



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

December 2, 2021 / 2:00 P.M.
City Hall, Council Chambers and via Zoom

Members

Tom Gamel	John Juech
Bill Moller	Kathy Rahtz
Don Stiens	Erica Winstead
Mark Menkhaus Jr.	

Administration

Mike Barnhill
Paula Tilsley
Renee Kabin
Ann Schooley
Linda Smith

Call to Order

Approval of Minutes

- Meeting Minutes – November 4, 2021

Governance Committee Report

- Report from Committee, December 2, 2021

Unfinished Business

- Outstanding Opinions:
 - K. Rahtz Board Approved Motion, October 3, 2019
 - Item 1. Explain why City's changes to retiree healthcare are permitted under the CSA without Court approval.
 - Item 2. Explain why the Board cannot retain outside counsel on matters which the Solicitor's Office will not give counsel.

New Business

- Communication with New Mayor and Council
- Future Cheiron Discussion & Projections

Informational

- Monthly Investment Report
- 115 Health Care Trust Funding Policy
- Pending Board Items: Fiduciary Performance Audit; Experience Analysis Study

Adjournment

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



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
November 4, 2021/ 2:00 P.M.
City Hall – Council Chambers**

Present

Bill Moller, Chair
Tom Gamel, Vice Chair
John Juech
Mark Menkhaus, Jr.
Kathy Rahtz
Betsy Sundermann
Erica Winstead

Staff Present

Paula Tilsley
Renee Kabin
Bev Nussman
Ann Schooley
Linda Smith

Absent: Don Stiens

CALL TO ORDER

The meeting was called to order at 2:17 p.m. and a roll call of attendance was taken.

APPROVAL OF MINUTES

E. Winstead made a motion to approve the minutes of the meeting held on October 7, 2021.
J. Juech seconded the motion. For discussion, B. Moller suggested changing the wording on the motion that followed the executive session to be more specific, in accordance with recommendations from the Law Department.

Board Action

Bill Moller made a motion to amend the minutes of the October 7, 2021 Board meeting by substituting “personnel issue” with “compensation package being offered to the candidate for the Executive Director position.” J. Juech seconded the motion. A role call vote was taken and the results follow:

B. Moller – Y
J. Juech - Y
T. Gamel – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead – Y

The motion to amend the minutes of the October 7, 2021 Board of Trustees meeting passed.

INVESTMENT COMMITTEE REPORT

Mr. Moller reported there was an informative presentation from Fort Washington Capital Advisors regarding private equity. The 3rd Quarter Investment report was approved by the Committee.

Mr. Moller further reported on the Private Debt discussion and the opportunities to invest with two of three managers, Owl Rock and Carlyle. Per Marquette's recommendation, the Investment Committee approved committing \$20 million to Owl Rock and \$20 million to Carlyle.

Board Action

B. Moller made a motion to approve the 3rd Quarter Investment Report. M. Menkhaus Jr. seconded. A roll call vote was taken and the results follow:

B. Moller – Y
T. Gamel – Y
J. Juech – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead – Y

Board Action

J. Juech seconded the Committee's motion to approve committing \$20 million to Owl Rock and \$20 million to Carlyle. A roll call vote was taken and results follow:

B. Moller – Y
T. Gamel – Y
J. Juech – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead – Y

UNFINISHED BUSINESS

Outstanding Opinions:

K. Rahtz Board Approved Motion, October 3, 2019

- Item 1. Explain why City's changes to retiree healthcare are permitted under the CSA without Court approval.
- Item 2. Explain why the Board cannot retain outside counsel on matters which the Solicitor's Office will not give counsel.

A. Schooley reported there is no update.

INFORMATIONAL

3rd Quarter Budget Update

B. Moller had a question about the \$5.3 million increase in member cost. Staff responded it was

attributable to more retirements due to people leaving DROP earlier than expected and additional retirements due to the ERIP.

