



## **City of Cincinnati Retirement System Board of Trustees Meeting**

### **Agenda**

**September 14, 2023 / 2:00 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

#### **CRS Staff**

Karen Alder  
Jon Salstrom

#### **Law**

Ann Schooley  
Linda Smith

#### **Call to Order**

#### **Public Comment**

#### **Approval of Minutes**

- 📄 Meeting Minutes – August 3, 2023

#### **Report from Benefits and Performance Evaluation Committee**

#### **Informational – Staff Report**

- 📄 Marquette Investment Report
- 📄 2<sup>nd</sup> Quarter Demographic Report
- 📄 Futures Commission Update
- 📄 Procurement Update (Fiduciary Audit & Investment Consultant)
- 📄 DROP Actuarial Analysis Peer Review Update
- 📄 Disabled Adult Children Ordinance Update
- 📄 Healthcare Funding Policy

#### **Old Business**

- 📄 CRS CY2022 Annual Report

#### **New Business**

#### **Adjournment**

**Next Meeting:** Thursday, October 5, 2023, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System  
Board of Trustees Meeting Minutes  
August 3, 2023 / 2:00 P.M.  
City Hall – Council Chambers and remote**

**Board Members**

Bill Moller, Chair  
Tom Gamel, Co-Chair  
Kathy Rahtz  
Mark Menkhaus Jr.  
Monica Morton  
John Juech  
Tom West  
Seth Walsh  
Aliya Riddle

**Administration**

Karen Alder  
Mike Barnhill, Consultant

**Law**

Ann Schooley  
Linda Smith

**CALL TO ORDER**

Chair Moller called the meeting to order at 2:14 p.m. and a roll call of attendance was taken. Trustee Juech was absent.

**PUBLIC COMMENT**

No public comment.

**APPROVAL OF MINUTES**

Approval of the minutes of the Board meeting of July 13, 2023, was moved by Trustee Gamel and seconded by Trustee Morton. The minutes were approved by unanimous roll call vote.

**Report from Investment Committee**

Chair Moller explained the three motions that were made by the Investment Committee.

- Motion to select Diamond Hill as the CORE manager for approximately \$130 million. The motion was made by the Chair and no second was necessary. The motion was approved by a unanimous roll call vote.
- Motion to approve an amendment with Fort Washington Way to extend their investment period up to 18 months. The motion was made by the Chair and no second was necessary. The motion was approved by a unanimous roll call vote.
- Motion to approve the Quarterly Investment Report and the Current Market Environment. The motion was made by the Chair and no second was necessary. The motion was approved by a unanimous roll call vote.

## **Informational – Staff Report**

### **June 2023 Investment Results (Marquette)**

Chair Moller referenced the June Investment Report in the packet and asked if there were any questions. There were no questions or discussion.

### **2nd Quarter Budget Update**

Ms. Alder gave an update on the CRS administrative budget. She explained that there were budget savings due to the Executive Director vacancy. Chair Moller asked if there were any budget issues and Ms. Alder replied that there are no budget issues.

### **Procurement Update (RFPs for Investment Consultant, Fiduciary Audit)**

Director Alder stated that she is working with the Law Department on the drafting of the contract with Funston Advisory Services for the completion of the Fiduciary Audit. A meeting has been scheduled for September 7, 2023.

Director Alder informed the Board that the RFP Evaluation Committee recommends Marquette Associates for the CRS Investment Consultant. She explained that five vendor proposals were reviewed, and all the vendors were capable of the work. She explained that the committee scored Marquette as the best proposal and that they had the lowest cost. Trustee Gamel made a motion to approve the selection of Marquette Associates as the CRS Investment Consultant and the motion was seconded by Trustee Morton. The motion was approved by unanimous roll call vote.

### **Status of Executive Director Search Process**

Director Alder told the Board that Jon Salstrom had accepted the offer as the Executive Director and that he would be starting on August 7, 2023.

### **2<sup>nd</sup> Quarter DROP Report**

Director Alder reported that there were 155 participants in the DROP Program as of June 30, 2023, which is three less participants than the first quarter. The change to the DROP liability was (\$505,107).

### **DROP Actuarial Analysis Peer Review Update**

Director Alder stated that Cheiron's peer review of the Foster and Foster report simply stated that they took a different approach using forward projections vs. actual experience to date. Cheiron indicated that they could update their analysis for \$16,000. Trustee Rahtz asked for confirmation that the proposal for the \$16,000 update is for actual experience in DROP and their analysis of that vs. the projected analysis the Board received, and Director Alder replied that is correct.

