



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

**November 2, 2023 / 2:00 P.M.
City Hall, Council Chambers and via Zoom**

Members

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

CRS Staff

Jon Salstrom


Law

Ann Schooley
Linda Smith

Call to Order







Public Comment

Approval of Minutes


 Meeting Minutes – October 5, 2023

Report from Investment Committee

Informational – Staff Report

-  Marquette Investment Report
-  City Stabilization fund - Waterfall mechanism update & impact analysis
-  Fiduciary Audit
-  Investment Consultant
-  DROP Actuarial Analysis Update
-  Healthcare Funding Policy

Old Business

 Board & Committee Meetings Schedule '24 & Term Status

New Business

Adjournment

Next Meeting: Thursday, December 7, 2023, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
October 5, 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
Jon Salstrom

Law

Ann Schooley
Linda Smith

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, Gamel, Menkhaus, Morton, Juech, West, Walsh, and Riddle were present. Trustee Rahtz was absent.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of September 14, 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 three motions that were made by the Governance Committee.

- Motion to approve revised committee charters. These were revised to include changes that will accommodate the new rule for special meetings and to reference the 115 Trust where necessary. The motion was made by Chair Moller and no second was necessary. The motion was approved by unanimous roll call vote.
- Motion to adopt a draft policy for the attendance of the Board members at the Board and Committee meetings. The motion was made by Chair Moller and no second was necessary. The motion was approved by unanimous roll call vote.

- Motion to revise the Board rules, specifically rule 10, so the attendance policy applies to both the Board and Committee meetings. The motion was made by Chair Moller and no second was necessary. The motion was approved by unanimous roll call vote.

Informational – Staff Report

Marquette Investment Report

Chair Moller referenced the August Investment Report in the packet. He noted that as of August 31st, the year-to-date is 7.3, which is slightly below the benchmark of 7.4; and over the 10-year period, we are at 7.5, which is our threshold. The Chair asked if there were any questions. There were no questions or discussion.

Fiduciary Audit

Director Salstrom stated that Funston Advisory Services is to conduct a Performance Fiduciary Audit. Staff will complete the online peer review which will help with the governance peer benchmarking. He referenced a timetable of items in the packet which will result in Funston's recommendations that will be delivered to the Board in January.

Director Salstrom informed the trustees that Funston Advisory Services will be sending out a survey in early-mid October regarding governance peer benchmarking. A few weeks following the survey, they will conduct interviews for follow-up questions and what they have learned up to that point.

Chair Moller explained his suggestion to Director Salstrom to include the Board in status meetings and draft items for periodic updates. Trustee Gamel stated his interest in participation.

Investment Consultant

Director Salstrom updated the Board that the contract is still being finalized and anticipates having it signed in the next week or two. Marquette had to complete a registration in Ohio, which has now been done.

DROP Actuarial Analysis Peer Review Update

Director Salstrom explained that they are in the process of working on an amendment to get the contract renegotiated with Foster and Foster. He will proceed to engage Foster and Foster to re-do the DROP analysis with the anticipation of the scope matching what was done by Cheiron. The hope is to have Foster and Foster run the analysis over the last 7 years to get a fuller picture of what the DROP analysis would look like.

Disabled Adult Children Ordinance

Chair Moller explained that the ordinance was approved by the City Council and the Mayor.

Healthcare Funding Policy

Chair Moller asked if there was an update on the Healthcare Funding Policy which Director Salstrom indicated there was no update at that time.

Old Business

No Old Business to discuss.

New Business

Board & Committee Meetings Schedule '24

Chair Moller gave Director Salstrom a schedule of Board and Committee meetings to finalize, which is the same schedule as 2023. The only difference is the Benefits Committee schedule. This Committee will be scheduled quarterly to avoid special meeting notices.

Chair Moller explained that per the Board rules, the Chair will assign membership of committees. Chair Moller's intent for 2024 is to have the same members as 2023.

