

BY AUTHORITY

ORDINANCE NO. _____
SERIES OF 2021

COUNCIL BILL NO. 21-0691
COMMITTEE OF REFERENCE:
Finance & Governance

A BILL

For an ordinance modifying Article XII (Retirement) of chapter 18 of the Denver Revised Municipal Code to amend the 1963 Retirement Plan with regard to the Deferred Retirement Option Plan and amended Deferred Retirement Option Plan.

WHEREAS, pursuant to Section 18-405(g) of the Revised Municipal Code of the City and County of Denver (code), the Retirement Board is responsible for making recommendations to the city for amendments to the plan when in the judgment of the Retirement Board such changes are necessary; provided that such recommendations are accompanied by a report of the plan's actuary setting forth the effect of such amendments; and,

WHEREAS, Section 18-424 of the code established the Deferred Retirement Option Plan (DROP) as part of the Denver Employees Retirement Plan (DERP); and

WHEREAS, DROP became closed to new participants on April 30, 2003; and

WHEREAS, Section 18-430.2 of the code established an amended Deferred Retirement Option Plan (DROP II), which closed to new participants on September 1, 2003; and

WHEREAS, since DROP and DROP II were closed, the market rate of interest on risk-free investments has decreased considerably; and

WHEREAS, due to the changes in financial markets, the time that has elapsed since the closing of DROP and DROP II, and the ongoing costs of these programs, it is the Retirement Board's recommendation that the prospective interest rate credited to DROP and DROP II accounts be modified to reflect the changes in market rates for similar risk-free investments;

WHEREAS, the council accepts the Retirement Board's recommendations above.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

Section 1. That Subsections (c) and (h) of Section 18-424 of the D.R.M.C. relating to provisions of the Deferred Retirement Option Plan shall be amended by adding the language underlined, to read as follows:

1 **Sec. 18-424. Provisions.**

2
3 (c) The participant's DROP account shall be credited with the member's monthly retirement
4 benefit; Cost of Living Adjustments (COLAs) as authorized by the board (in compliance with the rules
5 under division 2 of this article); and, until December 31, 2021, interest at a rate which shall be the
6 plan's actuarial assumption rate for investment return. Beginning January 1, 2022, the participant's
7 DROP account shall be credited with interest at a rate set annually by the Retirement Board, with a
8 minimum rate of one (1) percent, not to exceed three (3) percent, per annum, compounded annually
9 as of June 30th of each year. The employer contribution to the trust established by section 18-403
10 of the Code, based on the participant's current salary, in accordance with requirements set forth in
11 section 18-408(e) of the Code shall not be credited to the participant's DROP account.

12
13 * * * *

14
15 (h) The accumulated amounts of the member's normal retirement benefit calculated at the DROP
16 entry, interest at the plan's actuarial assumption rate for investment return or other rate as set by the
17 Retirement Board, and authorized cost of living adjustments (COLA) (if and when applicable) shall
18 be credited to, and shall be the amount the member receives from the DROP account.
19 The participant's normal retirement benefit amount shall cease being credited to the DROP account
20 after the four-year DROP period. However, the plan's actuarial assumption rate for investment return
21 or other rate as set by the Retirement Board shall be credited to the participant's DROP account until
22 the entire balance is distributed.

23
24
25 **Section 2.** That Subsection (c) of Section 18-430.2 of the D.R.M.C. relating to an amended
26 Deferred Retirement Option Plan shall be amended by deleting the language stricken and adding
27 the language underlined, to read as follows:

28
29
30 **Sec. 18-430.2. Provisions.**

31 (c) The participant's account shall be adjusted for any cost of living adjustments (COLAs) as
32 authorized by the board (in compliance with the rules under division 2 of this article). Until December
33 31, 2021, ~~t~~The interest on the DROP II account shall accrue at the plan's investment earnings rate

1 provided that it shall be not less than three (3) percent per annum and not more than the plan's then
2 current annual, actuarial assumption for the rate of return. Beginning on January 1, 2022, interest
3 on the DROP II account shall accrue at a rate set annually by the Retirement Board, with a minimum
4 rate of one (1) percent, not to exceed three (3) percent, per annum, compounded annually as of
5 June 30th of each year. Such accruals to the DROP II account shall continue until the entire balance
6 of the DROP II account is distributed.

7
8 **Section 3. Effective date.** This bill takes effect January 1, 2022.

9
10 COMMITTEE APPROVAL DATE: June 29, 2021

11 MAYOR-COUNCIL DATE: July 6, 2021 by Consent

12 PASSED BY THE COUNCIL: _____

13 _____ - PRESIDENT

14 APPROVED: _____ - MAYOR _____

15 ATTEST: _____ - CLERK AND RECORDER,
16 EX-OFFICIO CLERK OF THE
17 CITY AND COUNTY OF DENVER

18
19 NOTICE PUBLISHED IN THE DAILY JOURNAL _____; _____

20 PREPARED BY: Robert A. McDermott, Assistant City Attorney DATE: July 8, 2021

21 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the Office of
22 the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
23 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to §
24 3.2.6 of the Charter.

25
26 Kristin M. Bronson, Denver City Attorney

27
28 BY: _____, Assistant City Attorney DATE: _____

29
30
31
32