

SENATE AMENDMENT NO. _____

Offered by _____ Of _____

Amend SS/SCS/House Bill No. 147, Page 52, Section 143.124, Line 244,

2 by inserting after all of said line the following:

3 "169.450. 1. The general administration and
4 responsibility for the proper operation of the retirement
5 system and for making effective the provisions of sections
6 169.410 to 169.540 are hereby vested in a board of trustees
7 of [eleven] thirteen persons, as follows:

8 (1) Four trustees to be appointed for terms of four
9 years by the board of education; provided, however, that
10 their terms shall be fixed so the terms of one of the
11 trustees so appointed shall expire each year. The members
12 of such board of trustees appointed by the board of
13 education may be members of the board of education or other
14 individuals deemed qualified to hold such positions by the
15 board of education;

16 (2) Four trustees to be elected for terms of four
17 years by and from the active members of the retirement
18 system who shall hold office as trustees only while active
19 members; provided, however, that their terms shall be fixed
20 so that the terms of one of the trustees so elected shall
21 expire each year; and provided further, that not more than
22 two of such persons shall be teachers and two shall be
23 nonteachers. For the purposes of this subsection, a school
24 administrator shall not be eligible for the positions
25 established pursuant to this subdivision and shall be

26 eligible for the position established pursuant to
27 subdivision (4) of this subsection;

28 (3) Two trustees, who shall be retired members, to be
29 elected for terms of four years by and from the retired
30 members of the retirement system; provided, however, that
31 the terms of office of the first two trustees so elected
32 shall begin immediately upon their election and shall expire
33 two and four years from the date of their election,
34 respectively; and provided further, that not more than one
35 of such persons shall be a teacher and one shall be a
36 nonteacher;

37 (4) One member, who shall be a school administrator,
38 to be elected for a term of four years by and from the
39 active members of the retirement system who shall hold
40 office as a trustee only while an active member; except
41 that, the initial term of office of such trustee shall
42 expire on December 31, 1999;

43 (5) Two trustees to be appointed for terms of four
44 years by the Missouri Public Charter School Association;
45 provided, however, that the terms of office of the first two
46 trustees so elected shall begin immediately upon their
47 election and shall expire two and four years from the date
48 of their election, respectively. The members of such board
49 of trustees appointed by the Missouri Public Charter School
50 Association shall have experience or qualifications relevant
51 to public charter schools and the retirement system, and at
52 least one such member shall be a teacher. The appointment
53 of the trustees shall be subject to the same rules and
54 regulations applicable to other trustees, including, but not
55 limited to, taking an oath of office as provided in
56 subsection 5 of this section.

57 2. If a vacancy occurs in the office of trustee, the
58 vacancy shall be filled for the unexpired term in the same

manner as the office was previously filled. No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees to administer the retirement system pending the filling of such vacancies.

3. In the event of a lapse of a school district's corporate organization as described in subsections 1 and 4 of section 162.081, or for any other reason, the general administration and the responsibility for the proper operation of the retirement system shall continue to be fully vested in the trustees then currently serving and such trustees shall continue to serve and be elected in the same manner as set forth in this statute as if no lapse had occurred, except that in the event of vacancies occurring in the office of trustees appointed by the board of education prior to the lapse, the board of trustees shall appoint a qualified person or persons to fill such vacancy or vacancies for terms of up to four years.

4. Trustees shall serve without compensation, and any trustee shall be reimbursed from the expense fund for all necessary expenses which the trustee may incur through service on the board of trustees.

5. Each trustee shall, within ten days after such trustee's appointment or election, take an oath of office before the clerk of the circuit court of the judicial circuit in which the school district is located that, so far as it devolves upon the trustee, the trustee will diligently and honestly administer the affairs of the board of trustees and that the trustee will not knowingly violate or willingly permit to be violated any of the provisions of the law applicable to the retirement system. Such oath shall be subscribed to by the trustee making it and filed in the office of the clerk of the circuit court.

