



**City of Cincinnati Retirement System  
Investment Committee Meeting  
Minutes  
August 1, 2024 / 12:00 P.M.  
City Hall – Council Chambers and remote**

**Committee Members Present**

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

**Administration**

Jon Salstrom

**Marquette**

Brett Christenson

**CALL TO ORDER**

Chair Moller called the meeting to order at 12:04 p.m. and a roll call of attendance was taken. Committee members Moller, Gamel, Rahtz, Morton, and Riddle were present. Committee members Menkhaus and Walsh were absent.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Approval of the minutes of the Investment Committee meeting of May 2, 2024, was moved by Committee member Gamel and seconded by Committee member Riddle. The minutes were approved by unanimous roll call vote.

**Old Business**

Brett from Marquette was in attendance to present.

**Update on Asset Allocation**

- *Private Credit Contracts* – Director Salstrom explained contract negotiation with private credit managers is still ongoing. Owl Rock and Carlyle required some work regarding the re-ups done with them. Those have been completed and have seen both managers call a few million dollars to increase their overall allocation. The J.P. Morgan

documents have been completed and they called about \$5 million. TPG closed today and anticipates 50% of the capital being drawn over the next few months. Anticipating a close of Bain capital on 9/30/24.

- *Anticipated Private Equity Capital Calls '24-* Brett explained the Outstanding Redemptions from the Investment Report which are mainly with the Real Estate managers, Morgan Stanley, Principal, and J.P. Morgan. Still have an outstanding balance with J.P. Morgan of about \$47-\$48 million. Down to a combined outstanding balance with Principal of about \$6 million, and the same with Morgan Stanley. These managers are paying out about \$1.5-\$2.5 million per quarter currently. Should wrap up the outstanding redemptions with Morgan Stanley and Principal possibly by year end or first quarter and J.P. Morgan will take a little bit longer than that because it is a much larger amount. \$5 million was pulled from Shenkman for rebalancing. The report shows it as outstanding but the \$5 million was received on July 1. Brett also explained the Outstanding Commitments (Private Debt). CRS increased commitments to Owl Rock and Carlyle to \$30 million and then \$30 million to the other 3 managers. Diamond Hill was fully funded up to its target of \$120 million in early April. The plan's Private Debt funds called \$9.1 million during 2Q24 while distributing \$0.6 million and the Private Equity funds called \$5.1 million during 2Q24 while distributing \$9.3 million.

## **New Business**

### Quarterly Investment Report

Brett explained CRS's preliminary performance results as of June 30, 2024.

### Current Market Environment Report

Brett explained that the market value of the CRS Pension Fund as of June 30, 2024, is \$2,318,316,508, a \$22,664,612 increase from the December 31, 2023, value of \$2,295,651,896.

Committee member Rahtz motioned to approve the Quarterly Investment Report and the Current Market Environment Report and seconded by Committee member Riddle. The motion was approved by unanimous roll call vote.

### Real Estate Update

Brett explained that CRS is performing better than peer groups. Current 0.7% difference in asset allocation vs. target.

### PGIM – PRISA Presentation

Larry Teitelbaum, Margaret Harbough, and Sultana Reigle were in attendance to present. They gave background on the Real Estate market and the investment CRS has in PRISA III. They believe with value declines nearly done; this is a good entry point for new investments. They expect institutional core buyers to return. Risks shifting towards fiscal policy, as well as shaky consumers. Supply pressure abate regardless after 2025. Investment opportunities will be differentiated more by geography. Market, submarket and asset selection will matter.

They believe PRISA III has:

- Attractive Portfolio Positioning
  - Proven track record with consistent leadership since fund inception in 2003
  - High distribution yield (since inception 6.77%)
  - Defensive allocation with 85% in housing and logistics
  - Healthy balance sheet with overall leverage at 44% and minimal debt maturities over the next 24 months
- Desirable Entry Point & Investment Vintage
  - Operating portfolio value declines of 22% since 2Q22, new investors will subscribe at reduced NAV
  - Increasing market stability and the potential for rate cuts in 2024, allows for a favorable entry into market recovery
  - Diversified investment vintage with capital drawdown from 2024-2026
- Embedded Value & Compelling Market Opportunities
  - Flexible pipeline, 100% in housing or logistics, with embedded value despite correction
  - Market disruption giving way to distress opportunities
  - Lender yield requirements provide funding gap mezzanine and preferred equity opportunities
  - Sidelined capital creating enhanced access to attractive deal flow and favorable economic structures

### **Adjournment**

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Rahtz. The Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 1:57 p.m.

Meeting video link: <https://archive.org/details/crs-investment-comm-8-1-24>

Next Meeting: Thursday, November 7, 2024, at 12:00 P.M. City Hall Council Chambers and via Zoom

*Jon Salstrom*

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Secretary