

City of Cincinnati Retirement System Performance Evaluation Committee

**City Hall Council Chambers and via Zoom
March 6, 2025 – 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

Legal

Kevin Frank

Call to Order

Public Comment

Approval of Minutes

- December 6, 2024

Informational

- Review Funston Recommendations for Committee
- Risk Dashboard

Old Business

- 2025 Strategic Objectives
- 2025 Executive Director Performance Evaluation

New Business

- Contract Assessments – Actuary & Healthcare Consultant

Adjournment

Next Meeting: Thursday, June 5, 2025, City Hall Council Chambers and via Zoom

**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 covers charter A, pensions 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 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 access 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

Secretary

Funston Performance Audit - Summary of Recommendations

Assignment

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
1. Legal and Regulatory										
1.1 Improve definition and clarity of roles and authorities of:										
	<ul style="list-style-type: none"> The Board of trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> Board chair 	Initiated	X		X					
	<ul style="list-style-type: none"> Individual trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> City Council and Mayor 	Initiated		X						
	<ul style="list-style-type: none"> City Manager and City Finance Director 	Initiated		X						
	<ul style="list-style-type: none"> CRS Director 	Initiated		X						
1.2	The City should expand Board of Trustees personnel authorities to align with the Board’s responsibilities, for example, naming the CRS Director as a direct report to the Board, with authority to hire/fire, evaluate, and set compensation.	Reviewed			X					
1.3	The City Solicitor should provide the Board of Trustees with independent external legal counsel or establish a policy and process that allows CRS to retain independent external counsel and/or hire internal CRS counsel to address potential conflicts of interest associated with the City Solicitor’s representation of other clients on the same matters.	Reviewed			X			X		
1.4	Confirm the Board’s authority, as the named fiduciary, to contract with actuaries, investment consultants, investment managers, custodial banks, benefit providers, and legal counsel, all of which require unique pension and investment expertise.	Completed			X			X		
1.5	The City Manager should allow CRS trustees who are not City employees to vote on CRS procurement decisions; the Board, as fiduciaries, should have final authority on those decisions.	Completed			X			X		
1.6	If the CRS Board is not given authority to hire/fire/evaluate/compensate the Director, work with the City Manager to develop a Memorandum of Understanding that addresses the City Manager’s role as a potential fiduciary and formalizes procedures where the Board and City Manager, Finance Director or other officers have overlapping responsibilities (e.g., setting goals for and evaluating the Executive Director); CRS may need to consider options for engagement of independent fiduciary legal counsel to assist with this initiative.	Completed			X			X		

GREEN - SHORTER TERM COMPLETION
 RED - LONGER TERM COMPLETION
 Board - CRS Board has authority to complete
 Board, Adm. - CRS Board and City Administration have shared authority to complete
 Priority - CRS Board priority to complete as soon as possible
 Note: Some Recommendations may require CSA update.

2. Governance Framework

2.1	Aggregate and organize the Board policies from all sources into a Board Governance Manual with online access and links to underlying document provisions; include the mission statement, goals, trustee responsibilities, committee charters and the Code of Ethics.	Initiated			X			X		
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"> Trustee personal financial disclosures 	Initiated	X							
	<ul style="list-style-type: none"> Board self-evaluation / Board education policy 	Initiated	X							
	<ul style="list-style-type: none"> Funding 	Initiated		X						
	<ul style="list-style-type: none"> Separate investment policy statement for the 115 trust fund that is tailored to its liabilities 	Reviewed	X							
	<ul style="list-style-type: none"> Strategic planning, in coordination with the City 	Initiated		X						
	<ul style="list-style-type: none"> Collection of claims in securities class actions 	Initiated	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	• Succession planning, in cooperation with relevant City appointing authorities	Initiated	X							
	• Business continuity and resumption	Initiated	X							
	• Independent governance and benchmarking reviews	Initiated	X							
	• External communications by Board members	Initiated	X							
	• Due diligence and reporting for referral of service provider candidates by trustees, along with limits on candidate contacts with trustees during an RFP process	Initiated	X							
2.3	Reduce the size of each committee to three or five members to better utilize trustee time.	Reviewed	X							
2.4	Adopt a consent agenda for approval of routine business and reports.	Reviewed	X							
2.5	Conduct periodic board retreats for more in-depth discussion on key topics, conducting board self-evaluations and executive director evaluations, and trustee education.	Not Reviewed Yet	X							
2.6	Following implementation of the recommendations in this report, conduct a biennial self-evaluation process, potentially with external assistance; this process should help to inform educational priorities.	Not Reviewed Yet	X							
2.7	Define ongoing training requirements for Board members, including onboarding plan for new trustees and required fiduciary training; link training to board self-assessment findings and the calendar of Board agenda action items.	Completed	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Completed		X						
2.9	Issue new system email accounts to be used by trustees for all CRS-related business.	Reviewed	X	X						
2.10	Discuss with the Director and the investment consultant how reporting could be improved and executive summaries better utilized to enhance trustee understanding and insight.	Completed		X	X					
2.11	Appoint a Board Audit Committee with oversight of internal and external audits to commission an independent financial audit and obtain internal audit services from the City Internal Audit Department and/or an independent firm; include oversight of enterprise performance and risk in the committee charter responsibilities.	Completed		X	X					

