



**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
July 13, 2023 / 2:00 P.M.
City Hall – Council Chambers and remote**

Board Members

Bill Moller, Chair
Tom Gamel, Co-Chair
Kathy Rahtz
Mark Menkhaus Jr.
Monica Morton
John Juech
Tom West
Seth Walsh
Aliya Riddle

Administration

Karen Alder
Mike Barnhill, Consultant
Keva Elam

Law

Ann Schooley
Linda Smith

CALL TO ORDER

Chair Moller called the meeting to order at 2:01 p.m. and a roll call of attendance was taken. Trustee Juech and Walsh were absent.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of June 8, 2023, was moved by Trustee Gamel and seconded by Trustee Menkhaus. The minutes were approved by unanimous roll call vote.

Report from Governance Committee

Trustee Menkhaus explained the motion to approve the new Ethics Policy. The Ethics Policy would apply to the Board members but not to employees that are part of the City Administration. Trustee Menkhaus highlighted that the Ethics Policy mirrors the Ohio Administrative Code and the ORC. Chair Moller motioned to approve, and no second was needed. Motion was approved by a majority roll call vote.

Trustee Menkhaus explained the motion to approve a revision to the Training Policy that would make training for the Board members a requirement. He also indicated that the Executive Director would be responsible for creating a training plan for each individual and making training opportunities known to the Board. Chair Moller motioned to approve, and no second was needed. Motion was approved by a unanimous roll call vote.

Trustee Menkhaus explained the motion to adopt Committee Charters for the Benefits Committee, Governance Committee, and Investment Committee. Chair Moller motioned to approve the three charters and no second was needed. Motion was approved by a unanimous roll call vote.

Report from Performance Evaluation Committee

Trustee Rahtz explained the motion to add the Annual Performance Evaluation of the Executive Director to the 2023 Performance Evaluation Committee Goals and Objectives. Chair Moller motioned to approve the addition and no second was needed. Motion was approved by a unanimous roll call vote.

Informational – Staff Report

May 2023 Investment Results (Marquette)

Chair Moller explained that YTD investment returns were just slightly less than the benchmark but a little over 3% which is much less than the current 7.5% assumption.

Procurement Update (RFPs for Investment Consultant, Fiduciary, Audit, Dental)

Director Alder stated that the evaluation of the Fiduciary Audit proposals is complete. The Evaluation Committee has a recommendation for the Board, which is to go with Funston Advisory Services. They were the lowest cost as well as a competitive proposal with very comprehensive experience in this area. Chair Moller asked what the actual cost is, and Director Alder answered it is \$102,400. She also stated, just for comparison, the most expensive is \$152,500, and the next closest price is \$139,500. Chair Moller commented that Funston has done similar work for the State of Ohio systems. Chair Moller motioned to approve Funston as the Fiduciary Auditor and the motion was seconded by Trustee Gamel. Motion was approved by a unanimous roll call vote.

Director Alder explained that five proposals have been received from investment consulting firms which are currently being evaluated and the Evaluation Committee's scoring is due Friday, July 21, 2023.

Chair Moller asked Director Alder to remind the Board of the process, who makes the decision, and who is involved. Director Alder reminded the Board that the Evaluation Committee is made up of City employees that will do the scoring. There are a few advisory members, who are Board members, and they have access to the proposals received. Mr. Barnhill is also in an advisory role. The recommended award will then come to the Board for approval. If the Board approves the recommended vendor, the next step is approval of the vendor award by the City Manager.

Director Alder explained that the Dental RFP was cancelled, at the direction of the Board, and will be revisited next year. The contract with Superior was amended to continue for the next calendar year.

Status of Executive Director Search Process

Director Alder told the Board that an offer was extended and denied, so additional interviews have been conducted. Another candidate has been selected and they will be contacted to begin negotiations. Director Alder will inform the Board once finalized.

Staff Update

Director Alder told the Board that Terra Williams started on June 26, 2023, in the Finance Manager role, double filling with Bev Nussman. She has been working diligently to get up-to-speed prior to Bev's retirement.

