



## **City of Cincinnati Retirement System Board of Trustees Meeting**

### **Agenda**

**December 4, 2025 / 2:00 P.M.  
City Hall, Council Chambers and via Zoom**

#### **Members**

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

#### **CRS Staff**

Jon Salstrom

#### **Law**

Kevin Frank

#### **Call to Order**

#### **Public Comment**

#### **Approval of Minutes**

- November 6, 2025 (2-4)

#### **Report on Benefits & Investment Committee**

##### **Informational – Staff Report**

- Marquette Investment Report (5-7)
- Staff Update
- S&P and Moody's Bond Rating Report
- Fiduciary Audit Recommendations Update (20-22)

#### **Old Business**

#### **New Business**

- CEM Pension Administration Benchmarking Presentation (23-48)
- 2026 Budget Review (49-60)
- Board and Committee 2026 Schedule

#### **Adjournment**

**Next Meeting:** Thursday, January 8, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom



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**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
November 6, 2025 / 2:00 P.M.  
City Hall – Council Chambers and remote**

**Board Members**

Bill Moller, Chair  
Tom Gamel, Co-Chair  
Kathy Rahtz  
Mark Menkhaus Jr.  
Monica Morton  
Seth Walsh  
Aliya Riddle  
Sonya Morris  
Tom West

**Administration**

Jon Salstrom

**Law**

Kevin Frank

**CALL TO ORDER**

Chair Moller called the meeting to order at 2:07 p.m. and a roll call of attendance was taken. Trustees Moller, Rahtz, Menkhaus, Morton, Riddle, Morris, and West were present. Trustees Gamel and Walsh were absent.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Trustee Rahtz moved to approve the minutes of the Board meeting of October 2, 2025. The motion was seconded by Trustee Morris. The minutes were approved by unanimous roll call vote.

**Report on Investment Committee**

Trustee Morris: There was one motion to approve the Marquette quarterly investment report. Since the motion came from the committee, no second was required. The motion was approved by unanimous roll call vote.

**Executive Session**

Chair Moller moved to enter Executive Session pursuant to the Ohio Revised 121.22(G) and Municipal Code Section 121-7 to conference with our attorneys, concerning disputes that are subject to pending or imminent court action. The was motion was seconded by Trustee Rahtz and approved by unanimous roll call vote.

### **Budget Amendment**

Chair Moller moved to amend the fiscal year 2025 operating budget, as recommended by staff, to reflect updated expenditures and revenues necessary for continued effective administration and safeguarding of the system. The amendment authorizes the Executive Director to implement the revised budget and make any related administrative adjustments consistent with the Board's approval. The motion was seconded by Trustee Rahtz and approved by unanimous roll call vote.

### **Informational – Staff Report**

#### **Marquette Investment Report**

At the Investment Committee meeting, the report showed that year-to-date performance is 10.9%, slightly below the 11.2% benchmark. The 1-year return is 10.3%, marginally outperforming the 10.2% benchmark. Overall, performance is very close to benchmarks, with a slight lead on a 1-year basis.

#### **Index Transfer Update**

Most of the transition has been completed. The U.S. index transitions were completed first. The ACWI ex U.S. transition took additional time but is now largely finished. Approximately \$100,000 in the foreign accounts still needs to settle. All other transition activity is complete.

#### **Staff Update**

Interviews are in progress for the Administrative Specialist position. The Investment Analyst position is close to being posted.

#### **Open Enrollment Update**

Currently in progress with no issues reported. Finalizing details with EyeMed, and no issues are anticipated there either.

#### **CEM Benchmarking Update**

CEM will attend in December to present the operations portion of their update, and in January/February to present the investment portion.

#### **Fiduciary Audit Recommendations Update**

No updates at this time. A few items will be completed once CEM Benchmarking results are received.

### **Old Business**

No Old Business to discuss.

### **New Business**

No New Business to discuss.

### **Adjournment**

Following a motion to adjourn by Trustee Morris and seconded by Trustee Rahtz. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:37 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-11-6-25>

**Next Meeting:** Thursday, December 4, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

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Secretary

DRAFT



# Cincinnati Retirement

## Monthly Report

Executive Summary  
October 31, 2025



## Total Fund Composite

6  
Monthly Report  
As of October 31, 2025

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month
<b>Total Fund Composite</b>						
Fixed Income Composite	522,152,435	20.8	22.5	564,647,242	-42,494,807	Beginning Market Value 2,511,128,042
Private Debt Composite	145,711,020	5.8	6.5	163,120,314	-17,409,294	Net Cash Flow -24,946,752
U.S. Equity Composite	670,001,011	26.7	28.5	715,219,840	-45,218,829	Gain/Loss 23,362,007
Non-U.S. Equity Composite	409,284,460	16.3	16.0	401,526,928	7,757,532	Ending Market Value 2,509,543,297
Volatility Risk Premium Composite	60,449,092	2.4	2.5	62,738,582	-2,289,490	
Real Estate Composite	149,555,354	6.0	6.0	150,572,598	-1,017,243	
Infrastructure Composite	254,978,758	10.2	10.0	250,954,330	4,024,428	
Private Equity Composite	282,819,020	11.3	8.0	200,763,464	82,055,556	
<b>Total Fund Composite</b>	<b>2,509,543,297</b>	<b>100.0</b>	<b>100.0</b>	<b>2,509,543,297</b>		

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
<b>Total Fund Composite</b>	<b>0.9</b>	<b>4.8</b>	<b>12.1</b>	<b>13.3</b>	<b>15.6</b>	<b>12.1</b>	<b>10.8</b>	<b>9.1</b>	<b>8.4</b>	<b>8.9</b>	<b>Jun 85</b>
Target Benchmark	1.1	4.8	12.4	13.2	15.9	12.0	9.8	9.1	8.5	-	
Actuarial Rate 7.5%	0.6	1.8	6.2	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
<b>Fixed Income Composite</b>	<b>0.6</b>	<b>2.9</b>	<b>7.7</b>	<b>7.1</b>	<b>9.3</b>	<b>6.6</b>	<b>1.6</b>	<b>3.2</b>	<b>3.2</b>	<b>5.1</b>	<b>Dec 95</b>
Blmbg. U.S. Aggregate Index	0.6	2.9	6.8	6.2	8.3	5.6	-0.2	2.3	1.9	4.3	
<b>Private Debt Composite</b>	<b>0.0</b>	<b>0.1</b>	<b>3.3</b>	<b>5.7</b>	<b>8.2</b>	<b>10.0</b>	<b>5.3</b>	<b>-</b>	<b>-</b>	<b>5.2</b>	<b>Oct 20</b>
Blmbg. U.S. Aggregate Index	0.6	2.9	6.8	6.2	8.3	5.6	-0.2	2.3	1.9	-0.3	
MSCI Private Capital Global Private Debt	0.0	0.0	5.5	6.1	8.0	8.7	9.6	7.7	7.8	9.5	
<b>U.S. Equity Composite</b>	<b>1.9</b>	<b>8.2</b>	<b>16.2</b>	<b>19.5</b>	<b>27.9</b>	<b>19.6</b>	<b>17.9</b>	<b>13.8</b>	<b>12.7</b>	<b>10.0</b>	<b>Mar 89</b>
Russell 3000 Index	2.1	8.1	16.8	20.8	29.1	21.8	16.7	15.3	14.1	11.2	
<b>Non-U.S. Equity Composite</b>	<b>1.6</b>	<b>9.0</b>	<b>28.3</b>	<b>25.1</b>	<b>24.3</b>	<b>20.3</b>	<b>12.1</b>	<b>8.8</b>	<b>7.6</b>	<b>6.4</b>	<b>Jun 93</b>
MSCI AC World ex USA (Net)	2.0	9.4	28.6	24.9	24.6	20.3	11.2	9.1	7.7	-	
<b>Volatility Risk Premium Composite</b>	<b>1.7</b>	<b>5.5</b>	<b>9.3</b>	<b>11.9</b>	<b>13.8</b>	<b>12.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.6</b>	<b>Feb 22</b>
Cboe S&P 500 PutWrite Index	2.2	5.6	6.4	11.2	14.5	13.6	12.4	8.4	7.7	8.5	
<b>Real Estate Composite</b>	<b>0.1</b>	<b>1.4</b>	<b>3.3</b>	<b>4.4</b>	<b>-0.9</b>	<b>-4.2</b>	<b>3.9</b>	<b>3.9</b>	<b>5.4</b>	<b>4.8</b>	<b>Sep 07</b>
NFI-ODCE	0.0	0.3	2.2	2.8	-1.8	-5.6	2.5	2.5	4.0	3.7	
NCREIF Property Index	0.0	1.2	3.7	4.6	0.5	-2.6	3.8	3.9	5.0	5.5	
<b>Infrastructure Composite</b>	<b>-0.2</b>	<b>2.1</b>	<b>6.9</b>	<b>9.6</b>	<b>8.9</b>	<b>9.3</b>	<b>9.3</b>	<b>8.9</b>	<b>7.2</b>	<b>8.4</b>	<b>Sep 08</b>
3 Month T-Bill +4%	0.7	2.1	7.0	8.5	9.1	9.0	7.2	6.8	6.2	5.4	
<b>Private Equity Composite</b>	<b>0.0</b>	<b>1.0</b>	<b>5.3</b>	<b>7.4</b>	<b>8.0</b>	<b>7.1</b>	<b>13.4</b>	<b>12.4</b>	<b>12.4</b>	<b>8.8</b>	<b>Aug 93</b>
MSCI Private Capital Global All Private Equity	0.0	0.0	6.1	7.0	7.5	6.1	12.4	13.2	13.7	14.9	

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## Research Update:

# Cincinnati Series 2025A GO Bonds And 2025A-C Economic Development Revenue Bonds Rated 'AA'; Outlook Stable

October 30, 2025

## Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the City of [Cincinnati](#), Ohio's \$37.925 million series 2025A unlimited-tax various purpose general obligation (GO) improvement bonds, \$3.17 million series 2025A nontax economic development revenue bonds, \$24.25 million series 2025B nontax economic development revenue bonds, and \$40 million series 2025C nontax economic development revenue bonds.
- At the same time, we affirmed our 'AA' long-term rating on Cincinnati's GO debt and nontax-revenue bonds outstanding.
- The outlook is stable.

## Rationale

### Security

Cincinnati's full faith credit and resources and an agreement to levy ad valorem property taxes without limit as to rate or amount secure the bonds. As per the city's charter, the levy used to support the debt service is not subject to the state's 10-mill limitation.

GO bond proceeds are expected to finance various projects under the city's capital improvement plan (CIP).

Cincinnati's nontax revenue bonds are special obligations secured by certain nontax revenue of the city. Nontax revenue includes no ad valorem tax revenue and is only a portion of general fund revenue. However, bond documents do not prohibit the city from using other revenue to pay debt service.

We rate the nontax revenue bonds at the same level as our view of the city's general creditworthiness because there is no limit on the fungibility of resources available for debt

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service and because Cincinnati's ability to pay the obligations is closely tied to its operations, as reflected in its general creditworthiness.

The series A nontax revenue bond proceeds will fund renovations to complete the city's Over the Rhine Health Center. The series B nontax revenue bond proceeds will fund the construction of Cincinnati's Findlay Community Center. The series C nontax revenue bond proceeds will support the construction of a hotel adjacent to the city's new convention center, currently slated to open in January 2026. Cincinnati is contributing only a portion toward the estimated \$536 million construction project and plans to utilize municipal income tax revenue to repay debt service on the bonds. The city expects to be reimbursed for debt service from hotel tax revenue pursuant to an agreement with the developer.

## Credit highlights

The 'AA' rating reflects Cincinnati's role as the driving economic force for the southwest Ohio-northern Kentucky region, and strong financial operations and robust reserve and liquidity position that will continue, guided by a sophisticated management team with well-established long-term planning and financial management policies and practices. Cincinnati emerged from the most recent recession better than anticipated and is seeing significant and ongoing economic expansions that will further boost economic growth and stability. Management's ongoing efforts to attract new private business investment, retain employers, and redevelop key commercial areas provide some insulation from weakening economic conditions across the country (for more information, see: "[Economic Outlook U.S. Q4 2025: Below-Trend Growth Persists Amid A Swirl Of Policy Shifts](#)," Sept. 23, 2025). Below-average income levels and the city's large debt burden and pension liability remain constraining credit factors.

Cincinnati is in the southwest portion of Ohio and covers 77 square miles, serves a population of about 310,000 that exhibited a 4.5% increase in 10 years, and is part of the Ohio-Kentucky-Indiana metropolitan statistical area (MSA). The city is home to several Fortune 500 companies and has a large, robust, and diverse employment base. It has a diversified employment sector that includes health care, higher education, financial services, and government.

