



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

December 4, 2008 / 2:00 PM
Committee Room B

The Chairperson confirmed a quorum and called the meeting to order: 2:12PM

Present:

Dave Rager, Chair
Brian Pickering, Vice-Chair
Jason Barron
Donald Beets
Michael Fehn
V. Daniel Radford
James Robinson
Bryan Schmitt
John Walsh
Michael Rachford
John Cranley

Staff present:

John Boudinot
Keith Giles
Ron Wilson
John Dietz
Cheryl Volk – Recorder

BOARD MINUTES

Minutes from November 6, 2008 Board meeting were submitted for approval. M. Rachford made a motion to approve the minutes with corrections. D. Beets seconded the motion and the motion was passed by the Board.

NEW BUSINESS

Election of Board Chair and Vice-Chair

Board Action

D. Rager, Chair asked for nominations for the Board's Chair position. J. Walsh made a motion to nominate Brian Pickering for Chair of the Board of Trustees. The motion was seconded by B. Schmitt and the motion was carried. Brian Pickering was elected the Chair of the Board of Trustees. Term will begin January 1, 2009.

D. Rager, Chair asked for nominations for the Board's Vice-Chair. J. Walsh made a motion to nominate Dave Rager. Motion was seconded and the motion was carried. Dave Rager was elected Vice-Chair of the Board of Trustees.

2009 CALENDAR

Due to the New Years holiday, the first meeting of the new year will be January 8, 2009.

Board Action

B. Pickering made a motion to approve the new 2009 calendar and meet January 8, 2009.
M. Fehn seconded the motion and the motion was passed by the Board.

FIDUCIARY RESPONSIBILITY

M. Fehn reminded the Board of its duty to adhere to the Governance Manual's Board Education Policy. The policy is clear in defining the educational objectives and requirements for Trustees. Additionally, Proxies are held to the same standards as trustees and therefore subject to the same educational requirements.

M. Fehn disseminated the document "Public Pension Fund Trustee Fiduciary Duties." The report defined:

1. Duty of Loyalty
2. Duty of Prudence
3. Duty of Care

D. Rager, Board Chair agreed that continued education is important for the Trustees as well as the Proxies and he appreciated the reminder. M. Fehn suggested the Board consider in-house educational programs.

Board Action

D. Beets made a motion for the Board to hold in-house training in 2009 for Trustees and Proxies.
M. Fehn seconded the motion and the motion passed.

BUDGET AMENDMENT

J. Cranley made a motion to amend the CRS budget by eliminating lunches and all travel and training provided for the Board and the CRS staff during the meeting. The motion failed for lack of a second.

CRS 2009 BUDGET

J. Boudinot presented the CRS 2009 budget for review and approval. D. Rager recommended a summary page be provided to reflect percentage change from the prior year to the current year. J

Board Action

B. Pickering made a motion to accept the 2009 CRS Budget. J. Walsh seconded the motion and the budget was approved. Three members voted no: D. Beets, M. Rachford, J. Cranley.

BUDGET AMENDMENT

J. Cranley made a motion to eliminate all travel and training expenses for the Board. The motion failed to obtain a second motion.

SECURING THE FUTURE OF CINCINNATI PENSION SYSTEM

Councilmember J. Cranley presented a Motion passed by City Council. The Motion directs the Administration to implement the following eligibility criteria for retirement health benefits:

1. If a city retiree or their spouse is employed after retiring, the retiree or their spouse must enroll in that employer's health plan if the employer offers a health plan to other employees in similar positions.
2. The City will coordinate benefits as secondary payer with the retiree or spouse's employer healthcare insurance in order to hold their benefits harmless.
3. If the employer offers health coverage and the retiree or their spouse does not enroll in it, then the Cincinnati Retirement health benefits will be suspended as long as the retiree or their spouse refuses to enroll in the employers' health coverage plan.

J Boudinot will send RLS for interpretation of motion and clarification of who is impacted and how to implement.

J. Boudinot to draft an overview plan of implementation and submit to the Board of Trustees meeting January 8, 2009. A tentative date considered for implementation: July 2009.

BENEFITS COMMITTEE

M. Rachford submitted the Benefits Committee Report:

- Minutes: October 30, 2008
- Minutes: November 6, 2008
- Disabilities: William Tyree: Application Approved
Ingrid Anderson: Application Denied

Board Action

M. Rachford made a motion to accept the Benefits Committee Report. Motion was seconded by B. Pickering and the motion was passed.

- Draft of Emergency Ordinance-Deferred Retirement with Loans was submitted for approval.

Board Action

M. Rachford made a motion to approve the proposed Ordinance. Motion was seconded by B. Pickering and the motion was passed.

SECRETARY REPORT

J. Walsh provided the following report:

Asset Valuation				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
October 31, 2008	\$ 1.91	Billion	\$ 1,909,708	
YTD Increase (Decrease)	-28.88%			
Current Asset Allocation	12/31/07 Actual	10/31/08 Actual	Target	Pending Allocations
Domestic Equity	52.9%	42.7%	43.5%	
International Equity	17.6%	15.5%	17.0%	Alinda \$400,000
Fixed Income	28.1%	21.3%	17.0%	
Private Equity	0.7%	3.6%	5.0%	
Real Estate	0.0%	8.8%	7.5%	
Infrastructure	0.0%	1.1%	5.0%	Piper Jaffray LBO IV \$645,000
Long / Short Equity	0.0%	6.2%	5.0%	
Treasury Cash	0.7%	0.8%	0.0%	
	100.0%	100.0%	100.0%	
				Fort Washington Fund V \$2,800,000 \$2,400,000

INVESTMENT COMMITTEE REPORT

- The Investment Committee conducted a conference-call with the US Large Cap Growth Manager, Montag & Caldwell, Inc.
- Client Services Director for Industry Funds Management – Global Infrastructure Fund (IFM) attended the Investment Committee to report on open-end infrastructure investments.
- CRS market value as of October 31, 2008: \$1.87 billion

- The third quarter projection for Gross Domestic Product (GDP) is -0.3%

D. Radford requested the Board Agenda include a monthly funding ratio report.

RESOLUTION: CRS BOARD STAFF

D. Rager announced the development of the Restructuring Committee that will address the restructuring of the CRS staff and organization. Brian Pickering will Chair the Committee and members will include Mike Fehn, Don Beets, Gina Marsh, and Jason Barron. All Board members are welcome to attend the meetings.

The committee is charged with considering the recommendation in the resolution and bringing forward to the board specific actions for the Board to act upon.

INFORMATIONAL ITEMS

Committee Assignment

D. Rager appointed B. Schmitt as a member of the Benefits Committee.

Comments

K. Alder, city employee addressed the Board with questions and concerns about the pension solvency and the status of the Task Force Recommendations. Board advised Ms. Alder to contact City Council.

<u>CRS Activity 2008</u>	<u>November</u>
1. Application for Ordinary Retirement: Total:	2
2. Application for Deferred Retirement: Total:	1
3. Enrollment of New Members: Total:	23
4. Ret. of Contrib. & Death Benefit: Total:	\$ 237,698
5. Loans to Members: members 16 Total:	\$ 142,819
6. Operating Expenses: Total:	\$4,829,264
7. Purchase of Military Service Credit: 3 Total:	\$ 22,373

Board Appreciation

The Board members extended their thanks to D. Rager for serving as Board Chair for the second half of 2008.

Motion made by J. Walsh and seconded by D. Beets to adjourn. Motion passed and the meeting was adjourned: 3:50 PM.