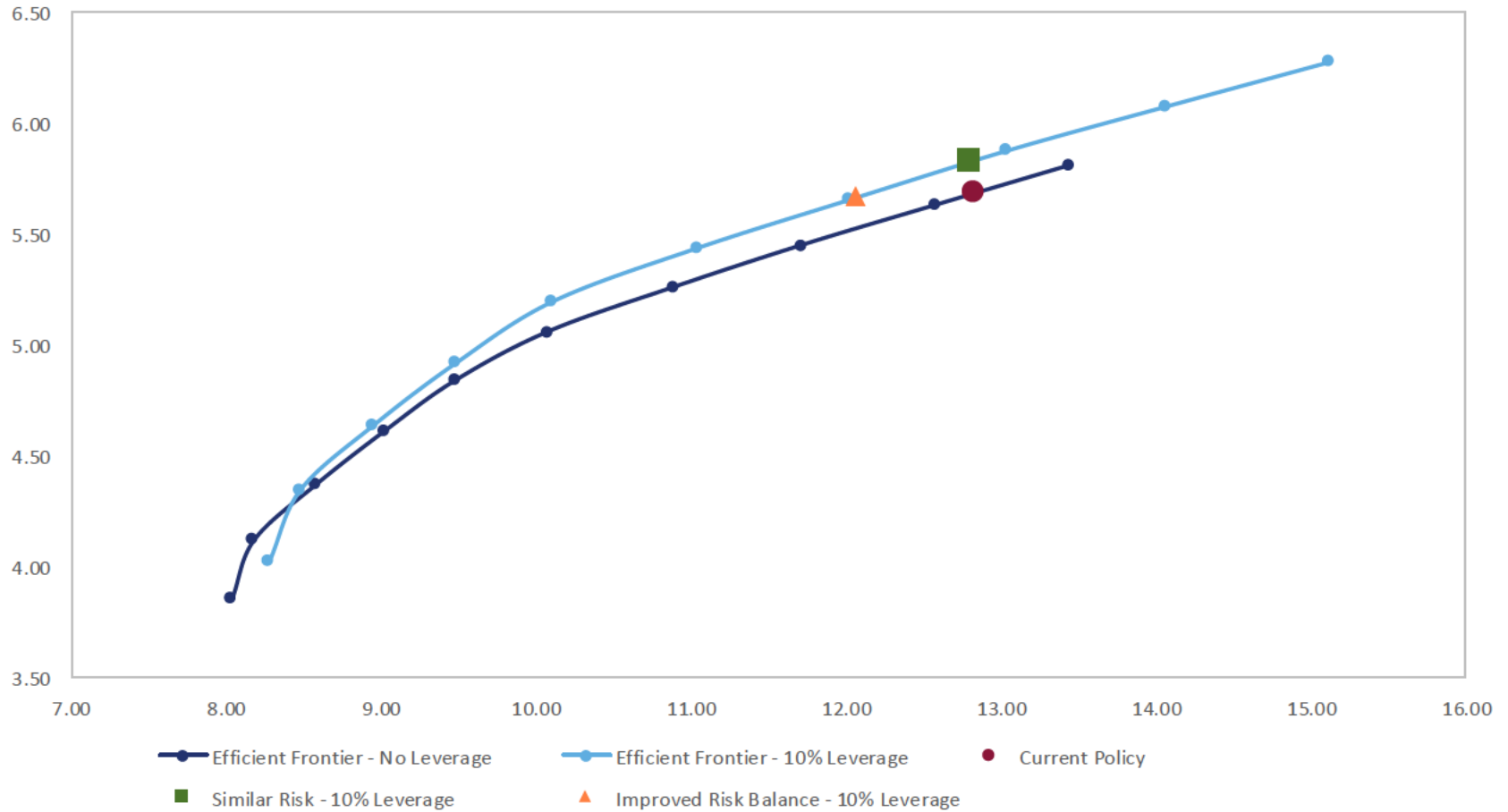
	Portfolio C (%)	
	Weight	Ctrb to Risk
Global Equity	53.0	81.4
U.S. Core Fixed Income	72.0	18.6
Cash	0.0	0.0
Leverage	25.0	-
Total Assets	125.0	100.0

Improving Risk Balance

- From a contribution to risk perspective, Portfolio C provides greater risk balance than Portfolio B
 - more similar to the risk allocation of Portfolio A
 - However, Portfolio C has an expected return that is 1.3% greater than that of Portfolio A



Efficient Frontier Analysis



Using Wilshire's June 2021 Capital Markets Assumptions

Illustrative Example Policies

In Percent (%)	Current Policy	Similar Risk	Improved Risk Balance
U.S. Equity	24.75	24.50	21.50
Developed Non-U.S. Equity	13.50	13.00	11.50
Emerging Markets Equity	6.75	6.50	6.00
Private Equity	12.00	12.00	12.00
Total Growth Assets	57.00	56.00	51.00
Global Private Credit	5.00	5.00	5.00
Total Defensive-Growth Assets	5.00	5.00	5.00
Global Fixed Income	19.00	30.00	35.00
Cash	2.00	2.00	2.00
Total Defensive Assets	21.00	32.00	37.00
Global Real Assets	17.00	17.00	17.00
Total Inflation-Sensitive Assets	17.00	17.00	17.00
Total Assets	100.00	110.00	110.00
10-Year Expected Return (%)	5.68	5.83	5.67
Expected Risk (%)	12.83	12.81	12.07
Sharpe Ratio	0.33	0.35	0.35
ECONOMIC FACTOR EXPOSURE			
Growth	6.12	5.95	5.51
Inflation	-0.99	-1.26	-1.32
LIQUIDITY METRIC			
Market Liquidity (Normal)	69.8	79.4	79.4
Overall Liquidity (Stressed)	20.2	26.6	30.9
CONTRIBUTION TO ASSET VOLATILITY			
Growth	80.7	79.3	77.1
Defensive-Growth	2.5	2.5	2.6
Defensive	1.9	3.4	4.5
Inflation-Sensitive	14.9	14.9	15.9

Using Wilshire's June 2021 Capital Markets Assumptions

Summary of 10% Leverage at Total Fund level

- Potential to increase expected return without increasing volatility
 - Similar Risk Policy increases expected return by 15 bps at a similar level of risk
- Potential to improve portfolio risk balance
 - Drivers of risk (i.e. risk contribution)
 - Reduced reliance on a positive growth economic environment

Considerations

- Considerations and risks to using leverage
 - Some form of derivative is necessary – investors typically pay LIBOR plus a spread, which can vary over time
 - Derivatives involve margin and collateral, sometimes requiring the investor to meet margin calls
 - Cost and liquidity need to be carefully considered when deciding which markets to utilize leverage
 - Asset class where leverage is utilized may not be where the derivatives are used
 - Strategy could use S&P 500 futures to gain exposure to the U.S. Equity market and use remaining cash to purchase physical fixed income securities

Implementation

- Several implementation methods include
 - Turnkey products
 - Beta overlay strategies
 - Leverage within mandates

Important Information

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Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: August 31, 2021

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: October 2021



Investment Agenda

- Annual Portfolio Review – Private Equity
- Investment Report (August 31, 2021)



Economic and Financial Market Outlook

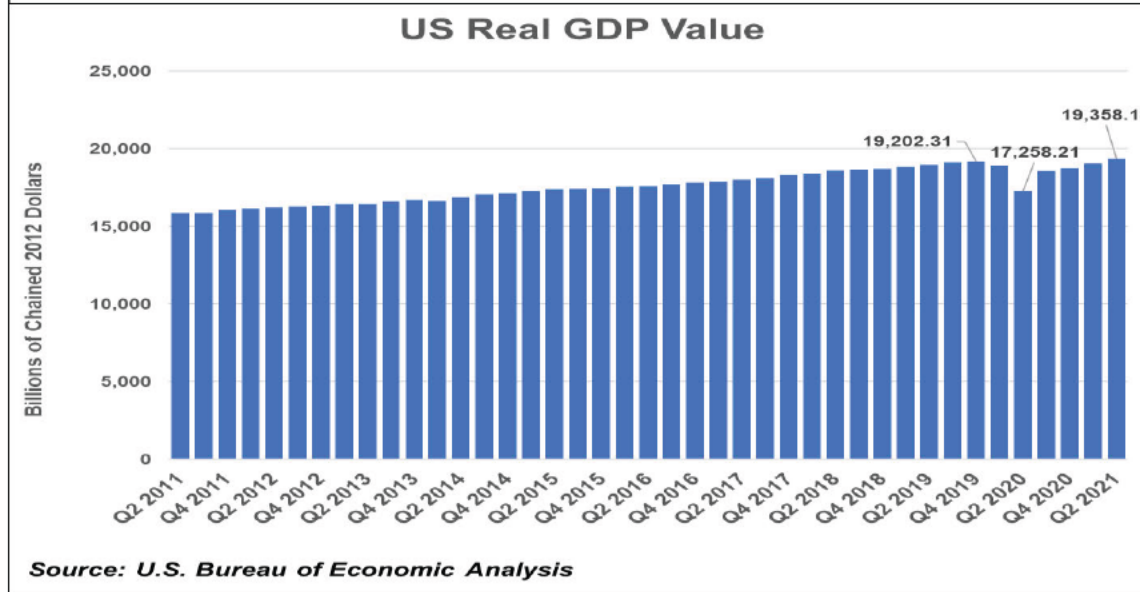
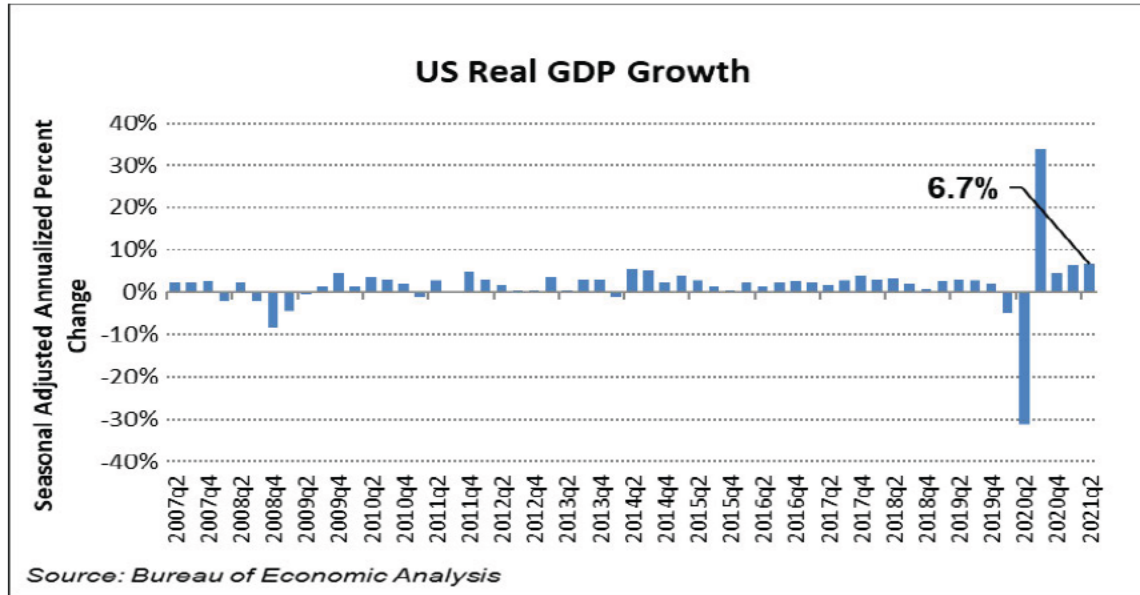
- US economy continued its solid recovery. The Q2 growth rate slightly accelerated to 6.7% from 6.3% in Q1; however, Blue Chip Consensus forecasted a softer growth in Q3, at 4.9% due to supply constraint concerns. *(Source: Bureau of Economic Analysis and BlueChip Economic Indicators)*
- US labor market continued its recovery adding 250,000 jobs in August. The unemployment rate was down to 5.2%, the lowest level since the peak level of 14.7% in April 2020. *(Sources: Bureau of Labor Statistics and Department of Labor)*
- The US headline and core inflation declined slightly in August to 5.3% and 4.0%, respectively. The energy index increased 25% while the food index was up 3.7% for the last 12 months. Supply constraints, labor shortage, commodity price increase combined with demand surge are major contributors to the inflation hike. BlueChip Consensus projected the headline inflation to stay at 5.1% in Q3 and Q4. *(Source: Bureau of Labor Statistics and BlueChip Economic Indicators)*
- The 10-year Treasury nominal yield was 1.30% in August. The 10-year real yield remained in a deep negative level of (4.0%).
- The housing price continued to rise. In July, the S&P Case-Shiller 20-City home price index posted an annual return of 19.9%, the highest level over three decades as the housing demand continued to outpace the supply.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan declined materially to 70.3, the lowest level since January 2012. The US Economic Surprise index was down to (56.3). The Leading Economic Index (LEI) issued by the Conference Board continued its upward trend, reaching 117.1 in August.
- The US manufacturing PMI remained strong at 59.9 while the global reading declined to 52.6 in August. The economic recovery slowed down globally due to resurgence of the COVID-19 Delta variant; the recovery has also been uneven across the world. *(Source: Institute for Supply Management, Markit).*
- Equity markets were positive in August. The US and developed markets were up 2.85% and 1.98%, respectively, the emerging markets were also up 2.62%. The market valuation remained rich by major indicators, although retreated from the recent high.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 19 bps for August.

Notes: Acronym – PMI – Purchasing-Managers' Index



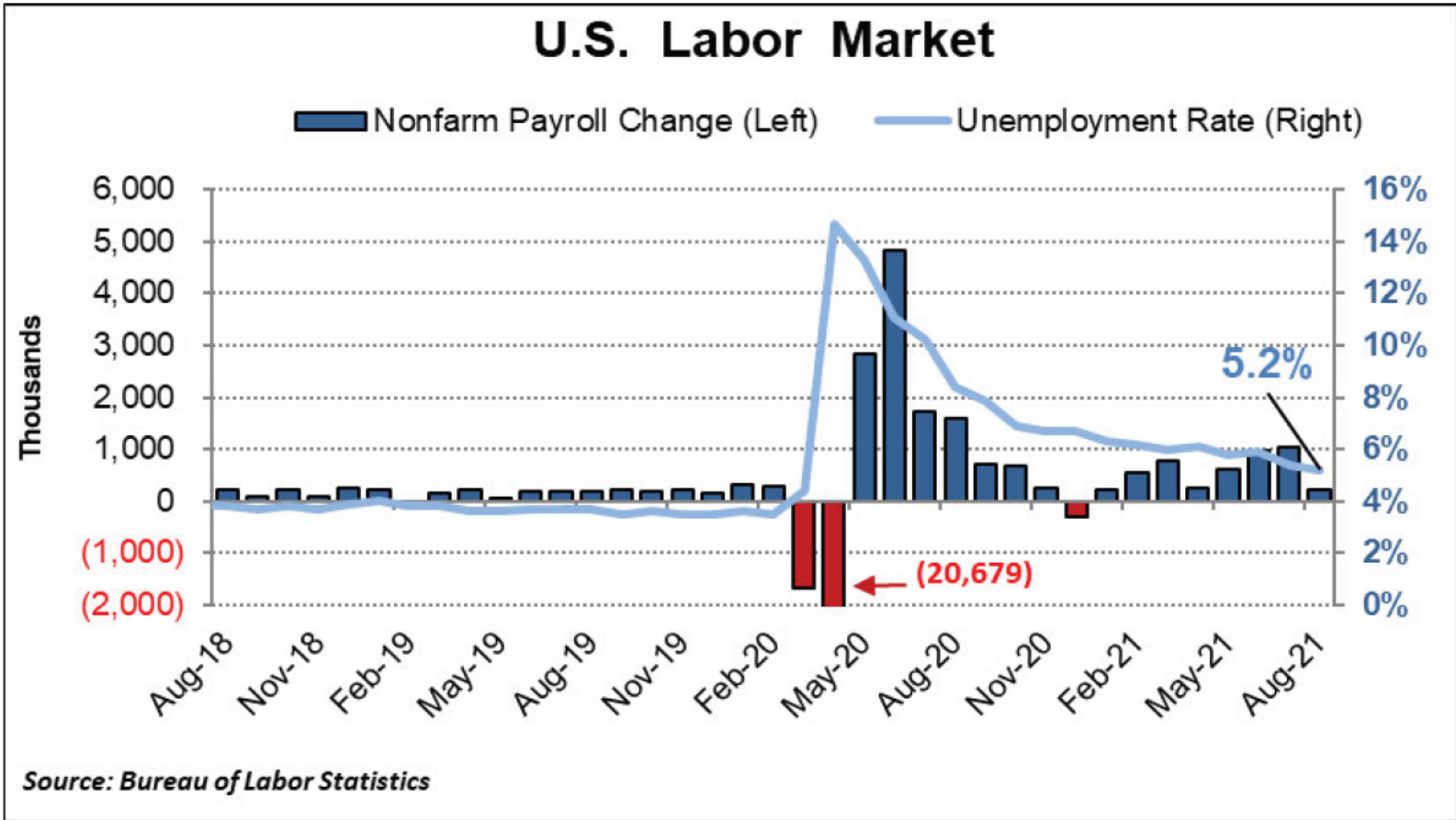
ECONOMY

US Real Gross Domestic Product





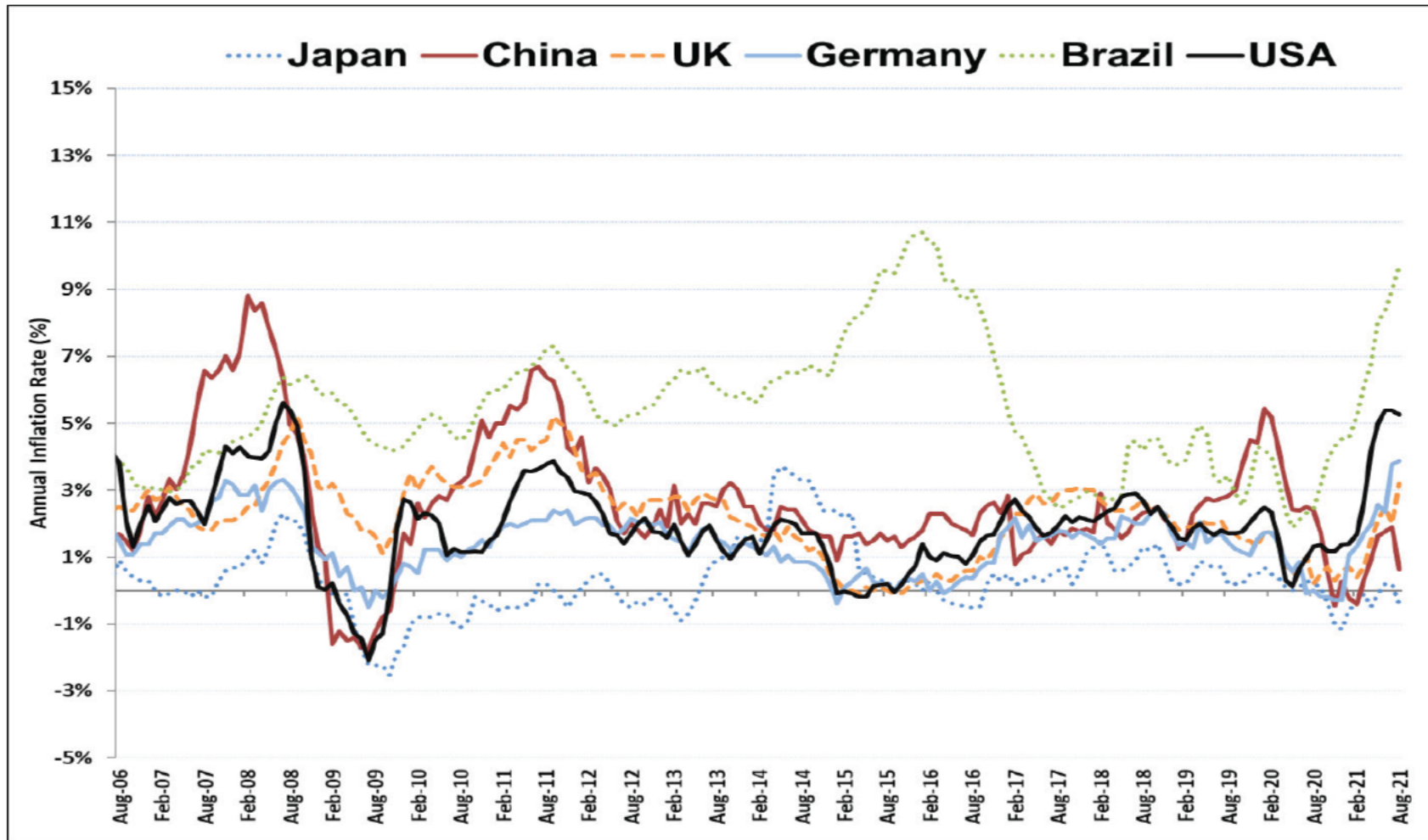
ECONOMY **US Labor Market**





ECONOMY

Headline Inflation



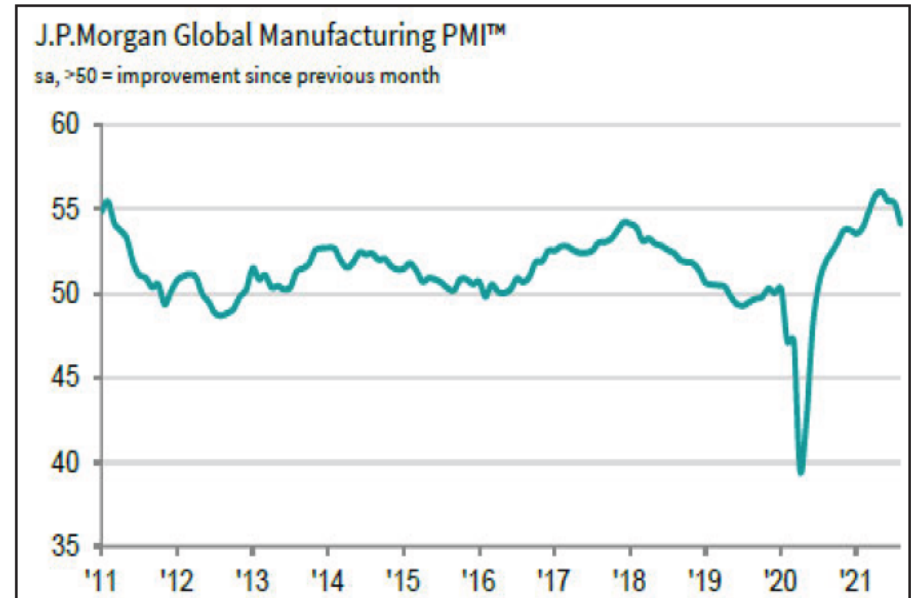
	Japan	China	UK	Germany	Brazil	USA
Aug-21	-0.4	0.6	3.2	3.9	9.7	5.3

