



SERS Retirement Board Agenda
March 21, 2024
8:30am

Click the Zoom Link to Join the Meeting:

<https://ohsers.zoom.us/j/91527563607?pwd=ay8xbUtmV0p4KytCZjltVzVqQIVRdz09>

Meeting ID: 915 2756 3607 **Password:** 12345

To join by phone, dial: (301) 715-8592 **Meeting ID:** 915 2756 3607 **Password:** 12345

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA

2. Minutes of the:
 - **February 15, 2024 Retirement Board Meeting**
 - **February 15, 2024 Special Board Meeting – Pensionable Compensation Discussion**
 - **February 16, 2024 Board Retreat**
3. Summary of Investment Transactions – **January 1, 2024, to January 31, 2024**
4. Retirement Report
 - Superannuations, Survivor Benefits & Transfers
 - Special Cases
5. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Disability Benefits
 - Termination of Disability Benefits – Any Occupation

INVESTMENT REPORT

6. Annual Portfolio Review – Global Real Assets
7. Monthly Investment Report

EXECUTIVE DIRECTOR'S REPORT

8. Executive Director's Update
9. Review of Administrative Expenses
10. Final Filing of Proposed Amended Administrative Rules (R)
11. Discussion of Salary Growth Information for Preliminary FY2025 Budget
12. FY2024 OSERS Broad Street Capital Budget Modification (R)
13. Pensionable Compensation Discussion
14. Executive session pursuant to R.C. 121.22 (G)(3) to discuss imminent court action. (R)

RETIREMENT REPORT

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

AUDIT REPORT

16. Audit Committee Update

COMPENSATION REPORT

17. Compensation Committee Update

BOARD COMMUNICATION AND POLICY ISSUES

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

EXECUTIVE DIRECTOR'S REPORT (cont.)

20. FY2025 Strategic Planning Discussion – RAMA Consultants

ADJOURNMENT (R)

FY2024 SERS Board Roll Call

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

MARCH 2024 CONSENT AGENDA

1. Minutes of the
 - a. **February 15, 2024, Retirement Board Meeting**
 - b. **February 15, 2024 Special Board Meeting – Pensionable Compensation**
 - c. **February 16, 2024 Annual Board Retreat**
2. Summary of Investment Transactions – **January 1, 2024 to January 31, 2024**
3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation

APPROVAL OF CONSENT AGENDA

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

- 1. Minutes of the
 - a. **February 15, 2024, Retirement Board Meeting**
 - b. **February 15, 2024 Special Board Meeting – Pensionable Compensation**
 - c. **February 16, 2024 Annual Board Retreat**
- 2. Summary of Investment Transactions – **January 1, 2024 to January 31, 2024**
- 3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
- 4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation

Upon roll call, the vote was as follows:

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

SERS Retirement Board Meeting Minutes

February 15, 2024

The nine hundredth and sixty-sixth 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, February 15, 2024.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:31 a.m. with the Pledge of Allegiance.

Roll Call

The roll call was as follows: Frank Weglarz, Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff and the public attended in person. Several SERS staff members and members of the public attended virtually.

Approval of Out-of-State Board Travel

Barbra Phillips moved and Aimee Russell seconded the motion that the travel request by a Board Member to travel and receive reimbursement for the following out-of-state conference and meeting expenses be approved.

Conference	Attendee	Conference Date(s)	Conference Location	Estimate of Expenses
IFEBP Investments Institute	Frank Weglarz	March 6 – March 7, 2024	Rancho Mirage, CA	\$3449.89
2024 NCPERS Annual Conference & Exhibition (ACE)	Cathie Moss	May 19 – 22, 2024	Seattle, WA	\$3890.15

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Consent Agenda

The consent agenda for **February 15, 2024**, included:

- Minutes of the December 21, 2023, Retirement Board meeting
- Summary of Investment Transactions for the period of November 1, 2023, to November 30, 2023 and December 1, 2023, to December 31, 2023
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal of Termination, Approval of Appeal of Termination – Any Occupation, Approval of Appeal of Termination on Personal Appearance – Any Occupation

Catherine Moss moved and James Haller seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, February 15, 2024. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

SERS Retirement Board Meeting Minutes

February 15, 2024

Investment Report

Annual Portfolio Review – Global Equities

SERS Chief Investment Officer, Farouki Majeed, introduced Judi Masri and Yen Li, Investment staff members, who provided the Board with an overview of SERS' \$7.6 billion global equities investment portfolio which comprises 41.7% of the Total Fund.

Ms. Masri reported that the Global Equities portfolio is divided into two segments: US Global Equities and Non-US Global Equities & Emerging Markets. US equity was overweight by 0.3% relative to the MSCI ACWI benchmark of 62.7% while non-US developed equity was overweight by 0.7% relative to the MSCI ACWI benchmark of 26.8%. Emerging markets were underweight by 1.0% relative to the MSCI ACWI benchmark of 10.5%. Ms. Masri stated that the global equity portfolio posted a return of 20.50% for the one year, which was 1.70% below the benchmark.

Ms. Li reported that the non-US. equity portfolio posted a one-year return of 15.38%, which was below the benchmark by 0.23%. Developed markets finished strong at 18.83%, exceeding the benchmark by 0.89%, while emerging markets underperformed the benchmark by 4.32% with a return of 5.51%.

Following a robust discussion, the board thanked the investment staff for their report.

Wilshire Associates Quarterly Performance Report – As of December 31, 2023

Joanna Bewick of Wilshire Associates provided the Board with an update of current U.S. economic conditions, and a review of SERS' October-December 2023 quarterly results. Ms. Bewick reported that during the fourth quarter, the stock market was up 12.1% with the best performing sectors being real estate (18%) and information technology (17%). The only negative sector was energy, which came in at -6.8%.

Ms. Bewick continued, stating that the possibility of a recession in 2024 remains high primarily because of the inverted yield spreads between long- and short-term bonds. Ms. Bewick also stated SERS' diversified portfolio contains less U.S. equity exposure than most other pension systems and generally posts lower Total Fund returns when the U.S. stock market registers big gains. While SERS' calendar year gross return of 10.66% ranked in the 84th percentile when compared to Wilshire's universe of pension systems, SERS continues to compare favorably with other U.S. pension plans in terms of gross returns over the 3-year (2nd), 5-year (4th), and 10-year (2nd) periods and doing so with less risk. Following a robust discussion, the board thanked Ms. Bewick for her presentation.

The board took a break at 10:15 a.m.

The board reconvened at 10:30 a.m.

Executive Director's Report

CBIZ – Compensation Update

Joe Rice from CBIZ provided an Annual Compensation Guidance report for the board as a follow-up to last year's compensation study. After further market analysis, Mr. Rice recommended a 3.6% increase to the current salary ranges with a total salary growth budget of 5%. Mr. Rice explained that total salary growth includes annual merit increases, promotions, staffing additions, and salary adjustments.

Following his presentation, Mr. Stensrud followed up, stating at the March meeting, the board will be presented with FY2025 compensation numbers for approval. The board will have ample time to review the proposed compensation adjustments before voting on the FY2025 budget in June. After a brief discussion, the board thanked Mr. Rice for his presentation.

SERS Retirement Board Meeting Minutes

February 15, 2024

Investment Report (cont.)

Quarterly Investment Report

SERS Chief Investment Officer, Farouki Majeed, followed up and provided an update on economic and financial market outlook for the quarter ending 12/31/2023. Mr. Majeed reported that the US labor market continues to be resilient, adding 216,000 jobs in December and US headline inflation increased marginally to 3.4% in December. Mr. Majeed also reported that overall, the program is adding to the fund and remains above the benchmark. Following a vigorous discussion, the board thanked Mr. Majeed for his presentation and for the strategic work the investment staff performs on behalf of the SERS members.

Executive Director's Report (cont.)

ORSC

SERS Executive Director, Richard Stensrud, began his report stating the ORSC met on January 11th. They heard several reports from the systems. SERS provided the ORSC with reports on our annual valuations, the annual health care report, as well as the annual Iran/Sudan report.

Mr. Stensrud continued, stating the ORSC also met on February 8th. This ORSC meeting agenda covered the review of changes made to the SERS travel policy, after it was reviewed by the Ohio Ethics Commission. This change will exclude conference registration fees from the total amount allowed for annual board travel. This change will also standardize the per diem rate as it will now be based on GSA standards. This change was approved and is effective moving forward.

Mr. Stensrud also reported that the ORSC announced that a subcommittee will be created to review RFP's for the ORSC audit of SERS that will likely take place this summer. Their goal is to recreate the actuarial summary that was previously created when SERS performed its own audit a few years ago.

Mr. Stensrud continued, reporting that Hank Kim from NCPERS spoke to the ORSC about raising employer rates. Several tough questions were raised about the topic of employer rates but no decision was made. Mr. Stensrud also stated that Representative Lightbody has left the ORSC and the Ohio Legislature. Her replacement is Beryl Brown Piccolantonio, who has been advised of SERS lack of interest in increasing employer rates. There was also a WEP and GPO presentation by ORSC staff.

Ohio General Assembly

Mr. Stensrud continued his report, stating that SERS staff met with Rep. Beryl Brown Piccolantonio (D-Gahanna) who replaced Rep. Lightbody (D-Westerville) on ORSC also replaced Rep. Lightbody as the ranking member on the House Pensions committee.

Mr. Stensrud reported although it is expected that the General Assembly will not meet as frequently since it is an election year, SERS staff will continue to monitor any pension related legislation. The House Pensions committee continues to hold hearings on employer contribution rate increase legislation (HB 296) for OP&F and SERS will continue to emphasize this is not a need for our system.

Mr. Stensrud also reported some activity is expected in the Senate Government Oversight committee on legislation to allow retirement system board members to participate in meetings remotely (HB 257). This authority was authorized on an interim basis during the pandemic and is currently in the Senate. Senate Government Oversight has also held sponsor testimony on the resolution (HCR 6) urging Congress to repeal WEP and GPO. The last ORSC meeting had a presentation on WEP and GPO.

SERS Retirement Board Meeting Minutes

February 15, 2024

Advocacy Groups

Mr. Stensrud continued his report stating that on January 19th, SERS held its annual Pension and Healthcare Advocacy Roundtable as a virtual meeting, which was also attended by 6 members of the board. The board members in attendance commented on how well SERS differentiates itself from other Ohio pension systems.

Mr. Stensrud reported that 13 representatives from 9 advocacy groups attended to hear SERS staff present about the state of the retirement system. SERS staff also provided a look forward to key activities planned for 2024.

Mr. Stensrud also reminded the board that this afternoon, there will be a Pensionable Compensation discussion with stakeholders after the board meeting in the O'Keefe conference center at the SERS building. SERS wants to initiate some dialogue around the topic of pensionable compensation. Six stakeholders are expected to attend in person with several others attending online. This discussion is scheduled to begin at 1:00 p.m.

Mr. Stensrud continued stating that he will be attending the OFT (Ohio Federation of Teachers) Retirement Committee meeting next week to share the story of SERS' success. OFT continues to respond positively to interactions with SERS staff.

NCTR/NASRA Winter Joint Meeting

Mr. Stensrud continued his report stating that he, along with Deputy Executive Director Karen Roggenkamp and Government Relations Office Chris Collins, are planning to attend the NASRA/NCTR winter meeting in Washington DC at the end of February. They will provide feedback at the next board meeting.

Board Retreat

Mr. Stensrud continued his report stating the annual SERS Board Retreat is scheduled for Friday morning starting at 8:30am in the O'Keefe Conference Center. There will be 4 presentations including one from Dr. Anirban Basu, an economist who will provide an analysis of the economy. Following Dr. Basu is a global market forecast by KKR for the year to come. Also presenting will be Nathan Haws from Linea who will provide a demonstration of how Artificial Intelligence works. Cavanaugh Macdonald, SERS actuary, will close the retreat with a risk and sustainability report.

Member Engagement

Mr. Stensrud continued his report stating that SERS staff continues to engage with members and employers. SERS newsletter, *Retiree Focus*, was issued in January and made available to SERS members. This newsletter contains information about upcoming webinars and other educational sessions. SERS staff will host several events for employers and retirees in the coming months and will continue to engage with members on a regular and consistent basis.

School Treasurer's Letter to the Board

Mr. Stensrud continued his report, advising that a letter was received from several school district treasurers regarding retirement eligibility standards, such as age and service requirements. The treasurers would like SERS to revisit the current standards. During the meeting, the board was provided with some historical context on the changes that were made several years ago. SERS actuary Cavanaugh Macdonald was asked how the proposed changes would affect the fund. Changing the requirements would add \$600M to the fund's liabilities and will reduce the fund's sustainability by 1% as well as reduce the health care solvency.

Mr. Stensrud continued, stating that the SERS retirement board has the authority to raise requirements but any effort to lower requirements would require legislative changes. It was also noted that SERS actuaries utilize a smoothing process over a four-year period. SERS has had a stretch of positive returns in recent years. However, SERS will now enter into several years of net-deferred losses which could potentially push fund levels

SERS Retirement Board Meeting Minutes

February 15, 2024

down. SERS wants to remind the board to carefully consider the outcomes before making additional changes to the eligibility standards.

A board member asked if SERS actuary, Cavanaugh Macdonald, would be able to create scenarios to demonstrate how changes would affect the fund as of today before responding to the treasurers. It was advised that creating these scenarios would cause SERS to incur substantial costs. It was also stated by several board members that when the changes were made several years ago, the decision was well thought out and took years of discussion and review before it was finalized. The board agreed it would not be feasible to create several new scenarios due to the cost involved. The board asked that SERS staff draft a response letter to the treasurers. After the board chair provides feedback, the response letter will be sent to the treasurers.

Review of Second Quarter Budget to Actual Administrative Expenses for SERS and OSERS Broad Street, LLC

SERS Chief Financial Officer, Marni Hall, provided a 2nd quarter YTD report for administrative expenses so far this fiscal year. Ms. Hall stated personnel costs are on budget but prescription costs are increasing. Other key points to the budget include the technology budget dollars that haven't been used yet due to project delays.

Ms. Hall also reported that there are invoices that are outstanding and have not been paid yet. Another reason for the budget surplus is that money allocated for tenant improvements weren't used. Ms. Hall also pointed out that there were three pay periods in December which is reflected in the administrative expense report. After several questions, the board thanked Ms. Hall for her report.

COMPENSATION COMMITTEE UPDATE

Compensation Committee Report

Compensation Committee Chair, Daniel Wilson, provided an update on the work of the committee. Mr. Wilson reported that the committee met this morning to discuss the compensation and hiring policies at SERS. There will be more discussion at the March Compensation Committee meeting.

TECHNOLOGY COMMITTEE UPDATE

Technology Committee Report

Technology Committee Chair, Matthew King, provided a brief update on the work of the committee. The Technology Committee met on December 21, 2023 and discussed progress on the SMART infrastructure updates and the committee received a quarterly IT update. The committee will meet again in March.

Retirement Report

There was no executive session for the retirement report.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

The board requested that a meeting be scheduled with stakeholders to discuss changes to the definition of compensation and how that might affect employers.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2024.

SERS Retirement Board Meeting Minutes

February 15, 2024

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 **

AUDIT COMMITTEE MEETINGS

March 20, 2024 – 2:30 p.m. (Weds.)
June 20, 2024 – 2:30 p.m. **(Thurs.) ** New Date ****
September 18, 2024 - 2:30 p.m. (Weds.)
December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)
June 21, 2024 – 7:30 a.m. **(Fri.) ** New Date ****
July 18, 2024 – 7:30 a.m. (Thurs.) * **Special Meeting ***
September 19, 2024 – 7:30 a.m. (Thurs.)
December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)
June 20, 2024 – 1:30 p.m. **(Thurs.) ** New Time ****
September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

March 21 - 22, 2024 – 8:30 a.m. (Thurs. and Fri.)
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)
May 16 – 17, 2024 – 8:30 a.m. (Thurs. and Fri.)
June 21, 2024 - 8:30 a.m. **(Fri.) ** New Date ****
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)
November 21 – 22, 2024 – 8:30 a.m. (Thurs. and Fri.)
December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

**** Please note that these dates and times are tentative.**

Adjournment

Board Chair, Frank Weglarz, moved to adjourn to meet on Thursday, March 21, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:42 p.m.

Frank Weglarz, Board Chair

Richard Stensrud, Secretary

SERS Retirement Special Board Meeting Minutes

Pensionable Compensation Discussion

February 15, 2024

The nine hundredth and sixty-seventh meeting of the Retirement Board of the School Employees Retirement System was held in the O'Keefe Conference Room at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, February 15, 2024.

The board requested that a special board meeting be scheduled with stakeholders to discuss changes to the definition of compensation and how they could potentially affect employers and members.

The special board meeting was called to order at 1:23 p.m. with the roll call and introductions.

Roll Call

The roll call was as follows: Frank Weglarz, Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Several stakeholder representatives were in attendance, both in person and virtually. Various members of the SERS staff and the public attended in person. Several SERS staff members and members of the public attended virtually.

Pensionable Compensation Discussion

SERS Executive Director Richard Stensrud opened the meeting by thanking those in attendance. Mr. Stensrud reported that this special meeting was called to order to facilitate a discussion between the SERS board and stakeholders. This meeting is to allow stakeholders the opportunity to provide input and gives an opportunity to talk and hear thoughts about the current rules around pensionable compensation and what would be advisable moving forward.

Mr. Stensrud continued, stating that SERS wants to create clarity and consistency around what rules are applied. We want to apply the rules fairly, equally, and consistently once SERS applies any rules that are adopted.

The board is split on the idea of pensionable compensation. Some board members believe if someone is being compensated for working, then the compensation should be pensionable. Other board members believe that this blanket statement could undo the sustainability of the fund that has been achieved over the years. The discussion around the differences continued with input from stakeholders.

Mr. Stensrud stated that if and when the rules defining pensionable compensation change, the timeline to phase in those changes should be clearly communicated so everyone knows what to expect. Mr. Stensrud hopes by clarifying the pensionable compensation definition, everyone will use the same terminology and will understand the budgetary implications with enough lead time to achieve a successful outcome. Mr. Stensrud then asked the group how much time would be needed to implement such a change. Board Vice Chair Matthew King responded that the contract year begins July 1 for school employees.

When asked about questions SERS receives from employers around pensionable compensation, Mr. Stensrud advised that SERS staff only know about issues when employers ask questions. If no questions are asked, SERS staff won't know about any issues. SERS wants to proactively clarify this definition to help employers moving forward.

Board member James Rossler asked if there is a desire for SERS' definition of pensionable compensation to align with STRS. Board member Jeffrey DeLeone responded in agreement, suggesting that STRS definition is simple and SERS definition is more restrictive. SERS staff responded stating that there are a lot of gray areas for employers, and they are getting creative when submitting payments. The idea is for SERS have one set of rules that applies to every participating employer.

Board Chair Frank Weglarz thanked everyone for coming and participating in a robust discussion.

**SERS Retirement Special Board Meeting Minutes
Pensionable Compensation Discussion
February 15, 2024**

Adjournment

Board Chair, Frank Weglarz, moved to adjourn to meet on Thursday, March 21, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 2:21 p.m.

Frank Weglarz, Board Chair

Richard Stensrud, Secretary

DRAFT

SERS Retirement Board Annual Retreat Meeting Minutes

February 16, 2024

Introduction

SERS Executive Director, Richard Stensrud, introduced the first retreat presenter, Dr. Anirban Basu. Dr. Basu has presented to SERS in the past and is Chairman & CEO of Sage Policy Group, Inc., an economic and policy consulting firm headquartered in Baltimore, Maryland with an office in Orlando, Florida.

The second presenters were from KKR, a leading global investment firm. David McNellis serves as Head of Research and U.S. Macro for KKR's Global Macro, Balance Sheet and Risk team and Ari Barkan is a Managing Director in Global Client Solutions. He serves as the Head of the U.S. Central Region for Institutional Client Solutions.

The third presenter, Nate Haws, is the Associate Principal Consultant and AI Researcher at Linea Solutions. Mr. Haws has over 20 years of experience working with public and private sector retirement plan administration and Mr. Haws provided an AI (Artificial Intelligence) demo.

Lastly, Mr. Stensrud stated Todd Green and John Garrett from Cavanaugh Macdonald would provide the board with a risk assessment and an update on the sustainability of the fund.

Educational Session on Current U.S. Economic Conditions – Dr. Basu

Dr. Anirban Basu, Chairman and CEO of Sage Policy Group, Inc., provided a presentation titled “The Good, the Bad, and the Ugly” that focused on the current economic conditions in the U.S. and Ohio. Dr. Basu advised that his goal is to spot issues in the economy and report them so SERS can create its own forecast.

Dr. Basu stated that money supply is at the heart of all things. When the money supply is abundant, everything is good. Dr. Basu reported that consumer spending is at an all-time high with the highest amounts being spent on travel, concerts, experiences, and other consumer goods. Although American spending is at an all-time high, many people are living paycheck to paycheck.

Dr. Basu continued his presentation with a discussion about the current unemployment rates, the drawdown of personal savings, the consumer price index, and the real estate market. Dr. Basu closed his presentation by stating that we are a deeply indebted society currently facing high borrowing costs & for this reason, Dr. Basu is pessimistic about the near-term outlook. Dr. continued, stating that it will come nearly a year after initially anticipated, but recession is coming in 2024.

After several questions and a robust discussion, the board thanked Dr. Basu for his entertaining and informative presentation.

Roll Call

The SERS Annual Board Retreat roll call was as follows: Frank Weglarz, Jeffrey DeLeone, James Haller, Matthew King, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Daniel Wilson. Also attending in person stakeholders and various members of the SERS staff. Members of the public attended virtually.

Following the roll call, the board took a break at 9:52 a.m.

SERS Retirement Board Annual Retreat Meeting Minutes

February 16, 2024

Board member Matthew King excused himself from the retreat during the break.

The board reconvened at 10:05 a.m.

Educational Session on Current U.S. Economic Conditions - KKR

David McNellis of KKR introduced himself and his colleague Ari Barkan & opened their presentation with an executive summary. Mr. McNellis' forecast of the economy is "Glass Half Full", as indicated by the title of the presentation. Mr. McNellis reported that he still thinks we are in a good environment for risk assets, including areas beyond large capitalization growth stocks. Mr. McNellis also reported that investors are likely too defensively positioned; at the same time, central bank balance sheets are still quite accommodative, which is important for all valuations. Also, lack of central bank tightening should allow the cost of capital to become more definable in 2024, which should accelerate capital markets and M&A activity.

Mr. McNellis continued, stating he does not believe in the "hard landing" thesis where a recession will come as the economy sharply declines and unemployment rapidly rises. Instead, he believes a recession will come but slowly and at the end of 2024. Mr. McNellis suggests a diversified portfolio will perform better in the future when it comes to asset class expectations. Following slides about inflation and the labor market, the board asked several questions then thanked Mr. McNellis and Mr. Barkan for their presentation.

The board took a break for lunch at 11:10 a.m.

The board reconvened after lunch at 12:15 p.m.

Educational Session on Artificial Intelligence – Linea Solutions, Inc.

Following the lunch break, Mr. Stensrud introduced Nate Haws of Linea Solutions, Inc. Mr. Haws has over 20 years of experience working with public and private sector retirement plan administration. He has worked on multiple large-scale information technology projects as a business analyst, project manager and many other roles. He has worked on Pension Administration System implementation projects from the research/feasibility phases to the implementation phases and is currently working with SERS to utilize Artificial Intelligence to enhance our business operations.

Mr. Haws opened his presentation by describing the concept of digital debt. Microsoft describes *Digital Debt* as the circumstance we have where we are no longer able to keep up with the administration of our lives, and we spend more time in each of our days in meetings, answering emails, answering calls and texts, and less time producing or creating. Mr. Haws defined Artificial Intelligence as computer systems' ability to perform tasks normally requiring human intelligence. This concept has been around for years and is used by such things as Siri, Netflix recommendations, and autocorrect.

Mr. Haws continued his presentation, reporting that by 2025, 70% of enterprises will identify the sustainable and ethical use of AI among their top concerns and 35% of large organizations will have a chief AI officer who reports to the CEO or COO. More importantly, Mr. Haws stated that through 2026, despite all of the advancements in AI, the impact on global jobs will be neutral – meaning there will not be a net decrease or increase.

SERS Retirement Board Annual Retreat Meeting Minutes

February 16, 2024

Mr. Haws reported on how SERS is carefully adopting AI right now. SERS will set guidelines to protect our data, mitigate risks & use AI responsibly and will work with industry peers and consultants to create the AI policy using best practices. SERS intends to create an AI committee. This governing body will ensure that SERS values are protected and will be responsible for AI-related decisions and use case approvals with representation from Legal, IT, Security, and Operations. All AI tools will be evaluated on consistent parameters such as cost, benefits, security standards, etc.

Mr. Haws provided a real-time AI demonstration for the board to display the features available. Mr. Haws reiterated that with proper guidelines for responsible use, AI provides many business benefits and meets security requirements.

After a robust discussion, the board thanked Mr. Haws for an informative presentation.

The board took a break at 1:30 p.m.

The board reconvened at 1:45 p.m.

Educational Session on Pension Sustainability – Cavanaugh Macdonald

Mr. Stensrud welcomed the board back into open session and introduced Todd Green and John Garrett of Cavanaugh Macdonald, who provided the annual pension sustainability presentation. Todd Green reported as SERS' actuary, one of Cavanaugh Macdonald's roles is to identify risks that could impact the System's future financial condition. The primary types of risk that could affect funding are:

- **Investment risk:** Investment return is different than expected.
- **Longevity risk:** Mortality experience is different than expected.
- **Covered payroll risk:** Covered payroll will not increase as assumed.
- **Active population risk:** Number of active members decline.
- **Contribution rate risk:** Contribution rates are too high for the employer to pay.

Actuaries assess these risks through a series of plan maturity measurements, such as comparing the number of actives to retirees; retired liability to total liability; net cash flow to market value of assets; and market value of assets to payroll.

Cavanaugh Macdonald began its qualitative risk assessment by examining SERS' funding and amortization policies; the size of active membership compared to growth in total covered payroll; and the effect of annual cost-of-living adjustments (COLAs).

Mr. Green continued, stating currently, employers are required to pay a contribution rate of 14% and members are required to pay 10%. Employer contributions exceeding those required to pay basic benefits may be allocated to the Health Care Fund.

In keeping with SERS' objective of maintaining a closed amortization period, the Board approved a change to the System's funding policy in 2015. If the funded ratio of the pension fund is below 70%, all 14% of the employer contribution must be allocated to SERS' basic benefits; if the funded ratio is at least 70%, but less than 80%, the Board can allocate up to 0.50% of the 14% employer contribution toward health care; if the funded ratio is at least 80%,

SERS Retirement Board Annual Retreat Meeting Minutes

February 16, 2024

but less than 90%, the Board can allocate up to 0.75% to basic benefits; and if the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employer contribution that is not needed for basic benefits. Mr. Green noted that SERS' funding policy is a positive factor as it has accelerated the funding of the pension plan by \$600 million.

The System's amortization policy is that SERS' unfunded actuarial accrued pension liability must be amortized, or paid off, within thirty years. Mr. Green remarked that this is also a positive factor. When evaluating the size of SERS' active membership to the total covered payroll, the assessment found that this factor presents a limited risk due to increased active membership.

Mr. Green continued, stating that a reduction in population will result in a reduction in covered payroll which will reduce the funding available to the System since employer contributions are limited to 14% of payroll which will ultimately increase the amount of time necessary to completely amortize the unfunded liability.

As far as mortality risk is concerned, small, continuous improvements in mortality are anticipated. Mr. Green stated that recent experience represents approximately a 1% improvement per year. This presents a slight risk as retirees will be receiving a benefit for longer periods of time and there is the possibility in a sudden shift in life expectancy due to major medical advancements.

Finally, Mr. Green discussed investment risk. After performing a stress test, or an analysis used to determine the ability of a financial institution to manage an economic crisis, it was determined that SERS could sustain a single "shock" return like the one experienced in FY2009, but it would likely require more Board action to maintain pension sustainability. Therefore, this presents a slight risk to the System.

In conclusion, Green and Garrett stated SERS' risk profile has improved since the 2022 due to the following factors:

- Investment performance since June 30, 2022
- The Board's funding policy has accelerated funding of Basic Benefits by \$874 million
- Since June 30, 2022, covered payroll grew by 7.6% compared to the assumed rate of 1.75%

Mr. Green concluded that this assessment is primarily due to investment performance and the Board's funding policy. However, the Board needs to continue to monitor risks and adjust as necessary. Following a robust discussion, the board thanked Mr. Green and Mr. Garrett for their presentation.

Mr. Stensrud offered closing remarks and thanked everyone for their attendance and participation.

Board Chair Frank Weglarz also thanked everyone for coming and appreciated the great discussion.

The meeting adjourned at 2:32 p.m.

