



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

**January 9, 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

Linda Smith

Call to Order

Public Comment

Approval of Minutes

- December 5, 2024

Report from Governance Committee

Informational – Staff Report

- Marquette Investment Report (9-11)
- Staff Update
- Benefit Subcommittee
- 415B Update
- Fiduciary Audit Recommendations Update (12-14)
- Futures Commissions Update

Old Business

- Term Limits Ordinance (15-19)

New Business

- CEM Benchmarking Presentation (20-60)
- Private Equity Pacing and Commitment Sizes (61)
- 2025 CRS Budget Update (62)
- Committee Assignments (63)

Adjournment

Next Meeting: Thursday, February 6, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom



**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
December 5, 2024 / 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

Linda Smith

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, Walsh, Riddle, Morris, and West were present.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Trustee Gamel moved to approve the minutes of the Board meeting of November 7, 2024, with recommended changes by Chair Moller. The motion was seconded by Trustee Rahtz. The minutes were approved by unanimous roll call vote.

Executive Session

Chair Moller motioned to enter Executive Session pursuant to the Ohio Revised Code 121.22 subsection G and Municipal Code section 121-7 to discuss the Board's council matters that are subject to pending and imminent court action. The motion was seconded by Trustee Walsh. The motion was approved by unanimous roll call vote.

Report from Benefits and Performance Evaluation Committee

Performance Evaluation Committee

Trustee Rahtz explained the two motions made at the Performance Evaluation Committee meeting regarding the performance evaluation of the Executive Director for the coming year.

- The first motion was to approve four overarching goals for the 2024/2025 performance evaluation of the Executive Director, which were drawn from the strategic plan document. The four goals are:
 1. Provide the Board with solid leadership, support, coordination, education, and communication.
 2. Assist the Board in developing, updating, and documenting a sound investment policy and robust governance structure.
 3. Provide information, education, support, assistance, and excellent customer service to active and retired members of CRS.
 4. Coordinate activities and communication between the Board, City Administration, and Advisors/Consultants as necessary to accomplish the Board's objectives.

The purpose of these goals is to categorize the performance and strategic objectives for the Executive Director. Chair Moller noted that no second was needed to approve the motion, as it had already been approved by the Committee. The motion was approved by unanimous roll call vote.

- The Director provided a report to the Committee regarding the performance evaluation of the investment consultant. The Committee motioned to approve the evaluation of the investment consultant. Chair Moller noted that no second was needed to approve the motion, as it had already been approved by the Committee. The motion was approved by unanimous roll call vote.

Benefits Committee

Trustee Gamel explained that there were no motions made at the Benefits Committee meeting. The Committee discussed the Dental RFP update, focusing on the tiered plans. It was noted that a little over 10% of retirees opted for the new tiered plan at an additional cost. The healthcare survey was also discussed. The survey is set to be prepared for 2025, with plans to adjust the draft in order to increase retiree participation.

Informational – Staff Report

Marquette Investment Report

Chair Moller provided an update on investment performance:

- Year-to-date (YTD) performance is 8.3%.
- For the year, performance is 17.8%, which is about at the benchmark.
- Over the 1-year period, the performance is just slightly below the benchmark.

CRS Dashboards (Perform, Demographics, Benefits, Liquidity and Budget)

Director Salstrom explained that included in the packet, starting on page 8, are the CRS Dashboards reviewed at the last meeting. These dashboards provide the Trustees with a quick snapshot of what he believes is pertinent information.

- In the Marquette Report, the focus is on highlighting the 1, 3, and 5-year returns for the CRS fund, net of fees, comparing them to:
 - The assumed rate of return of 7.5%.
 - A passive benchmark, which is a 70/30 equity/fixed income benchmark.
 - The long-term policy index, which is based on the target asset allocation.

Director Salstrom noted that the long-term performance looks good, medium-term performance looks good, and the short-term performance is slightly behind on a couple of benchmarks, but still above the assumed rate of return, which is positive.

- On page 9, the Benefits and Demographics Dashboard is provided. This dashboard offers a view of the total number of active members, total number of retirees, and the sum of DROP employees, which continues to decline. Director Salstrom highlighted that, when considering the overall health of the plan, the demographics look positive. The number of active employees continues to increase, which boosts contributions, while the number of retirees remains steady, which benefits the asset-to-liability ratio.
- On page 10, the dashboard provides a view of total benefits paid. Director Salstrom pointed out that, although it states the data is through September 30th, it has actually been updated through November. There is nothing out of line in the data; it aligns well with the budget expectations.
- On page 11, the Risk Dashboard is included for review. Director Salstrom highlighted the Risk Dashboard that was reviewed in the Performance Evaluation Committee. He noted that there were no significant changes from the last time it was presented. However, there are plans to adjust the market risk level moving forward, likely to reflect an increased expected risk as the year progresses and the next Administration begins. Director Salstrom anticipates tailwinds for the market at present, but he believes the first 100 days of the Administration may bring some market volatility, which will be reflected in future updates.
- The next two pages of the packet are new to the Trustees. These pages aim to provide an overview of how monthly benefits that must be paid are aligned with the portfolio's positioning. On the first page (page 12), the report looks at the overall asset allocation and categorizes investments into three buckets based on liquidity:
 - High-liquidity
 - Medium-liquidity
 - Low-liquidity

Private equity and private credit are included in the low-liquidity category. Private equity generally has a draw-down structure, and private credit is a bit more evergreen but still has limited liquidity. Investments in low-liquidity assets have less than one year of availability, and for private equity, it usually takes 12+ years to receive returns. The report includes a snapshot of the asset position vs. targets, showing where the portfolio is overweight and underweight.

Notable points:

- Overweight in private equity as the allocation is being reduced to 8%.
- Underweight in private debt, which is a new allocation that will take time to build.
- Overweight in U.S. equities, given recent market conditions and volatility in other asset classes.

On page 13, the liquidity breakdown is presented in more detail. Investments are defined in terms of their liquidity buckets:

- 57-58% of the portfolio has daily or weekly liquidity, meaning cash can be redeemed on a daily or weekly basis.
- 8% is in monthly vehicles, requiring a month's notice for redemption.

- Further breakdowns are made for quarterly, semi-annual, and illiquid investments, which are predominantly in private equity, with some in infrastructure and private credit.

Director Salstrom also provided an overview of the unfunded commitments across various asset classes, including private equity, private credit, real estate, and infrastructure, noting that these sum up to 7% of the portfolio's total commitments.

Director Salstrom explained that he has taken the total fund of unfunded commitments which is \$168 million, and made assumptions about the expected capital call ratios. Historically, about 80-85% of the money committed to private equity funds is drawn over the life of the fund. He provided various scenarios for the capital call ratios, assuming a 3-year investment period. For example, if 80% of the unfunded commitments (\$135 million) are called over three years, this results in about \$35 million per year, or approximately \$4.5 million per month. These scenarios are based on assumptions, and Director Salstrom is trying to anticipate the liquidity needs of the plan, planning for maximum drawdowns. Regarding monthly cash flow needs, Director Salstrom noted that, on average, the pension benefit payments amount to \$14 million per month.

- Compliance Dashboard Overview
 - Key Focus Areas:
 - Asset Allocation Review – ensures adherence to proper asset allocation strategies.
 - Risk Tolerance Bands – Monitoring risk tolerance and ensuring alignment with previously discussed bands.
 - Collaboration with Legal – Ensures that all decisions and strategies are in compliance with legal regulations.
 - Budget Monitoring – Overview of the budget performance (Actual vs. Planned) for the year.
 - Budget Overview:
 - Page 15:
 - Provides detailed comparison of the actual budget vs the expected budget through three quarters of the current fiscal year.
 - Shows the difference between the actual spend and budgeted projections.
 - 2024 Budget vs. Actual:
 - Highlights the budget for the upcoming year and compares it with historical actuals.
 - Key Insight: The actual costs historically run about 85% of the annual budget.
 - Peer Comparison:
 - The budget appears to be well-aligned compared to peers in terms of cost management and allocation efficiency.

115 Subcommittee Memo

Director Salstrom referenced the provided summary included in the packet. This provides a summary of key items pertinent to the 115 Trust, including outside counsel's opinion on the establishment of the CRS Board and the associated compliance risks. It includes an update on the CSA and the 115 agreement, outlining where the organization currently stands. This summary is for the Trustees to review and

consider in relation to their responsibilities. Director Salstrom anticipates that clarity will emerge after further discussions with outside counsel to refine their opinion and determine the next steps.

415B Update

Director Salstrom shared that the analysis on the historical 415B compliance concerns is still ongoing. Cheiron is approximately halfway through completing the analysis. The full report is expected to be ready in about a month.

Fiduciary Audit Recommendations Update

Director Salstrom emphasized the importance of keeping the summary of recommendations in the Board packets for the Trustees to easily track progress and highlight completed items. He will highlight changes as items are completed. Performance evaluation subcommittees oversight: Director Salstrom anticipates moving forward with a couple of items related to this as the budget discussions unfold, including aspects of benchmarking. No significant completions to report at the moment. The team will continue to focus on the governance manual, working on consolidating various governing documents into one unified document.

Futures Commissions Update

Chair Moller noted that a report on the Futures Commission from the City Administration was included in the packet for informational purposes, as he wasn't sure if the Board had received it previously. Director Salstrom pointed out that on page 31 of the report is relevant to the CRS system.

Chair Moller also mentioned that the Board received OPERS news from the Director, which included comments on potential mergers with other retirement systems. The OPERS Board has stated that they will not assume another system's unfunded liability, and this is provided as an informational item.

Old Business

Term Limits Ordinance

Chair Moller mentioned that the Law Department had been asked to provide a draft ordinance on term limits, reflecting motions passed at the previous meeting. However, a new draft has been made available, which the Board has not had a chance to review yet. Chair Moller suggested holding the item until the next meeting so the Board can review the latest draft. Trustees agreed to this suggestion.

City Solicitor, Emily Smart Woerner, explained that the new draft includes a change in how term limits are calculated. The previous draft used three 4-year terms, but this was complicated by the fact that the CSA Board reform order allows the Mayor to appoint members to indeterminate terms (ranging from two-four years). The new version calculates term limits based on the total number of years (12 total), to avoid conflicting with the existing provisions in the Administrative Code. The City Solicitor wanted to highlight this reasoning behind the change for the Board's consideration.

New Business

Board Chair and Vice Chair Elections

Trustee Gamel made a motion to nominate Bill Moller as Chair. Trustee Rahtz seconded the motion. The motion was approved by unanimous roll call vote. Chair Moller made a motion to nominate Tom Gamel to Vice Chair. Trustee West seconded the motion. The motion was approved by unanimous roll call vote.

Approve Investment Policy Changes

Chair Moller focused on page 51, which contains an asset allocation rebalancing chart. Previously, the minimum and maximum targets for asset allocations were set with a 5-percentage point range (e.g., Core Plus Bonds: 9% minimum and 14% maximum). However, the new chart does not follow this pattern in all categories. Chair Moller suggested sending this to the Investment Committee for discussion about adjusting the ranges for minimum and maximum allocations. This is important for determining when the portfolio is out of balance and needs rebalancing. Although Chair Moller initially thought the issue could be resolved quickly, he felt that further review by the Investment Committee was needed. The Trustees agreed to hold this item until the next Investment Committee meeting.

2025 CRS Budget Recommendations

Director Salstrom presented the full budget for the year, highlighting a 3% increase from last year, totaling \$3.95 million (up from \$3.8 million). He noted that historically, the budget comes in slightly under each year, mainly due to salary and wages (due to unfilled roles).

Key budget items:

- Salaries and wages: Up due to raises and an additional team member (an Administrative Specialist for redundancy and support).
- Office expenses: Down, particularly in travel costs.
- Data processing: Down significantly as fewer consulting hours are required from LRS/Pension Gold.
- Professional services: Up, primary due to increased legal fees and benchmarking work.
- Insurance: Up due to inflation.

Succession planning: Director Salstrom discussed challenges with personnel transitions, such as:

- The retirement of the head of IT and successful transition to new staff.
- Division Manager role succession, with Kyle Brown temporarily filling the position. The need to fill two vacant roles is anticipated.

Customer service and member education remain a top priority, with a focus on succession planning and ensuring smooth transitions.

CEM benchmarking: A new budget item for benchmarking analysis from CEM, which would assess investment performance and pension administration efficiency. This would serve as a bridge between the previous fiduciary audit and financial audit.

- Chair Moller requested an example of CEM's work before finalizing the contract.

Investment management fees: The fees increased due to the rise in the plan's total asset value, from \$2.2 billion to \$2.4 billion. The CEM benchmarking would provide insight into how CRS compares with peer fees.

