

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
THIRD QUARTER MEETING
September 11, 2018

The Joint Committee on Public Employee Retirement held its 3rd Quarter Meeting on Tuesday, September 11, 2018 at 3:00pm in House Hearing Room 4. With a quorum being established, Chairman Schaaf called the meeting to order. Joint Committee members in attendance were Senators Schaaf, Rizzo, Wallingford, and Walsh and Representatives Anders, Bernskoetter, Brown (27), Runions, Shull, and Walker (3). Senators Curls and Koenig were not in attendance.

Chairman Schaaf turned the meeting over to the Executive Director, Michael Ruff. The Director briefly discussed the July 2018 MAPERS conference. The conference had several hundred attendees. Sessions included topics on actuarial information, investments, Sunshine Law, Capitol report and ethics. Representative Brown and Senator Wallingford were both in attendance.

The Director then provided a legislative update to the Committee. At the end of the 2018 Regular Legislative Session, five pension-related bills were Truly Agreed to and Finally Passed. Of those five, Governor Parson vetoed HB 2562, an omnibus bill relating to courts. The veto letter contained three reasons for the veto: Concern that the provision related to the Judicial Retirement System was narrowly drafted to only one individual and constituted a special law, concern about safety regarding permitting entry onto abandoned property under certain circumstances, and concern that the bill violates the original purpose provision of the Missouri Constitution. The Governor signed the remaining bills into law: SB 892 (regarding changes to PACARS, modifying contribution rates for KCPSRS, permitting metropolitan planning organizations and soil and water conservation districts to join LAGERS, modifying working after retirement provisions for certain retirees of PSRS), HB 1291 (omnibus political subdivision bill modifying PACARS and the St. Louis Firemen's Retirement System), HB 1355 (omnibus public safety bill permitting retired peace officers to return to work in event of disaster or national emergency and modifying the St. Louis Firemen's Retirement System), SB 870 (omnibus emergency services bill including a provision modifying annual education requirements for plan trustees).

Two concerns have arisen with the working after retirement provision of SB 892. Some retirees driving school buses have contacted their legislators as the amount of compensation they are able to earn has decreased. Community college employees are also impacted as some who are certified teachers return to work to teach courses after retirement. Also, for each retired member who returns to work under this provision, the employer is required to contribute 6.86% of compensation. PSRS/PEERS is aware of the concerns and has formed a working group to study the issue of working after retirement.

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(Continued)

Next, the Director explained several developments at MOSERS, including the selection of Ronda Stegmann as the new executive director of the system. The Second Chance Buyout resulted in an additional 646 applications with \$8.5 million paid out. The total MOSERS buyout totaled 4,371 applications (25% participation rate), with a total of \$60.6 million paid out and total net liability eliminated of \$41 million. The Director then discussed recent Department of Corrections litigation in which certain corrections employees were not paid overtime for certain required duties. The court awarded the plaintiffs \$113 million in damages in August. An appeal is possible. Finally, the MOSERS board made actuarial assumption changes following a study of economic assumptions done by their actuary. At the July meeting, the board lowered the assumed rate of return from 7.5 to 7.25 and adopted an annual reduction of 0.15 until the assumed rate of return reaches 6.95. The board also lowered price inflation to 2.35, decreased general wage growth to 2.75, and reset the UAAL amortization period from 26 years to 30 years with added layers of 30 years each going forward.

Discussed next was an actuarial cost statement for changes to the Black Jack Fire Protection District's retirement benefit formula. Currently, Black Jack's benefit formula is a flat dollar amount per year of service. The formula is not indexed to inflation or related to pay; the actuary noted in the cost statement that the value of the benefit has eroded over time. The Fire Protection District's board has proposed increasing the dollar amount of the benefit and eliminating a supplemental benefit and an interim benefit. These changes will become effective October 1, 2018.

The St. Joseph Police Pension Plan also has undergone changes. In late August, the City froze the plan and moved the active employees to LAGERS. JCPER staff contacted the City and inquired about the changes. At that time, the City sent an actuarial cost statement and copies of the three ordinance changes.

The Director provided the Committee with an update on LAGERS legacy plans, as permitted by HB 1443 (2016). Two plans have been transferred and are currently being administered by LAGERS: Jefferson City Fire and Jennings Police & Fire. Three other plans (Rock Hill Police & Fire, Antonia Fire Protection District, and Glendale Police & Fire) are interested in transferring their pension plans to LAGERS.


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(Continued)

The Director then discussed an acquisition of investment managers. Several plans which used Summit Strategies (a St. Louis-based firm) contacted the JCPER office about Summit being acquired by Mercer. Post-acquisition, Mercer does not plan to continue to offer general asset consultant services to defined benefit plans. As a result, several plans will likely need to find a new consultant. The JCPER staff provided lists of consultants used by other plans, but not recommendations.

Second quarter investment reporting was provided to the Committee. 12 month returns continue to show mainly high single digits, although market volatility has returned. 36 month numbers continue to lag due in part to weaker returns in 2015 and 2016.

The Director noted to the Committee that the fourth quarter 2018 meeting will need to be scheduled in late-November or early-December and that members will be emailed possible dates.

No further business being presented, the committee adjourned.


Michael Ruff
Executive Director

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

**3rd QUARTER MEETING
September 11, 2018
3 p.m.— House Hearing Room 4**

AGENDA

Roll Call

MAPERS Conference Review

Legislative Update: review of 2018 TAFP pension-related legislation

MOSERS: Second Chance Buyout Results, Department of Corrections litigation, actuarial assumption changes

Black Jack Fire Protection District Actuarial Cost Statement

St. Joseph Police Pension Plan changes

LAGERS: Legacy Plan Administration under 70.621, RSMo

Investment Managers: Mercer acquisition of Summit Strategies and Pavilion

Quarterly Investment Reporting

STATE CAPITOL
201 W. CAPITOL AVENUE, ROOM 216
JEFFERSON CITY, MISSOURI 65101



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Michael L. Parson

GOVERNOR
STATE OF MISSOURI

RECEIVED

July 13, 2018

JUL 13 2018

TO THE SECRETARY OF STATE
OF THE STATE OF MISSOURI
99th GENERAL ASSEMBLY
SECOND REGULAR SESSION

SECRETARY SENATE

3:40 PM/SH

Herewith I return to you Senate Substitute for Senate Committee Substitute for House Bill No. 2562 entitled:

AN ACT

To repeal sections 67.398, 67.410, 82.1025, 82.1027, 82.1028, 84.510, 208.151, 217.703, 452.430, 476.521, 478.001, 478.003, 478.004, 478.005, 478.006, 478.007, 478.008, 478.009, 478.466, 478.550, 478.551, 478.600, 478.716, 479.020, 479.190, 479.353, 479.360, 483.075, 488.2230, 488.2250, 488.5353, 514.040, 516.105, 537.100, 559.600, and 577.001, RSMo, and to enact in lieu thereof thirty six new sections relating to courts, with existing penalty provisions.

I disapprove of Senate Substitute for Senate Committee Substitute for House Bill No. 2562. My reasons for disapproval are as follows:

Section 82.462 of the bill authorizes certain individuals to enter property they do not own if they suspect it is abandoned in order to secure the property, remove trash, landscape, or remove graffiti. Such individuals are not required to give actual or constructive notice to the property owner. This could result in an individual performing improvements in good faith on another's property, but without their knowledge or permission. If the property owner was to arrive on the scene, it could lead to an unsafe situation. I understand the dilemma that many of our communities face with derelict and abandoned properties, but I want to ensure that any remedy we propose puts the safety of our citizens and the rights of property owners at the forefront.

Section 476.521 of the bill allows for any judicial candidate who filed in 2010, was elected, and became judge in 2011 to receive retirement benefits from a previous MOSERS Judicial Retirement Plan instead of the 2011 Judicial Retirement Plan. The 2011 Judicial Retirement Plan is viewed by some as less favorable, since it requires new members to contribute 4% of their salaries to the plan and reduces other benefits. Based upon information provided by MOSERS, the narrowly tailored language of this section applies to only one individual in the entire state. Special laws such as this are unconstitutional. The Missouri Constitution, in Article III, Section 40, prohibits special laws that grant an "individual any special or exclusive right, privilege or immunity."

Finally, the bill appears to violate the original purpose and single subject provisions of the Missouri Constitution. As introduced, House Bill No. 2562 solely related to treatment courts, which was reflected in its title. As truly agreed to and finally passed, Senate Substitute for Senate Committee Substitute for

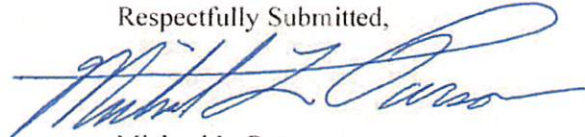
House Bill No. 2562 contains at least thirteen different subjects, many of which do not appear to relate to the final title of "courts."

Article III, Section 21 of the Missouri Constitution prohibits any bill from being "so amended in its passage through either house as to change its original purpose." Article III, Section 23 of the Missouri Constitution provides that "[n]o bill shall contain more than one subject which shall be clearly expressed in its title." The courts have not held that this prevents a bill or its title from being amended throughout its passage. "The restriction is against the introduction of matter that is not germane to the object of the legislation or that is unrelated to its original subject." *Stroh Brewery Co. v. State of Missouri*, 954 S.W.2d 323, 326 (Mo. banc 1997). Some provisions of House Bill No. 2562 do not appear to be germane or related to its original subject. For example, the provisions in this bill regarding abandoned property, nuisance abatement, and the salaries of police officers have nothing to do with treatment courts or courts in general. In *Hammerschmidt v. Boone County*, 877 S.W.2d 98, 102 (Mo. banc 1994), the court held that all of a bill's provisions must "fairly relate to the same subject, have a natural connection therewith or are incidents or means to accomplish its purpose."

It is unfortunate that the provisions of this bill relating to treatment courts will not move forward as a result of the aforementioned issues. Treatment courts serve a valuable purpose for both our judicial and corrections systems. I look forward to working with the legislature next session on improving and expanding treatment courts across our state, and hope to do so in an expedient fashion.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Committee Substitute for House Bill No. 2562 without my approval.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Michael L. Parson", is written over a horizontal line.

Michael L. Parson
Governor

Stegmann named new MOSERS director

June 7th, 2018 | by [Bob Watson](#) | in Local News | Read Time: 2 mins.



Ronda Stegmann — who had been serving as interim director since Jan. 18 — is the Missouri State Employees Retirement System's new executive director.

Stegmann became interim director when the Board of Directors fired John Watson, by a 7-4 vote, for what was described then as being "in the interests of more effectively addressing the Board's priorities as to the performance, direction and operation of the System."

The board voted 10-0 to approve Stegmann's promotion.

She had been working as MOSERS' legislative and policy coordinator when she was named interim director in January, and came to the retirement system three years ago — in June 2015 — after serving 16 years with the state Legislature's Joint Committee on Public Employee Retirement, including six years as that committee's director.

Stegmann was chosen after a national search by the Korn Ferry executive search firm.

Crystal Wessing, who chairs the MOSERS board, said in a news release: "The national search yielded an impressive list of candidates and, ultimately, the board unanimously agreed Ronda's leadership, passion, and ability to engage all stakeholders are the best fit for MOSERS, and what's best for our members."

Board member Gary Metzger chaired the Executive Director Search Committee, and said in the news release that Stegmann "brings stability and will move MOSERS forward. The unanimous support from the board shows that Ronda, with her strong management skills and passion for MOSERS' mission, is the right person to lead MOSERS into the future."

MOSERS manages more than \$8 billion in assets and administers retirement, long-term disability insurance, life insurance and deferred compensation benefits for approximately 113,000 present and former

state employees and their beneficiaries.

The 11-member MOSERS board includes three members elected by active and retired employees, four lawmakers appointed by the House and Senate leaders, two members appointed by the governor, and the state treasurer and commissioner of the Office of Administration.

The board currently is one member short, after Shannon Owens, who was an active-employee member and the former chair, left state employment.

State Rep. Scott Fitzpatrick, R-Shell Knob, on Monday replaced Rep. Justin Alferman, R-Hermann, after new Gov. Mike Parson tabbed Alferman as the new administration's legislative director.

The other members are state Rep. John Wiemann, R-O'Fallon; state Sens. Wayne Wallingford, R-Cape Girardeau, and Gina Walsh, D-Bellefontaine Neighbors; Joe Keifer and Metzger, both appointed to the board last July by then-Gov. Eric Greitens; retiree Don Martin; Treasurer Eric Schmitt and OA Commissioner Sarah Steelman; and Wessing, the other active-employee member.

Wessing — who had voted against Watson's firing last January — said in Wednesday's statement: "We are proud to have Ronda at the helm."

Related Article

[MOSERS replaces Watson as director, names interim](#)

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Related Article

[22 percent take MOSERS buyout](#)

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SB 62

2017-2018 LEGISLATIVE IMPLEMENTATION



Senate Bill 62 was signed into law by Governor Greitens on July 14, 2017. This bill:

- Gave the MOSERS Board the authority to establish a buyout program for terminated-vested (TRMV) members with the program authorization expiring May 31, 2018;
- Changed the vesting requirement for the MSEP 2011 from 10 years to 5 years; and
- Made changes to the College & University Retirement Plan (CURP).

Buyout Program

The MOSERS board set rules for the Buyout Program (attached). After initially offering a program with an application window from October 1 through November 30, 2017, the board also offered the “Second Chance Buyout Program” with an application window during the month of May 2018.

Eligible terminated-vested members were presented with a voluntary one-time lump-sum payment option of 60% of the present value of their future retirement benefit. Acceptance of this offer by the member resulted in forfeiture of their credited service. Anyone who elected to cash out their future monthly retirement benefit in exchange for the lump-sum payment, but who subsequently returns to state employment, will be considered a new employee, not a rehire, and a member of the MSEP 2011.

Preparation*

- May - July 2017
 - Began coding 77 programs
 - Began assessing staffing needs and developing staffing plan
 - Began drafting print and online materials
 - Began pre-verifying TRMV member data
 - Board finalized the terms of the Buyout Program
- August 2017
 - Continued coding and testing programming
 - Received files from actuaries to configure & test
 - Conducted staff training and distributed materials to staff
- Late August 2017
 - Mailed a special edition of *VestedInterest* newsletter explaining the buyout to all eligible terminated-vested members
 - Posted *Buyout Program Online Resource Center*
 - Went live with online & phone self-service status checking functionality

* This is a high-level summary; the actual process was significantly more detailed and complex.

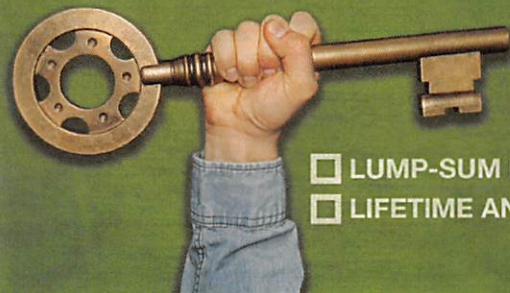
Overall Buyout Program Results*

- Total Terminated-Vested Members Eligible17,005
- Total Applications Paid4,371
(25.7% of 17,005)
- Total Net Liability Eliminated\$41 Million

Of those who elected the buyout, 94 members were subject to a child support lien of up to 50% of their payment. Subsequently, MOSERS sent \$214,072.77 to the Department of Social Services, Family Support Division towards past-due child support.

* See page 2 for additional detail.

