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November 10, 2015

RECEIVED
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BY:

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

Re: Valley Park Fire Protection District

Dear Mr. Ruff:

I am enclosing for your files:

1. A copy of the Second Amendment to the Valley Park Fire Protection District Defined Benefit Plan which provides a benefit enhancement; and
2. The Cost Study. The amendment resulted in a "substantial proposed change" in Plan benefits as defined by §105.660(5) RSMo and a cost study was necessary. The study is also being made available to the public for the period required by law.

Please call me if you should have any questions.

Very truly yours,

Rhonda A. O'Brien

RAO/cf

Enclosures

cc: Chief Rick Wilken (w/enclosures)

ORDINANCE NUMBER _____

**SECOND AMENDMENT TO THE VALLEY PARK FIRE PROTECTION
DISTRICT DEFINED BENEFIT PLAN AND TRUST**

WHEREAS, VALLEY PARK FIRE PROTECTION DISTRICT is a political subdivision of the State of Missouri, duly incorporated as such according to the provisions of Chapter 321 R.S.Mo.; and

WHEREAS, by the provisions of the aforesaid Chapter, the Board of Directors of the District is given authority to provide for the pensioning of the salaried members of the District, and to provide survivor benefits to their spouses and eligible children; and

WHEREAS, the Board of Directors of the District adopted the Valley Park Fire Protection District Defined Benefit Plan and Trust, effective February 1, 1993 (the "Plan"); and

WHEREAS, the Board of Directors has authority to amend the Plan, and the Plan was amended and restated effective January 1, 2009, or as otherwise provided therein and since that time, the Plan has been amended once; and

WHEREAS, the Board of Directors at its October 19th, 2015 regular meeting authorized the amendment of the Plan to provide enhanced benefits to those Plan participants who retire on or after January 1, 2016; and

WHEREAS, the amendment will constitute a substantial proposed change under Section 105.660 of the Missouri Revised Statutes for funding purposes and will result in an increase in the annual funding cost to the Plan; and

WHEREAS, the Board of Directors concludes that adoption of the amendment contained herein is in the public interest to enhance financial security of long-term, loyal employees of the District, to attract and retain quality employees to serve the community, and to thereby better serve and protect the citizens of the District;

NOW, THEREFORE, BE IT ENACTED BY THE BOARD OF DIRECTORS OF VALLEY PARK FIRE PROTECTION DISTRICT THAT THE PLAN BE AMENDED, EFFECTIVE UPON PASSAGE OR AS OTHERWISE PROVIDED HEREIN, IN THE FOLLOWING RESPECTS:

SECTION 1. The Plan is hereby amended as follows: Section 4.02 of the Plan is hereby deleted and replaced with the following:

Section 4.02 Accrued Benefits.

Beginning January 1, 2016, an Active Participant's monthly Accrued Benefit as of any date will be equal to one twelfth of the Participant's Average Compensation multiplied by 2.00% multiplied by the Participant's Years of Credited Service earned after December 31, 1983, limited to 30 years.

For all retirements on or prior to December 31, 2015, an Active Participant's monthly Accrued Benefit as of any date will be equal to one twelfth of the Participant's Average Compensation multiplied by the sums of (a) and (b):

- (a) 1.75% multiplied by the Participant's Years of Credited Service earned after December 31, 1992, limited to 30 years, plus
- (b) 1.5% multiplied by the Participant's Years of Credited Service earned prior to January 1, 1993. For purposes of this subsection (b), Years of Credited Service earned prior to January 1, 1993 shall be limited to 30 minus the Years of Credited Service determined in Subsection (a).

In no event shall a Participant's Accrued Benefit be less than such Participant's Accrued Benefit as determined on December 31, 1997 based on the Plan provisions in effect as of that date.

For an Active Participant who has received a single sum payment under the Plan, such Participant's monthly Accrued Benefit will be actuarially adjusted so that the deferred monthly retirement benefit on the Normal Form beginning on the Participant's Normal Retirement Date takes into account the previous payment.

SECTION 2. This amendment shall go into effect after the requirements of Sections 105.660 to 105.685 RSMo. have been complied with.

SECTION 3. All ordinances, parts of ordinances or resolutions in conflict with this Ordinance are hereby repealed.

SECTION 4. The sections of this Ordinance shall be severable. If any section of this Ordinance is found by court of competent jurisdiction to be invalid, the remaining sections shall remain valid, unless the court finds that: (a) the valid sections are so essential to and inseparably connected with and dependent upon the void section that it cannot be presumed that the Board of Directors has or would have enacted the valid sections without the void ones; and (b) the valid sections, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

PASSED AND SIGNED this ____ day of December, 2015.

