



Minutes

Retirement Board Meeting – Day One

Radisson Hotel Cleveland-Gateway, 651 Huron Road, Cleveland, OH 44115

Thursday, August 16, 2018 – 9:00 a.m.

Present: Major (ret.) Darryl L. Anderson, *Acting Chair*; Major (ret.) JP Allen; Captain Cory D. Davies; Sergeant Jeremy Mendenhall; Colonel Paul Pride; Lieutenant Andre T. Swinerton; Staff Lieutenant Matthew L. Them; Joseph Thomas

Absent: Trustees Kenneth Boyer & Lester Reel

Quorum? Yes

Others Present: Mark Atkeson, *Executive Director*; Michael Press, *General Counsel*; Holly Carr, *Executive Assistant*; Adam Blake, *Hartland*; Mita Drazilov & Brian Murphy, *GRS Retirement Consulting*; Col. (ret.) Tom Rice; Col. (ret.) Richard Collins; Captain Chris Zurcher

Proceedings:

Call to Order

- At 9:06 a.m., Acting Chair Anderson called the meeting to order and the roll was called.
- Trustees Boyer and Reel were excused.
- Acting Chair Anderson led the room in the Pledge of Allegiance.
- **Motion: To approve the minutes of the July 31, 2018 meeting, (motion by Davies; second by Them; motion carried unanimously.)**

Oath of Office

- Mike Press, *General Counsel*, administered the Oath of Office to re-elected trustees Major (ret.) Darryl L. Anderson and Captain Cory D. Davies.

Election of Chair and Vice-Chair

- **Motion: To select Cory Davies as Chair of the Retirement Board, (motion by Allen; second by Thomas; Cory Davies abstained – all others yea; motion carried.)**
- **Motion: To select Andre Swinerton as Vice-Chair of the Retirement Board, (motion by Davies second by Them; Andre Swinerton abstained – all others yea; motion carried.)**

Investment Discussion

- Blake gave a portfolio update. He stated the portfolio was up approximately 2.7% year-to-date through August 14, 2018.

- Blake reviewed the committee list for managers' performance and reported one manager was added; DFA International Small Cap Value. He recommended removing one manager from the list; Lazard International Equity.
- **Motion: To remove Lazard from the Committee List, (motion by Davies; second by Allen; motion carried unanimously.)**
- Blake updated the board on the Real Estate RFP. Over twenty responses were received. The responses were narrowed down to nine semi-finalists, and from there three finalists were selected.
- On-site due diligence meetings will take place in October and then a decision will be made.
- Davies declared a break at 9:51 a.m.
- The meeting reconvened at 10:10 a.m.

Actuarial Topics

- Mita Drazilov and Brian Murphy from GRS Retirement Consulting reviewed the preliminary results of the December 31, 2017 actuarial valuation. Assuming a continued employee contribution rate of 12.5% and a COLA rate of 1.25% coupled with a 0% employer contribution into the health care fund for 2018 and 0% thereafter, a pension fund amortization period of 27 years results. This takes into consideration the four-year smoothing of actual investment returns and the passage of HB 362 earlier this year.
- Drazilov stated it would be difficult to justify a 7.75% investment rate of return assumption after this year. Although our next 5-year experience study is not due for another two years, GRS will be urging the board to reduce this rate for the 2018 report. Reduction of this rate will increase HPRS's unfunded liabilities and probably move HPRS's amortization period to more than 30 years. If that occurs, the board will need to take additional action with employee contribution, COLA, or a combination of both to remain compliant with state law.
- Discussion ensued among the board.
- Davies declared a break at 11:09 a.m.
- The meeting reconvened at 11:33 a.m.
- Davies opened the floor for comments by the board.
- Board members stated their positions on setting employee contribution rates and COLA rates for 2019 and the actuarial assumption rate for 2018.
- After discussion, Davies recommended leaving employee contribution at 12.5% and COLA at 1.25% for 2019. He stated the board will have to seriously address HPRS's funding problem in 2019 which will probably result in changes to employee contribution and COLA. All responding board members echoed support, and Davies stated he would be making the same motion in October to formalize this decision. Atkeson will advise GRS of the board's decision. The board directed Atkeson to explore different funding options with the General Assembly.
- Davies declared a break for lunch at 12:15 p.m.
- The meeting reconvened at 12:39 p.m.
- There was discussion amongst the board concerning communication and the need to communicate better with the membership going forward.
- Davies stated he had three major goals for 2019: 1) Creating a funding policy; 2) Updating the strategic plan; and 3) Implementing a membership communication plan.