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



ECONOMY

US & Global Manufacturing Activities

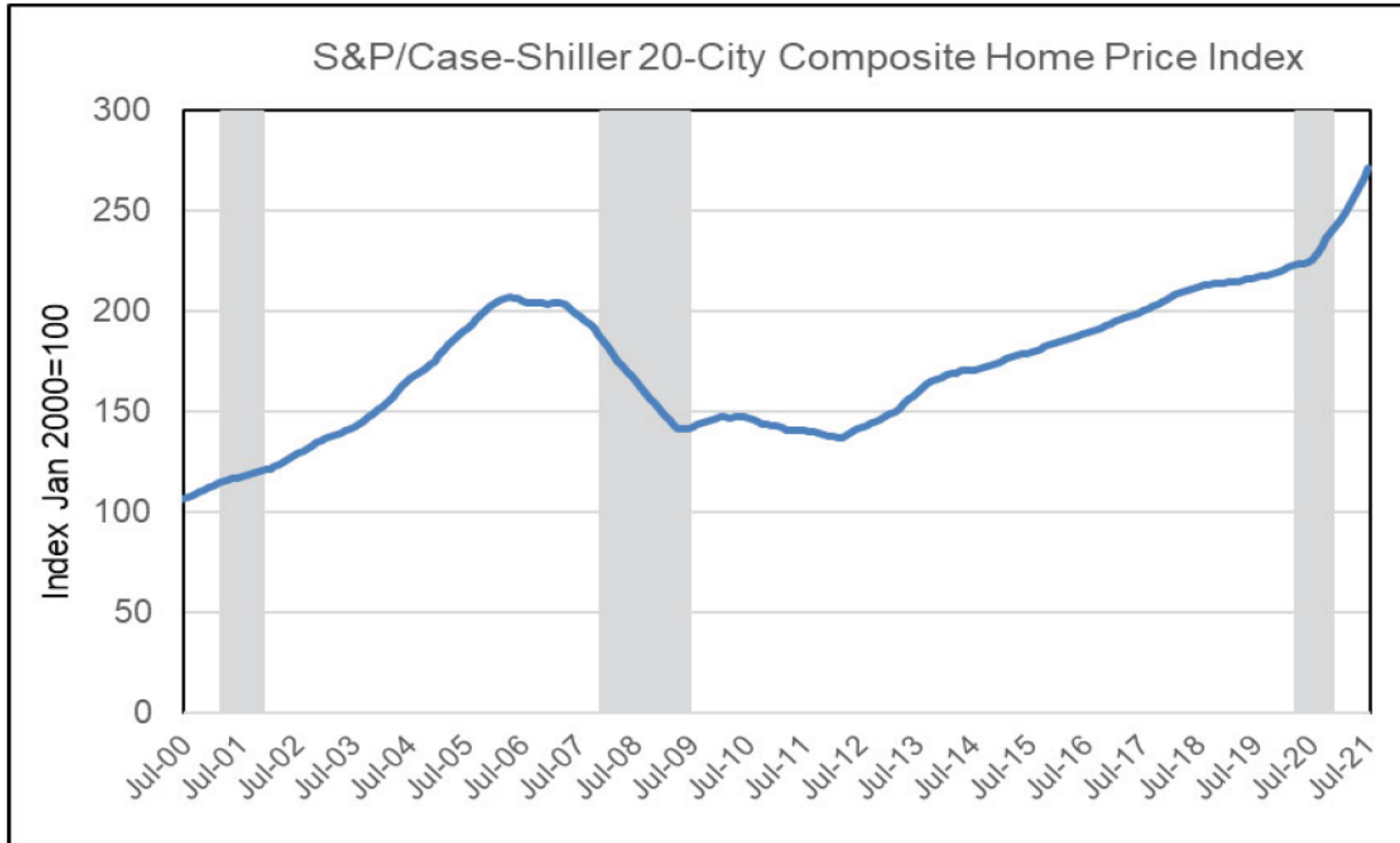


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY

US Housing Market



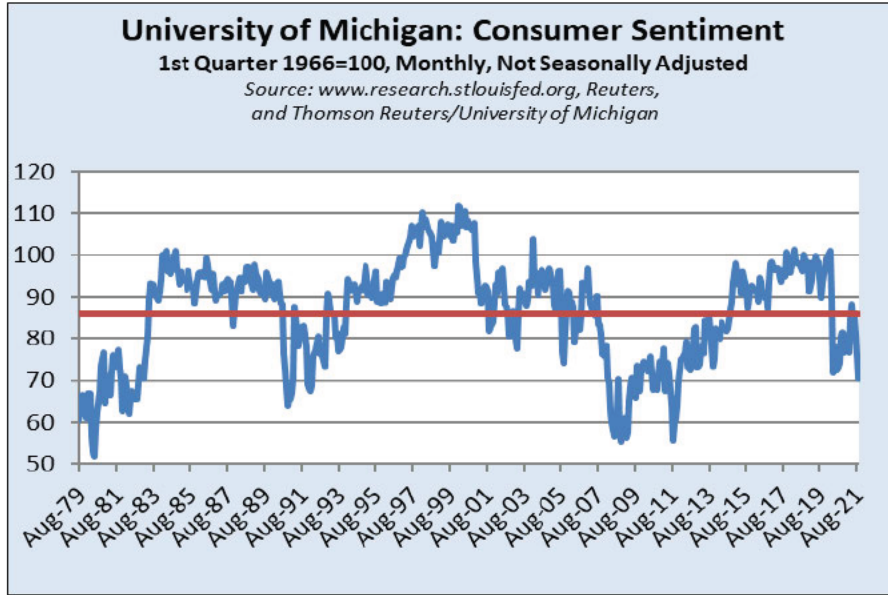
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-17	200.06
Jul-18	212.06
Jul-19	216.09
Jul-20	225.74
Jul-21	270.86

Source: www.research.stlouisfed.org



ECONOMY

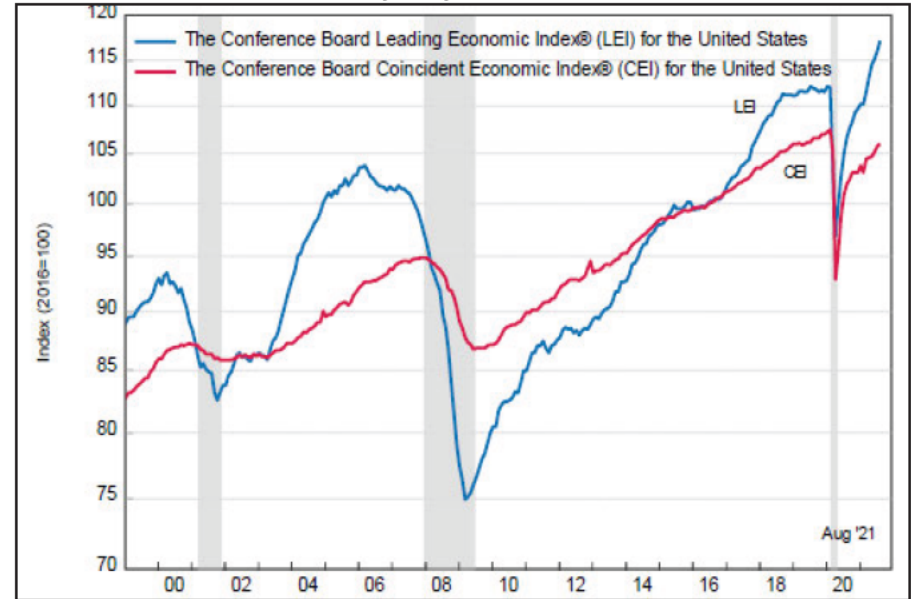
Consumer Sentiment



Index of Consumer Sentiment				
Jul-21	Aug-21	Aug-20	M-M Change	Y-Y Change
81.2	70.3	74.1	-13.4%	-5.1%

Sources: Thomson Reuters / University of Michigan

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



Shaded areas represent US recessions

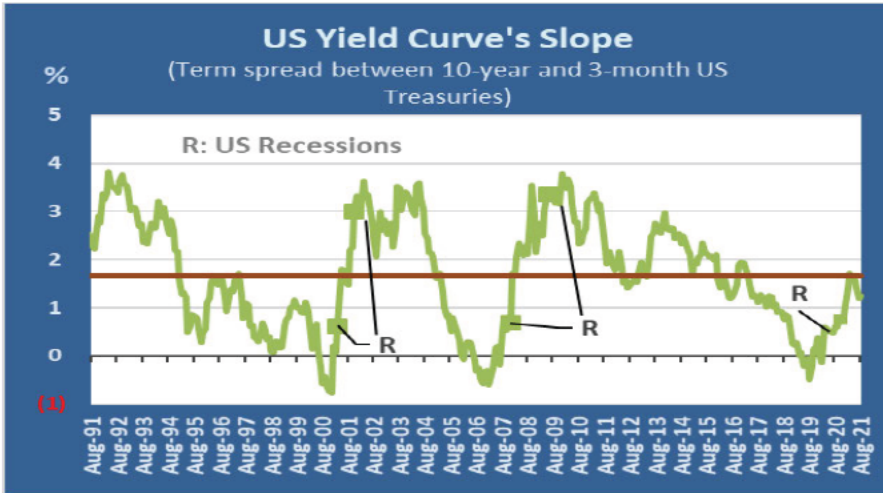
Index	Jun-21	Jul-21	Aug-21	Month -Month Percent Change	6-Month Percent Change (Feb-Aug)
LEI	115.1 r	116.0	117.1 p	0.9	6.4
CEI	105.1 r	105.7 r	105.9 p	0.2	2.8

p Preliminary; r Revised; Indexes equal 100 in 2016

Sources: The Conference Board and advisorperspectives.com



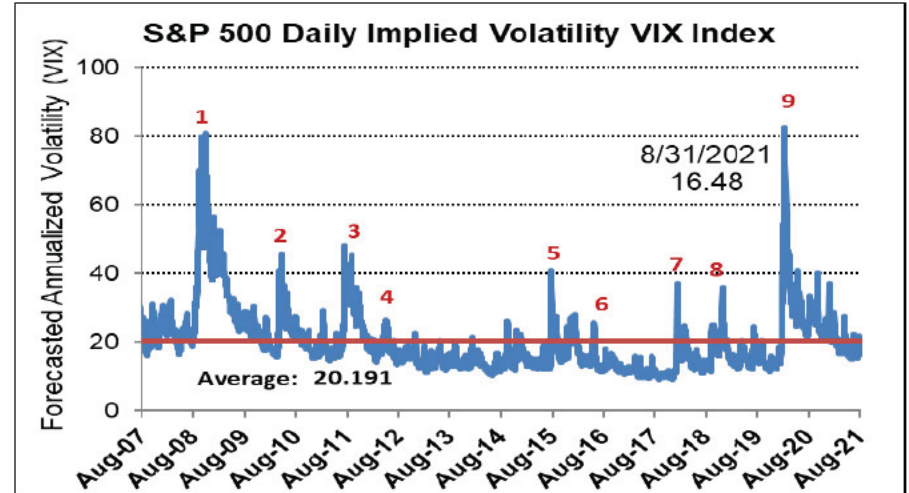
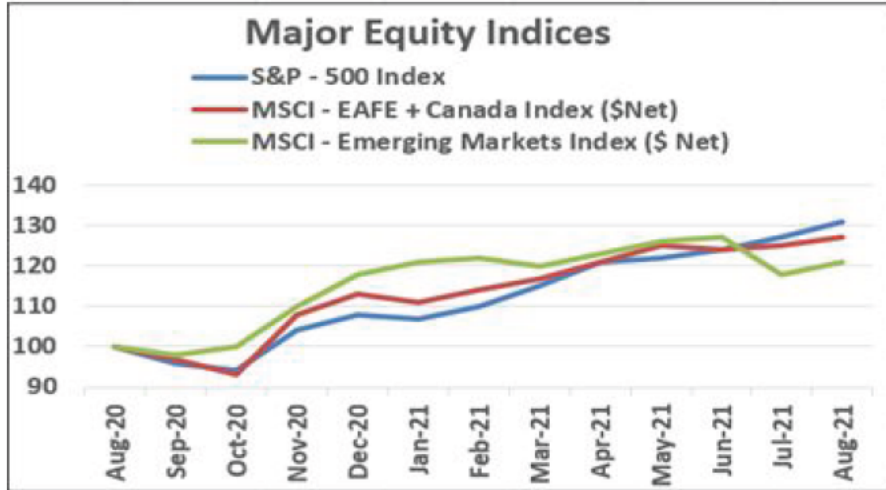
ECONOMY





MARKETS

Equity



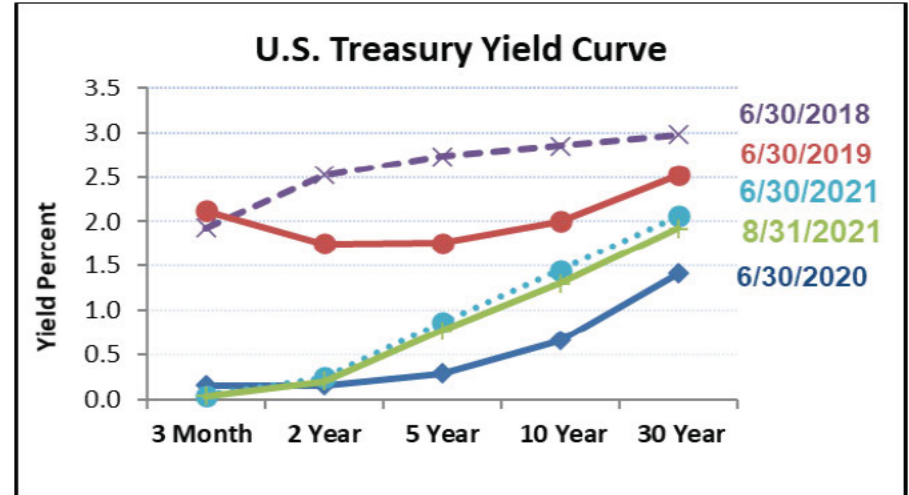
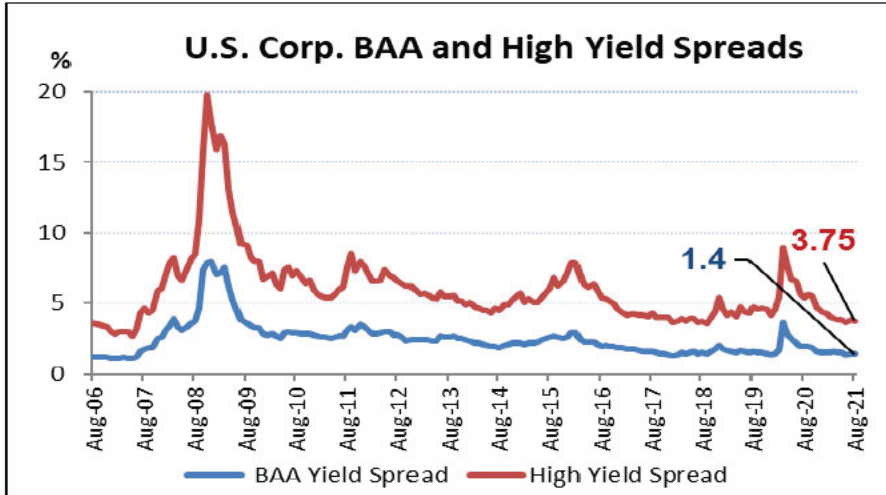
	Return as of 8/31/2021	
	1 Year	FYTD
S&P 500	31.17	5.49
MSCI - EAFE + Canada Index (\$Net)	26.57	2.28
MSCI - Emerging Markets Index (\$Net)	21.12	(4.29)

- 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%



MARKETS

Fixed Income

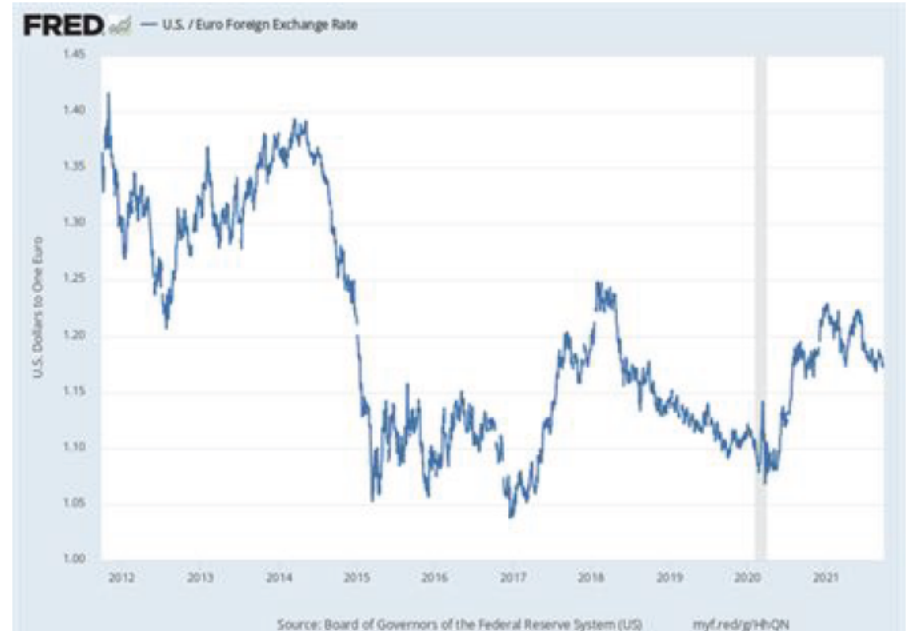
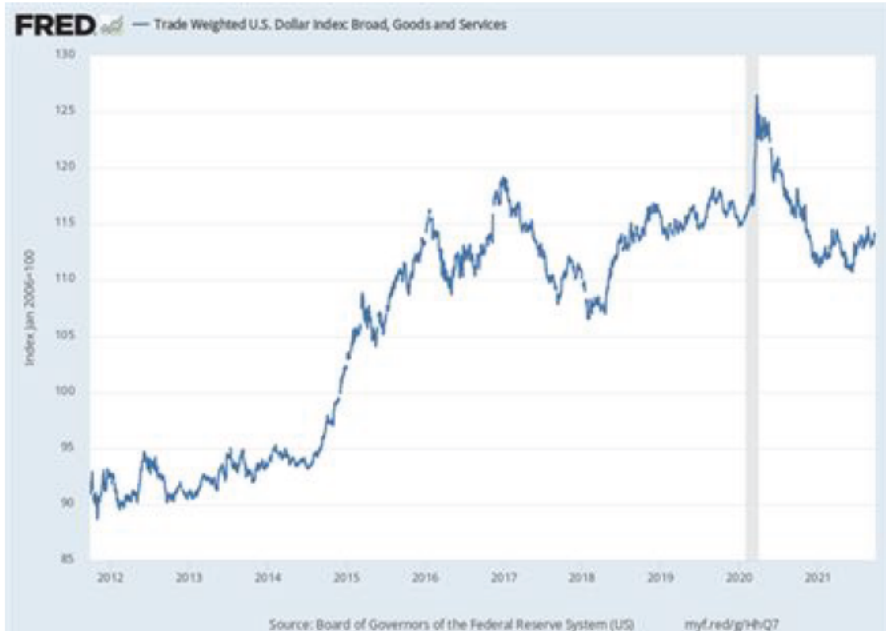


Sources: Wilshire Compass, ThomsonReuters, and Bloomberg



MARKETS

Foreign Exchange



Date	Trade Weighted Broad U.S. Dollar Index January 1997=100
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
June-21	112.85
August-21	113.42

