



FINANCE MEMORANDUM
#08-10

October 30, 2008

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: James Hayes, Acting City Manager and Acting Finance Director 
Tammy Guenther, Pension Administrator 

SUBJECT: Second Amendment to the City of Northglenn General Employees' Pension Plan

RECOMMENDATION:

Approve CB-1676, effective as of November 10, 2008, an Ordinance amending the amended and restated City of Northglenn General Employees' Pension Plan and Trust Agreement.

BACKGROUND:

On October 22, The Pension Plan Attorney, City Attorney and Pension Administrator conducted a conference call regarding the General Employees' Pension Plan and the City Manager's employment agreement. The Plan document would need to be amended effective as of November 10, 2008.

- The Employer shall contribute 10% of the City Manager's compensation as defined in the Plan document.
- Delete no mandatory contribution from the City Manager. The City Manager shall contribute 12% of his compensation into his retirement account.
- Add to the Plan the City Manager will be 100% vested in his retirement account.

POTENTIAL OBJECTION:

City Staff is not aware of any specific opposition to the proposed changes.

BUDGET/TIME IMPLICATIONS:

The budget impact will be an immediate 10% Employer Contributions of the City Manager's compensation into his retirement account.

STAFF REFERENCE:

If Councilmembers have any comments or questions, they may contact James Hayes, jhayes@northglenn.org

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1676
Series of 2008

Series of 2008

A BILL FOR A SPECIAL ORDINANCE ADOPTING THE SECOND AMENDMENT TO THE AMENDED AND RESTATED CITY OF NORTHGLENN GENERAL EMPLOYEES' PENSION PLAN AND TRUST AGREEMENT, EFFECTIVE RETROACTIVE TO NOVEMBER 10, 2008

WHEREAS, the City Council of the City of Northglenn originally adopted the Amended and Restated City of Northglenn General Employees' Pension Plan and Trust Agreement (the "Plan") by the passage of Ordinance No. 1379, Series of 2004;

WHEREAS, the Plan was subsequently amended by the adoption of Ordinance No. 1504, Series of 2007; and


WHEREAS, an additional amendment to the Plan is now necessary to reflect the contractual provisions of the City's Employment Agreement with its new City Manager.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Plan is hereby amended, effective retroactive to November 10, 2008, as more particularly set forth in the Second Amendment to the Amended and Restated City of Northglenn General Employees' Pension Plan and Trust Agreement, attached hereto as Exhibit A, and incorporated herein by this reference.

INTRODUCED, READ AND ORDERED POSTED this 30th day of October, 2008.


KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

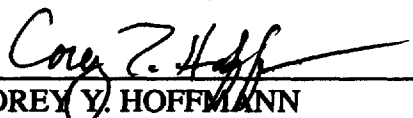
PASSED ON SECOND AND FINAL READING this ____ day of _____,
2008.

KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:



COREY Y. HOFFMANN
City Attorney

EXHIBIT A

**SECOND AMENDMENT
TO THE
CITY OF NORTHGLENN GENERAL EMPLOYEES' PENSION PLAN AND TRUST
AGREEMENT**

WHEREAS, the City Council of the City of Northglenn by Ordinance No. 1379, Series of 2004, adopted the amended and restated City of Northglenn General Employees' Pension Plan and Trust Agreement (the "Plan"), effective January 1, 2007, as amended by the First Amendment thereto by Ordinance No. 1504, Series of 2007, effective January 1, 2008; and

WHEREAS, the City of Northglenn by action of the Retirement Board of the Plan ("Board") deems it desirable to amend the Plan to reflect contractual provisions of the City's Employment Agreement with its new City Manager; and

WHEREAS, pursuant to § 11.1 of the Plan, the City of Northglenn has the authority to amend the Plan; and

NOW THEREFORE, the Plan is hereby amended, effective as of November 10, 2008, except as specifically provided otherwise, as follows:

1. **ARTICLE IV. CONTRIBUTIONS AND FORFEITURES, § 4.1 Employer Contributions**, shall be revised as follows:

4.1 **Employer Contributions**: The Employer shall contribute the following percentage of a Participant's eligible compensation for each pay period such Participant is eligible to receive a contribution:

Pay periods beginning prior to the date on which the Employee completes five years of continuous employment	8%
Pay periods beginning after the date on which the Employee completes five years of continuous employment but before completing the tenth year of continuous employment	9%
Pay periods beginning after the date on which the Employee completes ten years of continuous employment	10%

Notwithstanding the foregoing provisions of this Section, ~~with respect to the Employer's contribution on behalf of the City Manager,~~ **EFFECTIVE AS OF NOVEMBER 10, 2008,** the Employer shall contribute **310%** of the City Manager's Compensation for each pay period the City Manager is eligible to receive a contribution.

