



## **City of Cincinnati Retirement System Board of Trustees Meeting**

### **Agenda**

**February 6, 2025 / 2:00 P.M.  
City Hall, Council Chambers and via Zoom**

#### **Members**

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

#### **CRS Staff**

Jon Salstrom

#### **Law**

Kevin Frank

#### **Call to Order**

#### **Public Comment**

#### **Approval of Minutes**

- January 9, 2025

#### **Report from Investment Committee**

#### **Informational – Staff Report**

- Marquette Investment Report (8-10)
- Staff Update
- Benefit Subcommittee
- 415B Update
- Fiduciary Audit Recommendations Update (15-17)

#### **Old Business**

- Term Limits Ordinance (18-22)

#### **New Business**

- Committee Assignments (23)

#### **Adjournment**

**Next Meeting:** Thursday, March 6, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
January 9, 2025 / 2:00 P.M.  
City Hall – Council Chambers and remote**

**Board Members**

Bill Moller, Chair  
Tom Gamel, Co-Chair  
Kathy Rahtz  
Mark Menkhaus Jr.  
Monica Morton  
Seth Walsh  
Aliya Riddle  
Sonya Morris  
Tom West

**Administration**

Jon Salstrom

**Law**

Linda Smith

**CALL TO ORDER**

Chair Moller called the meeting to order at 2:06 p.m. and a roll call of attendance was taken. Trustees Moller, Menkhaus, Morton, Riddle, Morris, and West were present. Trustees Gamel, Rahtz and Walsh were absent.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Trustee Menkhaus moved to approve the minutes of the Board meeting of December 5, 2024. The motion was seconded by Trustee Morris. The minutes were approved by unanimous roll call vote.

**Report from Governance Committee**

Trustee Menkhaus explained that the Governance Committee reviewed the Funston audit recommendations, which highlighted key areas for potential improvement in governance practices. The committee also went over a working draft of the governance manual, which outlines best practices and protocols for managing the organization's governance structure. It was noted that no votes were taken, and motions were made during this meeting.

**Informational – Staff Report**

**Marquette Investment Report (pages 9-11)**

Chair Moller provided a performance update for the portfolio:

- YTD through November, the portfolio is up 10.8%.

- 1-year return is 14.9%.

**US Equities:** The portfolio is performing slightly better than previous periods in US equities, which is a positive sign.

**Annual Goal:** The portfolio is currently on track to meet the YTD annual goal of a 7.5% return, and is in good shape for the year.

### Staff Update

Staffing Update from Director Salstrom:

- **Hiring Plans:** During the last Board meeting, the budget review highlighted four key staffing items on the agenda. The current focus is on filling positions within the organization.
- **Admin Tech Position:** The Admin Tech position is currently being interviewed for, and the hiring process is underway.
- **Division Manager Position:** The Division Manager role, which is being handled by Kyle Brown at the moment, will be posted soon. This will be one of the larger hires for the department.
- **Members Counselor Position:** Once Kyle Brown transitions into the Division Manager role, the Members Counselor position will open up as well, and the search will begin shortly.
- **Admin Specialist Position:** The Admin Specialist position will be posted soon, and the larger Division Manager and Members Counselor roles will be posted within the next month or so.

### Benefits Subcommittee

115 Trust Subcommittee Formation:

- Chair Moller addressed the formation of the 115 Trust Subcommittee:
  - A previous information session had been held regarding the 115 Trust.
  - As per the agreement, the appointment of committee members falls to the Chair, in line with the established rules.
  - **Committee Structure:** The committee will consist of 7 members, which include:
    - Bill Moller
    - Tom Gamel
    - Mark Menkhaus
    - Seth Walsh
    - Aliya Riddle
    - Sonya Morris
    - Tom West
  - **Next Steps:** There is still a significant amount of work to be done, including developing:
    - A charter for the committee.
    - A definition of responsibilities for the members.
  - Director Salstrom will be responsible for:
    - Drafting the charter and outlining the committee's responsibilities.
    - Deciding whether this committee will replace the Benefits Committee or operate as a new entity.

### 415B Update

Director Salstrom provided an update on efforts related to pension trust compliance:

- **Working with Marquette:** The final historical data is being finalized with Marquette to ensure the accuracy of the pension trust figures.

- Coordination with Dr. Dudas and the Budget Department: Ongoing collaboration is ensuring that the appropriate funds are earmarked to bring the system into compliance with 415 regulations.
- Work is in progress with Law, Ice Miller, and Payroll teams to ensure the necessary processes are in place to begin payments in 2025.
- Progress: Everything is on target and proceeding as expected.
- Final Report from Cheiron: Once the final report from Cheiron is received, it will be shared with the Trustees for review.

