



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

August 5, 2021 / 2:00 P.M.
City Hall, Council Chambers and via Zoom

	<u>Members</u>	<u>Administration</u>
Tom Gamel	John Juech	Paula Tilsley
Bill Moller	Betsy Sundermann	Renee Kabin
Don Stiens	Kathy Rahtz	Linda Smith
Mark Menkhaus Jr.	Erica Winstead	Bev Nussman

Call to Order

Approval of Minutes

- ✚ Meeting Minutes – June 10, 2021

Investment Committee Report

- ✚ Report from Committee, August 5, 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
- ✚ Board's Annual Report to Council - Draft

New Business

- ✚ Ft. Washington PE Fund X Extension
- ✚ CSA Proposed Agreed Order
- ✚ Future Board Meeting Methods of Participation

Informational

- ✚ Governance Committee
- ✚ Fiduciary Policy Renewal
- ✚ 2nd Qtr. Budget Update
- ✚ 2nd Qtr. DROP Rpt.
- ✚ 2nd Qtr. Demographic Rpt.
- ✚ 115 Health Care Trust Funding Policy
- ✚ Pending Board Items: Asset/Liability Study - September Board Meeting; Fiduciary Performance Audit.

Adjournment



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
June 10, 2021 / 2:00 P.M.
City Hall – Council Chambers**

Present

Bill Moller, Chair
Tom Gamel, Vice Chair
John Juech
Kathy Rahtz

Don Stiens
Betsy Sundermann
Erica Winstead

Staff Present

Paula Tilsley
Renee Kabin
Ann Schooley

Absent: Mark Menkhaus, Jr.

CALL TO ORDER

The meeting was called to order at 2:01 p.m. and a roll call of attendance was taken.

APPROVAL OF MINUTES

T. Gamel made a motion to approve the minutes of the May 6, 2021 Board of Trustees meeting.
D. Stiens seconded the motion to approve. Roll call vote results follow:

Mr. Moller– Y
Mr. Gamel – Y
Mr. Juech – Y
Ms. Rahtz - Y
Mr. Stiens – Y
Ms. Sundermann –Y
Ms. Winstead –Y

The motion to approve minutes of the May 6, 2021 Board meeting passed.

NEW BUSINESS

2020 Pension and OPEB Valuation Reports

Kevin Woodrich and Janet Cranna from Cheiron presented the Pension Valuation report for year ending December 31, 2020. The Funded Ratio for 2020 was 70.5%, a decrease from 71.2% in 2019. The Early Retirement Incentive Plan (ERIP) had a negative effect on the support ratio (active employees to retirees)--a key metric used to determine the funded ratio--due to fewer full-time employees. The ratio increased from 1:1.6 to 1:1.8, the highest over the past ten years. The Net Cash Flow was a negative 6.6%. This puts CRS at the bottom 5% of other public retirement plans. Return on

Market Value of Assets (MVA) was 8.03%. The Actuarially Determined Contribution increased from 30.67% to 33.46% of which 1.34% was due to the ERIP.

Margaret Tempkin of Cheiron presented the OPEB (Healthcare) Valuation. The Healthcare Trust was 126% funded as of December 31, 2020 with an Actuarially Determined Contribution of \$0. The unfunded actuarial liability is approximately (\$104.5 million). There was an actuarial loss of approximately \$17.4 million, primarily due to the increase in retirements as a result of the ERIP. P. Tilsley reminded trustees that employees hired on or after 1/1/2016 are not eligible for future healthcare. Effective 1/1/2023, Part D rebates will revert to point-of sale. This may increase the liabilities of plan sponsors. Cheiron will determine the healthcare premiums to be effective 1/1/2022 for the Secure, Select and Model plans.

Board Action

T. Gamel made a motion to accept the Pension and Healthcare Valuation reports for year-end December 31, 2020. K. Rahtz seconded the motion and a roll call vote was taken. Roll call vote results are as follows:

B. Moller -Y

T. Gamel – Y

J. Juech -Y

K. Rahtz – Y

D. Stiens – Y

B. Sundermann – Y

E. Winstead – Y

✚ Retirement of Executive Director

B. Moller took the agenda out of order to present a motion for the Board's immediate consideration: Whereas Ms. Paula Tilsley has directed the CRS for nearly twelve years, whereas she has served with dedication and commitment, whereas she has succeeded through reorganizations, negotiations, market swings and budget ups and downs, I move that the Cincinnati Retirement System Board of Trustees congratulate Paula on her retirement, thank her for her years of service to the City and CRS and wish her success in future endeavors. The motion was seconded by B. Sundermann, E. Winstead and D. Stiens. During discussion, J. Juech wished to thank Ms. Tilsley on behalf of the City Manager's Office for her professionalism and her dedicated service to the City.

