

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
January 9, 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**

Linda Smith

**CALL TO ORDER**

Chair Moller called the meeting to order at 2:06 p.m. and a roll call of attendance was taken. Trustees Moller, Menkhaus, Morton, Riddle, Morris, and West were present. Trustees Gamel, Rahtz and Walsh were absent.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Trustee Menkhaus moved to approve the minutes of the Board meeting of December 5, 2024. The motion was seconded by Trustee Morris. The minutes were approved by unanimous roll call vote.

**Report from Governance Committee**

Trustee Menkhaus explained that the Governance Committee reviewed the Funston audit recommendations, which highlighted key areas for potential improvement in governance practices. The committee also went over a working draft of the governance manual, which outlines best practices and protocols for managing the organization's governance structure. It was noted that no votes were taken, and motions were made during this meeting.

**Informational – Staff Report**

**Marquette Investment Report (pages 9-11)**

Chair Moller provided a performance update for the portfolio:

- YTD through November, the portfolio is up 10.8%.

- 1-year return is 14.9%.

**US Equities:** The portfolio is performing slightly better than previous periods in US equities, which is a positive sign.

**Annual Goal:** The portfolio is currently on track to meet the YTD annual goal of a 7.5% return, and is in good shape for the year.

### Staff Update

Staffing Update from Director Salstrom:

- **Hiring Plans:** During the last Board meeting, the budget review highlighted four key staffing items on the agenda. The current focus is on filling positions within the organization.
- **Admin Tech Position:** The Admin Tech position is currently being interviewed for, and the hiring process is underway.
- **Division Manager Position:** The Division Manager role, which is being handled by Kyle Brown at the moment, will be posted soon. This will be one of the larger hires for the department.
- **Members Counselor Position:** Once Kyle Brown transitions into the Division Manager role, the Members Counselor position will open up as well, and the search will begin shortly.
- **Admin Specialist Position:** The Admin Specialist position will be posted soon, and the larger Division Manager and Members Counselor roles will be posted within the next month or so.

### Benefits Subcommittee

115 Trust Subcommittee Formation:

- Chair Moller addressed the formation of the 115 Trust Subcommittee:
  - A previous information session had been held regarding the 115 Trust.
  - As per the agreement, the appointment of committee members falls to the Chair, in line with the established rules.
  - **Committee Structure:** The committee will consist of 7 members, which include:
    - Bill Moller
    - Tom Gamel
    - Mark Menkhaus
    - Seth Walsh
    - Aliya Riddle
    - Sonya Morris
    - Tom West
  - **Next Steps:** There is still a significant amount of work to be done, including developing:
    - A charter for the committee.
    - A definition of responsibilities for the members.
  - Director Salstrom will be responsible for:
    - Drafting the charter and outlining the committee's responsibilities.
    - Deciding whether this committee will replace the Benefits Committee or operate as a new entity.

### 415B Update

Director Salstrom provided an update on efforts related to pension trust compliance:

- **Working with Marquette:** The final historical data is being finalized with Marquette to ensure the accuracy of the pension trust figures.

- Coordination with Dr. Dudas and the Budget Department: Ongoing collaboration is ensuring that the appropriate funds are earmarked to bring the system into compliance with 415 regulations.
- Work is in progress with Law, Ice Miller, and Payroll teams to ensure the necessary processes are in place to begin payments in 2025.
- Progress: Everything is on target and proceeding as expected.
- Final Report from Cheiron: Once the final report from Cheiron is received, it will be shared with the Trustees for review.

#### Fiduciary Audit Recommendations Update (pages 12-14)

Director Salstrom provided an update on the Fiduciary Audit Recommendations, which were reviewed in detail at the Governance Committee. The primary focus moving forward continues to be the development of the governance manual. The insights gathered from CEM Benchmarking will be instrumental in making key decisions related to website design, determining if there is a need for a call center, and assessing staffing needs. The information from CEM Benchmarking will help guide decisions regarding the Funston recommendation, allowing for more informed choices in areas such as staffing and overall operational structure.

#### Futures Commissions Update

Director Salstrom noted that there is no new update from his perspective.

### **Old Business**

#### Term Limits Ordinance (pages 15-19)

Chair Moller reviewed the latest draft with the Board and pointed out a gap in the current version. The draft addresses interim appointments at the end of a term, but there is no mention of what happens if a Board member leaves before their term ends. The gap identified is in section F (ii and iii), which doesn't address how to fill a vacancy if there is a gap between when a Board member leaves and the next scheduled election. This specifically pertains to the 180-day timeframe for filling vacancies through elections.

Chair Moller made a motion to add a section to the draft to address the interim appointment of vacant positions for unexpired terms and asked the Law Department to create the necessary language for this section. The motion was seconded by Trustee Menkhaus. The motion was approved by unanimous roll call vote.

### **New Business**

#### CEM Benchmarking Presentation (pages 20-60)

- CEM Proposal Overview:
  - CEM's Experience: CEM has been specializing in evaluating pension systems for over 30 years, focusing on both investment perspectives and pension administration perspectives.
  - Key Personnel:
    - Kevin Vandolder leads US East for CEM and will be the proposed relationship manager working with Jon, members of this Board, and on this evaluation.
    - Palwasha Saaim leads CEM's investment division, overseeing \$4 trillion in fiduciary capital in the US. She works with large pension systems across the country and will be instrumental in the evaluation process.

