



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

November 4, 2021 / 12:00 P.M.
City Hall – Council Chambers

Present

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

Absent

Don Stiens

Staff Present

Mike Barnhill
Paula Tilsley
Keva Eleam
Renee Kabin
Bev Nussman

Meeting was called to order at 12:06 P.M. and a roll call was taken of attendance.

APPROVAL OF MINUTES

T. Gamel made a motion to approve the minutes from the August 5, 2021 Investment Committee meeting. E. Winstead seconded the motion. A 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
Ms. Winstead - Y

The motion to approve minutes of the August 5, 2021 Investment Committee meeting passed and the minutes were approved.

UNFINISHED BUSINESS

✦ Asset/Liability Study Follow-up

B. Moller requested staff to request Cheiron’s presence at a future Board meeting to discuss employer contribution amounts that would maintain the treadwater level for the pension plan in addition to running other requested scenarios.

NEW BUSINESS

✦ Ft. Washington Private Equity Presentation

Representatives from Ft. Washington Capital Partners, Marty Flesher, Stephen Baker and Rob Maeder discussed the status of the various Ft. Washington private equity funds in which CRS invests. Ft. Washington has had a 15-year relationship with CRS back to Fund V, with total distributions to date of \$173 million to CRS. Four of the six funds CRS invests are distributing this year. Funds V through X are performing robustly. Two new funds, Small Market II and Fund XI were presented. The aggregate net IRR of Ft. Washington’s small market investments (2003-2020 vintage) is 21.1%.

B. Moller asked about past problems with staff turnover. Mr. Baker replied that they’ve redesigned the compensation and focus of the team to better incent partners to build a career path with Ft. Washington.

M. Barnhill asked about the impact of rising entry multiples. Mr. Maeder replied that the focus on the small market was indeed due to high entry multiples in larger market funds.

✦ Private Equity Search

Investment Consultant, B. Christenson discussed the need to regularly invest in private equity funds in order to maintain the CRS policy allocation. In the future, a discussion of managers will occur with the inclusion of small market managers.

M. Barnhill recommended deleting the word “venture” from the description on the 2nd page of the private equity search materials.

✦ 3rd Quarter 2021 Executive Summary Review

Market Value of Assets - \$2.5 Billion

Mr. Christenson, Managing Director & COO, Marquette Associates discussed the previous meeting’s decisions to invest in Neuberger Berman’s Volatility Risk Premium product and Ullico’s Infrastructure Fund. Those commitments are waiting to be deployed. Overall, year-to-date net return for the CRS portfolio is strong. The goal is to see lower volatility now that the portfolio is more closely paired with the Russell 3000. The overall real estate portfolio is up ten percent and it is lower risk compared with equities.

Committee Action

T. Gamel made a motion to accept the 3rd Quarter 2021 Investment Report. E. Winstead seconded the motion. A roll call vote was taken and the results are as follows:

Mr. Gamel – Y

Mr. Juech - Y

Mr. Menkhaus, Jr. – Y

Mr. Moller - Y

Ms. Rahtz – Y

Ms. Winstead – Y

The motion to accept the 3rd Quarter 2021 Investment Report passed.

✦ Private Debt

B. Christenson explained the “evergreen strategy” utilized by three managers of private debt, Alliance Bernstein, Carlyle and Owl Rock. The strategy uses a structure that preserves some liquidity while offering higher returns than core fixed income. Mr. Christenson recommended investing \$20 million each with Carlyle and Owl Rock.

Committee Action

B. Moller made a motion to approve \$20 million each to Carlyle and Owl Rock for Private Debt investment in accordance with the CRS Investment Policy. A roll call vote was taken and the results are as follows:

T. Gamel - Y

J. Juech - Y

M. Menkhaus, Jr. – Y

B. Moller – Y

K. Rahtz – Y

Ms. Winstead – Y

The motion to approve investing \$20 million each into Carlyle and Owl Rock for Private Debt in accordance with the CRS Investment Policy passed.

✦ Investment Policy Update

A proposed change to the Investment Policy reflecting the Board’s decision to reduce the risk parity asset allocation by 2.5% and create a new volatility risk premia allocation was tabled for the next meeting.

✦ International Equity Review

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B. Christenson gave a brief presentation on the differences between U.S versus non-U.S. equities. M. Menkhaus, Jr. asked for an example of the “sweet spot” in allocations of U.S. vs. non-U.S. equities. K. Rahtz requested more assistance in understanding the quarterly and specialized reports such as a glossary of terms to help non-professionals follow along better.

Committee Action

Having no further business, E. Winstead made a motion to adjourn. T. Gamel seconded the motion. A roll call vote was taken and results are as follows:

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

The motion to adjourn passed.

The Investment Committee meeting adjourned at 2:11 p.m.

Next meeting: February 5, 2022 at 12:00 p.m.



Secretary