



City of Cincinnati Retirement System Performance Evaluation Committee

**City Hall Council Chambers and via Zoom
December 7, 2023 – 12:00 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

Call to Order Public

Comment

Approval of Minutes

✚ September 14, 2023

Old Business

✚ Update of Fiduciary Performance Audit
✚ Review of 4Q'23 Board Objectives

New Business

✚ Planning for '24 Goals and Objectives
✚ 2023 CRS Risk Dashboard update
✚ Annual Board Contract Evaluation

Adjournment

Next Meeting: Thursday, March 7, 2023



**City of Cincinnati Retirement System
Performance Evaluation Committee Meeting Minutes
September 14, 2023 / 1:00 P.M.
City Hall – Council Chambers and remote**

Board Members

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

Administration

Karen Alder
Jon Salstrom

Law

Ann Schooley
Linda Smith

Call to Order

The meeting was called to order at 1:00 p.m. by Chair Rahtz and a roll call of attendance was taken. Committee members Rahtz, Menkhaus, Gamel, Morton, and West were present. Committee members Walsh and Riddle were absent.

Public Comment

No public comment.

Approval of Minutes

Approval of the minutes for the meeting of July 13, 2023, was moved by Trustee Gamel and Seconded by Trustee Morton and approved by unanimous roll call vote.

Old Business

2023 ED Evaluation

Chair Rahtz proposed to keep the Executive Director's performance evaluation period on a calendar year. Trustee Gamel pointed out that keeping the performance period on a calendar year will impact the Director's salary increase. Ms. Alder stated that all employees are tied to their start date and the performance evaluation should be completed when the employee is considered for an increase. Chair Rahtz motioned to change the Executive Director's performance evaluation period from a calendar year to the anniversary year and seconded by Trustee Gamel. The motion was approved by unanimous roll call vote.

Chair Rahtz motioned to utilize the format previously used in Executive Director's performance evaluation with room for modification and seconded by Trustee Gamel. The motion was approved by unanimous roll call vote.

Update of Fiduciary Performance Audit

Director Salstrom explained that the contract is being finalized so the initial meeting with Funston will be re-scheduled, which he anticipates being next week. Director Salstrom reminded Chair Rahtz the timeline for the project. He noted he would need to confirm but believed it should be completed by the end of the year and presented to the Board early next year.

Cyber Security & Disaster Recovery Update

Director Salstrom presented a high-level overview of the internal and external controls that are in place, while highlighting Phishing emails being the most common form of cyber-crime. The city has ongoing training where ETS sends simulated emails which must be reported by staff. Antivirus software is installed on all workstations and has automatic updates. ETS has suspicious websites blocked which require special permission to have access to. The city has a multifactor authentication process when staff are not connected to a secure network. All retirement systems are compliant with industry standards. The pension and financial systems have continuous backup and disaster recovery that are intact and running as it should. Director Salstrom explained he meets annually with peers that work with the pension systems to discuss security risks and prevention.

Trustee Morton explained to Trustee Gamel that email senders that go to the spam folder must be marked as "safe to receive" for them to go to the Inbox folder. Ms. Alder explained to Trustee Gamel that the two items from the state's findings regarding the retirement security system from a few years ago have been removed from the management recommendations. Trustee Moller commented that if there was a system disaster, the biggest issue would be the lack of payment to retirees' benefits. Mr. Moller asked if there would be any sort of delay in direct deposit or printed checks and Director Salstrom responded that there should be no delay in access to pension information. Director Salstrom explained to Chair Rahtz the two audits: SOC 1 and SOC 2. SOC 1 is more on the financial side and SOC 2 looks at what vulnerabilities you may have.

Update of '23 Board Objectives

Director Salstrom summarized the goals and objectives of the board and committees and gave an update on the status of each.

Ms. Alder reminded Trustee Gamel that there was not enough time to re-bid the dental coverage before open enrollment but do plan to offer another level of coverage next year. Trustee Gamel asked that this task be put on FY24's objectives.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Menkhaus, The Performance Evaluation Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 1:40 p.m.

