

SERS Special Retirement Board Meeting Minutes

June 21, 2024

The nine hundredth and sixty-eighth *special* 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 Friday, June 21, 2024.

Pledge of Allegiance

The special SERS Retirement Board meeting convened at 8:34 a.m. with the Pledge of Allegiance.

Roll Call

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

Approval of Out-of-State Board Travel

James Haller moved and James Rossler seconded the motion that the travel request by a board member to travel and receive reimbursement for the following out-of-state conferences and meetings be approved. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Consent Agenda

The consent agenda for **June 21, 2024**, included:

- Minutes of the **May 16, 2024**, Retirement Board meeting
- Summary of Investment Transactions for the period of **April 1, 2024**, to **April 30, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits, and Approval of Appeal for Disability for Disability Benefits on Personal Appearance

Matthew King moved and Jeffrey DeLeone seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, May 16, 2024. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Investment Report

Annual Investment Plan for FY2025

James Rossler moved and Aimee Russell seconded the motion to approve the Annual Investment Plan for fiscal year ending June 30, 2025 (“the FY25 Plan”), as presented to the Board on June 21, 2024. The FY25 Plan replaces the FY24 Plan originally approved June 15, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Investment Policy Amendment

As discussed during the June 21, 2024, Board meeting, Catherine Moss moved and Aimee Russell seconded the motion to approve amendments to the Statement of Investment Policy. The amended Statement of Investment Policy will become effective July 1, 2024, and replaces the Statement of Investment Policy dated January 1, 2024. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

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Monthly Investment Report

SERS Chief Investment Officer, Farouki Majeed, provided a monthly investment presentation. Mr. Majeed reported that US inflation was 3.4%, which is 0.1% lower than the previous month and the fed continues to hold interest rates steady. Mr. Majeed reported that the investment staff is working hard to review and update investment policies and procedures to ensure the highest returns possible for SERS members. Mr. Majeed also reported there remains a risk of recession before the end of the calendar year. Following several questions and a robust discussion, the board thanked Mr. Majeed and his staff for all their hard work.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC met on June 13. The next regularly scheduled meeting is Thursday, July 11, subject to the call of the chair. At the June meeting, Funston Advisory Services provided a presentation on board governance and fiduciary duties. The report focused on the duty of prudence. Mr. Stensrud also reported that SERS is planning to build a governance charter to compile board practices into one institutionalized document. This document will record best practices and provide guidance for future board decisions.

Ohio General Assembly

Mr. Stensrud continued his report stating that HB491 received a second hearing on June 11. The bill requires Ohio agencies and state retirement systems to participate in the Ohio State and Local Government Expenditure Database managed by the Treasurer of State, also known as the "Ohio Checkbook". It also requires the inclusion of revenue information and operating budget information.

Mr. Stensrud stated that SERS and the other state retirement systems already provide expenditure and budget information for the "Ohio Checkbook" voluntarily. SERS Staff will continue to work with the bill sponsors to better understand their intent for the bill. SERS remains committed to transparency and currently provides this information. This law would mandate it. SERS HB491 has had a second hearing and is moving forward.

Five Year Strategic

Mr. Stensrud continued his report by introducing the final draft of the FY2025 SERS Strategic Plan. SERS initiated a refresh of the existing strategic plan to guide the organization's work over the next five years. As SERS navigates the ever-changing landscape, this plan serves as a roadmap for achieving sustainability and fulfilling SERS' commitment to deliver excellent service to SERS members, retirees, and employers.

Mr. Stensrud further stated that the strategic plan has been developed through a comprehensive and inclusive process facilitated by RAMA Consulting (RAMA). RAMA is a performance management consulting firm in Columbus, Ohio with expertise in evaluation and assessment, strategic planning, leadership development, and cultural competence. This highly participative process included collecting and analyzing survey data, facilitating key informant individual and group information gathering meetings, and producing a preliminary report and final strategic plan.

