

**City of Cincinnati Retirement System  
Performance Evaluation Committee**

**City Hall Council Chambers and via Zoom  
December 5, 2024 – 12:00 PM**

**AGENDA**

**Members**

Kathy Rahtz, Chair  
Mark Menkhaus, Jr., Vice Chair  
Tom Gamel  
Monica Morton  
Seth Walsh  
Tom West  
Aliya Riddle

**CRS Staff**

Jon Salstrom

**Legal**

Linda Smith

**Call to Order**

**Public Comment**

**Approval of Minutes**

- September 12, 2024

**Informational**

- Review Funston Recommendations for Committee
  - MOU follow up
- Risk Dashboard

**New Business**

- 2025 Executive Director Performance Evaluation
- Review 2025 Strategic Objectives
- Contract Assessments – Investment Consultant

**Adjournment**

**Next Meeting:** Thursday, March 6, 2025, City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System  
Performance Evaluation Committee Meeting Minutes  
September 12, 2024 / 12:00 P.M.  
City Hall – Council Chambers and remote**

**Members**

Kathy Rahtz, Chair  
Mark Menkhaus Jr., Vice Chair  
Tom Gamel  
Monica Morton  
Seth Walsh  
Tom West  
Aliya Riddle

**Administration**

Jon Salstrom

**Law**

Linda Smith

**Call to Order**

The meeting was called to order at 12:02 p.m. by Chair Rahtz and a roll call of attendance was taken. Committee members Rahtz, Menkhaus, Gamel, Morton, and Riddle were present. Committee members Walsh and West were absent. Trustee Moller was also in attendance and participated.

**Public Comment**

No public comment.

**Approval of Minutes**

Approval of the minutes for the meeting of June 6, 2024, was moved by Committee member Menkhaus and Seconded by Committee member Gamel and approved by unanimous roll call vote.

**Old Business**

**Review Funston Recommendations for Committee**

Director Salstrom reviewed the summary of Funston Recommendations assigned to the Performance Evaluation Committee included in the packet, starting on page 2. The summary is broken down by priority as well as assignment. There is also a status column to track progress.

**Risk Dashboard**

Director Salstrom referenced the Risk Dashboard in the packet and noted there is no change in trend or response for any risks listed. Personnel has been left as high risk while working through succession planning and vacancies that have been open for the last few years. Market has been left at high risk as

Director Salstrom anticipates to continue to see market fluctuations through the end of the year and the election. Compliance is a new risk added to the dashboard as low risk.

*Review Executive Director Evaluation for FY 2023*

Chair Rahtz asked if there were any questions or if anyone needed any additional information. Trustee Moller commented that the evaluation process was a little different this year. This year, the Finance Director sent her draft to Trustee Moller to make sure it was consistent with the Board's evaluation. The Board's comments were included in the Finance Director's draft, and he felt that this was a positive approach. Director Salstrom and the committee discussed the details of the evaluation and what the best approach is with that moving forward.

Committee member Gamel made a motion to approve the final Executive Directors Performance Evaluation document and seconded by Committee member Menkhaus. The motion was approved by unanimous roll call vote.

Committee member Gamel made a motion to review the current Performance Evaluation form and develop the next set of Performance Goals and Objectives and seconded by Committee member Menkhaus. The motion was approved by unanimous roll call vote.

**New Business**

*Review proposed Memorandum Of Understanding with City Administration for ED Evaluation FY 2024*

Director Salstrom explained that the intention was to have a draft of the Memorandum of Understanding which is still a work in progress. He included in the packet a summary of notes from the meeting that were agreed to by all parties.

**Adjournment**

Following a motion to adjourn by Committee member Gamel and seconded by Committee member Menkhaus. The Performance Evaluation Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 12:38 p.m.

