



April 18, 2019 HPRS Board Meeting Highlights

In an effort to provide more information to our membership and since board minutes can't be approved and posted until the next board meeting, below are highlights from the April 18, 2019, HPRS board meeting. Board notes have been sent out via email and virtual roll call in December 2018, February 2019, and April 2019 as well as posted to the confidential part of our website at www.ohprs.org. Beginning in June, these updates will only be posted to our website. Once you login, you will be able to access this information along with other tabs made only available to members. If you need assistance obtaining a login and password, please contact Susan at 614-431-0781.

Trustee Elections

There are two trustee positions up for election:

On July 31, 2019, the term of Lieutenant Andre Swinerton as an employee-member trustee of the retirement board will end. Pursuant to Ohio Administrative Code Rule 5505-9-01, an election will be held to fill this seat for the next four-year term, from August 1, 2019 through July 31, 2023. Active employees, including DROP members, vote in this election. Eligibility shall be determined on the first Monday in April of the year of the election. If you retire after this date, you will still vote in the employee election. There will be no election if only one Candidacy Form is returned.

A special election is being held for the unexpired term of retired board member Captain (ret.) Lester Reel. The term of office for Lester Reel expires July 31, 2021. Pursuant to Ohio Administrative Code Rule 5505-9-01, a special election will be held to fill this seat for the remainder of the term through July 31, 2021. Retired members vote in this election. Eligibility shall be determined on the first Monday in April of the year of the election. There will be no election if only one Candidacy Form is returned.

Information will be distributed via Virtual Roll Call for active members and via U.S. Mail for retired members in the next week. The deadline for HPRS receipt of Candidacy Forms is May 31, 2019.

Health Care Funding Committee Update

As a result of actuarial assumption changes in February, additional strain has been placed on the Health Care Fund. The Health Care Funding Committee is researching a number of options in an attempt to ease that strain and to keep the fund viable well into the future.

Aetna representatives gave a presentation on a fully funded prescription plan that would augment the Aetna Advantage plan currently provided to our Medicare-eligible membership. Other presentations will be given to the committee in subsequent meetings. You are encouraged to attend these meetings to gain a better understanding of the dilemma the board faces with providing health care benefits and possible solutions.

Funding Policy

The Special Funding Committee has been meeting for the past eight months to establish a funding policy. The purpose of this policy is to establish guidelines and protocols for the board to follow when setting employee contribution, COLA, and health care contribution in a fair and consistent way each year. It will also provide members with a better understanding of how these rates are set. The committee finalized the policy and the board unanimously approved it.

While not all inclusive, the policy establishes the following priorities related to the financial requirements of funding benefits:

1. Maintain the solvency of the pension fund within the statutory 30-year amortization requirement.
2. Determination of COLA, employee contribution, and contribution to the health care fund as described in this policy.
3. Maintain the health care program in the current structure or as similar as possible with the greatest emphasis on the Medicare-eligible population and those age 60 – 65. These groups are most vulnerable and unable to secure health care from the OSHP, because of the mandatory retirement age of 60.

The policy identifies a number of objectives that will guide the board in the annual setting of employee contribution, COLA, and health care contribution in an objective and impartial manner.

Total Fund Update

One of the most important responsibilities of the board is making investment decisions. Investment returns are critical to the viability of our system. The board spends a considerable amount of time working with its investment consultant planning, researching, and discussing ways to enhance our portfolio.

The last quarter of 2018 was highly volatile resulting in year-end negative returns for HPRS. This was not isolated to HPRS as all other systems were negatively affected as well. During the first 3 ½ months of 2019, markets have rebounded resulting in an estimated gain of almost 10% through April 16th. HPRS assets stand at approximately \$894 million.

Below is a snapshot of HPRS's portfolio as of April 16, 2019:

HPRS PORTFOLIO SNAPSHOT: 4/16/2019

	3/31/2019		Market Adjust. Est. 4/16/19		Interim Target	New Strategic Targets	
	\$ MM	%	Change	\$1,000s		Target	Range
Domestic Equity	\$264.1	30.1%	2.9%	\$271.8	30.4%	30.0%	30.0%
Large/Mid Cap	\$222.4	25.3%	2.8%	\$228.6	25.6%	25.0%	25.0%
Small/Micro Cap	\$41.7	4.7%	3.5%	\$43.2	4.8%	5.0%	5.0%
International Equity	\$160.1	18.2%	2.7%	\$164.4	18.4%	18.0%	18.0%
Developed (Incl Small Cap)	\$123.3	14.0%	2.5%	\$126.4	14.1%	14.0%	14.0%
Emerging Markets	\$36.8	4.2%	3.4%	\$38.1	4.3%	4.0%	4.0%
Alternatives Investments	\$230.0	26.2%	1.2%	\$232.8	26.1%	25.0%	25.0%
Absolute Return	\$103.4	11.8%	1.0%	\$104.4	11.7%	10.0%	7.0%
Private Equity	\$90.1	10.3%	2.0%	\$91.9	10.3%	10.0%	13.0%
Real Assets	\$36.5	4.2%	0.0%	\$36.5	4.1%	5.0%	5.0%
Real Estate	\$66.4	7.6%	0.0%	\$66.4	7.4%	7.0%	7.0%
Fixed Income	\$157.8	18.0%	0.2%	\$158.0	17.7%	20.0%	20.0%
Core Fixed Income	\$71.7	8.2%	-0.2%	\$71.6	8.0%	10.0%	10.0%
Opportunistic	\$74.8	8.5%	0.5%	\$75.2	8.4%	8.0%	8.0%
Cash	\$11.3	1.3%	0.1%	\$11.3	1.3%	2.0%	2.0%
Total Pension	\$878.4	100.0%	1.7%	\$893.5	100.0%	100.0%	100.0%

Estimated Year-to-Date Return (including the above est.): **9.6%**

Retirement and Survivor Benefit Transactions since December 2018 Board Meeting

The HPRS board approved three active member retirement applications for age and service, four retirements from DROP, and four survivor benefits.

Welcome Colonel Richard S. Fambro

On April 18, 2019, the HPRS board welcomed Colonel Richard S. Fambro as the statutory member of the board.

Upcoming Events

- **Ham and Bean Luncheons**
Second Wednesday of each month 12:00 noon. RSVP Lori Pallante at 614-387-6081
- **165th Cadet Graduation**
April 26, 2019, at 1:00PM at the Academy
- **OSP Memorial**
May 3, 2019, at 1:00PM at the Academy
- **Retiree CCW Qualification**
May 6, 2019, at 1:00PM at the Academy
- **Retirees Appreciation Month**
During the month of June – Details to be forthcoming
- **OSP Retiree Cookout and CCW Qualification**
June 14, 2019, at the Academy
- **Jackson Post Dedication – Colonel Paul Pride**
June 21, 2019, at 1:00 PM at the Jackson DHQ
- **Torch Run**
June 28, 2019, starting from the Academy

For a complete list of upcoming events and information, check the HPRS website at www.ohprs.org.

June Meeting Dates

The next scheduled committee meetings occur on June 19, 2019, beginning at 1:00PM and include: Administration; Health, Wellness, & Disability; and Health Care Funding.

The committee meetings for Audit and Investment are scheduled for June 20, 2019, beginning at 9:00AM.

Some committee meetings may be canceled from time to time. There may be a special meeting of the Health Care Funding Committee in late May. Check the HPRS website at www.ohprs.org for most current meeting dates and times.

The board meeting will follow the Investment Committee meeting on June 20, 2019.

If you have questions about HPRS, board meetings, or individual retirement questions, please contact Executive Director Mark Atkeson at 614-430-3557.