



Cincinnati Retirement System Pension Fund Task Force

Minutes

March 30, 2010 – 2PM
Centennial II – Meeting Room A

Present:

Milton Dohoney
Cathy Crain
Dan Geeding (conference call)
Linda Graviss
James Girton
Brian Pickering
Marianne Steger (conference call)
Chris Stenger
Bryan Schmitt
Francis Wagner

Administrative Staff Present

Kathy Creager
Lea Eriksen
Lisa Berning
Paula Tilsley
Jack Walsh
Cheryl Volk

Absent

Laketa Cole

The meeting was called to order at 2:05 P.M.

APPROVAL OF MINUTES

The Task Force minutes from March 16, 2010 were submitted for review and approval. C. Crain made a motion to approve the minutes. The motion was seconded by B. Pickering and the motion passed. Minutes were approved.

CAVANAUGH MACDONALD REPORT

Eric Gary and Ed Koebel attended the meeting via conference call. The following report was presented and discussed. The report included:

Objectives

- Provide the financial impact to the pension plan of proposed benefit, eligibility, and funding designs
 - Death benefit reduced to \$2000
 - Compound COLA vs Simple COLA
 - 5-year highest average salary benefit formula
 - Employee contributions to increase to 10%
 - Revised retirement eligibility conditions for some active employees hired prior to 1/1/2010
 - Increase City contributions
 - * Annual amount
 - * Cash infusion

- ✚ Thirty year projections of funded ratio displayed in four different scenarios. Scenarios included:
 - 5-year highest average salary benefit formula
 - Employee contributions increase to 10%
 - Death benefit: \$2000
 - Discount rate: 8%

- ✚ Impact of change to 5-year highest average salary benefit formula
 - Four scenarios of 5-year vs 3-year highest average salary

- ✚ Impact of Proposed Changes to Eligibility Rules
 - Four scenarios presented

- ✚ Projection Assumptions
 - 12/31/08 Valuation Basis
 - 5-year asset smoothing with 20% corridor
 - Liabilities valued with 8% discount rate
 - 2009 Investment Return to Date
 - Positive 2009 – assume 19.76% return
 - First Task Force Changes (effective 1/1/2010)
 - Amortization period changed to 30 years
 - Increase in employee contribution percentages
 - New tier pension changes
 - * Reduced benefit formula
 - * Increased retirement eligibility

DISCUSSIONS

- ✚ Cash infusions would require an extended period of time before results could be actualized
 - City Council to determine the source of the cash infusion
- ✚ Bankruptcy not an option

Additional Information Requested by the Task Force

- ✚ Present four or five scenarios of benefit reductions and benchmark with the benefit levels of other private and public sectors. Identify the tradeoffs.
 - Increase city contributions to 19%
 - Include cash infusion of \$150 million, 250 million, and \$350 million
 - Decrease Cost of Living Adjustment (COLA) for all employees as of 1/1/11
 - Consider grandfathering those within 5 years of retirement
 - Phase in 5-year highest average salary

Next meeting is scheduled for Tuesday, April 6, 2010 – Centennial II – Meeting Room A. Meeting was adjourned at 4:10 P.M.