**Meeting video link:** <https://archive.org/details/crs-performance-9-12-24>

**Next Meeting:** Thursday, December 5, 2024, at 12:00 P.M. City Hall Council Chambers and via zoom

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Secretary

**Funston Performance Audit - Summary of Recommendations**

**Assignment**

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
<b>1. Legal and Regulatory</b>		<b>Status</b>								
1.1	Improve definition and clarity of roles and authorities of:									
	<ul style="list-style-type: none"> <li>The Board of trustees</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>Board chair</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>Individual trustees</li> </ul>	Initiated	X		X					
	<ul style="list-style-type: none"> <li>City Council and Mayor</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>City Manager and City Finance Director</li> </ul>	Initiated		X						
	<ul style="list-style-type: none"> <li>CRS Director</li> </ul>	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"> <li>Trustee personal financial disclosures</li> </ul>	Initiated	X							
	<ul style="list-style-type: none"> <li>Board self-evaluation / Board education policy</li> </ul>	Initiated	X							
	<ul style="list-style-type: none"> <li>Funding</li> </ul>	Initiated			X					
	<ul style="list-style-type: none"> <li>Separate investment policy statement for the 115 trust fund that is tailored to its liabilities</li> </ul>	Reviewed	X							
	<ul style="list-style-type: none"> <li>Strategic planning, in coordination with the City</li> </ul>	Initiated			X					
	<ul style="list-style-type: none"> <li>Collection of claims in securities class actions</li> </ul>	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	<b>Appoint a Board Audit Committee with oversight of internal and external audits to commission an independent financial audit and obtain internal audit services from the City Internal Audit Department and/or an independent firm; include oversight of enterprise performance and risk in the committee charter responsibilities.</b>	Initiated	X	X						
<b>3. Investment Program and Operations</b>										
3.1	Develop a separate Statement of Investment Beliefs (SIB) to guide development and implementation of the strategic asset allocation.	Completed	X							
3.2	Develop a liquidity policy as part of the Investment Policy Statement (IPS) to ensure that the cash needs of the organization are effectively and efficiently met.	Completed	X	X						
3.3	Develop a separate IPS for the 115 Trust (Health Care Trust) that reflects the unique liability structure of the 115 Trust.	Reviewed	X	X						
3.4	Extend the time horizon for the strategic asset allocation to 3-5 years and only make changes to the target asset allocation as part of a comprehensive Asset Liability Study.	Completed	X							
3.5	Include a more comprehensive rebalancing policy in the IPS that describes how rebalancing is linked to the Board's investment philosophy and what the process should be.	Completed	X							
3.6	Discuss with Marquette Associates how reporting might be improved through development of an introductory executive summary, with an exception reporting approach, to the quarterly reporting package focused on actual performance compared to the IPS.	Completed	X	X						
<b>4. Pension Operations</b>										
4.1	<b>Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.</b>	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.	Not Reviewed Yet	X							
4.4	Charter a pension administration cost and performance benchmarking report.	Initiated	X							
4.5	Consult with its actuary and determine if an adjustment to the investment assumed rate of return should be recommended.	Reviewed		X						
4.6	<b>Develop and adopt a formal actuarial and funding policy describing responsibilities and frequency of actuarial and asset/liability study processes and addressing investment, demographic and benefit risks.</b>	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							

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Note: Some Recommendations may require CSA update.

### **1. Procurement (1.5)**

- Work with CMO to obtain a standing exemption allowing CRS Retiree Trustee to serve on the selection committee as a voting member.

### **2. Contracting (1.4)**

- Write CRS procurement procedures similar to current processes for hiring investment managers where the CRS board selects a vendor and the contract is then negotiated and executed by the City Solicitor and CMO and recommended by the CRS Executive Director and Finance Director.
- Scope of implementation:
  - Investment Managers
  - Investment Consultants
  - Actuaries
  - Custodians
  - Fiduciary audits
  - Benefit Providers

