



**City of Cincinnati Retirement System  
Board of Trustees Meeting  
Minutes  
January 12, 2023/ 2:00 P.M.  
City Hall – Council Chambers and remote**

**Board Members Present**

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

**Administration**

Mike Barnhill  
Ann Schooley  
Linda Smith  
Bev Nussman

**CALL TO ORDER**

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

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Approval of the minutes of the Board meeting of December 1, 2022, was moved by Trustee Gamel and seconded by Trustee Juech. The minutes were approved by unanimous roll call vote.

**Report from the Benefits Committee**

Trustee Gamel provided the report from the Benefits Committee.

The Committee unanimously approved the following motion regarding the City's proposed health funding policy:

**MOTION:** The Healthcare 115 Trust Funding Policy shall include the following provisions:

1. The Healthcare 115 Trust shall achieve full funding of at least 100% at the end of the term of the Collaborative Settlement Agreement (CSA) to provide the healthcare benefits for CRS eligible members (and their eligible spouses and children) covered by the Collaborative Settlement Agreement.

2. The City shall contribute the annual Actuarially Determined Contribution (ADC) into the Healthcare 115 Trust that is necessary to achieve full funding of at least 100% at the end of the term of the CSA.
3. If the funding ratio (defined as the AVA divided by AL) is at or below 95% in any calendar year, the City shall, within one (1) calendar year from the date that the annual Actuarial Valuation report is submitted to the CRS Board of Trustees, or eighteen (18) months after the end of the Actuarial Valuation calendar year being evaluated (whichever is earlier), contribute to the 115 Trust the funding amount necessary to achieve at least 100% funding at the end of the CSA term, based on the annual Actuarial Valuation.
4. At the end of the CSA term if there is a fund balance in the Healthcare 115 Trust, the balance shall be used to provide healthcare benefits for eligible members (and their eligible spouses and children) during their lifetimes.

The approved motion provisions shall be sent to the City Manager from the CRS Board in letter format, signed by the Board Chair, with copies to the Mayor and Council members. The letter shall include an introduction that references the goal of the CSA to fund the trust at actuarially appropriate levels to provide healthcare benefits.

The Board approved the Committee's action by unanimous roll call vote.

#### **Informational – Executive Director's Report**

Director Barnhill provided the following report:

- The November investment report showed YTD performance of -7.2%. December was a negative return month as well. CRS will probably end the year around -10% or -11%. Trustee Moller observed that CRS remained ahead of its benchmark. Director Barnhill provided additional caution around the lag in reporting returns of illiquid asset classes. Other public systems are marking down the performance of their real estate portfolios in advance of the appraisal process to reduce the need for re-balancing their portfolios. Director Barnhill stated that while this is happening elsewhere, he recommended not following this approach, and to await reporting of the lagged appraisal-based results.
- Staffing update. CRS recently made an offer to fill the vacant Administrative Specialist position, which was accepted. The next step is to post and fill the Member Counselor position, hopefully in February.
- Actuary update. Cheiron provided a letter setting out an updated "Schedule of Funded Ratios" showing a scenario that would result in full funding of the pension trust by 12/31/2045. Because of the investment losses in 2022, to achieve this goal would require annual 1.5% increases in the City's contribution rate (this is triple the recommended annual rate increase from a year ago). This projection is based on an estimate of the 2022 investment return of -10%, and will be updated when the 2022 investment performance is finalized.

Trustee Moller expressed a concern about the timing of the City's budget process, in relation to finalizing the 2022-based Schedule of Funded Ratios.

Trustee Moller made the following motion, seconded by Trustee Menkhaus: The Board recommends the City Administration adopt an incremental funding rate increase as a budget strategy and that the

Board provide Scenario A from the January 4, 2023 Cheiron letter to assist the City administration in the construction of its next budget. The motion passed unanimously on roll call vote.

- Actuary update (continued). Cheiron is working on completing the Experience Study and 2022 Actuarial Valuations. These will be presented at the Board's March and May meetings respectively.
- City Budget Process. Timeline in the meeting packet.
- Procurement Update. CRS is awaiting approvals from the City Manager's office so that it can obtain templates from the City procurement office to start the drafting for Investment Consultant and Fiduciary Audit RFPs.

Director Barnhill reported that following review of the CRS procurement authorities, there is a gap in the legal guidance for CRS procurement. Director Barnhill has worked with the City Manager's office, and believes that the gap should be filled by specific legal guidance (either an amendment to AR 23 or an amendment to the City Municipal Code) that comprehensively covers CRS procurement. He proposes to adopt the Ohio PERS model for procurement which authorizes the Board to adopt its own process for selection of investment managers; and then categorizes the remaining contracts into long-term contracts (like healthcare, custodian, and information system) for which RFPs are conducted on a 10yr cadence, and shorter-term contracts (like investment consultant and actuary), for which RFPs are conducted on a 6yr cadence.

- Executive Director Evaluation. Trustee Rahtz requests that the evaluation form be completed and returned to her. Director Barnhill will follow-up on the deadline for that. Trustee Moller explained the process going forward including a Board discussion of the results. Trustee Moller asked for legal advice regarding whether that discussion could be in executive session. Ms. Schooley responded that the Board could go into executive session so long as the discussion pertained to compensation or continued employment.

## **New Business**

### **2023-2024 Committee Assignments**

Trustee Moller took the results of the Board member survey and assembled the committee assignments. Nearly everyone is on 4 committees. Trustee Moller noted that Trustee Cramerding has just resigned, and is to be replaced by Council Member Seth Walsh, who is slated to be confirmed this week. The committee assignments will be updated following confirmation.

### **2023 Strategic Plan**

Trustee Moller introduced the draft 2023 strategic plan in the Board's meeting packet. The plan is for members to direct comments on the draft to Trustee Rahtz and Director Barnhill, and it will be taken up at the next meeting of the Performance Evaluation Committee. Director Barnhill noted that the first part of the plan is identical to last year (Trustee Goals and Responsibilities). Some of the objectives are new (i.e., increase City contribution rate). Director Barnhill noted that he has proposed objectives for each committee. Draft objectives will be included for committee consideration in each committee's agenda for upcoming committee meetings. This approach was inspired by recommendations for how Board work should be handled in recent fiduciary performance audits of peer systems.

### **Legal Opinions**

Trustee Rahtz requested discussion about the recent opinions from the Law Department. Ms. Schooley advised that executive session was not available for discussion of these opinions. Ms. Schooley suggested

the Board could vote to waive the attorney-client privilege, and then discuss the opinions in open session. But the Law Department recommends against that approach. Another option is that Board members could forward questions to Director Barnhill which could then form the basis for additional written legal opinions. Another option is for a group of fewer than a majority of members to meet with the Law Dept. to ask questions, but that such discussion could not include deliberation or voting.

Trustee Moller suggests that Board members review the opinions and forward questions to Director Barnhill. The Board can consider discussion or making the opinions public at a later date. Board members can also reach out to the Law Dept. to ask questions. Trustee Rahtz said that approach was satisfactory and that she would reach out to the Law Dept. with her questions. Ms. Rahtz expressed disappointment in the time it took to render the opinions and that two of the opinions were not new work product.

### **Adjournment**

Following a motion to adjourn by Trustee Menkhaus and seconded by Trustee Morton, the Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:39 PM.

Meeting video link: <https://archive.org/details/crs-board-1-12-23>

Next Meeting: February 2, 2023 at 2:00 p.m.

A handwritten signature in black ink that reads "Michael Barnhill". The signature is written in a cursive, flowing style.

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Secretary