*Fiduciary Audit Recommendations Update (pages 12-14)*

Director Salstrom provided an update on the Fiduciary Audit Recommendations, which were reviewed in detail at the Governance Committee. The primary focus moving forward continues to be the development of the governance manual. The insights gathered from CEM Benchmarking will be instrumental in making key decisions related to website design, determining if there is a need for a call center, and assessing staffing needs. The information from CEM Benchmarking will help guide decisions regarding the Funston recommendation, allowing for more informed choices in areas such as staffing and overall operational structure.

*Futures Commissions Update*

Director Salstrom noted that there is no new update from his perspective.

**Old Business**

*Term Limits Ordinance (pages 15-19)*

Chair Moller reviewed the latest draft with the Board and pointed out a gap in the current version. The draft addresses interim appointments at the end of a term, but there is no mention of what happens if a Board member leaves before their term ends. The gap identified is in section F (ii and iii), which doesn't address how to fill a vacancy if there is a gap between when a Board member leaves and the next scheduled election. This specifically pertains to the 180-day timeframe for filling vacancies through elections.

Chair Moller made a motion to add a section to the draft to address the interim appointment of vacant positions for unexpired terms and asked the Law Department to create the necessary language for this section. The motion was seconded by Trustee Menkhaus. The motion was approved by unanimous roll call vote.

**New Business**

*CEM Benchmarking Presentation (pages 20-60)*

- CEM Proposal Overview:
  - CEM's Experience: CEM has been specializing in evaluating pension systems for over 30 years, focusing on both investment perspectives and pension administration perspectives.
  - Key Personnel:
    - Kevin Vandolder leads US East for CEM and will be the proposed relationship manager working with Jon, members of this Board, and on this evaluation.
    - Palwasha Saaim leads CEM's investment division, overseeing \$4 trillion in fiduciary capital in the US. She works with large pension systems across the country and will be instrumental in the evaluation process.

- Yvette Van Velson is the pension administration lead researcher for the US, handling over 50 million member data points annually to help evaluate and improve pension administration systems.
  - CEM's Reach: CEM works with approximately \$15 trillion in fiduciary capital annually, with \$4 trillion in the US. Their database includes many large pension systems, with 150 of the world's top 300 funds using CEM's services.
- CEM's Mission:
  - CEM's mission is to improve the lives of pensioners globally by providing unique insights and access to enhance the decision-making of institutional investors and administrators.
  - CEM has served 32 years in institutional funds and currently serves over 500 institutional funds across 20+ countries.
- CEM's Benchmarking Services:
  - Investment Benchmarking Subscription (IBS):
    - Overview: Provides comparison of costs and investment performance against curated peers in DB and DC plans.
    - Details: Benchmarking covers total fund, asset class, and mandate levels.
    - Subscription Inclusions: Includes a CEM Dashboard, electronic reports, live presentations, FTE analysis, and \*\*original research.
  - Pension Administration Benchmarking Subscription:
    - Overview: Compares member experience and costs against curated peers, benchmarking costs and service levels for key pension administration activities.
    - Subscription Inclusions: Includes electronic reports, live presentations, conference invitations, peer intelligence, and network access.
- How CEM's Benchmarking Helps:
  - CEM's clients use the Investment Benchmarking Subscription (IBS) to:
    - Improve fund, asset class, and mandate-level performance.
    - Demonstrate value for money, plan for change, manage fees and costs, understand best practices, and prepare for future challenges.
  - IBS also helps compare costs and net value added against relevant peers and provides mandate-level analysis to enhance manager due diligence.
  - CEM's subscription also supports strategic decision-making, as it provides a story for each system, tracking performance and cost efficiency over time.
- The Reporting Process:
  - The IBS subscription includes a comprehensive report, which:
    - Collects data via survey and data review.
    - Provides draft and final benchmarking assessments.
    - Delivers final FTE & LP reports and presentation of results.
    - Helps systems use CEM's benchmarks as a roadmap for continuous improvement.

*Private Equity Pacing and Commitment Sizes (page 61)*

Director Salstrom explained as part of the ongoing private equity investment strategy, the Board approved three private equity investments in the past. Historically, investments have been made in funds-to-funds, with a 3-4 year investment period. The dollar amounts in the Marquette presentation were based on their pacing plan, which outlines how much capital needs to be deployed annually to maintain the target allocation for private equity. Private equity investments are drawdown funds-with an investment period and a harvest period, during which capital is returned to the fund. To maintain CRS's target, it will need to invest \$25 million per year in private equity, especially as capital is expected to be

returned over the next few years. Director Salstrom proposed the following investments over a 3-year period:

- \$25 million into Siguler Guff
- \$15 million into JP Morgan
- \$10 million into Timber Bay

These amounts reflect the pacing necessary to stay invested in line with the current strategy. The proposed figures were doubled from the original annual amounts, which were \$10-12 million for Siguler Guff, \$7-10 million for JP Morgan, and \$5 million for Timber Bay, to align with a 3-year pacing plan. Director Salstrom also noted that additional areas of private equity investment, such as growth equity and venture capital will need to be addressed, with recommendations coming in future meetings.