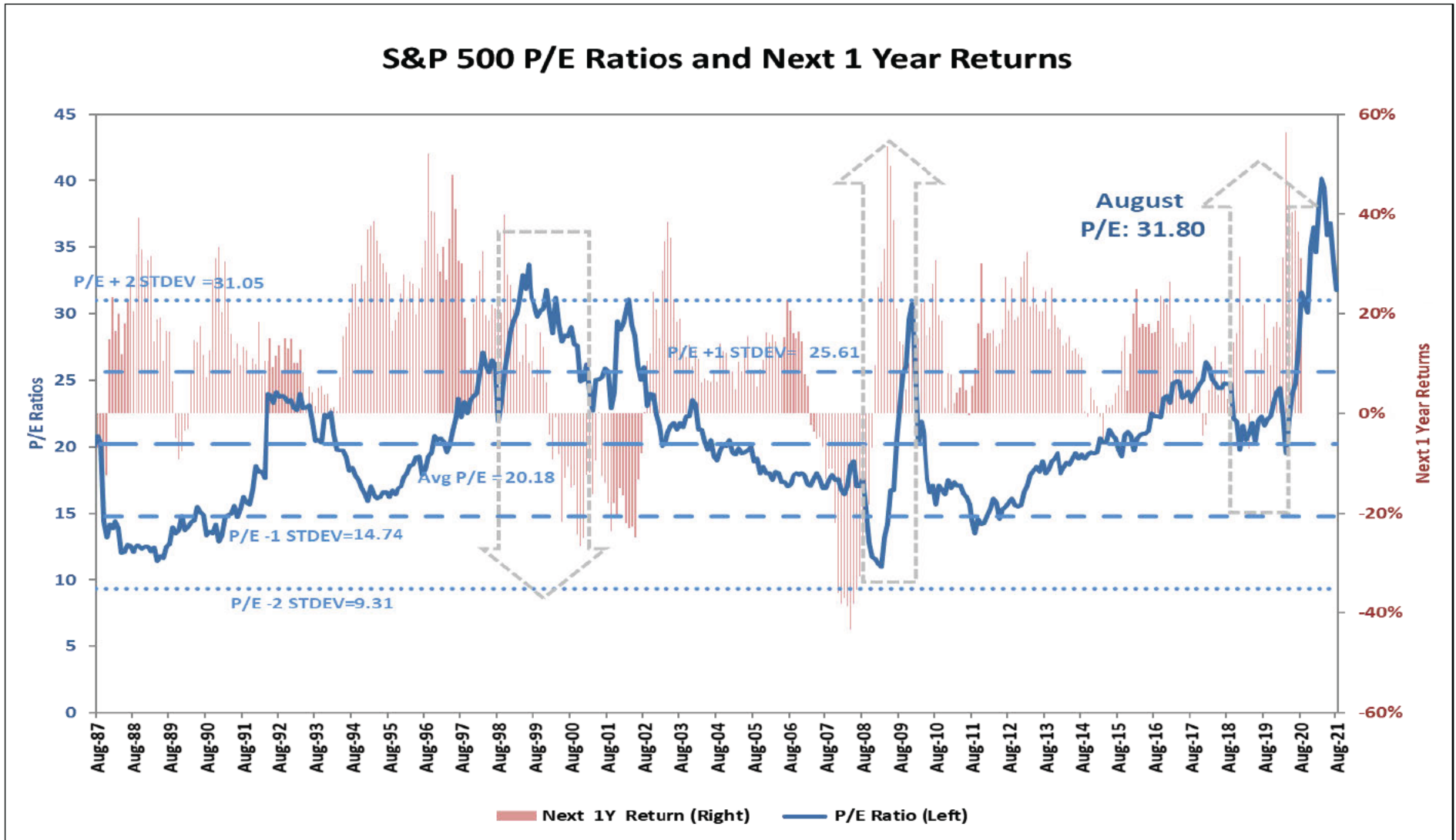
Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-17	1.14
June-18	1.17
June-19	1.14
June-20	1.12
June-21	1.18
August-21	1.18



VALUATION

US Equity

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

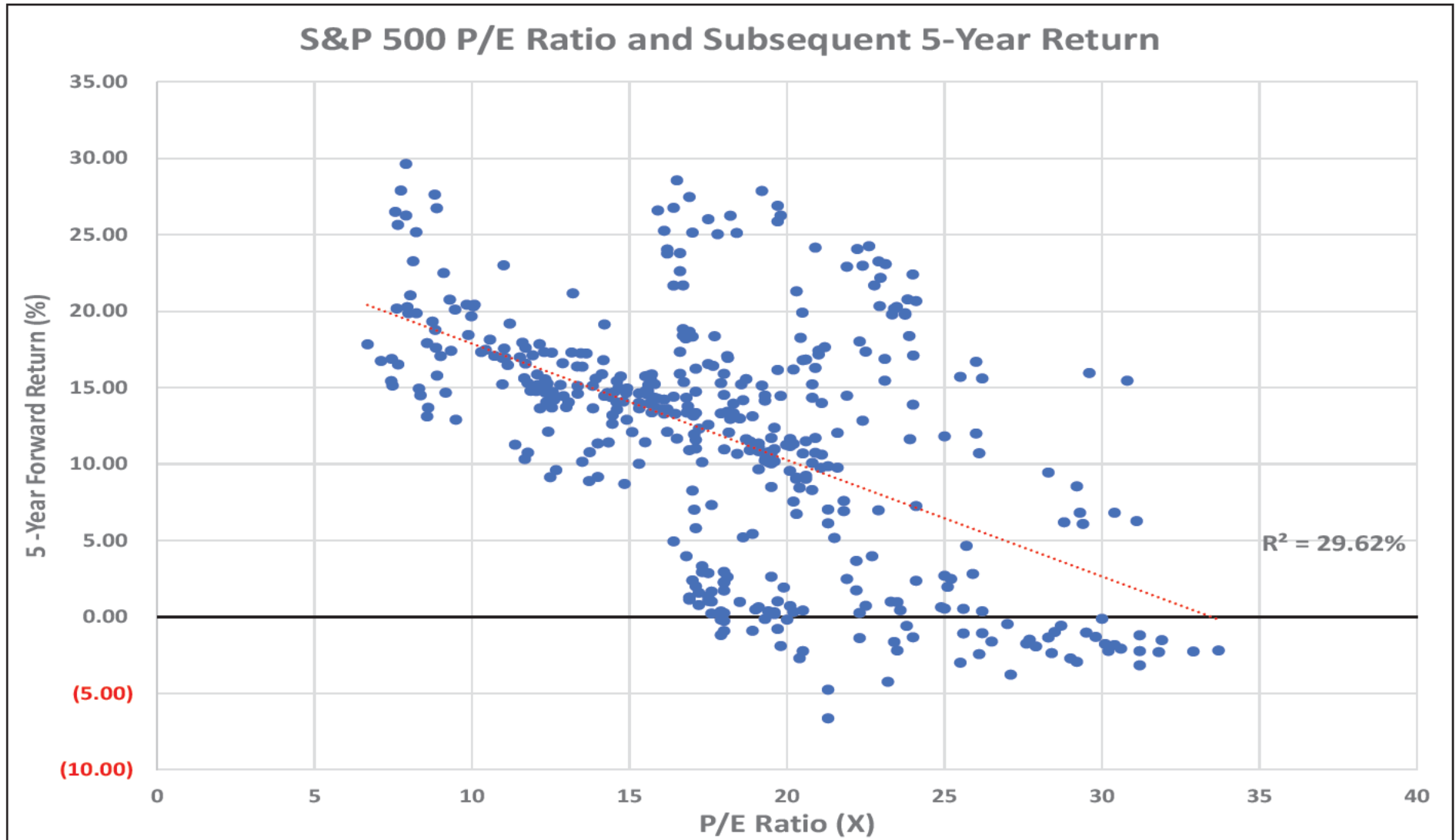


Source: Wilshire Compass



VALUATION

US Equity



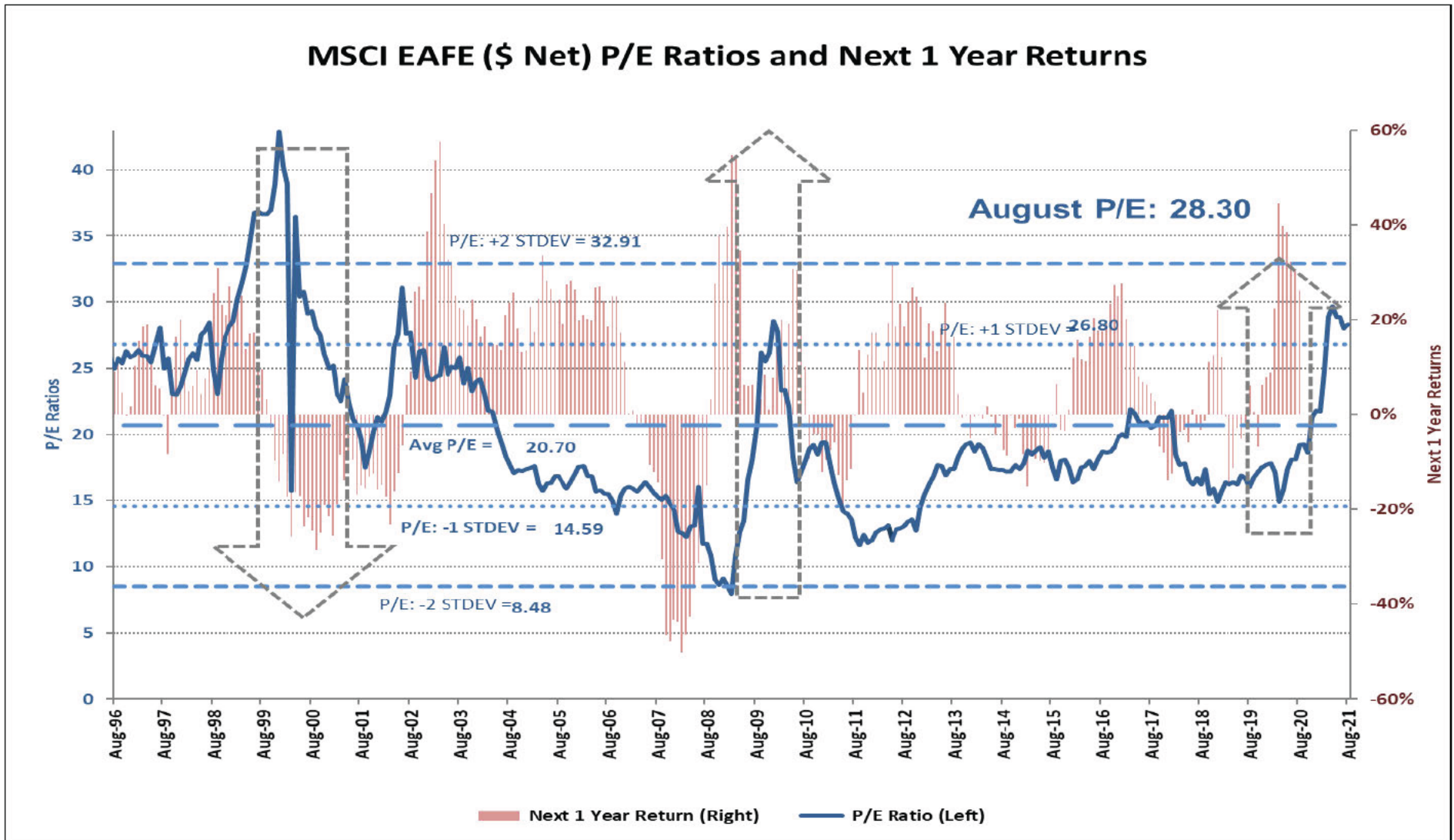
Source: Wilshire Compass



VALUATION

Non US Developed Market Equity

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

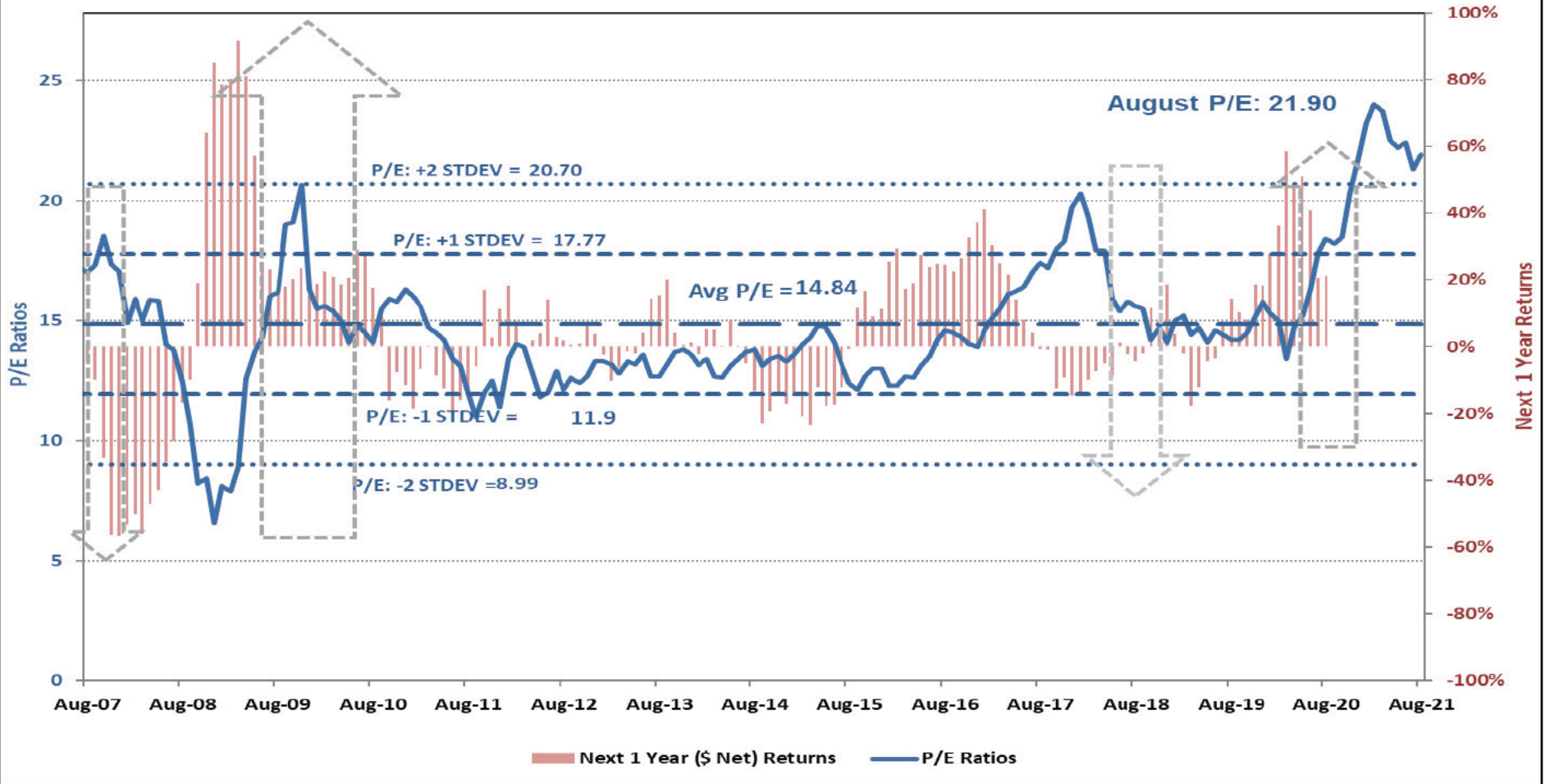


Source: Wilshire Compass



VALUATION Emerging Market Equity

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

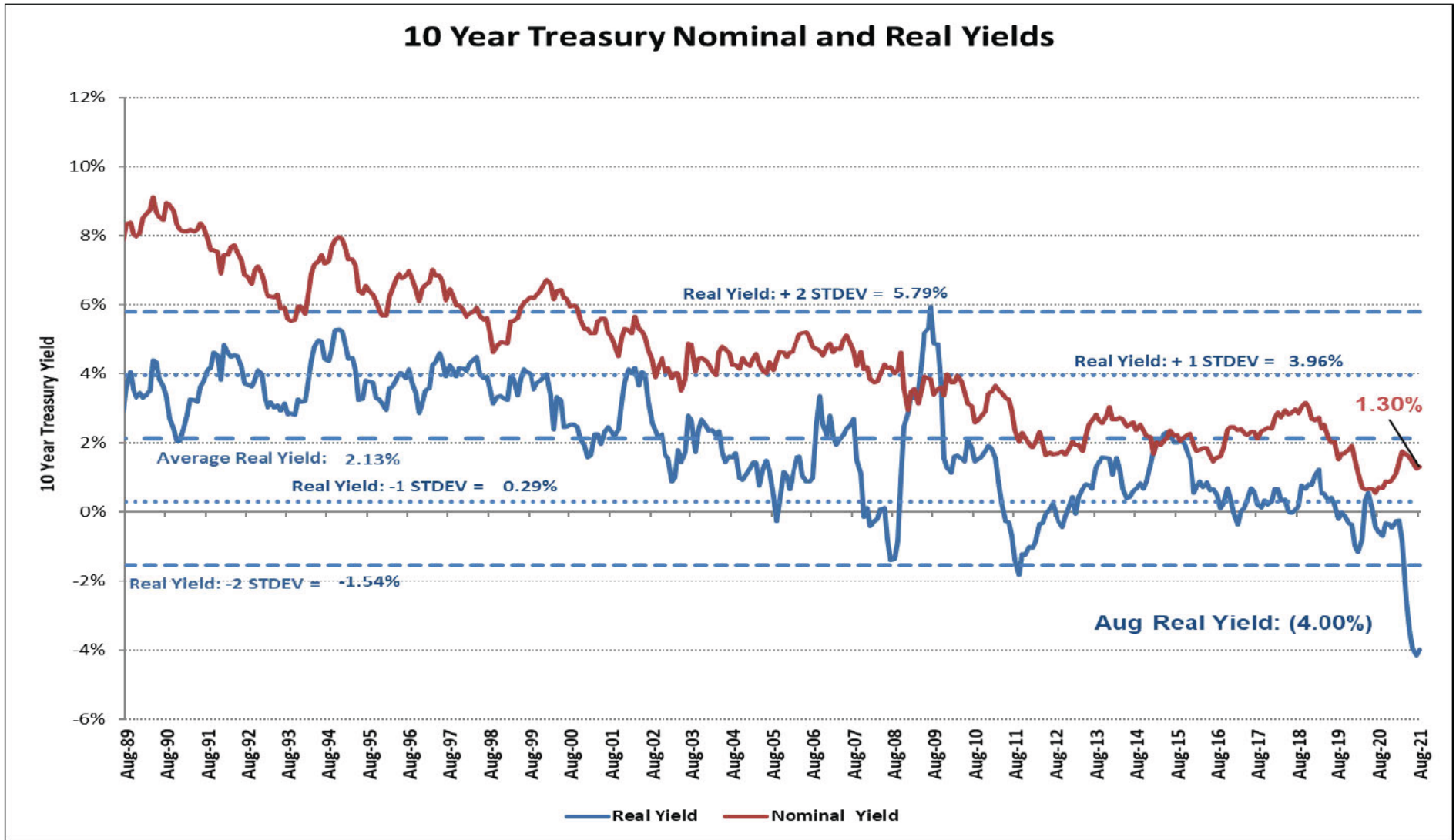


Source: Wilshire Compass



VALUATION **US Treasury Bonds**

10 Year Treasury Nominal and Real Yields



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



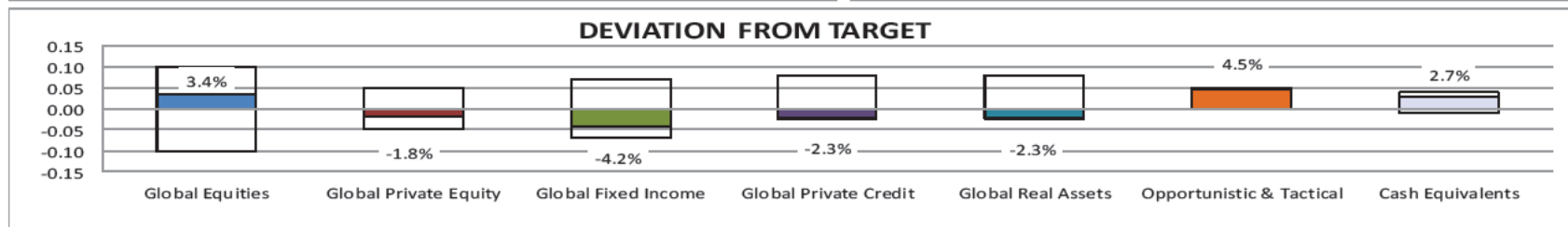
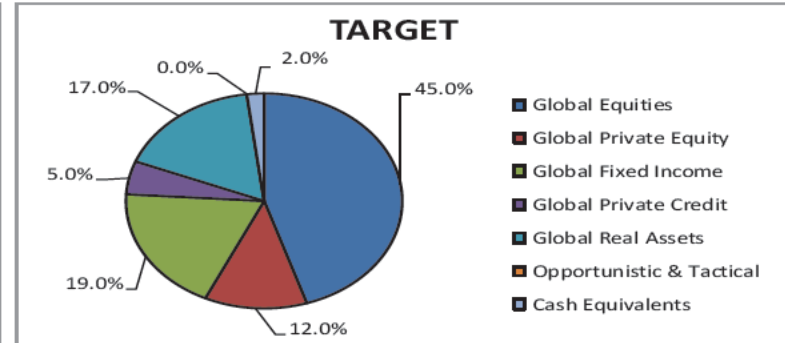
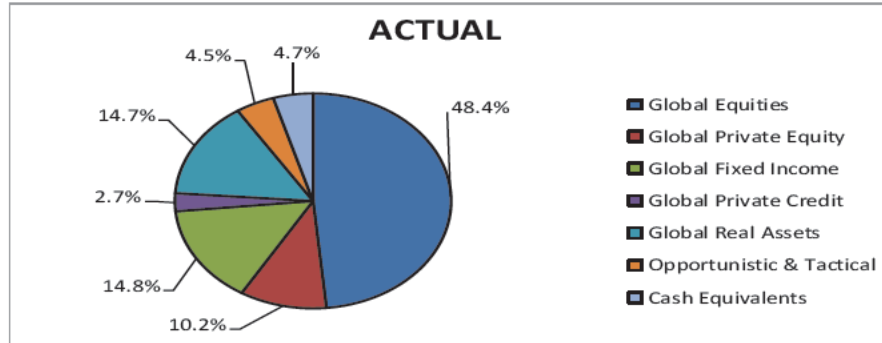
SERS' Investment Portfolios Review



