



## City of Cincinnati Retirement System Board of Trustees Meeting

### Agenda

May 6, 2021 / 2:00 P.M.

City Hall, Council Chambers and via Zoom

#### Members

Tom Gamel	John Juech
Bill Moller	Betsy Sundermann
Don Stiens	Kathy Rahtz
Mark Menkhaus Jr.	Erica Winstead

#### Administration

Paula Tilsley  
Renee Kabin  
Ann Schooley

#### Call to Order

#### Approval of Minutes

- ✚ Meeting Minutes – April 8, 2021

#### Investment Committee Report

- ✚ Report from Committee, May 6, 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.
- ✚ Search for Executive Director

#### New Business

#### Informational

- ✚ 1<sup>st</sup> Qtr. Budget Update
- ✚ 1<sup>st</sup> Qtr. DROP Report
- ✚ 1<sup>st</sup> Qtr. Demographic Report
- ✚ 115 Health Care Trust Funding Policy
- ✚ Pending Board Items: Asset/Liability Study - July Board Meeting; Fiduciary Performance Audit.

#### Adjournment

**Next Meeting:** June 3, 2021, 2:00 P.M., City Hall, Council Chambers



**City of Cincinnati Retirement System  
Board of Trustees Meeting  
Minutes  
April 8, 2021 / 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

**Absent**

Betsy Sundermann  
Erica Winstead

**Staff Present**

Paula Tilsley  
Renee Kabin  
Ann Schooley

**CALL TO ORDER**

The meeting was called to order at 2:10 p.m. with a roll call: Bill Moller, Tom Gamel, John Juech, Mark Menkhaus, Jr., Kathy Rahtz, and Don Stiens were in attendance.

**APPROVAL OF MINUTES**

T. Gamel made a motion to approve the revised minutes of the February 4, 2021 Board of Trustees meeting. K. Rahtz seconded the motion to approve. The results of the roll call vote:

Mr. Moller– Y  
Mr. Gamel – Y  
Mr. Juech - Y  
Mr. Menkhaus – Y  
Ms. Rahtz - Y  
Mr. Stiens – Y

The motion to approve the revised minutes of the February 4, 2021 meeting passed.

D. Stiens made a motion to approve the minutes of the March 4, 2021 Board meeting. M. Menkhaus, Jr. seconded the motion. The results of the roll call vote:

Mr. Moller – Y  
Mr. Gamel – Y  
Mr. Juech – Y  
Mr. Menkhaus- Y  
Ms. Rahtz -Y  
Mr. Stiens – Y

The motion to approve minutes of the March 4, 2021 Board meeting passed.

## **NEW BUSINESS**

### **Performance Evaluation Committee Report**

K. Rahtz gave a report on the items discussed in the Committee meeting. The Performance Evaluation Committee reviewed several previously set goals. A decision to approve the use of the anniversary date of hire as the annual performance evaluation date for the next Executive Director was voted on and passed by the Committee. The Committee acknowledged the need to be flexible regarding the timeline for this and other goals and goal-setting initiatives. Several prior goals have been accomplished and several that are still in progress were retained as goals to be completed. Additional goals to pursue were discussed anticipating the results of the Asset Liability study in July.

## **UNFINISHED BUSINESS**

### **✚ Outstanding Opinions:**

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 there are no updates. T. Gamel commented that he is dissatisfied with the lack of response regarding this item, given that the Solicitor's office represents the Board. Mr. Gamel wanted it noted for the record that there seems to be a reluctance to give counsel to this Board.

### **✚ Board of Trustees Annual Report to Council**

B. Moller reported that the Board's report was on the Budget and Finance Committee's agenda and Mr. Moller was asked to briefly discuss the highlights of the report. Mr. Moller further reported that Council Member Mann requested a report back within 30 days to incorporate it into the discussions on the City Budget. T. Gamel commended Mr. Moller for his representation of the Board.

### **✚ Ongoing Board Training**

Investment Concepts training is scheduled for May 6, 2021. P. Tilsley notified the Board it is expected to be adjacent to the Investment Committee meeting, and the exact time will be communicated as soon as it is known.

### **✚ Executive Director Search**

B. Moller gave updates on the progress of the search. The job description is currently being advertised and a supplemental background questionnaire has been developed. An applicant list is being compiled, so interviewing is hoped to begin soon.

