

SERS Retirement Board Meeting Minutes

July 18, 2024

The nine hundredth and sixty-ninth 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, July 18, 2024.

Pledge of Allegiance

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

Oaths of Office

The meeting began with an oath of office taken by Matthew King as follows:

I, Matthew King, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

Catherine Moss took her oath of office as follows:

I, Catherine Moss, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

Roll Call

The roll call was as follows: Matthew King, Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson. Absent: Jeffrey DeLeone, James Rossler, and Frank Weglarz. Also attending 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

Barbra Phillips moved and James Haller 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: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

Consent Agenda

The consent agenda for **July 18, 2024**, included:

- Minutes of the **June 21, 2024**, Retirement Board meeting
- Summary of Investment Transactions for the period of **May 1, 2024**, to **May 31, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Appeal for Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal for Disability Benefits on Personal Appearance

Catherine Moss moved and James Haller seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, July 18, 2024. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

SERS Retirement Board Meeting Minutes

July 18, 2024

Investment Report

Monthly Investment Report

SERS Chief Investment Officer, Farouki Majeed, provided a monthly investment presentation. Mr. Majeed reported that the US economy increased 1.4% in Q1 2024, down from 3.4% in Q4 2023 and the fed continues to hold interest rates steady. Mr. Majeed also reported that the US labor market remained resilient, adding 272,000 jobs in May, exceeding both current expectations and that of the previous month. The unemployment rate increased by 0.1% to 4.0%. Mr. Majeed then provided a brief update on the investment activities, adding that the retirement fund should end the fiscal year on a positive note. Following several questions and a robust discussion, the board thanked Mr. Majeed and his staff for all their hard work.

Investment Committee Policy Discussion

Mr. Majeed continued his investment report with an update on the Investment Committee policy. The board decided it wanted to evaluate this policy annually and update as necessary. The purpose of this policy is to define structure, rules, and procedures for the Investment Committee and Opportunistic Team in accordance with the Statement of Investment Policy and the Opportunistic and Tactical Investment Policy. Mr. Majeed opened the floor for questions. With no questions being asked, the board thanked Mr. Majeed for his reports.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC cancelled its regular July meeting. The ORSC STRS Subcommittee met on July 8. The subcommittee discussed intergenerational equity and negative normal cost. Mr. Stensrud explained intergenerational equity occurs when current retirees adequately fund the benefit they are receiving, rather than future retirees or current active members, employers, and taxpayers.

Mr. Stensrud continued, reporting normal cost refers to the amount of contributions during an active member's career that are needed to fund future benefits. SERS' normal cost is slightly over 10% and the current employee contribution rate is 10%, meaning that current contributors are not paying the benefits of current retirees. Mr. Stensrud stated SERS is committed to maintaining its separate identity and will work with stakeholders to ensure the differences between SERS and other pension systems is communicated.

Ohio General Assembly

Mr. Stensrud continued his report stating that the Senate Government Oversight Committee held a hearing on HB 257. This bill would allow our board members to participate in board meetings virtually. Mr. Stensrud provided proponent testimony during the hearing and pledged to keep the board updated on the movement of this bill.

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 upcoming months. SERS staff is working closely with employers to ensure a smooth start to the upcoming school year. SERS remains committed to engaging with employers, members, and retirees and strives to provide the best possible service.

CBBC – Contribution Based Benefit Cap

Mr. Stensrud reported that the CBBC becomes effective for SERS members on August 1, 2024. The Contribution Based Benefit Cap is a tool used to identify and prevent pension spiking or benefit inflation. Mr. Stensrud stated the CBBC policy came from years of board sustainability discussions and actuarial analysis. SERS is committed to continual education so all members and employers understand the new policy.

SERS Retirement Board Meeting Minutes

July 18, 2024

Operation Feed

Mr. Stensrud continued his report, stating SERS staff participated in Operation Feed, an annual program where SERS employees give back to our community. Staff raised over \$2000 in cash donations and collected over 70lbs of food. Mr. Stensrud thanked the staff for their generosity.

Healthcare Overpayments/Underpayments

Mr. Stensrud reported that there were a limited number of members who were not charged the correct healthcare premiums. This error occurred because incorrect Healthcare Service Credit information was entered into the system. Mr. Stensrud continued, stating of the 64 people identified, 59 members overpaid their premiums and 5 members underpaid their healthcare premiums. Details regarding the overpayments were provided to the board for review.

Mr. Stensrud continued, stating the error has been corrected and measures have been put in place to ensure to keep this from occurring in the future. Following a robust discussion, the board agreed to refund those who overpaid.

Mr. Stensrud also reported that a draft administrative rule will be presented at the next board meeting that will address how SERS would address these types of issues in the future.

The board took a break at 10:14 a.m.

The board reconvened at 10:26 a.m.

FY2020 – FY2024 Strategic Plan Final Update

SERS Deputy Executive Director, Karen Roggenkamp, provided a final progress report on the FY2020-FY2024 SERS Strategic Plan. While many of the goals were successfully achieved, Covid presented several challenges and required SERS to pivot and adapt the business model to maintain service levels for SERS members. After reviewing the goals, key events, milestones of the FY2020-FY2024 strategic plan, Ms. Roggenkamp moved on to the current strategic plan.