Trustee Gamel motioned to approve the budget, seconded by Trustee Rahtz. The motion was approved by unanimous roll call vote.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Menkhaus. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 3:42 p.m.

Meeting video link: <https://archive.org/details/crs-board-12-5-24>

Next Meeting: Thursday, January 9, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Secretary

DRAFT



Cincinnati Retirement

Monthly Report

Executive Summary
November 30, 2024



Total Fund Composite

Monthly Report
As of November 30, 2024

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month
Fixed Income Composite	490,837,365	20.5	22.5	538,674,095	-47,836,730	Total Fund Composite Beginning Market Value 2,352,059,146 Net Cash Flow -11,073,592 Gain/Loss 53,121,536 Ending Market Value 2,394,107,090
Private Debt Composite	97,473,375	4.1	6.5	155,616,961	-58,143,586	
U.S. Equity Composite	718,800,696	30.0	28.5	682,320,521	36,480,175	
Non-U.S. Equity Composite	338,616,968	14.1	16.0	383,057,134	-44,440,166	
Volatility Risk Premium Composite	63,893,246	2.7	2.5	59,852,677	4,040,568	
Real Estate Composite	148,980,990	6.2	6.0	143,646,425	5,334,565	
Infrastructure Composite	254,694,577	10.6	10.0	239,410,709	15,283,868	
Private Equity Composite	265,859,414	11.1	8.0	191,528,567	74,330,847	
Total Fund Composite	2,394,107,090	100.0	100.0	2,394,107,090		

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
Total Fund Composite	2.3	2.4	10.8	14.9	10.2	5.2	8.5	7.4	7.4	8.8	Jun 85
Target Benchmark	2.2	2.1	10.6	14.8	9.9	4.2	8.1	7.4	7.5	-	
Actuarial Rate 7.5%	0.6	1.8	6.9	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
Fixed Income Composite	1.2	0.3	4.1	8.0	5.2	-0.7	1.7	2.4	2.6	5.0	Dec 95
Blmbg. U.S. Aggregate Index	1.1	-0.1	2.9	6.9	4.0	-2.0	0.0	1.3	1.5	4.2	
Private Debt Composite	0.0	2.5	9.3	10.8	12.2	6.8	-	-	-	4.9	Oct 20
Blmbg. U.S. Aggregate Index	1.1	-0.1	2.9	6.9	4.0	-2.0	0.0	1.3	1.5	-1.6	
Bloomberg US High Yield TR	1.2	2.2	8.7	12.7	10.7	3.7	4.7	4.8	5.1	5.0	
U.S. Equity Composite	6.8	8.0	26.3	34.1	20.7	10.5	14.3	12.1	11.5	9.9	Mar 89
Russell 3000 Index	6.7	8.1	27.7	34.5	23.1	10.5	15.2	13.8	12.9	11.1	
Non-U.S. Equity Composite	-0.5	-3.0	7.8	13.0	10.5	3.1	5.5	3.6	4.6	5.8	Jun 93
MSCI AC World ex USA (Net)	-0.9	-3.2	7.6	13.0	11.1	2.9	5.4	4.1	4.6	-	
Volatility Risk Premium Composite	3.5	5.0	13.7	15.9	13.5	-	-	-	-	7.3	Feb 22
Cboe S&P 500 PutWrite Index	4.5	5.6	18.0	19.6	15.9	8.9	9.3	7.5	7.8	9.0	
Real Estate Composite	0.3	0.7	-1.9	-4.5	-7.5	0.0	3.6	4.4	6.3	4.8	Sep 07
NFI-ODCE	0.0	0.0	-3.2	-4.8	-8.9	-2.7	1.9	3.0	4.9	3.7	
NCREIF Property Index	-	-	-	-	-	-	-	-	-	-	
Infrastructure Composite	-0.1	2.0	5.3	7.8	8.9	8.4	9.0	8.0	7.5	8.3	Sep 08
3 Month T-Bill +4%	0.7	2.2	8.7	9.5	9.3	7.9	6.5	6.4	5.8	5.2	
Private Equity Composite	0.0	1.0	4.1	7.1	6.2	5.3	13.7	13.6	12.5	8.8	Aug 93
Burgiss Global All Private Equity	0.0	0.0	1.9	5.0	4.1	1.6	14.3	14.4	13.8	15.0	

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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"> The Board of trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> Board chair 	Initiated	X		X					
	<ul style="list-style-type: none"> Individual trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> City Council and Mayor 	Initiated		X						
	<ul style="list-style-type: none"> City Manager and City Finance Director 	Initiated		X						
	<ul style="list-style-type: none"> CRS Director 	Initiated		X						
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.	Initiated		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.	Initiated		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.	Initiated		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.	Initiated		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.	Initiated		X	X					
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"> Trustee personal financial disclosures 	Initiated	X							
	<ul style="list-style-type: none"> Board self-evaluation / Board education policy 	Initiated	X							
	<ul style="list-style-type: none"> Funding 	Initiated		X						
	<ul style="list-style-type: none"> Separate investment policy statement for the 115 trust fund that is tailored to its liabilities 	Reviewed	X							
	<ul style="list-style-type: none"> Strategic planning, in coordination with the City 	Initiated		X						
	<ul style="list-style-type: none"> Collection of claims in securities class actions 	Initiated	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	• Succession planning, in cooperation with relevant City appointing authorities	Initiated	X							
	• Business continuity and resumption	Initiated	X							
	• Independent governance and benchmarking reviews	Initiated	X							
	• External communications by Board members	Initiated	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	Initiated	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.	Not Reviewed Yet	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.	Not Reviewed Yet	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.	Initiated	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Initiated	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	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.	Initiated	X	X						

3. Investment Program and Operations

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						

4. Pension Operations

4.1	Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.	Initiated	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.	Initiated	X							
4.5		Reviewed		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.	Reviewed	X	X						

5. Administrative Operations

		<u>Board</u>	<u>Board, Adm.</u>	<u>Priority</u>	<u>Board</u>	<u>Governance</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.		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.		X	X						
5.3	Develop a long-term IT plan that identifies future needs.		X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.		X	X						
5.5	Update the documented disaster recovery plan.		X	X						

6. Compliance

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

LES

- 2024

MODIFYING Article XV, “Retirement System,” of the Administrative Code of the City of Cincinnati by **AMENDING** Section 1, “Board of Trustees,” to amend provisions related to the limitation on the terms of board members and to harmonize the Administrative Code with the provisions of the Collaborative Settlement Agreement reached in Sunyak, et. al. v. City of Cincinnati, et. al., Case Number 1:11-cv-445 in the United States District Court, Southern District of Ohio, Western Division.

WHEREAS, on May 7, 2015, the City of Cincinnati entered into a Collaborative Settlement Agreement (“CSA”) to resolve multiple consolidated court cases against the City that were pending in the United States District Court for the Southern District of Ohio, Western Division, in Case Number 1:11-cv-445; and

WHEREAS, the terms of the CSA prevail over conflicting provisions of Article XV of the Administrative Code; and

WHEREAS, amendment of the Administrative Code to conform to the terms of the CSA and current policies and procedures of the Cincinnati Retirement System provides increased clarity and transparency; and

WHEREAS, the Cincinnati Retirement System Board (“Board”) wants to amend the limitation on the number of terms which board members may serve in order to provide flexibility and continuity in Board membership and to maintain attendance of a sufficient number of Board members for quorum; and

WHEREAS, the Board has voted to amend the limitation on the number of terms that board members may serve to provide that members may serve a maximum of three consecutive terms, after which board members must wait at least four years before they are eligible to serve again; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio, with three-fourths of its members concurring:

Section 1. That Article XV, “Retirement System,” of the Administrative Code of the City of Cincinnati is amended to read as follows:

ARTICLE XV. – RETIREMENT SYSTEM

Sec. 1. Board of Trustees.

- a) The general administration and responsibility for the proper operation of the retirement system shall be vested in a board of trustees. The board of trustees shall consist of nine members:
- i. Four members with qualifications specified in subsection (b) shall be appointed by the Mayor with the advice and consent of Council.
 - ii. Two members, who shall be employee members of the system, shall be elected by deferred members and active members, as defined in Sections 203-1-D and 203-1-A2, who are not currently receiving a retirement benefit.
 - iii. Three members, who shall be retired members of the system, shall be elected by persons who are receiving retirement allowances, optional benefits, or survivor benefits from the system.
- b) At least two of the ~~appointed~~ members who are appointed to of the board pursuant to Article XV, Section 1(a)(i) shall have the following qualifications:
- i. Baccalaureate degree from an accredited college or university in finance, economics, business, or other field of study involving financial management; or
 - ii. A minimum of ten years of experience in pension administration, pension actuarial practice, institutional investment management, employee benefits/investment law, banking, asset/liability management for an insurance company, or university or college professor with a focus on fiduciary or trust fund law or quantitative background in financial theory or actuarial math.
 - iii. The appointed member shall not have any business, personal, or family interests related to the city or the retirement system that would constitute a conflict of interest, or that would create the appearance of a conflict of interest, with the duties of a trustee. Being a member of the Cincinnati Retirement System or a beneficiary of the Cincinnati Retirement System shall not constitute a conflict of interest.
 - iv. Residency shall not be considered as a qualification for any appointed member.
 - v. A current or former elected city official appointed as a member of the board pursuant to this section does not have to meet the requirements of subsection b)i and b)ii of this section. No more than two current or former elected city officials appointed as members of the board pursuant to this section shall be eligible to simultaneously serve as members of the board.
- c) Board members shall have terms of the following lengths ~~serve four-year terms, except that:~~

- i. Mayoral appointees: Members who are appointed to the board pursuant to Article XV, Section 1(a)(i) may have a term of any length of time not exceeding four years. ~~when the Mayor makes initial appointments to the board under this Article, the Mayor shall appoint two members to serve four year terms, and two members to serve two year terms, so that the terms overlap to establish continuity in board membership from year to year.~~
- ii. Elected members: Members who are elected to the board pursuant to Article XV, Section 1(a)(ii) or (iii) shall serve a term of four years for the initial election of the board members elected pursuant to subsection a)ii of this section, the active employee candidate with the highest vote total shall serve a four year term and the active employee candidate with the next highest vote total shall serve a two year term.
- iii. Unexpired terms: When a vacancy occurs for any member of the board, the person who is either appointed or elected to fill that vacancy shall hold the office for the remainder of the unexpired term for the initial election of the board members elected pursuant to subsection a)iii of this section, the two retiree candidates with the two highest vote totals shall serve four year terms and the retiree candidate with the third highest vote total shall serve a two year term.
- d) Term limits: Each ~~No~~ board member may serve up to three four year terms either consecutive or non consecutive, except that persons serving two year terms upon their initial appointments to the board may serve the initial term and two subsequent four year terms consecutive terms consisting of more than twelve years. Appointment to an unexpired term shall be counted against the term limitation except that an interim term of no more than 180 days as provided under Article XV, Section (1)(f)(iii) shall not be counted against the term limitation under this subsection. A board member shall not be eligible for appointment or election to a subsequent term if serving the full subsequent term will cause the board member to exceed the twelve-year limitation.
- e) Effect of break in service: **Re-election or re-appointment to the board after a break in service of less than four years shall be treated as a consecutive term and will be counted against the term limitation under Article XV, Section (1)(d).** A board member who reaches the term limit in Article XV, Section 1(d) becomes eligible to serve on the board again four years after the board member left the board. If elected or appointed after the four-year break in service, a new term limit of no more than twelve consecutive years shall apply.
- ef) Each board member shall hold office from the first date of the term until the end of the term for which the member was appointed. ~~Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of the unexpired term.~~ Any member shall continue in office after the expiration date of the member's term until the member's successor takes office; or until a period of ~~thirty~~ 180 days has elapsed, whichever occurs first.