Your Buyout Program Decision Key Legislation Gives You Options



- ☐ LUMP-SUM PAYMENT
- ☐ LIFETIME ANNUITY

Individual Program Results

2017 (Initial) Buyout Program

- Applications Paid 3,725
(21.9% of eligible)
- Those Electing the Buyout
 - Average years of service 9
 - Average monthly retirement benefit forfeited \$380
 - Average age left state employment 39
 - Average age elected buyout 47
 - Average age at normal retirement eligibility 62
 - Average lump-sum one-time payment \$14,031
- Phone/Online Self-Service Stats
 - Checked status via self-serve phone system 3,839
 - Spoke to MOSERS staff 4,543
 - Received status via web page 10,150
- Liability Eliminated \$87,249,626
- Amount Paid \$52,189,944
- Net Liability Eliminated \$35,059,683

2018 Second Chance Buyout Program

- Applications Paid 646
- Those Electing the Second Chance Buyout
 - Average years of service 8.8
 - Average monthly retirement benefit forfeited \$377
 - Average age left state employment 39
 - Average age elected buyout 47.5
 - Average age at normal retirement eligibility 62
 - Average lump-sum one-time payment \$13,172
- Phone/Online Self-Service Stats
 - Checked status via self-serve phone system 207
 - Spoke to MOSERS staff 705
 - Received status via web page 1,025
- Liability Eliminated \$14,204,038
- Amount Paid \$8,522,423
- Net Liability Eliminated \$5,681,615

- September 1, 2017
 - Mailed the first wave of letters, applications, and estimates to out-of-state members and to members with mixed-service who were eligible for the program (approximately 3,000)
- September 19, 2017
 - Mailed the second wave of letters, applications and estimates to central Missouri eligible terminated-vested members (approximately 7,000)
- September 26, 2017
 - Mailed the third and final wave of letters, applications and estimates were to remaining eligible terminated-vested members (approximately 7,000)
- November 30, 2017
 - Deadline to receive completed applications from eligible terminated-vested members
- December 2017
 - Began issuing Buyout Program payments
- January 26, 2018
 - Issued the final group of payments for the initial Buyout Program.

2018 Second Chance Buyout Program

At the March 29, 2018 MOSERS Board Meeting, the board adopted Board Rules 2-19 and 3-18, which established the Terminated-Vested Member Second Chance Buyout Program (the “Second Chance Buyout Program”) in accordance with sections 104.1063 and 104.1092 RSMo (see attached). There were 12,728 terminated-vested members who were eligible for the Second Chance Buyout Program. As necessary, staff repeated the above preparation steps.

MSEP 2011 Vesting Requirement Change

SB 62 reduced the 10-year vesting period for MSEP 2011 members to 5 years, effective January 1, 2018, and provides that new terminated-vested members of MSEP 2011 will: 1) not be eligible to receive service credit for sick leave accruals, 2) not have survivor benefits payable at the time of death but rather at the time when the member would have been eligible for normal retirement, and 3) have cost-of-living adjustments begin on the second anniversary of retirement, rather than on the first anniversary of retirement.

Preparation

- Re-coded 47 programs for the vesting change
- Worked on individualized letters, annual benefit statements, and benefit estimates to make necessary changes resulting from the SB 62 vesting change and terminated-vested member offsets
 - Reviewed 134 documents
 - Revised, tested, approved 22 documents
 - Created 1 new letter (sent 30-90 days prior to when deceased REG TRMV MSEP 2011 member would have attained retirement eligibility age)
 - Completed 56 IT work requests on 10- to 5-year vesting
- Tested programming and reviewed page content for the Online Retirement Application Process (ORAP)
- Developed and implemented a mass communications plan to members
 - Website information
 - Social media announcements
 - Newsletters
 - MSEP 2011 seminar & webinar material - print, online, email, PowerPoint, etc.
- Updated various pages online, handbooks, brochures, summary of benefit provision flyers, etc.



MSEP 2011 Members – Vesting Change Results

(as of June 30, 2018)

- Became Vested 3,277
- Retired..... 30
(18 Early, 12 Normal)
- Attended a PreRetirement Webinar..... 84
- Attended an In-Person PreRetirement Seminar 39

Eligible for Retirement

(January 1, 2018 – December 31, 2022)

- Early Retirement 1,461
- Normal Retirement 462



College & University
RETIREMENT PLAN

College & University Retirement Plan (CURP)

SB 62 set the employer contribution rate to CURP at 6% rather than being 1% below MOSERS' Employer Normal Cost, effective July 1, 2018 (FY19). This legislation also requires new employees first employed on or after July 1, 2018 to contribute 2% of pay to the CURP.

MOSERS BOARD RULE (FIRST WAVE – 2017)

2-18 and 3-17 Terminated Vested Member Buyout Program

The purpose of this board rule is to establish the Terminated Vested Member Buyout Program (the “Buyout Program”) in accordance with sections 104.1063 and 104.1092, RSMo. This rule shall take effect on August 28, 2017.

Eligibility

1. Except as otherwise provided under this board rule, a member of the closed plan or the year 2000 plan may elect to participate in the Buyout Program if the member:
 - a. has not been employed at any time after June 30, 2017 in any position covered by any retirement plan administered under Chapters 104, 287, and 476, RSMo;
 - b. is eligible for a deferred retirement annuity from MOSERS under RSMo Chapter 104;
 - c. would not have reached normal retirement age and would not be eligible to receive a normal retirement annuity from MOSERS under Chapter 104, RSMo, before December 1, 2017;
 - d. files a complete application with MOSERS by November 30, 2017 to make a one-time election to receive a lump sum buyout of all of the member’s deferred annuities that such member is eligible for under Chapter 104, RSMo, as provided in the Buyout Program.
 2. Notwithstanding section 1 of this board rule, a member may not participate in the Buyout Program if the member:
 - a. is eligible for a refund of contributions under section 104.1091, RSMo, and the amount of the refund would be greater than the amount of the buyout payment otherwise payable under the Buyout Program;
 - b. is eligible for a present value payment under section 104.335.6, RSMo;
 - c. is subject to a Division of Benefit Order (“DBO”) issued by a court under sections 104.312 or 104.1051, RSMo, and the system has received notice of the DBO before the system issues the buyout payment;
 - d. is married at the time of the election to participate in the Buyout Program unless the member’s spouse consents in writing to the election;
 - e. dies and the system receives timely notice of the member’s death before the system issues the buyout payment;
 - f. becomes employed in any position covered by any retirement plan administered under Chapter 104, 287, and 476, RSMo, and the system has received timely notice of such employment before the system issues the buyout payment; or
 - g. is receiving a long-term disability benefit from MOSERS.
 3. A member may rescind an election in writing made under section 1 of this board rule if such rescission is received by MOSERS no later than November 30, 2017.
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Payment Calculation

4. The buyout payment made under the Buyout Program shall be equal to 60 percent of the present value of the member's deferred normal retirement annuity as determined under this board rule.
 5. The discount rate used to calculate the present value of the member's deferred normal retirement annuity shall be 7.50 percent. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 4.00% compounded until the 65% cap is reached, then at 2.00% compounded for life for members of the closed plan. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 2.00% compounded for life for members of the year 2000 plan. Present value is based on assumed life expectancy.
 6. The present value of the member's deferred normal retirement annuity shall be determined as of October 1, 2017, regardless of when the member makes an election to participate in the Buyout Program or the system issues the buyout payment to the member.
 7. The system's actuary shall determine the present value of the member's deferred normal retirement annuity based on the member's expected eligibility date for a normal retirement annuity.
 8. For any member who is covered by the closed plan and is eligible to elect coverage under the year 2000 plan, the member shall be deemed to have elected coverage in the plan that results in the greater buyout payment for the member.
 9. The system shall provide each member who is eligible to participate in the Buyout Program with: (a) an estimate comparing the amount of the projected buyout payment under the Buyout Program with the monthly amount of the member's projected normal retirement annuity; and (b) a description of the actuarial assumptions used in the calculation of the present value of the member's deferred normal retirement annuity under the Buyout Program.
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MOSERS BOARD RULE (SECOND WAVE – 2018)

2-19 Terminated Vested Member Second Chance Buyout Program

The purpose of this board rule is to establish the Terminated Vested Member Second Chance Buyout Program (the "Second Chance Buyout Program") in accordance with sections 104.1063 and 104.1092, RSMo. This rule shall take effect on April 28, 2018.

Eligibility

1. Except as otherwise provided under this board rule, a member of the closed plan or the year 2000 plan may elect to participate in the Second Chance Buyout Program if the member:
 - a. has not been employed at any time after June 30, 2017, in any position covered by any retirement plan administered under Chapters 104, 287, and 476, RSMo;
 - b. is eligible for a deferred retirement annuity from the system under RSMo Chapter 104;
 - c. did not reach normal retirement age and was not eligible to receive a normal retirement annuity from the system under Chapter 104, RSMo, before June 1, 2018;
 - d. has not received any annuity from the system;
 - e. did not elect to participate in the Buyout Program established under Board Rule 2-18; and
 - f. files a complete application with the system by May 31, 2018, to make a one-time election to receive a lump sum buyout of all of the member's deferred annuities that such member is eligible for under Chapter 104, RSMo, as provided in the Second Chance Buyout Program.
 2. Notwithstanding section 1 of this board rule, a member may not participate in the Second Chance Buyout Program if the member:
 - a. is eligible for a refund of contributions under section 104.1091, RSMo, and the amount of the refund would be greater than the amount of the buyout payment otherwise payable under the Second Chance Buyout Program;
 - b. is eligible for a present value payment under section 104.335.6, RSMo any time on or after August 28, 2017;
 - c. is subject to a Division of Benefit Order ("DBO") issued by a court under sections 104.312 or 104.1051, RSMo, and the system has received notice of the DBO before the system issues the buyout payment;
 - d. is married at the time of the election to participate in the Second Chance Buyout Program unless the member's spouse consents in writing to the election;
 - e. dies and the system receives timely notice of the member's death before the system issues the buyout payment;
 - f. becomes employed in any position covered by any retirement plan administered under Chapter 104, 287, and 476, RSMo, and the system has received timely notice of such employment before the system issues the buyout payment; or
 - g. is receiving a long-term disability benefit from the system.
 3. A member may rescind an election in writing made under section 1 of this board rule if such rescission is received by the system no later than May 31, 2018.
-

Payment Calculation

4. The buyout payment made under the Second Chance Buyout Program shall be equal to 60 percent of the present value of the member's deferred normal retirement annuity as determined under this board rule.
5. The discount rate used to calculate the present value of the member's deferred normal retirement annuity shall be 7.50 percent. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 4.00% compounded until the 65% cap is reached, then at 2.00% compounded for life for members of the closed plan. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 2.00% compounded for life for members of the year 2000 plan. Present value is based on assumed life expectancy.
6. The present value of the member's deferred normal retirement annuity shall be determined as of October 1, 2017, regardless of when the member makes an election to participate in the Second Chance Buyout Program or the system issues the buyout payment to the member.
7. The system's actuary shall determine the present value of the member's deferred normal retirement annuity based on the member's expected eligibility date for a normal retirement annuity.
8. For any member who is covered by the closed plan and is eligible to elect coverage under the year 2000 plan, the member shall be deemed to have elected coverage in the plan that results in the greater buyout payment for the member.
9. The system shall provide each member who is eligible to participate in the Second Chance Buyout Program with: (a) an estimate comparing the amount of the projected buyout payment under the Second Chance Buyout Program with the monthly amount of the member's projected normal retirement annuity; and (b) a description of the actuarial assumptions used in the calculation of the present value of the member's deferred normal retirement annuity under the Second Chance Buyout Program.

3-18 Terminated Vested Member Second Chance Buyout Program

The purpose of this board rule is to establish the Terminated Vested Member Second Chance Buyout Program (the "Second Chance Buyout Program") in accordance with sections 104.1063 and 104.1092, RSMo. This rule shall take effect on April 28, 2018.

Eligibility

1. Except as otherwise provided under this board rule, a member of the closed plan or the year 2000 plan may elect to participate in the Second Chance Buyout Program if the member:
 - a. has not been employed at any time after June 30, 2017, in any position covered by any retirement plan administered under Chapters 104, 287, and 476, RSMo;
 - b. is eligible for a deferred retirement annuity from the system under RSMo Chapter 104;
 - c. did not reach normal retirement age and was not eligible to receive a normal retirement annuity from the system under Chapter 104, RSMo, before June 1, 2018;
 - d. has not received any annuity from the system;
 - e. did not elect to participate in the Buyout Program established under Board Rule 3-17; and
 - f. files a complete application with the system by May 31, 2018, to make a one-time election to receive a lump sum buyout of all of the member's deferred annuities that such member is eligible for under Chapter 104, RSMo, as provided in the Second Chance Buyout Program.
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2. Notwithstanding section 1 of this board rule, a member may not participate in the Second Chance Buyout Program if the member:
 - a. is eligible for a refund of contributions under section 104.1091, RSMo, and the amount of the refund would be greater than the amount of the buyout payment otherwise payable under the Second Chance Buyout Program;
 - b. is eligible for a present value payment under section 104.335.6, RSMo any time on or after August 28, 2017;
 - c. is subject to a Division of Benefit Order ("DBO") issued by a court under sections 104.312 or 104.1051, RSMo, and the system has received notice of the DBO before the system issues the buyout payment;
 - d. is married at the time of the election to participate in the Second Chance Buyout Program unless the member's spouse consents in writing to the election;
 - e. dies and the system receives timely notice of the member's death before the system issues the buyout payment;
 - f. becomes employed in any position covered by any retirement plan administered under Chapter 104, 287, and 476, RSMo, and the system has received timely notice of such employment before the system issues the buyout payment; or
 - g. is receiving a long-term disability benefit from the system.
 3. A member may rescind an election in writing made under section 1 of this board rule if such rescission is received by the system no later than May 31, 2018.

Payment Calculation

4. The buyout payment made under the Second Chance Buyout Program shall be equal to 60 percent of the present value of the member's deferred normal retirement annuity as determined under this board rule.
 5. The discount rate used to calculate the present value of the member's deferred normal retirement annuity shall be 7.50 percent. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 4.00% compounded until the 65% cap is reached, then at 2.00% compounded for life for members of the closed plan. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 2.00% compounded for life for members of the year 2000 plan. Present value is based on assumed life expectancy.
 6. The present value of the member's deferred normal retirement annuity shall be determined as of October 1, 2017, regardless of when the member makes an election to participate in the Second Chance Buyout Program or the system issues the buyout payment to the member.
 7. The system's actuary shall determine the present value of the member's deferred normal retirement annuity based on the member's expected eligibility date for a normal retirement annuity.
 8. For any member who is covered by the closed plan and is eligible to elect coverage under the year 2000 plan, the member shall be deemed to have elected coverage in the plan that results in the greater buyout payment for the member.
 9. The system shall provide each member who is eligible to participate in the Second Chance Buyout Program with: (a) an estimate comparing the amount of the projected buyout payment under the Second Chance Buyout Program with the monthly amount of the member's projected normal retirement annuity; and (b) a description of the actuarial assumptions used in the calculation of the present value of the member's deferred normal retirement annuity under the Second Chance Buyout Program.
-

**IN THE CIRCUIT COURT
FOR COLE COUNTY, STATE OF MISSOURI
19TH JUDICIAL CIRCUIT**

THOMAS HOOTSELLE, JR., *et al.*, and
MISSOURI CORRECTIONS OFFICERS
ASSOCIATION,

Plaintiffs, Individually and on
behalf of all others similarly situated,

v.

MISSOURI DEPARTMENT OF
CORRECTIONS,

Defendant.

