



**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**BOARD MEETING HIGHLIGHTS**  
**DECEMBER 2024**

**Board Member Takes Oath**

Employee-member Jeanine Alexander took her oath of office at this month's Board meeting. She was chosen by the Board last month to fill the employee-member seat left vacant by Barbra Phillips, who resigned.

Alexander is the treasury services assistant at Rossford Exempted Village Schools, where she has worked since 2015.

Her term runs through June 30, 2025.



*Jeanine Alexander, left, and General Counsel Joseph Marotta, right*

**Board Member Candidates Certified**

The Board certified that Frank Weglarz submitted sufficient petitions to qualify as a candidate for the open four-year retiree-member seat that begins July 1, 2025, and ends on June 30, 2029.

Under Ohio law, because only one candidate qualified for the open retiree-member seat, no election will be held and Weglarz will take office on July 1, 2025, as if elected. This will be his third term on the Board.

The Board also certified that Jeanine Alexander, James Haller, and Rebekah Roe submitted sufficient petitions to qualify as candidates for the two open four-year employee-member seats, with terms that begin July 1, 2025, and end on June 30, 2029.

Alexander and Roe are running for their first full terms on the Board, and Haller for a third term.

All active SERS members will receive a ballot, a postage-paid return envelope, and candidate biographies by early February. Ballots must be returned to SERS no later than 4:30 p.m. EST on March 3, 2025, to be valid.

**External Auditor Presents FY2024 Analysis**

Kristin Hunt, partner, and Ashley Raden, senior manager, with SERS' independent external auditor, Plante Moran, presented the FY2024 Independent Auditor's Report to the Board.

The results of Plante Moran's audit produced an unmodified opinion, which means that SERS' financial statements are presented, in all material respects, in accordance with applicable financial reporting framework. This is the highest rating possible.

The auditors presented their required communication with those responsible for governance, which included management estimates within the financial statements. The auditors found no difficulties or

RETIREMENT BOARD

MATTHEW KING  
*Chair, Employee-Member*

CATHERINE P. MOSS  
*Vice-Chair, Retiree-Member*

JEANINE ALEXANDER  
*Employee-Member*

JEFFREY T. DELEONE  
*Appointed Member*

JAMES HALLER  
*Employee-Member*

JAMES A. ROSSLER, JR.  
*Appointed Member*

AIMEE RUSSELL  
*Employee-Member*

FRANK A. WEGLARZ  
*Retiree-Member*

DANIEL L. WILSON  
*Appointed Member*

disagreements with management in performing the audit, and there were no corrected or uncorrected misstatements.

The annual audit began in the spring, and as it progressed, staff worked to assemble the information contained in the [Annual Comprehensive Financial Report](#) (ACFR), which summarizes SERS' financial health, investment performance, and accomplishments of the last fiscal year (July 1-June 30).

The ACFR also provides detailed financial statements, statistical information, and in-depth explanations of the numbers.

### **Opportunistic and Tactical Investments Portfolio Review**

Staff provided the Board with an overview of SERS' \$583 million opportunistic and tactical investment portfolio which comprises 3.0% of the Total Fund.

While the portfolio is not a strategic asset class with a policy allocation, staff is authorized to invest up to 5% of the Total Fund in investments that do not fit within the existing asset classes. The performance objective is to earn a net-of-fee return of 100 basis points in excess of the Bloomberg U.S. Aggregate Bond Index +2%.

First implemented in 2013, this portfolio gives the System flexibility to invest in strategies that do not fit neatly into other asset classes. The one-year net return of the portfolio was 11.1% net of fees, and the three-year net return was 5.3%. The portfolio trailed the policy benchmark during the one-year period but exceeded it across all other time periods.

The investments contained in the opportunistic and tactical portfolio include distressed/stressed debt, structured credit, diversified and tactical strategies, and multi-asset strategy (MAS) funds.

SERS has invested in distressed debt funds since 2014. Representing 31% of the portfolio, distressed debt investing is the process of investing in the debt of financially distressed companies. This includes companies undergoing operational challenges or those that operate in cyclical industries like energy, retail, and the media. Another 30% of the portfolio consists of structured credit investments. These types of funds include investments in commercial real estate, mortgages, and other asset-backed securities. SERS values the certainty of income associated with structured credit investments. Diversified and tactical investments make up 29% of the portfolio and include strategies that can actively allocate between opportunities. These types of investments provide inflation protection, and SERS' exposure to commodities is included here. The remaining 10% of the portfolio is dedicated to MAS strategies that invest in debt and equity investments.

