

BOARD BILL NO. 192 INTRODUCED BY ALDERMAN FRANK WILLIAMSON

1           An Ordinance pertaining to the Employees Retirement System of the City of St.  
2 Louis (the “Retirement System”) repealing the following: Subsections 2 and 3 of Section  
3 Eleven of Ordinance 66511, Subsection 5 of Section Fourteen of Ordinance 66511, and  
4 Sections Four and Twelve of Ordinance 67963; and enacting new provisions related to  
5 the same subject matter; and containing a severability clause.

6           WHEREAS, the City of St. Louis, Missouri (the “City”) established the  
7 Retirement System by City ordinance effective April 1, 1960 pursuant to that state statute  
8 currently codified as Section 95.540 of Missouri Revised Statutes 2000, as amended, in  
9 order to provide for the pensioning of certain City employees and the employees of  
10 certain other governmental entities providing services to the inhabitants of the City;

11           WHEREAS, the Internal Revenue Service (the “IRS”), an agency of the federal  
12 government, has determined that the Retirement System meets the applicable  
13 requirements of a “Qualified Plan” as defined by the Internal Revenue Code of 1986, as  
14 amended (the “IRC), and is in compliance with the applicable provisions and  
15 requirements of IRC Section 401(a);

16           WHEREAS, it is necessary for the Retirement System to remain up-to-date on  
17 Qualified Plan requirements and may be necessary to apply for a determination letter  
18 from the IRS from time to time to in order for the Retirement System to maintain its  
19 Qualified Plan status;

20           WHEREAS, the ordinances governing the Retirement System provide for the  
21 System to utilize a federal letter forwarding program in certain instances;

22           WHEREAS, the federal government has eliminated the IRS and SSA federal  
23 letter forwarding programs;

October 9, 2015

Page 1 of 5

BB#192

Introduced by Alderman Frank Williamson

BOARD BILL NO. 192 INTRODUCED BY ALDERMAN FRANK WILLIAMSON

1           WHEREAS, the Board of Trustees of the Retirement System wishes to clarify its  
2 voting requirements;

3           WHEREAS, the Retirement System's actuary has recommended the Retirement  
4 System change its valuation methodology from the Projected Unit Credit method to the  
5 Entry Age Normal method;

6           WHEREAS, the City desires to change the Retirement System's actuarial  
7 valuation methodology from Projected Unit Credit to Entry Age Normal;

8           WHEREAS, the Retirement System's actuary has recommended the Retirement  
9 System change its unfunded accrued liability amortization schedule; and

10           WHEREAS, the City desires to change the Retirement System's amortization  
11 schedule for unfunded accrued liabilities;

12           NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ST. LOUIS,  
13 MISSOURI AS FOLLOWS:

14           SECTION ONE. Subsections 2 and 3 of Section Eleven of Ordinance 66511 of  
15 the City of St. Louis, Missouri (the "City") are hereby repealed and enacted in lieu  
16 thereof is the following:

17           2.     Normal Contribution Rate.

18                     The Normal Contribution rate percentage shall be determined annually by  
19                     the actuary from the liabilities of the Retirement System (as defined in  
20                     Subsection 23 of Section Four of Ordinance 66511) as shown by actuarial  
21                     valuations which are based on the interest rate and such mortality and  
22                     other tables as shall be adopted by the Board of Trustees (as defined in  
23                     Subsection 5 of Section Four of Ordinance 66511). The normal cost

1 percentage shall equal the normal cost amount determined under the entry  
2 age normal actuarial cost method divided by the Compensation (as defined  
3 in Subsection 7 of Section Four of Ordinance 66511) of Employees (as  
4 defined in Subsection 11 of Section Four of Ordinance 66511) who are  
5 Members (as defined in Subsection 16 of Section Four of Ordinance  
6 66511), plus a percentage of Compensation to cover the administrative  
7 expenses of the Retirement System.

8 3. Unfunded Accrued Liability Contributions – Determination.