Cause No. 12AC-CC00518

Div. 4

JUDGMENT

1. Plaintiffs Thomas Hootselle, Jr., Oliver Huff, and Daniel Dicus were appointed to serve as Class Plaintiffs and Class Representatives on behalf of the following Class certified by this Court in an amended Order on September 29, 2015:

All Persons Employed In Positions As Corrections Officer I Or Corrections Officer II By The Department Of Corrections Of The State Of Missouri At Any Time From August 14, 2007 To The Present Date for Claims Relating to Unpaid Straight-Time Compensation and From August 14, 2010 To The Present Date for Unpaid Overtime Compensation.

The Court previously granted partial summary judgment for Class Plaintiffs against Defendant.

2. Pursuant to the Verdict of the Jury, Judgment is hereby entered in favor of the Class Plaintiffs against Defendant Missouri Department of Corrections in the sum of \$113,714,632.00 in actual damages on Counts III and VI of Plaintiffs' Second Amended Petition, amended by interlineation.

3. Regarding Count VII, after trial the Court finds that the preponderance of the evidence proves:

- a. The Labor Agreement and D2-8.4 of the Procedure Manual impose contractual obligations on Defendant to pay straight time and overtime compensation for all work performed by the COs as required by the Fair Labor Standards Act, and this work includes the pre and post-shift activity extensively testified to and referenced in Plaintiffs' exhibits 6 and 33.
- b. Defendant requires all Class members to do this pre and post-shift activity in violation of these agreements; has failed and refused to ever compensate Class Plaintiffs for performing these activities contrary to the agreements; will continue to require this activity of the Class and refuse to pay them for it in the future; has continued its policies in the face governmental investigations, Class member complaints, years of litigation in this case and the Court's partial summary judgment order.
- c. Defendant has failed and continues to fail to comply with its legal obligation to keep comprehensive, accurate, and reliable records of all time worked by Class Plaintiffs (and its contractual obligations to do so under Policy D2-8.1).
- d. Defendant's past and ongoing course of conduct demonstrates that it will not comply with Section 12.2 of the Labor Agreement or the relevant terms of the Procedure Manual unless a declaratory judgment is entered requiring defendant to do so. Thus, a justiciable dispute exists about Defendant's future compliance with the Labor Agreement which is ripe for resolution by a judgment that declares and protects plaintiff Missouri Correction Officer's Association (MOCOA) and Class Plaintiffs' contractual rights.

4. Thus, Judgment is hereby entered in favor of the Class Plaintiffs and MOCOA against Defendant Missouri Department of Corrections on Count VII of

Plaintiffs' Second Amended Petition, amended by interlineation, to settle and afford relief from the uncertainty and insecurity with respect to the parties' contractual rights, obligations, and relations, as follows:

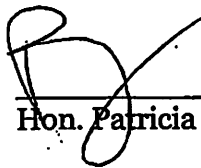
a. Defendant shall fully comply with the Labor Agreement and Procedure Manual by paying straight time and/or overtime compensation for the following activities performed by Class Plaintiffs, including, but not limited to, work performed before and after their assigned shifts:

- 1) electronically logging their arrival or departure from the facility by either scanning a Bar Coded or Radio Frequency Identification (RFID), and/or manually signing or initially a paper entry/exit record, and/or submitting to biometric identification such as a finger print or palm scanning instrument, or a combination of these things;
- 2) utility officers may be required to report to the Central Observation Post to receive assignments;
- 3) passing through security gates/entry-egress points, including passing through a metal detector in arrival and through and airlock when entering and exiting the security envelope;
- 4) presenting themselves before a custody supervisor who communicated to the COI or COII's their daily post/duty assignment;
- 5) picking up or returning equipment such as keys or radios form electronic key boxes or key/radio issue rooms;
- 6) walking to and from the entry/egress points to duty post and possibly waiting in a line if one has formed for any of the above activities;
- 7) in the case of vehicle patrol officers, inventorying the vehicle patrol's issued weapons, ammunition, and equipment prior to and at the end of each shift; and
- 8) Passing of pertinent information from one shift to another.

- b. No later than 30 days from the entry of this judgment, Defendant shall implement a system that complies with this Order and maintains comprehensive, accurate, and reliable records of all time worked by Class Plaintiffs and payment for pre and post shift work. Defendant shall immediately inform the Court, MOCO, and Class Plaintiffs' counsel that such a system has been implemented.
- c. Defendant shall make all such records available to MOCO, Class Plaintiffs and the Court for inspection upon request.

5. This Court has previously dismissed Counts I and II of the Second Amended Petition. This Court now and hereby dismisses Counts IV and V of the Second Amended Petition as Plaintiffs elected their breach of contract claim and remedy of Count III and VI over their equity claim and remedy in Count IV and V.

So ORDERED this 17th day of August, 2018.



Hon. Patricia Joyce



State of Missouri

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**Effective 28 Aug 2013**

Title VIII PUBLIC OFFICERS AND EMPLOYEES, BONDS AND RECORDS

Chapter 104

104.1003. Definitions. — 1. Unless a different meaning is plainly required by the context, the following words and phrases as used in sections 104.1003 to 104.1093 shall mean:

- (1) "**Act**", the year 2000 plan created by sections 104.1003 to 104.1093;
- (2) "**Actuary**", an actuary who is experienced in retirement plan financing and who is either a member of the American Academy of Actuaries or an enrolled actuary under the Employee Retirement Income Security Act of 1974;
- (3) "**Annuity**", annual benefit amounts, paid in equal monthly installments, from funds provided for in, or authorized by, sections 104.1003 to 104.1093;
- (4) "**Annuity starting date**" means the first day of the first month with respect to which an amount is paid as an annuity pursuant to sections 104.1003 to 104.1093;
- (5) "**Beneficiary**", any persons or entities entitled to receive an annuity or other benefit pursuant to sections 104.1003 to 104.1093 based upon the employment record of another person;
- (6) "**Board of trustees**", "**board**", or "**trustees**", a governing body or bodies established for the year 2000 plan pursuant to sections 104.1003 to 104.1093;
- (7) "**Closed plan**", a benefit plan created pursuant to this chapter and administered by a system prior to July 1, 2000. No person first employed on or after July 1, 2000, shall become a member of the closed plan, but the closed plan shall continue to function for the benefit of persons covered by and remaining in the closed plan and their beneficiaries;
- (8) "**Consumer price index**", the Consumer Price Index for All Urban Consumers for the United States, or its successor index, as approved by the board, as such index is defined and officially reported by the United States Department of Labor, or its successor agency;

(9) "**Credited service**", the total credited service to a member's credit as provided in sections 104.1003 to 104.1093; except that in no case shall more than one day of credited service be credited to any member or vested former member for any one calendar day of eligible credit as provided by law;

(10) "**Department**", any department or agency of the executive, legislative, or judicial branch of the state of Missouri receiving state appropriations, including allocated funds from the federal government but not including any body corporate or politic unless its employees are eligible for retirement coverage from a system pursuant to this chapter as otherwise provided by law;

(11) "**Early retirement eligibility**", a member's attainment of fifty-seven years of age and the completion of at least five years of credited service;

(12) "**Effective date**", July 1, 2000;

(13) "**Employee**" shall be any person who is employed by a department and is paid a salary or wage by a department in a position normally requiring the performance of duties of not less than one thousand forty hours per year, provided:

(a) The term "employee" shall not include any patient or inmate of any state, charitable, penal or correctional institution, or any person who is employed by a department in a position that is covered by a state-sponsored defined benefit retirement plan not created by this chapter;

(b) The term "employee" shall be modified as provided by other provisions of sections 104.1003 to 104.1093;

(c) The system shall consider a person who is employed in multiple positions simultaneously within a single agency to be working in a single position for purposes of determining whether the person is an employee as defined in this subdivision;

(d) Beginning September 1, 2001, the term "year" as used in this subdivision shall mean the twelve-month period beginning on the first day of employment;

(e) The term "employee" shall include any person as defined under paragraph (b) of subdivision (21) of subsection 1 of section 104.010 who is first employed on or after July 1, 2000, but prior to August 28, 2007;

(14) "**Employer**", a department;

(15) "**Executive director**", the executive director employed by a board established pursuant to the provisions of sections 104.1003 to 104.1093;

(16) "**Final average pay**", the average pay of a member for the thirty-six full consecutive months of service before termination of employment when the member's

pay was greatest; or if the member was on workers' compensation leave of absence or a medical leave of absence due to an employee illness, the amount of pay the member would have received but for such leave of absence as reported and verified by the employing department; or if the member was employed for less than thirty-six months, the average monthly pay of a member during the period for which the member was employed. The board of each system may promulgate rules for purposes of calculating final average pay and other retirement provisions to accommodate for any state payroll system in which pay is received on a monthly, semimonthly, biweekly, or other basis;

(17) "**Fund**", a fund of the year 2000 plan established pursuant to sections 104.1003 to 104.1093;

(18) "**Investment return**", or "**interest**", rates as shall be determined and prescribed from time to time by a board;

(19) "**Member**", a person who is included in the membership of the system, as set forth in section 104.1009;

(20) "**Normal retirement eligibility**", a member's attainment of at least sixty-two years of age and the completion of at least five or more years of credited service or, the attainment of at least forty-eight years of age with a total of years of age and years of credited service which is at least eighty or, in the case of a member of the highway patrol who shall be subject to the mandatory retirement provisions of section 104.080, the mandatory retirement age and completion of five years of credited service or, the attainment of at least forty-eight years of age with a total of years of age and years of credited service which is at least eighty;

(21) "**Pay**" shall include:

(a) All salary and wages payable to an employee for personal services performed for a department; but excluding:

a. Any amounts paid after an employee's employment is terminated, unless the payment is made as a final installment of salary or wages at the same rate as in effect immediately prior to termination of employment in accordance with a state payroll system adopted on or after January 1, 2000;

b. Any amounts paid upon termination of employment for unused annual leave or unused sick leave;

c. Pay in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code of 1986 as amended and other applicable federal laws or regulations;

d. Any nonrecurring single sum payments; and

e. Any amounts for which contributions have not been made in accordance with section 104.1066;

(b) All salary and wages which would have been payable to an employee on workers' compensation leave of absence during the period the employee is receiving a weekly workers' compensation benefit, as reported and verified by the employing department;

(c) All salary and wages which would have been payable to an employee on a medical leave due to employee illness, as reported and verified by the employing department;

(d) For purposes of members of the general assembly, pay shall be the annual salary provided to each senator and representative pursuant to section 21.140, plus any salary adjustment pursuant to section 21.140;

(22) "**Retiree**", a person receiving an annuity from the year 2000 plan based upon the person's employment record;

(23) "**State**", the state of Missouri;

(24) "**System**" or "**retirement system**", the Missouri state employees' retirement system or the Missouri department of transportation and highway patrol employees' retirement system, as the case may be;

(25) "**Vested former member**", a person entitled to receive a deferred annuity pursuant to section 104.1036;

(26) "**Year 2000 plan**", the benefit plan created by sections 104.1003 to 104.1093.

2. Benefits paid under the provisions of this chapter shall not exceed the limitations of Internal Revenue Code Section 415, the provisions of which are hereby incorporated by reference. Notwithstanding any other law to the contrary, the board of trustees may establish a benefit plan under Section 415(m) of the Internal Revenue Code of 1986, as amended. Such plan shall be created solely for the purposes described in Section 415(m)(3)(A) of the Internal Revenue Code of 1986, as amended. The board of trustees may promulgate regulations necessary to implement the provisions of this subsection and to create and administer such benefit plan.

(L. 1999 S.B. 308 & 314, A.L. 2001 S.B. 371, A.L. 2003 S.B. 248, et al., A.L. 2007 S.B. 406, A.L. 2013 H.B. 233)

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Board Meeting Summary

July 19, 2018

Actuarial Assumptions and Methods

After considerable deliberation, the MOSERS Board approved the reduction of their assumed rate of return (ARR) on investments from 7.50% to 7.25%, effective June 30, 2018. This change includes the intention to further reduce the ARR to 7.10%, effective June 30, 2019, and then to 6.95%, effective June 30, 2020. The Board made these decisions after having previously authorized an economic assumptions and actuarial methods review by their external actuary, Cavanaugh Macdonald Consulting, LLC. The actuary presented the review at the June Board Educational Conference on June 22, 2018. The Board also approved utilizing a 5-year closed asset smoothing method with a 7-year transition period for previous losses. Thirdly, the Board approved resetting the amortization period for the unfunded liability from 26 years to a layered 30-year closed period.

Governance and Strategic Planning Report

Mosaic Governance Advisors presented the governance policy review and strategic planning report. This report is a product of Board and staff interviews with Mosaic, policy reviews, and June Board Conference discussion. The Board approved a motion to rewrite the MOSERS governance policy using appropriate committees for investment and non-investment related areas and to utilize consultants as needed.

Investment Committee Update

At the June 2018 MOSERS Board Educational Conference, the Board approved a new asset allocation for MOSERS' investment portfolio. The Board's investment consultant, Verus Investments, LLC, provided an update on the development of the implementation process for the newly-adopted asset allocation policy. The Board approved Verus' recommended benchmarks for the new asset allocation classes.

Investment Reports

Staff reported on MOSERS' returns for the fiscal year. The return, 7.42% for the fiscal year ended June 30, 2018, added approximately \$600 million to the MOSERS trust fund.

The Board will approve the official minutes of this meeting at their next Board meeting and staff will post the minutes to the MOSERS website. This document is not to be considered official meeting minutes of the MOSERS Board of Trustees.

Future Board Meeting Dates

September 13, 2018 – 9:00am in MOSERS Boardroom

November 15, 2018 – 9:00am in MOSERS Boardroom

For more information about MOSERS, go to: www.mosers.org

ACTUARIAL COST STATEMENT FOR PROPOSED CHANGES FOR THE RETIREMENT PLAN FOR EMPLOYEES OF BLACK JACK FIRE PROTECTION DISTRICT

Prepared July 26, 2018

This actuarial statement is to disclose the financial impact of the Substantial Proposed Changes to the Retirement Plan for Employees of Black Jack Fire Protection District which would become effective on October 1, 2018. This statement is prepared using the actuarial assumptions and methods employed in the last annual actuarial valuation in accordance with R.S.Mo. § 105.665.

Proposed Changes

Pension Benefit Formula

The current pension benefit equals \$93 times credited service for uniformed employees, and \$45 times credited service for non-uniformed employees. There is also a Social Security Supplemental Benefit payable until age 62 based on estimated Social Security Benefits, and an additional Interim Benefit equal to \$20 times credited service payable until age 65.

Under the proposal, the Social Security Supplemental Benefit and the Interim Benefit are eliminated for future retirees. For uniformed employees, the pension is \$216 times credited service, and for non-uniformed employees the pension is \$161 times credited service.

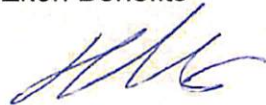
Actuarial Analysis

1. The level normal cost of the current plan (Entry Age Normal Cost Method) is \$258,476, which is 6.55% of covered payroll.
2. As of 1/1/2018, there is no unfunded accrued liability. Accrued Plan assets of \$15,748,800 are in excess of the Actuarial Liability of \$15,002,297. Based on a 15 year amortization period, the amortization credit is \$(76,600).
3. The total contribution rate based on a 15 year amortization is \$181,876, or 4.77% of payroll.
4. The District is paying well in excess of the contribution rate of item 3 above. For 2017, the estimated accrued contribution to the plan was \$1,317,458.
5. As of 1/1/2018, the actuarial value of assets is \$15,748,800 and is equal to Accrued Market Value. The Actuarial Accrued Liability is \$15,002,297, and the Funded Ratio is 105%.

