



2019 RETIREMENT PLANS ANNUAL REPORT

St. Louis County Missouri

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INTRODUCTION
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ANNUAL REPORT 2019

A LETTER FROM THE CHAIRMAN, ST. LOUIS COUNTY RETIREMENT BOARD

September 30, 2020

Dear Retirement Plan Member:

The Board of Trustees of the St. Louis County Employees Retirement Plans is pleased to present the 2019 Annual Report.

This report includes a description of the provisions of the Actuarial Valuation Report of the civilian and police pension plans and statistical information relating to the operations of those plans during 2019. In addition, the Report includes the audited Financial Statements of the Retirement Plans for our fiscal year ending December 31, 2019, and the Independent Auditor's Opinion for the year. Note that the Retirement Plans' auditor found no material weaknesses in the Plans' financial statements.

The Plans had a highly successful 2019 calendar year, achieving a return of 19.3%, resulting in a market value of \$745,573 as of December 31, 2019. This performance capped off very successful 5 and 10-year periods in which the Retirement Plans rate of return ranked in the top quartile of its national public plan peer group.

As of December 31, 2019, the actuarial funded level of the Retirement Plans stood at 69.3%, essentially the same as the 69.6% level as of December 31, 2018. As with almost all defined benefit public pension plans, the Plans continue to have long-term challenges related to expected retirements obligations versus current Pension Plans balances. The Board believes that the Plans' assets are managed in a professional and prudent manner consistent with meeting its obligations to retirees while also increasing its funded level.

For the Board of Trustees,

Milton P. Wilkins, Jr.
Chairman

BOARD OF TRUSTEES

The Retirement Board of Trustees is responsible for the governance and administration of the Civilian Employees' and Commissioned Police Officers' Retirement Plans. The Board consists of seven members appointed by the County Executive. Four members represent the general public and three members are employees of St. Louis County. Two of the public members' appointments are based upon the recommendation of the St. Louis County Council. The Director, Division of Personnel, and the Chief Accounting Officer, St. Louis County, serve as Ex-Officio members of the Board.

The Board holds regular monthly meetings on the last Thursday of each month in the Lawrence K. Roos County Government Center, Division of Fiscal Management, 8th Floor Conference Room, 41 South Central Avenue, Clayton, Missouri, unless otherwise provided. At these meetings, the Board reviews and acts upon requests for retirement, death, and disability benefits; plan improvements; investment philosophy, strategy, performance; and other business. During 2019, the Board and its committees held 12 such meetings.

As of December 31, 2019, the members of the Board were:

J. MICHAEL BRUNO

Retired

Formerly, Senior Vice President, Plancorp LLC

JAMES CUNNANE

Managing Director and Senior Portfolio Manager
Tortoise Capital Advisors

ANDREW DURKET

Treasurer, St. Louis County Government

BRIAN HANSEN

President and Chief Operating Officer
Confluence Investment Management, LLC

EMILY KOENIG

Acting Executive Director at St. Louis County Children's Service Fund

CAPTAIN GERALD LOHR

Captain, St. Louis County Police Department

MILTON P. WILKINS JR.

Investment Manager
RBF Wealth Advisors

During this 2020 calendar year, Andrew Durket left St. Louis County Government to assume a new position out of state. His successor has not yet been announced.

In addition to the above members of the Board, the following individuals serve as active ex-officio members and provide assistance to the Board.

SUSAN DANIELS
Director of Human Resources, St. Louis County Government

VICKIE FREDRICK
Chief Accounting Officer, St. Louis County Government

INVESTMENT MANAGERS AND PROFESSIONAL SUPPORT STAFF AS OF SEPTEMBER 2020

INVESTMENT MANAGERS:

Acadian Asset Management
Aristotle Capital Management LLC
Earnest Partners
Granite Investment Partners
Heitman American Real Estate Trust, L.P.
Income Research & Management
Jennison Associates Capital Corporation
LSV Asset Management
Mondrian Investment Partners Limited
Prudential Global Investment Management
RReef America LLC
Sanderson Asset Management
Western Asset Management
Rhumline Advisers
WCM Investment Management
William Blair & Company

CUSTODIAN:

State Street Corporation

LEGAL COUNSEL:

Peter Krane, St. Louis County Counselor
Beth Orwick, St. Louis County Counselor
Margaret Hart-Mahon, St. Louis County Assistant County Counselor

ACTUARY:

Buck Global LLC

CONSULTANTS:

Asset Consulting Group – Investment Consultants

STAFF:

