



**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
March 7, 2024 / 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
John Juech
Tom West
Seth Walsh
Aliya Riddle

Administration

Jon Salstrom

Law

Linda Smith

CALL TO ORDER

Chair Moller called the meeting to order at 2:00 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Juech, West, and Riddle were present. Trustee Walsh was absent.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of February 1, 2024, was moved by Trustee Gamel and seconded by Trustee Juech. The minutes were approved by unanimous roll call vote.

Report from Performance Evaluation Committee

Committee member Rahtz explained the four motions made by the Performance Evaluation Committee.

- Motion to approve the Executive Director evaluation objectives. The motion was made by Chair Moller, no second needed, and was approved by unanimous roll call vote.
- Motion to accept the changes of the Performance Evaluation Committee Charter. The motion was made by Chair Moller, no second needed, and was approved by unanimous roll call vote.

- Motion to approve the modifications to the 2024 Performance Evaluation Goals and Objectives. The motion was made by Chair Moller, no second needed, and was approved by unanimous roll call vote.
- Motion to approve the staff evaluations of Cheiron and Anthem/CVS. The motion was made by Chair Moller, no second needed, and was approved by unanimous roll call vote.

Informational – Staff Report

Marquette Investment Report

Chair Moller referenced the Investment Report that is included in the packet. On the 1-year basis CRS returned 7.1%. which is slightly better than the benchmark, but not quite the 7.5% target. U.S. Equity Composite is not quite up to speed, but regarding CRS's policy, efforts have been made to change that. Private Equity return is significantly better than the benchmark.

Staff Update on Open Positions

Director Salstrom reported they have identified an internal candidate for the Member Counselor position and currently backfilling the head of IT position for Christine Roberts' retirement that is coming in the middle of the year. He will continue to work toward the Administrative Technician and Accountant positions.

DROP Actuarial Analysis Update

Director Salstrom explained that the contract was completed with Foster & Foster. CRS has completed the request for information, and he anticipates being able to present the DROP Analysis at the Board meeting in the next month or two.

Healthcare Funding Policy & Subcommittee Update

Director Salstrom explained that details of the Healthcare Funding Policy are still being finalized. Linda Smith, from the Law Department, explained that they have received additional guidance from Ice Miller and Law's concern remains that CRS may not be in compliance, and they are happy to discuss the additional guidance.

Futures Commissions Update

Director Salstrom explained that the next update will come late in the first quarter.

Actuarial & Healthcare RFP Update

Director Salstrom explained that the Actuarial RFP is posted, and the Healthcare RFP is closed. The Evaluation Committee has been set up and will continue to communicate with both City employees and Trustees as progress is made. The structure of this committee is similar to the structure of the committee in the past.

Survivor Benefits Ordinance Update

Linda Smith, from the Law Department explained that they still have a few items to finalize.

Open Enrollment Metrics Update

Director Salstrom explained that the metrics used were from the last couple years. In 2022, 3705 were mailed to retirees with 85 selecting to make changes (about 2.25%). In 2023, 3650 were

mailed out with 91 making changes (about 2.49%). A relatively small amount of the population is making changes which hopefully means that most participants are happy with the coverage they have.

Council Member Education – Meeting Anna Albi

Director Salstrom explained that he and Chair Moller met with Council Member Albi and included the presentation given in the packet. He welcomed feedback on the presentation as they continue to educate council members on the retirement system.

Old Business

No Old Business.

New Business

Presentation from Funston – Fiduciary Performance Audit

Director Salstrom introduced Randy Miller, project manager, who was in-person to present. Keith Johnson, legal advisor, was also present via Zoom.

Randy Miller explained that The Funston Advisory Services (FAS) team was selected to conduct a governance review of CRS through a competitive RFP process in September 2023 and the final report was submitted in February 2024. Funston reviewed six major areas, as specified in the RFP:

- Legal and Regulatory
- Governance Framework
- Investment Program and Operations
- Pension Operations
- Administrative Operations
- Compliance

In conducting the governance review, Funston reviewed and analyzed CRS's current charters, governance policies and practices. They developed a CRS InGov governance peer benchmarking profile, designed and administered a self-assessment survey for trustees and executives, identified preliminary opportunities for discussion and discussed with each trustee in individual interviews, developed a draft final report with findings and recommendations and verified with the Director and staff, reviewed the draft final report with the Board Chair and Vice Chair and received feedback, and finalized the final report and submitted to the CRS Board of Trustees.

The CRS Board operates effectively and provides effective oversight, staff is competent, and third-party advisors are capable. The CRS legal structure is an outlier with respect to Executive Director (ED) and retirement system staff hiring, firing, and reporting structure procurement. The policy framework for CRS is complex and should be streamlined through an updated Board Governance Manual. The investment program is effective but there are several opportunities for improvement. A long-term plan for pension operations should be developed that includes technology updates and performance and cost metrics. A compliance plan should be developed that identifies and monitor all requirements.

Although CRS is generally well run and has quality advisors, as with any organization, improvements can always be made. Funston made over 37 recommendations across the six areas in scope. Overall, CRS is operating effectively with effective oversight. The CRS legal and policy structure is complex and should be streamlined, and Board authorities should be better aligned with fiduciary responsibilities. The Board should discuss and document its investment beliefs and update the asset allocation every 3-5 years as part of the periodic asset/liability study. A long-term plan for pension operations should be developed that includes technology updates and performance and cost metrics. A compliance plan should be developed that identifies and monitors all requirements. CRS and the City should be congratulated for significant progress and improvements since the signing of the CSA.

Committee member Menkhaus made a motion to accept the Funston report and seconded by Committee member Gamel. The motion was approved by unanimous roll call vote.

Annual Report Discussion

Director Salstrom explained that they have given Cheiron the evaluation material they need to run the report which should allow them to have the report ready for the May Board meeting. The Board needs a funding recommendation as part of the City's budget process. Chair Moller suggested having Cheiron run the annual incremental funding analysis immediately using the 11.7% and construct communication to the City similar to what they provided last year.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Menkhaus. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 3:25 p.m.

Meeting video link: <https://archive.org/details/crs-board-3-7-24>

Next Meeting: Thursday, April 4, 2024, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Secretary