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,705,558,592	48.4%	45.0%	35% - 55%
US Equity	4,806,142,119	26.7%	24.8%	19.25% - 30.25%
Non-US Equity Developed Market	2,959,332,974	16.5%	13.5%	10.50% - 16.50%
Non-US Equity Emerging Market	940,083,499	5.2%	6.8%	5.25% - 8.25%
Global Private Equity	1,833,131,825	10.2%	12.0%	8% - 16%
Global Fixed Income	2,662,036,631	14.8%	19.0%	12% - 26%
Global Private Credit	485,033,392	2.7%	5.0%	1% - 7%
Global Real Assets	2,635,181,515	14.7%	17.0%	14% - 20%
Opportunistic & Tactical	812,155,514	4.5%	0.0%	0% - 5%
Cash Equivalents	835,542,945	4.7%	2.0%	0% - 5%
Short-Term	803,567,414	4.5%	2.0%	
Russell EA Overlay	-1,529,539	0.0%	0.0%	
Aegis - Alpha Overlay	4,172,611	0.0%	0.0%	
Direct Rebalance Overlay	9,026,745	0.1%	0.0%	
Transition / Operational Account	6,758,619	0.0%	0.0%	
Currency Overlay	4,172,611	0.0%	0.0%	
Total Fund	17,968,640,414	100.0%	100.0%	

Source: BNY Mellon GRS

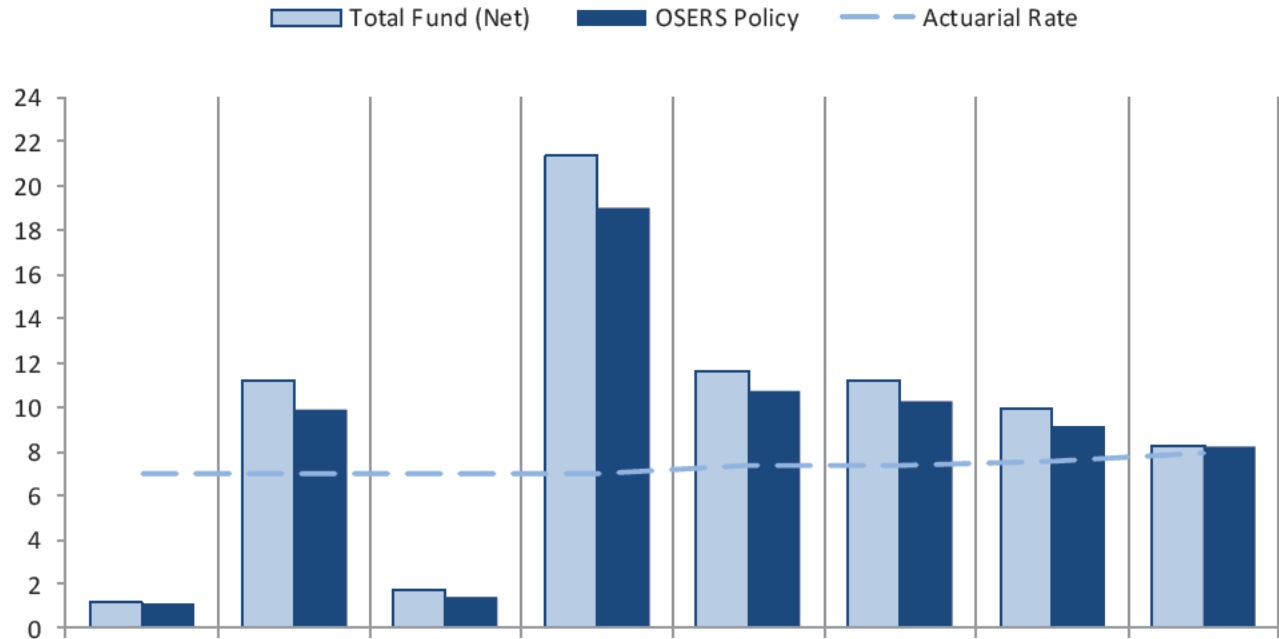




Total Fund Performance

Current Benchmark:

- 24.75% Russell 3000
- 13.50% MSCI World Ex US Index
(net dividends)
- 6.75% MSCI Emerging Markets Index
(net dividends)
- 12.00% Burgiss All Private Equity
benchmark (1q lag) (BAPE)
- 19.00% Bloomberg Aggregate Bond
- 17.00% NCREIF Property (1q lag)
- 5.00% LIBOR + 4.5%
- 2.00% Citigroup 30 Day US T-Bill



Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

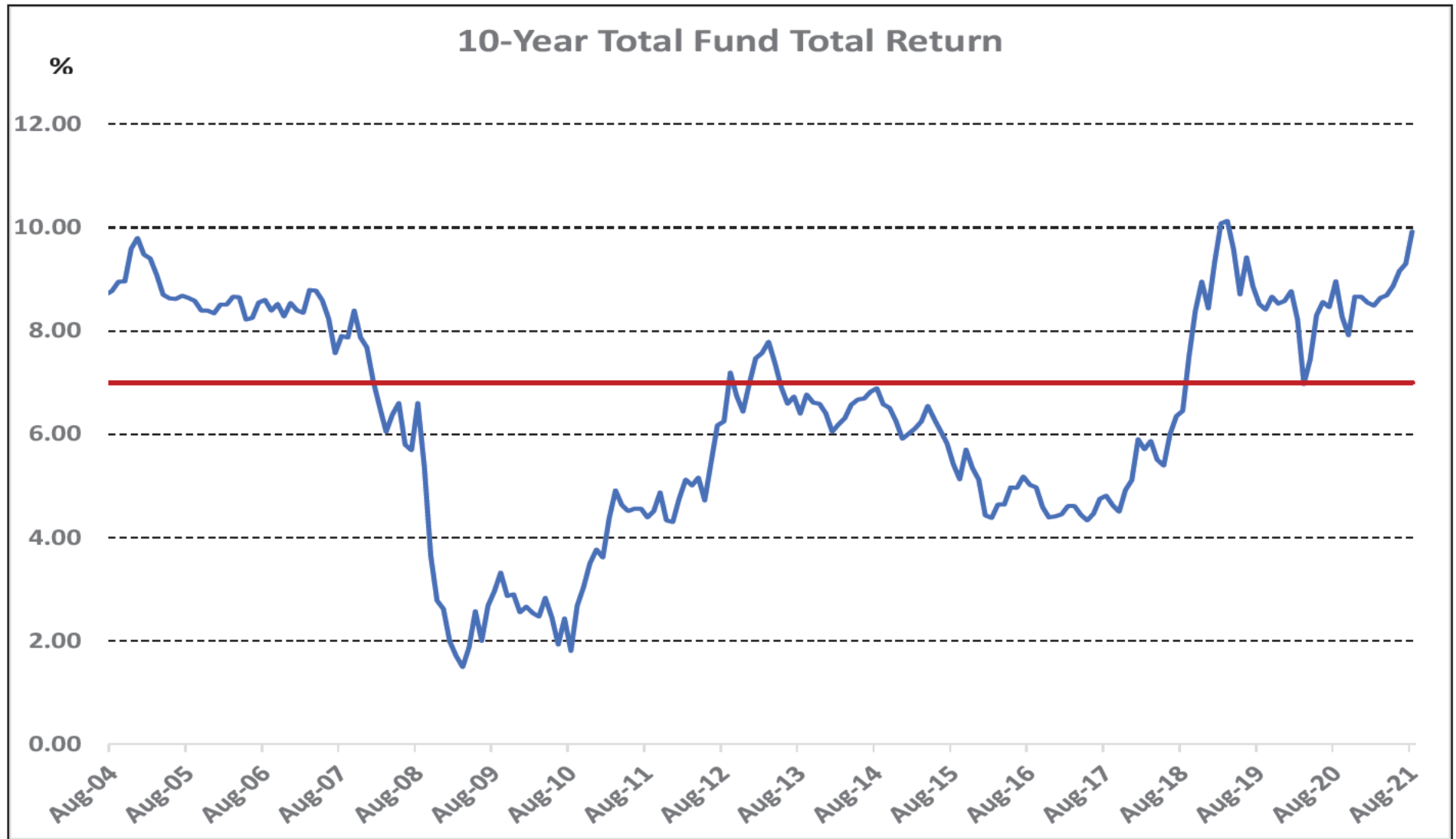
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	1.21	11.64	1.73	22.00	12.24	11.94	10.61	8.69
Total Fund (Net)	1.18	11.27	1.70	21.39	11.60	11.27	9.91	8.17
OSERS Policy	1.08	9.91	1.37	19.00	10.74	10.29	9.16	8.23
Value Added (Net of Fee)	0.10	1.36	0.33	2.39	0.86	0.98	0.76	(0.05)

Source: BNY Mellon GRS

*ITD is Inception date 10/1/1994 (26 years and 11 months)

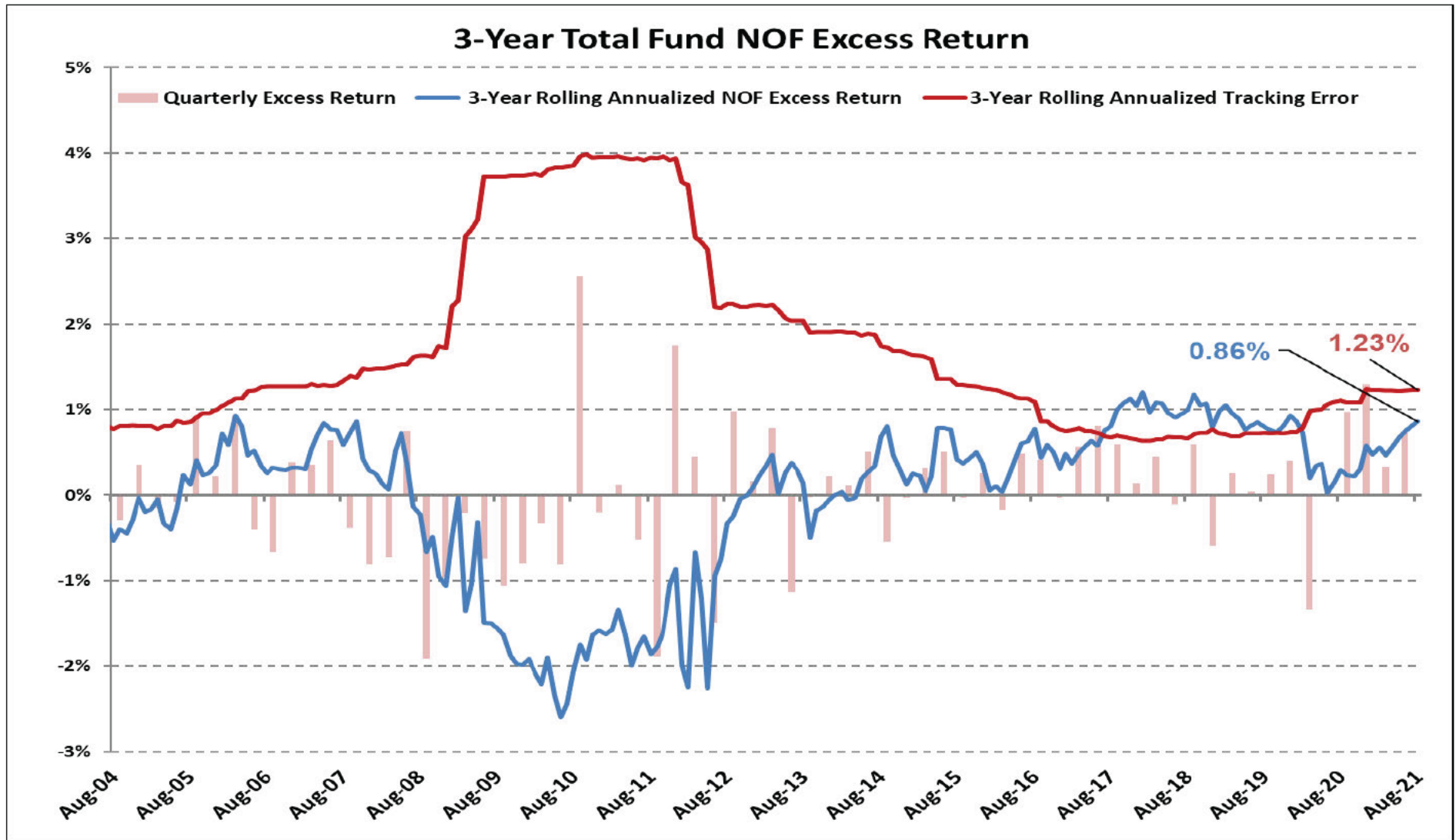


Total Fund Performance



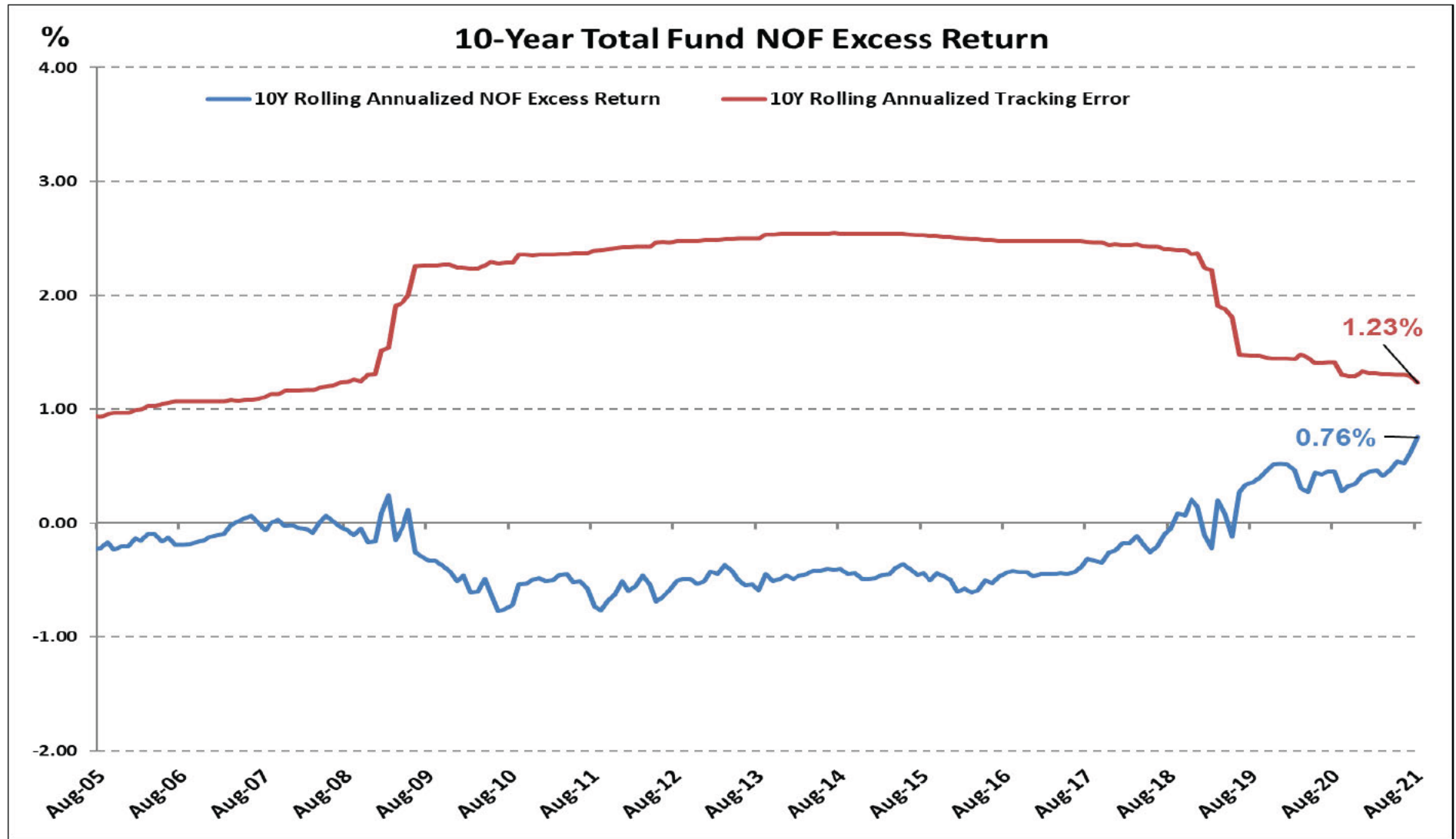


Total Fund Performance



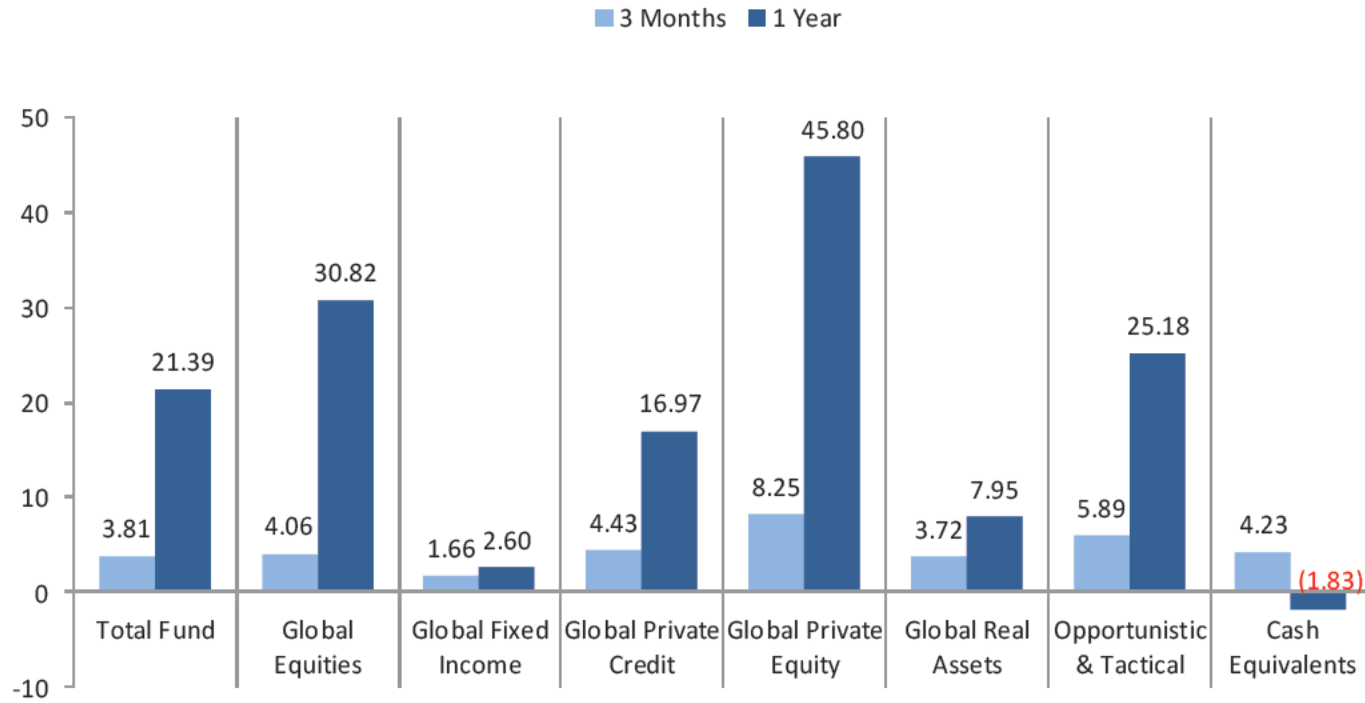


Total Fund Performance





Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS



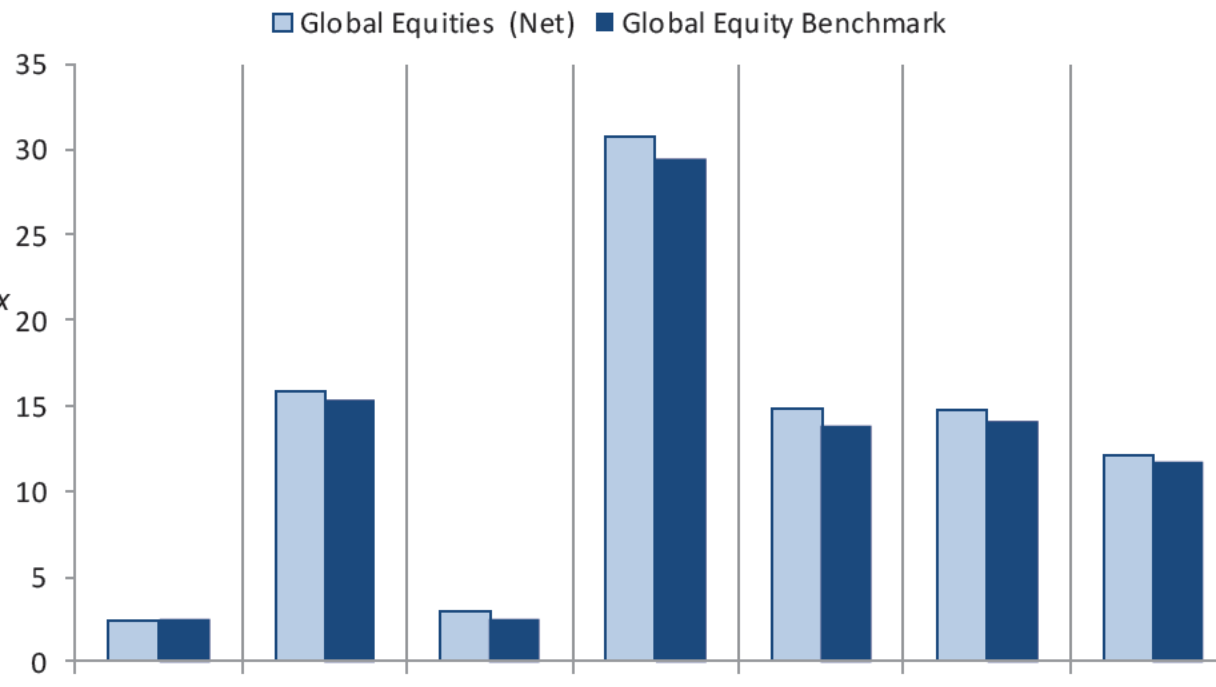
Global Equities Performance

Current Benchmark:

55% Russell 3000

30% MSCI World Ex United States Index (Net dividends)

15% MSCI Emerging Markets Index (Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	2.46	16.01	3.09	31.21	15.15	15.10	12.48
Global Equities (Net)	2.44	15.79	3.04	30.82	14.82	14.74	12.11
Global Equity Benchmark	2.44	15.30	2.57	29.50	13.76	14.05	11.66
MSCI ACWI	2.53	16.24	3.27	29.18	14.91	14.88	11.86
Value Added (Net of Fee)	(0.00)	0.49	0.48	1.32	1.06	0.69	0.45

Source: BNY Mellon GRS

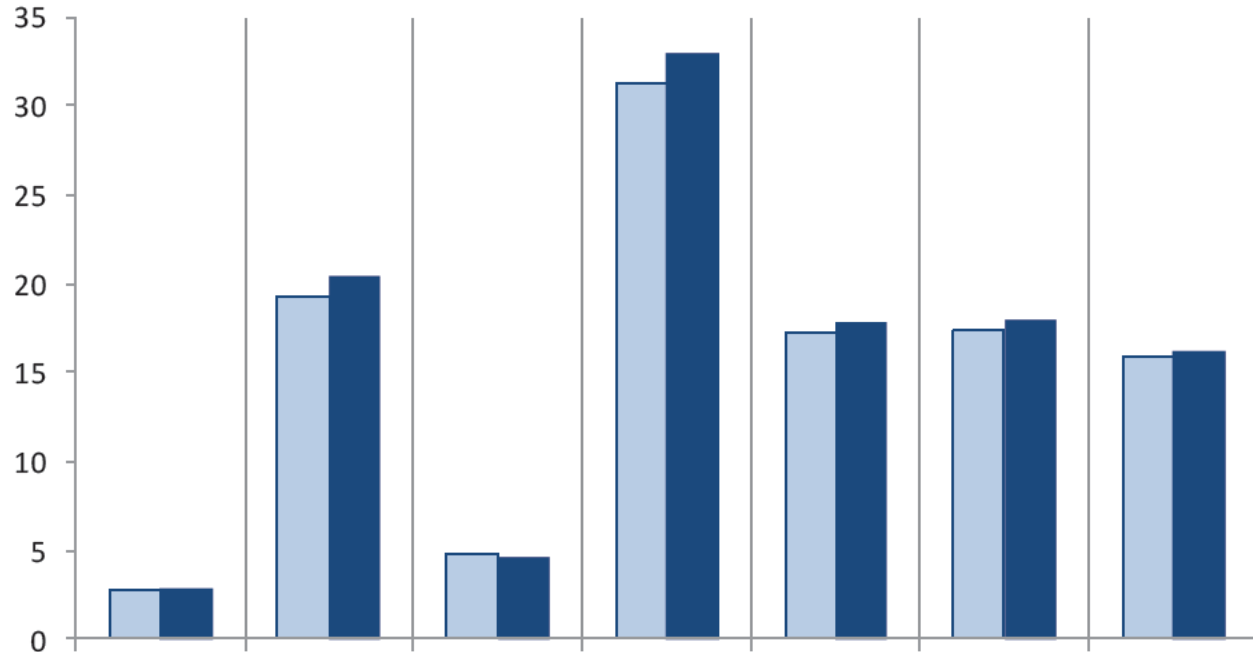


US Equity Performance

■ US Equity Portfolio (Net) ■ US Equity Policy Benchmark

Current Benchmark:

Russell 3000

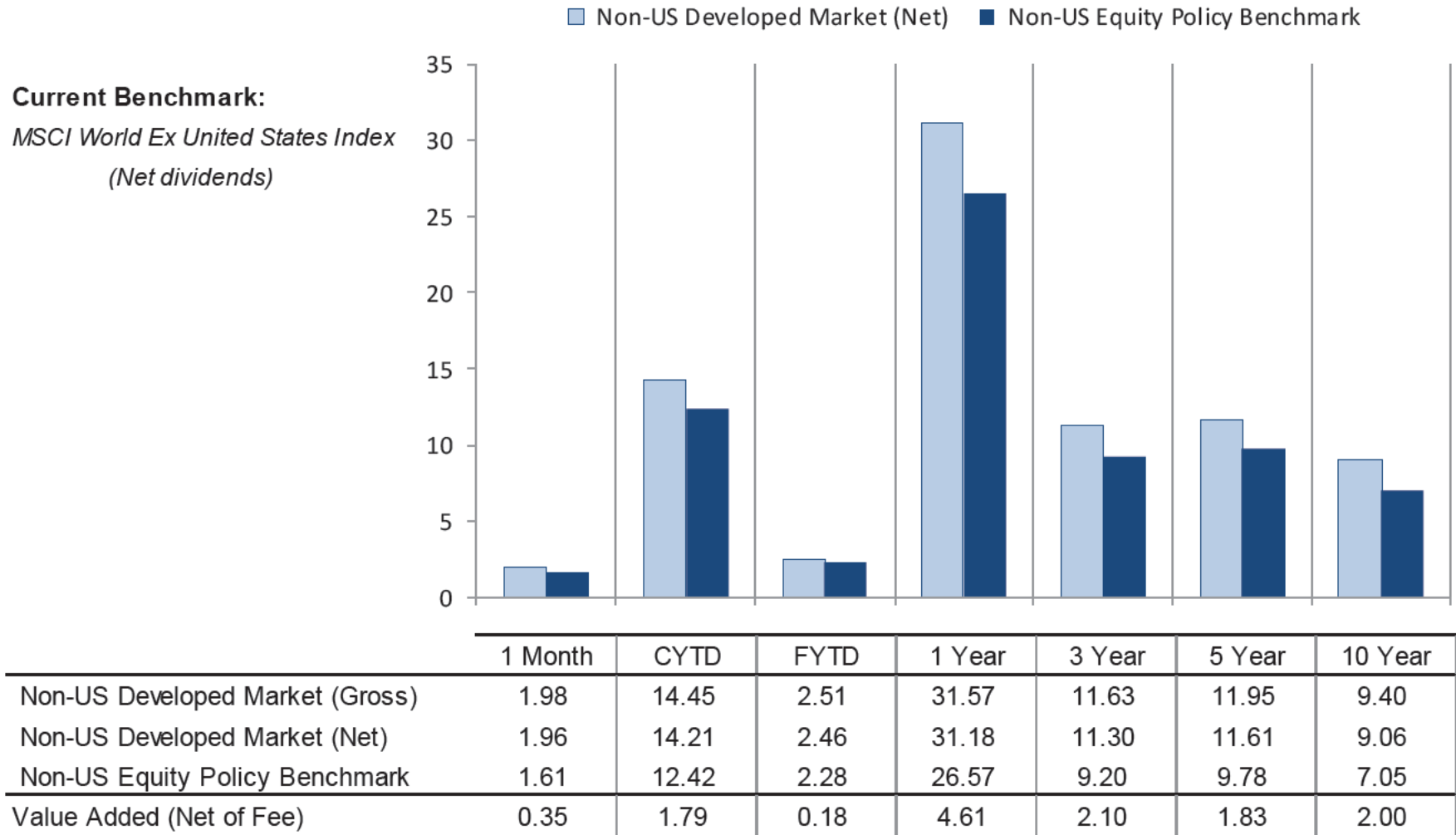


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
US Equity Portfolio (Gross)	2.87	19.44	4.82	31.59	17.42	17.67	16.17
US Equity Portfolio (Net)	2.85	19.31	4.80	31.34	17.20	17.42	15.86
US Equity Policy Benchmark	2.85	20.39	4.59	33.04	17.85	17.97	16.20
Value Added (Net of Fee)	0.00	(1.08)	0.20	(1.71)	(0.65)	(0.55)	(0.33)

Source: BNY Mellon GRS



Non-US Equity Developed Market Performance



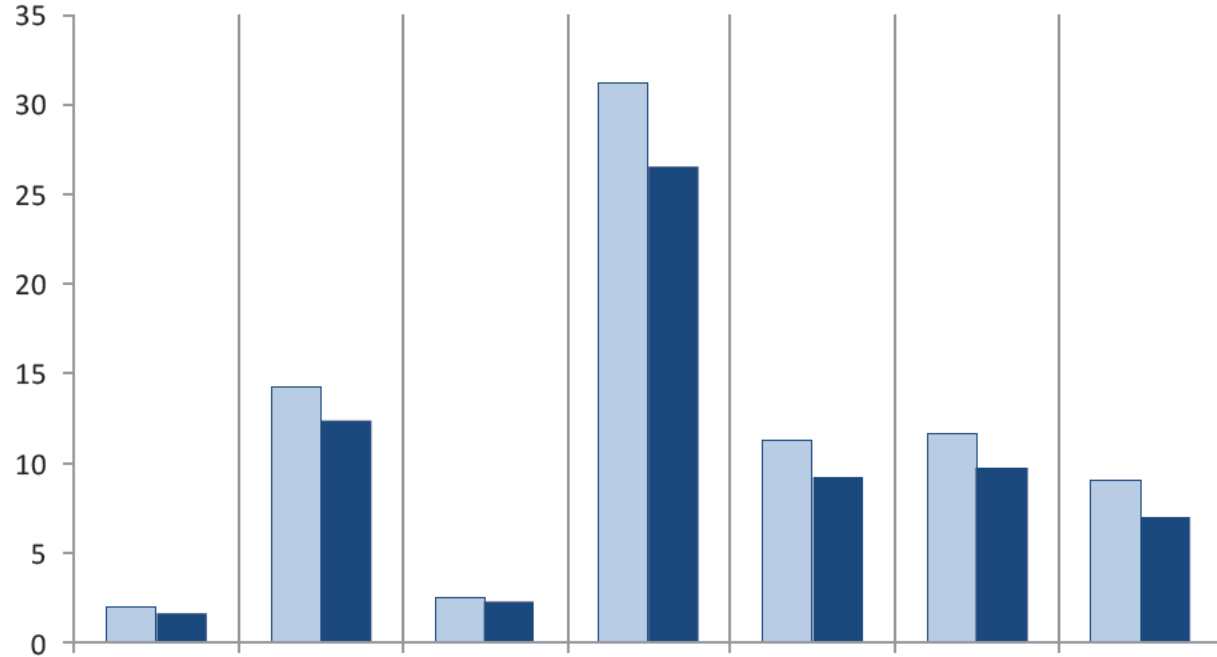
Source: BNY Mellon GRS



Non-US Equity Emerging Market Performance

■ Non-US Developed Market (Net) ■ Non-US Equity Policy Benchmark

Current Benchmark:
 MSCI Emerging Markets Index
 (Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US Emerging Market (Gross)	1.93	5.68	(3.38)	28.44	16.38	14.08	6.73
Non-US Emerging Market (Net)	1.86	5.14	(3.51)	27.47	15.48	13.20	5.95
Non-US Equity Policy Benchmark	2.62	2.84	(4.29)	21.12	9.87	10.40	4.85
Value Added (Net of Fee)	(0.75)	2.30	0.78	6.35	5.61	2.79	1.10

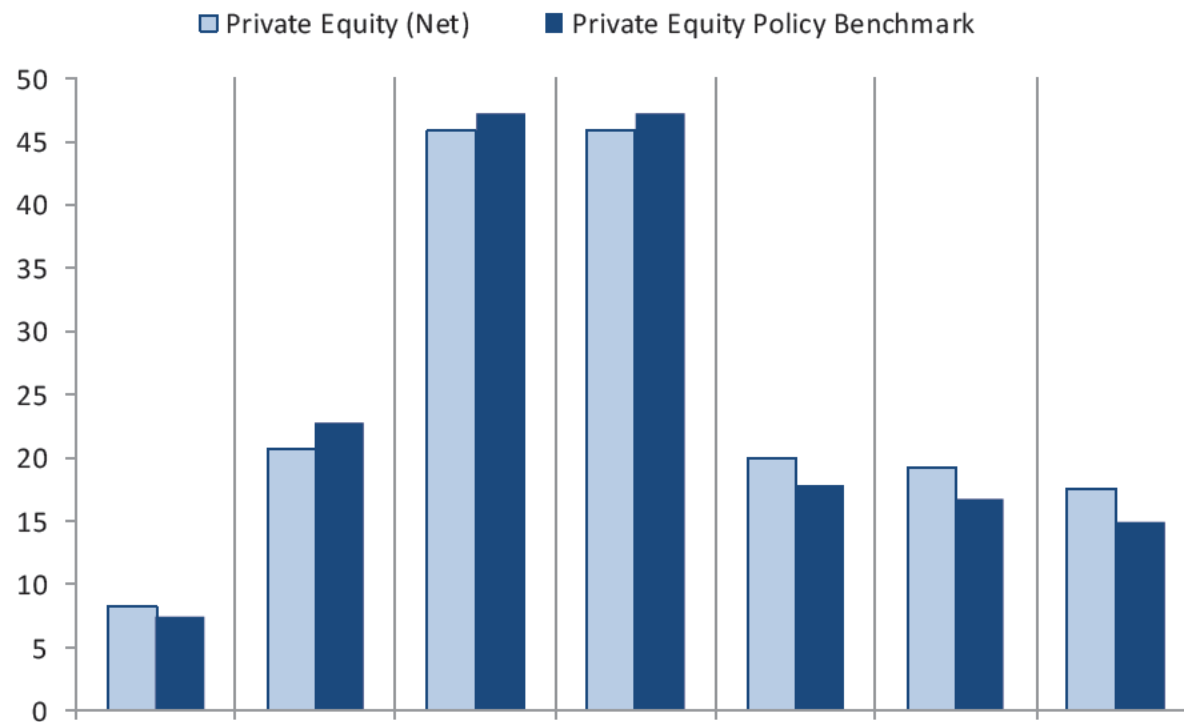
Source: BNY Mellon GRS



Global Private Equity Performance

Results as of: 06/30/2021

Current Benchmark:
Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	8.92	21.80	48.14	48.14	21.62	20.90	19.28
Private Equity (Net)	8.25	20.65	45.80	45.80	19.87	19.25	17.60
Private Equity Policy Benchmark	7.42	22.75	47.27	47.27	17.83	16.74	14.92
Value Added (Net of Fee)	0.83	(2.10)	(1.47)	(1.47)	2.04	2.50	2.69

Source: BNY Mellon GRS

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

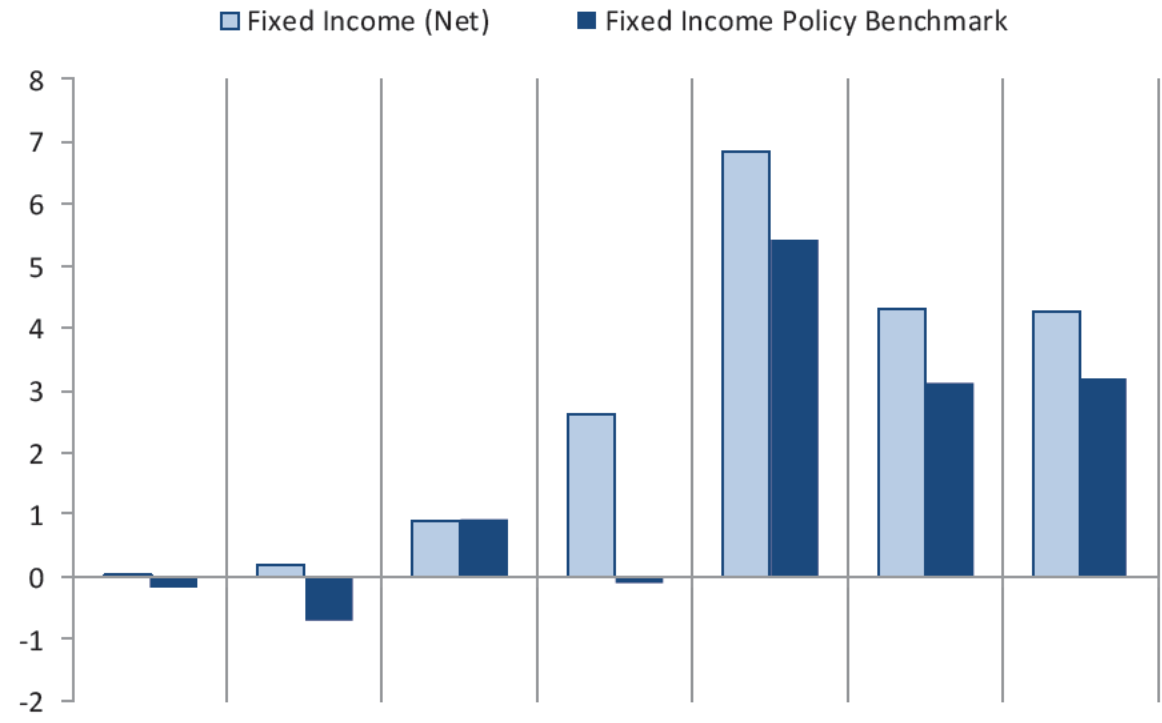
Global Private Equity performance is reported one quarter in arrears.



