

ORDINANCE NO. 2590

AMENDING THE GRAND JUNCTION NEW HIRE POLICE PENSION PLAN TO ALLOW FOR PARTICIPANT LOANS

Whereas, the City Manager has recommended that, in an effort to move toward settlement of the pending dispute concerning new hire police employees who are participants in the Grand Junction New Hire Police Pension Plan, the Council consider changing the loan provisions of Ordinance 2566, which established a New Hire Police Money Purchase Defined Contribution Plan, and

Whereas, the City Council is persuaded that, even though the Council would otherwise not deem it appropriate to allow loans secured by retirement benefits because of the risk that the retirement benefits will not be available at retirement, present circumstances require that the City compromise in order to show the City's good faith efforts to maintain effective relations with pension participants; and

Whereas, the members of the Board which existed prior to Ordinance No. 2566 have advocated that the decision to borrow from one's retirement account is best made by the individual participant, based on the assumption that each participant is able and willing to evaluate his or her own needs and the risks associated with such a loan; and

Now therefore be it ordained by the City Council of the City of Grand Junction:

The New Hire Police Money Purchase Defined Contribution Plan is amended by the adoption of a new Section 12 which shall read in its entirety as follows:

"12.1 Application. A plan Participant may make application to the Plan Administrator requesting a loan from the Fund. The Plan Administrator shall have the sole right to approve or disapprove a Participant's application provided that loans shall be subject to the rules described in this Article XII and shall be made available only according to subsection 12.1(a), in the case of a Participant who has completed at least two years of Service as a Participant, or according to subsection 12.1(b), due to the occurrence of an "unforeseeable emergency" of the Participant.

(a) A Participant who has completed a Period of Service of 24 months may borrow up to 20% of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Voluntary Contributions, Transfer Contributions and Rollover Contributions.

(b) A Participant who demonstrates an "unforeseeable emergency" may borrow an amount reasonably needed to satisfy such "unforeseeable emergency". An "unforeseeable emergency" is a severe financial hardship to the Participant resulting from a

sudden unexpected illness or accident of the participant or of the Participant's dependent (as defined in Code Section 152(a)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. An "unforeseeable emergency" does not exist to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise, or

(ii) by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.

Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

12.2 Maximum Amount. No loan granted hereunder shall exceed the lesser of (a) \$50,000 reduced by the outstanding balance of all existing loan(s), or (b) an amount which, when added to the outstanding balance of any other Plan loans to the Participant, equals one-half of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Voluntary Contributions, Transfer Contributions and Rollover Contributions. An assignment or pledge of any portion of the Participant's interest in the Plan will be treated as a loan under this Article XII.

12.3 Application Forms. All applications must be made on forms provided by the Plan Administrator and must be signed by the Participant."

Introduced this 15th day of July, 1992.

PASSED and ADOPTED this 5th day of August, 1992.

Attest:

NAME

President of the Council

Theresa F. Martinez

Acting City Clerk

I HEREBY CERTIFY that the foregoing ordinance, being Ordinance No. 2590, was introduced, read, and ordered published by the City Council of the City of Grand Junction, Colorado, at a regular meeting of said body held on the 15th day of July, 1992, and that the same was published in The Daily Sentinel, a newspaper published and in general circulation in said City, at least ten

days before its final passage.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 6th day of August, 1992.

Theresa F. Martinez

Theresa F. Martinez, CMC
Acting City Clerk

Published: July 24, 1992
Published: August 7, 1992
Effective: September 6, 1992