REQUEST FOR LEGISLATIVE ACTION

Completed by County Counselor's Office: Res/Ord No.: 19730

Sponsor(s): Date:

Dan Tarwater III February 5, 2018

| SUBJECT | Action Requested ☐ Resolution ☐ Ordinance Project/Title: Extending a contract for conducting an actuarial study to provide cost estimates for certain proposed changes in the Jackson County Revised Pension (JCRP). The study will be conducted by Cheiron under the same terms as the original contract with a time extension, The JCRP actuary will perform the study at a cost not to exceed \$8,000. The cost will be split at \$3,000 by the Legislature and \$5,000 by the JCRP. | | | |
|---|---|--|--|--|
| BUDGET INFORMATION To be completed By Requesting Department and Finance | Amount authorized by this legislation this fiscal year: Amount previously authorized this fiscal year: Total amount authorized after this legislative action: \$3,000 Amount budgeted for this item * (including transfers): Source of funding (name of fund) and account code number; 001-0112-56790 * 1f account includes additional funds for other expenses, total budgeted in the account is: \$ OTHER FINANCIAL INFORMATION: No budget impact (no fiscal note required) Term and Supply Contract (funds approved in the annual budget); estimated value and use of contract: Department: Estimated Use: \$ Prior Year Budget (if applicable): n/a Prior Year Actual Amount Spent (if applicable): n/a | | | |
| PRIOR LEGISLATION | Prior ordinances and (date): Prior resolutions and (date): Res # 19658, 11/27/2017 #19447, 4/3/2017: 19658, 11/27/17; | | | |
| CONTACT INFORMATION | RLA drafted by (name, title, & phone): Dennis Dumovich, Director of Human Resources; 816-881-3140 | | | |
| REQUEST SUMMARY | This resolution would allow an extension to the contract with Cheiron to conduct an actuarial study to provide cost estimates for certain proposed changes in the Jackson County Revised Pension (JCRP). Due to uncertainty with the actuarial assumptions the actuary was to use, the contract needs to be extended. The study will be conducted by Cheiron, the JCRP actuary at a cost not to exceed \$8,000. The cost will be split at \$3,000 by the Legislature and \$5,000 by the JCRP. | | | |
| CLEARANCE | Tax Clearance Completed (Purchasing & Department) Business License Verified (Purchasing & Department) Chapter 6 Compliance - Affirmative Action/Prevailing Wage (County Auditor's Office) | | | |

| ATTACHMENTS | | Cheiron Proposal | | | | |
|-------------|--|------------------------------|--------------------------------------|----------------------------|-------------------------|--|
| | | Summary of proposals | \wedge | | | |
| REVIEW | | Department Director: De | or: Dennis Dumovich | | Date: 1/31/2018 | |
| | | Finance (Budget Approvi | al): | | Date: | |
| | | Division Manager: | 8A | | Date: 1 · 31 · 18 | |
| | | County Counselor's offi | ce: | | Date: | |
| Fiscal | Informatio | on (to be verified by B | udget Office in Finance Depar | tment) | | |
| | This expenditure was included in the annual budget. | | | | | |
| | Funds for this were encumbered from the Fund in | | | | | |
| | There is a balance otherwise unencumbered to the credit of the appropriation to which the expenditure is chargeable and there is a cash balance otherwise unencumbered in the treasury to the credit of the fund from which payment is to be made each sufficient to provide for the obligation herein authorized. | | | | | |
| | Funds sufficient for this expenditure will be/were appropriated by Ordinance # | | | | | |
| | Funds sufficient for this appropriation are available from the source indicated below. | | | | | |
| | Account 1 | Number: | Account Title: | Amount Not to Exceed | | |
| | | | | | | |
| \boxtimes | This award | is made on a need basis ar | nd does not obligate Jackson County | to pay any specific amou | nt. The availability of | |
| | funds for sp | pecific purchases will, of n | ecessity, be determined as each usin | g agency places its order. | | |

This legislative action does not impact the County financially and does not require Finance/Budget approval.

Res. 19658

ADDENDUM TO AGREEMENT

THIS ADDENDUM TO AGREEMENT, made and entered into on this <u>2</u> day of <u>Nember</u>, 2017, by and between **JACKSON COUNTY**, **MISSOURI**, hereinafter called "the County" and **CHEIRON**, 1750 Tysons Boulevard, Suite 1100, McLean, VA 22102, hereinafter called "Consultant."