The Board must approve the meeting schedule, which should happen in November or December. Chair Moller will announce the Committee structure at the same time. He prefers 7 members for each committee, except for the Investment Committee, which includes all members.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Menkhaus. The Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:16 p.m.

Meeting video link: <https://archive.org/details/crs-board-10-5-23>

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

Secretary



Cincinnati Retirement System

City of Cincinnati

Retirement System

Executive Summary

September 30, 2023

Summary of Cash Flows

	Last Month
Beginning Market Value	\$2,254,633,228
Net Cash Flow	-\$14,167,317
Net Investment Change	-\$55,702,042
Ending Market Value	\$2,184,763,869

Market Value

	Market Value (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Total Fund Composite	2,184,763,869	100.0	100.0	0
Fixed Income Composite	367,283,525	16.8	22.5	-124,288,345
Private Debt Composite	40,455,755	1.9	3.0	-25,087,161
U.S. Equity Composite	614,004,683	28.1	28.5	-8,653,020
Non-U.S. Equity Composite	393,908,866	18.0	18.0	651,370
Volatility Risk Premium Composite	58,264,879	2.7	2.5	3,645,783
Real Estate Composite	181,032,288	8.3	7.5	17,174,998
Infrastructure Composite	258,807,364	11.8	10.0	40,330,977
Private Equity Composite	256,651,320	11.7	8.0	81,870,210
Total Cash Equivalents	14,355,188	0.7	--	14,355,188

Performance

	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Fund Composite	-2.5%	-2.3%	4.7%	10.3%	8.0%	5.9%	6.8%	8.6%	May-85
Target Benchmark	-2.5%	-2.1%	4.5%	10.6%	6.8%	6.0%	6.9%	--	May-85
Fixed Income Composite	-2.5%	-3.0%	0.1%	2.4%	-2.7%	1.0%	2.2%	4.8%	Nov-95
Bloomberg US Aggregate TR	-2.5%	-3.2%	-1.2%	0.6%	-5.2%	0.1%	1.1%	4.0%	Nov-95
Private Debt Composite	0.0%	0.0%	7.8%	10.5%	2.4%	--	--	2.4%	Sep-20
Bloomberg US Aggregate TR	-2.5%	-3.2%	-1.2%	0.6%	-5.2%	0.1%	1.1%	-5.2%	Sep-20
U.S. Equity Composite	-4.7%	-3.3%	8.9%	17.8%	12.8%	7.6%	9.7%	9.2%	Feb-89
Russell 3000	-4.8%	-3.3%	12.4%	20.5%	9.4%	9.1%	11.3%	10.3%	Feb-89
Non-U.S. Equity Composite	-3.0%	-3.4%	5.6%	21.1%	5.2%	2.2%	3.6%	5.5%	May-93
MSCI ACWI ex USA	-3.2%	-3.8%	5.3%	20.4%	3.7%	2.6%	3.3%	--	May-93
Volatility Risk Premium Composite	-2.3%	-1.0%	9.6%	16.7%	--	--	--	1.3%	Jan-22
CBOE Put Write Index	-2.1%	-2.9%	9.3%	16.8%	9.9%	4.8%	6.7%	2.0%	Jan-22
Real Estate Composite	-1.9%	-2.3%	-6.2%	-10.6%	7.3%	5.9%	8.3%	5.5%	Aug-07
NFI-ODCE	-0.7%	-2.2%	-8.2%	-12.9%	6.2%	4.7%	7.2%	4.6%	Aug-07
NPI	0.0%	0.0%	-3.7%	-7.1%	6.6%	5.6%	7.6%	6.1%	Aug-07
Infrastructure Composite	0.3%	0.1%	5.4%	8.6%	8.9%	8.6%	7.4%	8.3%	Aug-08
3 Month T-Bill +4%	0.8%	2.3%	6.7%	8.6%	5.8%	5.7%	5.1%	4.8%	Aug-08
Private Equity Composite	0.0%	0.0%	5.9%	4.4%	16.7%	13.9%	13.5%	8.8%	Jul-93
Burgiss Global All Private Equity	0.0%	0.0%	2.8%	3.4%	15.7%	15.7%	15.2%	15.5%	Jul-93

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October 16, 2023

TO: Members of the Budget and Finance Committee 202302199
FROM: Sheryl M. M. Long, City Manager
SUBJECT: FY 2023 Carryover to FY 2024 Report (B Version)

The following report provides an overview of the City of Cincinnati’s General Fund FY 2023 year-end balance and application of the Stabilization Funds Policy adopted by the City Council. This report also includes FY 2024 Budget considerations for discussion.

