



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
December 1, 2022/ 2:00 P.M.
City Hall – Council Chambers and remote**

Board Members Present

Bill Moller, Chair
Tom Gamel, Vice Chair
Mark Menkhaus, Jr.
Kathy Rahtz
John Juech
Jeff Cramerding
Monica Morton
Tom West

Administration

Mike Barnhill
Ann Schooley
Linda Smith
Bev Nussman

CALL TO ORDER

Chair Moller called the meeting to order at 2:02 p.m. and a roll call of attendance was taken. Trustees Moller, Menkhaus, Gamel, Rahtz, Morton, Juech (departed the meeting at 2:45pm), and West were present. Trustee Cramerding was absent.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of November 3, 2022, was moved by Trustee Gamel and seconded by Trustee Juech. The minutes were approved by unanimous roll call vote.

Report from the Performance Evaluation Committee

Trustee Rahtz provided the report from the Performance Evaluation Committee.

The Committee approved the following motions:

- The CRS will conduct an RFP for a fiduciary audit, with a narrow scope that mirrors the scope of the “Phase 1” fiduciary audit recently conducted by the Milwaukee County Employee Retirement System.
- Adoption of a performance evaluation form for the Executive Director, with the addition of footnotes for the Board’s goals and objectives.

- A process to conduct the performance evaluation. The process is for the Executive Director to complete a self-evaluation form, followed by each Board member completing the form and returning to the Committee chair for tabulation.
- Approved the Executive Director's evaluation of the CRS actuary, Cheiron, for CY2022.
- Approved the Executive Director's evaluation of the CRS investment consultant, Marquette, for CY2022.

The Board approved each motion by unanimous roll call vote.

Informational – Executive Director's Report

Director Barnhill provided the following report:

- CRS Staffing Update. One vacancy is now filled (Admin Tech). Making progress on the other vacancies.
- Presentation to City Council and City Manager. Director Barnhill and Chair Moller presented an updated CRS presentation to new City Manager Sheryl Long. Additionally they were available for questions at a recent City Council Finance and Budget Committee meeting, that was scheduled as a result of the Board's submission of its CY2021 Annual Report. Trustee Moller shared that in both meetings there was discussion about making a rate increase part of the City's next budget cycle. The Board will prepare a letter recommendation regarding the City's contribution rate so that it can be considered in that budget process.
- Portfolio Status.
 - The Oct. 31 YTD return is -11%. The month of November has seen investment gains, but the markets remain quite volatile with large gains followed by large losses.
 - Ullico infrastructure was funded (\$50mm) last week. This was funded by withdrawals from the underweight domestic and international equity allocations. Liquidity is increasingly a challenge.
 - The current plan is to withdraw \$50mm from real estate managers and \$25mm from infrastructure managers to get the portfolio closer to target. Trustee Moller remarked that CRS has higher negative cashflow than its peers, which creates liquidity challenges, particularly when there are market downturns.
 - Owl Rock, a recently retained private credit manager, updated its limited partnership agreement. The changes were relatively non-impactful to CRS: extending the initial period for capital raising by one year and increasing the allowed leverage. Brett Christiansen advised that the anticipated leverage in the investment is expected to be 1.25%. The new language allows leverage to be higher, but only for temporary periods.
- Retirement 101 Presentation for Group F. 40 active members participated and asked very good questions. Staff is looking forward to doing more of these education sessions over the next year.
- Call metrics. In November, staff is picking up 50-55% of incoming calls. This is disruptive for the operations staff that are answering the majority of the calls, so Director Barnhill is proposing to dedicate one staff member to answer and triage as many calls as possible, so that the operations staff are not interrupted as frequently.

UNFINISHED BUSINESS

Outstanding Opinions:

Board Approved Motion, October 3, 2019

- Item 1. Explain why City's changes to retiree healthcare are permitted under the CSA without Court approval.
- Item 2. Explain why the Board cannot retain outside counsel on matters which the Solicitor's Office will not give counsel.

Ms. Schooley stated that the opinions have been transmitted to Director Barnhill. Director Barnhill advised that he will transmit them to Board members today. Director Barnhill indicated that he would like to share his views on the opinions with Board members, but thought that completion of this long-standing item was a positive step forward. Trustee Moller stated he would like to have discussion about the opinions but would await advice on the appropriate way to have that discussion.

New Business

Election of Board Chair and Vice Chair.

Trustee Gamel nominated Bill Moller for Chair. The Board elected Trustee Moller as Chair by unanimous roll call vote.

Trustee Moller nominated Tom Gamel for Vice Chair. The Board elected Trustee Gamel as Vice Chair by unanimous roll call vote.

