



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

**April 3, 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

- March 6, 2025

Report on Governance Committee

Informational – Staff Report

- Marquette Investment Report (7-9)
- Motion to approve Index change (10)
 - Analysis of Moving index assets from NT to BNY (11)
 - Securities Lending Education (12-16)
- Staff Update
- Credit Service Purchase Update
- Fiduciary Audit Recommendations Update (17-19)
- Update on Board Letter to Council re the City Contribution Rate

Old Business

- Term Limits Ordinance

New Business

Adjournment

Next Meeting: Thursday, May 1, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
March 6, 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

Kevin Frank

CALL TO ORDER

Chair Moller called the meeting to order at 2:01 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Walsh, Riddle, Morris, and West were present.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Trustee Rahtz moved to approve the minutes of the Board meeting of February 6, 2025. The motion was seconded by Trustee Morris. The minutes were approved by unanimous roll call vote.

Report on Performance Evaluation and Benefits Committees

Chair Moller presented three motions from the Performance Evaluation Committee:

- Motion 1: To adopt the 2025 strategic objectives for the Executive Director. No second needed. The motion was approved by unanimous roll call vote.
- Motion 2: To approve the draft of the performance evaluation used for the Executive Director. No second needed. The motion was approved by unanimous roll call vote.
- Motion 3: To approval the contract assessments of the actuary and healthcare consultant. No second needed. The motion was approved by unanimous roll call vote.

Trustee Gamel explained that the Benefits Committee discussed the ongoing work on the Vision RFP and mentioned that it will hopefully be going out for bid soon. A 2025 health survey will be sent out to

retirees. It is important to encourage all retirees to participate in the survey, as it will help in providing better healthcare for them.

Informational – Staff Report

Marquette Investment Report

Director Salstrom referenced the investment report included in the packet which included data up to January 31st, with asset portfolio weights and performance metrics for 1 month, 3 months, 1 year, and cumulative year. As of January, the fund was up 1.7% for the 1-month period, but it's expected that February might show flat to negative performance with some potential volatility.

Chair Moller stated that on a 1-year basis, the performance is still strong, but the market has been volatile, so it's uncertain how things will unfold moving forward. There's a focus on comparing target allocations to market values. Fixed income and private debt still require additional investments.

Director Salstrom explained that three private equity contracts were approved in November. Dollar amounts were finalized at the January meeting. The Siguler Guff contract is finished, JP Morgan and Timber Bay contracts will close on March 31st, with no anticipated issues. Ongoing work with Fort Washington and a steady flow of private equity funds coming back, though not as quickly as desired, but faster than in previous years. The volatility in the market may slow down private debt drawdowns, but steady progress toward the 6.5% target continues.

Dashboard

Director Salstrom presented the dashboards included in the packet:

These were presented in December for the first time. There's performance data broken down into three benchmarks: 1-year, 3-year, and 5-year performance. The assumed rate of return's main benchmark is the 7.5% return target. Green indicates the outperformance of the 7.5% return and red shows underperformance. Passive benchmark assumes a 70% equity and 30% fixed income allocation. Given the strong performance of equities over the last few years, this benchmark shows underperformance across all three timeframes. Policy benchmark reflects the actual asset allocation. It takes into account whether the allocations are outperforming or underperforming the overall market. It shows outperformance for the 1-year, 3-year, and 5-year timeframes due to specific asset allocation decisions. The goal is to give a visual snapshot of the performance relative to the 7.5% return target.

There is a dashboard detailing benefits and demographics, covering calendar years, typically spanning four years. The Early Retirement Investment Program (ERIP) had 201 participants in 2020, though this number isn't explicitly shown on the page. This context helps explain the rise in retirees, many of whom came from the ERIP. A significant increase in retirees is noted, largely due to the ERIP. For 2024, there is positive growth in the number of active members, which is beneficial for both the city and the plan. Retirees and other related numbers are tracked for 2024. In 2024, the DROP program participation is at its lowest point (104 members), and it's expected to continue decreasing. On the following page, the report shows that the DROP disbursements have reached their highest level, which corresponds to the number of people leaving the program and taking their benefits.

No changes were made to the risk dashboard when it was created a couple weeks ago. Director Salstrom proposed to elevate two risks to high:

- Cybersecurity: due to uncertainties in the market and potential underfunding of departments, cybersecurity could be at a higher risk.

