



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

November 4, 2021 / 2:00 P.M.
City Hall, Council Chambers and via Zoom

Members

Tom Gamel	John Juech
Bill Moller	Betsy Sundermann
Don Stiens	Kathy Rahtz
Mark Menkhaus Jr.	Erica Winstead

Administration

Mike Barnhill
Paula Tilsley
Renee Kabin
Ann Schooley
Linda Smith

Call to Order

Approval of Minutes

- Meeting Minutes – October 7, 2021

Investment Committee Report

- Report from Committee, November 4, 2021

Unfinished Business

- Outstanding Opinions:
 - K. Rahtz 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.

Informational

- 3rd Qtr. Budget Update
- 3rd Qtr. DROP Report
- 3rd Qtr. Demographic Report
- 115 Health Care Trust Funding Policy
- Pending Board Items: Fiduciary Performance Audit

Adjournment

Next Meeting: Thursday, December 2, 2:00 P.M. City Hall, Council Chambers and via Zoom



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
October 7, 2021/ 2:00 P.M.
City Hall – Council Chambers**

Present

Bill Moller, Chair
Tom Gamel, Vice Chair
Mark Menkhaus, Jr.
Kathy Rahtz
Betsy Sundermann
Erica Winstead

Staff Present

Paula Tilsley
Renee Kabin
Ann Schooley
Linda Smith

Absent: John Juech, Don Stiens

CALL TO ORDER

The meeting was called to order at 2:02 p.m. and a roll call of attendance was taken.

B. Moller took the agenda out of order to discuss the Executive Director Search and allow for the introduction of Michael Barnhill, the final candidate for Executive Director for the Cincinnati Retirement System.

Board Action

B. Moller made a motion to enter into Executive Session to discuss a personnel issue. K. Rahtz seconded the motion. A roll call vote was taken, with results listed below.

B. Moller – Y
T. Gamel – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead – Y

The motion to enter into executive session to discuss a personnel issue was approved.

Board Action

B. Moller made a motion to consent to the compensation package offered to Michael Barnhill on October 7, 2021 for the position of Executive Director of the Cincinnati Retirement System. T. Gamel seconded the motion to approve. Results of the roll call vote follow:

Mr. Moller– Y
Mr. Gamel – Y
Mr. Menkhaus, Jr. - Y
Ms. Rahtz - Y
Ms. Sundermann –Y
Ms. Winstead - Y

The motion to consent to the compensation package for Michael Barnhill for the Executive Director position was approved.

No approval for an exception to the annual budget was needed.


APPROVAL OF MINUTES

K. Rahtz made a motion to approve the minutes of the September 2, 2021 Board of Trustees meeting. E. Winstead seconded the motion to approve. Results of the roll call vote follow:

Mr. Moller– Y
Mr. Gamel – Y
Mr. Menkhaus, Jr. - Y
Ms. Rahtz - Y
Ms. Sundermann –Y
Ms. Winstead - Y

The motion to approve the minutes of the September 2, 2021 Board meeting passed.

UNFINISHED BUSINESS

 Outstanding Opinions:

K. Rahtz 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.

A. Schooley reported there is no update.

Board’s Annual Report to Council

B. Moller reported that the Board of Trustees Annual Report to Council had been sent to all Council Members via email from the Board Chair, per guidance received from the City Administration that the Board may send the report directly to Council members.

Asset Liability Study Follow-up

Mr. Moller presented for discussion some ways in which different actuarial scenarios could be

presented and discussed at a future Board meeting. T. Gamel asked if staff could run alternate scenarios. P. Tilsley stated that CRS would need to purchase a subscription to Cheiron's software in order to run scenarios. The Board Chair referred an additional funding scenario that was prepared after the Asset/Liability Study to the Investment Committee.

✚ Governance Committee Rules of the Board

B. Moller gave an overview of the work that has occurred over several months to update the Rules of the Board. M. Menkhaus, Jr. presented changes that have been made to the Rules.

