

**Oklahoma Municipal Retirement Fund
Master Defined Benefit Plan and Joinder Agreement
Summary of Changes**

The following summarizes the significant changes to the Oklahoma Municipal Retirement Fund Master Defined Benefit Plan and Joinder Agreement recently approved by the IRS:

A. Master Defined Benefit Plan

<u>Section</u>	<u>Description</u>
2.1(b)	“Actuarial Equivalent.” Incorporates a required reference to the mortality table that applies for purposes of calculating/determining whether a Participant’s annual benefit exceeds the limit contained in Article X of the Plan.
2.1(f)	“Average Monthly Compensation.” Now allows the Employer to select (in the Joinder Agreement) the number of consecutive months that will be used to calculate Average Monthly Compensation, rather than automatically using 60 months. Provides that the number of consecutive months of service will include non-credited periods under an Authorized Leave of Absence. Also provides that if an Employee has less than the number of consecutive months selected by the Employer in the Joinder Agreement, the Employee’s actual consecutive months will be used to calculate Average Monthly Compensation.
2.1(l)	“Compensation.” Defines Compensation as wages for purposes of Code § 3401(a), plus certain other amounts. Allows the Employer to specify modifications to the definition of Compensation in the Joinder Agreement.
3.1	“Eligibility.” Provides that the term “Employee” is defined in the Joinder Agreement. Also provides that a person who has been classified as an independent contractor but is reclassified as an “Employee” will not be eligible to participate in the Plan.
3.4	“Pick-up Contributions.” Provides in part that a private letter ruling is required if the sponsor/employer wishes a ruling on pick-up contributions.
4.1	“Normal Pension.” Provides that an employee is eligible for a Normal Pension if his employment classification has changed such that he is no longer eligible to participate in the Plan (e.g., a part-time employee) on or after his Normal Retirement Date – provided that he is 100% vested.
7.2	“Other Forms of Payment.” Now includes an Option G, which allows a payee to receive a combination of Option F and Option D or Option E.
7.6(a)(i)	“Eligible Rollover Distribution.” Provides that a portion of a distribution will not fail to be an eligible rollover distribution because it consists of after-tax employee contributions that are not includible in gross income – but restricts the type of plans that the portion may be paid to.
7.6(a)(ii)	“Eligible Retirement Plan.” An “Eligible Retirement Plan” now includes an annuity contract described in Code § 403(b); an eligible plan under Code § 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision that agrees to separately account for transferred amounts. Also, the definition of “Eligible Retirement Plan” now applies in the case of a distribution to a Participant’s surviving non-spouse Beneficiary – provided, however, that the direct rollover may only be made to an individual retirement account or annuity described in Code § 408(a) or 408(b).

