



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

**February 5, 2009/ 2PM  
City Hall - Committee Room B**

**AGENDA**

**Call to Order**

**New Business**

- + Introduction: Councilmember Laketa Cole
- + Wells Fargo: Mike Niemeyer, VP: Presentation of Chubb's D&O Insurance

**Approval of Minutes**

- + January 8, 2009

**Benefits Committee**

- + January 8, 2009

**Secretary's Report**

**Investment Committee**

- + Minutes: December 4, 2008

**Funding Ratio Report**

**Governance Committee**

**Pending Business**

**Legal Updates**

**Board Restructuring Committee**

- + Minutes: January 8, 2009

**Informational Items:**

+ CRS	<u>Activity 2009</u>	<u>January</u>
1.	Application for Ordinary Retirement:	Total: 4
2.	Application for Deferred Retirement:	Total: 0
3.	Enrollment of New Members:	Total: 23
4.	Ret. of Contrib. & Death Benefit:	Total: \$ 245,710
5.	Loans to Members: 15 members	Total: \$ 190,378
6.	Operating Expenses:	Total: \$ * full report at meeting
7.	Purchase of Military Service Credit:	Total: \$ 0

**Adjournment**

**Next Meeting: March 5, 2009 – City Hall - Committee Room B**



## **Cincinnati Retirement System Retirement Application Report To the Board of Trustees**

Board Meeting Date: 2/5/09

Applications for Retirement effective February 2009: (total #-4)

<u>NO.</u>	<u>Name</u>	<u>Department</u>	<u>Date of Birth</u>
45745	Mildred Hope	FIN	12/26/50
50325	Sheri G. Petock	Safety - Police	1/14/47
52090	Sharon Moran	CWW	12/19/48
55310	Ronald Zumwalde	Public Services	12/9/41

# Cincinnati Retirement System Benefit Payroll Summary Listing

## Individual Payroll Summary

**Payroll Batch Type:** Lump-Sum Payroll      **Batch ID:** 1142      **Payroll Date:** 01/31/2009      **Checks Released:** Yes  
**Payroll Batch Mode:** Update Run      **Check Issue Date:** 01/21/2009      **ACH Date:** 01/21/2009      **Advices Released:** Yes  
**Last Check Number:** 202871      **ACH File Released:** Yes

Benefit Type	Total Payees	Total Gross Paid	Total FIT Withheld	Total State Withheld	Total Net Paid	Total Rollover Amount Paid
2.50-Ordinary Death	1	\$15,480.25	\$2,920.05	\$0.00	\$12,560.20	\$0.00
Burial Benefit	11	\$77,500.00	\$0.00	\$0.00	\$50,107.12	\$0.00
Death Refund	1	\$45,197.79	\$12,803.93	\$0.00	\$25,451.12	\$0.00
Refund	26	\$107,532.62	\$29,993.52	\$0.00	\$77,252.54	\$743.96
<b>Totals</b>	<b>39</b>	<b>\$245,710.66</b>	<b>\$45,717.50</b>	<b>\$0.00</b>	<b>\$165,370.98</b>	<b>\$743.96</b>

**Number of Checks:** 39  
**Number of Direct Deposits:** 0

**Number of Warning Alerts:** 53  
**Number of Fatal Alerts:** 1

6)

City of Cincinnati, Ohio  
Pension Trust  
Statement of Changes in Plan Net Assets  
For the Month ended December 31, 2008  
(Amounts in Thousands)