A roll call vote was taken. Mr. Moller voted yes, Mr. Gamel voted yes, Mr. Juech voted yes, Ms. Rahtz voted yes, Mr. Stiens voted yes, Ms. Sundermann voted yes, and Ms. Winstead voted yes. The motion to thank and congratulate Paula Tilsley passed unanimously.

✚ Governance Committee Report

D. Stiens reported the committee reviewed and discussed election appeals language involving ballot recounts and protests. The Committee's consensus is to revise and refine this language.

D. Stiens reported discussion occurred regarding overhauling rules with the goal of being able to wrap everything into the Governance Manual. More details will be worked out in future meetings.

✚ Disability Application

Trustees were provided a confidential report from the Medical Director. P. Tilsley provided additional background on the process. CRS's disability determination follows Social Security guidelines, and

the Medical Director's opinion on an application can be a lengthy process due to the need to obtain records from multiple providers. Such requests are usually addressed by the Benefits Committee with final approval from the Board. In the interest of all parties involved, especially the affected employee member, CRS may expedite the process by bringing an application directly to the Board in the absence of a Benefits Committee meeting.

Board Action

T. Gamel made a motion to approve the disability of Kenneth Calloway. E. Winstead seconded the motion to approve. A roll call vote resulted as follows:

- B. Moller – Y
- T. Gamel – Y
- J. Juech – Y
- K. Rahtz – Y
- D. Stiens – Y
- B. Sundermann -Y
- E. Winstead - Y

The motion to approve the disability retirement application of Kenneth Calloway passed.

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.

✚ Executive Director Search

B. Moller reported that the search is progressing and the hope is to have a candidate in place before Ms. Tilsley's departure.

✚ Annual Report to Council

B. Moller mentioned the 2019 CRS Annual Report was put on hold on City Council's agenda. He proposed to the Board the opportunity to update the report to reflect the 2020 Annual Valuations and submit to Council before summer recess. Mr. Moller further discussed the need to call a special meeting to approve the 2020 Annual Report before it is submitted.

Board Action

K. Rahtz made a motion to present an updated Annual Report for 2020 to City Council. D. Stiens seconded the motion. A roll call vote was taken, results follow:

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

Ms. Sundermann - Y
Mr. Winstead - Y

INFORMATIONAL

✚ April 2021 Investment Report

Noted with no discussion.

✚ 115 Health Care Trust Funding Policy

A. Schooley reported there are no updates.

B. Moller proposed moving the next scheduled meeting from July 1st to July 8th, 2021. A. Schooley added that state law allowing livestream and remote participation is scheduled to expire July 1 and the status of any further changes is uncertain at this time. The next Governance Committee and Board meeting will be scheduled for July 8, 2021.

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 follows:

B. Moller - Y
T. Gamel – Y
J. Juech – Y
M. Menkhaus – Y
K. Rahtz – Y
D. Stiens – Y
E. Winstead - Y

The motion to adjourn passed. Meeting adjourned at 3:42 P.M.



Cincinnati Retirement System

City of Cincinnati
Retirement System
Executive Summary

May 31, 2021

Summary of Cash Flows

	Last Month
Beginning Market Value	\$2,468,837,194
Net Cash Flow	-\$12,071,673
Net Investment Change	\$32,511,193
Ending Market Value	\$2,489,276,714

Market Value

	Market Value (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Total Fund Composite	2,489,276,714	100.0	100.0	0
Fixed Income Composite	449,443,809	18.1	14.0	100,945,069
Private Debt Composite	1,742,776	0.1	3.0	-72,935,525
U.S. Equity Composite	771,930,344	31.0	27.5	87,379,247
Non-U.S. Equity Composite	588,466,040	23.6	23.0	15,932,395
Risk Parity Composite	106,180,284	4.3	5.0	-18,283,552
Real Estate Composite	199,330,236	8.0	7.5	12,634,482
Infrastructure Composite	158,054,463	6.3	10.0	-90,873,208
Private Equity Composite	207,749,341	8.3	10.0	-41,178,331
Total Cash Equivalents	6,379,422	0.3	--	6,379,422