7.7	“Minimum Distribution Requirements.” As required by Code § 401(a)(9), for purposes of determining the required minimum distributions beginning with the 2003 calendar year, this section generally provides that a Participant’s entire interest will be distributed, or begin to be distributed, no later than the April 1 of the calendar year following the later of (a) the calendar year in which the Participant attains age 70½, or (b) the calendar year in which the Participant retires.
8.1(a)	Transfers to Another Category With Same Employer. This subsection provides that if an Employee is transferred to a department, classification, or category with his Employer and is consequently no longer eligible to participate in this Plan, his participation ceases and he does not continue to accrue service for the purposes of benefit accruals or additional vesting credit.
9.1(a)(14)	Committee Powers. Expressly gives the Committee the power to appoint persons to perform certain tasks, including but not limited to, persons to receive and separately account for certain payments and payroll deductions consisting of contributions or assets under the Plan for the Fund.
9.1	City Treasurer and City Personnel Officer. Removed 9.1(c) and 9.1(d) from the old Plan. The Plan no longer provides that the City Treasurer is the Treasurer of the Plan, and no longer provides that the City Personnel Officer will assist in the administration of the Plan.
9.4	Abandonment of Benefits. Generally provides that if a Participant or Beneficiary is entitled to receive benefits under the Plan, but their whereabouts are unknown, the benefits will be forfeited if the Committee has mailed to such person notice of the right to receive benefits, and after one year, mails the notice again. But this section also provides that if the whereabouts of such a lost Participant or Beneficiary (whose benefits have been forfeited) later becomes known to the Committee and the person makes a claim for benefits, the Committee shall reinstate the forfeited benefits.
9.5	Benefits Payable to Incompetents. Where payments are due to a minor or another person under legal disability, at the discretion of the Committee, the payments may be made to either (a) a parent, spouse, relative by blood or marriage; or (b) the person’s legal representative.
10.2-10.4	Limitation on Benefits. As required by Code § 415, these sections generally provide that the annual benefit payable to a Plan Participant will not exceed \$160,000 (this number is adjusted annually, and is \$195,000 for 2010), but this amount is subject to adjustment as provided in 10.4(g).
10.12(a)- (b)	Re-employment of Retired Employees. Where a retired Employee receives Pension payments and then is later re-employed, the Pension payable upon his subsequent Retirement is equal to the sum of (a) the amount he had been receiving for his prior Retirement, subject to cost-of-living adjustments, payable under the same form of annuity elected for his prior Retirement; and (b) an amount determined solely for his Compensation and Service with the Employer after re-employment, payable in the form elected under Article V, VI, or VII.
12.3	Amendments. This section allows McAfee & Taft to adopt certain required amendments on behalf of all Employers without each Employer being required to separately adopt the amendments.

B. Joinder Agreement

<u>Section</u>	<u>Description</u>
4	Definition of Compensation. Allows the Employer to exclude certain items (such as overtime and bonuses) from the definition of Compensation.
5	Average Monthly Compensation. Allows the Employer to use either 36 consecutive months or 60 consecutive months for purposes of determining Participants’ Average Monthly Compensation, which is defined in Section 2.1(f) of the Master Plan Document and which is used in Section 5.1(a) of the Master Plan Document to calculate Participants’ normal pension.

AN ORDINANCE AMENDING THE EMPLOYEE RETIREMENT SYSTEM, DEFINED BENEFIT PLAN FOR THE CITY OF CLINTON, OKLAHOMA BY ADOPTING A REVISED AND RESTATED RETIREMENT PLAN; PROVIDING RETIREMENT BENEFITS FOR ELIGIBLE EMPLOYEES OF THE CITY OF CLINTON, OKLAHOMA; PROVIDING FOR PURPOSE AND ORGANIZATION; PROVIDING FOR DEFINITIONS; PROVIDING FOR ELIGIBILITY AND PARTICIPATION; PROVIDING FOR NON-ALIENATION OF BENEFITS; LOSS OF BENEFITS FOR CAUSE AND LIMITATIONS OF BENEFITS; PROVIDING FOR EMPLOYER AND EMPLOYEE CONTRIBUTIONS; PROVIDING FOR ACCOUNTING, ALLOCATION, AND VALUATION; PROVIDING BENEFITS; PROVIDING FOR REQUIRED NOTICE; PROVIDING FOR AMENDMENTS AND TERMINATION; PROVIDING FOR TRANSFER TO AND FROM OTHER PLANS; CREATING A RETIREMENT COMMITTEE AND PROVIDING FOR POWERS, DUTIES, AND RIGHTS OF RETIREMENT COMMITTEE; PROVIDING FOR PAYMENT OF CERTAIN OBLIGATIONS; PROVIDING FOR DURATION AND PAYMENT OF EXPENSES; PROVIDING FOR EFFECTIVE DATE; PROVIDING FOR VESTING SCHEDULES; PROVIDING FOR A FUND TO FINANCE THE SYSTEM TO BE POOLED WITH OTHER INCORPORATED CITIES, TOWNS AND THEIR AGENCIES AND INSTRUMENTALITIES FOR PURPOSES OF ADMINISTRATION, MANAGEMENT, AND INVESTMENT AS PART OF THE OKLAHOMA MUNICIPAL RETIREMENT FUND; PROVIDING FOR PAYMENT OF ALL CONTRIBUTIONS UNDER THE SYSTEM TO THE OKLAHOMA MUNICIPAL RETIREMENT FUND FOR MANAGEMENT AND INVESTMENT; PROVIDING FOR REPEALER AND SEVERABILITY; ADOPTING THOSE AMENDMENTS MANDATED BY THE INTERNAL REVENUE CODE; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE CITY COUNCIL OF CLINTON, OKLAHOMA:

