

1 **BY AUTHORITY**

2 ORDINANCE NO. _____
3 SERIES OF 2020

COUNCIL BILL NO. CB20-1401
COMMITTEE OF REFERENCE:
4 Finance & Governance

5 **A BILL**

6 **For an ordinance modifying Article XII (Retirement) of chapter 18 of the Denver**
7 **Revised Municipal Code to amend the 1963 Retirement Plan with regard to**
8 **actuarial matters, contributions and payroll deductions.**
9

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

15 **WHEREAS**, Section 18-409(h)(1) of the code states that the actuarial assumption of
16 investment return shall be seven and one-half (7.50%) percent; and,

17 **WHEREAS**, after considering advice from the plan's actuary and investment consultant, the
18 Retirement Board has determined that, based on current and projected economic conditions, an
19 actuarial assumption of investment return of seven and one-quarter (7.25%) would be more prudent
20 to keep the plan actuarially sound; and

21 **WHEREAS**, Section 18-407(a) of the code states that the employer intends to continue the
22 plan and to contribute regularly to the trust each payroll period such amounts as are necessary to
23 maintain or assist in maintaining the plan on a sound actuarial basis as prescribed by applicable law
24 and, particularly, the Internal Revenue Code for defined benefit pension plans qualified under
25 Section 401(a) thereof; and

26 **WHEREAS**, in 2019, the Retirement Board determined that an increase in the contribution
27 rate for 2020 was necessary to maintain the plan's actuarial soundness; and

28 **WHEREAS**, through Ordinance 19-1271, the city and all other sponsoring employers were
29 given the one-time option of either increasing their respective regular employer contribution rate to
30 15.75% or paying an additional 1% total increase in a one-time, lump sum payment on or before
31 December 31, 2019. The city chose the one-time, lump sum payment and kept the contribution
32 percentage reflected in the code at 14.75%; and

1 **WHEREAS**, now that the one-time 2019 option has expired, the code must be modified to
2 reflect the full ongoing 15.75% employer contribution rate as of January 1, 2021; and,

3 **WHEREAS**, for 2021, the Retirement Board has determined that no additional increase in
4 the contribution rate is necessary; and

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

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

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10 **Section 1.** That Paragraph (1) of Subsection (h) of Section 18-409 of the Revised Municipal Code,
11 relating to actuarial and other matters shall be repealed and restated as follows:

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13 **Sec. 18-409. Retirement benefits.**

14
15 (h) Actuarial and other matters.

16 (1) Actuarial assumption and interest rates: Effective January 1, 2021, the interest rate used for
17 the actuarial assumption of investment return shall be seven and one-quarter (7.25%) percent.

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19 **Section 2.** That Paragraph (1) of Subsection (e) of Section 18-407 of the Revised Municipal Code,
20 relating to contributions and payroll deductions shall be repealed and restated as follows:

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23 **Sec. 18-407. Contributions; payroll deductions.**

24 (e) *Employer contributions.*

25 (1) Effective January 1, 2021, for each active member, including each elected official, the
26 employer shall contribute fifteen and three-quarters (15.75) percent of the member's
27 gross salary. Any employer may prepay this contribution obligation with the approval
28 of the Retirement Board. In the case of a contractual entity, the employer shall, as a
29 condition necessary to becoming or remaining a contractual entity, also make any
30 actuarially determined supplemental contributions necessary to fund the current cost
31 of benefits available under the plan payable to current and future employees of the
32 contractual entity. Further, the city may make additional discretionary contributions,
33 upon appropriation of funds for that purpose by City Council.

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35 **Section 3. Effective date.** This bill takes effect January 1, 2021.

1 COMMITTEE APPROVAL DATE: December 1, 2020 by Consent

2 MAYOR-COUNCIL DATE: December 8, 2020 by Consent

3 PASSED BY THE COUNCIL: _____ December 21, 2020

4 *Steve Gilmore* - PRESIDENT

5 APPROVED: *Bob M* - MAYOR _____ Dec 22, 2020

6 ATTEST: _____ - CLERK AND RECORDER,
7 EX-OFFICIO CLERK OF THE
8 CITY AND COUNTY OF DENVER

9

10 NOTICE PUBLISHED IN THE DAILY JOURNAL _____; _____

11 PREPARED BY: Robert McDermott, Assistant City Attorney DATE: December 10, 2020

12 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the Office of
13 the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
14 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to §
15 3.2.6 of the Charter.

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17 Kristin M. Bronson, Denver City Attorney

18 BY: *Kristin J. Crawford*, Assistant City Attorney DATE: Dec 9, 2020

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