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OP&F’s roots date to 1965 when the Ohio General Assembly created the system to provide pension and disability benefits to the state’s full-time police officers and firefighters, along with survivor benefits. OP&F began paying benefits in 1967 and 2017 marked our 50th year of operation.

As one of five public retirement systems in Ohio, OP&F has established a financially sound pension fund that operates on an actuarial reserve basis. The system’s disability benefit program and the investment portfolio management have routinely been recognized for excellence.

For 50 years, OP&F has played a central role in assuring a secure and dignified retirement for those men and women who have served Ohio ably and bravely. Today, OP&F serves approximately 28,000 active members and more than 32,000 retirees and their beneficiaries.

MISSION
Securing the future for Ohio’s police and firefighters.

VISION
The Ohio Police & Fire Pension Fund will continue to be a leader and model among retirement systems, providing peace of mind to our members and a level of service that exceeds expectations.

CORE VALUES
Three core values guide the Ohio Police & Fire Pension Fund in its daily work:

» **Prudence.** OP&F will make prudent decisions while delivering our benefit services, selecting our investment strategies and executing our operational practices.

» **Integrity.** The integrity of our organization is based on accuracy, credibility and ethical conduct at all times.

» **Empathy.** OP&F will respond in an appropriate and timely manner with respect and honesty to all inquiries from every audience.
In 2017, we commemorated the 50th year of operation for the Ohio Police & Fire Pension Fund. We did it with results, ending the year with nearly $15.8 billion under management and again meeting our long-term funding requirement and topping our investment return target.

We are proud to continue the legacy that began in 1967 with what, compared to today, seems like a relatively small amount of money. There have been remarkable strides made since the beginning of our retirement system. The meager $75 million in assets that were available when we opened our doors meant that we were only about 15 percent funded. Yet, no retiree has ever missed a benefit payment even in those lean years.

While our members work to safeguard our communities, they trust us to keep our end of the bargain by acting wisely on their behalf. Each year, our goal is to honor that trust by working to place OP&F in the best position to deliver promised benefits for not only today’s retirees, but also future generations of Ohio police officers and firefighters.

Much of the work done by the Board in 2017 involved the health care program available to OP&F retirees and we took important steps toward extending its sustainability. While we plan to exit the self-insured model that has been in place for many years, we believe that the new design will allow retirees greater flexibility in choosing a plan that best fits their needs while continuing to provide financial support to pay for health care.

Please enjoy this 2017 annual report, where we have highlighted not only financial data, but recent accomplishments and work in progress that positions the Ohio Police & Fire Pension Fund for a successful future.

Sincerely,

Jeffrey H. Moore, Chairman, Board of Trustees

John J. Gallagher, Executive Director
LEADERSHIP
OHIO POLICE & FIRE PENSION FUND
The governing body of OP&F is the Board of Trustees. The Board adopts rules for administering provisions for the pension system enacted by the Ohio Legislature. With input from executive staff, employees and professional consultants, the Board makes decisions that position the organization’s future to ensure a reliable source of retirement income for our members. The Board’s chief responsibilities include:

» Adopting administrative rules and policies for the operation of the investment program
» Approving and disapproving disability grants and retirement applications
» Approving and disapproving the appointment of external investment managers
» Adopting the annual administrative budget
» Reviewing annual actuarial reports and the financial audit
» Approving a plan design and retaining an administrator to manage the health care plan available to eligible retirees and their dependents

The OP&F Board consists of nine members. Six are either active or retired members and elected to four-year terms by their membership groups:

» Two active police officers
» Two active firefighters
» One retired firefighter
» One retired police officer

The Board includes an additional three members with professional investment experience:

» One appointed by the Governor
» One appointed by the Treasurer of State
» One appointed jointly by the Ohio Senate President and the Speaker of the Ohio House of Representatives
STATUTORY MEMBERS

JEFFREY MOORE
CHAIR - Active
West Chester Fire
Trustee since 10/28/14
Term exp. 6/2/19

JOHN WAINSCOTT
VICE CHAIR - Retired
Cincinnati Police
Trustee since 11/16/11
Term exp. 5/31/20

WILLIAM DEIGHTON
Retired
Cleveland Fire
Trustee since 6/2/03
Term exp. 6/2/19

DANIEL DESMOND
Active
Toledo Fire
Trustee since 3/6/14
Term exp. 5/31/20

EDWARD MONTGOMERY
Active
Columbus Police
Trustee since 12/18/07
Term exp. 5/31/20

TIMOTHY PATTON
Active
Cleveland Police
Trustee since 6/1/15
Term exp. 6/2/19

J. DAVID Heller
Investment Expert
Ohio Senate/House
Trustee since 12/16/08
Term exp. 11/5/20

CHARLES MOORE
Investment Expert
Appointed by Governor
Trustee since 6/6/17
Term exp. 9/27/20

KARIN MALONEY STIFLER
Investment Expert
Treasurer of State
Trustee since 11/16/11
Term exp. 5/31/20
CHARLES MOORE APPOINTED BY GOVERNOR TO OP&F BOARD

Charles O. Moore, President of Middlefield Banking Company, is the newest trustee for OP&F, having been appointed by Governor John Kasich. Moore was sworn in June 6, 2017 and will serve a four-year term as an investment expert member of the Board.

A longtime banking executive, Moore is the Middlefield Bank’s senior executive and chairs the corporation’s advisory board for Central Ohio. Previously, Moore served as the Deputy Superintendent of Consumer Finance and Consumer Affairs for the State of Ohio from 2011-2012. In this role, he was the Chief consumer lending and mortgage banking regulator for the State of Ohio.
Members of OP&F’s executive staff not only manage their respective departments but also provide the information and institutional knowledge required for the Board of Trustees to make well-informed decisions. In turn, the executive staff relies on OP&F’s diverse and talented employees to supply data, expertise and sound advice. Together, OP&F’s staff develop and implement procedures and decisions guided by OP&F’s mission, vision and core values to provide a dignified retirement for Ohio’s first responders.
OP&F STAFF

OP&F’s staff of 146 work in one of five departments.

MEMBER SERVICES
The Member Services Department serves active and retired OP&F members and their families, from entry into the system, through retirement and beyond. Four different teams work together to deliver superior service to members and ensure accurate administration and swift payment of service pension and disability benefits and health care benefits. They also administer survivor benefits, death fund benefits and the health care programs for eligible retirees, survivors, spouses, children and dependent parents. The department is comprised of the following teams:
- Benefit Payments and Compliance
- Benefit Calculations
- Customer Service/Member Education
- Processing

ADMINISTRATION
The OP&F Administration Department serves a number of key groups, including members, the Board of Trustees, elected officials, the media and other OP&F Departments. Areas within Administration include:
- Communications
- Human Resources
- Internal Audit
- Legal

BUSINESS AND TECHNOLOGY SOLUTIONS
This department encompasses two areas – Information Services and Records and Imaging and Mail Center (RIM). The Information Services area is responsible for computer-related equipment and associated software programs along with the control and maintenance of telecommunications equipment and OP&F’s internal help desk. Business and Technology Solutions also works to ensure that the data entrusted to OP&F remains secure.