Actuarial Cost Statement
Black Jack Fire Protection District
Page 2

6. The post-change contribution rate initially is \$791,015, which is 20.73% of payroll. This amount decreases over time because expected plan contributions based on the \$0.2424 of assessed valuation are larger than the contribution rate.
7. Attached is a 10 year projection of the current plan and the proposed plan.
8. The basis of the proposed change is that the benefit formula is not indexed to inflation or related to pay, so the value of the benefit has eroded over time. The \$93 benefit level for uniformed employees has been in place since 1996. The tax rate increase passed in 2017 made funds available to support the proposed increase.
9. As shown in the projections, we do not believe that the proposed change would impair the ability of the plan to meet the obligations thereof in effect at the time the proposal is made.
10. The assumptions used for this analysis are listed in the cost projection exhibits and the 1/1/2018 actuarial report that has been attached.
11. We believe the assumptions used for the actuarial valuation produce results which, in the aggregate, are reasonable.
12. Individual Entry Age Normal method is used for the actuarial valuation. Unfunded Actuarial Liabilities are amortized over an open 15 year period. The Unfunded Accrued Liability equals the Accrued Liability less the Actuarial Value of Assets. .

Ekon Benefits



David Shaw
Fellow of the Society of Actuaries
Enrolled Actuary, No. 17-4679

**RETIREMENT PLAN FOR EMPLOYEES OF BLACK JACK FIRE PROTECTION DISTRICT
10 YEAR COST PROJECTION UNDER CURRENT PLAN**



	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>	<u>1/1/2025</u>	<u>1/1/2026</u>	<u>1/1/2027</u>	<u>1/1/2028</u>
ACCRUED LIABILITY	\$15,002,297	\$15,748,455	\$16,548,669	\$17,322,889	\$18,116,034	\$18,913,769	\$19,712,854	\$20,584,959	\$21,415,239	\$22,272,322	\$23,151,795
ESTIMATED ASSETS*	\$15,748,800	\$17,541,850	\$19,487,517	\$21,513,271	\$23,672,096	\$25,958,299	\$28,377,903	\$31,012,502	\$33,757,890	\$36,694,090	\$39,828,905
UNFUNDED ACCRUED LIABILITY	(\$746,503)	(\$1,793,395)	(\$2,938,847)	(\$4,190,382)	(\$5,556,063)	(\$7,044,531)	(\$8,665,049)	(\$10,427,543)	(\$12,342,650)	(\$14,421,768)	(\$16,677,109)
ACCRUED LIABILITY FUNDED RATIO	105.0%	111.4%	117.8%	124.2%	130.7%	137.2%	144.0%	150.7%	157.6%	164.8%	172.0%
NORMAL COST	\$276,569	\$286,249	\$296,268	\$306,637	\$317,370	\$328,478	\$339,974	\$351,873	\$364,189	\$376,936	\$390,128
15 YEAR AMORT OF UNFUNDED LIABILITY	(\$81,962)	(\$119,560)	(\$195,923)	(\$279,359)	(\$370,404)	(\$469,635)	(\$577,670)	(\$695,170)	(\$822,843)	(\$961,451)	(\$1,111,807)
ANNUAL COST (end of year)	\$194,607	\$166,690	\$100,345	\$27,279	(\$53,035)	(\$141,158)	(\$237,696)	(\$343,296)	(\$458,654)	(\$584,516)	(\$721,679)
COST AS A % OF PAYROLL	4.77%	3.94%	2.29%	0.60%	-1.13%	-2.91%	-4.74%	-6.61%	-8.53%	-10.50%	-12.53%
EXPECTED CONTRIBUTION - EMPLOYER	\$1,271,206	\$1,306,164	\$1,342,084	\$1,378,991	\$1,416,913	\$1,455,878	\$1,495,915	\$1,537,053	\$1,579,322	\$1,622,753	\$1,667,379
ASSUMED PAYROLL	\$4,083,685	\$4,226,614	\$4,374,545	\$4,527,654	\$4,686,122	\$4,850,136	\$5,019,891	\$5,195,587	\$5,377,433	\$5,565,643	\$5,760,440

*Assumes \$1,317,458 in receivable contributions at 12/31/17

<u>Assumptions</u>	
Discount Rate	7.0%
Rate of Return	7.0%
Aggregate Payroll Growth	3.5%
Expected Contribution	1,271,206
Expected Contribution Growth Rate/Inflation	2.75%

**RETIREMENT PLAN FOR EMPLOYEES OF BLACK JACK FIRE PROTECTION DISTRICT
10 YEAR COST PROJECTION UNDER PROPOSED BENEFIT**



	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>	<u>1/1/2025</u>	<u>1/1/2026</u>	<u>1/1/2027</u>	<u>1/1/2028</u>
ACCRUED LIABILITY	\$19,698,862	\$20,900,113	\$22,147,084	\$23,231,644	\$24,280,687	\$25,267,139	\$26,185,475	\$27,191,852	\$28,017,387	\$28,802,876	\$29,530,333
ESTIMATED ASSETS*	\$15,748,800	\$17,532,062	\$19,422,299	\$21,216,124	\$23,045,514	\$24,888,846	\$26,746,432	\$28,780,689	\$30,729,438	\$32,740,658	\$34,804,058
UNFUNDED ACCRUED LIABILITY	\$3,950,062	\$3,368,051	\$2,724,785	\$2,015,520	\$1,235,173	\$378,294	(\$560,957)	(\$1,588,837)	(\$2,712,051)	(\$3,937,782)	(\$5,273,725)
ACCRUED LIABILITY FUNDED RATIO	79.9%	83.9%	87.7%	91.3%	94.9%	98.5%	102.1%	105.8%	109.7%	113.7%	117.9%
NORMAL COST	\$412,690	\$427,135	\$442,084	\$457,557	\$473,572	\$490,147	\$507,302	\$525,057	\$543,435	\$562,455	\$582,141
15 YEAR AMORT OF UNFUNDED LIABILITY	<u>\$433,696</u>	<u>\$224,537</u>	<u>\$181,652</u>	<u>\$134,368</u>	<u>\$82,345</u>	<u>\$25,220</u>	<u>(\$37,397)</u>	<u>(\$105,922)</u>	<u>(\$180,803)</u>	<u>(\$262,519)</u>	<u>(\$351,582)</u>
ANNUAL COST (end of year)	\$846,386	\$651,671	\$623,737	\$591,925	\$555,917	\$515,366	\$469,905	\$419,135	\$362,631	\$299,936	\$230,559
COST AS A % OF PAYROLL	20.73%	15.42%	14.26%	13.07%	11.86%	10.63%	9.36%	8.07%	6.74%	5.39%	4.00%
EXPECTED CONTRIBUTION - EMPLOYER	\$1,271,206	\$1,306,164	\$1,342,084	\$1,378,991	\$1,416,913	\$1,455,878	\$1,495,915	\$1,537,053	\$1,579,322	\$1,622,753	\$1,667,379
ASSUMED PAYROLL	\$4,083,685	\$4,226,614	\$4,374,545	\$4,527,654	\$4,686,122	\$4,850,136	\$5,019,891	\$5,195,587	\$5,377,433	\$5,565,643	\$5,760,440

*Assumes \$1,317,458 in receivable contributions at 12/31/17

<u>Assumptions</u>	
Discount Rate	7.0%
Rate of Return	7.0%
Payroll Growth	3.5%
Expected Contribution	1,271,206
Expected Contribution Growth Rate/Inflation	2.75%



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TOP STORY

City council approve changes to Blacksnake and police pension

By Ryan Hennessy News-Press Now Aug 13, 2018



File Photo

Changes to St. Joseph Police officers' pension plan and the Blacksnake Creek Stormwater Separation Improvement Project's contract were discussed at Monday's City Council meeting.

Police officers no longer have to only serve 20 years before they can draw on the department's pension plan. The new requirement includes being 55 years old, but this change also helps officers become vested after five years.

"One thing that a lot of people don't understand is police officers here don't get Social Security benefits," said Cmdr. Eric Protzman of the St. Joseph Police Department. "So our retirement is all we get when we retire."

The police would be joining the Missouri Local Government Employees Retirement System (LAGERS), and there are currently 920 active members within Buchanan County.

"Our general city employees have it; the Fire Department has it," Protzman said. "Our current plan allows for a 2 percent multiplier for every year we work. So if you work 20 years you get 40 percent of your salary when you retire."

The council also chose Mega Industries Corp. to construct Blacksnake after submitting a bid of \$15.6 million. A change order was approved to add \$126,613.61 to the project.

"We never design a project with change orders in mind," said Andy Clements, interim director of Public Works. "They were things that were either mistakes in the survey information or just oversights in terms of specification details."

Clements added the contractor also has found a way to do some things cheaper, one example being a playground.

"Right now we're only at 1.2 percent of the construction total for the change orders, and normally 10 percent is a number that is expected," Clements said. "So we're under 10 percent, so we're doing real well overall."

The digging at Blacksnake began earlier this month, and the project is still on target to finish between the spring of 2019 and the end of the year.

"Our goal is zero, but 1.2 percent isn't so bad," Clements said.

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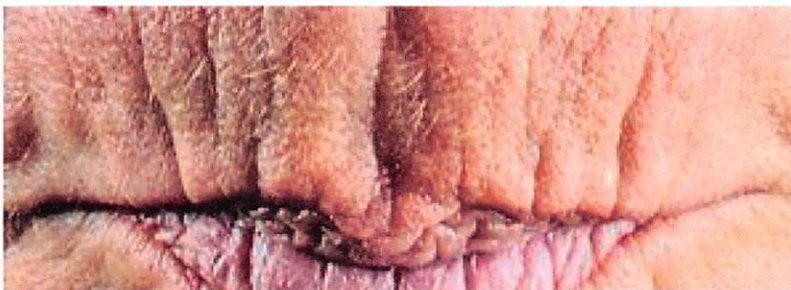


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June 6, 2018

Board of Trustees
City of St. Joseph, Policemen's Pension Fund (the "Plan")

c/o Mr. Tom Mahoney
Director of Financial Services
City of St. Joseph
1100 Frederick Avenue, Room 107
St. Joseph, MO 64501

Cost statement of Proposed Changes to the Plan

Dear Board Members:

According to Missouri Revised Statute 105.665: 1. The legislative body or committee thereof which determines the amount and type of plan benefits to be paid shall, before taking final action on any substantial proposed change in plan benefits, cause to be prepared a statement regarding the cost of such change.

The Board is considering making the following changes to the Plan:

- Amending the definition of Highest Average Salary to be a 36 month average. Currently, a 12 month average is used.
- Amending the sections of the Plan regarding Plan vesting to clarify that 20 years of service continues to be required for vesting purposes.
- Amending the sections of the Plan regarding Normal Retirement Age to require 20 years of service and the attainment of age 55. Currently, there is no age requirement.

The following cost statement employs the methods used in preparing the most recent periodic actuarial valuation for the plan and addresses the requirements in the order they are requested in the Statute:

(1) The total level normal cost of plan benefits currently in effect, is \$1,135,545. Expressed as a percent of active employee payroll is 17.7%.

(2) The contribution for unfunded accrued liabilities currently payable by the plan is \$1,128,049. Expressed as a percent of active employee payroll over a period of 20 years is 17.6%;

(3) The total contribution rate, which is the total of the normal cost percent plus the contribution percent for unfunded accrued liabilities adjusted with interest is \$2,424,309. Expressed as a percent of active employee payroll over a period of 20 years is 37.8%;

(4) The legislative body is currently paying the total contribution rate as defined in subdivision (3) of this subsection;

(5) The plan's actuarial value of assets, market value of assets, actuarial accrued liability, and funded ratio as defined in section 105.660 as of the most recent actuarial valuation is:

Actuarial Value of Assets	\$40,226,391
Market Value of Assets	\$41,615,167
Actuarial Accrued Liability	\$55,046,537
Funded Ratio	73.1%

(6) The total post-change contribution rate is \$2,010,000. Expressed as a percent of active employee payroll over a period of 20 years is 29.9%;

(7) The intent of the Employer is to move the existing population of active participants to the LAGERS state pension Plan. Thus projections based solely on the plan changes will not be accurate. The benefit changes outlined here are directly related to and were required by LAGERS in conjunction with the proposed shift of Employer provided benefits. For this reason, projections are not included with this report.

(8) No additional contributions are mandated by the proposed change;

(9) The proposed change would not, in any way, impair the ability of the plan to meet the remaining obligations thereof in effect at the time the proposal is made;

(10) All assumptions relied upon to evaluate the present financial condition of the plan and all assumptions relied upon to evaluate the impact of the proposed change upon the financial condition of the plan, which are those assumptions used in preparing the most recent periodic actuarial valuation for the plan, are:

(a) Investment return of 7.10%;

(b) Pay increases of 3.0%;

(c) Mortality of employees and officials, and other persons who may receive benefits under the plan is the RP-2014 tables for Blue Collar employees and healthy annuitants projected with generational improvements from 2006 at the most recently available scale (MP-2017);

(d) Withdrawal (turnover) is based on past experience of the Plan. Sample rates are as follows:

Annual Rates

Age	of Termination
25	5.00%
30	4.50
35	3.55
40	1.45
45	0.75
50	0.75

(e) Disability is based on past experience of the Plan. Sample rates are as follows:

Annual Rates of Disability

Age	Rate
25	0.17%
30	0.21
40	0.35
50	0.76
55	1.15
60	1.93

(f) Retirement is based on past experience of the Plan. Sample rates are as follows:

Annual Rates of Retirement

Age	Rate
40	15.0%
45	15.0
50	8.0
55	15.0
60	5.0
65+	100.0

(g) There has been no change in active employee group size;

(11) As the Plan actuary I certify that the assumptions used for the valuation produce results which, in the aggregate, are reasonable;

(12) Actuarial Method Used for the Valuation – Entry Age Normal

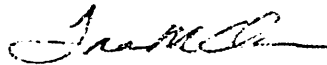
Normal Cost. Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

The annual normal costs for each individual active Member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the Member's benefit at the time of retirement;

Each annual normal cost is a constant percentage of the Member's year-by-year projected covered pay.

The excess of accrued assets over actuarial accrued assets was amortized as a level percent-of-payroll over 20 years.

Respectfully submitted,



Traci M. Christian, EA, MAAA, MSPA, FCA

X 7-26-18

SPONSOR: COUNCILMEMBER

GENERAL

ORDINANCE No. 2875

AN ORDINANCE AMENDING SECTIONS 2-303, TITLED "PENSION FUND FOR POLICE;" 2-1114, TITLED "PAYROLL DEDUCTIONS AUTHORIZED;" AND 2-1118, TITLED "BENEFITS PROGRAM" OF CHAPTER 2 "ADMINISTRATIVE CODE" OF THE CODE OF ORDINANCES TO ACCOMMODATE TRANSITION OF CURRENT AND FUTURE POLICE DEPARTMENT EMPLOYEES FROM THE CITY'S EXISTING POLICE PENSION PLAN TO A MISSOURI LOCAL GOVERNMENT EMPLOYEE RETIREMENT SYSTEM BENEFITS PLAN.

