City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes

June 7, 2018 / 2:00 P.M.
City Hall – Committee Room B

Present
Tom Gamel, Chair
Bill Moller, Vice Chair
Christopher Baucom
Don Beets
Steven Dietrich
Chris Meyer
Don Steins
Tom West

Administration Present
Paula Tilsley
Cheryl Volk
Ann Schooley

Absent
Mark Berliant

Meeting was called to order at 2:12 P.M.

APPROVAL OF MINUTES
B. Moller made a motion to approve the May 3, 2018 minutes. C. Meyer seconded the motion and the motion passed. Minutes were approved.

BENEFITS COMMITTEE

• Overview of the Medicare Coordination of Benefits Methodology
  There are various methods of coordinating benefits when Medicare is the primary payor. CRS uses Anthem’s “Medicare Option 1”. Under this approach, Anthem’s deductibles and coinsurance are applied to the balance remaining after Medicare’s payments have been applied. Examples were provided where both Medicare and Anthem cover the same services.

  Because Medicare coverage varies regionally, CRS Members are encouraged to contact Anthem with any questions concerning Medicare coverage.

• Medicare Part A Access Through Spouse Initiative
  CRS retirees who are at least age 65 and who are not eligible for premium free Medicare Part A, may have access to free Part A through a spouse who is at least age 62. If the spouse will be eligible for premium free Part A when they turn 65, the retiree can enroll in premium free Part A through the spouse before the spouse turns 65. CRS is using a targeted postcard campaign to encourage retirees
who may have this option available through a spouse to pursue enrollment with the Social Security Administration.

- **Spousal Audit Update**
  CRS is planning to perform a Retiree Spousal Audit for completion before the end of the year.

**Board Action**
T. West made a motion to accept the Benefits Committee report. S. Dietrich seconded the motion and the motion passed. Benefits Committee report was approved.

**ACTUARIAL RFP REVIEW PROCESS**
Committee compared and evaluated the actuarial fees and services of the nine applicants. Following discussion, three Firms were chosen to advance to the interview phase. The goal is to complete the process and select a Firm by end of July 2018. Committee agreed that Cheiron, Gabriel Roeder Smith, and Cavanaugh Macdonald were the top three Firms. The next step is for each Firm to make a one-hour presentation to the Committee. Dates to be announced.

**Board Action**
B. Moller made a motion to approve the selection of Cheiron, Gabriel Roeder Smith, and Cavanaugh Macdonald as the top three applicants. C. Meyer seconded the motion and the motion passed. Cheiron, Gabriel Roeder Smith, and Cavanaugh Macdonald selected as top three Firms in RFP process.

**2017 VALUATIONS**
Actuaries Ed Koebel, Ben Mobley, and Jeff Gann, from Cavanaugh Macdonald Consulting, LLC, presented the Pension and Retiree Health Benefits Valuation Reports for year 2017. The purpose of the reports is to provide a summary of the funded status of the System as of December 31, 2017, and to recommend actuarially determined contribution rates for the fiscal year ending June 30, 2019.

- Actuarial value of assets funded ratio as of December 31, 2017:
  - **Pension** 75.5% (compared to 76.9% / 2016 valuation)
  - **Retiree Health Benefits** 100.2% (compared to 108% / 2016 valuation)

The Collaborative Settlement Agreement requires and the City continues to contribute a minimum of 16.25% of covered compensation to the pension trust. Actuarially determined contribution rate for fiscal year ending June 30, 2019:

- **Pension** 28.5% of “covered pension” payroll or $52.7 million, but City is expected to only contribute 16.25% of payroll
- **Retiree Health Benefits** 2.58% of “covered health care” payroll or $4.4 million (or 2.4% of “covered pension” payroll), but City has not budgeted a contribution at this time. The parties to the Collaborative Settlement Agreement are actively negotiating a health care funding policy under Court supervision.
  - Assuming all assumptions were realized, an annual minimum contribution of $2 million for each of the next 28 years would keep the plan fully funded.
  - The plan is closed to new employees hired on or after January 1, 2016. Most other plans are not pre-funded. This should be considered when comparing the funded status of the plan to other public plans.
  - The projected 30-year funding ratio with 7.5% assumed rate of return for all years and all other assumptions are realized:
    - **Pension** funding ratio of 82%
    - **Retiree Health Benefits** funding ratio declines annually until reaching 62%, assuming no future employer contributions

**Board Action**

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B. Moller made a motion to approve the 2017 Valuation results. C. Meyer seconded the motion and the motion passed. The 2017 Pension and Health Care Valuations were approved.

**ENVIRONMENTAL/SOCIAL/GOVERNANCE (ESG) INVESTING**
Marquette provided the Board Chair additional information concerning socially responsible investing. Incorporate the new information into the Board’s letter to City Council.

**CRS INVESTMENTS PRESENTATION TO CITY COUNCIL**
CRS Administration and Board to present a CRS investment and valuation overview to City Council. C. Meyer, C. Baucom, B. Moller, T. Gamel, Cavanaugh Macdonald actuaries, Marquette Associates, and P. Tilsley will make a presentation to the July 30, 2018 Budget and Finance Committee.

**2018 BOARD OF TRUSTEES ELECTION UPDATE**
The Nomination period for the CRS Trustee Elections expired June 1, 2018. Steve Dietrich was the sole nominated candidate for the retiree election and Don Stiens was the sole nominated candidate for the employee election.

Per the CRS Election Rules, “If the total number of candidates validly nominated equals the number of vacancies, the election shall be declared closed and the candidates shall be declared the winners.” The Oath of Office will be administered to S. Dietrich and D. Stiens prior to the August 2, 2018 Board meetings.

**FIDUCIARY POLICY RENEWAL**
The Board’s Fiduciary Policy renewing effective July 7, 2018 reflects the second year of a two-year rate guarantee. The primary coverage is provided by CHUBB and the excess coverage is provided by Hudson Insurance Company - Admitted.

**115 HEALTH CARE TRUST FUNDING POLICY**
Judge Barrett and the parties to the Collaborative Settlement Agreement are actively negotiating a 115 Health Care Funding Policy.

**MSD NEGOTIATIONS**
Negotiations continue with Judge Barrett, Hamilton County, and City of Cincinnati. An open meeting is scheduled for June 13, 2018.

Having no further business, D. Stiens motioned to adjourn. C. Baucom seconded the motion and the motion passed. Meeting was adjourned at 3:55 P.M.