

City of Cincinnati Retirement System Performance Evaluation Committee

**City Hall Council Chambers and via Zoom
March 7, 2024 – 1:00 PM**

AGENDA

Members

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

CRS Staff

Jon Salstrom

Legal

Linda Smith






Call to Order

Public Comment

Approval of Minutes

 December 7, 2023

Old Business

-  Fiduciary Performance Audit Update
-  Executive Director Evaluation Objectives
-  Committee Charter Update
-  Risk Dashboard
-  Update on '24 goals and objectives.

New Business

-  Cheiron - Contract Evaluation
-  Anthem/CVS – Contract Evaluation

Adjournment

Next Meeting: Thursday, June 6, 2024, City Hall Council Chambers and via Zoom



**City of Cincinnati Retirement System
Performance Evaluation Committee Meeting Minutes
December 7, 2023 / 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 12:10 p.m. by Chair Rahtz and a roll call of attendance was taken. Committee members Rahtz, Gamel, Morton, Walsh, West, and Riddle were present. Committee member Menkhaus was absent due to technical difficulties. 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 14, 2023, was moved by Trustee Gamel and Seconded by Trustee Walsh and approved by unanimous roll call vote. Chair Rahtz mentioned that these minutes include the IT Security presentation that Director Salstrom provided at the last Performance Evaluation Committee meeting.

Old Business

Update of Fiduciary Performance Audit

Director Salstrom explained that most of the Trustees have been contacted and scheduled an interview with Funston regarding the Fiduciary Performance Audit. Funston has drafted a few documents of recommendations and what CRS looks like vs peers. Director Salstrom does not foresee anything surprising coming from Funston and hopeful it will be considered a positive way to continuously improve. Director Salstrom confirmed with Chair Rahtz that the timeline for the finalized contract is still on track to be finished mid-January 2024.

Review of 4Q'23 Board Objectives

Director Salstrom summarized the objectives of the Board and gave an update on the status of each. Trustee Morton asked if there is a budget for training and Director Salstrom answered yes, there is a budget which will be discussed at the Board meeting. Trustee Morton also asked if there is information on what Foster & Foster is studying on the DROP program. Director Salstrom explained that Cheiron's analysis looked at experience between 2016-2021. Foster and Foster took that experience and extended it out 30 years. Trustee Moller commented that Foster and Foster's analysis was based on actuarial assumptions and needs clarity. Trustee Gamel asked what the timeline is for the contract to be signed which Director Salstrom responded that he is hopeful to have it signed in a week or 2. Trustee Moller suggested that during the presentation by Foster and Foster or prior to, to have an explanation of what the DROP program is, and what it's supposed to do. Trustee Gamel suggested that Foster and Foster list all assumptions being utilized in a document, so everyone understands their analysis and suggestions.

New Business

Planning for '24 Goals and Objectives

Director Salstrom summarized the objectives of the Board and Committees which are mostly updates from the 2023 plan. Chair Rahtz asked if the first Board objective includes looking at the employee contribution and incremental increase. Director Salstrom explained to Chair Rahtz that he believes the first objective should include the employee's contribution and incremental increase. Director Salstrom will speak with Cheiron to see what CRS's liabilities look like and work with them to come up with an updated funded ratio to possibly adjust what the incremental contribution looks like. He explained that he can provide an update at the next Committee meeting. Trustee Moller commented that this all depends on the City's budget development schedule. He explained that the Board needs to update the information and provide it to the City Administration prior to City departments completing their budgets. Director Salstrom will put this on the agenda for January and work with budget to get their schedule and the City Manager's Office to get more information at the end of the year that will allow the Board to get a more accurate incremental rate to propose.

Chair Rahtz commented that the term limit issue is becoming more important, and the Board should consider if action needs to be taken. Trustee Moller commented that this may be something Funston can look at and how other systems do it. Director Salstrom will communicate with Funston on how the Board should determine term structures and limits. Trustee Juech's term is coming up mid-June. Trustee Gamel explained the difficulty of finding members for the Board. Trustee West commented that he believes the Board needs continuity and not limits. Trustee Moller explained term limits and rules were passed by Council.

Chair Rahtz asked for more information and an update on the Futures Commission. Trustee Walsh explained that the Futures Commission was formed through the mayor last year to get outside counsel to investigate the City's finances and its structure and make sure the city is positioned well for the future. Council is still waiting for the commission to come back.

Trustee Morton asked if the independent financial audit is an audit outside of the annual ACFR, and if CRS is included in the ACFR. Director Salstrom explained he is inquiring to see if there's a need to have another annual report that's audited outside of what is done for the ACFR and the state audit. According to the City, the ACFR is sufficient, but he will have Funston compare it to peers and will take cost for additional audit into consideration.