Frank Weglarz, Board Chair

Richard Stensrud, Secretary

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of January 1, 2024 through January 31, 2024. 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	\$101.5
Fixed Income	556.1
Private Equity Capital Calls	41.8
Real Estate Capital Calls	22.4
Infrastructure Capital Calls	19.4
Opportunistic & Tactical	28.6
Global Private Credit	11.3
Cash Equivalents	280.2

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$155.7	18.1
Fixed Income	551.1	2.8
Private Equity Distributions	12.0	n/a
Real Estate Distributions	11.9	n/a
Infrastructure Distributions	1.1	n/a
Opportunistic & Tactical	0.6	n/a
Global Private Credit	1.6	0.1
Cash Equivalents	265.1	n/a

Memo

To: Retirement Board
From: Farouki Majeed
cc: Richard Stensrud, Karen Roggenkamp
Date: March 8, 2024
Re: **Investment Report for the March Board Meeting**

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

- Annual Portfolio Review – Real Assets
- Investment report and economic update for the period ended January 31, 2024

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

- Manager Reviews – Real Assets
- Monthly Top 20 Equity and Fixed Income Holdings Reports – January 31, 2024
- Monthly Compliance Update memo – January 31, 2024
- Quarterly Risk Report- December 31, 2023

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



Global Real Assets Portfolio Review

As of December 31, 2023

Presented by Investment Staff

Meeting Date: March 21, 2024

Paul Cheng and Michael Browning

Role

- SERS invests in Real Assets (Real Estate, Infrastructure) to provide stable income from tangible assets, inflation protection over the long term, and low correlation to equities

Objective

- The objective is to provide returns in excess of the benchmarks on a net of fees basis:
 - Real Estate: NCREIF Property Index (NPI)
 - Infrastructure: Quarterly (4) smoothed CPI + 1.20% per quarter

Allocation

- Real Estate target allocation is 13% with a range of 10-15%
- Infrastructure target allocation is 7% with a range of 5-10%

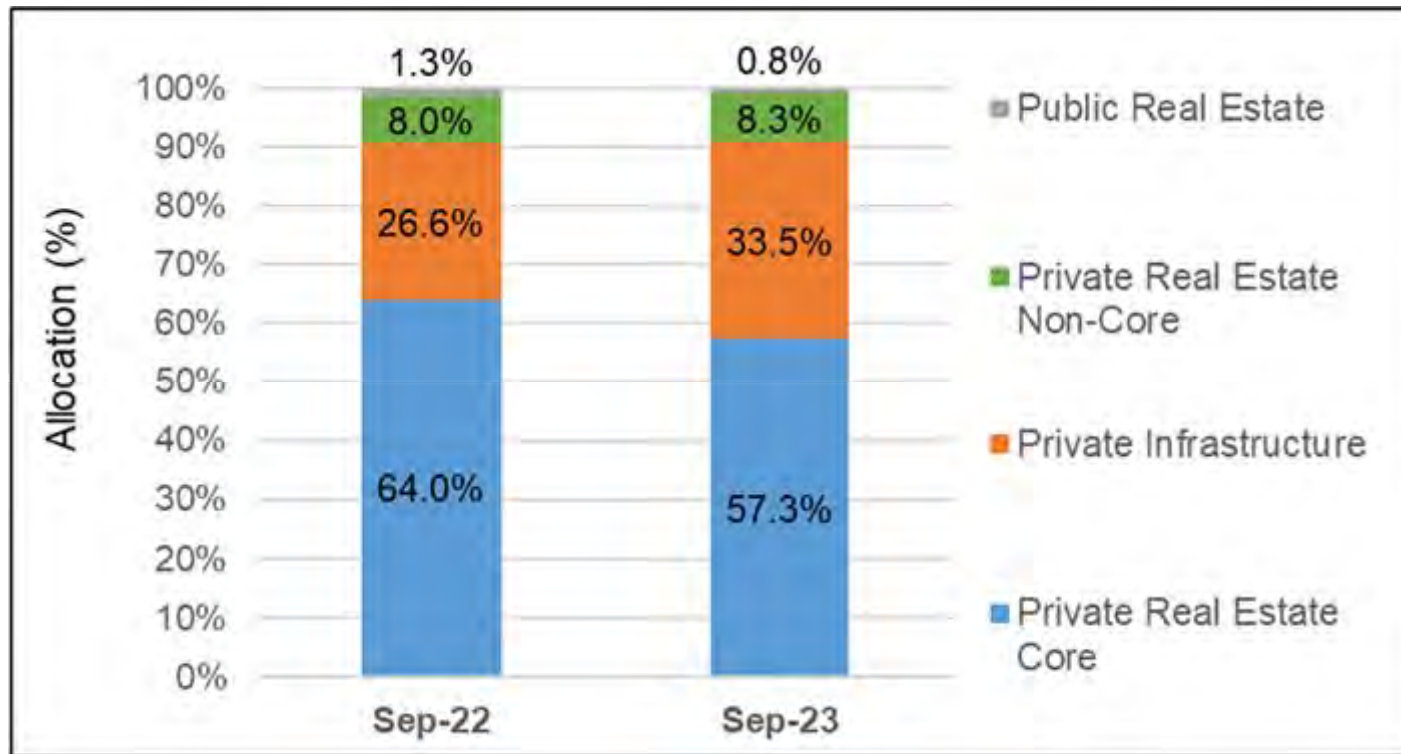
Risk Management

- Real Assets is structured and continually assessed to ensure that the portfolio is comprised primarily of operating assets, utilizing moderate leverage, demonstrating sufficient income growth, and maintained adequately to ensure asset quality



Portfolio Structure – Strategy

- Private Real Estate (Core & Non-Core) remains the largest exposure at 66%, having declined from 72% YoY due to asset value depreciation and redemptions
- Infrastructure increased from 27% in 2022 to 34% in 2023 due to assets value appreciation and capital calls
- Public Real Estate provides portfolio liquidity and remains below 2%



• Total may not equal 100% due to rounding and exclusion of legacy funds

\$2.35 Billion in Market Value

- Real Estate: 12.9% of Total Fund
- Unfunded commitments: \$123 million
- New commitments: \$121 million in 2023
- Redemptions Requested: \$75 million in 2023 (and \$225 million in 2022)
- Manager rankings: 3 ranked “A”; 4 ranked “B”; 4 ranked “C”

Performance for 2023

- (10.20%) net return underperformed benchmark (NPI) by 181 basis points in 2023
- 3 and 5-year net returns were 8.82% and 7.24%, beating benchmark by 278 and 197 bps
- Overweight in Industrial Real Estate, underweight in Office, overweight Niche, underweight Retail have helped the 3 and 5-year outperformance

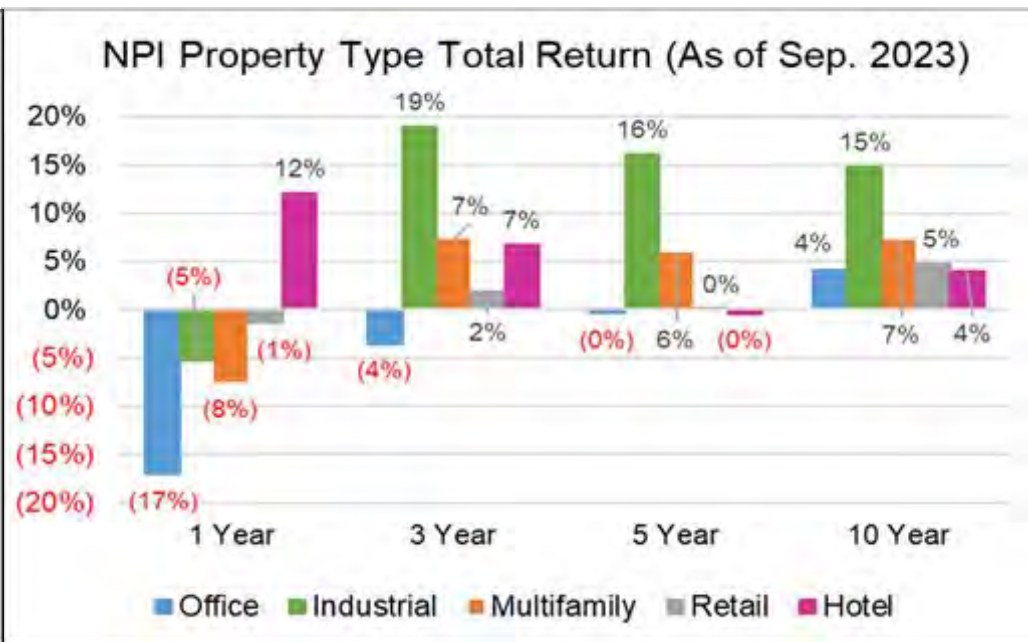
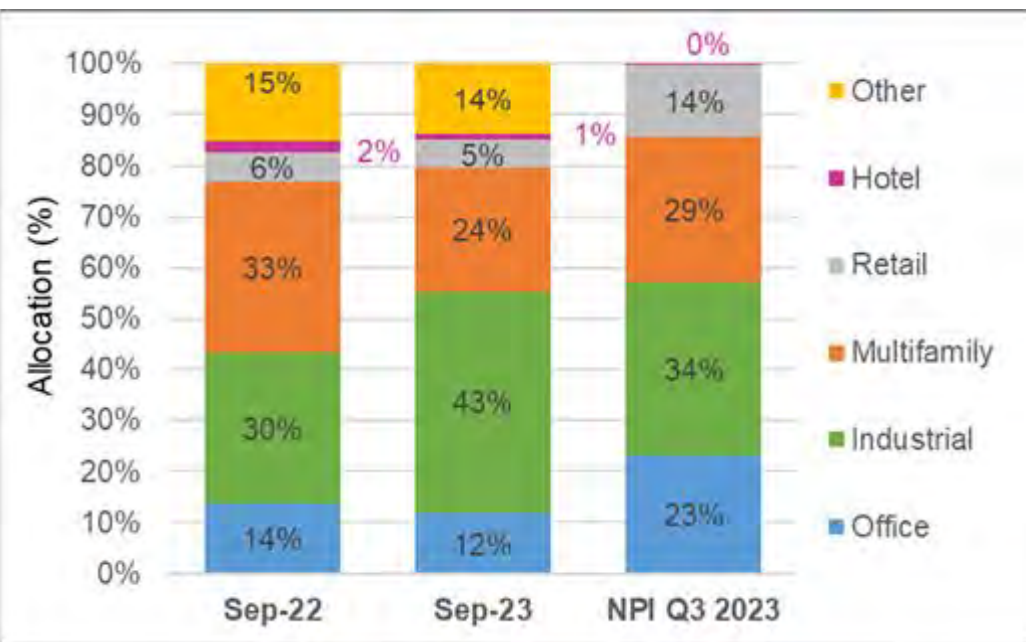
Portfolio Goals for 2024

- Explore Real Estate strategies that capitalize on market corrections
- Grow co-investment program



Real Estate Property Type

- 2023 performance impacted by higher interest and cap rates
- Real estate fundamentals across most property types (e.g. occupancy and rent growth) remain positive. *Exception: Office's ongoing impact from secular shifts*
- Overweight Industrial – Best performing property type over the last decade
- Underweight Office – COVID impact on altered tenant behavior continues
- Underweight Multifamily – Fundamentals remain positive due to shortage in housing
- Underweight Retail – Our portfolio's underweight has helped performance
- Overweight Other (Niche) – Provides diversification and secular growth. Niche sectors include data centers, life science, student/senior/manufactured housing, medical office, single family rental, and storage



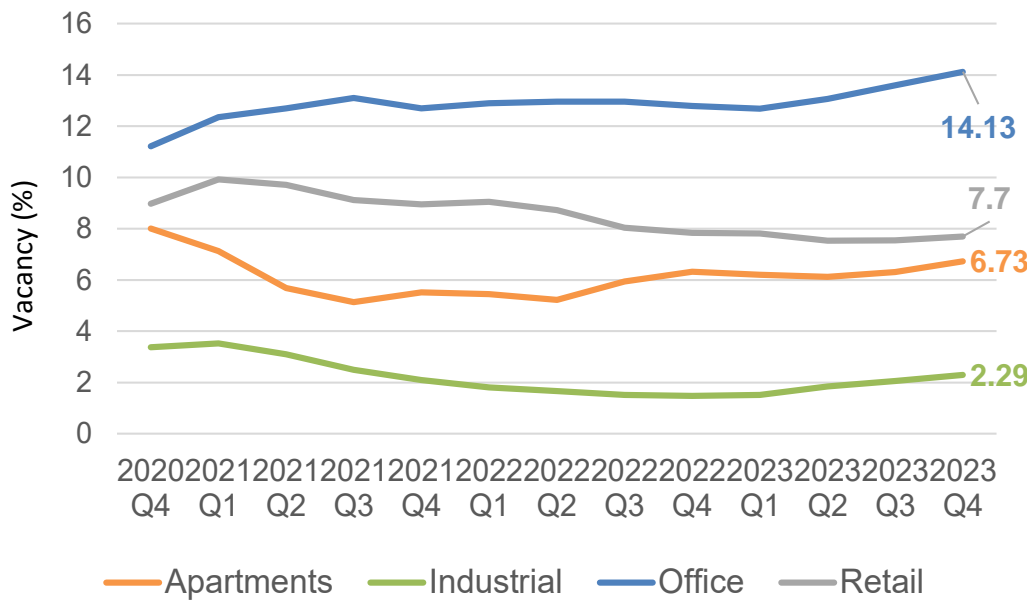
• NPI returns are annualized total returns



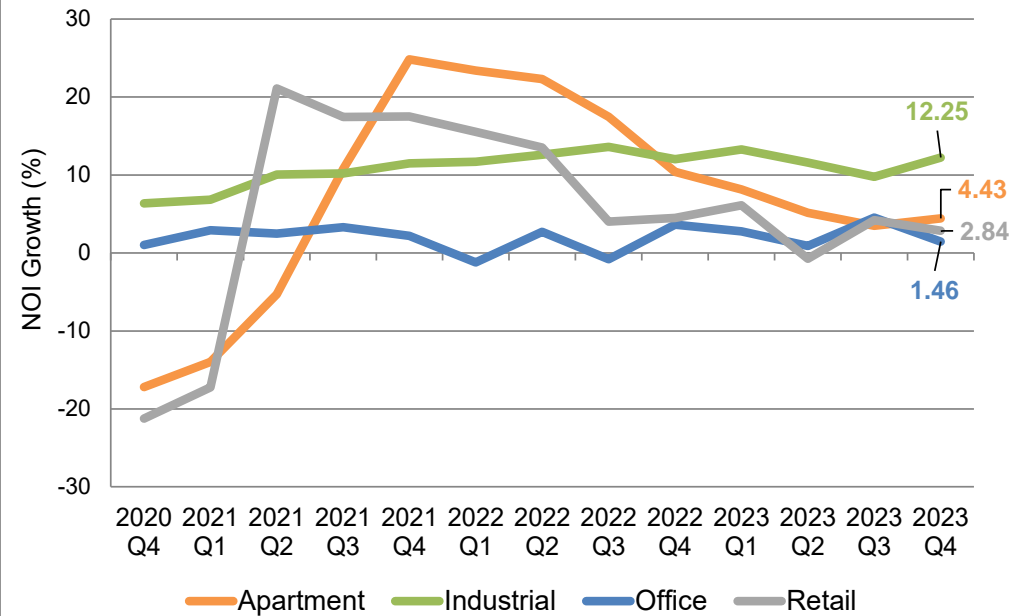
Real Estate Fundamentals

- Vacancy for Industrial, Multi-family, and Retail remain below 8%
- Rent growth for Industrial (10%+), Multifamily (4-5%), Retail (3%) reflect solid fundamentals

Vacancy by Property Type



4-Qtr Rolling NOI Growth by Property Type

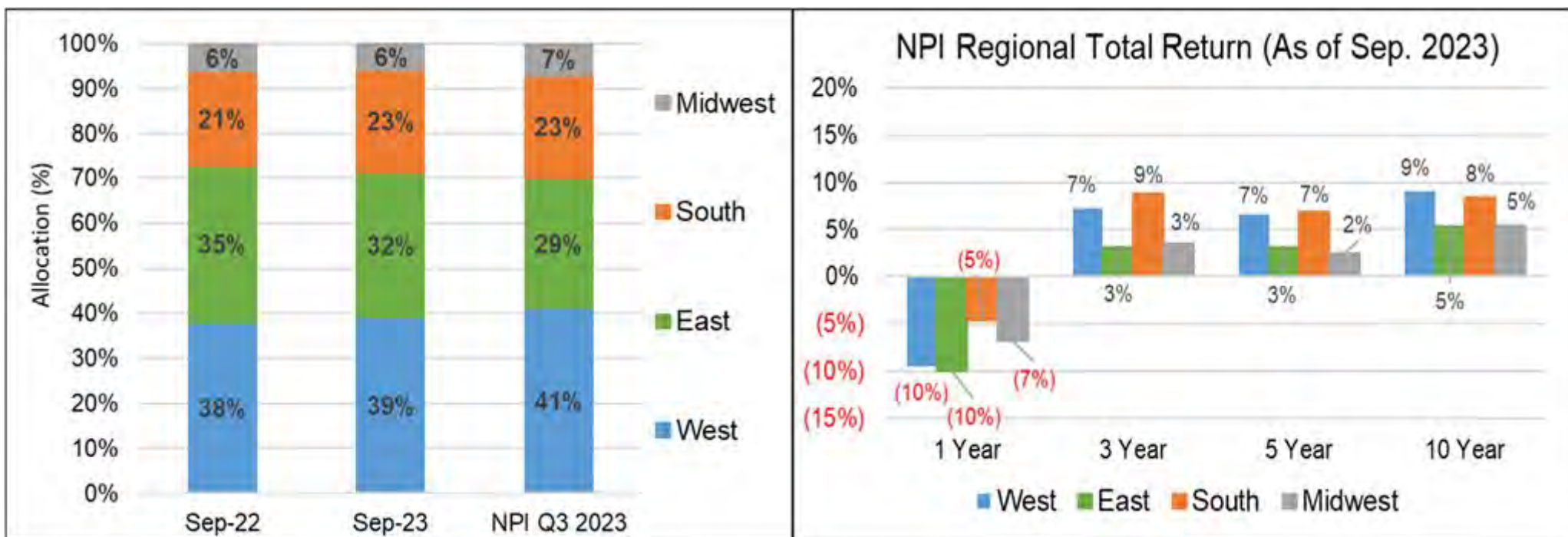


• Source: NCREIF



Real Estate Geography

- U.S. Real Estate exposures generally inline relative to the policy benchmark (NPI) except for current overweight to the East region. SERS' managers target regions and cities with favorable demographic trends and strong economic growth
- Over longer periods, the South and West have been better performing regions
- Ohio: \$10.1 million invested in Ohio-based Real Estate and Infrastructure assets, up from \$5.1M in 2022 and \$1.7M in 2021. Recent commitments will further grow exposure to our home state



• NPI returns are annualized total returns



Return Outlook

- Real estate returns forecasts to -1.6% in 2024 but begin to rebound in 2025
- Industrial projected to continue strong performance through 2028
- Retail, which saw significant drawdowns in 2018-22, has stabilized and forecast to post moderate returns
- Office’s challenges to continue in 2024 before recovery begins in 2025
- *Niche sectors returns, for which PREA does not forecast, predicted to outpace NPI based on managers’ forecasts (e.g. CBRE forecasts 6.5-9.0% returns for Niche property types for 2024-28)*

Property Type	2024	2025	2026	2024-28
Total NPI	-1.6%	5.6%	7.2%	5.5%
Office	-6.3%	2.3%	5.1%	3.2%
Retail	2.9%	6.7%	7.8%	6.7%
Industrial	0.7%	7.3%	8.4%	6.8%
Multifamily	-1.7%	5.8%	7.7%	5.8%

• Source: PREA Q1 2024 consensus forecast; CBRE Q4-2023 forecasts report

Portfolio Summary

\$1.18 Billion in Market Value

- Infrastructure: 6.5% of Total Fund
- Unfunded commitments: \$145 million
- New commitments: \$90 million in 2023
- Manager rankings: 3 ranked “A”; 2 ranked “B”

Performance for 2023

- 8.47% net return outperformed benchmark (NPI) by 1687 basis points
- 3 and 5-year net returns were 9.51% and 9.23%, beating benchmark by 346 and 397 bps
- Infrastructure allocation has provided stability and resiliency

Portfolio Goals for 2024

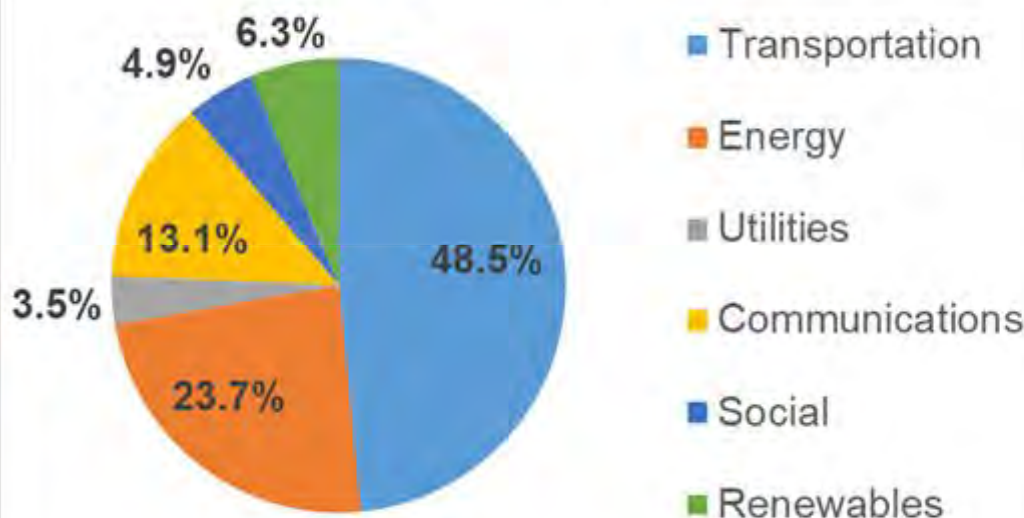
- Grow Infrastructure allocation relative to real estate
- Grow co-investment program



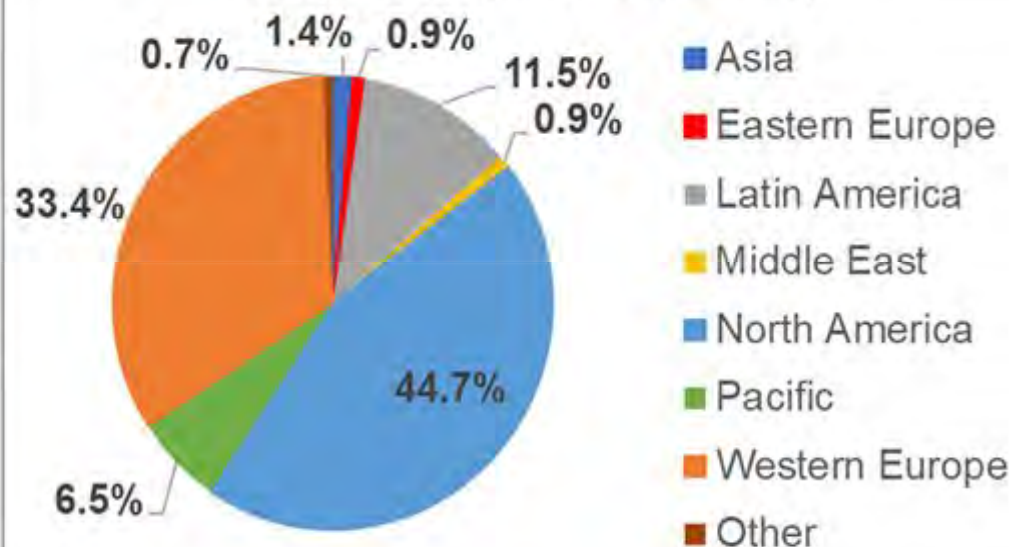
Portfolio Overview

- Infrastructure has outperformed policy benchmark in all periods since inception
- The majority of the portfolio is in North America (45%) and Western Europe (33%)
- Most of the portfolio is allocated to the transportation and energy sectors
- Two additional infrastructure co-investments were committed in 2023, bringing the total to 4 co-investments.

Sectors (As of Sep 2023)



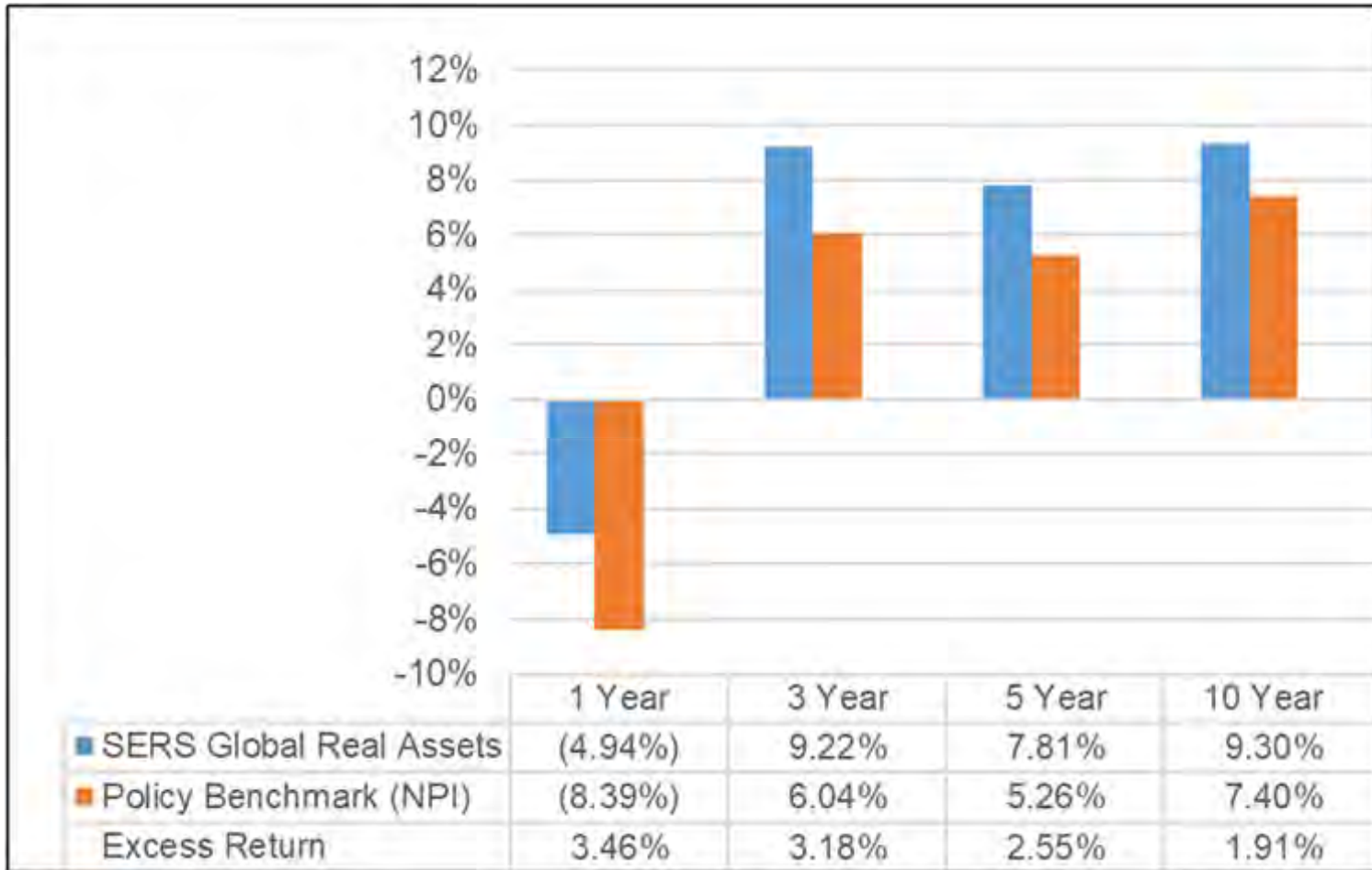
Geography (As of Sep 2023)





Performance (Net of Fees)

- Returns exceed the policy benchmark net of fees in all key periods
- 1-year outperformance is driven by stable returns from Infrastructure



• Real asset returns are one quarter in arrears

Strategy Net of Fee Performance

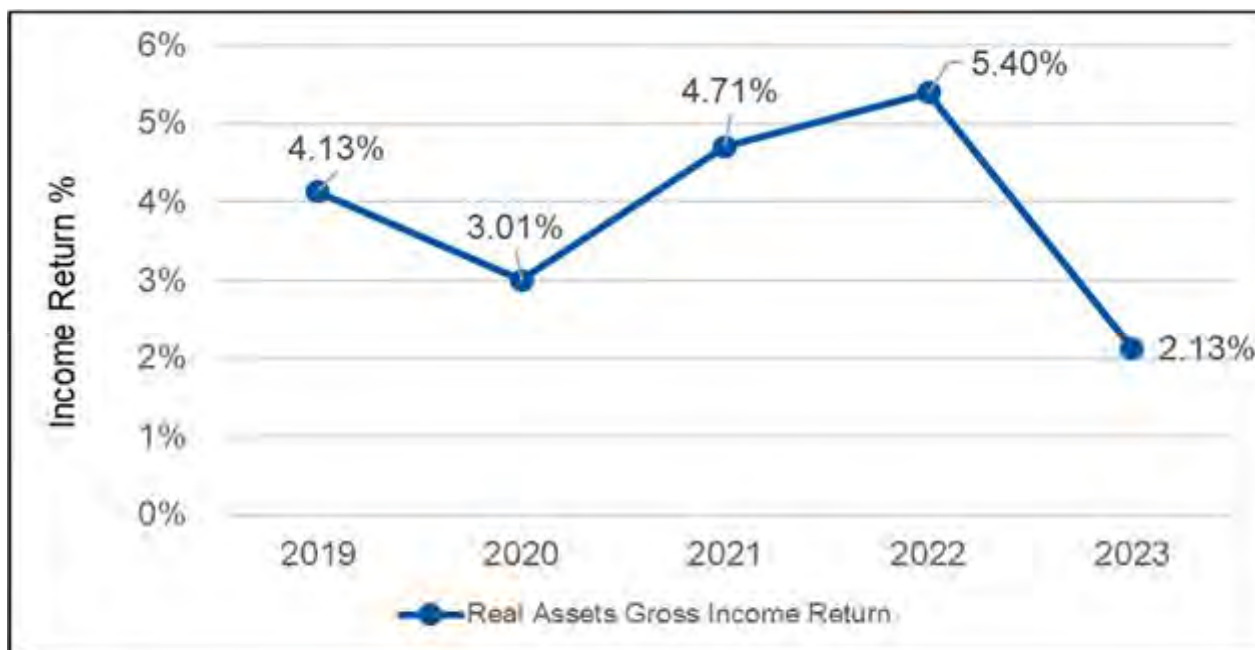
- Private Real Estate Core strategies exceed Private Real Estate Non-Core in longer term periods
- Public Real Assets (REITs) outperformed the policy benchmark and Private Real Estate (core and non-core) in 2023
- Private Infrastructure exceeds policy benchmark (NPI) net of fees in all time periods

	1 Year	3 Year	5 Year	10 Year
Private Real Estate Core (57.3%)	(11.15%)	9.77%	7.79%	9.01%
Private Real Estate Non-Core (8.3%)	(5.75%)	4.42%	4.82%	8.10%
Public Real Assets (0.8%)	14.66%	7.32%	7.52%	6.41%
Total Real Estate (66.4%)	(10.20%)	8.82%	7.24%	8.85%
Private Infrastructure (33.5%)	8.47%	9.51%	9.23%	N/A
Policy Benchmark (NPI)	(8.39%)	6.04%	5.26%	7.40%

- Real asset returns are one quarter in arrears
- Total may not equal 100% due to rounding and exclusion of legacy funds

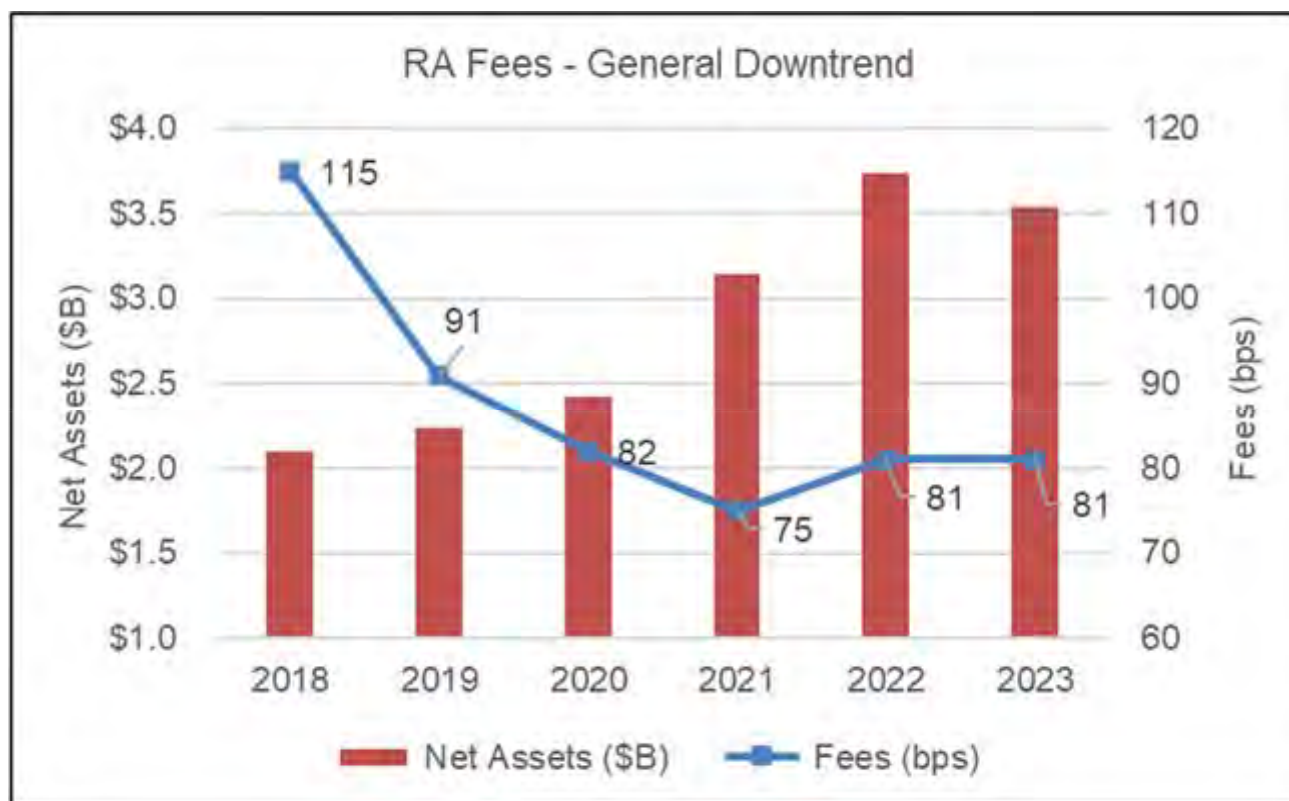
Gross Income Component Return

- Real Assets portfolio gross income return decreased to 2.13% in 2023
 - Income return declined during 2023 is a result of real estate managers taking a conservative approach to managing cash and newer commitments to non-core investments that start paying income distributions after 3-5 years
 - Staff anticipates income returns revert to trend levels of 4% in 2024-25 as macro headwinds (e.g. high interest rates) abate for real estate funds, and Infrastructure funds mature and generate higher distributions
- Staff targets a long-term income return of 4% by focusing on core investments with incoming producing assets



Fees in General Downtrend

- As portfolio size has scaled, our fee load for the total Real Assets program has declined as a percentage of net assets, resulting in higher net returns for our beneficiaries
 - The small increase between 2021-22 is partially due to new commitments to higher return close-end funds in the second half of 2021
- As more recent commitments mature and the co-investment program grows, we anticipate further economies of scale



Real Estate

- Reduce Real Estate allocation to parity with Infrastructure
- Evaluate new strategies that can benefit from market corrections
- Explore additional co-investment opportunities
- Explore additional listed Real Estate investments

Infrastructure

- Strategically and methodically grow Infrastructure allocation to 7%, with a long-term goal of allocation parity with Real Estate
- Explore additional co-investment opportunities
- Explore initial listed Infrastructure strategies

Income and Inflation Protection

- Focus on income component of returns over the long run
- Focus on investments with economic resiliency but with inflation protection characteristics

Cap Rate – Net Operating Income divided by Purchase Price or Current Market Value

Core – substantially leased, institutional quality properties located in major metropolitan markets. Core strategies are diversified by property type and location and generally use low to moderate amounts of leverage.

Farmland – private land used to grow permanent and annual crops throughout the United States. Core assets will be leased to farmers with scale and expertise on long-term contracts.