With the approved \$1.6 billion sale of its railroad, closed in March 2024, Cincinnati will have additional flexibility to cash-fund projects alleviating its debt burden. Proceeds are held in trust and interest earnings are transferred to the city. Cincinnati is expected to generate \$56 million annually from interest earnings (assuming a 5.5% rate of return, with 3.5% for funding infrastructure and 2.0% added to the corpus), which will provide additional flexibility for existing infrastructure funding. Fluctuations in interest rates will introduce some volatility into this additional revenue source. However, given strong fiscal oversight, we believe management will adjust its assumptions and budget as needed to avoid any shortfalls.

For more information on our view of Ohio cities, please see "[U.S. Local Governments Credit Brief: Ohio Counties And Municipalities Means And Medians](#)," Sept. 10, 2025.

The rating also reflects our view of the following:

- Cincinnati remains the anchor for a broad and diverse MSA that's supporting exceptionally high economic output based on gross county product per capita of 153% (which is among the highest in the nation). The city and MSA have seen significant new development in recent years and assessed value (AV) increased 23.3% in 2024. We expect AV will continue rising at a steady pace, considering new developments are in the pipeline. Regionally, there is more than \$5.8 billion in construction activity, with another \$5.3 billion in proposed projects. Cincinnati's employment base is very diverse and stable, consisting mainly of finance and insurance,

professional and business, manufacturing, and health care and education. Incomes, with median household effective buying income (EBI) and per capita EBI as a percentage of the state and nation, are below average and considered a rating limitation.

- We view management as exceptionally strong, providing a foundation for near- and long-term financial stability. The city recently hired a new finance director following the retirement of its longstanding director. The new hire expects to maintain its practices of well-founded revenue and expenditure assumptions, and robust long-term financial and capital planning. Cincinnati maintains a formal investment policy and management that provides a quarterly report depicting the holdings and performance of those investments, as well as a comprehensive policy for issuing and managing city debt. The policy sets various ratio targets including amortization, debt to property valuation, debt service to total governmental fund revenue, and cash funding of the capital plan. The city's stabilization funds policy requires minimum contingent reserves of two months of general fund revenue (16.7%) on a cash basis.
- The city has significant financial flexibility, with fiscal 2025 available reserves estimated at \$226 million or 38.6% of general fund revenue, and additional support for capital afforded by a \$1.6 billion infusion of railroad proceeds realized in fiscal 2024. Cincinnati's operations are funded primarily by income tax, levied at 1.8%, producing 64.7% of general fund revenue, followed by a combination of property taxes (8.4%), charges for services (7.6%), and other intergovernmental revenue, taxes, and fees. In fiscal 2025 (ended June 30), the city is expected to achieve another operating surplus (prior to transfers) of \$53.9 million, based on unaudited results, attributable to strong income and property tax growth and lower expenditures. We expect reserves will fall modestly, by approximately \$11.8 million given transfers for one-time capital. Property tax millage increased to the maximum 6.1 mills in 2024 and generated an additional \$5 million that year, with a further \$14.6 million after its triennial reappraisal. About \$280 million in American Rescue Plan Act (ARPA) funds provided significant financial flexibility (revenue replacement and public safety) and this will continue through the fiscal 2025 budget. We believe that ARPA funds obscured recent operating results and contributed to unusually very strong net results that ranged 5%-15% (2019-2022).
- The city's large debt, pension, and other postemployment benefit liabilities remain a credit weakness and rating limitation, in our opinion. Following collective 2025 issuance, net of self-support debt, direct debt will total \$776 million. Debt service costs are manageable on both a per-capita and percentage of budget basis but are overshadowed by the city's large unfunded pension that we do not believe is sufficiently addressed despite ongoing plans to do so. Cincinnati is the only city within Ohio that maintains its own single-employer, defined-plan pension plan (Cincinnati Retirement System), which has historically been underfunded, with only 50% of the actuarially determined contribution annually funded. Its net pension liability totaled \$913 million in 2024; it is funded at 65.5%. We believe the increasing costs and certain assumptions, in particular the system's 7.5% discount rate, are a credit concern because they could lead to future budget stress. The city also participates in two statewide cost-sharing plans. For more information on these plans, see: "[Pension Spotlight: Ohio](#)," Aug. 26, 2025.
- For information on our institutional framework assessment for Ohio municipalities, see: "[Institutional Framework Assessment: Ohio Local Governments](#)," Sept. 10, 2024.

## Environmental, social, and governance

We believe that social and governance factors are credit neutral within our rating analysis. We also believe that Cincinnati's environmental factors are elevated compared with those of peers, given the city's location along the Ohio River, which is prone to flooding. That said, most of

Cincinnati sits outside the flood plain, so we believe the risk will be manageable from a budget standpoint. In our view, governance factors are neutral within our analysis.

The city endured significant flooding along the Ohio river in April 2025. However, Cincinnati did not face outsized financial effects from the flood.

## Outlook

The stable outlook reflects our view that, given Cincinnati's proactive fiscal management and demonstrated ability to plan and adjust its budget during economic downturns, the city will maintain a very strong financial position.

### Downside scenario

We could lower the rating if reserves decrease to a level that we believe is no longer commensurate with that of similarly rated peers. We could also lower the rating if the city's pension funding discipline leads to material weakening in its funding status.

### Upside scenario

In the longer term, if Cincinnati improves its pension funding discipline and liability, with all other rating factors remaining constant, we could raise the rating.

### Cincinnati, Ohio--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.15
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	4.75

### Cincinnati, Ohio--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	153	--	153	154
County PCPI % of U.S.	108	--	108	108
Market value (\$000s)	23,522,603	19,078,337	19,379,317	19,005,897
Market value per capita (\$)	75,855	61,523	62,519	61,489
Top 10 taxpayers % of taxable value	11.8	13.5	14.0	13.1
County unemployment rate (%)	4.1	4.1	3.4	3.6
Local median household EBI % of U.S.	70	70	72	70
Local per capita EBI % of U.S.	91	91	96	93
Local population	310,101	310,101	309,976	309,092
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	548,854	484,901	453,901
Operating fund expenditures (\$000s)	--	463,776	383,221	364,376

**Cincinnati, Ohio--key credit metrics**

	Most recent	2024	2023	2022
Net transfers and other adjustments (\$000s)	--	(29,484)	(137,989)	(23,011)
Operating result (\$000s)	--	55,594	(36,309)	66,514
Operating result % of revenues	--	10.1	(7.5)	14.7
Operating result three-year average %	--	5.8	6.0	10.2
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	43.4	37.6	48.2
Available reserves (\$000s)	--	237,946	182,409	218,898
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	8.3	11.6	9.4
Net direct debt per capita (\$)	2,502	2,011	2,132	2,365
Net direct debt (\$000s)	711,800	623,524	660,928	731,052
Direct debt 10-year amortization (%)	72	72	--	--
Pension and OPEB cost % of revenues	--	8.0	9.0	8.0
NPLs per capita (\$)	--	5,134	6,425	5,446
Combined NPLs (\$000s)	--	1,592,174	1,991,519	1,683,447

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

**Ratings List****New Issue Ratings**

US\$24.25 mil econ dev rev bnds ser 2025B due 11/01/2045

Long Term Rating AA/Stable

US\$3.17 mil econ dev rev bnds ser 2025A due 11/01/2045

Long Term Rating AA/Stable

US\$37.925 mil unlttd tax various purp GO imp bnds ser 2025A due 12/01/2045

Long Term Rating AA/Stable

US\$40.000 mil econ dev rev bnds ser 2025C due 11/01/2045

Long Term Rating AA/Stable

**Ratings Affirmed****Local Government**

Cincinnati, OH Non-Tax Revenues AA/Stable

Cincinnati, OH Unlimited Tax General Obligation AA/Stable

Cincinnati, OH Unlimited Tax General Obligation and Income Tax AA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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# MOODY'S

## RATINGS

### Rating Action: Moody's Ratings assigns Aa2 and Aa3 to Cincinnati OH's GO and NTR bonds

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30 Oct 2025

New York, October 30, 2025 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to City of Cincinnati, OH's Unlimited Tax Various Purpose General Obligation Improvement Bonds, Series 2025A expected to be issued with an estimated par amount of \$38 million and Aa3 to the city's Economic Development Revenue Bonds, Series 2025A (OTR Health Center Project), Economic Development Revenue Bonds, Series 2025B (Findlay Community Center Project), and Economic Development Revenue Bonds, Series 2025C (Convention Center Hotel Project) (Federally Taxable) with expected par amounts of \$3.2 million, \$24.3 million and \$40 million, respectively. We maintain the city's outstanding Aa2 and Aa3 ratings. The outlook is stable.

#### RATINGS RATIONALE

The Aa2 issuer rating incorporates the city's substantial local economy that serves as the regional economic center of southwest Ohio and strong financial operations that are expected to remain stable in fiscal 2026. Recent financial performance has been supported by increasing income tax receipts, the city's primary revenue source, and management's track record of outperforming budgeted figures.

For fiscal 2025 (year-end June 30), revenue performed well at nearly 10% above prior year figures, resulting in a general fund surplus after transfers of \$42 million. Net income tax receipts have grown by 8% since 2022, inclusive of a 2% increase in 2025. The city has a solid available fund balance ratio of about 33%, though this figure is lower than similarly rated entities. The city also benefits from a \$1.8 billion of cash in trust (roughly 140% of revenue), which makes an annual contribution toward the maintenance of the city's capital stock. The city's primary credit challenge is high long-term liabilities ratio at over 300% at the close of fiscal 2024.

The Aa2 GOULT rating is at the same level as the issuer rating because the bonds benefit from the city's pledge of its full faith and credit and the authorization to levy a property tax unlimited as to rate or amount to pay debt service.

The non-tax revenue debt is rated Aa3, one notch below the issuer rating because of the relatively limited revenue pledge that primarily includes fines, forfeitures and penalties, and licenses and permit fees.

#### RATING OUTLOOK

The outlook on the city is stable because the city will continue to benefit from a growing local economy and increasing pension contributions and because we expect cash and fund balance to remain near current levels supported by the city's broad revenue base.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Reduction of long-term liabilities ratio closer to 200%
- Economic growth that boosts the resident income ratio closer to 80% or full value per capita closer to \$100,000

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Growth in long-term liabilities ratio above 450%
- Weakening of available fund balance ratio to below 25%

## PROFILE

Cincinnati is the economic engine of southwest Ohio. The city is the county seat of Hamilton County (Aa2 stable) and serves over 300,000 residents. The city provides a broad array of services including public safety, parks and recreation, transportation, community development and various utilities.

## METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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## Funston Performance Audit - Summary of Recommendations

## Assignment

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
1. Legal and Regulatory		Status								
1.1	Improve definition and clarity of roles and authorities of:									
	<ul style="list-style-type: none"><li>The Board of trustees</li></ul>	Completed	X	X						
	<ul style="list-style-type: none"><li>Board chair</li></ul>	Completed	X	X						
	<ul style="list-style-type: none"><li>Individual trustees</li></ul>	Completed	X	X						
	<ul style="list-style-type: none"><li>City Council and Mayor</li></ul>	Completed								
	<ul style="list-style-type: none"><li>City Manager and City Finance Director</li></ul>	Completed								
	<ul style="list-style-type: none"><li>CRS Director</li></ul>	Completed								
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.	Completed	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.	Reveiwed	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.	Completed	X	X						
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"><li>Trustee personal financial disclosures</li></ul>	Completed	X							
	<ul style="list-style-type: none"><li>Board self-evaluation / Board education policy</li></ul>	Completed	X							
	<ul style="list-style-type: none"><li>Funding</li></ul>	Initiated								
	<ul style="list-style-type: none"><li>Separate investment policy statement for the 115 trust fund that is tailored to its liabilities</li></ul>	Completed	X							
	<ul style="list-style-type: none"><li>Strategic planning, in coordination with the City</li></ul>	Completed	X							
	<ul style="list-style-type: none"><li>Collection of claims in securities class actions</li></ul>	Completed	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
• Succession planning, in cooperation with relevant City appointing authorities	Completed		X							
• Business continuity and resumption	Completed		X							
• Independent governance and benchmarking reviews	Completed		X							
• External communications by Board members	Completed	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	Completed	X								
2.3 Reduce the size of each committee to three or five members to better utilize trustee time.	Completed	X								
2.4 Adopt a consent agenda for approval of routine business and reports.	Completed	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.	Completed	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.	Completed	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.	Completed	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.	Reviewed		X	X						
<b>3. Investment Program and Operations</b>										
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.	Completed	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						
<b>4. Pension Operations</b>										
4.1 Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.	Completed		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.	Completed			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.	Completed	X		X						

