



**City of Cincinnati Retirement System  
Investment Committee Meeting  
Minutes**

May 6, 2021 / 1:00 P.M.  
City Hall – Council Chambers

**Present**

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

**Absent**

Erica Winstead

**Staff Present**

Paula Tilsley  
Renee Kabin  
Bev Nussman  
Keva Eleam

Meeting was called to order at 1:13 P.M.

**APPROVAL OF MINUTES**

K. Rahtz made a motion to approve the minutes from the February 4, 2021 meeting. D. Stiens seconded the motion. A roll call vote was taken, results follow:

Mr. Gamel – Yes  
Mr. Juech – Yes  
Mr. Menkhaus, Jr. -Yes  
Mr. Moller – Yes  
Ms. Rahtz -Yes  
Mr. Stiens – Yes

Minutes of February 4, 2021 Investment Committee meeting were approved.

**NEW BUSINESS**

**Brett Christenson, Managing Director & COO, Marquette Associates**

**1<sup>st</sup> Quarter 2021 Executive Summary Review**

Market Value of Assets - \$2.39 Billion as of March 31, 2021.

B. Christenson began with an overview of the 1st quarter investment report, and highlighted defensive equity and risk premium volatility, to be discussed more in-depth later. Due to the current market environment, equities have become overweight to core bonds, and Mr. Christenson recommended a two-part rebalancing measure to address this.

The first part of the rebalancing includes moving \$33 million from small cap value, \$10 million from mid cap value and \$10 million from large cap value to put into core bonds.

The second part of the rebalancing measure would be to take \$18 million from the International ACWI Index and move it to the Russell 3000 Index to correct the overweight position in the international asset class.

***Committee Action***

Motion # 1:

B. Moller made a motion to rebalance the portfolio by moving \$33 million out of small cap value, \$10 million out of mid cap value and \$10 million from large cap value equities and into core bonds, for total of \$53 million. T. Gamel seconded the motion.

Motion #2:

B. Moller made a motion to move \$18 million from the international ACWI Index to the Russell 3000 Index. T. Gamel seconded the motion.

Discussion involved the necessity to stay with lower returns on the bonds given the pressure to achieve an overall 7.5 percent return. Mr. Christenson responded that the fund needs to rely on fixed income's liquidity to be able to meet the negative seven percent cash flow each year, among other considerations.

Roll Call vote results for Motion #1:

Mr. Gamel—Y  
Mr. Juech – Y  
Mr. Menkhaus, Jr.– Y  
Mr. Moller -- Y  
Ms. Rahtz – Y  
Mr. Stiens – Y

The motion to rebalance the portfolio by moving \$33 million out of small cap value, \$10 million out of mid cap value and \$10 million out of large cap value for a total of \$53 million into core bonds passed.

Roll call vote results for Motion #2 are as follows:

Mr. Gamel- Y  
Mr. Juech – Y  
Mr. Menkhaus, Jr. - Y  
Mr. Moller – Y  
Ms. Rahtz – Y  
Mr. Stiens – Y

The motion to rebalance international equities by moving \$18 million out of the international ACWI Index and into the Russell 3000 Index passed.

***Committee Action***

D. Stiens made a motion to accept the First Quarter 2021 Investment Report. M. Menkhaus seconded the motion. Roll call vote results are as follows:

Mr. Gamel – Yes  
Mr. Juech – Yes  
Mr. Menkhaus, Jr.- Yes  
Mr. Moller – Yes  
Ms. Rahtz – Yes  
Mr. Stiens – Yes

The motion to accept the First Quarter Investment report passed.

B. Christensen discussed the need to increase the position in Infrastructure to reach the policy target of 10% that was approved last November. To diversify fund exposure, ULLICO to present at the August meeting. Discussion also occurred to consider replacing risk parity with defensive equity. Neuberger Berman to present at the August meeting.

B. Christensen discussed the private equity model and the need to commit \$40 million annually to maintain the 10% target allocation. JP Morgan PE X is now coming to market.

***Committee Action***

B. Moller made a motion to commit \$40 million to JP Morgan Fund X. T. Gamel seconded the motion. Roll call vote was taken, and the results follow:

Mr. Gamel – Y  
Mr. Juech – Y  
Mr. Menkhaus, Jr. – Y  
Mr. Moller – Y  
Ms. Rahtz – Y  
Mr. Steins - Y

The motion to dedicate \$40 million to JP Morgan PE Fund X passed.

D. Stiens discussed two charts he created and presented to the Committee. Mr. Stiens' is concerned with the Board's ability to achieve the expected return of 7.5 percent on a consistent basis. The demonstrated higher risk and lower return of non-U.S. equities compared to U.S. equities is a concern, and he would prefer CRS funds to not be exposed to non-U.S. equities. Mr. Moller proposed discussing the topic more at a future Investment Committee meeting.

Having no further business, M. Menkhaus Jr. made a motion to adjourn. J. Juech seconded the motion. Results of the roll call vote:

Mr. Gamel – Y  
Mr. Juech – Y  
Mr. Menkhaus – Y  
Mr. Moller – Y  
Ms. Rahtz – Y  
Mr. Stiens - Y

The motion to adjourn passed. Meeting adjourned at 2:10 p.m.

Next meeting: August 5, 2021 at 12:00 p.m.