

# City of Cincinnati

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## An Ordinance No. 255

- 2010

AMENDING Article XV, "Retirement System," of the Administrative Code of the City of Cincinnati to change the composition and terms of the Board of Trustees of the Cincinnati Retirement System, to allow for compensation of the trustees, and to require the City to carry liability insurance for system administration, by amending Section 1, "Board of Trustees," Section 2, "Compensation; Oath of Office," Section 3, "Organization of the Board," and Section 10, "Administrative Services and Activities."

WHEREAS, the Cincinnati Retirement System is the only retirement system in the state that awards a significant percentage of its votes to elected officials and high-ranking members of the administration; and

WHEREAS, the Cincinnati Retirement System is the only retirement system without an expertise requirement for its members; and

WHEREAS, there is no requirement that any member of the Board be independent of the stakeholders; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That Section 1 of Article XV of the Administrative Code is hereby amended as follows:

### Section 1. Board of Trustees

The general administration and responsibility for the proper operation of the retirement system shall be vested in a board of trustees \*\*1\*\*.

- a) The board of trustees shall consist of eleven members:
  - i. Six members with qualifications specified in subsection (b) shall be appointed by the Mayor with the advice and consent of Council.
  - ii. Four members, who may be members of the system, shall be selected by active members.
  - iii. One member, who may be a member of the system, shall be selected by retired members.

- b) The Mayor shall appoint a nominating committee to recruit and recommend candidates for appointment to the board. The appointed members of the board shall have the following qualifications:
- i. Baccalaureate degree from an accredited college or university in finance, economics, business or other field of study involving financial management.
  - ii. A minimum of ten years experience in pension administration, pension actuarial practice, institutional investment management, employee benefits/investment law, banking, asset/liability management for an insurance company, or university or college professor with a focus on fiduciary or trust fund law or a quantitative background in financial theory or actuarial math. The member shall also possess high levels of expertise and experience with the administration of public and/or private defined benefit plans.
  - iii. The appointed member shall not be a current or former City employee; a current or former elected or appointed City official; a participant, retiree, or beneficiary in the retirement system; a representative from any union representing City employees; or an immediate relative or spouse of a City employee or City retiree.
  - iv. The appointed member shall not have any business, personal, or family interests related to the City or the retirement system that would constitute a conflict of interest, or that would create the appearance of a conflict of interest, with the duties of a trustee.
  - v. Residency shall not be considered as a qualification for a member.
- c) Board members shall serve four-year terms, except that when the Mayor makes initial appointments to the board under this chapter, the Mayor shall appoint two members to serve four-year terms, two members to serve three-year terms, and two members to serve two-year terms.
- d) Each board member may serve up to three four-year terms.
- e) Each board member shall hold office from the first date of the term until the end of the term for which the member was appointed. Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of the unexpired term. Any member shall continue in office after the expiration date of the member's term until the member's successor takes office, or until a period of thirty days has elapsed, whichever occurs first. A vacancy on the board shall be filled in the same manner as the original appointment; however, if the vacancy is not filled within thirty days, the board members may appoint a member to complete the unexpired term.

- f) An entity authorized to appoint under subsection (a) shall remove its appointee from the board for any act of misconduct involving the trustee's duties, including breach of fiduciary duty and failure to properly discharge the duties of the trustee, to the extent permitted by state law.
- g) The board shall hold one regular meeting each month and shall convene other meetings at the request of the chairperson or a majority of the members. A member who fails to attend at least three-fifths of the regular and special meetings of the board during any two-year period forfeits membership on the board.
- h) The manager of the retirement system shall serve as secretary of the board.
- i) The board shall report to Council quarterly on the following issues:
  - i. Success at meeting the investment and funding objectives.
  - ii. Investment performance and attribution.
  - iii. Compliance with conflict of interest and ethics policies.
  - iv. Compliance with benefit delivery policies.
  - v. Results of external and internal audit findings and follow-up efforts.
  - vi. Board member attendance, travel, and educational efforts.

Section 2. That prior Section 1 of Article XV of the Administrative Code is hereby repealed.

Section 3. That Section 2 of Article XV of the Administrative Code is hereby amended as follows:

**Section 2. Compensation; Oath of Office**

The trustees shall ~~\*\*2\*\*~~ be compensated for their service to the board in an amount to be determined by Council. Each elected trustee shall take an oath of office within 10 days after election to membership.

