City Of Cincinnati
Retirement System
Board of Trustees Meeting

Minutes

April 1, 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
Michael Rachford
James Robinson
Bryan Schmitt

Staff present:
Paula Tilsley
Cheryl Volk

BOARD MINUTES MARCH 4, 2010

D. Rager made a motion to approve the minutes. B. Schmitt seconded the motion and the motion passed. Minutes were approved.

BENEFITS COMMITTEE

M. Rachford provided the following Benefits Committee Report:

- Benefits Committee minutes: March 4, 2010
- Benefits Committee currently drafting an ordinance for incorporating a $50 fee for disability appeals.
- Retirement Healthcare Eligibility Ordinance: Ordinance was passed by City Council on March 24, 2010 with a new effective date of April 24, 2010. The timeline developed for the ordinance indicates the ordinance shall be administered on the first day of the month, 180 days following the effective date. A communication plan is to be implemented in preparation for the November 1, 2010 effective date.

SECRETARY REPORT
J. Walsh provided the following report:

Board of Trustees Secretary Report Month Ending: February 28, 2010			
Asset Valuation			
December 31, 2009	$ 2.00	Billion	$ 1,998,378
February 28, 2010	$ 1.97	Billion	$ 1,968,168
YTD Increase (Decrease)	-1.51%		
Current Asset Allocation	**12/31/09 Actual**	**2/28/10 Actual**	**Target**
Domestic Equity	42.9%	31.3%	29.5%
International Equity	16.5%	20.6%	21.0%
Fixed Income	20.3%	20.6%	17.0%
Private Equity	4.3%	4.7%	5.0%
Real Estate	8.6%	5.3%	7.5%
Infrastructure	1.0%	2.3%	5.0%
Long / Short Equity	6.2%	14.2%	15.0%
Treasury Cash	0.2%	1.0%	
	100.0%	100.0%	100.0%

INVESTMENT REPORT
J. Walsh provided the following report:

- March 4, 2010 Investment Committee minutes

- Report from April 1, 2010 Investment Committee meeting
  - Investment Report: February 28, 2010: Total portfolio market value: $1.94 billion

  - Asset Allocation:
    B. Christenson recommended and the Investment Committee approved reallocation of $8 million from each of the following three U.S. Equity Managers: Allegiant, Rhumbline, and PanAgora. The three managers are currently overweight in their asset class, and the reallocation of funds will help move them closer to their targets.

    B. Christenson recommended and the Investment Committee approved moving $24 million from the three U.S. Equity Managers and to allocate the funds as follows:
    - $14 million into PIMCO
    - $10 into the Cincinnati Retirement System (CRS) checking account.

- Investment Committee Governance Reports
  The Investment Committee agreed to:
  1) Notify City Council that CRS monthly financial reports are posted on the city web site.

2) Submit an executive summary to City Council with a mid-year report: including the prior year's Annual Valuation (usually completed by June) and investment reports for first 6 months of the year

3) Submit an end of year report to City Council with a summary of current investments and recap of the last report submitted

- Investment Policy
  The Investment Committee to provide annual reports addressing adherence to the Investment Policy and evaluation of the Investment Consultant.

NEW BUSINESS

- Independent Board member replacement: B. Pickering provided an update.

- CRS staffing update: P. Tilsley is in the process of identifying staffing needs of the CRS office. Staffing plan should be finalized by end of month.

TASK FORCE

Cavanaugh Macdonald was requested to provide a progress report on the CRS Task Force. Eric Gary and Ed Koebel attended the meeting via conference call. The report included:

- Objectives of the Task Force, the data analyzed, and the current plan issues.
- Explanation of the basic retirement funding equation: C+I=B+E (contributions plus investment income equals benefits paid and expenses).
- Benefit financing: increase contributions and decrease benefits
- Legal barriers
- Conclusions
- Benchmarking
- Policy development for Investment, Funding, Benefits
- Guiding Principles developed by Task Force
- Elements of the new plan development
- Additional considerations

LEGAL UPDATES

R. Hardin, Chief Council, City Solicitor Office, provided the following updates:

- Langhorst Disability Case: The city received a favorable verdict.

ELECTION COMMITTEE

M. Rachford provided the following report from the Election Committee meetings of March 15, 2010 and March 18, 2010: The minutes and actions of both committees were presented and discussed.

- The Election Committee of March 15, 2010
  - M. Rachford provided an overview of the upcoming employee trustee election process. A motion to distribute ballots via U.S. mail had failed at the March 15, 2010 Election Committee. The $1300 postage rate was cited as the deterrent for the mailing of ballots. The Election Committee ruled in favor of interdepartmental delivery of the employee trustee ballots.

- The Election Committee of March 18, 2010
  - The committee approved the actions of March 15, 2010 and accepted the minutes. Additionally, the committee approved a recommendation for revision of the CRS Rules to allow more timeline flexibility in the election process.

Some Board members expressed concerns that due to the interdepartmental method of distribution, all ballots may not be reaching all voters. Additionally, questions were raised concerning the process for interdepartmental or personal return of ballots to the CRS office.

Board Action

- M. Rachford made a motion to accept the Election Committee's recommendation to make the following revisions to the CRS Rules for administrative purposes:

  - Employee Trustee Election: Ballot count changed from second DAY after election close to the second **MONDAY**.

  - Retiree Trustee Election: Ballot count changed from second DAY after election close to the second **TUESDAY** after election close.

  - Retiree Trustee Election: Clarification that ballots are mailed via standard-rate (bulk mail) and ballots returned in first-class business reply envelopes.

  B. Schmitt seconded the motion and following a roll-call vote, the motion failed.

J. Barron	Yes
D. Beets	No
M. Lindahl	Yes
B. Pickering	No
M. Rachford	Yes
D. Rager	No
J. Robinson	Yes
B. Schmitt	Yes
J. Wash	No

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

J. Barron	Yes
D. Beets	No
M. Lindahl	Yes
B. Pickering	Yes
M. Rachford	Yes
D. Rager	Yes
J. Robinson	Yes
B. Schmitt	Yes
J. Wash	Yes

- The original motion to revise the CRS Rules was reconsidered and following a roll call vote, the motion passed.

J. Barron	Yes
D. Beets	No
M. Lindahl	Yes
B. Pickering	Yes
M. Rachford	Yes
D. Rager	Yes
J. Robinson	Yes
B. Schmitt	Yes
J. Wash	Yes

- J. Walsh made a motion that all ballots for CRS Board of Trustee elections be distributed to members via first-class U.S. mail. Ballots to be sent via first-class mail for all employee and retiree trustee elections. The postage for mailing ballots via first-class mail is estimated at $2600 per mailing. D. Rager seconded the motion and following a roll call vote, the motion passed.

J. Barron	Yes
D. Beets	No
M. Lindahl	Yes
B. Pickering	Yes
M. Rachford	No
D. Rager	Yes
J. Robinson	Yes
B. Schmitt	No
J. Wash	Yes

M. Rachford made a motion to adjourn the meeting. Motion was seconded by B. Schmitt and the motion passed. Meeting was adjourned 3:45 P.M.