Performance

	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Fund Composite	1.3%	6.2%	9.1%	32.3%	9.9%	10.4%	8.4%	9.1%	May-85
Target Benchmark	1.1%	5.1%	7.7%	29.9%	10.4%	10.7%	8.3%	--	May-85
Fixed Income Composite	0.3%	0.2%	-0.4%	8.2%	5.9%	5.4%	4.5%	5.8%	Nov-95
BBgBarc US Aggregate TR	0.3%	-0.1%	-2.3%	-0.4%	5.1%	3.2%	3.3%	5.0%	Nov-95
Private Debt Composite	0.0%	-22.1%	-22.1%	--	--	--	--	-12.8%	Sep-20
BBgBarc US Aggregate TR	0.3%	-0.1%	-2.3%	-0.4%	5.1%	3.2%	3.3%	-1.6%	Sep-20
U.S. Equity Composite	1.3%	11.0%	19.1%	56.4%	14.9%	15.7%	12.7%	9.9%	Feb-89
Russell 3000	0.5%	9.4%	12.3%	43.9%	18.0%	17.4%	14.2%	11.1%	Feb-89
Non-U.S. Equity Composite	2.9%	8.8%	12.0%	46.7%	7.0%	9.8%	5.8%	6.5%	May-93
MSCI ACWI ex USA	3.1%	7.5%	9.9%	42.8%	8.9%	10.9%	5.4%	--	May-93
Risk Parity Composite	2.2%	6.9%	5.4%	20.0%	8.1%	8.1%	--	5.0%	Jul-12
60% Wilshire 5000/40% BarCap Aggregate	0.4%	5.7%	6.5%	24.7%	13.3%	11.9%	10.0%	10.7%	Jul-12
Real Estate Composite	0.9%	3.0%	3.3%	4.4%	5.4%	6.6%	10.0%	5.3%	Aug-07
NFI	0.0%	0.6%	1.9%	2.7%	3.6%	5.0%	8.4%	4.2%	Aug-07
NPI	0.0%	0.6%	1.7%	3.3%	4.5%	5.5%	8.5%	5.9%	Aug-07
Infrastructure Composite	0.1%	2.7%	2.6%	14.7%	8.4%	5.6%	7.0%	8.1%	Aug-08
3 Month T-Bill +4%	0.3%	1.0%	1.7%	4.1%	5.3%	5.2%	4.6%	4.5%	Aug-08
Private Equity Composite	0.0%	0.0%	0.0%	27.8%	13.6%	13.6%	12.4%	8.2%	Jul-93
Cambridge Associates All PE	0.0%	0.0%	0.0%	31.9%	15.1%	15.8%	13.1%	15.6%	Jul-93

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June 18, 2021

To: Mayor and Members of City Council

Copy: Paula Boggs Muething, City Manager

From: Cincinnati Retirement System Board of Trustees

Subject: State of CRS Pension Trust and Healthcare Trust as of December 31, 2020

This report is written to provide to the Mayor and City Council the state of the Cincinnati Retirement System (CRS) Pension Trust and Healthcare Trust based on the latest actuary report from December 31, 2020.

Given the current and projected funding positions of the Pension Trust, we recommend that the Mayor and City Council take action in the FY 2022-2023 Biennial Operating Budget to address the continued downward trajectory of the Pension Trust. In addition, we recommend that the Mayor and City Council require the City Manager to develop a funding policy for the Healthcare Trust. The Cincinnati Municipal Code requires that the City get “input and recommendations” about the Healthcare Trust funding policy from the CRS Board.

Background

The purposes of the CRS Pension Trust and Healthcare Trust are to provide retirement benefits and healthcare benefits to eligible retired city employees. As of December 31, 2020, there were 2,631 full-time active members, 4,459 pensioners receiving pension payments, and 5,110 pensioners and spouses receiving healthcare benefits.

The CRS Board of Trustees serves as an independent fiduciary on behalf of active and retired members of the retirement system. The Board is not a party to the Collaborative Settlement Agreement (CSA). The Board retains Marquette Associates, an independent investment consulting firm, and Cheiron, a pension and healthcare actuarial consulting firm, both of which specialize in public sector plans. Marquette and the Board have developed and follow a disciplined investment policy that can be found on the CRS website. Cheiron calculates the actuarial value of assets and liabilities and projects the

funded status of the Trusts in future years based on professional actuarial standards and practices.

The assumed investment rate of return and discount rate for calculating liabilities is 7.5% per year as prescribed in the CSA. The annualized market rate of return for the past 5 and 10 years as of December 31, 2020 was 8.8% and 8.0%, respectively.

The table below highlights the actuarial value of assets, liabilities, and funded ratios.

<u>As of 12/31/20:</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Funded Ratio</u>
Pension Trust	\$1.79 billion	\$2.53 billion	70.5%
Healthcare Trust	\$502 million	\$398 million	126.3%

Pension Trust

The assumptions used in finalizing the CSA projected that the Pension Trust would be fully funded in 30 years if all of the assumptions played out exactly. The status of the annual contributions and distributions is described below:

- The active employees contribute 9% of covered payroll to the Pension Trust as required by the CSA;
- The City contributes only the minimum rate per the CSA of 16.25% of full-time covered payroll to the Pension Trust. (The General Fund represents 37.5% of covered payroll and other non-general funds represent 62.5% of covered payroll);
- The Actuarially Determined Contribution (ADC) for the Pension Trust, as calculated by the actuary, is the annual employer contribution amount required to bring the Pension to a fully funded status in 30 years. **The ADC as of 12/31/2020 was 33.46% of covered payroll for FYE 6/30/2022 compared to the City’s contribution rate of 16.25%, less than half of the ADC;**
- Benefit payments and expenses have exceeded employer and employee contributions for over a decade placing CRS in the bottom quartile among other public pension funds with negative cashflows. CRS continues to liquidate assets to pay for benefits and expenses.