FINANCE
The Finance Department manages OP&F’s accounting, budgeting, tax, insurance, Procurement and financial reporting functions, and has as its overriding concern strong financial stewardship of OP&F members’ money. The department is a service provider to both our members and the municipalities that employ them. Additionally, the Employer Services Group oversees employer payroll reporting and is the primary contact at OP&F for employers.

INVESTMENT
OP&F’s Investment Department consists of the Investment Management, Oversight and Operations groups. The department is charged with effectively and prudently investing and monitoring OP&F’s assets to maximize total return at an acceptable level of risk while adhering to all laws, regulations and policy guidelines. The Investment staff implements and maintains the Board of Trustees’ asset allocation decisions and recommends new policies and actions as appropriate.

Proudly serving members for over 50 years
From a small office on Broad Street on Jan. 13, 1967, 19 checks were mailed to retired police officers and firefighters who previously had received their benefits from the city where they had been employed. This was the beginning of the Ohio Police & Fire Pension Fund.

At that time, we were the Ohio Police and Fireman’s Pension and Disability Fund and faced a daunting task of creating a trusted, comprehensive retirement system from the remains of hundreds of small municipal funds around Ohio.

In 2017, the Ohio Police & Fire Pension Fund celebrated 50 years of providing a more secure and reliable retirement income for our state’s public safety officers.

In 1966, Amended House Bill 642 created the Ohio Police and Firemen’s Pension and Disability Fund, consolidating 425 individual funds. When operations began on Jan. 1, 1967, assets totaling $75 million were transferred from these individual funds to OP&F. However, the new pension fund also inherited $490 million in liabilities.

“The progress made by OP&F since our creation is remarkable,” said John Gallagher, OP&F Executive Director. “Through periods of economic growth and recession the system has moved forward and established itself as a model for public safety retirement plans. It really is a testament to those who helped form and grow the system beginning 50 years ago, along with the many thousands of members who trust us to provide them with a secure pension.”

The first headquarters of the retirement system were at 88 E. Broad Street, in what is now the Key Bank building at the corner of Broad and Third Streets in downtown Columbus.

The first chair of the Board of Trustees was Edward Schuele, who was the Director of Finance for the City of Cleveland Heights. Franklin Kropp was the first executive director (then called executive secretary).

As to be expected, many things have changed since 1967. Member contributions to the pension fund were initially 6.0 percent of salary (now 12.25 percent). Employer contributions began at 13.55 percent for police employers and 13.13 percent for fire (now 19.5 percent for police and 24 percent for fire).

Although a state-wide fund did not begin operations until 1967, many individual municipal funds were in existence prior to 1900. In 1902, pension laws for all police and fire funds in Ohio were codified. At this time, an employer contribution tax of three-tenths of a mill on all real and personal property became mandatory to support each local fund. This did not change until the creation of OP&F.

In 1939 it became mandatory for a municipality employing two or more firefighters to establish a pension fund. The same requirement for police departments became law in 1947. At this time, uniform benefits for both police and fire funds were established by Ohio’s General Assembly. Until then, each community set its own rules or formulas on benefits.

Also in 1947, a modest state subsidy became available for local police and fire funds requiring financial assistance. Until the creation of OP&F, member contributions were optional and generally four percent of pay.

It took until 1981 for the portfolio to hit the $1.0 billion level. Legislation passed by the Ohio General Assembly in 1981 increased the investment opportunities available to OP&F, making way for today’s successful investment program. According to the January 1982 OP&F member newsletter, the law “expands (OP&F) authority to invest in real estate, and increases the legal list of common stocks that may be purchased...” Since 1981, OP&F’s annualized return for investments is 9.58 percent. By the end of 2017, the OP&F investment portfolio is valued at more than $15.7 billion.

CONTINUED ON PAGE 14
“The investment program is the backbone of OP&F’s financial success,” says Board of Trustee member David Heller, who is also Chair of the Board’s Investment Committee. Through the past 50 years the portfolio has seen remarkable growth, not in just dollars but also the diversity of asset classes and investment strategies.”

As our original name indicated, OP&F provides disability benefits in addition to service pensions. OP&F’s disability benefit process has been recognized as a fair, relevant and comprehensive program.

The disability benefit process has evolved over the past 50 years. Prior to 1997, OP&F had come under some scrutiny regarding the process for granting awards. After careful review and study, the Disability Evaluation Panel was formed in January 1998. The panel consists of three OP&F trustees, three physicians and two vocational experts. The DEP reviews initial disability and reconsideration hearings.

More recently, additional changes to the process have resulted in further assurance that disability benefits are awarded to those who are most deserving. In 2013, the Board of Trustees approved significant program changes, with guidance from their medical and vocational advisors, by removing the consideration of non-disabling conditions from the benefit calculation. The change was designed to give weight only to conditions that are considered disabling and permanent impairments.

In 2012, the number of initial disability hearings numbered 215 with 182 awards being granted. By 2014 the total dropped to 128 with 107 awards granted. While the move away from non-disabling conditions can be credited, a change in conditioning and better training and tools from employers are also factors. As a result, OP&F has experienced positive actuarial gains for the past eight years totaling in excess of $1 billion relative to our assumptions.

Perhaps the most significant benefit change in OP&F’s first 50 years came in 2003 when legislation allowed the formation of the Deferred Retirement Option Plan (DROP). This optional benefit allows members who are eligible to retire to stay on duty serving their communities for up to eight years once they enter DROP. Once they retire, a lump sum of money is available in addition to the pension the member has earned. Today, more than 90 percent of those who are eligible participate in DROP.

In 2008 a severe financial crisis negatively affected OP&F’s long-term funding. While OP&F had been advocating for changes to its funding formula for many years, the economic downturn brought the problem to the forefront. The result was pension reform legislation that was passed in 2012. Ohio Senate Bill 340 increased member contributions, changed cost of living adjustments and pension calculations. The effects of Senate Bill 340 were critical to OP&F’s long term funding after the financial crisis. Our entire membership sacrificed changes in benefit structure as the law’s provisions required no additional taxpayer dollars.

OP&F has offered retired members access to a health care plan since 1974. At that time costs were mostly negligible for both the pension fund and participants, so while OP&F was not required to offer a plan to its members, it was affordable and popular. However, costs increased, steadily at first and more dramatically in recent years. OP&F continues to provide a retiree health care option, but it remains our biggest challenge.
FINANCIAL REVIEW

From our investment portfolio to incoming member and employer contributions, along with internal groups like procurement and human resources, OP&F has a wide-range of financial accounting responsibilities. Reconciling these accounts is vital not only in our ability to pay benefits, but also in the trust given to us by our members, elected officials and the general public.