Susan Daniels, Personnel Director

Monica Crabtree-HR Generalist III

Denise Derr, HR Generalist II

Anna Gall, HR Generalist II

Susan Kane, Benefits Manager

Debra Lehmkuhl, Benefits Services Specialist

BOARD OF TRUSTEES 1967 - 2019

| <u>NAME</u> | | <u>TERM</u> |
|----------------------------|---|---------------|
| EARL LASETER | | 1967 – 1970 |
| PHILLIP T. SLATTERY | | 1967 – 1970 |
| WILLIAM A. KENLEY | | 1967 – 1971 |
| EUGENE C. NELSON | | 1967 – 1976 |
| CAREY E. ASHLEY | CHAIRMAN 1967 – 1976 | 1967 – 1976 |
| MELVIN C. BAHLE | VICE-CHAIRMAN 1967 – 1976 | 1967 – 1976 |
| MAURICE WEINGART | CHAIRMAN 1976 – 1978 | 1967 – 1978 |
| GEORGE C. STOCK | | 1970 – 1974 |
| PHYLLIS EDWARDS | | 1971 – 1974 |
| MARTIN E. JUNCKER | | 1971 – 1975 |
| THOMAS P. MOONIER | VICE-CHAIRMAN 1991 – 1995 | 1971 – 1995 |
| BETTY GREEN | | 1974 – 1977 |
| PHILLIP K. WESSELS | | 1974 – 1980 |
| HAROLD G. BLATT | | 1975 – 1978 |
| ANN M. TEGETHOFF | | 1976 – 1979 |
| MSGR. ROBERT L. MCCARTHY | VICE-CHAIRMAN 1976 – 1978/ CHAIRMAN 1978 – 2007 | 1976 - 2007 |
| GEORGE C. LEACHMAN | VICE-CHAIRMAN 1978 – 1981 | 1977 – 1988 |
| MORTIMER J. REILY | | 1978 – 1984 |
| PATRICK J. SWEENEY, JR. | | 1978 – 1989 |
| KENNETH E. GUEBERT | VICE-CHAIRMAN 1981 – 1991 | 1979 – 1991 |
| MARY K. FRISCH | | 1980 – 1992 |
| THOMAS G. WRIGHT | VICE-CHAIRMAN 1992 – 2007/CHAIRMAN 2007 -2017 | 1984- 2017 |
| ROBERT H. PETERSON | | 1988 - 2005 |
| OLLIE W. LANGHORST | | 1990 – 1999 |
| JAMES E. CONLEY, SR. | | 1991 – 2001 |
| BRENDA J. LOFTIN | | 1992 – 1993 |
| RENEE HINES-TYCE | | 1994 – 1995 |
| BRIAN A. BASS | | 1995 - 2007 |
| JOHN L. ROSENTHAL | | 1995 – 1996 |
| DAVID T. PUDLOWSKI | | 1996 - 2005 |
| NORRIS R. ACKER | | 2000 – 2001 |
| CAPT. VINCE MANNING (RET.) | | 2002 - 2007 |
| CLAYTON ERICKSON | VICE- CHAIRMAN 2007 – 2015 | 2002 - 2015 |
| DETECTIVE GARY FOURTNEY | | 2005 - 2008 |
| GLADYS LEWIS | | 2005 - 2011 |
| BRYAN PINI | | 2007 - 2011 |
| MILTON WILKINS | CHAIRMAN 2017-current | 2007 -current |
| LT. GARY BERRA | | 2008 - 2011 |
| JOAN GILMER | | 2008 - 2011 |
| THOMAS CURRAN | | 2011 - 2019 |
| CAPT. STEVEN SACK | | 2011 -2018 |
| KATE TANSEY | | 2011 - 2012 |
| GARY O'NEAL | | 2012 -2018 |
| PATRICIA WASHINGTON | | 2012 – 2014 |

| | |
|-------------------|--------------|
| CYNTHIA WILLIAMS | 2015-2015 |
| ANDREW DURKET | 2015-2020 |
| FRANCIS STROBLE | 2015-2017 |
| J. MICHAEL BRUNO | 2017-current |
| CAPT. GERALD LOHR | 2018-current |
| JAMES CUNNANE | 2018-current |
| BRIAN HANSEN | 2018-current |
| EMILY KOENIG | 2019-current |