WHEREAS, In conjunction with approving an ordinance to transition current and future Police Department Employees from a Police Pension Plan to a Missouri Local Government Employee Retirement System (LAGERS) benefits plan, the Code of Ordinances must be amended to (1) acknowledge the election to include Police Department employees in the LAGERS, (2) restrict participation in the existing Police Pension Plan to retirees and others who are already receiving monetary benefits from the Police Pension Plan, and (3) remove authorization to deduct police pension fund assessments from Police Department employees' pay, all as of August 20, 2018.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. JOSEPH, MISSOURI, AS FOLLOWS:

SECTION 1. That Chapter 2 of the Code of Ordinances of the City of St. Joseph, Missouri, be, and hereby is, amended by repealing Section 2-303 entitled "Pension fund for police" and enacting in lieu thereof a new Section 2-303 to be numbered and read as follows:

Sec. 2-303. Pension fund for police.

(a) *Established.* There shall be a pension fund for the pensioning of retired and disabled members of the police department and dependent widowed spouses and minor children of deceased members of the police department.

(b) *Operation.* A board of trustees shall oversee the pension fund and the police chief, city attorney, city clerk, human resources manager and associate director of accounting and procurement shall serve on said board. The board of trustees shall organize and operate in accordance with the police pension plan within the limits provided by federal, state and local laws.

(c) *New participants restricted.* As of August 20, 2018, active employees and new employees shall not be allowed to participate in the pension fund established by this section.

SECTION 2. That Chapter 2 of the Code of Ordinances of the City of St. Joseph, Missouri, be, and hereby is, amended by repealing Section 2-1114 entitled "Payroll deductions authorized" and enacting in lieu thereof a new Section 2-1114 to be numbered and read as follows:

Sec. 2-1114. Payroll deductions authorized.

The director of administrative services is authorized and may deduct from the wages of employees, in addition to deductions required by law and ordinance, member

contributions for employees who are members of the Missouri Local Government Employees Retirement System, mutual aid assessments of members of the fire department, credit union deposits, United States bond purchases, United Way Fund contributions, employee benefit fund contributions, city authorized group insurance, and other funds to pay for benefits when so authorized by an employee, and other funds when required by law or by other obligation approved by the city council.

SECTION 3. That Chapter 2 of the Code of Ordinances of the City of St. Joseph, Missouri, be, and hereby is, amended by repealing Section 2-1128 entitled "Benefits program" and enacting in lieu thereof a new Section 2-1128 to be numbered and read as follows:

(a) As of July 1, 2017, the city has elected benefit program L-6 for covered general employees and benefit program L-11 for covered fire employees and police employees, all in accordance with the provisions of RSMo 70.655, as amended.

(b) The city elects the 36-month final average salary plan in accordance with the provisions of RSMo 70.656, as amended.

(c) As of July 1, 2017, the city has elected the unchanged member contribution rate established by RSMo 70.705.2, as amended, in accordance with the provisions of RSMo 70.705 and 70.730, as amended, for all covered employees.

(d) This election shall be effective on August 20, 2018, and supersedes previous elections.

SECTION 4. That any ordinances or parts of ordinances in conflict with this ordinance, be and hereby are, repealed.

SECTION 5. That if any provision of this ordinance is found to be invalid, such provision shall be considered to be severable from the other parts of this ordinance and shall not affect the validity of the remaining parts of this ordinance.

SECTION 6. That this ordinance shall be in full force and effect from and after August 20, 2018.

Authenticated Copy
of Reso., G.O., S.O. 2875
By PAULA HEYDE, City Clerk
John K. Cornman Deputy
Date 8-15-18

Approved as to form:

[Signature]

City Attorney

Passed August 13, 20 18

Attest:

(SEAL)

Paula Heyde

City Clerk

[Signature]

Mayor

Date: July 19, 2018
Type of Bill: General Ordinance

EXPLANATION TO COUNCIL BILL

2:11 JUL 20 PM 1:44

ORIGINATING DEPARTMENTS: Administrative Services

PURPOSE: To amend Sections 2-303, titled "Pension fund for police;" 2-1114, titled "Payroll deductions authorized;" and 2-1128, titled "Benefits program" of Chapter 2 "Administrative Code" of the Code of Ordinances to accommodate transition of current and future Police Department employees from the City's existing Police Pension Plan to a Missouri Local Government Employee Retirement System Benefits Plan.

REMARKS: The attached proposed ordinance is a companion to a Special Ordinance titled "An Ordinance Electing to Cover Present and Future Police Department Employees who are Declared to be Eligible in the Missouri Local Government Employees Retirement System (LAGERS) under Benefits Program L-11." The proposed ordinance modifies the Code of Ordinances to accommodate the transition of current and future Police Department employees from the City's existing Police Pension Plan to a LAGERS L-11 plan.

The proposed general ordinance amends three sections in Chapter 2:


- Section 2-303: Amended to restrict participation in the Police Pension Plan to retirees and others who are already receiving monetary benefits from the Police Pension Plan.
- Section 2-1114: Amended to remove authorization to deduct police pension fund assessments from Police Department employees' pay.
- Section 2-1128: Amended to include covered police employees in the LAGERS Benefit Program L-11.

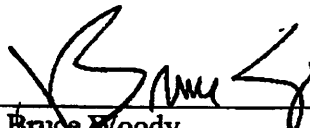
All changes will become effective when existing Police Department employees are converted to a LAGERS Benefit Program L-11 when the next pay period begins on August 20, 2018.

This ordinance is recommended for approval only if the ordinance titled "An Ordinance Electing to Cover Present and Future Police Department Employees who are Declared to be Eligible in the Missouri Local Government Employees Retirement System (LAGERS) under Benefits Program L-11." is also approved.

Submitted by:

Reviewed by:


Tom Mahoney, Director
Administrative Services Dept.


J. Bruce Woody
City Manager

X 8-9-18

SPONSOR: COUNCILMEMBER

SPECIAL **ORDINANCE No.** 9465

AN ORDINANCE ELECTING TO COVER PRESENT AND FUTURE POLICE DEPARTMENT EMPLOYEES WHO ARE DECLARED TO BE ELIGIBLE IN THE MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) UNDER BENEFITS PROGRAM L-11.

WHEREAS, the City of St. Joseph, Missouri's, eligible full time General Employees and Fire Department Employees are included in the Missouri Local Government Employees Retirement System (LAGERS); and

WHEREAS, eligible Police Department employees are included in the City's Police Pension Plan; and

WHEREAS, the City has evaluated the feasibility of converting active police officers from the locally-administered Police Pension Plan to a LAGERS Benefit Program L-11 (2.50%); and

WHEREAS, based on all information we have received to date, that conversion would reduce the City's contribution rate while also providing affected police officers with enhanced benefits; and

WHEREAS, despite the enhanced benefits, active police officers will have to wait until they are fifty-five years of age before they can retire although, under the current Police Pension Plan, they are able to retire after twenty years of service regardless of their age; and

WHEREAS, information about a potential conversion from the Police Pension Plan to a LAGERS plan has been distributed to active police officers and, despite the age requirement, the affective officers overwhelmingly expressed support for the conversion to a LAGERS plan; and

WHEREAS, LAGERS has provided an actuarial valuation for a new plan for eligible Police Department employees and such valuation was made available in the City Clerk's Office and on the City's website as of June 21, 2018; and

WHEREAS, the potential conversion does not affect officers who have already retired or the benefits those officers receive; however, the Police Pension Plan will be considered a "closed" plan, and, as such, no future Police Department employees will be enrolled in the Police Pension Plan, and all present Police Department employees will not accrue any additional benefits in the Police Pension Plan; and

WHEREAS, in a separate decision, administration of the Police Pension Plan may be transferred to LAGERS, which would manage and administer the plan as retirees continued to receive the same benefits to which they are currently entitled; and

WHEREAS, the City of St. Joseph, Missouri, desires to include its present and future Police Department employees, as defined in section 70.600(18), RSMo., in the retirement system provided by the Missouri Local Government Employees Retirement System (LAGERS), and has complied with the notice and filing requirements of section 105.675 RSMo; and

WHEREAS, it is declared to be the policy of the City of St. Joseph, a political subdivision as defined by section 70.600, RSMo., to consider as eligible for coverage present and future Police Department employees who are eligible by state law.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. JOSEPH, MISSOURI, AS FOLLOWS:

SECTION 1. That all present and future Police Department employees declared to be eligible, who have 1,500 or more hours of annual employment, shall be covered under Benefit Program L-11 (2.50%) in the Missouri Local Government Employees Retirement System (LAGERS).

SECTION 2. That Final Average Salary for each employee affected by this ordinance shall be determined on the basis of a thirty-six (36) consecutive month period.

SECTION 3. That contributions to the Missouri Local Government Employees Retirement System of 4% total gross wages shall be required from all eligible employees affected by this ordinance.

SECTION 4. That 100% of all of prior employment be considered for service credit in calculating benefits and contributions to LAGERS and all qualified employment after the effective date of this ordinance shall be considered membership service, as defined in 70.600(15) RSMo.

SECTION 5. That the authorized official of the city is directed to deduct from the wages and salaries of each eligible Police Department employee member affected by this ordinance, the contributions required by Section 70.705 RSMo., and to remit the deductions to the Missouri Local Government Employees Retirement System, together with the employer contributions required by Section 70.705 and 70.750 RSMo.

SECTION 6. That employee retirement benefits for employees affected by this ordinance shall be based on the "minimum service retirement age", in accordance with the provisions of section 70.600 (16), RSMo.

SECTION 7. That remittances and other required reports and records shall be forwarded to the Missouri Local Government Employees Retirement System in accordance with administrative guidelines established by officials of the Missouri Local Government Employees Retirement System.

SECTION 8. That this ordinance shall be in full force and effect from and after August 20, 2018.

SECTION 9. That the City hereby acknowledges that in the event legal action is brought against Missouri Local Government Employees Retirement System as a result of converting Police Department Employees from the Police Pension Plan to the Missouri Local Government Employees Retirement System plan established herein, the City will, to the extent allowed by law, defend and fully indemnify Missouri Local Government Employees Retirement System from any and all claims, liabilities, losses, damages, court costs and reasonable expenses (including reasonable attorneys' fees) that Missouri Local Government Employees Retirement System may incur or suffer as a result of said legal action.

SECTION 10. That the City Manager or his designee be, and hereby is, authorized to take any action required by the Missouri Local Government Employees Retirement System to effect the changes elected herein by and on behalf of the City of St. Joseph, Missouri.

SECTION 11. That the City Manager or his designee be, and hereby is, authorized implement modifications to the Personnel Manual as may be necessary to comply with the requirements of this ordinance, including, but not limited to modifications to, Section 13.3(c).

SECTION 12. That the City Clerk shall certify this election to the Missouri Local Government Employees Retirement System within ten days hereof.

SECTION 13. That the City Clerk shall certify that a true and correct copy of this Ordinance was duly enacted by the Council of the City of St. Joseph if required to so certify by Missouri Local Government Employees Retirement System.

Authenticated Copy
of Reso., G.O., S.O. 9465
By PAULA HEYDE, City Clerk
Deputy
Date 8-16-18

Approved as to form:

Joyan Carter

City Attorney

Passed August 13, 20 18

Attest: (SEAL)

Paula Heyde

City Clerk

Wade D...

Mayor

Date: August 8, 2018
Type of Document: Ordinance

CITY CLERK
2018 AUG -9 AM 8:06

EXPLANATION TO COUNCIL BILL

ORIGINATING DEPARTMENT: Administrative Services

PURPOSE: To elect to cover present and future Police Department employees who are declared to be eligible in the Missouri Local Government Employees Retirement System (LAGERS) under Benefits Program L-11.

REMARKS: The City has evaluated the feasibility of converting active police officers from the locally-administered Police Pension Plan to a LAGERS plan. Based on all information we have received to date, that conversion would reduce the City's contribution rate to 32.2%. The current contribution rate is 33.8%. That contribution rate could further decrease if available funds that exceed liabilities are eventually able to be converted from the Police Pension Plan (an actuarial analysis and Police Pension Board approval would be required for this conversion).

Despite the reduced contribution percentage, the LAGERS L-11 Benefit Program will provide the City's active officers with enhanced benefits. The most significant drawback (and a likely reason for the reduced contribution percentage) that has been identified is that officers will not be able to retire until they have reached fifty-five years of age. Under the current Police Pension Plan, they are able to retire after twenty years of service regardless of age.

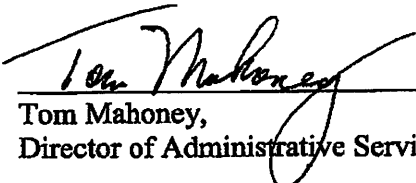
Human Resources, Police Department representatives, and LAGERS representatives have met with active police officers and provided information regarding the LAGERS benefit program and, despite the age requirement, the affected police officers overwhelmingly supported the conversion to LAGERS.

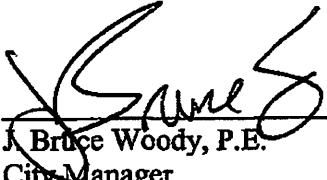
On June 21, 2018, the actuarial valuation for the new plan was made publicly available in the City Clerk's Office and on the City's website.

This potential conversion does not affect police officers who have already retired. In a separate decision, City staff members and Police Pension Board members may evaluate transferring administration of the Police Pension Plan to LAGERS; however, the plan would remain in effect and retirees' benefits would not change. Essentially, LAGERS would manage the existing plan. The significant benefit the City and the Police Pension Plan would see would be anticipated reductions in costs of administering the plan and anticipated (although not guaranteed) greater return on investments since the Police Pension Plan's investments would be part of LAGERS' much larger investment pool.

Submitted By:

Reviewed By:


Tom Mahoney,
Director of Administrative Services


J. Bruce Woody, P.E.
City Manager

AN EMERGENCY ORDINANCE AUTHORIZING AN AMENDMENT TO THE "CITY OF ST. JOSEPH, MISSOURI POLICE PENSION PLAN."

WHEREAS, the Police Pension Board of Trustees, in conjunction with the City Council, is charged with the oversight of police pension funds; and

WHEREAS, said Board has expressed its desire to amend the "City of St. Joseph, Missouri Police Pension Plan," passed by Special Ordinance Number 4041 on July 15, 1996, and subsequently amended via Special Ordinance Number 4958, passed on January 11, 1999; Special Ordinance Number 5112, passed on July 12, 1999; Special Ordinance Number 5805, passed March 18, 2002; Special Ordinance Number 5822, passed April 15, 2002; Special Ordinance Number 5895, passed July 22, 2002; Special Ordinance Number 5930, passed September 16, 2002; Special Ordinance Number 7074, passed May 21, 2007; Special Ordinance Number 8105, passed November 29, 2010; Special Ordinance Number 8418, passed May 14, 2012; Special Ordinance Number 8486, passed August 20, 2012; and Special Ordinance Number 8913, passed March 16, 2015.

WHEREAS, said Board, at its May 16, 2018, meeting voted to approve an amendment to the "City of St. Joseph, Missouri Police Pension Plan" contingent upon the following four events: 1) approval of such amendments by the City Council of the City of St. Joseph; 2) approval by City Council of the transfer of plan administration to the LAGERS system; 3) LAGERS's acceptance of a petition to accept the Pension Plan's administration; and 4) with a certification from an actuary that it is not increasing plan costs; and

WHEREAS, the City Council must ratify said amendments to the "City of St. Joseph, Missouri Police Pension Plan."

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. JOSEPH, MISSOURI, AS FOLLOWS:

SECTION 1. That Article II "Definitions," Paragraph j "Highest Average Salary," of the "City of St. Joseph, Missouri Police Pension Plan" be, and hereby is, amended as follows:

(j) Highest Average Salary. A Covered Police Employee's final average monthly Total Remuneration during any consecutive ~~twelve (12)~~ thirty-six (36) month period, out of the final one hundred twenty (120) consecutive months of Active Service, which produces the highest monthly average. For this purpose, the Total Remuneration for any month shall be that defined in subparagraph (t) of this Article.

