

Notice of Proposed Class Action Settlement Concerning the Cincinnati Retirement System

**IMPORTANT- A FEDERAL COURT AUTHORIZED THIS NOTICE
YOUR RIGHTS WILL BE AFFECTED WHETHER YOU ACT OR DO NOT ACT
PLEASE READ THIS NOTICE CAREFULLY**

I. NOTICE OF YOUR RIGHTS

This Notice provides a summary of the proposed class action Settlement of two consolidated cases pending before the Honorable Judge Michael R. Barrett in the United States District Court for the Southern District of Ohio: (1) *Sunyak v. City of Cincinnati*, Case No. 1:11-cv-445; and (2) *Harmon v. City of Cincinnati*, Case No. 1:12-cv-329. You are covered by the proposed Settlement because the City of Cincinnati's records indicate that you are a member of either the **Current Employees Class** or the **Retirees Class**.

The **Current Employees Class** includes City of Cincinnati employees who participated in the Cincinnati Retirement System ("CRS") with at least five years of creditable service and who were actively employed or otherwise qualified for benefits on July 1, 2011 and who are members of Group C, D, E or F as defined by Cincinnati Municipal Code § 203-1-M1 (b), (c), (d), and (e). The Current Employees Class also includes City of Cincinnati employees who had at least five years of creditable service on July 1, 2011 and who retired after that date, as well as veterans who purchase service credit sufficient to satisfy the requirement to have five years of creditable service as of July 1, 2011.

The **Retirees Class** includes retired City of Cincinnati, University of Cincinnati, University Hospital f/k/a General Hospital and Hamilton County employees (or the Dependent and/or Surviving Beneficiaries of a former employee) who participated in the CRS and: (a) Currently receive retirement or pension benefits, including healthcare benefits; and (b) retired on or before July 1, 2011.

This Notice generally describes the proposed Settlement and your rights as a member of either the Current Employees Class or the Retirees Class. Additional information about this proposed Settlement can be found at www.CRSPensionSettlement.com. The Court will conduct a Fairness Hearing commencing on September 24, 2015 at 10 a.m. at the United States District Court for the Southern District of Ohio, 100 East 5th Street, Courtroom 109, Cincinnati, Ohio 45202.

II. BACKGROUND

The Plaintiffs are current employees of the City of Cincinnati ("City") and retirees participating in the CRS who filed federal class action lawsuits claiming that the City and others improperly changed vested retirement benefits by adopting and enforcing City Ordinance No. 84-2011 (the "Ordinance") effective July 1, 2011, and/or that the City has threatened to make additional improper changes to retirement benefits, including the suspension or reduction of retiree health benefits and the annual Cost of Living Adjustment ("COLA"). The City and the other Defendants deny these allegations and believe their actions were proper. Following extensive litigation and negotiations, the Plaintiffs, the Current Employees Class, the Retirees Class, the City, and the CRS (the "Parties") have entered into a Settlement Agreement. This Settlement is a compromise of disputed claims and defenses. The Court has reviewed and preliminarily approved the Settlement as fair, reasonable, and adequate and has approved the content and mailing of this Notice.

III. SUMMARY OF THE PROPOSED SETTLEMENT

The proposed Settlement provides that the CRS will be subject to a 30-year Consent Decree enforced by the Federal Court. Once the Settlement becomes effective, no changes to the CRS benefit provisions can be made during that 30-year time period without prior approval of the Court through a re-opener process. Under the proposed Settlement, current monthly pension benefits received by members of the Retirees Class cannot be reduced from their current levels. Specific provisions of the Settlement apply to the Current Employees Class and Groups C, D, E and F as defined by the Ordinance, as well as to the Retirees Class. The complete detailed Settlement Agreement and all other documents relating to the proposed Settlement can be obtained from the Settlement website at www.CRSPensionSettlement.com or by calling 1-844-831-1851. The following is a summary of the basic terms of the proposed Settlement which are scheduled to be implemented on January 1, 2016 if the Court grants final approval:

Cost of Living Adjustment: Effective January 1, 2016, the COLA for all current and future retirees in the Current Employees Class and the Retirees Class will be a 3.00 percent fixed simple COLA. This means that an annual pension benefit of \$10,000 will increase to \$10,300 in the first year that the COLA applies, \$10,600 in the second year, \$10,900 in the third year, and so on.

