



MEMORANDUM

Council Agenda
Item No. XI. P
9/27/2022

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Ordinance to be introduced, set for public hearing October 11, 2022 and final hearing October 25, 2022, relating to Personnel and Retirement System, amending Oklahoma City Municipal Code, 2020, Chapter 40, Article III, Division 1, Part B, General Provisions, by amending Section 40-86 with respect to the latest date for commencement of payment of benefits; amending Chapter 40, Article III, Division 2, Deferred Compensation Program, by establishing a new Part A, by amending Section 40-131, to expand the definition of deferred compensation plans and amending Section 40-132, to clarify employee participation in deferred compensation plans; by adding a new Part B, Board of the Deferred Compensation Program, to include new Section 40-133, creating the Deferred Compensation Board, establishing membership on the Board, setting general powers of the Board and related provisions; amending Chapter 40, Article III, Division 5, by amending Section 40-203, to update the deadline for the timing of an affirmative election to participate in healthcare and insurance benefits, and provide for an effective date of coverage.

Background:

The City of Oklahoma City (the “City”) contracts with the Oklahoma City Employee Retirement System (the “OCERS”) annually for services pertaining to the administration of the City’s 457(b) Deferred Compensation Plans and the 401(a) Money Purchase Plans (collectively, “457(b) and 401(a) Plans”) to allow for all retirement offerings to City employees to be serviced through one central location.

In 2019, the OCERS hired an investment consultant to review the 457(b) and 401(a) Plans. The investment consultant met with the Administrative Oversight Committee of the OCERS in September 2019 and recommended as a first step that a governing body be established by the City for ongoing review and oversight of the 457(b) and 401(a) Plans.

The City’s 457(b) Plans currently have 2,808 participating active employees, or 61% of current employees, and total assets across active and retired employees of over \$429 million. The City’s 401(a) Money Purchase Plans currently have 71 participating active employees, or 1.5% of current active employees, and total assets across active and retired employees of over \$51 million.

A summary of the changes to Chapter 40 of the Oklahoma City Municipal Code are explained below:

Chapter 40, Article III, Division 1, Part B, General Provisions, Section 40-86 “Latest date for commencement of payment of benefits.” Revised to comply with the SECURE Act passed in December 2019 raising the Required Minimum Distribution age to 72.

Chapter 40, Article III, Division 2, Deferred Compensation Program – establishing new Part A. Deferred Compensation Plans.

Section 40-131 “Deferred compensation plans.” Revised to include the City’s Money Purchase Plans and relevant sections of the Internal Revenue Code.

Section 40-132 “Employee Participation.” Revised to clarify employee participation in the 457(b) Plans based upon defined terms in other relevant sections of the municipal code. Further revised to clarify that only employees eligible under Section 40-61 of the municipal code may participate in the Money Purchase Plans.

Chapter 40, Article III, Division 2, Deferred Compensation Program – establishing new Part B. Board of the Deferred Compensation Program.

Section 40-133 “Deferred Compensation Board Created.” Added to create a Deferred Compensation Board and describe the purpose and duties of the Board.

Section 40-133(a) “Membership of the Board.” Added to describe the composition and terms of the Board members.

Section 40-133(b) “Chair and Vice Chair.” Added to describe the election process, term, and succession process for the Chair and Vice Chair of the Board.

Section 40-133(c) “Meetings.” Added to (i) define the frequency of meetings, (ii) require that the Board keep a public record of its proceedings, and (iii) describe the voting procedures.

Section 40-133(d) “General duties and powers of the Board.” Added to outline the general duties and powers of the Board.

Section 40-133(e) “Secretary’s report.” Added an annual reporting requirement for the System Administrator or Secretary of the Board.

Section 40-133(f) “Legal services” Added to designate the Municipal Counselor or designee to be the legal advisor and appear on behalf of the Board in all suits brought by or against the Board.

Section 40-133(g) “Liability Limited” Added to limit the liability of the Board, any member of the Board, the City or any official or employee of the City for any acts of omission or commission, except for willful and intentional malfeasance, misfeasance, or nonfeasance in the administration of the Deferred Compensation Program.

Section 40-203 “Election to participate and payment of premiums required.” Revised to (i) update the deadline for the election to participate, (ii) clarify that an affirmative election is required, and (iii) provide the effective date of coverage for such election.

Review:

Employee Retirement System

Recommendation: Ordinance be introduced, set for public hearing and for final hearing.