



**City of Cincinnati Retirement System
Governance Committee Meeting
Minutes
January 12, 2023/ 3:30 P.M.
City Hall – Council Chambers and remote**

Board Members Administration

Mark Menkhaus, Mike Barnhill
Tom Gamel, Ann Schooley
Kathy Rahtz
Tom West

Call to Order

The meeting was called to order at approximately 3:30 p.m. by Chair Menkhaus and a roll call of attendance was taken. Committee members Menkhaus, Gamel, Rahtz, and West were present. Trustee Morton joined at 3:32pm. Trustee Cramerding was absent. Trustee Moller, not a member of the committee, was also present.

Public Comment

No public comment.

Approval of Minutes

Approval of the minutes of the May 5, 2022, meeting was moved by Trustee Gamel and seconded by Trustee Rahtz. The minutes were approved by unanimous roll call vote.

New Business

CRS Ethics Policy

Trustee Menkhaus introduced a proposal for the system to adopt an ethics policy. In anticipation of the upcoming fiduciary audit, this is an area that the system can work on now. Director Barnhill echoed that sentiment and explained his research that produced the draft before the committee. After looking at various ethics policies from other systems, he selected the Ohio PERS approach which covers the basic elements of a standard ethics policy and it is relatively succinct.

Mr. Barnhill then summarized each section of the 3-page draft policy in the committee's packet. Mr. Barnhill noted that the Board can discuss whether it wants to increase or decrease the allowed value of gifts—in the draft policy it is capped at \$10. In general, the purpose of an ethics policy is to avoid conflicts of interest, prevent use of a position as trustee or staff to benefit a personal interest, and prohibit use of non-public information for personal benefit. There is a range of reasonable approaches as to how ethics policies can be implemented. In this draft, the financial disclosure section is left for a later date. Mr. Barnhill noted there is

wide variation in how much financial disclosure systems require—the ultimate goal is to protect trustees, staff and the system from the appearance of impropriety and deter the use of inside information for personal gain.

Trustee Menkhaus stated that his intention was simply to introduce this draft for discussion today, but not to take a vote on it, and leave discussion of financial disclosure to a later date.

Trustee Moller stated that the Ohio Ethics Commission should review any proposed ethics policy. Mr. Barnhill agreed.

Trustee Training Policy

Mr. Barnhill explained that fiduciary audits frequently make a recommendation that there be continual trustee training in place, and that the executive director is responsible for that training. Board Rule 21 encourages trustees to participate in training. In the proposed changes to Rule 21, Mr. Barnhill is recommending that the rule be changed to make trustee training mandatory, and that the executive director be tasked with preparing an individual training plan for each trustee.

Trustee Menkhaus noted that trustee training opportunities have been made available during his time on the board.

Proposed Committee Workplan for 2023

Mr. Barnhill discussed a number of items that the Committee could work on during 2023. In addition to the ethics policy and trustee training policy discussed today, other items include:

- Consolidation of the governance manual, board rules and board policies.
- Adoption of a financial disclosure policy
- Creation of an audit committee
- Consideration of the fiscal year start/end
- Committee charters
- Fiduciary governance of the 457 plans

Mr. Barnhill offered some thoughts on each of these items. Consolidation of the governance manual, board rules and policies has been a goal of the Board in the past. It will help simplify board governance. Public pension systems almost uniformly have an audit committee, whose basic job in addition to oversight of the financial statements audit is to ensure that the various functions of the system are being performed correctly. Consideration of the fiscal year is related to whether the system should prepare calendar year audited financial statements as well as issue its own Annual Comprehensive Financial Report. Committee charters are a standard part of governance documentation. Finally, there is not formal fiduciary oversight of the 457 plans. The City, and not the Board, has had ownership of these plans. But in many other systems the retirement board of trustees has this role, and reviews the investment performance, investment fees, and investment options of the 457 plans.

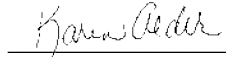
Trustee Rahtz suggested that the issue of term limits for trustees be re-visited. Term limits make it more difficult for trustees to serve and the Board should review this in light of the recent difficulties in finding trustees to serve on the Board. Trustee Menkhaus expressed willingness to add that as an item to a future agenda.

Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Rahtz, the Governance Committee approved the motion by unanimous roll call vote. The meeting adjourned at 4:06pm.

Meeting video link: <https://archive.org/details/crs-governance-comm-1-12-23>

Next Meeting: April 6, 2023, 12:00PM, City Council Chambers and via Zoom



Secretary