2023 CRS Budget

Director Barnhill presented a proposed budget for CY2023. Highlights include:

- Total increase in operating expenses of \$780k (+26% over previous year). This is primarily to address the need for additional staff.
- One of the biggest risks is key staff risk; all the most experienced staff can retire in the next 2-3 years. Preparing for that now is important.
- Office staff increases tally to \$419k. This encompasses: two new staff, Admin Tech to answer the phones and staff the front desk; Senior Accountant to provide financial audit support, backup for accounting functions and succession planning for key staff who can retire in next 2-3 years; CODE contract increases; succession contingency (double-fill) if key staff leaves in 2023, and 2022 position upgrades.
- A priority list of increases is in the presentation
- Data processing increases tally to \$179k. This primarily encompasses a comprehensive scanning project that will improve staff access to member documents and the efficiency with which member questions can be answered. It will also improve the security around CRS documents.
- Audit increases tally \$150k. These increases are to pay for the fiduciary audit approved by the Board as well as to start preparing audited CRS financial statements in conjunction with a CRS Annual Comprehensive Financial Report.
- Investment consultant increases tally to \$50k. In 2023, CRS will issue an RFP for investment consultant, and it is expected that this cost will go up.
- In sum, total budgeted operating and investment expenses will be 0.47% of assets under management, an increase of 0.05% from the prior year. While this is a large increase, we remain below the average expenses of peer systems.

Trustee West asked about the selection of the Admin Tech job classification. Director Barnhill responded

that the Admin Tech classification was selected because of the high complexity in CRS that all staff need to be familiar with. Trustee West responded that this positions should be a CSR, and had been CT3 in the past. Director Barnhill indicated that he would continue to review this so that it is staffed appropriately.

Trustee Rahtz spoke in support of the budget, particularly the elements related to customer support.

Trustee Morton spoke in support of the budget, particularly those that improve member education and customer service.

Trustee Gamel moved, and Trustee Morton seconded, to approve the CY2023 budget as submitted. Trustee Moller expressed concern that the proposal is a significant increase to the budget, and that he would be more comfortable if there was a commitment from the City to increase its employer contribution to the system. The Board approved the motion on unanimous roll call vote (6-0; Trustee Juech left the meeting).

Director Barnhill expressed thanks to the Board for supporting the budget request. Director Barnhill supported the concerns expressed by Trustee Moller, and expressed hope that there is a way forward to collaboratively increase the City's contribution to the system. Director Barnhill expressed his view that employer funding is the most important issue faced by CRS.

Trustee Moller stated that beginning in January, representatives of CRS should begin to meet with stakeholders, including City Council members, with respect to increasing contributions to CRS. Trustee Moller proposed having Dr. Dudas, City Budget Director, appear before the Board at an upcoming meeting to explain the City's budget process.

Stop Loss Insurance

Director Barnhill presented the results of an analysis by Horan Consulting on stop loss insurance for the CRS pre-65 healthcare plans. Director Barnhill advised that the insurance proposals would not save money in year 1, and therefore he did not recommend proceeding with purchase of stop loss insurance at this time. Instead, Director Barnhill recommended that we continue to monitor high cost claims to see if stop loss insurance could potentially be of benefit in hindsight. That may inform decisions in the future.

Director Barnhill also reported that the post-65 health plans are fully insured by Anthem, and that the premiums will reset on 1/1/2024. To date, the healthcare costs borne by CRS have been remarkably flat, while claim costs borne by Anthem appear to be increasing. It is possible that the Anthem premiums will increase in 2024, and he intends to work with Horan on how best to prepare or mitigate any large proposed premium increase by Anthem.

Trustee Gamel asked whether costs have gone up for members. Director Barnhill stated that he does not have access to information to determine whether member out of pocket costs have increased in the Medicare Advantage plan, but that is something he will look into.

Trustee Gamel also asked about the mechanics of how stop-loss insurance works.

Trustee Moller agreed that it makes sense to put the stop loss proposal on hold for now, and re-evaluate in conjunction with any premium increase proposed by Anthem.

CY2023 Board Calendar

Trustee Moller stated that the proposed calendar is essentially the same as the calendar for CY2022.

Director Barnhill asked whether the Governance Committee wants to meet in January. Trustee Menkhaus (Chair of Governance Committee) expressed a desire to meet in January. Director Barnhill and Trustee Menkhaus will work to determine a date and time for meeting.

Director Barnhill asked about the Board's preference for meeting location. The Trustees discussed the pros and cons of meeting in Committee Room B. Livestream is not possible in Committee Room B. Trustee Moller stated that remote participation is helpful to some board members, and so the Board will continue to meet in Council Chambers.

Committee Assignments

Trustee Moller reported that he will be making Committee assignments for 2023-2024. Director Barnhill will send a committee assignment survey.

Board Vacancy

Trustee Morton asked for a status on the remaining Board vacancy. Director Barnhill advised that the previous mayoral appointment could not serve because of conflict conditions required by the appointee's employer. Mr. Barnhill hopes the mayor will be able to appoint a replacement soon.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Rahtz, the Board approved the motion by unanimous roll call vote. The meeting adjourned at 3:13 PM.

Meeting video link: <https://archive.org/details/crs-board-12-1-22>

Next Meeting: January 12, 2023 at 2:00 p.m.



Secretary