Retire/Rehire Policy

Mr. Stensrud revisited the topic of a retire/rehire policy that had been discussed in previous board meetings. The board agreed to accept the language in the draft policy and agreed that the policy can be revisited and revised at any time by the board. Following a robust discussion, the board agreed to move forward with implementation of the retire/rehire policy.

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Plan Upcoming Webinars and Board Trainings

Mr. Stensrud continued his report stating that several workshops and webinars for employers and retirees are being planned for the summer months. SERS remains committed to engaging with employers, members, and retirees and strives to provide the best possible service.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided a report of administrative expenses for this fiscal year and stated SERS should end the fiscal year under budget. With no additional questions, Ms. Hall moved on to the FY2025 budget proposal.

FY2025 SERS Administrative Budget

Ms. Hall continued her report, stating that at the meeting in May, SERS staff reviewed the proposed FY2025 Administrative Budgets for SERS and OSERS Holdings, LLC. Consistent with SERS' annual budget cycle, approval was requested for these two budgets through separate resolutions:

1. SERS' Operating and Capital budgets for the next fiscal year, totaling \$39.0 million. There have been no changes to the draft budget since the May presentation.
2. Transfer of funds to OSERS Holdings, LLC to cover the net operating expenses of OSERS Broad Street, LLC, in the amount of \$1.8 million.

Jeffrey DeLeone moved and James Haller seconded that the following budget of \$38,998,582 for the fiscal year beginning July 1, 2024, and ending June 30, 2025, be approved, with such approval effective June 30, 2024.

Expense Classification Budget

Personnel	\$ 26,904,494
Professional Services (including Investment-Related Consultants)	6,493,858
Communications	944,448
Other Operating Expenses	4,655,782

SERS Administrative Expenses \$ 38,998,582

Administrative Budget \$ 38,998,582

Be it further provided that the Board has reviewed the estimated fees and expenses for operation of the investment program and authorizes the payment of actual fees to such service providers and in such amounts as is set by the contract with the individual service providers. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Operating Transfer Resolution – FY2025

James Rossler moved and Catherine Moss seconded that SERS transfer to OSERS Holdings, LLC up to \$1,814,452 for payment of building operations and LLC expenses of OSERS Holdings for the fiscal year beginning July 1, 2024, and ending June 30, 2025, with such approval effective June 30, 2024. OSERS Holdings, LLC shall report quarterly to the SERS Board of Trustees on the expenditure of all funds and receipt of all revenues. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

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Filing of Proposed Rescinded and New Administrative Rules

Two categories of resolutions on Administrative Rules are on the June Board Agenda.

I. Approval to file with JCARR the following proposed rescinded rule:

- **3309-1-68 Payment to individual with legal incapacity**

Due to the extent of new provisions being added to the rule, this rule is being rescinded and a new rule proposed.

II. Approval to file with JCARR the following proposed new rule:

- **3309-1-68 Guardianship**

This rule addresses SERS requirements for issuing payments to an individual with a legal incapacity and identifies the authority of the guardian of the estate and guardian of the person to manage the individual's SERS account.

The proposed changes take a more comprehensive approach to outlining SERS requirements when a benefit recipient is under a guardianship.

Paragraph (A) sets forth definitions of key terms used in the rule.

Paragraph (B) sets forth SERS requirements for paying a benefit recipient under a guardianship.

Paragraph (C) sets forth SERS requirements for a refund application to be signed on behalf of a benefit recipient under a guardianship.

Paragraph (D) sets forth restrictions that apply when a guardian seeks to sign certain forms or applications.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-68, Payment to individual with legal incapacity. Catherine Moss moved and James Haller seconded that proposed rescinded rule 3309-1-68 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Legal Counsel then discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-68, Guardianship. Catherine Moss moved and Aimee Russell seconded that proposed new rule 3309-1-68 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Health Care Report

Approval of 2025 Health Care Premiums and Plan Design Changes

SERS Health Care Services Director Christi Pepe provided a presentation on the 2025 Health Care Premiums and Plan Design Changes. Ms. Pepe advised the board of the following changes for CY2025:

Medicare Premiums and Benefits

1. No changes to the Aetna Medicare Advantage premium are proposed.
2. Out-of-pocket Part D prescription drug expenses will not exceed the federally established \$2,000 limit for 2025.
3. The in-network primary care physician office visit co-pay will decrease to \$0 from \$10.

