



# City Of Cincinnati Retirement System Board of Trustees Meeting

## Minutes

September 2, 2010 / 2:00 PM  
Committee Room B

Meeting was called to order at 2:05 PM

### **Present:**

Brian Pickering, Chair  
David Rager, Vice Chair  
Jason Barron  
Donald Beets  
Michael Fehn  
Roxanne Qualls  
Michael Rachford  
James Robinson  
Bryan Schmitt  
Jack Walsh

### **Staff Present:**

Paula Tilsley  
Cheryl Volk  
Roshani Hardin

### **BOARD MINUTES**

M. Fehn requested an amendment to the Board minutes of June 3, 2010 – to insert the following sentence under Discussion of Board Composition on Page 3, “M. Fehn objected to the proposed Board restructuring and pointed to the lack of substantial active employee and retiree representation. Mr. Fehn protested to what he considers an unprincipled restructuring of the Board.”

#### ***Board Action***

M. Fehn made a motion to approve the June 3, 2010 minutes with amendments and to approve the minutes as submitted for June 17, 2010, and July 20, 2010. J. Walsh seconded the motion and the motion passed. Minutes were approved.

### **BENEFITS COMMITTEE REPORT**

 Benefits Committee Minutes: June 3, 2010 and June 17, 2010

 Disability Report

#### **Eric Strader - Disability Application**

#### ***Board Action***

M. Rachford made a motion to accept the Medical Director’s recommendation and to deny the disability application for Eric Strader. B. Schmitt seconded the motion and following a unanimous roll-call vote, the motion passed. Disability application denied.

J. Barron	Yes
D. Beets	Yes
M. Fehn	Yes
R. Qualls	Yes
B. Pickering	Yes
D. Rager	Yes
M. Rachford	Yes
J. Robinson	Yes
B. Schmitt	Yes
J. Walsh	Yes

**Charles Scarborough - Disability Application**

***Board Action***

M. Rachford made a motion to accept the Medical Director’s recommendation and to deny the disability application for Charles Scarborough. B. Schmitt seconded the motion and following a unanimous roll-call vote, the motion passed. Disability application denied.

J. Barron	Yes
D. Beets	Yes
M. Fehn	Yes
R. Qualls	Yes
B. Pickering	Yes
D. Rager	Yes
M. Rachford	Yes
J. Robinson	Yes
B. Schmitt	Yes
J. Walsh	Yes

**Gerald Meyer – Appeal Request**

On March 13, 2010, Mr. Meyer’s disability retirement appeal was denied. On August 31, 2010 Mr. Meyer submitted a request for a second appeal. The request was not submitted within the timeframe as stipulated in the Cincinnati Retirement System (CRS) Rules. The Rules require written requests be submitted within 30 calendar days of the denial notice. Mr. Meyer claimed he did not receive the denial notice. The CRS office received a signed “certified mail” receipt that the denial notice was received by Mr. Meyer. Mr. Meyer was not able to substantiate the claim that he did not receive the notice. The Benefits Committee denied Mr. Meyer’s request for a second appeal.

**ELECTIONS UPDATE**

J. Walsh, Election Committee Chair provided the following update:

**Retiree Election**

Because only one nomination was received for the retiree election, the retiree election was declared closed and the one candidate, Don Beets was declared the winner. The announcement was posted on CRS website and mailed via postcard to all retirees.

**Employee Election**

1. 4600 ballots were mailed to the employees on August 26, 2010
2. Employees nominated 12 candidates for the 4 trustee seats
3. The election closes on September 28, 2010
4. Ballots will be counted on September 30, 2010
5. The Oath of Office will be administered at the October 7, 2010, Board meeting

**SECRETARY REPORT**

J. Walsh provided the following reports:

<b>Month Ending: July 31, 2010</b>			
<b>Asset Valuation</b>			
December 31, 2009	\$ 2.00	Billion	\$ 1,998,378
<b>July 31, 2010</b>	<b>\$ 1.97</b>	<b>Billion</b>	<b>\$ 1,972,423</b>
YTD Increase (Decrease)	-1.30%		
<b>Current Asset Allocation</b>	<b>12/31/09 Actual</b>	<b>7/31/2010</b>	<b>Target</b>
Domestic Equity	42.9%	28.4%	29.5%
International Equity	16.5%	20.8%	21.0%
Fixed Income	20.3%	21.5%	17.0%
Private Equity	4.3%	5.4%	5.0%
Real Estate	8.6%	5.7%	7.5%
Infrastructure	1.0%	2.4%	5.0%
Long / Short Equity	6.2%	14.9%	15.0%
Treasury Cash	0.2%	0.9%	
	100.0%	100.0%	100.0%

<b>Month Ending: June 30, 2010</b>			
<b>Asset Valuation</b>			
December 31, 2009	\$ 2.00	Billion	\$ 1,998,378
<b>June 30, 2010</b>	<b>\$ 1.90</b>	<b>Billion</b>	<b>\$ 1,900,858</b>
YTD Increase (Decrease)	-4.88%		
<b>Current Asset Allocation</b>	<b>12/31/09 Actual</b>	<b>6/30/2010</b>	<b>Target</b>
Domestic Equity	42.9%	27.5%	29.5%
International Equity	16.5%	19.9%	21.0%
Fixed Income	20.3%	22.6%	17.0%
Private Equity	4.3%	5.5%	5.0%
Real Estate	8.6%	5.7%	7.5%
Infrastructure	1.0%	2.3%	5.0%
Long / Short Equity	6.2%	15.4%	15.0%
Treasury Cash	0.2%	1.1%	
	100.0%	100.0%	100.0%

