



## City of Cincinnati Retirement System Board of Trustees Meeting

### Agenda

**January 11, 2024 / 2:00 P.M.**  
**City Hall, Council Chambers and via Zoom**

#### Members

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

#### CRS Staff

Jon Salstrom


#### Law

Linda Smith

#### **Call to Order**









#### **Public Comment**

#### **Approval of Minutes**

 December 7, 2023

#### **Report from Governance Committees**

#### **Informational – Staff Report**

-  Marquette Investment Report
-  Fiduciary Audit
-  Staff update on open positions
-  DROP Actuarial Analysis Update
-  Healthcare Funding Policy
-  Futures Commissions update
-  CRS Risk Management Dashboard
-  Review of City Budget Development Schedule

#### **Old Business**

#### **New Business**

#### **Adjournment**

**Next Meeting:** Thursday, February 1, 2024, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
December 7, 2023 / 2:00 P.M.  
City Hall – Council Chambers and remote**

**Board Members**

Bill Moller, Chair  
Tom Gamel, Co-Chair  
Kathy Rahtz  
Mark Menkhaus Jr.  
Monica Morton  
John Juech  
Tom West  
Seth Walsh  
Aliya Riddle

**Administration**

Jon Salstrom

**Law**

Linda Smith

**CALL TO ORDER**

Chair Moller called the meeting to order at 2:02 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Juech, West, Walsh, and Riddle were present.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Approval of the minutes of the Board meeting of November 2, 2023, was moved by Trustee Gamel and seconded by Trustee Rahtz. The minutes were approved by unanimous roll call vote.

**Report from Performance Evaluation Committee**

Chair Moller explained that there were two motions. Trustee Rahtz explained the two motions made by the Performance Evaluation Committee.

- Motion to approve the proposed strategic plan for Board goals and objectives for 2024. The motion was made by Chair Moller, no seconded needed, and was approved by unanimous roll call vote.
- Motion to approve the annual Board Contract Evaluation for the investment consultant, Marquette. The motion was made by Chair Moller, no seconded needed, and was approved by unanimous roll call vote.

## **Informational – Staff Report**

### **Marquette Investment Report**

Chair Moller referenced the Investment Report that is included in the packet, which is a summary of the 4<sup>th</sup> quarter performance. The year-to-date is about 3% and hopefully in the last few months of the year, this will improve to reach 7.5%. U.S. equity is significantly less than the benchmark. The Board made changes to the investment plan allocation and hopeful that will improve in the future. Director Salstrom pointed out that November has bounced back quite a bit and is up 4.5% through the end of November.

### **City Manager FYI Report to the Mayor and City Council Bond Ratings (Moody's rating report and S&P rating report)**

Chair Moller referenced the Moody's and S&P reports included in the packet. He explained that when the city sells bonds, they have to get them rated. The City's General Obligation rating was affirmed by Moody's (Aa2 stable) and S&P (AA stable). There is no negative outlook, which is good. However, the unfunded liability in the state of CRS is part of the evaluation done by the rating agencies. Trustee Rahtz expressed that she thought that CRS's unfunded liability was approaching \$800 million and asked Chair Moller where the \$505 million listed in S&P's report came from. Chair Moller explained that the timing of the reports and the MSD portion may make a difference.

### **CRS Staff Update**

Director Salstrom highlighted the work that his staff has done and thanked them for their tremendous help and tackling tasks. Chair Moller acknowledged the CRS staff's experience and knowledge and how thankful the Board is for that. Chair Moller also applauded the mid-career education the staff is doing because it is important in that stage of a person's career to receive information about the retirement system and get them focused on that.

### **Fiduciary Audit**

Director Salstrom explained that most of the Trustees have been contacted and scheduled an interview with Funston regarding the Fiduciary Performance Audit. Funston has drafted a few documents of recommendations and what CRS looks like vs peers. Director Salstrom does not foresee anything surprising coming from Funston and hopeful it will be considered a positive way to continuously improve.

### **DROP Actuarial Analysis Peer Review Update**

Director Salstrom explained that he is planning to continue to work with Foster and Foster. The contract is with them and still waiting for feedback on any changes. Once he receives that back, hopefully in the next week, it can be signed and get Foster and Foster in-person to explain the report.

