JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
FOURTH QUARTER MEETING
December 2, 2019

The Joint Committee on Public Employee Retirement (JCPER) held its 4th Quarter Meeting on Monday, December 2, 2019 at 1pm in Room 117A in the State Capitol. The first order of business was roll call. Joint Committee members in attendance were Senators Bernskoetter, Koenig, Rizzo (via telephone), Wallingford, Gina Walsh (13), Williams (via telephone) and Representatives Richard Brown (27), Pike, Runions, Shull (16), and Sara Walsh (50). Representative Paula Brown (70) was not in attendance.

Following roll call, Chair Pike asked the Executive Director, Michael Ruff, to explain the plan updates on the agenda. First, in 2018, Cooper County Memorial Hospital was sold to a third party and later resold to Pinnacle. The assets from the hospital's defined contribution plan are being transferred to Pinnacle's defined contribution plan. Because Pinnacle is a private entity, it will not report its plan to the JCPER as part of the annual survey. 2018 is the last year that CCMH will report plan information to JCPER as part of the annual survey. Second, the Jackson County Circuit Court held a bench trial in early November in the lawsuit involving the Sheriffs' Retirement System. The Court has not yet issued a ruling. Third, the City of Sedalia transferred the Police Retirement Fund to LAGERS as a legacy plan under section 70.621 in June 2019. Because the plan no longer exists, it was not included on the 2019 watch list. Fourth, the Director explained pending changes to the City of Joplin Police & Fire Retirement Plan. The plan has been included on the watch list for a number of years. The City had convened a work group to study and address the situation. City voters adopted a sales tax increase at the November election that will be used to provide additional funding for the plan. The City intends to close the plan to new hires, have new hires join LAGERS, allow Tier 2 members the option to move to LAGERS, and have Tier 1 members remain in the closed plan.

Next, the Director provided an update on the litigation relating to SB 62 (2017). The Court issued an order and judgment on October 31 and ruled against the St. Louis Public School Retirement System on all four claims. On November 20, the system filed a notice of appeal with the court for claims one, two, and three.

The next agenda item was an update on the issue of how the JCPER retains records. The Director and staff had met with the director of the Records Management Division after session to discuss records retention and review old JCPER files stored in the Records Management Division. The Director proposed that the JCPER develop a records retention schedule separate from the general records retention schedule to better fit the needs of the JCPER. Such a retention schedule would need to be approved by both JCPER and the State Records Commission. The staff plans to work with the Records Management Division to develop a draft schedule for review by the JCPER by the first quarter 2020 meeting.

Prior to presenting the watch list, the Director used a computer presentation to describe the history of the watch list and do a review of pension and actuarial terminology. The 2019 watch list, highlighting plans that are funded below 70% on a market value basis, was presented to the committee. Twenty-two plans were on the list compared to nineteen plans in 2018. JCPER staff contacted each plan and provided an opportunity for them to review the information and respond. The JCPER received four written responses, which were included in the packets.

The JCPER continues to receive procurement action plans. The packet included the most recent one for Maryland Heights Fire Protection District from its third party administrator, Retirement Plan Advisors.

The JCPER's final discussion item was quarterly investment reporting for defined benefit plans for 3rd quarter 2019. The third quarter ended September 30.

With no further business, Senator Walsh moved that the committee adjourn. Representative Richard Brown seconded the motion. The committee voted to adjourn by acclimation. The committee adjourned.

Michael Ruff
Executive Director

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JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

4th QUARTER MEETING
December 2, 2019
1pm— Room 117-A, State Capitol

AGENDA

Roll Call

Plan Updates:
Cooper County Memorial Hospital
Sheriffs' Retirement System
Sedalia Police Retirement Fund
City of Joplin Police & Fire Retirement Plan

Update on litigation relating to SB 62 (2017)

Records Retention Schedule

Presentation of Annual Watch List

Procurement Action Plans, Sections 104.621, 105.702, 169.573, RSMo

Quarterly Investment Reporting

PINNACLE
Regional Hospital
17651 B Hwy, P.O. Box 88
Boonville, MO 65233

August 1, 2019

Robert A. Coleman
Joint Committee on Public Employee Retirement

Dear Robert,

This letter and attachment confirms the purchase of Cooper County Memorial Hospital (CCMH) by Rural Hospital Group also known as Cooper County Community Hospital, LLC (CCCH) on February 7, 2018. With this purchase CCCH assumes all property and assets previously owned by CCMH including but not limited to the pension plan provided to employees. After final payment was made under CCMH to the pension plan the ending balance was $1,634,184.57. All funds are being transferred to the new established pension plan.

Should you have further questions please do not hesitate to contact me.

Thank you,

Kim Wilson

Kim Wilson
Human Resources Manager
Pinnacle Regional Hospital – Boonville
PH. 660-882-4154
Fax 660-882-4136
Email: wilsonk@ccmh-mo.com

Proposition B basics for election day

By:

Augustus Brunetti (https://www.koamnewsnow.com/meet-the-team/augustus-brunetti/952221833)

(mailto:abrunetti@koamtv.com)

Posted: Nov 05, 2019 10:45 AM CST Updated: Nov 05, 2019 10:45 AM CST

JOPLIN, Mo - Every day, Joplin Firefighters and Police put their lives on the line to serve and protect their community. When voters head to the polls today, they'll have to decide how much they're willing to invest in Joplin's finest. They'll be asked to fund emergency worker pensions.

Chief Ferguson: : Either way, the tax payers are paying for it. Whether they're long-term paying for it, or they're squeezing it down to that two year time frame, it's gotta be paid for, and Prop B does that.

Prop B proposes a bump in Joplin Sales Tax in order to close out the city's Police and Fire Pension Fund; the fund has been around since the 1980's. The tax would be raised on-half-of-one-percent for either a 12 year span or until 120% of the funding is reached.

Mayor Shaw: So basically what this does is this will just close out the old program, it'll fully fund it, and we'll take all those that want to in Tier Two into the new program, and then all of the new hires will join the new program.

Police and Firefighters hired in 2009 or later would have the opportunity to be part of the statewide plan. Proponents say this is a tool not only for recruitment, but for retention.

Chief Ferguson: As firefighters continue to go on calls over a career, you start building a roledex in your mind.

Experience that Ferguson says can take years to build.

Chief Ferguson: So if you have guys that keep leaving in that three to five year period you can't build that roledex because you're constantly on the front end of that.

JUDGE'S INITIALS

BT: 1

OFFICIAL ELECTION BALLOT
SPECIAL ELECTION
NEWTON COUNTY, MISSOURI
NOVEMBER 5, 2019

INSTRUCTIONS TO VOTERS

To vote, completely fill in the oval(s) next to your choice, like this ⬤. Use the marking device provided.
PROPOSITIONS: If you are in FAVOR of the proposition or question, complete the oval next to the word YES. If you are OPPOSED to the proposition or question, complete the oval next to the word NO.

CITY OF JOPLIN
PROPOSITION "B"

"Shall the City of Joplin impose a general sales tax, as authorized by Section 94.510 RSMo., at a rate of one-half of one percent (1/2 percent) solely for the purpose of providing revenues to close the City of Joplin Police and Fire Pension Plan to new hires, migrating new hires to the Missouri Local Government Employees Retirement System (LAGERS), and for the transfer of eligible pension employees to LAGERS, with said tax to expire upon the Pension Plan reaching a fully-funded one hundred twenty percent (120%) status as determined by an independent actuarial study conducted for the City of Joplin or twelve (12) years after enactment, whichever is earlier?"

◯ **YES**

◯ **NO**

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

FILED
OCT 31 2019
22ND JUDICIAL CIRCUIT
CIRCUIT CLERK'S OFFICE
BY MS DEPUTY

MISSOURI CIRCUIT COURT
TWENTY-SECOND JUDICIAL CIRCUIT
(City of St. Louis)

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS, et al.,	)
Plaintiffs,	) No. 1722-CC12044
	) Division No. 6
vs.	)
STATE OF MISSOURI, et al.,	)
Defendants.	)

ORDER AND JUDGMENT

The Court has before it Plaintiffs Public School Retirement System of the City of St. Louis ("PSRSSTL"), Joseph W.B. Clark, Jr., Board of Trustees of PSRSSTL, and William Andrew Clark (collectively, "Plaintiffs")'s Motion for Summary Judgment, Defendant Confluence Academy, Inc. ("Confluence")'s Motion for Judgment on the Pleadings, Defendant State of Missouri("The State")'s Motion for Judgment on the Pleadings; Defendant Special Administrative Board of the Transitional School District of the City of St. Louis ("SAB") and St. Louis Public Schools ("SLPS")'s Motion for Judgment on the Pleadings, and Intervenors MOSERS, MPERS, PSRS, and PEERS ("Intervenors")'s Motion for Summary

ENTERED
OCT 31 2019
MS

Judgment as to Count IV of Plaintiffs' Second Amended Petition. The Court now rules as follows.

Plaintiffs brought this action for declaratory judgment and preliminary and permanent injunction, challenging recent legislative changes to §§ 169.460 and 169.490 RSMo created by Truly Agreed and Finally Passed Senate Bill 62 ("TAFP SB 62"). Plaintiffs allege that TAFP SB 62 will result in PSRSSTL receiving $132,405,000 less in employer contributions than actuarially required through 2033, a loss in market value of $48,455,000, and an increase in accrued liability of $12,745,000 in 2018.

On April 17, 2018, the Court heard arguments and took under submission Confluence's Motion to Dismiss Plaintiffs' Amended Petition; The State's Motion to Dismiss Plaintiffs' First Amended Petition; and SAB and SLPS' Motion to Dismiss Plaintiffs' First Amended Petition. By agreement of the parties, each of the motions was considered with respect to the Plaintiffs' Second Amended Petition.

On May 16, 2018, the Court issued an order specifically denying each of Defendants' Motions to Dismiss.

On June 19, 2018, Intervenors filed a Motion to Reconsider the Court's Order Denying Defendant the State of Missouri's Partial Motion to Dismiss and For Judgment on the Pleadings as to Count IV of Plaintiffs' Second Amended Petition. On August 6, 2018, the Court denied Intervenors' Motions. On August 6, 2018, the Court also entered an Order denying Confluence's Joint Motion for Clarification of the Court's May 16, 2018 Order. The Court found that it is clear that each of the motions taken under submission by the Court on April 17, 2018 was denied.

Defendants' Motions for Judgment on the Pleadings.

Defendants move for Judgment on the Pleadings. Defendants SAB, SLPS and Confluence join and adopt the State's Motion for Judgment on the Pleadings. Defendants SAB, SLPS and Confluence are only parties to Counts II-IV.

A party moving for judgment on the pleadings admits the truth of all well-pleaded facts and contends that, assuming the facts are true, the moving party is entitled to a judgment as a matter of law. Lanham v. Missouri Dept. of Corrections, 232 S.W.3d 630, 633 (Mo. App. S.D. 2007). "A trial court can properly grant a motion for judgment on the pleadings only if the facts pleaded by petitioners, together with all reasonable inferences drawn therefrom, show petitioners cannot prevail under any legal theory." In re Estate of Lambur, 317 S.W.3d 616, 619 (Mo. App. S.D. 2010). "If matters outside the pleadings are presented to the court and not excluded, the motion is treated as one for summary judgment." Id. "Judgment on the pleadings is only appropriate when the question before the court is strictly one of law." In re Marriage of Busch, 310 S.W.3d 253, 259 (Mo. App. E.D. 2010). "A trial court should not sustain a motion for judgment on the pleadings if a material issue of fact exists." Id.

First, Defendants SLPS and SAB (collectively, "the District") argue there is no substantial controversy between the District and Plaintiffs, and the District had no power to affect the legally protectable interest as alleged by Plaintiffs. The District argues that it does not have authority to provide the relief requested by Plaintiffs, and merely passes along the contributions made on behalf of member employees subject to whatever law is in place at the time. Therefore, the District argues it is entitled to judgment on the pleadings since there is no justiciable controversy.

In order to maintain a declaratory judgment action a petitioner must satisfy four requirements. Kinder v. Holden, 92 S.W.3d 793, 804 (Mo. App. W.D. 2002). First, there must be a justiciable controversy. Id. "A justiciable controversy" "presents a real, substantial, presently-existing controversy as to which specific relief is sought, as distinguished from an advisory decree offered upon a purely hypothetical situation." Id. ""A justiciable controversy exists where the plaintiff has a legally protectable interest at stake, a substantial controversy exists between parties with genuinely adverse interests, and that controversy is ripe for judicial determination." Mid-Century Ins. Co. v. Wilburn, 422 S.W.3d 326, 329 (Mo. App. S.D. 2013)(internal citation omitted). § 527.110 RSMo states "all persons shall be made parties who have or claim any interest which would be affected by the declaration."

Here, Plaintiffs have clearly alleged that the District would be affected by a declaration regarding TAFP SB 62. Plaintiffs allege SLPS is an employer defined in § 169.410 (13), and alleges SLPS submits contributions to PSRSSTL on behalf of participant employees, including both employee contributions deducted from employee pay and employer contributions. Plaintiffs allege that prior to the changes contained in TAFP SB 62, under § 169.490 RSMo the rate of employer contributions was "equal to a certain percentage of the total compensation of all members employed by the employer." This percentage was fixed on the basis of the liabilities of PSRSSTL as shown by the annual actuarial valuation. Plaintiffs allege the Board of PSRSSTL at June 2017 meeting adopted an employer contribution rate determined by the actuary to be 19.10% of total compensation. However, under TAFP SB 62, the rate of the employer contributions is no longer determined by the actuary, but is set at a rate "equal to sixteen percent of the total compensation of all members employed by that employer" which "shall decrease one-half of one percent annually until calendar year 2032 when the rate of contribution payable by each employer shall equal nine percent." Plaintiffs allege the Cost Statement of the System's actuary calculated that pursuant to TAFP SB 62 and its amendments to §§ 169.460 and 169.490 RSMo, PSRSSTL will receive $232,533,000 less in employer contributions than actuarially required through 2033. Plaintiffs seek to have the TAFB SB 62 declared unconstitutional and the Court to require the employers who contribute to the PSRSSTL to contribute at the rate set by the System's actuary through the manner set by § 169.490 RSMo prior to its amendment by TAFB SB 62.

As alleged, it is clear that the District has an interest that would be affected in this case. Plaintiffs have alleged adverse interests between the District and Plaintiffs, because if Plaintiffs are successful in this matter, the District, as alleged employer of members of PSRSSTL will not have a cap on its contributions as provided by TAFB SB 62, and would be required to contribute at the potentially higher rate based on the liabilities of PSRSSTL as shown by the annual actuarial valuation. Accordingly, Plaintiffs have alleged a justiciable controversy against the

District. The District has not shown it is entitled to judgment as a matter of law on this point.

Count I.

In Count I, Plaintiffs' core allegations are that the amendment from the Rule of 85 to the Rule of 80 in § 169.460 RSMo does not become effective, pursuant to § 105.685 RSMo, until it complies with § 105.684 RSMo. Plaintiffs' Count I is only brought against the State.

The State argues generally that it is entitled to judgment as a matter of law on Count I because the Court must harmonize the apparently conflicting statutes at issue, or alternatively, give effect to the later or specific amendment, §§ 169.460 and 169.490 RSMo, as amended by TAFP SB 62. First, the State contends that the Rule of 80 amendment does not violate § 105.685 RSMo because it is not a substantial proposed change as that term is defined in Chapter 105.660 The State also argues the Rule of 80 does not violate § 105.684 RSMo because it is not a change adopted by PSRSSTL and because it is not a "benefit increase, supplement, or enhancement." The State argues the amendment does not increase the rate of the plan member's benefits, only allows the member to retire earlier if certain conditions are met.

Plaintiffs contend the Rule of 80 amendment can be valid, but the safeguards set in place by the General Assembly in Chapter 105 must be met and satisfied before it can take effect. Plaintiffs argue the plain language of § 105.684 RSMo specifically states that there is no conflict with § 169.460 RSMo as amended by TAFP SB 62 because it contains a "notwithstanding" clause. § 105.684 RSMo requires PSRSSTL to be 80% funded before a benefit increase is implemented that would increase the plan's accrued liability. Plaintiffs allege that PSRSSTL was 73% funded at the time of the amendments. Plaintiffs have alleged that in 2017 the present value of future retirement benefits for active participants increased by $22,167,674 as a result of the Rule of 80 amendment by SB 62 alone. Plaintiffs contend the Rule of 80 increases the lifetime benefit, and many will now be entitled to full unreduced benefit, who previously would not have.

"Construction of a statute is a question of law." Anderson ex rel. Anderson v. Ken Kauffman & Sons Excavating, L.L.C., 248 S.W.3d 101, 106 (Mo. App. W.D. 2008). "The primary object of statutory interpretation is to ascertain the intent of the legislature from the language used." Id. Courts are to take the words in a statute in their plain and ordinary sense. Lincoln Industrial, Inc. v. Director of Revenue, 51 S.W.3d 462, 465 (Mo. banc 2001). "The legislature is presumed to have intended exactly what it states and if the language used in the statute is clear and unambiguous, there is no room for construction." Missouri Div. of Employment Sec. v. Labor and Indus. Relations Com'n of Missouri, 637 S.W.2d 315, 318 (Mo. App. W.D. 1982). "The doctrine of *in pari materia* requires that statutes relating to the same subject matter be construed together even though the statutes are found in different chapters and were enacted at different times." State v. Goebel, 83 S.W.3d 639, 645 (Mo. App. E.D. 2002). "It is a cardinal rule of statutory interpretation that the legislature is presumed to know the existing law when enacting a new piece of legislation." State ex rel. Nothum v. Walsh, 380 S.W.3d 557, 567 (Mo. banc 2012)(internal quotations omitted). "The construction of statutes is not to be hyper-technical, but instead is to be reasonable and logical and to give meaning to the statutes." Donaldson v. Crawford, 230 S.W.3d 340, 342 (Mo. banc 2007). However, every word, clause, sentence, and provision of a statute must be given effect. Anderson, 248 S.W.3d at 108.

§ 169.460.1 RSMo, as amended by TAFP SB 62, states in pertinent part (emphasis added):

> **Any member may retire and receive a normal pension** upon his or her written application to the board of trustees setting forth at what time not less than fifteen days nor more than one hundred eighty days subsequent to the

> execution and filing of such application he or she desires to be retired; **provided, that the member at the time so specified for his or her retirement** either (a) shall have attained age sixty-five or **(b) shall have attained an age which when added to the number of years of credited service of such member shall total a sum not less than eighty.**

Previously, the statute stated a sum not less than eighty-five.

§ 105.684.1 RSMo states in pertinent part:

> Notwithstanding any law to the contrary, no plan shall adopt or implement any additional benefit increase, supplement, enhancement, lump sum benefit payments to participants, or cost-of-living adjustment beyond current plan provisions in effect prior to August 28, 2007, which would, in aggregate with any other proposed plan provisions, increase the plan's actuarial accrued liability when valued by an actuary using the same methods and assumptions as used in the most recent periodic valuation, unless the plan's actuary determines that the funded ratio of the most recent periodic actuarial valuation and prior to such adoption or implementation is at least eighty percent and will not be less than seventy-five percent after such adoption or implementation.

The Court agrees with the State that the Rule of 80 amendment is not an "additional benefit increase, supplement, [or] enhancement" under § 105.684 RSMo. The amendment from Rule of 85 to Rule of 80 increases eligibility or access to the normal retirement benefit, and members will be eligible for benefits sooner. While "additional benefit increase, supplement, [or] enhancement" is not defined in Chapter 105, "Plan benefit" is defined as "the benefit amount payable from a plan together with any supplemental payments from public funds." § 105.660.9 RSMo. Here, the Rule of 80 amendment does not increase or supplement the benefit amount, as the term "benefit" is used within Chapter 105. The Rule of 80 allows eligible members to possibly retire earlier with their normal benefit if the necessary conditions are met. The Court presumes the legislature knew the existing law, specifically §§ 105.684 and 105.685 RSMo, and passed TAFP SB 62, effective August 28, 2017, *because* it is not a benefit increase, supplement or enhancement. Therefore, the Court finds § 105.684 RSMo is inapplicable.

As the Court has found that the Rule of 80 amendment in TAFP SB 62 is not an additional benefit increase, supplement or enhancement, then the Court need not analyze whether the Rule of 80 amendment is a "substantial proposed change in plan benefits."

§ 105.685 RSMo states:

> A substantial proposed change in plan benefits shall not become effective until such time as the provisions of sections 105.660 to 105.685 are complied with.

Accordingly, the Court finds the facts pled are insufficient as a matter of law to establish the Rule of 80 amendment was a benefit increase, supplement or enhancement under § 105.684 RSMo, such that the effective date of the amendment should be delayed under §§ 105.684 and 105.685 RSMo. The Court grants the State's Motion as to Count I.

Counts II & III.

In Count II, Plaintiffs allege that TAFP SB 62 creates an unfunded mandate in violation of the Hancock Amendment. In Count III, Plaintiffs allege that TAFP SB 62 violates the Hancock Amendment by reducing the state-financed portion of the costs of an existing activity or service.

Regarding both Counts II and III, Defendants argue that PSRSSTL is not an "other political subdivision" that may bring an action under the Hancock Amendment, and the Court has found as such in its Order entered May 16, 2018. Defendants argue the determining factor for whether any public entity falls within the protection of the Hancock Amendment is whether it has the power to tax, and it is undisputed that PSRSSTL does not have the power to tax. Defendants concede that PSRSSTL has standing to bring a declaratory judgment action regarding the applicability of the Hancock Amendment under § 169.597 RSMo, but argue it is not entitled to the protections of the Hancock Amendment.

Plaintiffs argue that the Court did not actually rule in its May 16, 2018 Order that PSRSSTL was not an "other political subdivision" under the Hancock Amendment. Plaintiffs argue that only public quasi-corporations have to have power to tax to be considered a political subdivision under Article X, Section 23 of the Missouri Constitution. Plaintiffs contend that if PSRSSTL is not an "other political subdivision" then § 169.597 RSMo would be meaningless.

"The constitutionality of a statute is a question of law[.]" Planned Parenthood of Kansas v. Nixon, 220 S.W.3d 732, 737 (Mo. banc 2007). The court presumes statutes to be valid, and will not find a statute unconstitutional unless it clearly contravenes a constitutional provision. Missouri Roundtable for Life, Inc. v. State, 396 S.W.3d 348, 351 (Mo. banc 2013).

Mo. Const. Art. X, § 16 states that:

> Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive, of this article.

Mo. Const. Art. X, § 21 provides:

> The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond

> that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivisions, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Mo. Const. Art. X, § 23 provides:

> Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county, or other political subdivision shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

The Missouri Constitution explicitly defines "other political subdivision" as that term is used in Article X, which includes the Hancock Amendment:

> The term "other political subdivision," as used in this article, shall be construed to include townships, cities, towns, villages, school, road, drainage, sewer and levee districts and any other public subdivision, public corporation or public quasi-corporation having the power to tax.

Mo. Const. art. X, § 15.

As the Court stated in its May 16, 2018 Order, the Missouri Supreme Court held in 1978 that a political subdivision that lacks the power to tax is not a political subdivision under the terms of Article X. State ex rel. Jardon v. Indus. Dev. Auth., 570 S.W.2d 666, 677 (Mo. banc 1978). Additionally, in 1988, the Court of Appeals reiterated that "an authority without the power to tax does not fall within the definition of § 15 and therefore is not a political subdivision." Champ v. Poelker, 755 S.W.2d 383, 388 (Mo. App. E.D. 1988). These cases are controlling. In addition, in reading the plain language of Art. X, § 15, it is clear, the phrase "having the power to tax" modifies "any other public subdivision, public corporation or public quasi-corporation" not only "public quasi-corporation." If the Court adopted Plaintiffs' interpretation, all public subdivisions and public corporations would fall within the definition of "other political subdivision," which the Court does not believe is the intent of the provision. Accordingly, PSRSSTL is not an "other political subdivision" as the term is used in Article X of the Missouri Constitution because the parties agree that PSRSSTL does not have the power to tax.

As the Court noted in its May 16, 2018 Order, in 1996 the Missouri legislature enacted § 169.597 RSMo, which is titled "Hancock amendment standing - contingency." This statute specifically provides that a public retirement system such as PSRSSTL has standing to bring a challenge under the Hancock amendment, as follows:

> **Notwithstanding any provision of this chapter to the contrary, the board of trustees of any retirement system** or the governing body of any political subdivision which funds such retirement system **shall have standing to seek a declaratory judgment concerning the application of Article X, Section 21 of the Missouri Constitution to**

> **the provisions of this chapter**. In the event a final judgment is rendered by a court which judgment determines that any provision of this chapter constitutes a new activity or service or increase in the level of an activity or service beyond that required by existing law pursuant to Article X, Section 21 of the Missouri Constitution, or any successor to that section, that provision of this chapter shall be void ab initio and any new benefit or feature required by such provision of this chapter shall be deemed not to have accrued and shall not be payable to members.

(Emphasis added.) § 169.597 RSMo clearly gives PSRSSTL standing to seek declaratory relief under the Hancock Amendment.

However, in Count II, Plaintiffs' allegations would have this Court read Article X, § 21 as protecting retirement plans, in addition to counties or other political subdivisions from unfunded mandates by the state. In Count III, by their allegations, Plaintiffs would like the Court to read the provision as protecting retirement plans, in addition to counties and other political subdivisions, from the reduction of the state financed proportion of costs of an existing activity or service. It is clear § 169.597 RSMo does not go that far. § 169.597 RSMo does not alter Art. X, § 21, it merely provides standing to boards of trustees of retirement systems to seek declaratory judgment concerning the application of that section.