After the CSA was finalized the following events occurred:

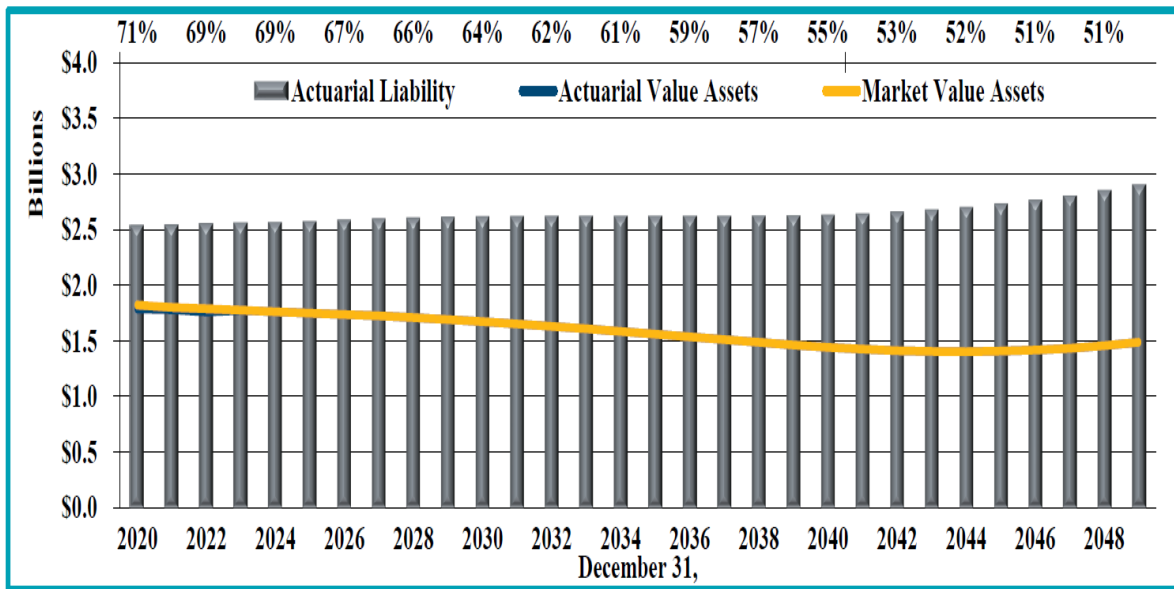
- Ordinance 336, which reflects changes made in finalizing the CSA that increased liabilities, was approved by City Council in 2016;
- Revisions to actuarial assumptions (e.g., longer life span of retirees) occurred as recommended by the actuary and approved by the CRS Board.
- Annualized 5-year investment returns (2016 – 2020) were 8.8% vs. the assumed 7.5%. However, CRS is especially sensitive to the timing of market swings since it

continues to liquidate assets when the market drops. This requires more time for the remaining assets to recover from market volatility.

- The City offered an ERIP in 2020 that provided two (2) additional years of service to eligible participants resulting in earlier retirements and higher benefits.
- The DROP is required to be cost neutral according to the CSA, but it has increased the liabilities of the Pension Trust according to the actuary.

The actuary’s latest revised funding progress for the Pension Trust, which includes the impact of the 2020 ERIP and DROP, projects an alarming decline in the funded ratio from 70.5% as of 12/31/2020 to 51% in 30 years, reaching a projected unfunded liability of \$1.4 billion. The graph reflects the City’s minimum contributions of 16.25% of covered payroll for 30 years, in addition to the recommended budget’s \$2.7 million per year for the next 15 years to pay for the ERIP liabilities and assumes a 7.5% investment return for all future years.

