



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

May 6, 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
Miles Lindahl
Jack Walsh
James Robinson

Staff Present:

Paula Tilsley
Cheryl Volk

Absent

Bryan Schmitt
Michael Rachford (attending conference)

BOARD MINUTES APRIL 1, 2010

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

BENEFITS COMMITTEE

M. Fehn provided the following Benefits Committee Report:

- + Benefits Committee minutes: April 1, 2010
- + Benefits Committee report from May 6, 2010
 - The committee is considering the implementation of a \$50 fee for each appeal filed. Administration to research the number of appeals filed over the past year and the amount paid by CRS. Benefits Committee in the process of reviewing the CMC and CRS rules for redefining the disability program
- + Disability Report:
 - o Maxine Baker: Disability Application

Board Action

M. Fehn made a motion to accept the Medical Director's recommendation and to deny the disability application for Maxine Baker. D. Beets 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
M. Lindahl	Yes
B. Pickering	Yes
D. Rager	Yes
J. Robinson	Yes
J. Walsh	Yes

o Debra Vitt: Disability Application

The Medical Director recommended approval of disability retirement with a reassessment in 18 months. Members discussed the complications involved recommending follow-up assessments. Members considered whether the recommendation should be voted separately.

Board Action

M. Fehn made a motion to accept the Medical Director’s recommendation and to approve the disability application for Debra Vitt, including the recommendation for a medical reassessment in 18 months. J. Robinson seconded the motion. Discussion raised concerns for setting precedence for approving disabilities with medical reassessments. All disability applicants sign an acknowledgement that according to the Cincinnati Municipal Code §203-55, they could be subject to an income review as well as a medical reexamination in the future. Therefore, mandating a reassessment is unnecessary. Following a roll-call vote, the motion failed.

J. Barron	Recuse
D. Beets	No
M. Fehn	Yes
M. Lindahl	Recuse
B. Pickering	Yes
D. Rager	Yes
J. Robinson	Abstain
J. Walsh	Yes

Board Action

M. Lindahl made a motion for reconsideration of the original motion. J. Barron seconded the motion and following a roll-call vote, the motion passed.

J. Barron	Yes
D. Beets	Yes
M. Fehn	Yes
M. Lindahl	Yes
B. Pickering	Yes
D. Rager	Yes
J. Robinson	Yes
J. Walsh	Yes

Board Action

M. Fehn made a motion to accept the Medical Director’s recommendation for disability, excluding the ancillary recommendation for a future reassessment. M. Lindahl seconded the motion and following a roll-call vote, the motion passed. The disability application was approved.

J. Barron	Yes
D. Beets	No
M. Fehn	Yes
M. Lindahl	Yes
B. Pickering	Yes
D. Rager	Yes
J. Robinson	Yes
J. Walsh	Yes

o William Huxell: Disability Appeal

Board Action

M. Fehn made a motion to accept the medical recommendation from Case Consultants and to approve the disability appeal for William Huxell. D. Beets seconded the motion and following a unanimous roll-call vote, the motion passed and the disability appeal was approved.

J. Barron	Yes
D. Beets	Yes
M. Fehn	Yes
M. Lindahl	Yes
B. Pickering	Yes
D. Rager	Yes
J. Robinson	Yes
J. Walsh	Yes

o Diane Langhorst – Update

On April 2, 1010 Common Pleas Judge Ted Winkler denied Ms. Langhorst’s Objections to the Magistrate’s Decision (which held for the City). The Common Pleas Court affirmed the City’s denial of Ms. Langhorst’s disability retirement application. On April 28, 2010, Ms. Langhorst filed a Notice of Appeal from the Common Pleas Court to the First District court of Appeals.