### **Healthcare Funding Policy**

Director Salstrom explained that there are positive and productive conversations regarding the Healthcare Funding Policy, and it is moving forward. The target is to still have it completed by the end of the year.

### **Futures Commissions Update**

Chair Moller explained that there was nothing to report.

## **Old Business**

### **Board & Committee Meeting Schedule '24 Term Status**

Chair Moller referenced the 2024 meeting schedule in the packet and explained that it is the same as last year except for the Benefits Committee, which is now included in the schedule. Trustee Rahtz pointed out that the Benefits Committee and Performance Evaluation Committee were both scheduled at 12:00 PM on the same date. Chair Moller explained that the Benefits Committee would be changed to 1:00 PM on all dates.

### **3Q'23 Budget Update**

Director Salstrom referenced the budget analysis in the packet. He talked about the difference 75% of budget vs actual. CRS is quite a bit under budget in many areas, which will adjust in the 4<sup>th</sup> quarter and the other items will be discussed in greater detail as the budget for next year is determined. The big variance you can see is office staff due to vacancies not yet filled, that were included in the budget. The other big one is data processing, which is one of CRS's providers (LRS), which provides Pension Gold (how we monitor our pension benefits). They bill in the 4<sup>th</sup> quarter so that will catch up and close that gap. The last one is professional fees that includes consulting services and some outside legal counsel. The billing from Marquette in the 4<sup>th</sup> quarter will catch up a large portion of that, as will the company that does CRS's legal contracts.

## **New Business**

### **CRS Budget CY 2024**

Director Salstrom referenced the presentation in the packet. He highlighted that there is not a great deal of change to this budget from last year's budget but did explain the proposed changes, with the largest one being office staff. Most of that is pay increases and cost of living adjustments. There is an increase in training and travel because he would like to increase the staff's use of this to develop professionally. Data processing is up slightly due to inflation from the providers CRS is contracted with. Professional services is down due to audits being completed and the Executive Director search consultant is completed. Motion to approve the proposed 2024 Budget. The motion was made by Trustee Gamel, seconded by Trustee Rahtz, and was approved by unanimous roll call vote.

### **Elections Timetable 2024**

Chair Moller referenced the timetable included in the packet. He explained that this is provided for Board information. There are 3 positions up for election this year. He stated that he thinks it's important for the Election Committee to work with the Director to see where the Election Committee needs to focus and what meetings are required to fulfill that obligation. These obligations are listed in the Board Rules and Policies.

## **Adjournment**

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:48 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-meeting-12-7-23>

**Next Meeting:** Thursday, January 11, 2024, at 2:00 p.m. – City Hall Council Chambers and via Zoom

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Secretary

DRAFT



## **Cincinnati Retirement System**

City of Cincinnati  
Retirement System  
Executive Summary  
**November 30, 2023**



Summary of Cash Flows

	Last Month
Beginning Market Value	\$2,135,189,765
Net Cash Flow	-\$10,500,295
Net Investment Change	\$104,311,199
Ending Market Value	\$2,229,000,669

Market Value

	Market Value (\$)	% of Portfolio	Policy %	Policy Difference (\$)
<b>Total Fund Composite</b>	<b>2,229,000,669</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>
Fixed Income Composite	377,967,014	17.0	22.5	-123,558,137
Private Debt Composite	41,117,224	1.8	3.0	-25,752,796
U.S. Equity Composite	633,957,681	28.4	28.5	-1,307,510
Non-U.S. Equity Composite	403,921,755	18.1	18.0	2,701,635
Volatility Risk Premium Composite	60,011,024	2.7	2.5	4,286,007
Real Estate Composite	176,067,725	7.9	7.5	8,892,675
Infrastructure Composite	240,562,137	10.8	10.0	17,662,070
Private Equity Composite	261,180,972	11.7	8.0	82,860,918
Total Cash Equivalents	34,215,137	1.5	--	34,215,137