EX-OFFICIO MEMBERS

| | |
|--------------------|-----------------|
| ROBERT D. CRAWFORD | 1967 – 1970 |
| EARL R. CHAMBERS | 1967 – 1987 |
| ROBERT J. KELLER | 1970 – 1989 |
| WILLIAM E. MCGEE | 1987 – 1991 |
| GLENN M. PEARL | 1990 -- 2007 |
| SANDRA J. EDWARDS | 1992 – 1996 |
| M. ALICE KIRBY | 1996 -- 1997 |
| MARCEL TURNER | 1998 -- 2001 |
| KIRK MCCARLEY | 2001 -- 2017 |
| DON RODE | 2008 -- 2017 |
| SUSAN DANIELS | 201 7-- current |
| VICKIE FREDRICK | 2018 -- current |

**SUMMARY OF RETIREMENT PLANS
ST. LOUIS COUNTY RETIREMENT PLANS**

SUMMARY OF PRINCIPAL PLAN PROVISIONS – PLAN A¹- TRADITIONAL

| | |
|--------------------------|---|
| Eligibility: | In general, all salaried civilian employees are eligible. Entry date is the first of the month coinciding with or next closest in time to the date of commencement of full time employment. Exclusions: members of boards and commissions, and employees whose customary employment is less than 30 hours per week, or less than 9 months per year. |
| Credited Service: | All periods of participation. |
| Compensation: | Aggregate compensation including any salary reduction amounts excluding reimbursed expenses and all other unusual compensation, and in accordance with applicable Internal Revenue Code provisions. |
| Service Retirement Date: | Age 65 and 3 years of credited service. |

Rule of 80 Retirement Date: Sum of age and credited service equals or exceeds 80.

Early Retirement Eligibility: Any combination of age and credited service from the table below:

| <u>Age</u> | <u>Service</u> |
|------------|----------------|
| 55 | 20 |
| 56 | 18 |
| 57 | 16 |
| 58 | 14 |
| 59 | 12 |
| 60 | 10 |

¹ This Summary for Plan A and Plan B (the "Plans") provides a general overview of the Plans' provisions in effect in 2018. The official Plans provisions are set out in Chapter 204 of the St. Louis County Revised Ordinances. To the extent there are any discrepancies between this Summary and Chapter 204, Chapter 204 (2016) shall govern.

BENEFITS:

Basic Retirement Benefit: 1.5% of final average compensation times credited service.

Supplemental Benefit: \$15 per month per year of credited service payable from service retirement date.

Rule of Eighty Benefit: Computed in the same way as normal retirement.

Early Retirement Benefit: 1.5% of final average compensation times credited service times actuarial reduction factor.

Duty Death Benefit: For a participant who dies solely as a direct and proximate result of injuries sustained while in the actual discharge and performance of the participant's duties of employment.

Pre-Retirement Death Benefit: The surviving spouse of a deceased vested participant (who was either active or had terminated on or after 10/26/1986) is eligible for a monthly benefit payable for life under the conditions set forth in §204.152.

Post-Retirement Death Benefits: \$10,000 for participants who were receiving

Early, Rule of 80, or Normal Retirement benefits at time of death

Termination Benefits:

A vested participant receives an annuity beginning on his normal retirement date of 1.5% of final average compensation times credited service.

A participant is vested if he has 5 years of credited service or if he is at least 65 and his age plus credited service is at least 70, provided he has at least three (3) years of credited service.

Final Average Compensation:

Average over the 36 consecutive months from the last 120 that produce the highest average. This is based on a calendar year except for the year of retirement.

Cost of Living Adjustments:

Available as the Board deems appropriate taking into consideration the changes in cost of living since retirement and the solvency of the Plans and subject to the approval of the St. Louis County Executive and St. Louis County Council.

SUMMARY OF PRINCIPAL PLAN PROVISIONS – PLAN A- CONTRIBUTORY

A Contributory Plan participant in Plan A or Plan B shall be required to contribute four percent of the participant's compensation to the retirement fund each payroll period for purposes of funding benefits.

Eligibility:

In general, all salaried civilian employees are eligible. Entry date is the first of the month coinciding with or next closest in time to the date of commencement of full time employment. Exclusions: members of boards and commissions, and employees whose customary employment is less than 30 hours per week, or less than 9 months per year.

Credited Service:

All periods of participation.

Compensation:

Aggregate compensation including any salary reduction amounts excluding reimbursed expenses and all other unusual compensation, and in accordance with applicable Internal Revenue Code provisions.

Service Retirement Date: Age 67 and 3 years of credited service.

Rule of 85 Retirement Date: Sum of age and credited service equals or exceeds 85.