In addition to a professional staff within our Finance Department, OP&F retains independent auditing and actuarial firms to measure the current and long-term financial well-being of the pension fund. Key measurements like funding period and funded ratio help determine if changes are needed to preserve the long-term solvency of OP&F.

In October, the OP&F Board of Trustees approved changing the system’s assumed investment rate of return, lowering it to 8.0 percent from 8.25 percent. OP&F’s independent actuaries recommended the change as part of a regularly scheduled five-year review of assumptions.

The actuarial valuation presented at the Board’s October meeting used the new 8.0 assumed rate of return, which showed that OP&F remained in compliance with state funding requirements with a funding period of 28 years. The report includes data through Jan. 1, 2017. The funding period indicates the number of years it will take to pay a system’s unfunded liabilities. Ohio requires a 30-year funding period for the state’s public retirement systems. Conduent Consultants, OP&F’s independent actuary, calculated the funding ratio at 69.8. This ratio shows the total assets available compared to the total liabilities owed.

OP&F has been recognized for professional standards and reporting with four awards. The Public Pension Coordinating Council recognized OP&F with its administration award for 2017. The award signifies that OP&F meets professional standards for plan administration as established for public pension standards.

OP&F has also earned awards from the Government Finance Officers Association (GFOA). The system received the Outstanding Achievement in Popular Annual Financial Reporting in November for the production of the 2016 annual report, and the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report. The GFOA also presented OP&F with its annual Distinguished Budget Presentation Award for the fiscal year 2017 budget.
### Condensed Fiduciary Net Position Information
(Dollars in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2017 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>PERCENT</td>
<td></td>
</tr>
<tr>
<td>Cash and Short-term Investments</td>
<td>$948.3</td>
<td>$923.9</td>
<td>$24.4</td>
</tr>
<tr>
<td>Receivables</td>
<td>221.8</td>
<td>167.5</td>
<td>54.3</td>
</tr>
<tr>
<td>Investments, at Fair Value</td>
<td>15,877.1</td>
<td>14,457.6</td>
<td>1,419.5</td>
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<tr>
<td>Capital Assets, Net of Depreciation</td>
<td>15.8</td>
<td>16.7</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Other Assets</td>
<td>0.2</td>
<td>0.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$17,063.2</td>
<td>$15,565.9</td>
<td>$1,497.3</td>
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<tr>
<td>Deferred Outflows</td>
<td>4.4</td>
<td>3.4</td>
<td>1.0</td>
</tr>
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<td>Benefits and Accounts Payable</td>
<td>75.7</td>
<td>71.8</td>
<td>3.9</td>
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<tr>
<td>Investments Payable</td>
<td>1,096.0</td>
<td>913.1</td>
<td>182.9</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$1,171.7</td>
<td>$984.9</td>
<td>$186.8</td>
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<tr>
<td>Deferred Inflows</td>
<td>0.2</td>
<td>0.4</td>
<td>(0.2)</td>
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<tr>
<td><strong>Fiduciary Net Position, End of Year</strong></td>
<td>$15,895.7</td>
<td>$14,584.0</td>
<td>$1,311.7</td>
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</tbody>
</table>

### Condensed Changes in Fiduciary Net Position Information
(Dollars in Millions)

<table>
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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2017 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>PERCENT</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$829.4</td>
<td>$807.2</td>
<td>$22.2</td>
</tr>
<tr>
<td>Net Investment Gain/(Loss)</td>
<td>1,923.5</td>
<td>1,317.4</td>
<td>606.1</td>
</tr>
<tr>
<td>Other Additions</td>
<td>28.9</td>
<td>36.3</td>
<td>(7.4)</td>
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<tr>
<td><strong>Total Additions</strong></td>
<td>$2,781.8</td>
<td>$2,160.9</td>
<td>$620.9</td>
</tr>
<tr>
<td>Benefits</td>
<td>1,429.2</td>
<td>1,396.4</td>
<td>32.8</td>
</tr>
<tr>
<td>Refunds</td>
<td>20.6</td>
<td>14.2</td>
<td>6.4</td>
</tr>
<tr>
<td>Administrative Expenses and Other</td>
<td>20.3</td>
<td>19.6</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total Deductions</strong></td>
<td>$1,470.1</td>
<td>$1,430.2</td>
<td>$39.9</td>
</tr>
<tr>
<td><strong>Net Increase/(Decrease)</strong></td>
<td>$1,311.7</td>
<td>$730.7</td>
<td>$581.0</td>
</tr>
<tr>
<td>Fiduciary Net Position, Beginning of Year</td>
<td>$14,584.0</td>
<td>$13,853.3</td>
<td>$730.7</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position, End of Year</strong></td>
<td>$15,895.7</td>
<td>$14,584.0</td>
<td>$1,311.7</td>
</tr>
</tbody>
</table>
2017 PLAN ADDED

- Employer Contribution: 17%
- Member Contributions: 10.1%
- Health Care Contributions: 2.7%
- Investment Income: 69.2%
- Other Income: 1.0%

2017 PLAN DEDUCTIONS

- Benefits: 84.0%
- Health Care: 13.2%
- Refunds: 1.4%
- Administrative: 1.4%

FUNDING RATIO

- 2012: 63.1%
- 2013: 64.2%
- 2014: 66.7%
- 2015: 70.8%
- 2016: 71.3%
- 2017: 69.8%

Year:
- 2012: 63.1%
- 2013: 64.2%
- 2014: 66.7%
- 2015: 70.8%
- 2016: 71.3%
- 2017: 69.8%
# Statement of Fiduciary Net Position (as of Dec. 31, 2017)

The following information provides an abbreviated version of OP&F’s financial statements. OP&F issued an audited Comprehensive Annual Financial Report (CAFR) for the year ending in December 31, 2017, in June 2018. The 2017 CAFR and those from other years can be downloaded from OP&F’s website at www.op-f.org. *Numbers below are unaudited.