In sum, the Court grants Defendants' Motions for Judgment on the Pleadings as to Counts II and III because Defendants have established as a matter of law that Plaintiffs cannot prevail on their claims in Counts II and III that TAFP SB 62 violates the Hancock Amendment. The Court finds the facts pled are insufficient as a matter of law to establish TAFP SB 62 violated the Hancock Amendment.

Count IV.

In Count IV, Plaintiffs allege that TAFP SB 62 violates the Missouri Constitution's requirement that legislation not be changed from its "original purpose."

Defendants make an identical argument as to Count IV as they did in their Motions to Dismiss. However, the Court has discretion to reconsider and change its interlocutory orders at any time prior to final judgment. State ex rel. Koster v. Didion Land Project Ass'n, LLC, 469 S.W.3d 914, 918 (Mo. App. E.D. 2015). Also, Motions to Dismiss and Motions for Judgment on the Pleadings are distinct. In re Marriage of Busch, 310 S.W.3d at 260. Intervenors' filed a Motion for Summary Judgment as to Count IV. The State cites to Intervenors' Memorandum in Support of its Motion for Summary Judgment as to Count IV.

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." The Missouri Supreme Court has rarely invalidated legislation based upon an original purpose challenge, and liberally interprets the procedural limitation of original purpose. Calzone v. Interim Comm'r of Dep't of Elementary & Secondary Educ., SC 97132, 2019 WL 4784803, at *4 (Mo. banc 2019). "Original purpose refers to the general purpose of the bill." Legends Bank v. State, 361 S.W.3d 383, 386 (Mo. banc 2012). "The original purpose of a bill is established by the bill's 'earliest title and contents' at the time the bill is introduced." Id. "The original purpose requirement does not prohibit subsequent additions or changes to legislation." Id. Rather, "the restriction is against the introduction of a matter that is not germane to the object of the legislation or that is unrelated to its original subject." Id. The Missouri Supreme Court has repeatedly observed that "the Constitution does not require that the original purpose be stated anywhere, let alone in the title as introduced." St. Louis County v. Prestige Travel, Inc., 344 S.W.3d 708, 715 (Mo. banc 2011). "Germane is defined as: in close relationship, appropriate, relative, pertinent. Relevant or closely allied." C.C. Dillon Co. v. City of Eureka, 12 S.W.3d 322, 327 (Mo. banc 2000)(citing Black's Law Dictionary).

The first step in the original purpose analysis is to identify the original purpose. Legends Bank, 361 S.W.3d at 386. The second analytical step is to compare the original purpose with the final version of TAFP SB 62. Id.

Plaintiffs attached the original version of SB 62 and the final version as exhibits to their petition. The original version states the following title: "AN ACT To repeal section 104.1205, RSMo, and to enact in lieu thereof one new section relating to retirement of higher education employees, with an effective date." The contents outline changes to §104.1205 RSMo, which applies to a retirement plan administered by Missouri State Employees' Retirement System ("MOSERS").

The final version of SB 62 has the title "AN ACT To repeal sections 52.290, 86.207, 104.1091, 104.1205, 105.669, 137.280, 137.345, 140.100, 169.141, 169.324, 169.460, 169.490, 169.560, and 169.715, RSMo, and to enact in lieu thereof fifteen new sections relating to public employee retirement, with penalty provisions and delayed effective dates for certain sections." The contents of the bill repeal the 14 sections identified in the title and enact 15 new sections, all relating to public employee retirement.

The title and earliest contents of TAFP SB 62 demonstrate that the original purpose pertained to public employee retirement. The bill was later amended by adding provisions repealing and enacting in lieu thereof new sections relating to public employee retirement.

Plaintiffs rely on cases that are distinguishable, for example, Legends Bank v. State. In Legends Bank, the court found the original purpose of the legislation at issue related to procurement, but the vast majority of the provisions in the final version of the bill related to ethics and campaign finance. Legends Bank, 361 S.W.3d at 386. In addition, the final version contained a provision regarding each member of the senate and house of representatives be provided with keys to the capitol dome. Id. at 385.

Here, the original purpose of SB 62 was regulating public employee retirement, even though the original title stated "relating to retirement of higher education employees." The final bill's purpose also related to public employee retirement. All provisions in the final bill are in close relationship and relevant to the initial bill. This case is more similar to cases cited by Defendants, such as St. Louis County v. Prestige Travel, Inc. In that case, the Missouri Supreme Court found that the original purpose of the bill was regulating taxes, even though the original title stated it related to city sales taxes. Id. at 715.

The Court finds that the facts pled are insufficient as a matter of law to establish that TAFP SB 62 violates Article III, Section 21 of the Missouri Constitution. The facts pleaded, together with all reasonable inferences drawn therefrom, show Plaintiffs cannot prevail. The Court grants Defendants' Motions as to Count IV.

Intervenors' Motion for Summary Judgment.

Intervenors move for summary judgment. Summary judgment is appropriate where the moving party has demonstrated, on the basis of facts as to which there is no genuine dispute, a right to judgment as a matter of law. ITT Commercial Fin. Corp. v. Mid-Am. Marine Supply Corp., 854 S.W.2d 371, 376 (Mo. banc 1993). A defending party may establish a right to summary judgment by showing (1) facts that negate any of the claimant's required elements; (2) that the claimant, after an adequate opportunity for discovery, has not been able to produce and will not be able to produce evidence sufficient to allow the trier of fact to find the existence of any one of the claimant's required elements; or (3) that there is no genuine dispute as to the existence of each of the facts necessary to support the movant's properly pleaded affirmative defense. Id. at 381. The Court is to view the record in the light most favorable to the non-movant, and accord the non-movant the benefit of all reasonable inferences that may be drawn therefrom. Id. at 376 and 382. "The key to summary judgment is the undisputed right to judgment as a matter of law; not simply the absence of a fact question." Id. at 380.

Intervenors make the same arguments as Defendants argued in their Motions for Judgment on the Pleadings as to Count IV, that this case is more analogous to St. Louis County and C.C. Dillon Co., and distinguishable from Legends Bank and Missouri Ass'n of Club Executives. In the alternative, Intervenors contend that if the Court finds the challenged provisions of TAFP SB 62 to be unconstitutional, it should sever the remaining, unchallenged provisions of SB 62, and leave them intact.

Having already examined Intervenors' arguments as to Count IV above in relation to Defendants' Motions for Judgment on the Pleadings, the Court agrees with Intervenors. The only material facts disputed by Plaintiffs were relating to Intervenors', as well as their members', reliance on the validity of the TAFP SB 62 amendments to various statutes affecting the systems, and how the Intervenors would be prejudiced if the provisions of SB 62 were found invalid. These disputed facts do not impact the legal determination of whether TAFP SB 62 violates the Art. III, Section 21. In addition, Plaintiffs' additional facts do not defeat Intervenors' summary judgment as to Count IV. Accordingly, the Court finds Intervenors are entitled to judgment as a matter of law as to Count IV.

Plaintiffs' Motion for Summary Judgment.

Plaintiffs move for summary judgment. As the Court has granted the Defendants' Motions for Judgment on the Pleadings as to all counts, and Intervenors' Motion for Summary Judgment as to Count IV, the Court need not further analyze Plaintiffs' Motion for Summary Judgment. Plaintiffs have not demonstrated an undisputed right to judgment as a matter of law.

THEREFORE, it is Ordered, Adjudged, and Decreed that Defendant Confluence's Motion for Judgment on the Pleadings, Defendant SLPS and SAB's Motion for Judgment on the Pleadings, and Defendant The State's Motion for Judgment on the Pleadings are hereby GRANTED. It is further Ordered, Adjudged, and Decreed that Intervenors' Motion for Summary Judgment as to Count IV of Plaintiffs' Second Amended Petition is hereby GRANTED. It is further Ordered and Decreed that Plaintiffs' Motion for Summary Judgment is hereby DENIED. Judgment is entered in favor of

Defendant State and against Plaintiffs on all counts, and in favor of Defendants Confluence, SAB, and SLPS and against Plaintiffs on Counts II-IV of Plaintiffs' Second Amended Petition. Judgment is entered in favor of Intervenors and against Plaintiffs on Count IV.

SO ORDERED:

MICHAEL F. STELZER, Judge

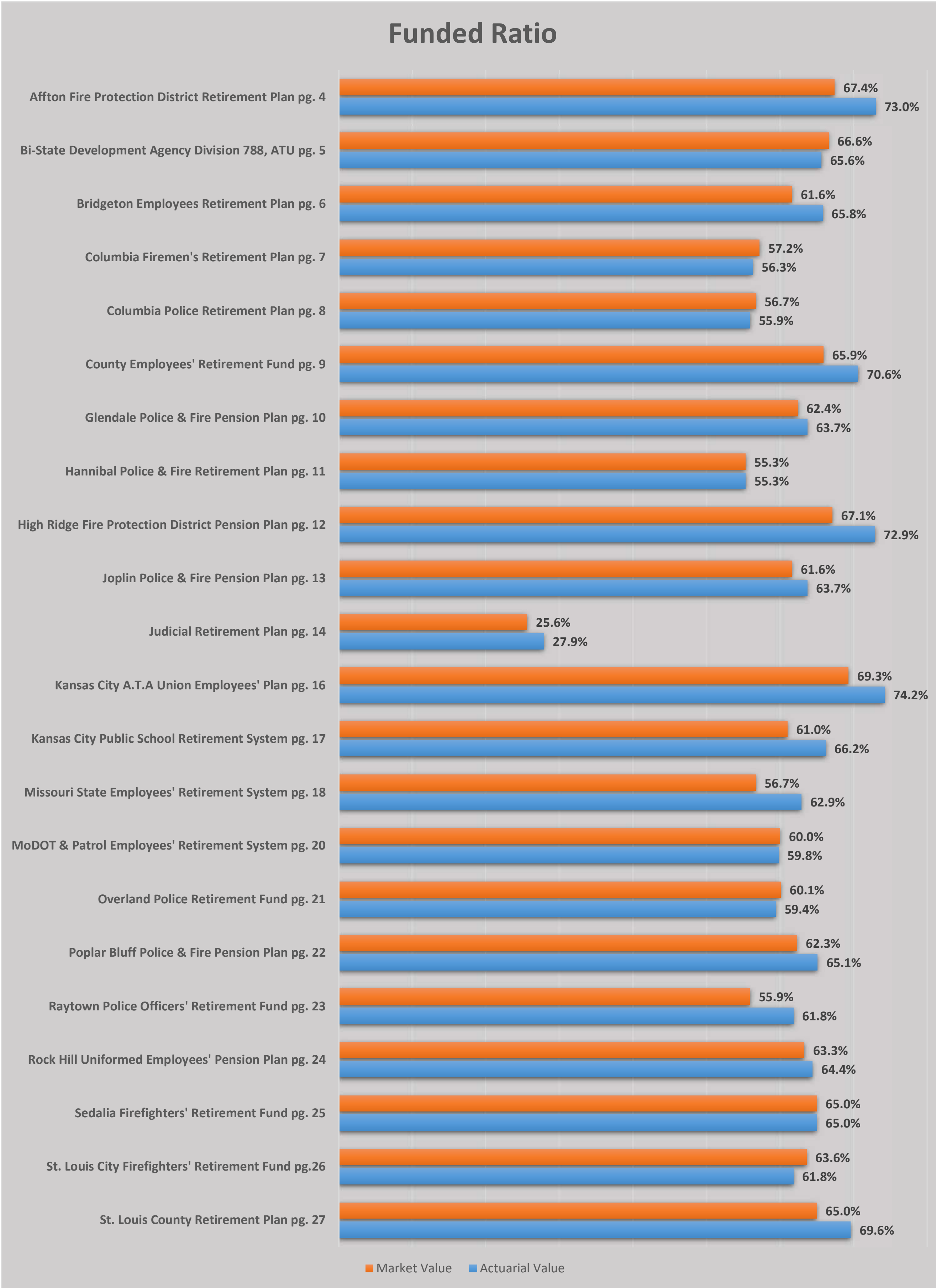
Dated: 10/31/19

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

ANNUAL WATCH LIST

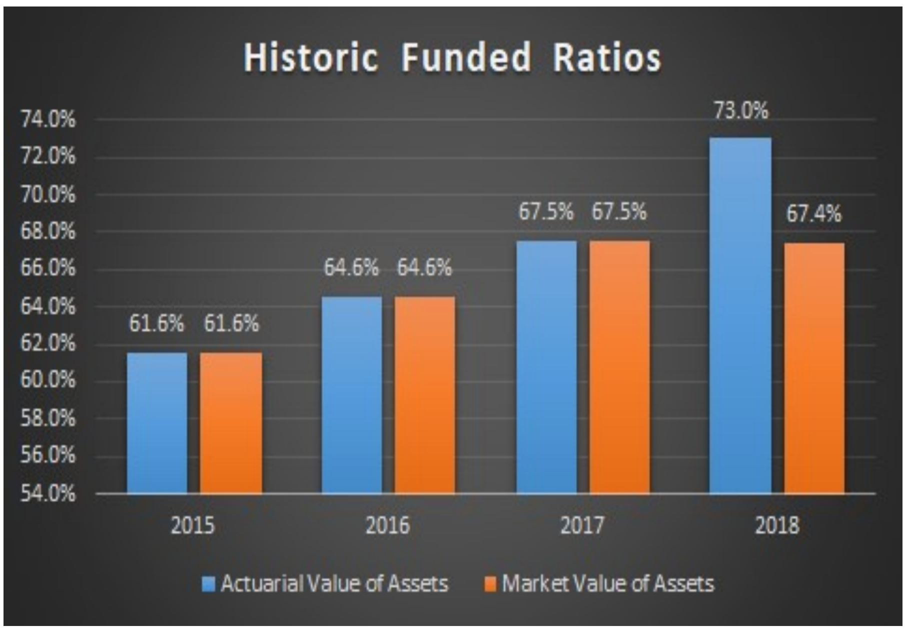
December 2019

Please Note: For purposes of the Watch List, the term “inactive” includes terminated vested, retired, surviving beneficiary, disabled members, and for some plans, terminated nonvested members who have not withdrawn employee contributions.


Funded Ratio
Affton Fire Protection District Retirement Plan pg. 4
67.4%
73.0%
Bi-State Development Agency Division 788, ATU pg. 5
66.6%
65.6%
Bridgeton Employees Retirement Plan pg. 6
61.6%
65.8%
Columbia Firemen's Retirement Plan pg. 7
57.2%
56.3%
Columbia Police Retirement Plan pg. 8
56.7%
55.9%
County Employees' Retirement Fund pg. 9
65.9%
70.6%
Glendale Police & Fire Pension Plan pg. 10
62.4%
63.7%
Hannibal Police & Fire Retirement Plan pg. 11
55.3%
55.3%
High Ridge Fire Protection District Pension Plan pg. 12
67.1%
72.9%
Joplin Police & Fire Pension Plan pg. 13
61.6%
63.7%
Judicial Retirement Plan pg. 14
25.6%
27.9%
Kansas City A.T.A Union Employees' Plan pg. 16
69.3%
74.2%
Kansas City Public School Retirement System pg. 17
61.0%
66.2%
Missouri State Employees' Retirement System pg. 18
56.7%
62.9%
MoDOT & Patrol Employees' Retirement System pg. 20
60.0%
59.8%
Overland Police Retirement Fund pg. 21
60.1%
59.4%
Poplar Bluff Police & Fire Pension Plan pg. 22
62.3%
65.1%
Raytown Police Officers' Retirement Fund pg. 23
55.9%
61.8%
Rock Hill Uniformed Employees' Pension Plan pg. 24
63.3%
64.4%
Sedalia Firefighters' Retirement Fund pg. 25
65.0%
65.0%
St. Louis City Firefighters' Retirement Fund pg.26
63.6%
61.8%
St. Louis County Retirement Plan pg. 27
65.0%
69.6%
Market Value
Actuarial Value

AFFTON FIRE PROTECTION DISTRICT RETIREMENT PLAN

- Rate of return on investments equaled –7.6% (Market) and 0.45% (actuarial) vs. 6.5% assumed.
- The FPD hired a different actuary to perform the annual valuation. The new actuary made multiple changes to assumptions and methods. Updated mortality tables to PubS-2010. Updated salary inflation and termination assumptions. Implemented five-year smoothing for asset gains and losses. The plan had previously valued assets at market value.
- Adopted a 20-year closed amortization period for payment of unfunded liabilities.
- The employer contribution is funded, in part, by a property tax levy. At the April 2017 election, the voters adopted an increase in the tax levy of twenty-five cents. The employer has also increased its discretionary contributions using general revenue.
- Plan provisions were modified effective 01/01/13. The benefit multiplier was changed from 2.1667% to 1.7333%. Accrued benefits are not modified; however, new and prospective service will be at new provision levels. Lump sum benefit payments were also ceased.
- Employee contributions were implemented in 2010 at 4% and then 7% thereafter.



January 1,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$438,772	N/A	N/A
2018	$501,704	$1,278,428	255%
2017	$440,154	$310,020	70%
2016	$453,879	$300,389	66%
2015	$315,183	$304,357	97%

As of 1/1/19

Market Value: $9,269,814

Actuarial Value: $10,034,166

Liabilities: $13,745,722

Membership:

Active: 39 **Inactive**: 29

Normal Retirement Formula:

1.7333% of 3-year average monthly compensation times service, maximum of 30 years.

Normal Retirement Eligibility: Age 60 with 5 years of service

Social Security Coverage: Yes

COLA: No COLA

Assumed Rate of Return: 6.5%

Salary: Service-based table between 6.5% and 2.5%

From:	Meggos, Nick
To:	Michael Ruff
Cc:	"Nick Fahs"; John Hefele; "Frank Vatterott"
Subject:	RE: Affton FPD Pension Plan
Date:	Monday, November 18, 2019 4:47:47 PM
Attachments:	image002.png image004.png image005.png image006.png image007.png

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Mr. Ruff,

In light of your upcoming December 2nd meeting, I wanted to share a quick update on the funded position of the Affton Fire Protection District Pension Plan. Based on the continued commitment of the district to fund the plan (total anticipated 2019 employer contributions of $1.5M) and better than expected asset returns so far in 2019, **we currently project the funded ratio for this plan (MVA basis) to be approximately 80% by 1/1/2019**. Therefore, the district fully expects not to be on the list of plans reviewed by the committee next year.

In addition to the significant increase in the expected 1/1/2019 funded percentage, as you discuss the Affton Plan we believe that it is important to highlight the following:

1. A 2018 contribution that far exceed the recommended contribution
2. A commitment to continue these higher contributions in 2019 and beyond
3. Very reasonable assumptions to value liabilities (6.5% and the new Public Safety Mortality Table with generational improvements)

Thank you for your work and allowing Affton to provide additional information about their plan. Please feel free to contact me with any questions you have about this information.

Best,
Nick

Nick Meggos, EA, FCA

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(618) 578-8234 (mobile)
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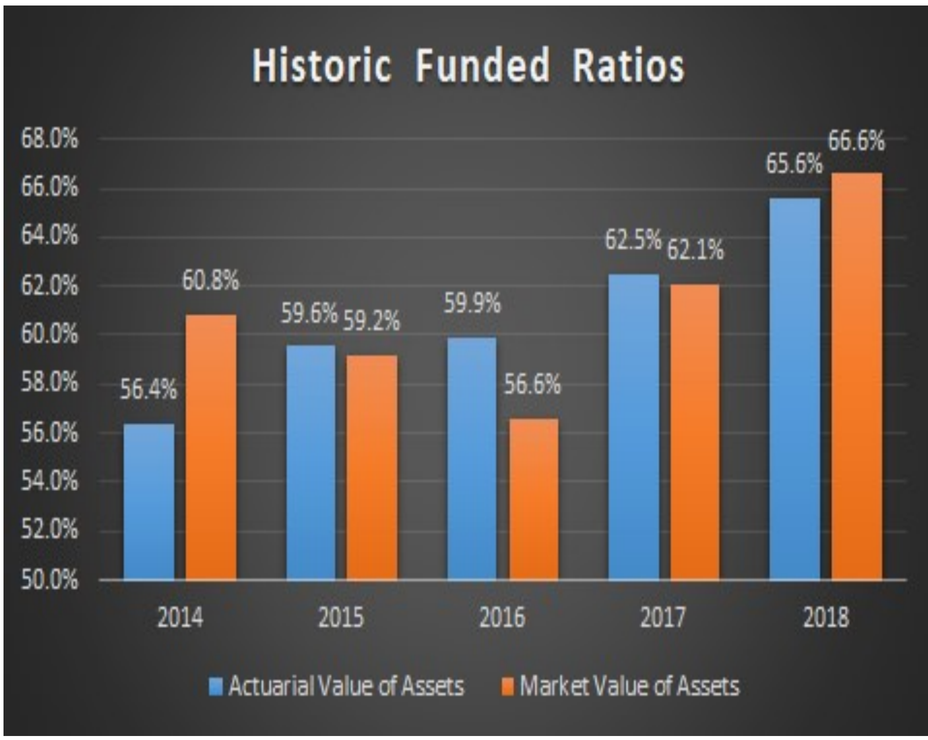
nyhart

BI-STATE DEVELOPMENT AGENCY
DIVISION 788, A.T.U. EMPLOYEES' PENSION PLAN

- Rate of return on investments equaled 10.4% (Market) and 8% (Actuarial) vs. 7% assumed.
- Effective with the 4/1/16 valuation, the assumed rate of return was lowered from 7.25% to 7%.
- Unfunded Actuarial Accrued Liability is amortized on a closed 30-year period effective April 1, 2003.
- At its 11/9/17 meeting, the Pension Committee voted to maintain the total weekly contribution rate of $175 per active participant.
- The Employer continues to meet the full ADC.
- Effective April 1, 2015, this plan merged with the 788 Clerical Unit ATU plan pursuant to a resolution and vote of the membership and acceptance by the plans' pension committees. The Clerical Unit ATU plan had previously been on the JCPER Watch List.
- The contribution history below is taken from the plan's 3/31/18 Financial Statements (pg. 26), which revised the contribution history to include the previous amounts from the Clerical Plan.



Fiscal Year ending 6/30,	EMPLOYER RECOMMENDED CONTRIBUTION	EMPLOYER ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2018	$9,393,252	$9,393,252	100%
2017	$9,626,600	$9,626,600	100%
2016	$9,342,714	$9,342,714	100%
2015	$9,199,407	$9,199,407	100%
2014	$9,249,791	$9,249,791	100%

As of 4/1/18

Market Value: $139,091,378

Actuarial Value: $136,906,941

Liabilities: $208,700,699

Membership:

Active: 1,414 **Inactive**: 1,322

Normal Retirement Formula:

$40 times years of service for those retiring with less then 25 years of service. $55 times years of service for those retiring with 25 or more years of service.

Normal Retirement Eligibility: 25 years of service, age 65, or age 55 with 20 years of service.

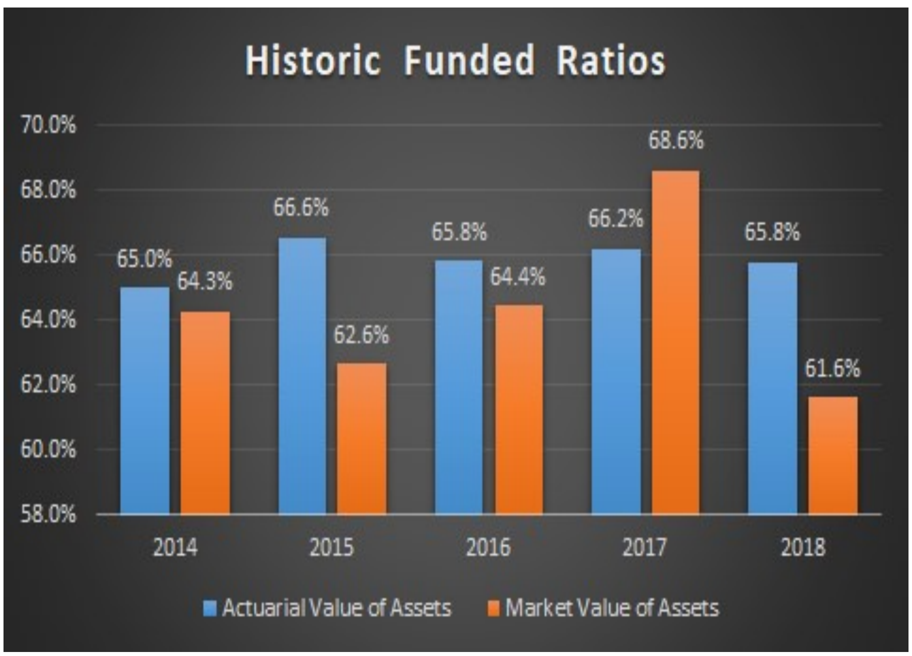
Social Security Coverage: Yes

COLA: Ad hoc COLA

Assumed rate of return: 7%

BRIDGETON EMPLOYEES RETIREMENT PLAN

- Rate of return on investments equaled -4.8% (Market) and 5.4% (Actuarial) vs. assumed 7.5%.
- For plan year 2018, the City contributed the full actuarially determined contribution (slightly exceeding it) for the first time since 2008.
- The plan was frozen to new employees as of January 1, 2012. For employees hired after 1/1/12, the City uses a matching component to its 457 deferred compensation plan.
- Effective with the 1/1/18 valuation, the City has changed its funding policy by adopting a 30-year closed amortization period for payment of unfunded liabilities.
- In April 2015, voters approved a hotel/motel tax increase to generate an additional $900,000 in revenue annually.
- The actuary comments that "the chief reasons for the increase in annual cost as a percentage of payroll is the fact that the payroll is declining as the plan is closed to new entrants."
- The State Auditor audited the plan in 2016 with an overall performance rating of Poor. The State Auditor issued a follow up report in November 2017; most recommendations have been implemented or partially implemented.