115 Health Care Trust Funding Policy

P. Tilsley reported there is no update.

Pending Items: Fiduciary Performance Audit

B. Moller stated that as mentioned previously, this type of audit provides insight on how well a Board is fulfilling its fiduciary responsibilities. Mr. Moller mentioned adding to this an experience study, noting that the last such experience study was done in 2016 to update life expectancy and longevity projections. M. Barnhill added that it is a best practice to conduct such studies every four to five years, and another goal may be to conduct an actuarial audit. P. Tilsley added that when Cheiron took over actuarial duties from Cavanaugh MacDonald, they built their system to try to replicate the previous actuary's findings and it was very close, well within industry standards.

Board Action

With no other business before the Board, E. Winstead made a motion to adjourn. M. Menkhaus, Jr. seconded the motion. Roll call vote results follow:

- B. Moller - Y
- T. Gamel – Y
- M. Menkhaus, Jr. – Y
- K. Rahtz – Y
- B. Sundermann – Y
- E. Winstead - Y

The motion to adjourn passed. Meeting adjourned at 2:46 P.M.

Next Meeting: December 2, 2021 at 2:00 p.m.



**City of Cincinnati Retirement System
Board of Trustees Meeting
Minutes
October 7, 2021/ 2:00 P.M.
City Hall – Council Chambers**

Present

Bill Moller, Chair
Tom Gamel, Vice Chair
Mark Menkhaus, Jr.
Kathy Rahtz
Betsy Sundermann
Erica Winstead

Staff Present

Paula Tilsley
Renee Kabin
Ann Schooley
Linda Smith

Absent: John Juech, Don Stiens

CALL TO ORDER

The meeting was called to order at 2:02 p.m. and a roll call of attendance was taken.

B. Moller took the agenda out of order to discuss the Executive Director Search and allow for the introduction of Michael Barnhill, the final candidate for Executive Director for the Cincinnati Retirement System.

Board Action

B. Moller made a motion to enter into Executive Session to discuss the compensation being offered to a candidate for the Executive Director position. K. Rahtz seconded the motion. A roll call vote was taken, with results listed below.

B. Moller – Y
T. Gamel – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead – Y

The motion to enter into executive session to discuss the compensation for the candidate for Executive Director was approved.

Board Action

B. Moller made a motion to consent to the compensation package offered to Michael Barnhill on October 7, 2021 for the position of Executive Director of the Cincinnati Retirement System. T. Gamel seconded the motion to approve. Results of the roll call vote follow:

Mr. Moller– Y
Mr. Gamel – Y
Mr. Menkhaus, Jr. - Y
Ms. Rahtz - Y
Ms. Sundermann –Y
Ms. Winstead - Y

The motion to consent to the compensation package for Michael Barnhill for the Executive Director position was approved.

No change to the annual budget is needed.


APPROVAL OF MINUTES

K. Rahtz made a motion to approve the minutes of the September 2, 2021 Board of Trustees meeting. E. Winstead seconded the motion to approve. Results of the roll call vote follow:

Mr. Moller– Y
Mr. Gamel – Y
Mr. Menkhaus, Jr. - Y
Ms. Rahtz - Y
Ms. Sundermann –Y
Ms. Winstead - Y

The motion to approve the minutes of the September 2, 2021 Board meeting passed.

UNFINISHED BUSINESS

 Outstanding Opinions:

K. Rahtz Board Approved Motion, October 3, 2019

- Item 1. Explain why City's changes to retiree healthcare are permitted under the CSA without Court approval.
- Item 2. Explain why the Board cannot retain outside counsel on matters which the Solicitor's Office will not give counsel.

A. Schooley reported there is no update.

Board's Annual Report to Council

B. Moller reported that the Board of Trustees Annual Report to Council had been sent to all Council Members via email from the Board Chair, per guidance received from the City Administration that the Board may send the report directly to Council members.