- i. Appointed members: A vacancy on the board shall be filled in the same manner as the original appointment.
 - ii. Elected members: If the remaining portion of the unexpired term is ~~nine months~~ 180 days or less, the position will remain vacant until the next regularly scheduled election. If the remaining portion of the unexpired term is more than ~~nine months~~ 180 days, an election to elect a new board member shall be held in accordance with the election rules promulgated by the board.
 - iii. If a board member elected pursuant to Article XV, Section 1(a)(ii) is unable to continue in office at the end of his or her term for 180 days or until the member's successor takes office, the remaining member elected pursuant to Article XV, Section 1(a)(ii) may select an employee member of the system as an interim replacement. If a board member elected pursuant to Article XV, Section 1(a)(iii) is unable to continue in office at the end of his or her term for 180 days or until the member's successor takes office, the remaining members elected pursuant to Article XV, Section 1(a)(iii) may select a retired member of the system as an interim replacement. The interim board member shall serve for a period of 180 days or until a member is elected to fill the vacancy, whichever occurs first.
- fg) An entity authorized to appoint or elect a member under subsection a) shall remove its appointee or representative from the board for any act of misconduct involving the trustee's duties, including breach of fiduciary duty and failure to properly discharge the duties of the trustee, to the extent permitted by state law.
- g h) The board shall meet regularly and shall convene other meetings at the request of the chairperson or a majority of the members. A member who fails to attend at least two-thirds of the regular and special meetings of the board during any two-year period forfeits membership on the board.
- h i) The board shall report to council at least annually on the following issues:
- i. Success at meeting the investment and funding objectives.
 - ii. Investment performance and attribution.
 - iii. Compliance with conflict of interest and ethics policies.
 - iv. Compliance with benefit delivery policies.
 - v. Results of external and internal audit findings and follow-up efforts.
 - vi. Board member attendance, travel, and educational efforts.
- i j) The board shall vote to disqualify any candidate from seeking election to the board or any member from remaining as a board trustee for any of the following reasons:

- i. Finding of dishonesty in any civil proceeding or disciplinary decision.
- ii. Conviction of a felony for an act committed while the candidate or member was an adult.
- iii. Failure to comply with election requirements established by the board.

Section 2. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: _____, 2024

Aftab Pureval, Mayor

Attest: _____
Clerk

New language underscored. Deletions indicated by strike-through.



What Gets Measured Gets Managed

Solution Overview
January 9, 2025

Proposed CEM Team



Kevin Vandolder, MBA, CFA
Head, U.S. East
Director, Client Service

Kevin@cembenchmarking.com



Yvette Van Velsen, MSc
Senior Analyst

yvette@cembenchmarking.com



Palwasha Saaim, CFA, FRA
Product Manager, IBS

Palwasha@cembenchmarking.com

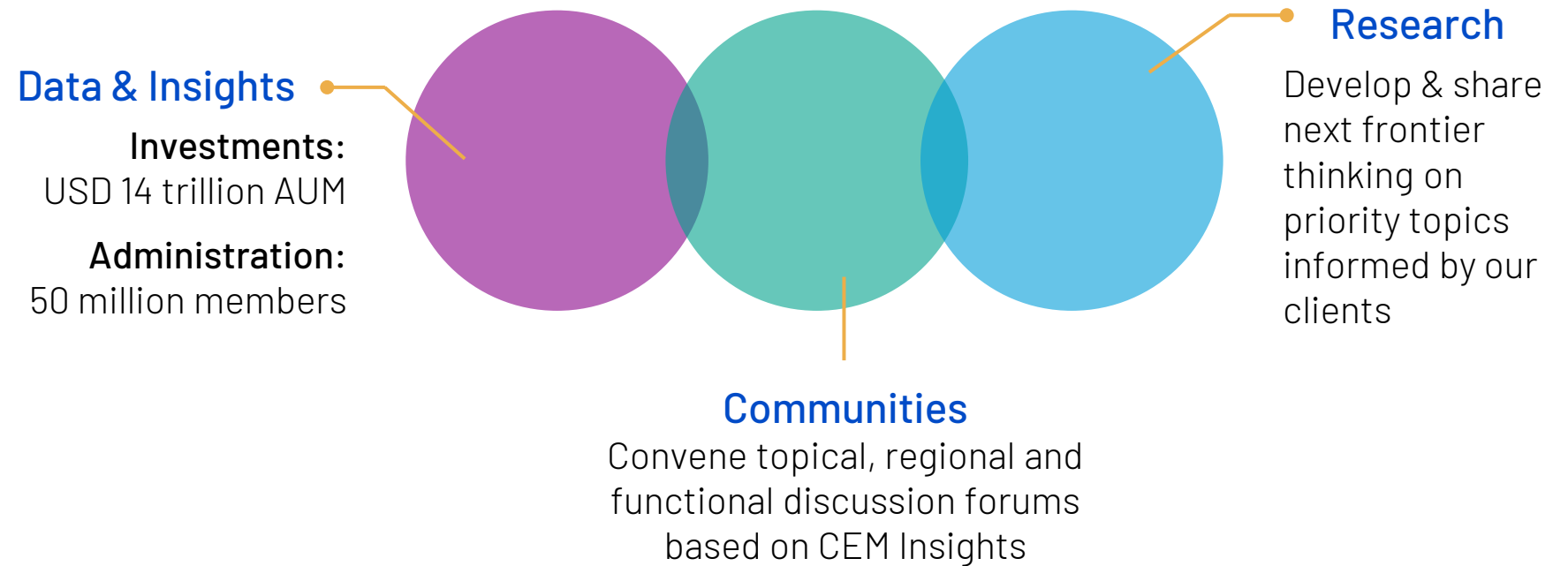


Who is CEM?

Our Mission | To improve the lives of pensioners globally by providing unique insights & access to enhance the decisions of institutional investors & administrators

CEM by the numbers

- 32** Years serving institutional funds
- 20+** Countries served
- 500** Institutional funds benchmarked
- 150** Of the world's top 300 funds use CEM
- \$14T** AUM investment database
- 50M** Member data points



Data-driven • Objective • Expert • Trusted

We work with ~500 funds, including both corporate and public

Fund Types

- DC & DB funds
- Sovereign Wealth Funds
- Other asset owners

Clients

- Fiduciaries & Management
- Strategy & Finance teams

Geography

- Funds from 25 countries

Funds

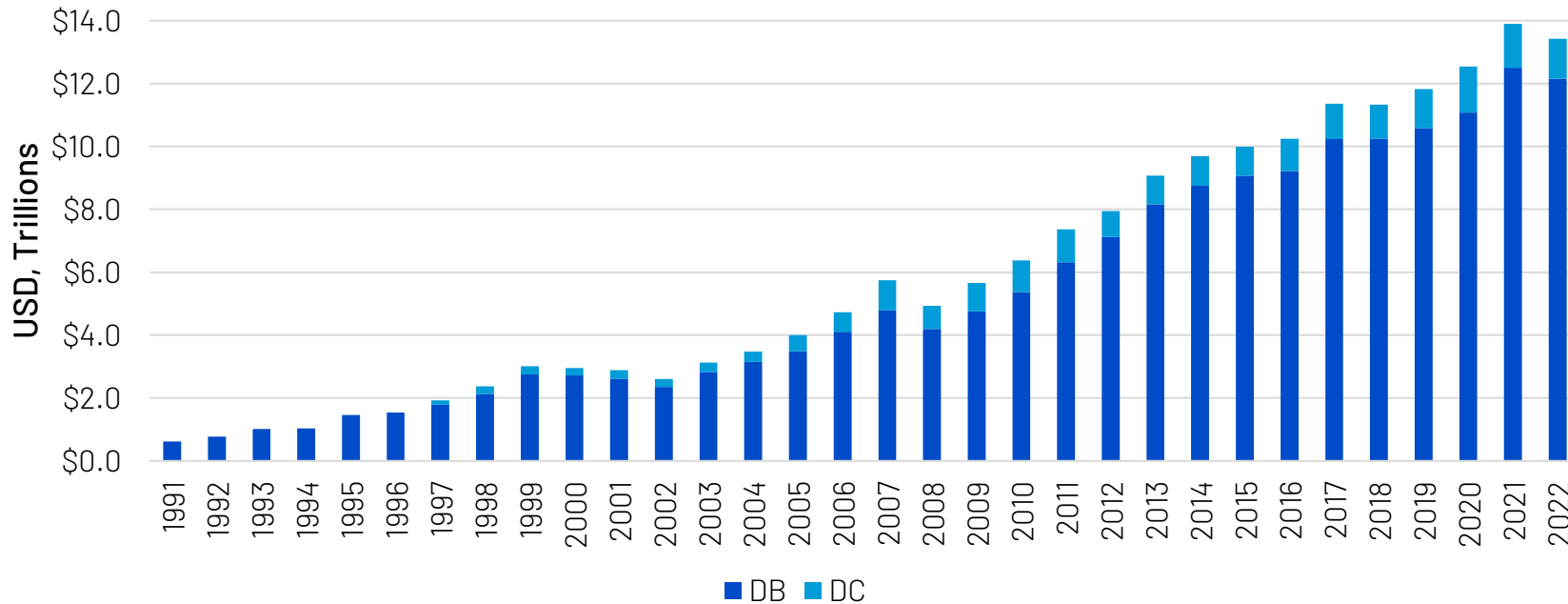
- Data on 500+ funds annually representing \$14 trillion in AUM



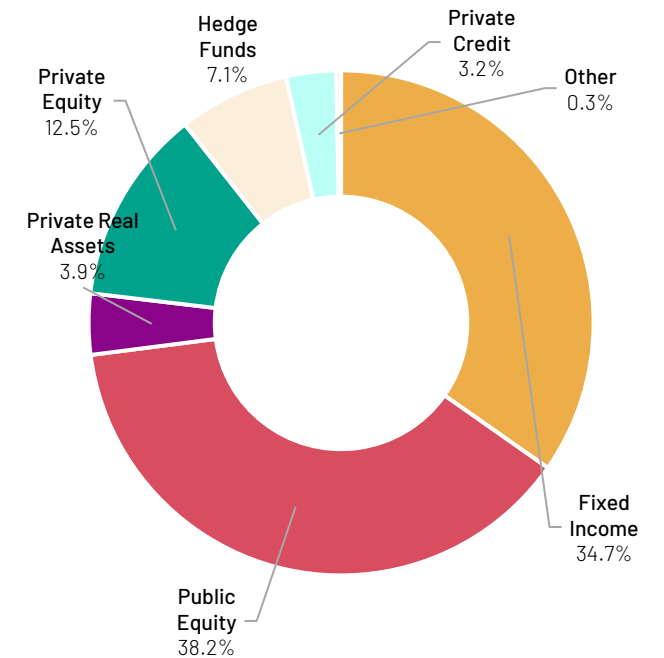
We partner with Industry Associations, as well as the
Consultants, Recordkeepers, and Custodians who serve our mutual clients

We collect proprietary data on ~\$14 trillion of AUM

Participating AUM, 1991-2022



CEM IBS Database
Average Asset Mix (2022)



Most clients have provided data to us on an uninterrupted basis

Our annual subscriptions provide benchmarking, best practices, and shared insights for institutional investors & administrators

	1 Investment Benchmarking Subscription (IBS)	2 Defined Contribution Benchmarking (DC)	3 Pension Administration Benchmarking Subscription (PABS)	4 Transparency Benchmarking (TB)
Subscription Overview	Comparison of costs and investment performance against curated DB and DC peers	Comparison of costs and investment option performance against curated DC peers	Comparison of member experience and costs against curated peers	Comparison of disclosure against 75 funds across 15 geographies
Benchmarking Specifics	Benchmarking is at total fund, asset class, and mandate levels	Benchmarking is at plan and investment option levels	Benchmarking of costs and service levels for key activities	Review of governance, performance, cost, and RI disclosures
Subscription Inclusions	<ul style="list-style-type: none"> • CEM Dashboard • Electronic Report • Live Presentation • Staffing (FTE) Analysis • Original Research 	<ul style="list-style-type: none"> • CEM Dashboard • Electronic Report • Live Presentation • Original Research 	<ul style="list-style-type: none"> • Electronic Report • Live Presentation • Conference Invitations • Peer Intelligence Network (PIN) access • Original Research 	<ul style="list-style-type: none"> • Electronic Report • Live Presentation • Ongoing best-practices sharing



Investment Benchmarking

Our clients often cite CEM’s IBS findings in their public materials



Fiscal Year 2021 Operational Measures			OM 14
Reporting Period: June-21			
Operational Measure	Cost to Administer Defined Benefit Plans		
Strategic Goal	Strong Financial Viability		
Description	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.		
Calculation Methodology	VRS pension administration cost per active member and annuitant for defined benefit plans as compared to that of its peer group, as calculated by CEM Benchmarking, Inc. The average peer cost calculated by CEM is available on delay and will not be known until spring 2021. At that time the FY 2020 annual agency cost will be compared to the to the FY 2020 CEM peer cost to determine whether VRS's cost is lower than the peer average.		
Data Source	CEM Benchmarking, Inc.	Reporting Frequency	Annual
Target (Performance Goal)	Lower than the FY 2020 CEM Peer Cost Average	Baseline (Performance History)	N/A
Target Rationale: Measuring VRS annual administrative cost for FY 2020 against the most current peer data as provided by CEM Benchmarking, Inc.		Baseline Rationale: N/A	
Current Reporting Month Status	\$72.00	YTD Status (Used at year-end to determine whether target has been met)	\$72.00

We regularly assess our cost-effectiveness against peers by participating in external benchmarking studies, such as those conducted by CEM Benchmarking. This independent company provides objective and actionable benchmarking information for pension funds, sovereign wealth funds and other long-term asset owners. Results from the fiscal 2020 CEM Benchmarking study (the most recent data available) indicate that CPP Investments costs were aligned with our peers relative to the assets under management and diversity of investments. Our staffing levels also continue to be at or lower than the peer benchmark developed by CEM. We monitor these relationships closely and ensure this level of staffing provides us with the resources necessary to support investment activities and properly govern and administer the assets we manage.