January 1,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$1,725,085	N/A	N/A
2018	$1,697,979	$1,700,000	100.1%
2017	$1,687,909	$1,680,000	99.5%
2016	$1,680,519	$1,525,000	91%
2015	$1,750,340	$1,200,000	68%
2014	$1,740,187	$1,000,000	57%

As of 1/1/19

Market Value: $28,171,530*

Actuarial Value: $30,121,398

Liabilities: $45,747,328

Membership:

Active: 79 **Inactive**: 170

Normal Retirement Formula:

2% of compensation times years of service

Normal Retirement Eligibility:

Age 60 with 5 years of service

Social Security Coverage: Yes

COLA: No COLA

Assumed Rate of Return: 7.5%

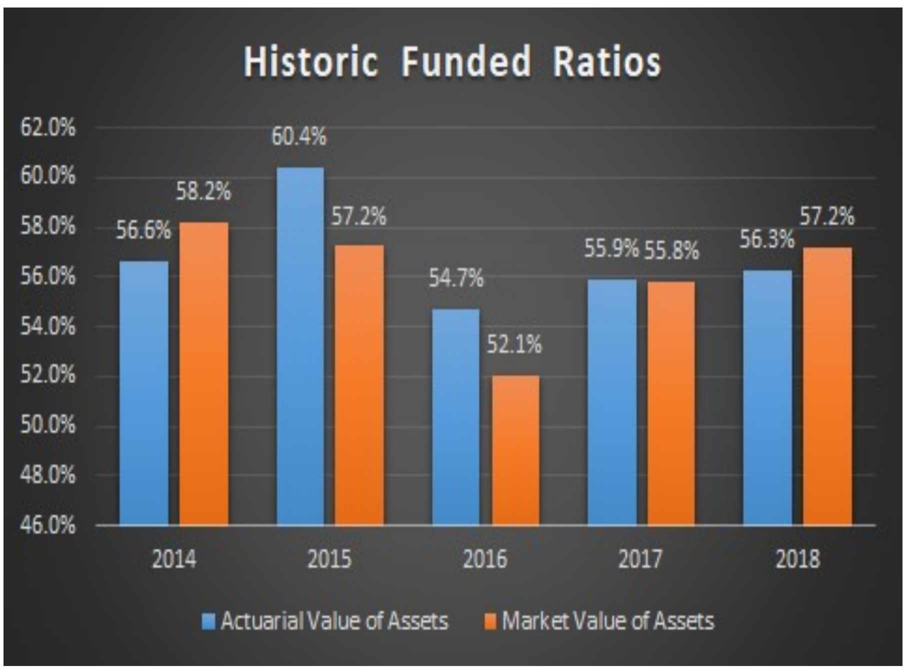
Salary: 4%

*Market Value from 1/1/19 actuarial valuation including accrued contribution of $1,700,000.

COLUMBIA FIREMEN & POLICE RETIREMENT SYSTEMS

- The Fire and Police plans are commingled for investment purposes. Rate of return on investments equaled 7.3% (Market) & 5.6% (Actuarial) vs. 7% assumed. Investment gains/losses are smoothed over a four-year period.
- The plan's actuary completed a five year experience study for the period 10/1/10—9/30/15. The board modified economic and demographic assumptions, including lowering the assumed rate of return from 7.5 to 7 and payroll growth from 3.5 to 3.25, and changing the amortization period for unfunded liabilities from 23 years to 30 years.
- The employer continues to meet or exceed the ADC. For fiscal year 2015, the City contributed an additional $5 million in excess of the recommended contribution, divided between the two plans. The actuary notes that "For the continued well-being of the fund, the fund must receive contributions at least at the levels recommended in the actuarial valuation."
- A new tier of provisions were passed for employees hired on or after October 1, 2012. These provisions include, but are not limited to, modified age and service requirements for retirement eligibility, modified benefit multiplier with no retiree COLA, fire member contribution reduced to 4% of pay, and automatic survivor benefit replaced with a survivor option at retirement with member's reduced benefit. The actuary notes that "employer normal cost contributions will decrease as a percentage of payroll as more active members become covered under the post October 1, 2012 benefit provisions."
- Fire employees contribute 16.32% of pay (4% for those hired on/after 10/01/12) and do not participate in Social Security.
- Police employees contribute between 7.45% & 8.35% of pay (4.5% for those hired on/after 10/01/12) & do participate in Social Security.

FIREMEN'S RETIREMENT FUND



Year Ending 9/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2018	$5,426,042	$5,426,042	100%
2017	$4,789,910	$4,789,910	100%
2016	$5,226,250	$5,226,250	100%
2015	$4,751,496	$7,751,496	163%
2014	$4,674,412	$4,674,412	100%

Fire as of 9/30/18

Market Value: $83,439,055

Actuarial Value: $82,231,009

Liabilities: $145,927,117

Membership:

Active: 141 **Inactive**: 161

Normal Retirement Formula:

3.5% of compensation for the first 20 years + 2% for the next 5 years. Max of 80% of compensation.

Hired on/after 10/1/12: 2.5% of compensation times years of service. No max benefit.

Normal Retirement Eligibility:

Age 65 or 20 years of service

Hired on/after 10/1/12: Age 55 with 1 year of service. Rule of 80.

COLA Annual Minimum: 2%

Social Security Coverage: No

Assumed Rate of Return: 7%

Salary: 3.25%

COLUMBIA FIREMEN & POLICE RETIREMENT SYSTEMS
(Continued)

POLICE RETIREMENT SYSTEM

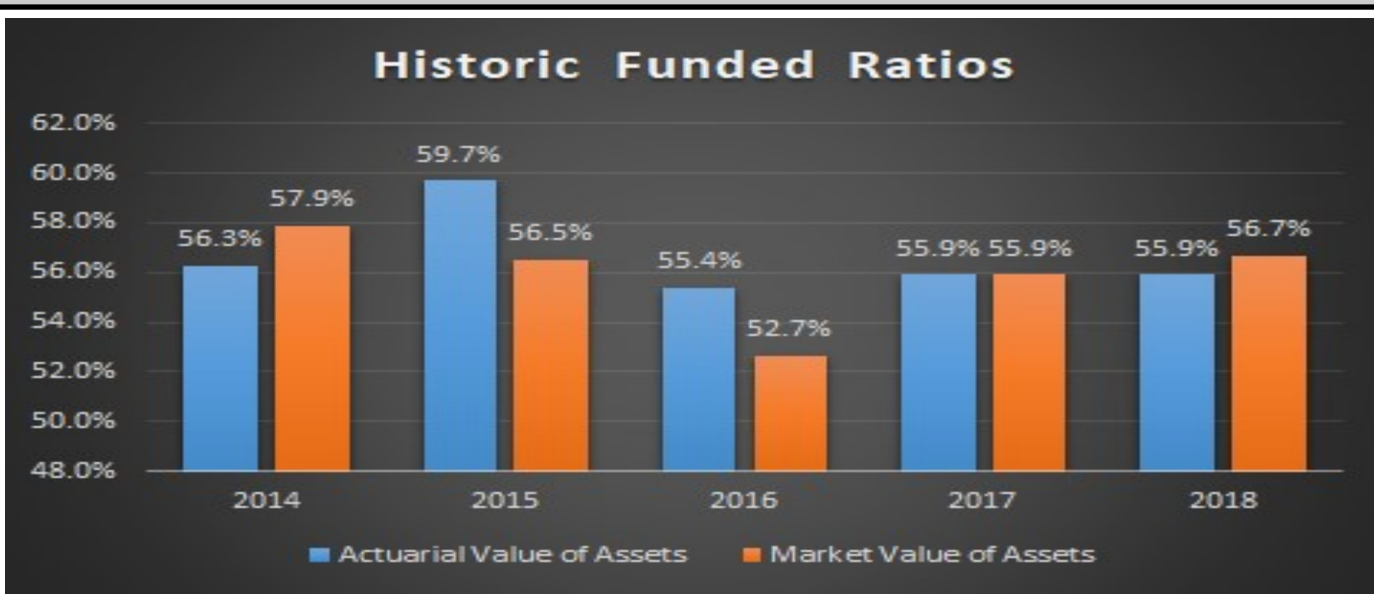
Police as of 9/30/18

Market Value:	$54,732,945	**Membership**:		**Assumed Rate of Return**: 7%	
Actuarial Value:	$53,940,512	**Active**:	161	**Salary**:	3.25%
Liabilities:	$96,391,371	**Inactive**:	193	**Social Security Coverage**: Yes	

Normal Retirement Formula: 3% of Compensation for the first 20 years of service plus 2% of compensation for the next 5 years of service.

Hired on/after 10/1/12: 2% of compensation for the first 25 years of service plus 1.5% of compensation for each year over 25. Max of 57.5% of compensation.

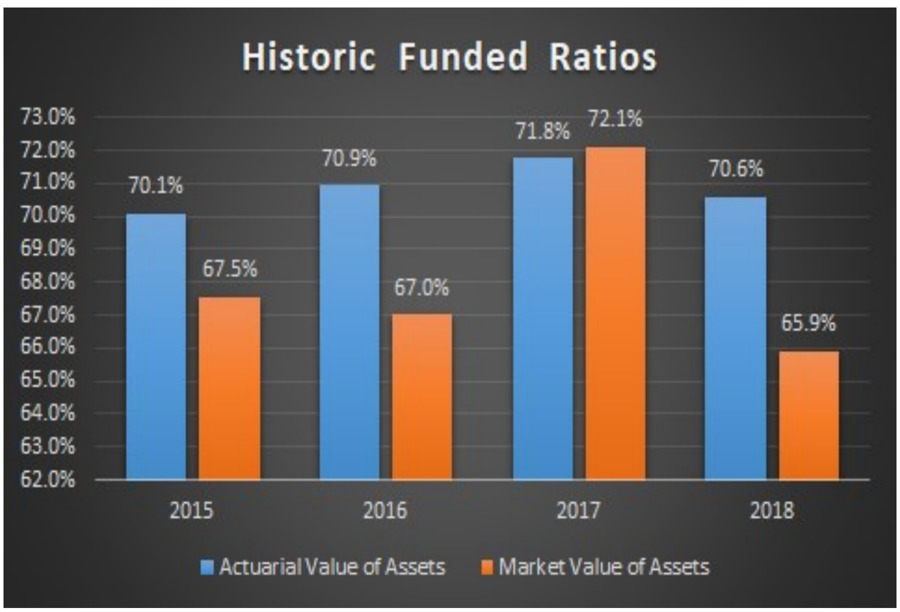
Normal Retirement Eligibility: 20 years of service or age 65. Hired on/after 10/1/12: 25 years of service or age 65.



Year ending 9/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2018	$3,796,494	$3,796,494	100%
2017	$3,365,161	$3,365,161	100%
2016	$3,812,192	$3,812,192	100%
2015	$3,486,784	$5,486,784	157%
2014	$3,245,420	$3,245,420	100%

COUNTY EMPLOYEES' RETIREMENT FUND

- Investment return equaled –3.21% (market) and 4.29% (actuarial) vs. 7.5% assumed.
- CERF was established by the General Assembly in 1994 and is funded through county receipts of fee and penalty revenues and employee contributions. The actuary writes "...Employer contributions are set by statute and are unrelated to payroll, funding requirements, or benefit accrual pattern…"
- The General Assembly passed SB 62 (2017), which, in part, increased several of the fees and penalties that are used to fund CERF effective January 1, 2018.
- The actuary comments "In 2018, the first year the increase was effective, aggregate Employer contributions were about $7.5 million greater than the prior year. This resulted in Employer contributions exceeding the ADC for the first time in several years...prior to the recognition of the 401(a) Match Contribution. When the Match Contribution is considered, Employer contributions fell short of the ADC by about $3.5 million for the 2018 plan year."
- Effective 7/1/11, the system amortizes unfunded liabilities using a closed/layered method. Initial UAAL is amortized over 20 years with each year's gains/losses amortized as an additional layer over 20 years.
- Employees hired on or after 2/25/02 contribute 6% of pay (non-LAGERS members) and 4% of pay (LAGERS members).



Year Ending 12/31,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$30,817,130	N/A	N/A
2018	$28,267,433	$28,517,335	100.8%
2017	$26,677,238	$21,006,080	79%
2016	$25,608,251	$20,329,625	79%
2015	$22,051,507	$19,968,537	90.6%

As of 1/1/19

Market Value: $493,302,868

Actuarial Value: $529,029,220

Liabilities: $748,838,283

Membership:

Active: 11,616 **Inactive**: 7,789

Normal Retirement Formula

Greater of:

1. Flat Dollar Formula. $29 per month x years of service. Max 29 years of service;
2. Target Replacement Ratio/Social Security Offset; or
3. Prior Plan Formula.

Normal Retirement Benefits: Age 62 with 8 years of service

Social Security Coverage: Yes

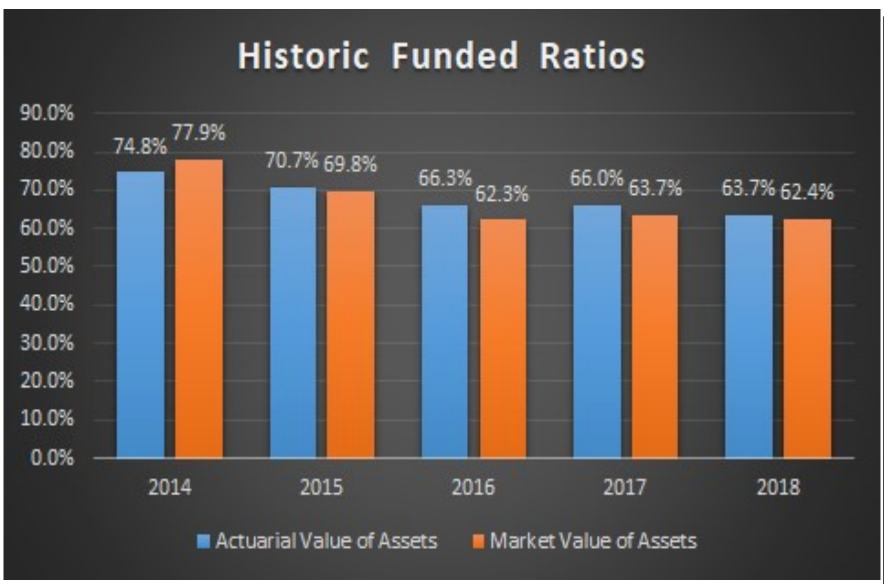
COLA: Annual Max 1%. Percent of CPI: 100%. Total Max 50%.

Assumed Rate of Return: 7.5%

Salary: 2.5%

GLENDALE POLICE & FIRE PENSION PLAN

- Investment return equaled 7.8% (market) and 6.2% (actuarial) vs. 7% assumed.
- Updated mortality tables.
- In previous years, the Plan reduced the assumed rate of return from 7.5 to 7.25 and from 7.25 to 7.
- The plan is funded from two sources: a dedicated property tax levy and an employee contribution of 3.25%.
- The tax levy has only produced sufficient revenue to meet the full annual required contribution one time (2007) since 2002. Current tax rate of $0.076 (residential), $0.078 (commercial) and $0.1 (personal) per $100 of assessed valuation.
- The City's Financial Statements state that "With the plan approximately three million underfunded it has been decided by the Pension Board that steps need to be taken to reduce the underfunded amount. The steps to be taken have yet to be determined as of this writing. Currently, the City is considering having the...Plan join the MO LAGERS system, but how to fund the underfunded amount is the sticking point."
- The City's Financial Statements note that "For fiscal year 2019, the City will be contributing $250,000 in monthly installments of $20,833 from the Prop P Fund to help close the unfunded gap."



Year Ending 6/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$414,326	N/A	N/A
2018	$376,231	$132,195	35%
2017	$370,101	$130,456	35%
2016	$333,799	$130,235	39%
2015	$294,386	$130,695	45%

As of 7/1/18

Market Value: $5,316,974

Actuarial Value: $5,430,116

Liabilities: $8,525,424

Membership:

Active: 25 **Inactive**: 21

Normal Retirement Formula: 50% of compensation for the first 20 years of service plus 1% of compensation for each year over 20 years.

Normal Retirement Benefits: Age 55 with 15 years of service

Social Security Coverage: Yes

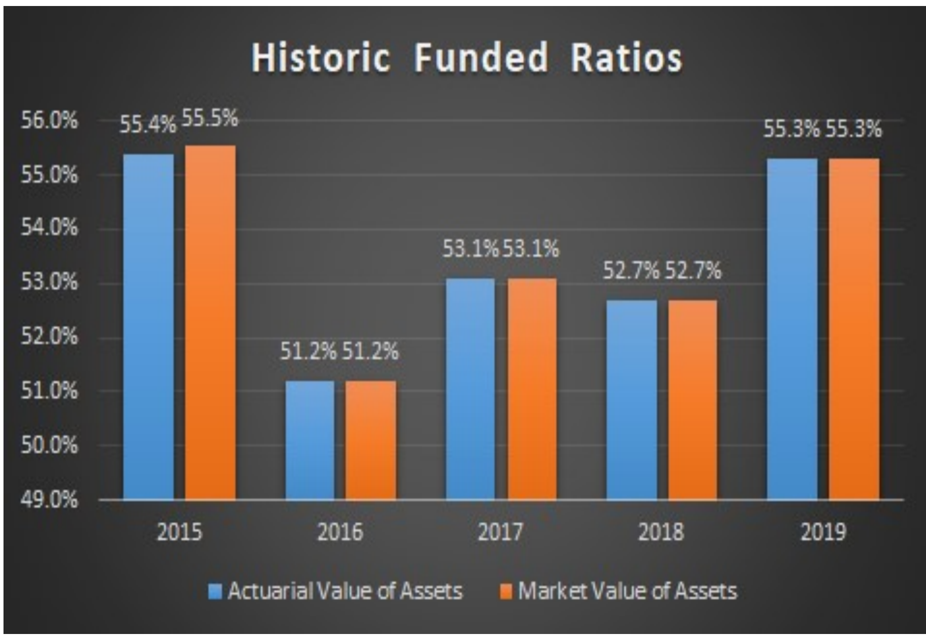
COLA: No COLA

Assumed Rate of Return: 7%

Salary: 3.5%

HANNIBAL POLICE & FIRE RETIREMENT PLAN

- Rate of return on investments equaled 5.6% (Market) vs. 7% assumed.
- The plan does not smooth investment gains/losses.
- The plan's actuary writes "Since...June 30, 2012, the city has consistently contributed in excess of the recommended contribution, and as expected, the funded ratio of the plan has gradually increased. Three years ago, in the 2016 valuation, the funding interest rate was lowered, and generational mortality was introduced. These more conservative assumptions require more robust contributions, which, if made, will cause the plan to continue to improve its funded status."
- Effective with the July 1, 2016 valuation, the plan lowered the assumed rate of return for investments from 7.5 to 7, updated mortality tables, and adopted a closed 20-year amortization policy with fixed bases for payment of unfunded liabilities.
- Plan members do <u>not</u> participate in Social Security.
- The City changed the Plan to permit contracting with Standard Insurance for disability coverage.
- Effective July 1, 2016, the employee contribution rate will increase by one-half percent annually until it reaches 15% on July 1, 2021. Employee contributions are 14% from July 1, 2019 to June 30, 2020.
- The City made multiple plan modifications effective <u>7/1/11</u> including: Increasing mandatory employee contributions from 9.5% of pay to 12%, 11.4% annual minimum City contribution (plus tax revenue) will be modified to provide that the City's contribution will not be reduced unless the plan is determined to be at least 80% funded.



As of 7/1/19

Market Value: $18,566,496

Actuarial Value: $18,566,496

Liabilities: $33,553,926

Membership:

Active: 77 Inactive: 70

Normal Retirement Formula:

65% of compensation for the first 25 years of service plus 1% for each of the next 5 years of service in excess of 25. Max of 70% of compensation.

Normal Retirement Eligibility: 25 years of service

Hired on/after 7/1/07: Age 55 and 25 years of service

Social Security Coverage: No

COLA: Ad hoc. Max 3% annually. No COLA if funded ratio below 50%.

Assumed Rate of Return: 7%

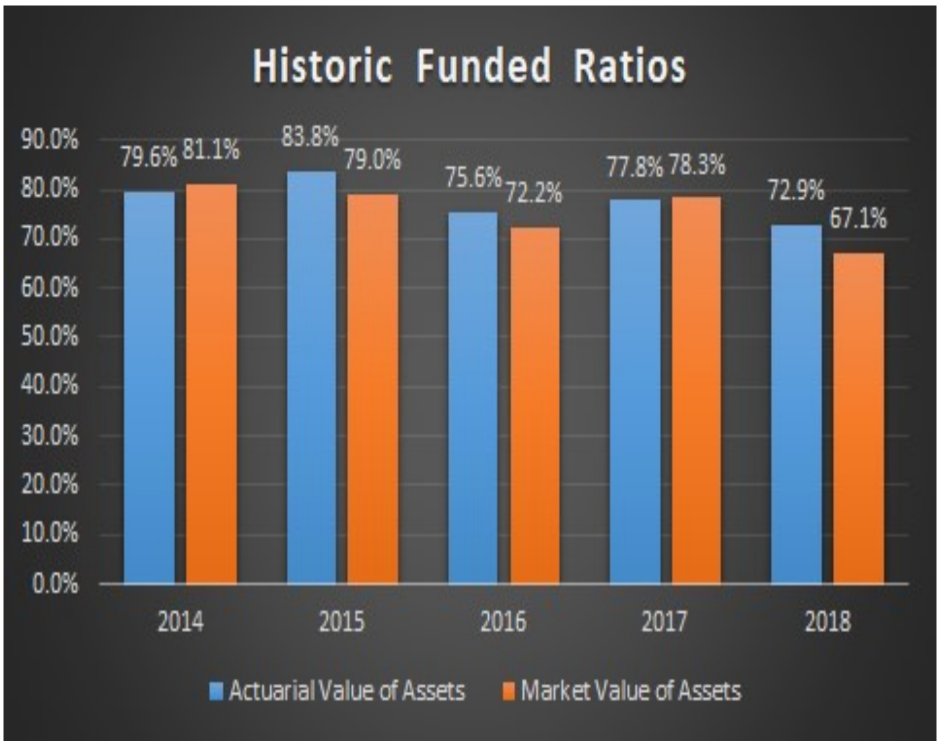
Salary: 3.5%

Year ending 6/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2020	$1,283,839**	N/A	N/A
2019	$1,321,254	$1,364,514	103%
2018	$1,201,580	$1,298,013	108%
2017	$1,193,766	$1,276,452	107%
2016	$1,066,446	$1,264,977	119%
2015	$984,663	$1,183,568	120%

**The computed contribution decreased from the previous year. However, the plan document provides that the City's actual contribution cannot decrease from one year to the next until the plan is 80% funded.

High Ridge Fire Protection District Pension Plan

- Rate of return on investments equaled –4.86% (market) vs. 7% assumed.
- Updated mortality tables, which resulted in a decrease in the accrued liability and normal cost.
- In 2016, the plan adopted a closed amortization policy for payment of unfunded liabilities. Initial unfunded liabilities will be paid over a twenty-five year period with subsequent gains and losses amortized over additional twenty year layers.
- The FPD previously operated a defined contribution plan in addition to the defined benefit plan. The FPD terminated the DC plan at the end of 2017.
- The principal revenue source for the pension plan is a taxy levy of $0.074 per $100 of assessed valuation. Employees do not contribute to the plan.
- Investment gains and losses are smoothed over five years.



Year ending 12/31,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$401,453	N/A	N/A
2018	$350,034	$301,744	86%
2017	$382,125	$355,645	93%
2016	$270,443	$409,527	151%
2015	$306,767	$392,224	128%

As of 1/1/19

Market Value: $6,513,553

Actuarial Value: $7,076,317

Liabilities: $9,705,916

Membership:

Active: 37 Inactive: 15

Normal Retirement Formula:

$100 per month x years of service.

Maximum of 50 years.

Normal Retirement Eligibility:

Age 55 with 10 years of service

Social Security Coverage: Yes

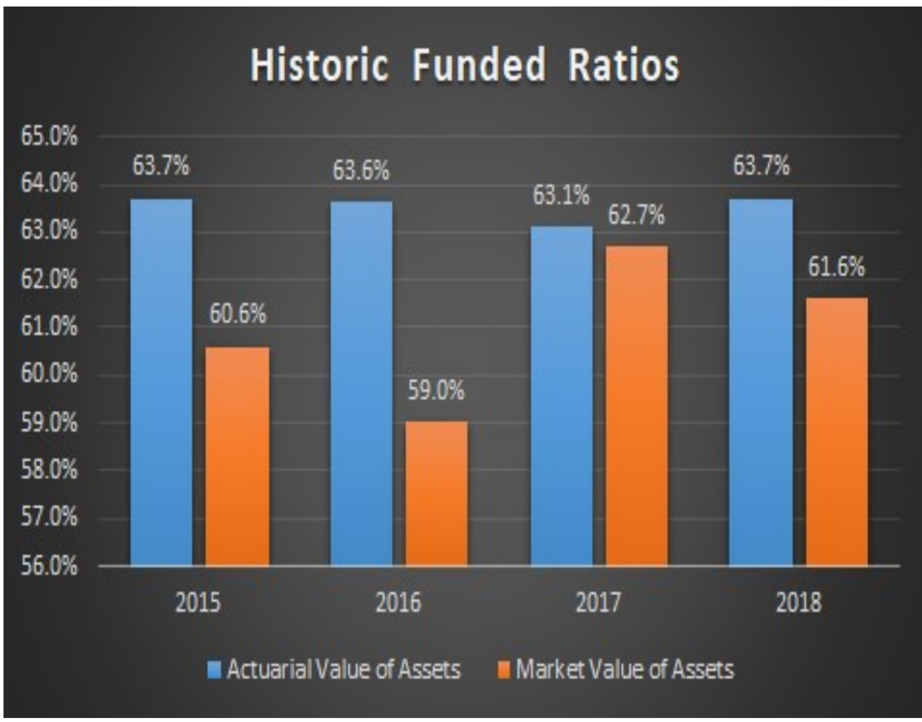
COLA: No COLA

Assumed rate of return: 7%

Salary: N/A

JOPLIN POLICE & FIRE PENSION PLAN

- Rate of return on investments equaled 1.9% (Market) & 4.6% (Actuarial) vs. 6.75% assumed.
- On 11/5/19, city voters adopted a one-half of one percent sales tax to provide additional funding. The tax will expire when the plan is 120% funded or in twelve years, whichever is earlier. The City has been working to address the state of the plan and will likely close the plan to new employees and join LAGERS.
- Completed a 5-year experience study for the period 11/1/11 to 10/31/16. Updated mortality tables and lowered the assumed rate of return from 7% to 6.75%.
- Closed 30-year period as of 11/01/06 for amortization of unfunded liabilities. 18 years remain.
- A new tier was implemented for those hired after 1/31/09 with provisions including normal retirement service of 25 years (from 20) and maximum benefit of 60% of compensation (from 65%).
- Employees hired on/before 1/31/09 contribute 18.08% of pay, which is refunded at retirement. Those hired after 1/31/09 contribute 10% of pay without refund upon retirement.
- The actuary comments “Given the importance of benefit security to any retirement system, we suggest that contributions to the Plan in excess of those presented in this report be considered.”



