



## City of Cincinnati Retirement System Board of Trustees Meeting

### Agenda

**August 7, 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**

- July 10, 2025 (2-5)

#### **Report on Investment Committee**

#### **Executive Session**

#### **Informational – Staff Report**

- Marquette Investment Report (6-8)
- Staff Update (9-12)
- Eyecare RFP Update
- Healthcare Survey Update
- Fiduciary Audit Recommendations Update (13-15)

#### **Old Business**

- CRS Board Annual Report to Council (16-23)
- Governance Manual (24-31)

#### **New Business**

#### **Adjournment**

**Next Meeting:** Thursday, September 4, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom



|

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
July 10, 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 2:00 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Riddle, Morris and West were present. Trustee Walsh was absent.

**PUBLIC COMMENT**

There was one person present for public comment.

**APPROVAL OF MINUTES**

Trustee Rahtz moved to approve the minutes of the Board meeting of June 5, 2025, with suggested changes. The motion was seconded by Trustee Morris. The minutes were approved by unanimous roll call vote.

**Report on Governance Committee**

Trustee Menkhaus explained that the final draft of the Governance Manual was reviewed. Minor typos were identified and noted. A motion was made to accept the draft with those corrections. As the motion came from the committee, no second was required. The motion was approved by unanimous roll call vote.

**Informational – Staff Report**

**Marquette Investment Report**

The Marquette monthly report indicates performance is tracking well relative to the benchmark. However, the 7.5% target return remains challenging. Equity markets have rebounded since April and

May, and as of the end of July, the Bank of NY shows a return of approximately 5.5%. If this trend continues, meeting the 7.5% target by year-end is possible, though some volatility is expected in the coming months.

#### Staff Update

At the start of the year, there were three open positions. Two have been filled: Ashley, formerly at the front desk, has been promoted to Administrative Specialist, where she'll assist with healthcare during open enrollment, communications, and pension operations. Julie Ellison was recently hired to replace Ashley as the front desk point person.

One vacancy remains. After reviewing team structure and needs with Division Manager Kyle, it was decided that the open role should be reconfigured into an Investment Analyst position. This role would support the Director, act as a backup for key investment functions, and maintain institutional knowledge around investment policy, rebalancing, and asset class structures. The goal is to build redundancy, ensure continuity, and enhance risk management and governance.

This proposal does not require immediate Board approval, but it is being presented now for awareness and discussion. Supporting visuals and rationale are included on pages 11 and 12 of the packet.

#### City of Cincinnati Budget Update

The budget has been approved, and the ordinance documenting this is included as a formal record. Notably, CRS's employer contribution rate was increased to 18.5%, moving closer to the Board's recommended level. The plan is to continue raising the rate by an additional 75 basis points annually, though each increase requires yearly approval.

While this progress is encouraging, Chair Moller emphasized the need for the annual incremental increase methodology to be adopted as a formal policy. This recommendation is also highlighted in the annual report and will continue to be a key talking point in discussions with the council committee.

#### Credit Service Purchase Update

A budget update will be brought to a future Board meeting. As a reminder, in November of last year, Legal raised concerns about mispriced credit service purchases dating back roughly 20 years. The issue affected only a small number of members and involved improper inclusion of OPEB (Other Post-Employment Benefits) costs in the purchase price for credit.

Working with both the past and current actuaries, affected individuals were identified and categorized into two main groups:

1. Members who did not purchase credit due to the inflated price:
  - a. Members whose benefits have already exceeded what the correct cost would have been. These individuals are owed refunds.
  - b. Members who may still purchase the credit at the corrected price, which would increase their monthly benefits. Most in this group have been contacted and are expected to proceed with purchasing, which will generate additional contributions to the system and affect liabilities going forward.
2. Members who previously purchased credit at the inflated rate:

- a. These individuals are being refunded the overpaid amount, calculated with a 5% assumed rate of return. Refunds are either already issued or will be within the next two weeks.

An amended budget reflecting these adjustments will be presented at the next Board meeting or shortly thereafter.

#### *Eyecare RFP Update*

The Eyecare RFP is expected to be finalized next week. Three submissions were received and scoring and final selection should also be completed within the next week. Trustees and Menkhaus and West are serving on the review committee, ensuring representation in the RFP evaluation process.

#### *Healthcare Survey Update*

An email was sent to all retiree members eligible for healthcare, offering them the option to complete the healthcare survey online or request a mailed hard copy. This is a follow-up to the survey conducted two years ago. Efforts have been made to collaborate with the retiree association to increase awareness and reassure members that the survey is legitimate and not a phishing attempt.

So far, around 300 responses have been received out of approximately 3,900 retirees, just a day or two after launch. A 30-40% completion rate is anticipated.

#### *Fiduciary Audit Recommendations Update*

A summary of the Funston recommendations, categorized by area, is included in the packet. Most major items have been addressed, particularly in governance, where the committee finalized the governance manual and added new policies. Legal and framework items have also been largely completed.

The investment program recommendations are mostly implemented, with only pension operations still needing attention. This remaining work centers on staffing and developing a long-term strategic plan, particularly around IT support.

The ongoing CEM benchmarking surveys are expected to provide valuable insights into staffing gaps, customer service coverage, and whether a telecommunications system is necessary or feasible. On the investment side, the survey should also reveal whether certain asset classes are being overpaid. The remaining Funston items are expected to be informed by this data over the next 4-5 months.

#### **Old Business**

##### *CRS Board Annual Report to Council*

The report has been submitted to Council ahead of their summer recess. As with last year, the plan is to present it in September, given that the Council's August agenda is typically very full. This timing remains the main consideration at this point.

##### *Governance Manual*

Already discussed.

#### **New Business**

##### *Executive Director Performance Evaluation 2024-2025*

Trustee Rahtz presented the compiled performance evaluation for the Executive Director, incorporating ratings and comments from all 9 Board members. The evaluation showed strong consistency across

responses, with no ratings falling below expectations. Director Salstrom's performance was rated as exceeding expectations, with Trustees highlighting his leadership, dedication, expertise, and positive impact on the Board and CRS organization.