General Fund 2023 Fiscal Year-End Balance and One-Time Uses

As shown in the table below, the City’s General Fund ended FY 2023 with a carryover amount of \$26.2 million including \$8.1 million net FY 2022 carryover.

Utilizing the City’s Stabilization Funds Policy as recently amended to include contributions to the Cincinnati Retirement System (CRS) for unfunded pension obligations, Affordable Housing Trust Fund, and an Operating Budget Contingencies Account, \$10.9 million is available for one-time uses. In line with the previous report, in this carryover report the Administration is recommending investments in Deferred Infrastructure and Capital Maintenance.

The following table includes a breakdown of how the recommended carryover will apply to reserves and the Administration’s recommended one-time uses.

Application of FY 2023 Carryover Balance

Cash Basis Carryover Balance FY 2023		\$ 26,239,980
Uses of Carryover Balance		
Application of Stabilization Funds Policy:		
Less General Fund Carryover Balance (1.5% of operating revenue)		\$ 7,320,687
Less Transfers to Reserve Accounts:		
General Fund Contingency Account (2.00% of operating revenue)	\$ 473,648	
Economic Downturn Reserve (5.00% of operating revenue)	\$ -	
Working Capital Reserve (8.2% of operating revenue)	\$ -	
Total Reserve Transfer from Stabilization Funds Policy		\$ 473,648
Carryover Balance Less Total Applied to Stabilization Funds Policy		\$ 18,445,646
Less Modified Waterfall Uses:		
CRS Pension Contribution		\$ 2,000,000
Affordable Housing Trust Fund		\$ 5,000,000
Operating Budget Contingencies Account		\$ 500,000
Total		\$ 7,500,000
Balance Available		\$ 10,945,646
Less One-Time Uses:		
Administration's Recommended One-Time Uses		
Deferred Capital Maintenance - 65%		\$ 7,095,646
Industrial Site Redevelopment		\$ 1,600,000
West End Community Development Initiatives		\$ 2,000,000
Keep Cincinnati Beautiful (KCB) Capital Facilities Improvements		\$ 250,000
Total		\$ 10,945,646
Balance Available		\$ 0

Uses of Carryover Balances

Application of Stabilization Funds Policy

The Government Finance Officers Association (GFOA) recommends that local governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund. The City’s Stabilization Funds Policy, approved by the City Council in Ordinance No. 0253-2015 and subsequently amended in Ordinance Nos. 0213-2019 and 0056-2022, incorporates the GFOA’s recommended two months of general fund operating revenues, or 16.7% of annual general fund operating revenues.

Per the Stabilization Funds Policy, the following transfers will be requested via ordinance: \$473,648 to the General Fund Contingency Account. Based on the policy, \$7.3 million will remain in the General Fund balance.

FY 2022 Balances
After Close-out Adjustments

Actual FY 2022 Revenue	\$538,393,480	
Working Capital Reserve	\$44,148,265	8.20%
General Fund Contingency Account	\$10,767,870	2.00%
Economic Downturn Reserve	\$26,919,674	5.00%
General Fund Carryover Balance (After Uses)	<u>\$8,075,902</u>	<u>1.50%</u>
Total Stabilization Policy Reserves	\$89,911,711	16.70%
30% Income Tax Reserve for Refunds	<u>\$50,015,389</u>	
Total Combined Reserves	\$139,927,100	

