

COUNCIL BILL NO. 2019-537

ORDINANCE NO.

AN ORDINANCE amending the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri as adopted January 5, 2009, effective January 31, 2009 and amended September 24, 2012, May 1, 2013, January 21, 2014, December 7, 2015 and August 15, 2016, to close the Pension Plan to new hires effective February 1, 2020; and, setting a date when this ordinance shall become effective.

WHEREAS, the voters of the City of Joplin approved a ½-cent sales tax dedicated to close the pension plan to new hires and transition public safety employees to LAGERS; and,

WHEREAS, the Board of Trustees of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri submitted to the qualified Plan Participants the question as to whether certain amendments should be made to the Plan; and,

WHEREAS, an election of the qualified participants of the plan was held from July 15, 2019 to August 9, 2019; and,

WHEREAS, of the 194 active and 127 retired Pension Policemen and Firemen, 211 voted in favor of the Plan amendments, and 5 voted against the proposed Plan amendments.

WHEREAS, the City Council desires to approve the Pension Plan amendments to close the Plan to new hires effective February 1, 2020.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, as follows:

Section 1. That Section 1.13 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

1.13 COVERED EMPLOYEE

shall mean an Employee who is employed in covered employment. The term "covered employment" as used herein means employment by the City of Joplin, Missouri, in the Fire Department in active service in any capacity; except that no secretary or clerk, shall be deemed to be in covered employment; or in the Police Department as a uniformed or sworn police officer in active service. Secretaries, clerks, dispatchers, jailers, animal wardens, street painters, cooks, and any other employee or associate of the Police Department shall not be deemed to be in covered employment. Temporary, seasonal, or part-time employees of either the Fire Department or Police Department shall not be deemed to be in covered employment and shall not be required to contribute to the Plan, nor receive any benefit from the Plan. A Plan Participant who, due to medical restriction, is working in other than his/her normal duty, job or hours, is still deemed a member of the covered employment and shall make contributions to the Plan and receive

benefits from the Plan.

Section 2. That Section 1.14 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

1.14 CREDITED SERVICE

shall mean the total time in complete and fractional years (based on the number of complete months) during which the Employee is a Covered Employee and a Participant, and makes the contribution required in Section 6.1. Such service need not be continuous or uninterrupted.

Section 3. That Section 2.1 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.1 ELIGIBILITY

Each Covered Employee whose employment or reemployment began prior to February 1, 2020 was eligible to become a Participant upon satisfaction of the requirements for employment in his or her position as stipulated by the City. As a condition of employment, a Covered Employee agrees to make the contributions required pursuant to Section 6.1.

Section 4. That Section 2.2 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.2 PARTICIPATION

Subject to Section 2.4, all Participants in the Plan on the Restatement Effective Date shall continue to be Participants. No other Employee shall become a Participant in the Plan.

Participation in the Plan shall not give any Employee the right to be retained in the employ of the City, nor, on dismissal, to have any right or interest in the Trust Fund other than as provided in this Plan.

Section 5. That Section 2.4 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.4 REEMPLOYMENT OF FORMER PARTICIPANT

(A) In the event a Participant terminated employment and was later reemployed as a Covered Employee prior to February 1, 2020, participation in the Plan resumed immediately upon reemployment. If the Covered Employee had at least 20 years of Credited Service at the time of his termination of employment, upon his reemployment he may continue to accrue additional years of Credited Service, up to the maximum permitted by the Plan.

If the Covered Employee did not have at least 20 years of Credited Service at the time of his termination of employment, but was reemployed prior to February 1, 2020 before incurring a Break-in-Service, then upon his reemployment his Credited Service earned prior to termination of employment shall be taken into account for purposes of Section 3.1, provided that the Covered Employee repays to the Plan an amount equal to the amount paid to him by the Plan upon his termination of employment, plus interest at the rate of one-half of one percent (.5%) per month from the date of the Plan's payment to the date of repayment. Repayment shall be required within six (6) months of reemployment.

If the Covered Employee did not have at least 20 years of Credited Service at the time of his termination of employment, and either is reemployed after incurring a Break-in-Service, or does not repay the amount described in the preceding paragraph, then his Credited Service as of the date of his termination of employment shall not be taken into account for purposes of Section 3.1.

- (B) Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Internal Revenue Code 414(u).