Following the presentation, Trustee Morris moved to approve the evaluation, seconded by Trustee Morton. The motion was approved by unanimous roll call vote. Next steps include having the Chair and Director sign the evaluation before it is submitted to the City Managers Office.

**Adjournment**

Following a motion to adjourn by Trustee Morton and seconded by Trustee Rahtz. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:31 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-6-5-25>

**Next Meeting:** Thursday, August 7, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

---

Secretary



# Cincinnati Retirement

## Monthly Report

Executive Summary  
June 30, 2025



## Total Fund Composite

7  
Monthly Report  
As of June 30, 2025

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month	
Fixed Income Composite	494,224,915	20.5	22.5	543,593,511	-49,368,597	<b>Total Fund Composite</b>	
Private Debt Composite	133,867,680	5.5	6.5	157,038,126	-23,170,446	Beginning Market Value	2,370,513,943
U.S. Equity Composite	627,975,046	26.0	28.5	688,551,781	-60,576,735	Net Cash Flow	-13,883,258
Non-U.S. Equity Composite	401,747,420	16.6	16.0	386,555,386	15,192,034	Gain/Loss	59,340,478
Volatility Risk Premium Composite	56,525,225	2.3	2.5	60,399,279	-3,874,054	Ending Market Value	2,415,971,162
Real Estate Composite	152,779,996	6.3	6.0	144,958,270	7,821,726		
Infrastructure Composite	266,729,375	11.0	10.0	241,597,116	25,132,258		
Private Equity Composite	270,177,748	11.2	8.0	193,277,693	76,900,055		
<b>Total Fund Composite</b>	<b>2,415,971,162</b>	<b>100.0</b>	<b>100.0</b>	<b>2,415,971,162</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>2.5</b>	<b>5.1</b>	<b>5.9</b>	<b>10.6</b>	<b>10.2</b>	<b>9.7</b>	<b>10.4</b>	<b>7.8</b>	<b>7.5</b>	<b>8.8</b>	<b>Jun 85</b>
Target Benchmark	2.5	5.4	6.1	10.6	10.2	9.4	9.7	7.8	7.7	-	
Actuarial Rate 7.5%	0.6	1.8	3.7	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
<b>Fixed Income Composite</b>	<b>1.8</b>	<b>1.8</b>	<b>4.6</b>	<b>6.9</b>	<b>5.2</b>	<b>4.0</b>	<b>1.6</b>	<b>2.7</b>	<b>2.8</b>	<b>5.0</b>	<b>Dec 95</b>
Blmbg. U.S. Aggregate Index	1.5	1.2	4.0	6.1	4.3	2.5	-0.7	1.8	1.8	4.2	
<b>Private Debt Composite</b>	<b>0.0</b>	<b>0.0</b>	<b>1.3</b>	<b>6.0</b>	<b>8.7</b>	<b>9.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.1</b>	<b>Oct 20</b>
Blmbg. U.S. Aggregate Index	1.5	1.2	4.0	6.1	4.3	2.5	-0.7	1.8	1.8	-0.9	
Bloomberg US High Yield TR	1.8	3.5	4.6	10.3	10.4	9.9	6.0	5.3	5.4	5.3	
<b>U.S. Equity Composite</b>	<b>4.9</b>	<b>10.0</b>	<b>5.3</b>	<b>14.6</b>	<b>17.8</b>	<b>17.3</b>	<b>17.1</b>	<b>11.6</b>	<b>11.3</b>	<b>9.8</b>	<b>Mar 89</b>
Russell 3000 Index	5.1	11.0	5.8	15.3	19.1	19.1	16.0	13.6	13.0	11.0	
<b>Non-U.S. Equity Composite</b>	<b>3.4</b>	<b>11.9</b>	<b>18.1</b>	<b>18.0</b>	<b>14.8</b>	<b>14.0</b>	<b>11.0</b>	<b>6.1</b>	<b>6.0</b>	<b>6.2</b>	<b>Jun 93</b>
MSCI AC World ex USA (Net)	3.4	12.0	17.9	17.7	14.6	14.0	10.1	6.6	6.1	-	
<b>Volatility Risk Premium Composite</b>	<b>2.8</b>	<b>3.6</b>	<b>2.2</b>	<b>7.1</b>	<b>9.3</b>	<b>10.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.3</b>	<b>Feb 22</b>
Cboe S&P 500 PutWrite Index	3.2	2.5	-0.4	9.3	9.2	10.1	11.8	7.1	7.3	7.2	
<b>Real Estate Composite</b>	<b>0.5</b>	<b>0.9</b>	<b>1.8</b>	<b>3.6</b>	<b>-2.7</b>	<b>-4.7</b>	<b>3.8</b>	<b>4.0</b>	<b>5.6</b>	<b>4.8</b>	<b>Sep 07</b>
NFI-ODCE	0.3	0.8	1.7	2.7	-3.9	-6.2	2.5	2.8	4.4	3.8	
NCREIF Property Index	1.2	1.2	2.5	4.2	-0.8	-2.8	3.7	4.0	5.2	5.5	
<b>Infrastructure Composite</b>	<b>1.8</b>	<b>1.9</b>	<b>4.3</b>	<b>9.6</b>	<b>8.5</b>	<b>8.7</b>	<b>9.3</b>	<b>8.8</b>	<b>7.1</b>	<b>8.4</b>	<b>Sep 08</b>
3 Month T-Bill +4%	0.7	2.0	4.1	8.9	9.2	8.7	6.9	6.6	6.1	5.3	
<b>Private Equity Composite</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.8</b>	<b>5.4</b>	<b>6.2</b>	<b>5.7</b>	<b>14.1</b>	<b>12.5</b>	<b>11.8</b>	<b>8.8</b>	<b>Aug 93</b>
MSCI Private Capital Global All Private Equity	0.0	0.0	1.8	5.5	5.0	3.9	13.9	13.1	13.1	14.9	

## DISCLOSURES

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification, and we urge clients to compare the information set forth in this statement with the statements you receive directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Account and Composite characteristics data is derived from underlying holdings uploaded to the Investment Metrics Platform ("Platform"); the Platform then uses data for the noted time period from Standard & Poor's (equity holdings) and ICE (fixed income holdings) to populate the reporting templates. Some securities, including cash equivalents, may not be accurately classified during this population process due to missing identifiers or unavailable data. As a result, characteristics in this report may differ from other data sources. For example, Bloomberg indices may include additional rating information which may differ from the S&P rating used by the Platform.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. **The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.**

Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request or on our website.



