The Cincinnati Retirement System
Governance Manual
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The Cincinnati Retirement System
Governance Manual

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The Cincinnati Retirement System
Introduction

The Board of Trustees of the Cincinnati Retirement System (CRS) performs an important fiduciary role in serving and protecting the interests of plan participants, and believes a sound governance framework is essential. As part of its efforts to build and maintain a sound governance framework for guiding the Board in how it conducts its business, the Board has prepared this governance manual.

The manual contains governance-related documents that describe the governance framework within which the Board will set policy and oversee the programs and operations of the CRS. The Board intends for the manual to serve as a resource and a frame of reference for both new and experienced trustees. Trustees are encouraged to review periodically the contents of this manual and to ensure proper maintenance of the manual. The manual contains two types of directives: Charters and Policies.

Charters

Charters describe the roles and responsibilities of the major decision-making bodies involved in the governance and management of the CRS. These include the Board of Trustees, committees of the Board, officers of the Board, and the Executive Director. By clarifying duties and how each body is accountable, charters help to enhance the efficiency of the Board's operations, and the quality of its decisions.

The charters were prepared by combining various requirements set out in the Cincinnati Municipal Code, the CRS rules, and the CRS policy. To these were added additional requirements that, while not required under existing code or policy, were thought to represent best industry and business practices. The charters serve as operational mandates for the major decision-making bodies within the CRS. It is expected that the charters will be followed closely, reviewed periodically, and modified when appropriate to reflect changes to the Code, the CRS rules, best business practices, and the needs of the Board.

Governance Policies

Governance policies constitute the second type of directive. These policies are written to provide specific guidance to the Board and senior management concerning how the Board will function as a decision-making body, and set out the expectations of the Board concerning its own conduct and that of individual trustees. The governance policies address a range of topics. It is expected that the Board may establish additional governance policies as needed.

The Board and individual trustees will strive to comply with the provisions of the governance policies. It is expected the charters will be followed closely, reviewed periodically, and modified when appropriate to reflect the Code, the CRS rules, best business practices, and the needs of the Board.

The Cincinnati Retirement System
Charter for the Board

Introduction

The Board is governed by the Cincinnati Municipal Code which is created and modified by the Cincinnati City Council. The Retirement Board is also governed by applicable Ohio laws and federal statutes. The purpose of the CRS is to provide benefits as specified by the City Municipal Code. These benefits are managed by the eleven Trustees that comprise the CRS Board of Trustees. The Board governs the CRS by establishing policy, while the City of Cincinnati, Department of Finance, CRS Division management and employees are responsible for implementing policy and managing day-to-day operations.

To guide the CRS in the administration of the Code, the Board has established the following mission and vision statements:

Mission- to promote long-term financial security for our members and maintain the financial health of the fund.

Vision- To become the retirement plan of choice for all City public employees.

This charter sets out the role of the Board in supporting the above mission and vision statements.

Board Duties and Responsibilities

Governance and Board Operations

With respect to the governance of the CRS, the Board shall:

1. Perform their functions solely in the interest of all the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by code (CMC §203-0);

2. Approve the vision and mission statements of the CRS;

3. Refer all legal matters regarding the CRS to the City Solicitors office (CMC §203-133);

4. Delegate appropriate responsibilities to the staff of the City of Cincinnati, Department of Finance, CRS Division (CMC §203-133; CMC Article XV §10; the CRS Rules XIV);

5. Approve the application and approval process for retirements of the CRS members;

6. Ensure a regular process of communication to members and recipients is in place.

With respect to Board operations, the Board shall:

1. Approve charters describing the roles and responsibilities of the Board, the committees of the Board, the Board Chair, the Board Vice Chair, and the executive director, and amend said charters when appropriate (CMC §203-133);

2. Approve the creation or dissolution of standing and ad hoc committees of the Board, thereby establishing the committee structure of the Board (the CRS Rules VIII);

3. Approve, and amend as necessary, any policies to ensure appropriate governance practices including, at a minimum:

    a. The CRS rules (CMC Article XV §4);

    b. Standards of professional and ethical conduct(CMC §203-66);

    c. Governance Charters and Policies.

4. Adopt an annual calendar of Board and standing committee meetings.

Investments

In accordance with the Municipal Code, the Board has complete control and authority to invest the funds of the CRS. As fiduciaries, Trustees shall carry out their functions solely in the interest of all the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses in performing such duties (CMC §203-65).

The Board shall diversify the investments of the CRS so as to minimize the risk of losses. The Trustees shall act with care, skill, prudence, and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use (CMC §203-65).

The Board shall:

1. Review at least every three (3) years and approve a Statement of Investments, as recommended by the Investment Committee as a policy that sets forth its principles on key investment issues, including, but not limited to:

    a. Fund purpose;

    b. Strategic Asset Allocation;

c. Investment approach;

d. Investment risks; and

e. Time horizons (CMC §203-65; the CRS Rules XV).

2. Approve an investment policy that addresses:

   a. Investment goals and objectives;

   b. Asset allocation policy;

   c. Market efficiency;

   d. Investment manager selection and removal;

   e. Eligible asset categories;

   f. Performance measurement;

   g. Liquidity needs; and

   h. Proxy voting (CMC §203-65).

   i. Passive vs active strategies

3. Ensure strategies are in place to achieve the investment goals and objectives of the CRS (CMC §203-65; the CRS Rules XV);

4. Ensure that an asset liability study is conducted at least every five years or more frequently, if needed;

5. Approve corporate governance or shareholder rights actions deemed necessary with respect to any corporation or entity of which the CRS is a shareholder, partner or member.