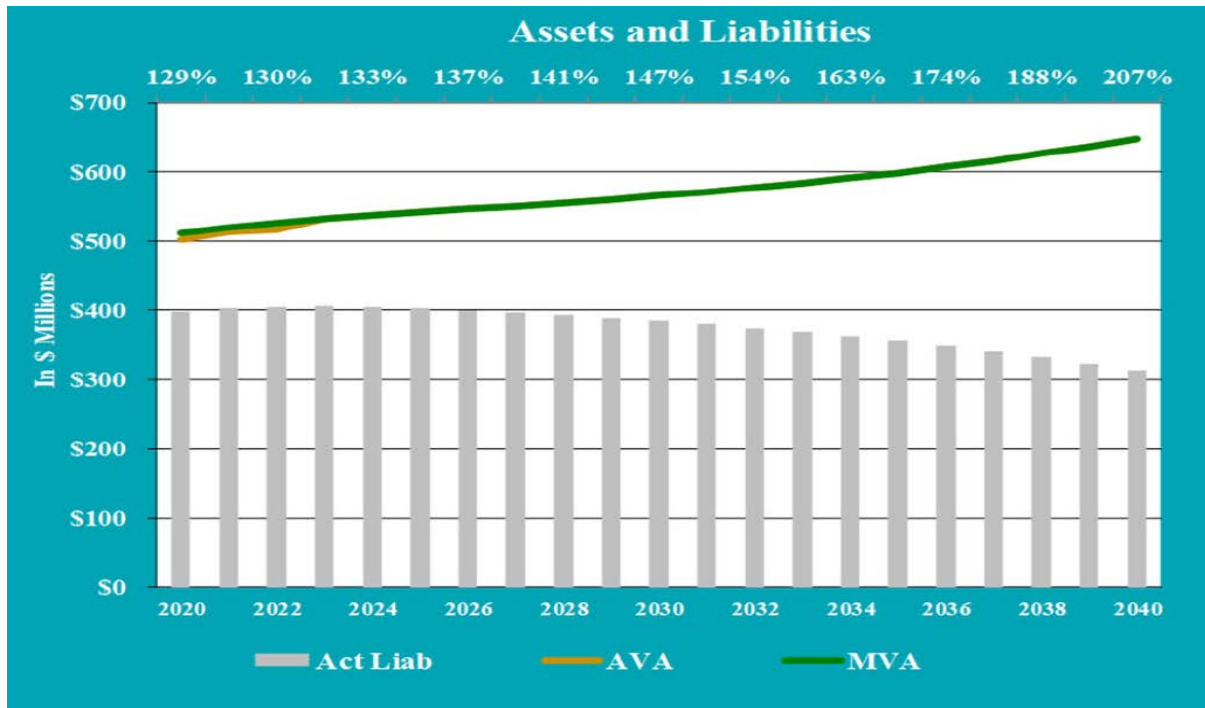
Pension Trust



Healthcare Trust

At the time of the CSA signing, the Healthcare Trust was fully funded, and the City was required per the CSA to establish a funding policy to keep the Trust fully funded over the lifetimes of current and future retirees. The City has yet to adopt a Healthcare Trust funding policy as required by the CSA and there have been no City contributions to the Trust since the CSA was signed. In the graph below, the bars represent liabilities and the lines represent the actuarial value of assets (AVA) and the market value of assets (MVA) assets.

Healthcare Trust



Investment Performance

While the simple conclusion may be to achieve higher returns or “invest our way out of this,” CRS’ investment performance has been solid relative to what the capital markets have provided. At the current level of historically low interest rates and modest economic growth, a 7.5% annualized return is a high hurdle and an optimistic assumption based on the investment consultant’s analysis. Our investment policy and portfolio allocation are already among the more aggressive pension systems in our effort to achieve the 7.5% target with an acceptable level of risk.

Our portfolio is well diversified across asset class, sector, investment managers and securities. The Board has recently changed the asset allocation as shown below with the goal of full implementation in 2021. The change in allocation is expected to maintain the projected rate of return with less volatility.

<u>Asset Class</u>	<u>Policy %</u>
Total Fixed Income	17.0%
Total U.S. Equity	27.5%
Total Non-U.S. Equity	23.0%
Risk Parity	5.0%

Real Estate	7.5%
Infrastructure	10.0%
Private Equity	10.0%

Conclusion

The CRS Pension Trust and Healthcare Trust are undoubtedly challenged in providing promised retirement benefits. When the Collaborative Settlement Agreement was implemented, the Pension Trust and Healthcare Trust were projected to be fully funded in 30 years.

The Pension Trust is on a downward trajectory toward a 50% funded position in 30 years. The future of the Health Care Trust is also uncertain due to the lack of a funding policy as required by the CSA.

Following are possible solutions to avert these outcomes:

1. Increase City contributions to the Pension Trust above the minimum required amount of 16.25%, as provided for in the CSA. This is less than one-half of the Actuarially Determined Contribution of 33.46% for FYE 2022. For the Healthcare Trust, establish a policy to ensure the trust remains fully funded as required by the CSA;
2. Increase investment performance by increasing risk. Generally, there are several strategies affecting increased investment return. These include using different investment managers, making a riskier asset allocation, and attempting to lower fees. There is little we can do regarding these factors because we believe we have the appropriate managers, the appropriate asset allocation, and fees are already on the low end. With regard to asset allocation, the only way to increase expected returns in the future is to lower the fixed income allocation and add more to stocks or other “riskier” assets. Investment performance has been solid over time and the risk level of the portfolio is already aggressive relative to our peers. We and our investment consultant believe that taking any more risk would be imprudent. Conversely, taking less risk would decrease our chances of achieving the 7.5% target;
3. Reduce benefits. While unpopular and considered the last resort, reducing benefits would require re-opening the CSA; and
4. As the City has done before, explore issuing judgement bonds to reduce the unfunded actuarial liability. As of 12/31/2020, the unfunded actuarial liability for the Pension Trust was \$747 million.