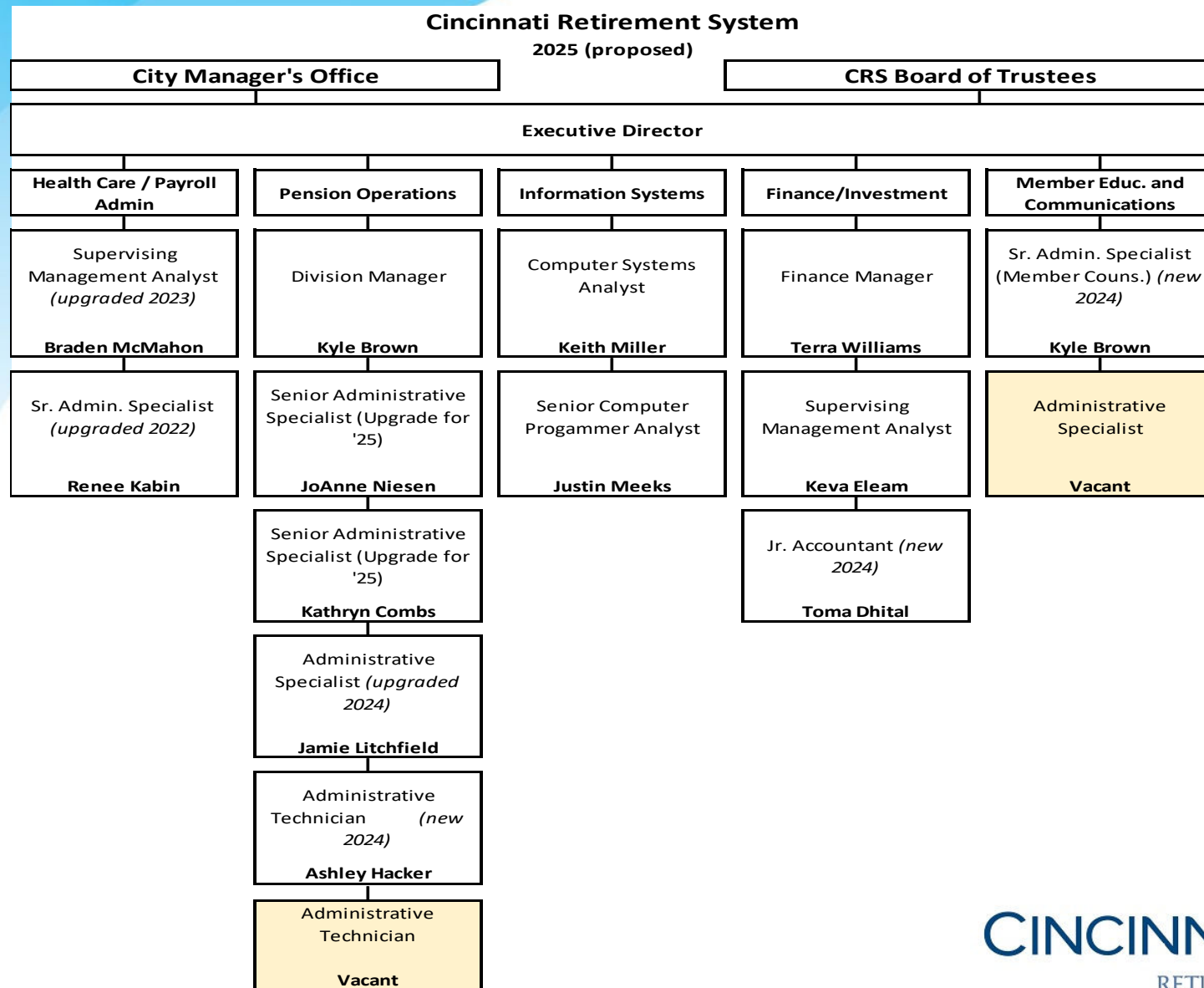


# Cincinnati Retirement System: Proposed Staffing

July 2025

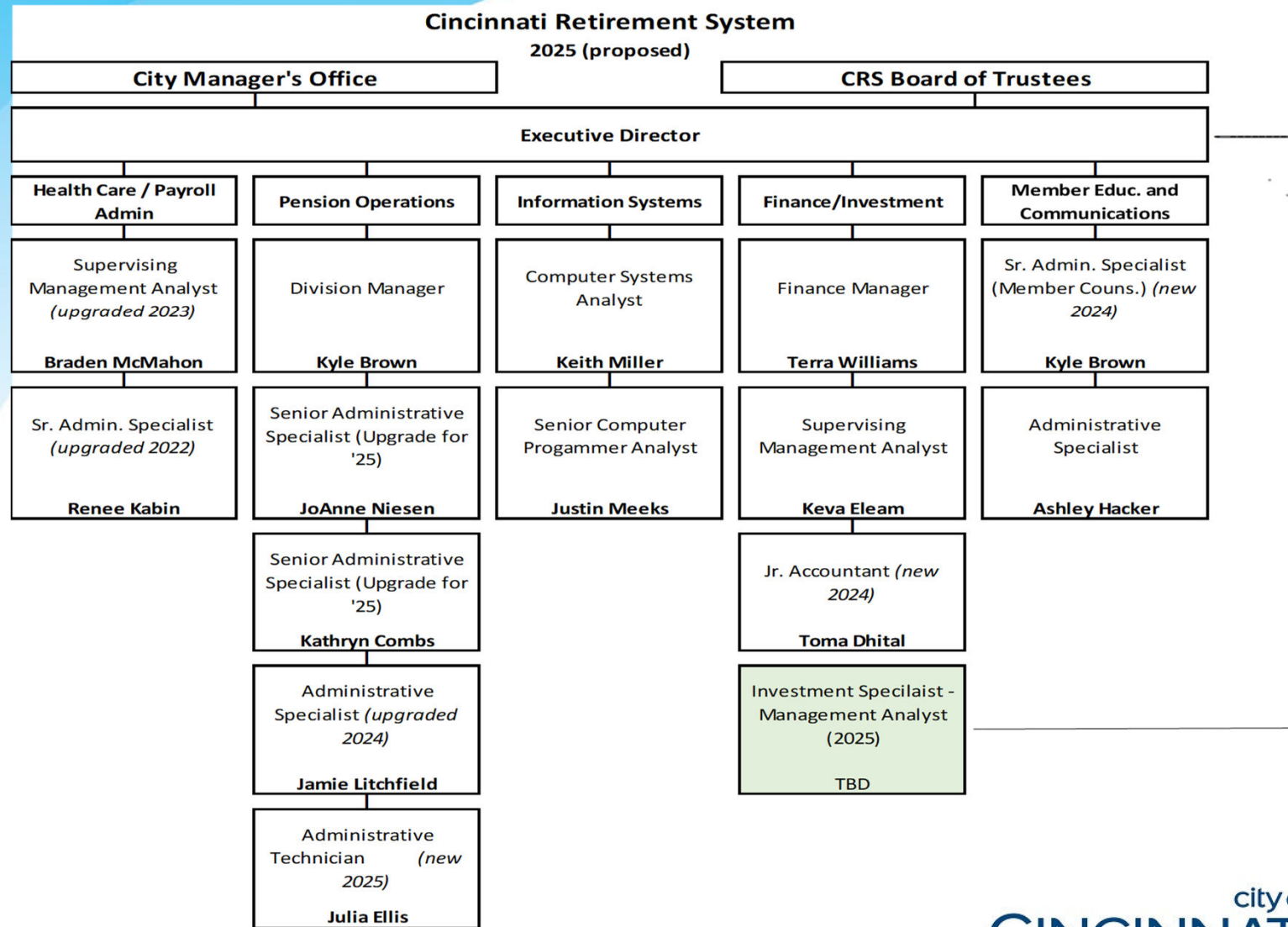
# CINCINNATI RETIREMENT SYSTEM

## → Org Chart with Proposed Staffing



# CINCINNATI RETIREMENT SYSTEM

## → Org Chart with Reconfigured Staffing



# CINCINNATI RETIREMENT SYSTEM

## → Staffing Need – Investment Analyst

### Succession Planning Safeguards Continuity

- Public pension plans are long-term institutions managing multi-generational obligations — **leadership and staff transitions should not disrupt investment strategy or operations.**

### Building Redundancies Enhances Resilience

- Staff redundancy doesn't mean inefficiency — it means **mission-critical knowledge and responsibilities are shared**, not siloed.

### Institutional Knowledge Is a Strategic Asset

- Investment knowledge, historical decisions, manager relationships, and policy evolution represent valuable **tacit knowledge** that can't be easily documented or replaced.

### A Core Part of Risk Management and Governance

- Regulators, auditors, and stakeholders expect that **key-person risk** and **operational continuity** are addressed in governance frameworks.

## Funston Performance Audit - Summary of Recommendations

## Assignment

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
<b><u>1. Legal and Regulatory</u></b>		<b><u>Status</u></b>								
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> <li>Individual trustees</li> </ul>	Completed	X	X						
	<ul style="list-style-type: none"> <li>City Council and Mayor</li> <li>City Manager and City Finance Director</li> <li>CRS Director</li> </ul>	Completed	X	X						
		Completed								
		Completed								
		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.	Reviewed		X						
1.3	The City Solicitor should provide the Board of Trustees with independent external legal counsel or establish a policy and process that allows CRS to retain independent external counsel and/or hire internal CRS counsel to address potential conflicts of interest associated with the City Solicitor's representation of other clients on the same matters.	Reviewed		X						
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						
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						
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						

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:			
	• Trustee personal financial disclosures	Completed	X	
	• Board self-evaluation / Board education policy	Completed	X	
	• Funding	Initiated		X
	• Separate investment policy statement for the 115 trust fund that is tailored to its liabilities	Reviewed	X	
