



City of Cincinnati Retirement System Performance Evaluation Committee

**City Hall Council Chambers and via Zoom
July 13, 2023 – 1:00 PM**

AGENDA

Members

Kathy Rahtz, Chair
Mark Menkhaus, Jr., Vice Chair
Tom Gamel
Monica Morton
Seth Walsh
Tom West
Aliya Riddle

CRS Staff

Karen Alder
Mike Barnhill, Contractor

Call to Order Public

Comment

Approval of Minutes

📌 Meeting of March 2, 2023

Old Business

- 📌 2023 Goals and Objectives Update
- 📌 CRS Risk Dashboard
- 📌 Follow-up on Anthem and CVS Items from March Meeting

Adjournment

Next Meeting: September 14, 2023



**City of Cincinnati Retirement System
Performance Evaluation Committee Meeting
Minutes
March 2, 2023/ 12:00 P.M.
City Hall Council Chambers and via Zoom**

Board Members Present

Kathy Rahtz, Chair
Tom Gamel, Vice Chair
Monica Morton
Mark Menkhaus, Jr.

Administration

Karen Alder
Mike Barnhill, Contractor

Law Department

Call to Order

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

Public Comment

No public comment.

Approval of Minutes

Approval of the minutes for the meeting of December 1, 2022, was moved by Trustee Gamel and seconded by Trustee Morton, and approved by unanimous roll call vote.

Unfinished Business

Staff Evaluation of Board Contractors

Consultant Barnhill summarized the staff evaluation of the systems' health vendors: Anthem and CVS. Both vendors were given an "exceeds expectations" rating. Anthem and CVS meet with staff frequently and also provide frequent reports. In terms of appeals, there are practically no appeals filed, which may suggest that either members are very satisfied with the service these vendors are providing, or, members do not know how to file appeals. Mr. Barnhill suggested that a question could be added to the upcoming member survey asking if members know how to file appeals.

Trustee Rahtz asked if metrics around how many claims were denied could be provided. Mr. Barnhill said that information could be requested, but suggested that claim denials could have been appropriately made. Trustee Rahtz also indicated she is aware of a post-65 appeal having been filed in 2022. This raises the

CRS Performance Evaluation Committee, 3/2/2023

possibility that the appeal data provided by the vendors is inaccurate. Trustee Rahtz further asked about the difference between a grievance and appeal. Director Alder offered her experience that members could characterize their experience differently than does the vendor. Trustee Moller suggested that appeals could be low because the member is told by their provider in advance whether care is covered. Mr. Barnhill acknowledged that could be the case because almost all care is provided in network. Mr. Barnhill further suggested that a health care consultant can offer a variety of ways of measuring health care vendor performance. The relative level of satisfaction expressed by members in response to the upcoming survey may provide some corroboration (or not) of the low levels of appeals provided by Anthem.

Mr. Barnhill noted that the Anthem and CVS contracts were entered into in 2017, and appear to be on the same RFP cadence. He further recommended that healthcare RFPs be done on a long-term basis (every 10yrs). Trustee Menkhaus supported the recommendation for longer term health care vendor contracts.

With respect to cost control, over the last 6 years, cost growth as reported in the actuarial valuations has been relatively flat, suggesting that Anthem and CVS are doing a decent job of controlling costs.

With respect to areas of concern, there have been difficulties with both Anthem and CVS in terms of having to deal with large complex organizations. This can impair communication, and has resulted in delay with initiatives.

Trustee Rahtz would like to see evaluation of the customer experience. She indicated that the upcoming survey can provide some visibility on that issue. Mr. Barnhill suggested that customer experience metrics can be appended to the vendor contracts through either negotiation or a future RFP process. Mr. Barnhill suggested that Anthem and CVS are likely collecting a variety of customer experience metrics now.

Trustee Gamel moved, and Trustee Morton seconded, a motion to accept the staff evaluation report of Anthem and CVS. The motion passed unanimously on a roll call vote.

Draft Board CY2023 Objectives

Mr. Barnhill summarized the Board's strategic planning process in CY2022. Before the committee is an update for 2023. Mr. Barnhill stated that no changes have been made to the Board's Goals and Responsibilities. With respect to 2023 Board objectives, Mr. Barnhill split out the objectives into two categories: strategic and ongoing. The 2023 proposed strategic objectives include working collaboratively to increase the City's contribution rate, develop a retiree handbook, provide recommendations on City's healthcare funding policy (completed), prepare an Annual Comprehensive Financial Report, assist with filling Board vacancies, prepare an RFP for actuarial services in Fall 2023, and complete the actuarial experience study (to be presented at today's Board meeting).