WITNESSETH:

WHEREAS, the County and Consultant did enter into an Agreement dated May 2, 2017, whereby Consultant agreed to provide an actuarial study to determine the cost of an increase to the benefits of certain associates within the Sheriff's Office; and,

WHEREAS, the Legislature has requested additional calculations relating to this actuarial study, at an increased cost; and,

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, County and Consultant do hereby additionally agree as follow:

- 1. Except as hereinafter specifically modified, all of the terms of the prior Agreement between the parties dated May 2, 2017, shall remain in full force and effect and the terms and conditions thereof are incorporated herein by reference.
- 2. This Addendum to Agreement shall be effective as of November 1, 2017, and shall extend, with the original Agreement, through January 31, 2018.
- 3. Consultant shall perform the additional actuarial calculations as are set out in the document attached as Exhibit A.

- 4. The maximum sum for services related to this Agreement shall be increased by the amount of \$8,000.00 for a total sum of \$13,000.00.
- 5. This Addendum, together with the Agreement dated May 2, 2017, incorporates the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have signed and executed this Agreement on the date first above written.

| JACKSON COUNTY, MISSOURI | CHEIRON | |
|---|---|--|
| By Frank White, Jr. County Executive APPROVED AS TO FORM: | By Step MoSkow Federal Tax ID No. 13-4215617 ATTEST: | |
| W. Stephen Nixon County Counselor | Mary Jo Spino Clerk of the Legislature | |
| REVENUE CI | ERTIFICATE | |
| I hereby certify that there is a balance oth appropriation to which this contract is chunencumbered in the treasury from which pathe obligation of \$3,000.00 which is hereby a | argeable, and a cash balance otherwise yment is to be made, each sufficient to meet | |
| The remaining balance sufficient to provide for custody of the Pension Plan Board of Truste | | |
| | ef Financial Officer ount No. 001-0112-56790 | |



Via Electronic Mail

October 27, 2017

Exhibit A

Mr. Dennis Dumovich Human Resources Director Jackson County, Missouri 415 E 12th Street Kansas City, MO 64106

Re: Jackson County, Missouri Revised Pension Plan and Trust Actuarial Cost Study

Dear Dennis:

You have requested an actuarial cost study regarding potential changes in benefits for the Jackson County, Missouri Revised Pension Plan and Trust (JCRP). The proposed changes are summarized as follows:

- Incremental changes in the current 1.5% benefit accrual multiplier of 1.6%, 1.65%, 1.7%, 1.75% and 2.5%. Costs should be developed separately for (1) Sheriff's Department associates, (b) all public safety associates of the County, and (c) for all county employees.
- Consider a new full benefit eligibility "Rule of 75" for public safety employees. Full
 benefits would be paid to public safety employees with 20 years of service, but not until
 reaching age 55.

Jackson County would provide to Cheiron persons to be included within each category. The study will be based upon the participant data and actuarial assumptions as were used for the July 1, 2017 actuarial valuation. We will need for you to provide a list of employees in the participant data who would be eligible for these benefit within each category indicated. We expect that we can provide the results of the study in about four weeks after receiving this information.

Our fees for this study would as follows:

- For the multiplier changes, we would charge \$3,000 for the first change and \$500 for each additional change. For all five proposed multiplier changes the total cost would be \$5,000.
- For the Rule of 75 change for public safety associates, the cost would be \$2,500.

Therefore the total cost for all proposed changes would be \$7.500. We assumed that for the Rule of 75 change for public safety associates, you would not need this separately just for Sheriffs. If you did need it separately for Sheriffs, this would increase the cost by \$500.

Mr. Dennis Dumovich October 27, 2017 Page 2

You had also mentioned that there was interest in determining whether studies of mortality experience have shown that mortality for public safety employees is different than for general employees. We are not aware of credible data showing significantly different mortality for public safety employees after retirement, but we can research further. The cost of such an investigation would be dependent on the extent of analysis you require.

Please let us know if you have any questions about this letter. You may reach Mike Noble or me at 1-877-243-4766. Mike's extension is 1209 and my extension is 1030.

Sincerely, Cheiron

Stephen T. McElhaney, FCA, FSA, EA Principal Consulting Actuary

cc: Mike Noble, FCA, FSA, EA, Cheiron