	• Strategic planning, in coordination with the City	Completed		X
	• Collection of claims in securities class actions	Completed	X	

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	<ul style="list-style-type: none"> <li>Succession planning, in cooperation with relevant City appointing authorities</li> <li>Business continuity and resumption</li> <li>Independent governance and benchmarking reviews</li> <li>External communications by Board members</li> <li>Due diligence and reporting for referral of service provider candidates by trustees, along with limits on candidate contacts with trustees during an RFP process</li> </ul>	Completed	X							
		Completed	X							
		Completed	X							
		Completed	X							
		Completed	X							
2.3	Reduce the size of each committee to three or five members to better utilize trustee time.	Reviewed	X							
2.4	Adopt a consent agenda for approval of routine business and reports.	Reviewed	X							
2.5	Conduct periodic board retreats for more in-depth discussion on key topics, conducting board self-evaluations and executive director evaluations, and trustee education.	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.	Reviewed	X	X						
2.10	Discuss with the Director and the investment consultant how reporting could be improved and executive summaries better utilized to enhance trustee understanding and insight.	Completed	X	X						
2.11	<b>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.</b>	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.	Reviewed	X	X						
3.4	Extend the time horizon for the strategic asset allocation to 3-5 years and only make changes to the target asset allocation as part of a comprehensive Asset Liability Study.	Completed	X							
3.5	Include a more comprehensive rebalancing policy in the IPS that describes how rebalancing is linked to the Board's investment philosophy and what the process should be.	Completed	X							
3.6	Discuss with Marquette Associates how reporting might be improved through development of an introductory executive summary, with an exception reporting approach, to the quarterly reporting package focused on actual performance compared to the IPS.	Completed	X	X						
<b>4. Pension Operations</b>										
4.1	<b>Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.</b>	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	<b>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.</b>	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.	Ongoing	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.	Reviewed	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.