Global Fixed Income Performance

Current Benchmark:

Bloomberg Aggregate Bond Index



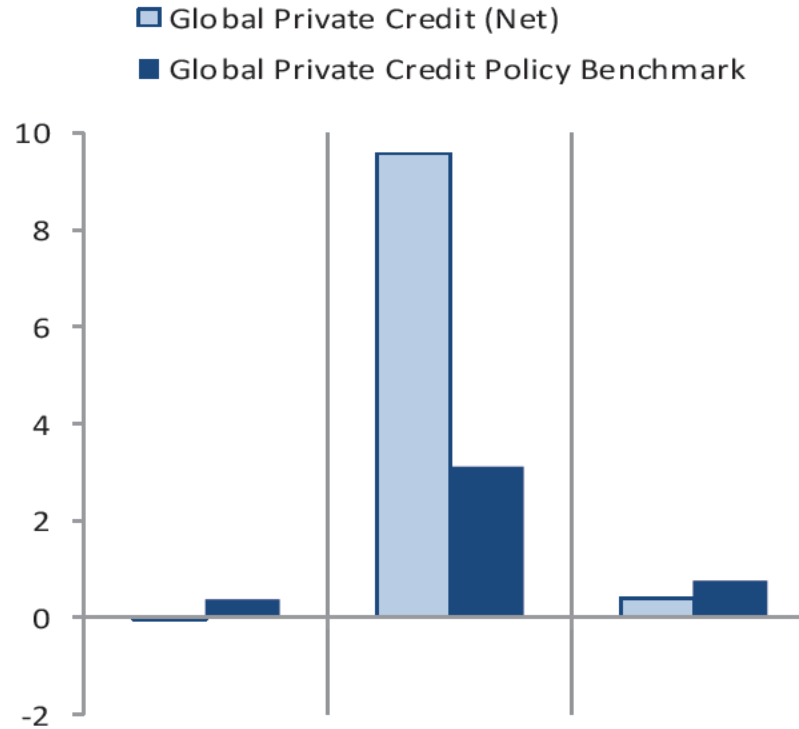
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	0.03	0.36	0.94	2.86	7.10	4.52	4.51
Fixed Income (Net)	0.01	0.18	0.90	2.60	6.86	4.29	4.28
Fixed Income Policy Benchmark	(0.19)	(0.69)	0.93	(0.08)	5.43	3.11	3.18
Value Added (Net of Fee)	0.20	0.87	(0.02)	2.69	1.42	1.18	1.11

Source: BNY Mellon GRS



Global Private Credit Performance

Current Benchmark:
3 Month LIBOR plus 4.5%



	1 Month	CYTD	FYTD	1 Year
Global Private Credit (Gross)	(0.04)	10.77	0.44	18.81
Global Private Credit (Net)	(0.04)	9.55	0.42	16.97
Global Private Credit Policy Benchmark	0.38	3.12	0.77	4.72
Value Added (Net of Fee)	(0.42)	6.44	(0.34)	12.26

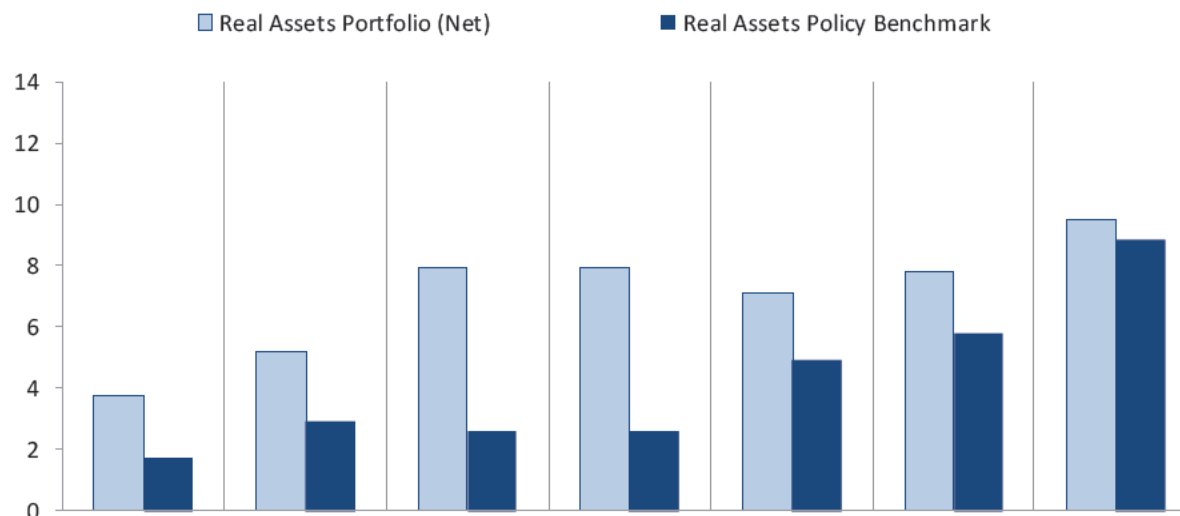
Source: BNY Mellon GRS



Global Real Assets Performance

Results as of: 06/30/2021

Current Benchmark:
NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	4.00	5.66	8.72	8.72	8.04	8.79	10.58
Real Assets Portfolio (Net)	3.72	5.16	7.95	7.95	7.14	7.78	9.48
Real Assets Policy Benchmark	1.72	2.88	2.61	2.61	4.89	5.81	8.82
Real Assets Value Added (NOF)	2.01	2.27	5.34	5.34	2.25	1.98	0.65
Real Assets Core (Net)	2.61	4.39	4.09	4.09	6.27	7.21	9.72
Real Assets Policy Benchmark	1.72	2.88	2.61	2.61	4.89	5.81	8.82
Real Assets Core Value Added (NOF)	0.89	1.51	1.48	1.48	1.38	1.40	0.90
Real Assets Non-Core (Net)	1.47	1.21	1.32	1.32	5.51	6.26	8.72
Real Assets Policy Benchmark	1.72	2.88	2.61	2.61	4.89	5.81	8.82
Real Assets Non-Core Value Added (NOF)	(0.25)	(1.67)	(1.29)	(1.29)	0.62	0.45	(0.10)
Real Assets Infrastructure (Net)	6.32	6.84	19.08	19.08	10.42	n/a	n/a
Real Assets Policy Benchmark	1.72	2.88	2.61	2.61	4.89	n/a	n/a
Real Assets Infrastructure Value Added (NOF)	4.60	3.96	16.47	16.47	5.53	n/a	n/a

Source: BNY Mellon GRS

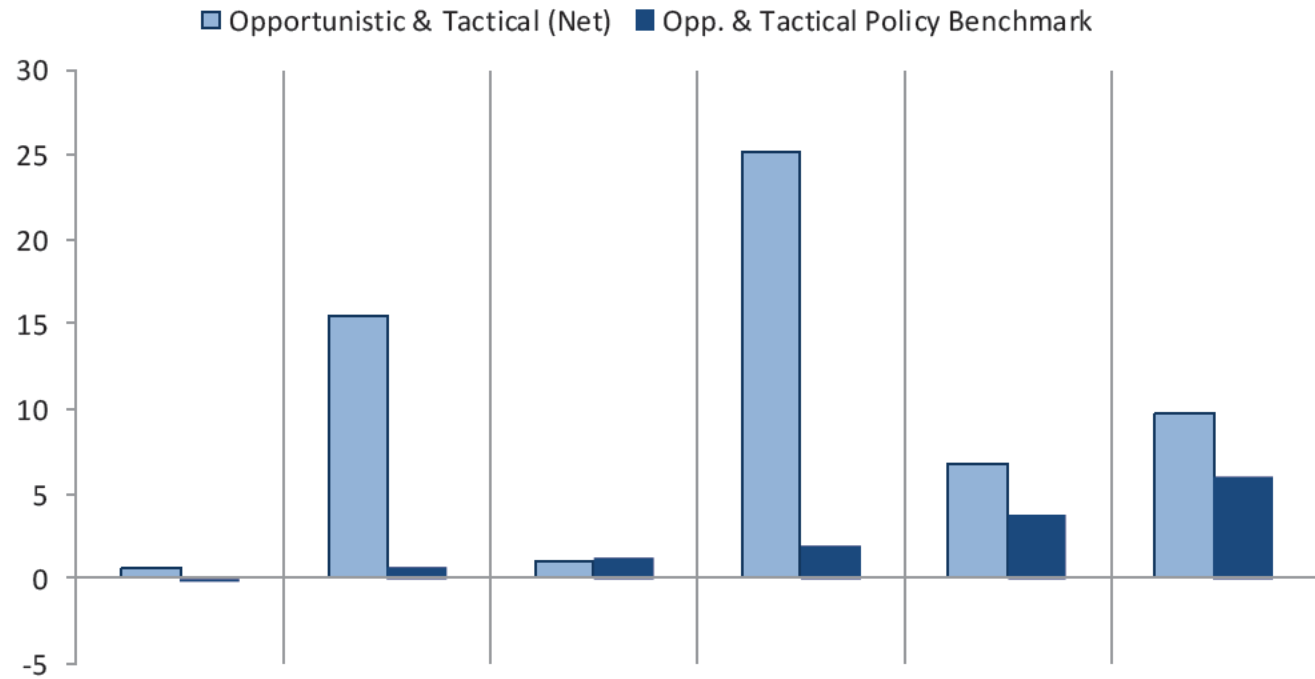
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Current Benchmark:
*Bloomberg Aggregate
 Bond Index + 2%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	0.56	16.38	1.02	26.53	8.27	11.19
Opportunistic & Tactical (Net)	0.56	15.47	1.02	25.18	6.73	9.72
Opp. & Tactical Policy Benchmark	(0.04)	0.64	1.25	1.92	3.73	6.04
Value Added (Net of Fee)	0.60	14.84	(0.23)	23.27	3.00	3.68

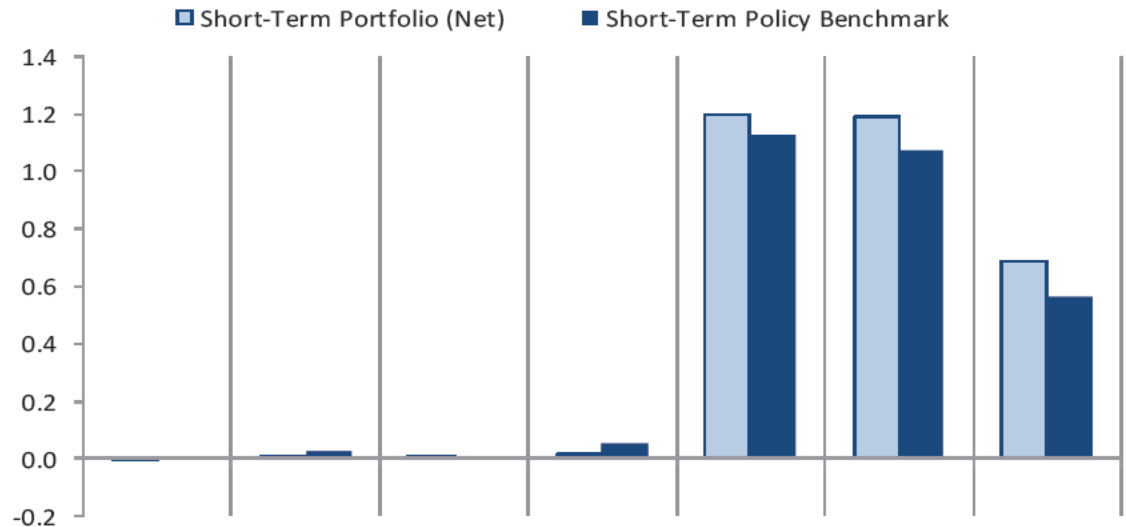
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

Citigroup 30 Day Treasury Bill Index

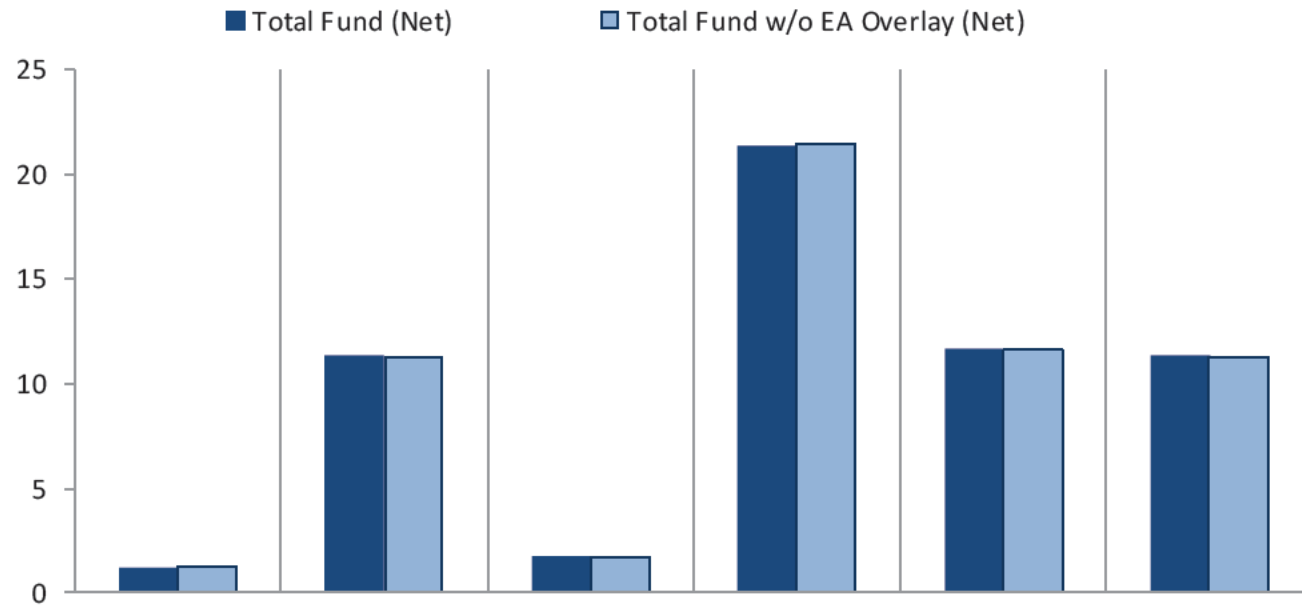


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	(0.00)	0.01	0.00	0.02	1.19	1.19	0.68
Short-Term Portfolio (Net)	(0.00)	0.01	0.00	0.02	1.19	1.19	0.68
Short-Term Policy Benchmark	0.00	0.02	0.01	0.05	1.13	1.07	0.56
Value Added (Net of Fee)	(0.00)	(0.01)	(0.01)	(0.03)	0.06	0.12	0.13

Source: BNY Mellon GRS



Enhanced Asset Overlay Performance

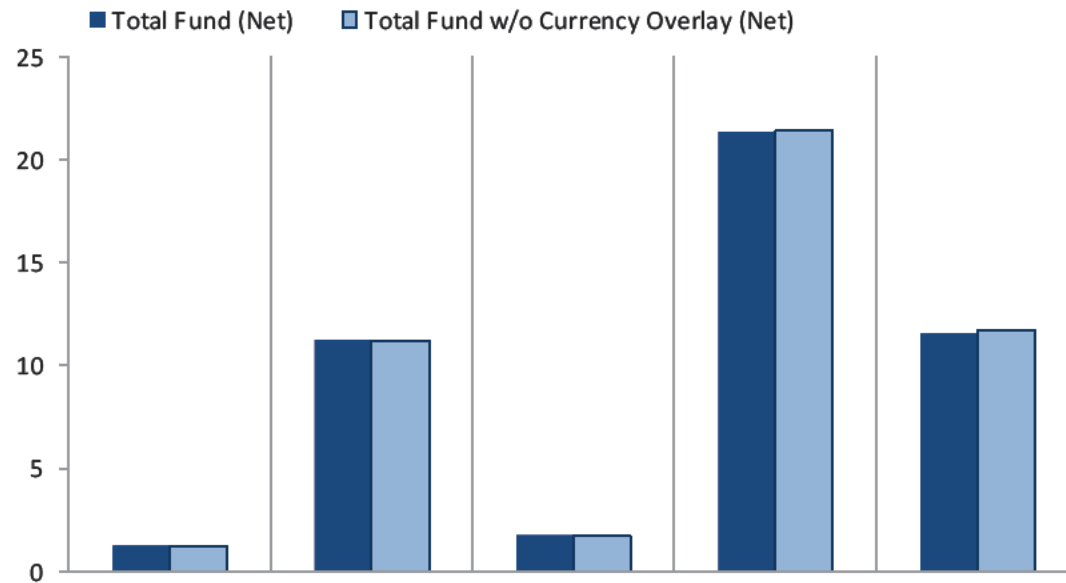


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	1.21	11.64	1.73	22.00	12.24	11.94
Total Fund w/o EA Overlay (Gross)	1.22	11.61	1.73	21.93	12.18	11.88
Total Fund (Net)	1.18	11.27	1.70	21.39	11.60	11.27
Total Fund w/o EA Overlay (Net)	1.19	11.23	1.71	21.34	11.55	11.22
EA Overlay Impact (Net of Fee)	(0.01)	0.03	(0.01)	0.05	0.05	0.05

Source: BNY Mellon GRS



Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	1.21	11.64	1.73	22.00	12.24	11.94
Total Fund w/o Currency Overlay (Gross)	1.19	11.54	1.68	22.04	12.30	11.98
Total Fund (Net)	1.18	11.27	1.70	21.39	11.60	11.27
Total Fund w/o Currency Overlay (Net)	1.17	11.17	1.66	21.42	11.68	11.32
Currency Overlay Impact (Net of Fee)	0.02	0.10	0.05	(0.03)	(0.08)	(0.05)

Source: BNY Mellon GRS



Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Fixed Income
- Wilshire Quarterly Performance Report (September 30, 2021)
- Investment Report (September 30, 2021)

School Employees Retirement System

Memo

To: Retirement Board

From: Chris Collins

cc: Richard Stensrud, Karen Roggenkamp

Date: October 8, 2021

Re: Federal Legislative Report

OVERVIEW

FY 2022 Appropriations: On the last day of September Congress approved a measure to fund the government into early December, and President Biden signed the bill hours later, staving off a shutdown that was set to occur after midnight. The votes in the House and Senate followed weeks of hand wringing between the two parties, after Democrats initially sought to move the measure along with another proposal to raise the country's debt ceiling. Senate Republicans blocked that effort, leaving the country's ability to borrow unresolved just 18 days before the next major fiscal deadline. The funding stopgap sustains federal agencies' existing spending until Dec. 3, at which point Congress must adopt another short-term fix, called a continuing resolution, or pass a dozen appropriations bills that fund federal agencies through the 2022 fiscal year.

Debt Ceiling: According to the U.S. Treasury, Congress needed to pass legislation to increase the debt ceiling by October 18th. Senate leaders reached a bipartisan agreement on October 6th to defuse the impending crisis by allowing for a short-term increase in the statutory borrowing cap while lawmakers negotiate a longer-term solution. Democrats said they would agree to an offer from Minority Leader Mitch McConnell that would pave the way for an increase in the debt limit into December. But the two parties still disagreed on any long-term strategy. The continuing uncertainty has the potential to roil financial markets and ultimately increase Washington's borrowing costs, as happened during a debt-ceiling fight in 2011. Today's federal debt stems from a mix of Democratic and Republican policies, including President Trump's tax cut and President Biden's first Covid-19 rescue bill. And for much of American history, the solution would have been straightforward: After some grandstanding from both parties, Congress would have raised the debt ceiling along bipartisan lines. For now, the most likely scenario seems to be that Democrats will resort to reconciliation to lift the debt ceiling without Republicans' help — but not do anything to prevent future debt-ceiling fights.

Reconciliation/Infrastructure: President Biden has told House Democrats to hold off on his bipartisan infrastructure bill until they reach agreement on a scaled-back partisan reconciliation package funding the rest of his economic agenda. A dispute between the party's moderate and progressive factions over the size and shape of a reconciliation package — encompassing childcare, free community college, universal pre-kindergarten, health care and more — has held up both bills.

SERS ADVOCACY ON HRA WRAPAROUND PLAN AND EGWPs

SERS has been working with other plan sponsors, industry organizations and providers to educate Congress and key committee staff on the impact prescription drug reform proposals included in the reconciliation package would affect Employer Group Waiver Plans (EGWP) like the one used by

SERS for our Medicare eligible retirees by sharing a white paper developed by the coalition. Within the white paper is draft language to fix the issue by allowing for the Medicare Part D catastrophic phase to be reached through a total drug spend threshold amount rather than an individual out-of-pocket amount. This option would be indexed for growth in the same way as the current out-of-pocket threshold.

Also, SERS is still pursuing a change on the way the \$1,800 cap is applied for HRA Wraparound Plans. The offices of Reps. Marcy Kaptur (D-OH) and Tim Ryan (D-OH) have been helpful to address the issue with HHS/CMS. SERS will continue to pursue a legislative or regulatory change.

WINDFALL ELIMINATION PROVISION (WEP)

H.R. 2337, a bill to revise the WEP formula for workers and retirees that are impacted, now has 178 cosponsors. The bill, introduced by Rep. Richard Neal, (D-MA), Chairman of the Committee on Ways and Means, would amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the WEP. The cosponsors include Reps. Joyce Beatty, Marcy Kaptur and Tim Ryan, all Ohio Democrats.

I spoke with Republican staff from the House Ways and Means committee and they informed me that Rep. Kevin Brady (R-TX) will likely be reintroducing his version of WEP reform soon. Both Neal and Brady's approaches are similar, but Brady's bill would limit the grandfathering provided by Neal's bill. Until the two sides can resolve this issue it is unlikely that a bi-partisan solution will be found. However, the staffer indicated that WEP reform remains a priority for Rep. Brady and since he will be retiring at the end of his term in 2022 the window for action is shrinking.

The bill introduced by Senator Sherrod Brown (D-OH), S. 1302, now has 34 cosponsors, however, Senator Rob Portman (R-OH) is not a cosponsor. The bill would amend title II of the Social Security Act to repeal the government pension offset (GPO) and windfall elimination provisions (WEP).

H.R. 82, the "Social Security Fairness Act of 2021" now has 229 cosponsors, with fifteen members signing on to the bill in September. Six Ohio members are cosponsors, including Rep. Joyce Beatty (D-OH), Tim Ryan (D-OH), David Joyce (R-OH), Michael Turner (R-OH), Bob Gibbs (R-OH) and Troy Balderson (R-OH). The bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits and eliminates the GPO and the WEP for benefits after December 2021.

SOCIAL SECURITY ADMINISTRATION (SSA)

The Social Security Administration is expected to announce the COLA for 2022 for Social Security benefits and Supplemental Security Income payments soon. Federal benefit rates increase when the cost-of-living rises, as measured by the Department of Labor's Consumer Price Index (CPI-W). Based on what is known so far the increase could be around 6% or more, which would be the highest increase in a number of years.