Accordingly, a Covered Employee is treated as having had continuous Credited Service for purposes of participation, vesting and accrual of benefits by reason of a period of absence from employment due to or necessitated by service in the uniformed services, provided the Covered Employee:

- (1) is reemployed in a covered position within the time specified in regulations or other guidance under the Uniformed Services Employment and Reemployment Rights Act;
- (2) repays any lump sum payment previously paid to the employee; and
- (3) pays to the Plan an amount equal to the amount of any employee contributions that would have been made to the Plan if the employee had remained in Covered Employment.

If a Covered Employee dies while performing qualified military service, as defined in Section 414(u) of the Code, the Plan shall treat such Covered Employee as having died during covered employment, in accordance with the provisions of Section 401 (a)(37) of the Code.

- (C) Notwithstanding anything to the contrary, if a Covered Employee terminated employment and his date of reemployment is on or after February 1, 2020, such Employee shall not be eligible to resume participation in the Plan upon reemployment.

Section 6. That Section 6.2 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

6.2 EMPLOYER CONTRIBUTIONS

The City shall make monthly contributions to the Plan equal to the net amount after reduction for the priorities described below from the one-half cent ($\frac{1}{2}$ ¢) general sales tax approved by voters in the November 2019 election, which will expire upon the earlier of 12 years after enactment, or the date that the Plan's actuary certifies that the Plan is 120% funded. The priorities referred to in the preceding sentence are the following:

- (A) the amount needed to contribute to the Missouri Local Government Employees Retirement System ("LAGERS") \$1,000,000 per Plan Year for two (2) consecutive Plan Years beginning November 1, 2019, for a total of \$2,000,000.
- (B) The amount needed for each former Participant hired after January 31, 2009 (a "Tier II Participant"), along with such Tier II Participant's Accumulated Employee Contributions, to purchase under LAGERS the number of years and months of Credited Service the Tier II Participant forfeited by terminating employment with the City in order to join LAGERS. For example, suppose that a Tier II Participant had 8 years and 3 months of Credited Service when the Tier II Participant terminated employment with the City to join LAGERS. Suppose further that the cost for such Tier II Participant to purchase 8 years and 3 months of service under LAGERS is \$75,000, and the Tier II Participant is refunded the amount of \$50,000 for his Accumulated Employee Contributions. The amount of the priority under this paragraph (B) would be \$25,000.

For example, suppose that the sales tax generates a total of \$6.5 million each Plan Year until it expires, for an average of approximately \$541,667 per month. Such gross amount would be reduced by approximately \$83,333 per month for two years for the payments to LAGERS described in paragraph (A), and by an additional \$83,333 per month for five years for the payments described in paragraph (B). Therefore, the average monthly payment for the two Plan Years beginning November 1, 2019 and November 1, 2020 would be approximately \$375,000, the average monthly payment for the three Plan Years beginning November 1, 2021, 2022, and 2023 would be approximately \$458,333, and the average monthly payment for the remaining during of the sales tax would be approximately \$541, 667.

During the period that such general sales tax is in effect, if the Plan is less than 70% funded as determined by the Plan's actuary, and if the aggregate contribution funded by such tax for any Plan Year is less than the actuarial contribution rate for the City set forth in the Actuarial Valuation for the Plan Year, then the City shall make an additional

contribution equal to such shortfall.

If during the period after such general sales tax is in effect, the Plan is not fully (100%) funded as determined by the Plan's actuary, then the City shall be responsible for making contributions in the amounts determined by the Plan's actuary to make the Plan fully funded.

If the City becomes more than 30 days delinquent in any of its obligations, the City will be notified in writing by the trustees of the delinquency. The City shall catch-up fully on any delinquent obligations within 60 days after notification in writing by the trustees. If the City fails to catch-up fully within those 60 days, the City shall pay any past due obligation, plus interest at the statutory rate, per §408.020 RSMo., currently nine percent. If the City is delinquent 60 days after written notice of delinquency by the trustees, then the trustees may pursue any course of action deemed necessary and may pursue any and all remedies that the trustees may have, in law or equity, including suit in a court of competent jurisdiction.

Section 7. That this ordinance shall become effective on February 1, 2020.

PASSED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, this _____ day
of _____, 2019.

Gary L. Shaw, Mayor

ATTEST:

Barbara J. Gollhofer, City Clerk

APPROVED AS TO FORM:

Peter C. Edwards, City Attorney