<table>
<thead>
<tr>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>2017 Total</th>
<th>Death Benefit Agency Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Short-term Investments</td>
<td>$891,487,610</td>
<td>$56,777,996</td>
<td>$948,265,606</td>
</tr>
<tr>
<td><strong>Receivables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employers’ Contributions</td>
<td>50,843,743</td>
<td>1,203,350</td>
<td>52,047,093</td>
</tr>
<tr>
<td>Members’ Contributions</td>
<td>29,410,506</td>
<td>-</td>
<td>29,410,506</td>
</tr>
<tr>
<td>Accrued Investment Income</td>
<td>35,389,363</td>
<td>2,253,915</td>
<td>37,643,278</td>
</tr>
<tr>
<td>Investment Sales Proceeds</td>
<td>75,905,057</td>
<td>4,834,321</td>
<td>80,739,378</td>
</tr>
<tr>
<td>Local Funds Receivable</td>
<td>21,953,080</td>
<td>-</td>
<td>21,953,080</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>213,501,749</td>
<td>8,291,586</td>
<td>221,793,335</td>
</tr>
<tr>
<td><strong>Investments, at fair value:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Bonds</td>
<td>3,246,986,167</td>
<td>206,797,450</td>
<td>3,453,783,617</td>
</tr>
<tr>
<td>Non-U.S. Bonds</td>
<td>3,243,891</td>
<td>206,600</td>
<td>3,450,491</td>
</tr>
<tr>
<td>Mortgage and Asset-Backed Securities</td>
<td>401,920,288</td>
<td>25,597,920</td>
<td>427,518,208</td>
</tr>
<tr>
<td>Domestic Stocks</td>
<td>3,010,880,745</td>
<td>191,760,123</td>
<td>3,202,640,868</td>
</tr>
<tr>
<td>International Equities</td>
<td>2,965,970,151</td>
<td>188,899,810</td>
<td>3,154,869,961</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,653,857,872</td>
<td>105,332,631</td>
<td>1,759,190,503</td>
</tr>
<tr>
<td>Commercial Mortgage Funds</td>
<td>34,542,847</td>
<td>2,200,001</td>
<td>36,742,848</td>
</tr>
<tr>
<td>Private Debt</td>
<td>390,709,004</td>
<td>24,883,884</td>
<td>415,592,888</td>
</tr>
<tr>
<td>Private Equity</td>
<td>1,044,518,377</td>
<td>66,524,379</td>
<td>1,111,042,756</td>
</tr>
<tr>
<td>Real Assets</td>
<td>316,453,889</td>
<td>20,154,646</td>
<td>336,608,535</td>
</tr>
<tr>
<td>Master Limited Partnerships</td>
<td>956,478,268</td>
<td>60,917,189</td>
<td>1,017,395,457</td>
</tr>
<tr>
<td>Domestic Derivatives</td>
<td>(5,846)</td>
<td>(372)</td>
<td>(6,218)</td>
</tr>
<tr>
<td>Non-U.S. Derivatives</td>
<td>(829,581)</td>
<td>(52,835)</td>
<td>(882,416)</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>14,024,726,072</td>
<td>893,221,426</td>
<td>14,917,947,498</td>
</tr>
<tr>
<td>Collateral on Loaned Securities</td>
<td>901,794,295</td>
<td>57,434,419</td>
<td>959,228,714</td>
</tr>
<tr>
<td><strong>Capital Assets, net of accumulated depreciation, where applicable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>3,200,000</td>
<td>-</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Building and Improvements</td>
<td>11,577,939</td>
<td>-</td>
<td>11,577,939</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>112,568</td>
<td>-</td>
<td>112,568</td>
</tr>
<tr>
<td>Computer Software and Hardware</td>
<td>924,313</td>
<td>-</td>
<td>924,313</td>
</tr>
<tr>
<td><strong>Total Capital Assets, Net</strong></td>
<td>15,814,820</td>
<td>-</td>
<td>15,814,820</td>
</tr>
<tr>
<td>Prepaid Expenses and Other</td>
<td>160,042</td>
<td>-</td>
<td>160,042</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>16,047,484,588</td>
<td>1,015,725,427</td>
<td>17,063,210,015</td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources**

Deferred Outflows - Pension | 4,414,185 | - | 4,414,185 | - |

**Liabilities:**

Health Care Payable | - | 18,013,257 | 18,013,257 | - |
Investment Commitments Payable | 128,592,952 | 8,189,962 | 136,782,914 | - |
Accrued Administrative Expenses | 31,042,164 | - | 31,042,164 | - |
Due to State of Ohio | - | - | - | 455,321 |
Obligations Under Securities Lending | 901,794,295 | 57,434,419 | 959,228,714 | - |
Other Liabilities | 26,656,033 | - | 26,656,033 | - |
| **Total Liabilities** | 1,088,085,444 | 83,637,638 | 1,171,723,082 | 455,321 |

**Deferred Inflows of Resources**

Deferred Inflows - Pension | 199,325 | - | 199,325 | - |

**Fiduciary Net Position Held in Trust for Pension and Post-Employment Health Care Benefits**

<table>
<thead>
<tr>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>2017 Total</th>
<th>Death Benefit Agency Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,963,614,004</td>
<td>$932,087,789</td>
<td>$15,895,701,793</td>
<td>$-</td>
</tr>
</tbody>
</table>
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
(For the Year Ended Dec. 31, 2017)

The following information provides an abbreviated version of OP&F’s financial statements. OP&F issued an audited Comprehensive Annual Financial Report [CAFR] for the year ending in December 31, 2017, in June 2018. The 2017 CAFR and those from other years can be downloaded from OP&F’s website at www.op-f.org. *Numbers below are unaudited.

### Additions:

<table>
<thead>
<tr>
<th>Source</th>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Contributions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’</td>
<td>$282,006,793</td>
<td>-</td>
<td>$282,006,793</td>
</tr>
<tr>
<td>Employers’</td>
<td>462,047,728</td>
<td>10,871,479</td>
<td>472,919,207</td>
</tr>
<tr>
<td>State of Ohio-Subsidies</td>
<td>346,475</td>
<td>-</td>
<td>346,475</td>
</tr>
<tr>
<td>Health Care Premiums</td>
<td>-</td>
<td>74,450,891</td>
<td>74,450,891</td>
</tr>
<tr>
<td><strong>TOTAL CONTRIBUTIONS</strong></td>
<td><strong>744,400,996</strong></td>
<td><strong>85,322,370</strong></td>
<td><strong>829,723,366</strong></td>
</tr>
<tr>
<td>From Investment Income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Appreciation (Depreciation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of Investments</td>
<td>1,488,638,754</td>
<td>95,022,365</td>
<td>1,583,661,119</td>
</tr>
<tr>
<td>Bond Interest</td>
<td>120,740,456</td>
<td>7,707,070</td>
<td>128,447,526</td>
</tr>
<tr>
<td>Dividends</td>
<td>92,723,677</td>
<td>5,918,711</td>
<td>98,642,388</td>
</tr>
<tr>
<td>Alternative Investment Income</td>
<td>83,798,632</td>
<td>5,349,010</td>
<td>89,147,642</td>
</tr>
<tr>
<td>Master Limited Partnership Income</td>
<td>59,561,045</td>
<td>3,801,884</td>
<td>63,362,929</td>
</tr>
<tr>
<td>Other Investment Income (Loss)</td>
<td>7,034,406</td>
<td>449,018</td>
<td>7,483,424</td>
</tr>
<tr>
<td>Less Investment Expenses</td>
<td>(48,318,984)</td>
<td>(3,084,284)</td>
<td>(51,403,268)</td>
</tr>
<tr>
<td><strong>NET INVESTMENT INCOME</strong></td>
<td><strong>1,804,177,986</strong></td>
<td><strong>115,163,774</strong></td>
<td><strong>1,919,341,760</strong></td>
</tr>
<tr>
<td>From Securities Lending Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Lending Income</td>
<td>11,773,968</td>
<td>751,553</td>
<td>12,525,521</td>
</tr>
<tr>
<td>Securities Lending Expense</td>
<td>(7,801,256)</td>
<td>(497,968)</td>
<td>(8,299,224)</td>
</tr>
<tr>
<td><strong>NET INCOME FROM SECURITIES LENDING</strong></td>
<td><strong>3,972,712</strong></td>
<td><strong>253,585</strong></td>
<td><strong>4,226,297</strong></td>
</tr>
<tr>
<td>Interest on Local Funds Receivable</td>
<td>952,196</td>
<td>-</td>
<td>952,196</td>
</tr>
<tr>
<td>Other Income</td>
<td>3,462,678</td>
<td>24,105,358</td>
<td>27,568,036</td>
</tr>
<tr>
<td><strong>TOTAL ADDITIONS</strong></td>
<td><strong>2,556,966,568</strong></td>
<td><strong>224,845,087</strong></td>
<td><strong>2,781,811,655</strong></td>
</tr>
</tbody>
</table>