Benefits & Benefit Administration

The Board shall:

1. Adopt and promulgate the Board Rules and other policies, as necessary, for the effective administration of the CRS as recommended by the Benefits Committee and the Governance Committee (CMC §203-133);
2. Review and recommend appropriate changes, if any, to benefit plan design to the City Council at least every two years (the CRS Rules XIII);

3. Hear and consider appeals by plan participants in accordance with the administrative review procedures specified in the *CRS Revised Rules* (the CRS Rules XI);

4. With respect to the health insurance program of the CRS, the Board will approve the design and benefit structure of the program at least every two years.

<u>The CRS Operations</u>

1. The Board requires the CRS administrative operations to be managed effectively. Accordingly, the Board shall:

   a. Approve the CRS annual budget prior to submission to the City Manager's office (the CRS Rules XVIII)**;**

   b. Require management to implement and maintain effective technologies to efficiently manage the data, information, and records of the CRS;

   c. Ensure a records management and retention policy according to Ohio law is in place;

   d. Review and approve a financial audit conducted by a CPA or CGAP of the CRS transactions annually;

   e. Ensure a business continuity plan is in place comparable to standards such as:
      - NFPA (National Fire Protection Association) NFPA 1600-2007 Annex A.5.8.3.5 Business Continuity Plan
      - FFIEC (Federal Financial Institution Exam Council)
      - Require a full-scale functionality test at least every five years

   f. Maintain appropriate insurance coverage to protect against liability which arises out of, or in connection with:

      1. The performance of duties by any Trustee, proxy or employee of the CRS division; and

      2. Business risks faced by the CRS organization.

<u>Financial, Actuarial, and Accounting Practices</u>

The Board shall:

1. Approve actuarial assumptions and methodologies (CMC §203-133);

2. Meet with the CRS actuary to discuss the CRS annual actuarial valuation report by end of second quarter(the CRS Rules XVIII);

3. Certify that the City's contribution to the CRS as enumerated in CMC §203-93 is sufficient to maintain funding at 100% and at no point to fall below 90% according to actuarial valuations and appropriate budget procedure (CMC §203-101).

4. Ensure that appropriate accounting and internal controls are in place to safeguard the assets of the CRS (the CRS Rules XVIII);

5. Require accounts of all contributions to the CRS are adequately maintained

6. Approve appropriate disbursements from the CRS funds (CMC §203-133);

7. Commission an actuarial audit at least every five years to confirm the valuation of the primary actuary. Appointment of a new actuary will satisfy this requirement, so long as an actuarial audit is performed by the new actuary within 3 months of execution of contract. (CMC Article XV §9).

Communications

The Board shall:

1. Maintain effective communication with significant interest groups, including but not limited to active participants, retirees, City management, and the City council;

2. Approve a public relations plan policy.

3. Prepare and periodically review a presentation regarding

    a. What documentation is needed at the time of the submission of a retirement application;
    b. The procedure for benefit calculations;
    c. Tax requirements regarding lump sum check;
    d. The timeline for the lump sum check, first pension check, annual COLA, etc.

Key Appointment/Elections

The Board shall:

1. Certify the election or appointment of Trustees to the Board (CMC Article XV §1; the CRS Rules VII);

2. Elect by roll call vote the Board Chair and Vice-Chair (CMC Article XV §3; the CRS Rules VI);

3. Approve trustees to serve on all standing committees of the Board annually in December.

4. Participate in selection, evaluation, and other personnel actions pertaining to the Executive Director (the CRS Rules XXII); and

5. Appoint, evaluate, and may terminate:

    a. The Actuary;

    b. The Actuarial Auditor;

    c. The Investment Consultant;

    d. Fiduciary Counsel;

    e. Custodian banks;

    f. Investment managers; and

    g. Other advisors, consultants, and managers that may be required from time to time to serve primarily as advisors to the Board (CMC Article XV §§ 6, 7, 8).

Monitoring and Reporting

Governance and Board Operations

The Board shall establish reporting and monitoring practices and timelines necessary to provide the Board with the information it requires to effectively oversee the operations of the CRS and meet the requirements of good fiduciary practices and the CMC. The Board shall establish these practices in a monitoring and reporting policy, and in other policies as required.

The Board shall:

1. Monitor the CRS' compliance with the governance-related policies of the Board, and periodically review the continued appropriateness of such policies;

2. Maintain reporting and monitoring mechanisms to make certain the CRS operates within applicable codes and rules;

3. On an annual basis, review the performance of the Board in accordance with the Board Performance Evaluation Policy; and

4. Review the performance of the Executive Director; and

5. Review the performance of the Legal Counsel services.

Investments

The Board shall annually, by the end of the first quarter, review for acceptance a report from the Investment Committee with regards to:

1. Adherence to the investment philosophy of the CRS;

2. Compliance with, and the continued appropriateness of, the investment policies of CRS;

3. The investment performance of the CRS portfolio including performance of all investment managers; and

4. The performance of the investment consultant (the CRS Rules XV);

Benefits Administration

The Board shall annually, by end of the fourth quarter, review for acceptance a report from the Benefits Committee with regards to:

1. The appropriateness of benefit plan design (the CRS Rules XIII);

2. The effectiveness of the CRS communications policy;

3. Administrative errors and acknowledge corrective actions taken;

4. Administration of the disability program on an annual basis;

5. The recovery of any benefits or premium subsidies paid to ineligible recipients; and

6. The administration of the health insurance program on an annual basis; and

7. Recommendations for more cost effective prescription programs.

8. Recommendations regarding the CRS members' loan program, including the following:

    a. Loan interest rate;
    b. Deferred Retirement loans; and
    c. Insurance on loans.
    d. Review loan Policies and Procedures

Operations

The Board shall annually, at the end of the 2nd quarter, review for acceptance a report from the Investment Committee with regards to:

1. Compliance with the CRS annual budget;

2. The cost effectiveness of the CRS operations, including investment management;

3. Compliance with the records management policy;

4. Compliance with the business continuity plan, require a full-scale Functionality Test every five years; and

5. The adequacy of the CRS' staff, technology, and related systems.

Charter Review and History

1. This charter will be reviewed for acceptance of a report from the Governance Committee at least every three years for continued relevancy and appropriateness by end of the 4th quarter.

