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**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
April 3, 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 2:09 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Walsh, Riddle, and Morris, were present. Trustee West was absent.

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 Morton. The minutes were approved by unanimous roll call vote.

Report on Governance Committee

Trustee Menkhaus explained that an update was given on the status of outstanding audit items from Funston. The committee conducted a review of the latest draft of the Governance Manual. The document is nearing completion and is expected to be ready for a formal vote at the next Governance Committee meeting. A brief overview of the current Disaster Recovery Plan was provided. No motions or actions requiring full Board approval were made during this meeting.

Informational – Staff Report

Marquette Investment Report

The year-to-date total fund return is approximately 1.9%, which is generally consistent with the benchmark. This date reflects performance through February and March, with some preliminary

observations from the first week in April. Public markets have exhibited significant volatility during this period, and further fluctuations are expected. It is anticipated that performance will remain choppy through the first quarter and likely into the second quarter of the year, given the current market dynamics.

Motion to approve Index change (analysis of moving index assets from NT to BNY & securities lending education)

The Board received a presentation regarding securities lending and a recommendation to change index providers. CRS has engaged in securities lending for a long period; however, it does not frequently require Board action. As part of ongoing review efforts, staff evaluated switching the index provider from Northern Trust to Bank of New York Mellon (BNY Mellon).

Conversations were held with both Northern Trust and BNY Mellon to assess service offerings and cost savings. BNY Mellon, CRS's current custodian, offered favorable terms including a \$50,00 reduction in the custodial fee with Northern Trust. An additional \$236,000 in total savings by switching index providers to BNY Mellon.

Securities lending involves the temporary transfer of securities to a borrower (e.g., hedge funds) in exchange for collateral (cash or government securities) and a fee (rebate). The goal is to augment returns from these risks are typically well-contained, especially within commingled vehicles. Historical issues during the Global Financial Crisis were referenced, noting the importance of managing counterparty exposure carefully.

Revenue generated through securities lending is split between CRS and the lending agent (Northern Trust or BNY Mellon). CRS successfully negotiated a more favorable revenue sharing split with BNY Mellon, leveraging the custodial relationship to achieve better pricing.

Staff recommends approving the transition of index providers from Northern Trust to BNY Mellon to capture fee savings and improved revenue sharing terms through the existing custodian relationship.

Chair Moller made a motion to transfer CRS's index dollar investments to Bank of New York to capture the cost savings through lower index fees and reduce custody fees. Trustee Gamel seconded the motion. The motion was approved by unanimous roll call vote.

Staff Update

Kyle Brown is officially in the Division Manager position. Staff is currently scheduling interviews for the Administrative Technician position that's open, and they are going to start to work on backfilling the Members Counselors position that Kyle was working in.

Credit Service Purchase Update

Director Salstrom hopes to have a full update at the next Board meeting. He is still waiting on a few answers from impacted individuals, as well as working with legal on one specific complication, but those are going as expected.

Fiduciary Audit Recommendations Update

An update was provided regarding the status of recommendations from the Funston performance audit with reference to the spreadsheet included in the packet. Many of the governance-related recommendations were addressed during the last Governance Committee meeting. Specifically, section

2-consolidating governance bylaws into a single document-is near completion, and a final draft should be ready for the Board approval soon.

Remaining items largely fall under section 4, which focuses on pension operations. Progress on these items will align with the work being initiated with CEM Benchmarking. The contract with CEM Benchmarking is nearly finalized, after which they will assist with evaluating staff needs, advising on IT and operational goals, and providing peer comparisons to help prioritize and plan remaining improvements. The insights from CEM Benchmarking are expected to help address the outstanding operational recommendations from the Funston report and support long-term strategic planning.

Update on Board Letter to Council re the City Contribution Rate

No formal response has been received yet. It was acknowledged that Budget is actively working on the budget process currently. Trustee Walsh provided additional context that over the past several weeks, City Council has been hearing from various departments regarding their budget needs. By Friday, each Council member must submit their budget priorities. Trustee Walsh confirmed that his submission includes the full contribution amount recommended by the Board. Next Monday, City Council is expected to have a broader budget discussion that will trigger further direction to the City Manager. Trustee Walsh expressed confidence that Council, the City Manager, and the Mayor remain committed to supporting the full funding request, although no formal confirmation has been sent yet.

Old Business

Term Limits Ordinance

The Board's funding recommendation will move forward to City Council and will be on the April 9th agenda. Following that, it will be referred to the Public Safety and Governance Committee for review on April 15th. The plan is for the Director and Chair to attend the committee meeting and provide a brief explanation of the request and answer any questions.

New Business

No new business was discussed.

Adjournment

Following a motion to adjourn by Trustee Walsh and seconded by Trustee Gamel. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:27 p.m.

Meeting video link: <https://archive.org/details/crs-board-4-3-25>

Next Meeting: Thursday, May 1, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Jon Salstrom

Secretary