- Market: the uncertainty of the current market and what will happen is a key concern.

Legislation was previously classified as low risk but should be elevated to medium. Potential impacts of federal funding policies and their implementation could affect the City of Cincinnati, requiring closer attention.

The asset allocation and liquidity dashboard shows the current asset allocation compared to the policy, highlighting areas of overweight and underweight. The US equity position has been reduced (underweight) while the international equity position has been increased (overweight). This shift is based on the expectation that the US dollar might come under pressure, and international valuations look more attractive, while the US market faces more volatility. There is ongoing effort to fill the gap in fixed income allocation, with some funds coming back from private equity. The portfolio is overweight in private equity, and commitments remain in private debt. The focus is on understanding liquidity in the portfolio, especially in the context of potential market shocks and monthly benefit payments.

Liquidity Buckets:

- Liquid Assets: Funds with daily and weekly liquidity (mainly from public equity and public fixed income).
- Quarterly/Semi-Annual Liquidity: Investments in real estate, infrastructure, and private credit (in evergreen structures).
- Illiquid Assets: Private equity and private debt (funds not accessible for several years).

A look at the expected distributions from illiquid portfolios and how unfunded commitments to private equity impact the overall portfolio. Director Salstrom gave an example of a scenario analyzing how much capital could be called each month based on the total capital called.

The compliance dashboard is to ensure proper compliance and documentation across the investment program and operations. The dashboard will be updated through the end of the year. Everything is in compliance as of now.

The biggest change on the budget dashboard is under budgeting in office staff due to staffing vacancies. Christine Roberts' retirement and Kyle Brown covering dual roles (Members Counselor and Division Manager) led to significant savings in office staff expenses. With data processing, the OnBase project was put on hold due to staff transitions (Christine Roberts' retirement, Keith filling Christine's role, and Justin moving into Keith's role). The project is still in the budget for this year but has not been fully executed. There was an overage in professional fees, especially in legal fees. Increased legal contract work and actuary services for scenario analysis contributed to the over budgeted amount.

Fiduciary Audit Recommendations Update (MOU follow up report)

A report has been shared with the trustees, which includes a breakdown of the recommendations from the Funston performance audit. Light gray areas reflect updates since the last meeting.

Items 1.1 and 1.2 (Regulatory) have been reviewed, but the current governance structure might limit progress on these.

Items 1.4 and 1.5 are marked as complete. Next steps include confirming whether a retiree can sit on the Evaluation Committee and ensuring the RFP process for vendor contracting is solid. The Board prefers to select vendors, with the city contracting directly, rather than contracting with vendors themselves. The Executive Director's performance evaluation process has been reviewed and remains

the same as last year. Trustees have provided input, and the process with the city administration will continue.

Item 2.11 (Audit Committee) is marked as complete, with a review to take place in a year. Trustee Morton will lead a working group on the annual report and will address the need for an audit committee.

Item 4.4 involves the start of the CEM Benchmarking survey next month. The survey will benchmark the organization against peers in investment, administration, and staffing.

Item 5.1 (Succession Planning) is a priority. The staff is working on ensuring the right people and training are in place for the next 3-5 years, creating redundancies to maintain operations in case of retirement or absences. A formal succession planning policy will be added to the governance manual.

Item 5.4 (ETS) is an ongoing collaboration to ensure system security.

The MOU follow-up report was included in the packet to remind everyone of the progress. Funston recommendations are being highlighted and organized into 5 broad categories. The goal is to establish a memorandum of understanding (MOU) with city administration. It's been decided that it's more effective to work through the recommendations one by one. Efforts are underway to work with procurement and contracting to get approvals, email signoffs, and proper documentation in place. The objective is to create a formal written agreement between the Board and city administration.

Old Business

Term Limits Ordinance (Board of Trustee-Role Promotion Memo)

Chair Moller explained the three components related to the Term Limits Ordinance: the ordinance itself, a cover letter explaining the ordinance, and a memorandum attached to the cover memo discussing how to increase participation for those interested in running for the Board.

The Board approved changes to the ordinance during the last meeting. The key change is that interim appointments won't be limited by days or months, but an election should take place as soon as possible.

When the ordinance was previously discussed in Council Committee, there was a question about what the Board is doing to increase participation. The committee members wanted to see a clear plan, so it will be important to include that in the upcoming discussion if the ordinance is brought back to Council.