Chair Moller made a motion to approve the \$25 million, \$15 million, and \$10 million investments for Siguler Guff, JP Morgan, and Timber Bay, respectively. Trustee Morris seconded the motion. The motion was approved by unanimous roll call vote.

#### 2025 CRS Budget Update (page 62)

Director Salstrom clarified that this was an oversight on their part, and the \$265,000 in annual revenue from attorney fees for retired members was negotiated through the CSA and should have been included in the budget. This will add \$265,000 annually to CRS. No other changes were made to the budget, other than this technical correction to ensure additional revenue is properly accounted for.

Chair Moller made a motion to approve the budget adjustment. Trustee Morton seconded the motion. The motion was approved by unanimous roll call vote.

#### Committee Assignments (page 63)

Chair Moller reviewed the committee assignments provided in the meeting packet. No changes were made to the committee assignments since the last Board meeting. The new 115 Trust Subcommittee will be included in the packet for the next meeting and will display as a Trust committee to differentiate it from the normal committees.

Chair Moller highlighted the work on the annual report, which will be generated once the final investment numbers for the year are available. In the past, a working group reviewed and collaborated with the Director on the annual report. The Director has also recommended creating a PAFR (popular annual financial report), which would present a more digestible document explaining the system's status, goals, and performance to the public. This PAFR would complement the annual report and serve as a more accessible way to communicate key information about the pension system.

Trustee Morton was asked to lead a working group to work on this project. She brings valuable expertise in auditing and will coordinate this effort with Chair Moller and another Trustee to ensure the process is aligned with the overall strategy.

#### **Adjournment**

Following a motion to adjourn by Trustee Menkhaus and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 3:07 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-1-9-25>

**Next Meeting:** Thursday, February 6, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

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Secretary

DRAFT



# Cincinnati Retirement

## Monthly Report

Executive Summary  
December 31, 2024



## Total Fund Composite

Monthly Report  
As of December 31, 2024

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month
Fixed Income Composite	477,706,668	20.3	22.5	528,233,977	-50,527,310	<b>Total Fund Composite</b>
Private Debt Composite	103,022,681	4.4	6.5	152,600,927	-49,578,246	Beginning Market Value
U.S. Equity Composite	683,846,579	29.1	28.5	669,096,371	14,750,208	Net Cash Flow
Non-U.S. Equity Composite	325,761,049	13.9	16.0	375,633,051	-49,872,002	Gain/Loss
Volatility Risk Premium Composite	63,178,681	2.7	2.5	58,692,664	4,486,017	Ending Market Value
Real Estate Composite	152,306,611	6.5	6.0	140,862,394	11,444,217	
Infrastructure Composite	257,835,263	11.0	10.0	234,770,657	23,064,606	
Private Equity Composite	267,455,274	11.4	8.0	187,816,525	79,638,749	
<b>Total Fund Composite</b>	<b>2,347,706,566</b>	<b>100.0</b>	<b>100.0</b>	<b>2,347,706,566</b>		