Meeting video link: <https://archive.org/details/crs-performance-eval-9-14-23>

Next Meeting: Thursday, December 7, 2023

Secretary

DRAFT

Cyber Security & Disaster Recover Overview

Phishing Emails

- Phishing is the most common form of cyber crime, with several reports estimating that 3.4 billion malicious emails are sent every day.
- 36% of all data breaches involved phishing.
- ETS implemented phishing simulation emails that helps employees to be aware.
 - **STOP:** Take a second to evaluate the email before clicking a link
 - **THINK:** Consider who sent the email and why the sender send the email
 - **CONNECT:** Reach out to the send over the phone

STOP.THINK.CONNECT.



Antivirus Software

- Installed on all workstations
- Automatic updates
- Protects workstations and Network from different types of viruses



Status - Symantec Endpoint Protection

Status

Your computer is protected.
No problems detected.
[Protection definitions are current](#)

The following Symantec security components are installed on your computer:

- Virus and Spyware Protection**
Protects against viruses, malware, and spyware
Definitions: **Thursday, August 31, 2023 r21**
- Proactive Threat Protection**
Provides advanced behavioral protection against unknown threats
Definitions: **Thursday, August 31, 2023 r1**
- Network and Host Exploit Mitigation**
Protects against Web, network threats, and zero-day exploits
Definitions: **Thursday, August 31, 2023 r81**
- Web and Cloud Access Protection**
Protects Internet traffic by routing through a cloud security gateway
Definitions: **Tuesday, October 18, 2022 r5**

 Symantec
A Division of Broadcom

Block Suspicious Website



Page Blocked

<http://www.> [redacted]

Access to the requested site has been restricted due to its contents. Please submit a [redacted] ticket.

