

City of Cincinnati Retirement System Performance Evaluation Committee

**City Hall Council Chambers and via Zoom
September 12, 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

✚ June 6, 2024

Old Business

- ✚ Review Funston Recommendations for Committee
- ✚ Risk Dashboard
- ✚ Review Executive Director Evaluation for FY 2023

New Business

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

Adjournment

Next Meeting: Thursday, December 5, 2024, City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System
Performance Evaluation Committee Meeting Minutes
June 6, 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 12:01 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 March 7, 2024, was moved by Committee member Gamel and Seconded by Committee member Menkhaus and approved by unanimous roll call vote.

Old Business

Review Funston Recommendations for Committee

Director Salstrom reviewed the Funston Recommendations assigned to the Performance Evaluation Committee, starting on pg. 2. Referencing 4.2 & 4.3, he explained that an Administrative Technician will be hired soon to help with these tasks. Referencing 4.4, he explained that he anticipates including this as an option for the Board when they do the budget at the end of the year. Referencing 6.1-6.3, he explained that these are currently being done through the Law Department. Committee member Gamel motioned to generate a list of current compliance items in place and seconded by Committee member Menkhaus. The motion was approved by unanimous roll call vote.

Risk Dashboard

Director Salstrom referenced the Risk Dashboard in the packet and noted the footnote changes defining the impact of risk levels. He also noted that Cyber Security was changed from a high risk to a medium risk with the current ETS security plans. Committee member Riddle suggested keeping Cyber Security at a sideways trending risk because the risk will continue to change. Trustee Moller suggested adding the Board along with the Executive Director as the Risk Owner under Legislative.

Review '24 Goals and Strategic Objectives

Director Salstrom reviewed the previously approved CY 2024 Performance Evaluation Committee Objectives.

New Business

Review Executive Director Evaluation Objectives

Chair Rahtz referenced the Timeline for the CRS Executive Director Performance Evaluation in the packet. She outlined the steps that are proposed to be taken for the Performance Evaluation. Next steps are for Director Salstrom to submit his self-evaluation to Chair Rahtz by 6/14/24. Board members are to complete the evaluation form and submit it to Chair Rahtz by 6/28/24. The goal is to present the evaluation and discuss it with the Director in Executive Session at the 7/11/24 Board of Trustees meeting. Committee member Menkhaus motioned to approve the proposed timeline and seconded by Committee member Gamel. The motion was approved by unanimous roll call vote.

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 12:35 p.m.

Meeting video link: <https://archive.org/details/crs-pe-comm-6-6-24>

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

Secretary

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.	Initiated			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	Reviewed	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.	Not Reviewed Yet	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Not Reviewed Yet	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.	Not Reviewed Yet	X							
4.4	Charter a pension administration cost and performance benchmarking report.	Not Reviewed Yet	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	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.	Initiated	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.	Initiated	X	X						
5.3	Develop a long-term IT plan that identifies future needs.	Initiated	X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.	Initiated	X	X						
5.5	Update the documented disaster recovery plan.	Initiated	X	X						

6. Compliance

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

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Note: Some Recommendations may require CSA update.



Risk Category	Risk Description	Rank	Risk Level	Expected Risk Level		Risk Response	Change	Mitigation Activities	Risk Owner	Reporting and Oversight Committee
				Trend						
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 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 expectations; 3 = Exceeds expectations

Quality Rating

AVERAGE	COUNT
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AVG of Trustees ratings of item
COUNT of Trustee ratings for item

Essential Values

Trustee Comments (comment #/total count of ratings for item)

Acts with Integrity, Ethics & Accountability

3

7

1/7-Mr. Salstrom is motivated to do what is right for CRS. He also takes responsibility for actions required by his position in the organization.

2/7-I am not aware of any dishonesty or unethical behavior. Director Salstrom has been transparent in his efforts and forthcoming with information. He has been accountable for the operations of his office and conducted himself professionally.

3/7-Jon has always taken accountability for his work and made professional business decisions in line with the ethics and standards of the Board and the City.

4/7-Jon's role requires the highest level of integrity, ethics, and accountability. He demonstrates these qualities consistently.

Communicates Effectively

3

7

1/7-Mr. Salstrom communicates in a very professional manner and strives to keep the Board apprised of issues and concerns.

2/7-Mr. Salstrom understands the importance of building and sustaining stakeholder relationships with trust such as with the Board, City Administration, and CRS members.