### **3. Personnel Oversight (1.2 and 1.6)**

- Continue with current CRS Board Evaluation process of the ED, which is to be provided to the Finance Director and then incorporated into the annual review of the ED for fiscal year 2023/24.
- Going forward, the CRS ED, Finance Director and Chair of the Performance Evaluation Committee will meet annually to align and discuss the CRS Board's annual strategic goals and objectives with the City's strategic performance metrics for the CRS ED. This will ensure a cohesive set of objectives for the CRS ED to be evaluated each year.
- The CRS Board, in conjunction with the ED, will provide the Finance Director with periodic assessment reports on the CRS Board's annual strategic goals and objectives.
- The Finance Director, in conjunction with the ED, will provide the CRS Board with the annual performance metrics related to the CRS organization.
- The Finance Director, in conjunction with the ED, will provide the Board with the periodic assessment reports on the organization performance metrics.
- Formal complaints about the ED should be brought to the attention of the Board.
- Clarify and define the reporting relationship of the ED to the Finance Director and the CRS Board. Also define the reporting relationships of CRS staff through the ED.
- Confirm that the requirements of the section are reflected in the CRS Governance Manual and agreed to by the CMO and Finance Director.

### **4. Legal Counsel (1.3 and 5.2)**

- Develop a formal agreement with the City Solicitor's office to describe the process for 1) engaging outside counsel and sharing findings with the Board of Trustees, and 2) managing legal representation when the CRS Board and CMO disagree on matters of law.

**5. General Admin Roles and Clarity on Roles and Responsibilities (1.1, 2.11, 4.1, 5.1)**

- Provide definitions of roles and responsibilities for all stakeholders to be included in the Governance Bylaws.
- Engage the State auditor to include a statement within the City's ACFR highlighting that CRS is part of the financial audit process.
  - Evaluate the need and cost to develop a PAFR
  - Explore the engagement of external auditors to bi/annually review CRS non-financial performance of operations and/or internal controls.
- Develop succession plan guidelines for key CRS positions, and related cross-training. Confirm that such guidelines are reflected in the CRS Governance Manual and agreed to by the CMO and Finance Director.

**6. Assure that all that is agreed to in the above categories and memorialized in a Memorandum of Understanding consistent with all existing governing documents and admin/municipal code.**





Risk Category	Risk Description	Rank	Risk Level	Expected Risk Level Trend	Risk Response	Change	Mitigation Activities	Risk Owner	Reporting and Oversight Committee
Personnel	Ability to attract and retain talented staff; succession planning.	1	High	↔	Mitigate	No Change	CRS has hired additional staff to ensure all CRS functions covered and with trained backup. Implement succession plan for 3 key staff near retirement.	Executive Director	Board of Trustees
Funding	A lack of sound funding for the plan could lead to insufficient assets to pay for long-term benefits and financial obligations.	2	High	↔	Mitigate	No Change	Seek City adoption of incremental contribution rate increase; next step is moving up from 17.75%.	Executive Director	Board of Trustees
Cyber	Cyber security controls could lead to breaches or sabotage of CRS systems. Unauthorized access of confidential information could result in state or federal law violations and harm the best interests of CRS and its members.	3	Medium	↔	Monitor	No Change	Monitor ETS security plans. Evaluate and monitor CRS servers and vendors protocol annually	Executive Director, ETS Director	Performance Evaluation
Market	Market volatility could lead to undesirable investment outcomes due to monthly liquidity needs to pay benefits.	4	Medium	↓	Monitor	No Change	Market volatility should remain elevated until after the elections. Gold and US Dollar to be headwinds to ACWI. Fed funds appear to be moving lower following Fed's Jackson Hole speech.	Executive Director, Marquette	Investment Committee
Counterparty	Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon.	5	Medium	↔	Monitor	No Change	Diversifying manager and vendor exposure to limit counterparty risk. Shift check printing and reconciliation process to 5/3 Bank.	Executive Director	Audit Committee (TBD), Investment Committee
Operational	Event causes a major business interruption, such as late monthly pension payroll. Generally strive to improve efficiencies lowering plan cost and customer satisfaction	6	Medium	↔	Mitigate	No Change	Complete document scanning project, with image to accessible and secure server. Evaluate resilience and efficiency or pension payroll process. Develop continuity of operations plan for CRS pension operations and payroll.	Executive Director	Audit Committee (TBD)
Governance	Not following processes and procedures in decision making.	7	Medium	↔	Mitigate	No Change	Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document	Board of Trustees	Governance Committee
Physical	Monitor facilities for inadequacies; general facilities management; improve space utilization.	8	Medium	↔	Accept	No Change	Current space is adequate; a physical move was completed recently and would be extremely disruptive now. Improve remote access and redundancies to improve worker flexibility.	Executive Director	Benefits
Compliance	Evaluation of legal, tax and operational compliance variations to the City Solicitors office for review	9	Low	↔	Accept	No Change	The preponderance of current request for review are due to new contracts with investment managers and services providers	Executive Director	Performance Evaluation
Legislative	Legislative events may lead to adverse relations, unfavorable investment and operation policy and/or restricted funding.	10	Low	↓	Monitor	No Change	Conduct regular meetings with Council members, Mayor and CMO.	Board, Executive Director	Board of Trustees