Trustee Morton asked for an explanation on how the report from Foster and Foster differed from the one conducted by Cheiron. Ms. Alder explained that Cheiron did an analysis based on the participants already in DROP, where Foster and Foster did an analysis of the cost of the system looking forward with projections on DROP participation. Trustee Morton also asked if the amount of participation is limited moving forward, and Director Alders replied yes, and that Foster and Foster took that into account.

Mr. Barnhill suggested legal review of the CSA language around the DROP Program. He believes that the language references the cost of the experience in the first five years.

Trustee Gamel made a motion to proceed with an update from Cheiron for a cost of \$16,000 and the motion was seconded by Trustee Rahtz. Trustees Moller, Gamel, Rahtz, Walsh and Menkhaus voted in favor of the motion and Trustees Morton, West and Riddle voted against the motion.

#### Disabled Adult Children Ordinance

Ms. Schooley from the Law Department was present to discuss the changes made to the Disabled Adult Children Ordinance. She explained the difference between the references made to “Member” vs. “Pensioner” and the need to correct the references. Trustee Rahtz expressed concern over the use of the word “policies” referenced in the document as the Board is the only authority that can make policy. Ms. Alder suggested that the word “policies” be replaced by “procedures”. Trustee Gamel stated that he wants to implement changes to Section 203-42 (c)(i) related to the annual determination of households with an income less than \$30,000. The Chair indicated changes related to that section were not contemplated by this ordinance and should be referred to the next Benefit Committee.

Trustee Morton stated her concern about the Board’s continuous desire for changes to the ordinance. She recommended the Board thoroughly review the ordinance, and have Law make the necessary changes so it can be approved at the next meeting. Chair Moller also commented that the original purpose of amending the ordinance was to cover and define how disabled children were covered and any time changes are made, it leads to confusion.

Trustee Rahtz made a motion to approve the draft ordinance with the changes of the word “policies” to “procedures” and the motion was seconded by Trustee Gamel. Chair Moller asked for clarification from Trustee Ratz. Chair Moller then made a revised motion to approve the ordinance for submission, including the changes made in the meeting and was seconded by Trustee Gamel. The revised motion was approved by a unanimous roll call vote.

#### Healthcare Funding Policy

Chair Moller indicated that the Board shared its motion on the Healthcare Funding Policy with the Administration and there was no further action needed at this time.

#### Old Business

Chair Moller explained that he plans to ask Trustee Walsh to submit the Annual Report as an item on the City Council agenda. Trustee Gamel made a motion that Chair Moller ask Trustee Walsh to submit the Annual Report as an item on the next City Council agenda and was seconded by Trustee Rahtz. The motion was approved by unanimous roll call vote.

#### New Business

There was no new business introduced.

#### Adjournment

Following a motion to adjourn by Trustee Gamel and seconded by Trustee Morton. The Board approved the motion by unanimous roll call vote. The meeting adjourned at 2:49 p.m.

**Meeting video link:** <https://archive.org/details/crs-board-7-13-23>

**Next Meeting:** Thursday, September 14, 2023 at 2:00 p.m. – City Hall Council Chambers and via Zoom

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Secretary

DRAFT



**Cincinnati Retirement System**

City of Cincinnati  
Retirement System  
Executive Summary  
**July 31, 2023**



## Summary of Cash Flows

	Last Month
Beginning Market Value	\$2,265,116,130
Net Cash Flow	-\$11,252,037
Net Investment Change	\$45,098,633
Ending Market Value	\$2,298,962,726

## Market Value

	Market Value (\$)	% of Portfolio	Policy %	Policy Difference (\$)
<b>Total Fund Composite</b>	<b>2,298,962,726</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>
Fixed Income Composite	378,710,499	16.5	22.5	-138,556,115
Private Debt Composite	38,092,128	1.7	3.0	-30,876,754
U.S. Equity Composite	684,239,359	29.8	28.5	29,034,982
Non-U.S. Equity Composite	424,638,623	18.5	18.0	10,825,332
Volatility Risk Premium Composite	59,893,729	2.6	2.5	2,419,661
Real Estate Composite	187,153,646	8.1	7.5	14,731,442
Infrastructure Composite	258,317,589	11.2	10.0	28,421,316
Private Equity Composite	256,145,111	11.1	8.0	72,228,093
Total Cash Equivalents	11,772,043	0.5	--	11,772,043

