RESOLUTION NO. 84-26

A RESOLUTION OF INTENT TO APPLY FOR COVERAGE OF NEWLY HIRED POLICE OFFICERS UNDER THE DEFINED BENEFIT COMPONENT OF THE STATEWIDE RETIREMENT PLAN ADMINISTERED BY THE FIRE AND POLICE PENSION ASSOCIATION, AND TO OFFER ACTIVE MEMBERS OF THE CITY'S LOCAL MONEY PURCHASE PLAN THE OPTION TO PARTICIPATE

Recitals:

1. The City of Grand Junction is a home rule municipality organized under Article XX of the Colorado Constitution and the Grand Junction Home Rule Charter. The City is an "employer" within the meaning of § 31-31-102(3), C.R.S., and § 31-31.5-100.3(4), C.R.S.

2. The City presently covers the full-time salaried police officers of the Grand Junction Police Department under the Empower 401(a) Plan, a local money purchase plan. The plan is a "money purchase plan" as defined in § 31-31-102(5), C.R.S.

3. The Statewide Retirement Plan comprises the defined benefit component, the social security component, and the hybrid component, which together constitute the lifetime benefit components, and the money purchase component. § 31-31.5-100.3(5), C.R.S.; § 31-31.5-102(1), C.R.S. The Statewide Retirement Plan is a plan within the fire and police pension association defined benefit system. § 31-31-204(1)(a), C.R.S.

4. Section 31-31-1101(1), C.R.S., authorizes an employer that has established a local money purchase plan to apply to the Board of Directors of the Fire and Police Pension Association (the "Board") to require all new employees hired on or after a date certain who meet the definition of "member" in § 31-31-102(4), C.R.S., to participate as a group in the defined benefit system, in either the defined benefit component or the hybrid and money purchase components of the Statewide Retirement Plan established in article 31.5 of title 31, C.R.S. The application is initiated by filing with the Board a resolution adopted by the governing body of the employer.

5. Section 31-31-1101(1.5), C.R.S., authorizes an employer that has elected participation under § 31-31-1101(1), C.R.S., to apply also to cover some or all of the existing members of its money purchase plan under the defined benefit system.

6. Section 31-31-1101(3.5)(a), C.R.S., permits an employer, in lieu of the approval by at least sixty-five percent of voting active members required by § 31-31-1101(3), C.R.S., to offer each active local plan member the option to discontinue participation in the local money purchase plan and to participate in the defined benefit system, where the local plan allows for the individual self-direction of each member's account. The offer must be extended to all active local plan members employed by the employer at the time of the offer. Section 31-31-1101(3.5)(b), C.R.S., provides that this alternative does not waive or invalidate any election of members required by a local plan document, trust agreement, or labor agreement.

7. The Empower 401(a) Plan allows for the individual self-direction of each member's account, and no local plan document, trust agreement, or labor agreement requires an election of members as a condition of the action taken by this Resolution.

8. Members of an employer that reenters or affiliates pursuant to part 11 of article 31 of title 31, C.R.S., participate in the Statewide Retirement Plan beginning on the employer's effective date, pursuant to rules adopted by the Board. § 31-31.5-202(1), C.R.S. Such members may elect a trustee-to-trustee transfer of assets from the predecessor money purchase plan to the member's individual account, § 31-31.5-202(2), C.R.S., and may elect to convert vested

proceeds from the predecessor plan into service credit toward the lifetime benefit components as allowed by the Board's rules, § 31-31.5-202(3), C.R.S.

9. At the time of reentry or affiliation the Board may establish a continuing rate of contribution in addition to the contributions otherwise required by part 3 of article 31.5, and it is to be decided locally during the affiliation process whether that rate is paid by the member, by the employer, or split equally between them. § 31-31.5-305(1) and (2), C.R.S. The Board may lower the continuing rate of contribution if it finds the rate exceeds what is required to pay the cost of benefits. § 31-31-1101(7), C.R.S.

10. The term "member" does not include clerical or other personnel whose services are auxiliary to police protection, and the statutory option to include auxiliary clerical personnel is available only to a fire protection district, fire authority, or county improvement district. § 31-31-102(4), C.R.S.; § 31-31.5-100.3(6), C.R.S.

11. The Board is required to promulgate rules relating to standards for disclosure of all ramifications and procedures for allowing active members to join the defined benefit system, and those rules must provide that an employer that opts to participate in the defined benefit system may not opt out of the elected plan at any later date. § 31-31-1101(4), C.R.S.