### 5. Administrative Operations

		<u>Board</u>	<u>Board, Adm.</u>	<u>Priority</u>	<u>Board</u>	<u>Goverance</u>	<u>IC</u>	<u>Staff</u>	<u>Performance evaluation</u>	<u>Audit</u>
5.1	Develop succession planning and implement a cross training program for staff to minimize key person risk and enhance staff development.	Completed	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.	Completed	X	X						
5.3	Develop a long-term IT plan that identifies future needs.	Completed	X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.	Completed	X	X						
5.5	Update the documented disaster recovery plan.	Completed	X	X						

### 6. Compliance

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





# Investment and Pension Administration Benchmarking

## CEM Benchmarking Seeks to Meaningfully Improve Lives of Pensioners Globally with \$14 Trillion in AUM

Leading to  
Actionable Insight



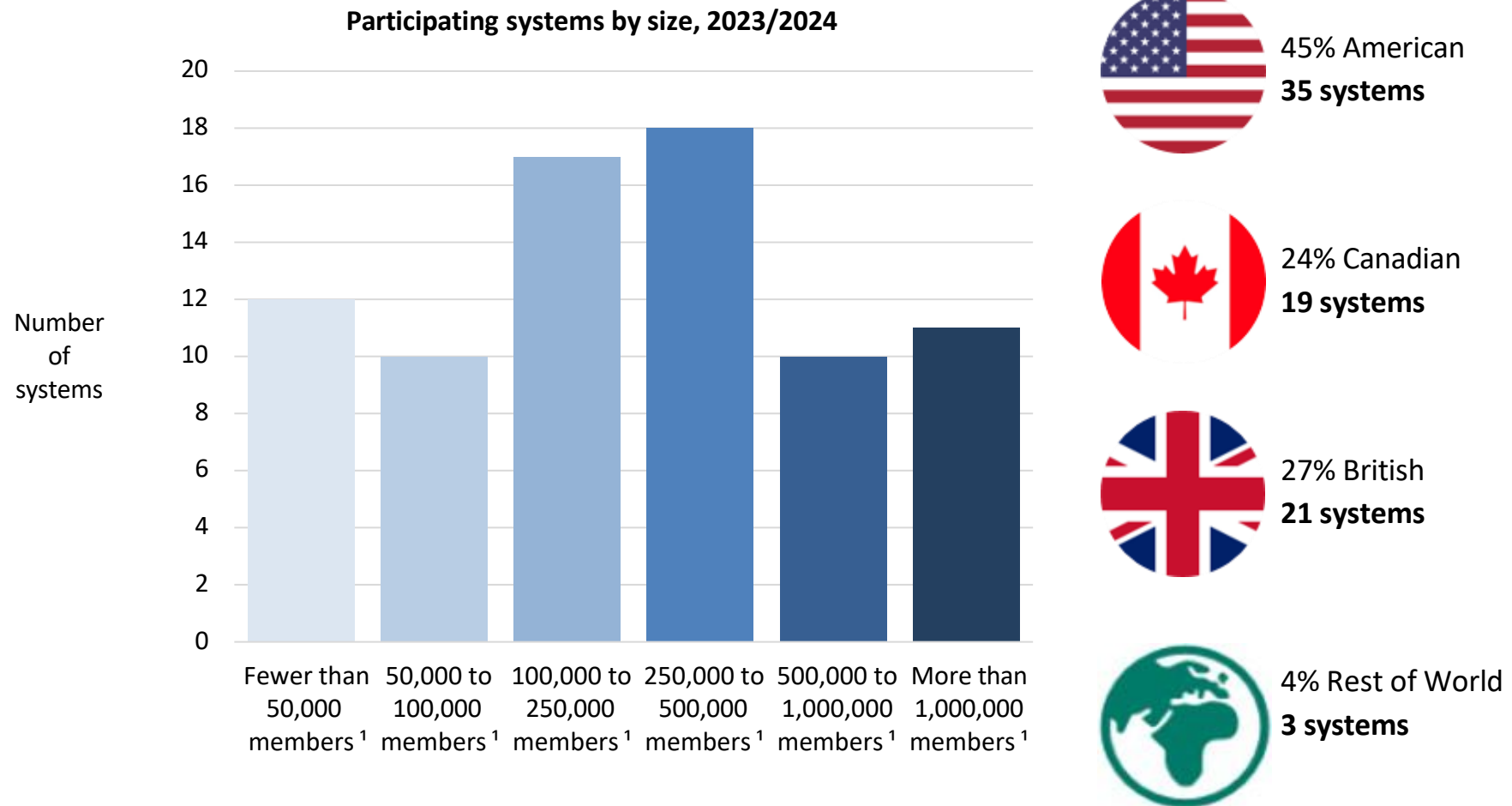
- 33 Years
- 20+ Countries
- 500 Institutional Investors
- 150 Of The World's Top 300 Funds
- 12K Manager Mandates
- 50M Members And Pensioners





# Pension Administration Evaluation

Insights are based on the 78 global pension systems that participate in the benchmarking subscription.



UK systems complete a different benchmarking survey. Their data is not included in this report.

1. Members is equal to the number of active members and annuitants.

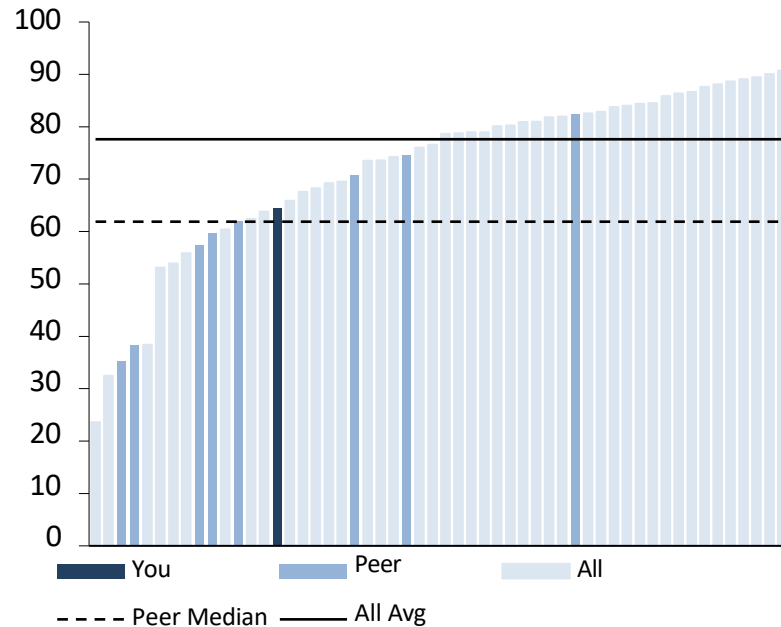
## Your peer group consists of the following 9 participants:

Peers	Membership		
	Actives Members	Annuitant	Total
<b>Cincinnati RS</b>	<b>3,995</b>	<b>4,282</b>	<b>8,277</b>
City of Austin ERS	11,197	7,802	18,999
TTCPP	16,801	10,713	27,514
Sacramento County ERS	13,690	14,285	27,975
University Pension Plan	22,260	12,967	35,227
EESRS of Fairfax County	22,885	13,790	36,675
Orange County ERS	22,718	21,950	44,668
RCMP	21,501	23,938	45,439
NYC BERS	28,257	21,380	49,637
Peer Median	21,501	13,790	35,227
Peer Average	18,145	14,567	32,712

1. Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than active members or annuitants.

**Your total service score was 64 out of 100. This was above the peer median of 62.**

### Total Service Score



CEM believes the right measure is member service, or the service score.

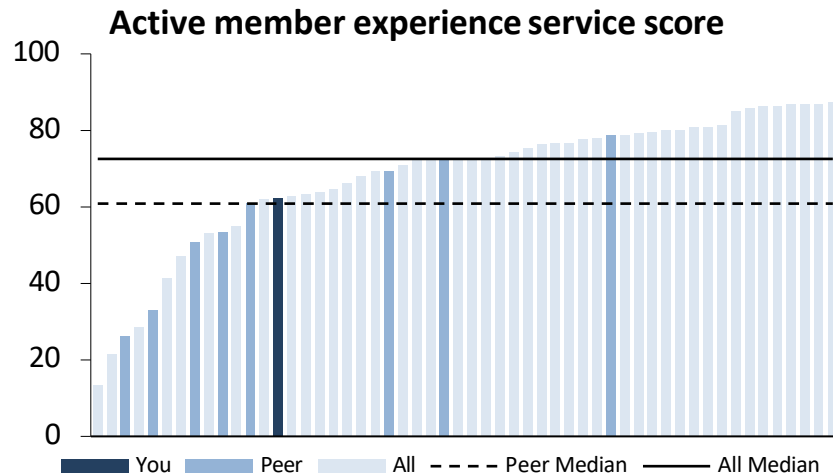
Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

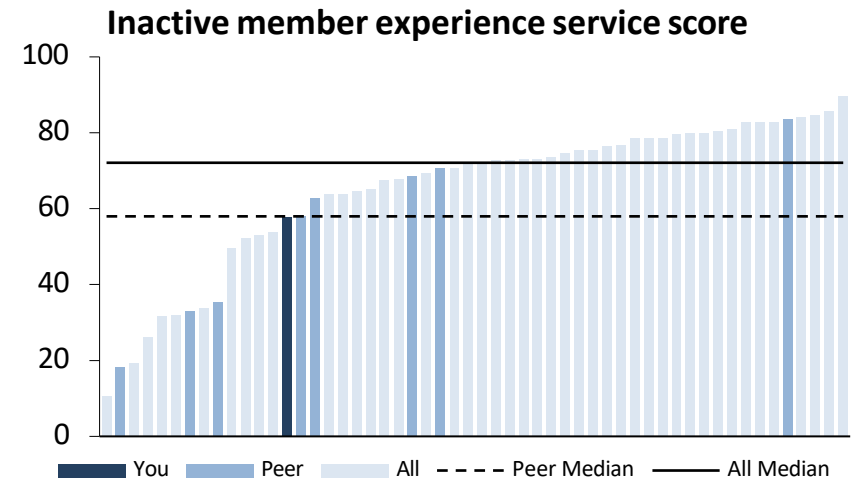
Your total service score is the weighted average of the service scores for each of the four member journeys below.

Member journey	Weight	You	Peer Median
Active member experience	30%	62	61
Inactive member experience	5%	58	58
Retiring experience	35%	62	62
Annuitant experience	30%	71	71
<b>Weighted total service score</b>	<b>100%</b>	<b>64</b>	<b>62</b>

## Service score by member journey and activity

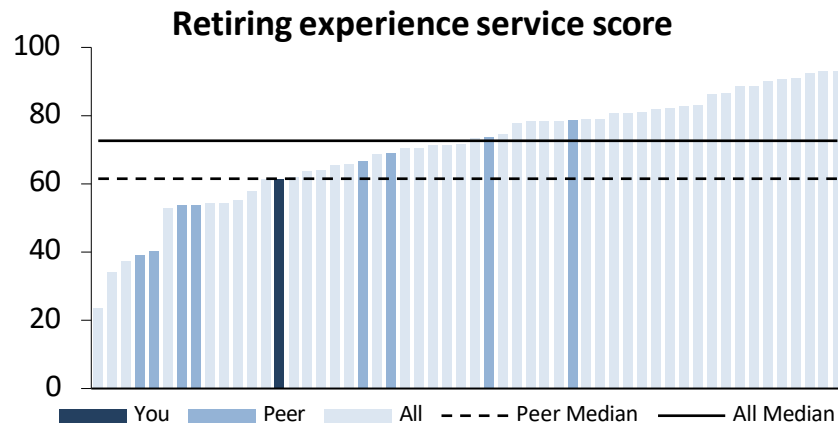


Activity	Weight	You	Peer Median
Outbound communication	7.5%	60	44
Purchases and Transfers-in	10.0%	99	10
Member statements	12.5%	45	50
-	n/a	n/a	n/a
-	n/a	n/a	n/a
Personal information	5.0%	40	55
Salary and service credit information	5.0%	75	75
Secure website accessibility	30.0%	60	63
Contact center: accessibility	7.5%	59	59
Contact center: capability	5.0%	75	85
Contact center: call quality	5.0%	73	24
1-on-1 counseling	5.0%	82	80
Member presentations	2.5%	100	100
Feedback	5.0%	0	30
Active member experience service score	100%	62	61