Chair Moller made a motion to approve the Term Limits Ordinance, the cover memo, and the memorandum that encourages participation (to be attached to the cover memo). The motion was seconded by Trustee Rahtz and approved by unanimous roll call vote.

Currently, 25 nomination signatures are required for Board nominations, but there has been a discussion about reducing the requirement to 15 signatures. This change is especially beneficial for retirees. Chair Moller made a motion to reduce the nomination signature requirement to 15 for both active members and retirees. The motion was seconded by Trustee Morton and approved by unanimous roll call vote.

New Business

Board of Trustees Letter to Council on City Contribution Rates (Cheiron-Schedule of Funded Ratios)

The Board has approved a recommendation several times in the past regarding the actuarial funding plan. The system is required to be 100% funded by 2045 (as outlined in the CSA). The recommendation is to ask the actuary to determine the incremental increase each year to achieve 100% funding by 2045. This is called the annual multi-year incremental increase methodology, which has been recommended to the Mayor and City Council several times. The Board suggests that the city follow this scheduled funding ratio for budgeting purposes, and that the funding ratios should be updated bi-annually to align with the city's bi-annual budget.

City Council is currently working on its budget policy, and the goal is to present this recommendation to the Mayor and Council for consideration within that policy. Chair Moller made a motion to approve the report and send it to the Mayor and Council as shown in the packet. The motion was seconded by Trustee Menkhaus. The motion was approved by unanimous roll call vote, with Trustee Walsh abstaining.

Adjournment

Following a motion to adjourn by Trustee Morris and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:44 p.m.

Meeting video link: <https://archive.org/details/crs-board-3-6-25>

Next Meeting: Thursday, April 3, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Secretary



Cincinnati Retirement

Monthly Report

Executive Summary
February 28, 2025

Total Fund Composite

Monthly Report
As of February 28, 2025

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month	
Fixed Income Composite	500,222,941	21.1	22.5	533,518,789	-33,295,849	Total Fund Composite	
Private Debt Composite	120,939,229	5.1	6.5	154,127,650	-33,188,421	Beginning Market Value	2,379,952,663
U.S. Equity Composite	622,628,494	26.3	28.5	675,790,467	-53,161,973	Net Cash Flow	-12,066,734
Non-U.S. Equity Composite	378,759,416	16.0	16.0	379,391,139	-631,723	Gain/Loss	3,308,691
Volatility Risk Premium Composite	64,310,277	2.7	2.5	59,279,865	5,030,411	Ending Market Value	2,371,194,620
Real Estate Composite	148,613,162	6.3	6.0	142,271,677	6,341,485		
Infrastructure Composite	259,224,652	10.9	10.0	237,119,462	22,105,191		
Private Equity Composite	267,917,685	11.3	8.0	189,695,570	78,222,116		
Total Fund Composite	2,371,194,620	100.0	100.0	2,371,194,620			