High	Represents immediate risk to the plan. Trustees should be mindful and monitoring regularly for resolution
Medium	Represents concern for the plan. Trustees should determine the appropriate interval for evaluation and monitoring
Low	Represents limited risk to the plan. No plan of action is required.

### **CRS Mission Statement (developed 2022)**

- Assure Promised Pension and Healthcare Benefits for Current and Future Retirees
- Assist and Support CRS Members in Achieving a Successful Retirement
- Assure CRS Transparency and Accessibility for all Stakeholders

### **CRS Board of Trustee Goals (2022)**

A. Invest CRS financial assets to establish a reasonable probability that the assumed annual rate of return is achieved. (CMC sec. 203-65)

B. Establish reasonable actuarial and investment assumptions and determine the probability that current retirees and future retirees will receive promised pension and healthcare benefits. (CSA, 2nd and 3rd Goals)

C. Provide recommendations to the City Administration, City Council, and Mayor to achieve full funding of pension and healthcare benefits. (CSA, 2nd and 3rd Goals)

D. Provide strategic CRS direction and support to the CRS Department. (CSA, para. 30)

E. Provide timely communication to active and retiree members regarding CRS financial status and pension and healthcare benefits. (CSA, para. 30; Agreed Order, para. j)

F. Cultivate and advance collaborative relationships, marked by mutual respect and transparency, among CRS administration and CRS Board. (CSA, 7th Goal)

G. Prioritize customer service best practices to strengthen responsiveness and reduce barriers to communication among stakeholders. (CSA, para. 30)

H. Assure and facilitate compliance with the Collaborative Settlement Agreement. (CSA, para. 53)

### **PROPOSED Executive Director's Goals -- 24-25 evaluation**

1. Provide Board with solid leadership, support, coordination, education and communication. (A., B., D., F., G., H.)

2. Assist Board in developing, updating and documenting a sound investment policy and robust governance structure. (A., B., D., H.)

3. Provide information, education, support, assistance and excellent customer services to active and retired members of CRS. (D., E., G., H.)

4. Coordinate activities and communication between the Board and City Administration as necessary to accomplish Board's objectives. (C., D., F., H.)

CRS Board Performance Evaluation of Exec. Dir. Form, 2023-2024 Performance Period		
Performance Rating Period: 8/6/2023 - 7/11/2024		
Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets		
Essential Values		
	Quality Rating	Comments
Acts with Integrity, Ethics & Accountability		
Communicates Effectively		
Provides Excellent Customer Service		
Relationship Building		
Embraces Change		
Attitude		
Core Competencies		
<del>Work Productivity</del>		
<del>Attendance</del>		
<del>Timeliness</del>		
<del>Effectiveness</del>		
Supervisory / Leadership Skills		
Provides Leadership, Trains, Motivates and Coaches		
<del>Consistently Upholds Standards Fairly; Resolves Problems, Conflicts Appropriately and Timely</del>		
Plans and Acts Strategically; <del>Delegates Effectively</del>		
<del>Promotes, embraces and values Small Business Enterprise initiatives, EEO and Affirmative Actions Goals</del>		
<del>Completes Employees' Performance Evaluations on Time</del>		