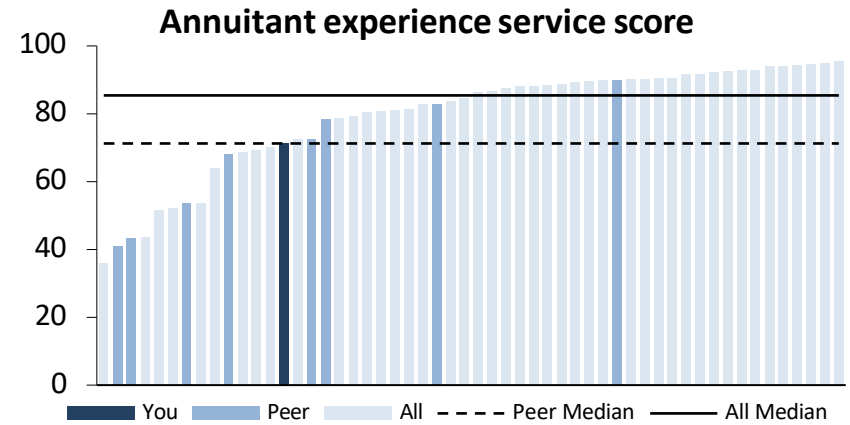


Activity	Weight	You	Peer Median
Outbound communication	10.0%	2	17
-	n/a	n/a	n/a
-	n/a	n/a	n/a
Tracking inactive members	10.0%	100	60
Transfers-out	5.0%	100	47
Personal information	7.5%	40	55
Salary and service credit information	5.0%	75	75
Secure website accessibility	40.0%	60	60
Contact center: accessibility	7.5%	59	59
Contact center: capability	5.0%	75	85
Contact center: call quality	5.0%	73	24
-	n/a	n/a	n/a
-	n/a	n/a	n/a
Feedback	5.0%	0	15
Inactive member experience service score	100%	58	58

## Service score by member journey and activity



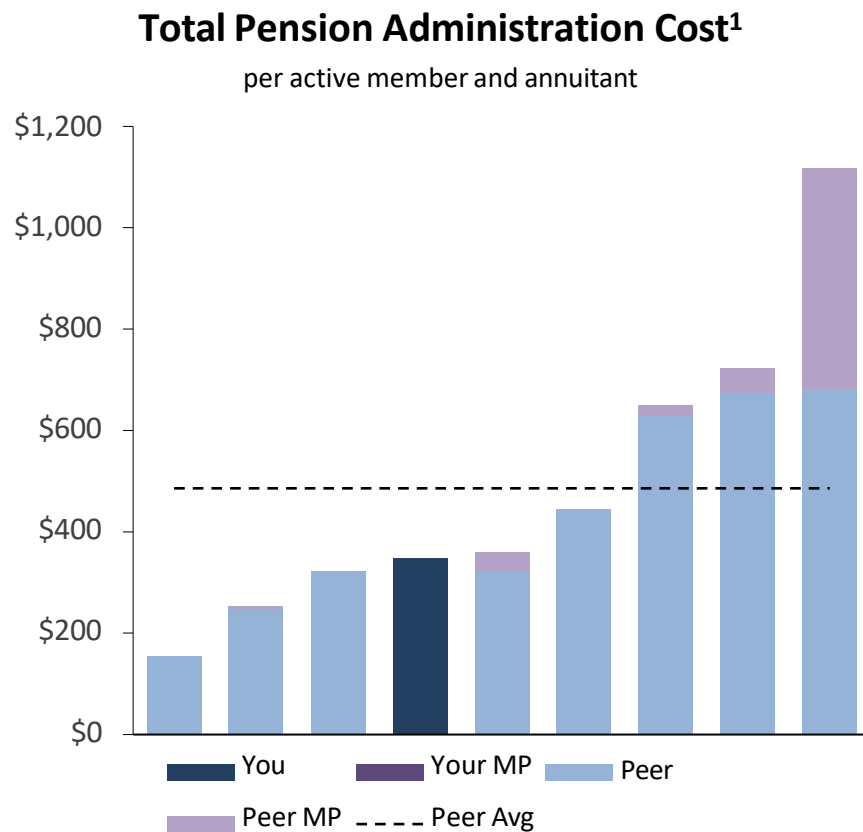
Activity	Weight	You	Peer Median
Outbound communication	7.5%	55	10
Pension estimates: self-service	7.5%	73	78
Pension estimates: assisted service	2.5%	95	50
Retirement applications	7.5%	0	40
Pension inception	10.0%	100	95
Disability inception	5.0%	33	5
-	n/a	n/a	n/a
Personal information	2.5%	40	55
Salary and service credit information	2.5%	75	75
Secure website accessibility	20.0%	60	78
Contact center: accessibility	7.5%	59	59
Contact center: capability	5.0%	75	85
Contact center: call quality	5.0%	73	24
1-on-1 counseling	7.5%	82	80
Member presentations	5.0%	100	100
Feedback	5.0%	0	35
Retiring experience service score	100%	62	62



Activity	Weight	You	Peer Median
Outbound communication	10.0%	85	52
-	n/a	n/a	n/a
-	n/a	n/a	n/a
-	n/a	n/a	n/a
-	n/a	n/a	n/a
-	n/a	n/a	n/a
Pension payments	30.0%	98	96
Personal information	5.0%	40	40
-	n/a	n/a	n/a
Secure website accessibility	32.5%	60	60
Contact center: accessibility	7.5%	59	59
Contact center: capability	5.0%	75	88
Contact center: call quality	5.0%	73	24
-	n/a	n/a	n/a
-	n/a	n/a	n/a
Feedback	5.0%	0	65
Annuitant experience service score	100%	71	71



**Before adjusting for economies of scale, your total pension administration cost of \$349 per active member and annuitant was \$137 below the peer average of \$486.**



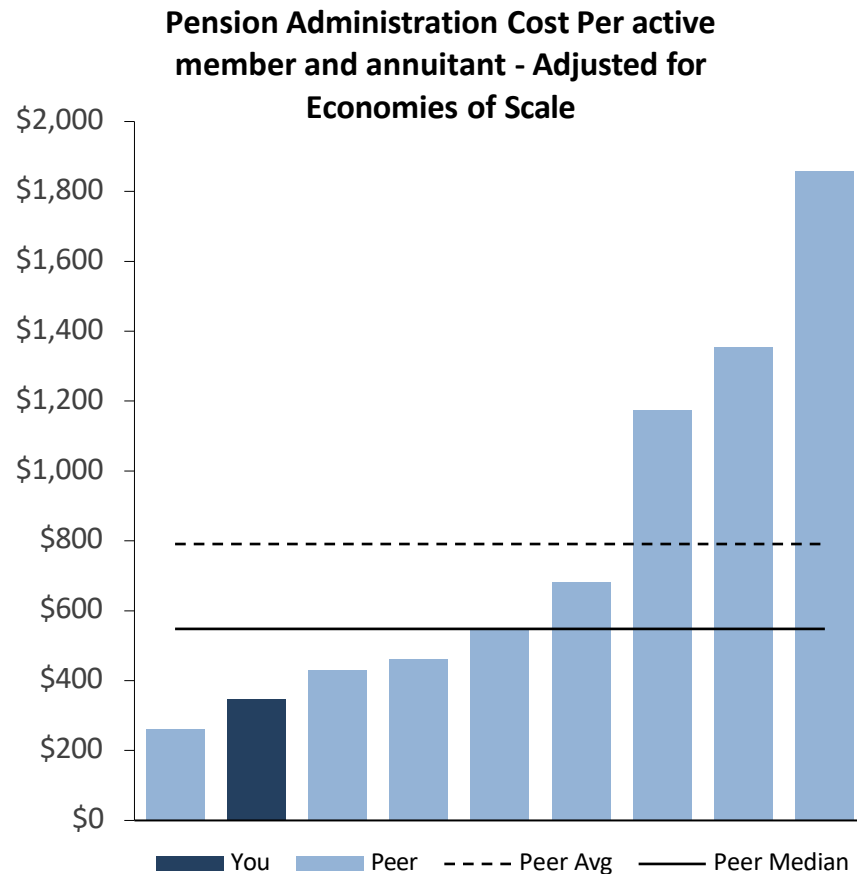
1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

Category	\$000s	\$ per active member and annuitant	
	You	You	Peer Avg
Business-As-Usual Costs	2,887	349	425
Major Project Costs <sup>1</sup>	0	0	61
Total Pension Administration	2,887	349	486

We include costs that are directly related to pension administration (e.g., staff costs or an third-party costs) plus attributions of governance, financial control, IT, building and utilities, HR, support services and other costs.

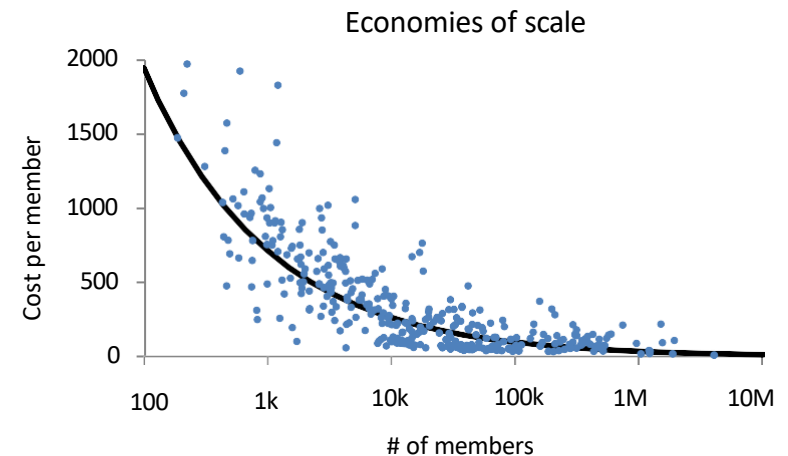
The costs associated with investment operations and investment management are specifically excluded.

**Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale advantage/disadvantage, your cost was \$442 below the adjusted peer average of \$791.**



Your system had 72% less members than the peer weighted average. Your smaller size means that you had a scale disadvantage of \$305 relative to the peer average.

The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size.



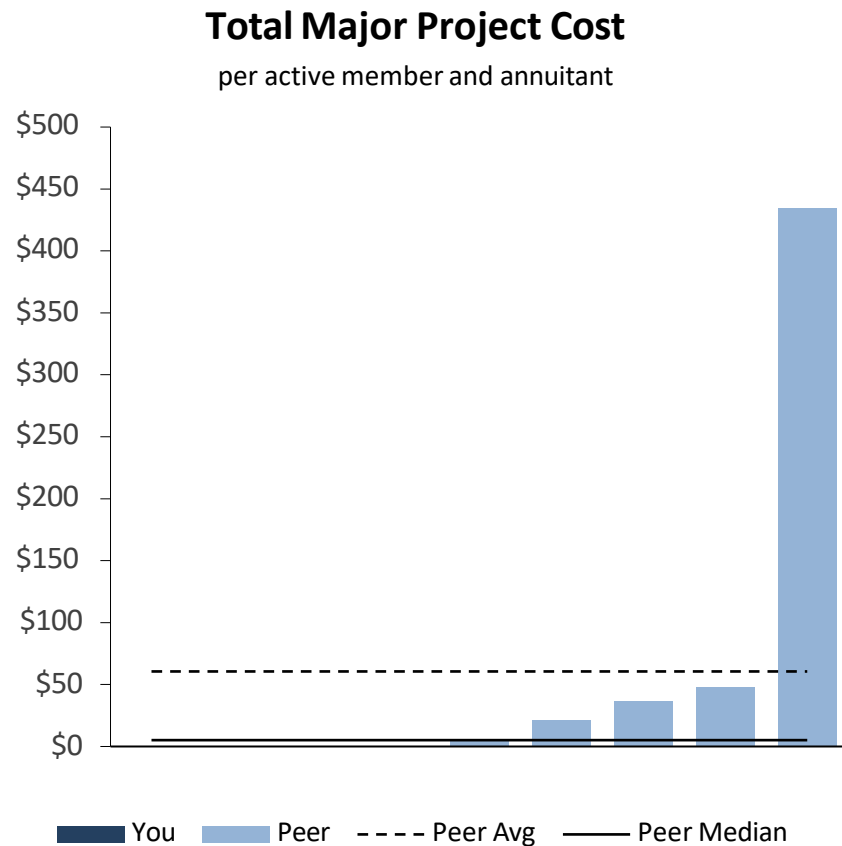
Each peer's cost was adjusted for its scale advantage/disadvantage relative to your system.



