



**City of Cincinnati Retirement System
Investment Committee**

**August 9, 2012 12:00 P.M.
City Hall – Committee Room B**

AGENDA

Members

Christopher Meyer, Chair
Madelynn Matlock, Vice-Chair
Don Beets
Mike Fehn
Brian Pickering
Susan Robinson

Call to Order

Lunch

Approval of Minutes

✚ May 3, 2012

New Business

Marquette Associates, Brett Christenson, Managing Director

- ✚ 2nd Quarter Report – 2012
- ✚ Review Suggested Investment Policy Changes
- ✚ Custodian discussion

Adjournment

Next Meeting: November 1, 2012 - 12PM – City Hall, Committee Room B



City of Cincinnati Retirement System Investment Committee Meeting

Minutes

August 9, 2012 / 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
Ron Wilson
Cheryl Volk

The meeting was called to order at 12:01 P.M.

MINUTES

B. Pickering made a motion to approve the Investment Committee minutes from May 3, 2012.
M. Fehn seconded the motion and the motion passed. Minutes were approved as submitted.

NEW BUSINESS

Marquette Associates, Brett Christenson, Managing Director presented:

✚ Statement of Investment Policy – August 2012

The updated policy contained the recent changes in asset allocation and rebalancing as previously approved by the Investment Committee. The Committee reviewed the policy and recommended minor changes for clarification purposes.

Committee Action

M. Matlock made a motion to approve the Statement of Investment Policy with the committee's recommended changes. B. Pickering seconded the motion and the motion passed. The Investment Policy was approved.

CRS Securities Lending Earnings History

A review of the securities lending earnings history from year 2003 to present. The committee requested further examination of the contract with Bank of New York Mellon (BONY) and their compliance concerning securities lending, and explore strategies for future securities lending and address BONY's planned increase in custodial fees.

B. Christenson recommended the Investment Committee create a separate work-group to meet with BONY and review the securities lending program and the custodial fees arrangement. The work-group would make recommendations to the Investment Committee for their consideration at the November 1, 2012 meeting. The committee agreed that a work-group or sub-committee would be appropriate.

2nd Quarter Report

- Market Value of Assets - \$2 Billion
- As of June 30, 2012 – Fund returned +4.8% YTD
- Managers currently on Alert Status:
 - Blackrock – due to performance (Recommend removal of alert status)
 - ABS Global – due to organizational issues (Recommend removal of alert status)
 - Morgan Stanley –due to professional turnover (Recommend removal of alert status)
 - PRISA III – due to professional turnover

The Committee discussed reallocation opportunities in the U.S. Equity all-caps and growth vs value categories, and fixed income and international categories. Marquette Associates will present an Asset Allocation study in November and the Committee agreed to consider asset allocation changes at that time.

B. Christenson recommended that Blackrock be removed from Alert status due to improved performance. The automatic alert placed on ABS Global was due to organizational issues and the alert placed on Morgan Stanley was due to professional turnover. Those issues have been resolved and Alerts can be removed. PRISA III continues to have professional turnover and should remain on Alert.

Committee Action

M. Matlock made a motion to remove Blackrock, ABS, and Morgan Stanley from Alert status. M. Fehn seconded the motion and the motion passed. Blackrock, ABS, and Morgan Stanley removed from Alert status.

Securities Litigation

In July 2012, Councilmember, PG Sittenfeld and a securities litigation firm met with P. Tilsley, M. Matlock and S. Robinson to discuss opportunities in the field of securities litigation monitoring services. CRS' current custodian, BONY, currently provides similar services through daily monitoring activities and includes CRS in any relevant class action suits. Following a discussion of the pros and cons of establishing an additional securities litigation monitoring arrangement, the committee decided that contracting with another firm is not necessary at this time.

Committee Action

Having no further business, B. Pickering made a motion to adjourn. M. Fehn seconded the motion and the motion passed. Meeting was adjourned at 2:00 P.M.