

**City of Cincinnati Retirement System  
Governance Committee**

**City Council Chambers and via Zoom  
April 6, 2023 – 12:00 PM**

**AGENDA**

**Members**

Mark Menkhaus, Jr.  
Tom Gamel  
Kathy Rahtz  
Seth Walsh  
Monica Morton  
Tom West

**CRS Staff**

Karen Alder  
Mike Barnhill, Contractor

**Law**

Ann Schooley



**Call to Order**

**Public Comment**




**Approval of Minutes**

 Meeting of January 12, 2023

**Old Business**

 Ethics Policy  
 Trustee Training Policy

**New Business**

 Proposed Charters for Board Committees  
 Role for Executive Director Recommendation in Disability Matters (Rule 11)  
 Implement 180 Day Deadline to Complete Disability Application (Rule 11; CMC 203-41)

**Adjournment**

**Next Meeting:** July 13, 2023, City Council Chambers and via Zoom



**City of Cincinnati Retirement System  
Governance Committee Meeting  
Minutes  
January 12, 2023/ 3:30 P.M.  
City Hall – Council Chambers and remote**

**Board Members Present**

Mark Menkhaus, Jr., Chair  
Tom Gamel  
Kathy Rahtz  
Tom West

**Call to Order**

The meeting was called to order at approximately 3:30 p.m. by Chair Menkhaus and a roll call of attendance was taken. Committee members Menkhaus, Gamel, Rahtz, and West were present. Trustee Morton joined at 3:32pm. Trustee Cramerding was absent. Trustee Moller, not a member of the committee, was also present.

**Public Comment**

No public comment.

**Approval of Minutes**

Approval of the minutes of the May 5, 2022, meeting was moved by Trustee Gamel and seconded by Trustee Rahtz. The minutes were approved by unanimous roll call vote.

**New Business**

**CRS Ethics Policy**

Trustee Menkhaus introduced a proposal for the system to adopt an ethics policy. In anticipation of the upcoming fiduciary audit, this is an area that the system can work on now. Director Barnhill echoed that sentiment and explained his research that produced the draft before the committee. After looking at various ethics policies from other systems, he selected the Ohio PERS approach which covers the basic elements of a standard ethics policy and it is relatively succinct.

Mr. Barnhill then summarized each section of the 3-page draft policy in the committee's packet. Mr. Barnhill noted that the Board can discuss whether it wants to increase or decrease the allowed value of gifts—in the draft policy it is capped at \$10. In general, the purpose of an ethics policy is to avoid conflicts of interest, prevent use of a position as trustee or staff to benefit a personal interest, and prohibit use of non-public information for personal benefit. There is a range of reasonable approaches as to how ethics policies can be implemented. In this draft, the financial disclosure section is left for a later date. Mr. Barnhill noted there is

wide variation in how much financial disclosure systems require—the ultimate goal is to protect trustees, staff and the system from the appearance of impropriety and deter the use of inside information for personal gain.

Trustee Menkhaus stated that his intention was simply to introduce this draft for discussion today, but not to take a vote on it, and leave discussion of financial disclosure to a later date.

Trustee Moller stated that the Ohio Ethics Commission should review any proposed ethics policy. Mr. Barnhill agreed.

#### Trustee Training Policy

Mr. Barnhill explained that fiduciary audits frequently make a recommendation that there be continual trustee training in place, and that the executive director is responsible for that training. Board Rule 21 encourages trustees to participate in training. In the proposed changes to Rule 21, Mr. Barnhill is recommending that the rule be changed to make trustee training mandatory, and that the executive director be tasked with preparing an individual training plan for each trustee.

Trustee Menkhaus noted that trustee training opportunities have been made available during his time on the board.