Infrastructure – the essential facilities and services upon which the economic productivity of society depends. Infrastructure involves the movement of goods, people, water, and energy.

NCREIF – National Council of Real Estate Investment Fiduciaries.

Niche – Also referred to as “Other” or “Alternatives”. Niche refers to non-traditional property types like data centers, life science (aka lab space), manufactured housing, medical office, senior housing, single family rental, storage, and student housing.

NPI (NCREIF Property Index) – an aggregate of United States investment manager members property data. NPI provides benchmark returns for the Real Asset portfolio.

Non-Core (aka Opportunistic and Value-Added) – existing buildings in need of re-leasing or re-development, major re-development projects, or ground-up construction. Compared to core strategies, non-core strategies generally use higher amounts of leverage, involve greater risk due to the uncertainty of cash flows, and have higher return expectations.

REITs – publicly-traded real estate companies. REIT securities provide immediate access to real estate assets but exhibit greater volatility than privately-held properties.



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: January 31, 2024

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: March 2024



Investment Agenda

Annual Portfolio Review – Global Real Assets
Monthly Investment Report (January 31, 2024)



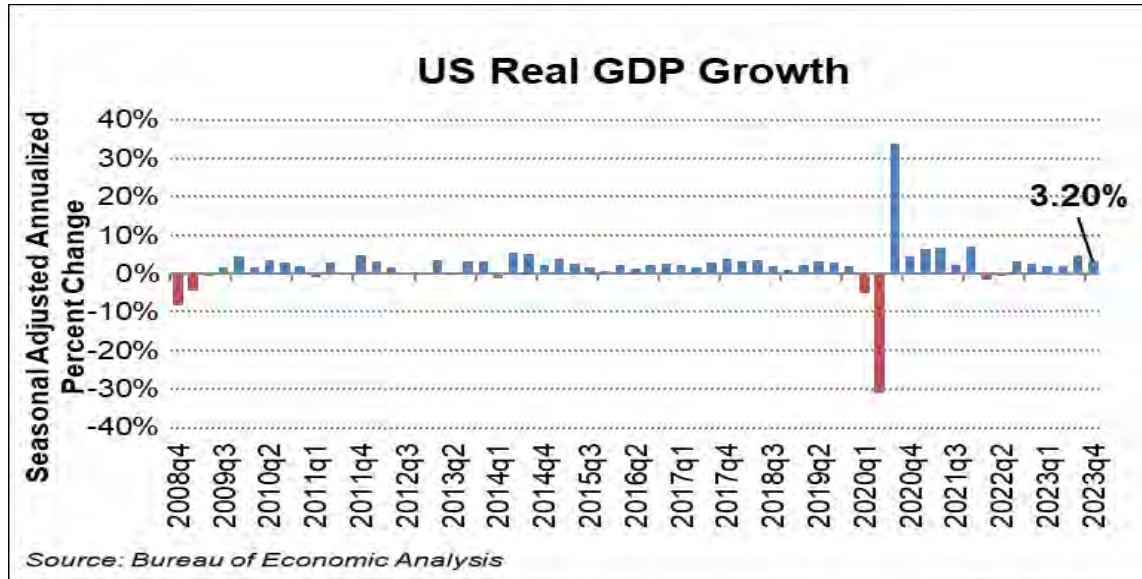
Economic and Financial Market Outlook

- The US economy exceeded expectations increasing 3.2% in Q4 on an annualized basis, and 2.5% in 2023. The strong growth through the year was led by personal consumption expenditures, government consumption expenditures and gross investment. The BCEI consensus projects growth to slow to 2.1% in 2024 due to concerns of tight monetary policy and less accommodative fiscal policy this year. (Source: *Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)*)
- The US labor market continues to be resilient, adding 275,000 jobs in February. The unemployment rate increased by 0.2% to 3.9%. The labor force participation was 62.5%, remaining below the pre-pandemic level of 63.3%. (Sources: *Bureau of Labor Statistics and Department of Labor*)
- US headline inflation declined by 0.30% to 3.1% in January. The food index appreciated 2.6% while the energy index declined 4.6% for the last 12 months. Core inflation was steady at 3.9% in January. Rent inflation remained elevated with a 6.0% increase over the last 12 months. (Source: *Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield increased by 0.25% to 4.24% as of February end. The current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation, declined to 0.42%, below the historical average of 1.80% in January. The Fed Funds rate remained in the range 5.25-5.50%, the highest level since October 2006.
- The housing market (S&P Case-Shiller 20-City home price index) was up 0.2% for December and 6.1% for 2023.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was 76.9, slightly down in February but increased strongly by 14.9% from a year ago. Both US and Global Economic Surprise indices were positive and improved in February. The January Leading Economic Index (LEI) issued by the Conference Board fell by 0.4% to 102.7; however, the downtrend improved as the 6-month decline of 3.0% was less than the 4.1% decrease over the previous 6-month period. The index has been trending down for the last 22 months, which normally indicates a slowing of the economy.
- The February US Manufacturing PMI reading was 47.8, weakening from 49.1 the previous month indicating faster manufacturing contraction, while the US Services PMI was 53.4, strengthening from 50.5 indicating faster expansion in service sectors. Overall, the primary estimate of the US Composite PMI was 51.8, indicating expansion. High interest rates and high inflation continue to be the largest challenges to US and global economies. (Source: *Institute for Supply Management and S&P Global*).
- The equity markets rallied in February as the US market (Russell 3000) was up 5.41%, and the Non-US Developed markets (MSCI World ex-USA) and Emerging markets were up 1.71% and 4.76%, respectively.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 1.41% in February.



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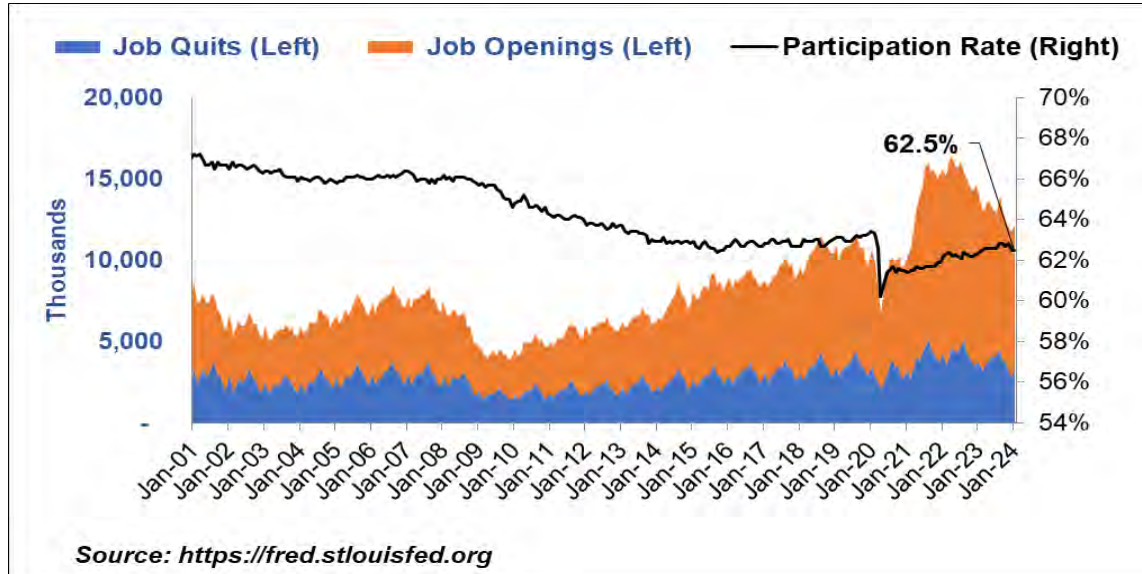
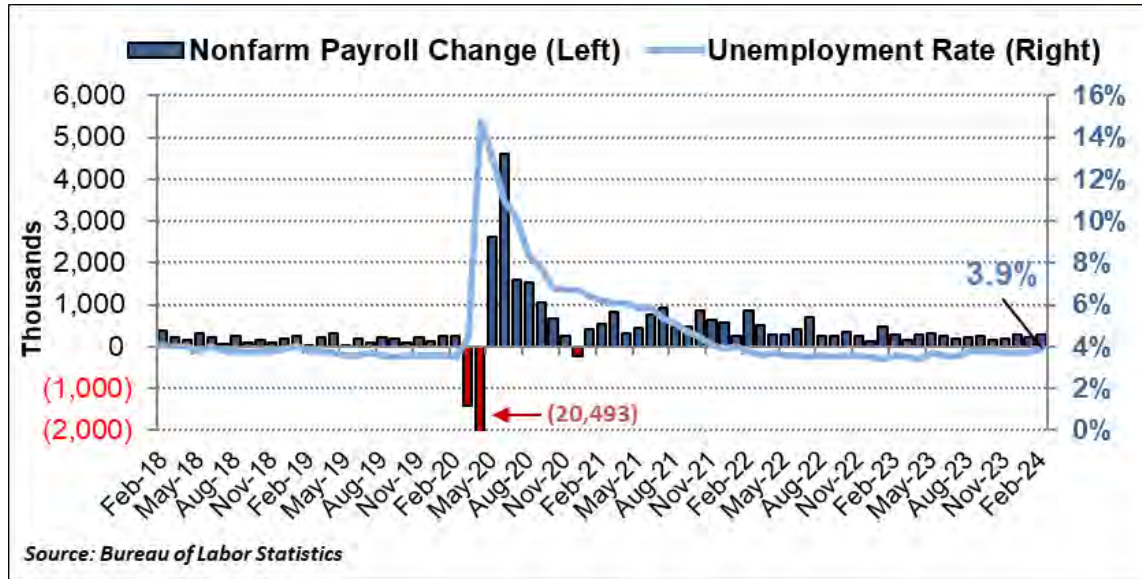
US Real Gross Domestic Product





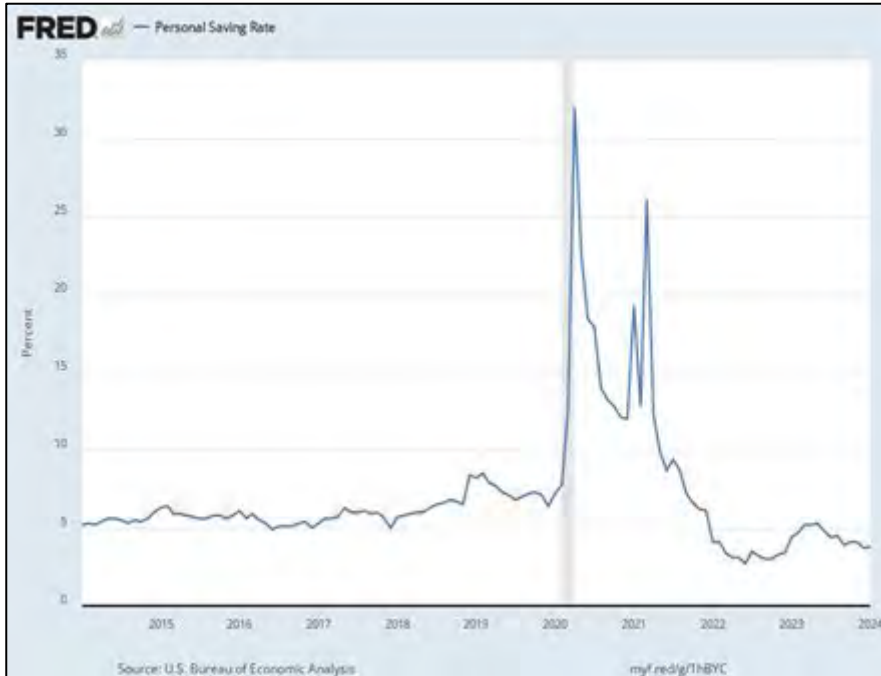
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US Labor Market





ECONOMY Personal Savings Rate & Personal Expenditures: Goods

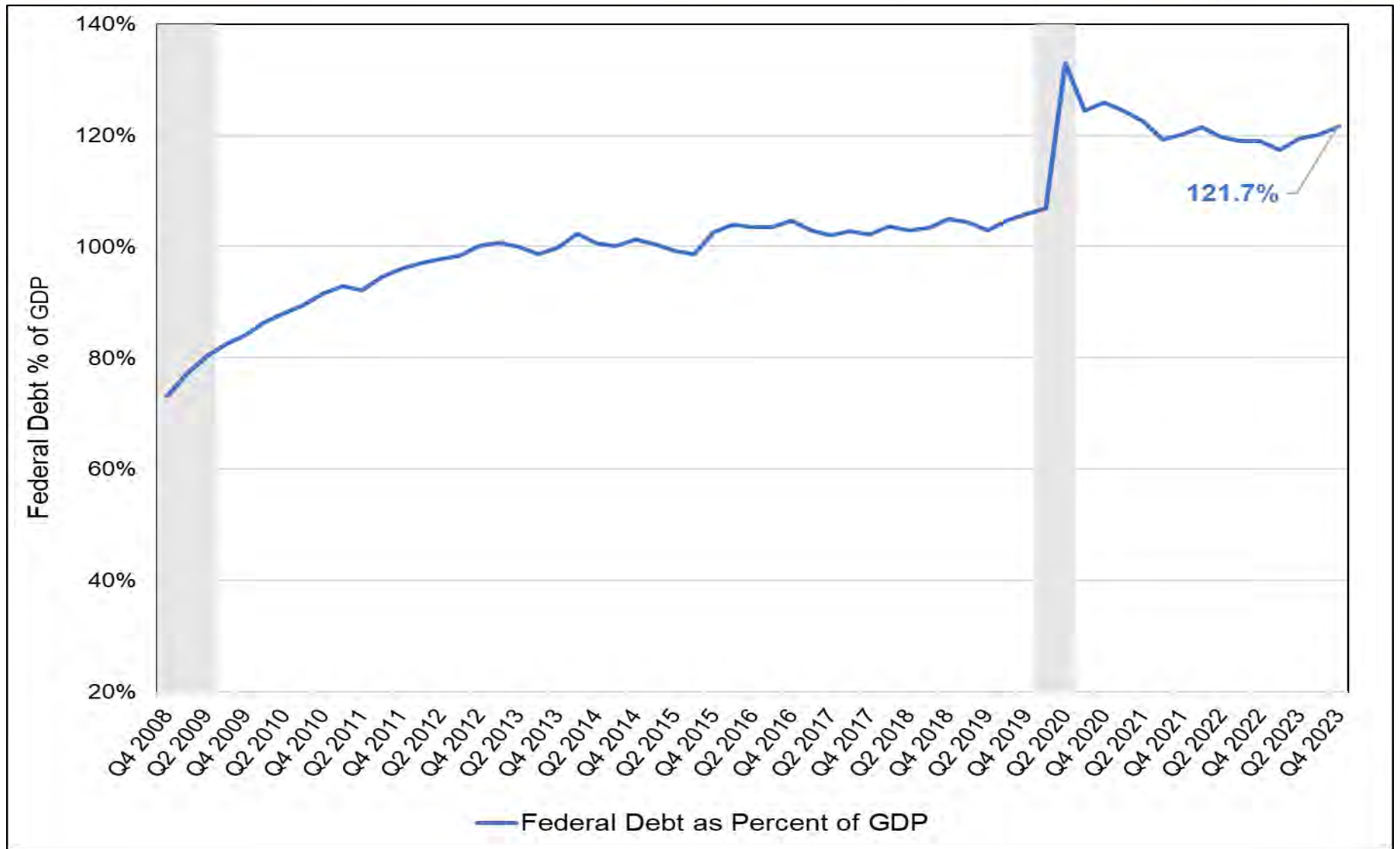


Date	Annual Personal Savings Rate
Jun-20	18.4%
Jun-21	8.7%
Jun-22	2.7%
Jun-23	4.8%
Jan-24	3.8%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-20	5.3%
Jun-21	16.3%
Jun-22	9.1%
Jun-23	1.4%
Jan-24	1.0%



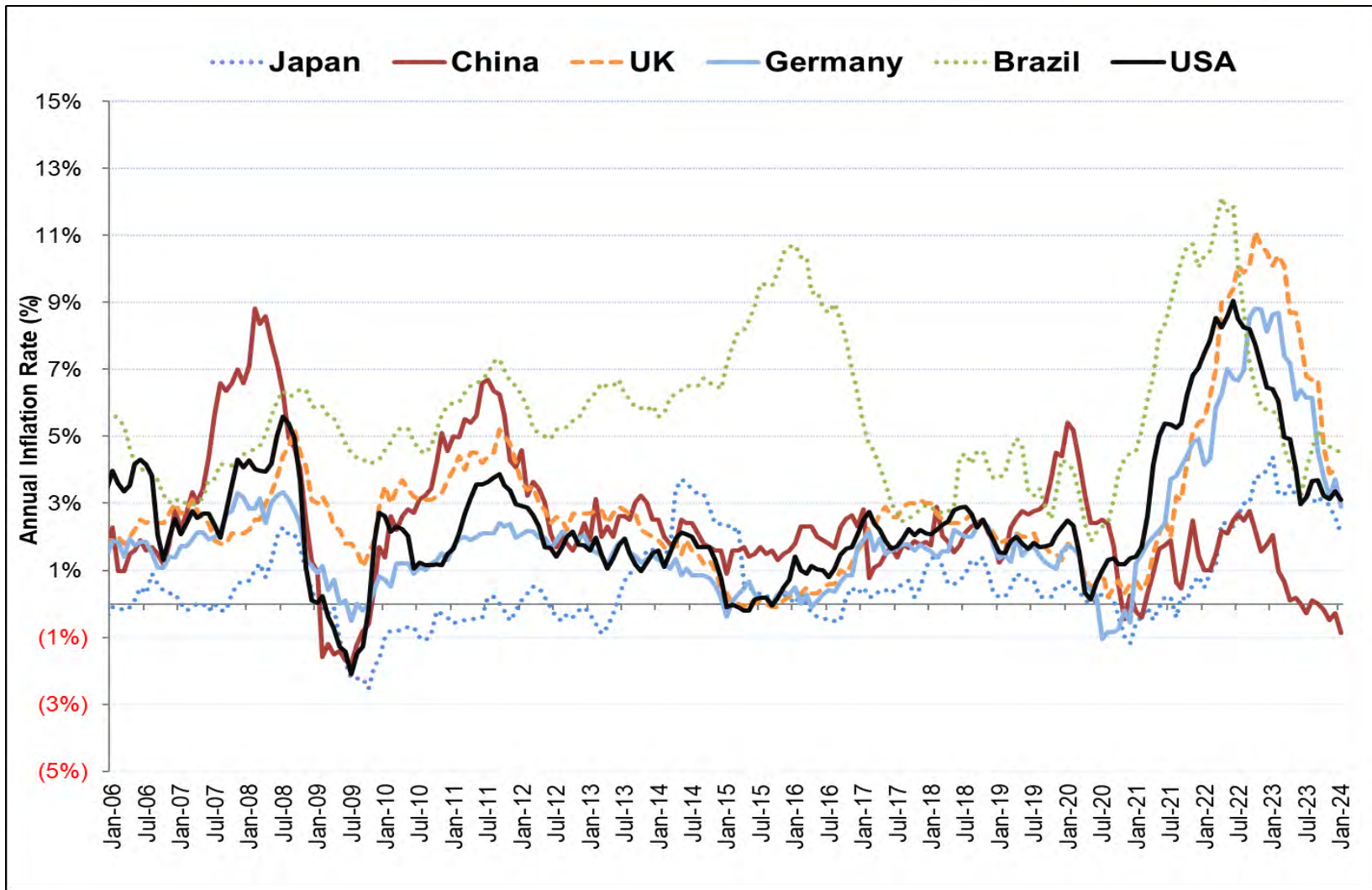
ECONOMY Federal Debt as Percent of GDP



Source: FRED, U.S. Office of Management and Budget



ECONOMY **Headline Inflation**



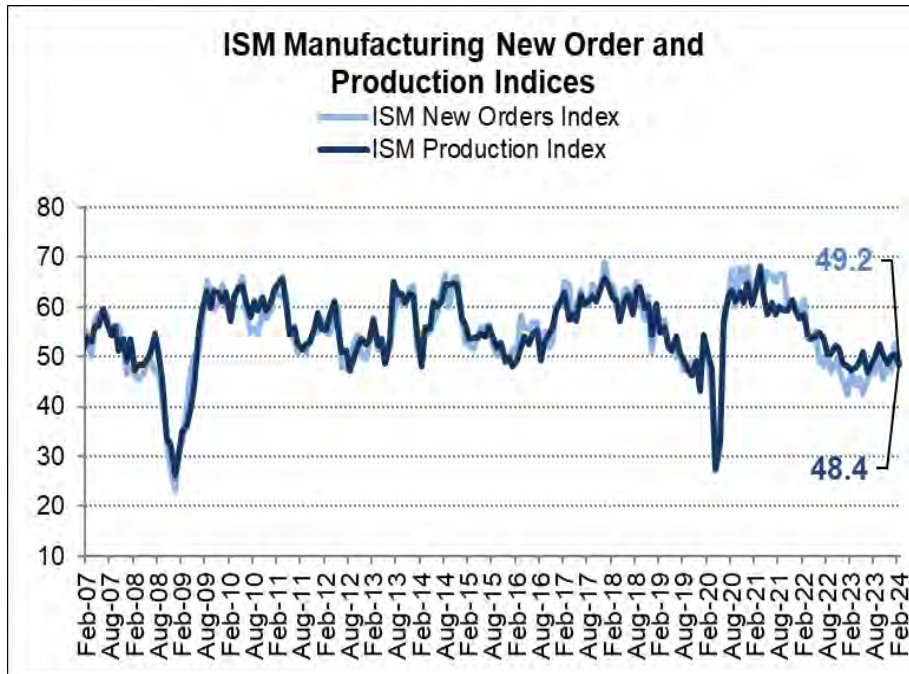
	Japan	China	UK	Germany	Brazil	USA
Jan-24	2.1	-0.9	4.0	2.9	4.5	3.1

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



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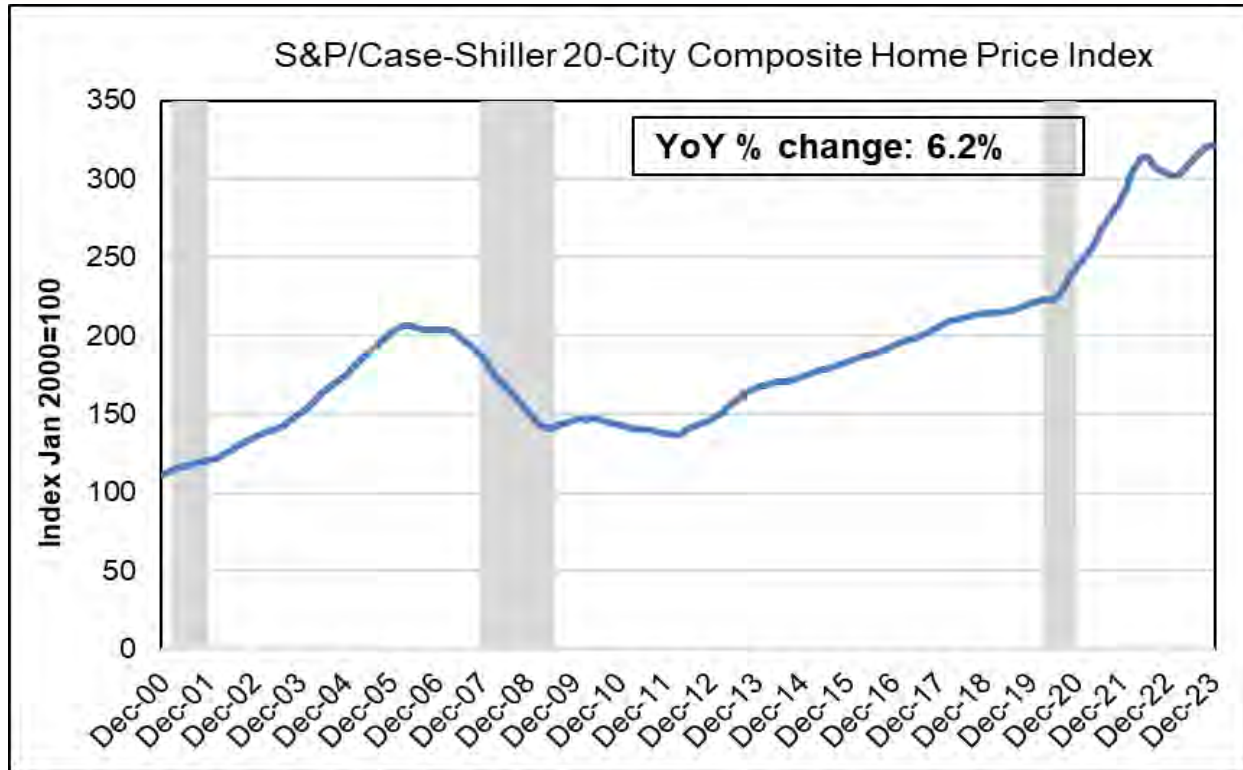
US & Global Manufacturing Activities



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**

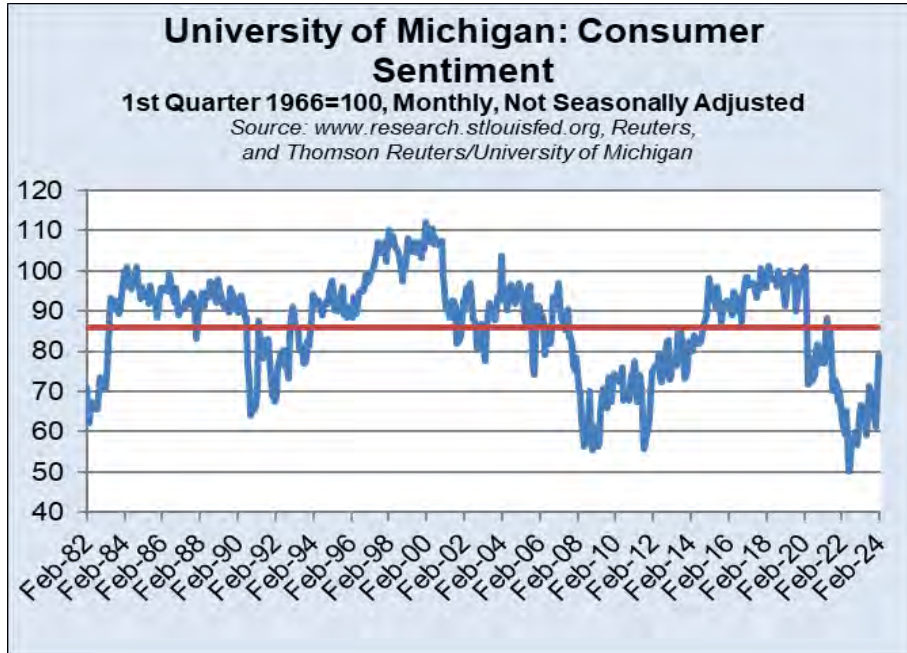


Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-20	224.93
Jul-21	269.76
Jul-22	312.85
Jul-23	313.25
Dec-23	321.68



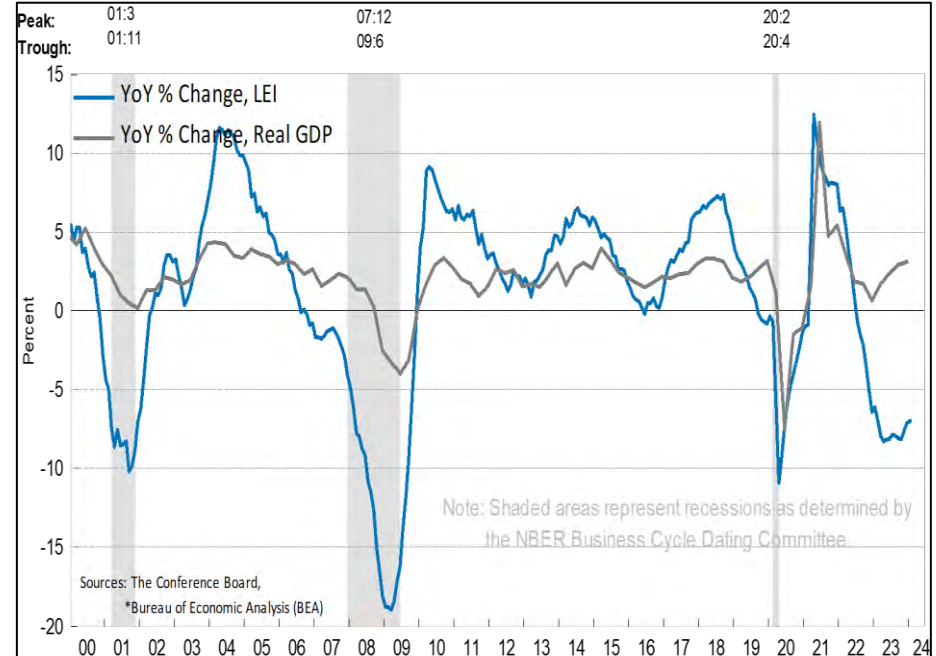
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Consumer Sentiment



Index of Consumer Sentiment				
Jan-24	Feb-24	Feb-23	M-M Change	Y-Y Change
79.0	76.9	66.9	-2.7%	14.9%

The Leading Economic Index (LEI)



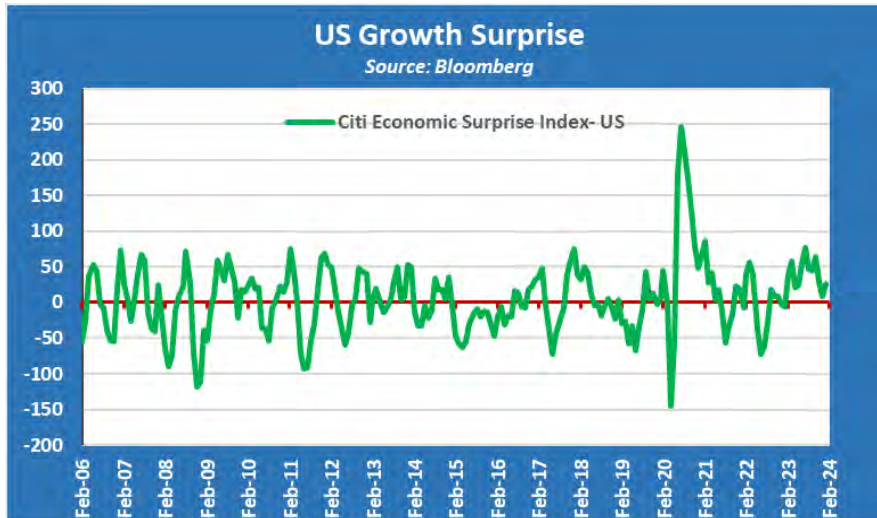
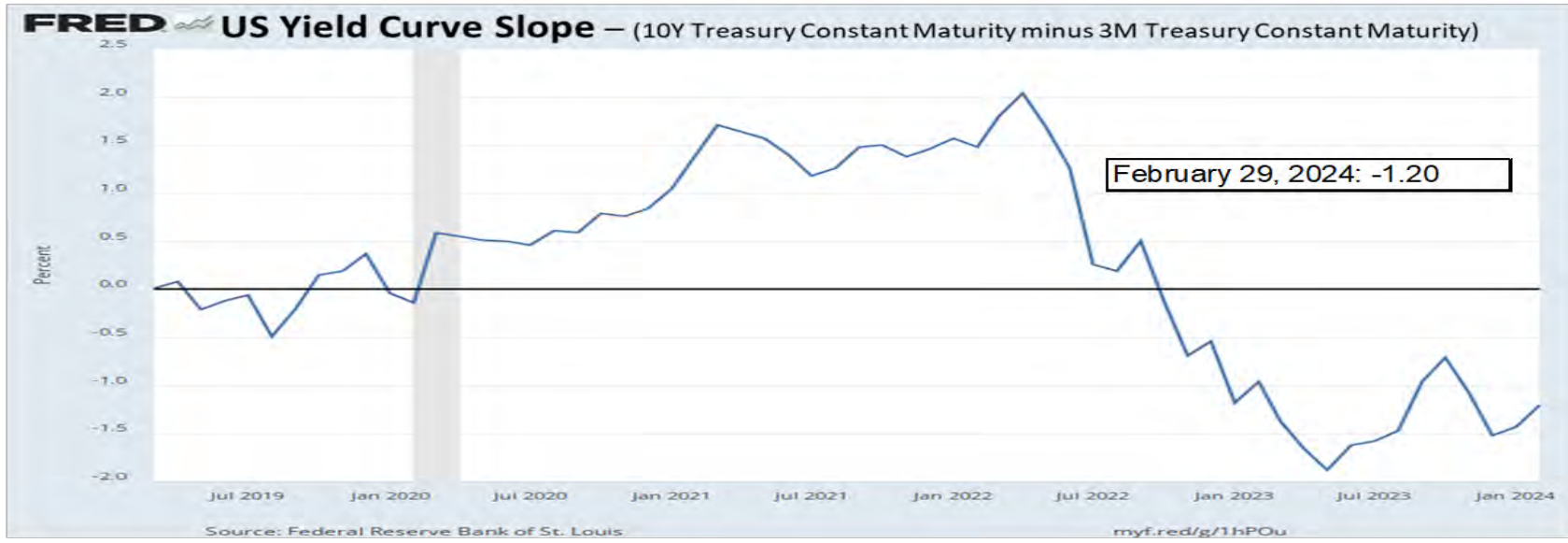
Shaded areas represent US recessions