Description: Geo Ip Location AR

Group Number: 1

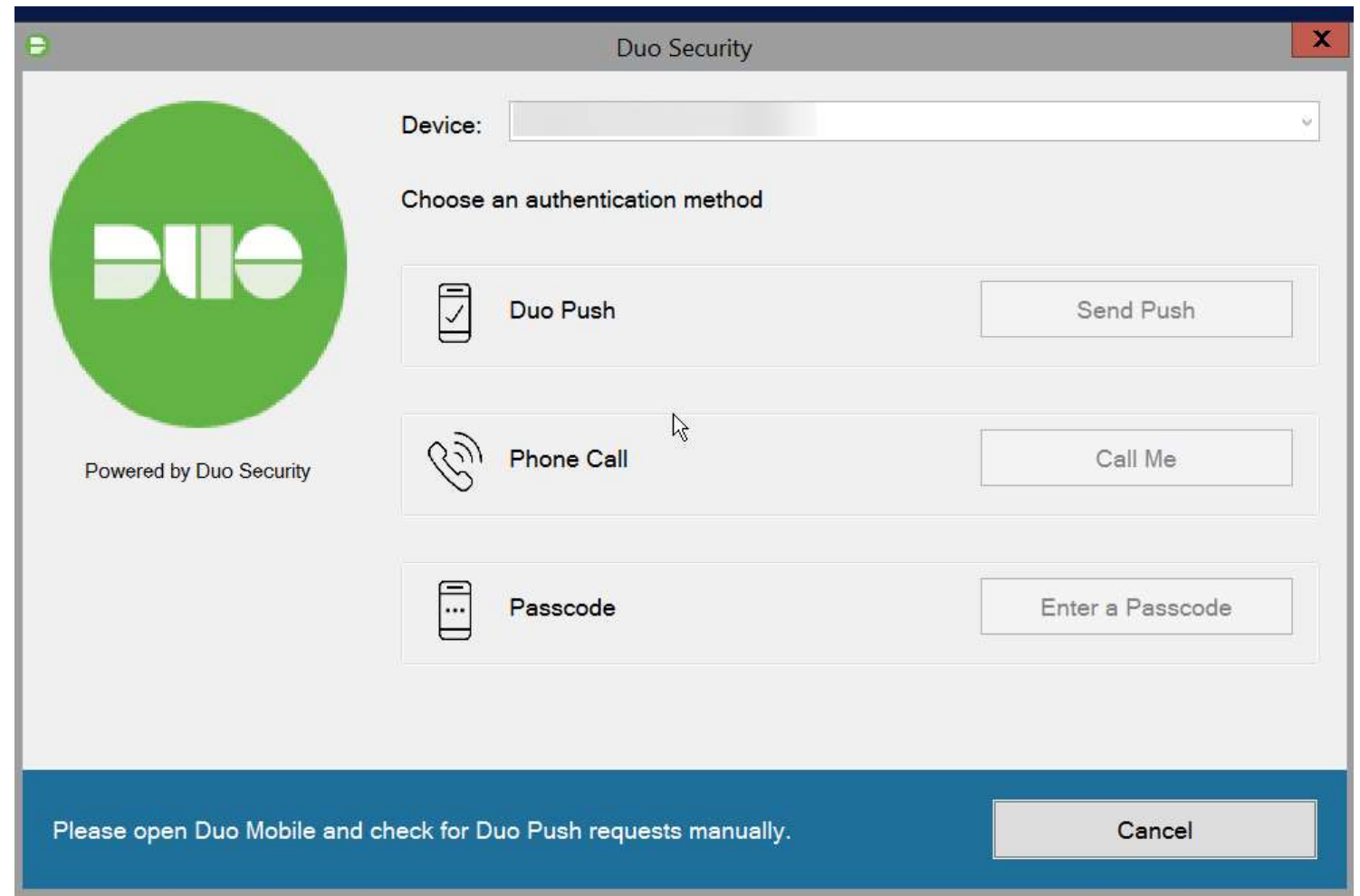
Group Name: Default

Ip Address: [redacted]

Username: [redacted]

Multifaceted Authentication

- Required for all network access out of the City's Infrastructure
- Second level verification for network connections



Compliant with Industry Standards



- **Financial System** annually completes SOC 1 and SOC 2 audits.
- **Pension System** completes an Independent Service Auditor's Report on Controls Relevant to Security, Confidentiality and Availability ("SOC" 2, Type 2).
- State of Ohio does a **Financial and IT audit** on both systems annually.

Backup and Disaster Recovery

Pension System

- To ensure a seamless operation of the system in the event of a disaster, the Pension System mirrors the production database to their off-site location continuously.
- The disaster recovery site is in Virginia. The Pension System utilizes a network cloud-based solution with encryption.

Financial System

- Cloud-based solutions are also designed to identify and immediately address critical system and data risks, such as cost-effective migration, recovery time objectives, and automatic— and configurable—backups.

**Cincinnati Retirement System
DRAFT 2024 STRATEGIC PLAN**

Updated December 2023

CRS MISSION

- **Assure Promised Pension and Healthcare Benefits for Current and Future Retirees**
 - **Assist and Support CRS Members in Achieving a Successful Retirement**
 - **Assure CRS Transparency and Accessibility for all Stakeholders**

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)*

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. j)*
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; Admin. Code Art. XV, sec. 7)*
11. The CRS Board shall not limit actuaries, investment advisors, and other professionals regarding information that they deem necessary for the city administration, CRS members, or the public to know. *(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. 9)*
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 Board member. *(Agreed Order, para. p)*
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)*