	2008 Dec	2007 Dec	Current Year To Date	Prior Year To Date
<u>Additions to Assets:</u>				
Contributions				
Member (1)	\$ 901	1,176	\$ 13,091	\$ 12,847
Employer (2)	2,123	56	29,479	33,308
Total Contributions	3,024	1,232	42,570	46,155
Investment Income				
Net Appreciation (Depreciation) in				
Fair Value of Investments	40,429	(21,557)	(777,416)	117,829
Dividends	4,482	3,942	40,633	36,972
Interest (3)	852	2,623	32,154	42,577
Miscellaneous Income (4)	239	188	2,371	1,343
	46,002	(14,804)	(702,258)	198,721
Less Investment Expense	449	(215)	5,847	6,040
Net Investment Income	45,553	(14,589)	(708,105)	192,681
Transfers In From Other Retirement Systems (5)	164	28	598	370
Total Additions to Assets	48,741	(13,329)	(664,937)	239,206
Deductions from Assets:				
Benefits Payments				
Pension and Annuities	10,886	10,046	129,700	116,639
Hospital and Medical Care Benefits	8,162	7,261	47,785	41,636
Medicare Benefits	333	306	2,698	3,719
Dental Benefits	220	244	1,743	1,488
Vision Benefits	18	22	132	151
Death Benefits, Active and Retired	83	129	1,261	1,199
Loss Due to Death of Members with Loans	5,977	4,220	7,469	8,611
Refund of Contributions	339	229	1,486	1,488
Administrative Expenses			114	114
Contract Services			18	18
Material Supplies			76	76
Other			240	240

December, 2008

Attachments

	2008 Dec	2007 Dec	Current Year To Date
<b>Members Contribution Detail (1)</b>			
City of Cincinnati	\$ 883	\$ 1,123	\$ 12,569
Closed Groups	13	16	122
Prior Service - CRS	5	15	358
Military Time	0	22	42
<b>TOTAL</b>	<b>\$ 901</b>	<b>\$ 1,176</b>	<b>\$ 13,091</b>

<b>Employers Contribution Detail (2)</b>			
City of Cincinnati	\$ 2,107	\$ 18	\$ 29,156
Closed Groups	16	38	313
Prior Service - CRS	0	0	10
Military Time	0	0	0
<b>TOTAL</b>	<b>\$ 2,123</b>	<b>\$ 56</b>	<b>\$ 29,479</b>

	2008 Dec	2007 Dec	Current Year To Date
<b>Interest Detail (3)</b>			
U.S. Government - Interest	\$ 401	\$ 1,257	\$ 9,185
Bonds - Interest	1,717	1,893	18,659
Cash & Cash Equivalents - Interest	196	175	2,007
Mortgage/Other Bonds - Interest	147	1,061	2,630
Income Receivable	(1,950)	(1,861)	(1,688)
Interest from Members Loans	341	98	1,361
<b>TOTAL</b>	<b>\$ 852</b>	<b>\$ 2,623</b>	<b>\$ 32,154</b>

<b>Miscellaneous Income Detail (4)</b>			
Unclaimed Benefits	\$ 0	\$ 0	\$ (8)
Securities Lending Income - Net	239	188	2,379
Misc - other receipts	0	0	0
<b>TOTAL</b>	<b>\$ 239</b>	<b>\$ 188</b>	<b>\$ 2,371</b>

	2008 Dec	2007 Dec	Current Year To Date
<b>Transfers In (Detail) (5)</b>			
Ohio Police & Fire	\$ 0	\$ 0	\$ 0
PERS	53	28	478
STRS	0	0	8
SERS	111	0	112
Ohio Highway Patrol	0	0	0
<b>TOTAL</b>	<b>\$ 164</b>	<b>\$ 28</b>	<b>\$ 598</b>

<b>Transfers Out (Detail) (6)</b>			
Ohio Police & Fire	\$ 0	\$ 0	\$ 184
PERS	2	0	988
STRS	0	0	252
SERS	0	0	665
Ohio Highway Patrol	0	0	0
<b>TOTAL</b>	<b>\$ 2</b>	<b>\$ 0</b>	<b>\$ 2,089</b>

7)

**City of Cincinnati, Ohio**  
**Pension Trust**  
**Statement of Plan Net Assets**  
**For the Month ended December 31, 2008**  
**(Amounts in Thousands)**