An independent fee and costs review conducted by specialist benchmarking company, CEM, concluded that the Plan was a “high value-add, low cost” Plan.

2020 Annual Report | Page 8

Sep. 2021 Board of Trustees meeting materials | Page 94

2021 Annual Report | Page 62

Our clients use IBS to improve fund, asset class, and mandate level performance and deepen relationships with their Members



Demonstrating value for money

Validating investment costs and staffing levels, relative to returns, to key stakeholders such as boards & other fiduciaries



Planning for change

Estimating cost and headcount impact from decisions such as entering an asset class or changing an investment style



Managing fees & costs

Revisiting areas of internal spending, negotiating commercial terms and setting performance metrics



Understanding best practices

Exploring the experiences of global peers on topics from ESG to Member Experience to Responsible Investing



Preparing for the future

Exploring industry trends and planning for their implications, through both fact-based research and global peer discussion

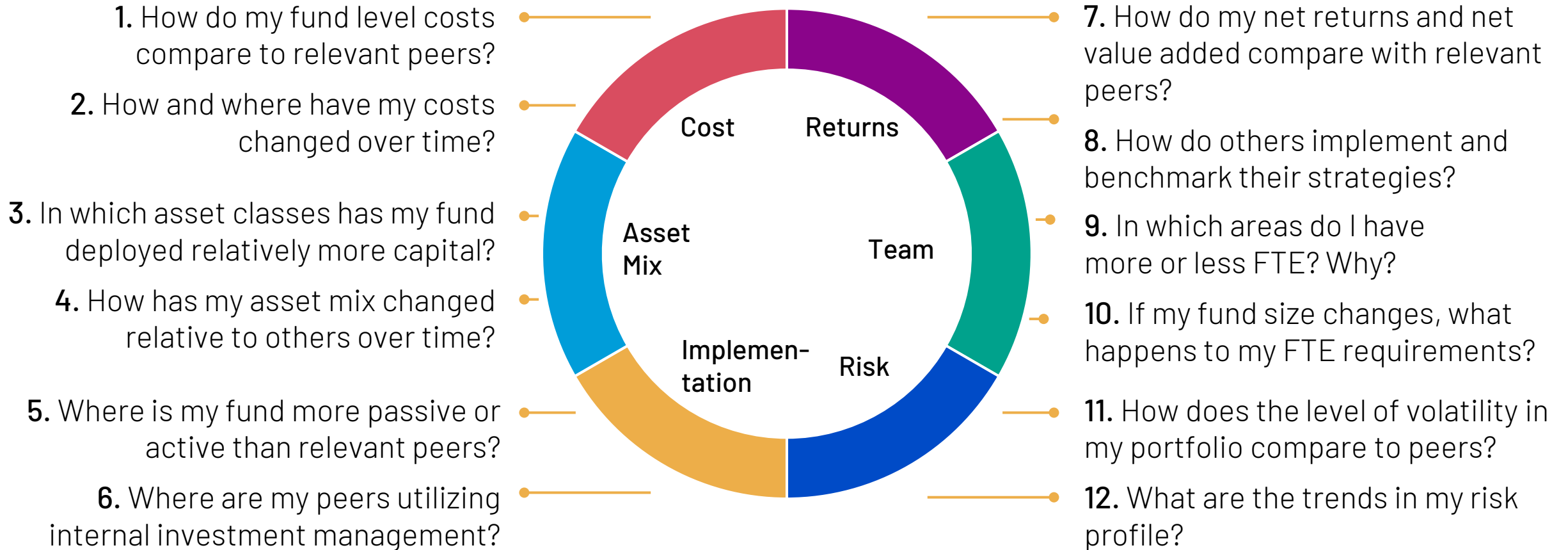


Exploring theses

Testing the validity of a hypothesis through custom, data-driven research

A dozen questions often asked to better understand a fund's performance

Relative to funds of similar size, geography and approach...



Our Investment Benchmarking Subscription is uniquely able to provide actionable insight

<p>1 Critical mass of relevant peers</p>	<ul style="list-style-type: none"> From our US\$14 trillion database of 500+ funds, you will be benchmarked against the 15-25 most relevant. Group is based on AUM and, where relevant, geography focus and funded status
<p>2 Multi-level reporting</p>	<ul style="list-style-type: none"> You will receive insights by total fund, asset class, and implementation style Mandate level insights are also readily available
<p>3 360° view</p>	<ul style="list-style-type: none"> Insights pertain to both investment performance, investment costs, and operating costs
<p>4 Actionable metrics</p>	<ul style="list-style-type: none"> Data and insights that have direct and practical application
<p>5 Data integrity</p>	<ul style="list-style-type: none"> Data is received directly from proprietary channels, for the purposes of benchmarking We have a rules-driven data engine and a team of experienced analysts
<p>6 Data provision flexibility</p>	<ul style="list-style-type: none"> Survey data can be provided, in part, directly from third-party sources (e.g., custodians)
<p>7 Independent analysis</p>	<ul style="list-style-type: none"> Insights can be presented wherever independence is required (e.g., directly to fiduciaries)

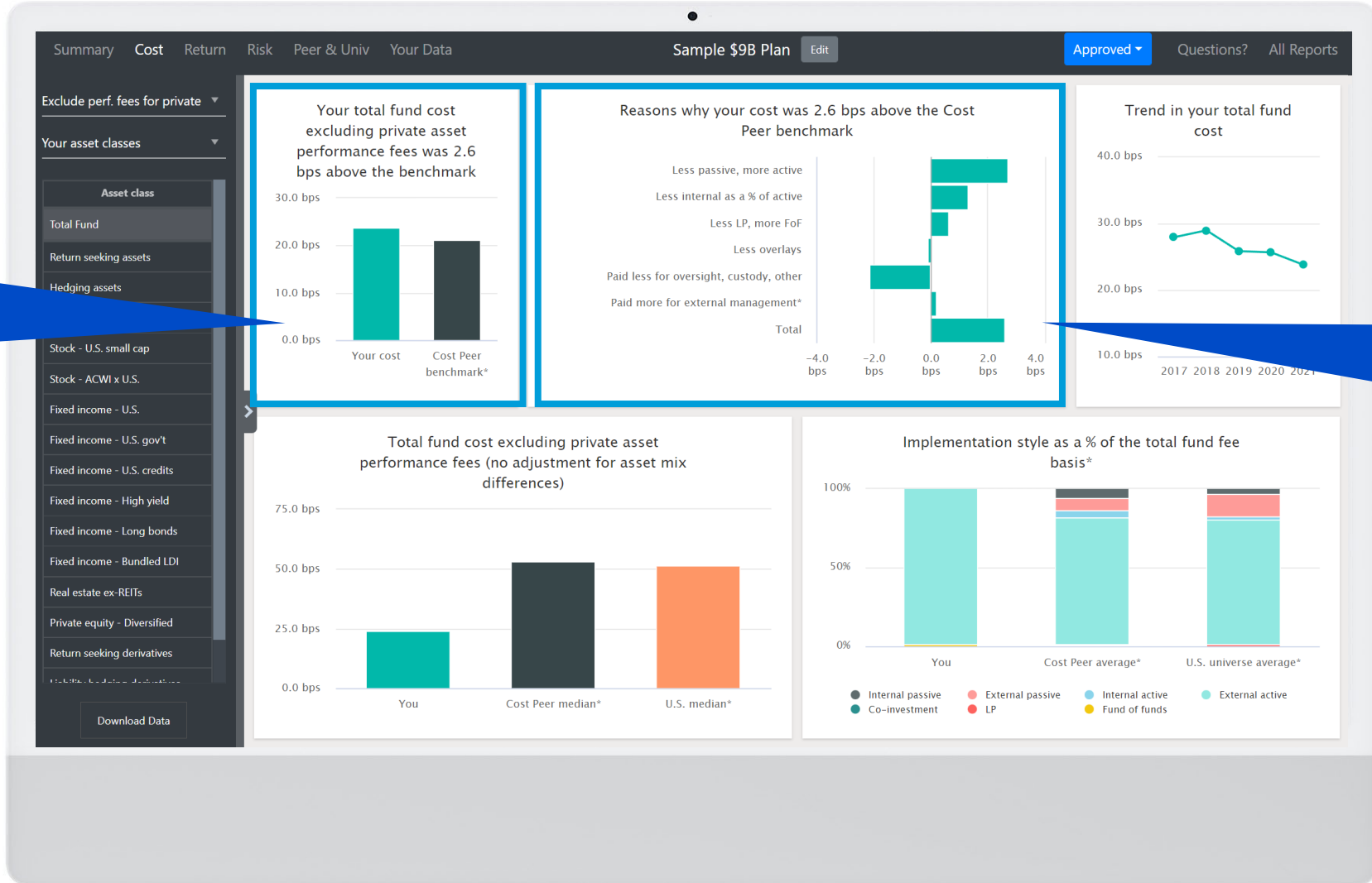
Our Global Investment Database allows us to answer questions across key topical areas

Global Investment Database	Total Fund	By Asset Class	By Mandate	By Implementation Style
Asset Allocation	✓	✓	✓	✓
Returns	✓	✓	✓	✓
Benchmarks	✓	✓		
Net Value Added	✓	✓		
Base Fees	✓	✓	✓	✓
Performance Fees	✓	✓	✓	✓
Internal Costs	✓	✓	✓	✓
Transaction Costs*	✓	✓	✓	✓
Internal FTE	✓	✓		✓
Policy Allocation	✓	✓		
Asset Risk	✓			
Asset-Liability Risk	✓			

*Limited availability in select regions but growing

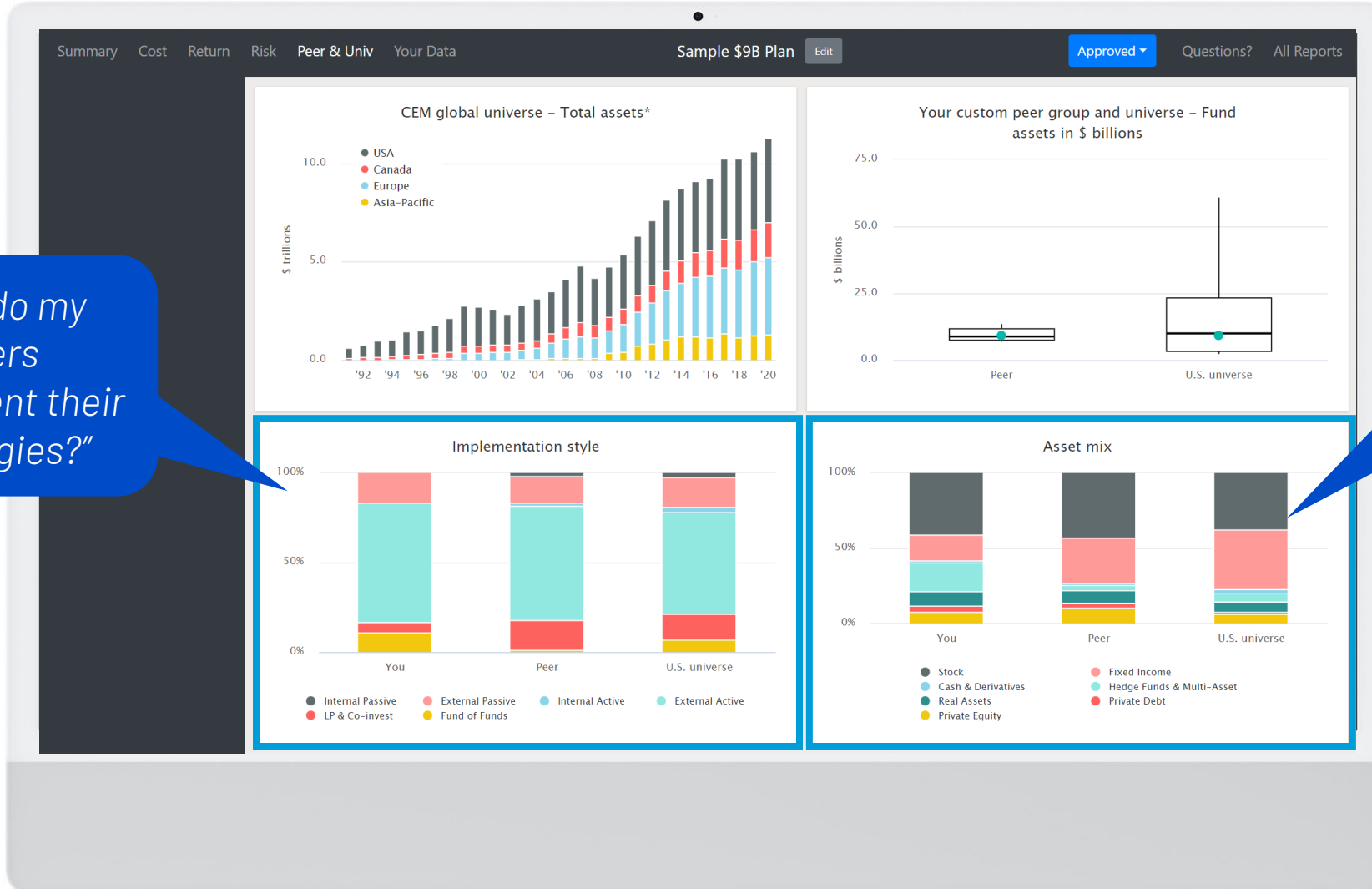
Example 1: We help answer critical questions regarding cost

"Am I high or low cost?"