3. Investment Program and Operations

3.1	Develop a separate Statement of Investment Beliefs (SIB) to guide development and implementation of the strategic asset allocation.	Completed	X							
3.2	Develop a liquidity policy as part of the Investment Policy Statement (IPS) to ensure that the cash needs of the organization are effectively and efficiently met.	Completed	X	X						
3.3	Develop a separate IPS for the 115 Trust (Health Care Trust) that reflects the unique liability structure of the 115 Trust.	Reviewed	X	X						
3.4	Extend the time horizon for the strategic asset allocation to 3-5 years and only make changes to the target asset allocation as part of a comprehensive Asset Liability Study.	Completed	X							
3.5	Include a more comprehensive rebalancing policy in the IPS that describes how rebalancing is linked to the Board's investment philosophy and what the process should be.	Completed	X							
3.6	Discuss with Marquette Associates how reporting might be improved through development of an introductory executive summary, with an exception reporting approach, to the quarterly reporting package focused on actual performance compared to the IPS.	Completed	X	X						

4. Pension Operations

4.1	Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.	Initiated		X	X					
4.2	Consider if pension staffing resources and capabilities should be improved through Implementation of a member contact center telecommunications system.	Initiated		X	X					
4.3	Develop a long-term plan with service, performance, and cost objectives, to ensure that member self-service, website redesign, and other improvements, are all developed and implemented in a coordinated manner and achieve desired results.	Initiated	X							
4.4	Charter a pension administration cost and performance benchmarking report.	Completed	X							
4.5	Consult with its actuary and determine if an adjustment to the investment assumed rate of return should be recommended.	Reviewed			X					
4.6	Develop and adopt a formal actuarial and funding policy describing responsibilities and frequency of actuarial and asset/liability study processes and addressing investment, demographic and benefit risks.	Reviewed	X		X					

5. Administrative Operations

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
5.1	Develop succession planning and implement a cross training program for staff to minimize key person risk and enhance staff development.		X							
5.2	Work with the City Administration and the Law Department to delegate authority to the CRS Board to engage external counsel to obtain more timely legal support or unique expertise when appropriate. See also Recommendation 1.3.		X	X						
5.3	Develop a long-term IT plan that identifies future needs.		X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.		X	X						
5.5	Update the documented disaster recovery plan.		X	X						

6. Compliance

6.1	Assign leadership, training, and monitoring responsibilities for compliance to ensure compliance with conflict of interest and ethics policies.		X	X						
6.2	Develop a repository of risk-ranked compliance requirements.		X							
6.3	Establish tracking mechanisms to identify and escalate non-compliance.		X							

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Note: Some Recommendations may require CSA update.