	1 Mo	3 Mo	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
<b>Total Fund Composite</b>	<b>-1.5</b>	<b>-0.8</b>	<b>9.3</b>	<b>10.7</b>	<b>3.6</b>	<b>7.5</b>	<b>7.0</b>	<b>7.2</b>	<b>8.8</b>	<b>Jun 85</b>
Target Benchmark	-1.7	-1.0	9.1	10.4	2.8	7.3	7.0	7.4	-	
Actuarial Rate 7.5%	0.6	1.8	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
<b>Fixed Income Composite</b>	<b>-1.7</b>	<b>-2.7</b>	<b>2.3</b>	<b>4.5</b>	<b>-1.3</b>	<b>1.2</b>	<b>2.1</b>	<b>2.5</b>	<b>4.9</b>	<b>Dec 95</b>
Blmbg. U.S. Aggregate Index	-1.6	-3.1	1.3	3.4	-2.4	-0.3	1.0	1.3	4.1	
<b>Private Debt Composite</b>	<b>0.0</b>	<b>0.1</b>	<b>9.3</b>	<b>10.9</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.8</b>	<b>Oct 20</b>
Blmbg. U.S. Aggregate Index	-1.6	-3.1	1.3	3.4	-2.4	-0.3	1.0	1.3	-1.9	
Bloomberg US High Yield TR	-0.4	0.2	8.2	10.8	2.9	4.2	4.7	5.2	4.8	
<b>U.S. Equity Composite</b>	<b>-3.8</b>	<b>2.0</b>	<b>21.6</b>	<b>21.9</b>	<b>7.5</b>	<b>12.8</b>	<b>11.4</b>	<b>11.0</b>	<b>9.8</b>	<b>Mar 89</b>
Russell 3000 Index	-3.1	2.6	23.8	24.9	8.0	13.9	13.2	12.5	11.0	
<b>Non-U.S. Equity Composite</b>	<b>-2.0</b>	<b>-7.5</b>	<b>5.6</b>	<b>10.5</b>	<b>1.1</b>	<b>4.1</b>	<b>2.9</b>	<b>4.7</b>	<b>5.8</b>	<b>Jun 93</b>
MSCI AC World ex USA (Net)	-1.9	-7.6	5.5	10.5	0.8	4.1	3.5	4.8	-	
<b>Volatility Risk Premium Composite</b>	<b>-1.1</b>	<b>2.4</b>	<b>12.4</b>	<b>13.7</b>	<b>6.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>Feb 22</b>
Cboe S&P 500 PutWrite Index	-0.1	3.9	17.8	16.1	7.5	9.1	7.4	7.7	8.7	
<b>Real Estate Composite</b>	<b>0.8</b>	<b>1.3</b>	<b>-1.1</b>	<b>-5.5</b>	<b>-2.0</b>	<b>3.3</b>	<b>4.3</b>	<b>6.1</b>	<b>4.8</b>	<b>Sep 07</b>
NFI-ODCE	0.3	1.0	-2.3	-7.7	-3.1	2.0	3.1	4.9	3.8	
NCREIF Property Index	-	0.9	0.4	-3.8	-0.8	3.1	4.1	5.7	5.6	
<b>Infrastructure Composite</b>	<b>2.3</b>	<b>1.9</b>	<b>7.7</b>	<b>8.8</b>	<b>8.3</b>	<b>8.8</b>	<b>8.5</b>	<b>7.3</b>	<b>8.4</b>	<b>Sep 08</b>
3 Month T-Bill +4%	0.7	2.2	9.5	9.3	8.0	6.6	6.4	5.8	5.2	
<b>Private Equity Composite</b>	<b>-0.1</b>	<b>-0.1</b>	<b>5.6</b>	<b>7.7</b>	<b>4.6</b>	<b>13.1</b>	<b>13.2</b>	<b>12.3</b>	<b>8.8</b>	<b>Aug 93</b>
Burgiss Global All Private Equity	0.0	0.0	4.9	5.4	0.6	13.7	14.0	13.7	15.1	

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***Via Electronic Mail***

January 7, 2025

Mr. Jon Salstrom, CFA  
Executive Director  
Cincinnati Retirement System  
801 Plum Street, Suite 328  
Cincinnati, Ohio 45202

***Re: IRC §415 Limit for In-Pay Participants (2004 through 2024)***

Dear Jon:

As requested, we have assessed whether any in-pay participants in the Cincinnati Retirement System (the System) may have received total benefits from 2004 through 2024 that exceeded the benefit limits imposed under Internal Revenue Code §415 for that applicable year.

The attached exhibit summarizes the total amount paid in excess of the applicable dollar limitation amount for that year as well as the number of in-pay participants impacted. The total amount of \$2,492,648.08 does not include any interest. If counsel determines that this amount should include interest, please advise us and we will revise our calculation accordingly.

***Background***

The Internal Revenue Code §415 provides that a qualified pension plan cannot pay benefits in excess of certain dollar limitations. The limitation in effect for the 2024 calendar year is \$275,000. While this appears to be a very high limit, it is reduced for retirements at ages less than 62, which some members are eligible to do under the System's retirement provisions. For instance, some members are eligible to retire as early as age 55 upon attaining 25 years of service. As an example of the impact of the required reductions to the limit for retirements prior to age 62, the 2024 limit of \$275,000 is reduced to approximately \$172,000 for participants retiring in 2024 at age 55.

For a government plan, no adjustment is made for commencement of benefits before age 62 on account of the participant's becoming disabled by reason of personal injuries or sickness, or as a result of the death of the participant. In addition to any adjustment for a participant's retirement age, the limit may also be adjusted for forms of payment. However, no adjustment is made where the optional form elected has the Qualified Spouse as the beneficiary.

Any adjustments made to the IRC §415 dollar limitation was based on the IRC §417(e)(3) applicable mortality table in effect as of the participant's annuity start date and a 5% interest rate. Per IRS regulations, no adjustment was made to reflect the probability of a participant's death after

the annuity start date and before age 62 since the System does not charge participants for providing a qualified preretirement survivor's annuity (QPSA).

Lastly, IRS regulations state that if the Plan's early retirement factors result in a lower §415 limit for annuity start dates before age 62 than using the IRC §417(e)(3) assumptions, then that lesser amount must be used when testing a member's benefit. The System provided early retirement factors for ages 55 through Normal Retirement Age for retirement periods in effect as far back as 2009. Based on our analysis, for the individuals shown in this letter, the Plan's early retirement factors did not result in a lower IRS §415 limit.