### Deductions:

<table>
<thead>
<tr>
<th>Source</th>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Benefits</td>
<td>710,330,998</td>
<td>-</td>
<td>710,330,998</td>
</tr>
<tr>
<td>Disability Benefits</td>
<td>251,973,779</td>
<td>-</td>
<td>251,973,779</td>
</tr>
<tr>
<td>Health Care Benefits</td>
<td>-</td>
<td>193,595,036</td>
<td>193,595,036</td>
</tr>
<tr>
<td>Survivor Benefits</td>
<td>86,881,880</td>
<td>-</td>
<td>86,881,880</td>
</tr>
<tr>
<td>DROP Withdraws</td>
<td>186,463,832</td>
<td>-</td>
<td>186,463,832</td>
</tr>
<tr>
<td>Contribution Refunds</td>
<td>20,603,957</td>
<td>-</td>
<td>20,603,957</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>19,402,727</td>
<td>815,977</td>
<td>20,218,704</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>84,631</td>
<td>-</td>
<td>84,631</td>
</tr>
<tr>
<td><strong>TOTAL DEDUCTIONS</strong></td>
<td><strong>1,275,741,804</strong></td>
<td><strong>194,411,013</strong></td>
<td><strong>1,470,152,817</strong></td>
</tr>
</tbody>
</table>

### Change in Fiduciary Net Position:

<table>
<thead>
<tr>
<th>Category</th>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Fiduciary Net Position</strong></td>
<td>1,281,224,764</td>
<td>30,434,074</td>
<td>1,311,658,838</td>
</tr>
</tbody>
</table>

### Fiduciary Net Position - Beg of Year:

<table>
<thead>
<tr>
<th>Category</th>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiduciary Net Position - Beg of Year</strong></td>
<td><strong>13,682,389,240</strong></td>
<td><strong>901,653,715</strong></td>
<td><strong>14,584,042,955</strong></td>
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</tbody>
</table>

### Fiduciary Net Position - End of Year:

<table>
<thead>
<tr>
<th>Category</th>
<th>Pensions</th>
<th>Post-Employment Health Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiduciary Net Position - End of Year</strong></td>
<td><strong>$14,963,614,004</strong></td>
<td><strong>$932,087,789</strong></td>
<td><strong>$15,895,701,793</strong></td>
</tr>
</tbody>
</table>
Paying benefits is of course our primary responsibility. The ability to provide these guaranteed benefits is largely the responsibility of OP&F’s investment program. The contributions made by members and their employers is the fuel that drives the investment engine, our portfolio. A broad mix of asset classes is designed to provide enough return with an acceptable amount of investment risk, therefore securing the funding to pay benefits for future generations of police officers and firefighters.

In 2017, the portfolio’s net of fees return was 13.68 percent, well above the assumed rate of return of 8.00 percent. Over a five-year period, the portfolio’s annualized net return was 9.31 percent. The 10-year annualized net return (which still includes the historic financial crisis of 2008) came in at 6.22 percent. The portfolio value at the end of 2017 was $15.85 billion.

With advice from staff and a team of consultants, the Board of Trustees continued to shape the investment portfolio throughout the year with the goal of matching the asset mix spelled out in the asset allocation policy. Reaching or surpassing the targeted investment returns are a challenge. However, OP&F continues to be successful in building a portfolio that will provide benefits promised to its members.

A report by Wilshire, OP&F’s independent investment consultant, showed that OP&F’s investment portfolio continues its exceptional long term performance. In 2017, OP&F’s performance ranked in the top 58 percent of its relevant peer group. OP&F’s portfolio returns ranked in the top 21 percent in the 10-year period and ranked in the top 22 percent in the five-year period ending December 2017. OP&F’s portfolio returns beat its policy index in the one, three, five and 10-year periods. The three and five year investment results all outpaced OP&F’s assumed rate of return of 8.00 percent.

Celebrating 40 years with OP&F

Chief Investment Officer Ted Hall celebrated 40 years with OP&F in April 2018. His expertise and diligence have been a constant in leading a successful and renowned investment program.
JANUARY
OP&F approved a commitment of up to $24 million to Marlin Equity V and up to $6 million to Marlin Heritage II. Marlin Management Co. manages both of the funds which pursue the same investment strategy. The Board approved the 2017 Private Markets Investment Plan, which targets capital commitments of $175 million.

FEBRUARY
The Board approved a recommendation to commit up to $30 million to the KKR Asia Fund III, L.P.

MARCH
The Board approved The Townsend Group’s recommendation to commit up to $50 million to the John Hancock U.S. Real Estate Fund.

OP&F adopted a Real Assets Investment Policy calling for real assets to have a target allocation of 5.0 percent of the total portfolio. In November 2016, the Board approved the conversion of OP&F’s timber allocation to a real assets allocation which would also include infrastructure and agriculture investments. Broadening the timber space to include infrastructure and agriculture should allow for more diversification, better risk-adjusted returns and an improved ability to implement the mandate.

APRIL
The Board approved a commitment of up to $50 million to Heitman Asia-Pacific Property Investors.

The Board adopted the 2017 Real Assets Investment Plan, which is designed to guide the near-term implementation of OP&F’s new real assets allocation. A target range of $200-280 million in new commitments was suggested for 2017.