SECTION 2. That Article IV "Eligibility," Paragraph b of the "City of St. Joseph, Missouri Police Pension Plan" be, and hereby is, amended as follows:

(b) A Covered Police Employee shall be vested at 20 years of service and shall become eligible for a ~~normal retirement~~ benefits under the plan after upon having

~~completed twenty (20) years of Active Service, without regard to~~ reached the age of fifty-five (55).

SECTION 3. That Article VI "Distribution," Subsection 1 "Normal Retirement," paragraphs (a) and (b) of the "City of St. Joseph, Missouri Police Pension Plan" be, and hereby is, amended as follows:

(a) Any Covered Police Employee who has served twenty (20) years, of which the last three (3) years shall have been continuous, may apply for Plan Benefits upon attaining the age of fifty-five (55). In such event, the Board shall approve a Plan Benefit equal to forty percent (40%) of the Highest Average Salary.

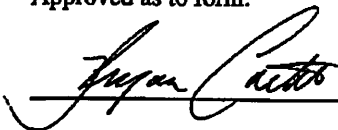
(b) Any Covered Police Employee who remains on Active Service and continues to make regular payments into the Pension Fund for a period of more than twenty (20) years, shall, upon subsequent retirement after attaining the age of fifty-five (55), be eligible for additional credit. The additional credit shall be two percent (2%) for each twelve (12) month period beyond twenty (20) years, prorated monthly, not to exceed fifteen (15) additional twelve (12) month periods.

SECTION 4. That the "City of St. Joseph, Missouri Police Pension Plan" as amended be, and hereby is, attached as Exhibit "A."

SECTION 5. That this Ordinance be, and hereby is, declared an emergency ordinance pursuant to Section 3.9, subparagraph (f), of the Charter of the City of St. Joseph, Missouri, in order to modify the Police Pension Plan in advance of the transition of Police Department Employees to the Missouri Local Government Employee Retirement System (LAGERS), as required by LAGERS.

SECTION 6. That this ordinance shall be in full force and effect from and after August 20, 2018.

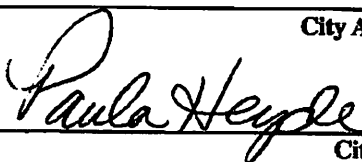
Approved as to form:



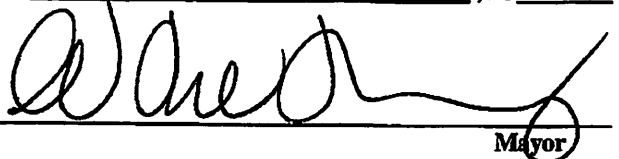
City Attorney

Passed August 13, 2018

Attest:



City Clerk



Mayor

Date: August 7, 2018
Type of Ordinance: Emergency Special

CITY CLERK

2018 AUG -7 PM 4:39

EXPLANATION TO COUNCIL BILL

ORIGINATING DEPARTMENT: City Clerk, on behalf of the City of St. Joseph, Missouri Police Pension Board of Trustees

PURPOSE: To amend the "City of St. Joseph, Missouri Police Pension Plan" to convert the police officers retirement to Missouri Local Government Employees Retirement System (LAGERS).

REMARKS: The City of St. Joseph, Missouri Police Pension Board of Trustees, at its meeting held May 16, 2018, voted unanimously to adopt the amendment outlined in the corresponding ordinance and is therefore requesting that the City Council ratify said amendment.

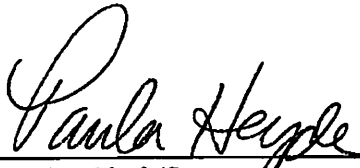
LAGERS is requiring these changes in conjunction with converting existing Police Department employees to a LAGERS plan

The Police Pension Board of Trustees recommends that the Council ratify the proposed amendment.

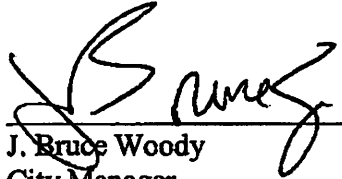
New language is underlined in **boldface** type and language to be deleted is noted by strikethroughs.

Submitted By:

Reviewed By:



Paula Heyde, City Clerk/Secretary
Police Pension Board of Trustees



J. Bruce Woody
City Manager

CITY CLERK
2018 AUG -7 PM 4:39



*City of
St. Joseph,
Missouri*



Police Pension Plan

**CITY OF ST. JOSEPH, MISSOURI
POLICE PENSION PLAN**

**ARTICLE I
ESTABLISHED**

There is hereby established the Police Pension Plan, a defined benefit pension plan, for the retirement of Covered Police Employees of the St. Joseph Police Department. All Covered Police Employees shall be required to participate in the Plan, which shall include benefits paid on account of age or disability, upon retirement, disability or death. In order to maintain such benefits, a Police Pension Fund is hereby established and shall be administered by the Police Pension Board of Trustees and maintained as the St. Joseph City Council deems appropriate from public funds appropriated by the City Council, from contributions of Covered Police Employees and from other sources designated by the City Council.

**ARTICLE II
DEFINITIONS**

- (a) **Accrued Benefits.** The sum of all contributions paid into the Pension Fund by the Covered Police Employee while engaged in Active Service with the Police Department and/or any additional entitlements that result from vesting in the Plan.
- (b) **Active Service.** The regular service of a Covered Police Employee and sick leave and vacation accrued and actually taken as a result of that service, as well as military leave which qualifies under the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. 4301, et seq.) as now enacted, or hereafter amended. It shall exclude periods spent by an otherwise active employee while on any inactive pay status such as lost time, suspension without pay or leave of absence.
- (c) **Actuarial Valuation.** A statistical analysis that determines Plan financial condition and Plan benefit cost and derives a combined employee and employer contribution rate, in accordance with Article V, subsection (b), that can be reasonably expected to result in sufficient Plan assets to pay Plan Benefits when due.
- (d) **Actuary.** An actuary who is a member of the American Academy of Actuaries or who is an enrolled actuary under the Employee Retirement Income Security Act of 1974 and who is experienced in retirement plan financing.
- (e) **Beneficiary.** The Widowed Spouses and/or Children of deceased Covered Police Employees or Retired Members.
- (f) **Board.** The Police Pension Board of Trustees.
- (g) **Child or Children.** The dependent natural or legally adopted Child or Children of a Covered Police Employee or Retired Member, who are unmarried and under the age of eighteen (18).

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- (h) **Covered Police Employee.** A person who is employed by the St. Joseph Police Department as a full-time police officer; subject, however, to the eligibility requirements set forth in Article IV herein. Such Covered Police Employee shall be considered a member of this Plan immediately upon his/her date of hire.
- (i) **Employer.** The City of St. Joseph, Missouri.
- (j) **Highest Average Salary.** A Covered Police Employee's final average monthly Total Remuneration during any consecutive thirty-six (36) month period, out of the final one hundred twenty (120) consecutive months of Active Service, which produces the highest monthly average. For this purpose, the Total Remuneration for any month shall be that defined in subparagraph (t) of this Article.
- (k) **Pension Fund.** The City of St. Joseph's Police Pension Fund.
- (l) **Pension List.** The roster of current retirees and eligible beneficiaries.
- (m) **Permanent Disability.** A physical or mental condition that leaves a Covered Police Employee permanently unable to satisfactorily perform his/her duties as a police officer. Each Covered Police Employee shall submit to such examinations as may be deemed necessary by the Board to determine whether the Covered Police Employee has suffered a permanent disability or continues to suffer from a permanent disability.
- (n) **Plan.** The City of St. Joseph, Missouri's Police Pension Plan.
- (o) **Plan Administrator.** The entity or entities designated as the Plan Administrator(s) of the Pension Fund by the Board.
- (p) **Plan Benefits.** The monthly benefit payable to each Covered Police Employee who has qualified for retirement benefits, or his/her Beneficiary.
- (q) **Plan Year.** The annual period beginning July 1 and ending June 30, consistent with the fiscal year of the Employer.
- (r) **Police Department.** The City of St. Joseph, Missouri Police Department.
- (s) **Retired Member.** A person who has become eligible for Plan Benefits and who has petitioned the Board for said benefits.
- (t) **Total Remuneration.** The total amount of salary, wages and overtime pay, and unaccountable benefits such as uniform allowance, currently paid or payable by the Employer to a Covered Police Employee for his/her service. Total Remuneration shall include any amounts contributed by a Covered Police Employee to a cafeteria plan under Internal Revenue Service Code section 125, any amounts contributed by a Covered Police Employee to a deferred compensation plan under Internal Revenue Service Code section 457, and any benefits paid under Sections 287.170 and 287.180 (RSMo., as amended). Total Remuneration shall not include: (1) any non-recurring single-sum payment that does not reflect actual time served; or (2) Employer contributions to any employee benefit plan or trust. If overtime balances are involved, the payment shall be prorated over the period(s) of time during which the service was

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actually performed. If compensatory time balances are involved, the payment shall be prorated over the most recent month(s) during which the compensatory time was earned.

- (u) **Widowed Spouse.** A spouse who is legally married to a Covered Police Employee as of the date on which he/she becomes eligible to receive Plan Benefits.
- (v) **Years of Service.** The total years of creditable service, less any suspensions, leave without pay or breaks in service, to a maximum of thirty-five (35) years.

ARTICLE III

BOARD OF TRUSTEES

1. Membership; Terms; Vacancies; Attendance

- (a) The Plan shall be administered by a Board of Trustees. Said Board shall organize and operate in accordance with the Plan and within the limits provided by federal, state and local law.
- (b) The Board shall consist of nine (9) members who shall be the Associate Director of Accounting and Procurement, City Attorney, City Clerk, Human Resources Manager, Police Chief, two delegates at large from the Police Department and two retired delegates from the Pension List. The Board shall select from its members a chairperson, vice-chairperson and secretary at the regularly scheduled July meeting.
 - (i) The chairperson shall be entitled to vote at all meetings.
 - (ii) The vice-chairperson shall fulfill the duties and responsibilities of the chairperson in his/her absence.
 - (iii) The Financial Services Director shall be the treasurer of the Pension Fund and shall be responsible for calculation of new Plan Benefits; said calculations shall be reviewed by the Board.
- (c) The two delegates from the Police Department shall be elected by a simple majority vote of the Covered Police Employees engaged in Active Service during the month of June each year for one (1) year terms.
- (d) The two delegates from the Pension List shall be elected by a simple majority vote of the Retired Members during the month of June each year for one (1) year terms.
- (e) In the event a Covered Police Employee or a Retired Member of the Board resigns from said Board, the remainder of the Board shall appoint another member from that group which has a vacancy. The name of all proposed replacements shall be submitted to the Board by members of the group from which the vacancy occurred. The replacement selected shall serve on the Board until the next election.

2. Meetings; Quorum; Order of Business

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- (a) The Board shall meet monthly on the third Wednesday of each month, or at such alternative date as agreed to by a majority of the members of the Board at least two weeks in advance of such regular monthly meeting, at a time and place to be determined by the Board, and may hold such additional meetings as may be required for the transaction of business of the Board.
- (b) A quorum for the transaction of business at any meeting shall be a majority of the members of the Board.
- (c) All procedural conflicts shall be resolved in accordance with *Roberts Rules of Order*, Revised Edition.

3. Conflict of Interest

- (a) Any Board member who has a conflict of interest with regard to a particular issue shall immediately disclose the same and shall be prohibited from participating in any discussion or vote on that issue.
- (b) No member of the Board shall receive any compensation or gratuity for serving on the Board. Acceptance of any compensation or gratuity shall cause forfeiture of said member's office, in addition to any penalties which may result.

4. Powers

The Board shall have the power:

- (a) To invest assets of the Pension Fund as provided in the current investment policy adopted by the Board;
- (b) To borrow money;
- (c) To hold Plan property in cash or investments, without liability, to pay interest in order to meet future cash requirements;
- (d) To provide a copy of the Plan to each Covered Police Employee within ninety (90) days after he/she becomes a member of the Plan. The individual contracted by the Board to perform secretarial duties shall be responsible for ensuring that this task is accomplished;
- (e) To receive, hear and rule upon all claims relative to the Plan;
- (f) To distribute, annually, to each Retired Member a questionnaire regarding his/her status. The Board may withhold payment of Plan Benefits if a completed questionnaire is not returned within ninety (90) days of the date on which it was mailed;
- (g) To engage in litigation;
- (h) To contract with an individual for the purpose of performing secretarial duties;

- (i) To keep minutes of all its meetings, as well as full and complete records of all its receipts, securities and other properties;
- (j) To prepare, or cause to be prepared, a Comprehensive Annual Financial Report in accordance with Section 105.661 RSMo., as amended;
- (k) To appoint a legal advisor, prescribe his/her duties and fix his/her compensation.

5. Denial of Plan Benefits – Notice and Appeal

- (a) The Board shall provide written notice to any Covered Police Employee, Retired Member or Beneficiary whose claim for Plan Benefits has been denied. The Board's notice to the claimant shall set forth:
 - (i) The specific reason(s) for the denial;
 - (ii) Specific references to pertinent Plan provisions on which the Board based the denial;
 - (iii) A description of any additional material or information needed for the claimant to perfect his/her claim and an explanation of why the material or information is needed;
 - (iv) The name of each member of the Board and the name and address of the Board member to whom the claimant may forward his appeal; and
 - (v) That any appeal the claimant wishes to make of the adverse determination must be in writing to the Board within seventy-five (75) days after receipt of the Board's notice of denial of Plan Benefits. The Board's notice must further advise the claimant that his/her failure to appeal the action to the Board in writing within the seventy-five (75) day period will render the Board's determination final, binding and conclusive.
- (b) If the claimant should appeal to the Board, he/she, or his/her duly authorized representative, may submit, in writing, whatever issues and comments he/she, or his/her duly authorized representative, believes are pertinent. The Board shall re-examine all facts related to the appeal and make a final determination as to whether the denial of Plan Benefits is justified under the circumstances. The Board shall advise the claimant of its decision within sixty (60) days of the claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a decision within the sixty (60) day limit unfeasible; but in no event shall the Board render a decision respecting a denial for a claim for Plan Benefits later than one hundred twenty (120) days after its receipt of a request for review.

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ARTICLE IV
ELIGIBILITY

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- (a) Any person who is thirty-six (36) years of age or older at the time of his/her employment with the Police Department shall not be eligible for benefits under this Plan. Any person who incurs a break in service for a period of twelve (12) months or more and then consequently returns to full-time employment with the Police Department must use his/her most recent date of hire to determine age for purposes of eligibility; however, any person returning to full-time employment with the Police Department with less than a twelve (12) month break in service will use his/her initial date of hire for such purpose.
- (b) A Covered Police Employee shall be vested at 20 years of service and shall become eligible for benefits under the plan after having reached the age of fifty-five (55).
- (c) A Covered Police Employee who is killed in the line of duty shall receive the greater of 1) the normal retirement benefit or 2) the disability benefit as calculated pursuant to Article VI below. Said amendment to be effective from and after July 1, 1998 (See S.O. 4958).
- (d) A Covered Police Employee who has a Permanent Disability due to Active Service shall be eligible for a disability retirement benefit.
- (e) A Covered Police Employee who has a Permanent Disability due to reasons other than those connected with Active Service shall be eligible for a refund as set forth in Article V, subsection (e).
- (f) At the death of a Covered Police Employee or Retired Member, said employee's Widowed Spouse or Children, if any, shall be eligible for Plan Benefits as set forth in Article VI, section 4.
- (g) Any Covered Police Employee who resigns from the Police Department having served less than twenty (20) years and who received a refund, as outlined in Article V, subsection (e), may buy back his/her service time upon reappointment to the Police Department, provided he/she meets all other eligibility requirements. Payment to the Pension Fund shall be made in full within ninety (90) days from the date of reappointment to the Police Department. Prior service time will be restored upon receipt of contribution repayment.