FY Ending 10/31,	RECOMMENDED CONTRIBUTION*	ACTUAL CONTRIBUTION*	PERCENT CONTRIBUTED
2020	$2,921,839	N/A	N/A
2019	$2,814,812	N/A	N/A
2018	$2,706,972	$2,620,298	96.8%
2017	$2,657,867	$2,601,983	97.8%
2016	$2,708,565	$2,619,993	96.7%
2015	$2,721,986	$2,662,322	97.8%

As of 10/31/18

Market Value: $40,913,192

Actuarial Value: $42,329,594

Liabilities: $66,406,387

Membership:

Active: 185 Inactive: 161

Normal Retirement Formula:

Hired after 1/31/09: 2.2% of compensation for the first 25 years of service plus 1% for the next 5 years of service. Maximum 60% of compensation.

Hired before 1/31/09: 2.5% of compensation for the first 20 years plus 1% for each of the next 5 years. Maximum 65% of compensation.

Normal Retirement Eligibility:

Hired after 1/31/09: Age 60 or 25 YOS

Hired before 1/31/09: 20 YOS

Social Security Coverage: No

COLA: No COLA

Assumed rate of return: 6.75

Salary: 2.5

*Contribution information is taken from Actuarial Valuation Report as of October 31, 2018, Page I-2, Schedule of Employer Contributions

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Joplin, Missouri 64801
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State of Missouri
Joint Committee on Public Employee Retirement
State Capitol, Room 219-A
Jefferson City, Mo 65101

Ladies and Gentlemen:

Due to the funded status, the City and pension board began working on a funding solution in 2007, which resulted in the reduction of benefits for new hires that went into effect on January 31, 2009 and additional city contributions. Three actuaries indicated with these benefit reductions and city contributions, the plan would be 80% funded after ten years. However, the pension plan funded status has remained between 63% and 64% for the last four years. Given the plan funded status and growing pension liability, it became apparent the plan change in 2009 was more of a short-term resolution than a long-term solution. As a result, over a year ago, the City and pension plan members formed a work group to find a final, long-term funding solution for the pension plan.

After much research, the work group made a unanimous recommendation to the City Council:

- Fund and close the pension plan to new hires
- Move new hires to LAGERS L-11 plan
- Allow Tier II employees the voluntary option to migrate to LAGERS
- Ask voters for a dedicated ½-cent general sales tax for up to 12 years

City Council gave their approval to the plan and the pension plan membership approved the plan with a 98% approval rating, pending the public vote for the tax. On November 5, 2019, the voters overwhelmingly approved the dedicated tax to close the pension plan.

Therefore, the pension plan will be closed to new hires on February 1, 2020. Those Tier II employees that voluntarily elect to migrate will move to LAGERS on February 29, 2020. We are currently in the process of meeting with each Tier II employee to review their options, with a deadline of January 31, 2020 to make their individual election. Pending notification from the Missouri Department of Revenue, the tax is expected to be effective on April 1, 2020 with the first collections being received by the City in June. The ballot and ordinance language follow:

> “Shall the City of Joplin impose a general sales tax, as authorized by Section 94.510 RSMo., at a rate of one-half of one percent (1/2 percent) solely for the purpose of providing revenues to close the City of Joplin Police and Fire Pension Plan to new hires, migrating new hires to the Missouri Local Government Employees Retirement System (LAGERS), and for the transfer of eligible pension employees to LAGERS, with said

tax to expire upon the Pension Plan reaching a fully-funded one hundred twenty percent (120%) status as determined by an independent actuarial study conducted for the City of Joplin or twelve (12) years after enactment, whichever is earlier? ”

That the contributions contemplated hereunder shall be funded solely by the net proceeds of the one-half of one percent (1/2 percent) general sales tax adopted in the November 5, 2019 election. “Net proceeds” shall mean the proceeds of such tax, after funding of (a) a $1,000,000 per Plan year contribution for two years to LAGERS, and (b) the amount needed, along with the Accumulated Employee Contributions of Tier II participants who terminated employment with the City to join LAGERS, to purchase credited service under LAGERS for such Tier II participants to make up for the years and months of credited service they forfeited under the Plan by terminating employment with the City in order to join LAGERS. The proposed one-half of one percent (1/2 percent) general sales tax will expire upon the earlier of (a) twelve (12) years after enactment, or (b) the date the Plan’s actuary certifies that the Plan is one hundred twenty percent (120%) funded.

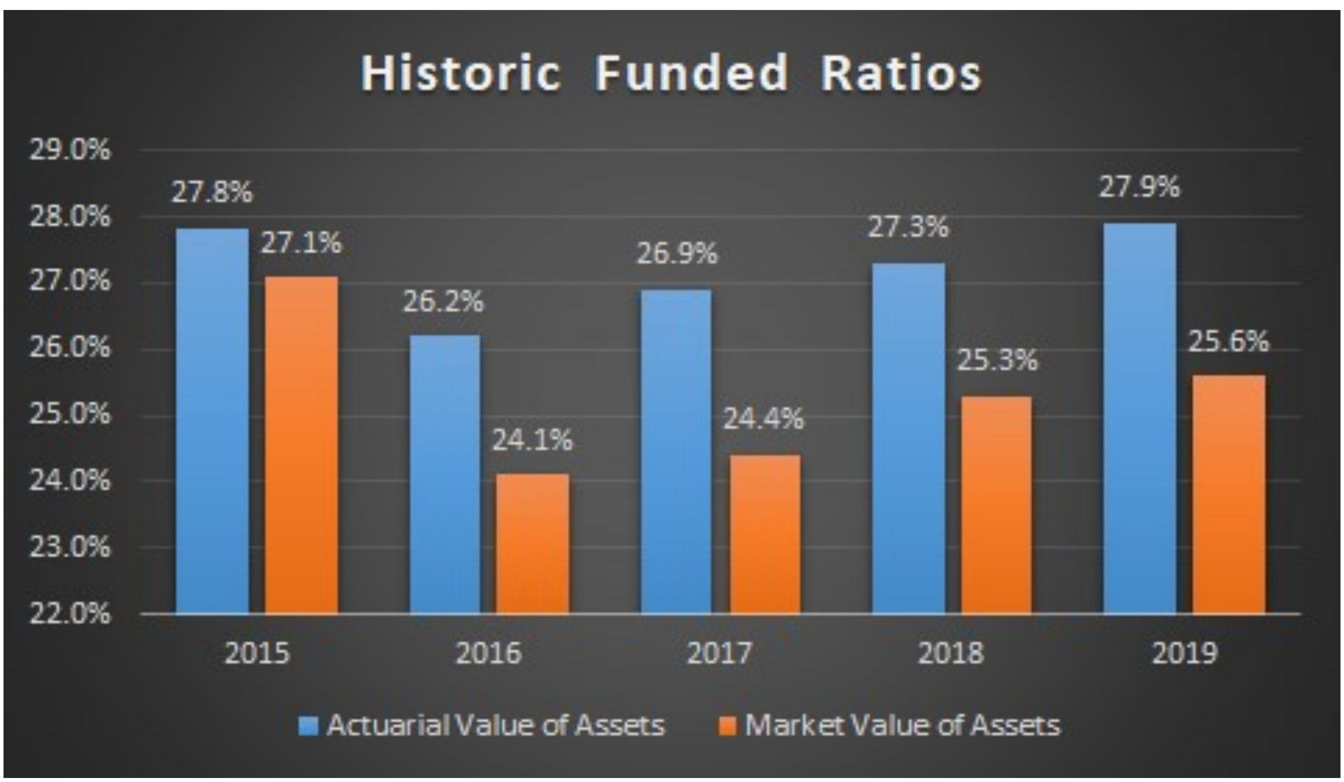
Currently, a ½-cent sales tax in Joplin generates between $6.5 million and $7.5 million per fiscal year. The work group believes this plan is the final, long-term funding solution for the pension plan.

If you have any further questions, please let me know.

Leslie Haase, CPA, CMA
Finance Director

JUDICIAL RETIREMENT PLAN

- For the year ending 6/30/19, investment return equaled 4.3% (Market) and 4.9% (Actuarial) vs. 7.25 assumed.
- In June 2018, the system's actuary completed a study of the system's economic assumptions. The board adopted a three-year reduction schedule for key economic assumptions: investment return, inflation, COLA, wage growth, and payroll growth. As of 6/30/19, lowered investment return to 7.1 and wage growth to 2.6. Absent future board action, the investment return assumption will decrease to 6.95 and wage growth will decrease to 2.5 effective 6/30/20.
- Effective 6/30/18, the board modified the method of amortizing the UAAL from a closed 30 year period (adopted 6/30/14) to a layered approach. The cumulative UAAL was established as an initial base to be amortized over 30 years with each year's gains/losses amortized as an additional layer over 30 years.
- Modified the asset smoothing method from an open five-year period to a closed five-year period. Existing unrecognized investment experience as of 6/30/18 will be recognized over a closed seven-year transition period.
- New tier provisions were passed in 2010 requiring increased age and service requirements, as well as employee contributions of 4% for judges serving for the first time on or after 1/01/11.
- The actuary comments that "the number of active members covered by the...2011 Plan increased significantly from 153 in the 2018 valuation...to 216...Because the benefit structure is different...the ongoing cost of the Plan declines as a higher percentage of active members is covered by the...2011 Plan." This increase in the number of active members covered by the 2011 Plan resulted in increased member contributions, which decreased the plan's normal cost rate by 1.42% (prior to assumption changes). This change was a factor in the decrease of the employer contribution rate from 63.8% to 63.38%.
- Prior to 1998, the plan was funded on a pay-as-you-go basis so no pre-funding occurred. When funding on an actuarial basis began, the funded ratio was at 0%.



FY Ending 6/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$38,604,668	$38,604,668	100%
2018	$36,892,203	$36,892,203	100%
2017	$32,670,710	$34,246,826	104.8%
2016	$31,604,527	$33,642,497	106%
2015	$32,696,686	$32,696,686	100%

The board of trustees has lowered the assumed rate of return multiple times since the June 30, 2012 valuation date. The assumed rate of return is scheduled to further decrease to 6.95 effective with the June 30, 2020 valuation date absent further board action, which would result in a total decrease of 1.55.

As of 6/30/19

Market Value: $158,332,990

Actuarial Value: $172,224,529

Liabilities: $617,482,705

Membership:

Active: 414 **Inactive**: 621

Normal Retirement Formula:

50% of compensation. Less than service requirement=pro-rated benefit based on service

Normal Retirement Eligibility:

Age 62 with 12 years of service

Age 60 with 15 years of service

Age 55 with 20 years of service

Serving for the first time on/after 1/1/11:

Age 67 with 12 years of service

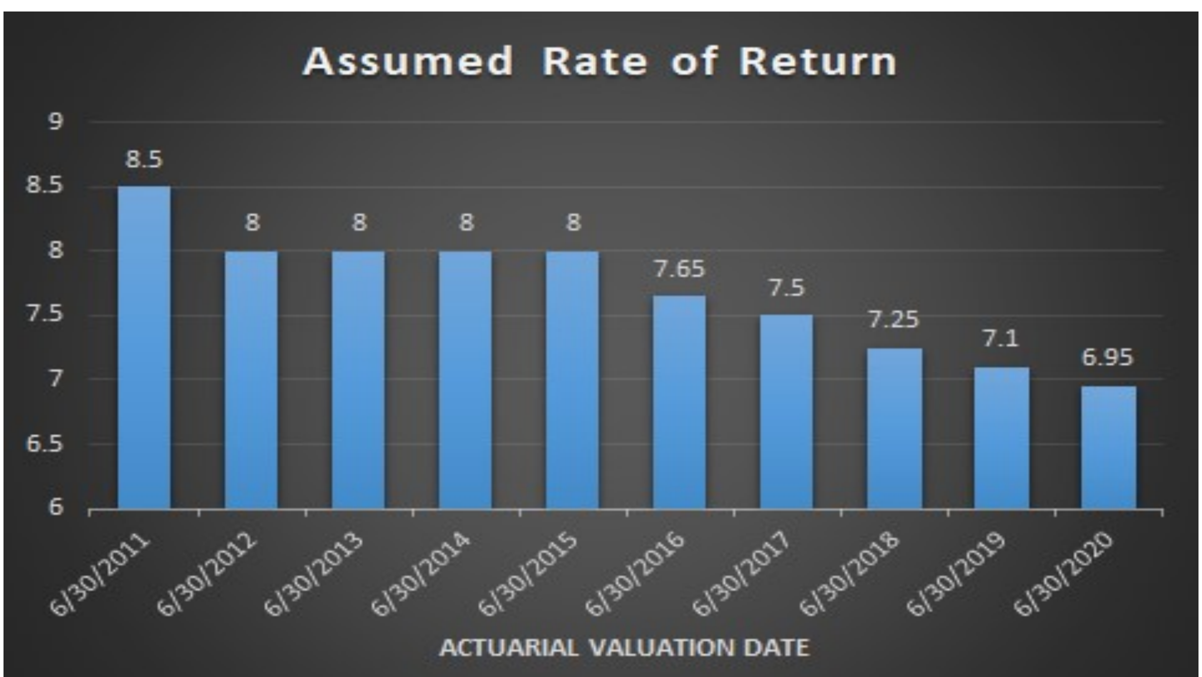
Age 62 with 20 years of service

Social Security Coverage: Yes

COLA: Annual max 5%, 80% CPI

Assumed rate of return: 7.1

Salary: 2.6



November 18, 2019

Mr. Michael Ruff, Executive Director
Joint Committee on Public Employee Retirement
State Capitol, Room 219-A
Jefferson City, MO 65101

Dear Michael:

Thank you for the opportunity to respond to the inclusion of the Judicial Retirement Plan (Judicial Plan) on the annual "Watch List" of the Joint Committee on Public Employee Retirement (JCPER). We would like to offer the following information for the Committee's review.

As you are aware, the Judicial Plan was operated on a pay-as-you-go basis prior to 1998 when the law was changed to require that the plan be funded on an actuarial basis. The funded status of the Judicial Plan was approximately 0% in 1999 and has increased to the June 30, 2019 funded ratio of 27.9%.

In June 2018, the MOSERS Board of Trustees adopted a policy to reduce the Judicial plan's investment rate of return assumption from 7.5% to 7.25% effective with the June 30, 2018 actuarial valuation. In June 2019, the Board remained committed to this funding policy through the reduction of the investment rate of return assumption to 7.10% (from 7.25%). This policy provides for one more reduction of the plan's investment rate of return assumption of 15 basis points to 6.95% for the June 30, 2020 actuarial valuation (see table below).

Actuarial Valuation Date	**Employer Contribution Applied**	**ROR Assumption**	**ROR Assumption (without Inflation Assumption)**
June 30, 2019	FY21	7.10%	4.75%
June 30, 2020	FY22	6.95%	4.70%

This board-adopted policy is intended to more closely align the fund's investment return assumption with future capital market expectations. While public pension funds across the state and nation are re-evaluating the appropriate level of investment return assumption to reduce the long-term investment risk, such reduction often requires an <u>increased</u> Employer Contribution Rate to the plan and results in a <u>decreased</u> Funded Ratio. The information contained in the June 30, 2018 annual actuarial valuation (see below) illustrates how a change in the investment return assumption rate can significantly affect the plan's Employer Contribution Rate and Funded Ratio.

JUDICIAL PLAN SENSITIVITY ANALYSIS

<u>Investment Return Assumption</u>	**6.10%**	**6.60%**	**7.10%**	**7.60%**	**8.10%**
Total Employer Contribution (% of pay)	69.05%	66.11%	63.38%	60.83%	58.44%
Total Employer Contribution ($ in millions)	$43.9	$42.1	$40.3	$38.7	$37.2
Actuarial Value of Assets	$172.2	$172.2	$172.2	$172.2	$172.2
Actuarial Accrued Liability	$681.1	$648.0	$617.5	$589.3	$563.2
Funded Ratio	25.3%	26.6%	27.9%	29.2%	30.6%

2010 Pension Reform

As you are aware, the General Assembly passed pension reform relative to judges in the 2010 special session. This reform was implemented as the “Judicial Plan 2011” for judges serving for the first time on or after January 1, 2011. As included in the June 30, 2018 annual actuarial valuation, the ongoing annual cost of the **Judicial Plan 2011** (known as the “Employer Normal Cost”) is <u>16.37% of pay</u>, compared to the **pre-2011** annual cost of <u>22.30% of pay</u>. Approximately 52% of the 414 Judicial Plan active employees are Judicial Plan 2011 members.

Judicial Plan **Actuarial Valuation Results as of 06/30/19**	**Percents of Payroll**		
	Pre 01/01/11 Hires	**Post 01/01/11 Hires**	**Weighted Average**
Normal Cost	22.30%	20.37%	21.28%
Less **Member** Contributions	0.00%	4.00%	2.11%
Employer Normal Cost	22.30%	16.37%	19.17%
Unfunded Actuarial Accrued Liabilities (UAAL) (level % of payrol amortization with layered bases)			44.21%
Total FY21 Computed Employer Contribution Rate			63.38%
Estimated Employer Contribution ($ in Millions)			$40.3

We hope this information is helpful to the JCPER as it conducts its proceedings. If you have any questions or we can provide additional information, please do not hesitate to contact our office.

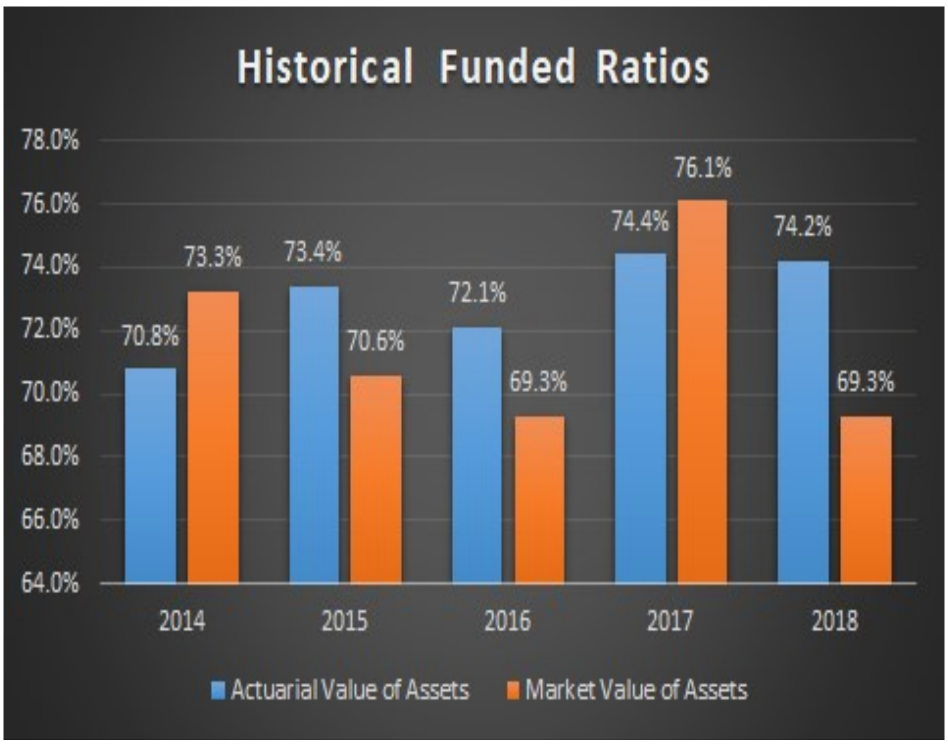
Sincerely,

Ronda Stegmann
Executive Director

cc: MOSERS Board of Trustees

KANSAS CITY AREA TRANSPORTATION AUTHORITY UNION EMPLOYEES' FUNDED PENSION PLAN

- The rate of return on investments was –4.57% (market) and 4.42% (actuarial) vs. 7%.
- Effective with the 1/1/17 valuation, lowered the assumed rate of return for investments from 7.5% to 7%.
- The employer has contributed the full actuarially determined contribution since 2014.
- Investment gains and losses are smoothed over five years.
- Adopted a closed amortization policy for unfunded liabilities on 1/1/13. Initial unfunded liabilities are amortized over a closed thirty year period. Subsequent gains and losses are amortized over layered closed 15-year periods.
- Employees contribute 3.75% of pay.



Year Ending 12/31,	RECOMMENDED CONTRIBUTION*	ACTUAL CONTRIBUTION*	PERCENT CONTRIBUTED
2018	$2,550,097	$2,550,097	100%
2017	$2,322,232	$2,322,232	100%
2016	$2,530,180	$2,530,180	100%
2015	$2,436,703	$2,436,703	100%
2014	$2,210,419	$2,490,987	112%

As of 1/1/19

Market Value: $47,590,586

Actuarial Value: $50,948,662

Liabilities: $68,638,718

Membership:

Active: 543 **Inactive**: 241

Normal Retirement Formula:

1.28% of Average Monthly Earnings x credited service (no maximum)

Normal Retirement Eligibility:

Age 62 with 10 years of service

Age 60 with 30 years of service

Social Security Coverage: Yes

COLA: None

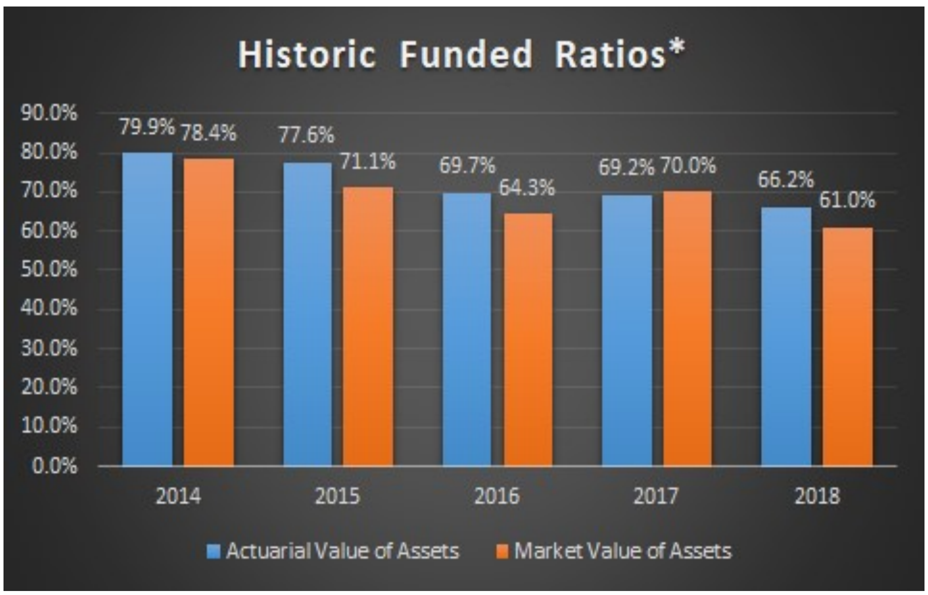
Assumed rate of return: 7%

Salary: 4.25%

*Contribution history is from Kansas City Area Transportation Authority Union Employees' Funded Pension Plan, Financial Report, December 31, 2018, Page 16.

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

- For the year ending 12/31/18, net rate of return on investments equaled –5.3% (Market) and 3.7% (Actuarial) versus 7.75% assumed.
- In 2018, the General Assembly passed legislation (SB 892) that, in part, increases the employer contribution rate from 9% to 10.5% in calendar year 2019 and then to 12% on January 1, 2020. Subsequently, a statutory formula will be used to determine the employer contribution rate and depending on valuation results, whether future employee contribution rates may be lowered.
- The most recent actuarial valuation was performed on 1/1/19, which was the same date that the increased employer contribution rate of 10.5% became effective but was prior to the actual receipt of the contributions resulting from the increase.
- The actuary comments that "The major driver of the results of the January 1, 2019 actuarial valuation, and resulting projections, was the actual return for the calendar year 2018 of –5.3%."
- Changed the amortization policy for payment of UAAL from an open 30 to a layered approach: initial UAAL as of 1/1/17 is amortized over a closed 30-year period with subsequent pieces amortized over closed 20-year periods.
- The General Assembly passed legislation in 2013 that established a new tier for employees hired on or after January 1, 2014. New hires receive a 1.75 benefit multiplier (instead of 2.0) and increased age and service requirements to age 62 & five years of service or rule of 80 (versus age 60 & five years of service or rule of 75).



Year ending 12/31,	RECOMMENDED CONTRIBUTION (In thousands)	ACTUAL CONTRIBUTION (In thousands)	PERCENT CONTRIBUTED
2018	$19,125	$17,528	92%
2017	$18,074	$16,927	94%
2016	$20,224	$16,280	80%
2015	$18,866	$14,499	77%
2014	$19,401	$13,288	68%

*Historic funded ratios, January 1, 2019 Actuarial Valuation, page 5.

