



## City of Cincinnati Retirement System Investment Committee Meeting

### Minutes

August 2, 2018 / 12:00 P.M.  
City Hall - Committee Room B

#### **Present**

Chris Meyer, Chair  
Bill Moller, Vice Chair  
Christopher Baucom  
Don Beets  
Steve Dietrich  
Tom Gamel  
Don Stiens

#### **Staff Present**

Paula Tilsley  
Ron Wilson  
Cheryl Volk

Meeting was called to order at 12:00 P.M.

#### **OATH OF OFFICE**

The Oath of Office was administered to the newly re-elected Trustees Don Stiens and Steven Dietrich.

#### **APPROVAL OF MINUTES**

C. Meyer made a motion to approve the minutes from May 3, 2018. D. Stiens seconded the motion and the motion passed. Minutes were approved.

#### **NEW BUSINESS**

#### **Brett Christenson, Managing Director & COO, Marquette Associates, provided the following information:**

##### **2nd Quarter Executive Summary Review**

- As of June 30, 2018 - YTD Return (Net of Fees) 0.6%
- 2<sup>nd</sup> Quarter 2018 – Market Value of Assets \$2.28 Billion

#### ✦ Private Equity

- Private Equity Commitment Model based on long term assumptions of 7.5% reflects a \$45 million annual fund of fund (FoF) commitment to reach the 10% target. When the funds go back to market every 18 months, this dynamic model must be reevaluated to assess the future commitments.
- Private Equity FoF search was conducted to further diversify the private equity portfolio and designate a manager for the increased annual commitment. The five firms researched were Aberdeen Standard, FW Capital, HarbourVest, JP Morgan, RCP Advisors. Based on the search results, Marquette invited JP Morgan and HarbourVest to present to the Investment Committee.

Following a discussion, Committee agreed to commit \$40 million to JP Morgan Global Private Equity VIII and a \$40 million commitment to a smaller fund Ft. Washington Fund X.

#### ***Committee Action***

Christopher Baucom made a motion to commit \$40 million to JP Morgan Fund VIII and \$40 million to Ft. Washington Fund X. B. Moller seconded the motion and the motion passed. Commit \$40 million to JP Morgan Fund VIII and \$40 million to Ft. Washington Fund X.

#### ✦ Securities Lending

The current outstanding liability with the Bank of New York Mellon (BNYM), resulting from the Lehman Brothers Bond default in 2008, is \$8.5 million. The original loss of \$20 million has been reduced as a result of a BNYM contribution and applying CRS' security lending income toward the liability. Due to CRS's increased use of indexed and commingled funds, the income from the BNYM security lending program has decreased significantly. To show good faith in paying down the liability and avoid BNYM from calling the full liability, the Committee agreed to pay BNYM \$1.25 million from previously earned security lending income from Northern Trust, and to continue payments to BNYM with future earnings from the Northern Trust Securities Lending Income.

- ✦ Marquette to conduct another asset allocation study and present to Committee at future meeting.

Having no further business, B. Moller made a motion to adjourn. D. Stiens seconded the motion and the motion passed. Meeting was adjourned at 2:15 P.M.