Index	Dec-23	Jan-24	Month -Month Percent Change	6-Month Percent Change (Jul-Jan)
LEI	103.1 r	102.7 p	-0.4	-3.0

p Preliminary; r Revised; Indexes equal 100 in 2016

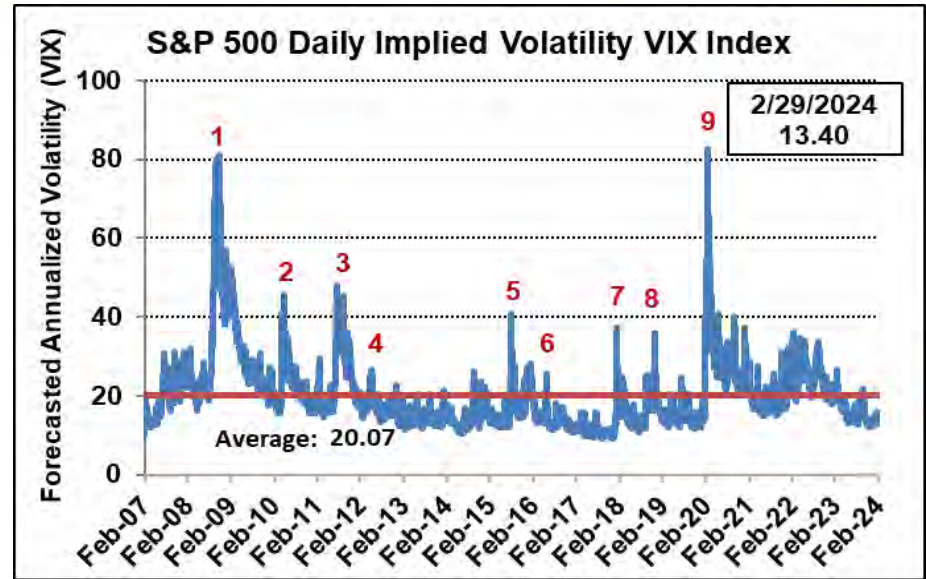
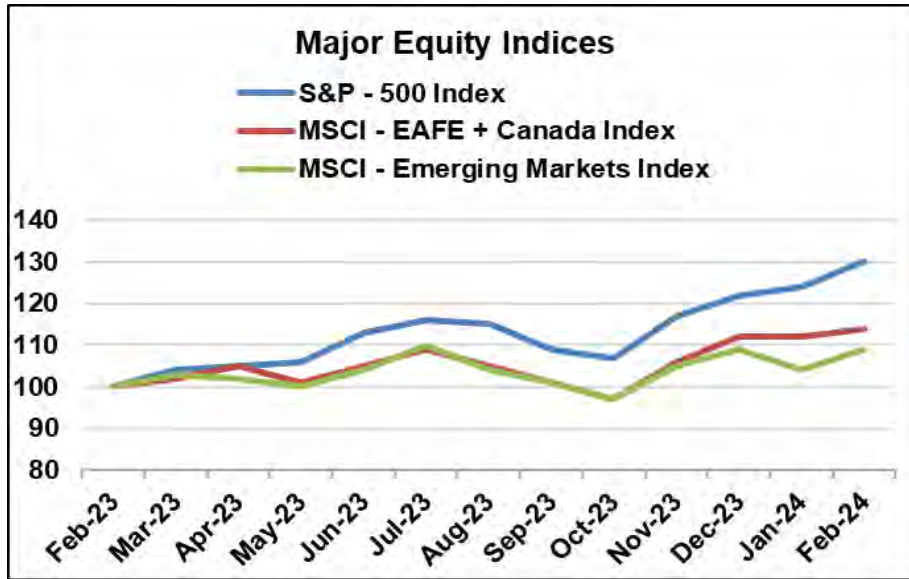


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MARKETS Equity

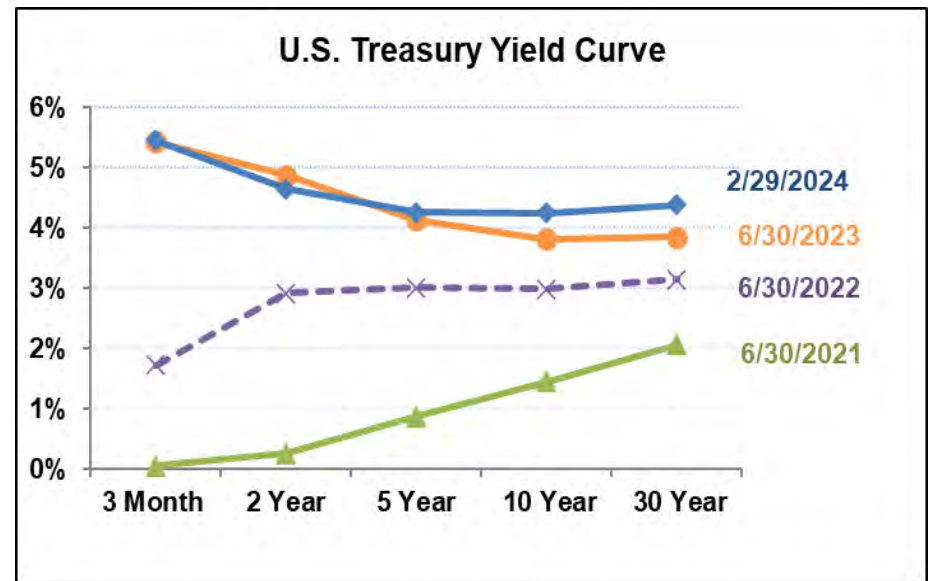
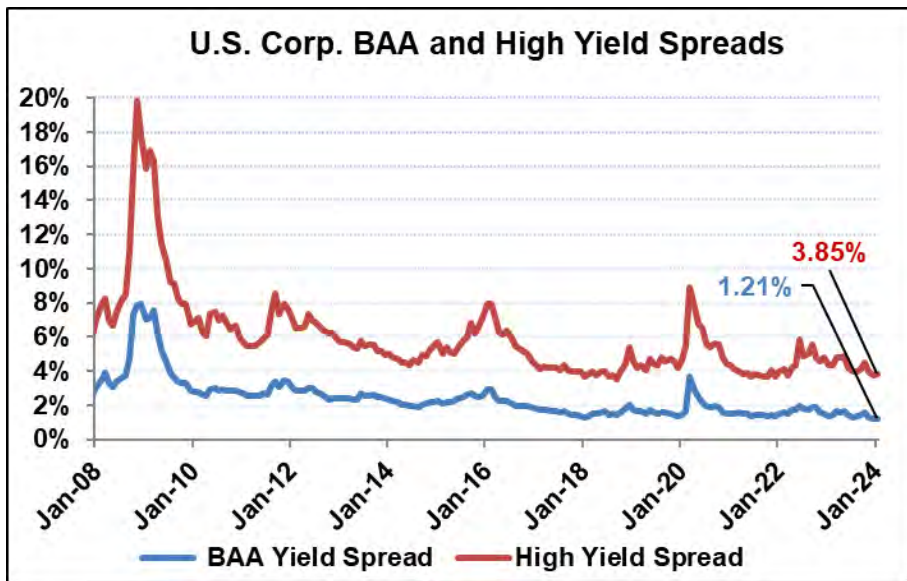


	Return as of 2/29/2024	
	1 Year	FYTD
S&P 500 Index	30.45	15.72
MSCI - EAFE + Canada Index	14.01	8.25
MSCI - Emerging Markets Index	8.73	4.60

- 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





MARKETS Foreign Exchange

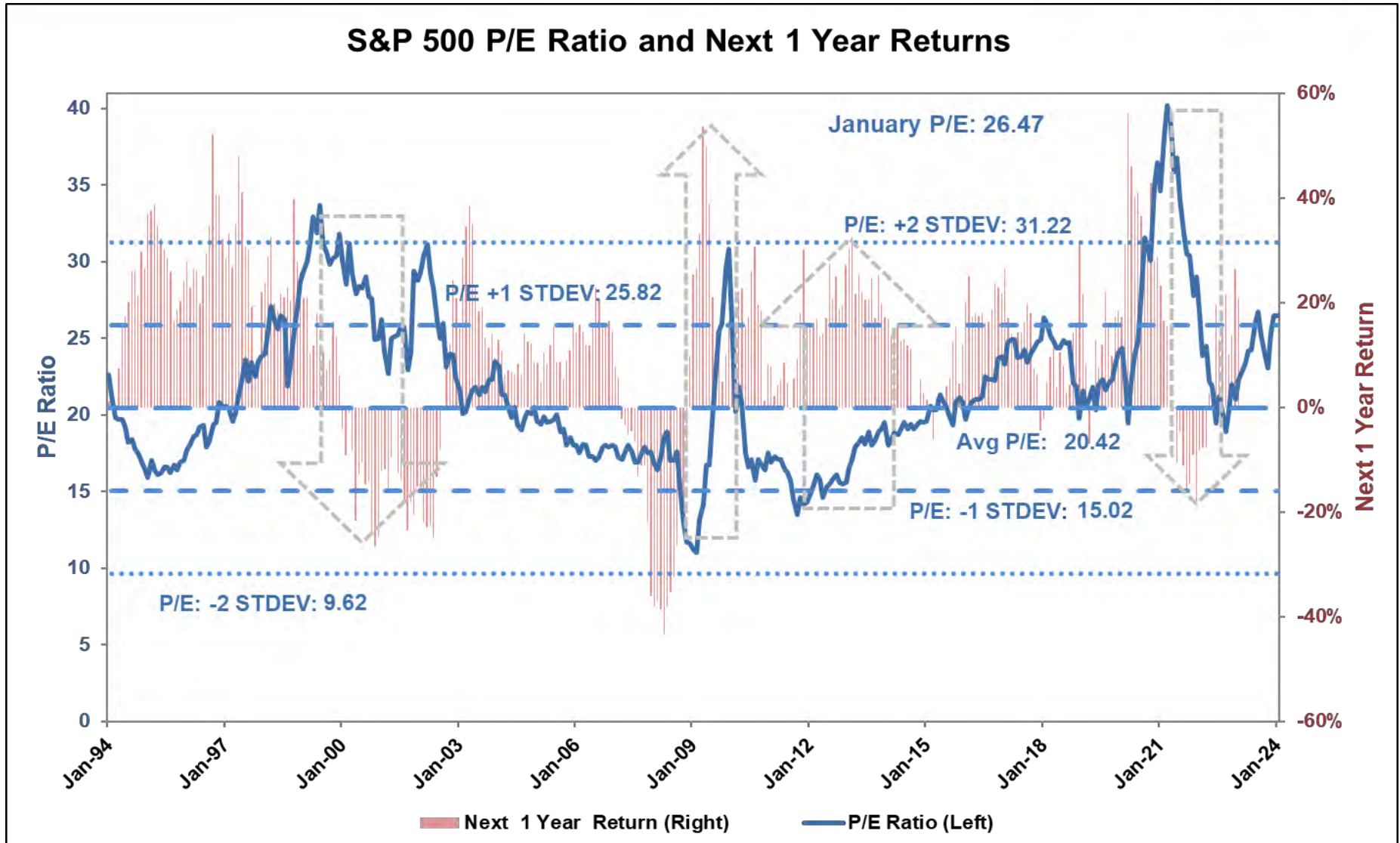


Date	Nominal Broad U.S. Dollar Index January 2006=100
June-20	120.86
June-21	112.85
June-22	121.05
June-23	119.89
February-24	121.54

Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-20	1.12
June-21	1.18
June-22	1.05
June-23	1.09
February-24	1.08

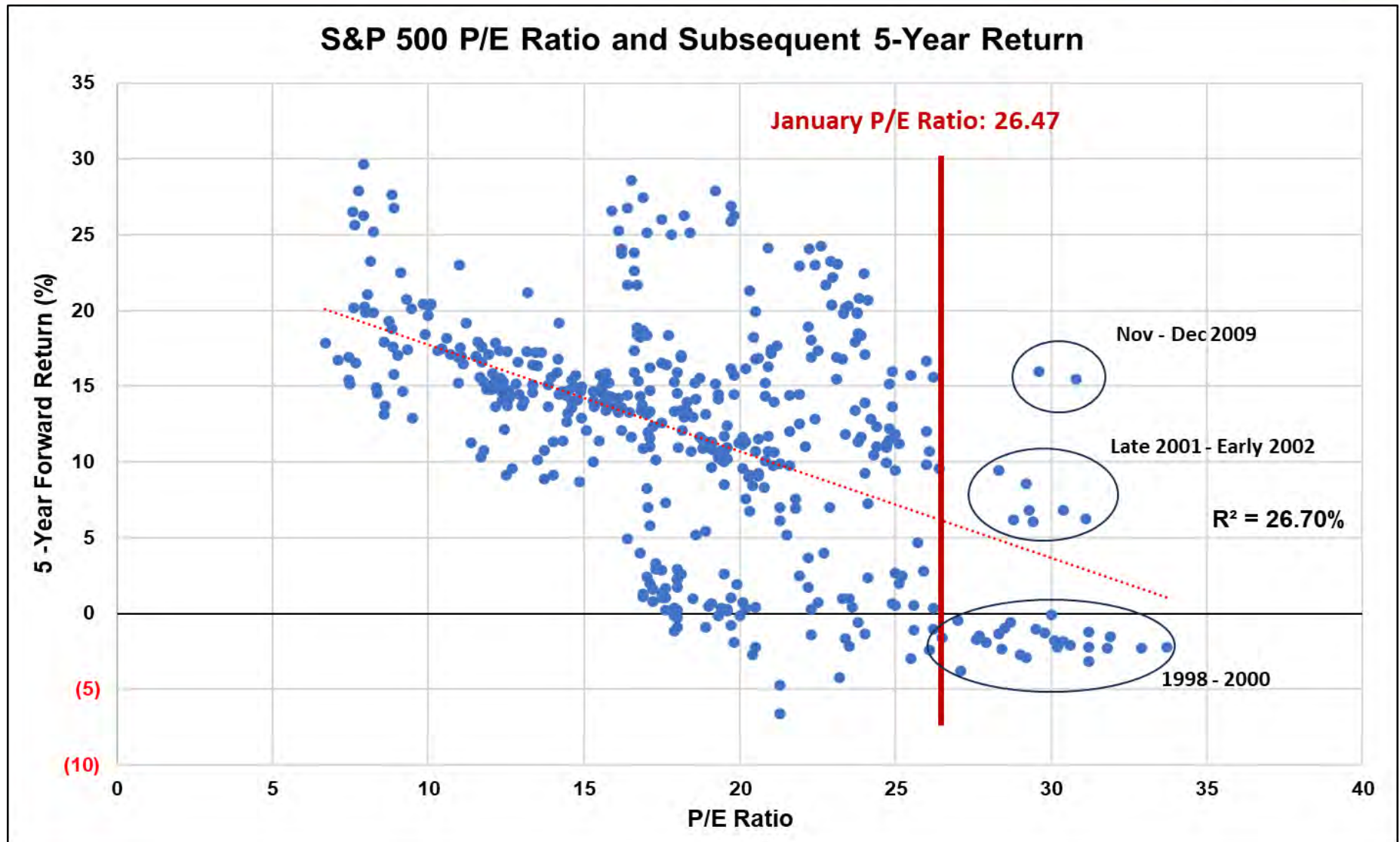


VALUATION US Equity



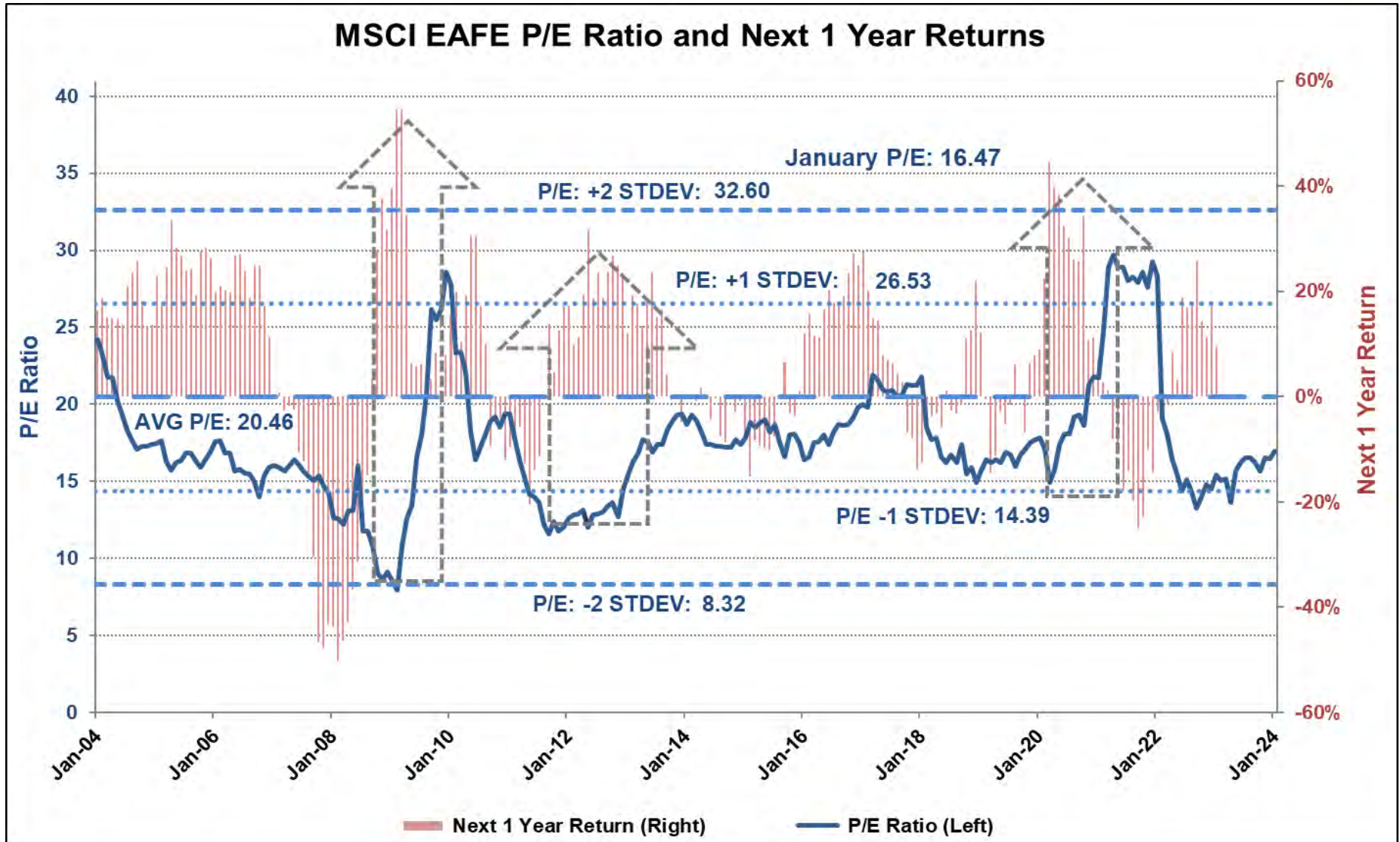


VALUATION US Equity



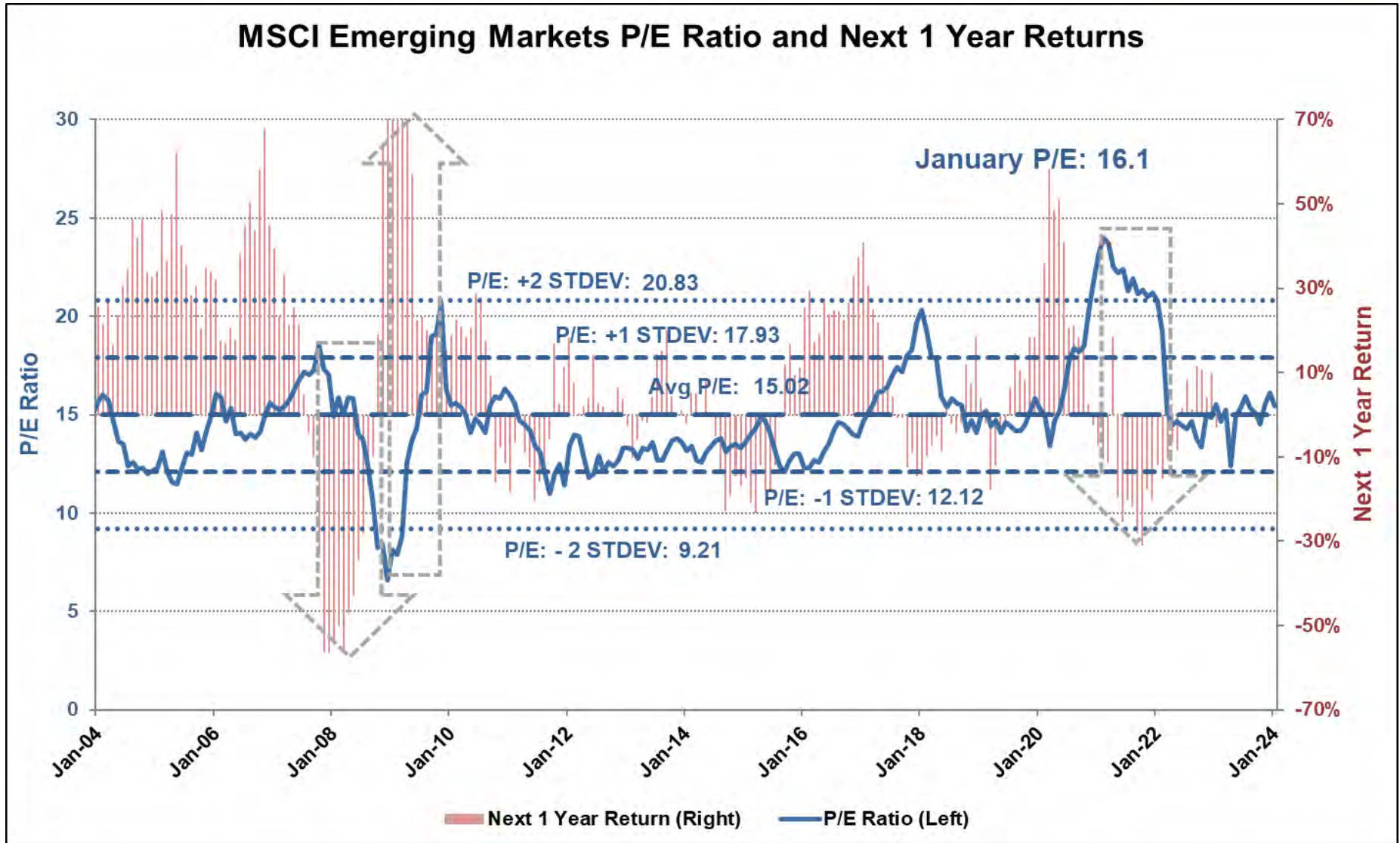


VALUATION Non US Developed Market Equity



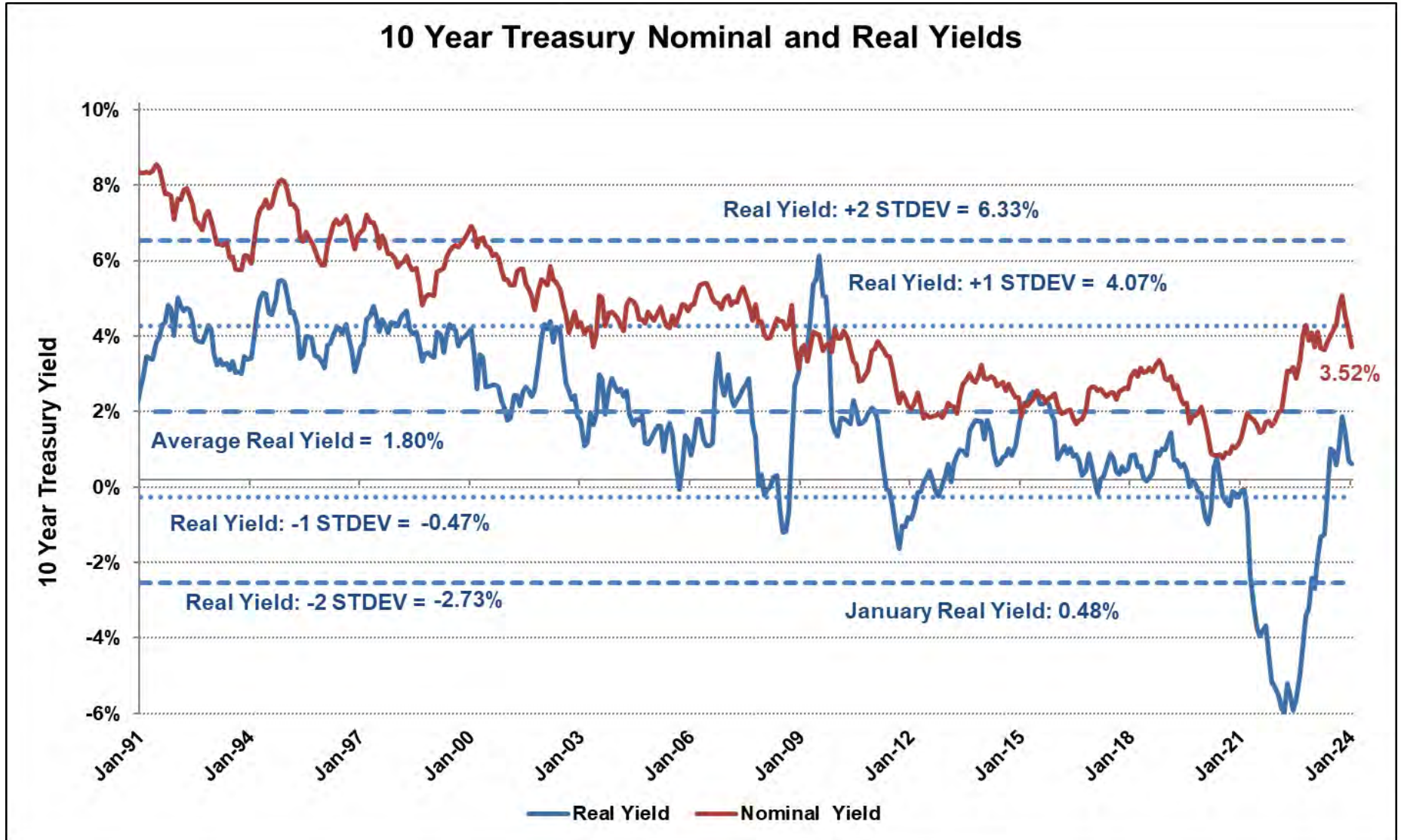


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds





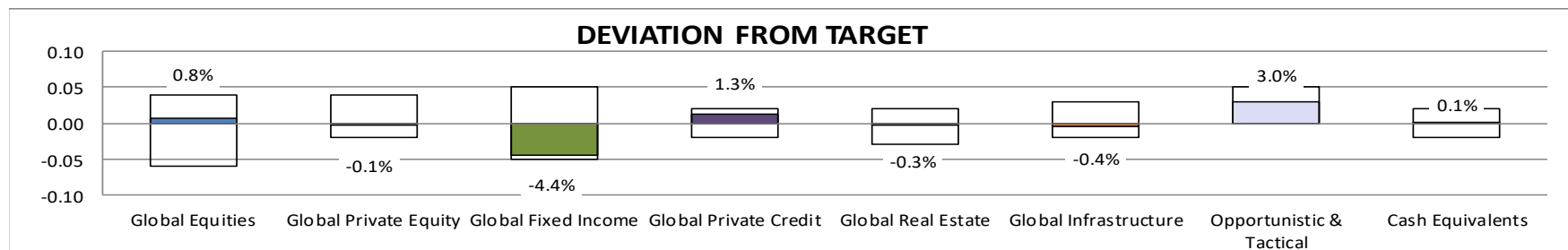
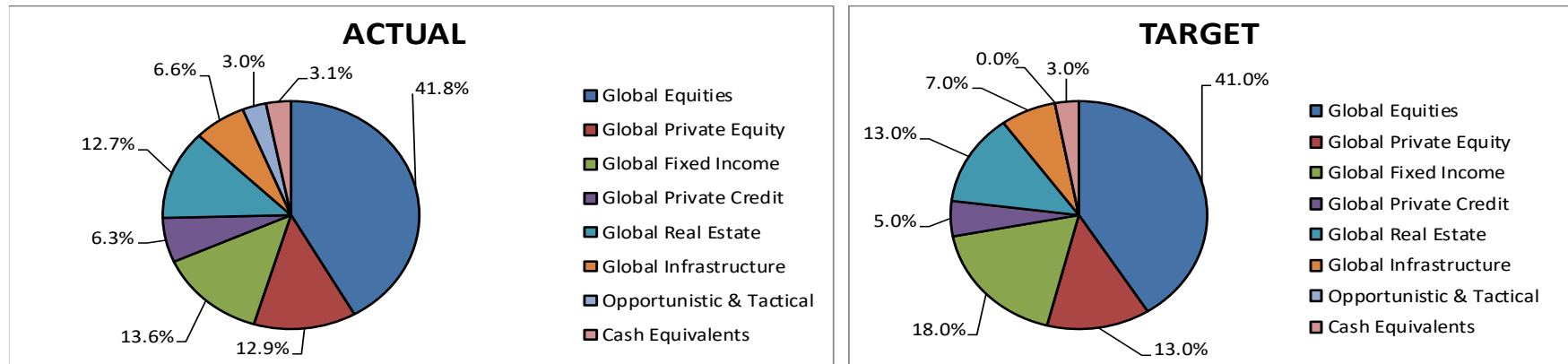
SERS' Investment Portfolios Review



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	7,601,124,788	41.8%	41.0%	35% - 45%
Global Private Equity	2,345,818,921	12.9%	13.0%	11% - 17%
Global Fixed Income	2,476,720,452	13.6%	18.0%	13% - 23%
Global Private Credit	1,148,612,396	6.3%	5.0%	3% - 7%
Global Real Estate	2,303,868,638	12.7%	13.0%	10% - 15%
Global Infrastructure	1,197,648,531	6.6%	7.0%	5% - 10%
Opportunistic & Tactical	546,588,782	3.0%	0.0%	0% - 5%
Cash Equivalents	570,722,261	3.1%	3.0%	1% - 5%
Short-Term	490,609,971	2.7%	2.0%	
Russell EA Overlay	43,025,766	0.2%	0.0%	
Direct Rebalance Overlay	7,794,707	0.0%	0.0%	
Transition / Operational Account	904,019	0.0%	0.0%	
Currency Overlay	28,387,797	0.2%	0.0%	
Total Fund	18,191,104,768	100.0%	100.0%	

Source: BNY Mellon GRS

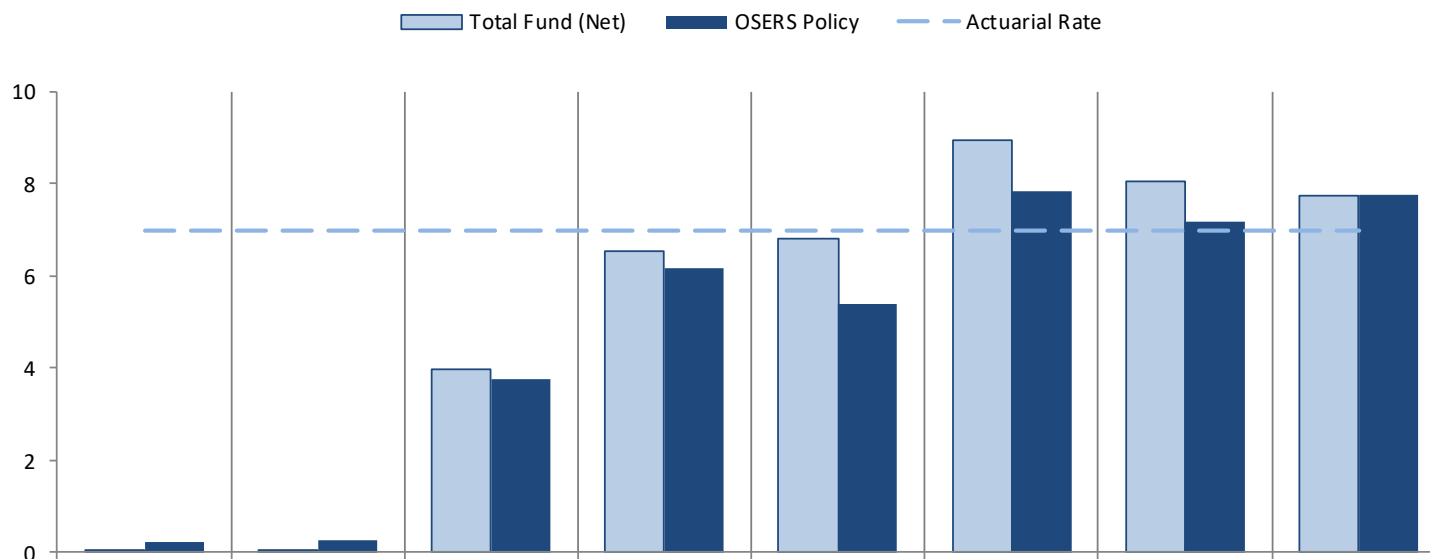




Total Fund Performance

Current Benchmark:

