

**ORDINANCE NO. 3066**

**ORDINANCE ADOPTING AMENDMENTS TO RETIREMENT PLANS FOR  
SPECIFIED CITY OF GRAND JUNCTION EMPLOYEE GROUPS**

**Recitals:**

Article XI, Section 88, of The Charter requires that the City Council act by ordinance to continue, alter, establish, provide for and amend pension plans. With the addition of a loan provision to the general employee retirement plan, changes to the loan provisions in the fire and police retirement plans and with various other revisions to these plans which ease plan administration, provide consistency across plans or are in accord with current practice, these three plans require amendment.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION THAT:

1. The plan provisions as amended and attached hereto, which are incorporated by this reference as if fully set forth, for the below listed retirement plans are hereby adopted in accordance with Article XI, Section 88 of the Charter of the City of Grand Junction.
  - a. City of Grand Junction, Colorado Employees Retirement Plan; and,
  - b. City of Grand Junction New Hire Fire Money Purchase Defined Contribution Plan; and,
  - c. City of Grand Junction New Hire Police Money Purchase Defined Contribution Plan.
2. All lawful acts heretofore taken by the City and its officers, agents and employees, and the employees benefiting from the plans, in funding, managing and administering the plans, in whatever capacity, are hereby ratified.
3. All ordinances or parts of ordinances inconsistent with the provisions of this ordinance are hereby repealed.

INTRODUCED this 5th day of August, 1998.

APPROVED this 19th day of September, 1998.

/s/ Janet L. Terry  
Janet Terry, Mayor

ATTEST:

/s/ Stephanie Nye  
City Clerk

## **SUMMARY OF GENERAL EMPLOYEE MONEY PURCHASE DEFINED CONTRIBUTION PLAN AMENDMENTS**

- Amend Article I, the definition of Employee to read “Employee shall mean any Employee occupying a Council approved full-time position of the Employer excluding the City Manager, *City Attorney*, elected officials, non-classified positions appointed by the City Manager *who participate in other Employer sponsored 401 or 457 plans as an alternative to this Plan* and sworn Police and Fire Personnel who participate in other Employer sponsored 401 plans.”
- Amend Article I, the definition of Normal Retirement Age to read, “ Shall mean the date on which a Participant has reached his *55th* birthday.”
- Amend Article X - Administration to address how the Board which administers the Plan will be elected, hold meetings, vote and otherwise conduct Plan business. Add:

*10.2 (b) Meetings. The Board shall meet whenever required for the orderly and timely administration of the business of the Plan at such location as may be acceptable to the Board.*

*(c) Quorum. A quorum for the transaction of business at a duly called meeting shall consist of three (3) members, with the further limitation that any such quorum shall consist of not less than two (2) City members and one (1) Employee member.*

*(d) Voting. All actions by and decisions of the Board shall be by the vote of at least three (3) members. Each Board member shall have one vote.*

*(e) Organization and Operation of the Board. At the commencement of each year, the Board members shall select from among them a Chair and a Secretary who shall each serve for a period of one (1) year. One office shall be filled by a City Board member and one office shall be filled by an Employee Board member. The offices of Chair and Secretary shall be rotated annually between City Board member and Employee Board member. The Secretary shall be responsible for maintaining an accurate record of all actions of the Board, including minutes from all Board meetings. A copy of such minutes shall be retained as a record of the Plan and one copy thereof shall be distributed to each Board member. Documents requiring execution by the Board shall be signed by the Chair and attested by the Secretary. The Board may adopt rules and regulations necessary for the orderly election of Employee members of the Board and for the proper and efficient administration of the Plan, provided such rules and regulations are not inconsistent with the terms of the Plan or the provisions of applicable law.*

**(f) Election of Employee Board Members. The two (2) Employees who are to be elected to the Board by participants shall be elected in accordance with this Section 10.2 (f). At the first election, one Employee member shall be elected to serve a term of two (2) years and one (1) Employee member shall be elected to serve a term of three (3) years. Thereafter, Employee members of the Board shall be elected to serve terms of three (3) years. Each term shall commence on the first day of the Plan Year. If otherwise qualified, Employee members of the Board may be re-elected to the Board without limitation on the number of terms that may serve.**

- **Add Article XII - Participant Loans.**

**12.1 Application. A Plan Participant may make application to the Board requesting a loan from the Fund. The Board 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 as of Service as a Participant.**

**(a) A Participant who has completed a Period of Service of 24 months may borrow up to the lesser of \$25,000 or 25% of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax 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 and 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) \$25,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the Plan on the date the loan is made, or (b) an amount which, when added to the outstanding balance of any other Plan loans to the Participant, equals twenty-five percent (25%) of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre Tax 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 Board and must be signed by the Participant.*

**12.4 Spousal Consent.** *A Participant must obtain the consent of his or her spouse, if any, within the 90-day period before the time the account balance is used as security for the loan. Spousal consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a Plan representative or notary public. Such consent shall be binding on the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the account balance is used for renegotiation, extension, renewal, or other revision of the loan. If a valid spousal consent has been obtained in accordance with this section 12.4, then, notwithstanding any other provision of this Plan, the portion of the Participant's vested account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than 100% of the Participant's vested account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the account balance shall be adjusted by first reducing the vested account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.*