3/7-Director Salstrom takes an active role in discussing items within our Board meetings and takes time to assure his ideas are communicated clearly. He's upfront about letting us know if additional research is needed rather than providing rash answers.

4/7-I believe that Jon provides continuous and timely information to the Board and communicates well.

5/7-Jon seeks to understand others and listens carefully. His style is kind, friendly and empathetic. Whether addressing an individual or speaking before the Board, he speaks clearly and concisely, without using jargon.

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
	Quality Rating		
	AVERAGE	COUNT	
Provides Excellent Customer Service	3	7	1/7-From the Board's perspective, customer service problems are few and they are resolved professionally.
			2/7-From my perspective, Director Salstrom has been easy to reach and open to suggestions. Members seem satisfied with the Customer Service provided by his office.
			3/7-Jon has always made himself available to answer any questions or concerns that I have had. He also follows up almost immediately with a response. I have received a few calls and comments where stakeholders have complained about not easily being able to reach someone or being transferred to a various persons and being frustrated with the process, but it has been very few and each time, I presented my concerns to Jon, he provided satisfactory feedback as to how things would be addressed.
			4/7-CRS office's interface with active and retired members has been made better in the past few years and should be continually measured, monitored and improved.
Relationship Building	3	7	1/7-Jon is proactive in building relationships with board members.
			2/7-Mr. Salstrom understands the importance of building and sustaining stakeholder relationships with trust such as with the Board, City Administration, and CRS members.
			3/7-I've been impressed by Dir. Salstrom's quick transition into the role. He's clearly utilizing relationships with other City departments effectively and being resourceful.
			4/7-As I do not see the day to day involvement with other stakeholders, I can only speak based on the relationship that I have as a Board Member. Jon has a good relationship with the Board and other stakeholders that provide information to the Board, such as our investment and benefits managers.
			5/7-Jon is easygoing and respectful to all. He relates well to trustees as well as staff, city officials and others.

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
	Quality Rating		
	AVERAGE	COUNT	
Embraces Change	3	7	1/7-The Board and Mr. Salstrom have initiated substantial change in several CRS areas - investments, goals and objectives, fiduciary audit, and accountability. Mr. Salstrom has accepted and encouraged positive change.
			2/7-Director Salstrom has championed several changes that would improve the system, including an overhaul of survivor benefit packages that better provides for the beneficiary and reduces the oversight burden of the Retirement Office.
			3/7-Jon caught on very quickly when he joined the Retirement team and has done a great job with learning the ins and outs of the collaborative agreement and working with Law and the Board implementing changes to items such as death benefits.
			4/7-Both public sector work and public pension plan administration were new for Jon. He adapted quickly and remarkably well, and has functioned at a high level virtually from the start.
Attitude	3	7	1/7-Jon manages to have a positive demeanor even during challenging situations.
			2/7-Mr. Salstrom is professional and positive in his approach to his responsibilities.
			3/7-Director Salstrom is positive and approachable.
			4/7-Jon is respectful and displays a professional attitude at all times.
			5/7-Jon routinely demonstrates a positive attitude.
Core Competencies			
Work Productivity	3	7	1/7-Mr. Salstrom's work product is substantial and timely.
			2/7-Based on the objectives table, Director Salstrom is performing at a high level.
			3/7-Jon has a large work load and manages it well.
			4/7-Jon being new to a public system has adjusted very well to all that is involved in this new setting. He manages his time well and gets a lot done.
			5/7-Jon has a big job. He sets goals and priorities for himself, and he provides valuable assistance to the Board with identifying and prioritizing goals and objectives.

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
	Quality Rating		
	AVERAGE	COUNT	
Attendance	3	7	1/7-Mr. Salstrom is on the job and available to a high degree.
			2/7-Director Salstrom has been on time for all Board & committee meetings and has been completing tasks in an effective manner.
			3/7-Director Salstrom has been on time for all Board & committee meetings and has been completing tasks in an effective manner.
			4/7-Jon has not missed a retirement board meeting to date that I can recall.
			5/7-In my experience Jon has always been available for phone calls and meetings. He has attended all Board and committee meetings.
Timeliness	3	7	1/7-Mr. Salstrom generally keeps the Board up to date on CRS matters. Some improvement can be made in reviewing final documents to avoid redrafting. Board packets could be timelier and updates for accuracy and completeness should be minimized.
			2/7-Director Salstrom has been on time for all Board & committee meetings and has been completing tasks in an effective manner.
			3/7-Jon works to provide responses in a timely manner. Although, there have been some delays in receiving follow up information back, I do not think it is all on him as there are other participants that Jon has to work with that may cause the delay as well.
			4/7-Timeliness of distribution of packets to the Board is an area for improvement.
Effectiveness	3	6	1/7-Mr. Salstrom is generally very effective in meeting the requirements of his position as noted in meeting goals and objectives.
			2/7-Director Salstrom has spoken at some length on implementing staff changes within the Retirement Office that are resulting in greater efficiencies, with many of those efforts already under way.
			3/7-I believe that Jon creates output that is desired by the board and various stakeholders.
			4/7-Jon works to get answers to very complicated issues.
			5/7-Jon plans for, tracks and accomplishes what the Board requests or expects from him, enabling the Board to accomplish its work.