Section 1. That pursuant to the authority conferred by the laws of the State of Oklahoma, and for the purpose of encouraging continuity and meritorious service on the part of City employees and thereby promote public efficiency, there is hereby authorized created, established, and approved and adopted, effective as of **January 1, 2011**, the amended and restated Plan designated "Employee Retirement System of the City of Clinton, Oklahoma, Defined Benefit Plan," (hereinafter called System), an executed counterpart of which is marked Exhibit "A" (Joinder Agreement) and Exhibit "B" (amended and restated plan) and attached hereto as part hereof.

Section 2. FUND. A fund is hereby provided for the exclusive use and benefit of the persons entitled to benefits under the System. All contributions to such fund shall be paid over to and received in trust for such purpose by the City. Such Fund shall be pooled for purposes of management and investment with similar funds of other incorporated cities, towns, and municipal trusts in the State of Oklahoma as a part of the Oklahoma Municipal Retirement Fund in accordance with the trust agreement of the Oklahoma Municipal Retirement Fund, a public trust. The City shall hold such contributions in the form received, and from time to time pay over and transfer the same to the Oklahoma Municipal Retirement Fund, as duly authorized and directed by the Board of Trustees. The Fund shall be nonfiscal and shall not be considered in computing any levy when the annual estimate is made to the County Excise Board.

Section 3. APPROPRIATIONS. The City of Clinton, Oklahoma, is hereby authorized to incur the necessary expenses for the establishment, operation, and administration of the System, and to appropriate and pay the same. In addition, the City of Clinton, Oklahoma, is hereby authorized to appropriate annually such amounts as are required in addition to employee contributions to maintain the System and the Fund in accordance with the provisions of the Defined Benefit Plan. Any appropriation so made to maintain the System and Fund shall be for deferred wages or salaries, and for the payment of necessary expenses of operation and administration to be transferred to the trustees of the Oklahoma Municipal Retirement Fund for such purposes and shall be paid into the Fund when available, to be duly transferred to the Oklahoma Municipal Retirement Fund.

Section 4. EXECUTION. The Mayor and City Clerk be and they are each hereby authorized and directed to execute (in counterparts, each of which shall constitute an original) the System instrument, and to do all other acts and things necessary, advisable, and proper to put said System and related trust into full force and effect, and to make such changes therein as may be necessary to qualify the same under Sections 401(a) and 501(a) of the Internal Revenue Code of the United States. The counterpart attached hereto as Exhibit "A" and Exhibit "B", which has been duly executed as aforesaid simultaneously with the passage of this Ordinance and made a part hereof, is hereby ratified and confirmed in all respects.

This Committee is hereby authorized and directed to proceed immediately on behalf of the City of Clinton, Oklahoma, to pool and combine the Fund into the Oklahoma Municipal Retirement Fund as a part thereof, with similar funds of such other cities and towns, for purposes of pooled management and investment.

Section 5. REPEALER. Any Ordinance inconsistent with the terms and provisions of this Ordinance is hereby repealed, provided, however, that such repeal shall be only to the extent of such inconsistency and in all other respects this Ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered by this Ordinance.

Section 6. SEVERABILITY. If, regardless of cause, any section, subsection, paragraph, sentence or clause of this Ordinance, including the System as set forth in Exhibit "A" and Exhibit "B", is held invalid or to be unconstitutional, the remaining sections, subsections, paragraphs, sentences, or clauses shall continue in full force and effect and shall be construed thereafter as being the entire provisions of this Ordinance.

Section 7. EMERGENCY. Whereas, in the judgment of the City Council of the City of Clinton, Oklahoma, the public peace, health, safety, and welfare of the City of Clinton, Oklahoma, and the inhabitants thereof demand the immediate passage of this Ordinance, an emergency is hereby declared, the rules are suspended, and this Ordinance shall be in full force and effective on its passage, approvals and publication.