The Board of Trustees approved a recommendation to invest up to $30 million in Apollo Investment Fund IX. Apollo IX will take a flexible, value-oriented, approach to investing that focuses on strong, franchise assets by investing through opportunistic buyouts, corporate carve-outs and distressed investments.

The Board approved the recommendation of staff to invest up to $75 million in Owl Rock Capital, a direct lending manager. Owl Rock will focus on lending to U.S. middle-market companies. Owl Rock becomes the fifth direct lending manager within OP&F’s portfolio.

MAY
At its May 16 meeting, the OP&F Board approved commitment of up to $100 million to the IFM Global Infrastructure Fund. This was OP&F’s first infrastructure commitment to the new real assets portfolio.

The Board approved a recommendation to commit up to $50 million to the ACM Fund II. This commitment will be a part of OP&F’s new real assets portfolio.

Upon the recommendation of staff and OP&F’s private markets consultant, TorreyCove, OP&F committed up to $30 million to the Glendon Opportunities Fund II; up to $24 million to Altaris Health Partners IV, and up to $6 million to Altaris Constellation Partners IV.

JUNE
OP&F adopted a new long-term asset allocation policy, that slightly increases expected returns while at the same time reduces expected risk versus OP&F’s current long-term allocation policy. Significant changes in the policy include shifting a levered global inflation linked bonds allocation to a levered U.S. inflation linked bonds mandate. The High Yield allocation will also be reduced from 15 percent to 7.0 percent with Private Credit, which had been included within High Yield, getting a separate 5.0
percent allocation. Increases are targeted for the levered Core Fixed Income allocation and the Real Assets allocation as well.

OP&F approved a commitment of up to $80 million to the Meridiam Infrastructure North American III Fund. This is the second infrastructure investment for OP&F.

The Board approved a recommendation to commit up to $50 million to direct lending manager CapitalSpring Investment Partners V. Direct lending has been part of OP&F’s High Yield allocation but is now being carved out with a distinct 5.0 percent Private Credit allocation. CapitalSpring becomes the sixth direct lending manager in the portfolio.

**AUGUST**

The Board approved increasing OP&F’s commitment to the IFM Global Infrastructure Fund to $160 million. At the time of the original commitment to IFM, OP&F agreed to scale the commitment size to reflect changes based on the results of OP&F’s ongoing asset allocation study. The original commitment was $100 million. OP&F’s asset allocation plan subsequently increased the Real Assets portfolio allocation to 8.0 percent.

The Board approved recommendations from staff and Private Markets consultant TorreyCove to commit up to $25 million to Primus Capital Fund VIII, LP; and up to $40 million to GTCR XII, LP. OP&F has invested in all Primus funds and is currently invested in Primus V, VI and VII. OP&F has prior investments in GTCR X and XI.

**SEPTEMBER**

The Board approved restructuring of the high yield asset class. In June 2017, OP&F approved a new asset allocation policy that reduced the high yield allocation from 15.0 percent to a 7.0 percent target. The previous high yield structure included five managers. Given the greatly reduced allocation, OP&F will retain only four high yield managers in the new structure. PENN Capital was eliminated as a part of the downsizing of the asset class.

**OCTOBER**

The Board approved a restructuring of the portfolio’s non-U.S. equity asset class. Based on Wilshire’s structure analysis, Fidelity Asset Management’s $259 million non-U.S. equity small-cap mandate was terminated. Wilshire and OP&F staff scheduled a closed search for an active ACWI ex-U.S. manager to take over a portfolio currently run by Russell as an interim transition assignment. Non-U.S. equity was 21.2 percent of the total portfolio at the time of the move, with a long-term target allocation of 16.0 percent.

The OP&F Board approved staff’s recommendation to commit up to $50 million to Tennenbaum Direct Lending Fund VIII. OP&F also invests in Tennenbaum Enhanced Yield Fund.

The Board expanded Wilshire Associates current investment consulting services to include private credit consulting. Prior to June 2017, private credit managers were part of OP&F’s high yield allocation. Private credit is now a distinct asset class within the portfolio with a 5.0 percent allocation.

**NOVEMBER**

The Board approved both the Real Assets Investment Policy and Real Estate Investment Policy.

**DECEMBER**

The Board adopted the 2018 Real Estate and Real Assets Investment Plans.
OHIO POLICE & FIRE PENSION FUND

REAL ASSETS 2.0%
PRIVATE REAL ESTATE 10.9%
U.S. INFLATION LINKED BONDS 8.4%
MLPs 7.7%
CORE FIXED INCOME 9.2%
HIGH YIELD FIXED INCOME 13.7%
PRIVATE EQUITY 6.8%
NON-U.S. EQUITY 20.8%
U.S. EQUITY 19.7%
CASH 0.8%
REAL ASSETS 2.0%

ASSET ALLOCATION
(AS OF 12/31/2017)
INVESTMENT PORTFOLIO GROWTH (AS OF 12/31/2017)
We take pride in providing promised benefits to our members – securely and on time. Ohio’s public safety officers can be confident in knowing that when they complete their careers, OP&F will provide a lifetime benefit that they can count on.

The OP&F Member Services Department provides breadth of services directly to members, both active and retired. From the time a new recruit starts the job and throughout retirement, OP&F provides education, customer service, and of course, benefit payments.

Improving efficiency and providing members with new ways to learn about what OP&F offers is a goal without an end. We continue to search for the best way to do our jobs and provide service to our membership.

Some legislative changes affected OP&F benefits in 2017:

» On Jan. 4, Governor John Kasich signed a law making it easier for full-time firefighters to get worker’s compensation and OP&F benefits when diagnosed with specific cancers. The law creates a presumption that when a firefighter becomes disabled due to cancer, it was caused by on-the-job activity.

» Changes to Ohio law may allow surviving children to receive extended survivor benefits from OP&F. Previously, these benefits terminated when an unmarried child reached the age of 18, unless they maintained a student status. However, the student status requirement has been eliminated and benefits can now continue to be received by unmarried children until age 22.
Over the years changes to the retiree health care program at OP&F have become necessary to keep funding at an adequate level. In 2017, it became apparent that the current model of providing coverage to our retirees and their dependents was no longer sustainable.

At the end of 2017, the OP&F health care fund was approximately $920 million. However, health care expenses were $203 million in 2017. The expenses are somewhat offset by member contributions ($75 million), investment returns and a small portion of money allocated from active employer contributions. The fact remains, with no changes to the health care plan, funding for health care would be depleted in less than 10 years.

In March 2017, the Board of Trustees voted to end the group-sponsored health care plan and provide retired members with a fixed cap stipend amount to use toward health care. Implementation is targeted for Jan. 1, 2019.