9 The unfunded accrued liability represents the liability for normal and  
10 Member contributions not paid in the year prior to the effective date, for  
11 the increased contributions not paid in the years prior to a benefit increase  
12 and for accumulated increases/decreases in liabilities/assets caused by  
13 variation of actual plan experience from assumptions underlying past  
14 contributions. The Unfunded Accrued Liability Contribution shall be  
15 determined by the actuary annually, as a part of the actuarial valuation.  
16 Said annual Unfunded Accrued Liability Contribution shall represent the  
17 amount, expressed as a level percentage of compensation which should be  
18 contributed, by amortizing the initial unfunded accrued liability as of  
19 October 1, 2015 over twenty (20) years, with each future change in  
20 unfunded accrued liability due to actuarial gains and losses and changes in  
21 actuarial assumptions being amortized over separate twenty (20) year  
22 periods.

BOARD BILL NO. 192 INTRODUCED BY ALDERMAN FRANK WILLIAMSON

1 SECTION TWO. Section Four of Ordinance 67963 is hereby repealed (formerly  
2 Subsection 6 of Section Nine of Ordinance 66511) and enacted in lieu thereof is the  
3 following:

4 6. Commencement of Benefits and Minimum Required Distributions.  
5 Effective on and after January 1, 2003, the Retirement System will pay all  
6 benefits in accordance with the requirement of the Internal Revenue Code  
7 of 1986, as amended (the "IRC") Section 401(a)(9), including the  
8 incidental death benefit requirement in IRC Section 401(a)(9)(G), the  
9 regulations under that section, and the good faith compliance standard for  
10 governmental plans under the Pension Protection Act of 2006 with regard  
11 to IRC Section 401(a)(9). For this purpose, and notwithstanding any other  
12 provisions of this Ordinance or Ordinance 66511, as amended, the  
13 Member's "required beginning date" is the later of (i) April 1 of the  
14 calendar year following the calendar year in which the Member reaches  
15 70-1/2 years of age, or (ii) April 1 of the calendar year following the  
16 calendar year in which the Member terminates employment. If a Member  
17 fails to apply for retirement benefits by the "required beginning date," the  
18 Retirement System will use reasonable efforts to notify the Member of the  
19 required minimum distribution.

20 SECTION THREE. Subsection 5 of Section Fourteen of Ordinance No. 66511 of  
21 the City is hereby repealed and enacted in lieu thereof is the following:

22 5. Voting.

BOARD BILL NO. 192 INTRODUCED BY ALDERMAN FRANK WILLIAMSON

1           Each trustee shall be entitled to one vote in the Board of Trustees. Four  
2           affirmative votes shall be necessary to adopt any motion at any meeting of  
3           the Board of Trustees.

4           SECTION FOUR. Section Twelve of Ordinance 67963 is hereby repealed and  
5           enacted in lieu thereof is the following:

6           The Board of Trustees is hereby authorized and directed to seek favorable  
7           determination letters from the Internal Revenue Service (the "IRS") that  
8           the Retirement System continues to be a Qualified Plan, in the time and  
9           manner the Board of Trustees deems appropriate based on IRS procedures  
10          with respect to such letters. The Board of Trustees is authorized to adopt  
11          rules or regulations and to take actions to meet any requirements imposed  
12          by the IRS as a part of this process.

13          SECTION FIVE. Each provision of this ordinance shall be severable. In the  
14          event any provision of this ordinance is found by a court of competent jurisdiction to be  
15          unconstitutional, the remaining provisions of this ordinance are valid, unless the court  
16          finds the valid provisions of this ordinance are so essentially and inseparably connected  
17          with, and so dependent upon, the void provision(s) that it cannot be presumed that the  
18          Board of Aldermen would have enacted the valid provisions without the void one(s); or  
19          unless the court finds that the valid provisions, standing alone, are incomplete and are  
20          incapable of being executed in accordance with the legislative intent.

21