# Cincinnati Retirement System Board of Trustees

## 2024 Annual Report



# CINCINNATI RETIREMENT SYSTEM

17

## →Funding Status

	Assets		Liabilities	Funded Ratio
<b>Pension</b>				
Actuarial Value	\$	1,820,976,645	\$ 2,667,823,053	68.3%
Market Value	\$	1,805,588,000	\$ 2,667,823,053	67.7%
<b>Health</b>				
Actuarial Value	\$	564,669,589	\$ 364,355,955	155.0%
Market Value	\$	560,885,000	\$ 367,355,955	153.9%

# CINCINNATI RETIREMENT SYSTEM

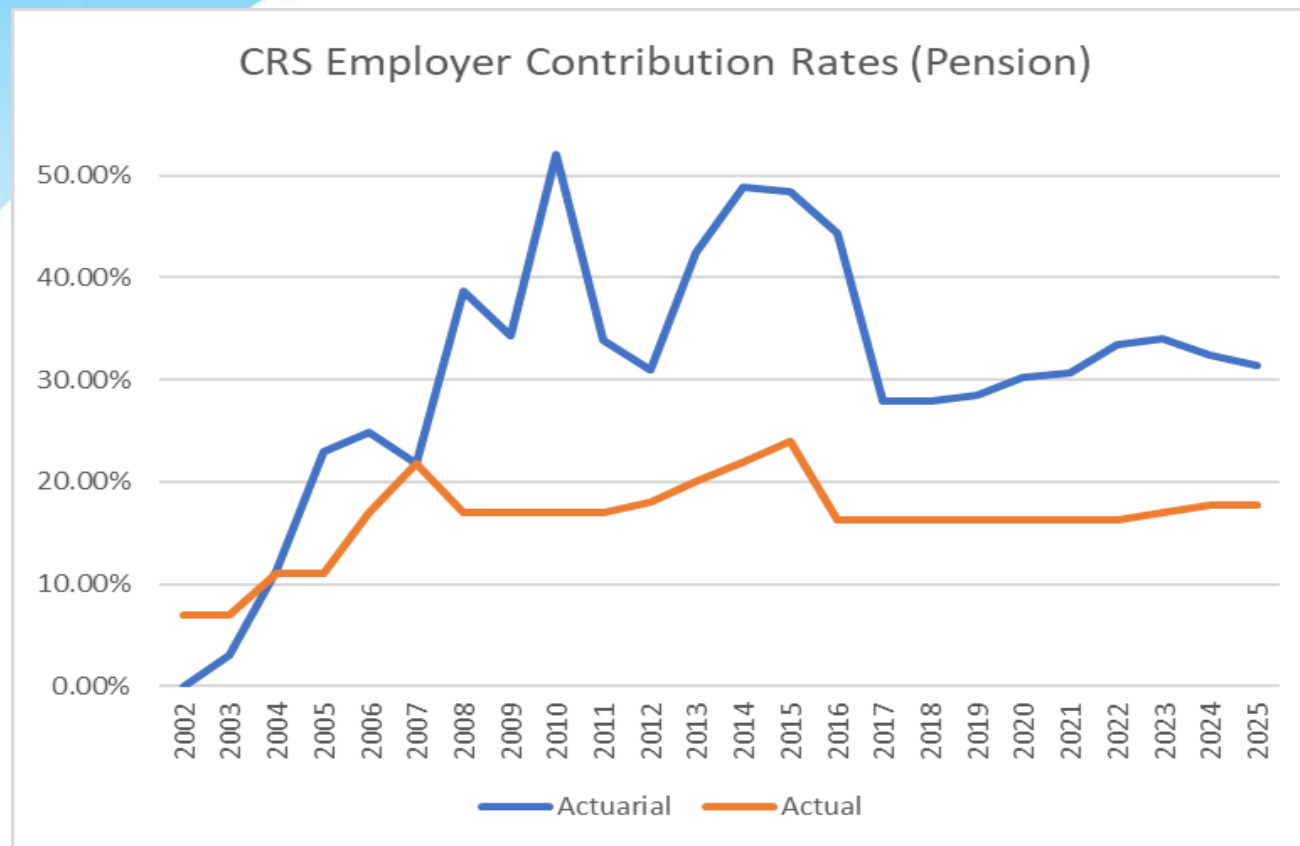
18

## →Funding Benefits: Contributions

- Actuarially Determined Contribution Rate (ADC): 31.43%
- City 2024 rate = ~19.90%
- FT Employee Contribution Rate: 9%
- City Employer Contribution Rate: 17.75%
- City 2024 ERIP payment (\$2.7mm)
- City 2024 “Stabilization Fund” payment (\$2mm)

# CINCINNATI RETIREMENT SYSTEM

## →Funding Benefits: Contributions



# CINCINNATI RETIREMENT SYSTEM

## →Funding Benefits: Investments

### Annual CRS Rates of Investment Return & Funded Status

<u>Plan Year</u>	<u>Actuarial Rate of Return</u>	<u>CRS Return</u>	<u>Funded Status</u>
2015*	7.5%	-0.1%	77.1%
2016	7.5%	8.9%	76.9%
2017	7.5%	14.9%	75.5%
2018	7.5%	-4.3%	72.6%
2019	7.5%	16.8%	71.2%
2020	7.5%	10.3%	70.5%
2021	7.5%	17.4%	71.6%
2022	7.5%	-9.3%	69.3%
2023	7.5%	12.1%	68.8%
2024	7.5%	9.5%	68.3%

\* CSA

\*\*Marquette Associates

**10-Year Compound Average**  
**5-Year Compound Average**  
**1-Year Compound Average**

**Median Public Plan Return\*\***  
**7.2%**  
**7.5%**  
**9.5%**  
**6.8%**  
**6.9%**  
**9.0%**

NCPERS 2024 Survey:  
 Average Peer Assumed rate of return is **6.9%**  
 Average Peer Funding Status is **75.4%**

# CINCINNATI RETIREMENT SYSTEM

## →2023 Fiduciary Audit - Update

21

- Purpose to review CRS standards and practices and compare to peers and industry norms:
  - Focused on Legal & Regulatory, Governance, Investment, Pension Operations, Administrative and Compliance.
- The report concludes that the CRS Board of Trustees has been functioning effectively, the Director and the staff have been effectively providing services to active and retired members, and relations among the Board, CRS staff and other City departments have been collaborative and cordial.
- As part of the report there were thirty-seven recommendations for improvement. Over the past 18 months the Board has worked with administration and staff to review all recommendations and act on approximately 90% of recommendations. This is consistent with what report authors see with other plans/clients.