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
Total Fund Composite	0.1	0.5	1.9	9.9	10.6	5.6	9.3	7.3	7.2	8.8	Jun 85
Target Benchmark	0.3	0.4	2.1	9.7	10.2	4.9	9.1	7.3	7.3	-	
Actuarial Rate 7.5%	0.6	1.8	1.2	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
Fixed Income Composite	2.1	1.1	2.8	6.6	5.4	0.7	1.4	2.5	2.6	5.0	Dec 95
Blmbg. U.S. Aggregate Index	2.2	1.1	2.7	5.8	4.6	-0.4	-0.5	1.7	1.5	4.2	
Private Debt Composite	0.0	1.0	0.0	9.8	11.3	7.4	-	-	-	4.9	Oct 20
Blmbg. U.S. Aggregate Index	2.2	1.1	2.7	5.8	4.6	-0.4	-0.5	1.7	1.5	-1.2	
Bloomberg US High Yield TR	0.7	1.6	2.0	10.1	10.6	4.9	4.9	5.0	5.1	5.1	
U.S. Equity Composite	-1.8	-2.4	1.4	16.8	20.1	10.5	15.8	11.7	10.8	9.8	Mar 89
Russell 3000 Index	-1.9	-1.9	1.2	17.5	22.9	11.6	16.1	13.1	12.4	10.9	
Non-U.S. Equity Composite	1.2	3.3	5.5	9.9	11.4	4.8	7.8	3.5	4.7	5.9	Jun 93
MSCI AC World ex USA (Net)	1.4	3.4	5.5	9.7	11.1	4.6	7.6	4.2	4.8	-	
Volatility Risk Premium Composite	0.1	0.7	1.8	11.1	13.7	7.6	-	-	-	6.9	Feb 22
Cboe S&P 500 PutWrite Index	0.0	1.9	2.0	16.6	15.2	9.1	11.5	7.9	7.8	8.9	
Real Estate Composite	0.2	1.1	0.3	0.1	-5.0	-2.2	3.3	4.2	6.1	4.8	Sep 07
NFI-ODCE	0.0	0.3	0.0	-0.6	-6.6	-4.6	1.9	2.9	4.7	3.7	
NCREIF Property Index	0.0	0.9	0.0	0.4	-3.8	-0.8	3.1	4.1	5.7	5.5	
Infrastructure Composite	0.1	2.8	0.2	9.2	8.9	8.8	9.0	8.6	7.4	8.3	Sep 08
3 Month T-Bill +4%	0.6	2.1	1.3	9.3	9.4	8.3	6.6	6.5	5.9	5.2	
Private Equity Composite	0.0	0.6	0.0	6.3	8.1	4.9	13.3	13.4	12.4	8.8	Aug 93
MSCI Private Capital Global All Private Equity	0.0	0.0	0.0	4.9	5.4	0.6	13.7	14.0	13.7	15.0	

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CRS Board Motion to switch index providers to BNY and reduce custody fees

Introduction

CRS and Marquette have been working with both BNY and NT to reduce the custody fees paid by the plan and to ensure CRS is getting the best fees on the index commingled vehicles. We were able to conduct an analysis of what was provided to us from our current custody manager and current index provider (provided below). Ultimately, given the existing custody relationship with BNY, they were able to provide better revenue sharing arrangements which reduced our index fees by \$186,371 and with the additional partnership, BNY was able to provide relationship pricing and reduce the custody fees by \$50,000, for a total reduction in fees to CRS of \$236,371.

Motion 1

I move that CRS transfer their index dollar investments to BNY to capture the cost savings through lower index fees and reduced custody fees.

Northern Trust						CRS	
	Mgmt	<u>Fees</u> Admin	Total	Lending Rebates ¹²	Actual Cost	All in Cost ¹	12/31/2024 Market Value
Agg	1.25	0.79	2.04	-2.96	-0.92	-3,419	37,165,893
R3000	2	0.84	2.84	-1.93	0.91	53,175	584,344,174
R1000V	1.5	0.76	2.26	-1.55	0.71	3,515	49,504,344
R2000V	2	1.82	3.82	-11.04	-7.22	-36,099	49,998,061
ACWI ex US	4	1.57	5.57	-1.85	3.72	120,685	324,420,807

¹Negative is rebate to client

Total Cost with Northern: **137,857**

²5yr annualized sec lending rebate

BNY						CRS	
	Mgmt	<u>Fees</u> Admin	Total	Lending Rebates	Actual Cost	All in Cost ¹	12/31/2024 Market Value
Agg	1	0.7	1.7	-3.79	-2.09	-7,768	37,165,893
R3000	0.75	0.75	1.5	-2.45	-0.95	-55,513	584,344,174
R1000V	1	0.55	1.55	-2.25	-0.7	-3,465	49,504,344
R2000V	1.5	0.75	2.25	-12.1	-9.85	-49,248	49,998,061
ACWI ex US	2.75	2	4.75	-2.67	2.08	67,480	324,420,807

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Total Annual Index Cost with BNY: **-48,514**

²5yr annualized sec lending rebate

Difference in Index Pricing: **186,371**

Difference w/Custody \$50K reduction: **236,371**

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Retirement 101: Securities Lending Overview

2025 Update

CINCINNATI RETIREMENT SYSTEM

→What is Securities Lending?

Definition: Securities lending is the temporary transfer of securities (like stocks or bonds) from one party (the lender, CRS) to another (the borrower) in exchange for collateral.

Purpose: Often used to support short selling, facilitate hedging strategies, or enhance portfolio returns.

Key Participants:

- **Lender:** Usually institutional investors via commingled funds or separately managed accounts.
- **Borrower:** Typically investment banks, hedge funds, or broker-dealers.