Recommendation

At this time, we recommend that City Council increase the City's employer contributions to the Pension Trust and develop and implement a funding policy for the Health Care Trust to ensure that the promises to CRS members will be met well into the future. City Council should devise a plan to consistently contribute the ADC. The ADC for FYE 2022 is \$70 million for the Pension Trust. The Healthcare Trust was well funded as of the 12/31/20 valuation and does not require an ADC amount. Immediate action is required. Further delays will result in higher contributions in future years.

cc: Paula Tilsley, Executive Director

Date: June 15, 2021

To: Paul Boggs Muething, City Manager

From: Andrew W. Garth, City Solicitor

AWG

Subject: Emergency Ordinance – Modifying Title I Remote Public Meetings

Transmitted herewith is an emergency ordinance captioned as follows:

MODIFYING Title I, “Council and Corporation Miscellany,” by enacting new Chapter 121, “Remote Public Meetings,” of the Cincinnati Municipal Code, to allow public bodies of the City, except Council and its committees, to conduct public meetings remotely.

AWG/MSS/(lnk)
Attachment
341165

EMERGENCY

City of Cincinnati

MSS

AWB

An Ordinance No. _____

-2021

MODIFYING Title I, “Council and Corporation Miscellany,” by enacting new Chapter 121, “Remote Public Meetings,” of the Cincinnati Municipal Code, to allow public bodies of the City, except Council and its committees, to conduct public meetings remotely.

WHEREAS, the experience gained over the past year under emergency measures suspending some aspects of the Ohio Open Meetings Act has shown that both the public and required attendees benefit from the ability to attend public meetings remotely using modern communications technology; and

WHEREAS, using widely available technology to increase public access to and public participation in such meetings is desirable because it increases transparency regarding the operations of local government; and

WHEREAS, allowing remote attendance by members of public bodies at such meetings increases flexibility and encourages public service by decreasing the burden associated with such service, especially when meetings extend beyond the regular workday; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That new Chapter 121, “Remote Public Meetings,” of Title I, “Council and Corporation Miscellany,” of the Cincinnati Municipal Code, is hereby enacted as follows:

Sec. 121-1. - Definitions.

For purposes of this chapter, the words and phrases defined in this chapter shall have the meanings ascribed to them unless a different meaning is clearly indicated by the context.

Sec. 121-1-H. – Hearing.

“Hearing” means an administrative hearing or other hearing at which a person may present written or oral testimony on a matter before a public body.

Sec. 121-1-M. - Meeting.

“Meeting” has the same meaning as ascribed in O.R.C. § 121.22.

Sec. 121-1-P. – Public Body.

“Public body” has the same meaning as ascribed in O.R.C. § 121.22, and includes those boards, commissions, and institutions created by the city’s charter or by ordinance, except that it does not include the council or any of its committees or subcommittees.

Sec. 121-3. – Remote Open Meetings Allowed.

Members of the city’s public bodies may hold and attend meetings and may conduct and attend hearings by means of teleconference, video conference, or any other similar technology.

Sec. 121-5. – Effect of Remote Attendance.

During any open meeting or hearing of a public body at which members of the public body appear remotely by means of teleconference, video conference, or any other similar technology, all of the following shall apply:

- (a) Any resolution, rule, determination, vote, or formal action of any kind shall have the same effect as if it had occurred during an open meeting or hearing of the public body held pursuant to O.R.C. § 121.22.
- (b) Members of a public body who attend meetings or hearings by means of teleconference, video conference, or any other similar technology shall be considered present as if in person at the meeting or hearing, shall be permitted to vote, and shall be counted for purposes of determining whether a quorum is present at the meeting or hearing.
- (c) Public bodies shall provide notification of meetings and hearings held under this section to the public, to the media that have requested notification of a meeting, and to the parties required to be notified of a hearing, at least twenty-four hours in advance of the meeting or hearing by reasonable methods by which any person may determine the time, location, and the manner by which the meeting or hearing will be conducted, except in the event of an emergency requiring immediate official action. In the event of an emergency, the public body shall immediately notify the news media that have requested notification or the parties required to be notified of a hearing of the time, place, and purpose of the meeting or hearing.
- (d) The public body shall provide the public access to a meeting held under this section, and to any hearing held under this section that the public would otherwise be entitled to attend, commensurate with the method in which the meeting or hearing is being conducted, including, but not limited to, live-streaming by means of the internet, local radio, television, cable, or public access channels, call in information for a teleconference, or by means of any other similar technology. The public body shall ensure that the public can observe and hear the discussions

and deliberations of all the members of the public body, whether the member is participating in person or electronically.

- (e) When members of a public body conduct a hearing by means of teleconference, video conference, or any other similar technology, the public body must establish a means through the use of equipment that is widely available to the general public to converse with witnesses and to receive documentary testimony and physical evidence.