2. The Board adopted this charter on _____.

The Cincinnati Retirement System
Charter for the Board Chair

Introduction

The Board shall elect one of the Trustees at the December meeting on even number years, as the first order of business, to serve as Board Chair for a term of two years. The Board Chair will serve no more than two consecutive terms. The Board Chair will preside at all meetings of the Board and may exercise the powers and will perform the duties and functions specified by the Board.

Duties and Responsibilities

1. The Board Chair will:

    a. Preside over all Board meetings ensuring Board meetings are conducted in an efficient and productive manner in accordance with Ohio Sunshine Law §121.22, the principles contained in Robert' Rules of Order and the Board Operations Policy;

    b. Appoint Trustees of the Board to the standing committees of the Board in December (CRS. VIII);

    c. Work to ensure the Board satisfies its duties and responsibilities as set forth in the Cincinnati Municipal Code, rules, charters and policies of the Board;

    d. Appoint committee chairs, vice chairs of standing committees, and adhoc committees in December (CRS. VIII);

    e. Develop Board agenda in coordination with the Executive Director;

    f. Ensure coordination of Board meetings, schedules and presentations in consultation with Executive Director;

    g. Represent the Board when dealing with City Council, Committees of Council, with employees as well as retirees, with the general public, media, with the staff of the Retirement Division, and the Executive Director;

    h. Facilitate effective and open communications on behalf of the Board with City Council, Committees of Council, employees as well as retirees, the general public, in matters of litigation, media, the staff of the Retirement Division, and the Executive Director;

    i. Determine who will act as spokesperson on behalf of the Board if unavailable;

j. Guide the Board in establishing, where possible, consensus on critical issues and decisions, while allowing full and open debate;

k. Work to ensure the general cohesiveness and proper functioning of the Board as a policy and oversight body;

l. Call special meetings of the Board.

Charter Review and History

1. The charter will be reviewed by the Governance Committee at least every three years (fourth quarter) for continued relevancy and appropriateness.

2. The Board adopted the charter on _____.

The Cincinnati Retirement System
Charter for the Vice-Chair

Introduction

The Board shall elect one of its Trustees as Vice-Chair at the December meeting on even number years, as the first order of business, to serve as Vice-Chair for a term of two years. The Vice-Chair will serve no more than two consecutive terms. The Vice-Chair will perform the following duties and responsibilities.

Duties and Responsibilities

1. The Vice Chair shall:

    a. If a vacancy in the office of Chair occurs, then the Vice-Chair shall succeed the Chair by appointment within 60 days (the CRS Rule VI);

    b. Assume and perform the duties of the Board Chair in the event the Board Chair is unable to fulfill the duties of the position or due to absence; and

    c. Perform other duties assigned by the Board.

Charter Review and History

2. This charter will be reviewed by the Governance Committee at least every three years for continued relevancy and appropriateness.

3. The Board adopted the charter on _____.

The Cincinnati Retirement System
Charter for Committee Chairs and Vice Chairs

For each committee of the Board, the Board Chair shall designate Trustees to serve as Committee Chairs and Vice-Chairs. Committee Chairs shall coordinate the affairs of the assigned committees with support from the CRS staff.

Duties and Responsibilities

1. With regard to assigned committees, Committee chairs and Vice Chairs shall:

    a. Preside over all Board meetings ensuring Board meetings are conducted in an efficient and productive manner in accordance with Ohio Sunshine Law §121.22, the principles contained in Robert' Rules of Order and the Board Operations Policy;

    b. Ensure the committee adheres to the rules and governance policies of the CRS;

    c. Guide the committee in establishing a consensus, where possible, on critical issues and decisions, while allowing full and open debate;

    d. Ensure committee meetings are conducted in an efficient and productive manner;

    e. Facilitate effective and open communications between the committee, the Board Chair and the Executive Director;

    f. Provide input to the Executive Director on the assistance provided and value added by staff contacts on each committee for consideration in annual performance reviews;

    g. Ensure coordination of committee meetings, agendas, schedules, and presentations;

    h. Regularly report to the Board on the activities of the committee;

    i. Ensure committee minutes are kept, approved by the committee, and made available to the Board; and

    j. Carry out such other functions and duties as prescribed by the Board.

<u>Charter Review and History</u>

2. This charter will be reviewed by the Governance Committee at least every three years for continued relevancy and appropriateness.

3. The Board adopted the charter on _____.

The Cincinnati Retirement System
Board Policy Development Process

Purpose

The purpose of the Board Policy Development Process is to set out the method by which the Board shall develop and approve formal written policies for the CRS.

Objectives

1. The objectives of the policy are to:

    a. Assist the Board in identifying policy issues as they arise;

    b. Ensure the approach to Board policy development is sound, thorough, and produces policies consistent with and effective in supporting the goals and objectives of the CRS;

    c. Provide for the review and monitoring of existing policies to ensure the policies continue to support the fiduciary responsibilities of the Board and the needs of the CRS.