Trustee Gamel asked how the Board can work towards seeking a contribution rate increase, given the current vacancy in the Executive Director position. Mr. Barnhill suggested that the Board has the means to proceed, and that Trustee Moller and Director Alder have been working on this item, through meetings with key stakeholders. Trustee Moller summarized the current status of communications with City Council members and the City administration.

Mr. Barnhill summarized the ongoing Board objectives and their current status.

Trustee Moller mentioned the training of new Trustee Walsh, and asked about training materials for new trustees. Mr. Barnhill stated that all of the trustee training materials are posted on the CRS website under Trustee Manual. Director Alder indicated she is willing to walk through the website training materials with new trustees.

Mr. Barnhill next discussed the committee objectives. He recommended that he would work with each of the committees individually on consideration and adoption of these items. This work is underway.

Finally, Mr. Barnhill recommended that later in the year, there be consideration of a disaster recovery/continuity of operations plan.

Trustee Gamel moved, and Trustee Morton seconded, a motion to adopt the proposed Board's strategic objectives for 2023, and the Performance Evaluation Committee's proposed objectives for 2023. The motion passed unanimously on a roll call vote.

Trustee Gamel moved, and Trustee Morton seconded, a motion to adopt the proposed Board's ongoing objectives for 2023. The motion passed unanimously on a roll call vote.

Evaluation of CRS Executive Director

Chair Rahtz stated that it was moot to conduct an evaluation of Mr. Barnhill, given his resignation and departure.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Morton, the Performance Evaluation Committee approved the motion by unanimous roll call vote. The meeting adjourned at 12:50pm.

Meeting video link: <https://archive.org/details/crs-performance-eval-3-2-23>

Next Meeting: June 2, 2023, at 12:00pm.

Secretary

Cincinnati Retirement System
DRAFT 2023 STRATEGIC PLAN
 Updated February 2023

CRS MISSION

- **Assure Promised Pension and Healthcare Benefits for Current and Future Retirees**
- **Assist and Support CRS Members in Achieving a Successful Retirement**
- **Assure CRS Transparency and Accessibility for all Stakeholders**

CRS Board of Trustee Goals

- A. Invest CRS financial assets to establish a reasonable probability that the assumed annual rate of return is achieved. (CMC sec. 203-65)
- B. Establish reasonable actuarial and investment assumptions and determine the probability that current retirees and future retirees will receive promised pension and healthcare benefits. (CSA, 2nd and 3rd Goals)
- C. Provide recommendations to the City Administration, City Council, and Mayor to achieve full funding of pension and healthcare benefits. (CSA, 2nd and 3rd Goals)
- D. Provide strategic CRS direction and support to the CRS Department. (CSA, para. 30)
- E. Provide timely communication to active and retiree members regarding CRS financial status and pension and healthcare benefits. (CSA, para. 30; Agreed Order, para. j)
- F. Cultivate and advance collaborative relationships, marked by mutual respect and transparency, among CRS administration and CRS Board. (CSA, 7th Goal)
- G. Prioritize customer service best practices to strengthen responsiveness and reduce barriers to communication among stakeholders. (CSA, para. 30)
- H. Assure and facilitate compliance with the Collaborative Settlement Agreement. (CSA, para. 53)

CRS Board of Trustee Responsibilities

1. The Cincinnati Retirement System (CRS) Board of Trustees (Board) shall administer CRS solely for the benefit of active and retiree members. (CMC secs. 203-0, 203-65)
2. The CRS Board shall have exclusive authority to govern the Pension Trust and Healthcare Trust as fiduciaries. (CSA, para. 30; CMC sec. 203-65)
3. The Board shall have full power to invest and reinvest fund assets as a prudent investor and according to investment policies adopted by the Board. (CMC sec. 203-65)
4. The CRS Board shall be responsible for determining and approving the CRS Budget. (CMC sec. 203-133)
5. The CRS Board shall be guided by principles of full transparency to inform the members and the public of the Board's concerns, considerations, and decisions. (Agreed Order, para. j)
6. The CRS Board shall generate and maintain a governing manual, including rules, procedures, and regulations. (Agreed Order, para. k; Admin. Code Art. XV, sec. 4)
7. The CRS Board will provide information and documentation as required by the Collaborative Settlement Agreement. (Agreed Order, para. l)
8. The CRS Board shall actively participate in searches for the CRS Director. (Agreed Order, para. m)
9. The CRS Board shall perform an annual evaluation of the CRS Director and shall submit it to the City Manager. (Agreed Order, para. m)
10. The CRS Board shall be responsible for selecting actuaries, investment advisors, and other professionals, subject to the City's procurement process. (CSA, para. 30; Agreed Order, para. n; Admin. Code Art. XV, sec. 7)
11. The CRS Board shall not limit actuaries, investment advisors, and other professionals regarding information that they deem necessary for the city administration, CRS members, or the public to know. (Agreed Order, para. o)
12. The CRS Board shall have an actuarial review of experience and assumptions every five years and make a valuation of assets and liabilities at least every two years. (Admin. Code Art. XV, sec. 9)
13. The CRS Board shall adopt mortality tables and other assumptions as it considers necessary. (Admin. Code Art. XV, sec. 9)
14. The CRS Board shall create committees to fulfill its obligations each having membership of at least one retiree Board member, one active Board member, and one appointed Board member. (Agreed Order, para. p)
15. The CRS Board Chair shall appoint an investment committee. (CMC sec. 203-65)
16. The CRS Board shall approve by a two-thirds vote any changes to the CRS annual budget. (CSA, para. 30; Agreed Order, para. q)
17. The CRS Board shall establish rules for the election of active and retiree members to fill Board positions. (Agreed Order, para. f)
18. The Board shall elect a Chair and Vice-Chair for the Board to serve for two years. (Admin. Code Art. XV, sec. 3)
19. The Board shall provide input and recommendations to the City regarding funding policy for healthcare. (CSA, para. 26)
20. The Board shall report annually to City Council regarding CRS status. (Admin. Code Art. XV, sec. 1)
21. The general administration and responsibility for the proper operation of the retirement system shall be vested in a board of trustees. (CMC secs. 203-0, 203-133)

