

Ohio Police & Fire Pension Fund
MINUTES

Board of Trustees Investment Committee/Board
140 East Town Street, Columbus, Ohio
June 16, 2020

Call to Order: The meeting was called to order at 11:03 am.

In Attendance:

Committee Members/Trustees:

Britt, Corvi, Desmond, Miller, Moore, and Wainscott

On Conference Call: Heller, Maloney Stifler and Montgomery

Absent: None

Staff: Foley, Gallagher, Hall, Hampton, Harville, Luke, Robinson.

Others Present:

Others Present: David Lindberg, Jamie Gnall and Cian Desmond from Wilshire Associates (by conference call), Martin Rosenberg and Jeff Leighton from Townsend (by conference call); Josh Eaton, Carlos Mendez and Shamafa Khan from Crayhill Capital (by conference call).

ITEM 1:

Approve the May 17, 2020 Investment Committee/Board Minutes:

Mr. Desmond moved and Mr. Miller seconded a motion to approve the May 17, 2020 Investment Committee/Board minutes (located in the Appendix Administration section in June 2020 Board Book). The motion passed with the roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

ITEM 2:

ORSC 2019 Health Care Report – 2020 06 002 BOT

Ms. Jennifer Harville, Director of Member Services informed the board that in accordance with Section 742.14 of the Ohio Revised Code, the legislature mandates that OP&F provide an annual health care plan summary for the preceding fiscal year. The report must contain a summary of OP&F's healthcare plan, a detailed schedule of net assets available in the health care trust, and a statement of any changes in net assets including Retiree premiums and employer contributions, net investment income, administrative expenses, and benefits provided to participants. The report must also contain a schedule of net assets available, the annual cost of benefits, administrative expenses incurred for the last six consecutive years.

Mr. Desmond moved and Mr. Wainscott seconded a motion that the Board of Trustees approves the ORSC 2019 Health Care Report in the form presented on June 16, 2020 and authorizes staff to forward the report to the appropriate public officials in accordance with Section 742.14 of the Ohio Revised Code. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

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DISABILITY COMMITTEE MOTIONS:

Initial Determination Hearings: Mr. Desmond moved and Mr. M. Miller seconded a motion that the Board approves the Committee recommendations for the five (5) initial determination of disability for the members as identified in the initial determination hearings list presented to the Board on June 16, 2020. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

Appeal Hearings: Mr. M. Miller moved and Britt seconded a motion that the Board approves the recommendation for the two (2) appeal hearings for the members as identified in the appeals list presented to the Board on June 16, 2020. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

Reporting Waivers: Mr. M. Miller moved and Mr. Corvi seconded a motion that the Board waives the mandatory medical evaluation and filing of annual earnings statements for future years for the members identified in the disability reporting waivers list presented to the Board on June 16, 2020. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

INVESTMENT COMMITTEE/BOARD

ITEM A: Monthly Portfolio Valuation Update – Mr. Hall provided an update on the OP&F investment portfolio. OP&F's total investment portfolio value ended May 2020 at \$14.92 billion with an estimated return of -6.94% year-to-date.

ITEM B: Private Credit Recommendation (Crayhill) – 2020 06 001 IC – Representatives from Crayhill Capital presented their current direct lending investment offering, and Staff and Wilshire provided their analysis and investment recommendation for a capital commitment of up to \$50 million to Crayhill Principal Strategies Fund II, LP.

Mr. Heller moved and Mr. Moore seconded a motion that the Board accepts the recommendation of Investment Staff and Wilshire to make a Capital Commitment of up to \$50,000,000 to Crayhill Principal Strategies Fund II upon the terms outlined in Investment Staff's memorandum dated June 16, 2020 and attached supplemental materials and such other terms favorable or protective to OP&F, as determined by the Executive Director. The motion passed with roll call vote as follows:

Ayes: Corvi, Desmond, Heller, Maloney Stifler, Moore, and Montgomery

Nays: Britt, Miller and Wainscott

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ITEM C: Private Credit Investment Policy Review – 2020 06 002 IC – Investment Staff and Wilshire presented the Private Credit Investment Policy, which serves as the governing document for the Private Credit allocation. No changes were recommended at this time.

Ms. Maloney Stifler moved and Mr. Moore seconded a motion that the Board accepts the recommendation of Investment Staff and Wilshire Associates to affirm with no amendments the Private Credit Investment Policy Statement in the form presented to the Board on June 16, 2020. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

ITEM D: 2020 - 2021 Private Credit Investment Plan – 2020 06 003 IC – Investment Staff and Wilshire presented the 2020-2021 Private Credit Investment Plan, which establishes the proposed level of investment activity for the private credit asset class from July 1, 2020 through June 30, 2021.