### ***Information Used***

The IRC §415 testing was based on the payee data provided to the actuary in the past for performing the applicable December 31 Actuarial Valuation. We then adjusted the benefits for the 3% COLA paid in the given year, effective on the participant's anniversary date of the member's retirement, assuming they are eligible for COLA. We were also provided a list of the Top 30 dollar amounts paid, based on Form 1099, by year which helped us confirm the amounts received.

### ***Disclosures***

In preparing our letter, we relied on information, some oral and some written, supplied by the Cincinnati Retirement System (System). This information includes, but is not limited to, the Plan provisions, employee data, and information provided for the December 31 actuarial valuations (2004 through 2023). We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality.

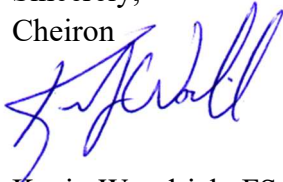
This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This letter was prepared exclusively for the Cincinnati Retirement System for the specific and limited purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Mr. Jon Salstrom  
January 7, 2025  
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Please let us know if you have any questions.

Sincerely,  
Cheiron



Kevin Woodrich, FSA, EA, MAAA  
Principal Consulting Actuary



Janet Cranna, FSA, EA, MAAA  
Principal Consulting Actuary

Attachment

cc: Keith Miller

ATTACHMENT

Distribution Year	Number of Retirees	Total Amount in Excess of 415 Limit (Excludes Any Interest)
2004	1	\$ 113.52
2005	2	2,536.38
2006	3	28,222.44
2007	2	39,844.10
2008	5	94,427.76
2009	4	96,052.56
2010	5	114,157.01
2011	5	134,191.79
2012	5	140,630.90
2013	5	147,689.01
2014	4	150,563.10
2015	5	170,464.14
2016	6	174,926.70
2017	4	160,652.11
2018	4	152,442.94
2019	4	154,333.39
2020	4	162,693.54
2021	4	183,262.86
2022	5	172,413.82
2023	3	107,925.75
2024	3	105,104.26
	<b>Total</b>	<b>\$ 2,492,648.08</b>

**Funston Performance Audit - Summary of Recommendations**

**Assignment**

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
<b>1. Legal and Regulatory</b>		<b>Status</b>								
1.1	Improve definition and clarity of roles and authorities of:									
	<ul style="list-style-type: none"> <li>The Board of trustees</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>Board chair</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>Individual trustees</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>City Council and Mayor</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>City Manager and City Finance Director</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>CRS Director</li> </ul>	Initiated		X						
1.2	The City should expand Board of Trustees personnel authorities to align with the Board's responsibilities, for example, naming the CRS Director as a direct report to the Board, with authority to hire/fire, evaluate, and set compensation.	Initiated		X						
1.3	The City Solicitor should provide the Board of Trustees with independent external legal counsel or establish a policy and process that allows CRS to retain independent external counsel and/or hire internal CRS counsel to address potential conflicts of interest associated with the City Solicitor's representation of other clients on the same matters.	Initiated		X	X					
1.4	Confirm the Board's authority, as the named fiduciary, to contract with actuaries, investment consultants, investment managers, custodial banks, benefit providers, and legal counsel, all of which require unique pension and investment expertise.	Initiated		X	X					
1.5	The City Manager should allow CRS trustees who are not City employees to vote on CRS procurement decisions; the Board, as fiduciaries, should have final authority on those decisions.	Initiated		X	X					
1.6	If the CRS Board is not given authority to hire/fire/evaluate/compensate the Director, work with the City Manager to develop a Memorandum of Understanding that addresses the City Manager's role as a potential fiduciary and formalizes procedures where the Board and City Manager, Finance Director or other officers have overlapping responsibilities (e.g., setting goals for and evaluating the Executive Director); CRS may need to consider options for engagement of independent fiduciary legal counsel to assist with this initiative.	Completed		X	X					

GREEN - SHORTER TERM COMPLETION  
 RED - LONGER TERM COMPLETION  
 Board - CRS Board has authority to complete  
 Board, Adm. - CRS Board and City Administration have shared authority to complete  
 Priority - CRS Board priority to complete as soon as possible  
 Note: Some Recommendations may require CSA update.