As of 1/1/19

Market Value: $602,762,479

Actuarial Value: $654,259,324

Liabilities: $988,234,763

Membership:

Active: 3,898 Inactive: 7,428*

Normal Retirement Formula:

2% of compensation times years of service. Hired on/after 1/1/14: 1.75% of compensation times YOS.

Normal Retirement Eligibility:

Age 60 with 5 years of service or Rule of 75. Hired on/after 1/1/14: Age 62 with 5 years of service or Rule of 80.

Social Security Coverage: Yes

COLA: Ad hoc. Annual max 3%

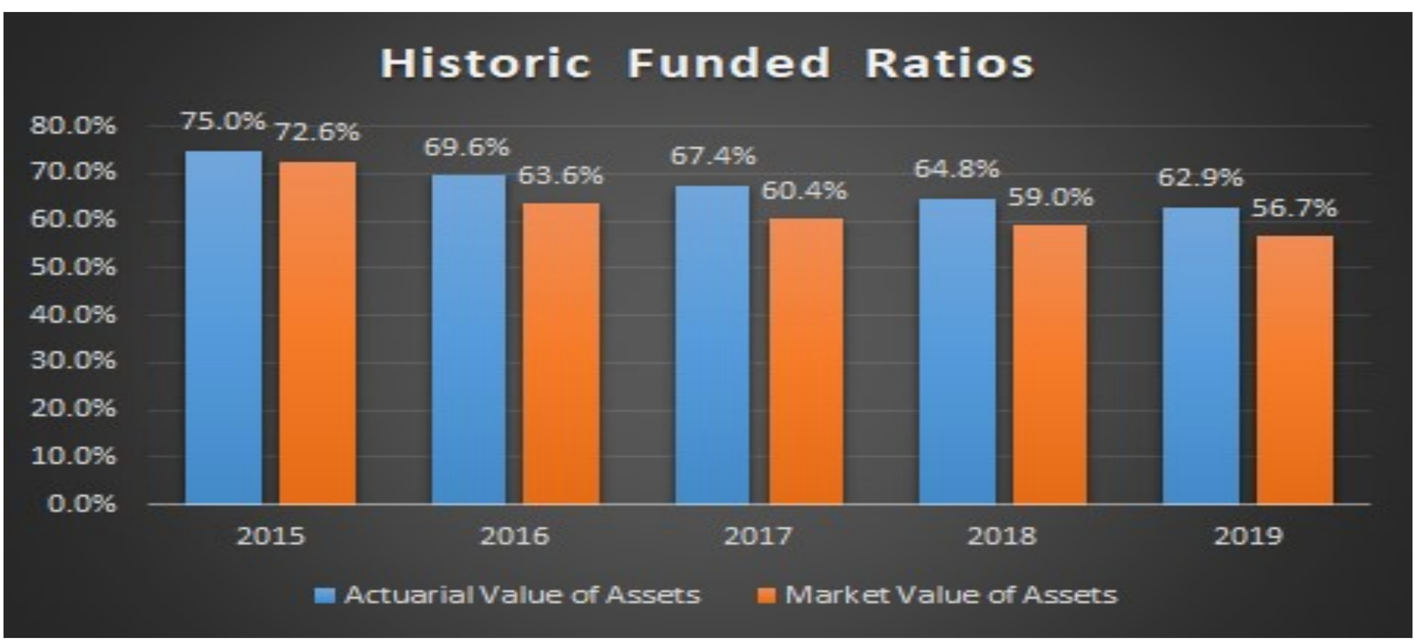
Assumed Rate of Return: 7.75%

Salary Increases: 5%

*2,784 inactives are terminated non-vested and will not receive a benefit.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

- For the year ending June 30, 2019, rate of return on investments equaled 4.3% (market) and 4.5% (actuarial) vs. 7.25% assumed.
- In June 2018, the system's actuary completed a study of the system's economic assumptions. The board adopted a three-year reduction schedule for key economic assumptions: investment return, inflation, COLA, wage growth, and payroll growth. As of 6/30/19, lowered investment return to 7.1 and wage growth to 2.6. Absent future board action, the investment return assumption will decrease to 6.95 and wage growth will decrease to 2.5 effective 6/30/20.
- Effective 6/30/18, the board modified the method of amortizing the UAAL from a closed 30 year period (adopted 6/30/2014) to a layered approach. The cumulative UAAL was established as an initial base to be amortized over 30 years with each year's gains/losses amortized as an additional layer over 30 years.
- Modified the asset smoothing method from an open five-year period to a closed five-year period. Existing unrecognized investment experience as of 6/30/18 will be recognized over a closed seven-year transition period.
- The computed employer contribution rate as a percent of payroll increased from 21.77% for FY20 to 22.88% for FY21. The actuary attributed the increase to 3 primary factors: unfavorable investment return, the changes in economic assumptions, and actual payroll growth less than expected.
- In 2018, the Board adopted a new investment portfolio asset allocation. The board is transitioning the portfolio over a 36-month period through 12/31/21. As of 6/30/19, 17% of the transition has been completed.
- The board implemented a terminated vested buy-out program authorized by SB 62 (2017), which resulted in a net liability reduction of approximately $41 million. Over 4,300 terminated vested members participated. Reduced the actuarial contribution rate by 0.14% of payroll.
- New tier provisions were passed in 2010 requiring increased age and service requirements, as well as employee contributions of 4% for employees hired for the first time on or after 01/01/11. The number of active members covered by the 2011 tier increased from 20,477 (6/30/18) to 21,893 (47% of total). "Because the benefit structure is different for MSEP 2011 members...the ongoing cost of the system declines as a greater percentage of active members are covered by MSEP 2011."



Year Ending 6/30	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$394,150,042	$394,150,042	100%
2018	$379,557,962	$379,557,962	100%
2017	$322,772,697	$335,217,422	104%
2016	$310,124,928	$329,957,369	106%
2015	$329,752,832	$329,752,832	100%

- When describing the growth of the system's liabilities, the actuary writes that "Some of the growth is due to significant changes in the actuarial assumptions...including lowering the investment return assumption from 8.50% to 7.10%."
- The board of trustees has lowered the assumed rate of return multiple times since the June 30, 2012 valuation date. The assumed rate of return is scheduled to further decrease to 6.95 effective with the June 30, 2020 valuation date absent further board action, which would result in a total decrease of 1.55.

As of 6/30/19

Market Value: $7,916,465,279

Actuarial Value: $8,782,383,977

Liabilities: $13,957,626,309

Active Members: 46,864

Inactive Members: 85,421

Normal Retirement Formula:

MSEP 2000: 1.7% of compensation times years of service plus 0.8% to age 62 (temp benefit under Rule of 80 or Rule of 90 if under 2011 Tier).

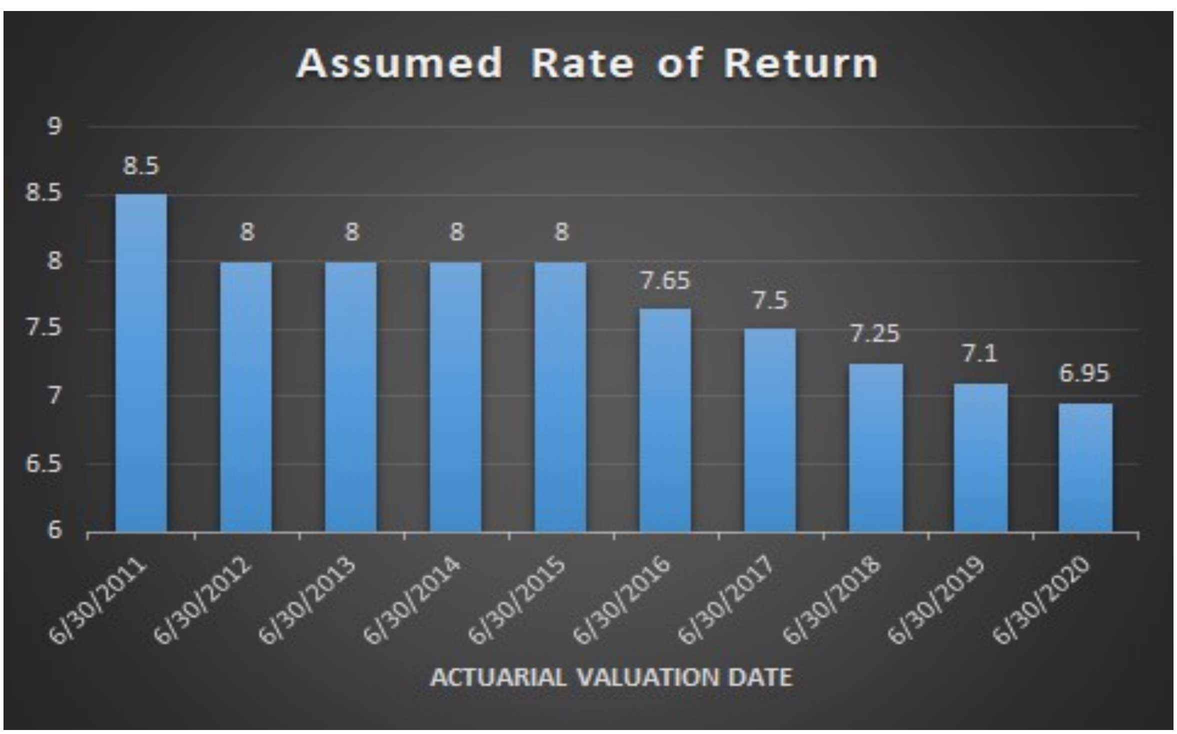
Normal Retirement Eligibility: Age 62 with 5 years of service or Rule of 80. 2011 Tier: Age 67 with 5 years of service or Rule of 90 with minimum age of 55.

Social Security Coverage: Yes

COLA: Annual Max 5%, 80% of CPI

Assumed Rate of Return: 7.1

Salary: 2.6



November 18, 2019

Mr. Michael Ruff, Executive Director
Joint Committee on Public Employee Retirement
State Capitol, Room 219-A
Jefferson City, MO 65101

Dear Michael:

Thank you for the opportunity to respond to the inclusion of the Missouri State Employees' Retirement System (MOSERS) on the annual "Watch List" of the Joint Committee on Public Employee Retirement (JCPER). We would like to offer the following information for the Committee's review.

In June 2018, the MOSERS Board of Trustees adopted a policy to reduce MOSERS' investment rate of return assumption from 7.5% to 7.25% effective with the June 30, 2018 actuarial valuation. In June 2019, the Board remained committed to this funding policy through the reduction of the investment rate of return assumption to 7.10% (from 7.25%). This policy provides for one more reduction of the plan's investment rate of return assumption of 15 basis points to 6.95% for the June 30, 2020 actuarial valuation (see table below).

Actuarial Valuation Date	Employer Contribution Applied	ROR Assumption	ROR Assumption (without Inflation Assumption)
June 30, 2019	FY21	7.10%	4.75%
June 30, 2020	FY22	6.95%	4.70%

This board-adopted policy is intended to more closely align the fund's investment return assumption with future capital market expectations. While public pension funds across the state and nation are re-evaluating the appropriate level of investment return assumption to reduce the long-term investment risk, such reduction often requires an <u>increased</u> Employer Contribution Rate to the plan and results in a <u>decreased</u> Funded Ratio. The information contained in the June 30, 2019 annual actuarial valuation (see below) illustrates how a change in the investment return assumption rate can significantly affect the plan's Employer Contribution Rate and Funded Ratio.

MOSERS SENSITIVITY ANALYSIS

<u>Investment Return Assumption</u>	**6.10%**	**6.60%**	**7.10%**	**7.60%**	**8.10%**
Total Employer Contribution (% of pay)	27.97%	25.36%	22.88%	20.49%	18.18%
Total Employer Contribution ($ in millions)	$576.3	$522.5	$471.4	$422.2	$374.6
Actuarial Value of Assets	$8,782.4	$8,782.4	$8,782.4	$8,782.4	$8,782.4
Actuarial Accrued Liability	$15,537.7	$14,712.6	$13,957.6	$13,265.3	$12,629.2
Funded Ratio	56.5%	59.7%	62.9%	66.2%	69.5%

2010 Pension Reform

As you are aware, the General Assembly passed pension reform relative to state employees in the 2010 special session. This reform was implemented as the "MSEP 2011" for state employees hired for the first time on or after January 1, 2011. As included in the June 30, 2019 annual actuarial valuation, the ongoing annual cost of the **MSEP 2011** (known as the "Employer Normal Cost") is <u>3.98% of pay</u>, compared to the **pre-2011** annual cost of <u>9.06% of pay</u>. Approximately 46% of the 46,864 MOSERS' active employees are MSEP 2011 members.

Actuarial Valuation Results as of 06/30/19	**Percents of Payroll**		
	MSEP & <u>MSEP 2000</u>	**<u>MSEP 2011</u>**	**Weighted <u>Average</u>**
Normal Cost	9.06%	7.98%	8.61%
Less **Member** Contributions	0.00%	4.00%	1.66%
Employer Normal Cost	9.06%	3.98%	6.95%
Unfunded Actuarial Accrued Liabilities (UAAL) (level % of payrol amortization w layered bases)			15.93%
Total FY21 Computed Employer Contribution Rate			22.88%
Estimated Employer Contribution ($ in Millions)			$471.4

We hope this information is helpful to the JCPER as it conducts its proceedings. If you have any questions or we can provide additional information, please do not hesitate to contact our office.

Sincerely,

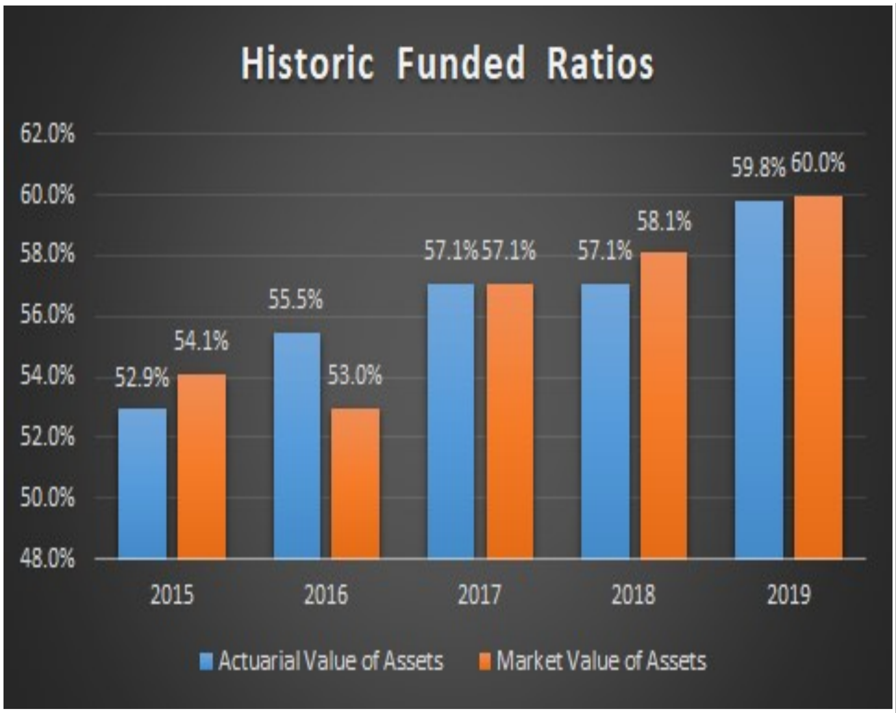
Ronda Stegmann

Ronda Stegmann
Executive Director

cc: MOSERS Board of Trustees

MoDOT & HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

- Rate of return on investments equaled 6.7% (Market) and 8.3% (Actuarial) vs. 7% assumed as of 6/30/19.
- Completed a 5-year experience study for the period July 1, 2012 to June 30, 2017. Lowered the assumed rate of return from 7.75 to 7. Updated mortality tables. Adjusted additional assumptions including: price inflation, withdrawal, disability, retirement rate, and wage increases due to merit and longevity.
- The actuary writes "In accordance with changes in actuarial standards along with more recent changes in forecasts of future economic conditions, we recommend that economic assumptions continue to be reviewed annually each spring before the next valuation cycle begins."
- The board implemented a terminated vested buy-out program as authorized by SB 62 (2017).
- New tier provisions were passed in 2010 requiring increased age and service requirements and an employee contribution rate of 4% of pay for employees hired for the first time on or after 01/01/11. As of 6/30/19, 2,856 active members were covered under the 2011 tier.
- In 2009, the actuary presented an accelerated amortization schedule in accordance with 105.684.
- As of 6/30/19 valuation, closed 5-year amortization period for unfunded retiree liabilities and closed 20-year amortization period for the remaining unfunded liabilities (for the plan year beginning 7/1/20).
- In September 2014, the Board established a "rate stabilization reserve fund" from experience gains to attempt to maintain the employer contribution rate at or close to its current level (58% of covered payroll).
- The Employers continue to meet the ADC.



Year Ending June 30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$210,166,927	$210,166,927	100%
2018	$204,955,180	$204,955,180	100%
2017	$206,562,924	$206,562,924	100%
2016	$199,609,396	$199,609,396	100%
2015	$200,638,571	$200,638,571	100%

As of 6/30/19

Market Value: $2,423,261,830

Actuarial Value: $2,415,343,431

Liabilities: $4,037,369,708

Membership:

Active: 7,421 Inactive: 11,077

Normal Retirement Formula:

Year 2000 Plan: 1.7% of compensation times years of service plus 0.8% to age 62 (temporary benefit under rule of 80)

Normal Retirement Eligibility:

Age 62 with 5 years of service or rule of 80. Uniformed Patrol: Mandatory retirement at age 60. Rule of 80 with minimum age of 48.

Hired for the first time on/after 1/1/11: Age 67 with 5 years of service or Rule of 90 (age 55). Uniformed Patrol: Age 55 with 5 years of service. Mandatory retirement at age 60.

Social Security Coverage: Yes

COLA: Annual Max 5%; 80% of CPI

Assumed rate of return: 7%

Salary: 3%

From: Scott Simon
To: Michael Ruff
Subject: RE: MPERS
Date: Monday, November 4, 2019 2:01:57 PM

Michael, Thanks for the opportunity to review the one page summary. I have nothing to offer other than perhaps to consider removing the one time buyout reference as that does not seem all that consequential at this time. Otherwise, no concerns here.

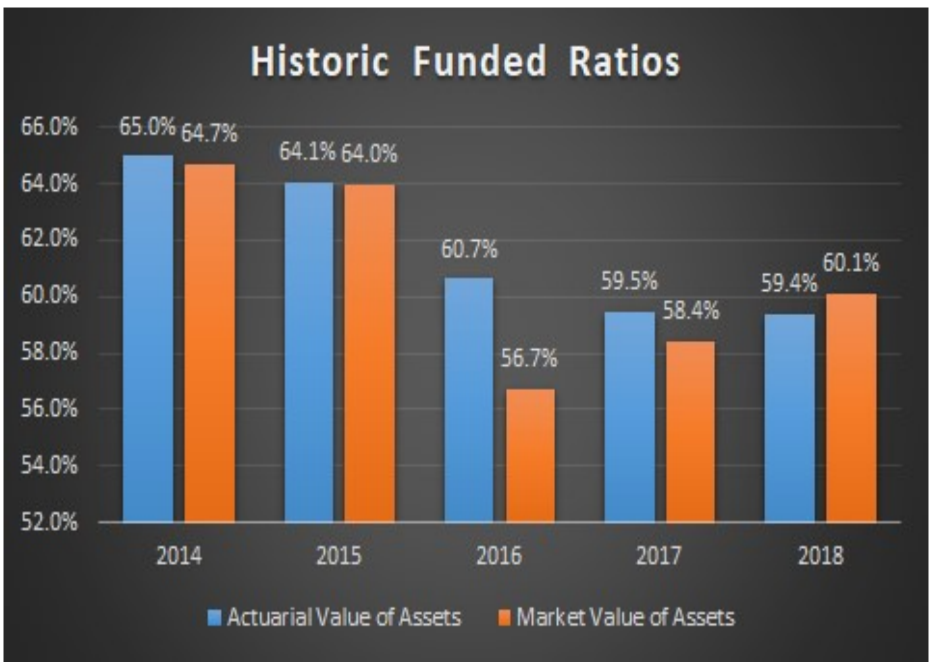
ss

MPERS
Serving those who keep us safe.

Scott L Simon | Executive Director | MoDOT and Patrol Employees' Retirement System
Office Location: 1913 William St., Jefferson City, MO 65109 **Mailing Address:** Post Office Box 1930, Jefferson City, MO 65102-1930
Telephone Number: (573) 298-6020 **Toll Free:** 1-800-270-1271 **Admin. Fax:** (573) 522-6111 **Website:** www.mpers.org

OVERLAND POLICE RETIREMENT FUND

- Rate of return on investments equaled 10.2% (Market) and 7% (Actuarial) vs. 7% assumed.
- The City Council adopted three changes to the plan in 2017: increased employee contributions from 5% to 7.5%, phased out a retroactive COLA for certain members, and changed the refund of employee contributions upon retirement provision so employee contributions made after April 1, 2017 will not be refunded upon retirement.
- The employer contribution was supported by a tax levy of $0.12 that had been insufficient to meet the ADC since 2008. In August 2017, the voters approved a tax levy increase. On 9/25/17, the City Council set a tax rate of $0.24 residential, $0.36 commercial, $0.367 residential. Certified by the State Auditor on 9/27/17. The actuary writes "These were recently increased...but are still below the recommended rate."
- The City made multiple changes to actuarial assumptions in 2014 based on the results of a five-year experience study, including lowering the assumed rate of return from 7.5 to 7.0 and updating mortality tables.
- The plan smooths investment gains and losses over five years.



Year Ending 3/31,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$1,117,425	N/A	N/A
2018	$1,091,236	$553,559	51%
2017	$1,136,068	$233,363	21%
2016	$1,085,072	$242,311	22%
2015	$1,072,917	$251,812	23%
2014	$863,157	$240,878	28%

As of 4/1/18

Market Value: $13,277,434

Actuarial Value: $13,127,417

Liabilities: $22,083,580

Membership:

Active: 40 Inactive: 41

Normal Retirement Formula:

2.5% of compensation for the first 20 years of service plus 1.5% of compensation for each of the next 10 years of service.

Normal Retirement Eligibility:

20 years of service or Age 62 with 18 years of service or SSA full retirement age with 5 years of service.

Social Security Coverage: Yes

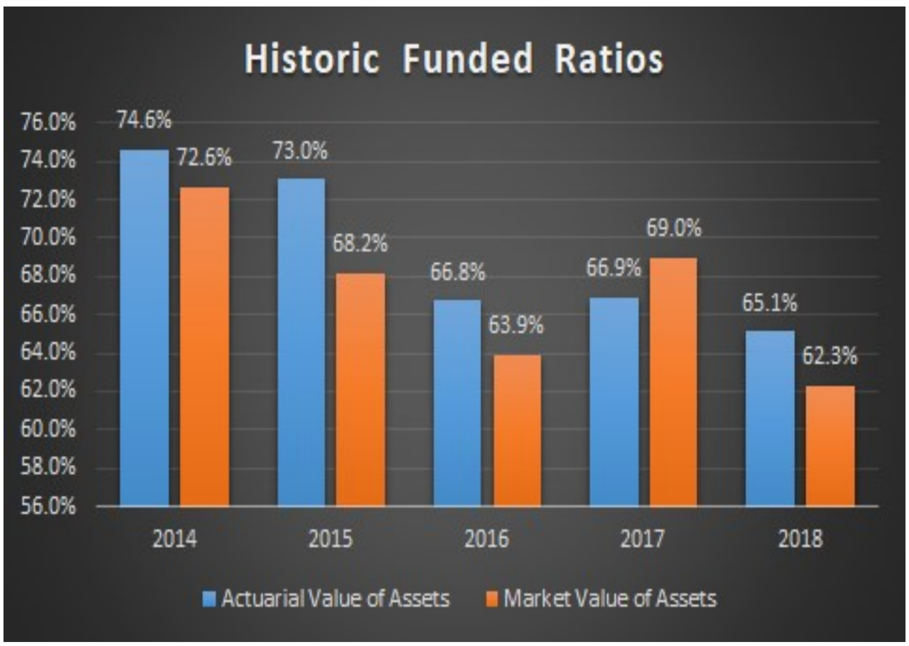
COLA: Annual Max 3%; 60% of CPI

Assumed Rate of Return: 7%

Salary: 3.5%

POPLAR BLUFF POLICE & FIRE PENSION PLAN

- Market rate of return on investments equaled -4.77% vs. 5% assumed.
- During the past plan year, the plan experienced an actuarial loss and an increase in the actuarially determined contribution. The actuary identifies several factors for the actuarial loss, including contributions less than the 2018 ADC, investment return below the assumed rate, and experience of the plan members.
- The City has not contributed 100% of the ADC beginning with plan year 2012. The actuary comments that "Over the years, the plan sponsor has been contributing 30-50% of the ADC. This contribution policy will likely not be enough to cover future benefit obligations and ADC is likely to increase with each year the contribution is under 100%."
- Prior to the 1/1/19 valuation, the plan's actuary conducted a comprehensive review of assumptions. Effective with the 1/1/19 valuation, the following assumptions were changed: increased the assumed rate of return from 5 to 5.25, increased inflation assumption from 2 to 2.25, and updated mortality tables.
- Effective with the January 1, 2015 actuarial valuation, the cost method was changed from the Aggregate method to the Entry Age Normal cost method with a 20-year amortization period for unfunded liabilities. Initial UAAL as of 1/1//15 will be amortized over a closed 20 year period. Subsequent gains and losses are amortized over 15 year periods.