CY 2023 Board Objectives

| Strategic Objectives | Owner | Target Date to Complete | Status/Date Completed |
|--|-----------------------|-------------------------|--|
| Work collaboratively to seek increase of City contribution rate to 17.75% | Board, Exec. Director | June 30, 2023 | City approved increase to 17% in June 2023 |
| Develop CRS handbook for retired members (E,5,7) | Exec. Director | 4Q 2023 | |
| Provide the City Administration with input and recommendations regarding the healthcare trust funding policy (A,B,C,1,2,11,19) | Board | 1Q 2023 | Completed, 1/17/2023 |
| Prepare an audited annual comprehensive financial report (ACFR) (E,1,2,5,7) | Finance Manager | 4Q 2023 | |
| Assist the Mayor and Council in filling appointed member Board vacancies (C,1) | Board, Exec. Director | 1Q 2023 | Completed |
| Actuary RFP (prepare fall 2023; issue Jan 2024) | Executive Director | 4Q 2023 | |
| Complete the five-year actuarial experience study; act on recommendations (B,C,D,1,2,11,12,13) | Board, Exec. Director | 2Q 2023 | Completed May 2023 |
| Ongoing Objectives | | | |
| Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair) (C,D,1,5,7) | Board, Exec. Director | Ongoing | |
| Prepare and provide trustee training plan, including training policy and curriculum (A,B,C,D,1,2,3,10,12,13) | Board, Exec. Director | Ongoing | |
| Develop and provide newsletters for active and retired members (E,5,7) | Exec. Director | Ongoing | |
| Prepare and approve the 2024 budget (A,B,D,4,16) | Board, Exec. Director | 12/7/2023 | Completed 4/6/2023 |
| Review and approve the annual 12/31/2022 Actuarial Valuation Reports (B,1,2,12,13) | Board | 5/4/2023 | Completed 5/4/2023 |
| Review and approve the quarterly and Annual Investment Reports (A,B,1,2,3,11) | Board | Ongoing | |
| Keep the Board well-informed about important developments and issues (F,5) | Exec. Director | Ongoing | |
| Prepare and submit the annual CRS report to City Council (C,D,5,7,20) | Board, Exec. Director | 9/7/2023 | Draft to Board at July 2023 meeting |

CY 2023 Investment Committee Objectives

| | | | |
|--|----------------|---------|--------------------|
| Asset allocation review; cash allocation? | | 1Q 2023 | Completed 2/2/2023 |
| Investment risk review | | 1Q 2023 | Completed 2/2/2023 |
| Investment Consultant RFP | | 2Q 2023 | Released 5/3/22 |
| Investment return peer universe | Include in RFP | 2Q 2023 | Included |
| Investment manager compliance | Include in RFP | 2Q 2023 | Included |
| Tolerance bands | | 2Q 2023 | |
| Investment Contract governance; approval authority; standardized review of terms | | 3Q 2023 | |
| De-risk health plan | | 3Q 2023 | |