- Yvette Van Velson is the pension administration lead researcher for the US, handling over 50 million member data points annually to help evaluate and improve pension administration systems.
  - CEM's Reach: CEM works with approximately \$15 trillion in fiduciary capital annually, with \$4 trillion in the US. Their database includes many large pension systems, with 150 of the world's top 300 funds using CEM's services.
- CEM's Mission:
  - CEM's mission is to improve the lives of pensioners globally by providing unique insights and access to enhance the decision-making of institutional investors and administrators.
  - CEM has served 32 years in institutional funds and currently serves over 500 institutional funds across 20+ countries.
- CEM's Benchmarking Services:
  - Investment Benchmarking Subscription (IBS):
    - Overview: Provides comparison of costs and investment performance against curated peers in DB and DC plans.
    - Details: Benchmarking covers total fund, asset class, and mandate levels.
    - Subscription Inclusions: Includes a CEM Dashboard, electronic reports, live presentations, FTE analysis, and \*\*original research.
  - Pension Administration Benchmarking Subscription:
    - Overview: Compares member experience and costs against curated peers, benchmarking costs and service levels for key pension administration activities.
    - Subscription Inclusions: Includes electronic reports, live presentations, conference invitations, peer intelligence, and network access.
- How CEM's Benchmarking Helps:
  - CEM's clients use the Investment Benchmarking Subscription (IBS) to:
    - Improve fund, asset class, and mandate-level performance.
    - Demonstrate value for money, plan for change, manage fees and costs, understand best practices, and prepare for future challenges.
  - IBS also helps compare costs and net value added against relevant peers and provides mandate-level analysis to enhance manager due diligence.
  - CEM's subscription also supports strategic decision-making, as it provides a story for each system, tracking performance and cost efficiency over time.
- The Reporting Process:
  - The IBS subscription includes a comprehensive report, which:
    - Collects data via survey and data review.
    - Provides draft and final benchmarking assessments.
    - Delivers final FTE & LP reports and presentation of results.
    - Helps systems use CEM's benchmarks as a roadmap for continuous improvement.

*Private Equity Pacing and Commitment Sizes (page 61)*

Director Salstrom explained as part of the ongoing private equity investment strategy, the Board approved three private equity investments in the past. Historically, investments have been made in funds-to-funds, with a 3-4 year investment period. The dollar amounts in the Marquette presentation were based on their pacing plan, which outlines how much capital needs to be deployed annually to maintain the target allocation for private equity. Private equity investments are drawdown funds-with an investment period and a harvest period, during which capital is returned to the fund. To maintain CRS's target, it will need to invest \$25 million per year in private equity, especially as capital is expected to be

returned over the next few years. Director Salstrom proposed the following investments over a 3-year period:

- \$25 million into Siguler Guff
- \$15 million into JP Morgan
- \$10 million into Timber Bay

These amounts reflect the pacing necessary to stay invested in line with the current strategy. The proposed figures were doubled from the original annual amounts, which were \$10-12 million for Siguler Guff, \$7-10 million for JP Morgan, and \$5 million for Timber Bay, to align with a 3-year pacing plan. Director Salstrom also noted that additional areas of private equity investment, such as growth equity and venture capital will need to be addressed, with recommendations coming in future meetings.

Chair Moller made a motion to approve the \$25 million, \$15 million, and \$10 million investments for Siguler Guff, JP Morgan, and Timber Bay, respectively. Trustee Morris seconded the motion. The motion was approved by unanimous roll call vote.

#### 2025 CRS Budget Update (page 62)

Director Salstrom clarified that this was an oversight on their part, and the \$265,000 in annual revenue from attorney fees for retired members was negotiated through the CSA and should have been included in the budget. This will add \$265,000 annually to CRS. No other changes were made to the budget, other than this technical correction to ensure additional revenue is properly accounted for.

Chair Moller made a motion to approve the budget adjustment. Trustee Morton seconded the motion. The motion was approved by unanimous roll call vote.

#### Committee Assignments (page 63)

Chair Moller reviewed the committee assignments provided in the meeting packet. No changes were made to the committee assignments since the last Board meeting. The new 115 Trust Subcommittee will be included in the packet for the next meeting and will display as a Trust committee to differentiate it from the normal committees.

Chair Moller highlighted the work on the annual report, which will be generated once the final investment numbers for the year are available. In the past, a working group reviewed and collaborated with the Director on the annual report. The Director has also recommended creating a PAFR (popular annual financial report), which would present a more digestible document explaining the system's status, goals, and performance to the public. This PAFR would complement the annual report and serve as a more accessible way to communicate key information about the pension system.

Trustee Morton was asked to lead a working group to work on this project. She brings valuable expertise in auditing and will coordinate this effort with Chair Moller and another Trustee to ensure the process is aligned with the overall strategy.

#### **Adjournment**

Following a motion to adjourn by Trustee Menkhaus and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 3:07 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-1-9-25>

**Next Meeting:** Thursday, February 6, 2025, at 2:00 p.m. – City Hall Council Chambers and via Zoom

*Jon Salstrom*

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Secretary