



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

September 5, 2008 / 2PM
Committee Room B

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

Present:

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

Staff present:

John Boudinot
Keith Giles
Cheryl Volk – Recorder

Absent

Dave Rager

OATH OF OFFICE

Roshani Hardin administered the Oath of Office to Don Beets, the newly re-elected trustee.

BOARD MINUTES

Minutes from August 7, 2008 Board meeting were submitted for approval. Motion was made by M. Rachford and seconded by D. Radford to approve the minutes as submitted. Motion was carried by the Board.

BENEFITS COMMITTEE REPORT

M. Rachford submitted the following information for review:

- Minutes: August 7, 2008
- Minutes: August 28, 2008

- Out of State Purchase – Ordinance update:
The final version of the Ordinance was referred back to the September 4, 2008 Benefits Committee due to the statement “service purchased shall not exceed the lesser of five years.” The original document indicated three years as approved by the August 28, 2008 Benefits Committee. The Benefits Committee passed a motion to change the *three* years to *five* years.

The Ordinance was distributed for review and subsequent vote at the next meeting of the Board of Trustees: October 2, 2008.

Board Action

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

SECRETARY REPORT

J. Walsh provided the following report:

August 2008				
Asset Valuation				
December 31, 2007	\$ 2.69	Billion	\$ 2,685,340	
August 31, 2008	\$ 2.40	Billion		
YTD Increase (Decrease)	-6.7%			
Current Asset Allocation	12/31/07 Actual	8/31/08 Actual	Target	
Domestic Equity	52.9%	46.1%	43.5%	
International Equity	17.6%	16.5%	17.0%	
Fixed Income	28.1%	22.0%	17.0%	
Private Equity	0.7%	2.7%	5.0%	
Real Estate	0.0%	6.9%	7.5%	
Infrastructure	0.0%	0.0%	5.0%	
Long / Short Equity	0.0%	5.6%	5.0%	
Treasury Cash	0.7%	0.2%	0.0%	
	100.0%	100.0%	100.0%	

D. Beets requested additional information regarding the impact of the “J-curve” associated with private equity on portfolio investment performance.

J. Walsh will include an update to the Board following the third quarter report.

Asset Allocations:

- \$19.7 million allocated to Macquarie Infrastructure Partners
- \$50 million allocated to WCM, Small-Cap Value Equity Manager
- \$50 million allocated to Turner, Mid-Cap Manager

INVESTMENT COMMITTEE

Minutes: August 7, 2008

Board Action

J. Walsh made a motion to approve the Investment Committee minutes as submitted. Motion seconded by M. Fehn and the motion was carried by the Board.

CRS REPORT

Due to a death in the family of the CRS Senior Accountant, monthly financial reports were not available. Financial reports will be provided at the October 2, 2008 Board of Trustees meeting.

TASK FORCE REPORT

J. Boudinot provided the following update:

- The City Manager will receive the Task Force report on Monday, September 8, 2008. The City Council will review the report at their meeting, September 17, 2008.
- The Board will receive hard copies of the Task Force Report after September 17, 2008. The report will also be available on the city web site for public access.
- Board members discussed the role of the Board regarding the Task Force recommendations.
D. Radford made the following suggestions for the Board:
 - Begin to glean relevant information from the Task Force report for Board review.
 - Consider a consultation with an Actuary to discuss ramifications of recommendations.
 - Maintain 'Task Force Report' as a standard Board Agenda item.

ACTUARIAL INTERVIEWS

D. Radford reported on the Actuarial Interview Process of September 4, 2008:

- The Actuarial Selection Committee selected four actuaries from the seven proposals submitted. One-hour interviews were conducted with the following firms:
 - Segal
 - PriceWaterhouseCoopers
 - Cavanaugh Macdonald
 - GRS
- By a majority vote, members selected Cavanaugh Macdonald Consulting, LLC to provide actuarial services for the CRS.

Board Action

D. Radford made a motion to approve the hiring of Cavanaugh Macdonald Consulting, LLC to provide actuarial services for the CRS. The contract is for five years. Motion was seconded by M. Rachford and the motion was carried by the Board.

LEGAL ISSUES

Roshani Hardin, Chief Counsel, provided the following update:

- A lawsuit was filed on behalf of 80+ Early Retirement Incentive Program recipients, concerning their post-retirement health-care benefits.
- Diana Langhorst disability appeal: A Motion to Dismiss was filed by the Assistant City Solicitor.
- Michael Perkins: Brief will be filed second week September by Assistant City Solicitor.
- John Curp was hired as the new City Solicitor. Mr. Curp has extensive experience with one of the state retirement systems and particular expertise with pension issues. Mr. Curp will attend the next Board of Trustees meeting, October 2, 2008.

RESOLUTION: CRS BOARD STAFF

M. Fehn provided an update on the Resolution and the following was determined:

- D. Rager, Board Chair will meet with the City Manager to discuss the proposed Resolution.
- The Board will consider contracting with Hudepohl to search for a Chief Investment Officer. J. Boudinot has scheduled a conference call for September 23, 2008 with Hudepohl and D. Rager.
- D. Rager will establish an ad hoc committee to address the steps for reorganization.
- Resolution Updates to be included on future Board Agendas.

OTHER BUSINESS

D. Beets requested an update regarding Anthem rebates for active employees and retirees. J. Walsh will research and report at a future Board meeting.

CRS ACTIVITY

<u>CRS Activity 2008</u>	<u>August</u>	<u>September</u>
1. Application for Ordinary Retirement:	Total: 7	5
2. Application for Deferred Retirement:	Total: 0	0
3. Enrollment of New Members:	Total: 27	
4. Ret. of Contrib. & Death Benefit:	Total: \$ 301,027.48	
5. Loans to Members: 22 members	Total: \$ 235,548.50	
6. Operating Expenses:	Total: \$ 4,125,950.00	
7. Purchase of Military Service Credit:	Total: \$ 0	

Motion made by D. Radford to adjourn the Board meeting. Motion seconded by M. Fehn and motion was carried by the Board. Meeting was adjourned: 2:35 P.M.