## Reasons why your total cost was \$442 lower than the adjusted peer average:

Reason	Comparison			Impact
	You	Peer average	More/ Less	\$s per member
<u>FTE per 10,000 members</u>				
A. Using 2% less FTE to serve members	15.7	16.0	-2%	-\$13
<u>Cost per FTE</u>				
B. Paying less in total per FTE for:				
• Salaries & benefits	\$130,769	\$149,363	-12%	
• Building expenses	<u>\$0</u>	<u>\$13,942</u>	-100%	
	\$130,769	\$163,305	-20%	-\$51
<u>\$s per member</u>				
C. Paying less per member in total for:				
• Professional Fees	\$133	\$116	15%	
• Amortization	\$0	\$33	-100%	
• Other administration expenses	<u>\$10</u>	<u>\$68</u>	-85%	
	\$143	\$216	-34%	-\$73
Total - unadjusted				-\$137
Adjustment for your scale disadvantage				-\$305
Total after adjusting for economy of scale differences				-\$442

**Your Major Project costs of \$0 per active member and annuitant was \$61 below the peer average of \$61.**

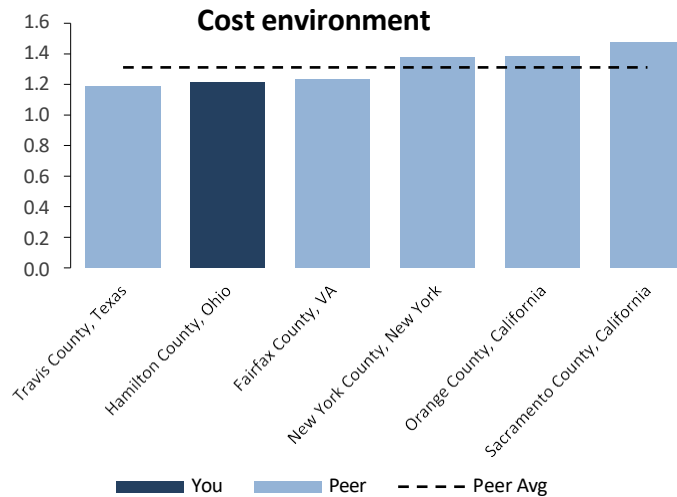


Category	Major Project Cost \$000s	\$ per active member and annuitant	
	You	You	Peer Avg
Single year 2023/2024	0	0	61

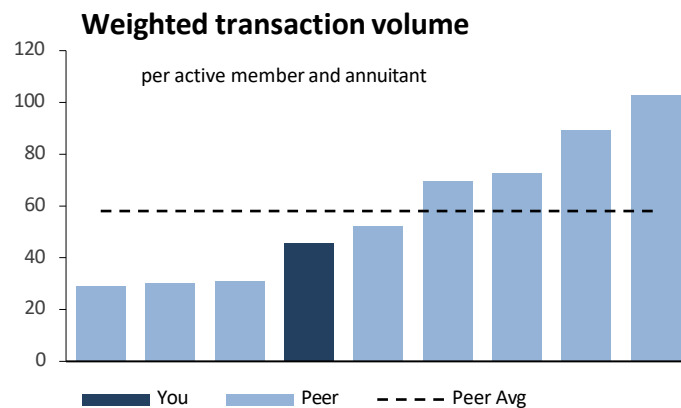
What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

## Differences in costs can also be attributed to factors such as cost environment, and differences in transaction volumes.



Your cost environment was 7% lower than the peer average.



Workloads: your weighted transaction volume was 45, which was 22% below the peer average. This suggests that you do fewer transactions and/or have a less costly mix of transactions per active member and annuitant.

The next page shows you where you are doing more or less transactions in comparison with your peers.

## Where are you doing more/fewer transactions than your peers?

Where are you doing more/fewer transactions than your peers?			Volume per 1,000 active members and annuitants		
Activity	Activity volume description	Your Volume	You	Peer Avg	More/- less
1. Member Transactions					
A. Pension Payments	annuitants	4,282	517.3	446.8	16%
B. Pension Inceptions & Written Pension Estimates	service & survivor inceptions	141	17.0	21.3	-20%
C. Withdrawals	withdrawals	153	18.5	14.2	31%
D. Purchases	purchases	9	1.1	26.7	-96%
E. Disability	disability applications	3	0.4	0.9	-58%
2. Member Communication					
A. Member Calls	calls & emails	6,800	821.6	889.3	-8%
B. Mail Room	incoming letters	3,683 <sup>1</sup>	444.9	476.6	-7%
C. 1-on-1 Counseling	counseling sessions	197	23.8	55.6	-57%
D. Presentations	presentations	40	4.8	1.5	218%
E. Mass Communication	active members	3,995	482.7	553.2	-13%
3. Collections and Data Maintenance					
A. Employer data	active members	3,995	482.7	553.2	-13%
B. Non-employer data	annuitants, inactive members	4,591	554.7	569.5	-3%
Weighted Total <sup>2</sup>			45.4	58.0	-22%

1. CEM has used a default where your response was "unknown".

2. The weights used for each transaction type are equal to the 2024 fiscal year global PABS participant median. See section 5 for more details.

## Key takeaways:

### Service

- Your total service score was 64 out of 100. This was above the peer median of 62.
- Your strengths are in:
  - purchases and transfers-in, contact center - quality, transfers-out, pension estimates: assisted service, outbound communication
- Your opportunities are in:
  - Personal information, contact center capability, secure website accessibility, feedback (member surveying)

### Cost

- Before adjusting for economies of scale, your total pension administration cost of \$349 per active member and annuitant was \$137 below the peer average of \$486.
- After adjusting the cost of each peer for its scale advantage/disadvantage, your cost was \$442 below the adjusted peer average of \$791.
- The main reasons why you were lower costs were:
  - You had lower other administration costs.
  - You had lower cost per member for amortization.



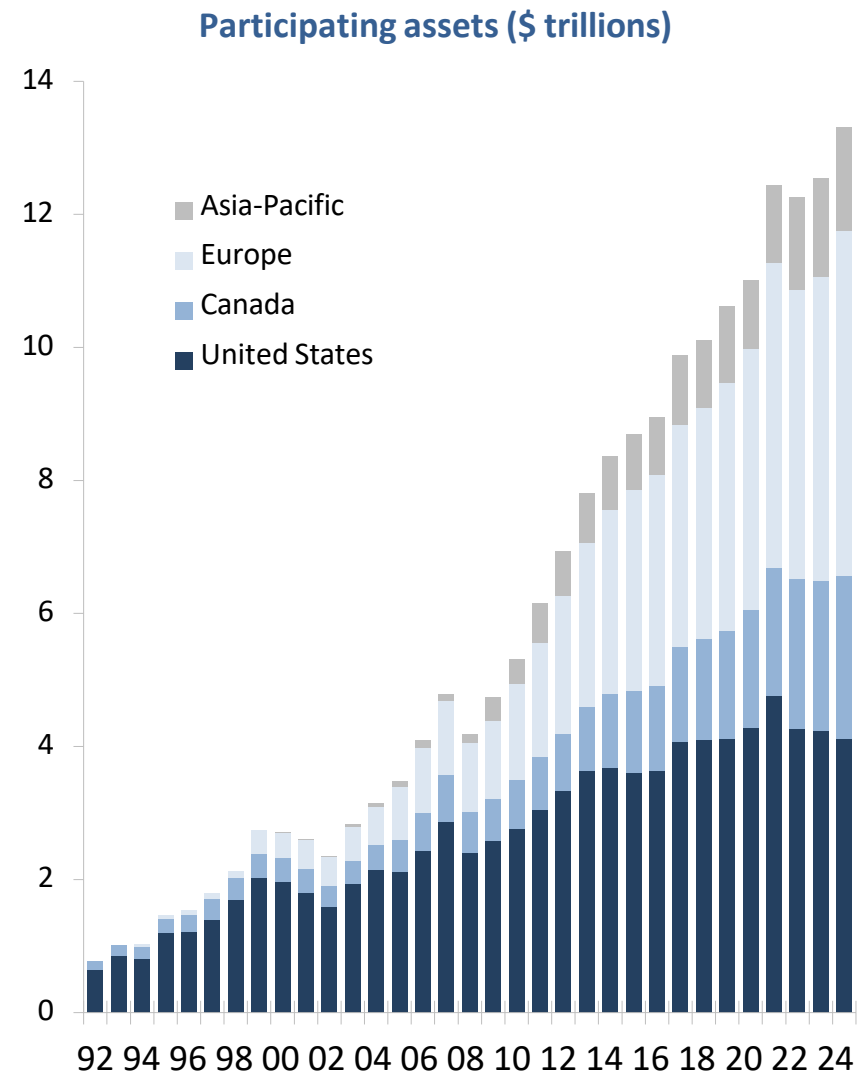
# Investment Benchmarking



## This benchmarking report compares your cost and performance to the 270 funds in CEM's extensive pension database.

- 136 U.S. pension funds participate. The median U.S. fund had assets of \$8.3 billion and the average U.S. fund had assets of \$30.4 billion. Total participating U.S. assets were \$4.1 trillion.
- 61 Canadian funds participate with assets totaling \$2.4 trillion.
- 62 European funds participate with aggregate assets of \$5.2 trillion. Included are funds from the Netherlands, Norway, Sweden, Finland, Ireland, Denmark and the UK.
- 8 Asia-Pacific funds participate with aggregate assets of \$1.6 trillion. Included are funds from New Zealand, South Korea, and Australia.
- 3 funds from other regions participate.

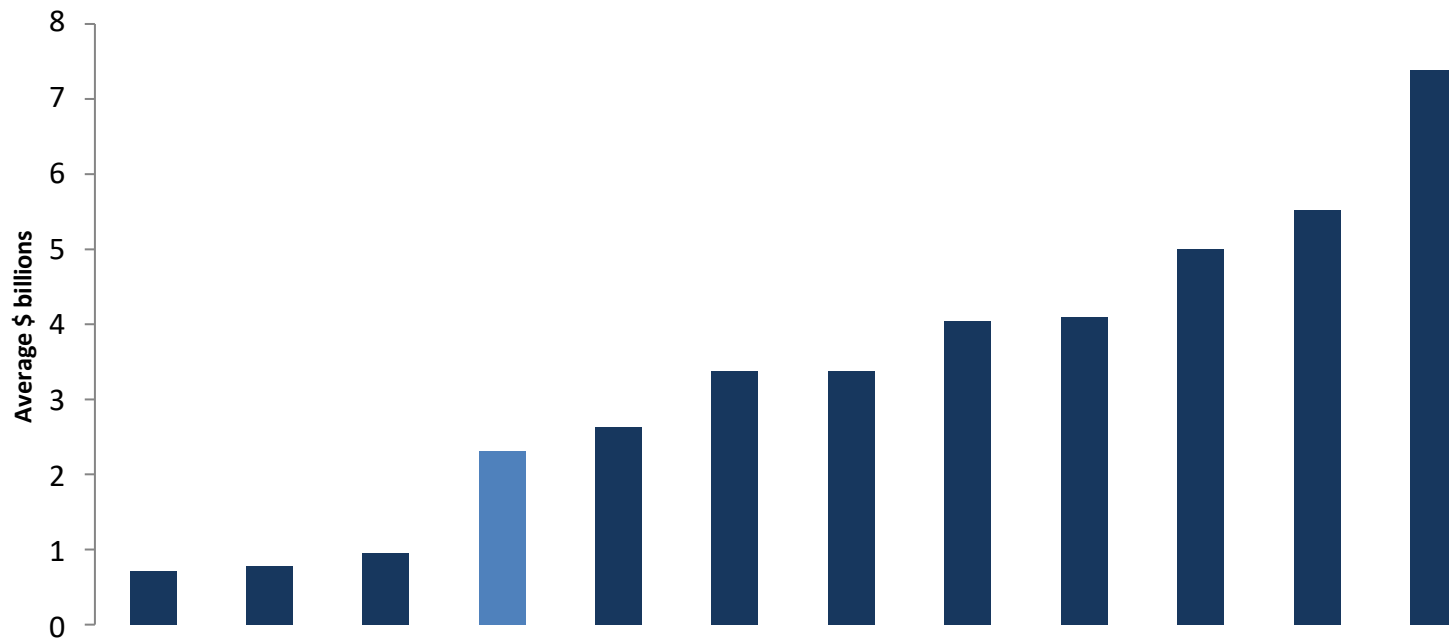
The most meaningful comparisons for your returns and value added are to the U.S. Public universe, which consists of 39 funds. The U.S. Public universe assets totaled \$3.0 trillion and the median fund had assets of \$45.2 billion.



The most valuable comparisons for cost performance are to your custom peer group because size impacts costs.

### Peer group for City of Cincinnati Retirement System

- 12 U.S. sponsors from \$0.7 billion to \$7.4 billion
- Median size of \$3.4 billion versus your \$2.3 billion



To preserve client confidentiality, given potential access to documents as permitted by the Freedom of Information Act, we do not disclose your peers' names in this document. For some of the peers, 2023 cost data was used as a proxy for 2024.



