



**City of Cincinnati Retirement System  
Board of Trustees Meeting  
Minutes  
January 7, 2021 / 2:00 P.M.  
City Hall – Council Chambers**

**Present**

Bill Moller, Chair  
Tom Gamel, Vice Chair  
John Juech  
Mark Menkhaus, Jr.  
Kathy Rahtz  
Don Stiens  
Erica Winstead

**Staff Present**

Paula Tilsley  
Renee Kabin  
Bev Nussman  
Ann Schooley

**CALL TO ORDER**

The meeting was called to order at 2:07 p.m.

**APPROVAL OF MINUTES**

A motion to approve minutes of November 5, 2020 was made by M. Menkhaus, Jr. The motion was seconded by E. Winstead. K. Rahtz made a friendly motion to revise minutes of November 5, 2020. T. Gamel seconded the motion. Following a vote, the motion passed. Revise minutes of November 5, 2020. Approval of minutes tabled until revisions are received.

**NEW BUSINESS**

Brett Christenson of Marquette Associates provided some background and recommendations on the following:

**✚ Ft. Washington PE Fund X Request for Investment Period Extension**

A six-month extension was requested by the Fund in December with a response time needed before the January Board meeting. Board Chair consulted with Vice Chair and Investment Committee Vice Chair D. Stiens per the Investment Policy regarding the request for extension. Extension was approved.

**✚ Ft. Washington PE Funds V and VI**

B. Christenson reported that the Funds were offering investors the opportunity to sell their remaining holdings at a discount. The Funds are nearing the end of their lifecycles. The discounted price for each Fund was rather significant and did not reflect the price improvements that had occurred since the valuation date of 6/30/2020. Marquette Associates recommended that the Board keep their positions in these funds to take advantage of the remaining upside, as liquidity is not needed at this time.

### ***Board Action***

T. Gamel made a motion to accept the recommendation of Marquette Associates to keep and not sell Ft. Washington PE Funds V and VI. M. Menkhaus, Jr. seconded the motion. Following a vote, the motion passed.

Accept the recommendation by Marquette Associates to keep and not sell the Ft. Washington PE Funds V and VI.

### ***✚ Update on Investment Portfolio and Allocation Changes***

B. Christenson reported a return of 8.1% net-of-fees for the month of November. Continued strong returns in December may cause the portfolio to reach its annual target of 7.5% for 2020. The transition from the prior portfolio to the newly adopted Portfolio E (see Nov. 2020 materials) is progressing. Further update and discussion will occur at the February Investment Committee.

## **UNFINISHED BUSINESS**

### ***✚ Outstanding Opinions***

K. Rahtz Board Approved Motion, October 3, 2019

- Item 1. Explain why City's changes to retiree healthcare are permitted under the CSA without Court approval.
- Item 2. Explain why the Board cannot retain outside counsel on matters which the Solicitor's Office will not give counsel.

A. Schooley reported that the Law department continues to work on these items.

### ***✚ Administrative Code Amendment, Article XV "Retirement System"***

Board discussed "Version B" of the City's proposed changes to the Administrative Code, Article XV. Version B is in response to the Board's previous input. B. Moller conveyed this version is City Administration's final version to be presented to Council. Items of discussion included 1) whether term limits should apply for consecutive periods only, apply to total terms served, or be eliminated, and 2) concerns over the potential length of time an elected position could remain vacant without triggering an election.

T. Gamel maintains there should be no limits on terms of trustees due to the difficulty in obtaining enough people willing to serve. K. Rahtz concurred and questioned the addition of non-consecutive terms to the three-term limit and how elected trustees completing unexpired terms are considered.

B. Sundermann asserted that term limits should remain as specified in the amendment. E. Winstead concurred. Both stated that term limits support the need for newer, fresher ideas over time and avoids Board stagnation. J. Juech conveyed that a lot of discussion by City Administration went into creating this amendment with an eye toward recruiting those willing to serve as trustees, but ultimately decided on what was in the best interest of the City. D. Stiens agreed with T. Gamel that the fiduciary duty to the members and beneficiaries of the Pension Trust should be the governing factor, but acknowledged the provisions in this amendment have been in effect for a long time and are not in the Board's purview to change.

### ***Board Action***

T. Gamel made a motion to recommend modifying Article XV of the Administrative Code to remove the addition of non-consecutive terms to the three-term limit. K. Rahtz seconded the motion.

Following a vote, B. Sundermann and J. Juech voted nay. The motion passed.

Recommend removing the addition of non-consecutive terms to the three-term limit in Article XV.

The second point of discussion involved filling unexpired elected terms. B. Moller stated nine months is a long time for a vacancy and proposes adding the Board's ability to choose an interim replacement

for an elected trustee. Members of the group with the vacancy, actives or retirees, would be able to choose a member to fill the unexpired elected term. A concern was raised of the possibility of the same two trustees trading their seats back and forth to evade term limits.

### ***Board Action***

T. Gamel made a motion to accept the recommendation to add the option to name an interim replacement elected trustee to fill an unexpired term with less than nine months remaining. M. Menkhaus, Jr. seconded the motion. Following a vote, B. Sundermann voted nay. The motion passed.

T. Gamel recommended sending a letter to the Budget and Finance Committee to communicate these changes. D. Stiens asked to state in the letter the fact that only two actives serve on the Board and a vacancy for up to nine months can create hardship on the remaining active trustee to serve on every committee. K. Rahtz supported having a Board representative attend the Budget and Finance Committee to answer any questions.

### **✚ Board's December 16, 2020 Letter to City Manager, Mayor and City Council**

B. Moller requested the newest Council Member, Liz Keating, receive a copy of the letter.

### **✚ Board of Trustees Annual Report to Council**

Given recent projections on the impact of the ERIP to the system, T. Gamel, M. Menkhaus, Jr. with the assistance of the Executive Director will draft the Board's Annual Report for Council.

### **✚ Executive Director Search – Request for Proposals (RFP) and Search Committee**

The City is preparing an RFP for an executive search firm to assist in selection of a new Executive Director, and includes an expected fee of \$50,000 which is an unbudgeted item. The CSA requires the Board follow the City's purchasing procedures, and provides for the Board's active participation in the selection of an Executive Director.

### ***Board Action***

T. Gamel made a motion to approve the City's draft RFP and the additional \$50,000 for the search firm. D. Stiens seconded the motion. Following a vote, the motion passed.

Approve City's RFP and the addition of \$50,000 for the search firm.

A Trustee from each represented group was asked to volunteer to participate in the selection of the search firm and in interviewing Executive Director candidates presented by the firm. B. Moller will represent the Retiree trustees, M. Menkhaus, Jr. will represent the Active trustees, and E. Winstead will represent the Appointed trustees.

### **✚ Training for New Board Trustees**

B. Moller reported on a Zoom training session held on January 5<sup>th</sup> for new Board members and that all found it helpful and instructive. The next training would be on actuarial reporting if Chieron can participate.

## **INFORMATIONAL**

### **✚ November 2020 Monthly Investment Report**

### **✚ 115 Health Care Trust Funding Policy**

No updates to report.

**✚ Pending Items: Asset Liability Study**

B. Moller reported that the contract with actuary firm Cheiron and investment consultant Marquette Associates provide for an asset/liability study.

If no objections, B. Moller will ask P. Tilsley to contact both to get an idea of scope and costs to present at the next Board meeting.

***Board Action***

Having no further business, T. Gamel made a motion to adjourn. D. Stiens seconded the motion and the motion passed. Meeting adjourned at 3:18 p.m.