Section 2. That the City Manager is hereby authorized develop regulations necessary to carry out the purposes of this ordinance.

Section 3. That the authority granted by this ordinance applies notwithstanding any conflicting provision of O.R.C. § 121.22, but nothing in this section shall be construed to negate any provision of O.R.C. § 121.22 not in conflict with this ordinance.

Section 4. That the proper City officials are authorized to do all things necessary and proper to carry out the terms of Sections 1 through 3 hereof.

Section 5. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety, and general welfare and shall, subject to the terms of Article II, Section 6 of the Charter, be effective immediately. The reason for the emergency is the immediate need to enable the continuation of remote meeting capabilities for city public bodies following expiration of statewide orders.

Passed: _____, 2021

John Cranley, Mayor

Attest: _____
Clerk

City of Cincinnati Retirement System
Cash Flow Budget Analysis - As of June 30, 2021

	<u>Budget 2021</u>	<u>Actual Q2, 2021</u>	<u>Difference</u>	<u>% of Budget Utilized</u>	<u>50% of Budget</u>	<u>Difference 50% of Budget v Actual</u>
50% Expectation						
Office Staff	1,649,000	695,528	953,472	42%	824,500	128,972
Office Expenses	101,500	29,117	72,383	29%	50,750	21,633
Training and Travel	54,000	75	53,925	0%	27,000	26,925
Data Processing	402,500	171,458	231,042	43%	201,250	29,792
Professional Fees	410,000	143,358	266,642	35%	205,000	61,642
Other	6,600	765	5,835	12%	3,300	2,535
Fud Ins	75,000	0	75,000	0%	37,500	37,500
Operating						
Budget Total	2,698,600	1,040,301	1,658,299	39%	1,349,300	308,999
Member						
Cost (50% expectation)	218,810,000	113,190,000	105,620,000	52%	109,405,000	(3,785,000)
Contributions						
(50% Expectation)	54,815,000	27,964,905	(26,850,095)	51%	27,407,500	557,405
Net Investment						
Returns						
(50% Expectation)	175,289,488	251,611,697	76,322,209		87,644,744	163,966,953

2021 CRS CASH FLOW BUDGET						
I. OPERATING EXPENSES	2021 BUDGET	% Cost of Operations	2021 YTD June	Difference Budget v Actual	50% of Budget	Difference 50% v Actual
A Office Staff						
1. Salaries & Wages	1,214,000	44.99%	568,636	645,364	607,000	38,364
2. Fringe (35%)	425,000	15.75%	126,892	298,108	212,500	85,608
3. Temporary Services	10,000	0.37%	0	10,000	5,000	5,000
A. Total Office Staff	1,649,000	61.11%	695,528	953,472	824,500	128,972
B Office Expenses						
1. Office Improvements	11,000	0.41%	0	11,000	5,500	5,500
2. Equipment / Purchase and Rent	10,000	0.37%	1,347	8,653	5,000	3,653
3. Supplies	2,000	0.08%	998	1,002	1,000	2
4. Printing and Postage	78,500	2.91%	26,772	51,728	39,250	12,478
B. Total Office Expenses	101,500	3.77%	29,117	72,383	50,750	21,633
C Training and Travel						
1. Trainee Board	32,500	1.20%	0	32,500	16,250	16,250
2. Trainee Staff	21,500	0.80%	75	21,425	10,750	10,675
C. Total Training and Travel	54,000	2.00%	75	53,925	27,000	26,925
D Data Processing Expenses						
1. Pension Gold Hosting and Modification	214,500	7.95%	140,763	73,737	107,250	(33,513)
2. Pension Gold Annual License Fee	129,000	4.78%	0	129,000	64,500	64,500
3. Regional Computer Center (ETS)	3,000	0.11%	0	3,000	1,500	1,500
4. Hardware and Software for PCs	39,000	1.45%	12,559	26,441	19,500	6,941
5. Other	17,000	0.63%	18,136	(1,136)	8,500	(9,636)
D. Total IT Expenses	402,500	14.92%	171,458	231,042	201,250	29,792
E Professional Services						
1. Actuarial Fees	162,000	6.00%	61,130	100,870	81,000	19,870
2. Consulting Fees	110,000	4.08%	36,147	73,853	55,000	18,853
3. Legal Services	110,000	4.08%	27,812	82,188	55,000	27,188
4. Retiree Locator Fees	3,000	0.11%	0	3,000	1,500	1,500
5. Treasury, Accounts and Audits	25,000	0.94%	18,269	6,731	12,500	(5,769)
E. Total Professional Services	410,000	15.21%	143,358	266,642	205,000	61,642
F Other Expenses						
1. Board Meeting Expenses	2,500	0.09%	0	2,500	1,250	1,250
2. Membership and Subscriptions	4,100	0.15%	765	3,335	2,050	1,285
F. Total Other	6,600	0.24%	765	5,835	3,300	2,535
G Insurance						
Fiduciary Insurance	75,000	2.78%	0	75,000	37,500	37,500
G. Total Insurance	75,000	2.78%	0	75,000	37,500	37,500
Total Operating Costs	2,698,600	100.03%	1,040,301	1,658,299	1,349,300	308,999

