



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
July 14, 2022/ 2:00 P.M.
City Hall – Council Chambers and remote**

Board Members Present

Bill Moller, Chair
Tom Gamel
Mark Menkhaus, Jr.
Kathy Rahtz
Don Stiens
John Juech
Jeff Cramerding

Administration

Mike Barnhill
Ann Schooley
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, Menkhaus, Gamel, Rahtz, Stiens, and Juech, were present. Trustee Cramerding and Winstead were absent.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of June 9, 2022, was moved by Trustee Rahtz and seconded by Trustee Gamel. Trustee Moller requested a formatting change to a footnote. The minutes were approved by unanimous roll call vote.

Report from Benefits Committee

Trustee Gamel provided a summary of the Benefits Committee. The Benefits Committee took under consideration three cases involving the denial of retiree healthcare to disabled adult children of retirees. Director Barnhill presented a summary of the legislative history of the governing code section, CMC 203-48. The Committee then listened to a presentation by attorney Daniel Spraul, attorney for one of retiree parents. The Committee then took a vote to enter into executive session, which passed unanimously. The Committee entered executive session. The Benefits Committee re-convened.. The Committee tasked Director Barnhill with a number of information requests and tasks:

- (1) Was the notice of the enactment of CMC 203-48 provided to both actives and retirees?
- (2) Adopt a practice to send letters to retirees with disabled adult children advising them of the eligibility requirements for retiree healthcare for their children, as well as to provide follow-up letters as needed.
- (3) Establish communication with Risk Management to identify similar situated cases in the active employee population, and provide targeted communication about the eligibility requirements of CMC

203-48 in advance of retirement.

- (4) Research the costs of residential facilities for disabled patients, and whether such costs are covered by insurance and Medicare, as well as by the active and retiree healthcare plans.
- (5) Provide a definition of residential facility.
- (6) Research the various ways that permanent and total disability is determined, including how the Social Security Administration makes this determination. Provide clarification on these definitions.
- (7) Provide information on the different standards in place between the retiree and active health care plans.

Committee passed a motion for Law to provide advice on an eligibility appeals process. The Board passed this motion by unanimous roll call vote.

Informational – Executive Director’s Report

Mr. Barnhill provided the following report:

- Market Update. May 2022 results from Marquette. YTD returns are -6.3%, and June results will be worse. Longer-term results are over 7.5%. Real estate and infrastructure returns are positive. Chair Moller observed that the results support the need for diversification.
- NCPERS Chief Officer Summit. Director Barnhill summarized the conference presentations.
- Active Election Update. A new notice of nominations has been sent. CRS is on course to swear in a new trustee at the October meeting.
- Horan Consulting Update. First meeting with Horan next week. Director Barnhill intends to use Horan to help respond to the questions and tasks from the Benefits Committee today.
- CRS Staffing Update. The status quo persists. CRS is using temps to fill the gaps created by the vacancies.
- Counsel Update. No update.
- Stabilization Fund Update. We are expecting the City to deposit \$2mm into CRS from the stabilization fund in CY2022.

UNFINISHED BUSINESS

Outstanding Opinions:

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 there is no update.

2021 Actuarial Valuations

Trustee Gamel moved, and Trustee Juech seconded, approval of the 2021 actuarial valuations. Director Barnhill pointed out two correction edits that Cheiron will be making to the versions in the Board packets. Chair Moller observed that the references to the 16.25% employer contribution rate implies that the rate is fixed, and requested that in the future Cheiron amend its language so that this is not implied. Director Barnhill reported that he will ask the actuary to recompute the employer contribution rate for CY2022 after the City deposits the ERIP and stabilization fund payments into the CRS pension fund.

The Board approved the motion with a unanimous roll call vote.

NEW BUSINESS

Fiduciary Insurance Renewal

Director Barnhill reported that CRS has timely renewed the existing levels of fiduciary insurance (\$5mm base, \$2mm excess). Director Barnhill further reported that he requested quotes on additional levels of insurance, as a result of reading the OPERS fiduciary audit, in which the level of fiduciary insurance was called out as an issue for the Board. The broker has provided quotes for (1) an additional \$3mm and (2) an additional \$5mm of excess coverage at a cost of \$18,973 and \$27,125 respectively. Director Barnhill reported that the broker advised that other organizations with assets of similar size to CRS tend to have fiduciary insurance in the range of \$10mm. Director Barnhill observed that his objective was primarily to bring these matters to the Board's attention for discussion.

Trustee Menkhaus requested an explanation of what fiduciary insurance covers. Director Barnhill responded that fiduciary insurance provides coverage for claims of breach of fiduciary duty. For ERISA systems, there have been claims brought against trustees for failure to adequately manage the investment fees of defined contribution investment managers. Fiduciary insurance also covers when claims are made for administrative errors. Fiduciary insurance provides coverage mostly for the costs of legal counsel who provide the defense of trustees in such litigation.

Director Barnhill reported that the Board's budget covered the renewal of existing levels of coverage. Chair Moller requested that at the next meeting, Mr. Barnhill identify a source of funds in the Board's existing budget to pay for any increase in coverage.

CY2021 Annual Report

Chair Moller advised that it was time to start working on the CY2021 report. Director Barnhill referred to the discussion at the previous meeting regarding consolidating the various reporting requirements into one document to the extent possible within the time allotted. Director Barnhill advised that staff believes we can prepare a financial report in the Popular Annual Financial Report format this year. Director Barnhill stated that the timeline to complete the report would be September 30. Chair Moller invited members to consider serving on an ad hoc committee to review and edit the report.

Adjournment

Following a motion to adjourn by Trustee Stiens and seconded by Trustee Gamel, the Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:38 P.M.

Meeting video link: <https://archive.org/details/crs-board-7-14-22>

Next Meeting: August 4, 2022 at 2:00 p.m.

Michael Barabik

Secretary