Aetna Contract Renewal

- Press updated the board on the Aetna Medicare coverage for 2019 indicating the PMPM (per member per month) cost has dropped significantly from the 2018 PMPM amounts. This should reduce cost more than one million dollars. This does not necessarily mean health care costs overall will decrease, just in this area. The contract is for a one year renewal.
- **Motion: To authorize the executive director to enter into a contract with Aetna with terms in the best interest of HPRS not to exceed \$39.43 per member per month (PMPM), (motion by Them; second by Swinerton; motion carried unanimously.)**

Health, Wellness, & Disability Committee

- Anderson deferred to Davies since he was unable to attend the committee meeting.
- **Motion: To go into executive session to discuss medical records required to be kept confidential pursuant to Division (G)(5) of Section 121.22 of the Revised Code at 12:51 p.m. with Atkeson, Press, and Carr as guests, (motion by Davies; second by Swinerton; motion carried unanimously.)**
- At 12:55 p.m., Chair Davies declared the executive session was concluded.
- **Motion: To approve an off-duty disability for Applicant #1 (XXXXXX) contingent on compliance with a treatment plan recommended by the medical advisor, (motion by Davies; second by Allen; motion carried unanimously.)**
- **Motion: To approve an off-duty disability for Applicant #2 (XXXXXX) contingent on compliance with a treatment plan recommended by the medical advisor, (motion by Davies; second by Them; motion carried unanimously.)**
- **Motion: To waive Applicant #2 (XXXXXX), from the Independent Medical Evaluation disability review requirement, (motion by Davies; second by Allen; motion carried unanimously.)**

Education/Travel

- Atkeson presented the following travel estimate:
 - Anderson to attend the NCPERS Public Safety Conference in Las Vegas, NV, October 28 – 31, 2018, at an estimated cost of \$2,569.67.
- **Motion: To approve Board travel as presented by staff, Anderson to attend the 2018 NCPERS Public Safety Conference in Las Vegas, Nevada, October 28 - 31, 2018, at an estimated cost of \$2,569.67.(motion by Swinerton; second by Thomas; motion carried unanimously.)**

General Counsel Update

- Press informed the board of a large public records request. Staff is working on gathering the requested information.

Administrative Report

- Atkeson presented the summary report of active and retired members, and the retirement and beneficiary report.
- **Motion: To approve retirement applications and survivor pensions as submitted by staff, (motion by Allen; second by Pride; motion carried unanimously.)**

Comments

- Atkeson gave a brief update on hiring a replacement for the Finance Director position. Staff is currently conducting interviews to determine the best candidate for the position.
- The Special Funding committee will be meeting monthly until the funding policy is created. The 2012-2017 Strategic Plan will be reviewed in the October meeting. Atkeson was asked to provide a status update on each goal created in 2012 during the October meeting.
- The meeting will be held Wednesday, September 19, 2018, at 10:00 a.m., at 1900 Polaris Parkway, Suite 201, Columbus, Ohio 43240. (This has since been changed to 3:00 p.m. on September 19th.)
- Davies declared a break at 1:30 p.m.
- The meeting reconvened at 1:42 p.m.

Board Ethics Training

- Press gave a presentation on ethics and discussed other specifics of Ohio ethics law.

Adjournment

- At 2:10 p.m., Davies declared the meeting adjourned.

Next Meeting

- The next regular meeting of the board is scheduled for October 18, 2018, at 1900 Polaris Parkway, Suite 201, Columbus, Ohio 43240.

Minutes submitted by Holly Carr, Executive Assistant

Signature on File

10/18/2018

Approved by Cory Davies, Board Chair

Date

To review any referenced documents, please contact Holly Carr, 614-430-3555 (direct), hcarr@ohprs.org.