Continuous employment, for the purposes of this Section, shall mean a period of employment for which a contribution is required to be made under the terms of this Plan. The amount of continuous employment shall be rounded to the nearest full calendar month. Separate periods of continuous service shall be aggregated to determine the amounts of service for the purpose of establishing the contribution rate.

2. **ARTICLE IV. CONTRIBUTIONS AND FORFEITURES, § 4.2 Mandatory Participant Contributions,** shall be revised as follows:

4.2 **Mandatory Participant Contributions:** In order to share in Employer Contributions, commencing with the first pay period of July, 2000, each Participant's Mandatory Contribution shall be twelve percent (12%) of Compensation each year. ~~Notwithstanding the foregoing sentence, no Mandatory Contribution shall be made by the City Manager.~~ The Employer shall pick up Mandatory Participant Contributions for all Compensation paid on or after January 1, 1987, and the contributions so picked up shall be treated as Employer contributions pursuant to Code Section 414(h)(2). The Employer shall pay these Employee contributions directly to the Trust Fund in lieu of paying such amounts to Employees, and such contributions shall be paid from the same funds which are used in paying salaries to the Employees. Employee contributions so picked up shall be treated for all purposes of this Plan, other than federal tax, in the same manner as Employee contributions which are not picked up by the Employer.

3. **ARTICLE VI. BENEFITS, § 6.4 Vesting of Participant's Interests,** shall be revised as follows:

6.4 **Vesting of Participant's Interests.**

(a) **Participant Contributions Accounts and Prior Plan Account:** A Participant's interest in his Participant Contributions Account and in his Prior Plan Account shall be fully vested and nonforfeitable at all times.

(b) **Employer Contributions Account:** A Participant's interest in his Employer Contributions Account, and the earnings, losses and changes in fair market value thereof, shall become vested to the extent of the following percentages based upon the number of Years of Service with the Employer by such Participant, pursuant to all Plan provisions regarding Leaves of Absence and

Qualified Military Service. A Year of Service for vesting purposes means a computation period during which the Employee completes 1,000 Hours of Service. The vesting computation period shall be the Plan Year.

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2 years	0%
2 years but less than 3	20%
3 years but less than 4	40%
4 years but less than 5	60%
5 years but less than 6	80 %
6 years or more	100%

Notwithstanding the foregoing, a Participant's right to his Employer Contribution Account balance shall be 100% vested and nonforfeitable if the Participant dies or sustains a Disability while in the service of the Employer.

FURTHER, NOTWITHSTANDING THE FOREGOING, EFFECTIVE AS OF NOVEMBER 10, 2008, THE CITY MANAGER'S INTEREST IN HIS EMPLOYER CONTRIBUTIONS ACCOUNT, AND THE EARNINGS AND LOSSES, AND CHANGES IN FAIR MARKET VALUE THEREOF, SHALL BE FULLY VESTED AND NONFORFEITABLE AT ALL TIMES.

Upon termination of employment, the Employer shall notify the Retirement Board in writing of the name and address of the Participant who has terminated employment. The Retirement Board shall determine the amount of the Participant's Aggregate Account as calculated above and shall distribute the Aggregate Account to the Participant in the optional form of benefit selected by the Participant in accordance with Section 6.5 as soon as administratively practicable after the Participant's termination of employment.

If a Participant has received a distribution of his Aggregate Account in accordance with the above paragraph representing less than 100% of such Aggregate Account and if he is subsequently reemployed prior to incurring a Break in Service, he may repay the amount of such distribution to the Plan any time before the end of the one-year period following the date the Participant is reemployed, in which event such amount shall be restored to his Aggregate Account. Upon such repayment, a Participant's account shall consist of the amount repaid plus the portion of such Aggregate Account which was not vested upon termination of employment. If a Participant eligible to make such repayment fails to do so, the amount previously forfeited shall not be restored to his Aggregate Account. Upon distribution to a Participant above, any part of the final

balances in a Participant's Aggregate Account which is not part of his distribution is a Forfeiture.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of _____, 2008.

THE CITY OF NORTHGLENN

By: _____
Its: _____