CINCINNATI RETIREMENT SYSTEM

→ How Securities Lending Works

Borrower requests securities from the lender.

- Lender transfers the securities and receives **collateral** (cash, government securities, or letters of credit).

Borrower pays a fee to the lender, often called a "lending fee" as part of collateral.

- Borrower uses securities for short selling or other strategies.

Lender invest collateral to earn addition income to augment returns in the commingled fund or separately managed account

- At the end of the loan, the borrower returns the securities, and the lender returns the collateral.

Benefits:

- Lender earns additional income by investing collateral.
- Borrower gains access to securities needed for market strategies.

Risks:

- Counterparty risk (borrower default).
- Market risk (securities' value fluctuation in invested collateral).

CINCINNATI RETIREMENT SYSTEM

→ Revenue Sharing in Securities Lending

Definition: Revenue sharing is the distribution of earnings from lending fees between the lender and the lending agent (a bank or broker facilitating the transaction).

Purpose: Compensates the lending agent for managing the lending process, including risk management, borrower vetting, and collateral handling.

Lending Agent's Role: Acts as an intermediary, handles administrative duties, and mitigates risks.

CINCINNATI RETIREMENT SYSTEM

→ Revenue Sharing Splits

Typical Split: Often, the revenue split is around **70% to the lender (CRS)** and **30% to the lending agent (NT)**, though it can vary.

Factors Influencing the Split:

- Volume of securities lent.
- Market demand and scarcity of the securities.
- Negotiated agreements based on the lender's market power.
- Relationship and overall partnership with Agent/Custodian

Impact:

- Higher splits favoring lenders can incentivize increased participation.
- Greater fees for lending agents may lead to reduced moral hazard (i.e. enhanced risk management and better borrower selection).

Funston Performance Audit - Summary of Recommendations

Assignment

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
1. Legal and Regulatory		Status								
1.1	Improve definition and clarity of roles and authorities of:									
	<ul style="list-style-type: none"> The Board of trustees 	Completed	X		X					
	<ul style="list-style-type: none"> Board chair 	Completed	X		X					
	<ul style="list-style-type: none"> Individual trustees 	Completed	X		X					
	<ul style="list-style-type: none"> City Council and Mayor 	Initiated		X						
	<ul style="list-style-type: none"> City Manager and City Finance Director 	Completed		X						
	<ul style="list-style-type: none"> CRS Director 	Completed		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.	Reviewed		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.	Reviewed		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.	Completed		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.	Completed		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.	Completed		X		X				
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"> Trustee personal financial disclosures 	Completed	X							
	<ul style="list-style-type: none"> Board self-evaluation / Board education policy 	Completed	X							
	<ul style="list-style-type: none"> Funding 	Initiated		X						
	<ul style="list-style-type: none"> Separate investment policy statement for the 115 trust fund that is tailored to its liabilities 	Reviewed	X							
	<ul style="list-style-type: none"> Strategic planning, in coordination with the City 	Completed		X						
	<ul style="list-style-type: none"> Collection of claims in securities class actions 	Completed	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	<ul style="list-style-type: none"> Succession planning, in cooperation with relevant City appointing authorities Business continuity and resumption Independent governance and benchmarking reviews External communications by Board members Due diligence and reporting for referral of service provider candidates by trustees, along with limits on candidate contacts with trustees during an RFP process 	Completed	X							
		Completed	X							
		Completed	X							
		Completed	X							
		Completed	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.	Completed	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.	Completed	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.	Completed	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Completed	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	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.	Reviewed	X	X						
3. Investment Program and Operations										
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						
4. Pension Operations										
4.1	Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.	Completed	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.	Completed	X							
4.5	Consult with its actuary and determine if an adjustment to the investment assumed rate of return should be recommended.	Completed		X						
4.6	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.	Initiated	X	X						

5. Administrative Operations

		Board	Board, Adm.	Priority	Board	Goverance	IC	Staff	Performance evaluation	Audit
5.1	Develop succession planning and implement a cross training program for staff to minimize key person risk and enhance staff development.	Ongoing	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.	Reviewed	X	X						
5.3	Develop a long-term IT plan that identifies future needs.	Completed	X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.	Completed	X	X						
5.5	Update the documented disaster recovery plan.	Completed	X	X						

6. Compliance

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