<b>Month Ending: May 31, 2010</b>			
<b>Asset Valuation</b>			
December 31, 2009	\$ 2.00	Billion	\$ 1,998,378
<b>May 31, 2010</b>	<b>\$ 1.94</b>	<b>Billion</b>	<b>\$ 1,943,715</b>
YTD Increase (Decrease)	-2.74%		
<b>Current Asset Allocation</b>	<b>12/31/09 Actual</b>	<b>5/30/2010</b>	<b>Target</b>
Domestic Equity	42.9%	28.7%	29.5%
International Equity	16.5%	19.5%	21.0%
Fixed Income	20.3%	23.1%	17.0%
Private Equity	4.3%	5.2%	5.0%
Real Estate	8.6%	5.5%	7.5%
Infrastructure	1.0%	2.3%	5.0%
Long / Short Equity	6.2%	14.7%	15.0%
Treasury Cash	0.2%	1.0%	
	100.0%	100.0%	100.0%

## **INVESTMENT COMMITTEE REPORT**

- + Minutes – June 3, 2010
- + 2<sup>nd</sup> Quarter 2010 Report - Market Value \$1,878,469
  - o The total fund returned -5.1%, outperforming its benchmark, which returned -6.7%. Over the trailing 12 months, the CRS returned +14.5%, outperforming the policy benchmark, which returned +12.9%.
  - o Investment Performance Analysis - Internal Rate of Return (IRR)

## **LEGAL UPDATES**

R. Hardin, Chief Legal Counsel provided the following report:

- + Tuesday, September 7, 2010 the Finance Committee will address the technical changes of the ordinances for the new board composition.
  - o Board flexibility – new Board to determine meeting schedule
  - o Effective date of new Board – October 7, 2010
  - o Extension of expiring term until October 7, 2010
- + The ERIP law suit will go before Judge Nadel in December
- + Perkins Case – argued by First District - ruling expected soon
- + Langhorst – disability case. Disability denied and appealed in First District

## **PENDING BUSINESS**

- + D. Rager provided an update on the Legislature replacing language that was removed from the Ohio Revised Code in the 1990's. The Legislature will take action on replacing the language acknowledging the Cincinnati Retirement System (CRS).

 P. Tilsley provided the following updates:

- Deceased Retiree Overpayments  
CRS has been proactive in identifying overpayments and taking the appropriate action. The CRS office continues to verify the status of retirees and optionees by utilizing the services of The Berwyn Group, the industry leader in mortality verification and locator services.
- Survivor Overpayments  
Legal questions must be answered before the CRS can take any further action on communications. Actions are suspended until further notice.
- Task Force Update  
On August 5, 2010, the Task Force report was presented to the Finance Committee. As a result of the presentation, Council members requested additional information. P. Tilsley is working with Cavanaugh Macdonald to provide the requested data.
- Dependent Eligibility Ordinance  
The Dependent Eligibility Ordinance was passed by Council in 2009 with the effective date of January 1, 2011. Communications have been postponed due to the recent federal regulation regarding the Pension Protection Act (PPA) for adult children. The State of Ohio also enacted a law requiring availability of extended coverage for a different group of adult children.

CRS was recently informed that the Federal PPA does not apply to CRS retirees. CRS should know within a couple of weeks whether CRS retirees are subject to the State of Ohio regulations. CRS office will send communications to retirees as soon the State law is clarified.

Retiree Drug Subsidy (RDS)

The federal program provides partial prescription reimbursement to the CRS. One step for the CRS is to submit claim reports to Medicare. Due to the ongoing data clean up conducted by the CRS staff, the CRS has received an additional \$640,000 in reimbursements for the 2009 plan year.

Early Retiree Reinsurance Program (ERRP)

The Federal ERRP is a program generated by the PPA. The program provides opportunity for employers to have costs for retiree health insurance reimbursed. The CRS actuary, Cavanaugh Macdonald is currently working on the application.

Once the application is approved, the CRS will submit claims between \$15,000 and \$90,000 for retirees between 55 and 64 years of age. The CRS could then be eligible to receive a designated reimbursement. The national program will extend until year 2014 or when the \$5 billion is exhausted, whichever comes first. P. Tilsley will continue to provide updates.

**NEW BUSINESS**

Mayor/Council Appointed Board Members

J. Barron reported that four people are currently under consideration for Board placement. Recommendations for Board appointees should be forwarded to the Mayor's office. They expect to have the appointees in place for the Board meeting on October 7, 2010.

B. Pickering thanked the Board members for their hard work and dedication over the years. The new Board will be in place for the Oath of Office for the next meeting on October 7, 2010.

**Informational Items:**

 CRS Activity		<u>June</u>	<u>July</u>	<u>August 2010</u>
1) Application for Ordinary Retirement:	Total:		12	18
2) Enrollment of New Members:	Total:	228	136 (July and August)	
3) Return of Contributions for EE:	Total:	\$ 141,888	\$122,866	\$ 187,677
4) Death Benefits:	Total:	\$ 101,464	\$ 45,000	\$ 102,597
5) New Loans: (111)	Total:	\$ 565,999	\$ 399,314	\$ 599,330
6) Operating Expenses:	Total:	\$ 115,159	\$ 117,986	\$ 88,366

M. Fehn made a motion to adjourn the meeting. Motion was seconded by D. Rager and the motion passed. Meeting was adjourned 2:40 P.M.