**Performance Rating Period: 8/6/2023 - 7/11/2024** 7/12/2024-7/11/2025

**Executive Director Performance Objectives**

Item	Owner	Target Dat	Quality Rati	Comments
Prepare and approve the 2024 budget	Board, Jon Salstro	4Q23		<b>UPDATE WITH</b>
Develop for Board approval CRS Board Goals and Strategies for 2025	Performanc	12/31/24		<b>CURRENT OBJECTIVES</b>
Retirement 101 session conducted for active mid career employees	JON Salstro	Ongoing		
Actuary RFP (prepare fall 2023; issue Jan 2024)	m_CRS Board, Jon Salstro	2Q24		
Consider Change to Fiscal Year	Exec. Directo	3Q2023		
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair)	Board, Jon Salstro	2Q24		
Provide the City Administration with input and recommendations regarding the healthcare trust funding	Jon Salstro	1Q24		
Review and approve the annual Actuarial Valuation Report	m			
Review and approve the annual Actuarial Valuation Report	Board	4Q23		
Approved new asset allocation - Option B from the Nov'23 Marquette presentation. Increase private credit to 6.5%	Board, Jon Salstro	1Q24		
Amend and approved new Investment Policy Statement to reflect changes in 2023/2024	Board, Jon Salstro	1Q24		
Conduct evergreen private credit search to fill the increased allocation	Board, Jon Salstro	1Q24		
Review of staff evaluations of Board contractors	Performanc	4Q23 & 1Q24		
Charters for Current Committees	Board, Exec. Directo	1Q24		
Review and approve the quarterly and Annual Investment Reports	Board	Ongoing		

<u>Strategic Objectives</u>	<u>Owner</u>	<u>Target Date to Complete</u>	<u>Status/Date Completed</u>
<b><u>CY 2025 Board Objectives</u></b>			
Work collaboratively with CMO to update City Contribution rate incrementally for 2025	Board, Exec. Director	2Q25	Annual
Complete and publish CRS handbook for active and retired members	Exec. Director	1Q25	Complete
<del>Determine whether CRS should have an independent financial audit</del>	<del>Finance Manager</del>	<del>2Q25</del>	<del>Ongoing</del>
Assist the Mayor and Council in filling appointed member Board vacancies; conduct elections process for two retiree trustees and one active trustee.	Board, Exec. Director	1Q26	Ongoing
Personnel Oversight: Annually work with administration to incorporate Board evaluation of the Executive Director into City's employee review	Board, Exec. Director	2Q25	Ongoing
Work with Administration to obtain standing exemption for procurement & contracting	Exec. Director	2Q25	Ongoing
Work with Administration to obtain standing exemption allowing CRS Retiree Trustees to serve on RFP Selection Committee	Exec. Director	2Q25	Ongoing
Within Governance Manual clarify roles and responsibilities for all stakeholders (e.g. admin, staff, trustees, vendors, law)	Exec. Director	2Q25	Ongoing
Aggregate and organize the Board policies from all sources into a Governance Manual	Executive Director	2Q25	Ongoing
Development of Dashboards for the Board Packets (e.g. Demographics, Benefits, Returns, Risk, Compliance, Liquidity)	Exec. Director	4Q24	Ongoing