"Why am I high or low cost?"

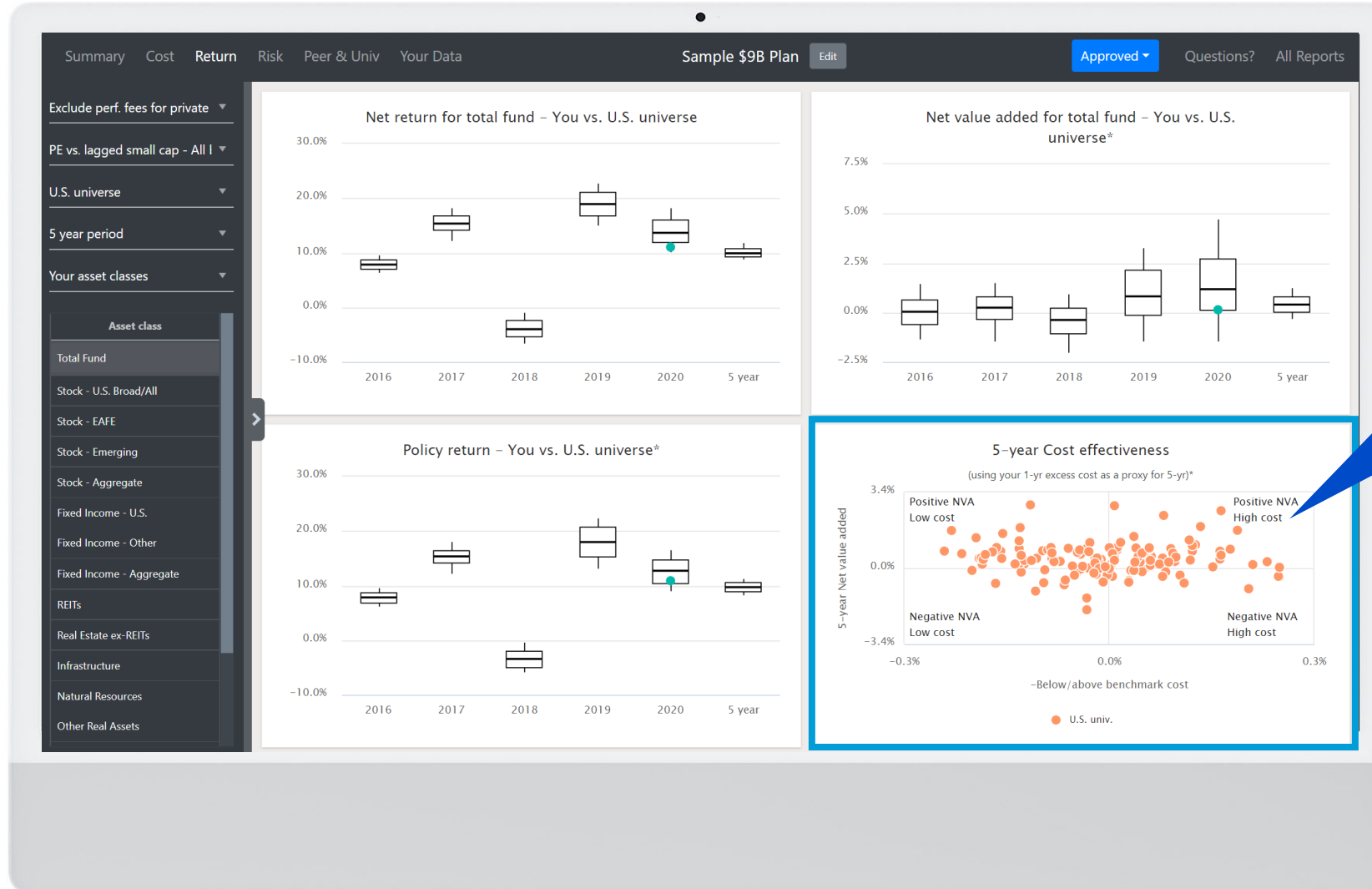
Example 2: We help answer strategic questions regarding implementation



"How do my peers implement their strategies?"

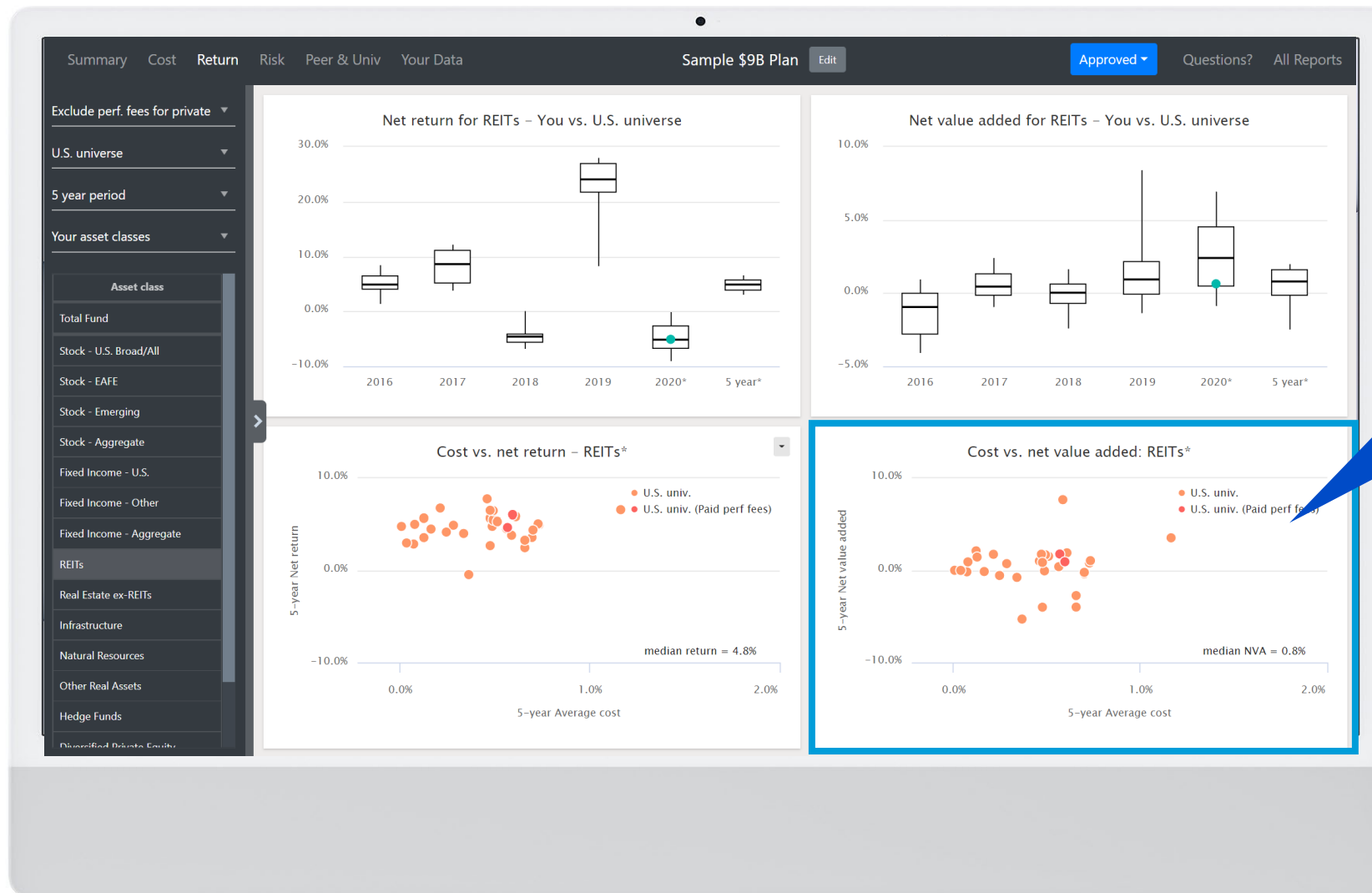
"How do my peers allocate their assets?"

Example 3: We help you compare your cost and net value added versus relevant peers



"What is my total fund's cost effectiveness?"

Example 4: We help you compare individual asset classes for what you're paying and the value you're receiving



"How effective is a particular asset class e.g. REITs?"

Example 5: Manager due diligence meetings will be enhanced with our “Mandate Level” analysis



“How does my manager’s return and cost look relative to peers in the same mandate?”

CEM's Investment Benchmarking Subscription provides a complete solution for the level of analysis your fund requires

System-Specific Presentation Materials



- Comprehensive narrative in the context of your system (PDF format)
- Virtual presentation to Boards, Management Teams and/or broader stakeholders (Live)

Online CEM Dashboard



- Multi-year performance & cost comparisons against relevant peers using CEM's proprietary database
- Interactive & intuitive tool providing insights across cost, return, and risk

Supporting Insights



- **FTE Report** | Determines staffing implications if fund assets increase or decrease
- **LP Report** | Your fund's Investments in private equity, private credit, real estate, and infrastructure LPs

Pension Administration Benchmarking Subscription (PABS)

Optional, additional fee



- Pension administration insights span members, employers, channels, and activities

● The FTE report is valuable in various planning situations

What is included in the FTE report

- Peer group selection based on your operating model
- FTE benchmarks for your front office and governance, operations and support functions
- FTE planning and scenario analysis
- FTE trends, costs, and ratios

How clients use FTE insights

Estimating:

- Economies of scale for FTE as the fund grows
- Front-office investment FTE needed when a new asset class or implementation style is added
- FTE needs in governance, operations, and support functions with changes in the front office
- FTE needs for growing existing asset classes
- FTE needs for shifting assets from external managers to in-house

LP Example: we help answer critical questions regarding limited partnerships

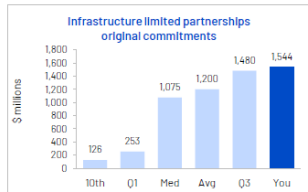
"How do my infrastructure LP fee structures compare to peers?"

Infrastructure limited partnerships

Participant characteristics

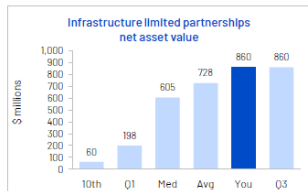
The following analysis includes only investments in infrastructure limited partnerships made between 2008 and 2020. It excludes funds of funds, co-investments and direct investments.

22 plan sponsors provided detailed infrastructure data on their limited partnerships. The participants include 6 U.S. sponsors, 12 Canadian sponsors, 3 European sponsors and 1 Asia-Pacific sponsor.



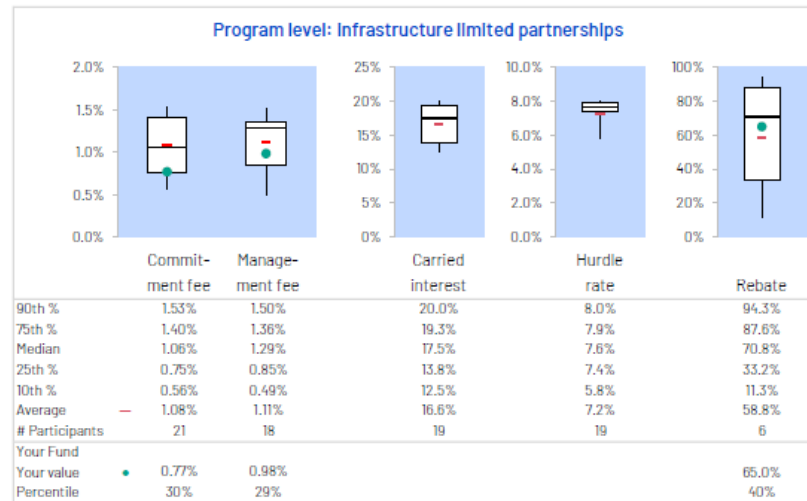
The survey captures aggregate total commitments to infrastructure limited partnerships of \$26 billion. The median fund's total commitments are \$1,075 million.

