

City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

June 5, 2008 / 2PM
Committee Room B

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

Present:

Marijane Klug, Chair
Jason Barron
Donald Beets
Michael Fehn
Brian Pickering
Michael Rachford
V. Daniel Radford
James Robinson
John Walsh

Staff present:

John Boudinot
Keith Giles
Cheryl Volk – Recorder

Absent

Dave Rager, Vice Chair
Gina Marsh

MAY 1, 2008 BOARD MINUTES

Motion made by M. Rachford and seconded by B. Pickering to approve the minutes as submitted. Motion was carried by the Board.

BENEFITS COMMITTEE REPORT

M. Rachford submitted the following information for review:

- Minutes: April 24, 2008

Board Action

Motion made by M. Rachford and seconded by B. Pickering to approve the Benefits Committee minutes of April 24, 2008. Motion was carried by the Board.

- Minutes: May 1, 2008

Board Action

Motion made by M. Rachford and seconded by B. Pickering to approve the Benefits Committee minutes of May 1, 2008. Motion was carried by the Board.

- Disability Cases:

- May 29th meeting:
 - Diane Langhorst – Appeal
Medical Director denied the disability appeal.
 - Angela Franklin - Application
Medical Director denied the disability application.

- June 5th meeting:
Alicia Gaines – Appeal
 Medical Director denied the disability appeal.

- Updated Disability Appeal Process

Board Action

Motion made by M. Rachford and seconded by B. Pickering to approve the updated Disability Appeal Process. Motion was carried by the Board.

- Proposed Language related to Purchases of Out-of-State and Federal Service – Ordinance
 Benefits Committee recommended one of the definitions for “Eligible Out of State Service” be omitted. See Page 4 of document, subsection (f), subsection (i), reference (B) that refers to aspects of “elected officials.”

R. Hardin, City Attorney, recommended a legal overview of the document to ensure other ordinances are not impacted by the revision. Present document to the Board after legal opinion obtained.

CRS ACTIVITY MAY 2008

- | | | |
|---|-------------|------------------|
| 1. Application for Ordinary Retirement: | | Total: 7 |
| 2. Application for Deferred Retirement: | | Total: 1 |
| 3. Resolution for Enrollment of New Members: | | Total: 28 |
| 4. Resolution for Return of Contribution & Death Benefit: | | Total: \$161,849 |
| 5. Resolution for Loans to Members: | 17 members: | Total: \$241,640 |
| 6. Operating Expenses: | | Total: \$135,786 |
| 7. Purchase of Military Service Credit: | 4 members: | Total: \$ 92,641 |

SECRETARY’S REPORT

	March 31, 2008		
Asset Valuation			
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340.00
March 31, 2008	\$ 2.50	Billion	\$ 2,497,151.00
YTD Increase (Decrease)	-7.01%		
Current Asset Allocation	12/31/07 Actual	3/31/08 Actual	Target
Domestic Equity	52.9%	45.3%	43.5%
International Equity	17.6%	18.8%	17.0%
Fixed Income	28.1%	21.7%	17.0%
Private Equity	0.7%	2.0%	5.0%
Real Estate	0.0%	6.6%	7.5%
Infrastructure	0.0%	0.0%	5.0%
Long / Short Equity	0.0%	5.3%	5.0%
Treasury Cash	0.7%	0.3%	0.0%
	100.0%	100.0%	100.0%

April 30, 2008

Asset Valuation			
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340.00
April 30, 2008	\$ 2.57	Billion	\$ 2,570,592.00
YTD Increase (Decrease)	-4.27%		
Current Asset Allocation	12/31/07 Actual	4/30/08 Actual	Target
Domestic Equity	52.9%	46.0%	43.5%
International Equity	17.6%	19.0%	17.0%
Fixed Income	28.1%	20.9%	17.0%
Private Equity	0.7%	2.1%	5.0%
Real Estate	0.0%	6.4%	7.5%
Infrastructure	0.0%	0.0%	5.0%
Long / Short Equity	0.0%	5.2%	5.0%
Treasury Cash	0.7%	0.4%	0.0%
	100.0%	100.0%	100.0%

Board Action

Motion made by J. Walsh and seconded by M. Rachford to accept the Secretary's report. Motion was carried by the Board.

INVESTMENT COMMITTEE

- Investment Policy received the following updates:
 1. Operational Guidelines add the sentence: "Additionally, there is a 50% notional limit on futures."
 2. International Equity Managers Change: "combined holdings of non-EAFE countries, excluding Canada, stocks and convertible bonds shall not exceed **20%** (was 15%) of the portfolio market."
 3. Addendum A: Investment Professionals & Benchmark Indexes: Manager list updated.

Board Action

Motion made by J. Walsh and seconded by M. Rachford to accept the Investment Policy changes. Motion was carried by the Board.