Trustee Moller proposed a few things for the Investment goals and objectives. Trustee Moller commented on the last objective regarding the investments in that trust. Since it is well-funded at this point, there may be alternatives the Board can do that could potentially be less than the 7.5% goal or less than what Marquette projects is CRS's rate of return, in order to reduce the risks. Director Salstrom explained that his objective would be to wait until the actuarial RFP is complete and then tackle this project. Director Salstrom explained to Trustee Gamel that his staff reviews the projection of monthly liquidity needs for the upcoming year and adjusts to market needs.

Director Salstrom explained to Trustee Gamel that he will advise Horan on information regarding Medicare Advantage and will most likely land with the Medicare Advantage RFP for 2025. Trustee Gamel expressed that the Medicare Advantage needs to stay the same according to the CSA and any additions, like optical and dental would be positive additions. Trustee Moller commented that the plan was to come up with a list of benefits that could be purchased by the member. He also commented that long-term care insurance and life insurance benefits are more beneficial to active employees vs retirees. Trustee Moller wants to make sure this is expanded to the whole membership.

Trustee Gamel motioned to approve the 2024 strategic plan; Trustee Morton seconded. The motion was approved by unanimous roll call vote.

2023 CRS Risk Dashboard Update

Director Salstrom explained the 9 risk categories. The only change made from last year's report is elevated personnel. He is looking to fill vacancies to ensure adequate staffing as well as succession planning, which needs to be addressed across a couple of positions. Cyber is not an elevated risk but is prevalent and Retirement needs to continue to be vigilant. Funding is an area of risk for the system and needs to remain high and elevated. Market was moved to medium given to stabilization seen across the market in 2023. Director Salstrom explained to Chair Rahtz that his goal would be to review this in more detail annually but sees no harm in reviewing quarterly as well.

Annual Board Contract Evaluation

Director Salstrom explained that this is the annual evaluation of their investment consultant. He explained that Marquette exceeds expectations and thinks they have done a tremendous job. They have been with the plan since 2007 and Brett Christenson, who is the dedicated consultant, has been with CRS almost as long. There is a strong continuity between Brett, CRS, and the staff. Some considerations Director Salstrom added to the evaluation includes having the asset allocation being more formal every 3 years with more minor adjustments on an annual basis, liquidity management, a more robust peer group, the review of quarterly tolerance bands, and compliance with managers. Director Salstrom explained to Trustee Gamel that the more robust peer group is referring to the number of managers that Marquette compares to for performance rankings. The number has been reduced and Director Salstrom would like to inquire how to obtain a more robust and diversified group of peers. Trustee Gamel asked if there are certain questions that should be asked to Marquette that they are currently missing. Director Salstrom explained that he can work with Marquette to elevate the quarterly updates and increase the education for the Board and staff.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Morton, The Performance Evaluation Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 1:35 p.m.

Meeting video link: <https://archive.org/details/crs-performance-eval-12-7-23>

Next Meeting: Thursday, March 7, 2024, at 12:00 PM

Secretary

CRS Board Performance Evaluation of Exec. Dir. Form, CY 2023

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations

Essential Values

	<u>Quality Rating</u>	<u>Comments</u>
Acts with Integrity, Ethics & Accountability		
Communicates Effectively		
Provides Excellent Customer Service		
Relationship Building		
Embraces Change		
Attitude		

Core Competencies

Work Productivity		
Attendance		
Timeliness		
Effectiveness		

Supervisory / Leadership Skills

Provides Leadership, Trains, Motivates and Coaches		
Consistently Upholds Standards Fairly; Resolves Problems, Conflicts Appropriately and Timely		
Plans and Acts Strategically; Delegates Effectively		
Promotes, embraces and values Small Business Enterprise initiatives, EEO and Affirmative Actions Goals		
Completes Employees' Performance Evaluations on Time		

CY 2023 Board Objectives

(A-H = Trustee Goals; 1-21 = Trustee Responsibilities)

<u>Item</u>	<u>Owner</u>	<u>Target Date</u>	<u>Status</u>	<u>Quality Rating</u>	<u>Comments</u>
Progression towards implementing Fiduciary audit finding (D,2)	Board, Jon Salstrom	12/31/2024	ongoing		
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair) (C,D,1,5,7)	Board, Jon Salstrom	12/31/2023	Ongoing		
Prepare and provide trustee training plan, including training policy and curriculum (A,B,C,D,1,2,3,10,12,13)	Board, Jon Salstrom	12/31/2023	Ongoing; Initial Completion, 3/25/2022		
Healthcare and RX RFP (prepare fall 2023; issue Dec 2023)	Jon Salstrom, Staff	3/31/2024	Ongoing, rfp initiated		
Actuary RFP (prepare fall 2023; issue Jan 2024)	Board, Jon Salstrom	3/31/2024	Ongoing; Initiated		

