



# City Of Cincinnati Retirement System Board of Trustees Meeting

## Minutes

August 7, 2008 / 2PM  
Committee Room B

The Chairperson confirmed a quorum and called the meeting to order: 2:05 PM

### Present:

Dave Rager, Chair  
Donald Beets  
Michael Fehn  
Gina Marsh  
Brian Pickering  
Michael Rachford  
V. Daniel Radford  
James Robinson  
Bryan Schmitt  
John Walsh

### Staff present:

John Boudinot  
Keith Giles  
Cheryl Volk – Recorder

### Absent

Jason Barron

### **BOARD MINUTES**

Minutes from June 5, 2008 Board meeting and Special Board Meeting minutes: June 19, 2008 submitted for approval. Motion made by M. Rachford and seconded by B. Pickering to approve the minutes as submitted. Motion was carried by the Board.

### **VICE-CHAIR APPOINTMENT**

D. Rager, Chair asked for nominations for the Board's Vice-Chair position. J. Walsh made a motion to appoint B. Pickering as Vice-Chair. Motion was seconded by D. Radford and the motion was carried by the Board.

### **BENEFITS COMMITTEE REPORT**

M. Rachford submitted the following information for review:

- Minutes: June 5, 2008
- August 7, 2008 Benefits Committee actions:

Out of State Purchase of Service Ordinance. Members reviewed the revised ordinance as prepared by the Legal Department.

- Typos and grammatical errors were identified. Members agreed the document required further review and corrections.
  - The word “must” be replaced with the word “shall” in many instances within the document. Specific sentences identified in document.
  - Clarification needed regarding “creditable service.” The purchased service-time shall not contribute to time necessary to qualify for post-retirement health-care benefits.
- Policy for Deferred Retirements with outstanding loans: Revisions to the Legal Department for review.
  - Status of Four Disability Cases:
    - Dave Gatto: Appeal Denied
    - Alicia Gaines: Appeal Denied
    - Garnetta Barkley: Application Denied
    - Lorena Carter: Application Denied
    - Diane Langhorst: Appeal Denied. Applicant pursuing Legal recourse.

**Board Action**

Motion made by M. Rachford and seconded by B. Pickering to approve the Benefits Committee reports. Motion was carried by the Board.

**ELECTION COMMITTEE REPORT**

Election Committee met August 5, 2008 as prescribed in the CRS Rules of the Board of Trustees for the election of a Retiree Trustee. The following actions were taken by the Election Committee:

- Revise CRS Election Rules to reflect the close of election date: as “first Tuesday in September.”
- Submit formal recommendation to the Board of Trustees for approval of candidate and to recommend the Oath of Office be administered at the September 5, 2008 meeting.

**Board Action**

Motion made by M. Fehn and seconded by M. Rachford to approve the Election Committee report. Motion was carried by the Board. Oath of Office to be administered September 5, 2008.

**SECRETARY REPORT**

<b>May 2008</b>				
<b>Asset Valuation</b>				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
May 31, 2008	\$ 2.59	Billion	\$ 2,594,888	
YTD Increase (Decrease)	-3.37%			
<b>Current Asset Allocation</b>	<b>12/31/07 Actual</b>	<b>5/31/08 Actual</b>	<b>Target</b>	
Domestic Equity	52.9%	46.3%	43.5%	
International Equity	17.6%	19.0%	17.0%	
Fixed Income	28.1%	20.6%	17.0%	
Private Equity	0.7%	7.5%	5.0%	
Real Estate	0.0%	6.0%	7.5%	
Infrastructure	0.0%	0.0%	5.0%	
Long / Short Equity	0.0%	0.0%	5.0%	
Treasury Cash	0.7%	0.6%	0.0%	
	100.0%	100.0%	100.0%	

June 2008				
Asset Valuation				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
June 30, 2008	\$ 2.45	Billion	\$ 2,448,433	
YTD Increase (Decrease)	-8.82%			
	12/31/07 Actual	6/30/08 Actual	Target	Pending Allocations after June Statements
Current Asset Allocation				
Domestic Equity	52.9%	45.2%	43.5%	
International Equity	17.6%	18.5%	17.0%	\$1.8 million - Fort Washington \$ 310,000 - Portfolio Advisors \$1.1 million - Piper Jaffray <b>Private Equity</b>
Fixed Income	28.1%	21.1%	17.0%	
Private Equity	0.7%	8.1%	5.0%	
Real Estate	0.0%	6.4%	7.5%	\$1.9 million - Mesirow Real Estate
Infrastructure	0.0%		5.0%	\$1.4 million Alinda Infrastructure
Long / Short Equity	0.0%		5.0%	
Treasury Cash	0.7%	0.7%	0.0%	
	100.0%	100.0%	100.0%	

### INVESTMENT COMMITTEE

The total fund returned -0.6% for the quarter, outperforming its policy benchmark, which returned -0.8%. B. Christenson recommended members consider another infrastructure for future allocations. In addition, Marquette will perform an asset allocation study in the 3<sup>rd</sup> quarter.