HEALTH CARE

The House Ways and Means Committee passed several provisions to President Biden's Build Back Better plan on a near party-line vote of 24-19. Among the passed provisions are extensions to the child tax credit and expansion of Medicare to include dental, vision and hearing benefits. The Committee's vote to pass the last section of provisions includes a proposal to make permanent the American Rescue Plan's expanded premium tax credits to help middle-income people buy coverage on the health exchange. The section also includes funding for elder justice programs, bolstering long-term care staffing and improving data collection in nursing homes.

The House Energy and Commerce Committee failed to advance its drug pricing provision. Three Democrats joined all Republicans on the committee in opposing the legislation. However, the Ways

and Means Committee did advance the provision to lower drug prices, which moved forward as part of the package to the House Budget Committee. The drug pricing provision would require the HHS Secretary to negotiate prices with drug manufacturers, require drug manufactures that increase prices faster than inflation to pay back that excess amount to the government, and cap out-of-pocket costs for Medicare Part D beneficiaries at \$2,000 per year.

On Sept. 25, following two weeks of committee-level markups on individual provisions of the Democrats' \$3.5 trillion reconciliation package, the House Budget Committee combined the individual committees' provisions into one package and advanced the Build Back Better Act by a vote of 20-17. As mentioned above, the timeline for additional House and Senate action is unclear after a number of moderate House and Senate Democrats expressed concerns over the overall price tag and individual components of the effort.

FINANCIAL SERVICES

H. Res. 249, introduced by Rep. Patrick McHenry (R-NC), to express the sense that "Congress should not impose a financial transaction tax on individuals or market intermediaries in connection with trades executed on the National Market System or alternative trading systems" has 23 cosponsors. It was referred to the House Committee on Ways and Means. Reps. Warren Davidson (R-OH) and Anthony Gonzalez (R-OH) are cosponsors.

H.R. 328, the "Wall Street Tax Act of 2021," with 28 cosponsors, including Rep. Tim Ryan (D-OH) has not advanced out of Committee. The legislation would create a financial transaction tax on the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points), which could raise approximately \$777 billion over ten (10) years. A Senate companion bill, S. 817, has been introduced, however, neither Senator Sherrod Brown (D-OH) or Rob Portman (R-OH) have co-sponsored the bill.

RETIREMENT SECURITY

Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX), serving on the House Committee on Ways and Means, have been working together on H.R. 2954, the "Securing a Strong Retirement Act of 2021," or SECURE Act 2.0. The legislation builds upon the retirement plan incentives passed in the SECURE Act of 2019. The bill has received bipartisan support and has 71 cosponsors. Rep. Brad Wenstrup (R-OH) is the only Ohio cosponsor. However, some of this bill's provisions have been added by Democrats to the Build Back Better reconciliation package such as requirements for companies to auto-enroll workers into retirement plans like IRAs or 401(k)s. Republicans complain that adding those provisions to such a partisan package undermines the work that has been done on SECURE 2.0.

OTHER NEWS

Congressional Redistricting: The state legislature missed the September 30th deadline to approve new congressional maps. The state redistricting commission now has until October 31st to propose, agree to and approve new district lines for Ohio's U.S. representatives in Congress. If it receives bipartisan agreement, the map will go into effect for 10 years, but if no bipartisan agreement can be reached, the General Assembly returns to work on the maps. If that map isn't agreed to by both sides, the map can be passed through a simple majority, to last four years. Due to the results of the 2020 census Ohio is slated to lose one of its congressional districts shrinking the number of House members from 16 to 15.

Special Congressional Elections: Two open House seats in Ohio are up for special elections in November. In Northeast Ohio Democrat Marcia Fudge resigned in March to join President Biden's cabinet. Democrat Shontel Brown will face Republican Laverne Gore to replace her. In Central Ohio Republican Steve Stivers resigned in May to lead the Ohio Chamber of Commerce. Republican Mike Carey will face Democrat Allison Russo to replace him. The winners in November will fill the remainder of their current terms.

FEDERAL LEGISLATION BOARD REPORT
117th United States Congress
(Prepared by Chris Collins as of October 8, 2021)

H.R. 82

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: House - 01/04/2021 Referred to the Subcommittee on Social Security.

CAPTION: Social Security Fairness Act of 2021

COMMENT: Repeals the GPO and WEP. 229 co-sponsors; six Ohioans

H.R.328

SPONSOR: Rep. Peter DeFazio (D-OR)

LAST ACTION: House - 01/15/2021 Referred to the House Committee on Ways and Means.

CAPTION: To amend the Internal Revenue Code of 1986 to impose a tax on certain trading transactions.

COMMENT: 28 co-sponsors; one Ohioan

H.R. 1319

SPONSOR: Rep. John Yarmuth (D-KY)

LAST ACTIONS: 03/11/2021 Became Public Law No: 117-2.

CAPTION: American Rescue Plan Act of 2021

COMMENT: Provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

H.R. 2337

SPONSOR: Rep. Richard Neal (D-MA)

LAST ACTIONS: House - 04/01/2021 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 noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 178 cosponsors; three Ohioans

S. 1302

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: Senate - 04/22/2021 Read twice and referred to the Committee on Finance.

CAPTION: A bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

COMMENT: 34 cosponsors

H.R. 3

SPONSOR: Rep. Frank Pallone (D-NJ)

LAST ACTIONS: House - 04/27/2021 Referred to the Subcommittee on Oversight and Investigations

CAPTION: Elijah E. Cummings Lower Drug Costs Now Act

COMMENT: 84 cosponsors; three Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of October 8, 2021)

133rd General Assembly

HB308 POST-TRAUMATIC STRESS FUND Tom Patton (R-Strongsville) To provide compensation and benefits to first responders with post-traumatic stress disorder and to study the financial and administrative requirements for that fund.

Current Status: 01/09/2021 SIGNED BY GOVERNOR; eff. 90 days

HB442 OCCUPATIONAL REGULATIONS Bill Roemer (R-Richfield) and Thomas West (D-Canton) Requires pupil services personnel to register with the Department of Education, rather than hold a separate license from the State Board of Education as under prior law. The change applies to school speech language pathologists, audiologists, school nurses, physical therapists, occupational therapists, and social workers, who are licensed by their respective professional boards.

Current Status: 01/07/2021 SIGNED BY GOVERNOR; eff. 90 days

134th General Assembly

HB110 OPERATING BUDGET Scott Oelslager (R- North Canton) To make operating appropriations for the biennium beginning July 1, 2021, and ending June 30, 2023, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 07/01/2021 SIGNED BY GOVERNOR; effective 7/1/21

HB14 REGARDS STATE RETIREMENT SYSTEM 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: 02/04/2021 Referred to Financial Institutions Committee

School Employees Retirement System of Ohio

Summary of administrative operation expenses during the period **September 1, 2021-September 30, 2021**.

Actuals
Sep-2021

Account	Amount
Salaries & Wages	1,039,126.25
Salaries & Wages- Overtime	3,732.45
Vacation Leave Expense	103,267.62
Sick Leave Expense	45,381.18
Incentive Pay	817,117.78
Employer Contributions- PERS	240,737.15
Unemployment Compensation	307.95
Group Life	8,318.33
Long Term Disability	2,396.70
Short Term Disability	2,505.32
Group Health Claims	335,430.95
Group Health- Admin Fees	7,405.50
Prescription Claims	160,650.23
Group Health- Stop Loss Admin	13,720.33
Vision Claims	2,177.75
Vision Admin Fees	169.29
Group Health- Employee Cost	(29,852.62)
Group Health- Wellness Incentive	3,730.00
Group Health- Tobacco Premiums	(880.00)
Weight Loss Program	300.00

Medicare Premium- Employer	27,858.84
Deferred Compensation Match	4,815.00
Actuarial Services	23,516.00
Custodial Fees	100,462.43
Custodial Banking	15,324.09
Master Recordkeeper Fees	85,666.66
Investment Advisory Fees	54,166.67
Performance/ Analytics Fee	57,651.58
Medical Consultant	3,750.00
Special Counsel	39,703.25
Technical	85,063.69
Other Professional Services	28,500.26
Postage	7,686.22
Telecommunications Services	13,488.28
Printing Paper	7,357.00
Printing Supplies	89.54
Hardware Maintenance	6,458.28
Software Maintenance	129,989.61
Software Subscriptions	17,790.56
Hardware < \$5,000	39.96
Equipment Repairs & Maintenance	41,102.23
Office Supplies & Expenses	240.32
Miscellaneous Office Supplies	49.10
Furniture & Equipment < \$5,000	270.00

Records Storage	1,587.96
Seminars & Conferences	10,056.38
Travel & Transportation	4,656.31
Subscriptions	10,021.53
Memberships	17,897.25
Operations Maintenance	3,218.14
Interior Landscaping	1,356.37
Vehicle Expense	977.08
Staff Support	6,197.55
Recruiting Expense	1,038.64
Reimbursement of Leased Svcs.	(25,416.67)
Computer Hardware > \$5,000	25,947.52
Total Administrative Expenses	3,559,892.29

**School Employees Retirement System of Ohio
REVIEW OF ADMINISTRATIVE EXPENSES
Sep-21**

The following are the administrative expenses of the School Employees Retirement System of Ohio during the period
September 1, 2021- September 30, 2021

<u>Expense Account</u>	<u>Vendor</u>	<u>Amount</u>
53100 - Salaries & Wages	ADP, LLC	1,039,126.25
	Subtotal	1,039,126.25
53110 - Salaries & Wages - Overtime	ADP, LLC	3,732.45
	Subtotal	3,732.45
53111 - Vacation Leave Expense	ADP, LLC	103,267.62
	Subtotal	103,267.62
53112 - Sick Leave Expense	ADP, LLC	45,381.18
	Subtotal	45,381.18
53120 - Incentive Pay	ADP, LLC	817,117.78
	Subtotal	817,117.78
53200 - Employer Contributions - PERS	Ohio Public Emp. Retirement System	240,737.52
	Ohio Public Emp. Retirement System	(0.37)
	Subtotal	240,737.15
53140 - Unemployment Compensation	Ohio Dept. of Job & Family Services	307.95
	Subtotal	307.95
53300 - Group Life	American United Life Insurance Company	8,318.33
	Subtotal	8,318.33
53310 - Long Term Disability	American United Life Insurance Company	2,396.70
	Subtotal	2,396.70
53315 - Short Term Disability	American United Life Insurance Company	2,505.32
	Subtotal	2,505.32
53320 - Group Health Claims	Aetna Daily Wires - ESERS	333,832.95
	SaveonSP, LLC	1,598.00
	Subtotal	335,430.95
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,405.50
	Subtotal	7,405.50
53322 - Prescription Claims	Express Scripts - ESERS	160,650.23
	Subtotal	160,650.23
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	13,720.33
	Subtotal	13,720.33
53326 - Vision Claims	VSP - (OH)	2,177.75
	Subtotal	2,177.75
53327 - Vision Admin Fees	VSP - (OH)	169.29
	Subtotal	169.29
53330 - Group Health - Employee Cost	Employee Premiums	(27,563.20)
	Aetna Daily Wires - ESERS	(2,289.42)
	Subtotal	(29,852.62)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,730.00
	Subtotal	3,730.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(880.00)

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		Subtotal	(880.00)
53333 - Weight Loss Program	OSU Comprehensive Weight Management		300.00
		Subtotal	300.00
53340 - Medicare Premium - Employer	ADP, LLC		27,858.86
	ADP, LLC		(0.02)
		Subtotal	27,858.84
53380 - Deferred Compensation Match	ADP, LLC		4,815.00
		Subtotal	4,815.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC		12,000.00
	Cavanaugh MacDonald Consulting, LLC		11,516.00
		Subtotal	23,516.00
54310 - Custodial Fees	BYN Mellon Asset Servicing		100,462.43
		Subtotal	100,462.43
54320 - Custodial Banking	Treasurer of State - Warrants		905.80
	Huntington National Bank		14,418.29
		Subtotal	15,324.09
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing		85,666.66
		Subtotal	85,666.66
54420 - Investment Advisory Fees	Wilshire		54,166.67
		Subtotal	54,166.67
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing		44,401.62
	Bloomberg Index Services		9,999.96
	Wilshire Associates Incorporated		3,000.00
	Frank Russell Company		250.00
		Subtotal	57,651.58
54520 - Medical Consultant	Borchers, M.D., Glen G.		3,750.00
		Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP		28,512.00
	Kayne Law Group		343.75
	Porter, Wright, Morris,		212.50
	Frost Brown Todd, LLC		10,575.00
	Standley LawGroup LLP		60.00
		Subtotal	39,703.25
54620 - Technical	Sagitec Solutions, LLC		37,991.83
	Sigital, LLC		450.00
	ComResource		25,587.50
	Velosio		102.50
	Buck Global, LLC		20,931.86
		Subtotal	85,063.69
54630 - Other Professional Services	Wickert, Kimberly		855.00
	Panera Bread		346.74
	Cristo Rey Columbus High School		5,000.00
	LexisNexis Risk Data Management, Inc		1,315.03
	Drake, Carol N.		3,333.33
	Vorys Advisors LLC		6,666.66
	Contoural, Inc.		138.50
	Performance Leadership Group, LLC		5,625.00
	CPS HR Consulting		5,220.00
		Subtotal	28,500.26
55100 - Postage			(16.86)
	Pitney Bowes Inc.		6,339.95
	Columbus Courier & Freight LLC		415.81
	Unishippers Association		391.96

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	Quadient		555.36
		Subtotal	7,686.22
55200 - Telecommunications Services	Verizon Wireless		1,256.50
	TBG Conferencing		39.93
	XO Communications		1,806.50
	Time Warner Cable		6,152.47
	Nextel Communications		111.52
	AT&T		40.10
	LUMEN		4,081.26
		Subtotal	13,488.28
55400 - Printing Paper	Sterling Paper Company		7,357.00
		Subtotal	7,357.00
55410- Printing Supplies	Millcraft Paper Co.		89.54
		Subtotal	89.54
56020 - Hardware Maintenance	Park Place Technologies		4,640.96
	Shi International Corp.		1,817.32
		Subtotal	6,458.28
56030 - Software Maintenance	Sagitec Solutions, LLC		35,000.00
	Dell Marketing LP		94,989.61
		Subtotal	129,989.61
56035 - Software Subscriptions	Optiv Security, Inc.		6,022.57
	Canto, Inc.		4,712.40
	ADP, LLC		2,851.59
	KLDiscovery		1,275.00
	Liquid Web Inc		264.50
	Zoom		513.66
	Wellable LLC		465.40
	Duo Security		490.44
	Zoho Corporation		1,195.00
		Subtotal	17,790.56
56040 - Hardware < \$5,000	Amazon.com		39.96
		Subtotal	39.96
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc		2,356.81
	Digital Print Solutions		568.08
	Canon Financial Services, Inc		1,647.27
	LD Products Inc.		97.96
	Quadient		34,026.61
	US Bank Equipment Finance		2,405.50
		Subtotal	41,102.23
56130 - Office Supplies & Expenses	Staples Business Advantage		240.32
		Subtotal	240.32
56140 - Miscellaneous Office Supplies	Amazon.com		49.10
		Subtotal	49.10
56150 - Furniture & Equipment < \$5,000	Ellinger Services Inc.		270.00
		Subtotal	270.00
56160 - Records Storage	Vital Records Holdings, LLC		1,587.96
		Subtotal	1,587.96
56210 - Seminars & Conferences	Government Finance Officers Association		315.00
	Rossler, James		291.38
	Columbus Area Chapter of APA		15.00
	NASIO		2,500.00
	Business First		590.00
	International Foundation of Employee Benefit Plans		2,550.00

	Learning Tree International	3,795.00
	Subtotal	10,056.38
56310 - Travel & Transportation	Kroger	60.34
	Rossler, James	54.04
	Haller, James	410.54
	Phillips, Barbra	64.99
	Majeed, Farouki	587.80
	Moss, Catherine	440.97
	Browning, Michael	955.60
	Wilson, Daniel L.	419.14
	King, Matt	432.44
	Weglarz, Frank	454.72
	Messerschmitt, Adam	391.80
	Murta, Scott	9.00
	Matthiessen, Dustin	85.93
	Catering By Scott	289.00
	Subtotal	4,656.31
56410 - Subscriptions	Wall Street Journal	46.99
	Constant Contact	125.00
	Financial Times	369.00
	Shutterstock, Inc.	29.00
	Columbus Monthly	30.10
	Kiplinger Tax Letter	106.43
	Pluralsight	9,302.02
	Toledo Blade	12.99
	Subtotal	10,021.53
56420 - Memberships	Public Relations Society of America	260.00
	ComResource	4,427.50
	IPMA-HR	114.00
	Supreme Court of Ohio	1,400.00
	American Payroll Association	262.00
	CFA Institute	833.75
	Coalition to Preserve Retirement Security	10,600.00
	Subtotal	17,897.25
56610 - Operations Maintenance	AT&T	251.09
	Amtrec, LLC	1,666.00
	South Central Power Company	1,142.00
	Northeast Ohio Natural Gas Corp.	159.05
	Subtotal	3,218.14
56630 - Interior Landscaping	Ambius Inc. (05)	1,356.37
	Subtotal	1,356.37
56640 - Vehicle Expense	Ohio Treasurer of State - BMV	91.42
	Moo Moo Car Wash	14.00
	Firestone Complete Auto Care	599.93
	Walmart	8.35
	Exhaust Works	263.38
	Subtotal	977.08
56620 - Staff Support	Franklin Services	472.40
	Employee Reimbursement	3,060.00
	Certif-A-Gift Company	60.00
	Premier ProduceOne	370.20
	Amazon.com	299.44
	Sam's Club	6.36
	ThrivePass	1,116.00
	Matrix Integrated Psychological Services	590.70
	Culligan Bottled Water of Columbus	42.90
	GiftRocket	27.75
	Waste Management of Ohio Inc	89.00
	BHN Giftcards	25.00

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	Flanagan, Michael		37.80
		Subtotal	6,197.55
56621 - Recruiting Expense	ADP Screening & Selection Services		86.00
	Indeed		952.64
		Subtotal	1,038.64
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Svcs		(25,416.67)
		Subtotal	(25,416.67)
15140- Computer Hardware > \$5,000	CDW- Government Inc.		25,947.52
	Total SERS Administrative Expense		3,559,892.29

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FY2022 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through September 30, 2021

Major Category/Sub-Major Category	Line Item	Vendor	FY22 Budget Approved	Year to Date Expense	Budgeted Y/N?	Additional Information
PROFESSIONAL SERVICES			\$ 6,829,361.00	\$ 1,701,936.04		
ACTUARIAL ADVISORS			\$ 344,725.00	\$ 47,516.00	Y	Actuarial Consultant
	Actuarial	Cavanaugh Macdonald	344,725.00	47,516.00		
AUDITING			\$ 224,984.00	\$ 86,477.30		
	Auditing		174,984.00	1,477.30		External Auditor
BANKING FEES			\$ 1,303,620.00	\$ 337,289.93	Y	
	Custodial Banking		1,105,200.00	307,789.41		
		Huntington/Fifth Third	405,600.00	-	Y	Domestic Custodian
		BNYM	699,600.00	307,789.41	Y	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	198,420.00	29,500.52	Y	Banking Services
INVESTMENT RELATED			\$ 2,554,217.00	\$ 707,324.14		
	Master Recordkeeper		1,010,400.00	259,990.07	Y	
	Investment Consulting & Advisory Services		700,000.00	162,500.01		
		Askia	250,000.00	-	Y	Investment Consulting
		Wilshire	450,000.00	162,500.01	Y	Investment Consulting
	Performance Analytics Services		704,800.00	251,677.40		
		Barra-One Risk Mgmt Sys	254,000.00	59,611.25	Y	Investment Risk Analytics
		BNY Mellon GRS	412,800.00	113,204.98	Y	Investment Performance Analytics
TECHNICAL			\$ 2,356,815.00	\$ 512,078.67		
	Special Counsel		235,000.00	63,128.41	Y	
	Technical		1,595,500.00	255,317.61		
		IBM	118,000.00	29,500.00	Y	Data Warehouse
		Sagitec	550,200.00	73,955.46	Y	SMART Development Resources
		Buck Global	300,000.00	20,931.86	Y	Medical and Prescription Consulting
	Other Professional Services		526,315.00	193,632.65		
OTHER OPERATING EXPENSE			\$ 3,087,979.75	\$ 1,132,691.04		
COMPUTER SUPPORT SERVICES			\$ 1,948,407.50	\$ 906,801.77		
	Software Maintenance		975,825.00	600,037.67		
		Hyland	111,500.00	110,529.96	Y	ImageNow
		Dell	271,000.00	94,989.61	Y	Microsoft Enterprise Agreement
		Sagitec	420,000.00	35,000.00	Y	SMART Silver Support
	Software Subscriptions		783,282.50	279,633.21	Y	
		OarNet	115,000.00	-		Vmware License
		Dynamo	60,000.00	130,250.00	Y	Dynamo Software, INC
		Carahsoft	94,000.00	109,716.00	Y	ServiceNow System

PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2022 Budget	YTD Expense	Budgeted Y/N?	Additional Information
PROFESSIONAL SERVICES						
TECHNICAL						
	Technical					
		Improve SMART Self Service Capabilities	175,000.00	-	Y	Consulting Services

SERS

UNBUDGETED PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2022 Budget	YTD Expense	Budgeted Y/N?	Expense Reallocation
	Technical	Resource need caused by vancancy- IT Consultant		\$ 37,921.25	N	

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2022 Budget	YTD Expense	Budgeted Y/N?
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ACTUARIAL VALUATION REPORT

ALLOCATION OF EMPLOYER CONTRIBUTIONS – HEALTH CARE FUND

_____ moved and _____ seconded that after discussion with Cavanaugh Macdonald regarding the preliminary results of the annual basic benefits valuation (to be prepared as of June 30, 2021) at the October 2021 Board meeting, the Board elects to allocate _____% of the 14% employer contribution to the Health Care Fund for fiscal year 2022 in accordance with the funding policy approved by the Board on June 18, 2015.