**Cincinnati Retirement System
2023 STRATEGIC PLAN**

Updated December 2023

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CY 2023 Board Objectives

Strategic Objectives	Owner	Target Date to Complete	Status/Date Completed
Work collaboratively to seek increase of City contribution rate to 17.75%	Board, Exec. Director	June 30, 2023	City approved increase to 17% in June 2023
Develop CRS handbook for retired members <i>(E,5,7)</i>	Exec. Director	4Q 2023	Almost complete (1Q24 target)
Provide the City Administration with input and recommendations regarding the healthcare trust funding policy <i>(A,B,C,1,2,11,19)</i>	Board	1Q 2023	Completed, 1/17/2023
Prepare an audited annual comprehensive financial report (ACFR) <i>(E,1,2,5,7)</i>	Finance Manager	4Q 2023	Annually (completed 3Q23)
Assist the Mayor and Council in filling appointed member Board vacancies <i>(C1)</i>	Board, Exec. Director	1Q 2023	Completed
Actuary RFP (prepare fall 2023; issue Jan 2024)	Executive Director	4Q 2023	Target 1Q24
Complete the five-year actuarial experience study; act on recommendations	Board, Exec. Director	2Q 2023	Completed May 2023
Ongoing Objectives			
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair) <i>(C,D,1,5,7)</i>	Board, Exec. Director	Ongoing	Target every 1Q & 3Q
Prepare and provide trustee training plan, including training policy and curriculum <i>(A,B,C,D,1,2,3,10,12,13)</i>	Board, Exec. Director	Ongoing	NCPERS
Develop and provide newsletters for active and retired members <i>(E,5,7)</i>	Exec. Director	Ongoing	Retiree sent 3Q23
Prepare and approve the 2024 budget <i>(A,B,D,4,16)</i>	Board, Exec. Director	12/7/2023	Completed 4Q23
Review and approve the annual 12/31/2022 Actuarial Valuation Reports <i>(B,1,2,12,13)</i>	Board	5/4/2023	Completed 5/4/2023
Review and approve the quarterly and Annual Investment Reports <i>(A,B,1,2,3,11)</i>	Board	Ongoing	Quarterly review of Marquette report
Keep the Board well-informed about important developments and issues <i>(F,5)</i>	Exec. Director	Ongoing	Ongoing
Prepare and submit the annual CRS report to City Council <i>(C,D,5,7,20)</i>	Board, Exec. Director	9/7/2023	Draft to Board at July 2023 meeting

CY 2023 Investment Committee Objectives

Asset allocation review; cash allocation?	Board, Exec. Director	1Q 2023	Completed 2/2/2023
Investment risk review	Board, Exec. Director	1Q 2023	Completed 2/2/2023
Investment Consultant RFP	Board, Exec. Director	2Q 2023	Released 5/3/22
Investment return peer universe	Include in RFP	2Q 2023	Ongoing
Investment manager compliance	Include in RFP	2Q 2023	Ongoing
Tolerance bands	Board, Exec. Director	2Q 2023	marquette and ED monitor
Investment Contract governance; approval authority; standardized review of terms	Exec. Director	3Q 2023	Fact Finding
De-risk health plan	Board, Exec. Director	3Q 2023	Cheiron

CY 2023 Governance Committee Objectives

Ethics Policy	Board, Exec. Director	2Q 2023	Revised Draft referred to Governance Committee in June 2023
Trustee Training Policy	Board, Exec. Director	2Q 2023	Draft reviewed at Jan 2023 mtg
Role for Exec Dir recommendation in the Disability Rules?	Board, Exec. Director	2Q 2023	Completed 5/4/2023
Amend in Board disability rules to implement CMC 180 day timeline for abandonment of applic	Board, Exec. Director	2Q 2023	Completed 5/4/2023
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	3Q 2023	Consideration after Performance Audit findings
Charters for Current Committees	Board, Exec. Director	3Q 2023	Completed by 4Q23
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	4Q 2023	1Q24
Consolidate Governance Manual, Board Rules and Policies	Board, Exec. Director	4Q 2023	Consideration after Performance Audit findings
Implement DROP through City Municipal Code (if cost neutral)	Exec. Director	4Q 2023	2Q24
Trustee City email accounts is leading practice	Exec. Director	4Q 2023	Consideration after Performance Audit findings
Delegation document to Exec Dir (covering CMC references to Board that are delegated to staff)	Exec. Director	4Q 2023	

CY 2023 Benefits Committee Objectives

Review Horan healthcare plan changes summary	Board, Exec. Director	1Q 2023	Completed 1/12/2023
Survivor Benefits: review Cheiron letter	Board, Exec. Director	2Q 2023	Benefits Committee Agenda item
Survey retirees re benefits	Exec. Director	2Q 2023	Completed 5/29/23
Consider cafeteria benefits options (LTC, Life Ins, Ins tier options)	Exec. Director	3Q 2023	Healthcare RFP

CY 2023 Performance Evaluation Committee Objectives

2023 Strategic Plan	Board, Exec. Director	1Q 2023	Complete
Review of staff evaluations of Board contractors	Exec. Director	1Q and 4Q 2023	Complete
Fiduciary Performance Audit; RFP and monitoring contract	Board, Exec. Director	2Q 2023	1Q24
Disaster Recovery and Business Continuity of Operations Plan	Exec. Director	3Q 2023	Complete