# CINCINNATI RETIREMENT SYSTEM

## → Recommendations to City Council

1. City Council adopt a plan to continue increasing the Pension Trust employer contribution 0.8% incrementally on an annual basis to assure full funding in 2045
2. Incremental Annual Increase Plan be updated every two years in anticipation of the City's fiscal year biennial budget.
3. City Council approve and appropriate the Pension Trust employer contribution in accordance with each updated Incremental Annual Increase Plan.
4. City Manager engage with the CRS Trustees on the Futures Commission analysis and recommendations regarding the future of CRS and funding of the Trusts.
5. City works with the CRS Board of Trustees to fulfill the recommendations from the Fiduciary Audit (Governance Report) completed by outside consultants.



# CINCINNATI RETIREMENT SYSTEM

## →Scenario to Fully Fund by 2045

2025 Projections from Cheiron Assumed Rate of Return 7.50%				
Schedule of funded Ratios	Flat E'r Rate of 17.75%		Increase E'r by 0.80/year	
	E'r Contr Rate	Funded Ratio	E'r Contr Rate	Funded Ratio
2024	17.75%	68.8%	17.75%	68.00%
2025	17.75%	67.1%	18.55%	67.20%
2026	17.75%	64.9%	19.35%	65.10%
2027	17.75%	65.0%	20.15%	65.40%
2028	17.75%	64.6%	20.95%	65.30%
2029	17.75%	63.9%	21.75%	65.10%
2030	17.75%	63.4%	22.55%	65.10%
2031	17.75%	62.8%	23.35%	65.30%
2032	17.75%	62.2%	24.15%	65.60%
2033	17.75%	61.6%	24.95%	66.20%
2034	17.75%	61.1%	25.75%	67.00%
2035	17.75%	60.6%	26.55%	68.10%
2036	17.75%	60.1%	27.35%	69.40%
2037	17.75%	59.6%	28.15%	71.00%
2038	17.75%	59.2%	28.95%	73.10%
2039	17.75%	58.9%	29.75%	75.50%
2040	17.75%	58.7%	30.55%	78.50%
2041	17.75%	58.6%	31.35%	82.00%
2042	17.75%	58.7%	32.15%	86.00%
2043	17.75%	59.0%	32.95%	90.60%
2044	17.75%	59.4%	33.75%	95.80%
2045	17.75%	60.1%	34.55%	101.70%



#### IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

##### 9) Prohibited Transactions:

- a) Except as set forth in division b) below, the Board shall not perform any of the following actions to a party in interest:<sup>17</sup>
  - i. Lend any part of its income or corpus, without the receipt of adequate security and a reasonable rate of interest;
  - ii. Pay any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered;
  - iii. Make any part of its services available on a preferential basis;
  - iv. Make any substantial purchase of securities or any other property, for more than adequate consideration in money or money's worth;
  - v. Sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth; or
  - vi. Engage in any other transaction which results in a substantial diversion of its income or corpus.
- b) For purposes of subsection (a)(i) above, a bond, debenture, note, or certificate or other evidence of indebtedness (hereinafter in this section referred to as "obligation") of the City shall not be treated as a loan made without the receipt of adequate security if:<sup>18</sup>
  - i. Such obligation is acquired:
    - a) On the market, either at the price of the obligation prevailing on a national securities exchange which is registered with the Securities and Exchange Commission; or if the obligation is not traded on such a national securities exchange, at a price not less favorable to the trust than the offering price for the obligation as established by current bid and asked prices quoted by persons independent of the issuer;
    - b) From an underwriter, at a price not in excess of the public offering price for the obligation as set forth in a prospectus or offering circular filed with the Securities and Exchange Commission; and at which a substantial portion of the same issue is acquired by person independent of the issuer; or

<sup>17</sup> CMC §203-66

<sup>18</sup> CMC §203-66





#### IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

- c) Directly from the issuer, at a price not less favorable to the trust than the price paid currently for a substantial portion of the same issue by persons independent of the issuer.
  - ii. Immediately following acquisition of the obligation:
    - a) Not more than 25% of the aggregate amount of obligations issued in such issue and outstanding at the time of acquisition is held by the trust; *and*
    - b) At least 50% of the aggregate amount referred to in subsection (a) is held by persons independent of the issuer; *and*
    - iii. Immediately following acquisition of the obligation, not more than 25% of the assets of the trust are invested in obligations of persons described in division (d).
- c) Except as otherwise provided herein, the Board shall not purchase or sell any securities from, to or through any party in interest. The Board shall not hire an investment manager who is a party in interest.<sup>19</sup>
- d) For purposes of this section, the term “party in interest” shall include the following:<sup>20</sup>
  - i. The City of Cincinnati;
  - ii. A member of the Board;
  - iii. An elected or appointed official, an officer who is appointed with the consent of the council of the City of Cincinnati, or any department or division head;
  - iv. A relative of a person described in subsections (ii) or (iii);
  - v. A corporation, partnership or other legal entity that is controlled by the City of Cincinnati;
  - vi. A corporation, partnership or other legal entity in which a person described in subsections (ii), (iii), or (iv) has a stock, capital or profits interest of three percent or more.
- e) For purposes of this section, the term “relative” shall include a spouse, lineal ascendants, lineal descendants, and spouses of lineal descendants.<sup>21</sup>
- f) The foregoing restrictions are intended to comply with the requirements of Federal Internal Revenue Code, 26 U.S.C. § 503(b) and (e), and shall be construed and interpreted accordingly.<sup>22</sup>