Section 4. That prior Section 2 of Article XV of the Administrative Code is hereby repealed.

Section 5. That Section 3 of Article XV of the Administrative Code is hereby amended as follows:

**Section 3. Organization of the Board**

The board shall elect from its membership a chairman and vice-chairman. **\*\*3\*\***  
At least seven board members shall be present for the board to meet. The  
concurring votes of **\*\*4\*\*** six trustees shall be necessary for any decision by the  
board.

Section 6. That prior Section 3 of Article XV of the Administrative Code is hereby  
repealed.

Section 7. That Section 10 of Article XV of the Administrative Code is hereby amended  
as follows:

**Section 10. Administrative Services **\*\*5\*\*****

**\*\*6\*\*** The City Solicitor shall serve the board as legal counsel and attorney, and  
shall represent the board in all proceedings in court. Salaries of personnel and  
other expenses involved in administering the functions of the retirement system  
shall be reimbursed to the **\*\*7\*\*** appropriate department by the retirement system.

**\*\*8\*\*** The City shall carry a Public Entity Fiduciary Liability Policy that covers  
claims made by employees alleging financial loss due to mismanagement of funds  
to protect against the potential liability of the trustees, the employer, and  
fiduciaries and professional administrators with respect to error and omissions in  
the administration of employee benefit programs.

Section 8. That prior Section 10 of Article XV of the Administrative Code is hereby  
repealed.

Section 9. That this ordinance shall take effect and be in force on October 1, 2010.

Passed: June 30, 2010

Attest: Melissa Astrey  
Clerk

[Signature]  
Mayor

New language underscored. Language deleted is indicated by asterisk as follows:

**\*\*1\*\*** consisting of the mayor, the chairman of the finance committee of council, or, if the  
mayor is chairman of the finance committee of council, another member of council selected by

I HEREBY CERTIFY THAT ORDINANCE NO. 255-2010  
4 WAS PUBLISHED IN THE CITY BULLETIN  
IN ACCORDANCE WITH THE CHARTER ON 7-13-2010  
Melissa Astrey  
CLERK OF COUNCIL

it, the city manager, the finance director, and a member of the civil service commission, ex officio; four trustees to be elected by the members from their own number, under rules and regulations adopted by the board to govern such elections, and who, with regard to such trustees elected or appointed on or after January 1, 2008, shall be eligible to remain in the trustee capacity for as long as he or she is a current contributing member of the retirement system; a trustee who is a former contributing member of the retirement system who is presently receiving a service retirement allowance or a disability allowance who shall be elected by the persons who are receiving retirement allowances, optional allowances or survivor benefits from the system, under rules and regulations adopted by the board to govern such elections; and a citizen trustee to be appointed by the board with the consent of council. The elected member trustees shall be chosen for terms of four years, one in each year. The retired trustee shall be elected for a term of two years; and the citizen trustee shall be appointed for a term of two years. The ex officio members may appoint a representative by proxy to attend, participate, and vote on all issues of the city retirement system when such trustees find it impossible to attend any board meeting; designee to remain constant. Any vacancy in the office of elected trustees shall be filled initially by a member or former member of the retirement system, who is eligible for the position according to the terms above, appointed by the remaining elected members of the board. The person so appointed shall serve until the first day of August following the appointment. The balance of said term, if any, shall be filled by an eligible person chosen by members from their own number, or in the case of the retired trustee from persons receiving retirement allowances, optional allowances, or survivor benefits. Any vacancy in the office of citizen trustee shall be filled by a person appointed by the board with the consent of council for the unexpired term. No person employed by the retirement system shall be eligible to serve as a trustee thereof

**\*\*2\*\*** serve without compensation

**\*\*3\*\*** The director of finance shall be secretary, ex officio, of the board and shall serve without compensation.

**\*\*4\*\*** six

**\*\*5\*\*** and Activities

**\*\*6\*\*** The services and activities necessary for the administration of the retirement system shall be provided by the department of finance under the direction and supervision of the director of finance as secretary of the retirement system.

**\*\*7\*\*** department of finance

**\*\*8\*\*** The trustees of the retirement system shall not be held personally liable for the acts or omissions of personnel in the department of finance in carrying out the administrative functions of the retirement system.