- Rule I: Order of Business to include as shown in the draft copy;
- Rule III: Meetings generally held monthly in accordance with an annual calendar of dates as approved by the Board of Trustees each year.
- Rule IV: Clarifies the Secretary as the CRS Executive Director.
- Rule V: Special meetings may be called by the Chairperson or two or more members not less than 48 hours before the meeting with at least 24 hours' notice;
- Rule VIII: Add the Performance Evaluation Committee as a standing committee;
- Rule IX: Clarifies that the Chair refers items to committees instead of the Secretary.
- Rule X: A member who fails to attend at least two-thirds of the regular and special meetings of the Board during any two-year period forfeits membership on the Board. This brings the rule in line with the Cincinnati Administrative Code.
- Deletion of Rule XIII and Rule XVI, as these are represented in the CSA and CMC respectively.
- Rule XIV: Add "The Board will follow the City's Purchasing Department procedures as described in Section N of the Collaborative Settlement Agreement Board Reforms."
- No changes to Rule XIX.

Board Action

M. Menkhaus, Jr. made a motion to accept the changes as they appear in the draft copy provided. B. Sundermann asked why there was a separate Performance Evaluation Committee. Ms. Sundermann further stated the performance evaluation function is typically part of a Governance Committee. B. Moller explained it came about as an effort to coordinate with the City Manager's annual evaluation of the Executive Director, and M. Menkhaus, Jr. explained part of the Committee's job is to develop the metrics on which the Executive Director is evaluated. B. Moller suggested the Performance Evaluation Committee could be incorporated into the Governance Committee once the Governance Manual is completed and approved. B. Sundermann maintained those functions belong squarely within the Governance Committee. A. Schooley pointed out that for consistency, to capitalize "Retirement" in Section B of Rule XIX in the draft copy. Upon further discussion, M. Menkhaus, Jr. amended his motion to hold any changes to Rule VIII, and to capitalize the word Retirement in section B of Rule XIX. E. Winstead seconded the amended motion. A roll call vote was taken and the results follow:

B. Moller – Y
T. Gamel – N
K. Rahtz – N
M. Menkhaus, Jr. – Y
B. Sundermann – Y

E. Winstead - Y

With four yeas and two nays, the amended motion to approve all changes excluding the changes to Rule VIII and to capitalize the word “Retirement” in section B of Rule XIX did not have enough votes for action and is held for a future meeting.

INFORMATIONAL

✚ Investment Update

B. Moller stated the written update was a helpful way of seeing all the recent investment motions and activity the Board has initiated and thanked the Finance Manager for creating it.

✚ August Monthly Investment Report

No discussion occurred.

✚ 115 Health Care Trust Funding Policy

P. Tilsley reported there is no update.

✚ Pending Items: Fiduciary Performance Audit

B. Moller stated such an audit provides insight on how well a Board is functioning and will be discussed at a future Board meeting.

Board Action

With no other business before the Board, E. Winstead made a motion to adjourn. M. Menkhaus, Jr. seconded the motion. Roll call vote results follow:

B. Moller - Y

T. Gamel – Y

M. Menkhaus, Jr. – Y

K. Rahtz – Y

B. Sundermann – Y

E. Winstead - Y

The motion to adjourn passed. Meeting adjourned at 2:57 P.M.

Next Meeting: November 4, 2021 at 2:00 p.m.

**City of Cincinnati Retirement System
Cash Flow Budget Analysis - as of September 30, 2021**

	Budget 2021	Actual Q3, 2021	Difference	% of Budget Utilized	75% of Budget	Difference 75% of Budget v Actual
75% Expectation						
Office Staff	1,649,000	1,043,532	605,468	63%	1,236,750	193,218
Office Expenses	101,500	43,890	57,610	43%	76,125	32,235
Training and Travel	54,000	75	53,925	0%	40,500	40,425
Data Processing	415,500	251,637	163,863	61%	311,625	59,988
Professional Fees	410,000	186,427	223,573	45%	307,500	121,073
Other	6,600	915	5,685	14%	4,950	4,035
Fiduciary Insurance	75,000	71,127	3,873	95%	56,250	(14,877)
Operating						
Budget Total	2,711,600	1,597,603	1,113,997	59%	2,033,700	436,097
Member						
Cost (75% expectation)	218,810,000	169,437,303	49,372,697	77%	164,107,500	(5,329,803)
Contributions						
(75% Expectation)	54,815,000	43,108,521	(11,706,479)	79%	41,111,250	1,997,271
Net Investment						
Returns						
(75% Expectation)	175,289,488	250,976,331	75,686,843		131,467,116	119,509,215

