



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

### **Agenda**

**June 8, 2023 / 12:00 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

#### **Staff**

Karen Alder  
Bev Nussman  
Keva Eleam  
Mike Barnhill, Contractor

#### **Call to Order**

#### **Public Comment**

#### **Approval of Minutes**

- Meeting Minutes – May 4, 2023

#### **Old Business**

- Fixed Income Manager Search
  - Core Plus Manager Candidate Presentations

#### **Adjournment**

**Next Meeting:** Thursday, July 13, 2023, 2:00 P.M. City Hall Council Chambers and via Zoom



**City of Cincinnati Retirement System  
Investment Committee Meeting  
Minutes  
May 4, 2023/ 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  
John Juech  
Tom West  
Seth Walsh  
Aliya Riddle

**Administration**

Karen Alder  
Bev Nussman  
Keva Eleam  
Mike Barnhill, Contractor

**Consultants**

Brett Christenson, Marquette  
Franke Valle, Marquette

**CALL TO ORDER**

Chair Moller called the meeting to order at 12:01p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Menkhaus, Rahtz, Morton, Juech, West, Walsh, and Riddle were present. Trustee Walsh left the meeting at 12:46pm.

**APPROVAL OF MINUTES**

Approval of the minutes of the Investment Committee meeting of February 2, 2023, was moved by Chair Moller and seconded by Trustee Morton. The minutes were approved by unanimous roll call vote.

**PUBLIC COMMENT**

No public comment.

**New Business**

**Current Market Environment**

The first quarter of 2023 was good for investments. Liquid assets showed a rebound year to date. The Federal Reserve raised the interest rate to 5.00 - 5.25% on Wednesday, May 3<sup>rd</sup>. This is anticipated to be the last rate hike for this year and thereafter a downward trend of interest rates is predicted. This increase will most likely result in increased fixed income and bond returns.

### CRS 1st Quarter 2022 Investment Report

The portfolio earned a 3.3% return overall return in the first quarter of 2023. Marquette recommended a rebalancing of the portfolio. The strategy is to get the portfolio more in-line with its peers and more conservative in the future. The past strategy had been to invest in less liquid assets to maximize returns. The portfolio is currently overfunded in Non-US Equities, Real Estate, Infrastructure, and Private Equities. Marquette indicated that the CSR plan is at a higher risk due to the cash outflows in the plan and the goal is to earn 7.5% by taking as little risk as possible.

Based on Marquette's recommendation, the Chair made a motion which was seconded by Vice Chair Gamel and approved with a unanimous roll call to make the following moves:

<u>Amount</u>	<u>From</u>	<u>To</u>
\$8M	NT Russell 2000 Value	NTGI Russell 3000
\$14M	NT Russell 1000 Value	NTGI Russell 3000
\$15M	JPM II Infrastructure	NTGI Agg Bond
\$3.5M	Shenkman-Four Points	NTGI Agg Bond
\$3M	NB US Index PurWrite	NTGI Agg Bond
\$27M	NTGI ACWI Ex-US	NTGI Agg Bond

Private Equity is an illiquid investment and as the investments mature the dollars will be used to assist with rebalancing in the future. The Real Estate and Infrastructure redemptions in que are as follows:

<u>Amount</u>	<u>From</u>
\$29M	JP Morgan SPF
\$9.6M	Morgan Stanley P P
\$12.2M	Principal Enhanced
\$17M	IFM Global Infrastructure
\$8M	JP Morgan Infrastructure

Trustee Juech asked for clarification on how CRS weathered the storm as a result of COVID-19. Marquette indicated that the plan ranked in the 29<sup>th</sup> percentile to its peers. The Chair directed the trustees to page 12 of the report for a visual on how CSR compares to its peer group.

### Update Investment Policy Statement

A redline version of the revised Investment Policy which was discussed and not officially approved in February was presented. The redline included changes to the Investment Philosophy Section on page 9, changes to the Asset Allocations on page 12 and removal of Section 5 that no longer applies on page 20. The Chair made a motion to approve the revised Investment Policy and Vice Chair Gamel seconded. The motion was approved by unanimous roll call vote.

### Fixed Income Manager Search

Marquette recommends both a CORE and CORE Plus Manager be added to the portfolio.

Marquette provided six Core Plus managers for the Board to select from and recommended that the board interview 2-3 managers. They highlighted the comparisons of the managers in the areas of credit quality, returns, and fees. Trustee Riddle inquired if there is a policy on minority and female participation and the Chair responded that there is not. Ms. Alder confirmed with Marquette that all six managers had been vetted by them. Trustee Morton stated that she was leaning towards Reams over Allspring and recommended interviewing Reams, Baird, and LM Capital. Trustee Riddle agreed. Vice Chair Gamel made a motion that the board interview Reams, Baird and LM Capital and the motion was seconded by Trustee Morton. The motion was approved by unanimous roll call vote.

Next the Board reviewed the six Core managers provided by Marquette. They highlighted the comparisons of the managers in the areas of credit quality, portfolio make-up, returns, and fees. It was discussed that Dodge and Co has had the best earnings net of fees, but that 2022 was the driving factor of their overall return. There was interest from several trustees to interview Fort Washington, Garcia Hamilton, and Diamond Hill Capital. After the discussion, Marquette recommended not selecting Dodge and Cox because their strategy is duplicative of Loomis Sayles, who is a current manager. A motion to interview Fort Washington, Garcia Hamilton, and Diamond Hill Capital was made by Trustee Menkhaus and seconded by Trustee Gamel. The motion was approved by unanimous roll call vote.

### Adjournment

Following a motion to adjourn by Trustee Chair Moller and seconded by Vice Chair Gamel, the Board approved the motion by unanimous roll call vote. The meeting adjourned at 1:36 PM.

Meeting video link:

Next Meeting: Thursday, June 8, 2023 at 12:00 P.M. City Hall Council Chambers and via Zoom

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Secretary