#### Proposed Committee Workplan for 2023

Mr. Barnhill discussed a number of items that the Committee could work on during 2023. In addition to the ethics policy and trustee training policy discussed today, other items include:

- Consolidation of the governance manual, board rules and board policies.
- Adoption of a financial disclosure policy
- Creation of an audit committee
- Consideration of the fiscal year start/end
- Committee charters
- Fiduciary governance of the 457 plans

Mr. Barnhill offered some thoughts on each of these items. Consolidation of the governance manual, board rules and policies has been a goal of the Board in the past. It will help simplify board governance. Public pension systems almost uniformly have an audit committee, whose basic job in addition to oversight of the financial statements audit is to ensure that the various functions of the system are being performed correctly. Consideration of the fiscal year is related to whether the system should prepare calendar year audited financial statements as well as issue its own Annual Comprehensive Financial Report. Committee charters are a standard part of governance documentation. Finally, there is not formal fiduciary oversight of the 457 plans. The City, and not the Board, has had ownership of these plans. But in many other systems the retirement board of trustees has this role, and reviews the investment performance, investment fees, and investment options of the 457 plans.

Trustee Rahtz suggested that the issue of term limits for trustees be re-visited. Term limits make it more difficult for trustees to serve and the Board should review this in light of the recent difficulties in finding trustees to serve on the Board. Trustee Menkhaus expressed willingness to add that as an item to a future agenda.

## **Adjournment**

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Rahtz, the Governance Committee approved the motion by unanimous roll call vote. The meeting adjourned at 4:06pm.

Meeting video link: <https://archive.org/details/crs-governance-comm-1-12-23>

Next Meeting: April 6, 2023, 12:00PM, City Council Chambers and via Zoom

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Secretary

Draft Cincinnati Retirement System  
Ethics Policy

Preamble

The policy of the Cincinnati Retirement System (CRS) is to carry out its mission in accordance with the strictest ethical guidelines and to ensure that board members and employees conduct themselves in a manner that fosters public confidence in the integrity of CRS and its processes.

Ethics Rules

1. CRS board members and employees must, at all times, abide by protections to the public embodied in the law related to the fiduciary duty, as well as the Cincinnati Municipal Code. Board members and employees must conduct themselves, at all times, in a manner that avoids favoritism, bias, and the appearance of impropriety.
2. A general summary of the restraints upon the conduct of all board members and employees includes, but is not limited to, those listed below.

No board member or employee shall:

- a. Have any business, personal or family interests related to the City or CRS that would constitute a conflict of interest, or that would create the appearance of a conflict of interest. Being a member of the CRS or a beneficiary of the CRS, or having a family member who is a member or beneficiary of the CRS shall not constitute a conflict of interest;
- b. Solicit or accept anything of value from anyone doing business with the board or System. For traditional gifts of food made to CRS staff at holidays, the food shall be made available to all staff;
- c. Solicit or accept employment from anyone doing business with the board or system, unless the board member or employee completely withdraws from any board and system discretionary or decision-making activity regarding the party offering employment, and the board approves the withdrawal in the case of a board member or the executive director of the system, and the executive director approves the withdrawal in the case of another employee;
- d. Use his or her public position to obtain benefits for the board member or employee, a family member, or anyone with whom the board member or employee has a business or employment relationship;

- e. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the board or system;
- f. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell (except by competitive bid) goods or services to, any state agency other than the board or system, unless the board member or employee first discloses the services or sales and withdraws from matters before the board or system that directly affect officials and employees of the other state agency;
- g. Hold or benefit from a contract with, authorized by, or approved by, the board or system;
- h. Vote, authorize, recommend, or in any other way use his or her position to secure approval of a board or system contract (including employment or personal services) in which the board member or employee, a family member, or anyone with whom the board member or employee has a business or employment relationship, has an interest;
- i. Solicit or accept honoraria, except employees who are not financial disclosure filers they may receive an honorarium only if the honorarium is paid in recognition of a demonstrable business, professional, or esthetic interest of the employee that exists apart from public office or employment, and is not paid by any person or other entity, or by a representative or association of those persons or entities, doing business with the board or system;
- j. During public service, and for one year after leaving public service, represent any person, in any fashion, before any public agency, with respect to a matter in which the board member or employee personally participated while serving with the board or system;
- k. Use or disclose confidential information protected by law, unless appropriately authorized;
- l. Use or share non-public investment or financial information for personal gain or for the personal gain of another person;
- m. Use, or authorize the use of, his or her title, the name of the CRS Board or System, or the board's or system's logo in a manner that suggests impropriety, favoritism, or bias by the board or system, or the board member or employee;
- n. Solicit or accept any compensation, except as allowed by law, to perform his or her official duties or any act or service in his or her official capacity; and