Your fund's total commitments are \$1,544 million.



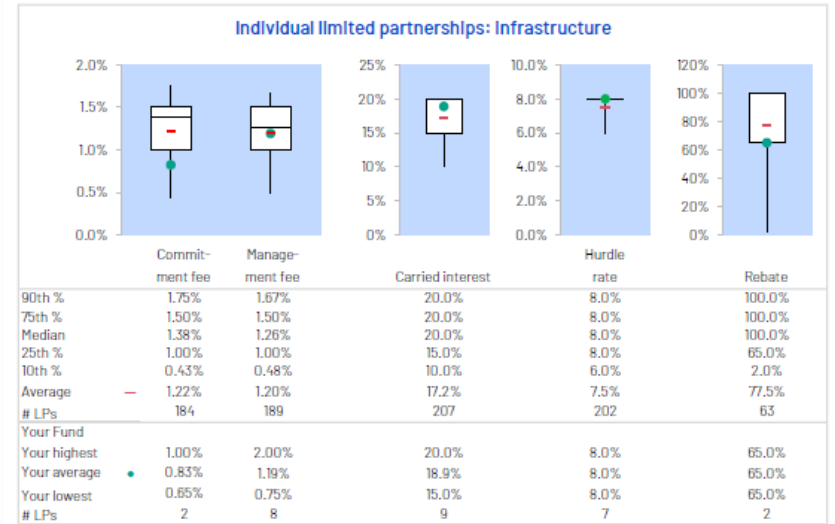
The median net asset value is \$605 million. Your fund's net asset value was \$860 million.

Comparison of infrastructure program management fee structures



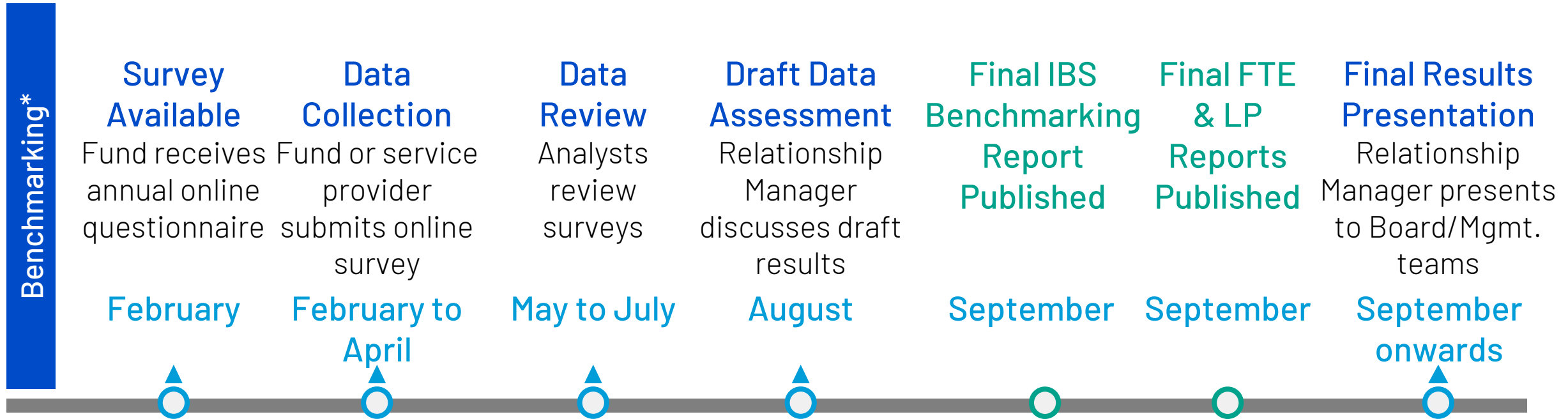
*Your value shown above represents an average cost weighted by fee basis.

Comparison of individual infrastructure limited partnership fee structures



*Your value shown above represents an average cost weighted by fee basis.

The IBS subscription is an annual 'story' that accurately and appropriately represents your system through benchmarking





Pension Administration Benchmarking



Our annual subscriptions provide benchmarking, best practices, and shared insights for institutional investors & administrators

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Organizations cite CEM results in their public disclosures.



2020-21 Strategic Measure Summary (Quarter 4)	
Measure Title:	CEM Cost Per Member
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Develop and implement continuous process improvement framework; Develop Information Technology Service Level Agreements
Status:	Off-Target
Numeric Status:	\$217/member
Description:	From the annual CEM Pension Administration Benchmarking Survey, reduce cost per member, exclusively to pension administration, and does not include health and investment.
Baseline:	\$207 cost per member for FY 2016-17
Target:	Reduce by 2% annually
Refresh Frequency:	Annually, June
Reporting Range:	07/01/19-6/30/20
Thresholds:	On-Target: Reduced by 2.0% annually At-Risk: Reduced by 1.5-1.99% annually Off-Target: Reduced by less than 1.5% annually

CEM Benchmarking
 Ontario Teachers' service is also measured against leading pension plans in a global benchmarking assessment, conducted by CEM Benchmarking Inc., an independent research company that ranks plan performance in various categories.

In 2019 (the latest year where results were available), Ontario Teachers' had an exceptional service score of 93/100, compared to a Canadian average of 76/100 and a peer group average of 81/100. We are proud to have been ranked first or second internationally for the past 10 years and to have achieved a service score among the top five in the CEM universe for 20 consecutive years.

	2019	2018
Ontario Teachers' Pension Plan	93	94
Global participants average	77	77
Peer group average	81	82
Canadian participants average	76	77

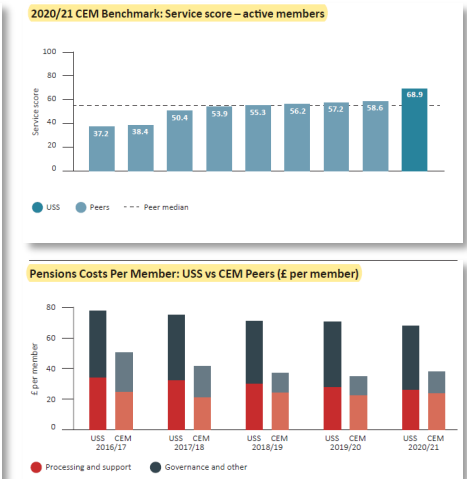
Note: 2019 is the latest year where results are available. Scores are based on fiscal year data using current survey weights. They may not match the results from prior years.

#2 internationally in 2019 | **93/100** Service score CEM Benchmarking

USS 2020 Cost base vs a Combined CEM Peer Group

We compare very favourably with peers, with our overall cost base being £83m p.a. (24%) lower than the combined peer benchmark.

The above analysis was derived from separate investment management and pension administration reports (compiled by the major pension sector benchmarking company CEM Benchmarking) as explained in more detail later in this report.



Plans use the CEM Benchmark as a roadmap to continuously improve.

80+

plans provide data
each year

The benchmark
started in 1999 –
26 years ago

8

consecutive years

The typical plan has
benchmarked with
CEM for eight
consecutive years.

-0.4%

annual decrease
in cost¹

Two-thirds of plans
have decreased
costs¹.

20.6x

costs of the CEM
benchmark for 8 years

The typical plan saved
20 times the cost of
our subscription over
eight years.

1.5%

annual increase in
service score

89% of plans have
improved their
service scores.

1. Change in business-as-usual costs (i.e., excluding major project costs) after adjusting for inflation.

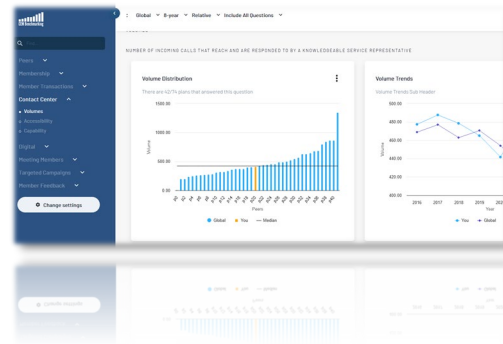
The CEM Benchmark helps pension administrators assess and improve their performance.



Demonstrate success

Value-for-money comparisons for key stakeholders like your Board or executive team.

- Board report



Improve operations

Make better decisions based on operational insights and a service improvement framework

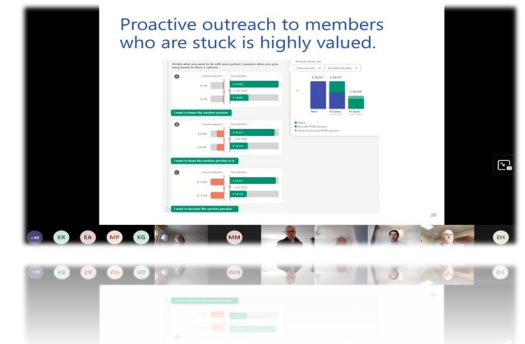
- Management report
- Dashboard



Learn with others

Connect with like-minded peers. Discuss challenges, successes, and share ideas.

- Conference
- Online forum



Get new insights

Access client-sponsored, best practice research on topical administration issues.

- Research report
- Client-led webinars

To meet the resource constraints of local plans, CEM offers a tailored and affordable Local Government subscription.

Focused analysis requiring 50% less effort and time

Service Comparisons

- Digital – public
- Digital – secure
- Telephone
- Face-to-face
- Statements
- Estimates
- Newsletters
- Payments & inceptions
- Disability

Cost Comparisons

- # of FTEs
- Salaries & benefits
- Building expenses
- Professional fees
- Amortization
- Other administration expenses

Focused peer group (50,000 members or less)



How are you doing?

Are our costs reasonable given our unique context?

Do we provide good member service?

... and employer service?

Are our staffing levels reasonable?



How successful are we in digitalizing our services?

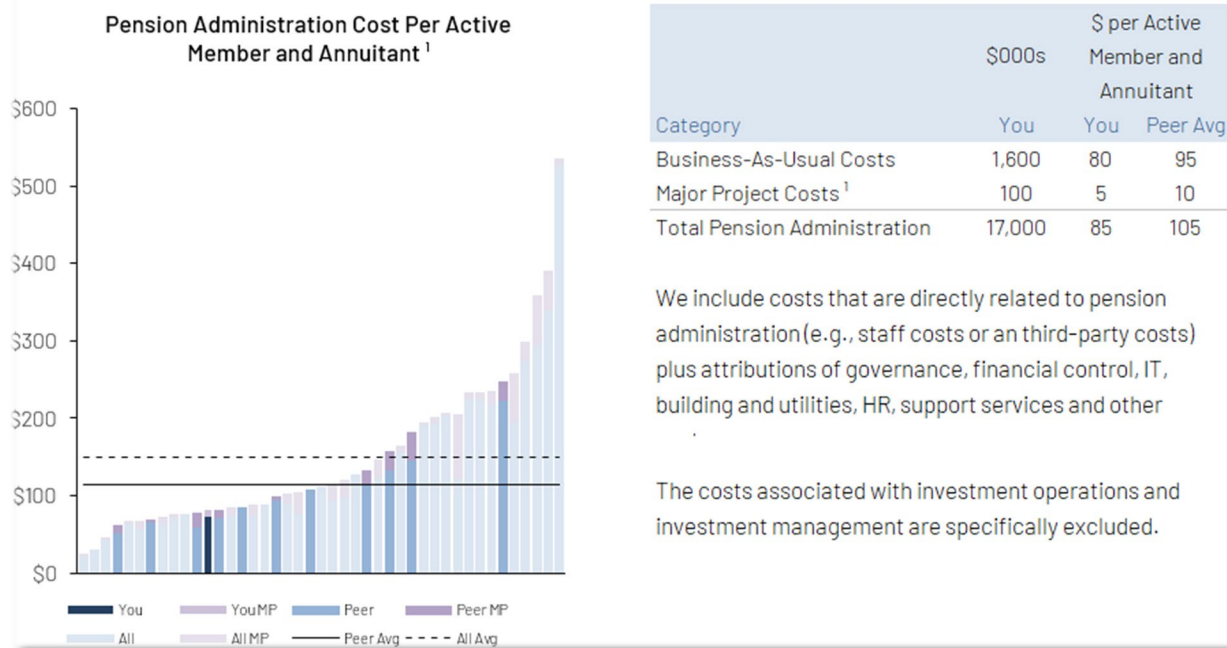
Are we more cost-effective than last year?