Upon roll call, the vote was as follows:

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

**School Employees
Retirement System**

Memo

To: SERS Retirement Board
From: Richard Stensrud
cc: Karen Roggenkamp
Date: October 15, 2021
Re: Allocation of Employer Contributions to Health Care

Pursuant to SERS' funding policy, if the funded ratio of the Pension Fund is above 70%, but less than 80% as of the preceding June 30th, the Board has the discretion to allocate between 0% and .50% of the 14% employer pension contribution to the Health Care Fund in the following calendar year. While the official actuarial valuation will be presented to the Board in November, preliminary results of the valuation are typically provided in October to assist the Board in determining whether or not to make an allocation. With that decision, the actuaries can then move forward to finalize the valuation.

To that end, Cavanaugh MacDonald is advising that the funded status of the Pension Fund as of June 30, 2021 will be approximately 74.46%, up from 71.49% as of June 30, 2020. Accordingly, the Board will have the opportunity to exercise its discretion on whether to allocate between 0% and .50% of the 14% employer contribution to the Health Care Fund in 2022.

Todd Green and John Garrett of Cavanaugh MacDonald will be available at the meeting on Thursday to answer any questions you might have regarding factors you may want to consider in making this discretionary decision. In addition to the funded status of the Pension Fund, those factors include the balance, funded status and projected solvency period for the Health Care Fund; the investment experience that will be phased in via smoothing over the next three years; current year-to-date investment performance; and the Board's current pension fund and health care sustainability initiatives.

Below is information regarding those factors for your consideration.

- The projected balance of the Health Care Fund as of June 30, 2021 is \$600,333,188, up from \$482,611,478 as of June 30, 2020. This represents a new high in the balance in the fund.
- The projected funded ratio of the Health Care Fund as of June 30, 2021 is 46.56%, up from 26.86% as of June 30, 2020. This is a new funded ratio high. As a point of reference, the funded ratio in 2012 and 2013 was approximately 13%.

- The projected solvency period of the Health Care Fund as of June 30, 2021 is 36 years, up from 34 years as of June 30, 2020. This is the longest solvency period for the Health Care Fund to-date. As a point of reference, during the 2017 to 2019 period, the solvency period was approximately 15-17 years, which itself was a marked improvement from previous periods. Please see the attached graph titled Health Care Balance for additional details.
- The improvement in the fiscal condition of the Health Care Fund has largely been achieved through factors other than an allocation from the employer pension contribution. Since the adoption of the funding policy in 2016, a 0.5% allocation was provided in only 2018 and 2019. The primary drivers of the improved fiscal condition have been increased federal reimbursements; the employer health care surcharge; plan design changes; changes in ACA-based taxes; investment returns; and plan experience.
- The full 1.5% employer health care surcharge, totaling approximately \$49.6 million, has been collected.
- The previously noted improvement in the funded status of the Pension Fund was largely based on strong investment performance for the year (approximately 27%). The positive impact of that investment performance will continue to be felt over the next three years via the smoothing of investment returns, with approximately \$743.7 million in deferred gains being recognized in each of those years.
- While the phasing-in of substantial deferred gains over the next three years will help support and/or improve the funded ratio of the Pension Fund in that period, the funded ratio will also be impacted by future investment experience and possible negative actuarial experience relative to assumptions (e.g., COLAs higher than assumed).
- The fiscal year to-date investment experience is approximately 2.93%.

I hope this information is helpful. Please let me know if you have any questions.

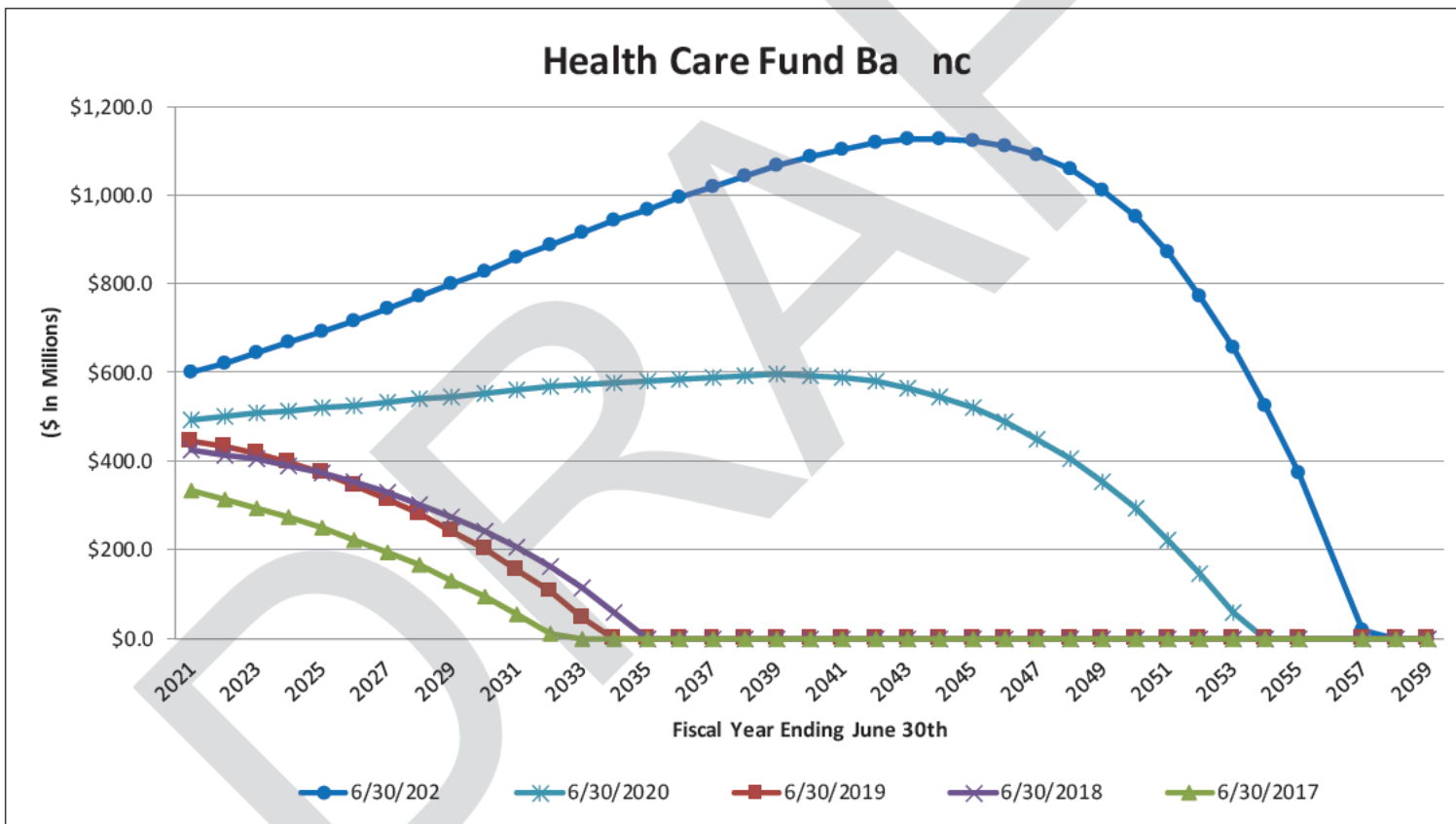


Richard Stensrud



Solvency Chart

The following chart shows the projected Health Care Fund Balances from the five most recent valuation dates. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates. The current year projection is based on a 7.00% future asset return assumption, on a payroll growth assumption of 1.75% per year, and on the assumption that the health contribution will be 0.00%, plus a health care surcharge of 1.50%. These projections assume there will be no health care cost increases due to ACA law changes or COVID-19 impact other than anticipated health care trend.



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.

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

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



CBIZ COMPENSATION CONSULTING

Compensation Study Check In



Market Comparison Point Consideration

MATCH THE MARKET

- Pay in the middle of all labor markets that have similar positions
- Structure set to the market 50th percentile
- This is the approach of the majority (85%) of organizations

LEAD THE MARKET

- Market comparison set above the 50th percentile, such as the 75th or 90th percentile
- Consideration for organizations that:
 - Compete for hard-to-find, specialized skills
 - Want to be an employer of choice
 - Make up for lack of competitiveness in other reward programs

LAG THE MARKET

- Market comparison set below the 50th percentile, such as the 40th or 25th percentile
- Consideration for organizations that:
 - Have a strong variable compensation or benefits programs
 - Limited by budget



Market Comparison

	STAFF	EXEC	INVESTMENT
PAY MIX	Base Pay	Base Pay	Total Cash Comp (Base + Bonus)
COMPARISON	50 th Percentile	50 th Percentile	50 th Percentile



Labor Market Considerations



GEOGRAPHY

- Do you source talent primarily in the local market, or are there jobs for which you source regionally or nationally?



INDUSTRY

- Should the focus be exclusively your industry or should the broader labor market be considered?



SIZE

- How critical is size? For all positions?
- What are the metrics that matter: AUM, revenue, operating budget, employee headcount, etc.



Peer Group Considerations

- Location
- Assets Under Management
- Members
- # of Employees
- Governance Structure
- State Classification System



Labor Markets & Peer Group Map

	STAFF	EXECUTIVE	INVESTMENT
GEOGRAPHY	Columbus	National/Columbus	National
INDUSTRY	Public/Private Mix	Public/Private Mix	Pension
SIZE/SCOPE	Pension peer group + Local employers of similar size (budget; # employees)	Pension peer group + Local employers of similar size (budget; # employees)	Pension peer group
PENSION PEER GROUP	Smaller group to emphasize Ohio peers	Local + National (Review of AUM range, governance structure, members, staff)	National, focus on asset management approach
SURVEY WEIGHTING	50% Published (multiple surveys) 50% Pension	50-100% Pension 0-50% Published **see job list slide**	100% Pension



Proposed Staff Custom Peer Group

Fund Name	FTEs	Members	Assets	Governing Body	State Merit System
Missouri Local Government Employees Retirement System	37	71,255	9.5	Independent	No
Missouri State Employees Retirement System	94	95,760	9.7	Independent	No
Municipal Employees' Retirement System of Michigan	141	124,109	14.4	Independent	No
Ohio Police and Fire Pension Fund	145	29,000	17.5	Independent	No
Ohio Public Employees Deferred Compensation	22	250,600	18.6	Independent	No
State Employees' Retirement System of Illinois	170	124,440	19.2	Other	No
Kansas Public Employees Retirement System	127	325,000	20.6	Independent	No
Pennsylvania State Employees Retirement System (SERS)	215	220,245	35.3	Independent	Yes
State Teachers Retirement System of Ohio	502	345,260	76.4	Independent	Yes
Ohio Public Employees Retirement System	531	506,000	114.3	Independent	No
Illinois Municipal Retirement Fund	215	170,735	50.3	Independent	No
Public School & Education Employee Retirement Systems of Missouri	143	93,253	53.0	Independent	No
Colorado Public Employees' Retirement Association	300	625,000	61.1	Independent	No
Public School Employees Retirement System of Pennsylvania	361	522,000	65.9	Independent	Yes



Proposed Executive Custom Peer Group

Fund Name	FTEs	Members	Assets	Governing Body	State System
Missouri Local Government Employees Retirement System	37	71,255	9.5	ndependent	No
Missouri State Employees Retirement System	94	95,760	9.7	ndependent	No
New Hampshire Retirement System	71	108,224	11.0	ndependent	Yes
San Bernardino County Employees' Retirement Association	75	43,000	11.9	Other	No
Arizona Public Safety Personnel Retirement Systems	69	60,000	13.5	ndependent	Yes
Municipal Employees' Retirement System of Michigan	141	124,109	14.4	ndependent	No
New Mexico Educational Retirement Board	83	112,534	15.2	ndependent	Yes
Teachers' Retirement System of Oklahoma	41	167,619	17.0	ndependent	No
Ohio Police and Fire Pension Fund	145	29,000	17.5	ndependent	No
Maine Public Employees Retirement System	112	94,068	17.8	ndependent	No
Ohio Public Employees Deferred Compensation	22	250,600	18.6	ndependent	No
State Employees' Retirement System of Illinois	170	124,440	19.2	Other	No
Employees' Retirement System of the State of Hawaii	100	117,903	20.0	Other	Yes
Kansas Public Employees Retirement System	127	325,000	20.6	ndependent	No
Los Angeles City Employees Retirement System	173	47,013	22.5	ndependent	No
Teachers' Retirement System of Louisiana	153	169,562	24.5	Other	Yes
Minnesota State Retirement System	138	106,903	25.6	ndependent	Yes
Minnesota Teachers Retirement Association	95	205,000	27.0	ndependent	Yes
South Carolina Public Employee Benefit Authority	282	412,565	31.3	ndependent	Yes
Employees Retirement System of Texas	415	255,651	32.3	ndependent	Yes
Public Employees Retirement Association of Minnesota	109	290,757	32.6	ndependent	Yes
Public Employees' Retirement System (PERS) of MS	168	269,359	33.6	Other	Yes
Texas Municipal Retirement System	125	115,938	33.7	ndependent	No
Pennsylvania State Employees Retirement System (SERS)	215	220,245	35.3	ndependent	Yes
State Teachers Retirement System of Ohio	502	345,260	76.4	ndependent	Yes
Ohio Public Employees Retirement System	531	506,000	114.3	ndependent	No
Utah Retirement Systems	480	241,096	39.3	ndependent	No
Illinois Municipal Retirement Fund	215	170,735	50.3	ndependent	No
Public School & Education Employee Retirement Systems of Missouri	143	93,253	53.0	ndependent	No
Colorado Public Employees' Retirement Association	300	625,000	61.1	ndependent	No
Public School Employees Retirement System of Pennsylvania	361	522,000	65.9	ndependent	Yes



Proposed Investment Custom Peer Group

Fund Name	FTEs	Members	Assets	Governing Body	Investment Internal?
Denver Employees Retirement Plan	20	19,481	2.5	Independent	Yes
MoDOT & Patrol Employees' Retirement System	18	18,793	2.8	Independent	Yes
Missouri Local Government Employees Retirement System	37	71,255	9.5	Independent	Yes
Missouri State Employees Retirement System	94	95,760	9.7	Independent	Yes
Arizona Public Safety Personnel Retirement Systems	69	60,000	13.5	Independent	Yes
Municipal Employees' Retirement System of Michigan	141	124,109	14.4	Independent	Yes
New Mexico Educational Retirement Board	83	112,534	15.2	Independent	Yes
Ohio Police and Fire Pension Fund	145	29,000	17.5	Independent	Yes
Nebraska Investment Council	9	141,750	21.0	Independent	Yes
Teachers' Retirement System of Louisiana	153	169,562	24.5	Other	Yes
Employees Retirement System of Texas	415	255,651	32.3	Independent	Yes
Utah Retirement Systems	480	241,096	39.3	Independent	Yes
Arizona State Retirement System	241	613,691	46.9	Independent	Yes
Colorado Public Employees' Retirement Association	300	625,000	61.1	Independent	Yes
Public School Employees Retirement System of Pennsylvania	361	522,000	65.9	Independent	Yes
New Jersey Division of Investment	71	n/a	76.0	Other	Yes
State Teachers Retirement System of Ohio	502	345,260	76.4	Independent	Yes
Alaska Permanent Fund Corporation	62	n/a	79.4	Other	Yes
Teachers Retirement System of Georgia	205	170,735	98.0	Independent	Yes
Ohio Public Employees Retirement System	531	506,000	114.3	Independent	Yes
Teacher Retirement System of Texas	835	1,682,708	176.9	State Legislature	Yes
State Board of Administration of Florida	215	1,284,768	194.7	Other	Yes



Published Survey Sources

- Economic Research Institute (ERI)
 - Consultant's Salary Assessor
 - Executive Compensation Assessor
- CompAnalyst
- CompData
- PayFactors
- Employers Resource Association (ERA)
 - Engineering and IT Personnel Compensation Report
 - Professional & Supervisory Personal Compensation Report
 - Executive Personnel Compensation Report
 - Production, Maintenance, and Service Personnel Compensation Report



Aging Survey Data

- Survey data must be adjusted (e.g., “aged”)
 - Account for market movement between the time of data collection and when the data are to be used
- All salary data were aged to January 1, 2023
- Data were aged using a factor of 3.2%
 - Tied to the Bureau of Labor Statistics Employment Cost Index
 - Reports wage growth for the prior 12 months



Proposed Executive Jobs

Title	Survey Weighting	
	Pension	Published
Executive Director	100%	0%
Deputy Executive Director	100%	0%
General Counsel	50%	50%
Chief Financial Officer	50%	50%
Chief Risk Officer	50%	50%
Chief Technology Officer	50%	50%
Chief Audit Officer	50%	50%
Director - Administrative Services	50%	50%
Director - Member Services	50%	50%
Director of Health Care Services	0% (not available)	100%



Proposed Investment Jobs



Title	Department
Associate Investment Officer	Investments
Investment Officer	Investments
Sr. Investment Officer	Investments
Chief Investment Officer	Investments



Proposed Staff Jobs

- Recommended in Staff but could be Investment?

Title	Department
Investment Fund Accountant	Investment Accounting
Senior Investment Fund Accountant	Investment Accounting
Sr. Alternative Investment Analyst	Investment Accounting
Senior Manager - Financial Accounting	Investment Accounting

SERS TECHNOLOGY COMMITTEE REPORT

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2021

AUDIT COMMITTEE MEETINGS

December 15, 2021 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

November 18, 2021 – 7:30 a.m. (Thurs.) – *Special Meeting*
December 16, 2021 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

December 16, 2021 – 2:00 p.m. (Thurs.)

BOARD MEETINGS

October 21 and 22, 2021 (Thurs. and Fri.)
November 18 and 19, 2021 (Thurs. and Fri.)
December 16 and 17, 2021 (Thurs. and Fri.)

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

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022

AUDIT COMMITTEE MEETINGS

March 16, 2022 - 2:30 p.m. (Weds.)
June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 17, 2022 - 7:30 a.m. (Thurs.)
June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 17, 2022 – 2:00 p.m. (Thurs.)
June 16, 2022 – 2:00 p.m. (Thurs.)
September 15, 2022 – 2:00 p.m. (Thurs.)
December 15, 2022 – 2:00 p.m. (Thurs.)

BOARD MEETINGS

February 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
March 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
April 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
May 19-20, 2022 – 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 – 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 – 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)

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

CONTINUED OR NEW BUSINESS

Board Information Requested

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____



CONTRIBUTION BASED BENEFIT CAP STATUTE

Section 3309.363 Contribution based benefit capⁱ

(Proposed effective date of Aug.1, 2023)

(A) As used in this section:

(1) "Retirement allowance" means any of the following as appropriate:

- (a) An allowance calculated under section 3309.36 of the Revised Code prior to any reduction for early retirement or election under section 3309.46 of the Revised Code of a plan of payment;
- (b) An allowance calculated under division (A) of section 3309.45 of the Revised Code;
- (c) An allowance calculated under division (B)(1)(a) of section 3309.381 of the Revised Code.

(2) "CBBC" means the contribution based benefit cap, a limit established by the school employees retirement board on the retirement allowance a member may receive.

(B) Based on the advice of an actuary appointed by the board the board shall designate a number as the CBBC factor. The board may from time to time raise the factor pursuant to advice from an actuary appointed by the board.

(C) Prior to paying a retirement allowance, the school employees retirement system shall make the following calculations:

- (1) Determine an amount equal to the value of the member's accumulated contributions, including any contribution used to fund a disability benefit under section 3309.40, any amounts received by the system under division (B)(5)(a)(i) of section 3309.35 of the Revised Code, and a portion of any amounts paid by an employer under section 3309.33 of the Revised Code, as determined by an actuary appointed by the board.
- (2) Determine the amount of a single life annuity that is the actuarial equivalent of the amount determined under division (C)(1) of this section, adjusted for age of the member at the time of retirement or, when appropriate, the age at the time of the member's death;
- (3) Multiply the annuity amount determined under division (C)(2) of this section by the CBBC factor.

(D) (1) The amount determined under division (C)(3) of this section is the member's CBBC.

(2) If the retirement allowance the member would receive exceeds the member's CBBC, the retirement allowance shall be reduced to an amount equal to the member's CBBC.

(E) If a member's retirement allowance is reduced under this section, the reduced retirement allowance shall become the member's single lifetime allowance for purposes of sections 3309.36, 3309.45, and 3309.381 of the Revised Code.

(F) The retirement board may adopt rules to implement this section.

ⁱ This draft statute is based on PERS' CBBC statute R.C. 145.333.

ADJOURNMENT(R)

_____ moved that the Board adjourn to meet on Thursday, November 18, 2021 for their next regularly scheduled meeting.

The meeting adjourned at _____ p.m.

Barbra Phillips - Chairperson

Richard Stensrud, Secretary