City Of Cincinnati Retirement System  
Board of Trustees Meeting  
February 4, 2016 / 2:00 P.M.  
City Hall – Committee Room B

Present  
Chris Meyer, Chair  
Don Beets  
Bill Moller  
Bev Nussman  
Susan Robinson  
Roger Sims  
Christopher Smitherman  
Jack Walsh  
Tom West

Staff Present  
Paula Tilsley  
Cheryl Volk

Absent  
Ely Ryder  
Christopher Baucom

Meeting was called to order at 2:05 P.M.

APPROVAL OF MINUTES  
S. Robinson made a motion to approve the January 7, 2016 minutes. J. Walsh seconded the motion and the motion passed. Minutes were approved.

INVESTMENT COMMITTEE REPORT  
S. Robinson provided the following report from the February 4, 2016 meeting:

- 4th Qtr 2015 - Market Value of Assets $2.12 Billion
- As of December 31, 2015 - YTD Return (Net of Fees) -0.4%
- AQR Risk Parity  
  AQR performance net of fees for year-end 2015 was -9.43%. AQR Risk Parity remains within target. Marquette recommended the Committee maintain AQR Risk Parity due to its diversification and downside protection.

- Asset Allocation Review  
  Rebalancing - U.S. Equity and Non-U.S. Equity composites are down approximately $25 Million. Will move $25 Million from AQR Risk Parity to equities to maintain equities close to target.
Summary of Brief Asset Allocation Study:
Project average annualized 10-year return with current portfolio: 6.6%
Probability of experiencing less than 7.5% annualized 10-year return: 62.20%

Committee to research moving infrastructure allocations from closed-end Infrastructure funds Alinda and Macquarie to open-end funds maintaining the 5% target, thereby increasing overall liquidity of the portfolio. Marquette to conduct an open-end Infrastructure Search

Actuary Cavanaugh Macdonald to provide information on the financial impact of 20 basis points underperformance of the actuary rate.

WCM was placed on Alert due to underperformance. Marquette will continue to watch performance and report at the 2nd Quarter Investment Committee meeting.

UNFINISHED BUSINESS
D. Beets asked for an update on the CRS Board of Trustees Election process. P. Tilsley explained that Administration and plaintiffs in the CSA have not yet approved final Board reforms. The terms must be declared before the elections can be administered.

NEW BUSINESS

Kroger Program - HRA

Retirement staff member, M. Kelsey, provided an update on the Kroger Coaching Program that is offered to all CRS retirees. Medicare D regulations do not permit rewards and/or incentives offered in the form of cash or monetary rebates, including reduced cost-sharing or premiums under an EGWP arrangement. CRS has developed a solution that will allow Kroger Program participants to be reimbursed for the eligible co-pays. CRS and Custom Design Benefits (CDB) have created a reimbursement program that allows participants to send eligible receipts or pharmacy printouts to Custom Design Benefits (CDB) for reimbursement by check or direct deposit. CRS will communicate this information to its members.

INFORMATIONAL

On January 19, 2016, C. Meyer and C. Baucom conducted a CRS informational session before the Budget and Finance Committee. They provided an overview of CRS investments, Fund status, and the Collaborative Settlement Agreement (CSA). They recommended to Budget and Finance Committee that once the Board reforms are finalized, the newly appointed Trustees should have expertise in pensions or institutional investments.

C. Smitherman announced that the Board’s presentation was well received by Council, and he recommended the Board make another presentation prior to their Annual Valuation and CRS 2nd quarter report. The presentation could provide a foundation of investment basics such as: asset allocation, investment strategies, and CRS management of cash outflow. Include a discussion on industry expectations regarding depressed investment returns over the next 10 years and the challenges facing CRS to achieve its assumed investment rate of return of 7.5% (as stated in the Collaborative Settlement Agreement).

DROP Update
The attorneys of the CSA are actively involved in the development and final approval of the DROP design. CRS will communicate information about the DROP as soon as information is available.

Cost of Living Adjustment (COLA) Suspension
The 3-year COLA suspension as mandated by the CSA was enacted effective January 1, 2016.
Retirement Division Budget
The Budget will be presented at the March 3, 2016 Board of Trustees meeting.

Health Care Consultant RFQ
CRS will seek the services of a Health Care Consultant who will provide expertise in Medicare D prescription plans and general health care consulting.

MSD ERIP Payments
P. Tilsley updated the Board on the recent meeting with MSD, CRS, County and City Administration regarding MSD’s remaining ERIP liabilities. The meeting was productive and the City and CRS were able to address most of the County’s questions. It was expected that MSD would pay-off the remaining ERIP liabilities in a lump sum in the near future.

CRS Loan Program
The Board’s report on the CRS Loan Program will be submitted to a future Budget and Finance Committee meeting. The CSA attorneys agreed the use of CRS funds for a loan program is in violation of the CSA. Retirement Office to follow up.

Board Action
R. Sims made a motion to adjourn the meeting. T. West seconded the motion and the motion passed. Meeting was adjourned at 3:07 P.M.