<u>Item</u>	<u>Owner</u>	<u>Target Date</u>	<u>Status</u>	<u>Quality Rating</u>	<u>Comments</u>
Work collaboratively to seek increase of City contribution rate annually (2024 to 17.75%) (A,B,C,1,2,11)	Board, Jon Salstrom	3/31/2024	On going		
Develop CRS handbook for active and retired members (E,5,7)	Jon Salstrom	6/30/2024	Completed: need to finalize Healthcare grid before posting for 2023		
Develop and provide newsletters for active and retired members (E,5,7)	Jon Salstrom	Ongoing	Ongoing; 4 newsletters in 2023		
Develop and implement CRS website content to provide timely, complete, and easily accessible info (E,5,7)	Jon Salstrom	Ongoing	Trustee, Financial, CSA pages overhauled; new pages: Thoughts and Resources; Updated Presentations and Trustee Education		
Provide the City Administration with input and recommendations regarding the healthcare trust funding policy (A,B,C,1,2,11,19)	Jon Salstrom	8/31/2023	Completed: Legal is in final negotiations		
Implement CRS Department staffing positions (C,D,1,2)	Board, Jon Salstrom	12/31/2024	2024 Budget approved		
Prepare and approve the 2024 budget (A,B,D,4,16)	Board, Jon Salstrom	11/1/2023	Completed		
Assist the Mayor and Council in filling appointed member Board vacancies (C,1)	Board, Jon Salstrom	9/1/2024	In progress for '24 vacancies		
Prepare and submit the annual CRS report to City Council (C,D,5,7,20)	Board, Jon Salstrom	6/30/2023	Completed, 10/25/2023		
Review and approve the annual Actuarial Valuation Report (B,1,2,12,13)	Board	5/1/2024	In progress		
Approved new asset allocation - Option B from the Nov'23 Marquette presentation. Increase private credit to 6.5% from 3%.	Board, Jon Salstrom	4Q 2023	completed 4Q23		

<u>Item</u>	<u>Owner</u>	<u>Target Date</u>	<u>Status</u>	<u>Quality Rating</u>	<u>Comments</u>
Amend and approved new Investment Policy Statement to reflect changes in 2023	Board, Jon Salstrom	4Q 2023	completed 1Q24		
Conduct evergreen private credit search to fill the increased allocation	Board, Jon Salstrom	4Q 2023	completed 1Q24		
Review and approve the quarterly and Annual Investment Reports <i>(A,B,1,2,3,11)</i>	Board	Ongoing	Ongoing		
Completion of the election process for two retiree and one active trustee <i>(D,1,2,18)</i>	Elections Comm., Jon Salstrom	8/4/2024	In progress		
Review and make recommendations regarding survivor benefits <i>(B,D,1,2)</i>	Benefits Comm., Jon Salstrom	9/1/2023	Completed; waiting on Legal to provide new Ordinance		
Develop for Board approval CRS Board Goals and Strategies for 2025 <i>(D,G,21)</i>	Performance Evaluation, Jon Salstrom	12/31/2024	24 Completed, 02/24		
Retirement 101 session conducted for active mid career employees	Jon Salstrom, CRS Staff	Ongoing	6 presentations in '23		
Keep the Board well-informed about important developments and issues <i>(F,5)</i>	Jon Salstrom	Ongoing	Ongoing		
Review of staff evaluations of Board contractors	Performance Evaluation, Jon Salstrom	4Q23 & 1Q24	Annual		
Update Disaster Recovery and Business Continuity of Operations Plan	Performance Evaluation, Jon Salstrom	3Q 2024	complete		
Update and monitor Risk Dashboard document	Performance Evaluation, Board, Jon Salstrom	Quarterly	Ongoing		
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	2Q 2024	Consideration after Performance Audit findings		
Charters for Current Committees	Board, Exec. Director	1Q 2024	Completed 1Q24		
Consider Change to Fiscal Year	Exec. Director	3Q 2023	Considered and not practical		
Evaluate Fiduciary Governance of 457 Plans	Exec. Director	3Q 2023	ED to Monitor		
Financial Disclosure Policy and Forms	Board, Exec. Director	2Q 2024	present to Governance committee in 2Q24		
Consolidate Governance Manual, Board Rules and Policies	Board, Exec. Director	4Q 2024	Consideration after Performance Audit findings		
Implement DROP through City Municipal Code (if cost neutral)	Exec. Director	4Q 2024	Foster and Foster analysis in progress: completion target 2Q24		

<u>Item</u>	<u>Owner</u>	<u>Target Date</u>	<u>Status</u>	<u>Quality Rating</u>	<u>Comments</u>
Trustee City email accounts is leading practice	Exec. Director	4Q 2024	Consideration after Performance Audit findings		
Consider cafeteria benefits options (LTC, Life Ins, Ins tier options)	Exec. Director	3Q 2024	After concluding the Healthcare RFP		

