



**City of Cincinnati Retirement System
Governance Committee Meeting Minutes
October 5, 2023/ 12:00 P.M.
City Hall – Council Chambers and remote**

Board Members

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

Administration

Jon Salstrom

Law

Ann Schooley
Linda Smith

Call to Order

The meeting was called to order at approximately 12:02 p.m. by Chair Menkhaus and a roll call vote of attendance was taken. Committee members Menkhaus, Gamel, Juech, Moller, Walsh, and Riddle were present. Trustee Rahtz was absent.

Public Comment

No public comment.

Approval of Minutes

Approval of the minutes of the July 13, 2023, meeting was moved by Trustee Gamel and seconded by Trustee Juech. The minutes were approved by unanimous roll call vote.

Old Business

Committee Charters / Ad Hoc meeting policy discussion

Chair Menkhaus explained that there are edits to the committee charters that have already been approved to accommodate changes in the rules for special meetings of the Board and the notices that pertain to them.

Director Salstrom referenced the approved charters in the packet and noted the edits to include changes that will accommodate the new rule for special meetings and to reference the 115 Healthcare Trust where necessary.

Trustee Gamel motioned to edit the procedures for amending all charters from being directed to the Executive Director to being directed to the Executive Director and/or the Chair. Chair Menkhaus seconded the motion. The motion was approved by unanimous roll call vote.

457 Plan Fiduciary Oversight

Director Salstrom explained to the Committee that the 457 Plan is the Deferred Compensation Plan offered to the City of Cincinnati employees in addition to the Defined Benefit Plan. The 457 Plan has two options, Mission Square and Nationwide. He explained the purpose of this is to look at whether the 457 Plan and its administrators should fall under the purview of the Board and what discretion the Board would have over implementing and monitoring these plans. There is also the question of whether it makes sense to have the investment consultant look into these plans and if it would cost a fee. Also, if the Board is responsible for paying for the oversight or if it is outside their purview.

Chair Menkhaus asked Director Salstrom for background information related to the CSA or any other governing documents and if they provide authorization for the Board to have oversight of the 457 Plans. Director Salstrom explained that they do not specifically state the Board should oversee the 457 Plans.

Director Salstrom answered many questions and explained to the Trustees that if the Board were to take on fiduciary oversight of the 457 plans, there is potential for additional liability. With his knowledge in investment and research, he does not see the current 457 plans in the scope of being too costly or improperly monitored, although, there is always risk of that in the future. He explained that if the Board had concerns about the cost associated with any given fund, without the direct authority to make changes to the plan, they would lobby the city administration to make changes to the 457 Plan. The administration would then have to present the change to Mission Square and Nationwide. Director Salstrom explained that both administrators have been exemplary, and he is seeking more coordination with the providers to help City of Cincinnati employees gain a better understanding of what each plan means and what they offer. There have been no voiced concerns from any Board members regarding the current 457 plans. He explained that he cannot give a specific performance rating for each administrator because they are monitored on the underlying funds that they each offer, which is hundreds of funds. He explained that from what they can see, the administrators are performing in line with the expectations. Director Salstrom explained that he does not know the exact percentage of index providers at Nationwide has, but Mission Square has approximately 80%. Director Salstrom explained the Cincinnati Retirement System oversees both administrative plans for the employees of the city. They meet regularly with each administrator and so the discussion is to see if the Board wants to have an investment consultant look into the administrators and meet once or twice a year. He explained that if the Board were seeking a new 457 plan, an RFP would need to be created.

Trustee Moller commented that the 457 plans are like other retirement plans, and it is up to the participant to invest the funds. When you join the program, funds are deducted from your paycheck through the Finance Department. Retirement is involved with bringing representatives in, to present things to employees, but would not term it as oversight. His concern is that employees, particularly close to retirement, understand what the programs are and what the implications are for retirement. He believes that education is needed because there are minimum distributions required from these programs, which takes some planning. The employees are not taxed when the distribution comes out of their paycheck, but when the retiree receives the funds, they will see the distribution taxed for the first time.

New Business

Board Member Attendance Policy

Director Salstrom drafted a Board Policy, which is included in the packet, for Board and Committee member attendance. He explained that this policy was created to supplement Board Rule X with more specific detail. Chair Menkhaus motioned to adopt the CRS Board and Committee Attendance Policy with the following changes: Addition of examples of “substantial reasons” in bullet point 3 and changing “Governance Committee” to “Executive Director and Board Chair” in bullet point 5. The motion was seconded by Trustee Moller and approved by unanimous roll call vote.

Trustee Moller motioned to clarify Rule X to state that a member who fails to attend at least two-thirds of the Board, regular and special meetings, and committee meetings. The motion was seconded by Trustee Menkhaus and approved by unanimous roll call vote.

Creation of Audit Committee

Director Salstrom explained that this committee would oversee the auditors through their process, review their findings, and make sure they are appropriately addressed. This would be an Ad Hoc committee and will be determined, if necessary, once the fiduciary audit is complete.

Adjournment

A motion to adjourn was made by Trustee Walsh and seconded by Trustee Gamel. The Governance Committee approved the motion by unanimous roll call vote. The meeting adjourned at 12:42 p.m.

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

Next Meeting: TBD, City Council Chambers and via Zoom

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Secretary