Non-Medicare Premiums and Benefits

1. The Aetna Choice POS II premium will increase by approximately 7%. The full premium will change from \$1,524 to \$1,630. The most common premium will change from \$333 to \$354.

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2. Spouse and child premiums as a proportion of the individual base premium will increase from 80 to 90% and 25 to 30% respectively.
3. The ambulance co-pay will be reduced from a 20% coinsurance to \$150 co-pay.
4. The AultCare premium will increase by approximately 3%.
5. The Wraparound HRA total annual reimbursement limit will increase to \$2,150.

Dental Plan

The SERS dental benefit is offered by Delta Dental and the benefit is fully supported by member premiums. The benefits and premium are not changing for 2025.

Vision Plan

SERS vision coverage is offered by VSP. The program is also fully supported by member premiums. Vision premiums and benefits will remain unchanged for 2025.

Following a brief discussion, it was moved by Matthew King and seconded by Catherine Moss to approve the 2025 health care premiums in Appendix A and the plan design changes in Appendix B. The premiums and plan design changes are effective January 1, 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

2025 Health Care Premium Discount Program (Safety Net)

Mike Steiner, SERS Health Care Services Assistant Director, provided an update on the premium discount program. The 2025 Health Care Premium Discount Program is offered only to applicants enrolled in a SERS Medicare Advantage plan and to "split families" in which one spouse is enrolled in a SERS Medicare Advantage plan.

Eligibility for the Health Care Premium Discount Program during the 2025 calendar year will be based upon the applicant's qualifying household income for calendar year 2023. Medicare Part B reimbursement is excluded from the definition of qualifying household income. Members who are determined eligible by manual application will be presumed to be eligible in subsequent years.

If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less* than or equal to 175% of the 2024 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS premium subsidized by SERS.

If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *more* than 175% of the 2024 federal poverty level for the household size, the applicant may request special consideration. Special consideration will be given to applicants providing written evidence satisfactory to SERS' staff that a material change in the applicant's financial circumstance subsequent to calendar year 2023 has caused the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, to become *less* than or equal to 175% of the 2024 federal poverty level for the household size.

Effective January 1, 2024, SERS health care participants approved by Medicare for the non-institutionalized Part D low-income subsidy program, which has similar household income eligibility requirements to the Premium Discount Program, will be automatically enrolled into the Premium Discount Program. Previously approved participants will continue to be enrolled for the program without reapplication.

It was moved by James Rossler and seconded by Aimee Russell to approve the 2025 Health Care Premium Discount Program. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

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TECHNOLOGY COMMITTEE UPDATE

Technology Committee Report

Technology Committee Chair, Matthew King, provided an update on the work being done in the Technology Committee. Mr. King reported that a cyber-security education session was provided in the meeting, along with an update on the Technology Roadmap. With no questions, the board thanked Mr. King for his update.

The board took a break at 10:09 a.m.

The board reconvened at 10:31 a.m.

Executive Director's Report (cont.)

Personal Appearance(s)

James Haller moved and Jeffrey DeLeone seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbora Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 10:32 a.m.

The board reconvened in open session at 11:30 a.m.

Definition of Compensation Discussion

SERS Legal Counsel revisited the pensionable compensation topic with the board. SERS Legal Counsel reported that the definition of compensation is a broad one and all components from previous discussions have been compiled into one draft rule being presented today.

Legal Counsel drafted a new compensation rule that reflects the outcome of those discussions. The rule also addresses how SERS defines compensation for those few individuals who provide services to schools under 3309.01(B)(2) as a self-employed individual, as well as detailing what contributions are owed to SERS when backpay is awarded to a member. Counsel reminded the board that these changes will align SERS definition of compensation with other Ohio pension systems.