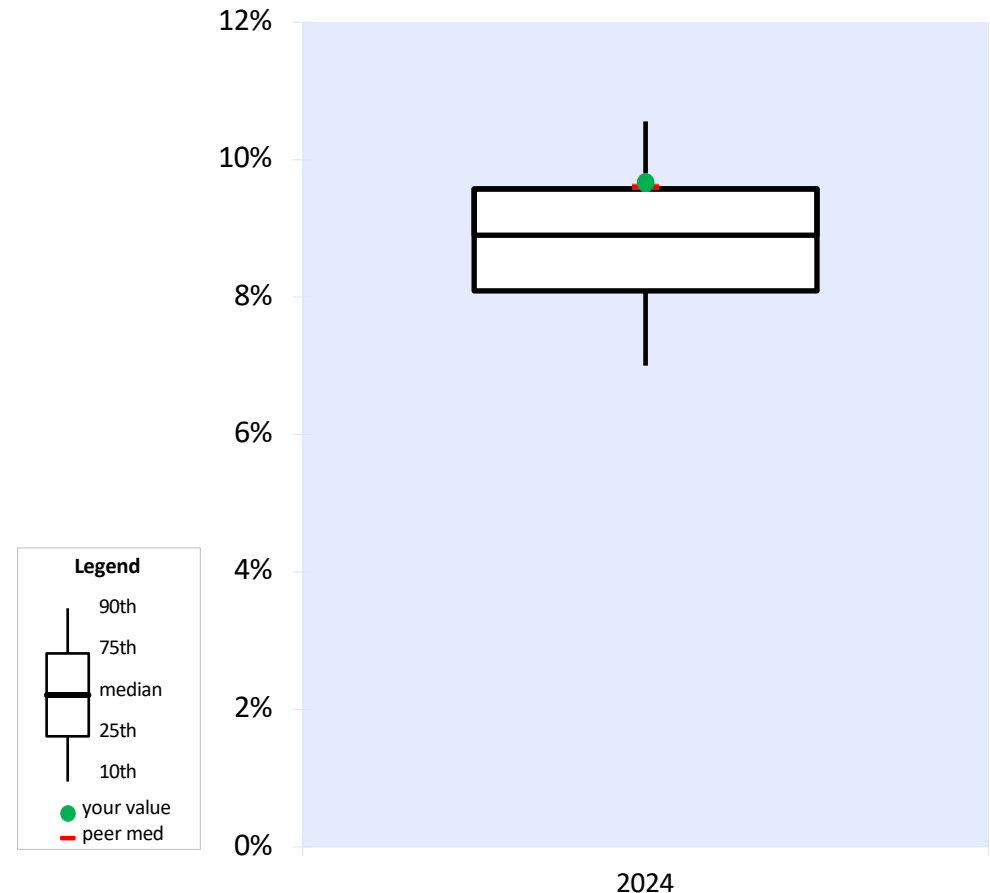
**Your 2024 net total return of 9.7% was above both the U.S. Public median of 8.9% and the peer median of 9.6%.**

Total returns, by themselves, provide little insight into the reasons behind relative performance. Therefore, we separate total return into its more meaningful components: policy return and value added.

	Your 2024
Net total fund return	9.7%
- Policy return	9.8%
= Net value added	-0.1%

This approach enables you to understand the contribution from both policy mix decisions (which tend to be the board's responsibility) and implementation decisions (which tend to be management's responsibility).

**U.S. Public net total returns - quartile rankings**



## Your 2024 policy return of 9.8% was above the U.S. Public median of 9.4% and equal to the peer median of 9.8%.

Your policy return is the return you could have earned passively by indexing your investments according to your policy mix.

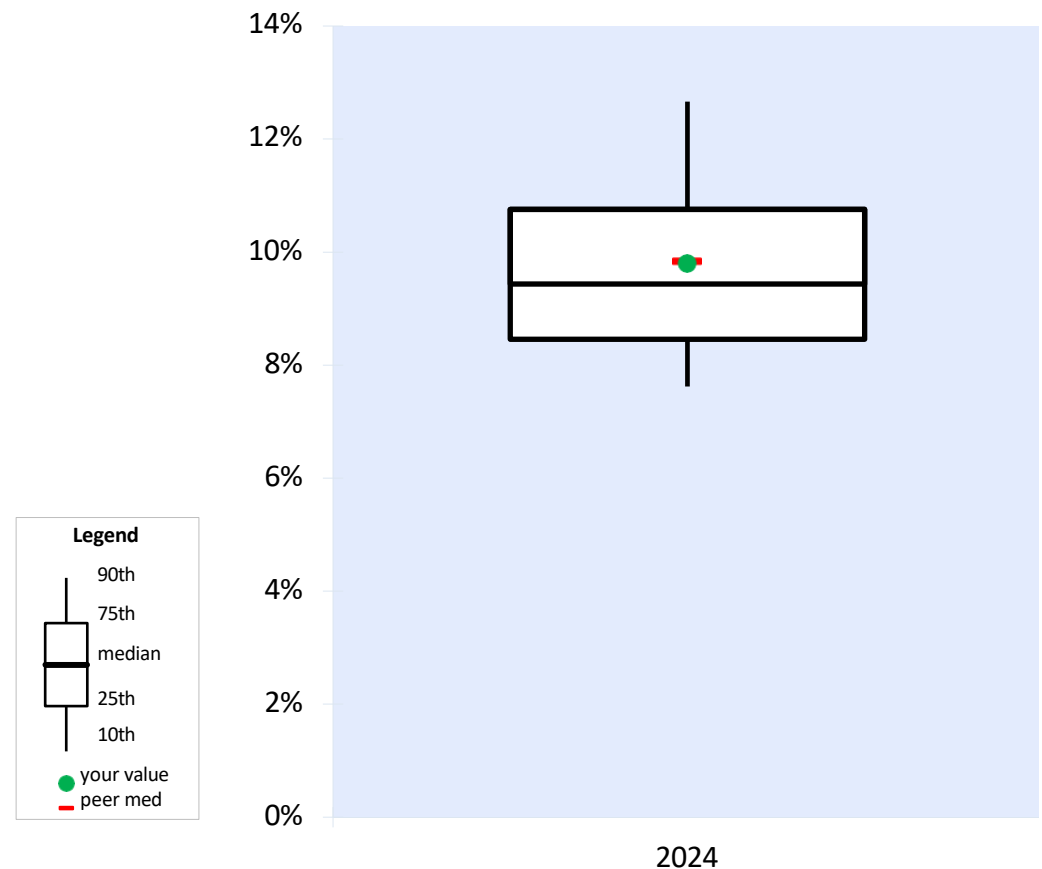
Having a higher or lower relative policy return is not necessarily good or bad. Your policy return reflects your investment policy, which should reflect your:

- Long term capital market expectations
- Liabilities
- Appetite for risk

Each of these three factors is different across funds. Therefore, it is not surprising that policy returns often vary widely between funds.

To enable fairer comparisons, the policy returns of all participants, including your fund, were adjusted to reflect private equity benchmarks based on lagged, investable, public-market indices. Prior to this adjustment, your 2024 policy return was 9.2%, 0.6% lower than your adjusted 2024 policy return of 9.8%. Mirroring this, your 2024 total fund net value added would be 0.6% higher.

U.S. Public policy returns - quartile rankings



## Your 2024 policy return of 9.8% was above the U.S. Public median of 9.4% primarily because of:

- The positive impact of a lower allocation to real estate, one of the lowest returning asset classes in 2024.
- The positive impact of a lower allocation to and a higher benchmark return in total fixed income than the U.S. Public average.

1. Other stock includes: Stock - Emerging. Other fixed income includes: Fixed income - U.S. gov't and fixed income - long bonds. Other real assets include: Commodities and Natural resources.  
 2. A value of 'n/a' is shown if asset class returns are not available for 2024 or if they are broad and incomparable.

	2024 Policy mix			2024 bench- mark return	
	Your Fund	U.S. Publ Avg.	More/ Less	Your Fund	U.S. Publ Avg.
Stock - U.S.	29%	18%	10%	21.9%	22.4%
Stock - EAFE	0%	4%	-4%	n/a <sup>2</sup>	5.8%
Stock - ACWI x U.S.	16%	6%	10%	5.6%	6.4%
Stock - Global	0%	11%	-12%	n/a <sup>2</sup>	16.0%
Other Stock <sup>1</sup>	0%	4%	-4%	n/a <sup>2</sup>	n/a <sup>2</sup>
Total Stock	45%	44%	1%	16.0%	16.3%
Fixed Income - U.S.	21%	16%	5%	1.3%	1.1%
Fixed Inc. - Inflation indexed	0%	3%	-3%	n/a <sup>2</sup>	1.9%
Fixed income - High yield	2%	2%	0%	8.2%	7.5%
Other Fixed Income <sup>1</sup>	0%	4%	-4%	n/a <sup>2</sup>	n/a <sup>2</sup>
Total Fixed Income	23%	24%	-2%	1.9%	1.2%
Hedge funds	3%	2%	0%	17.8%	7.7%
Infrastructure	10%	2%	8%	7.0%	9.8%
Real estate incl. REITs	6%	10%	-4%	-2.3%	-2.8%
Other Real Assets <sup>1</sup>	0%	2%	-2%	n/a <sup>2</sup>	n/a <sup>2</sup>
Private equity	8%	12%	-4%	13.4%	13.4%
Private debt	7%	4%	2%	9.1%	9.0%
Total	100%	100%			

## Net value added is the component of total return from active management. Your 2024 net value added was -0.1%.

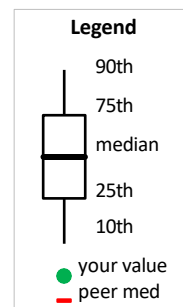
Net value added equals total net return minus policy return.

### Value added for City of Cincinnati Retirement System

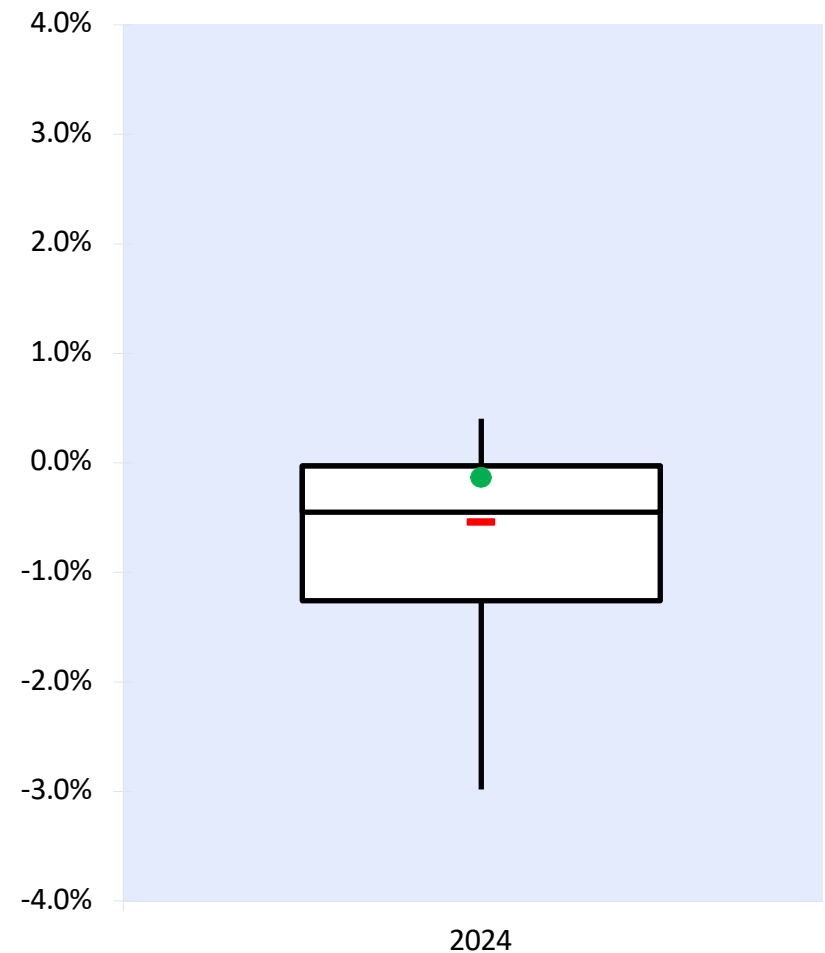
Year	Net return	Policy return	Net value added
2024	9.7%	9.8%	-0.1%

Your 2024 net value added of -0.1% compares to a median of -0.5% for your peers and -0.5% for the U.S. Public universe.

To enable fairer comparisons, the value added for each participant including your fund was adjusted to reflect private equity benchmarks based on lagged, investable public market indices. Prior to this adjustment, your fund's 2024 total fund net value added was 0.5%.