Early Retirement Eligibility: Any combination of age and credited service from the table below:

| <u>Age</u> | <u>Service</u> |
|------------|----------------|
| 55 | 20 |
| 56 | 18 |
| 57 | 16 |
| 58 | 14 |
| 59 | 12 |
| 60 | 10 |

¹ This Summary for Plan A and Plan B (the "Plans") provides a general overview of the Plans' provisions in effect in 2018. The official Plans provisions are set out in Chapter 204 of the St. Louis County Revised Ordinances. To the extent there are any discrepancies between this Summary and Chapter 204, Chapter 204 (2016) shall govern.

BENEFITS:

Basic Retirement Benefit: 1.3% of final average compensation times credited service.

Supplemental Benefit: \$15 per month per year of credited service payable from service retirement date.

Rule of Eighty Benefit: Computed in the same way as normal retirement.

Early Retirement Benefit: 1.5% of final average compensation times credited service times actuarial reduction factor.

Duty Death Benefit: For a participant who dies solely as a direct and proximate result of injuries sustained while in the actual discharge and performance of the participant's duties of employment.

Pre-Retirement Death Benefit: The surviving spouse of a deceased vested participant (who was either active or had terminated on or after 10/26/1986) is eligible for a monthly benefit payable for life under the conditions set forth in §204.152.

| | |
|---------------------------------|---|
| Post-Retirement Death Benefits: | \$10,000 for participants who were receiving Early, Rule of 85, or Normal Retirement benefits at time of death. |
| Termination Benefits: | A vested participant receives an annuity beginning on his normal retirement date of 1.3% of final average compensation times credited service. A participant is vested if he has 7 years of credited service or if he is at least 67 and has at least three (3) years of credited service. |
| Final Average Compensation: | Average over the 36 consecutive months from the last 120 that produce the highest average. This is based on a calendar year except for the year of retirement. |
| Cost of Living Adjustments: | Available as the Board deems appropriate taking into consideration the changes in cost of living since retirement and the solvency of the Plans and subject to the approval of the St. Louis County Executive and St. Louis County Council. |

**SUMMARY OF RETIREMENT PLANS
ST. LOUIS COUNTY RETIREMENT PLANS**

SUMMARY OF PRINCIPAL PLAN PROVISIONS – PLAN B- TRADITIONAL

| | |
|---------------------------------|---|
| Eligibility: | All commissioned police officers of the St. Louis County Police Department. |
| Credited Service: | Same as under Plan A. |
| Compensation: | Same as Plan A. |
| Service Retirement Date: | Age 60 with 10 years of credited or age 65 with at least 3 years of credited service. (Not earlier than date of termination of employment.) |
| Rule of Eighty Retirement Date: | Sum of age and credited service equals or exceeds 80. |

Early Retirement Eligibility: Age 55 with 10 years of credited service.

BENEFITS:

Basic Retirement Benefit: 1.6% of final average compensation times credited service.

Supplemental Benefit: \$30 per month per year of credited service payable from service retirement date to age 65, plus \$5 per month per year of credited service, payable for life.

Rule of Eighty Benefit: Basic retirement benefit plus supplement, payable from Rule of 80 date.

Early Retirement Benefit: Basic retirement benefit plus supplement, actuarially reduced.

Post-Retirement Death Benefits: \$10,000 for participants who were receiving Early, Rule of 80 or Normal Retirement benefits at time of death.

Duty Death Benefit: Same as Plan A. Benefit calculation is modified in event of permanent and total disability caused by on-the-job duty.

Post-Retirement Death Benefits: Same as Plan A.

Termination Benefits: A vested participant receives an annuity beginning on his normal retirement date of 1.6% of final average compensation times credited service.
A participant is vested if he has 5 years of credited service or if he is at least 65 and his age plus credited service is at least 70, provided he has at least three (3) years of credited service.

Final Average Compensation: Same as Plan A.

Cost of Living Adjustments: Same as Plan A.

**SUMMARY OF RETIREMENT PLANS
ST. LOUIS COUNTY RETIREMENT PLANS**

SUMMARY OF PRINCIPAL PLAN PROVISIONS – PLAN B- CONTRIBUTORY

A Contributory Plan participant in Plan A or Plan B shall be required to contribute four percent of the participant's compensation to the retirement fund each payroll period for purposes of funding benefits.

Eligibility: All commissioned police officers of the St. Louis County Police Department.

Credited Service: Same as under Plan A.

Compensation: Same as Plan A

Service Retirement Date: Age 60 with 10 years of credited or age 65 with at least 3 years of credited service. (Not earlier than date of termination of employment.)