6. The circuit court of the judicial circuit in which the school district is located shall have jurisdiction over the members of the board of trustees to require them to account for their official conduct in the management and disposition of the funds and property committed to their charge; to order, decree and compel payment by them to the public school retirement system of their school district of all sums of money, and of the value of all property which may have been improperly retained by them, or transferred to others, or which may have been lost or wasted by any violation of their duties or abuse of their powers as such members of such board; to remove any such member upon proof that the trustee has abused the trustee's trust or has violated the duties of the trustee's office; to restrain and prevent any alienation or disposition of property of such public school retirement system by the members, in cases where it may be threatened, or there is good reason to apprehend that it is intended to be made in fraud of the rights and interests of such public school retirement system. The jurisdiction conferred by sections 169.410 to 169.540 shall be exercised as in ordinary cases upon petition, filed by the board of education of such school district, or by any two members of the board of trustees. Such petition shall be heard in a summary manner after ten days' notice in writing to the member complained of, and an appeal shall lie from the judgment of the circuit court as in other causes and be speedily determined, but such appeal shall not operate under any condition as a supersedeas of a judgment of removal from office.

7. Each trustee shall be entitled to one vote in the board of trustees. Six votes shall be necessary for a decision by the trustees at any meeting of the board of trustees.

124 8. Subject to the limitations of sections 169.410 to
125 169.540, the board of trustees shall, from time to time,
126 establish rules and regulations for the administration of
127 the retirement system, for eligibility for and determination
128 of benefits under the retirement system, for the investment
129 of retirement system assets, and for the transaction of the
130 retirement system's business.

131 9. The board of trustees shall elect from its
132 membership a chairman and shall, by majority vote of its
133 members, appoint a secretary, who may be, but need not be,
134 one of its members. It shall engage such actuarial and
135 other services as shall be required to transact the business
136 of the retirement system. It shall also engage an
137 investment counselor who shall be experienced in the
138 investment of moneys to advise the trustees on investments
139 of the retirement system. The compensation of all persons
140 engaged by the board of trustees and all other expenses of
141 the board necessary for the operation of the retirement
142 system shall be paid at such rates and in such amounts as
143 the board of trustees shall approve.

144 10. The board of trustees shall keep in convenient
145 form such data as shall be necessary for actuarial
146 valuations of the assets of the retirement system and for
147 checking the experience of the system.

148 11. The board of trustees shall keep a record of all
149 its proceedings which shall be open to public inspection.
150 It shall prepare annually and send to the board of education
151 and to each member of the retirement system a report showing
152 the fiscal transactions of the retirement system for the
153 preceding fiscal year, a detailed listing of all salaries
154 and expenditures incurred by the trustees for its operation,
155 the amount of the accumulated cash and securities of the
156 system, and the last balance sheet showing the financial

condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system. The board of trustees shall also prepare or cause to be prepared an annual report concerning the operation of the retirement system herein provided for, which report shall be sent by the chairman of the board of trustees to the board of education.

12. The board of trustees shall arrange for necessary legal advice for the operation of the retirement system.

13. The board of trustees shall designate a medical board to be composed of three physicians, none of whom shall be eligible for benefits pursuant to sections 169.410 to 169.540, who shall arrange for and pass upon all medical examinations required pursuant to the provisions of sections 169.410 to 169.540, shall investigate all essential statements and certificates made by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the board of trustees its conclusions and recommendations upon all matters referred to it.

14. The actuary shall be the technical adviser of the board of trustees on matters regarding the operation of the system created by sections 169.410 to 169.540 and shall perform such other duties as are required in connection therewith. Such person shall be qualified as an actuary by membership as a fellow in the Society of Actuaries or by objective standards which are no less stringent than those established by the Society of Actuaries.

15. At least once in each five-year period the actuary shall make an investigation into the actuarial experience of the retirement system, and taking into account the results of such investigation of the experience, the board of

189 trustees shall adopt for the retirement system such
190 actuarial assumptions as shall be deemed necessary.

191 16. On the basis of such actuarial assumptions as the
192 board of trustees shall adopt, the actuary shall make an
193 annual valuation of the assets and liabilities of the funds
194 of the retirement system.

195 17. On the basis of the valuation the board of
196 trustees shall certify the rates of contribution payable by
197 the board of education.

198 169.490. 1. All the assets of the retirement system
199 shall be held as one fund.