CY 2023 Governance Committee Objectives

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|--|--|---------|---|
| Ethics Policy | | 2Q 2023 | Revised Draft referred to Governance Committee in June 2023 |
| Trustee Training Policy | | 2Q 2023 | Draft reviewed at Jan 2023 mtg |
| Role for Exec Dir recommendation in the Disability Rules? | | 2Q 2023 | Completed 5/4/2023 |
| Amend in Board disability rules to implement CMC 180 day timeline for abandonment of application | | 2Q 2023 | Completed 5/4/2023 |
| Creation of Audit Committee, possibly from Performance Eval Comm | | 3Q 2023 | |
| Charters for Current Committees | | 3Q 2023 | Drafts referred to Governance Committee in June 2023 |
| Consider Change to Fiscal Year | | 3Q 2023 | |
| Evaluate Fiduciary Governance of 457 Plans | | 3Q 2023 | |
| Financial Disclosure Policy and Forms | | 4Q 2023 | |
| Consolidate Governance Manual, Board Rules and Policies | | 4Q 2023 | |
| Implement DROP through City Municipal Code (if cost neutral) | | 4Q 2023 | |
| Trustee City email accounts is leading practice | | 4Q 2023 | |
| Delegation document to Exec Dir (covering CMC references to Board that are delegated to staff) | | 4Q 2023 | |

CY 2023 Benefits Committee Objectives

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|---|--|---------|---------------------|
| Review Horan healthcare plan changes summary | | 1Q 2023 | Completed 1/12/2023 |
| Survivor Benefits: review Cheiron letter | | 2Q 2023 | |
| Survey retirees re benefits | | 2Q 2023 | Completed 5/29/23 |
| Consider cafeteria benefits options (LTC, Life Ins, Ins tier options) | | 3Q 2023 | |

CY 2023 Performance Evaluation Committee Objectives

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|--|--|----------------|-------------------------------------|
| 2023 Strategic Plan | | 1Q 2023 | Complete |
| Review of staff evaluations of Board contractors | | 1Q and 4Q 2023 | |
| Fiduciary Performance Audit; RFP and monitoring contract | | 2Q 2023 | Review of RFP responses due 6/27/23 |

| Cincinnati Retirement System | | | | | | | | |
|--|--|------|---------------------|-------|---------------|--|----------------------------------|---|
| DRAFT Risk Management Report (11/3/2022) | | | | | | | | |
| Risk Category | Risk Description | Rank | Expected Risk Level | | Risk Response | Mitigation Activities | Risk Owner | Reporting and Oversight Committee |
| | | | Risk Level | Trend | | | | |
| Market | Market volatility could lead to undesirable investment outcomes. | 1 | High | ↔ | Mitigate | Asset allocation study in 2023. Track portfolio projected volatility. | Marquette | Investment Committee |
| Personnel | Ability to attract and retain talented staff; succession planning. | 2 | High | ↑ | Mitigate | Complete upgrade of 3 positions. Hire additional staff to ensure all CRS functions covered and with trained backup. Implement succession plan for 3 key staff near retirement. | Executive Director | Board of Trustees |
| Cyber | Ineffective cyber security controls could lead to breaches or sabotage of CRS systems. Unauthorized access of confidential information could result in state or federal law violations and harm the best interests of CRS and its members. | 3 | High | ↑ | Mitigate | Monitor ETS security plans. Evaluate moving CRS servers to Microsoft Azure cloud. Quarterly cyber security meetings | Executive Director, ETS Director | Audit Committee (TBD) |
| Funding | A lack of sound funding for the plan could lead to insufficient assets to pay for long-term benefits and financial obligations. | 4 | High | ↔ | Mitigate | Seek City adoption of incremental contribution rate increase; first step increase to 17%. | Executive Director | Board of Trustees |
| Mission | Lack of member access to information and education results in poor retirement outcomes. | 5 | Medium | ↔ | Mitigate | Implement 1-on-1 counseling meetings with members. implement retirement education for members. Publish educational materials. | Executive Director | Performance Evaluation Committee |
| Counterparty | Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon. | 6 | Medium | ↔ | Mitigate | Shift check printing and reconciliation process to 5/3 Bank. | Executive Director | Audit Committee (TBD), Investment Committee |
| Operational | Event causes a major business interruption, such as late monthly pension payroll. | 7 | Medium | ↔ | Mitigate | Complete document scanning project, with image to accessible and secure server. Evaluate resilience and efficiency of pension payroll process. Develop continuity of operations plan for CRS pension operations and payroll. | Executive Director | Audit Committee (TBD) |
| Governance | Not following processes and procedures in decision making. | 8 | Medium | ↓ | Mitigate | Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document; draft CRS operations policy manual | Board of Trustees | Governance Committee |
| Physical | Inaccessible and dated space and facilities; Inadequate facilities management; ineffective space utilization. | 9 | Medium | ↔ | Accept | Current space is difficult to access; a physical move was completed recently and would be extremely disruptive now. Improve remote access. | Executive Director | Board of Trustees |
| Legislative | Legislative events lead to adverse relations, unfavorable legislation, and restricted funding. | 10 | Low | ↓ | Mitigate | Conduct regular meetings with Council members, Mayor and CMO. | Executive Director | Board of Trustees |