- o. Solicit or accept from any person, including a partnership of which the system is a partner, payment of actual travel expenses, including expenses incurred with the travel for lodging, meals, food, and beverages.
3. No person who is running for a position on the CRS Board shall solicit or accept campaign contributions from any person or entity that the person knows or has reason to know: (1) has a contract related to investment of the system's funds; (2) is marketing or otherwise attempting to secure business involving the system's funds; or (3) is an agent or acting on behalf of any person or entity described in (1) or (2). Campaign contributions include contributions made to a campaign committee, political party, legislative campaign fund, political action committee, or political contributing entity on behalf of the person running for a position on the CRS Board.

#### Financial Disclosure

TBD

#### Definitions

1. "Anything of value" includes anything of monetary value, including, but not limited to, money, loans, gifts, food or beverages, social event tickets and expenses, travel expenses, golf outings, consulting fees, compensation, or employment. "Value" means worth greater than de minimus or nominal, and in no event worth more than \$10.
2. "Anyone doing business with the board or system" includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the board or system, including anyone who is known or should be known to be an agent or acting on behalf of such a party, including any partnership or which the system is a partner, any person or entity that has a contract related to investment of the system's funds, and any other person marketing or otherwise attempting to secure business involving the system's funds.

**Rule XXI Trustee Education**

Recognizing that each Trustee is under a fiduciary obligation to be prudent in discharging the duties of a Trustee, each Trustee is encouraged to further his or her education in matters that come before the Board. The education of a Trustee may include attendance at conferences and seminars sponsored by the National Conference of Public Employee Retirement Systems, the International Federation of Employee Benefit Plans, and other programs appropriate to advancing the Trustee’s knowledge and skills. The decision to attend conferences shall be at the discretion of each Trustee, who must be mindful of a Trustees’ fiduciary obligation to incur only costs that are appropriate and reasonable. Reimbursement of actual expenses may not exceed those allowed City of Cincinnati employees. A Trustee may not be reimbursed for the expenses

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of attending more than two conferences in a year without the prior approval of the Board for the attendance of each additional conference.

Proposed Changes:

Recognizing that each Trustee is under a fiduciary obligation to be prudent in discharging the duties of a Trustee, each Trustee is ~~encouraged~~required to further his or her education in matters that come before the Board. The education of a Trustee may include attendance at conferences and seminars sponsored by the National Conference of Public Employee Retirement Systems, the International Federation of Employee Benefit Plans, and other programs appropriate to advancing the Trustee’s knowledge and skills. The decision to attend conferences shall be at the discretion of each Trustee, who must be mindful of a Trustees’ fiduciary obligation to incur only costs that are appropriate and reasonable. Reimbursement of actual expenses may not exceed those allowed City of Cincinnati employees. A Trustee may not be reimbursed for the expenses of attending more than two conferences in a year without the prior approval of the Board for the attendance of each additional conference.

In consultation with each Trustee, the Executive Director shall prepare an individual training plan for each Trustee. The Executive Director shall annually prepare a schedule of training opportunities for the Board.

## **CRS Investment Committee Charter**

The Board of Trustees of the Cincinnati Retirement System has adopted this Investment Committee Charter.

### **Purpose**

The Investment Committee, as trustees and fiduciaries, is responsible for the proper oversight of the CRS assets. The committee members shall carry out their functions solely in the interest of the CRS members and benefit recipients.