January 1,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$912,881	N/A	N/A
2018	$850,408	$254,653	30%
2017	$811,036	$253,225	31%
2016	$579,058	$330,864	57%
2015	$543,721	$235,832	43%
2014	$507,503	$233,861	46%

As of 1/1/19

Market Value: $11,967,063

Actuarial Value: $12,512,701

Liabilities: $19,200,854

Membership:

Active: 80 **Inactive**: 69

Normal Retirement Formula:

2% of compensation for the first 20 years of service plus 1.5% for each additional year of service. Maximum benefit of $1650 per month.

Normal Retirement Eligibility:

Later of age 55 or 5 years of service.

Social Security Coverage: No

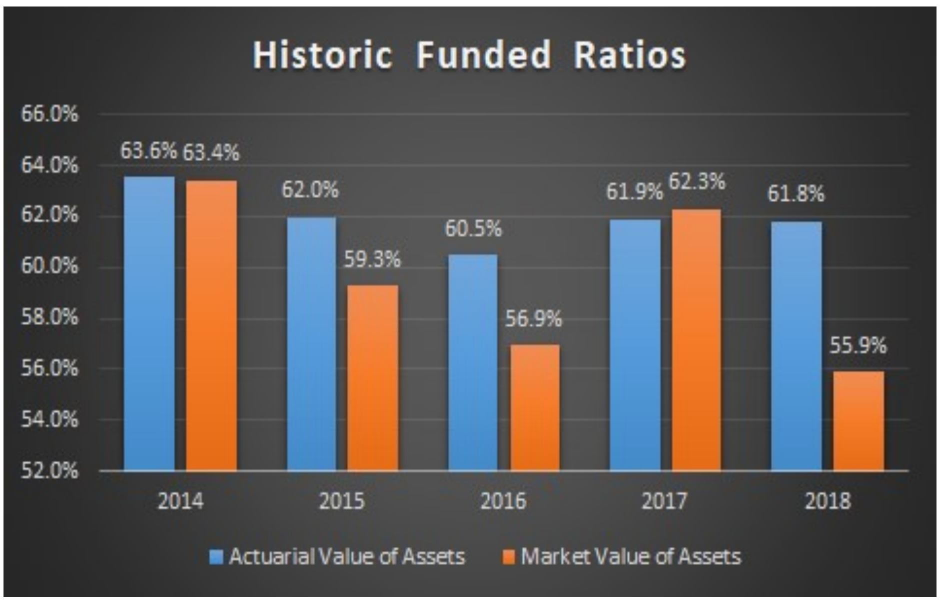
COLA: No COLA

Assumed rate of return: 5.25%

Salary: 3%

RAYTOWN POLICE OFFICERS' RETIREMENT FUND

- Rate of return on investments equaled –6.38% (market) and 4.02% (actuarial) vs. 7.5% assumed.
- Updated mortality tables to the most recent projection scale.
- Effective with the 1/1/15 valuation, the plan implemented five year smoothing of investment gains and losses "thus smoothing the volatility of market returns and producing more stability in contribution amounts."
- The plan utilizes a closed 30-year period for amortization of unfunded actuarial accrued liabilities that began 1/1/14.
- An employee contribution of 3% of pay was ceased in 2000 when the Plan was 101% funded.
- The actuary comments "The Plan has been making progress toward a safe funding level. The City policy to contribute the recommended contribution will allow the funded status to slowly improve."
- The Plan was frozen as of December 31, 2013 with members moving to LAGERS.



Year ended 12/31,	RECOMMENDED CONTRIBUTION*	ACTUAL CONTRIBUTION*	PERCENT CONTRIBUTED
2019	$590,127	N/A	N/A
2018	$593,459	$593,459	100%
2017	$608,134	$608,134	100%
2016	$562,862	$562,862	100%
2015	$513,291	$510,320	99.4%
2014	$508,285	$509,880	100%

* Contribution history taken from January 1, 2019 Valuation, Page 19, Ten-Year Schedule of Contributions.

As of 1/1/19

Market Value: $9,609,110

Actuarial Value: $10,632,613

Liabilities: $17,203,958

Membership:

Active: 20 **Inactive**: 62

Normal Retirement Formula:

2.5% of compensation for the first 20 years of service plus 1% for each of the next 10 years of service. Benefits frozen as of 12/31/13.

Normal Retirement Eligibility:

Age 55 with 20 years of service

Social Security Coverage: Yes

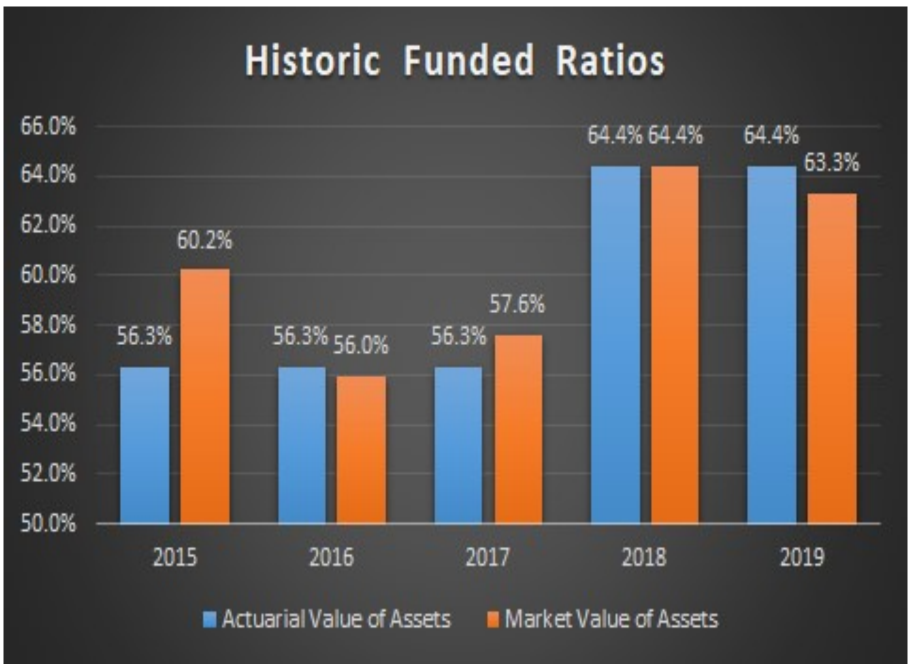
COLA: No COLA

Assumed Rate of Return: 7.5%

Salary: 4%

ROCK HILL UNIFORMED EMPLOYEES' PENSION PLAN

- For the year ended 3/31/19, the rate of return on investments equaled 3.09% (market) compared to 6.4% assumed.*
- This plan was closed to new hires in May 2003. Benefit accruals were frozen as of 5/1/11.
- All active participants as well as new hires are members of LAGERS as of September 2007. The City had previously considered transferring the plan to LAGERS under section 70.621. However, the City's 3/31/19 CAFR, page 17, notes that "In fiscal year 2019, the Board of Aldermen decided to hold off on transferring the administration and trustee service for the...Plan to LAGERS due to the down turn in market performance."
- The employer has not met the ADC since 2008. The City's 3/31/19 CAFR, page 17, notes that "The liability for the Uniformed Employee Pension Fund continues to be an ongoing issue. The City contributions into the plan have averaged 75% of the Actuarial Required Contribution (ARC) for the past six years."



Year Ending March 31,	RECOMMENDED CONTRIBUTION**	ACTUAL CONTRIBUTION**	PERCENT CONTRIBUTED
2019	$178,339	$150,000	84%
2018	$212,536	$150,000	71%
2017	$212,536	$150,000	71%
2016	$199,227	$150,000	75%
2015	$199,227	$275,000**	138%

As of 3/31/19 & 5/1/18

Market Value: $2,042,542*

Actuarial Value: $2,077,350*

Liabilities: $3,223,807*

Membership:

Active: 7 **Inactive**: 19

Normal Retirement Formula:

40% or 50% of compensation, reduced by 1/20 for each year less than 20, plus temporary benefit. Percentage based on age and years of service as of 4/30/03.

Normal Retirement Eligibility: Age 60 with 20 years of service.

Social Security Coverage: Yes

COLA: No COLA

Assumed Rate of Return: 6.4

Salary: N/A

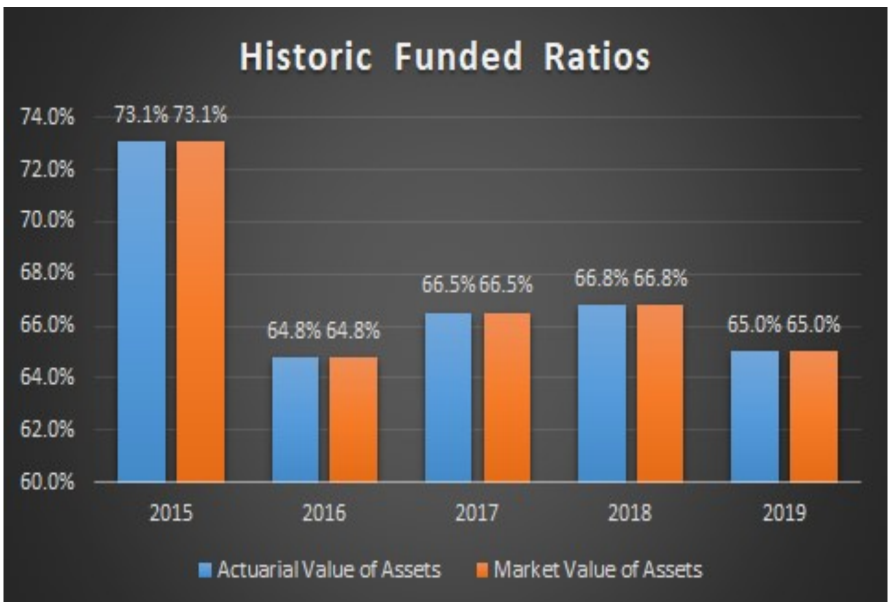
***Market value from 3/31/19 CAFR, page 46. Actuarial value and liabilities from 5/1/18 actuarial valuation page 2.**

**Contribution information found in Comprehensive Annual Financial Report for Fiscal Year Ended March 31, 2019, Page 66, Schedule of Contributions. Due to a timing issue with the investment custodian, the 2014 contribution of $125,000 was not received until April 2014 after the end of the fiscal year. The 2015 contribution would otherwise be $150,000.

*Investment return information, page 65, 3/31/19 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios.

FIREFIGHTERS’ RETIREMENT FUND OF THE CITY OF SEDALIA

- Rate of return on investments equaled 5.4% versus 7% assumed.
- Updated mortality tables to the most recent projection scale.
- Completed an experience study in November 2017 for the period 4/1/09 to 3/3/17. Updated termination and retirement rate assumptions and updated mortality tables.
- The plan values assets at market value and does not smooth investment gains and losses.
- Beginning with the 4/1/16 valuation, the plan adopted a closed 30-year period for amortizing unfunded liabilities with additional UAAL amortized over layered 20-year periods. Previously, it used an open 30.
- The plan is funded by both property tax revenues ($0.051 per $100 of assessed valuation) and city-appropriated contributions based on the recommendation of the actuary.
- Discontinued employee contributions effective 4/1/12.
- The actuary writes “The Plan has been making progress toward a safe funding level. The City policy to contribute the recommended contribution will allow the fund status to continue to improve. We recommend a review of the Plan’s investment policy with asset managers and a future discussion regarding the discount rate currently being used.”



Year ending 3/31,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2020	$417,212	N/A	N/A
2019	$385,272	$367,813	95%
2018	$362,295	$450,145	124%
2017	$439,494	$353,426	80%
2016	$358,679	$331,451	92%
2015	$331,814	$367,229	111%

As of 4/1/19

Market Value: $7,139,032

Actuarial Value: $7,139,032

Liabilities: $10,976,924

Membership:

Active: 40 **Inactive**: 51

Normal Retirement Formula:

50% of Indexed Earnings Base in the Year of Retirement

2019 IEB = $57,796

Normal Retirement Eligibility:

Age 55 with 22 years of service

Social Security Coverage: No

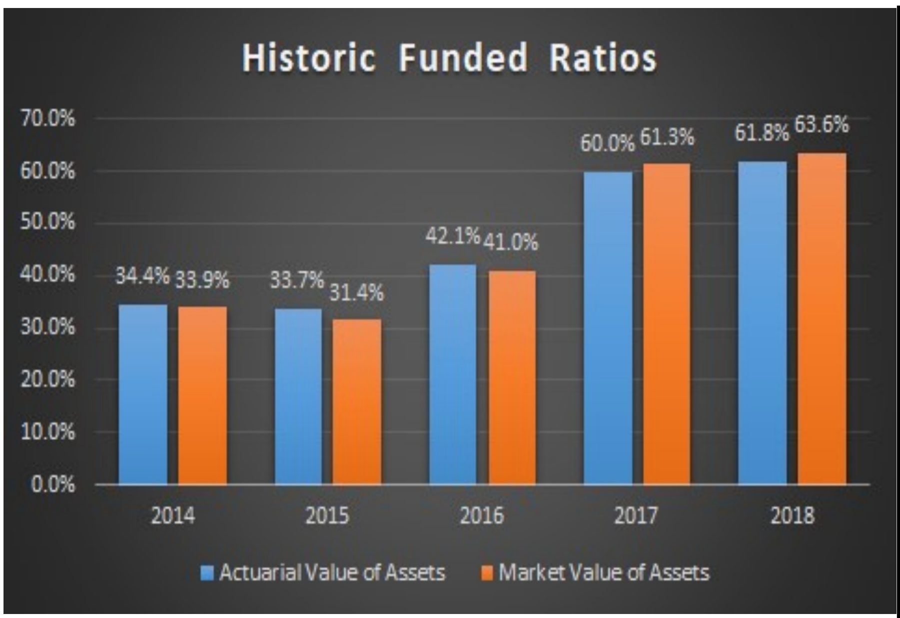
COLA: Annual max 3%

Assumed Rate of Return: 7%

Increases in IEB: 3%

FIREFIGHTERS' RETIREMENT PLAN OF THE CITY OF ST. LOUIS

- Rate of return on investments equaled 9.13% (Market) and 7.85% (Actuarial) vs. 7.25% assumed.
- Completed an experience study for October 1, 2013 through September 30, 2017. Reduced the assumed rate of return from 7.625 to 7.25. Revised multiple assumptions, including mortality tables, disability rate, withdrawal rate, retirement rate, marriage, and sick leave. Reduced payroll growth from 3 to 2.75 and increases in the Consumer Price Index from 3 to 2.75. These changes reduced the plan's liabilities and resulted in a lower actuarially determined contribution.
- Effective February 1, 2013, benefit accruals under the Firemen's Retirement System of St. Louis were frozen. This plan (The Firefighters' Retirement Plan of the City of St. Louis) was established to provide benefits for service rendered after that date.
- Plan adopted a 30-year closed amortization period effective February 1, 2013 for payment of unfunded liabilities.
- The employer has contributed 100% of the actuarially determined contribution.



FY ending 9/30,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$8,995,724	N/A	N/A
2018	$8,022,799	$8,022,799	100%
2017	$9,262,698	$9,262,698	100%
2016	$9,148,007	$9,148,007	100%
2015	$7,435,635	$7,435,635	100%

As of 10/1/18

Market Value: $76,985,258

Actuarial Value: $74,839,926

Liabilities: $121,093,077

Membership:

Active: 648 **Inactive**: 78

Normal Retirement Formula (new members since 2/1/13):

2% of average final compensation for the first 25 years of service plus 2.5% (5% for grandfathered participants) in excess of 25 years of service. Maximum of 75% of compensation.

Normal Retirement Eligibility: Age 55 with 20 years of service.

Social Security Coverage: No

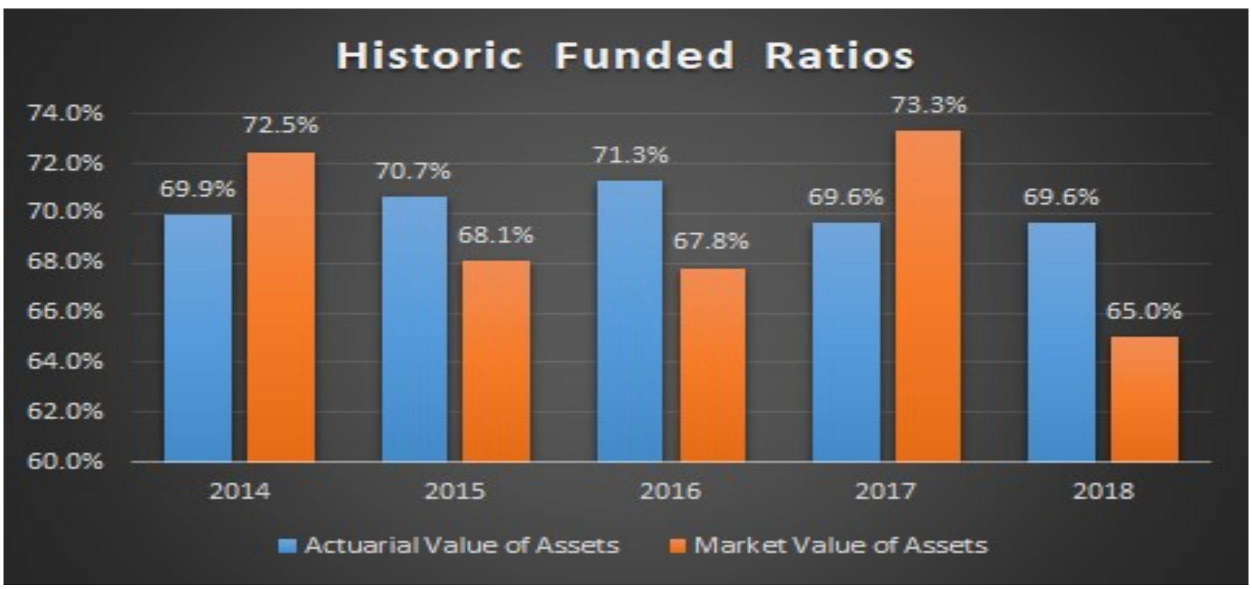
COLA: 1.5% to 5% not to exceed CPI depending on age and years of service. CPI must be at least 1% to receive a COLA. COLA cap of 25%.

Assumed Rate of Return: 7.25

Salary: 2.75

ST. LOUIS COUNTY RETIREMENT PLAN

- Rate of return on investments equaled –6.9% (Market) and 4.8% (Actuarial) vs. 7.5% assumed.
- Effective with the 1/1/19 valuation, the plan changed the amortization method from an open 25-year period to a 25-year closed amortization period. Updated mortality tables.
- The County Council enacted a new tier for employees hired on/after 2/1/18. All such employees contribute 4% and have increased age and service requirements. Civilian employees have a normal retirement age of 67 with 3 years of service or Rule of 85, 7 year vesting, and a lower benefit multiplier (1.3 vs. 1.5). Uniformed employees have Rule of 85 (instead of 80) and a lower benefit multiplier (1.4 vs. 1.6).
- The actuary comments that "The decrease in the funded ratios is primarily due to the unfavorable investment results."
- The plan maintains both uniformed and civilian employee components. The actuary values them separately.



FY ending 12/31,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$43,165,958	N/A	N/A
2018	$44,349,857	$44,342,552	99.9%
2017	$40,372,354	$40,381,200	100%
2016	$39,938,958	$39,938,958	100%
2015	$37,894,303	$37,894,303	100%

As of 1/1/19

Market Value: $643,785,906

Actuarial Value: $688,838,072

Liabilities: $990,041,483

Membership:

Active: 3,737 **Inactive**: 4,753

Normal Retirement Formula:

Civilian: 1.5% of compensation x years of service plus $15 per month x years of service.

Civilian Hired on/after 2/1/18: 1.3% of compensation x years of service plus $15 per month x years of service.

Uniformed: 1.6% of compensation x years of service plus $30 per month x years of service to age 65 then $5 per month x years of service.

Uniformed Hired on/after 2/1/18: 1.4% of compensation x years of service plus $30 per month x years of service to age 65 then $5 per month x years of service.

Normal Retirement Eligibility:

Civilian: Age 65 with 3 years of service or Rule of 80.

Civilian Hired on/after 2/1/18: Age 67 and 3 years of service or Rule of 85.

Uniformed: Age 60 with 10 years of service. Age 65 with 3 years of service. Rule of 80.

Uniformed Hired on/after 2/1/18: Age 60 with 10 years of service. Age 65 with 3 years of service. Rule of 85.

Social Security Coverage: Yes

COLA: Ad hoc

Assumed Rate of Return: 7.5

Salary: 3.75 Civilian, 3.25 Uniformed

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RETIREMENT PLAN ADVISORS

THE FUTURE IS BETTER THAN YOU THINK

November 8, 2019

Joint Committee on Public Retirement
Missouri State Capitol
Room 219-A
Jefferson City, MO 65101

Enclosed please find the annual update from the Maryland Heights Fire Protection District's investment advisor under Section 105.702.

Sincerely,

Joshua Schwartz
President
Retirement Plan Advisors

Enclosure(s): RPA EOE Policy, ICMA EOE Statement, and ICMA EOE Report

RETIREMENT PLAN ADVISORS

THE FUTURE IS BETTER THAN YOU THINK

Equal Opportunity Employment Policy

Retirement Plan Advisors (RPA) recognizes that an organization that attracts, selects, develops, and retains a diverse team will be an industry leader. In order to ensure maximum opportunity is afforded to all qualified applicants and personnel, RPA affirms its commitment to providing equal opportunity employment.

In keeping with this commitment, RPA has adopted policies and practices to ensure equal employment opportunities, regardless of one's race, color, religion, national origin, gender identity, gender expression, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, physical disability, mental disability, veteran status, or other characteristics protected by federal, state, or local law.

Further, we will not tolerate discrimination or harassment based on any such characteristics.

RPA's commitment to equal opportunity employment applies to all aspects of our human resources practices, including but not limited to recruitment, hiring, transfers, promotions, compensation, training, terms and conditions, retention, and discipline. All employment decisions are considered on the basis of qualifications, merit, and business need.

ICMA-RC recognizes that an organization that attracts, selects, develops, and retains the best people will remain an industry leader. To ensure maximum opportunity is afforded to all qualified associates and applicants, ICMA-RC affirms its commitment to providing equal employment opportunity and taking steps to establishing a diverse workforce.

In keeping with this commitment, ICMA-RC has adopted policies and practices to ensure equal employment opportunities, regardless of the race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, physical and mental disabilities, or veteran status of an individual in accordance with applicable laws and regulations.

ICMA-RC's policies and practices also prohibit harassment, including sexual harassment, and require that reasonable accommodation be made for the known physical and mental limitations of qualified associates or applicants with disabilities.

ICMA-RC's commitment to equal employment opportunity applies to all aspects of our personnel practices, including but not limited to recruitment, hiring, transfers, promotions, compensation, training, terms and conditions, retention, and discipline. All personnel decisions are considered on the basis of qualifications, competence, and merit. ICMA-RC's commitment to equal opportunity and diversity also applies to its work with state and local governments, consultants, vendors, and subcontractors. Please refer to the attached **Equal Employment Opportunity Employer Information Report EEO-1.**

In addition, ICMA-RC promotes diversity in hiring practices by implementing the following tactics as a minimum:

- Equal Opportunity Employment (EOE) nomenclature included in all job postings, internal and external.
- Active attendance at large, national-level diversity job fairs in the Washington, D.C. metropolitan area twice annually.
- Utilization of search firms that specialize in diversity candidate recruiting.
- Recruitment of summer interns from eight local colleges with large diverse student populations.
- Proactively posting jobs on Internet job boards designed to reach into minority applicant communities.

CO= N006851
U= N006851

EQUAL EMPLOYMENT OPPORTUNITY
2017 EMPLOYER INFORMATION REPORT
CONSOLIDATED REPORT - TYPE 2

SECTION B - COMPANY IDENTIFICATION

1. ICMA RETIREMENT CORPORATION
777 N CAPITOL ST NE

WASHINGTON, DC 20002

2.a. ICMA RETIREMENT CORPORATION
777 N CAPITOL ST NE

WASHINGTON, DC 20002
DISTRICT OF COLUMBIA COUNTY
c. Y

SECTION C - TEST FOR FILING REQUIREMENT

1-Y 2-N 3-Y DUNS NO.:021876420 EIN :237268394

SECTION E - ESTABLISHMENT INFORMATION

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO												OVERALL TOTALS
			************ MALE ************						*********** FEMALE ***********						
	MALE	FEMALE	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	0	0	5	1	0	0	0	0	1	3	0	0	0	0	10
FIRST/MID OFFICIALS & MGRS	5	4	90	21	0	11	0	2	35	41	0	10	0	2	221
PROFESSIONALS	6	11	69	63	1	12	0	6	34	144	1	16	1	7	371
TECHNICIANS	1	0	27	28	0	22	0	1	5	11	0	8	0	1	104
SALES WORKERS	12	9	36	8	0	3	0	0	32	12	1	1	0	1	115
ADMINISTRATIVE SUPPORT	1	2	0	6	0	0	0	0	6	26	0	1	0	2	44
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	25	26	227	127	1	48	0	9	113	237	2	36	1	13	865
PREVIOUS REPORT TOTAL	24	25	221	126	1	48	0	10	115	224	1	33	0	13	841

SECTION F - REMARKS

DATES OF PAYROLL PERIOD: 12/03/2017 THRU 12/16/2017
SECTION G - CERTIFICATION

CERTIFYING OFFICIAL: CATHERINE LEGGETT
TITLE: SENIOR VP, HUMAN RESOURCES
EEO-1 REPORT CONTACT PERSON: VANESSA WALLER-JONES
TITLE: COmpensation and Benefits MANAGER
EMAIL: VWALLER-JONES@ICMARC.ORG
TELEPHONE NO: 2029628063
CERTIFIED DATE[EST]: 03/19/2018 02:39 PM

2020 SOCIAL SECURITY CHANGES

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2018 through the third quarter of 2019, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 1.6 percent COLA for 2020. Other important 2020 Social Security information is as follows:

Tax Rate	2019	2020
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings. Also, as of January 2013, individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes. The tax rates shown above do not include the 0.9 percent.

