



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

January 8, 2009 / 2:00 PM
Committee Room B

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

Present:

Brian Pickering, Chair
Jason Barron
Donald Beets
Michael Fehn
James Robinson
Bryan Schmitt
John Walsh
Michael Rachford

Staff present:

John Boudinot
Keith Giles
John Dietz
Cheryl Volk – Recorder

Absent

D. Rager
D. Radford

BOARD MINUTES

Minutes from December 4, 2008 Board meeting were submitted for approval. M. Rachford made a motion to approve the minutes with corrections. M. Fehn seconded the motion and the motion was passed by the Board.

NEW BUSINESS

Three employees requested an opportunity to address the Board of Trustees concerning the Task Force recommendations and the solvency of the Cincinnati Retirement Pension. Each person spoke for two minutes: Karen Alder, Kathy Ratz, Diana Frey.

ICE MILLER LLP, OUTSIDE LEGAL COUNSEL FOR THE CRS

Katrina Clingerman provided the following report:

- **Eligible Recipients of Retiree Health Coverage**
According to the plan document and the provisions for health benefits under section CMC 203-43 and 203-44, the following persons are eligible to receive healthcare benefits: CRS member, optionee, survivor, and survivor dependents. Providing health care for others would not be in compliance with the Cincinnati Municipal Code (CMC).
- **IRS Issue Regarding Taxation Of Healthcare Benefits**
The CRS has the authority to determine eligibility for healthcare benefits. However, from an IRS taxation standpoint, any payments to participants with respect to medical

expenses of an ineligible dependent should be treated as includible in gross income, as they did not comply with requirements of Code Section 401(h) nor Code Sections 106 and 105(b).

This would require the CRS to issue corrected Forms 1099-R to any participants who received such payments.

If CRS chooses to provide healthcare to non-dependents, the benefit payment may not be paid from the Qualified Medical Benefits Account 401(h). CRS must create a separate fund, such as Code Section 115 Trust Fund as recommended by ICE MILLER.

- Voluntary Correction Program

Although the CRS has operated out of compliance with the plan document and IRS taxation requirements, a correction can be filed under the Voluntary Correction Program of Employee Plans Compliance Resolution System (EPCRS). Penalties may be abated by filing a correction and taking the appropriate steps.

K. Clingerman agreed to provide monthly progress reports to the Board, and provide answers to the following questions:

- Do the same rules apply for
 - Disability retirees
 - Survivor dependents
- Clarify the dollar amount that is taxable for the corrected Form 1099-R
- What documentation is recommended for “dependent” verification
- Provide information concerning options for determining the healthcare taxable amount on the 1099-R.

According to K. Clingerman’s interpretation of the code the CRS has the discretion to charge “premiums” for non-eligible participants who receive health care benefits.

Board Action

J. Walsh made motion to authorize ICE MILLER to initiate a Voluntary Correction Program filing on behalf of the CRS. B. Schmitt seconded the motion and the motion was passed by a unanimous roll-call vote.

COMMITTEE ASSIGNMENTS

Chair, B. Pickering disseminated the Committee Assignments for 2009.

D. Rager is the spokesperson for the Board.

BENEFITS COMMITTEE

M. Rachford submitted the Benefits Committee Report:

- Minutes: November 20, 2008
- Benefits Committee continues to work on eligibility criteria for healthcare benefits and definition of “disability.”
- Disabilities:

Willie Smith:	Appeal Denied
Myra Madison:	Appeal Denied
Diana Jordan:	Application Denied
Tim Helphinstine	Application Denied
Shirley Joiner:	Appeal Approved

Board Action

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

SECRETARY REPORT

J. Walsh provided the following report:

City Of Cincinnati Meeting of the Board of Trustees Month Ending: November 30, 2008				
Asset Valuation				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
November 30, 2008	\$ 1.80	Billion	\$ 1,802,933	
YTD Increase (Decrease)	-32.86%			
Current Asset Allocation	12/31/07 Actual	11/30/08 Actual	Target	Pending Allocations
Domestic Equity	52.9%	41.7%	43.5%	
International Equity	17.6%	15.5%	17.0%	12/31/08 \$4.1 Million Prudential PRISA III
Fixed Income	28.1%	21.5%	17.0%	
Private Equity	0.7%	4.0%	5.0%	
Real Estate	0.0%	9.2%	7.5%	
Infrastructure	0.0%	1.1%	5.0%	1/8/09 \$492,000 Alinda
Long / Short Equity	0.0%	6.3%	5.0%	
Treasury Cash	0.7%	0.7%	0.0%	
	100.0%	100.0%	100.0%	

Board Action

M. Rachford made a motion to accept the Secretary’s Report. Motion was seconded by M. Fehn and the motion passed.

CRS ACTIVITY 2008

DECEMBER

1. Application for Ordinary Retirement:	Total: 5
2. Application for Deferred Retirement:	Total: 1
3. Enrollment of New Members:	Total: 17
4. Ret. of Contrib. & Death Benefit:	Total: \$ 132,371
5. Loans to Members: 23 members	Total: \$ 378,652
6. Operating Expenses:	Total: \$ 275,197
7. Purchase of Military Service Credit:	Total: \$ 0

Motion made by M. Rachford and seconded by M. Fehn to adjourn. Motion passed and the meeting was adjourned: 3:20 PM.