



# City Of Cincinnati Retirement System Board of Trustees Meeting

## Minutes

November 4, 2010 / 12:00 PM  
Committee Room B

### Present:

Madelynn Matlock, Chair  
Bill Partridge, Vice-Chair  
Karen Alder  
Don Beets  
Mark Berliant  
Mike Fehn  
Chris Meyer  
Brian Pickering  
Mike Rachford  
Roger Sims

### Staff Present:

Paula Tilsley  
Christine Zimmer  
Cheryl Volk

The Board Chair called the meeting to order at 12:05 P.M.

### APPROVAL OF MINUTES

D. Beets made a motion to approve the minutes. M. Fehn seconded the motion and the motion passed. The Board minutes from October 7, 2010 were approved.

### INVESTMENT REPORT

Brett Christenson, Managing Director, Marquette Associates provided the following reports:

- ✚ Overview of Marquette Associates, Inc.
- ✚ Marquette's history with Cincinnati Retirement System (CRS)
- ✚ 3<sup>rd</sup> Quarter Report
  - Close of quarter – market value \$1.99 billion. The total portfolio investments:
    - 19.5% fixed income
    - 29.3 % domestic equities
    - 22.0 % international equities
    - 6.2 % real estate
    - 5.6 % private equity
    - 15.1 % Long/Short Equity
    - 2.3 % infrastructure
    - 0 % in cash

- The Total Fund returned +8.4 % for the 3<sup>rd</sup> quarter – underperforming the benchmark which returned +9.5 %.
- Over the trailing twelve months, the CRS returned +10.5 %, outperforming the benchmark which returned + 10.2%.
- Review of market values – September 30, 2010
- Blackrock performance is up 11.6% - a 33 percentile ranking. Discuss removing Blackrock from the alert list at a future meeting.

✚ Securities Lending Review – CRS lending, Bank of New York (BNY) lending holdings, and securities lending paper

✚ Cash Overlay Program review

The proposed date for the new Investment Committee to meet is Thursday, February 3, 2011.

## **INTRODUCTION**

John Curp, City Solicitor, introduced himself to the Board and provided an overview of the legal support available to the Board through the City Solicitor’s office.

## **URGENT CHANGES FOR A SUSTAINABLE SYSTEM**

Bill Partridge, Vice Chair, provided a report that builds on the Task Force II (TF-II) recommendations and proposes changes that are needed for a sustainable retirement system to address the financial challenges of the retirement system. The report identified the various contributing factors that continue to jeopardize the pension and health care trusts.

B. Partridge and Paula Tilsley, CRS Executive Director, consulted with Actuary, Cavanaugh Macdonald to provide the financial impact of these recommendations. These figures are expected to be provided at the Special Board Meeting on November 19<sup>th</sup>.

The report identified some of the events that increased unfunded liabilities and led to intractable legacy costs. Additionally, the report captured the City’s record of payments to the fund. B. Partridge defined the term “funding ratio” and stressed the importance of calculating this ratio using the actuarial value of assets as well as the market value of assets. B. Partridge also discussed the potential changes being considered by GASB and the impact and importance of these changes if the market value of assets becomes a common standard of measurement for public retirement plans.

The pros and cons of Pension Obligation Bonds were discussed and will be reviewed further as a potential recommendation for City Council. The Board agreed with the Task Force II Report that retirees, actives, and the City of Cincinnati all must contribute to the solution to ensure the solvency of the pension and healthcare trusts into the extended future.

Once finalized, the CRS Board will present the report with final recommendations to City Council for their education, information, and final decision.

M. Fehn made a motion to adjourn the meeting. M. Rachford seconded the motion and the motion passed. Meeting was adjourned 4:05 P.M.