Balances June 30, 2023
After Proposed Transfers

Annual FY 2023 Revenue	\$488,045,786	
Working Capital Reserve	\$41,463,006	8.50%
General Fund Contingency Account	\$9,760,916	2.00%
Economic Downturn Reserve	\$26,919,674	5.52%
General Fund Carryover Balance (After Uses)	<u>\$7,320,687</u>	<u>1.50%</u>
Total Combined Reserves	\$85,464,283	17.51%
Income Tax Reserve for Refunds	<u>\$50,015,389</u>	
Total Combined Reserves	\$135,479,672	

To ensure fiscal stability, the Administration is committed to managing the City’s operations in a prudent, responsible way through the adherence to management disciplines, including the Stabilization Funds Policy. The City must plan for and be prepared to mitigate fluctuations in demand for services as well as changes in revenues influenced by the economy and budgetary decisions made by the State of Ohio and the federal government. Especially in the face of the uncertainty caused by remote work trends and a weakened national economy, the City must be prepared for unforeseen events that could result in additional expenditure requirements or loss of revenues by maintaining prudent levels of fund balance and reserves as set forth in the Stabilization Funds Policy. The rating agencies have emphasized the importance of maintaining appropriate reserves to ensure financial stability and to retain the current bond ratings.

It should be noted that with these recommended transfers, the City will have maintained the minimum 16.7% of annual General Fund operating revenue set aside in reserves in accordance with Stabilization Funds Policy. The City’s Stabilization Funds Policy is based on the GFOA’s guideline that two months of regular general fund operating revenue or regular general fund expenditures (or 16.7%) be maintained in reserves. Given the ongoing impact that COVID had on revenue stability, the City took a very conservative approach in 2022 and opted to include American Rescue Plan (ARP) revenue in the reserve calculation to reflect the General Fund

expenses paid with ARP revenue. However, now that the City's revenue has stabilized to a "new normal," the Administration is comfortable with removing the ARP revenue from the calculation.

Amended Stabilization Funds Policy Uses

Based on the amended Stabilization Funds Policy waterfall mechanism, the following items will be funded:

- \$5.0 million will be allocated to the Affordable Housing Trust Fund, to be deployed through the established partnership with the Cincinnati Development Fund (CDF).
- \$2.0 million will be contributed to the Cincinnati Retirement System (CRS) to address unfunded pension obligations.
- \$500,000 will be allocated to the Operating Budget Contingencies Account.

The Administration recommends allocating 30% (or \$150,000) from the Operating Budget Contingencies Account to the following one-time needs in the City's FY 2024 General Fund Operating Budget:

- City Manager's Office: Records Digitization Project (\$45,000) – Funds will cover the cost of digitizing records for multiple departments including Law and Buildings and Inspections.
- City Manager's Office: Special Events Detail Costs (\$50,000) – Funds will cover additional costs for city staff details for various special events occurring in the City.
- Department of Community and Economic Development: Tax Abatement Study (\$55,000) – Funds will cover the cost of a tax abatement study with the City and Cincinnati Public Schools (CPS).

The Administration recommends that the remaining \$350,000 be held in reserve in the Operating Budget Contingencies Account, to cover unforeseen operating expense needs that arise during the remainder of the fiscal year.

Carryover Uses

As part of the Stabilization Funds Policy, \$10,945,646 is available for one-time uses for FY 2024. Below are the Administration's recommendations on how to use these funds, based on Mayoral and City Council priorities.

Administration's Recommended One-Time Uses

- Deferred Capital Maintenance (\$7,095,646) – The recommended \$7,095,646 allocation will provide funding to address the backlog of deferred maintenance of the City's capital assets as well as information technology equipment and represents 65% of the \$10,945,646 available for one-time uses. The recommended projects include the following amounts by department:
 - Enterprise Technology Solutions – \$1,795,646
 - \$795,646 to replace radios used by multiple City Departments including Police and Fire
 - \$500,000 for Lifecycle Asset Replacement of Windows based devices
 - \$250,000 to install, repair, and replace uninterruptable power supply (UPS) systems at all network locations