Chris Webster

Daniel Wilburn



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milliman.com

November 5, 2015

Board of Directors
c/o Chief Wilken
Valley Park Fire Protection District
55 Crescent Avenue
Valley Park, MO 63088

Members of the Board:

In accordance with your request, we have completed an actuarial cost study of the Valley Park Fire Protection District Defined Benefit Plan & Trust as of January 1, 2015. The major findings of the study are contained in this report.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the District's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the District have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the District and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Directors has the final decision regarding the appropriateness of the assumptions.

The calculations in the enclosed report have been made on a basis consistent with our understanding of the District's funding requirements and goals. The calculations in this report have been made on a basis consistent with our understanding of the funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.



Milliman's work is prepared solely for the internal business use of the Valley Park Fire Protection District. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) The District may provide a copy of Milliman's work, in its entirety, to the District's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The District may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

I, Charles Erickson, am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I, Gregg Rueschhoff, am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,
MILLIMAN, INC.

Sincerely,

A handwritten signature in cursive script that reads "Charles Erickson".

Charles Erickson, FSA
Actuary

A handwritten signature in cursive script that reads "Gregg Rueschhoff".

Gregg Rueschhoff, ASA
Principal & Consulting Actuary

**Valley Park Fire Protection District
Defined Benefit Plan and Trust
Pension Plan Cost Study as of 1/1/2015**

Summary of Results as of Last Valuation Date

	Current Plan	Transition To a 2% Formula	2% Formula With 20 Year Amortization
Actuarial Liability	4,925,655	5,539,833	5,539,833
Increase in Liabilities	0	614,178	614,178
% Increase in Liabilities	0.0%	3.6%	3.6%
Annualized Payroll	1,674,667	1,674,667	1,674,667
Actuarial Value of Assets	5,234,809	5,234,809	5,234,809
Market Value of Assets	5,234,809	5,234,809	5,234,809
Funded Ratio	106.3%	94.5%	94.5%
Normal Cost	143,959	164,529	164,529
Normal Cost as % of Payroll	8.6%	9.8%	9.8%
Contribution for Unfunded Accrued Liabilities (UAL)	(42,552)	41,984	27,834
Years to Amortize UAL	10	10	20
UAL Contribution as a % of Payroll	(3%)	2.5%	1.7%
Annual Recommended Contribution (ARC)	101,407	206,513	192,363
ARC as % of Payroll	6.1%	12.3%	11.5%

Additional Comments:

No additional contributions are mandated by the proposed change because the plan is at least 80% funded and will not be less than 75% funded after adoption.

The proposed change will not impair the ability of the plan to meet the obligations thereof in effect at the time the proposal is made.

Based on review of historical contributions, Valley Park Fire Protection District has on average contributed amounts at least equal to the Annual Recommended Contribution (ARC).

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Cost Method

Annual costs were calculated using the Projected Unit Credit Actuarial Cost Method. The Projected Unit Credit Method is one of the Accrued Benefit Actuarial Cost Methods.

The Normal Cost is the actuarial value of retirement and ancillary benefits that are allocated to the current year.

The Actuarial Liability (AL) and the Present Value of Accumulated Benefits (PVAB) are defined as the actuarial value of retirement and ancillary benefits that have been allocated to years of service prior to the current year.

The method allocates an equal amount of a participant's projected retirement benefit to each year of service for which retirement benefits accrue. The benefit at normal retirement is projected assuming salaries increase at the assumed rates. The projected retirement benefit is divided by the years of service, to determine the portion of the retirement benefit allocated to each year.

As experience develops under the plan, actuarial gains and actuarial losses will result. The actuarial gains and losses indicate the extent to which experience is deviating from that expected on the basis of the actuarial assumptions. Actuarial gains will result from experience more favorable than assumed. Actuarial losses will result from experience less favorable than assumed.

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Assumptions

In addition to depending upon the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees and rates of termination from employment. In the current valuation, the actuarial assumptions made in the calculation of costs and liabilities are as follows:

Interest Rate

7.00% per annum, compounded annually (Updated from 7.50% prior to January 1, 2015).

Mortality Rates

Active/ Deferred Participants: Pre-retirement - None.
Post-retirement - 1983 Group Annuity Table.
In Pay Participants: RP-2000 (generational) Mortality Table.

Withdrawal Rates

None.

Retirement Rates

All participants are assumed to retire at age 55.

Salary Scale

Salaries of employees are assumed to increase 4% annually.

Expense Loading

None assumed.

Valuation of Assets

Assets are valued at Market Value.