Mr. Stensrud added that board approval is not required yet as SERS staff will need to determine the fiscal impact of including additional types of pensionable compensation. SERS wants to be sure the board and SERS members will know what to expect from the rule change. Mr. Stensrud stated that the actuary will create a report showing the impact of additional compensation classes on fund sustainability and benefit levels. That report will be shared with the board at the next meeting.

The board expressed appreciation for the information shared and looks forward to continuing discussions.

Audit Committee Report

Audit Committee Update

Chief Audit Officer, Jeff Davis, provided an update on the work being done by the Audit Committee. At the most recent Audit Committee meeting, SERS external auditor, Plante Moran, provided an update on the most recent external audit. There were no significant findings to report, and work will continue through the end of the fiscal year. Mr. Davis also reported on the progress of the internal audit, stating all audits are on track to be completed on schedule. The board thanked Mr. Davis for his presentation.

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Executive Session

Jeffrey DeLeone moved and James Rossler seconded the motion that the retirement board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 11:58 a.m.

The board reconvened in open session at 12:07 p.m.

It was moved by James Haller and seconded by James Rossler that as recommended by the Audit Committee, SERS Chief Audit Officer Jeff Davis receive a 5% merit increase in salary effective the first pay date in Fiscal Year 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Technology Committee Report

Technology Committee Update

Technology Committee Chair Matthew King provided a brief update on the work being done in the Technology Committee. Mr. King reported that the committee had an educational session on cyber-security and received an update on the progress being made on the technology roadmap. With no questions, the board thanked Mr. King for his update.

Compensation Committee Report

Compensation Committee Update

Jeffrey DeLeone acted as Compensation Committee chair in Daniel Wilson's absence and provided an update on the work being done in the Compensation Committee. Mr. DeLeone reported that the Compensation Committee reviewed the performance of the executive director in executive session.

Executive Session

Matthew King moved and Aimee Russell seconded the motion that the retirement board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 12:13 p.m.

The board reconvened in open session at 12:17 p.m.

It was moved by James Haller and seconded by Matthew King that as recommended by the Compensation Committee, Executive Director Richard Stensrud receive a 5% merit increase in salary effective the first pay date in Fiscal Year 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

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Retirement Report

There was no executive session for the retirement report.

Board Self-Assessment Discussion

Executive Director Richard Stensrud introduced the board self-assessment discussion. Mr. Stensrud provided the board with a self-assessment document that would be used to gauge board performance. Board members provided feedback and collectively agreed that the board is doing an excellent job at serving the members and retirees of SERS.

After a robust discussion, Board Chair Frank Weglarz thanked the board for the opportunity to serve as chair of such a professional and respectful board.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

The board requested information from the actuary regarding the addition of compensation classes and how these added classes could affect the retirement fund.

Catherine Moss provided the board with a summary of the NASRA conference she attended in Seattle in May. Ms. Moss reported that this was the best conference she's ever attended and suggests other board members consider getting their fiduciary certification from NASRA. James Rossler, who also earned the same certification previously, agreed that the intense program was a great learning experience. The board thanked Ms. Moss for her update.

FY2025 Board Officer Elections

Frank Weglarz nominated Matthew King, current Vice Chair, as Chair of the retirement board for FY25. No other nominations were made for the chair. Jeffrey DeLeone seconded the motion to nominate Matthew King as chair. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Abstain: Matthew King. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

James Haller nominated Catherine Moss to be the next Vice Chair of the retirement board for FY25. No other nominations were made for the vice chair. James Rossler seconded the motion to nominate Catherine Moss as vice chair. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, and Frank Weglarz. Abstain: Catherine Moss. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2024. It was noted that Jeffrey DeLeone and James Rossler will not be attending the July board meeting. It was also noted that James Rossler will not be attending the September board meeting, and a request was made to move the board group photo to October.

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

AUDIT COMMITTEE MEETINGS

September 18, 2024 - 2:30 p.m. (Weds.)
December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

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

September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

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.) **** Board Photo ****
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, July 18, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:29 p.m.

Frank Weglarz, Board Chair

Richard Stensrud, Secretary