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

Prior year charges

Annual Treasury bill paid

Paid once per year

2021 CRS CASH FLOW BUDGET (Continued)	2021 BUDGET	% Cost of Benefits	2021 YTD June	Difference Budget v Actual	50% of Budget	Difference 50% v Actual	
II. MEMBER BENEFITS EXPENSES							
A. Pensions	182,900,000	83.59%	97,302,649	85,597,351	91,450,000	(5,852,649)	Increase in DROP payments
B. Return of Contributions	2,460,000	1.12%	1,042,713	1,417,287	1,230,000	187,287	
C. Death Benefits	550,000	0.25%	393,867	156,133	275,000	(118,867)	
D. Medical	32,900,000	15.04%	14,450,771	18,449,229	16,450,000	1,999,229	
Total Benefit Costs	218,810,000	100.00%	113,190,000	105,620,000	109,405,000	(3,785,000)	
III. CONTRIBUTIONS							
A. City Contributions @16.25%	34,035,000	62.09%	17,091,432	(16,943,568)	17,017,500	73,932	
B. Employee Contributions (9.0%)	18,850,000	34.39%	9,862,897	(8,987,103)	9,425,000	437,897	
C. Retiree Medical Premiums	2,180,000	3.98%	1,180,767	(999,233)	1,090,000	90,767	
D. Transfers In (Out) Reciprocity	(250,000)	-0.46%	(170,191)	79,809	(125,000)	(45,191)	
Total Contributions	54,815,000	100.00%	27,964,905	(26,850,095)	27,407,500	557,405	
IV. NET INVESTMENT RETURNS							
A. Gross Returns	184,405,488		256,533,435	72,127,947	92,202,744	164,330,691	
B. Investment Expenses							
1. Custodial Fees	296,000		203,217	92,783	148,000	(55,217)	2020 Custodial Fees Paid in 2021
2. Investment Consultant	235,000		117,500	117,500	117,500	0	
3. Investment Management Fees	8,585,000		4,601,021	3,983,979	4,292,500	(308,521)	New asset allocation will reduce future fees
Total Investment Expenses	9,116,000	0.39%	4,921,738	4,194,262	4,558,000	(363,738)	
Net Investment Returns (Budget 7.5%)	175,289,488		251,611,697	76,322,209	87,644,744	163,966,953	
NET CHANGE IN FUND BALANCE	8,595,888		165,346,301	156,750,413	4,297,944	161,048,357	

Cincinnati Retirement System
DROP Quarterly Report for 2021

Totals at 12/31/2020	Q1	Q2	Q3	Q4	2021	Life of Plan Participation
<u>Participants</u>						
Beginning	235	208			235	
New Participants	337	5	5		10	347
Withdrawn Participants	-102	-32	-12		-44	-146
Remaining	235	208	201		201	201
<u>DROP Balance</u>						
Opening Balance					\$ 24,954,562	
In-Flows to DROP						
Deferred Pension Payments	\$ 31,868,079	\$ 2,593,603	\$ 2,404,374		\$ 4,997,977	\$ 36,866,056
Member Contributions*	\$ 4,479,460	\$ 395,827	\$ 319,115		\$ 714,942	\$ 5,194,402
Interest Payable	\$ 1,002,367	\$ 55,838	\$ 50,513		\$ 106,351	\$ 1,108,718
Subtotal	\$ 37,349,906	\$ 3,045,268	\$ 2,774,002	\$ -	\$ -	\$ 5,819,270
Out-Flows from DROP						
Disbursement of Accounts	\$ (11,243,776)	\$ (7,959,512)	\$ (1,935,261)		\$ (9,894,773)	\$ (21,138,549)
Transfers to Pension Trust						
Participant Fees*	\$ (1,119,027)	\$ (98,343)	\$ (79,712)		\$ (178,055)	\$ (1,297,082)
Forfeited Interest	\$ (32,541)	\$ (1,450)	\$ (484)		\$ (1,934)	\$ (34,475)
Subtotal	\$ (12,395,344)	\$ (8,059,305)	\$ (2,015,457)	\$ -	\$ -	\$ (10,074,762)
Change To DROP Quarterly		\$ (5,014,037)	\$ 758,545	\$ -	\$ -	
Ending DROP Liability	\$ 24,954,562				\$ 20,699,070	\$ 20,699,070

* 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	2843		
Total Payees <i>(includes retirees, optionees in pay status, and Survivors - does NOT include DROP participants)</i>	4119	4231	4229		
Number of Retiree & Optionee Deaths YTD <i>(includes Optionees who died and were not in pay status)</i>	230	76	117		

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.