CRS Board of Trustee Goals

- A. Invest CRS financial assets to establish a reasonable probability that the assumed annual rate of return is achieved. *(CMC sec. 203-65)*
- B. Establish reasonable actuarial and investment assumptions and determine the probability that current retirees and future retirees will receive promised pension and healthcare benefits. *(CSA, 2nd and 3rd Goals)*
- C. Provide recommendations to the City Administration, City Council, and Mayor to achieve full funding of pension and healthcare benefits. *(CSA, 2nd and 3rd Goals)*
- D. Provide strategic CRS direction and support to the CRS Department. *(CSA, para. 30)*
- E. Provide timely communication to active and retiree members regarding CRS financial status and pension and healthcare benefits. *(CSA, para. 30; Agreed Order, para. j)*
- F. Cultivate and advance collaborative relationships, marked by mutual respect and transparency, among CRS administration and CRS Board. *(CSA, 7th Goal)*
- G. Prioritize customer service best practices to strengthen responsiveness and reduce barriers to communication among stakeholders. *(CSA, para. 30)*
- H. Assure and facilitate compliance with the Collaborative Settlement Agreement. *(CSA, para. 53)*

CRS Board of Trustee Responsibilities

- 1. The Cincinnati Retirement System (CRS) Board of Trustees (Board) shall administer CRS solely for the benefit of active and retiree members. *(CMC secs. 203-0, 203-65)*
- 2. The CRS Board shall have exclusive authority to govern the Pension Trust and Healthcare Trust as fiduciaries. *(CSA, para. 30; CMC sec. 203-65)*
- 3. The Board shall have full power to invest and reinvest fund assets as a prudent investor and according to investment policies adopted by the Board. *(CMC sec. 203-65)*
- 4. The CRS Board shall be responsible for determining and approving the CRS Budget. *(CMC sec. 203-133)*
- 5. The CRS Board shall be guided by principles of full transparency to inform the members and the public of the Board's concerns, considerations, and decisions. *(Agreed Order, para. i)*
- 6. The CRS Board shall generate and maintain a governing manual, including rules, procedures, and regulations. *(Agreed Order, para. k; Admin. Code Art. XV, sec. 4)*
- 7. The CRS Board will provide information and documentation as required by the Collaborative Settlement Agreement. *(Agreed Order, para. l)*
- 8. The CRS Board shall actively participate in searches for the CRS Director. *(Agreed Order, para. m)*
- 9. The CRS Board shall perform an annual evaluation of the CRS Director and shall submit it to the City Manager. *(Agreed Order, para. m)*
- 10. The CRS Board shall be responsible for selecting actuaries, investment advisors, and other professionals, subject to the City's procurement process. *(CSA, para. 30; Agreed Order, para. n)*
- 11. The CRS Board shall not limit actuaries, investment advisors, and other professionals regarding information that they deem necessary for the city administration, CRS retirement system, or healthcare. *(Agreed Order, para. o)*
- 12. The CRS Board shall have an actuarial review of experience and assumptions every five years and make a valuation of assets and liabilities at least every two years. *(Admin. Code Art. XV, sec. 8)*
- 13. The CRS Board shall adopt mortality tables and other assumptions as it considers necessary. *(Admin. Code Art. XV, sec. 9)*
- 14. The CRS Board shall create committees to fulfill its obligations each having membership of at least one retiree Board member, one active Board member, and one appointed professional. *(Admin. Code Art. XV, sec. 10)*
- 15. The CRS Board Chair shall appoint an investment committee. *(CMC sec. 203-65)*
- 16. The CRS Board shall approve by a two-thirds vote any changes to the CRS annual budget. *(CSA, para. 30; Agreed Order, para. q)*
- 17. The CRS Board shall establish rules for the election of active and retiree members to fill Board positions. *(Agreed Order, para. f)*
- 18. The Board shall elect a Chair and Vice-Chair for the Board to serve for two years. *(Admin. Code Art. XV, sec. 3)*
- 19. The Board shall provide input and recommendations to the City regarding funding policy for healthcare. *(CSA, para. 26)*
- 20. The Board shall report annually to City Council regarding CRS status. *(Admin. Code Art. XV, sec. 1)*
- 21. The general administration and responsibility for the proper operation of the retirement system shall be vested in a board of trustees. *(CMC secs. 203-0, 203-133)*

Other Responsibilities

(from 10-5 2023 Governance committee packet; modified 2-20-2024 by KRahzt)

The Board of Trustees of the Cincinnati Retirement System has adopted this Performance ~~and~~ Evaluation Committee Charter.

Purpose

The Performance ~~and~~ Evaluation Committee ~~is responsible for~~ works with the Executive Director to develop, for Board approval, a strategic plan for the CRS. The strategic plan consists of a mission statement, overarching Board goals, a listing of Board authorities and responsibilities, and Board objectives stratified into the categories of strategic objectives and operational/ongoing objectives. The Performance Evaluation Committee monitors progress on each objective, and recommends, for the Board's consideration and approval, adjustments to the plan by adding, modifying or deleting items as developments and circumstances warrant.