2021 CRS CASH FLOW BUDGET

<u>I. OPERATING EXPENSES</u>	<u>2021 BUDGET</u>	<u>% Cost of Operations</u>	<u>2021 YTD September</u>	<u>Difference Budget v Actual</u>	<u>75% of Budget</u>	<u>Difference 75% v Actual</u>
<u>A Office Staff</u>						
1. Salaries & Wages	1,214,000	44.77%	839,011	374,989	910,500	71,489
2. Fringe (35%)	425,000	15.67%	204,521	220,479	318,750	114,229
3. Temporary Services	10,000	0.37%	0	10,000	7,500	7,500
A. Total Office Staff	1,649,000	60.81%	1,043,532	605,468	1,236,750	193,218
<u>B Office Expenses</u>						
1. Office Improvements	11,000	0.41%	0	11,000	8,250	8,250
2. Equipment / Purchase and Rent	10,000	0.37%	2,139	7,861	7,500	5,361
3. Supplies	2,000	0.08%	1,351	649	1,500	149
4. Printing and Postage	78,500	2.89%	40,400	38,100	58,875	18,475
B. Total Office Expenses	101,500	3.75%	43,890	57,610	76,125	32,235
<u>C Training and Travel</u>						
1. Training/Travel Board	32,500	1.20%	0	32,500	24,375	24,375
2. Training/Travel Staff	21,500	0.79%	75	21,425	16,125	16,050
C. Total Training and Travel	54,000	1.99%	75	53,925	40,500	40,425
<u>D Data Processing Expenses</u>						
1. Pension Gold Hosting and Modifications	214,500	7.91%	214,206	294	160,875	(53,331)
2. Pension Gold Annual License Fee	129,000	4.76%	0	129,000	96,750	96,750
3. Regional Computer Center (ETS)	3,000	0.11%	0	3,000	2,250	2,250
4. Hardware and Software for PCs	39,000	1.44%	14,517	24,483	29,250	14,733
5. Other	30,000	1.11%	22,914	7,086	22,500	(414)
D. Total IT Expenses	415,500	15.33%	251,637	163,863	311,625	59,988
<u>E Professional Services</u>						
1. Actuarial Fees	162,000	5.97%	92,273	69,727	121,500	29,227
2. Consulting Fees	110,000	4.06%	42,945	67,055	82,500	39,555
3. Legal Services	110,000	4.06%	32,940	77,060	82,500	49,560
4. Retiree Locator Fees	3,000	0.11%	0	3,000	2,250	2,250
5. Treasury, Accounts and Audits	25,000	0.93%	18,269	6,731	18,750	481
E. Total Professional Services	410,000	15.13%	186,427	223,573	307,500	121,073
<u>F Other Expenses</u>						
1. Board Meeting Expenses	2,500	0.09%	0	2,500	1,875	1,875
2. Membership and Subscriptions	4,100	0.15%	915	3,185	3,075	2,160
F. Total Other	6,600	0.24%	915	5,685	4,950	4,035
<u>G Insurance</u>						
Fiduciary Insurance	75,000	2.77%	71,127	3,873	56,250	(14,877)
G. Total Insurance	75,000	2.77%	71,127	3,873	56,250	(14,877)
Total Operating Costs	2,711,600	100.02%	1,597,603	1,113,997	2,033,700	436,097