### **Composition**

The Investment Committee is a committee of the whole, and consists of all members of the Board of Trustees. At the start of each odd-numbered year, the Committee will select a Chair and Vice Chair by majority vote, each to serve a two-year term.

### **Meetings**

The Committee will meet at least quarterly. A quorum consists of 5 members who may be physically or remotely present. A member participating remotely must be able to actively participate in the meeting so that they can ask questions and cast votes in a manner that can be heard. Meetings are subject to the Open Meetings Act. Each meeting agenda will be posted in advance and in accordance with Ohio and Cincinnati law. Meeting materials will be prepared by Executive Director and Investment Consultant, as necessary.

Staff will prepare and post minutes for each meeting.

### **Responsibilities**

Investment Committee members, as Trustees, shall act in accordance with the provisions of the Ohio Revised Code and City Municipal Code, and the CRS Statement of Investment Policy. The Committee members will carry out their duties with the care, skill, prudence, and diligence of a prudent person acting in a similar institutional investment Board member capacity and strive to follow sound policies and procedures that enhance informed, fair, and open decision making.

The Investment Committee of the Board is responsible for the following investment related activities, subject to approval by the Board of Trustees:

- Set the policies, objectives, and guidelines for investment of the Fund's assets and oversee compliance with the CRS Statement of Investment Policy.
- Study thoroughly each issue affecting the Fund's investments to make educated and prudent decisions.

- Select qualified professionals to assist in implementing investment policies and evaluate their services.
- Consider the Investment Consultant recommendations for selecting or terminating investment managers.
- Consider investment actions recommended by the Investment Consultant.
- Evaluate total Fund performance including performance of all investment mandates.
- With the assistance of staff, annually evaluate the performance of the Investment Consultant.

### **Reporting Responsibilities of the Committee**

- Regularly report to the Board about activities, issues and related recommendations.
- Report on any issues relating to its responsibilities.

### **Other Responsibilities**

- Perform any activities related to this charter as directed by the Board of Trustees

### **Procedures for Amending the Investment Committee Charter**

This Charter may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Executive Director. The Executive Director shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

The Investment Committee Charter shall be reviewed every two years.

## **CRS Governance Committee Charter**

The Board of Trustees of the Cincinnati Retirement System has adopted this Governance Committee Charter.

### **Purpose**

The Governance Committee is responsible for the proper governance of the Board and the Board's oversight of the Cincinnati Retirement System.

### **Composition**

The Governance Committee consists of six members of the Board of Trustees appointed by the Chair. In making appointments, the Chair of the Board will ensure representation from each category of trustee: elected retired, elected active, and appointed. At the start of each odd-numbered year, the Committee will select a Chair and Vice Chair by majority vote, each to serve a two-year term.

### **Meetings**

The Committee will meet at least quarterly. A quorum consists of 4 members who may be physically or remotely present. A member participating remotely must be able to actively participate in the meeting so that they can ask questions and cast votes in a manner that can be heard. Meetings are subject to the Open Meetings Act. Each meeting agenda will be posted in advance and in accordance with Ohio and Cincinnati law. Meeting materials will be prepared by Executive Director, as necessary.

Staff will prepare and post minutes for each meeting.

### **Responsibilities**

The Governance Committee is responsible for

- Drafting and updating the Board's Governance Manual, as well as any board rules and policies. The CRS Governance Manual may include policies related to the functions of the Cincinnati Retirement System, including the conduct of board meetings, CRS operations, trustee elections, ethics, financial disclosure, board committees, member handbooks, trustee education, consideration of disability retirement applications, and appeal procedures for members relating to eligibility and disability determinations.
- Drafting and updating Committee Charters.

- Working collaboratively with the Executive Director, the Governance Committee shall have a consultative role in the drafting and updating of CRS Operations Policies and Procedures.

Any changes adopted by the Governance Committee are subject to final approval by the full Board of Trustees.