END

The undersigned hereby certifies that the foregoing Ordinance was introduced before the City Council of the City of Clinton on the _____ day of _____, 20____, and was duly adopted and approved by the Mayor and City Council, on the _____ day of _____, 20____, after compliance with notice requirements of the Open Meeting Law (25 OSA, Sections 301, et. seq.).

City of Clinton

By _____

Mayor

ATTEST:

Clerk

Approved as to form and legality on _____, _____.

CITY ATTORNEY

**OKLAHOMA MUNICIPAL RETIREMENT FUND
MASTER DEFINED BENEFIT PLAN
JOINDER AGREEMENT**

City of Clinton, a city, town, agency, instrumentality, or public trust located in the State of Oklahoma, with its principal office at Clinton, Oklahoma, hereby establishes a Defined Benefit Plan to be known as **City of Clinton Plan** (the "Plan") in the form of The Oklahoma Municipal Retirement Fund Master Defined Benefit Plan.

Except as otherwise provided herein, the definitions in Article II of the Plan apply.

1. Dates.

- This instrument is a new Plan effective _____.
- This instrument is an amendment, restatement and continuation of the Previous Plan, which was originally effective July 1, 1970. The effective date of this Joinder Agreement is January 1, 2011, except as otherwise stated in the Plan and the Joinder Agreement.

2. Employee.

The word "Employee" shall mean:

- Any person other than a Leased Employee who, on or after the Effective Date, is considered to be a regular full-time employee in accordance with the Employer's standard personnel policies and practices, and is receiving remuneration for such services rendered to the Employer (including any elected official and any appointed officer or employee of any department of the Employer, whether governmental or proprietary in nature), including persons on Authorized Leave of Absence. Employees shall not include independent contractors. Elected members of the City Council shall not be considered to be Employees solely by reason of their holding such office.
 - Any person other than a Leased Employee who, on or after the Effective Date, is considered to be a regular employee in accordance with the Employer's standard personnel policies and practices (including part-time, seasonal and temporary employees), and is receiving remuneration for such services rendered to the Employer (including any elected official and any appointed officer or employee of any department of the Employer, whether governmental or proprietary in nature), including persons on Authorized Leave of Absence. Employees shall not include independent contractors. Elected members of the City Council shall not be considered to be Employees solely by reason of their holding such office.
 - Any person who, on or after the Effective Date, is an employee of the Employer and is .
- The word "Employee" shall not include:
- Any person who is currently accruing benefits under any other state or local retirement system.
 - Any person who is .

3. Eligibility.

Eligible Employees shall commence participation in the Plan: (Select only one)

- _ month(s) (any number of months up to twelve consecutive) after the Employee's Employment Commencement Date.
- On the Employee's Employment Commencement Date.

4. Definition of Compensation.

Compensation shall exclude the item(s) listed below:

- No exclusions.
- Overtime pay.
- Bonuses.
- Commissions.
- Severance pay.
- Fringe benefits, expense reimbursements, deferred compensation and welfare benefits.
- Other: Accrued vacation or sick leave paid upon termination of employment and moving expenses.

5. Average Monthly Compensation.

The considered period for purposes of the definition of "Average Monthly Compensation" in Section 2.1 of The Oklahoma Municipal Retirement Fund Master Defined benefit Plan is:

- sixty (60) consecutive months.
- thirty-six (36) consecutive months.

6. The Employer hereby elects the following Plan design:

- Mandatory Contribution Option.** An Employee shall be required to contribute to the Plan for each Plan Year the percentage of his Compensation ("Mandatory Contributions") required by the Plan. Mandatory Contributions shall be made by payroll deductions. An Employee shall authorize such deductions in writing on forms approved by, and filed with, the Committee.