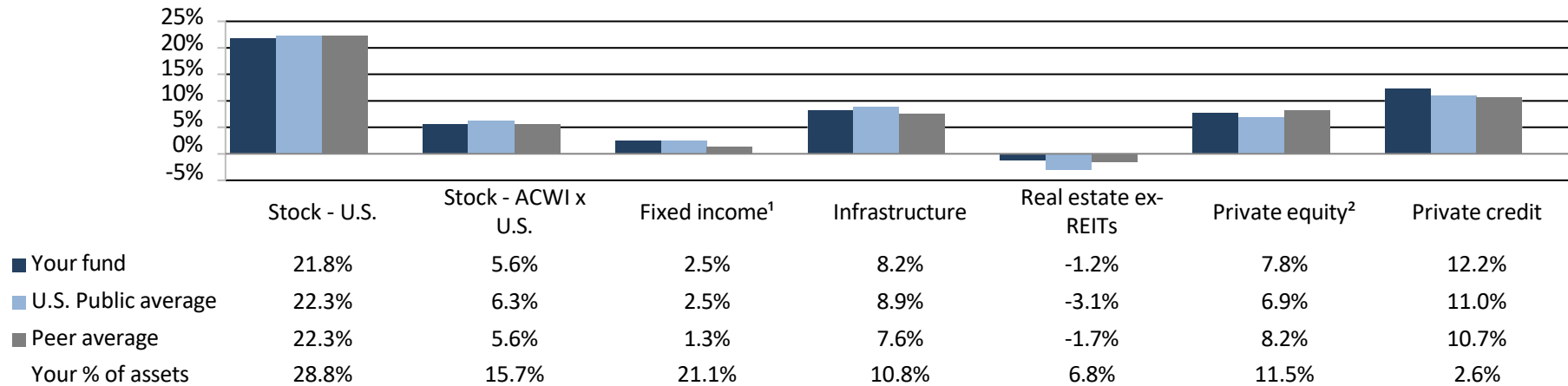


### U.S. Public net value added - quartile rankings

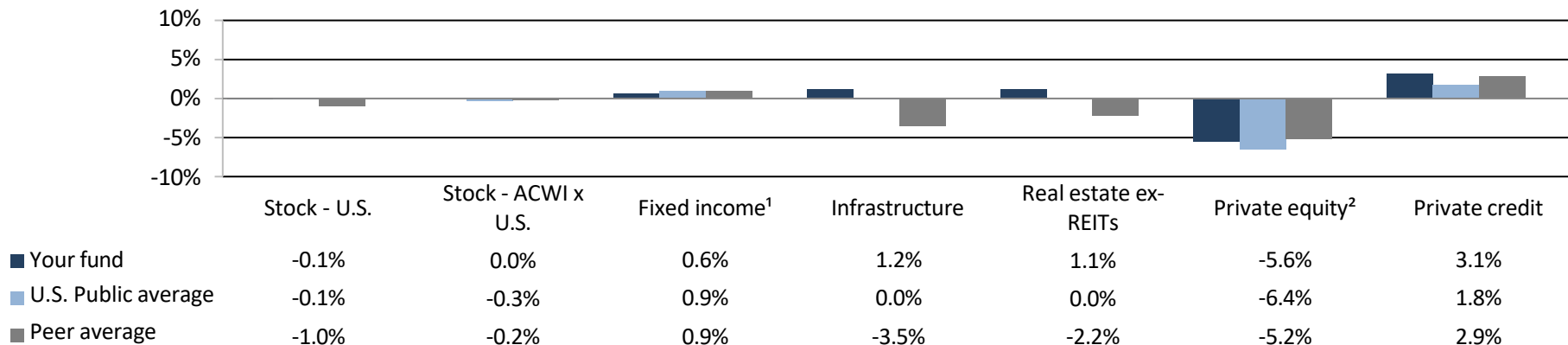


# Comparisons of your 2024 net return and net value added by major asset class:

## 2024 average net return by major asset class



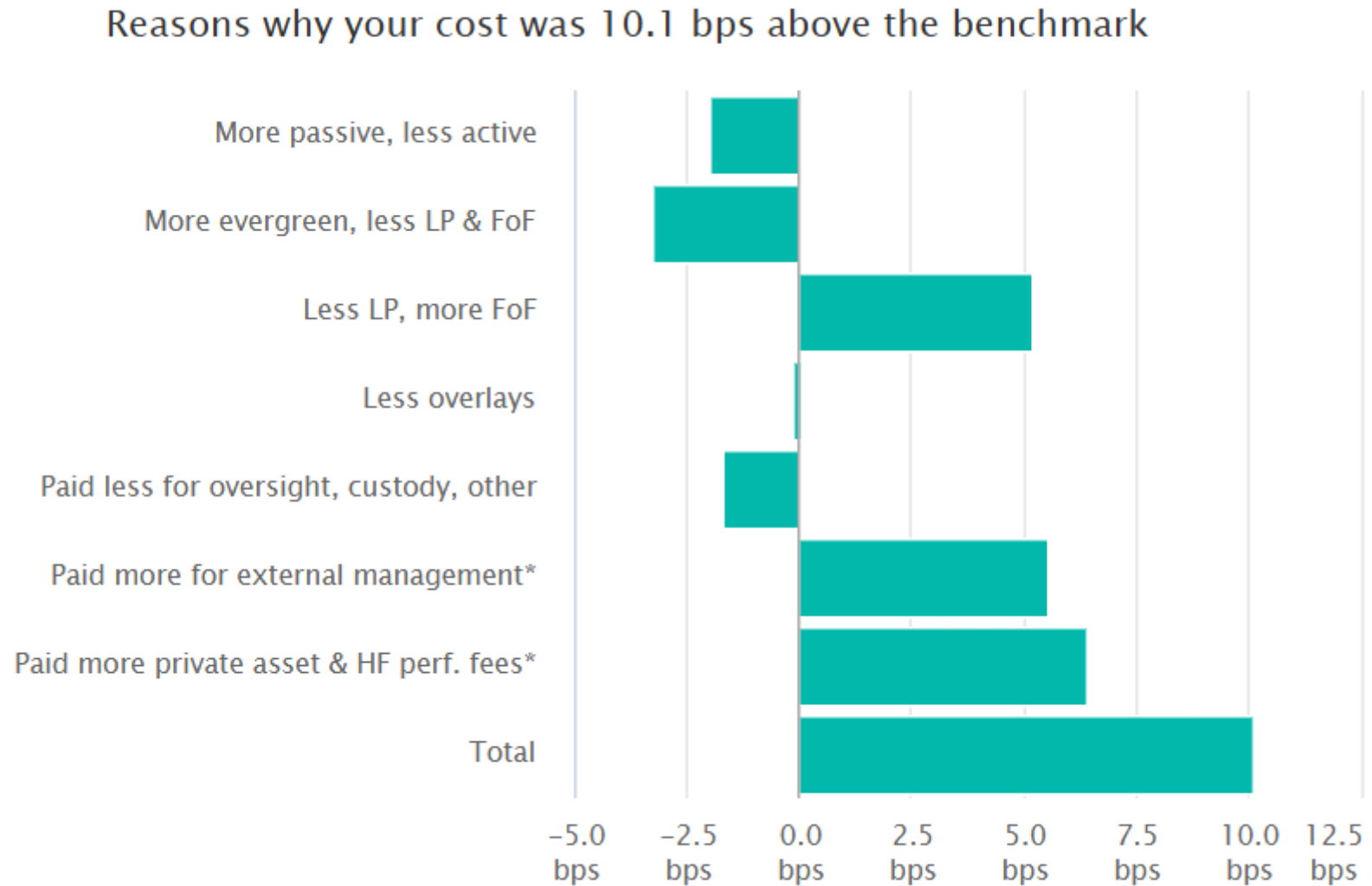
## 2024 average net value added by major asset class



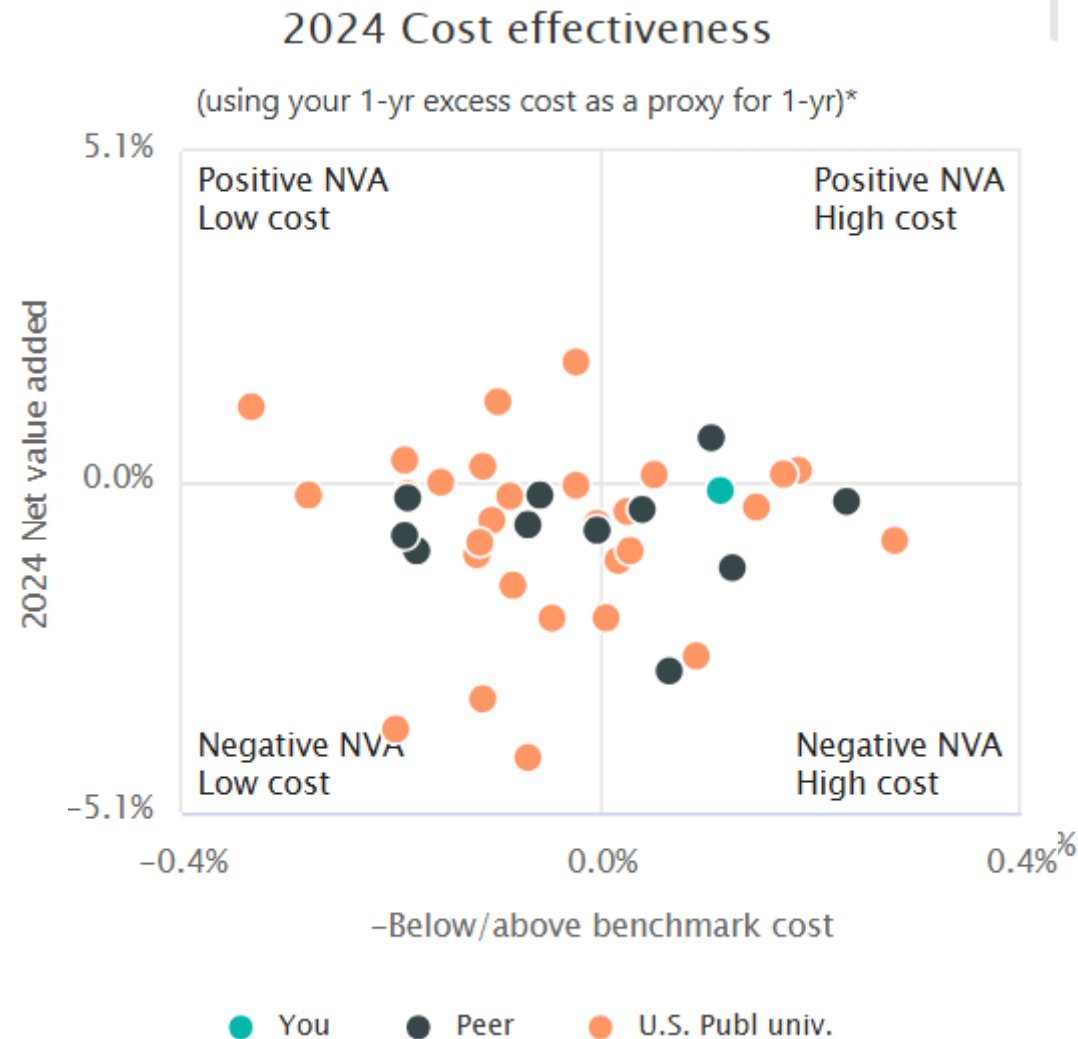
1. Excludes cash and leverage.

2. To enable fairer comparisons, the private equity benchmarks of all participants, including your fund were adjusted to reflect lagged, investable, public-market indices. Prior to this adjustment, your fund's 2024 private equity net value added was 2.0%.

Benchmark cost analysis suggests that, after adjusting for fund size and asset mix, your fund was above benchmark cost by 10.1 basis points in 2024.



Your fund achieved a 2024 net value added of -13 bps and excess cost of 10 bps on the cost-effectiveness chart.



## Summary of key takeaways

### Returns

- Your 2024 net total return was 9.7%. This was above both the U.S. Public median of 8.9% and the peer median of 9.6%.
- Your 2024 policy return was 9.8%. This was above the U.S. Public median of 9.4% and equal to the peer median of 9.8%.

### Value added

- Your 2024 net value added was -0.1%. This was above both the U.S. Public median of -0.5% and the peer median of -0.5%.

### Cost and cost effectiveness

- Your investment cost of 85.4 bps was above your benchmark cost of 75.3 bps. This suggests that your fund was high cost compared to your peers.
- Your fund was above benchmark cost because it paid more than peers for some services.