✚ Asset Liability Study Follow-up

Mr. Moller presented for discussion some ways in which different actuarial scenarios could be presented and discussed at a future Board meeting. T. Gamel asked if staff could run alternate scenarios. P. Tilsley stated that CRS would need to purchase a subscription to Cheiron's software in order to run scenarios. The Board Chair referred an additional funding scenario that was prepared after the Asset/Liability Study to the Investment Committee.

✚ Governance Committee Rules of the Board

B. Moller gave an overview of the work that has occurred over several months to update the Rules of the Board. M. Menkhaus, Jr. presented changes that have been made to the Rules.

- Rule I: Order of Business to include as shown in the draft copy;
- Rule III: Meetings generally held monthly in accordance with an annual calendar of dates as approved by the Board of Trustees each year.
- Rule IV: Clarifies the Secretary as the CRS Executive Director.
- Rule V: Special meetings may be called by the Chairperson or two or more members not less than 48 hours before the meeting with at least 24 hours' notice;
- Rule VIII: Add the Performance Evaluation Committee as a standing committee;
- Rule IX: Clarifies that the Chair refers items to committees instead of the Secretary.
- Rule X: A member who fails to attend at least two-thirds of the regular and special meetings of the Board during any two-year period forfeits membership on the Board. This brings the rule in line with the Cincinnati Administrative Code.
- Deletion of Rule XIII and Rule XVI, as these are represented in the CSA and CMC respectively.
- Rule XIV: Add "The Board will follow the City's Purchasing Department procedures as described in Section N of the Collaborative Settlement Agreement Board Reforms."
- No changes to Rule XIX.

Board Action

M. Menkhaus, Jr. made a motion to accept the changes as they appear in the draft copy provided. B. Sundermann asked why there was a separate Performance Evaluation Committee. Ms. Sundermann further stated the performance evaluation function is typically part of a Governance Committee. B. Moller explained it came about as an effort to coordinate with the City Manager's annual evaluation of the Executive Director, and M. Menkhaus, Jr. explained part of the Committee's job is to develop the metrics on which the Executive Director is evaluated. B. Moller suggested the Performance Evaluation Committee could be incorporated into the Governance Committee once the Governance Manual is completed and approved. B. Sundermann maintained those functions belong squarely within the Governance Committee. A. Schooley pointed out that for consistency, to capitalize "Retirement" in Section B of Rule XIX in the draft copy. Upon further discussion, M. Menkhaus, Jr. amended his motion to hold any changes to Rule VIII, and to capitalize the word Retirement in section B of Rule XIX. E. Winstead seconded the amended motion. A roll call vote was taken and the results follow:

B. Moller – Y
T. Gamel – N
K. Rahtz – N

M. Menkhaus, Jr. – Y
B. Sundermann – Y
E. Winstead - Y

With four yeas and two nays, the amended motion to approve all changes excluding the changes to Rule VIII and to capitalize the word “Retirement” in section B of Rule XIX did not have enough votes for action and is held for a future meeting.

INFORMATIONAL

✚ Investment Update

B. Moller stated the written update was a helpful way of seeing all the recent investment motions and activity the Board has initiated and thanked the Finance Manager for creating it.

✚ August Monthly Investment Report

No discussion occurred.

✚ 115 Health Care Trust Funding Policy

P. Tilsley reported there is no update.

✚ Pending Items: Fiduciary Performance Audit

B. Moller stated such an audit provides insight on how well a Board is functioning and will be discussed at a future Board meeting.

Board Action

With no other business before the Board, E. Winstead made a motion to adjourn. M. Menkhaus, Jr. seconded the motion. Roll call vote results follow:

B. Moller - Y
T. Gamel – Y
M. Menkhaus, Jr. – Y
K. Rahtz – Y
B. Sundermann – Y
E. Winstead - Y

The motion to adjourn passed. Meeting adjourned at 2:57 P.M.