Throughout 2017 and 2018, trustees, staff and consultants work to finalize the details of this complex transition to how OP&F will offer health care assistance to its members. OP&F remains committed to assisting retired members with finding an appropriate health care plan for both Medicare-eligible and non-Medicare eligible populations and assisting them in the cost of coverage.
2017 MEMBERSHIP BREAKDOWN

The Deferred Retirement Option Plan (DROP) continues to be a popular benefit enhancement for OP&F members who are eligible for the program. DROP was implemented in 2003 to allow members who are eligible for a normal service retirement to stay on the job and accumulate a lump sum of money for retirement. Participants must stay in DROP a minimum of five years and no more than eight years to realize the benefits of the plan. At the end of 2017, 90 percent of OP&F members who are eligible chose to participate in DROP.

DEFERRED RETIREMENT OPTION PLAN – POPULATION
(AS OF DECEMBER 2017)

The Deferred Retirement Option Plan (DROP) continues to be a popular benefit enhancement for OP&F members who are eligible for the program. DROP was implemented in 2003 to allow members who are eligible for a normal service retirement to stay on the job and accumulate a lump sum of money for retirement. Participants must stay in DROP a minimum of five years and no more than eight years to realize the benefits of the plan. At the end of 2017, 90 percent of OP&F members who are eligible chose to participate in DROP.
OP&F CUSTOMER SERVICE

- 776 Attendees at the pre-retirement seminars
- 1,063 Pension estimates provided
- 982 Member interviews conducted
- 40,624 Calls answered (48,087 offered)
- 1,242 E-mails answered
- 735 Walk-in member consultations

2017 Benefit Applications Processed:
- Disability: Initial Hearing, Appeal, Recon. 121
- Death Benefit Apps 29
- Survivor 363
- Service Normal & Commuted 792
- DROP Election 744

2017 Membership Changes:
- Survivor Deaths 353
- Member Deaths, Police 195
- Member Deaths, Fire 136
- Enroll Forms, Police 1,152
- Enroll Forms, Fire 981

2017 Customer Service Calls: Top 5 Topics:
- Health Care 5,956
- DROP 4,643
- Member Self Serve 3,235
- Change of Address 2,335
- Service Credit 2,197

Survivor Deaths 353
Member Deaths, Police 195
Member Deaths, Fire 136
Enroll Forms, Police 1,152
Enroll Forms, Fire 981
Our business partners include more than 900 municipalities across Ohio who employ firefighters and police officers. A cooperative working relationship with employers is imperative in order to receive contributions in a timely manner.

A percentage of a member’s pay (12.25 percent) is deducted to help fund pensions, along with a percentage of payroll from the employer (19.5 percent for police employers, 24 percent for fire employers). Accurate and prompt submission of these contribution amounts is vital to properly fund benefits. OP&F’s Finance Department works with employers to ensure this process is completed.

The Finance Department serves as a resource center where all employer-related questions are answered and issues can be resolved. Outreach and communications targeted to employers include legislative or procedural changes and training on reporting and payment procedures.
WHERE OP&F ACTIVE MEMBERS ARE EMPLOYED (BY COUNTY)

10 LARGEST OP&F EMPLOYERS

- Columbus: 3,623 - 12.1%
- Cleveland: 2,326 - 7.8%
- Cincinnati: 1,946 - 6.5%
- Toledo: 1,244 - 4.2%
- Akron: 827 - 2.8%
- Dayton: 672 - 2.2%
- Canton: 314 - 1.1%
- Youngstown: 294 - 1.0%
- Springfield: 277 - 0.9%
- Hamilton: 231 - 0.8%
RETIREES BY STATE

<table>
<thead>
<tr>
<th>State</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONNECTICUT</td>
<td>3</td>
</tr>
<tr>
<td>DELAWARE</td>
<td>3</td>
</tr>
<tr>
<td>D.C.</td>
<td>1</td>
</tr>
<tr>
<td>MARYLAND</td>
<td>11</td>
</tr>
<tr>
<td>MASSACHUSETTS</td>
<td>13</td>
</tr>
<tr>
<td>NEW HAMPSHIRE</td>
<td>5</td>
</tr>
<tr>
<td>NEW JERSEY</td>
<td>4</td>
</tr>
<tr>
<td>RHODE ISLAND</td>
<td>3</td>
</tr>
<tr>
<td>VIRGIN ISLANDS</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONNECTICUT</td>
<td>3</td>
</tr>
<tr>
<td>DELAWARE</td>
<td>3</td>
</tr>
<tr>
<td>D.C.</td>
<td>1</td>
</tr>
<tr>
<td>MARYLAND</td>
<td>11</td>
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<tr>
<td>MASSACHUSETTS</td>
<td>13</td>
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<tr>
<td>NEW HAMPSHIRE</td>
<td>5</td>
</tr>
<tr>
<td>NEW JERSEY</td>
<td>4</td>
</tr>
<tr>
<td>RHODE ISLAND</td>
<td>3</td>
</tr>
<tr>
<td>VIRGIN ISLANDS</td>
<td>1</td>
</tr>
</tbody>
</table>
# ACTIVE MEMBER VALUATION DATA

## AVERAGE MONTHLY BENEFIT PAYMENTS - SERVICE RETIREMENT

**FOR MEMBERS PLACED ON RETIREMENT ROLLS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NORMAL</th>
<th>SERVICE COMMUTED</th>
<th>AGE COMMUTED</th>
<th>AGE / SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$3,797</td>
<td>$1,268</td>
<td>-</td>
<td>$2,569</td>
</tr>
<tr>
<td>2016</td>
<td>3,681</td>
<td>1,444</td>
<td>-</td>
<td>2,724</td>
</tr>
<tr>
<td>2015</td>
<td>3,651</td>
<td>1,522</td>
<td>-</td>
<td>2,707</td>
</tr>
<tr>
<td>2014</td>
<td>3,606</td>
<td>1,698</td>
<td>-</td>
<td>2,455</td>
</tr>
<tr>
<td>2013</td>
<td>3,530</td>
<td>1,292</td>
<td>-</td>
<td>2,590</td>
</tr>
<tr>
<td>2012</td>
<td>3,466</td>
<td>1,241</td>
<td>-</td>
<td>2,341</td>
</tr>
<tr>
<td>2011</td>
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Charles Petro served on the OP&F Board of Trustees from 1965-67, when the pension fund was being created. Fifty years later, he shares his memories from those early days on the Board.

**OP&F:** Tell us about your career

Charles Petro: I retired 33 years ago, in 1983 from the Lakewood Police Department. When I first went on the Board, I was a lieutenant, and then promoted to captain on our force while I was on the Board. Later on, I became Chief of Police.

