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**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
March 5, 2026 / 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 2:01 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

No public comment.

APPROVAL OF MINUTES

Trustee Gamel moved to approve the minutes of the Board meeting of February 5, 2025. The motion was seconded by Trustee Morton. The minutes were approved by unanimous roll call vote.

Report on Performance Evaluation & Benefits Committee

Chair Rahtz reported the two motions that were approved at the Performance Evaluation Committee:

- Motion to approve the strategic objectives and evaluation form used for the Director. Because it comes from the committee, there is no second needed. The motion was approved by unanimous roll call vote.
- Motion to approve the staff assessment of the healthcare vendor, investment consultant and actuary. Because it comes from committee, there is no second needed. The motion was approved by unanimous roll call vote.

Chair Gamel reported the one motion that was approved at the Benefits Committee:

- Motion to approve CRS' physician's opinion and recommendation regarding a disability retirement. Because it comes from committee, there is no second needed. The motion was approved by unanimous roll call vote.

Executive Session

No Executive Session Needed.

Informational – Staff Report

Marquette Investment Report

The Marquette investment report covers performance through December 31, with preliminary data through late February showing the fund up approximately 2% more. Recent market volatility may impact final first-quarter results. Year-end performance was previously reviewed and shows strong results compared to benchmarks. Over 1–10-year periods, returns exceed the 7.5% target, indicating solid overall fund performance.

Update Regarding New Investment Manager Contracts

Staff is currently negotiating contracts for five new hedge fund investment managers, with progress going well. Most or all contracts are expected to be finalized by the end of March, allowing the allocation to be implemented in Q2. One manager has requested anonymity in Marquette reports regarding performance and fees. Legal has reviewed and approved this arrangement, confirming it will not impact the ability to meet Voya reporting requirements.

Dashboards

- Investment Performance: Returns over 1–5-year periods exceed the 7.5% assumed rate of return.
- Benchmarks:
 - Passive benchmark (70% equities / 30% bonds) is difficult to beat in the short term due to strong equity markets, but the fund exceeds it over the 5-year period.
 - Policy benchmark performance is in line for 1-year (expected to meet or exceed 14% once finalized), and exceeds benchmarks over 3 and 5-year periods.
- Membership and Demographics: Positive trend in the ratio of active members to retirees, with overall improvement noted; further analysis to be provided by Cheiron.
- Benefits & Payments: Benefit payouts and overall financial activity (contributions, returns, payments) are tracking as expected.
- DROP Program: Participation is declining; payout amounts fluctuate annually based on participants duration and timing.
- Healthcare Costs: remaining in line with expectations.

Risk and Personnel Dashboards:

- Risk Dashboard:
 - Funding risk was initially lowered to medium based on the proposed funding plan.
 - A Trustee recommended moving it back to high until the funding plan is officially finalized in May.

- Personnel Dashboard:
 - Personnel risk level has been reduced to medium due to stabilized staff turnover.
 - Finance Manager Terra Williams will be leaving the team to join Accounts & Audits; while not considered a high risk, her departure will be a loss for the team.

Cybersecurity Dashboard:

- Cybersecurity Risk: Remains rate high due to ongoing and evolving threats facing municipalities nationwide.
- Training & Preparedness: The City, particularly ETS, has done a strong job improving employee awareness of phishing, malware, and cyber threats.
- Risk Outlook: While employees' readiness has improved, continued vigilance is necessary as threats evolve, so the risk level may remain elevated for now.
- Next Steps: Director Salstrom will bring more information to the next Board meeting regarding the City's cybersecurity insurance in place.

Strategic Asset Allocation and Liquidity:

- Liquidity Overview:
 - 65% of the portfolio is in liquid assets (daily, weekly, monthly access), primarily public equities and fixed income.
 - No concerns with meeting cash flow needs or paying monthly benefits.
- Asset Categories:
 - Medium liquidity: Real estate, infrastructure, and hedge funds (quarterly to semi-annual liquidity).
 - Illiquid assets: Private equity and private debt, often with drawdown structures.
- Liquidity Management Improvements:
 - More strategic pacing of investments to avoid large, rapid capital calls.
 - Shift toward direct private equity investments (e.g., smaller commitments) to better control cash outflows.
 - Increased income generation through private credit, opportunistic credit, infrastructure, and real estate, improving overall cash flows.
- Portfolio Trends:
 - Liquid assets increased from 65% (Oct. 31) to 66%
 - Illiquid assets remained stable (17.65% to 17.24%)

Liquidity figures are based on committed and executed investments, not target asset allocation.