12. The City Council has considered this matter and determined that covering newly hired police officers under the defined benefit component of the Statewide Retirement Plan, and offering active members of the City's local money purchase plan the option to participate, serves the City's interest in recruiting and retaining sworn personnel.

Now, therefore, be it resolved by the City Council of the City of Grand Junction that:

1. **Recitals.** The Recitals are incorporated into this Resolution as findings of the City Council.

2. **Application and election for new hires.** Pursuant to § 31-31-1101(1), C.R.S., the City applies to the Board and elects to require every employee hired on or after the Effective Date for New Hires who meets the definition of "member" in § 31-31-102(4), C.R.S., and § 31-31.5-100.3(6), C.R.S., to participate as a group in the defined benefit component of the Statewide Retirement Plan established by article 31.5 of title 31, C.R.S., in lieu of coverage under the Empower 401(a) Plan, at the contribution rates set forth in Exhibit B.

3. **Effective Date for New Hires.** The "Effective Date for New Hires" is the date certain established by the Board under § 31-31.5-202(1), C.R.S., and the Board's rules. The City requests that the Board establish that date in the third or fourth quarter of 2027. Upon the Board's determination, the City Manager is authorized to confirm that date in the final Certification of Compliance, and the date so confirmed is the Effective Date for New Hires for all purposes of this Resolution and of Exhibits A and B.

4. **Option for active members of the local plan.** Pursuant to § 31-31-1101(1.5), C.R.S., the City applies to cover existing members of its local money purchase plan under the defined benefit component. In lieu of the election required by § 31-31-1101(3), C.R.S., and as authorized by § 31-31-1101(3.5)(a), C.R.S., the City elects to offer each active member of the Empower 401(a) Plan employed by the City at the time the offer is made the option to discontinue participation in that plan and to participate in the defined benefit component, at the contribution rates set forth in Exhibit A. The offer shall be extended to all such members. This paragraph is subject to § 31-31-1101(3.5)(b), C.R.S.

5. **Contribution rates.** Members hired on or after the Effective Date for New Hires shall contribute at the rate required by § 31-31.5-301(1), C.R.S., and the City shall contribute at the

rate required by § 31-31.5-301(2), C.R.S., as set forth in Exhibit B. Members who are active before the Effective Date for New Hires and who elect participation under paragraph 4 shall contribute, and the City shall contribute, at the rates set forth in Exhibit A. Mandatory member contributions shall be picked up by the City pursuant to § 31-31.5-306, C.R.S., and remitted pursuant to § 31-31.5-309, C.R.S. Exhibits A and B are subject to adjustment to conform to the rate in effect under § 31-31.5-301, C.R.S., on the Effective Date for New Hires.

6. **Continuing rate of contribution.** As the local decision required by § 31-31.5-305(2), C.R.S., the continuing rate of contribution established by the Board under § 31-31.5-305(1), C.R.S., shall be paid in full by the member, as reflected in column 4 of Exhibit A. The rate remains subject to the Board's authority under § 31-31-1101(7), C.R.S.

7. **Money purchase assets and vesting.** The City does not direct a transfer of the account balances held in the Empower 401(a) Plan to the money purchase component of the Statewide Retirement Plan. Nothing in this Resolution limits or conditions the right of an individual member to elect a trustee-to-trustee transfer under § 31-31.5-202(2), C.R.S., or to elect conversion of vested proceeds into service credit under § 31-31.5-202(3), C.R.S., subject to the Board's rules. Vesting in amounts credited to a member's individual account in the money purchase component is governed by § 31-31.5-501, C.R.S., and § 31-31.5-503, C.R.S. Vesting of the employer accounts shall be 100% vested upon transfer for members who elect participation.

8. **Participant loans.** The Statewide Retirement Plan does not provide loans to members. To the extent a member elects a transfer under § 31-31.5-202(2), C.R.S., an outstanding participant loan shall not be transferred, and the treatment of any such loan is subject to the Board's approval and acceptance and to the Empower 401(a) Plan documents.

9. **Clerical and support personnel.** Full-time clerical and other support personnel of the Grand Junction Police Department whose services are auxiliary to police protection are not "members" under § 31-31-102(4), C.R.S., or § 31-31.5-100.3(6), C.R.S., and are not eligible to participate in the Statewide Retirement Plan, whether employed before or after the Effective Date for New Hires. The City makes no election with respect to such personnel, and the statutory option to include auxiliary clerical personnel is not available to a municipality.