Next Meeting: November 4, 2021 at 2:00 p.m.



Cincinnati Retirement System

City of Cincinnati
Retirement System
Executive Summary
October 31, 2021

Summary of Cash Flows

	Last Month
Beginning Market Value	\$2,505,825,019
Net Cash Flow	-\$13,244,993
Net Investment Change	\$60,274,584
Ending Market Value	\$2,552,854,611

Market Value

	Market Value (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Total Fund Composite	2,552,854,611	100.0	100.0	0
Fixed Income Composite	467,632,549	18.3	14.0	110,232,903
Private Debt Composite	7,841,495	0.3	3.0	-68,744,143
U.S. Equity Composite	770,736,485	30.2	27.5	68,701,467
Non-U.S. Equity Composite	573,025,411	22.4	23.0	-14,131,149
Risk Parity Composite	109,319,070	4.3	5.0	-18,323,661
Real Estate Composite	213,182,482	8.4	7.5	21,718,387
Infrastructure Composite	164,806,728	6.5	10.0	-90,478,733
Private Equity Composite	241,182,154	9.4	10.0	-14,103,307
Total Cash Equivalents	5,128,237	0.2	--	5,128,237

Performance

	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Fund Composite	2.4%	2.1%	14.5%	30.0%	12.8%	10.8%	9.4%	9.2%	May-85
Target Benchmark	2.4%	1.9%	13.3%	27.3%	13.5%	11.4%	9.6%	--	May-85
Fixed Income Composite	0.0%	-0.6%	0.6%	4.7%	6.4%	4.9%	4.4%	5.7%	Nov-95
Bloomberg US Aggregate TR	0.0%	-1.1%	-1.6%	-0.5%	5.6%	3.1%	3.0%	5.0%	Nov-95
Private Debt Composite	0.0%	0.0%	-14.2%	-4.0%	--	--	--	-3.7%	Sep-20
Bloomberg US Aggregate TR	0.0%	-1.1%	-1.6%	-0.5%	5.6%	3.1%	3.0%	-0.9%	Sep-20
U.S. Equity Composite	6.0%	4.5%	27.4%	53.9%	18.8%	16.6%	14.4%	10.0%	Feb-89
Russell 3000	6.8%	4.9%	22.8%	43.9%	21.6%	18.9%	16.1%	11.2%	Feb-89
Non-U.S. Equity Composite	2.6%	0.7%	10.7%	34.0%	11.0%	8.5%	7.0%	6.3%	May-93
MSCI ACWI ex USA	2.4%	1.0%	8.4%	29.7%	12.0%	9.8%	6.7%	--	May-93
Risk Parity Composite	1.4%	-2.0%	8.5%	17.9%	11.0%	8.1%	--	5.1%	Jul-12
60% Wilshire 5000/40% BarCap Aggregate	4.0%	2.6%	12.9%	24.8%	15.6%	12.8%	11.0%	10.9%	Jul-12
Real Estate Composite	0.3%	6.4%	13.1%	15.1%	7.5%	7.6%	10.1%	5.8%	Aug-07
NFI-ODCE	0.0%	4.2%	12.5%	13.3%	6.0%	6.4%	8.8%	4.8%	Aug-07
NPI	0.0%	3.5%	10.9%	11.7%	6.6%	6.7%	8.9%	6.4%	Aug-07
Infrastructure Composite	0.0%	3.8%	8.0%	11.5%	9.1%	6.5%	6.9%	8.3%	Aug-08
3 Month T-Bill +4%	0.3%	1.0%	3.3%	4.0%	5.0%	5.1%	4.6%	4.5%	Aug-08
Private Equity Composite	0.0%	0.1%	20.2%	38.0%	18.5%	17.3%	14.4%	8.9%	Jul-93
Cambridge Associates All PE	0.0%	0.0%	23.3%	37.1%	24.7%	21.5%	17.4%	16.7%	Jul-93

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