The Performance Evaluation Committee ~~developing~~ develops performance measures for, and in collaboration with, the Executive Director. ~~The Committee coordinates an annual evaluation of the Executive Director by the Board of Trustees, using a process and format approved by the Board. -The Board provides its annual evaluation of the Executive Director to the City Manager.~~

The Performance Evaluation Committee ~~also~~ monitors the retirement system members' satisfaction with the benefits and services provided. ~~and develops and monitors the strategic goals of the board and the committees.~~

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Composition

The ~~Investment Performance Evaluation~~ Committee shall consist of no fewer than three members of the Retirement Board. In making appointments, the Chair of the Board will ensure representation from each category of trustee: one Mayoral Appointed Trustee, one Active Employee Trustee and one Retiree Trustee in accordance with the Collaborative Settlement Agreement.

Meetings

A quorum consists of a majority of members appointed to the committee who ~~may be~~ are physically or remotely present. A member participating remotely must be able to actively participate in the meeting ~~so such~~ that they can ask questions and cast votes in a manner that can be heard. Committee meetings shall be considered meetings of a public body subject to applicable laws and be open to the public commensurate with the method in which the meeting is being conducted. ~~Meetings are subject to the State of Ohio Open Meetings Act (ORC 121.22).~~ Each meeting agenda will be posted on the CRS website 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 Performance ~~and~~ Evaluation Committee is responsible for:

Other Responsibilities

- Developing and monitoring the strategic goals of the Board and the committees
- Developing performance measures for the Executive Director
- Measuring the performance of the Executive Director
- Monitoring members' satisfaction with the benefits and services provided
- ~~Developing and monitoring the strategic goals of the Board and the committees~~

Reporting Responsibilities of the Committee

- Regularly report to the Board about activities, issues, and related recommendations.
- Report on any issues relating to its responsibilities.
- Perform any activities related to this charter as directed by the Board of Trustees

Procedures for Amending the Performance ~~and~~ Evaluation 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 and/or the Chair. The Executive Director and/or the Chair shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

Other Responsibilities

(from 10-5 2023 Governance committee packet; modified 2-20-2024 by KRahetz)

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

Purpose

The Performance Evaluation Committee works with the Executive Director to develop, for Board approval, a strategic plan for the CRS. The strategic plan consists of a mission statement, overarching Board goals, a listing of Board authorities and responsibilities, and Board objectives stratified into the categories of strategic objectives and operational/ongoing objectives. The Performance Evaluation Committee monitors progress on each objective, and recommends, for the Board's consideration and approval, adjustments to the plan by adding, modifying or deleting items as developments and circumstances warrant.

The Performance Evaluation Committee develops performance measures for, and in collaboration with, the Executive Director. The Committee coordinates an annual evaluation of the Executive Director by the Board of Trustees, using a process and format approved by the Board. The Board provides its annual evaluation of the Executive Director to the City Manager.

The Performance Evaluation Committee monitors the retirement system members' satisfaction with the benefits and services provided.

Composition

The Performance Evaluation Committee shall consist of no fewer than three members of the Retirement Board. In making appointments, the Chair of the Board will ensure representation from each category of trustee: one Mayoral Appointed Trustee, one Active Employee Trustee and one Retiree Trustee in accordance with the Collaborative Settlement Agreement.

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Staff will prepare and post minutes for each meeting.

Responsibilities

The Performance Evaluation Committee is responsible for:

- Developing and monitoring the strategic goals of the Board and the committees
- Developing performance measures for the Executive Director

Other Responsibilities

- Measuring the performance of the Executive Director
- Monitoring members' satisfaction with the benefits and services provided

Reporting Responsibilities of the Committee

- Regularly report to the Board about activities, issues, and related recommendations.
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Procedures for Amending the Performance Evaluation Committee Charter