Programing fees paid in block purchase
Paid once per year

Paid once per year

2021 CRS CASH FLOW BUDGET (Continued)	2021 BUDGET	% Cost of Benefits	2021 YTD September	Difference Budget v Actual	75% of Budget	Difference 75% v Actual
II. MEMBER BENEFITS EXPENSES						
A. Pensions	182,900,000	83.59%	143,190,935	39,709,065	137,175,000	(6,015,935)
B. Return of Contributions	2,460,000	1.12%	1,734,403	725,597	1,845,000	110,597
C. Death Benefits	550,000	0.25%	518,867	31,133	412,500	(106,367)
D. Medical	32,900,000	15.04%	23,993,098	8,906,902	24,675,000	681,902
Total Benefit Costs	218,810,000	100.00%	169,437,303	49,372,697	164,107,500	(5,329,803)
III. CONTRIBUTIONS						
	2021 BUDGET	% of Contributions				
A. City Contributions @16.25%	34,035,000	62.09%	26,312,896	(7,722,104)	25,526,250	786,646
B. Employee Contributions (9.0%)	18,850,000	34.39%	15,240,855	(3,609,145)	14,137,500	1,103,355
C. Retiree Medical Premiums	2,180,000	3.98%	1,769,886	(410,114)	1,635,000	134,886
D. Transfers In (Out) Reciprocity	(250,000)	-0.46%	(215,116)	34,884	(187,500)	(27,616)
Total Contributions	54,815,000	100.00%	43,108,521	(11,706,479)	41,111,250	1,997,271
IV. NET INVESTMENT RETURNS						
A. Gross Returns	184,405,488		257,572,399	73,166,911	138,304,116	119,268,283
B. Investment Expenses						
1. Custodial Fees	296,000		253,157	42,843	222,000	(31,157)
2. Investment Consultant	235,000		176,250	58,750	176,250	0
3. Investment Management Fees	8,585,000		6,166,661	2,418,339	6,438,750	272,089
Total Investment Expenses	9,116,000	0.39%	6,596,068	2,519,932	6,837,000	240,932
Net Investment Returns (Budget 7.5%)	175,289,488		250,976,331	75,686,843	131,467,116	119,509,215
NET CHANGE IN FUND BALANCE	8,582,888		123,049,946	114,467,058	6,437,166	116,612,780

2020 Custodial Fees Paid in 2021

Cincinnati Retirement System
DROP Quarterly Report for 2021

Totals at 12/31/2020	Q1	Q2	Q3	Q4	2021	Life of Plan Participation
Participants						
Beginning	235	208	201		235	
New Participants	337	5	5	3	13	350
Withdrawn Participants	-102	-32	-12	-9	-53	-155
Remaining	235	208	201	195	195	195
DROP Balance						
Opening Balance					\$ 24,954,562	
In-Flows to DROP						
Deferred Pension Payments	\$ 31,868,079	\$ 2,593,603	\$ 2,404,374	\$ 2,324,970	\$ 7,322,947	\$ 39,191,026
Member Contributions*	\$ 4,479,460	\$ 395,827	\$ 319,115	\$ 361,323	\$ 1,076,265	\$ 5,555,725
Interest Payable	\$ 1,002,367	\$ 55,838	\$ 50,513	\$ 93,123	\$ 199,474	\$ 1,201,841
Subtotal	\$ 37,349,906	\$ 3,045,268	\$ 2,774,002	\$ 2,779,416	\$ -	\$ 45,948,592
Out-Flows from DROP						
Disbursement of Accounts	\$ (11,243,776)	\$ (7,959,512)	\$ (1,935,261)	\$ (1,493,825)	\$ (11,388,598)	\$ (22,632,374)
Transfers to Pension Trust						
Participant Fees*	\$ (1,119,027)	\$ (98,343)	\$ (79,712)	\$ (90,317)	\$ (268,372)	\$ (1,387,399)
Forfeited Interest	\$ (32,541)	\$ (1,450)	\$ (484)	\$ (1,419)	\$ (3,353)	\$ (35,894)
Subtotal	\$ (12,395,344)	\$ (8,059,305)	\$ (2,015,457)	\$ (1,585,561)	\$ -	\$ (24,055,667)
Change To DROP Quarterly		\$ (5,014,037)	\$ 758,545	\$ 1,193,855	\$ -	
Ending DROP Liability	\$ 24,954,562				\$ 21,892,925	\$ 21,892,925

* Member Contributions equal 9% of pensionable compensation with 25% of collected amount transferred to Pension Trust as fees for participation in the DROP program.

Demographic Report for the CRS Board

	12/31/2020	1st Quarter (3/31/2021)	2nd Quarter (6/30/2021)	3rd Quarter (9/30/2021)	4th Quarter (12/31/2021)
Total F/T Active Employee Members <i>(Does NOT include DROP participants)</i>	2839	2799	2843	2923	
Total Payees <i>(includes retirees, optionees in pay status, and Survivors - does NOT include DROP participants)</i>	4119	4231	4229	4233	
Number of Retiree & Optionee Deaths YTD <i>(includes Optionees who died and were not in pay status)</i>	230	76	117	164	

Total Payees includes payees receiving multiple benefits. For example, a retiree who is receiving another benefit as an optionee is counted twice. This count does not correlate directly to the number of pensioners depicted in the Annual Actuarial Valuation due to differences in accounting for new retirees, deceased pensioners, DROP participants, and payees receiving multiple benefits.

Pensioner count is based on payroll date 1 day after end of quarter

10/22/2021