



February 18, 2021 HPRS Board Meeting Highlights

The Highlights correspondence is aimed at providing timely information to our membership about HPRS meetings, since board minutes cannot be approved and posted until after the next board meeting. Below are the highlights from the February 18, 2021, HPRS Board meeting.

Trustee Election

There are three trustee positions up for election:

On July 31, 2021, the terms of Sergeant Jeremy Mendenhall and Trooper Brice Nihiser as employee-member trustees of the retirement board will end and the term of Sergeant (retired) Michael Kasler as a retiree-member trustee will end. Pursuant to Ohio Administrative Code 5505-9-01, an election will be held to fill these seats for the next four-year term, from August 1, 2021 through July 31, 2025. Active employees, including DROP members, vote in the employee-member election and retired members vote in the retiree-member election. Eligibility shall be determined on the first Monday in April of the election year. If you retire after this date, you will still vote in the employee election. There will be no election if only two Candidacy Forms are received for the employee-member election, and only one Candidacy Form is received for the retiree-member election.

Information will be distributed via Virtual Roll Call for active members the beginning of May. Information will be mailed the beginning of May for retired members. The deadline for receipt of Candidacy Forms is May 28, 2021.

2020 Disability Report

Per Ohio Revised Code 5505.181, the HPRS files an annual disability experience report to the Ohio Retirement Study Council. In 2020, a total of six applications were filed. Six applications were approved for disability retirements (five in-the-line-of-duty and one not-in-the-line-of-duty), and two applications are pending. This is in line with the three-year and five-year average, which is 5.7 and 5.4 respectively.

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, as they provide for more than 2/3 of the benefits paid. The board spends a considerable amount of time working with its investment consultant planning, researching, and discussing ways to enhance our portfolio. The portfolio has bounced back nicely from the market turmoil early last year. Although the final numbers are not complete, the latest report indicates a 14.3% return for 2020. Year-to-date returns show an estimated gain of 3.5% as of February 17th. HPRS assets are currently at approximately \$1.048 billion.

Below is a snapshot of HPRS's portfolio as of February 17, 2021:

HPRS PORTFOLIO SNAPSHOT: 2/17/2021

	1/31/2021		Market Adjust. Est. 2/17/21		Interim Target	LT Strategic		Change \$1,000s	Allocation with Changes	
	\$ MM	%	Change	\$1,000s		Target	Range		\$ MM	%
Public Equity	\$524.8	52.0%	7.1%	\$562.3	51.0%	51.0%			\$562.3	53.7%
Global Equity	\$232.4	23.0%	6.6%	\$247.7	24.0%	24.0%			\$247.7	23.6%
Domestic Equity	\$224.8	22.3%	7.0%	\$240.5	21.0%	21.0%			\$240.5	23.0%
International Equity (EM, SC)	\$67.6	6.7%	9.5%	\$74.0	6.0%	6.0%			\$74.0	7.1%
Alternatives Investments	\$228.7	22.7%	0.9%	\$230.8	23.0%	23.0%		\$0.0	\$230.8	22.0%
Absolute Return	\$91.7	9.1%	2.0%	\$93.5	8.0%	6.0%			\$93.5	8.9%
Private Equity	\$111.9	11.1%	0.0%	\$111.9	11.0%	13.0%			\$111.9	10.7%
Real Assets	\$25.1	2.5%	1.0%	\$25.4	4.0%	4.0%			\$25.4	2.4%
Real Estate	\$68.1	6.8%	0.0%	\$68.1	8.0%	8.0%			\$68.1	6.5%
Fixed Income	\$186.7	18.5%	0.0%	\$186.8	18.0%	18.0%		\$0.0	\$186.8	17.8%
Core Fixed Income	\$68.8	6.8%	-0.5%	\$68.5	6.0%	6.0%			\$68.5	6.5%
Opportunistic	\$85.2	8.4%	0.5%	\$85.6	9.0%	9.0%			\$85.6	8.2%
Cash	\$32.7	3.2%	0.0%	\$32.7	3.0%	3.0%			\$32.7	3.1%
Total Pension	\$1,008.3	100.0%	3.9%	\$1,048.0	100.0%	100.0%		\$0.0	\$1,048.0	100.0%

Estimated Year-to-Date Return (including the above est.): **3.5%**



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Five-Year DROP Experience Study

Foster & Foster presented the results of an actuarial investigation of the HPRS DROP, as required by RC 5505.12. They concluded that the DROP program experience from 2014-2018 did not have a negative impact on HPRS. Consequently, the board directed HPRS staff to research the possibility of establishing a minimum guaranteed interest rate and prepare a report to be presented at the April 2021 HPRS board meeting. The report will include substantive research that supports any proposed changes.

In addition to the report that will be presented at the April 2021 board meeting, a detailed presentation will be made available to all members, aimed at answering the questions that have been received. The HPRS DROP benefit will be compared to the DROP benefit from Ohio Police & Fire, which is structured differently, and therefore has its own advantages and disadvantages. Moreover, the presentation will illustrate the member benefit of DROP as compared to no DROP, and the ways that HPRS overcomes the higher actuarial present value (or cost) of providing a DROP benefit. This will also answer the concerns that many active and retired members expressed in the 2020 HPRS Survey about DROP being a drain on the retirement system.

Retirement Applications and Survivor Benefits

Since the December 2020 board meeting, the HPRS board approved one active member retirement application for age and service, two deferred retirement applications, one application for DROP, seven retirements from DROP, and eight survivor benefits. Overall, retirements increased in 2020 as compared to 2019, by 37% (59 vs. 43).

Upcoming Events

To protect the health and wellness of all OSP employees current and retired, the Patrol has temporarily postponed all Division planned retiree events.

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

Future Meeting Dates

On Wednesday, March 17, 2021, committee meetings will start at 1300 hours, starting with the Health, Wellness, & Disability Committee, followed by the Health Care Funding Committee and the Investment Committee.

On Wednesday, April 21, 2021, committee meetings will start at 1300 hours, starting with the Administration Committee, followed by the Health, Wellness, & Disability Committee, and then the Health Care Funding Committee.

On Thursday, April 22, 2021, beginning at 0900 hours, the Audit Committee will meet, immediately followed by the Investment Committee and the Board meeting.

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

If you have questions about HPRS, board meetings, or individual retirement questions, please contact Executive Director Carl Roark at 614.430.3557.