COLA Delay or Suspension: Current Employees Class members and Retirees Class members are both subject to a three-year COLA delay or suspension period, to begin on the date of retirement for members of the Current Employees Class or on January 1, 2016 for the Retirees Class and members of the Current Employees Class who retired before January 1, 2016. Members of the Retirees Class shall receive a one-time payment calculated at three percent of their gross annual pension benefit payable on January 1, 2016 (but in any event, capped at \$1,000) at the commencement of the third year of their respective COLA suspension period. This one time payment will not be added to the gross monthly benefit or affect the amount of future benefits.

Retirement Eligibility: Current Employees Class members can retire with full benefits upon reaching 30 years of creditable service without regard to age, or at age 60 with five years of creditable service.

Retirement Benefit Multiplier Calculation: Current Employees Class members' retirement benefits will be computed with a 2.5 percent multiplier (2.22 percent for certain members who voluntarily elected to be subject to such a multiplier and remain so) for the greater of 20 years of creditable service or the number of years of creditable service prior to July 1, 2011 for members of Group F and the number of creditable years prior to January 1, 2014 for members of Group E. A multiplier of 2.2 percent will apply to all other creditable years, including years of service in excess of 30 years. Final average salary calculation will continue as provided in the Ordinance.

Early Retirement Options: For Current Employees Class members, the early retirement options for individuals age 55 with 25 years of creditable service and age 60 with at least five years of creditable service that existed prior to the Ordinance will be reinstated.

Group D, E, and F Pension Annuity Adjustments: Current Employees Class members in Groups D, E and F who retired (or will retire) prior to January 1, 2016 will have their pension benefits increased on January 1, 2016 to reflect the provisions of this Settlement, and such individuals will receive a lump sum payment reflecting any amounts they would have received from their date of retirement until January 1, 2016 had the Settlement been in effect when they retired.

Current Employees Class Contributions: Pension contributions made by Current Employees Class members shall not exceed nine percent of pensionable wages during the term of the Consent Decree.

Group C Settlement Payment: Current Employees Class members in Group C will receive a one-time payment between \$125 and \$625, depending on their date of retirement, as compensation for the compounding COLA they would have received, if any, during the period prior to January 1, 2016. In addition, members of Group C will be entitled to the same rights with respect to retiree health care as members of the Retirees Class, including continued eligibility for retiree health benefits for those who retire with at least 15 years of creditable service.

City's Annual Contribution Rate: The City will contribute 16.25 percent of its covered payroll to the CRS annually during the 30-year duration of the Consent Decree.

Voluntary Deferred Retirement Option Plan: A voluntary Deferred Retirement Option Plan ("DROP") will be implemented for Current Employees Class members which will allow them to cease accruing service credit in, and contributing to, the CRS when they obtain 30 years of creditable service while continuing their City employment for up to five years. DROP participants will accrue their monthly retirement benefits on a pre-tax basis for up to five years of continued City employment, during which time such amounts may experience earnings but not losses. The deferred pension benefits of DROP participants will accumulate in individual accounts under the pension plan together with individual employee contributions (if any) less reasonable administrative fees. The DROP will be evaluated within five years after the Settlement goes into effect to ensure that it is cost neutral to the CRS.

Retirees Class Healthcare: Members of the Retirees Class will continue to receive healthcare benefits according to the plan in effect on December 31, 2014, as specifically provided in the Settlement. In addition, the City will implement an Employee Group Waiver Plan ("EGWP") for retirees to maximize reimbursement from federal healthcare programs. The City will also implement a voluntary medical expense reimbursement program ("MERP") to reimburse CRS participants who elect to enroll in healthcare coverage not funded by the CRS.