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
		<u>Quality Rating</u>	
		<u>AVERAGE</u>	<u>COUNT</u>
<u>Supervisory / Leadership Skills</u>			
Provides Leadership, Trains, Motivates and Coaches	3	4	1/7-These sections apply more to the staff and I don't see those interactions.
			2/7-I do not have enough information to make an opinion.
			3/7-Given the current CRS structure, staff does not report through the Board. However, Mr. Salstrom does provide effective leadership related to Board matters and provides necessary updates and training in Board matters.
			4/7-Within our Board meetings, he often leads discussions and motivates Board actions.
			5/7-As I do not see the day to day interaction with Jon and his staff, I do not feel that I can rate this question fairly.
			6/7-Takes initiative to assist and support the Board. Expresses leadership-by-example philosophy.
Consistently Upholds Standards Fairly; Resolves Problems, Conflicts Appropriately and Timely	3	5	1/7-From a Board perspective, Mr. Salstrom takes a leadership role in implementing standards and resolving problems and conflicts.
			2/7-Director Salstrom has been accountable for the operations of his office and taken action in appropriate and timely fashion.
			3/7-Jon has always been responsive to any concerns that I have brought to his attention
			4/7-Generally demonstrates consistency and reliability. Self-reports addressing problems immediately and seeking root cause in order to address.
Plans and Acts Strategically; Delegates Effectively	3	4	1/7-From a Board perspective, Mr. Salstrom embraces the strategic CRS direction and acts accordingly.
			2/7-Director Salstrom's strategic planning has been a great asset to us in implementing recommendations from the Fiduciary Audit.
			3/7-As I am not involved in the day to day activities in Jon's office, I cannot answer this question fairly.
			4/7-Demonstrates strategic planning and action with longterm goal setting flowing into shorter term objectives and actions.
Promotes, embraces and values Small Business Enterprise initiatives, EEO and Affirmative Actions Goals	3	5	1/7-Mr. Salstrom embraces the Board policy for inclusiveness in vendor searches.
			2/7-Jon has exemplified this through the RFP process.
			3/7-Self-reports that this requirement is met.

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	Quality Rating		
	AVERAGE	COUNT	
Completes Employees' Performance Evaluations on Time	3	3	1/7-Given the current CRS structure, staff does not report through the Board. The Board is not consulted regarding staff performance evaluations.
			2/7-Per his self-evaluation, this goal has been achieved.
			3/7-This information is not provided to the Board and therefore I cannot rate it.
			4/7-Self-reports that this requirement is met.
Executive Director Performance Objectives			
Item			Comments
Prepare and approve the 2024 budget	3	7	1/7-Completed in Q4'23 and will start '25 budget in 4Q'24
Develop for Board approval CRS Board Goals and Strategies for 2025	3	7	1/7-on effectively navigated a large number of goals and expectations for the entire board and different
			2/7-Completed in Q4'23 and will continue to work on this years and next throughout '24
Retirement 101 session conducted for active mid career employees	2	7	1/7-Completed 6 sessions in '23 and 3 thus far in '24. Plus montly NEO and montly onboarding sessions
			2/7-I always receive positive feedback from active employees that attend these sessions.
Actuary RFP (prepare fall 2023; issue Jan 2024)	3	7	1/7-Completed with Cheiron rehired
Consider Change to Fiscal Year	3	5	1/7-Completed
			2/7-As this in not practical, I do not think that I can rate it fairly.
Prepare and present CRS orientation to City Stakeholders (City Mgr, Mayor, V. Mayor, Council Fin. Chair)	3	7	1/7-This is an ongoing process but done formally with new Councilmember Albi (Bill Moller and Director Salstrom presenting 2 times)
			2/7-This has been successful in 2024.
			3/7-This item is extremely important, and an excellent presentation has been developed and delivered.