If the Employee's contributions are to be taxed deferred:

- Pick-Up Option.** The Employer hereby elects to have the provisions of Section 3.4 of the Plan apply. The Employer shall pick-up and pay the percentage of each Participant's Compensation required to be contributed as of January 1, 1989 in lieu of contributions by the Participant. No Participant shall have the option of receiving the contributed amounts directly as Compensation.
- Non-Contributory Option.** Participants shall not be required nor permitted to contribute to the Plan.

7. A. Payment Options. The Employer hereby elects the following minimum number of payments for employees eligible to receive benefits under Article IV of the Plan:

- Sixty (60) monthly payments.
- One hundred and twenty (120) monthly payments.

B. Plan Options. The Employer hereby elects the following plan designation and percentage used in calculating benefits under Section 5.1 of the Plan.

- Plan AAA - 3% with no maximum Years of Service
- Plan AAA - 3% recognizing a maximum of 22 Years of Service
- Plan AA - 2.625%
- Plan BB - 2.25%
- Plan CC - 1.875%
- Plan A - 1.5%
- Plan B - 1.125%
- Plan C - .75%

C. Normal Retirement Age. Normal retirement age shall be:

- Age 65
- The earlier of (i) and (ii) as follows:
 - (i) age 65
 - (ii) the later of age 62 and the age at which the Participant has completed 30 years of service.
Examples: An employee hired at age 20 who worked for 30 years and terminated at age 50 would be entitled to unreduced payments at age 62.
An employee hired at age 30 who worked for 25 years and terminated at age 55 would be entitled to unreduced payments at age 65.
- Modified Rule of 80:
The earlier of (i) and (ii) as follows:
 - (i) age 65
 - (ii) the later of age 55 and the age at which the sum of the Participant's age in completed years and the participant's number of completed years of credited service total 80 or greater. To be eligible, the Participant's age plus service must be at least 80 prior to termination of employment.
Examples: 1. An employee hired at age 30 who worked for 25 years and terminated at age 55 would be entitled to unreduced payments immediately. Age 55 plus 25 years equals 80.

2. An employee hired at age 20 who worked for 30 years and terminated at age 50 would be entitled to unreduced payments at age 55. The employee has age plus service points at age 50 but the minimum age for payment is 55.
3. An employee hired at age 25 who worked for 25 years and terminated at age 50 would be entitled to unreduced payments at age 65. Age 50 plus 25 years is less than 80, so the Normal Retirement Age is 65.

D. Vesting Options. The Employer hereby elects the following vesting option to determine an Employee's eligibility to receive retirement benefits.

- Ten Year Cliff Vesting Schedule
- Seven Year Cliff Vesting Schedule
- Five Year Cliff Vesting Schedule

E. Service Credit Prior to Original Plan Effective Date. The Employer hereby elects to include the following limitation of service prior to the original Plan effective date.

- No limitation
- Service credit prior to the original Plan effective date shall not exceed ___ years.

F. Service Buyback. The Employer hereby elects

- No service buyback pursuant to Section 10.13 of the Plan
- The service buyback provisions of Section 10.13 of the Plan.

G. Service for Worker's Compensation Period. If a Participant is on an Authorized Leave of Absence and is receiving worker's compensation during such Authorized Leave of Absence, such Participant

- shall be credited with Service for such period for purposes of vesting only and not for purposes of benefits, but no Employee contributions shall be made with respect to the Participant for such period.
- shall not be credited with Service for such period.

H. Determination of Service for City Manager. Any Participant in the position of City Manager for the City of Clinton and who was hired prior to November 1, 2004, and after September 14, 2003, shall be given Service Credit from the original hire date for purposes of calculating benefits under Section 5.1 of the Plan.

8. Contributions by Employees.

If Employees are required to contribute to the cost of providing benefits under this Plan, such contributions shall be based on the plan designation selected in Section 7B above and shall apply to pay periods commencing on and after **July 1, 2006**.

a. The Employee contribution formula in Section 3.3 of the Plan shall use the following maximum percentage for the Plan Option selected in Section 7B of this Joinder Agreement:

- Plan AAA - 6.0%
- Plan AA - 5.25%
- Plan BB - 4.5%
- Plan CC - 3.75%
- Plan A - 3%
- Plan B - 2.25%
- Plan C - 1.5%

b. The contribution formula shall be **5.25%** of compensation. (Not to exceed the percentages in above paragraph).

c. The contribution as annually determined each year shall be shared by the Employee and Employer as follows:

- Employee portion %
- Employer portion %

(Employee plus Employer percentages must total 100%.)