			Asset Allocation Percentage
<b>ASSETS</b>			
1)	Cash and Equivalents	*	\$ 45,830 0.7%
	Receivables		
2)	Income	*	6,254
2a)	Pension Receivable	*	0
3)	Accounts Receivable	*	93,523
<b>Investments</b>			
<b>Fixed Income Securities</b>			
	U.S. Government Bonds	\$ 31,795	
	Government Asset & Mortgage Backed	149,910	
	Corporate Bonds	228,284	
	State & Local Obligations	2,778	
	Total Derivative Instruments/Convert. Bonds	(7,533)	
	Other Fixed Income	77,107	
	Loans to Members	14,500	
	<b>Total Fixed Income Securities</b>	<u>\$ 496,841</u>	20.7%
<b>Equity Securities</b>			
	Domestic	753,260	42.1%
	International	260,306	16.4%
	<b>Total Equity Securities</b>	<u>1,013,566</u>	58.5%
<b>Alternative Assets</b>			
	Private Equity	78,462	4.3%
	Long Short Funds	111,539	6.1%
	Infrastructure	17,887	1.0%
	Real Estate	158,872	8.7%
	<b>Total Alternative Assets</b>	<u>366,760</u>	20.1%
4)	<b>Total Investments</b>		<u>1,877,167</u>
	<b>Total Assets</b>		\$ 2,022,774
<b>LIABILITIES</b>			
5)	Accounts Payable	*	\$ 191,261
	<b>Total Liabilities</b>		<u>191,261</u>
6)	<b>NET ASSETS</b>		\$ <u>1,831,513</u> 100.0%

\*Asset Allocation Percentages on graph: Amounts in the Cash and Equivalents, I/R, A/R and A/P categories which are under the control of the money manager are counted in the asset class of that money manager.



## **FUNDING RATIO**

Estimated Funding Ratio 12/31/2008 based on market value of assets:

<u>Market value of assets</u>		<u>\$1,800,360,049</u>	
Actuarial accrued liability (12/31/2007) =		\$2,937,345,480	= 61%

Actuarial funding ratio will be based on 12/31/2008 values: actuarial value of assets/actuarial accrued liabilities