	2019	2020
Maximum Taxable Earnings		
Social Security (OASDI only)	$132,900	$137,700
Medicare (HI only)	No Limit	
Quarter of Coverage		
	$1,360	$1,410
Retirement Earnings Test Exempt Amounts		
Under full retirement age	$17,640/yr. ($1,470/mo.)	$18,240/yr. ($1,520/mo.)
NOTE: One dollar in benefits will be withheld for every $2 in earnings above the limit.		

The year an individual reaches full retirement age	$46,920/yr. ($3,910/mo.)	$48,600/yr. ($4,050/mo.)
NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every $3 in earnings above the limit.		
Beginning the month an individual attains full retirement age.	None	

	2019	**2020**
Social Security Disability Thresholds		
Substantial Gainful Activity (SGA)		
Non-Blind	$1,220/mo.	$1,260/mo.
Blind	$2,040/mo.	$2,110/mo.
Trial Work Period (TWP)	$ 880/mo.	$ 910/mo.
Maximum Social Security Benefit: Worker Retiring at Full Retirement Age		
	$2,861/mo.	$3,011/mo.
SSI Federal Payment Standard		
Individual	$ 771/mo.	$ 783/mo.
Couple	$1,157/mo.	$1,175/mo.
SSI Resource Limits		
Individual	$2,000	$2,000
Couple	$3,000	$3,000
SSI Student Exclusion		
Monthly limit	$1,870	$1,900
Annual limit	$7,550	$7,670
Estimated Average Monthly Social Security Benefits Payable in January 2020		
	Before 1.6% COLA	**After 1.6% COLA**
All Retired Workers	$1,479	$1,503
Aged Couple, Both Receiving Benefits	$2,491	$2,531
Widowed Mother and Two Children	$2,889	$2,935
Aged Widow(er) Alone	$1,398	$1,421
Disabled Worker, Spouse and One or More Children	$2,144	$2,178
All Disabled Workers	$1,238	$1,258

JCPER 4th Quarter Meeting

December 2, 2019

Purpose of the Watch List

- Perform an individual review of certain plans that are underfunded.
- Process: The JCPER reviews the most recent information available for each plan, prepares the publication, and contacts each plan to inform it that it will be on the watch list. Plans are invited to provide a response.
- Created by the JCPER, not by state statute.

What is the criterion for inclusion on the Watch List?

- Having a funded ratio below 70% based on market value of assets.

How is a funded ratio calculated?

- Funded ratio is the value of assets divided by liabilities
  - Market Value of Assets ÷ Liabilities = %

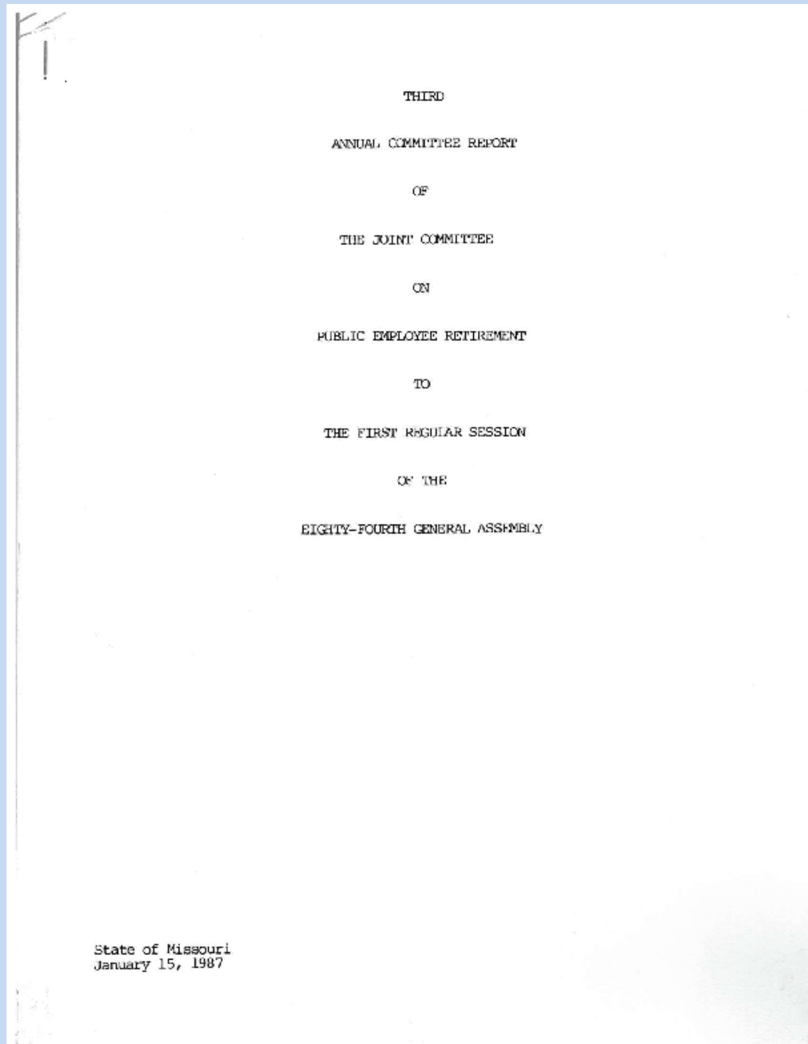
- However, there are two funded ratios the JCPER includes in its publications:
  - Market Value Funded ratio
  - Actuarial Value Funded ratio

Market Funded Ratio vs. Actuarial Funded Ratio

- Market Funded Ratio – This is the *market value of assets* divided by *liabilities*.
  - Ex. Affton FPD 2018
    - $9,269,814 (MVA) / $13,745,722 = 67.4%
- Actuarial Funded Ratio – This is the *actuarial value of assets* divided by *liabilities*.
  - Ex. Affton FPD 2018
    - $10,034,166 (AVA) / $13,745,722 = 73.0%

How long has the JCPER prepared a watch list?

The first reference to a watch list was in the 1987 Annual Committee Report


THIRD

ANNUAL COMMITTEE REPORT

OF

THE JOINT COMMITTEE

ON

PUBLIC EMPLOYEE RETIREMENT

TO

THE FIRST REGULAR SESSION

OF THE

EIGHTY-FOURTH GENERAL ASSEMBLY

State of Missouri
January 15, 1987

A Monitoring List

time. An examination of both assets as a percent of actuarial accrued liability (the funded ratio) and the unfunded actuarial accrued liability (UAAL) as a percent of annual covered payroll over periods of time will give an indication of funding progress or the lack thereof. However, because ten years of data is standard in examining these trends, we are currently limited in utilizing this trend analysis for most PERS. An example of the above analysis is presented in appendix 7 on an overfunded and underfunded plan for comparative purposes.

From the questionnaires, audit reports, and actuarial reports received, 36 of the 129 (28%) PERS were noted as being in ascending and good financial condition. Alternately, 18 of the 129 (14%) PERS were noted as being in poor or descending financial condition. These plans have been placed on a "monitoring list" whose funding status will be closely scrutinized as future data becomes available.

Perhaps the best example of a well-funded plan is the Local Government Employees Retirement System (LAGERS). Five year data is provided for the LAGERS plan in appendix 7, due to the system providing an excellent annual report which provides such information. As can be seen from the appendix, the funded ratio has increased from 80% to 113% during the last five years while the unfunded liability as a percentage of payroll has decreased from 18% to -13% during that same period. The LAGERS plan appears to have a strong and positive financial future for its' membership.

A contrast to the above plan would be the St. Joseph Firemen's Pension Fund. As noted in appendix 7, this plan is severly underfunded. Due to the severity of the underfunded status, the JCPER obtained prior reports dating back to 1977 to ascertain any trends which may have taken place in the last nine years. Applying various solvency tests to the above plan, one conclusion becomes readily apparent. The St. Joseph Firemen's Pension Fund has been DRASTICALLY underfunded for the past nine years and still is on the brink of insolvency. The city has not made a continued documented effort to improve the funding status of this plan. As can be seen from the appendix, the funded ratio has increased from 6% to 11% during the last

The monitoring list evolved into the annual "Concerned PERS" list.

CONCERNED PERS LIST - April 2007

Retirement System	Funded Ratio (Market)	Funded Ratio (Actuarial)	Asset Value (Market)	Asset Value (Actuarial)	Liabilities	Recommended Employer Contribution Rate
Metro West FPD	69%	69%	24,275,195	24,228,508	35,113,315	34.99%
Raytown Policemen's Retirement Fund	68%	69%	6,964,265	6,964,286	10,205,654	17.80%
Jefferson City - Firemen	60%	64%	18,333,425	16,066,931	24,785,511	31.11%
Black Jack FPD	65%	52%	5,148,442	4,063,254	7,882,791	15.12%
Columbia Police	64%	57%	28,307,019	25,305,356	44,232,922	30.55%
Ladue Police & Fire	57%	67%	19,538,064	17,420,607	25,861,558	29.50%
Columbia-Firemen	64%	57%	42,564,950	42,552,612	58,776,699	41.00%
St. Joseph Police	63%	69%	20,992,564	22,903,209	33,248,259	32.00%
Florissant Valley FPD	61%	56%	8,710,791	8,026,182	14,234,526	23.59%
Affton FPD - PY 2006	60%	63%	4,123,770	4,322,519	6,866,606	20.54%
Joplin - Police & Fire - PY 2006	60%	57%	22,161,626	21,123,754	37,043,414	32.67%
Sedalia Police - PY 2006	60%	60%	4,227,909	4,240,547	7,073,332	30.45%
Creve Coeur FPD DB plan	59%	57%	4,715,049	4,519,555	7,904,238	[illegible]
MPERS - PY 2006	58%	56%	1,597,920,070	1,521,142,953	2,740,437,697	Non-Uniformed: 31.04% Uniformed: 42.94%
Hannibal Police & Fire	55%	55%	9,591,970	9,605,000	17,593,000	24.10%
Springfield Police & Fire	51%	52%	125,342,334	130,499,305	250,849,623	40.02%
Rock Hill Police & Fire*	45%	43%	1,390,709	1,352,194	3,112,009	41.67%
Bi-State Development Agency Local 2 IBEW	44%	49%	830,069	924,195	1,875,842	$72.72 per week per Ee
Little River Drainage Dist.	43%	43%	299,343	298,345	699,698	14.80%
Judges Retirement System - PY 2006	19%	17%	57,729,924	51,652,967	309,002,762	55.66%

Note: Highlighted plans are new concerned PERS plans since last update in April 2006.
*Uniformed DB plan frozen effective 05/01/03.

Concerned PERS April 2007

CONCERNED PERS

Metro West Fire Protection District Retirement Plan
During 2005, the plan remained very close to the 70% threshold for the JCPER watch list. The recommended contribution increased slightly from $2,264,448 to $2,370,059 (34.88% of pay). The District contributed $1,488,998 in plan year 2005 or 65% of the recommended contribution. Plan year 2005 is the fourth consecutive year of deficiency in meeting the recommended contribution payments. The plan experienced a 3.89% investment return vs. 7.5% assumed. Losses were offset by salary increases of 2.6%, lower than the assumed 5%. The actuary notes that "contributions are now about $930,000 less than necessary to support the promised benefits.

***Effective January 1, 2007, the District adopted the following benefit modifications:*
- **Reduction of the benefit multiplier from 3% to 2.5%*
- **Maximum service increased from 33 ½ to 34 years*
- **Implementation of a mandatory 3% employee contribution*
- **Plan accrual definition modified from full years to full months of service*
- **Reduce investment rate of return assumption from 7.5% to 7%*
- **Reduce salary increase assumption from 5% to 3%*

Raytown Police Officers' Retirement Fund
This plan has experienced drop in funded status from 100% funded in 2000 to 68% in 2005. In 2000, an employee contribution of 3% of pay was ceased. This contribution cessation coupled with the multiple year market downturn had a negative effect on the plan's funded ratio. The recommended contribution for 2005 was 419,985 or 17.8% of pay up from $282,679 (14.7%) in 2004. Plan year 2005 resulted in experience "less favorable than expected" with investment returns and greater than expected salary increases as the primary sources. The plan also updated its mortality table from UP1984 to RP 2000.

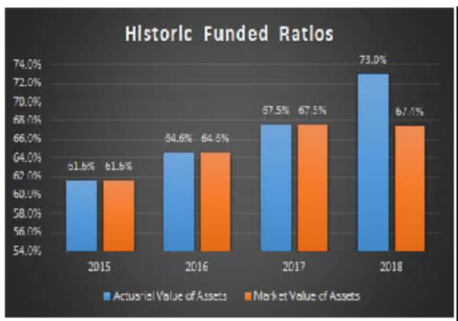
Jefferson City Firemen's Retirement System
The plan's funded ratio remained level at 64% funded. The adoption of benefit enhancements which included an increase in the maximum benefit level from 65% of compensation to 85%, extending the 1% times YOS after 24 years from 5 to 10 years and the adoption of a 2% COLA for those retiring after 01/12/04 and survivors reduced the funded ratio from 76% to 64% in plan year 2004. The amortization period was lengthened to 30 years and the recommended contribution for PY 2006 increased from $917,217 or 30.45% of pay to $962,501 or 31.11%. The 2005 actual contribution was 790,836 or 83% of the recommended. Historically, the City has consistently exceeded the recommended plan contributions for the past 6 plan years with the exception of 2003.

Black Jack Fire Protection District Retirement Plan
In plan year 2005, the plan's funded ratio decreased from 65% to 61.7%. This decrease was associated with the Social Security Supplement and the new temporary supplemental benefit of $20 x YOS to age 65 for uniformed members. These supplemental benefits account for 37% of the total projected liabilities for the active group. In response to JCPER recommendations in 2002, this plan increased the interest/discount rate of lump sum options to 12%, limiting liabilities. The District continues to exceed the recommended contribution, including an additional $50,000 contribution from General Revenue.

The current "Watch List" was adopted in 2009. This is what it looks like today.

AFFTON FIRE PROTECTION DISTRICT RETIREMENT PLAN

- Rate of return on investments equaled –7.6% (Market) and 0.45% (actuarial) vs. 6.5% assumed.
- The FPD hired a different actuary to perform the annual valuation. The new actuary made multiple changes to assumptions and methods. Updated mortality tables to PubS-2010. Updated salary inflation and termination assumptions. Implemented five-year smoothing for asset gains and losses. The plan had previously valued assets at market value.
- Adopted a 20-year closed amortization period for payment of unfunded liabilities.
- The employer contribution is funded, in part, by a property tax levy. At the April 2017 election, the voters adopted an increase in the tax levy of twenty-five cents. The employer has also increased its discretionary contributions using general revenue.
- Plan provisions were modified effective 01/01/13. The benefit multiplier was changed from 2.1667% to 1.7333%. Accrued benefits are not modified; however, new and prospective service will be at new provision levels. Lump sum benefit payments were also ceased.
- Employee contributions were implemented in 2010 at 4% and then 7% thereafter.



January 1,	RECOMMENDED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENT CONTRIBUTED
2019	$438,772	N/A	N/A
2018	$501,704	$1,278,428	255%
2017	$440,154	$310,020	70%
2016	$453,879	$300,389	66%
2015	$315,183	$304,357	97%

As of 1/1/19

Market Value: $9,269,814

Actuarial Value: $10,034,166

Liabilities: $13,745,722

Membership:

Active: 39 **Inactive:** 29

Normal Retirement Formula:

1.7333% of 3-year average monthly compensation times service, maximum of 30 years.

Normal Retirement Eligibility: Age 60 with 5 years of service

Social Security Coverage: Yes

COLA: No COLA

Assumed Rate of Return: 6.5%

Salary: Service-based table between 6.5% and 2.5%

- The number of plans on the watch list peaked in 2009-2011 after the great financial crisis. 43 plans were on the list at the 1st Quarter 2011 meeting.
- In 2009, the watch list was broken into two categories:
  - Plans that had been on the list in prior years;
  - Plans that were on the list for the first time.

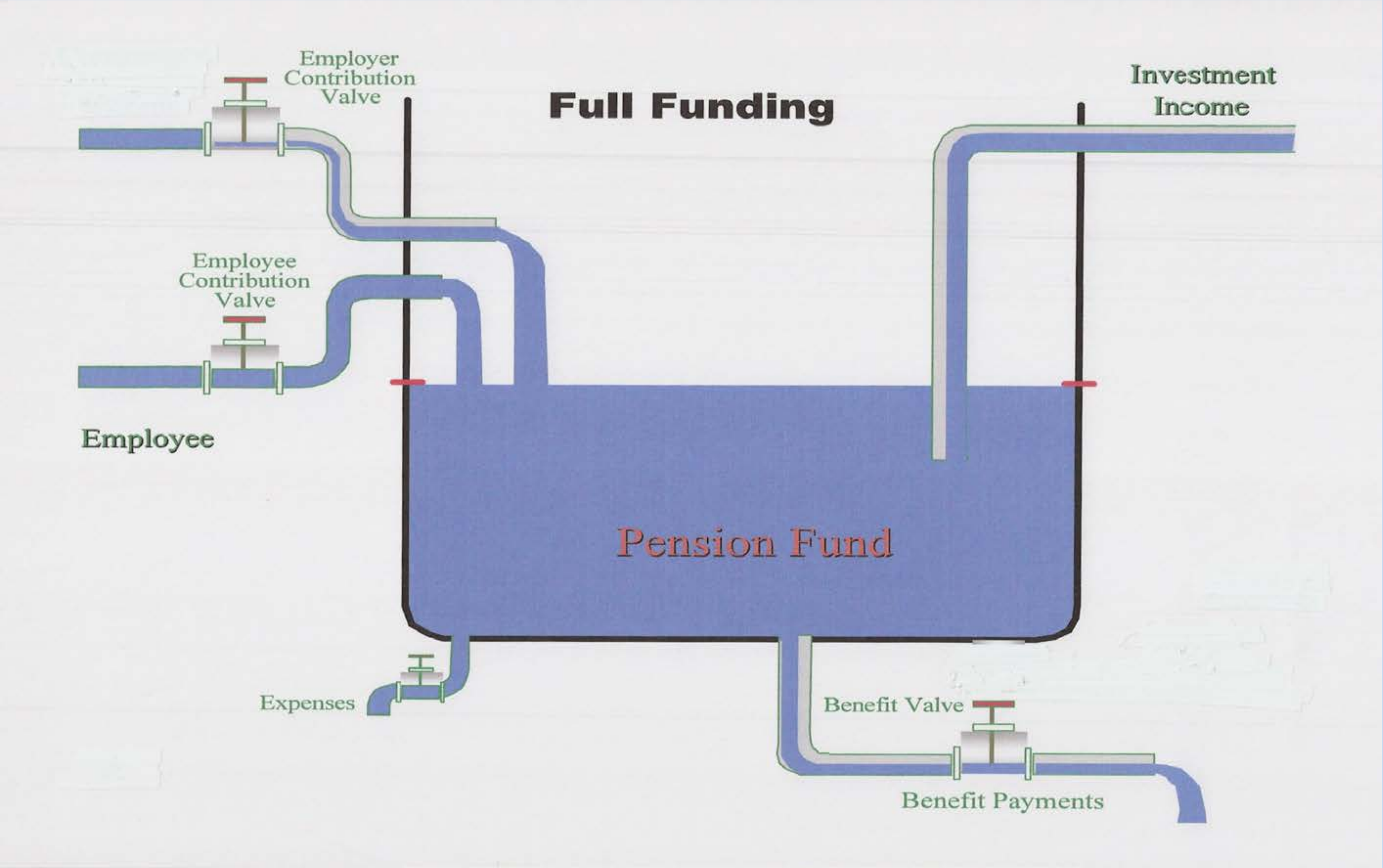
Terminology Refresher

Defined Benefit Plan Funding

- Contributions and Investments fund the plan while Benefits and Expenses are paid out of the plan.
- If the two sides of the equation do not equal each other then adjustment is needed.

Contributions + Investments = Benefits + Expenses

Defined Benefit Plan Funding



Defined Benefit Plan Funding

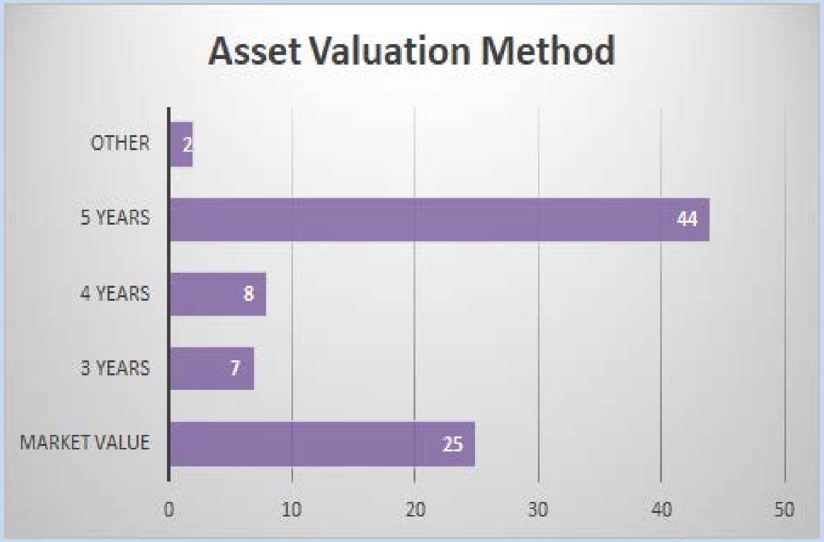
- Factors that affect funding for DB plans:
  - Asset Valuation
  - Funded Ratio
  - Amortization of Unfunded Liabilities
  - Actuarial assumptions, including the assumed rate of return for investments and mortality tables

Asset Valuation

- **Asset Valuation:** Can be taken as the market value or leveled off over a period of time through asset smoothing.
- **Market Value of Assets**: The true value of assets.
- **Actuarial Value of Assets**: Valuation of assets where investment gains and losses are recognized over a period of years, generally between three and five years. Designed to reduce volatility and short-term market swings.

Asset Smoothing Method

- Why use it?
  - Some plans use asset smoothing because it may help to reduce volatility in asset values and the contribution rate. However, due to a smoothing method, actuarial values may differ considerably from market values. The chart below lists the number of plans that use a particular asset valuation method as of plan year 2017.

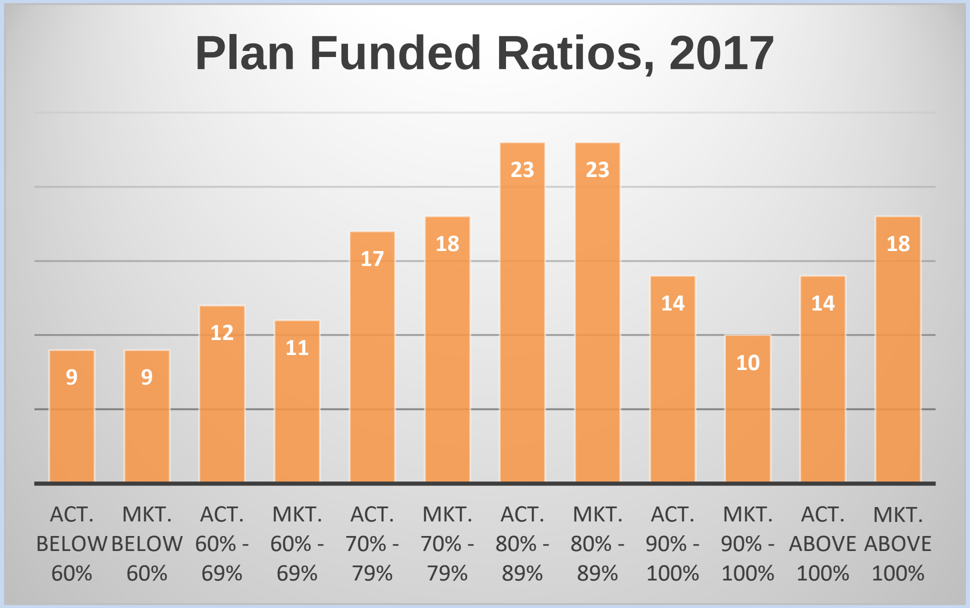


Liabilities

- **Actuarial Accrued Liability**: The difference between the actuarial present value of future benefits and the actuarial value of future normal costs.
- Past service liability.

Amortization of Unfunded Liabilities

- **Amortization of Unfunded Actuarial Accrued Liability (UAAL):** When a pension plan has an actuarial accrued liability figure that exceeds its asset values, an unfunded actuarial accrued liability exists. Depending on the actuarial cost method used by the plan, the UAAL may be amortized over a time period as part of an overall plan to reduce, and eventually eliminate, the UAAL.



Actuarial Assumptions

- Predicting the future is a difficult proposition. Each plan's actuary provides recommendations of assumptions to be used and decided on by governing boards.

- For larger plans, assumptions are often evaluated in an experience study (generally every five years) and may be adjusted based on the results.

- For smaller plans, assumption changes are often made based on the recommendation of the actuary.

Actuarial Assumptions: Two Broad Categories

- **Demographic Assumptions**: Tied to plan member behavior. Examples include mortality tables, rate of disability, turnover rate, marriage rate.

- **Economic Assumptions**: Tied to financial behavior. Examples include assumed rate of return for investments, salary inflation, price inflation, cost of living adjustment.