### **Procedures for Amending the Governance Committee Charter**

This Charter may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Executive Director. The Executive Director shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

The Governance Committee Charter shall be reviewed every two years.

## **CRS Benefits Committee Charter**

The Board of Trustees of the Cincinnati Retirement System has adopted this Benefits Committee Charter.

### **Purpose**

The Benefits Committee is responsible for the periodic review of the benefits offered by the Cincinnati Retirement System and for making recommendations to the City Manager and City Council for any changes.

### **Composition**

The Benefits Committee consists of six members of the Board of Trustees appointed by the Chair. In making appointments, the Chair of the Board will ensure representation from each category of trustee: elected retired, elected active, and appointed. At the start of each odd-numbered year, the Committee will select a Chair and Vice Chair by majority vote, each to serve a two-year term.

### **Meetings**

The Committee will meet on an as needed basis as determined by the Chair of the Committee. A quorum consists of 4 members who may be physically or remotely present. A member participating remotely must be able to actively participate in the meeting so that they can ask questions and cast votes in a manner that can be heard. Meetings are subject to the Open Meetings Act. Each meeting agenda will be posted in advance and in accordance with Ohio and Cincinnati law. Meeting materials will be prepared by Executive Director, as necessary.

Staff will prepare and post minutes for each meeting.

### **Responsibilities**

The Benefits Committee is responsible for:

- Reviewing the benefits offered by the Cincinnati Retirement System and considering recommendations for changes as needed.
- Scheduling periodic update presentations by CRS contractors who administer benefits, including healthcare benefits.
- With the assistance of staff, annually evaluating the performance of the healthcare vendors.
- With the assistance of staff and any retained healthcare consultant, ensuring the proper and sustainable administration of healthcare benefits.

## **Procedures for Amending the Benefits Committee Charter**

This Charter may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Executive Director. The Executive Director shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

The Benefits Committee Charter shall be reviewed every two years.

## **Proposal: Implement Executive Director Recommendation in Board Disability Rules**

### **Board Rules**

#### Rule XI Disability Application and Appeal Process

##### A. Applications and Audits

1) Member has 30 calendar days from application date or receipt of audit notification, to meet with the Cincinnati Retirement System's (CRS) Medical Director for a medical evaluation.

2) Member has 60 calendar days from application date or receipt of audit notification, to have medical records forwarded from their healthcare providers to the CRS Medical Director.

##### **3) [Reserved]**

*[Add this new section:]*

**4) The Executive Director may comment upon and make a recommendation to the Board regarding a pending application for disability retirement.**

## **Proposal: Implement 180-day Deadline to Complete Disability Application in Board Rules**

### **City Municipal Code**

Sec. 203-41. - Disability Retirement Allowance.

No Active Member with fewer than five years of Creditable Service with the Retirement System shall be eligible for disability benefits pursuant to this Section. Any Active Member having completed 5 years of Creditable Service with the Retirement System on or after April 1, 2013, who is disabled by reason of an accidental or non-accidental cause **may be retired by the Board upon the application of the Member or the head of his department not less than 30 and no more than 180 days next following the date of filing such application**, on a disability retirement allowance, provided the medical director after a medical examination of such Member shall certify that such Member is mentally or physically incapacitated for the further performance of duty, and such incapacity is likely to be permanent, and such Member should be retired; provided further, where the findings of the medical director are disputed, the Board may employ not more than two additional competent disinterested physicians to make a physical examination of such applicant and report their medical findings to the Board. In all disputed cases the decision of the Board shall be final.

### **Board Rules**

#### Rule XI Disability Application and Appeal Process

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1) Member has 30 calendar days from application date or receipt of audit notification, to meet with the Cincinnati Retirement System's (CRS) Medical Director for a medical evaluation.

2) Member has 60 calendar days from application date or receipt of audit notification, to have medical records forwarded from their healthcare providers to the CRS Medical Director.

*[Add this new section:]*

**3) Member has 180 calendar days from application date to complete the application, including the submission of the member's optionee election form.**