... and over multiple years?

What are peers and leaders in the industry doing?

The reporting addresses whether your costs are reasonable given your unique context.

Your total pension administration cost of \$85 per active member and annuitant was \$20 below the peer average of \$105.



Cost insights:

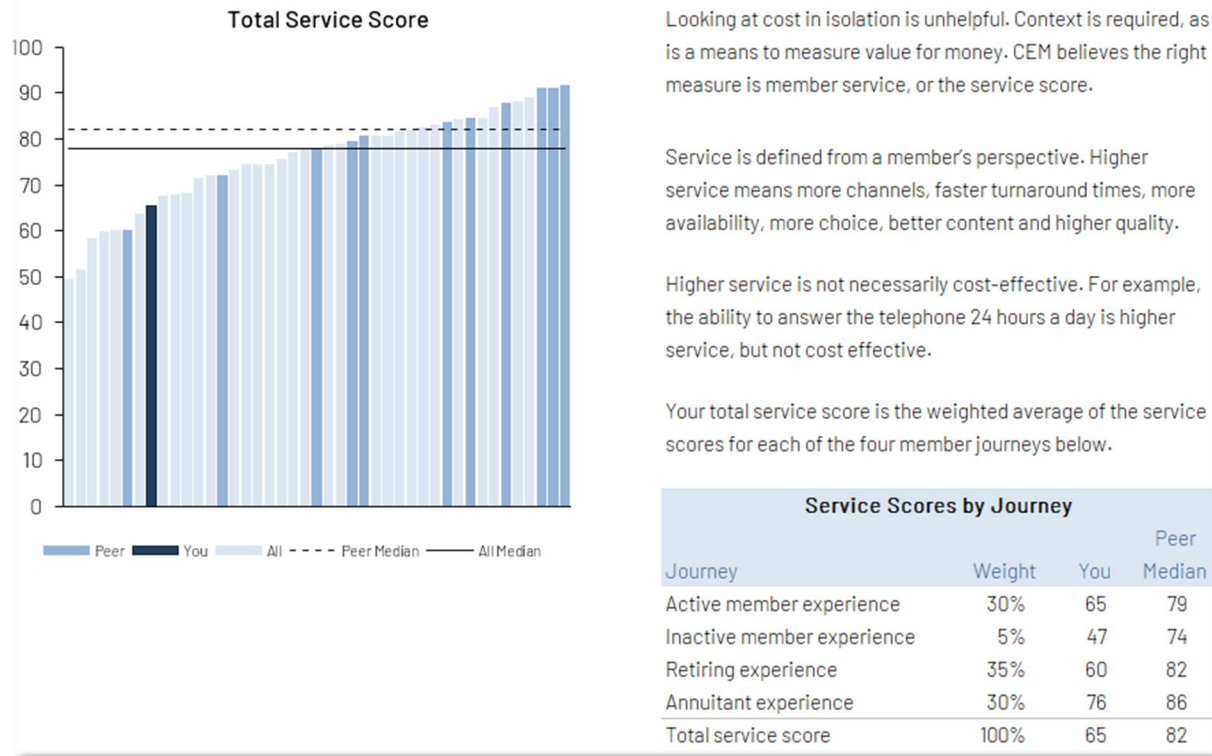
- Reasons why your total cost per member differ:
 - FTE per member
 - Third party costs
 - Lower costs per FTE
 - Lower support costs per member
 - Economies of scale
- Differences in cost drivers for key pension activities
- Staff costs and productivity

Pension administrators globally are moving to digital in a bid to meet member expectations, but with varying success.

Legacy system modernization AI
Service digitalization Cybersecurity
Data quality management Operational Excellence
Customer Experience Member engagement
Hybrid work Employee recruitment and retention
Financial literacy Regulatory change

The reporting answers the question: “Do your members get value for their money?”

Your total service score was 65. This was below the peer median of 82.

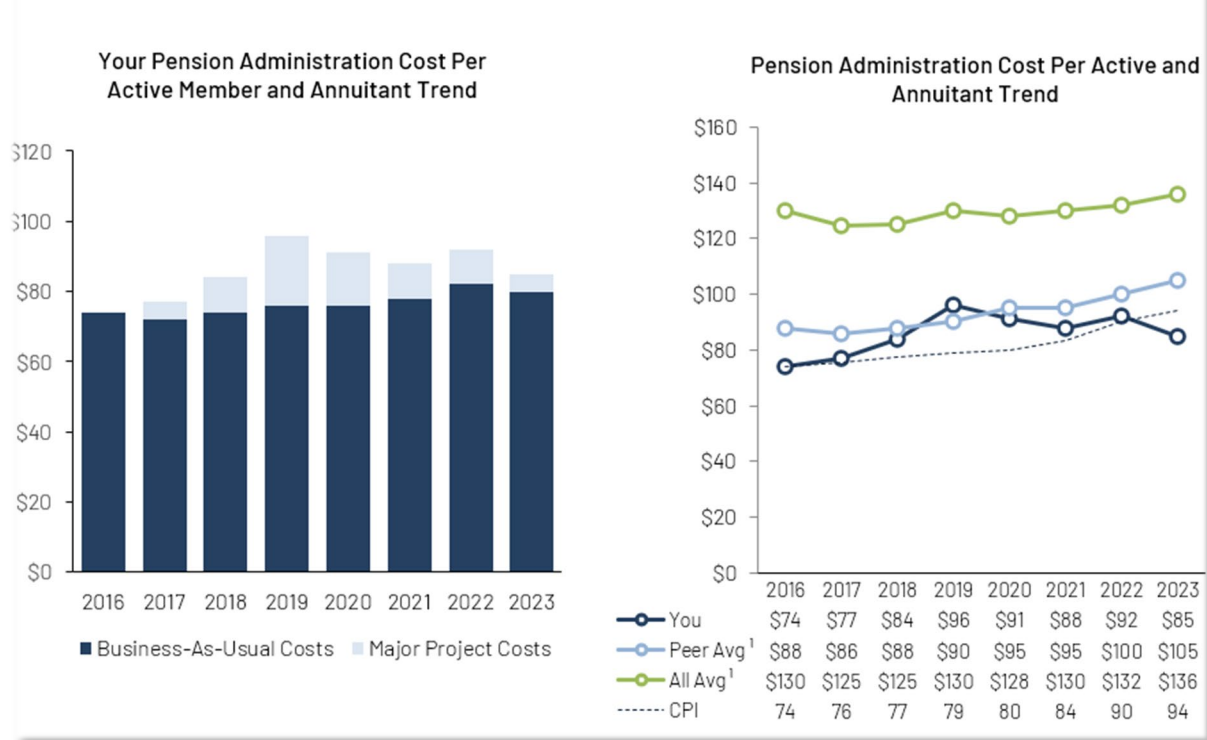


Service insights:

- Service scores by member journey
- Comparisons for 20 key pension activities
- ... and 100+ key service metrics
- Key areas where you do better or worse than peers
- Key areas where you can improve

The reporting shows how you have done over multiple years.

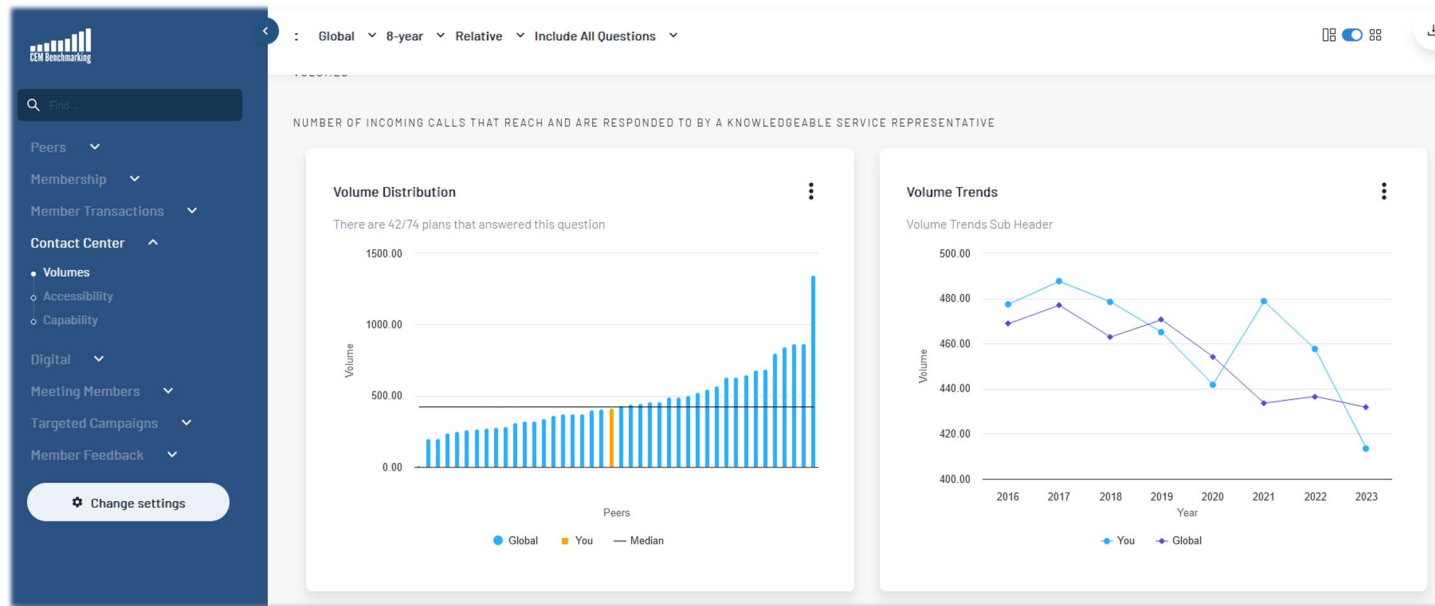
Between 2016 and 2023 your total pension administration cost per active member and annuitant increased by 2.0% per annum.



Key trends:

- Costs (by activity)
- Service scores (by journey)
- Costs versus service
- Global industry developments

The dashboard supplements the Board reporting with detailed operational insights.



- Global comparisons of service metrics and volumes
- Download data to build your own insights
- Securely share insights with stakeholders
- Ask your peers questions in CEM's online forum
- Access a repository with past reports and research

CEM collects data directly from pension administrators via a survey.

CEM Benchmarking Inc. 2023

Home Start Members Costs Transactions **Communication** Customer Experience Plan Design Submit

This tab has a number of unusual data items highlighted in yellow below that you should check. Point the cursor at each highlighted field to see specific error messages

Calls - Volumes

36. What were your volumes of:

- a. Incoming calls that reached and were responded to by a knowledgeable service representative?
i.e., exclude messages, etc.
- b. Outgoing calls from service representatives responding to messages (voice mail, receptionist, etc.) or following-up previous calls?
- c. Incoming calls satisfied by self-serve options, if any?
- d. Email queries from members?
- e. Member queries via your secure messaging portal?
- f. Incoming mail?
- g. Outgoing mail?

