



**City of Cincinnati Retirement System
Performance Evaluation Committee Meeting Minutes
December 5, 2024 / 12:00 P.M.
City Hall – Council Chambers and remote**

Members

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

Administration

Jon Salstrom

Law

Linda Smith

Call to Order

The meeting was called to order at 12:02 p.m. by Chair Rahtz and a roll call of attendance was taken. Committee members Rahtz, Menkhaus, Gamel, Morton, West, and Riddle were present. Committee member Walsh was absent. Trustee Moller was also in attendance and participated.

Public Comment

No public comment.

Approval of Minutes

Approval of the minutes for the meeting of September 12, 2024, was moved by Committee member Gamel and Seconded by Committee member Morton and approved by unanimous roll call vote.

Informational

Review Funston Recommendations for Committee (MOU follow up)

Director Salstrom emphasized that the committee should start by reviewing the Funston Performance Audit Summary of Recommendations (p. 2 of the packet). The update is included in the budget to be presented at the Board meeting (item 4.4), which is to charter a pension administration and performance benchmarking.

CEM Benchmarking is the firm being considered for benchmarking services, and quotes have been obtained. This will be discussed further at the Board meeting during the budget presentation.

Items 4.3 and 4.2 are related to the benchmarking, which will help assess performance relative to peers, focusing on staffing and other areas. Benchmarking will also provide insights on improving the website design. The City of Cincinnati has hired a firm to redesign their website, and the Retirement department is working with the consultant to redesign its own landing page to make it more concise and eliminate redundancy.

Items 4.2, 4.3, and 4.4 will continue to evolve during the budget discussions at the board meeting, with clearer direction anticipated next year. Risk dashboards have been created to track compliance issues for the Trustees.

MOU follow up: Meeting notes provided (p. 7&8). No updates were provided on Procurement and Contracting, but they are areas the Executive Director is looking to move forward with. The topic of

Personnel Oversight will be discussed later within the subcommittee, particularly regarding the performance evaluation of the Executive Director and how the Trustees will collaborate with administration. Efforts to improve and solidify this process were initiated last year and are ongoing.

The Executive Director continues to work on clarifying roles and responsibilities. This includes progress on the governance manual, which will consolidate all the relevant information.

A draft of the retiree handbook was included in the board packet. This document aims to improve education and awareness for retirees, and efforts to enhance the website are also in progress.

Risk Dashboard

The CRS Dashboard (p.9), created over a year ago, has not changed since the last meeting, except for the addition of a section on compliance (per one of Funston's recommendations). This section evaluates legal, tax, and operational compliance to ensure everything is in compliance across the board. Director Salstrom feels that compliance is currently a low-risk area for the Trustees.

The two areas with high-risk remain to be funding and personnel. The funding level is at 69%, which continues to be a concern. Personnel remains high-risk due to recent and future retirements. Although succession planning is in place and is progressing well, the personnel risk will remain high until these transitions are fully executed, potentially reducing the risk by the end of the year.

The Market remains at a medium risk. As the first 100 days of the new administration unfold, there may be some execution risk and market volatility, but there are several tailwinds that should help maintain an upward market trajectory.

New Business

2025 Executive Director Performance Evaluation

Chair Rahtz discussed the CRS Mission Statement, developed in 2022 with the previous director, which has three key components:

- Assuring the promise of pension and healthcare benefits for current and future retirees.
- Assisting CRS members in achieving a successful retirement.
- Ensuring transparency and accessibility for all stakeholders.

The Trustee goals were developed from the mission statement during the strategic planning process and are tied back to the authorities that establish the Board, such as the Municipal Code and the CSA. Each goal references these authorities.

The last evaluation involved a detailed and time-consuming process, focusing on specific objectives but lacking a clear articulation of what the Executive Director should accomplish overall. Chair Rahtz proposed that for the 2024/2025 evaluation, the Board will articulate both the Trustee goals and Executive Director's performance objectives into overarching goals for the Executive Director (aligned with Trustee goals):

- Provide the Board with solid leadership support, coordination, education, and communication.
- Support the Board in developing, updating, and documenting a sound investment policy and robust governance structure.
- Provide information, education, support, and assistance in excellent customer service to active and retired members.
- Coordinate activities and communication between the Board contractors and city administration as necessary to accomplish the Board's objectives.

Director Salstrom emphasized the goal of eliminating excess categories in the performance evaluation. Even if all the goals proposed by the Executive Director are included in the evaluation, the Trustees would evaluate based on the four higher-level objectives. This approach allows Trustees to assess where the Executive Director has excelled, particularly in areas directly relevant to their work. Trustees can focus on these key areas and avoid evaluating objectives that don't pertain to their role though they would still be aware of the other objectives the Executive Director is working on.

The performance evaluation form used in the last rating had some challenges because it was designed for city employees and did not align well with the specific aspects the Trustees needed to evaluate. Chair Rahtz proposed changes that would ensure the evaluation form is more aligned with the Trustees' role and their ability to assess the Executive Director's performance effectively.

Chair Rahtz made a motion to approve the performance goals that were drawn from the strategic plan document (4 overarching performance goals) for the 2024/2025 evaluation of the Executive Director. The motion was seconded by Committee member Menkhaus. The motion was approved by unanimous roll call vote.

Review 2025 Strategic Objectives

Chair Rahtz proposed organizing the strategic objectives under each of the 4 overarching goals for the Executive Director. This would align the objectives more clearly with the higher-level goals. The vision for the rating system is to rate the Executive Director on the overarching goal as a whole, instead of rating each specific objective separately. This approach aims to streamline the evaluation process by focusing on the broader goals, making it more aligned with the Trustees' ability to assess overall performance.

The Trustees discussed and proposed changes to how the strategic objectives are listed, including which objectives should be kept or removed. Director Salstrom will work on the proposed changes and will bring them back for further discussion at the next meeting.

Contract Assessments – Investment Consultant

Marquette is the current Investment Consultant, and Director Salstrom has rated their performance as Exceeds Expectations based on staff feedback and their overall work. Marquette, particularly Brett

Christenson, has been very timely in providing information and responding to inquiries. His efforts, including incorporating the executive summary and handling additional work from the Trustees (like searches and portfolio changes), have been exceptional. Marquette's performance has been strong, and when compared to the peer universe, their performance stands out positively. Direct Salstrom highlighted some areas to consider for the following year as the work with Marquette continues, directing the Trustees' attention to specific points. Director Salstrom expressed being very happy with Marquette's performance.

Adjournment

Following a motion to adjourn by Committee member Gamel and seconded by Committee member Menkhaus. The Performance Evaluation Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 1:06 p.m.

Meeting video link: <https://archive.org/details/crs-investement-12-5-24>

Next Meeting: Thursday, March 6, 2025, at 12:00 P.M. City Hall Council Chambers and via zoom

Jon Salstrom

Secretary