**2. Governance Framework**

2.1	Aggregate and organize the Board policies from all sources into a Board Governance Manual with online access and links to underlying document provisions; include the mission statement, goals, trustee responsibilities, committee charters and the Code of Ethics.	Initiated		X	X					
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"> <li>Trustee personal financial disclosures</li> </ul>	Initiated	X							
	<ul style="list-style-type: none"> <li>Board self-evaluation / Board education policy</li> </ul>	Initiated	X							
	<ul style="list-style-type: none"> <li>Funding</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>Separate investment policy statement for the 115 trust fund that is tailored to its liabilities</li> </ul>	Reviewed	X							
	<ul style="list-style-type: none"> <li>Strategic planning, in coordination with the City</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>Collection of claims in securities class actions</li> </ul>	Initiated	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	• Succession planning, in cooperation with relevant City appointing authorities	Initiated	X							
	• Business continuity and resumption	Initiated	X							
	• Independent governance and benchmarking reviews	Initiated	X							
	• External communications by Board members	Initiated	X							
	• Due diligence and reporting for referral of service provider candidates by trustees, along with limits on candidate contacts with trustees during an RFP process	Initiated	X							
2.3	Reduce the size of each committee to three or five members to better utilize trustee time.	Reviewed	X							
2.4	Adopt a consent agenda for approval of routine business and reports.	Reviewed	X							
2.5	Conduct periodic board retreats for more in-depth discussion on key topics, conducting board self-evaluations and executive director evaluations, and trustee education.	Not Reviewed Yet	X							
2.6	Following implementation of the recommendations in this report, conduct a biennial self-evaluation process, potentially with external assistance; this process should help to inform educational priorities.	Not Reviewed Yet	X							
2.7	Define ongoing training requirements for Board members, including onboarding plan for new trustees and required fiduciary training; link training to board self-assessment findings and the calendar of Board agenda action items.	Initiated	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Initiated	X							
2.9	Issue new system email accounts to be used by trustees for all CRS-related business.	Reviewed	X	X						
2.10	Discuss with the Director and the investment consultant how reporting could be improved and executive summaries better utilized to enhance trustee understanding and insight.	Completed	X	X						
2.11	<b>Appoint a Board Audit Committee with oversight of internal and external audits to commission an independent financial audit and obtain internal audit services from the City Internal Audit Department and/or an independent firm; include oversight of enterprise performance and risk in the committee charter responsibilities.</b>	Initiated	X	X						
<b>3. Investment Program and Operations</b>										
3.1	Develop a separate Statement of Investment Beliefs (SIB) to guide development and implementation of the strategic asset allocation.	Completed	X							
3.2	Develop a liquidity policy as part of the Investment Policy Statement (IPS) to ensure that the cash needs of the organization are effectively and efficiently met.	Completed	X	X						
3.3	Develop a separate IPS for the 115 Trust (Health Care Trust) that reflects the unique liability structure of the 115 Trust.	Reviewed	X	X						
3.4	Extend the time horizon for the strategic asset allocation to 3-5 years and only make changes to the target asset allocation as part of a comprehensive Asset Liability Study.	Completed	X							
3.5	Include a more comprehensive rebalancing policy in the IPS that describes how rebalancing is linked to the Board's investment philosophy and what the process should be.	Completed	X							
3.6	Discuss with Marquette Associates how reporting might be improved through development of an introductory executive summary, with an exception reporting approach, to the quarterly reporting package focused on actual performance compared to the IPS.	Completed	X	X						
<b>4. Pension Operations</b>										
4.1	<b>Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.</b>	Initiated	X	X						
4.2	Consider if pension staffing resources and capabilities should be improved through Implementation of a member contact center telecommunications system.	Initiated	X	X						
4.3	Develop a long-term plan with service, performance, and cost objectives, to ensure that member self-service, website redesign, and other improvements, are all developed and implemented in a coordinated manner and achieve desired results.	Initiated	X							
4.4	Charter a pension administration cost and performance benchmarking report.	Initiated	X							
4.5	Consult with its actuary and determine if an adjustment to the investment assumed rate of return should be recommended.	Reviewed		X						
4.6	<b>Develop and adopt a formal actuarial and funding policy describing responsibilities and frequency of actuarial and asset/liability study processes and addressing investment, demographic and benefit risks.</b>	Reviewed	X	X						



**5. Administrative Operations**

		<u>Board</u>	<u>Board, Adm.</u>	<u>Priority</u>	<u>Board</u>	<u>Governance</u>	<u>IC</u>	<u>Staff</u>	<u>Performance evaluation</u>	<u>Audit</u>
5.1	Develop succession planning and implement a cross training program for staff to minimize key person risk and enhance staff development.		X							
5.2	Work with the City Administration and the Law Department to delegate authority to the CRS Board to engage external counsel to obtain more timely legal support or unique expertise when appropriate. See also Recommendation 1.3.		X	X						
5.3	Develop a long-term IT plan that identifies future needs.		X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.		X	X						
5.5	Update the documented disaster recovery plan.		X	X						

**6. Compliance**

6.1	Assign leadership, training, and monitoring responsibilities for compliance to ensure compliance with conflict of interest and ethics policies.		X	X						
6.2	Develop a repository of risk-ranked compliance requirements.		X							
6.3	Establish tracking mechanisms to identify and escalate non-compliance.		X							

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Note: Some Recommendations may require CSA update.

**MODIFYING** Article XV, “Retirement System,” of the Administrative Code of the City of Cincinnati by **AMENDING** Section 1, “Board of Trustees,” to amend provisions related to the limitation on the terms of board members and to harmonize the Administrative Code with the provisions of the Collaborative Settlement Agreement reached in Sunyak, et. al. v. City of Cincinnati, et. al., Case Number 1:11-cv-445 in the United States District Court, Southern District of Ohio, Western Division.