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<del>Review Futures Commission Report items relevant to CRS; plan further objectives as warranted</del>	<del>Board, Exec. Director</del>	<del>2Q24</del>	<del>Ongoing</del>
<b><u>Ongoing Objectives</u></b>			
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair; new Councilmember(s), Budget and Finance Committee)	Board, Exec. Director	Ongoing (1Q, 3Q each year)	Complete
<del>Prepare and provide Annual trustee training plan Schedule</del> , including training policy and curriculum; monitor and update implementation	<del>Board, Exec. Director</del>	<del>Ongoing</del>	<del>Complete</del>
Evaluate and Redesign CRS website	Exec. Director	1Q25	ongoing
<del>Evaluate existing member communications to identify improvements</del>	<del>Exec. Director</del>	<del>Ongoing</del>	<del>Ongoing</del>
<del>Prepare and approve the 2025 CRS budget</del>	<del>Board, Exec. Director</del>	<del>4Q Annually</del>	<del>Complete</del>
<del>Review and approve the annual 12/31/2023 Actuarial Valuation Reports</del>	<del>Board</del>	<del>2Q-2025</del>	<del>Ongoing</del>
<del>Annual review of Investment Policy</del>	<del>Board</del>	<del>Ongoing</del>	<del>Complete</del>
<del>Keep the Board well informed about important developments and issues</del>	<del>Exec. Director</del>	<del>Ongoing</del>	<del>Ongoing</del>
Prepare and submit the annual CRS report to City Council	Board, Exec. Director	3Q Annually	Complete
<b><u>CY 2024 Investment Committee Objectives</u></b>			
Mark a formal Asset allocation review every 3 years with annual review of market conditions, opportunities and liquidity needs and risks	Board	2Q25 (annually review)	1Q23
Quarterly review of Market volatility and Investment risk/concentrations	Board, Exec. Director	Ongoing	4Q24
Quarterly update on investment return peer ranking	Board, Exec. Director	Ongoing	4Q24
Review of liquidity	Exec. Director	Ongoing	4Q24

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Monitor investment manager compliance	Board, Exec. Director	Ongoing	<del>4Q24</del>
Monitoring tolerance bands	Exec. Director	Ongoing	4Q24
Development of Executive summary from Marquette	Exec. Director	3Q24	Complete
Development of Manager Selection and Monitoring policy	Exec. Director	4Q24	Complete
Development of Statement of Investment Beliefs	Exec. Director	1Q24	Complete
Development of Rebalancing policy and formally extend asset allocation review to every 3 years	Exec. Director	2Q24	Complete
Development of Liquidity Policy	Exec. Director	2Q34	Complete
Complete the five-year actuarial experience study; act on recommendations	Board, Exec. Director	Ongoing, (last completed Q2 23)	Complete
<b>CY 2024 Governance Committee Objectives</b>			
Attendance Policy	Board, Exec. Director	1Q24	Complete
Trustee Training Policy	Board, Exec. Director	3Q24	Complete
Expand the Disability Rules	Board, Exec. Director	2Q23	Complete
Amend in Board disability rules to implement CMC 180 day timeline for abandonment of application	Board, Exec. Director	2Q23	Complete
Enroll retirees in Member Direct to continue the path to paperless	Exec. Director	2Q24	ongoing
Amend Term limits Ordinance	Board, Exec. Director	4Q24	Ongoing
Creation of Audit Committee, possibly from Performance Eval Comm	Board, Exec. Director	1Q24	Review in 2025
Charters for Current Committees	Board, Exec. Director	1Q24	Complete
Consider Change to Fiscal Year	Board, Exec. Director	3Q25	
Annual Evaluate Fiduciary Governance of 457 Plans	Exec. Director	3Q24	ongoing
Financial Disclosure Policy and Forms	Board, Exec. Director	2Q25	

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Consider if pension staffing resources and capabilities should be improved through Implementation of a member contact center telecommunications system.	Board, Exec. Director	4Q24	Review Annually
Charter a pension administration cost and performance benchmarking report.	Exec. Director	4Q24	Complete
Update the documented disaster recovery plan.	Exec. Director	2Q25	
<b><u>CY 2024 Benefits Committee Objectives</u></b>			
Review Horan healthcare plan changes summary	Board, Exec. Director	1Q25	
<del>Survivor Benefits: CMC Ordinance 203-49</del>	<del>Board, Exec. Director</del>	<del>2Q24</del>	<del>Complete</del>
Horan Audit of Benefits	Exec. Director	3Q25	
Survey retirees benefits	Exec. Director	2Q25	
<del>Dental RFP - review potential for implementing a plan for offering tiered benefits options for retirees</del>	<del>Exec. Director</del>	<del>2Q24</del>	<del>Complete</del>
<b><u>CY 2024 Performance Evaluation Committee Objectives</u></b>			
2025 Strategic Plan	Board, Exec. Director	1Q25	
<del>Review of staff</del> evaluations of Board contractors	Board, Exec. Director	4Q24 and 1Q25	
Fiduciary Performance Audit: Review audit and implement Board-approved recommendations	Board, Exec. Director	1Q25	ongoing