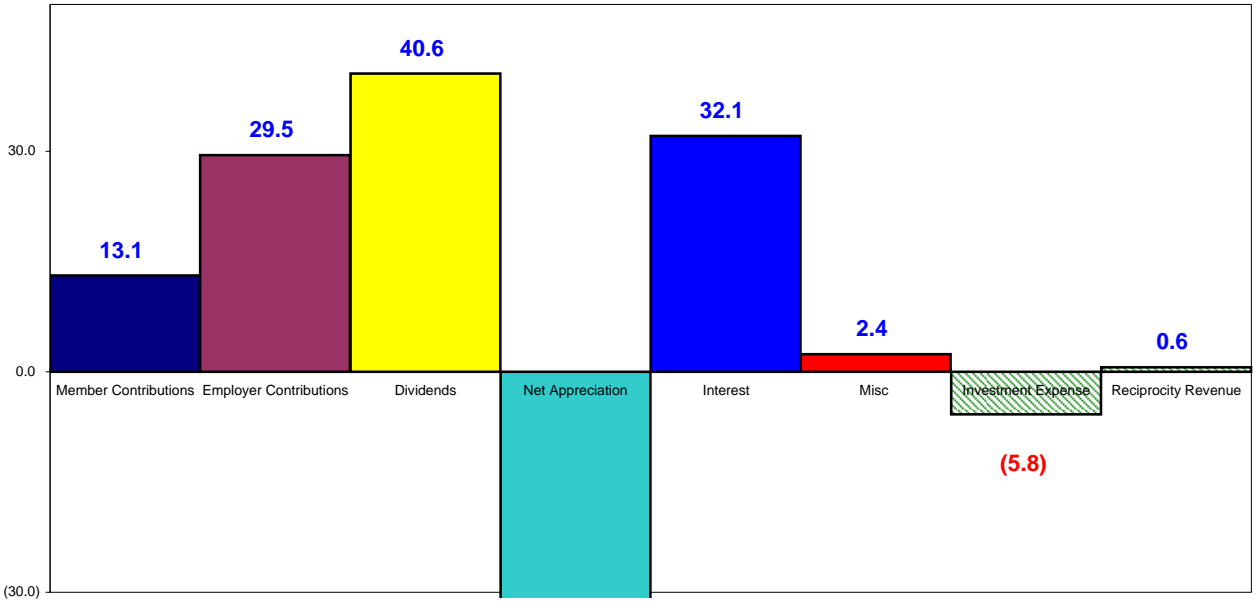


**City Of Cincinnati  
Meeting of the Board of Trustees**

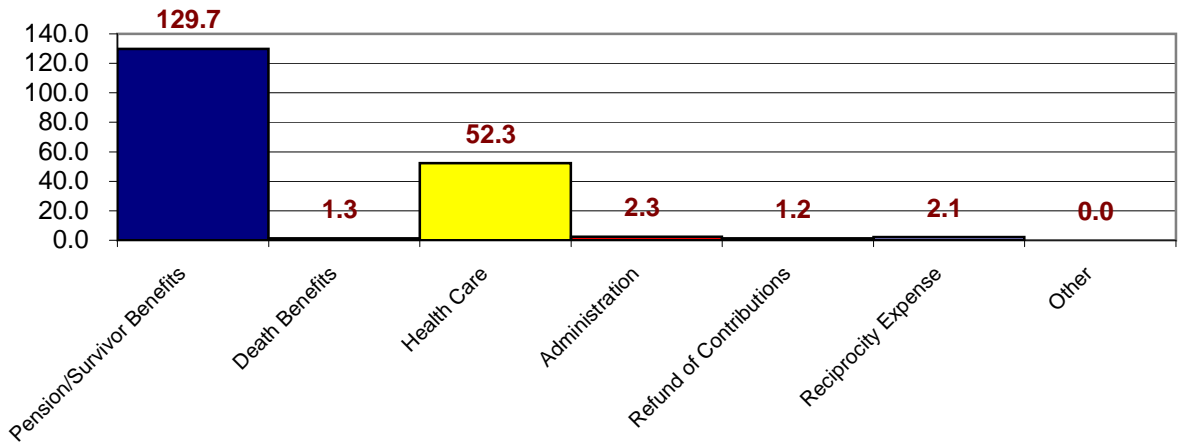
**Month Ending: December 31, 2008**

<b>Asset Valuation</b>				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
<b>December 31, 2008</b>	<b>\$ 1.83</b>	<b>Billion</b>	<b>\$ 1,831,513</b>	
YTD Increase (Decrease)	-31.80%			
	<b>12/31/07</b>	<b>12/31/08</b>		
<b>Current Asset Allocation</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Pending Allocations</b>
Domestic Equity	52.9%	42.1%	43.5%	
International Equity	17.6%	16.4%	17.0%	
Fixed Income	28.1%	20.7%	17.0%	
Private Equity	0.7%	4.3%	5.0%	
Real Estate	0.0%	8.7%	7.5%	
Infrastructure	0.0%	1.0%	5.0%	
Long / Short Equity	0.0%	6.1%	5.0%	
Treasury Cash	0.7%	0.7%	0.0%	
	100.0%	100.0%	100.0%	

**Additions to Net Assets**  
**For the Twelve Months Ended December 31, 2008**  
**(\$664.9 Million)**



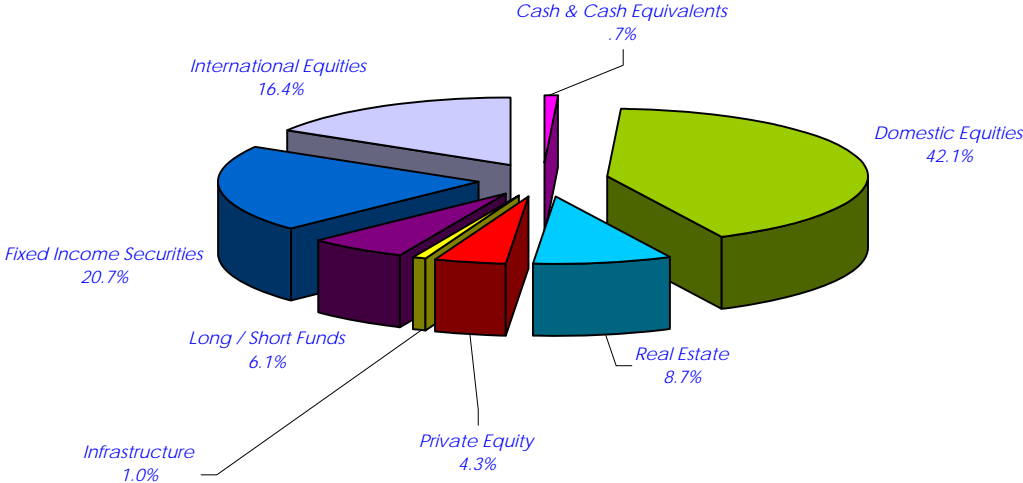
**Deductions from Net Assets**  
**For the Twelve Months Ended December 31, 2008**  
**\$ 188.9 Million**