<sup>19</sup> CMC §203-66

<sup>20</sup> CMC §203-66

<sup>21</sup> CMC §203-66

<sup>22</sup> CMC §203-66

#### IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

- 10) Each member of the Board shall have fiduciary responsibility as defined under the laws of the State of Ohio. The fiduciary responsibility shall be solely to the active, deferred and retired members of the CRS.
- 11)
- 12) The Board shall be guided by principles of full transparency. The public and the CRS members shall have a right to be fully informed of the Board's concerns, considerations, and decisions. Board and committee meetings shall be considered meetings of a public body and be open to the public subject to lawfully convened executive sessions.<sup>23</sup>
- 13) The Board shall generate, maintain, and make publicly available a governing manual for guidance of Board matters, procedures, rules and regulations.
- 14) The Board shall adopt rules and regulations for the administration of the funds of the retirement system and for the transaction of its business.<sup>24</sup>
- 15) The Board shall provide to the City Manager and the City Solicitor any information and documentation needed for the reports required by the CSA and the Consent Decree.<sup>25</sup>
- 16) The Board shall report to Council annually.<sup>26</sup>
- 17) At least once in each five-year period, the Board shall cause an actuarial investigation to be made into the mortality, service, and compensation experience of the members and beneficiaries of the CRS, and shall make a valuation of its assets and liabilities. Taking into account the results of such investigation and valuation, the Board may:<sup>27</sup>
  - a) Adopt such mortality service and other tables as it shall consider necessary; and
  - b) Cause an actuarial valuation to be made of the assets and liabilities of the retirement system at least once every two years.
- 18) CRS Executive Director: The City Manager shall be the appointing authority for the CRS Executive Director and shall supervise his or her performance. The Board will actively participate in the search for a new CRS Executive Director, whether by committee or otherwise, and may present candidates for consideration. The City Manager and the Board shall develop formalized procedures for the evaluation of the CRS Executive Director and the Board's annual written evaluation of the CRS Executive Director's performance shall be submitted to the City Manager at the close of each fiscal year. The City Manager may also dismiss the CRS Executive Director if warranted by circumstances and performance. The City Manager shall dismiss the CRS Executive Director at the request of a two-thirds majority of the Board of Trustees.<sup>28</sup>

<sup>23</sup> CSA, §30.iv<sup>24</sup> CAC §4<sup>25</sup> CSA, §52-53<sup>26</sup> CAC §1(h) and 5<sup>27</sup> CAC §9<sup>28</sup> CSA, §30.v



#### IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

- 19) The City Manager shall be responsible for fixing the compensation of the CRS Executive Director with the advice and consent of the Board of Trustees.<sup>29</sup>
- 20) The CRS Executive Director shall oversee the administration of benefits, investments and member services of the division, and shall direct, control and supervise all employees within the Retirement Division.<sup>30</sup>
- 21) Under the supervision of the CRS Executive Director, CRS staff shall disseminate bi-annual newsletters to keep active and retired stakeholders informed of topical items and current events regarding CRS benefits and retirement. CRS shall have available handbooks as overviews of the benefits available for active members based on group assignment. CRS staff shall host monthly educational events to inform active members close to retirement eligibility of their benefits, as well as hosting monthly education events for active members based on their group assignment.
- 22) Special Services
  - a) The Board may employ such special actuarial, medical and other service as shall be required.<sup>31</sup>
  - b) Actuary
    - i. The Board shall designate an actuary who shall be its technical adviser on matters regarding the operation of the retirement system and shall perform such other duties as are required in connection therewith.<sup>32</sup>
    - ii. Any actuaries, investment advisors and investment consultants hired shall be experienced and reputable professionals in the field.
    - iii. They shall have experience and competencies in the areas of management of funds for large public pension plans.
    - iv. They shall be experienced in assessing index funds, assessing, comparing, choosing and administering appropriate asset allocation plans, and satisfying objectives.
    - v. Any firm(s) chosen shall also have records of positive achievement regarding integrity and attaining plan goals.<sup>33</sup>

<sup>29</sup> CAC §11

<sup>30</sup> CAC §12

<sup>31</sup> CAC §8

<sup>32</sup> CAC §7

<sup>33</sup> CSA §30.vi

## IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

vi. The Board shall keep in convenient form such data as shall be necessary for actuarial valuation of the retirement system and for checking the experience of the retirement system.<sup>34</sup>

vii. The Board may determine the format and subjects of any reports from the actuary and investment managers. However, the Board shall not limit, in any way, the right and duty of the actuaries, investment advisors, and other professionals deemed necessary for the administration of the CRS to provide content deemed by those actuaries, investment advisors, and other professionals deemed necessary for the administration of the CRS to be important for the Board, the members, staff, or public.<sup>35</sup>

### c) Medical Director

The Board shall designate a Medical Director, who shall be a physician not eligible to participate in the retirement system.<sup>36</sup>

The Medical Director shall:

- i. Arrange for and pass upon all medical examinations required under the provisions of the ordinances,
- ii. Investigate all essential statements and certificates by or on behalf of a member in connection with any application for disability retirement, and
- iii. Report in writing to the board his or her conclusions and recommendations upon all referred matters.

d) The Board will follow the City's established procurement process for selection of and contracting with any actuaries, investment advisors and other professionals deemed necessary for the administration of the CRS excluding investment managers and/or funds.<sup>37</sup>

e) The term of any contract for actuaries, investment advisors, and other professionals deemed necessary for the administration of the CRS shall be determined by City Procurement Standards, with general standard contracts being three years, with one additional three year extension, for a maximum term of six years. Prior to the end of the six year term, these contractual services must be rebid, but nothing herein is intended to preclude selection of the former contractor.<sup>38</sup>