<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>			
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 (B,C,D,1,2,11,12,13)	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 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	
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>			
2024 Strategic Plan	Board, Exec. Director	1Q24	
Review of staff evaluations of Board contractors	Board, Exec. Director	4Q23 and 1Q 2024	
Fiduciary Performance Audit: Review audit and implement Board-approved recommendations	Board, Exec. Director	1Q24	
Disaster Recovery and Business Continuity of Operations Plan: Update and enhance written plan; prioritize issues	Exec. Director	1Q24	

Cincinnati Retirement System									
Risk Management Report (12/7/2023)									
Risk Category	Risk Description	Rank	Risk Level	Expected Risk Level		Risk Response	Mitigation Activities	Risk Owner	Reporting and Oversight Committee
				Trend					
Personnel	Ability to attract and retain talented staff; succession planning.	2	High	↔		Mitigate	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
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
Funding	A lack of sound funding for the plan could lead to insufficient assets to pay for long-term benefits and financial obligations.	4	High	↔		Mitigate	Seek City adoption of incremental contribution rate increase; first step increase to 17%.	Executive Director	Board of Trustees
Market	Market volatility could lead to undesirable investment outcomes.	1	Medium	↓		Mitigate	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.	6	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.	7	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.	8	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.	9	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.	10	Low	↓		Mitigate	Conduct regular meetings with Council members, Mayor and CMO.	Executive Director	Board of Trustees

CRS Performance Evaluation Committee
December 7, 2023

Staff Assessment of Investment Consultant Services

Summary rating: Exceeds expectations. Marquette performs all contracted service in a timely and satisfactory manner. Marquette performs additional work as requested in a timely and satisfactory manner. Marquette makes periodic presentations to the Board which convey important investment information in an accessible manner. Marquette provides important guidance to staff in managing CRS liquidity challenges.

Contract status: Following a formal RFP process which began in early 2023, Marquette was selected and a new contract was issued for a three-year initial term and 2 two-year extensions on 1/1/2024. Marquette has agreed to extend its current annual fees (\$274,000).

Summary of CY2023 Work:

- Prepared and presented 4 quarterly investment reports.
- Asset allocation presentation
- Core and Core plus manager searches
- Recommendation to increase private credit allocation while reducing Real Estate
- Regular guidance to staff on liquidity management and re-balancing
- Provided capital market projections

Staff Assessment:

Brett Christiansen has been the Marquette staff supporting the CRS Board since at least 2008. Marquette provides excellent value for the fee it charges. The continuity and institutional knowledge Brett and Marquette bring is invaluable to CRS, the board, and staff.

CRS staff regularly consult with Mr. Christiansen on advice regarding liquidity management and rebalancing. Mr. Christiansen is quite responsive, responding within 24 hours.

In 2023, Mr. Christiansen provided the Board updates on the asset allocation target. Following an approved increased allocation to fixed income, Marquette completed two comprehensive searches in core and core plus. Mr. Christiansen also expanded his board presentations to include updates on the market environment, which has been quite volatile in 2023.

The Board relies heavily on Marquette's recommendations and due diligence of prospective managers. Marquette has proven to be thoughtful and judicious with long term asset allocation and annual updates to allow CRS to lean into market opportunities when they are presented. In the 3Q'23 Marquette presented an opportunity to improve liquidity while capturing an improved risk return allocation to private credit while reducing real estate.

Consideration of CRS long term investment results versus benchmark and peers is pertinent in assessing Marquette's performance. At the end of Q3'23, CRS 1-year, 3-year, 5-year, and 10-year returns were all top half of the peer universe at 47th, 6th, 31st and 27th respectively.

Considerations for expanded coverage from Marquette in 2024:

- Every 3 years conduct a full asset allocation review with annual asset allocation evaluation including capital market and volatility projection for identifying optimal range of asset mixes strategically and allowing CRS tactically lean into opportunities each year.
- Liquidity management has been a challenge for staff all year—we may need to get more intentional around investment consultant support for this, and/or adopt a cash asset allocation or cash overlay.
- More robust peer group for performance measurement.
- Quarterly review of tolerance bands – in compliance verification
- Work with Marquette to get quarterly compliance attestation from each manager.