



## **HB 512 assigned to House Insurance Committee**

Ohio House Bill 512, introduced in December as the Public Safety Pension Modernization Act, was recently assigned to the House Insurance Committee for consideration. The bill, co-sponsored by Representatives Cindy Abrams and Brian Baldrige, aims to update the employer contribution formula used to fund pensions for OP&F members.

Pensions for OP&F members are funded by contributions from the paychecks of active members, from their employers and also investment returns. While the member contributions have been increased as recently as 2015, employer contributions have not changed since 1986.

If passed, HB 512 will increase the contributions from fire employers by 2.5 percent. For police employers, the increase would be 7.0 percent. The increases would be phased in over a five year period.

OP&F is seeking an increase to improve its long-term funding outlook. While the current financial outlook is stable, the change is meant to protect pensions for future retirees. Pressures like an increased early retirements, difficulty recruiting first responders (which limits payroll growth) coupled with lower capital market assumptions, are expected to create future challenges.

The bill has the support of the OP&F Board of Trustees along with the Fraternal Order of Police of Ohio and the Ohio Association of Professional Firefighters.

## **PORTFOLIO UPDATE**

OP&F's investment portfolio value:

- Current value (1/28/22): \$18.74 billion
- End of December value: \$19.44 billion
- End of November value: \$18.96 billion

## Board of Trustees Committee Notes

*(Motions voted on by the Board are listed separately)*

- **GOVERNMENTAL AFFAIRS & POLICY:** The Committee received an update from OP&F's legislative consultant, including several bills recently introduced: HB 512 (Police & Fire Pension Fund (Increasing Employers Contribution Rate)); HB 539 (Public Broadcast of State Retirement Systems Board Meetings); HB 540 (State Retirement Systems Fee Disclosures); HB 541 (Prevent State Retirement Systems Business with Former Employees).
- **DISABILITY:** The Committee conducted its scheduled initial determination and appeal hearings and reviewed the Annual Mandatory Disability Experience Report.
- **PERSONNEL:** The Personnel Committee reviewed recommendations from the 2021 compensation study.
- **BENEFITS:** The Committee reviewed and discussed the 4th Quarter 2021 Deferred Retirement Option Plan (DROP) Experience Report.
- **INVESTMENT:** Staff discussed the month-end portfolio values, significant cash movements and investment performance. OP&F consultant Townsend discussed the real estate and real assets performance for the third quarter of 2021 and Aksia TorreyCove provided an update on the private markets co-investment program.

### **Motions:**

*At its January 2022 meeting, the OP&F Board of Trustees approved the following motions:*

- Approved Townsend's recommendation to adopt the 2022 Real Estate Investment Plan. Motion passed by unanimous vote (Investment Committee).
- Approved Townsend's recommendation to adopt the 2022 Real Assets Investment Plan. Motion passed by unanimous vote (Investment Committee).
- Approved Staff's and Aksia TorreyCove's recommendation for a capital commitment of up to \$35 million to Francisco Partners Fund VII, L.P. Motion passed by unanimous vote (Investment Committee).
- Approved Staff's and Aksia TorreyCove's recommendation for a capital commitment of up to \$35,000,000 to The Veritas Capital Fund VIII, L.P. Motion passed by unanimous vote (Investment Committee).
- Authorized the Executive Director to implement final recommendations from the compensation study. Motion passed by unanimous vote (Personnel Committee).
- Approved the 2021 Annual Mandatory Disability Experience Report for filing with appropriate public officials. Motion passed by unanimous vote (Disability Committee).
- Approved the following from the Disability Committee:
  - The recommendations for seven Initial Determination Hearings, two were disapproved and one was postponed for re-examination.
  - The recommendation for the one Death Benefit Fund case was approved and one disapproved.
  - The recommendations for the two Appeal Hearings were approved.
  - The Disability Reporting Waivers List.

***NEXT BOARD OF TRUSTEES MEETINGS: FEB. 22-23, 2022***

***Posted 2/2/2022***