41% MSCI ACWI (Net Dividends)
 13.00% Burgiss All Private Equity
 benchmark (1q lag) (BAPE)
 18.00% Bloomberg Aggregate Bond
 20.00% NCREIF Property (1q lag)
 5.00% 90 Day T-Bill (1q lag) + 4.5%
 3.00% FTSE 30 Day T-Bill



Actuarial Rate

(7.0% effective 07/01/2021, adopted 04/15/2021)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	0.06	0.06	4.39	7.32	7.55	9.63	8.74	8.34
Total Fund (Net)	0.03	0.03	3.97	6.55	6.80	8.93	8.05	7.80
OSERS Policy	0.25	0.25	3.76	6.18	5.38	7.82	7.20	7.75
Value Added (Net of Fee)	(0.22)	(0.22)	0.21	0.37	1.42	1.11	0.85	0.05
Estimated Cumulative Net Value Added (\$MM)**	(\$39.9)	(\$39.9)	\$38.0	\$65.2	\$766.2	\$977.1	\$1,591.2	

Source: BNY Mellon GRS

*ITD is Inception date 10/1/1994 (29 years and 4 months)

**Hypothetical performance: Methodology and assumptions summarized below

**Methodology: (1) $((\text{Total Fund BMV} * \text{Total Fund NOF Return}) + \text{Calculated Net Cash Flow}) - ((\text{Total Fund BMV} * \text{OSERS Policy Return}) + \text{Calculated Net Cash Flow})...$

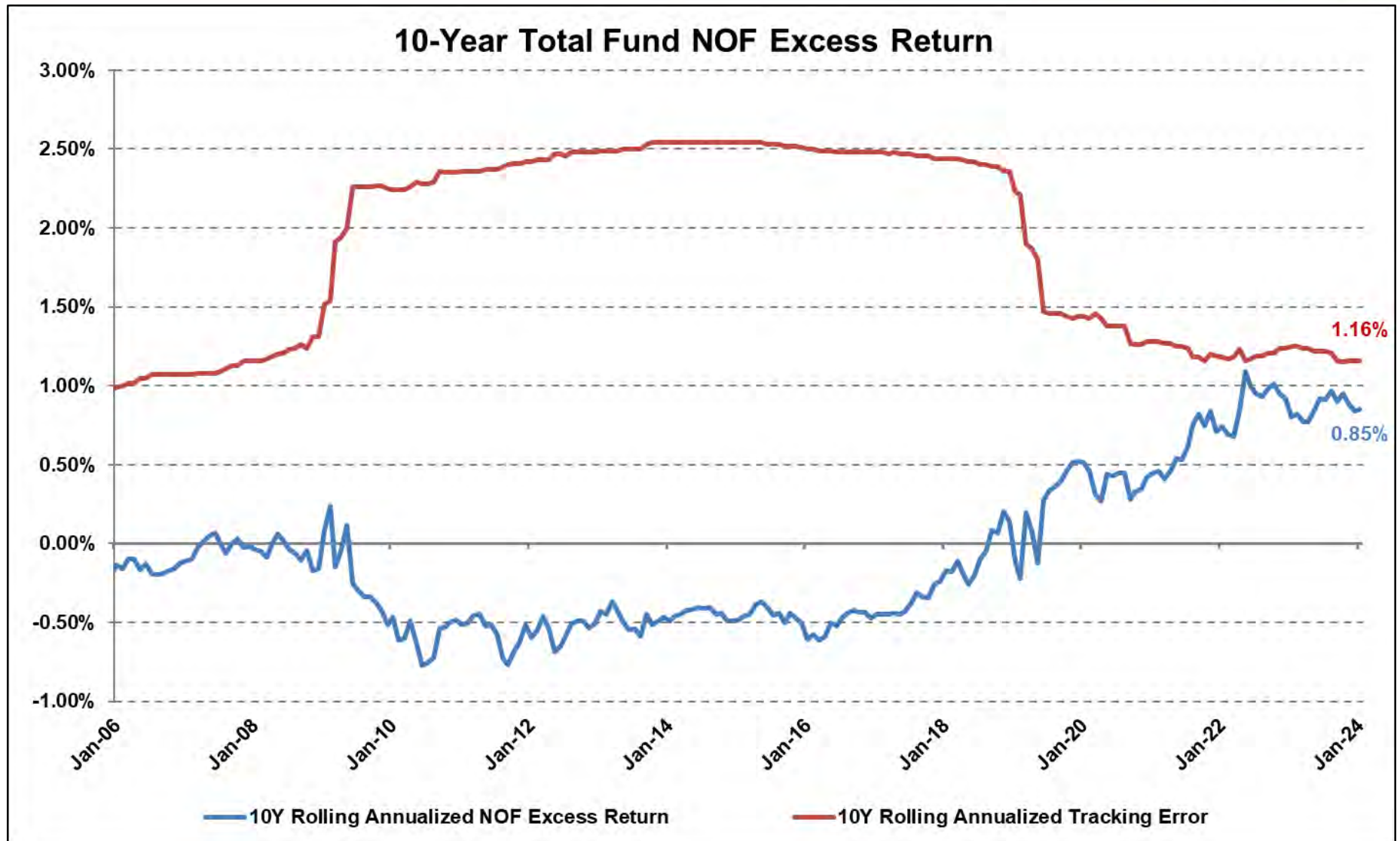
**Methodology: (2) $((\text{Prior Month End Total Fund Calculated MV} * \text{Total Fund NOF Return}) + \text{Calculated Net Cash Flow}) - ((\text{Prior Month End Policy Benchmark Portfolio Calculated MV} * \text{OSERS Policy Return}) + \text{Calculated Net Cash Flow})...$

**Methodology: (3) Calculation in (2) is repeated for the remainder of the time period represented in the table

**Assumptions: (1) OSERS Policy Benchmark Portfolio is rebalanced monthly to Target Weights (2) No deduction is made from monthly OSERS Policy benchmark return series for fees

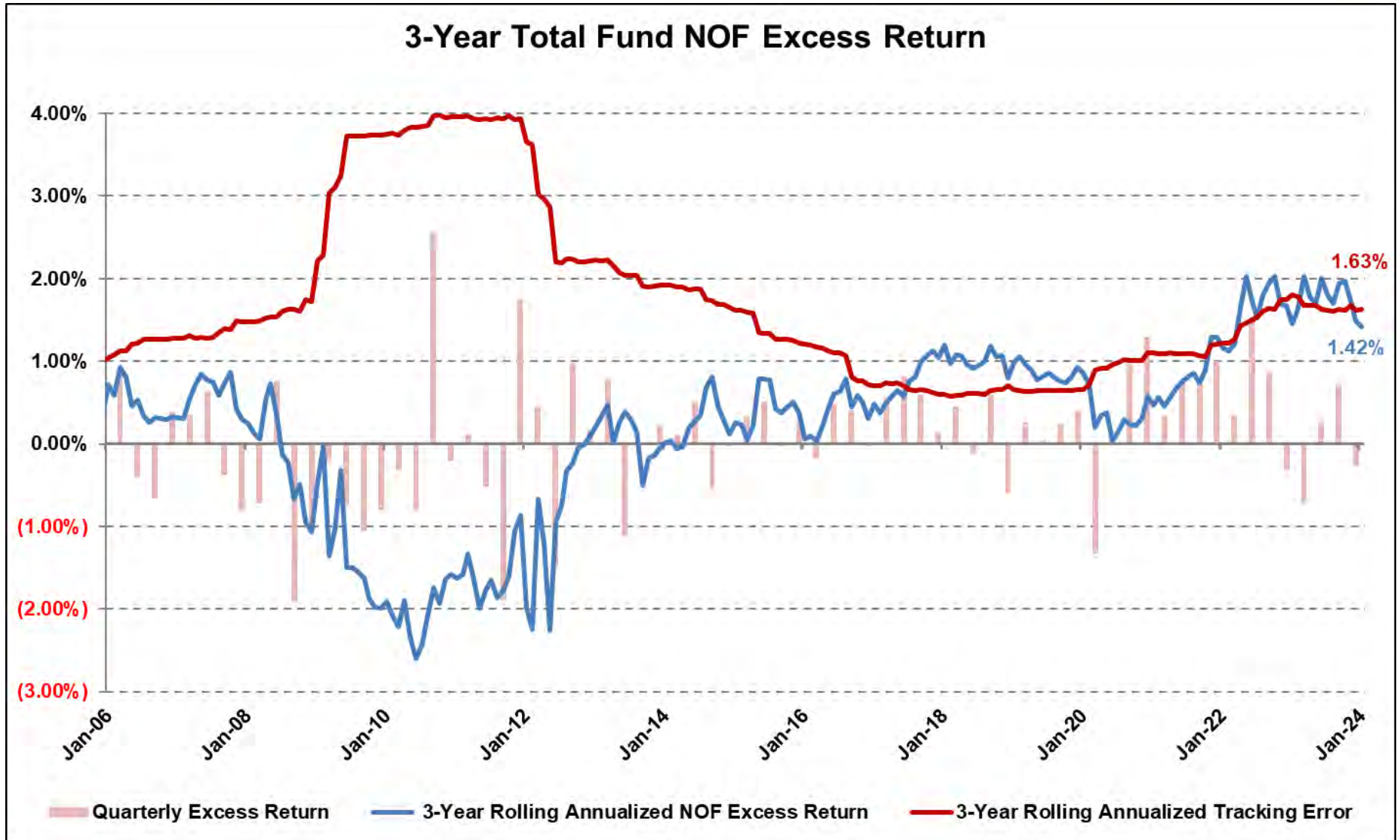


Total Fund Performance



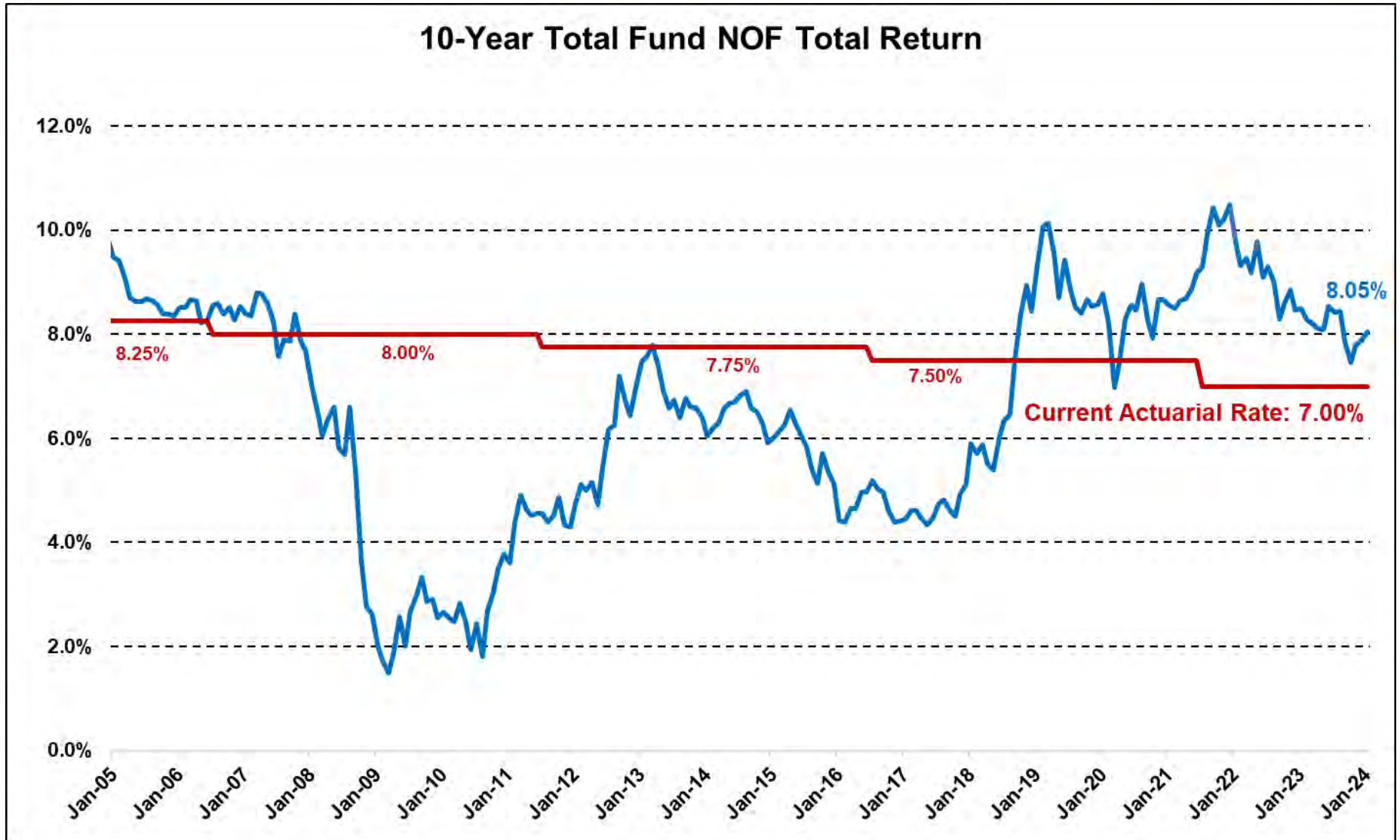


Total Fund Performance





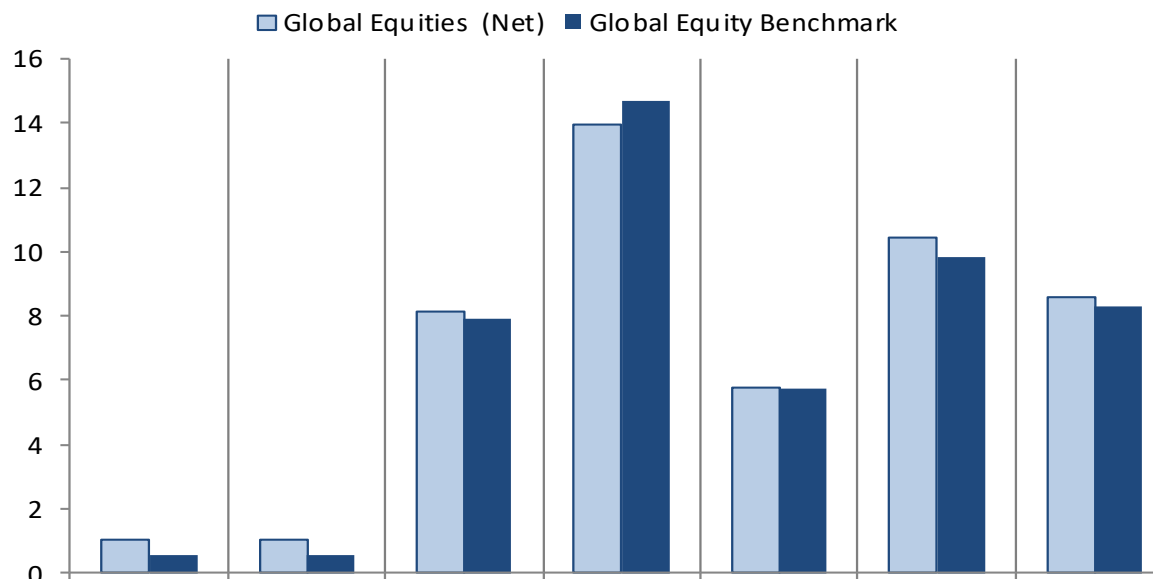
Total Fund Performance





Global Equities Performance

Current Benchmark:
MSCI ACWI (Net Dividends)

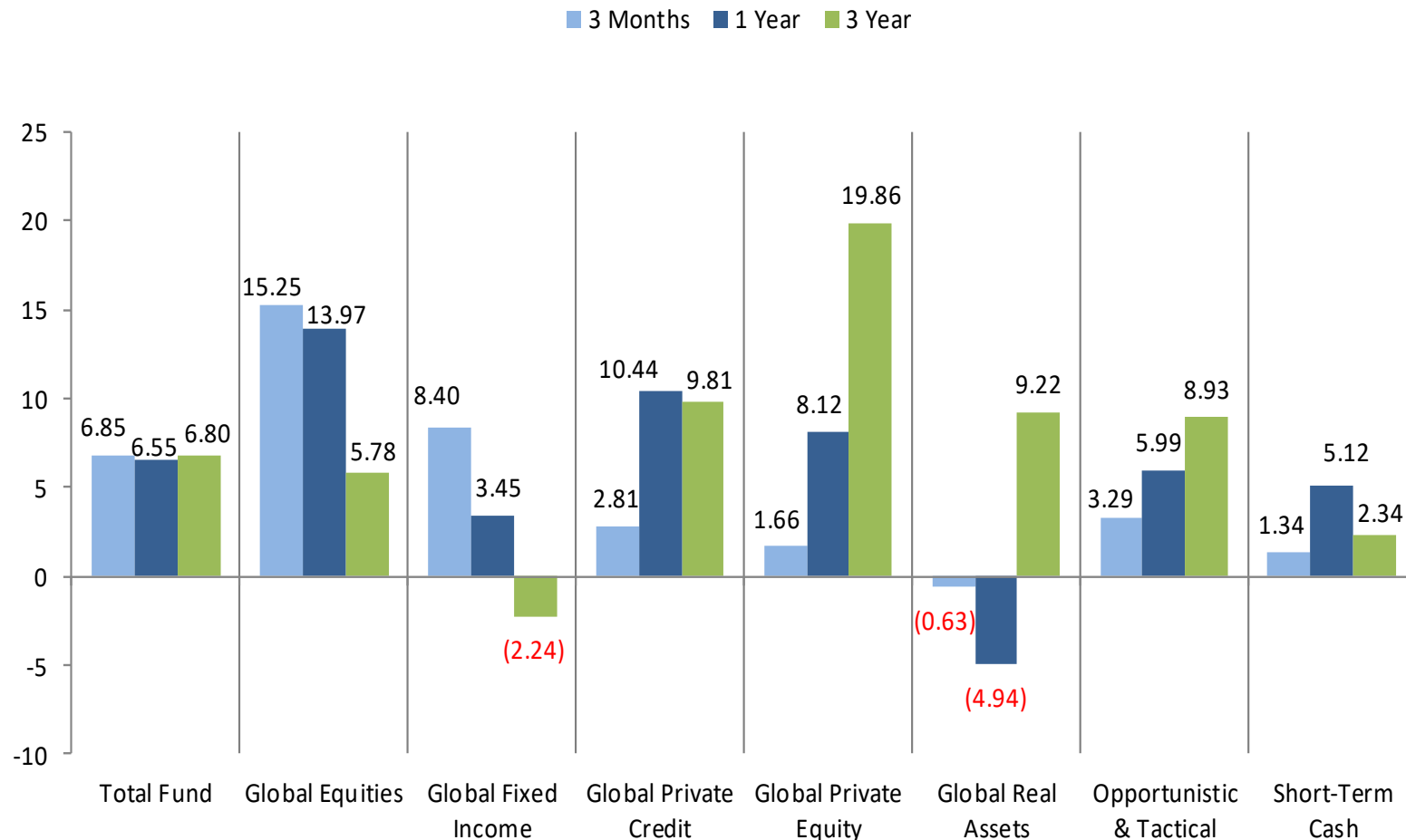


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	1.09	1.09	8.39	14.35	6.11	10.79	8.95
Global Equities (Net)	1.03	1.03	8.16	13.97	5.78	10.46	8.61
Global Equity Benchmark	0.59	0.59	7.89	14.70	5.74	9.81	8.28
Value Added (Net of Fee)	0.45	0.45	0.27	(0.73)	0.04	0.65	0.32
Regional US Equity	1.25	1.25	9.23	16.96	8.28	13.00	11.32
Russell 3000 Index	1.11	1.11	9.63	19.15	9.10	13.53	11.96
Value Added (Net of Fee)	0.14	0.14	(0.39)	(2.18)	(0.82)	(0.53)	(0.64)
Regional Non-US Equity	(0.67)	(0.67)	4.15	5.78	1.68	6.81	5.37
Custom Non-US Equity BM	(0.99)	(0.99)	4.56	5.88	1.02	5.27	4.18
Value Added (Net of Fee)	0.33	0.32	(0.41)	(0.10)	0.66	1.54	1.19

Source: BNY Mellon GRS



Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS

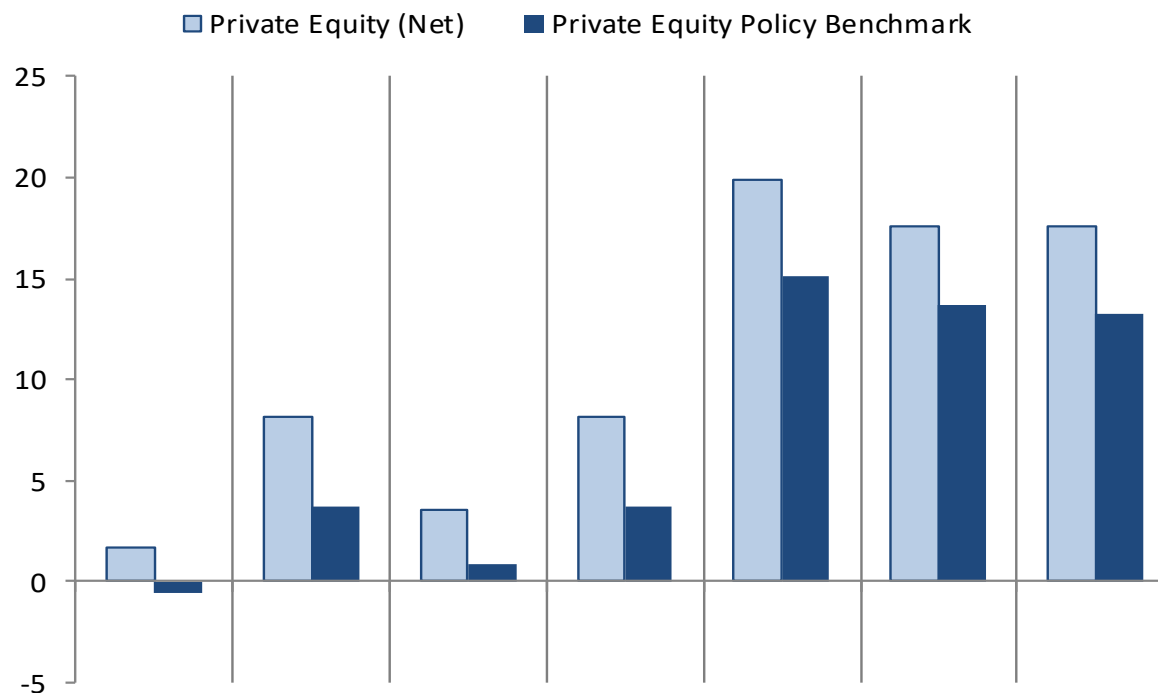


Global Private Equity Performance

Results as of: 12/31/2023

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	2.43	10.17	4.82	10.17	21.94	19.43	19.34
Private Equity (Net)	1.66	8.12	3.60	8.12	19.86	17.59	17.64
Private Equity Policy Benchmark	(0.58)	3.77	0.89	3.77	15.06	13.70	13.30
Value Added (Net of Fee)	2.24	4.36	2.71	4.36	4.80	3.89	4.34

Source: BNY Mellon GRS

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

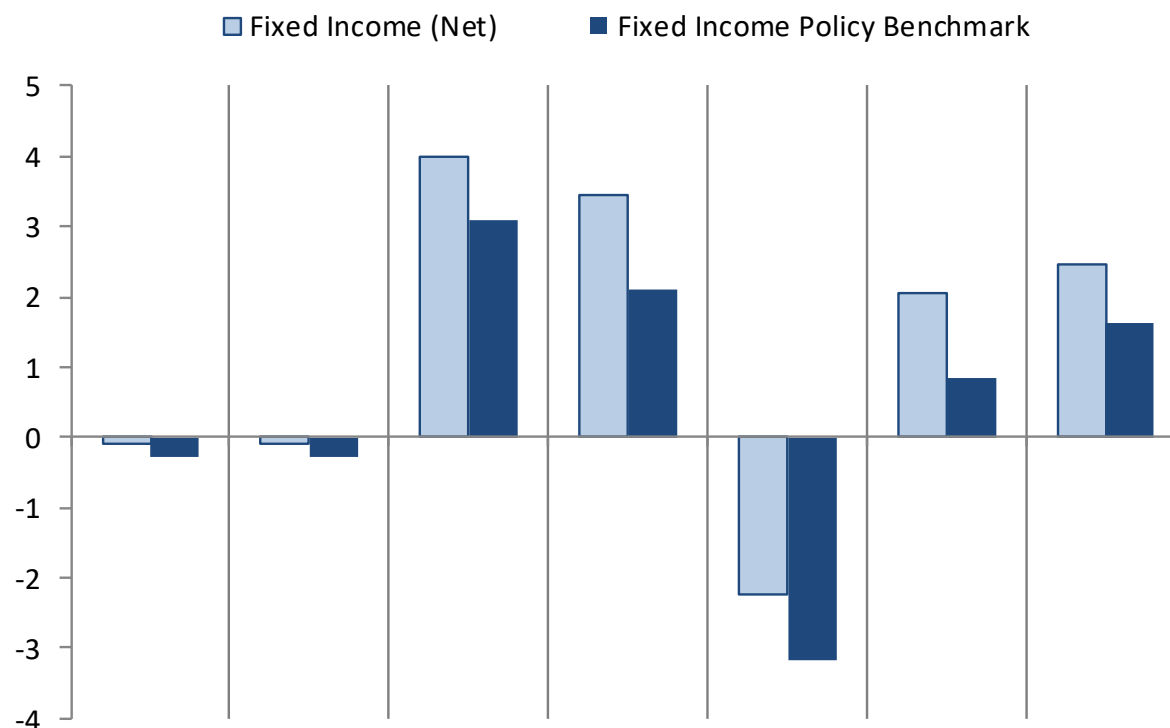
Global Private Equity performance is reported one quarter in arrears.



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)	(0.08)	(0.08)	4.14	3.74	(1.96)	2.31	2.70
Fixed Income (Net)	(0.10)	(0.10)	3.98	3.45	(2.24)	2.06	2.46
Fixed Income Policy Benchmark	(0.27)	(0.27)	3.08	2.10	(3.17)	0.83	1.63
Value Added (Net of Fee)	0.17	0.17	0.90	1.35	0.93	1.23	0.83

Source: BNY Mellon GRS

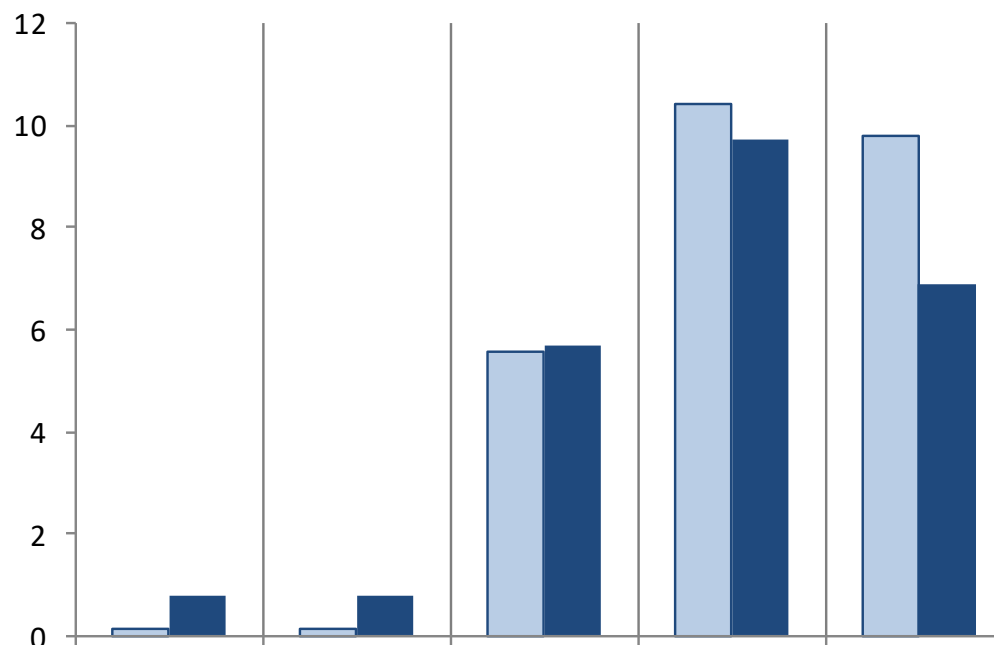


Global Private Credit Performance

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

Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



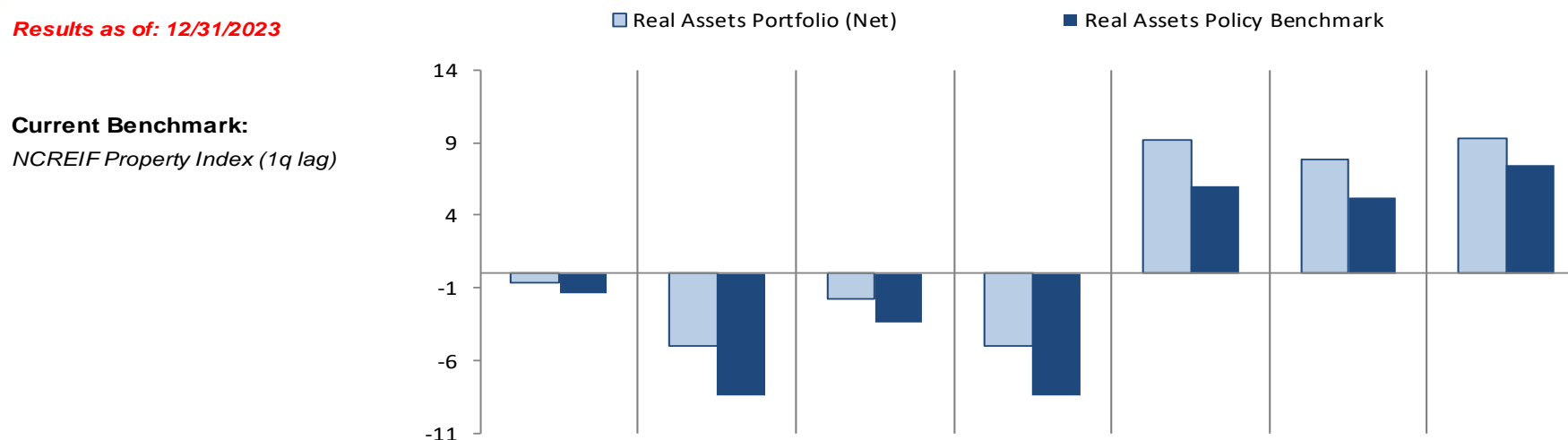
	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	0.12	0.12	6.33	12.12	11.45
Global Private Credit (Net)	0.12	0.12	5.56	10.44	9.81
Global Private Credit Policy Benchmark	0.82	0.82	5.67	9.71	6.89
Value Added (Net of Fee)	(0.69)	(0.69)	(0.11)	0.73	2.93

Source: BNY Mellon GRS



Global Real Assets Performance

Results as of: 12/31/2023



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.42)	(4.14)	(1.30)	(4.14)	10.22	8.72	10.34
Real Assets Portfolio (Net)	(0.63)	(4.94)	(1.71)	(4.94)	9.22	7.81	9.30
Real Assets Policy Benchmark	(1.37)	(8.39)	(3.32)	(8.39)	6.04	5.26	7.40
Real Assets Value Added (NOF)	0.73	3.46	1.60	3.46	3.18	2.55	1.91
Real Assets Core (Net)	(2.01)	(11.15)	(4.01)	(11.15)	9.77	7.79	9.01
Real Assets Policy Benchmark	(1.37)	(8.39)	(3.32)	(8.39)	6.04	5.26	7.40
Real Assets Core Value Added (NOF)	(0.64)	(2.76)	(0.69)	(2.76)	3.73	2.53	1.61
Real Assets Non-Core (Net)	(1.69)	(5.75)	(3.95)	(5.75)	4.42	4.82	8.10
Real Assets Policy Benchmark	(1.37)	(8.39)	(3.32)	(8.39)	6.04	5.26	7.40
Real Assets Non-Core Value Added (NOF)	(0.32)	2.64	(0.63)	2.64	(1.62)	(0.44)	0.70
Real Assets Infrastructure (Net)	1.75	8.47	2.95	8.47	9.51	9.23	n/a
Real Assets Policy Benchmark	(1.37)	(8.39)	(3.32)	(8.39)	6.04	5.26	n/a
Real Assets Infrastructure Value Added (NOF)	3.12	16.86	6.27	16.86	3.47	3.97	n/a