WHEREAS, on May 7, 2015, the City of Cincinnati entered into a Collaborative Settlement Agreement (“CSA”) to resolve multiple consolidated court cases against the City that were pending in the United States District Court for the Southern District of Ohio, Western Division, in Case Number 1:11-cv-445; and

WHEREAS, the terms of the CSA prevail over conflicting provisions of Article XV of the Administrative Code; and

WHEREAS, amendment of the Administrative Code to conform to the terms of the CSA and current policies and procedures of the Cincinnati Retirement System provides increased clarity and transparency; and

WHEREAS, the Cincinnati Retirement System Board (“Board”) wants to amend the limitation on the number of terms which board members may serve in order to provide flexibility and continuity in Board membership and to maintain attendance of a sufficient number of Board members for quorum; and

WHEREAS, the Board has voted to amend the limitation on the number of terms that board members may serve to provide that members may serve a maximum of three consecutive terms, after which board members must wait at least four years before they are eligible to serve again; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio, with three-fourths of its members concurring:

Section 1. That Article XV, “Retirement System,” of the Administrative Code of the City of Cincinnati is amended to read as follows:

**ARTICLE XV. – RETIREMENT SYSTEM**

**Sec. 1. Board of Trustees.**

- a) The general administration and responsibility for the proper operation of the retirement system shall be vested in a board of trustees. The board of trustees shall consist of nine members:
- i. Four members with qualifications specified in subsection (b) shall be appointed by the Mayor with the advice and consent of Council.
  - ii. Two members, who shall be employee members of the system, shall be elected by deferred members and active members, as defined in Sections 203-1-D and 203-1-A2, who are not currently receiving a retirement benefit.
  - iii. Three members, who shall be retired members of the system, shall be elected by persons who are receiving retirement allowances, optional benefits, or survivor benefits from the system.
- b) At least two of the ~~appointed~~ members who are appointed to of the board pursuant to Article XV, Section 1(a)(i) shall have the following qualifications:
- i. Baccalaureate degree from an accredited college or university in finance, economics, business, or other field of study involving financial management; or
  - ii. A minimum of ten years of experience in pension administration, pension actuarial practice, institutional investment management, employee benefits/investment law, banking, asset/liability management for an insurance company, or university or college professor with a focus on fiduciary or trust fund law or quantitative background in financial theory or actuarial math.
  - iii. The appointed member shall not have any business, personal, or family interests related to the city or the retirement system that would constitute a conflict of interest, or that would create the appearance of a conflict of interest, with the duties of a trustee. Being a member of the Cincinnati Retirement System or a beneficiary of the Cincinnati Retirement System shall not constitute a conflict of interest.
  - iv. Residency shall not be considered as a qualification for any appointed member.
  - v. A current or former elected city official appointed as a member of the board pursuant to this section does not have to meet the requirements of subsection b)i and b)ii of this section. No more than two current or former elected city officials appointed as members of the board pursuant to this section shall be eligible to simultaneously serve as members of the board.
- c) Board members shall have terms of the following lengths ~~serve four-year terms, except that:~~

- i. Mayoral appointees: Members who are appointed to the board pursuant to Article XV, Section 1(a)(i) may have a term of any length of time not exceeding four years. ~~when the Mayor makes initial appointments to the board under this Article, the Mayor shall appoint two members to serve four year terms, and two members to serve two year terms, so that the terms overlap to establish continuity in board membership from year to year.~~
- ii. Elected members: Members who are elected to the board pursuant to Article XV, Section 1(a)(ii) or (iii) shall serve a term of four years ~~for the initial election of the board members elected pursuant to subsection a)ii of this section, the active employee candidate with the highest vote total shall serve a four year term and the active employee candidate with the next highest vote total shall serve a two year term.~~
- iii. Unexpired terms: When a vacancy occurs for any member of the board, the person who is either appointed or elected to fill that vacancy shall hold the office for the remainder of the unexpired term ~~for the initial election of the board members elected pursuant to subsection a)iii of this section, the two retiree candidates with the two highest vote totals shall serve four year terms and the retiree candidate with the third highest vote total shall serve a two year term.~~
- d) Term limits: Each No board member may serve up to three four year terms either consecutive or non consecutive, except that persons serving two year terms upon their initial appointments to the board may serve the initial term and two subsequent four year terms consecutive terms consisting of more than twelve years. Appointment to an unexpired term shall be counted against the term limitation except that an interim term of no more than 180 days as provided under Article XV, Section (1)(f)(iii) shall not be counted against the term limitation under this subsection. A board member shall not be eligible for appointment or election to a subsequent term if serving the full subsequent term will cause the board member to exceed the twelve-year limitation.
- e) Effect of break in service: Re-election or re-appointment to the board after a break in service of less than four years shall be treated as a consecutive term and will be counted against the term limitation under Article XV, Section (1)(d). A board member who reaches the term limit in Article XV, Section 1(d) becomes eligible to serve on the board again four years after the board member left the board. If elected or appointed after the four-year break in service, a new term limit of no more than twelve consecutive years shall apply.
- ef) Each board member shall hold office from the first date of the term until the end of the term for which the member was appointed or elected. ~~Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of the unexpired term.~~ Any member shall continue in office after the expiration date of the member's term until the member's successor takes office; or until a period of ~~thirty~~ 180 days has elapsed, whichever occurs first.