## Performance

	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
<b>Total Fund Composite</b>	<b>2.0%</b>	<b>4.4%</b>	<b>8.9%</b>	<b>6.3%</b>	<b>10.2%</b>	<b>6.9%</b>	<b>7.5%</b>	<b>8.8%</b>	<b>May-85</b>
Target Benchmark	2.2%	4.3%	9.1%	6.0%	9.0%	7.0%	7.5%	--	May-85
<b>Fixed Income Composite</b>	<b>0.1%</b>	<b>-0.7%</b>	<b>3.2%</b>	<b>-1.0%</b>	<b>-1.5%</b>	<b>1.7%</b>	<b>2.6%</b>	<b>5.0%</b>	<b>Nov-95</b>
Bloomberg US Aggregate TR	-0.1%	-1.5%	2.0%	-3.4%	-4.5%	0.7%	1.5%	4.2%	Nov-95
<b>Private Debt Composite</b>	<b>0.0%</b>	<b>2.9%</b>	<b>7.8%</b>	<b>11.8%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.5%</b>	<b>Sep-20</b>
Bloomberg US Aggregate TR	-0.1%	-1.5%	2.0%	-3.4%	-4.5%	0.7%	1.5%	-4.4%	Sep-20
<b>U.S. Equity Composite</b>	<b>3.9%</b>	<b>10.6%</b>	<b>17.0%</b>	<b>10.9%</b>	<b>16.3%</b>	<b>9.5%</b>	<b>10.7%</b>	<b>9.4%</b>	<b>Feb-89</b>
Russell 3000	3.6%	11.1%	20.3%	12.6%	13.1%	11.4%	12.1%	10.6%	Feb-89
<b>Non-U.S. Equity Composite</b>	<b>4.1%</b>	<b>5.0%</b>	<b>13.9%</b>	<b>13.1%</b>	<b>8.7%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>May-93</b>
MSCI ACWI ex USA	4.1%	4.8%	13.9%	13.4%	7.1%	3.9%	4.7%	--	May-93
<b>Volatility Risk Premium Composite</b>	<b>1.8%</b>	<b>5.3%</b>	<b>12.6%</b>	<b>9.6%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.3%</b>	<b>Jan-22</b>
CBOE Put Write Index	1.6%	5.6%	14.3%	10.0%	12.7%	6.1%	7.2%	5.4%	Jan-22
<b>Real Estate Composite</b>	<b>0.0%</b>	<b>-1.5%</b>	<b>-3.9%</b>	<b>-8.4%</b>	<b>8.4%</b>	<b>6.8%</b>	<b>8.9%</b>	<b>5.8%</b>	<b>Aug-07</b>
NFI-ODCE	0.0%	-1.9%	-6.1%	-10.8%	7.0%	5.4%	7.7%	4.8%	Aug-07
NPI	0.0%	0.0%	-1.8%	-4.9%	7.4%	6.2%	7.9%	6.3%	Aug-07
<b>Infrastructure Composite</b>	<b>0.0%</b>	<b>2.8%</b>	<b>5.2%</b>	<b>9.3%</b>	<b>9.8%</b>	<b>8.7%</b>	<b>7.7%</b>	<b>8.4%</b>	<b>Aug-08</b>
3 Month T-Bill +4%	0.7%	2.2%	5.0%	8.1%	5.4%	5.6%	5.0%	4.7%	Aug-08
<b>Private Equity Composite</b>	<b>0.0%</b>	<b>1.4%</b>	<b>3.0%</b>	<b>2.0%</b>	<b>18.6%</b>	<b>14.5%</b>	<b>13.7%</b>	<b>8.8%</b>	<b>Jul-93</b>
Burgiss Global All Private Equity	0.0%	0.0%	1.3%	-0.3%	19.6%	16.3%	15.7%	15.5%	Jul-93



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## Demographic Report for the CRS Board

	12/31/2022	1st Quarter (3/31/2023)	2nd Quarter (6/30/2023)	3rd Quarter (9/30/2023)	4th Quarter (12/31/2023)
Total F/T Active Employee Members <i>(Does NOT include DROP participants)</i>	3018	3041	3070		
Total Payees <i>(includes retirees, optionees in pay status, and Survivors - does NOT include DROP participants)</i>	4160	4146	4144		
Number of Retiree & Optionee Deaths YTD <i>(includes Optionees who died and were not in pay status)</i>	206	53	100		

*Total Payees includes payees receiving multiple benefits AND Rehired Retirees. For example, a retiree who is receiving another benefit as an optionee is counted twice. This count does not correlate directly to the number of pensioners depicted in the Annual Actuarial Valuation due to differences in accounting for new retirees, deceased pensioners, DROP participants, and payees receiving multiple benefits.*

*Pensioner count is based on payroll date 1 day after end of quarter*