# CRS ASSET ALLOCATION

December 31, 2008

\$ 1.83 Billion



# TOTAL ASSETS AT MARKET VALUE (BILLIONS)

January, 1999 through December, 2008



**Retirement System of the City Cincinnati**  
**Loans to Members**

<b>Loan #</b>	<b>Payee's Name</b>	<b>Department</b>	<b>Check Amount</b>	<b>Check #</b>
62106	Belser, Reginald	PS-HMD-Structures	\$34,000.00	102867
62107	Berry, Tyrone	PS-SW Rear Loader Districts	\$5,204.00	102868
62108	Bocklett, Dawn	19174 CRC-Therapeutic	\$5,000.00	102869
62109	Brewton, Angeline	PS-SW St Waste Receptacles	\$4,718.00	102870
62110	Flowers, Tiffany	26424 Health Dept PHC CNS	\$7,500.00	102871
62111	Floyd, Darryl	CWW Maintenance	\$22,168.00	102872
62112	Hicks, Ricardo	2538000 PS-Street Sweeping	\$20,000.00	102873
62113	Johnson, Freddy	PS-SW Community Services	\$12,299.00	102874
62114	Pleasant, Vanessa	PS-SW Rear Loader Districts	\$4,912.00	102875
62115	Schultz, Charles	CWW Charles M. Bolton Unit	\$9,000.00	102876
62116	Smith, Kimberly	CRC-Millvale/N.Fairmount	\$3,577.00	102877
62117	Tolbert, Sean	PS-SW Rear Loader Districts	\$5,000.00	102878
62118	Tonges, Carol	09071 RCC-Clear	\$15,000.00	102879
62119	Van Steelandt, Cara	Fire-Dispatch And Communicatio	\$13,000.00	102880
62120	Wuest, Rahn		\$29,000.00	102881

**To the City Treasurer:**

Voucher #: 20853

**Please issue a check to each of the above listed payees in the amount set opposite their respective name. The total of all the checks requested by this voucher is : \$190,378.00**

Check Date: 1/21/2009

Staff Approval:

Board Approval:

Prepared by:

By:

CHRIS Setup by:

Secretary, Retirement Board of Trustees



# RETIREMENT SYSTEM OF THE CITY OF CINCINNATI

## Operating Expense

Acct#	NAME && ADDRESS	AMOUNT	CHECK#
7280	LEE PERSONNEL, INC 621 E MEHRING WAY, SUITE 317-A CINCINNATI OH 45202	\$939.90	102885
	CIT 67, 713 Week Ending 1/9/09	\$312.00	
	CIT 67, 717 Week Ending 1/9/09	\$627.90	
7280	PUBLIC PENSION FINANCIAL FORUM c/o OH PUBLIC EMPLOYEES RETIREMENT SYSTM 277 E. TOWN STREET COLUMBUS, OH 43215	\$75.00	102886
	P2F2 Membership Dues for 1/1/09 through 12/31/09	\$75.00	
7280	United States Treasury IRS Filing Fee-IRS Application for Determination Letter for the Cincinnati Retirement System-Cycle C Filing	\$1,000.00 \$1,000.00	102882
7280	United States Treasury IRS Filing Fee-Correction of Late Adoption Ammendments-Cycle C	\$375.00 \$375.00	102883
7280	SHEAKLEY VOCATIONAL SERVICES LLC ONE SHEAKLEY WAY CINCINNATI OH 45246	\$63.00	102884
	INV000264-Vocational Services for Linda Stoffel	\$63.00	