Current Employees Class Healthcare: Members of the Current Employees Class who retire in the future will be eligible for retiree healthcare benefits at that time under the most favorable terms available to current employees of the City if they have 30 years of creditable service at the time of their retirement or are at least 60 years old and have at least 20 years of creditable service at the time of their retirement. The retiree cost of these healthcare benefits will be limited to ten percent of the applicable premium for individuals hired before January 9, 1997. Individuals hired on or after January 9, 1997 who qualify for retirement healthcare benefits will pay no more than the percentage of premium provided by the "point system" in the Cincinnati Municipal Code as of January 1, 2015. The Settlement also provides for a process to negotiate improvements in the "point system" for these individuals within six months after the Effective Date. However, these provisions will not apply to Subgroup C of the Current Employees Class. Subgroup C members are entitled to the same retirement healthcare as the Retirees Class on the same terms received by the Retirees Class as long as Subgroup C members retire with at least 15 years of creditable service.

Additional important terms and details are described in the complete Settlement Agreement available at www.CRSPensionSettlement.com, and answers to frequently asked questions can be obtained by calling 1-844-831-1851.

Creation of Section 115 Healthcare Trust Fund: The City will create a 115 Trust Fund prior to the Effective Date for the exclusive purpose of holding and investing funds to provide Retirees Class Healthcare Benefits, Current Employees Class Healthcare upon Retirement and healthcare benefits upon retirement to members of the CRS, subject to the terms and conditions in the Settlement Agreement. The City shall be obligated to fund the 115 Trust Fund at actuarially appropriate levels sufficient to provide

these benefits for the term of this Agreement.

Retirees Class Death Benefit: Retirees Class members shall be entitled to a lump sum \$5,000 death benefit to be paid to their designated beneficiaries.

IV. YOUR LEGAL RIGHTS REGARDING THIS SETTLEMENT

This Notice explains your rights under the Settlement and provides you with information intended to help you understand the terms of this Settlement and how it will affect you. **You may not exclude yourself from or opt out of this Settlement. If the Court grants final approval, you will be covered by this Settlement.** The following table provides a summary of the actions you can take under this Settlement:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

DO NOTHING	You will be included in the Settlement and covered by its terms if the Settlement is approved by the Court. You waive your right to object to the Settlement or to take any appeal of any orders of judgment including but not limited to the Order Granting Final Approval.
OBJECT	If you wish to object to the fairness, reasonableness, or adequacy of the proposed Settlement, or to the requested attorneys' fees and expenses, you must send your written statement to the Court, Class Counsel, and Defendants' Counsel postmarked no later than August 10, 2015 as described below in Section V, Paragraph 10.
ATTEND FAIRNESS HEARING	The last step in the Settlement approval process is the Fairness Hearing, at which time the Court will hear all evidence and arguments necessary to conclusively evaluate whether to grant final approval to the Settlement. Attendance at the Fairness Hearing alone does not allow you to object to the Settlement. Only the written statement described above permits you to object.

Please note that this Notice does not contain all the terms and conditions of the Settlement. A copy of the actual Settlement Agreement is available at www.CRSPensionSettlement.com, or upon request by calling 1-844-831-1851.

V. FREQUENTLY ASKED QUESTIONS AND ANSWERS

What is this lawsuit about?

The Plaintiffs in this lawsuit are current and former employees (or their survivors entitled to pension benefits) of the City who filed class action lawsuits alleging that Defendants improperly impaired or revoked their vested retirement benefits by adopting and enforcing a city ordinance which became effective July 1, 2011 (the "Ordinance"). The Ordinance substantially modified the future retirement benefits and eligibility rules for current employees by requiring them to contribute more of their earnings to the CRS

and work more years to obtain lower retirement benefits than previously provided by the CRS. The Ordinance also modified the health benefits available to retirees by increasing deductibles, costs for prescriptions, and out-of-pocket caps for healthcare. The Retirees were also very concerned that the City would make additional changes to their retirement benefits, including the suspension or reduction of retiree health benefits and the annual COLA. The Defendants deny Plaintiffs' allegations and believe their actions were legal and proper.

What is a class action?

In a class action, one or more people called class representatives sue on behalf of people who have similar claims. Together they are called the "Class." Individuals in the Class are called "Class Members." In a class action, one court resolves the issues for all Class Members.

