

SERS BOARD MEETING
APRIL 21, 2015

The Board selected Wilshire Investment Consultants for a five year term beginning July 1, 2016.

Arrowstreet Capital presented an education program on Global Equities to the Board.

Annual Portfolio Review – Global Equities

Fiscal Year 2016 Objectives

- Improve portfolio structure
- Improve the risk/return profile
- Rebalance as appropriate

Monthly Investment Report

Over the last 12 months, the US headline inflation decreased to 1.0% from 1.4% in January.

Summary of Investment Transactions

PURCHASES

<i>Asset Class</i>	<i>Cost in millions</i>
US Equities	\$ 76.6
Non-US Equities	109.7
Fixed Income	206.8
Multi-Asset Strategies	50.0
Private Equity Cap. Calls	20.5
Real Asset Cap. Calls	n/a
Opportunistic	5.0
Cash Equivalents	117.2

SALES

<i>Asset Class</i>	<i>Net Proceeds in millions</i>	<i>Gain/(Loss) in millions</i>
US Equities	\$77.9	\$(0.3)
Non-US Equities	111.0	(11.6)
Fixed Income	217.0	0.9
Multi-Asset Strategies	n/a	n/a
Private Equity dist.	9.3	n/a
Real Asset dist.	4.4	n/a
Opportunistic	1.3	(0.1)
Cash Equivalents	115.9	n/a

SERS TOTAL FUND

2/29/2016 = \$11.84 billion

3/29/2016 = \$12.32 billion

4/20/2016 = \$12.48 billion

Presentation of Five-Year Experience Study by Actuary

The actuaries from Cavanaugh Macdonald presented a detailed report which included the review of economic and non-economic assumptions that were used over the past five years in the annual actuarial valuations. These valuations will assist the Board in making decisions regarding stabilizing the pension fund.

Pension Reform

The Pension Funding Team reviewed the Roundtable meeting held in March. They also presented their guiding principles:

- Improve Fund Solvency to achieve 90% funded status to protect downside
- Maintain 30 Year Funding Requirement
- Proceed with Sense of Urgency to protect funded status from further decline
- Maintain Fairness
- Respect Intergenerational Equity.

The Board had a very energetic discussion concerning Pension Reform and Health Care.

Board Chair, Cathy Moss, concluded that at the Tuesday, May 24, Board meeting the Board will focus on what *levers* will be implemented to stabilize the pension fund and a timeline since any pension reform must go through the Ohio Legislature.

Health Care changes suggested by Director of Health Care Services, Anne Jewel, included Medicare Disability Application Services, a Marketplace Wrap Program, and possible discontinuation of spousal and dependent premium subsidies.

At the May Board meeting the Board will consider these suggested changes.

Federal Update from Jim Miller

Health Care

On March 10, the Senate passed S. 524 by a rare bipartisan vote of 94-1; both Senators Brown and Portman supported the bill. The intent of the bill is to combat the growing epidemic of painkiller and heroin abuse.

AARP released a report showing that prescription drug prices increased at a rate more than six times faster than inflation in 2013.

Social Security

The March 22 hearing on H.R. 711 (WEP) went very well, as all witnesses were supportive of the Brady formula.

There are number of factors in play that will impact the passage of this bill. A major one is the Legislative calendar time. Most of what is accomplished in this Congress will need to be enacted prior to the July conventions. Given, that August is the traditional recess and this being a hotly contested election year, the legislative calendar for September and October will be very slim.

Respectfully submitted

Adele Matias

OEA-R Advisory Council

ESP Representative