- First Quarter report was reviewed by the Investment Committee. Fixed Income for first quarter was 4.7% over target.
- April 2008 report was reviewed by the Investment Committee.
- **Small-Cap Value Equity Manager Search**
The following candidates made presentations
 - Opus
 - Tocqueville
 - Victory
 - WCM

The committee reviewed the presentations and voted to allocate \$50 million to Opus.

Board Action

Motion made by J. Walsh and seconded by D. Radford to approve \$50 million allocation to Opus, Small-Cap Manager. Motion was carried by the Board.

- The August Investment Committee will interview three Mid-Cap Managers: Times Square, Frontier and Turner.

Board Action

Motion made by J. Walsh and seconded by D. Radford to approve the Mid-Cap Manager search in August. Times Square, Frontier and Turner to be interviewed. Motion was carried by the Board.

GOVERNANCE COMMITTEE

B. Pickering requested the Governance Manual discussion be tabled until the August meeting when the Governance Committee Chair can be present. B. Pickering will present copies of other Vision Statements from various Retirement Systems for the Board to review and refine.

TASK FORCE REPORT

M. Klug, Task Force member, provided an overview of the Task Force progress. The Task Force will begin outlining their recommendations at their next meeting, June 10, 2008. Meetings will be held weekly until recommendations are complete.

CRS BOARD STAFF

Follow-up from the May 1st meeting of the Board of Trustees: M. Fehn submitted the updated Resolution concerning CRS Board Staff. The Resolution recommends the CRS retain and compensate top employees of the fund as a separate department, at a fair market value, that proper staff levels be established and that a Management Succession Plan be implemented.

The Resolution addresses the four positions held in the Cincinnati Retirement System: Executive Director, Chief Financial Officer (CFO), Benefits / Plan Manager, and Executive Assistant to Director.

Recommendations:

Roshani Hardin, Chief Counsel, provided the legal perspective and appropriate modifications to the Resolution.

The Board discussed the Resolution and recommended the following amendments:

1. The “salary study” be conducted first. Results of the study to be submitted along with the Resolution to the City Manager. Human Resources to implement.
2. Regarding the first **resolved**: “The Board of Trustees of the Cincinnati Retirement System requests that *top employees* be removed as a Division of the Finance Department and have a separate Retirement Department created with a Director that reports directly to the City Manager.” Replace “*top employees*” with “*Employees of the Retirement Division.*”
3. Clarification regarding the Succession Plan: The CFO would replace the Executive Director until a new Executive Director is hired.
4. Strike the fourth **Whereas** and the last paragraph referencing the CRS submitting RFP’s for independent legal services.
5. Add the sentence to begin the first **Resolved**: “The following enactment of any required legislative changes to the Cincinnati Municipal Code.”

Motion made by M. Klug to approve the friendly amendments. Motion seconded by B. Pickering. The friendly amendments were unanimously approved by the Board.

Motion made by M. Fehn that the Board approve the Resolution as amended. Motion was seconded by B. Pickering and the motion was carried by the Board following a roll-call vote:

Roll-Call Vote:

M. Rachford	No
J. Barron	Yes
D. Beets	Yes
M. Fehn	Yes
M. Klug	Yes
B. Pickering	Yes
J. Robinson	Yes
D. Radford	Yes
J. Walsh	Abstain

NEW BUSINESS

M. Fehn announced he was unable to participate in the final ballot count scheduled for Monday, June 9, 2008. M. Klug requested J. Walsh to serve as a temporary member of the Election Committee and assist assisting in the count process. J. Walsh agreed to participate in the election ballot count process.

ELECTION COMMITTEE

M. Fehn provided a partial report on the employee trustee election. All of the valid ballots received by the CRS were tallied June 4, 2008. Any additional ballots that arrive with a valid post-mark date of June 2, 2008, will be collected and counted on Monday, June 9, 2008.

Current election results:

Bryan Schmitt 385
Marijane Klug: 381
Joe Harrison: 199
Deborah Sanders: 195

Board Action

Motion made by M. Rachford, seconded by B. Pickering to accept the partial report of the Election Committee. Motion was carried by the Board.

NEW BUSINESS

- D. Beets presented a letter he received from Anthem about the “Diabetes and Hypertension Pharmacy Coaching Program.” D. Beets asked why the letter referred to the CRS “paying 100% for diabetes and hypertension classes..” and “waving co-pays for diabetes, hypertension and cholesterol medications.” Clarification was requested. Risk Management will address the question. Findings will be reported at August Board meeting.
- Pension Fund Allocation: B. Pickering announced that he is currently exploring possibilities for directing 100% of the contribution to the pension fund. Currently the contributions are prorated between the pension fund and the medical fund.. B. Pickering will consult with J. Robinson to research options for adjusting the allocation of contributions at end-of-year.

Motion made by M. Rachford to adjourn the Board meeting and seconded by M. Fehn. Motion was carried by the Board and the meeting was adjourned: 3:15PM.