Performance

	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
<b>Total Fund Composite</b>	<b>4.9%</b>	<b>0.6%</b>	<b>8.1%</b>	<b>5.7%</b>	<b>6.5%</b>	<b>7.4%</b>	<b>6.8%</b>	<b>8.7%</b>	<b>May-85</b>
Target Benchmark	5.6%	0.7%	8.1%	5.9%	5.1%	7.4%	6.8%	--	May-85
<b>Fixed Income Composite</b>	<b>4.5%</b>	<b>0.2%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>-2.7%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>4.9%</b>	<b>Nov-95</b>
Bloomberg US Aggregate TR	4.5%	0.3%	1.6%	1.2%	-4.5%	0.7%	1.4%	4.1%	Nov-95
<b>Private Debt Composite</b>	<b>0.0%</b>	<b>2.9%</b>	<b>10.9%</b>	<b>13.7%</b>	<b>3.3%</b>	<b>--</b>	<b>--</b>	<b>3.2%</b>	<b>Sep-20</b>
Bloomberg US Aggregate TR	4.5%	0.3%	1.6%	1.2%	-4.5%	0.7%	1.4%	-4.1%	Sep-20
<b>U.S. Equity Composite</b>	<b>9.1%</b>	<b>0.7%</b>	<b>15.1%</b>	<b>8.6%</b>	<b>9.8%</b>	<b>10.1%</b>	<b>9.6%</b>	<b>9.3%</b>	<b>Feb-89</b>
Russell 3000	9.3%	1.4%	19.6%	12.6%	8.3%	11.8%	11.2%	10.5%	Feb-89
<b>Non-U.S. Equity Composite</b>	<b>8.9%</b>	<b>1.3%</b>	<b>10.3%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>4.7%</b>	<b>3.6%</b>	<b>5.6%</b>	<b>May-93</b>
MSCI ACWI ex USA	9.0%	1.2%	10.1%	9.3%	1.7%	5.1%	3.4%	--	May-93
<b>Volatility Risk Premium Composite</b>	<b>3.4%</b>	<b>0.7%</b>	<b>12.8%</b>	<b>11.1%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.8%</b>	<b>Jan-22</b>
CBOE Put Write Index	3.0%	1.0%	12.7%	12.3%	9.0%	6.3%	6.6%	3.6%	Jan-22
<b>Real Estate Composite</b>	<b>-1.2%</b>	<b>-3.0%</b>	<b>-7.3%</b>	<b>-10.4%</b>	<b>6.7%</b>	<b>5.6%</b>	<b>8.1%</b>	<b>5.4%</b>	<b>Aug-07</b>
NFI-ODCE	0.0%	-0.7%	-8.2%	-9.8%	5.9%	4.5%	7.0%	4.5%	Aug-07
NPI	0.0%	-0.5%	-5.0%	-6.1%	5.8%	5.1%	7.2%	6.0%	Aug-07
<b>Infrastructure Composite</b>	<b>0.3%</b>	<b>2.2%</b>	<b>7.3%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.0%</b>	<b>7.6%</b>	<b>8.3%</b>	<b>Aug-08</b>
3 Month T-Bill +4%	0.8%	2.4%	8.3%	9.1%	6.1%	5.8%	5.2%	4.8%	Aug-08
<b>Private Equity Composite</b>	<b>0.0%</b>	<b>0.9%</b>	<b>6.8%</b>	<b>5.3%</b>	<b>17.1%</b>	<b>14.1%</b>	<b>13.6%</b>	<b>8.8%</b>	<b>Jul-93</b>
Burgiss Global All Private Equity	0.0%	-0.6%	2.7%	3.4%	15.7%	15.7%	15.2%	15.4%	Jul-93