Ms. Maloney Stifler moved and Mr. Heller seconded a motion that the Board accepts the recommendation of Investment Staff and Wilshire Associates to target aggregate capital commitments of \$225 – \$275 million to the private credit asset class for the period of July 1, 2020 through June 30, 2021, subject to market conditions. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

ITEM E: Real Assets Manager Reviews – 2020 06 004 IC – Townsend recommended the following rating actions: Brookfield Timber – maintain a “P1” rating; Forest Investment Associates – maintain a “P1” rating; Global Forest Partners – maintain a “P1” rating; Hancock Timber – maintain a “P1” rating; Agriculture Capital Management – maintain a “P1” rating; Industry Funds Management – maintain a “P1” rating; Meridiam Infrastructure – maintain a “P1” rating; Axiom Infrastructure – assign an initial rating of “P1”; Brookfield (Infrastructure) – assign an initial rating of “P1”; iCON Infrastructure – assign an initial rating of “P1”.

Mr. Heller moved and Ms. Maloney Stifler seconded a motion that the Board of Trustees accepts the rating recommendations of Townsend for real asset investment managers, as outlined in Townsend’s memorandum to the Board dated June 16, 2020. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

Nays: None

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ITEM 3 FURLOUGHS:

Proposed changes to service credit rules to address furloughs – 2020 06 001 BOT

Ms. Mary Beth Foley, General Counsel recapped that the Fraternal Order of Police requested that OP&F review its rules governing full-time contributing service credit in the event that an employer furloughs members due to budgetary constraints in the wake of the coronavirus pandemic. Administrative Rule 742-5-03 currently defines “full-time contributing service credit.” Legal met with staff from Finance and Member Services to review this rule and we are recommending changes to it, as well as related Rules 742-3-02 and 742-5-07. We additionally reviewed our employer and member data in V-3 to ensure we avoided negative impact to current employer reporting practices.

After significant discussion on moving or postponing the motion until August 2020, it was agreed to move forward with the following motion:

Mr. Britt moved and Mr. Desmond seconded a motion that the Board approves the Administrative Rules outlined in staff’s memorandum dated June 16, 2020, and authorizes the required filing of the rules with the proper agencies. The motion passed with roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Moore, Wainscott and Montgomery

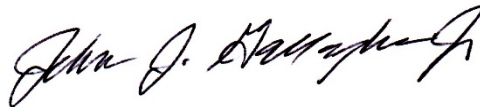
Nays: None

ITEM 4: Open Discussion

Conversation ensued among Board Members regarding following investment plans as well as the adequacy of the manager selection process and remote presentations due to the current restricted meeting format and market environment.

ADJOURNMENT:

The Board/Committee adjourned at 12:10pm.



John J. Gallagher Jr.
Executive Director

Materials Provided/Attached:

1. Investment Committee/ Board Minutes, May 17, 2020.
2. OP&F 2019 Health Care Report to ORSC and memo dated 061620.
3. List 1 from the Summary of Benefit Matters, List 2, Part 1 from the Summary of Benefit Matters, List 2, Part 2 from the Summary of Benefit Matters, List 2, Part 3 from the Summary of Benefit Matters, List 2, Part 4 from the Summary of Benefit Matters.
4. Monthly Portfolio Valuation as of May 31, 2020.
5. Memo from David Robinson, Michael Abankwah and Ted Hall regarding the Crayhill Principal Strategies Fund II, LP – Asset Based Lending Investment Recommendation dated 6/16/2020.
6. Presentation from Wilshire Associates Fund Evaluation for Crayhill Capital Management LLC dated June 2020.
7. Presentation from Crayhill Capital Management – Crayhill Principal Strategies Fund II dated 6/16/2020.
8. Memo from David Robinson, Michael Abankwah and Ted Hall regarding the Private Credit Investment Policy Review dated 6/16/2020.
9. Private Credit Investment Policy amended 6/19/2019.
10. Memo from David Robinson, Michael Abankwah and Ted Hall regarding the 2020 Private Credit Investment Plan dated 6/16/2020.
11. Presentation from Wilshire Associates regarding the Private Credit Pacing Analysis dated June 2020.
12. Memo from Townsend Group regarding the Real Asset Manager Reviews dated 6/16/2020.
13. Presentation from Townsend Group regarding the 2020 Real Asset Manager Reviews dated June 2020.
14. Proposed changes to service credit rules to address furloughs memo and 742-3-02, 742-5-03 and 742-5-07 rules.