200 2. (1) For any member hired before January 1, 2018,
201 the employing board shall cause to be deducted from the
202 compensation of each member at every payroll period five
203 percent of his or her compensation.

204 (2) Beginning January 1, 2018, the percentage in
205 subdivision (1) of this subsection shall increase one-half
206 of one percent annually until such time as the percentage
207 equals nine percent.

208 (3) For any member hired for the first time on or
209 after January 1, 2018, the employing board shall cause to be
210 deducted from the compensation of each member at every
211 payroll period nine percent of such member's compensation.

212 (4) The amounts so deducted shall be transferred to
213 the board of trustees and credited to the individual account
214 of each member from whose compensation the deduction was
215 made. In determining the amount earnable by a member in any
216 payroll period, the board of trustees may consider the rate
217 of earnable compensation payable to such member on the first
218 day of the payroll period as continuing throughout such
219 payroll period; it may omit deduction from compensation for
220 any period less than a full payroll period if the employee
221 was not a member on the first day of the payroll period; and

222 to facilitate the making of the deductions, it may modify
223 the deduction required of any member by such amount as shall
224 not exceed one-tenth of one percent of the compensation upon
225 the basis of which such deduction was made.

226 (5) The deductions provided for herein are declared to
227 be a part of the salary of the member and the making of such
228 deductions shall constitute payments by the member out of
229 his or her salary or earnings and such deductions shall be
230 made notwithstanding that the minimum compensation provided
231 by law for any member shall be reduced thereby. Every
232 member shall be deemed to consent to the deductions made and
233 provided for herein, and shall receipt for his or her full
234 salary or compensation, and the making of said deductions
235 and the payment of salary or compensation less said
236 deduction shall be a full and complete discharge and
237 acquittance of all claims and demands whatsoever for
238 services rendered during the period covered by the payment
239 except as to benefits provided by sections 169.410 to
240 169.540.

241 (6) The employing board may elect to pay member
242 contributions required by this section as an employer pick
243 up of employee contributions under Section 414(h)(2) of the
244 Internal Revenue Code of 1986, as amended, and such
245 contributions picked up by the employing board shall be
246 treated as contributions made by members for all purposes of
247 sections 169.410 to 169.540.

248 3. If a retired member receiving a pension pursuant to
249 sections 169.410 to 169.540 is restored to active service
250 and again becomes an active member of the retirement system,
251 there shall be credited to his or her individual account an
252 amount equal to the excess, if any, of his or her
253 accumulated contributions at retirement over the total
254 pension benefits paid to him or her.

4. [Annually, the actuary for the retirement system shall calculate each employer's contribution as an amount equal to a certain percentage of the total compensation of all members employed by that employer. The percentage shall be fixed on the basis of the liabilities of the retirement system as shown by the annual actuarial valuation. The annual actuarial valuation shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted by the board of trustees, provided that the actuarial cost method adopted shall be in accordance with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if any, shall be amortized by level annual payments over a period not to exceed thirty years. The provisions of this subsection shall expire on December 31, 2017; thereafter subsection 5 of this section shall apply.

5.] For calendar year 2018, the rate of contribution payable by each employer shall equal sixteen percent of the total compensation of all members employed by that employer. For each calendar year thereafter, the percentage rate of contribution payable by each employer of the total compensation of all members employed by that employer shall decrease one-half of one percent annually until calendar year [2032] 2025 when the rate of contribution payable by each employer shall equal [nine] twelve and one-half percent of the total compensation of all members employed by that employer. For [subsequent] calendar [years] year 2026 and each calendar year after [2032] 2026, the rate of contribution payable by each employer shall equal [nine] fourteen percent of the total compensation of all members employed by that employer.

[6.] 5. The expense and contingency reserve shall be a reserve for investment contingencies and estimated expenses

288 of administration of the retirement system as determined
289 annually by the board of trustees.

290 [7.] 6. Gifts, devises, bequests and legacies may be
291 accepted by the board of trustees to be held and invested as
292 a part of the assets of the retirement system and shall not
293 be separately accounted for except where specific direction
294 for the use of a gift is made by a donor."; and

295 Further amend the title and enacting clause accordingly.