Source: BNY Mellon GRS

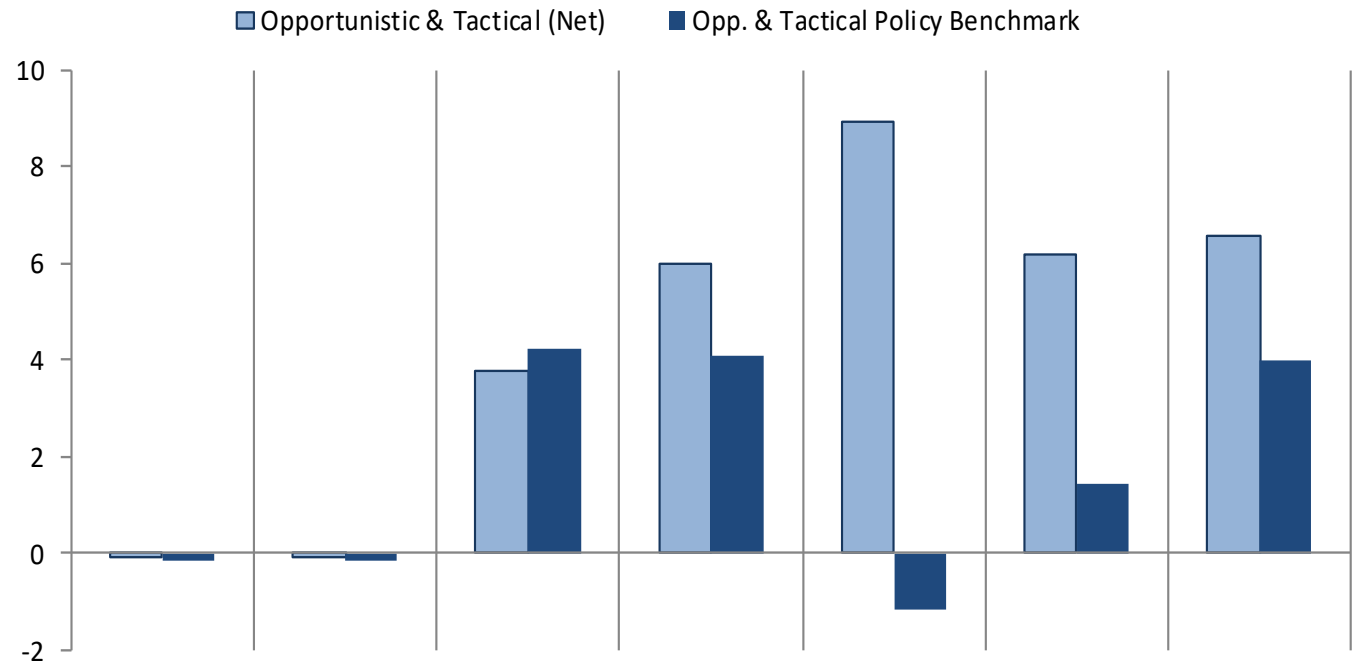
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

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	10 Year
Opportunistic & Tactical (Gross)	(0.08)	(0.08)	4.34	7.12	10.21	7.48	8.18
Opportunistic & Tactical (Net)	(0.08)	(0.08)	3.77	5.99	8.93	6.16	6.58
Opp. & Tactical Policy Benchmark	(0.13)	(0.13)	4.22	4.10	(1.17)	1.45	3.99
	0.05	0.05	(0.45)	1.89	10.10	4.71	2.59

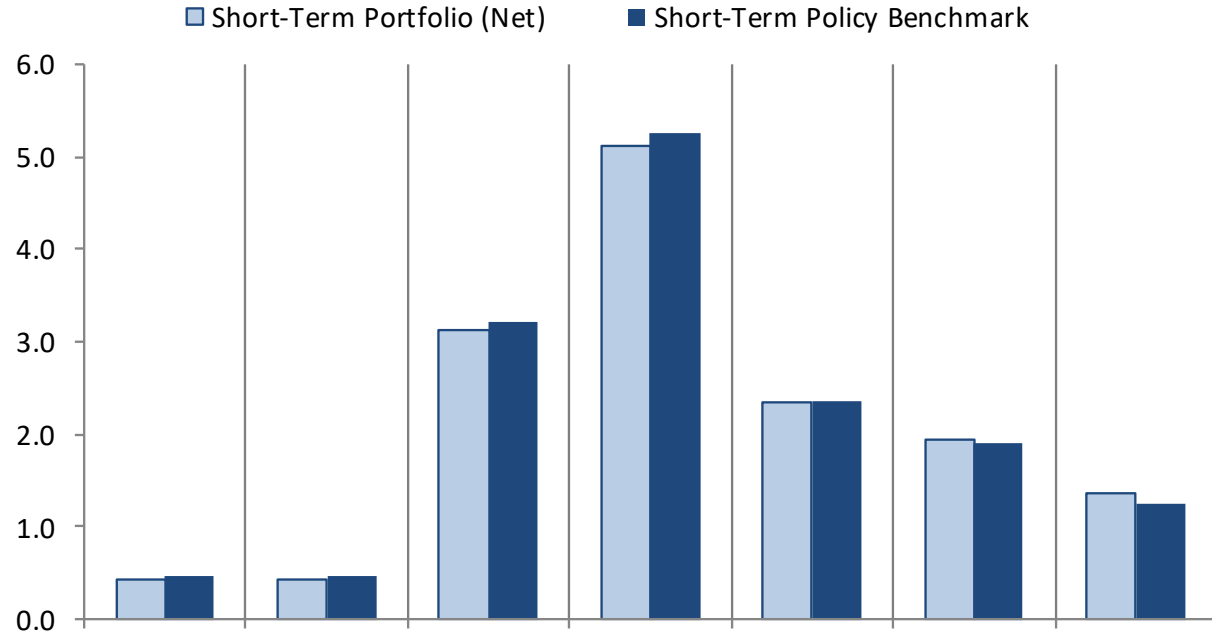
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

FTSE 30 Day Treasury Bill Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.43	0.43	3.11	5.12	2.34	1.93	1.35
Short-Term Portfolio (Net)	0.43	0.43	3.11	5.12	2.34	1.93	1.35
Short-Term Policy Benchmark	0.46	0.46	3.23	5.25	2.35	1.90	1.25
Value Added (Net of Fee)	(0.03)	(0.03)	(0.12)	(0.13)	(0.01)	0.03	0.10

Source: BNY Mellon GRS



Overlay Performance

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Cash Equivalents with Overlays (Net)	0.62	0.62	(1.67)	1.84	5.70	3.54	2.49
Short-Term Policy Benchmark	0.46	0.46	3.23	5.25	2.35	1.90	1.25
Value Added (Net of Fee)	0.16	0.16	(4.90)	(3.41)	3.35	1.64	1.24
Short-term Cash w/o Overlays (Net)	0.43	0.43	3.11	5.12	2.34	1.93	1.35
Short-Term Policy Benchmark	0.46	0.46	3.23	5.25	2.35	1.90	1.25
Value Added (Net of Fee)	(0.03)	(0.03)	(0.11)	(0.13)	(0.01)	0.03	0.10
Overlay Cumulative Net Value Added (\$MM)	\$1.3	\$1.3	(\$23.4)	(\$6.2)	\$76.5	\$59.2	\$85.4



Proposed Investment Agenda – Next Meeting

Annual Portfolio Review – Private Credit
Monthly Investment Report (February 29, 2024)

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: March 8, 2024
Re: **Federal Legislative Report**

OVERVIEW

State of the Union

On March 7th President Joe Biden used his State of the Union address to try again to convince voters his policies on economic issues have made their lives better.

The 81-year-old Biden addressed Congress in the House chamber amid questions and concerns from Republican lawmakers about his age and mental capacity. As expected, Biden defended his record on the economy and described it as fundamentally strong, and better than he inherited from former President Donald Trump, his likely general election foe.

Unlike a traditional State of the Union address consisting of a laundry list of policy goals, Biden started assailing Trump less than four minutes into his speech, blasting him for suggesting that he would encourage Russia to “do whatever the hell they want” to NATO allies that did not spend enough on defense.

The chamber became testy at times, with Republicans shouting out to interrupt Biden midsentence on multiple occasions as he criticized their positions on issues including taxes, Social Security and immigration. At the core of his speech, Biden linked what he framed as his fight for American freedoms, including abortion rights, with his support for those fighting authoritarianism abroad, especially in Ukraine.

President Biden also touted his accomplishments for Medicare and Medicaid expansion, lower drug prices, and reproductive healthcare access. The White House announced on March 4th that the price of 10 drugs selected for Medicare price negotiations could be lowered this year, including medicine for heart failure, cancer, diabetes, and arthritis. On future prescription drugs cost issues he said, "It's now time to go further and give Medicare the power to negotiate lower prices for 500 different drugs over the next decade."

In the official Republican response to Biden's address, Sen. Katie Boyd Britt (R-AL) assailed the president for his record on immigration, crime and the economy, arguing that he has failed to keep Americans safe while families are struggling to make ends meet.

Government Shutdown Averted

Lawmakers averted a partial government shutdown at the end of February after the Senate cleared a two-step continuing resolution to allow final appropriations work to wrap up in the coming weeks.

Subsequently the House overwhelmingly voted to pass a six-bill, \$467.5 billion final fiscal 2024 appropriations package on March 6th, a long-awaited step forward in the process that is just now beginning to come to a close nearly six months after the fiscal year began.

The vote, which required two-thirds support under suspension of the rules, was 339-85 to send the package to the Senate. Speaker Mike Johnson (R-LA) won a majority of votes from his conference, despite opposition from his party's right flank, with 132 Republicans voting in favor and 83 in opposition to the measure.

The Senate now has to clear the bill ahead of the midnight March 8th deadline for four of the six appropriations measures included in the combo. Senate Majority Leader Charles E. Schumer (D-NY) said he would put the bill on the floor immediately after House passage with the goal to pass it "with time to spare" before the deadline to head off a partial government shutdown that weekend.

The package includes the Military Construction-VA measure, which is the underlying vehicle, as well as the Agriculture, Commerce-Justice-Science, Energy-Water, Interior-Environment and Transportation-HUD bills. The package would provide a \$1.5 billion increase, or 0.3 percent, over the comparable enacted fiscal 2023 level, though even that slim boost is somewhat of an accounting trick. It technically ignores \$2 billion in increased fiscal 2023 Energy Department spending offset by tapping unused Strategic Petroleum Reserve funds, for example. And after backing out veterans health care, all other nondefense programs would be cut slightly below the previous year, something GOP leaders have been touting as a selling point within their conference.

However, some GOP conservatives still aren't happy. House Freedom Caucus member Rep. Chip Roy (R-TX) said during floor debate that Republicans did not achieve enough policy victories and that the overall spending level was too high.

The second batch of bills will be considered before a March 22nd deadline set to avoid a shutdown. That package includes the Defense, Financial Services, Legislative Branch, Homeland Security, Labor-HHS-Education and State-Foreign Operations measures. The package to fund the rest of the federal government is expected to top \$1.2 trillion.

McConnell stepping down as Republican Senate leader

Mitch McConnell's recent announcement that he will voluntarily end his record-setting reign as Senate Republican leader drew praise and some derision, as a contest to succeed him that was already underway began to move out from behind the scenes.

Potential candidates to replace McConnell include the "three Johns," as they're known, who have all served as deputies under McConnell in recent years. South Dakota Sen. John Thune, currently the No. 2 Senate Republican; Wyoming Sen. John Barrasso, the current conference chair; and Texas Sen. John Cornyn, a former GOP whip who termed out of leadership, could all make a run for party leader.

McConnell, 82, first took over as the chamber's GOP leader in 2007 and is the longest-serving leader of either party in the Senate. In a floor speech he said he plans to serve the rest of his current term in the Senate, his seventh, which runs until early 2027.

RETIREMENT SECURITY

Dan Doonan, executive director for the National Institute on Retirement Security (NIRS), testified at a hearing before the Senate Health, Education, Labor, and Pensions (HELP) Committee on Wednesday, February 28th.

In his testimony, Doonan discussed how most Americans will not have enough money for a financially secure retirement, and they are worried about it. Doonan detailed the scope of the retirement savings shortfall, noting that NIRS research found that for Generation X, the bottom half of earners have only a few thousand dollars saved for retirement. This means most Gen Xers are not even close to having enough savings to retire. And when Americans don't have adequate retirement income, they are more likely to fall into poverty or turn to public assistance programs or families to make ends meet.

NIRS research also shows that the nation's individual savings-based system is not well suited for workers. He noted that 401(k)s were never intended to replace pensions, they were meant to be a supplemental vehicle. Conventional wisdom suggests that 401(k)s cost less. Doonan indicated that what that really means is that we are putting less money into a less efficient system, as retirement costs rise, and hoping for the best.

NIRS is also seeing a shift with respect to employers offering pensions. During negotiations with the Big Three automakers the United Auto Workers called for restoration of pension benefits. Also, IBM recently announced it would be reopening its defined benefit pension plan and end its 401(k) matching contributions. In addition, in Alaska the state Senate has approved legislation to revive pensions for their state employees as data has shown that new employees are much less likely to remain in the state since the pension plan was abolished in 2006. (Though the Alaska House has yet to act on the proposal.)

WINDFALL ELIMINATION PROVISION (WEP) AND GOVERNMENT PENSION OFFSET (GPO)

On March 4th, lead sponsors Representatives Abigail Spanberger (D-VA) and Garret Graves (R-LA) sent a letter urging the U.S. House Ways and Means Committee to take the next step to eliminate the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) by holding a markup on their bipartisan Social Security Fairness Act (H.R. 82).

In the letter to the Committee's leadership, Spanberger and Graves highlighted the strong, bipartisan support (more than 300 cosponsors) for passing their Social Security Fairness Act, repealing both the WEP and the GPO, and providing direct relief to Social Security beneficiaries. The lawmakers urged Chairman Jason Smith (R-MO) and Ranking Member Richard Neal (D-MA) to listen to the stories shared by public servants at the November 2023 field hearing and take the next step to bring the bill to the U.S. House floor for a vote by holding a markup on the broadly bipartisan legislation.

HEALTH CARE

Roundtable Comment Letter

On March 1st, the Public Sector HealthCare Roundtable submitted a comment letter on the Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. The comment letter underscores the vulnerability of public sector entities to annual changes in federal MA payment policies, mainly because of their long-term contracts with insurers under Employer Group Waiver Plans (EGWPs), noting that these shifts could result in disproportionate effects during the risk adjustment phase. The Roundtable urged CMS to consider the complexities and nuances of EGWPs when making policy and regulatory changes to the MA program and offered its expertise as a resource to CMS.

Health Care Issues

A collection of year-end health policy deadlines are increasing the chances that Congress will face another must-pass bill come December, after lawmakers dropped a number of bipartisan health riders from the Labor-HHS-Education funding bill that faces a March 22nd deadline.

Lawmakers are still hoping to extend a number of health reauthorizations beyond the fiscal year that ends September 30th as part of the FY2024 appropriations package designed to avert a shutdown. But other major policies were dropped amid ongoing disputes.

While the bulk of the spending package expires at the end of the fiscal year, September 30th, the health reauthorizations, which include critical funding for community health centers, would run through the end of December. But the December 31st cliff also gives lawmakers another opportunity for overhauls on health industry transparency, pharmacy benefit managers and a pandemic response reauthorization that weren't agreed upon in time for the current legislation.

Lawmakers are also exhausting the Medicare and Medicaid Improvement Funds to offset the batch of extenders that are included in the FY2024 spending package, which means they'll likely need the savings from some of the more controversial items in December. That includes parity in Medicare drug administration payments between hospital outpatient departments and independent physicians, or "site-neutral" payments.

Any lame-duck health measure would also likely have to address the expiration of pandemic-era telehealth flexibilities under Medicare at the end of the year. Health care access advocates have pushed Congress to make them permanent.

But a number of factors could impact the lame-duck session, including the coming retirement of House Energy and Commerce Chair Cathy McMorris Rodgers (R-WA), the rematch between President Joe Biden and former President Donald Trump, and whether the majority flips in the House or Senate.

One major to-do item is the broader reauthorization of a pandemic and emergency response law, which supports programs within the Administration for Strategic Preparedness and Response (ASPR) and the Biomedical Advanced Research and Development Authority.

Some smaller pandemic-related provisions have been included in the FY2024 spending package, but that's hardly sufficient according to health care advocates after the experience of COVID-19.

Various bills introduced in the House and Senate include new policies, like contracting and staffing authorities for ASPR, improved screening around gene synthesis and funding research into treatments for potential pandemic pathogens. Unlike most policy disputes in Congress, the bills in question are largely bipartisan. But a series of smaller disagreements is pitting the House against the Senate, Democrats against Republicans and members of the same party against each other.

Members from both sides of the aisle have also previously championed and worked in bipartisan fashion on policies to improve price transparency and end payment and pricing abuses that lead to unaffordable and inequitable health care. Health care advocates are urging Congress to rise above partisan politics and build on this momentum to get the job done for families now.

Senate Finance Chair Ron Wyden (D-OR) acknowledged the likely lame-duck time frame in a statement issued after the first six FY2024 spending bills were unveiled without the additional rider language. But he kept up the drumbeat to overhaul PBM tactics as soon as possible. "The last time I looked, the lame duck was a long way away," he said.

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of March 8, 2024)

H.R.82

SPONSOR: Rep. Graves, Garret (R-LA)

LAST ACTIONS: House - 01/09/2023 Referred to the House Committee on Ways and Means

CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 309 co-sponsors; 11 Ohioans

S.597

SPONSOR: Sen. Brown, Sherrod [D-OH]

LAST ACTIONS: Senate - 03/01/2023 Read twice and referred to the Committee on Finance.

CAPTION: Social Security Fairness Act

COMMENT: Repeals the GPO and WEP. 52 co-sponsors; 1 Ohio Senator

H.R.4260

SPONSOR: Rep. Neal, Richard (D-MA)

LAST ACTIONS: House - 06/21/2023 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: 102 co-sponsors; two Ohioans

H.R.4583

SPONSOR: Rep. John Larson (D-CT)

LAST ACTIONS: House - 07/12/2023 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

CAPTION: Social Security 2100 Act. To protect our Social Security system and improve benefits for current and future generations.

COMMENT: 183 co-sponsors; four Ohioans

H.R.5342

SPONSOR: Rep. Jodey Arrington (R-TX)

LAST ACTIONS: House - 09/05/2023 Referred to the House Committee on Ways and Means

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

COMMENT: 29 co-sponsors; two Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of March 8, 2024)

135th General Assembly

SB6 ESG POLICIES-STATE ENTITIES (Schuring, K) - Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

Current Status: 05/23/2023, Referred to House Financial Institutions

HB4 LEGISLATIVE INTENT-ECONOMIC BOYCOTTS (Young, T., King, A.) To declare the General Assembly's intention to enact legislation regarding financial institutions and other businesses that conduct economic boycotts or discriminate against certain companies or customers based on certain factors.

Current Status: 11/14/2023 Substitute Bill Accepted

HB33 FY24-25 OPERATING BUDGET (Edwards, J.) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. [Includes SERS' CBBC provision]

Current Status: 01/24/2024 Consideration of Governor's Veto; Senate Overrides Veto, Vote 24-8

HB146 SERS BENEFIT CAP (Bird, A.) To establish a contribution based benefit cap in calculating a School Employees Retirement System member's retirement benefit.

Current Status: 05/16/2023, REPORTED OUT, House Pensions, (Third Hearing)

HCR 6 URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (King, Plummer) To urge Congress to repeal the Windfall Elimination Provision.

Current Status: 02/28/2024 Senate Government Oversight, (Second Hearing)

HB257 VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 02/28/2024 Senate Government Oversight, (First Hearing)

Finance Headline News – March 2024



- Budget Administration
 - FY24 SERS administrative expenses are tracking under budget through February 2024
 - Prescription claims continue to be a concern
 - FY25 budget cycle – FY24 forecast is being calculated (9 actuals + 3 forecast). FY25 draft Personnel scenarios presented in March. FY25 budget in ORSC format will be presented in April.
- The following detailed reports are attached for further analysis:
 - FY24 Budget Administrative expense reports
 - Administrative expense summary for February 2024
 - Administrative expense detail for February 2024
 - Parameters report for February 2024
 - Financial highlights
 - As of January 2024

School Employees Retirement System of Ohio

Summary of administrative operation expenses during the period **February 1, 2024-February 29, 2024.**

Actuals
Feb-2024

Account	Amount
Salaries & Wages	1,226,246.24
Salaries & Wages- Overtime	909.90
Vacation Leave Expense	129,208.87
Sick Leave Expense	57,280.70
Voluntary Life Insurance Reimbursement	241.36
Employer Contributions- PERS	181,590.23
Group Life	10,039.46
Long Term Disability	3,454.85
Short Term Disability	2,699.65
Group Health Claims	235,036.77
Group Health- Admin Fees	7,732.59
Prescription Claims	103,019.06
Group Health- Stop Loss Admin	20,722.83
Vision Claims	2,766.09
Vision Admin Fees	127.44
Group Health- Employee Cost	(37,665.66)
Group Health- Wellness Incentive	3,740.00
Group Health- Tobacco Premiums	(720.00)
Medicare Premium- Employer	18,174.15
Deferred Compensation Match	4,920.00

Actuarial Services	14,112.00
Audit	30,910.00
Custodial Fees	83,444.64
Custodial Banking	16,336.58
Master Recordkeeper Fees	66,582.91
Performance/ Analytics Fee	37,401.66
Bloomberg Terminal Rentals	14,775.00
Medical Consultant	3,750.00
Special Counsel	14,617.36
Technical	38,030.99
Other Professional Services	19,063.66
Postage	101,865.87
Telecommunications Services	10,247.57
Member/Employer Education	43.47
Printing Paper	5,405.20
Software Maintenance	35,000.00
Software Subscriptions	217,620.96
Hardware < \$5,000	5,911.00
Equipment Repairs & Maintenance	8,279.43
Office Supplies & Expenses	1,038.55
Miscellaneous Office Supplies	37.99
Furniture & Equipment < \$5,000	148.32

Records Storage	125.00
Seminars & Conferences	5,249.55
In House Training	249.80
Tuition	2,144.00
Travel & Transportation	7,479.03
Mileage	1,386.46
Subscriptions	4,177.72
Memberships	19,007.00
Vehicle Expense	99.50
Staff Support	8,461.14
Recruiting Expense	446.17
Board Member- School Board Reimb.	1,233.96
Reimbursement of Leased Svcs.	(25,416.67)
Total Administrative Expenses	2,718,790.35

School Employees Retirement System of Ohio
REVIEW OF ADMINISTRATIVE EXPENSES
Feb-24

Expense Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	1,226,246.24
		Subtotal 1,226,246.24
53110 - Salaries & Wages - Overtime	ADP, LLC	909.90
		Subtotal 909.90
53111 - Vacation Leave Expense	ADP, LLC	129,208.87
		Subtotal 129,208.87
53112 - Sick Leave Expense	ADP, LLC	57,280.70
		Subtotal 57,280.70
53113- Voluntary Life Insurance Reimbursement	ADP, LLC	241.36
		Subtotal 241.36
53200 - Employer Contributions - PERS	ADP, LLC	181,590.23
		Subtotal 181,590.23
53300 - Group Life	American United Life Insurance Company	10,039.46
		Subtotal 10,039.46
53310 - Long Term Disability	American United Life Insurance Company	3,454.85
		Subtotal 3,454.85
53315 - Short Term Disability	American United Life Insurance Company	2,699.65
		Subtotal 2,699.65
53320 - Group Health Claims	Aetna Daily Wires - ESERS	235,036.77
		Subtotal 235,036.77
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,732.59
		Subtotal 7,732.59
53322 - Prescription Claims	Express Scripts - ESERS SaveonSP, LLC	91,385.41
		Subtotal 11,633.65 103,019.06
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	20,722.83
		Subtotal 20,722.83
53326 - Vision Claims	VSP - (OH)	2,766.09
		Subtotal 2,766.09
53327 - Vision Admin Fees	VSP - (OH)	127.44
		Subtotal 127.44
53330 - Group Health - Employee Cost	Employee Premiums	(37,665.66)
		Subtotal (37,665.66)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,740.00
		Subtotal 3,740.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(720.00)
		Subtotal (720.00)
53340 - Medicare Premium - Employer	ADP, LLC Premium- adjustment	18,174.18
		Subtotal (0.03) 18,174.15
53380 - Deferred Compensation Match	ADP, LLC	4,920.00
		Subtotal 4,920.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC Cavanaugh MacDonald Consulting, LLC	12,000.00
		Subtotal 2,112.00 14,112.00
54200 - Audit	Plante & Moran, PLLC	30,910.00
		Subtotal 30,910.00
54310 - Custodial Fees	BNY Mellon Asset Servicing	83,444.64
		Subtotal 83,444.64
54320 - Custodial Banking	Treasurer of State - Warrants Huntington National Bank	74.48
		Subtotal 16,262.10 16,336.58
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	66,582.91
		Subtotal 66,582.91
54430 - Performance/Analytics Fee	BNY Mellon Wilshire Advisors, LLC	34,401.66
		Subtotal 3,000.00 37,401.66
54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP	14,775.00
		Subtotal 14,775.00

54520 - Medical Consultant	Borchers, M.D., Glen G.		3,750.00
		Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP		14,617.36
		Subtotal	14,617.36
54620 - Technical	LexisNexis Risk Data Management, Inc		1,293.49
	Sigital, LLC		925.00
	ComResource		4,053.75
	Velosio		10,391.25
	Improving Ohio, Inc.		21,367.50
		Subtotal	38,030.99
54630 - Other Professional Services	Wickert, Kimberly		360.00
	Allinder, Jane		150.00
	Vorys Advisors LLC		3,666.66
	Sage Policy Group		8,200.00
	Steven R. Edwards		3,333.00
	Linea Solutions, Inc.		3,354.00
		Subtotal	19,063.66
55100 - Postage	Employee payment for postage		(57.04)
	Pitney Bowes Inc.		1,315.06
	United States Postal Service		100,000.00
	Postmaster		320.00
	Unishippers Association		287.85
		Subtotal	101,865.87
55200 - Telecommunications Services	Verizon Wireless		393.92
	AT&T		40.10
	LUMEN		4,967.28
	Spectrum		246.29
	Spectrum AWS		1,230.00
	Everstream Solutions LLC		1,376.00
	XO Verizon		1,815.99
	T-Mobile		177.99
		Subtotal	10,247.57
55300 - Member/Employer Education	Vaughan, Cameron		43.47
		Subtotal	43.47
55400 - Printing Paper	Sterling Paper Company		5,405.20
		Subtotal	5,405.20
56030 - Software Maintenance	Sagitec Solutions, LLC		35,000.00
		Subtotal	35,000.00
56035 - Software Subscriptions	Fifth Third Bank- duplicate payment refund		(229.00)
	Shi International Corp.		62,926.59
	Workiva Inc.		48,893.88
	NAVEX Global, Inc.		5,980.49
	ADP, LLC		5,355.41
	CDW-Government, Inc.		44,588.49
	WordFence		119.00
	Zoom		594.81
	Wellable LLC		475.80
	DocuSign		3,690.50
	Expedient		13,380.40
	Insight		14,081.67
	Dynamo Software, Inc.		1,876.43
	Amazon Web Services		63.39
	Entrust Corporation		15,191.00
	RoadMunk.com		632.10
		Subtotal	217,620.96
56040 - Hardware < \$5,000	Dell Marketing LP		5,911.00
		Subtotal	5,911.00
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc		771.10
	Canon Financial Services, Inc		2,410.40
	LD Products Inc.		84.44
	US Bank Equipment Finance		1,202.75
	BPS Technologies		3,810.74
		Subtotal	8,279.43
56130 - Office Supplies & Expenses	Staples Business Advantage		998.46
	Labor Law Center, Inc.		40.09
		Subtotal	1,038.55
56140 - Miscellaneous Office Supplies	Amazon.com		37.99
		Subtotal	37.99
56150 - Furniture & Equipment < \$5,000	Amazon.com		148.32
		Subtotal	148.32
56160 - Records Storage	Vital Records Holdings, LLC		125.00
		Subtotal	125.00
56210 - Seminars & Conferences	NASRA		2,520.00
	Ohio State University		900.00
	MRA		1,800.00
	Robertson, Megan		29.55
		Subtotal	5,249.55
56220 - In House Training	Fifth Third Bank-refund for damaged materials		(653.00)
	Courtyard by Marriott		244.00
	ADP, LLC		658.80
		Subtotal	249.80

53370 - Tuition	Hartsell, Darin		2,144.00
		Subtotal	2,144.00
56310 - Travel & Transportation	Price, Steve		249.49
	Roggenkamp, Karen		469.74
	Stensrud, Richard		546.75
	Rosler, James		244.00
	Haller, James		345.37
	Phillips, Barbra		336.01
	Majeed, Farouki		2,388.02
	Moss, Catherine		244.00
	Wilson, Daniel L.		274.80
	King, Matt		309.89
	Weglarz, Frank		324.50
	Messerschmitt, Adam		1,254.53
	Collins, Chris		161.20
	Russell, Aimee		330.73
		Subtotal	7,479.03
56311 - Mileage	Price, Steve		11.80
	Rosler, James		190.28
	Haller, James		129.72
	Phillips, Barbra		125.70
	Moss, Catherine		231.76
	Wilson, Daniel L.		199.66
	King, Matt		160.80
	Weglarz, Frank		218.42
	Messerschmitt, Adam		8.30
	Russell, Aimee		110.02
		Subtotal	1,386.46
56410 - Subscriptions	Wall Street Journal		125.73
	Constant Contact		261.00
	Shutterstock, Inc.		29.00
	Gongwer News Service, Inc		3,500.00
	Modern Healthcare		249.00
	Toledo Blade		12.99
		Subtotal	4,177.72
56420 - Memberships	Association of Public Pension Fund Auditors		500.00
	Public Pension Financial Forum		900.00
	Public Relations Society of America		267.00
	National Institute on Retirement Security		3,800.00
	NCTR		5,340.00
	Association for Information and Image Management		160.00
	Institutional Limited Partners Association		6,500.00
	Accountancy Board of Ohio		367.00
	Information Systems Audit and Control Association		180.00
	CCIM Institute		795.00
	National Association of Parliamentarians		198.00
		Subtotal	19,007.00
56640 - Vehicle Expense	BP Oil Company		23.50
	Sheetz		76.00
		Subtotal	99.50
56620 - Staff Support	Cintas Corporation		677.72
	ADP, LLC		3,497.00
	Mount Carmel Occupational Health		2,223.00
	Premier ProduceOne		343.30
	Lowes		320.35
	Amazon.com		335.00
	Culligan Bottled Water of Columbus		93.87
	Walmart		199.91
	Aetna Behavioral Health, LLC		282.60
	Buckeye Donuts		109.89
	Inspira Financial		353.50
	REI		25.00
		Subtotal	8,461.14
56621 - Recruiting Expense	ADP Screening & Selection Services		446.17
		Subtotal	446.17
56710 - Board Member - School Board Reimb.	Ashland City School District		1,233.96
		Subtotal	1,233.96
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services		(25,416.67)
		Subtotal	(25,416.67)
	Total SERS Administrative Expenses		2,718,790.35