Risk Category	Risk Description	Rank	Expected Risk Level		Risk Response	Change	Mitigation Activities	Risk Owner	Reporting and Oversight Committee
			Risk Level	Trend					
Personnel	Ability to attract and retain talented staff; succession planning.	1	High	↔	Mitigate	No Change	CRS has hired 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	No Change	Seek City adoption of incremental contribution rate increase; next step is moving up from 17.75%.	Executive Director	Board of Trustees
Cyber	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	Medium	↔	Monitor	No Change	Monitor ETS security plans. Evaluate and monitor CRS servers and vendors protocol annually	Executive Director, ETS Director	Performance Evaluation
Market	Market volatility could lead to undesirable investment outcomes due to monthly liquidity needs to pay benefits.	4	Medium	↓	Monitor	No Change	Market volatility should remain elevated until after the elections. Gold and US Dollar to be headwinds to ACWI. Fed funds appear to be moving lower following Fed's Jackson Hole speech.	Executive Director, Marquette	Investment Committee
Counterparty	Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon.	5	Medium	↔	Monitor	No Change	Diversifying manager and vendor exposure to limit counterparty risk. 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. Generally strive to improve efficiencies lowering plan cost and customer satisfaction	6	Medium	↔	Mitigate	No Change	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	No Change	Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document	Board of Trustees	Governance Committee
Physical	Monitor facilities for inadequacies; general facilities management; improve space utilization.	8	Medium	↔	Accept	No Change	Current space is adequate; a physical move was completed recently and would be extremely disruptive now. Improve remote access and redundancies to improve worker flexibility.	Executive Director	Benefits
Compliance	Evaluation of legal, tax and operational compliance variations to the City Solicitors office for review	9	Low	↔	Accept	No Change	The preponderance of current request for review are due to new contracts with investment managers and services providers	Executive Director	Performance Evaluation
Legislative	Legislative events may lead to adverse relations, unfavorable investment and operation policy and/or restricted funding.	10	Low	↓	Monitor	No Change	Conduct regular meetings with Council members, Mayor and CMO.	Board, Executive Director	Board of Trustees

High	Represents immediate risk to the plan. Trustees should be mindful and monitoring regularly for resolution
Medium	Represents concern for the plan. Trustees should determine the appropriate interval for evaluation and monitoring
Low	Represents limited risk to the plan. No plan of action is required.

<u>Strategic Objectives</u>	<u>Owner</u>	<u>Target Date to Complete</u>	<u>Status/Date Completed</u>
CY 2025 Board Objectives			
Work collaboratively with CMO to update City Contribution rate incrementally for 2025	Board, Exec. Director	2Q25	Annual
Complete and publish CRS for active and retired members	Exec. Director	1Q25	Complete
Assist the Mayor and Council in filling appointed member Board vacancies; conduct elections process in accordance with Board rules for filling elected trustee vacancies.	Board, Exec. Director	2Q26	Ongoing
Personnel Oversight: Annually work with administration to incorporate Board evaluation of the Executive Director into City's employee review	Board, Exec. Director	2Q25	Ongoing
Work with Administration to obtain standing exemption for procurement & contracting	Exec. Director	2Q25	Ongoing
Work with Administration to enable CRS Retiree Trustees to serve on RFP Selection Committee	Exec. Director	2Q25	Ongoing
Within Governance Manual clarify roles and responsibilities for all stakeholders (e.g. admin, staff, trustees, vendors, law)	Exec. Director	2Q25	Ongoing
Aggregate and organize the Board polices from all sources into a Governance Manual	Executive Director	2Q25	Ongoing
Development of data dashboards to provide key information and ongoing updates to the Board (e.g. Demographics, Benefits, Returns, Risk, Compliance, Liquidity).	Exec. Director	4Q24	Ongoing
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair; new Councilmember(s), Budget and Finance Committee)	Board, Exec. Director	Ongoing (1Q, 3Q each year)	Ongoing
Annual trustee training schedule, including training policy and curriculum; monitor and update implementation	Board, Exec. Director	Ongoing	Complete
Evaluate and Redesign CRS website	Exec. Director	1Q25	Ongoing
Identify improvements for member service and communications.	Exec. Director	Ongoing	Ongoing
Annually review the Board's Investment Policy and provide recommended adjustments or changes	Board	Ongoing	Complete
Keep the Board well- informed about important developments and issues	Exec. Director	Ongoing	Ongoing
Prepare and submit the annual CRS report to City Council	Board, Exec. Director	3Q Annually	Complete