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Cincinnati Retirement System									
Risk Management Report (12/7/2023)									
Risk Category	Risk Description	Rank	Risk Level	Expected	Risk	Mitigation Activities	Risk Owner	Reporting and Oversight Committee	
				Risk Level	Response				
Personnel	Ability to attract and retain talented staff; succession planning.	1	High	↔	Mitigate	Complete upgrade of 3 positions. Hire additional staff to ensure all CRS functions covered and with trained backup. Implement succession plan for 3 key staff near retirement.	Executive Director	Board of Trustees	
Funding	A lack of sound funding for the plan could lead to insufficient assets to pay for long-term benefits and financial obligations.	2	High	↔	Mitigate	Seek City adoption of incremental contribution rate increase; first step increase to 17%.	Executive Director	Board of Trustees	
Cyber	Ineffective cyber security controls could lead to breaches or sabotage of CRS systems. Unauthorized access of confidential information could result in state or federal law violations and harm the best interests of CRS and its members.	3	High	↔	Mitigate	Monitor ETS security plans. Evaluate moving CRS servers to Microsoft Azure cloud. Quarterly cyber security meetings	Executive Director, ETS Director	Performance Evaluation	
Market	Market volatility could lead to undesirable investment outcomes.	4	Medium	↓	Mitigate	Asset allocation study in 2023. Track portfolio projected volatility.	Marquette	Investment Committee	
Counterparty	Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon.	5	Medium	↔	Mitigate	Shift check printing and reconciliation process to 5/3 Bank.	Executive Director	Audit Committee (TBD), Investment Committee	
Operational	Event causes a major business interruption, such as late monthly pension payroll.	6	Medium	↔	Mitigate	Complete document scanning project, with image to accessible and secure server. Evaluate resilience and efficiency or pension payroll process. Develop continuity of operations plan for CRS pension operations and payroll.	Executive Director	Audit Committee (TBD)	
Governance	Not following processes and procedures in decision making.	7	Medium	↔	Mitigate	Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document; draft CRS operations policy manual	Board of Trustees	Governance Committee	
Physical	Inaccessible and dated space and facilities; Inadequate facilities management; ineffective space utilization.	8	Medium	↔	Accept	Current space is difficult to access; a physical move was completed recently and would be extremely disruptive now. Improve remote access.	Executive Director	Benefits	
Legislative	Legislative events lead to adverse relations, unfavorable legislation, and restricted funding.	9	Low	↓	Mitigate	Conduct regular meetings with Council members, Mayor and CMO.	Executive Director	Board of Trustees	

CY 2024 Performance Evaluation Committee Objectives

Review of annual staff evaluations of Board Contractors	Committee, Exec. Director	1Q2025	
Review Fiduciary Performance Audit and incorporate Board-approved recommendations into Strategic Plan	Committee, Exec. Director	2Q2024	
Disaster Recovery and Business Continuity of Operations Plan: Update and enhance written plan; prioritize issues	Exec. Director	2Q24	
Update and monitor Risk Dashboard document	committee, Exec Director	1Q24, 2Q24, 3Q24, 4Q24	Ongoing
Draft 2025 Strategic Plan for Board review and approval	committee, Exec Director	4Q2024	
Develop Executive Director's 2024 annual performance objectives	Committee, exec director	1Q 2024	
Coordinate Board's 2024 annual evaluation of Director's performance	Committee	3Q2024	

<u>Strategic Objectives</u>	<u>Owner</u>	<u>Target Date to Complete</u>	<u>Status/Date Completed</u>
<u>CY 2024 Board Objectives</u>			
Work collaboratively with CMO to update City Contribution rate incrementally for 25-26 Budget	Board, Exec. Director	2Q24	
Complete and publish CRS handbook for active and retired members <i>(E,5,7)</i>	Exec. Director	2Q24	
Continue to Provide the City Administration with input and recommendations regarding the healthcare trust funding policy, as negotiations progress <i>(A,B,C,1,2,11,19)</i>	Board	Q124	
Determine whether CRS should have an independent financial audit <i>(E,1,2,5,7)</i>	Finance Manager	2Q24	
Assist the Mayor and Council in filling appointed member Board vacancies; conduct elections process for two retiree trustees and one active trustee. <i>(C,1)</i>	Board, Exec. Director	as needed, and 1Q 2024	
Actuary RFP (issue Jan 2024)	Executive Director	1Q24	
Review Futures Commission Report WRT items relevant to CRS; plan further objectives as warranted	Board, Exec. Director	2Q24	
Enroll retirees in Member Direct to continue on the path to paperless	Exec. Director	Q224	

<u>Ongoing Objectives</u>			
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair; new Councilmember(s), Budget and Finance Committee) <i>(C,D,1,5,7)</i>	Board, Exec. Director	Ongoing (1Q, 3Q each year)	
Prepare and provide trustee training plan, including training policy and curriculum; monitor and update implementation <i>(A,B,C,D,1,2,3,10,12,13)</i>	Board, Exec. Director	Ongoing	
Evaluate existing member communications (newsletters; website; other) to identify improvements <i>(E,5,7)</i>	Exec. Director	Ongoing	
Prepare and approve the 2025 CRS budget <i>(A,B,D,4,16)</i>	Board, Exec. Director	4Q Annually	
Review and approve the annual Actuarial Valuation (2023) Reports <i>(B,1,2,12,13)</i>	Board	2Q 2024	
Provide quarterly report on implementation of Board changes to its Investment Policy <i>(A,B,1,2,3,11)</i>	Board	Ongoing	
Keep the Board well- informed about important developments and issues <i>(F,5)</i>	Exec. Director	Ongoing	
Prepare and submit the annual CRS report to City Council <i>(C,D,5,7,20)</i>	Board, Exec. Director	3Q Annually	
<u>CY 2024 Investment Committee Objectives</u>			
Approved new asset allocation - Option B from the Nov'23 Marquette presentation. Increase private credit to 6.5% from 3%.	Board	4Q23	4Q23
Amend and approved new Investment Policy Statement to reflect changes in 2023	Board	4Q23	1Q24
Conduct evergreen private credit search to fill the increased allocation	Board	4Q23	1Q24