FY2025 – FY2029 Strategic Plan Discussion – RAMA Consulting

Tiffany Wright and Maura Maher Waymire of RAMA Consulting, the consulting firm selected to assist SERS staff in the development of the System's strategic plan, presented a final version of the FY2025-2029 Strategic Plan to the Board.

The six goals include:

- Sustainability: Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.
- Service Delivery and Operations: Optimize SERS' operations to continually improve and enhance service delivery.
- Technology: Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.
- Education and Engagement: Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.
- Talent and Culture: Value and invest in mission-driven employees committed to providing excellent service.
- Risk: Expand, raise awareness about, and use our risk management programs to identify and manage risks.

Mr. Stensrud and Ms. Roggenkamp thanked RAMA consulting, SERS staff, the Board, and advocacy groups for their hard work and input in the development of the current strategic plan. Mr. Stensrud also pledged to provide annual updated not specifically outlined in the plan.

SERS Retirement Board Meeting Minutes

July 18, 2024

Executive Session

Aimee Russell moved and Catherine Moss seconded the motion that the 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: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

The board convened in executive session at 11:07 a.m.

The board reconvened in open session at 11:41 a.m.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on SER administrative expenses. Ms. Hall reported that the FY2024 expenses will be final as of July 26, which allows time to handle any invoices that were received after the end of the fiscal year. Ms. Hall closed her report stating that final budget-to-actual numbers will be presented at the September meeting. The board thanked Ms. Hall for her presentation.

Election of Employee Members

James Haller moved and Barbra Phillips seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of two employee members of the Retirement Board for the term beginning July 1, 2025, and ending June 30, 2029, shall be as provided herewith:

Any member of the Retirement System, other than a disability recipient, shall be eligible for election and the name of any member who is nominated by petitions, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petitions shall be signed by at least five hundred (500) members of the Retirement System of which there shall be not less than twenty (20) signers each from at least ten (10) counties wherein such members are employed; shall indicate the employer and county of employment of each signing member; shall include the member's SERS ID or last 4 digits of their social security number; shall be signed on or after August 6, 2024; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 6, 2024. Electronic signatures on electronic petitions available on the SERS website must be completed by December 6, 2024, at 4:30 p.m., EST.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 3, 2025.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 4, 2025, and announce the results of the election. The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

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

SERS Retirement Board Meeting Minutes

July 18, 2024

Election of Retiree Members

James Haller moved and Catherine Moss seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of one retiree member of the Retirement Board for the term beginning July 1, 2025, and ending June 30, 2029, shall be as provided herewith:

Any service or disability retiree of the Retirement System who is a resident of Ohio shall be eligible for election and the name of any retiree who is nominated by a petition, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petition shall be signed by at least one hundred fifty (150) service or disability retirees of the Retirement System, of which there shall be not less than ten (10) signers each from at least five (5) Ohio counties, wherein service or disability retirees under this system reside; shall indicate the home address and county of each signing retiree; shall include the retiree's SERS ID or last 4 digits of their social security number; shall be signed on or after August 6, 2024; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 6, 2024. Electronic signatures on electronic petitions available on the SERS website must be completed by December 6, 2024, at 4:30 p.m., EST.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 3, 2025.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 4, 2025, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

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

Final Filing of Proposed New Administrative Rules

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new rules: 3309-1-69 Cybersecurity incident notification responsibilities and 3309-1-70 Contribution Based Benefit Cap that have been reviewed by JCARR and are ready for final adoption by the Board.

Barbra Phillips moved and Aimee Russell seconded that proposed new rules 3309-1-69 and 3309-1-70 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

Definition of Compensation Discussion

Mr. Stensrud provided the board with a recap of the Contribution Based Benefit Cap discussion and provided an update on the types of income that should be included as pensionable. Mr. Stensrud stated that the purpose of this discussion is to provide clarity for both members and employers.

SERS actuary, Cavanaugh Macdonald, provided an analysis of the different classes of income that would be added and how additional compensation could affect the sustainability of the fund. Per Cavanaugh Macdonald, it's difficult to predict with certainty how they added income classes would affect the fund due to several variables. However, the fund is in good standing and a resolution to approve CBBC implementation will be presented at the next board meeting.

SERS Retirement Board Meeting Minutes

July 18, 2024

Executive Session

Barbra Phillips moved and Aimee Russell seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

The board convened in executive session at 12:02 p.m.

The board reconvened in open session at 12:33 p.m.

OSERS Operations Budget Modification

Barbra Phillips moved and Aimee Russell seconded that the FY2025 OSERS Operations Budget be modified as presented today effective July 18, 2024. The modification adds \$375,000.00 to the FY2025 OSERS Operations Budget earmarked for remodeling expensed to consolidate the SERS footprint at 300 E. Broad Street and increase tenant revenue. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

Compensation Committee Update

Compensation Committee Chair Daniel Wilson provided an update on the work done in the committee meeting this morning. Mr. Wilson advised that the Compensation Committee met to discuss and approve the Executive Director's FY2025 annual goals. With no questions, the board thanked Mr. Wilson for his update.

Retirement Report

There was no executive session for the retirement report.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

There were no requests for additional information.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2024.

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.)

SERS Retirement Board Meeting Minutes

July 18, 2024

BOARD MEETINGS

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, Matthew King, moved to adjourn to meet on Thursday, September 19, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:36 p.m.

Matthew King, Board Chair

Richard Stensrud, Secretary