



City Of Cincinnati Retirement System Investment Committee

Minutes

November 6, 2008 / 12:00 PM
Centennial II Meeting Room A

A quorum was confirmed and the meeting to order: 12:03 P.M.

Present:

Jack Walsh, Chair (Proxy)
Donald Beets
Mike Fehn
Brian Pickering
James Robinson
Daniel Radford
David Rager
Bryan Schmitt
Michael Rachford

Staff Present:

John Boudinot
Ron Wilson
Cheryl Volk, Recorder

Absent

David Rager

October 2, 2008 Investment Committee Minutes

Motion was made by B, Pickering and seconded by B. Schmitt to approve the minutes as submitted. Motion was carried and the minutes approved.

J. Boudinot introduced Ron Wilson as the CRS Senior Accountant.

Shenkman Capital Management

The Investment Committee invited Shenkman Capital Management, a High Yield Fixed Income Manager, to make a presentation to the committee. A question and answer session followed. Kim Hekking and Mark Flanagan presented the following report:

- Firm Profile and Update
- Profile of the High Yield Market
- Performance
- Portfolio Review

The CRS Investment Consultant, Brett Christenson, Managing Director of Marquette Associates, provided a Special Report to offer perspective and analysis on the market, asset classes, and the issues important to the CRS portfolio. The following was included:

- Timeline of past twelve months
- Fixed Income Markets
- U.S. Equity Markets
- International Equity Markets

- Hedge Fund Markets
- Private Equity
- Real Estate
- Infrastructure
- Securities Lending
- Commercial Paper

✚ At the closing of the third quarter, CRS market value: \$2.17 Billion. The Total Fund returned -8.7% for the quarter.

✚ B. Christenson noted that Real Estate investments continue to grow while Fixed Income investments decline. Although Shenkman Capital Management returned -3.4% for the quarter, they out performed their benchmark, LB High Yield, which returned -11.2%.

✚ **Recommendations and Announcements:**

- Allocate assets from Pimco and Blackrock to Shenkman. Amounts to be determined.
- Discuss reallocation of funds at next meeting of Investment Committee – December 4, 2008.
- Alert Status
 - Montag & Caldwell became a wholly owned subsidiary of Fortis Bank, which was subsequently purchased by the Belgian Government.
 - Allegiant Asset Management is owned by National City which was acquired by PNC Financial Service Group Inc. PNC also is a partial owner of Blackrock.
- Invite Industry Funds Management (IFM) to attend the next Investment Committee.
- Securities Lending Program
Due to the Lehman Brothers bankruptcy, the CRS will have a financial loss in the securities lending pool managed by BONY Mellon. The anticipated timeframe for the actual value of the loss be determined is approximately one year.

Committee Action

D. Radford made a motion to place Montag & Caldwell and Allegiant Asset Management on Alert Status, due to the change in ownership structure. Motion seconded by B. Schmitt and the motion was passed.

Committee Action

D. Radford made a motion to adjourn, seconded by B. Pickering. Motion passed and meeting was adjourned 2:00 P.M.