Calls - Before Reaching a Service Rep

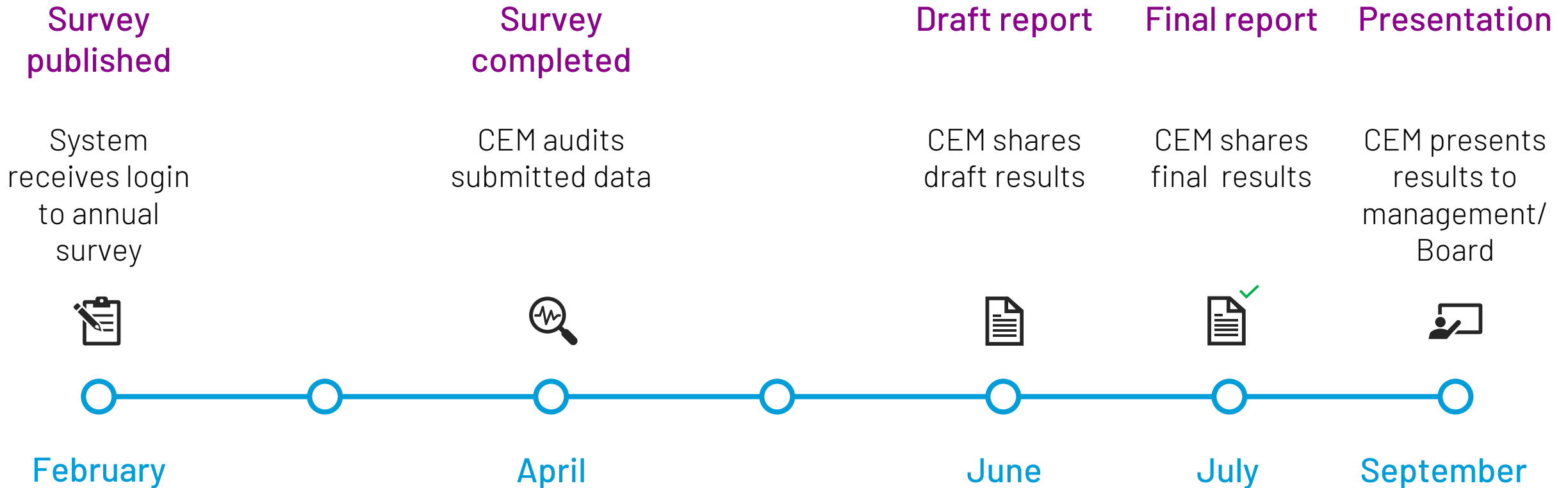
37. What number of member phone calls did not connect to a person during business hours because:

- Calls - Volumes
- Calls - Before Reaching a Service Rep
- Calls - After Reaching a Service Rep
- Quality and Other
- 1-on-1 Counseling
- Member Presentations
- Website
- Targeted Campaigns
- Member Statements
- Collections and Data Maintenance
- Service to Employers
- Governance and Financial Control

Your 2022 Data

- In 2022, CEM reduced the number of survey questions by 33%
- 421 core questions
- On member and transaction volumes, costs, and service
- ~50% are binary questions (e.g., 'yes/no' questions)

The reporting process and timeline is as follows.



The annual CEM Conference convenes practitioners from global pension administrators in a confidential, informal and vendor-free setting.

25
years

150+
attendees

60+
plans

May 5 – 9, 2025
Columbus, Ohio



“I signed up for the benchmarking but stayed for the conference.”

“This is **the** conference to attend in pension administration.”

“I have never networked as I have at this conference.”

“It’s great to hear what organizations in other countries are doing.”

Peer Intelligence Network (PIN) – Online collaboration and learning



Library

Access CEM research, conference presentations and a host of other documents shared by leading pension funds around the world.

Online Network

A CEM client-only online collaboration platform and knowledgebase.

Connect across time and space with your peers, ask questions and join in conversations.

Participate in our proprietary research and gain access to our online collaboration platform.

Each year, CEM conducts client-sponsored research on a topical issue. Our clients receive access to our research repository.

- **2024-25: employer service**
- 2023-24: data quality management
- 2022-23: self-service websites
- 2021-22: secure websites
- 2020-21: public websites
- 2020-21: the pandemic and business continuity
- 2019-20: customer experience
- 2018-19: cybersecurity

Started in 2001, the Peer Intelligence Network (PIN) is an exclusive, member-only online forum for pension administrators.

The screenshot displays a forum post with a question and an answer. The question is about customer feedback methods, and the answer details survey touchpoints for a retirement system. A table on the right shows the activity for the thread.

	Replies	Views	Activity
F O L	6	36	14d
B N F	15	47	Jul 13
O N	3	21	Jan 25
O	3	31	Jan 20
	0	31	Dec '21
	0	24	Oct '21

CEM global webcast series

- CEM Research public website
- Customer Experience lessons learnt from the banking world by Miklos Dietz
- CEM's Voice of the member
- Post-pandemic service plan delivery & post-pandemic work from home plans
- Pensioner validation using biometrics by PPF UK
- myVRS financial tool by Virginia RS
- Email journeys by Ontario Teachers
- CEM Research secure website
- Reducing human intervention in back-end processing through automation and AI by BC Pensions

PIN – main page



- Topics
- My Posts
- More
- Categories
 - CEM research
 - Communication
 - Contact centre
 - All categories
- Tags
 - member-engagement
 - continuous-improvement
 - communication
 - information-technology
 - system-modernization
 - All tags
- Messages
 - Inbox
- Personal chat

Do you want live notifications when people reply to your posts? [Enable Notifications](#)

all categories | all tags | **Categories** | Latest | Bookmarks | [+ New Topic](#)

Category	Topics	Latest
CEM research	27	Recap first half year of 2023 24d Poll: Hot topics sessions at the Vancouver conference Apr 26 Voice of the member: CEM research May '21
Communication Communication strategy, social media, member statements, newsletters...	116 3 unread	Member Document and Resource Language Translation Jun 16 2023 Vancouver: Breakout 1: The role of activation, misunder... May 16 Newsletter platforms - what do you use to send out member n... Apr 19
Contact centre	120	Implementing Online Chat Functionality May 30 2023 Vancouver: Think Like a Scientist: The Path to Omnicha... May 16 Altered Call Center Service Hours May 1
Customer experience In the last few years, a number of you have shared your customer experience initiatives with the CEM community. Survey samples	23	Surveys on Refund/Withdrawal, Retirement, and Death Claims 3d Sharing our Survey Samples Jun 13 2023 Vancouver: Breakout 2: Driving service enhancements t... May 16
Website	73	2022 CEM Global Webcast and Report on Secure Member Ar... Apr '22 Retiree Pension Web Portal Access Apr 11 Website Translator Tool Mar 24
Counseling and presentations	39	Hot topics 2022 Phoenix Conference Nov '22



CEM Benchmarking



CRS Board Motion on Private Equity Funding Amount

Introduction

To ensure accurate reflection on the dollar amounts to the Nov'24 CRS Board approved private equity commitments to Sigular Guff, JPM COIN and Timber Bay. The Marquette pacing presentation calls for a pacing of \$25MM per year of private equity commitments for CRS. Generally, CRS invests every two to three years in specific private equity managers. This would reflect a commitment size now of \$75MM (3 years times \$25MM). The amount in the Marquette presentation packet (page 5) reflected a single year. CRS conservatively commits \$50mm, we will hit our target pacing leaving room (\$25MM) to shore up our growth equity and venture capital exposure late in 2025 or early 2026.

Motion 1

I move that the following dollar amounts be approved by the CRS Board to ensure CRS meets their private equity pacing plan:

1. Sigular - \$25MM
2. JPM - \$15MM
3. Timber Bay - \$10MM

CRS Board Motion to Accept Adjusted Revenue to 2025 CRS budget

When the budget was presented at the Nov'24 Board meeting there was a missing revenue line item from the budget. As part of the ongoing CSA negotiations, the court approved a proposed plan to allow the CRS Pension Trust to recoup the legal fees paid out of the trust for members legal services at the time. The court order allows the CRS Trust to recoup a month portion from retirees over the life of the CSA to pay back the approximately \$4MM legal fee.

Motion 2

I move that the following adjustment to the revenues of the CRS 2025 budget and the entirety of the 2025 CRS budget be approved by the CRS Board Members.

III. CONTRIBUTIONS				
A. City Contributions	50,922,275	65.08%	43,698,050	63.18%
B. Employee Contributions (9.0%)	25,036,900	32.00%	23,493,700	33.97%
C. Retiree Medical Premiums	2,271,500	2.90%	2,227,200	3.21%
D. Transfers In (Out) Reciprocity	(250,000)	-0.32%	(250,000)	-0.36%
* D. Miscellaneous	265,000	0.34%	0	0.00%
Total Contributions	78,245,675	100.00%	69,168,950	100.00%
IV. NET INVESTMENT RETURNS				
A. Gross Returns	179,025,354		161,917,765	
B. Investment Expenses				
1. Custodial Fees	232,000		232,000	
2. Investment Consultant	270,000		270,000	
3. Investment Management Fees	8,569,000		7,701,000	
Total Investment Expenses	9,071,000	0.38%	8,203,000	0.38%
Net Investment Returns (Budget 7.5%)	169,954,354		153,714,765	
NET CHANGE IN FUND BALANCE	5,834,312		-16,874,365	

* Reimbursement for prior year expenditures for CSA attorney fees beginning July 1, 2024 and will continue until total amount advanced from the Retirement Trust in 2015 (\$4.5million) has been repaid sometime around the end of the Collaborative Settlement Agreement in 2045.

2024 CRS CASH FLOW BUDGET				
	2025	% Cost of	2024	% Cost of
I. OPERATING EXPENSES	<u>BUDGET</u>	<u>Operations</u>	<u>BUDGET</u>	<u>Operations</u>
<u>A Office Staff</u>				
1. Salaries & Wages	1,814,400	45.94%	1,680,150	43.80%
2. Fringe (35%)	635,000	16.08%	592,000	15.43%
3. Temporary Services	0	0.00%	30,000	0.78%
A. Total Office Staff	2,449,400	62.02%	2,302,150	60.01%
<u>B Office Expenses</u>				
1. Office Improvements	20,000	0.51%	28,000	0.73%
2. Equipment / Purchase and Rent	7,500	0.19%	10,000	0.26%
3. Supplies	3,300	0.08%	3,300	0.09%
4. Printing and Postage	89,700	2.27%	89,700	2.34%
B. Total Office Expenses	120,500	3.05%	131,000	3.42%
<u>C Training and Travel</u>				
1. Training/Travel Board	22,000	0.56%	32,500	0.85%
2. Training/Travel Staff	40,500	1.03%	57,000	1.49%
C. Total Training and Travel	62,500	1.59%	89,500	2.34%
<u>D Data Processing Expenses</u>				
1. Pension Gold Hosting and Modifications	153,158	3.88%	204,480	5.33%
2. Pension Gold Annual License Fee	148,545	3.76%	152,830	3.98%
3. Regional Computer Center (ETS)	6,010	0.15%	6,010	0.16%
4. Hardware and Software for PCs	91,780	2.32%	78,030	2.03%
5. Other	120,073	3.04%	183,260	4.78%
D. Total IT Expenses	519,566	13.15%	624,610	16.28%
<u>E Professional Services</u>				
1. Actuarial Fees	170,215	4.31%	155,300	4.05%
2. Consulting Fees	245,000	6.20%	231,000	6.02%
3. Legal Services	242,000	6.13%	110,000	2.87%
4. Retiree Locator Fees	1,500	0.04%	3,000	0.08%
5. Treasury, Accounts and Audits	13,766	0.35%	25,220	0.66%
6. Financial Audit	0	0.00%	50,000	1.30%
E. Total Professional Services	672,481	17.03%	574,520	14.98%
<u>F Other Expenses</u>				
1. Board Meeting Expenses	2,500	0.06%	2,500	0.07%
2. Membership and Subscriptions	5,000	0.13%	5,000	0.13%
F. Total Other	7,500	0.19%	7,500	0.20%
<u>G Insurance</u>				
Fiduciary Insurance	117,370	2.97%	106,700	2.78%
G. Total Insurance	117,370	2.97%	106,700	2.78%
Total Operating Costs	3,949,317	100.00%	3,835,980	100.01%
II. MEMBER BENEFITS EXPENSES				
A. Pensions	205,661,900	86.26%	201,451,100	85.39%
B. Return of Contributions	2,874,000	1.21%	2,874,000	1.23%
C. Death Benefits	550,000	0.23%	670,000	0.28%
D. Medical	29,330,500	12.30%	30,927,000	13.11%
Total Benefit Costs	238,416,400	100.00%	235,922,100	100.01%
III. CONTRIBUTIONS				
	2025	% of	2024	% of
	<u>BUDGET</u>	<u>Contributions</u>	<u>BUDGET</u>	<u>Contributions</u>
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Sept'24	Active #1	Active #2	Retired #1	Retired #2	Retired #3	Appointed #1	Appointed #2	Appointed #3	Appointed #4
Name	Mark Menkhaus, Jr.	Monica Morton	Tom Gamel	William Moller	Kathy Rahtz	Tom West	Sonya Morris	Jeff Cramerding resigns - -> Seth Walsh	Aliya Riddle
Oath/Confirmation Date	8/15/2024	10/6/2022	8/1/2024	8/1/2024	7/14/2022	11/7/2024	9/12/2024	2/2/2022	4/6/2023
Term End	Class of 2028	Class of 2026	Class of 2028	Class of 2028	Class of 2026	Class of 2027	Class of 2028	Class of 2026	Class of 2027
Notes								3/2/2023	
CMC Exp./Educ. For Appointees	n/a	n/a	n/a	n/a	n/a				
Board Officer			Vice Chair	Chair					
Investment Committee	Member	Vice Chair	Member	Chair	Member	Member	Member	Member	Member
Benefits Committee	Member	Member	Chair	Member		Vice Chair	Member		
Governance Committee	Chair		Vice Chair	Member	Member		Member	Member	Member
Performance Eval Committee	Vice Chair	Member	Member		Chair	Member		Member	Member
Elections Committee		Member			Member	Member	Chair	Vice Chair	