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### **Staff Assessment of Investment Consultant Services**

**Summary rating:** Exceeds expectations. Marquette performs all contracted service in a timely and satisfactory manner. Marquette performs additional work as requested in a timely and satisfactory manner. Marquette makes periodic presentations to the Board which convey important investment information in an accessible manner. Marquette is flexible and amenable to board and staff suggestions for improved communications.

**Contract status:** Following a formal RFP process which began in early 2023, Marquette was selected, and a new contract was issued for a three-year initial term and 2 two-year extensions on 1/1/2024. Marquette has agreed to extend its current annual fees (\$274,000). Fee is favorable to CRS.

#### **Summary of CY2024 Work:**

- Prepared and presented 4 quarterly investment reports.
- Review of Asset allocation presentation
- Private Credit manager searches and recommendations
- Private equity 2025 pacing review
- Private equity manager due diligence reports and recommendations for 2025
- Development of new executive summary
- Development of new reporting system with expanded peer universes
- Regular guidance to staff on liquidity management and re-balancing
- Provided capital market projections

#### **Staff Assessment:**

Brett Christiansen has been the Marquette staff supporting the CRS Board since at least 2008. Marquette provides excellent value for the fee it charges. The continuity and institutional knowledge Brett and Marquette bring is invaluable to CRS, the board, and staff.

CRS staff regularly consult with Mr. Christiansen and Marquette staff on advice regarding liquidity management and rebalancing. Mr. Christiansen ensures CRS staff has access to the research team at Marquette especially when CRS is evaluating new investment managers and allocations. Mr. Christiansen is quite responsive, responding within 24 hours.

The Board relies heavily on Marquette's recommendations and due diligence of prospective managers. Marquette has proven to be thoughtful and judicious with long term asset allocation and annual updates to allow CRS to lean into market opportunities when they are presented. In 2024, Mr. Christiansen provided the Board with such updates on the asset allocation targets. Additionally, following an approved increased allocation to private credit in '23, Marquette helped in the exhaustive review of direct lending manager universe to select a diverse and robust group of managers for CRS (early 2024). Mr. Christiansen also expanded his board presentations to include updates on the market environment and executive summaries for the board to understand cash flow and liquidity needs of the plan.

In the 4Q'24 Marquette presented a private equity pacing plan to ensure the target allocation to the asset class is maintained as capital flows back to the plan from existing private equity funds. Along with the pacing plan presentation Marquette presented 3 managers for investment, two of them being new funds for the plan. The new investments should help build a more diverse and robust private equity pool of investments, improving IRRs and return of capital measures.

Consideration of CRS long term investment results versus benchmark and peers is pertinent in assessing Marquette's performance. At the end of Q3'24, CRS 1-year, 3-year, 5-year, and 10-year returns were strong within the peer universe at 53<sup>rd</sup>, 27<sup>th</sup>, 22<sup>nd</sup> and 24<sup>th</sup> respectively.

Considerations for expanded coverage from Marquette in 2025:

- Begin asset allocation review at the end of 2025
- Liquidity management is always a concern — Continue to build a robust portfolio including allocations to diversifiers offering liquidity (i.e., hedge funds, CTAs, liquid real assets)
- Add new Venture Capital fund
- Potentially add Growth Equity fund (gap in PE exposure)
- Potentially add new Private Credit fund depending on capital calls/distributions
- Review of index funds and custodian (fee reductions)
- Continued education from the Marquette staff and with our investment managers
- Work with Marquette to get quarterly compliance attestation from each manager