## **INFORMATIONAL**

### **✚ Monthly Investment Report - February 2021**

B. Moller stated the annualized investment returns for 1-, 3-, and 5 years continue to do well. D. Stiens commented that he has followed this report closely for several months and would like to recommend looking at getting out of non-U.S. equity funds. Mr. Moller stated that this is a function of diversification, but would have Marquette Associates talk about it next month.

 **115 Health Care Trust Funding Policy**

P. Tilsley reported there are no updates.

With no other business before the Board, T. Gamel made a motion to adjourn. K. Rahtz seconded the motion to adjourn. The results of the roll call vote:

Mr. Moller – Y

Mr. Gamel – Y

Mr. Juech – Y

Mr. Menkhaus – Y

Ms. Rahtz – Y

Mr. Stiens – Y

The motion to adjourn passed. Meeting adjourned at 2:23 P.M.

**City of Cincinnati Retirement System**  
**Cash Flow Budget Analysis - as of March 31, 2021**

	<u>Budget 2021</u>	<u>Actual Q1, 2021</u>	<u>Difference</u>	<u>% of Budget Utilized</u>	<u>25% of Budget</u>	<u>Difference 25% of Budget v Actual</u>
<b>25% Expectation</b>						
Office Staff	1,649,000	337,964	1,311,036	20%	412,250	74,286
Office Expenses	101,500	13,713	87,787	14%	25,375	11,662
Training and Travel	54,000	0	54,000	0%	13,500	13,500
Data Processing	402,500	123,660	278,840	31%	100,625	(23,035)
Professional Fees	410,000	78,302	331,698	19%	102,500	24,198
Other	6,600	750	5,850	11%	1,650	900
Fiduciary Insurance	75,000	0	75,000	0%	18,750	18,750
<b>Operating</b>						
<b>Budget Total</b>	<u>2,698,600</u>	<u>554,389</u>	<u>2,144,211</u>	21%	<u>674,650</u>	<u>120,261</u>
<b>Member</b>						
<b>Cost (25% expectation)</b>	<u>218,810,000</u>	<u>59,795,463</u>	<u>159,014,537</u>	27%	<u>54,702,500</u>	<u>(5,092,963)</u>
<b>Contributions</b>						
(25% Expectation)	<u>54,815,000</u>	<u>14,871,148</u>	<u>(39,943,852)</u>	27%	<u>13,703,750</u>	<u>1,167,398</u>
<b>Net Investment</b>						
<b>Returns</b>	<u>175,289,488</u>	<u>114,926,937</u>	<u>(60,362,551)</u>		<u>43,822,372</u>	<u>71,104,565</u>
(25% Expectation)						