Compliance Dashboard:

- Compliance Status: All areas remain fully in compliance.
- Coverage Areas: Includes investment strategy, manager diversification, and legal/tax requirements.

Budget Dashboard:

- Overall Budget Performance: Actual spending through December came in below projections.
- Expense Ratio: Approximately 15 basis points, in line with expectations and comparable to NCPERS and peer plans.
- Administrative Costs: Remain relatively low compared to peers.

- 2025 Budget vs. Actual: Significantly under budget, largely due to staffing levels; expenses are expected to increase as hiring progresses.
- Key Variances:
 - Lower data processing costs due to purchasing fluctuations and discounts.
 - Lower professional fees overall, though legal fees increased with onboarding new managers but we overestimated.

Staff Update

The Finance Manager position (formerly held by Terra Williams) has been posted and expected to close within a couple of weeks. The Administrative Specialist posting has closed, with interviews anticipated over the next few weeks. The Investment Analyst posting will close within about a week, followed by interviews. On track to fill all open positions within the next month or so.

Pension Funding Policy Update (Funding Plan Ordinance & One Time Contribution Ordinance)

City Council and the Mayor approved the funding plan and a \$50 million appropriation in mid-February. The plan was developed over the past year through collaboration among staff, administration, legal, retirees, and other CSA stakeholders. Timing prevented earlier presentation to the Board.

Plan Overview (5 Components):

- \$50 million City contribution to the Pension Trust (effective July 1).
- Increased City contribution rates to 19.25% starting July 1, with potential increases up to 21%.
- Employee contribution increase from 9% to 10%.
- No changes to retiree benefits.
- Goal: Achieve full funding by 2045-2046 as determined by the actuarial analysis.

The plan must go through federal fairness hearing (anticipated May 18) under the Collaborative Settlement Agreement. A federal judge will approve or request revisions after stakeholder input.

CRS will launch a dedicated webpage with letters, FAQs, and resources for active members and retirees.

Chair Moller commented, while the fund is not identical to the Board's previously recommended incremental funding approach, the approved plan represents significant progress toward fully funding.

Trustee Menkhaus expressed strong support for the \$50 million City contribution as a significant and positive step but strongly opposed the increase in employee contribution rates, noting it pushes contributions above the NCPERS national average of 9%. He argued it is misleading to tie the employee increase to the \$50 million contribution, since the City is already obligated under the CSA to fully fund the plan by 2045. He highlighted that employees consistently meet their contribution obligations automatically, unlike the City's historically lower contribution levels (below the 26% national employer average). He described the additional burden on employees as unfair and ill-advised. Trustee Menkhaus also emphasized that employees have already made significant concessions over time, including reduced benefit multipliers, longer service requirements, changes to healthcare eligibility (point system post-1997 hires), and elimination of retiree healthcare for employees hired after 2016. He plans to voice these concerns during the upcoming federal fairness hearing.

Old Business

Finalize Funston Recommendation including CEM Benchmarking suggestions

The recommendations are included in the meeting packets as part of the current assessment. No action is required from the Board at this time. Two remaining items need to be finalized, which is why the topic remains on the agenda.

New Business

A retiree Board election is anticipated, and preparations are underway. The Mayor has nominated Mia Rivolta, a Finance Professor at Xavier University, to fill the appointed Board position previously held by Council Member Seth Walsh, whose term is ending. Due to Seth Walsh stepping down as Vice Chair of the Elections Committee, Kathy Rahtz will be appointed as the new Vice Chair. The Elections Committee membership is: Sonya Morris, Kathy Rahtz, Monica Morton, and Tom West. If Mia Rivolta is approved by Council, she will be appointed to Seth Walsh's committee assignments, including Elections Committee.

Chair Moller made a motion to approve and allow the 115 Trust Committee to being either at 2:00 PM or immediately following the Board meeting, rather than being fixed at 3:00 PM. This provides scheduling flexibility. The motion was seconded by Trustee Gamel and approved by unanimous roll call vote.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:39 p.m.

Meeting video link: <https://archive.org/details/crs-board-3-5-26>

Next Meeting: Thursday, April 2, 2026, at 2:00 p.m. – City Hall Council Chambers and via Zoom



Secretary