CY 2024 Investment Committee Objectives			
Make a formal Asset allocation review every 3 years with annual review of market conditions, opportunities and liquidities needs and risks	Board	2Q25 (annually review)	1Q23
Quarterly review of Market volatility and Investment risk/concentrations	Board, Exec. Director	Ongoing	4Q24
Quarterly update on investment return peer ranking	Board, Exec. Director	Ongoing	4Q24
Review of liquidity	Exec. Director	Ongoing	4Q24
Monitor investment manager compliance	Board, Exec. Director	Ongoing	4Q24
Monitoring tolerance bands	Exec. Director	Ongoing	4Q24
Development of Executive summary from Marquette	Exec. Director	3Q24	Complete
Development of Manager Selection and Monitoring policy	Exec. Director	4Q24	Complete
Complete the five-year actuarial experience study; act on recommendations	Board, Exec. Director	Ongoing, (last completed Q2 23)	Complete
CY 2024 Governance Committee Objectives			
Enroll retirees in Member Direct to continue the path to paperless	Exec. Director	2Q24	ongoing
Amend Term limits Ordinance	Board, Exec. Director	4Q24	Ongoing
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	1Q24	Review in 2025
Annual Evaluate Fiduciary Governance of 457 Plans	Exec. Director	3Q24	ongoing
Financial Disclosure Policy and Forms	Board, Exec. Director	2Q25	3Q25
Consider if pension staffing resources and capabilities should be improved through Implementation of a member contact center telecommunications system.	Board, Exec. Director	4Q24	Review Annually
Charter a pension administration cost and performance benchmarking report.	Exec. Director	4Q24	Complete
Update the documented disaster recovery plan.	Exec. Director	2Q25	3Q25
CY 2024 Benefits Committee Objectives			
Review Horan healthcare plan changes summary	Board, Exec. Director	1Q25	Ongoing
Horan Audit of Benefits	Exec. Director	3Q25	Ongoing
Survey Retirees on benefits	Exec. Director	2Q25	2Q25

CY 2024 Performance Evaluation Committee Objectives			
2025 Strategic Plan	Board, Exec. Director	1Q25	1Q25
Annual evaluations of Board contractors	Board, Exec. Director	4Q24 and 1Q25	Ongoing
Fiduciary Performance Audit: Review audit and implement Board-approved recommendations	Board, Exec. Director	1Q25	ongoing

CRS Board Performance Evaluation of Exec. Dir. Form, 2024-2025 Performance Period		
Performance Rating Period: 7/12/2024 - 7/11/2025		
Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations		
Essential Values		
	Quality Rating	Comments
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		

Performance Rating Period: 7/12/24 - 7/11/2025		
Executive Director Performance Goals and Objectives		

Goal 1 - Provide Board with solid leadership, support, coordination, education and communication.	Quality Rating	Comments			
Objectives	Owner	Target Date	Status		
Assist the Mayor and Council in filling appointed member Board vacancies; conduct elections process in accordance with Board Rules for filling elected trustee Vacancies.	Board, Exec. Director	2Q26	Ongoing		
Development of dashboards to provide-key information and ongoing updates to the Board (e.g. Demographics, Benefits, Returns, Risk, Compliance, Liquidity).	Exec. Director	4Q24	Ongoing		
Annual trustee training schedule, including training policy and curriculum; monitor and update implementation	Board, Exec. Director	Ongoing	Complete		
Keep the Board well informed about important issues		Ongoing	Ongoing		
Investment Committee Objectives					
Make a formal Asset allocation review every 3 years with annual review of market conditions, opportunities and liquidities needs and risks.	Board	2Q25 (annually review)	1Q23		
Quarterly review of Market volatility and Investment risk/concentrations	Board, Exec. Director	Ongoing	4Q24		
Quarterly update on investment return peer ranking	Board, Exec. Director	Ongoing	4Q24		
Review of liquidity	Exec. Director	Ongoing	4Q24		
Monitor investment manager compliance	Board, Exec. Director	Ongoing	4Q24		
Monitoring tolerance bands	Exec. Director	Ongoing	4Q24		
Development of Executive summary from Marquette	Exec. Director	3Q24	Complete		
Development of Manager Selection and Monitoring policy	Exec. Director	4Q24	Complete		
Complete the five-year actuarial experience study; act on recommendations	Board, Exec. Director	Ongoing, (last completed Q2 23)	Complete		
Governance Committee Objectives					
Trustee Training Policy	Board, Exec. Director	3Q24	Complete		