Mark a formal Asset allocation review every 3 years with annual review of market conditions, opportunities and liquidities needs and risks	Board	2Q24 (annually review)	1Q23
Quarterly review of Market volatility and Investment risk/concentrations	Board, Exec. Director	Ongoing	1Q23
Quarterly update on investment return peer ranking	Board, Exec. Director	Ongoing	2Q23
Review of liquidity needs; Cash overlay	Exec. Director	2Q24	
Monitor investment manager compliance	Board, Exec. Director	Ongoing	
Monitoring tolerance bands	Exec. Director	Ongoing	
Investment Contract governance; approval authority; standardized review of terms	Exec. Director	3Q24	
Complete the five-year actuarial experience study; act on recommendations <i>(B,C,D,1,2,11,12,13)</i>	Board, Exec. Director	Ongoing, (last completed Q2 23)	
Explore the potential of De-risking health plan	Board, Exec. Director	3Q24	
<u>CY 2024 Governance Committee Objectives</u>			
Ethics Policy	Board, Exec. Director	2Q23	2Q23

Trustee Training Policy	Board, Exec. Director	2Q23	2Q23
Role for Exec Dir recommendation in the Disability Rules?	Board, Exec. Director	2Q23	3Q23
Amend in Board disability rules to implement CMC 180 day timeline for abandonment of application	Board, Exec. Director	2Q 23	3Q23
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	1Q24	
Charters for Current Committees	Board, Exec. Director	3Q23	3Q23
Consider Change to Fiscal Year	Board, Exec. Director	3Q23	2Q23
Evaluate Fiduciary Governance of 457 Plans	Exec. Director	3Q23	4Q23
Financial Disclosure Policy and Forms	Board, Exec. Director	1Q24	
Consolidate Governance Manual: Board Rules, Charters, and Policies	Board, Exec. Director	2Q24	
Implement DROP through City Municipal Code (if cost neutral)	Board, Exec. Director	4Q24	

Trustee City email accounts is leading practice	Exec. Director	4Q24	
Review of Board Term Limits	Exec. Director	1Q24	
Delegation document to Exec Dir (covering CMC references to Board that are delegated to staff)	Exec. Director	4Q24	
<u>CY 2024 Benefits Committee Objectives</u>			
Review Horan healthcare plan changes summary	Board, Exec. Director	1Q23	1Q23
Survivor Benefits: CMC Ordinance XXX	Board, Exec. Director	2Q23	Target 1Q 24
Survey retirees re benefits	Exec. Director	2Q 23	3Q23
Healthcare RFP - review potential for implementing a plan for offering cafeteria benefits options (LTC, Life Ins, Ins tier options) for retirees	Exec. Director	1Q24	
<u>CY 2024 Performance Evaluation Committee Objectives</u>			
2025 Strategic Plan	Committee, Exec. Director	4Q24	
Review of staff evaluations of Board contractors	Committee, Exec. Director	4Q23 and 1Q24; 4Q24 & 1Q25	
Review Fiduciary Performance Audit and incorporate Board-approved recommendations into Strategic Plan	committee, Exec. Director	2Q24	

Disaster Recovery and Business Continuity of Operations Plan: Update and enhance written plan; prioritize issues	Exec. Director	2Q24	
Update and monitor Risk Dashboard document	Committee, Exec Director	1Q24, 2Q24, 3Q24, 4Q24	Ongoing
Develop 2025 Strategic Plan – 4Q2024	Committee, Exec Director	4Q24	
Develop Executive Director’s annual performance objectives	Committee, exec director	1Q24	
Coordinate Board’s annual performance evaluation of Director’s performance	Committee	3Q24	

Staff Assessment of Actuarial Services

Summary rating: Exceeds expectations. Cheiron performs all contracted service in a timely and satisfactory manner. Cheiron performs additional work as requested in a timely and satisfactory manner. Cheiron makes periodic presentations to the Board which convey important actuarial information.

Contract status: The Cheiron contract was issued for a three-year initial term and 3 one-year extensions on 11/1/2018. The contract is currently in the third and final one-year extension. The contract will expire on October 31, 2024. The new RFP was posted mid fed'24 with finals interviews tentatively scheduled for the May board meeting.