- \$250,000 to replace the City’s phone systems and provide a unified communications system
- City Manager’s Office – \$400,000
 - An additional allocation of funds for the Office of Environment and Sustainability (OES) to add two new locations (Millvale and Evanston) as Solar Panel Battery Backup Resiliency Hubs
- Department of Community and Economic Development – \$1,000,000
 - Funds for the Division of Parking Services for improvements to off-street parking garages
- Department of Public Services – City Facilities Management (CFM) – \$3,400,000
 - \$1,000,000 for asbestos abatement at various City facilities
 - \$1,000,000 for improvements at public safety facilities
 - \$500,000 for the Fire Training Center
 - \$400,000 for an electrical Arc Flash Hazard Study and mitigation efforts
 - \$250,000 for heating, ventilation, and air conditioning (HVAC) upgrades at various City facilities
 - \$250,000 for safety upgrades at various City facilities
- Department of Public Services – Fleet Services – \$500,000
 - Funds to replace the Cincinnati Police Department’s Special Weapons and Tactics (SWAT) vehicle
- Industrial Site Redevelopment (\$1,600,000) – Funds will be used for industrial site redevelopment projects in conjunction with The Port.
- West End Community Development Initiatives (\$2,000,000) – Funds will be used for various community development initiatives in the West End neighborhood.
- Keep Cincinnati Beautiful (KCB) Capital Facilities Improvements (\$250,000) – Funds will be used to support KCB’s efforts for capital facilities improvements.

2024 Pending Matters

There are several budget concerns for FY 2024 and beyond that are noteworthy. These include the following:

- FY 2024 Approved General Fund Budget – The Approved FY 2024 General Fund Budget was balanced but not structurally balanced due to the reliance on \$28.2 million in one-time American Rescue Plan (ARP) funds. The Administration will monitor the budget closely and report back to Council during FY 2024 on how actual revenues align with revenues projected in the Approved FY 2024 Budget.
- FY 2025 Projected General Fund Budget Deficit – The Approved FY 2025 General Fund Budget is balanced but not structurally balanced due to the reliance on \$25.2 million in one-time American Rescue Plan (ARP) funds. FY 2025 is the final year for the use of ARP funds, but even with this resource, a General Fund deficit of \$9.4 million is projected. Expenditures are projected to grow at a faster pace than revenues with the income tax projected to be flat as compared to FY 2024.

- FY 2026-2028 Projected General Fund Budget Deficits – The General Fund multi-year forecast for FY 2026-2028 shows expenditures growing at a faster pace than revenues and assumes that most revenue growth following the COVID-19 pandemic subsides. The projected General Fund budget deficits for FY 2026-2028 are \$34.9 million, \$44.9 million, and \$55.1 million respectively.
- Ratings Agencies – Moody’s Investors Services’ current assigned rating is Aa2 for the City’s outstanding general obligation unlimited tax (GOULT) debt, and the rating is Aa3 on the City’s outstanding non-tax revenue debt. The outlook is stable. S&P Global (formerly Standard & Poor’s) Ratings Services’ current assigned rating is AA for the City’s long-term unlimited-tax general obligation (GO) bonds and an AA long-term rating on the City’s non-tax revenue bonds. The outlook is stable.
- Income Tax – The FY 2024 Income Tax estimate was based on the forecasted FY 2023 collections as of April, revenue trends, and the University of Cincinnati (UC) Economics Center’s forecast. The UC forecast also projects relatively flat growth in income tax revenue from FY 2025 – FY 2028. Income tax revenue has stabilized as employees are now permanently working remote and hybrid work schedules. While there has not been a sharp increase in refund requests, there remains a refund liability to the City for a running three-year period while employees remain eligible for a refund. It should be stressed that the City remains overly reliant on income tax revenue, which makes it susceptible to long-term changes in work trends.