<sup>34</sup> CAC §7

<sup>35</sup> CSA §30.vii

<sup>36</sup> CAC §6

<sup>37</sup> CSA §6

<sup>38</sup> CSA §6



#### IV. BOARD MEMBER RESPONSIBILITIES CONT'D.

##### f) Administrative Services

The City Solicitor shall serve the Board as legal counsel and attorney and shall represent the Board in all proceedings in court.<sup>39</sup>

g) The operating budget for the administration of the system shall be paid for by the funds of the system.<sup>40</sup>

##### 23) Committees

a) The Board shall create committees.<sup>41</sup>

b) The Board Chair shall appoint committee members.

c) Any committee shall have at least one retiree Trustee, one employee Trustee and one Mayor-appointed Trustee.<sup>42</sup>

d) All reports made to a committee of the Board shall be provided to all Trustees of the Board, and any Trustee may request additional reports as needed provided that such request is approved by at least two other Trustees.<sup>43</sup>

e) In making appointments, the Chair of the Board will ensure representation from each category of trustee: one Mayoral Appointed Trustee, one Active Employee Trustee and one Retiree Trustee in accordance with the Collaborative Settlement Agreement.

#### V. BOARD OPERATIONS

The Trustees shall elect from their membership the Chair and Vice Chair who shall serve for two years.<sup>44</sup> The Chair (or Vice Chair in the absence of the Chair) shall be responsible for:

24) Communicating the concerns of the Board to the CRS Executive Director,

25) Setting Board meeting agendas, and

26) After consulting with the Board as a whole, establishing priorities for the CRS Executive Director and CRS staff.<sup>45</sup>

27) Representing the Board when dealing with City Council, Committees of Council, the City Administration, City employees, City retirees, the public, and the media.

a) The representation shall be limited to the consensus view of the Board and not the personal opinions, interests, beliefs, or views of the Chairs or Vice Chair.

b) All such representations shall be reported to the Board, to include the content of the representations and the parties involved.

c) No member shall assail, question or impugn the integrity, character or motives of another Board member.

<sup>39</sup> CAC §10

<sup>41</sup> CSA

<sup>43</sup> CSA

<sup>45</sup> CSA §30.iii

<sup>40</sup> CAC §10

<sup>42</sup> CSA

<sup>44</sup> CSA §30.iii

## V. BOARD OPERATIONS CONT'D.

- 28) The CRS Executive Director shall be Secretary, ex officio, of the Board, but shall not vote on items considered by the Board.
- 29) Any Trustee may communicate with or pose a question to the CRS Executive Director, the actuary, or other individuals dealing with the business of the Board.
- 30) The CRS Executive Director and the Chair will be copied on any question or communication with the actuary.
- 31) Should the CRS Executive Director find that Trustees' communications are incurring expense to CRS; the CRS Executive Director shall bring such cost to the attention of the Board.
- 32) If answering any specific question or providing further information will incur considerable expense to the CRS, for example, running new projections, agreement to proceed is required of at least three Trustees.
- 33) The City Treasurer ("Treasurer") shall be the custodian of the CRS regular bank account. All payments from said account shall be made by the Treasurer only upon vouchers signed by the Secretary or persons designated by the Secretary.<sup>46</sup>
- 34) The Board may designate a master trustee/custodian and delegate to said custodian the authority to make payments from custodial accounts for investment purposes, receive funds derived from investment sales, dividends, and interest, and perform such other services related to investment transactions and custody as specified in the master custody agreement.<sup>47</sup>
- 35) Trustees are required to comply with all applicable laws, including but not limited to ethics laws, in the performance of their duties as Board Members.

### Board Meetings

- 1) The Board shall meet regularly and shall convene other meetings at the request of the Chair or a majority of the members. Board meetings shall occur once a month on the first Thursday of each month in a predetermined location, except when a meeting falls on a holiday or other event pursuant to a schedule approved by the Board.
- 2) At least six Trustees shall be present for a quorum at a Board meeting. At least a majority of the members of a committee shall be present for a quorum at meetings of Board committees.<sup>48</sup>
- 3) The Trustees present shall vote on issues before the Board.
- 4) There shall be no voting by proxy or designated representative.

<sup>46</sup> CMC §203-69

<sup>47</sup> CMC §203-69

<sup>48</sup> CAC §3



## V. BOARD OPERATIONS CONT'D

- 5) The concurring votes of at least five Trustees shall be necessary for any decision by the Board.<sup>49</sup> The concurring votes of at least a majority of members of a committee is necessary for any decision by a committee.
- 6) Board and committee meetings shall be considered meetings of a public body and be open to the public.<sup>50</sup>
- 7) Board meeting agendas shall be made available to the public prior to the meeting time of the Board.
- 8) Members of the public shall have an opportunity to speak to the Board on items under consideration at the time such items are considered and before the Board's vote on such items.
  - a) Each public speaker's comments may be limited in time at the discretion of the Board Chair depending on the time available and the number of members of the public wishing to speak..
  - b) Other opinions and comments shall be welcomed in writing, by email, or by other similar means.
- 9) The Board shall keep a record of its proceedings, which shall be open to public inspection.<sup>51</sup>
- 10) Board minutes shall be published in a timely fashion.
- 11) Upon the request of persons at the Board meetings, public reports by and to the Board shall be made available to attendees.
- 12) Board agenda shall be published on the CRS website.

## VI. BOARD COMMITTEES

- 1) **Benefits Committee:**  
The Benefits Committee is responsible for the periodic review of the benefits offered by the Cincinnati Retirement System and funded by the 115 Trust and for making recommendations to the City Manager and City Council for any changes. See *iii. Appendix – Committee Charters* for more information.
- 2) **CRS Performance and Evaluation Committee:**  
The Performance and Evaluation Committee is responsible for developing performance measures for the CRS Executive Director. The Committee also monitors the retirement system members' satisfaction with the benefits and services provided and develops and monitors the strategic goals of the board and the committees. See *iii. Appendix – Committee Charters* for more information.

<sup>49</sup> CAC §3

<sup>50</sup> CSA §30.ix

<sup>51</sup> CAC §5