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Feb-24

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		Subtotal 909.90
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		Subtotal 129,208.87
53112 - Sick Leave Expense	ADP, LLC	57,280.70
		Subtotal 57,280.70
53113- Voluntary Life Insurance Reimbursement	ADP, LLC	241.36
		Subtotal 241.36
53200 - Employer Contributions - PERS	ADP, LLC	181,590.23
		Subtotal 181,590.23
53300 - Group Life	American United Life Insurance Company	10,039.46
		Subtotal 10,039.46
53310 - Long Term Disability	American United Life Insurance Company	3,454.85
		Subtotal 3,454.85
53315 - Short Term Disability	American United Life Insurance Company	2,699.65
		Subtotal 2,699.65
53320 - Group Health Claims	Aetna Daily Wires - ESERS	235,036.77
		Subtotal 235,036.77
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,732.59
		Subtotal 7,732.59
53322 - Prescription Claims	Express Scripts - ESERS SaveonSP, LLC	91,385.41
		11,633.65
		Subtotal 103,019.06
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	20,722.83
		Subtotal 20,722.83
53326 - Vision Claims	VSP - (OH)	2,766.09
		Subtotal 2,766.09
53327 - Vision Admin Fees	VSP - (OH)	127.44
		Subtotal 127.44
53330 - Group Health - Employee Cost	Employee Premiums	(37,665.66)
		Subtotal (37,665.66)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,740.00
		Subtotal 3,740.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(720.00)
		Subtotal (720.00)
53340 - Medicare Premium - Employer	ADP, LLC Premium- adjustment	18,174.18
		(0.03)
		Subtotal 18,174.15
53380 - Deferred Compensation Match	ADP, LLC	4,920.00
		Subtotal 4,920.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC Cavanaugh MacDonald Consulting, LLC	12,000.00
		2,112.00
		Subtotal 14,112.00
54200 - Audit	Plante & Moran, PLLC	30,910.00
		Subtotal 30,910.00
54310 - Custodial Fees	BNY Mellon Asset Servicing	83,444.64
		Subtotal 83,444.64
54320 - Custodial Banking	Treasurer of State - Warrants Huntington National Bank	74.48
		16,262.10
		Subtotal 16,336.58
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	66,582.91
		Subtotal 66,582.91
54430 - Performance/Analytics Fee	BNY Mellon Wilshire Advisors, LLC	34,401.66
		3,000.00
		Subtotal 37,401.66

Expense Account	Vendor	Amount
54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP	14,775.00
	Subtotal	14,775.00
54520 - Medical Consultant	Borchers, M.D., Glen G.	3,750.00
	Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP	14,617.36
	Subtotal	14,617.36
54620 - Technical	LexisNexis Risk Data Management, Inc	1,293.49
	Sigital, LLC	925.00
	ComResource	4,053.75
	Velosio	10,391.25
	Improving Ohio, Inc.	21,367.50
	Subtotal	38,030.99
54630 - Other Professional Services	Wickert, Kimberly	360.00
	Allinder, Jane	150.00
	Vorys Advisors LLC	3,666.66
	Sage Policy Group	8,200.00
	Steven R. Edwards	3,333.00
	Linea Solutions, Inc.	3,354.00
	Subtotal	19,063.66
55100 - Postage	Employee payment for postage	(57.04)
	Pitney Bowes Inc.	1,315.06
	United States Postal Service	100,000.00
	Postmaster	320.00
	Unishippers Association	287.85
	Subtotal	101,865.87
55200 - Telecommunications Services	Verizon Wireless	393.92
	AT&T	40.10
	LUMEN	4,967.28
	Spectrum	246.29
	Spectrum AWS	1,230.00
	Everstream Solutions LLC	1,376.00
	XO Verizon	1,815.99
	T-Mobile	177.99
	Subtotal	10,247.57
55300 - Member/Employer Education	Vaughan, Cameron	43.47
	Subtotal	43.47
55400 - Printing Paper	Sterling Paper Company	5,405.20
	Subtotal	5,405.20
56030 - Software Maintenance	Sagitec Solutions, LLC	35,000.00
	Subtotal	35,000.00
56035 - Software Subscriptions	Fifth Third Bank- duplicate payment refund	(229.00)
	Shi International Corp.	62,926.59
	Workiva Inc.	48,893.88
	NAVEX Global, Inc.	5,980.49
	ADP, LLC	5,355.41
	CDW-Government, Inc.	44,588.49
	WordFence	119.00
	Zoom	594.81
	Wellable LLC	475.80
	DocuSign	3,690.50
	Expedient	13,380.40
	Insight	14,081.67
	Dynamo Software, Inc.	1,876.43
	Amazon Web Services	63.39
	Entrust Corporation	15,191.00
	RoadMunk.com	632.10
	Subtotal	217,620.96
56040 - Hardware < \$5,000	Dell Marketing LP	5,911.00
	Subtotal	5,911.00
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc	771.10
	Canon Financial Services, Inc	2,410.40
	LD Products Inc.	84.44
	US Bank Equipment Finance	1,202.75
	BPS Technologies	3,810.74
	Subtotal	8,279.43
56130 - Office Supplies & Expenses	Staples Business Advantage	998.46
	Labor Law Center, Inc.	40.09
	Subtotal	1,038.55
56140 - Miscellaneous Office Supplies	Amazon.com	37.99
	Subtotal	37.99
56150 - Furniture & Equipment < \$5,000	Amazon.com	148.32
	Subtotal	148.32
56160 - Records Storage	Vital Records Holdings, LLC	125.00
	Subtotal	125.00
56210 - Seminars & Conferences	NASRA	2,520.00
	Ohio State University	900.00
	MRA	1,800.00
	Robertson, Megan	29.55
	Subtotal	5,249.55

Expense Account	Vendor	Amount
56220 - In House Training	Fifth Third Bank-refund for damaged materials	(653.00)
	Courtyard by Marriott	244.00
	ADP, LLC	658.80
	Subtotal	249.80
53370 - Tuition	Hartsell, Darin	2,144.00
	Subtotal	2,144.00
56310 - Travel & Transportation	Price, Steve	249.49
	Roggenkamp, Karen	469.74
	Stensrud, Richard	546.75
	Rossler, James	244.00
	Haller, James	345.37
	Phillips, Barbra	336.01
	Majeed, Farouki	2,388.02
	Moss, Catherine	244.00
	Wilson, Daniel L.	274.80
	King, Matt	309.89
	Weglarz, Frank	324.50
	Messerschmitt, Adam	1,254.53
	Collins, Chris	161.20
	Russell, Aimee	330.73
	Subtotal	7,479.03
56311 - Mileage	Price, Steve	11.80
	Rossler, James	190.28
	Haller, James	129.72
	Phillips, Barbra	125.70
	Moss, Catherine	231.76
	Wilson, Daniel L.	199.66
	King, Matt	160.80
	Weglarz, Frank	218.42
	Messerschmitt, Adam	8.30
	Russell, Aimee	110.02
		Subtotal
56410 - Subscriptions	Wall Street Journal	125.73
	Constant Contact	261.00
	Shutterstock, Inc.	29.00
	Gongwer News Service, Inc	3,500.00
	Modern Healthcare	249.00
	Toledo Blade	12.99
	Subtotal	4,177.72
56420 - Memberships	Association of Public Pension Fund Auditors	500.00
	Public Pension Financial Forum	900.00
	Public Relations Society of America	267.00
	National Institute on Retirement Security	3,800.00
	NCTR	5,340.00
	Association for Information and Image Management	160.00
	Institutional Limited Partners Association	6,500.00
	Accountancy Board of Ohio	367.00
	Information Systems Audit and Control Association	180.00
	CCIM Institute	795.00
	National Association of Parliamentarians	198.00
	Subtotal	19,007.00
56640 - Vehicle Expense	BP Oil Company	23.50
	Sheetz	76.00
	Subtotal	99.50
56620 - Staff Support	Cintas Corporation	677.72
	ADP, LLC	3,497.00
	Mount Carmel Occupational Health	2,223.00
	Premier ProduceOne	343.30
	Lowe's	320.35
	Amazon.com	335.00
	Culligan Bottled Water of Columbus	93.87
	Walmart	199.91
	Aetna Behavioral Health, LLC	282.60
	Buckeye Donuts	109.89
	Inspira Financial	353.50
	REI	25.00
		Subtotal
56621 - Recruiting Expense	ADP Screening & Selection Services	446.17
	Subtotal	446.17
56710 - Board Member - School Board Reimb.	Ashland City School District	1,233.96
	Subtotal	1,233.96
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services	(25,416.67)
	Subtotal	(25,416.67)
	Total SERS Administrative Expenses	2,718,790.35

FY2024 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through February 29th, 2024

Major Category/Sub-Major Category	Line Item	Vendor	FY2024 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 6,456,305.00	\$ 3,697,528.32	
ACTUARIAL ADVISORS			\$ 292,500.00	\$ 175,645.00	
	Actuarial	Cavanaugh Macdonald	292,500.00	175,645.00	Actuarial Consultant
AUDITING			\$ 234,000.00	\$ 138,088.50	
	Auditing	Plante Moran	184,000.00	136,414.00	External Auditor
BANKING FEES			\$ 1,262,940.00	\$ 731,879.15	
	Custodial Banking		1,068,000.00	624,794.04	
		Fifth Third	336,000.00	201,878.52	Domestic Custodian
		BNYM	732,000.00	422,915.52	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	194,940.00	107,085.11	Banking Services
INVESTMENT RELATED			\$ 2,465,349.00	\$ 1,675,241.18	
	Master Recordkeeper		1,056,000.00	691,646.36	
	Investment Consulting & Advisory Services		525,000.00	262,499.99	
		Wilshire	450,000.00	225,000.00	Investment Consulting
	Performance Analytics Services		703,264.92	491,827.07	
		Barra-One Risk Mgmt Sys	238,445.00	178,833.75	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	290,993.32	Investment Performance Analytics
TECHNICAL			\$ 2,156,516.00	\$ 946,674.49	
	Special Counsel		240,000.00	208,831.61	
	Technical		1,360,084.00	416,397.66	
		Merative	121,000.00	59,000.00	Data Warehouse
		Sagitec	550,000.00	140,736.76	SMART Development Resources
	Other Professional Services		556,432.00	321,445.22	
OTHER OPERATING EXPENSE			\$ 4,108,942.00	\$ 2,401,618.11	
COMPUTER SUPPORT SERVICES			\$ 2,737,127.00	\$ 1,503,151.89	
	Software Maintenance		1,047,108.00	577,962.30	
		Hyland	119,061.00	117,916.85	ImageNow
		Dell	290,000.00	246,943.83	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	175,000.00	SMART Silver Support
	Software Subscriptions		1,444,815.00	878,679.86	
		DRaaS	158,000.00	107,043.20	Expedient
		Dynamo	202,000.00	199,940.00	Dynamo Software, INC
		Carahsoft	124,850.00	125,911.80	ServiceNow System
		UCaaS Vendor- TBD	128,500.00	-	Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 582,403.00	\$ 504,500.50	
	Management Liability Insurance		582,403.00	504,500.50	
		Cyber Liability Insurance	190,315.00	163,592.50	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	389,388.00	340,908.00	ARC Excess & Surplus, LLC

PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Additional Information
PROFESSIONAL SERVICES					
	TECHNICAL				

SERS

UNBUDGETED PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Expense Reallocation
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OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2024 Budget	YTD Expense
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SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of January 31, 2024 and 2023

(unaudited)

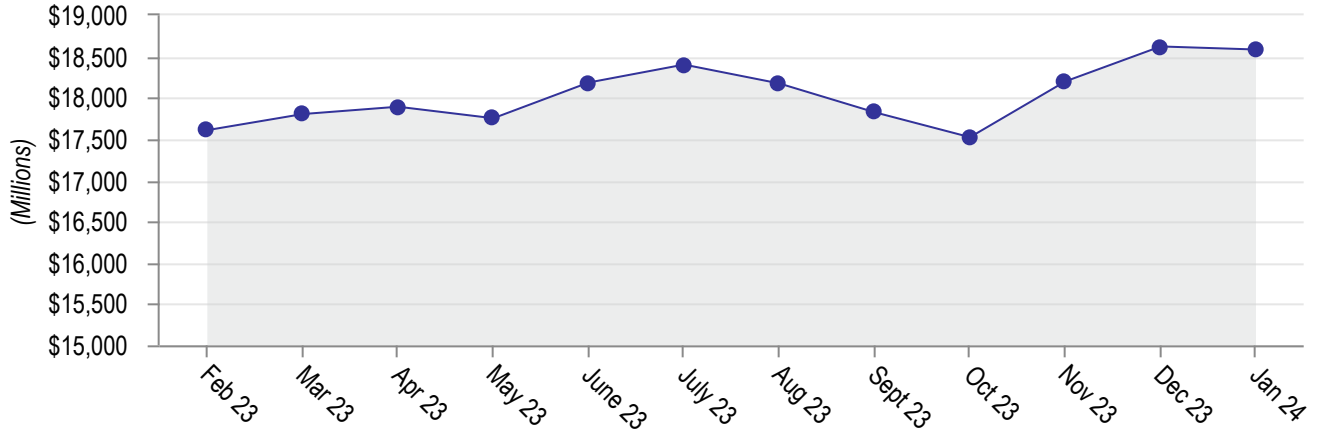
SERS (All Funds)	1/31/24 YTD	1/31/23 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$368,335,070	\$347,541,001	\$20,794,069	6%
Member Contributions	240,417,057	226,854,668	13,562,389	6
Health Care Premiums, Subsidies & Other Income	73,524,816	65,292,967	8,231,849	13
Total Investment Income, Net	630,793,456	695,593,241	(64,799,785)	(9)
TOTAL ADDITIONS	1,313,070,399	1,335,281,877	(22,211,478)	(2)
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	823,965,932	795,079,356	28,886,576	4
Health Care Expenses	94,618,069	83,015,431	11,602,638	14
Refunds & Transfers	56,974,162	56,482,418	491,744	1
Administrative Expenses (excluding Investments)	17,501,789	18,065,855	(564,066)	(3)
TOTAL DEDUCTIONS	993,059,952	952,643,060	40,416,892	4
Changes in Net Position	320,010,447	382,638,817	(62,628,370)	(16)
Net Position - Beginning	18,265,722,222	17,574,319,449	691,402,773	4
SERS Net Position - Ending	\$18,585,732,669	\$17,956,958,266	\$628,774,403	4%

HEALTH CARE FUND

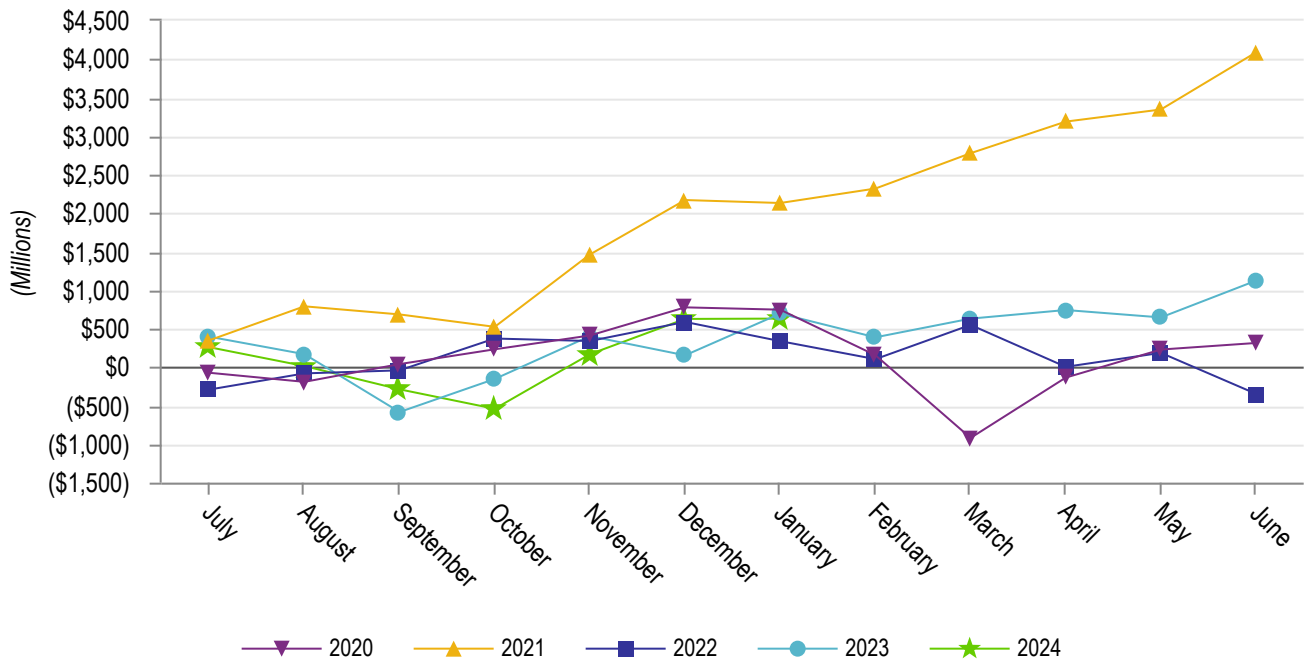
HEALTH CARE ADDITIONS

Employer Contributions	\$32,898,923	\$30,798,296	\$2,100,627	7%
Health Care Premiums	34,340,586	35,728,176	(1,387,590)	(4)
Federal Subsidies & Other Income	39,192,061	29,437,606	9,754,455	33
Total Investment Income, Net	21,194,816	20,827,221	367,595	2
TOTAL HEALTH CARE ADDITIONS	127,626,386	116,791,299	10,835,087	9
TOTAL HEALTH CARE DEDUCTIONS	96,310,265	84,526,362	11,783,903	14
Changes in Net Position	31,316,121	32,264,937	(948,816)	(3)
Net Position - Beginning	706,785,561	611,574,409	95,211,152	16
SERS Health Care Fund Net Position - Ending	\$738,101,682	\$643,839,346	\$94,262,336	15%

Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend



FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rules: 3309-1-07 Application for payment upon termination of employment; 3309-1-09 Federal taxation; 3309-1-11 Membership determinations; 3309-1-19 Member enrollment; 3309-1-26 Beneficiaries; 3309-1-29 Purchase of service credit; out-of-state and other; 3309-1-50 Re-employment restrictions; that have been reviewed by JCARR and are ready for final adoption by the Board.

_____ moved and _____ seconded that proposed amended rule 3309-1-07, 3309-1-09, 3309-1-11, 3309-1-19, 3309-1-26, 3309-1-29, 3309-1-50 be filed with JCARR as discussed.

3309-1-07 Application for payment upon termination of employment.

- (A) For purposes of this rule, "retirant" means a "SERS retirant" or "other system retirant" as defined in section 3309.341 of the Revised Code, or a member who retired under section 3309.343 of the Revised Code.
- (B) An application for payment of the accumulated contributions in a member's individual account pursuant to section 3309.42 of the Revised Code shall be signed by the member. If the account balance exceeds five thousand two hundred dollars, the member's signature must be notarized or witnessed by a SERS counselor.
- (C) An application for a lump sum annuity payment or a return of contributions pursuant to section 3309.344 of the Revised Code shall be signed by the retirant. If the account balance exceeds five thousand dollars, the retirant's signature must be ~~and~~ notarized or witnessed by a SERS counselor.
- (D) If the member or retirant was employed in a SERS-covered position during the six month period preceding the application, the application shall not be approved until the employer certifies to the retirement system the member or retirant's last date of service.
- (E) For purposes of division (A)(2) of section 3309.42 of the Revised Code, "eligible for age and service retirement" means a member is eligible for retirement under section 3309.34, 3309.36, or 3309.381 of the Revised Code on or before the first of the month following the date the application for a refund is received by the retirement system.
- (F) The retirement board waives the requirement of spousal consent in division (A)(2) of section 3309.42 of the Revised Code upon receipt of one of the following:
 - (1) The written statement of the spouse's physician certifying that the spouse is medically incapable of consent;
 - (2) A certified copy of a probate court order appointing a guardian for the spouse due to a finding of incompetence; or
 - (3) The affidavits of the member and at least two other persons, one of whom must be unrelated to the member, attesting that the whereabouts of the spouse is unknown.

(G) A member or retirant may withdraw an application by delivering to the retirement system a signed written request over the applicant's signature to withdraw the application and as follows:

- (1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days from the date the check was issued.
- (2) If the payment was transmitted by direct deposit to the member or retirant's financial institution, by remitting to the retirement system a personal check or money order repaying the amount transmitted no later than thirty days after the institution's receipt of the payment.
- (3) If any portion of the payment was distributed as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred no later than sixty days after the transfer.
- (4) If any portion of the payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.

HISTORY: 5/3/19, 5/15/17, 8/13/15, 3/30/15, 4/2/10, 5/14/05, 2/11/00, 1/2/93, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.42, 3309.344
Review Date: 2/1/24

3309-1-09 Federal taxation.

- (A) For purposes of this rule, "benefit" refers to a payment from the accumulated contributions of the member or the employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.
- (B) Notwithstanding any provision in rules of school employees retirement system ("SERS") or Chapter 3309. of the Revised Code to the contrary, distributions to members and beneficiaries shall be made in accordance with a good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code of 1986, 26 U.S.C. 401(a)(9), as applicable to a governmental plan within the meaning of section 414(d) of section 414(d) of the Internal Revenue Code, 26 U.S.C. 414(d), and the following:
- (1) The entire interest of a member shall be distributed to the member:
 - (a) Not later than the required beginning date; or
 - (b) Beginning not later than the required beginning date over the life of the member and a designated beneficiary (or over a period not extending beyond the life expectancy of such member or the life expectancy of such member and designated beneficiary) within the meaning of section 401(a)(9) of the Internal Revenue Code.

- (2)
- (a) The required beginning date means April first of the calendar year following the later of:
- (i) The calendar year in which the member attains the applicable age ~~seventy-two years of age, for members who attain seventy-two years of age before January 1, 2023;~~ or
 - (ii) The calendar year in which the member retires ~~attains seventy-three years of age, for members who attain seventy-two years of age after December 31, 2022;~~ or
- (b) ~~The calendar year in which the member retires.~~ For purposes of compliance with section 401(a)(9) of the Internal Revenue Code, “applicable age” means:
- (i) Age 70½ (if the member was born before July 1, 1949);
 - (ii) Age 72 (if the member was born after June 30, 1949, but before January 1, 1951); or
 - (iii) Age 73, or the otherwise applicable age under section 401(a)(9)(C)(v) of the Internal Revenue Code, (if the member was born on or after January 1, 1951).
- (3) If distribution of a member's benefit has begun in accordance with section 401(a)(9) of the Internal Revenue Code, and the member dies, any survivor benefits will be distributed at least as rapidly as under the plan of payment selected and effective as of the date of the member's death.
- (4) If a member dies before the distribution of the member's interest has begun in accordance with section 401(a)(9) of the Internal Revenue Code, the entire interest of the member will be distributed within five years after the death of such member. However, if a benefit is payable to or for the benefit of a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code, the benefit may be distributed ~~in accordance with applicable regulations,~~ over the life of such beneficiary, or over a period not extending beyond the life expectancy of the beneficiary, provided that such distributions begin not later than one year after the date of the member's death. If the beneficiary is the surviving spouse of the member, distributions shall not be required to begin, pursuant to that section, until the end of the calendar year in which the member would have attained the applicable age ~~seventy-two, in the case of a member who would have attained age seventy-two before January 1, 2023, or age seventy-three, in the case of a member who would have attained age seventy-two after December 31, 2022.~~ When the beneficiary is the surviving spouse and the surviving spouse dies before distributions commence, then the surviving spouse shall be treated as the member for purposes of this rule. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member's sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code.

- (5) Any death benefit amount payable under Chapter 3309. of the Revised Code must comply with the incidental death benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code.
- (C) When the retirement system is required to make a distribution in accordance with section 401(a)(9) of the Internal Revenue Code, and a member or retirant does not respond after notification of such event, the following shall apply notwithstanding any provision in SERS rules or Chapter 3309. of the Revised Code to the contrary.
- (1) If the member is not eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall refund the member's account as authorized in section 3309.42 of the Revised Code.
 - (2) If the member is eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall calculate and pay a benefit as authorized in section 3309.36 or 3309.343 of the Revised Code, as a plan B, effective on the required beginning date as provided in paragraph (B)(2) of this rule.
 - (a) The member cannot purchase or receive any service credit after the effective date of the retirement allowance.
 - (b) A member who commences receipt of a retirement allowance under this rule, and who is married, may, not later than one year after the payment commenced, elect a plan of payment under division (B)(1), (B)(3)(b), or (B)(3)(c) of section 3309.46 of the Revised Code provided the spouse is named as the beneficiary. The election shall be made on a form provided by the retirement system and shall be effective on the later of the effective date of the retirement allowance or the marriage. Any overpayment may be recovered as provided in section 3309.70 of the Revised Code.
 - (c) If the member also was eligible for health care coverage pursuant to SERS rules and Chapter 3309. of the Revised Code, the member may, not later than sixty days after the commencement of payment of the retirement allowance, enroll for such health care coverage on a form provided by the retirement system. The effective date shall be no earlier than the first of the month after the retirement system receives the member's enrollment form.
 - (3) If the retirant is eligible for a benefit pursuant to section 3309.344 of the Revised Code, the retirement system shall calculate and pay a single lump sum benefit as authorized in section 3309.344 of the Revised Code. If such retirant also is eligible for an annuity, the retirant may return the lump sum payment within sixty days of the receipt of the payment and request an annuity on a form provided by the retirement system.
 - (4) If the benefit payment of a deceased member's spouse is subject to section 401(a)(9) of the Internal Revenue Code, then the retirement system shall treat the spouse as if the spouse was the member for the purposes of this rule, to the extent provided under section 401(a)(9) of the Internal Revenue Code.
- (D)

(1) Effective for the limitation year beginning on January 1, 2012, the final regulations promulgated April 5, 2007 with respect to section 415 of the Internal Revenue Code, 26 U.S.C. 415 are incorporated herein by reference. The 5.5 per cent interest rate assumption established by the Pension Funding Equity Act of 2004, which is applicable to any actuarial adjustments required because the member or retirant elects a form of payment to which section 415(b)(2)(E) of the Internal Revenue Code and section 417(e)(3) of the Internal Revenue Code, 26 U.S.C. 417(e)(3) apply based on the form of benefit and not the status of the plan, shall be effective as of that same date.

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

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

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

(G) For purposes of the limit established by section 415 of the Internal Revenue Code, 26 U.S.C. 415, effective January 1, 2009, compensation shall include differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).

HISTORY: 6/1/23, 6/5/20, 5/1/18, 4/10/14, 4/1/13, 9/26/10, 4/3/09, 1/6/09 (Emer.)

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.03, 3309.34, 3309.344, 3309.36, 3309.44, 3309.45, 3309.46, 3309.50
Review Date: 2/1/28

3309-1-11 Membership determinations.

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

an employer, an affected individual, or the retirement system.

- (1) An employer or individual who has a question as to membership requirements shall request in writing a determination by the retirement system. Such determination shall be made as provided in rule 3309-1-03 of the Administrative Code.
 - (2) When a membership determination has been initiated, the employer and any affected individual or individuals shall furnish such documents and information requested by the retirement system.
- (B) If contributions have not been remitted and the retirement system determines the individual is covered by this system, the employer shall be liable for employee and employer compulsory contributions pursuant to rule 3309-1-13 of the Administrative Code. If no membership record and/or contributions are received by the system within thirty days of the determination, a charge, based on an estimated salary for such individual's position, against the employer shall be made for collection through the state school foundation program if available or by direct billing.
- (C) If contributions have been remitted and the retirement system determines the individual is not covered by this system, any contributions received shall be unauthorized and shall be refunded.
- (D)
- (1) The definition of "employee" in division (B)(2) of section 3309.01 of the Revised Code does not include a person who holds a position for which the person is required to have a certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code.
 - (2) The retirement board has determined that the phrase "service common to the normal daily operation of an educational unit" as used in division (B)(2) of section 3309.01 of the Revised Code means:
 - (a) Any service required to be provided on a regular continuous basis by an educational unit or the provision of which is governed by law, statute, or rule; or
 - (b) Any service necessary on a regular continuous basis to the efficient operation of an educational unit; or
 - (c) Any service which, through custom and usage, has become a service commonly provided or procured by an educational unit on a regular continuous basis.

HISTORY: 12/4/20, 4/3/09, 9/27/04

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.23
Review Date: 1/31/24

3309-1-19 Member enrollment.

The statement ~~or notification~~ required under section 3309.28 ~~and division (B)(2) of section 3309.341~~ of the Revised Code shall be submitted through the retirement system's electronic employer reporting system.

HISTORY: 12/4/14

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.28
Review Date: 2/1/24

3309-1-26 BeneficiariesDetermination of beneficiary.

- (A) This rule amplifies divisions (B), (C) and (D) of section 3309.44, section 3309.45, and section 3309.50 of the Revised Code.
- (B) An individual who does not survive a member or retiree by one hundred twenty hours will be deemed to have predeceased the member or retiree.
- (C) For purposes of division (B) of section 3309.44 of the Revised Code, when a surviving designated beneficiary dies more than one hundred twenty hours after the member, but before receiving payment, the payment shall be paid to the estate of the designated beneficiary.
- (D) For purposes of divisions (C) and (D) of section 3309.44 and section 3309.50 of the Revised Code, a person is considered "not located" and ceases to qualify as beneficiary if:
 - (1) No valid mailing address can reasonably be determined for the person; or
 - (2) The person fails to file an application for payment within one hundred eighty days from the date the school employees retirement system first notifies the person of beneficiary status.
- (E) Except as provided under division (C)(1) of section 3309.45 of the Revised Code, when a member designates two or more persons as joint beneficiaries, the designated beneficiaries may only be paid the accumulated account in a lump sum.

HISTORY: 12/1/22, 7/27/15

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.44, 3309.45, 3309.50
Review Date: 2/1/24

3309-1-29 Purchase of service credit; out-of-state and other.

- (A) All service in public or private schools, colleges and universities or public service with another state or the United States government which is to be purchased shall be

subject to the following requirements, governing eligibility and cost:

- (1) To be eligible to purchase service under this rule, after termination of the service to be purchased, a member must have one year of Ohio service in a year as defined in division (R) of section 3309.01 of the Revised Code.
- (2) The service credit must be properly certified by the official employer or custodian of records on a form acceptable to the retirement board. The certification should be taken from a legitimate source of documentation such as payroll or retirement records. When records have been destroyed, affidavits may be used, but only in conjunction with other documented evidence as proof of service.
- (3) Accrued interest shall be calculated from the date of membership in the school employees retirement system of Ohio following service to be purchased to the date of payment.
- (4) The member will be entitled to purchase any portion of the service credit under this rule not to exceed five years, or the total accumulated number of years of Ohio contributing service credit, whichever is less.
- (5) Service credit to be purchased shall be granted in accordance with the law and policy of the school employees retirement board current at the time each portion of service to be purchased was performed.
- (6) School service purchased under this rule shall receive .125 per cent of a year service credit per month of service rendered prior to July 1, 1955, and .111 per cent of a year service credit per month of service rendered after June 30, 1955 and before July 1, 1977. School service performed after June 30, 1977 shall be determined by dividing the number of days paid by one hundred eighty, if the employee worked less than one hundred twenty days in the partial year to be purchased. All service other than school service purchased under this rule shall receive .083 per cent of a year service credit per month of service rendered.
- (7) The Ohio service used for the purpose of establishing the purchase price of service under this rule shall be the first year of continuous full-time Ohio service following termination of the service to be purchased.
- (8) No more than one year of service credit may be granted for any twelve-month period.

(B) The following types of service may be purchased under this rule:

- (1) Service-Employment in a public or private school, college or university, located in or out of Ohio and service in any school operated by or for the United States government, provided any such school, college or university is recognized by an accrediting association approved by:
 - (a) The U.S. office of education;
 - (b) The appropriate state department of education; or

- (c) The appropriate state department of higher education, and acceptable to the retirement board.
 - (2) Employment with a public governmental entity of a state or of the United States government which would have been covered by the school employees retirement system, state teachers retirement system, Ohio police and fire pension fund, state highway patrol retirement system, or the public employees retirement system, if served in a comparable position in Ohio; and
 - (3) Except as provided in division (C) of section 3309.31 of the Revised Code, service for which contributions were made to a municipal retirement system in Ohio.
- (C) For purposes of section 3309.31 of the Revised Code and this rule, "Ohio contributing service" and "Ohio service" means contributing service in this retirement system.

HISTORY: 4/28/13, 4/2/10, 5/14/05, 2/11/02, 11/19/01 (emer), 5/14/87, 6/29/78,12/16/77, 12/14/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.31
Review Date: 2/1/24

3309-1-50 Re-employment restrictions.

This rule implements section 3309.341 of the Revised Code and applies to Ohio public service after retirement in circumstances other than those subject to section 3309.343 of the Revised Code and rule 3309-1-58 of the Administrative Code.

- (A) For the purpose of this rule and section 3309.341 of the Revised Code:
- (1) "Effective retirement benefit date" means the date upon which a retirement allowance begins.
 - (2) "Ohio retirement system" means the school employees retirement system, state teachers retirement system, public employees retirement system, Ohio police and fire pension fund, ~~and~~ state highway patrol retirement system, and Cincinnati retirement system.
 - (3) "Uniformed retirement system" means the Ohio police and fire pension fund and the state highway patrol retirement system.
- (B)
- (1) Forfeiture of a retirement allowance under section 3309.341 of the Revised Code for employment in a position covered by another Ohio retirement system shall apply only to a SERS retiree whose effective retirement benefit date is on or after September 1, 1991.

- (2) A SERS retirant who has received a retirement allowance for less than two months and who is employed in a position covered by an Ohio retirement system shall forfeit such allowance for any month in which he is so employed during the two-month period after the effective benefit date.