In April, SERS' staff began internally managing an Exchange Traded Funds (ETF) account focused on commodities, specifically gold. During that time, the ETF realized a 17.3% return and outperformed the benchmark by 13.5%.

ETFs are attractive because they allow quicker exposure to new asset classes and have lower fees.

### **Investment Committee Approves Three Investments**

The SERS Staff Investment Committee approved a \$75 million commitment to FP Credit III, a direct lending strategy, and a \$50 million commitment to KKR Asset Based Finance Fund II, an asset-based lending and specialty finance strategy, both within the private credit portfolio. The committee also made a €50 million fund commitment along with a €12.5 million sidecar co-investment vehicle commitment to

Bridgepoint Development Capital V, a pan-European lower middle market buyout strategy within the private equity portfolio.

These investments will be funded from cash reserves.

### Total Fund Update

TOTAL FUND BALANCE		
September 30	October 31	Difference
\$19.61 billion	\$19.36 billion	▼ \$250 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 2.86%	▲ 8.55%	▲ 4.95%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.15%	▲ 0.64%	▲ 1.25%

### Executive Director's Update

#### ***Board Adopts Resolution to Honor Sen. Kirk Schuring***

The Board expressed its sorrow regarding the death of Sen. Kirk Schuring on November 22, 2024, and adopted a resolution to honor his service.

Schuring served for 30 years as a member of the Ohio General Assembly and was a champion of Ohio's public retirement systems. Schuring recognized the vital roles of SERS' members in the operation of Ohio's schools and SERS' dedication in providing retirement security to them.

His leadership, wisdom, and fairness were an inspiration to his fellow legislators and pension system representatives.

SERS' staff and the Board of Trustees extend its condolences to Sen. Schuring's family and friends, and its deepest sympathy and compassion for their loss.

#### ***WEP/GPO Update***

The U.S. Senate recently voted to consider H.R. 82, the Social Security Fairness Act of 2023, which would completely repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). The motion passed with a vote of 73-27.

These penalties may reduce the amount of Social Security benefits that SERS retirees and other public employees receive.

Last month, SERS activated the grassroots tool on its website to request that the Senate vote to repeal these penalties before Congress leaves for the year. Since SERS published the call to action, constituents have sent more than 4,500 letters to their senators, including more than 1,300 letters each to Sen. Sherrod Brown and Sen. JD Vance.

Sen. Sherrod Brown is sponsoring S. 597, the Senate companion bill, and Sen. JD Vance is one of its 62 cosponsors.

Since the Board meeting, the Senate passed the bill with a vote of 76-20.

It is now headed to President Biden's desk for his signature. SERS' website will be updated with details as they become available.

### **State Legislation**

HB 257, the bill that would permit retirement systems to create a policy allowing remote participation by Board members in virtual meetings, recently passed in the House and Senate and is on its way to Governor DeWine's desk for his signature.

### **SERS Receives Recognition for Financial Excellence and Transparency**

For the 39th consecutive year, SERS received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) of the United States and Canada for its [Annual Comprehensive Financial Report](#) (ACFR) for the fiscal year ended June 30, 2023.

In addition, for the 11th consecutive year, the GFOA gave SERS an Award for Outstanding Achievement in Popular Annual Financial Reporting for its [Summary Annual Financial Report](#) (SAFR) for the fiscal year ended June 30, 2023.

SERS also received the Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council for excellence in meeting professional standards that guide plan funding and administration for state and local public retirement systems.

### **Staff Charitable Efforts**

Each year, staff participates in an annual toy drive. This year, the Salvation Army sent SERS 50 gift tags listing specific toys and gifts requested by children in need throughout the central Ohio area and 5 tags requesting holiday meals. Thanks to the generosity of SERS staff, all gift tags were fulfilled.

SERS' Information Technology staff also held its annual 'Cookie Extravaganza.'

This year, SERS staff baked, bought, donated, and ate dozens of cookies while raising a record-setting \$1,200 for Firefighters 4 Kids.

### **Monthly Retirement and Survivor Benefit Transactions**

For December, the SERS Board approved 299 active members for service retirements, and 12 survivor benefits for spouses and/or dependents.

### **February Meeting Dates**

There will not be a Board meeting in January. The annual Board workshop will take place on Wednesday, February 20, and the next Board meeting will take place Thursday, February 21.