The contribution will be actuarially determined based on Plan assets and liabilities as of January 1 of each year as a percent of payroll, which will then be shared between the Employer and Employee as noted above. These contribution rates will be in effect from July 1 of that year until June 30 of the subsequent year.

9. Cost-of-Living Option.

For purposes of adjusting retiree and beneficiary pensions, the Employer hereby elects the following:

- No Cost-of-Living Option.
- Cost-of-Living Option. This election applies to Sections 5.1 (Normal Pension), 5.4 (Deferred Vested Pension), 6.3A and 6.3B (Death After Commencement of Pension), and 6.4 (Spouse's Pension) and provides annual benefit increases of the smaller of three percent (3%) or the percentage change in the Consumer Price Index.
The effective date of the Cost-Of-Living Option shall be July 1, 1974, the original date that the Employer elected the Cost-Of-Living Option.

10. Retiree Plan Improvement Option.

Benefits payable to or on behalf of a former Employee under Article V, Article VI, or Article VII of the Plan, which are due or in the course of payment of the Effective Date of this Joinder Agreement, shall

- be increased according to the Plan Option elected herein. Such increased benefits shall be reflected in any periodic payments due or paid on or after the Effective Date of the Joinder Agreement. It is not intended for this change to be retroactive and any periodic payments due prior to such date shall not be affected.
- be increased by % effective . Such increased benefits shall be reflected in any periodic payments due or paid after such date. It is not intended for this change to be retroactive and any periodic payments due prior to such date shall not be affected.
- not be increased, but shall continue to be paid under the terms of the Previous Plan.

11. Limitations on Optional Benefit Forms.

Section 7.2 of the Plan provides for a lump sum payment form, an installment payment form that would be payable over a fixed number of years (at which time all payments would cease), or the purchase of an insured annuity. The Employer hereby elects the following:

- Optional benefit forms under Section 7.2 of the Plan will not be permitted.
- Optional benefit forms under Section 7.2 of the Plan will be permitted, subject to Retirement Committee approval for any such elections by an Employee, subject to the following limitation(s):

5% of Assets

(The above election has no effect on the joint and survivor optional benefit forms under Section 7.1).

12. Defined Contribution Option.

- Not applicable.
- Participant shall be entitled to the benefit under this option, in addition to the benefit determined according to Section 7B.

An account shall be created for each active Participant as of the effective date of the option. The beginning balance of the account shall be the Participant's Contribution Accumulation. The account shall be credited with:

- (1) Mandatory Contributions made by the Participant after the effective date of the option.
- (2) Investment earnings at same rate as earned by the Oklahoma Municipal Retirement Fund (OMRF) Defined Benefit Fund.

As soon as administratively possible after termination of employment or death, the administrator shall pay the Participant or Beneficiary if applicable, the account balance. The Participant may elect to receive the benefit in any of the Benefit options permitted under the plan. The benefit shall be the Actuarial Equivalent of the account balance at the time the benefit commences.

The administrator shall determine the method of determining the investment earnings and the date such investment earnings are credited.

This option shall be effective .

13. The Employer has consulted with and been advised by its attorney concerning the meaning of the provisions of the Plan and the effect of entry into the Plan.

IN WITNESS WHEREOF **City of Clinton** has caused its corporate seal to be affixed hereto and this instrument to be duly executed in its name and behalf by its duly authorized officers this _____ day of _____, _____.

City of Clinton

By: _____

Title: _____

Attest:

Title: _____

(SEAL)

14. The foregoing Joinder Agreement is hereby approved by the Oklahoma Municipal Retirement Fund this _____ day of _____, _____.

OKLAHOMA MUNICIPAL RETIREMENT FUND

By: _____

Title: Chairman _____

Attest:

Secretary

(SEAL)