- i. Appointed members: A vacancy on the board shall be filled in the same manner as the original appointment.
  - ii. Elected members: If a board member elected pursuant to Article XV, Section 1(a)(ii) is unable to continue in office and if the remaining portion of the unexpired term is ~~nine months~~ 180 days or less, the remaining member elected pursuant to Article XV, Section 1(a)(ii) may select an active member of the system as an interim replacement to complete the term. ~~the position will remain vacant until the next regularly scheduled election.~~ If a board member elected pursuant to Article XV, Section 1(a)(iii) is unable to continue in office at the end of his or her term and if the remaining portion of the unexpired term is 180 days or less, the remaining members elected pursuant to Article XV, Section 1(a)(iii) may select a retired member of the system as an interim replacement to complete the term. If the remaining portion of the unexpired term for any elected member is more than ~~nine months~~ 180 days, an election to elect a new board member shall be held in accordance with the election rules promulgated by the board.
  - iii. If a board member elected pursuant to Article XV, Section 1(a)(ii) is unable to continue in office at the end of his or her term for 180 days or until the member's successor takes office, the remaining member elected pursuant to Article XV, Section 1(a)(ii) may select an employee member of the system as an interim replacement. If a board member elected pursuant to Article XV, Section 1(a)(iii) is unable to continue in office at the end of his or her term for 180 days or until the member's successor takes office, the remaining members elected pursuant to Article XV, Section 1(a)(iii) may select a retired member of the system as an interim replacement. The interim board member shall serve for a period of 180 days or until a member is elected to fill the vacancy, whichever occurs first.
- f g) An entity authorized to appoint or elect a member under subsection a) shall remove its appointee or representative from the board for any act of misconduct involving the trustee's duties, including breach of fiduciary duty and failure to properly discharge the duties of the trustee, to the extent permitted by state law.
  - g h) The board shall meet regularly and shall convene other meetings at the request of the chairperson or a majority of the members. A member who fails to attend at least two-thirds of the regular and special meetings of the board during any two-year period forfeits membership on the board.
  - h i) The board shall report to council at least annually on the following issues:
    - i. Success at meeting the investment and funding objectives.
    - ii. Investment performance and attribution.
    - iii. Compliance with conflict of interest and ethics policies.

- iv. Compliance with benefit delivery policies.
- v. Results of external and internal audit findings and follow-up efforts.
- vi. Board member attendance, travel, and educational efforts.
- h j) The board shall vote to disqualify any candidate from seeking election to the board or any member from remaining as a board trustee for any of the following reasons:
  - i. Finding of dishonesty in any civil proceeding or disciplinary decision.
  - ii. Conviction of a felony for an act committed while the candidate or member was an adult.
  - iii. Failure to comply with election requirements established by the board.

Section 2. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: \_\_\_\_\_, 2025

\_\_\_\_\_  
Aftab Pureval, Mayor

Attest: \_\_\_\_\_  
Clerk

\_\_\_\_\_  
New language underscored. Deletions indicated by strike-through.

## OPEB 115 Trust Fund Subcommittee Motion

I Move the following:

1. That, in accordance with the OPEB 115 Trust Fund Agreement, Section 5.03, Delegation by Trustee, the OPEB 115 Trust Fund Subcommittee (Trustee) delegate its fiduciary responsibilities to the Cincinnati Retirement System Board of Trustees. Such fiduciary Powers and Duties are described in OPEB 115 Trust Fund Agreement, Section 5.02, Powers and Duties;
2. That such delegation shall be for three years, coterminous with appointments made to the OPEB 115 Trust Fund Subcommittee on January 9, 2005;
3. That the OPEB 115 Trust Fund Subcommittee annually consider for approval the following items in fulfillment of its fiduciary responsibilities:
  - a. Statement of Investment Policy of the CRS Board.
  - b. Annual Investment Consultant Report
  - c. Annual 115 Trust Actuarial Valuation
  - d. The CRS Board Annual Report to the Mayor and City Council.
  - e. Such consideration for approval of items a. through d. shall be coordinated at a meeting of CRS Board of Trustees and the OPEB 115 Trust Fund Subcommittee.

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In accordance with CRS Board Rules, I appoint the Investment Committee Chair and Vice Chair to be the OPEB 115 Trust Fund Subcommittee Chair and Vice Chair, respectively.