Enroll retirees in Member Direct to continue the path to paperless	Exec. Director	2Q24	ongoing		
Amend Term limits Ordinance	Board, Exec.	4Q24	Ongoing		
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	1Q24	Review in 2025		
Annual Evaluate Fiduciary Governance of 457 Plans	Exec. Director	3Q24	ongoing		
Financial Disclosure Policy and Forms	Board, Exec.	2Q25			
Consider if pension staffing resources and capabilities should be improved through implementation of a member contact center telecommunications system.	Board, Exec. Director	4Q24	Review Annually		
Charter a pension administration cost and performance benchmarking report.	Exec. Director	4Q24	Complete		
Update the documented disaster recovery plan.	Exec. Director	2Q25			

Benefits Committee Objectives

Review Horan healthcare plan changes summary	Board, Exec. Director	1Q25			
Horan Audit of Benefits	Exec. Director	3Q25			
Survey retirees on benefits	Exec. Director	2Q25			

Performance Evaluation Committee Objectives

2025 Strategic Plan	Board, Exec. Director	1Q25			
Annual evaluations of Board contractors	Board, Exec. Director	4Q24 and 1Q25			
Fiduciary Performance Audit: Review audit and implement Board-approved recommendations	Board, Exec. Director	1Q25	ongoing		

Goal 2 - Assist Board in developing, updating and documenting a sound investment policy and robust governance structure.

<u>Objectives</u>	<u>Owner</u>	<u>Target Date</u>	<u>Status</u>		
Annually review the Board's Investment Policy and provide recommended adjustments or changes	Board	Ongoing	Ongoing		
Aggregate and organize the Board policies from all sources into a Governance Manual	Executive Director	2Q25	Ongoing		
Within Governance Manual clarify roles and responsibilities for all stakeholders (e.g. admin, staff, trustees, vendors, law)	Exec. Director	2Q25	Ongoing		

Goal 3 - Provide information, education, support, assistance and excellent customer services to active and retired members of CRS.

Complete and publish CRS handbook for active and retired members	Exec. Director	1Q25	Complete		
Evaluate and Redesign CRS website; maintain legacy website with timely information for members.	Exec. Director	1Q25	ongoing		
Identify improvements for member services and communications.	Exec. Director	ongoing	ongoing		

Goal 4 - Coordinate activities and communication between the Board, the Board's contractors and City Administration as necessary to accomplish Board's

Work collaboratively with CMO to update City Contribution rate incrementally for 2025	Board, Exec. Director	2Q25	Annual		
Personnel Oversight: Annually work with administration to incorporate Board evaluation of the Executive Director into City's employee review	Board, Exec. Director	2Q25	Ongoing		
Work with Administration to enable CRS Retiree Trustees to serve on RFP Selection Committees	Exec. Director	2Q25	Ongoing		
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair; new Councilmember(s), Budget and Finance Committee)	Board, Exec. Director	Ongoing (1Q, 3Q each year)	Complete		
Prepare and submit the annual CRS report to City Council	Board, Exec. Director	3Q Annually	Complete		

Additional or general comments:

Evaluation Form Completed by: _____
Signature: _____
Date: _____

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:	Annual Renewals
Anthem Medicare Advantage:	Annual Renewals
CVS Caremark Pre-65:	Annual Renewals
CVS Silverscript EGWP (Med Adv Rx):	Annual Renewals
EyeMed Vision	Contract expires at the end of 2025

Summary of CY2023 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 generally perform well in administering medical and pharmacy claims for CRS members, providing regular meetings and reports to ensure transparency and communication.

One key observation is that both Anthem and CVS are large, complex organizations. In particular, CVS’s organizational structure can be difficult to navigate, making it challenging to determine the most effective communication channels within their bureaucracy.