The forfeited allowance shall be the retirement allowance payable under a plan described in division (B)(1) or (B)(3) of section 3309.46 of the Revised Code before any lump sum amount elected pursuant to division (B)(4) of section 3309.46 of the Revised Code.

- (3) Notwithstanding paragraphs (B)(1) and (B)(2) of this rule, the forfeiture provision shall not apply to a SERS retirant who is employed in a position covered by a uniformed retirement system if the retirant was continuously employed in the position for at least two months prior to the effective retirement benefit date in this system.

(C)

(1)

- (a) Where a member of this system who also has established membership in another Ohio retirement system or systems is terminating all employment covered by all systems, and is electing to take a retirement benefit from one or more of the other systems, as of the effective retirement benefit date, the member shall elect to:

(i) Apply for a benefit if eligible pursuant to section 3309.34 or 3309.35 of the Revised Code; or

(ii) Apply for a refund of contributions pursuant to section 3309.42 of the Revised Code.

- (b) If as of the effective retirement benefit date from an Ohio retirement system the member has sufficient service credit to qualify for a benefit in this system, the effective retirement benefit date shall be the first of the month following the later of the benefit date in the Ohio retirement system or attainment of eligibility for a benefit in this system.

(2)

- (a) A member of this system who also is a member of an Ohio retirement system and who has applied for a retirement benefit in ~~the~~ that system may continue employment in the position covered by this system, provided that contributions made to this system after the member's effective retirement benefit date in the Ohio retirement system shall accrue only a benefit as described in section 3309.344 of the Revised Code.

- (b) If the member has been continuously employed in such position for at least two months prior to the effective retirement benefit date in the Ohio retirement system, the member may make an irrevocable election on a form provided by this system to have contributions to this system made prior to the effective retirement benefit date in the other system applied toward the same benefit described in section 3309.344 of the Revised Code. In the event this election is

made, accrual of allowable interest shall not begin until after the effective retirement benefit date in the other system.

HISTORY: 5/3/19, 8/13/15, 3/30/07, 5/14/05, 5/2/01, 1/2/93

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.341, 3309.344, 3309.35
Review Date: 2/1/24

Upon roll call, the vote was as follows:

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

Memo

To: Retirement Board
From: Richard Stensrud
CC: Karen Roggenkamp, Michelle Miller, Joe Marotta
Date: March 14, 2024
Re: Cost Impact of Compensation Recommendations

Background:

As you will recall, at the February Board meeting CBiZ provided the Board with guidance on two compensation-related matters. Both matters are addressed annually as part of the development of the next year's budget, and are important for maintaining the compensation structure and objectives established in the compensation study.

First, pursuant to the Compensation Policy, each year the salary structure (i.e., all of the salary ranges for all employees) is reviewed and adjusted as necessary based on the changes to the labor market salary data for the markets against which SERS' positions are benchmarked (public sector or private sector depending on the position). This is important because it is the mechanism by which SERS' salary ranges are kept aligned with the salaries for comparable positions, and in so doing, it helps assure that the salary ranges allow SERS to attract and retain the quality of employees that will enable SERS to continue to be successful at our mission. The annual adjustment also reduces the potential for having to make larger adjustments when market-competitive pay is assessed every three to five years in the full compensation study.

A few things to note about the salary structure adjustment:

- The annual salary range adjustment is the same for and applied to all positions.
- Changes to salary ranges does not mean that employees receive a salary increase in the amount of the change. In most cases, it is simply the salary range that is changed, not the salary. In some cases, however, an employee's salary may fall below the new salary range minimum, and in such a case the salary is raised to the new salary range minimum. Typically, this is a small salary adjustment.

The second compensation matter is the adjustment to the total salary budget for FY 24-25. Adjusting the salary budget annually to match market trends for annual salary growth is important and a best practice because it assures that wages remain competitive in the relevant markets and that larger salary increases are not required when the next compensation study is performed. As you will recall, annual merit increases are the primary

source of salary growth for most SERS employees. Salary growth can also come via a promotion; be based on expanded job duties; for an equity adjustment to keep the employee appropriately placed in her/his salary range; or because the employee is below the minimum of her/his salary range. SERS' employees do not receive automatic step increases or cost of living adjustments.

Discussion:

In February, CBiZ made the following recommendations based on the labor market data for SERS' positions:

- A 3.6% increase to the salary structure (the increase in the salary range for all positions).
- A 5.0% increase in the total salary budget (the amount needed to address merit, planned promotions, equity adjustments, and bringing people up to the new minimum of their salary range).

CBiZ further recommended that the merit component of the salary budget be greater than the structure adjustment (range increase) so that people continue to advance within their salary range and not simply remain clustered in the lower part of the range. Specifically, CBiZ recommended that the merit growth be 1.2% more than the structure adjustment.

As was done last year, with the CBiZ recommendations in mind, the following scenarios were modeled to illustrate the fiscal impact of various combinations of structure, merit and total salary budget growth levels. The calculations are built off of a projected base salary total for the end of FY 24 of \$16,977,940. Please further note that all of the scenarios include the addition of a proposed new Information Security FTE.

- Scenario 1 assumes the CBiZ 3.6% structure adjustment recommendation as the starting point. Per the discussion above, that would mean a 4.8% merit increase, and with promotions/adjustments and a new FTE, would result in a 5.8% increase in the salary budget – an increase of \$982,962 over the FY 24 year-end total.
- Scenario 2 assumes a lower salary structure adjustment -- 3.0% -- as the starting point. This would result in a 4.2% merit increase, and with promotions/adjustments and a new FTE, would result in a 5.2% increase in the salary budget – an increase of \$881,094 over the FY 24 year-end total.
- Scenario 3 assumes the 5.0% CBiZ salary budget adjustment recommendation as the starting point. This would result in 2.8% salary structure adjustment and a 4.0% merit increase. The increase in the salary budget would be \$848,897.
- Scenario 4 assumes a lower salary budget adjustment – 4.75% – as the starting point. This would result in a 2.55% structure adjustment and a 3.75% merit increase. The salary budget increase would be \$804,694 greater than FY 24 year-end.

At the March Board Meeting the Board will be asked to approve a specific salary structure and salary budget adjustment, and merit level, so that this information can be built into the budget for FY 24-25. You will recall that pursuant to policy and practice, a preliminary budget is presented to the ORSC in April, the draft budget is presented for Board discussion in May, and the proposed final budget is presented for Board approval in June.

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

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Salary Structure Update	3.6%	3.0%	2.8%	2.55%
Merit Assumption	4.8%	4.2%	4.0%	3.75%
Promotions & Adjustments	0.4%	0.4%	0.4%	0.4%
New FTE	0.6%	0.6%	0.6%	0.6%
Total Base Salary Growth	5.8%	5.2%	5.0%	4.75%
Total Projected Budget Increase	\$982,962	\$881,094	\$848,897	\$804,694
Total Personnel Budget Growth	6.2%	5.4%	5.2%	5.1%

CBIZ Recommendation 3.6% structure update and 5% total salary growth.

Based On Projected Actual	*New FTE Included	
Projected Base Salary Ending FY24	\$	16,977,940.00
Total Projected Increases for FY25	\$	982,962.07
Budgeted promotions and Adjustments	\$63,020.95	0.4%
Information Security New FTE Salary	\$	105,000.00
Merit Budget	\$	814,941.12
	\$	17,960,902.07
		5.8%

Based On Projected Actual	*New FTE Included	
Projected Base Salary Ending FY24	\$	16,977,940.00
Total Projected Increases for FY25	\$	881,094.43
Budgeted promotions and Adjustments	\$63,020.95	0.4%
Information Security New FTE Salary	\$	105,000.00
Merit Budget	\$	713,073.48
	\$	17,859,034.43
		5.2%

Based On Projected Actual	*New FTE Included	
Projected Base Salary Ending FY24	\$	16,977,940.00
Total Projected Increases for FY25	\$	848,897.00
Budgeted promotions and Adjustments	\$63,020.95	0.4%
Information Security New FTE Salary	\$	105,000.00
Merit Budget	\$	680,876.05
	\$	17,826,837.00
		5.0%

Based On Projected Actual	*New FTE Included	
Projected Base Salary Ending FY24	\$	16,977,940.00
Total Projected Increases for FY25	\$	804,693.70
Budgeted promotions and Adjustments	\$63,020.95	0.4%
Information Security New FTE Salary	\$	105,000.00
Merit Budget	\$	636,672.75
	\$	17,782,633.70
		4.75%

*Projections as of 3/8/2024

OSERS Broad Street,
LLC

Memo

To: SERS Board

From: Mike McManaway

CC: Richard Stensrud, Karen Roggenkamp, Marni Hall

Date: March 5, 2024

Subject: OSERS Budget Request – Service Elevator

OSERS recently experienced a critical main driver failure on passenger elevator #2. Fujitec, our elevator vendor, successfully replaced the driver and all associated parts. Fortunately, because there are four passenger elevators, the failure did not cause a disruption to passenger elevator services in the building. However, the failure revealed the associated risk to the service elevator.

Upon further review, Fujitec recommends that OSERS replace the driver and all associated parts in the service elevator. Unlike the passenger elevators, there is no backup to the service elevator in the event of a disruption. For example, if the driver in the service elevator fails, we will be forced to use the passenger elevators for all service-related tasks. This is not preferred considering the risks of inconvenience and damage to the passenger elevators.

For these reasons, OSERS Broad Street is requesting a transfer of \$28,000 from the OSERS Operations Budget earmarked for tenant remodeling expenses to OSERS Capital Budget to replace the driver on the service elevator. The transfer will produce a net zero impact on the budget. If approved, OSERS will greatly reduce the risk of being without a service elevator and avoid potential damage to the passenger elevators.

We appreciate your consideration in this matter. If you have any questions, please do not hesitate to contact me.

Thank you,

Mike McManaway

FY2024 OSERS Capital Budget Modification

_____ moved and _____ seconded that the FY2024 OSERS Capital Budget be modified as presented today effective March 21, 2024. The modification reallocates \$28,000 within the OSERS Operations Budget earmarked for tenant remodeling expenses to OSERS Capital Budget to replace the driver on the service elevator.

Upon roll call, the vote was as follows:

ROLL CALL:	YEA	NAY	ABSTAIN
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

Memo

To: Retirement Board
From: Richard Stensrud
cc: Karen Roggenkamp, Joe Marotta
Date: March 15, 2024
Re: **Pensionable Compensation Follow-Up Discussion**

The purpose of this Agenda Item is to provide an opportunity for the Board to discuss the information gained from the February session with SERS' stakeholder organizations and consider next steps in the assessment of what should qualify as pensionable compensation. The memorandum prepared by SERS' Legal Staff for the February session outlining key elements from the analysis thus far is attached for reference.

Memo

To: SERS Board

From: SERS Legal

Date: February 9, 2024

Re: February 2024 Definition of Compensation Discussion

Background

The current pensionable compensation parameters are set by SERS' definition of compensation, which has changed little since it was originally defined in 1986. Since then, compensation practices have evolved with employers now offering more lump sum pay elements beyond straight base salary and wages. Some are pensionable under current parameters, and some are not. Determining whether pay elements that are in addition to an employee's base salary or hourly wages should be reported to SERS as compensation can be challenging.

Why the definition of compensation matters

Compensation is a key concept for two of SERS' most fundamental operations: funding and the calculation of pensions.

Funding: Contributions are SERS' primary source of seed money for investing. Contributions are calculated as a percentage of compensation.

Pensions: The pension formula is based on three factors: (1) Years of service, (2) a benefit multiplier, and (3) Final Average Salary (FAS).

In a defined benefit plan, contributions plus earnings should fund an employee's pension and other benefits. This notion depends both on the time value of money and a regular and recurring amount of contributions over an employee's career.

Spiking

The definition of compensation also plays an important role in controlling spiking.

Spiking refers to an increase in pension benefits resulting from a substantial increase in an employee's FAS beyond what is expected from normal salary increases.

Tools used by defined benefit plans to limit spiking include:

- The number of years used to calculate an employee's FAS
- Limits on the type of remuneration included in pensionable compensation
- Caps on annual increases in compensation during an employee's FAS years, and
- Caps on an employee's benefit based on the employee's career contributions (i.e. SERS' recently adopted CBBC)

Current definition of compensation

Compensation is defined in R.C.3309.01(V) and O.A.C. 3309-1-02.

Compensation includes:

- Salary and wages (i.e. base pay) (statute)
- The following earnings as determined by the retirement board by rule.
 - Payments based on standard rate of pay
 - Payments to an eligible retirement plan (deferred compensation)
 - Back wages
 - Differential wage payments (school earnings v. military pay)
 - Longevity payments
 - One time or lump sum payment to all persons in a class of employees in lieu of salary or wage increase per a written contract
 - One time or lump sum payment for additional services

Compensation does not include:

- Unused leave pay (statute)
- Concurrent vacation pay (statute)
- Unused compensatory time (rule)
- Amounts paid by an employer for insurance (statute)
- Incidentals (lodging, food, parking, laundry, use of employer's property or equipment, reimbursement of expenses) (statute)
- Payments in excess of IRC 401(a)(17) annual limits (statute)
- Leave of absence pay for military service (statute)
- Payments in consideration of retirement (statute and rule)
- One-time or lump sum payment not based on rate of pay (rule)

Lump sum payments

As school compensation practices evolve away from base pay increases to salary and hourly wages in favor of one-time and lump sum payments, SERS needs to be prepared to identify whether these earnings should be included in SERS compensation.

The category of earnings that generates the most questions is lump sum payments included in an employee's total compensation package (*i.e. amounts not included in an employee's base salary or hourly rate*). They come in a wide variety, and the existing definition of compensation does not directly address them all.

Because compensation reporting does not feature specific pay codes, it is difficult to determine if employers are reporting compensation elements correctly.

Proposed objectives

- Amend the definition of compensation to capture current compensation elements that are in keeping with the purpose of SERS compensation.
- Amend the definition of compensation to clarify what counts as pensionable compensation, and what does not, so that it is easier for members and employers to understand and easier for Staff to administer.
- Understand how expanding what counts as pensionable compensation will impact the financial condition of the pension fund, employers, and employees.

Observations

Expanding the pay elements that count as pensionable compensation means employers and employees will both be making contributions on compensation they have not previously contributed on. Some employers and employees will support expanding the definition, while others may oppose it.

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(3) to discuss imminent court action.

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

Upon roll call, the vote was as follows:

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

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

Only If Needed

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>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

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

SERS AUDIT COMMITTEE REPORT

**SERS
COMPENSATION
COMMITTEE
REPORT**

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 **

AUDIT COMMITTEE MEETINGS

June 20, 2024 – 2:30 p.m. **(Thurs.) ** New Date ****
September 18, 2024 - 2:30 p.m. (Weds.)
December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

June 21, 2024 – 7:30 a.m. **(Fri.) ** New Date ****
July 18, 2024 – 7:30 a.m. (Thurs.) * **Special Meeting ***
September 19, 2024 – 7:30 a.m. (Thurs.)
December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

April 18, 2024 – 12:30 p.m. (Thurs.) ** New Date and Time **
June 20, 2024 – 1:30 p.m. **(Thurs.) ** New Time ****
September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)
May 16 – 17, 2024 – 8:30 a.m (Thurs. and Fri.)
June 21, 2024 - 8:30 a.m **(Fri.) ** New Date ****
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)
November 21 – 22, 2024 – 8:30 a.m (Thurs. and Fri.)
December 19 – 20, 2024 – 8:30 a.m (Thurs. and Fri.)

**** Please note that these dates and times 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.



School Employees Retirement System of Ohio: Preliminary Report

March 2024

Produced by:
RAMA Consulting

Table of Contents

- [Executive Summary3](#)
- [Process Overview3](#)
- [Activities Completed to Date4](#)
- [Stakeholder Summary4](#)
- [Emerging Priority Areas5](#)
- [Key Themes6](#)
- [Recommended Priority Areas7](#)
- [Next Steps8](#)
- [Planning Phase8](#)
- [Documentation Phase9](#)

Executive Summary

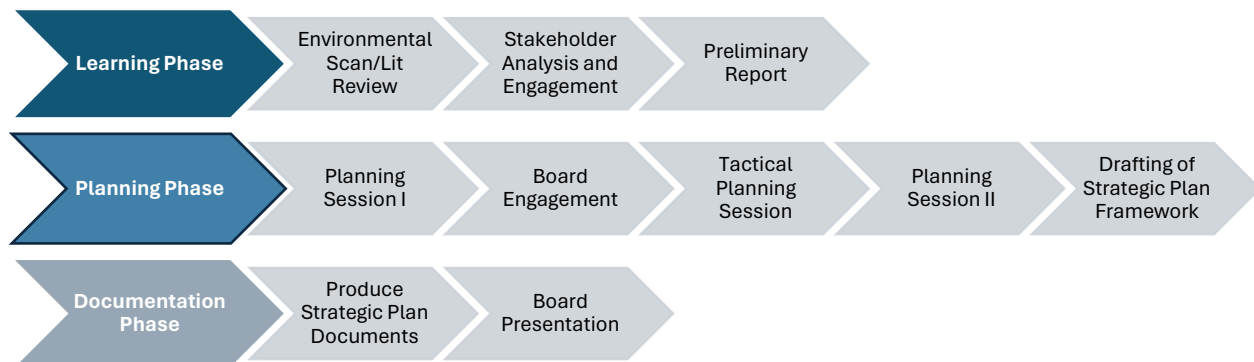
The School Employee Retirement System of Ohio (SERS) has engaged RAMA Consulting to facilitate its 2024 – 2029 planning process. Founded in 1937, SERS is a defined benefit public pension fund that provides pensions and access to health care coverage for the people who serve Ohio schools in non-teaching positions. SERS members include bus drivers, custodians, administrators, school treasurers, administrative assistants, food service providers, educational aides, and other positions. The SERS board, leadership team, and staff are committed to providing the best support possible to their members who have dedicated their lives to the Ohio education system. This strategic plan will develop the goals, strategies, and action items that will guide organizational operations, resources, and priorities over the next 5 years.

Process Overview

RAMA Consulting (RAMA) is a performance management consulting firm based in Columbus, Ohio with expertise in evaluation and assessment, strategic planning, leadership development, and cultural competence. RAMA’s role in developing SER’s next 5-year strategic plan was to collect and review the appropriate data, effectively engage stakeholders, facilitate planning sessions with leadership and other relevant stakeholders, and collaboratively develop the strategic plan framework. RAMA designed a highly participative process that includes collecting and analyzing survey data, facilitating key informant focus groups, preparation of this “Preliminary Report”, and finalization of a strategic plan. The strategic planning process was designed to develop a realistic and action-oriented plan for the agency’s sustainability and growth over the next five years.

The process can be summarized by the following diagram, which demonstrates RAMA’s proven 3-phase approach to strategic planning:

Learning | Planning | Documentation



This Preliminary Report focuses on the Learning Phase; subsequent phases will be represented in the final strategic plan. An overview of the major deliverables of the learning phase of the strategic plan is detailed in the following section.

Activities Completed to Date

- ✓ Kick-off meeting with SERS Board – December 2023
RAMA Consulting facilitated a “kickoff meeting” with SERS Board members to overview project deliverables and timelines; reach a consensus on project tasks, project team roles, and responsibilities; and review previous work.
- ✓ Kick-off presentation with SERS Staff – January 2024
RAMA Consulting facilitated a “kickoff presentation” with SERS staff members to review project deliverables and timelines; explain project tasks, and overview project team roles and responsibilities.
- ✓ Kick-off meeting with SERS Senior Leadership Team – January 2024
RAMA Consulting facilitated a “kickoff meeting” with SERS SLT members to define critical success factors, identify potential barriers to the work, and discuss key trends currently being observed in the public retirement system sphere.
- ✓ Environmental Scan and Literature Review – December 2023-January 2023
The purpose of the environmental scan was to review existing data to prepare for stakeholder engagement and planning work. Activities included a review of data from the SERS guiding documents and organizational pillars, review of their current and past strategic planning efforts, annual financial reporting, current service delivery model, organizational information including demographics, organizational structure, and agency mission, goals, and objectives.
- ✓ Engagement of Stakeholders – August 2023 – January 2024
RAMA Consulting conducted interviews and focus groups and deployed online surveys to assess attitudes, understanding, and ideas concerning key focus areas, organizational and departmental priorities, programmatic strengths and deficits, and the current state of SERS. The data was then synthesized and analyzed to delineate emerging themes.
- ✓ Preliminary Report – March 2024
Consultants reviewed and clarified themes from data collection activities (interviews, focus groups, and surveys) to produce the preliminary report. The preliminary report will be presented to the SLT and used as the foundation for the strategic planning process.

Stakeholder Summary

SERS Stakeholder Groups	Individual Interviews	Focus Groups	Digital Survey	Total Participants
SERS Board	9	-	-	9
SERS Senior Leadership Team (SLT)	-	10	-	23
SERS Staff	-	-	1	76
Partner Agencies	-	-	1	11
Total Participants:				119

Emerging Priority Areas

Based on the analysis of all stakeholder inputs from the learning phase, themes emerged within the following priority areas. These priority areas touch upon the elements of the organization where planning efforts can have the biggest impact.



Sustainability of the Fund and Healthcare Benefit

Service Delivery



Technology

Operations & Talent Management



Culture

Education & Member Engagement



No further investigation beyond the approaches discussed herein was completed to validate these areas. The key themes presented here will be the focus of exploration during the planning phase activities.

Key Themes

Sustainability of the Pension Fund and Healthcare Benefits



All stakeholders engaged in this process expressed a shared understanding that the sustainability of the fund and the ability to provide healthcare benefits are crucial elements of the business. Respondents indicated that they believe that the fund is performing very well and that the ability to provide healthcare benefits is a great value to members. Stakeholders are very aware of the challenges relating to sustainability and the unpredictability of the markets, legislatures, and the evolving needs of members.

Service Delivery



Providing excellent service to SERS members is a core strength of the organization as well as a motivator and priority for staff, leadership, and board members. The organization must serve all members in a way that is equitable and accessible to them. As the demographics of members and retirees continue to evolve the organization will need to align its service model to fit the needs of those it serves. There is an opportunity to better leverage technology to create a more seamless process for new retirees who are used to operating in a digital environment.

Technology



The board, senior leadership, and staff actively acknowledge the pivotal role that emerging technologies play in the shaping of the organization’s future. Respondents emphasize the positive impact of technology on the pension fund and its ability to enhance member experience. However, they also express concerns about potential risks associated with AI integration, cybersecurity, and the protection and management of data. Additionally, technology plays a crucial role in how the different departments and business functions interact with one another. Improvements to this integration and further customization of SMART will allow for improved collaboration.

Operations & Talent Management



The SERS workforce is a strength of the organization and plays a key role in its success. As staff is crucial in the effective operations of the organization it is important to invest in them and manage the strategic allocation of funds to retain and attract talent. An additional focus on training and development will allow for increased operational excellence and create a pipeline of primed leaders who will be poised to lead SERS into the future.

Culture



The culture at SERS is largely defined by the shared commitment to the mission and the desire to serve members. SERS has continued to work on improving culture and creating a positive working environment. Efforts should continue on building positive collaborative relationships. Staff look to the senior leadership team to embody the values of the organization and lead by example.

Education & Member Engagement



Due to the successful management of the pension fund and the high level of service that SERS has provided they have developed a positive brand identity. There is a need to continue to communicate the success of SERS while distinguishing it from other Ohio funds that are facing different challenges and negative press. In addition to marketing itself to the general public, SERS must also continue to communicate its value to the schools and their members while also educating these stakeholders on crucial aspects of the service offerings.

Recommended Priority Areas

During the first planning session with the Senior Leadership Team, there was a robust discussion around the identified key theme areas from the preliminary report and how those would translate to the strategic plan framework. Based on those discussions, the following recommended priority areas have been identified.



These areas will serve as the basis of our discussion during the board engagement session.

Next Steps

The next steps of the strategic planning process focus on in-depth leadership engagement related to developing strategic planning goals, strategies, and action items.

Planning Phase

- **Board Engagement – March 2024**
Present the results of Planning Session I and solicit additional feedback related to the strategic focus areas for consideration based on Learning Phase activities.
- **Tactical Planning Session – April 2024**
Non-leadership staff will be engaged in workgroups to develop recommendations for activities and tactics to support the established organizational goals. This information will be shared with the leadership team during session two.
- **Planning Session II – April 2024**
RAMA will facilitate a session with the SLT to validate and adopt the activities and tactics recommended during the tactical planning sessions to support the established goals and objectives.

Documentation Phase

- Develop Strategic Plan Framework – April 2024
RAMA will develop a strategic plan framework using input from the planning sessions. This framework will include goals, strategies, and action items necessary to guide the organization for the next 5 years. This framework will then be laid out into a final report by the SERS graphic design team.



School Employees Retirement System of Ohio

Strategic Planning Board Session

March 21, 2024

Facilitated by: RAMA Consulting





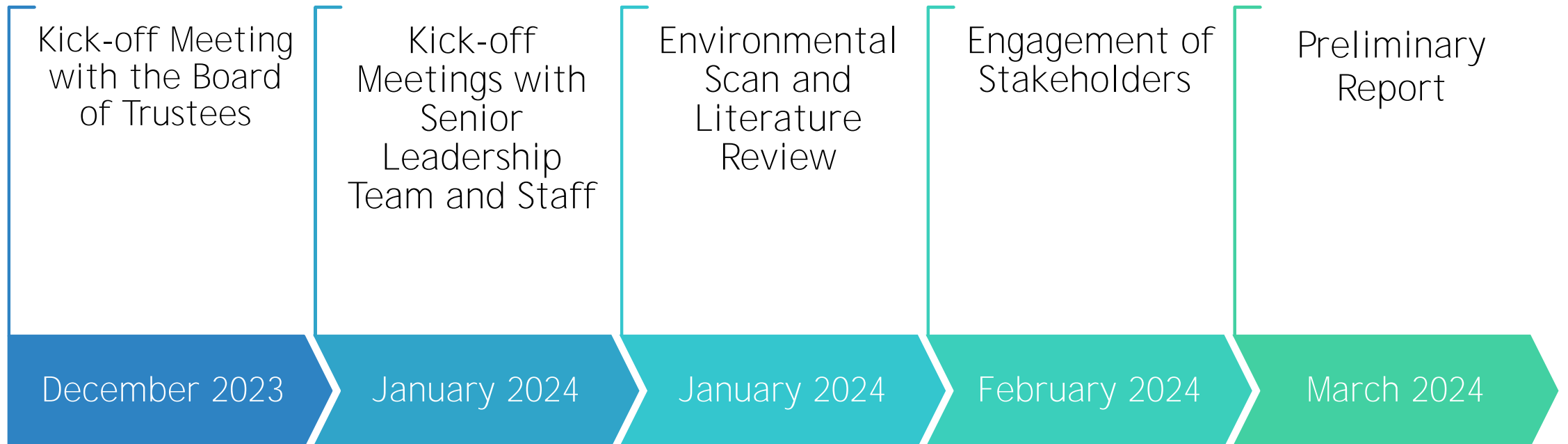
Agenda

- ❖ Learning Phase Overview
- ❖ Key Themes
- ❖ Recommended Priority Areas
- ❖ Next Steps

The background features a complex geometric design. On the left, a white trapezoidal shape is set against a blue background. To the right, there are overlapping layers of grey and blue shapes, some with fine horizontal line patterns, creating a sense of depth and movement.

Learning Phase Overview

Process to Date



Stakeholder Analysis

SERS Stakeholder Groups	Individual Interviews	Focus Groups	Digital Survey	Total Participants
SERS Board	9	-	-	9
SERS Senior Leadership Team (SLT)	-	10	-	23
SERS Staff	-	-	1	76
Partner Agencies	-	-	1	11
Total Participants:				119

The background features a complex, abstract design of overlapping, semi-transparent blue geometric shapes, primarily triangles and polygons, in various shades of blue. These shapes are layered to create a sense of depth and movement, with some shapes appearing to recede into the background while others are more prominent. The overall effect is a modern, clean, and professional aesthetic.

Key Themes

Key Theme #1: Sustainability

All stakeholders engaged in this process expressed a shared understanding that the sustainability of the fund and the ability to provide healthcare benefits are crucial elements of the business. Respondents indicated that they believe that the fund is performing very well and that the ability to provide healthcare benefits is a great value to members. Stakeholders are very aware of the challenges relating to sustainability and the unpredictability of the markets, legislatures, and the evolving needs of members.



Key Theme #2: Service Delivery

Providing excellent service to SERS members is a core strength of the organization as well as a motivator and priority for staff, leadership, and board members. The organization must serve all members in a way that is equitable and accessible to them. As the demographics of members and retirees continue to evolve the organization will need to align its service model to fit the needs of those it serves. There is an opportunity to better leverage technology to create a more seamless process for new retirees who are used to operating in a digital environment.



Key Theme #3: Technology

The board, senior leadership, and staff actively acknowledge the pivotal role that emerging technologies play in the shaping of the **organization's future. Respondents emphasize the positive impact of technology on the pension fund and its ability to enhance member experience.** However, they also express concerns about potential risks associated with AI integration, cybersecurity, and the protection and management of data. Additionally, technology plays a crucial role in how the different departments and business functions interact with one another. Improvements to this integration and further customization of SMART will allow for improved collaboration.

A woman with short dark hair, wearing a white shirt and a yellow safety vest, is looking towards the right. Next to her, a man with glasses and a beard, wearing a grey shirt, is also looking towards the right. They appear to be in a meeting or training session, with a whiteboard or screen visible in the background. The image is partially obscured by a white and blue geometric overlay on the right side.

Key Theme #4: Operations and Talent Management

The SERS workforce is a strength of the organization and plays a key role in its success. As staff is crucial in the effective operations of the organization it is important to invest in them and manage the strategic allocation of funds to retain and attract talent. An additional focus on training and development will allow for increased operational excellence and create a pipeline of primed leaders who will be poised to lead SERS into the future.

Key Theme #5: Culture

The culture at SERS is largely defined by the shared commitment to the mission and the desire to serve members. SERS has continued to work on improving culture and creating a positive working environment. Efforts should continue on building positive collaborative relationships. Staff look to the senior leadership team to embody the values of the organization and lead by example.





Key Theme #6: Education and Member Engagement

Due to the successful management of the pension fund and the high level of service that SERS has provided they have developed a positive brand identity. There is a need to continue to communicate the success of SERS while distinguishing it from other Ohio funds that are facing different challenges and negative press. In addition to marketing itself to the general public, SERS must also continue to communicate its value to the schools and their members while also educating these stakeholders on crucial aspects of the service offerings.



Recommended Priority Areas



Sustainability

Sustaining our healthcare benefits and pension fund



Service and Operations

Optimizing our operations to improve and enhance service delivery



Technology

Prioritizing existing and future technology initiatives



Culture and Talent Management

Creating an inclusive culture supported by collaboration and highly skilled teams



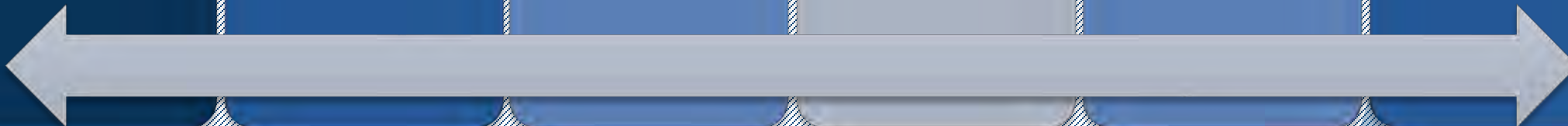
Education and Engagement

Increasing the awareness of SERS, its benefits, and preparing members for retirement



Risk

Managing organizational risk including information security, business continuity, and data protection



The background features a stack of papers in various colors (maroon, pink, purple, green, blue) fanned out on the right side. The left side is white with blue geometric shapes. The text is centered on the white area.

What are your
questions, comments,
and reactions?

What resonated with you?

What surprised you?

Next Steps

- Board Engagement (March)
 - Present priorities, goals and strategies to the Board for validation and adoption.
- Tactical Planning Session (April)
 - Engage non-leadership staff in tactical planning workshops to develop high-level actions and tactics to support strategy execution.
- Planning Session II (April)
 - Presentation of high-level actions and tactics to SLT for adoption into final plan.

Planning Phase

Documentation Phase

- Draft Strategic Plan Framework (May)
 - Submit draft framework to SERS for review
- Final Strategic Plan Framework (May)
 - Submit final framework
- Final Presentation to the Board (May/June)
 - RAMA will present the final strategic plan to the Board for adoption



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ENGAGEMENT THAT INSPIRES

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ADJOURNMENT(R)

_____ moved that the SERS Retirement board adjourn to meet on Thursday, April 18, 2024, for their next regularly scheduled meeting.

The meeting adjourned at _____ a.m./p.m.

Frank Weglarz – Chair

Richard Stensrud, Secretary