Mortality Tables

- **Mortality tables** are a major factor in determining a plan's benefit liabilities.
  - Mortality tables are used to project a member's longevity and thus how long a member will be expected to receive a pension benefit.
  - The two most recent sets of tables produced by the Society of Actuaries:
    - Pub 2010 – Most recent set of tables based on data exclusively from the public sector. Broken down by job category, specifically teachers, public safety and general employees.
    - RP-2014 – Based on data only from the private sector.
    - Static vs Generational – A *static* mortality table uses the same mortality rate at a given age for all plan participants, regardless of their current age. For example, the mortality rate for a 65 year old plan participant will be the same for a participant who is currently 50 years old and for a participant who is currently 30 years old. A *generational* table looks to anticipated improvement in mortality. For example, a current 50 year old will have a different mortality rate when he or she is 65 years old as compared to a current 30 year old when he or she is 65 years old.
  - The Society of Actuaries publishes new tables periodically and publishes annual projection scales that are used to update the base table.

Assumed Rate of Return

- The Assumed Rate of Return is the actuarial assumption used for what the plan's investments will earn;
- Often described as the most important and consequential of assumptions due to its impact on a plan's funded status;
- Correlation to the investment portfolio's asset allocation;
- Importance of accuracy and reasonability;
- Recent trend has been to reduce the assumed rate of return.

Benefit Levels & Benefit Formula

Benefit Multiplier vs Flat Dollar Amount

A benefit multiplier has an assigned percentage associated with the benefit calculation. For example, the Year 2000 plan for MOSERS & MPERS uses a 1.7 multiplier.

1.7% X Final Average Salary X Years of Service = Benefit

A flat dollar amount simplifies the formula by only providing a flat amount per year of service. Salary is not considered. For example, Saline Valley FPD, $100 per month per year of service for a maximum of 30 years.

Actuarially Determined Contribution

- The contribution amount determined annually by the plan's actuary that is needed to fund the plan on an actuarial basis.

- **Two components:**
- Normal cost (cost of member benefits that are earned during the plan year); and
- Amortization payment (annual payment in accordance with the plan's amortization policy to pay down UAAL).

Statutory Defined Benefit Plans

Public School Retirement System
Public Education Employees' Retirement System
St. Louis Public School Retirement System
Kansas City Public School Retirement System
Chapter 169

Missouri State Employees' Retirement System — Chapter 104

Judicial Retirement System — Chapter 476

MoDOT & Highway Patrol Employees' Retirement System — Chapter 104

Local Government Employees' Retirement System — Chapter 70

County Employees' Retirement Fund — Chapter 50

St. Louis Firemen's Retirement System — Chapter 87

St. Louis Police Retirement System
Kansas City Police Retirement System
Kansas City Civilian Police Retirement System
Chapter 86

Sheriff's Retirement System — Chapter 57

Prosecuting Attorneys' & Circuit Attorneys' Retirement System — Chapter 56

Questions?

CIVIL PROCEDURE FORM NO. 8-A(2)

IN THE 22ND JUDICIAL CIRCUIT, CITY OF ST. LOUIS, MISSOURI

Judge or Division: 6 Hon. Michael F. Stelzer	**Circuit Court Case Number: 1722-CC12044**	
Plaintiff/Petitioner: Public School Retirement System of the City of St. Louis, et al., vs.	Appellate Number:	☐ Filing as an Indigent
	Date of Judgment/Decree/Order: **(ATTACH A COPY)** October 31, 2019	Court Reporter:
Defendant/Respondent: State of Missouri, et al.,	Date Post Trial Motion Filed: N/A	☐ Sound Recording Equipment
	Date Ruled Upon:	The Record on Appeal will consist of: __X__ Legal File only or ____ Legal File and Transcript

(Date File Stamp)

Notice of Appeal to Missouri Court of Appeals - Civil

District: ☐ Western ☒ Eastern ☐ Southern

Notice is given that All Plaintiffs/Petitioners appeal from the judgment/decree/order entered in this action on October 31, 2019 (date).

Appellant's Name (If multiple, list all or attach additional pages) Public School Retirement System of the City of St. Louis, et al., (See attached)	Respondent's Name (If multiple, list all or attach additional pages) (See attached)
Address 3641 Olive St. Suite 300 St. Louis, MO 63108	Address (See attached)
Appellant's Attorney/Bar Number (If multiple, list all or attach additional pages) Matthew J. Gierse, 63828 (See attached)	Respondent's Attorney/Bar Number (If multiple, list all or attach additional pages) (See attached)
Address 4399 Laclede Avenue St. Louis, Missouri 63108	Address (See attached)
E-mail Address mgierse@hrjlaw.com	E-mail Address (See attached)
Telephone 314-531-1054	Telephone (See attached)

Brief Description of Case (May be completed on a separate page)

(See Attached)

Issues Expected To Be Raised On Appeal (May be completed on a separate page. Appellant is not bound by this list.)

Without limiting the rights of Plaintiffs/Petitioners to advance other issues on appeal or to modify the following, the main issues that Plaintiffs/Petitioners intend to raise on appeal pertain to the Circuit Court's Order and Judgment from October 31, 2019, pertaining to Counts I, II, and III of Plaintiffs' Second Amended Petition in ruling on the State of Missouri's Motion for Judgment on the Pleadings; Defendants Special Administrative Board of the Transitional School District of the City of St. Louis' and St. Louis Public Schools' Motion for Judgment on the Pleadings; Defendant Confluence Academy's Motion for Judgment on the Pleadings; and Plaintiffs' Motion for Summary Judgment.

Defendants/Respondents

State of Missouri c/o Eric S. Schmitt Attorney General 207 West High Street Jefferson City, MO 65102	represented by:	Robert J. Isaacson, 38361 Assistant Attorneys General Missouri Attorney General's Office P.O. Box 861 St. Louis, Missouri 63188 Telephone: 314-340-7803 Facsimile: 314-340-7029 Robert.Isaacson@ago.mo.gov
Special Administrative Board of the Transitional School District of the City of St. Louis 801 N. 11th Street St. Louis, MO 63101	represented by:	Grant Wiens, 65701 Mickes O'Toole, LLC 555 Maryville University Dr. Suite 240 St. Louis, Missouri 63141 Telephone: 314-878-5600 Facsimile: 314-878-5607 gwiens@mickesotoole.com
St. Louis Public Schools 801 N. 11th Street St. Louis, MO 63101	represented by:	Grant Wiens, 65701 Mickes O'Toole, LLC 555 Maryville University Dr. Suite 240 St. Louis, Missouri 63141 Telephone: 314-878-5600 Facsimile: 314-878-5607 gwiens@mickesotoole.com
Board of Education of the City of St. Louis 801 N. 11th Street St. Louis, MO 63101	represented by:	
Confluence Academy 611 North Tenth Street, Suite 525 St. Louis, MO 63101	represented by:	Margaret A. Hesse, 43059 James R. Layton, 45631 Veronica E. Potter, 65955 34 N. Meramec Avenue Suite 600 St. Louis, Missouri 63105 Telephone: 314-880-3600 Facsimile: 314-880-3601 mhesse@tuethkeeney.com jlayton@tuethkeeney.com vpotter@tuethkeeney.com

Docket Fee Information

☒ The docket fee in the amount of $70.00 is being tendered with this notice of appeal.

☐ No docket fee is being tendered because:

☐ a docket fee is not required by law pursuant to ______________________ (cite specific statute or other authority).

☐ a motion to prosecute the appeal in forma pauperis has been or will be filed.

☐ a docket fee in the amount of $70.00 cannot be tendered at this time but will be submitted at a later date or this appeal will be subject to dismissal pursuant to Rule 84.08(a).

Signature of Attorney or Appellant	Date
Matthew Siese	November 20, 2019

Certificate of Service on Persons other than Registered Users of the Missouri eFiling System

I certify that on November 20, 2019, (date), a copy of the foregoing was sent to the following by facsimile, hand-delivery, electronic mail or U.S. mail postage prepaid to their last known addresses.

Board of Education of the City of St. Louis
801 N. 11th Street
St. Louis, MO 63101

Matthew Siese
Appellant or Attorney for Appellant

Directions to Clerk

Transmit a copy of the notice of appeal and all attached documents to the clerk of the Court of Appeals and to any person other than registered users of the eFiling system in a manner prescribed by Rule 43.01. Clerk shall then fill in the memorandum below. See Rule 81.08(i). Forward the docket fee to the Department of Revenue as required by statute.

Memorandum of the Clerk

I have this day served a copy of this notice by ☐ regular mail ☐ registered mail ☐ certified mail ☐ facsimile transmission to each of the following persons at the address stated below. If served by facsimile, include the time and date of transmission and the telephone number to which the document was transmitted.

____

____

____

____

____

I have transmitted a copy of the notice of appeal to the clerk of the Court of Appeals, ______________ District.

☐ Docket fee in the amount of $70.00 was received by this clerk on ______________ (date) which will be disbursed as required by statute.

☐ No docket fee was received.

Date	Clerk

Additional Parties and Attorneys

List every party involved in the case not listed on page 1, indicate the position of the party in the circuit court (e.g. plaintiff, defendant, intervenor) and in the Court of Appeals (e.g. appellant or respondent) and the name of the attorney of record, if any, for each party. Attach additional pages to identify all parties and attorneys if necessary.

Party Name	Attorney Name
Address	Address
City, State, Zip Code	City, State, Zip Code
	E-mail Address
	Telephone
Party Name	Attorney Name
Address	Address
City, State, Zip Code	City, State, Zip Code
	E-mail Address
	Telephone
Party Name	Attorney Name
Address	Address
City, State, Zip Code	City, State, Zip Code
	E-mail Address
	Telephone
Party Name	Attorney Name
Address	Address
City, State, Zip Code	City, State, Zip Code
	E-mail Address
	Telephone

ATTACHMENT TO NOTICE OF APPEAL

Brief Description of Case

On May 11, 2017, the Missouri General Assembly passed Truly Agreed to and Finally Passed Senate Bill 62 ("TAFP SB 62"), which was signed into law by Governor Eric Greitens on July 14, 2017. For the Public School Retirement System of the City of St. Louis ("Retirement System"), TAFP SB 62 increases the benefits to be paid out from the Retirement System while at the same time it decreases the amount of required employer contributions through a tiered contribution schedule that reduces the amount of required employer contributions being paid into the Retirement System over a 15 year period. The combined increase in benefits and decrease in required employer contributions will cause the Retirement System to receive $451,269,000 less in employer contributions than actuarially required to properly fund benefits from the Retirement System through 2034.

In an effort to ward off financial ruin for the Retirement System, Plaintiffs instituted this legal action alleging that: the benefit increase contained in TAFP SB 62 pertaining to the Retirement System shall not become effective until the provisions of sections 105.660 to 105.685 of the Missouri Revised Statutes are complied with (Count I); TAFP SB 62 violates the Hancock Amendment by creating an unfunded mandate (Count II); TAFP SB 62 violates the Hancock Amendment by reducing the state financed proportion of the costs of an existing activity or service (Count III); and that TAFP SB 62 was changed from its original purpose in violation of Article III, Section 21 of the Missouri Constitution (Count IV).

On March 4, 2019, Plaintiffs' filed a Motion for Summary Judgment on all of the aforementioned counts; Intervenors MOSERS, MPERS, PSRS, and PEERS ("Intervenors") filed a Motion for Summary Judgment as to Count IV of Plaintiffs' Second Amended Petition; and Defendants the State of Missouri ("State"), Special Administrative Board of the Transitional School District of the City of St. Louis ("SAB"), St. Louis Public Schools ("SLPS"), and Confluence Academy, Inc. ("Confluence Academy") filed Motions for Judgment on the Pleadings as to Plaintiffs' Second Amended Petition.

On October 31, 2019, the Circuit Court of the Twenty-Second Judicial Circuit through the Honorable Michael F. Stelzer issued an Order and Judgment ("Order and Judgment") granting the State's, SAB's, SLPS', and Confluence Academy's Motions for Judgment on the Pleadings. In the Order and Judgment, the Court also granted Intervenors' Motion for Summary Judgment as to Count IV of Plaintiffs' Second Amended Petition. In the Order and Judgment, the Court denied Plaintiffs' Motion for Summary Judgment. Ultimately, the Court entered a Judgment in favor of Defendant State and against Plaintiffs on all counts; in favor of Defendants Confluence Academy, SAB, and SLPS and against Plaintiffs on Counts II-IV of Plaintiffs' Second Amended Petition; and in favor of Intervenors against Plaintiffs on Count IV of Plaintiffs' Second Amended Petition.

PARTIES

Plaintiffs/Petitioners

Public School Retirement System of the City of St. Louis 3641 Olive St., Suite 300 St. Louis, MO 63108	represented by:	Matthew J. Gierse, 63828 James P. Faul, 58799 Hartnett Reyes-Jones, LLC 4399 Laclede Avenue St. Louis, MO 63108 Telephone: 314-531-1054 Facsimile: 314-531-1131 MGierse@hrjlaw.com JFaul@hrjlaw.com
Joseph W.B. Clark, Jr., 6049 W. Cabanne Pl. St. Louis, MO 63112	represented by:	Matthew J. Gierse, 63828 James P. Faul, 58799 Hartnett Reyes-Jones, LLC 4399 Laclede Avenue St. Louis, MO 63108 Telephone: 314-531-1054 Facsimile: 314-531-1131 MGierse@hrjlaw.com JFaul@hrjlaw.com
Board of Trustees of the Public School Retirement System of the City of St. Louis 3641 Olive St., Suite 300 St. Louis, MO 63108	represented by:	Matthew J. Gierse, 63828 James P. Faul, 58799 Hartnett Reyes-Jones, LLC 4399 Laclede Avenue St. Louis, MO 63108 Telephone: 314-531-1054 Facsimile: 314-531-1131 MGierse@hrjlaw.com JFaul@hrjlaw.com
William Andrew Clark 3520 Magnolia Avenue St. Louis, MO 63118	represented by:	Matthew J. Gierse, 63828 James P. Faul, 58799 Hartnett Reyes-Jones, LLC 4399 Laclede Avenue St. Louis, MO 63108 Telephone: 314-531-1054 Facsimile: 314-531-1131 MGierse@hrjlaw.com JFaul@hrjlaw.com

Confluence Academy d/b/a **Grant Center Arts Academy** 611 North Tenth Street, Suite 525 St. Louis, MO 63101	represented by:	Margaret A. Hesse, 43059 James R. Layton, 45631 Veronica E. Potter, 65955 34 N. Meramec Avenue Suite 600 St. Louis, Missouri 63105 Telephone: 314-880-3600 Facsimile: 314-880-3601 mhesse@tuethkeeney.com jlayton@tuethkeeney.com vpotter@tuethkeeney.com

Intervenors/Respondents

Missouri State Employees **Retirement System** 907 Wildwood Dr. Jefferson City, MO 65109	represented by:	Lawrence C. Friedman, 34382 Jeffrey R. Fink, 44963 Thompson Coburn LLP One US Bank Plaza St. Louis, Missouri 63101 Telephone: 314-552-6000 Facsimile: 314-552-7000 lfriedman@thompsoncoburn.com jfink@thompsoncoburn.com
Public School Retirement System **Of Missouri and the Public Education** **Employee Retirement System of Missouri** 3210 W Truman Blvd. Jefferson City, MO 65109	represented by:	Lawrence C. Friedman, 34382 Jeffrey R. Fink, 44963 Thompson Coburn LLP One US Bank Plaza St. Louis, Missouri 63101 Telephone: 314-552-6000 Facsimile: 314-552-7000 lfriedman@thompsoncoburn.com jfink@thompsoncoburn.com
Missouri Department of **Transportation and Highway Patrol** **Employees' Retirement System** 1913 William St. Jefferson City, MO 65109	represented by:	Lawrence C. Friedman, 34382 Jeffrey R. Fink, 44963 Thompson Coburn LLP One US Bank Plaza St. Louis, Missouri 63101 Telephone: 314-552-6000 Facsimile: 314-552-7000 lfriedman@thompsoncoburn.com jfink@thompsoncoburn.com

Missouri County Employees' Retirement Fund 2121 Schotthill Woods Drive Jefferson City, MO 65101	represented by:	Lewis Mills, 35275 Meredith P. Jacobowitz, 70227 Bryan Cave Leighton Paisner, LLP 211 N. Broadway, Suite 3600 St. Louis, Missouri 63102 Telephone: 314-259-2000 Facsimile: 314-259-2020 lewis.mills@bclplaw.com meredith.jacobowitz@bclplaw.com

Joint Committee on Public Employee Retirement
Quarterly Reports
2019 Third Quarter

Plan Name	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	$10,786,372	$10,739,408	1.9% (Net)	6.7% (Net)	6.2% (Net)	6.5%	2.75%	3.5%
Arnold Police Pension Plan	$13,987,807	$14,188,463	3.57% (Gross)	6.61% (Gross)	5.45% (Gross)	6.0%	2.5%	4.50%
Black Jack FPD Retirement Plan	$15,758,673	$15,615,592	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Bridgeton Employees Retirement Plan	$29,087,649	$29,120,930	.45% (Net)	3.95% (Net)	2.29% (Net)	7.5%	3.0%	4.0%
Carthage Policemen's & Firemen's Pension Plan	$7,629,422	$7,767,895	4.49% (Net)	8.26% (Net)	6.52% (Net)	7.0%	2.2%	3.5%
Clayton Non-uniformed Employee Pension Plan	$19,265,879	$19,623,301	3.57% (Net)	7.99% (Net)	7.18% (Net)	7%	2%	4%
Clayton Uniformed Employees Pension Plan	$47,131,850	$46,737,363	2.32% (Net)	8.32% (Net)	7.54% (Net)	7%	2%	3.5%
Community FPD Retirement Plan	$27,982,445	$28,471,303	-9.97% (Net)	5.46% (Net)	4.52% (Net)	7 %	2.5%	4%
County Employees Retirement Fund	$549,542,000	$556,609,000	4.50% (Gross)	8.97% (Gross)	6.78% (Gross)	7.50%	2.5%	2.5%
Creve Coeur Employees Retirement Plan	$26,718,920	$25,718,813	4.1% (Net)	7.6% (Net)	6.4% (Net)	6.75%	3.5%	4.0%
Creve Coeur FPD Retirement Plan	$12,646,724	$12,567,466	N/A% (Gross)	N/A% (Gross)	N/A% (Gross)	7%	3%	4%
Fenton FPD Retirement Plan	$31,793,354	$32,774,712	5.07% (Net)	7.48% (Net)	6.30% (Net)	7.5%	2.5%	2%
Ferguson Pension Plan	$26,682,878	$26,615,809	5.69% (Gross)	8.55% (Gross)	6.21% (Gross)	7.5%	0%	3.25%
Firefighter's Retirement Plan of the City of St. Louis	$79,197,511	$87,832,432	1.7% (Gross)	8.2% (Gross)	6.0% (Gross)	7.25%	3.0%	3.0%
Florissant Valley FPD Retirement Plan	$33,074,059	$33,469,853	n/a% (Net)	n/a% (Net)	n/a% (Net)	6.5%	2.5%	see comments%
Hazelwood Retirement Plan	$42,338,946	$42,736,762	3.88% (Net)	9.69% (Net)	7.23% (Net)	7.5%	2.75%	4.5%
High Ridge Fire Protection District Pension Plan	$6,984,199	$6,973,785	2.4% (Net)	6.4% (Net)	5.3% (Net)	7.0%	2.5%	0.0%
Jackson County Employees Pension Plan	$302,092,335	$301,542,149	5.5% (Gross)	8.72% (Gross)	7.29% (Gross)	6.75%	2.5%	2.75% - 4.75%
Joplin Police & Fire Pension Plan	$43,928,314	$44,046,310	5.92% (Net)	8.27% (Net)	5.91% (Net)	6.75%	2.5%	2.5%
Kansas City Employees' Retirement System	$1,180,153,117	$1,175,319,150	4.46% (Net)	7.69% (Net)	6.00% (Net)	7.50%	3.0%	3.75% to 5.0%

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Kansas City Firefighter's Pension System	$558,306,000	$554,068,000	2.22% (Gross)	8.45% (Gross)	6.99% (Gross)	7.25%	2.5%	3.0% to 8.0%
Kansas City Public School Retirement System	$647,137,116	$633,257,839	2.64% (Net)	7.69% (Net)	5.92% (Net)	7.75%	2.75%	3.50%
KC Area Transportation Authority Salaried Employees Pension Plan	$19,097,703	$19,477,701	3.33% (Gross)	8.46% (Gross)	6.73% (Gross)	7%	2.6%	4%
KC Trans. Auth. Union Employees Pension Plan	$52,094	$51,094	5% (Net)	7.3% (Net)	6.2% (Net)	7%	2.6%	4.25%
Ladue Non-uniformed Employees Retirement Plan	$5,149,091	$5,143,958	2.7% (Net)	7.1% (Net)	5.8% (Net)	7.0%	2.5%	4.5%
Ladue Police & Fire Pension Plan	$36,733,829	$36,828,368	2.7% (Net)	7.0% (Net)	5.8% (Net)	7.0%	2.5%	4.5%
LAGERS Staff Retirement Plan	$12,353,077	$14,196,661	4.47% (Net)	6.95% (Net)	6.07% (Net)	7.25%	2.5%	3.25%
Local Government Employees Retirement System	$8,139,886,203	$8,104,329,080	6.89% (Net)	9.69% (Net)	7.16% (Net)	7.25%	2.5%	3.25%
Maplewood Police & Fire Retirement Fund	$13,555,424	$13,260,459	4.25% (Gross)	7.07% (Gross)	5.24% (Gross)	5.54%	2.6%	0%
Metro St. Louis Sewer Dist Employees Pension Plan	$284,475,840	$280,212,270	3.3% (Net)	5.7% (Net)	4.3% (Net)	6.9%	2.5%	4.25%
Metro West FPD Retirement Plan	$55,598,791	$54,903,202	1.70% (Net)	9.00% (Net)	6.80% (Net)	0.0%	0.0%	0.0%
Mid-County FPD Retirement Plan	$2,462,262	$2,652,173	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Missouri Higher Education Loan Authority Pension Plan	$51,504,094	$52,372,618	3.99% (Net)	n/a% (Net)	n/a% (Net)	6.75%	2.25%	4.5%
Missouri State Employees Retirement System	$8,062,797,324	$8,165,446,806	7.8904% (Net)	5.3105% (Net)	3.4% (Net)	7.10%	2.50%	2.75%
MoDOT & Highway Patrol Employees' Retirement System	$2,423,025,673	$2,447,489,206	5.69% (Net)	8.65% (Net)	7.16% (Net)	7.%	2.25%	3%
North Kansas City Hospital Retirement Plan	$285,124,974	$281,221,964	4.70% (Net)	7.83% (Net)	6.67% (Net)	7.25%	2.3%	2.5%
Olivette Salaried Employees' Retirement Plan	$21,761,735	$21,224,412	3.4% (Net)	7.8% (Net)	6.8% (Net)	7.25%	2.75%	4.00%
Overland Non-uniform Pension Fund	$11,397,000	$11,471,000	3.04% (Net)	7.63% (Net)	6.30% (Net)	7%	2.5%	3.5%
Overland Police Retirement Fund	$12,410,000	$12,492,000	2.64% (Net)	8.21% (Net)	6.75% (Net)	7%	2.5%	3.5%
Pattonville Fire Protection District	$34,162,873	$35,093,209	-11.57% (Net)	5.50% (Net)	5.55% (Net)	7.75%	2.5%	2.5%
Prosecuting Attorneys' Retirement System	$46,886,457	$47,249,299	3.12% (Net)	6.51% (Net)	5.01% (Net)	7%	2.1%	2.1%
Public Education Employees' Retirement System	$4,991,232,938	$4,995,067,351	5.3% (Net)	8.7% (Net)	7.1% (Net)	7.5%	2.25%	3.25%
Public School Retirement System	$40,345,770,952	$40,239,687,318	5.3% (Net)	8.7% (Net)	7.1% (Net)	7.5%	2.25%	2.75%

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Rock Community FPD Retirement Plan	$19,205,183	$19,133,830	2.6% (Net)	7.2% (Net)	5.4% (Net)	7.0%	2.5%	3.0%
Sedalia Firemen's Retirement Fund	$7,188,406	$7,048,369	2.1% (Gross)	7.6% (Gross)	6.0% (Gross)	7.0%	2.0%	3.0%
St. Joseph Policemen's Pension Fund	$36,729,242	$36,527,466	4.48% (Gross)	8.29% (Gross)	0% (Gross)	5.0%	2.0%	3.0%
St. Louis County Library Dist Empl Pension Plan	$51,220,309	$50,565,939	2.07% (Net)	6.92% (Net)	5.21% (Net)	7.0%	2.5%	3.5%
St. Louis Employees Retirement System	$805,587,313	$796,796,995	1.7% (Gross)	6.8% (Gross)	5.3% (Gross)	7.5%	2.5%	3%
St. Louis Firemen's Retirement System	$460,408	$450,684	2.69% (Gross)	7.59% (Gross)	6.00% (Gross)	7%	2.75%	3%
St. Louis Police Retirement System	$753,425,347	$775,910,599	3.3% (Net)	7.8% (Net)	6.1% (Net)	7.5%	3.0%	3.0%
St. Louis Public School Retirement System	$849,635,176	$820,272,279	1.6% (Net)	7.1% (Net)	5.6% (Net)	7.5%	2.75%	3.5% / 5.0%
University City Non-uniformed Retirement Plan	$23,348,390	$23,466,548	5.3% (Gross)	8.1% (Gross)	6.8% (Gross)	6.5%	3.0%	3.0%
University City Police & Fire Retirement Fund	$24,677,813	$24,541,526	3.3% (Gross)	7.3% (Gross)	6.2% (Gross)	6.5%	3.0%	3.0%
Valley Park FPD Retirement Plan	$6,996,726	$7,001,020	5.95% (Net)	8.56% (Net)	6.46% (Net)	7%	2%	4%
	$71,146,138,217	$71,107,381,739						