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations

	<u>Quality Rating</u>		
	<u>AVERAGE</u>	<u>COUNT</u>	
Provide the City Administration with input and recommendations regarding the healthcare trust funding policy	3	7	1/7-This was a fairly extensive exercise that concluded with an agreed order including the funding policy.
			2/7-This was a very extensive exercise that concluded with an agreed order including the funding policy
Review and approve the annual Actuarial Valuation Report	3	7	1/7-Completed.
Approved new asset allocation - Option B from the Nov'23 Marquette presentation. Increase private credit to 6.5% from 3%.	3	7	1/7-Completed with Marquette and Board approval.
			2/7-Jon uses his extensive knowledge and experience in the investment field to provide valuable help and guidance to the Board.
Amend and approved new Investment Policy Statement to reflect changes in 2023/2024	3	7	1/7-Completed in Q1'24.
Conduct evergreen private credit search to fill the increased allocation	3	7	1/7-Completed in Q1'24

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	Quality Rating		
	AVERAGE	COUNT	
Review of staff evaluations of Board contractors	3	6	1/7-Completed in Q1'24.
Charters for Current Committees	3	7	1/7-The work Jon helped to perform on the committee charters was extensive.
			2/7-Completed at the end of last year and into the beginning of '24.
			3/7-Provided leadership to Board Committees to accomplish this objective.
Review and approve the quarterly and Annual Investment Reports	3	7	1/7-Ongoing process and completed at each investment committee meeting
Update and monitor Risk Dashboard document	3	7	1/7-Last completed at June'24 Board meeting
			2/7-This is an important tool for the Board for tracking potential risks. Jon keeps it current and updates the Board frequently.
Review and make recommendations regarding survivor benefits	3	7	1/7-Last completed at June'24 Board meeting
Prepare and submit the annual CRS report to City Council	3	7	1/7-The Board has approved.
			2/7-Approved and should be on Council Agenda next week (June 7, 2024)
			3/7-This has been completed and approved by the Board.
			4/7-Extremely important and extremely well-done document.
Develop CRS handbook for active and retired members	3	7	1/7-Progress has been made but not yet completed. Pending Governance Committee discussion.
			2/7-Completed just needed to be finalize with updated Healthcare Points Grid & Survivor benefit (agreed order and ordinance)
			3/7-Not approved yet.
			4/7-This is a huge and complex task that will greatly enhance member understanding of the plan and will support the goal of improved member education. It has been underway for nearly 2 years and needs to be delivered before end of 2024.

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	Quality Rating		
	AVERAGE	COUNT	
Work collaboratively to seek increase of City contribution rate annually (2024 to 17.75%)	3	7	1/7-Completed with Council/Mayor approval for the budget. However, the approved budget does not reflect the Board's recommendation.
			2/7-Completed. Needs to be finalized in the City's budget June'24
			3/7-This is a difficult issue, but a key strategy to attain full funding of the pension trust by 2045. Perseverance will be necessary.
Evaluate Fiduciary Governance of 457 Plans	3	7	1/7-Ongoing. Director Salstrom meets with each provider regularly with formal investment reviews once a year
Progression towards implementing Fiduciary audit finding	3	7	1/7-Responsibility for reviewing and implementing recommendations has been assigned by the Board. Mr. Salstrom has been instrumental in managing the process.
			2/7-Continued progress. Completed Investment related recommendations in Q2'24
			3/7-In progress.
			4/7-This will be a long-term and complex implementation. Jon has taken appropriate, good initial steps to assist the Board with strategizing implementation.
Completion of the election process for two retiree and one active trustee	2	7	1/7-The nomination notification mailing needs to be more timely.
			2/7-This was formally kicked off in May'24 with target completion on July 23, 2024
			3/7-In progress.
Creation of Audit Committee, possibly from Performance Evaluation Committee	3	6	1/7-This will be discussed with City Admin and Trustees on June 25, 2024
			2/7-In progress.
Consolidate Governance Manual, Board Rules and Policies	2	7	1/7-Progress has occurred but not yet completed.
			2/7-This is in progress and is anticipated to be presented to the Governance Committee Jul'24
			3/7-In progress.
Financial Disclosure Policy and Forms	2	6	1/7-Progress has occurred but not yet completed.
			2/7-This is in progress and is anticipated to be presented to the Governance Committee Jul'24
			3/7-In progress

