



City Of Cincinnati Retirement System Investment Committee Meeting

Minutes

June 2, 2011 / 12:00 P.M.
City Hall – Committee Room B

Present:

Chris Meyer, Chair
Don Beets
Mike Fehn
Madelynn Matlock
Brian Pickering

Staff Present:

Paula Tilsley
Don Beresford
Cheryl Volk

The meeting was called to order at 12:00 P.M.

INVESTMENT COMMITTEE STRUCTURE

C. Meyer proposed a redesign of the committee structure. Members were asked to consider meeting four times a year rather than monthly. The committee would review quarterly reports as prepared by Marquette Associates and other investment materials as available. Meetings would be held in February, May, August, and November.

Marquette will continue to provide oversight of the money managers and will update the Investment Committee concerning their performance. Members of the Investment Committee agreed with the new proposed structure.

NEW BUSINESS

✚ April 2011 Performance Report

- Market Values
- Current Asset Allocation vs Policy
- Investment Manager Status Reports
- Annualized Investment Manager Performance Reports

✚ 1st Quarter Report 2011

- Asset allocation vs peers
- Market Values
- Calendar year performance
- Annualized Investment Manager Performance

✚ Asset Allocation Study

Following are initial recommendations aimed at enhancing the risk-adjusted return characteristics of the portfolio. Further analysis will occur as the Board reviews the results of the Actuarial Experience Study currently underway. The following recommendations change allocations **within** asset categories. However the allocations by assets category do not change.

- International Equity
 - Reduce the Developed Large Cap funds Mondrian (Value), and Harding Loevner (Core) from 7.5% each to combined allocation of 11%.
 - Increase targets for both Mondrian Emerging Market and DFA Small Cap from 3% to 5%.
- U.S. Equity

- Eliminate total of 9% allocation in Montag & Caldwell (Large Cap Growth), Rhumblin (Large Cap Value), and Bartlett (All Cap Value)
 - Increase the All Cap Core Equities Allegiant and PanAgora from 6.5% each to 19.5% combined allocation.
- Increase the target allocation to Shenkman Four Points (High Yield Fixed Income) from 1.5% to 5% by moving remaining Shenkman (High Yield Fixed Income) assets (3.5% target allocation) into the Four Point program.
 - Invite Shenkman managers to the August Investment Committee to discuss their current strategies, the Four-Points product, and an overview of the firm.

Investment Committee Action

B. Pickering made a motion to make asset allocation changes in International Equity. Increase the Mondrian Emerging Market and DFA Small Cap from 3% to 5% each. Reduce the Developed Large Cap, Mondrian and Harding Loevner, from 7.5% each to a combined allocation of 11%. M. Matlock seconded the motion and the motion passed. Recommendation will be forwarded to the Board of Trustees for approval.

 Investment Policy Statement

The updated Investment Policy was approved by the Board May 5, 2011. The Policy will be updated as future changes are approved by the Board.

 Contract with Marquette Associates

- The initial 5-year contract with Marquette Associates expires 12/31/11. The contract includes a renewal provision of two additional 2-year periods. Considering the recent changes in Board structure, the pension-plan design changes, and Marquette's involvement in the experience and allocation study, members acknowledged the need for continuity. The committee is to review the contract and consider the renewal provisions rather than initiating a Request for Proposal (RFP) at this time.
- Revisit the possibility of an RFP in year 2012
- P. Tilsley to provide members a copy of Marquette's contract
- Discuss Marquette contract at the next Investment Committee on August 4, 2011.

M. Fehn made a motion to adjourn. Meeting was adjourned at 1:50 P.M.