ARTICLE V
CONTRIBUTIONS

- (a) The Employer contribution shall be based on the rate calculated annually by an Actuary selected by the Board and shall be adopted by the St. Joseph City Council.

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- (b) The Covered Police Employee shall contribute four percent (4%) of his/her Total Remuneration, if recommended by the Board; subject, however, to adjustment by legislative action of the City Council
- (c) Contributions made on behalf of the Covered Police Employee shall be deposited in the Pension Fund after each payroll cycle.
- (d) All monies, fees, gifts and endowments that are received by the Police Department, or any member thereof, shall be paid into the Pension Fund. The Board, on behalf of the Pension Fund, may accept by gift, grant, devise or bequest, any money, real estate, personal property or other valuable things. Non-liquid assets shall be converted to cash and the proceeds shall be deposited in the Pension Fund.
- (e) In the event of resignation or dismissal, any Covered Police Employee who has served less than twenty (20) years shall receive a one hundred percent (100%) refund from the Pension Fund of his/her contributions made pursuant to Paragraph (b) of this Article V above. No refund shall be made if the Covered Police Employee is eligible for Plan Benefits. Said amendment to be effective from and after July 1, 1999, pending an actuarial determination of the cost impact to the Plan (See S.O. 4958).

ARTICLE VI

DISTRIBUTION

1. Normal Retirement

- (a) Any Covered Police Employee who has served twenty (20) years, of which the last three (3) years shall have been continuous, may apply for Plan Benefits upon attaining the age of fifty-five (55). In such event, the Board shall approve a Plan Benefit equal to forty percent (40%) of the Highest Average Salary.
- (b) Any Covered Police Employee who remains on Active Service and continues to make regular payments into the Pension Fund for a period of more than twenty (20) years, shall, upon subsequent retirement after attaining the age of fifty-five (55), be eligible for additional credit. The additional credit shall be two percent (2%) for each twelve (12) month period beyond twenty (20) years, prorated monthly, not to exceed fifteen (15) additional twelve (12) month periods.
- (c) Any Covered Police Employee who is removed, suspended or discharged from the Police Department shall receive Plan Benefits in accordance with Article V, subsection (e), or Article VI, subsections (a) through (d), as appropriate.
- (d) All Covered Police Employees who retire after January 1, 1980, shall have Fifty Dollars (\$50) added to their Plan Benefit.
- (e) An annual cost of living increase shall be provided so long as there is a positive increase in the Consumer Price Index. Such annual cost of living increase shall be calculated at one-half of the rate of change in the Consumer Price Index, October CPI-

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W, not to exceed four percent (4%). The increase shall become effective on January 1st of the following year.

- (f) The annual retirement benefits payable pursuant to this Article VI shall not exceed the limits imposed by Section 415 of the Internal Revenue Code, such limits being incorporated herein by this reference.

2. Disability Retirement

- (a) If a covered Police Employee, while on Active Service, is determined by a medical officer to suffer from a Permanent Disability, thereby making retirement necessary, the Board may authorize a monthly payment equal to fifty percent (50%) of the Highest Average Salary. In the event the disabled Covered Police Employee has served less than one (1) year, the Board may authorize a monthly payment equal to fifty percent (50%) of his/her monthly earnings as of the date the disability occurred.
- (b) If a Covered Police Employee, while not on Active Service, is determined by a medical officer to suffer from a Permanent Disability, thereby making retirement necessary, the Board may authorize a refund in the amount he/she would be entitled to receive under Article V, subsection (e).
- (c) If the Board disagrees with the results of the medical examination submitted by the Covered Police Employee under subsections (a) or (b) above, the Covered Police Employee shall be required to obtain a second opinion from a medical officer chosen by the Board upon written request of the Board. The Board shall pay all reasonable costs associated with the second opinion.
- (d) An opinion may be obtained from a third medical officer, jointly selected, should the two preceding opinions conflict. The Board shall pay all reasonable costs associated with the third opinion.

3. Reinstatement from Retired Status

- (a) In the event a Retired Member is allowed to return to employment as a full-time commissioned police officer, with one (1) year or more break in service, his/her Plan Benefits shall be suspended and no additional service credit shall accrue. Upon subsequent retirement, Plan Benefits shall be reinstated at the rate in effect on the date of his/her original retirement.
- (b) In the event a Retired Member is allowed to return to employment as a full-time commissioned police officer, with less than one (1) year break in service, his/her Plan Benefits shall be suspended. Additional service credit shall resume to accrue and future Plan Benefits shall be calculated under Plan rules in existence at the time he/she subsequently retires.
- (c) With regard to the provisions set forth above in subsections (a) and (b), in no event shall service credit be awarded during any break in service.

- (d) The term "break in service," as applied to this paragraph 3 of Article VI, shall refer to a period not to exceed three-hundred sixty-five (365) consecutive days. Said amendment to be effective from and after December 1, 1998 (See S.O. 4958).

4. Survivor Benefits

- (a) When a Covered Police Employee dies and leaves a Widowed Spouse, the Board shall approve a monthly payment equal to one-half the monthly Plan Benefit that the Covered Police Employee would have received had he/she been retired on the date of his/her death, or the monthly sum of Five-Hundred Dollars (\$500), whichever is greater. The monthly Plan Benefit is payable as long as the Widowed Spouse remains unmarried; provided, however, that if the Widowed Spouse of any Covered Police Employee who is killed in the line of duty remarries, the Widowed Spouse shall continue to receive benefits until such time as the Covered Police Employee would have attained twenty-five (25) years of service.
- (b) When a Retired Member dies and leaves a Widowed Spouse, the Board shall approve a monthly payment equal to one-half the monthly Plan Benefit that the Retired Member was receiving on the date of his/her death, or the monthly sum of Five Hundred Dollars (\$500), whichever is greater. The monthly Plan Benefit is payable as long as the Widowed Spouse remains unmarried.
- (c) Plan Benefits shall be payable to a Widowed Spouse under subsection (b) above, only if the Widowed Spouse was married to a Retired Member prior to the date of his/her retirement.
- (d) All Children, where there is a surviving Widowed Spouse, shall receive One Hundred Dollars (\$100) each month until: (i) they no longer qualify for support under R.S.Mo. Section 452.340.3 or (ii) they no longer qualify as a student under 5 USC Section 8101; whichever occurs later. Individual entitlement shall cease on the first day of the month following such qualifying event. Children receiving the One Hundred Dollars (\$100) referenced above are not eligible for the annual cost of living increase.
- (e) In the event a deceased Covered Police Employee or Retired Member has no Widowed Spouse, or was legally divorced, his/her Child or Children shall receive a sum equal to one-half the Plan Benefit, that the deceased Covered Police Employee would have received or that the Retired Member was receiving, on the date of his/her death. The payable Plan Benefit shall be divided equally among qualified Children, and shall terminate as provided in subsection (d).
- (f) In the event a Widowed Spouse who has been receiving Plan Benefits dies, the Child or Children shall receive Plan Benefits as set forth above in subsection (e).
- (g) In the event a Covered Police Employee or Retired Member dies before he/she has received in Plan Benefits an aggregate amount equal to the full amount of his/her contribution, and there are no surviving Beneficiaries, the balance shall be paid to his/her estate.

5. Funeral Expenses

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Whenever a Covered Police Employee or Retired Member dies, the Board may appropriate a sum not to exceed Two Thousand Dollars (\$2,000.00) to his/her Widowed Spouse or estate for funeral expenses.

6. Notice Requirements

- (a) This Plan does not require the Board to search for, or ascertain, the whereabouts of any Covered Police Employee, Retired Member or Beneficiary. The Board, by certified or registered mail to the last known address of record, shall notify any Covered Police Employee, Retired Member or Beneficiary that he/she is entitled to a Plan Benefit. In the event a Covered Police Employee, Retired Member or Beneficiary makes a rightful demand for unclaimed Plan Benefits, they shall be paid in accordance with this Plan.
- (b) In the event Plan Benefits are tendered to a Covered Police Employee, Retired Member or Beneficiary and such person refuses to accept such benefits, they shall be forfeited and shall become assets of the Pension Fund. Written notice shall be given to such Covered Police Employee, Retired Member or Beneficiary, by U.S. Mail, Certificate of Mailing, to their last known address, acknowledging refusal of acceptance of such benefits and giving notice that such benefits shall become assets of the Pension Fund thirty (30) days from the date of the notice unless written request is received prior to such date accepting such benefits.
- (c) Covered Police Employees and Retired Members shall keep the Board informed of their correct address, marital status, ages of children and all other matters relevant to their right to receive Plan Benefits.
- (d) The Board may, at its discretion, suspend Plan Benefits of Covered Police Employees or Retired Members who fail to comply with this Article VI, section 6.

ARTICLE VII

MISCELLANEOUS

1. Beneficiary Designation

Each covered Police Employee shall execute and deliver to the Secretary of the Board, on a form prescribed for such purpose, written designation of a Beneficiary(ies) to receive the Covered Police Employee's Plan Benefits in the event such distribution of Plan Benefits to a Beneficiary(ies) becomes necessary. A change in Beneficiary(ies) may be made by a Covered Police Employee or Retired Member in the same manner as an original Beneficiary(ies) designation is made.

2. Compliance with Applicable Laws

The Board shall interpret and administer the Plan in such manner that the Plan shall remain in compliance with Internal Revenue Service Code sections 401 and 501 and all other applicable laws, regulations and rulings.

3. Construction of Plan

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This Plan shall be construed according to the laws of the State of Missouri and all provisions thereof shall be administered according to the laws of said state.

4. Consulting Fees

Any person who on September 28, 1973, was receiving Plan Benefits under provisions of Articles I through VI may apply to the Board and be appointed as a special consultant. Special consultants may be asked to provide opinions on the problems of retirement, aging and other retirement system matters and shall be compensated monthly in an amount not to exceed fifteen percent (15%) of his/her monthly Plan Benefits payable under the provisions of the Plan.

5. Covenant to Perform Further Acts

All parties to, or claiming any interest under, this Plan agree to perform any and all acts and to execute any and all documents, which are necessary for carrying out this Plan.

6. False Statements

Any person who knowingly or willfully makes any false statement or representation for the purpose of securing Plan Benefits, or who falsifies, causes or permits to be falsified any record(s) of this Plan in any attempt to defraud, shall have committed a misdemeanor and, upon conviction thereof, shall be punished as determined by an appropriate court of law and all his/her rights, interest, and privileges under, and by virtue of this Plan, shall be forfeited.

7. Indemnity

The Employer hereby agrees to assume liability for, and does hereby indemnify, protect, save and hold harmless each member of the Board, and their respective successors and assigns, from and against any and all liabilities, obligations, losses, expenses, damages, penalties, taxes, claims, actions, suits, costs or disbursements (including legal fees and expenses) of any kind and nature whatsoever, which may be imposed on, incurred by or asserted against such member(s) (whether or not such member(s) is also indemnified by any other person), which in any way relate to, or arise out of, this Plan, or the administration of the Plan or Pension Fund, or the action or inaction of such member(s) hereunder, except only in the case of willful misconduct or gross negligence on the part of such member(s) in the performance of his/her duties.

8. Insufficient Funds

If, at any time, Pension Fund assets are insufficient to pay all Plan Benefits in full, as herein provided, the assets available for payment shall be prorated.

9. Legally Incompetent

Each Covered Police Employee, Retired Member or Beneficiary receiving or claiming a Plan Benefit shall be presumed to be mentally competent and of age until the Board

receives a written medical opinion that such person is a minor or incompetent. Plan Benefits otherwise due a minor shall be paid to the custodial parent. Plan Benefits otherwise due a minor or incompetent person shall be paid to the guardian, conservator or other legal representative. In the event that the Board is unable to locate a custodial parent, guardian, conservator or other legal representative of a minor or incompetent person who is otherwise entitled to Plan Benefits, such benefits shall be paid to the individual designated by law to assume financial responsibility for the care of such person.

10. Not a Contract of Employment

This Plan shall not be deemed to constitute a contract between the Employer and any Covered Police Employee, nor shall anything in this Plan be deemed to give any Covered Police Employee a right to be retained by the Employer or to interfere with the right of the Employer to discharge said employee.

11. Service on Active Duty with the Armed Forces

Any Covered Police Employee who is reinstated on the Police Department after serving voluntarily or involuntarily on active duty with the Armed Forces shall be credited for such service upon payment of any employee contributions which would have otherwise been paid had the Covered Police Employee remained continuously employed.

12. Severability

In case any provisions of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts, but this Plan shall be construed and enforced as if the illegal or invalid provisions had never been inserted.

13. Spendthrift Clause

Plan Benefits paid to a Covered Police Employee, Retired Member or Beneficiary shall not be subject to any claim, legal process or creditor. All contributions made by, or on behalf of, a Covered Police Employee during his/her marriage are considered marital property in the State of Missouri.

14. Terms Binding upon Parties in Interest

The terms of the Plan shall be binding upon the heirs, personal representatives, administrators, successors and assigns of all parties in interest.

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August 28, 2018

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Summit Strategies Group to Join Mercer

St. Louis, Missouri—Summit Strategies Group (“Summit”) has announced that it will join Mercer, a global consulting leader in advancing health, wealth and career, and a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), in a transaction that is expected to close in Q4 2018.

Steve Holmes, president and founder of Summit, said, “We’re excited to join Mercer and be able to bring their research capabilities and spectrum of holistic offerings to our clients. We believe having a global research footprint and a robust technology platform will better position us to support our clients. We are eager to integrate Summit’s innovative and customized solutions and our unwavering commitment to a service culture with Mercer’s global research network and its client experience.”

The Summit team will continue to work and serve clients from their office in downtown Clayton, MO, after close. All of Summit’s senior consultants and alternatives research professionals have executed employment agreements with Mercer, and Mr. Holmes will serve the combined entity as a Senior Advisor to ensure a smooth transition and continuity of service and investment expertise.

On the same day as the Summit announcement, Mercer announced its planned acquisition of Pavilion Financial Corporation, a Winnipeg-based global consulting and research provider. Each deal was negotiated separately and announced concurrently, with the ultimate unification of talents and resources as the goal from the start of the process. Together, the consolidated entity will provide one of the industry’s most experienced consulting teams with extensive investment resources. It will be a global leader in traditional and alternatives research, delegated solutions (OCIO), investment consulting in the not-for-profit marketplace, and ERISA liability driven investment and defined contribution consulting.

After close of both deals, it is expected that Mercer will use the Pavilion brand for its not-for-profit group, which is led by Jessica Portis, a Summit alumnus who spent 15 years at the firm, including acting as its Director of Consulting prior to joining Mercer in 2015. Ms. Portis and several senior Alternatives Research Directors at Mercer are expected to relocate to Summit’s Clayton offices.

In conjunction with the Mercer announcement, Summit has advised its full-retainer defined benefit public pension fund clients that it will not serve in this capacity after close. This results in Summit’s resignation from these relationships in accordance with each client’s contractual provisions. Summit has informed these clients that its recommended successor in this role is AndCo Consulting due to its similarities to Summit and the unique needs of those clients. Trevor Jackson, a senior consultant at Summit with over 20 years of investment experience, will be joining AndCo and will help serve those clients who select to partner with AndCo on a go-forward basis.

