



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

June 3, 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
Bryan Schmitt
Michael Rachford
Michael Fehn
James Robinson
Jack Walsh

Staff Present:

Paula Tilsley
Cheryl Volk

Absent

Miles Lindahl

BOARD MINUTES MAY 6, 2010

M. Rachford made a motion to approve the minutes. B. Schmitt seconded the motion and the motion passed. A minor revision for clarification purposes was requested and the minutes were approved.

BENEFITS COMMITTEE REPORT

Benefits Committee minutes: May 6, 2010

Survivor Benefits

M. Rachford reported that 97 existing survivors have received approximately \$85,000 in overpayments by the Cincinnati Retirement System (CRS). The repayment plan would include lump sum payments and subsequent monthly deductions as necessary. Benefits Committee is working with CRS administration to proceed with reasonable corrective actions to secure repayment.

Board Action

M. Rachford made a motion to accept the Benefits Committee report. M. Fehn seconded the motion and the motion passed. Benefits Committee report was accepted.

SECRETARY REPORT

J. Walsh provided the following report:

Board of Trustees Secretary Report			
Month Ending: April 30, 2010			
Asset Valuation			
December 31, 2009	\$ 2.00	Billion	\$ 1,998,378
April 30, 2010	\$ 2.05	Billion	\$ 2,046,913
YTD Increase (Decrease)	2.43%		
Current Asset Allocation	12/31/09 Actual	4/30/2010	Target
Domestic Equity	42.9%	31.3%	29.5%
International Equity	16.5%	20.9%	21.0%
Fixed Income	20.3%	20.7%	17.0%
Private Equity	4.3%	4.9%	5.0%
Real Estate	8.6%	5.2%	7.5%
Infrastructure	1.0%	2.2%	5.0%
Long / Short Equity	6.2%	13.9%	15.0%
Treasury Cash	0.2%	0.9%	
	100.0%	100.0%	100.0%

INVESTMENT REPORT

J. Walsh provided the following report:

- May 6, 2010 Investment Committee minutes
- Report from June 3, 2010 Investment Committee meeting:
 - Common Sense Investment Management LLC: Dean Derrah, President, provide the following report:
 - Firm Overview and Update
 - Common Sense Long-Biased Performance and Portfolio Review
 - Disclosures
 - Approximately \$1.2 million was saved due to the asset rebalancing from equities to fixed income
 - Future considerations of Investment Committee:
 - Rebalancing equities
 - Inviting Mondrian to make presentation

LEGAL UPDATES

- C. Zimmer, Assistant City Solicitor provided an update on two cases:
 - The City won the disability appeal case in trial court for Diane Langhorst. The plaintiff has appealed the case to the First District Court of Appeals. The City's brief in the appeal is due on August 20, 2010.

- The City won the Michael Perkins case in trial court, and the plaintiffs have appealed to the First District. Oral arguments were on April 12, 2010 and a decision is expected soon.
- An Executive Session was required for Ms. Zimmer to provide the Board an update on the suit filed by the retirees vs City of Cincinnati. D. Beets and audience members were excused during Executive Session and returned when Executive Session was adjourned.

EXECUTIVE SESSION

M. Rachford made a motion to call Executive Session to order. M. Fehn seconded the motion and the motion passed. Executive Session called to order at 2:15 P.M.

EXECUTIVE SESSION

M. Rachford made a motion to adjourn the Executive Session to order. M. Fehn seconded the motion and the motion passed. Executive Session was adjourned at 2:25 P.M.

- Board Composition
 - On June 1, 2010 the Budget Finance Committee approved a motion to amend Article XV, "Retirement System," of the Administrative Code of the City of Cincinnati to change the composition and terms of the board of trustees of the retirement system, to expand the powers of the board, to allow for compensation of the trustees, and to require the City to carry liability insurance for system administration, by amending Section 1 "Board of Trustees," Section 2, "Compensation; Oath of Office," Section 3, "Organization of the Board," and Section 10, "Administrative Services and Activities." The motion will require amendments of three ordinances.
 - The new Board composition would consist of nine members:
 - Six members appointed by the Mayor and approved by City Council
 - One member shall be selected by active members
 - One member shall be selected by retired members
 - One member shall be selected by the other eight members of the board

Discussion

The Board was asked to contact B. Pickering with any recommendations for City Council's consideration regarding the Board restructuring.

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.

TASK FORCE UPDATE

P. Tilsley reported that the finalized Task Force report has been submitted to City Council. The Report reflects four separate options for a plan design. Contained within each option are six different funding combinations from which to choose.

INDEPENDENT BOARD MEMBER

The search for an independent board member has been suspended until the board changes are finalized. All candidates will be notified.

NEW BUSINESS

M. Rachford recommended providing the Healthy Lifestyles Program for retirees.

INFORMATIONAL ITEMS

 CRS Activity	May	June 2010
1. Application for Ordinary Retirement:	Total:	14
2. Enrollment of New Members:	Total:	34
3. Return of Contributions for EE:	Total:	\$ 66,624
4. Death Benefits:	Total:	\$ 37,500
5. New Loans: <u>41</u>	Total:	\$ 492,186
6. Operating Expenses:	Total:	\$ 77,617

M. Rachford made a motion to adjourn the meeting. Motion was seconded by M. Fehn and the motion passed. Meeting was adjourned 2.55 P.M.