Principles

2. Policy development shall be deliberate and proactive;

3. The role of the Executive Director in the policy development process shall be to assist the Board in identifying the need for specific Board policy, to provide the Board with sound, thorough analysis of policy issues, to prepare a business case regarding cost and benefit of proposed policies, and to develop proposed policy documents for Board consideration and approval.

4. The general role of the Board in the policy development process is to satisfy itself the policy recommendations and the underlying analysis reflect the requisite level of skill, diligence, care, and effective support for the mission and goals of the CRS;

5. Policy development and approval are not an exercise in consensus, but should reflect the view of a majority of Trustees.

Guidelines

6. The process of developing a Board policy shall be initiated by an action of the Board. The need for a Board policy may be proposed for inclusion on the Board agenda as an action item by a Trustee, a Board committee, or the Executive Director;

7. In determining whether a particular issue warrants a Board policy, the Board shall consider whether the issue satisfies the following criteria:

    a. The issue may have a significant impact on the CRS' ability to meet its mission;

    b. The issue is expected to recur or continue indefinitely; and

    c. The issue is not an operational issue which falls within the discretion of the Executive Director.

8. If the Board determines a Board policy is needed, the purpose of the policy and the general parameters to be met by the policy shall be recorded in the minutes of the Board meeting at which the determination is made. The Board shall direct the Executive Director to carry out the necessary research and analysis to bring forward a proposed policy with supporting analysis to the Board or to a specified Board committee;

9. For Submission of a Board policy for approval to the Board or to a Board committee, the Executive Director shall:

    a. Define the purpose of the policy;

    b. Clearly identify any risks the policy is designed to manage;

    c. Identify existing policy issues;

    d. Identify and evaluate options for addressing each policy issue, including benefits, costs, and additional impacts;

    e. Determine if a cost benefit analysis is needed.

10. For conducting policy analysis and developing a proposed policy, the Executive Director may obtain input or assistance from:

    a. Individual Trustees;

    b. Independent advisors;

    c. Consultants;

    d. City staff or elected officials;

    e. Other sources the Executive Director deems relevant;

    f. Obtain such input or assistant at a cost not to exceed $10,000 without previous Board approval.

11. Board policies shall contain the following elements:

    a. Purpose or objective of the policy;

    b. Guidelines to be followed;

    c. Provisions for policy review, including frequency of review; and

    d. Policy history.

12. Board Policies may contain the following optional elements:

    a. Background;

    b. Definitions;

    c. Important underlying principles; and

    d. Examples for clarification.

13. For approval of policy, the Board or the assigned Committee will satisfy itself the proposed policy and the underlying analysis thereof:

    a. Reflect the requisite skill, diligence, and care;

    b. Is appropriate given the purpose of the policy, as defined by the Board; and

    c. Effectively supports the broader mission and goals of the CRS.

    d. Approval of a Board policy shall require a formal motion of the Board, and a vote for in favor of the policy by at least six Board members.

14. All the CRS Board policies shall be maintained in up-to-date form in a single printed master volume or series of master volumes with the CRS office as well as maintained electronically. The printed master copy shall also contain the historical record of the previous or changed policy, including day, month, and year of approval. The Board Manual shall also include an indexed appendix that includes all City Council Ordinances and Emergency Ordinances relevant to CRS Board and Board Committees. Upon request, copies of Board policies shall be provided to Board Trustees as both a hard copy document and as an electronic document. The Board policies shall be accessible to Trustees, staff, members of the public, and City personnel.

Policy Compliance

15. The Board will comply with all Board policies. Should the Board take an action contrary to its policy, it shall state in the Board minutes the specific rationale for deviating from the policy. At such time, the Board may request a review of the policy.

Review

16. All policies will be formally reviewed at a time specified within each policy.

17. If a Trustee, Board committee or the Executive Director determines a particular policy requires review in advance of the time specified, a recommendation for review by the Board may be initiated to the Board.

Policy Review and History

18. The Board will review the Board Policy Development Process at least every three years for continued relevancy and appropriateness;

19. The process was adopted by the Board on _____.

The Cincinnati Retirement System
Charter for the Investment Committee

Introduction

The Investment Committee is a standing committee of the Board comprised of not less than three members. The Investment Committee is responsible for assisting the Board in overseeing the CRS investment program.

Duties and Responsibilities

The Investment Committee will:

1. Recommend to the Board a written statement of investment philosophy;

2. Recommend to the Board a written statement of investment policy;

3. Recommend to the Board strategies to achieve the investment goals and objectives of the CRS;

4. Recommend to the Board the use of investment managers for any asset class in which the CRS invests;

5. Advise the Board on any other investment matters and make recommendations for Board action when necessary; and

6. Keep minutes of Investment Committee meetings and ensure minutes are made available to Trustees.

7. Recommend quarterly financial report be sent to City Council.

Monitoring and Reporting

The Investment Committee will:

1. Periodically monitor the CRS' compliance with the written statement of investment philosophy and report to the Board as appropriate;

2. At least annually, monitor the CRS' compliance with the written statement of investment policy and report to the Board as appropriate;

3. Review asset allocation strategies for individual asset classes;

4. Review investment manager performance; and

5. Review management's asset liability study to be conducted at least every five year and report to the Board.

Charter Review and History

1. This charter will be reviewed at least every three years for continued relevancy and appropriateness.

2. The Board adopted this charter on _____.

The Cincinnati Retirement System
Board Operations Policy

Purpose

This Board operations policy is intended to describe the manner in which the Board and its committees will conduct themselves, so as to ensure efficient Board operations.

Where appropriate, this policy makes reference to relevant provision of the plan statement for the CRS as prescribed in the Cincinnati Municipal Code and the Revised Rules of the Cincinnati Retirement System.