Rule of 85 Retirement Date: Sum of age and credited service equals or exceeds 85.

Early Retirement Eligibility: Age 55 with 10 years of credited service.

BENEFITS:

Basic Retirement Benefit: 1.4% of final average compensation times credited service.

Supplemental Benefit: \$30 per month per year of credited service payable from service retirement date to age 65, plus \$5 per month per year of credited service, payable for life.

Rule of 85 Benefit: Basic retirement benefit plus supplement, payable from Rule of 85 date.

Early Retirement Benefit: Basic retirement benefit plus supplement, actuarially reduced.

Post-Retirement Death Benefits: \$10,000 for participants who were receiving Early, Rule of 85 or Normal Retirement benefits at time of death.

| | |
|---------------------------------|--|
| Duty Death Benefit: | Same as Plan A. Benefit calculation is modified in event of permanent and total disability caused by on-the-job duty. |
| Post-Retirement Death Benefits: | Same as Plan A. |
| Termination Benefits: | A vested participant receives an annuity beginning on his normal retirement date of 1.4% of final average compensation times credited service. A participant is vested if he has 7 years of credited service or if he is at least 65, provided he has at least three (3) years of credited service. |
| Final Average Compensation: | Same as Plan A. |
| Cost of Living Adjustments: | Same as Plan A. |

2019 BENEFITS PAID

2019 Retirements - 188

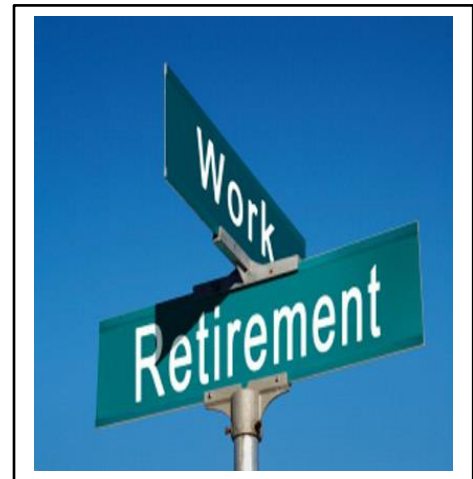
76 Normal Retirements

75 "Rule of 80" Retirements

33 Early Retirements

4 Pre-Retirement Surviving Spouse Benefits

0 Service Disability Benefits



RETIREMENT FUND CONTRIBUTIONS

Funds are invested in a diversified portfolio consisting primarily of corporate, common stocks, corporate bonds, U.S. Government securities, international equity and real estate.

The Retirement Fund (the "Fund") is composed of contributions received from St. Louis County and employees plus investment earnings minus benefit payments and Fund expenses.

The market value of the assets of the Fund as of December 31, 2018, was \$643,785,906. For 2019 the County's contribution was \$43,165,958. Employee contributions totaled \$993,780. Appreciation of securities plus income from interest and dividends was \$110,742,296. After the payment of retiree benefits and fund expenses of \$64,581,471, the Fund's assets increased by \$101,422,344, resulting in a Fund balance at market value as of December 31, 2019, of \$745,208,250.

The County's contribution for 2019 by Plan is listed below:

| | |
|----------------------------|---------------------|
| Civilian Employees' Plan A | \$27,905,446 |
| Police Officers' Plan B | <u>\$15,260,512</u> |
| TOTAL | \$43,165,958 |

SUMMARY OF 2019 RETIREMENT BOARD – IMPROVEMENTS, CHANGES, ACTIONS

During 2019, the Retirement Board held twelve meetings. The Board meets the last Thursday of each month, in the 8th floor conference room of the Lawrence K. Roos Building, at 41 S. Central Avenue, Clayton, MO 63105, unless otherwise provided. Investment Committee meetings and Retirement Board meetings were held jointly this year so that all Board members would be educated in and familiar with the various investment manager strategies.

The Board performed its regular duties of approving retirement benefits, conducting a monthly review of investment manager performance, and reallocating funds and investment managers where warranted. At each meeting, the Board conferred with the Plans' investment consultant, Asset Consulting Group, concerning investment strategies and investment manager performance. In accordance with the Board's practice of periodically conducting in-depth meetings with Fund investment managers, 4 investment managers appeared before the Board in 2019. In addition, the Board conferred regularly with the Plans' Actuary.

Complete Retirement Board Minutes and Agendas are available on the Internet Site for St. Louis County.

<http://www.stlouisco.com/SearchResults?xsq=retirement+board+minutes>