The Benefit Counselor position will be held vacant until a new Executive Director is hired. Director Alder feels that it is important for the new Director to assess the staff that are currently there and select the person they think is most suitable for that role.

DROP Actuarial Analysis Update

Director Alder stated the report from Foster and Foster had been received. The report is different than what was conducted by Cheiron originally. Cheiron did an analysis based on the participants already in DROP, where Foster and Foster did an analysis of the cost of the system looking forward with projections on DROP participation. The Foster and Foster's analysis determined that the DROP program is cost neutral. Director Alder has reached out to Cheiron to do a peer analysis of the Foster and Foster proposal and has not received that back yet.

Chair Moller reminded the Board that a copy of the analysis is in the packet. Cheiron's analysis in August 2020 concluded there would be \$11.6 million in additional liability due to DROP. He stated the Foster and Foster analysis is based more on assumptions and not experience.

Healthcare Funding Policy

Director Alder explained that in the packet, there is the motion that was passed by the Board earlier this year and a draft proposal that the City Administration has created.

Chair Moller commented that the recent draft created by the City Administration does not reflect what the Board had approved in its motion. There are some significant differences, with the most significant being the "no contribution in the City draft policy until the Pension Trust is 85% funded." Chair Moller further explained that based on the Board's incremental approach funding the pension, which would not occur until 2043 so effectively the City Policy says they do not have to contribute to the healthcare policy until 2043. Chair Moller does not think this is particularly helpful.

Benefits Committee: July 25

Chair Moller explained that there will be several items on the agenda and encouraged members to attend if they can.

Old Business

Chair Moller addressed the Annual Report, which was included in the packet. He explained that it was modeled after reports that have been provided in the past in terms of organization and style. The Board's recommendation on the Pension Trust Funding is included. Chair Moller thanked Director Alder for creating the report and Trustee Gamel for helping to review it.

Chair Moller motioned to accept the Annual Report that is in the packet and the motion was seconded by Trustee Gamel. Chair Moller will give the report to the Mayor and members of the City Council once approved. Motion was approved by a unanimous roll call vote.

New Business

Director Alder informed the Board the Fiduciary Insurance, which insures the Board against any lawsuits, was up for renewal on July 7th. The renewal included an increase of \$3,000 to the annual premium. The insurance includes \$5 million worth of basic coverage and excess coverage of up to \$10 million for a total of \$15 million. Director Alder also explained that there has been concern over ensuring the Board due to the lack of funding for the system.

Chair Moller commented that the renewal was not as a result of an RFP or bid process, but a renewal of a contract that the Board has had, which Director Alder confirmed. She explained that the broker does bid things out but given the circumstances the Board is fortunate to be able to renew the coverage with the current carrier. Trustee Menkhaus asked how significant the \$3,000 increase is to the premium. Director Alder responded that it went from \$96,959 to \$99,950 which is not significant.

Director Alder proposed to add discussion regarding retiree Health Reimbursement Arrangement (HRA) Plan to the Benefits Committee meeting in July. Currently, CRS has out-of-pocket maximums that are a little less than what the active population offers. The City recently raised their out-of-pocket maximums to try to encourage more participation in the HRA program. The more people that participate, the less healthcare expenses the Retirement system is paying. Director Alder will be recommending slight increases to make the maximums even with the Actives plan.

Chair Moller asked how many people are currently participating in the HRA program, to which Director Alder responded she believes participation is very low.

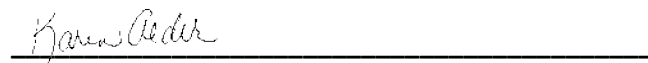
Chair Moller will refer this to the Benefits Committee on July 25, 2023.

Adjournment

Following a motion to adjourn by Trustee Menkhaus and seconded by Trustee Gamel. The Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:24 p.m.

Meeting video link: <https://archive.org/details/crs-board-7-13-23>

Next Meeting: Thursday, August 3, 2023 at 2:00 p.m. – City Hall Council Chambers and via Zoom



Secretary