



**FINANCE MEMORANDUM**  
**#15-14**

**DATE:** December 7, 2015

**TO:** Honorable Mayor Joyce Downing and City Council Members

**FROM:** David Willett, Acting City Manager   
Jason Loveland, Director of Finance 

**SUBJECT:** CR-161 General Employee Pension Plan Amendment  
**CR-164 Police Money Purchase Pension Plan Amendment**

**PURPOSE:**

The General Employee and Police Pension plans require Plan Amendments to be made from time to time to update language with respect to new I.R.S. regulations. Additionally, as part of the Administrative Service Agreement the Plans have with ICMA-RC, the Plan documents require updating to reflect the use of an Administrative Allowance Account to receive and spend excess revenues above the contract revenue requirement. ICMA-RC has a minimum revenue requirement of the Plans of .083%. Any revenue in excess is distributed to the Plans' Administrative Allowance Account to be used by the Plans to be spent only for reasonable plan administrative expenses or allocated to Plan participants.

**SUMMARY:**

Listed below are the recommended Amendments to each Plan:

1. Section 2.1, Administrative Allowance Account(s). Added suspense accounts that are funded by revenue generated by the Plan and deposited to such accounts.
2. Section 4.4, Rollover Contributions. Amended to reflect I.R.S. Revenue Ruling 2014-9.
3. Section 6.8, Distributions Under Domestic Relations Orders. Amended to provide that a distribution to an alternate payee who does not meet the definition of an alternate payee under 414(p)(8) of the Internal Revenue Code of 1986, as amended shall not be payable until the Participant has incurred a separation from service or as otherwise provided in the procedures adopted by the Retirement Board.
4. Section 6.9, Direct Rollover Distributions. Amended by the addition of a new sentence at the end to reflect I.R.S. Notice 2014-54.
5. Section 10.8, Use of Administrative Allowance Account(s). Added to provide for the distribution of assets in Administrative Allowance Accounts.

**BUDGET/TIME IMPLICATIONS:**

None.

**STAFF REFERENCE:**

Contact Jason Loveland at [jloveland@northglenn.org](mailto:jloveland@northglenn.org) or at 303-450-8817.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-164  
Series of 2015

\_\_\_\_\_  
Series of 2015

A RESOLUTION ADOPTING THE THIRD AMENDMENT TO THE AMENDED AND RESTATED CITY OF NORTHGLENN POLICE MONEY PURCHASE PENSION PLAN

WHEREAS, the City Council of the City of Northglenn adopted the Amended and Restated City of Northglenn Police Money Purchase Pension Plan and Trust Agreement (the "Police Plan") by Resolution No. 12-119, Series of 2012, as amended by the First Amendment and Second Amendment thereto; and

WHEREAS, the City of Northglenn desires to amend the Police Plan to reflect the administrative account and to incorporate certain applicable tax law changes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Police Money Purchase Pension Plan and Trust Agreement is hereby amended, as more particularly set forth in the Third Amendment, attached hereto as **Exhibit A**, to be effective January 1, 2015, except in sections where an alternate effective date is stated.

DATED, at Northglenn, Colorado, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
JOYCE DOWNING  
Mayor

ATTEST:

\_\_\_\_\_  
JOHANNA SMALL, CMC  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
COREY Y. HOFFMANN  
City Attorney

**THIRD AMENDMENT  
TO THE  
CITY OF NORTHGLENN POLICE MONEY PURCHASE  
PENSION PLAN AND TRUST**

WHEREAS, the City Council of the City of Northglenn by Ordinance No. 12-119, Series of 2012, adopted The City of Northglenn Police Money Purchase Pension Plan and Trust (the “Plan”), amended and restated effective January 1, 2012, which has been subsequently amended; and

WHEREAS, pursuant to Section 11.1 of the Plan, the City of Northglenn has the authority to amend the Plan with consent of at least sixty-five percent (65%) of the total votes cast by actively employed eligible Employees and all former Employees who are entitled to a benefit from the Plan.

NOW THEREFORE, the Plan is hereby amended, effective January 1, 2015, effective except as otherwise provided herein, as follows:

1. Section 2.1 of the Plan is amended by adding a new definition as subsection (a) entitled, Administrative Allowance Account(s), and subsequent definitions are renumbered accordingly and cross-references are revised accordingly, to read as follows:

“(a) Administrative Allowance Account(s): A suspense account or accounts established under the Plan which is funded by revenue generated from the Plan and deposited to such account(s).”

2. Section 4.4 of the Plan is amended as follows:

“Rollover Contributions: As permitted by law, a Participant who has an entitlement to a distribution of his entire interest in an Eligible Retirement Plan may, in accordance with the procedures of the Retirement Board and I.R.S. Revenue Ruling 2014-9, transfer the rollover amount to the Plan. The plan-to-Plan rollover must be executed on or before the 60th day after the day on which he is entitled to receive such distribution, to the extent that the fair market value of the rollover amount exceeds the amounts considered contributed by the Employee, reduced by any amounts previously distributed to him which were not includible in gross income. Such rollover amount shall be non-forfeitable, shall be held in a separate account and shall receive income allocations. The acceptance of the rollover amounts and the provisions established by the Retirement Board shall be governed by the provisions of the Code.”

3. Section 6.8 of the Plan is amended as follows:

“Distributions Under Domestic Relations Orders. Nothing contained in this Plan prevents the Retirement Board from complying with the provisions of a domestic relations order pursuant to C.R.S. Section 14-10-113(6). The Retirement Board may, in conformity with applicable law, approve payments that are pursuant to an order approving an agreement meeting the requirements of C.R.S. Section 14-10-113(6) (‘qualified domestic relations order’) provided, however, payments shall not be payable for an alternate payee who does not meet the definition of alternate payee under Code Section 414(p)(8) until the Participant has incurred a separation

from service or as otherwise provided in the procedures adopted by the Retirement Board. A distribution to an alternate payee who meets the definition of alternate payee pursuant to Code Section 414(p)(8) shall be made as soon as administratively practicable after the Retirement Board determines that an order submitted to the Plan complies with the terms of C.R.S. Section 14-10-113(6), and shall be in the form of a lump sum.

The Board of the Plan may promulgate rules or procedures governing the implementation of this subsection. Such rules or procedures may include the requirement that a standardized form be used by the parties and the court for an order approving the parties' agreement in order for it to be effective as well as other provisions consistent for purposes of this section.”

4. Section 6.9 of the Plan is amended by adding the following after the last sentence:

“Effective for distributions on or after January 1, 2015, for purposes of determining the portion of a disbursement of benefits from the Plan to a distributee that is not includible in gross income under Code Section 72, the guidance under I.R.S. Notice 2014-54 shall be followed.”

5. A new Section 10.8, Use of Administrative Allowance Account(s), shall be added to the Plan to read in its entirety as follows:

“10.8 Use of Administrative Allowance Account(s). The assets in the Administrative Allowance Account(s) shall be used as directed by the Retirement Board, to

- (a) pay direct, reasonable, and necessary expenses of the Plan and/or
- (b) be allocated to the Accounts (of Participants, Beneficiaries, and alternate payees with a balance greater than zero) on a pro rata basis based on the balance in the Account, exclusive of loans as of the allocation date

no later than December 31<sup>st</sup> of the year when the revenue sharing is credited to the Administrative Allowance Account. The assets of the Administrative Allowance Account shall be invested as determined by the Retirement Board.”

The City of Northglenn has adopted this amendment on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, subject to approval by the participants as required in Section 11.1 of the Plan.

**THE CITY OF NORTHGLENN**

By: \_\_\_\_\_  
Joyce Downing, Mayor