Additionally, CRS utilizes CVS as its **pharmacy benefit manager (PBM)**. The core function of a PBM is to leverage its expertise in negotiating discounts with pharmaceutical manufacturers, thereby reducing prescription drug costs for the plan. However, the actual effectiveness of these cost reductions is uncertain, and concerns about **transparency** in PBM operations have been widely noted by healthcare administration experts. To enhance cost savings, CRS has also engaged **Employer’s Health**, an entity that aggregates employer participation to negotiate better volume discounts with CVS.

Retirement systems that administer retiree healthcare plans typically engage **healthcare consultants** to help navigate the complexities of senior healthcare in the U.S. CRS has expanded its partnership with **Horan**, leveraging their expertise to assist in evaluating the **Pre-65 RFP** for healthcare and prescription benefits. While cost control remains a priority, CRS has communicated to Horan the importance of **minimizing member disruption** and ensuring a

high-quality pharmacy plan. Moving forward, the expertise of a healthcare consultant will likely continue to be essential in balancing cost management with superior member service.

- Anthem and CVS are quick to respond to member enrollment/coverage issues
- Anthem and CVS make it a point to present their annual reviews in person
- Anthem and CVS accommodate our requests for ad hoc reports
- For the most part, Anthem and CVS keep us updated with contract negotiations between their organizations and hospitals/pharmacies
 - In only one instance, CVS failed to notify us when a local pharmacy decided to opt out of their relationship with CVS.
- Something to keep our eye on: Anthem and CVS have had turnover of late.

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 renewed after the City posted an RFP last year. The evaluation committee selected Cheiron after the City received 6 bids. The contract was awarded on October 24, 2024 and shall be complete on October 23, 2029 with option for 3 additional year extensions with final renewal terms ending October 23, 2032.

Summary of CY2024 Work:

- Completed 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 analysis on 415B impact
- Provided analysis on Service Credit Purchase analysis
- Presented 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
- Out-of-state & Federal service purchase cost calculations

Staff Assessment

Cheiron consistently delivers high-quality and timely actuarial work, proving to be a valuable resource for CRS staff and the Board. The firm has effectively kept staff and Board members informed about developments in actuarial governance, particularly the recent amendments to **Actuarial Standards of Practice (ASOP) 4**. These changes require actuaries to assess retirement liabilities under new reasonableness standards for earnings assumptions and unfunded liability amortization terms. As a result, future valuations may include recommendations for a lower earnings assumption and/or a shorter amortization period.

Cheiron is highly responsive to additional requests, providing prompt and thorough analyses. Recent projects have included:

- **Funding scenario modeling**, incorporating incremental funding contributions;
- **415B impact analysis**
- **Ongoing support** for staff inquiries, assisting with reconciliations and clarifications related to funding status and valuation assumptions.

Cheiron's valuation reports are well-structured and easy to interpret, featuring a range of charts that illustrate the CRS plans' financial status. Their presentations to the Board enhance

understanding, allowing Trustees to engage with the reports and gain deeper insights into the Plan’s overall health. Many of these charts are later incorporated into the Board’s annual report to the City Council.

In 2024, Cheiron successfully met a tight deadline for the **2023 valuation reports**, which were presented at the May Board meeting. The timing of these reports is crucial, aligning with budget discussions between the Board and the City of Cincinnati. This ensures that all stakeholders—including the Board, City Council members, and the City Manager’s Office—have accurate and up-to-date financial information to support decision-making for the City’s **FY2025 budget**.

Outstanding Items

A key concern remains Cheiron’s continued use of the “**open 30-year**” **amortization method** for the unfunded liability—also referred to as the “**rolling 30**” **amortization**. This approach resets the amortization period annually, similar to refinancing a mortgage every year without reducing the principal. Consequently, little to no progress is made in paying down the unfunded liability. This methodology was originally implemented by CavMac, but it conflicts with the CSA’s intent to fully retire the CRS unfunded liability within 30 years.

Additionally, Cheiron has noted that CRS’s assumed **rate of return (7.5%)**, as mandated by the Collaborative Settlement Agreement, is relatively high compared to similar-sized peer plans, where the median assumed rate of return is closer to **7%**.