Where there is a conflict between the provisions of this policy and the provisions of the CMC and the CRS rules, the code and rules will prevail.

Policy Guidelines

Officers

1. The Trustees will elect from among themselves a Board Chair and Vice-Chair (CMC Article XV §3; the CRS Rule VI).

2. The Trustees will elect the Board Chair and Vice-Chair by open ballot. They will be elected the first regular meeting of the Board in December of every even number year, following the approval of minutes, and will serve terms of two years (the CRS Rule VI). No person may serve as Board Chair for more than two consecutive terms.

3. The Board Chair will preside at all meetings of the Board. In the absence of the Board Chair, the Vice-Chair will assume the duties of the Board Chair. No person may serve as Board Vice-Chair for more than two consecutive terms.

4. Should the Board Chair be unable to complete the term as Board Chair, the Vice-Chair will serve as Board Chair for the balance of the Board Chair's unexpired term.

5. In the event that a vacancy should occur in the position of Vice-Chair, for any reason, the Board will elect a successor for the balance of the unexpired term at its next regular meeting (the CRS Rule VI).

6. The Executive Director will serve as staff liaison to the Board.

7. The Secretary of the Board will be responsible for the accurate record of Board business.

Committees

8. The standing committees of the Board will be as follows:

    a. Benefits Committee

    b. Investment Committee

    c. Governance Committee

    d. Election Committee (the CRS Rules VIII).

9. The Board Chair will recommend to the Board for its approval appointments to the standing committees. The Board Chair will appoint the chair for each standing committee. Committee appointments shall be made annually at the regular Board meeting. The Board Chair will appoint no fewer than three Trustees to each standing committee (the CRS Rules VIII).

10. In making committee appointments, the Board Chair will consider:

    a. The need to maintain a level of continuity in committee membership;

    b. The need to rotate the composition of committees to provide diversified experience to Trustees;

    c. The need to ensure that, to the extent possible, Trustees' committee appointments reflect their areas of interest; and

    d. The standing committee chairs shall not be the Board Chair.

11. The Board Chair may approve the establishment of ad hoc committees provided that the responsibilities of the ad hoc committees do not overlap with those of any standing committees. The Board Chair will appoint the chair and members of ad hoc committees (the CRS Rule VIII).

12. The Executive Director and the Board Chair will prepare a charter for each standing and ad hoc committee that provides a description of the committee's mandate, and specifies its composition. In the case of ad hoc committees, the charter will contain a provision for disbanding the committee once it has fulfilled its mandate. These charters require Board approval.

13. The Executive Director will ensure Board committees receive adequate support from staff. The Executive Director will assign a staff liaison to each committee, who will be responsible for the accurate records of committee business.

14. In the event that a committee chair is unable to complete his or her term, the Board Chair will appoint a replacement.

15. All successful motions by committees must be considered by the Board at a regular Board meeting.

Meeting Notice and Scheduling

16. Any meetings at which the adoption of any proposed policy, position, resolution, rule, regulation, or formal action occurs or at which a majority or quorum of the Board is in attendance, or is expected to be in attendance, will be open to the public and timely notice will be provided (the CRS Rules IV).

17. All standing committees shall adopt a regular time and place for meeting (CRS Rules VIII).

18. Other Committee meetings are at the call of the Committee Chairman (CRS Rules VIII).

19. In providing timely notice to the public, the Board will post the notice of the meeting on the CRS website, within a reasonable time period, not less than 24 hours prior to the meeting (CRS Rules V).

Board Meetings

20. Regular meetings will be held on the first Thursday of each month at 2:00 p.m. in the City Council Committee Room B, unless the Monday, Tuesday, Wednesday, or Thursday of that week is a City holiday, in which event the regular meeting shall be held on the first Friday of that month at 2:00 p.m. in the City Council Committee Room B (CRS Rules III).

21. The annual schedule and location may be modified by the Board as necessary, and timely notice of such changes must be provided to the public.

22. Special meetings may be called by the Chair or on written demand, signed by any two members of the Board, filed with the Secretary of the Board of Trustees not less than 24 hours before the time of the meeting and not less than 12 hours notice to each Board member. The call for the special meeting must state the time, date, location, and subjects to be considered at the meeting and must be in compliance with Ohio Revised Code Section 121.22 No other subject may be discussed except with approval of a majority of the Board (CRS Rules V).

Standing Committees

23. Prior to the regular Board meeting in January, the Benefits committee and the Investment committee will adopt an annual schedule of meetings that includes time and location for meetings. Each committee may amend the annual schedule as needed. Timely notice for all meetings will be provided to the public (CRS Rules VIII).

24. Each committee chair, in consultation with the Executive Director, may cancel or reschedule a meeting, if it is apparent that there will not be a quorum or it is deemed that there are insufficient issues to warrant a meeting. Attempts will be made to give sufficient notice to committee members and the public.

25. If the committee chair is unavailable to attend a meeting, the vice-chair will serve as the committee chair. If the vice-chair is unable to do so, the remaining committee members may appoint a committee chair from among those present at the meeting.

Agendas

26. The Executive Director will distribute and post a written agenda for all regular meetings of the Board and standing committees.

27. The Executive Director will strive to have agenda materials for the Board and standing committees distributed as least three calendar days prior to the meeting.

28. Items may be placed on the Board agenda by any of the following means:

    a. By initiation of any Trustee, through the Board Chair;

    b. By standing or ad hoc committee recommendation;

    c. By the Board Chair; or

    d. By the Executive Director.

Attendance

29. In keeping with their fiduciary obligations, Board members will make every reasonable effort to attend all meetings of the Board and committees to which they are appointed.