**12.5 Interest on Loans.** *Any loan granted hereunder shall bear interest at a rate determined by the Board to be reasonable at the time of application.*

**12.6 Security.** *All loans made hereunder shall be secured by the Participant's vested account balance and by such additional collateral as may be required by the Board.*

**12.7 Terms of Repayment.** *Any loan shall by its terms require that repayment (principal and interest) be bi-weekly, by payroll deduction or by check if the*

*Participant is not on payroll, over a period not extending beyond five years from the date of the loan.*

*12.8 Principal and Interest Allocation. The principal and interest paid by a Participant on his or her loan shall be credited as a segregated investment of the Participant's account.*

*12.9 Default. The Board shall treat a Participant's loan as in default upon any of the following events:*

- (1) If a scheduled payment remains unpaid more than 30 days;*
- (2) The death of the Participant;*
- (3) The termination of the Participant's employment for any reason;*
- (4) If the Participant revokes authorization for repayment of the loan by payroll deduction.*

*The Board shall grant the Participant reasonable rights to cure any default, by repaying the loan, by bringing the loan current by payment of any missed payment(s) with interest, or, if distribution is available under the terms of the Plan, by requesting distribution of the note to the Participant. If the default is not cured within a reasonable time, the Board may take one or more of the following actions:*

- (1) If a distribution is permissible under the Plan, offset the Participant's vested account balance by the outstanding balance of the loan;*
- (2) Report the entire unpaid principal amount of the loan as a taxable distribution to the Internal Revenue Service.*

*The Board will treat a loan as repaid to the extent of any permissible offset, but until the note is finally and fully disposed of, the Participant remains obligated for repayment of principal and interest.*

*The Board may adopt policies and procedures that will apply uniformly to all Participants with regard to the procedures that the Board will follow upon default.*

*12.10 Approval of Application. If a Participant's loan application is approved by the Board, such Participant shall be required to sign a note, loan agreement and assignment of his or her vested interest in the Fund as collateral for the loan.*

## SUMMARY OF NEW HIRE FIRE MONEY PURCHASE DEFINED CONTRIBUTION PLAN AMENDMENTS

- Amend Article XIII, Section 13.1 to allow for amendments to be made to the Plan document without a vote of the participants when said amendments are prompted by changes in law. The amendment would read, “Amendments. The Employer, by ordinance of its City Council, shall have the right at any time, and from time to time, to: (a) Amend this Plan in such a manner as it may deem necessary or advisable in order for the Plan to be in compliance with current law and to qualify this Plan and the Trust created in relation hereto pursuant to sections 401(a) and 501(a) of the Internal Revenue Code of 1986 and any such amendment may, by its terms, be retroactive; and, (b) Amend this Plan in any other manner. (c) ***With the exception of amendments made pursuant to Section 13.1 (a) above***, no amendment shall take effect unless approved at the time of adoption by at least 65% of all Participants employed at the time of the amendment.
  
- Amend Article XII concerning participant loans to allow participants to borrow up to 50% of their vested account balance rather than the current 20%. Amend 12.1 (a) to read: “A Participant who has completed a Period of Service of 24 months may borrow up to **50%** of the fair market value of the Participant’s vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Transfer Contributions and Rollover Contributions.” Amend 12.2 “Maximum Amount. No loan granted hereunder shall exceed the lesser of (a) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the Plan on the date the loan is made, or (b) an amount which, when added to the outstanding balance of any other Plan loans to the Participant, equals **fifty percent (50%)** of the fair market value of the Participant’s vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax 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.”
  
- Amend Article XII concerning participant loans to allow participants to borrow against rollover contributions without regard to the 24 month service requirement. Add to 12.1 “Application. ....***or according to subsection 12.1 (c), in the case of a Participant with Rollover Contributions.***” Add 12.1 (c): “***A Participant who has made a Rollover Contribution to the Plan may borrow up to 50% of the fair market value of the Participant’s account balance derived from Rollover Contributions without regard to the 24 month Period of Service requirement.***”

## **SUMMARY OF NEW HIRE POLICE MONEY PURCHASE DEFINED CONTRIBUTION PLAN AMENDMENTS**

- Amend Article XIII, Section 13.1 to allow amendments to be made to the Plan document without a vote of the participants when said amendments are prompted by changes in law. The amendment would read, “Amendments. The Employer, by ordinance of its City Council, shall have the right at any time, and from time to time, to: (a) Amend this Plan in such a manner as it may deem necessary or advisable in order for the Plan to be in compliance with current law and to qualify this Plan and the Trust created in relation hereto pursuant to sections 401(a) and 501(a) of the Internal Revenue Code of 1986 and any such amendment may, by its terms, be retroactive; and, (b) Amend this Plan in any other manner. (c) ***With the exception of amendments made pursuant to Section 13.1 (a) above***, no amendment shall take effect unless approved at the time of adoption by at least 65% of all Participants employed at the time of the amendment.
  
- Amend Article XII concerning participant loans to allow participants to borrow against rollover contributions without regard to the 24 month service requirement. Add to 12.1 “Application. ...***or according to subsection 12.1 (c), in the case of a Participant with Rollover Contributions.***” Add 12.1 (c): “***A Participant who has made a Rollover Contribution to the Plan may borrow up to 50% of the fair market value of the Participant’s account balance derived from Rollover Contributions without regard to the 24 month Period of Service requirement.***”