City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
May 7, 2026 / 2:00 P.M.
City Hall – Council Chambers and remote

CALL TO ORDER
Chair Moller called the meeting to order at 2:01 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Rivolta, Riddle, Morris, and West were present.

PUBLIC COMMENT
No public comment.

APPROVAL OF MINUTES
Trustee Rahtz Gamel moved to approve the minutes of the Board meeting of April 2, 2026. The motion was seconded by Trustee Rahtz. The minutes were approved by unanimous roll call vote.

Report on Investment Committee
Chair Morris reported that the Investment Committee approved a motion to approve the Marquette 3Q Investment Report. Because this came from committee, no second was needed. The motion was approved by unanimous roll call vote.

Informational – Staff Report
Marquette Investment Report
A new IPS was approved at the February meeting. The plan made its initial investments in Silver Point, Manager A, & Kirkoswald at the end of the quarter. 463 and Whitebox are still to be funded. An additional $10 million was committed to Bain Global Direct Lending and AG Direct Lending. The plan's

Private Debt funds called $1.4 million during 1Q26 while distributing $2.4 million. The plan's Private Equity funds called $6.8 million during 1Q26 while distributing $13.9 million.

Update Regarding Hedge Fund Investment
The onboarding process for five hedge funds (approved in last year's asset allocation) has been completed. Three funds were activated April 1, 2026, and the remaining two on May 1, 2026. These allocations are expected to first appear in the Q2 Marquette report.

Staff Update
An offer for the Investment Analyst position was extended and accepted, with an anticipated start date in mid-June. The Administrative Technician position remains open and is actively being filled. Julie Ellison has accepted the Administrative Specialist position and will continue supporting the front office operations and serve in that capacity until a new Administrative Technician is hired.

Pension Funding Policy Update
The packet includes a Council motion increasing the employer contribution rate from 18.5% to 19.25%. The budget is still in draft but is expected to be formally finalized and sent at the end of May (target – May 22) and move toward Council approval on June 17. The finalized budget will include an increase in the employer contribution for CRS.

Elections Update
Things are on schedule with anticipation of getting nominations back for candidates in the next month or so. Director Salstrom will give a further update then.

Annual Report Timeline Update
With the actuarial valuations from Cheiron now complete, the next step is to begin drafting the annual report. Director Salstrom will collaborate with the Board Chair to refine and finalize the draft and present it to the Board in June. Following Board review, the report is typically submitted to Council shortly thereafter (June/July timeframe). However, formal presentation to Council will occur after the summer recess, in September.

Old Business
No Old Business.

New Business
Cheiron Presentation (Pension Trust Valuation Report & 115 Trust Valuation Report)
Kevin Woodrich and Janet Cranna were in attendance to present the Pension Actuarial Valuation as of December 31, 2025.

Pension Actuarial Valuation Summary (as of December 31, 2025)
Overall Financial Position

- The pension fund showed strong investment performance, with:
    - 13.96% return on Market Value of Assets
    - 8.49% return on Actuarial Value of Assets
- Despite strong returns, there was a liability loss of $20.8 million (0.8%) after reflecting actual 2025 experience.

Funded Status

- Actuarial basis (AVA):

    - Slight decrease in funded ratio from 68.3% → 68.1%
- Market basis (MVA):
    - Improvement from 67.7% → 71.0%

Takeaway:
Market performance improved overall funded position, but actuarial smoothing and experience losses slightly reduced the AVA ratio.

Contribution Requirements
- Actuarially Determined Contribution (ADC) rate decreased:
    - From 31.43% → 29.58%
- This decrease occurred despite a higher unfunded liability, because:
    - Total payroll increased by 10%, lowering the rate when expressed as a percentage of payroll

Additional Context
- Prior significant contributions included:
    - $220 million (CSA contribution)
    - $17.9 million (transferred earnings/expenses)
- Workforce indicators:
    - 542 of 1,364 part-time active members had reported final pay periods before December 2025
- DROP program participation declined slightly:
    - 71 participants in 2025 vs. 96 in 2024
- The City continues required annual contributions:
    - $2.7 million annually through July 31, 2035

Key Takeaways
- Strong investment returns improved market-based funding
- Slight actuarial decline reflects liability experience and smoothing effects
- Lower contribution rate driven primarily by payroll growth, not reduced obligations
- Long-term funding commitments and demographic shifts remain important factors

Gaelle Gravot and Robert Murray were in attendance to present the OPEB Actuarial Valuation as of December 31, 2025.

OPEB Funding Status (as of December 31, 2025)
- The trust remains significantly overfunded:
    - 200.8% funded (Actuarial Value basis)
    - 208.5% funded (Market Value basis)
- As a result:
    - Actuarially Determined Contribution (ADC) = $0
    - No additional funding is currently required

Key Plan Changes & Historical Impacts
- Plan was closed in 2015, limiting future liability growth
- 2016 liability reduction driven by:
    - Lower projected drug costs
    - Contribution changes
    - Asset transfer to pension

- 2020 Medicare Advantage (MA) plan transition:
    - Reduced 2019 liabilities by $127M+
    - Continues to shape lower long-term obligations

2025 Experience & Drivers of Change
Losses
- $3.6M liability loss from census changes
    - Driven mainly by retirement patterns and Medicare elections

Gains
- $73.1M liability gain overall, including:
    - ~$55M from Medicare Rx (Part D) changes and subsidy increases
    - ~$18M from favorable medical and prescription claims experience
- Additional favorable 2025 experience:
    - Claims performance better than expected
    - Higher rebates (36% increase vs. 2024)
    - Lower net plan cost per member

Healthcare & Market Considerations
- Part D market is highly volatile due to Inflation Reduction Act (IRA) changes through ~2030
- Redesigned 2025 Part D benefits provide:
    - Lower retiree out-of-pocket costs
- Future risk area:
    - Potential GLP-1 drug coverage (weight-loss medications) starting 2027
    - Could significantly increase liabilities, but not yet reflected

Accounting & Forward Planning (GASB 74/75)
- Discount rate depends on asset performance:
    - Likely 7.5% if no fund depletion risk
    - Could drop (e.g., ~6.05%) under severe negative returns
- Upcoming deliverables:
    - GASB 75 report (draft): October 2026
    - 2027 healthcare contribution rates: September 2026

Key Takeaways
- OPEB trust is financially strong and overfunded, requiring no near-term contributions
- Favorable claims experience and subsidies have significantly improved liabilities
- However, future healthcare policy changes and drug costs remain key risks
- Actuarial results are stable but sensitive to external healthcare and market trends

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 was adjourned at 3:10 p.m.

Meeting video link: https://archive.org/details/crs-board-5-7-26v

Next Meeting: Thursday, June 4, 2026, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Jon Salstrom

Secretary