30. Board members serving as ex officio may appoint a representative by proxy to attend, participate, and vote on all issues when such trustees find it impossible to attend any board or committee meetings (CMC Article XV §1; the CRS Rule X).

31. The Board may remove from a Board committee any member that fails to attend in person or by proxy at least sixty percent of the regular and special meetings held by a Board committee during any two-year period (the CRS Rule X).

32. When Trustees are unable to attend a meeting of the Board or committee, they will notify the Executive Director as soon as possible to help ensure that a quorum will be achieved.

33. Trustees may attend a meeting of a committee of the Board as observers but only committee members may vote on matters before the committee.

Quorum

34. Six members of the Board constitute a quorum for a Board meeting (the CRS Rule III).

35. No vote of the Board will take place without a quorum present.

36. Board action requires six votes of the Board of Trustees.

37. A majority vote of the quorum of a committee present will be required for any action of a committee.

Rules of Order

38. Meetings of the Board and committees will follow *Roberts' Rules of Order* (the CRS Rule II).

39. The order of business will be at the discretion of the Board Chair and will normally be as follows:

    a. Call to order

    b. Noting of attendance

    c. Approval of Previous Board meeting minutes

    d. Approval of Consent Agenda

    e. Statement of the Finance Department

    f. Reports of the Secretary and the Committees

    g. Unfinished Business

    h. New Business

    i. Communications

    j. Adjournment.

Minutes

40. Minutes of any meeting of the Board and its committees will be taken and promptly recorded. Minutes will be open to the public subsequent to approval (the CRS Rules IV).

41. The Secretary of the Board will cause the minutes of all Board meetings to be prepared (the CRS Rule IV). The minutes will record the time and location of each meeting, the names of members present. The minutes will contain actions of the Board giving the ayes and nays upon all votes, except where the action is unanimous. The Secretary will cause the minutes to be presented for approval at the next regular Board meeting.

42. Minutes of committee meetings will be similarly prepared and placed in the Board's public record at the next regular Board meeting.

43. Both Board and committee minutes will focus on describing any actions that occurred, and will provide sufficient detail to evidence the Board's due diligence in the matter.

44. The minutes of a meeting during which an executive session shall be recorded according to Ohio Sunshine Law §121.22 and the Cincinnati Municipal Code.

45. The minutes approved by the Board shall be preserved as a part of the permanent record of the Board.

Rules and Policies

46. The Board may adopt and promulgate such rules for the administration of the CRS (CMC §203-133; CMC Article XV §4).

47. All rules will be promulgated in accordance with provisions in the Cincinnati Municipal Code (CMC §203-133).

48. The Board may adopt interpretative rules or general statements of policy, which are not meant to be binding as rules, but which provide guidance to the Board, staff, or participants regarding interpretation of the CMC §203, the CRS rules, the operations of the Board and staff (CMC §203-133).

49. The Board may specify the factors to be used in actuarial determinations or calculations required by this article (CMC Article XV §9).

50. At least once every two years, the Board shall evaluate current benefits of the CRS and report to Council the Board's recommendations for any improvements or changes. The evaluation shall also consider ways and means of financing the changes and any effect on the unfunded liability of the CRS (the CRS Rules XIII).

Executive Session

51. The Board and its committees may conduct business in executive session, which will be closed to the public, under the following conditions:

    a. The executive session is held for the sole purpose of considering items in compliance with the Ohio Revised Code §121.22 and the Cincinnati Municipal Code.

    b. The executive session is held during a regular or special meeting of the Board or committee of the Board;

    c. The topic of discussion for the executive session is announced to the public in attendance at the meeting;

    d. A majority of Board members or committee members by roll call votes in attendance in the affirmative to conduct business in executive session;

52. Discussions which occur in an executive session shall be recorded according to the Ohio Sunshine Law §121.22 and the Cincinnati Municipal Code.

53. Adoption of any proposed policy, position, resolution, rule, regulation, or formal action will occur at a Board meeting open to the public.

Delegation of Functions

54. The Board may delegate functions which prudent Trustees acting in a like capacity and familiar with those matters could properly delegate under the circumstances (the CRS Rule XIV).

55. The Board shall exercised reasonable care, skill, and caution in:

    a. Selecting a service provider, an agent, or other person to perform duties it delegates;

    b. Establishing the scope and terms of the delegation, consistent with the purposes and terms of the CRS; and

    c. Periodically reviewing the service provider and agent's performance and compliance with the terms of the delegation (the CRS Rule XIV).

56. The Board shall insure every agreement for the retention of a service provider or agent shall prohibit the service provider or agent and the employees and subcontractors of a service provider or agent engaged in providing goods or services to the CRS from directly or indirectly giving, soliciting or receiving, or in any manner being concerned in giving, soliciting or receiving any assessment, subscription, or contribution for any political party in the City of Cincinnati or

Hamilton County or for any candidate for public office in the City of Cincinnati or Hamilton County (the CRS Rule XIV).

57. The Board shall insure every agreement for the retention of an agent shall prohibit the agent from paying any finder's fee or commission based on obtaining the agreement with the CRS to any person other than (i) an employee of the agent, or (ii) a person whose identity and the basis for compensation is disclosed in writing to the CRS prior to entering into the agreement (the CRS Rule XIV).

58. The Board shall insure every agreement for the retention of an agent shall provide that any action arising out of the agreement shall be brought in Hamilton County, Ohio and that the agent shall accept the jurisdiction of the courts in Hamilton County, Ohio (the CRS Rule XIV).

59. The Board shall insure every agreement for the retention of an agent shall clearly obligate the agent to abide by the City of Cincinnati's policies for economic inclusion of small, minority, and women's business firms (the CRS Rules XIV).

