



December 20, 2018 HPRS Board Meeting Highlights

2019 Major Goals

- Create a funding policy by which the board could make the best decisions possible on the annual setting of employee contribution, cost of living adjustment (of COLA), and health care contribution;
 - The Special Funding Committee made up of Captain Cory Davies, Staff Lieutenant Matt Them, and Retired Major Darryl Anderson, have met numerous times over the last several months. The policy is still in draft form, and we are working with our actuary to finalize this. Once finalized at the committee level, the policy will be presented to the full board for debate. 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.
- Update the strategic plan;
 - HPRS's last plan was initiated in late 2012. The 2019 – 2024 strategic plan has been updated, and the Administration Committee has vetted this document. It is set for final discussion at the full board meeting in February. There is still time for input; if you have comments, please contact one of your board members and share your thoughts with him.
- Implement a membership communication plan;
 - Part of fulfilling this goal is disseminating this update. It communicates the high points of our most recent board meeting which occurred on December 20th.
 - Rather than to wait for two months for the board minutes to be approved and posted after the next board meeting, hopefully this update and subsequent updates will provide our membership, albeit a snapshot, with more timely information.

Internal Auditor Presents 2018 Report

Our internal auditor, Summit County Internal Audit Department, presented a virtually clean report on internal operations and practices of HPRS. The auditors focused on internal practices, and management controls such as: purchasing and expenditures, benefits, health care eligibility, and policies and procedures.

Auditors commended the board and staff for the improvements made to internal controls over the last several years.

Board Approved 2019 Administrative Budget

The Ohio Retirement Study Council reviewed HPRS's administrative budget for 2019, and the board approved it on December 20th. The total budget is approximately \$2 million, which is an increase of 2.26% over 2018. The budget includes, but is not limited to: salaries and wages; health care; office expenses; information technology; rent; and professional services such as banking, audit, actuarial, legal, and investment consulting services.

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 three months have been highly volatile resulting in negative returns for HPRS. This is not isolated to HPRS as all other systems have been negatively affected as well.

Below is a snapshot of HPRS's portfolio as of December 18, 2018.

HPRS PORTFOLIO SNAPSHOT: 12/18/2018

	10/31/2018		Market Adjust. Est. 12/18/18			Interim Target	Strategic Targets	
	\$ MM	%	Change	\$1,000s	%		Target	Range
Domestic Equity	\$266.2	30.9%	-6.4%	\$249.2	29.9%	30.0%	30.0%	20%-40%
Large/Mid Cap	\$225.1	26.2%	-5.9%	\$211.8	25.4%	25.0%	25.0%	20%-30%
Small/Micro Cap	\$41.1	4.8%	-9.0%	\$37.4	4.5%	5.0%	5.0%	0%-10%
International Equity	\$166.7	19.4%	-3.8%	\$160.4	19.2%	20.0%	20.0%	10%-30%
Developed	\$111.2	12.9%	-5.1%	\$105.5	12.7%	15.0%	15.0%	10%-20%
Emerging Markets	\$34.6	4.0%	1.3%	\$35.0	4.2%	2.5%	2.5%	0%-7.5%
Small Cap	\$20.9	2.4%	-5.0%	\$19.9	2.4%	2.5%	2.5%	0%-7.5%
Alternatives Investments	\$227.9	26.5%	-1.7%	\$224.1	26.9%	25.0%	25.0%	15%-35%
Absolute Return	\$97.3	11.3%	-3.0%	\$94.4	11.3%	11.0%	10.0%	0%-15%
Private Equity	\$86.0	10.0%	0.0%	\$86.0	10.3%	9.0%	10.0%	0%-15%
Real Assets	\$44.6	5.2%	-2.0%	\$43.7	5.2%	5.0%	5.0%	0%-10%
Real Estate	\$44.6	5.2%	0.0%	\$44.6	5.3%	5.0%	5.0%	0%-10%
Fixed Income	\$155.3	18.0%	0.2%	\$155.6	18.7%	20.0%	20.0%	10%-30%
Core Fixed Income	\$68.4	7.9%	2.0%	\$69.8	8.4%	10.0%	10.0%	5%-15%
Opportunistic	\$74.5	8.7%	-1.5%	\$73.4	8.8%	9.0%	9.0%	4%-14%
Cash	\$12.4	1.4%	0.3%	\$12.4	1.5%	1.0%	1.0%	0%-6%
Total Pension	\$860.7	100.0%	-3.1%	\$833.9	100.0%	100.0%	100.0%	

Estimated Year-to-Date Return (including the above est.): **-4.6%**



1100 Superior Avenue East • Suite 700 • Cleveland, Ohio 44114 • 216.621.1090 • clearstead.com

1

Retirement and Survivor Benefit Transactions since October Board Meeting

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

Upcoming Events

- **Aviation Section 70th Anniversary / Open House**
January 11, 2019, 10:30AM at the Aviation Hanger
- **2019 Aztec Bird**
January 12, 2019 in Sun Lakes, AZ
- **2019 Snowbird Reunion**
February 28 – March 2, 2019 at Lake Mary FL
- **Ham and Bean Luncheons**
Second Wednesday of each month 12:00 noon. RSVP Lori Pallante at 614-387-6081

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

February Meeting Dates

The next scheduled committee meetings occur on February 20, 2019, beginning at 9:00AM and include; Administration; Health, Wellness, & Disability; Health Care Funding; and Special Funding.

The committee meetings for Audit and Investment are scheduled for February 21, 2019, beginning at 9:00AM.

Some committee meetings may be canceled from time to time. Check the HPRS website at www.ohprs.org for most current meeting dates and times.

The board meeting will follow the Investment Committee meeting.

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