Date: **January 21, 2009**  
Voucher No. **20854**

Approved for Payment:

**TO THE CITY TREASURER:**

Pay to the order of the above named payees, the amounts set opposite their respective names, totaling the sum of: **\$2,452.90**

Member of Board of Trustees

Prepared by

Secretary

Approved by

Approved by

# RETIREMENT SYSTEM OF THE CITY OF CINCINNATI

## Operating Expense

Acct#	NAME && ADDRESS	AMOUNT	CHECK#
7280	BUSKEN BAKERY 9TH & CENTRAL AVE CINCINNATI OH 45202	\$86.40	102861
	1/8/2009 Benefits Committee Lunch	\$86.40	
7280	ABS BUSINESS PRODUCTS INC. 10855 MEDALLION DRIVE CINCINNATI OH 45241-4829	\$180.60	102862
	Inv# IN73062 Toshiba/E350 1/1/09 - 1/31/09	\$180.60	
7280	LEE PERSONNEL, INC 621 E MEHRING WAY, SUITE 317-A CINCINNATI OH 45202	\$973.05	102863
	CIT 67, 663 Week Ending 1/2/09	\$973.05	
7280	FORTRESS 165 W. CRESCENTVILLE RD. CINCINNATI, OH 45246	\$99.42	102864
	In# 71432 Service and Storage from 12/1/08 to 12/31/08	\$99.42	

Date: **January 7, 2009**  
Voucher No. **20850**

Approved for Payment:

### TO THE CITY TREASURER:

Pay to the order of the above named payees, the amounts set opposite their respective names, totaling the sum of: **\$1,339.47**

Member of Board of Trustees

Prepared by

Secretary

Approved by

Approved by

January 8, 2009

Mr. Chuck Haas, Director of Risk Management  
City of Cincinnati  
801 Plum Street  
Cincinnati, Ohio 45202

Re: City of Cincinnati Retirement System

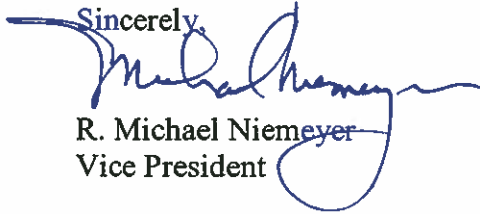
Dear Chuck:

At your request I met with Ms. Deb Denney our Chubb D&O underwriter for the City's Retirement System Board of Directors. The purpose of the meeting was to discuss the City's potential under funding of the pension reserve, the affect on the Board's liability exposure as well as general underwriting concern on the part of Chubb.

Ms. Denney shared with me that under funding of pension reserves by both private and public employers is of great concern to all D&O insurers. With the economic crisis continuing across the country, pension plan funding appears to be a quick solution to more immediate budgetary concerns of employers. As part of the underwriting process, Chubb views any plans falling below 75% of auditor recommended minimum levels as an exposure they are unwilling to underwrite. In the absence of a plan to bring funding amounts up to an appropriate level, Chubb feels their position is indicative of the insurance industry in general and reflects concern for a potential class action suit brought by retired employees over the long term financial stability of their pension fund. As we prepare for the May policy renewal, Ms. Denney referred me to **Exclusion 1** page 2 of 7 regarding prior knowledge by the insured of circumstances that might lead to a claim.

If the Board chooses not to address City Council on the potential consequences, should funding levels fall below the 75% level, I have concern over the applicability of this exclusion. In addition, should Chubb choose to non-renew at the 5/09/09 renewal I think our chances of finding a replacement carrier would be limited at best. My suggestion would be to confirm the exact amount of the suggested funding differential, inquire as to what the Council's intentions are for bringing the fund back in line with the auditor's recommendation, and then schedule a meeting with the Pension Board to further clarify potential implications to the Board's insurance protection. The \$5 million limit of liability provided in the current policy could quickly be exhausted in a class action. This could leave individual board members in a position of exposing their personal assets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Niemeyer", written over the typed name and title.

R. Michael Niemeyer  
Vice President