60. The Board shall insure every agreement for the retention of an agent shall clearly identify the responsibilities of the agent and state the standards by which the agent's performance shall be evaluated (the CRS Rules XIV).

Policy Review and History

61. The Board will review this policy at least every three years to ensure relevance, applicability, and appropriateness.

62. This policy was adopted by the Board on _____.

The Cincinnati Retirement System
Board Communications Policy

Purpose

The policy is intended to facilitate effective communications between Trustees of the CRS and its participants, management, City officials, and external parties.

Objectives

1. The objectives of the Board Communications Policy are to ensure:

    a. Trustees received pertinent information in a consistent and uniform manner;

    b. Trustees have equal access to information available to the Board;

    c. Communications are efficient and timely; and

    d. Communications are accurate, consistent, and reflect the provisions of the Cincinnati Municipal Code, the CRS Rules, and the views or positions of the Board as a whole.

Principles

2. Trustee communications potentially represent a significant risk to the CRS in areas such as governance, member services, and public relations.

3. The communications policy must balance the need to mitigate risks with the need for open and free discourse.

4. The Board should speak to all constituency groups with a single voice to successfully carry out the communications function for the benefit of all the CRS participants.

5. Trustees who speak for themselves shall clearly establish in their communications they are not speaking for the Board.

Policy Guidelines

6. The Board shall carry out its activities in the spirit of open governance and in accordance with relevant legislation. Notwithstanding this, the Board may conduct certain business in executive (closed) session in accordance with the provisions of the Ohio Sunshine Law §121.22 and the Cincinnati Municipal Code.

7. Trustees will communicate in an open, straightforward, and constructive manner during meetings of the Board and committees.

Communication with the CRS Members

8. In cases when a Trustee receives a general inquiry from a member of the CRS, and the Trustee is certain of the answer, the Trustee may provide such an answer to the member. If the Trustee is uncertain of the answer, the Trustee should refer the member to the appropriate personnel within the CRS.

9. In cases when a member inquiry pertains to personal situations or technical matters, the Trustees will refer the member directly to the Executive Director of the CRS. The Executive Director or designee will advise Trustees when participants' inquiries or issues have been resolved.

Trustee Communication with City Officials and External Parties

10. Communications by Trustees, when acting in their capacity as Trustees, shall be consistent with their fiduciary duty to represent the interests of all the CRS participants.

11. Trustees shall be respectful of the Board, its policies, and its decisions in all external communications, even if he or she disagrees with such.

12. Trustees shall not communicate as spokesperson on behalf of the Board unless authorized to do so in accordance with the paragraph 14 of this policy.

13. When communicating with City officials or external parties on matters pertaining to the CRS, Trustees will indicate if they are communicating as a spokesperson on behalf of the Board or as an individual Trustee speaking for him or herself and not on behalf of the Board.

14. Situations that call for a spokesperson to communicate on behalf of the Board:

    a. The Chair will act as a spokesperson for the Board or designate an alternate;

    b. If time permits, the spokesperson will discuss sensitive, high profile issues with the Board prior to engaging in external communications;

    c. In situations when Board policy concerning an issue has not been established, the Board or an appropriate committee will meet to discuss the issue prior to the spokesperson undertaking any external communications pertaining to the issue.

15. When interviewed, or otherwise approached by the media for information pertaining to the business of the CRS, Trustees will not make unilateral commitments for or communicate on behalf of the Board unless designated as a spokesperson according to paragraph 14.

16. To ensure accuracy of materials prepared by Trustees for publication or general distribution, related to the CRS, and to ensure the CRS is not inadvertently placed at risk, Trustees are encouraged to provide such materials to the Executive Director for review prior to distribution or publication.

Policy Review and History

17. The Board will review the policy at least every three years to ensure it remains relevant and appropriate.

18. The Board adopted the policy on _____.

The Cincinnati Retirement System
Board Education Policy

Purpose and Background

1. The CRS is a trust for the exclusive benefit of its members. The administration of the CRS is subject to strict fiduciary responsibilities under trust law. All of the CRS' operations and activities must be undertaken solely to advance and protect the interests of the members, retirees, and beneficiaries of the CRS. All of the CRS' operations and activities must be conducted in a prudent manner.

2. As fiduciaries of the CRS, Trustees are expected to be capable of completing the duties and responsibilities. The diversity of each individual Trustee's background, while appreciated and valuable, presents a challenge in addressing necessary and recommended continuing professional education opportunities.

3. It is the policy of the CRS all Trustees should have a sound understanding of the issues and problems facing the CRS and the pension and health insurance business generally. The sound understanding is to enable the Trustees to craft policies to guide the administration of the plan and effectively monitor implementation. To that end, each Trustee should be educated sufficiently to discharge the obligations of the position. For these reasons, the CRS adopted an education program policy applicable to Trustees.

Objectives

4. The objectives of the policy are to establish among Trustees a general understanding of the following:

    a. The role of a Trustee and the role of management;

    b. The obligations and role of a fiduciary and the paramount duties of loyalty and prudence;

    c. The business model, including knowledge of what constitutes success for the organization, the driving factors which will determine whether the CRS is successful, and management of the major risks of the business.

    d. Governance principles;

    e. The legal and legislative environment;

    f. Actuarial principles;

    g. Pension plan design and other benefit programs; and

    h. Investment and asset allocation strategies.

Definitions

5. For the purposes of this policy, an *educational session* shall be defined as a conference, seminar, workshop, course or other substantive educational activity on any pension subject matter.