Summary of CY2023 Work:

- Completed CY2022 Pension and OPEB valuations and presented to Board
- Prepared GASB 67/68 and 74/75 reports for City's financial statements
- Provided funding scenarios throughout the year
- Provided range of scenarios to resolve open CSA issue regarding the Model healthcare plan premium share grid
- Provided scenario analysis to help with 115 Funding policy discussions
- Updated Board actuarial education slides (posted on Board training site)
- Reviewed survivor benefits, and provided more standard alternative options
- Provided recommended member premium rates for CRS health plans
- Prepared Schedule of Funded Ratios per sec. 35 of CSA (revised as of 12/31/2020; next revision will be as of 12/31/2025)
- 5yr experience study completed and presented to the board
- Out of state & Federal service purchase cost calculations

Staff Assessment:

Cheiron does solid and timely actuarial work. Cheiron has been productive for the CRS staff and board. The Cheiron actuaries have kept staff and the Board apprised of developments in actuarial governance, particular the recent and significant amendments to Actuarial Standards of Practice 4. The changes to ASOP 4 require actuaries to assess retirement liabilities under new reasonableness standards for earnings assumption and unfunded liability amortization term. This may result in the actuary's recommending adoption of a lower earnings assumption and/or a shorter amortization term in the next set of valuations.

Cheiron accommodates additional work on request and provides prompt responses. This additional work included the preparation of funding scenarios with incremental funding contributions, 115 funding scenario analysis, eligible census work on 115 for analysis on attorney fees as well as generally always available for any questions the staff may have on reconciling concerns about the funding status and specific assumptions within the valuation calculations.

Cheiron's valuation reports are generally easy to read and provide an array of charts that report the status of the CRS plans. Cheiron's presentation to the board allows for a deeper understanding of the reports and gives Trustees the opportunity to dive into specifics and understand in greater detail the overall health of the Plan. Ultimately, the Board uses a number of these charts in its annual report to the City Council.

Cheiron worked diligently to meet a tight timetable for the 2022 valuation reports that were presented at the May'23 Board meeting. It is of importance to the board to have the valuation reports in May to coincide with the work staff and the Board due with the budget process with the City of Cincinnati. This work is paramount to address the unfunded actuarial liability and ensure all stakeholders (City Councilmembers and City Manager's Office) have understanding and the most accurate information to make consideration and passage of the City's FY2024 budget during May and June of 2024.

Outstanding items:

Cheiron continued use of the "open 30yr" amortization of the unfunded liability. This is also referred to as the "rolling 30" amortization. The concern is based on this approach re-starting every year the amortization of the unfunded liability for a new 30 year term. The result of this is the same if you were to re-finance your house mortgage every year: limited amount of principal to pay off (i.e. no progress made on unfunded liability). This is a legacy issue implemented by CavMac. The CSA contemplates that the CRS unfunded liability will be retired in 30 years. The rolling 30 amortization methodology does the opposite.

Staff Assessment of Health Vendor Services

Summary rating: Exceeds expectations. Anthem and CVS appear to timely process medical and pharmacy claims in an appropriate and accurate manner. Anthem and CVS produce regular update reports and meet frequently with staff to present updates and field questions. In terms of cost control, the overall health costs of the system are remarkably flat.

Contract status:

Anthem Pre-65:	RFP issued, new contract/vendor to begin 1/1/2025
Anthem Medicare Advantage:	1/1/2020-12/31/2021, with annual renewals
CVS Caremark Pre-65:	RFP issued, new contract/vendor to begin 1/1/2025
CVS Silverscript EGWP (Med Adv Rx):	1/1/2017-12/31/2019, with annual renewals

Summary of CY2022 Work:

- Medical and pharmacy claims processing
- Preparation of periodic update reports
- Regular meetings with CRS staff
 - CVS scheduled about ~8 meetings over the course of 2023
 - Anthem scheduled about 6 meetings over the course of 2023

Staff Assessment:

Anthem and CVS seem to do a decent job in administering medical and pharmacy claims for CRS members. Anthem and CVS provide regular meetings as well as regular reports.

One observation we have is that both Anthem and CVS are very large companies. Our impression is that CVS has a complex organization, and it's not clear when we are working with them how best to communicate into their respective bureaucracies.

Another observation is the use of CVS as the CRS pharmacy benefit manager (PBM). The basic theory around having a PBM is that the PBM has expertise in negotiating discounts with pharmaceutical manufacturers, and that plans will achieve reduced Rx costs when they retain a PBM. The extent to which that happens is uncertain, and lack of transparency concerns have been raised by various healthcare administration experts. In the case of CRS, we have retained another entity called Employer's Health, whose sole purpose is to improve the discounts that we get from CVS. Employer's Health uses member leverage they get from participation from other employers. The idea is to secure more advantageous volume discounts.

Retirement systems that administer retiree healthcare plans usually retain a healthcare consultant to help the plan navigate the tremendous complexity in American senior healthcare.

Additionally, the scope of the service with Horan was expanded to utilize Horan's expertise as CRS evaluates the Pre-65 RFP for healthcare and RX. We've explained to Horan that while cost control is always important, we want to limit member disruption and provide a superior pharmacy plan. The services of a healthcare consultant will probably remain important to achieve the twin goals of cost control and superior member service.