



Cincinnati Retirement System Pension Fund Task Force

Minutes

January 19, 2010 – 2PM
Centennial II – Meeting Room C

Present:

Milton Dohoney, Chair
Cathy Crain
James Girton
Linda Graviss
Chris Stenger
Brian Pickering
Roxanne Qualls
Bryan Schmitt
Francis Wagner
Dan Geeding (Conference Call)
Marianne Steger (Conference Call)

Administrative Staff Present

Hilary Bohannon
Lea Erickson
Kathy Creager
Chuck Haas
Roshani Hardin
Paula Tilsley
Jack Walsh
Cheryl Volk

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

JANUARY 5, 2010 TASK FORCE MINUTES

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

PENSION OBLIGATION BONDS

Milton Dohoney, City Manager, summarized the findings of outside counsel Peck, Shaffer, & Williams, LLP. Ohio law currently prohibits the City of Cincinnati from issuing pension obligation bonds in relation to any Ohio pension fund other than the Ohio Police and Fire Pension fund. The City could pursue a change to the Ohio Revised Code which would allow the City to issue pension obligation bonds in relation to funding a portion of its financial obligation to the Cincinnati Retirement System.

COST OF LIVING ADJUSTMENT (COLA)

Roshani Hardin, Chief Counsel, summarized IceMiller's analysis of the legal challenges relative to potential modification of retirees' COLA benefits. Attempts to reduce or otherwise modify COLA for retirees or those currently eligible to retire would be subject to a legal challenge pursuant to the Contract Clause of the U.S. Constitution.

CAVANAUGH MACDONALD REPORT

Eric Gary and Ed Koebel attended the meeting by conference call. The following reports were presented and discussed:

- 📌 Updated Task Force report addressing specific inquiries of the Task Force:
- Plan Policies:

- Cavanaugh Macdonald recommended the following policies be developed and /or reviewed for continued appropriateness:
 - Investment Policy
 - Funding Policy
 - Benefit Policy
 - Approaches to Funding Healthcare
 - Defined Benefit vs Define Contribution Plan
 - Benchmarking
 - Chart compared the CRS level of benefits with other Ohio public plans and three additional municipalities:
 - City of Pittsburgh, PA
 - City of Norfolk, VA
 - City of Fort Worth, TX
 - Impact of Pension Obligation Bonds
 - New Benefit Plan Development
 - Individual Component Costs
 - Additional Considerations
 - Next Steps
 - Determine impact of alternative plan designs
 - Develop and/or review the Funding Policy, Benefits Policy and Investment Policy with the inclusion of triggers that ensure the policies work in tandem.
 - Meet with stakeholders
 - Retirees, actives (City and Enterprise Organizations), and City Council.
- ✚ Government Accountability Office (GAO), Governmental Accounting Standards Board (GASB), Other Post-employment Benefits (OPEB) Survey
- ✚ Sample Funding Policy
- Funding Goals
 - Benchmarks
 - Methods and Assumptions

ADDITIONAL INFORMATION REQUESTED BY THE TASK FORCE:

- ✚ Obtain additional information regarding Pittsburgh's system:
 - Their required contribution
 - Their monthly cost for health care (Eliminated retiree medical for employees hired after 1/1/05)
 - Copy of Pittsburgh's recovery plan
- ✚ Provide cost scenarios using different funding ratios.. Provide pros and cons of a funding policy that uses funding ratios below 100%. 50% funding ratio for health-care
- ✚ Report the financial impact of changing COLA from compound to simple for active employees.
- ✚ Further detail the costs associated with the New Benefit Plan scenario
- ✚ Review Funding Policies of the three sample cities: Pittsburgh, Norfolk, Fort Worth
- ✚ Provide more information regarding CRS' early retirement factor (reduction versus actuarial equivalent). Is this a subsidized benefit?

Next meeting is scheduled for Tuesday, January 26, 2010 – Centennial II – Meeting Room C. Meeting adjourned.4:00 P.M.