**2021 CRS CASH FLOW BUDGET**

<b>I. OPERATING EXPENSES</b>	<b>2021 BUDGET</b>	<b>% Cost of Operations</b>	<b>2021 YTD March</b>	<b>Difference Budget v Actual</b>	<b>25% of Budget</b>	<b>Difference 25% v Actual</b>
<b>A Office Staff</b>						
1. Salaries & Wages	1,214,000	44.99%	296,140	917,860	303,500	7,360
2. Fringe (35%)	425,000	15.75%	41,824	383,176	106,250	64,426
3. Temporary Services	10,000	0.37%	0	10,000	2,500	2,500
<b>A. Total Office Staff</b>	<b>1,649,000</b>	<b>61.11%</b>	<b>337,964</b>	<b>1,311,036</b>	<b>412,250</b>	<b>74,286</b>
<b>B Office Expenses</b>						
1. Office Improvements	11,000	0.41%	0	11,000	2,750	2,750
2. Equipment / Purchase and Rent	10,000	0.37%	626	9,374	2,500	1,874
3. Supplies	2,000	0.08%	435	1,565	500	65
4. Printing and Postage	78,500	2.91%	12,652	65,848	19,625	6,973
<b>B. Total Office Expenses</b>	<b>101,500</b>	<b>3.77%</b>	<b>13,713</b>	<b>87,787</b>	<b>25,375</b>	<b>11,662</b>
<b>C Training and Travel</b>						
1. Training/Tra Board	32,500	1.20%	0	32,500	8,125	8,125
2. Training/Tra Staff	21,500	0.80%	0	21,500	5,375	5,375
<b>C. Total Training and Travel</b>	<b>54,000</b>	<b>2.00%</b>	<b>0</b>	<b>54,000</b>	<b>13,500</b>	<b>13,500</b>
<b>D Data Processing Expenses</b>						
1. Pension Gold Hosting and Modifications	214,500	7.95%	111,208	103,292	53,625	(57,583)
2. Pension Gold Annual License Fee	129,000	4.78%	0	129,000	32,250	32,250
3. Regional Computer Center (ETS)	3,000	0.11%	0	3,000	750	750
4. Hardware and Software for PCs	39,000	1.45%	12,109	26,891	9,750	(2,359)
5. Other	17,000	0.63%	343	16,657	4,250	3,907
<b>D. Total IT Expenses</b>	<b>402,500</b>	<b>14.92%</b>	<b>123,660</b>	<b>278,840</b>	<b>100,625</b>	<b>(23,035)</b>
<b>E Professional Services</b>						
1. Actuarial Fees	162,000	6.00%	34,877	127,123	40,500	5,623
2. Consulting Fees	110,000	4.08%	15,613	94,387	27,500	11,887
3. Legal Services	110,000	4.08%	27,812	82,188	27,500	(312)
4. Retiree Locator Fees	3,000	0.11%	0	3,000	750	750
5. Treasury, Accounts and Audits	25,000	0.94%	0	25,000	6,250	6,250
<b>E. Total Professional Services</b>	<b>410,000</b>	<b>15.21%</b>	<b>78,302</b>	<b>331,698</b>	<b>102,500</b>	<b>24,198</b>
<b>F Other Expenses</b>						
1. Board Meeting Expenses	2,500	0.09%	0	2,500	625	625
2. Membership and Subscriptions	4,100	0.15%	750	3,350	1,025	275
<b>F. Total Other</b>	<b>6,600</b>	<b>0.24%</b>	<b>750</b>	<b>5,850</b>	<b>1,650</b>	<b>900</b>
<b>G Insurance</b>						
Fiduciary Insurance	75,000	2.78%	0	75,000	18,750	18,750
<b>G. Total Insurance</b>	<b>75,000</b>	<b>2.78%</b>	<b>0</b>	<b>75,000</b>	<b>18,750</b>	<b>18,750</b>
<b>Total Operating Costs</b>	<b>2,698,600</b>	<b>100.03%</b>	<b>554,389</b>	<b>2,144,211</b>	<b>674,650</b>	<b>120,261</b>

Programing fees to LRS paid in block purchase  
Paid once per year - Normally paid in Q2

Annual software licenses

Paid once per year - Normally paid in Q2

2021 CRS CASH FLOW BUDGET (Continued)	2021 BUDGET	% Cost of Benefits	2021 YTD March	Difference Budget v Actual	25% of Budget	Difference 25% v Actual	
<b>II. MEMBER BENEFITS EXPENSES</b>							
A. Pensions	182,900,000	83.59%	51,401,078	131,498,922	45,725,000	(5,676,078)	Increase in DROP payments
B. Return of Contributions	2,460,000	1.12%	588,285	1,871,715	615,000	26,715	
C. Death Benefits	550,000	0.25%	270,000	280,000	137,500	(132,500)	
D. Medical	32,900,000	15.04%	7,536,100	25,363,900	8,225,000	688,900	
<b>Total Benefit Costs</b>	<b>218,810,000</b>	<b>100.00%</b>	<b>59,795,463</b>	<b>159,014,537</b>	<b>54,702,500</b>	<b>(5,092,963)</b>	
<b>III. CONTRIBUTIONS</b>							
	<b>2021 BUDGET</b>	<b>% of Contributions</b>					
A. City Contributions @16.25%	34,035,000	62.09%	9,212,871	(24,822,129)	8,508,750	704,121	
B. Employee Contributions (9.0%)	18,850,000	34.39%	5,239,706	(13,610,294)	4,712,500	527,206	
C. Retiree Medical Premiums	2,180,000	3.98%	588,762	(1,591,238)	545,000	43,762	
D. Transfers In (Out) Reciprocity	(250,000)	-0.46%	(170,191)	79,809	(62,500)	(107,691)	
<b>Total Contributions</b>	<b>54,815,000</b>	<b>100.00%</b>	<b>14,871,148</b>	<b>(39,943,852)</b>	<b>13,703,750</b>	<b>1,167,398</b>	
<b>IV. NET INVESTMENT RETURNS</b>							
<b>A. Gross Returns</b>	<b>184,405,488</b>		<b>117,555,181</b>	<b>(66,850,307)</b>	<b>46,101,372</b>	<b>71,453,809</b>	
<b>B. Investment Expenses</b>							
1. Custodial Fees	296,000		144,541	151,459	74,000	(70,541)	2020 Custodial Fees Paid in 2021 Fees paid for two quarters New asset allocation will reduce future fees
2. Investment Consultant	235,000		117,500	117,500	58,750	(58,750)	
3. Investment Management Fees	8,585,000		2,366,203	6,218,797	2,146,250	(219,953)	
<b>Total Investment Expenses</b>	<b>9,116,000</b>	<b>0.39%</b>	<b>2,628,244</b>	<b>6,487,756</b>	<b>2,279,000</b>	<b>(349,244)</b>	
<b>Net Investment Returns (Budget 7.5%)</b>	<b>175,289,488</b>		<b>114,926,937</b>	<b>(60,362,551)</b>	<b>43,822,372</b>	<b>71,104,565</b>	
<b>NET CHANGE IN FUND BALANCE</b>	<b>8,595,888</b>		<b>69,448,233</b>	<b>60,852,345</b>	<b>2,148,972</b>	<b>67,299,261</b>	