Investment Committee made the following recommendations:

- Small-Cap Value
  - Allocate approximately \$58 million from Rhumblin Advisers Small Cap Value fund to WCM.

#### **Board Action**

D. Radford made a motion to allocate the balance in Rhumblin Advisers Small Cap Value fund, approximately \$58 million to WCM. B. Pickering seconded the motion and the motion was passed by the Board.

- Mid-Cap Manager Search:
  - Turner Investment Partners
  - TimesSquare Capital Management, LLC
  - Frontier Capital Management Co., LLC

Hire Turner Investment Partners with allocation of \$50 million from Rhumblin Advisers mid-cap growth fund.

#### **Board Action**

J. Walsh made motion to hire Turner and allocate \$50 million from Rhumblin Advisers mid-cap growth fund. Motion seconded by D. Radford and the motion was passed by the Board.

- Harding Loevner and Pangora placed on Alert status due to non-performance related issues.

## **GOVERNANCE COMMITTEE**

Vision statement topic tabled until the September Board meeting.

D. Rager announced the completion of the Governance Schedule. The schedule provides a calendar for actions to be taken throughout the year by the Board and standing committees. Calendars will be provided to each Committee Chair.

## **TASK FORCE REPORT**

J. Boudinot provided an update on the Task Force. A draft of the report is near completion and will be submitted to the Task Force for review. Following approval of the Task Force, the document will be submitted to City Council.

*Don Beets asked for a legal opinion from Roshoni Hardin, of the Solicitors Office. Mr. Beets stated, "That the Task Force members are communicating privately, and openly admitted to doing this among themselves (possibly including the City Administration), on specific items or seeking answers to questions regarding the Task Force. As a result, they are then "voting" or meeting a consensus on these items as a Task Force via e-mail." Mr. Beets asked if this was in violation of the State of Ohio Sunshine Law. Ms Hardin responded that "No," communications between Task Force members on Task Force discussion items, and coming to a consensus on positions being taken as a result of private e-mails among themselves, did not represent a violation of the State of Ohio Sunshine Law.*

## **CRS BOARD STAFF**

Follow-up from the June 5<sup>th</sup> meeting of the Board of Trustees: M. Fehn submitted the Resolution with friendly amendments to the Board for approval. M. Fehn restated the rationale for the Resolution emphasizing the fundamental need for hiring and retaining highly skilled staff for the CRS. Optimum management of the CRS \$2.5 billion fund warrants expeditious hiring of a Chief Investment Officer. Obtaining a qualified successor to the Executive Director of the CRS is imperative to the continued financial health of the CRS pension fund.

Titles, job descriptions, and salaries to be assessed for compatibility with Civil Service syntax. Members proposed the following actions:

- Hudepohl to conduct immediate search for Chief Investment Officer.
- Salary study to presented.
- Board to be involved in interview process.
- Adhoc Committee(s) to be developed to address reorganization of the CRS. The Board Chair to coordinate.
- Senior Accountant- investment accounting and financial reporting position for the CRS office to be filled by September.
- 2009 Budget to be amended to accommodate salary changes.

### ***Board Action***

M. Fehn made motion to hire a Chief Investment Office for the CRS. Motion seconded by M. Rachford. Motion passed by the Board.

### ***Board Action***

M. Fehn made motion to contract with Hudepohl to conduct search for Chief Investment Officer. Motion seconded by B. Pickering. Motion passed by the Board.

## **EXECUTIVE SESSION**

M. Rachford made motion to begin Executive Session. Motion seconded by B. Pickering. Motion passed and Executive Session opened 3PM.

Julie Bissinger, Assistant City Solicitor, apprised the Board of the legal proceedings regarding:

- Michael Perkins, Service Purchase Appeal

➤ Diane Langhorst, Disability Appeal

M. Rachford made motion to adjourn Executive Session. Motion seconded by B. Pickering. Motion passed and Executive Session was adjourned 3:15 PM.

**MOTION TO ALLOCATE FUNDS WITH TRUST FUND**

B. Pickering submitted a proposal to allocate 100% of future contributions into the Pension Fund. The topic was tabled until the September 5<sup>th</sup> Board meeting.

**CRS ACTIVITY**

<u>CRS Activity 2008</u>	<u>June</u>	<u>July</u>	<u>August</u>
1. Application for Ordinary Retirement: Total:	7	3	7
2. Application for Deferred Retirement: Total:	2	1	
3. Enrollment of New Members: Total:	163	269	
4. Ret. of Contrib. & Death Benefit: Total:	\$152,541	\$195,053	
5. Loans to Members: Total:	\$295,683	\$202,752	
6. Operating Expenses: Total:	\$110,987	\$233,571	
7. Purchase of Military Service Credit: Total:	\$ 44,052 - 4 members		

Motion made by M. Rachford to adjourn the Board meeting and seconded by D. Radford. Motion was carried by the Board and the meeting was adjourned: 3:25PM.