Recommendation

The Administration requests this report be approved and filed and recommends approval of the accompanying Ordinance.

cc: William “Billy” Weber, Assistant City Manager
Karen Alder, Finance Director
Andrew Dudas, Budget Director

2024 CRS Board and Committee Schedule
City Hall -- Council Chambers



Date	Investment	Governance	Performance Evaluation	Elections	Benefits	BOARD
Jan. 11		12:00 PM				2:00 PM
Feb. 1	12:00 PM					2:00 PM
Mar. 7			12:00 PM		12:00 PM	2:00 PM
Apr. 4		12:00 PM				2:00 PM
May 2	12:00 PM					2:00 PM
Jun. 6			12:00 PM		12:00 PM	2:00 PM
Jul. 11		12:00 PM				2:00 PM
Aug. 1	12:00 PM					2:00 PM
Sept. 12			12:00 PM		12:00 PM	2:00 PM
Oct. 3		12:00 PM				2:00 PM
Nov. 7	12:00 PM					2:00 PM
Dec. 5			12:00 PM		12:00 PM	2:00 PM

November 2023	Active #1	Active #2	Retired #1	Retired #2	Retired #3	Appointed #1	Appointed #2	Appointed #3	Appointed #4
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CINCINNATI RETIREMENT SYSTEM TRUSTEES									
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Name	Mark Menkhaus, Jr.	Monica Morton	Tom Gamel	William Moller	Kathy Rahtz	Tom West	John Juech	Jeff Cramerding resigns --> Seth Walsh	Aliya Riddle
Oath/Confirmation Date	44061	44840	44061	44061	44756	44818	43999	44594	45022
Term End	Class of 2024	Class of 2026	Class of 2024	Class of 2024	Class of 2026	Class of 2024	Class of 2024	Class of 2026	Class of 2027
Notes									
Board Officer			Vice Chair	Chair					
Investment Committee	Member	Vice Chair	Member	Chair	Member	Member	Member	Member	Member
Benefits Committee	Member	Member	Chair	Member		Vice Chair	Member		Member
Governance Committee	Chair		Vice Chair	Member	Member		Member	Member	Member
Performance Eval Committee	Vice Chair	Member	Member		Chair	Member		Member	Member
Elections Committee		Member			Member	Member	Chair	Vice Chair	

Cincinnati Retirement System
DROP Quarterly Report for 2023

Totals at 12/31/2022	Q1	Q2	Q3	Q4	2023	Life of Plan Participation
Participants						
Beginning	173	158	155		173	
New Participants	373	1	6	7	14	387
Withdrawn Participants	-200	-16	-9	-6	-31	-231
Remaining	173	158	155	156	156	156
DROP Balance						
Opening Balance					\$ 26,520,139	
In-Flows to DROP						
Deferred Pension Payments	\$ 50,283,884	\$ 2,000,043	\$ 1,902,362	\$ 1,867,660	\$ 5,770,065	\$ 56,053,949
Member Contributions*	\$ 7,192,305	\$ 327,276	\$ 262,832	\$ 305,806	\$ 895,914	\$ 8,088,219
Interest Payable	\$ 1,829,799	\$ 273,092	\$ 260,203	\$ 224,945	\$ 758,240	\$ 2,588,039
Subtotal	\$ 59,305,988	\$ 2,600,411	\$ 2,425,397	\$ 2,398,411	\$ -	\$ 7,424,219
Out-Flows from DROP						
Disbursement of Accounts	\$ (30,947,360)	\$ (3,487,459)	\$ (2,864,795)	\$ (1,437,575)	\$ (7,789,829)	\$ (38,737,189)
Transfers to Pension Trust						
Participant Fees*	\$ (1,796,519)	\$ (81,816)	\$ (65,709)	\$ (76,453)	\$ (223,978)	\$ (2,020,497)
Forfeited Interest	\$ (41,970)	\$ -	\$ -		\$ -	\$ (41,970)
Subtotal	\$ (32,785,849)	\$ (3,569,275)	\$ (2,930,504)	\$ (1,514,028)	\$ -	\$ (8,013,807)
Change To DROP Quarterly		\$ (968,864)	\$ (505,107)	\$ 884,383	\$ -	\$ (589,588)
Ending DROP Liability	\$ 26,520,139				\$ 25,930,551	\$ 25,930,551

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