Guidelines

6. Each new Trustee will attend an orientation session developed by the Executive Director or designee, to be held within two months of the Trustee's election or appointment. The orientation session should, at a minimum, include the following:

    a. Briefing by the Executive Director on the history and background of the CRS;

    b. Current issues before the Board;

    c. Tour of the CRS;

    d. Briefing on fiduciary duties, conflict of interest guidelines, the Cincinnati Municipal Code §203, the CRS Rules, and the CRS Governance Manual.

<u>Education Standards</u>

7. At a minimum, in the 12 months of a new Trustee's term on the Board, such Trustee will attend educational sessions sufficient to create a general understanding of the principles outlined in paragraph 4 of this policy. The education of a Trustee may include attendance at conferences and seminars sponsored by the National Conference of Public Employee Retirement Systems, the International Foundation of Employee Benefit Plans, and other programs appropriate to advancing the Trustee's knowledge and skills. The decision to attend conferences shall be at the discretion of each Trustee, who must be mindful of a Trustee's fiduciary obligation to incur only costs that are appropriate and reasonable. A trustee may not be reimbursed for the expenses of attending more than two conferences in a year without prior approval of the Board for the attendance of each additional conference (CRS rule XXI).

8. Within two years of election or appointment, a new Trustee will attend the Pension Fund and Investment Management program presented by the Wharton School of Business at the University of Pennsylvania, the IFEBP's Certificate of Achievement in Public Plan Policy (CAPPP), or NCPERS' Trustee Educational Development Seminar. (A year being defined as 365 days after being sworn in)
9. After the first two years of service on the Board, Trustees are responsible for self-evaluating additional educational needs.

10. Annually, following the first two years of Board service, Trustees will participate in a minimum of 20 hours of pension plan programming in educational sessions.

11. Many conferences are available, unfortunately, not all are valuable. Trustees are encouraged to speak with Trustees who have attended conferences previously regarding the value.

12. Periodically, Trustees may attend non-educational functions. This could include attendance at legislative hearings, organizational meetings, meetings with other pension funds or to review the activities of the CRS investment managers, consultants, and custodian bank. (Expenses incurred by Trustees attending such meetings will be reimbursed under existing guidelines and are not considered part of this policy).

Reimbursement of Expenses

13. Reimbursement of expenses will comply with the City of Cincinnati's Administrative Regulations.

Compliance

14. The willful failure of a Trustee to substantially comply with this education policy will be reviewed by the Board.

Policy Review and History

15. The Board will review the policy at least once every two years to insure relevancy and appropriateness.

16. The Board adopted the policy on _____.

The Cincinnati Retirement System
Board Expense Reimbursement Policy

Purpose and Background

1. The purpose of the policy is to define the guidelines under which Trustees of the CRS will be reimbursed for expenses they incurred in the completion of their duties as Trustees. The policy is designed to insure Trustees will receive appropriate and timely reimbursement.

Authority

2. The Revised Rules of the Board of Trustees of the CRS provided for reimbursement of educational expenses for the trustees. The Rules state Trustees may not be reimbursed for the expenses of attending more than two educational sessions in a year without prior approval of the Board. Reimbursements may not exceed those allowed City employees (Rule XXI).

General Guidelines

3. Individuals serving as Trustees are expected to use prudence, discretion, and good judgment to insure all expenses incurred are authorized, reasonable, and necessary.

4. The CRS will reimburse only expenses that have actually been incurred. The CRS will reimburse based upon the City's per diem rules. Authorized expenses included transportation (air, ground, and private auto), lodging, parking, telephone, laundry, postage, equipment rental, and related gratuities. Expenses that are considered non-reimbursable are expenses for family members or companions, personal entertainment, fees for athletic or exercise facilities, golf or tennis fees, and alcoholic beverages.

5. Reimbursement of Trustee expenses will be allowed for the CRS business only, which includes:

    a. Meetings of the Board and its committees;

    b. Educational sessions, including conferences, workshops, seminars, course, or other substantive educational activities pertaining to pension administration subject matter;

    c. Non-educational functions, where requested or approved by the Board; these functions may include attendance at hearings, organizational meetings, meetings with other public pension funds, or to review the activities of the CRS' investment managers and custodian bank;

d. Subscriptions to business/pension related magazines or newsletters;

e. Any other matter if so approved by the Board.

6. Expenses incurred by a Trustee as a representative of or on behalf of another organization are not reimbursable. Attendance by a Trustee at meetings or organizations which they are a member is not considered the CRS business unless they have specifically been requested to attend by the Board. Attendance by a Trustee at meetings of the CRS members and/or retirees with the intent to solicit support for election to the Board of Trustees is not a valid business expense.

7. Outside North America travel by a Trustee must be approved in advance by the Board. No more than two Trustees per trip will be allowed.

8. Reimbursement of expenses incurred by Trustees will be determined by the guidelines established in the policy, and where applicable, the terms prescribed in the Board Education Policy.

9. Expenses that do not meet the guidelines of this policy or the Board Education Policy will be reviewed and approved or denied by the Board Chair. In the case of the Chair's expenses, exceptions will be reviewed by the Vice-Chair of the Board.

Statement of Travel Expense Report

10. The Statement of Travel Expense Report Form is to be used for reporting expenditures incurred by Trustees on the CRS business obtaining reimbursement, and complying with federal tax requirements.

11. IRS regulations require the Expenses Report be sufficiently complete to show the business purpose of the expenses incurred.

12. A completed Statement of Travel Expense Report with supporting receipts should be submitted to the Executive Director. Attaching receipts do not alter the necessity of providing the date, location, business purpose, and business relationship of persons included in the Report.

Policy Review and History

13. The Board will review this policy at least once every three years to ensure it remains relevant and appropriate.

14. The Board adopted the policy on _____.