About Summit Strategies Group

Summit Strategies Group is one of the industry's leading investment consultants focused on developing long-term partnerships with institutional investors. Founded in 1995, we have been serving our clients, including endowments and foundations, hospitals and health care systems, public funds and corporations (defined benefit and defined contribution plans), for more than 20 years. We provide traditional full-service consulting, defined contribution and outsourced CIO services. Our extensive in-house resources and research capabilities enable us to help clients meet their investment objectives. We have highly experienced professionals in the areas of consulting, capital markets and risk management, manager research, operational due diligence, and performance measurement and analytics.

About Mercer

Mercer delivers advice and technology-driven solutions that help organizations meet the health, wealth and career needs of a changing workforce. Mercer's more than 23,000 employees are based in 44 countries and the firm operates in over 130 countries. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With nearly 65,000 colleagues and annual revenue over \$14 billion, through its market-leading companies including Marsh, Guy Carpenter and Oliver Wyman, Marsh & McLennan helps clients navigate an increasingly dynamic and complex environment. For more information, visit www.mercer.com.

About Pavilion Financial Corporation and its subsidiaries

Founded in 2006, Pavilion Financial Corporation is an employee-owned investment services firm offering advice and execution services to institutional and other investors. Through its subsidiaries, Pavilion offers a comprehensive suite of integrated services such as non-discretionary and discretionary tradition and alternatives investment consulting and wealth management. Pavilion Advisory Group® offers investment consulting, advisory services, retirement benefit consulting, and implemented or discretionary solutions to corporate and public plan sponsors (DB and DC), not-for-profit healthcare systems, higher education endowments, foundations, and family offices. Pavilion Advisory Group is a registered trademark of Pavilion Financial Corporation, used under license by Pavilion Advisory Group Inc. in the U.S. and Pavilion Advisory Group Ltd. in Canada. Pavilion Alternatives Group® provides investment consulting services across alternative asset classes including private equity, private credit, real assets and hedge funds. Pavilion Alternatives Group is a registered trademark of Pavilion Financial Corporation, used under license by Pavilion Alternatives Group, LLC in the U.S., Pavilion Alternatives Group Limited in the UK, Pavilion Alternatives Group (Singapore) Pte Ltd., and Pavilion Advisory Group Ltd. in Canada. For more information, visit www.pavilioncorp.com.

About AndCo

AndCo is a full-service employee owned Independent registered institutional investment consulting firm, founded on the belief and conviction that only an independent institutional consulting firm can put their clients first in every situation. The firm is comprised of a dedicated group of industry specialists with diverse business backgrounds working together toward the common goal of simplifying the investment and fiduciary decisions of fund sponsors. AndCo serves as an independent fiduciary to each of its clients and avoids all conflicts by accepting no soft-dollar compensation, having no broker dealer affiliations, selling no investment products, and has no pay-to-play arrangements. AndCo's headquarters is located in Orlando, FL and has satellite offices in Chicago, IL; Tulsa, OK; Cleveland, OH; Detroit, MI; Reno, NV; Pittsburgh, PA and Dallas, TX. For more information, visit www.andcoconsulting.com.

Joint Committee on Public Employee Retirement

Quarterly Reports

2018 Second Quarter

<u>Plan Name</u>	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Affton FPD Retirement Plan	\$9,191,264	\$9,168,794	7.1% (Net)	7.1% (Net)	8.0% (Net)	6.50%	2.75%	3.50%
Antonia FPD Pension Plan	\$2,296,665	\$2,234,996	4.25% (Net)	n/a% (Net)	n/a% (Net)	n/a%	n/a%	n/a%
Arnold Police Pension Plan	\$12,672,637	\$12,959,012	6.09% (Gross)	5.42% (Gross)	6.40% (Gross)	6.50%	2.50%	4.50%
Berkeley Police & Fire Pension Fund	\$13,114,007	\$13,032,869	N/A% (Net)	N/A% (Net)	N/A% (Net)	7.0%	2.5%	1.5%
Bi-state Dev Agency Division 788, A.T.U.	\$139,152,495	\$139,213,548	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Development Agency Local 2 I.B.E.W.	\$5,343,892	\$5,422,772	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Salaried Employees	\$68,161,476	\$72,628,738	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	4.5%
Black Jack FPD Retirement Plan	\$14,170,556	\$14,898,654	1% (Gross)	1% (Gross)	1% (Gross)	7%	2.75%	4.5%
Bothwell Regional Health Center Retirement Plan	\$45,369,193	\$43,330,736	4.3% (Net)	6.0% (Net)	6.6% (Net)	7.75%	2.9%	3.0%
Bridgeton Employees Retirement Plan	\$28,104,749	\$28,282,752	3.57% (Net)	2.83% (Net)	4.51% (Net)	7.5%	3.0%	4.0%
Carthage Policemen's & Firemen's Pension Plan	\$7,194,667	\$7,313,107	9.65% (Net)	6.70% (Net)	7.26% (Net)	7.00%	2.2%	3.5%
Cedar Hill Fire Protection District Length of Service Awards Program	\$179,227	\$312,082	n/a% (Gross)	n/a% (Gross)	n/a% (Gross)	4.75%	n/a%	n/a%
Clayton Non-uniformed Employee Pension Plan	\$18,417,246	\$18,388,920	8.14% (Net)	7.41% (Net)	8.91% (Net)	7%	2%	4%
Clayton Uniformed Employees Pension Plan	\$43,593,455	\$45,271,274	9.29% (Net)	8.33% (Net)	9.06% (Net)	7%	2%	3.5%
Columbia Police and Firemens' Retirement Plan	\$133,492,713	\$134,117,561	6.97% (Net)	4.79% (Net)	6.48% (Net)	7%	2.5%	3.25%
Community FPD Retirement Plan	\$30,209,631	\$31,464,012	11.84% (Net)	8.65% (Net)	9.30% (Net)	7.0%	2.5%	4.0%
County Employees Retirement Fund	\$508,629,000	\$515,832,000	9.93% (Gross)	6.57% (Gross)	8.13% (Gross)	7.5%	2.5%	2.5%
Creve Coeur Employees Retirement Plan	\$25,850,018	\$25,729,821	7.8% (Net)	6.9% (Net)	7.9% (Net)	7.0%	3.5%	4.0%
Creve Coeur FPD Retirement Plan	\$11,049,348	\$10,963,504	n/a% (Gross)	n/a% (Gross)	n/a% (Gross)	7%	3%	4%
Eureka FPD Retirement Plan	\$12,182,019	\$12,364,475	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Fenton FPD Retirement Plan	\$32,106,007	\$31,793,333	7.16% (Net)	6.43% (Net)	7.39% (Net)	7.5%	2.5%	2%

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9/11/2018

<u>Plan Name</u>	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Florissant Valley FPD Retirement Plan	\$29,922,161	\$30,161,699	n/a% (Net)	n/a% (Net)	n/a% (Net)	6.5%	2.5%	see comme nts%
Glendale Pension Plan	\$5,201,644	\$5,313,562	8.27% (Gross)	6.59% (Gross)	N/A% (Gross)	7.50%	2.50%	3.75%
Hannibal Police & Fire Retirement Plan	\$17,215,811	\$17,460,044	8.3% (Gross)	6.6% (Gross)	7.9% (Gross)	7.0%	2.5%	3.5%
Hazelwood Retirement Plan	\$41,483,176	\$41,214,677	17.99% (Net)	10.85% (Net)	13.29% (Net)	7.5%	3%	4.5%
High Ridge Fire Protection District Pension Plan	\$7,665,065	\$6,735,950	7.59% (Net)	5.61% (Net)	6.53% (Net)	5.5%	2.5%	0.0%
Jackson County Employees Pension Plan	\$287,601,181	\$288,840,775	9.09% (Gross)	7.45% (Gross)	8.34% (Gross)	6.75%	2.5%	2.75% to 4.75%
Joplin Police & Fire Pension Plan	\$40,884,426	\$41,255,693	7.5% (Net)	6.3% (Net)	6.7% (Net)	6.75%	2.5%	2.5%
Kansas City Civilian Police Employees' Retirement System	\$142,379,000	\$142,056,000	6.70% (Net)	6.10% (Net)	6.90% (Net)	7.5%	3.0%	3.5%
Kansas City Employees' Retirement System	\$1,153,606,187	\$1,146,103,942	7.22% (Net)	5.83% (Net)	7.60% (Net)	7.5%	3.0%	3.75% -5.0%
Kansas City Firefighter's Pension System	\$543,103,000	\$545,342,000	9.16% (Gross)	7.77% (Gross)	8.87% (Gross)	7.25%	2.5%	3.0% -8.0%
Kansas City Police Retirement System	\$878,420,000	\$873,000,000	6.79% (Net)	6.26% (Net)	7.30% (Net)	7.5%	3.0%	3.5%
Kansas City Public School Retirement System	\$665,219,210	\$666,795,124	8.29% (Net)	6.78% (Net)	7.34% (Net)	7.75%	2.75%	3.5%
KC Area Transportation Authority Salaried Employees Pension Plan	\$18,296,643	\$18,436,738	8.64% (Gross)	6.97% (Gross)	8.30% (Gross)	7.00%	2.6%	4.00%
KC Trans. Auth. Union Employees Pension Plan	\$49,546,912	\$49,626,526	6.28% (Net)	6.01% (Net)	7.17% (Net)	7.00%	2.60%	4.25%
Ladue Non-uniformed Employees Retirement Plan	\$5,094,734	\$5,037,441	7.7% (Net)	6.3% (Net)	7.6% (Net)	7.0%	2.5%	4.5%
Ladue Police & Fire Pension Plan	\$35,968,765	\$35,535,756	7.6% (Net)	6.3% (Net)	7.6% (Net)	7.0%	2.5%	4.5%
LAGERS Staff Retirement Plan	\$11,581,704	\$11,607,406	6.69% (Net)	7.46% (Net)	8.42% (Net)	7.25%	2.5%	3.25%
Little River Drainage Dist Retirement Plan	\$1,497,360	\$1,503,020	3.43% (Gross)	3.16% (Gross)	3.39% (Gross)	5%	0%	3.5%
Local Government Employees Retirement System	\$7,615,049,075	\$7,726,545,950	13.70% (Net)	8.33% (Net)	9.11% (Net)	7.25%	2.5%	3.25%
Maplewood Police & Fire Retirement Fund	\$13,729,813	\$13,766,311	8.24% (Gross)	5.04% (Gross)	6.63% (Gross)	7.00%	2.5%	2.5%
Metro West FPD Retirement Plan	\$51,485,609	\$52,807,989	12.0% (Gross)	7.6% (Gross)	8.2% (Gross)	0%	0%	0%
Mid-County FPD Retirement Plan	\$1,746,154	\$1,747,042	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%

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9/11/2018

<u>Plan Name</u>	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Missouri Higher Education Loan Authority Pension Plan	\$46,701,425	\$47,885,923	5.7% (Net)	n/a% (Net)	n/a% (Net)	6.75%	2.25%	4.5%
Missouri State Employees Retirement System	\$8,232,328,410	\$8,171,709,255	7.4159% (Net)	3.7031% (Net)	5.2855% (Net)	7.5%	2.5%	3.0%
MoDOT & Highway Patrol Employees' Retirement System	\$2,276,827,942	\$2,312,972,908	9.42% (Net)	7.12% (Net)	9.04% (Net)	7.75%	3%	3.5%
North Kansas City Hospital Retirement Plan	\$265,921,333	\$266,943,931	7.72% (Net)	6.91% (Net)	8.11% (Net)	7.25%	2.3%	2.5%
North Kansas City Policemen's & Firemen's Retirement Fund	\$54,822,505	\$55,434,088	9.0% (Gross)	8.0% (Gross)	8.8% (Gross)	6.5%	4.0%	1.2%
Olivette Salaried Employees' Retirement Plan	\$21,431,418	\$21,543,554	8.5% (Net)	7.4% (Net)	8.7% (Net)	7.25%	2.75%	4.00%
Overland Non-uniform Pension Fund	\$11,112,000	\$11,089,000	9.02% (Net)	6.94% (Net)	7.47% (Net)	7%	2.5%	3.5%
Overland Police Retirement Fund	\$12,991,000	\$12,866,000	9.71% (Net)	7.68% (Net)	8.01% (Net)	7%	2.5%	3.5%
Pattonville-Bridgeton FPD Retirement Plan	\$36,571,048	\$38,579,558	12.55% (Net)	5.96% (Net)	9.25% (Net)	7.75%	2.5%	2.5%
Prosecuting Attorneys' Retirement System	\$44,795,677	\$44,787,180	6.63% (Net)	5.44% (Net)	6.26% (Net)	7.1%	2.5%	2.5%
Public Education Employees' Retirement System	\$4,682,753,918	\$4,746,917,088	8.9% (Net)	7.6% (Net)	8.8% (Net)	7.6%	2.25%	3.25%
Public School Retirement System	\$38,688,489,915	\$39,052,396,498	8.9% (Net)	7.6% (Net)	8.8% (Net)	7.6%	2.25%	2.75%
Raytown Policemen's Retirement Fund	\$10,666,268	\$10,666,377	8.44% (Gross)	6.70% (Gross)	7.60% (Gross)	7.5%	2.5%	N/A%
Richmond Heights Police & Fire Retirement Plan	\$56,939,846	\$56,794,266	8.18% (Net)	6.81% (Net)	8.31% (Net)	6.5%	2.5%	5.0%
Rock Community FPD Retirement Plan	\$17,650,566	\$17,921,648	6.9% (Net)	5.9% (Net)	7.6% (Net)	7.5%	2.5%	3.0%
Saline Valley Fire Protection District Retirement Plan	\$3,205,537	\$3,280,062	6.2% (Gross)	4.9% (Gross)	6.6% (Gross)	7.0%	2.5%	2.5%
Sedalia Firemen's Retirement Fund	\$7,528,075	\$7,150,231	7.7% (Gross)	6.2% (Gross)	7.8% (Gross)	7.0%	2.0%	3.0%
Sedalia Police Retirement Fund	\$3,515,903	\$3,693,828	10.12% (Gross)	7.09% (Gross)	N/A% (Gross)	6%	None%	None%
Sheriff's Retirement System	\$44,460,569	\$44,681,084	6.535% (Gross)	6.456% (Gross)	8.287% (Gross)	7%	3.5%	1.5%
St. Louis County Library Dist Empl Pension Plan	\$49,691,876	\$49,541,566	8.37% (Net)	5.86% (Net)	6.83% (Net)	7.0%	2.5%	3.5%
St. Louis Employees Retirement System	\$824,104,085	\$819,193,037	7.87% (Gross)	6.27% (Gross)	7.59% (Gross)	7.5%	2.5%	3.0%
St. Louis Firemen's Retirement System	\$480,192,327	\$473,607,053	7.58% (Gross)	7.07% (Gross)	8.38% (Gross)	7%	2.75%	3%
St. Louis Police Retirement System	\$722,314,273	\$747,558,336	7.7% (Net)	6.9% (Net)	7.4% (Net)	7.5%	2.5%	3%

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<u>Plan Name</u>	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
St. Louis Public School Retirement System	\$883,448,159	\$862,108,657	8.7% (Net)	6.3% (Net)	7.5% (Net)	7.5%	2.75%	3.5% / 5.0%
Valley Park FPD Retirement Plan	\$6,753,950	\$6,343,442	9.40% (Net)	7.48% (Net)	8.67% (Net)	7.0%	2%	4%
	<u>\$70,262,395,920</u>	<u>\$70,781,281,175</u>						