



## August 15, 2019 HPRS Board Meeting Highlights

In an effort to provide more timely information to our membership and since board minutes can't be approved and posted until the next board meeting, below are highlights from the August 15, 2019, HPRS board meeting.

### Trustee Elections

Two new trustees were sworn in as a result of the election results counted on July 26, 2019. Trooper Cynthia Wilt was elected as an active member trustee, and Sergeant (ret.) Michael Kasler was elected as a retiree member trustee. Outgoing trustee, Lieutenant Andre Swinerton, was recognized for his eight years of service on the board.

### Election of Chair and Vice-Chair

Captain Cory Davies was re-elected as the board chair, and Staff Lieutenant Matt Them was elected as the vice-chair.

### Actuarial Update

Ohio Revised Code (ORC) 5505.121 requires HPRS to be able to amortize its unfunded actuarial accrued liabilities within a period of 30 years, and ORC 5505.12 requires an annual actuarial valuation of HPRS's pension assets, liabilities, and funding requirements. These statutes also require periodic reviews of the assumptions used in the annual valuations of our system.

GRS Retirement Consulting presented the December 31, 2018 actuarial valuation for HPRS. The assumption and benefit changes approved at the June 20<sup>th</sup> board meeting produced a 23-year amortization period and a funded ratio of 66.4% for the pension system. The solvency of the health care fund improved one year to 2030; however, GRS stated, "*...given the volatility of health care costs, the Plan may become insolvent sooner than 2030.*"

As presented in the last update, assumption changes included a reduction in the assumed investment rate of return from 7.75% to 7.25% and use of a more favorable mortality table. Benefit changes included employee contribution set at 14%, COLA set at 0%, and contribution to the health care fund set at 0% for 2020.

This is not action the board wanted to take nor is it the option it expects to maintain in the long term. But it ensures the proper funding of the pension fund and it fulfills the primary fiduciary responsibility of the board. The board will officially approve this action at its October meeting. The GRS actuarial report is attached.

### Health Care Funding Committee Update

As a result of the actuarial assumption changes in February, additional strain has been placed on the health care fund. For the first time in more than 25 years, no additional employer contribution was able to be added to the health care fund. Without adequate employer contribution, the health care fund risks being depleted in the long-term. The Health Care Funding Committee continues to research a number of options in an attempt to ease that strain and to keep the fund viable well into the future.

Aetna gave a presentation on a fully funded prescription plan as well as an Aetna sponsored exchange plan. This presentation showed a potential for savings to HPRS while providing similar or better health care options for 99% of our membership. The board is evaluating these and other solutions. Other options will be

evaluated by 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.

## 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 several weeks have been highly volatile yielding negative returns for HPRS during that time. This was not isolated to HPRS as all other systems were negatively affected as well. But, during the first 7 ½ months of 2019, year-to-date returns show an estimated gain of 9.4% through August 15<sup>th</sup>. HPRS assets stand at approximately \$886 million.

Below is a snapshot of HPRS's portfolio as of August 12, 2019:

## HPRS PORTFOLIO SNAPSHOT: 8/12/2019

	6/30/2019		Market Adjust. Est. 8/12/19		Interim Target	New Strategic Targets	
	\$ MM	%	Change	\$ 1,000s		Target	Target
<b>Domestic Equity</b>	<b>\$267.5</b>	<b>30.2%</b>	<b>-2.3%</b>	<b>\$261.3</b>	<b>29.9%</b>	<b>30.0%</b>	<b>30.0%</b>
Large/Mid Cap	\$234.1	26.4%	-2.1%	\$229.2	26.2%	25.0%	25.0%
Small/Micro Cap	\$33.4	3.8%	-3.8%	\$32.1	3.7%	5.0%	5.0%
<b>International Equity</b>	<b>\$159.0</b>	<b>17.9%</b>	<b>-4.6%</b>	<b>\$151.6</b>	<b>17.4%</b>	<b>18.0%</b>	<b>18.0%</b>
Developed	\$123.1	13.9%	-4.1%	\$118.1	13.5%	14.0%	14.0%
Emerging Markets	\$35.9	4.1%	-6.5%	\$33.6	3.8%	4.0%	4.0%
<b>Alternatives Investments</b>	<b>\$207.8</b>	<b>23.4%</b>	<b>-0.8%</b>	<b>\$206.2</b>	<b>23.6%</b>	<b>25.0%</b>	<b>25.0%</b>
Absolute Return	\$85.8	9.7%	-1.5%	\$84.5	9.7%	10.0%	7.0%
Private Equity	\$87.7	9.9%	0.0%	\$87.7	10.0%	10.0%	13.0%
Real Assets	\$34.3	3.9%	-1.0%	\$34.0	3.9%	5.0%	5.0%
<b>Real Estate</b>	<b>\$65.0</b>	<b>7.3%</b>	<b>0.0%</b>	<b>\$65.0</b>	<b>7.4%</b>	<b>7.0%</b>	<b>7.0%</b>
<b>Fixed Income</b>	<b>\$187.1</b>	<b>21.1%</b>	<b>1.1%</b>	<b>\$189.2</b>	<b>21.7%</b>	<b>20.0%</b>	<b>20.0%</b>
Core Fixed Income	\$77.8	8.8%	2.1%	\$79.4	9.1%	10.0%	10.0%
Opportunistic	\$78.6	8.9%	0.5%	\$79.0	9.0%	8.0%	8.0%
Cash	\$30.7	3.5%	0.1%	\$30.7	3.5%	2.0%	2.0%
<b>Total Pension</b>	<b>\$886.4</b>	<b>100.0%</b>	<b>-1.5%</b>	<b>\$873.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Estimated Year-to-Date Return (including the above est.): **9.4%**



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1

## Retirement and Survivor Benefit Transactions since April 2019 Board Meeting

The HPRS board approved one active member retirement application for age and service, four retirements from DROP, and two survivor benefits.

## Executive Director Search Committee

The Executive Director Search Committee approved the position posting and disseminated it via Virtual Roll and to all retirees. It was also placed on Indeed and ZipRecruiter. A timeline for hiring is being established.

## Upcoming Events

- **Ham and Bean Luncheons**  
Second Wednesday of each month 12:00 noon. RSVP Lori Pallante at 614-387-6081
- **Retirees' Association Annual Dinner and Meeting**  
October 12, 2019, 5:00PM at the Embassy Suites at 2700 Corporate Exchange Dr. Columbus, Ohio
- **Retiree CCW Qualification**  
November 6, 2019, at 1:00PM at the Academy
- **2020 33<sup>rd</sup> Annual Retirees' Association Snowbird Reunion**  
March 5-7, 2020, at the Marriott Hotel in Lake Mary, FL. Details forthcoming.

For a complete list of upcoming events and information, check the HPRS website at [www.ohprs.org](http://www.ohprs.org).

## October Meeting Dates

The next scheduled committee meetings occur on September 18, 2019, beginning at 10:00AM for the Executive Director Search Committee and 1:00PM for the Health, Wellness, & Disability (HW&D) Committee. Committee meetings for Administration, HW&D, and Health Care Funding are scheduled for October 16, 2019, beginning at 1:00PM.

The committee meetings for Audit and Investment are scheduled for October 17, 2019, beginning at 9:00AM.

Some committee meetings may be canceled from time to time. Check the HPRS website at [www.ohprs.org](http://www.ohprs.org) for most current meeting dates and times.

The board meeting will follow the Investment Committee meeting on October 17, 2019.

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