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
	Quality Rating		
	AVERAGE	COUNT	
Assist the Mayor and Council in filling appointed member Board vacancies	2	7	1/7-Progress has occurred but not yet completed.
			2/7-This is in progress.
			3/7-In progress.
Consider cafeteria benefits options (LTC, Life Ins, Ins tier options)	2	7	1/7-Progress has occurred but not yet completed.
			2/7-Horan presented on this subject in June'24 and it will be included in the Dental RFP responses and included in '25 Healthcare RFP
			3/7-In progress.
Healthcare and RX RFP (prepare fall 2023; issue Dec 2023)	2	7	1/7-Progress has occurred but not yet completed.
			2/7-Postposed until '25
			3/7-In progress.
Develop and implement CRS website content to provide timely, complete, and easily accessible info	3	7	1/7-Progress has occurred but not yet completed.
			2/7-This is in progress now with minor adjustments with a more robust change in Q4'24 or Q1'25
			3/7-Rated a 3 because what is in process are enhancements to what is currently there.
			4/7-Extremely important for improving member service and communication.
Prepare and provide trustee training plan, including training policy and curriculum	2	7	1/7-Building a more robust training program.
			2/7-Progress has been made but not yet completed.
			3/7-This change has been added to the Trustee rules last year.
			4/7-Training has been discussed and continues to be a work in progress.
			5/7-Trustee orientation and training has seen vast improvement over the past several years.
Implement DROP through City Municipal Code (if cost neutral)	3	7	1/7-Cost analysis has been completed and presented to the City Administration

Rating Scale: 1 - 3. 1 = Does not meet expectations; 2 = Meets expectations; 3 = Exceeds expectations			
	Quality Rating		
	AVERAGE	COUNT	
Trustee City email accounts is leading practice	2	6	1/7-Progress has been made but not yet completed.
			2/7-Done - need update from law
			3/7-In progress.
Keep the Board well-informed about important developments and issues	3	7	1/7-Strives to always escalate important information, timely
			2/7-Always does a good job.
			3/7-Jon works with the Board Chair, Vice-chair and committee chairs to keep trustees involved and informed.
Develop and provide newsletters for active and retired members	2	7	1/7-Completed '23 newsletters; '24 newsletter is going out soon
			2/7-I personally think that a quarterly newsletter would improve communication and strengthen the relationship between Retirement and its stakeholders.
			3/7-This is a task that is in progress.
Implement CRS Department staffing positions	3	7	1/7-Strives to fill positions. Members Counselor is complete. Admin Tech is almost complete. Senior IT and Accountant positions are in progress with an Admin Specialist (replace Kyle Brown who took Members Counselor position) to be started soon
			2/7-Will always be a work in progress.
			3/7-Staffing planning -- both cross-training and succession planning -- have been prioritized by the Director. Patience and perseverance have resulted in positions being filled.
Update Disaster Recovery and Business Continuity of Operations Plan	2	5	1/7-Not started yet.
			2/7-Has not begun.
			3/7-Will commence soon.
			4/7-This is very important to have this completed.

Trustee additional or general comments:

Jon has been a well organized, thoughtful, and attentive leader for the CRS Pension board. It is difficult for me to evaluate his internal work with staff members, etc. so I did not provide an opinion either way if I felt I did not have enough information. I support Jon's continued employment as the Executive Director and believe he has done fantastic work during his first year (+).

I cannot make a decision on the supervisor skills. The City Manager has this information.

Mr. Salstrom has made great progress in a relatively short period of time. He has adapted quickly to the Executive Director role and the transition into the role has exceeded expectations. The CRS Board has made changes in many areas as shown in the strategic goals and objectives and Mr. Salstrom has enabled those changes.

Overall, I am very pleased with the Director's performance and am glad to have his leadership and his dedication to our system. I feel like Director Salstrom has been working with the Board, rather than counter to its interests, and that we are poised to continue making positive changes that will promote the solvency of the system and the success of its members.

Jon has caught on rather quickly to the City's Retirement system and our City processes during challenging times. He has continued to stay optimistic about the pension's future and works well with the Retirement Board.

(No additional comments provided)

Overall, Jon's performance during this rating period has been exceptional. He came up to speed very quickly, and now functions at a high level in the City organization. He has demonstrated a strong ability to think and plan strategically, to manage multiple priorities, to communicate effectively with lots of people who many times have conflicting viewpoints, and to accomplish a lot of work. Jon is responsive and open, and he listens and relates well to those he encounters in his job. The CRS and the city are fortunate that Jon joined our team.

Signatures

Jon Salstrom, Executive Director, CRS

Date

Bill Moller, Chairperson, CRS Board of Trustees

Date

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.