Why is this lawsuit a class action?

The Court has preliminarily decided that this lawsuit can proceed as a class action for purposes of settlement because it meets the requirements of Federal Rule of Civil Procedure 23, which governs class actions in federal court. When, as here, the Parties propose to settle a class action, the Court must determine whether the Settlement is fair, adequate, and reasonable for all members of the Classes.

Has the Court decided who is right? Why is there a Settlement?

No, the Court has not decided whether Plaintiffs or Defendants are correct. There has been no trial or final ruling on the Plaintiffs' claims or the Classes' claims, nor is this Settlement an admission of any wrongdoing on the part of the City or any Defendant. Instead, the Parties determined it was in their best interests and the public interest to participate in a collaborative mediation process in which all issues relating to the CRS plan were addressed in an open, comprehensive, and exhaustive manner. Without this collaborative exercise, the possibility that the City or one or both of the Classes may have suffered serious consequences was likely. Under Ohio caselaw decided before this case was brought, the City was authorized to curtail or even eliminate all retiree healthcare benefits for both current and future retirees. The proposed Settlement preserves significant retiree healthcare benefits for current and future retirees as well as death benefits for members of the Retirees Class. This proposed Settlement is a result of that process, and if approved by the Court, will allow all Parties to avoid the costs, delays, and uncertainties of a trial and appeals, will provide relief to Class Members as described above, and protect the CRS so that it may continue to provide benefits into the future.

Why did I get this Notice? Am I a part of this Class Action Settlement?

You are receiving this Notice because the City's records show that you are a member of either the Current Employees Class or the Retirees Class. As a Class Member, you are covered by this Settlement.

What are the terms of the proposed Settlement?

The terms have been summarized above in Section III of this Notice. More information about this Settlement is available at www.CRSPensionSettlement.com or by calling 1-844-831-1851.

When will the Settlement go into effect for me?

There will be a Fairness Hearing commencing on September 24, 2015. The Court will then decide whether to approve the proposed Settlement. Class Counsel does not know how long it will take for the Court to make this decision.

If the Court grants final approval of the Settlement, the Settlement should go into effect on January 1, 2016.

Do I have an attorney in this case?

Yes. The Court has preliminarily approved attorneys Christian A. Jenkins, Jeffrey S. Goldenberg, Robert D. Klausner, and Marc D. Mezibov to represent the Current Employees Class and James F. McCarthy, Peter J. O'Shea, Robert A. Pitcairn, Jr., and the law firm of Katz, Teller, Brant & Hild to represent the Retirees Class. These attorneys are called Class Counsel. They are experienced in handling class actions against large entities, including municipalities.

You may, but do not need to, hire your own attorney because Class Counsel are working on your behalf. If you want your own attorney, you will have to pay for that attorney. For example, you can ask him or her to appear in Court for you if you want a lawyer to argue your objection to the Settlement or if you want someone other than Class Counsel to speak for you.

How will the attorneys for the Classes be paid?

Class Counsel will ask the Court to approve the payment of attorneys' fees and expenses related to this litigation via an attorney fee application that will be filed with the Court no later than July 20, 2015. It will be up to the Court to determine the amount of fees and expenses to be paid to Class Counsel.

Current Employees Class Counsel's fee request will be based upon the value of the benefits conferred upon the Current Employees Class by this Settlement and will not exceed \$5,000,000. Current Employees Class Counsel estimate that the value of the benefits conferred upon the Current Employees Class by this Settlement exceeds \$50,000,000.

Current Employees Class Counsel will request that the amount of attorneys' fees and expenses awarded by the Court to Current Employees Class Counsel be paid by the CRS on behalf of the Current Employees Class members and then offset that amount in a fair manner from the increased future benefits these members receive over a 20-year period. Current Employees Class Counsel will ask the Court to assign a higher share of attorneys' fees to those Current Employees Class members who, as a result of this Settlement, have the opportunity to retire with full pension benefits prior to age 60 or at age 60 with at least 5 years of service. If the Court awards \$5,000,000 in attorneys' fees to Current Employees Class Counsel, it is estimated that the monthly pension benefits for these Current Employees Class members (those who will be able to retire with full pension benefits prior to age 60 or at age 60 with at least 5 years of service) will be reduced by approximately \$10 per month for 20 years, while the monthly pension benefits for the other Current Employees Class members will be reduced by approximately \$5 per month for 20 years.