CRS CASH FLOW BUDGET				
	2026	% Cost of	2025	% Cost of
I. OPERATING EXPENSES	BUDGET	Operations	BUDGET	Operations
A Office Staff				
1. Salaries & Wages	1,730,400	45.77%	1,814,400	45.94%
2. Fringe (35%)	606,000	16.03%	635,000	16.08%
3. Temporary Services	0	0.00%	0	0.00%
A. Total Office Staff	2,336,400	61.80%	2,449,400	62.02%
B Office Expenses				
1. Office Improvements	10,000	0.26%	20,000	0.51%
2. Equipment / Purchase and Rent	4,500	0.12%	7,500	0.19%
3. Supplies	3,300	0.09%	3,300	0.08%
4. Printing and Postage	76,000	2.01%	89,700	2.27%
B. Total Office Expenses	93,800	2.48%	120,500	3.05%
C Training and Travel				
1. Training/Travel Board	15,000	0.40%	22,000	0.56%
2. Training/Travel Staff	30,500	0.81%	40,500	1.03%
C. Total Training and Travel	45,500	1.21%	62,500	1.59%
D Data Processing Expenses				
1. Pension Gold Hosting and Modifications	179,841	4.76%	153,158	3.88%
2. Pension Gold Annual License Fee	163,000	4.31%	148,545	3.76%
3. Regional Computer Center (ETS)	7,080	0.19%	6,010	0.15%
4. Hardware and Software for PCs	54,752	1.45%	91,780	2.32%
5. Other	85,202	2.25%	120,073	3.04%
D. Total IT Expenses	489,875	12.96%	519,566	13.15%
E Professional Services				
1. Actuarial Fees	171,942	4.55%	170,215	4.31%
2. Consulting Fees	225,500	5.96%	245,000	6.20%
3. Legal Services	270,000	7.14%	242,000	6.13%
4. Retiree Locator Fees	1,500	0.04%	1,500	0.04%
5. Treasury, Accounts and Audits	9,541	0.25%	13,766	0.35%
E. Total Professional Services	678,482	17.94%	672,481	17.03%
F Other Expenses				
1. Board Meeting Expenses	2,500	0.07%	2,500	0.06%
2. Membership and Subscriptions	5,000	0.13%	5,000	0.13%
F. Total Other	7,500	0.20%	7,500	0.19%
G Insurance				
Fiduciary Insurance	129,107	3.41%	117,370	2.97%
G. Total Insurance	129,107	3.41%	117,370	2.97%
Total Operating Costs	3,780,664	100.00%	3,949,317	100.00%
II. MEMBER BENEFITS EXPENSES				
A. Pensions	211,424,300	86.56%	205,661,900	86.26%
B. Return of Contributions	3,246,000	1.33%	3,091,000	1.30%
C. Death Benefits	550,000	0.23%	550,000	0.23%
D. Medical	29,022,400	11.88%	28,780,500	12.07%
E. Other Expenses	0	0.00%	333,000	0.14%
Total Benefit Costs	244,242,700	100.00%	238,416,400	100.00%
III. CONTRIBUTIONS				
A. City Contributions	58,944,050	67.16%	50,922,275	65.08%
B. Employee Contributions (9.0%)	26,687,500	30.41%	25,036,900	32.00%
C. Retiree Medical Premiums	2,124,500	2.42%	2,271,500	2.90%
D. Transfers In (Out) Reciprocity	(250,000)	-0.29%	(250,000)	-0.32%
E. Miscellaneous	265,000	0.30%	265,000	0.34%
Total Contributions	87,771,050	100.00%	78,245,675	100.00%
IV. NET INVESTMENT RETURNS				
A. Gross Returns	191,892,185		179,025,354	
B. Investment Expenses				
1. Custodial Fees	182,000		232,000	
2. Investment Consultant	270,000		270,000	
3. Investment Management Fees	10,624,000		8,569,000	
Total Investment Expenses	11,076,000	0.43%	9,071,000	0.38%
Net Investment Returns (Budget 7.5%)	180,816,185		169,954,354	
NET CHANGE IN FUND BALANCE	20,563,871		5,834,312	



# Cincinnati Retirement System: Proposed 2026 Budget

December 2025

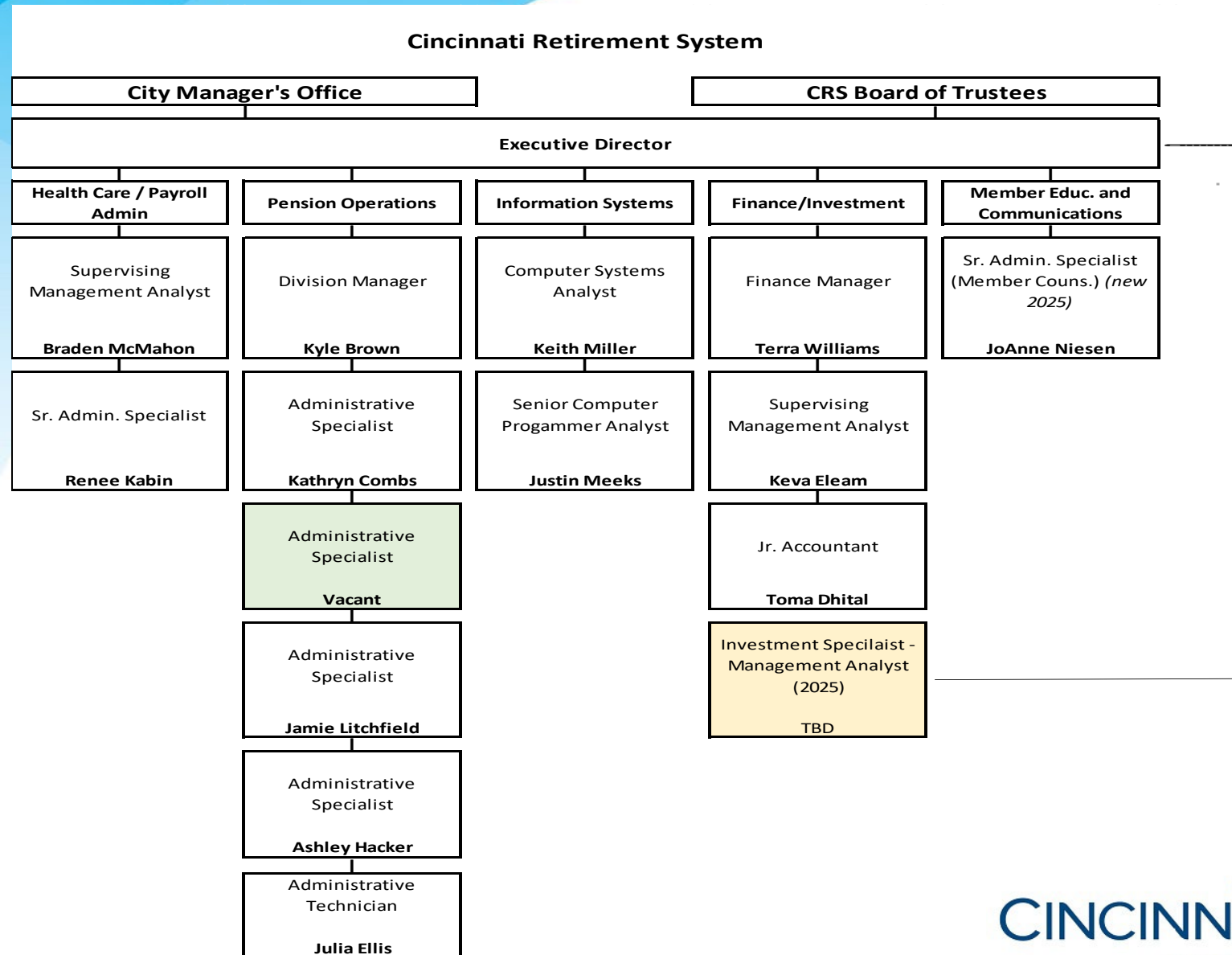
# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026 Op. Exps. Budget

- Summary of changes:
  - Office Staff -\$113.0k
  - Office Expenses -26.7k
  - Training & Travel -17.0k
  - Data Processing -26.7k
  - Professional Services +6.0k
  - Other Expenses +0.0k
  - Insurance +11.7k
  - Total Op. Exps. Increase: -\$168.7k

# CINCINNATI RETIREMENT SYSTEM

## → Org Chart with Proposed Staffing



# CINCINNATI RETIREMENT SYSTEM

## → Stabilized Staffing Needs

- Staffing: -\$113.0k (+\$147.2K in '25)
  - CRS has built-in staff redundancy and increased capacity since 2023.
  - For 2026 CRS has eliminated one FTE headcount from budget & reduced higher seasoned salaries.

### Continued 2026 objectives:

- Customer Service and Member Education
  - 1-on-1 member counseling
  - Early & mid-career member education
- Hired investment analyst
  - Build in institutional knowledge on investment managers and asset class design.

# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026 Op. Exps. Budget

- Data Processing: -\$26.7k (-\$105.0K in '25)
  - CRS made substantial progress in '24 & '25 on our data processing improvements to enhance customer experience: imaged member files, multi-factor authentication for security, etc.

### 2026 Data improvements:

- **Business Continuity Processing (BCP)**  
LRS Retirement Solutions staff will perform essential PensionGold-related operations - including payroll processing assistance with annual tax file generation, and employer reporting.
- **Disaster Recovery (DR) Environment**  
LRS Hosting division, a DR environment, is available to ensure system access during a disruption. Furthering on CRS's Disaster Recovery Plan.



# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026 Op. Exps. Budget

- Professional Svcs: +\$6.0K (+97.9k in '25)
  - +\$100K last year due to CEM benchmarking and non retainer Cheiron work.
  - Expect minimal change in professional services for 2026 budget.

# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026 Inv. Exps. Budget

- Summary of changes:
  - Custodial Fees: -\$50.0k
  - Investment Consultant: +\$0.0k
  - Inv. Mgmt. Fees: +2,055.0k
  - Total Investment Exps: +\$2,005.0k



# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026 Inv. Exps. Budget

- Investment mgmt. fees projected to be higher
  - +\$2,055K – As measured by basis points, still below NCPERs average investment management fee at 53bps (2025 Study/Survey).
  - Increase due to increased asset value.
  - Private credit investment.
  - Perceived increase by going direct in private equity.

Benefits to going direct versus Fund of Funds:

- Eliminates double fees (fees to be reduced).
- Provides more accurate depiction of true fees.
- Negotiable, LP – friendly terms.
- Greater transparency and & cost control.

# CINCINNATI RETIREMENT SYSTEM

## → Proposed 2026: Measured as % Assets

- 11/14/25 Asset Balance (unaudited) =  
\$2,492,234,536
  - Operating Expenses: \$3,780,664
    - 0.1517% or 15.17 bps
  - Investment Expenses: \$11,126,000
    - 0.4464% or 44.64 bps
  - Total: 0.5981% or 59.81 bps
  - FY25 Budget: 0.5448% or 54.48 bps

# CINCINNATI RETIREMENT SYSTEM

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## →Peer Expenses

NCPERS 2025 Public Retirement Systems Study

Figure 24 – Average Plan Expenses (in basis points)



Average Plan Expenses (basis points) TOTAL investment manager expenses=507

TOTAL administrative expenses=493 (see Appendix for sample size by fiscal year-end period)

# CINCINNATI RETIREMENT SYSTEM

## → Budget-Related 2025 Board Objectives

- Prepare annual comprehensive financial report - **Completed**
- Prepare & present CRS Annual Report to Council – **Completed**
  - Incrementally increased contribution rate from the City to 18.5% of covered payroll - **Completed**
- Eye Care RFP - **Completed**
- Succession Planning: review CRS Department staffing positions - **Completed**
- Completed Fiduciary Audit Recommendations - **Completed**
- Updated Governance Manual - **Completed**
- Continued improvement to customer service - **Members**

**Counselor Hire in Q2'25**


**2026 CRS Board and Committee Schedule**
**City Hall -- Council Chambers**

Date	Investment	Governance	Performance Evaluation	Elections	Benefits	BOARD
Jan. 8		1:00 PM				2:00 PM
Feb. 5	12:00 PM					2:00 PM
Mar. 5			12:00 PM		1:00 PM	2:00 PM
Apr. 2		1:00 PM		12:00 PM		2:00 PM
May 7	12:00 PM					2:00 PM
Jun. 4			12:00 PM		1:00 PM	2:00 PM
Jul. 2		1:00 PM		12:00 PM		2:00 PM
Aug. 6	12:00 PM					2:00 PM
Sept. 3			12:00 PM		1:00 PM	2:00 PM
Oct. 1		1:00 PM				2:00 PM
Nov. 5	12:00 PM					2:00 PM
Dec. 3			12:00 PM		1:00 PM	2:00 PM