



Pension funding status improves

The annual study of OP&F's pension funding status showed slight improvements from a year ago, according to a report from independent actuary, Cavanaugh Macdonald Consulting. The valuation report as of Jan. 1, 2020 shows a pension funding period of 28 years, a one year improvement from the 2019 study.

The pension funding period shows how long it will take to pay off all unfunded liabilities if all assumptions are met. The state of Ohio mandates that public pension systems have a funding period of 30 years or less. OP&F has met this standard each of the last six years. The funding ratio is now 69.7 percent, a slight improvement from the previous year (69.4 percent). The funding ratio is the pension plan's assets as a percentage of liabilities.

As a part of the actuarial report, Cavanaugh Macdonald also reported that the Deferred Retirement Option Plan is working as intended and remains cost neutral for OP&F.

PORTFOLIO UPDATE

OP&F's investment portfolio value:

- Current value (10/20/20): \$15.7 billion
- End of September value: \$15.5 billion
- End of August value: \$15.9 billion

Board of Trustees Committee Notes

(Motions voted on by the Board are listed separately)

- **DISABILITY:** The Committee received the 3rd Quarter 2020 Disability Experience Report from staff. The Committee also conducted its scheduled hearings and appeals, which took place in executive session.
- **BENEFITS:** The Committee received the 3rd Quarter 2020 Deferred Retirement Option Plan Experience Report during the meeting. The Committee also discussed the health care stipend program and level of retiree support provided.

- **FINANCE:** The Committee reviewed and discussed the 2021 budgets (Combined Operating, Total Plan and Capital) before approving.
- **PERSONNEL:** The Committee discussed compensation adjustments, a potential bonus program and the Committee's schedule for future meetings.
- **INVESTMENT:** Staff discussed the monthly portfolio performance update and significant cash movements with the Committee. Real estate consultant, Townsend Group, presented the Real Estate and Real Assets Performance Reviews for the periods that ended June 30, 2020.

Motions:

At its October 2020 meeting, the OP&F Board of Trustees approved the following motions:

- Approved staff's and Wilshire's recommendation to adopt the asset allocation implementation plan and policy benchmark targets. Motion passed by unanimous vote (*Investment Committee*).
- Approved staff's and Wilshire's asset class rebalancing range recommendations. Motion passed by unanimous vote (*Investment Committee*).
- Approved staff's and Wilshire's recommendations to adopt the amended Investment Policy and Guidelines. Motion passed by unanimous vote (*Investment Committee*).
- Approved Townsend's recommendation to commit up to \$60 million to Oaktree Real Estate Opportunities Fund VIII. Motion passed by unanimous vote (*Investment Committee*).
- Approved staff's and Wilshire's recommended ratings for Dimensional Fund Advisors and the Bridgewater TIPS mandate. Motion passed by unanimous vote (*Investment Committee*).
- Approved staff's resolution providing the use of electronic and digital signatures as well as certifying the officers designated as signatories for the fund. Motion passed by unanimous vote (*Investment Committee*).
- Approved the following from the Disability Committee:
 - The recommendations for the seven Initial Determination Hearings
 - The recommendation for the two reconsiderations
 - The recommendations for the three Appeal Hearings
 - The recommendations for three Death Benefit Fund cases
 - The list of waivers for mandatory medical evaluations and future filing of annual earnings statements for the members listed.
- Approved a recommendation that the Board approve five Administrative Rules as outlined in staff's memorandum. Motion passed by unanimous vote (*Benefits Committee*).
- Approved the 2021 Annual Budget with the addition of a Sr. Investment Officer in the investment department with a commensurate salary in the form submitted to the Board of Trustees on Oct. 20, 2020. Motion passed by unanimous vote (*Finance Committee*).

NEXT BOARD OF TRUSTEES MEETINGS: Dec. 1-2

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