

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
May 2, 2024 / 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**

Jon Salstrom

**Law**

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

**PUBLIC COMMENT**

There was one person present for public comment.

**APPROVAL OF MINUTES**

Approval of the minutes of the Board meeting of April 4, 2024, was moved by Trustee Gamel and seconded by Trustee Juech. The minutes were approved by unanimous roll call vote.

**Report from Investment Committee**

Chair Moller explained that Marquette presented the quarterly report and incorporated many of the Funston recommendations into the Investment Policy CRS has. There is a motion to accept the Investment Report, no second needed. The motion was approved by unanimous roll call vote. The other motion is to accept the Investment Policy updates regarding the Funston recommendations, no second needed. The motion was approved by unanimous roll call vote.

**Informational – Staff Report**

**Marquette Investment Report**

Chair Moller referenced the Investment Report that is included in the packet.

### Staff Update on Open Positions

Director Salstrom reported the Members Counselor position has been filled. He will continue to work toward filling the Administrative Technician, IT, and Accountant positions.

### Healthcare Funding Policy

Chair Moller explained that the agreed order and funding policy were on the council agenda yesterday for approval. Director Salstrom confirmed that this item was approved and filed.

### 115 Subcommittee Update

Chair Moller explained that that this item is currently on hold and will be dealt with in the future.

### Futures Commissions Update

The Futures Commission report is out. Director Salstrom explained that Council has made a motion to have the Administration review the report and look at the feasibility of it over the next 60 days. Chair Moller explained that there is a brief analysis from Cheiron in the packet regarding the Futures Commission report. Chair Moller made a motion for Administration to include CRS Board interaction as they pursue the report on the report over the next 60 days and seconded by Trustee Morton. The motion was approved by unanimous roll call vote.

### Actuarial RFP Update

Director Salstrom explained that the Actuarial RFP has been completed and the Evaluation Committee has made their selection, which is Cheiron.

## **Old Business**

### Survivor Benefits Ordinance

Director Salstrom explained that there is a draft ordinance in front of them. He is hoping to have this go to Council next week once the final draft is received from the City Solicitor's Office.

### Term Limits Ordinance

Director Salstrom explained that Term Limits will be sponsored by Trustee Walsh. He will confirm with Trustee Walsh when this will be presented to Council.

### Annual Funding Letter to CMO, Mayor & Council

Director Salstrom explained that he will send this directly to the Mayor & Council after the meeting today.

### Funston Letter to CMO, Mayor & Council

Chair Moller explained that the City Administration preferred not to send this, so he did, and it went out a few days ago. He referenced the summary of Funston's recommendations that are included in the packet and that everything has been assigned at this point. He gave a brief overview of each.

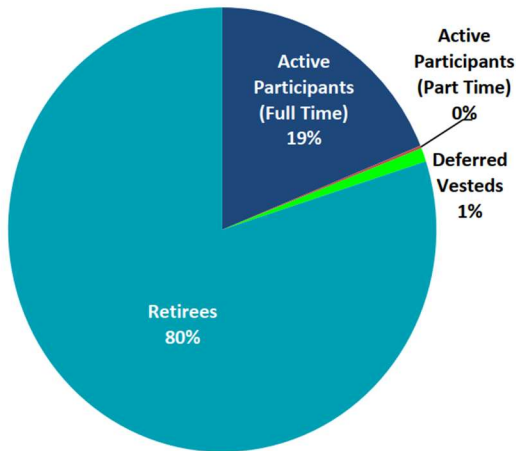
**New Business**

**Cheiron Valuation Report & Presentation**

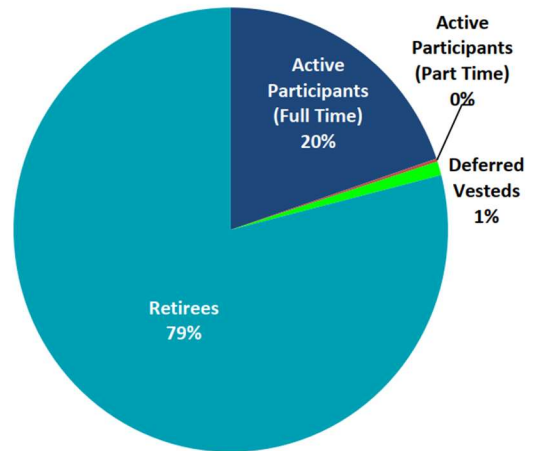
Kevin Woodrich and Janet Cranna, from Cheiron, were in attendance to present the Valuation results as of December 31, 2023, for the pension plan. They explained the following key results:

- Return Market Value of Assets = 11.81% (dollar-weighted)
- Return on Actuarial Value of Assets = 8.12%
- Actuarial Determined Contribution rate decreased from 34.02% to 32.46%
  - Despite larger unfunded actuarial liability, total payroll (ie. Denominator) increased by 8.7%
- Funded Ratio (AVA/AL) slightly decreased from 69.3% to 68.8%

**December 31, 2022 Actuarial Liability**



**December 31, 2023 Actuarial Liability**



## Projections – Implications of 2024

Assumed 2024 Investment Return*	Projected Insolvency Year	Projected Year to be 100% Funded
15.0%	None	2058
7.5%	None	2073
0.0%	None	2103
(7.5%)	2050	None
(15.0%)	2043	None

*\* Assumed 7.5% per year for 2025 and thereafter and annual contributions based on 17.00% of Full Time payroll.*

## Revised ASOP 4-Disclose a Reasonable ADC

- Board’s Funding Benchmark is an open 30-year level dollar amortization which is not reasonable since it results in negative amortization
- One reasonable ADC is an amortization based on a closed 20-year level dollar layered amortization method.
- For FYE 2025 a reasonable ADC would be 36.79%
  - This compares to the Board’s Funding Benchmark of 32.46%

\*This is only a disclosure requirement and does not impact the City’s contribution policy of 17.00% of full-time payroll or the Board’s Funding Benchmark of 32.46%.

Gaelle Gravot and Beth Mercer were also in attendance to present the Actuarial Valuation CRS OPEB Trust. They explained that as of December 31, 2023, the Fund is 139.9% funded on an AVA basis, and 135.8% on a MVA basis. The results below are used for the Funding of the OPEB Trust and are not applicable for the financial statements. These results are used to determine the Actuarially Determined Contribution (ADC), which is \$0.

Summary of Valuation Results		
Valuation Date	December 31, 2022	December 31, 2023
Discount Rate	7.50%	7.50%
Actuarial Liability (AL)	\$ 363,450,123	\$ 393,177,787
Actuarial Value of Assets	532,169,108	549,871,265
<b>Unfunded actuarial liability (UAL)</b>	<b>\$ (168,718,985)</b>	<b>\$ (156,693,478)</b>
Funded Ratio (AVA/AL)	146.42%	139.85%
Market Value of Assets	\$ 500,041,000	\$ 533,879,000
Funded Ratio (MVA/AL)	137.58%	135.79%
<b>Fiscal Year Ending</b>	<b>June 30, 2024</b>	<b>June 30, 2025</b>
Actuarially Determined Contribution	\$ 0	\$ 0
<b>Calendar Year</b>	<b>2023</b>	<b>2024</b>
Actual/Expected Net Benefit Payments	23,356,000	27,097,862

The Trust remains overfunded as of December 31, 2023.

- Census change - \$1.9 million gain
  - Was primarily due to reduction in the active and inactive populations
- Health Care Claims and Trend Changes - \$31.4 million loss
  - The claims curves and trend assumptions were updated to reflect the current marketplace and expected impact of the Inflation Reduction Act on the Medicare Part D (pharmacy EGWP) benefit.

#### 12/31/2023 Valuation Projections

- 7.5%
- 2024 Return negative 13.5%
- Average 7.26%
  - 20-year historical asset mix (80% equities / 20% fixed)

#### Next Steps

- GASB 74/75
  - Determine the blended discount rate
    - Preliminarily, the fund should pass the depletion testing if assets return at least -13.5%
    - If pass test, will use 7.5% for 06/30/2024
    - If not pass, the discount rate will be blended
    - Highly dependent on investment returns (ie. If return is -15%, the blended rate could be 6.70%)
- Draft GASB 75 report and provide in July 2024

- Develop Contribution rates for the three health plans as of January 1, 2025.
  - Provide results by September 2024

Trustee Juech motioned to approve the pension and OPEB valuation reports from Cheiron and seconded by Trustee Gamel. The motion was approved by unanimous roll call vote.

**Adjournment**

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Juech. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 3:32 p.m.

**Meeting video link:** <https://archive.org/details/crc-board-5-2-24>

**Next Meeting:** Thursday, June 6, 2024, at 2:00 p.m. – City Hall Council Chambers and via Zoom



---

Secretary