



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
November 5, 2020 / 2:00 P.M.
City Hall – Council Chambers**

Present

Bill Moller, Chair
Tom Gamel, Vice Chair
John Juech
Mark Menkhaus, Jr.
Kathy Rahtz
Don Stiens
Erica Winstead

Absent

Betsy Sundermann

Staff Present

Paula Tilsley
Renee Kabin
Ann Schooley
Kate Burroughs

The agenda was taken out of order to accommodate a Governance Committee meeting of the whole. The meeting was called to order at 2:20 p.m.

Governance Committee

Board Chair called to order the Governance Committee to discuss the proposed amendments to Article XV of the City’s Administrative Code, currently being held by City Council’s Budget & Finance Committee Chair until November 9.

Discussion ensued regarding Section B, page 3 that states “each may serve up to 3 terms.” T. Gamel would like to eliminate term limits due to the difficulty in obtaining candidates willing to serve. E. Winstead asked for an alternate recommendation. B. Sundermann commented that twelve consecutive years is longer than most to serve on a board and agreed with keeping the limit to 2 consecutive terms.

Upon additional discussion regarding expanding the length of a vacated unexpired term to ten months, the concern is that it exposes the Board to more risk of not having a quorum in which to conduct business. Suggestion would be to expand to eight months instead of ten.

Regarding section 7 on contracting with actuary, add “Board shall retain *and approve* an actuary under the City contracting process.” (Additions in italics.)

K. Rahtz questioned the necessity of keeping language related to staggered terms of the Board, since that has been established and is no longer needed. A. Schooley clarified that it is simply to make it consistent with language in the CSA.

Committee Action

K. Rahtz made a motion to hold the submittal of changes to Council’s Budget & Finance Committee in order to work directly with City Administration regarding preferred revisions, pending the approval to extend the hold request.

J. Juech seconded the motion. T. Gamel voted no. The motion passed.

Request City Administration to request Administrative Code amendments be held by Council's Budget and Finance chair in order to work directly with City Administration to pursue the changes discussed.

Having no further business, K. Rahtz made a motion to adjourn. J. Juech seconded. The motion passed. Governance Committee adjourned at 2:44 p.m.

APPROVAL OF MINUTES

T. Gamel made a motion to approve the minutes of the October 8, 2020 Board meeting. M. Menkhaus Jr. seconded. Following a vote, the motion passed. Minutes of the October 8, 2020 meeting approved.

NEW BUSINESS

B. Moller explained for newer trustees that the disability applications normally are presented to the Benefits Committee. In the interest of time, it is on the full Board agenda.

Board Action

T. Gamel made a motion to approve the disability of L. Thomas. Motion seconded by E. Winstead. Following a vote, the motion passed.

Disability application of L. Thomas approved.

T. Gamel made a motion to approve the disability application of M. Faulkner. M. Menkhaus Jr. seconded the motion. Following a vote, the motion passed.

Disability application of M. Faulkner approved.

Investment Committee Report

Bev Nussman read a summary of the four motions approved by the Investment Committee.

- Motion 1: Approve the adoption of Portfolio E.
- Motion 2. Authorize the ability to invest an additional \$37 million toward IFM, and an additional \$41 million toward JP Morgan Infrastructure Fund.
- Motion 3. Authorize the ability to amend the Northern Trust Agreement to add the Aggregate Bond Fund, the Russell 3000 fund and the ACWI ex-U.S. fund.
- Motion 4. Authorize the ability to move up to \$80 million from the Black Rock Strategic Income Opportunities fund to the Northern Trust Global Investment Agg Bond fund by the end of January, 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.

A. Schooley reported that the Law department continues to work on these items.

NEW BUSINESS

Committees Assignments

B. Moller informed trustees of chair and vice-chair assignments to the standing Committees, along with the current schedule of Committee and Board meetings for 2021.

Early Retirement Incentive Plan (ERIP): Actuary Analysis, Report to Council, City Reimbursement to CRS for Unbudgeted Actuary Cost

B. Moller began the discussion of the negative actuarial impact of the ERIP on the Pension Trust, requiring an additional contribution of \$2.7 million/year for the next 15 years. Mr. Moller expressed concern that the city has not articulated any plan to pay the additional \$2.7 million annual cost. Mr. Moller also stated that the cost of the actuarial fees to produce the report on behalf of the City was an unbudgeted item that should have come to the Board for approval.

J. Juech outlined commentary from the Budget Director which stated that there were some net new savings due to the fact that the lump sum payouts for ERIP participants would have had to be paid anyway. Departments were required to reduce their budgets due to the implementation of ERIP, and about 50 additional positions were eliminated. Mr. Moller responded by pointing out that the lump sums due to ERIP participants are being paid in the first year, and not later, so City savings needed due to the pandemic are not being realized when they are needed. Mr. Gamel commented that the elimination of 50 additional positions was not actually a part of ERIP. Mr. Gamel pointed out that the expense to the Retirement plan is taking place in the current FY, 2020-21. Mr. Juech responded that he believes the elimination of additional 50 positions is a part of the ERIP, as it was an administrative exercise taken in conjunction with the ERIP planning, and that some of the savings derived from the eliminated positions were planned to be used to increase the employer contributions to CRS in FY 2022.

Board Action

T. Gamel made a motion to send a letter to the City Manager and City Council requesting reimbursement from the City Administration of the unbudgeted ERIP actuarial fees.

Additionally, the City needs to pay the required contributions for the implementation of the ERIP in the amount of \$2.7 million/year for the next 15 years. K. Rahtz seconded the motion. Following a vote, J. Juech voted no. B. Sundermann abstained. The motion passed.

Send a letter to City Administration and City Council, copy to the Mayor, requesting reimbursement from the City for the unbudgeted actuarial fees and to pay the required contributions for the additional liabilities of the ERIP in the amount of \$2.7 million dollars/year for 15 years.

DROP Actuary Analysis Report

B. Moller explained that the DROP program was negotiated under the CSA which provided that it be cost-neutral. Analysis shows the DROP having an additional cost of approximately \$11 million.

Board Action

T. Gamel made a motion to include in the letter being sent to Council and City Administration the concerns regarding the increased liability to CRS, and to request City Administration develop a plan to reimburse CRS for the additional cost of the DROP.

INFORMATIONAL

3rd Quarter Budget Update, DROP Report, Demographic Report

These items were presented for informational purposes; no questions or comments.

115 Health Care Trust Funding Policy

No updates.

B. Moller mentioned an opportunity for an online training session for newer trustees through the website of Marquette Associates, and reiterated the need for an asset/liability study and fiduciary performance audit.

K. Rahtz brought up an issue regarding a letter sent by Anthem to her retiree constituents informing them that access to certain providers may be discontinued in February if negotiations with the physician's group are unsuccessful. P. Tilsley confirmed that this is a common occurrence and often gets resolved near the end of the contract between Anthem and the providers.

Having no further business, T. Gamel made a motion to adjourn. K. Rahtz seconded the motion. Following a vote, the motion passed.
Meeting adjourned at 3:26 p.m.

Next meeting is scheduled for December 3, 2020.