INVESTMENT REPORT

J. Walsh provided the following report:

- April 1, 2010 Investment Committee minutes
- Report from May 6, 2010 Investment Committee meeting:
 - Guillermo Marroquin, VP and Rene Lubianski, VP provided a Macquarie portfolio update
 - 1st Quarter 2010 - market value: \$2 billion
 - Asset Allocation: B. Christenson recommended and the Investment Committee approved:

Transfer \$38 million from the following asset classes with \$26 million going to Blackrock Financial Management and \$12 million to Pacific Investment Management Co. (PIMCO):

- o \$8 million from Allegiant Asset Management
- o \$8 million from PanAgora Asset Management
- o \$8 million from Rhumblin Advisers – Large Cap Value
- o \$6 million from Harding Loevner Investment Management
- o \$2 million from Montag & Caldwell
- o \$2 million from Turner Investment Partners
- o \$2 million from OPUS Capital Management
- o \$2 million from WCM Investment Management

J. Barron proposed the investment consultant summarize the rationale and the recommendations for asset allocations.

SECRETARY REPORT

J. Walsh provided the following report:

Board of Trustees Secretary Report			
Month Ending: March 31, 2010			
Asset Valuation			
December 31, 2009	\$ 2.00	Billion	\$ 1,998,378
March 31, 2010	\$ 2.03	Billion	\$ 2,029,171
YTD Increase (Decrease)	1.54%		
Current Asset Allocation	12/31/09 Actual	3/31/10 Actual	Target
Domestic Equity	42.9%	32.0%	29.5%
International Equity	16.5%	21.0%	21.0%
Fixed Income	20.3%	19.9%	17.0%
Private Equity	4.3%	4.8%	5.0%
Real Estate	8.6%	5.3%	7.5%
Infrastructure	1.0%	2.3%	5.0%
Long / Short Equity	6.2%	13.9%	15.0%
Treasury Cash	0.2%	0.8%	
	100.0%	100.0%	100.0%

UPDATES

P. Tilsley provided the following updates:

1) Healthcare Benefits:

- A. A new government program will provide \$5 billion in federal funds to reimburse employers that provide retiree health care coverage to early retirees (under the age of 65). The employers must apply for the federal funds and satisfy the requirement for the Program. The reimbursement amount is 80% of the portion of health benefit costs that exceeds \$15,000 but below \$90,000 within a given plan year. The Program will terminate on the earlier of (a) when \$5 billion has been reimbursed to certified plan sponsors or (b) on January 1, 2014.
- B. Effective January 1, 2011 the CRS will implement the increase in the age for a dependent child from 24 to 26.
- C. A recent State law mandates that employers provide the opportunity to members to purchase healthcare coverage for children 28 years of age. The CRS will provide the option to members to purchase healthcare coverage at full cost

2) CRS Update:

- A. The Finance Manager position (CIO) will be posted on the city internet and Career Builders.com with a deadline of June 4, 2010.

3) State Audits

- A. Clark, Shaeffer & Hackett is currently conducting a financial and operational audit of the CRS

4) Task Force I Healthcare Changes:

- A. Implementation of the healthcare changes from Task Force I required retirees to submit their income verification. Multiple communications were sent to retirees with a request for their income verification. Approximately 10% of recipients responded by sending their income verification. The CRS office is researching options available for consideration of late submissions.

INDEPENDENT BOARD MEMBER REPLACEMENT:

Three candidates were interviewed by B. Pickering, Board Chair and P. Tilsley, CRS Executive Director. The Board to consider the background and experiences of the candidates and submit a recommendation to City Council. Continue discussion at the next meeting of the Board of Trustees: June 3, 2010.

TASK FORCE

The Task Force is in the process of developing the final recommendations for City Council.

Informational Items:

 CRS Activity	April 2010	May 2010
1. Application for Ordinary Retirement:	Total:	10
2. Enrollment of New Members:	Total:	43
3. Return of Contributions for EE:	Total:	\$ 66,624
4. Death Benefits:	Total:	\$ 59,624
5. New Loans: 35	Total:	\$ 529,078
6. Operating Expenses:	Total:	\$ 114,169

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