



Cincinnati Retirement System Pension Fund Task Force

Minutes

November 9, 2009 – 3PM
Centennial II – Meeting Room A

Present:

Milton Dohoney, Chair
Cathy Crain
Dan Geeding
James Girton
Linda Graviss
David Rager (Proxy for Brian Pickering)
Diana Frey
Francis Wagner

Administrative Staff Present

Lisa Berning
Jack Walsh
Roshani Hardin
Paula Tilsley
Cheryl Volk

Staff Absent

Lea Eriksen

Absent:

Marianne Steger
Laketa Cole
Cathy Crain
Chris Stenger

The meeting was called to order: 3:06 PM

SEPTEMBER 28, 2009 TASK FORCE MINUTES

L. Graviss made a motion to accept the Task Force minutes. F. Wagner seconded the motion and the motion passed. Minutes were approved as submitted.

ICEMILLER LLP

Katrina Clinergman and Richard Ciambrone were asked to provide guidance regarding the extent to which benefit changes are permissible under federal, Ohio law, and Cincinnati Municipal Code (CMC). The following analyses were presented for consideration:

- Overview of Applicable Federal Law
 - Internal Revenue Code (Code) and Employee Retirement Income Security Act (ERISA)
 - Vesting provisions of Code as applicable to governmental pension plans
 - Analysis of accrued benefit concept vs vesting concept
 - Constitutional and common law – general overview

- Overview of Applicable Ohio Law

- Overview of CRS Plan Provisions

- Analysis and Discussion
 - Federal Law
 - Ohio Law

Conclusion:

Healthcare benefits:

No federal law, state law, or CMC would prevent the reduction or elimination of healthcare benefits for current retirees.

Pension benefits:

Reductions should be limited to participants who are not eligible for retirement as of the effective date. Cincinnati Municipal Code (CMC) §203.33 sets the vesting and retirement eligibility provisions applicable to CRS. Retirement eligibility is defined as:

- Any member with 5 years of creditable service after reaching age 60, or with 30 years of creditable service regardless of age.

Ancillary benefits:

Other benefits that could be adjusted for active members and retired members:

- Death Benefits
- Survivor Benefits

IceMiller identified four strategies that have been considered by other pension plans. Recommendations will target those participants who are not yet eligible for retirement.

- Reducing 2.5% benefit factor
- Increase pension salary averages from 3 years to 5 years
- Reduce Cost of Living Adjustments (COLA)
- Increase retirement eligibility requirements

Other recommendations to consider:

- Research legality for changing COLA for current retirees: IceMiller to report
- Implementing changes to pension benefits prospectively with a targeted effective date
- Defined Contribution plan vs Defined Benefit Plan. Not recommended due to cost of paying-off unfunded liability and payroll reduction.
- Pension Obligation Bonds: Request for legal opinion from the City Solicitor on feasibility of the city issuing pension obligation bonds (POB) to pay down some of the unfunded liability. (Could the city obtain an exemption from Ohio Revised Code (ORC) to sell POBs? Could the city obtain an exemption from the overall debt limitations as defined in ORC in order to sell POB?)

CAVANAUGH MACDONALD

Ed Koebel and Eric Gary, Senior Actuaries, participated in the discussion via conference call and agreed to provide recommendations on plan design changes at the next Task Force meeting.

D. Rager made a motion to adjourn the meeting. D. Geeding seconded the motion and the motion passed. Meeting adjourned: 3:55 P.M.