**How did you become a trustee?**

Before the statewide system, each community had its own pension fund. At the Lakewood pension fund there was a point during the Great Depression that the pensioners were getting a very generous amount, something like 11/16 or 13/16 of their salary. As things went along, the fund almost went broke. By the time the law passed in 1965 creating a statewide fund, our local police fund was at least four months behind in paying pensions.

The retirement rules were set in 1947 by the legislature while the local funds were in operation. Prior to 1947, everyone had their own rules and that is where Lakewood and many other systems got into trouble. That was all in place when the state pension fund act was created.

I was the secretary of the Lakewood Police Pension Fund, so I was involved in this broken down fund and interested in what all was going on. Jim Rhodes was the Governor and I was working for a Republican mayor. So, I suggested it would be a good idea if I could be appointed to the board of this new statewide system. Eventually I worked through the county commissioners and then talked to some people down in Columbus. Eventually I was selected.

**Who made an impression on you during your time on the Board?**

I’m not sure how Ed Schuele (Governor’s representative, 1965-71) was selected, but boy, I tell you one thing, that was a super good selection. He was wonderful. He was the financial officer of Cleveland Heights. He was a sharp guy who knew what he was doing. He was a major asset for us starting out.

**What were some of the challenges you faced in setting up the pension fund?**

The major issue was to find someone to run the operation. We were fortunate to come up with Frank Kropp, who had a lot of experience. I think he was with State Teachers or OPERS.

Finding office space was also important. At that time, the School Employees Retirement System owned 88 E. Broad Street in Columbus. They had built it and that is where they were headquartered. They had some office space and rent was reasonable, so we were very fortunate to secure office space there. Once we got rolling, School Employees were able to help with payments and mailings, so it just made sense.

Selecting an actuary was a big issue too. We had money in so many local banks around the state that needed consolidated, and at different interest rates that were not appropriate. The Wyatt Company was our first actuary and worked out of a Cleveland office. The guy who worked with us lived right down the street from me.

The other big deal was figuring out how to deal with disability claims. We were able to get a doctor that worked at Ohio State and we arranged with him to have people examined and have him explain to us what they were talking about. It was all so new to us.

*A statewide system seems to make sense. Was it a popular decision to consolidate the local funds?*

There was a lot of opposition by some of the local funds when the issue of creating a statewide fund was being discussed. But it was time. There was even a local police fund where everyone on pension was on a disability pension.

Where the heat came, was in the unions. A president of a local fire union was voted out of office because he was in
favor of the statewide fund. There was a lot of heat within the labor organizations.

Later on, there was pressure over individual disability cases on the trustees. In fact, I believe I lost my first trustee election over that. But that’s the way that goes!

*What has changed since those early days?*

Wages when I first went on the job were atrocious, generally across the state. My first year, I made $300 a month, and I bought my own uniform, paid Blue Cross, but I did get vacation time and holidays. One of the things going for us was that after about 25 years you did receive a decent pension. That was one of the important perks of the job. It was one of the reasons I took the job. I think that is still true. Although police work today is very difficult, the pension situation is terrific compared to most private industry.
1965–2017
BOARD OF TRUSTEES

ROBERT BAKER
Governor’s representative
2004-12

RICHARD T. BALAZS
Governor’s representative
1992-2003

MICHAEL L. BEDNAR
Massillon Fire
1965-68, 72-81

ROBERT M. BECK
Cleveland Police
1997-2005

THOMAS BENNETT
Dayton Police
1992-98, 2000-03

WILLIAM R. BENNETT
Cincinnati Police
1987-91

HARRY J. BERKEMER
Columbus Police
1965-67

CHESTER A. BIZGA
Cleveland Fire
1969-71

PAUL W. BROWN
Attorney General
1970

WILLIAM J. BROWN
Attorney General
1971-82

THOMAS M. CALLAGHAN*
Cleveland Fire
1977-82

ANTHONY J. CELEBREZZE, JR.
Attorney General
1984-90

ROGER CLOUD
Auditor of State
1965-71

ANTHONY COYNE
Cleveland Police (Ret)
1991-92

ROBERT M. CRAMER
Governor’s representative
1984-85

LAWRENCE J. DECK
Columbus Police
2004-06

WILLIAM DEIGHTON
Cleveland Fire (Ret)
2003-18

DANIEL DESMOND
Toledo Fire
2014-18

HENRY DOBERSTYN
Cleveland Police (Ret)
1971-79

HUGH J. DORRIAN
Governor’s representative
1971, 76, 79, 87-91

LARRY M. DUKEMAN
Akron Police
1979-84

MARTIN ERBAUGH
Auditor of State’s Representative
1996-98

JOSEPH R. FERGUSON
Statutory member
1971-74

THOMAS E. FERGUSON
Auditor of State
1975-94

LEE I. FISHER
Attorney General
1991-94

JOHN GANNON
Cleveland Fire
1995-97

WILLIAM GALLAGHER
Cleveland Police, (Ret)
1993-95, 98, 2000-11

KENNETH GEHRING
Toledo Fire
1998-2006

DAVID L. GELBAUGH
Treasurer of State’s Representative
2004-08

ANTHONY J. GORSEK
Cleveland Police
2005-07

RICHARD GRABILL
Springfield Fire
1971-74

DAVE HARKER
Dayton Fire
1996-2003

KATHLEEN HARRELL
Cincinnati Police
2006-11

SCOTT HUFF
Cleveland Police
2011-15

RICHARD J. HAUCH
Cincinnati Fire
1983-87

J. DAVID HELLER
General Assembly’s Representative
2008-18

RAYMOND B. JORDAN*
Springfield Police
1969-76

ELMER J. KHAL
Cleveland Fire
1980-94

KARIN MALONEY
TOFFLER
Treasurer of State
2015-16

SCOTT K. MAYNOR
Lyndhurst Fire
2006-10

VIRGIL F. MCDANIEL, JR.
Dayton Police
1988-94

WILLIAM J. MCNEA
Cleveland Police
1977-87

LAWRENCE P. MILLER
Stowe Police
1987-91

BETTY MONTEMAYOR
Attorney General
1995-2003; Auditor of State
2004

EDWARD L. MONTGOMERY
Columbus Police
2008-18

CHARLES MOORE
Governor’s representative
2018

JEFFREY MOORE
West Chester Fire
2001-2018

DAVID J. OWISIANY
Treasurer of State
2012-14

PATRICK J. PATTON
Cleveland Fire (Ret)
1979, 97-98, 2000-02
EXECUTIVE DIRECTORS

JOHN J. GALLAGHER, JR.
2013-present

WILLIAM J. ESTABROOK
2001-2012

ALLEN J. PROCTOR
1997-2001

WILLIAM J. ESTABROOK
1996-1997

HENRY E. HELLING
1988-1996

L. PAUL ROSS
1974-1988

FRANKLIN A. KROPP
1966-1974
PRUDENCE | INTEGRITY | EMPATHY

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