Retirees Class Counsel's fee request will be based upon calculating how many hours were spent on the Litigation and multiplying those hours by a judicially-determined reasonable rate. This is known as a lodestar calculation. In addition, Retirees Class counsel will request an enhancement of fees. The amount of the enhanced fees and costs requested will not exceed \$500,000. Retirees Class Counsel will request that the Court require the City to pay this sum from its General Fund. The City objects to paying any amount from its General Fund and will request that this amount come from the CRS Pension Fund.

How can I object to the Settlement?

You and/or an attorney you hire at your own expense may object to the proposed Settlement if you do not like any part of it, but you must follow these procedures for the Court to consider your objection:

(a) The objection must be in writing. A letter is sufficient. It must contain your name, your current address, specific reasons why you object to the Settlement (including any legal authorities), and a description of the evidence (documents or testimony) that you propose to introduce in support of the objection. You and/or your attorney you hire at your own expense must sign the objection.

(b) Your written objection must be filed with the Court **and** postmarked and mailed to the below addresses for Class Counsel and Defendants' Counsel no later than August 10, 2015.

(c) If you have hired an attorney, that attorney must file a notice of appearance with the Court **and** postmark and mail such notice to the below addresses for Class Counsel and Defendants' Counsel no later than September 10, 2015.

The Court's address is: United States District Court for the Southern District of Ohio, 100 East 5th Street, Cincinnati, Ohio 45202.

Counsel's addresses are:

Current Employees Class Counsel: Marc Mezibov, The Law Office of Marc Mezibov, 401 East Court Street, Suite 600, Cincinnati, Ohio 45202

Retirees Class Counsel: James F. McCarthy, Katz Teller Brant & Hild, 255 East Fifth Street, Suite 2400, Cincinnati, Ohio 45202

Defendants' Counsel: Steven P. Goodin, Graydon, Head & Ritchey, LLP, Fifth Third Center, 511 Walnut Street, Suite 1900, Cincinnati, Ohio 45202

If you do not follow the above procedures, including filing the objection by the date provided, you waive your right to object to the Settlement Agreement or take an appeal from any Court order, including the Order Granting Final Approval.

Do I have to come to the Fairness Hearing?

No, but you are welcome to attend. The last step in the Settlement approval process is the Fairness Hearing, at which time the Court will hear all evidence and arguments necessary to conclusively evaluate the Settlement to determine whether it is fair, adequate, and reasonable and whether final approval is warranted.

You and/or an attorney you hire at your own expense may, but do not have to, appear at the Fairness Hearing to talk to the Court about your objections. Class Members or their attorneys intending to make an appearance at the Fairness Hearing, pursuant to their written objection, must do the following **no later than September 10, 2015:**

(a) File a notice of intention to appear with the Court;

(b) Deliver to Class Counsel and Defendants' Counsel at the addresses above a copy of such notice of intention; and

(c) Identify any documents they will seek to introduce or witnesses they intend to call at the Fairness Hearing.

Other matters to be considered at the Fairness Hearing will be a determination as to whether an Order Granting Final Approval of the Settlement should be entered, whether the application of Class Counsel for payment of attorneys' fees and expenses should be approved, and any other matters the Court sees fit to address.

How do I get more information?

Go to the Settlement website at www.CRSPensionSettlement.com or call 1-844-831-1851 for answers to frequently asked questions. You may also contact Current Employees Class Counsel or Retirees Class Counsel at the addresses listed above. Do not contact the Court.

What if my mailing address changes?

If your address changes, you must provide your updated address to the Settlement Administrator in writing at Sunyak v. City of Cincinnati Settlement Administrator, c/o Class Action Administration, Inc., PO Box 6878, Broomfield, CO 80021. The Settlement Administrator is responsible for issuing Notice to the Class Members.