## Cincinnati Retirement System

### DROP Quarterly Report for 2021

	Totals at 12/31/2020	Q1	Q2	Q3	Q4	2021	Life of Plan Participation
<b><u>Participants</u></b>							
Beginning		235				235	
New Participants	337	5				5	342
Withdrawn Participants	-102	-32				-32	-134
<b>Remaining</b>	<b>235</b>	<b>208</b>				<b>208</b>	<b>208</b>
<b><u>DROP Balance</u></b>							
Opening Balance						\$ 24,954,562	
<b>In-Flows to DROP</b>							
Deferred Pension Payments	\$ 31,868,079	\$ 2,593,603				\$ 2,593,603	\$ 34,461,682
Member Contributions*	\$ 4,479,460	\$ 395,827				\$ 395,827	\$ 4,875,287
Interest Payable	\$ 1,002,367	\$ 55,838				\$ 55,838	\$ 1,058,205
<b>Subtotal</b>	<b>\$ 37,349,906</b>	<b>\$ 3,045,268</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,045,268</b>	<b>\$ 40,395,174</b>
<b>Out-Flows from DROP</b>							
Disbursement of Accounts	\$ (11,243,776)	\$ (7,959,512)				\$ (7,959,512)	\$ (19,203,288)
<b>Transfers to Pension Trust</b>							
Participant Fees*	\$ (1,119,027)	\$ (98,343)				\$ (98,343)	\$ (1,217,370)
Forfeited Interest	\$ (32,541)	\$ (1,450)				\$ (1,450)	\$ (33,991)
<b>Subtotal</b>	<b>\$ (12,395,344)</b>	<b>\$ (8,059,305)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,059,305)</b>	<b>\$ (20,454,649)</b>
<b>Change To DROP Quarterly</b>		<b>\$ (5,014,037)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Ending DROP Liability</b>	<b>\$ 24,954,562</b>					<b>\$ 19,940,525</b>	<b>\$ 19,940,525</b>

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

## Demographic Report for the CRS Board

	12/31/2020	1st Quarter (3/31/2021)	2nd Quarter (6/30/2021)	3rd Quarter (9/30/2021)	4th Quarter (12/31/2021)
Total F/T Active Employee Members <i>(Does NOT include DROP participants)</i>	2839	2799			
Total Payees <i>(includes retirees, optionees in pay status, and Survivors - does NOT include DROP participants)</i>	4119	4231			
Number of Retiree & Optionee Deaths YTD <i>(includes Optionees who died and were not in pay status)</i>	230	76			

*Total Payees includes payees receiving multiple benefits. For example, a retiree who is receiving another benefit as an optionee is counted twice. This count does not correlate directly to the number of pensioners depicted in the Annual Actuarial Valuation due to differences in accounting for new retirees, deceased pensioners, DROP participants, and payees receiving multiple benefits.*