



Legislation Details (With Text)

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Title:	CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2021-125: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AND THE NORMAN MUNICIPAL AUTHORITY APPROPRIATING \$54,085 FROM THE GENERAL FUND BALANCE AND \$10,832 FROM THE SANITATION FUND BALANCE TO PROVIDE FUNDING FOR AN ACTUARIAL DEFICIT OF THE DEFINED BENEFIT PLAN PORTION OF THE NORMAN EMPLOYEE RETIREMENT SYSTEM.				

Sponsors:

Indexes:

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Attachments: 1. City Council Staff Report, 2. R-2021-125, 3. NERS Actuarial Report 2021

Date	Ver.	Action By	Action	Result
5/11/2021	1	City Council		

CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2021-125: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AND THE NORMAN MUNICIPAL AUTHORITY APPROPRIATING \$54,085 FROM THE GENERAL FUND BALANCE AND \$10,832 FROM THE SANITATION FUND BALANCE TO PROVIDE FUNDING FOR AN ACTUARIAL DEFICIT OF THE DEFINED BENEFIT PLAN PORTION OF THE NORMAN EMPLOYEE RETIREMENT SYSTEM.

BACKGROUND: The City Code, Section 17 directs a Norman Employees Retirement System (NERS), which provides for retirement benefits for all City employees not covered by State-administered pension systems for police and fire employees. The NERS actually operates two systems, administered by a Board of Trustees: a Defined Benefit Pension System (the "Annuity Pool" or "DB Plan"), for employees who were retired as of July 1, 1991; and a Money Purchase Defined Contribution Retirement System (the "DC Plan") for all active employees and employees who retired since 1991. The basic difference between DB Pension Plans and DC Retirement Plans is that a lifetime benefit is provided for employees in a DB plan, whereas employer contributions of a defined amount are made to individual retirement accounts, managed by the employee, in a DC Plan (similar to the private sector 401K Plan). The actuarially-defined amount of outstanding liabilities for all beneficiaries in a DB Plan is funded by the employer and employee, and the difference in the amount of funds on hand in the fiduciary DB Plan and the total actuarial benefit is an "actuarial surplus" or "unfunded liability" in the DB Plan.

DISCUSSION: The City of Norman and NERS Board of Trustees received the actuarial report for the Defined Benefit portion of the NERS in April 2021 (attached, in summary). Due to market actions and the City's lack of contributions to the DB Plan over the last two years, the DB Plan has fallen into an Actuarial Deficit of \$64,917 as of July 1, 2020. The NERS' Actuarial Consultant recommends that contributions be made to the DB Plan, administered by the Oklahoma Municipal Retirement Fund, by

June 30, 2021.

Based on the division of employees in the general governmental areas of the City of Norman versus the number of employees in the utility enterprises (primarily the Sanitation Enterprise), it is recommended that approximately 83.33% of the contribution be funded from the General Fund and 16.67% be funded from the Sanitation Utility Fund.

RECOMMENDATION: It is recommended that the following appropriations of fund balance and allocations be made, and payment distributed to the Oklahoma Municipal Retirement Fund for deposit into the Norman Employees Retirement System Defined Benefit Pension Plan:

LOSING ACCOUNT: General Fund Balance (10-29000) -	\$54,085
LOSING ACCOUNT: Sanitation Fund Balance (33-29000) -	\$10,832
GAINING ACCOUNT: Retirement-City Share (10330123-42902) -	\$64,917