

FIRST REGULAR SESSION

# HOUSE BILL NO. 804

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SMITH (118).

Read 1<sup>st</sup> time March 16, 2005 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

2043L.011

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### AN ACT

To repeal section 50.1030, and to enact in lieu thereof two new sections relating to county employee retirement.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 50.1030, RSMo, is repealed and two new sections enacted in lieu  
2 thereof, to be known as sections 50.1030 and 50.1031, to read as follows:

50.1030. 1. The general administration and the responsibility for the proper operation  
2 of the fund and the system and the investment of the funds of the system are vested in a board  
3 of directors of eleven persons. Nine directors shall be elected by a secret ballot vote of the  
4 county employee members of this state. Two directors, who have no beneficiary interest in the  
5 system, shall be appointed by the governor with the advice and consent of the senate. No more  
6 than one director at any one time shall be employed by the same elected county office. Directors  
7 shall be chosen for terms of four years from the first day of January next following their election.  
8 It shall be the responsibility of the board to establish procedures for the conduct of future  
9 elections of directors and such procedures shall be approved by a majority vote by secret ballot  
10 by members of the system. The board shall have all powers and duties that are necessary and  
11 proper to enable it, its officers, employees and agents to fully and effectively carry out all the  
12 purposes of sections 50.1000 to 50.1300.

13 2. The board of directors shall elect one of their number as chairman and one of their  
14 number as vice chairman and may employ an administrator who shall serve as secretary to the  
15 board. The board shall hold regular meetings at least once each quarter. Board meetings shall  
16 be held in Jefferson City. Other meetings may be called as necessary by the chairman. Notice

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 of such meetings shall be given in accordance with chapter 610, RSMo.

18 3. The board of directors shall retain an actuary as technical advisor to the board.

19 4. The board of directors shall retain investment counsel to be an investment advisor to  
20 the board.

21 5. The state auditor shall provide for biennial audits of the Missouri county employees'  
22 retirement system and the operations of the board, to be paid for out of the funds of the system.

23 6. The board of directors shall serve without compensation for their services, but each  
24 director shall be paid out of the funds of the system for any actual and necessary expenses  
25 incurred in the performance of duties authorized by the board.

26 7. The board of directors shall be allowed administrative costs for the operation of the  
27 system to be paid out of the funds of the system.

28 8. The board shall keep a record of its proceedings which shall be open to public  
29 inspection. It shall annually prepare a report showing the financial condition of the system. The  
30 report shall contain, but not be limited to, an auditor's opinion, financial statements prepared in  
31 accordance with generally accepted accounting principles, an actuary's certification along with  
32 actuarial assumptions and financial solvency tests.

33 9. The board shall conduct an annual review, to determine if, among other things, the  
34 following actions are actuarially feasible:

35 (1) An adjustment to the formula described in section 50.1060, subject to the limitations  
36 of subsection 4 of section 50.1060;

37 (2) An adjustment in the flat dollar pension benefit credit described in subsection 1 of  
38 section 50.1060;

39 (3) The cost-of-living increase as described in section 50.1070;

40 (4) An adjustment in the matching contribution described in section 50.1230;

41 (5) An adjustment in the twenty-five year service cap on creditable service; [or]

42 (6) An adjustment to the target replacement ratio; **or**

43 (7) **An additional benefit or enhancement which will improve the quality of life of**  
44 **future retirees.**

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46 Based upon the findings of the actuarial review, the board may [recommend to the general  
47 assembly an actual change to implement] **vote to change** none, one, or more than one of the  
48 above [actions] **items, subject to the actuarial guidelines outlined in section 50.1031.**

**50.1031. 1. No adjustments may be made until the fund has achieved a funded ratio  
2 of assets to the actuarial value of accumulated benefits equaling at least seventy-five  
3 percent.**

4 **2. Adjustments may be made no more frequently than once every twelve months.**

5           **3. Any adjustment or combination of adjustments within a twelve-month period**  
6 **may increase the actuarially determined, normally required annual contribution as a**  
7 **percentage of payroll no more than one percent.**

8           **4. Adjustments, other than those in subdivision (3) of subsection 9 of section**  
9 **50.1030, will apply only with respect to active employees on the effective date of any**  
10 **adjustment.**