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Cincinnati Retirement System									
Risk Management Report (12/7/2023)									
Risk Category	Risk Description	Rank	Risk Level	Expected	Risk	Mitigation Activities	Risk Owner	Reporting and Oversight Committee	
				Risk Level	Response				
Personnel	Ability to attract and retain talented staff; succession planning.	1	High	↔	Mitigate	Complete upgrade of 3 positions. Hire 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	Seek City adoption of incremental contribution rate increase; first step increase to 17%.	Executive Director	Board of Trustees	
Cyber	Ineffective 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	High	↔	Mitigate	Monitor ETS security plans. Evaluate moving CRS servers to Microsoft Azure cloud. Quarterly cyber security meetings	Executive Director, ETS Director	Performance Evaluation	
Market	Market volatility could lead to undesirable investment outcomes.	4	Medium	↓	Mitigate	Asset allocation study in 2023. Track portfolio projected volatility.	Marquette	Investment Committee	
Counterparty	Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon.	5	Medium	↔	Mitigate	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.	6	Medium	↔	Mitigate	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	Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document; draft CRS operations policy manual	Board of Trustees	Governance Committee	
Physical	Inaccessible and dated space and facilities; Inadequate facilities management; ineffective space utilization.	8	Medium	↔	Accept	Current space is difficult to access; a physical move was completed recently and would be extremely disruptive now. Improve remote access.	Executive Director	Benefits	
Legislative	Legislative events lead to adverse relations, unfavorable legislation, and restricted funding.	9	Low	↓	Mitigate	Conduct regular meetings with Council members, Mayor and CMO.	Executive Director	Board of Trustees	

# Draft of Proposed Budget Development Timeline FY 2025

## **FY 2025 Budget Policy Motion – Goals and Priorities:**

Budget policy motion kickoff at Budget and Finance Committee on March 4, 2024

## **FY 2025 Budget Update Policy Motion:**

Draft budget submitted to committee April 12, 2024

## **Final Budget Process:**

Mayor’s FY 2025 Recommended budget to Council on May 23, 2024

## **Public Hearings**

Council Motions due to Finance Chair on June 5, 2024

Budget and Finance Committee special meeting to recommend Budget on June 12, 2024

**FIFTH AMENDMENT TO THE**

**FORT WASHINGTON PRIVATE EQUITY INVESTORS V, L.P.**  
**THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT**  
**and**  
**FORT WASHINGTON PRIVATE EQUITY INVESTORS V-B, L.P.**  
**SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT**  
**and**  
**FORT WASHINGTON PRIVATE EQUITY INVESTORS V-VC, L.P.**  
**SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT**

This **FIFTH AMENDMENT** (the “Amendment”) to the Fort Washington Private Equity Investors, V, L.P. Third Amended and Restated Limited Partnership Agreement, the Fort Washington Private Equity Investors, V-B, L.P. Second Amended and Restated Limited Partnership Agreement, and the Fort Washington Private Equity Investors, V-VC, L.P. Second Amended and Restated Limited Partnership Agreement, each dated as of April 1, 2007 and as amended (collectively, the “Funds” and the “Partnership Agreements” respectively), is made effective as of December 31, 2023 by and among FWPEI V GP, LLC, a Delaware limited liability company (the “General Partner”), and the undersigned persons designated as Limited Partners. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreements.

**RECITALS:**

- A. The extended terms of the Funds are set to expire on December 31, 2023, and the General Partner believes it to be in the best interest of the Funds and the Limited Partners to further extend the terms.
- B. The General Partner and the Limited Partners desire to amend Section 11.1(f) of the Partnership Agreements to extend the terms of the Funds until December 31, 2025.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. Term Extensions. Section 11.1 of each of the Partnership Agreements shall be amended as follows:

11.1. Duration. The existence of the Partnership commenced on the date of the filing of the Certificate of Limited Partnership pursuant to the LP Act and shall continue until the first to occur of any of the following events (an “Event of Termination”):

...

(f) upon December 31, ~~2023~~**2025** (the “Expiration Date”).

2. Confirmation of the Partnership Agreement. Except as amended hereby, the Partnership Agreements shall remain in full force and effect.

3. Counterparts. This Amendment may be signed in counterparts, each of which, when taken together, shall constitute one and the same original document. Signatures of all the parties transmitted by facsimile or email shall be deemed to be their original signatures for all purposes.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above

**GENERAL PARTNER**

FWPEI V GP, LLC

By: Fort Washington Investment Advisors, Inc.,  
as Managing Member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LIMITED PARTNERS:**

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_