10. **Irrevocability.** The City acknowledges that, consistent with § 31-31-1101(4), C.R.S., an employer that opts to participate in the defined benefit system may not opt out of the elected plan at any later date, and that the election made by this Resolution becomes irrevocable when the final Certification of Compliance is filed by the City and approved by the Board.

11. **Disclosure statement.** The City, in conjunction with the Fire and Police Pension Association, shall prepare a disclosure statement comparing the principal provisions of the Empower 401(a) Plan and the defined benefit component of the Statewide Retirement Plan, shall submit the disclosure statement to the Association for approval, and shall distribute the approved disclosure statement to all eligible members before the deadline for making individual elections, in accordance with the Board's rules adopted under § 31-31-1101(4), C.R.S.

12. **Member selection procedure.** The City, in conjunction with the Fire and Police Pension Association, shall implement a procedure for individual member elections under paragraph 4 in accordance with the rules and procedures established by the Board.

13. **Certification of Compliance.** The City understands that in addition to this Resolution it must make the certifications contained in the Association's Form of Certification of Compliance, and that entry into the defined benefit system is not complete or final until the Certification of Compliance is made and filed with the Association and approved by the Board. If the Certification of Compliance is accepted, all future members of the Police Department who would

have been covered under the Empower 401(a) Plan will be covered under the defined benefit component of the Statewide Retirement Plan.

14. **Authorization and transmittal.** The City Manager is authorized to execute and file the Certification of Compliance and any related forms, schedules, and disclosures required by the Board, and to take such further action as is necessary to complete the application. The City Clerk shall certify this Resolution and transmit it to the Fire and Police Pension Association for processing as part of the application, in accordance with applicable law and the Board's rules.

15. **Appropriation.** All contributions required by this Resolution shall be paid solely from funds lawfully appropriated for that purpose in each fiscal year. Nothing in this Resolution constitutes a multiple-fiscal-year direct or indirect district debt or other financial obligation within the meaning of Article X, Section 20(4)(b) of the Colorado Constitution.

PASSED and ADOPTED this 16th day of September, 2026.

Laurel Lutz
President of the City Council

Attest:

Selestina Sandoval
City Clerk

CITY OF GRAND JUNCTION COLORADO

Exhibit A

Contribution Rate Schedules for Members hired prior to the effective date of entry

<u>Statewide Defined Benefit Plan – Contribution Rate Schedule Reentry Members</u>

	1.	2.	3.	4.	5.	6.
Effective January 1 of Year	*Mandatory Member Contribution Rate (pre-tax)*	*Mandatory Member Contribution Rate (post-tax)*	*Mandatory Member CRC (Continuing Rate of Contribution) (post-tax) **	*Total Required Rate for Reentry Members*	*Total Employer Contribution Rate*	*Total Combined Member and Employer Contribution Rate*
2026	*10.65%*	*1.35%*	*1.90%*	*13.90%*	*11.0%*	*24.90%*
2027	*10.65%*	*1.35%*	*1.90%*	*13.90%*	*11.5%*	*25.40%*
2028	*10.65%*	*1.35%*	*1.90%*	*13.90%*	*12.0%*	*25.90%*
2029	*10.65%*	*1.35%*	*1.90%*	*13.90%*	*12.5%*	*26.40%*
2030 and thereafter	*10.65%*	*1.35%*	*1.90%*	*13.90%*	*13.0%*	*26.90%*

* The 1.9% Affiliation Cost (a.k.a. Continuing Rate of Contribution) is reflected above. This rate will be reevaluated in January of the year following the second anniversary of reentry and may be decreased. This cost that is paid by the Member should be added to the Member Post-Tax contribution rate on the table above.

Exhibit B

Contribution Rate Schedule for Members Hired <u>After the Effective Date of Reentry</u>

<u>Statewide Defined Benefit Plan - Contribution Rate Schedule</u>

	1.	2.	3.
Effective January 1 of Year	*Mandatory Member Contribution Rate*	*Mandatory Employer Contribution Rate*	*Total Combined Member and Employer Contribution Rate*
2026	*12.0%*	*11.0%*	*23.0%*
2027	*12.0%*	*11.5%*	*23.5%*
2028	*12.0%*	*12.0%*	*24.0%*
2029	*12.0%*	*12.5%*	*24.5%*
2030 and thereafter	*12.0%*	*13.0%*	*25.0%*